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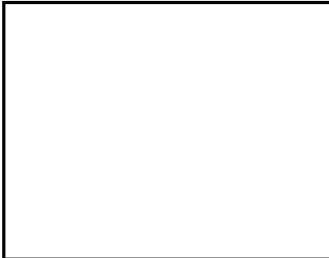
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1. SOVIET CENTRAL COMMITTEE DECISIONS

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On 25 December the Presidium of the Supreme Soviet, following strong criticism of the economic planning organizations by the party central committee at its recent plenum, announced a broad revision in the composition of the State Economic Commission for Short Range Planning. In a move intended to increase its authority and efficiency M. G. Pervukhin, a member of the party presidium and first deputy premier, replaced M. Z. Saburov as chairman of the commission. Five other high-ranking officials, Kosygin, Malyshev, Khrunichev, Kucherenko and Matskevich, were named to assist Pervukhin, at the same time relinquishing their duties as deputy chairmen of the Council of Ministers.

The communiqué issued by the central committee following its plenary meeting was confined almost entirely to a report on the domestic economy. The reports on state planning indicated that the over-all 1956 economic plan for industrial production would be overfulfilled and that the output of consumer goods would be more than nine percent greater than in 1955. The communiqué emphasized the improvement of the "material well-being" of the people and lauded the advantages of a planned economy over the capitalist system. The report, however, attacked the economic planners for their "shortcomings" and specifically criticized the coal, metal, cement and timber industries for underfulfillment of production plans even though 1956 production exceeded that of 1955. It noted that the plans for housing "have been only partially fulfilled" and indicated that construction would be more tightly controlled than in the past.

The central committee decreed that the Sixth Five-Year Plan (1956-1960) be drawn up and submitted to the USSR Supreme Soviet during the first half of 1957. The decree indicated that the plan would not differ radically from that envisaged when the Sixth Five-Year Plan directives were presented

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to the 20th party congress last February. Priority for development of heavy industry was retained and the main economic task of the USSR was said to be "to catch up with and outstrip in the shortest historical time possible the more highly developed capitalist countries with regard to production per capita."

The central committee announced that D. T. Shepilov had been released as a party secretary because of his earlier appointment as foreign minister.

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2. OFFICIAL SAYS POLAND NEEDS PROMPT US AID

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Polish ambassador Gajewski in Paris on 19 December told Ambassador Dillon that Poland has great need of prompt economic aid from the United States so that it will be in a position to show its people that it is making progress in improving conditions. He said that Poland's principal needs are machinery for modernization of the coal mines and agricultural products, including wheat, cotton and fats. He also said that the Soviet Union's grant of 1,400,000 tons of grain to Poland next year will not be enough and that additional help in the form of grain will be needed for another five to seven years, after which he expects Polish production to be adequate.

Gajewski thought that mining machinery might be financed through a World Bank or Export-Import Bank loan, which would be self-liquidating since the resultant increase in coal production could be used to pay off the loan. He said that while it was important that no political conditions be attached to American aid, the Polish government would be very flexible and would try to meet any requirements of US legislation.

Comment

Several other Western countries are also being approached by the Poles for government and private loans, as well as more favorable trade arrangements.



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3. ISRAEL FACES FINAL POLICY DECISION ON FURTHER SINAI WITHDRAWALS

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Prime Minister Ben-Gurion told Ambassador Lawson that Israel must make a vital policy decision by early January on final withdrawal of its forces. By

that time, Israeli forces will have been withdrawn to El Arish in eastern Sinai, and to a belt of territory adjacent to the Gulf of Aqaba.

Ben-Gurion expressed a desire to "coordinate Israel's policy with that of the United States if possible," and asked for information about the American position on free Israeli transit of the Suez Canal and the Gulf of Aqaba, possible Egyptian re-establishment of military bases in eastern Sinai, and elimination of continuing Egyptian-directed terrorist incursions from Jordan.

Ben-Gurion commented that opposition to further Israeli withdrawals was developing rapidly within the government and among the public. He attributed this to increased terrorist activity and to Egypt's insistence on maintaining a state of war.

Comment

Israeli policy appears hardening on the question of withdrawal from positions controlling the Gulf of Aqaba, and on re-establishment of Egyptian forces on Israel's borders. It is likely, therefore, that Israel will not willingly undertake further withdrawals from the lines reached by early January, pending guarantees on matters which it considers vital to its security.

Israel's policy on the Gaza strip was expressed in Ben-Gurion's statement on 19 December that "in no event and in no manner would Israel agree to return of the Egyptian invader to the Gaza strip!"

4. ARMY REVOLT IN INDONESIA

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The bloodless Indonesian army coup on Sumatra, which began on 20 December, is increasingly shaping up as a move to bring about the replacement of the Ali government in Djakarta.

Colonel Simbolon, the army commander of north and central Sumatra, who assumed power in that area as a result of the coup, has called on all Indonesians to obey President Sukarno and former vice president Hatta "until the new cabinet is formed." He has pledged his allegiance to Sukarno and stated that normal relations between his command and Djakarta would be resumed when an "honest" government has been installed at the capital.

The shakiness of the Indonesian government is revealed by its equivocal response to the challenge with which it is confronted. It has "temporarily" relieved Simbolon of his command and declared a state of emergency in limited areas of Sumatra. However, it is sending a delegation to Sumatra to study the situation and to seek a "tactful" solution. Beyond that, military and civilian authorities are merely "reminded to observe their oaths of office." Under the circumstances, there is a growing belief in Djakarta that Premier Ali will have to resign in the near future.

Although violence has thus far been avoided, there is concern that the Communists may stir up trouble, particularly in Western-owned installations in Sumatra. The Communist Party has issued a statement accusing the Masjumi and Socialist Party of supporting the army move in Sumatra, and has called on all members to resist these "illegal and undemocratic actions."

5. CHOU EN-LAI'S FORTHCOMING VISIT TO MOSCOW

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The desire to work out a common Sino-Soviet position on Eastern European developments may be the main consideration in the decision to interrupt Premier Chou En-lai's Asian tour and send him to Moscow and Warsaw. Chou is scheduled to return to Peiping, probably for consultation with other party leaders, and then to go to Moscow on 7 January and to Warsaw some ten days later.

The Soviet leaders almost certainly will attempt to get from Chou a less equivocal statement of support for Soviet policies in Eastern Europe than Peiping has thus far offered. Chinese commentaries have indirectly criticized Soviet actions to a degree unprecedented for Peiping, and have described "great-nation chauvinism" as the "main thing" to be avoided in relationships among bloc countries. The trip to Moscow will give Chou a chance to tell the Russians how unsympathetic he found Asian opinion to the Soviet intervention in Hungary.

While the Chinese have shown clearly that they favor a relatively liberal and flexible Soviet policy in Eastern Europe, they also have demonstrated that they wish to avoid a public quarrel on the question. Recent Peiping comment, like Moscow's, has emphasized the need for unity within the bloc.

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6. ISHIBASHI FORMS NEW JAPANESE CABINET

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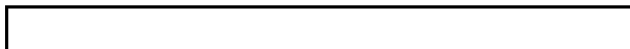
Japanese prime minister Ishibashi's formation of a cabinet on 23 December, after four days of bitter factional wrangling, was achieved only by as-

suming three disputed cabinet posts himself. Most Japanese observers believe that the wide diversity of views among the new ministers, appointed in order to placate all party factions, will hamper the cabinet's efficiency and force early general elections. Most of the new cabinet's members are assuming top government posts for the first time, although they appear to have considerable experience in their fields.

Foreign Minister Kishi, like the prime minister, advocates continuing close co-operation with the United States after certain "adjustments" to provide greater equality in relationships. Finance Minister Ikeda, who served in the Yoshida cabinet and who advocates a "tight money" policy, was evidently appointed in an effort to reassure financial circles who fear Ishibashi's inflationary fiscal policies.

Following his initial cabinet meeting on 24 December, Ishibashi stated that his policies will include strong economic co-operation with the Asian-African bloc, an "independent" foreign policy, full co-operation with the free nations in the UN, and improvement of relations with Communist China through trade and a relaxation of the strategic goods embargo. He asserted, however, that Japan will not seek diplomatic relations with Communist China.

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7. PRAVDA ATTACKS POLISH CONCEPT OF
NATIONAL COMMUNISM

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Pravda's attack of 23 December on the "individual roads to socialism" followed in Poland and Yugoslavia shows Moscow's continued uneasiness over developments in these countries, particularly in Poland.

The Pravda article rejected the concept of the "correct relations" between Communist parties which a Polish writer recently said were based on "the principles of co-existence with the absence of any tendencies toward hegemony." It quoted with approval the statement in a joint Czech-East German communiqué that "all this talk about alleged national Communism contradicts Marxism-Leninism!"

Though the article paid deference to the principle of full equality among Communist nations, it defended the concept of Soviet leadership with the statement that "the policy of proletarian internationalism presupposes on the part of the workers of all lands the support and defense of countries which have already entered the path of socialism!"

Poland and Yugoslavia can be expected to react with firm reassertions of their view that they are entitled to pursue individual courses of development without interference and that co-operation among Communist countries does not presuppose domination of one by the other.

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8. **TURKEY AND GREECE APPARENTLY SHIFTING TACTICS ON CYPRUS**

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Greece and Turkey appear to be shifting their tactics in seeking a solution to the Cyprus problem. There have been some indications that Greece will direct its UN appeal toward independence for the island, and Turkey is pressing for partition as the only solution which would eliminate the possibility of Cyprus' eventual union with Greece.

Ankara stated in a memorandum on 20 December that agreement in principle was reached with London during the recent visit of British colonial secretary Lennox-Boyd. Turkey promised a favorable reaction to the latest British constitutional proposals for Cyprus in return for Britain's acceptance of the concept of partition on the basis of "integral self-determination." Athens, on the other hand, appears to be veering toward independence for Cyprus to counteract the impression in some UN delegations that "self-determination" is merely a euphemism for annexation.

The British government has indicated no intention of surrendering sovereignty over Cyprus in the foreseeable future and apparently plans to continue its present policy. The cabinet has already considered and rejected partition, and Lennox-Boyd probably raised the subject in Parliament only to placate the Turks.

Athens and the Greek Cypriots have condemned the suggestion that Cyprus be partitioned.

