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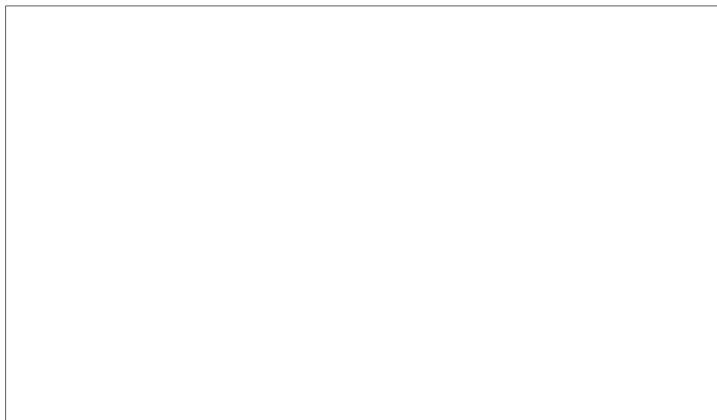
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1. EAST GERMAN CENTRAL COMMITTEE PLENUM

Comment on:

The Soviet purges and their implications for East Germany, reformulation of the party line, and an extensive economic reorganization reportedly are the major items being discussed at the 32nd plenum of the Socialist Unity (Communist) Party central committee now meeting in East Berlin.

[redacted] a somewhat softer political course will be adopted and some onerous restrictions lifted. Neither a general relaxation nor a personnel shake-up is anticipated, however. Although press reports have stated that Party First Secretary Walter Ulbricht is under attack at the plenum, [redacted] there is general agreement within the central committee that Ulbricht must be retained in his present position to prevent adverse reactions within the party and among the population.

The economic reorganization reportedly will involve a general decentralization of the economic apparatus similar to that in the Soviet Union. Since it will allegedly result in drastic personnel reductions in the central organs in Berlin, with many functionaries forced to move to the provinces and take more productive jobs, the impending reorganization is said to have caused considerable grumbling and dissatisfaction among government employees in East Berlin. [redacted]

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2. KHRUSHCHEV ATTACKS YUGOSLAV COMMUNISM BUT PLANS MEETING WITH TITO

Comment on:

Khrushchev, speaking extemporaneously in Prague on 11 July, declared that he will soon meet Yugoslav party leaders Rankovic and Kardelj in Moscow for a frank discussion of differences, and said

he plans to hold personal talks with Marshal Tito. He urged an end to Yugoslav-Soviet polemics--"let us not discuss who is cleverer and who is more stupid"--and warned that "we know how to pay back" Yugoslav criticism. Khrushchev assailed Belgrade, however, for giving at least unwitting aid and comfort to the "imperialists," and sneered at the Yugoslav concept of workers' councils. He said that while there are different approaches to socialism, there is only one general path.

Although the Yugoslavs presumably will welcome the opportunity to conduct frank discussions with the Soviet leaders, their conviction since the purge that Khrushchev is "their man" may be dashed by Khrushchev's tough line. Tito has rejected previous Soviet suggestions that it is primarily up to Yugoslavia to come to terms with the USSR. According to press reports, officials in Belgrade have indicated "obvious dismay" at Khrushchev's speech.

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~~SECRET~~**3. COUP REPORTEDLY PLANNED IN INDONESIA**

Colonel Lubis, former acting chief of staff and instigator of an abortive coup last November, is planning new action which would involve the assassination of President Sukarno and the arrest of the army chief of staff, General Nasution.

Lubis is in constant contact with Lt. Col. Hussein and Lt. Col. Sumual, disaffected commanders in Sumatra and East Indonesia respectively. The coup was planned for 19 July but has now been delayed.

The plan immediately involves only 20 or 30 people and is based on the assumption that most of the military in Diakarta, including the navy, will back the coup.

a coup could take place at any time, there is a good probability that others have also been informed.

Comment

Lubis is undoubtedly in touch with Hussein and Sumual and probably is planning some form of action against Sukarno. The plan however, probably would not be attempted unless all other efforts to swing Sukarno away from his informal alliance with the Communists fail. It is also likely that Lubis is carefully watched, and, that knowledge of the plot would reach pro-Sukarno officers.

The proposed plot and its initial timing for 19 July may have been motivated by predictions that the Communists will win provincial elections in Central Java scheduled for 17 July.

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4. FURTHER COMMUNIST GAINS PREDICTED IN JAVANESE LOCAL ELECTIONS

[Redacted] Indonesian and foreign observers who have traveled recently in Central Java forecast a Communist victory there in elections for provincial and regency assemblies scheduled for 17 and 27 July, according to the American embassy in Djakarta. These observers noted, among other indications of campaign activity, that Communist posters in this area far outnumber those of all other parties combined. In East Java, where elections are scheduled for 29 July, the Communists are also waging an active campaign although their efforts do not appear to surpass those of other parties.

Faced with the prospect that the Communists will repeat their gain of 40 percent in the recent Djakarta municipal election, the major non-Communist political parties reportedly have appealed to President Sukarno to use his influence to have the elections postponed. Sukarno to date has given no indication of heeding these pleas.

Comment

In the 1955 national elections, the Communists demonstrated their greatest strength in Central Java, where they polled a close second place to the National Party. With this strong base from which to work, combined with consistent campaigning and Sukarno's encouragement of their activity, the Communists seem likely to make further gains in this area. In 1955 the Nahdlatul Ulama (NU), a conservative Moslem organization, was the strongest party in East Java, where the Communist Party also won second place.

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5. PLANS FOR COUP PRIOR TO ARGENTINE ELECTION REPORTED

A coup d'etat prior to the 28 July constituent assembly election is being planned [redacted]

The plotters reportedly oppose the government's electoral program and "are willing" to continue the government's provisional status indefinitely.

Comment

While there is strong opposition to the scheduled election from several groups, the only one reported as desiring the provisional government to continue in power indefinitely is a small group of rightist military officials. Some members of the armed forces would like general elections, now scheduled for 24 February 1958, to be advanced to 1957; but the majority is reportedly backing President Aramburu, who insists on maintaining his political calendar.

The armed forces may feel compelled to reassess the situation, however, if disorders result from strikes and demonstrations being planned by Peronistas and possibly by Communists. [redacted]

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6. SHIPPING RELUCTANT TO CALL AT CHINESE COMMUNIST PORT OF AMOY

Comment on:

Chinese Nationalist attempts to enforce port closure at Amoy by artillery fire from positions in the Quemoy Islands, and the apparent resolve of the Chinese Communists to provide vessels calling at Amoy with the protection of their shore batteries, suggest further shelling incidents if other vessels attempt to enter the port.

[redacted] Shanghai has been trying to induce vessels to call at Amoy by offering bonuses for the trip. The White Bee, which is known to have called at Amoy at least three times since early May--most recently on 19-22 June, reportedly has been having trouble getting and keeping a crew for this voyage. [redacted]