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8 May 1957

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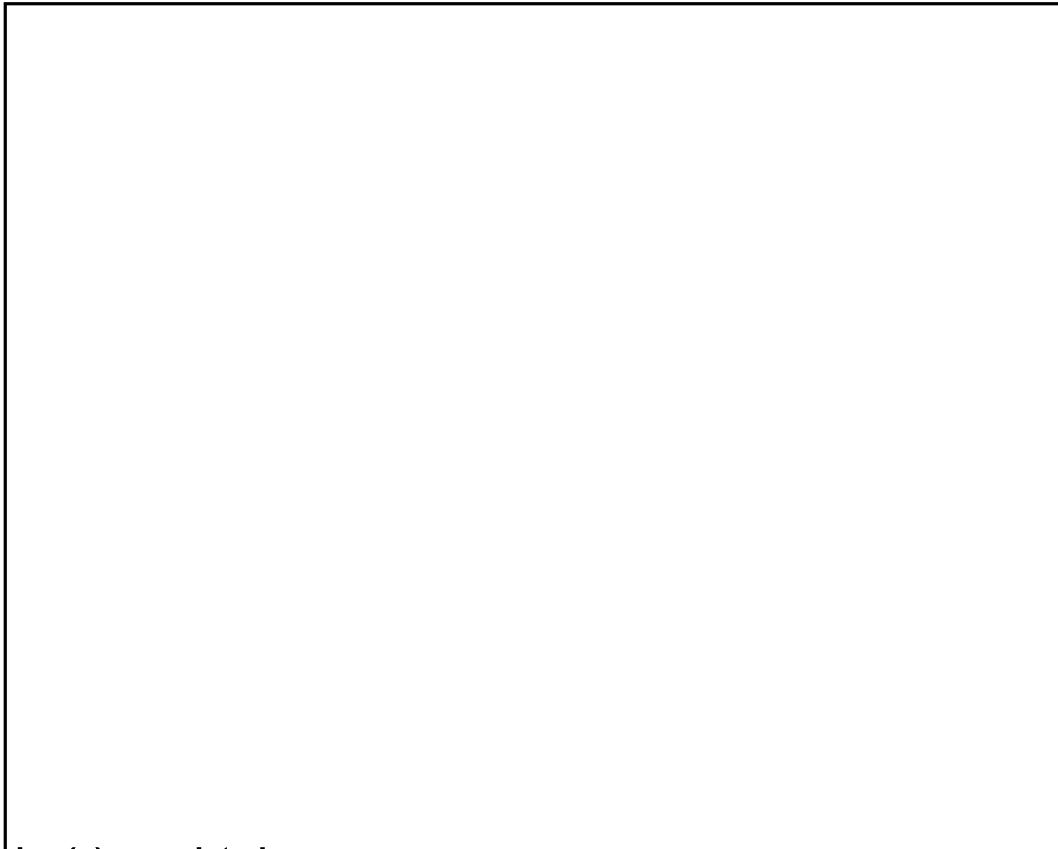
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**OFFICE OF CURRENT INTELLIGENCE**  
**CENTRAL INTELLIGENCE AGENCY**

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STATE, NAVY review(s) completed.

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## 1. HONDURAN-NICARAGUAN DISPUTE STILL DANGEROUS

### Comment on:

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The general feeling in Nicaragua is that the dispute with Honduras is still dangerous, despite the temporary cease-fire agreement negotiated by the special committee of the Organization of American States (OAS) on 5 May. The publicity being given unconfirmed reports of violations of the cease-fire by both sides is aggravating the situation and making more difficult the committee's efforts to work out a plan for troop withdrawals acceptable to both sides. The

OAS has called on the five countries represented on the special committee to provide military personnel to act as border observers. The American military group arrived in Honduras on 6 May.

Members of the Honduran military junta, who signed the cease-fire with great reluctance, informed the American ambassador early on 6 May that they feared public reaction to the agreement might lead to an upheaval and possibly their overthrow.

Press reports from Honduras claiming that Nicaraguan troops had crossed into Honduras near the Inter-American Highway on 7 May were denied in Nicaragua.

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4. HAMMARSKJOLD TO VISIT ISRAEL DESPITE BEN-GURION'S REBUFFS

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[REDACTED] [REDACTED]

UN secretary general Hammarskjold plans to visit Israeli prime minister Ben-Gurion in Jerusalem the latter part of this week, even though he doubts any good result will come from the trip. In a recent exchange of correspondence, the Israeli leader reiterated his refusal to discuss the future of the UN Emergency Force or implementation of the armistice agreement before Israel has been advised by Hammarskjold "and the relevant UN bodies that the implementation by Egypt of its obligations under the charter of the UN and the decisions of the Security Council" was assured.

Hammarskjold believes Ben-Gurion's latest letter proves that the Israelis do not want him to make the visit but would prefer the refusal to come from the UN rather than from Tel Aviv. The secretary general is going ahead with his plans in order to maintain a UN record of readiness to negotiate.

Comment

During Hammarskjold's last visit to the Near East, the Israelis covered the fact that they had not invited him to Israel by issuing, on the eve of his departure from the area, a statement that he would of course be "welcome!" Other recent reports on the Israeli attitude have suggested that Tel Aviv is again engaged in one of its periodic campaigns to reduce the UN's prestige and the effectiveness of its efforts to keep the peace. The present campaign is probably related to the Israelis' fear of further UN resolutions pressing them to accept the UNEF on their side of the armistice line.

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5. DETAILS OF MAO TSE-TUNG'S SECRET  
SPEECH REPORTED

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In a secret speech of 27 February at the Supreme State Conference, Mao Tse-tung stressed that current problems arising between the Peiping regime and the Chinese people should be solved through discussions, "not by force."

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25X1C these problems were said by Mao to include popular hostility to urban and rural socialization, counterrevolutionary activities, strikes, other forms of unrest among students and workers, and demands for freedom of the press and arts. Noting that 700,000 people had been liquidated in the agrarian and other campaigns of 1950-1952, Mao said that violence "would not now be tolerated by the people!"

Mao called for learning "all that is good" from all countries without "mechanical copying of experiences." He recommended learning "even" from the United States, especially in the fields of science and technology. Mao discounted the possibility of a third world war in the near future.

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## Comment

While Mao's speech remains unpublished, Chinese Communist leaders have made similar points in authoritative statements, indicating Peiping is having some of the same problems as the USSR in seeking to stimulate greater enthusiasm for the regime's program without sacrificing totalitarian controls.

Mao's advice to learn "all that is good" from all countries is apparently being implemented. The outgoing counselor of the British embassy in Peiping recently observed that technical publications from the United States, Britain, France and Germany are available in increasing numbers in Communist China.

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## 6. CUBA WILL KEEP SOVIET MERCHANT SHIPS AWAY FROM US NAVAL BASE

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[redacted] The general manager of the Cuban Sugar Institute has promised the American agricultural attaché in Havana that Soviet merchant ships will not in

the future be scheduled to load sugar at Guantanamo Bay in the vicinity of the major US naval base in southeastern Cuba.

**Comment** The navy reported on 3 May that a Soviet merchant ship delayed its departure after loading sugar at Guantanamo Bay in order to monitor electronic emissions. Each of three Soviet ships loading at Guantanamo in recent weeks has experienced an unusual and unexplained delay.

Almost half of all the ships transporting the 150,000 tons of Cuban sugar purchased by the USSR in February have been of Soviet registry. During the two preceding years, only one Soviet ship was involved in shipments of Cuban sugar to the USSR.

The USSR has purchased a total of 350,000 Spanish long tons of Cuban sugar at below-market prices during 1957. Delivery is to be completed by July.

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## 7. EL SALVADOR AND POLAND DISCUSS COMMERCIAL AGREEMENT

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Preliminary talks between Salvadoran and Polish officials resulted in complete accord on a commercial agreement under which Salvadoran coffee and cotton

would be exchanged for Polish machinery, [redacted]

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Comment

El Salvador, which does not maintain diplomatic relations with any Sino-Soviet bloc country, has heretofore had only negligible trade with Poland. No Central American country now has any trade agreements with the Soviet bloc.

There has been growing pressure over the past year from Salvadoran coffee growers to expand the country's coffee markets to include Soviet bloc countries. Coffee makes up about 85 percent of Salvadoran exports, and many Salvadorans fear that overdependence on the US market would result in lower prices for their chief export. About half of the 1956-1957 coffee crop went to countries other than the United States, with West Germany taking substantial quantities. [redacted]

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8. KHRUSHCHEV PRESENTS PLAN FOR SOVIET  
ECONOMIC REORGANIZATION

Comment on:

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Khrushchev's proposals to the USSR Supreme Soviet on 7 May for the reorganization of Soviet industrial administration conform in general to his "theses" published 30 March 1957.

He proposed, however, retaining more ministries in Moscow than had previously been indicated, which suggests that he was premature and overly ambitious in proposing in his "theses" that all industrial ministries be abolished. The ministries responsible for producing military end items, operating the atomic energy program, producing electric power, and constructing transport facilities will be retained for planning functions and general technical control, but Khrushchev proposed that they should be reorganized to divest them of responsibility for direct management of their enterprises.

Some other ministries, mainly extractive, are to be transferred to the jurisdiction of appropriate union republics and located in cities nearest the principal centers of their activity. This proximity to production centers is intended to foster efficiency of direction and stimulate local initiative in the industries concerned.

The remaining industrial and construction ministries (some 20) are to be abolished. Khrushchev calls for the creation of 92 economic administrative districts, 68 of which will be located in the huge, sprawling Russian republic (RSFSR), to manage the enterprises of the abolished ministries.

Khrushchev urged that the reorganization should be completed during May and June 1957, thus seemingly

branding Kaganovich's earlier "by winter" estimate as too conservative. The speed with which Khrushchev would have the plan carried out will intensify the confusion and disruptions inherent in any reorganization as sweeping as this one, but he probably feels that a progressive weakening of industrial administration will take place if the reorganization is delayed or drawn out.

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