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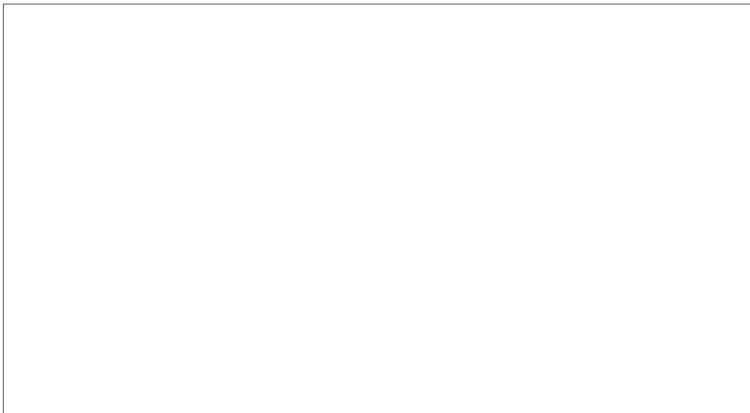
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1. ARABS BEGINNING TO EMPHASIZE GAZA PROBLEM

Comment on:

With the Anglo-French evacuation nearing completion, Arab leaders and their propaganda machines are beginning to concentrate on Israel's occupation of portions of Sinai, and particularly on its announced determination to bar the return of Egyptian control to the Gaza strip.

Jordan's prime minister has told the press that his government is preparing notes to other Arab states insisting that the Suez Canal should not be cleared and that oil pipelines remain shut down until Israel withdraws from Gaza and from the islands at the mouth of the Gulf of Aqaba. On 21 December Jordan's UN delegate called for a report on the progress of the Israeli withdrawal. A similar position was implied in the previously reported Syrian suggestion that the United States fix a date for the Israeli evacuation of Gaza in return for a resumption of the flow of oil.

Arab emotionalism on this subject is likely to be aggravated by the Israeli attitude. A UN official stated on 20 December that the question of the Israeli withdrawal now looms as a major problem, since Israel is continuing to "drag its feet" and is even consolidating its positions in the Gaza strip and the gulf islands.

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2. LABOR OPPOSITION TO BOLIVIAN STABILIZATION
PROGRAM MAY TOUCH OFF WIDESPREAD VIOLENCE

Comment on:

[Redacted]

Increasing labor opposition to the Bolivian monetary stabilization program, promulgated 15 December, may lead to widespread violence and the possible overthrow of the Bolivian government. Mario Torres, influential labor leader of the Bolivian Worker Central (COB), made an urgent visit to a mining district on 20 December in an effort to quell labor violence in protest against the program, [Redacted]

[Redacted]

Torres telegraphed labor militia units in the mining districts on 19 December that the program was a "criminal act" forced upon them by the US head of the stabilization council. The COB leaders reportedly were scheduled to meet in La Paz on 21 December, apparently to discuss the future attitude of the organization toward the program.

The stabilization plan, which initially had the substantial backing of key labor leaders, is a fundamental economic reform supported by credits of the International Monetary Fund and US government aimed at checking inflation. It involves price and wage adjustments which will bear most heavily on the laboring classes during the early phases of implementation. President Siles Zuazo has considered resigning, and the cabinet reportedly has tendered its resignation, as a result of wavering labor support, other leftist opposition, and sporadic public rioting.

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3. CHANGES IN SOVIET ECONOMIC PLAN

"All ministries" in the USSR "are changing their plans" in order to permit increased emphasis on housing construction,

Comment

plans for housing and consumer goods are being revised upward. A 12 December Izvestia article said the 1960 housing goal would be increased significantly, but Pravda on 16 December still cited the original 1960 goal. This discrepancy suggests that the revisions were still not definite as late as 16 December.

the plans as of mid-December were to increase housing construction and output of consumer goods with funds made available by some reduction in production of conventional weapons and cutbacks in construction of cultural and communal facilities. In addition, there was to be increased utilization of heavy industrial facilities for production of consumer goods.

According to other recent information, a plenum of the Central Committee, reportedly set for

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17 December but apparently postponed until 20 December, was to discuss changes in economic plans. The apparent postponement may have stemmed in part from disagreements within the hierarchy over the future course of economic policy, and may also be connected with recent rumors that changes in the leadership would be approved by the plenum.

The changes in economic plans implied by these reports would have the effect of increasing labor productivity by increasing incentives, and do not necessitate abandonment of the major economic goal of the Sixth Five-Year Plan--a high rate of overall economic growth with continued emphasis on heavy industry.

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4. ARMY COUP REPORTED IN INDONESIA

Comment on:

[Redacted]

The reported army coup in central Sumatra probably will stimulate President Sukarno to accelerate his efforts to assert his personal authority over the government. It will also encourage other disgruntled army elements in Indonesia to take direct action.

[Redacted] the coup was led by Lt. Col. Achmad Hussein, a local regimental commander. He reportedly has deposed the provincial governor because of "dissatisfaction among all strata of the population" and established a "citizens' council" to rule in his stead.

Although he commands no more than 5,000 troops, Hussein would be in a fairly strong position if he is acting with or receives the backing of his chief, Col. Simbolon, the popular territorial commander of North Sumatra, who has long been a leading critic of the inefficiency of the central government.

There is considerable sentiment throughout Sumatra for a federal government rather than the centralized system desired by President Sukarno and other nationalist politicians. Similar sentiment exists in other non-Javanese areas.

President Sukarno has been reported as planning to declare a state of emergency whereby he could actively assume command of the armed forces. He is said to have sought a justification from a prominent constitutional authority.

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5. GREECE TO PRESS FOR IMMEDIATE UN DEBATE
ON CYPRUS

Comment on:

The Greek decision to press for immediate UN debate on the Cyprus issue when the political committee reconvenes on 3 January indicates that Athens has abandoned hope of negotiations with Britain and intends to seek a showdown as quickly as possible. Discussion of Cyprus is now scheduled for late in the General Assembly session. The decision is also designed to counteract the effect on Greek public opinion of the visit of Colonial Secretary Lennox Boyd.

Prime Minister Karamanlis apparently hopes the General Assembly will appoint a commission of nations not directly involved to make recommendations for a Cyprus solution. Greece, according to Karamanlis, could accept any UN-approved solution.

Ambassador Allen believes Karamanlis would "very probably" resign if the United States were to support publicly the British proposals. Karamanlis told Foreign Minister Averoff he would "feel it his duty" to resign in such a case. While this threat is intended to influence US action, Karamanlis might find it necessary under certain conditions to resign to avoid being forced out of office and to protect his political future.

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6. PAKISTAN TO REQUEST UN FORCE FOR KASHMIR

The Pakistani government on 20 December gave the American embassy an aide-memoire stating its intention to ask the Security Council to send a UN force into Kashmir. Karachi also wants the Security Council to define the obligations of both Pakistan and India under the UN-sponsored plebiscite agreement of 1948 and to appoint a plebiscite administrator. Karachi has requested a Security Council hearing by 15 January.

Comment The Pakistanis want to take advantage of the precedent created by the UN Emergency Force in Egypt. Foreign Minister Noon's recent hints that a similar move would solve the Kashmir problem have been derided by Prime Minister Nehru. Nehru has maintained several times during the past year that "changed conditions"--including US military aid to Pakistan--have eliminated India's obligations for a plebiscite.

Since Bulganin and Khrushchev, during their visit to India in December of 1955, supported India's claims to Kashmir, the USSR may be expected to oppose the Pakistani proposal in the Security Council. The proposal will present a major problem to Britain, a fellow member of the Commonwealth. London has in the past attempted to avoid taking sides in the Kashmir dispute, but there have been recent indications that Britain will give at least limited support to Pakistan in the UN.

~~SECRET~~**7. PLOT TO PROVOKE DISORDER IN TUNISIA REPORTED**

The Tunisian deputy prime minister has told the American ambassador of a plot by French "Special Services" in Algeria to assassinate an important Tunisian official in order to provoke disturbances in Tunisia. The plot, which was discovered through the arrest of a Special Service agent, was designed as a pretext to bring intervention by the French army to quell the disorders and resume control of Tunisia.

The Tunisian government believes that top French officials were not involved in the plot and that it probably was planned by junior elements similar to those responsible for the seizure of the five Algerian nationalist leaders in October. The Tunisian government and the senior French representative there are negotiating to withdraw without publicity the French officers who were involved. Tunis wishes to avoid public knowledge of the incident, so that the Tunisian public will not force it to take a stronger line against the French army.

Comment Such activity by the Algerian intelligence service is counter to Paris' policy of improving relations with both Tunisia and Morocco. It would inflame public opinion in these states to violence against French nationals and interests and encourage greatly increased aid for the Algerian rebels from Morocco and Tunisia.

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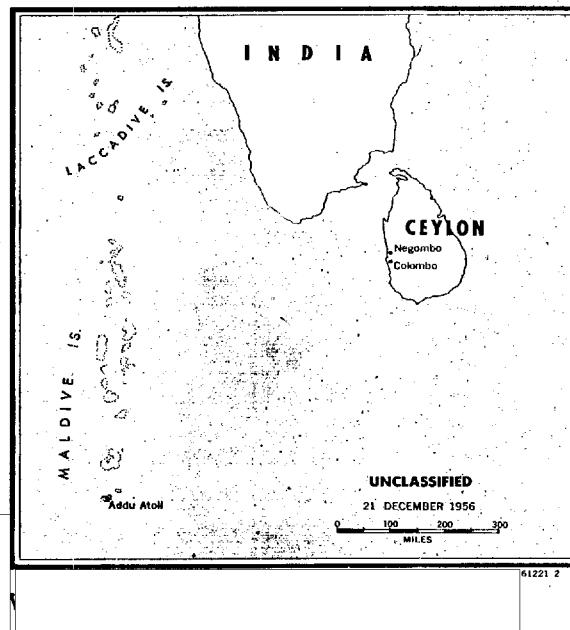
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**8. BRITISH MAY DEVELOP NEW AIR BASE ON
MALDIVE ISLANDS**

[Redacted] British officials have drawn up a 100-year lease with the sultan of the Maldives for an air base there and plan to start construction almost immediately.

[Redacted] An abandoned World War II airstrip will be greatly enlarged and an aviation gas storage depot will be built. The agreement has not yet been approved by London.

Comment For some months
London has been considering developing the existing airstrip on Addu Atoll in the Maldives to replace the base at Negombo, Ceylon. A staging post in the Indian Ocean is considered essential to British air communications with Singapore and the Far East.

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9. INTELLECTUALS RESTIVE IN NORTH VIETNAM

Comment on:

[Redacted]

The Hanoi decree of 15 December suspending publication of the new periodical Nhan Van reveals the determination of the Viet Minh leadership to keep popular criticism of the regime within bounds.

Apparently the disorders last month, as well as events in Eastern Europe, have given the authorities second thoughts on the extent to which they should implement their earlier promises to allow greater freedom of expression. In recent broadcasts, Hanoi has warned the people against an "excess of democracy."

Nhan Van, which published only five issues, addressed itself mainly to intellectuals with such appeals as "Arts and letters demand freedom." The Communist bureaucracy was pictured as stifling creative accomplishment by individuals. In announcing suspension of the periodical, Hanoi declared that some 33 of its articles had the effect of "causing the readers to become discouraged, pessimistic, and dubious of our regime and leadership...and had a disastrous effect on the consolidation of North Vietnam."

Although the disorders last month were apparently confined to the rural areas of North Vietnam, the suspension of Nhan Van lends credence to reports of intellectual ferment in the cities. Some dissatisfaction among intellectuals was in fact acknowledged in several Hanoi broadcasts. According to still unconfirmed reports, students at Hanoi University have staged protest meetings to criticize certain regime policies.

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