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2 November 1961

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# CENTRAL

# INTELLIGENCE

# BULLETIN



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State Dept. review completed

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CENTRAL INTELLIGENCE BULLETIN

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Scandinavia: The Soviet note of 30 October proposing consultations with Finland on defense measures has caused deep concern throughout Scandinavia. In Sweden, the Soviet move has evoked a "crisis atmosphere," according to the US Embassy. The two Scandinavian members of NATO, Denmark and Norway, may become more reluctant to support any NATO defensive measures which Moscow might regard as provocative. *ok*

In Finland itself the initial shock of the Soviet note appears to be giving way to moves toward national unity. The Agrarian party's minority government has taken under advisement a formal proposal of the three right-of-center parties that a national

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DAILY BRIEF

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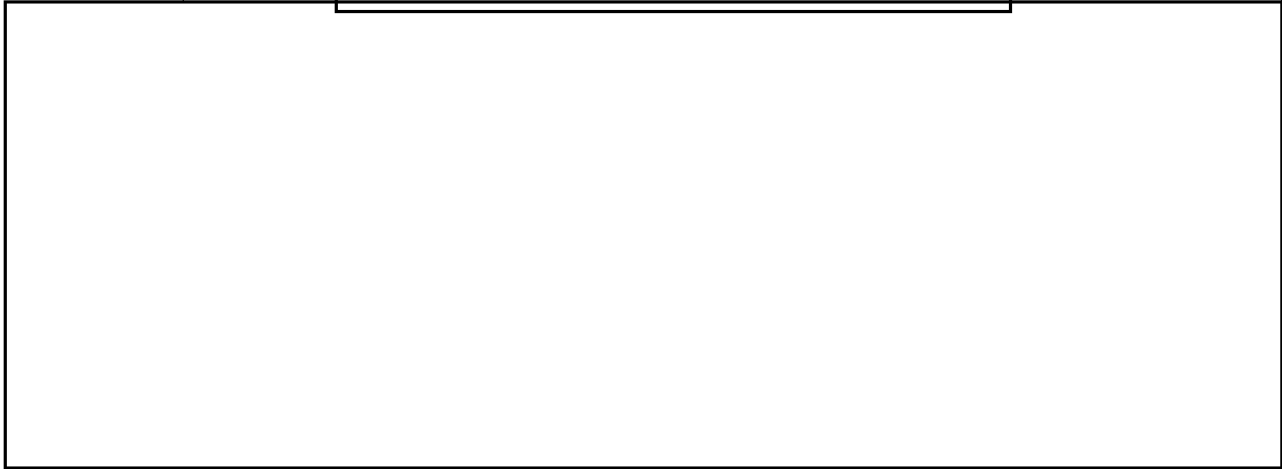
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coalition government be formed, excluding the Communists. The Finns will probably feel themselves compelled to agree to preliminary discussions on the Soviet proposal, but will balk at accepting the Soviet charge that a threat from West Germany exists.

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WATCH COMMITTEE CONCLUSIONS

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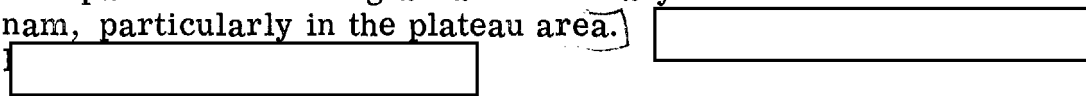
On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

No Sino-Soviet bloc country intends deliberately to initiate direct military action in the immediate future.

No

South Vietnam: Communist forces continue their efforts to undermine the Diem government by sabotage and terrorism and to expand the Viet Cong areas of military control in South Vietnam, particularly in the plateau area.

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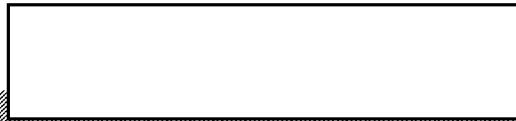


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Soviet Note to Finland Proposing Consultations  
On Defense Measures

The Soviet note invoking the 1948 treaty of mutual assistance has depressed the Finnish public and reinforced doubts about the government's view that Soviet-Finnish relations had been stabilized to the point where developments elsewhere would have no effect on them. The note may have some influence on the presidential election campaign, but will not necessarily work to the disadvantage of President Kekkonen, who has taken much of the credit for the improved relations between the two countries. Most Finns probably will support his candidacy on grounds that any change now would merely aggravate relations with the Soviet Union.

The Finns generally are doubtful that the government should enter into formal discussions with Moscow. President Kekkonen, who is due to return from his visit to the United States on 3 November, may believe that Finland has no alternative to preliminary talks. Both he and the Finnish Government, however, are likely to balk at accepting the Soviet charge that Finnish and Soviet security is threatened by West Germany. Acceptance by Finland of the Soviet view that a threat from West Germany does exist would pave the way for eventual Soviet moves to draw Finland into direct ties with bloc security arrangements.

The Swedish Government's reaction to the note has been to hold an emergency cabinet session and meetings with opposition leaders. Sweden traditionally has maintained the closest ties with Finland and, in addition, would feel itself directly threatened militarily if it could no longer count on a friendly Finland as a buffer against the Soviet Union. Some conservative elements have suggested that Sweden may be required to reconsider its alliance-free foreign policy if Finland's independence is jeopardized.

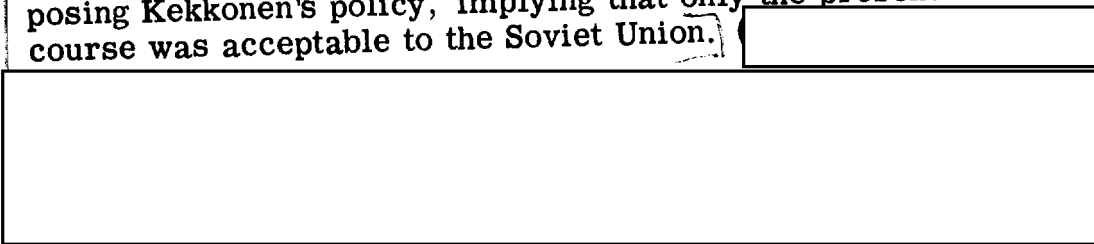
The note may cause Denmark to procrastinate further on such questions as creating a unified NATO command for the

Baltic in which West Germany would play a major role. This question received considerable attention in the Soviet note, and both Norway's and Denmark's roles in the plan were sharply attacked. The visit of Norwegian Foreign Minister Lange to the Soviet Union later this month will provide Moscow with another opportunity to impress upon Norway the danger it faces through membership in NATO.

Khrushchev's statement in his 27 October speech at the party congress, in which he again listed the liquidation of Soviet bases on foreign territory as one of the peaceful initiatives of his policy, provides evidence that the demarche to Finland is an effort to gain support for Soviet claims of a growing "military threat" from West Germany rather than the opening of a campaign to gain bases on Finnish territory. In this connection, Khrushchev, in his August interview with columnist Drew Pearson, took personal credit for deciding to evacuate the Soviet base at Porkkala in 1955-56, despite objections by Molotov.

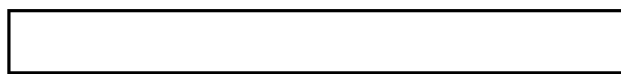
It is likely that the Soviets will make it clear in subsequent conversations with Helsinki that they expect Finland to adhere to any German peace treaty. Khrushchev reportedly told Finnish Communist officials in August that all neutral countries would be forced to define their positions on Germany when the USSR concluded a German peace treaty. He emphasized that "in a situation which is tightening we must be able to trust Finland to react toward us correctly." Khrushchev also complained that the candidates who are opposing Kekkonen in the elections are attempting to undermine Kekkonen's policy of friendship with the Soviet Union. He stated, "This must be stopped." The Soviet note of 30 October also referred to Finnish circles who were opposing Kekkonen's policy, implying that only the present Finnish course was acceptable to the Soviet Union.

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