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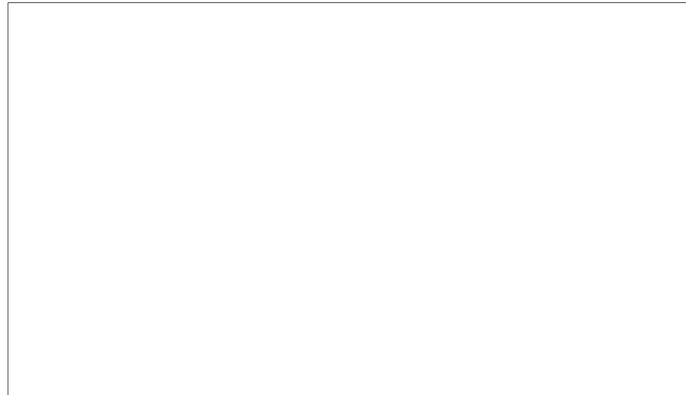
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1. THAI ARMY COUP AFTERMATH

Reference:

King Phumiphon has given the Thai army's bloodless coup royal approval. He has urged the public to follow the orders of Field Marshal Sarit, whom he has appointed "custodian of Bangkok for military affairs." His royal decree also charged that the people had lost confidence in the Phibun regime.

In talking to reporters after the coup, Sarit stated that Thailand would continue its economic and military aid agreements with the United States, and that he was anxious for SEATO to maintain its headquarters in Bangkok. He reportedly has announced, however, that the conference of SEATO military advisers scheduled to convene in Bangkok Thursday would have to be postponed because "no one can speak for Thailand at present."

The army marshal said that the new coup group had not yet decided whether to form a provisional cabinet pending the reopening of the National Assembly in November, or whether to dissolve the assembly and hold new and "free" elections.

Sarit planned to advance permanent civil servants to senior ministerial posts. This may indicate he intends to form a provisional cabinet of nonpolitical experts until the assembly meets.

There is still no definite word about former premier Phibun's whereabouts, but he was last rumored to be driving toward the Malayan border. Former police director general Phao is already in exile, and air chief Fuen and navy chief Yuthasat apparently have little prospect of holding their jobs.

Sarit has left the door open for Phibun's return to honored retirement or perhaps even a return to the premiership at some future date. He broadcast an appeal to the former premier to return and told the press that he regretted having to overthrow Phibun.

2. GUATEMALAN COUP REPORTED IMMINENT

[redacted] Retired Guatemalan colonels have joined with leaders of the leftist Revolutionary party (PR) and a Communist-dominated labor group to plan [redacted]

a revolt which is to occur shortly, [redacted]

[redacted] Defense Minister Oliva, worried about subversion in the army by this group, has ordered army installations to redouble security measures.

Comment

This group is probably not strong enough to seize the government. The greatest threat seems to come from rightist groups who might use the excuse of leftist-inspired violence to take over the government. These groups are desirous of bypassing a presidential election, which if held, is almost certain to result in victory for Miguel Ortiz Passarelli and the middle-of-the-road forces which backed Castillo.

With the 20 October election of a successor to the late President Castillo Armas only little more than a month away, apprehension regarding a possible military coup has become more widespread than at any time since the week immediately following Castillo's assassination last July.

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3. INTERNATIONAL COMMUNIST CONFERENCE REPORTEDLY PLANNED

The secretary general of the Netherlands Communist party reportedly stated on his return recently from a seven-week trip to the USSR that within a short time he would attend a conference of all "socialist" countries in Moscow. Also attending would be representatives from the Communist parties of France and Italy.

Comment Such a conference might be called in connection with the 40th anniversary celebrations of the Bolshevik revolution in November. In the latest issue of Kommunist, an article dealing with interparty relations stated that "many brotherly parties now advocate periodic convocation of broad international conferences of Communist and workers' parties."

Attendance by China, Poland, and Yugoslavia would serve to demonstrate the unity of the world Communist movement--a matter dear to the heart of Khrushchev. The representation of parties from outside the bloc would be particularly effective in overcoming the lack of discipline resulting from the events following de-Stalinization.

The Tito-Gomulka communiqué noted that bilateral relations between Communist parties and workers' parties "should particularly be developed," but that "wider contacts on questions of interest to other parties can also be very useful."

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4. PEIPING ANNOUNCES NEW COLLECTIVE FARM MEASURES

Comment on:



Three new central committee directives announced by the authoritative People's Daily on 16 September reflect Peiping's continuing concern over difficulties the regime is having with its collective farm program. The measures represent an important retreat from the "high tide of socialism," proclaimed by Mao Tse-tung in 1955, which has placed more than 90 percent of China's peasants in collectives. The changes appear intended to supplement the program of persuasion initiated last month to gain support from the peasantry. Institution of these changes at this time indicates that the government is particularly concerned over the crucial fall harvest.

These directives stipulate that the ideal size for collectives is a village of 100 households--as against the present tendency to expand the current nationwide average of 155--to compensate for the current "low level in technique and management." They direct that overhauling of the collective structure will begin at once and be completed by next spring. The Communists have indicated that once the collectives have been reorganized on this basis, there will be no further changes for ten years.

Members of collectives will be permitted to engage in private sideline pursuits, such as the ownership of domestic animals, as a means of increasing income. Adjustment of "economic benefits" will be made to protect the interests of poorer peasants and retain their support. At the same time, cadres have been ordered to "unite with" comparatively well-to-do peasants--acknowledged to be the most skillful farmers--and to give them stronger ideological leadership. One of the directives notes that some members of the latter group have sought to leave the collectives. [redacted]

5. PAKISTAN TO CUT ECONOMIC DEVELOPMENT EXPENDITURES SHARPLY

Comment on:

The recommendations made on 7 September by the Pakistan Planning Board, which call for a 40-percent reduction in economic development expenditures during the fiscal year beginning on 1 April 1958, indicate that Pakistan's Five-Year Plan (1955-60) will fall significantly short of its goals. Since this cutback has been forced on the planning board by the Ministry of Finance because of lack of funds, it seems likely that the government will substantially accept the new recommendations.

Total government allocations for the first three years of the plan amounted to only \$758,877,000 of a planned five-year total of \$1,575,000,000. Since the allocations the board has recommended for the fourth year of the plan are only \$241,500,000, the government by 1959 will have implemented less than two thirds of the plan even if it spends all the allocations, which seems unlikely. Private capital presumably will be unable to make up for the shortfall in public spending, since the planning board also recommends that private investment be cut from an original 1958-59 goal of \$168,000,000 to \$94,500,000.

The recommendations will mean that few new projects will be started during this period. Most of the projects presently under way are in West Pakistan, and if the number of new projects is sharply reduced it will be impossible for the government to raise development expenditures in East Pakistan to the level of West Pakistan. This will confirm the belief of most East Pakistanis that they are being exploited by the central government for the benefit of West Pakistan.