

ED

~~CONFIDENTIAL~~  
~~SECRET~~

COPY NO. 54  
OCI NO. 1683/59

16 April 1959

# CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 6  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S 6  
NEXT REVIEW DATE: 11-9  
AUTH: HR 70-2  
DATE: 5 Aug 79 REVIEWER:  25X1

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

RETURN TO ARCHIVES & RECORDS CENTER  
IMMEDIATELY AFTER USE  
JOB 797927 BOX 22

~~CONFIDENTIAL~~  
~~SECRET~~

25X1

State Department, DIA review(s) completed.

72-228516/1

THIS MATERIAL CONTAINS INFORMATION AFFECT-  
ING THE NATIONAL DEFENSE OF THE UNITED STATES  
WITHIN THE MEANING OF THE ESPIONAGE LAWS,  
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-  
SION OR REVELATION OF WHICH IN ANY MANNER TO  
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

The Current Intelligence Weekly Summary has been prepared primarily for the internal use of the Central Intelligence Agency. It does not represent a complete coverage of all current situations. Comments and conclusions represent the immediate appraisal of the Office of Current Intelligence.

**Page Denied**

25X1

25X6

Next 6 Page(s) In Document Denied

25X1

25X1

~~SECRET~~

## CONFIDENTIAL

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

## PART I

OF IMMEDIATE INTEREST

## EAST-WEST NEGOTIATIONS

The USSR is continuing its display of moderation and restraint, with the professed purpose of creating a favorable atmosphere for forthcoming negotiations. In reply to President Eisenhower's Gettysburg speech, Khrushchev called on all powers to "display patience" and avoid any actions which could interfere with the solution of the Berlin and German problems. Soviet propaganda has refrained from exploiting the incidents involving American transport aircraft in the Berlin air corridors. The Soviet leaders probably believe this exercise in restraint will soften Western positions in the forthcoming negotiations.

Ambassador Thompson believes the USSR's principal objectives in forthcoming negotiations will be to achieve a result which will amount to Western acceptance of the East European status quo, symbolized by some sort of recognition of East Germany. He suggests the USSR, in trying to accomplish this, will seek to inflict as much damage as possible on Western prestige and unity.

In Thompson's view, the USSR precipitated the Berlin crisis in order to overcome Western resistance to top-level conferences and to exert pressure on a very vulnerable Western position. He suggests that if the Soviet leaders succeed in obtaining Western acceptance of the status quo in Eastern Europe and East Germany, they may agree to a new Berlin arrangement which will provide

the West with an "improved title" for remaining in West Berlin and with better defined access rights.

The ambassador warns that failure to reach agreement on Berlin will lead, at a minimum, to active Soviet probing and pressures on Allied, and eventually West German, access to Berlin. While Thompson does not believe Khrushchev is under any compelling domestic pressure to produce a victory, he emphasizes that the Soviet premier is in "deadly earnest" in "aiming a fatal blow at Western pretensions to challenging the existing boundaries of the Soviet empire." At the same time, the ambassador continues to believe there will be a strong Soviet desire to avoid letting matters get out of hand.

As for Soviet tactics at the foreign ministers' conference, Thompson suggests that the Soviet representative, after stating Moscow's established positions on a German peace treaty and Berlin, may put forward "fall-back" positions on individual articles of the Soviet draft treaty, the specifics of the free city plan, and the temporary or provisional exclusion of Czechoslovakia and Poland from the conference. Moscow's essential "sticking point," however, will be over agreement to any Western proposals which do not give substantial de facto recognition to East Germany.

Thompson feels the Soviet leaders believe Adenauer's decision to seek the presidency has injected new elements of fluidity

CONFIDENTIAL

~~SECRET~~

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

into the situation which will provide opportunities for Soviet exploitation of West German groups which may be willing to abandon the West's long-standing policy on reunification and "dicker" with the USSR and East Germany.

A Soviet diplomat in Bonn told an American official that the USSR is very pleased by the announcement that Adenauer will retire from the chancellorship since it will make things easier for the Russians and more difficult for the Americans. He asserted that Adenauer was forced out of office by the failure of his policies, as shown by Western disunity at the recent NATO meeting in Washington and by De Gaulle's public support for the Oder-Neisse border, and that his removal from real influence increases prospects for successful foreign ministers' and summit conferences.

East Germany

The USSR appears to be continuing its preparations for the eventual withdrawal of its Kommandatura from East Berlin.

East Germany also is taking steps to prepare for the eventual turnover of access control functions by the USSR. New and elaborate facilities have been completed in recent weeks at the Marienborn rail checkpoint for the use of East German personnel which will enable them to halt all trains moving in either direction, carry out a complete inspection of all passengers and baggage, and reload them on other trains. This construction suggests that the USSR and East Germany may plan to impose much stricter controls on passenger traffic between East and West Germany, particularly between West Germany and West Berlin.

25X1

25X1  
25X1**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

The importance of West Berlin as an escape hatch for East German opponents of Ulbricht was graphically illustrated during the period 25 March to 7 April when more than 5,400 refugees asked asylum. This is the largest for a two-week period since the close of the usual summer mass flights last September and greatly surpasses the number fleeing during the comparable Easter periods in 1957 (3,825) and 1958 (4,960), although it is below that of 1953 and 1956, the two highest years. The increase during this period may indicate some growth in popular alarm evoked by recent declarations of the regime that it will intensify pressures for socialization.

Western Views

The British press has shown renewed concern over Western political leadership. It has emphasized that Secretary Dulles' resignation will further deflate the importance of the Geneva foreign ministers' meeting, and add to the significance of summit talks where Prime Minister Macmillan may play a leading role in achieving a negotiated settlement. The Berlin corridor plane incidents have brought renewed expressions of concern lest the West be unduly provocative, with Labor's Daily Herald demanding that "American brass hats not be allowed to kill summit talks."

French Foreign Ministry officials seem to feel that British "flexibility" on Berlin and the German problem has become more dangerous now that Adenauer has decided to step down. They had viewed Adenauer's firmness as a valuable counterbalance to British "softness" and, following Adenauer's decision, urged the United States to join France in braking British eagerness.

25X6

Adenauer's renunciation of the chancellorship has not altered the West German Government's decision to reject reunification and security proposals previously agreed upon. In public statements Adenauer, Foreign Minister Brentano, Defense Minister Strauss, and Economics Minister Erhard all emphasize that a German confederation in any form is unacceptable. While expressing moderate optimism about the prospects for a successful foreign ministers' conference, Brentano spurns a

25X6

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

confederation under any form or behind "any mask."

In public statements West German leaders have also continued to attack any plans for military limitations or "freezes" not tied into political solutions. Strauss, for example, rejected a freeze on armaments in Central Europe as too limited in area and conceding to the USSR a decisive superiority in both conventional and modern weapons. Adenauer's comments on British-German differences in his 8 April speech reflected Bonn's continuing concern over the possibility that the West would agree to a counterproposal which would break the link between German unification and European security.

In Western discussions, which began on 13 April in London, Bonn submitted a revision of its unification plan presented by Brentano on 1 April in Washington. The new modifications, however, were limited to a rephrasing with no major substantive changes. Foreign Ministry officials stated that the revisions were worked out at the highest level in the Foreign and Defense Ministries and personally approved by Adenauer.

Bonn apparently intends to remain firm in its opposition to anything which could be interpreted as a German confederation, to separating European security arrangements from political solutions, and to submitting a peace treaty draft to Moscow. In return for Western agreement to this position Bonn may ultimately concede increased contacts between the two Germanys, which could open the way for Western dealings with East Germany on Berlin access-

25X1

25X1

West Berlin

The general economic situation in West Berlin continues to show signs of improvement. New orders for industry appear to be increasing, probably as a result of Bonn's new legislation extending insurance coverage to Berlin export customers and granting tax advantages to Berlin investors. American officials feel there has been an improvement in morale, undercut, however, by general uneasiness over the nature of Western proposals at the foreign ministers' meeting. Berlin leaders prefer the status quo, however inadequate, to any new arrangement.

25X1

25X6

**SECRET**

25X6

**Page Denied**

25X1



**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

**MIDDLE EAST HIGHLIGHTS**Iraq

The American Army attaché in Baghdad has confirmed the arrest of the Iraqi Army's deputy chief of staff for operations, a non-Communist, and the appointment in his place of a pro-Communist officer who has been director of operations since last summer. The pro-Communist, Brigadier Farid Dhia Mahmud, is believed to have been responsible for the transfer of a number of antiregime officers to less important positions.

Another potential Communist gain is indicated by the continued expansion of the Popular Resistance Force (PRF), which is estimated to have as many as 50,000 members. The Communists have "demanded" that this group be armed.

Prime Minister Qasim addressed the Iraqi Peace Partisans' major rally in Baghdad on 14 April, warning against "divisive and reactionary elements" and aligning himself with the "democratic forces" who embody the "main inclination" in Iraq. Although he also said there is room in the country for "all parties of various inclinations if the objective of their leaders is to serve the country, freedom, and peace," this is the first time he has lent the prestige of a personal appearance to a clearly Communist-sponsored event of this magnitude.

Other opportunities for the Communists have been presented this week by the reorganization of the Ministry of Development into five new economic ministries, each handling a specific sector--oil, planning, industry,

public works and housing, and agrarian reform. Rumors in Baghdad are strong that outright Communists are to be appointed to head at least some of the new ministries.

The outstanding pro-Communists in the cabinet, Economics Minister Kubba, has reiterated that the government intends to honor its concession agreement with the Iraq Petroleum Company. However, the director general of oil affairs has stated that the government will grant no more concessions but will instead develop new oil resources itself, hiring foreign technicians as needed. Soviet technicians, the first such group in the economic field to start actual work in Iraq, have replaced Egyptians at the government-owned Daura refinery, and the American director there has been relegated to an advisory capacity.

UAR-Soviet Relations

Nasir is keeping up his propaganda attacks on the Iraqi regime, larding new accounts of alleged uprisings with stories which appear designed to excite the fears and mutual antipathies of Iraqi minority groups. UAR-controlled media also continue to attack Communism generally.

Moscow, while irritated by Nasir's current line, continues to hope that relations will again improve. On 11 April TASS issued a statement denying the UAR press and radio charge that the 850 Kurdish refugees who were returned to Iraq aboard the ship Gruzuya were Soviet-armed or trained for guerrilla warfare in the USSR. The statement, which attributed such "fabrications" to Western news agencies rather

**SECRET**

**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

than Cairo sources, was broadcast throughout the world and repeatedly to Arab listeners. Izvestia on 15 April strongly attacked the Cairo press for originating reports that four more Soviet ships are transporting Kurds from the USSR to Iraq. Izvestia specified the four ships' cargoes and ports of destination, pointedly noting that two of the ships were carrying industrial equipment and oil to the UAR.

Moscow has also continued to criticize in general terms the UAR's "anti-Soviet campaign." Soviet Ambassador Kiselev, who departed his Cairo post for Moscow in early February and subsequently extended his absence on grounds of illness, returned to Cairo on 14 April, and requested an interview with Nasir. Kiselev will probably attempt to persuade Nasir to halt his attacks on Qasim, Arab Communists, and the bloc.

Arab Petroleum Congress

The long-planned but often postponed First Arab Petroleum Congress was scheduled to begin on 17 April in Cairo with representatives from most Arab states and observers from Venezuela and Iran. Iraq, however, is conspicuously absent. In addition to government participation, more than 35 oil companies will present papers and exhibits. No surprises are expected from the congress, which is set around four major topics --technical and scientific, economic, legal, and political aspects of the oil problem.

Venezuela is sending an impressive delegation headed by Dr. Juan Pablo Perez Alfonzo, minister of mines and hydrocar-

bons, and including representatives from the three major political parties. The Venezuelan change of heart--the former minister of mines planned to send only a token delegation--reflects the new government's deep concern over declining prices and world overproduction which are expected to make inroads on Venezuelan oil revenues. The Arabs had been particularly anxious to have Venezuelan attendance, largely for symbolic reasons--the unilateral Venezuelan action changing the 50-50 profit split to a 60-40 split in favor of the government is universally admired in Arab capitals.

Non-Arab Iran, in a sharp reversal of its policy of non-association with the Cairo-dominated Arab League, made a last-minute decision on 11 April to send a token delegation. Here too, the change of heart probably can be attributed to Tehran's alarm at softening petroleum prices.

Considerable behind-the-scenes activity on the question of stabilizing world oil prices and coordinating production almost certainly will dominate the congress' discussion, and from it may well come eventually greater pressure on Western oil companies operating in the Middle East.

Jordan

Jordanian Prime Minister Rifai has returned to Amman from his trip to the United States and Britain. He remains as determinedly convinced as ever that Nasir is the major threat to the Middle East, despite the growth of Communist influence in Iraq, and that Jordan's policy must be aimed first of all at harrying and blocking Nasir wherever possible.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

Rifai also professes to be extremely pleased with his and King Husayn's reception in Washington and London; Rifai still is seeking to convince the West that Jordan is a bastion of pro-Western influence which must be preserved at any cost. Meanwhile, however, Nasir seems to have lost little if any of his appeal to the Jordanian populace, and the Jordanian Government's position remains as fundamentally insecure as ever.

Israel

The shake-up in Israel's military high command, announced this week as the cabinet's response to the alarmist radio mobilization announcement on 1 April which caused near panic in Israel and provoked a Syrian countermobilization, reflects the government's deeper concern over alleged "irregularities in behavior and ethical conduct" in the Israeli armed forces. Prior to the removal from their posts on 14 April of two brigadier generals--intelligence chief Harkabi and operations chief Zorea--Prime Minister Ben-Gurion presided in his dual capacity as minister of defense

at a lengthy meeting including the general staff and nearly all former chiefs of staff.

The subsequent transfer of the officers was publicly related only to the 1 April incident, with the generals accused of failing to clear the mobilization announcement with the chief of staff. The general staff, however, apparently also considered other recent instances in which military action reportedly was taken contrary to government wishes. During a parliamentary debate, Ben-Gurion referred to what he called the army's "moral defects," stating the irregularities indicated that there was an "educational problem" within the army, particularly among commanding officers.

The shake-up may be an effort to re-establish discipline and reassert civilian authority over the military as well as an attempt to satisfy widespread criticism of the government. On 6 April, the governing coalition defeated four motions of no confidence connected with the mobilization incident.

25X1

**TIBET SITUATION**

Premier Chou En-lai, in his speech welcoming the puppet Panchen Lama following his arrival in Peiping on 14 April to attend the National People's Congress, said that the Tibet revolt had been put down "in the main." Tibetan rebels, however, continue to hold areas of southeastern Tibet, and it seems likely that Chinese forces will have a long and tough fight to suppress hostile activity completely.

25X1

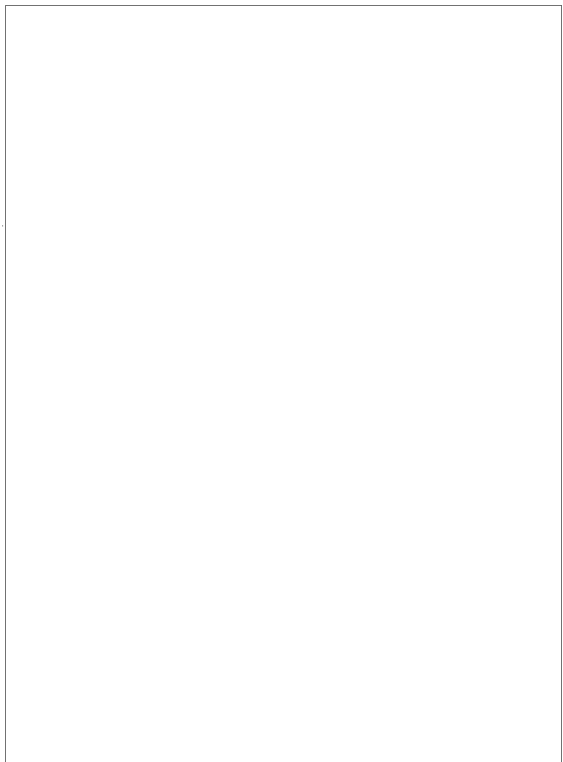
**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**16 April 1959**

25X1



25X1

The Communists are clearly eager to maintain the fiction of Tibetan "autonomy," in their effort to neutralize sentiment in Tibet for independence and to undercut any representations Nehru might make to Peiping on behalf of Tibetans and the Dalai Lama. Peiping recently informed New Delhi that the 1951 autonomy agreement between China and Tibet would continue to be respected.

As a result of the revolt the Chinese Communist dissolved the Tibetan local government, in violation of the 1951 agreement. The agreement provided that the Tibetans "have the right of



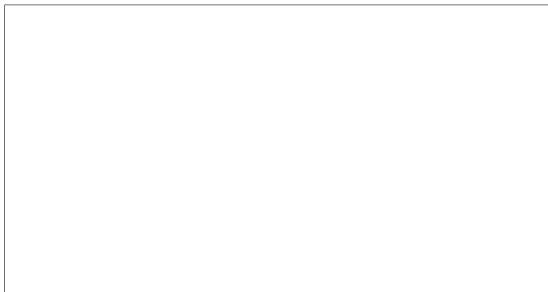
**SECRET**

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

25X1



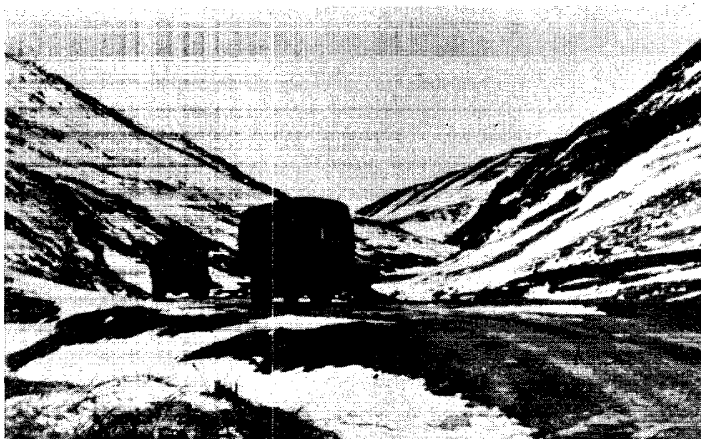
explicitly critical and cautioned "our Indian friends" not to place too much trust in Kalimpong-based Tibetan leaders.

Nehru's primary tactic of exerting pressure on Peiping to

TSINGHAI-TIBET HIGHWAY-1956

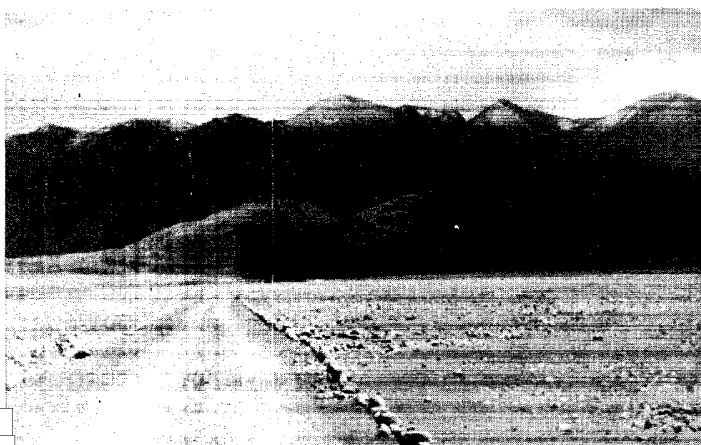
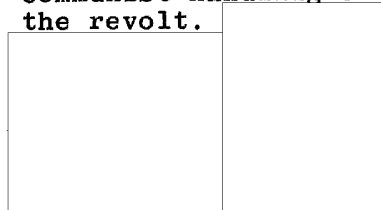
Sino-Indian Relations

Peiping's increasingly cautious statements and dealings with India since the Tibet revolt started last month are strong indications that the Communists intend to prevent the strains in Sino-Indian relations from worsening. Communist China has thus far avoided making a formal protest concerning Indian Government statements critical of the Communist handling of the revolt.



Approach to the Tang Pass (16,770 feet). The trucks are Hungarian-made Csepels modified for use at high altitudes.

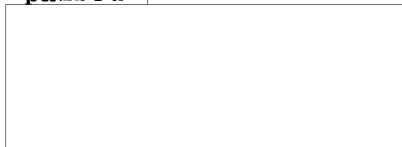
25X1  
25X1



Near the Tanghsiung airfield (about 14,000 feet).

People's Daily on 15 April insisted that Sino-Indian relations will not be "allowed to be impaired"

25X1  
25X1



grant genuine autonomy to Tibet continues to be reflected in his public statements. The prime minister on 13 April stated that the Chinese had not lived up to their assurances to New Delhi

25X1

Concerning Nehru's recent denial that Kalimpong was the "command center" for the revolt, however, People's Daily was im-

SECRET

**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

that Tibet's autonomous status would be respected. On 14 April he said he could not "imagine any solution without the autonomy of Tibet; the Tibetans are not Chinese." Nehru ruled out the possibility of the Dalai Lama's return to Tibet under "present circumstances."

is a 1,400-mile, limited, fair-weather road varying in width from 15 to 30 feet. Its surface is of gravel, crushed rock, or packed earth. Most rivers and major streams are bridged, but considerable fording is still necessary over smaller streams.

This highway is capable of supporting comfortably the 60,000 Chinese Communist troops now in Tibet. These troops require an estimated 256 tons of supplies every day for the limited type of action they are now called on to perform. The figure would increase sharply in the event of heavy fighting.

If the road is reserved for ten hours of military traffic daily and if this traffic is limited to daylight and good weather, the road can handle 25 trucks each way per hour. This means that about 750 tons of military supplies could leave Lanchou every day for Lhasa, 14 days away. Almost half this tonnage, however, would be taken up with gasoline to keep the trucks moving, so that some 385 tons a day would actually arrive in Lhasa. Therefore the highway could support a total of 90,000 troops, 30,000 more than make up the present garrison.

To reach this level of operation, the Chinese Communists would have to assign a total of 7,000 trucks to the run, slightly over 5,000 of which would be on the road at any one time. This would not place an undue strain on the Chinese Communist truck park of around 180,000 civilian and military trucks and could be sustained for more than three months without need for major repairs.

Chinese Logistical Problems

Since the take-over in 1951, the Chinese Communists have built two major highways to Lhasa--a northerly route from Lanchou via Golmo, and a southerly one from Chengtu via Chamdo. At present only the former route is completely operational. It

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

Overland supply of more than 90,000 troops would require that the Chengtu-Lhasa route be reopened. Peiping has experienced great difficulty in keeping this road open since it was finished in 1954. It has been closed to through traffic for many months now as the result of landslides and guerrilla activity; its reopening would require both a military campaign and extensive reconstruction, which would probably take at least 30 to 60 days. Even then the road could carry only about half

the traffic of the Lanchou-Lhasa road, an amount sufficient to sustain 45,000 additional troops.

It is doubtful that the Chinese Communists have yet succeeded in reaching capacity logistic performance in this area. Supplies moved by highway can be supplemented by slow and costly pack trains or by an airlift. There is an airfield at Tanghsiung, some 100 miles north of Lhasa. It would be possible to provide moderate but very costly support by airlift.

25X1

\* \* \*

**SECRET**

25X1

**Page Denied**



**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

25X1



**USSR REPORTS FAVORABLE FIRST-QUARTER PLAN RESULTS**

First-quarter results published by the Central Statistical Board of the USSR Council of Ministers show gross industrial production to have in-

creased by 11 percent over the first quarter of last year. This compares with a 10-percent increase reported for 1958 and 11 percent for the first quarter of

**SECRET**

**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

1958 over the first quarter of 1957. Since the Seven-Year Plan (1959-65) calls for an average annual increase in production of 8.6 percent, the plan is off to a good start.

Significant increases were reported for pig iron, steel, rolled metal, coal, oil, and electricity. All sovnarkhozy fulfilled their quarterly plans. The increase in industrial output reflects a rise of about 3.5 percent in the industrial labor force and a 7-percent growth in man-year labor productivity. This growth compares with an average annual increase of 6.5 percent for the last three years. The 7-percent growth this year was achieved even though the workday was reduced in several of the heavy industries.

The results of the first quarter show that the recent replacement of Kuzmin by Kosygin as Gosplan head was not because of any failure to keep production increases at a high rate. Since the economy is running quite satisfactorily, Kosygin can devote time to solving certain long-run problems, such as improving the process of making investment decisions and reducing anomalies in Soviet prices.

As for shortcomings, the report points out that the first-quarter plans for the production of chemical equipment, electric engines, tractor plows, self-propelled grain combines, and trucks fell slightly short of fulfillment. 25X1

(Prepared by ORR)

## NUCLEAR TEST TALKS

Soviet delegate Tsarapkin, at the Geneva nuclear test talks which resumed on 13 April after a three-week recess, indicated distress and alarm in his initial reaction to the new American proposal for a phased approach to a test ban, beginning with a cessation of atmospheric and underwater tests. He said this proposal bears out the USSR's "worst apprehensions" concerning the outcome of the talks. At the end of the 13 April session, the Soviet delegate told reporters that the American proposal is not acceptable and that all nuclear tests must be stopped. Soviet propaganda quickly charged that the proposal ignores the "demands of the world public for a permanent, unconditional cessation of tests."

25X1

25X1

Soviet propaganda had attacked Senator Gore's suggestion last winter for an American unilateral cessation of atmospheric tests, terming it evidence of American opposition to an over-all cessation agreement. Tsarapkin recalled during the 13 April session that the American delegation had stated, when originally queried on the senator's proposal, that the United States continued to seek a comprehensive agreement.

On the eve of the resumption of the talks, the Soviet Foreign Ministry issued a lengthy statement summarizing Moscow's position since the conference began on 31 October. The statement seeks to present the Soviet stand on the remaining points in controversy

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

in a "reasonable" light contrasting it with the Western position. It gives all credit for progress made thus far to Moscow and asserts that, in order to reach a solution, the United States and Britain must "show the same willingness to reach agreement as the USSR."

The tone of the statement recalls two letters by Khrushchev to groups of private citizens in the United States and India, published during the recess, in which the Soviet premier attacked alleged Western attempts to "obstruct" agreement. It charges that the Western proposals concerning the composition of the control commission and vote by majority are efforts "to foist on the Soviet Union unilateral decisions on questions affecting "vitally important interests of the Soviet Union's security."

Ambassador Thompson believes there is some chance Moscow will attempt to "sweeten the general atmosphere" before the forthcoming foreign ministers' conference by making "enough concessions at the atom test talks to produce agreement there."

Thompson suggested that this would be intended to strengthen the hands of those Westerners who urge flexibility and advocate European security arrangements involving arms limitation and inspection schemes independent of progress

toward settlement of European political questions. He believes, however, that any major new Soviet proposals on either nuclear tests or broader disarmament questions probably will be held back for Khrushchev himself to introduce at a summit meeting.

To further the appearance of a conciliatory attitude on its part prior to negotiations on Berlin, the USSR may plan to make further adjustments in its position at the nuclear test talks on such issues as the staffing of control posts and permanent inspection teams;

25X1

Tsarapkin on 15 April modified the Soviet position on the functions of "foreign specialist" members of control posts and contended that agreement on staffing would open the way for an over-all cessation of tests, thus obviating the need to discuss the American plan for a partial agreement.

While Moscow may introduce some formula designed to appear as a compromise on voting procedure, it is unlikely that the Soviet leaders would accept any control and inspection arrangements which would preclude an effective Soviet veto over the activities of the control bodies. (Con-  
curred in by OSI)

25X1

**FRENCH SENATORIAL ELECTIONS**

Local political deals rather than national issues will probably control the outcome of the French senatorial elections on 26 April. They are expected to produce an upper house somewhat less dominated by rightists than the National Assembly chosen in the Gaullist landslide of last November. The new constitution strengthens the legislative role of the Senate, and

De Gaulle may lean on it for support against the rightists in the assembly. No substantial shift in his policies is likely.

The 255 senators in France proper will be chosen by some 108,000 "grand electors"--about three fifths of them representing villages of under 2,500 population. The 34 senators from Algeria and the Sahara--two

**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

thirds of whom must be Moslem--will be elected later, probably not before June.

The government's austerity program and the Algerian issue will probably be subordinated to local party arrangements only indirectly related to the Gaullist upheaval of 1958. The Gaullist Union for the New Republic is expected to double its present 28 seats, and the Independents also to gain. The Radicals are expected to be the big losers; the Popular Republicans, the Socialists, and the Communists will probably remain relatively stable.

**REPRESENTATION IN FRENCH SENATE**

	OUTGOING	NEW
France	244	255
Overseas Departments	9	7
Overseas Territories	44*	5
Algeria	14	34
French Citizens Living Abroad	9	6
Total Seats	320	307

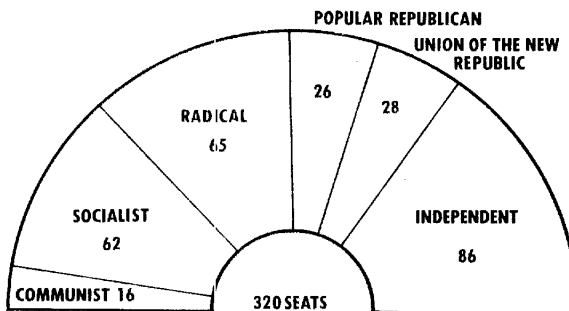
\* New autonomous republics are now represented in Senate of French Community

The Fourth Republic's upper house had a very limited legislative role and attracted or developed few outstanding political leaders. With a status almost equal to that of the assembly, the Fifth Republic's Senate can be expected to play an increasingly significant role in developing legislation and in policy formation. Ultimately it will probably join with the National Assembly in attempts to regain some of the power shifted from Parliament to the executive by the new constitution.

Four former senators in Debré's cabinet, including Justice Minister Michelet and Interior Minister Berthoin, are again candidates. This may mean some cabinet shifts if they are elected.

Well-known politicians who lost their assembly seats in No-

**OUTGOING FRENCH SENATE**



There were 37 vacancies, including seats vacated by senators newly elected to assembly and by members of Debré cabinet.

[Redacted]

25X1

90414

16 APRIL 1959

member and are now running for the Senate include France's second-ranking Communist, Jacques Duclos; Jeannette Vermeersch, wife of Communist party Secretary General Maurice Thorez; Radical former Premier Edgar Faure; pre-war Radical Premier Edouard Daladier; the Popular Republican former parliamentary leader, Pierre Henri Teitgen; and Socialist minority leader Gaston Defferre.

25X1

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

**ELECTIONS IN JAPAN**

The Japanese elections on 23 and 30 April--for municipal and prefectural officials--will provide the first popular test between the ruling Liberal Democrats and the opposition Socialists following the latter's shift to the extreme left and the identification of their party generally with the Chinese Communist position on Asian questions. The outcome in several major metropolitan areas where the Socialists are particularly strong could create a bandwagon psychology in favor of one or the other party. This would then make itself felt in the upper-house elections on 2 June and affect Prime Minister Kishi's tenure in office.

On 23 April there will be gubernatorial elections in 20 of Japan's 46 prefectures, mayoral contests in 176 cities, and elections to the 46 prefectural assemblies as well as to municipal assemblies in Osaka, Nagoya, Kyoto, Kobe, and Yokohama. Elections to the Tokyo municipal assembly will take place a week later, along with those for town and village mayors and city, town, and village assemblies.

Although national issues usually are of secondary importance in local contests, leaders of both the Liberal-Democratic and Socialist parties, recognizing the opportunity to gauge public opinion be-

fore drafting their strategies for the upper-house elections, are campaigning vigorously on major controversial issues on the national scene. Essentially, the conservatives are denouncing the Socialists for their recently adopted anti-US, pro-Peiping posture, while the Socialists are attacking the Kishi government on security arrangements and close cooperation with the United States.

National attention is focused primarily on the gubernatorial elections in the Tokyo and Osaka areas, and in Hokkaido, where close races are anticipated. The Socialists are accepting Communist cooperation in both the Tokyo and Osaka contests.

An LDP loss in either Tokyo or Osaka might have substantially adverse repercussions for the party in the upper-house elections. Although the LDP almost certainly will retain its majority in the upper house, any reduction in its majority probably would lead LDP dissidents to renew their attacks on Kishi's leadership. Additionally, should a Socialist governor be elected for the Tokyo area, he probably would block attempts by the Japan Defense Agency to establish a seriously needed guided missile testing center on Nijima Island, which lies within Tokyo's administrative jurisdiction.

25X1

**TAIWAN STRAIT SITUATION**

The Chinese Nationalists have reinforced the counterbattery capability of the Chinmen Islands by the addition of 12 ten-inch howitzers and are planning to redeploy a battalion of 12 155-mm. howitzers and a tank

battalion to improve Chinmen defenses further. The increased firepower may alter the present Nationalist policy of retaliating only when the Chinese Communists fire a total of 200 or more rounds of high-explosive shells in concentrated shelling.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****16 April 1959**

In return for this equipment, the Nationalists have agreed to reduce the total forces on the Chinmens by 15,000 men. The Nationalists are anxious to play down reports of the reduction, rumors of which have reached the press, probably because they fear impairment of morale of the Chinese mainlander element on Taiwan.

Morale of the Chinmen garrison reportedly is good. Emphasis is being placed on building protection for vehicles and placing communication lines underground. Ammunition and ration stocks on the islands exceed a three-month level.

On Taiwan, infantry divisions are being reorganized to give a better balance between infantry and artillery and to create an increased capacity for sustained combat. Three of the present 21 infantry divisions have already undergone this process and another four are sched-

uled to complete it by December 1959.

Since the 30,000-round bombardment of 7 January, Communist artillery fire against the offshore islands has been light and most of the shells used contained propaganda leaflets rather than explosives. The Communists continue to fire on odd days only and, occasionally, have withheld their fire for as much as four days.

Both Communist and Nationalist naval units continue to harass fishing vessels, and shore batteries from both sides fire on surface targets whenever there is an opportunity.

Peiping's present propaganda continues on a low key. It sticks to the shopworn theme that the Taiwan Strait problem is an internal affair which can be settled between the Communists and their Nationalist "compatriots" without American "interference."

25X1

**CHINESE COMMUNIST RICE SALES**

In the first few months of 1959 various sources have indicated that Communist China is not supplying rice in quantities desired by certain consumers in both the bloc and the free world. A slowing down of Chinese rice exports to Indonesia has been noted, and the US Embassy in Djakarta reports that Indonesian officials do not expect to receive the total amount of rice contracted for 1959.

Since China appears to have harvested a record rice crop in 1958 and is planning an even more successful crop this year, its current export failures apparently are a reflection of the transport shortages and other economic dislocations caused by the "leap forward." But as these problems are solved, Peiping is expected to increase rice shipments abroad only gradually in order to avoid being accused of

**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

disrupting the rice trade in traditional exporting countries where Peiping is seeking to expand its influence.

Recent trade data show that China almost doubled its rice sales outside the Soviet bloc last year--to an estimated 780,000 tons worth at least \$75,000,000. However, this development was not accompanied by any significant disruption of the world rice market and was primarily the result of extraordinary sales of 100,000 tons to Pakistan and entry into the Indonesian market.

Ceylon continued in 1958 to be the principal free world recipient of Chinese rice exports, receiving a total last year of 300,000 tons. Other major Chinese rice sales last year included 140,000 tons to Hong Kong and 86,000 tons to Japan. In Malaya and Singapore, which usually buy some Chinese rice, sales dropped to almost nothing.

Contracts to supply rice to the free world in 1959 and their implementation in the first quarter suggest that Peiping's sales this year are not likely to surpass those of 1958.

Present contracts, plus deliveries carried over from last year, call for shipment of more than 300,000 tons to Indonesia--a 100-percent increase over the actual volume achieved in 1958. Sales to Hong Kong will presumably remain about the same, but because of the trade impasse with Japan no purchases are expected there.

Sino-Ceylonese negotiations for a 1959 rice-rubber contract are still under way, with Ceylon reportedly seeking to buy as much as 300,000 tons again this year. After protracted discussions the Chinese have apparently agreed to a reduction in price, which will probably be based on that prevailing in the world market.

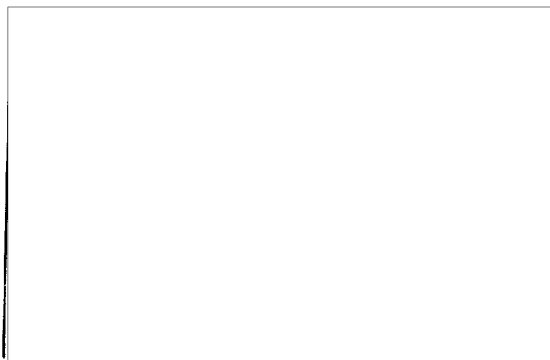
Although the threat did not materialize in 1958--and probably will not in 1959--the prospect of Communist China's exporting huge quantities of rice to the free world is still causing considerable alarm in rice-exporting countries of Southeast Asia. These nations can be expected to remain sensitive to Peiping's ability to wield its rice exports as a useful political weapon. [redacted] (Prepared by ORR)

25X1

**POSSIBLE CABINET CHANGES IN THE PHILLIPPINES**

President Garcia may shortly be planning to replace Philippine Secretary of Defense Jesus Vargas, possibly as part of a broad cabinet revamping aimed at strengthening the ruling Nacionalista party for the local and senatorial elections scheduled in November. [redacted]

25X1



25X1  
25X1

**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

Vargas has been under strong criticism since late 1958 from some of Garcia's closest followers who have accused him of harboring presidential ambitions and of plotting a military coup against the administration.

The campaign against Vargas has also taken the form of demands for the removal of military officers from all civilian roles in the government and for drastic cuts in military appropriations. The new constabulary chief, who was appointed by Garcia in a command shake-up following the coup rumors, has been slowly replacing local commanders by men who are alleged to be more politically amenable to the President.



25X1

According to Manila press reports, prospective cabinet changes were recently discussed between Garcia and party leaders. A broad cabinet reshuffle would enable Garcia to remove several key targets of the corruption charges leveled at his administration by some members of his own party as well as by the opposition.

25X1

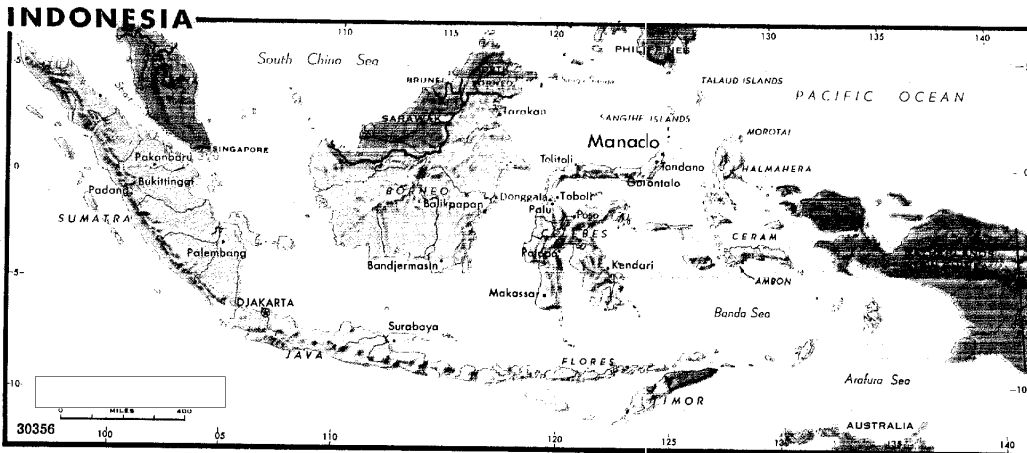
25X1



**INDONESIA**

President Sukarno will appear on 22 April before Indonesia's Constituent Assembly to propose a return to the 1945 constitution under which the war for independence was fought.

The readoption of this loosely worded document is part of his plan to increase executive powers and decrease those of parliament and the political parties. Bills are also being prepared to reduce



25X1

**SECRET**



**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**16 April 1959**

the number of parties and change the composition of parliament.

25X1

[Redacted]

25X1

[Redacted] The present parliament will remain until elections in 1960, but its powers presumably will be curtailed in accordance with the 1945 constitution. The immediate effect of the proposed reorganization would be barely noticeable, however, since under the present "state of war" the army and President Sukarno have in fact held primary authority.

25X1

25X1

[Redacted] Should serious difficulties develop, Sukarno and the army may dismiss the assembly and proclaim the constitution by executive decree. The threat of such action might in itself be sufficient to persuade the parties to accept Sukarno's plans. The President will leave Indonesia on 23 April for a trip of approximately two months to Europe and Latin America; presumably no decisive action would be taken against the assembly until his return.

Dissident activity continues in both Sumatra and North Celebes. Rebel raids on foreign agricultural estates in Sumatra are becoming increasingly severe, [Redacted]

25X1

25X1

25X1

[Redacted]

[Redacted] In North Celebes, the government has recouped losses suffered in a dissident offensive in March, but is still unable to dislodge the rebels from their base southeast of Manado. [Redacted]

25X1

25X1

**ARGENTINA MOVES AGAINST COMMUNIST AGITATION**

Argentina's action in declaring personae non gratae one Rumanian and four Soviet diplomats was based not only on the cited evidence that they aided the violent demonstrations of 3 April but also on [Redacted]

25X1

25X1

[Redacted] earlier Soviet bloc subversive activity. At present Argentina does not intend to break relations with the bloc or outlaw the Communist party, but after Congress reconvenes on 1 May, President Frondizi will submit a bill requesting wide powers to deal with Communism. By publicizing

in the meantime the extent of Communist subversion, the government apparently hopes to reduce the widespread public fear of any repressive legislation.

While Argentina was offended by the Soviet and Rumanian notes strongly protesting against its action of 7 and 8 April, it apparently does not intend to strain relations further by ousting the mission heads, but instead hopes they will be withdrawn. [Redacted]

25X1

25X1

**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

25X1



Regarding Soviet bloc complicity in the 3 April disturbances, however, Interior Minister Vitolo informed the public that the government had "irrefutable proof" not only of Communist responsibility for the serious attacks against people and property, but also that the Communists were obeying directions from abroad. He said his government reaffirms its intention to maintain relations with all countries but will not permit anyone to interfere in Argentina's internal affairs.



25X1

Local Communist strategy is emphasizing attack on the US-backed austerity program and the Frondizi government's policy of permitting foreign companies to participate by restricted contract in petroleum development--moves which other Latin American nations are watching closely as a solution to critical economic difficulties.

25X1

25X1

**BRAZILIAN FINANCIAL PROBLEMS**

Brazil, plagued with declining coffee markets, is faced with the prospect of defaulting on international obligations by midyear, but President Kubitschek is increasingly reluctant to come to terms with the International Monetary Fund (IMF) on exchange reform measures as a condition for stand-by financial aid.

Brazil is urgently seeking balance-of-payments loans from the IMF and the United States totaling about \$306,000,000. Dollar availabilities stood at only \$43,600,000 in the first week of April and are likely to drop to almost nothing within a few months as coffee sales hit their seasonal low. Brazil's fixed payments obligations due in 1959 in convertible currencies amount to about \$450,000,000 over and above short-term commercial debts. While coffee sales have been near normal in

the first quarter of 1959, the price has continued to decline and long-run prospects are poor.

President Kubitschek has been quoted as saying that the exchange reforms required by the IMF--designed to promote exports and restrict imports--are impossible because of the cost-of-living increases he believes they would engender. In mid-March, with living costs skyrocketing as a result of crop failures and reduced import subsidies for wheat and fuel, Kubitschek decreed an emergency price freeze on public services and announced measures to increase the food supply in an apparent attempt to forestall planned hunger marches and demonstrations. Previous emergency measures, decreed in November following riots in five state capitals, proved ineffective.

Kubitschek has been increasingly preoccupied with the

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

effect of this unrest on his party's chances in the October 1960 presidential election. He cannot stand for re-election, but he and his relatively moderate financial and political policies are already under electioneering attack from both the right and the left, principally on the nationalist and cost-of-living grounds. A continued worsening of the financial situation is almost certain to intensify the existing anti-US overtones of the campaign and create a larger audience for charges by Vice President Gou-lart's leftist Labor party that

foreign investors are "bleeding" the country.

The government may attempt to focus attention on Communist involvement in some of the recent strikes. Kubitschek's chief military aide announced on 8 April that he had been given a document relating to the labor movement and written in Russian. The government apparently is attempting to place some of the blame for strikes on the Soviet bloc diplomats expelled from neighboring Argentina on charges of intervening in labor affairs.

25X1

**REVISION OF WEST INDIAN BASE AGREEMENT SOUGHT**

Pressures are mounting for revision of the 1941 US-UK agreement whereby the United States obtained facilities in the Caribbean on a 99-year rent-free lease. Principal facilities involved are the naval station and experimental early-warning radar at Chaguaramas, Trinidad, and guided missile tracking stations at Antigua and St. Lucia.

may force the federal government to support his request. Williams continues to want Chaguaramas for the federal capital and is dissatisfied with the US assurance that the military need for Chaguaramas will be reconsidered about 1968.

London argues that by revising the agreement now with British assistance, the United

Eric Williams, anti-American chief minister of Trinidad, recently proposed to the West Indies Federation that a conference be held by Trinidad, the federation government, the United States, and Britain. His political influence--stemming from his control of the second largest federal unit at a time when the largest, Jamaica, is talking of secession--



25X1

25X1

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

States will get better terms than by waiting until the federation becomes independent, probably in about five years, and that the US base position will be more secure if the federation subscribes to the leasing agreement.

25X6  
25X6

Britain now favors only minor revisions--regarding customs exemptions and jurisdiction within base areas, for ex-

ample--but might also suggest that the US offer an annual rent to the federation. On the West Indian side, Williams is believed to want, in addition, a promise to evacuate all bases by a specified date--presumably before the lease expires--and immediate return to the West Indies of all unused areas, such as the United States has already done in St. Lucia.

There appears to be little popular feeling against the presence of US bases per se, but the British believe the trend is running against continuing the 1941 agreement in its present form. This trend may be stepped up for internal political reasons during the federation's June conference on its policy toward revising the constitution.

25X1  
25X1**DEVELOPMENTS IN MOROCCO**

A new government crisis may be imminent in Morocco, where internal political dissension is acute and economic conditions continue to worsen. The government of Premier Abdullah Ibrahim, installed last December as a stopgap measure following a prolonged cabinet crisis, is under increasingly sharp attack by the Istiqlal party's right wing. Moreover, the factional fight within the Istiqlal party is erupting into violence more frequently.

Neither the Istiqlal right wing, led by the party's theoretician, Allal el-Fassi, nor its left wing, which has at least the tacit support of the Ibrahim government, is clearly ascendant in the bitter struggle for control of the party apparatus. The El-Fassi press appears to be dedicated to baring every weakness of the Ibrahim government and protests insistently against alleged repres-

sion. The left-wing Istiqlal press--edited by party members who advocate a state-controlled economy, including the nationalization of industry and resources--demands that "officials who have fallen behind the times" be weeded out of the administrative structure. Only the occasional intervention of the King in support of Ibrahim or to restrain the left wing has kept the situation from becoming worse.

Several highly charged issues, such as the control of organized labor, may make an early showdown inescapable. The prestige of the El-Fassi faction rests largely on its success in attracting the rank and file of organized labor from the Moroccan Labor Union (UMT). The left wing, which cannot afford to lose the unions which form its major strength, is fighting El-Fassi's effort to gain official recognition for

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

his autonomous unions. The customary parade held on 1 May should provide a fairly dramatic test of opposing claims to labor's support.

Another issue--devaluation of the Moroccan franc to realign it with the French franc revalued in December--could topple the government.

25X1

25X1  
25X1**ISRAELI IMMIGRATION PROBLEMS**

The massive emigration of Jews from Rumania remains suspended despite statements by Rumanian officials that the exodus will be resumed at some future date. About 14,000 Jews have documents ready and await only permission to leave. Meanwhile, Israel is experiencing difficulties in absorbing its recent immigrants. A total of 26,100 have arrived since last September, including 17,400 Rumanians.

Estimates of the number of immigrants expected in Israel during 1959 had ranged as high as 150,000 before the Rumanian movement stopped. Considerable sentiment developed against proposed taxation to finance the immigration, as Israelis, already heavily taxed, began to question the government's ability to plan for both the needs of immigrants and the welfare of the rest of the state. The Knesset nevertheless passed on 1 April the government's amended budget based on proposals for a compulsory "loan" and large increases in indirect taxes, and on 7 April the loan bill itself was passed. More than half the funds required to pay for immigration still are expected, however, from Jewish communities abroad.

Most of the new Rumanian immigrants are well educated.

Engineers can be absorbed most readily, and although the medical profession is nearly saturated, the Health Ministry plans to expand its research program and to broaden medical services in an attempt to utilize the new doctors. Many lawyers and other pro-

**WELCOME!**

Ben-Gurion: "I don't know how anybody is going to do it, but I know we shall absorb them all right."

From Maariv

professionals, however, will have to change their vocations.

These difficulties led the Rumanian Immigrants' Association to criticize the Jewish agency, which guides Israeli immigration, for its

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

alleged failure to adequately explain employment possibilities and the general situation regarding professional opportunities in Israel. There has also been dissatisfaction among older immigrants, mainly those undereducated Jews of Asian and African origin, who still live in temporary housing, while more permanent facilities are being provided for the Rumanians.

Israel's economic and social problems have caused many Israelis privately to welcome the halt in Rumanian immigra-

tion while publicly supporting immigration in principle. Such ambivalence may also be shared by the government; however, it remains committed, even if it should desire the contrary, to welcome immigration regardless of the difficulties involved. Israel exists as a Jewish national home in fulfillment of political Zionism, and the state's Law of Return gives every Jew, with the exception of those who are security or health threats, right to enter and settle there permanently.

25X1

**GREEK MUNICIPAL ELECTIONS**

The pro-Communist United Democratic Left (EDA) lost some popular support and failed to gain an absolute majority in any key Greek city as a result of the elections on 5 April for councilmen. In Athens, Piraeus, Salonika, and other major cities, however, the total opposition vote was greater than that of the government-supported candidates. EDA is still the second largest party.

The councilmen, who were elected on the basis of proportional representation, will be installed on 7 June and will elect the mayors from among themselves on 14 June. If nationalist councilmen can be united against EDA-sponsored candidates, the election of nationalist mayors in all key municipalities is assured.

The slight drop in the vote for candidates sponsored by EDA, claimed by the government to be about 7 percent as compared with the 1958 parliamentary elections, is misleading and cannot be regarded as indicating a definite popular trend away from the left. EDA did not enter the

elections to demonstrate popular strength but to gain respectability and discredit the government. It has been able to ensure the presence of EDA members on municipal councils and undoubtedly will be able to obtain a number of strategic municipal administrative posts. EDA leaders are worried, however, that the political isolation in which they now find themselves may seriously weaken their party's potential in future elections. Other opposition parties are realizing that cooperation with the extreme left is politically impractical.

EDA's greatest failure was its inability to discredit the government of Prime Minister Karamanlis over the issues of Cyprus, American missile bases, and police violation of civil liberties. The party's attempt to form an antigovernment front of all opposition parties failed completely. Only Sophocles Venizelos, leader of one faction of the Liberal party, agreed to limited cooperation with EDA. As a result he was almost totally repudiated by liberal voters.

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

The Karamanlis government is considerably heartened by the election returns, although it is worried by the political vacuum caused by the further shattering of the political center. Unless a new, healthy political organization is soon formed reorganizing the center groups, as recently recommended by Karamanlis, there appears to be no alternative to gravitation to the two major political forces, the governing National Radical Union (ERE) and the United Democratic Left (EDA).

The Greek Government apparently believes that if national parliamentary elections were held now, EDA would probably not receive more than 17-18 percent of the total popular vote, as compared with its approximately 25 percent in 1958. The American Embassy notes, however, that there still remains in Greece a significant segment of the electorate willing to back the extreme left.

25X1

**CIVIL AVIATION AND THE EUROPEAN COMMON MARKET**

Closer cooperation in the field of civil aviation may be one of the more important commercial phases of the development of the European Common Market (EEC). During the past several months, representatives of the EEC countries' five major airlines--Air France, Sabena, KLM, Alitalia, and Lufthansa--have held a number of meetings on the possibilities for joint operations. While no agreement has yet been reached, some progress has evidently been made, and a further meeting is scheduled to be held later this month in The Hague.

joint use of certain foreign landing rights. Passenger-handling facilities abroad might also be merged, and revenues and expenses of the pool be shared.

The proposed collaboration would apparently involve the establishment of two new organizations--EUROCONTROL and EUROPAIR. The former, with headquarters in Luxembourg, would be concerned with the creation of a flight-information and air-traffic-control region covering the air space of the six EEC countries. EUROPAIR, a pool in which the five airlines would retain separate national identities but fly aircraft bearing a EUROPAIR designation, would attempt to coordinate flight schedules, pool aircraft for certain services, and make

The EUROCONTROL talks have been conducted by aeronautical officials and will presumably result in an intergovernmental convention. In view of the extent of government control over all the airlines involved, official blessing of the EUROPAIR negotiations is also implied. Ultimate review of any agreement by the EEC Council also seems likely since civil aviation is a "reserved area" under the terms of the EEC treaty. Article 84 provides that, by unanimous decision of the council, the general rules respecting coordination and nondiscrimination in land and waterway transportation may also be applied to sea and air traffic.

While the proposed pool is in keeping with the trend toward consolidation throughout the Common Market, its immediate motivation seems to be fear of foreign competition--particularly that of the United States and Britain. In general, 1958 was

**SECRET**

**SECRET**

**CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

not a good year for most of the Continental companies, and they now seem convinced that the high cost of jets is facing them with the choice of pooling their resources or relinquishing the profitable internation-

al routes to their rivals. EUROPAIR could be a formidable competitor both in bargaining for new equipment and in demanding the additional American landing rights the Europeans have long sought to obtain.

25X1

\* \* \*

**SECRET**



~~SECRET~~**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

**PART III****PATTERNS AND PERSPECTIVES****POLITICAL DEVELOPMENTS IN BRITISH EAST AFRICA**

Recent political developments in Britain's dependencies of Kenya and Uganda suggest that important changes leading toward increased African influence may be imminent in both territories. In Kenya, the white settler group which has long resisted African advancement appears to be fragmenting and a moderate faction led by Michael Blundell has expressed its willingness to support political and social reforms. In Uganda, African nationalist forces, which have been torn by dissension, appear to be coalescing under the aegis of a new movement. Britain may soon endorse a new basic policy in favor of the federal type of state demanded by powerful African political forces in Uganda.

**Kenya**

The political evolution of Kenya has been delayed since 1952 by the growing racial and political antagonism between the dominant white settler community of 60,000 persons and the mass of the population--6,000,000 Africans and some 150,000 Asians and Arabs. During the Mau Mau uprising from 1952 to 1955, the Africans' political advance was halted; since then, the nationalists led by moderate Tom Mboya have faced a determined white settler group which has resisted every effort to increase African political influence or to open up the valuable White Highlands agricultural area which is reserved for European occupancy.

The African politicians have reacted by refusing to participate in their minority role in the government and have constantly demanded constitutional talks in order to increase their political role. They declare that Kenya must be

developed as a democratic African state. Such a declaration would necessarily envisage early African control of Kenya, a development strenuously opposed by the white settlers, who have considerable influence in London.

The political impasse may have been broken on 1 April when 43 Kenyan legislators, including members of all of Kenya's racial groups but none of the 14 elected African members led by Tom Mboya, announced their willingness to open the White Highlands to African and Asian settlement and to consider non-European political advance. The following day, settler leader Michael Blundell resigned his position as minister of agriculture in order to devote full attention to promoting these new policies. The group appears to have the support of most of the nonrural Europeans, a bare majority among white farmers, substantial but not majority support among the Asians, but only fringe backing from the Africans.

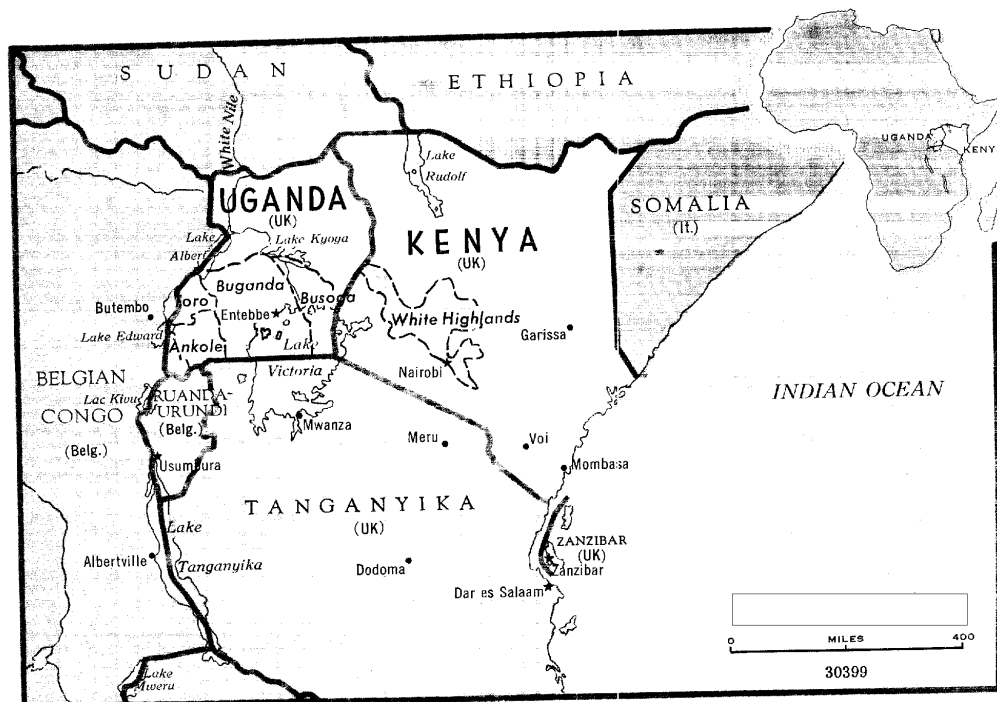
The initial African nationalist reaction was critical. Mboya called the announcement "vague" and mere lip service to nonracialism. He warned against belated promises and called on Africans to be prepared to go to jail for their political goals and opposition to colonialism.

In early April the 14 elected African members, along with four Asians, two Moslems, one Arab, and one European, formed a new movement--the Constituency Elected Members Organization--demanding equal rights for all citizens. Its representatives are expected to lobby in London to influence a British

**CONFIDENTIAL**~~SECRET~~

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959



25X1

policy statement on Kenya which may be issued in the near future.

Fear of violence may make some Africans sympathetic to Blundell's efforts, but general native support is unlikely without tangible evidences of a European change of heart. Nevertheless, London, which favors cautious African political and social advancement and concurrent European concessions, thus avoiding violence on the part of either Europeans or Africans.

#### Uganda

Political change may also be imminent in the neighboring British protectorate of Uganda. Here, where there is no sizable white minority, racial strife has been avoided. However, African nationalists have not been able to surmount factional strife nor to resolve the separatist demands of the dominant

Buganda region, although both problems now may be on the way to resolution.

Within the past few months a new nationalist force, the Uganda National Movement (UNM) has emerged and appears to be attracting increasing public support. It demands independence for Uganda in 1960, and has instituted a boycott of non-African shops and specific items such as beer and cigarettes. The boycott has had surprising success; European breweries are unable to sell beer within a 40-mile radius of Kampala--the center of UNM organization. Non-African--usually Asian--merchants report an appreciable drop in trade with a growing number of shutdowns of Asian shops. Some Asians are contributing funds to the UNM to get on the approved list.

The government fears violence at the large public meetings organized by the UNM, and has banned meetings of over 250 persons throughout much of

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

Buganda Province despite the danger of a critical African reaction.

African political forces may be further consolidated if a federal constitution proposed by the ruler of Toro Province receives the anticipated approval of the other three powerful local rulers of Uganda provinces. It calls for self-government in 1961 and independence within the Commonwealth by the end of 1963 and for a constitution establishing a privy council to act as a court of last appeal on legal and constitutional matters, a bicameral elected legislature, a government of the majority party, and a prime minister responsive to parliament.

The reported agreement of Buganda's ruler to the proposed constitution suggests that the ruler, who long has been a block to Uganda's independence because of his separatist demands, may now be willing to abandon his extreme regionalism.

25X1

\* \* \*

**MONGOLIAN CLAIMS TO INTERNATIONAL STATUS**

Since World War II Mongolia has repeatedly claimed to be an independent, sovereign state with the right to have representation in various international bodies, particularly the United Nations. Although the country's foreign policy is completely subservient to the Soviet Union, Mongolia has established formal diplomatic relations with three nonbloc states and has informal trade contacts with several others. Sparsely populated, Mongolia is wedged between the two greatest powers of the Communist world--linking them, in fact, by the Trans-Mongolian Railroad. Despite the obvious grounds for friction--Russia and China have at various times in history competed bitterly for supremacy in Mongolia--today the two seem to be cooperating in Mongolia's development.

Both the USSR and China have in the past annexed territory which historically was

part of Mongolia: the Soviet Union, Buryat-Mongolia; and China, Inner Mongolia. Pan-Mongolism does not seem to present much of a problem at present, primarily because both of the larger states have reduced the Mongolian elements in their territories to minority status by settling large colonies of Great Russians and Han Chinese in the areas. The USSR has clearly been the paramount influence in Ulan Bator since the Mongolian Communist revolution in 1921, but it has been withdrawing its advisers and experts since the early 1950s, and the Mongolians take great pride in the fact that their own countrymen now are trained to hold engineering positions and university professorships.

Nationalism

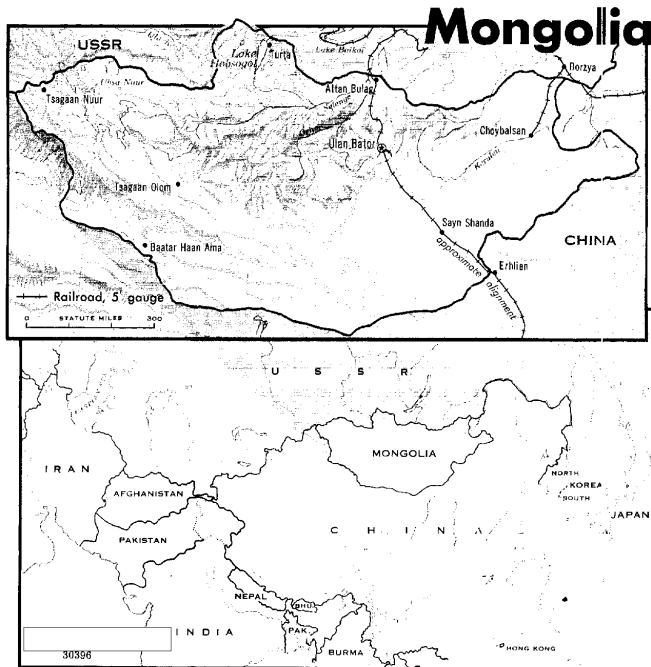
25X1

**SECRET**

SECRET

CURRENT INTELLIGENCE WEEKLY SUMMARY

14 April 1959



paid by China, are there on various construction projects, including road and civic improvements. There seems to be little antipathy toward the Chinese, and several Mongolians have expressed regret, in view of the short labor supply, that Chinese laborers do not choose to settle permanently after expiration of their contracts.

Resentment over Soviet influence, however, is voiced on several subjects. Contempt is expressed for Premier Tsedenbal's willingness to accede to the USSR's demands, principally because his wife is Russian.

Resentment is said to have flared into open revolt--quickly put down--early in 1958 when the Soviet Union allegedly seized territory near Lake Hobogol rich in cobalt deposits. Foreign Minister Avarzid re-



portedly protested this move officially and was consequently removed from office.

The purge of the party politburo last month may have been

25X1  
25X1  
25X1  
25X1  
25X1  
25X1

[redacted] strong nationalistic spirit of the Mongolians, who number somewhat over 1,000,000 persons. Emphasis on Mongol history, concern for purity of the race, pride in economic and educational progress, resentment of Soviet influence, and a desire to increase contacts with countries outside the bloc have all been cited [redacted] as evidence of Mongolia's growing nationalism.

25X1

[redacted] On 5 January 1946, following a plebiscite in which Mongolia opted for independence, Nationalist China extended recognition.

Few Chinese work in Mongolia in a professional capacity, although at least 10,000 contract laborers, with wages

SECRET

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

influenced by nationalistic factors; the leader of the purged faction, Dashin Damba, was installed as party first secretary during the height of the bloc's de-Stalinization campaign in a move to ensure "collective leadership." The timing of Damba's rise and fall from power, plus the charges of "political backwardness" recently leveled at him, suggests that he belonged to the more liberal faction of the Mongolian party.

Since 1921, Mongolia has been able to establish a national educational system which has successfully raised the national literacy rate from almost zero to nearly 80 percent. Mongolian history and culture are emphasized in the schools, and, although the Russian language is taught in secondary schools, few persons ever learn to speak it fluently. Recently there has been a return to the old Mongol script in what appears to be a deliberate move to invigorate the national cultural tradition.

The regime has also begun the reconstruction of what was once the most important Buddhist monastery in Mongolia, Erdeni Tzn, which was destroyed by Soviet troops in 1937. It is being made into a shrine to Mongol culture rather than a center of Buddhist culture, however. Lamaistic Buddhism.

is dead for all practical purposes in Mongolia.

**Economic Development**

The legislature has just ratified the Three-Year Plan for economic development (1958-60). The present version is more ambitious in some respects than earlier ones. Slow progress has been made under past economic plans toward relieving the economy's extreme reliance on livestock raising, but the present aim is to continue this process. Nevertheless, livestock raising remains the cornerstone of the plan, which calls

for a 7.2-percent increase in the total number of livestock by 1960--to a total then of 25,000,000 head.

The plan also provides for increased attention to farming and industry. The area planted to crops is to be sharply increased, as is grain output. The gross value of industrial production is to increase by more than 50 percent over the three-year period. The 1960 target for petroleum output--only 30,000 tons--confirms earlier indications that the field at Sayn Shanda has failed to live up to earlier Mongolian and Soviet expectations.

The country will be heavily dependent on the assistance of its "fraternal" bloc partners for construction plans. While capital investments out of its own funds during the plan period will be larger than the amount spent during the previous ten years, over 30 percent--some \$100,000,000--of planned construction spending--will be accounted for by these sources, principally the Soviet Union and China.

Since 1956, Communist China has extended about \$65,000,000 in economic aid to Mongolia for use in the development of various small-scale industrial, agricultural, and power projects. The Soviet Union has provided about \$275,000,000 worth of economic aid since 1948; in addition, it has turned over without charge to Ulan Bator assets in former Soviet-Mongolian joint stock companies--most notably in petroleum and metals--valued at \$100,000,000.

The Three-Year Plan aims to develop and consolidate the "socialized sector" of the economy. Some 96 percent of the agricultural and animal husbandry households are already enrolled in co-operatives. In addition, the regime has recently begun a process of abolishing township-level governments and of merging the next higher level administration,

**SECRET**

~~SECRET~~

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

equivalent to a county, with the cooperatives. Under this system the administrative head of the county is also director of the cooperative. While this system has some of the trappings of China's commune system, it follows more closely the pattern of Bulgaria and North Korea.

Looking ahead, the regime says that it is working on a five-year plan to cover the 1961-65 period. The plan, now in preliminary draft, is said to open "remarkable prospects" for the further development of production and the further improvement of the standard of living.

Foreign Policy

The Mongolian People's Republic has repeatedly claimed to be an independent, sovereign state with a right to representation in international bodies, especially the United Nations. It came closest to securing a seat on the latter body in 1956 in a package deal which was finally killed by a Chinese Nationalist veto.

Although Ulan Bator continues to lobby for UN membership, it concentrates on attempting to join functional and specialized organizations such as the International Postal Union and the World Meteorological

Organization. In an attempt to bolster its qualifications for membership in the latter body, for example, Mongolia has recently publicized the completion of a new observatory. Despite the regime's persistent efforts, it has been rebuffed on almost all fronts.

Ulan Bator has met with more success in establishing diplomatic relations. Prior to World War II Mongolia had formal relations only with the USSR, but, beginning in 1948, embassies were established in the European satellites and China. Then in 1955 Mongolia received de jure recognition from India and concluded an agreement to exchange diplomatic representatives; this was quickly followed by similar agreements with Burma and Indonesia.

Although no countries have recognized the regime since 1956, it has been successful in expanding its private trade with Western countries since that time.

25X1

Ulan Bator also supplies a large percentage of the world's cashmere wool through the USSR. (Concurred in by ORR)

25X1

25X1

\* \* \*

## TWO YEARS OF COMMUNIST RULE IN INDIA'S KERALA STATE

The Communist government in India's Kerala State seems well entrenched after two years in power, despite the decline in its popular support and growing economic difficulties since mid-1958. The Communists formed their government in April 1957, after winning some 2,000,000 out of 5,800,000 votes and 47 percent of the state assembly seats in the general elections.

Most of the Kerala electorate appeared satisfied with the ministry's performance during its first year in office. The Communist party may even have increased its popular support.

The government's accomplishments were limited, but its drive and apparent dedication contrasted creditably with the ineffectual performance of previous

~~SECRET~~

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

Congress and Socialist party governments in the state. Kerala voters were prepared in any case to give the Communists at least a year to fulfill their campaign promises. A series of developments beginning in the middle of 1958, however, has cost the government some support.

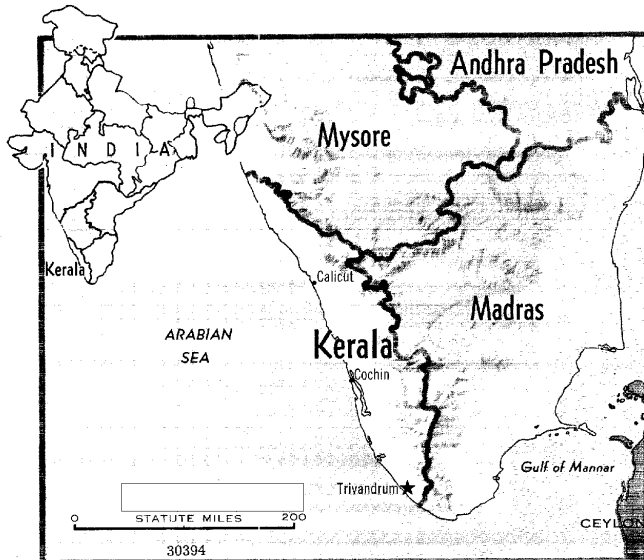
Political Setbacks

Since mid-1958, agitation by opposition elements on several controversial issues has kept the Communists on the defensive. The first effective challenge to the regime came last July in the form of student demonstrations, which Chief Minister Nambudiripad's government was able to control only by resort to violent police action. The Communists' attempts



to terrorize opposition political groups stimulated further agitation. These clashes were followed by a highly publicized strike of plantation labor which led the police to open fire again on demonstrating workers.

As a result of the recurring incidents, opposition senti-



25X1

ment in the state rose sharply and national attention was focused on the problem of Kerala. The state government's strong-arm methods, which were not in step with the Communist party's current nonviolent, "peaceful" tactic, produced demands throughout India for intervention by the national government to maintain law and order. The disturbances subsided during the fall of 1958, but the question of "insecurity" in Kerala for all non-Communists had been successfully developed by the opposition into a telling attack on the Communist government.

Economic Problems

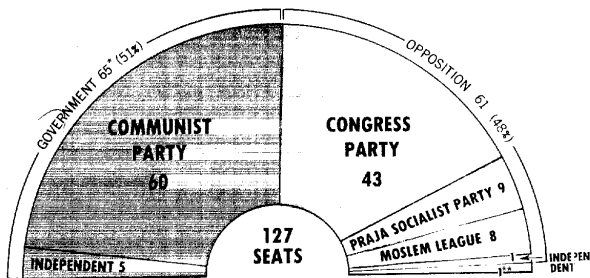
The Kerala government's failure to make noticeable progress in solving the state's major economic and social problems has weakened the Communists' position during the past six months even more than have political difficulties. In the two most critical sectors of the Kerala economy, food production and employment, the Communists have shown themselves unable to keep pace with other states in raising agricultural yields and to attract the industry needed to relieve widespread unemployment.

A serious food shortage developed toward the end of 1958

**SECRET**

**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**

16 April 1959

**INDIA  
KERALA STATE ASSEMBLY**

\* INCLUDES COMMUNIST SPEAKER WHO VOTES AS A TIE-BREAKER.

\*\* APPOINTED MEMBER, WHO USUALLY ABSTAINS OR VOTES WITH OPPOSITION.

9041A 2

16 APRIL 1959

which provided the basis for considerable agitation by socialist parties against the government. Kerala officials also were severely criticized in 1958 for signing an agreement with national industrial interests to construct a rayon pulp factory under terms considered detrimental to the interests of the working class.

The net effect of these political and economic developments has been to tarnish the Communist reputation to a considerable degree, but without threatening the downfall of the government.

Factionalism has long weakened the Kerala branch of the party, but the Communists' success at the polls in 1957 inspired a sense of unity and cooperation among the several cliques during the party's first year in office. By the fall of 1958, however, the trend of events in Kerala reportedly had led to questioning among party leaders whether it was politically advisable for the party to remain in power while its position deteriorated.

The wrangling over party tactics in Kerala has been reflected in the party's national executive as well, where some leaders have felt obliged to

criticize publicly several actions of the Kerala government. Both national and international Communist party enthusiasm for the Kerala "experiment" has waned as the government's shortcomings have reduced its usefulness as a Communist showcase.

Communist Advantages

Despite the trend in recent months, several factors in the situation work to the Communists' advantage. During two years in

power the party has taken full advantage of its position to strengthen itself both financially and organizationally. The government's personnel policies within the administrative departments have favored party members and sympathizers. Contracts have been given to individuals or concerns prepared to return a portion of profits to party coffers. Communist-directed cooperatives are favored in the awarding of government contracts. Cabinet officials have interfered in the administration of justice in such a way as to give special protection to Communists.

The minimum wage in Kerala has been raised in a bid to extend the party's support among workers. Communist control of the state's extensive educational apparatus has been greatly facilitated through the education bill, despite modifications enforced by the central government.

The party also appears to be making inroads in the career police service, strategically the most important arm of the government. By appointing one of the two inspectors general of police to a special commission organized to draft a new police code "for the welfare state," the Communists apparently have left the field clear to his rival, who is reputed to be a "party man."

**SECRET**



**SECRET**

## CURRENT INTELLIGENCE WEEKLY SUMMARY

16 April 1959

In addition to tightening the party's control over state departments and services in Kerala, the Communists are planning to reorganize local government units so as to entrench themselves in village political bodies. Passage of the agrarian reform bill in April should also strengthen the party's position in rural areas.

The Communists' greatest asset in Kerala is the party itself. It remains, despite recent setbacks and some dissension among the leadership, the strongest, best organized, and most disciplined political party in the state, with an active membership of about 60,000. The party apparently has ample funds with which to buy votes.

Opposition Weakness

The Communist party's strength contrasts strikingly with that of the leading anti-Communist groups. After two years of opposition, the Congress party in Kerala remains weak and demoralized.

Lack of effective leadership is still the root problem. Most of the party's once popular leaders now are inactive, and those who remain are largely discredited. Congress politicians have not encouraged potential leaders among the younger generation. Communal and regional cliques continue to dominate the party in Kerala, and this division nearly prevented the election of a new state party president recently.

The Congress also still lacks the effective propaganda machinery and corps of full-time field workers which contribute so much to Communist strength.

Congress leaders have never been able to evolve a united

policy with which to oppose the Communist government. Some sections of the party call for immediate ouster of the Communists through whatever means are available, and they complain about lack of support from the central government and party. Others argue that more time is needed to expose the emptiness of Communist promises and that the opposition is not yet prepared to provide a more effective government.

The primary problem of the opposition in general has been its inability to form the genuinely united coalition needed to challenge the Communists' bare majority in the Kerala state assembly. Cooperation among the Congress, Praja Socialist, and smaller parties is endorsed by nearly all leaders, but it has yet to be effected. Mutual recrimination continues to make difficult any electoral understandings in critical assembly by-elections and in 1959 village council elections.

In recent months, however, evidence of growth toward a unified approach has begun to be apparent in opposition circles.

25X1  
25X1

Plans for mass agitation are hampered, however, by lack of funds and organization as well as by the Communists' tactics of intimidation.

Despite this progress toward a unified anti-Communist front, the opposition in Kerala does not appear capable of ousting the Communist regime in the near future.

25X1

**SECRET**

**Page Denied**

~~SECRET~~  
CONFIDENTIAL

CONFIDENTIAL

~~SECRET~~