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CENTRAL
INTELLIGENCE
BULLETIN



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State Department review completed

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CENTRAL INTELLIGENCE BULLETIN

14 January 1960

DAILY BRIEF**I. THE COMMUNIST BLOC**

USSR: Aleksey Kirichenko, who until recently ranked with Mikoyan and Kozlov as one of Khrushchev's chief lieutenants in the party presidium, has been downgraded and assigned to a provincial post. Kirichenko, a natural target in the struggle for precedence behind Khrushchev, may have laid himself open to demotion by differing with Khrushchev either over party operations or over general policy considerations. His reassignment was apparently approved at last month's secret session of the party central committee, which also approved decisions to be taken by the Supreme Soviet meeting beginning 14 January.

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25X1**III. ASIA-AFRICA**

Afghanistan-Pakistan: Afghan Foreign Minister Naim's conversations with Pakistani President Ayub this week apparently were primarily exploratory in nature, although, judging from Naim's public statements following the talks, they may have helped to clear the way for further efforts to improve relations. Nevertheless, an early resolution of the major irritant

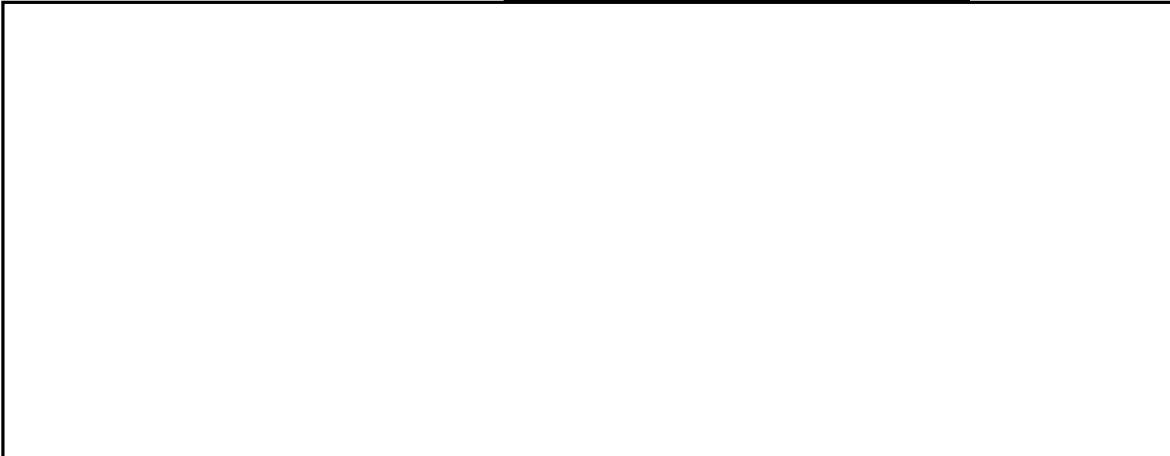
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between the two countries, the Pushtoonistan dispute, is unlikely, since this would require major adjustments in policy and popular attitudes.

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Watch Committee Conclusions: [The following developments are susceptible of direct exploitation by Soviet/Communist hostile action which could jeopardize the security of the US in the immediate future:]

[Within and without Iraq, political groups continue to maneuver for power, and an attempt to assassinate Qasim could occur at any time.]

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[In Laos, formation of the new government on 7 January temporarily should ease political unrest and reduces the likelihood of internal measures, such as an early trial of NLHZ leaders, which would stimulate strong reaction on the part of Lao Communists and their supporters abroad. However, the dissidents probably will continue their propaganda and localized guerrilla activities in an effort to disrupt government measures to establish effective control over outlying areas.]



III. THE WEST

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France: Finance Minister Pinay's departure from the cabinet on 13 January may indicate a decision by De Gaulle to allow greater government intervention in the economy for the purpose

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DAILY BRIEF

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of diverting more resources to programs considered necessary for France's "great power" aspirations, and to make concessions to labor and agriculture designed to allay their growing opposition to the regime. The appointment of an able and respected "technician," Bank of France Governor Wilfrid Baumgartner, as Pinay's successor, while reducing the political importance of the Finance Ministry portfolio, may lessen the risk of a loss of investor confidence in the French economy. Two of the other three members of Pinay's Independent party still in the cabinet--the minister of Agriculture and the secretary of state for foreign economic affairs--are reportedly also planning to resign. [redacted]

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DAILY BRIEF

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[redacted] 25X1

I. THE COMMUNIST BLOC

Khrushchev Demotes Top Party Aide

Aleksey Kirichenko, who until a few months ago was functioning as Khrushchev's second-in-command in the party secretariat, has been demoted to the job of party chief in Rostov Oblast, according to a Soviet press announcement of 13 January. The assignment represents a serious reversal in his political fortunes. Kirichenko's status as a full member of the party presidium, a post he has held since July 1955, was not mentioned. While Kirichenko has not been reported involved in policy disputes, in recent months he no longer seemed to enjoy Khrushchev's full confidence.

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Kirichenko, now 52, was a Khrushchev protege and associate for many years. Khrushchev was apparently responsible for Kirichenko's rapid rise in top party circles since 1953. [In June 1959, however, Khrushchev told Governor Harriman that Kozlov had been picked as his successor and derided the suggestion that Kirichenko might be in the running. Since then Kirichenko has not engaged in the kind of substantive party activity which had previously marked him as one of the four top Soviet leaders.]

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Factional infighting in the highest circles of the party is most often observed in the areas of personnel appointment and policy decisions. There has been a rash of personnel changes recently: upheavals in the leadership of several republics, extensive changes in the secret police (KGB), shifts in the central party apparatus, and more recently, the return of Presidium member Nikolay Ignatov to full-time work in the party secretariat after several months in disfavor. Some of these changes probably reflected maneuvering involving Kirichenko.

The decision to reassign Kirichenko was probably made last month at a special secret session of the party central committee which was held immediately following an open meeting devoted to agricultural problems. A Soviet newspaperman stated that the secret session considered important domestic matters which would be formally approved by the Supreme Soviet meeting beginning 14 January.

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II. ASIA-AFRICA

Afghan-Pakistani Conversation Produces Cautious Optimism

Afghan Foreign Minister Naim's 10-12 January conversations with Pakistani President Ayub will probably lead to further efforts by Afghanistan and Pakistan to improve their relations. The talks, which were exploratory and informal in nature, appear to have been more useful than either side expected. It was agreed that contacts should continue in an effort to solve "political differences." The government-monitored Pakistani press has welcomed the talks as improving the prospects for better relations.

Naim's public comments on the talks suggest he now believes it may be possible to make progress in negotiations. Kabul's earlier assessment that it would be impossible to do business with Ayub's military government had been largely responsible for the deterioration in relations.

Despite Ayub's recent public dismissals of the Pushtoonistan dispute as a "phony" issue, he has apparently convinced Naim that he is willing to consider the problem and try to reach an accommodation. Although the hostile propaganda exchanges between the two countries may be moderated, a resolution of the Pushtoonistan dispute, the major irritant in Afghan-Pakistani relations, is unlikely in the near future since such a development would require major adjustments in policy and popular attitudes. [redacted]

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III. THE WEST

Implications of Pinay's Removal from Debré Cabinet

The removal on 13 January of Finance Minister Pinay, the most influential leader of the previous regime remaining in the cabinet, indicates that De Gaulle may have decided to subordinate Pinay's "hard money" policy to other considerations. Appointment of Bank of France Governor Wilfrid Baumgartner, an able and respected technician, to replace Pinay may lessen the risk of a loss of investor confidence in the French economy and will also reduce the political importance of the Finance Ministry portfolio.

Premier Debré has been subject to growing pressures to loosen Pinay's restrictions on consumption and economic expansion and to push programs stressing social benefits. He and other ministers drawn from the "Gaullist" Union for the New Republic (UNR) favor selective rises in wages and farm prices, and have been working on plans to create a new national bank to aid in the reconversion of depressed areas and industries, to organize a government-controlled company for marketing Saharan oil, and to implement decrees embodying De Gaulle's earlier proposals to give labor a voice in corporate management.

The political implications of the crisis may be more far reaching. Pinay represents a threat to the UNR's attempt to build a new political base for the present regime. He still has considerable influence in the Independent party, which has been showing signs of serious disagreement with De Gaulle's "liberal" offer of self-determination to Algeria, his highhanded treatment of parliament, and his apparent downgrading of NATO and the Western alliance.

Pinay's withdrawal may widen the rift between the Independents and the UNR. The situation will be further strained if other Independents in the cabinet, notably Minister of Agriculture Henri Rochereau and Secretary of State for Foreign Economic Affairs Max Flechet, also leave, especially if they are replaced by "technicians," as opposed to political figures. 25X1

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