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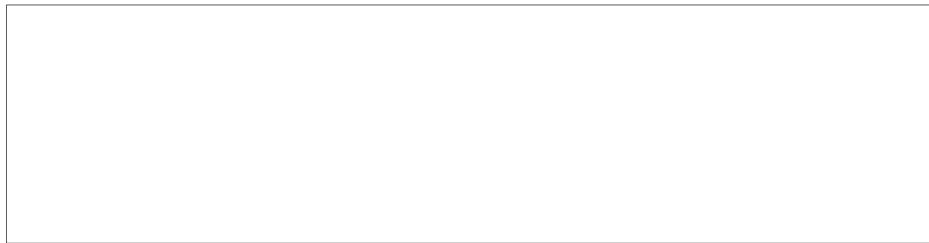
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1. BASIS OF POWER IN SOVIET UNION MAY BE SHIFTING

The Communist Party's central committee, a moribund institution until Stalin's death, has gradually increased its power in the past two years until it may now be a deciding factor in some high-level policy decisions. The 125-man body comprises the top and second-level leaders in all areas of Soviet life and in its new role will facilitate the maintenance of stable leadership in the Soviet Union.

Molotov was censured by a July central committee plenum for the anti-Yugoslav stand he had vehemently expressed at an earlier plenum held just before Khrushchev and Bulganin departed for Belgrade. Molotov used this earlier plenum as a forum for presenting his disagreement with other party presidium members, which suggests that in this instance, at least, the central committee was called upon to witness a disagreement within the presidium and to choose between the alternatives posed.

the central committee's actions lends credibility to an earlier story by Ralph Parker, Moscow correspondent of the London Daily Worker, that the January plenum held just before Malenkov's demotion debated and decided the key economic controversy over priorities to be given heavy as opposed to light industry. Prior to this, disputes apparently were resolved in the party presidium and an agreed position presented to the central committee for formal approval.

Extension of some decision-making power to the central committee, which represents a more inclusive balance of forces than the party presidium, will tap points of view and talents hitherto slighted in the Soviet Union and if continued and expanded will militate against a return to one-man rule as a method of leadership.

2. COMMENT ON USSR'S PLANNED REDUCTION OF ITS ARMED FORCES

[Redacted]

The USSR's announcement that it plans to reduce its armed forces by 640,000--about 16 percent of estimated present strength--will enhance the Soviet position at the forthcoming UN Disarmament Subcommittee discussion. The reduction goes about half way toward meeting the USSR's proposal of 10 May that armed forces of all powers be reduced within one year by 50 percent of the difference between the armed force level of 1954 and an ultimate level of 1,500,000 for the United States, Soviet Union and Communist China.

Other factors which may have contributed to the Soviet decision include (1) the trend toward more powerful weapons in reducing the effectiveness of mass armies; (2) the easing of international tension, reducing the requirement for large strategic reserves, and (3) the labor shortage in the USSR, which would be eased temporarily by the addition of this number of men to the labor force.

The Soviet army is estimated to have 2,500,000 men; the navy 691,000; and the air force 800,000; making a total, exclusive of security forces, of an estimated 3,991,000. It would seem unlikely that a significant portion of the cut will be within the Soviet air force or navy, since both of these have sizable requirements for specialized personnel.

Some reductions may already have been made under the retrenchment program of the Malenkov regime.

[Redacted]

3. CHINESE NATIONALIST ARMY LEADERS UNDER SUSPICION BY REGIME

The deputy commander of the Chinese Nationalist army, Lt. General Chia Yu-hui, has been under suspicion for "several weeks" because he is known as an associate of General Sun Li-jen, ~~who is under house arrest~~. According to a report from the American military attaché in Taipei, no charges have been brought against Chia, but he has been bypassed in all official matters which are normally his responsibility.

Nationalist military personnel have been ordered not to discuss the Sun case, but General Chia and other friends of Sun have surreptitiously told Americans they believe strict noninterference in the affair is the best policy.

Comment

General Chia is the second high-ranking Nationalist officer reportedly touched by the Sun case. The Matsu garrison commander, Major General Hua Hsin-chuan, who served under Sun in Burma during World War II, reportedly is under surveillance.

These reports suggest a quiet purge of General Sun's former associates and subordinates is now in progress. Such a policy could be expected to dishearten high-ranking Nationalist officers and through them depress the morale of the entire military establishment.

4. COMMUNISTS MAINTAINING MILITARY PRESSURE IN LAOS

The American army attaché in Vientiane reports that there have been several Pathet Lao attacks on government forces in northern Laos in the past two weeks. Efforts by the International Control Commission to intervene and prevent further fighting have been ineffective.

Comment

Political negotiations between the Pathet Lao and the government regarding electoral procedures and the administration of the two northern provinces are deadlocked and may well break down completely in the near future.

The Pathet Lao has frequently resorted to violence to give emphasis to its position at the conference table, and the current attacks could be a prelude to more intensive action in the event political negotiations are broken off.



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6. FRANCE'S REPORTED NEW MOROCCAN POLICY FACES WIDESPREAD OPPOSITION

The French cabinet's decision of 12 August on a Moroccan policy, as reported by the press, does not appear to be the basis on which progress toward a Moroccan settlement can be made. Its instructions to Resident General Grandval that a preliminary attempt be made to have Sultan Mohamed ben Arafa form a representative government which would negotiate with Paris will not be accepted by the nationalists. If this attempt fails, the cabinet reportedly ordered the formation of a regency council with Ben Arafa remaining on the throne.

The French program appears to be unrealistic in view of the widespread sentiment in Morocco that Ben Arafa must be removed.

In addition to strong nationalist objections to Ben Arafa, the American consul general in Rabat reports that the chiefs of four important Berber tribes and the Rabat committee of the French Radical Socialist Party urged on 12 August that the French government act on the throne issue. The tribal chiefs also asked that Paris dispel the "Glaoui myth," to the effect that the Berber tribes are loyal to the sultan and El Glaoui, the pasha of Marrakech.

7. OSLO AGREES TO AMERICAN INDOCTRINATION FLIGHTS TO NORWEGIAN BASES

[redacted] The Norwegian Foreign Ministry has approved indoctrination flights of American aircraft to the North Norway air bases of Bodo, Bardufoss

' and later Andoya, subject to advance flight clearances by the US naval attaché with the Royal Norwegian Air Force.

Comment

This is the first change in Oslo's consistent opposition to the permanent stationing or rotation of foreign troops in Norway during peacetime. The proposed schedule would allow two flights every three weeks by American planes based at Keflavik, Iceland. Although the aircraft stationed in Iceland are not under NATO command during peacetime, they would be included in the event of war, and thus these flights constitute NATO training.