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CURRENT INTELLIGENCE WEEKLY SUMMARY



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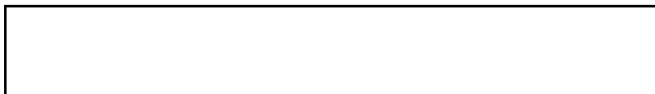
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CURRENT INTELLIGENCE WEEKLY SUMMARY

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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

NEW AFGHAN-PAKISTANI CRISIS Page 1

The merger of all of West Pakistan into a single province, scheduled to be made official on 14 October, may lead to a rupture in Afghan-Pakistani relations. Afghanistan objects to the merger because the Pushtoon area for which it demands independence would be swallowed up. Any break in relations would give the Soviet Union an opportunity to enlarge its economic offensive in Afghanistan. [redacted]

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ARAB STATES RESPOND FAVORABLY TO EGYPT-SOVIET BLOC-ARMS DEAL Page 2

The reaction of other Arab states to Egypt's arms agreement with the Soviet bloc has been overwhelmingly favorable. Although credit for the deal has redounded so far much more to Egypt than the Soviet bloc, Moscow's public reiteration of its eagerness to provide all the assistance the Arabs may ask--economic as well as military--may focus Arab attention more directly on Soviet generosity and friendship. [redacted]

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FRENCH ASSEMBLY DEBATES ALGERIA Page 3

In its debates on Morocco and Algeria, the French National Assembly has succeeded neither in settling these issues nor in clarifying its attitude toward the Faure government. The outlook for the vote on Algerian policy reflected the Socialists' rejection of a program aimed at integrating Algeria fully in the French republic, and the rightist extremists' demand for strong repressive measures to nip budding nationalism. [redacted]

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PART II

NOTES AND COMMENTS

Foreign Ministers' Conference Issues: Moscow may be preparing to modify its position on disarmament at the forthcoming foreign ministers' conference. With respect to German unification, the USSR has been reiterating both officially and in propaganda that this problem cannot be solved at the conference. At the same time, the USSR is actively promoting East-West contacts and cultural exchanges in order to convince international opinion that no iron curtain exists.

[redacted] Page 1

Molotov's Self-Criticism: Soviet foreign minister Molotov's admission that a statement in his speech to the Supreme Soviet on 8 February 1955 was "theoretically mistaken and politically harmful" and the Kommunist editorial criticizing the mistake reflect continuing attacks against him for being inflexible and out of tune with the times in foreign policy. The latest attack may be merely a warning to conform to present policies, but it could also foreshadow Molotov's removal from all posts--party presidium member, first deputy premier, and foreign minister.

[redacted] Page 3

French North Africa: In Morocco, formation of the promised council of the throne, considered to be the next essential step in solving the present impasse, is still being delayed. Tribal raids have created a precarious military situation for the French in northeastern Morocco. In Algeria, terrorism and rebel activity continue, and in Tunisia, extreme nationalist leader Salah ben Youssef openly attacked the French-Tunisian agreement which became effective last month.

[redacted] Page 4

Political Developments in Greece: The strong vote of confidence accorded Greek prime minister Karamanlis by the Chamber of Deputies on 12 October will stabilize Greek politics temporarily, giving him an opportunity to proceed with plans to develop a new party. Maneuvering among the opposition parties as well as within the Rally is likely to increase as national elections, announced for April 1956, draw near.

[redacted] Page 6

Effects of Iran's Adherence to Baghdad Pact: Iran's decision to join the "northern tier" defense alignment, as announced formally to the members of the Baghdad pact on 12 October, results from strong Turkish pressure and apparently from the Shah's conviction that it is a "now-or-never" proposition. The USSR has warned Iran that it attaches "grave importance" to this decision, and some Arab states will probably strongly criticize Iran's move.

[redacted] Page 7

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Atomic Civilian Defense Training in USSR: Two Soviet publications have recently published information on atomic defense for the civilian population. By introducing atomic defense instruction for civilians, the USSR probably hopes to increase support for the civilian defense training program. [redacted] . . . Page 8 25X1

25X1 Warship Construction in East Germany: [redacted] the East German naval forces, which at present consist of 26 minesweepers, and a small number of auxiliary service craft, are being expanded. A construction program now under way is reported to include destroyers, mine vessels, motor torpedo boats, and patrol craft. In addition, an East German shipyard at Rostock is believed to be building a class of 3,000-ton submarine tenders for the USSR. [redacted] Page 8 25X1

Communist China Entering Southeast Asian Markets: Communist China is carrying out its offer to supply Southeast Asia with machinery and light industrial equipment, and has substantially increased exports of manufactures in 1955. China's determination to increase its share in this market is demonstrated by the great number and variety of low-priced consumer goods which recently arrived in Singapore for exhibition. [redacted] Page 10 25X1

25X1 Laos: Pathet Lao chief Prince Souphannouvong and Premier Katay have broken off their negotiations in Rangoon and have referred outstanding issues back to the negotiating teams in Vientiane. The two men had reached an agreement for a cease-fire but this was reportedly contingent on a settlement of the basic issues at dispute. [redacted] Page 11

Indonesian Elections: With unofficial returns from Indonesia's 29 September elections largely in, it is clear that no party will have a majority and that a coalition government will be necessary. The National Party, which still has a plurality, has stated through a spokesman that it intends to exclude the Communists from any coalition it forms. National Party demands for the resignation of the Masjumi-led government have abated with the rising tide of Masjumi votes. [redacted] Page 12 25X1

25X1 Communist Activities in Malaya and Singapore: The amnesty offered the Malayan Communists on 8 September has so far been accepted by only 21 persons. It has, however, brought forth a request from the Communist Party secretary general for a cease-fire and for a meeting with Malayan chief minister Rahman, which Rahman has agreed to with qualifications. In Singapore, the government faces intensive Communist subversive efforts which are greatly aided by the fast-growing People's Action Party, a Communist-front. [redacted] Page 12

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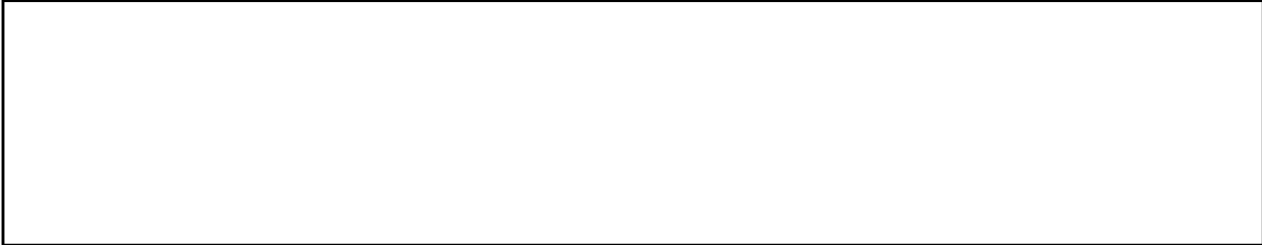
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United Front Influence Threatens Pakistan's Stability: The United Front Party is extracting a heavy price for its participation with the Moslem League in Pakistan's coalition government. As a result, the freedom of action of Governor General Mirza and Prime Minister Chaudri Mohammad Ali, both of the Moslem League, is increasingly limited and the position of the whole government is precarious. [redacted] Page 14

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Bonn Abandons Trade Embargo Against East Germany: The West German government has abandoned its retaliatory trade embargo against East Germany. Bonn has never been confident of its capabilities to force East Germany to discontinue restrictive truck tolls on Berlin traffic and apparently recognizes that Germany may remain divided for an indefinite period. Meanwhile, with the exception of the truck toll and sporadic scrap confiscations, the East Germans have refrained from harassing traffic between West Germany and Berlin. [redacted] . . . Page 14

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PART III

PATTERNS AND PERSPECTIVES

THE SAAR REFERENDUM Page 1

Most observers anticipate that the statute for Europeanizing the Saar will be rejected when the population of the territory goes to the polls on 23 October. Pro-German elements in the Saar are conducting a vigorous campaign against the statute. The West European Union governments, however, are moving to strengthen the forces supporting it. Rejection of the statute would entail serious consequences for French-German relations. [redacted]

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COMMUNIST PROPAGANDA TREATMENT OF THE UNITED STATES . . . Page 4

The Soviet press and radio continue to follow the moderate and restrained line toward the United States which they adopted last June. Eastern European media, as is often the case, have delayed somewhat in picking up the Soviet line, and Far Eastern Communist propagandists are making only a token contribution to this effort to support the Kremlin's current foreign policy. [redacted]

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PEIPING'S CONCILIATORY APPROACH TO FAR EASTERN PROBLEMS. . Page 6

Peiping's professed adherence to the "Geneva spirit" has emerged in such recent gestures as the announced decision to evacuate six divisions from Korea and the continuing calm in the Formosa area. Without renouncing its objective of liberating Formosa, Communist China is apparently deferring further major attacks in the offshore island area while it sees some prospect of political gain in direct talks with the United States. Elsewhere in Asia, the Chinese Communists maintain the conciliatory tone adopted at the Bandung conference last April and seek to weaken American prestige and influence by intensifying appeals to neutralist sentiment. [redacted]

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TROUBLE IN INDIAN-HELD KASHMIR Page 8

Strong Communist influence in the government of Indian-held Kashmir and continuing popular opposition to the administration endanger the internal stability of this area which remained in Indian hands at the time the fighting with Pakistan ended in January 1949. While Pakistan continues to press its claims to Kashmir, most of the immediate local difficulties are caused by indigenous opposition to the present government. The 40,000 Indian troops in Kashmir probably could handle any sudden crisis, but New Delhi appears uncertain how to resolve the long-range internal political problem it faces in Kashmir. [redacted]

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SOVIET AIRCRAFT ENGINE INDUSTRY Page 11

The USSR has made rapid progress in research, development, and production of modern aircraft engines since World War II and, on the basis of recent observations, now appears to have a capability comparable to that of the West in this field. The demands of any foreseeable aircraft production program can be met by the existing aircraft engine industry.

[Redacted]

VIET MINH RESTORING ROADS AND RAILWAYS Page 13

The Viet Minh, with Chinese Communist assistance, has made a major effort during the past year to rehabilitate the road and rail transport network in North Vietnam. Nearly the entire network, which is of vital importance to Viet Minh economic recovery and the preservation of military strength, will probably be restored by mid-1956.

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PART I**OF IMMEDIATE INTEREST****NEW AFGHAN-PAKISTANI CRISIS**

The merger of all of West Pakistan into a single province, scheduled to be made official on 14 October, may lead to a rupture in Afghan-Pakistani relations. Afghanistan objects because the Pushtoon area for which it demands independence would be swallowed up in the merger. Any break in relations would give the Soviet Union an opportunity to enlarge its economic offensive in Afghanistan.

Afghan foreign minister Naim has proposed a meeting of the Pakistani and Afghan prime ministers before 14 October, when the merger is to become official, as the "final hope" of preserving relations between the two countries.

Naim is reported to have predicted anti-Pakistani demonstrations in Kabul on 14 October, and there have been unconfirmed reports of troop movements and preparations for tribal uprisings on that day. Afghanistan only a month ago promised to refrain from anti-Pakistani activities in order to get the Pakistani blockade of its borders lifted, but the heavy personal involvement of Naim and Prime Minister Daud in opposition to merger of the Pakistani provinces may result in at least token action on the fourteenth.

Renewal of the bitter Pakistani-Afghan quarrel would provide the USSR with an excellent opportunity to expand its economic offensive in Afghanistan, where it already has well-developed economic contacts. Iran's adherence to the Baghdad pact might also inspire added Soviet efforts to keep Afghanistan out of the Western camp.

The Afghans may be expected to try to profit from both American and Soviet interest in their dispute with Pakistan. Naim told an officer of the American embassy in Kabul on 8 October that Afghanistan is still willing to co-operate with American plans for Middle East defense. At the same time, an Afghan official has reportedly been sent to Cairo to investigate the Egyptian-Czech arms deal.

Although Afghanistan has in the past been careful to avoid those types of Soviet assistance which could lead to significant political penetration, current bitterness toward Pakistan, dissatisfaction with American economic aid, and the recently increased economic contacts with the Soviet Union could result in establishment of closer ties with the Soviet bloc, if the latter is prepared to make a vigorous effort to achieve them.

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ARAB STATES RESPOND FAVORABLY TO EGYPT-SOVIET BLOC ARMS DEAL

The reaction of other Arab states to Egypt's arms agreement with the Soviet bloc has been overwhelmingly favorable. Although credit for the deal has redounded so far much more to Egypt than the Soviet bloc, Moscow's public reiteration of its eagerness to provide all the assistance the Arabs may ask, economic as well as military, may focus Arab attention more directly on Soviet generosity and friendship.

Egypt's gains in prestige from the arms deal have been reflected in favorable press comment and in official statements from all the Arab states except Iraq. Even the Iraqis have felt constrained to confine their criticism to private talks. The Arabs generally see the deal as a major move in their emancipation from Western dominance. Egypt reportedly has been quick to capitalize on this sentiment by offering itself as a channel through which Syria, Lebanon, and Libya also can acquire arms.

The Arab reaction has emphasized Egypt's heroic role in breaking with the West on the arms issue, rather than any policy change in the Arabs' favor by the USSR. However, Moscow's gains, though slower in coming, are likely to be nonetheless real.

[Redacted]

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14-man contingent of Czech and Soviet arms experts arrived in Cairo on 2 October.

Not only have the Czechs started implementation of the agreement with Egypt quickly, but Moscow has followed up promptly with a public announcement of its willingness to provide economic assistance, specifically for Egypt's Aswan high dam project. Soviet ambassador Solod told the press in Cairo on 10 October that the USSR could assist with equipment, though not with cash.

[Redacted]

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In Arab international politics, as distinct from Arab public opinion, the arms deal has had a disturbing effect. The increase in Egypt's prestige and the possibility that Syria may also deal with the bloc have aroused Iraqi and Lebanese fears that Egypt may use its new supplies of arms to secure the dominant influence among the Arabs that it failed to obtain through the abortive Egyptian-Syrian-Saudi Arabian defense pact.

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[Redacted]

[Redacted]

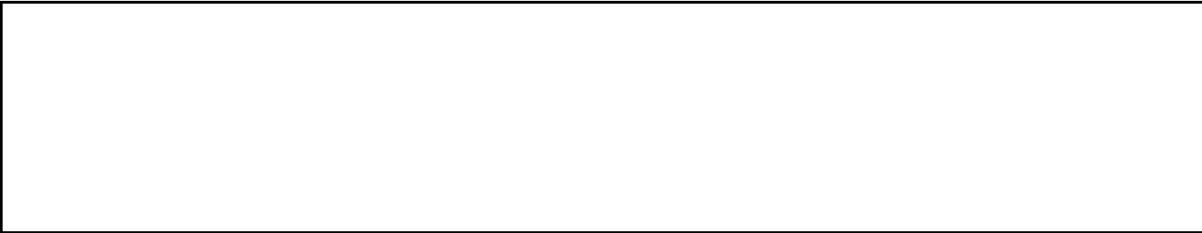
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**FRENCH ASSEMBLY
DEBATES ALGERIA**

In its debates on Morocco and Algeria, the French National Assembly has succeeded neither in settling these issues nor in clarifying its attitude toward the Faure government.

The debate on Algeria got off to an apathetic start on 11 October, but as the time for a vote approached, the outlook appeared less favorable to Faure than immediately following the Moroccan debate.

The premier must play for time to work out a long-range program for Algeria. The Socialists reject as unrealistic a program aimed at integrating Algeria fully within the French republic, and rightist extremists demand strong repressive measures to nip budding nationalism. Assembly opinion on Algeria's relationship to France is evolving fast, however, and support is growing for a federalist solution.

A major influence in this direction is the fact that complete integration of Algeria would mean 140 Moslem deputies in the French National Assembly. In the meantime, the immediate reform measures sponsored by Governor General Soustelle are sufficiently supple to be backed by disparate elements in Paris.

The final 477-140 vote of 9 October on the Moroccan issue was not an indication of Faure's parliamentary strength. It was more of a warning to Faure to stop pussyfooting and begin immediately to implement the Aix-les-Bains agreement with the Moroccan nationalists. Disgruntled rightists who deserted Faure on the Moroccan issue but are still nominally in the government coalition are determined to block such a program, however, and the Socialists, despite their strong support of Faure on the Moroccan issue, are still basically an opposition party.

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PART II**NOTES AND COMMENTS****Foreign Ministers' Conference
Issues****DISARMAMENT**

Soviet delegate Sobolev's speech at the last meeting of the UN Disarmament Subcommittee until after the Big Four foreign ministers' conference at Geneva recapitulated previous Soviet statements and contained no important new points. He persisted in his refusal to be drawn into a detailed examination of the problem of inspection and control, arguing that agreement must first be reached on the principles of a general disarmament plan. The United States, he said, was merely trying to avoid such agreement in concentrating on President Eisenhower's aerial inspection proposals.

However, there are signs that Moscow may be preparing to modify its disarmament position in the belief that the foreign ministers' conference will provide a more effective forum than the UN subcommittee talks.

In the past the USSR has insisted that a ban on nuclear weapons would necessitate destruction of existing stocks of such weapons. On 8 October, however, a member of the Soviet delegation to the UN subcommittee told American officials that, as currently used by Moscow, the term "prohibition of atomic weapons" means prohibition of use and production for military purposes rather than destruction of existing stocks. Premier Bulganin's letter to President Eisenhower on 19 September conveyed the same impression. While Ambassador Malik and other Soviet spokesmen subsequently denied that this letter indicated a change

in the Soviet position as stated on 10 May, the letter may have been intended as a first step toward revising that position.

Such revisions may involve changes in the time schedule envisaged in the 10 May plan which would be designed to bring Moscow's disarmament policy into line with Bulganin's Geneva position on European security. The 10 May plan, for example, proposed a two-stage disarmament program, including liquidation of foreign military bases, to be completed within two years, by the end of 1957. At Geneva, however, Bulganin's proposals on European security envisaged the continued existence of NATO and the Western European Union for at least another two or three years.

Any new disarmament proposals at the foreign ministers' meeting may follow the pattern of Bulganin's European security proposals at Geneva by stressing gradual, step-by-step progress, but without abandoning insistence on terms of an ultimate agreement presently unacceptable to the Western powers. Thus, the Soviet Union may propose implementation of the first stage of the Soviet disarmament plan which calls for states to pledge to discontinue testing nuclear weapons and to pledge not to use nuclear weapons, except in defense against aggression, and then only on the decision of the UN Security Council.

Such proposals would be designed to demonstrate the USSR's interest in extending the area of agreement with the Western powers on disarmament and to increase the pressure on the United States to commit

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itself to a general disarmament program.

GERMANY AND EUROPEAN SECURITY

Soviet insistence that the German unification question cannot be solved at the foreign ministers' meeting was expressed more bluntly than ever in a speech by Presidium member Suslov in Berlin on 6 October and in a similarly worded Pravda editorial on 7 October.

Suslov denied the Western assertion that the success of the conference depends on solving the German unification question. He asserted that West Germany's membership in NATO and its remilitarization have made a simple solution impossible. He warned that the USSR would not agree to inclusion of a united Germany in NATO.

Suslov said that the foreign ministers must not look for differences of opinion, but rather seek to bring closer together the various viewpoints on disarmament, banning of atomic weapons, and European security. He stated that a collective security system would increase trust between states and bring East and West Germany closer together, the latter development being a particularly important prerequisite to German unity.

The East German paper Neues Deutschland has charged that Western planners, by deciding to bar German representation at the foreign ministers' conference, are violating the directive of the heads of governments. It claimed that this destroyed the possibility of discussing at Geneva steps toward German reunification.

These statements indicate that, in line with its stand at the summit meeting, the USSR will seek to avoid discussion

of the unification question altogether at the foreign ministers' conference. If forced to discuss it, the USSR will emphasize negotiations between East and West Germany and other standard Soviet prerequisites to German reunification.

West German Socialist leader Ollenhauer reportedly believes Molotov will suggest that East and West Germany simultaneously renounce their respective memberships in the Warsaw pact and NATO as his price for discussing all-German elections. It is more likely, however, that Molotov will concentrate on European security plans designed to achieve the complete dissolution of NATO.

Soviet propaganda has given no clues concerning any modifications the USSR may make in its security proposals. Comment on Western planning has been limited to attacks on the West's desire to maintain NATO in any security system and to assertions that the USSR does not need any Western guarantees against German attack.

EAST-WEST CONTACTS

Since the summit conference the USSR has been actively promoting East-West contacts and cultural exchanges, including a large number with Britain, France and the United States. Soviet propaganda has reported the steady stream of visiting delegations to and from the Soviet Union, particularly in broadcasts beamed internally, but has offered little editorial comment on them.

One of the purposes of this propaganda has been to show how faithfully the USSR has been pursuing the "Geneva spirit," while another has probably been to prepare the Russian people for a continuation of this spirit for a prolonged period.

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Moscow has not recently criticized the United States or other Western countries for obstructing these visits, nor has it exploited what administrative difficulties have arisen in Western countries to charge sabotage of exchange programs.

One likely Soviet effort at the Geneva conference will be

to outline what the USSR has done to promote East-West exchanges and to convince world opinion that no iron curtain exists. Moscow may consider that this agenda item offers an easy opportunity to cite increased trust among nations and promote its general strategy of obtaining a detente and armaments reductions with a minimum of formal agreements with the West.

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Molotov's Self-Criticism

Soviet foreign minister Molotov's admission in an open letter to the editor of the Communist Party's top theoretical journal, *Kommunist*, that a statement in his speech to the USSR Supreme Soviet on 8 February 1955 was "theoretically mistaken and politically harmful" reflects continuing attacks against him.

In the Supreme Soviet speech Molotov characterized the Soviet Union as a country "where the foundations of a socialist society have already been built." This was clearly at variance with official dogma, which since 1936 has stated that socialism has been achieved and that the Soviet state is now on the path to the higher stage--communism.

Molotov's "error," however, appears to have been a slip in terminology rather than an attempt to contradict official doctrine, since just five paragraphs earlier in the same speech he had "correctly" stated that "socialism had already triumphed in our country in the period before the Second World War."

The lead editorial in the same issue of *Kommunist* that published Molotov's letter refers to his "erroneous" formulation and emphasizes the unity of communist theory and practice and the necessity to be flexible

in tactics. This editorial appears directed against Molotov for his general inflexibility and obstructionism as one of the formulators of top policy, internal as well as foreign, rather than exclusively for his dogmatic approach to foreign relations.

Apparently alluding to the latter, *Kommunist* asserts that the party "jarily combines adherence to principles and flexibility in foreign policy" and claims that this has been the cause of the "successes of the Soviet Union's foreign policy in the struggle for peace."

Molotov has been under fire for some time, and as late as two months ago his retirement as foreign minister appeared imminent. Since then, however, he has headed the Soviet delegation to the United Nations and as recently as 10 October stated that he would be at the Big Four foreign ministers' conference at Geneva later this month. He told correspondents at a party he gave for Canadian minister of external affairs Lester Pearson in Moscow that "anybody who reads the letter can see there is no question of retirement, and no question of retirement arises. If you look again, everything will be clear. There is no question of retirement."

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Pressure may have been brought to bear on Molotov to admit his February mistake publicly in order to add ideological deviation to his catalog of sins, which include opposing the Yugoslav rapprochement and being inflexible and out of tune with the times. It would appear that the domestic reasons for Molotov's self-criticism and the publishing of his letter at this time were stronger than the possible adverse effects his humbling would have on the strength of the Soviet position at the Geneva foreign ministers' conference. Molotov may have continued to resist the presidium policy he will be required to represent there.

Whether this is more than a warning to mend his ways is not clear at this time, but it could pave the way for his removal from all posts--party presidium member first deputy premier, and foreign minister.

Likely candidates to succeed Molotov as foreign minister

should he be removed are his two first deputies, A.A. Gromyko and V.V. Kuznetsov, with Kuznetsov favored because of his higher party position. Kuznetsov is a full member of the central committee and a former presidium member, while Gromyko is only a candidate member of the central committee. Kuznetsov, too, better epitomizes the "Geneva spirit" personality-wise than Gromyko, who is cast more in the Molotov mold.

D.T. Shepilov, Pravda editor, who was rumored at the time of Khrushchev's visit to Belgrade to have been picked for Molotov's replacement, appears now to be out of the running because of his recent election as Communist Party secretary under First Secretary Khrushchev. Another choice might be A.I. Mikoyan, Communist Party presidium member and first deputy chairman of the USSR Council of Ministers, because of his experience in dealing with foreigners as foreign trade minister.

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French North Africa

Morocco: Premier Faure's policy for Morocco, endorsed by the French National Assembly on 9 October, remains bogged down in the face of opposition by the French settlers and by right-wing elements in France. Formation of the promised council of the throne, which is bitterly opposed by the settlers, but considered to be the next essential step in solving the Moroccan impasse, has not yet occurred. This council may be formed by 16 October, according to recent press reports from Paris.

Resident General Boyer de Latour is unlikely to be a successful instrument for imposing Faure's policy. He does not favor a moderate policy toward the Moroccans, and he has close ties with Marshal Juin and General Koenig, leaders of the opposition in France to Faure's program. In any case, an attempt by him to install the council of the throne probably would evoke settler demonstrations so intense that he would have to resign or be recalled.

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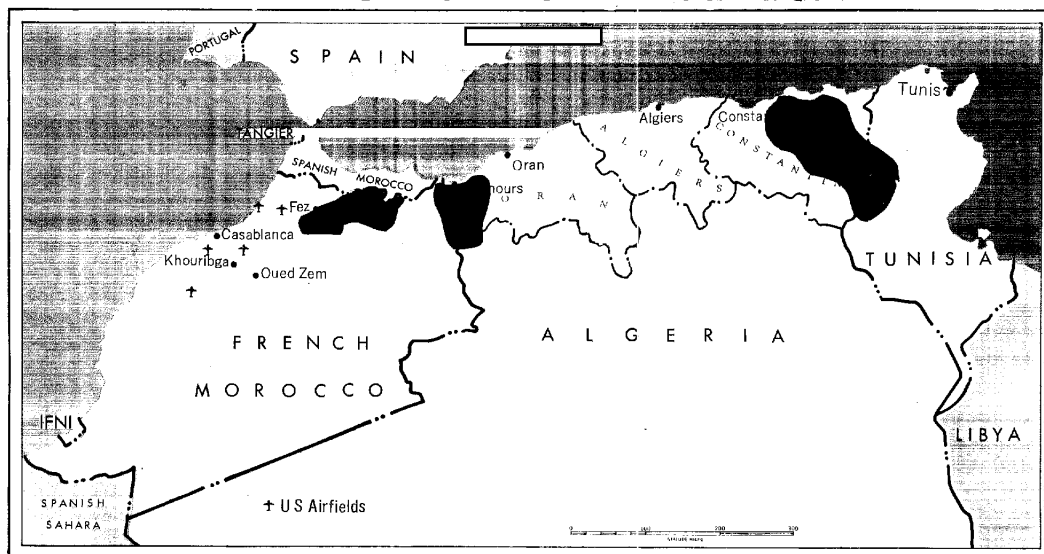
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The reactionary Presence Francaise, which claims to represent 90 percent of the 400,000 French settlers in Morocco, recently published the text of an agreement allegedly made with the resident general in which the settlers acceded to the withdrawal of Sultan Mohamed ben Arafa on condition that no council of the throne be installed. The settlers have threatened to resort to violence if such a council is established, and on 10 October reinforced this threat with a 24-hour commercial strike.

The Moroccan nationalists continue to insist on implementa-

carious and state that as many as 35,000 tribesmen may be involved in the attacks.

Algeria: Debate in the French National Assembly on Governor General Soustelle's modest program of reforms for Algeria commenced on 11 October. The French government is officially committed to a policy of fuller integration of Algerian Moslems as French citizens, while the Algerian Moslems are now openly campaigning for an autonomous state federated with France. Right-wing elements in France are supporting the settlers in Algeria who oppose any steps toward ameliorating the

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tion of the program agreed to at Aix-les-Bains in August. The upsurge of terrorism in the past month and the continuing tribal assaults on French military outposts since 1 October were probably initiated by the moderate nationalists to remind France of the strength of the nationalist movement and at the same time satisfy the extremist demand for action.

French officials admit that the military situation in northern Morocco remains pre-

position of the natives, while the Socialists and Communists are sympathetic toward the nationalists' aspirations.

Terrorism and rebel activities have increased in western Algeria near the Moroccan border. In an attempt to forestall rebel activity as serious as exists in eastern Algeria, the French have armed several thousand Algerian Moslems who are considered reliable, as well as many settlers. Attacks may be expected to continue at least until the

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Algerian issue has been acted on by the UN General Assembly.

Tunisia: While the month-old government of Premier Tahar ben Amar is engrossed in organizing for its newly acquired autonomy, some Tunisians are becoming impatient with the lack of political action. Only stop-gap measures have thus far been taken to alleviate the near-famine conditions and severe unemployment.

Incursions of Algerian rebels into western Tunisia and consequent destruction of life and property have created a special security problem which may be exploited by extremist nationalist leader Salah ben Youssef.

Ben Youssef, in his first speech since his return to Tunisia last month, stated on 7 October that Tunisians are not

bound by their government's agreement with France. He declared, "We must not let slip any opportunity to reach our total independence."

Ben Youssef was expelled from the Neo-Destour party on 12 October because his views run counter to the moderate and conciliatory policy of the party's president, Habib Bourghiba, who was largely responsible for the conclusion of the French-Tunisian agreement last spring.

Ben Youssef is obviously campaigning to wrest the moderate Neo-Destour party from Bourghiba's control. His expulsion highlights the problem which nationalism in Tunisia faces, and is likely to cause a split within the nationalist movement.

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Political Developments in Greece

The strong vote of confidence accorded Prime Minister Karamanlis by the Greek Chamber of Deputies on 12 October will stabilize Greek politics temporarily, giving Karamanlis an opportunity to proceed with plans to develop a new party. Maneuvering among the opposition parties as well as within the Rally is likely to increase as national elections, announced for April 1956, draw near.

Karamanlis' policy statement to parliament on 10 October contained nothing new, which suggests that he plans for the present to continue policies of the Papagos government and to concentrate on strengthening his position and organizing party machinery for the elections. His critical references to Turkey and friendly references to Yugoslavia were gestures to anti-Turkish popular sentiment. In an effort to cater to public sentiment and possibly also to demonstrate independence of American

influence, Karamanlis apparently has decided to focus Greek resentment over the Cyprus issue against Turkey.

In his dual capacity of prime minister and minister of defense, Karamanlis announced on 11 October that Greece would not participate in NATO exercises this month pending satisfaction from Ankara over the anti-Greek riots in Istanbul and Izmir. He also said the Greek expeditionary force in Korea would be withdrawn.

The decision of the Rally caucus on 7 October to support Karamanlis in the parliamentary vote of confidence indicates that the party is at present accepting his leadership. However, some disappointed groups, such as those led by former deputy premier Stephanopoulos and others, are likely to join the opposition eventually and may even try to embarrass the new government during the life of the present parliament. This may fit in with the plans of

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Karamanlis, who may even encourage the defection of Rally factions he considers unreliable so he can build his own party with broader representation of elements of the political center.

The opposition outside the Rally continues disunited and,

barring further incidents damaging to Greece's international position, its arguments for Greek neutralism may have lost most of their present popular appeal by election time. In any case, Karamanlis' prospects at present appear good. [redacted]

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Effects of Iran's Adherence To Baghdad Pact

Iran's decision to join the "northern tier" defense alignment, as announced formally to the members of the Baghdad pact on 12 October, results from strong Turkish pressure and apparently from the Shah's conviction that it is a "now-or-never" proposition. The USSR has warned Iran it attaches "grave importance" to this decision and some Arab states will probably strongly criticize Iran's move.

Reports from Tehran indicate the Shah is convinced immediate action is necessary to forestall increasing internal pressure to prevent Iran's joining the pact. Prime Minister Ala has already submitted a bill to the Senate providing for Iranian adherence, and early approval by both houses of parliament is expected, despite some anticipated increased resistance as a result of Soviet warnings and veiled threats.

Turkish president Bayar and the strong Turkish delegation which visited Iran recently were largely responsible for swinging Iran into line with Iraq, Pakistan, Britain, and Turkey to complete the "northern tier." The five members plan to meet in Baghdad next month to begin preliminary planning.

Iran's strategic location has long made its participation in Middle East defense arrangements a virtual necessity. The country has no significant military strength, however, and the

Iranian government will now look to the United States to bolster its military potential through augmented military assistance. Iraq and Pakistan are also likely to press for additional American military aid in order to implement the pact fully.

Among the Arab states, Egypt and Saudi Arabia will probably regard Iranian adherence to the Baghdad treaty as a diplomatic defeat and a boost to Iraq's prestige. They may also fear that Lebanon, Syria, and Jordan will be more strongly tempted to join the pact.

Moscow has already termed Iran's action a violation of the Soviet-Iranian treaty of 1927. Moscow's propaganda campaign has indicated the intensity of Soviet opposition to Iran's inclusion in Middle East defense planning. The USSR may insist that Iranian treaty obligations prohibit foreign military bases on Iranian soil. The USSR may also increase its activities in Afghanistan, where there is already dissatisfaction with US economic aid and continuing bad feeling toward Pakistan.

Moscow is likely to interpret the Iranian decision to adhere to the pact as a Western attempt to retaliate for Soviet bloc offers of arms to the Arab states. The USSR may be confident, nonetheless, that it can consolidate its position south of the "northern tier" and thus make Western plans for the defense of the Middle East ineffective. [redacted]

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Atomic Civil Defense Training
In USSR

Two Soviet publications have recently discussed atomic defense for the civilian population. Until early this year, published information on atomic defense had generally been for troops, with many articles appearing in military periodicals. Although basic civil defense training in first aid, gas defense, fire fighting, etc., has been in progress in the USSR since 1948, civilian instruction, except possibly at higher levels, has been limited to defense against conventional weapons of air attack.

The June 1955 issue of a periodical published by a Soviet civil defense training organization, DOSAAF, states that the civil defense training for air and chemical defense is to include familiarization with, and the means of protection against, atomic and bacteriological weapons and incendiaries of the napalm type. Better training methods and the need for qualified instructors are stressed, giving the general impression that this type of training is in its early stages.

Komsomolskaya Pravda, on 16 July 1955, contained an article on decontamination procedures to be followed in a

populated area after an atomic explosion. Organization for decontamination is to be accomplished by the local air defense, whose personnel will be charged with detecting radioactive areas in and around buildings, removing radioactive materials and rechecking after the areas have been decontaminated. Exposed personnel are also to be checked for radioactive material, and decontamination will consist primarily of thorough bathing.

The articles introducing atomic defense instruction for civilians have not described the wide range of destruction possible with present nuclear weapons. However, the limited awareness of Soviet civilians to the dangers of atomic attack gained from military periodicals will now be further increased by specific instruction in passive defense. The government probably hopes this will result in increased interest in and support for the civilian defense training program. Supplemental training for much of the Soviet population will be necessary in carrying out a-

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(Prepared by ORR. Concluded in by OSI)

Warship Construction
In East Germany

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[redacted] the East German naval forces, which at present consist of only 26 minesweepers and a small number of auxiliary service craft, are being expanded. A construction

program now under way is reported to include destroyers, mine vessels, motor torpedo boats, and patrol craft. In addition, an East German shipyard at Rostock is believed to be building a class of 3,000-ton submarine tenders for the USSR.

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Under Soviet impetus, East Germany's shipbuilding industry expanded extensively immediately following the end of World War II. At that time primary emphasis was placed on construction of commercial vessels. A program for building a limited number of destroyers, motor torpedo boats, and mine vessels had been planned prior to 17 June 1953, but the riots of that date caused it to be suspended.

Since approximately mid-1954, there have been numerous reports of a resumption of planning for warship construction. Of the numerous projects reported, the "Falke" class destroyer is the most important.



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Police forces. Construction of an unknown number of high-speed motor torpedo boats has been reported at Wolgast, Berlin, and Rosslau. An unknown number of submarine chasers and patrol craft are also reported under construction at unidentified shipyards.

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The planned characteristics of the "Falke" have been reported only sketchily, but in several respects they compare quite closely with those of the new Soviet "Riga" class escort destroyer. Although some of the ordnance equipment reportedly will be of Russian manufacture and design, there are no other indications of Soviet influence.

Approximately 15 minesweepers are under construction at Wolgast, Stralsund, Brandenburg, and Berlin, and 13 others have recently been added to Sea

Although there are no indications that East Germany

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plans to construct submarines, several reports indicate the USSR may transfer several World War II German U-boats to the East Germans. Such craft, because of their age, would be of very limited usefulness.

The strengthening of the East German Sea Police by addition of the number of vessels planned or already under construction would improve Soviet

bloc naval strength at the entrance to the Baltic and provide a real nucleus for any additional East German naval expansion.

Furthermore, conversion of East German shipyards to warship construction and repair will provide the Soviet Union with valuable potential advance naval repair bases. In this way, a part of the load can be diverted from Soviet repair and building yards.

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Communist China Entering Southeast Asian Markets

Communist China's determination to increase its share in the Southeast Asian market is demonstrated by the large quantity and variety of low-priced consumer goods and raw materials which it recently sent to Singapore for exhibition during October. China's policy of underpricing competing textiles and light industrial commodities has enabled it to secure a firm foothold in this market, historically supplied by Hong Kong and Japan.

At the Bandung conference in April, the Chinese Communists declared that neighboring countries could now be supplied with Chinese machinery and light industrial equipment. In August Peiping stated that exports of manufactures during the first half of 1955 were 250 percent above the level in the last half of 1954. According to a review by the Ministry of Foreign Trade in late July, exports of manufactures totaled more than \$60,000,000 in 1954. It is believed that most of these exports occurred in the last half of the year.

The American consul general at Singapore has reported

that in addition to imports of Chinese nails, wire, newsprint, and textiles which began in late 1954, Chinese electrical appliances, hand tools, bicycles, and chemicals have appeared on the market since March 1955.

Peiping has been carrying on a direct mail campaign among Chinese in Singapore and Malaya to obtain agents for and sales of light manufactures. Favorable payment terms have been granted and direct barter deals have been concluded with local merchants, many of whom formerly imported Chinese products through Hong Kong.

Japanese exporters are currently urging their government to initiate countermeasures to meet the increasing competition in Southeast Asia from growing Chinese exports of underpriced light industrial manufactures and low-grade textiles. China's expanding sales in this market threaten Japanese trade planning which looks to Southeast Asian trade as Japan's best prospect for obtaining long-range economic stability.

Economic planning in Communist China continues to emphasize the development of

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heavy industry. Peiping, however, has recognized the overwhelming political advantages of supplying the light industrial goods market in South-

east Asia. Through exports of these manufactures, it hopes to impress its Asian neighbors with its progress toward industrialization. [redacted] (Prepared by ORR)

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Laos

The meeting between Pathet Lao chief Prince Souphannouvong and Premier Katay in Rangoon started out amiably but broke down on 13 October when the basic issues at dispute came under discussion. These have now been referred back to the negotiating teams in Vientiane which have been meeting intermittently since last January.

The two men did, on 11 October, reach agreement on a cease-fire but the agreement is of dubious value. It provides for a cessation of hostilities within ten days and the establishment of a neutral zone between the opposing forces. [redacted]

the agreement is contingent on settlement of the other outstanding issues which include the basic one concerning the re-establishment of the royal government's authority in the disputed provinces.

Most of the truce agreement's terms are merely a reiteration of the terms of a 9 March cease-fire agreement, which was short-lived. A major

difference is the clause prohibiting any reinforcement of military strength in the two disputed provinces. A Laotian official explained this provision by stating that the government has no intention of increasing its strength in the Pathet Lao areas, and that in any case the entire agreement was "provisional"

With the breakdown of the Katay-Souphannouvong talks, the chance of a negotiated settlement appears to have vanished. At Rangoon, Katay insisted that with the passage of the 10 October deadline, it was too late for the Pathets to enter candidates for the December elections. The government will probably conduct the elections in the ten provinces under its control and seek relief from the Geneva signatories for the Pathets' refusal to admit royal authority to the disputed provinces in accordance with the Geneva agreement. Laotian officials insist they have no plans to initiate military action but will respond vigorously to any concerted Pathet attacks. [redacted]

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Indonesian Elections

Revised unofficial returns in Indonesia's 29 September elections show over 28,000,000 votes counted and fairly evenly distributed among the four major parties. The National Party retains its lead with 25.7 percent of the total vote and is followed by the Masjumi with 24.1 percent, the Nahdlatul Ulama with 21.6 percent, and the Communists with 20.1. Minor parties account for the remainder.

Completion of the official count, which has already begun in several districts, will have to await elections not yet held in more remote areas. These include approximately 4,500,000 people, or 10 percent of the electorate. The 180,000-man army will vote on 15 October, and the holding of a new election in six cities in central Java ordered by the district election committee currently awaits the approval of the Central Election Committee. This area includes about 3,000,000 voters and originally was reported as overwhelmingly Nationalist and Communist. All elections must be completed by 29 November by executive decree.

National Party demands for the resignation of the present Masjumi-led cabinet have abated with the better showing of the Masjumi. Since the National Party seems assured of a major role in the next government, it may be willing to bide its time either until the new parliament

is seated or until a suitable issue presents itself to bring about the fall of the cabinet.

Ali Sastroamidjojo, a former prime minister and National Party spokesman, told an American official on 8 October that his party council had decided to exclude the Communists from the next cabinet. He said a coalition with the Masjumi could not be excluded as a possibility, but hinted that the Nahdlatul Ulama would be a preferable government partner.

According to present unofficial returns, the total number of seats of any two of the four major parties will be slightly less than a bare majority. When seats are actually allocated, this situation may change and two parties may be able to achieve a majority. Otherwise either a triple alliance of the three major non-Communist parties will be necessary, or enough minor parties will have to join the coalition to constitute a majority.

The Communists continue to demand participation in the next cabinet. If the National Party council remains firm in its decision to exclude the Communists, the most they can hope for is a government based on a bare majority which, for safety's sake, would accept Communist parliamentary support.

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Communist Activities
In Malaya and Singapore

The amnesty offered the Malayan Communists on 8 September has so far been accepted by only 21 persons. It has, however, brought forth a request

from the Communist Party secretary general, Chen Peng, for a cease-fire and for a meeting with Malayan chief minister Rahman, which Rahman has agreed to

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with qualifications. The meeting has not yet been arranged and the Communists may hope that public pressure will induce Rahman to go beyond the terms of the amnesty and negotiate with them.

however, that if the Communists continue to demand negotiations while at the same time increasing their armed activity, as they have done in recent weeks --they have estimated 3,000-3,500 armed terrorists in the jungle--enough political pressure will accumulate to induce Rahman to blame the British for the amnesty failure and to offer new terms including some form of negotiations.

In the separately administered colony of Singapore, Chief Minister Marshall faces intensified Communist infiltration and subversion, which has been vastly aided by the Communist-manipulated People's Action Party.

Marshall made a series of speeches during the first week of October condemning Communist subversion in the strongest terms. He has repeatedly challenged Lim Chin-siong, the leader of the People's Action Party, to state whether or not he is a Communist. Meanwhile he is striving desperately to build his own Labor Front into an organization capable of challenging the rapidly growing People's Action Party. Marshall has been invited by Rahman to join the discussions with Chen Peng when and if they take place.

The movement toward self-government has not been shunted aside by the Communist issue in either Malaya or Singapore. Marshall will go to London in November to discuss a further transfer of authority to elected officials. In Malaya, plans are under way for the appointment of a special commission, including members from Commonwealth countries, to revise the constitution in preparation for self-government which Rahman has demanded "in a year or two."

In a nationwide broadcast on 7 October, Rahman stated that a general cease-fire can be considered only after Chen Peng has accepted the terms of the amnesty and ordered his men to surrender their arms. He said he hopes to convince Chen Peng that the amnesty comes from Malaya's elected government and not from the British.

The amnesty covers all crimes committed "under the direction of the Communists" since June 1948. Those who surrender may choose either to go to China, the country of origin of many Malayan Communists, or to stay in Malaya as loyal citizens. Those who surrender are screened by the government to ascertain their wishes, a device by which questionable persons presumably may be detained.

Rahman has stated that if the Communists refuse the amnesty, he will be in a position to ask for an all-out military effort against them by the people of Malaya. There is some danger,

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United Front Influence
Threatens Pakistan's Stability

The United Front Party is extracting a heavy price for its participation with the Moslem League in Pakistan's coalition government. As a result, the freedom of action of Governor General Mirza and Prime Minister Chaudri Mohammad Ali, both of the Moslem League, is increasingly limited and the position of the present administration precarious.

The Moslem League, which represents West Pakistani interests almost exclusively and which had ruled Pakistan since the country received its independence in 1947, failed to obtain a majority in the elections for a new constituent assembly this June. The party was able to form a government only with the support of the United Front, a collection of irresponsible and erratic politicians who control East Pakistan.

The United Front was originally given five of the 14 cabinet posts, and on 26 September it obtained two more portfolios, including that of foreign affairs. The new foreign minister, Hamidul Huq Choudhury, [redacted]

[redacted] first statements after taking office reflected an anti-American neutralist line contrary to Pakistan's current foreign policy.

The increased influence of the United Front in Karachi is also reflected on the local scene in East Pakistan. Recent reports indicate that the central government is not supporting its civil

and military officials in disputes with local United Front politicians.

Meanwhile, the United Front chief minister of East Pakistan has recently released several hundred political prisoners, most of them Communists, whom the central government imprisoned last year, when the province was under direct rule of Karachi. While these releases were ordered in fulfillment of election promises, they may lead to a repetition of last year's political disturbances.

Mirza and the prime minister, by virtue of their ability and prestige and the backing of the civil and military services, would probably be able, if necessary, to dismiss the United Front and rule under emergency powers as the previous governor general, Ghulam Mohammad, did from October 1954 to June 1955. Thus far, however, they have chosen to attempt to make the representative process work by compromising with the United Front.

The governor general and prime minister will probably be able to prevent for some time any major change in Pakistan's foreign policy, but the United Front may gain a decisive voice in internal affairs. In view of its past record of irresponsibility and corruption, the United Front's expanded role in the government will almost certainly be detrimental to the future stability of Pakistan. [redacted]

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Bonn Abandons Trade Embargo
Against East Germany:

The West German government has abandoned its embargo of iron and steel products to East Germany which it instituted last

April in retaliation for excessive East German tolls on trucking to West Berlin. Bonn maintains that these tolls are the

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sole disturbing element in an otherwise satisfactory Berlin access picture and do not warrant restriction of interzonal trade.

In recent trade negotiations, West Germans were impressed with the East German arguments that Berlin access difficulties had actually been eased. Actually, except for truck tolls and sporadic confiscations, the East Germans have refrained from harassing traffic between West Germany and Berlin.

Bonn's real reason for resuming normal trade is probably recognition that Germany will remain divided for an indefinite period, and that this was clearly forecast by the Soviet-East German treaty of 20 September and by Soviet-East German statements during the summer.

Bonn has never been confident of its capabilities to force East Germany to abandon truck tolls on Berlin traffic. In addition, Bonn fears that the unprecedented gains of the German Democratic Republic toward a creditor position in interzonal trade could do much to boost its respectability in West German and Western trade

circles and might sell the idea that Bonn is "antireunification" in its interzonal trade policy.

The drive for Western recognition is a paramount factor in East Germany's trade policy and can be expected to govern East German behavior in dealing with interzonal trade issues. The East Germans have consistently fulfilled their interzonal trade commitments in the face of West German curtailment of deliveries.

There is reason to believe, however, that this East German co-operativeness is focused solely on the objective of obtaining diplomatic recognition and that the government is not prepared to alter its general attitude on trade and communications with West Germany. On the contrary, it has recently increased restrictions on the movement of residents of East Germany and the Soviet sector into West Berlin. Factories and party organizations in the provinces are now following East Berlin in forcing employees to sign pledges not to go to West Berlin.

Many of the refugees arriving in West Germany expect the restrictions to be even further tightened.

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PART III

PATTERNS AND PERSPECTIVESTHE SAAR REFERENDUM

On 23 October the Saarlanders will vote to accept or reject the Saar statute embodied in the settlement negotiated last fall by France and West Germany as a part of the Paris accords "package." An affirmative vote in the referendum would make the Saar "European" territory with local autonomy but with all matters of defense and foreign affairs under the control of the Western European Union (WEU).

Pro-German elements in the Saar are conducting a vigorous campaign against the statute, and the outcome of the referendum is in doubt. The WEU governments are moving to strengthen the forces supporting the statute, but at the same time some of them are considering alternative solutions in the event of an unfavorable vote.

Background

The Saar statute was approved last spring by all seven WEU countries--France, West Germany, Britain, the Benelux countries, and Italy. It stipulates that the Saar's defense and foreign affairs be controlled by a European commissioner responsible to the WEU Council of Ministers. The territory would be politically autonomous in other respects, and West Germany would be permitted to develop close economic ties similar to those already existing between France and the Saar.

This arrangement would not necessarily be permanent, however, since the statute was made provisional to satisfy Bonn's demands that the area, which is almost entirely German-speaking, be permitted to make a final choice following a German peace treaty.

The French-German settlement provided for a 3-month period of campaigning to precede a referendum on the statute, and jurisdiction over the campaign was entrusted by the WEU Council to a commission including representatives of all the WEU powers except France and West Germany. The stipulated conditions for the campaign period and for a free referendum were established in July when bans on political activity by pro-German groups in the Saar were rescinded.

Opposition to Statute

Until the referendum campaign started, a favorable vote was taken for granted, largely because the parties endorsing the status quo in 1952 polled nearly two thirds of the vote in that year's Landtag election. However, most of the eight new parties licensed in the Saar following the recent lifting of the bans on pro-German political activity are violently opposed to the statute. The pro-German enemies of the statute and the Saar Communist Party are conducting a vigorous and noisy fight against the "Europeanization" principle.

At present, the most optimistic prediction by disinterested observers gives the statute little better than an even chance of being approved, while most anticipate its rejection.

The average Saar voter is apathetic and ignorant about the issue, which has been confused by the Nazi-like tactics adopted from the outset of the campaign by the pro-German parties. Meetings in support of the statute were broken up by gangs of hoodlums, some imported from West Germany, and

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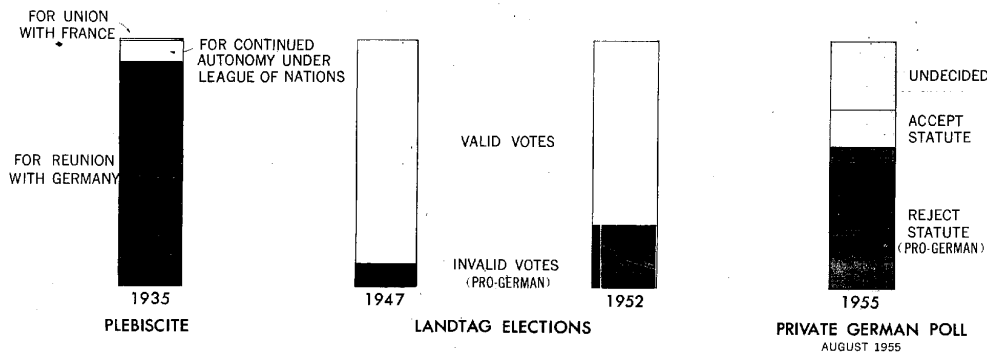
the area was flooded with propaganda recalling to the Saarlanders their German allegiance and inflaming them against the pro-French administration of Premier Johannes Hoffmann. The Saar Communists, seeing an opportunity to wreck prospects for French-German rapprochement, are reported to have played a large role in fomenting disorders.

Although disorders have abated somewhat since the WEU commission issued a sharp warning in August, further disorders about 23 October are

the organization meetings of the new Saar parties, and funds and campaign literature have been funneled into the Saar from West Germany. Although Chancellor Adenauer has publicly urged support of the statute, he has been unable to overcome the opposition of his party leaders.

Furthermore, the West German bishops of Trier and Speyer, whose dioceses include the Saar, sympathize with the pro-Germans despite the officially neutral position of the Church, and they have not

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INDICES OF PRO-GERMAN SENTIMENT IN SAAR

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possible, particularly if the vote is close. The WEU commission, fearing that the small Saar police force could not control widespread outbreaks, has strongly recommended that an international police force be established to move in if necessary.

West German Influence

Although outside efforts to influence the campaign are prohibited, the pro-German parties have received considerable assistance from members of their affiliated parties in West Germany. West German politicians attended

denied propaganda assertions of the pro-German parties that the Church regards voting for the statute as sinful. Adenauer's efforts to persuade the bishop of Trier to modify his position, which carries great weight in the predominantly Catholic Saar, have been rebuffed. The papal representative at Saarbruecken stated on 27 September, however, that the Church leaves its members free to vote according to their conscience.

Factors Helping the Statute

Several recent developments indicate that the forces

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The German press has already reported French threats of the serious consequences that rejection of the statute would have on the French attitude toward German reunification efforts.

Alternative Proposals

The British, who have been consistently pessimistic regarding the outcome of the referendum, have evolved a temporary alternative solution. Under a plan considered by the Foreign Office, the Saar would be treated as though the referendum had been favorable and a "caretaker government" would be set up which would be responsible to a commission appointed by the WEU Council.

A similar plan reportedly has been considered in Bonn.

Such a scheme would of course require French concurrence and it is by no means certain that Paris could be persuaded that a "European solution," even a temporary one, would be preferable to the situation likely to result from the Saar's reversion to direct French control.

With National Assembly elections imminent, the French government would find it difficult to make concessions. Pre-occupation with domestic and North African problems, however, might encourage the French to accept another "temporary solution" to the Saar problem.

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COMMUNIST PROPAGANDA TREATMENT OF THE UNITED STATES

A moderate and restrained attitude toward the West, particularly the United States, remains a dominant feature of Soviet propaganda supporting the Kremlin's current foreign policy efforts. Nonetheless, there is no evidence of any change in Moscow's long-range strategic objectives.

East-West Negotiations

Perhaps the best evidence for this can be found in the sustained domestic propaganda preparing the Russian people for a period of East-West negotiations. This material is characterized by an absence of distorted pictures of American life and invective against American personalities, by more objective treatment of American affairs, by daily reports on friendly exchanges of visitors between the USSR and the West, and by avoidance of comment on sensitive issues.

Soviet propagandists are developing the technique of

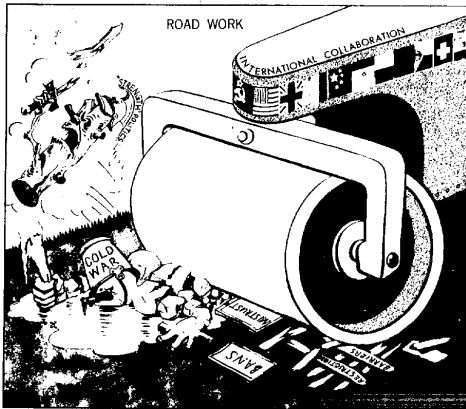
clothing standard criticisms of American foreign policy in new dress. For instance, some are presented as "logical" discussions. Many others merely quote well-known American news analysts' criticisms of United States policy.

This pattern is vividly depicted in the Russian "humor" magazine, Krokodil. Before July, every issue was filled with such anti-American cartoons as the one below.

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The change which took place in the 28 July issue was the more pointed because distribution was held up eight days--presumably for a reprint and such an about-face "in the spirit of Geneva" as in the cartoon above.

Soviet Cautions

But Moscow limits this type of propaganda so as to avoid any hint of Soviet weakness or capitulation, to ensure continued progress toward the achievement of domestic goals, and to accommodate any tactical reversal should the situation demand it.

Thus, Moscow emphasizes favorably foreign reaction to its efforts to promote the "Geneva spirit," demands reciprocal American deeds, discusses the advantages of neutralism and conversely the dangers inherent in the existence of foreign bases. It warns that the settlement of many problems depends on the establishment of mutual trust and this is a time-consuming process.

There are also persistent reminders that "certain circles" in the United States refuse to enter into the spirit of the times. Soviet officials, on the other hand, it is stated, will never submit to dictation or threats but will patiently weigh all proposals in search for common grounds for negotiation since they believe President Eisenhower and, to some extent Secretary Dulles, are sincere in their endeavors toward world peace.

Krokodil interprets this line as in the cartoon below.

Other Communist Efforts

Elsewhere in the Sino-Soviet bloc a modified version of Moscow's propaganda pattern is being carried out--with Eastern European media only slowly

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picking up the Soviet line, and Far Eastern Communist propagandists making only a token contribution to the new effort.

Satellite anti-American propaganda was sharply reduced after the "successful conclusion" of the summit talks and has since remained at a low level. Favorable commentaries dealing with the United States, particularly with the President, have recently appeared in Satellite output. At the same time, however, the Satellites have continued to criticize some aspects of American foreign policy.

Peiping's failure to accord the "Geneva spirit"

theme as much emphasis and significance as Moscow reflects the difference between the pressures and problems confronting the two governments. The conflict between Chinese Communist and American interests, particularly in the Formosa area, is expressed in sharper and simpler issues than the more general and complex conflict between the Soviet Union and the United States. This difference in the nature and intensity of Soviet and Chinese collisions with American power and interests requires different postures toward the United States and different approaches to foreign and domestic policies.

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PEIPING'S CONCILIATORY APPROACH TO FAR EASTERN PROBLEMS

Peiping's professed adherence to the "Geneva spirit" has emerged in such recent gestures as the announced decision to evacuate six divisions from Korea and the continuing calm in the Formosa area. Without renouncing its objective of "liberating" Formosa, Communist China is apparently deferring major attacks in the offshore island area while it sees some prospect of political gains in direct talks with the United States. Elsewhere in Asia, the Chinese Communists maintain the conciliatory tone adopted at the Bandung conference last April and seek to weaken American prestige and influence by intensifying appeals to neutralist sentiment.

Formosa

The capture of several Nationalist-held offshore islands in early 1955 was announced by the Communists as preliminary to the "liberation" of Formosa itself. The "liberate Formosa" propaganda campaign, however, diminished sharply just before the Bandung conference in April

at which Chou En-lai declared Communist China's readiness to negotiate with the United States. Since then, no assaults have been made on the offshore islands.

Communist China appears to be impatient to get from the current ambassadorial talks at Geneva to higher-level discussions on the Formosa issue. Charges by Peiping radio that the United States is obstructing progress in the talks show that China is anxious to give the appearance of adhering to the "Geneva spirit."

The "Geneva spirit," as statements on Communist China's national day, 1 October, make clear, does not entail renunciation of the "liberate Formosa" goal. Peiping acknowledges the possibility of "peaceful liberation" but does not reject the use of military force if "peaceful" methods fail. Through negotiations with the United States, it sees the possibility of a withdrawal of American forces from the Formosa area and a consequent erosion of the

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Nationalist position. But it insists that the status of Formosa and the offshore islands is a purely domestic issue.

Korea and Vietnam

The Chinese Communists have tried to contrast the "military threat" of the United States in Asia with their own "peaceful moves" in other ways. For example, Peiping has asserted that the alleged demobilization of 4,500,000 Chinese troops and the forthcoming withdrawal of six more Chinese divisions from Korea are in keeping with the regime's efforts "to ease the Far Eastern and world situation." In fact, however, the reduction of Chinese strength in Korea has been accompanied by a strengthening of North Korean military forces, to some extent in violation of the terms of the Korean armistice.

Professions of the "Geneva spirit" also emerge in Peiping's appeals for peaceful unification of Vietnam and for compliance with the provisions of the 1954 Geneva settlement on country-wide elections. But military aid is still extended to the Viet Minh, and the Viet Minh in turn promotes subversion in South Vietnam and small-scale warfare in Laos.

Lifting the Bamboo Curtain

To support its Far East peace campaign, Communist China seeks to associate itself with the rest of the Asian community and to demonstrate that the bamboo curtain is an American fiction. To this end, the invitation to visit China has become a standard tactic. At Bandung, Chou En-lai invited even such staunch anti-Communists as Carlos Romulo of the Philippines and Prince Wan of Thailand to visit Communist China.

The response to these invitations has been quickest where neutralist sentiment is strongest. Former Indonesian

premier Ali undertook a goodwill mission to Peiping shortly after the conclusion of the Bandung conference. The Burmese have responded to Peiping's invitations by sending three top-level groups to China--a cultural mission headed by a cabinet officer, a religious mission led by the chief justice, and a military mission under the commander in chief. On 1 October, some 300 Japanese visitors were said to be in Peiping.

Asian Peace Pact

In further support of its effort to identify China with other Asian--particularly neutralist--countries, Peiping on 30 July proposed a "collective peace pact" for Asia. Such a pact is intended to supplant the American-sponsored Manila pact which has been unpopular with neutralists and under attack in Communist propaganda as a military bloc organized to have "Asians fight Asians." Peiping also proposed a general Far Eastern conference to discuss a wide range of Asian issues. Most neutral nations are believed to favor such a conference.

Communist China's flattery of India affords the most conspicuous illustration of the effort to enlist neutralist sympathies. India, which used to be treated in Peiping's propaganda as only semi-independent, is now acknowledged to be fully independent and is associated with China as a charter subscriber to the "five principles of coexistence." India invariably is China's announced preference for membership on international armistice commissions and has been chosen to represent Peiping's interests in the repatriation of Chinese desiring to leave the United States.

Trade Agreements

The trade agreement is another tactic used by Peiping to exploit neutralist sentiment. Peaceful trade is offered as an

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alternative to the economic warfare fostered by American policies. Perhaps to dramatize its own "peaceful reconstruction," Communist China evidently intends to offer quantities of machinery and iron and steel products in forthcoming agreements.

The precedent for such offers has been set in recently concluded trade pacts with Burma, Indonesia, and Egypt. In China's present primitive stage of industrial development, the export of industrial products probably is not warranted on economic grounds, and the exports reflect the fact that political rather than economic factors constitute for Peiping the overriding consideration in the negotiation of trade agreements.

Peiping's appeal for "peaceful" trade has been addressed particularly to Japan. Communist China's political overtures to Tokyo--the latest

was Chou En-lai's reported offer to restore diplomatic relations "without conditions"--have thus far failed to evoke a clear affirmative response from the Japanese government. But in the matter of trade, Peiping has been able to address itself to unofficial or semiofficial levels in Japan, and has succeeded in concluding agreements with Japanese businessmen.

The result of these economic overtures and the Chinese Communist practice of offering to barter industrial raw materials for strategic goods has increased pressure in Japan for a relaxation of trade controls and for recognition of Communist China. In this connection, Peiping may feel it is forcing Washington to choose between reducing its efforts to apply strict trade controls on strategic items for China or perpetuating American-Japanese differences on trade with Peiping. (Concurred in by ORR)

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TROUBLE IN INDIAN-HELD KASHMIR

Strong Communist influence in the government of Indian-held Kashmir and continuing popular opposition to the administration endanger the internal stability of this area, which remained in Indian hands at the time the fighting with Pakistan ended in January 1949. While Pakistan continues to press its claims to Kashmir, most of the immediate local difficulties are caused by indigenous opposition to the present government. The 40,000 Indian troops in Kashmir probably could handle any sudden crisis, but New Delhi appears uncertain how to resolve the long-range internal political problem it faces in Kashmir.

Just after the partition of India in October 1947, Pathan

tribal raiders from Pakistan entered Kashmir in an attempt to join the state, which has a majority of Moslems, to Pakistan. The Hindu maharaja, who until then had refused to attach his state to either India or Pakistan, decided for union with India. Regular Indian army forces entered the state to battle with the raiders and occupied the most important areas.

United Nations intervention brought a cease-fire agreement in January 1949. Pakistan and India have continued their quarrel over the state on the diplomatic level ever since, without any solution being in sight. Last July, Indian prime minister Nehru even implied he no longer felt bound by his

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promise of a plebiscite for the state which he offered at the time of Kashmir's decision to unite with India. Pakistan's new premier, Chaudri Mohammad Ali, however, made it clear as soon as he took office in August 1955 that his country is still keenly interested in the state.

Karachi is again threatening to return the issue to the United Nations, but long-term Indian economic development and eight years of occupation have given Kashmir close and probably permanent ties with New Delhi. The Kashmir Constituent Assembly has approved the state's accession to India and an official 1954 Survey of India map shows all of Kashmir, including the part held by Pakistan, as part of India.

Political Situation

Sheik Abdullah, creator of the Kashmir National Conference, which has ruled the state since 1947, commanded strong popular support and maintained a fairly stable internal political situation. Since he was deposed by an Indian-inspired coup in August 1953 for allegedly seeking autonomy for Kashmir, the National Conference government has deteriorated.

Bakshi Ghulam Mohammad, pro-Indian National Conference leader who replaced Abdullah as prime minister, has met heavy opposition since the beginning of his rule. His government in turn has grown constantly more oppressive. During its first six months, nine daily newspapers were suppressed.

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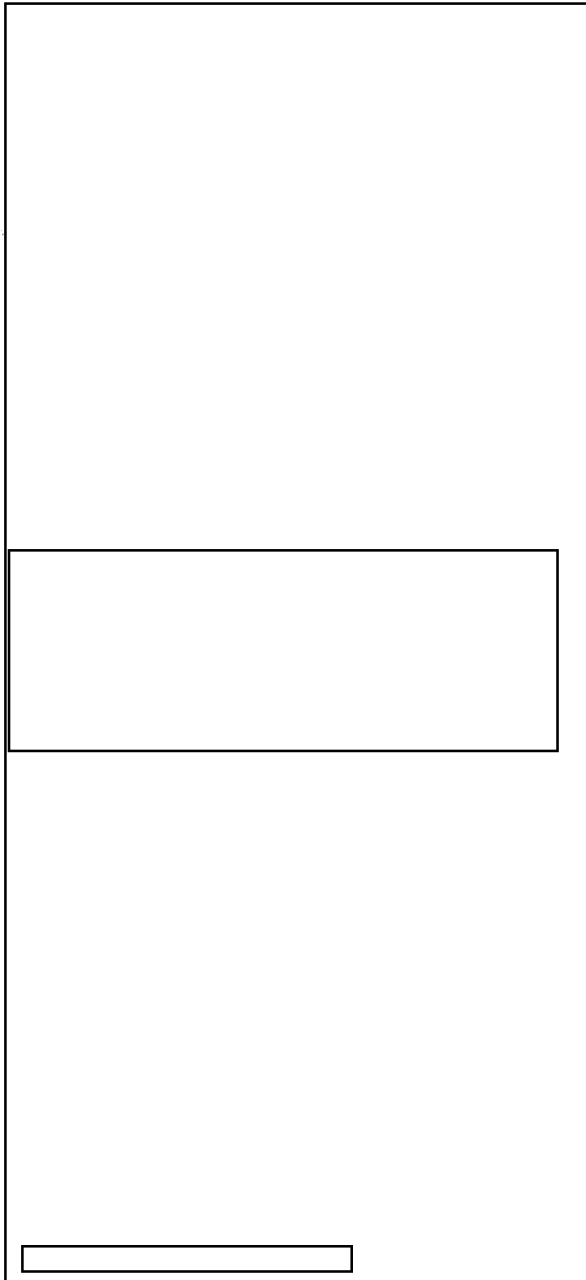
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With apparent Indian Congress Party support, the National Conference has vigorously opposed entry of the Indian opposition parties into the Kashmir political scene. Leaders of the local Praja Socialist Party and the Jan Sangh have been imprisoned, as have workers of the indigenous Praja Parishad.

As a result, the Praja Socialists have recently agitated for dismissal of the National Conference-dominated Kashmir Constituent Assembly and the holding of new elections. National Conference members loyal to Sheik Abdullah have formed a "Plebiscite Front," demanding a referendum to determine the validity of the Constituent Assembly's decision to unite with India. Several of the front's spokesmen were arrested in August and September 1955, but the agitation continues. Bakshi's inability to suppress the agitation indicates a weakness which did not exist under Abdullah.

Most likely to profit from the unrest is Bakshi's political foe, Education Minister Ghulam Mohammad Sadiq, who, as president of the National Conference, has been exerting a major influence in the government.



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SOVIET AIRCRAFT ENGINE INDUSTRY

The USSR has made rapid progress in research, development, and technology for production of modern aircraft engines since World War II and, on the basis of recent observations, now appears to have a capability comparable to that of the West. In the field of heavy engines, the USSR has successfully pioneered the development of turbo-jets and turbo-props larger than any developed in the West. The turbo-props were engineered with considerable help from German technicians.

turbo-jets (BADGER and BISON), and one heavy bomber equipped with turbo-props (BEAR).

In contrast, the United States has concentrated on small, multiple units of turbo-jets to power heavy bombers, on the assumption that such units can be standardized for smaller aircraft. The United States also has favored turbo-jets over the turbo-props because of a theoretical superiority of jet engines for military use. Turbo-props have been projected largely for noncombat use.

In producing two new fighters (FLASHLIGHT and FARMER) mounting small axial-flow engines, the USSR is following the Western trend toward discarding centrifugal-flow in favor of axial-flow designs. This preliminary move will probably be followed by a general standardization in the axial line, and a corresponding phasing out of centrifugal-flow jets.

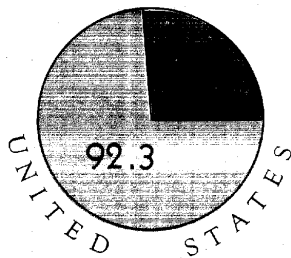
AIRCRAFT PLANT FLOOR SPACE

(MILLIONS OF SQUARE FEET)



AIRFRAME

ENGINE



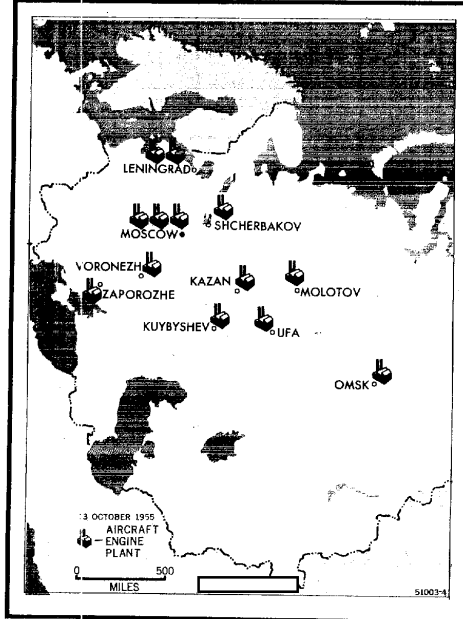
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In 1953, Soviet production of aircraft engines was estimated at 11,000 propeller-driven and 15,000 centrifugal-flow jet engines. Since then, the USSR has begun to switch to the more efficient axial-flow jet. No estimates are available on production of the new engines.

The Soviet air force now has one medium and one heavy bomber equipped with the heavy

SOVIET AIRCRAFT ENGINE PLANTS



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The transition from conventional engines to turbo-jets and turbo-props has apparently been accomplished smoothly. While returning German technicians have reported typical development problems in the initial series of turbo-props, no corresponding production problems have been evidenced. The appearance of seven BEARS less than two years after acceptance of the engines indicates a smooth transition into production. No available evidence points to difficulties in the production of turbo-jets.

A possible explanation of the easy shift to the production of modern engines may be found in the large proportion of total aircraft industry floor space devoted to engine production. Since the efficiency of Soviet engine plants during World War II was on a par with that of US plants during the same period, it is felt that the Soviet aircraft engine industry will have no difficulty in providing sufficient units for any foreseeable aircraft production program. 25X1
(Prepared by ORR)

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VIET MINH RESTORING ROADS AND RAILWAYS

The Viet Minh, with Chinese Communist assistance, has made a major effort during the past year to rehabilitate the road and rail transport network in North Vietnam. Nearly the entire network, which is of vital importance to Viet Minh economic recovery and the preservation of military strength, will probably be restored by mid-1956.

Less than two weeks after the Viet Minh occupied Hanoi in October 1954, surveys of road and rail conditions began and an ambitious program was announced by the Public Works and Transportation Ministry. Agreements reached in Peiping in December ensured that the Chinese Communists would play a leading role in the rehabilitation of Viet Minh communications.

Road Repair

By assigning army and forced labor units to road construction tasks in the fall of 1954, the Viet Minh was able to announce last January that

two thirds of all war-damaged highways had been restored. Reconstruction of roads in the Tonkin Delta was the first step in a major communications development program. By September 1955, Hanoi claimed that a total of more than 3,700 miles of roads had been rebuilt, though it admitted that both highway and railway bridge reconstruction remained the chief problem in the delta and south along the coast.

Railroad Reconstruction

The restoration of railways began with the reconstruction of the 100-mile meter-gauge line from Hanoi to the Chinese border at Munankuan, accomplished with Chinese railway engineering assistance by February 1955. On 18 August, Hanoi revealed that this line was to be widened to Chinese standard gauge, 4' 8 1/2", by early 1956, and that considerable progress had been made in the rebuilding and strengthening of the roadbed and bridges.

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This will substantially increase the line's capacity for handling international traffic and may foreshadow conversion of most of the Viet Minh rail system to standard gauge.

The 1955 railway restoration goal of 225 miles specified restoration of only 50 miles of southern line--from Hanoi to Nam Dinh--on which track-laying began in September, while providing for the complete reconstruction of the 175-mile Hanoi-Laokay line.

Hanoi-Laokay line. On the latter line, roadbed restoration work has reached the low swampy areas along the Red River, 82 miles northwest of Hanoi, where reconstruction of miles of trestlework has just begun.

Restoration of the southern line below Nam Dinh, where a large number of bridges are destroyed, is scheduled for late 1956 and would complete the Viet Minh rail system.



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Strategic Considerations

The entire road and rail restoration program has been conducted on the basis of strategic considerations, with large-scale Chinese assistance.

In addition to conversion of the Hanoi-Munankuan line to standard gauge, Chinese influence

on Viet Minh rail construction is reflected in the low priority attached to restoration of the southern line, which passes through a rich agricultural area, and the high priority attached to the difficult Laokay line, which will provide China's mineral-rich Yunnan Province with a rail link to the seaport of Haiphong.

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