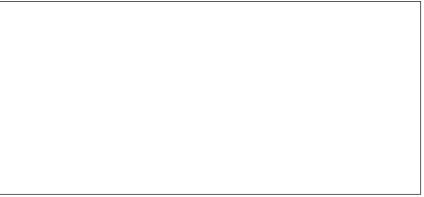


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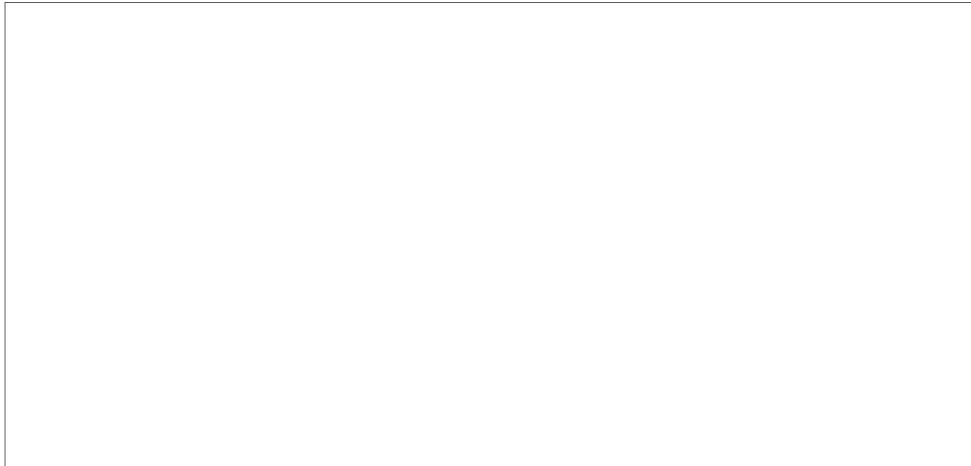
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1. ARMED REVOLT REPORTED IMMINENT IN CUBA

Comment on:

An armed revolt against President Batista is tentatively planned for the week end of 9-11 August, according to information received by the US army attaché in Havana. The source said Batista had rejected an ultimatum to turn over power to a military junta. Revolutionary activity has been delayed because of the necessity of winning the support of several officers of the tank unit at Camp Columbia, army headquarters outside Havana. This revolutionary attempt is probably the same as the one which was reported to have been planned on 4-6 August.

The general strike which broke out in Santiago on 1 August presumably was expected to spark spontaneous popular support for an uprising. It failed to spread to Havana, however, and popular enthusiasm for a general uprising has apparently dissipated.

The government, which imposed modified martial law on 1 August, has reassured at least temporary control over the country. Opposition leaders no doubt feel that if they fail to act within the next few days, increased repressive measures by the government will make even more difficult any attempt to oust Batista.

The political situation, especially in Santiago and other areas of rebel-dominated Oriente Province, remains tense, however, and unrest will probably continue. The press on 9 August reported a clash between government troops and the forces of rebel leader Fidel Castro in Oriente the day before as well as the "clandestine arrival" of a plane-load of revolutionaries during the night. It also reported that a high-level army shake-up would include the removal of Col. Pedro Barrera from his position as commander of operations against Castro. [redacted]

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2. SOVIET SHAKE-UP MAY BE REACHING PARTY CENTRAL COMMITTEE

Comment on:

Aleksandr Sheremetev, a candidate member of the USSR's Communist Party central committee and an industrial administrator, has been replaced by party official Mikhail Solomentsev as chairman of the Chelyabinsk Council of National Economy (Sovnarkhoz). This action suggests that the June shake-up of the party presidium is being extended to central committee members who may have shared the ousted leaders' opposition to some of Khrushchev's policies.

Sheremetev had been minister of ferrous metallurgy until that ministry was abolished on 10 May in Khrushchev's sweeping reorganization of Soviet industrial management. He was appointed chairman of the Chelyabinsk Sovnarkhoz shortly after it was created on 29 May.

Solomentsev had been second secretary of the Chelyabinsk Oblast party committee at least since mid-1955. He was first identified as chairman of the Chelyabinsk Sovnarkhoz on 3 August.

The presidium shake-up in which party careerists replaced governmental officials set the pattern for changes such as Sheremetev's removal, which may presage further incursions of party functionaries into the industrial management field.

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3. POSSIBLE SOVIET TESTING OF CRUISE-TYPE MISSILE

Comment on:

the USSR

may be testing a surface-to-surface cruise-type missile in addition to its ballistic missile program.

Civil air flights in the area between Stalingrad and Balkhash were prohibited between 0600 and 0900 Moscow time 1 August.

The Vladimirovka-Balkhash chain of stations has been active since late 1956.

its organization has been engaged in military construction, and more recently in radar calibration. Until now, however, there has been no evidence that the installations were entirely separate from the Kapustin Yar missile range. There is no indication that Kapustin Yar was involved in either the 1 August flight ban or the activities on the Vladimirovka-Balkhash installation. While there is no direct evidence to show whether an aircraft or missile was involved, the countdown and the orders for upper air reports strongly suggest missile activity. The probability that Kapustin Yar was not involved makes it more likely that the program deals with aerodynamic rather than guided missiles.

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4. LAOTIAN GOVERNMENT CRISIS ENDED

Comment on:

The Laotian National Assembly invested Souvanna Phouma premier on 9 August by a 26-to-8 vote with a reduced cabinet of only five other ministers. He announced he will press for a swift settlement with the Pathet Lao, leading to a broad coalition government. Party leaders Katay Sasorith and Phoui Sananikone, however, both of whom are

included in the cabinet, have indicated the government's first order of business will be to simplify the investiture voting procedure which caused the protracted cabinet crisis. Katay estimates the reforms can be completed in about two months, after which the present emergency cabinet can be expanded to normal size.

In his speech to the National Assembly on 8 August, Souvanna termed peaceful reunification of Laos the "number-one requirement." He pleaded for national unity to achieve a rapid settlement and called for good faith on the part of the Pathets in implementing previously concluded accords for their military and civil reintegration into the national community.

Phoui, who speaks for exponents of a "hard" attitude toward the Pathets, has expressed confidence that Souvanna will be prevented from taking any "dangerous steps."

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5. INDIAN FINANCIAL CRISIS

Comment on:

The \$38,600,000 decline of India's foreign-exchange reserves, during the week ending 2 August, to \$843,800,000 indicates that the government will be forced to reduce the legal reserve requirement of \$840,000,000 within the next few days. There is widespread apprehension in Indian financial circles that such a move would start a financial panic which in turn would result in increased smuggling, flight of capital, and a weakening of the value of the Indian rupee in international markets.

While the \$21,000,000 first installment of a loan India is making to Burma accounted for the unusual size of the recent week's decline, India's foreign-exchange reserves, which stood at \$1.566 billion when the Second Five-Year Plan began on 1 April 1956, have been falling by nearly \$20,000,000 a week in recent months. The reserves are likely to continue to decline rapidly unless the scope of the plan is reduced or large-scale foreign aid is received. Finance Minister Krishnamachari probably will request such assistance from the United States during his visit scheduled for September.

The government has emergency powers to reduce the reserve requirement to \$630,000,000.