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**1. DEFECTOR GIVES ACCOUNT OF JULY CENSURE OF
MOLOTOV**

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[redacted] who defected
recently reports that A. I. Mikoyan
gave a speech criticizing Molotov at
the plenum of the central committee
of the Soviet Communist Party last July. [redacted]

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this speech was read at a closed meeting for party ac-
tivists in October 1955, and that a transcript of the en-
tire central committee plenum was read at a November
meeting of the same group. [redacted]

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Molotov allegedly was criticized for
making foreign policy together with Stalin without consulting
the central committee, for allowing his wife to invite
wives of Western diplomats to a party without consulting
the central committee, for being anti-Yugoslav, for op-
posing Khrushchev's "new lands" policy, and for opposing
large works such as hydroelectric stations. Khrushchev
criticized him for his disarmament proposals.

When Molotov referred to his 34 years
in the politburo, Khrushchev shouted, "We won't pay any
attention to your long beard." Khrushchev stated that Yugo-
slav orientation toward the United States instead of the
USSR was a result of Molotov's opposition to Yugoslav friend-
ship. In conclusion Molotov stated that he was willing to
submit to the decision of the central committee.

Comment

[redacted] simi-
lar readings of central committee charges
against both Beria and Malenkov also took place at special
local party meetings. Molotov's stated willingness to abide
by the central committee's decision may have saved him for
the time being. Molotov may yet be removed, however, pos-
sibly at the 20th Party Congress in February.

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Mikoyan seems to have been acting as
spokesman for Khrushchev in presenting the charges against
Molotov. Mikoyan may have a personal stake in discrediting
Molotov, however; he is a first deputy premier and has been
rumored a possible successor as foreign minister. [redacted]

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2. HIGH-LEVEL SOVIET BLOC ECONOMIC GROUP MEETS IN BUDAPEST

The Council for Mutual Economic Assistance met in Budapest from 7 to 11 December. According to Communist

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press reports, representatives of the USSR and all the European Satellites were present. Discussions reportedly centered around such topics as regional economic specialization, co-ordination of production, and reduction of costs. Most long-term trade agreements between council members expire this year.

Comment

The Council for Mutual Economic Assistance (CEMA), which was formed in 1949 to co-ordinate Soviet bloc economic development, was widely regarded as the Soviet answer to the Marshall Plan. This latest meeting of the council is of particular importance in view of the reported close co-operation between Soviet bloc countries in their respective Five-Year Plans for 1956-1960.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 14 December)

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No significant military action has been reported. Syrian troops reportedly fired on an Israeli village near Lake Tiberias on 14 December, but without inflicting any casualties.

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Syrian premier Ghazzi announced, after a cabinet meeting held to discuss the Israeli attack of 11-12 December, that Syria intends to increase its defense budget by 40 million Syrian pounds (\$13,000,000). He also announced that the Syrian government has decided to procure arms with the recent Saudi Arabian loan of \$10,000,000 and to institute military training in secondary schools. Both Iraq and Lebanon have told Syria that they are ready to help it against Israel.

No similar public statement has yet come from Cairo.

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[redacted] that the situation resulting from the 11-12 December attack was grave, but that he did not believe Syria would risk war by retaliating in force. Broadcasts from Damascus playing up the "heroic action" of Syrian troops in "repulsing" the Israelis also suggest that Syria will not take strong counteraction at this time.

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**BIWEEKLY SUMMARY
1-14 December 1955**

THE TAIWAN STRAIT

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1. The Chinese Communists have continued construction of the causeway to Tateng Island, north of Quemoy, despite intermittent Nationalist artillery fire against the causeway. The only Chinese Communist shelling appears to have been a total of 531 rounds counterbattery fire against the Quemoys, and 40 rounds against a small islet west of the Quemoys.

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The presence of a dredge in the Mawei area suggests that the Communists intend to improve Mawei as a naval base. Such a development would improve Chinese Communist naval support and operational capabilities in the Matsu area.

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4. A total of 13 submarines are now accepted in the Chinese Communist navy, including nine based at Tsingtao and four at Port Arthur. The Port Arthur-based boats and four of the Tsingtao vessels are long-range types, while the others are of shorter range. Previously, only 11 submarines had been accepted as belonging to the Chinese Communists. [redacted]

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5. The runway at Lungtien airfield, located on the coast southeast of Foochow, now has been cleared of debris and is considered serviceable. Lungtien is the fifth coastal field opposite Taiwan to be made suitable for jet operations. As yet, none of these coastal airfields has been occupied. [redacted]

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6. A Chinese Communist field artillery division of about 6,000 men has been identified as probably being in the area opposite the Quemoys. This does not necessarily indicate a recent Communist reinforcement of this area, as this unit may have been there for several months. A total of one artillery division, three antiaircraft artillery divisions, and one independent antiaircraft artillery regiment probably are now in Fukien Province. [redacted]

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7. No extended comment on the Taiwan Strait situation has appeared in Peiping's propaganda during the past two weeks. [redacted]

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8. Communist China drew new expressions of neutralist support for its claim to Taiwan as a result of the Khrushchev-Bulganin visits to Burma and India.

a. The Soviet-Burmese communique of 6 December declared that "the question of returning to the People's Republic of China, Taiwan and the other islands which constitute an integral part of China's territory should be settled immediately."

b. The week following, the Soviet-Indian joint declaration asserted that "the legitimate rights of the Chinese People's Republic in regard to coastal islands and Taiwan should be satisfied." The declaration also expressed the hope that the current US-Chinese ambassadorial talks at Geneva would lead to "wider understanding through meetings at higher levels."

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Presumably this language is intended to express support, not only for a US-China meeting on the foreign minister level, but also for a multinational conference on Far Eastern problems. Both a Dulles-Chou meeting and a general conference have been previously proposed by the Chinese Communists.

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