

TOP SECRET

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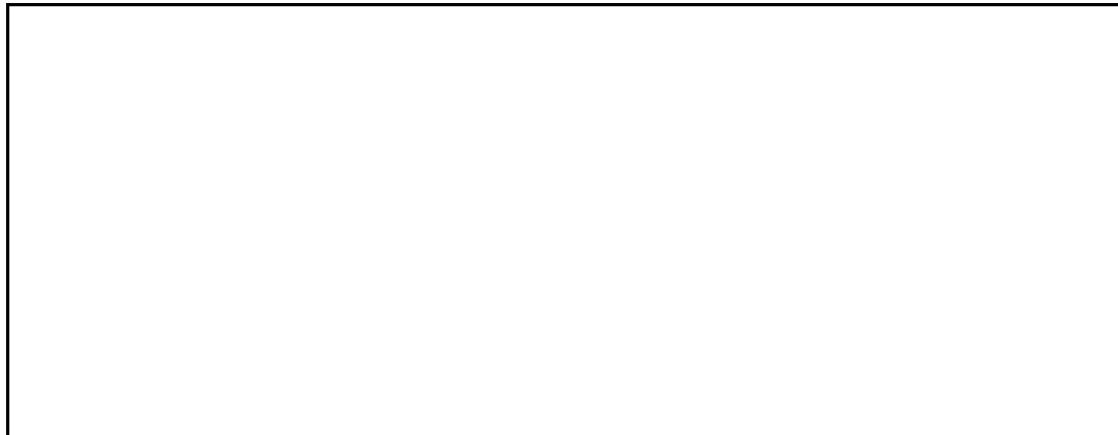
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State Dept. review completed

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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S U M M A R Y

FAR EAST

1. Comment on Peiping's acknowledgment of flood disaster (page 3).

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LATIN AMERICA

3. Comment on political instability in Paraguay (page 4).

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FAR EAST

1. Comment on Peiping's acknowledgment of flood disaster:

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Peiping on 8 August admitted that flood damage this summer amounts to a major disaster. Six percent of China's cultivated land--about 15,000,000 acres--is now said to have been inundated. This land, most of it in the rich rice area of Central China, normally grows over ten percent of China's annual food crops.

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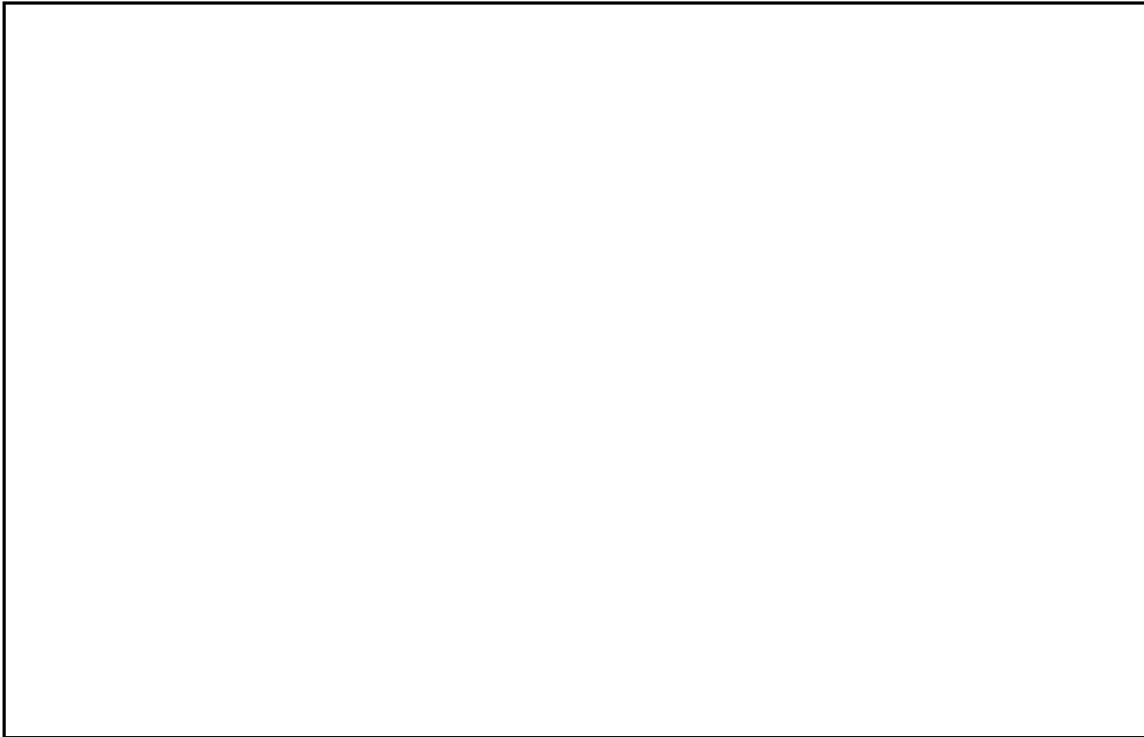
The Chinese Communists appear to have been genuinely surprised by the duration and extent of the flood. They may have been lulled in late July by a temporary drop in the Yangtze water level at Hankow. The river started rising again, however, in early August while rainfall continued heavy. By 9 August, the water level at Hankow had risen to a level 40 inches above the previous high mark reached in 1931.

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So far, Moscow propaganda has been silent on the flood and no offer of relief is known to have been made by the USSR.

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LATIN AMERICA

3. Comment on political instability in Paraguay:

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Various conflicts within the dominant Colorado Party in Paraguay are seriously straining the facade of unity which the party has tried to maintain since the army rebellion in May. If intensified, these conflicts and personal rivalries could lead to another revolutionary attempt.

The American embassy in Asuncion has noted signs of growing discontent which may cause trouble to president-elect General Stroessner, who is to be inaugurated on 15 August. Although Stroessner is reported to control the political situation as well as the armed forces, there is increasing criticism of him for permitting a controversial figure to head the Central Bank in the current provisional government.

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