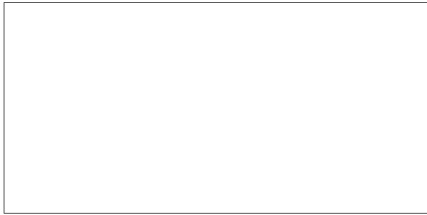


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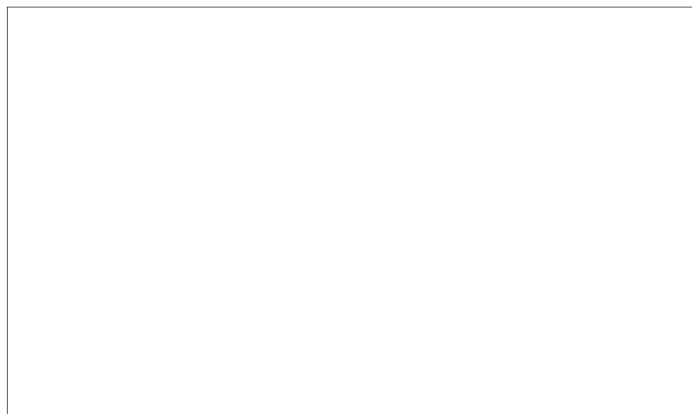
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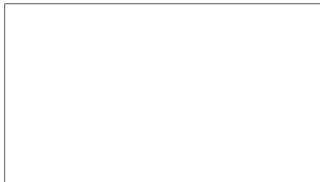
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LATE ITEM**BULGANIN LETTER TO PRESIDENT EISENHOWER**Comment on:

In anticipation of the forthcoming NATO meeting, Soviet Premier Bulganin has sent a personal letter to President Eisenhower once again suggesting a meeting of leaders of states to discuss various problems which presently cause international tension. Bulganin warned that if the present competition in arms continued, there was no guarantee that NATO would be the victor, and that the theory of "local wars" was dangerous.

A preliminary analysis of the letter shows the USSR reiterating its past disarmament proposals for a ban on nuclear weapons; a 2-3 year testing ban (this one to start on 1 January 1958); an agreement not to introduce nuclear weapons in either East or West Germany; and a quid pro quo by Czechoslovakia and Poland not to manufacture or station nuclear weapons on their territory if both the Federal and German Democratic Republics will also agree.

Bulganin repeated proposals for a treaty of friendship and peaceful cooperation, for a NATO-Warsaw pact non-aggression treaty, and for an agreement to respect the independence of the countries of the Near and Middle East and renounce the use of force there.

Expressing some alarm at Western reactions to Soviet accomplishments in scientific research and military technology, Bulganin repeated Soviet protestations that ballistic missiles and nuclear weapons not be used destructively. He prophesied that giving atomic weapons to West Germany may set in motion forces "which may not be expected" by the NATO participants.

In addition, he warned that the use of force to change the present territorial "status quo" would have catastrophic consequences and pointed to the absurdity of a situation in which the US and USSR, two huge countries with everything

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necessary for economic development, cannot achieve normal mutual relations.

Similar letters will probably be sent to London and Paris as part of a general effort to inhibit decision and action at the forthcoming NATO conference. These letters and a 10 December personal message from Bulganin to Nehru will probably be well publicized in order to contrast the "aggressive character" of the NATO meeting with the "peaceful intentions" of the USSR.

1. SOVIET BLOC OFFERS TECHNICAL PERSONNEL TO INDONESIA

Comment on: *B-2*

Soviet bloc countries are offering their services to take the place of Dutch personnel in enterprises recently seized by the Indonesians. East Germany has volunteered to replace the Dutch "in all fields" and specifically has offered pilots for Indonesia's national airline (Garuda) and East German educational facilities for Indonesian students who must leave Holland. [redacted]

[redacted] the Soviet Union has said it would provide ships to meet shipping deficiencies and air service to replace KLM. Poland has also offered technical personnel.

In Djakarta, the Indonesian government announced that KPM, the recently seized Dutch interisland shipping company, will be controlled by an administration committee aided by a "labor assistance team." The latter presumably will be composed of Communist-affiliated workers who earlier took over the Dutch firm. It is likely that the arrangement at KPM will be duplicated at other enterprises first seized by SOBSI, the Communist-affiliated labor federation, and later turned over to the government. The inability of moderate government elements to force the Communists out of the companies is clearly indicative of the extent to which the Communists have been able to consolidate their gains in the present crisis. [redacted]

2. SPAIN WITHDRAWING ITS WEST AFRICAN FORCES TO COASTAL AREAS

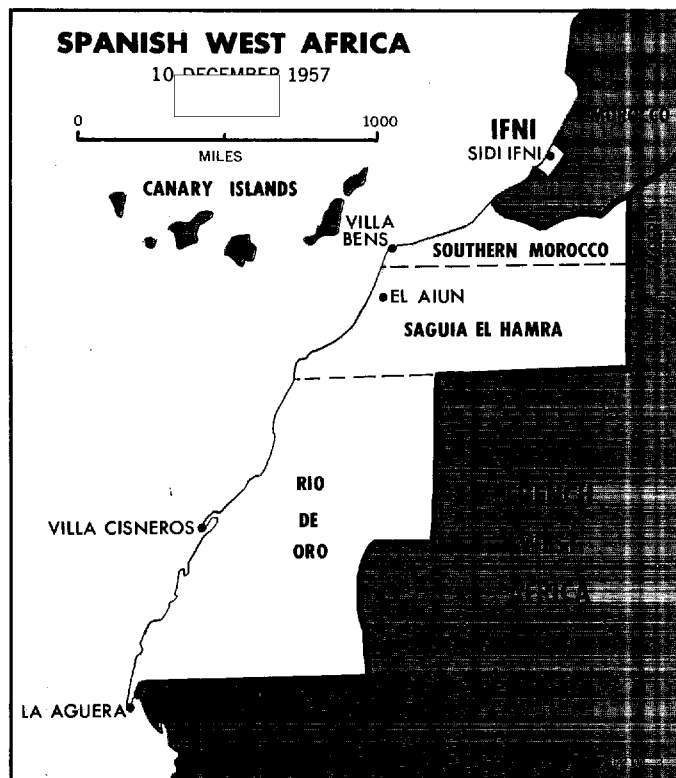
Comment on:



The deputy chief of staff of the Spanish army informed the American army attaché in Madrid on 9 December that all Spanish forces in West Africa are being withdrawn to the following defense perimeters near the coast: Sidi Ifni, the capital of Ifni; Villa Bens in the southern Moroccan protectorate; El Aiun in the Spanish colony of Saguia el Hamra; and Villa Cisneros and La Aguera, both in the colony of Rio de Oro.

The withdrawal does not mean that Spain intends to quit Spanish West Africa. The decision is presumably based on Madrid's estimate of the difficulty of defending desert outposts.

The deputy staff chief expects the irregular Moroccan Army of Liberation to attack in force at Sidi Ifni. The American army attaché in Madrid estimates Spanish forces defending Sidi Ifni at 5,000 to 6,000, and opposing Army of Liberation forces at as high as 6,000. He further estimates Spanish forces in the other West African perimeters at about 4,000 and opposing Moroccan irregulars at about 2,500.



3. VIOLENCE ON CYPRUS

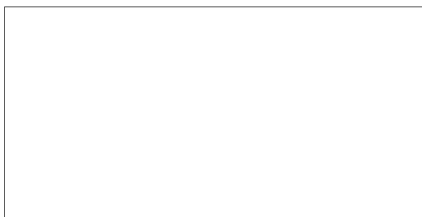
Comment on:



Greek-Turkish rioting occurred on Cyprus on 10 December during the fourth consecutive day of large-scale riots against the British. The risk of serious outbreaks between the Greek and Turkish communities is now greater than at any time in the two years of violence on the island, according to the American consul in Nicosia. The leader of the Turkish Cypriots, Fazil Kuchuk, has inflamed his followers by warning that they face imminent massacre by the Greeks.

These latest incidents could lead to bloodshed not only on the island but also in Greece and Turkey. Ankara has repeatedly warned that it will take the necessary steps to protect the Turkish population on Cyprus. The Greek foreign minister has stated that communal violence on Cyprus will lead to a break in diplomatic relations with Turkey and the possible fall of the present Greek government.

4. SYRIAN BAAATH LEADER SHOWS CONCERN OVER
PRO-SOVIET TREND



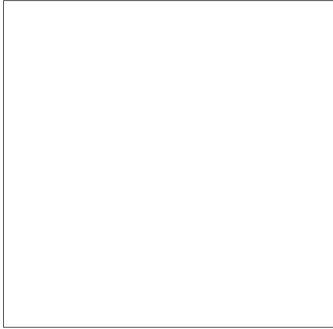
Khalid Azm, pro-Soviet Syrian defense minister, who arrived in Moscow on 10 December leading an economic delegation to work out the details of the recent Syrian-Soviet economic accord, has recently become deputy prime minister. Azm's other offices include the Ministry of Finance and chairmanship of the Economic Development Board.

Azm's recent political successes and increasing identification with a pro-Soviet foreign policy have alarmed Akram Hawrani, leader of the neutralists' Baath party. Hawrani, in an effort to counter both Azm and local Communist influence, has recently made gestures toward "pure" nationalists of the more moderate stripe who have hitherto opposed him. He is reported to have stated that "our next fight is against the Communists" and that cooperation between the radical Baath and more moderate nationalists is possible so long as the moderates follow the Baath's pro-Nasir policy. In Hawrani's view, such cooperation is especially important to prepare for the Syrian parliamentary elections due in the fall of 1958.




5. PAKISTANI GOVERNMENT RESIGNS

Comment on:



Pakistan's seven-week-old coalition government, led by I. I. Chundrigar of the Moslem League, resigned late on 10 December on the eve of a scheduled National Assembly session to vote on the controversial separate electorate issue. After accepting the resignation, however, President Mirza is reported to have called on Chundrigar to try to form a new government. The President also postponed reconvening the assembly for three weeks.

Earlier in the day, the executive committee of the Republican party, major partner in the coalition, was reported to have stiffened in its opposition to the prime minister's plan to restore the system of separate communal electorates and to have sent the party's leader to deal with Mirza. At the same time, Republican representatives approached former Prime Minister Suhrawardy to negotiate a revival of their coalition with his Awami League.

Chundrigar's resignation suggests that his Moslem League concluded it could not command a majority vote in the National Assembly without full Republican support and must follow through on its threat to resign. Mirza may have asked Chundrigar to try to form a new government merely as a delaying tactic while he works out terms for a new coalition, possibly composed of Republicans and Suhrawardy's Awami League. 

6. MAO TSE-TUNG'S ROLE AT MOSCOW MEETINGS DESCRIBED

Comment on:

[redacted] the Moscow meetings portrays Mao Tse-tung as actively moderating Soviet-bloc differences at the meetings on some specific issues, particularly between the USSR and Poland. Previous reports as well as Mao's speeches in Moscow had suggested that he had confined himself to supporting--in unusually emphatic terms--the strong Soviet claim for bloc leadership.

Mao reportedly rewrote the original conference agenda to harmonize Soviet and East European requirements. When the Poles objected to the revival of a new international Communist journal, Mao is said to have helped persuade the Poles to agree to a journal in which they would not be required to participate. Mao also is said to have convinced Kadar to fall in line with the Soviet position that Imre Nagy should be brought to trial on treason charges based on his repudiation of the Warsaw pact.

At the same time, Mao criticized the Poles for "going too far toward the imperialist camp." [redacted]

[redacted] Peiping
 [redacted] report that Poland had misused China's previous support "to propagate a hate campaign against the Soviet Union." Mao warned Gomulka that under no circumstances would China support Poland if the Poles "try to destroy socialism."

Since the East European disorders of 1956, Peiping's objective has been to enhance bloc stability. An additional motivation for Mao's efforts to promote harmony at the Moscow meetings was the prospect of new military and scientific aid from the USSR. [redacted]

7. NORTH VIETNAM AND BURMA TO EXCHANGE CONSULAR REPRESENTATIVES

Comment on:

In response to Viet Minh pressure for diplomatic exchanges, Burma has indicated it is prepared to enter into "consular" relations with North Vietnam and to receive a consul general in Rangoon. Burma recently accepted a consul general from South Vietnam.

The Viet Minh ambassador in Peiping informed the Burmese ambassador on 30 November that his government would welcome a Burmese representative in Hanoi and that quarters and offices for him are ready for "immediate occupancy" without cost. He stated that the Burmese official need not be highly trained, but only "friendly to the Vietnamese."

Rangoon told the unofficial Viet Minh representative on 3 December that it could not extend de jure recognition to either of the two governments of Vietnam nor enter into "diplomatic" relations with either.

While the Burmese decision for consular relations avoids diplomatic recognition of North Vietnam, Hanoi probably will exploit it as proof of a rising international prestige. India and Indonesia have previously established consular relations with both Hanoi and Saigon.

The Viet Minh has also been successful in its effort to induce the Burmese to invite Ho Chi Minh for a visit next spring. Hanoi apparently hopes to counterbalance any good will which President Diem may win if he carries out his plans for a visit to Rangoon.

8. CZECHS RELUCTANT TO SUPPLY ARMS TO BURMA**Comment on:**

[REDACTED] Prague does not wish to conclude an arms deal at the present time. The Czechs cited as reasons a review now in progress of specifications of existing armaments "to tie in with a long-term engineering plan" and allegations that Czech arms supplies to the Middle East have increased tensions in that area. The Burmese were assured, however, that the question of supplying arms would be reviewed in March or April. They recommended that Rangoon postpone the arrival of a Burmese arms purchasing mission to Prague scheduled for this month.

Prague, before making its own offer, is probably waiting for the results of the visit by the United States arms survey mission presently in Burma. Postponement of the Czech commitment at this time may also reflect a political decision to wait until insurgent Communists in Burma attain legal status. The Czechs are currently negotiating new contracts and shipping military equipment to the Middle East but also have the capacity to supply Burma.

9. THAI GOVERNMENT PLANNING ROUNDUP OF PRO-COMMUNISTS

[REDACTED]

Comment on:

[REDACTED]

The Thai government is planning a large roundup of suspected pro-Communist elements sometime after the 15 December parliamentary elections, [REDACTED]

[REDACTED]

The left-wing Socialist Front has 100 candidates contesting the elections, many of whom would be likely to be included in any police roundup.

Thai officials, including Premier Pote and armed forces commander General Sarit, have frequently voiced concern over increased Communist activity in Thailand. [REDACTED]

Official public statements on Communist activities have been coupled with a strong defense of Thailand's membership in SEATO, opposition to which has been the principal plank in the Socialist Front's campaign platform. [REDACTED]

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10. WEST GERMAN POLITICAL LEADER FEARS NEUTRALIST SENTIMENT

Comment on:



The leader of Chancellor Adenauer's Christian Democratic Union in the West German lower house, Heinrich Krone, told American officials that Bonn's silence on plans for the NATO meeting has created public uneasiness in view of the headline treatment given by the West German press to proposals of the opposition Social Democratic party and of George Kennan for a neutralized Germany. Krone will recommend to the cabinet on 11 December that Bonn issue an expression of confidence in NATO.

Krone's views reflect fears that neutralist sentiment may be gaining ground in West Germany. Bonn has been reluctant to commit itself publicly to the acceptance of a US-controlled NATO stockpile of nuclear warheads or the stationing of IRBM's on German territory because such actions would expose West Germany to added Soviet pressure without the compensating factor of control over nuclear warheads. Instead, Bonn assigns top priority to equipping its own forces with tactical atomic weapons, improving military integration of continental air defense, and initiating common production of short-range rockets and missiles.

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