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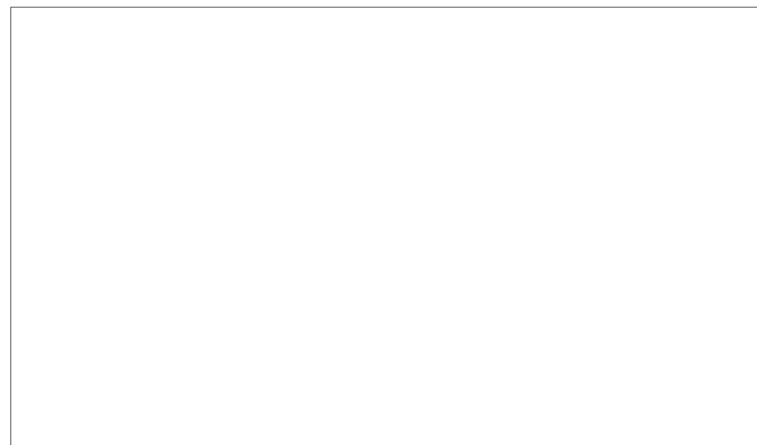
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CONTENTS

- c/d*
1. THE SHEPILOV-GROMYKO SHIFT [] (page 3).

c/d

 2. SOVIET CENTRAL COMMITTEE PLENUM [] (page 4).

 3. LARGE-SCALE REDEPLOYMENT OF EGYPTIAN FEDAYEEN FROM JORDAN TO EGYPT [] (page 5).

c/d

 4. POLES REPORTEDLY TURN DOWN SOVIET PROPOSAL FOR ANTI-YUGOSLAV DECLARATION [] (page 6).

c/d

 5. POLISH PARTY CALLS FOR PURGE OF CONSERVATIVE AND "REVISIONIST" ELEMENTS [] (page 7).

c/d

 6. PATHET LAO TO DEMAND ADDITIONAL GUARANTEES FROM LAOTIAN GOVERNMENT [] (page 8).

[]

 7. NEW FRENCH AMBASSADOR APPARENTLY FAVORS COALITION GOVERNMENT IN LAOS [] (page 9).

 8. SOVIET ECONOMIC OVERTURES TO GOLD COAST [] (page 10).

c/d

OK

 9. POLITICAL INSTABILITY RENEWED IN PAKISTAN [] (page 11).

 10. RIGHT-WING PLAN TO SPLIT INDIAN CONGRESS PARTY REPORTED [] (page 12).

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1. THE SHEPILOV-GROMYKO SHIFT

Comment on:

[Redacted]

The transfer of Shepilov from the Foreign Ministry to his old job on the party secretariat and his replacement as foreign minister by First Deputy Gromyko, announced on 15 February, does not appear to presage major policy changes. It seems primarily intended to place the Soviet leaders in a better position to deal with problems currently facing them. Shepilov's stature within the top echelons of the party does not appear to be diminished. As late as 12 February he delivered the foreign policy report to the Supreme Soviet, and he continues to be a candidate member of the party presidium.

He may have been transferred to direct the party's campaign against ideological nonconformity, which has become a major problem in the USSR since the Hungarian crisis. By training and experience he is well fitted for this job, having served as head of the party's propaganda department and as editor of Pravda for a number of years.

The shift may also have been designed to permit a change of emphasis or manner in the conduct of Soviet foreign policy within established lines. Soviet leaders probably consider Gromyko one of their most knowledgeable diplomats in dealing with the United States.

The appointment of Gromyko to succeed Shepilov in effect downgrades the importance of the ministry, since Gromyko is a foreign policy technician rather than a policy maker. He ranks lower in the party than any foreign minister since 1939, when Litvinov was replaced by Molotov.

[Redacted]

~~SECRET~~

2. SOVIET CENTRAL COMMITTEE PLENUM

Comment on:

The Soviet Central Committee meeting of 13 and 14 February which decided on the replacement of Foreign Minister Shepilov also heard and approved a report by First Secretary Khrushchev on the "further perfecting of the organization of the administration of industry and building!"

In its only policy "decision" published thus far, the plenum pointed out that the "existing forms of directing industry and construction through specialized ministries... impede full use of the possibilities of our economy and do not insure concrete and efficient guidance!" The party presidium and the Council of Ministers were directed to submit solutions to the Supreme Soviet for the correction of this shortcoming. Specific decrees on reorganization and personnel changes can now be expected.

The Central Committee's directives apparently derive from economic conditions which have forced the USSR to cut back its production growth rates planned for 1957.

Over the years, the USSR's administrative policy has shifted back and forth between the concept of few units with broad responsibilities and the concept of specialized units. This decree appears to reverse the trend towards specialization prevailing since the fall of 1953. In addition, it reaffirms the policy of transferring powers to the union republics from Moscow, together with "strict observance" of centralized planning. The "decision," however, goes considerably beyond that of the December plenum and suggests that a basic reorganization may be contemplated.

The plenum also elected F. R. Kozlov a candidate member of the party presidium. Kozlov has been serving as first secretary of the Leningrad Oblast party committee since November 1953, when he was sponsored by Khrushchev to replace Malenkov's protégé, V. M. Andrianov.

~~CONFIDENTIAL~~

3. LARGE-SCALE REDEPLOYMENT OF EGYPTIAN FEDAYEEN FROM JORDAN TO EGYPT

Comment on:

Recent reports indicate that large numbers of Egyptian fedayeen, and personnel of Egyptian national guard and Palestine home guard battalions formerly in Gaza are to be returned by air from Jordan to Egypt beginning the week of 17 February.

about 800 Egyptian fedayeen had escaped from the Gaza strip across Israel to Jordan and that about 200 more were expected to arrive there shortly. Since then there has been a steady trickle of fedayeen and Egyptian military personnel into Jordan by the same route. The Egyptian government is reported to have approached Syrian Airways recently concerning the possibility of flying about 1,000 fedayeen from Damascus to Cairo after they had been brought by road from Jordan.

The redeployment will substantially restore Egypt's capability for conducting large-scale terrorist operations against Israel and will remove a growing source of friction between Egypt and Jordan. Plans to move the fedayeen to Syria in November were not realized because of lack of facilities there. In Jordan, the fedayeen became unruly, insubordinate to Jordanian officers, and recently staged mass protests to the Egyptian military attaché in Amman because of lack of pay.

**4. POLES REPORTEDLY TURN DOWN SOVIET PROPOSAL
FOR ANTI-YUGOSLAV DECLARATION**

[redacted]
 [redacted] the Polish Communist Party has turned down a Soviet proposal for a "joint declaration of

the Communist Parties" condemning Yugoslavia and its "road to socialism!" A member of the Polish Communist Party politburo was quoted as saying that the rejection of this proposal by the Chinese and Italian Communists as well as the Poles had prevented a mistake similar to the Cominform condemnation of Tito in 1948.

Comment

If true, this report would indicate that the Soviet leaders were willing to risk a serious rupture in relations with Belgrade, but deferred the attempt in the face of Polish, Chinese and Italian objections, probably because it would dramatize disunity rather than unity in the bloc.

~~CONFIDENTIAL~~

5. POLISH PARTY CALLS FOR PURGE OF CONSERVATIVE AND "REVISIONIST" ELEMENTS

[redacted] the Polish party's politburo recently sent a letter to all regional organizations suggesting the exclusion of both Stalinists and those liberal elements who adhere to "revisionist" theories.

[redacted] the central committee has demanded the exclusion from the party of members who have shown anti-Semitic sentiments.

Comment This letter is probably intended as a warning which, if unheeded, may be followed by a move to exclude these groups when new party cards are issued.

Gomulka apparently hopes to avoid offense to the Kremlin without compromising his internal reform program, which in many of its facets is repugnant to the Soviet leadership. The simultaneous removal of active liberals along with some Stalinists would facilitate this course.

~~CONFIDENTIAL~~

6. PATHET LAO TO DEMAND ADDITIONAL GUARANTEES FROM LAOTIAN GOVERNMENT

Pathet Lao chief Souphanouvong has told the Canadian truce commissioner that since the Laotian government is now asking for additional guarantees, the Pathet Lao would themselves demand further assurances. He said he was therefore asking for assurances that the government would implement within 30 days its 2 November agreement with the Pathets on a neutral foreign policy.

Comment Extensive negotiations may result from a Pathet effort to extract maximum concessions from the government in return for whatever assurances the Pathets must give on the restoration of government control over the two northern provinces and the integration of Pathet forces.

The Pathet Lao would probably regard satisfactory implementation of the neutrality agreement as requiring the exchange of diplomatic relations with Communist China and North Vietnam and the acceptance of bloc economic aid.

~~TOP SECRET~~

7. NEW FRENCH AMBASSADOR APPARENTLY FAVORS COALITION GOVERNMENT IN LAOS

[redacted]

The new French ambassador to Laos, Olivier Gassouin, has indicated to the American ambassador there that he believes the proposed coalition with the Pathet Lao presents less danger to Laos than the possible consequences of Prime Minister Souvanna Phouma's overthrow. Gassouin praised Souvanna as the country's outstanding leader, and stressed the importance at this time of avoiding the overthrow of his government.

Comment Gassouin's remarks indicate that despite the recent assurances of the French Foreign Ministry that the new ambassador had been instructed to join the United States and Britain in opposing the proposed coalition with the Pathet Lao, France will continue to support Souvanna and his policy of coalition and neutrality. [redacted]
[redacted] prior to Gassouin's arrival in Laos, the French chargé was personally fostering the formation of a coalition government.

Souvanna Phouma has attempted to exploit any indications of Western disunity to offset the concern of Laotian leaders that his policies will result in the loss of Western support. [redacted] the Communists have also been eager to exploit French vulnerabilities--chiefly the desire to retain a special position in Laos--to undermine Western unity. [redacted]

~~TOP SECRET~~

8. SOVIET ECONOMIC OVERTURES TO GOLD COAST

Comment on:

The USSR "bought heavily" in the Gold Coast cocoa market in early February, apparently as the first step in a friendship campaign toward the Gold Coast, which becomes the independent state of Ghana on 6 March. According to the consul general in Accra, a Soviet trade representative entered a falling market and bought possibly as much as 10,000 tons of cocoa, the Gold Coast's principal crop.

The USSR normally buys about 5,000 tons a year from the Gold Coast.

By helping to bolster the cocoa market the USSR will improve its chances for the establishment of diplomatic relations with the new state.

Moscow undoubtedly sees in the new state an opportunity to extend its influence into West Africa, after its unsuccessful attempt to establish diplomatic relations with Liberia last year. The USSR and three Satellites have already accepted invitations to attend the independence celebrations in Accra next month, but a Soviet request for permission to send planes to Accra for the celebrations was turned down because of inadequate facilities.

9. POLITICAL INSTABILITY RENEWED IN PAKISTAN

Comment on:

Pakistan's Prime Minister Suhrawardy has suffered several recent setbacks which threaten to reverse the progress he has made in consolidating his political position. He failed to win control over his party in a contest with his chief rival, Maulana Bhashani, pro-Communist president of the East Pakistan Awami League, at the 6-8 February session of the East Pakistani Awami League Council. Suhrawardy had intended to push a resolution supporting his pro-Western foreign policies through the meeting, but Bhashani's strength made it impossible without splitting the party. A compromise was worked out which confirmed the council's resolution of 1956 calling for the abrogation of military pacts, but left Awami League members of the National Assembly free to support Suhrawardy's foreign policies in the Assembly.

In addition, Pakistan's 1957-58 budget has come under such heavy attack from elements associated with the government as well as the opposition that on 13 February the finance minister was forced to withdraw his proposal for new taxes on a wide range of products. Such a retreat under pressure will undoubtedly encourage opposition forces to press their attacks on the government.

Suhrawardy's failure to gain Awami League support for his foreign policy will also prevent him from giving adequate attention to Pakistan's pressing economic problems, thus reducing the chances of halting the deteriorating economic situation. Despite reported pressure from President Mirza to arrest Bhashani for treason, Suhrawardy probably will continue to be unwilling to precipitate a crisis lest it split the party. The Bhashani forces probably are also unwilling to force a showdown lest it result in the downfall of the Awami-led central government which benefits East Pakistan.

10. RIGHT-WING PLAN TO SPLIT INDIAN CONGRESS PARTY REPORTED

Comment on:

S. K. Patil, the Indian Congress Party organizer who was responsible for the resounding Congress victory in the Andhra state elections in 1955 and who was made a member of the party's highest policy-making committee in November 1956, is reported [redacted] to be "masterminding" a plan to split the Congress Party into conservative and liberal wings, providing the party wins a solid victory in the forthcoming national elections.

The split is planned to occur about mid-1958, by which time conservative and liberal attitudes in the party will have polarized and foreign exchange problems and controversies between government and private capital will have come to a head.

The idea of a split in the Congress Party is not new, and such a split would in any case probably follow Nehru's death or retirement. Patil, basically a conservative, may well be seeking to expedite it, however, because of disgruntlement over his treatment since November by the party high command.

Patil's reported plan would probably find widespread support in India. During this election campaign, for the first time in the history of independent India, conservative groups of small businessmen and landowners in at least five states have formalized their opposition to further socialization and government control by establishing new political parties or movements dedicated to the protection of the rights of private capital.