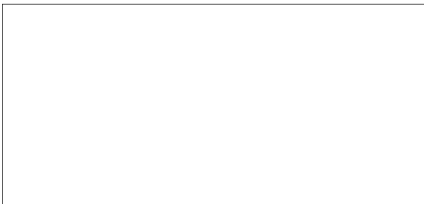



7 December 1957

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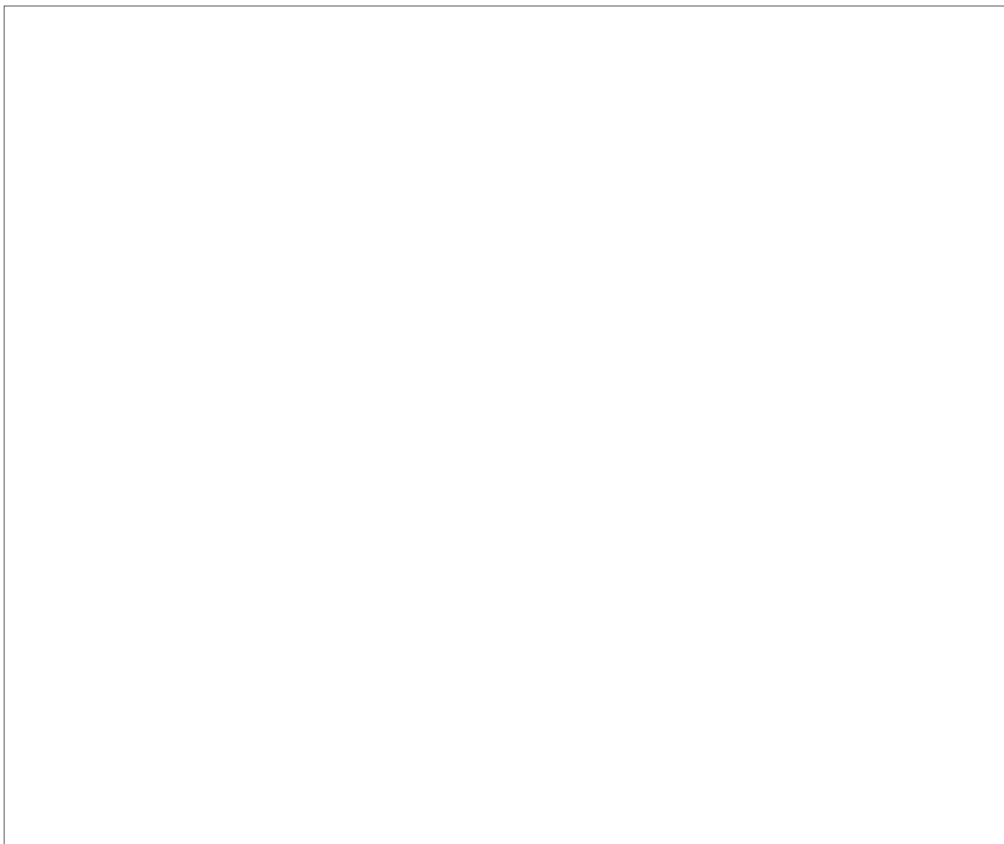


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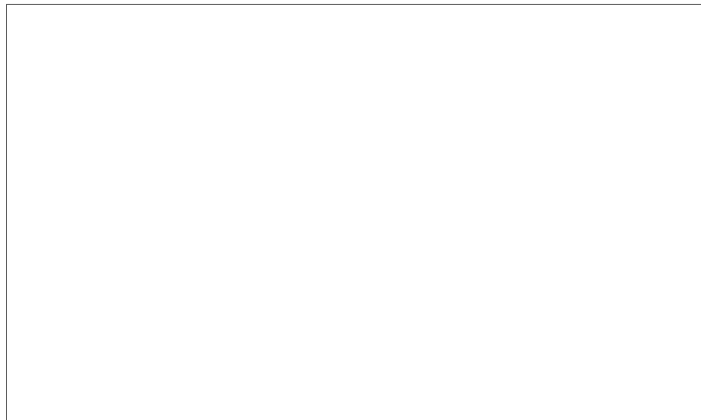
CURRENT INTELLIGENCE BULLETIN

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OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY



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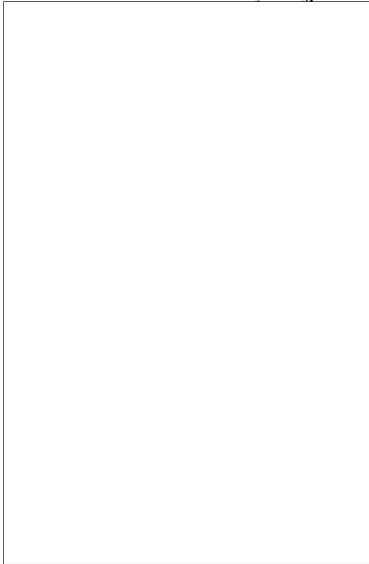


CONTENTS

- no* 1. PARIS URGES INDEPENDENT EUROPEAN NUCLEAR WEAPONS CAPABILITY [REDACTED] (page 3).
- OR* 2. DANISH FOREIGN MINISTRY OFFICIALS IMPRESSED BY KENNAN'S "NEUTRAL BELT" CONCEPT [REDACTED] (page 4).
- OR* 3. RENEWED FRENCH LABOR AGITATION THREATENS GAILLARD GOVERNMENT [REDACTED] (page 5).
- no* 4. SITUATION IN INDONESIA [REDACTED] (page 6).
- OR* 5. THE SITUATION IN IFNI [REDACTED] (page 7).
- OR* 6. COMMUNIST TERRORISM EXPECTED IN SOUTH VIETNAM ON 19 DECEMBER [REDACTED] (page 8).
- no* 7. GUIDED MISSILES POSSIBLY INSTALLED ON TWO SOVIET SUBMARINES [REDACTED] (page 9).
- OR* 8. POLISH-WEST GERMAN RELATIONS [REDACTED] (page 10).
- no* 9. RESIGNATION OF PAKISTANI GOVERNMENT INCREASINGLY LIKELY [REDACTED] (page 11).
- OR* 10. SUSLOV CRITICIZES JAPANESE COMMUNISTS FOR FAILURE TO DEVELOP MASS INFLUENCE [REDACTED] (page 12).

1. PARIS URGES INDEPENDENT EUROPEAN NUCLEAR WEAPONS CAPABILITY

Comment on:



France now favors a European nuclear weapons program--independent of the United States and if necessary of Britain--instead of the "NATO stockpile" of nuclear weapons it had originally proposed. Recent French overtures to West Germany, Italy, and the Benelux countries have called for closer integration within the framework of the Atlantic pact of their military effort, particularly in the development and production of modern weapons. The decision to press such proposals probably resulted from French indignation over the Anglo-American arms delivery to Tunisia.

Paris is also laying the groundwork for possible bilateral nuclear development programs, particularly with West Germany, which seems interested in a joint effort. The French have little grounds for hope that Premier Gaillard's recent request for a French-British accord on nuclear weapons production will be favorably received in London.

Whether or not these efforts pay off, France intends to push its own national nuclear weapons program.



2. DANISH FOREIGN MINISTRY OFFICIALS IMPRESSED
BY KENNAN'S "NEUTRAL BELT" CONCEPT

Comment on:

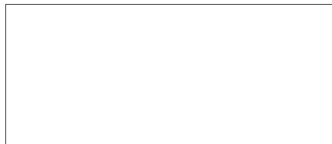
[redacted] George
Kennan's recent speech advocating a
European "neutral belt" is receiving
considerable attention from senior officials. [redacted]
[redacted] that this concept fitted ideally the situation
of the smaller nations such as the Scandinavian countries
and provided them with "heaven-sent answers" to the
question of accepting rockets and nuclear weapons.

Both the Danish and Norwegian govern-
ments face considerable public and parliamentary antipathy
toward the use of nuclear weapons. Prime Minister Hansen
has already indicated that Denmark would not accept sta-
tioning of these weapons on Danish territory. The Gerhard-
sen government in Norway is trying to avoid any immediate
decision on the issue.

While no change in Denmark's NATO
position is imminent, such remarks indicate that high-
level officials might be prepared to re-examine Denmark's
position in Western defense plans in the light of future de-
velopments.

3. RENEWED FRENCH LABOR AGITATION THREATENS GAILLARD GOVERNMENT

Comment on:



Worker dissatisfaction over wage-price problems has precipitated a split in the Gaillard cabinet, and an increasing number of French union leaders are predicting serious labor difficulties in the coming months. If the government permits announced price rises to stand, labor unrest may give the Communist-led General Labor Confederation a chance to regain the initiative and reassert its influence among wage earners.

The government had been successfully pursuing a policy of granting modest wage increases to various segments of the nationalized industries. This policy may now break down, however, as the 4 December price rises, particularly on food items, appear to labor to nullify its modest wage gains. The Socialist Workers Confederation has decided to abandon its moderate wage policy and to join the Communist- and Catholic-led unions in pressing for increases.

The wage-price squabble has developed the strongest threat to date for the tenuous Gaillard coalition. The Socialists are threatening to withdraw from the government unless Premier Gaillard agrees to lower some of the controlled price increases and to boost civil servant wages substantially. If Gaillard gives in, he can adhere to the projected anti-inflationary program only by further tax increases, which the conservative ministers in the cabinet insist they will not accept.

4. SITUATION IN INDONESIA

Comment on:

The anti-Dutch campaign in Indonesia is continuing unabated, and the extremist elements in the government now are in command. The West Irian Liberation Committee under Information Minister Sudibjo, rather than the cabinet, is directing the drive. The next step will probably be a break in diplomatic relations.

Although President Sukarno has made no public statement since his brief radio address of 1 December following the attempt on his life, there is no reason to believe that any of the actions taken to date do not have his full approval. Moderate elements, including Premier Djuanda, have been bypassed and their calls for moderation have been ineffectual.

The seizure of Dutch enterprises by affiliates of SOBSI, the Communist-led labor federation, apparently had been planned in advance by SOBSI, elements of the military, and the semiofficial and Communist-permeated youth-military cooperative committee. The government has taken over the management of some of these enterprises, and Sudibjo has stated that the government will discuss compensation for seized Dutch property only after the West Irian issue is settled.

It is increasingly questionable whether the government will be able to maintain control of the forces it has unleashed. Worsening economic conditions, especially spiraling rice prices, could provoke attacks against the Dutch or other Western nationals and possibly fighting among the Indonesians themselves in the already overcharged emotional atmosphere.

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5. THE SITUATION IN IFNI

Comment on:

Spain is meeting with considerable difficulty in suppressing Moroccan Army of Liberation irregulars who have been fighting Spanish troops in the Ifni enclave since 23 November. Claims

that only the capital remains in Spanish hands and that "total victory" for the guerrillas is near are probably exaggerated. Evidence of Spain's growing concern, however, is found in the more restrained nature of recent Spanish army communiqués as well as in Madrid's acknowledgment this week that fighting

has also occurred in Spanish Sahara, a much larger colony to the south of Ifni.

Latest Spanish estimates place the strength of Army of Liberation elements in the Ifni area at 4,000 men--as contrasted with an original estimate of 1,200 guerrillas--

additional large reinforcements for the insurgents were approaching Spain's West African territories from northern Morocco and Algeria. Spain is apparently continuing its own military build-up and total Spanish strength in the area may now be greater than the approximately 8,000 men Madrid authorities acknowledged late last month.

Madrid, after declining an early French offer to lend military aircraft, asked Paris last week to provide both air support and three to six LCT-type landing craft. There is at present no conclusive evidence of active French involvement in the fighting, but a virtual recommendation to this effect by the French ambassador in Madrid and the earlier French offer strongly suggest that Paris may be prepared to participate despite the effect this would have on its already difficult relations with Morocco.

6. COMMUNIST TERRORISM EXPECTED IN SOUTH VIETNAM ON 19 DECEMBER

Reference:

[redacted] Viet Minh terrorism may break out in South Vietnam on 19 December-- anniversary of the 1946 uprising in Hanoi against the French-- [redacted]

[redacted]

[redacted] The possibility of attacks on American personnel, either in Saigon or in the provinces, is not excluded.

There are also reports that the Viet Minh underground is planning a terrorist campaign against indigenous employees of American missions in South Vietnam. [redacted]

7. GUIDED MISSILES POSSIBLY INSTALLED ON TWO SOVIET SUBMARINES

Comment on:

[REDACTED] the USSR may have installed a new weapons system, possibly for guided cruise-type missiles, on at least two W-class long-range submarines now stationed in the Far East.

The Soviet Naval Artillery Directorate, which is responsible for the trials and acceptance of naval ordnance, has evinced a considerable interest in work of an unspecified nature being performed on the two submarines. Conventional deck guns were removed from W-class submarines several years ago.

It is probable that the installation of a guided cruise-type missile system on W-class submarines, which have a radius of 4,700 nautical miles, would involve a topside stowage cylinder and launching ramp. The USSR is expected eventually to develop larger submarines capable of carrying ballistic guided missiles within the pressure hull. Interior installation would be difficult to identify and would give the submarine a sub-surface launching capability as well as improved maneuverability and operating radius.

Although no submarine equipped with a guided missile system has been firmly identified, submarines with external installations possibly suitable for carrying and launching guided cruise-type missiles have been reported in three of the four major fleet areas.

8. POLISH-WEST GERMAN RELATIONS

Comment on:



Poland, in its current trade talks with West Germany, is only feigning an interest in Bonn's suggestion that trade missions with consular powers be exchanged, [REDACTED]

[REDACTED] Polish Foreign Minister Rapacki has indicated that Poland has no intention of agreeing to anything less than the establishment of diplomatic relations.

Warsaw would consider establishment of full-scale diplomatic relations with the Federal Republic de facto recognition of the Oder-Neisse line. The West Germans, however, are probably seeking a formula that would satisfy the Poles without invalidating the Potsdam provision for future settlement of Germany's boundary and certainly would refuse any formula which implicitly recognizes the permanence of the Oder-Neisse line. The existing trade agreement has been extended to cover the first three months of 1958, to permit further negotiation.

**9. RESIGNATION OF PAKISTANI GOVERNMENT
INCREASINGLY LIKELY**

Comment on:

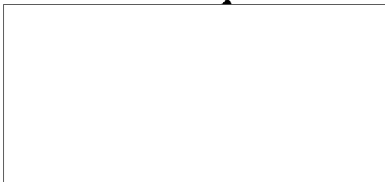
Pakistan's seven-week-old government coalition remains deeply divided, and there is an increasing likelihood that a test vote next week in the National Assembly will cause the government to resign. Former Prime Minister Suhrawardy's chances of returning to power seem to be improving.

Despite the apparent agreement on 28 November between President Mirza's Republican party and Prime Minister Chundrigar's Moslem League to support a Moslem League bill restoring separate electorates, a substantial segment of Republican leaders is reasserting its opposition to the legislation. The Republican executive will meet on 9 December to decide the party's stand. It now appears doubtful that enough members will support the bill when the National Assembly reconvenes for a vote on 11 December. Chundrigar has threatened to resign if the Republicans do not honor their commitment to him.

Several reports indicate that, in the interests of stable government, Pakistan's army leadership favors a revival of the Republican - Awami League coalition under Suhrawardy. Pressure from this quarter on Mirza, whose position is dependent on army backing, could cause the President to withdraw his support of Chundrigar's government and come to terms with Suhrawardy.

10. SUSLOV CRITICIZES JAPANESE COMMUNISTS FOR FAILURE TO DEVELOP MASS INFLUENCE

Comment on:



Soviet Party Secretary Suslov has criticized the Japanese Communist party for failure to increase its membership and for faulty implementation of its tactics, which delayed peace-

ful expansion of Communist influence in the Japanese labor movement. According to Mainichi, a Tokyo daily, the criticism was transmitted in an 18 November letter from Yoshio Shiga, head of the Japanese delegation to the Moscow 40th anniversary celebrations.

Moscow apparently feels that the Japanese Communists' performance has not measured up to the terms of the established world Communist tactical line, reaffirmed in the Moscow Communist declaration of 21 November, which calls for Communist parties to rally all classes and all forces, including socialists and neutralists, for a struggle to defeat American policies and establish Communist regimes in countries outside the bloc.

Suslov reportedly said that the party's task, now that ultra-left tactics have been put aside, is to win as many members and sympathizers as possible through "practical struggles" i. e., primarily political forms of action rather than violence, using its influence more discreetly and effectively in non-Communist organizations.

The Japanese Communist party is plagued by factional struggles between members who favor Moscow's policy and those who advocate a national party. A new "soft" line platform corresponding with 20th party congress directives is scheduled for adoption at the long-delayed national convention which is anticipated to convene in February 1958. 