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27 January 1958

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# CENTRAL INTELLIGENCE BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

27 January 1958

### DAILY BRIEF

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#### I. THE COMMUNIST BLOC

*JK*

Khrushchev has sought to parry President Eisenhower's proposal to establish international control of outer space for peaceful purposes. He said the USSR would be willing to discuss this question only as part of a general disarmament agreement which would ban nuclear weapons, suspend nuclear tests, and liquidate foreign military bases.

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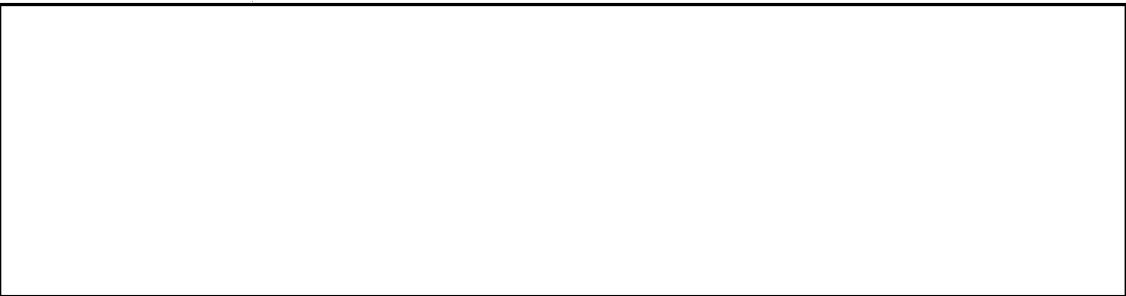
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The USSR has stepped up its diplomatic and propaganda offensive against the Baghdad Pact council meeting in Ankara. On 23 January the Soviet ambassador in Karachi made the first official protest to Pakistan on the alleged establishment of American missile bases there, and the Soviet ambassador in Tehran outlined to top Iranian officials the details of a "new" economic aid policy which offered "anything you want" without any strings.

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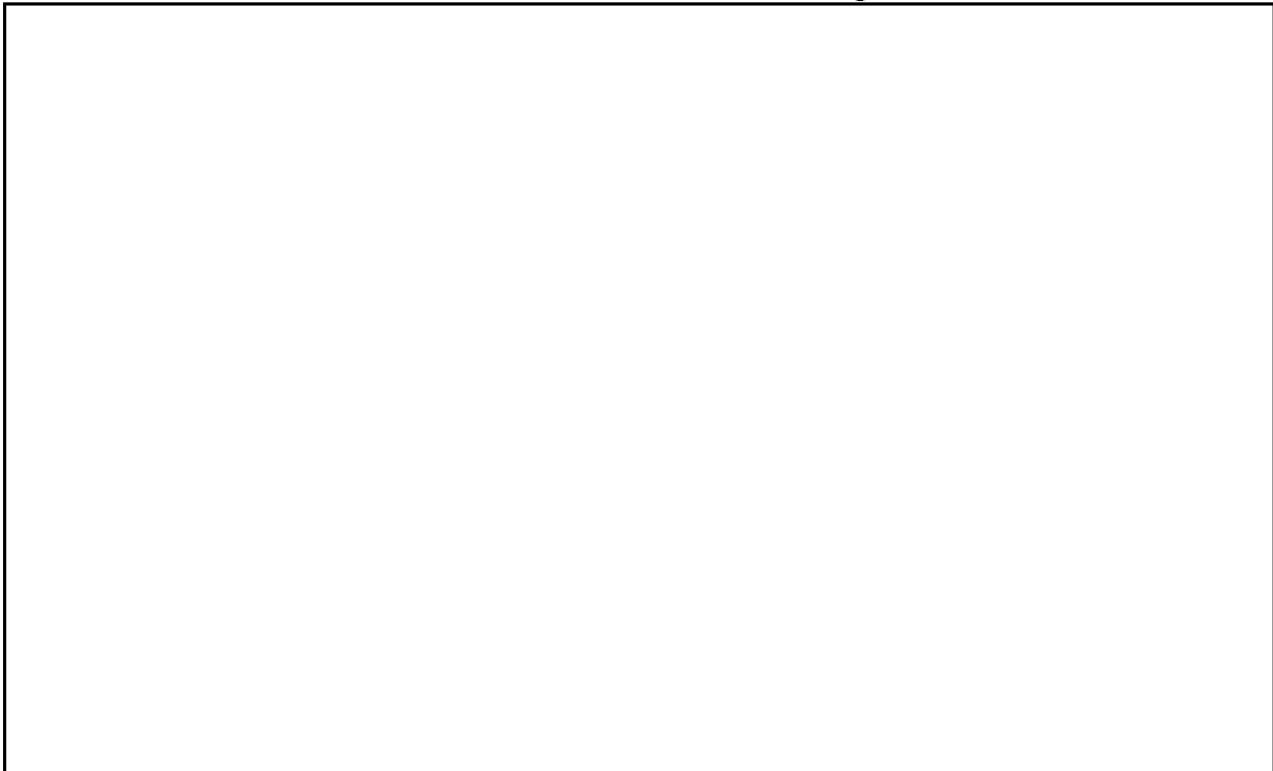
## II. ASIA-AFRICA



The National Bank of Egypt has apparently been offered a Soviet loan at current banking interest rates to provide foreign exchange up to the equivalent of about \$15,000,000. Despite its foreign exchange shortages, no decision has been taken by Cairo, probably because it is still hopeful that a financial settlement can be reached with the British in the talks scheduled to begin on 30 January.

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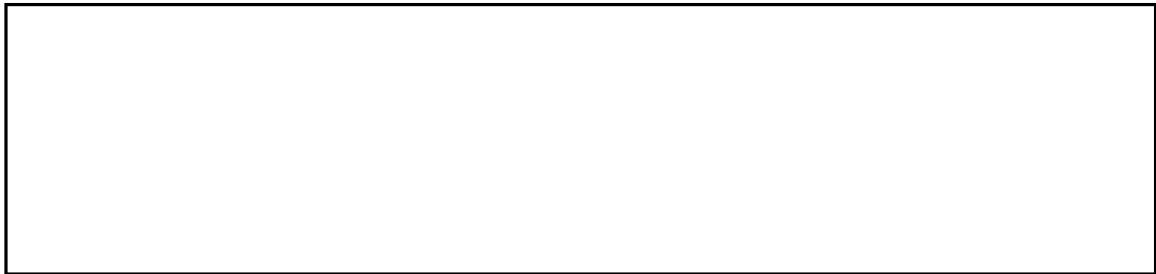


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Okinawan leftists are likely to make new gains in elections to be held in Naha on 2 February. Fifteen seats in the city assembly are at stake, and supporters of Mayor Saichi Kaneshi could gain control of the assembly. [redacted]  
*OK*  
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### III. THE WEST



*OK*

Serious friction could develop between civilian elements and the Venezuelan governing junta, which is predominantly military, over the future status of Communism. Venezuelan Communist party members are known to have been an important element in the Patriotic Front, a civilian organization composed of the four principal opposition factions which promoted the ouster of President Perez. [redacted]

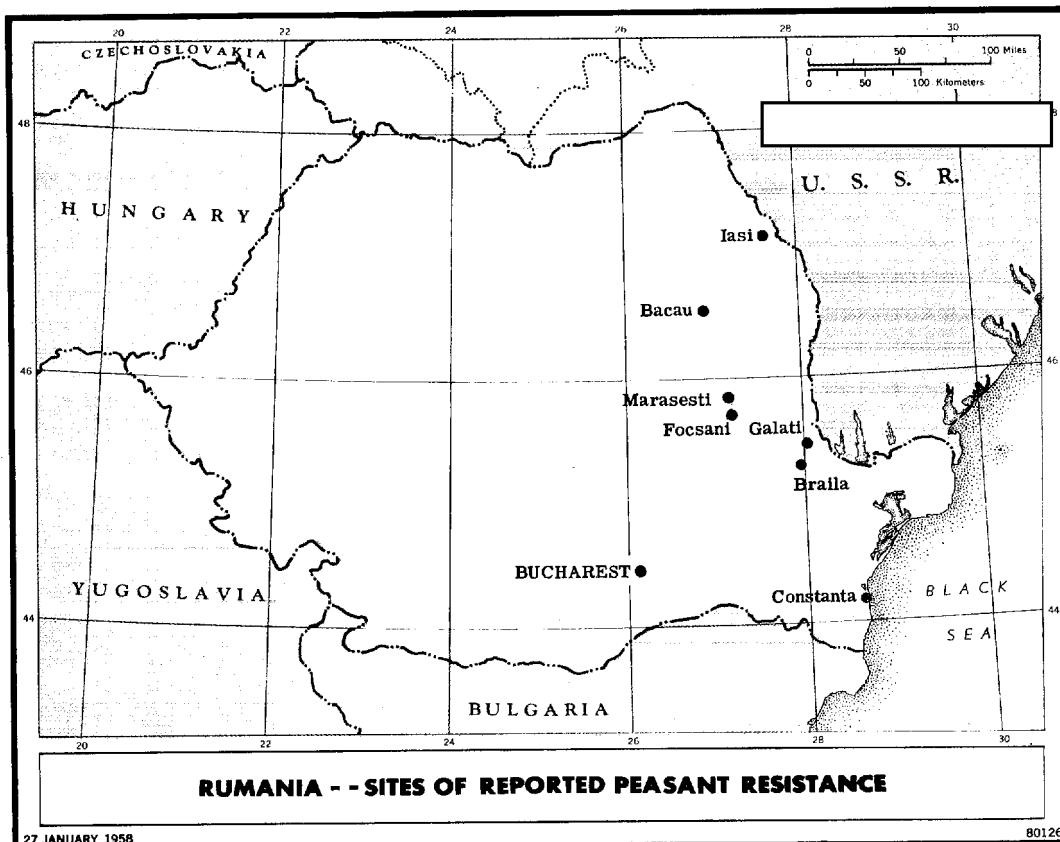
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LATE ITEM

\* "Strong resistance" by peasants in the eastern portion of Rumania to further agricultural collectivization is reported to have required armed intervention by the regime. Any such expressions of discontent on the part of the peasants are probably in reaction to the regime's long-expected and recently publicized intention to complete collectivization in these regions but will probably remain limited to localized actions. While the areas in question have been closed off to Western observers since 20 January, earlier reports attributed these security measures to possible Soviet troop rotation moves in Rumania.

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## I. THE COMMUNIST BLOC

### Khrushchev Seeks to Retain Initiative on East-West Talks

Khrushchev's remarks on foreign policy in his speech of 22 January at Minsk were intended to maintain the USSR's diplomatic and propaganda initiative in the East-West exchange on summit talks. He sought to parry President Eisenhower's proposal to establish international control of outer space for peaceful purposes by stating that the USSR would be willing to discuss this question only as part of a general disarmament agreement which would ban nuclear weapons, suspend nuclear tests, and liquidate foreign military bases.

The confident and unyielding tone of his speech, together with his extreme terms for discussing international control of missiles, further suggest that the Soviet campaign for heads-of-government talks is presently aimed not at serious substantive negotiations but at discrediting Western policy and disrupting Western unity. The Kremlin apparently believes that mounting popular pressure in the non-Communist world for summit talks will progressively weaken the Western powers' negotiating position and eventually force them to agree to negotiations on terms more favorable to the USSR.

Khrushchev contrasted the "urgent" Soviet calls for a heads-of-government conference with alleged Western efforts to evade talks by putting forward "impossible" conditions--a reference to the status of Eastern Europe and the problem of German reunification. He charged that the "imperialists" are trying to intimidate the Soviet bloc by promising to build missile bases and station nuclear weapons on the territories of the members of NATO and other "aggressive blocs."

Khrushchev added no new items to the agenda for a summit conference suggested in Bulganin's recent letters--banning nuclear tests, ending "war propaganda," reducing foreign forces in Germany and other European countries, establishing a nuclear-free zone in central Europe, and discussing the Middle East situation and international economic relations.

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### Khrushchev's Proposal for Agricultural Reorganization

Khrushchev has proposed the virtual abolition of a historic agricultural institution, the Machine Tractor Station (MTS), in another of his bold proposals for economic reorganization. This will transfer a large quantity of production machinery from state to collective ownership--a step which Stalin as late as 1952 said "could only retard our advance toward Communism." The MTS has been historically one of the three basic Soviet agricultural institutions, along with the state farm and collective farm. The MTS has also been a major instrument for centralized party control in the countryside. It is a state-owned centralized pool of agricultural machinery with operating personnel which serves a number of collective farms on a contract basis.

The stations are now to be gradually relegated to the status of repair depots and their machines sold to the collective farms. The move appears logical and should result in more efficient farming since the relationship between the MTS and the collective farms has had various drawbacks.

The Soviet leadership apparently will embark on this reorganization as a means of cutting agricultural costs and spurring production toward the goal of catching up with the West. Khrushchev indicated he now intends to rely on party organizations in the collective farms as instruments for stimulating production and maintaining political leadership. He thus appears confident that the peasants have come to accept the collective farm system and that the MTS is no longer needed as a political control organ in the countryside. [redacted]

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Stepped Up Soviet Offensive Against Baghdad Pact  
Council Meeting

The USSR has followed up its propaganda charges against the Baghdad Pact council meeting in Ankara with a private warning to Pakistan not to accept American missile bases on its territory. Moscow has also made a sweeping offer of economic aid to Iran designed to provide Tehran with an alternative to its membership in the Baghdad Pact.

Moscow broadcasts allege that the United States will attempt to force American rocket and nuclear bases on pact members and that they will have to pay for "unselfish" American aid with the loss of their sovereignty.

Soviet Ambassador to Pakistan, I. F. Spedko, on 23 January protested to Pakistani Foreign Minister Noon on the alleged establishment of American missile bases in Pakistan. Noon denied that any such base either had been established or was planned and offered personally to take the Soviet ambassador to any suspected location in order to disprove the charge. This is the first Soviet protest to Pakistan on the subject, although Moscow radio infrequently has voiced such charges.

On the eve of his departure for a Moscow visit, Soviet Ambassador Pegov gave the Iranian foreign minister and the director of plan organization details of a "new" economic aid policy toward Iran which he would present formally on his return from Moscow. Pegov stated that the USSR would furnish Iran "anything you want" without strings. The USSR has made its economic overtures to Iran increasingly public in the hope of building popular pressure for accepting at least some of the offers. Pegov's "new" economic aid policy toward Iran may be a summary of 1957 "offers" which covered a broad field for cooperation in technical and investment fields of interest to Iran.

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### Leftists May Gain in Okinawa Assembly Election

A by-election in Naha, Okinawa, on 2 February to add 15 seats to the city assembly offers leftist elements an opportunity to gain control of Naha's legislative body. Leftists hold 12 of the 30 seats in the present assembly and must win 11 in the by-election to gain control of the expanded body. While hard pressed to stage such a large gain, several factors may assist them.

The election will be held in the recently merged district of Mawashi which gave leftist Saichi Kaneshi his largest majority in his election as mayor earlier this month. The leftist Minren organization probably has gained an advantage on the strength of Kaneshi's victory and, as was the case in that election, has started campaigning earlier and more aggressively than its conservative-Socialist opposition.

Mayor Kaneshi, who took office on 20 January, has the authority to dissolve the entire assembly at his convenience and to call new elections. In the event leftists fail to win control of the assembly in the by-election, Kaneshi may resort to new elections in order to capitalize on city-wide sentiment against American occupation policies.

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### Communists May Exploit Venezuelan Political Instability

The status of the outlawed Venezuelan Communist party (PCV) could be a source of serious friction among the several contending military and civilian groups as the governing junta attempts to restore order and formulate a transitional program of government. Communists are an important faction in the Patriotic Front, an organization prominent in the ouster of President Perez which is composed of the PCV, two leftist but non-Communist parties, and a Catholic-oriented party.

The front has not fully endorsed the new regime, which is predominantly military. Front leaders in Venezuela, including the top Communist spokesman, have called for legalization of all parties, early elections, and the return of all exiles. The exiled heads of the three non-Communist parties, however, have avoided reference to the Communists in their general statements on unified action. Civilian unity appears uncertain in the face of the Communist issue and the probable conflicts between front leaders and exiled leaders in determining a common political program.

The military, who are believed to be suspicious of the front, may attempt to close ranks to preserve their traditional dominant position in the government, and will possibly insist on the continued suppression of Communist activity. [redacted]

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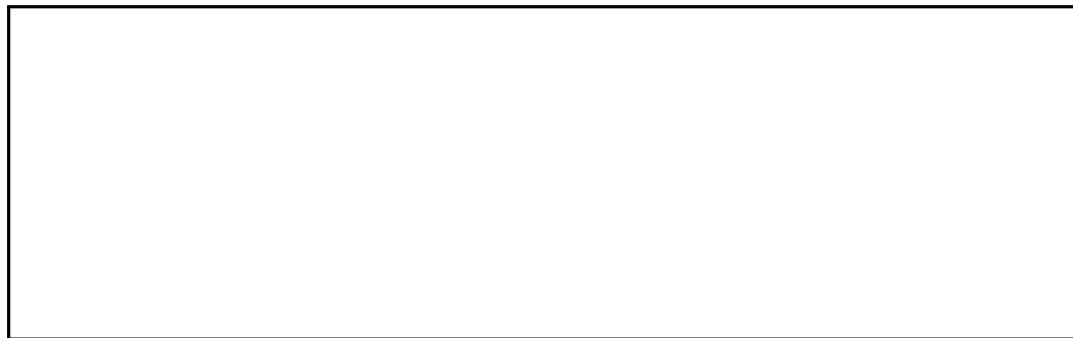
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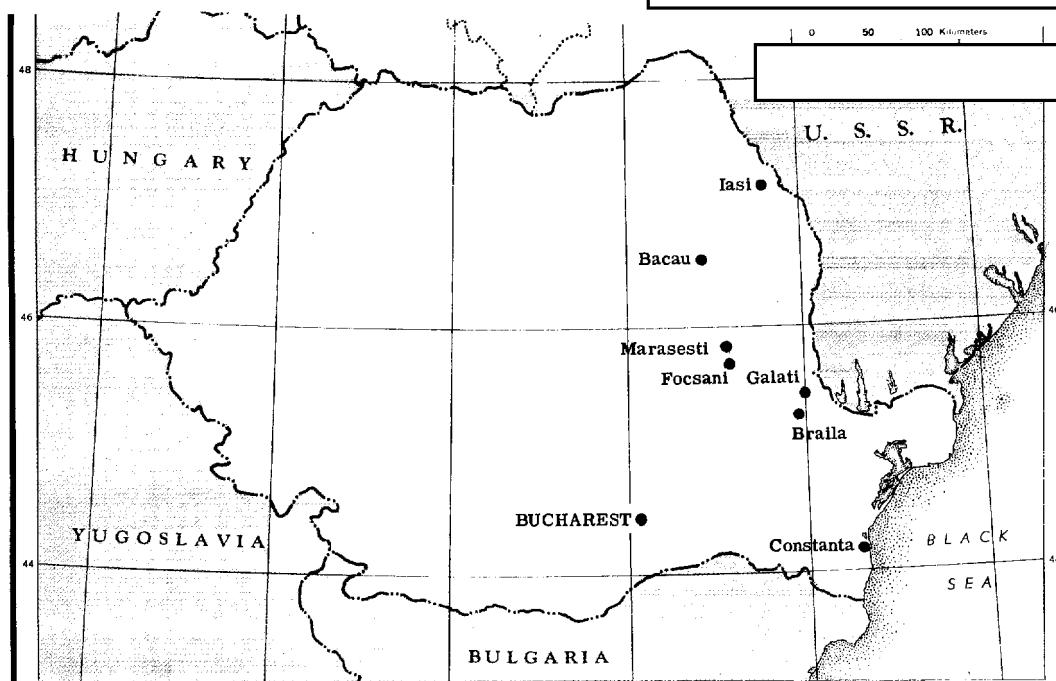
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