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26 November 1958

CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I

OF IMMEDIATE INTEREST

BERLIN SITUATION

The Soviet Union may now, as Chancellor Adenauer has suggested to American Ambassador Bruce, "be in the process of altering the original script" regarding the Berlin problem. The Kremlin's failure to make its Berlin proposals on 22 November as expected may indicate that it is deliberating which course to take to exploit Western differences.

Ulbricht's statements, made to a British correspondent, seemed particularly designed to exploit what the East Germans may feel they detect as willingness on the part of Britain to grant some recognition to East Germany in order to solve the access problem.

West German Reaction

West German and West Berlin officials both publicly and privately have taken a strong stand against any Western dealings with East Germany, even at the technical level. Bonn's reluctance to consider strong economic countermeasures against East Germany have aroused suspicions in the British Foreign Office that the Germans will not assume their share of the burden in the Berlin situation. American officials in London feel that Bonn's attitude toward countermeasures may prove a decisive influence on London's final position when Moscow turns over its functions to the East Germans.

The West Germans have signed another trade agreement with East Germany which purportedly guarantees that supplies will move unhindered from West Germany to Berlin.

East German Moves

Party Secretary Ulbricht stated in an interview with the press on 24 November that the Soviet note on Berlin would appear before the week end.

Ulbricht stated that under the new situation the Western powers would have to deal with East Germany. He assured the West that all East Germany really wanted was "normal relations" with the West and that no hardships would befall the people of West Berlin.

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Germany for West Berlin under four-power sponsorship, Allied withdrawal, full sovereignty for Mayor Brandt's municipal government, and normal relations between East Germany and West Berlin, including an agreement on currency.

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General Zakharov, Soviet commandant in Berlin, recently told the American governor of Spandau prison that he hoped to lunch with him there in December, implying that both men will still be in their present positions at that time.

The East Germans have taken on a few steps preparatory to assuming new controls. East German police who appeared at a check point on the Allied rail-access line on 21 November may have been learning about control functions from the Russians. Probably as a by-product of the tensions in Berlin, three East German police tried to drag a Western news cameraman across the sector border on 23 November.

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The East Germans expect to be given control over railroads and roads to Berlin which are now a Soviet responsibility, the obligation to ensure flight safety in the air corridors, and control over functions related to Allied mail and telegraph traffic with West Berlin. The East Germans foresee a joint guarantee with West

In general, the hardening American line and Allied assurances that force will be used if necessary are having a favorable effect on the morale of West Berlin's populace. Uneasiness in Berlin business circles has resulted in some bank withdrawals and security transfers, but there has been no panic buying or large-scale flight of capital.

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MIDDLE EAST DEVELOPMENTS

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Although Cairo has openly praised the Sudanese's Army's move, its official attitude remains cautious. No moves of consequence have been made to improve the Sudan's previously strained relations with the UAR, although Abboud has expressed his intention to do so. The visit of a Soviet aid mission to the Sudan has again been postponed.

Syria-Jordan

Indications of Syrian dissatisfaction with the UAR and of possible new difficulties for Cairo in the UAR's northern region continues to be received. The most potent factors in the disaffection include implementation of Nasir's hastily promulgated land reform program, replacement of Syrian officials and military personnel by Egyptians, and the prospect of further economic dislocation. The disgruntled elements, however, appear to be primarily members of conservative groups never counted on by Nasir or the Syrian Baathists for political support, and against whose vested interests the current reform movement is directed. A serious challenge to the regime in Syria appears possible only in the unlikely event that the dissident conservative elements are supported by the army.

Reports of dissatisfaction in Syria have moved Jordan's Premier Rifai to express hope of encouraging Syria to break from the UAR, and to suggest that the Syrians could be induced to unite with Jordan under King Husayn. UAR security measures appear adequate to maintain control in Syria, however, and Rifai's proposal, which could bring down new

Sudan

In the Sudan, the power structure of the new regime and the amount of authority wielded by the regime's leader, General Abboud, remain unclear.

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troubles on Jordan, appear primarily a bid for more Western financial support. Although Syria has permitted resumption of overland and air travel to and from Jordan via Syria, economic warfare against Jordan continues in the form of harassment of Jordanian commercial vehicles.

Arab-Israeli Situation

Although the Israelis have halted work on drainage projects on disputed land in the demilitarized zone south of Lake Hula on the Syrian border, new exchanges of fire on 19 and 20 November resulted from Israeli efforts to set out stakes marking land in the demilitarized zone for which Jewish ownership is claimed. Local observers

described the situation south of Lake Hula as "seething," and further local encounters are expected.

In the Jerusalem area, continuing Israeli patrolling of disputed land on Mount Scopus has drawn repeated Jordanian protests to the Mixed Armistice Commission. The Jordanian commander in Jerusalem, however, is believed under instructions to maintain quiet along the frontier and on Mount Scopus.

Ten British-made Hawker Hunter jet fighters, given to Jordan under American military aid, arrived in Amman on 25 November. Two other Hunters were previously delivered, overflying Egypt.

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FRENCH PARLIAMENTARY ELECTIONS

The sharp losses suffered by the French Communist party in the 23 November primary elections and the virtual disappearance of extreme rightists like Pierre Poujade suggest that the 30 November runoff will give the nonextremist forces in the National Assembly more maneuverability than they have had since the war. The expected preponderance of Gaullist deputies and apprehension over Jacques Soustelle's aims will probably influence the Socialists--who will now be free to quit the government without threatening the regime --to go into opposition in the hope of attracting the weakened center parties and some of the disparate elements represented in Soustelle's New Republic Union (UNR).

The considerable decline in the Communist party's (PCF's)

electoral support from a post-war average of 25 percent to 18.9 percent on 23 November is the first major break in the PCF's grip. Many Communist electoral followers who were never swayed by the economic gains made under the Fourth Republic seem to see a genuine hope in De Gaulle.

There is some danger, however, that the Communists may now be able to achieve closer ties with other leftist groups which will be more susceptible to popular-front appeals because of the consolidation of rightist forces under Soustelle. The PCF is backing the few independent left-wing candidates who survived the 23 November elections.

The bitter Communist denunciations of the Socialist party as fundamentally no different than the Independents make extremely unlikely any

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broad rapprochement on the left. The Socialists will probably dissociate themselves from the government coalition, however, and strive to build a "loyal opposition," looking for support among the reduced forces of the old center parties and among those New Republic Union deputies who are unwilling to accept Soustelle's full program.

De Gaulle's desire to block a UNR landslide is apparent in the statement by his loyal follower Edmond Michelet, co-founder with Soustelle of the UNR, that UNR candidates would withdraw in favor of top non-Communists in the runoffs even where the leading candi-

date was a Socialist. The decision of most UNR candidates to stay in the race, however, probably reflects Soustelle's determination to push for as large a party as possible.

While the danger of a Soustelle-dominated assembly cannot be discounted, he will not have free rein in the new assembly, even if the Algerian deputies form a solid conservative bloc. He will have to contend with a strong Independent contingent and a wide variety of political views within the UNR, and above all he may have to weigh the consequences of an open break with De Gaulle.

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PART II

NOTES AND COMMENTS

SOVIET TACTICS IN GENEVA CONFERENCES

The Soviet bloc delegates at both Geneva conferences concentrated last week on establishing a record which they hope will place on the West the onus for any failure to reach agreement. There were no hints of any major changes in bloc positions. In formal meetings and private conversations with Western delegates, bloc representatives attempted to probe the firmness of Western views on major issues in both meetings.

Nuclear Test Cessation

In the talks on nuclear test cessation, the Soviet delegate continued to direct his attack on what Moscow regards as the most vulnerable points in the Western position--the short-term implication of a year-by-year extension of a test suspension and the linking of a test-cessation agreement to progress on other disarmament measures. In the meeting of 21 November, Soviet delegate Tsarapkin tried to test the firmness of this position by a direct question to the American delegate.

Tsarapkin contended that a link to other disarmament questions would render any cessation treaty "conditional, purposeless, and without prospects" and stated that his delegation was authorized to discuss only test cessation. On 24 November he insisted that the conference begin the actual drafting of a test-cessation agreement. He strongly rejected Western requests for Soviet views on a control organ and reiterated the standard Soviet refusal to discuss controls until the West agrees to a permanent cessation. Tsarapkin declared that the USSR has

reached the limits of its concessions.

Moscow appears confident that its demand for an immediate agreement in principle on a permanent test cessation contrasts favorably with the Western position, which makes extension of a year-by-year suspension conditional not only on satisfactory progress in installing a control system, but also on progress on other disarmament measures.

Surprise Attack

Soviet bloc moves in the talks last week on measures to prevent surprise attack were aimed at strengthening the bloc's case that the West is seeking to evade agreement on "practical measures" by insisting on an abstract, technical approach to the problem. Bloc delegates charge that the West is interested only in controls and the collection of intelligence information, not on specific measures. They argue that the bloc approach is more realistic because it deals with causes, not symptoms, of surprise attack.

In a private talk with the chief American delegate on 21 November, Soviet delegate Kuznetsov probed the American position that the talks should be confined to nonpolitical, technical problems. He said the USSR believes it is impossible to agree on a complete system at this time, in view of the mutual hostility and suspicion, but he claimed that Moscow hopes for a gradual introduction of measures which would reduce the danger of surprise attack.

Kuznetsov stated that the USSR is willing to accept ground

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observers and limited aerial photography, but only if these are accompanied by "practical measures." He advocated a step-by-step approach, with controls broadened as disarmament measures are implemented. He specifically noted that the lack of agreement on banning nuclear weapons sets limits on measures for preventing surprise attack. This line reflects Moscow's earlier notes, which insisted that surprise-attack talks would be useful only if they resulted in recommendations "in combination with definite steps in the sphere of disarmament."

The chief American delegate believes that if the talks make no progress, Kuznetsov may soon abruptly suggest a recess of the conference. Kuznetsov said on 21 November that the Western position during the week of 24 November would determine whether any real progress in the next two weeks is possible. This statement suggests that Moscow may be preparing for an early breakoff. The Soviet note of 15 September stated that the talks should be concluded within four or five weeks.

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IMPACT OF TAIWAN STRAIT CRISIS ON CHINESE NATIONALISTS

The recent offshore islands crisis has led the Chinese Nationalist Government to adopt a more realistic attitude toward its goal of recovering the China mainland and may result in more emphasis on the development of the Taiwan economy. Defensively, Nationalist military capabilities have improved since the start of the Taiwan crisis; Chiang Kai-shek's leadership has not been seriously threatened; and the present Nationalist leaders have shown no inclination to negotiate with the Chinese Communists.

As a result of the Taiwan Strait crisis, Taipei now clearly recognizes its dependence on the United States for both political and military support. Throughout the crisis, except in a few instances, Nationalist military leaders remained responsive to United States military advice and requests, and they attempted few military operations without prior consultation.

The Nationalists also realize more clearly the impossibility of a counterattack on the mainland under present circumstances. The Chiang-Dulles communiqué, in which the Nationalists tacitly recognized this fact, was criticized both in Taiwan and abroad among those Chinese who favor the Nationalists, but its critics in many cases were forced to accept the truth of many of the communiqué's statements.

While the Nationalists cannot officially abandon the "counterattack" as a hope and a slogan, acceptance of the return to the mainland as at best a long-term goal should have a salutary effect on Taiwan. Supporters of the communiqué among "liberal" Chinese Nationalists declared that the government should henceforth pay less attention to recovery of the mainland and concentrate on the economic development of Taiwan. The fact that Taipei on 20 November adopted a single exchange-rate system--a

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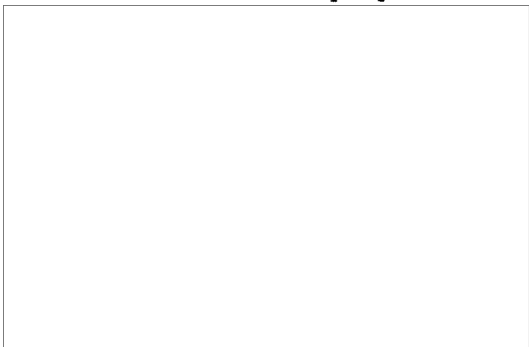
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reform long needed to spur exports--suggests a desire for such development. Initially, the exchange-rate reform will produce a loss of revenue to the government at a time when additional funds are sorely needed to meet the expenditures necessitated by the strait crisis.

It seems unlikely that any Nationalist official of high rank has been tempted by renewed Chinese Communist negotiation offers or defection proposals.



The native Taiwanese appeared to be quite indifferent to the fate of the offshore

islands and, in fact, opposed to their retention by the Nationalist Government. Nevertheless, these differences did not pose serious problems for Nationalist security forces and have not appreciably increased the existing antipathy between the Taiwanese and mainlander groups. The Taiwanese troops on the offshore islands performed well.

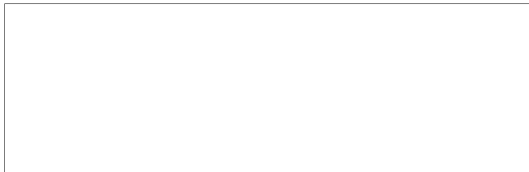
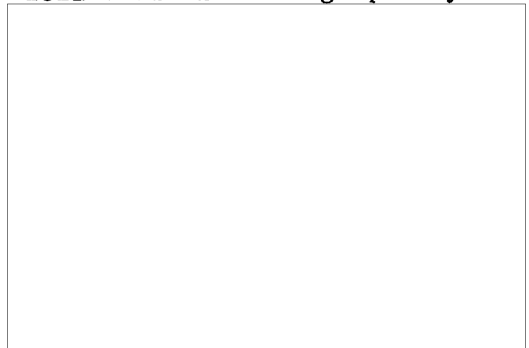
Militarily, the Nationalist troops proved effective, and morale was maintained even under the heaviest periods of Chinese Communist fire. The Nationalist Air Force lost only one aircraft in combat and may have shot down as many as 30 Communist fighters. The Nationalist Navy, however, performed poorly in the initial stages of the Communist attempt to interdict Chinmen Island, and the Nationalist high command proved itself incapable of planning without extensive American coaching. Nevertheless, the Nationalist military demonstrated ability to operate capably when provided with ample United States aid and advice, and this has strengthened the prestige and morale of the forces.

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PEIPING'S COOLING ATTITUDE TOWARD NEW DELHI

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Peiping's growing pique with New Delhi was expressed specifically--if unofficially--at the recent Tashkent Writers' Conference when a group of Chinese Communist authors bitterly criticized Indian foreign policy.



From Peiping's point of view, India is a major rival. Both are emergent powers struggling from agrarian poverty to build an integrated economy on an industrial basis. Peiping's aspiration to Asian leadership through the example of Communism is basically threatened by the possibility of India's success under a democratic form of government.

Although India has consistently played the role of

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champion to Peiping's international objectives, there have long been indications New Delhi harbored latent suspicion of its northern neighbor's long-range intentions. Communist China's unqualified support for Soviet intervention in Hungary and for the ensuing execution of Nagy served to heighten this apprehension, as did the severe repression of those who ventured to criticize the Peiping regime when encouraged to do so by Mao Tse-tung.

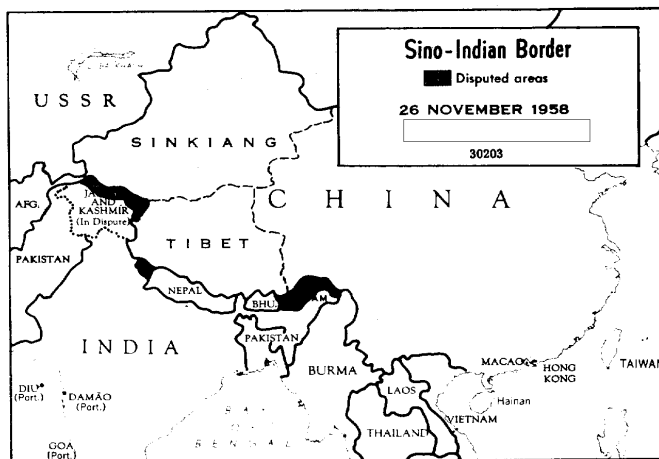
Communist China's feud with Yugoslavia and its resort to force in the Taiwan Strait have also alarmed many Indians. In addition, Communist China has siphoned off a large part of the traditional trade between India and Tibet and is making serious inroads on India's textile markets in Southeast Asia.

As the Indians became less vocal in their support of Communist China's foreign policy goals, Peiping reacted with increasing coolness. This has been most noticeable in the Tibetan area, where interests and influence of the two nations overlap. Conscious of Indian sensitivity over the northern borders, Peiping nevertheless continues to print maps showing Tibetan boundaries well inside India and procrastinates on any settlement of the disputed regions along the Himalayan frontier.

The reported capture of an Indian patrol in Kashmir by the Chinese and a clash with Chinese troops in Assam during October in which three Indian soldiers were wounded testify

to Communist China's willingness to engage in minor skirmishes with India.

Well aware of Nehru's influence in Tibet, the Chinese Communists in late summer discouraged his plans to visit that country. When Nehru traveled to Bhutan instead, Chinese officials delayed his visa to transit a small corner of Tibet, refused to allow entry of two radios carried by the party, and forced the prime minister, through a "transportation mix-up," to drop ten people from his entourage.



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Annoyed by New Delhi's reluctance to join enthusiastically in the Peiping chorus on the Taiwan Strait and by this year's less aggressive Indian support in the United Nations, Peiping's unofficial attitude toward India will probably continue to be assertive and less cooperative on such questions as the border settlement. Despite this policy, Communist China probably will avoid major unpleasantness with New Delhi and is likely to maintain the appearance of good will, though with less fervor than in the past.

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JAPANESE PARLIAMENTARY CRISIS WEAKENS KISHI

Prime Minister Kishi's mis-handling of the controversial bill to strengthen police powers and his submission, following strong public criticism, to Socialist demands that the bill be shelved are stimulating renewed factionalism in the government party.

The government's attempts to railroad the bill through the Diet precipitated a 17-day parliamentary crisis, incited severe public and press denunciation of Kishi, and forced him, over strong objections from important elements in his own party, to shelve the bill, at least until the regular session of the Diet beginning in December. Kishi has stated that he will determine the trend of public opinion before deciding whether or not to submit an amended version at that time.

The tenuous unity which had prevailed in the ruling Liberal-Democratic party since Kishi was elected prime minister early in 1957 appears to have been broken in this crisis. Ichiro Kono, strong man of the former Hato-yama government, was especially opposed to compromise with the Socialists and seems intent on perpetuating conservative discord in order to undermine Kishi and enhance his own power within the conservative party.

The prestige of the conservatives has been damaged momentarily in this crisis, but long-term public attitudes toward Japan's two major political parties probably will not be altered. A challenge to Kishi for the presidency of the ruling party in the spring of 1959 could result from this crisis, however. In addition, Kishi's ability to maintain a firm line against closer relations with Communist China under present circumstances could be undercut by conservative elements who desire efforts toward a rapprochement with Peiping.

The crisis could also cause complications for Kishi's policy of close cooperation with the United States. The Socialists, flushed with their success in opposing the police measure, now are planning measures to block Diet ratification of a revised security treaty with the United States which is under negotiation. In an effort to gain public support, the Socialists are asserting with some success that passage of the police bill is the price that the Kishi government has had to pay to gain American agreement to revise the security treaty.

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TENSION CONTINUES BETWEEN PHILIPPINE POLITICIANS AND ARMED FORCES

Tension between politicians and top Philippine defense officials is continuing despite President Garcia's public posture that the issue of alleged military plotting against his administration is closed. Pro-Garcia congressmen still appear deter-

mined to force the early removal of Defense Secretary Vargas and to staff the military command with politically loyal officers.

On 15 November, Congressman Bartolome Cabangbang, who is close to Garcia and reportedly

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aspires to become defense secretary, made public portions of a memorandum to the President purporting to "document" planning for a military coup and a public build-up of Vargas.

Cabangbang and other congressmen have demanded a thorough investigation of the alleged plot and recommended that present defense and intelligence service officials be replaced, that units of the Philippine's one regular army division be dispersed, and that the 10,000-man constabulary be separated from the general staff and placed under a revived department of interior. The congressmen's demands suggest that if there is not a major reshuffle of the defense leadership prior to the January session of Congress, they may make a serious effort to cut defense appropriations, with little concern for the recent military reorganization which emphasizes divisional training.

The congressional attacks lend substance to claims by the military that Garcia politicians are aiming at Nacionalista party control of the armed forces to assure that the increasingly un-

popular Garcia administration does not face election defeat. As a result, discontent in armed forces circles may be growing and serious planning for military counteraction could be stimulated.

Military leaders also may be alarmed that cuts in defense appropriations could jeopardize their request for additional American military aid which requires adequate Philippine budgetary support. Chief of Staff Arellano is said to be considering resigning in order to dramatize the armed forces' case.

Rumors that American officials were involved in planning a take-over by the Philippine military could foreshadow an attempt to make the United States a scapegoat in the present political situation. Such charges would probably gain wide acceptance among Filipinos who still tend to associate the United States with any major development in their country, and could result in an increasingly uncompromising position by the Garcia administration concerning American bases.

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SINGAPORE CHIEF MINISTER FORMS ANTI-COMMUNIST COALITION PARTY

Chief Minister Lim Yew Hock's program for countering the growing strength of the Communist-influenced People's Action party (PAP) in Singapore finally appears to be making progress. After many months of negotiations, the Singapore People's Alliance (SPA) has been formed and appears to have obtained the support of the strongest elements in the Labor Front, Liberal Socialists, and Workers parties. The SPA promises to become the only moderate party of any consequence in Singapore,

although skeletal Labor Front and Liberal Socialist parties will probably continue to exist.

Despite the signs of growing unity among Singapore moderates, there probably is insufficient time for the SPA to create an effective grass-roots organization capable of defeating the PAP in the general elections early next year. Probably the most the SPA can hope for at this stage is to elect enough candidates to develop an effective parliamentary opposition.

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Lim is apparently planning several moves which he hopes will embarrass and weaken the PAP. The recent 18-14 vote against a PAP motion in the city council to hold new council elections suggests that Lim's behind-the-scenes efforts to unify the non-PAP members in order to unseat PAP Mayor Ong Eng Guan next month may be successful.

much on such peripheral projects at the expense of bringing his considerable talents to bear on developing an effective party organization.

Lim may make limited changes in his cabinet at the 3 December meeting of the Legislative Assembly in order to reflect the broader base of the SPA. The most significant shift reported is Lim's plan to take over the Ministry of Education from the controversial Chew Swee Kee. This move would foreshadow a campaign by Lim to gain student support for the SPA in order to counteract the significant role students have played in recent PAP electoral victories.

Lim tends to rely too

SITUATION IN THAILAND

The political situation in Thailand is marked by increasing uncertainty. Marshal Sarit's recent detention of widely popular Air Marshal Dawee and several others on an ill-founded suspicion of coup plotting illustrates his increasingly capricious behavior. There is a possibility that his followers in the military group may eventually band together in self defense in an attempt to depose him.

continue to decline, a scramble for power among his present military followers would be likely to ensue which would seriously threaten Thailand's precarious political stability.

Any probable successor to Sarit would most likely continue Thailand's pro-Western orientation, but with varying degrees of wholeheartedness. Lt. Gen. Prapat, interior minister in the Thanom government, is frequently mentioned as Sarit's most likely successor. He in particular might give a more nationalist bent to Thai foreign policy within the limits of an essentially pro-Western alignment. Prapat disavows any early ambition for full power, however, and might content himself with biding his time while permitting Thanom or Major General Krit Punnakan, both of whom are moderates and strongly pro-Western, to struggle with the serious immediate problems

Sarit's poor health may become an increasingly important factor, both in the discharge of his heavy duties and in the incentive it provides some of his ambitious followers to lay plans for future power.

Should his health

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which would result from Sarit's sudden departure.

GHANA AND GUINEA TO FORM CONFEDERATION

The decision of Ghana and Guinea on 23 November to form a confederation will stimulate nationalism in West Africa and, if effectively implemented, furnish the nucleus for a possible future West African federation of over 60,000,000 people. Although both prime ministers have agreed to adopt a common flag and to harmonize their defense, foreign, and economic policies, a confederation would have to permit both states wide autonomy in internal affairs. Ghana and Guinea lack a common language, similar political traditions, and tribal ties, while their national leaders, Kwame Nkrumah and Sekou Toure, have been considered rivals for influence among nationalists in West Africa.

Confederation will not take place until Ghana becomes a republic, expected to occur after Queen Elizabeth's visit in October 1959. The delay will permit both states to complete parliamentary approval of the new arrangement, to draw up a constitution, and enable Guinea to clarify its international status.

Ghana's Prime Minister Nkrumah can be expected to take full propaganda advantage of this popular nationalist move at

the conference of African nationalist organizations to begin in Accra on 5 December. In addition, he now may be able to expand his influence in the French-speaking areas of West Africa.

Sekou Toure has returned to Conakry with a promise from Ghana of economic credits totaling \$28,000,000 at a time when his country feels acutely the massive withdrawal of French administrators, technicians, and economic assistance. Toure also has received a token of international friendship at a time when Premier de Gaulle of France has indicated continued intransigence toward Guinea.

The agreement may serve Western interests, in the short run at least, by aligning Guinea with a state which is at least not anti-Western. This may counter Communist gains in Conakry resulting from prompt bloc recognition and from the visit of East German and Czech economic delegations.

A confederation of the two states is likely, however, to raise international problems. Nationalists in several of the dependent West African territories will be stimulated in their activity while antigovernment agitation may be encouraged in Liberia and the Ivory Coast,

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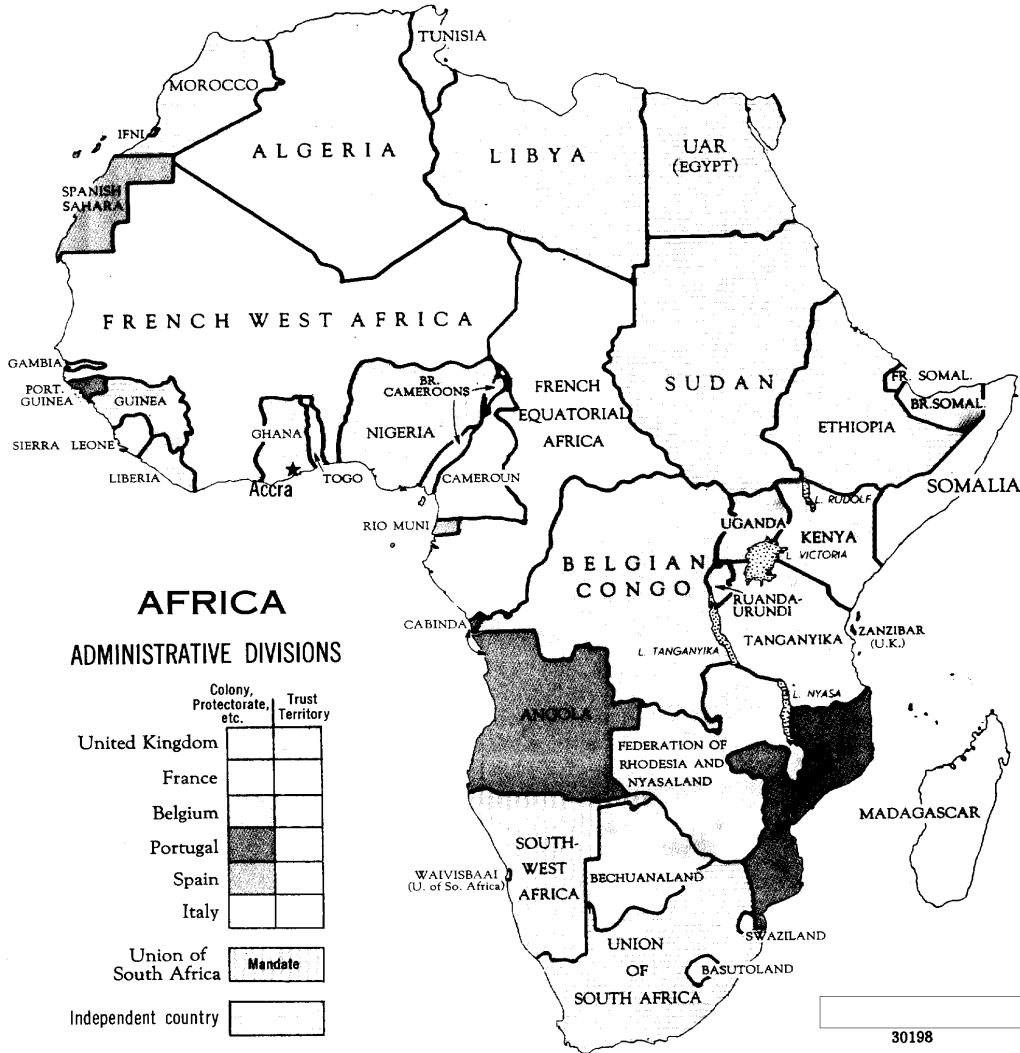
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whose present leaders are opposed to the concept of federation. Furthermore, the position of the two states within the British and French spheres of influence-- both economic and political--

raises problems.



ALL-AFRICAN PEOPLES' CONFERENCE

African nationalism will receive another strong psychological boost when representatives from nationalist organizations in most independent and dependent African territories

meet in Accra, Ghana's capital, between 5 and 12 December. This nongovernmental gathering--hailed by its promoters as the sixth in a series of "pan-African" congresses staged heretofore out-

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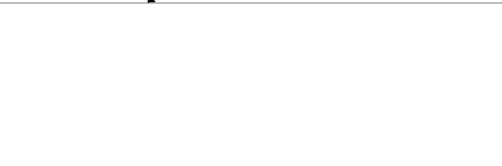
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side Africa--appears certain to be appreciably more inflammatory and more stridently neutralist than was the meeting of eight independent African states held last April, also under the aegis of Ghana's ambitious Prime Minister Nkrumah.

Invitations to the meeting have been extended to all "progressive" organizations with the aim of assembling some 500 "official" delegates representing 100 such groups. "Fraternal" delegates, drawn from among individuals and organizations outside Africa, and "observers," have also been invited. Apparently no invitation went to any Communist party, trade union, or similar organization in any Communist country, but bids may have been extended to individuals in such areas.

Nkrumah indicated last summer that the conference would prepare a "blueprint" to guide the "struggle for independence" in the dependent territories.



Other proposed topics of discussion include: the demands of Africans in multiracial territories for land, voting equality, and implementa-

tion of the UN Human Rights Declaration; the problems created by "existing artificial frontiers"; and the "amalgamation or federation" of independent African states. Delegates from dependent areas reportedly will be urged to adopt a passive resistance plan--presumably including economic boycotts--toward the colonial powers.

The nongovernmental character of the conference and the fact that the great majority of the participants will represent movements still struggling to throw off colonial rule will play into the hands of nationalist and pro-Communist extremists at the meeting. Furthermore, many prominent moderate nationalists from places like Nigeria, French West Africa, and Liberia will probably not attend, partly to avoid identification with what they believe will be minority positions. Nasir's UAR, on the other hand, appears to be readying a strong delegation, and the Cairo-based Afro-Asian Solidarity Secretariat has announced plans to send a five-member delegation, including nationals of the USSR and Communist China.

Moscow, which has reportedly requested invitations for two Soviet observers, has already begun to exploit the conference as a backdrop for its regular propaganda attacks against Western "imperialism."

UNREST IN MOROCCO

Tribal unrest in outlying areas in Morocco, attacks against the ruling Istiqlal party, and increasing incidents of hooliganism seem to have precipitated the resignation, reported on 25

November, of Premier Ahmed Balafrej. The long-standing government crisis was intensified last week when Vice Premier Bouabid withdrew from the government. Bouabid is the leader of Istiqlal's

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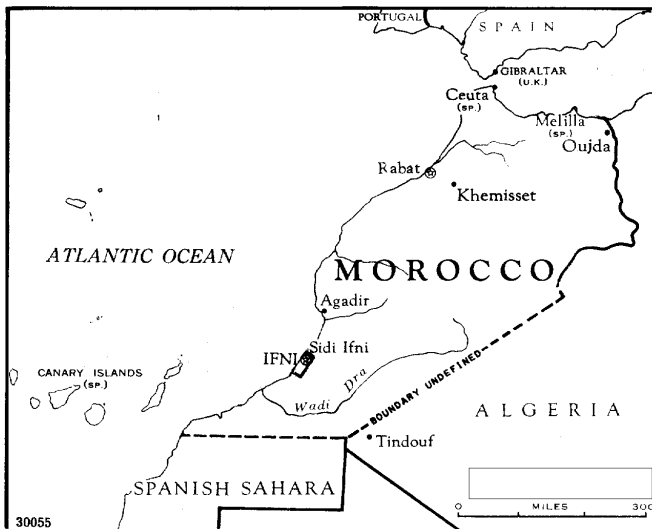
26 November 1958

left wing, which has persisted in its attempts to wrest the army and security forces from the King's direct control.

they may hope to force him to take a stronger stand in curbing the party's political power.

Tribal unrest culminated in several bombings at widely separated locations during the national holidays from 16 to 18 November. The most flagrant bombing occurred on 18 November at Khemisset, about 60 miles east of Rabat where one person was killed and more than 100 injured. On the same day the King in his traditional Feast of the Throne--state of the union--message, expressed grave displeasure and concern over the prolonged discord and appealed for national unity and self-discipline.

The bombing at Khemisset and most other terrorist incidents--except the assassination of a French attorney in Rabat on 23 November and the destruction of a radio antenna at Oujda on 24 November, which are attributed to extremist French elements--are believed to have been inspired by the illegal Popular Movement. This group is led by persons who have been close to the King and who are believed to have been encouraged by him to form a political organization to oppose the Istiqlal. The movement's leaders have been partly aroused by the belief that Istiqlal has been making progress toward curtailing royal prerogatives. Their defiance suggests impatience with the King's temporizing with Istiqlal, and



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One result of the dissidents' campaign has been to unite the King more closely with his Istiqlal-dominated government in an effort to put down the defiance of central authority. He pointed out in his throne speech that dissension was prejudicial to national prestige and interest, a theme Istiqlal had already expressed in more partisan terms.

On the other hand, the King revealed that he is about to promulgate the long-promised code of civil and political liberties demanded by the Popular Movement. Such a code, by permitting the opposition to carry on political activities, would challenge the almost monopolistic political position of the Istiqlal party. Aware of this possibility, some of Istiqlal's leaders now may be prepared to compromise with the King.

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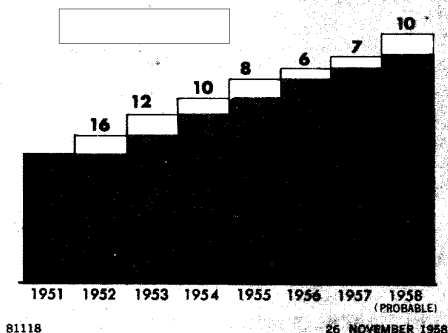
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THE ECONOMIC STATUS OF EAST GERMANY

The increase in East German industrial production at the end of the third quarter points to a rate of growth of about 10 percent for the year. This would be a substantial overfulfillment of the industrial plan, which called for a 7-percent increase. In late 1957, economic problems caused a downward revision of the goals for the Five-Year Plan (1956-60) from 55 to 34 percent above 1955 production levels. These goals have since been raised to about 42 percent.

**EAST GERMAN
GROSS INDUSTRIAL PRODUCTION**
(ANNOUNCED PERCENTAGE INCREASE OVER
PREVIOUS YEAR)



The high production rate this year results largely from overfulfillment in the production of finished and processed goods, especially in the light-engineering and food industries. Increases in output of basic industrial goods are small, and no overfulfillment is likely. The bulk of this year's rise apparently resulted from increased shipments of industrial raw materials from the USSR, which for the first time permitted the full use of East Germany's industrial capacity. A corresponding increase is unlikely next year.

Favorable weather has provided East Germany with a good harvest, permitting food industries to maintain output at a high rate, which has obviated any serious consequences from the end of food rationing in May.

One of East Germany's most serious problems continues to be the flight of refugees to the West--a ceaseless drain of intellectual and productive power. The rate of flight has been running well below last year's average of 22,000 ex-capees per month, but current refugee totals contain a high number of scientists, scholars, physicians, engineers, and technicians.

Large sums of money are being spent to expand the Baltic port of Rostock to take over the handling of almost 2,000,000 tons of trade cargo now transiting the West German port of Hamburg. In support of this program, a new waterway connecting Rostock with the Elbe River is to be started in 1959. According to party Secretary Ulbricht, the prime motive for this construction is the saving of foreign exchange now being expended in Hamburg, but it is also probable that another consideration is the reduction in East German vulnerability to West German retaliation for harassment of the supply lines to West Berlin. Should the port of Hamburg be closed to East German cargoes, East German trade could use the Polish Baltic ports after a temporary disruption of trade.

The modest increase of 7 percent in foreign trade turnover probably conceals an imbalance, especially with Western countries. For example, East

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German exports to West Germany are lagging by about \$25,000,000 behind imports from that country.

Limiting factors in inter-zonal trade, which annually accounts for about 12 percent of total East German trade--about \$200,000,000--are the East German inability to offer a wider variety of goods and a lack of West German demand for those goods which are available. Al-

though coal and steel are foremost among East Germany's imports from West Germany, a wide variety of other products are imported as well, and these two items constitute only 4 and 10 percent, respectively, of total East German coal and steel imports. Thus West German exports are not vital to East Germany's economy. The bloc accounts for about 75 percent of East Germany's trade.

(Prepared by ORR) 25X1

CHANGES IN OUTER MONGOLIAN LEADERSHIP

Prime Minister Yunzha Tsedenbal was named party first secretary of the Mongolian People's Revolutionary party at a recent plenary session of the central committee. He succeeds Dordj Damba, who was demoted to second secretary "at his own request." Thus, Tsedenbal at 42 has once again assumed leadership over Outer Mongolian party and government affairs. This places him in a dual-power role similar to that occupied by Soviet Premier Khrushchev, with whom he conferred in Moscow late last month.

Two other members of the nine-man politburo were downgraded in order to facilitate Tsedenbal's new appointment. Party second secretary Surunzhab was appointed first vice chairman of the Council of Ministers, and Ulan Bator party boss Damdin was also demoted.

Tsedenbal became premier in May 1952, and for two years headed both state and party struc-

tures. In 1954 he relinquished his party post to Damba, apparently in an attempt to conform to the then current Soviet emphasis on collective leadership. At the Outer Mongolian party congress last March, Damba harshly attacked Choibalsan, Stalin-like leader of Mongolia from 1932 until his death in



DAMBA



TSEDENBAL

1952, and charged that the cult of personality had led to flagrant violations of "revolutionary legality" and a downgrading of the role of the party.

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The Soviet news agency TASS has commented that the new appointments were made for "better centralization of leadership" in the Soviet Union's oldest satellite. Thus it appears that Outer Mongolia, which faithfully followed Moscow's re-

evaluation of Stalin following the 20th party congress four years ago, is continuing to conform not only with the line set by the USSR, but in many respects to its pattern of leadership changes as well.

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NETHERLANDS COALITION DIFFICULTIES

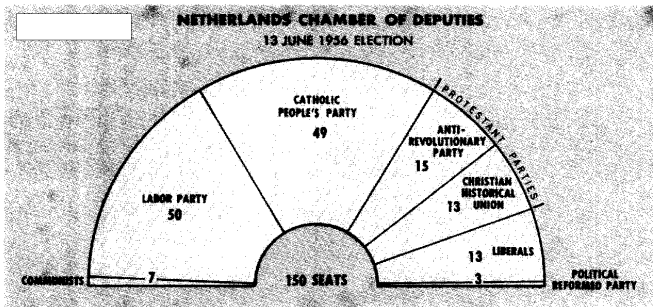
The Netherland's quadripartite coalition government, formed in 1956, has recently been showing signs of increased instability which could result in a cabinet crisis before the scheduled 1960 national elections. The American Embassy in The Hague anticipates that, in view of this possibility, the government will henceforth be compelled to move "quite gingerly" on foreign as well as domestic policy issues and would be virtually stalemated for months if a crisis should occur.

leader Burger has brought matters to a head by declaring that his party no longer feels obliged to support the government program, even though the leader of the Labor party is Prime Minister Drees.

Last spring's provincial and municipal elections pointed to an eventual eclipse of the two small Protestant parties in the present national coalition and the emergence of only three main groups: Catholic, Labor, and Liberal. A coalition government of Catholics and one of the other two groups could well result from new elections.

Dutch domestic and foreign policy would not be greatly changed by a new cabinet. A new two-party government would perhaps be able to follow a more flexible policy on the Nether-

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The public is increasingly dissatisfied with the succession of postwar multiparty governments which have been difficult to form and rigid in policy, and which have largely eliminated any real opposition. The present difficulties, however, are largely the result of efforts of the Labor party, leader of the governing coalition, to develop political issues which might improve its chances of recouping its waning political strength. Labor parliamentary

lands New Guinea question, which has been deadlocked for years because of interparty bickering. New elections, on the other hand, might adversely affect the size of the Netherlands commitment to NATO, since there is some agitation for a reduction in the level of Dutch defense expenditures and some public criticism that the Netherlands contributes more than its proportionate share to NATO.

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BRAZIL'S ECONOMIC STABILIZATION EFFORTS

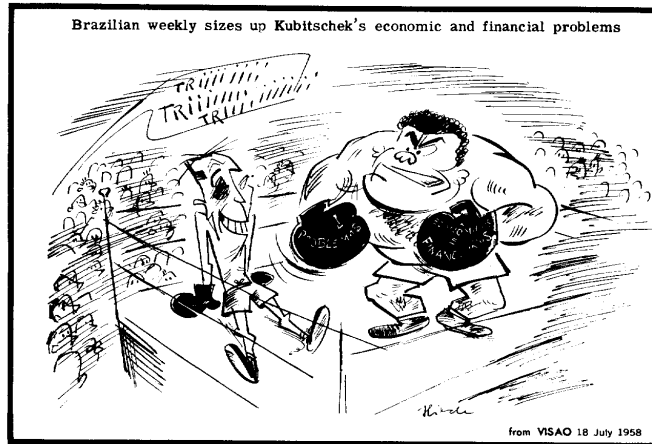
Brazilian President Kubitschek's order of 18 November imposing emergency price controls on various basic commodities and services will probably do little to stop agitation over the rising cost of living. It may even have prejudiced chances for congressional enactment of the government's basic economic stabilization program by diverting public attention to a subsidiary question.

The emergency measures were apparently a response to riots in five state capitals protesting the cost of living, beginning with a riot on 30 October in Sao Paulo over bus fares. Some observers believe the riots were planned and led by Communists and have noted that in four of the cities demonstrators highlighted the steep increase in the price of gasoline, attributing this to US oil companies.

The gasoline price increase actually results from the government's import austerity program and from its first move toward eliminating multiple exchange rates. Food prices apparently have spurted because of an especially severe drought in the northeastern dust bowl and the general inflationary trend. Last year, the increase in the cost of living was held to about 10 to 12 percent, but this year it has resumed its former 25-percent rate of climb.

The government has hoped the problem would be solved by its monetary stabilization program, which contains provisions for reducing the amount of currency in circulation through credit restrictions, taxes, and budget cuts. This program is now in serious trouble in Congress, however, with many congressmen representing special interest groups attempting to scuttle whichever provisions are most onerous to their backers.

A political scare engendered earlier this month by War Min-



ister Lott's renewed troubles with the air force and the opposition press apparently temporarily reunified the government bloc, which has been split on some basic issues, and also sobered some of Kubitschek's freewheeling opponents; however, chances for congressional action on basic remedial legislation before the session ends on 15 December are probably no better than even, and a special session appears likely.

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VENEZUELA'S ELECTION

Interest and tension in the Venezuelan local and national elections scheduled for 7 December center primarily on what may be a close race among three presidential candidates. Former junta President Admiral Larrazabal, already nominated by two other parties, on 17 November authorized the Communists to register him as their candidate. The Communist vote, which may be as high as 8 percent of the total, could be a determining factor. Larrazabal's tie with the Communists could stimulate further military plotting, rumors of which have circulated with increasing frequency in recent weeks.

Larrazabal, who resigned from the junta on 14 November to accept the nomination of the Democratic Republican Union party and of a minor party, is expected to win a substantial portion of the sizable independent vote as well. The other candidates are Romulo Betancourt, chief of Democratic Action (AD), Venezuela's largest party, and Rafael Caldera, chief of the Christian democratic COPEI, probably the second strongest party. The military, formerly

the dominant political element, has long been hostile to the AD.

The three major parties are left-of-center reformist in domestic policy and apparently incline toward a renewal of relations with one or more Soviet bloc countries. They agreed in late October to establish a coalition government regardless of the presidential victor and to avoid acrimony in the campaign--a provision which may be difficult to enforce among the various labor and student groups which support them.

Larrazabal alleged he made no commitments to the Venezuelan Communist party (PCV)--apparently to reassure the major parties, which have opposed including Communists in a coalition. He also proclaimed his staunch Catholicism--a statement designed to mollify the church hierarchy, which recently threatened to excommunicate Catholics who vote for Communists. Nevertheless, his acceptance of PCV support will enhance the prestige of the party, which already has considerable influence in press, labor, and student circles. His move will also help the PCV in



LARRAZABAL



BETANCOURT



CALDERA

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the legislative elections and in penetrating government departments, at least at the lower and middle echelons, if he wins.

Dissident military elements, who may indirectly support Caldera, the weakest of

the candidates, are not believed to be well organized and are not likely to attempt a coup, at least until after the election. Any widespread violence during the campaign or provocative civilian action against the military, however, might lead to intervention by the armed forces.

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PART III

PATTERNS AND PERSPECTIVES

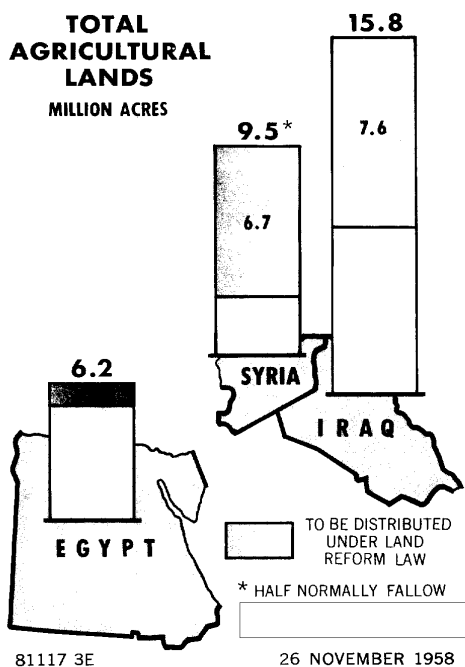
LAND REFORM IN THE UAR AND IRAQ

Effective enforcement of long-standing land-reform laws in the UAR and Iraq has come only after revolutions which have deprived the major land-holders of their power. Nasir's program in Egypt, begun in 1952, is now complete, and the new governments of the UAR's Syrian region and of Iraq have promulgated new land-reform laws. Both Baghdad and Damascus have had such laws for many years, but previous regimes, which drew

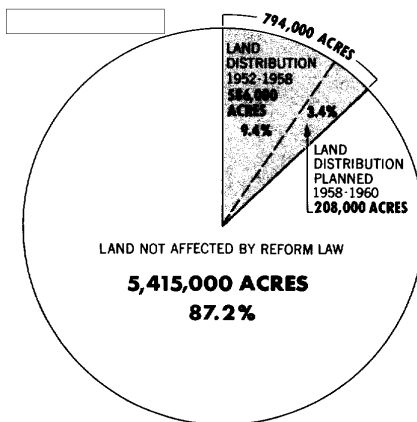
large-scale farming in Syria, involving the urban merchant-farmer, would tend to require gradual implementation of the law there if sharp drops in agricultural production are to be avoided.

Egypt

The goals of the Egyptian Agrarian Reform Law of 9 September 1952 were completed this year, and all land owned by individuals in excess of 207.6 acres has been seized and distributed to new owners. About 586,470 acres, or almost 10 percent of Egypt's agricultural land, were redistributed. By 1960 the government plans to distribute an additional 207,600 acres now held in trust by religious institutions.



EGYPT: ESTIMATED DISTRIBUTION OF AGRICULTURAL LANDS



TOTAL: 6,209,000 ACRES

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their support largely from the landowning class, failed to give them more than lip service.

Egypt's program was carried out with little effective opposition and a minimum of social change. In Iraq, however, the primitive nature of the agricultural community and a dearth of administrative machinery presage a transitional period beset with problems. The peculiar nature of much of the

Although the Nasir regime's land-reform program has created about 80,000 new landowners, it has not significantly increased agricultural production. The new owners, with comparatively small plots, cannot improve the

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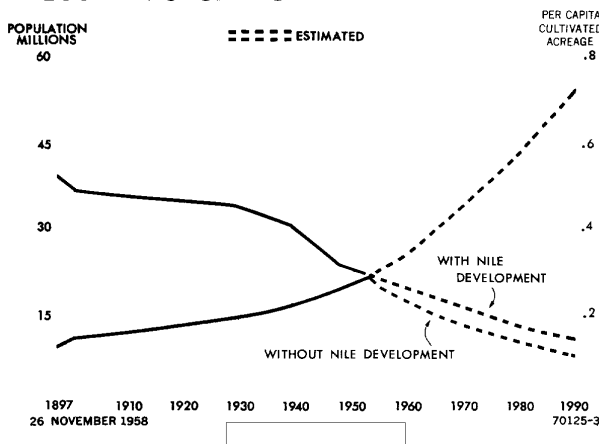
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efficiency with which the large estates were operated. The new holdings average between two and five acres, compared with about 20 acres of irrigated land under the reform program in Syria and 37 acres in Iraq.

Implementation of the reform program in Egypt was a much simpler task than it is likely to be in either Syria or Iraq, since landholdings were concentrated in a relatively few large estates. About 0.1 percent of the landowners held about 20 percent of the land, and another 3 percent of the landowners held an additional 56 percent. In addition, virtually all of the land had already been under cultivation and was of relatively good quality. In Syria and Iraq, however, large tracts of the land affected have not been worked for centuries or are far removed from population and transportation centers.

Implications for the long run are also substantially different in the three countries. Egypt's economic survival is a race against time, especially in the agricultural field; the cultivated acreage per capita was about 0.53 acre in 1897, as compared with 0.23 acre in 1958. In Syria and Iraq, on the other hand, cultivated acreage has actually increased faster than population. Moreover, in Iraq at least, large additions to the cultivated area will be forthcoming in the near future as large-scale irrigation projects are completed. While the Aswan High Dam scheme is expected to add about 1,300,000 acres, Egyptian per-capita acreage will continue to decline in the face of a rapidly expanding population.

EGYPT: POPULATION PRESSURE ON LAND

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Iraq

The Agrarian Reform Law announced on 30 September promises to change the character of Iraq by completely breaking the power of the landowning sheiks who have been the backbone of previous regimes. However, progress is likely to be slow and some failures seem certain as the regime faces the almost insurmountable problem of the ignorance of the peasants, on whom the success of the program ultimately depends. Decades of oppression by feudal sheiks have produced a cultural level in some cases approaching the neolithic. Confusion over interpretation of recent agricultural decrees has already resulted in some cases of violence between the peasants and landowners.

Economic conditions in Iraq are unique in the Arab world. With a relative abundance of agricultural land--about 15,815,000 acres--and hundreds of thousands of new acres resulting from the development program, the country is faced with a surplus of land and a shortage of labor. With its large and constantly increasing oil revenues, the regime should have adequate capital to carry out the land-reform program.

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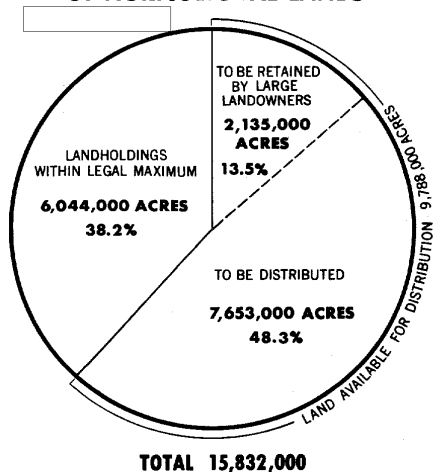
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Statistics on landholding in Iraq are limited and somewhat unreliable but clearly indicate the dominance of the large landowner. Official statistics list 104 holdings larger than 12,000 acres but fail to show the existence of many estates of more than 100,000 acres. Two landowners reportedly have holdings in excess of 600,000 acres.

The terms of the new law, similar to that of Egypt, prohibit landholdings in excess of about 620 acres of irrigated land and about 1,240 acres of rain-fed land. The state will compensate owners of confiscated land with 20-year bonds carrying a 3-percent interest rate. The government's hopes that distribution can be carried out in the next five years are probably optimistic.

Those entitled to land under the law are adult Iraqi citizens who are farmers and who already own holdings smaller than called for by the distribution scheme.

Some 2,823 holdings have about 7,654,000 acres--out of a total of about 16,000,000--in excess of the new maximum which thus will be available for distribution.

IRAQ: ESTIMATED DISTRIBUTION OF AGRICULTURAL LANDS

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Distribution of the acquired lands to each individual will be no less than 18.6 nor more than 37.2 acres of irrigated land and no less than 37.2 nor more than 74.4 acres of rain-fed land.

According to the 1952-53 agricultural census, about 1,400,000 men, women, and children make up the agricultural labor force, out of a rural population of 4,800,000 to 5,200,000. Since about 33 percent of the agricultural labor force is already working its own holdings, the acreage freed for distribution under the land reform apparently will be adequate to furnish land for all members of the agricultural labor force.

Syria

The land-reform law covering the Syrian region, announced by Nasir on 27 September 1958, threatens to end the private-enterprise system which has increased Syria's agricultural production about 35 percent since the end of World War II--while per-capita production in Egypt has been declining. Large-scale farming in Syria is substantially different from that in Iraq or Egypt. In those countries the large landowners farm their own lands; in Syria, however, city merchants, especially in the Jazirah region in northeast Syria, rent lands from the landowning sheiks on a seasonal basis. These merchants then provide the machinery, labor, and seed for large-scale mechanized operations.

Almost half--about 9,600,000 acres--of Syria's total 19,500,000 acres is used for agriculture. About 8,400,000 acres are used for dry farming--half of which is fallow land--and about 1,200,000 acres have some form of irrigation. Under the reform law, all but the state domain, estimated to be about 3,300,000 acres, is privately owned and will be subject to distribution. A large portion of the state lands has been exploited by merchant-farmers.

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It thus seems likely that large-scale farming involving extensive use of machinery will be adversely affected and that agricultural output will decline as small farmers take over. Distribution of farm products may also be affected, since the merchant-farmers handle the sale of the output. The central government will also have to provide services hitherto performed by the merchant-farmers such as providing seed, fertilizer, and general financing.

The terms of the reform law prohibit ownership of more than about 198 acres of irrigated land or 741 acres of unirrigated land, or some combination of the two. The landowner may give land to his wife and children to a maximum total of about 400 acres. As in Iraq, the land will be seized over a five-year period, but, unlike the landlords in Iraq, those in Syria will pay, beginning 1 January 1959, a "utilization fee" to the state on the surplus land they possess over the permissible maximum. The fee amounts to three quarters of the average rent. Payment for expropriated land will be with 40-year state bonds with an annual interest of 1.5 percent.

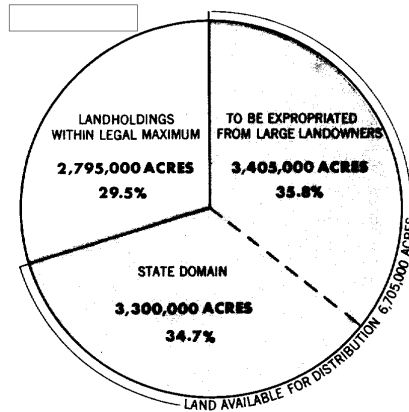
Only Syrians are entitled to land under the law; even Egyptians are excluded at the present time. Those receiving land must also be farmers, holders of agricultural certificates, or Bedouins included in settlement programs. Land will be distributed so that each farmer will receive no more than about 20 acres of irrigated or more than about 74 acres of unirrigated land.

Statistics on landholdings in Syria are unreliable, but it appears that about 6,700,000 acres will be available for redistribution. Since the agricultural population is about

2,000,000 persons and the total agricultural land available is about 9,600,000 acres, it is likely that almost all Syrian farmers will be able to own land under the present distribution scheme.

Implementation of the law has been slowed down as the Damascus government has become aware of the problem of main-

SYRIA: ESTIMATED DISTRIBUTION OF AGRICULTURAL LANDS



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taining the level of agricultural production. Land seizures have been halted "to ensure against the decrease in the level of the yield." The problem is not a lack of ability to deal with the few large landowners but of how to mobilize the peasants in order to avoid a major drop in production. While there have been isolated cases of peasant violence, as some have attempted to occupy land before execution of the law, the situation generally is quiet. There reportedly has been, however, a large-scale flight of capital which is attributed to the land-reform law as well as the impending complete economic integration of Syria with Egypt.

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SOVIET POLICY TOWARD JAPAN

Objectives

The USSR's immediate aim in Japan, according to a Russian diplomat in Tokyo, is to prevent that country's "further growth as an American military base" by convincing the Japanese that this is against their best interests; the long-term goal is the withdrawal of American forces from Japan and Okinawa. This succinct statement of Moscow's objectives also reflects the Soviet view that the presence of "American imperialism," rather than opposition from domestic elements, is the "main enemy" to the growth of "progressive" forces in Japan, and the USSR's awareness of the value of Japan as a base during the Korean war.

In the years immediately following World War II, the USSR pursued its objectives in Japan mainly as a victor nation dealing with a defeated belligerent. After the free world concluded peace treaties restoring Japanese sovereignty, however, Moscow by late 1952 began to shift its policy when it became clear this approach could not achieve the far-reaching concessions it previously demanded as the price of normal relations and a peace treaty.

Moscow also saw that it was necessary to develop additional means of external influence if those elements favoring Japanese neutralism were to gain strength. Soviet leaders hoped to re-establish diplomatic ties and conclude an advantageous peace treaty through step-by-step manipulation of unsettled postwar problems. Moscow had to threaten to restrict drastically Japanese fishing, however, before it was able to secure Tokyo's agreement to the Joint Declaration in October 1956 which, in lieu of a peace treaty, restored diplomatic relations without significant Soviet territorial concessions.

At the same time the USSR and Japan concluded a 10-year fishing pact with catch quotas to be negotiated annually. The Soviet Government also agreed not to block Japan's admission to the United Nations and to return all Japanese war prisoners still held in the Soviet Union; it also pledged to return Shikotan and the Habomai Islands upon conclusion of a peace treaty.

Current Policy

Soviet policy following the normalization of relations has concentrated on laying the groundwork for future political gains by expanding relations with Japan in a wide variety of economic and cultural areas and attempting to stimulate domestic pressures in Japan for a political and economic rapprochement with the Communist bloc.

Moscow is attempting to arouse dissatisfaction with Japan's present status and to strengthen neutralist and leftist elements by propaganda, exchanges of delegations, and personal interviews with high Soviet authorities. At the same time, through harsh negotiating tactics, diplomatic warnings, and political warfare moves, the USSR has tried to discredit the pro-Western Kishi government and to point up the "danger" of Japan's present ties with the United States.

Soviet propaganda has concentrated on arousing resentment over incidents involving American military personnel, and has made crude attempts to play on the Japanese public's deep-rooted fear of almost any type of nuclear activity.

The increasing importance of Japan in Soviet eyes is reflected by recent diplomatic appointments. N. T. Fedorenko, the new ambassador, was a deputy foreign minister prior to

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FEDORENKO



SUZDALEV

Russian lake," while airfields and radar installations on Kunashiri and Etorofu bolster the Soviet air defense system and help restrict access to the area. The Soviet press has reported that the southern Kurils are receiving resettlers for "permanent residence" from other parts of the Soviet Union in accordance with development plans.

assuming his post in Tokyo in September; he is regarded as one of the Soviet Government's top experts on China and the Far East. The Kremlin also appointed as minister-counselor S. P. Suzdalev, a former ambassador to North Korea and counselor in Washington, who served in Japan from 1940 to 1944 and from 1946 to 1948.

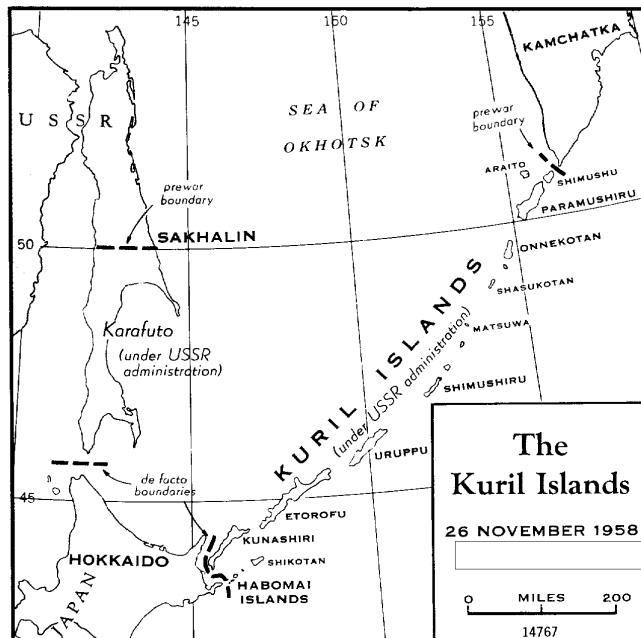
It seems unlikely that the USSR will offer to return the islands--which Foreign Minister Gromyko described last year as "part of the territory of the USSR"--as long as there is a strongly pro-Western government in Tokyo. Such an offer cannot be discounted, however, as a means of creating pressure on the American position in the Ryukyu Islands.

Territorial Issue

Moscow continues to maintain that the Kuril Island chain was awarded to the USSR by the Yalta and Potsdam Agreements, and that Tokyo confirmed this status in 1951 by signing the San Francisco Treaty renouncing its claim to the islands. Japanese counterclaims are based on Soviet failure to sign the San Francisco Treaty, the fact that Japan was not a party to the Yalta Agreement, and assertions that at least the southern Kurils are historically a part of Japan.

Possession of the Kurils strengthens the Soviet case that the Sea of Okhotsk is "a

Negotiations for a formal peace treaty between the USSR and Japan remain stalled over

**The Kuril Islands**

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the territorial issue, but Soviet officials have consistently reaffirmed their desire for a treaty, in the apparent hope that constant pressure will eventually undermine Kishi's position. The Kishi government refuses to enter treaty negotiations unless the USSR first recognizes Japan's "just claim and title" to Kunashiri and Etorofu or to conclude a peace treaty which does not return them.

Ambassador Fedorenko's tough tactics since his arrival suggest that Moscow believes domestic pressures will either force the Kishi government to seek peace treaty negotiations or bring about its replacement by another conservative, but more nationalistic, regime which would be more willing to "readjust" Japan's status.

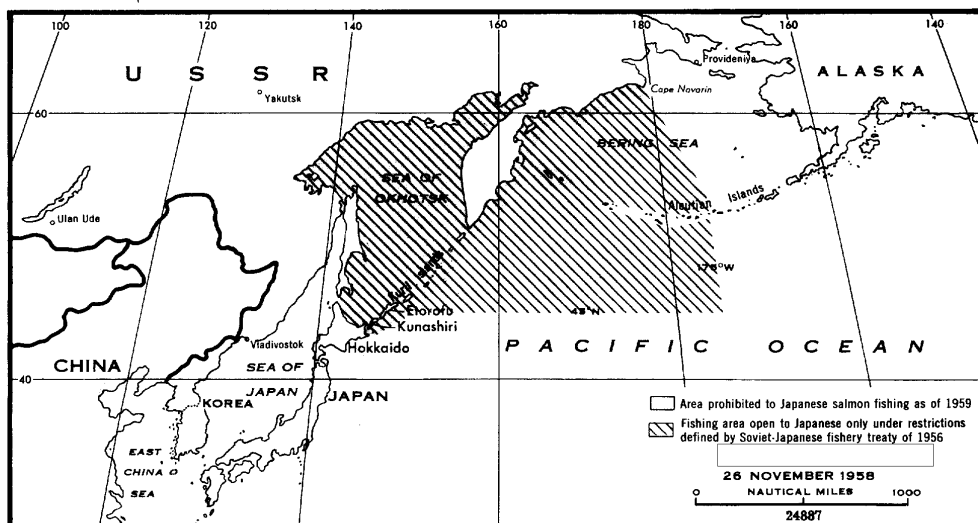
Moscow's recent propaganda has coupled a hint of new concessions with its stiffer official attitude, apparently in an

effort to soften Tokyo's stand and keep the issue before the Japanese public. Radio Moscow stated on 26 September that through a peace treaty "the way is open for Japan" to have the Habomais and Shikotan, as well as to be able to "fish in Soviet waters around some island of the Kurils." A Soviet concession on the question of improved fishing rights for the Japanese in the Kurils would hold out the appeal of immediate benefits to Tokyo, yet would avoid a territorial commitment.

The Fishery Issue

The USSR's tactics during the fishery negotiations in 1957 and 1958 were characterized by attempts to bargain Soviet control of fishery resources for concessions on political issues.

During the 1957 talks, Khrushchev attempted to make any agreement on a fishing quota contingent on trade treaty negotiations, and Moscow served notice that by 1959 the Sea of Okhotsk would be permanently closed to foreign salmon fishing. Tokyo remained firm on the trade treaty question, however, and refused to include a reference to termination of Okhotsk Sea fishing in the formal

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agreement. Soviet negotiators yielded on these points but gained Japanese agreement to a quota of 120,000 tons for 1957 as an "exception," further limited the Japanese catch in the Sea of Okhotsk, and reserved the right to bring up again the question of a complete ban on Japanese fishing in that area.

The 1958 fishery negotiations, which opened in January, were soon deadlocked by the USSR's stiff and uncompromising demands for drastic curbs on Japanese fishing. Moscow said it would not discuss Tokyo's demand for a guarantee against Soviet seizure of Japanese fishing boats unless the Kishi government agreed to enter peace treaty negotiations. The Kremlin expected this stand would break down Kishi's adamant position on the territorial question and lead to further concessions on the peace treaty issue, or, as a minimum, gain substantial Japanese concessions on the fishing issue.

Prime Minister Kishi refused, however, to link peace treaty negotiations with a "safe-fishing" guarantee, despite domestic Japanese pressure which was stimulated by frequent seizures of fishing craft off the Habomais and Shikotan. Moscow maintained its demands for a Japanese commitment on treaty discussions until April, but then signed an agreement when Tokyo acquiesced in a ban on all Okhotsk salmon fishing beginning in 1959.

Sino-Soviet Pressure

Prior to the Japanese elections in May 1958, Moscow and Peiping attempted to discredit Prime Minister Kishi in the eyes of the Japanese electorate.

Soviet and Chinese Communist spokesmen made vigorous personal attacks on Kishi, apparently in the belief that his replacement--even by another Liberal-Democratic prime minister--would represent a step toward Communist objectives.

During the campaign, Peiping, uninhibited by formal relations with Tokyo, heaped invective on Kishi in an effort to convince the Japanese that his continuation as prime minister would be an insurmountable obstacle to any improvement in Sino-Japanese relations. Communist China also refused to renew its private trade pact with Japanese industry, thus stopping all Sino-Japanese commerce, and began extensive seizures of Japanese fishing boats off the Chinese coast.

Soviet propaganda, described by the American Embassy as in effect electioneering for the Socialists, sought to fan popular anxiety over nuclear war and to scare the public into demanding that Japan reduce its ties with the United States. Although the USSR did sign the annual fishery agreement in April, following Japanese concessions, Moscow continued its efforts to discredit the orientation of the Kishi government by a series of high-level letters and official notes, as well as by radiobroadcasts to Japanese listeners.

A Soviet note on 15 May stated that the USSR could not be "indifferent" to the introduction of nuclear weapons and their means of delivery into Japan, and on 21 May Khrushchev warned that Japan could be easily drawn into an atomic war, contrary to the people's wishes. The Soviet premier pledged not to use nuclear weapons against Japan, "provided Japan, including

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Okinawa, ... would refrain from arming itself with nuclear weapons or importing such weapons from abroad."

The bloc efforts, however, were generally regarded by the Japanese electorate as foreign interference and probably helped to contribute to the Liberal-Democratic victory.

Since the election Peiping has not eased its pressure on the Kishi government. The Chinese regime apparently remains confident that the lure of an extensive mainland market, as well as its attempts since midsummer to have pro-Communist Overseas Chinese boycott Japanese goods, will cause Kishi to relax his opposition to at least unofficial ties with Peiping. Moscow has continued to play up nuclear issues affecting Japan, and in a note on 16 September sought to link Japan with American "aggression" against Communist China in the Taiwan Strait area. Fedorenko apparently accompanied Khrushchev to Peiping in late August and may have discussed policy toward Japan at that time.

Expansion of Soviet Ties

The USSR has to date concluded trade-and-payments, shipping, and travel agreements with Japan; it is pushing for civil air and cultural agreements, and the second annual trade treaty negotiations are now under way. The Kremlin hopes to utilize increased contacts of various types in order to display its growing industrial and technological power

for prestige value and political effect and indirectly to heighten Japanese consciousness of Soviet military strength.

Trade promotion activities are an important part of Soviet policy in Japan. Commerce between the USSR and Japan will probably reach \$45,000,000 in 1958 and, although still less than one percent of Japan's total foreign trade, will be double the 1957 volume. This should help to support Moscow's claim that a peaceful extension of relations and a great expansion of trade are possible.

Moscow alleges that while lack of a peace treaty is the major obstacle to an all-out trade increase, the Kishi government's policy "to sell more and buy less" is the immediate hindrance. Soviet officials have assiduously baited Japanese business circles with statements that two-way trade turnover could reach \$500,000,000 annually, and they have fired the imagination of Japanese industry by hinting at the prospect of Japanese participation in the economic development of Siberia.

Moscow has seized the initiative in cultural relations with Japan with a broad program designed to bolster Soviet policy in other fields. The immediate aim of the Soviet campaign is to utilize expanded cultural activities, including visits by top-flight Soviet artists, to increase Japanese awareness of Soviet artistic achievements and allay traditional Japanese suspicions of the Soviet Union.

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FORTY YEARS OF THE KOMSOMOL

The 40th anniversary of the All-Union Leninist Communist League of Youth--Komsomol--was celebrated with great fanfare throughout the USSR last month. During these 40 years the Komsomol has gradually been transformed from an elite group of dedicated and politically influential young people into a party-dominated mass organization which controls the majority of Soviet youths.

The Komsomol has a vital role in Soviet society. It is the training ground for future party members, and on it largely rests the regime's hopes of raising new generations of politically indoctrinated citizens, passionately devoted to Communism. By means of the Komsomol, the regime seeks to mold the lives of Soviet youths and to harness their energy to the service of the state.

Komsomol members are expected to master Marxism-Leninism, be models of "socialist behavior" at all times, and enthusiastically carry out the party's assignments, no matter how difficult or distasteful they might be. In practice, however, the Komsomol has far from measured up to these ideals.

The regime's emphasis on close party control, its efforts to bring as many young people as possible under this control, and its fear of allowing any genuine rank-and-file initiative or independence has transformed the Komsomol into a gigantic lifeless bureaucracy.

While it is a formidable vehicle for the control and mobilization of Soviet youths, its former esprit de corps has been dissipated, and its ability to inspire the enthusiasm and positive loyalty of its membership has been severely impaired. For most Soviet youths, membership in the Komsomol is now just

another obligation to the state. The patriotism and constructive energy found in the majority of these people probably prevail more in spite of, rather than because of, the efforts of the Komsomol.

Organization Structure

Organizationally the Komsomol is closely modeled on the hierarchy of the Communist party. The chain of command leads from the All-Union Komsomol secretariat with its central apparatus, through various levels of regional committees, down to the vast network of primary units in schools, factories, farms, and military units.

The party is guaranteed close control over the Komsomol in matters of policy, planning, and administration. The Komsomol statutes specify that secretaries of city and district committees and above must be at least candidate members of the party. At the primary level large Komsomol units are usually run by full-time professional workers aspiring to careers in the party.

The effect of this oppressive party-dominated bureaucracy on the internal life of the Komsomol has been described best by party and Komsomol members themselves. The year following the 1956 party congress was, as in other areas of political life, a time of ferment and soul-searching within the Komsomol. Disgruntled young people aired their complaints, and officials candidly admitted there was an advanced state of malaise within the youth organization. "I only scoffed at our Komsomol members breeding more bureaucracy than their elder brethren," confessed one party member.

Elaborating on this, a league member complained that there are so few rank-and-file

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members at Komsomol conferences that "they are simply embarrassed in the presence of the overwhelming mass of professional Komsomol workers who know all the ritual, speak well, and employ quotations." Some Komsomol members made the heretical suggestion that the only remedy lay in freeing the Komsomol from party control.

While the doctrine of Komsomol subordination to the party was strongly reaffirmed, a few specific measures were taken in 1957 to increase the authority and independence of primary organizations. A Komsomol decree in February of that year recommended that local secretaries no longer be endorsed by district or city Komsomol committees.

Red tape was to be sharply cut, and Komsomol units in large industrial organizations, which had formerly been managed by Komsomol central committee organizers, were turned over to local supervision. Another decree probably issued about the same time called for replacing full-time professional Komsomol workers at the primary level with volunteer members working after hours.

These measures had little chance of effecting any revitalization of the Komsomol, however, since the regime, having succeeded by the summer of 1957 in silencing outward signs of ferment, retreated to a policy of orthodoxy. More party supervision, more indoctrination, and more manual labor were the remedies prescribed at the Komsomol congress in April 1958. The earlier administrative reforms went virtually unmentioned. Party control was graphically illustrated by the fact that 735 of the 1,236 delegates to the congress were party members.

Mass Membership Policy

The policy of converting the Komsomol into a mass organ-

ization encompassing virtually all Soviet youths is, like the policy of close party control, at the root of the Komsomol's present-day ills. Designed to extend the regime's control, this policy has resulted in a serious decline in the quality of membership. The Komsomol ranks rose from approximately 9,000,000 members in 1949 to an all-time high in late 1955 of nearly 20,000,000, which represented well over half of all Soviet youths of Komsomol age (14-26). There is no longer any pretense of selectivity in admitting new members. Membership is often virtually compulsory, and in some instances entire groups are automatically enrolled as they arrive at the minimum age.

A significant drop in membership, however, began to take place, apparently starting in 1956. In July 1957 the total membership was given as only 18,500,000, and it is no higher today. A number of factors account for this decrease. The wartime deficit in births first began to affect the Komsomol ranks in 1956. Furthermore, new Komsomol cards were issued at this time, and membership lists were checked and put in order. Cases where members had been registered in more than one place were cleared up, and over-age members were weeded out.

Another factor may have been the deliberate attempts by local Komsomol groups to limit their size, despite strong official disapproval. The unpopularity of the mass admission policy was clearly revealed in late 1956 and early 1957. Activist members, fretting under the task of indoctrinating and re-educating their many apathetic and straying members, complained that the Komsomol was nothing more than a "corrective house."

One member, insisting that the Komsomol's authority

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had "immeasurably declined," suggested that "surgery" was the only cure for its "serious ills." With this solution apparently in mind, one Komsomol group drew up a list of people to be expelled for "insufficient enthusiasm and passivity," a black list which comprised one fifth the group's membership. Komsomol Secretary Shelepin's admonition at the youth congress in April against "attempts artificially to impede the desire of young people to join the Komsomol" suggests that such attempts had in fact been made with some success.

Composition of Membership

Given the regime's emphasis on mass membership, it is not surprising that in many cases the decision to join is automatic. This is even more understandable when it is realized that the Komsomol has a near monopoly over every area of youth activity. In order to play on a team, go to a dance, or share a hobby, it is usually necessary to be a member of the Komsomol. More important, membership is the best and often the only road to a successful professional or party career. It is now a prerequisite for admission to virtually all higher educational institutions.

Membership is highest in well-organized urban areas. The Komsomol has been much less successful in recruiting members in the national minorities areas, where anti-Russian sentiment prevails, and in rural areas, where it is hindered by peasant apathy and an inability to offer sufficient incentives for joining.

Komsomol Activities

The adverse effects of the regime's unwillingness to allow the Komsomol any latitude for independent thought or action can be seen in almost all phases of Komsomol life. The regime's

aim is to bring up, through political indoctrination, each generation not only versed in but fanatically devoted to Communist ideology. While there is little doubt as to the regime's success in the first instance, its fear of open discussion or inquiry into matters of doctrine and policy has reduced political education to a mechanical process of interminable lectures lifted from Pravda--certainly not a stimulating process. As one Komsomol member put it, "All know in advance they will be bored. Nothing can be done about it. It's the custom."

Although the Komsomol is called on to carry out many economic and political tasks in support of the party program, the Komsomol is virtually excluded from any voice in political affairs. This has led the older rank-and-file members to complain of the "childishness" of such Komsomol duties as "collection of scrap, or patronage of a calf." Many members who have long outgrown Komsomol activities remain in the league as a disgruntled element. The regime is unwilling either to give them more responsibility or to relinquish control over them by allowing them to leave the league.

Any display of independence in tackling even the most innocuous tasks is frowned on by the regime. There was a case of a group of young Komsomol members who decided to do good deeds around their neighborhood--run errands for the sick and assist the aged. When the Komsomol leaders learned of their activities they were held under suspicion of forming an "underground ring." A higher committee, informed of the case, took the local Komsomol leaders to task, not so much for their ludicrous action but for not having been aware and in control of the members' activities at all times.

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Watch and Ward Society

Komsomol members are often given the right to meddle in the lives of other members and Soviet citizens at large. No area of a Komsomol member's life is free from scrutiny. They are called on in meetings to discuss and pass judgment on their fellow members, whether laziness on the job, failure at school, or marital problem is involved. Such group pressure is often tactless, inexperienced, and frequently vindictive, and has led many members to express serious doubt about the entire procedure.

The Komsomol is called on not only to mold and discipline its own members, but to bring its influence to bear on society at large. The so-called Komsomol light cavalry brigades are one of the main weapons in this assignment. Established several years ago in communities throughout the USSR, these brigades patrol the streets and public gathering places to combat disorderly conduct. Of late their special target has been the "stylagi," delinquents who ape extreme Western manners and dress.

Soviet press reports leave the impression that these brigades have been largely ineffective in curbing delinquency. What good they have been able to achieve has been at least partly offset by overzealous persecution of individuals. One instance involved a young man who angrily reported to a Soviet newspaper that on returning tired and disheveled from six weeks of work on the virgin lands, he was hauled in by a Komsomol brigade, subjected to police-type harassment, and summarily treated to a head shave.

Manpower Pool

One of the Komsomol's principal services is to provide a labor-recruitment agency for the more arduous and unpopular economic projects. In recent years Komsomol members have contributed a large share of the manpower for the virgin lands program, and thousands now are being directed to industrial sites in eastern Siberia. In mobilizing youths for these projects, the Komsomol has great persuasive as well as coercive capabilities. Its entire propaganda machine is utilized to surround these projects with an aura of adventure and romance and to instill in young people a feeling of pride by emphasizing their role in "gigantic nature-transforming" projects.

At the same time, participation is looked on as obligatory for good Komsomol members, and the pressure to comply is such that few can afford not to volunteer. Komsomol members who leave their jobs in the virgin lands because of hardships are publicly branded as "cowards" and "traitors" and subjected to various administrative sanctions.

In recent years the Komsomol has been increasingly emphasized as being a mobile labor force geared to leap in wherever needed by the party, and it bears the stamp of Khrushchev's practical "workingman's" approach to problems. Behind this approach is the belief that physical labor, combined with a few material incentives and a good dose of idealistic propaganda, makes the best of all possible forms of indoctrination.

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RECENT PETROLEUM DISCOVERIES IN INDIA

Recent natural gas and petroleum discoveries in India have raised hopes there that the country's heavy dependence on petroleum imports can be reduced. While the commercial significance of the new discoveries is not yet known, they have already resulted in increased prestige for the Indian Oil and Natural Gas Commission, which is in charge of the operations, and for Rumania and the Soviet Union, which have furnished equipment and technical assistance.

Petroleum Resources

While India is well endowed with most of the natural resources necessary to develop a modern industrial state, its lack of known petroleum resources has been a major handicap. Its only producing field until recently was the Digboi field in Assam, which produced less than 7 percent of the country's needs in 1951, the year India embarked on its First Five-Year Plan (1951-56). Exploration during the past several years by the British-owned Assam Oil Company--which operates the Digboi field and a refinery nearby with a capacity of 8,700 barrels a day--resulted in additional discoveries in Assam at Nahorkatiya, Hugrijan, and Moran. With these new fields, the company was able to increase production by 70 percent between 1951 and 1957.

India's consumption of petroleum products has increased rapidly, however, and 1957 production met only slightly more than 7 percent of the country's needs. While present indications are that the Assam fields in a few years will be able to

provide at least 19,000,000 barrels a year or about 40 percent of India's present requirements, the recognition that the area's production is unlikely to meet the country's growing needs has caused the government to expand its role in the petroleum industry.

India's socialist leaders have always deplored the fact that virtually all of the country's petroleum production, imports, and distribution are controlled by Western-owned oil companies. They recognized, however, when they came to pow-

INDIA: PETROLEUM PRODUCTION, CONSUMPTION, AND TRADE
(THOUSAND BARRELS)

	PRODUCTION		CONSUMPTION	TRADE	
	CRUDE OIL	REFINED PRODUCTS		IMPORTS	EXPORTS
1952	1,910	1,805	29,051	25,912	NEGLIGIBLE
1953	1,952	1,890	30,808	29,115	"
1954	2,219	2,687	32,788	30,820	"
1955	2,457	22,794	36,328	40,167	1,292
1956	2,901	29,238	39,728	48,418	2,661
1957	3,240	33,613	48,000 (EST)	60,000 (EST)	3,400 (EST)

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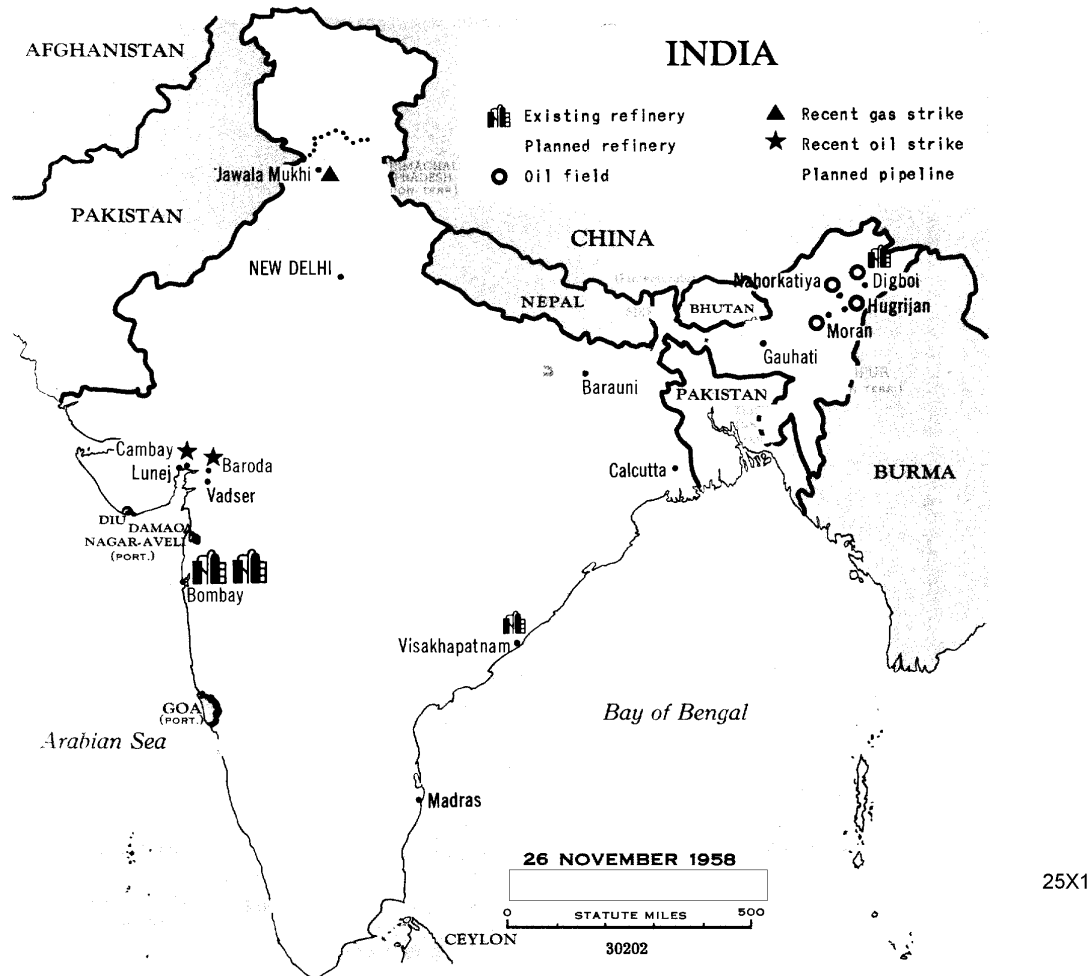
er, that they had little choice but to cooperate with the oil companies, at least for a number of years. The government therefore granted additional drilling rights to the Assam Oil Company--which led to the discovery of the new fields--and to the Standard Vacuum company in the Bengal Basin--which has had no success to date.

The government also offered the three major distributors substantial concessions --including guarantees against nationalization for 25 years--in order to induce them to build refineries. The companies accepted the offer, and Burmah-Shell and Standard Vacuum built refineries at

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Bombay with capacities of 41,000 and 25,000 barrels a day. The California-Texas Company, the third company, built a refinery with a capacity of 14,000 barrels a day at Visakhapatnam.

Construction of these three refineries resulted in an increase in the annual output of refined petroleum products from 1,780,000 barrels in 1952 to 33,613,000 barrels in 1957. Their construction also enabled India, which has exported virtually no petroleum products previously, to export 3,233,000 barrels in 1957.

Government Policies

When the Second Five-Year Plan (1956-61)--with its increased emphasis on industrialization--was being drafted, the government realized that a much more vigorous search for oil was necessary in view of the rising foreign exchange costs of India's rapidly growing petroleum requirements. The cost of petroleum imports, which was over \$200,000,000 in 1957, is expected to increase to over \$1 billion in 1976, according to New Delhi's calculations. Since India's traditional exports, such as tea, jute, and

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cotton textiles show little promise of expanding significantly, such a sharp increase in the cost of petroleum imports would be very difficult to finance and could retard the country's economic progress.

The government in 1955-56 was confident of its ability to push rapid economic development in view of the successful outcome of the first plan, and decided to reserve most of the new exploration to itself rather than invite foreign oil companies to participate. It set up the Oil and Natural Gas Commission in the Ministry of Mines and Fuels to undertake surveys and exploration. The ministry secured assistance from Canada, West Germany, Rumania, and the USSR, with the bloc countries providing most of the help.

There now are 110 Russian and 16 Rumanian petroleum technicians in India. Besides performing survey and drilling operations, they are training Indians in these functions. In addition, both countries have provided scholarships for Indian students to study petroleum technology in their countries, although most Indian students in this field continue to go to Western countries for their training.

Recent Discoveries

The first well drilled by the Rumanian-assisted drilling group struck what the Indian Government described as a "considerable volume" of natural gas at 2,700 feet at Jawala Mukhi in the Punjab in May 1958. While no estimate of the commercial significance of this discovery is yet available, the fact that the first well drilled was successful raised Indian hopes and Rumanian prestige.

India's hopes--and Soviet prestige--were raised still higher when a Soviet-assisted

drilling team struck oil near Cambay in Bombay State at 5,563 feet on 8 September 1958, with the first well drilled in this area. The crude oil discovered has a heavy wax base resembling that of Digboi rather than the asphalt-base type found in the Persian Gulf area. Indian geologists working at the site believe the well will produce 1,200-1,500 barrels a day, and that they have tapped an oil pool of approximately nine square miles.

The news of the Cambay strike was followed by the announcement early in November that in the same general area oil had been struck at 600 feet near Baroda, about 50 miles east of Lunej. There is no detailed information available on the importance of this strike in Bombay State. Despite its stringent financial position, the government has recently raised the allocations available to the Oil and Natural Gas Commission from \$24,000,000 to \$42,000,000 for the period 1956-61.

Enabled to carry out its own oil exploration by bloc assistance, New Delhi now has also accepted a Rumanian offer to finance a state-owned refinery at Gauhati, Assam, which will produce 15,500 barrels a day. The government reportedly is considering a Soviet offer to finance a state-owned refinery at Barauni, Bihar, producing 41,000 barrels a day, although India's financial difficulties may cause the government to postpone construction of this refinery for several years.

The petroleum policies of the Indian Government, as well as the rate of India's economic progress, may well depend on the commercial significance of the discoveries by the state-controlled drilling program. If oil is found in commercial quantities, one of the major weaknesses of the Indian

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economy will be at least partially eliminated, and the government will continue to expand its role in the petroleum field. It may eventually attempt to take over the Western oil companies now operating in India. New Delhi has already stated that it will retain control of the distribution of petroleum products of the state-owned refineries, which will create in-

creasing difficulties for Western firms.

If the present program does not significantly increase production, however, India probably will have to turn to Western oil companies for a large-scale exploration program, unless it is willing to abandon its hope of reducing the country's growing dependence on petroleum imports.

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