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CURRENT INTELLIGENCE WEEKLY SUMMARY



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CENTRAL INTELLIGENCE AGENCY
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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

FOREIGN MINISTERS' CONFERENCE. Page 1

The Soviet formula for a European security system, although it has been modified, is still based on a divided Germany and therefore remains different from that suggested by the West. It embraces most of the features of the full security plan proposed by the USSR at the summit conference, including provisions for assistance to any nation attacked and for setting up consultative machinery. [redacted]

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**MOSCOW MAY PRESS FOR CONFERENCE
ON NEAR AND FAR EAST Page 2**

Soviet journalists at Geneva are putting forth the argument that the four powers should address themselves to situations requiring "immediate attention" such as those in the Near and Far East. The USSR probably feels that it is in a strong position at this time for gaining the support of the underdeveloped countries for conferences on Near East and Asian problems. [redacted]

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ARAB-ISRAELI SITUATION Page 3

Tension is mounting on Israel's borders with Syria and Egypt, and border violations continue as both sides are reinforcing their military units. Ben-Gurion's installation as prime minister foreshadows a firm and uncompromising Israeli policy. [redacted]

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PART II

NOTES AND COMMENTS

French North Africa: The new Moroccan unity arising from the support of Berber leader El Glaoui and ex-sultan Mohamed ben Arafa for the restoration of former sultan Mohamed ben Youssef has greatly increased the nationalists' strength and their will to force Paris to yield to their demands. [redacted] Page 1

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CURRENT INTELLIGENCE WEEKLY SUMMARY

3 November 1955

December Elections Practically Assured in France: The 330-211 vote of confidence on 3 November approving French premier Faure's proposal to advance National Assembly elections makes it almost certain that the elections will be held on 11 December, even though the bill must still go to the upper house. [redacted] Page 2

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Saudi Arabia Protests British Occupation of Buraimi: Saudi Arabia has protested the British occupation of the Buraimi oasis and adjacent areas in London and has warned that it may request UN Security Council action on the dispute. [redacted] Page 3

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Rhee Again Threatens Action to Regain Lost Territory: In a meeting with his chiefs of staff on 25 October, President Rhee is reported to have demanded that plans be submitted to him for military action to regain former South Korean territory below the 38th parallel. Rhee is unlikely to attempt recovery of the lost territory at this time. His primary objectives in bringing up the matter now probably are to draw American attention to Korea during the Geneva conference, assure the continued presence of American troops in Korea, and maintain the atmosphere of crisis which facilitates his exercise of authority. [redacted] Page 4

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Laos: Crown Prince Savang of Laos believes that the political talks between the royal government and the Pathet Lao may break down next week and that the Pathet Lao forces may then step up their military action in the northern provinces. [redacted] Page 5

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East Germany Improves Position to Interfere With Berlin Access: East Germany is taking steps which would improve its position for interfering with Western access to West Berlin as part of its campaign to extort diplomatic recognition from the West. The regime probably feels itself in a stronger position to resume harassing tactics as a result of the emphatic Soviet endorsement of its sovereignty and the transfer to East Germany of jurisdiction over its communications and frontier and checkpoint controls. [redacted] Page 6

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Burmese Premier Advocates Closer Relations With USSR: Since he arrived on 21 October for a two-week visit in the Soviet Union, Burma's Premier U Nu has radiated good will toward his hosts and has made numerous requests for economic assistance and cultural exchanges which could provide the Russians with enlarged opportunity to extend their influence in Burma. At present, however, there is little likelihood that Nu would give up Burma's policy of "independent neutralism." [redacted] Page 7

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New Trans-Mongolian Railroad: Final operating agreements between the Soviet Union, the Mongolian Peoples Republic, and Communist China for the opening of the new trans-Mongolian railroad on 1 January 1956 have been announced by Peiping. Completion of the new railroad will reduce China's vulnerability to blockade and will provide a direct line of communication between the USSR and China. [redacted] Page 8 25X1

Indonesia: The Masjumi-led Indonesian cabinet appears confident of winning its first parliamentary test on 11 November when Prime Minister Harahap's program comes up for approval. The 12-party coalition cabinet is represented by 139 of the 231 active members of the provisional parliament, but support from its small-party allies may not be altogether firm. If the cabinet does win parliamentary support on 11 November, its prospects would be good for remaining in office until the new parliament is convened early next year. [redacted] Page 9 25X1

Philippine Elections: Although some important urban and provincial issues are to be decided in the Philippine elections of 8 November, the break between President Magsaysay and Senator Claro Recto has focused attention primarily on Recto's campaign for re-election to the Senate. His violent attacks on Magsaysay's "incurable habit of subservience to the United States" have given the issue of Philippine-American relations more than its usual significance. [redacted] Page 10 25X1

Australian Elections: The Australian government's decision to call elections for both houses of parliament for 10 December is intended to capitalize on the current split in the opposition Labor Party. [redacted] Page 11 25X1

PART III

PATTERNS AND PERSPECTIVES

WEST GERMAN REARMAMENT PROSPECTS Page 1

The international political climate has changed considerably since the original plans were made to build up the West German forces over a three-year period. The West German public has since concluded that the threat of war has largely abated, and few West Germans, including Bundestag members, appear disposed to burden the economy with large military outlays. Consequently, little progress has been made on the financial arrangements needed to carry out the rearmament program on schedule. [redacted] 25X1

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THE SOVIET GENERAL STAFF Page 3

The Soviet General Staff probably enjoys greater prestige now than at any time in its history. One indication of this is seen in the elevation this year of Chief of Staff Marshal Sokolovsky from the rank of deputy minister of defense to first deputy minister of defense. [redacted]

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JAPAN'S DEFENSE PROGRAM. Page 6

The Japanese Defense Agency's six-year defense plan, the first year of which is now being implemented, probably reflects the maximum rearmament effort politically and economically feasible. While the forces contemplated under the plan would be inadequate to defend Japan from external aggression, they would be capable of maintaining internal security and conducting a limited defense of Japanese coastal waters and air space. The Hatoyama government is trying to obtain popular support for rearmament by promoting the theme that Japan's rearming is the only way to secure the withdrawal of American forces. [redacted]

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PART I**OF IMMEDIATE INTEREST****FOREIGN MINISTERS' CONFERENCE****Germany and European Security**

The new Soviet formula for a European security system, although it has been modified, is still based on a divided Germany and therefore remains fundamentally different from that suggested by the West. It embraces most of the features of the full security plan proposed by the USSR at the summit conference, including provisions for assistance to any nation attacked and for consultative machinery. The modifications were evidently designed to make the Soviet plan appear more reasonable and in the long run gain support for it in Europe.

Foreign Minister Molotov said that the plan is still aimed at the ultimate abolition of NATO and the Warsaw pact. The new treaty draft sets no time for this, however, and merely states that the treaty would be temporary and "valid until it is replaced by another broader treaty on European security, which will take the place of existing treaties and agreements."

The USSR also has agreed to the idea--first broached by Prime Minister Eden at the summit meeting--of establishing a zone in central Europe in which armed forces and armaments would be limited by agreement and subject to inspection. The major disagreement here is again on the German question. The

Western plan assumes a united Germany and makes the eastern border of a united Germany the center of the zone. The USSR would make the present border between East and West Germany the dividing line.

The USSR probably does not expect even preliminary agreement on the European security question at Geneva, but hopes to make the West appear unreasonable in rejecting the Soviet terms. It certainly expects a deadlock on Germany.

East-West Contacts

Molotov made it clear on 31 October that in the Soviet view, a program for expanding East-West contacts should include the development of East-West trade if it is to be successful. He sharply criticized "artificially created barriers," embargoes, and restrictions, and suggested that the removal of trade discriminations should be the first item discussed by a committee of experts. Although Molotov did not make this a prerequisite for expansion of other contacts, he made it clear this was the primary Soviet interest.

The unimaginativeness of other Soviet proposals on East-West contacts suggests that the USSR is not particularly interested in a major reduction of obstacles to travel and the free flow of information. There

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was brief mention of cultural, sports, tourist, and scientific and technical contacts, with a specific proposal for a conference on the use of atomic energy in the field of public health. The most novel proposal was that the committee of experts also

study the lifting of restrictions on sea communications and the passage of merchant ships through canals and straits, a suggestion probably made with the Chinese Nationalist "blockade" of the Formosa Strait in mind.

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MOSCOW MAY PRESS FOR CONFERENCE ON NEAR AND FAR EAST

Soviet journalists in Geneva are putting forth the argument that, since no headway is possible there on Germany and European security, East-West talks should be addressed to situations requiring "immediate attention" such as those in the Near and Far East. According to one journalist, the USSR believes a solution to Near East questions must be sought in a conference with all the powers concerned participating.

The statements of these journalists probably reflect the views of higher Soviet officials. They undoubtedly were made on the assumption they would reach Western officials and appear to be feelers to ascertain Western attitudes toward such conferences. Since the summit talks, the USSR has shown interest in obtaining a voice in Near Eastern affairs by saying it would join with the other great powers in guaranteeing the neutrality of Near Eastern states.

A 1 November Moscow commentary on Molotov's discussions with the Western and Israeli foreign ministers asked why Western representatives were not taking any steps for "normally examining" complications

in the Near East. It hinted that the Near East situation should be raised in the UN Security Council.

Soviet Foreign Ministry press chief Ilyichev also announced on 27 October at Geneva that the USSR is considering a Chinese Communist proposal to hold a big-power conference on the Far East in the near future. Moscow has long favored a conference on Far Eastern problems with Communist China--and probably India--participating on a par with the present Big Four.

The USSR probably feels that it is in a strong position at this time for gaining the support of the underdeveloped countries for conferences on Near East and/or Asian problems.

The Soviet Union has made special efforts to align itself with the Afro-Asian states by supporting the Arabs in UN votes and by formally endorsing the objectives of the Bandung conference in the Nehru-Bulganin statement--which will probably be reiterated with Burmese premier U Nu before he leaves Moscow. Soviet propaganda recently has launched a new slogan associating the "spirit of Geneva" with the "spirit of

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Bandung." The forthcoming visits of Bulganin and Khrushchev to Afghanistan, India, and Burma will afford the Soviet leaders an unparalleled

opportunity to encourage these states to adopt policies independent of the West and including closer ties with the Orbit.

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ARAB-ISRAELI SITUATION

Tension is mounting between Israel and the Arab states. The danger of border incidents is increasing as military positions on Israel's borders with Syria and Egypt are being fortified and reinforcements are being moved up. Meanwhile, Israel is actively pursuing its efforts to obtain arms from any source--but preferably from the West. The return of Ben-Gurion as prime minister suggests a firm and unrelenting policy designed to maintain Israel's military superiority over the Arab states.

On the Israeli-Egyptian frontier the situation has become increasingly serious. Israel launched a major raid in the El Auja demilitarized zone on 2 November in an effort to wipe out Egyptian entrenchments which it claimed were illegal. Egypt claimed these checkpoints were to keep Israel from maintaining illegal occupation of the zone. This attack had been preceded by a series of major incidents including a small Egyptian commando raid deep into Israeli territory on 1 November. Artillery and anti-aircraft firing has also been reported in the Gaza area.

American army observers report that Israel began mobilizing on 28 October and they



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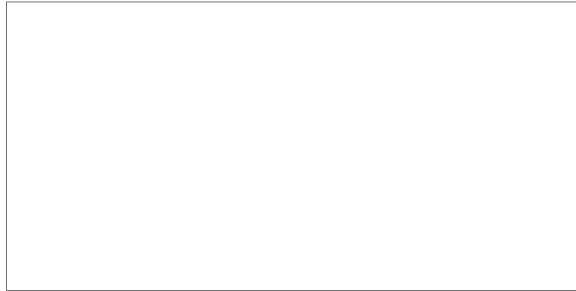
believe the mobilization has reached "a massive stage." Mobilized equipment is reportedly moving north toward the Syrian border and south toward the Egyptian frontier.

Ben-Gurion's government, which took office on 2 November, will probably receive full popular and parliamentary support on a tough border policy.

Israel is continuing its efforts to purchase arms.

Negotiations are in progress with France and Italy for the purchase of tanks, planes, guns and ammunition.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****3 November 1955****PART II****NOTES AND COMMENTS****French North Africa**

The new Moroccan unity arising from the support of Berber leader El Glaoui and ex-sultan Mohamed ben Arafa for the restoration of former sultan Mohamed ben Youssef, now in France, has greatly increased the nationalists' strength and their will to force Paris to yield to their demands. Opponents in both France and Morocco of Ben Youssef's restoration can no longer count on any important Moroccan faction, and Paris may soon scrap its original plan for a Council of the Throne and a provisional Moroccan government.

Foreign Minister Pinay indicated to Secretary Dulles on 31 October that there is now no reason for not returning Ben Youssef to the Moroccan throne. Pinay said he favors a revision of the protectorate treaty, which has long been demanded by Moroccan nationalists, and he anticipates that such a step would restore order in Morocco. Pinay hopes the recent reinforcements of French troops can be withdrawn in time to influence the forthcoming French parliamentary elections.

Increased nationalist pressure on the French is being

applied in the form of a week's work stoppage in Casablanca which was reported 90-percent effective in local industries on the first day, 31 October. The rate of absenteeism at the nearby American air base at Nouasseur was high in comparison with the usual ineffectual response.

The nationalists are reported considering extending the strike until France agrees to return Ben Youssef to Morocco. The widespread belief that Ben Youssef's return is imminent may result in extensive terrorism if his return appears to be unreasonably delayed. Responsible Istiqlal leaders have indicated that independence remains the paramount goal and Ben Youssef's re-enthronement is secondary.

In Algeria, the situation is not improving despite the tremendous French military strength there. Algerians in the disturbed northeastern area are losing faith in the government's ability to suppress the terrorism. Firebrands among the European settlers apparently are urging them to take the law into their own hands in self-defense.

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December Elections Practically Assured in France

The 330-211 vote of confidence on 3 November approving French premier Faure's proposal to advance National Assembly elections probably assures voting on 11 December, even though the bill must still go to the upper house.

The vote occurred after the midnight deadline which would have forced the Council of the Republic to act within a week. Normal procedure now applies, under which the council can delay its decision two months, with an additional 100 days to reach a compromise with the assembly. Since the council is preponderantly conservative, however, and in the main sympathetic to the views of the Independent deputies who sparked the drive for early elections, approval will probably still be forthcoming within the over-all three week period allowed under the urgency-procedure for final ratification by both houses.

Premier Faure had called for a vote of confidence when assembly discussion of electoral reform appeared to be hopelessly bogged down. Most deputies professed to prefer a new election procedure over the present single-ballot law, but no majority could be found for any of the 12 procedures considered in the three-day debate.

The decision of the Communists to vote for the government's proposal seems to have been a decisive factor. The

Communists hope to benefit from the lack of unity among the non-Communist left and the center parties which formed electoral alliances against them in 1951.

In all but the largest election districts, where pure proportional representation prevails, the present law permits one party or an alliance of parties to take all the seats if they get a majority of the votes. This system was devised to prevent the Communists and the Gaullists from getting their full share of the seats in the 1951 elections.

There is real danger now, however, that the Communists will succeed in aligning with some Socialist federations on the local level. The Communists stand to gain, moreover, even without such alliances, because the center parties are more divided than in 1951, and will probably have more difficulty in uniting.

The center and rightist parties hope to benefit from the disintegration of the Gaullist Rally, but their major aim in pressing for early elections was to hamper Mendes-France's attempt to form a left-center majority. Mendes-France will probably seek to win delay in the Council of the Republic, starting his maneuvers in this direction at the Radical Socialist Party congress now in session.

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Saudi Arabia Protests
British Occupation of Buraimi

Saudi Arabia sent a note of protest to London on 27 October requesting a withdrawal of British-led forces from the Buraimi oasis and areas to the west. On 29 October Saudi Arabia informed the UN Security Council that it reserved the right to request a meeting of the Security Council to deal with the British "armed aggression." This move,

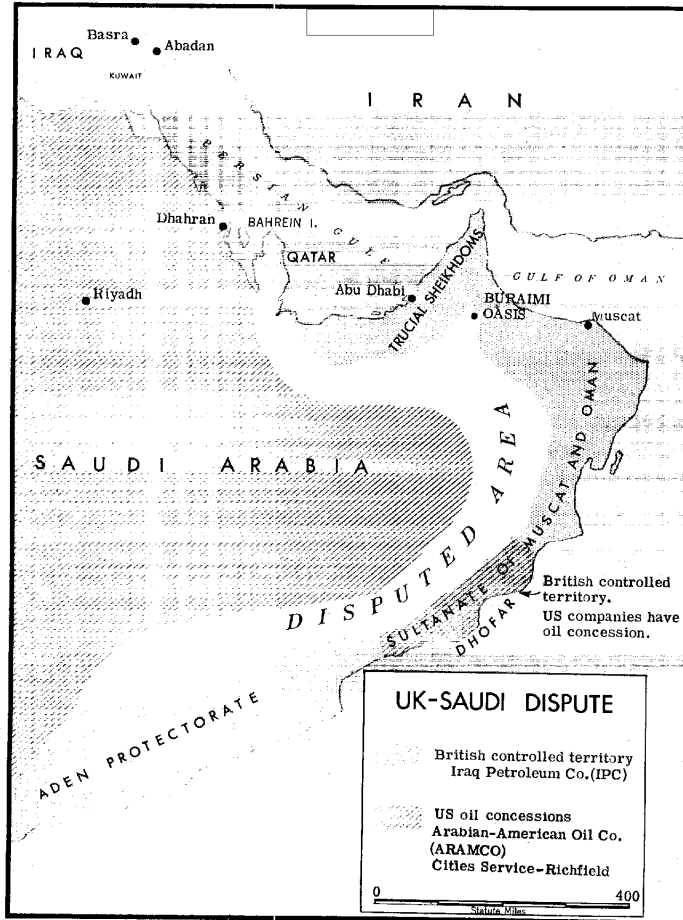
[Redacted]

probably will not be followed by an actual appeal to the UN because Saudi Arabia's violations of its arbitration agreement with Britain have weakened its case.

The Saudis have also begun radio propaganda attacks and reportedly have requested Arab League consideration of the British action. Saudi Arabia may also break relations with Britain.

Both the Saudis and the British are concerned over the Buraimi issue because it involves their prestige in the Persian Gulf area and in the entire Arab world, as well as prospective oil revenues.

[Redacted]



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[Redacted]

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Saudi bitterness over the British action is also being

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directed against the United States. One of Saud's advisers hinted to the US chargé in Jidda on 28 October that Saudi Arabia might no longer co-operate in fighting communism. The Arabian-American Oil Company, implicated by the British as "a party in interest," is supporting the Saudis but also fears reprisals.

Unless the Saudis can restore their prestige in the Arab world, there is danger that they will accept the Soviet offer of arms assistance and diplomatic relations and refuse to renew the Dhahran air base agreement with the United States under any conditions.

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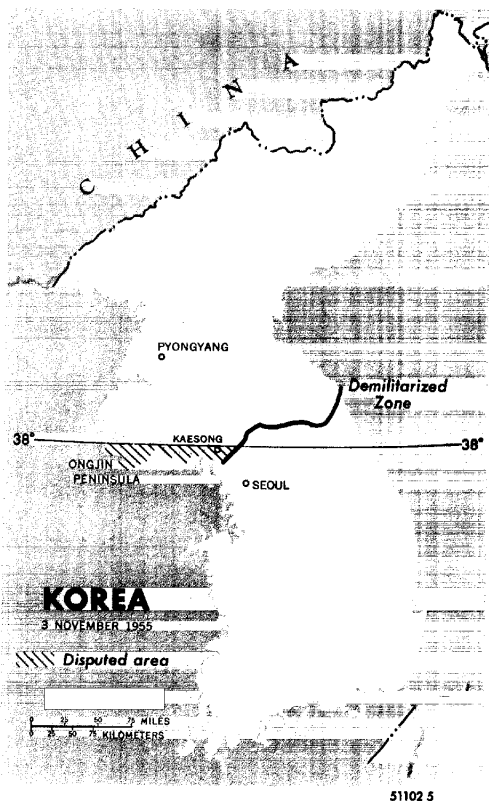
Rhee Again Threatens Action to Regain Lost Territory

The chairman of the South Korean Joint Chiefs of Staff has told American officials that President Rhee, in a meeting on 25 October, restated his desire to initiate military action to recover Communist-held areas south of the 38th parallel. When advised by

his service chiefs that such action was impracticable, Rhee reportedly declared "nothing is impossible" and directed that plans be submitted to him within a few days.

In early August the three South Korean service chiefs told United States officials that they had rejected a similar proposal by Rhee. Continued refusal by South Korean military leaders to support the use of force may induce Rhee to fabricate incidents in order to provoke hostilities and he may feel it necessary to replace key military personnel.

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In view of the reported opposition of the key military leaders and the absence of indications of other preparations to involve military units in action, it is unlikely that

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Rhee intends to attempt recovery of former South Korean territory with his regular forces at present. The disposition of the American 24th and 7th Divisions and the British Commonwealth Division on the approaches to the Kaesong corridor would require South Korean units to move through other UN troops if a direct land assault were to be attempted. South Korean capability for any but a small-scale amphibious operation against the Communist-held Ongjin-Kaesong area is limited by American restraints on employment of the few amphibious vessels available.

At present the South Korean logistic capabilities to conduct offensive operations

are limited to a 45-day supply of ammunition, including a 5-day supply with front-line units, and a 2- to 10-day supply of POL. [REDACTED]

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Rhee has the capability of provoking incidents with small unconventional units. In calling for the use of force, however, his primary objectives are probably to attract United States attention to Korea during the Big Four foreign ministers' conference in Geneva, assure the continued presence of American troops, and maintain the atmosphere of crisis which facilitates his exercise of authority. [REDACTED]

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Laos

Crown Prince Savang of Laos believes that the political talks between the royal government and the Pathet Lao may break down next week. The negotiations in Vientiane have reached an apparent stalemate, with government officials describing the latest Pathet proposals as "unacceptable." Savang believes that if the talks do break down, Pathet Lao forces are "very likely" to step up their military ac-

tion in the northern provinces.

The Pathet Lao is well prepared for initiating an offensive in the north. Its forces have been built up over the past year and military shipments have been received from the Viet Minh. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****3 November 1955****East Germany Improves Position To Interfere With Berlin Access**

East Germany is taking steps which would improve its position for interfering with Western access to West Berlin as part of its campaign to extort diplomatic recognition from the West. The East Germans probably feel themselves in a stronger position to resume harassing tactics as a result of the emphatic Soviet endorsement of East German sovereignty at Moscow in September and the transfer to East Germany

of jurisdiction over its communications and frontier and checkpoint controls.

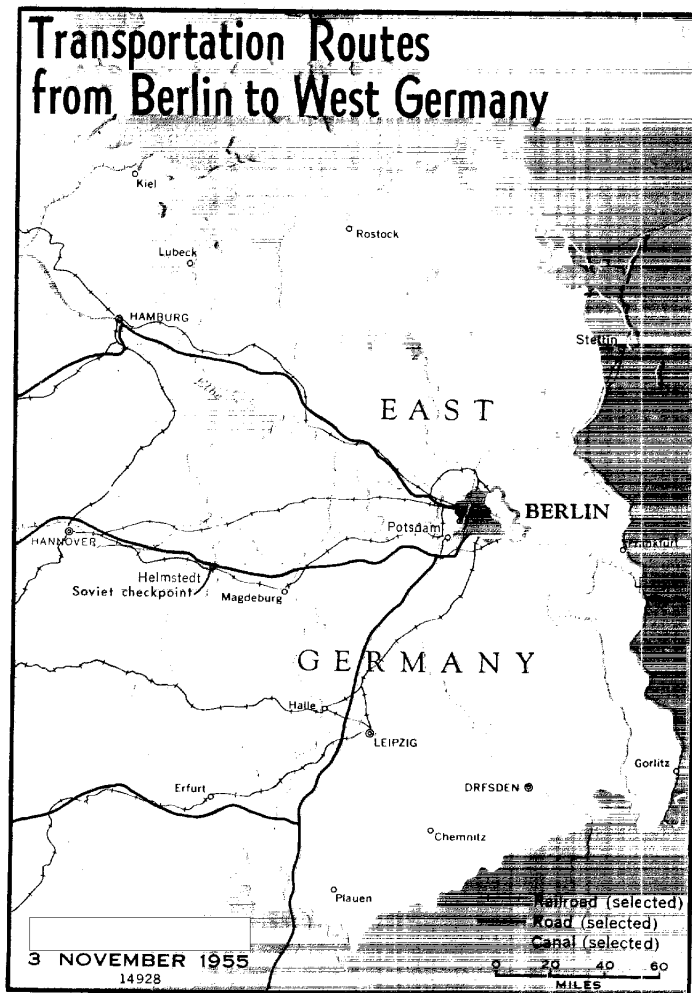
East Germany is unlikely, however, to take any drastic measures to assert its "sovereignty" during the current Geneva conference.

Soviet border guards now have been withdrawn from all highway checkpoints on the East-West German frontier except

Helmstedt and their functions transferred to East German frontier police. This act confronts Allied officials with a choice of submitting to East German controls or restricting official travel to the Helmstedt Autobahn. Presumably only the personnel of Allied military missions accredited to the Soviet forces in East Germany will not be subject to the controls administered by the East German authorities.

East Germany has made clear its intention to use every possible opportunity to force Bonn into negotiations on the highest possible level as a means of securing recognition. The acquisition of control over barge traffic between West Germany and West Berlin has given the East Germans a new means of applying pressure.

Soviet authorities returned some 60

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invalidated to the British, who in turn transferred the permits to the West German navigation authority in Hamburg for presentation to its East German counterpart. The East German agency has indicated it believes the correct way for Bonn to inaugurate the new arrangements would be for the West German transport minister to write to his East German counterpart. This would automatically raise the matter of barge permits from the technical to the government-to-government level.

Threats against West Berlin "spy centers" were also revived in mid-October, following a period of relative quiet. An article in the East Berlin National Zeitung on 22 October warned that unless the activities of "agent centers" were curtailed, severe countermeasures would be taken which would affect everyone who visited East Germany or traveled to West Germany, and which would be particularly stringent in regard to traffic between West Berlin and West Germany. This threat was in line with party first secretary Ulbricht's recent public attack against West German-supported organizations functioning in West Berlin.

Burmese Premier Advocates
Closer Relations With USSR

Since he arrived on 21 October for a two-week visit in the Soviet Union, Burma's Premier Nu has radiated good will toward his hosts and has made numerous requests for economic assistance and cultural exchanges which could provide the Russians an enlarged opportunity to extend their influence in Burma. At present, however, there is little likelihood that Nu would give up Burma's "independent neutralism."

The American embassy in Moscow reports that while the

Work is apparently being rushed for completion in 1956 of the Berlin Outer Freight Ring. [redacted]

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Meanwhile, East German authorities reportedly have recently imposed more rigid controls on East German travel to West Berlin, apparently aiming at curtailing the refugee flow to the West prior to the long-expected formal establishment of East German armed forces after the Geneva conference.

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[redacted] a blockade zone was set up within a radius of about 50 miles from Berlin on 23-24 October, and special permits are now required to secure rail tickets to the city. [redacted]

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[redacted] confirmed by the recent sharp drop in the number of refugees escaping to West Berlin. [redacted]

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USSR has been anxious to make a good impression on Nu, the efforts it has made on Nu's behalf have been considerably less than those for Nehru.

From the moment of his arrival in Moscow, Nu has been unsparing in his eulogy of the Soviet Union. He has praised the USSR for its building "a brave new world," for its sincere desire for peace, and for its beneficence in "saving" Burma from a difficult situation through its timely purchase of rice. He even went so

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far as to propose that the USSR be invited to participate in the next Afro-Asian conference.

He also has stated that Burma's trade relations with the USSR have included the extension of industrial assistance which was not colored by political conditions. He went on to say that Burma is prepared to purchase Soviet equipment and services on a scale commensurate with the Soviet purchases of Burmese rice, and to develop closer cultural relations with the Soviet Union. In this connection, a Burmese purchasing mission arrived in Moscow on 31 October for the purpose of obtaining Soviet goods.

Whether the USSR is willing or able to exploit this opportunity to enhance its prestige in Burma remains to be

seen. At his reception for Nu, Bulganin made a routine statement in favor of trade development and cultural exchanges, but made no commitments. Perhaps Bulganin will be more specific in a communiqué when Nu leaves the USSR or during his proposed visit to Burma before the end of this year.

U Nu has always maintained that Burma would accept assistance from any quarter if there were no strings attached. To Americans he has indicated doubt as to the USSR's ability to live up to its boasts, and has stated that when he asks for aid from the Russians, he is, in fact, calling their bluff. His fulsome praise of the USSR, reminiscent of the line he took in Peiping last year, may be due in part to his desire to please his hosts.

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New Trans-Mongolian Railroad

Final operating agreements between the Soviet Union, the Mongolian Peoples Republic, and Communist China for the opening of the new trans-Mongolian railroad on 1 January 1956 have been announced by Peiping. Completion of the new railroad will reduce China's blockade vulnerability and will provide the Soviet bloc with a direct line of communication with China proper.

Approximately 750 miles shorter than the present Moscow-Peiping rail link through Manchuria, the railroad will become a major artery for trade between the USSR and Communist China. Its estimated initial annual capacity of 2,700,000 tons each way will increase the present capacity of Sino-Soviet rail connections more than 50 percent. Shipments of Chinese agricultural products will be

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facilitated and freight costs greatly reduced by the use of diesel locomotives as well as by the shorter rail distance.

The new railroad will provide the USSR better transport links to important Mongolian mineral deposits, and will enable Communist China to exploit large Mongolian timber reserves and to use the rich oil deposits at Sain Shanda. Moreover, the rapid extension of the road nets in both Inner and Outer Mongolia in association with railroad construction will greatly facilitate the livestock-breeding and iron and steel development programs recently initiated in that region.

Full-scale operation of the trans-Mongolian line was earlier planned to start several months earlier than now scheduled. Delays were caused by adverse weather last winter and by difficulties in install-



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ing an advanced automatic signaling system. The Soviet broad-gauge rail system has been extended 215 miles into Chinese territory to the transloading station of Chining, 315 miles from Peiping. [redacted] (Prepared by ORR)

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Indonesia

The Masjumi-led Indonesian cabinet appears confident of winning its first parliamentary test on 11 November when Prime Minister Harahap's program comes up for approval. The 12-party coalition cabinet is supported by 139 of the 231 active members of the provisional parliament. If the cabinet does win

parliamentary support, its prospects would be good for remaining in office until after the 15 December elections for a constituent assembly.

There is a possibility, however, that members of small parties which are represented in the government and which

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polled poorly in the 29 September parliamentary elections will either abstain on 11 November or vote according to personal preference rather than along party lines. In such a case, the well-disciplined opposition composed of the National and Communist Parties and several leftist and pro-Communist groups might defeat the government program and cause the cabinet to fall.

Should the Harahap government go down, the National Party probably would form a new cabinet prior to the 15 December elections. It would attempt to reverse personnel changes in government ministries and in the election machinery made by the Harahap government which might aid the Masjumi.

The Harahap cabinet, however, appears to be proceeding on the assumption that it will remain in office for at least several months. It has pressed an anticorruption campaign which has fallen heavily on members of the National Party, but which has been hampered by President Sukarno's refusal to sign an emergency anticorruption bill until it has been passed by parliament.

The cabinet's appointment of Colonel A. H. Nasution as army chief of staff on 28 October is a further victory for the army and anti-Communist

political elements over those groups which favored a "people's army" rather than a small, well-trained military organization. Nasution, who is pro-West and held the post of chief of staff from 1949 until late December 1952, was a primary Communist target during that period. His retirement from active service in late 1952 as a result of an army dispute with parliament over military policy was viewed by the Communists as a considerable achievement. Nasution's resumption of the post has been presented by the cabinet as part of its program to "restore the army's confidence in the government."

Meanwhile, votes from staggered parliamentary elections in areas bypassed on 29 September are being counted. Late unofficial returns have slightly increased the National Party's lead, giving it 26.5 percent of the total vote, the Masjumi 25.5, the Nahdlatul Ulama 21.2, and the Communist Party 19.7 percent.

Should the Harahap cabinet win the 11 November parliamentary vote, the National Party probably will make no move to unseat the government until after the 15 December elections. Then it may make a determined effort to have the newly elected parliament seated as soon as possible, thus necessitating the formation of a new cabinet.
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Philippine Elections

Although some important urban and provincial contests are to be decided in the Philippine election of 8 November, the break between President Magsaysay and Senator Claro Recto has focused attention primarily on Recto's campaign

for re-election to the Senate. The senator's violent attacks on Magsaysay's "incurable habit of subservience to the United States" have given the issue of relations with the United States more than its usual significance in Philippine election campaigns.

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Nacionalista Party leaders fear that Recto, running on the opposition Liberal ticket, may receive the largest vote of any of the nine senatorial candidates to be elected. His popularity extends to the pro-Magsaysay masses, and he is receiving vigorous support even from several Nacionalista Party stalwarts.

Recto's charges of virtual treason may force Magsaysay to be increasingly cautious in dealing with the United States. That the issue of Philippine sovereignty is becoming more delicate is illustrated by recent press indignation over the US navy's insistence on continued administration of the town of Olongapo, located on the Subic Bay naval base.

The charge of Philippine subservience to the United States is a favorite one of the Muks and they undoubtedly hope to benefit by the prominence the campaign is giving it. In their present weakened condition they are not an important factor in the campaign, however, although they are believed to be supporting certain candidates for local posts.

Australian Elections

The Australian government's decision to call elections for both houses of parliament on 10 December is intended to capitalize on the current division within the opposition Labor Party. Labor Party leader Evatt's announcement of his correspondence with Soviet foreign minister Molotov over the Petrov affair provides the government with a likely issue with which to exploit Labor's split.

Their propaganda describing the ideal candidate could well be a description of Recto.

The Nacionalista leaders hope at best to win five of the nine Senate seats at stake on 8 November, but, barring defections among Nacionalista senators not up for re-election this year, their control of the upper house is not in jeopardy. While Recto's re-election, which is generally conceded, would inevitably be regarded as a setback to Magsaysay, the president has attempted to cover himself by emphasizing his demand for Recto's exclusion from the Nacionalista ticket--which was accomplished --rather than for his defeat.

Both Recto and Magsaysay appear to regard this year's election as a warm-up for the presidential elections two years hence. At present, the president's mass popularity remains almost undiminished, and he has greatly strengthened his position as party leader. He has not, however, effected many of the reforms he promised two years ago.

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The government parties are faced with several state elections and would in any case have had to hold elections for one half of the Senate before July 1956.

Should Prime Minister Menzies' coalition, whose majority in the House of Representatives was reduced in elections two years ago, renew its mandate for the next three years, it would be in a better

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position to undertake stringent measures in the economic field.

Australia's exchange reserves have fallen off heavily with the drop of export earnings from a period of high employment and import demand. The government imposed new import restrictions on 10 October but has not acted to check credit expansion beyond urging voluntary curbs.

The government is expected to make substantial gains in the lower house, despite the fact that the right- and left-wing factions of the Labor Party are now attempting to submerge their differences. Labor's cleavage came into the open with Evatt's accusations during the 1954 campaign that the defection of the Soviet diplomat Petrov and his wife was arranged by the Menzies government to smear the Labor opposition.

Many members of Evatt's party were shocked by his defense of two subordinates implicated in the Petrov testimony.

His subsequent attacks against Labor's conservative industrial groups and their domination by Catholic Action have identified him more closely with the party's extreme left and pro-Communist elements.

Evatt's seat in parliament is threatened as well as his role as party leader. He represents a conservative constituency in which recent redistricting is believed to have worked against him. Moreover, his use of Molotov's denial of Soviet espionage to impugn both the Menzies government and the findings of the royal investigating commission almost preclude his backing by conservative and Catholic elements in his party.

A Labor victory, however, would vindicate Evatt and bring about changes in Australian foreign policy. In this connection, a Labor Party meeting on 3 November reportedly adopted a stand calling for withdrawal of Australian troops from Malaya and recognition of Communist China. (CONFIDENTIAL)

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The Financial Problem

Financial planning for rearmament is running far behind organizational planning. The budgetary effort Finance Minister Schaeffer seems willing to permit is completely inadequate for a build-up in three years, and the special problem of support costs for the Allied forces looms in the background.

The United States promised substantial aid--contingent on receiving Bonn's estimate of the cost of the build-up and the adequacy of the contribution it was willing to make.

Bonn submitted an estimate of costs on 28 September. It calculated total costs for the first three years at \$12.26 billion. Of this amount, the Finance Ministry announced its ability to contribute only \$2.14 billion annually, in addition to a \$1.19 billion carry-over from the current fiscal year, or a total of \$7.61 billion in three years. The government apparently expected the difference of \$4.65 billion to be made up largely through American assistance.

In its Annual Review submission to NATO on 19 October, however, Bonn presented a scaled-down estimate showing \$10.83 billion for the total cost of the build-up, of which \$3.22 billion was expected to be financed from outside Germany.

In the current 1955-56 fiscal year, Germany is spending only 6.5 percent of its gross national product for defense as compared with France's 8.2 percent and Britain's 9.8 percent.

As all aspects of rearmament are brought together in the Federal Defense Council, either Schaeffer will have to give in on financing, or Adenauer will be persuaded to lengthen the period of build-up.

Schaeffer will be a hard man to deal with.

Public opinion and the interests of industry would seem to be on Schaeffer's side. Fears that creation of a 500,000-man force will dry up the labor market, and a lack of interest in arms contracts, cause industrialists to want recruitment retarded, even though they have access to an extensive Italian labor market. The German labor unions on the other hand oppose the importation of Italian labor.

Another controversial financial issue is that of support costs. Bonn has been paying about \$760,000,000 annually for the stationing of Allied troops in Germany. When the agreement of this expires on 5 May 1956, Bonn says that support costs will no longer be paid. London and Paris are nevertheless determined to continue receiving these payments, and there is a possibility the British especially will withdraw some troops if support costs are not paid.

Whatever the chances of a rapid build-up, Bonn intends to inaugurate rearmament in December. At that time about 100 officers and noncommissioned officers will be called up to prepare barracks, receive equipment, and develop training facilities. On 2 January a token group of about 1,100 is scheduled to be recruited consisting of a band, a service company, four infantry companies, and an MP company. In the third month of training, the combat troops will start specialized training in artillery, armor and antitank and antiaircraft warfare.

Large-scale recruitment planned for the spring of 1956 will permit expansion of these special units into battalions. Conscription will probably not be instituted until after the next national election in 1957.

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THE SOVIET GENERAL STAFF

The Soviet General Staff, which over the years has assumed numerous administrative responsibilities beyond its primary function as the planning body of the Soviet armed forces, probably enjoys greater prestige now than at any time in its history. One indication of this is seen in the elevation this year of Chief of Staff Marshal Sokolovsky from the rank of deputy minister of defense to first deputy minister of defense.

Prior to World War II and during the early war years, the General Staff had little prestige in the Soviet Union as a whole or within the armed forces. The Red Army's successes in the latter half of the war built up the General Staff's reputation, and the trend toward more power and influence for that body within the armed forces has apparently continued in the postwar years.

The General Staff is not believed to exert strong polit-

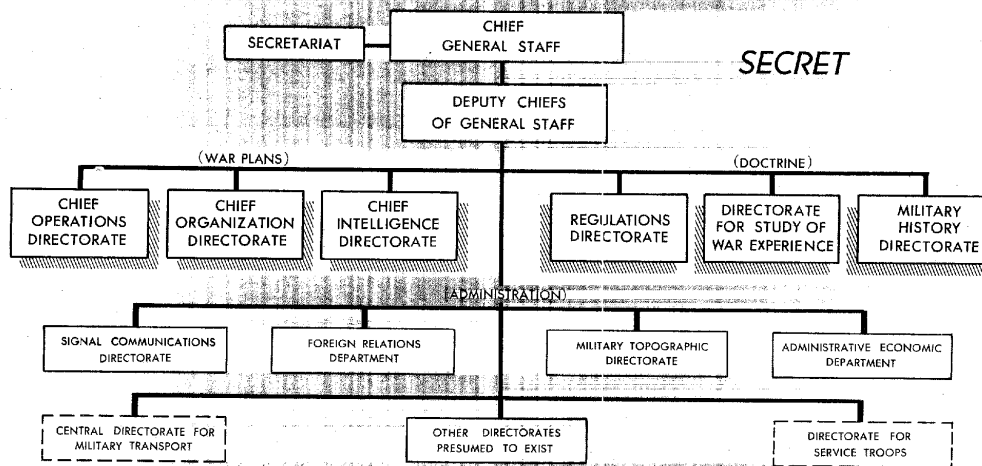
ical influence, however, and the civil leadership has retained the dominant voice in the making of national military strategy.

It is known that from 1918 to 1945 a committee existed in the Soviet Union, on which civilians and military advisers sat together, for the formulation of national military strategy. Such a committee may still exist, and its military members may have greater independence in applying national military strategy than ever before.

Organization

The General Staff, headed by Marshal V. D. Sokolovsky, has three principal war-planning organs, and is believed to have three basic doctrine-formulating organs, and perhaps as many as thirteen directorates which perform administrative and support duties.

The battle-planning organs--the Operations Directorate,

SOVIET GENERAL STAFF -- POSSIBLE STRUCTURE

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--- SUBORDINATION TO GENERAL STAFF, UNCERTAIN

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the Organization and Mobilization Directorate, and the Intelligence Directorate--have undergone little change in function since their creation in 1918. Their internal structures, however, have been revised from time to time.

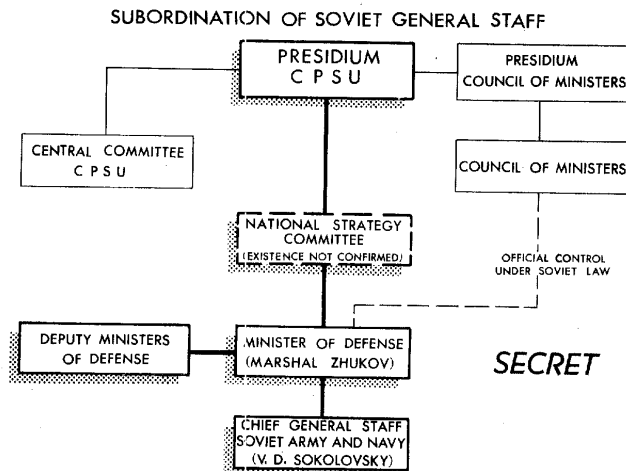
The doctrine-formulating organs believed to exist at present are the Regulations Directorate, the Military History Department, and the Directorate for the Exploitation of War Experience.

The organization of these three has varied considerably in the history of the General Staff; in 1928, for example, they were apparently temporarily combined in a single directorate.

The precise number of administrative directorates is not known. Included are the Military Topographical Directorate, the Cipher Directorate, the Signal Communications Directorate, the Administrative Economic Department, and probably several others which deal with personnel. It is not clear whether the Central Directorate for Military Transport is a part of the General Staff or subordinate to the principal logistical organ, the Rear of the Armed Forces.

Functions

The primary function of the General Staff is to receive general strategic directives from the civil leadership through the minister of defense and to translate them into specific orders which are issued in the field. The General Staff thus acts as the policy-



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making and war-planning organ for the ground, naval, and air forces, and logistical organizations. Liaison between the General Staff and the headquarters administrations of the individual service branches is probably maintained through offices of deputy chiefs of staff representing each service attached to the General Staff.

Prior to 1930, the General Staff's responsibilities were generally limited to its primary function. Under Minister of War Frunze in 1925, for example, it exercised no administrative powers, for it was Frunze's theory that a General Staff should confine itself to technical planning problems. A staff with wider powers, he felt, would not only become too large for efficiency but might turn into a political threat to the state.

In the 1930's, however, the General Staff gained a number of administrative duties, notably responsibility for map-making, cipher-control and personnel administration. The trend since 1930 has been for the General Staff to encroach steadily on the prerogatives of the various service branches.

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Rise in Prestige

Prior to World War II the prestige of the General Staff within the armed forces was not great. Probably chiefly because he saw a potential political threat, Stalin had been unwilling to grant the Staff as a whole, or the chief of staff as an individual, the authority both needed for proficient staff operations.

The Soviet military setbacks against Finland in the winter of 1939-1940 led to some reform measures, but when the German armies struck in June 1941, General Zhukov, then chief of staff, found he lacked the authority to undertake emergency redeployment of combat units in order to prevent a German breakthrough. It was not until Stalin had looked disaster in the face that he ordered a complete reorganization of the command system and sought to enforce the authority of the General Staff.

For this purpose Stalin relied on a former Imperial General Staff colonel, Marshal Boris Shaposhnikov, who drew upon his Tsarist experience to create a command system similar to the one employed by Tsar Nicholas II in World War I.

Shaposhnikov's reforms came in three steps. First he combed the entire body of staff officers from the General Staff proper down to corps level, weeding out numerous political appointees and replacing deadwood with capable men. Second, in late 1941 he set up a headquarters directly under Stalin, the Stavka, which assumed direct control over the strategic direction of the war effort. Third, he established a Group of General Staff Officers under the control of the Operations

Directorate of the General Staff whose mission it was to go out into the field and supervise the conduct of operations planned by the Stavka and the General Staff. The result was a highly centralized and successful command system.

Within a year after the end of the war, Stalin dismantled the command system established by Shaposhnikov. The Stavka was abolished, and the Group of General Staff officers was probably also abolished. Stalin removed himself from personal leadership and returned to his prewar method of operating from behind the scenes. He retained the title of generalissimo, however, and Soviet writers until his death hailed him as the "creator" of Soviet military science and the "organizer" of victory in the war. The work of such Stavka members as Shaposhnikov, Vassilevski, and Zhukov tended to be ignored.

Within the armed forces the situation was somewhat different. The Red Army victories in the latter half of the war had resulted in a rapid growth in the prestige and influence of the General Staff as an organ and of the staff officer as an individual, and this prestige and influence did not diminish with the end of hostilities. No formal corps of staff officers emerged from the conflict, but officers assigned to staff work usually remain in staff work and frequently carry the same rank as their commanding officers. At present the Soviet staff officer at all levels enjoys a rank about one grade higher than his opposite number in the British and American services.

Under the Collective Leadership

It is reasonable to presume that with the death of

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Stalin in 1953, there was a rise in the prestige of the military within the structure of the state, and possibly in the influence of the chief of staff in the making of national security decisions. Prior to Stalin's death it is probable that the committee designed to produce national strategy enjoyed considerably less independent authority than any such committee now enjoys. The fact that a collegium of civil leaders must reach agreement before a basic directive can be thrashed out probably gives

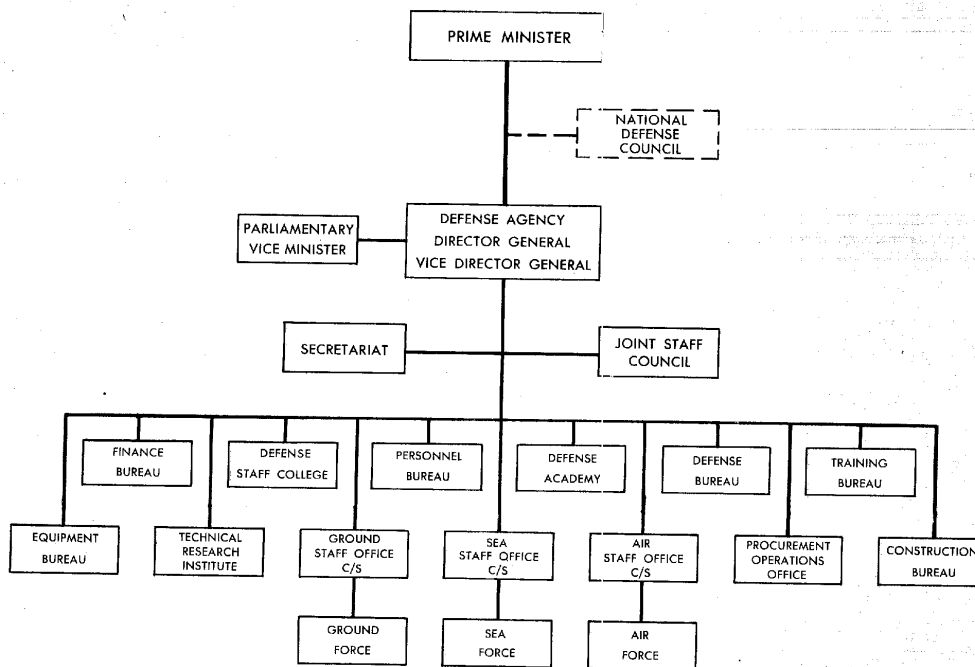
professional military leaders a better chance to influence final decisions.

The promotion this spring of Chief of Staff Sokolovsky from deputy minister of defense to first deputy minister of defense--the first time a chief of staff had been so honored--probably reflected increased influence for Sokolovsky within the top hierarchy of civil and military leaders. It also may reflect increased influence for the General Staff itself.
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JAPAN'S DEFENSE PROGRAM

The Japanese Defense Agency's six-year defense plan, the first year of which is now being implemented, probably

reflects the maximum rearmament effort which is politically and economically feasible. While the forces contemplated

JAPANESE SELF-DEFENSE ORGANIZATION

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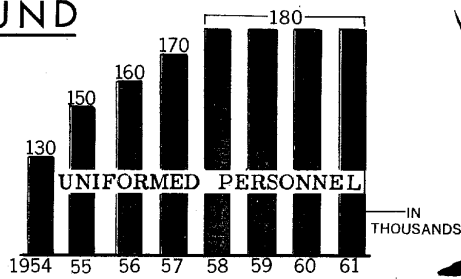
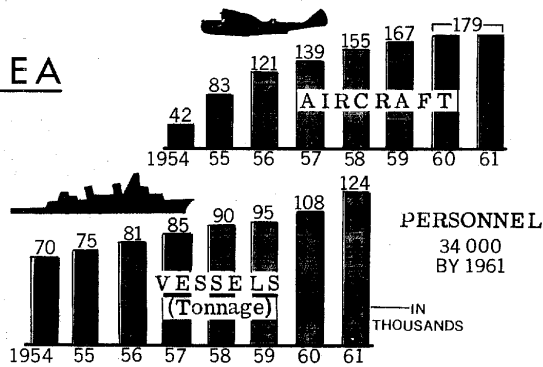
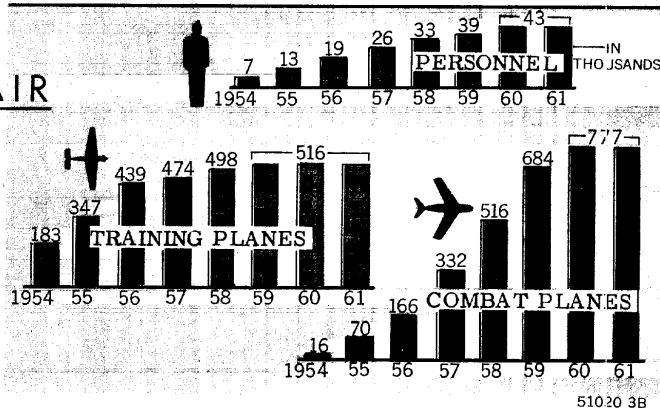
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JAPAN'S SELF-DEFENSE PLAN**GROUND****SEA****AIR**

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navy with a limited antisubmarine warfare capability, and a defensive air force.

The plan provides for the expansion of Japan's military forces to a 180,000-man, six-division ground force by 1959; a 34,000-man, 124,000-ton navy by 1961; and a 43,000-man, 33-squadron (1,300-plane) air force by 1961. These contemplated forces are below the maximum that Japan's manpower and industrial potential and technological ability could be expected to provide.

Ground Forces

The Ground Self-Defense Forces at present consist of a corps of two divisions and four separate infantry divisions, each with organic support troops including artillery, tank and engineer units. Except for the concentration of approximately one third of the ground forces on Japan's northernmost island of Hokkaido, the units are fairly evenly deployed throughout the country. The present strength of the ground forces is under the 150,000 men authorized, but that level is expected to be reached by the end of the fiscal year, 31 March 1956.

The potential effectiveness of the forces was increased by a recent reorganization which created a balanced six-division force, with limited logistical capabilities.

under the plan would be inadequate to defend Japan from external aggression, they would be capable of maintaining internal security and conducting a limited defense of Japanese coastal waters and air space.

The program envisages a small army designed for internal defense, a convoy-type

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The reorganization, however, caused a temporary reduction in combat effectiveness. In mid-1954 the ground forces were believed to have a combat effectiveness equivalent to a regimental combat team, while their effectiveness now is that of a battalion combat team.

Following the completion of battalion training early this month, training entered the combined-maneuver phase involving regimental or higher units. Combined maneuvers with 16,000 troops were held on Hokkaido from 10 to 14 October and all units are expected to complete this type of training by the end of November.

Sea Forces

The Maritime Self-Defense Forces (Navy) personnel strength was approximately 16,000 officers and men by the end of July, and the authorized strength of 19,400 is expected to be reached by March 1956. In addition to the Maritime Staff Office, the naval organization includes one fleet--composed of two escort squadrons and one patrol squadron, and one minesweeping squadron--five regional districts and a naval air arm.

The naval force has 184 vessels including two destroyers, 20 escort ships, one submarine and a number of patrol, minesweeping and auxiliary vessels; most of the major vessels are on loan from the United States. Two destroyers and three destroyer escorts plus other auxiliary vessels are under construction in Japanese yards. The present ships are capable of limited antisubmarine warfare, minesweeping and harbor defense.

Air Forces

Japan's relative emphasis on air power derives primarily

from its insular position and its vulnerability to air attack. The Air Self-Defense Force established in July 1954 is still in the formative stage, with primary emphasis on an intensive technical- and pilot-training program under American auspices.

The air force has an authorized personnel strength of 10,346 for the current fiscal year; 6,915 men were on active duty; on 20 September, 154 officers had completed and 143 were undergoing American-supervised training. In mid-September the air force had 223 planes, of which 46 were jet- and 156 were piston-type trainers. The force has no combat capability, but some air units are expected to be ready to aid in Japan's defense by 1959.

Staff Organization

Moves are now under way to complete the establishment of a national defense organization, utilizing the concept of civilian control at the top, and patterned after the American defense structure. A bill creating a National Defense Council to replace a similar body set up by the cabinet will be resubmitted to the next regular Diet session in December. Moves are under way within the Defense Agency to have it elevated to a Defense Ministry.

Changes in terminology and rank designations to more appropriate military ones are also planned. These changes will strengthen the government's bid to revise the antiwar clause of the constitution and thereby legalize the status of the armed forces.

Present legislation gives the prime minister authority over the defense establishment similar to the command relationship of the President of the United States to the American armed forces. The prime

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minister's authority is not expected to be altered by future legislation.

The Hatoyama government is appealing to growing nationalistic sentiment in building popular support for rearmament. Instead of basing its appeal on the Communist threat, the government is promoting the theme that Japan's rearming is the only way to secure the withdrawal of American forces and a revision of the

Security Treaty and Administrative Agreement with the United States. The public is especially sensitive to the presence of American ground troops, which are regarded as symbols of continued occupation.

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Foreign Minister Shigemitsu has requested Washington to promise to redeploy all American ground forces by the end of 1958.

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