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SOVIET UNION

1.

FAR EAST

2. British mission sees Chinese Communist Party shake-up probable:

The British mission in Peiping believes that "all is not well" in the upper ranks of the Chinese Communist Party, although there is no evidence of a serious split.

The central committee's emphasis, in its plenary session in Peiping in February, on the need for "unity" among senior civilian and military members is seen as indicating a probable shake-up, with some expulsions from the party. The mission has no reason to suppose, however, that the party will depart from its past practice of avoiding a sensational purge.

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Comment: The plenary session provided good reason to believe that the party's "reorganization," under way since 1951, will extend into its leadership this year. While several members of the central committee appear eligible for discard, it is uncertain whether any member of the 11-man politburo will be affected or whether Chairman Mao Tse-tung will dramatize the issue publicly.

3. Peiping admits at least 80,000,000 Chinese facing food shortages:

[Redacted]
The American consul general at Hong Kong quotes the official People's Daily of Peiping as admitting on 10 February that 20 percent of China's rural population is facing food shortages. The newspaper classifies almost half of these as "famine-stricken."

Comment: In broadcasting the gist of this editorial on 10 February, Peiping omitted the percentage figures, which would mean that at least 80,000,000 Chinese are affected. This is Peiping's first admission of widespread rural food shortages, which have appeared in prospect for several months as a result of subnormal food harvests, expanding food shipments to the Soviet Union, and preferential treatment for urban labor and the armed forces.

4. [Redacted] Chinese war materiel being flown toward Indochina:

[Redacted]
Comment: [Redacted] supply flights to Kunming, noted several times in recent months, would seem to reflect a high priority assigned by Peiping to satisfying Viet Minh needs quickly and effectively. Kunming is a principal supply center on the main route into western Indochina.

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SOUTHEAST ASIA

5. Comment on Djakarta demonstrations:

The demonstrations by several hundred thousand persons in Djakarta on 28 February, in protest against alleged insults to Islam by various government and Communist leaders, indicates the popular appeal the opposition Masjumi Party can muster when it draws on its religious base.

A smaller demonstration by Moslem groups on 13 February provoked a larger show of force by government and Communist supporters on 20 February. The latest outbreak was the largest and most unruly.

The government's majority in parliament is secure even if the two small Moslem parties represented in the cabinet carry out their threat to withdraw. Because of this the Masjumi and their Socialist allies probably feel that only by showing overwhelming support can they force the government's downfall. In appealing to Vice President Hatta, the crowds probably hoped to make it apparent to President Sukarno that his support of the present government is unpopular.

6. French defense officials fear air attacks in Indochina:

French defense minister Plevin told Ambassador Heath in Saigon on 27 February that he could scarcely recommend a prolonged French military effort without "fairly precise" assurance of the American reaction to Chinese Communist intervention in the form of a "Viet Minh air force." He said this applied even if he could obtain convincing assurance of a better Vietnamese contribution.

Earlier the same day, the French army secretary told Heath that the military situation was by no means unsatisfactory but could change overnight if MIG's were suddenly to appear over Dien Bien Phu.

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Comment: There have been persistent reports of Viet Minh pilots training in China but no firm evidence that China has assigned planes to a Viet Minh air force.

The French have been obliged for several years to carry out their military planning and operations under the threat of air and troop intervention from China.

NEAR EAST - AFRICA

7.

8. Confusion in Syria may bring leftist leader to the fore:

Neither of Syria's old-line political parties dominates the cabinet coalition, [redacted] To gain power

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[redacted] both may make concessions to the radical Arab Socialist Party, thus bringing its leader, Akram Hawrani, to the fore.

The army attaché in Damascus reports that announcements and congratulatory telegrams read on the Aleppo radio reflected strong leftist tendencies, echoing the lines of Hawrani and even of the Communists. One of the leaders of the current revolt, Captain Mustafa Hamdun, is reportedly a follower of Hawrani.

Comment: Hawrani is an extreme leftist with strong anti-Western sentiments. He broke with Shishakli over the latter's failure to implement a strong land reform program. A year ago he merged his party with the Arab Resurrectionist Party, an extremist, pan-Arab group.

9. Extremist factions emerge following return of Nagib:

[redacted] Ambassador Caffery in Cairo reports that the "monolithic front" of the Revolutionary Command Council is no longer intact and that Major Khalid Muheiddin, young leftist member of the council, and a group of junior cavalry officers are currently prominent as a result of their part in the restoration of General Nagib.

Both Moslem Brotherhood and Communist organizers have been reported as active in the demonstrations supporting Nagib's return. Salah Ashmawi, expelled extremist of the outlawed Brotherhood, appeared publicly with Nagib as he was being welcomed back. Caffery believes that both the Brotherhood and the Communists will use the present unsettled situation to enlist Nagib's support for their ideas.

Comment: In the renewed struggle for power in Egypt, extremists and old-line politicians may attempt to form alliances with current government leaders. Their temptation to accept such support is now increased.

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EASTERN EUROPE**10. Czechoslovakia to imitate Western consumer goods:**

Comment: This evidence of a Satellite policy of copying Western products is indicative of the broad effort being exerted in the current consumer goods program. Imitation of Western techniques and products would improve the quality and variety of production in an industry which has been almost completely neglected for six years.

11.

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WESTERN EUROPE12. Coty optimistic on EDC but urges some changes:

[Redacted]

President Coty told General Gruenther on 26 February that in his opinion the prospects for EDC in France were much better than two weeks earlier. After talk-

ing with many French leaders including opponents of the treaty, Coty was convinced that a rapprochement between France and a rearmed Germany is generally acceptable. He felt, however, that efforts should be made to find some acceptable changes to enable some opponents to save face.

The permanent secretary of the National Assembly's Foreign Affairs Committee has told the American embassy in Paris that assembly debate on EDC is improbable before May for technical reasons.

Comment: Although Laniel has apparently been persuaded against treaty changes which would require renegotiation among the signatory powers, he still feels that minor concessions are necessary to secure ratification.

LATIN AMERICA

13. Argentina may request special economic meeting to follow Caracas conference:

[Redacted]

Comment: This maneuver seems to imply strong doubts, which apparently are shared by other countries, that the Caracas conference will satisfy Latin America's economic grievances.

[redacted] a request for such a special conference could be based on the unfulfilled resolution passed at the 1948 Inter-American Conference calling for an economic meeting in Buenos Aires later the same year.

Argentina would probably like to line up support for such a conference because of growing resentment of what it regards as American "dumping" and trade barriers affecting such key Argentine exports as wheat, linseed oil and wool. Recent statements on these practices by Uruguay and other countries suggest that a proposal for an economic conference would probably find overwhelming support at Caracas.