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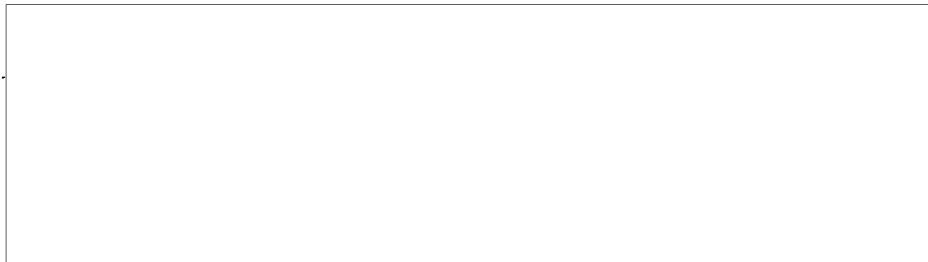
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1. PUBLIC DISORDERS PROTESTING DEBUNKING OF STALIN REPORTED IN SOVIET GEORGIA

Ambassador Bohlen reports that public disorders recently broke out in Stalin's native Georgia in protest against the attacks on his reputation.

The disorders were not, in Bohlen's opinion, directed against the Soviet system as such or against policy decisions of the 20th Party Congress, but exclusively against the present official attitude toward Stalin.

The ambassador has been informed by Swedish diplomats who recently returned from Tbilisi, capital of the Georgian Republic, that on 7 March demonstrations took place in front of the main government building. On 8 March, the demonstrations got out of hand, and troops fired into the crowds with machine guns, killing several people.

Members of the Western community in Moscow who recently applied for tickets to Tbilisi were informed that no transportation to the Caucasus would be available for ten days.

Bohlen notes that the commemoration of Stalin's death, an event ignored elsewhere in the USSR, was permitted in Georgia on 9 March, four days after the actual anniversary date. He believes that this was a concession to Georgian feeling and a response unique in Soviet history to any form of opposition to the party line.

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2. ALGERIAN ECONOMY REPORTED IN STATE OF NEAR-COLLAPSE

The American consul general in Algiers reports that the Algerian economy is in a state of near-collapse over large areas as a result of Algerian rebel attacks. Recurring derailments and armed

assaults have seriously damaged rolling stock and limited the use of many roads and railroads to daytime. Movement of ore from the Ouenza Iron Mine, Algeria's most important single enterprise, has been seriously curtailed.

Rebels are cutting telephone and telegraph communication lines almost at will in some regions. Areas affected by rebel operations are spreading rapidly, and provisioning is becoming a serious problem in some places. According to the French president of the Algerian federation of mayors, hundreds of farms have been destroyed and additional hundreds abandoned.

Comment

This report supports other information received as to the serious crisis confronting the Algerian economy. This situation increases the urgency for France of an all-out military effort, as threatened by the Mollet government, within the next few weeks, and makes its success less likely in the event of further delay.

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3. LUXEMBOURG FOREIGN MINISTER FEARS FRENCH APPROACHES TO USSR

Foreign Minister Bech of Luxembourg feels that French premier Mollet's acceptance of the invitation to visit the USSR was hasty and may pave the way for a Russian offer of aid. Bech told

American ambassador Buchanan that if the French seriously "flirt" with Russia for assistance in North Africa or in other fields, the West Germans will then try "to get to Moscow first," in an effort to win unification--even agreeing to become a neutral state in exchange.

Comment

Bech, who has been foreign minister of Luxembourg since 1926, is one of the most astute and respected "elder statesmen" of Europe. His remarks indicate the seriousness with which Luxembourg and other Benelux nations view recent developments in France, which suggest to them waning support of NATO and a decline in France's ability to play its part in the Western alliance.

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4. TURKEY MAY RELAX POLICY ON CULTURAL EXCHANGES WITH USSR

Turkey is considering the advisability of a policy of "cautious, controlled elasticity" toward the Soviet Union on such matters as cultural exchanges, according to Secretary General Birgi of the Foreign Ministry.

Birgi told the American chargé in Ankara that Turkey, like other countries, has been the target of repeated Soviet overtures and is beginning to feel isolated in its policy of resistance because many of its allies are responding favorably to such overtures. Birgi emphasized that Turkey will always oppose Soviet aggression, but that a policy of opposition does not provide sufficient latitude for peacetime relations.

Comment

Continued relaxation of East-West tensions will probably result in some exchange of Turkish and Soviet delegations. In view of Turkey's seriously weakened economy, Ankara would probably find it increasingly difficult to ignore Soviet offers of economic aid and credit.

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5. MIKOYAN TO HEAD DELEGATION TO PAKISTAN

Anastas I. Mikoyan, number-three man in the Soviet regime, will head a delegation attending the celebrations in Karachi on 23 March marking the proclamation of Pakistan as a republic.

Mikoyan, as the USSR's foreign trade overlord, undoubtedly will use this occasion to make direct offers of Soviet assistance and lend new force to Soviet efforts to fortify neutralist sentiment in Pakistan. While Karachi's dissatisfaction with its Western ties may have been moderated by SEATO support on Pushtoonistan and Kashmir, Mikoyan's visit will give Pakistan an opportunity to play East and West against each other.

Moscow began its attempt to win Pakistan away from the Baghdad pact and SEATO on 6 February when, in answer to questions asked by a Pakistani editor, Premier Bulganin outlined ways to improve Soviet-Pakistani relations, implying an offer of a trade pact and Soviet assistance for developing atomic energy for peaceful uses.

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6. NEW INDONESIAN CABINET

Comment on:

The new Indonesian cabinet headed by former premier Ali Sastroamidjojo, in which the three major non-Communist parties are equally represented, will have overwhelming parliamentary support; its stability will depend on the continued co-operation of its three major components, the National Party (PNI), the Nahdlatul Ulama (NU), and the Masjumi.

The PNI, by taking the premiership and foreign affairs and defense posts, clearly demonstrated its superior bargaining position, resulting both from President Sukarno's support and from the differences between the two major Moslem parties, the Masjumi and the NU. Ali, who temporarily assumed the defense post himself, is highly unpopular with the army, which played a large role in the downfall of his previous government. He is reported to have agreed that the ministry would be operated by a triumvirate comprising himself and the first and second deputy premiers, members respectively of the Masjumi and the NU.

The new foreign minister, Ruslan Abdul-gani, as secretary general of the Information Ministry in Ali's earlier government, showed an awareness of the dangers inherent in his party's co-operation with the Communists.

Since the new cabinet is not dependent on Communist support, as was the case with the earlier Ali government, it should not have as strong a leftist tinge. The highly nationalistic PNI is in a strong position to dictate its policies, however, since it can threaten to seek Communist support in the event of Masjumi defection.

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7. PEIPIING MOVES TO CONCILIATE BURMESE ON TRADE

The Burmese ambassador in Peiping has recommended to Rangoon that it accept Communist China's counterproposal on the form of payment for its purchases of Burmese rice. Peiping now proposes to pay for 10 percent of the rice in foreign exchange, instead of making the whole payment in goods as provided in the contract. The Burmese had been asking for 20 percent cash.

According to the ambassador, the 1956 Sino-Burmese trade contract signed on 30 December 1955 had provided that Peiping would absorb all foreign exchange costs for the shipment of goods between the two countries.

Comment

The Burmese complained that Peiping was not living up to its promise to provide goods that could be re-exported to earn foreign exchange. The speed with which the Chinese have moved to conciliate the Burmese indicates that Peiping is anxious to avoid jeopardizing its favorable relations with Burma.

The latest Chinese proposal makes the terms of the 1956 contract at least as favorable for Burma as those of last year's pact. While China paid 20 percent in cash for rice purchased in 1955, Burma spent more than half of this on freight costs for the delivery of Chinese goods.
(Prepared by ORR)

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8. YUGOSLAV PARTY DELEGATION ATTENDS POLISH LEADER'S FUNERAL

The Yugoslav Communist Party sent two high party men to the funeral of Polish Communist leader Boleslaw Bierut. Vukmanovic-Tempo, a member of the Executive Committee (politburo) of the Yugoslav party, delivered an oration at the funeral on 16 March in which he mourned the fact that Bierut had died "when prospects for co-operation between socialist movements on the Leninist principles of equality had been created."

The American embassy in Belgrade notes that this is the first overt contact between the Yugoslav party and a Soviet bloc party since the "normalization" of relations began.

Comment

Yugoslav vice president Kardelj stated on 29 February that the Yugoslavs were ready for party contacts. Since Yugoslavia's relations with Poland have appeared to improve more than its relations with other Eastern European countries, this was a natural opportunity for the initiation of party contacts.

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THE ARAB-ISRAELI SITUATION (Information as of 1700, 16 March)

New instances of sniping and minor patrol clashes have been reported from Israel's Egyptian and Jordanian borders.

Jordanian prime minister Rifai stated [redacted] that the Arab Legion would behave exactly as it has behaved in the past unless the Israelis break the armistice agreement. He noted that the British and Israelis may be fostering the idea that the Legion under Arab command is less able to maintain a peaceful frontier. It seems doubtful that Rifai has much if any control over Legion actions; the recent increase in the number of incidents along the Israeli-Jordanian border seems to belie his statement.

Israel has asked the USSR for arms and ammunition,

[redacted] the USSR had agreed to supply Israel with arms but had attached conditions "that the Israelis could not accept," such as that Israel must not permit the establishment of NATO bases on its territory. Israeli ambassador Avidar left Tel Aviv to return to Moscow on 13 March.

Some small-scale requisitioning of civilian motor vehicles was noted on 15 March

[redacted] recent intense air training activity, including a large number of low flights over populated areas, is a series of exercises related to air raid drills and is designed to condition the Israeli public to accelerated defense plans.

In early December the Israeli minister to Brazil was seeking to recruit 900 soldiers and officers of the

Brazilian reserves as volunteers to serve in Israel, [redacted]

A Saudi ship from the Red Sea port of Jidda was expected to arrive at the village of Haqal on the Gulf of Aqaba no later than 15 March, carrying an unspecified number of troops and 200 tons of equipment.

The ship was to have been met by an advance party under two officers which had come overland with 18 vehicles. This move places a Saudi force within 20 miles of the Jordan border and the port of Aqaba, and continues the steady increase in Saudi-Egyptian forces in the Gulf of Aqaba area.