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1 April 1956

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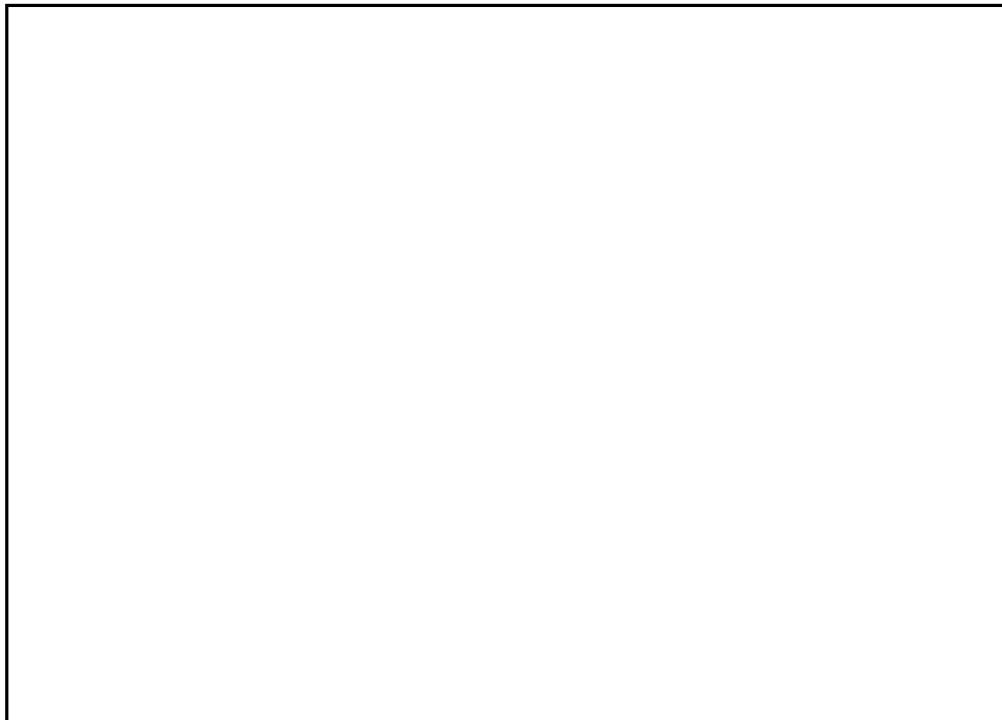
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OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

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DOS REVIEW
COMPLETED

DIA review(s) completed.

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1. MIKOYAN DISCUSSES SOVIET ECONOMIC PROBLEMS

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In talks with Indian planning officials and press representatives, Soviet first deputy premier Mikoyan is reported to have discussed Soviet economic problems and offered objective advice on Indian problems.

In discussing agriculture, Mikoyan stressed the post-1953 Soviet policy of providing higher incomes for farmers. He advised the Indians against heavy mechanization of agriculture, hitherto a cardinal point in Soviet farm policy, because of India's large surplus of manpower.

Mikoyan said the minimum wage for urban workers would be raised this year by nearly one third, confirming indications that the coming wage reform will attempt to reduce the extreme spread of the present system, as well as to sharpen its incentive features. Assistance to the lowest-income group is particularly necessary at this time, when the practice of annual retail price cuts has given way to unpublicized increases in state prices of a number of goods.

In disclaiming Soviet perfection and denying that Soviet methods are universally applicable, Mikoyan appears to have impressed his hearers with his frankness, his avoidance of dogma and the USSR's willingness to grant that there are "many roads to socialism."
(Concurred in by ORR)

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2. CAMBODIAN CROWN PRINCE'S POWER SEEN THREATENED

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[REDACTED]

Dap Chhuon, a powerful provincial commander in Cambodia, in a confidential letter, informed Ambassador McClintock he was "awaiting a favorable opportunity to frustrate the policy" of the present Cambodian government and "declare a diplomatic rupture with Communist countries."

McClintock, who describes Chhuon as a key figure in Cambodia, comments that he regards the letter as evidence that Sihanouk's power is being seriously threatened for the first time. The ambassador says there is other evidence that, for varying reasons, certain party stalwarts are now challenging Sihanouk.

Comment

Dap Chhuon, who led a rebel force when the French were in control, is now a colonel in the royal army and controls the palace guard. He has a reputation for both ruthlessness and probity and has hitherto been regarded as devoted to Sihanouk and the royal family.

The explanation given for Sihanouk's most recent resignation from the premiership, which referred to pressures from Thailand, South Vietnam and the United States, was apparently designed to rally support for his neutralism. He is believed to have widespread popular support but has probably alienated some powerful politicians--not only by his neutralism but by his one-man rule and political maneuvering.

3. GREEK OPPOSITION SEEKS ALL-PARTY GOVERNMENT

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The new Greek parliament which convenes on 2 April will probably bog down immediately in a dispute over whether Prime Minister Karamanlis

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should form an all-party government to demonstrate national solidarity on the Cyprus issue. Karamanlis reportedly has invited only Sophocles Venizelos' Liberal Democratic Union, the largest opposition party, to participate with his National Radical Union in the government, but Venizelos has declined on the ground that all parties should be invited.

Venizelos is reported, however, to be impressed by the attitude of the Communists, who appear ready to accept almost any terms for parliamentary co-operation with the center parties. Spokesmen for the Communist-front EDA, which has 18 deputies and perhaps 26 leftist allies in the 300-seat parliament, have offered to adopt "a most reasonable and moderate" program,

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A refusal by Karamanlis to widen his present government is likely to bring about united opposition from the center and the left and persistent efforts to whittle away his parliamentary margin of 30 seats.

The parliamentary session is also likely to degenerate quickly into demagogic competition for primacy in devotion to the cause of Cyprus, thereby inviting strong reactions from Britain and Turkey.

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4. BRITAIN PREPARED TO GIVE SINGAPORE QUALIFIED SELF-GOVERNMENT

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[Redacted]

The British Colonial Office has indicated that in the negotiations beginning 23 April Britain will concede as much as possible to Singapore chief minister Marshall's expected demand for virtual independence within the Commonwealth without prejudicing essential British strategic requirements.

According to the American embassy in London, Britain will insist that the Singapore governor have continued access to local security information and have unqualified authority to "step in" whenever he believes the situation warrants. Britain will also insist on retaining control of defense and foreign relations. On the other hand, the British would, if necessary, agree to a fully elective executive council and an enlarged legislative council, so Marshall can return home with what he can call "self-government."

In any event the British feel they cannot withdraw completely from Singapore, for fear that the colony would almost automatically become a Communist outpost.

Comment

Britain's immediate concern is apparently to avoid a collapse of the forthcoming negotiations that might force the reimposition of direct British rule in Singapore. The British are likely to have difficulty, however, in persuading Marshall that their proposals are not a retreat from their previous moral commitment to him to grant Singapore complete self-government in 1956.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, - 1 April)

Egypt has called for an urgent meeting of the Egyptian-Israeli Mixed Armistice Commission over a charge that an Israeli patrol killed two Arabs and captured an Arab child in the Gaza area. Israel claims that Jordanian infiltrators ambushed a police car and wounded a civilian.

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The American ambassador in Israel believes the position of the leftist coalition party members on seeking arms from the USSR has been seriously undermined by a recent Izvestia article mentioning "war hysteria in Israel" and "open threats" of Israeli leaders to initiate military operations against the Arabs.

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Syrian prime minister Ghazzi told Ambassador Moose on 28 March that Syria would consider it had been

attacked if Israel resumed work on the Jordan River diversion canal in defiance of the UN Truce Supervisor's ruling.

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The American ambassador in Jordan believes that not only may Jordan soon be lost to the West, but that its entry into the Egyptian-Syrian-Saudi camp can influence the future of Lebanon and as well as Iraq's adherence to the Baghdad pact. The ambassador also suggests that King Hussain may be dethroned by the end of the year.

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Recently mobilized Israeli vehicles and personnel may have been dispatched as reinforcements to the Northern Command,

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The gradual mobilization in Israel may have brought Israeli forces, including the paramilitary Nahal groups, to approximately 120,000 by the end of March.

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