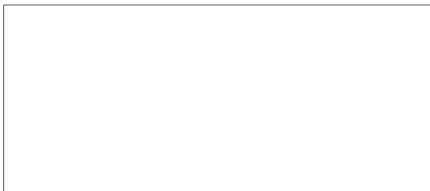


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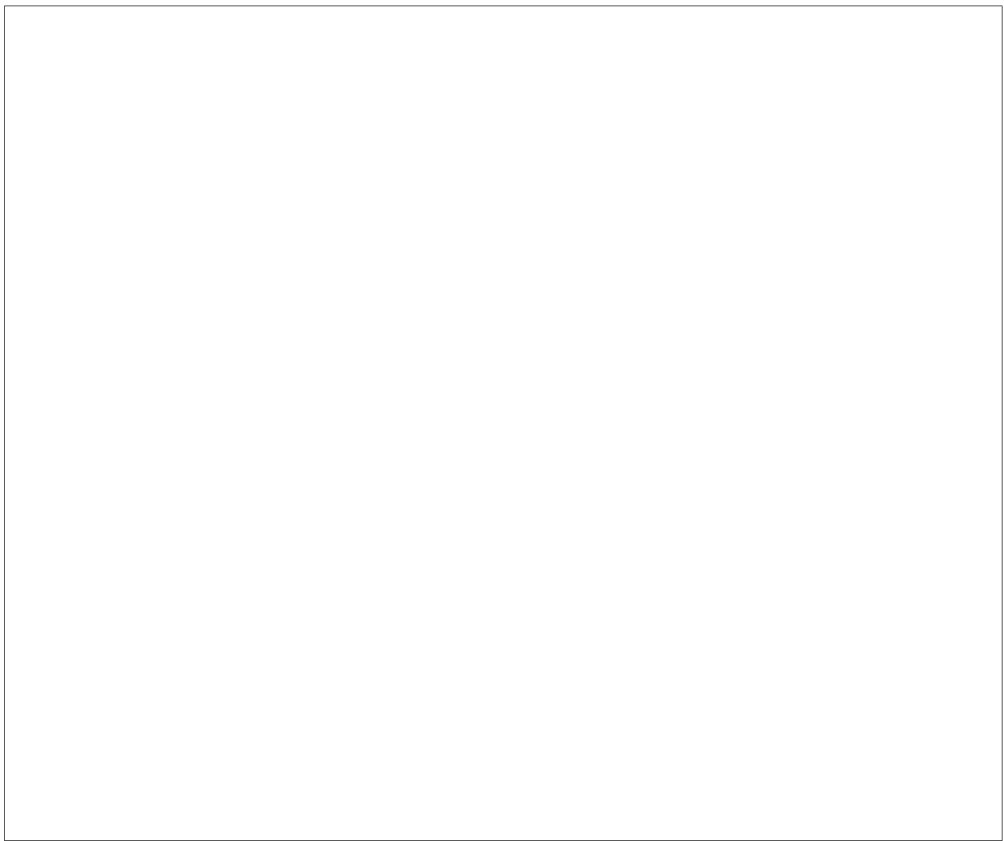
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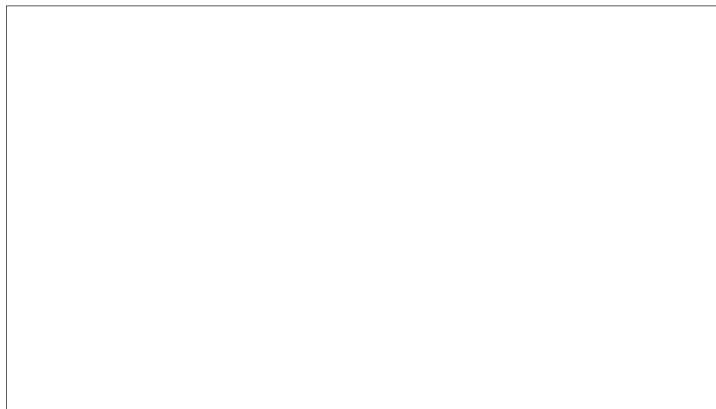
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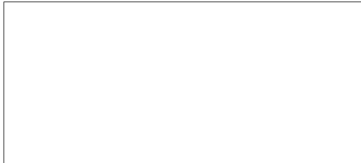
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1. FRENCH TO PRESS DEVELOPMENT OF IRBM

Comment on:

Top French military research and development officials informed American representatives on 19 November that Minister of Defense

Chaban-Delmas has reached a firm decision to proceed with development of an IRBM, presumably to be equipped with an atomic warhead. The French officials said they would like US help, since they are only in the initial stages of development. They have given the project top priority despite the heavy sacrifices such a program will impose on France. They feel they must have a weapon with retaliatory capability because in the future there will no longer be a choice between attack and defense, and purely defensive weapons must therefore receive second priority.

On 21 November a French Atomic Energy Commission official made the first explicit admission that work is in progress on a French atomic weapon. This is one of several indications that the French government has made the formal political decision, long hinted as imminent, to proceed with the manufacture of atomic weapons. French scientists and technical experts could probably produce a bomb in 1958.

The French public can be expected to support the government in its determination not to accept any proposed NATO allocation of the Western defense effort which would prevent France from becoming a nuclear power. The Paris government and press reacted sharply last week to press reports of an alleged Anglo-American agreement to monopolize manufacture of nuclear weapons within the North Atlantic alliance.

2. BRITISH REVIEW OF DEFENSE POLICIES MAY DAMAGE NATO

Comment on:

[REDACTED] The United States NATO mission says that Britain has indicated that it might disown the recommendations that will come from the US-British-French Military Standing Group's current study of the forces needed to defend Europe. The mission believes that the very existence of Britain's proposal for a new NATO strategy review will tend to undermine the resolution of those members who are determined to support present doctrine and procedure.

Britain's proposal that a small group, civilian as well as military, be set up to study revision of strategy appears to stem partly from its desire to rationalize to British public opinion its planned shifts in British defense policy.

[REDACTED]

3. SOVIET-EGYPTIAN ECONOMIC AGREEMENT

Comment on:

[Redacted]

[Redacted] Amir's request that a Soviet loan be made in hard currency was rejected by Khrushchev, who said, "It is an insult, asking us to give you money so you can buy from the Americans!"

The agreement has not yet been signed, according to a reported statement by presidential adviser Ali Sabri. Nasir is sending Minister of Industry Aziz Sidqi to Moscow to investigate prices of equipment to be ordered under the agreement.

[Redacted]

[Redacted] Nasir said that Amir rejected Soviet proposals for a "reorganization" of the Egyptian army, using Soviet military specialists. At one time in the discussions on this point, Amir is reported to have threatened to leave the meeting unless the subject was dropped. [Redacted]

4. HANOI MOVES TO RETAIN INFLUENCE IN PATHET LAO MOVEMENT

Comment on:

[REDACTED] While Hanoi is withdrawing military equipment and Vietnamese cadres from the two northern provinces of Laos, it is acting to retain considerable influence over the Pathet Lao.

[REDACTED] Viet Minh will station one or two senior cadres in each Laotian province and maintain Viet Minh-trained Laotian cadres in top posts of the Laotian Communist party.

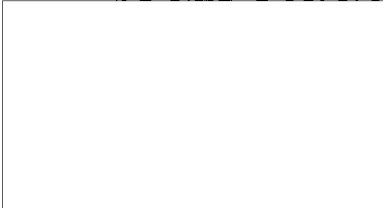
[REDACTED] Hanoi is making a last-minute effort to send supplies, including rice, into the Pathet-controlled provinces by the end of November. Some of these supplies may be used to maintain the morale and good will of the local populace during the transfer of authority of the two northern provinces to the royal government, and some may be destined for clandestine supply depots.

Many Laotian government officials feel that as many as half of the Pathet Lao troops will not surrender but will "stay in the bush" or cross into North Vietnam. These troops may be held in reserve in North Vietnam to ensure against violation of Communist interests during the implementation of the settlement accords.

[REDACTED]

~~CONFIDENTIAL~~

5. SOUTH KOREAN MILITARY EQUIPMENT AND UNIFORMS DESTINED FOR NORTH KOREA SEIZED

 An American official in Seoul has confirmed a local press report that the South Korean navy recently seized a shipment of South Korean military equipment destined for North Korea. The contraband reportedly consisted of enough military supplies for a company, including uniforms and insignia presumably to be used by "Communist spies or guerrillas" infiltrating into South Korea.

The American embassy notes that the South Korean navy is investigating the affair and that the outcome may prove extremely embarrassing to the South Korean army.

Comment

While the running of South Korean contraband into North Korea has often been reported, this is the first confirmed incident of major significance. The involvement of army supplies probably will further detract from the army's waning prestige, already undermined by factionalism, graft, and the assassination of "Snake" Kim, the former army counterintelligence chief.

Should the opposition Democratic party exploit the affair to embarrass the administration, the position of recently appointed Army Chief of Staff Paek Son-yop could be jeopardized. Paek already is opposed by some members of the governing Liberal party and is harassed by subordinates who hope to benefit from his ouster.

~~CONFIDENTIAL~~

6. OUSTER OF PRO-COMMUNIST MAYOR ON OKINAWA


Comment on:



The reaction on Okinawa to the ouster of pro-Communist Kamejiro Senaga as mayor of Naha on 25 November is likely to be one of relief that the months-long political impasse is over. The leftist Okinawan People's party, however, probably will call for protest demonstrations to be staged by certain labor groups, teachers, and students.

Senaga was voted out of office by the Naha city assembly after the US high commissioner amended existing ordinances to permit the passage of a no-confidence motion by a simple majority without the presence of the two-thirds quorum formerly required.

A mayoralty election, from which Senaga will be excluded, will be held early in January. The favored candidate is expected to be Tatsuo Taira, a former governor of Okinawa and a political independent, who appears to have the best chance of multiparty support. Senaga's candidacy has been blocked by extending from the central to the local level an ordinance barring felons and certain other criminals from elective office. Senaga was convicted of perjury and conspiracy to violate immigration laws in 1954 and was imprisoned for 18 months.

A spokesman for the Japanese government refused to comment on the ouster, but the Japanese Socialists are planning to promote a protest movement. 

~~CONFIDENTIAL~~

7. LABOR STRIKES CONTINUE ON CEYLON

Comment on:



Week-end talks between Prime Minister Bandaranaike and Ceylonese labor leaders whose unions began a crippling series of strikes on 20

November have apparently failed to end existing unrest. Although some unions are said to have reported back to work, having received promises their demands for higher wages would be investigated, latest reports state that 12,000 hospital workers are to strike on 28 November, 1,200 members of the railway stationmasters' union have served 21 days' strike notice, and 750 shipyard employees are still on strike.

The pattern of the strikes suggests that many unions, noting the government's willingness to make concessions, are serving strike notices in the hope of participating in any wage raises or other compensations ultimately sanctioned. If this is so, Bandaranaike may find himself faced with an increasing amount of labor unrest and, consequently, with growing financial and political problems.



~~CONFIDENTIAL~~

8. SPAIN FEARS US ARMS DELIVERY TO MOROCCO



Spanish Foreign Minister Castiella informed Ambassador Lodge on 23 November that he feared Moroccan King Mohamed V would seek an arms deal with the US during his visit to Washington. Castiella warned that the consequences in Spain of such an agreement would be serious.

Castiella expressed the fear that weapons furnished under any such agreement would eventually reach the irregular Moroccan Army of Liberation, which clashed with Spanish forces in the enclave of Ifni on 22 November.

Comment Morocco does not need arms as urgently as does Tunisia, and it seems unlikely that the King plans to request arms assistance from the United States.

Spain rushed reinforcements to Ifni and Spanish Sahara early this month. Madrid may be expected to become increasingly sensitive to any moves which might strengthen the position of irregular Moroccan forces in the area. 