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JOINT INTELLIGENCE SUMMARY

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UNITED NATIONS

1. General Assembly Discussion
on Outer Space

XA 112/3-8 J
15 Dec 58 (CONFIDENTIAL)

The problems of outer space were first introduced into the United Nations in the disarmament context on January 14, 1957 by the United States. It was then proposed that the first step towards the objective of assuring that future developments in outer space would be devoted exclusively to peaceful and scientific purposes would be to bring the testing objects projected into outer space under international inspection and participation. This general proposition was discussed briefly during the meetings of the Sub-Committee of the Disarmament Commission, March-August 1957. The Soviet response was to propose that there be international control of guided rockets to ensure that all types suitable for use as atomic and hydrogen weapons should be used exclusively for peaceful purposes, provided that such control be instituted simultaneously with the elimination of nuclear weapons. The Soviet position, then and since, has emphasized that it is not the missiles as such but their nuclear warheads which constitute the danger. The Western proposals of August 27, 1957 included the provision that under the terms of a disarmament agreement a technical committee should be established to study the design of an inspection system to assure that the sending of objects through outer space would be exclusively for peaceful and scientific purposes. A similar clause was included in General Assembly resolution 1148 (XII) of November 14, 1957.

On March 15, 1958 the Soviet Union requested the inscription in the agenda of the General Assembly of the item "The banning of the use of cosmic space for military purposes, the elimination of foreign bases on the territories of other countries and international co-operation in the study of cosmic space". In so doing the Soviet Union transmitted a statement on the question and specific proposals which in summary were:

- (a) a ban on the use of space for military purposes and pledges to launch rockets into space under an agreed international programme;
- (b) the elimination of foreign military bases;
- (c) the establishment within the framework of the United Nations of international control over (a) and (b);
- (d) the establishment of a United Nations agency for international co-operation in the study of cosmic space which might:

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- (i) work out and supervise an international programme for launching rockets to study space;
- (ii) continue on a permanent basis the space research begun under the IGY;
- (iii) provide a centre for the exchange of information; and
- (iv) co-ordinate and assist national programmes of space research.

On September 2 the United States proposed the inclusion in the General Assembly's agenda of the item "Programme for international co-operation in the field of outer space". The United States position was that the disarmament aspects and the peaceful uses aspects of outer space should be considered separately. Their intention was to propose the establishment of a committee to survey the needs, potentialities and resources in the field of the peaceful uses of outer space and to recommend appropriate steps.

The two items were discussed together under the heading "Question of the peaceful use of outer space" in the First Committee from November 11 to 24. The Soviet Union submitted a draft resolution containing its proposals as above. The United States together with nineteen co-sponsors including Canada submitted a draft resolution regarding the establishment of an ad hoc committee to study the situation and submit recommendations. Initially the Soviet Union insisted upon the connexion between the disarmament aspects, particularly the question of overseas bases, and possible international co-operation in peaceful exploration of outer space. However, outside the Soviet bloc there was little support for that position and half-way through the debate the Soviet Union put in a revised proposal limited to the establishment of a committee for co-operation in the study of cosmic space for peaceful purposes. Negotiation brought about the inclusion in the 20-power draft of the main substantive Soviet concepts. However, the composition of the ad hoc committee could not be agreed.

The Soviet proposal called for four "Western", four communist and three "uncommitted" countries (Soviet Union, United States, United Kingdom, France, India, Czechoslovakia, Poland, Rumania, United Arab Republic, Sweden and Argentina). The 20-power caucus agreed on a composition of twelve "Western", three communist and three "uncommitted" (Argentina, Australia, Belgium, Brazil, Canada, Czechoslovakia, France, India, Iran, Italy, Japan, Mexico, Poland, Sweden, Soviet Union, United Arab Republic, United Kingdom and United States). Negotiations broke down on this issue and the First Committee adopted the draft resolution embodying the Western composition by 54 votes to 9 with 18 abstentions. The Soviet representative then announced that the Soviet Union

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would not participate in the work of a committee so composed. At the end of the three-week interval before the question came up in plenary session, the Soviet representative offered to add Canada, Ceylon and Mexico to the list above. However, the discussions did not lead to agreement, and the General Assembly approved the establishment of the eighteen member committee.

COMMENT: Both in the First Committee and in the corridors the Soviet representative argued in favour of the above version of "parity" of representation, pointing out that only the Soviet Union and United States had launched sputniks and that it was reasonable for the prospective committee's membership to be based on the voluntary co-operation of those two powers. The minimum Soviet demands regarding membership were not established in the negotiations. However, it is apparent that the Soviet Union rates, at least for the present, the importance of organizing through the United Nations international co-operation in the peaceful studies of outer space below that of its general objectives connected with representation in United Nations organs. It does not necessarily follow that the Soviet Union attaches no importance to future international co-operation: a substantial body of Western opinion considers that it would be premature to decide now to reach conclusions on the functions of a permanent United Nations organ. Moreover, Soviet scientists participated November 14-15 in the first meeting of the Committee on Space Research (COSPAR) formed by ICSU at which the central discussions concerned the organizational problems of continuing co-operation through scientific channels and are considered likely to result in an effective structure. Indeed in the negotiations in New York the Soviet representatives gave the impression of keenness to participate in the committee being established, while refusing to compromise on composition. However, having in mind the campaign for equality with the United States which the Soviet Union has pursued vigorously in respect of United Nations organs for the past year, in a matter relating to research on outer space it would have been surprising if the Soviet Union had not insisted to the breaking point upon its refusal to accept a position of such inferiority as is implied under the 20-power resolution.

SOVIET UNION

2. Military Aspects of the Berlin Situation

DMI 86 of 19 Dec 58

West Berlin's economic vulnerability stems from its dependence for survival on the regular movement of goods to and from West Germany. The three Allied Powers in the city receive 130 tons of supplies daily; the civilian economy imports 20,000 tons daily, of which about one-third is food, one-third

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industrial materials, and one-third textiles and miscellaneous items. (West Berliners export about 2,700 tons of manufactured goods daily). The uninterrupted crossing of 110 miles of East German territory by these shipments, by rail, autobahn and canal barges, is dependent upon the Communists. By imposing administrative restrictions, the Communists could slow or halt the movement of Berlin's imports and exports. Should the Allies refuse to submit to East German documentation and attempt forcibly to traverse the access routes, various physical obstacles could be placed in the way of rail, highway and water transport. If they chose to do so, Soviet or East German armed forces, or both, could be employed to prevent the shipment of goods to and from the city.

COMMENT: The above appreciation by a US agency (ACSI) serves, to stress the vital need for the maintenance of the few Western arteries with Berlin, and at the same time points to their vulnerability. Arrayed throughout East Germany are the twenty divisions of Group of Soviet Forces, Germany and the seven divisions of the East German Army together with 30-35 regiments of East German Frontier and Security troops, plus a supporting air force.

Western military traffic is restricted to the Helmstedt-Berlin Autobahn and to the railroad which roughly parallels it. These, the shortest routes, cover a distance of approximately 110 miles. Other, longer, avenues are open to Berlin and are used for East/West German commercial traffic.

In any contemplation of forcible entry to the city it appears evident that such a course must follow the shortest and most direct route, i.e. the axis of the autobahn. Any or all of the Communist Forces in East Germany may be disposed to seal off the present corridor and to oppose either a token or full strength NATO force.

It would seem desirable to also provide at this time a recapitulation of the Communist forces in East Germany. For the purpose of this study, no consideration will be given the remainder of the Satellite Armies (a combined 49 line divisions) or the Soviet Army in other Satellite countries and the Soviet Union (an additional 156 divisions) even though, through participation in the Warsaw Treaty, they are committed to mutual support.

Group of Soviet Forces, Germany

The prime force in East Germany is of course the Group of Soviet Forces, Germany (GSFG). With a total strength of 328,000, all ranks, GSFG is composed of six armies comprising ten Motor Rifle Divisions and ten Tank Divisions. There are also two field artillery and three AA

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Divisions subordinate to HQ GSFG and six AA Divisions of Army subordination on a scale of 1 per army.

A reorganization and re-equipment programme which has been in progress since late in 1954 has considerably increased the potential of GSFG as a whole for purely conventional warfare particularly in the spheres of manoeuvrability, artillery firepower, engineering equipment and communications. Notwithstanding this overall improvement there has been nothing to indicate that GSFG is preparing for immediate operations under nuclear conditions and it is considered that it has not a capacity to operate under all out nuclear conditions at present.

The main role at present of GSFG appears to be of a purely political and security nature. On the one hand it effectively "boxes up" East Germany and Poland from Western Europe and is supported in this function by powerful forces on the Western Soviet borders. On the other hand the continued existence of a powerful armoured force in East Germany cannot fail to make an impression on the populations of Eastern Europe as a whole, despite its inability to conduct nuclear warfare.

GSFG also performs a useful intelligence function and may be regarded as a projection into Western Europe of the Soviet Intelligence and Counter-Intelligence apparatus. For these reasons it is unlikely that whatever becomes the fate of Berlin in East Germany it is doubtful that GSFG will be withdrawn in its entirety.

East German Army

The East German Army has a total strength in the vicinity of 67,000 all ranks. It is composed of two Military Districts and comprises five motorized rifle divisions and two tank divisions. Additionally there is an Air Defence Command subordinate to which is an Anti-Aircraft Division.

Since its official establishment in January 1956, the East German Army has undergone considerable reorganization. The latter appears to have been divided into two phases. The first phase, beginning in June 1956, involved the conversion of two mechanized divisions to tank divisions, and the strengthening of the infantry divisions supporting arms. The second phase began in December 1956 and involved the conversion of the five infantry divisions to motorized rifle divisions with a heavier armoured component and a general increase in manoeuvrability.

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The state of training in the East German Army is rated at fair. The desire to boost the East German regime has probably encouraged the Soviets to include them in as many joint exercises as is feasible, within the limitations of the tactical organization of the East German Army. This may be one of the contributing factors to the steady increase in training over the last few years. As recently as September East German Army elements participated in joint field exercises with GSFG. In sum it might be said that while East German Army training continues to improve it is not yet at a level to permit the force to be considered as combat ready.

Morale in the East German Army is also rated at fair reflecting a gradual improvement since 1956. Several factors have probably contributed to this improvement. By World War II standards there has been some modernization of equipment. In addition, several screenings have served to filter out the more obviously dissident elements. In this connection it is well to bear in mind that the East German Army is, at least nominally, a volunteer force though various recruitment pressures are employed in lieu of outright conscription.

East Germany ground forces still cannot be relied upon by the Soviets for major military operations or even for maintaining internal security within the country. The overall effectiveness of the army is limited to quite an extent by manpower shortages; to a lesser extent by shortages of equipment. While the army is composed of basically good military manpower its value for war continues to be limited by the political unreliability of its men. East Germany remains dependent upon the Soviets for logistic support. While no East German Army division is given an offensive capability certain elements through integration within the GSFG, might be depended upon to perform creditably. In no sense however can the East German Army be considered adequate for nuclear war.

Also worthy of consideration are the two para-military forces of East Germany; the Border Security Police (BSP), and the Security Alert Police (SAP).

BSP is a military type organization consisting of an estimated 30,000 - 35,000 men organized into eight brigades, subordinate to a general headquarters which, in turn, is subordinate to the Ministry of Interior. The basic mission of the BSP is significant in relation to the Berlin crisis and is evident from its title. The force is charged with maintaining a strict control over frontier traffic and providing initial defence of the border in case of sudden attack. It therefore has functions of a normal police nature, coupled with border defence and usual reconnaissance missions which make it militarily the most significant of the East German Security Forces.

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SAP is also organized into military type units, housed in barracks and provided with heavy weapons. Its ten regiments, strategically located throughout East Germany, are held ready to suppress riots or civil disorders of all types.

To sum up, the contemplation of Western action to open and maintain an axis of access to Berlin by force must take into consideration the military factors inherent in the situation. These are:

- (a) penetration on a narrow front, an approximate distance of 110 miles through hostile territory
- (b) a Communist force-in-being of 27 divisions, 30-35 regiments of para-military police.

Courses of action available to the Communist Bloc include:

- (a) No opposition.
- (b) Construction of undefended barriers.
- (c) Defence of such barriers by minor military or para-military forces.
- (d) Other opposition by a token military force.
- (e) All out military opposition by any or all forces available.

DMI considers a Western operation, limited to the forceful opening and maintenance of a route to Berlin, militarily unfeasible if opposed, unless the West is prepared to use all means at its disposal.

Up to the present time there have been no moves by any of the Communist forces which could be interpreted as being preparatory to military operations in connection with the Berlin situation. To the contrary GSFG has gone about its normal trooping activity and is currently involved in recruit training. East German Army activities are restricted to garrison duties normal to the season.

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3. Training Policy for
Military Schools for 1958-59

DM 185 of 18 Dec 58

Editorials in the military newspaper "red Star" have outlined the training policy for the various military schools for the year beginning 1 Sep 58. The achievements and shortcomings of the past year are also reviewed.

Declaring that the policy stems from the decisions of the 20th Party Congress, the first article goes on to say that these have been "the basis for a reorganization of instruction in military institutions in line with the current status of military science, the development of equipment (particularly rocket and electronic equipment) and with the increased role of the morale factor in armed conflict".

In the new training year there is to be a continuation of the efforts to improve methods of instruction making maximum use of modern training aids and resources. Increased time is to be allotted for independent study and the number of examinations and tests is to be reduced. Subjects to which particular attention will be paid include:-

- (a) New weapons and equipment, including "a thorough grounding in their principles of operation".
- (b) All-round combat training.
- (c) Physical training.
- (d) Political education as an aid to morale

A review of the past year's activities had revealed some failure to make full use of training aids and cases of inadequate preparation for courses of instruction. Some commanders had emphasized one element of combat training at the expense of others which had resulted in poor all-round capability of the units concerned.

COMMENT: While there is nothing sensational in the new programme, the following items are of interest:-

- (a) No specific mention is made of nuclear warfare through reference to new types of weapons and equipment may imply it.
- (b) Continued emphasis on development of initiative is reflected by the attention given to individual study, physical training and all-round combat training.

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- (c) The party concept of morale is basically founded on a required implicit obedience to the Party. Political education is therefore re-emphasized as an aid to morale, and as long as the Army obeys the Party its morale is considered good. The means to achieve this good morale in the Soviet view is by political education, and not by consideration of the humanities. In World War II the Party approach failed and they reverted to the theme of "love of Russia". This of course reflects the Pasternack theme and could be a dangerous course for the party to follow again. There is no doubt that the high Party and Army commanders are seriously concerned with the problem of maintaining the soldiers will to fight under nuclear conditions.

4. Soviet Underwater Research

DSI 291 of 15 Dec 58

The equipping of a submarine by the scientific laboratory of the all-union research institute for fishing economy and oceanography is being completed at one of the shipyards of the USSR. In December the first long scientific trip with the new submarine is planned. The front part of the submarine contains three large portholes to aid in scientific observations. Other portholes are equipped with photo apparatus, a film camera, and a television camera. Powerful searchlights will light up the ocean depths, making underwater observation possible at night also.

The underwater laboratory is equipped with a large number of the newest types of equipment for taking samples of water and determining the salt content of water and its temperature and current. This is the first time in the world that a submarine is to be used to study sea and ocean waters, sea beds and sea fauna and flora.

COMMENT: In the previous Soviet announcement on the above subject vide DSI Brief 254 dated 4 February 1958, reference was made to topside sonar. The fact that no mention is made of this in the current announcement could mean:

- (a) Omission of this feature from the announcement only.

- OR -

- (b) Omission of this feature from the submarine.

- OR -

- (c) Imposition of a security classification.

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5. Soviet MI-4 Helicopter Armed

DM183 of 17 Dec 58

A photograph appearing in the November issue of the East German publication "RUNDSCHAU" indicated that an East German Army HOUND light cargo helicopter has been equipped with a machine gun. The gun, located in a pod underneath the fuselage, was estimated to be a 7.62 mm weapon. While there have been previous sightings of this type helicopter with a pod under the fuselage, this is the first positive report that a Soviet Bloc helicopter has been equipped with a machine gun. The pod could also be used for auxillary fuel tanks or electronic gear. It is likely that other helicopters will be equipped with more effective weapons, possibly including rockets.

COMMENT: This is the first report of a Soviet helicopter being equipped in this manner. The HOUND MI-4 helicopter is the main helicopter in use by Soviet Airborne Forces. Helicopters can be used for the following purposes:

- (a) Observation
- (b) Rapid movement of troops and equipment
- (c) Ground reconnaissance
- (d) Command, control and liaison
- (e) Casualty evacuation

It is interesting to note that the US Army, in 1957 armed an H-13 helicopter with the following weapons:

- Four - .50 calibre machine guns
- Two - 20 mm cannon
- Two - Five inch rockets
- Fourty - 2.75 inch rockets

Tests were considered highly successful.

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EUROPE

6. Value of East German Army Declining DMI 82 of 15 Dec 58

At the recent East German Order of Battle Conference held at Headquarters British Army of the Rhine it was concluded that the East German Army's value for war is in a state of decline. The East German Army was not given the capability of conducting any offensive operations against the West.

COMMENT: The East German Army continues to maintain five motorized rifle and two tank divisions but these divisions are greatly understrength. The strength of the army has fallen in two years from 100,000 to 67,000 men. Some of the reasons for this reduction are:

- (a) East Germany, for political reasons, does not have a conscription system,
- (b) There is a chronic manpower shortage,
- (c) The communist influence in the army tends to estrange East German youth.

This decline in manpower is not a result of announced manpower reductions.

Previously the strength of the East German Army lay in the number of experienced former Wehrmacht officers who were serving. During 1958 there has been a continuous purge of these officers. This purge is likely to continue until all of the militarily experienced officers have been replaced by politically reliable but militarily inexperienced men.

The East Germans have been able to create a reserve of an estimated 30 to 40,000 men. By recalling these men the army could be enlarged to the 90,000 man size which it is believed would be necessary to effectively man existing divisions. The political unreliability however of the rank and file will continue to limit the army's value for war.

7. Rumoured Printing of General Mobilization Order for Czech Forces DMI 84 of 17 Dec 58

The Canadian Charge d'Affaires in Prague has relayed a report indirectly received indicating that the Czechoslovak Government Printing Office had recently printed a "General Mobilization Order". The report was relayed through two sources prior to reaching the Charge d'Affaires and for this reason it is difficult to adjudge source reliability.

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COMMENT: This information, if true, is not considered highly significant as several possible explanations exist:

- (a) the forms may be those used in the annual call-up;
- (b) the forms are prepared on a stand-by basis for a possible future general mobilization, a practice followed by most countries;
- (c) the printing of the forms may have a relationship to the Berlin crisis and is in support of a pressure campaign.

In view of the absence of indications of similar activity on the part of the USSR or any other satellite including East Germany and as there has been no unusual troop activity observed in Czechoslovakia recently, the third possibility mentioned above appears least likely.

SOUTH-EAST ASIA

8. U.N. Secretary-General Proposes to Send a Representative to Investigate the Suspension of Relations Between Thailand and Cambodia X 17 114/58 of (CONFIDENTIAL)
19 Dec 58

The Secretary General of the United Nations on December 17, 1958 sent a note to members of the Security Council in which he proposed to send a personal representative to Thailand and Cambodia to assist them in finding a way by which the difficulties which have arisen could be eliminated without resorting to the public procedures established in the U.N. Charter. In his note the Secretary General stated that prior to such action he felt he should inform members of the Security Council in case they would wish to raise any objections. The Canadian Government replied that it had no objection.

COMMENT: This action by the Secretary General has come about as a result of representations to him by Cambodia and Thailand following upon the suspension of relations between the two countries. The initial move in this matter was made by Cambodia late in November when Thailand was informed that diplomatic relations between the two countries would be suspended temporarily. The reasons given were a

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provocative campaign against Cambodia by the Thai press and military concentrations by the Thais along the Cambodian border. The Cambodian Ambassador also is reported to have remarked at the State Department that the current dispute was understandable only in the context of the long history of distrust and ill-will between the two states. Although Cambodia later suggested Charges d'Affaires be maintained in the two capitals the Thai reaction has been that relations should be re-established at the Ambassadorial level because the Cambodian suggestion would only constitute a reminder and might even contribute to a further deterioration.

The United States has felt that the dispute can be ironed out if the two sides are kept in communication and are willing to transmit messages back and forth. Thai charges that Communist China is behind the Cambodian action have been denied by Phnom Penh.

Both sides have presented their case to the Secretary General of the United Nations and Cambodia asked the International Supervisory Commission in Phnom Penh to send observers to the border area although it realized the dispute was beyond the jurisdiction of the Commission. The Commission has declined the request.

Canada has welcomed the move of the Secretary General to send a personal representative as disputes in the area, particularly with regard to Cambodia and South Vietnam, have long been a major problem in connection with the work of the Commission in Cambodia. The Canadian contention has been that problems of this sort could more appropriately be handled by some other means, such as the U.N. Therefore the establishment of any precedent for assistance would be helpful to us as well as to the parties concerned.

FAR EAST

9. Resignation of Mao Tse-tung as Head of Chinese Communist State X A 117/28 J (CONFIDENTIAL)
19 Dec 58

It was officially announced from Peking on December 17 that the Central Committee of the Chinese Communist Party has passed a resolution on December 10 approving Mao Tse-tung's suggestion that he would not stand as a candidate for Chairman of the Chinese People's Republic (Head of State) at the next session of the National People's Congress in January. According to the text of the resolution this was "a completely positive proposal" because

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it would enable him to concentrate his energies on dealing with questions of the direction, policy, and line of the Party and State. He would also be able to devote more time to Marxist-Leninist theoretical work "without affecting his continued leading role in the work of the State". It was noted that if a special situation should arise in the future requiring him to resume this work, he still can be nominated again to "assume the duties of Chairman of the Chinese People's Republic (Head of Staff) in compliance with the opinion of the people and the decision of the Party".

In announcing this decision, Peking explained that publication had been deliberately postponed in order to reduce the impact this news might have on the Chinese people. In accordance with the Central Committee's resolution, the decision had been the subject of nationwide discussions during the preceding week, and after patient explanations, "the overwhelming majority of the people began to understand the reasons and expressed agreement with the suggestion submitted by Chairman Mao himself".

There has been no announcements regarding Mao's successor, although rumours appear to favour Marshal Chu Teh, who is presently Vice-Chairman of the Republic. Another possible candidate is Liu Shao-chi, Chairman of the National People's Congress and generally considered to be second to Mao in the Chinese Communist hierarchy.

According to a diplomatic report from Peking before the official announcement, the rumours of Mao's impending resignation had already been said to be causing a certain amount of popular dismay, since the people had become accustomed to regarding him as a "father figure". This has led to speculation as to whether the whole exercise might not possibly be turned into a popular vote of confidence in Mao between now and the confirmation by the National People's Committee's decision.

COMMENT: There is no evidence so far to contradict the official explanation that this decision has been taken as a result of Mao Tse-tung's own desire to be freed from the duties of Head of State to devote himself to theory and long-range policy, since he will presumably retain the much more important post of Chairman of the Central Committee (Head of the Party). Mao - 65 years old - has for many years carried the double burden of titular Head of State as well as Party Chief. This assumption will be reinforced if he is in fact to be succeeded by Marshal Chu Teh who, although venerated as one of the original leaders of the Chinese Communist movement, could not be regarded as a contestant for top power within the Party. If he is succeeded by some such person as Liu Shao-chi, however, who has been regarded as a rival of Mao's more oriented towards the Soviet Union, the move may be regarded as a criticism of Mao's domestic or foreign policies.

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SOUTH AMERICA

10. Elections in Uruguay and Venezuela X14 110/58/17 (CONFIDENTIAL) 16 Dec 58

On November 30, elections were held in Uruguay to choose the new government which will take office on 1 March 1959. The results turned out to be historic: after 93 years in the opposition, the Blanco (White) Party defeated the Colorado (Red) Party by 88,000 votes.

Voters were asked to elect thousands of officials at all levels of government. However, the main prize was control of the nine-man National Executive Council, which has governed in lieu of a president since 1951. Under the Constitution the party with the largest total vote wins a six-seat majority in the Council, while the second party gets three seats. The President of the Council, appointed each year, can come only from the majority party.

Interesting issues in this year's election were two suggested constitutional reforms, submitted to the electorate in a simultaneous plebiscite, which would have replaced the National Executive Council by a president as before 1951. Neither proposal was approved by the Uruguayans who are very suspicious of any hint of a dictatorship.

With all but a very few polls heard from, the popular vote was as follows:

Blancos	413,608
Colorados	324,886
Socialists	31,670
Christian Democratic Civic Union	31,524
Reformist Democratic Union	16,107
Various (including Communists)	6,851

The Blancos, led by Dr. Luis Alberto de Herrera, will now have six seats in the National Executive Council, while the Colorados, led by Luis Batlle Berres, who was President of the Council from March 1956 to March 1957, will have three seats.

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The Blancos will hold 16 Senate seats out of 31 (the Colorados will hold 13) and 50 in the Chamber of Deputies out of 99 (the Colorados will hold 39).

COMMENT: The main issues at stake in this election were internal ones. The Colorado record was under review in the light of the current economic slump and the prospects of financial trouble ahead for this most socialized country in Latin America. Under the Colorados, increased wage and welfare concessions, and politically inspired subsidies to agriculture and consumers, have knocked Uruguay's exports of wool and meat out of traditional Western markets during the recent period of general price decline. In this situation the Soviet Union has come forward as a heavy buyer of Uruguayan commodities, particularly wool, and in return Uruguay has been buying increasing amounts of Soviet products, including oil and cotton. Campaigning on a platform for the re-establishment of economic order at home and a firm policy toward inflation and labour, as well as the use of international and United States agencies to rebuild the strength of the Uruguayan peso, the Blancos were able to reconcile their various factions and present a united front for the first time in many years. On the international scene their leader, Herrera, is known to be wary of diplomatic relations with Soviet bloc countries and recently objected vigorously when the Bank of the Republic concluded an agreement on trade with Communist China. It is expected that Uruguayan foreign policy will continue to be based on respect for Inter-American treaties and solidarity with the Western world.

ITEM

On December 7, after 11 months of shaky rule by the junta which took over the leadership of the country following the overthrow of the ten year dictatorship of Marcos Perez Jimenez, relatively peaceful elections were held in Venezuela at all levels of government.

There were three candidates in the presidential race: Rear Admiral Wolfgang Larrazabal, who resigned on November 14 as President of the governing junta in order to run in the election, was supported by the left-of-center Republican Democratic Union, the Communist Party and the small Independent National Electoral Movement; Romulo Betancourt, head of the left-wing but anti-Communist Democratic Action Party, who was provisional President of Venezuela from 1945 to 1948, obtained most of his support from the organized syndicates and the majority of the rural districts; Dr. Rafael Caldera, the leader of the Social Christian Party, which is further to the right, had the backing of the small Socialist Workers Party and the Republican Integration Party, a middle-of-the-road grouping of independent professional men.

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None of the presidential candidates presented the electorate with a definite programme. They limited themselves to making promises for better housing, more schools, more jobs, greater prosperity and security. On the major issues of oil and the future of national industries, they all came out in support of a greater share for Venezuela from the exploitation of natural resources, but none of them declared himself in favour of nationalization. Finally, on the eve of the election, all three candidates promised a "minimal" government programme under a coalition administration in which all the major parties would be represented (see last paragraph below).

With only 280,000 votes still to be counted the standing in the presidential race was as follows:

Betancourt	1.15 million
Larrazabal	950,000
Caldera	320,000

Larrazabal conceded the election to Betancourt on 11 December.

The following will be the distribution of seats in the Venezuelan Congress:

	<u>Senators</u>	<u>Deputies</u>
Democratic Action(Betancourt)	31	68
Republican Democratic Union (Larrazabal)	12	41
Social Christian (Cladera)	7	22
Communists	2	9
	<hr/> 52	<hr/> 140

COMMENT: Since there did not appear to be any strong differences of views or programmes between the various parties, it would seem that the results of the presidential election were determined by the personal support each candidate was able to obtain for himself. Larrazabal, who was considered by many observers to be the favourite, seems to have miscalculated in accepting the support of the Communists, who played down for the time being their own extreme policies in an

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attempt to cash in on the Admiral's popularity. He probably imagined that the votes he would lose by accepting this support would be more than compensated for by those he would gain from left-wing elements. Although the Roman Catholic Church did not criticize Larrazabal directly, it came out strongly against anyone who supported the Communists. In the end, Larrazabal polled the largest number of votes in Caracas, but Betancourt obtained enough votes throughout the rural areas to beat him, while Caldera ran a poor third.

The fact that this election was carried through to a successful conclusion with a relative minimum of incidents is an important development in Venezuela, a country almost completely lacking in democratic experience. When the returns were announced, serious pro-Larrazabal riots threatened to break out in Caracas, which had rejected Betancourt, but these were eventually calmed at the urging of all three candidates. The Communist Party seems to have summed up the the situation accurately in a communique in which they emphasized that demonstrations against the election of Betancourt as President far from bringing about a reasonable solution, would only open the way to a coup d'etat.

Betancourt has announced a programme which is much in keeping with the one agreed upon by all three candidates on December 6: extension of control over the foreign-owned oil industry and an increased government share in the existing 50 - 50 profit-sharing formula with the oil companies; a similar revision of relations with the two United States - owned iron-mining companies in Venezuela, development of a national oil enterprise with its own tanker fleet; and the establishment of diplomatic and commercial relations with "all nations". The last provision clearly suggests that formal ties will be considered with one or more of the Communist bloc countries. In the meantime, the Venezuelan Communists seem to be holding their fire under the cloak of respectability which they wore during the electoral campaign.

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GENERAL

11. Nuclear Propulsion for Aircraft

*DSI submission, not numbered
of 15 Dec 58*

The two basic problems in the development of nuclear-powered aircraft are: (i) the development of materials, specifically metals, alloys, ceramics, plastics, elastomers, lubricants, and transistors, which will function satisfactorily for prolonged periods of time at much higher temperatures and under higher radiation fluxes than these materials can presently withstand; and (ii) a decrease in the overall weight of the nuclear propulsion system including shielding so as to obtain reasonable weight to thrust ratios. At the present stage of development nuclear propulsion appears feasible only for very large, subsonic aircraft. It is estimated that the USSR is probably abreast of the US in the development of a suitable reactor system for subsonic flight and that both countries may achieve initial flight testing by 1962. Earlier success can only be achieved by a considerable acceleration in the present scale of effort. Supporting detail on these and related considerations is appended.

A detailed study has been made of available evidence on a new Soviet aircraft, the BOUNDER. Our knowledge of the present "state of the art" in nuclear propulsion and related considerations, such as the sightings of the aircraft at FILLI airfield, its configuration, etc., lead us to conclude that the BOUNDER is not at present powered by nuclear energy. Further technical study by airframe specialists is required to decide whether its configuration is suitable for the eventual application of nuclear propulsion. It should be noted however that the design of the BOUNDER must have been fixed in 1954-1955. The state of Soviet reactor development at that time makes it extremely improbable that any design studies of nuclear-powered aircraft would result in a successful operational airframe/power plant combination.

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CANADIAN EYES ONLY

(unless otherwise classified)

ANNEX I

TO JIC SUM No. 308
dated 23 December 1958

EUROPE

1. Soviet Threats Against Berlin *A 115/58 J* (CONFIDENTIAL)
19 Dec 58

In notes to the USA, UK, and France on November 27 the Soviet government proposed the transformation of West Berlin into a demilitarized free city. West Berlin would be an independent political entity, free from interference by either German state; its independence would be guaranteed by the four powers concerned and by the two German states and the UN could share in observing its free-city status. For its part, West Berlin would have its own government and would run its own economy and administrative affairs. It would undertake not to permit on its territory any hostile activity directed against the German Democratic Republic or any other state. The GDR would guarantee unhindered communications with the outside world. To assist with these arrangements, the Soviet Union would purchase goods from West Berlin and sell it raw materials and food.

While suggesting negotiations, the Soviet Union presented this proposal on an all-or-nothing basis. It said the four-power occupation agreements on Berlin must be terminated. For a six-month period it would make no changes in the procedures for military traffic of the UK, USA, and France to West Berlin, but if negotiations on its proposals were not begun during that time, it would turn over its responsibilities in West Berlin to the German Democratic Republic.

Soviet Intentions - Undoubtedly Khrushchev would like to see West Berlin part of East Germany. He said as much in the November 27 notes, asserting that the best way to solve the Berlin question would be to have the two Germanys withdraw from their respective defence organizations and to have West Berlin reunite with the eastern part of the whole city and become a single unit within the state on whose land it is situated. His free-city proposals are presented as an alternative to this preferred solution. Emphasis is placed in the November 27 notes on a desire to negotiate. Subsequently the Russians have made known through several channels, including Khrushchev's conversation with a USA senator, their willingness to consider counter-proposals from the Western side.

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CANADIAN EYES ONLY

(unless otherwise classified)

Khrushchev's foreign policy purposes and domestic objectives are both well served by issuance of this ultimatum on a settlement for West Berlin. The move is undoubtedly motivated by the need to bolster the East German regime and to lessen the damage done to its prestige and progress by the existence of West Berlin, and by the continued necessity of strengthening Soviet control in Eastern Europe. The twenty-first congress of the Communist Party will be held in January and Khrushchev probably considers it desirable to make this display of firmness towards the West as a setting for his presentation of future policy proposals on that occasion. For Khrushchev a firm stand on Berlin is also in harmony with other policy purposes: the disturbance of relations within NATO; the exertion of pressure against the arming of West German forces with nuclear weapons; the hope of forcing Western troops to pull back from advanced positions; and the possibility of compelling the West to attend a summit meeting.

The Soviet government probably expects the Western governments to remain uncompromising and to be unable to agree on counter-proposals other than the standard position of German reunification through free elections - a solution which Khrushchev has rejected in advance. It is possible that Khrushchev really expects that with alternate threats and blandishments he can bring Western leaders to a Summit conference on Soviet terms.

The Soviet government gave some indication of this intention in notes it sent on December 13 to member governments of NATO, just prior to the NATO ministerial meeting in Paris. It revived earlier proposals for a non-aggression pact, a nuclear free zone, reduction of foreign troops in European countries, and cessation of nuclear tests. Soviet proposals on Berlin were restated and a meeting of heads of state was suggested as a means of reaching agreement on these problems.

NATO Attitude - The foreign ministers of the USA, UK, France and Germany discussed Berlin on December 14. They stated that they were determined to maintain their rights in Berlin; that they rejected the Soviet Union's unilateral repudiation of Berlin agreements; and that they would not deal with East German Communists, even as agents of the USSR. This attitude became slightly less rigid after discussion in the Ministerial Meeting of NATO on December 16. In its communique the Council associated itself with the views of the four governments. It said that the Soviet Union would be responsible for any action which had the effect of hampering free communication for Berlin or of endangering its freedom. It went beyond the four-power statements in reaffirming the readiness of the Western powers to consider the Berlin question in the framework of an agreement with the USSR on Germany as a whole, and in stating that the Western powers were still ready to discuss this problem as

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CANADIAN EYES ONLY

(unless otherwise classified)

well as the problems of European security and disarmament. In a later communique the NATO Council reaffirmed its will to use nuclear retaliatory force to repel aggression. The possible direct connection of this statement with the Berlin situation was raised informally by a member of the Soviet Embassy on December 18, who expressed some concern about the implications of such a relationship.

Canadian Position -- In addressing the NATO council on December 16, the Canadian Secretary of State for External Affairs recalled that Canada had associated herself with the 1954 three-power declaration guaranteeing the status of Berlin. He said the Soviet proposals were unacceptable and would lead to extension of Communist control over all of Berlin. A Berlin settlement could hardly be separated from reunification. He asked however, whether NATO should rule out entirely the possibility of an interim arrangement as a first step to reunification. He wondered whether there might be counter-proposals which the Western powers could advance as a basis of negotiations. He expressed the hope that concrete suggestions would be made in the Western replies to the Soviet notes of November 27. The Canadian representative also asked whether the time had not come to evaluate Western policies on German reunification. He said that the degree of flexibility found in recent statements by government leaders of the USA, and UK and Germany must be maintained if Western powers were to regain the initiative.

X A 113/58 of 19 Dec 58

2. Negotiations on Nuclear Tests

(CANADIAN/U.K./U.S. EYES ONLY)

The fifteenth formal meeting of the three-power conference on November 29 marked a turning point. Tsarapkin (U.S.S.R.) stated that the Soviet Union would have no objection if the text of the agreement on the discontinuance of nuclear tests contained the principal provisions about control. This move essentially resolved the procedural problem which had inhibited progress previously in that it enabled discussion to take place on the substance of the control problem. It also removed U.S.-U.K. objections to discussing the provisions of a treaty. Both Wadsworth (U.S.) and Ormsby-Gore (U.K.) have since proceeded to submit draft articles. It is understood that the United States has virtually completed a draft of a treaty.

On December 6 the three representatives agreed on Article I in the following terms: "Each of the parties to this treaty undertakes, subject to the provisions of this treaty and its annexes: (a) to prohibit and prevent the carrying out of nuclear weapons test explosions at any place under its jurisdiction or control; and (b) to refrain from causing, encouraging, or in

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CANADIAN EYES ONLY

(unless otherwise classified)

any way participating in the carrying out of nuclear weapons test explosions anywhere". The main issue, once the U.S.S.R. had accepted the inclusion of basic control provisions in the treaty, was whether the treaty should be a tri-partite instrument or one to which other countries could accede. Also in question was whether the obligations in Article I should be subject to the provisions of the rest of the treaty, i.e. whether the discontinuance of tests might be conditional.

On December 8 agreement was reached on Article II in the following terms: "(a) For the purpose of assuring that the obligations assumed in this treaty are carried out by the parties, there is hereby established a control organization upon the terms and conditions set forth in this treaty and the annexes thereto; (b) each of the parties agrees to co-operate promptly and fully with the control organization established under para (a) of this article and to assist the control organization in the discharge of its responsibilities, pursuant to the provisions of this treaty and the provisions of any agreements which the parties shall have concluded with the control organization". Although the Soviet representative initially questioned the need to call upon the parties to co-operate with the control organ, his position then was connected with the concept of a tri-partite agreement and he subsequently stated that there was no difference in principle.

On December 12 Article III was agreed as follows: "The control organization established under Article II of this treaty shall consist of: a control commission, hereinafter referred to as "the Commission"; a detection and identification system, hereinafter referred to as "the System"; a chief executive officer, hereinafter referred to as "the Administrator"; and a conference of parties to the treaty, hereinafter referred to as "the Conference". In the discussion Tsarapkin indicated that the Soviet Union attaches major importance to the control commission and intends the administrator to have only restricted powers.

On December 8 Tsarapkin presented a lengthy outline of the Soviet ideas on control. Some of the features of this paper are: that the control organization should be established by the three-powers; that the commission of three should direct all activities of the organization and take decisions as to the need for inspecting an area where an explosion has been suspected; that the personnel of the sections analysing data from control posts should be selected on the basis of equal representation of two sides; that control post personnel should be provided by the host country with "controllers" from the other side; that the movement of foreign personnel should be governed by existing laws, and that despatch of inspection groups should be on the basis of a commission decision in each case, which will

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SECRET
CANADIAN EYES ONLY
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include the creation, size, equipment and objective of the group. Tsarapkin had previously made it clear that the Soviet Union has no intention of accepting majority decisions on important matters in the control commission.

On December 16 Wadsworth introduced a long technical document on the detection and identification system. However Tsarapkin as yet to comment upon it and has directed his attention to a number of draft articles which have been tabled by the U.S. and U.K. The conference probably will recess from December 19 to January 5.

COMMENT: Discussion of the control system may be expected to continue in greater detail following the recess. It is apparent that there are several respects in which the Soviet approach differs from that of the U.S. and the U.K. Perhaps the basic difference is the emphasis on "two sides" and the accompanying implication of unanimity in decisions. The Western spokesmen have suggested that this problem may be largely resolved by working out the organization in such a way that most decisions would be automatic and defining how the remaining decisions should be taken when voting was necessary. Technically the Soviet position appears to accept the methods recommended by the conference of experts. Although the system would be inaugurated by the three powers and initially confined to their territories, the Soviet scheme implies that it would extend subsequently to other countries, in order to embrace the worldwide distribution of control posts recommended by the experts.

It would appear from U.S. sources that difficulties are to be expected over the concepts of parity and unanimity in the decision-making machinery, especially because of doubts that such arrangements would receive Senate approval. A further major problem which remains for consideration is the issue of suspension versus unconditional cessation. The link between continuing suspension and progress on other disarmament measures appears to be growing more tenuous. The U.S. may be prepared to accept virtual cessation subject to an acceptable control system and the reservation of the right to resume testing in the event that continued abstention were to threaten United States security. The United Kingdom also seems to be moving away from the concept of establishing a specific condition regarding progress on other aspects of disarmament. One reason for this shift in position is connected with the difficulty of defining such a condition in a treaty.

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CANADIAN EYES ONLY
(unless otherwise classification)

The degree of flexibility which has been displayed on both sides, the apparent desire of the Soviet Union to secure an agreement even if it requires concessions and the evident readiness of all concerned to continue detailed negotiation suggest that, despite the existence of fundamental differences, the possibility of reaching an agreement is not to be excluded. In any event it appears probable that several more weeks of negotiation will be required before the outcome can safely be predicted.

SOUTH-EAST ASIA

3. Export of Arms by Western Nations to Indonesia

XA 111/58 of 16 Dec 58

General Western Policy:

The policy of the United Kingdom and especially that of the United States with regard to the export of arms to Indonesia has undergone considerable modification during the past year and appears to be still in a state of flux. An Indonesian request in 1957 for a large supply of arms was virtually refused by the United States. Prior to and during the Indonesian rebellion during the first part of 1958, the Western nations generally were hesitant to supply Indonesia with any type of arms. As Indonesian government forces regained control of the internal situation, however, the United States took a more forthcoming attitude and in June export licenses were granted for aircraft parts and small arms. Late in August it was announced that shipments of small arms, trucks, jeeps and communications equipment were being sent to Indonesia. Included in these shipments, but unpublicized, were six LCVP's. The United Kingdom apparently favoured "some token of readiness to co-operate with the Indonesian Government" and announced an offer of specialized military training for a group of Indonesian Army officers. An export license for Gannet aircraft requested by the Indonesians was refused, at that time.

The Dutch have consistently supported a virtual arms embargo and while they have not been able to obtain the agreement to this of their NATO partners it was understood that they would be informed of proposals for arms shipments. They protested vigorously the United States action in June and apparently objected again to the August shipments. The Dutch Ambassador has also made representations in Ottawa regarding the shipment of arms to Indonesia.

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CANADIAN EYES ONLY

(unless otherwise classified)

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The Australians, for strategic reasons, are also extremely sensitive on this matter. For a time in mid 1958 they appeared to be moving toward the view that a reasonable amount of military aid should be provided to Indonesia so long as it didn't increase that country's offensive military capacity to the point where it could make an attack on West New Guinea. Recently, however, the Australians have taken a stiffer attitude as the result probably of some rather bellicose statements on the subject of West New Guinea by the Indonesian officials. It appears that Australian and Dutch pressure was mainly responsible for the United Kingdom's initial refusal to sell Indonesia Gannet aircraft.

Despite the Dutch and Australian attitudes the United States recently modified its arms policy still further. In mid-November the United States Government decided that the variety of arms sold to Indonesia would be broadened considerably to include conventional arms, propeller-driven fighters, helicopters, minesweepers and other equipment. (A list of the specific items is attached.) It seems likely that encouragement will be given to sales on a government to government basis chiefly in order to reassure the Dutch that exports will remain under government control. The new development in United States policy apparently does not affect their previous refusal to supply parachutes.

Subsequent to the American decision, the United Kingdom announced on December 15th that export licenses were being granted for the sale of six of the eighteen Gannet aircraft (designed for anti-submarine duties) requested by the Indonesians more than a year ago. It is expected that the remaining twelve probably will be supplied during the next two years. Evidently further study is being given also to the Indonesian requests for warships. While United Kingdom officials have stated that the Gannets have been treated as a special case, it seems possible that United Kingdom policy on arms exports to Indonesia may be undergoing some modification.

United States Equipment Authorized for Sale to Indonesia

Government to Government Sales:

- 3 disarmed L-20's (small liaison aircraft)
- 3 helicopters
- 1 LST
- 2 minesweepers
- 13 bridges
- full equipment for one marine rifle company
- 1 sixty millimetre mortar section

Non-Government Sales Requiring Export Permits:

Limited Quantities of:

- propeller-driven fighters or liaison aircraft
- B-25 engines
- spares for B-21's

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Consideration of further requests for conventional arms.

COMMENT: During the past five months Canada has released quasi-military equipment to Indonesia (trucks and Otter aircraft) to assist in the improvement of the internal security situation in that country, but has refused to supply equipment which could be used in an attack against West New Guinea.

Prior to the most recent revision of United States policy, the Canadian Government received an application for the export of fifteen Mustang aircraft to Indonesia. As the implications of an affirmative decision on this might be far-reaching both in the scope of our arms exports to Indonesia and in our relations with our allies, the matter is being given close study. No decision has been taken as yet.

4. Coup in Ceylon X A 116/58 of 19 Dec 58

The Prime Minister of Ceylon, Mr. S.W.R.D. Bandaranaike, hinted in the House of Representatives on November 20 that some prominent Ceylonese had thoughts about a coup d'état in Ceylon. He hinted at this again during a speech at a medical association dinner on November 22 at which the High Commissioner was present. The Prime Minister did not volunteer any details. Later Dr. N.M. Perera, the Leader of the Opposition, and a Trotskyite, entered the discussion in parliament. He alleged that a senior police officer had been plotting against the government. The Minister of Finance, Stanley de Zoysa, in an angry speech claimed that the opposition leader was criticizing his brother, the Deputy Inspector General of Police. The Minister for Food and Agriculture, Philip Gunawardena, sided with Dr. Perera against his colleague. Gunawardena added that the Deputy Inspector General of Police had been conspiring with army officers.

The Prime Minister made no comments about the charges and counter-charges. However, he mentioned that Senator Edmund Cooray, a member of the right-wing United National Party, which is in opposition, had suggested a coup d'état to the Inspector General of Police, Mr. Osmund de Silva. Cooray denied this. However, the Inspector General issued a statement in which he said he had been invited to dinner last June by the Senator. A senior army officer was also a guest. At the dinner table, the Senator's son had referred to the seizure of power by a military officer in another country (Iraq). The Senator had then asked: "Aren't you chaps having a coup?" (The Canadian High Commissioner considers that the conversation was facetious, and that Cooray had no sinister motives behind this remark.) Both the army officer and the Inspector General had replied that there was no such possibility.

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CANADIAN EYES ONLY
(unless otherwise classified)

Subsequently, when rumours spread in Ceylon about the possibility of a coup, the Inspector General of Police had informed the Prime Minister of the conversation to demonstrate the loyalty of the police and the army.

At the present time Mr. Gunawardena is feuding with Mr. de Zoysa, Minister of Finance, and his moderate and right-wing cabinet colleagues. Mr. Gunawardena's indiscipline in the political hassle about the coup has caused ten Cabinet Ministers to present a signed petition to the Prime Minister requesting that Mr. Gunawardena be removed from the cabinet. The Prime Minister has vacillated, although he has stated that he does not like Gunawardena any better than his ten colleagues who signed the petition.

The Canadian High Commissioner thinks that talk about the coup "is essentially nothing but a storm in a tea cup, which would probably have gone the usual way of such political storms, had not Mr. Philip Gunawardena seen an opportunity to pay off his score against the Deputy Inspector General of Police". Mr. Gunawardena has been annoyed with the police since they arrested some of his political bed-fellows who were charged with the serious crimes of murder and arson during the racial riots between the Tamils and the Sinhalese, which resulted in the proclamation of a state of emergency in Ceylon at the end of May. The proclamation is still in force. Racial clashes between the Tamils and the Sinhalese were brought under control some months ago.

The High Commissioner thinks that the Ceylonese Prime Minister's role in the controversy about the coup indicates that he is taking advantage of the controversy to divert criticism from his government.

There is undoubtedly political instability in Ceylon at the present time. This is enhanced by the erratic and irresponsible actions of some of the more extreme Cabinet Ministers who are well to the left of centre in their political philosophy. There is, however, little tradition of cabinet solidarity in Ceylon. The Prime Minister himself is known for being erratic and excitable.

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Miss M. Fabre

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ISSUE NO. 307

19 December 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Release of Gen. A.I. Serov as head of the
Committee for State Security (KGB), USSR

DMI 81 of 12 Rec 58

According to a press report, Army-Gen A.I. Serov, the Chairman of the Committee for State Security has been relieved of his post and given another, hitherto unspecified, appointment.

COMMENT: The removal of General Serov from his post as head of the KGB comes as a surprise in the light of his growing importance and influence which have become apparent over the past two years. He is the leading specialist in subversion, espionage and terrorism and is probably more closely associated with the terror concept than Beriya was.

His importance to the functioning of the Security apparatus was clearly demonstrated by the fact that he succeeded in surviving the purge of Beriya and his colleagues in 1953 and later on was promoted both in rank and in status.

There have been no indications, prior to the announcement, that Serov had fallen into disfavour or that his influence was on the wane beyond the fact that he had not been seen at receptions during the past few weeks. In default therefore of any indications which would throw light on his removal from his post the following possibilities are suggested:-

- (a) Khrushchev may have been forced by a clique of senior army officers to remove Serov. Relations between the Army and the Security organization have always been notoriously bad.
- (b) Serov's growing power may have caused Khrushchev some anxiety and led to the latter's decision to remove him. There is also a possibility in this context that Suslov may be behind this move.
- (c) Serov may have been promoted. There are some grounds for considering this possibility from the wording of the announcement. This states that Serov was released from his post in connection with his taking up other work. This is the same wording employed in the case of Patolichev who was relieved this year from his post as Deputy Minister for Foreign Affairs and became Minister of External Trade. This amounted to a promotion.

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On the other hand the announcement removing Malinkov and others who were demoted merely stated that they had been relieved from their posts. No simultaneous mention was made of their transfer to other positions. These were mentioned much later.

There have been indications that a reorganization of the Security Forces may be under way. However such evidence as is available is so tenuous as to warrant little attention pending further evidence. We have consistently maintained the extreme unlikelihood of a reamalgamation of the Security Forces proper and the covert elements of State Security represented respectively by the MVD and KGB. Such a step would result in a situation obtaining at the time of the Beriya regime wherein one man held control of the entire security apparatus.

2. New Type Soviet A/S Ahead-Throwing Weapon DNI 58-#44 of 12 Dec 58

Recent photographs of two RIGA/CLASS Soviet Baltic Fleet destroyer escorts show a new item of equipment fitted on "B" gun deck, port and starboard, abaft the 100 MM (3.9") gun mounting. The ship's structure has been modified to increase the deck area.

The "Hedgehog" mounting previously fitted on this deck has been removed; also the four depth-charge mortars and their stowage racks appear to have been removed from the quarterdeck.

COMMENT: It is thought that this new equipment is a rocket-launched ahead-throwing anti-submarine weapon which is replacing the "Hedgehog" type of spigot-launched weapon and the depth-charge mortars in this class of ship.

The new equipment probably can be trained through 360°, i.e. it may be trained inboard for re-loading; the firing arc for each mounting is probably 180°, giving a bow-overlap but leaving a dead sector astern. It also seems likely that the launching tubes (16 per mounting) can be elevated to vary the range; "Hedgehog" has fixed tangent elevation.

Reconstruction and enlargement of the wings of the gun deck provide (a) support for the rocket mountings, (b) a small additional compartment on either side of the forecastle deck (possibly for A/S fire-control equipment), and (c) ample deck space for loading the gun and the A/S mountings.

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There appears to be an ammunition hatch forward of the bridge superstructure, slightly to starboard of the centreline; a portable davit is fitted on the bridge superstructure above this hatch.

Fitting of this weapon, and the removal of all other A/S armament from a primarily anti-submarine ship, indicate not only the effectiveness of the weapon, but imply an advance in Soviet detection capabilities as well as a change in A/S tactics.

3. Soviet Submarines Changed Pendant Numbers
During Voyage in the North Sea

*DNI 58 #45 of
11 Dec 58*

On June 21st 1958 four submarines passed out of the BALTIC. On July 1st four submarines with different pdt Nos entered the BALTIC. Photographs of the last mentioned submarines seemed to indicate that the Pdt Nos were recently painted. Further examination of the photographs of the two groups disclosed so many similarities that the ships entering the BALTIC must be considered the same as those leaving the BALTIC ten days earlier. Although many details are differing from ship to ship, all submarines obviously were W-class, Mark IV, types. Comparison of special features on each outgoing and returning ship, has made it clear that:

Submarine	Pdt no	13	changed to	pdt no	25			
"	"	"	85	"	"	"	"	10
"	"	"	83	"	"	"	"	99
"	"	"	80	"	"	"	"	45

COMMENT: On this occasion the weather was good and the vessels were far out at sea. For five days, during which time the changing of pdt Nos could easily be done, the submarines were not observed. Probably the ships had orders to make themselves irrecognizable for the home voyage. Except for the pdt Nos, especially one detail seems to prove this. On the way out of the BALTIC three submarines had the Soviet star (for outstanding service) painted on them. On return, however, only one submarine had the star painted on it, while on two of the others it could quite clearly be seen that stars had been recently covered with paint. Presumably the changing of pendant numbers has had no other purpose than causing confusion, - in conformity with the changing of pendant numbers which takes place every year in the Soviet Navy.

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EUROPE

4. Third Possible Soviet Missile Carrying Train Seen In East Germany OACSI

DMI 77 of 11 Dec 58

A train carrying elements of a possible missile unit was observed on 12 Oct in the vicinity of Frankfurt/Oder, proceeding towards Noenigswusterhausen and Berlin. The train included 26 four axle flat cars with built up sides approximately two meters high extending the length of the car. Although a canvas cover concealed the contents of the cars, the conformation of the covers indicated a round barrel type object. The remainder of the train consisted of five two axle flat cars carrying five ZIS 151 tractors, four empty two axle flat cars, and four troop cars carrying three Colonels and approximately 80 men. Telephone communications were maintained between the engine and the rear of the train. Three armed guards were posted on each flat car.

COMMENT: This is the third (possible) missile carrying train observed in East Germany. The two previous sightings were reported. Although the destinations of these trains has not yet been identified, evidence is accumulating that missiles are now being introduced into East Germany for use by GSFG.

5. Further Reorganization of Polish Army

DMI 80 of 12 Dec 58

The further reduction of the Polish Army by one line division was accepted recently at the Polish Army Order of Battle Conference held at Headquarters British Army of the Rhine.

Two new armoured divisions were accepted bringing the total of this type in the Polish Army to four. These divisions are similar to Soviet tank divisions but suffer in effectiveness by their smaller size and shortages of equipment.

COMMENT: The Polish Army in two years has disbanded at least 5 line divisions. Of the remaining 13 divisions two are of cadre or reserve type. Only one division is credited with the capability of being employed on offensive operations outside of Poland.

The emphasis on armoured divisions is further evidence of the continuing Polish interest in mechanization. At present there appear to be four types of line divisions; infantry, motorized infantry, mechanized and armoured. It is considered that the first three of these are all various stages of the motorized rifle division which has been adopted in the Soviet Army. It is probable that the Poles, too, will adopt one basic organization for their infantry type division.

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The number of men in the Polish Army has been cut during the past two years to about 200,000. The army today consists of three elements, a regular cadre of unknown size, a conscript class and from 30 to 40,000 reservists who are undergoing three month training. There appear to be four such groups trained annually. The size of the two year conscript class is not certain, but it does appear that less men are receiving training than the age group allows. At least one national staff believes that the Polish Army less reserves numbers only 140,000 men. A re-evaluation is now being carried out and it may indicate that the army is in fact somewhat less than 200,000.

The Poles are expending great effort to modernize their forces and it is probable that within a few years they will have created a modern, motorized, conventional force. The continuing likelihood of political unreliability within Poland however makes it unlikely that this army will receive nuclear weapons. It is also unlikely that the Soviets will permit the effective organization of supporting units so that the Polish Army would be able to fight as a national force.

6. Recent Increase in Surveillance
of Western Attaches by Poles

DMI 79 of 12 Dec 58

Recent discussions with the Cdn, UK and US Military Attaches reveal a significant increase in surveillance during the last two months. Prior to this period, although narking was an accepted occupational hazard for the USMA, UK and Cdn representatives were relatively free of surveillance during field trips.

In September of this year Poland and the United States agreed to eliminate the requirement for their respective Military Attaches to file notice of intent to travel 24 hours in advance. This was of some assistance to the USMA in that only by 24 hour surveillance of home and office could the Polish Secret Service (UB) guarantee initial narking of field trips. Unfortunately this benefit has been offset by a general increase on surveillance of the UK and Cdn MA's.

A rumour has reached Western Attaches that the UB has received 80 new Mercedes cars to replace the less efficient Citroens. This report is supported in part by various sightings of the new automobiles engaged in narking. If the reported number is approximately correct nuisance value of the UB activities will be considerably enhanced.

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COMMENT: Field trips throughout Poland are coordinated among the three MA's (and the French MA) to assure regular periodic coverage of all significant areas. The inclusion on an increased scale of UK and Cdn MA's in UB surveillance activities reflects a more realistic recognition of Western cooperation by the Poles. The increase in marking will serve to limit opportunities for observation of activities and installations in sensitive areas and will increase harassment of Western Attaches. It should not, however, greatly reduce their effectiveness.

MIDDLE EAST

7. CYPRUS

(CONFIDENTIAL)

Claims of the Three Protagonists

x A 109/58 of 15 Dec 58

The United Kingdom: The U.K. argue their right of control over the island of Cyprus firstly, on legal grounds, and secondly, on the political ground that the strategic importance of Cyprus makes it necessary for the maintenance of the U.K. position in the Middle East. The desire of the U.K. to maintain its connection with the island for as long as possible is, in addition, strongly attributable to the fact that withdrawal from Cyprus would bring with it a great loss of prestige.

In June 1958, the U.K. informed NATO of their latest plan for the future of Cyprus to be put into effect on October 1, 1958. This called for increased Greek-Turkish participation in the administration of the island but without prejudice to the ultimate political pattern, which would not be determined until after a "cooling off" period of seven years.

Greece: Four-fifths of the population of the island of Cyprus is of Greek origin and their demands for Enosis, i.e. union with Greece, gained the full support of Greece, the issue having become a major one in Greek politics. Although the Greeks no longer insist on Enosis, the Greek government claims the right of self-determination for the island, i.e. that the vote of the majority of the inhabitants should determine its future.

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Turkey: Turkey initially claimed historical rights to Cyprus and maintained that the island was of strategic importance in the protection of its southern flank. The Turks now take the position that if the status of the island is to be changed, Cyprus should be returned to Turkey as in 1878. As an alternative to Enosis, the Turks see the partition of Cyprus between the Greek and Turkish community as the only solution. They therefore agreed to the introduction of the British "partnership plan", seeing in it a first step towards eventual partition.

Cyprus Issue in NATO

The Cyprus dispute, involving as it does three NATO members, has had a seriously divisive effect on the organization. It soon became evident that the implementation of the British "partnership plan" on October 1 would probably intensify violence in Cyprus and have a very strong adverse reaction in Greece, which might even go so far as to withdraw from NATO. In view of this, Mr. Spaak made strenuous efforts to work out a compromise solution with the parties and to arrange a conference with participation by the British, Turkish and Greek governments, as well as by representatives of the Turkish and Greek Cypriots.

It appeared for a time that the Secretary-General's efforts would be successful and that agreement on the arrangements for the conference was near. However, the Greek government finally announced that they could not agree to attend; they felt that so much was at stake that if the conference were to fail, the situation would be worse than if none at all had been held. In the event, it appeared that the Greek government had simply decided that for its own internal as well as external reasons, it would be better instead to go ahead with their complaint to the United Nations where they could have a greater impact on public opinion (and perhaps U.N. endorsement of independence for Cyprus) than would be possible in a NATO conference.

United Nations Discussion

The Cyprus debate opened in the First Committee of the General Assembly of the United Nations on November 25 with the three protagonists putting their cases fully on record. The United Kingdom established its legal right to sovereignty in the island and explained its desire to develop political institutions in the colony, along the pattern followed elsewhere in the Commonwealth and to bring Cyprus to self-government and independence if this was the Cypriots' wish. However, the pro-Greek nationalistic movement in the island, which emerged in strength at the end of the war, hastened matters in the direction of independence and

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began a period of terrorism which, in the United Kingdom view, is largely responsible for the inability of the Turkish Cypriot community to believe that their rights could be protected in an independent Cyprus. The United Kingdom representative went on to express the opinion that partition was not a solution. The understandable concern of the Greek and Turkish governments to support their ethnic communities in the island had led to the involvement of these two countries in the issue, which the United Kingdom therefore now considers to be an international issue, the solution of which will require the participation of Greece and Turkey if a workable solution is to be found.

The Turks argued for their right to be involved in the solution and insisted that independence would not be workable since the rights of the Turkish minority could not be protected. They therefore favoured a solution "in the application of the principles of equal rights" which they interpreted as self-determination for both communities. They made much of the argument that the island has never existed as a political unit and that partition was a workable arrangement.

The Greeks pleaded for independence and insisted that they were speaking on behalf of the Cypriots and that the Greek Government had no territorial or political aspirations in regard to the island. While abandoning Enosis, the Greek argument rejected the Turkish case for partition.

The United Kingdom tactics appeared to be to attempt to get at least a simple majority in the Committee in favour of a resolution, essentially U.K.-Turkish in character, which would approve the implementation of the MacMillan plan as a necessary arrangement for a "cooling off" period in which the final solution would not be prejudiced. The Turks made common cause with the United Kingdom while trying to accent the international character of the problem, in the hope that it would influence the final developments towards partition. The Greeks for their part were attempting to get approval for a motion which would recognize the "unity" or integrity of Cyprus in a way that could be interpreted as a United Nations rejection of partition.

The Greek case was actively taken up by the Indian delegation under Krishna Menon, and for a time Greece almost became the prisoner of their sponsor. Menon's final draft resolution, which he had several times modified in the face of United Kingdom objections, was quite a reasonable proposal and had it not divided the main parties would have been unobjectionable. The United Kingdom, however, remained suspicious of Menon's motives and would not accept anything that came from him. In the end, Menon withdrew his motion.

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On the last day in the Committee, a serious attempt was made to find a compromise and it seemed at one time that the Turks and the Greeks would be able to agree on the interpretation of amendments to an Iranian draft which had attracted United Kingdom support. The United Kingdom did not, however, associate itself with the Turkish and Greek amendments and this frightened off the Greeks, who voted against the proposal. The Iranian solution attracted a slim majority to support the United Kingdom and Turkey and isolate Greece. At the end the position in the Committee was consequently much the same as it had been at the termination of the NATO discussions.

When the question came up in Plenary Session, Mexico presented an anodyne resolution which expressed the confidence of the General Assembly that "continued efforts will be made by the parties to reach a peaceful, democratic and just solution." As a result of fast work by the President, this resolution was put through unanimously without vote or discussion and the item was cleared from the agenda.

SOUTH-EAST ASIA

8. Establishment of a Rebel Government in Indonesia

DMI 78 of 11 Dec 58

The Press has reported that the Indonesian rebels have concluded negotiations with the Darul Islam sect to form a rebel government in Sumatra. An announcement to this effect is said to be expected on 14 Dec 58.

COMMENT: One of the main reasons for the failure of the revolt (which included large numbers of the Indonesian Regular Army, particularly in Sumatra) has been the lack of cooperation among all elements, opposed to the Central Government. Among these elements, the Darul Islam, with its own large, but poorly trained and poorly armed "regular" army, is the most significant. There appears to be little question that the rebels had expected Darul Islam support from the start. Dissention as to the political aims of the leaders of the respective groups is the likely reason for non-cooperation to date, as the Darul Islam are pledged to the ultimate establishment of a Moslem theocracy. Common ground between the two lies basically in their desire to eliminate the communist influence of the Indonesian Communist Party (PKI). It is estimated that any coordinated action now represents a last attempt to draw some advantage from rebel

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activity before Central Government forces reduce the rebel threat to ineffectiveness. Throughout the revolt, the threat of Darul Islam hostility, particularly in the main Darul Islam stronghold in Atjeh, in the north end of Sumatra, has diverted Central Government strength which might profitably have been deployed elsewhere.

The probability of any united declaration seriously affecting Central Government control is considered slight. Armed action is already reduced to guerilla fighting, and even if this should become more widespread, the Indonesian Army is likely to retain control, especially in view of the success which Chief of Staff Lieutenant-General Nasution appears to be having in negotiating supplies of arms and equipment from abroad.

NOTE:

Brief entitled "Placing of Indonesian Personnel in Government Part", Item 12 of Joint Intelligence Summary issue No. 306 dated 12 Dec 58 is to be deleted. A revised brief will be included in an early issue.

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SECRET
CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence
Summary contains the following parts:

Main Section - at SECRET level
Annex I - at SECRET level but
CANADIAN - UK EYES ONLY

This cover sheet may be removed when
the Annex is detached.

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COPY N° 77

ISSUE NO. 306

12 December 1958

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
The Joint Intelligence Committee
National Defence Headquarters
Ottawa

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SOVIET UNION

1. LRAF BISONs Probably Based at SARATOV/ENGELS

DAI 161-58
72 file 58

A reliable source reports that two or three BISON aircraft were seen in the SARATOV/ENGELS (51°29'N - 46°10'E) area on 25 Sep 58. It was stated that these aircraft appeared to be equipped with probes and/or drogues for aerial refuelling, and that people in the vicinity of SARATOV/ENGELS mentioned "refuellers".

COMMENT: It is currently estimated that the Soviet have at least forty operational BISONs located in European USSR. However, in the past the exact base has been unknown. In view of the above sighting it is now believed that part, if not all, of these aircraft are based at SARATOV/ENGELS. Furthermore, previous sightings of BISONs, which have been engaged in aerial refuellings during Air Rehearsals, have indicated that the Soviets favour the probe/drogue system for this aircraft.

Therefore, the report of this equipment being on the BISONs at SARATOV/ENGELS, and the mention of "refuellers" by local inhabitants, suggests that the unit at this location contains both tanker and receiver aircraft and that they have probably been training in aerial refuelling for some time.

2. Curriculum for the Soviet FRUNZE Military Academy

DAI 72 of 5 file 58

In a press interview, the first Deputy Chief of the FRUNZE Military Academy outlined the plans and objectives for the 1958-59 academic year in conjunction with a review of the previous year's activities.

Military Theory In the past year the problems of organization and all-round support in modern combined-arms operations were studied. This is to continue in the current year with particular emphasis on all aspects of control in battle.

Military Science Study and research in the past year was largely devoted to problems of defensive and offensive operations based on experience in World War II. Books already published or about to be published include:

"A Short dictionary of operational-Tactical and Combined Arms Terms"

"Modern Combined-Arms Battle".

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Work in the current year will include studies on military philosophy, politico-military education and control of troops.

Political The increased activity of Party members under the direction of the Political Section of the Academy has resulted in an improvement in ideological education in all branches of the academy. This emphasis will be carried on in the current year and an 8-hour cycle of lectures problems of Marxist-Leninist methodology in scientific research will be given for all teaching staff. Political workers with experience in political education of troops will assist in instruction of students.

- COMMENT:
- (a) FRUNZE Military Academy approximates to the Canadian NDC, but is attended only by military students.
 - (b) That emphasis should continue to be placed on problems of operational control reflects current Soviet preoccupation with this aspect of war under possible nuclear conditions.
 - (c) Tightening up of political training in the Army began with the removal of Marshal ZHUKOV and was continued since. It is of interest to note that the long arm of the Party machine reaches even into the highest military establishment in the Soviet Union.

3. Reduction of Hours of Work in
Defence Industries, USSR

JIB 77 of
8/Dec 58

(CONFIDENTIAL)

It has been announced that a seven-hour working day is to be introduced in the defence, aircraft, shipbuilding and radio industries between the fourth quarter of 1958 and the third quarter of 1959.

COMMENT: The seven-hour day was introduced earlier this year into the coal, metallurgical and chemical industries. There is no reason to believe that the announced changes will not take place. The loss in production is expected to be made up by increased productivity of machinery and by reduction of losses in working time. The aircraft and shipbuilding industries have been working at less than capacity for some years, and in all armaments industries the changes in hours of work are extremely unlikely to affect the level of armament production.

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EUROPE

4. West German Air Force - Procurement

DAI 158-58
1 Dec 58

The West German Air Force has announced "firm" plans to purchase 300 US F104 Starfighters. Between six and ten aircraft will be supplied from the US. The remainder are to be manufactured in Germany under license; pre-series production costs will amount to approximately two million dollars. Simultaneously the purchase of 200 Italian Fiat G-91s, light strike aircraft, 150 to be built under licence, and 60 French Alouette jet helicopters was approved by the Defence Ministry.

COMMENT: The decision to manufacture aircraft under licence is a sharp reversal of German Defence thinking. The change will result in a vast expansion of the German a/c industry contrary to the WGAF attempts to keep the logistic and supply bases away from the forward areas. While the decision is reportedly "firm", internal political controversy and continuous re-appraisal of national strategic thinking with the possibility of complete change over to missiles leaves the reported decision as "tentative".

Effective 15 Nov 58, the WGAF holds some 1300 aircraft which includes some 300 US F84s, 20 All Weather US F86K's, and 200 Canadian Sabres; of these only three wings of F84s are in operational service.

5. Elections in France XA 108-58 of 8 Dec 58 (RESTRICTED)

The final round of voting which took place in France November 30 resulted in the following distribution of seats in the first National Assembly of the Fifth Republic (percentage of popular vote in brackets):

Communists	:	10	(20.7)
Various left	:	2	
Socialists	:	40	(13.8)
Radicals	:	13	(2)
Centre left	:	22	(5)
MRP	:	44	-(7.5)
Christian Dem.	:	13	
UNR	:	189	(26.4)
CNI (Independents)	:	120	-(23.6)
Other Conservatives:		13	

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COMMENT: The results reflect a strong swing to the right, and away from the Socialists and the Radicals, the parties most involved in government during the last legislature. The voters' desire for a definite change resulted in the defeat of 325 of the 475 deputies who stood for re-election, and of parties and individuals who were opposed to, or even reticent toward de Gaulle and the new constitution.

The electorate wanted to make a clear break with the discredited Fourth Republic and to continue to entrust matters to de Gaulle. The people accepted with relief the politicians' abdication in favour of de Gaulle on June 1, confirmed their faith in the General with the referendum vote on September 28, and have now strongly supported the party most easily identifiable with de Gaulle. The UNR no doubt picked up most of the floating vote which in 1946 went MRP, in 1951 RPF, and in 1956 Ponjadiste or Mendesiste, as well as some from the traditional right, the centre, the left, and even the extreme left. So strong was the Gaullist sentiment that it overcame the predicted effect of the single-member constituency, which was expected to favour well-known local individuals rather than broad currents of opinion. It seems clear, however, that imposed on the Gaullist sentiment was a marked rightist pattern. Generally, right-wing Gaullists and even right-wing non-Gaullists, won over left-wing Gaullists, and in many cases, an extreme right-winger who was not pure Gaullist was able to defeat a right-wing Gaullist.

The complete change in the political make-up of the Assembly, the large number of novices, and a new constitution which has reduced the importance of the Assembly vis-a-vis the executive, make it difficult to predict its political behaviour. The success of the extreme right may prevent the UNR from putting into practice its hope to play the role of a hinge between a fairly evenly balanced right and left. Nominally loyal to de Gaulle, the Assembly may well resist his efforts to steer the centre-left course which is thought to be his personal preference. This resistance could apply particularly to a bold liberal Algerian policy.

The President of the Republic will be elected on December 21, and there is little doubt that de Gaulle will be chosen. Until the Assembly meets in April, the Government will have a free hand. However, the elections have probably created as many problems as they have solved. The electorate's choice of many avowed rightists and professional officers will complicate de Gaulle's efforts to reassert civilian

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control over the army, and to avoid the concept of "integration" in his attempts to obtain a settlement in Algeria. The lack of representation for those voters who support the left (each Communist deputy will represent about 388,000 citizens, for instance, while each UNR deputy will speak for 21,000) will inevitably generate social pressures, and extreme rightist policies conceivably could swing the nation back to the Communist left in the elections five years from now. France's allies will be particularly interested in the effect the new Assembly will have on France's attitude towards NATO and the problem of European integration.

6. Centralization of French Air Force (FAF) Control *DAI 164-58 of 3 Rec 58*

The French Government has placed the Technical and Industrial Directorate (DTIA), and the FAF Air Defense Command (DAT), directly under General Jouhaud, the new Chief of Air Staff of the FAF.

The DTIA, responsible for research, development, and production of French civil and military aircraft, was formerly under supervision of the civilian head of the French Air Ministry. The DAT is one of the FAF's two principal operational commands and is equipped almost exclusively with French-produced aircraft (Mystere IV A's, Super Misteres, Vautours).

COMMENT: The subordination of DAT and I CATC to a single command will facilitate re-equipment, handling of staffing problems, and operational coordination which heretofore created considerable "liaison" problems.

The subordination of DTIA to the CAS will permit a closer "service" control of re-equipment, planning and aircraft production. Since the Second World War the French dissipated their efforts by the production of numerous proto-type aircraft, varying only slightly in performance characteristics. The trend to concentrate on the production of a specific aircraft has already been reflected in the choice of the Mirage III. A further development of this trend can now be anticipated.

7. Belgium - Manpower *DAI 159-58 of 1 Rec 58*

The Prime Minister of Belgium has promised that the new coalition government will reduce the term of compulsory military service from 18 to 12 months before the end of 1959. The promise is based on the success of the recruiting campaign for new "NATO Technicians".

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The "new" NATO recruit is to take a certain amount of technical training and then serve the "remaining time" in Germany. The enlistment age varies between 17 and 25 and terms of engagement would be between three to five years, in some cases up to eight years. Inducements in the form of increased pay, re-establishment bonuses, and free accommodation in Germany are planned.

The Minister stated that the government's aim was to re-organize the Services thereby (a) reducing the military budget; (b) reducing personnel strength by more efficient use of manpower; (c) honour NATO commitments.

COMMENT: The Royal Belgian Air Force and Belgian Navy, composed primarily of volunteers, are not seriously influenced by this new recruitment/reorganization programme. General Burniaux, the CAS of the RBAF, reportedly feels strongly about the Minister's failure to consult with him about this programme, and has allegedly considered tendering his resignation. The Military regard the new recruitment plan with skepticism and believe the possibilities of success are small. The cry of "Political Expediency" is still prevalent.

8. Soviet military activity in Eastern Europe *DMI 74 of 5 Dec 58*

During the period 21 - 24 November, 1958, a number of unconfirmed reports were received suggesting the presence of large concentrations of Soviet troops in Western Czechoslovakia, the movement of Soviet troops south through Eastern Czechoslovakia and excessive security precautions along the rail line leading from Budapest north to Czechoslovakia.

Observations made by US and Canadian service attaches during this period indicate:

- (a) an absence of Soviet troops in Western Czechoslovakia;
- (b) no unusual Soviet military activity in Hungary near the Czechoslovak border;
- (c) activities of security troops along the rail line Budapest to Szob on the Czechoslovak border discontinued by 20 November;
- (d) that the rumoured movement of Soviet troops south across Slovakia through Kosice, Presov was not apparent during a tour of that area;

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- (e) rail traffic along the line Budapest - Debrecen to Chop on the Soviet border was normal except that during the previous week this line was used for the movement of approximately 15,000 Soviet Army troops out of Hungary on annual rotation;
- (f) a definite increase in the surveillance of Western service attaches in Poland but no evidence of any unusual Soviet troop movements in that country.

COMMENT: The rotation of Soviet troops in Hungary appears normal and occurs annually at this time. The observations of US and Canadian service attaches discount the validity of rumours concerning unusual Soviet troop movements or manoeuvres in or near Czechoslovakia during the period 21 - 26 November. To date there appear to be no Soviet troop movements to indicate military support for current Soviet political aims in East Germany.

SCANDINAVIA

9. Soviet - Finnish relations

DMI 75 of 5 Dec 58

The fall of the Finnish coalition government appears to be the culmination of a pressure campaign against Finland in which the USSR has been engaged for the greater part of this year.

COMMENT: Although the campaign has had mainly a politico-economic flavour, its military significance cannot be overlooked or underestimated and it is probable that the Finnish Government is fully aware of this. Finland is virtually tied to the Soviet Union not only in the economic field but militarily under the terms of the peace treaty.

The main point on which this campaign seems to have been based, particularly in recent months, is the composition of the Finnish Government which by forming a coalition has effectively shut out the Communists. The Soviet Government has apparently taken this as an affront and has resorted to what now appears to be effective measures to rectify the situation.

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It is now probable that any chance there may have been of reviewing and readjusting the military clauses of the Peace Treaty, particularly those concerned with the Soviet-Finnish boundary has now gone.

The Soviet Union probably regards Finland as a potential extension of its own territory in a future war and views any existing understandings on mutual friendship as only a temporary convenience valid only in peace time. Simultaneously with the pressure campaign, considerable military activity has been reported in the Karelian SSR, formerly Finnish territory but now part of the Soviet Northern Military District. In the past this Military District has been conspicuous by the absence of any form of military activity.

The possible increase in the garrison of this Military District, the sighting of super-heavy guns last September, the construction of a railway to Pechenga parallel to the Finnish border and other so far unidentified activities, as well as the pressure campaign directed at Finland, clearly indicate considerable Soviet military interest in Finland as part of overall Soviet strategic plans.

MIDDLE EAST

10. Egyptian Plans to Form a National Service Army *DMI 68 of 2 Dec 58* (CONFIDENTIAL)

It has been recently reported that the Egyptian Sector of the UAR plans to form a National Service Army (NSA) composed of young labour conscripts. The force, which will be under the control of Field Marshall Abdul Hakim Amer, Minister for War and Commander-in-Chief of the Armed Forces, will operate under military regulations, pay and leadership. A strength of 70,000 is planned. Conscripts for the NSA will be drawn from 19 year old males eligible for military service. The term of service will be three years, the same as that for regular military conscripts. The first 10,000 personnel are scheduled to be at work by January 1959.

The objectives established for the proposed labour force are:

- (1) Training and assignment of large numbers of conscripts for a health campaign of drainage and sanitation improvements,

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- (2) digging of a large number of deep wells and the erection of windmills for pumping water, and
- (3) construction of roads and housing at the site of the Aswan high-dam project.

COMMENT: Since it is expected that the NSA will receive at least some military training, it will provide an additional para-military force which could be utilized during a national emergency. The new organization will also provide the government with a young and disciplined labour force which can be used to perform a variety of unskilled labour tasks on public projects. Its formation may indicate that the Egyptian authorities intend to place more emphasis on improving living standards and people's welfare which has been an announced goal of the Egyptian regime for some time.

SOUTH ASIA

11. Relaxation of Martial Law in Pakistan

DM 1 76 of 8 Dec 58

It has been reported that Headquarters of 8 Division was to be relieved of martial law duties in Karachi to return to its permanent base in Quetta on 25 November 1958. The 51st Brigade of this division, which is normally based on Karachi, will take over any martial law duties remaining.

COMMENT: This move follows the order issued on 11 November 1958 that martial law would be relaxed. 8 Division Headquarters and its subordinate 6 Brigade were moved into Karachi on the heels of the military take-over on 7 October 1958. This move returns Pakistan army strength along the Afghanistan border area to its previous level of two brigades plus the divisional headquarters out of a total Pakistan army strength of one corps, six infantry and one armoured divisions, with a total strength of 180,000. The 8th Division is the only major formation outside of the contentious Kashmir area.

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The Divisional Commander, Lieutenant General Khali M Sheikh left his Division to assume the position of Minister of the Interior at the time of the military take-over. Major General Malik Haq Nawaz, former Commander 12 Division, took over Command of 8 Division and the duties of Deputy Martial Law Administrator for the Karachi area.

The selection of the 8th Division for this task was logical when it is considered that one brigade of this Division was already in Karachi, and that the nearest equivalent formation was in Lahore, approximately twice as far from Karachi as Quetta.

SOUTH EAST ASIA

12. Placing of Indonesian Military Personnel in Government Posts

DMI 71 of 4 Dec 58

On 10 Nov 58, at the Indonesian Military Academy, Chief of Staff General Abdul Nasution is reported to have stated that government office at the highest levels should be held by military personnel. Posts which have been suggested as suitable for military incumbents include foreign affairs, trade, defence and economic development. The Press has pointed out that the deputy to the Minister of Industries is an army colonel, that the Minister for Economic Stabilization is also an army colonel, and that the Indonesian Consul General in Singapore is a brigadier-general. Foreign ambassadors, in two cases, are reported to be former generals.

COMMENT: Military authority, well established by the initial and spectacularly successful operations against the Indonesian dissidents, is being prolonged by the state of martial law now in existence in the country. By an extension of martial law terms, the army has come to exercise supervision at all levels of civil administration. This has been accomplished with legal sanction.

The position to which the army and Lieutenant-General Nasution are moving, therefore, appears to be one dominating not only the legitimate field of military policy, as evidenced in the military campaign against the rebels, or controlling the civil administration by martial law (presumably over a more or less limited period) but also a position capable of influencing

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the government from the inside over a long period. Indications are that, at least for the immediate future, the army will not attempt a coup. Nasution appears to be satisfied to use military power to improve government administration and to secure arms from abroad. It is more probable that such arms will be used for internal security than for external aggression against West Irian (Dutch New Guinea), as the guerilla-type war being conducted remains widespread and costly, especially in North Sumatra. On the whole, Nasution is believed to favour this view; and as military personnel move into influential government posts, Nasution's view might be expected to go with them.

Nasution is considered to be opposed, therefore, to a West Irian campaign and hence to the Indonesian Communist Party (PKI) which is that campaign's chief sponsor. There can be little doubt, in addition, that Nasution recognizes the PKI as a threat to military authority, regardless of whether that authority should be used for the prime benefit of the army or the government or both. The public appeal of the Irian issue may, however, prevent Nasution from taking an opposite stand himself, or from influencing Sukarno to do so. The latter's popularity is obviously a major factor in the power balance. While an apparent political impasse exists, Nasution's military infiltration into high government posts could have results as important, eventually, as an immediate coup. The less obtrusive nature of Nasution's present course has the advantages of providing immediate and required reform without political upheaval and, for Nasution, of agreeing with his apparent desire to enhance his influence without actually assuming dictatorial powers.

13. Philippine Operations Against Communist Hukbalahaps (HUK) DM1 46 of 2 Dec 58 (CONFIDENTIAL)

Press reports from Manila state that a drive to end the HUK threat in central Luzon was launched on 26 Nov 58. This operation has been undertaken by Philippine constabulary units in Pampanga Province. Their immediate objective is to capture top communist leaders including Castro Alejandrino the No. 2 man of the Huk forces. The centre of the operations in the Mount Arayat area.

COMMENT: This operation, if successful, could put an end to the Huks, the military arm of the Philippine Communist Party (PKP). Up to 1950, the PKP-Huk campaign increased in strength and became a definite threat to the Philippine Government. Due to the unrelenting efforts of the late President Ramon Magsaysay, and

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his successor Carlos Garcia, this threat was eliminated. An anti-subversion law was passed in 1957 which provided severe penalties for everyone convicted of Communist or Huk activities. The last reported strength of the Communist forces is approximately 600 in October 1957.

Huk leader, Alfredo Saulo, took refuge in the Indonesian Embassy in Manila early in Nov 58. The refusal of this Embassy to hand him over to the Philippine authorities has produced tension between the two countries, and could result in the severance of diplomatic relations. This shows how determined President Garcia is to stamp out communism in his country.

It appears that it is only a matter of time until the Philippine Government will have achieved its long-sought goal of ridding the country of communists. This will have been done only after great cost in manpower and money and over ten years of fighting.

FAR EAST

14. The People's Communes of China

JIB 76 } of 8 Dec 58
XA 107 } (CONFIDENTIAL)

The Chinese Communists claim that by September 30th, 90.4 per cent of China's peasant families had joined the people's communes and that 23,397 communes had been organized with 112,240,000 peasant families as members. As recently as August 30th, the Chinese stated that only 30 per cent had been enrolled since the first communes were organized last April by combining several agricultural cooperatives and merging them with local industries under a single authority. Many of the new communes are presumably still paper organizations but there is no doubt that the movement is spreading at a very rapid tempo without serious resistance.

The communes have some points of similarity to Khrushchev's earlier "agricultural cities" plan for the USSR which met with opposition and was abandoned. Communes embrace large areas, usually the size of a township, and contain from 5,000 to 10,000 households. All local agricultural, economic, cultural, political and militia activity within these areas falls under their supervision. Such diverse enterprises as supply and marketing stores, transport facilities, power plants, radio stations, schools, hospitals and militia come under them. Generally they fall into two categories; the more developed type covers an entire township and has one standard of pay

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(unless otherwise classified)

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(almost entirely in goods, including foodstuffs); the second type consists of a federation of communes for a whole township which has the right to set its own scale of distribution. In the more advanced communes, peasants and workers receive only a small amount of pocket money; everything else, including funerals is paid for by the commune. The communes are organized along military lines, with battalions, companies and platoons. Able bodied persons are armed and incorporated into the militia.

The communes are forming large numbers of public canteens, kindergartens, tailoring teams, dormitories, nurseries and the like, in order to make full use of labour, especially of female labour. Large groups of men are dispatched to distant construction projects while women concentrate on crop cultivation, manure collection, dam building and other activities nearer home. Children will be taken to full time nurseries and reared in boarding schools.

Unlike the cooperatives, the communes are state owned. Through them the government gains direct control over the populace and is able to channel labour more efficiently into both large and small-scale projects. Furthermore, the Chinese probably anticipated that by combining agricultural cooperatives into fewer communes, the task of allocating the limited number of directors who are both "red" and "expert" will be made easier. An increase in party control will also result from the replacement of smaller administrative units by the communes. The rapid establishment of the commune system with its military-like discipline is one of the steps taken by the Chinese leaders in order to implement the current "leap forward" economic campaign, which demands large labour reserves and detailed planning. It has long-term significance as a method of political and economic control.

The elaborate establishment of the communes system in China is regarded also as having considerable external political significance. Insofar as it provides a more thoroughgoing control by the party of national life than exists in the Soviet Union, it raises the question of the extent to which Peking may exercise influence and even a degree of leadership in the Communist world. Moscow has maintained a very reserved attitude on the Chinese communes and there have been reports that the Soviet Satellite States are disquieted by the example of Communist China's stern regimentation as typified by the communes.

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CANADIAN EYES ONLY

(unless otherwise classified)

ANNEX I

TO JIC SUM No. 306
dated 12 December 1958

SOUTH-EAST ASIA

1. Development of Military Opposition in Thailand to Marshal Sarit *DM1677* (CANADIAN - UK EYES ONLY)
2 Rec 58

It has been reported that a body of military opposition is forming against Marshal Sarit's political Revolutionary Party. The group is said to be headed by two brothers, Major-General Phongse Punnakanta and Major-General Kricha Punnakanta. These officers are said to have alerted 11 Infantry Regiment, one artillery regiment and one armoured regiment, units of the First Division located in Bangkok, for immediate use against any part of the army hostile to their plans.

COMMENT: Major-General Phongse Punnakanta is the Army Chief of Transportation, and his brother is an Advisor to the Army, a post he assumed within the past year, having been formerly Chief of Cavalry. Both these officers are believed to be influential in the Army, to be reasonably untainted by graft practices, and to be pro-western. It is therefore possible that their opposition to the senior military group surrounding Sarit is based in part on a desire for reforms towards western standards of administration. Similarly, constitutional reforms to separate business from government interests, as recommended by this Army group, are opposed by government members accustomed to unethical business gain.

The likelihood of any rebel element attaining success obviously depends on the loyalty of the Army. Sarit's ability to retain this loyalty appears to be good, provided his health remains sound. In view of evidence to the effect that his physical condition is weakening, however, a struggle could develop between his close military associates and the new group now appearing.

The recent suspension of diplomatic relations between Thailand and Cambodia may be a direct result of a struggle between these two groups. Considering Sarit's rigid control of the Press, the publishing of Thai opinion sufficiently hostile to provoke Cambodia into diplomatic action might serve to focus military attention on a popular issue and hence delay anti-government action.

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CANADIAN EYES ONLY

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(unless otherwise classified)

2. Training and Administration Weaknesses DM173 (CANADIAN - UK EYES ONLY)
in the Cambodian Army

of 5 Dec 58

It has been reported that, in the course of a recent change of command effecting the US MAAG in Cambodia, a summary was made by the outgoing MAAG Commander to acquaint the Cambodian Government with major MAAG problems and to suggest solutions to them according to the summary. A principal defect was said to be the lack of a liaison section in Cambodian Army Headquarters to deal with MAAG matters. One result of this has been an inability to plan Cambodian military equipment requirements two years in advance to ensure US budgeting action.

In the matter of inspections to determine whether or not the best use is being made of equipment provided under agreement with the US, it is reported that the MAAG has been unable to carry out effective checks. Finally, US funds provided for construction have often not been processed to the contract stage on schedule, and military programming has hence been disrupted.

COMMENT: A recent report on a Corps CPX has pointed up operational weaknesses, many of which obviously stem from faults noted by the MAAG. Logistic plans were defective, wireless sets were inadequately maintained, there were too few specialist personnel at both the officer and NCO levels, and there was a shortage of vehicles.

The basic problem appears to be the division of training and logistic responsibilities between the US MAAG and the French Military Mission (MMF). This, in turn, is aggravated by the Cambodian attitude towards both of these foreign groups, and by the relationship between the MMF the MAAG. The former, with a strength of some 500, functions as a training and advisory cadre; the latter provides inspection services for equipment manufactured and paid for by the US. The strength of the US MAAG is about 55. To co-ordinate the two groups, the MAAG is known, in the past, to have favoured MAAG supervision, but the MMF, desiring to retain French influence in Cambodia, has been unwilling to accept American command. For their part, the Cambodian Army, as noted by the MAAG, has failed to set up adequate liaison at Army Headquarters level. There is indication that this failure may be purposely designed to prevent close cooperation between the French and American groups, the fear being that their coordination might reduce Cambodian military independence.

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CANADIAN EYES ONLY

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(unless otherwise classified)

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Resolution of these difficulties may be of particular importance in the immediate future in view of recent Cambodian diplomatic recognition of Communist China. In spite of the fact that, to date, Cambodia appears to have rejected offers of Communist Chinese military aid, continued and growing Chinese influence is to be expected.

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CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence
Summary contains the following parts:

Main Section - at SECRET level

Annex I - at SECRET level but
CANADIAN EYES ONLY

This cover sheet may be removed when
the Annex is detached.

ISSUE NO. 305

5 December 1958

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COPY N° 77

ISSUE NO. 305

5 December 1958

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
The Joint Intelligence Committee
National Defence Headquarters
Ottawa

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SOVIET UNION

1. Khrushchev's Proposals for Berlin

XA's 102/58 of 17 Dec 58

In a long note to the USA, UK, and France (with copies to all UN members) Khrushchev on 27 November offered the Western Powers the opportunity of negotiating with the USSR on the establishment of West Berlin as a "free city". He said that if such negotiations had not proved fruitful within six months, the Soviet Union would transfer to the German Democratic Republic its responsibilities relating to Berlin under the Four-Power agreements of the immediate post-war period. In the note Khrushchev said the USSR declared null and void the agreements adopted by the victorious powers in 1944 and 1945 under which a quadripartite status was adopted for Berlin.

The Khrushchev proposals are anything but conciliatory in tone, being preceded by many pages of denunciations of Western policies and allegations of aggressive intent. He specifically charges that the Western powers are using West Berlin for purposes of subversion directed against the Soviet Bloc, and he implies that they have the intention of going beyond their campaign of "indirect aggression" to use the city as a base for plans of a still more dangerous kind.

The specific proposals made by Khrushchev in the note of 27 November may be summarized as below:

The best way to solve the Berlin question would be to have the Federal Republic withdraw from NATO and the German Democratic Republic withdraw from the Warsaw Treaty, and for neither of the two German states to maintain armed forces beyond those necessary for internal order and frontier control. The Western part of Berlin should be reunited with the Eastern part and the whole city should become a single unit within the state where it is situated.

Since the unrealistic policies of the Western powers make this solution unlikely, the Soviet government considers that upon the ending of foreign occupation, the population of West Berlin should be given the right to choose its way of life. Should they desire to continue their present pattern of life, based on private capitalist ownership, the USSR would respect their choice.

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The Soviet government thinks it possible for the question of West Berlin to be settled for the time being by making West Berlin an independent political entity -- a free city -- without any state, including the proviso that neither of the existing German states interfere with its life.

The free city could have its own government and could run its own economy and administrative affairs. It might be possible to agree on the territory of the free city being demilitarized.

The four powers concerned and the two German states could undertake to respect the status of West Berlin as a free city as was done with Austrian neutrality.

For its part, the Soviet government would have no objection to the United Nations also sharing in one way or another in observing the free city status of West Berlin.

The question would arise of some kind of arrangement with the German Democratic Republic concerning guarantees of unhindered communications between the free city and the outside world -- both eastward and westward -- with the object of free movement of passenger and freight traffic.

In its turn, West Berlin would commit itself not to tolerate on its territory hostile and subversive activity directed against the GDR or any other state.

The Soviet Union would do its utmost to promote the attainment of these aims, especially by placing orders for such an amount of manufactured goods as would ensure the prosperity of the economy of the free city. It would also provide regular supplies to West Berlin of necessary raw materials and food stuffs on a commercial basis.

For these purposes the Soviet government would be willing to enter into official contact with the German Democratic Republic on behalf of the four powers concerned.

The Soviet government is ready to open negotiations with the USA and other countries concerned on granting West Berlin the status of a demilitarized free city. If this proposal is not acceptable to the USA government, there is no topic left for talks on the Berlin question by the former occupying powers.

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The Soviet government proposes to make no changes in the present procedure for military traffic of the USA, UK, and France between West Berlin and the Federal Republic for half a year. If this period is not used for reaching an agreement, the Soviet Union will effect the planned measures by agreement with the GDR. It is envisaged that the GDR, like any other independent state, must fully control questions concerning its space, i.e., exercise its sovereignty on land, on water, and in the air. At the same time there will be an end to all contacts still maintained between ~~time there will be an end to all contacts still maintained between~~ representatives of the armed forces and other officials of the Soviet Union in Germany and corresponding representatives of the armed forces and other officials of the USA, UK, and France on questions pertaining to Berlin.

Reckless threats of force in solving the Berlin issue can only aggravate the situation to the danger point. Any violation of the frontiers of the GDR, Poland or Czechoslovakia and any violations or aggressive actions against any member state of the Warsaw Treaty will be regarded by all its participants as an act of aggression against them all and will immediately call forth appropriate retaliation.

2. GUIDED MISSILES IN MOSCOW

DMI's 62 of 27 Nov 58

At approximately 2000 hours 21 Nov 58, four very large missiles towed by tracked prime movers and followed by APC's and two amphibious jeeps of a new type, were observed passing by the US Embassy. These missiles were estimated to be five feet longer than the 350 m SS-3 seen 7 Nov 57. No further details are available at the moment.

COMMENT: The lack of details regarding this sighting preclude any fair appreciation of the missiles themselves. The fact that the sighting took place during the hours of darkness, the extreme difficulty in judging an additional five feet on an object seventy feet in length, no diameter given and nothing regarding the position of the additional five feet in relation to configuration makes any evaluation impossible until such time as further details are received.

As significant as the actual missile itself is the appearance of these missiles in Moscow at this time. In view of Soviet fetish on security, it is very difficult to understand why the Soviets chose to parade these missiles past the US Embassy, where they were very likely to be seen. This rather obvious display of these missiles in Moscow, together with the sightings in Sep and Oct 58 in East Germany of surface-to-air and possibly surface-to-surface missiles in and around Berlin, might well be designed to intimidate the Western powers in regards to the current Berlin difficulties.

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While the Soviet attitude towards Berlin has not been belligerent in any sense, the somewhat less than subtle display of missiles at this particular time may be designed to remind the US in particular that the Soviets also have missiles.

3. Soviet Seven Year Plan and Fifteen Year Goals JIB 75 (CONFIDENTIAL)
7 Dec 58

In addition to the claim that the production of intercontinental ballistic missiles has been successfully organized Khrushchev announced the direction that the Soviet economy will take over the next 15 years in general and in the next seven years in particular. His statement, as reported in English, is as follows:

"The long-term plan for the development of the National economy for the next 15 years is the economic programme of the construction of communism in the USSR. The target figures for the years 1959-1965 are an integral part of this long-term plan. The main tasks of this period will be the tasks of an all-round creation of a material technical base of communism a further strengthening of the economic and defence might of our motherland, at the same time an ever-increasing satisfaction of the growing material and spiritual needs of the Soviet people. In the course of the next 15 years the USSR will take the first place in the world not only in the general volume of production but also in the output of products per capita."

This was followed by production targets for a wide assortment of commodities.

COMMENT: The principal characteristics of the new plan were treated in JIB Briefs Nos. 69 (27-10-58) and 73 (24-11-58).

The main tasks of the new plan do not reflect any change in basic economic policy which is to serve the political objective of maximizing the growth of national power. The only difference is that a new goal has been recognized as important in the growth of national power, namely, that of bettering the lot of consumers in order at once to ensure popular support and to create a show place of communist economic achievement. It is evident from the foals announced that improvement of consumers' welfare is not to conflict with the traditional objectives of maximizing economic growth and maintaining a strong defence position.

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The aim to outproduce the USA not only in the general volume of production but also in the output of products per capita in fifteen years requires some clarification. By 1973 the Soviet Union may have an annual production of goods and services (GNP) about 65 per cent as large as that of the U.S. However, Khrushchev is not talking about GNP, but refers to industrial production. There is no doubt that the goal can be attained with respect to certain commodities which are basic to the communist drive for economic power. For example, the Soviet Union will soon outproduce the U.S. in iron ore production. The U.S. imports iron ore to supplement domestic production which in 1956 was only 98 million metric tons. Later, the USSR may well outproduce the U.S. in the per capita production of steel, coal, cement, pig iron, electric power, oil, etc.

Whether or not the USSR can outproduce the U.S. in total industrial production per capita depends on the rates at which industrial production increase. Khrushchev evidently bases his estimate on the assumption that Soviet production will continue to increase after 1965 at 8.7 per cent per annum (the rate planned for the Seven Year Plan), and that U.S. production will increase at only two per cent.

In the past the annual rate of increase in industrial production in the USA fell to 2% only during the depression years. A more representative rate of growth to use for anticipating 1973 would be 3% or a little more. On this basis, and assuming Soviet output grows at 8.7 per cent per annum, Soviet output per capita may be close to 80 per cent of that of the U.S. In any case, it is apparent that the gap between the U.S. and the USSR will be narrower by that date.

EUROPE

4. Training in Group of Soviet Forces Germany (GSFG)

DM 164 of 27 Nov. 58

The end of October saw the finish to another years training in GSFG and permits a brief analysis of the activities of the only Soviet force which can be said to be in direct contact with the West. Despite an extensive reorganization apparently designed to increase manoeuvrability and to reduce vulnerability without loss of firepower, no radical change in tactical employment of the force has been noted. Possibly because the reorganization was still in progress, the tempo in the early part of the season was slow and there was less activity than normal with no general move out to the summer training camps. By the end of the season, however, the level attained was higher than usual culminating in the largest exercise ever held in GSFG involving major elements of three armies.

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As in previous years, emphasis was placed on:

- (a) Grouping
- (b) Movement
- (c) Crossing of water obstacles
- (d) Communications
- (e) Close air support
- (f) Nuclear conditions

Grouping

The regimental group of all arms was the most extensively used combination in the exercises observed. Similar groups at battalion level were employed in the earlier part of the season.

Movement

As there was no general move out to the training camps, most exercises were able to include a long approach march to the exercise area. This was often done at night and the exercises themselves included considerable movement both by day and by night. It was noticeable that return to barracks on completion of the exercise was not generally done tactically.

Crossing of Water Obstacles

All major exercises included at least one water crossing. Many lesser exercises were devoted entirely to this and techniques for crossing included use of amphibians, ferries and various types of bridges. In most of the larger exercises the bridges were built beforehand or under non-operational conditions.

Communications

Extensive use was made of improved radio equipment and communications generally worked efficiently.

Air Support

Most exercises included at least token participation by aircraft. This took the form of low-level attack, nuclear strike or logistical support. In some exercises, small numbers of paratroops were dropped a short distance ahead of the attacking force, usually on the far side of a water obstacle.

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Nuclear

All formation exercises appear to have had a nuclear setting and in some there were very realistically simulated strikes. Despite this, there was considerable evidence that nuclear training was anything but realistic. For example:-

- (a) An opposed river crossing by one division was apparently supported by one low yield atomic strike
- (b) In a very large two-sided exercise, seven divisions apparently crossed and re-crossed the Elbe river without any major nuclear disaster befalling either side.
- (c) Few, if any, exercises simulated nuclear strikes against Soviet troops. Although individual de-contamination and use of dosimeters were practised in barrack areas.

Conclusions

From the information held on the 1958 training, it appears that:

- (a) GSFG remains a highly mobile and effective force for use under non-nuclear conditions
- (b) The recent reorganization has not made GSFG any more effective for employment in nuclear warfare.
- (c) GSFG's nuclear training is at present confined to individual survival techniques with some demonstrations designed to acquaint troops with the power of atomic weapons.

From the foregoing it might be further concluded that GSFG has two alternative roles; a very important one as Soviet spearhead in the unlikely event of a complete banning of nuclear weapons and a very minor one as a security force in the event of a nuclear war in Western Europe.

5. Revised Rapacki Plan

XA's 103/58 of 1 Dec 58

The original Rapacki Plan as outlined in the latter part of 1957 envisaged "prohibition of production and stockpiling of atomic and thermo-nuclear weapons" in the two German States, Poland and Czechoslovakia.

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This plan was rejected by the West for three main reasons:

- (i) it would deprive the NATO Shield forces of nuclear weapons, thus placing them at a disadvantage compared with the numerically superior Warsaw Pact forces in Western Europe;
- (ii) it contained no provisions for international inspection and control of the scheme, although a willingness to discuss it was expressed, and
- (iii) the plan would freeze the status quo in divided Germany thereby delaying German reunification.

Following the recent visit to Oslo of the Polish Foreign Minister, Mr. Rapacki announced to the press early in November certain modifications to this plan designed, as he said, to meet basic western objections. The new plan, which has not yet been submitted formally to Western governments aims at the complete "de-atomizing" of the Rapacki zone, to be carried out in two stages:

- (a) The first stage is to bring about "crystallization" of the atomic armaments in the area. For one thing, the production of atomic weapons in the area would be prohibited. For another, the states concerned would undertake to halt the equipping with nuclear weapons, and the corresponding military installations, of such armed forces stationed in the area as are not yet in possession of such weapons and installations. At the same time, appropriate measures of control to enforce observance of these obligations would be put into effect.
- (b) The second stage is to culminate in the complete "de-atomizing" of the area. It would be preceded by a discussion of the "appropriate" reduction of the conventional forces. This reduction would coincide with the complete "de-atomizing" of the area and would also be accompanied by the introduction of suitable measures of control.

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The revised Rapacki Plan appears to have gone at least some way to meet Western objections in that it links nuclear with conventional disarmament and for the first time appears to recognize the need for maintaining a balance of power between East and West. It also envisage the operation of "adequate measures of control". (The first stage of the Polish plan, in which the distribution of nuclear weapons to other members of the Warsaw Pact and to NATO forces other than those of the United States would be prevented, bears a definite similarity to one aspect of the Canadian "package proposal" under consideration last spring).

The initial reaction of the West German, United States, British and French governments has been negative. Chancellor Adenauer is against any plan of disengagement which is limited in scope or area -- in his view, the only answer can be general controlled disarmament of both nuclear and conventional weapons. The main objections to the plan (with which the U.S. and U.K. apparently agree), as set forth in an analysis by the NATO Secretariat, are as follows:

- (a) the new plan still calls forth the same basic objection as the original one, i.e., no mention is made of the settlement of political problems, the foremost of which is the reunification of Germany. The West cannot accept the separation of the two issues -- security and political solutions;
- (b) The "Rapacki area" remains the same as in the original scheme. However, West Germany has infinitely greater importance, from the point of view of defensive capacity, than have the other three territories as regards the offensive capacity of the USSR;
- (c) the result of the Plan would be to give the Federal Republic a special military status and place it in a position of inferiority vis-a-vis its NATO allies;
- (d) the new Rapacki proposals are in opposition to NATO's military strategy, as based on the argument that numerical inferiority vis-a-vis communist forces must be offset by equipping NATO units generally with atomic weapons; and
- (e) the proposals are very vague and require elucidation.

The NATO analysis concludes that there is at present no reason to believe that the drawbacks and dangers for the West which the first Rapacki Plan entailed have been removed from the revised version.

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6. Negotiations in Geneva on the Suspension of
Nuclear Tests and on Safeguards against
Surprise Attack.

(CONFIDENTIAL)

XA's 105 of 1 Rec 58

Both of the Geneva conferences, after four and three weeks respectively, are still at the stage of discussing the order and scope of discussion. In the nuclear tests conference the Soviet representative continues to insist that discussion of the control system can only begin after an agreement on the cessation of tests has been drafted. The United States and United Kingdom delegations have sought working arrangements for discussing the substance of the control problem without adopting an agenda. The Soviet representative has now conceded that the draft treaty should state that the cessation of tests agreement and the "basic provisions" regarding control should enter into force simultaneously and that the basic provisions should be in a protocol annexed to the treaty.

In the conference on the problems of surprise attack the scope of the meetings remains an unresolved issue. The Soviet side maintains that to confine their studies to the instruments of surprise attack, the methods of inspection and the system of applying the latter to the former is to condemn the talks to sterility. They assert that the prevention of surprise attack requires the application of restrictive "disarmament" measures, notably the limitation of Strategic Air Command bomber flights to United States air space. Despite the absence of an agreed agenda the Western side has presented three broad technical papers. The statements on the Soviet side continue to be on the political plane but on November 28 they did become specific and Soviet proposals were submitted concerning control posts and aerial inspection, such measures to be tied to an agreement reducing foreign armed forces in Europe and preventing the issue of nuclear weapons to the two Germanies.

COMMENT: The evidence of the first month of the conference on nuclear tests suggested that the Soviet Union was attempting to achieve an unconditional and unsupervised agreement on the cessation of tests. However, it would appear that the Soviet Union is unwilling to have the conference break down over the issue of the relationship of an agreement on control to an agreement on cessation. Difficult political questions remain, including whether suspension should be permanent or temporary, the direction of a control system, and the conditions of continuing suspension, over which the Soviet Union could engineer a breakdown with less disadvantage if it wishes to avoid a control system.

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Soviet aims at the surprise attack meetings may be concerned with establishing initially the thesis that a system of inspection against surprise attack would only be of value in the context of disarmament measures relating to the principal instruments of surprise. Since this is not a clear-cut issue, especially because the Western position on the relationship between an inspection system and disarmament was specifically reserved in the preparatory correspondence, it is too early to begin predicting the fate of the conference. However the shift in emphasis on the "accompanying measures" to provisions relating to forces in Europe and the armaments of the two Germanies suggests a tactical connexion with the Berlin move.

7. Yugoslavia - Aircraft Procurement

DAI 153-58 of 25 Mar 58

The Yugoslav Air Force has abandoned the planned procurement of Gannets and Seamews from the United Kingdom for economic reasons. The negotiations for Gnat aircraft continue between the Yugoslav Mission in the UK and the Folland Aircraft Company.

COMMENT: The Yugoslav Air Force has apparently postponed or abandoned its original intention of modernizing its maritime strike regiments based at ZEMUNIK currently equipped with Mosquitoes. A previous brief reviewed the difficulties encountered by the YAF in attempting to find an alternative source for aircraft subsequent to the US cancellation of its Military Aid Programme. The Yugoslav Government is short of funds and lacks the industrial potential to manufacture adequate numbers of jet aircraft under licence. The situation is now urgent as the non-availability of spares for both the 140 Thunderjets and the 40 Sabres, which constitute the main elements of the Yugoslav AOB, has reduced both the serviceability and the combat capability of the YAF.

MIDDLE EAST

8. Royal Jordanian Air Force - Procurement and Training

DAI 155-58 of 27 Mar 58

On 25 Nov 58, the last group of 12 Hawker Hunters, purchased by the USA under the "off-shore programme" was delivered to the Royal Jordanian Air Force at AMMAN. The aircraft had been authorized by CAIRO to overfly UAR territory en route to Jordan.

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Wing Commander J. Dalgleish, his staff of three officers, and 20 other ranks are on loan from the RAF to assist in the conversion training of Jordanian air and ground crews.

COMMENT: Prior to the above delivery the Royal Jordanian Air Force jet strength consisted of 15 VAMPIRES of which ten were supplied by the United Kingdom and five as a gift from President Nasser. Since the withdrawal of the RAF staff following the expulsion of Glubb Pasha, the RJAF has been trained by the UAR and subsequent to the break with Nasser by the Royal Iraqi Air Force. Since the revolution in Iraq and the deployment of British forces into Jordan, the RAF resumed their role as "advisors" to the RJAF.

NORTH AFRICA

9. Political Situation in Morocco XA's 186/58 of 1 Dec 58 (CONFIDENTIAL)

It was reported by the press on 28 November and confirmed by the Canadian Embassy in Paris that Allal El Fassi the extreme nationalist leader of the Istiqlal Party had been asked by King Mohammed to form a government. The King's appeal to El Fassi was a further attempt by the monarch to solve the government crisis which has existed for several weeks following Vice-Premier Balafrej and later his whole cabinet offered to resign largely because Balafrej found it impossible to reform the cabinet after Bouabid's departure. However, further press reports from Rabat dated 29 November indicate that following the failure by the King and El Fassi to agree on a nominee for the Ministry of the Interior, Mohammed had decided not to accept yet the resignation of Balafrej. The latter is reported to have agreed to stay on until the King does accept his resignation.

COMMENT: The Istiqlal Party wants clear control of the Ministries of the Interior and of Defence. The refusal of Balafrej and the King to agree to this demand probably was the main cause of Bouabid's resignation and of the crisis. The fact that he called upon El Fassi is a sign that the King had to yield to Istiqlal pressures, but it is not yet clear to what extent he has had to yield. El Fassi is considered by the French to be violently nationalistic

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(SECRET)

(unless otherwise classified)

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and no friend of theirs; he has led the campaign for the extension of Morocco's frontiers to include French Mauretania. If he is successful in forming a government, the French expect that there will be additional difficulties over French bases in Morocco, difficulties for French citizens in Morocco, and renewed territorial claims.

It is doubtful whether the formation of a new government will do much to resolve this split within the Istiqlal Party between the moderate pro-Western wing and the extreme nationalistic wing. The picture is complicated by the rebellious tribes in the northern provinces, who oppose strongly attempts by the Istiqlal to impose administrative control from Rabat. These tribes are loyal, on the whole, to the King, but they will not be brought into line more easily by an all-Istiqlal government, even though it has been formed at the request of the King.

A more accurate estimate of Morocco's future course may be possible after the composition of a new government. Even now, however, it appears probable that the nationalist and neutralist tendencies already existing in Morocco will be accentuated.

FAR EAST

10. CHINESE COMMUNIST VIEWS ON TAIWAN AND APPROACHES TO THE NATIONALISTS

XA 100/28 of
28 Nov 58

With the lessening of the Military operations about the offshore islands have come reports of Communist Chinese plans and moves regarding Taiwan, which seem to be aimed at ultimately gaining control of that island by peaceful means. Premier Chou-en-lai is reported to have told a Hong Kong Communist newspaperman whom he called to Peking that the CPG was not in a hurry to liberate Taiwan. The use of military means to achieve this end would weaken Chinese prestige and spoil their hopes of entering the United Nations. He felt, it is reported, that the Nationalists regretted their complete dependance on the U.S.A. and to press the Taiwan issue would give them no alternative but to yield totally to the Americans. A war over Taiwan would delay the Chinese domestic programmes and upset the increasing trade relations with Western nations. The Nationalists,

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(unless otherwise classified)

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however, Chou-en-lai is reported to have said, seemed unable to believe in the sincerity of the CPG terms but they would continue to strive for a peaceful solution and would hope that the U.S.A. would not worsen the situation.

Meanwhile other reports out of Hong Kong indicate efforts by the Communist Chinese to establish contact with the Nationalists. What success they may have had is not apparent although their agents in Hong Kong are said to have been authorized by Peking to extend invitations to Nationalists to visit China so they could judge conditions for themselves, and bankers in Formosa are inclined to accept but difficulties over exit permits have arisen. Communist terms for negotiation are said to aim at eventual achievement of control over Taiwan and for this they are prepared to wait. Their proposals would preserve Chiang-Kai-Shek in Taiwan in an autonomous status but are vague as to what would happen were Chiang to disappear from the scene. The reports do make clear, however, that negotiations should not involve any foreign power and that the Nationalist relationship with the West, particularly the U.S.A., must be severed.

COMMENT: It is difficult to believe that Chiang-Kai-Shek himself would negotiate with the Chinese Communists but some of his lieutenants might be disposed to do so.

SOUTH AMERICA

11. RIOT AT PERUVIAN MINE INVOLVING XA' 99/5-8 (CONFIDENTIAL) CANADIAN CITIZENS of 1 Dec 58

On November 19 a riot took place in the Cerro de Pasco mining camp in Peru in which two Canadian women and one United States woman and child were injured by a rock-throwing mob.

The mine is 14,000 feet above sea level, 120 miles northeast of Lima, and is owned by the Cerro de Pasco Corporation, a United States Corporation whose head office is at 38 Wall Street, New York.

The trouble started when a labourer made a threatening motion at a Canadian engineer whose name was reported as Osoko. The labourer was called to the mine office, where a mob gathered and rumours spread that "gringos" had injured two labourers. The mob attacked the mine office and forced Osoko and other United States and Peruvian engineers to write out their resignations. The engineers were finally rescued by police, but the mob then turned toward the staff residential area,

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(SECRET)

(unless otherwise classified)

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wrecking the golf club and attacking homes with rocks before dispersing of its own accord. The four-year-old son of a United States mine engineer was seriously injured and the child's mother suffered a broken jaw attempting to carry him through the mob. Two Canadians, Mrs. Douglas Guild and Mrs. M. Osoko, suffered a skull fracture and shock respectively. The government sent police reinforcements and the labour unions announced that the riots were caused by outside troublemakers. Our Embassy in Lima reports that a police investigation into the cause of the riot indicated the presence of at least one communist agitator.

Out Charge d'Affaires requested the responsible Peruvian minister orally on November 20 to ensure adequate forces were sent to the riot area for the protection of Canadians and their property. The United States Ambassador also spoke to the Minister and reinforcements were sent. As Canadian damages and injuries will be compensated for by the Cerro de Pasco Corporation, our Charge d'Affaires was instructed that he might safely leave further representations to the company and the United States Ambassador.

COMMENT: For some time Peru has been suffering a serious economic crisis in which the mining industry, largely dominated by the United States interests, has been seriously depressed. A growing anti-United States attitude on the part of the Peruvian general public has been evident for some time, as was manifested during the visit of Mr. Nixon, the Vice-President of the United States, to Lima last May. At that time our Charge d'Affaires noted that the communists were quick to take advantage of the demonstrations and to incite the mobs to further action, but that the origins of the incident could not be attributed to communist elements alone. The probable cause of this incident in the Cerro de Pasco mining camp was the latent "anti-gringo" attitude sparked by an isolated incident which was overly magnified by rumours. The presence of a communist agitator in the mob was in keeping with the communist policy of trying to take every advantage of such situations.

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CANADIAN EYES ONLY

(unless otherwise classified)

ANNEX 1

TO JIC SUM No. 305
dated 5 December 1958

EUROPE

1. Missile Sightings in GSFG

DM 10637
28 Nov 58

(US - UK)

(CANADIAN EYES ONLY)

During October - November four sightings of possible Surface-to-Air and Surface-to-Surface missiles were reported in East Germany.

The alleged SA missiles were truck-mounted and moved in two convoys. The SS missiles were reported on rail flats.

No indications has been given as to the location or direction either of the convoys or of the trains.

COMMENT: Surface-to-Air-Missiles

The SAM sightings, evaluated F-3 are of some significance, in that they represent the first fairly reliable reports to-date, although many low grade reports of missiles have been received over the past two years. None have been confirmed. It is possible that some of these sightings in the past have been valid and suggests that the Soviets may have been filtering surface-to-air missiles into East Germany for some time, though in limited quantities, possibly for training or familiarization purposes. It is possible that this programme of training and familiarization is complete, and that the Soviets are now ready to begin their AA re-equipment programme in GSFG.

The introduction of Surface-to-Air Missiles into East Germany greatly enhances the anti-aircraft capabilities of GSFG. Already well equipped with conventional AA artillery, it is only surprising that the introduction of SAM's into field forces has not been accomplished before this time. This new capability in AA defence is desirable for the Soviets from both the tactical and strategic points of view. Tactically, surface-to-air missiles are required to give protection against aircraft that conventional artillery can no longer cope with. The techniques of close air support, reconnaissance and aerial photography have advanced to such a high state of performance that missiles are now required to cope with modern high performance aircraft.

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CANADIAN EYES ONLY

(unless otherwise classified)

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Where these missiles are to be located is not yet known. Early in 1958, the Soviets withdrew two mechanized divisions, one AA division and possibly three independent artillery brigades from GSFG. Subsequently, two AA regiments were formed into an AA division located at MERSEBURG, 8 Gds Mech Army. MERSEBURG and adjoining areas have figured prominently in reports of guided weapons. It is possible that these recent sightings may be new units sent to replace those withdrawn and that the new weapons may be destined for the newly formed AA division at MERSEBURG.

Surface-to-Surface Missiles

The surface-to-surface missiles were reported to be possible SS-1 missiles (range 30-100 miles). However, since these reports make no mention of the location or direction of these trains it is not possible to even guess as to what formations or units these weapons were destined for.

One would expect to see the re-equipment programme start at Front (GHQ) Artillery and it can therefore be assumed that possibly 6 Breakthrough Artillery Division or 34 Artillery Division may be the recipients.

Last year as part of the general reorganization programme, 4 Artillery Corps, to which these two divisions were subordinate, was disbanded and its divisions brought under direct control of HQ GSFG. At that time it was thought that a further reorganization at least of 6 Breakthrough Artillery Division would be carried out since this type of Division has become redundant under contemporary conditions of warfare.

Up to the present there has been no sign of such a reorganization. However, if these alleged missiles are intended for the Breakthrough Division it may indicate an intention to re-equip this division with missiles as a first step in the re-equipment of GSFG artillery with this weapon.

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CANADIAN EYES ONLY

(unless otherwise classified)

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If these sightings are in fact SS missiles, it can be assumed that the programme will continue until completed. The overall result will be a considerable increase in GSFG artillery fire power, over that already achieved during the 1955-57 reorganization period.

However this does not necessarily give the present GSFG divisions a greater capability in the context of nuclear warfare, although it does add to the arsenal of existing weapons having a nuclear capability. If the programme is carried out on the basis of published Soviet thinking on the employment of nuclear weapons vis a vis the artillery arm, such SS M's as are supplied to GSFG will merely supplement the existing conventional weapons.

However, the tactical employment of missiles could be deduced from the identification of the recipients. If the SS-1s are destined for 6 Breakthrough Artillery Division, their role as a supplement to conventional artillery could be confirmed as current Soviet doctrine indicates. Logically missiles with a much longer range than the SS-1 would be found in Front Artillery while the shorter range ones found in Army Artillery units. In this particular instance, therefore, little can be deduced as a result of the absence of the crucial item of information on the destination of the missiles in question.

SCANDINAVIA

2. Soviet Subversion in Finland XA's 104/58 of 1 Dec 58

In late August 1958, after having been given a severe dressing-down by a spokesman of the Central Committee of the Soviet Communist Party for having failed to gain representation in the Finnish Government, leaders of the Communist Party of Finland were told that the USSR intended to take steps to remind the Finnish bourgeoisie of their country's position. This threat now appears to have been put into force to the extent that recent actions by the Soviet Government in its commercial relations with Finland may compel a reorganization of the Finnish Cabinet in which the communist Finnish People's Democratic League will be included. The announcement on 28 November that the Agrarian Party intends to withdraw from the present coalition indicates this re-organization may not be far off.

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CANADIAN EYES ONLY

(unless otherwise classified)

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COMMENT: The present Finnish Government is composed of all Finnish political parties with the exception of the communist Finnish People's Democratic League, (since last July's elections the largest party in the Diet,) and the left-wing Social Democrats.

Since the war, Finland has become increasingly dependent on trade with the Soviet Union. Between 1950 and 1957 the proportion of its trade with the Soviet bloc is believed to have risen from 19 to 29 percent, more than 60 percent of it being with the USSR. Since 1957 Finland's sensitivity to Soviet economic pressures has been heightened by inflation and widespread unemployment, the latter likely to become acute in the coming winter.

In the face of these conditions, the new Finnish Government have taken a number of recent steps to strengthen its ties with the West. These have included fiscal measures designed to facilitate Finland's exports to the West and indications of Finland's willingness to participate in the OEEC and the proposed Free Trade Area.

These steps have been met by a Soviet refusal to discuss several important proposals put forward by the Finnish Government to (a) begin Fenno-Soviet trade talks, (b) implement the establishment of Soviet commodity credits previously agreed to in principle, (c) discuss the use of the Saimaa Canal and (d) discuss the possibility of Soviet assistance in the construction of the Otanamaki steel mill.

That the USSR has now begun to act in a more positive way to bring economic pressures to bear on the Finnish Government is evident in:

- (a) a recent intelligence report according to which Eastern European satellites have been given instruction by the USSR to delay all goods in transit from Finland and block all shipments destined for Finland; and
- (b) a press report of 25 November to the effect that a Russian trade delegation in Helsinki has asked for a postponement of deliveries scheduled for the remainder of this year from three large Finnish concerns, a step which is likely to aggravate the unemployment situation.

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CANADIAN EYES ONLY

(unless otherwise classified)

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Considerable dissatisfaction with the worsening of relations between Finland and the Soviet Union has been long apparent among members of the Finnish Agrarian Union. Their view that the existence of Finland depends, in the long run, on Russian goodwill is thought to be shared by President Kekkonen who is recently reported to have expressed the opinion that the formation of a new government is necessary which would not arouse Soviet displeasure.

As an alternative to the present Government two main possibilities are envisaged by opposition members of the Agrarian Union:

- (a) an all-party Government including the Communists who would be given the seats of Minister of Labour and Minister without Portfolio; and
- (b) a coalition leaving the Communists and Social Democrats in opposition.

In the present circumstances, unless the President calls a new election, the first alternative seems the more likely.

AFRICA

3. RELATIONS OF GHANA AND GUINEA XA 101/587 (CONFIDENTIAL) 1 Dec 58

On November 23 during the visit to Accra of the Prime Minister of the Republic of Guinea, a joint declaration was issued in his name and that of the Prime Minister of Ghana agreeing "to constitute our two states as a nucleus of a union of West African states". The declaration goes on to say that a constitution will be worked out and ends by the curious remark that the proposed union "is not in any way designed to prejudice the present or future relations between Ghana and the Commonwealth on the one hand, and the Republic of Guinea and the French community on the other".

A second declaration on the same day announces the intention of Ghana to place a credit of £ 10 million at the disposal of the Government of Guinea and to afford to the latter technical and administrative assistance.

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CANADIAN EYES ONLY

(unless otherwise classified)

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COMMENT: It has become apparent that the intention to form a union is a concept that is far from defined even in its broad characteristics. Our High Commissioner in Accra was given to understand that it would take at least six months to produce a constitution and there is as yet no indication of what form that constitution might take.

For some time both Nkrumah and Toure have spoken in general terms of a federation of West African states and the present step was made possible by the independence of Guinea. Both in the declaration and in conversation, Nkrumah has indicated his continued interest in the Commonwealth connection and it was thought that Toure may be reluctant to ignore the possibilities of a favourable association with the French community. It may be, therefore, that only a loose form of association is contemplated and that anything approaching a federation is thought out at a later stage when more of the African countries could give to the new entity adequate economic and political strength.

If, of course, there were a political union between Ghana and Guinea, a difficult and novel question would be raised for the Commonwealth. There has not been in modern times the accession to the Commonwealth of any territory which was not previously under British rule. To add a territory with a different background of institutions and relationships would not only be difficult in itself, but it would raise an uncomfortable position vis-a-vis France.

Since, however, there is so much uncertainty about the intention of the Governments of Ghana and Guinea, it is obviously desirable to await some clarification and meanwhile no comments are being made by the Canadian Government or the other Commonwealth governments concerned.

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CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence

Summary contains the following parts:

Main Section - at SECRET level

Annex I - at SECRET level but
CANADIAN EYES ONLY

This cover sheet may be removed when the
Annex is detached.

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SECRET

COPY N° 77

ISSUE NO. 304

28 November 1958

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
The Joint Intelligence Committee
National Defence Headquarters
Ottawa

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SOVIET UNION

1. Soviet Destroyers May be Fitted With Helicopter Platforms

(SECRET)

DAI 149-58
9/20 Nov 58
41
The Soviet Baltic Fleet "Kotlin" Class destroyer Pendant 86 was recently observed with what appeared to be an elevated platform on the fantail. The supports for this platform were described as solid and apparently forming a permanent installation. The platform extended from the stern to the after main battery 3.9 in. gun mount to the side of the hull, giving estimated dimensions of about 48 x 37 ft. It covered the emplacements of the six side-throwing depth charge projectors, disposed three on either quarter in this class of DD.

COMMENT: A logical purpose for such a platform would be to accommodate a helicopter for ASW work. This interpretation is strengthened by Soviet emphasis on helicopter development, many indicators of Soviet naval interest in helicopters, and a growing Soviet requirement for improving their ASW capabilities to off-set U.S. progress in guided missile submarines. The structure observed in the "Kotlin" Class DD would blank off arcs of fire of the depth charge projectors, unless sliding or removable panels were provided in the platform deck. It has long been speculated that the Soviets would improve the ASW capabilities of this otherwise excellent destroyer, and this recent observation may well be the beginning of such a program.

2. Soviet Rules of Engagement of Alien Aircraft Violating Soviet Air Space

(SECRET)

DAI 149-58
9/20 Nov 58
Russian interceptions of United States aircraft over the past several years indicate a strict application by Soviet air defence elements of the following rules of engagement of violating aircraft. Aircraft operating near Soviet Bloc territory will be tracked to determine intent. Aircraft on a course which if continued would violate, or further violate, Soviet Bloc air space will be identified. Non-combatant type intruder aircraft will be forced to land; if the intruder attempts to escape or evade it will be shot down. Unfriendly or unidentified combatant type aircraft approaching or violating Soviet Bloc air space will be engaged and destroyed either by ground fire or by airborne interceptors.

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COMMENT: The Soviet Bloc air defence elements apply these rules more or less vigorously in accordance with the sensitivity of the local and changing political conditions. Soviet air defence doctrine supports the view that the Soviets have now, and will continue to have, a severe air defence policy.

DAI 15258
of 21 Nov 58

FLASHLIGHTs at LENINAKEN,
Georgian SSR

(SECRET)

A fairly reliable report indicates that the 11th TAA fighter division with regiments at LENINAKEN and YEREVAN in the Georgian SSR is equipped with one regiment of FLASHLIGHTs.

COMMENT: This is the first association of FLASHLIGHTs with this fighter division. It was probably FRESCO's from this air division that shot down the USAF reconnaissance aircraft in June and September 1958 in the nearby border area. The addition of FLASHLIGHTs to the division will substantially increase the all-weather air defence capability in this apparently sensitive area.

JIB #3
of 24 Nov 58

4. Preliminary Appraisal of
Soviet Seven Year Plan

(CONFIDENTIAL)

Further particulars concerning the Seven Year Plan were released by Khrushchev in a speech at the reception for graduates of military academies on the 14th of November 1958.

The outstanding characteristics of the Plan discernible in data released so far, are as follows:

- (a) In comparison with the Sixth Five Year Plan (1956-60), now superseded, the new Plan (1959-65) is almost as ambitious; it places slightly more emphasis on heavy industry; and the rate of growth in national income projected is slightly lower. These relationships are summarized in the following table:

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Increase scheduled for specified categories
Sixth Five-Year Plan and Seven-Year Plan

Category	1956 to 1960 (per cent)	1959 to 1965 (per cent)
National Income	60	62 - 65
Gross Industrial output	65	80
Heavy Industry	70	85 - 88
Light Industry	60	50
Gross Agricultural Production	70	70

- (b) The carrot is more evident than heretofore, appearing in the form of promises to raise real incomes of workers and employees and of collective farmers by 40 per cent; to shorten the work week; to provide more consumer goods and housing; and to increase minimum wages.
- (c) The investment goal is high, but consistent with the Plan in general. During the seven years 1950-56, the increase in investment was 98 per cent, while national income increased by 92 per cent. Over the seven years 1959-65, national income is planned to increase by 62-65 per cent, and it is estimated that investment will increase by something of the order of 75 per cent. Thus the gap between these rates of growth is larger in the latter period. Hence, the economy will most likely be under considerable strain throughout the Plan, striving to attain the goals envisaged. The Plan appears to assume no essential changes in the allocation of resources to defence.
- (d) The goals for agriculture are much more realistic than those set in the Sixth Five Year Plan. The grain target is only 164-180 million tons; it was 180 million tons for the last year of the Sixth Five Year Plan. There is no apparent reason why the lower of the two figures (164 million tons) should not be attained. The planned percentage increase in gross agricultural production for the seven years is only 70 per cent. During the Sixth Five Year Plan it was to increase by the same percentage (70 per cent), but in only 5 years.

Because of steps taken in 1957 and 1958 to correct serious imbalances which were inherited from the Fifth Five Year Plan and became obvious after 1956, the new Plan has more chance of success than its predecessor. While some of the goals may not be attained, it can be assumed that there will be rapid progress made over the next seven years, and it is possible that most of the goals will be realized.

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EUROPE

5. Bulgarian Navy Acquires Soviet W-Class Submarines and RIGA Class Escorts

(SECRET)

A reliable observer in Moscow has sighted two "W" class submarines and two RIGA class destroyer escorts at VARNA flying the Bulgarian flag.

COMMENT: Apparently these units now belong to the Bulgarians. Previously the Bulgarian Navy possessed only one RIGA and three "M-V" class submarines. This is a most significant increase in Bulgarian Naval strength, and is the first confirmed transfer of "W" class submarines to a European satellite.

Yugoslavia Launches Two Submarines

(SECRET)

A report from SHAPE states that the Yugoslavian Navy launched the submarine SUTJESKA on the 28th of September, and a second submarine on 10th of October. The launching of the SUTJESKA was confirmed by US and UK intelligence sources. The launching on the 10th of October was noted from a Yugoslav news broadcast.

COMMENT: There has been no indication of the class of these submarines given as yet. It is assumed that they will be of Yugoslav design, and probably of medium range with conventional capabilities. It is observed that in 1957 Yugoslavia announced her intention to build 12 submarines by 1961. The opinion has been expressed that it was extremely doubtful that this programme would be realized, however it at least appears that an attempt is being made to increase her submarine complement from the present holding of two obsolescent ex-Italian submarines, one of which is a midget in reserve status.

Gomulka's Visit to the U.S.S.R.

(CONFIDENTIAL)

Between the 24th of October and the 11th of November, a strong Polish party and government delegation, led by First Secretary Gomulka and Prime Minister Cyrankiewicz, visited the U.S.S.R. The Polish delegation, apart from having talks with Soviet leaders in Moscow, separated into groups

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in the usual manner and travelled widely throughout the country. Major speeches were given by Gomulka on the 4th of November in Leningrad and on the 10th of November in Moscow. On each occasion his speeches were answered by Khrushchev.

The major themes set forth by Gomulka and elaborated by his associates throughout their visit were the following:

- (a) There is "complete identity of aims in internal and foreign policy" between Poland and the U.S.S.R. "The attempts by certain capitalist circles to embroil the Polish and Soviet people, to weaken our brotherly friendship, are in vain". Traditional hostility exists no longer.
- (b) The armament race is a threat to peace. German re-armament, supported by the United States, is particularly dangerous and Poland feels menaced owing to West Germany's failure to recognize the Oder-Neisse line. (This point was elaborated upon at length and in bitter terms.)
- (c) The U.S.S.R. is the only major power to recognize the Oder-Neisse line. For this reason, Poland's national security is dependent upon the friendship of the U.S.S.R.
- (d) The U.S.S.R. is a "great industrial, technical power". As a result, competition between the communist and capitalist blocs has "entered a new phase", in which international problems may be solved by peaceful means.

It was not until his speech of the 10th of November that Gomulka referred to the problem of Yugoslav revisionism. Although Gomulka placed "the blame for the situation which has come about...exclusively and squarely on Yugoslavia", he gave a reasoned explanation for the conflict. He acknowledged that the bloc had been "to a considerable extent" responsible for differences with Yugoslavia in 1948. He revealed that the Polish party had gone so far as to send "two members of the Politburo to Yugoslavia to present to the leadership of the League of Yugoslav Communists" arguments for suppressing "the most contentious formulations contained in the draft programme". As Gomulka pointed out, "there is only one Marxist-Leninist teaching". The logic of this view, as expressed by Gomulka, was that "both in theory and in practice the Yugoslav party has strayed to positions of revisionism". He insisted, however, that the Polish Government did not desire a worsening of relations and wished "to develop trade relations". He expressed the view "that there was no longer any obstacle to a return of the League of Communists to the fold of the great family of the communist and worker's parties".

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COMMENT: It is significant that in this same speech, Gomulka was careful to defend the "alterations and improvements which our party introduced into its practical activity two years ago.... They were just as essential for our party as they were necessary for the Soviet Union". While stressing that "our party has carried out a determined and successful struggle against the danger of revisionism", Gomulka emphasized that there had been a need "to counteract dogmatism and sectarianism". He also insisted that it has only been since the Soviet Government Declaration of the 30th of October 1956 and the Polish Government Declaration of the 18th of November 1956 that "conditions have arisen in which our enemies can no longer" speak "about inequality in the relations between our states".

Khrushchev, in his major statements, emphasized most of the same points.

- (a) There has been misunderstanding between the U.S.S.R. and Poland in the past, but they existed no longer. He attributed these misunderstandings to pre-communist aristocratic and bourgeois governments.
- (b) Poland and the U.S.S.R. were "fully at one". "It is with profound satisfaction that I note that the Polish United Workers' Party effectively repulses the attempts of the imperialists to sow discord and distress between our countries".
- (c) Gomulka "had not allowed Poland to be directed on to the path which the so-called revisionist reformers...were so much at pains to do". "There attempts to drive a wedge between Polish Soviet friendship have utterly failed". Khrushchev's attacks on revisionism were in general terms only; he did not make any references to Yugoslavia.

It will be apparent that the major significance of Gomulka's visits to the U.S.S.R. was to stress the close friendship which exists between the U.S.S.R. and Poland, and to provide a basis for meeting the criticism that Poland is following a revisionist policy. In practical terms it appears that Gomulka has agreed to give complete support:

- (a) To the principle of bloc unity and Soviet leadership of the bloc,

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- (b) To Soviet foreign policy, and
- (c) To strengthen the Warsaw Pact in an unspecified way.

In exchange, Khrushchev has agreed:

- (a) To support Gomulka and to give him freedom of action to follow whatever domestic policies he considers necessary.
- (b) To provide further economic assistance for the development of copper mining and oil production, the construction of an oil refinery and the expansion of the Lenin steelworks.
- (c) To permit Poland to seek support for the revised version of the Rapacki Plan, and
- (d) To give up his proposal for returning most of the recovered territories to Germany. (Although this subject is known to have been discussed, the only public references were comments in the Polish domestic press that rumours that Poland was to relinquish territory were manifestly false.)

Gomulka's significant failure to mention the problem of revisionism until his Moscow speech suggests that he was withholding this valuable concession until the last moment. In fact it was a step which Gomulka could hardly avoid taking, although equally he could use it to bargain for a 'quid pro quo'. The Yugoslavs have, as was to be expected, reacted in a vigorous manner. The reaction within the bloc has been, as was certainly intended, satisfaction with this demonstration of close Soviet-Polish friendship and this "proof" that Poland is not following the revisionist path.

More unexpected, and therefore more alarming, were Gomulka's strong and bitter attacks against German re-armament and United States support of it. Already it has been apparent that this outspokenness may jeopardize the slight possibility of West Germany establishing relations with Poland and will weaken the case for the United States providing economic assistance to Poland.

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DAI 151-58 21 Mar 58
8. France - Aircraft Production

(SECRET)

France has cancelled both the Baroudeur and Trident interceptor programs in favour of producing the Mirage III.

The West German Government recently tested the Mirage III and turned it down for various reasons including the fact that the aircraft wrinkled and buckled under the stresses of normal high-speed turns.

Comparative performance figures of the Trident II and the Mirage III support the allegations that Monsieur Marcel Dassault, a member of the French Chamber of Deputies at the time the above decision was made, influenced the Ministry of Defence to eliminate competition and develop the Mirage aircraft which is produced by his firm although the Trident has better performance characteristics:

TRIDENT II (a) Climb With Rockets - 39,370 ft in 2 min 17 sec, 52,493 ft in 2 min 51 sec; (b) Maximum Speed - Mach 2.0 but could go faster although no provision as yet to handle the heat problem; (c) Designed for 100,000 ft but because of lack of adequate pressure suits, has operated generally in the neighborhood of 60,000 ft.

MIRAGE III (a) Climb With Rockets - 40,000 ft in 3.1 min 49,200 ft in 4 min, 65,600 ft in 6 min; (b) Maximum speed - Has done Mach 1.8 trying for Mach 2.0 (c) Ceiling - 77,100 ft (Mirage I) only figures available.

COMMENT: In an economy move and in an effort to consolidate aircraft procurement, the French Air Force recently cancelled orders for 15 Breguet Deux Ponts, 50 Nord, 140 Vautour, 50 Super Mystere, 125 Morane Saulnier 733, 4 Trident, and 4 Sipa 1100. The Trident cancellation was severely protested by the FAF as it was considered an ideal aircraft for transition from manned interceptors to guided missiles; the aircraft attained a height of 79,700 ft in May of this year when a world altitude record was claimed. 100 Mirage III fighters are now on order and are scheduled to be delivered during 1960 at a rate of 12 per month. The Trident has been criticized on the grounds that it has not been designed as a weapons system and that its electronic equipment is inferior to UK and US types.

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SCANDINAVIA

9. Finland - Commanding General
Finnish Air Force Dismissed

(SECRET)

Major General Reino Artola was summarily dismissed from his appointment as Commanding General of the Finnish Air Force; his replacement effective on the 8th of December 1958 will be the present Chief of the Air Staff, Colonel F.O. Seeve. At a luncheon on the 11th of October 1958 General Artola strongly criticized the Finnish Army and emphasized the continuing struggle for the recognition of the Air Force in Finnish defence. He stated: "The Finnish Army is far behind developments in the outside world. Most of the senior officers have never left Finland. They have learned nothing since 1945. It is not only the lack of air defence, it is lack of an Air Force to support the Army in the defence of Finland. The Army generals think only of the ground and the woods and they dominate Finnish defence thinking entirely. The Air Force is kept subordinated far down the chain-of-command. Only Army generals can hope for senior positions. It has been my primary task to preach the gospel of air power. I have not got very far but I shall continue to do what I can and I will give my successor all the help and support I can".

COMMENT: General Artola has been under severe Government criticism because of the low serviceability (10-15%), the high accident rate (both Folland Gnats were Category A crashes within two weeks of being phased into service), and the General's outspoken anti-Soviet policies. As the dismissal closely follows the "release" of General Artola's close friend Defence Secretary Lehmus whose bank account has been impounded and whose conduct in office is currently under investigation, the two incidents have been linked in the press. There is no evidence available to support such allegations.

MIDDLE EAST

10. Israel - Increase in Airlift Capability

(SECRET)

France has reportedly released an additional three Noratlas transport aircraft to Israel. This procurement will supplement current Israeli holdings of 15 Dakotas and three Noratlas in 103 Transport Squadron.

COMMENT: The Israeli Air Force has been attempting to increase its airlift and drop capability to meet the requirements of the parachute brigade now totalling 2,500 all ranks. The Noratlas is very similar to the C-119; three additional aircraft would, therefore, significantly increase current Israeli capability.

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11. Recent Developments in Iraq

(SECRET)

The July 14 revolution in Iraq brought to power a government drawn from a number of different groups who before the revolution appear to have found common ground mainly in their opposition to the policies of Nuri Said. Initially, the new government was successful in establishing its authority and in maintaining internal security and the Prime Minister, Brig. Abdual Karim Qassim, promised action against subversion whether it came from communism or imperialism. Very recently, however, the internal security situation has shown signs of deteriorating with the factions for and against union with the U.A.R. carrying out demonstrations and counter-demonstrations with little attempt at interference by the security forces.

All the available evidence indicates that, apart from the communists, whose strength it is difficult to gauge, most politically-conscious Iraqis are Arab nationalists who consider that the great achievement of 14 July was that it brought their country out of its near-isolation from the rest of the Arab world, and made it a respectable part of what Arab nationalists like to call "The Arab Nation". The dominant political issue facing the new Iraqi Government is therefore not whether Iraq will subscribe to the principles of Arab nationalism and have close relations with the U.A.R., but the narrower one of whether there should be an organic union between the two countries.

Qassim, who enjoys the support of most of the older army officers and most of the non-Baathist politicians who were among the former opposition to Nuri Said, has taken the position that no early consideration would be given to the question of possible organic links with the U.A.R. He has, however, indicated that the new regime is devoted to the principles of Arab nationalism and wishes to cultivate close and friendly relations with the U.A.R. (treaties of mutual defence and "cultural unity" have already been concluded).

At least temporary ascendancy would appear to have been achieved by Qassim and the conservative wing of the government as a result of the series of moves taken against Col. Arif who has been outspoken in his advocacy of union with the U.A.R. and who is reported to have considerable support amongst younger army officers and the Baath politicians. Arif was successively removed from his posts of Deputy Commander in Chief, Deputy Prime Minister and Minister of the Interior, was then sent into "diplomatic banishment" by being appointed Ambassador to West Germany, and was finally arrested on the 4th of November when he returned to Baghdad without the Government's permission and without ever having arrived in Bonn. He is scheduled to be tried for treason. Significantly, the arrangements surrounding this trial are reported to be shrouded in great secrecy which contrasts with

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the great publicity which was given to the trials of supporters of the former regime.

These recent developments, together with a governmental reshuffle which included the demotion of the leader of the Baath Party, point to a weakening of the influence in the Government of the Baath Party which had played an important role in the revolution and was thought to be the strongest identifiable political element in the Iraqi Army. As the advocates of giving substance to Arab nationalism by closer links with the U.A.R., the Baath Party can probably count on the considerable public support which this cause commands in Iraq.

It has been suggested that the situation in Iraq is not dissimilar to that in Syria in January 1958 when the Syrian Baath Socialists were responsible for initiating and accelerating the steps towards union with Egypt as a means of escaping from increasing Soviet pressure exerted through left-wing Syrian military leaders and the Syrian Communist Party. In this connection, our Charge d'Affaires in Cairo reported on the 24th of September that President Nasser was concerned at the strength of the Communist Party in Iraq (and Syria) and felt that it was pursuing an "anti-national policy". The evidence is fairly clear that the Communist Party in Iraq is, in fact, resisting the establishment of organic links with the U.A.R., and in this they would coincidentally support and share the views of the conservatives.

The relative strength of the Communist Party in Iraq is difficult to assess although by all accounts it is substantial. There are, however, some indications that events may develop along the same lines as in Syria before the union with Egypt. There would seem to be considerable danger that Qassim may be so preoccupied with resisting the pressure for union with the U.A.R. that he will be led to rely increasingly on the support of the Iraqi communists who will be able to make use of this opportunity to entrench themselves in a strong position. The return of Mulla Mustafa Barzani, the Kurdish leader, from eleven years in exile in the Soviet Union increases the possibility of communist-inspired pressure and agitation.

The future stability of the Iraqi regime is uncertain. Much will depend on whether Qassim can continue to govern without undue reliance on the communists, since their accession to a position of influence would almost inevitably have much the same effect on Arab nationalists as it did in Syria, that is to make them believe that union with the U.A.R. is the only way to prevent the government from coming under Communist control. The future of the regime will in the long run also depend on its ability to implement its promises which, apart from the promulgation of the agrarian reform law, remain largely unfulfilled.

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With regard to external policy, the Iraqi Government have professed their wish to have friendly relations with all countries including those of the West and the USSR. They have emphasized, however, their desire to have especially close relations with the other Arab countries and particularly with the U.A.R., whose position of leadership in the Arab nationalist movement the Iraqi Government has been prepared to recognize and with whose foreign policies they have aligned themselves. The new Iraqi Government have also stated their intention to respect existing oil agreements, although they would seek to have them amended through negotiation, and to honour Iraq's treaty obligations "in accordance with Iraqi interests".

Prime Minister Qassim has emphasized that no decision has been taken concerning withdrawal from the Baghdad Pact although since the revolution Iraq has not, in fact, participated in its work. It would be surprising if the present government treated the Baghdad Pact as anything but a dead letter. The other members of the Pact have been careful to avoid any appearance of trying to press the Iraqis to come to a decision with regard to membership in the Pact.

AFRICA

JIB 74 f
21 Mar 58 12. Current Economic Situation in the Sudan

(SECRET)

Although the primary cause of the military coup in the Sudan is probably political, the present economic instability has undoubtedly contributed to the political instability.

The Sudan's recent sales of long-staple cotton have been seriously reduced as the result of lower world demand, successful Egyptian competition, and a bad crop in the 1957-58 growing season. In March 1959, when the Sudan is ready to market her anticipated bumper 1958-59 crop, she is liable to have a carry-over of up to 225,000 bales - approximately equivalent to the total 1957-58 crop, or about one-third of a normal crop. Since long staple cotton accounts for about 70 per cent of the nation's exports, and is the chief earner of foreign exchange and government income, the Sudan is therefore liable to be more receptive than she has been in the past to Soviet offers to buy cotton over an extended period in return for machinery, materials, technical assistance, and perhaps foreign exchange.

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The 1958-59 budget brought out in May reflects the lack of foreign trade earnings. Estimated income for 1958 from cotton was put at \$46 million compared with \$152 million from the previous crop. The result was a need for increased import duties, a new income tax, and other measures to prevent a deficit.

The development programme was also cut back and although the Government can probably provide much of the capital required for the Managil extension of the Gezira Scheme (a million-acre irrigated area and the backbone of the economy), the completion of the programme would be retarded without considerable foreign aid.

Recent substantial aid from the US (\$30 million) and from the World Bank (\$39 million) will alleviate the lack of foreign exchange and development capital to some extent, but the economic outlook is still poor.

XA 94/58
24 Nov 58
13. Coup d'Etat in the Sudan

(CONFIDENTIAL)

The new regime in the Sudan has rapidly consolidated its position. In a series of quick moves on November 17, the Sudanese Commander in Chief, General Ibrahim Abboud, took power in the name of the Supreme Council of the Armed Forces, suspended the constitution, abolished political parties, declared a state of emergency and sought recognition of the new regime by foreign powers. The coup took place without opposition. The population apparently welcomed it, the army stood behind its leaders and, the heads of the two main religious sects, the Khatmia and the Mahdia gave it their blessing. On the 18th the Government felt confident enough to allow the press to reappear, to release politicians who had been placed under house arrest, and to form a government with limited civilian participation.

The main policy declaration of the new regime is contained in the proclamation made by General Abboud on the day of the coup. In domestic matters, the regime declared its intention to put an end to selfish party strife and governmental corruption which was threatening the security of the country. (Abboud has since declared that the army take-over was a transitional measure). With regard to foreign policy, "independent Sudan" would seek to establish good relations with all countries and especially Arab states, and would endeavour to solve outstanding difficulties with the U.A.R. and to end the "artificial estrangement" between the two countries.

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The initial reaction in the U.A.R. to the coup was one of surprise and hesitation, followed by early recognition of the new regime on November 18, in what seemed to be an attempt to make the best of an uncertain situation. There have been no comments from Moscow; Prague radio, however, has voiced suspicions that the new regime would be Western oriented. The U.S. and the U.K. have shown restraint in their public comments on the coup (possibly in order not to weaken the regime's position by encouraging the notion that it was Western inspired) and indicated their willingness to recognize the new government should it so request formally. Jordan granted recognition on November 18, Saudi Arabia reportedly on November 20, and Lebanon has taken a decision to do so. The U.K., in view of the U.A.R. recognition and of the special past relationship of both the U.K. and Egypt with the Sudan, has now decided to recognize as soon as possible. Yugoslavia, the U.S. and the USSR have recognized the new regime. The Sudanese Government has been informed of British willingness to recognize it.

COMMENT: The new regime would seem assured of broadly based support from the army and the population, although the Khatmia message of support was less enthusiastic than the Mahdia's. Both sects are about equally represented in the Supreme Council of the Armed Forces and in the new government. However, unlike the Umma and P.D.P. parties, backed by the Mahdia and Khatmia respectively, the N.U.P. party, which recruits its support mainly amongst non-sectarian city dwellers, would seem to be left out in the cold, especially if the dissolution of the political parties is effectively implemented by the Government.

The reasons which led the army leaders to assume power, - and consequently the nature of the coup itself, - are not yet fully elucidated. The Sudan was undoubtedly in an unprecedented state of internal confusion as a result of economic difficulties, labour unrest, controversy over U.S. economic and U.K. military aid, and in general of party manoeuvring which left the government in a weak position to face impending negotiations with the U.A.R. and the USSR. Khalil, faced with a worsening situation, had approached the army commanders in October on the possibility of a military take-over and had made it clear to them that they could count on at least the passive support of the government and the Umma party. In the period immediately preceding the coup, both P.D.P. and N.U.P. representatives had been consulting with the U.A.R. authorities in Cairo and the P.D.P. Minister of Commerce had been negotiating draft agreements with the U.A.R. on Nile waters and other economic matters of vital interest to the Sudan. Prime Minister Khalil, who was scheduled to proceed to Cairo in the week of the 17th, would have been negotiating from weakness when under a threat from both the P.D.P. and the N.U.P. to his coalition

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government. It is clear that the coup is not a "colonel's revolt" on the Egyptian and Iraqi models, as it has none of its origins in deep seated social unrest; it was more in the nature of a military take-over on the Pakistani model, prompted by government instability. The coup appears to have been neither anti-Western nor anti-Egyptian, but designed to provide a strong government which could deal efficiently with domestic problems and with issues such as those requiring an early decision between U.A.R. and Sudan.

The new government's friendly references to the U.A.R. may have a limited but genuine significance. Many politically conscious people in the Sudan consider that it is not to their country's advantage to clash openly with the U.A.R. It may well be that Abboud's reference to the U.A.R. was more than a short-term gesture of self-defence, and expressed a genuine desire to compose U.A.R.-Sudanese differences, unencumbered by the weakness inspired by party political strife and intrigue. It is perhaps significant that Abboud's undertaking to "fulfil all the commitments undertaken by the Government of the Sudan since the independence of the Sudan on January 1, 1956", leaves unresolved the question of Sudan's recognition of the 1929 Nile Waters agreement while giving no indication that the U.S.-Sudanese economic agreement, which was recently under violent attack both in the Sudan and from Cairo, would be reconsidered.

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24 Nov 58
14. Arms for Tunisia

(CONFIDENTIAL)

On November the 8th Tunisian newspapers printed a despatch from Agence France Press in Washington which stated that the United States Government was about to grant the Tunisian request for light infantry weapons after first clearing it with French Government. On November 8th the Ministry of Foreign Affairs in Tunis issued a statement denying that Tunisia had accepted the arms deal on conditions harmful to its sovereignty, and pointing out that the Government of Tunisia would rather reject a deal of this kind than, "see its right to arm itself for the defence of the sanctities of its country dependent on the approval of a foreign state". President Bourguiba followed up this statement on November the 13th with the information that he had opened conversations with Czechoslovakia and Yugoslavia for the light arms which he required for the Tunisian police, the National Guard and the army. It was clear that President Bourguiba interpreted the reported consultation with the French Government as an affront to Tunisian sovereignty. However, after discussions in Tunis

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between the representatives of the United Kingdom, the United States and the Tunisian Government, it was agreed last week that the shipments would go through as planned.

COMMENT: The United Kingdom claimed that no conditions were attached to the sale of arms except the normal one that they should not be re-exported. The United States attached only those conditions required by law, i.e., that the arms should not be passed on to a third party without United States consent and that they should not be used for aggressive purposes.

U.K.-U.S.A. consultation with France would be understandable. About a year ago, France protested strongly over the first U.K.-U.S. delivery of small arms to Tunisia. France assumed that arms which were delivered to Tunisia might eventually find their way into the hands of the Algerian rebels and resented what it considered to be the failure of its Western Allies to consider its interests. The U.K. and the U.S. have therefore been careful not to offend French feelings in this matter. The press report from Washington placed President Bourguiba in a very difficult position since, unless he made strong objections to consultations with the French, charges that he was a western "stooge" would be re-enforced.

It is not clear at this stage whether or not Bourguiba will purchase arms from Czechoslovakia and/or Yugoslavia. It is possible, however, that he may purchase a few arms from non-western sources in order to provide further evidence of his independent position.

XA 98/58
24 Nov 58
15. Ghana-Guinea Relations

(UNCLASSIFIED)

On the 23rd of November 1958 the Prime Ministers of Ghana and Guinea, meeting in Accra, issued two communiques -- the first dealing with political relations, the second with economic relations.

The first Joint Declaration reads as follows:

"Inspired by the example of the Thirteen American Colonies which on the attainment of their independence constituted themselves into a confederacy which ultimately developed into the United States of America, inspired also by the tendencies among the people of Europe, Asia and the Middle East to organize in a rational manner, and inspired further by the declaration of the ACCRA Conference regarding the African personality,

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"We the Prime Ministers of Ghana and Guinea on behalf of our respective Governments and subject to ratification by our respective National Assemblies have agreed to constitute our two states as the nucleus of a Union of West African States.

"Conscious of the fact that an aspiration for closer union is shared by all the peoples of our continent we appeal to the Governments of the independent States of Africa as well as to the Leaders and Peoples of the territories still under foreign rule to support us in our action. In the same spirit we would welcome the adherence to this Union of other West African States.

"As a first step we have agreed to adopt a Union Flag and to develop between our two Governments the closest contact in order to harmonise the policies of our Two States especially in the fields of Defence and Foreign and Economic Affairs.

"Our next step will be to work out a constitution giving effect to the establishment of the Union.

"Finally we affirm that the actions which we are taking with a view to achieving a Union of West African States is not in any way designed to prejudice the present or future relations between Ghana and the Commonwealth on the one hand and the republic of Guinea and the French Community on the other."

The second Joint Declaration reads as follows:

"In order to stabilise the National Economy of the Republic of Guinea in the present transitional period the government of Ghana is prepared subject to Parliamentary approval immediately to place a credit of ten million Ghanaian pounds (£G 10 million) at the disposal of the Government of Guinea and to afford Guinea such Technical and Administrative assistance as may be necessary to strengthen the new State.

"The Republic of Guinea is pleased to accept this offer of assistance which Guinea regards as a concrete manifestation of African fraternity and solidarity.

"Signed at Accra on the 23rd November 1958".

CORRECTION

Reference Joint Intelligence Summary Issue No. 302, dated 7 November 1958, Brief No. 4, "Soviet Nuclear Tests" the item reported for 15 October, 1815Z is now considered to have been a volcanic eruption in the Caspian Sea Area.

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CANADIAN EYES ONLY

ANNEX 1

TO JIC SUM No. 304
dated 28 November 1958

XA 97/68 of
24 Nov 58
Situation in West Berlin

1. Khrushchev announced on November 10 that the Soviet Union would hand over to the German Democratic Republic (GDR) those functions relating to Berlin which are still exercised by the Soviet Union. He said the three Western Powers henceforth must deal with the GDR on Berlin questions.

Khrushchev declared that the time had come to reject that part of the Potsdam Agreement which concerned Berlin. Actually, the four-power occupation of Berlin rests on somewhat informal agreements reached by the commanders-in-chief of the victorious forces after the capitulation of Germany in 1945. In recent years the Western powers have based their claims to access to West Berlin more on established practices than on the uncertain basis of the 1945 understandings. The cessation of the Blockade in 1949 confirmed these arrangements, but did not impart any precision to them.

Several motives may lie behind the Soviet action. The most important seems to be the desire to bolster the status and prestige of the East German puppet regime and indirectly to strengthen the solidarity of the Soviet Bloc. Other probable motives are to strengthen the Communist campaign against equipping the West German defence forces with nuclear weapons, to bring about four-power talks on a German Peace Treaty (without discussion on reunification), and to cause discord within the NATO alliance. Khrushchev may also have in mind the possibility of using this means to lead up to a Summit meeting on Germany.

The Western powers have always made it clear through their pronouncements and actions that they would resist any attack or pressure on Berlin and that they fully intend to keep the Western garrisons in the city. In 1954 the NATO Council formally welcomed the declaration of the UK, USA and French Governments that "they will treat any attack against Berlin ... as an attack upon their forces and themselves". The Western powers are also prepared for pressure short of an attack, such as renewal of the Blockade imposed in 1948. They have built up food reserves in West Berlin adequate for about a year and if the need arose would have aircraft available to sustain an air lift to fulfil the needs of the 2,200,000 citizens of the Western half of the city.

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CANADIAN EYES ONLY

The consensus is, however, that for the foreseeable future, the Soviet Union will not employ military force, or impose a full Blockade. The announcement last week of a trade agreement between the "two Germanies" tends to confirm this. There is also general agreement in Western capitals that the probable first step will be for the USSR to test Western reactions by the substitution of GDR officials for Russians at the military check points on the rail and road routes into Berlin and in the four-power air safety centre. The USA, UK, France and West Germany are seeking to co-ordinate their views, but there is still a sharp divergence of opinion on how best to meet this expected move. The possible courses of action for the Western powers are:

- (a) To ignore the GRD guards and to use force if necessary to maintain Western rights on the autobahn and rails;
- (b) To stop using road and rail and to institute an air lift to maintain the Western garrison of 10,000;
- (c) To accept, under protest, the transfer of control functions to GDR officials, provided there is no increase in the degree of control exercised.

The UK is inclined to support the third course; in dealing with East German officials it would state that it regards them merely as agents of the USSR. This would still confer a degree of de facto recognition on the GDR. However, this might not be entirely disadvantageous since, as in Korea, it could be useful, should serious trouble develop, to be able to distinguish between the forces of the USSR and those of its satellites. In addition, practical Western countermeasures could thus be reserved to meet Soviet steps which constituted a more direct threat to the presence of the Western troops in Berlin.

According to reports received November 24 from Canadian missions, the three Western powers are discussing the advisability of sending a note to the Soviet Union for the purpose of reminding the Soviet leaders of their various legal commitments with respect to the city. This note which would express the expectation of the Western powers that the Soviet Union would live up to these obligations, would be presented without waiting for the formal communication from the Russians that is anticipated and thus would, to some extent, take the initiative from them.

Chancellor Adenauer and most United States officials apparently oppose the slightest concession and consider that the United Kingdom approach would mean embarking on the slippery slope towards abandonment of the Western position in Berlin.

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ISSUE NO. 303

21 November 1958

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SOVIET UNION

1. Launching of a Fourth of the New
"F" Class Soviet Submarine

(SECRET)

The fourth unit of a new class Soviet submarine was launched, probably on 9 September 1958, from the SUDOMEKH Shipyard in Leningrad. Also sighted was the first unit of the class (pendant number 48) in a floating drydock in Sudomekh. This latter was observed to have four stern tubes and probably six bow tubes.

COMMENT: This sighting confirms previous estimates that these boats are new construction as opposed to conversions of older boats. Recent intelligence indicates that a fifth unit is probably nearing completion and should be launched in the near future. The construction time from keel laying to launching is estimated at about four months.

This new class of Soviet submarine has been allocated the title "F"-class.

EUROPE

2. Soviet Attitude towards Berlin.

(CONFIDENTIAL)

In a speech in Moscow on November 10, Khrushchev announced that the Soviet Union would hand over to the German Democratic Republic those functions relating to Berlin which are still exercised by Soviet organs. He accused the USA, the UK and France of turning West Berlin into a centre of subversive activity against the German Democratic Republic, the Soviet Union and other members of the Warsaw Pact. He said the three Western powers henceforth must form their own relations with the German Democratic Republic and come to an agreement with that Government themselves if they were interested in questions connected with Berlin.

COMMENT: When Khrushchev said that the time had come to reject that part of the Potsdam agreement which concerned Berlin, he obviously had in mind the agreed arrangements that had been adopted by the military authorities at an earlier stage, there being nothing in the Potsdam agreement itself which defines the Berlin situation. The Four-Power occupation of Berlin rests on prior agreements reached by the commanders-in-chief of the victorious forces after the capitulation of Germany. These were

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rather casual arrangements for which there is no agreed set of minutes. In recent years the Western powers have rested their claims to access to Berlin more on established practices than on the uncertain basis of the 1945 understandings. The cessation of the Blockade in 1949 did not impart any precision to the situation since the agreement merely provided for a removal of restrictions on traffic.

Although Khrushchev has repudiated the rights claimed by the Allies in Berlin, this does not necessarily presage a new Soviet attempt to forbid access to the city as was done by the Blockade of 1948-49. His statement would appear to be more of a warning of a step the Soviet authorities have been expected to take ever since September 20, 1955 when they concluded a treaty granting full sovereignty to the German Democratic Republic. The Treaty was accompanied by an exchange of correspondence which transferred to the East German authorities control of frontiers and of all lines of communication between West Germany and West Berlin. It was stipulated, however, that GDR control was not to apply to the personnel and supplies of the British, French, and U.S. garrisons in West Berlin, responsibility for these being "temporarily" retained by the Soviet military authorities.

Since the autumn of 1955 various forms of harassment and limitation have been imposed on rail and road traffic of the Western powers, but control of such traffic has remained in Soviet hands. The Western military authorities in Berlin have long expected that the day would come when Soviet guards would be withdrawn from the check points on the road and rail routes between West Berlin and West Germany; the Western powers would then be faced with the necessity of dealing with the East German authorities at these points, thus granting a degree of recognition. The only alternative would be an air lift at considerable cost.

Thus it is likely that the first practical result of Khrushchev's latest pronouncement will be the transfer to East German officials of complete authority on the roads and railways connecting Berlin and West Germany. This might be the only step until the Soviet Union has had time to judge the intensity of Western reaction. Later, however, the Western Allies may well face new impediments to the free flow of their traffic. The East German border officials now impose a toll on West German traffic using the road and are

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quite likely to exact similar dues from Allied vehicles. They may conceivably also require Allied travellers going by train or road to obtain East German visas. Air traffic at present is controlled by a four-power Air Safety Centre in West Berlin. If the Russian member is withdrawn it is possible that the three Western airlines operating into the city and Western military authorities will be told that their aircraft will not be allowed to fly through East German territory without prior permission of the GDR Government.

At this early stage, it seems that Khrushchev's principal motivation is to consolidate the Soviet Bloc and build up the prestige of the German Democratic Republic. This is supported by the fact that Khrushchev's comments on Berlin were linked in his speech with strong endorsement of the GDR's claim to sovereignty and significance. It has been suggested in the Press that Khrushchev's move is a new step in the campaign for a Summit Meeting. This seems less likely since, from the Russian standpoint the Berlin situation is not negotiable. The Soviet policy for some years has been one of granting steadily more power to the East German regime and they are not likely to reverse themselves now. This was borne out by comments made by Soviet Foreign Minister Gromyko to a Canadian official to the effect that Khrushchev had made reasonable proposals and negotiations on them were not necessary.

NORTH AFRICA

3. Elections in Algeria

(SECRET)

On 28-30 November eighteen Algerian electoral districts will elect 67 Deputies to the French National Assembly. When the lists of candidates were closed at midnight on 9 November, it was announced that there would be for the 18 multi-member Algerian constituencies 52 lists containing the names of 67 European and 126 Moslems to fill the 21 European and 46 Moslem seats.

COMMENT: Great interest had centered on the candidates who would put themselves forward for election. Premier de Gaulle had repeatedly expressed the hope that the candidates would represent a true cross-section of Algerian opinion and include Liberals and Moderate Nationalists as well as all-out

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Integrationists so that he would have from the election the "interlocuteur valable" with whom he could discuss the political future of Algeria. However, from the beginning it had been feared that the present FLN French stalemate resulting mainly from the FLN's rejection of de Gaulle's offer to discuss a ceasefire had diminished considerably the chances that Moderate Nationalist candidates would come forward. It was anticipated that these candidates would not be welcome to the FLN leaders who were opposed to the holding of elections and that if these candidates presented themselves they would be subject to FLN terrorism. Amongst the Integrationists, on the other hand, de Gaulle's offer of negotiation was, rightly or wrongly, taken as a first step towards full-scale negotiations. This had led to a hardening of opinion in the European settlers' circles against any move, either negotiations or a really free negotiation campaign, which might weaken their integrationist objectives. From the list of candidates published, it is evident that the broad cross-section which de Gaulle had hoped for was not achieved, and the failure of Moslems of stature in nationalist views to present themselves for election to Parliament must be considered to have constituted a severe setback for de Gaulle. The great majority of the candidates are Integrationists of one sort or another who represent or were selected by the extremist settlers which formed the nucleus of the Committee of Public Safety. A few candidates might be classed as Liberals and there are some Socialists who have not yet expressed their views on the future of Algeria, but there are probably none who fit the category of Moderate Nationalists.

Several European Liberals who had intended to run withdrew from competition. They include Jacques Chevallier, former Mayor of Algiers, Algerian-born Alain Savary, a former Socialist Minister, and Jacques Fonlupt-Esperaber, a former Deputy of the Roman Catholic Popular Republican Party. They all withdrew from competition on the grounds that they had been unable to find responsible Moslems to share a ticket with them and because they doubted that under current war-time conditions it was possible to hold completely free and representative elections in Algeria. Mr. Chevallier, at least, had urged de Gaulle to postpone the elections until a more propitious time, but this de Gaulle has refused to consider and there is apparently no question of deferring elections in Algeria. Such an action would have been interpreted as a victory for the rebel government in exile which has declared

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that elections held without its sanction and participation can have no representative value.

With the candidates who are running, the elections are now of very limited interest. As stated before, this development must be considered a defeat for de Gaulle inflicted upon him by FLN extremists and the European ultra-Nationalists in Algeria. Premier de Gaulle's attempt to hold meaningful elections before obtaining a ceasefire first has proved largely abortive and it is difficult to say how he could usefully discuss the future of Algeria with the kind of candidates who will be elected. It is similarly difficult to say how the elections will bring nearer a solution to the Algerian problem.

ADDENDUM

(RESTRICTED)

1. The following information is added to Brief No.6, "Pakistan Political Developments", contained in Joint Intelligence Summary, Issue No. 302 dated 7 November 1958:

"It is now reported that Lt.-General Sher Bahadur Khan has been appointed Chief of Army Staff, and that Major-General Malik Haq Nawaz Khan has been appointed Commander of Zone A."

Miss Faber

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COPY N° 96

ISSUE NO. 302

7 November 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Khrushchev's Proposal for
Educational Reform, USSR

(CONFIDENTIAL)

On the 21st of September 1958 Khrushchev produced for discussion a vague proposal for a further reorganization of the Soviet educational system, the outline of which had been approved by the Presidium of the Party. This plan apparently involves sending graduates of the primary schools (7-8 years schooling) at the age of 15 into the labour force for practical training. Except for the unusually gifted children, all children will go to work in factories or on farms and their secondary education will be obtained through correspondence schools or night classes. The scheme is to be widely discussed, and whatever plan is adopted will probably take three to four years to be put into effect.

COMMENT: Because of the priorities for heavy industry and postwar reconstruction, it was not until 1954 that a serious attempt was made to aim at universal 10 year education for all Soviet children which was to be accomplished by 1960.

In April 1958, Khrushchev asked for educational reform so that students of primary and secondary schools would have an understanding of productive labour. In June 1958, new regulations were published governing admissions to higher educational establishments and secondary schools which provided that 80 per cent of university places would go to students who had had two years work experience or who were veterans. At the same time, 30 per cent of the places in secondary schools would go to persons who had been engaged in productive work or who were veterans.

According to Khrushchev, universities can admit only 450,000 students each year. He said there is not room for all those who completed secondary education and at least 700,000 secondary school graduates did not go on to higher education in 1957. Khrushchev said that at the present time about 80 per cent of Soviet children who attend schools had not finished seven year education and the goal of compulsory seven year education was far from reached. It follows from this that the 1960 goal of compulsory ten year education is very far away.

In 1957 it became apparent that plants and regional economic councils were unwilling to absorb graduates from primary and secondary schools, the reluctance in part being due to the shortened workday for persons under 18 years and also the fact that these students were not familiar with the tasks to be performed. This is what Khrushchev calls being "divorced from life".

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Over the past few years, but particularly in 1956-57, studies by various Soviet organizations have revealed serious shortcomings in planning for the number of specialists by branches required by the national economy. It appears that the total number of specialists expected to graduate from higher educational institutions through 1960 completely satisfied requirements on the whole.

The studies showed that there was a lag in the training of engineers while the estimated number of graduates in geology, mineral prospecting, in processing of minerals, chemical technology exceeded requirements but in machine building, electric motor and electrical instrument building, in construction, geodesy and cartography requirements were not being met. To eliminate this, there was a compulsory transfer of several thousand students from some specialties to others and, while it was recognized that such transfers were injurious to both students and schools, it was proposed to continue the practice.

In the light of this background and also the desire of parents to have their children escape the rigours of factory or farm labour and to have the chance to reap the status and rewards available to the intelligentsia, there has grown an increasing pressure on higher institutions for admissions. At the same time there has been an aversion on the part of youth to hard labour.

It could be argued that Khrushchev's proposal stems largely from reduced increments now becoming available to the labour force because of low wartime birthrates. While this may be one reason, it hardly seems to be the over-riding consideration since a reduction in working hours and lack of skill of youths will reduce their effective participation for a few years at least. Thus the educational changes are unlikely to have a significant effect on labour force totals for the next few years. Depending on the final plan adopted, the significant effects of educational reform are likely to be potentially on productivity. This is because over a period of two to three years persons who under the old plan would normally be at school, will now be familiarizing themselves with machinery and productive processes and the economy will gain two to three years time i.e. whereas a youth would be entering the labour force at 18, he now enters at 15 and in three years will be an experienced worker.

In general, the need for educational reform likely stems from a combination of the following:

- a) - lack of a taste for manual labour by graduates of secondary schools,

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- b) - lack of sufficient teachers and accommodation to carry the compulsory ten year schooling into effect;
- c) - lack of accommodation for all students capable and desirous of going to University;
- d) - lack of a proper balance between the intake of the various faculties due to poor planning;
- e) - shortage of manpower in the labour force;
- f) - necessity for combining secondary technical training with training on the job in the light of rapidly changing technology;
- g) - necessity to provide a balance in elementary and secondary training between academic subjects now highlighted and vocational/technical training;
- h) - the urgent desire of preventing the establishment of an "educated class" for whom no jobs would be available in their specialties and from whom the seeds of discontent could spread.

2. New Soviet Ambassador to Canada

(SECRET)

On October 17th, 1958 Royal approval was given to the appointment of Dr. Amazasp Avakimovich Arutyunyan as Ambassador to Canada of the Union of Soviet Socialist Republic.

COMMENT: Dr. Arutyunyan has been a senior economist-diplomat for many years, as Head of the Economic Affairs Division of the Soviet Foreign Ministry from 1948 to 1955 and as Head of the First European Department from 1955 to the present. A technical specialist and administrator rather than a political figure, he is considered one of the leading Soviet authorities on the economy of the United States.

He is believed to carry significantly more weight in the Soviet Foreign Ministry than his predecessor, Dmitriy Chuvakhin. His posting to Canada may possibly therefore be interpreted, in the light of his background which is summarized below, as a reflection of increased importance

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attached by the Soviet Union to Canadian-USSR relations, particularly in the field of economic affairs, or might also be interpreted as affording an opportunity for examining the North American economy at close quarters.

Following is a brief curriculum vitae of Dr. Arutyunyan:

- born October 14, 1902 at Baku;
- in 1924 entered the First Moscow State University where he studied political economy, economic geography and Soviet foreign trade;
- in 1929 studied United States economic development for one year at the University of Minnesota;
- from 1930 to 1942 he worked at the Institute of World Economy and World Politics of the Soviet Academy of Sciences, eventually becoming Deputy Director of the Institute;
- in 1943 appointed to the Foreign Ministry as an economic adviser becoming Deputy Head of the Economic Affairs Division;
- from 1943 to 1948 he spent most of his time abroad as member of the Soviet delegation to:

the U.N. Conference on Food and Agriculture at Hot Springs, Virginia in May 1943; the Bretton Woods Monetary Conference in July 1944;

a session of U.N.R.A.A. in Montreal in September 1944;

the San Francisco and Potsdam Conferences;

the U.N. General Assembly in London in January 1946 as Secretary General of the Delegation;

the Council of Foreign Ministers Meeting in Paris from May to September 1946 as adviser;

- following service on a number of U.N. committees he was assigned to the Soviet Embassy in Washington in 1947 as Deputy to the Ambassador in negotiation for settlement of the USSR's lend-lease account;
- in 1948 he is believed to have been re-assigned to the post of Head of the Economic Affairs Division, becoming, shortly afterwards, a member of the Collegium;

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- from 1948 to 1954, although still holding this position, he participated at sessions of the U.N. General Assembly, the E.C.E., ECOSOC, and the International Labour Organization to which body he is now the permanent Soviet representative;
- in February 1955 he was appointed Head of the First European Department which is believed to be responsible for France, Italy, Switzerland and the low countries.

Dr. Arutyunyan speaks Armenian, Russian, French and English. He is married and has two children. At United Nations meetings he has earned the reputation of a firm and forceful spokesman. In personal relations he is said to be friendly, unconstrained and cultivated.

3. Intensification of Soviet Radio Propaganda
Directed to Under-Developed Areas

(CONFIDENTIAL)

Radio Moscow's fall schedule changeover reflects increased air-time directed to under-developed areas. Weekly broadcast hours have been increased from 3 1/2 to 7 hours in Burmese, from 7 to 10 1/2 hours in Portuguese to Brazil, from 3 1/2 to 10 1/2 in English from French to Africa and from 7 to 8 3/4 hours in Urdu. Weekly hours on the air to Britain have, however, dropped from 45 1/2 to 35 hours.

COMMENT: It is noteworthy that the largest increase of radio propaganda has been devoted to Africa. This development is probably closely associated with the second co-ordinating conference of Africanists of the Academy of Sciences of the USSR which was held in the Institute of Oriental Studies on the 13th of February 1958, at which considerable importance was attached to the need for establishing strong cultural and scientific connections with the Soviet Union in the interests of anti-colonialism and the "national liberation" of the countries of Africa and Asia.

At the conference a resolution was passed urging the creation of an All-Union Society of Africanists and a special agency to co-ordinate the study of the problems of Africa in the institutes of the Academy of Sciences of the USSR. The conference proposed that special courses in the history, economics, and literature of African countries be introduced in the programmes of history, economics and philology faculties and that a special Chair of African Studies be organized in Moscow University. It also proposed that teachers of the humanities and natural science take part in a composite expedition for the purpose of studying the African countries.

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4. Soviet Nuclear Tests

(SECRET)

Three nuclear tests have been reported in the vicinity of 50°N - 47°E. Date-times and estimated yields are as follows:

15 October, 1815Z 15 Kilotons

1 November 1015Z 10 Kilotons

3 November 0920Z 25 Kilotons

COMMENT: The area of the burst of the above tests appear to be similar to the area in which a very low yield (4 kilotons) nuclear test occurred on the 19th of January, 1957.

In recent weeks the USSR at no time announced any intention to cease tests by the beginning of the Geneva talks, despite undertakings by the US and UK to do so, but rather have stressed their "right" to continue tests until "parity" was achieved. The tests of November 1 and 3 suggest that in Soviet calculations the military need for continued tests overrides any possible political advantage which might be gained by discontinuing them.

MIDDLE EAST

5. Cyprus

(SECRET)

After struggling for five weeks to find an acceptable formula for a new conference on Cyprus, the NATO Council has had to acknowledge failure despite the active persistence, in some views too active, of Mr. Spaak. At the end of last week the Greek representative told the Council that his Government could not agree to attend the conference on the terms being examined, and that the issue would be transferred to the UN.

It is difficult to identify the real element of disagreement which prevents the conference taking place, since the formula proposed appears to meet most major requirements as to place, substance and composition. The Greeks chose to register a final objection on composition but an examination of their position seems to indicate that this was to support an independent decision of the Greek Government not to attend the conference at this time, probably because Archbishop Makarios had declined to go along with the Greek proposal to examine permanent independence for Cyprus as a final solution.

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Nothing is known of the timing or the terms in which Greece will bring the issue before the UN. The Greek Parliament is to reconvene on November the 15th after a postponement of a month. The Government's position will be difficult. They can be expected, therefore, to relate their moves in the UN to what will attract most support for their policy at home.

UK officials have indicated privately to us that they would wish any debate of the issue in the General Assembly to take place early rather than late, in order to assure that it will receive careful attention and not be disposed of by some anodyne resolution proposed simply to clear the agenda. The UK will be prepared to accept a resolution calling for a conference, provided there were prospects that such a conference would be fruitful.

On the final status of the island, the UK thinking is apparently not firmly developed. Permanent independence under UN guarantee is considered to be precarious, since the UN would find it difficult to prohibit ENOSIS should the majority of the population at a later date express the wish to join Greece. On the other hand, the UK argument that the population of 480,000 is too small to allow for a viable independent entity is hardly tenable in the face of the Icelandic history of independence with the population about one-third the size.

There are indications that at least at the official level the UK do not seriously consider partition to be a satisfactory final solution. Whether or not this represents the UK Government view, we know that the Turkish Government is now firmly committed in this direction.

ASIA

6. Pakistan Political Developments

(SECRET)

On October 7th President Iskander Mirza announced his decision to declare martial law in Pakistan, to abrogate the constitution, to dismiss the central and provincial governments, to dismiss the national parliament and provincial assemblies and abolish all political parties. General Mohammad Ayub Khan was appointed Chief Martial Law Administrator. All the armed force of Pakistan were placed under his command.

On October the 27th President Mirza announced his resignation. General Ayub Khan became President. The reason given by General Ayub Khan and President Mirza for this development was that there was not confidence in the country in a system of government in which authority at the top was

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divided between two men. It was also reported that General Ayub Khan felt that the people of Pakistan would not continue to have confidence in the new Government if the Office of President was held by a man who had been closely associated with former political parties.

The list of the members of Pakistan Cabinet with their portfolios is as follows:

General Mohammad Ayub Khan	- Cabinet Secretariat, Defence, and Kashmir Affairs
Lieut. General Azam Khan	- Refugees and Rehabilitation
Mr. Manzoor Qadir	- Foreign Minister
Lieut. General W.A. Burki	- Health and Social Welfare
Mr. M.M. Ibrahim	- Law
Lieut. General K.M. Sheikh	- Interior
Mr. S.M. Khan	- Communications
Mr. Zulfikar Ali Phutto	- Commerce
Mr. Hafizur Rehman	- Food and Agriculture
Mr. M. Shoaib	- Finance
Mr. Hafibur Rehman	- Information, Broadcasting and Education

Mr. Manzoor Qadir was formerly a well-known lawyer who was highly regarded in Lahore. Mr. Ibrahim was formerly Vice-Chancellor of Dacca University and was educated in law. Mr. Phutto is a young man aged 32 who is reported to have a good reputation in Pakistan as a scholar of political science. He was a lawyer in Karachi at the time of his appointment. Mr. Hafizur Rehman, who holds the portfolio of Food and Agriculture, is a retired civil servant. He was formerly in the Ministry of Food and Agriculture in East Pakistan. Mr. Shoaib was Pakistan's representative to the International Bank for Reconstruction and Development. Mr. Hafibur Rehman, who holds the portfolio for Information, Broadcasting and Education was formerly an Ambassador of Pakistan to Belgium.

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The Generals in charge of the three zones into which Pakistan has been divided for the administration of martial law are as follows:

Zone A - Karachi area

Lieut. General Malik Sher Bahadur

Zone B - West Pakistan

Lieut. General Baktiar Rena

Zone C - East Pakistan

Major General Mohammad Umrao Khan

General Musa, who was General Ayub Khan's Chief of Army Staff, is now Commander-in-Chief of the Pakistan Army. It is reported that Major General (now Lieut. General) Mohammad Habibullah, who is attending the Imperial Defence College, will be the new Chief of Army Staff upon his return to Pakistan.

After the imposition of martial law a new Governor of East Pakistan was appointed. He is Mr. Zahir Husain who was formerly Inspector of Police in East Pakistan and Chairman of the Federal Public Service Commission (Civil Service Commission). Mr. Akhtar Husain, the Governor of West Pakistan at the time martial law was declared, has remained in office.

The imposition of martial law, and the subsequent resignation of the President have not led to any unrest in Pakistan. In fact the country accepted these changes calmly. Prices for consumer goods fell. There never has been in Pakistan democratic government as we know it.

There were a number of arrests of former political figures on a variety of charges, of which the most conspicuous was corruption. These arrests have not yet had any political consequences.

AMENDMENT

On cover sheet of Summary Issue No. 301
dated 31 October 1956 amend to read;
"31 October 1958"

Miss Maber

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CANADIAN EYES ONLY

COPY NO 96

JOINT INTELLIGENCE SUMMARY

Attached are two briefs forwarded as CANADIAN
EYES ONLY ANNEX I to Joint Intelligence Summary Issue
No. 302 dated 7 Nov 58.

14 November 1958

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SECRET
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I.

RELATIONS BETWEEN TUNISIA AND ARAB LEAGUE

Tunisia's recent denunciation of the UAR in the Arab League, the condemnation of this action by other League members and the subsequent rupture of Tunisian-UAR diplomatic relations have led to speculation that the dispute arose from a bid by President Bourguiba for leadership of the Arab world. There would appear however to be many additional and more important factors in President Bourguiba's action.

The Canadian Ambassador in Cairo reported on October 22 that the Sudanese Embassy there had expressed the view that no member of the Arab League could possibly have given public support to Tunisia's initiative in launching a strong attack on the UAR in the League Council October 11 as this was done at an open meeting called for the purpose of welcoming Tunisia into membership. According to the Sudanese, the Tunisians, because of their timing and tactics, failed to get any of considerable support which they might otherwise have been able to expect from other delegations had their initiative been accompanied by diplomatic preparation in Arab League capitals concerned and had they awaited a propitious time to raise their complaints. As a result of the Tunisian initiative, the possibility of Arab League's acting successfully as a moderating influence on President Nasser had been at least temporarily weakened and President Bourguiba's internal position impaired.

In view of President Bourguiba's very considerable political acumen and experience, it is difficult to believe that he was unaware of the likely result of his initiative in the Arab League and that he would not have avoided the unfortunate timing and tactics he adopted unless there were very compelling reasons which prevented him from doing so. Mutual rivalry and hostility between him and President Nasser and Bourguiba's annoyance at refusal of UAR authorities to take action against his political rival, Salah Ben Youssef, may to some extent have clouded Bourguiba's judgment on this issue.

A possible explanation of the timing of Bourguiba's move was that it was dictated by exigencies of timetable set by General De Gaulle for his current moves with regard to Algeria. The General has since outlined plans which would seek a solution to the Algerian problem in a North African framework which would include recognition of "Algerian personality", close cooperation with metropolitan France and liaison with the free states of Tunisia and Morocco. A prerequisite for such a solution would be the close cooperation of Morocco and Tunisia and maintenance of their independence from Eastern Arab States, particularly in view of the latter's known opposition to the idea of a Maghreb Federation

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SECRET
CANADIAN EYES ONLY

closely linked with France. Tunisian cooperation in a Maghreb framework would, however, be politically impossible for Bourguiba unless the French were, in fact, prepared to bring about a liberal solution in Algeria. It seems unlikely, therefore, that Bourguiba would be prepared to commit himself to a complete break with the Arab League unless he had received some assurances from De Gaulle on the Algerian question. It also seems likely that before launching his proposals for Algeria, General De Gaulle, for his part, would have wished to receive assurances from Bourguiba that Tunisia would cooperate in such a scheme. A member of French Embassy in Ottawa has confirmed that General De Gaulle had been in touch with President Bourguiba about French intentions in Algeria and had sent him a letter indicating French willingness to negotiate a ceasefire with "external representatives" of rebellion. Our informant's personal impression was that the term "external representatives" had been chosen deliberately in order to include the possibility of negotiations with representatives of FLN, although, of course, not in their capacity as members of the provisional Algerian government and providing negotiations were held in France or North Africa and certainly not in Cairo.

If this analysis is correct, it is possible that timing of Tunisia's attack on the UAR was dictated by some understanding between President Bourguiba and General De Gaulle. This hypothesis is also supported by the fact that if President Bourguiba had all along wished to demonstrate publicly his independence from Cairo he could much better have done so by not joining Arab League in the first place.

It is possible of course that Bourguiba expected the UAR to withdraw its support from Salah Ben Youssef as soon as Tunisia applied for membership in the League. (There are even indications that Bourguiba considered making this a condition). Bourguiba may have estimated that any compromise with the UAR on Ben Youssef issue would have weakened Bourguiba's position at home, and after it became clear that the UAR was taking no action, may have decided that he had no alternative to withdrawing from an arrangement which he considered would undermine his prestige more than a rift with the Arab League. If President Bourguiba were to assume too openly a pro-western line and to launch strong public attacks on President Nasser and on Arab Nationalism, of which he is a symbol, these actions would be likely to undermine Bourguiba's domestic position. It is in the name of Arab Nationalism that very considerable support has been forthcoming for Algerian liberation movement from Arab League States and while it is more than conceivable that there is no firm public inclination in North Africa to become politically linked with, or subservient to, Cairo, there would equally be little popular enthusiasm for a policy of open hostility to Cairo. Moreover the personal feud between President Bourguiba and President Nasser is

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SECRET
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not necessarily shared by other Tunisian leaders.

A danger which the USA Ambassador in Cairo mentioned to our Ambassador was that Bourguiba's action in precipitating a diplomatic showdown with the UAR might be designed to force West into committing itself to a guarantee of Bourguiba's position rather like that which Chamoun had obtained early last summer from the USA and the UK. The American Ambassador was concerned lest if such an out and out guarantee were given, it might have some negative results as had Western encouragement to Chamoun to adopt too overtly and too completely pro-western policy to be domestically acceptable. The American Ambassador personally hoped that Washington would advise Bourguiba to be cautious and not push too hard in his anti-Nasser campaign lest the effect be to weaken irreparably his internal position.

As a result of his attack on the UAR in the Arab League, Bourguiba may well find himself in an uncomfortably isolated position in North Africa if the French are either unwilling or unable to make substantial progress in the near future toward the kind of solution in Algeria which would be acceptable to Tunisian public opinion. This isolation would be particularly acute if because of increasing internal political strength in Morocco of the extreme and panarab wing of the governing Istiqlal Party, King Mohammed were compelled to yield to current demands to reshuffle his Cabinet to give greater influence to representatives of the extreme wing and eventually to adopt a more neutralist and less pro-western foreign policy.

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JORDAN AND ISRAEL

2.

The last combatant elements of UK forces left on November 2, a week ahead of the date previously announced. The balance departed on November 4.

Indirect sources of information indicate that although an early Israeli-Arab conflict over Jordan is by no means inevitable, and although neither the UAR nor Israel seems anxious for a showdown, there continue to be a number of dangerous elements in the situation. A certain amount of the information coming out of Jordan appears to be contradictory, however. On the one hand, most of the Royal Family have apparently left Jordan: The King has indicated that he proposes to take a "holiday" outside of Jordan: and the date for the beginning of this holiday has been reported as November 9, the approximate date on which the UK had originally planned to complete the withdrawal of its troops. These reports have been accompanied by recurring rumours that the King plans to abdicate, and there have as yet been no prominent public denials of these rumours in Jordan.

On the other hand, there are reports that Hussein and Rifai have made a "confident assessment" of their ability to control the situation, and there has been a slight relaxation of security measures in Jordan and a reduction of sentences against and some releases of political offenders. There have also been a number of reports from public and confidential sources over the past month that King Hussein was attempting--so far unsuccessfully--to broaden the base of his Cabinet by adding leaders with greater popular support (although not by having recourse to Nabulsi himself). If true, this would at least seem to indicate a disposition on the King's part to attempt to maintain his position by limited compromise, rather than to abandon ship altogether. Relations are also being improved with the UAR: phone service from Amman to the UAR was restored on October 31 and road traffic and civilian air service immediately after the completion of UK withdrawal. Another report, which if confirmed would be of considerable importance, states that the clandestine "Jordanian People's Radio", a virulently anti-Hussein station said to be located in Syria, has not been heard for the last few days. This station, incidentally, had been "warning" the people against Hussein's "trickery" in attempting to broaden his Cabinet.

Israel's intentions regarding Jordan continue to remain obscure, no doubt intentionally. The latest official statements seem to indicate, however, a slight hardening in the Israeli position since hints about Israel's intentions towards the West Bank first began to be made in late July. Earlier, Israel implied that it might have to take action if Jordan's independence were menaced; now the talk is of a possible Israeli reaction

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CONFIDENTIAL
CANADIAN EYES ONLY

if there is a change in the "status quo" in Jordan, a phrase which could, if necessary, be interpreted to embrace a change to a republican regime. It is not certain whether Ben Gurion's so called "personal view" regarding the demilitarization of West Jordan under UN surveillance represents the objective which the Israelis would seriously attempt to attain if they decided upon a move against West Jordan, or whether it is a trial balloon designed to test international and Israeli domestic opinion. The latter view seems more likely and there are grounds for believing that a large part of the uncertainty which beclouds this whole issue is attributable to the fact that the Israelis themselves have not yet decided whether or in what circumstances they would move against Jordan, and what they could hope to achieve from such an operation. The fact that in contrast to 1956, they have been making so many open hints regarding their intentions invited the conclusion that there is an element of bluff in their tactics.

The UAR is undoubtedly and genuinely afraid of an Israeli move, but it would seem that Cairo's public outcry last week against what was claimed to be an impending Israeli attack was deliberately intended to forestall such an attack. It may indeed have partly succeeded in its objective, if in fact the danger of attack was real. In any case an additional deterrent to hostilities is likely to be supplied by the new UN organ which is now initiating its activities in Jordan under the terms of the Secretary General's report of September 30, and by the expanded network of UNTSO posts along the frontier agreed on between Jordan and the UN in August. The permanent deterrents to Israeli action in Jordan remain: the difficulty of absorbing or expelling the 815,000 refugees and other Arab inhabitants of the West Bank; the renewal of UN and great power pressures on Israel; the setback which would be caused to Israel's relations with Asian countries; and the possibility of a Soviet reaction. Similarly, the UAR is deterred from seeking to challenge Israel in Jordan by its heavy domestic preoccupations, by its unwillingness to assume the large financial burden involved in Jordan, and particularly by its fear of Israeli military strength.

Hostilities, should they occur, would not necessarily involve the UNEF Sector, since both sides might be content to allow this frontier to be neutralized. Following a cease-fire, redeployment of elements of UNEF to the Jordanian frontier would however be a matter for urgent consideration.

Miss Faber

TOP SECRET
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W A R N I N G

This issue of the Joint Intelligence

Summary contains the following parts:

Main Section - at SECRET level

Annex I - at TOP SECRET level but
CANADIAN EYES ONLY

This cover sheet may be removed when the
Annex is detached.

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31 October 1956

1958

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31 October 1956-1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Further Soviet Nuclear Tests
in Novaya Zemlya Area

(SECRET)

Seven more nuclear tests are reported to have occurred at the mid-island Novaya Zemlya test site. All are believed to have been air bursts at moderate to high altitude. Date-times and estimated yields are as follows:

15 October 0751Z - 2 megatons
18 October 0951Z - 10 megatons
19 October 0800Z - 40 kilotons
20 October 0820Z - 200 kilotons
22 October 0820Z - 8 megatons
24 October 0803Z - 2 megatons
25 October 0820Z - 250 kilotons

COMMENT: Sixteen nuclear explosions in the current Soviet test series have now been detected by the combined US-UK Long Range Detection System. Three were of relatively low yield (20 kilotons or less) and occurred in the general area 70°N, 54°E. The remaining explosions varied in yield from 40 kilotons to about 10 megatons, the highest yield achieved to date by the Soviet Union, and occurred in the general area 74°N, 55°E.

The three low-yield tests probably involved the detonation of operational devices in conjunction with naval exercises believed to be under way at the time in the Barents Sea. It is quite conceivable that tests of even lower yields, e.g. in the kiloton or fractional kiloton range, could have occurred in this area but escaped US-UK detection by the usual techniques.

The thirteen higher-yield tests at the mid-island site were probably part of the Soviet research and development program in nuclear weaponry. In all likelihood they were related to the attempted achievement of higher degrees of "cleanness" in weapons of various yields and/or to the development of physically smaller and lighter warheads for use in guided missiles.

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2. Soviet Seven Year Plan

(CONFIDENTIAL)

V.V. Grishin, Chief of the Soviet trade unions gave 1965 goals for steel, iron ore, pig iron and rolled steel, in an address to the eleventh plenary meeting of the Central Trade Unions Council. The goals for these commodities, along with certain goals which have been released earlier, are presented in the table at annex. Pending further evidence, it is assumed that these goals are in fact the Seven Year Plan goals.

The target figures in most cases are almost as large as those given by Khrushchev for 1972 in his 40th Anniversary speech in 1957.

What is more startling still is that the rates of growth necessary to achieve these targets are similar to those envisaged for the now defunct Sixth FYP, which plan has been labelled "over ambitious" by all Western observers.

Whether the 1965 goals indicated by Grishin can be fulfilled depends on many things. Conditions now seem more propitious than they were in 1956 and there is little doubt that many imbalances have now been corrected. Soviet leaders, admitting that insufficient provision had been made for increasing output in basic industries, deliberately cut back the rate of growth of the economy in 1957 and 1958, in order to build new capacity in these industries. The new goals cannot however be properly appraised until more of the characteristics of the new Plan have been revealed. (Note: - See table at Annex)

3. Attitude of the USSR Toward Disarmament

(CONFIDENTIAL)

Background Developments - In view of the unwillingness of the Soviet Union to take part in the work of the United Disarmament Commission, either on the basis of its original composition or as expanded by the UN General Assembly resolution of 14 November 1957, proceedings in the disarmament field during the past year have taken place largely outside the framework of the UN. There have been two focal points of interest: (a) The correspondence initiated by the Soviet Union on a Summit Conference in which the Soviet position on disarmament was in some respects developed; (b) The technical talks on means of detecting nuclear tests which took place in Geneva from July 1st to August 21, 1958. In addition a series of meetings took place in the Security Council during April and May, 1958, arising out of Soviet charges that flights of United States strategic air command aircraft in the direction of the Soviet Union constituted a danger to peace.

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Current Attitudes - In the UN General Assembly, which opened in mid-September, the Soviet Union has taken the initiative in the outer space and nuclear test questions and has revived its older arguments on general disarmament. The other main field - prevention of surprise attack - has received scant Soviet attention in the Assembly thus far, although the Soviet Union has agreed to participate in technical discussions on this subject in Geneva commencing 10 November.

Disarmement - In his opening statement in the UN General Assembly, the Soviet Foreign Minister said that disarmament was the most important problem facing the UN and in this context he criticized the USA for allegedly forcing other countries into warlike blocs. He said that the USSR was ready for productive negotiations on disarmament and he proposed a new disarmament commission in which half the members would be from Socialist and neutral countries. Gromyko has also submitted a resolution proposing that the major powers reduce their armament expenditures by 10-15% and use the resulting savings in part to benefit underdeveloped countries. This suggestion is new only in its detachment from the general framework of other measures since the basic idea of budget reduction was discussed in the Sub-committee of the Disarmament Commission in mid-1957, and the idea of using the savings accruing from disarmament for raising living standards has appeared several times in General Assembly resolutions.

Nuclear Tests - Gromyko said in his general statement on 18 September that the United States and the United Kingdom had not followed the USSR in stopping tests but had broken faith by using the opportunity to increase their test explosions and thus to try to gain an advantage. On 3 October the Soviet Union admitted that it had recommended nuclear tests and tried hard in its propaganda to justify this action on the grounds that it had been placed at a disadvantage through the unwillingness of other countries to follow the Soviet lead in stopping tests.

The Soviet Union has proposed a separate agenda item on this question and has submitted a resolution to the Assembly calling for the immediate halting of test explosions. The Soviet delegate argued that cessation of nuclear tests should be dealt with separately from general disarmament questions and as a matter of urgency and urged that a "directive" be given by the eighty members of the Assembly to the USA, UK and USSR whose negotiations on the problem of devising a political agreement on suspension of tests begin in Geneva on 31 October. Gromyko has said that unless there is immediate agreement to cease all testing, forever, the USSR will continue testing until the total of its weapons tests equals the number of tests conducted by the USA and the UK since last 31 March when Moscow suspended its own tests.

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Outer Space - The Soviet Union has placed an item on the General Assembly agenda with the title: "The Banning of the Use of Cosmic Space for Military Purposes, the Elimination of Foreign Bases on the Territories of Other Countries and International Cooperation in the Study of Cosmic Space." An accompanying memorandum said this item had been submitted "with a view to the preparation of a general international agreement on these matters in which all states could participate". The international agreement envisaged would include the establishment of a UN agency for international cooperation in the study of cosmic space. (The USA has submitted an item entitled "program for international cooperation in the field of outer space".)

On outer space Gromyko said in his general statement on 18 September that the utilization of outer space and elimination of foreign bases which had been linked in the Soviet proposals were but different aspects of the same question. He accused the USA of trying to separate use of outer space and foreign bases so that it could limit the uses of those weapons in which it was not technically advanced and gain an advantage with those weapons for which foreign bases were necessary. Discussion of the Outer Space items has not yet taken place in the UN General Assembly.

SATELLITES

4. Poland Adopting a Seven Year Plan

(CONFIDENTIAL)

The agenda for the third Congress convened by the Central Committee for March 10, 1959, includes an item as follows: "Outlines of the development of the National Economy in 1959-1965."

COMMENT: At the eighth annual plenary meeting of the Council for Mutual Economic Assistance (CEMA), a recommendation was adopted to set up a special Economic Commission to co-ordinate national development plans to run to 1965. The Commission was necessary because the Satellites had had to scale down the goals adopted earlier for 1960, and because the Soviet Union scrapped the Sixth FYP in favour of a Seven Year Plan to run from 1959-1965. The Commission presented draft plans to the Council at its meeting held in Bucharest in June, 1958. From this agenda item, Poland has evidently drafted a new Plan and it is probable that the other Satellites will make comparable announcements in the near future.

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5. Entomological Research in GDR

(CONFIDENTIAL)

A German defector reports that a research laboratory was set up at Klein Machnow, GDR in the fall of 1955. This institute consists of two sections: one engages in the breeding of insects such as flies, and particularly flies resistant to insecticides, while the other section tests insects or carriers of chemicals. The latter section operates under strict security conditions and has been visited by Russian military scientists and a civilian professor of bacteriology.

The laboratory was originally subordinate to the GDR Rabies Institute, but was transferred to the Ministry of Health in July 1957: it is headed by a Communist, Professor Eichler.

COMMENT: This report, although its reliability cannot be judged, may well be correct. It strongly suggests that the above laboratory is engaged in research concerning the use of insect vectors in BW. It is suspected that similar work is being done in the Soviet Union.

MIDDLE EAST

6. Pipeline from Iran to Turkey

(UNCLASSIFIED)

An agreement was signed on 19 Oct 58 between Turkey and Iran for the construction of an oil pipeline from the Iranian oil fields of Qum to the Turkish Mediterranean coast at Mersin, a distance of some 1,000 miles, with a capacity of 30 million cubic metres annually, (approx. 30 million metric tons).

The agreement is for a duration of 80 years, and royalties are to be divided 50-50. Iran will build the pipeline, the cost of which will be amortized over a five year period during which the Turkish government will receive only 23% of the royalties.

A group of four western oil companies plan to build a refinery with a capacity of 3 million tons per year at the terminus, Mersin, which is to be in production by 1960.

COMMENT: Negotiations for the construction of a pipeline through Turkey have been hanging fire since June, partly because the Qum oil fields have not yet been proved. The revolt in Iraq brought the issue to a head and the present agreement is extensive, applying not only to Qum but to other oilfields including Abadan.

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Another indication of the political motives behind the agreement is the fact that it was apparently signed before all the financial arrangements had been made. When completed, the line will be the shortest sure link carrying Iranian oil to the west, and the first international pipeline out of Iran.

7. New Lebanese Government

(CONFIDENTIAL)

After five months of conflict, the formation of a four-man emergency coalition cabinet in Lebanon on October 15 seems to have brought the immediate crisis to an end, and conditions in Beirut are rapidly returning to normal. The composition of the new cabinet is a hearteningly sensible compromise between the major contending groups: the premiership of Karami, one of the chief Moslem leaders of the former opposition, is matched by the presence in the cabinet of Pierre Gemayel, leader of the principal militant pro-Chamoun Christian group; and Oueini and Edde, the other two ministers, were members of the moderate wings of the former opposition and the pro-Chamoun faction respectively. The new cabinet is composed of two Sunni Moslems and two Maronite Christians, and the numerous other sects normally represented in all Lebanese cabinets have expressed their satisfaction with this temporary arrangement, although the Cabinet will no doubt have to be enlarged or re-formed at a fairly early date in order to include them. The two Sunni members of the Cabinet have come off slightly better than the two Maronites in the distribution of portfolios, and the fact that Oueini holds the Ministry of Foreign Affairs represents a significant departure from the Lebanese tradition of Christian Foreign Ministers, but the Maronite Edde holds the key portfolio of the Interior, vital during the transitional period while an attempt is made to disarm the population.

Many personal scores are still to be settled in Lebanon, most of the major issues are yet to be faced, and sectarian incidents could recur. The later stages of the recent disturbances showed, in fact, that to a greater and greater extent, the central political problem in Lebanon is coming to be a dispute over the country's continuance as a nominally Christian state, in the light of the probably well-founded Moslem belief, shared by some Christians, that the "Christian majority" in Lebanon is now a fiction. This remains, however, a long-term issue; prospects for a period of tranquility are good.

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8. Soviet Assistance for Aswan High Dam

(CONFIDENTIAL)

The Soviet decision to provide the equivalent of \$100 million (at the official rate of the rouble) to meet the renewed UAR request for financial assistance for building the first stage of the Aswan High Dam is an event of major significance. The usual Soviet terms are granted: repayment to start upon completion of the first phase of the irrigation and power project (estimated to be in four years), repayment then to be spread over a period of twelve years at 2½ per cent interest.

This project has been the central theme and symbol of the Egyptian revolutionary regimes economic development policy, and the willingness of foreign powers to contribute to its financing has exercised a profound effect on the orientation of Egyptian foreign policy. The abrupt withdrawal in July 1956 of Western offers of assistance (\$200 million from the International Bank for Reconstruction and Development, \$56 million from the United States and \$14 million from the United Kingdom) constituted a turning point in relations with the West and led directly to the nationalization of the Suez Canal Company and indirectly to the Suez crisis.

Internally, the Dam holds forth the only prospect of enabling economic growth in both agriculture and industry to keep pace with population increase, Egypt's most pressing domestic problem. Externally, all underdeveloped, and especially Arab states, are bound to be impressed with the ability of the Soviet Union to furnish funds of such magnitude. Moreover the Soviet willingness to do this for a project that is essentially constructive, peaceful and designed only to raise living standards, is likely, in the Arab mind, to stand in strong contrast to the concurrent Western moves to release additional military equipment to Israel. While the new agreement will have an important impact in influencing UAR public opinion favourably towards the USSR and will tend to foster closer economic relations between the UAR and the Soviet bloc it must be viewed in its proper perspective. Since the terms of the new credit are similar to that of the Soviet-UAR economic agreement, approximately 2% of Egypt's annual exports will be sufficient to ensure repayment over the twelve year period in question. Moreover economic development projects such as that of the High Dam will, once in operation, themselves generate at least part of the means of repayment and should therefore represent much less of a burden to the Egyptian economy than military credits which are economically unproductive.

The Soviet decision constitutes also a set-back to current attempts in the United Nations and elsewhere to develop a multilateral regional approach to the economic problems of the area.

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The High Dam project on the Nile has been under serious investigation since 1952, when preliminary designs for a dam four miles above the existing Aswan Dam (built in 1902) were drawn up. The complete plan envisages the building of a dam 361 feet high and 3.1 miles long with a capacity of 130 billion cubic metres, and capable of converting .7 million acres of intermittently irrigated land to perennial irrigation, and an additional 1.3 million acres to irrigation for the first time. Since Egypt's current irrigated area is about 6.2 million acres, this would increase irrigated land by almost one-third. A cost of about \$1.3 billion is estimated for the total project, with a construction time of 12-16 years. The reservoir, which would be nearly 400 miles in length, would flood over 90 miles of Sudanese territory, including the town of Wadi Halfa.

The carrying out of the full project is on a scale far beyond Egypt's internal resources of money, industrial capacity, and technical knowledge. However, at the time of the drawing up of the plan, the U.S. let it be known that it was willing to advance \$56 million and Britain \$14 million, while the World Bank offered a loan of \$200 million. But in July 1956, following the conclusion of the Egyptian-Soviet Bloc arms deal, the U.S. withdrew its offer of financial help and Britain and the World Bank followed suit. When Egypt subsequently nationalized the Suez Canal it was announced that the High Dam would be financed by part of the income from canal dues. Since the "profit" on the operations of the Suez Canal for this year, after payment of running costs, should amount to between \$30 and 40 million, and compensation still has to be paid, this announcement seems to be highly optimistic. Although there have been rumours that businessmen in both West Germany and Japan have been interested in the possibility of taking part in the project, so far there has been no indication that financial aid in support of any construction plans has been obtained from any Western source. However, various reports indicated that Egypt had been seeking Soviet assistance for this project since 1956.

In July 1957, Nasser announced a "revised" project which would cost about \$175 million and would involve the building of an upstream coffer dam capable of irrigating about 1 million acres. It is apparently this "first phase" project which the proposed Soviet loan is intended to finance.

Since in January 1958 an economic and technical co-operation agreement was signed in Moscow providing for a Soviet credit of \$175 million for Egypt, this latest loan brings to \$275 million the total Soviet industrial credits granted to Egypt, in addition to large-scale arms credits. Since the seizure of the Suez Canal, Egyptian trade and dependence upon outside financial and technical aid have been increasingly directed towards the Soviet Bloc. However, Egypt will require extensive additional aid to complete the entire High Dam project and the door is apparently still open to the West if it is willing to offer its help.

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NORTH AFRICA

9. General de Gaulle's Algerian Policy

(RESTRICTED)

President de Gaulle's strong move to reassert civilian authority over the army seems thus far to have been successful. His orders to the military to withdraw from the Algerian Committees of Public Safety, which appear to have been put into effect without delay, have obviously thrown the "ultras" in Algeria into confusion. The abortive attempt to call a general strike in protest against de Gaulle's orders indicates that, without the support of the army, the civilian committee members have lost their grip on the population. The strike call was the signal for a large number of resignations from the committees. Press reports from Algiers dated 20 October stated that the Committee for Public Safety in Algiers and the Sahara had that day ended its existence as such and indicated that its remaining members would be reorganized as a political group.

General de Gaulle's stated reason for ordering the military out of the political arena was to leave them free to carry out the government directive that the elections be held on a completely free basis in which candidates of all shades of opinion may exercise their right to present themselves for election. This clear-cut order from Paris is perhaps the biggest single step forward by any French government in the Algerian arena since the crisis began in 1954. The effects of this liberal decision may be tempered, however, since it has been reported that members of both the Communist Party and the National Liberation Front (FLN), which are already banned in Algeria, will be excluded from the lists. Press reports from Algiers indicate that intensive French anti-rebel operations which began on 15 October may be designed to establish remaining active insurgent centres before the Algerian elections 30 November.

Recent more conciliatory declarations by Ferhat Abbas, leader of the Algerian "provisional government", regarding possible negotiations with the French may be interpreted as an indication that the FLN are themselves worried about the possible effect in Algeria of the new French policies and are fearful that developments may leave them out in the cold.

In France, itself, de Gaulle's order to the Army to withdraw from politics has undoubtedly strengthened the General's support among moderate and liberal elements, while at the same time creating hostility in the extreme right-wing.

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10. Tunisia - U.A.R. Relations

(CONFIDENTIAL)

At the meeting of the Arab League in Cairo on October 11, the Tunisian representative strongly attacked the UAR's interference in Tunisian affairs and its attempts to dominate the League. The Tunisian representative walked out of the meeting, and his attack was condemned by all other members of the League. Tunisia broke off relations with the UAR on 15 October, and President Bourguiba, in explaining this move to Tunisia's Constituent Assembly on October 16, pledged support to the West.

COMMENT: There are two main causes for this rift between Tunisia and the UAR:

- (a) Tunisia's geographic position makes necessary the maintenance of friendly relations with the West, and Nasser's attempt to turn the Arab League into an instrument of UAR policy conflicts with this aim. (It also interferes with Bourguiba's desire to create and lead a North African Arab federation.)
- (b) The UAR has given substantial assistance to Salah Ben Youssef, Bourguiba's bitter opponent, who is resident in Cairo, and whose agents reportedly have made attempts to assassinate Bourguiba. Bourguiba has tried, through diplomatic channels, to have Cairo withdraw its assistance to Ben Youssef, and he no doubt hoped that the UAR would meet his wishes in this respect after Tunisia joined the Arab League. The UAR did not live up to his hopes.

It was apparent that the Tunisian Government had reluctantly yielded to internal and external pressures when it followed Morocco in applying for membership in the Arab League. Bourguiba's latest attack on UAR policies may be designed to drive home Tunisian determination to continue an independent policy regardless of its Arab connections. This could perhaps more easily have been accomplished by a Tunisian decision not to join the Arab League. However, events since that decision, and in particular the success of the referendum in Algeria, may have convinced President Bourguiba that he is now in a better position domestically and vis-a-vis the FLN to assert his independence and resist UAR pressures. General de Gaulle's success in Algeria and his apparent determination to implement liberal policies there may have restored Bourguiba's hope that a North African solution will be found which will enable Tunisia to maintain its Western orientation. His action was probably also influenced by Tunisia's difficult economic position and the need for additional economic aid from the West.

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King Mohamed V of Morocco has given Bourguiba guarded support in his stand against the UAR, although the Moroccan delegate to the Arab League meeting condemned the Tunisian action. The FLN, leaning heavily on both Cairo and Tunis, are now placed in an extremely awkward position, and have not yet taken a stand. The current meeting in Rabat of the Permanent Secretariat of the Maghreb will probably be used by Bourguiba to try to convince the FLN to come down on the side of the Tunisians. If he fails, the risk of incidents between armed pro-UAR Algerians in Tunisia and Tunisian troops will be greatly increased.

Refer Item 3 page 2

Soviet Goals for Specified Commodities, 1965 and 1972 with Comparisons

Commodity	Unit	1957 Production	Planned 1958 Production	7 Year Plan Goals	Khrushchev's Tentative 1972 Goals	Rates of Growth Necessary to Meet 1965 Goals Assuming Fulfilment of 1958 Goals.		Rates of Growth Envisaged in 1956 to Meet 1960 Goals	
						Average Annual Increase Physical Units	Annual Percentage Increase	Average Annual Increase Physical Units	Annual Percentage Increase
Steel	Million Metric Tons	51.1	53.6	91	100-120	5.3	7.8	4.6	8.6
Iron Ore	Million Metric Tons	84.0	n/a	246	250-300	24(a)	14.4(a)	8.4	9.5
Pig Iron	Million Metric Tons	37.1	39.1	70	75-85	4.4	8.7	3.9	9.7
Rolled Steel	Million Metric Tons	40.2	41.7	70	n/a	4.0	7.7	3.5	8.4
Cement	Million Metric Tons	28.9	33.9	82	90-110	7.0	13.4	6.5	19.6
Natural Gas	Billion Cubic Meters	20.5	31.2	150	270-320	17.0	25.1	5.4	32.2(b)
Wool Fabrics	Million Meters	282.0	289.4	500	550-650	30.1	8.1	22.2	7.5
Leather Shoes	Million Pairs	314.2	342.2	515	600-700	24.7	5.6	28.5	8.7

(a) As the 1958 goal is not available, these figures were calculated on an eight year basis (1958-1965), using 1957 as the base.

(b) Not strictly comparable. The 1960 goal for natural gas was not given in 1956, but since that time 1960 goals have been given which show the gas industry to be expanding rapidly over what it was in 1956. Since the 1956 output was modest, the rate of increase is enormous. The base for calculating the 1965 rate of anticipated growth is much larger, and the growth rate is proportionally smaller.

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ANNEX I

TO JIC INT SUM No. 301
dated 31 October, 1956

1. U.K. Submarines to Israel

The two "S" class submarines recently purchased by Israel from the UK are of 715 tons displacement. This class of submarine does not have guns mounted but has provision for carrying 13 torpedoes. They are fitted for snorkelling, and have a complement of 44.

The first 'S' class submarine is now proceeding to Liverpool for refit, and is not expected to be operational for six months. The second submarine at present at Malta, is also to undergo refit in the UK and will not be operational for one year. The crews have already been trained in France. Further training, however, will take place in the United Kingdom. No decision has yet been made on the torpedoes and mines to be supplied.

2. General de Gaulle's Letter Re NATO

A recent communication from General de Gaulle to Prime Minister MacMillian and President Eisenhower reflects his strong dissatisfaction with the North Atlantic Alliance on the context of modern developments and the global commitments of its larger members. In the process he may have diagnosed a weakness of NATO, but his remedy is surely lethal for the patient, and hardly new. His concept of a Three-Power directorate to take decisions on all political matters affecting world security and for drawing up and, if necessary, putting into action strategic plans, especially those involving the use of nuclear weapons, revives in a different form an old French idea which involved the establishment of a restricted combined Chiefs of Staff Committee with extensive authority. This idea and a similar German scheme for a political standing group in NATO were never seriously considered.

Views similar to those of the French leader were expressed recently by Field Marshal Montgomery. In a farewell address to the Council he stressed the need to revise the NATO structure to enable it to cope with the global problems; there was an urgent requirement for common policies between the group of nations with a parochial outlook and those with world-wide interests and for new strategic planning on a global basis. He stated

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that the NATO command structure was highly inefficient and not capable of directing a modern war.

COMMENT: The evidence suggests that prestige is a major factor motivating General de Gaulle's initiative, in the same way that prestige goes a long way towards explaining the French attitude respecting nuclear tests. This striving for recognition as a member of the "Big Power Club" undoubtedly reflects a distorted assessment of France's position and influence in world affairs but nevertheless it exists. The General seems obsessed with a desire to regain for France, under the 5th Republic, the full glory of years long past. It is also probably his hope that "joint decisions on all political matters affecting world security" would in practice mean United States and United Kingdom support for French policies in North Africa and other areas where France has urgent problems.

From reports received from Washington it appears that General de Gaulle conveyed similar ideas orally to Mr. Dulles as long ago as last July. The Secretary of State is not prepared even to consider the French suggestion of a political standing group. While he is prepared to admit that there are many subjects on which close consultation between the three larger powers is desirable, any formal arrangement covering all subjects would obviously be unacceptable to most of the members of NATO. According to information received through the German Permanent Representative to NATO, Chancellor Adenauer was "very put out" when he learned of de Gaulle's proposals and has written to the French leader expressing his concern and indicating that the carrying out of such proposals would never be acceptable to German public opinion.

The United Kingdom view would seem to be that the control concept of a three-power directorate with wide powers "would be manifestly unacceptable to other members of NATO and would be equally unacceptable to Commonwealth countries, the United Kingdom or the United States". On the other hand, they recognize that the General "has identified a very real problem". Their objective is to avoid giving the General a straight rebuff and, at the same time, deal with the matter in a way which would minimize the strain on NATO.

To achieve this objective they are planning to consult with the United States with a view to preparing their replies and to lay the groundwork for later tripartite discussions. They propose to deal initially with the French authorities in an effort to avoid letting the matter become a centre of an uncoordinated controversy in NATO. However, they have indicated that the matter may well have

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to be thrashed out later in NATO and that, in the long run, this may be the best way of handling it. There is no reason to believe that the United States authorities are planning a different approach in this respect. Mr. Dulles has indicated that he is hopeful officials in the Quai d'Orsay can be instrumental in convincing the General of the inherent difficulties in the way of implementing his plan and thereby make it less necessary for other governments to commit critically.

The French plan:

- (i) Suggests that the middle and smaller powers of the Western Alliance, which also have commitments and responsibilities, should have little or no say in the direction of the policies and plans of the Alliance;
- (ii) If presented within NATO in its present form would result in acrimonious, uncoordinated and disruptive debate; and
- (iii) Would have a particularly damaging effect upon the uncommitted countries which might interpret such a move as an impingement upon certain areas in which they claim a direct interest and would probably reinforce the misgivings they have often expressed about the militaristic tendencies of the Atlantic Alliance.

Clearly the General's initiative contains highly objectionable features. It is considered the primary responsibility of the United States and the United Kingdom to dissuade him from pressing it and to attempt to extract any positive aspect from the proposal. In this connection it may be asked whether there might not be some advantage in recognizing that, in part, the question of political consultation appears to be directly involved. More precisely it seems to relate to the problem of consultation on matters which lie primarily outside the NATO area. In the past two years many of these matters have been discussed in the NATO context and the range and frequency of such consultations have increased. However, in the light of the General's intense dissatisfaction, it is for consideration whether the time is not ripe for a re-examination within NATO of the whole concept of political consultation with a view to identifying weaknesses and, where appropriate, suggesting means of improvement.

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ISSUE NO. 300

17 October, 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Further Soviet Nuclear Tests in the Novaya Zemlya Area

Three more nuclear tests have been detected in the Novaya Zemlya area. A low-yield test estimated at 5 kilotons occurred just south or southwest of the island in the approximate area 70 N 54 E on 6 October at 0631Z. The other two tests occurred at the mid-island test site on 10 October at 0750Z (estimated yield 100 kilotons) and 12 October at 0754Z (estimated yield 2000 kilotons) respectively.

COMMENT: There have now been six moderate-to-high yield nuclear tests conducted at the Soviet mid-island test site in the present test series and three low yield tests just south or southwest of the island. Preliminary evidence indicates that all nine tests were air bursts at a sufficient altitude to register little or no seismic effect on the U.S. Long Range Detection System.

2. BADGER Aircraft

Initial photographic interpretation of the recent North Pole 6 photography carried out by 408 (R) Sqn indicates that the dimensions of BADGER will probably have to be reduced approximately 5%.

COMMENT: The effects of this dimensional reassessment on performance are expected to be of small magnitude and will probably result in a small increase in the aircraft's speed and altitude and a small decrease in its weight and range.

COMMONWEALTH

3. Pakistan Political Situation

The reports from Pakistan since October 8, when President Iskander Mirza took over the government and proclaimed martial law, indicate that for the time being at least the political situation has been quiet. The Pakistani press has been restricted from printing

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contentious political articles. The President is apparently confident that the professional Pakistani Army, which is overwhelmingly composed of West Pakistani troops, will remain loyal to him. He regrets the establishment of martial law, but claims that it was necessary in order to deal with corruption and political opportunism. He felt that while the police could be bribed by "opportunists" and "grafters", these men would fear the Army.

No authoritative reports about the arrest of any former political leaders in West Pakistan have been received. On the other hand, a report has been received that Maulana Bashani, the National Awami Party (NAP) leader of East Pakistan has been arrested. NAP is a splinter group of the Awami League which was led by H.C. Surawardy. Maulana Bashani was arrested under the provisions of the East Pakistan Safety Act of 1957.

For purposes of administration of martial law, Pakistan has been divided into three zones. One zone comprises Karachi and its suburb, Malir. The second zone consists of the remainder of West Pakistan and the third zone consists of East Pakistan. The Army commanders at Peshawar and Karachi have responsibility for the administration of martial law in the two areas of West Pakistan. Major-General Bakhtair Rana is in command at Peshawar and Major-General Sarfaraz Khan is in command at Karachi. The commander in East Pakistan is Major-General Umral Khan. It is reported that a new governor of East Pakistan, Zakhir Hussain, has been appointed. The governor of West Pakistan, Akhtar Hussein, has so far remained in office.

As far as is known, General Ayub Khan is sympathetic to constitutional government as well as to the West. The Army has remained apart from politics since he became Commander-in-Chief in 1951. On the other hand, there is some possibility that he may have personal political ambition. In any event, it is expected that he will support President Mirza, to ensure the maintenance of stability until such time as a generally acceptable government appears. In the immediate future, such government is likely to be by presidential decree, to be followed by the appointment of a group of ministers designated by Mirza. The extent of unanimity likely to develop among former opposition parties is not yet clear. The Army is expected to be able to maintain order, although the strength on the cease-fire line in Kashmir may be reduced. There are no signs that a reduction of the forces facing the Indian Army there will induce India to apply military pressure.

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(unless otherwise classified)

DISARMAMENT

4. Negotiations on the Suspension
of Nuclear Tests

(CONFIDENTIAL)

The technical discussions in Geneva on the possibility of detecting violations of an agreement on suspension of nuclear tests concluded with an agreed report on August 21. On the following day President Eisenhower welcomed that result and proposed that negotiations begin on October 31 between nations which had tested nuclear weapons, for an agreement on the suspension of nuclear tests and the actual establishment of an international control system on the basis of the experts' report. The US stated its readiness to withhold further testing for a period of one year from the beginning of negotiations, unless testing was resumed by the Soviet Union. As part of the agreement the US would be prepared to suspend testing on a year-by-year basis subject to annual determination that: (a) the inspection system was working effectively; and (b) satisfactory progress was being made on disarmament measures. A parallel statement was issued by the United Kingdom in more general terms. These statements were welcomed by the Prime Minister.

On August 30 the Soviet Union presented notes to the US and UK stating readiness to begin negotiations on October 31 and suggesting Geneva as the site. It also proposed agreement that the negotiations should be concluded to two or three weeks. The notes enclosed the text of an interview between Khrushchev and a Pravda correspondent in which Khrushchev: (a) criticized harshly the US and UK positions and especially the conditions proposed for the suspension of tests; (b) argued that the technical discussions had shown there was no excuse for rejecting the discontinuance of weapons tests; (c) stated that the US and UK action by conducting intensive test series had released the Soviet Union from the obligation it had unilaterally assumed and that the Soviet leaders could not ignore the vital interests of their national security.

On September 10 the US and UK agreed to holding the negotiations in Geneva and proposed that the issues raised by Khrushchev be reserved for discussion at these meetings.

On September 11 the Soviet Ministry of Defence declared the establishment of a danger area in the Barents and Kara Seas from September 20 to October 25 in terms identical to those of a similar announcement preceding a 1957 test series.

On September 15 the Soviet Union requested the inclusion in the agenda of the thirteenth session of the General Assembly as a question of an important and urgent character the item "the discontinuance of atomic and hydrogen weapons tests". The supporting memorandum argued that the question

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of nuclear tests should be resolved independently and should not be linked with other disarmament problems.

On September 30 the United States announced that two nuclear explosions had occurred that day in the Soviet Union.

On October 1 the Soviet Union presented notes to the US and UK which reaffirmed the view that the purpose of the prospective conference was to teach agreement on the stopping "forever" of nuclear tests. It also proposed that the conference should be held with the participation of the three foreign ministers.

On October 5 the Soviet delegation to the General Assembly issued a draft resolution calling upon all states carrying out atomic and hydrogen weapons tests immediately to halt such tests, recommending that states possessing nuclear weapons should enter into negotiations with a view to concluding an appropriate agreement, and calling on all states to adhere to that agreement.

COMMENT: The intensive series of nuclear tests conducted by the United States and the United Kingdom appear to have led the Soviet Government to decide that military considerations made the resumption of testing advisable. Provision for such a contingency was made in their announcement of March 31. In his interview of August 30 Khrushchev indicated that the Soviet Union could not neglect its security. The announcement closing the Novaya Zemlya area reflected a readiness to conclude the present test series before negotiations begin.

While watching its military interests the Soviet Government has also reflected anxiety to preserve its posture as the leader of the peace-loving camp in opposition to the continuation of nuclear tests. Accordingly it has renewed its leadership in the United Nations by proposing a somewhat redundant item for consideration by the General Assembly; it has indicated the importance it attaches to the three-power negotiations by proposing that foreign ministers take part; it has put forward a simple and readily comprehensible aim for negotiations; and it has emphasized in several statements that only the evil designs of the US and UK have forced the Soviet Union to look to its defences.

It would appear that the Soviet Union is likely to seek to generate pressures in the General Assembly in favour of the permanent cessation of tests subject only to agreement on a system of control along the lines recommended by the experts, and to pursue that objective in the three power negotiations.

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SOVIET UNION

1. Resumption of Soviet Nuclear Testing

(SECRET)

Two nuclear explosions were recorded by the U.S. Long Range Detection System in the general area 74N 54E on 30 September, 1958. The explosions occurred at 0750Z and 0955Z. Preliminary evidence indicates that both were airbursts at moderate altitude, possibly 10,000 feet or less, with respective yields of about 700 and 2,000 kilotons.

COMMENT: Shortly after the conclusion of an extensive test series in February and March, 1958 involving tests in both Novaya Zemlya and Semipalatinsk areas, the Soviet Union announced its intention of unilaterally discontinuing nuclear testing. The two explosions on 30 September indicate that military and other considerations, including continued testing by the U.S. and U.K., have "forced" the Soviet Union to abandon this intention. It is expected that these two tests are the start of a new series, but that in all probability the Soviet Union will terminate its tests shortly before 31 October, at which time talks on an international nuclear control system are scheduled to start in Geneva.

It is not yet clear what connection, if any, there may be between the present test series and the Northern Fleet exercises which are believed to be under way in the Soviet Western Arctic.

At the Geneva talks on nuclear test detection in July and August, the Soviet Union took a strong stand on the possibility of detecting high-altitude explosions (above 30-50 km.) by means of properly instrumented earth satellites. It is considered likely therefore that before 31 October the Soviet Union may conduct one or more high-altitude nuclear tests and attempt to detect and observe these from earth satellites and by other means. There are several likely areas in the Soviet Union and in Communist China that might be used for launching missiles with nuclear warheads.

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2. Soviet Nuclear Testing Continues in the
NOVAYA ZEMLYA Area

Two nuclear explosions were recorded by the U.S. Long Range Detection System as having occurred in the general area 74N 54E on 2 October, 1958 at 0800Z and 0910Z. Preliminary yield estimates are 300 kilotons and 60 kilotons respectively. No seismic signals are believed to have been recorded.

COMMENT: These two explosions represent the third and fourth nuclear tests of the current Soviet series which resumed on 30 September. The absence of seismic signals would indicate minimum heights of burst of about 5,000 and 2,000 feet respectively.

3. Soviet Nuclear Testing Continues
in the NOVAYA ZEMLYA area

(SECRET)

Two nuclear explosions were recorded by the U.S. Long Range Detection System as having occurred in the NOVAYA ZEMLYA area on 4 October at 0600Z and on 5 October at 0645Z respectively. Preliminary yield estimates are 20 kilotons or less for both explosions. Acoustic signals only are believed to have been recorded.

COMMENT: These two explosions represent the fifth and sixth nuclear tests of the current Soviet series. The absence of seismic signals would indicate a minimum height of burst of about 1200 feet for an estimated yield of 20 kilotons.

4. Review of Soviet Nuclear Power Programme

(SECRET)

The table attached at Appendix A gives the main characteristics and operational status of the various experimental and industrial-type power reactors which make up the present and planned Soviet nuclear power programme.

COMMENT: Except for the 100-megawatt station which has just gone on full power and is almost certainly part of a plutonium production complex, it is seen that the initial Soviet approach to large-scale nuclear power is still based on the use of enriched uranium fuel. Obviously the Soviet Union anticipates that production of enriched uranium from its gaseous diffusion plants will continue to be adequate for both military and civilian requirements.

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The presumed construction of a new plutonium production complex indicates a continued high and possibly increasing demand for this fissile material in the Soviet Union. It is noteworthy that the U.S. and U.K. also appear to be expanding their plutonium production facilities.

The Soviet approach to large-scale nuclear power continues to be very similar to that of the U.S. in reactor types under study, in the emphasis on the use of enriched fuels, and in the scheduling of reactor construction.

5. Soviet Sales of Asbestos

(SECRET)

Soviet asbestos sales to the Free World, which have risen from 4,000 tons in 1950 to 60,000 tons in 1956 and an expected 75,000 tons in 1958, are cutting deeply into the West European markets.

COMMENT: Stiffer Russian competition has had a serious impact on the Canadian mining industry. In the first six months of 1958 Canadian sales of asbestos to its chief West European trade partners have declined to about 31,000 tons from 48,000 tons in the corresponding period of 1957. While the drop in Canadian exports may in part be due to the current world economic recession, much of the decline must be attributed to the substantial Soviet sales to the Free World. A further loss may be anticipated in Canada's traditional markets in France and West Germany. In its latest trade protocol with the USSR, France has agreed to take up to 25,000 tons of asbestos. Heretofore, Soviet exports to France amounted to less than 15,000 tons of asbestos annually, while Canada supplied more than 30,000 tons. The Soviet - West German trade agreement of April 1958, provides for Soviet exports of 20,000 tons of asbestos in 1958, 25,000 tons in 1959, and 30,000 tons in 1960. In 1957 Canadian exports to West Germany amounted to over 30,000 tons, while in the first six months of 1958, sales had dropped to less than 7,000 tons. Canadian sales to the United Kingdom have thus far not been affected.

It is reported that the Soviet Union is quoting prices well below those on the world market. In addition, it has the added competitive advantage of barter-type agreements, while Canada requires payment in hard currency.

The Soviet Union's output of asbestos-only 225,000 tons in 1950 had risen to 500,000 tons in 1956, and may well reach 1,000,000 tons in

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1960. This increased output, affording a rising export potential, threatens Canada's position as a major supplier of Western Europe, and will exacerbate the economic distress already evident in the Canadian asbestos mining industry.

6. T.D. Lysenko Awarded Lenin Prize

(UNCLASSIFIED)

Moscow Radio announced that Academician T.D. Lysenko had been awarded a Lenin prize on the occasion of his 60th birthday. The decree announcing the award was signed by K. Ye Voroshilov and N. Georgadze. The broadcast which announced the award contained an elaborate eulogy of Lysenko and mentions amongst the other honours he received that he is the possessor of three Stalin prizes.

COMMENT: Lysenko is universally regarded as a charlatan whose unfounded and entirely unscientific claims in genetics caused that science to fall into utter disrepute in the Soviet Union. His theses are however very compatible with Marxist ideology and Stalin made Lysenko his protégé, giving him virtually unlimited power in agriculture and many areas of biology. This power Lysenko used ruthlessly and with disastrous results.

When Stalin dies Lysenko's influence was drastically curtailed and sound geneticists were quickly able to return to work. The practical failure of Lysenko's school was admitted by implication when the USSR realised the superiority of hybrid corn, a product which is in total contradiction to Lysenko's teaching.

The present announcement, read in conjunction with the general political change which has occurred since Khrushchev assumed absolute power may well indicate a return to a heretic time in science, where political correctness with one regime will once again be of predominant importance. Such a swing has already taken place in China.

7. Soviet-Afghanistan Relations

(CONFIDENTIAL)

The 1-6 October visit to Afghanistan of Voroshilov, Chairman of the Praesidium of the Supreme Soviet, is further evidence of Soviet interest in furthering close relations with Afghanistan. Voroshilov was undoubtedly invited to Afghanistan as a result of King Zahir's wish to reciprocate the

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(CONFIDENTIAL)

hospitality shown to him when he was in the USSR in 1957.

While there is no doubt that the Afghans wish to maintain close and friendly relations with the USSR, there is evidence that they do not wish to be more than strictly neutral towards the systems of alliances of the Communist and non-Communist powers. There may also be reason to suppose that the Afghans might be having second thoughts about the desirability of the presence of large numbers of Soviet technicians in Afghanistan, particularly in Kabul, and about the training of more than limited numbers of Afghans in the Soviet Union. However considerable numbers of Soviet tanks (64) and Soviet aircraft (40 MIGs, two or three Beagles, etc...) have been sighted in Afghan service and there is apparently a Soviet-Afghan military supply agreement.

There is no evidence yet that the frontier between the USSR and Afghanistan was settled during the talks in Kabul, or if agreement was reached what its nature might be. Joint Soviet and Afghan development of the Oxus River irrigation projects may also have been a topic for discussion, as well as Soviet aid for exploiting potential oil resources in Northern Afghanistan.

Soviet economic penetration of Afghanistan, as expressed by loans and technical assistance, really began in December 1955 when Bulganin and Khrushchev visited Kabul. They offered a loan of \$100 million to Afghanistan. Subsequently the Soviet Union offered \$60 million for the development of Afghanistan's defence at the time Prince Daud, the Afghanistan Prime Minister, visited the USSR in 1956. These loans together with loans to Afghanistan from east European countries totalled approximately \$200 million. The proportion of the \$100 million loan allocated for the construction of roads and bridges is thought to amount to \$30 million, for education \$5 million, for health \$8 million, for police services \$12 million, for industrial equipment and technical services \$25, and for arms and miscellaneous expenditures \$20 million. Interest on the loan is 2 per cent over a 30-year period. Repayment of the capital sum must be made in 22 annual instalments commencing after eight years.

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CHINA

(SECRET)

8. Chinese Communist Potential Opposite
Formosa

Since the latter days of Jul 58 the build-up in Chinese Communist ground troops in the Foochow Military Region has resulted in a present accepted strength of 286,000. Of this number there are 86,000 within a 50-mile radius of Amoy and 48,000 within a 50-mile radius of Foochow.

In addition, the Communist reinforcement capability is considerable. The following table shows estimated times for reinforcements to reach the Amoy and Foochow areas.

<u>TO</u>	<u>UNIT</u>	<u>TPT</u>	<u>TIME</u>	<u>STRENGTH</u>
Foochow	12th Army	MT	2½ days	46,000
	15th Army	MT	8½ days	48,000
	60th Army	Rail & MT	12 days	48,000
Amoy	47th Army	MT	8½ days	46,000
	63rd Army	Rail	21 days	46,000
Amoy/ Foochow	3 Para Divisions	air	1 day	21,000
	21st Army ★	rail	?	46,000
	54th Army ★	rail	?	48,000

(★ These left North Korea during the summer)

COMMENT: Thus in a period of about three weeks the Chinese Communist forces can be increased to more than 480,000 in the Amoy and Foochow areas and to a total strength for the Foochow Military Region of about 635,000.

The reinforcement potential outlined above does not include the six armies located both North and South of Fukien Province which are in a coastal defence role (55, 42, 41, 20, 22 and 27).

Artillery strength in the immediate vicinity of Amoy is now estimated to be 2 divisions plus 6 regiments. It has been reported that, despite the recent heavy expenditure, all ammunition fired can be replaced in three days without undue strain on the existing supply system.

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Thus it becomes quite clear that the Chinese Communists have sufficient reserves of manpower plus the artillery support necessary for an assault against the Offshore Islands (both the Quemoy and the Matsu groups).

The limiting factor, from a purely military point of view, still appears to be their lack of sufficient sea-lift capabilities to carry out a coordinated amphibious operation. They could carry out a landing in these areas by infantry only, their sole support coming from existing artillery units deployed nearby.

There have not yet been indications that the daily shelling is designed for any other purpose than to reduce the Quemoy garrisons by preventing the landing of supplies and thus forcing their ultimate surrender. Gradual improvement in the methods and techniques of the Nationalist supply operations indicate that reduction of the garrisons by this means may be postponed almost indefinitely.

Recent developments now point to ultimate settlement of the Offshore Islands problem in the political rather than the military field.

Reactor Type	Total Electrical Output (Megawatts)	Type of Fuel	Location	Status	Comments
Water-graphite	5	5%- enriched U	OBNINSKOYE, south west of Moscow	Operating since 27 June, 1954	Publicised as "world's first"
Water-graphite	600 (6 reactors)	natural U	Not known (Siberia)	100 Mw reactor reached full power 7 September, 1958	May be a new dual-purpose (power and plutonium) reactor complex.
Pressurized water	420 (2 reactors)	1.5%-enriched U	VORONEZH area	Construction of 210 Mw reactor started June 1957	Announced as Soviet Union's "First large nuclear power station"
Pressurized water	420 (2 reactors)	1.5%-enriched U	LENINGRAD area	In design or under construction	Identical to Voronezh Station
Water-graphite	400 (4 reactors)	1.3%-enriched U	BELOYARSK near Sverdlovsk	In design or under construction	
Fast Breeder	50	Pu alloys	ULYANOVSK area	In design or under construction	Preceded by smaller prototypes at Obninskoye
Fast Breeder	250	Pu	not decided	In planning stage only	Construction to be started after 50 Mw breeder in operation
Boiling water	50	prob.1.5%-enriched U	ULYANOVSK area	In design or under construction	
Liquid sodium-graphite	prob.50	enriched U	ULYANOVSK area	In design or under construction	
Pressurized water	60 (3 reactors)	5%-enriched U	Icebreaker LENIN	To be installed and tested before the end of 1958	Icebreaker to be operational "by Spring 1959"
Prob.pressurized water	2	enriched U	To be assembled and tested near OBNINSKOYE	Nearing completing	Mobile nuclear power station for use in far north or virgin territories.

Miss M. Faber

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W A R N I N G

This issue of the Joint Intelligence

Summary contains the following parts:

Main Section - at SECRET Level

Annex I - at SECRET level but
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This cover may be removed when the
Annex is detached.

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dated 26 September 1958

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26 September, 1958

JOINT INTELLIGENCE SUMMARY

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MIDDLE EAST

1. Organization of a United Arab
Republic Navy

(SECRET)

The Naval Forces of the Union of Arab States are being re-organized in 9 flotillas as follows:-

- 1st Flotilla: 2 Soviet SKORY Class submarine-chasers.
All the frigates able to undertake operations.
- 2nd Flotilla: 1 Corvette - the SUDAN
9 Minesweepers of Western construction - FAIRMILE Bs, FAIRMILE Ds and BANGORS.
- 3rd Flotilla: 9 Soviet-built M.T.B.s
- 4th Flotilla: 9 Soviet-build M.T.B.s
- 5th Flotilla: 5 Class W submarines
1 Class M submarine
- 6th Flotilla: 6 Soviet-built T.43 Minesweepers
- 7th Flotilla: 3 Western-built Coastal Gunboats (Motovedette)
- 8th Flotilla: 7 Western-built M.T.B.s
- 9th Flotilla: 4 or 5 M.T.B.s (type unspecified)

Flotillas 1 - 6 comprise the Egyptian section of the Navy and are formed from ships of the former Egyptian Navy; Flotillas 7 - 8 comprise the Syrian section of the Navy and the 9th Flotilla the Yemeni section.

COMMENT: This is the first indication of the possible formal organization of a UAR Navy, as such. Until now the Egyptian and Syrian Navies have existed in close relationship, carrying out mutual exercises, visiting each other's bases, and exchanging officers. Syrian officers have taken training with the Egyptian Fleet. This report is also the first evidence of Yemeni operation of naval vessels.

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It is observed that the numbers of ships indicated do not coincide with DNI order of battle figures of the Egyptian or Syrian Navies. The figures in the report may indicate the number of ships planned to comprise the operational force of the new UAR Navy with other elements undergoing planned maintenance. Noteworthy exceptions in this respect are two ex-British Emergency class destroyers. Indications have been that no ammunition is available for the calibre of the guns aboard these vessels, and until the guns are exchanged or ammunition procured, the UAR may not count on these vessels as elements of the Navy.

If the above item is essentially correct, it would appear that the UAR Navy is coming onto firmer footings as an operational force in being. This re-organization is considered to be a perfectly plausible development in the Middle East.

2. Syria: The Use of Latakia as a Free Port
for Transit Trade to and from Iraq.

(UNCLASSIFIED)

There have recently been suggestions that Iraq might in future conduct more of its trade through Latakia (in Syria) instead of through Beirut. The following article examines the feasibility of such a development.

In 1956, 80 per cent of Iraq's external trade, excluding oil, was conducted through the port of Basra; 2.5 per cent overland with Iran, Jordan and Saudi Arabia; and the remaining 17.5 per cent through Syria.

The volume of Iraqi trade through the Levant ports has never been great. Lines of communication between the eastern Mediterranean and Iraq are poor, and the Iraqi authorities have hitherto been rigorously opposed to any enterprise likely to threaten the importance of the Shatt al Arab and the Persian Gulf as the main artery of seaborne trade.

The total transit trade through Beirut in 1956 accounted for 27 per cent of the overall activity of the port, but the figure for transit trade solely to and from Iraq was only 3 per cent. The main Iraqi commodities shipped through Beirut are exports of grain and dates and imports of sugar and of stores and equipment for the oil companies. The volume of this trade has fluctuated year by year, but at its heaviest is believed not to have exceeded 5.5 per cent of Beirut's total traffic. Iraqi trade through the ports of Tripoli, Iskenderun and Latakia has been negligible since World War II.

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The development of Latakia as a deep water port had, even before the Lebanese crisis, deprived Beirut and Iskenderun of some of their Syrian transit trade. The ability of Latakia to absorb additional traffic in future, however, will depend to a large extent on inland clearance. Latakia is not rail connected and must remain dependent for some years to come on road clearance to the railheads at Aleppo, Hama and Homs, which lie inland at distances ranging from 100 to 120 miles.

The existing rail route from these towns into Iraq, which also serves Beirut, Tripoli and Iskenderun, is circuitous, of low capacity and runs along the Turkish side of Syria's northern frontier. The main road link between Beirut and Baghdad is the desert road via Camascus and Rutba, crossing the Euphrates at the Ramadi dam due west of Baghdad. This is also the route that would have to be taken by road traffic between Latakia and Baghdad, the alternative route via Deir ez Zor and the Euphrates valley being at present of very minor importance.

Despite Syrian claims that development plans now being implemented will by the end of 1958 enable Latakia to handle 3-4 million tons of traffic, compared with about 1 million tons in 1957, it seems clear that an increase on this scale would necessitate further port development beyond the scope of the immediate construction programme, and certainly the provision of a rail link. In the meantime the use of Latakia for Iraqi transit trade is unlikely to have much effect on traffic at the port of Beirut.

ASIA

3. Indo-Pakistan Border Dispute

(CONFIDENTIAL)

Several outbreaks of firing occurred this summer on stretches of the boundaries of East and West Pakistan, and India. The cease-fire line in Kashmir was not involved.

The firing occurred mainly between armed police of the frontiers, although there were occasions when army units were called up to support the police. Accounts of the incidents were greatly exaggerated in India and Pakistan, and were, of course, partisan.

COMMENT: The reason for the disputes lies in the disagreement of India and Pakistan about the interpretation of the Radcliffe Boundary Commission award and the subsequent Bagge Boundary Commission award.

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The latter endeavoured to clear up any misunderstanding about the earlier Radcliffe award, which was made at the time of independence and partition in 1947. In view of the disagreement of the Governments of the two countries it was not possible for the demarcation of the boundaries between East and West Pakistan, and India, to be completed. About 162 miles of border between the two countries in the West, out of approximately 1,250 miles, has been jointly demarcated by survey teams. In the East, 1,518 miles out of 2,500 miles has been jointly demarcated.

The most notable, or at least most publicized firing incidents took place this summer at Lakshmipur, in the Patharia forest reserve, and at Dawki. The area involved was a portion of the boundary between East Pakistan and Assam and Tripura, in India. In the West the most publicized incident concerned a local disagreement about the boundary at the irrigation head works at Huseiniwalla in the Punjab. There is also local disagreement about the irrigation head works at Suleimanke.

While the outbreak of the incidents was treated by the armies of both India and Pakistan as no more than a very minor matter, and although both armies avoided provocative action, there were expressions of concern by the Governments of both India and Pakistan. As a consequence both countries agreed to a meeting of senior officials which was held at Karachi from August 30 to September 3 to find ways of coming to agreement about the boundaries, and hastening the process of joint demarcation by boundary survey teams. The meeting of officials was followed by a meeting of the Prime Ministers of India and Pakistan at New Delhi. As a consequence, the two countries have agreed to exchange prisoners which had been captured during the incidents last summer. They have also agreed on the award of some of the areas in dispute. However, the significance of the meeting of Mr. Noon and Mr. Nehru lies more in the fact that the two Prime Ministers agreed to meet at all, rather than in the process made towards allocation of the disputed territories, or on procedures for arbitration, and the meeting of the two Prime Ministers has served to reduce tensions between India and Pakistan on boundary questions for the time being at least.

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(CANADIAN EYES ONLY)

ANNEX I to

JIC INT SUM NO. 298

dated 26 September 1958

MIDDLE EAST

1. Mr. Hammarskjold's Mission
to the Middle East

Pursuant to the mandate entrusted to him by the third special emergency session of the General Assembly in its resolution of August 21, Mr. Hammarskjold left New York for the Middle East on August 25 to consult with the governments concerned in the area. The August 21 resolution, which was co-sponsored by all the Arab states and was adopted unanimously by the General Assembly, requested the Secretary-General inter alia to make "such practical arrangements as would adequately help in upholding the purposes and principles of the Charter in relation to Lebanon and Jordan in the present circumstances, and thereby facilitate the early withdrawal of the foreign troops from the two countries." The Secretary-General was also invited to report under the resolution not later than September 30.

In the course of his consultations in the Middle East, Mr. Hammarskjold has visited Amman twice, as well as Cario, Baghdad and Beirut. During his first visit to Amman, agreement was reached between the Secretary-General and the Jordanian Government on a memorandum, the main provisions of which were as follows:

- (a) Neither a U.N. force nor a U.N. observation group would adequately serve the purposes of the General Assembly in relation to Jordan.
- (b) The organization in Jordan of a U.N. "representative office" headed by a special representative of the Secretary-General would be an appropriate element in such practical arrangements as were envisaged in the Arab resolution. U.N. representation in the other main Arab capitals should also be sought to assist the Arab states fully to implement their alleged intention to develop the cooperation called for in the Assembly resolution.
- (c) These U.N. arrangements would support a positive good neighbour policy among the Arab states which, when put into effect, would provide safeguards for the independence and integrity of each Arab state and respect for its system of government. The question of the withdrawals of foreign troops should be seen essentially in the context of the development of a good neighbour policy in the Middle East.

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- (d) The restoration of all normal traffic conditions and lines of communication of Jordan across Syrian territory should be considered a natural expression of the restoration of cooperation between Jordan and the U.A.R; and
- (e) All radio and press propaganda contrary to a successful good neighbour policy should be brought to an end.

When presenting these suggestions to President Nasser in Cairo, Mr. Hammarskjold encountered a reluctance on the part of President Nasser to agree to any formula which could be represented as an admission of U.A.R. responsibility for the situation in Jordan.

While President Nasser had rejected any form of U.N. presence in Cario, the Secretary-General was able, on his subsequent visit to Amman, to present to Samir Rifai, the Jordanian Prime Minister, the following six-point programme to which President Nasser had agreed:

- (a) a gradual implementation of the General Assembly resolution;
- (b) a gradual and reasonable elimination of radio and press attacks on the present regime in Jordan; (The curtailment of such radio and press attacks must, however, be consistent with the right to express freely public political opinion.)
- (c) a personal representative of the Secretary-General being stationed in Amman to investigate alleged violations concerning the Arab resolution;
- (d) work towards elimination of obstacles to transportation among the Arab states;
- (e) the stationing of a liaison officer in Damascus "to facilitate communications" with the Secretary-General's representative in Amman; and
- (f) a reaffirmation of President Nasser's intention to continue his established policy of non-interference in the affairs of other Arab states.

In presenting this programme to Samir Rifai, the Secretary-General apparently indicated that he considered that President Nasser's agreement to these points was a constructive step forward. Samir Rifai's response, however, was that President Nasser's "programme" was completely unacceptable and that Mr. Hammarskjold's visit to Cairo must be considered as a complete failure.

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COMMENT: On balance, Mr. Hammarskjold's mission to Cairo can be regarded as one which has been as productive as could be expected in the circumstances.

Quick results, especially on the question of troop withdrawals from Jordan, could not be expected since the Jordanian Government had itself ruled out the possibility of stationing a U.N. force or Observer Group on its territory and arrangements for the withdrawal of U.K. forces became dependent upon the restoration of friendly relations between Jordan and her Arab neighbours, a necessarily rather slow process in the light of current tensions between the Jordanian regime and those in Iraq and the U.A.R.

The programme which President Nasser worked out in Cairo with Secretary-General Hammarskjold is not devoid of concessions; in particular, his agreement to accept the stationing on U.A.R. territory, in Damascus, of a U.N. representative, represents basic acceptance of the U.N. responsibility for exercising continued surveillance over the development of good neighbourly relations between Arab states.

The Secretary-General himself is not willing to create a U.N. presence in Jordan to supervise the withdrawal of U.K. forces until he too is satisfied that the relations between Jordan and its neighbours are such that the U.N. representatives will not find themselves confronted, following U.K. troop withdrawal, with a violent upheaval which the U.N. would be powerless to prevent but for which it might be held responsible and which would thus be damaging to U.N. prestige. In view of these considerations, Mr. Hammarskjold's own assessment that the undertakings he received in Cairo amounted to "a constructive step forward" should not be discounted.

A factor which should be kept in mind in assessing U.A.R. policy toward Jordan is the possibility of complications with the Israelis. President Nasser is obviously anxious to avoid a situation in Jordan which would invite Israeli military intervention since he would be either unable or unwilling to prevent the Israelis from taking such action.

With regard to Lebanon, there have been no reports of any agreements concluded between Mr. Hammarskjold and the Lebanese Government. This need not, however, be a cause for surprise because:

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- (a) It was not to be expected that the Lebanese Government would be able to take important substantive decisions during the transitional period preceding Chamoun's departure from office;
- (b) As there is already a U.N. body (UNOGIL) functioning in Lebanon and in process of expansion, temporary lack of agreement on the introduction of a new U.N. organ into Lebanon would not significantly impede implementation of the Arab resolution; and
- (c) The U.S. Government has made it clear that the timing and pace of withdrawal of its forces in the absence of a specific Lebanese request would be determined on the basis of the U.S.A.'s own assessment of the requirements of the situation rather than on any specific formula agreed between the U.N. and the Lebanese Government.

Miss Zuber

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COPY N° 96

ISSUE NO: 297

19 September, 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Soviet Icebreaker LENIN - (SECRET)
Nuclear Reactor Details

The following details have been announced concerning the power plant of the Soviet nuclear-propelled icebreaker LENIN :

Number of reactors	=	3
Fuel	=	Uranium Oxide
Enrichment	=	5% U-235
Coolant	=	Distilled water

COMMENT: As the announced shaft horsepower of LENIN is 44,000 the three reactors (assumed identical) have a capability of just under 15,000 SHP each. It is noteworthy that this power is eminently suitable for submarine propulsion, being precisely that developed by USS NAUTILUS.

2. Preliminary Brief Soviet (SECRET)
Vessel Griboyedov

The Soviet Fish Factory Trawler "Griboyedov" arrived in Halifax at 1000 local time Sunday, 7 September. She required urgent repairs to her trawl winch generator which suffered breakage of the bandings on the convertor armature. This appeared to Canadian observers to be the result of inferior construction. Repairs are being undertaken by Purdy Bros., Ship Repairers, Halifax, and will entail the complete rewinding of the armature at a special factory in Moncton, N.B. It is expected that the job will be completed by the 18th of September, when the ship's officers say the vessel will return to the Grand Banks.

The following information was obtained from reliable observers:

- (a) The ship is a combined fishing and processing vessel of 3170 tons, constructed at Nikolaev (Black Sea) in late 1957 or early 1958.

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- (b) A check of the electronic equipment indicated that this vessel was capable of the type of modern (last ten years) communication techniques required of any nation's fishing/processing vessels far from home base.
- (c) The following pieces of electronic equipment are of particular interest:
 - (i) A frequency meter graduated from 125 Kc/s to 20 Mc/s (used for self-calibration).
 - (ii) A tape recorder, approximately twice the size of western commercial equipments (wide variety of possible uses).
 - (iii) A radio telephone set, possible or crystal controlled, which appeared similar to western nations World War Two equipment (TBS).
 - (iv) A modern D/F set 375-750 Kc/s fitted with twin sense antenna.
 - (v) A new type of loud hail set which appears very ruggedly built.
 - (vi) The electrical power available in this ship was similar to other Soviet merchant vessels and appeared excessive by Western standards. In the opinion of an expert this power was sufficient to supply three of our latest destroyer escorts at once, and was vastly in excess of what would appear to be required even for very deep trawls.

3. The ship carries a crew of 95 which includes 5 women. The average age of the crew is about 25. Leave has been unrestricted, although it was observed that no one remained ashore later than 0200. Crew members appeared to travel in groups of at least four, and were particularly noted taking photographs of displays in shop windows. Their behaviour ashore was exemplary at all times, and their appearance ashore was of a high standard. The crew didn't visit bars, and seemed to confine their purchases to nick-nacks. Crew members were not military in their bearing.

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The crew conveyed the impression of being tremendously proud of their ship and the life they lead. Although few appeared to speak English, the officers and crew went out of their way to welcome visitors (including RCN sailors hanging around) aboard. Several sailors had excellent chicken dinners aboard.

It is concluded with lack of evidence to the contrary, that the GRIBOYEDOV was engaged in legitimate fishing activities when she required assistance in effecting repairs.

3. Soviet Submarines Form Part of
1958 Northern Sea Route Convoy

(SECRET)

Two pieces of information, one a photograph of a Z-class submarine (Pennant No. 43), and one a sketch of a probable new-construction submarine (Pennant No. 89), have been received recently showing a raised bow extension on these submarines. This extension is approximately 6 feet in height, rising straight from the natural bow of the submarine, and tapering sharply back to the deck. This was observed last year on submarines being transferred from Northern Fleet waters to Pacific Fleet waters via the Northern Sea Route. Both photograph and sketch were of submarines in Northern Fleet waters during July of 1958.

COMMENT: It is believed that these two submarines form part of the current Northern Sea Route convoy.

4. Soviet Activity in the Antarctic

(RESTRICTED)

A report by the Soviet National Antarctic Committee indicated the three poles (the Geomagnetic Pole, the Pole of Relative Inaccessibility, and the Geographic Pole) will be crossed by the Soviet transcontinental scientific expedition planned for 1959. It will start from Mirny in late November or December 1958 and will end at Lazaren station. Two other stations will be founded on the shore of Bellinghausen Sea and at the Pole of Relative Inaccessibility.

The Soviet Union is reported to be proposing to hand over one of its inland Antarctic stations to Poland, either Oasis or Pionerskaya, together with all its equipment.

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COMMENT: The transcontinental expedition will be comparable to the British expedition during 1957-58, but will attempt to cross more difficult areas.

Only the Soviet Union among Sino-Soviet Bloc countries has so far taken part in Antarctic work. It is not known whether the Soviet proposal to include Poland will be put into effect.

5. 21st Party Congress of the USSR
to be Held in January 1959

(UNCLASSIFIED)

The 21st Party Congress of the Communist Party of the USSR will convene 27 January 1959 for the purpose of discussing the 7 year plan 1959-65.

COMMENT: The Soviet Government announced on 25 September 1957 that a new 7 year plan to run from 1959-65 inclusive was to be prepared by 1 July 1958. This announcement implied, though it was not specifically stated at the time, that the over-ambitious 5 year plan 1956-60 was to be abandoned. The draft of the new 7 year plan was not completed until 22 August 1958 and no details of its structure have as yet been released although isolated targets for a few items have been announced piece-meal.

Under the Party by-laws as revised at the 19th Party Congress in 1952, the Congress is to be convened every four years. The 20th Party Congress was held in January 1956 and the 21st Congress should not therefore be held until 1960. Therefore, the 21st Congress to be convened in January 1958 is referred to by the USSR as "extraordinary".

6. First Large Soviet Nuclear
Power Station in Operation

(RESTRICTED)

A Soviet scientist told the Geneva Conference on the Peaceful Uses of Atomic Energy that the U.S.S.R. had put into operation a nuclear power station of 100 megawatts capacity. He stated that this was the first unit of a planned 600-megawatt complex.

COMMENT: The start of construction of a 100-megawatt station was mentioned at the 1955 Geneva Conference. However, from 1956 to date, no reference to such a plant was made in any Soviet statements on nuclear power and it was generally assumed that plans for this

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station had been cancelled or revised. Then in June 1957 the U.S.S.R. announced the start of construction of its "first" large nuclear power station (believed to be in the Voronezh area). This station is to consist of two reactors, each delivering 210 megawatts and is expected to be in operation by 1960.

Although the discrepancies in the above statements have not yet been resolved, it is believed that the 100-megawatt station now in operation is the one started in 1955, probably located in the Moscow area. If this station consists of a single reactor, as the press item implies, it would be the world's largest operating nuclear power reactor. The U.K. Calder Hall "A" station, operational since the end of 1956, consists of two reactors with a total capacity of 92 megawatts, whereas the largest U.S. power reactor in operation (at Shippingport, Pennsylvania) has a capacity of about 60 megawatts. Power reactors of much higher electrical capacities are, however, under construction in all three countries.

7. Possible Resumption of Soviet Nuclear
Testing in the Novaya Zemlya Area

(SECRET)

The U.S.S.R. Ministry of Defence has announced that Northern Fleet exercises will be held in the Barents and Kara Seas in September and October in "keeping with its military training programme". Ships and aircraft are to be involved with the actual use of various types of modern weapons. An area bounded on the West by 42° E, on the North by 77° 30' N, on the South by 70° 30' N, and on the East by a line joining 70° 30' N 57° 30' E, 72° 20' N 65° E, and 77° 30' N 74° E, is declared a danger area to Soviet and foreign shipping and aircraft for the period 20 September to 25 October.

COMMENT: The identical announcement and area closure preceded the 1957 fall test series in this area. This series consisted of two nominal-yield operational tests or demonstrations just south of Novaya Zemlya and two high-yield tests in the area 74° N 54° E. The first test actually occurred three days before the area closure went into effect. It is considered highly probable that nuclear testing, both operational and research-type, will be resumed in the Novaya Zemlya area in the near future. The timing of this test series, in particular its conclusion, may well be related to the Geneva talks starting on 31 October on an international nuclear test control system.

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(unless otherwise classified)

YUGOSLAVIA

8. Cancellation of British-Italian-
Yugoslav Naval Exercises

(CONFIDENTIAL)

Joint RN-Yugoslav naval exercises were planned, it is believed, late last year during the visit of RN units to Split. Details were kept secret. In June of this year, the British advised the Italians, with whom exercises had also been planned, that the Yugoslavs would be taking part in British manoeuvres. The Italians let the news out during the latest Middle East crisis. Tito precipitately backed out of the planned exercises. Nevertheless, Yugoslavia has been subjected to virulent accusations by the Russian press, and her prompt recognition of Iraq's new government almost ignored.

COMMENT: Since the break with Russia in 1948, Tito has accepted appreciable assistance from the RN in Naval matters. Yugoslav officers go to Malta for tactical training and Yugoslav fleet units have exercised with the RN every year. It is probable that once the present strained situation in the Middle East has died down, this practice will be resumed with greater care to preserve secrecy.

This incident underlines the precariousness of Yugoslavia's fence sitting position. Association with one side arouses opposition from the other. Yet she is dependent on both.

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W A R N I N G

This issue of the Joint Intelligence

Summary contains the following parts:

Main Section - at SECRET Level
Annex I - at TOP SECRET level
Annex II - at SECRET level but
CANADIAN EYES ONLY

This cover ^{Should} may be removed when the
Annex is detached.

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dated 12 September 1958

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COPY N° 96

ISSUE NO: 296

12 September, 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. LRAF Medium Bombers at New
Bases in Far East USSR

(SECRET)

Information obtained during March 1958 from a fairly reliable source revealed that BADGERS are based at UKRAINA Airfield (5108N 12833E), and that an average of 12 or 13 flights a day are being made from that location.

Additionally it was stated that BULL aircraft are based at VOZZHAYEVKA Airfield (5043N 12844E) and that 13 or 14 flights a day are conducted from that airfield.

COMMENT: It is currently estimated that the LRAF has at least 100 BADGERS and 125 BULLs located in the Soviet Far East. Based on past evidence, all of these were believed to be located in the Southern Maritime District at SPASSK DALNIJ, KHOROL and VOZDVIZHENKA.

The presence and reported activity of medium bombers at airfields on the Trans-Siberian route indicates an expansion of the Far East LRAF base structure, and possibly an increase in aircraft strength and establishment.

2. Turboprop Heavy Bombers at
CHEPELEVKA Airfield

(SECRET)

It has been reported by a collaborating source, that three BEAR turboprop heavy bombers were observed in an apparent landing pattern at CHEPELEVKA airfield (4948N 3027E) 27 nm south of KIEV, on 12 Jun 58.

Additionally it was stated that recent attempts to view this airfield have met with unusually stringent security measures.

COMMENT: CHEPELEVKA airfield lies within the operational area of the 43rd LRAA, and based on the above information it would appear that it has been developed since World War II as a permanent bomber base of this Air Army.

Approximately 30 BEARs are estimated to be in LRAF operational units at the present time, and it is possible that all of them are located at or in the vicinity of CHEPELEVKA.

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3. Soviet Aircraft at NP-6

(SECRET)

Recent RCAF photography of NP-6 reveals that repair work on this BADGER has ceased. The COACH has been moved adjacent to the buildings and repairs to the aircraft have begun. The BADGER was securely anchored to the ground fore and aft and exposed parts covered. All cowlings etc. were gathered together and a snow marker was placed at the spot.

COMMENT: This would appear to indicate that no repair work was planned on this BADGER in the near future. The unserviceability of the airstrip may have been the cause of the non-arrival of the required parts.

4. Responsibility for Research & Development
of Guided Weapons in the Soviet Army

(SECRET)

It is now apparent that the Chief Directorate of Artillery of the Ministry of Defence of the Soviet Armed Forces is responsible for all ballistic missiles including Research and Development, production and their tactical and strategic application.

COMMENT: The Chief Directorate of Artillery is one of three ordnance directorates of the Soviet Armed Forces and is directly subordinate to the Defence Ministry. The other two are the Chief Directorates of Armour and Motor Transport respectively.

The exact organization of this Chief Directorate cannot be determined but it is probable that it is broken down into a number of subordinate directorates by class of weapon handled. These weapon directorates probably carry out liaison on research and development projects with the industrial ministry personnel concerned.

While the Chief Directorate of Artillery bears the main responsibility to the Minister, there exists a vast complex of agencies, including certain industries, technical academies, technical committees and planning boards and other institutions, directly concerned with guided weapons.

There is also believed to be a group of senior officers at ministerial level whose functions are to shape military doctrine and strategy based on the employment of guided weapons. This group cannot, however, be identified at present.

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5. Progress in the Modernisation of USSR Railways

(CONFIDENTIAL)

Modernisation of the Soviet Railways may be said to have started in 1950, the object being to get the utmost out of the existing network to meet the ever increasing demands of a rapidly expanding economy. The main part of the programme is the complete conversion from steam to electric and diesel traction. Other aspects, such as improved signalling and telecommunications, better permanent way and mechanisation of railway facilities are supplementary.

Electric and diesel traction together at present account for 22 per cent of the volume of traffic. It is planned that by 1960 this figure shall rise to 42.5 percent, that by 1965 all the Trans Siberian Railway shall be electrified and that by 1970 the whole system shall be modernised, with 55 percent electric and 45 percent diesel traction.

COMMENT: The programme is very ambitious and is being carried out under the pressure of increasing traffic. It was slow in starting, is still in its early stages but is gathering momentum. Though it is unlikely to achieve all its objectives, there is little doubt that, with the high priority now being given to railway requirement, operating efficiency will be maintained at a level sufficient to ensure that the railways do not restrict the development of the Soviet development.

6. Sino-Soviet Relations

(CONFIDENTIAL)

The major feature of Sino-Soviet relations is the increasing influence of the Communist Chinese regime on Soviet policy vis-à-vis the Communist bloc and vis-à-vis the West.

The importance to Peking of the Bloc as a political entity was sharply manifested in the autumn of 1956 when Communist China not only lent unequivocal support to Soviet action to suppress an attempt to install a non-Communist government in Hungary, but followed up by sending Chou to visit several East European capitals. It is possible that the Polish, and possibly certain other satellite regimes, hoped to find in Peking some support for a more liberal approach to the various problems of the Bloc, but domestic difficulties in China have compelled Peking to abandon any thought of relaxation at home. There is no doubt that Communist Chinese counsel in Moscow on internal Bloc policies, including the Yugoslav question, is now both cautious and conservative.

It seems clear that the Soviet interest in seeking some measure of agreement with the West provoked Khrushchev, after a headlong but unsuccessful drive to secure a summit meeting, to agree to a meeting within the framework of the Security Council. It is equally clear that Peking, which is not under

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(CONFIDENTIAL)

pressure to secure such an agreement, was reluctant to see a summit meeting under these auspices. The divergence of interest between Moscow and Peking at this juncture may represent the most acute difficulty which has arisen between these two powers in the field of foreign policy since 1950. The Communist Chinese position alone will probably be enough to compel Khrushchev to continue his efforts for a summit meeting outside of the Security Council and probably to court more modest objectives than he originally envisaged.

In the pursuit of such objectives, the most promising of which seem to be a ban on nuclear tests and controls over surprise attack, it is by no means certain that Khrushchev will not encounter further difficulties with Peking. An effective ban on tests may, to some extent, depend on Communist Chinese co-operation, and this, in turn, on Communist Chinese possession of nuclear weapons; on the other hand, the prospects of such a ban for Communist China are that she may have to remain either a second-class power or an outlaw in the international community.

A further important factor appears to loom large in Sino-Soviet relations at this point. The Communist Chinese Government has received no credits from the U.S.S.R. since about 1954 and any Soviet effort to increase the export of capital goods to the less-developed countries must reduce the resources available for Communist China. It can be expected that Communist Chinese requirements will constitute one of the more important (and annoying) limitations on Soviet ambition in this respect.

Finally, in view of the Soviet commitment to aid Communist China in the event of a major war, it can be expected that Moscow will be exercised to restrain Communist Chinese irredentism as regards Formosa and the islands of the Chinese continental shelf, and that in this respect Communist China constitutes the same problem for Moscow as it does for Washington.

To sum up, although the USSR and China are firmly committed to one another for the indefinite future, it is clear that the requirements of China are increasingly complicating the situation for Moscow and restricting its range of action.

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(Unless otherwise classified)

EUROPE

7. French Constitutional Reform

(CONFIDENTIAL)

The new French Constitution which will be voted on by referendum in Metropolitan France and throughout the overseas territories and departments on September 28, was presented to the people in final form by General de Gaulle on September 4. The document, which seeks to bring about stable government in France is in large part a personal document presenting to the French people de Gaulle's own view on how this can be achieved and how the problem of France's overseas territories can be solved. The main provisions relate to the strengthening of presidential powers and the consequent weakening of the National Assembly and to the creation of a French Federation which the overseas territories can join. Mention of Algeria is noticeably absent from the document.

General de Gaulle's African tour has served to throw some light on his policy towards the overseas territories and their eventual relationship with France. In Madagascar and French Equatorial Africa, where his reception was enthusiastic, de Gaulle emphasized that a vote in favour of the referendum by the overseas territories would open up opportunities for co-operation on a federal basis between France and the territories (the latter either separately or joined in regional groupings). He reiterated his point that a "no" to the referendum would mean complete independence both politically and economically from France. He thus seemed to be threatening the peoples of the overseas territories with a "put-up or shut-up" ultimatum. However, in his speech at Brazzaville the General enlarged somewhat on this "threat" of independence by saying that the territories could choose not to enter the new French community by rejecting the new Constitution or by, once having become a member of the community, choosing to leave it. To emphasize French freedom of action, de Gaulle added that France also had the right to independence and could break her links with other members of the community if she so chose.

General de Gaulle's plans for Algeria remain the chief question mark. In the draft Constitution the area is not dealt with separately but is covered by the provisions for metropolitan France. In his address to the people of Algeria on August 29, the General said that an affirmative vote in the present circumstances would mean that the Algerians were prepared to act as full fledged Frenchmen, and that they believed that the necessary evolution of Algeria should take place within the "cadre française". The Algerian vote would contribute to the establishment of a new basis of relations between metropolitan France, as well as Algeria, and the overseas territories. The Algerian vote will have a direct influence on the future of France for by this vote will be determined whether France will be able to proceed to the renewal of its national institutions or whether it will return to the difficulties

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(CONFIDENTIAL)

which almost resulted in the disintegration of the Republic. In other words, the Algerians, without being given an inkling of their future status, are being asked to vote "yes" in the referendum as a signal of their solidarity with the new France and with de Gaulle and of their rejection of a return to the situation which resulted in the May 13 uprising. There was no question that a "no" vote would sever the links with France. In Algeria, the French claim that a high percentage of the Moslem population has already been registered for the voting. The FLN has already started its campaign against the referendum and it can be assumed that the rebel forces will use all means at their command to prevent participation by the Moslem population.

With the exception of the Communists, who have come out flatly against the new Constitution, the attitude of the main political groupings in metropolitan France is not yet known. It is expected that decisions will be taken by the various parties at Party congresses to be held within the next two weeks. In the meantime, it is clear that one of the most important debates will take place within the Socialist Party where the Left Wing group has been highly critical of the Constitution in the face of M. Guy Mollet's support for General de Gaulle and his reforms. Elements of that party constituted the most significant political opposition to de Gaulle's accession to power and are showing the greatest energy in attempting to organize a regrouping of Leftist parties to revitalize parliamentary activity and prevent the eclipse of political parties. In France, despite the many legal arguments for and against the terms of the new Constitution, the vote on the referendum will, in fact, be a vote for or against General de Gaulle. The latest public opinion polls indicate support for his policies among more than 60% of the population. In the overseas territories, the vote will be substantially a decision for or against the association of these territories with France in the new federal type of French community. The fact remains, however, that, although the chief interest of the overseas territories is in those parts of the Constitution dealing with the new community, the vote outside metropolitan France can have a very considerable effect on the acceptance or rejection of the new Constitution as a whole. (Of the total eligible voters, 19,000,000 are in the overseas territories, 27,000,000 in France and 3,000,000 in Algeria). Judging from General de Gaulle's reception in Madagascar and French Equatorial Africa, those areas seem likely to give their support to the Constitutional reforms. In French West Africa the situation appears somewhat different. The rivalry between R.D.A. (Rassemblement Democratique Africain) and the P.R.A. (Parti de Regroupement Africain) appears to have been partly responsible for the chilly reception which de Gaulle received during the West African part of his tour. The R.D.A. of which Mr. Houphouet-Boigny, Minister of State in General de Gaulle's Government, is the main leader, is not in favour of immediate independence for the overseas territories and has come out for an inter-dependent system with France.

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(CONFIDENTIAL)

The P.R.A., with a slightly more left-wing orientation and a platform based on the desire for a regrouping of the African territories, took a more independent line at its recent party congress and, despite the efforts of its more moderate leaders, unanimously approved a resolution calling for national independence for the African territories, their regroupment in an African federation, and the negotiation of a multi-national confederation between this federation and France on the basis of liberty and equality. This triumph of left-wing elements in the P.R.A. at the party congress was reinforced by the demonstrations against General de Gaulle at Dakar in Senegal where the P.R.A. is the only effective party. It would appear that, at least in French West Africa, the tide of the desire for independence and the rush to get on the anti-colonialist bandwagon may have reached such a stage that de Gaulle's proposals will not be sufficient. It remains to be seen whether the threat of economic independence will act as a sufficient brake to allow a more moderate approach to succeed.

If the new Constitution is accepted by the vote on September 28, the elections to the National Assembly under an electoral law yet to be determined will probably take place some time in November. Under the terms of the draft Constitution, the election of the President cannot be delayed longer than four months after the acceptance of the Constitution and the presidential elections will therefore presumably take place before the end of January, 1959. Elections to the new Upper House have a deadline of July 31, 1959 and, pending these elections, the Council of the Republic will continue in existence to fulfill the tasks assigned to the Upper House in the new Constitution.

8. Icelandic Fisheries Dispute

(SECRET)

Last June the Icelandic Government announced that on September 1st it would put into effect a twelve-mile contiguous fishing zone measured from the same baselines as Iceland's territorial sea is measured. This fishing zone would be reserved for the exclusive use of Icelandic fishermen; no foreign fishing would be allowed. As Iceland possesses a four-mile territorial sea, the regulation in effect means that the area between four and twelve miles, formerly the high seas, would fall within Icelandic jurisdiction for fishing purposes. In the past the United Kingdom as well as several other western European countries such as West Germany, the Netherlands, Denmark, Norway, Belgium and others have fished in the areas affected by the decree. At the International Conference on the Law of the Sea no agreement was reached upon a coastal state's right to establish an exclusive twelve-mile fishing zone, but substantial support was in fact shown for a Canadian proposal which called for the recognition of a coastal state's right to such a zone.

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(Unless otherwise classified)

Notwithstanding efforts made in the NATO Council to establish a modus vivendi between Iceland and various other European states affected by this decree, no results were achieved. In August, two other attempts were made by a Committee of Experts from several European countries which was convened under NATO auspices. Two basic proposals were put forward by the Committee of Experts. The first called for a determination of the maximum total of fish which could be caught in the Icelandic area consistent with conservation principles and to award Iceland a preferential quota of this total fishing catch. In addition, two smaller areas would be reserved for Icelandic fishermen's exclusive use. The second proposal was along the lines of that put forward by the United States at the Conference on the Law of the Sea in Geneva. It would have allowed Iceland a six-mile zone measured from the baselines for exclusive fishing. In the outer six miles of the contiguous zone the signatories of the proposed agreement would be able to continue to fish for a period of three years or pending the adoption of a new international convention on the law of the sea. While it seems that both of these proposals were acceptable in principle to the United Kingdom Government, the Icelandic Government rejected them and on September 1st it implemented its twelve-mile fishing regulations.

The domestic situation in Iceland has not been conducive to the Icelandic Government adopting a compromise. The Communists strongly supported the twelve-mile fishery regulation. In fact the Icelandic Minister of Fisheries is himself reported to be a Communist. The Icelandic Government seems to have felt that any compromise might cause its fall and bring about substantial gains for the Communists. The Soviet Government recognized at once the Icelandic fishery regulation. It seems that there is, in fact, a considerable danger that the Soviet Union stands to gain by this dispute. There has even been a statement by an Icelandic representative abroad that Iceland might conceivably leave NATO if she is prevented from realizing her objectives by NATO powers.

The United Kingdom has made clear that it does not recognize Iceland's action as having any validity in international law. While some other protests from Western European countries were also received it seems that Denmark, Sweden, and Norway have ordered their trawlers to keep outside the twelve-mile zone. Canadian trawlers do not fish in the areas affected by the decree.

The United Kingdom Government has now sent four frigates to patrol the Icelandic fishing zone between the four and twelve-mile area. The British trawlers have been fishing in "fishery havens" protected by the United Kingdom frigates. To date there have been a few incidents, most of them apparently of a minor character. However on one occasion a party of ten from an Icelandic coastguard vessel boarded a British trawler. The British Navy frigate on duty in the area rushed to its help and took the ten Icelanders into custody. Agreement for their release has not yet been reached.

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(Unless otherwise classified)

A solution to this impasse in the Icelandic fisheries dispute is difficult to see at this time. A Danish suggestion for a Foreign Ministers' meeting in NATO has been rejected by Iceland. The general question of convening a new International Conference on the Law of the Sea will be considered by the United Nations General Assembly at its forthcoming session and, should it decide on a new International Conference at an early date, it is possible that some general solution to the question of a coastal state's fisheries rights might be found, which both parties to the Icelandic fisheries dispute might be willing to respect.

TOP SECRET

ANNEX I
to JIC INT SUM No. 296
dated September 12, 1958

1. SOVIET BUILD-UP OF LONG RANGE SUBMARINES IN
THE MEDITERRANEAN SEA

A group of 4 "W" class submarines and one depot ship have arrived in Albania from the Baltic. A senior Flag Officer was embarked in the depot ship. This group was being followed by a miscellaneous group believed to be comprised of a cable ship (possibly a gate vessel) a tanker, a water carrier, a tug, and a floating crane. At last report this group was apparently entering the IONIAN Sea.

COMMENT: There have been persistent reports of Soviet surface and submarine units operating from Albanian bases, and of considerable Soviet shore base construction including submarine pens. The delivery of the group of 4 "W" class submarines plus the depot ship, and the presence of a senior Flag Officer indicate an increased Soviet capability in the Mediterranean. The Egyptian navy is operating a force of 5 long range "W" class submarines and one medium range "M" class submarine which are largely manned with Russian crews. The miscellaneous group mentioned above will probably go to Albania and augment the harbour facilities already known to exist. Soviet, or Soviet controlled submarines now comprise a useful force in being in the Mediterranean Sea.

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ANNEX II

to JIC INT SUM No. 296

dated September 12, 1958

1. Situation in the Taiwan Straits.

The Chinese Communist military build-up in the coastal area of the Taiwan Straits has continued, particularly in aircraft and artillery. Reports indicate that the Communists now have the capacity to cut off by air and naval blockade the off-shore islands (Quemoy, Matsu and adjoining small islands such as the Tungting and Wuchu groups) from their supply-lines with Formosa and to capture some of the small islands by sudden assault.

The mutual defence treaty between the United States and Nationalist China commits United States forces to the defence of Formosa and the Pescadores Islands. The President of the United States was authorized by Congress in 1955 to extend this protection "to include the security of such related possessions and territories of that area now in friendly hands...". The United States has been careful to leave itself a free hand, however, in deciding its course of action if the off-shore islands should be attacked. Mr. Dulles in 1955 said that there was no commitment "to defend the coastal islands as such" but he referred to their importance as links to Formosa. In a recent letter (August 23) to the Chairman of the House Foreign Affairs Committee, Mr. Dulles wrote that the Chinese Communist build-up "suggests that they might be tempted to try to seize forcibly the Quemoy and Matsu islands. As you know, these islands have been continuously in the hands of the Republic of China and over the last four years the ties between these islands and Formosa have become closer and their interdependence has increased. I think it would be highly hazardous for anyone to assume that if the Chinese Communists were to attempt to change this situation by force and now to attack and seek to conquer these islands that could be a limited operation. It would, I fear, constitute a threat to the peace of the area. Therefore, I hope and believe that it will not happen".

A dangerous aspect of the situation is revealed by reports which suggest that United States authorities believe that whether the Communist Chinese follow up their initial military probings in the Taiwan Straits depends upon the sharpness of the reactions of the Chinese Nationalists and of the United States. State Department officials have pointed out in Washington that, if the supply lines to the coastal islands were seriously threatened the only effective counter-measure which could be taken by the Nationalists would be attacks upon Communist airfields and that, in the opinion of the United States military authorities, it would be difficult to limit the action which in these circumstances would have to be taken to relieve the Nationalist position. The United States is exercising restraint on the Chinese Nationalists.

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The State Department have so far taken a calm view of affairs. They consider that the primary aim of the Chinese Communists is to test the reactions of the USA and Nationalist China; a secondary objective might be the taking of some of the smaller off-shore islands. They are encouraged by the fact that in their internal propaganda the Chinese Communists are taking a defensive line and claiming to be retaliating against Nationalist Chinese provocations. They interpret this to mean that the Chinese Communists are leaving themselves a way of withdrawing without loss of face. United Kingdom authorities appear to agree generally with the United States estimate of the situation.

It is a reasonable assumption that Peking's action is being taken with Soviet concurrence, since it followed so closely upon the Mao-Krushchev meeting. The following speculative comments might also be made about Peking's action in re-kindling tension in the Taiwan Straits:

- (a) It accords with the generally accepted view that Communist China, for internal political reasons, is opposed to a detente between East and West at this time.
- (b) It tends to isolate the United States from its allies, most of whom have misgivings about United States commitments to the Chiang Kai-shek regime.
- (c) It may, by focussing world attention on the danger inherent in the unsolved China problem, herald another drive to get Communist China admitted into the United Nations.
- (d) The Communist Chinese regime may feel sufficiently confident and belligerent to attempt to take the off-shore islands by assault, thus ridding itself of a threat to its commerce, enhancing its military prestige and facing the United States with some very difficult decisions.

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COPY N° 96

ISSUE NO. 295

dated 22 Aug 58

JOINT INTELLIGENCE SUMMARY

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1. Recent World Oil Production

(UNCLASSIFIED)

Though oil demand continues to rise, production of crude oil in the free world in January-June 1958, at nearly 372 million metric tons, was some 10 million tons or 2.5 per cent lower than in the corresponding period a year ago, but 4 million tons higher than in January-June 1956. The decline in crude production in the free world has been matched by a continued rapid advance in the USSR, so that total world production, at about 433 million tons in January-June this year, though slightly lower than in the corresponding period of 1957, was 18 million tons higher than in the same period in 1956.

The 10 million tons net decline in the free world's production is accounted for by a decrease of 36 million tons in the output of the Western Hemisphere, only partly compensated for by an increase of 26 million tons in the Eastern Hemisphere.

In the Western Hemisphere, U.S. production was significantly restricted in the first six months of this year. However, it recovered in June and with oil inventories now reduced, and with the hope of a gradual improvement in the general economic situation, there may well be a higher rate of output in the second half of this year. Canadian production suffered its first decline after ten years of spectacular growth; the foremost factor responsible has been the big drop in Albertan crude oil shipments to the U.S. West Coast. Venezuela played a leading part in filling the gap in supplies resulting from the Suez crisis, and production there approached a record level in mid-1957. A subsequent decline has been due first to the resumption of normal shipments from the Middle East, and later to the effect of the U.S. recession and of the new import restrictions imposed in the U.S.A.

In the Middle East, Kuwait's position as the leading producer of the area has been consolidated, its output having risen almost continuously since the resumption of shipments through the Suez Canal, reaching a current annual rate of about 70 million tons. Saudi Arabian production has been affected by the restrictions on U.S. imports and output is now running at somewhat less than 50 million tons annually. The Suez crisis brought no serious set-back to production in Iran as the oil is mainly marketed east of Suez and production, now at a record of over 40 million tons a year, is steadily expanding. Production from Northern Iraq was reduced during the Suez crisis to a fraction of its normal volume as a result of the cutting of the pipeline and not until the end of June this year was full capacity restored. The loss has partly

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been made good by higher production in Southern Iraq. Qatar's production has now exceeded a rate of 8 million tons annually, having been doubled in the last five years. In the Kuwait/Saudi Arabia Neutral Zone, the production capacity has been raised to about 5 million tons annually but current output is lower. Production in Bahrain has now been raised to about 2 million tons annually. Egypt's production, 3 million tons over the year ending in June, is at a new record due to the development of new oilfields, while in Syria oil has been found but regular production is not yet established.

In the East, the growth of Indonesia's production was recently checked by temporary dislocations resulting from the civil war, but regular production has been restored. With the new fields in India, an eventual production of nearly 3 million tons a year is foreseen when transport and refining facilities become available.

In Western Europe advance continues in West Germany, Netherlands, Italy, and Yugoslavia but there is a continuing decline in the established Austrian fields. Current production in France is somewhat below the record achieved during the Suez crisis. Virtually the whole Italian production is from Sicily whose fields are capable of reaching eventually an annual output of about 2 million tons.

Excluding Egypt, African areas produced about .7 million tons in the first six months of this year, with the prospect of a much higher output in future, particularly from the Sahara which is just starting production.

In the Sino-Soviet Bloc, the continued steep increase in output in the USSR are in line with the long-term plans for the rise in output from about 98 million tons in 1957 to between 350 and 400 million tons by 1972. Rumania's production appears at present to be virtually stationary, but production in Hungary and Albania is expanding. China originally set a production goal of 5-6 million tons of natural crude and synthetic oil for the year 1962 and in spite of record discoveries, it is not expected that this figure will be greatly surpassed.

Production in the free world has in recent years risen at annual rates of over 6 per cent cumulative. In the whole post-war era, there was only one previous occasion (1949) when any half-yearly period showed a decline, and this was followed by a rapid recovery. Present indications are that, if no major political crisis interferes with oil production or transport, production should again recover rapidly during 1958.

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APPENDIX TO ITEM NO.1

WORLD: ESTIMATED CRUDE OIL PRODUCTION
(000 Metric Tons)

<u>Western Hemisphere</u>	<u>1957</u>	<u>Jan-June 1958</u>
U.S.A.	353,045	155,500
Canada	24,481	11,000
Venezuela	145,315	66,200
Others	<u>33,734</u>	<u>17,675</u>
TOTAL	556,575	250,375
 <u>Middle East</u>		
Kuwait	57,286	33,858
Saudi Arabia	49,002	24,310
Iran	35,500	19,750
Iraq	21,904	16,180
Qatar	6,648	4,011
Kuwait Neutral Zone	3,328	1,800
Egypt	2,362	1,700
Bahrain	1,597	900
Turkey	299	150
Israel	<u>70</u>	<u>40</u>
TOTAL	177,996	102,699
 <u>Far East</u>		
Indonesia	15,356	8,000
India	430	225
Others	<u>6,915</u>	<u>3,470</u>
TOTAL	22,701	11,695
 <u>West Europe</u>		
West Germany	3,960	2,122
Austria	3,186	1,444
Netherlands	1,523	850
Italy	1,261	700
France	1,415	679
Yugoslavia	396	240
U. K.	<u>81</u>	<u>41</u>
TOTAL	11,822	6,076
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APPENDIX TO ITEM 1

	<u>1957</u>	<u>Jan-June 1958</u>
<u>Africa</u> (Excluding Egypt)	411	671
<u>Free World</u>		
Western Hemisphere	556,575	250,375
Eastern Hemisphere	<u>212,930</u>	<u>121,141</u>
TOTAL	769,505	371,516
<u>Sino-Soviet Bloc</u>		
USSR	98,280	54,000
Rumania	11,188	5,700
Hungary	674	390
Albania	490	290
China	1,460	770
Others	<u>606</u>	<u>310</u>
TOTAL	112,698	61,460
WORLD TOTAL	882,203	432,976

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SOVIET UNION

2. Lloyds Ratings for Soviet Merchant Shipping (CONFIDENTIAL)

It has been reported that the USSR has applied to have Russian-built ships registered with Lloyds Register of Shipping.

COMMENT: Russia has a sea registry of its own, but Russian ships with a Lloyds rating would be easier to sell and charter in the West. Lloyds is now represented in Czechoslovakia, Hungary and Poland.

Normally, Lloyds insists, before granting a rating, on examining plans, supervising construction in the yards and supervising production of shipbuilding steel at the works, according to Lloyd's specifications. The USSR must be aware of these requirements, and may seek to arrange less stringent supervision.

Certain types of merchant ships remain on the COCOM lists. If the USSR were able to offer ships of these types, duly registered with Lloyds, for sale to Western powers, it would be a powerful argument against the maintenance of the remaining COCOM controls on the sale of ships to the USSR.

If an agreement is reached on this matter, the advantages to Western intelligence would be two fold: first, exact knowledge would be available of the facilities and capacity of certain Russian shipyards and steel works; and second, reliable details of Russian merchant ship and steel production and characteristics would be available.

3. Soviet Mid-Year Plan Results (CONFIDENTIAL)

The Statistical Report for the first six months of 1958, issued by the USSR, Central Statistical Board states that gross industrial production was fulfilled to 104 per cent, a 10.5 per cent increase over the similar period in 1957. Moreover, the six-months plan for gross production and the majority of principal commodities was fulfilled by all Union Republics and all Councils of the National Economy with the exception of Sakhalin CNE.

Plan fulfillment for basic commodities for the year 1958 seems assured as shown in the annexed tables. In comparison with the first six months of last year, capital investment rose by 11 per cent, an increase similar to that of 1957 over 1956. The reported 28 per cent increase

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in investment in the iron and steel industry over the first six months of 1957, suggests that many of the plans were implemented for expanding production capacity in this crucial industry. Also the increase of 27 per cent in the chemical industry stresses the importance attached to pursuing Khrushchev's plan for the expansion of chemical production. The increase of 23 per cent in investment in the light and food industries is rather surprising in the light of the modest increases of the last few years.

Despite a late spring the plan for the sowing of crops was fulfilled, and the prospect of a good harvest in all the major crop areas should produce a record yield. Livestock herds showed substantial increases over the similar period in 1957, and state procurements of meat and dairy products increased considerably. According to the reports, and in conjunction with the reorganization of the Machine Tractor Stations, 65 per cent of all farms had purchased their machinery by 1 July. Thus, in June the collective farms performed 73 per cent of all tractor work in the country's agriculture with their own tractors.

Labour productivity of industrial workers increased by 6 per cent, that of building workers by 10 per cent. In ferrous metallurgy, despite shortened working hours productivity increased by 2 per cent. The increased labour productivity is about the same as that recorded in 1957, which suggests that the steady rate of increase realized until 1955 may have leveled off. The total addition of 1 million workers to the labour force is down from the 2.1 million in 1957, however, this can presumably be accounted for by the transfer of many members of the MTSs' to collective farms, where they are not included in the national economy statistics.

In comparison with the rapid increase in retail trade turnover in 1957, the pace was somewhat slower in 1958. It is of interest to note that continuing shortages of cotton fabrics, leather footwear and furniture are acknowledged. The plan for housing construction and the supply of building materials was virtually fulfilled for the first six months. Owing to the fact that these plans are generally underfulfilled in the first six months, and in the light of Khrushchev's ambitious goals to end the housing shortage in the next 10-12 years, it is evident that the housing problem is receiving serious attention.

At mid-year there is no evidence that the reorganization of the management of industry and construction has impaired or dislocated the economy. In fact, the six months plan results indicate that 1958 may prove to be a year of greater success for the Soviet economy than was 1957.

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APPENDIX TO ITEM No. 3

HALF-YEAR PRODUCTION RESULTS AND COMPARISONS

	Output Jan-June 1958	1958 Goals	Sixth Five Year Plan Goals for 1960
Steel (million tons)	27.0	53.6	68.3
Pig Iron (million tons)	19.3	39.1	53.0
Coal (million tons)	245.0	489.0	593.0
Petroleum (million tons)	54.0	111.8	135.0
Cement (million tons)	15.9	33.3	55.0
Electric Power (billion KWH)	114.0	231.0	320.0

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APPENDIX TO ITEM NO.3

TRENDS IN BASIC MATERIALS AND ENERGY PRODUCTION

Commodity	Percent in- crease in 1956 over 1955	Rate of in- crease at mid-1957	Rate of in- crease at mid-1958	Annual rate of increase necessary to reach 1958 goals	Percentage increase needed annually to reach 1960 goals
Steel	7	4	8	5.1	10.0
Pig Iron	7	3	6	5.7	12.6
Rolled Metal	7	6	8	3.7	9.4
Coal	10	8	8	5.6	8.7
Petroleum	18	17	17	14.5	11.0
Cement	11	18	16	10.3	24.0
Electric Power	13	8	11	17.3	15.0

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4. Electrification of the Trans-Siberian Railway (SECRET)

A recent Russian radio announcement declared that the electrification of the 21-mile section Vladivostok-Ugol'naya, at the extreme eastern end of the Trans-Siberian Railway, would start next year. This shows an intention to commence electrification of the Trans-Siberian from the Vladivostok end earlier than expected, probably because of the heavy traffic along this section.

Good progress is being made in the gigantic project of electrifying the Trans-Siberian Railway. Completion of the 3,300 miles from Moscow to Irkutsk is envisaged by 1960, leaving the remaining 2,500 miles to Vladivostok to be completed by 1965.

FAR EAST

5. Chinese Communists Complete Pao-t'ou/Lan-chou Railway (CONFIDENTIAL)

The Chinese Communists have completed track-laying five months ahead of schedule on the new 200-mile Pao-t'ou/Lan-chou Railway. This gives them a trans-China railway stretching 625 miles from Peiping to Lan-chou.

The Peiping radio reported that the last track was laid at Yin-chuan, northeast of Lan-chou, and that through freight and passenger service was expected to begin soon after 1 August 1958.

Construction of the line, the northern section of which passes entirely through Inner Mongolia, began in 1954 and was not scheduled for completion until the end of this year.

COMMENT: Completion of this rail line will expedite the shipment of petroleum products from the Yumen fields to the industrial city of Pao-t'ou and the industrial areas of the north. This will relieve the traffic load on the over-worked Pao-chi/Lan-chou section of the east-west Lung-hai Railway. Its completion will also, of course, release labour and materials for the construction of the Trans-Sinkiang Railway, on which work was curtailed last year in order to speed up construction on the Pao-t'ou/Lan-chou Railway.

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W A R N I N G

This issue of the Joint Intelligence
SUMMARY contains the following parts

Main Section - at SECRET level

Annex I - at CONFIDENTIAL
CANADIAN EYES ONLY level

This cover may be removed when the Annex
is detached.

ISSUE NO. 294

dated 15 August 1958

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COPY N° 96

ISSUE NO. 294

dated 15 Aug 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION AND SATELLITES

1. Manoeuvres of Soviet Ground Forces

(SECRET)

The Soviet Union announced on 7 Aug 58 that the ground forces exercises in the Transcaucasus area have been completed.

COMMENT: The unprecedented announcements on 17 Jul 58, that Soviet manoeuvres were to be held in the Transcaucasus area and the Bulgarian forces with Soviet air participation were to hold manoeuvres, were interpreted as a warning to the West, particularly Turkey, to refrain from interfering with the Iraq revolt.

Marshal of the Soviet Union Grechko, C in C Ground Forces, was to personally direct the manoeuvres which commenced on 18 Jul 58. Marshal Grechko, however, appeared in Moscow on 21 Jul 58 which further suggests that the real nature of the manoeuvres was a warning to the West and that Grechko's appearance was not required in the Transcaucasus for the manoeuvres.

There has been only limited evidence that the manoeuvres were actually held but this can be attributed to the travel restrictions imposed on the manoeuvre areas.

Withdrawal of Soviet forces from the Satellites continued during the manoeuvre period with the completion of withdrawal of all Soviet troops in Roumania and one division from Hungary.

There has been no evidence to suggest that a general state of alert has been imposed on any Soviet-Bloc forces.

The Soviet announcement on 7 Aug 58 that manoeuvres have been completed may indicate that the Soviets no longer consider that Iraq is threatened by Western intervention. The travel restrictions will probably continue for some time pending completion of post manoeuvre activity.

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2. Soviet detection of US nuclear tests

(SECRET)

A Tass bulletin lists 32 nuclear explosions in the current US Pacific series, which it claims were detected during the period 28 April to 26 July inclusive by Soviet nuclear detection stations located at distances of 5000 to 6000 kilometres from the Marshall Islands. It states that various methods of detection were used including acoustic, seismic, electromagnetic, and debris sampling.

COMMENT: With a few exceptions, the dates and times given by Tass are quite accurate. We are not aware of the tests of 29 April 1825Z and 14 July 0400Z claimed by Tass. Also, we list the underwater test of 16 May as having occurred at 1330Z whereas Tass lists it at 0130Z.

To our knowledge this is the first time the Soviet Union has made public a list of US nuclear tests. The accuracy of this list indicates a surprisingly good Soviet capability for the detection of nuclear explosions.

3. Soviet Harvest Outlook

(CONFIDENTIAL)

If favourable weather continues, the grain harvest in the Soviet Union is expected to exceed the bumper crop of 1956.

Harvest losses in 1956 reduced a potential harvest of 125 million tons to 110-115 million tons. These losses occurred mainly in the New Lands area and were caused by wet weather and inadequate storage and transportation facilities. They will not be as high this year because of construction that has been done since 1956.

In 1956 the Soviet Union produced 41 million tons (1.5 billion bushels) of marketable wheat. (Canada's 1958 wheat crop, according to a recent estimate by W. C. McNamara, Chief Commissioner of the Canadian Wheat Board, will be below normal, but will be more than 300 million bushels). In estimating the 1958 Soviet crop, lower probable harvesting losses must be set against the fact that in some districts in the Urals and Western and Northern Kazakhstan, where wheat is an important crop, the outlook is not as good as elsewhere.

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(CONFIDENTIAL)

On balance, the wheat crop may exceed the 1956 crop by a small margin, and the total crop may exceed the 1956 harvest appreciably.

A larger harvest will enable the USSR to export greater quantities of grain to non-Communist countries and to the Satellites, especially in Southern Europe where the prospect is for yields that are somewhat below average. It is estimated, for example, that Yugoslavia will have to import one-third of its wheat requirements (40 million bushels) because bad weather has greatly reduced her wheat crop.

The large harvest will enable the Soviet Union to get on with the task of out-producing the United States in milk and meat per capita. This year, as a result of good crops, the Soviet Union may be able to claim to have surpassed the United States in the total production of milk but not on a per capita basis. The tripling of meat output, which would be necessary to reach the goal set, still remains impossible to achieve by 1960 or 1961, the 1958 crop notwithstanding.

EUROPE

4. Conference of Experts on Nuclear Tests

(SECRET)

The technical discussions in Geneva have now entered their seventh week. The two sides have reached agreed conclusions on the applicability of various methods of detecting nuclear explosions; acoustic and hydro-acoustic techniques; the collection and analysis of radio-active debris; the registration of seismic waves and the registration of radio signals. It was also agreed that for the detection of nuclear explosions at very high altitudes it is possible to use the registration of gamma radiation and neutrons by properly instrumented earth satellites. On July 30 the conference began discussing the co-ordination of the several methods in a control system. On August 1 agreed conclusions were reached regarding the technical equipment which should be used at control posts.

There were substantial differences of view at the outset about the number of control posts required for an effective system. Federov (U.S.S.R.) first outlined a world-wide

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network of 110 posts supplemented by existing seismic stations. The posts would be manned by nationals of the country in which they were located with representatives from the "other side". The whole would be under an international commission established on a parity basis. He suggested that posts be initially established in the United States, the United Kingdom, the Soviet Union, Australia and the Pacific Ocean area, i.e., the existing nuclear powers and their test sites. The Western counter-proposals were indefinite because of internal disagreement as to the number of stations necessary. A United States expert presented a statistical analysis leading to the conclusion that the number should be about 650. The questions of manning and higher control were asserted to be political and outside the scope of the conference. After several Soviet pleas to present a concrete proposal rather than merely criticize the Soviet plan, Penney (U.K.) put forward as a suggested basis for discussion a system containing 160 - 180 stations, plus aircraft and a few ships and inspection of otherwise unidentified events.

Recently on Soviet initiative, there have been informal meetings of two or three representatives from each side to discuss the control system. On August 8 discussions centred on the three major points of disagreement:

- (1) The problem of on-site inspection of suspicious events not fully identified by the control posts.
- (2) The use of existing seismic stations as part of the control system.
- (3) The number of control posts.

The first two points were settled to Western satisfaction. With regard to the number of posts, Federov agreed to raise the number to 150 to compensate for a removal of existing seismic stations from the basic plan. The Western group over the week-end was to consider the possibility of dispensing with ships and with some control posts with a view to finding a satisfactory compromise, taking into account the cumulative effects of simultaneous detection by several methods.

COMMENT: It is apparent that the Soviet side is anxious to secure early a unanimous agreement on the technical possibility of control and on the outline of a system.

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It, therefore, appears unlikely that they will attempt to press for agreement on the quasi-political questions that they have raised, i.e., the nature of the control organization, the nationality of control personnel and the priority of installation of control posts which the Western side has dismissed as outside their terms of reference. It would appear to be likely that a technically acceptable compromise on the size of the control system might shortly be reached.

Dr. Solandt has emphasized that the scientific data is not sufficiently extensive or exact to give great confidence in details such as the precise number of stations required. The United States has interpreted the data conservatively in order to be as certain as possible of an effective system. The Soviet side has been optimistic in order to keep the number of stations low and because they claim that even a relatively low probability of detection would deter a potential violator of an agreement to suspend nuclear tests.

On August 10 the report of the United Nations Scientific Committee on the Effects of Atomic Radiation was released. Inter alia, it states that any action to prevent an increase in environmental contamination by radiation would benefit world health. In the event of technical agreement at Geneva, it may be expected, particularly in view of the publication of this report, that there will be substantial pressures, and not only pressures from the Soviet Union, to initiate political negotiations on the question of suspension of nuclear tests.

MIDDLE EAST

5. Effects of Blocking of Shatt-al-Arab (CONFIDENTIAL)

The Iraqi authorities were reported in the latter part of July to be holding two barges in readiness at Fao for sinking in the navigation channel of the Shatt-al-Arab, which is formed by the confluence of the Tigris and Euphrates and is the outlet to the Persian Gulf of these two rivers.

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(unless otherwise classified)

(CONFIDENTIAL)

COMMENT: The plans for blocking the Shatt-al-Arab were probably made by the new Iraqi regime in expectation of a possible attack. This now seems unlikely.

The successful blocking of the channel of the Shatt-al-Arab would affect the ports of Basra and Fao in Iraq and the ports of Abadan and Khurramshahr in Iran.

In 1956 Iraqi oil exports through Fao represented about 28 per cent of the country's total exports of oil. Only a small amount of oil is shipped from Fao to the U.K.

Basra, which would also be affected, is the commercial gateway to Iraq and handles the bulk of the country's general imports and exports. The cessation of activity at these two ports would have serious effects on the Iraqi economy.

The blocking of the Shatt-al-Arab would also deal a serious economic blow to Iran. It would stop the export of products from the refinery at Abadan which in 1957 amounted to nearly 15 million tons. Only 2.4 per cent of the total U.K. imports of POL in 1957 came from Abadan. Exports of crude from Iran would apparently not be affected.

SOUTH EAST ASIA

6. Recognition of Communist China by Cambodia (SECRET)

The Cambodian Government recognized Communist China on July 24. It is possible that this move was prompted by what Sihanouk considered to be the failure of the West to give him full support on the recent border dispute with South Vietnam.

However, it seems probable that Sihanouk has had this move in mind for a number of months and that the Western attitude toward the border dispute did little more than hasten the action.

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(unless otherwise classified)

(SECRET)

The economic aid which is being given to Cambodia by Communist China, along with Cambodia's desire to avoid offending the Communists, probably had more effect on Cambodia's stand on recognition. It is also in line with his professed policy of neutrality.

There are, of course, general disadvantages for the West. In addition, it seems probable that the presence in Phnom Penh of a Communist Chinese Embassy will have a damaging effect on the large Chinese population of Cambodia.

CONFIDENTIAL
CANADIAN EYES ONLY

Annex 1 to
JIC INT SUM No.294
dated 14 Aug 1958.

The Oil Industry in Iraq

Iraq is one of the most important oil producing countries in the Middle East. Her production of crude oil in 1956 totalled nearly 31 million tons, ranking third in the Middle East and fifth in the Free World. Destruction of the pumping stations in Syria in late 1956 reduced output in Iraq during 1957 to less than 22 million tons. It appears probable that output in 1958 will exceed the 1956 figure. So far the new regime has been very careful not to allow the oil installations to be damaged and has indicated that it does not intend to nationalize them.

Over 90% of the crude oil produced is exported, mainly to Western Europe. Iraq's oil reserves of 3.3 billion tons constitute about 10% of the total proved reserves of the Free World.

The entire area of Iraq is under concession and there are three major oil fields. These are the Kirkuk field in the northeast producing about two-thirds of 1956 output, the Rumaila-Zubair field near Basra in the extreme south producing about 30% of 1956 output, and the Ain Zalah field near Mosul in the northwest producing most of the small remainder. Although these three fields are developed by three different companies, the Iraq Petroleum Co. (I.P.C.), the Basra Petroleum Co. (B.P.C.), and the Mosul Petroleum Co. (M.P.C.) respectively, all three are almost entirely owned (in equal shares) by the British Petroleum Co., Royal Dutch Shell, La Compagnie Francaise Des Petroles and the Near East Development Corporation (Standard Oil/Socony Mobil). The overall Agreement made between the Iraq Petroleum Company Group and the Iraqi Government in 1951 runs for another 40-50 years in the various concession areas on a 50-50 profit sharing basis. There are some indications that the new government may seek a larger share of oil revenues.

Exports from the Kirkuk field are pumped through pipelines to Tripoli (Lebanon) and Baniyas (Syria) on the Mediterranean coast; increased production is dependent upon expansion of pipeline capacity. Production from the Basra field has been rising steadily. Exports from this area must go through the port of Fao which is currently handling about 8 million tons a year and could with existing facilities handle up to 10-12 million tons. Production from

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the Mosul field is unlikely to expand greatly unless further deposits are found.

Consumption of oil products within Iraq has been increasing rapidly, necessitating an increase in refining capacity and extended distribution facilities. Iraq's total refining capacity is at present about 2,680,000 tons a year, which goes to the internal market. This capacity is to be further increased by expansion of the main refinery at Daura (Baghdad).

Oil royalties received from the Iraq Petroleum Company Group, which amounted to \$193 million in 1956, \$137 million in 1957, and have been estimated at over \$212 million for 1958 if there is no change in original plans, have formed the main source of revenue for Iraq's development programme, and also an appreciable part of the budget receipts. Seventy per cent of the total oil revenues were allotted to the Iraq Development Board and the remaining 30% to the Treasury under the former regime. Due to its dependence upon these oil revenues, the shortage of skilled local technicians and its close financial and trade relations with the UK, it would appear extremely hazardous for the new Iraqi regime either to cut off oil supplies to Western Europe or to sequester I.P.C. Group assets in the near future.

Mr. MacLaren

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W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

Main Section - at SECRET level

Annex I - at TOP SECRET level
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Issue No. 293

1 August 1958

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COPY N° 96

ISSUE NO. 293

dated 1 August 1958

JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. Infra-red

(SECRET)

During class instruction Soviet Naval Officers were told that an instrument known as a heat bearing indicator, which resembled a regular searchlight, was an instrument of passive observation fitted in ships. The equipment was said to collect heat emitted by an object and by means of a photoelement located at the focal point of the indicators reflector change the heat into an electric current which was then transmitted to an indicator.

Accurate bearings were obtained with this instrument but range was not considered to be very great. The heat bearing indicator was used both in fog and during smoke screen activities.

COMMENT: A sketch of the equipment bears some resemblance to "Brick Round" the Soviet shipborne "X" band (5,200 - 11,900 mcs) passive ECM equipment.

EUROPE

2. European Integration

(CONFIDENTIAL)

Considerable efforts have been made in recent years by European nations to work out special arrangements which tend to bring them gradually closer together in a European system, as already illustrated by the Organization of European Economic Co-operation (OEEC) and the European Coal and Steel Community, which have now been in existence since 1948 and 1952 respectively. More recently the European Economic Community (EEC) or the Common Market has come into being. This policy is aimed not only at ending Europe's past divisions but also at giving to Europe-through co-operation in numerous fields and through the setting up of representative West European institutions-economic prosperity as well as political stability and unity, from which the rest of the world should benefit in the long run. However, it is essential that this new form of international co-operation and solidarity should not be exclusive in character or strictly regionalistic in its aims and implementation, and particularly that it should not divide Europe politically nor weaken the Atlantic Community, or impede growth of

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a healthy, world-wide pattern of international trade and payments. The developments in this field of greatest interest at this moment are briefly analyzed hereafter.

The six member-states of the European Coal and Steel Community, i.e., France, Germany, Italy, Belgium, the Netherlands and Luxembourg, signed in Rome on 25th of March 1957 treaties which provided for the establishment among themselves of a European Economic Community (Common Market) and of a European Atomic Energy Community (Euratom). The Treaties came into operation on 1st of January 1958 but the full implementation of their provisions will extend over a period of from 12 to 15 years.

Under the first Treaty, the six countries will set up a common market (customs union) by eliminating progressively, starting on the 1st of January 1959 tariff and other barriers to trade between themselves and by adopting a common tariff towards third countries. Under the second Treaty there will be created an Agency within which the members will co-operate intimately in the exploitation of atomic energy for peaceful uses. The Treaty preserves the right of the members to conduct independent national military programmes in the atomic field. It appears that Euratom in the field of peaceful uses will involve intimate co-operation of national programmes (including a member of common projects) rather than a complete pooling of effort.

While it is generally considered premature in Western Europe to proceed at this stage with major measures of political integration, such as those aiming at the creation of the United States of Europe, there has been among Governments and political personalities a growing desire for further co-ordinating of European foreign and defence policies. A similar preoccupation is being frequently expressed in inter-governmental forums, notably in the Consultative Assembly of the Council of Europe, concerning the need to rationalize and centralize the existing and proposed European institutions of inter-governmental co-operation in the economic, political, military and parliamentary fields.

Of more immediate significance in this respect is the decision taken earlier this year by the six EEC governments that the institutions of the European Economic and Atomic Energy Communities as well as of those of the European Coal and Steel Community should be located in the same city, and should, whenever possible, be merged into common institutions operating for the three Communities. A common Parliamentary Assembly--having chiefly advisory functions--has started to operate under the chairmanship of Mr. Robert Schuman meets provisionally in Strasbourg.

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The entry into force of the Treaty for a Common Market gave renewed impetus to the negotiations for a European Free Trade Area which in 1956 the United Kingdom had proposed be set up around the Common Market by the members of the Organization for European Economic Co-operation. In the proposal made by the United Kingdom, agricultural products were to be excluded. Essentially, the British proposal was designed to reconcile the United Kingdom's trading interests in Western Europe with the special trading links which obtain between the U.K. and the rest of the Commonwealth. In British eyes also the Free Trade Area, operating under the wider and liberal influence of the larger membership of the OEEC, would ensure that the Common Market did not divide Europe economically and politically and did not upset a proper balance between exclusively European interests and Western interests in general.

The six EEC governments have now been negotiating for some time on the formulation of a common approach to the FTA and when agreement is reached they are to submit their conclusions as joint counter proposals to the OEEC Ministerial Committee on FTA headed by the Right Honourable Richard Maudling of the U.K. It would seem that many of the difficulties centre on France's rather reserved attitude (reflecting France's traditional protectionist policies), and it is still doubtful whether the coming to power of General de Gaulle will in fact facilitate progress in the negotiations. The Ministerial Meeting of the Maudling Committee which began July 25 may provide a clear indication of the current positions of the various governments, in particular of the new French Government.

3. German Reunification

(CONFIDENTIAL)

The Western position on German reunification has consistently been that reunification should take place by means of free elections leading to the formation of an all-German Government which would be in a position to negotiate a peace treaty and be free to choose its own policies, both domestic and foreign. The Western position was reiterated in the Berlin Declaration of 29th of July 1957 (signed by the three Western powers and Western Germany), and in the Western proposals of 28th of May 1958 for a summit conference, the substance of which received the concurrence of all NATO powers including Canada. In these agenda proposals, the U.S., U.K. and France reaffirmed the link between German reunification and European security which has been defined under the Eden plan submitted to the Geneva Conference of Foreign Ministers in October 1955. The paper expressed willingness to enter into security arrangements which would give assurances to the Soviet Union in regard to the establishment of a freely-chosen all-German Government.

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Since the Geneva Conference of 1955, during which the positions of the USSR on the one hand and of the three Western powers on the other were found to be irreconcilable no progress has been made to renew the four-power negotiations on German reunification (the USA, United Kingdom, France and the USSR being responsible, under the Potsdam Agreements of 1945, for the political future of Germany). The fact that the USSR has, in recent months, been emphasizing its opposition to the Western basic conditions would rather tend to make Soviet concessions on this issue even less imaginable at present. An expert group of the big four Western powers meets from time to time to review the questions but so far has failed to suggest any significant change in the line adopted at the time of the Geneva Conference. In view of the prolonged deadlock on this matter, there is need perhaps for a new Western approach to the problem. It is felt, however, that the West Germans who appear to be increasingly aware of this should perhaps provide the lead in initiating new discussions among Western powers.

The Soviet position has consistently amounted to a stern refusal to allow the German population to decide democratically and freely on its own future. It has been made clear that under no circumstances would the USSR permit a reunited Germany to ally itself with NATO. For the Soviet Union, the only way of achieving reunification is by direct negotiations between the Federal Republic and the so-called "German Democratic Republic" on the basis of full sovereignty. Moscow has also persistently refused to agree that German reunification be included on the agenda for a summit meeting, on the ground that this is a matter to be discussed first between the two German states. Soviet policy has thus been systematically promoting the recognition of its puppet state, the German Democratic Republic as a "sovereign state", both with a view to consolidating the Communist position there, and in order to impose -- if necessary -- a solution to the German problem on the basis of two Germanies of equal status. Outside the communist bloc and Yugoslavia, however, there is not yet a single government that recognizes the so-called "German Democratic Republic". All NATO Governments, of course, recognize the Government of the German Federal Republic in Bonn as the only legitimate German Government entitled to speak for Germany in international affairs.

In Germany, reunification naturally remains an essential and permanent objective of Chancellor Adenauer's Government, and also for that matter, of the opposition parties. The unanimity of the German opinion on the question was again evidenced on 2nd of July when the Lower House of the German Parliament adopted, by a unanimous vote, a resolution instructing the German Government to request the United States, the United Kingdom, the French and Soviet Governments to establish a Four Power Standing Group to deal with the problem of Germany's reunification. The resolution stipulated that the

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Standing Group should be composed of Deputy Foreign Ministers of the big four powers or of diplomats with ambassadorial rank. While stressing again that the fundamental responsibility for reunification rests with the Big Four powers, the German Parliament resolution also reflected the view that new efforts must be directed at the Soviet Government to obtain some form of co-operation if reunification is to be facilitated.

It would appear that the best that can be hoped for at a summit meeting towards eventual reunification would be a limited agreement on general controlled disarmament (or some form of partial disarmament in Central Europe) which would lead to a reduction of nuclear and conventional forces which could, in turn, loosen Russia's grip on Eastern Europe and open the door to reunification itself at a later stage. Chancellor Adenauer has indicated that he would not like a summit meeting to appear to have failed because of the German problem and that reunification should not stand in the way of general disarmament. It should be noted, however, that while being agreeable to giving a priority to disarmament, he is nevertheless of the opinion that the German question cannot possibly be ignored altogether at a summit meeting in view of the close relationship it bears to security and disarmament problems.

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ANNEX I

To JIC Summary No. 293
dated 1 August 1958

MIDDLE EAST

1. Lebanon

U.S. forces in Lebanon now number approximately 12,000 men, and their armament includes weapons "with atomic capability". As yet, in spite of a little mutual sniping, they have had no major clashes with opposition forces, and are reported to have instructions not to penetrate opposition-held areas for the moment, unless provoked. They have directly warned rebel leaders against such provocation, and have carried out displays of air strength to the same end, although in principle the effectiveness of threats of this nature on Arab psychology is to be doubted. The U.S. forces apparently plan gradually to expand the perimeter of their operations but so far have moved no further than the outlying suburbs of Beirut.

There have been a few reports of clashes between opposition and government civilian partisans, with the army intervening to separate the combatants but not taking decisive action against either side. The possibility of an army coup against President Chamoun is receding, but there has been close contact between opposition leaders and army officers, particularly in the north, and also, it seems, with General Chehab himself. The opposition has been working hard to preserve its links with the army, and it was for this reason that Saeb Salaam last week discouraged the opposition from moving to set up a "free government" of its own. The opposition, in spite of fiery statements made soon after the landings, has not taken provocative action against the Marines, and has probably calculated that if it can avoid a military showdown with the U.S. forces in which it would be bound to be worsted, it will attract additional support from the large mass of the population, including most of the army, that is still "fence-sitting."

Co-operation of the Lebanese army with the U.S. forces, which was virtually nil in the first days following the landings, is said to be somewhat improved but a United States report implies that Lebanese intelligence is no longer passing on to the U.S. Embassy detailed information about the situation in outlying areas.

The political situation is obscure. Lebanese public opinion does not seem to have anticipated that the landings would be on such a massive scale, and appears somewhat dismayed and alarmed. So far the only important leaders to express public support for the landings are members of the Cabinet, other government spokesmen, and the leader of the right-wing Christian "Phalanges" party. The meeting of the Lebanese parliament scheduled for the 24th of July to elect a president was put off until the 31st of July but it now seems unlikely that the election will be held on that date. U.S. Presidential envoy Murphy is continuing discussions with Lebanese

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opposition and third force leaders and, in spite of the negative U.S. attitude towards Beshara-el-Khoury, is emphasizing that the U.S. is not promoting any particular candidature. He is also holding "very delicate talks" with General Chehab, the nature of which has not been divulged. The talks undoubtedly concern the relations between the Lebanese army and the Marines and may also involve the question of Chehab's candidature for the Presidency. The General still has such prestige in the country that if he would only declare his willingness to run he would, as President Chamoun said this week, be speedily elected -- in fact he is the only prospective candidate who does have strong chances of success. The United States and United Kingdom, in spite of Chehab's probable links with the opposition and his hitherto un-cooperative attitude, are now thought to be agreeable to his candidature, but he is probably insisting that U.S. forces withdraw before he is elected in order to clear himself of the inevitable charge of being elected by "foreign bayonets." It is this factor that is probably discouraging other candidates.

Mr. Murphy has also held talks with the Latin American ambassadors in Beirut, no doubt to offset the talks which they have had with Galo Plaza, the Ecuadorian member of UNOGIL, who has confidentially expressed to them his concern at the U.S. landing because of its implications for the Latin American states.

Unless the U.S. forces attempt a large extension of their area of occupation, there will probably be no basic change in the security situation in the near future, but that the election of a new president is most unlikely until the Marines have either withdrawn or set a firm date for their withdrawal.

2. Jordan

Little information is available on Jordan. There are now about 2,000 British troops in the country. At first they were encouraged to circulate unarmed in the streets of Amman so that photographers could show them fraternizing with the inhabitants, but they are now required to go out in groups of four, of which at least one member must be armed.

The U.K. authorities have reached the opinion that they were over-optimistic in their initial estimate that two-thirds of the army was loyal to King Hussein. They now estimate that perhaps one-half is loyal. The efficiency of the army is, however, considerably impaired by the lack of loyal officers in the higher ranks, as a result of the constant desertions and arrests of army officers that have taken place over the past year, and

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particularly in the week immediately preceding the Iraqi revolution. The King's own aide-de-camp was among those arrested at that time. On press report states that the total loss of army officers may be as much as 125, which is a fair amount in a total army of 22,000.

A very large proportion of the population on the west bank of the Jordan is hostile to King Hussein, as is much of the population of the east bank town of Amman (the capital), Salt, Irbid, and probably Kerak. Disturbances have occurred in a number of towns. The elements most loyal to King Hussein are the bedouins (who comprise not only nomads but a large part of the settled population of the east bank), but there is one unconfirmed report that an important tribe near the Syrian frontier is wavering in its allegiance.

It should be borne in mind that despite all that is written about their sterling qualities, the bedouins are essentially an unprincipled lot, and are quite prepared to change their allegiance if it is in the interest of the tribe to do so. At present it is their antipathy to the Palestinians, just as much as their affect on for the monarchy, that keeps them loyal to the Hashemite house.

There is, in our opinion, no possibility that King Hussein could stay in power more than a short time after the withdrawal of U.K. troops. While they remain, there will perhaps be no serious attempt to overthrow him, but in the meantime many elements now publicly supporting the King will seek to reinsure themselves with the opposition by undercover contacts and assistance. Because of the basic political current in the area, and because of the tendency of many Middle Easterners always to range themselves on what they believe is the winning side, deterioration in King Hussein's position will thus continue. It is quite likely that in the near future, a sort of paralysis of the Jordanian state will set in, and the will to resist on the part of many of those now in power may be seriously sapped.

Correction to Issue No. 292

Item #1 SECRET CANADIAN EYES ONLY.

Subject. Technical Talks on Methods of Detecting Nuclear Tests.

Second paragraph to read:

"The Canadian Delegation now consists of five scientists including Dr. Solandt Vice President Research and Development C.N.R., Mr. Larnder, and Mr. Longair of the Defence Research Board etc.....".

Mr MacGavin

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dated 25 July 1958

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SOVIET UNION

1. Baltic Naval Movements

On 19 June, two Soviet hydrographic survey vessels, EKVATOR and G-485 left the Baltic. The EKVATOR returned on 8 July.

During 20-22 June, four "W" class submarines, #13,80,83,85 departed from the Baltic.

During 22-23 June, one SVERDLOV cruiser #51, one TALLIN DD #95, two KOTLIN DD #81,84, two tankers, LOVAT and YAHROMA, and water-carrier V-18 departed the Baltic. All units except KOTLIN DD #81 returned during the period 2-11 July.

On 30 June, four "W" submarines, #10,25,45,99 entered the Baltic.

COMMENT: A naval exercise which probably involved a large number of submarines was reported to be underway in the Norwegian/Barents seas in late June and early July. The listed units probably participated in this exercise.

One survey vessel (G485), one KOTLIN DD(81) and four submarines (13,80,83,85) were not seen to return and are presumed to have gone to the Northern Fleet area. The possibility remains that the four submarines are operating out of area.

Indications are that the four submarines which entered the Baltic came from the Northern Fleet. These units could well have been on out of area patrols prior to being sighted approaching the southern Norwegian coast.

2. Soviet Submarines - Unusual Activity

(SECRET)

On 17 July, an unevaluated source reported that unidentified submarines carrying sails were observed off Southern Norway. The submarines dived when approached.

COMMENT: During World War II, the Germans used such a ruse to conceal the presence of a submarine. Seen at a distance, the submarine appears to

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be an inshore fishing vessel and unworthy of closer investigation. Since most reconnaissance is now carried out by aircraft, close inspection would consume little time and the value of such a ruse operationally is open to question. However, in disguising peacetime activities from a casual observer it might be very worthwhile.

3. Submarine Sightings - Northern Areas

(SECRET)

On 26 June a possible submarine was sighted 50 miles south of Sach Harbour, Banks Island, N.W.T.

On 15 July a possible submarine was sighted off Western Greenland in position 69 27 N 54 15 W.

COMMENT: There are good reasons for unfriendly submarines to operate in these areas at this time of year and especially during the present crisis. At present the MSTS yearly supply and DOT yearly supply convoys for Arctic outposts are passing into the Northern Coastal and Island areas from both east and west. With the extremely limited ASW capability of the forces involved, little danger exists for submarines wishing to undertake surveillance or attack on such forces.

The submarine off Western Greenland is also in an excellent position for monitoring Thule, Frobisher and other northern air bases.

4. The Soviet Proposal for a Summit Meeting on the Middle East

(CONFIDENTIAL)

The Soviet proposal for a summit meeting on the Middle East should be assessed, in so far as this is possible from the probable Soviet, as well as the Western point of view.

For most of the post-war period, the gravamen of Soviet policy vis-a-vis the West has ultimately centered on European questions. But the USSR has been developing an active policy in the Middle East since before 1950. In the autumn of 1956, it lifted its Middle East policy into the context of East-West relations by threatening the UK and France with intervention. Although this threat was carefully wrapped in a conditional co-operation by the U.S., this was one of the most drastic diplomatic steps ever taken by the Soviet leadership in the context of its relations with the West. Since the end of 1957, the USSR has repeatedly called for the inclusion of a settlement of the Middle East on the agenda of a summit meeting.

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The latest proposal suggests that it is still anxious not only to secure the weakening of Western influence in the Middle East, but also to secure a voice as a great power in a settlement of the affairs of the region. Moreover, just as it has gradually reduced its demands for an East-West settlement to demands for recognition of the status quo and calls for non-aggression and friendship pacts, so it has ostensibly abandoned its demand for parity of East-West representation at a summit meeting on the Middle East, it has conceded that the U.N. should be represented and it has reduced its proposal of February 1957 for an end to the arms traffic in the Middle East to discussion of this traffic.

There is, of course, no evidence that the USSR is yet prepared genuinely to co-operate with the West in such a settlement. But the USSR brandished its military power in 1956, and the latest Soviet proposal, by referring to Soviet military strength, still relies on the argument that Soviet power warrants a voice for the Soviet Union.

It would seem that the USSR has little to lose by avoiding any specific commitment in the present crisis. But there is a faint possibility that it may wish to take some further action, short of involving its troops in the region. The USSR may come to attach as much or more importance to securing a voice in Middle East settlement as it does to the weakening of Western influence in the region. If so, it may feel compelled to seek some course of action to try to compel the West to grant it this voice, especially if the Western reply to its proposal does not seem to be satisfactory. It is of course impossible to foresee what this course of action may be.

MIDDLE EAST

5. Cyprus

(SECRET)

On June 19 the U.K. Government made public its new plan for the future of Cyprus. The plan described as "an adventure in partnership" provides for separate legislatures for each of the Greek and Turkish Cypriot communities, with final authority in communal affairs; for representation of the same communities as well of the Greek and Turkish governments in a government council for the management of internal administration other than communal affairs and internal security; for participation in an advisory capacity to the Governor of representatives of Greece and Turkey in the administration of defence, external affairs and internal security. The representatives of the Turkish and Greek governments would have a right of appeal to an imperial tribunal against legislation they hold to be discriminatory. The Cypriots could be offered Greek and Turkish nationality while being also able to retain British nationality. The plan would operate for seven years, at the end of which the United Kingdom government would consider sharing sovereignty over the island with Greece and Turkey.

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Thus, for the time being the plan would associate Cyprus not only with the United Kingdom and the Commonwealth, but also with Greece and Turkey. It maintains the unity of the island while recognizing the two distinct communities and allowing a measure of representative government to each of them.

Shortly before it was made public in June, the U.K. plan was presented to the NATO Council which urged that the three interested parties agree to a conference to discuss the plan. Greece and Turkey and the two communities of Cyprus rejected the plan, although Turkey has welcomed a three party conference to discuss the issue.

While the plan goes a long way towards a compromise solution between Greek and Turkish attitudes, it provides for neither Enosis (union with Greece) nor partition, yet rejects neither of these alternatives as the ultimate and final solution for the future of Cyprus. The Turks have indicated that they might be prepared to accept the partnership plan as long as partition remains the final solution. The Greeks, on the other hand, have been adamant against the U.K. plan, mainly because it recognizes Turkish interests in the island of Cyprus which the Greeks claim had been relinquished at the Treaty of Lausanne; and because the plan denies the Greek Cypriots' self-determination through which Enosis could eventually be achieved.

Recent information indicates, however, that both Greek and Turkish newspapers have latterly begun to show some tendency for moderation and that this might reflect a more cautious and forthcoming attitude on the part of their respective governments.

On the Island of Cyprus, the situation has remained serious, since the announcement of the U.K. plan, and many clashes have been reported. In fact, violence reached such a pitch that leaders of the Greek and Turkish communities recently joined with the Governor in an appeal for peace and order; the U.K. were compelled to reinforce their troops in order to maintain the peace. On July 4 the U.K. Prime Minister sent messages to the Greek and Turkish Governments renewing his invitation to hold personal discussions of the U.K. plan. The original reactions of Greece and Turkey to the plan had not been interpreted by the U.K. as complete rejection.

On July 5 the Foreign Minister of Turkey, Mr. Zorlu, issued a public statement renewing the Turkish stand that the partition of Cyprus could be reconciled with a tripartite condominium and that Turkey was ready to take part as soon as possible in tripartite conversations or, if that should not be possible, in bilateral talks with the U.K. The moderate attitude taken by the Turkish authorities has been described as a "change of tone". This change of tone was confirmed soon after when the Turkish Prime Minister sent a message to the U.K. Prime Minister indicating, in complicated words, what seemed

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to mean that Turkey now accepts the British plan, subject to certain modifications, as a first stage; a tripartite condominium as the second stage; and finally, partition as the logical and final solution. Mr. Mendereç asked for a meeting as soon as possible with the U.K. Prime Minister to discuss details; he gave the implication that the Greek Prime Minister would also be welcome at these talks. The modifications to be proposed by Turkey will probably be aimed at ensuring that the affairs of the two communities will be separated as much as possible.

No reaction has been heard from Athens about Mr. Macmillan's renewed invitation for personal talks or Turkey's modified stand on the U.K. plan.

COMMENT: The new moderation shown by the Turks as well as their unofficial acceptance of the U.K. plan could not signify that all differences will be ironed out as far as the Greek side is concerned. The Greeks are suspicious of the opportunity the U.K. plan offers the Turks of getting separate recognition for the Turkish community which they fear will be conducive eventually to partition. It is nevertheless known that as soon as calm conditions will permit it, the Governor of Cyprus will consider ways and means of making progress with that part of the U.K. plan establishing representatives governments on the island, which the U.K. authorities are confident will be acceptable by all parties concerned.

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SCIENTIFIC

1. Technical Talks on Methods of Detecting
Nuclear Tests.

The technical talks which began in Geneva on July 1 have continued without interruption and fifteen meetings have now been held. After the Communist side failed to secure Western commitment to suspension of tests during the early days of the conference, the discussions turned to the scientific aspects of the question of test detection. The procedure developed in the meetings has been to deal with each of the various methods of detecting nuclear explosions separately with the idea of later attempting to combine the results in a plan for inspection. So far, the conference has dealt with acoustical techniques and the collection of nuclear debris and is now completing its study of the registration of seismic waves.

The Canadian Delegation now consists of five scientists including Dr. Solandt, Mr. Larnder, and Mr. Longair of the Defence Research Board, Dr. Willmore of the Dominion Observatory and Professor Volkoff of the University of British Columbia, who is acting as a part-time consultant. The most important Canadian contribution to the discussions so far has been related to the question of sampling nuclear debris. Both air and ground sampling has been carried out in Canada over a wide area for a number of years and the evidence which Canada was able to produce tended to support the Western contention that ground sampling methods in themselves are not satisfactory as a means of detecting nuclear explosions.

COMMENT: During the early stages of the Conference there was considerable jockeying as both sides attempted to determine whether the other was prepared to divulge detailed information obtained from actual test detection experiments. The Western side developed the technique of advancing certain data and then waiting for the Communist side to respond. The Communist scientists have contributed to the discussions but some of their papers have not been of a particularly high standard. It is not clear whether this is due to hasty preparation, technical backwardness or political manoeuvring. Dr. Solandt has stated that the latter is the favoured explanation although he feels personally that it is a mixture of all three. As expected there have been indications that the Communist papers and statements were designed to point to the conclusion that an effective and relatively simple system for detecting nuclear explosions could be designed.

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CANADIAN EYES ONLY

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As far as technical matters are concerned, the main difference of opinion has revolved around the question of sampling nuclear debris. The Communists are apparently not anxious to have inspection aircraft flying over their territory collecting samples of nuclear debris and have contended that ground sampling methods are satisfactory for detection purposes. On the other hand, the West, which apparently has wider experience in this field, insists that samples must be collected by aircraft as well as on the ground if this method of detection is to be reasonably reliable. The two points of view have not been reconciled as yet.

In his latest summary of the situation in Geneva, Dr. Solandt stated he has learned that the initiative in the U.S.A. for the meetings apparently came almost entirely from Dr. Killean and his staff. They encountered opposition from both the Department of Defence and the Atomic Energy Commission and it was only after enlisting the personal support of the President and Mr. Dulles that they were able to proceed. The Atomic Energy Commission is still keeping a close watch on the declassification of information, but this has not hampered the conference.

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W A R N I N G

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SUMMARY contains the following parts

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JOINT INTELLIGENCE SUMMARY

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SOVIET UNION

1. "Watch Dog" Intercept Equipment

(SECRET)

Evidence obtained from photographs of two RIGA class destroyer escorts taken in April, 1958 at Swinemunde, confirms the belief that the "Watch Dog" electronic countermeasures equipments are not always the same in this class of ship.

COMMENT: From examination of the photographs referred to above, it appears likely that some or all of the following activities are being practised.

In one instance it seems probable that the complete equipment or certain parts of it "X", "S", "K" and "L" bands are still under development or being evaluated separately. It may even be that sections of "Watch Dog" are fitted individually and are interchangeable, according to the function they are required to perform.

The other photograph tends to bear out a consideration that part of "Watch Dog" equipment may perform an infra-red function or even one of visual signalling.

2. Red Bloc Air Agreements

(CONFIDENTIAL)

France and the Soviet Union have signed an air agreement with reciprocal rights for a civil air service between Moscow and Paris. Aeroflot is to use Tu-104's and Air France Lockheed Super Constellations and each will make two round trips per week. A once per week reciprocal Moscow-Amsterdam air service was also provided for in an agreement between the Netherlands and the Soviet Union but full details are not yet available.

The Soviet Union has also approached Japan with a draft agreement under which Soviet aircraft could fly to Tokyo or other points in Japan but Japanese planes could fly only as far as Khabarovsk. The Japanese have agreed to negotiate provided they are permitted to fly to Moscow. Two Satellite countries Bulgaria and Roumania have signed air agreements with Austria and Denmark respectively. Details of these agreements are not available.

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(CONFIDENTIAL)

Within the Soviet Bloc itself Bulgaria has instituted flights between Moscow and Sofia by aircraft of the Bulgarian airline (TABSO). This service supplements the Aeroflot service to Sofia from Moscow which has been in existence for some time.

COMMENT: The agreements between the Red Bloc countries and nations of Western Europe are further reflections of the expansion of Red Bloc aviation in the field of international air services. With the signing of agreements with France and the Netherlands the total number of NATO countries having reciprocal air services with the Soviet Union becomes six and of non-Red Bloc countries eleven. It is not clear what provisions have been made at Paris for the noise problem of the Tu-104. In the past Paris has refused to take the Tu-104 because of the excessive noise level.

A Soviet-Japanese agreement would provide for a fast service right from London through the Soviet Union to Tokyo since a London-Moscow service is already provided for under a British-Soviet air agreement. Such a fast service by Aeroflot would serve as an excellent vehicle propagandizing Soviet political and technical accomplishments as well as undoubtedly being a money-making service.

The inauguration of a TABSO service between Sofia and Moscow is an indication of the growing maturity of the Bulgarian airline and of the continuance of the Soviet policy of encouraging the Satellites in the civil aviation field to develop their airlines.

3. Summit Preparations

(CONFIDENTIAL)

Hopes of a summit conference being convened before the end of the current year dimmed considerably with the despatch by Mr. Khrushchev on June 11th of an open letter to the U.S., U.K. and France, restating the Soviet position and accusing the three western governments of deliberately using the Ambassadors' talks in Moscow to delay the holding of a summit meeting. The basis of the accusation was that the Ambassadors were proposing for discussion subjects which are unacceptable to the Soviet Government such as Eastern Europe and German reunification. Mr. Khrushchev's letter, together with Mr. Gromyko's announcement on June 17th that the Soviet Government intended to release the documents exchanged on a confidential basis during Ambassadorial talks, brought to a close the period of private diplomacy on summit preparations initiated in mid-April. (It should be noted that the secrecy of the talks had been somewhat compromised as a result of Western Press reports telling about the substance of some of the documents exchanged).

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(CONFIDENTIAL)

Western reaction to the Soviet move consisted in the immediate publication by the U.S. State Department of the Western documents handed to Mr. Gromyko which were made up of (a) an aide-memoire setting forth Western views on the purpose of the talks and of a foreign ministers' meeting, (b) a statement outlining Western agenda proposals - the counterpart of a previous Soviet memorandum on U.S.S.R. proposals - and (c) a list of proposed headings and sub-headings to be used as a basis for reviewing Western and Soviet agenda proposals and determining what subjects should be submitted to heads of government.

The exchange of views which took place in Moscow was protracted by Mr. Gromyko's insistence on dealing separately with the three Western Ambassadors - and to some extent also by consultation procedures in NATO - but for a time it seemed possible that some progress would be made on the all-important question of whether sufficient common ground could be found between the positions of East and West to warrant a meeting of foreign ministers and eventually heads of state.

Following NATO consultation, the big three delivered their replies to Mr. Khrushchev's letter on July 1st. Though not identical, all three replies take issue on procedure and point to the Soviet failure to respond, despite Mr. Gromyko's undertaking to do so, to the practical procedure suggested by the West under its list of topics of May 31st for an examination of respective positions and the selection of agenda subjects for submission to foreign ministers and subsequently to heads of government. The letters make it clear also that the West is anxious to continue exploratory talks in the hope that solutions to outstanding problems may be found.

The motives behind Mr. Khrushchev's change of attitude on summit preparations have likely to do with internal factors and the unsettled situation in Eastern Europe, not to mention pressures of various sorts which are apparently being exerted by Peking on Moscow. It is probable that Mr. Khrushchev, after identifying himself so closely with the idea of a summit meeting still wants one if he can get it on his own terms, or at least close enough to them. Meanwhile he cannot afford both at home and abroad to remain silent on the question of Eastern Europe in view of the precarious position of the U.S.S.R. in some of the satellites and in Yugoslavia. One of his chief objectives at a summit conference is a badly needed tightening up of the Soviet Bloc in Eastern Europe. Hence his renewed rejection in public of Western items on Eastern Europe and German reunification for a summit agenda, and conversely his insistence for inclusion of an atom free zone and a non-aggression pact. Hence also his brushing aside of the Western offer of assurances in relation to a reunited Germany. A full fledged Summit Conference that will not entail a clear recognition of the Soviet position on Eastern Europe is of little value

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(CONFIDENTIAL)

to him. That is why he has turned to a piecemeal approach along technical lines to East West negotiations.

The best hope at present therefore for a revival of serious prospects about some sort of summit conference probably lies in the technical talks in Geneva. There seems to be a growing recognition among Western Governments of disarmament as a central area for any summit meeting. The technical talks may open up possibilities for at least making a start on the question of general controlled disarmament at a summit conference. The same may be said perhaps of Mr. Khrushchev's latest proposal to the U.S. - July 3 - for joint steps towards solving the problem of preventing surprise attacks, a first step to consist of a meeting of experts, a suggestion incidentally President Eisenhower had already made in slightly different form in his letter of January 12 to Marshal Bulganin.

EUROPE

4. France

(CONFIDENTIAL)

When de Gaulle came to power a month and a half ago, he was faced with three main problems. He had to re-establish the authority of the Central Government. Then he had undertaken to find a solution for the Algerian problem and also to establish economic and political stability in France.

The revolt against the established Government in Paris had been led by the army in Algiers which first rallied to de Gaulle. Their attitude, which is not without uncertainties, remains crucial to de Gaulle's position. Salan and the senior officers are probably personally loyal to de Gaulle. The next echelon, "the young colonels", did not see service with the General during the last war and they support him as the champion of the Army. They look to him to save Algeria and prevent the army from being made the scapegoat for its loss to France. If, however, he deserts their cause they could easily abandon him and turn to another leader of their own. As for the majority in the National Assembly, they accepted de Gaulle in order to solve problems which the Assembly itself had failed to solve. He has until October, if the army sticks by him, to demonstrate his success.

De Gaulle apparently feels that he should not reveal the details of his policies on Algeria or on other questions until he has consolidated his authority. Thus there is little information and much speculation about what he intends. The composition of the Cabinet might give some indication of de Gaulle's plans. Of the influential politicians, he has kept Mollet,

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the leader of the Socialists; a staunch European with liberal ideas about colonial development. Pinay, the leader of the Right Wing, independent and perhaps as orthodox as a Frenchman can be, is the Minister of Finance. Four important Ministries, Foreign Office, Armed Services, Interior and Overseas Territories have been placed under senior officials, all of high reputation but no proved political influence, which may indicate that the Prime Minister will look to them to implement rather than to formulate policy. Moreover, information about de Gaulle's method of operation (his Minister of Information described his conduct of the Cabinet meetings as Napoléonic) does not remove the impression that his approach remains authoritarian.

The General has a sincere evangelical belief in the glory of France and is dedicated to re-establishing her place in the Councils of the Great.

On East-West relations, he has given assurances that he will follow the Western allied line and has openly declared his support for NATO and for other French treaty commitments. Nevertheless, the possibility cannot now be eliminated that he might come to the conclusion in the face of a continued stalemate that his personal intervention with the USSR could advance the Western aims.

The energy with which he promotes French participation in the European movement, and the FTA in particular, can be expected to depend on an objective assessment of the effect this would have on the economic and political strength of France. (His decision to drop Maurice Faure, "Europe" in three successive Cabinets, may indicate a reduced interest in the European integration).

De Gaulle has already made clear that he will continue to press ahead towards the development of atomic weapons unless a comprehensive disarmament agreement intervenes. He seems determined to gain admission for France to the "Atomic Club". (He has brought the head of the atomic energy agency into the Cabinet as Minister of the Armed Services).

His reputation for liberal colonial views, based on his Brassaville declaration at the end of the war, suggests that he will work towards self-government and a conversion of the Empire into a type of federation or commonwealth.

From what is known of their Paris visit, Messrs. Macmillan and Dulles seem to have been reassured about de Gaulle's intentions but this feeling appears to be based on the General's accommodating and friendly attitude rather than on any precise indications of policy. There are certainly signs that
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in his ten years out of office the General has learned the value of more flexible tactics, but as yet there is no evidence to justify an opinion that his policies have also become more flexible. But just because the General is being more cautious than some observers expected, for example the restraint and great political skill he has displayed in handling the colons and the army in Algeria, there is hope that if he is given a sympathetic opportunity to work towards his objective, his tactics in achieving them may not be too disturbing.

MIDDLE EAST

5. Algeria

(CONFIDENTIAL)

There is no perfect solution for the Algerian problem. Eight million Berbers and Arabs and over one million Europeans cannot be converted into a homogeneous society by a constitutional formula, especially after four years of cruel civil war.

Inspired by the success of Arab Nationalists elsewhere - even on their borders in Tunisia and Morocco - the French-educated Algerian rebel leaders have, for the past four years, conducted a gruesome guerilla war with their Army of National Liberation (ALN) which has resulted in the French Army of about 400,000 being sent to attempt to maintain the peace and protect both the European population and the co-operating Moslems from attack and intimidation. Most military observers believe that the rebels cannot be exterminated nor the flow of arms from abroad completely stopped. Unless a political solution is reached the withdrawal of the French Army cannot therefore be expected.

The extremists on both sides are in the minority. However, they have released forces which prevent reason from prevailing and frustrate the acceptance of a moderate compromise solution. The extremists on the rebel side will be satisfied with nothing short of independence. For them, even the acknowledgement of eventual independence may no longer be sufficient although pressure from Morocco and Tunisia particularly is frightened of an independent and uncontrolled Algeria whose army outnumbers theirs many fold, and whose respect for the political integrity of Tunisia would be doubtful. Geographically and militarily, Morocco would not be so vulnerable but the Istiqlal who are struggling to establish a stable government in the Kingdom would prefer not to have an extreme Nationalist government in infectious proximity.

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The mass of the Moslem population in Algeria and the moderate European elements are probably genuinely concerned with economic and social progress in the territory, and many realize that independence bought at the price of French support would be a disastrous luxury. However, each group is played upon by the extremists to their left and right and a balanced judgement is almost too much to expect.

The reactionary group of Europeans, rather inaccurately referred to as the Colons, are against political concessions to the Moslems because they see in this the certain disappearance of their own positions of privilege. While they can point with justification to the enormous material benefits which the French rule has brought to Algeria and to the Moslems there, considerations of self-interest for its maintenance are strong.

The fourth group which now must be taken into account is the large French Army on the spot. They have shown over the past months, and particularly in the last several weeks, that they will not remain disinterested in the political solution. They have not, however, taken a definite stand on one side or the other but it is likely that their inclinations would be to favour a modern adaptation of Lyautey's colonial paternalism which, for some 25 years at the beginning of this century, brought such conspicuous material progress to Morocco. Up to now the Army has been given the task of pacifying the territory in order to prepare for a political solution. The fact that permanent pacification is virtually impossible of achievement makes the Army fear that they will be held responsible for the failure to make political progress. Thus they have been driven to take a political stand on their own.

In this situation a firm hand and a sure touch are great assets. Whatever his policy, these may be de Gaulle's greatest asset.

6. Cyprus

(CONFIDENTIAL)

On June 19 the U.K. Government made public its new plan for the future of Cyprus. The plan described as "an adventure in partnership" provides for separate legislatures for each of the Greek and Turkish Cypriot communities, with final authority in communal affairs; for representation of the same communities as well of the Greek and Turkish governments in a council for the management of internal administration other than communal affairs and internal security; for participation in an advisory capacity to the Governor of representatives of Greece and Turkey in the administration of defence, external affairs and internal security. The representatives of the Turkish and Greek governments would have a right of appeal to an impartial tribunal against legislation they hold to be discriminatory. The Cypriots could

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be offered Greek and Turkish nationality while being also able to retain British nationality. The plan would operate for seven years, at the end of which the United Kingdom government would consider sharing sovereignty over the island with Greece and Turkey.

The plan was presented to the NATO Council shortly before it was made public in June. The Council urged primary parties to agree to a conference to discuss the plan. Turkey accepted the suggestion but Greece rejected it. The Greek and Turkish governments as well as the Greek and Turkish communities on the island have rejected the plan itself but it has not been a flat rejection in the case of Turkey which has welcomed the idea of a three party conference to discuss the issue.

While it is true that the plan fulfills neither Greek hopes of Enosis or union with Greece through self-determination, nor Turkish demands for partition, it does not on the other hand require either party to renounce these claims. For the time being the plan would associate Cyprus not only with the United Kingdom and the Commonwealth but also with Greece and Turkey. It maintains the unity of the island while recognizing the two distinct communities and allowing a measure of representative government to each of them. Mr. Macmillan has indicated his intention to continue his efforts to have the plan accepted as a basis for negotiation by the parties concerned. He has invited the Premiers of Greece and Turkey to meet him to discuss the plan.

The Turks have stated that they might be prepared to accept partnership as long as partition remains the final solution. The main stumbling block in the way of Greek acceptance of the British plan is the demand of the Greek Cypriots for self-determination under the leadership of Archbishop Makarios, through which they hope to achieve Enosis or union with Greece. The Greeks claim that the present partnership basis of the plan would give Turkey a recognition of equal interest in the island when, the Greeks hold, Turkey relinquished all rights about Cyprus under the Treaty of Lausanne. The Greek government has indicated that it is willing to postpone the issue for an unspecified period provided the U.K. proposal offer on a temporary basis what it calls a true and democratic system of self government. The Cypriot population numbers about 530,000 people of whom four-fifths are Greek and one-fifth Turkish. Greek Cypriot nationalists have conducted a campaign of violence against the British for more than three years. This spring Turkish Cypriots unleashed a series of attacks against the Greek community raising the danger of a conflict that could involve Greece and Turkey, both allies of the U.K. in NATO (while Turkey is also a Baghdad Pact ally).

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Having in mind this dangerous situation on the one hand and the merits of the U.K. plan on the other NATO governments will probably continue to give whatever support might be helpful towards securing a more favourable consideration of the plan their Turkish and Greek NATO allies.

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FINLAND

Annex 1 to
JIC INT SUM No.291
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Communist Gains in Finnish General Elections

Early reports of the results of the Finnish general elections held on July 6 and 7 indicate that the communists have made substantial gains - enough, in the present circumstances, to make it difficult for any future parliamentary government to function without communist support. Detailed preliminary results of the election, compared with those of the last 1954 elections are as follows:

	<u>1954</u>	<u>1958</u>
Communist dominated Finnish Peoples' Democratic League (SKDL)	43	50
Social Democratic Party	54	50
Finnish Peoples' Party	13	7
Swedist Peoples' Party	13	14
Agrarian Party	53	48
National Coalition Party	24	28
SKOGIST Party (splinter group of SD Party)		3

COMMENT: Viewed against a background of dissension in the Agrarian and Social Democratic Parties, a light vote, and a traditional distrust and dislike of the USSR by most Finns these results are a measure of the effectiveness of Soviet foreign policy conducted through the international communist movement, economic pressures and intensive propaganda and cultural activity. These pressures have been motivated by the necessity of undermining Finland's policy of friendly neutrality towards the West in favour of closer relations with the Soviet bloc and by advancing Soviet foreign policy objectives towards other countries of northern Europe directed primarily at vitiating the effectiveness of Denmark's and Norway's participation in NATO.

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The "official" figure for the membership of the Communist Party of Finland (FCP) is approximately 48,000 but is estimated at the present time to be closer to 30,000, or possibly 25,000. The paid-up membership of the Finnish People's Democratic League (SKDL) which functions as the "parliamentary party" of the FCP is given as approximately 75,000; its voting strength in the 1954 general election, however, was 423,500. The immediate objective of the FCP in the present campaign has been to secure for itself, through the medium of the SKDL, participation in the government. Its tactics throughout have consisted of attempts to intensify the split between the Tanner-Leskinen and SKOG wings of the Social-Democratic Party, to effect a compromise with the left-wing Social Democratic and Agrarians (thus paving the way for a possible coalition) and to do everything possible to strengthen and to achieve effective cooperation with the Finnish Trade Union Federation (SAK).

Although the campaign was nominally in the hands of the SKDL the FCP was unwilling to entrust them the direction of its affairs and succeeded in setting-up Campaign Committees at national and district levels in which representatives of the FCP participated.

Links between the FCP and the Soviet Communist Party are extremely close. In addition to Finland's geographic position and the fact that Herta KUUSINEN (FCP Politburo member) is O.V. KUUSINEN's daughter, five leading members of the FCP are in fact Soviet citizens, four of them functioning as ex-officio members of the FCP Central Committee. Another FCP Central Committee member is thought to be working as a member of a commission in the Soviet Union dealing with international matters under the control of the International Department of the CPSU.

During the summer and autumn of 1957 various members of the FCP visited the USSR either singly or as members of delegations and have subsequently reported back to the party. It has emerged from these reports that official Soviet policy was to develop as strong an opposition to NATO as possible within the Baltic area; though the various peace movements were to be utilized for this purpose, the task was not to be left to them alone and it was therefore the job of the communist parties to lend active support in building up the necessary atmosphere. One delegation has reported receiving an unusually detailed briefing by O.V. KUUSINEN on the tactics which the FCP should follow vis-a-vis the Social Democrats.

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In the course of these visits it has been stressed by officials of the International Department of the CPSU that the idea of Finland as an example of peaceful co-existence should be preserved. As long as the international crisis continues, they were told, it was not so important that Finland should be brought into the socialist camp but of vital importance that the right-wing (IESKINEN) faction of the Social Democratic Party and the Coalition Party should be prevented from obtaining a dominant position.

An impressive example of the influence the Soviet Union can bring to bear in such situations is the postponement of the visit of a Soviet trade delegation, which was in a position to grant favours important to the Finnish economy, to Finland shortly after Tanner (right-wing Social Democrat) had been asked to form a government on October 24, 1957 at the same time the Soviet Union gave the Finns to understand that if Tanner became Prime Minister, the Soviet Union would have to consider an indefinite postponement of the trade talks. As a result Tanner proved unable to form a government.

In addition to the considerable traffic of Party delegations travelling between Finland and the USSR Finland is believed to have the largest programme of cultural exchanges with the Soviet bloc of any non-bloc country. Exchange visits between the bloc and Finland reached a total of 180 delegations in 1957 alone. The Soviet bloc also supports seven friendship and cultural societies in Finland. The "Finland-Soviet Union Society" with 18 branches scattered throughout Finland and an estimated membership of some 230,000 is the largest and most active of these. While its members include many non-communist Finns - including the President of Finland, who is the Honorary President - communists hold positions of control and the society functions as a major outlet for Soviet propaganda.

These activities are facilitated by large Sino-Soviet bloc missions in Helsinki totalling approximately 195 officials of whom over two-thirds are attached to the Soviet Embassy and commercial mission.

However, as suggested by the force of the threat by the Soviet Union to postpone the trade talks mentioned above, Finland's relations with the Soviet Union on economic questions in general and on increased economic ties in particular have clearly been of major concern in the present election. President Kekkonen returned from a state visit to the Soviet Union on May 31 last with a Soviet offer of a rouble loan of one hundred million to one hundred and twenty-five million dollars for

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industrial development, particularly in the depressed northern provinces. In view of the acute shortage of development capital, this loan is likely to be looked on favourably by non-communist and communist parties alike.

Finland's over-all trade with Soviet-bloc countries is vital to its economy. The USSR is the main foreign outlet for exports of its metalworking and shipbuilding industries and the USSR supplies the bulk of Finland's coal, oil, wheat and fertilizer. Its trade with Soviet bloc countries is estimated to have increased from \$430,000,000 in 1956 to about \$518,000,000 in 1957, accounting for 31 per cent of its imports, a rise from 25 per cent in 1956.

Miss Gullion

TOP SECRET

W A R N I N G

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SUMMARY contains the following parts

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1. Technical Talks on Methods of Detecting
Nuclear Tests

(SECRET)

In his letter of May 9th to President Eisenhower Khrushchev accepted the concept of the United States proposals that technical discussions be held to study the possibility of detecting violations of a possible agreement on the suspension of nuclear tests. In subsequent correspondence the Soviet Union attempted to secure an understanding that in the event of the experts agreeing upon an effective system of detection, it would follow that an international agreement on the cessation or suspension of nuclear tests would be concluded. The United States maintained the position from the outset that the technical talks should take place without commitment as to the final decision on the relationship of nuclear tests suspension to other disarmament measures. This difference in approach reached an acute stage immediately prior to the scheduled date for the opening of the talks and the Western team proceeded to Geneva without any certainty that the Soviet side would appear on July 1.

The discussion at the initial meetings continued to revolve around the relationship of the technical talks to an eventual agreement on suspension of tests. Federov, leader of the Soviet group, sought assurance that the aim of the discussions was the production of a plan for a detection system which would aid the governments to reach an agreement to cease nuclear tests. Fisk, leader of the Western group, refused to give such an assurance and stated that the sole purpose of the meeting was the exchange of technical information on methods of detection. Federov then observed that the talks might just as well cease immediately. He indicated that anything less than a positive conclusion that the aim of the conference was to contribute to immediate and universal cessation of tests was unacceptable as a basis for continuing the conference. Similar statements were made by other scientists on the Soviet side. Unwilling to have the conference break down over this issue, Fisk and other Western spokesmen attempted to provide sufficient assurances to ensure that the actual technical discussions would begin without accepting anything in the way of a commitment. At the end of the second meeting the possibility remained that the Soviet side might withdraw without going into the technical aspects. However, at the opening of the third session on July 4, Federov announced the Soviet decision to proceed with technical talks, an agenda was agreed and the presentation of papers began. An incidental aspect of the correspondence was the continuation of the Soviet drive for parity by ensuring that their side include representatives from as many countries as the Western side. When the conference arrangements were being discussed, Federov agreed that the two teams should sit on opposite sides but argued that they should be identified by nationality. Fisk's attitude was that the Western participants would be identified by name only.

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COMMENT: The Soviet scientists are regarded as being of the first rank in their respective fields and they have experienced political advice. It is evident that the Soviet side was designed to be capable of participation in serious technical talks. It is also apparent that the Soviet Union was prepared to take some risks that the talks would never begin in order to pursue the political aim of securing a Western commitment to an early suspension of nuclear tests. Now that their opening political gambit has not succeeded, it may be expected that they will present an interesting technical position before resuming the political offensive. It would not be surprising, however, if their papers and statements tended to point to the conclusion that an effective system for detecting nuclear explosions could be designed and that the system need not be elaborate. Well before the beginning of the talks a Soviet official expressed pessimism about the prospects for agreement on the technical questions of control since in his opinion the United States would demand more control posts and a greater degree of mobility for inspectors than the Soviet Union could accept. The scientific authority of the Soviet Delegation can hardly fail to give great weight to a coherent technical case. However, it may be noted that at least one of the Soviet scientists is not well disciplined and on some preliminary points agreed with Fisk rather than Federov.

USSR AND SATELLITES

2. The Present Soviet Attitude Toward a Summit Meeting (CONFIDENTIAL)

A number of recent developments in the Communist bloc have raised the question as to the present Soviet attitude toward a summit meeting. These include the summoning of several ambassadors, including those in London, Paris and Washington, to Moscow in June; publication by the U.S.S.R. on June 17 of confidential correspondence with the West on a summit meeting; and the announcement on the same day that Nagy, Premier of the revolutionary Hungarian government in October 1956, had been executed.

All the relevant evidence will not be available for some time; but, at this stage, it is considered that these developments are probably to be read primarily against the broad background of communist bloc politics, rather than in the context of negotiations relating to an East-West summit meeting.

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Ambassadors who are members of the Central Committee of the CPSU have been frequently recalled in recent years to plenary sessions of that Committee. There can be no doubt that a regular June plenum did not fail to discuss the international situation, but the agenda on this occasion included one domestic item - the drastic re-organization of agricultural procurement in the U.S.S.R. - which would have sufficed to justify a plenum and the attendance of Ambassadorial members. The Plenum apparently met on June 17 and 18. Gromyko had warned the West that the U.S.S.R. would publish recent correspondence on June 16, and then published this and repeated the Hungarian announcement of the execution of Nagy on June 17. The time factor suggests that the relevant decisions had been taken prior to the meeting of the plenum, and that the plenum probably learned of, rather than took these decisions.

The governments of the U.S.S.R. and of the bloc are faced with a complex of very serious problems at home and abroad. Together, these problems reduce to the central and over-riding question as to what policy is to be followed for the next few years. The U.S.S.R. in particular is committed to the announcement of its plan for the next seven years before the end of this year, and, at the latest, early in 1959. In the normal course of events, the final phase of planning should begin in mid-1958. To set the general line of high policy, revisionism in the bloc must be somehow contained, and to deal with this as well as defence and economic problems, the U.S.S.R. needs some clarification of the Western position, particularly as regards Eastern Europe. This is why the Soviet appeal for a summit meeting includes an appeal for recognition of the status quo; this is why the continued Western insistence on a discussion of Eastern Europe exasperates Khrushchev and causes him to accuse the West of wishing to interfere with socialism rather than to reach agreement.

It is the need to take major decisions during the latter half of 1958 that explains the fact that the original Soviet appeal for a summit meeting urged that this should take place before the end of June. In the face of Western delaying tactics, the Soviet leadership must have felt compelled by mid-June not only to explain its diplomatic failure, and to show the parties and people of the bloc who was responsible, but also to give the signal that planning would now have to proceed without the benefit of some measure of agreement with the West. The publication of confidential correspondence has done all this, as well as revealed Soviet impatience.

This is not to say that the U.S.S.R. no longer desires or expects a meeting and some measure of agreement. The Soviet Government has not definitely ended negotiations, as it might have, and Gromyko may have shown some concern about the reaction of the West in warning of the action which he was to take. Moreover, a recent Soviet letter to Australia suggests some continued Soviet interest in a summit meeting; and the U.S.S.R. although obviously annoyed at the Western refusal to associate the definite suspension of nuclear tests with expert talks in Geneva, has not yet refused to participate in these talks.

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The continued refusal by the West to clarify or soften its position on Eastern Europe has augmented pressure from conservative elements within the bloc, notably in China and Bulgaria, to take an extreme line against revisionism especially in view of the ultimate implications for the bloc of the present Yugoslav position. The execution of Nagy, coming after many others, is the final intimation that the policy of the future will not include any concessions to revisionism.

The revisionist element within the U.S.S.R. is under better control than elsewhere in the bloc, and it would appear that, inasmuch as Moscow must have at least agreed to the execution of Nagy, the U.S.S.R. is being compelled by the bloc to live up to the responsibilities of leadership, and to agree to action which, while this is in the interests of preserving the bloc, is patently contrary to Soviet interests on the international scene. As the Soviet dilemma becomes more difficult, the Soviet leadership will be under increasing pressure to place the maintenance of the communist system ahead of the national interests of the U.S.S.R. in foreign policy, and the execution of Nagy may be the first of a melancholy series of such choices.

3. New Technique in the Soviet Aid and Trade Offensive (RESTRICTED)

The USSR has informed the Indonesian Chamber of Industries that credit for the purchase of capital goods from the USSR will be made available to Indonesian private enterprise in unlimited amounts. Terms of the credit include an interest rate of $2\frac{1}{2}$ to 3 per cent with repayment spread over a five-year period.

COMMENT: This offer is independent of the \$100 million Soviet credit accepted by the Indonesian government last winter. The significant features of the new offer are as follows:

- a. The offer is extended to individual private firms. Soviet credit offers are usually negotiated with, and ratified by, the government concerned and stipulate the precise magnitude of the loan. Loans to governments carry more favourable terms: an interest rate of $2\frac{1}{2}$ per cent; repayment spread over a period of about twelve years; and payment in staple commodities as an alternative to payment in convertible currency.
- b. The credit now offered to private firms in Indonesia, though less attractive than intergovernmental credit extended by the USSR, is far more lenient than credit arrangements offered by Western firms. It is also less stringent than credit extended on normal commercial transactions by the East European Satellites. (Prices and quality, as well as credit

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terms, must of course be considered in assessing the merits of alternative sources of supply for any specific item.)

It will be interesting to note whether similar offers are made to private firms in other under-developed countries. Though the propaganda effect of large intergovernmental loans is more spectacular, the new technique presents a possible method of by-passing governments unreceptive to Soviet assistance overtures. If widely offered, the attractive credit terms could greatly stimulate purchase of capital equipment from the USSR. In addition to threatening markets of Western exporters, however, the USSR could also undermine capital equipment exports from the rest of the Soviet Bloc. Compensation would have to be made if intrabloc friction was to be avoided.

4. Soviet Cargo Vessel STANISLAVSKY

(SECRET)

The Soviet merchant vessel STANISLAVSKY, a cargo ship of 3,385 tons (gross) was visited in Sorel, P.Q. on 10 June, 1958.

COMMENT: The communications and electronic equipments in this ship were identical in the most part to that fitted in the first two ships reported, namely LEONID LEONIDOV and NEMIROVICH DANCHENKO. Equipment name plates were all marked 1956 or 1957.

Confirmation of the operation of the emergency automatic keying device was obtained, and is included in report through other channels mentioned below.

Observing that electronic equipment, including the frequency coverage, emission and power were similar to the first two ships reported, it is considered likely that identical equipment is fitted in all Soviet merchant ships of the same class, whether or not these ships are constructed in the Soviet Union or outside the mother country.

Power of the emergency transmitter was confirmed as 60 watts.

In conversation with the first radio operator, he remarked that he had no difficulty in raising Leningrad on 8 Mc/s at about 2300 local time from this area, and that he employed 12 Mc/s during the day. His first remark regarding ranges was 24 meters.

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Both radio operators employed a "bug" (sideswiper) key, which was home-made and of poor design. No frequency meter is carried in these vessels. Numerous spare tubes are onboard and they were 3 to 8 prong types, similar to Western tubes but with Soviet markings.

This ship was equipped with a pressure type automatic mileage recorder.

A combined loud-hail and ships broadcast system was fitted in the STANISLAVSKY. The master unit was mounted in the foremost bulkhead of the wheelhouse, and controls were available for the switching out of any location not desired. Any position, such as the forepart of the ship, the seaman's mess, or the after deck could be addressed simultaneously or separately. This equipment could also be employed for talking to another ship close at hand.

A full report is being rendered through other channels, which will include types of equipment, serial numbers, weights, etc.

5. Soviet Tanker MOSCOW FESTIVAL

(SECRET)

The Soviet tanker MOSCOW FESTIVAL 8229 tons (gross) and 3942 net was visited in Montreal, P.Q. on 9th June, 1958.

COMMENT: This ship which was built in 1957, was equipped with modern communications and electronic equipment, sufficient to perform the duties of modern ships proceeding on the high seas in pursuit of a nation's normal mercantile activities.

All electronic name plates were dated 1956 or 1957.

Aerial arrays of this ship were checked out with a British tanker close at hand, with the result that the latter had more arrays than the FESTIVAL.

Neptune radar was fitted.

This vessel had a five foot horizontal antenna on the bridge, in close proximity to a piece of covered equipment in the wheelhouse. This covered gear could have been a V H/F transceiver. The dipole reminded this observer of a home made TV antenna.

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Communication equipment consisted of a main transmitter, frequency range 100 to 600 Kc/s, a short wave transmitter, frequency range 1,552.5 to 16,660 Kc/s. Both transmitters were master oscillator controlled, emission A1, A2 and A3. Power 250 watts, 220 volts. An emergency transmitter 410-512 Kc/s 24 volt accumulator supply. Two receivers were fitted, these were identical, covering the range 12 to 25,000 Kc/s. An emergency receiver covering the band 390 to 570 Kc/s was employed, having the same power supply as its parent transmitter. Normal international MARINETTA type emergency equipment was also fitted. A ship's entertainment broadcast system was observed in an office adjacent to the radio room. Direction finding equipment covered the range from 186 to 750 Kc/s. Edison type batteries were identical to Western types but had Soviet markings.

Ship's power supply was 220 volt AC, which was advised as the new system being installed on Soviet vessels.

A full report will be rendered through other channels, including types of equipment, serial numbers, weights, etc.

6. A New Submarine Chaser for Warsaw Pact Countries (CONFIDENTIAL)

The navies of the Warsaw Pact countries are to be supplied with a new submarine chaser, the "HAI" (Shark), designed by the East German Naval Designing Office and under construction by the Peene Naval Yard in Wolgast. Until now Satellite navies have been supplied with Soviet submarine chasers.

COMMENT: The "HAI" is to have an overall length of about 220 feet, and three engines, one gas turbine and two diesel. (The Soviet Kronstadt class has an overall length of 200 feet). The "HAI" is to be equipped with one 24-projectile anti-submarine rocket launcher, two twin guns and two depth charge chutes in the stern. The W/T equipment is of both Russian and East German origin and the sonar and radar of Russian origin. By April 1958, the hull of the prototype was almost ready for launching but the fittings and equipment were still being designed.

East German yards have built patrol boats and small mine-laying and torpedo boats for the coastal service of the Peoples' Police. The "HAI", if successful, will be the first ship of its class to be built by a satellite shipyard.

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7. Soviet Withdrawals from Western Roumania

(CONFIDENTIAL)

Two trains of Soviet artillery weapons and other equipment as well as a few troops were observed by a French consular official in the railway station of Arad, Roumania on 28 Jun. Three other troop trains carrying similar cargo were observed by another source travelling east between Arad and Deva on the same day.

COMMENT: This is further confirmation of the move out of Roumania of the Soviet Independent Mechanized Army. This report is the first reliable eye-witness account of withdrawals involving men. It is believed that these shipments probably involved elements of the 32 Guards Mechanized Division which is stationed in western Roumania near both the Yugoslav and Hungarian borders. Elements of this division are believed to have participated in the fighting in Hungary in 1956.

Earlier reports have indicated that heavy equipment, probably involving 22 Anti-Aircraft Division, has been moved out of Constanta to the Black Sea port of Cap Midia.

Although the Soviet withdrawal is definitely taking place and is being reported regularly in the Communist press, details remain difficult to ascertain as Western officials continue to be denied permission to visit outlying Roumanian towns which are occupied by Soviet troops.

MIDDLE EAST

8. Lebanese Political Situation

(CONFIDENTIAL)

It would appear that four main political groupings can be distinguished in Lebanon at present.

1. The Fighting Opposition

Although insurgent and UAR propaganda lays great emphasis on the fact that the opposition to President Chamoun includes influential Christian elements, those who have actually taken up arms against the regime seem to consist almost exclusively of Moslems and Druzes. For the most part these are members of the "National Front"

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formed in opposition to Chamoun and Solh in December 1956.

Saeb Salaam, a Sunni Moslem, resident in Beirut, seems to have become the recognized leader and spokesman of the opposition, although there is little evidence of the existence of any formally constituted committee or other body over which he might preside. Salaam, a former Prime Minister and graduate of the American University of Beirut, is an unscrupulous and ambitious politician whose past is somewhat clouded in Arab eyes by the fact that his family sold to the Jews a large part of the Valley of Jezreel in mandatory Palestine, resulting in the eviction of the Arab cultivators. There are other financial "scandals" in his past. He was Prime Minister for a brief period in 1952 and for several months in 1953, and was a prominent member of the Yafi government which resigned in November 1956.

Of almost equal importance is Abdullah Yafi, another former Prime Minister who has long been the rival of Sami Solh for the position of political boss of the Sunnis of Beirut. He and Sami Solh, in fact, have alternated in the premiership for a number of years. He is a lawyer, educated at the French "Universite de St. Joseph" in Beirut. It was the alliance of Yafi, Chamoun and Pharaon which in 1952 succeeded in driving President Beshara el-Khoury from power.

In Tripoli, the leader of the insurgents is yet another former Prime Minister, Rashid Karamah, a Sunni whose family has long been dominant in Tripoli, but who himself is not a particularly vigorous or able leader. If there is any basis for reports that control of the rebellion has passed out of the hands of Lebanese leaders, Tripoli is the place where such stories are most likely to be true.

The insurgent chief in the Bekaa is Sabri Hamadeh, a great Shiite land-holder who, because of the backward social structure of this particular district, has very strong power over his villagers.

To the north of Hamadeh's territory is another dissident area, the Hermel district, dominated by wild and rather primitive Shiite tribes such as the Jaafar and the Dandash. These hillsmen do not seem to have any one recognized leader, but are traditionally -- and violently -- "agin the government."

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Kemal Jumblatt, the Druze leader, is a combination of a great feudal chieftain and a dreamy-eyed socialist with leanings towards Indian mysticism. His centre of power is, in the south central mountainous area called the Shouf, but there are other Druzes over which he has strong influence in the Syrian border area around Mount Hermon in the south-east. Just as Yafi is almost the hereditary rival of Solh, so Jumblatt is the hereditary rival of the Arslan clan. Most of the Druzes are politically oriented along clan lines, but by no means all; some families are divided in their allegiance and the Parti Populaire Syrien (PPS) has a fair number of Druzes among its members.

In the Shiite south, the chief opposition leader seems to be Ahmed el Assad, another great land holder, but it is not certain to what extent there has been real fighting in this area. Certainly there have been almost no reports of incidents there, Assad's and Yafi's personal henchmen clashed openly in the streets of Beirut as recently as 1954, so the alliance with Yafi is a fairly recent phenomenon. Assad's connections with the important Shiite community of Iraq may be a factor causing some restraint in his activities.

II. Christian Opposition

There are a number of influential Christian leaders on the side of the opposition but there is no evidence that any significant number of Christians has actually taken part in the fighting. Two leading opposition Christians are Fouad Ammoun, former Secretary General of the Foreign Ministry and Hamid Frangieh, former Foreign Minister and a leader of the Frangiehs in Zghorta, the largest purely Maronite town in Lebanon, in the foothills not far from Tripoli. Early in the current disturbances there were reports of fighting between the Frangiehs and the other main clan of Zghorta, but it is not clear to what extent this was a reflection of the political struggle in Lebanon as a whole, rather than mere clan warfare. Both Ammoun and Frangieh are candidates for the presidency, although Frangieh is in poor health and will probably not run. The Maronite Patriarch should probably be counted as a member of the Christian opposition, and perhaps also Henri Pharaon, unofficial leader of the Greek Catholics of Lebanon and boss of the taxi drivers of Beirut. Pharaon has been describing himself as a member of the "Third Force", and certainly has made no effort to lead his followers into armed resistance to the government; he is, however, immensely wealthy and may have been

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aiding the insurgents financially.

Charles Helou, another influential Maronite and former Cabinet Minister, is also in theory an opposition candidate for the presidency. None of these Maronite candidates is in any sense "anti-Western" or a "tool of Nasser."

III. The Neutrals

It may be assumed that this group is very large indeed, and it may include as much as half the population of the entire country. Its leaders ("leaders" is perhaps the wrong term since this group is being led nowhere at present) include the Eddes (Maronite), Dr. Joseph Hitti (also a Maronite), Adél Osseiran, a wealthy Shiite landowner from the south who is President of the Chamber of Deputies and, perhaps, the Greek Orthodox and Greek Catholic Bishops as well as others; in spirit General Chehab is clearly also a member. This group is waiting to see who will come out on top; in consequence the struggle between pro-government and pro-opposition forces is to a large extent a battle to determine who shall enjoy great prestige in the eyes of this amorphous central mass.

IV. Pro-Chamoun Forces

The size of this group, like those of all the others, is difficult to assess. Probably just as the opposition has a group of Christian supporters who are ready to support it with words but not as yet with bullets, so the government has many friends who are ready to talk but not to risk their lives in its favour. The hard core of government support presumably comes from the Maronite Christian "Phalanges" and the Parti Populaire Syrien (PPS -- the "Syrian Nationalist Party" -- a strongly anti-Communist group seeking the unity of "historical Syria" by revolutionary means), and probably Sami Solh's own political henchmen in Beirut as well as the personal followers of other leaders in the Cabinet. It may be surmised, however, that the Cabinet includes some members of the "fence-sitting" group: it is known that Majid Arslan, the Druze Minister of Agriculture, has arranged a truce with Jumblatt; the Shiite vassals of the Minister of Economy, Kazem el Khalil, do not seem to have taken up arms in the south against those of Ahmed el Assad (see above under "Fighting Opposition");

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and Pierre Edde (Minister of Finance). There is no indication of the state of opinion in the solidly Maronite northern mountain area, but most of the villagers probably incline fairly strongly towards the government in spite of the attitude of their Patriarch. Nor has there been any word from the Greek Orthodox area lying north of the Maronites but south of the Moslem Halba-Akkar area, nor from the important Greek Orthodox and Greek Catholic town of Zahle on the western edge of the Bekaa.

Summary

The complexity of the various groupings, the blurring of the lines between them, and the apparent strength of the neutrals account to a large extent for the sporadic nature of the disturbances and for the fact that a full-scale civil war, in spite of all reports to the contrary, has not yet broken out. The plain fact of the matter seems to be that there are not enough people willing to commit themselves irrevocably to either of the two extreme positions to force a decision to the crisis in the Lebanon.

TOP SECRET

Annex 1 to
JIC INT SUM No.290
dated 11 July 1958

New Class of Submarine under Construction in Leningrad

In September 1957 it was reported that a large circular hull section had appeared on the covered ways in the Sudomekh yard in Leningrad. In February of this year, a new submarine was sighted at an alongside berth in the Sudomekh yard. This was followed by a second hull of identical appearance, toward the end of April. On the 12th May, a third submarine of the new type was reported alongside, and work was proceeding with a fourth on the covered ways. Circular hull sections were also noted on the adjacent jetties.

The new submarines appeared alongside each other, and behind screens. Observers have never agreed as to their exact dimensions and over the past five months estimations of length have varied from 250 ft. to 320 ft. The submarines have been reported to be fitted with SNORT exhaust, and the swollen portion of the bow of the first of the class has been reported to be of staybrite steel - indicating the presence of the Anti-Submarine Sonar used in "killer" submarines. One report mentioned that an after-torpedo-tube exit recess, similarly placed to that in the "W" (long-range) class, was visible at the stern.

COMMENT: Indications of a new large submarine were first noted at the beginning of the year when reports were received of the appearance in the Baltic of 3000 ton vessels of this type. From the reports of the Leningrad sightings there is nothing to suggest that these submarines are not other than conventional long-range types with a possible "killer" capability. The fact that the new type has no outward signs of being a missile-launcher does not preclude its use in this role. An assessment of this capability is not possible from the present limited observation.

MacGavish

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W A R N I N G

This issue of the Joint Intelligence
SUMMARY contains the following parts

Main Section	- at SECRET level
Annex I	- at TOP SECRET level but CANADIAN EYES ONLY

This cover may be removed when the Annex
is detached

SECRET

COPY N° 96

ISSUE NO. 289

dated 4 July 1958

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
The Joint Intelligence Committee
National Defence Headquarters
Ottawa

SECRET

(unless otherwise classified)

1. Summary of Summit Conference Developments

(CONFIDENTIAL)

Two recent moves by the Soviet Union related to the Summit Conference appear to have reduced considerably the possibility of such a meeting being held this year. This situation has arisen just as many Western observers were beginning to think that Summit negotiations had reached the stage where some real progress might be possible. The first of the Soviet moves was the publication of letters sent by Premier Khrushchev to the heads of the United States, the United Kingdom and French Governments on 11 June, complaining about the Western attitude during the Summit Conference negotiations in Moscow. The second was the announcement by the Soviet Foreign Minister on 17 June that his Government planned to release the previously confidential documents which formed the basis for the Moscow talks.

After several months of public exchanges on the Summit Conference earlier in the year, serious negotiations began late in April through diplomatic channels in Moscow. On 5 May the Soviet Government distributed a paper outlining the items it would like to see included on the Summit Conference agenda and the Western position on the agenda was stated in a similar document handed to the Soviet Government on 28 May. As a practical means of determining what topics might be submitted for examination by heads of government the West suggested a series of broad subjects headings under which the various items proposed by both sides might be grouped for review. The exchange of views which took place in Moscow was protracted by Soviet insistence on dealing separately with the three Western ambassadors but for a time it seemed possible that some progress would be made on the all-important question of whether there was sufficient common ground between the positions of East and West to warrant a meeting of the Foreign Ministers and eventually heads of state. All of the discussions in Moscow were carried out in strict confidence.

The Soviet Government attempted to justify its return to negotiation by public letter by accusing the West of stalling the talks in Moscow and distorting the Soviet position but the real reason undoubtedly lies deeper. The recent Soviet moves on the Summit Conference have come at approximately the same time as the execution of Imre Nagy, the hardening of Soviet relations with Yugoslavia and the Soviet threat to boycott the technical talks in Geneva, and they may well be part of a major shift in Soviet foreign policy, the nature and extent of which is not yet clear.

The initial Western response to the Soviet moves was to publish the Western papers in Washington to avoid a possible distortion of the West's position through translation from Russian. With the support of the other members of NATO, the Big Three have now agreed that everything possible

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should be done to prevent the negotiations from breaking down completely and replies to Khrushchev's letter of 11 June are being prepared in London, Washington and Paris. The theme of these letters will be that despite the difficulties caused by the Soviet Union, the West is anxious to continue exploratory talks in the hope that solutions to outstanding problems might be found.

MIDDLE EAST

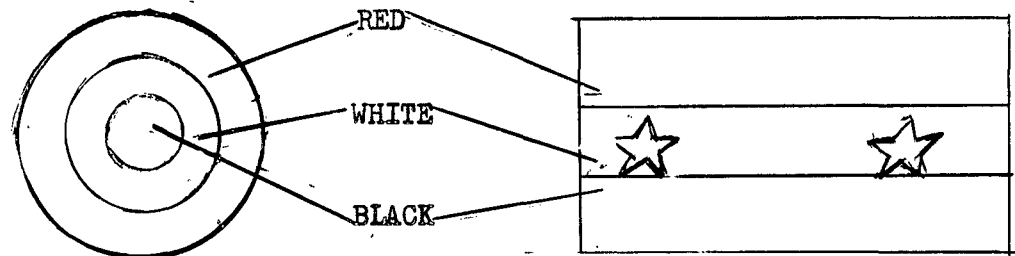
2. United Arab Air Forces - Insignia

(SECRET)

The fusion of Syria and Egypt into the United Arab Republic (UAR) is currently being reflected by the substitution of new UAR insignia to replace national Syrian and Egyptian Air Force markings.

A roundel with red and white bands encircling a black bullseye has replaced the Syrian green, white (three stars) and black bullseye; and the Egyptian green, white and green bullseye with the crescent and three stars.

The UAR flag with red, white and black horizontal stripes with two black stars superimposed on the white stripe has replaced the Syrian green, white and black horizontal stripes with three green stars, and the Egyptian vertical green, white, green stripes on the stabilizer.



COMMENT: The projected amalgamation of the Egyptian and the Syrian Air Forces has been subjected to delays; both forces have continued to operate as separate entities. There is evidence, however, that preliminary work, such as the above, the renumbering of squadrons to eliminate duplication, and the interchange of personnel between former Egyptian and Syrian operational squadrons has taken place. In addition, the Egyptian squadrons transferred to Syria, since the formation of the UAR, have been subordinated to Syrian sector commands.

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3. Lebanon

(SECRET)

The United Nations Secretary-General has returned to New York and is expected to prepare a report for the Security Council. The Council will probably be convened in routine session to hear the Secretary-General's report this week. Recent developments and the possible future course of events are discussed below.

Since the Security Council last met on 11 June, the likelihood of United States/United Kingdom military intervention has greatly diminished. The "blank cheque" which they originally gave to the Lebanese Government, and which did not distinguish between upholding Lebanese independence and guaranteeing the present Lebanese Government, has progressively been overlaid with conditions which now amount to a United States/United Kingdom pledge not to intervene directly in the Lebanon unless and until the Lebanese Government has had full recourse to the orderly processes of the United Nations. Direct intervention under Article 51 has now become a course of action which would be undertaken only as a last resort if all efforts under United Nations auspices should fail. The conditions which the Lebanese Government would have first to fulfil may be summarized as follows. They would have to:

- (a) declare that the Lebanese Government were no longer in control of the internal security situation and were unable to protect United States and United Kingdom citizens;
- (b) demonstrate that the Lebanese army had made a maximum effort to put down the rebellion;
- (c) reconvene the Security Council for the purpose of declaring that the United Nations observation operation had proved inadequate.

It has further been made clear that any request for intervention would have to come from both the President and Cabinet of Lebanon; finally, and most important, the Lebanese Government have been urged to do everything in their power to avoid a situation in which such a request for intervention would be made, having regard to United Nations action already taken.

As the likelihood of direct intervention recedes, it has been replaced by new difficulties surrounding the next steps which are legally and politically feasible under United Nations auspices. The existing mandate given to the Secretary-General by the Security Council limits the United Nations operation to that of observing rather than policing the frontier, i.e., the difference between an Observer Corps and a UNEF type of operation. The first can exert only a moral pressure against the

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infiltration of arms and personnel by exposing such action to world opinion; the second would be armed and authorized to prevent such infiltration and would involve a military operation of far greater magnitude. The Lebanese Government make no secret of their preference for a UNEF type of operation as they are well aware that they have so lost control of territory and the internal security situation that they cannot remain much longer in power without either:

- (a) a decisive military victory over the rebels (which seems unattainable because of the Government's inability fully to commit the Lebanese army), or
- (b) outside assistance either in the form of United States/United Kingdom military intervention or a United Nations Emergency Force. As the possibility of the former has receded, Lebanese efforts are now concentrated on attaining the latter - a United Nations Force. Press reports say such a force has been officially requested.

These new factors have placed the United States and United Kingdom in a delicate position. They, too, would like a political rather than a military solution and in consequence have recently been placing renewed emphasis on the distinction between upholding the independence of Lebanon and upholding the continuation in office of any particular regime. At the same time, however, they are anxious that the transfer of powers from Chamoun to a successor yet to be named should not appear either as a victory for the rebels (and indirectly, they fear, as a victory for Nasser) or as evidence of the failure of the Western powers to support a "friendly" regime. It is in fact the repercussions on Iraq and Jordan which they have in mind rather than the consequences in Lebanon. Therefore, like the Lebanese Government, the United States and United Kingdom tend to see virtue in the conversion of the present observer operation into a United Nations force - though for very different reasons to those entertained by President Chamoun. The Western powers are aware that the sealing of the frontier would not necessarily determine the outcome of the internal political issue - the future of President Chamoun and the present Lebanese Government - and that it would in the end lead in all probability to the creation of a regime less committed to the West. They would hope that the successor regime would be benevolently neutral, but in any event seem prepared to risk this much in exchange for a solution which will enable them gracefully to extricate themselves from the commitments they have given to Chamoun.

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There are, however, difficulties surrounding any proposal to convert the observer operation into a UNEF:

- (1) It could not in all probability be accomplished in the Security Council as the U.S.S.R. has made it plain that it would regard any such proposal as a Western device to have the United Nations "intervene" in Lebanese domestic politics. Assuming that the U.A.R. would be opposed for similar reasons, a Soviet veto can be assumed.
- (2) Transferred to the General Assembly under the Uniting for Peace procedure, two factors would tend to militate against two-thirds support for such a proposal:
 - (a) Unlike the circumstances surrounding the creation of the UNEF for Palestine, there is in the Lebanese situation no clear aggressor and therefore no two opposing armies between whom to interpose a United Nations force. There is evidence of external interference, but the United Nations has never defined what constitutes aggression and has never agreed on criteria to distinguish an external attack from internal subversion. A General Assembly debate would probably degenerate into a wrangel on these issues, with no clear majority in favour of a quick or clearcut decision to authorize the creation of a United Nations force. Such would probably be the outcome even if the great powers were excluded from participation in the force.
 - (b) Because of the uncertainties surrounding the political and military requirements of the Lebanese situation, the cost factor would probably loom large in the Assembly's deliberations. A UNEF of a size capable of sealing the mountainous Lebanese frontier has been variously estimated between 5,000 and 20,000 men. The UNEF now operating in Egypt has worked out on an average at approximately \$5 million per 1,000 troops per year. The costs in Lebanon could therefore be expected to range between a

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minimum of \$25 million and a maximum of \$100 million, depending on the ultimate size of the force. With the difficulties that have been experienced in financing the present UNEF by general assessment of the United Nations membership, it may be doubted whether, in the less clear and urgent circumstances surrounding the Lebanese crisis, the Assembly would readily assume these additional burdens.

In these circumstances the Secretary-General may find it preferable to have United Nations action which would in effect create a force capable of sealing the frontier but without calling it a UNEF or authorizing it to undertake police functions. The resolution of 11 June which authorized the creation of the present observation operation placed no upper limit on the numbers of observers. It could probably be expanded to some hundreds without new authority. It would "seal" the frontier in the sense that no external infiltration of arms and personnel could continue unobserved, though the force would still not be empowered to prevent such infiltration by force of arms. There is some possibility that the Secretary-General may himself propose such an enlargement of the Observer Corps when he reports to the Security Council, conscious as he is that a UNEF type operation is not fully appropriate to a situation in which the line between external aggression and civil war is so indistinct. He will no doubt be acutely aware that with almost the entire frontier in rebel hands an armed police force might find itself compelled to fight its way to its place of duty - an intolerable position in which to place a United Nations force - unless, of course, the force could be stationed on the Syrian side.

ASIA

4. Royal Afghan Air Force Procurement of Soviet Equipment

(SECRET)

At the beginning of June 1958 reliable sources sighted and identified one, possibly three IL-28 (BEAGLE) jet light bombers, bearing R.Af.A.F. markings, over Kabul and at Mazar-i-Sharif.

It is also reported that Russia has recently supplied to Afghanistan, and installed, a WHIFF A.A. fire-control radar. This equipment is in addition to two KNIFEREST E/W sets previously delivered.

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(unless otherwise classified)

COMMENT: BEAGLES have been sighted in Afghanistan on several occasions in the past, but their presence was temporary and was equated with "mother ship" activity in connection with the ferrying of MIG fighters to Afghanistan. In view of evidence during 1957 that 30 Afghan pilots were to undergo a 15 month bomber training course in the USSR, it is likely that the latest sighting indicate the transfer of the first of an unknown number of BEAGLES to the A.Af.A.F.

At present the only airfield from which BEAGLES could be operated is Mazar-i-Sharif, and even there limitations would be imposed by the dimensions and surface of the runways. The USSR agreed to develop the airfields at Mazar-i-Sharif and Kabul, and to construct new airfields at Bagram and Pul-i-Khumri. Most of the work on these airfields was scheduled to begin in the spring of 1958.

Jet bombers and E/W-A.A. radar are not required against dissident elements in Afghanistan. In consequence this procurement suggests that the Afghan government no longer contemplates a purely internal security role for the Air Force.

At present the R.Af.A.F. has no capability with jet aircraft. Afghan pilots have not proved readily adaptable to jet flying, and it is known that only a small number are capable of carrying out practice flights on the MIG fighters previously delivered.

A resume of Soviet Bloc military aid to Afghanistan is provided as an Appendix to this brief.

Supply of Soviet Bloc Arms to Afghanistan

(SECRET)

Under arms agreements with the USSR and Czechoslovakia in 1956 Afghanistan obtained some \$25 million credit to be repaid over 8 years, commencing March 1957 with an interest rate of 3 per cent. Subsequently Afghanistan has received material sufficient for a complete re-equipment and modernisation of her army and air force. The quantity delivered, in fact, suggested that the total value might be more than double the sum loaned. It has been reported that a further \$60 million arms credit is being negotiated with the Soviet Bloc or may even have been signed.

The USSR began to provide military training missions to Afghanistan early in 1957. The Afghans, however, did not accept a Russian suggestion that the long-standing Turkish military mission should be replaced by Russians or Egyptians. At the same time the Afghans have shown themselves

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to be wary of offers of training courses inside Russia, apparently fearing political indoctrination of their men. Consequently the number of Afghans sent to the USSR for training has been restricted.

In the past the Afghans had received arms, aircraft and training assistance from the West, but the offer of speedy delivery of large quantities of Russian arms on favourable terms, and the avoidance thereby of dependence upon transit through Pakistan obviously persuaded them to deal with the Soviet bloc. The major items included in Soviet bloc military supplies are shown in the attached tables.

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APPENDIX to Item No.4

SUPPLY OF SOVIET BLOC ARMS TO AFGHANISTAN

ARMY

- ARTILLERY - Some 300-350 pieces, including 122 mm howitzers, 76 mm guns, 57 mm A/Tk, 37 mm and 85 mm AA.
- ARMOUR - 100-120 T34/85 tanks plus armoured cars and armoured personnel carriers.
- M/T - Some 2,000 vehicles.

NOTE: Quantities of small arms have also been supplied. The strength of the Afghan army is about 44,000 men. It is considered that the material delivered is sufficient for the re-equipment of the army as a whole on a modern, reorganized basis. No appreciable deliveries have been noted during the past six months, and it is thought that only a few of the weapons already supplied have yet been issued to units.

AIR FORCE

FIGHTERS

FRESCO/FAGOT	(MIG 15/17)	40
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BOMBERS

BEAGLE	(IL-28)	1-3
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TRANSPORTS

COACH	(IL-12)	10
CAB	(LI-2)	4
CREEK	(Yak-12)	12
COLT	(AN-2)	2
CRATE	(IL-14)	1

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APPENCIS to Item No.4

SUPPLY OF SOVIET BLOC ARMS TO AFGHANISTAN(continued)

AIR FORCE

TRAINERS

MOOSE	(Yak-11)	8
MAX	(Yak-18)	4

HELICOPTERS

HOUND	(Mi-4)	6
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NOTE: The scheduled delivery of Soviet bloc aircraft to the R.Af.A.F. has far outstripped the training programme. The present personnel strength of the R.Af.A.F. is about 400, of which approximately one-third are officers. Pilot strength consists of some 44 officers including 14 trained to an elementary standards on jets. The Afghans are not yet capable of absorbing more than a fraction of their Soviet bloc aircraft into units. Soviet technicians and instructors include at least 40 at Kabul and 35 at Mazar-i-Sharif.

During the Suez crisis at the end of 1956 the number of MIGS in Afghanistan rose to about 70. The subsequent return to a strength of 40 suggests that the additional aircraft returned to the USSR. the reason for their presence in Afghanistan has not been established.

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(unless otherwise classified)

FAR EAST

5. Cambodia - Border Incidents
with South Vietnam

(SECRET)

On the 25th of June 1958 the Cambodian Government issued a Royal Proclamation which states that Vietnamese National Army (VNA) troops have taken up position in three small villages in Stung Treng province, about 7 kilometers inside the Cambodian border. The Proclamation appealed to the USA to use its good offices to stop South Vietnam's "annexationist activities".

Earlier, on the 20th of June 1958 the Cambodian Government formally informed the International Supervisory Commission of an alleged skirmish between Cambodian and Vietnamese troops in the same area on the 15th of June 1958. South Vietnamese officials report the incident as small Cambodian Army patrols crossing into Vietnamese territory and firing on Civil Guard unit. They also claim that Cambodian Army units are massing near Mimot, in North-East Cambodia.

COMMENT: Border incidents are frequent in the Southern part of Vietnam, near Tay Ninh and Chau Doc provinces, as a result of Vietnamese security force operations against rebel groups whereas the frontier in central Vietnam has been quiet. However, in early June 1958 an unknown group raided a Vietnamese political prisoner's camp located 15 kilometers South-West of Pleiku, freeing some 90 prisoners and reportedly withdrawing into Cambodian territory. Apparently the Cambodians caught and placed this group in custody. This incident will not serve to improve the already strained relations between the two countries. Animosity further increased when the South Vietnamese recently demanded that Cambodian river traffic obtain permits from South Vietnam before using the part of the lower Mekong which lies in South Vietnam.

In the past the Cambodian Government has tended to wildly exaggerate incidents involving the two countries, often to divert attention from internal problems. The Government has also sought to involve the International Supervisory Commission in such disputes. Reports indicate that this incident is also being considerably exaggerated.

6. Withdrawal of 16 CCA and NKA Control
of Front Line Positions

(SECRET)

Effective 1st June 1958 16 CCA is accepted as having been withdrawn from North Korea, reducing CCA strength there by an estimated 45,000 to a total of approximately 200,000.

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(unless otherwise classified)

COMMENT: With the withdrawal of 16 CCA there are no Communist Chinese infantry remaining on line. Three armies are still carried in rear areas.

It was previously reported that 16 CCA was expected to withdraw and that its position could be taken by formations of the NKA obtained through a reduction in the numbers of troops deployed in coastal defence. Another suggested method of obtaining troops to occupy the vacated Chinese positions was the expansion of existing divisional areas. The third method suggested was a combination of these previous two. Until more information is available on troop disposition in depth and until the new line troops are identified, it is questionable which method the North Koreans are using but it is likely that either II or IV NKA Corps, neither of which is on line elsewhere has filled in the gap. This would reduce the effectiveness of North Korean Coastal defence.

In addition to the matter of the adjustment to the Korean order of battle, the Chinese withdrawal raises a question as to the location of the Chinese troops at home. In this connection, the Press reported an announcement by Peking radio on the 24th of June to the effect that a further 100,000 Chinese troops will be withdrawn from Korea between mid-July and mid-August this year. This would constitute the second phase of a Chinese plan made public in February 1958 whereby all Chinese troops are drawn out by the end of 1958. It is considered likely that the plan will, in fact, be completed as scheduled.

There is no concrete evidence of the location or planned location of these forces in China. Two opposite courses of action are among those open to the Chinese: to disband the armies, thereby reducing over-all Chinese ground-force strength; and to integrate the five armies from Korea (three of which, as estimated above, still remain there) into the existing order of battle of the Chinese ground forces. The first course is considered unlikely in that the armies stationed in Korea are in all probability better trained than many of those located in China. For this reason, any disbandment of troops might more logically be expected to occur from among armies without Korean training, their places being taken by the more experienced forces. On this basis, disbandment of a number up to even 200,000 is believed to be a distinct possibility over a maximum period of two or three years.

The second course is probably the immediate plan, already implemented to the extent of adding two armies to the Chinese forces in Manchuria. Still one more army might be placed there, all three to remain

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north of the Yalu River as a safeguard against adverse developments in the Korean peninsula during the next several months. The remaining two armies from Korea, therefore, would be available, together with two more armies now carried unlocated in China, to thicken Chinese defences on the east Coast. It is considered that that area could easily absorb another army north of Shanghai, one north of Foochow and one in the Hong Kong area. In depth, a fourth army might be located in the Szechuan Basin and another in the North China Plan.

Assuming continued Chinese progress towards her long term national and international goals in an atmosphere of peace, defence thickening resultant from the Korean withdrawal might in time be reduced, particularly as the militia becomes more effective. The final result, therefore, is expected to be a numerical troop reduction within a two or three year period.

TOP SECRET
CANADIAN EYES ONLY

Annex I to
JIC INT SUM No. 286
dated 4 July 1958

MIDDLE EAST

1. Situation in Lebanon

(CONFIDENTIAL)

There has been no basic change in the security situation for the past fortnight. Considerable areas of the country remain under insurgent control, but in spite of slightly increased activity by both insurgents and army during the last few days, and constant daily predictions by the Lebanese "G-2" of an imminent rebel general offensive, hostilities are still not extensive enough to justify describing them as full-scale civil war. (According to the press, there have been less than 100 fatal casualties among the army and police so far.) Nor, in spite of repeated reports, has there been any move by opposition leaders to set up a rival government, or to urge the secession of all or part of Lebanon to the UAR; and their military activities do not seem to be coordinated. In addition to mortars and machine-guns (with which many Druze and other Lebanese villages have long been equipped) the rebels are said to have been employing bazookas and grenades, but do not seem to have received recently any large-scale reinforcements of men or equipment which would alter the military balance of power in their favour.

The army has been showing a slightly greater readiness to use artillery and aircraft against the insurgents, but there continue to be indications that General Chehab is not prepared to launch an all-out offensive, and may even have understandings with certain rebel leaders such as Jumblatt. (Clashes with Jumblatt's forces at Shemlan and Ainab in the hills near Beirut this week were largely the work not of the army but of civilian partisans belonging to the "Syrian Nationalist Party," which is in temporary alliance with Chamoun.) The Government's reluctance to dismiss and replace the General is undoubtedly due to the fact that there is no other leading officer available who would be both willing and able to persuade the army to fight more vigorously. The army's attitude seems to be symptomatic of that of a very large proportion of the population--perhaps as much as half of it--which has so far refused to commit itself irrevocably to either side.

Political

(SECRET)

Political maneuverings by moderates, suspended altogether during the first half of June, have been resumed, but there is little information as to whether any progress is being made towards a cease-fire.

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TOP SECRET
CANADIAN EYES ONLY

There has been no modification in the stands of the government or the opposition, and there are indications that the meeting of the Chamber of Deputies to be held on the 24th of July to elect a new President may not take place owing to a lack of quorum, or may end in a deadlock between various candidates (according to the Constitution, the winner must have an absolute majority of the Chamber in his favour). In this event, there is a possibility that President Chamoun may seek to suspend the constitution and continue in power without a renewal of his mandate by the Chamber of Deputies; this would undoubtedly serve further to increase the existing division within the country. Although Chamoun has still made no public statement himself that he does not intend to run again, Western governments have now decided to make separate approaches to him with a view to convincing him that he should begin to give serious thought as to who should succeed him. The State Department considers that there are a number of people eminently qualified to succeed Chamoun, and that the sooner he makes his position clearer to the Lebanese the better, before any of his pro-Western opponents or sympathisers are further alienated.

UN Operation

TOP SECRET
Canadian Eyes Only

The UN Observation Group in Lebanon (UNOGIL) is now up to a strength of 100 observers, with a number of helicopters and other aircraft; posts have been established in a number of outlying districts, although none on the frontier itself or in areas definitely under rebel control. The initial confidential conclusions of UNOGIL and the Secretary General, not communicated in full as yet to the USA or UK, are that the extent of interference from the UAR has been considerably exaggerated, the Lebanon's independence is not really at stake, and that it would take a whole division to seal off the Lebanese border as had been suggested in some Lebanese quarters. The Secretary General has pointed out to the Lebanese some of the difficulties that would be involved in a UNEF-type operation, and press reports to the contrary, the Lebanese Government has not yet formally requested such a force. Mr. Hammarskjold has obtained President Nasser's "unqualified promise to give strict instructions to Syria to avoid all intercourse of a military kind with the rebels," although the Secretary General has emphasized that under no circumstances must this become known; he has not informed the Lebanese, "who will have to learn by themselves by experience." He hopes that his efforts will bring about at least a temporary period of quiet which will permit a political settlement in Lebanon to be worked out.

Mr. MacGavin

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COPY N° 96

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27 June 1958

JOINT INTELLIGENCE SUMMARY

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National Defence Headquarters
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SOVIET UNION
AND SATELLITES

1. Soviet Bloc Economic Meeting

(CONFIDENTIAL)

The Council for Mutual Economic Assistance (CEMA) meeting in Moscow from 20-23 May brought together an unprecedented combination of party, government, economic and trade leaders. There were delegations from each of the countries belonging to CEMA (Soviet Union, Poland, Czechoslovakia, East Germany, Hungary, Roumania, Bulgaria and Albania) as well as from China, North Vietnam, North Korea and Outer Mongolia.

The official communique issued by Tass at the conclusion of the meeting called for greater integration of the Bloc economy as a result of specialization on the part of individual nations. It said that representatives of the four countries who do not belong to CEMA had expressed readiness to take an active part in economic cooperation and that economic ties among the socialist countries had now been considerably strengthened.

The Council for Mutual Economic Assistance came into being in 1949, but not until the past two years did it become very effective. Its object is to secure international specialization and division of labour among Communist countries by virtue of integrated plans.

The Council itself which has met eight times since 1959 consists of governmental delegations from the eight member states. Its decisions are implemented by appropriate legislation in each country. A permanent secretariat which sits in Moscow supervises the work of about a dozen committees which are organized by industries.

Press reports claim that these Committees have been engaged in drawing up 15-year Plans to run from 1961 to 1975 and that these plans must be firmed up during 1958, so that discussions on co-ordination can begin early in 1959. It is believed that the Council has adopted a medium-term plan to run from 1961-1965.

The co-ordination of Bloc plans undoubtedly requires more co-operation than has been forthcoming to date. The member countries have approached integration of their economies with some lack of

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enthusiasm, since some of the changes needed would conflict with national interests. It is believed that the USSR has relied in the past on the CEMA members to adopt Council recommendations voluntarily. At the meeting just held the Soviet Union may have tried to get agreement that CEMA decisions be made binding on all members.

Whether or not the Soviet Union succeeded in getting such agreement is pure speculation. Judging however from the reaction in Peking and in North Vietnam, the meeting must have produced unusual results. Since May 23, a number of Peking radio broadcasts were devoted to disseminating background information about CEMA, and how it would benefit China. Broadcasts after the 1956 meeting implied that economic co-ordination was for the CEMA members only. North Vietnam on May 27 hailed the meeting as having opened a "new stage", that of the direct and rational arrangement of national development plans.

Undoubtedly, integration and specialization within the Sino-Soviet Bloc will depend on how successful the Soviet Union is on the political level. If the Bloc countries can be persuaded to submerge nationalistic motives, and co-operate in the integrated Plans, the Bloc will succeed in extending planning to the sphere of international trade. The economic result of international trade is greater productivity and lower costs. To the extent that the Bloc can achieve co-ordination of their individual economies, there will be a corresponding increase in output and economic strength. The official communique following the May meeting sheds little light on present progress.

2. USSR Plans Pipeline to Baltic and Poland

(SECRET)

Soviet interest in expanding petroleum exports to the West was noted in May when the USSR invited a Swedish engineering firm to bid on a 1,900-mile oil pipeline from the Urals-Volga oil fields to the Baltic Sea with branch lines to Eastern Europe. It appears that this pipeline system will supply a new oil depot to be built on the Baltic coast in the Lithuanian SSR. The branch lines are to run to Warsaw, (the proposed location of a large new refinery), and to extend some 330 miles toward Yugoslavia.

The proposed pipelines and oil depot on the Baltic would put the USSR in a favourable position to sell its oil in northern Europe. The present demand for petroleum in non-bloc northern European countries is about 85,000,000 metric tons annually, and is expected to increase to about 145,000,000 tons per year by 1965. Most of this must be met by

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imports. A new Soviet oil depot on the Baltic would make it more economic for the USSR to compete with free world oil producers for a larger share of this market. Increased Soviet petroleum production goals may permit the USSR to supply a substantial part of the increased European demand by 1965.

3. Soviet Withdrawal from Roumania Begins

(CONFIDENTIAL)

Reports from Constanta indicate that Soviet heavy weapons and equipment are being moved from Constanta to the Port at Cap Midia in Roumania. Convoys have been reported leaving the city every night although as of 9 Jun no troops had been seen to leave. Personal observations of attaches indicate that all parking areas and gun sheds associated with the Soviet garrison in Constanta were completely empty on 9 Jun. It appeared that the only vehicles remaining in Constanta are those actually necessary for daily administrative support of the troops. Many of the trucks observed had blackout hoods over their headlights.

COMMENT: This is the first confirmation of actual moves of Soviet forces from Roumania which may be connected with the announced withdrawal. Earlier reports have suggested that complete withdrawal may take up to three months to complete. It would appear that withdrawal may actually be carried out in less than this previously estimated time. Bucharest Radio has announced that Soviet troops left Constanta on 15 Jun. This movement of troops may have consisted of the troops whose weapons and vehicles had been moved earlier to Cap Midia.

The equipment involved is probably that of the 22 Anti-Aircraft Division and headquarters elements. It is probably being relocated within the USSR as had it been merely disbanded its equipment could have been left for use by the Roumanian Army.

The appearance of blackout hoods on vehicles remaining in Constanta, plus the reported night convoys, indicates that withdrawal moves are being used to practice movement under blackout conditions. To date there has been no ceremonial circus such as was staged in East Germany recently when troops were withdrawn from GSFG.

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4. Hungary - Execution of Nagy

(CONFIDENTIAL)

The circumstances of the execution of Nagy and his associates have not yet been clarified. All evidence available suggests that the executions took place recently, probably in Budapest. One unconfirmed report claimed that the executions took place on June 16.

The announcement was made early on the morning of June 17 on the Hungarian radio and immediately afterwards on the Soviet Radio. It is of interest that the announcement made no real attempt to develop the theme of foreign intervention. It concentrated on developing the accusation that Nagy had consciously prepared a conspiracy. The effort to implicate the Yugoslavs and to condemn revisionism was also less explicit than might have been anticipated.

It is not yet possible to account for the decision to execute Nagy. It is known that the Hungarian Central Committee met in March and decided to postpone indefinitely a possible trial of Nagy. Tito seems to have had an assurance from Kadar in late March that Nagy would not be tried. Khrushchev, during his visit to Hungary in the first week of April, gave strong support to Kadar and his relatively moderate programme. Since the execution of Nagy is almost certain to weaken Kadar's position vis-a-vis the Stalinists in the Hungarian Communist party and to nullify his attempts to gain some popular support, it seems probable that there has been a reversal of policy since mid-April. The executions are intended as a warning to potential Titoists and revisionists in the Soviet bloc and are probably the extreme implication of the recent rupture in Soviet-Yugoslav relations.

It is not known who took the decision, though in matters of such importance the Soviet leaders must have given their approval. The degree of Hungarian complicity is unknown. There has been an unconfirmed report that the Hungarian Minister of Justice accompanied the Hungarian delegation to the conference of bloc leaders in Moscow from May 20 to 24. Possibly final arrangements were made there. It appears that these arrangements were not made at plenary meetings; at last reports from Poland suggest that the Polish Communist leaders had not been consulted. Whether leaders of other bloc countries, such as the Chinese, were consulted is not known. However, in view of the strong Chinese, Czech, Bulgarian and Albanian condemnations of revisionism, the executions probably meet with their approval.

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(unless otherwise classified)

(CONFIDENTIAL)

Since so little is known of internal problems in the Soviet bloc, it is impossible to estimate the extent to which revisionist views are feared by the Soviet and bloc leaders. In view of the stringency of the action taken, it would seem that the danger is considered to be serious. It is possible that the reaction in the non-communist world was under-estimated. This would be understandable in view of the fact that the reaction to the Soviet intervention in Hungary in 1956 had been somewhat qualified in some of the uncommitted countries. Alternately, the communist leaders may have decided to disregard Western reactions entirely, on the grounds that revisionism is the prime danger.

MIDDLE EAST

5. Economic Implications of the Present Crisis in Lebanon.

(RESTRICTED)

Although in the past Lebanon has recovered quickly from the crises that have disturbed her economy, the present crisis, if prolonged, will seriously weaken the economy and almost certainly impel the Lebanese Government to appeal for external aid on a large scale.

Lebanon normally has a large trade deficit: in 1957 it was almost \$150 million. This is converted into a small balance of payments surplus (less than \$10 million in 1957), mainly as a result of earnings from entrepot trade and tourism.

The most serious economic effect of the current disorders has been the fall in entrepot earnings caused largely by the reduction in the working capacity of the port of Beirut. Other ports in the Middle East are temporarily receiving part of Beirut's trade and a continued crisis would encourage their further development as permanent alternatives to Beirut.

Tourist earnings are also falling throughout the country both because of the unsettled conditions and, what is more significant in the long run, due to Egypt's total and Syria's intermittent ban on tourism by their nationals.

Capital flight has been considerable already; a lack of confidence in Lebanon's political and financial stability could end her position as the repository of Middle East capital.

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(unless otherwise classified)

(RESTRICTED)

Traffic in oil through the two pipelines running through Lebanon is vulnerable to sabotage, There is therefore a threat to the Lebanese oil revenue, particularly if the disorders are prolonged.

At the same time, although the Lebanon is a wealthy country by Middle East standards and her gold and foreign exchange reserves should be more than adequate for any emergency expenditures during the next few months, her need for imports will present a continuous drain on her limited income. In the long run, trade difficulties, particularly with Egypt and Syria which provide 15 per cent of Lebanon's trade are liable to increase. Grain imports are vital and normally come from Syria. They will not necessarily be available from that source in the current year.

Before the current crisis Lebanon indicated her dissatisfaction with the terms and quantities of American aid and announced her intention of either larger-scale American aid with fewer restrictions, or of dropping the Eisenhower Doctrine and accepting "unconditional aid from any country".

NORTH AFRICA

6. Algerian Oil

(SECRET)

Oil discoveries in the Sahara in recent years have enhanced the economic value of Algeria to France.

Although it is still too early to estimate the total probable Algerian oil reserves, there is little doubt that the area is a major oil province. In only two years, French companies have brought in four major fields.

The first major Algerian discovery was at Hassi Messaoud in late 1956. The field was producing a token 6,300 barrels a day during March 1958. The field, which is not yet fully defined, has proved reserves of about 800,000,000 barrels, but this figure may reach into the billions when exploratory work is completed. Even with this conservative reserve estimate, Hassi Messaoud has about five times the crude reserves of France itself.

As is the case with other Algerian fields, the major problem is transportation. Presently, the Hassi Messaoud oil moves through 100 miles of 6-inch pipe to a railhead at Touggourt, from where it is moved about 275 miles to the coast by tank car. Work has started on a

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24-inch line from Hassi Messaoud to the coastal town of Bougie, a project which it is estimated will cost more than \$100,000,000 and be finished probably by the end of next year. The completed line is designed to carry initially about 100,000 barrels daily, although its ultimate capacity will be over 300,000 barrels a day.

The other three Algerian fields are located in the eastern Sahara near the Libyan border. Together these three may exceed Hassi Messaoud's present proved reserves by a considerable margin. The Edjele field, which has been fairly well defined, is about 18 miles long and 2.5 miles wide. Its recoverable reserves are conservatively estimated at about 375,000,000 barrels.

Tiguentourine and Zarzaitine have not been sufficiently exploited to determine their ultimate size, although the French claim that Zarzaitine could very well exceed Edjele. These fields have crude of excellent quality, but extensive and costly pipelines will be needed before any of the three is brought into production.

Marketing Algerian crude is more of a political than a technical problem. Ideally, a pipeline should be constructed linking Hassi Messaoud, Tiguentourine, Zarzaitine, and Edjele to the Mediterranean by way of Tunisia or Libya. This route has several advantages, not the least of which is that it is about 200 miles shorter than a route confined to Algerian territory. For political reasons, however, the French have apparently considered linking the eastern Saharan fields by a 375-mile pipeline to Hassi Messaoud in order to bypass any foreign territory.

The cost of the Saharan oil development programme puts a severe strain on France, which has for some time been overcommitted financially. In 1957 alone, over \$50,000,000 was spent on exploration and drilling in the Algerian Sahara, and total expenditures since the first rights were granted in 1952 amount to \$127,200,000. Expenditures planned for 1958 amount to \$176,000,000, roughly half for exploration and half for pipeline construction and other transportation facilities. Under these circumstances, Paris has shown a willingness to bring in both foreign and private French investors to help carry the burden.

Funds for exploration and development of the Saharan oil fields have come largely from public sources--about 65 per cent in 1957 and 70 per cent in 1956. These funds have been supervised by the Bureau of Petroleum Research (BRP), a special branch under the Ministry of Interior.

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Foreign participation has been subject to certain restrictions, such as insistence on at least a 51-per cent French interest, incorporation of a subsidiary company with headquarters in France, and priority in marketing for supply of the franc area.

An optimistic French estimate has claimed that by 1960 proper exploitation of the Saharan fields could save France over \$500,000,000 per year, a figure exceeding France's recent unfavorable balance of trade. A more sober estimate is that on the basis of present plans and of present discoveries, about one-third of estimated French oil requirements in 1965 could come from this source. Additional discoveries could of course alter this estimate.

7. Franco-Tunisian Relations

(CONFIDENTIAL)

In a gesture of goodwill and trust towards the Tunisian Government, the de Gaulle Government agreed on June 17th to the withdrawal of all French troops from Tunisia other than those stationed at the naval base of Bizerte.

An exchange of letters to this effect provides for:

(a) The withdrawal of all French troops from Tunisian territory apart from Bizerte to take place over a four-month period. (This will involve the eventual withdrawal from Tunisia of 8,000 to 9,000 troops leaving 12,000 at Bizerte.)

(b) Freedom of movement is accorded to all French troops in Tunisia including those stationed at Bizerte. (This is an improvement for the French on the good offices proposals which would have left the Bizerte troops blocked while the remainder were being withdrawn from the Tunisian territory.)

(c) At the earliest possible date and in any event before the expiration of four months, negotiations will be undertaken with the Tunisians to arrive at a provisional status for Bizerte.

(d) The Tunisian sovereignty over the territory of the base is recognized. (Our Embassy in Paris reports that Bourguiba is not willing to consider a definitive statute for Bizerte until the form of cooperation or confederation between the Maghreb countries becomes clearer.)

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(unless otherwise classified)

(CONFIDENTIAL)

The previous French request for the stationing of neutral observers at airports to be evacuated in the south of the country has been dropped. The French military have admitted that this provision would have been of very little practical value to them.

Financial negotiations on the unblocking of the French credits earmarked for Tunisia will not be undertaken until after the conclusion of the negotiations envisaged in the exchange of letters. Some financial assistance may however be given to Tunisia in the form of contracts in connection with the base at Bizerte.

The Security Council which reconvened on June 18th to resume consideration of Tunisia's complaint and French counter-complaints concerning incidents which occurred between the Tunisian and French armed forces in Tunisia last month adjourned sine die after reports on the agreement reached the day before were made by the Tunisian and French representatives.

COMMENT: The French hope that the conclusion of the agreement will demonstrate their willingness and ability to establish a new pattern of co-operation with North African countries. This has a special significance in view of the pressure now being exerted upon the Tunisian and Moroccan Governments by the Algerian Nationalist Movement (FLN) for the early implementation of the decisions of the Tangiers conference regarding the establishment of a North African Maghreb Federation and the setting up of an Algerian Rebel Government. Until Bourguiba and Mohammed V have a better idea of de Gaulle's North African policy, they are attempting to make no moves which might make it difficult for de Gaulle to elaborate a liberal policy. They are therefore proceeding cautiously in implementing the decisions of the Tangiers conference. How long the two countries retain this "wait-and-see" attitude will depend upon the speed with which de Gaulle can elaborate an Algerian policy as well as on its content.

TOP SECRET
CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

Main Section - at SECRET level

Annex I - at TOP SECRET level
but CANADIAN EYES ONLY

This cover may be removed when the Annex
is detached

ISSUE NO. 287

dated 20 June 1958

SECRET

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ISSUE NO. 287

20 June 1958

JOINT INTELLIGENCE SUMMARY

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National Defence Headquarters
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EUROPE

1. Production at the Automobile Factory, Warsaw, Poland. (SECRET)

Markings from passenger cars assembled at the Passenger Automobile Factory in Warsaw indicate development in the Polish automotive industry and a decreasing use of Soviet-made components during the period 1952 through 1955. Markings analysis also reveals a pronounced curtailment in output during the three months following the Poznan riots in June, 1956. These figures are at variance with those published by the Main Statistical Office in Warsaw.

COMMENT: All available markings from the M-20 Pobeda engine in a 1952 Warszawa indicate that many components were manufactured in the USSR. By mid-1957 all engine equipment observed in this model with the exception of the engine block casting, was supplied by Polish plants. Poland's desire to be independent of the Soviet Union is being realized at least partially by a growing technological ability.

Monthly production of passenger automobiles for May, June, and July, 1956, has been rounded to an even 500 by the Main Statistical Office in Warsaw. Markings evidence shows that actually there was a pronounced curtailment in output of engines and chassis after the Poznan riots of June, 1956, with production rising steeply later in the year. The figures from the Statistical Office for the last months of the year show no substantial rise. This manipulation of production figures was obviously done to conceal the effects of the June riots on industry.

Soviet Bloc statistics are normally considered to be reliable although statistical practices are different from those in the West. The present example is one of the few cases where manipulation can be clearly demonstrated.

2. Belgium - General Election

(CONFIDENTIAL)

Amidst the fanfare of the Brussels Exposition, Belgian voters went to the polls on June 1st, 1958. Little enthusiasm was generated during the electoral campaign owing to the lack of clear-cut domestic issues.

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The Socialist-dominated coalition government of Prime Minister van Acker went to the people during a period of economic prosperity and political stability. The coalition was formed between the Socialist and Liberals as a mariage de convenance following the 1954 general election in which the Social Christian (Catholic) Party lost its absolute majority in Parliament. In spite of several minor domestic political and economic crises, the government had been able to survive and most election forecasts called for little change as a result of the election.

The Social Christians, the largest party in both houses of the previous Parliament, appealed to the voters as the alternative to a socialistic-atheistic government and pledged themselves to defend the rights of the Church in the field of education. This issue has been a controversy dividing the country along clerical versus anti-clerical lines ever since the coalition government extended the state's control over the educational system in 1955.

Election results indicate that the Social Christian Party has gained at the expense of both coalition parties as well as the Communist Party which was all but eliminated. The Social Christians obtained an absolute majority in the Senate but failed by two seats to do so in the Chamber of Representatives. As a result of the election defeat, the government of Prime Minister van Acker has resigned, but no clear solution is in sight to settle the problem of the formation of a new government. Both the Socialists and the Liberals have announced that they will not enter into a coalition with the Social Christians. It is expected, however, that either Gaston Eyskens or Jean van Houtte, both former Social Christian Prime Ministers, will attempt to form a government.

COMMENT: Little change is to be expected in the orientation of Belgian foreign policy even with a turn-over in the government. Belgium has solidly supported the Atlantic Alliance and has energetically worked in favour of greater European integration, beginning with the Benelux union and extending through the recent formation of the Common Market of the Six Messina Powers. The few points at issue between the Socialist and Social Christian parties in foreign affairs have to do with missile launching bases in Belgium (which the Socialists oppose) and the length of military training (recently reduced from 18 to 15 by the Socialist government). The Social Christians are in favour of only 12 months military service, which may present difficulties for Belgium in fulfilling its NATO commitments.

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3. France and North Africa

(CONFIDENTIAL)

From a French domestic point of view, the return to power of de Gaulle by legal means (although it took place under pressure from the armed forces and from the Right) seems to have removed the danger of civil war and of the possible formation of a Popular Front Government, at least for the next few months. While the new Government is faced with several pressing problems--particularly Algeria, constitutional reform and France's external financial deficit--it probably has better chances than any of its predecessors of finding the necessary solutions, because of its wide powers and of its broadly-based composition. Conditions in France are rapidly returning to normal already.

On the foreign policy front, the initial fears in the West, based on de Gaulle's past statements or attitudes, are receding. Although de Gaulle has not as yet defined very clearly the policies which he proposes to pursue, there seem to be good reasons to believe that the new French Government will not adopt, for some time at least, a basically different foreign policy as regards NATO, relations with the USSR, and European integration. France's financial difficulties and its reliance on continued USA sympathy gives de Gaulle little choice in this respect. Moreover, the difficulties which provoked the recent crisis in France were internal, and de Gaulle has made it clear that he will devote most of his energies to France's internal affairs, particularly to the difficult problem of devising a constitutional formula which would ensure stability to the Government and would provide a basis for continued partnership with the peoples now or until recently associated with France. De Gaulle's personal interest and initiatives in the field of foreign affairs are likely, in the circumstances, to be rather limited.

It is particularly reassuring to find in the Cabinet men like Pflimlin, Mollet, Pinay and Couve de Murville (the new Foreign Minister), whose loyalty to the West is beyond question and who reportedly obtained assurances from de Gaulle concerning his policies before entering his Cabinet. Changes of Government in France, at least since the last war, have never brought about any fundamental change in the country's foreign policy, the conduct of which is by tradition essentially the responsibility of career personnel.

While a radical reorientation of France's foreign policy is unlikely it is to be expected, however, that France--under de Gaulle's nationalistic influence--will press for greater recognition of her interests and point of view on the part of her Allies. It would appear that the French attitude is likely to be concerned with the methods, rather than the aims, of Western policies, and is likely to centre on questions affecting France's position and prestige. It remains to be seen whether or not co-operation between France and her partners will become more difficult.

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It is also rather too early to judge de Gaulle's ability to settle North African problems satisfactorily. His main initiative has been his offer to the nine million Moslem Algerians on June 4 of complete French citizenship and of participation with full voting rights in the referendum to be held on French constitutional reforms as well as in elections for Algerian representative bodies. The reaction of the rebellious Algerian organization (FLN) has been adverse and political circles in Tunisia and Morocco are reported to have expressed disappointment. While an assessment of the feelings of the Moslem population in Algeria on de Gaulle's offer is difficult to make at this stage, it may be doubted, having in mind the three and a half year-old struggle for independence, that the integration formula holds much promise of a final solution of the Algerian problem. Likewise, the proposed settlement would not seem likely to render any easier the reaching of satisfactory arrangements with regard to outstanding problems between France on the one hand and Tunisia and Morocco on the other.

SOVIET UNION

4. Abolition of USSR Ministry of the Chemical Industry
and Formation of State Committee for Chemistry (RESTRICTED)
Attached to USSR Council of Ministers.

The Presidium of the USSR Supreme Soviet has reorganized the Ministry of the Chemical Industry into the State Committee for Chemistry of the USSR Council of Ministers.

This change follows the recent decision of the Central Committee of the CPSU to increase investments in the Chemical industry and to increase considerably production and use of synthetic materials under the new plan 1959-65. (See JIB Brief No.24).

The creation of a State Committee for Chemistry reflects the importance which the government now attaches to this industry. Other State Committees covering the Aviation, Defence, Radioelectronics and Shipbuilding industries were established in Dec. 57.

Of the former engineering ministries, there now remains only the All Union Ministry for Medium Machine Building (Atomic energy enterprises).

The present composition of the government is as follows:-

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Council of Ministers, USSR

Chairman: M. Khrushchev

First Deputy Chairmen:

A.I. Mikoyan
F.R. Koslov

Deputy Chairmen:

J.J. Kusmin (also Chairman of GOSPLAN)
A.N. Kosygin (formerly Deputy Chairman Short Term Planning and
prior to that Minister Light and Food Industry).
D.F. Ustinov (formerly Minister of Defence Industry)
A. Zasyadko (formerly Minister of Coal Industry)

Chairman of State Committees and Ministers of the USSR:

State Planning Committee	J.J. Kuzmin (also Deputy Chairman)
Soviet Control Commission	G. Yenyutin
State Committee for Questions of Labour and Wages	A.P. Volkov
State Scientific - Technology Committee	Y. Maksarev
State Committee for Aviation Technology	P.P. Damentyev
State Committee for Defence Technology	K.N. Rudnev
State Committee for Radioelectronics	V. Kalmykov
State Committee for Shipbuilding	B. Butom
State Committee for Questions of Building	V.A. Kucherenko
State Committee for Foreign Economic Relations	S.A. Skachov
State Committee for State Security	I.S. Serov
Directorate of State Bank	Bulganin
Central Statistical Board	V.N. Starovsky
State Committee for Chemistry	(Tikhomirov?)

All Union Ministries:

Foreign Trade	I.G. Kabanov
Merchant Marine	V.G. Bakayev
Railways	B.P. Beshchev
Medium Machine Building	E.P. Slavskiy
Transport Construction	E.F. Kozhevnikov
Electronic Power Stations	A.S. Pavlenko

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Union Republic Ministries:

Internal Affairs	N.P. Dudorov
Higher Education	V.P. Yelyutin
Geology & Conservation of Resources	P.Y. Antropov
Health	M.D. Kovrigina
Foreign Affairs	A.A. Gromyko
Culture	N.A. Mikhailov
Defence	R.Y. Malinovsky
Communications	N.D. Purtsev
Agriculture	V.V. Matskevich
Trade	P.V. Pavlov
Finance	A.G. Zverev
Grain Products	L.R. Korniyets

Certain Members of GOSPLAN with rank of Minister, USSR:

1st Deputy Chairman GOSPLAN:

G.V. Perov (formerly Deputy Chairman, Short-Term Planning)
M.A. Lesechko (formerly Minister of Instruments and Automation)
received appointment as Minister 21 May 58).

Deputy Chairmen GOSPLAN:

V.P. Zotov (formerly Minister of Food Ministry).
N.I. Strokin (formerly Minister of Auto Industry).
M.V. Khrunichev (formerly Deputy Chairman Short-Term Planning
and prior to that Minister of Aircraft Industry).

Head of Department GOSPLAN:

G.S. Khlamov (formerly Minister of Tractor and Agriculture
Machine Building).
A.A. Ishkov (formerly Minister of Fishing Industry).
E.S. Novoselov (Minister of Construction and Road Building
Machinery).

In addition, the Chairmen of the Council of Ministers of the fifteen
Republics are ex-officio members of the USSR Council of Ministers.

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5. Soviet Pacific Fleet Commander

(CONFIDENTIAL)

Admiral V.A. Fokin is the new Commander of the Soviet Pacific Fleet. He replaces Vice-Admiral V.A. Chekenov.

COMMENT: During World War II, he served as Captain (Destroyers) Northern Fleet and in 1944 was promoted to Rear Admiral as Commander of escort forces, Northern Fleet. Since 1953 he has been Chief of the Main Naval Staff (Plans and Operations).

6. Recent Air Agreements Between the Soviet Union
and Non-Red Bloc Countries.

(SECRET)

After a long period of intermittent negotiation the Soviet Union and India have signed a reciprocal air agreement providing for civil air services between Moscow and New Delhi via Tashkent and Amritsar. On the new service, which is scheduled to begin in mid-August the Russians intend to use the CAMEL, and the Indians Super Constellations. Air India International will be permitted to carry passengers, mail and freight to Tashkent, Moscow and return, and Aeroflot to Amritsar, New Delhi and return.

On 5 June 1958, Belgium and the Soviet Union signed a reciprocal air agreement under which regular flights between Brussels and Moscow would be conducted by the airlines of the two countries.

COMMENT: The Soviet Union has for a long time been interested in establishing a direct air service with India. The Indians, however, did not appear to share this interest and delayed and prolonged negotiations with the result that the Soviet Union made a number of favourable concessions to India in order to gain air access to that country. These include making the agreement bilateral, offering free hangar facilities to Air India, equally sharing of profits of the new service and probably certain other provisions for the protection of Air India's competitive position on the new route.

This agreement provides the Soviet Union with rights to fly scheduled air services into a second non-Red Bloc Asian country (the other being Afghanistan) and although India has bilateral civil air transport agreements with some 14 other countries this is its first such agreement with the Bloc. Through its bilateral nature the agreement provides also the right of a non-Bloc country to regularly over-fly a stretch of Soviet Central Asia. All other non-Bloc countries enter the Soviet Union from the European side.

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From the point of view of the Soviet Union, such an agreement is desirable in view of the expanding economic and cultural relations of the two countries, and, in addition it provides Aeroflot with a stepping stone into other Asian countries, notably Burma.

The Soviet-Belgium reciprocal agreement provides for a Moscow-Brussels service to be flown by Aeroflot and Sabena presumably via Netherlands and Denmark. A more direct route for Aeroflot would be over West Germany but it is understood that such a possibility is precluded by West Germany's refusal to allow over-flight by Soviet aircraft. Full details on the route are not at present available.

Belgium becomes the fourth NATO and ninth non-Red Bloc country to negotiate reciprocal air agreements with the Soviet Union. The Soviet Union will use CAMEL aircraft on this new route, there apparently being no noise level restrictions being enforced at Brussels.

7. Soviet Proposals for Increased Trade Relations with U.S.A. (CONFIDENTIAL)

In his letter of 2 June to President Eisenhower, Mr. Khrushchev urged the development of trade relations between the USSR and USA.

The USSR wished to increase production of consumer goods and of synthetic materials - fibres, plastics, leather and furs. In order to expedite matters the USSR wished to purchase equipment and materials from the USA, including complete plants and factories.

The USSR suggested the exchange of specialist personnel and was prepared for American experts to know about Russian achievements to date in the fields concerned. Soviet and American specialists should work in each other's research institutions and develop jointly new synthetic materials and technological processes.

The USSR envisaged a broad program for ordering equipment from the USA, for example, that connected with refrigeration and air conditioning with the cellulose, paper and wood-processing industries, with the textile leather footwear and food industries, with packing, packaging and automatic vending machines, television machinery, pumps, compressors and machinery for the mining industry, for the manufacture of building materials and the mechanization of construction.

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The USSR also contemplated placing large orders for industrial materials and finished products, including ferrous metal rolling equipment, gas main piping, chemical products, medical equipment and drugs and certain consumer goods.

It was assumed that the amount of trade involved might amount to several billion dollars in the next few years.

In payment the USSR could offer Soviet goods of interest to the USA, such as manganese and chrome ores, ferrous alloys, platinum, palladium, asbestos, potassium salts, lumber, cellulose and paper products, chemical products, furs and other goods. The USSR could also consider delivery of iron ore and could offer a number of types of modern machinery and equipment.

The USSR, realizing that it might take time to build up the flow of Russian exports to the USA, would be prepared in the next few years to accept an imbalance of trade in America's favour, and suggested consideration of payments in installments and the granting by the US of long-term credits. The US government was invited to consider inter-governmental negotiations for the creation of a basis for such trade.

COMMENT: This approach by the government of the USSR is in line with the speech made by Mr. Khrushchev to the Plenary Session in Moscow on the 6th May 1958, in which plans for the expansion of the chemical industry were put forward.

FAR EAST

8. Developments in Indonesia since April 22.

(SECRET)

In mid-April Government forces consolidated their positions in Western and Eastern Sumatra as a preliminary to further operations at Padang and the rebel capital of Bukittingi. Padang was taken with little effort and, late in April, only the towns of Batsuangkia and Bukittingi remained in rebel hands. There was a radical change in the picture in Eastern Indonesia at this time, however, for rebel forces with air superiority occupied Morotai and other islands of the Halmahera group and in air attacks damaged Shell Oil installations, sank a 12,000 ton British tanker off the coast of Borneo and an Indonesian Navy corvette, the only major Government naval unit in eastern waters. Further bombing during the first week of May damaged at least four more foreign ships and, as a result of air attacks, principally at Ambon, the rebels claimed the destruction of several Government planes on the ground. While the rebels exhibited unexpected striking force in the North Celebes, the remaining rebel-held towns in Sumatra were taken by Government forces during the second week of May. There have since been sporadic clashes in North and

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South Sumatra, areas which had previously been neutral, and if the forces concerned had supported the rebels earlier, the result in Sumatra might well have been different. Rebel resistance, however, is now virtually ended in Sumatra. The Government appears to be gaining control of the air in Eastern Indonesia and Government forces early in June recaptured Morotai and Djailola. An attack on Menado is expected shortly and it is considered likely that Government forces will have completed all but mopping-up operations by the end of June.

Government claims that the rebel forces were receiving foreign assistance grew in intensity as the air attacks by the rebels increased. According to Government spokesmen, the rebel forces were obtaining assistance from the Philippines and the Nationalist Chinese for, it was claimed, the rebels had neither the financial means to purchase aircraft nor pilots capable of accurate bombing. President Sukarno, stating that such activities were damaging to U.S. - Indonesian relations, called for a re-appraisal of U.S. policy, while his Foreign Minister announced that the matter might be taken to the United Nations if appeals to the United States proved fruitless. The Indonesian press, which became increasingly more anti-American, claimed that the rebels were using Clark Field in the Philippines and that the United States Government, if not actually assisting the rebels, was not preventing foreign assistance from reaching them. The situation was further aggravated late in May by the capture of an American pilot, identified as Alan Lawrence Pope, while flying with the rebel forces. An Indonesian military spokesman stated that papers taken from the American showed that he had served as a Lieutenant in the United States Air Force and had been connected with the Civil Air Transport airline with headquarters in Formosa. Indonesian authorities have not yet made public information obtained from Pope and American - Indonesian relations over the next few months depend to a great extent on whether the Government is able to resist pressures for a show trial. Aside from the Pope incident, however, American - Indonesian relations have improved greatly during late May and early June and the United States has issued licences for the export to Indonesia of aircraft spare parts and police equipment to the value of \$500,000.

On the internal political scene, the Indonesian Premier is reported to have told foreign representatives that there is a growing recognition within Government and political circles of the menace of Communism and that there is a possibility of a Cabinet reshuffle to moderate the political complexion of the Cabinet after operations against the rebels have been completed.

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COMMENT: Although rebel forces have been showing more resistance in Eastern Indonesia than was evident in Sumatra, it is expected that Government forces will soon begin major operations against them and that the rebellion, with the exception of minor guerrilla fighting, will soon be crushed. The internal political situation in Indonesia appears to be slightly more hopeful with some indication that consideration is being given to moderating the Cabinet by the inclusion of such men as the Sultan of Djogjakarta. There is a growing belief among a number of Western nations that the Indonesian Army is the only force capable of holding the Communists in check. With the probable defeat of the rebels and the indications that political circles are becoming more aware of the Communist threat, Western Governments appear to be considering the advisability of taking a more flexible attitude towards the Indonesian Government. While the United States Government has pointed out that the granting of export licences for aircraft parts and that the U.S. policy in this respect is unchanged, the approval of the licences may well indicate a less rigid attitude on the part of the Government. It is unlikely, however, that assistance would be granted in any quantity without some fairly strong indication from the Indonesian Government that it is attempting to check Communist influence. The Dutch Government has protested vigorously against the U.S. action, objecting not only to the lack of a prior consultation but implying that there should be an arms embargo against Indonesia. The Australian Government, however, appears to take the attitude that, while it would not agree to the export of arms, which might assist the Indonesians in "foreign adventures" (i.e. West New Guinea), it would not protest the provision of small arms which would assist in the maintenance of internal security. Reports from Djakarta state that many Indonesians and some foreigners believe that the Indonesian Government might shelve plans for assistance from the Soviet bloc if requests for military equipment were met by the United States, and there is a possibility that Western Governments may come to the conclusion that assistance to Indonesia is the only alternative to the exclusion of Western influence in Indonesia and Communist domination of the country.

8. Indonesia - Naval Requirements

(SECRET)

The Head of the Indonesian Naval Purchasing Mission in Europe has been in Warsaw for over two months, and it is probable that negotiations for the purchase of naval vessels from Polish and other bloc sources are approaching finality. So far, the Indonesian Navy have only committed themselves to the expenditure of about 16 million dollars (in Yugoslavia) out of a total of about 97 million dollars authorized for naval procurement in 1958.

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COMMENT: The general pattern of their requirements is thought likely to follow the lines of an inquiry made in March of this year of a British shipbuilding firm for quotations for the following warships:-

- 4 Daring class Destroyers
- 4 ASW Frigates
- 2 AA Frigates
- 2 Corvettes
- 3 LST's
- 8 MTB's

The present strength of the Indonesian Navy is as follows:-

- 1 Destroyer
- 2 Patrol Frigates
- 4 Patrol Escort vessels
- 2 Motor Gunboats
- 14 Inshore Minesweepers
- 5 LSIL's

The 2 Patrol Frigates were recently delivered from Italy. 2 Destroyers are on order from Italy and should be ready for delivery in July.

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CANADIAN EYES ONLY

Annex I
to JIC INT SUM No. 287
dated 20 June 1958.

1. Cyprus

(TOP SECRET)

The United Kingdom Government is expected to announce shortly in the U.K. House of Commons their new proposals for a concrete settlement of the Cyprus question. The proposals were submitted recently in the NATO Council by the U.K. representative, who stated that his Government's policy has four main objectives:

- (a) to achieve the best interest of the people of the island of Cyprus;
- (b) to implement a solution acceptable to the two communities of Cyprus as well as the three interested governments;
- (c) to safeguard British military bases on the island in which NATO is directly interested;
- (d) to strengthen peace and co-operation between the U.K. and her allies in a vital Mediterranean area.

2. This plan is described as the "partnership plan" and would provide for representative government and communal autonomy for each of the Greek and Turkish communities in Cyprus. Briefly, it envisages a system of government under three fields of jurisdiction;

- (a) A separate House of Representatives for each of the two communities with final legislative authority in communal affairs.
- (b) A council consisting of the Governor, one representative each of the Greek and Turkish Governments and elected ministers drawn from the two Cypriot houses of representatives over internal administration other than communal affairs and internal security.
- (c) External affairs, defence and internal security, to be in the hands of the Governor "acting after consultation" with the representatives of the Greek and Turkish Governments. The Governor, subject to the same process of consultation, would have reserve

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powers in protecting the respective interests of the two communities. Representatives of Greek and Turkish governments will have a right to appeal to a court against legislation they hold to be discriminatory. Cypriots could be offered Greek or Turkish nationality while being able to retain British nationality. The British bases on the island will be maintained. Subject to the maintenance of such bases, the U.K. Government would be prepared eventually to share the sovereignty of the island with Greece and Turkey.

3. The plan is imaginative and attractive in many ways. It represents a meritorious effort at compromise. It aims at getting both Greek and Turkish Governments closely associated with the administration of Cyprus affairs and thus imparting them with a greater sense of responsibility. However, the system of government it envisages is somewhat complex and falls short of what the Greeks and Turks have demanded respectively, which is independence with minority safeguards for the Turkish Community, in the first case and partition in the second. By linking the plan to indefinite maintenance of U.K. sovereignty and bases the U.K. Government indicates a change of mind in its attitude of five or six months ago when it was inclined to deny any value to the island from a strategic viewpoint and seemed prepared to make a graceful exit as soon as this was possible.

4. The Canadian attitude in the past has been one of "hands off" in regard to the Cyprus question, as it was considered that the problem was one for the three interested parties to settle between themselves. While one would wish to hope that the new plan will be acceptable to both Greece and Turkey, this is by no means certain and it would seem unrealistic to try to impose either through NATO or the UN a solution which would not be agreeable to either the Greeks or the Turks. The Cyprus problem is further complicated by Arab sensitivity as Arab opinion generally looks upon continued British control of the island with suspicion.

5. So far, discussions in the NATO Council have indicated a fairly wide opinion amongst impartial friends of all parties that the U.K. proposal is imaginative and contains elements which represent advances towards the objectives of each group, and attempts to share the price of compromise among all parties concerned.

6. Our Ambassador in Ankara reported that the Turkish Government was hard against the U.K. proposals. Meanwhile, the NATO Council has recommended that the U.K. Government delay the public announcement of their proposals

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TOP SECRET
CANADIAN EYES ONLY

over Cyprus originally scheduled for Tuesday, June 17, until Turkish and Greek reaction has been made known in regard to a NATO recommendation that a conference be held between the three interested Governments to which representatives of the Turkish and Greek communities of Cyprus might later be invited in order to examine the U.K. plan as a basis for discussion.

Miss Buller

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CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

Main Section - at SECRET level

Annex I - at SECRET level
but CANADIAN EYES ONLY

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is detached

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National Defence Headquarters
Ottawa

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SOVIET UNION AND SATELLITES

1. The Soviet Offer of a Non-Aggression Pact Between
the NATO and Warsaw Treaty Organizations

(CONFIDENTIAL)

The Soviet offer on May 27 of a non-aggression pact between the NATO and Warsaw Treaty organizations does not herald a fresh Soviet peace offensive, but is to be read as a further step in the Soviet diplomatic offensive of the past five years.

Since 1953, the Soviet Government has augmented the Stalinist peace campaign by taking a number of concrete steps which have been calculated, inter alia, to reduce the cost of maintaining the essential Soviet position on the international scene, and to reduce Western fears of Soviet military intentions. These steps have included withdrawals from Porkkala, Kwantung and Austria, a series of cuts in the personnel strength of the armed forces, and the cessation of nuclear tests. In the middle of this drive to reduce tension, the Warsaw Treaty was signed, and now, three years later, it has been called upon to begin to fulfil its major purpose in the larger Soviet diplomatic design.

The offer of a non-aggression pact is intended to provide the most specific, most concrete, and weightiest support of any step taken thus far for the Soviet contention that the USSR will not start a global war. It is intended to provide a definitive regional answer to the hoary question whether the USSR might ever be prepared to commit its forces beyond the geographical limits of its authority in the cause either of the Soviet State or of international communism. The offer of such a pact implies Soviet recognition of military containment in the area where this was first attempted, and, to this extent, it also implies the success of Western policy during the past decade.

For many reasons, both internal and external, the Soviet Government needs to achieve some measure of agreement with the West. The Soviet diplomatic effort to achieve this has been directed toward three larger objectives: a general settlement of the issues dividing West and East on Soviet terms, Western recognition of the status quo, and a non-aggression pact with the West. Since last December, when the Soviet diplomatic offensive reached its peak, Soviet diplomatic sights have been gradually lowered from the first-named and most ambitious of these three objectives. A non-aggression pact represents the minimum form of agreement with the West which will help to satisfy Soviet needs. The specific offer of such a pact indicates that Moscow knows that her most ambitious aim, a settlement of all outstanding issues on Soviet terms, is still out of reach, and also that Moscow probably no longer expects to secure formal Western recognition of the status quo.

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From the Western point of view, a non-aggression pact would be superfluous, since all the members of both treaty organizations, with the important exception of the two Germans have renounced aggression in joining the UN, and a non-aggression pact would fall far short of the Western conditions for a general West-East settlement. On the other hand, a non-aggression pact would merely reflect the patent strategic fact of the present nuclear stalemate. Such a pact between two treaty organizations would appear to be feasible from the standpoint of international law. It could however, through the easing of tension before a substantive disarmament agreement is signed, lessen the support in NATO countries for the heavy expenditures required for the modernization of the defence effort of the Alliance. The West may find it difficult to refuse the offer of a non-aggression pact, but it might be possible to bargain this against more substantial concessions from the USSR.

As part of a settlement at the summit, the USSR demands not only an unequivocal and formal declaration of the peaceful intentions of the West, but also a series of concessions - disengagement, the abandonment of foreign bases, disarmament, etc. - as material evidence of good faith on the part of the West. It clearly hopes that a non-aggression pact would contribute to the same end by leading to the weakening of NATO. (None of the clauses in the draft treaty provides for consultation to extend or to replace the pact in the event of the ultimate dissolution of the NATO and Warsaw Treaty Organizations). In withdrawing and cutting its forces, in ending nuclear tests, and in offering a non-aggression pact, the USSR has tried to prove to its people, and to the West, that it is taking all the necessary steps to make possible a settlement at the summit. How far the Soviet Government can be induced to make further and more substantial concessions to the West will depend on how urgently the Soviet leadership feels that it needs an agreement with the West. There are many concessions which still remain to be offered. It is to be noted, for instance, that the present offer is tied to Europe, i.e., that the Soviet leadership has not yet found it necessary to offer such a pact covering the Middle and Far East. In summary, it is considered probable that a non-aggression pact will form one of the most likely items for agreement at a Summit meeting, if one should take place in the near future, and that there are prospects of inducing the USSR, by patient and firm diplomacy, to make further and more substantial concessions.

2. Production of T-54 Medium Tanks

(SECRET)

Some T-54 serial numbers have been acquired which

- 1) tend to confirm Plant No. 183, Nizhniy Tagil, as a producer in 1954/55.

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(unless otherwise classified)

- 2) establish the existence of another producer in 1955 and 1957, other than Plant No. 183 and the two other known medium tank producers, Plant No. 112, Gorkiy, and Plant No. 174, Omsk; and
- 3) permit limited production estimates.

Plant No. 183 produced up to 498 T-54's during February 1955, or at least by some time in February 1955. The fourth, unidentified, plant produced a minimum of 25 T-54's in March 1955, and in 1957 had produced at least 46 by some time in April.

COMMENT: This is the only firm evidence of T-54 production which has come to light for some time.

Production of T-54's is believed to have begun in 1948 or 1949. This is the first firm evidence that production was continuing at a substantial rate in 1955. All four medium tank factories noted above may not have been in production as late as 1957. The fact that T-54's are now being produced in Czechoslovakia and possibly in Poland indicates that they may be considered obsolescent.

3. Further Withdrawals of Soviet Forces
in East Europe

(UNCLASSIFIED)

Marshal Konev has announced that Soviet Forces in Roumania will be withdrawn during 1958 and that a further reduction of one division will be carried out in Hungary.

COMMENT: Soviet troops are now stationed in four East (SECRET) European satellites; East Germany, Poland, Hungary and Roumania. The Soviet ground forces in Roumania are currently estimated to number from 31,000 to 35,000 men.

Disposition of Soviet forces in Roumania is as follows:

Headquarters, Independent Mechanized Army	- Constanta
22 Anti Aircraft Division	- Constanta
25 Guards Mechanized Division	- Braila
32 Mechanized Division	- Timisoara

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SECRET

(unless otherwise classified)

The withdrawal of Soviet troops from Roumania, if it takes place, involves some risk for the Communist government of the country. As recently as March 1958 reports were received of probable civil disturbances in Roumania. Undoubtedly, the presence of the Mechanized Army has helped in the maintenance of internal security. The population does not appear to wholeheartedly support the government. The people are politically apathetic, however, and there are no signs of active disaffection such as that of Poland and Hungary in 1956. The regime maintains some 43,000 internal security troops as well as an extensive police system.

The Roumanian Army is believed to number 235,000 men. Morale is fairly good but it is thought that a large percentage of the army is not sympathetic towards the party and the government. The army would not necessarily support the regime against any insurrection.

A reduction of 17,000 men of the Soviet forces in Hungary was announced in January 1958. It is probable that this reduction has taken place. It is believed that two divisions have moved to the USSR this Spring. A withdrawal of a further division might involve approximately 8,000 men. This would leave an estimated 60,000 Soviet troops still in Hungary.

Strategically, the country is not important. The communications system is such that with a limited amount of strategic bombing the ground forces in the country could quickly be hampered. The country does not have the road and rail rolling stock necessary for emergency moves. Generally, it appears that in war the country could be sealed off and by-passed. It would appear that Roumania's chief strategic contribution under the Warsaw Pact may be the provision of air bases for deployment of air defence forces.

The Soviet High Command has probably fully appreciated this in its overall strategic planning, but there are other significant considerations which should be included in the same context.

The four Military Districts which lie on the western periphery of the Soviet constitute the country's western "shield" with both flanks of this shield protected by the Baltic Sea in the North and the Black Sea in the South. This periphery area probably contains the major part of the Soviet ground forces, and more than half of existing armoured formations. The strategical location of this "shield" makes it certain that most of the formations in the area are at operational strength in both manpower and equipment.

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(unless otherwise classified)

It is likely that the Soviets intend to retain this "shield" as a strong defence in depth leaving the GSFG as a covering force in Germany. They would be in a position at the outset of hostilities in Europe to commit a massive wave of armour to the European Theatre, if required, or defensively, "sit out" the nuclear exchange in greater security.

Last year the Estonian Republic was transferred from the Leningrad Military District to the Baltic Military District. The result of this was the strengthening of the latter Military District by the addition of an Army. The Baltic Military District which is the northern anchor of the "shield" now commands the Baltic Sea approaches and the entire Gulf of Finland.

At the Southern end of the "shield" the Tavrida and Odessa Military Districts were merged to form the existing Odessa Military District which now commands the northern part of the Black Sea, the Crimean Peninsula and the Sea of Azov

With the northern and southern sides of the "shield" now reorganized the next logical step would be to strengthen the garrisons. In the case of the Baltic Military District this has already been done as pointed out above. Our Order of Battle holdings do not, however, show a formation of Army status in the Odessa Military District.

While at present it is too early to say where the Independent Mechanized Army will be relocated it is very probable that it will reappear, possibly under a new designation, in the Odessa Military District.

Since this Military District adjoins Roumania it would be a very simple matter, in the event of necessity, to reoccupy Roumania from the Odessa MD within a matter of possibly one or two days.

There is nothing in the proposed moves to indicate a weakening of the Soviet strategic position. On the contrary, an improvement, and they must feel secure, and probably look for a sizable political gain as a bonus.

4. Announcement of Strength Reductions, Soviet Bloc

(UNCLASSIFIED)

The Political Consultative Committee of the Warsaw Pact following a meeting in Moscow, announced that Satellite armed forces would be reduced during 1958 by 119,000 men. These reductions are to be effected

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(unless otherwise classified)

as follows: Albania, 1,000; Bulgaria, 23,000; Czechoslovakia, 20,000; Poland, 20,000; and Roumania 55,000. This figure is in addition to the 300,000 reduction of its armed forces announced by the USSR during January 1958.

COMMENT: The latest announced reduction of (SECRET)
Satellite armed forces strength is the fourth such proposal. These
are as follows:

	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>Total</u>
Albania	9,000			1,000	10,000
Bulgaria	18,000			23,000	41,000
Czechoslovakia	34,000	10,000		20,000	64,000
East Germany		30,000			30,000
Hungary	20,000	15,000			35,000
Poland	47,000	50,000	44,500	20,000	161,500
Roumania	<u>40,000</u>	<u>20,000</u>		<u>55,000</u>	<u>115,000</u>
TOTALS	168,000	125,000	44,500	119,000	456,500

During the same period, the Soviet Union announced reductions in its armed forces strengths as follows:

<u>1955</u>	<u>1956</u>	<u>1958</u>	<u>Total</u>
640,000	1,200,000	300,000	2,140,000

Soviet/Satellite armed forces strength reductions announced during the period 1955 - 1958 total 2,596,500 men.

There is little evidence that any significant strength productions in Satellite armed forces were implemented as a result of the 1955 - 1956 announcements, with the exception of Bulgaria. The Polish reduction declaration of 1957 was the first such Satellite announcement made unilaterally without a prior Soviet move. Subsequently, Poland did effect an armed forces strength reduction of approximately 50,000 men which lowered line division holdings from 19 to the present estimate of 14. Currently, total Satellite ground forces strength is estimated to be 1,107,000 men.

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SECRET

(unless otherwise classified)

During mid-1956, Soviet troop strength in East Germany was reduced as a result of the redeployment of approximately 33,500 all ranks to the USSR. This redeployment, however, effected only headquarters and support type units and no line divisions were withdrawn.

The latest Soviet Government announcement stated that, as part of its 1958 reduction of 300,000 men, 41,000 would be withdrawn from GSFG, returned to the Soviet Union and demobilized, and Soviet occupation forces in Hungary would be reduced by 17,000 men. A redeployment of approximately 30,000 GSFG troops, involving two mechanized divisions, one anti-aircraft division, and several separate anti-aircraft and artillery formations, was accepted in early 1958. Soviet troop strength in GSFG is now estimated to be 385,000 all ranks. In addition, a redeployment of approximately 17,000 men, involving two mechanized divisions, has been accepted in Soviet troop strength in Hungary. Soviet forces in Hungary are now estimated to be five line divisions totalling approximately 60,000 men.

Actual Soviet ground force strength reductions during the period 1955 - 1958 is reflected in current Order of Battle estimates, which total 4,500,000 men, as opposed to 4,750,000 men in July 1955.

Thus, of a grand total of 2,596,500 announced reductions during the three year period only a grand total of about 350,000 can be detected for the whole Soviet Bloc.

5. USSR Withdrawal Economic Assistance
Offered to Yugoslavia

(RESTRICTED)

The Soviet Union has officially postponed for five years loans offered to Yugoslavia for industrial development. The loans include a credit of \$110 million from the USSR and a joint loan of \$175 million from the USSR and East Germany.

COMMENT: A Russian threat to cancel this assistance, if Yugoslavia did not soften its criticism of Soviet policy, has been reported previously. It seems likely that Czechoslovakia will follow suit and cancel a credit of \$75 million which it has promised to Yugoslavia.

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SECRET

(unless otherwise classified)

6. Soviet Merchant Vessels Visiting Montreal
and Quebec 26th and 28th May, 1958

(SECRET)

The Soviet Merchant vessels Leonid Leonidov and Namirovich Danchenko cargo vessels of 3385 and 3178 tons (gross) respectively, were visited in the ports mentioned above on the 26th and 28th of May respectively.

COMMENT: The communications and electronic equipment fitted in these vessels was of modern construction and such as would fulfil the normal requirements of modern ships proceeding to great distances from their home ports. All equipment name tabs were marked 1956 and 1957.

Radar equipment was Neptune type with the following particulars being ascertained with regard to this equipment:

Range $1\frac{1}{2}$ to 30 miles, with good definition of objects close at hand.

The most novel piece of equipment was an automatic keying device (emergency automatic alarm system) this equipment, with the breaking of the glass front immediately transmitted the international S.O.S. with the position of the ship appended. The only requirement being the setting of the ships position by a push-button arrangement, which function could be performed by any person without navigational, electronics or communication experience.

The transmitting equipment consisted of a main transmitter 365 - 560 kc's, short wave transmitter frequency range 4,000 to 22,720 kc's, an emergency transmitter 410 - 512 kc's, 2 receivers covering a range from 12 kc's to 25,000 kc's. The emergency receiver 375 - 540 kc's. Normal international life boat equipment "Marinella" type 71A11. The direction finding set covering the range from 186 to 750 kc's.

Both vessels had inter-ship telephones, voice pipes and public address systems. The second vessel was fitted with a radio telephone which operated on one of two ranges 2920 or 2664 kc's and worked to a distance of 10 miles.

No degaussing equipment was observed.

Personal observation indicated that no intercept equipment was or had been fitted in either vessel. It is possible that such equipment was fitted in the ships in some compartment other than those visited. Efforts to ascertain the existence of intercept equipment will be continued.

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A full report will be rendered through other channels, including types of equipment, serial numbers, weights, etc.

MIDDLE EAST

7. Agricultural Crisis in the Middle East

(SECRET)

The worst drought in over 20 years and the heaviest locust infestation in over a decade threaten to bring near-famine conditions in the Middle East this summer.

COMMENT: While the impending disaster affects all of the Middle East, the impact varies from one country to another.

Israel. Drought has caused a complete crop failure in the NEGEB, and poor crops elsewhere. Locusts from Saudi Arabia and Jordan endanger crops in the Beersheba region, where the plague is expected to last until July. Israel's foreign exchange and budget will be strained as a result of the heavy loss of foodstuffs and forage, and the necessity to import these from abroad.

Jordan. It is predicted that Jordan will experience famine conditions this summer. Drought has caused a 70 per cent winter crop loss; livestock is being rushed to market before starvation takes them; and welfare agencies are doubling their imports of flour to assist in feeding more than 200,000 destitute persons beyond the number normally aided.

Iraq. In April and again now, Iraqi agriculture suffered from locusts, while drought has caused severe damage. About 50,000 tons of wheat were available for export in April, but it may be necessary to reserve it for home consumption in view of the crop conditions. This will affect Jordan in particular.

Syria. Normally a major exporter of wheat, Syria will have only a small export surplus this year, which may be reserved largely for Egypt. The wheat crop may be down 50 per cent from last year, and the barley crop may be down 70 per cent.

Lebanon. Locusts may have reduced agricultural production, but the most severe impact on Lebanon will be caused by crop failures elsewhere in the Middle East. Lebanon normally imports 75 per cent of

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SECRET
(unless otherwise classified)

its wheat requirements, mostly from Syria, but the latter country likely will not be able to supply Lebanon this year. She will be forced to import from hard currency countries, provided that she can muster the foreign exchange.

Saudi Arabia. The agricultural situation is not at all clear, but it is known that in mid-April all agricultural and most garden crops were threatened with the worst locust infestation in 14 years. There is in existence a Saudi Locust Control Mission, but it is ineffective and has no insecticides.

Locust control is being sponsored throughout the Middle East by the F.A.O. The greatest problem is the shortage of insecticides. Supplies are being sent to Turkey, Syria, Jordan, Iraq and to Egypt.

SOUTHEAST ASIA

8. Elections in Laos

(CONFIDENTIAL)

Although complete returns are not yet available, it is clear that the Neo Lao Haksat achieved a relatively large-scale success in the May 4 supplementary elections in Laos. Final results in the voting for 21 seats are expected to be as follows:

<u>Right Wing ("United Front"):</u>	4
Nationalists (Katay):	3
Independents (Phoui):	1
<u>Left Wing:</u>	13
Neo Lao Haksat	
(Souphanouvong):	9
Santiphab (Bong) :	4
<u>Unaffiliated:</u>	4

A number of members of the former Pathet Lao hierarchy were elected, including Prince Souvanouvong (Vientiane); Phoumi (Luang Prabang); Nouhak (Sam Neua), and Sithone (Saravane). General Kaysone, former Commander-in-Chief and Defence Minister of the Pathet Lao, was soundly defeated in Attapeu, although it is possible his defeat resulted from the irregular methods of his opponents.

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SECRET
(unless otherwise classified)

There was more than one factor contributing to the left-wing success. Charges of Government corruption and misuse of United States aid funds probably had their effect. The "United Front" formed by Katay and Phoui turned out to be disunited, and this, combined with the large number of unofficial Independent and Nationalist candidates, dissipated pro-Government voting strength. (Although pro-Government candidates received about 73% of the vote, they won only 38% of the seats.) Neo Lao Haksat charges of United States interference in Laotian affairs, and their claim that their election would help ensure peaceful relations with North Vietnam, probably had some impact. Finally, it appears that the Neo Lao Haksat organized their campaign more effectively in the rural areas than did the other parties.

The election produced a substantial change in the complexion of the National Assembly; as the following comparison between the last Assembly and the new one shows:-

		Last Assembly (39 seats)	New Assembly (59 seats)
<u>Right</u>	<u>Nationalist</u>	19	22
	<u>Independent</u>	9	10
	<u>Unaffiliated</u>	5	9
<u>Centre</u>	<u>Democrats</u>	2	2
	<u>Santiphab</u>	4	7
<u>Left</u>	<u>Neo Lao Haksat</u>	-	9

The results represent a setback to Prime Minister Souvanna Phouma, Katay and Phoui. It is difficult to predict the alignment of power in the Assembly, but it seems probable that the Neo Lao Haksat will obtain at least general Santiphab support, and there is little doubt that they will try to increase their representation on the Cabinet. It has been reported that Souvanna intends to resign, but there has been no indication of what kind of government will be formed or who will form it,

Country-wide general elections are scheduled for December, 1959. It seems evident that the parties of the right and centre, if they are to hold down the Left, must give serious thoughts to increasing their popularity, particularly in the villages, to improving their campaigning methods, and to avoiding the vote-splitting which occurred on May 4.

SECRET
CANADIAN EYES ONLY

Annex 1
to JIC INT SUM No. 286
dated 6 June 1958

USSR SATELLITES

1. Internal Security in Eastern
European Satellites

(CONFIDENTIAL)

It has become evident that most Eastern European regimes have of late been pursuing a harsher policy towards internal opponents through increased arrests, trials and imposition of severe penalties.

Reflections of an intensified security drive since about February 1958 have been most clearly evident in the increased scale of surveillance and attempts at provocation directed against members of the staff of Western missions in Prague resulting recently in the expulsion of staff of the Norwegian and U.S. missions and resignations engineered by the Czech security police of locally-employed staff from the Canadian, British and United States missions.

These actions should be viewed against a background of renewed tightening of security measures throughout Czechoslovakia in reaction primarily to widespread resentment occasioned by the current economic reorganization and its accompanying "verification" programme. This last entails the investigation by the security police of three generations of a family and appears to be applicable to all persons in technical or administrative positions and not merely to those whose jobs are being eliminated or shifted in the course of the economic reorganization. The direction of this "verification" process is normally against the remaining bourgeoisie but there is some reason to believe that it may now be towards the technicians and the intellectuals, the former particularly in the light of recent rumours of threatened strikes in Slovakia and apathy in the large factories.

A somewhat similar intensification of activity of the Polish security authorities has been observed by the Canadian Legation at Warsaw which has reported increased attention paid to Legation staff and more rigorous control by the security police of staff locally employed by the Legation.

Although freedom of expression in Poland remains considerably greater than in any other Communist country, the process of liberalization evident since Gomulka's accession has been checked by several security

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~~SECRET~~
CANADIAN EYES ONLY

measures affecting publications, travel to the West and party control of youth organizations. It is perhaps also relevant that Soviet supervision of the Polish security police, which was not as firm as it might be in 1957, is believed now to have gained a greater measure of control of its activities.

There have also been reports from the Canadian Embassy in Moscow indicating that the Soviet security authorities have, since about February 1958, been observed paying unusually close attention to the activities of members of Western missions in Moscow. It is possible therefore that, while security measures directed at Western missions in Prague and Poland are most likely attributable to the domestic security problems peculiar to these two individual countries, the appearance of similar attentions being paid to Western missions in Moscow at about the same time may reflect a co-ordinated effort to intensify security precautions in the Soviet Bloc.

FRANCE

2. The French Situation

(CONFIDENTIAL)

The crisis in France came to its expected climax on Sunday, June 1, when General Charles de Gaulle was invested as Premier of the Republic by a National Assembly still divided and reluctant to yield power but sufficiently realistic to bow to the inevitable. The vote was 329 to 224. Those who voted against the Premier-designate included the 150 Communist deputies, 49 socialists, Mendesiste radicals and a smattering of MRP and independents. The majority was much less impressive than de Gaulle had hoped for, mainly because the Socialists remained divided to the end.

The deputies approved at the same time the General's fifteen-member Cabinet which is composed of three former Premiers, representatives of seven parties on the Left, Right and Centre, and five non-political technicians. DeGaulle himself retains the portfolio of National Defence. Mollet, Pflimlin and Felix Houphouet-Boigny were appointed Ministers of State without Portfolio. Finance was assigned to Antoine Pinay, Interior to Emile Pelletier (Prefect of the Seine) and Foreign Affairs to Maurice Couve de Murville, career diplomat (Ambassador to Bonn). None of the politicians directly involved in the Algerian movement has been given a portfolio. At writing the only reported change in the armed forces hierarchy has been the resignation of General Lorillot as Chief of Staff of the French Armed Forces and his replacement by his predecessor,

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SECRET

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CANADIAN EYES ONLY

General Ely, who less than a fortnight ago submitted his resignation to Premier Pflimlin in protest against the arrests of two of his senior officers who had been openly Gaullists. General Lorillot remains Chief of Staff of the Land Forces, the position he previously held.

Typical of the man, and probably to allow himself a freer hand, de Gaulle made his investiture speech brief and in general terms. He demanded a) the granting of full powers to govern by decree for six months so as to re-establish order and unity; b) a mandate from Parliament to the Government to elaborate, and refer directly to the country by popular referendum, sweeping constitutional reforms. The internal reforms concern the Republican regime and are to be based on three principles: 1) Universal suffrage is the source of all power; 2) The executive and the legislative must be effectively separated; and, 3) The Government must be responsible to Parliament. The external reforms will bear on relations between the French Republic and "peoples associated with it", i.e., the French Union.

Finally, de Gaulle requested that as soon as Parliament had voted him full powers and opened the way for constitutional reforms, it should adjourn until October.

De Gaulle's first measure, a request for full power to govern by decree for six months, was only briefly debated and received the Assembly's approval with virtually no argument. The vote was 322 to 232, after the premier's supporters accepted changes limiting his activities in such fields as civil liberties, social security and labour legislation. The second measure, having no new political significance, was the renewal of special powers in Algeria already exercised by four previous governments. It passed both Houses almost without debate. However, the Deputies put up surprisingly strong resistance to de Gaulle's third and last measure as outlined at his investiture, his demand that the Assembly yield to him its right to amend the Constitution. It was only by means of his threat of immediate resignation as Premier (the deputies well knew that such an act would have unleashed civil strife in France within hours) that de Gaulle rammed through a reluctant Assembly this emergency measure authorizing him to draft, and submit to popular referendum, the constitutional reforms he has claimed were long overdue. The final vote was 350 to 163. The French National Assembly then suspended its regular sessions until October 7, leaving de Gaulle empowered to rule by decree in the interim.

De Gaulle is turning his attention immediately to North African affairs and to the Algerian problem in particular. De Gaulle, accompanied by Max Lejeune, Minister-designate for Algeria, is scheduled to arrive in Algiers on 3 June for talks with the military-civilian dissident movement

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SECRET
CANADIAN EYES ONLY

which has held power since May 13th. It is expected that he will then make known his views on a possible solution of the Algerian situation.

Our Embassy in Paris has pointed out that neither in his investiture speech nor since, has de Gaulle made any mention of an "Algerie Francaise" nor of the full integration which the Algerian movement has so vigorously demanded. The Embassy believes that his repeated references to "Associated Peoples" in his recent declarations seem to confirm the general speculation that de Gaulle favours a liberal solution in Algeria within some kind of federal framework.

General Massu, the President of the all-Algerian Committee of Public Safety which precipitated the insurrection of May 13, has conceded that there is some disappointment in certain quarters in Algiers about the new de Gaulle Cabinet. It is not unlikely that right-wing settlers who have been clamouring for the General's return to power may be in for a rude shock, particularly as de Gaulle is in an excellent position to rally the Army to him and to disengage it from the political factions in Algeria.

General de Gaulle has begun a diplomatic offensive in regard to North African affairs by sending letters to Tunisian President Bourguiba and Moroccan King Mohammed V, suggesting in friendly terms, the need for prompt negotiations to end the strained relations between France and her two former protectorates. The United Nations Security Council was made aware of the letter to Bourguiba after having adjourned the debate on the Tunisian-French dispute till 3 June.

There has not yet been any mention in de Gaulle's speeches of the Atlantic Alliance, European Integration or East-West relations. Socialist and MRP leaders have, on the basis of recent conversations with him, been satisfied that he has no intention of making any sudden break in either the Atlantic or the European pattern of French policy, nor of reverting to a narrow nationalism. Indeed the appointment of such personalities as Mollet, Pinay, Pflimlin and Couve de Murville appears to confirm this view.

With the investiture of de Gaulle and the granting by the National Assembly of the full powers he had demanded, the danger of civil strife has receded but it remains to be seen, in view of the many and difficult problems demanding an urgent solution, whether this danger will not arise again in the next few months.

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SECRET
CANADIAN EYES ONLY

3. General de Gaulle and NATO

(SECRET)

The return of General de Gaulle to power in France raises a number of questions concerning the future role of France in NATO. De Gaulle's public statements are few and often far between, however, they do contain a number of references to NATO, excerpts and summaries of which are set out below. In making an assessment of these statements it must be borne in mind, that they were uttered by a man unencumbered by the responsibilities of government.

Referring to NATO in a Press Conference held in Paris on November 12, 1953, General de Gaulle Said:

"It was a good thing to accept this Alliance because we were threatened. But it ought to have been a real alliance. The inconsistency of our political regime has made the Atlantic pact into a kind of protectorate. One can give no other name to a system in which common strategy, including the defence of France, in reality depends entirely and exclusively on the American Commander in Chief, in which our bases, particularly those in Morocco, are delivered to him without conditions, and in which we can dispose of none of our proper forces without his authority. And this in a general situation where in many parts of the world and even in certain parts of Europe, the policy of the United States is in no way in conformity with our own interests. Furthermore, we do not even have the guarantee that if the case arose, the protector would protect us."

At the same Press Conference General de Gaulle remarked that the advent of Germany had completely changed "the conditions under which the defence of the North Atlantic was first organized."

De Gaulle commented that in the event of a third world war, the principal American effort would be bomber attacks from bases in the United Kingdom, Spain, Africa and the Near East. He said that the Americans had insisted on German rearmament because they realized that France would be unable to sustain the battle in Europe herself. There was nothing unacceptable about German rearmament,

"provided it took place in the framework of a wide and numerous Confederation and with the undertakings, restrictions and controls such a Confederation involved. Germany must be part of the West, and this implies that the West

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SECRET
CANADIAN EYES ONLY

and this implies that the West provides Germany with national and international conditions of existence comparable with Germany's value. It is also necessary that Germany be surrounded and should find her proper impulses subject to the influence, the action and if necessary the refusal of other States who would be strong and wise. Finally, from the point of view of the defence in Europe, it is a great practical utility that the countries ensuring this defence should adopt the same strategic plans and pool all the means of defence which can be pooled without depriving the armies of their soul and their body."

In his next Press Conference on April 7, 1954 at the height of the crisis in which Marshal Juin had been dismissed by the government for publically attacking E.D.C., and in which General de Gaulle's forceful statements influenced the eventual defeat of E.D.C. in the French Assembly, the General said:

"Without in any way renouncing the alliance of which she is an essential element, she (France) would need a policy which would be her policy and not merely the unilateral adaptation of her action to other people's policies. She would need a defence system proportionate to her resources, certainly, and associated with that of her allies, but autonomous and balanced. She too would need to be an atomic power."

"How could our policy have vigour and scope when our defence is systematically placed in entire dependence on others? For lack of atomic arms, of which we have let others have the monopoly, our forces, dear as they cost us, do not constitute a whole, and that automatically reduces them to the rank of auxiliaries. On the other hand our African and home bases have been handed over to the Americans, joint commands have been assigned to them, without French Governments demanding for France a share in the plans and decisions concerning atomic war."

"At the same time, without ceasing to be members of the Atlantic alliance, let us organize Europe along lines which do not prevent such easement and do not tear us apart."

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SECRET
CANADIAN EYES ONLY

In the Reporter of June, 1955, Edmond Taylor wrote that de Gaulle wanted France's NATO commitments counter-balanced by a policy of cautious conciliation toward the Communist world.

In a Press Conference held June 30, 1955, he expressed his concern at France's growing dependence on the United States and on United States foreign policy. He regretted that, because France did not have the atom bomb, it was unable to take the initiative in disarmament discussions.

For almost three years we hear very little from de Gaulle. Then, in March, 1958, the British Ambassador to France, Sir Gladwyn Jebb, was granted an interview. In his despatch of March 24, Jebb wrote that he is convinced that de Gaulle "would adopt a policy of appeasement toward the Soviet Union, and that this would be only too likely to result in a breakup of the present system of alliances." Jebb suggested that de Gaulle might possibly make a deal with the Communists or at least accept their support. However, de Gaulle's own statements do not, in themselves, substantiate these views.

In the course of his conversation with Jebb, de Gaulle stated that when the peoples of Western Europe are convinced that there will not be another world war, they would not make the necessary sacrifices to prepare for war and hence "NATO was probably doomed, whatever the Russians did or said."

The General was not concerned at the prospect of a Russian diplomatic success in preventing the establishment of Western rocket bases in Europe. He explained that he could not foresee war for three years, and by that time, the I.C.B.M. would completely change the strategic picture. De Gaulle felt that NATO was breaking up as its members were exerting their independence and implied his approval of this tendency, particularly where it applied to France.

In assessing these rather gloomy views, it is, perhaps important to note that at this time de Gaulle had no expectation of coming power.

Pertinax of France-Soir, May 28, 1958 reports that de Gaulle believes that the main deficiency of NATO is that it is not fully supported by political commitments. "To this treaty he is said to favour the addition of other international agreements making sure, for instance, in such areas as North Africa and the Near East, none of the allied powers would attempt to follow a line independently of the interests of the most directly committed partner."

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SECRET
CANADIAN EYES ONLY

Upon his appointment as premier-designate of France, de Gaulle gave party leaders pledges that he would not seek any changes in French foreign policy with respect to NATO and the European Unification Movement. The New York Times of June 1st, suggests that "he may well contemplate a revision of NATO, as some of his professed spokesmen suggest, to win France a more equal position and support for French policies in North Africa and the Middle East. But barring further evidence, it must be doubted that he would wreck the Western Defence structure by taking France out of the alliances."

A telegram received from London on May 30th reports that "the United Kingdom Ambassador in Paris has received an oral message from General de Gaulle through General Billotte, a member of the French National Assembly. The message is to the effect that if General de Gaulle came to power he would do everything to see that NATO was used for the purpose of forming a common policy as between the United States of America, the United Kingdom and France, notably as regards the Afro-Asians and Africa."

A telegram received from Washington, June 3, based on comments expressed by OCI/CIA confirms the views contained in the telegram from London. Other comments were that there appeared to be "no doubt about (De Gaulle's) ability to make the army do his bidding....C.I.A. is also apparently not as apprehensive about de Gaulle's attitude to NATO, European Integration, and the U.S.A. as some reports have led us to expect. They feel that he will insist on a larger role for France."

From these statements and reports, a number of fairly consistent themes can be discerned.

1. Concern that, in matters of defence and foreign policy, France is becoming an American satellite.
2. Resentment at any interference in French domestic, foreign or colonial affairs by any foreign power, even in the form of good offices.
3. Despite many shortcomings, the Western alliance has served a useful purpose.
4. Desire for France to exert more influence in NATO.
5. Belief that the growing strength of West Germany should be subject to proper safeguards and controls.
6. Awareness of the prestige and power which the atom bomb confers.

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SECRET
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His remarks about European integration and supernational organizations are often conflicting. He appears to want a strong rearmed Europe and at the same time insists that there should be no infringement on France's sovereignty.

In summary, it appears that de Gaulle will adhere to NATO and probably to the European community, although resentment of U.S. domination and suspicion of West Germany, particularly in the NATO context, will make him a troublesome partner and prone to strike out on an independent line, (i.e. disarmament). He can be expected to jealously guard France's right to discharge her colonial responsibilities by herself. He might be expected to make a French atom bomb, one of his primary goals. However, Algerian and internal problems including the drafting of a new constitution will occupy most of his attention in the early stages of his return to power, leaving the less urgent question of NATO for later.

Despite these statements and comments, de Gaulle remains very much of an enigma and it is difficult to do much more than speculate about his future plans for NATO. Nevertheless, when he does turn his attention to NATO, there is likely to be a need for careful diplomacy and delicacy in dealing with the French Government.

4. Possible Nuclear Testing
in the Sahara Desert

(CONFIDENTIAL)

Press reports are currently circulating that France is planning to establish (or has already established) a nuclear test site in the Sahara Desert. The town of Reggane in the south-western part of Algeria is prominently mentioned in this connection.

COMMENT: France has no facilities for producing uranium - 235 at present but has been operating a medium-size plutonium production reactor for about two years. Thus her total stock pile of nuclear materials for military and/or industrial purposes is probably limited to about 20 - 30 kg of plutonium at present. This quantity might be sufficient for a very limited number of bombs, possibly two or three, depending on the extent of French knowledge of the art. Whether or not this is enough to start nuclear testing is largely a political decision. If national pride and honour demand that France join the ranks of the "nuclear club" as soon as possible, one or two tests could undoubtedly be conducted this year.

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CANADIAN EYES ONLY

CEYLON

5. Situation in Ceylon

(CONFIDENTIAL)

The social and political order and the economic stability of Ceylon are becoming increasingly disturbed by the assition of outbreaks of violence and communal strife to the continuing railway, postal and dock workers strikes. On May 27 the Governor-General of the Island, Sir Oliver Goonetilleke, declared a state of emergency and called out troops to restore order. The government of Prime Minister Bandaranaike, whose earlier hesitation in taking the required emergency measures had created some anxiety, now appears to have regained control of the situation and Colombo itself is reported to be quieting. The Canadian High Commissioner has, however, reported that there is concern in Colombo that the Prime Minister may relax the emergency measures too soon.

Because of a rigorously imposed censorship a true picture of conditions outside Colombo is difficult to obtain. It appears, however, from the substantial military reinforcements despatched to the Tamil majority district of Batticaloa in the northeastern part of the Island and the interruption of air transport between Colombo and the Kankasanturai Airport in the vicinity of Jaffna that disorders are still raging outside the capital; a recent report that more than 10,000 refugees are congregating in Colombo appears to confirm such an assumption. In a June 1 broadcast the Prime Minister declared that the current disorders were not spontaneous but were organized by enemies of the government.

The Ceylon Government is at present seeking emergency economic and financial aid from Canada and the United States in an effort to strengthen its hand in the immediate crisis and to improve its long-term position.

COMMENT: The causes of the present wave of strikes, now complicated by the recurring Tamil-Sinhalhese language issue, are complex and as much political as economic. Rivalries between the government workers Trade Union Federation controlled by Dr. N.M. Perera, head of the anti-Moscow Trotskyite Party (NLSSP) and of the Ceylon parliamentary opposition, the communist-controlled Trade Union Federation, and the Ceylon Harbour and Dock Workers Unions, controlled by Philip Gunawardena, pro-Moscow Trotskyite (VLSSP) Minister of Food and Agriculture in Mr. Bandaranaike's coalition government, contribute largely to the present situation. Trade Union activity is an increasingly influential factor in Ceylonese political life, and irresponsible union leadership is one of the country's major problems; many of the demands of the unions are economically impossible. Leftist influence in the labour movement is appreciable but cannot be said to be Moscow-directed.

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6. Ceylon Requests Substantial Economic Assistance
from Canada and the United States

(SECRET)

Ceylon has unexpectedly requested \$50 million worth of economic aid from Canada over the next three years and \$50 million from the United States for the coming financial year (Ceylon) (Oct. 1958 - Sept. 1959). A Ceylonese delegation arrived in Ottawa on 2 June to follow up their request.

COMMENT: It is not known whether Ceylon wants this aid in the form of grants or loans. However, they are reportedly willing to take up to half of the requested Canadian aid in the form of flour. The exact use to which the assistance would be put is not yet known, but it is believed that it would be employed for development projects. (The flour could be sold on the local market and the receipts used for development purposes).

Ceylon has experienced increasing economic difficulties over the past several years. Strikes in the port of Colombo and a fall in the world market prices of Ceylon's tea and rubber exports have been important factors in the deteriorating economic situation. The Government's programme of nationalization has also resulted in a substantial withdrawal of foreign capital from the economy and has discouraged the inflow of new capital. Disastrous floods in late 1957 aggravated the economic situation still further. Continuing strife over the linguistic issue has added to Ceylon's internal problems. In requesting assistance from Canada and the United States, the Ceylon Government has expressed the fear that unless the economy is substantially upgraded the Communists will assume power within the next three years. The evidence would suggest that there is some justification for this fear. The Ceylon Government has also expressed its reluctance to utilize economic aid from the Soviet Bloc, but has emphasized that it will be forced into more reliance on Bloc assistance if financial support is not obtained from the West.

Since 1951 Commonwealth countries have contributed about \$19 million in grants to Ceylon under the Colombo Plan. Canada's current annual contribution is \$2 million. Canada also provided \$3 million worth of relief following the floods of late 1957. The United States originally refused assistance to Ceylon because of the latter's trade with Communist China, but United States economic aid valued at about \$11 million has since been extended, and an additional \$10.5 million worth of food was granted as relief following the floods of late 1957.

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During the past year Ceylon has accepted offers of substantial assistance from the Soviet Bloc. In September 1957, Communist China provided a grant to Ceylon of about \$16 million for replanting rubber plantations. In March 1958, a loan of \$10.5 million was accepted from China for reconstruction work in connection with the recent floods. In February 1958, the Soviet Union granted Ceylon a loan of \$30 million, to be drawn on over the next 5 years and to be repaid over a 12-year period at 2½ per cent interest. The loan is to be used for various development projects. Czechoslovakia is providing, on credit terms, a sugar factory valued at \$3 million.

It is assumed that Canadian and United States aid is wanted to supplement, rather than replace, credit promised by the Soviet Bloc.

ITALY

7. Italian Elections

(CONFIDENTIAL)

Preliminary unofficial results of the national Italian parliamentary elections of May 25 and 26 indicate that the Italian Communist Party and the allied Nenni Socialists have retained the same relative position in the new Parliament as in the last one and that the Christian Democrats, although making small gains, have not achieved an absolute majority in either House.

The Christian Democrats, a Catholic centre party, have dominated the Italian post-war political scene. For the first five years, under the leadership of the late Alcide de Gasperia, they had an absolute majority in Parliament, but for political reasons formed a coalition with two smaller moderate parties, the Social Democrats and the Liberals. This policy bore fruit when the Christian Democrats failed to retain their overall majority in 1953 but were also able to carry on the government with the same coalition. Although the last two left the coalition late last year, they continued to support the Christian Democrats who, in the last Parliament held about 40% of the seats in both Houses. Although the party has suffered from lack of cohesiveness since the death of de Gasperi, a new and capable leader has arisen in the person of its present Secretary-General, Amintore Fanfani, who seems to command widespread party support and will now likely be the Prime Minister in the next government.

Under de Gasperi and his successors, Italy has followed a pro-Western foreign policy as a member of NATO and has taken part in the movement towards greater Western European integration, as reflected by its participation in the Coal and Steel Community, the Common Market and EURATOM.

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SECRET
CANADIAN EYES ONLY

The desire to regain international status has also exerted a strong influence in Italian policy. In general, the post-war orientation of foreign policy has carried the support of all elements in the country except the Communists and their allies, who for most of this period have controlled, and now continue to do so, over a third of both Houses of Parliament.

In the elections just past the major threat to the Christian Democrats came from the Italian Communist Party, which is the largest Communist Party in Europe outside the Soviet Bloc. Despite a serious loss in membership resulting mainly from events in Hungary and the revelations of the 1956 Soviet 20th Party Congress the Communists are still a large well organized and comfortably financed party. Prior to the current elections, the party had not suffered any appreciable losses in electoral strength in local elections in 1957.

The Italian Socialist Party, or Nenni Socialists, which for many years was a very close ally of the Communist Party and co-operated with them in the two previous post-war elections, broke their alliance following the Hungarian uprising. Subsequent attempts to bring about unification with the Social Democrats in one Socialist party proved abortive. As a result, the Nenni Socialists have gradually gravitated to the Communist orbit again.

So far as the Communists are concerned, the election has clearly demonstrated that the grave losses in membership suffered by the Italian Communist Party in 1957 (from a peak of possibly as much as 2.1 million in 1954 to perhaps 1.3 million today) have had no very significant effect on the party's electoral strength and that it will have to continue to foster a close association with the Nenni Socialists. No clear policy on this question appears to have evolved in the course of the election campaign in which the Communists proved unable to face the decision either to attempt to increase their voting strength at the expense of the Nenni Socialists or to reach agreement with them at all costs. The latter left the electorate in no doubt about its own position when Nenni unequivocally admitted in a public announcement a week before the election that no alternative to the Christian Democrats was possible without Communist collaboration.

While Togliatti is fully aware of the political advantages of a policy of independence of the Italian Communists from the Communist Party of the Soviet Union it is believed that financial dependence on the Russians, and to a lesser extent fear of the pro-Russian faction of the leadership, will continue to hold in check the revisionist aspirations for a "national Communism" displayed by the Italian Communists in the past year. It is also thought quite probable that some form of financial dependence has been and will continue to be an important factor in the close adherence of the Nenni Socialists to Italian Communist Party policies.

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ICELAND

8. Review of Developments in Dispute between Iceland and U.K. regarding Recognition of Exclusive Fishing Rights in the Contiguous Zone (SECRET)

At the recent International Conference on the Law of the Sea in Geneva, Iceland gave strong support to the Canadian proposal for an exclusive twelve-mile fishing zone. The Icelandic Government clearly indicated, however, that if the Conference should fail to approve the Canadian proposal, or other solution satisfactory to Iceland, it would, in keeping with Iceland's declared policy during the past decade, unilaterally establish an exclusive fishing zone in the very near future.

In an attempt to avoid a unilateral move of this nature, the United Kingdom Foreign Minister raised this matter in the NATO Foreign Ministers meeting in Copenhagen on 7 May pointing out the United Kingdom's serious concern regarding Iceland's proposed course of action. At this meeting Mr. Dulles suggested that the NATO good offices machinery be utilized to help achieve a settlement of this question between Iceland and the United Kingdom. Notwithstanding the fact that NATO good offices commission then met on several occasions and put forward several compromise suggestions, neither the United Kingdom nor Iceland appeared willing to alter its position. In fact, the United Kingdom authorities informed us at this time that they would ignore unilateral establishment by Iceland of an exclusive fishing zone and that United Kingdom fishing vessels would, if necessary, receive armed protection.

In view of the failure of the good offices commission to produce a basis for agreement, and in the light of information that the Icelandic Government intended to proclaim a twelve-mile fishing zone (no extension of territorial sea would be involved) on 23 May the NATO Council then took up the problem in order to attempt, on an urgent basis, to produce a satisfactory compromise proposal. No decision was, however, taken by Iceland on 23 May because of a Government crisis; the Icelandic Representative reported to NATO that the Government might have to resign if a satisfactory settlement to the dispute could not be reached and that the Communists were likely to make gains if a new election were held. Under these circumstances the NATO Council decided to consider early last week a declaration, submitted by the NATO Secretary-General, which called for member states to participate in a conference under NATO auspices to be convened for the purpose of resolving the Icelandic-United Kingdom dispute, and which provided the terms of reference for the meeting.

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The NATO conference envisaged in the declaration did not take place in view of the fact that the Icelandic Government's crisis was resolved. The NATO Secretary-General was informed by the Icelandic Government that an announcement will be made almost immediately to the effect that, on 30 June Iceland's fishing limits will be extended to twelve miles and the baselines revised. The implementation of this decision will take effect on September 1, and in the meantime, the Icelandic Government will be prepared to discuss the matter with friendly governments.

It seems clear that the prospects for the solution of the Iceland-United Kingdom dispute cannot be regarded as good. It is, of course, extremely unlikely that the United Kingdom and several other Western European countries will accept this decision of the Icelandic Government. The parties will, of course, be able to negotiate on a bilateral basis. According to latest reports received from NATO, the United Kingdom appears prepared to enter into bilateral negotiations with Iceland. The position of Iceland on the question of negotiations is, however, still doubtful; it may perhaps be clarified by the precise terms of Iceland's declaration. Having regard to the failure of the efforts of the NATO good offices commission and of the NATO Council itself to produce a compromise satisfactory to both the United Kingdom and Iceland, it is difficult to be optimistic about the outcome of such negotiations, should they in fact take place.

Information has been received that on 1 June the Icelandic Government made an announcement that on 30 June fisheries limits will extend 12 miles from the base lines; these regulations will take effect on 1 September.

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Miss Bullen

SECRET
CANADIAN EYES ONLY

W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

Main Section - at SECRET level

Annex I - at SECRET level
but CANADIAN EYES ONLY

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is detached

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dated 30 May 1958

SECRET

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ISSUE NO. 285

30 May 1958

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
The Joint Intelligence Committee
National Defence Headquarters
Ottawa

SECRET

(unless otherwise classified)

SOVIET UNION

1. Soviet Fishing Fleet Activities
in the North Atlantic

(SECRET)

The Soviet ocean-going fishing fleet has expanded at an enormous rate in the past ten years (from a total of 329 trawlers in 1948 to a currently estimated 2,200) as a result of construction in Soviet and Satellite shipyards as well as acquisitions from western European yards. This expansion is reflected in recently increased Soviet fishing activities in the North Atlantic.

About 60 percent of the high-seas fishing fleet operates in the North Atlantic and Barents Sea, concentrating in a triangle formed by Iceland, Jan Mayen Island, and the Faeroes Islands. The largest number observed in this area at one time has been 350-400.

A smaller number of the larger, more modern trawlers/fish factory ships has been identified in the Grand Banks - Flemish Cap area off Newfoundland in the vicinity of the North Atlantic shipping lanes. These ships have been the subject of considerable speculation and suspicion. No concrete evidence exists of any covert activities other than several unverified instances of radio and radar jamming. On the other hand there has been little evidence to support their genuine interest in only bona fide fishing activity. Commercial fishermen of western countries have repeatedly expressed opinions that the Soviets continue to work areas and employ techniques contrary to customary and commonly accepted fishing practices.

COMMENT: The opportunities for utilizing this large fleet of ships for clandestine military purposes in conjunction with, and under cover of, legitimate fishing has not been overlooked by the Soviets, and intelligence collection is probably a continuing objective. Other objectives would include:

Support of Soviet submarine operations through replenishment, navigational, and communications support for submarine patrols;

Hydrographic and Oceanographic surveys useful for submarine operations such as charting transatlantic cable locations for navigational purposes;

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Active and passive electronic surveillance and monitoring of North American communications (extensive antennae array and radio facilities have been noted in these ships);

Personnel training and area familiarization of Soviet submarine officers.

2. Unusual Soviet Signal
Exercise in Poland

(SECRET)

An unusually large Soviet signal exercise was seen to be in progress on 21 May in the area of LOWICZ - SKIERNIEWICE, Poland. Two field headquarters and about 100 vehicles were seen. Participation of Polish Army elements was reported to be on a small scale.

COMMENT: This activity is unusual in this location as it is only 40 miles from Warsaw. Soviet troops have always been stationed and exercised at upwards of 200 miles west of Warsaw, except for small line parties and transients. The only exception known to have taken place previously was the movement of Soviet formations towards Warsaw at the time of Gomulka's appointment as head of the government, in 1956.

It is also considered unusual for its size. Past experience suggests that the sighting of 100 vehicles engaged in a signal exercise indicates a large exercise.

Joint exercises were held between Soviet and Polish forces during 1957 but always much further to the west of the country.

The significance of this exercise is difficult to assess at this time. Cooperation between Soviet and Polish forces appears to remain close. The predominance of Soviet participation suggests that in spite of the cooperation which might be expected under the terms of the Warsaw Pact, the Soviet Forces stationed in Poland are maintaining a somewhat independent position in relation to the Polish Army. There is no reliable evidence to suggest that new Soviet units have moved into Poland although it remains a possibility that small numbers of Soviet troops recently released from East Germany may have moved into Poland.

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3. Khrushchev's Visit to Hungary

(CONFIDENTIAL)

Khrushchev, accompanied by a strong Soviet delegation, visited Hungary from April 2 to April 10. Highlights of the speeches given in the course of this visit were:

the emphatic support which Khrushchev gave to Kadar and Munnich, giving endorsement to Kadar's mild economic policy and implying that the USSR will continue to provide credits to Hungary;

a warning, reported to have been made by Khrushchev, that the Hungarians cannot count again on Soviet armed intervention; and

a statement by Khrushchev that he plans soon to call a meeting of satellite leaders in Moscow in order to decide on a more rapid programme for economic integration of the Eastern European bloc.

COMMENT: It would seem that Khrushchev, in placing reliance on such men as Novotny and Ulbricht on the one hand and Gomulka and now Kadar on the other, puts political stability before orthodoxy--a condition leading, in the long run, to the granting of a greater autonomy to the satellites than they have hitherto enjoyed. He evidently hopes to rely increasingly on economic interdependence, rather than the threat of Soviet intervention, to bind the satellites to the USSR.

4. Exchanges between the U.S.S.R. and the West

(SECRET)

In recent years, the Soviet Government has permitted increasing numbers of its citizens to travel abroad, as well as increasing numbers of foreigners to visit the U.S.S.R. Not only has the Soviet initiative in developing such exchanges with the Western world been consistently maintained, but slowly and cautiously Soviet controls over the exchanges have begun to be relaxed. Last summer, for example, thousands of Soviet citizens were permitted uncontrolled contacts with foreigners at the Moscow Youth Festival. Tourism to the U.S.S.R., which really only commenced in 1957, is also being encouraged and will likely increase this year. Already restrictions on tourist itineraries are being eased a little further.

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The motivation for this Soviet policy is complex. There is a basic interest in recent technological developments in the West and a desire to secure technological information and materials which can be applied at home in the drive to improve the efficiency of the Soviet system, particularly in its economic aspects. Khrushchev has revealed how the Soviet decision to alter its tractor production was influenced by just such contacts with Western agriculture. Another factor is the Soviet aim of promoting the idea of peaceful co-existence. There is further the incentive of enhancing Soviet prestige abroad. Visits also undoubtedly have a certain intelligence appeal to the Soviet Union. Although the U.S.S.R. may not wish to incur the risk of having Soviet visitors engage directly in espionage activities, visits certainly provide opportunities for making useful contacts which local Soviet missions might attempt to exploit for intelligence purposes at a later date.

The Soviet interest in exchanges is not confined to the upper levels of the Government; it is also strong at the lower levels of most walks of Soviet life. There seems to be a deep popular desire among the Soviet population to establish contacts with a world from which they have for so long been kept isolated.

Soviet policy on exchanges indicates that the regime has reasonable confidence in the basic loyalty of much of the population. It further suggests that the present regime does not really fear the consequence of exposing at least some of its people to the true state of affairs in the non-Communist world.

Since 1955, there has been a gradual development in the exchange of visits between Western countries and the Soviet Union. This activity has continued to grow, with one short exception, the period following Soviet intervention in Hungary, when all NATO countries agreed to defer exchanges temporarily. Within the last year, the United Kingdom and France have adopted specific programmes for exchanges with the U.S.S.R. These programmes provide not only for controls, but for the further expansion of visits. In the cultural field, some exchanges have also developed. The United States recently signed an important cultural agreement with the Soviet Union, which was particularly forward-looking in its treatment of youth exchanges. France, too, has concluded a cultural agreement, although of rather more restricted scope. Negotiations are also under way between the United States and the U.S.S.R. for exchanges between agencies representing various media of mass communication. It seems likely that the Soviet Union will for its part continue to encourage these exchanges with the West.

The Canadian exchange programme with the Soviet Union has been somewhat more limited, especially since the Hungarian tragedy. However, the Prime Minister, in his reply of January 18, 1958 to Mr. Bulganin, expressed the readiness of the Canadian Government to develop the exchange of visits

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with the U.S.S.R. Subsequently, Soviet interest in arranging such exchanges has increased. The Soviet Ambassador has also expressed interest in the conclusion of a cultural agreement between Canada and the U.S.S.R. The question of the broad range of possible cultural exchanges with the U.S.S.R. has yet to be fully examined by the Canadian Government.

The experience of Western countries in the exchange of visits with the U.S.S.R. suggests that the advantages of such exchanges in the long run outweigh the disadvantages, and that in any event some control can always be exercised over the latter factors. It is surely in the Western World's interest to exploit the desire of the practical Soviet specialist for frank and business like contacts which seem to be less fettered by ideological and prestige considerations than normal official contacts. Association in this way could help gradually to break down the false image of the West which the Soviet Government has conveyed in the past to its people. Ultimately through exchanges the Soviet Government may be encouraged progressively to eliminate the controls which it maintains over all public information facilities. Such exchanges might also stimulate popular pressures in the Soviet Union which might make for a more reasonable Soviet regime, and in turn exercise moderating influences on Soviet foreign policy.

EASTERN EUROPE

5. Recent Political Crisis in Greece (CONFIDENTIAL)

In late February, a small insurrection took place within Prime Minister Karamanlis' cabinet and unexpectedly developed into a political crisis in Greece. The flareup took place over the failure of the Prime Minister to consult his Ministers at the time a new electoral law was being drafted in great secrecy in cooperation with the leadership of the principal opposition party, the Liberals.

Two of Mr. Karamanlis' Ministers resigned and succeeded in rallying the support of fifteen Deputies of the governing National Radical Union Party. The result was that the Prime Minister lost his majority in Parliament and instead of awaiting defeat by simple vote, tendered his resignation to the King. The latter called immediately upon Dr. Constantine Georgacopoulos, the President of the Greek Red Cross, to form a non-political caretaker government for the purpose of supervising general elections, with or without the prior approval of Parliament of the new electoral law. The caretaker government was exclusively composed of distinguished citizens outside the field of active politics.

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The old electoral law which was considered to have plagued the 1956 election because it favoured coalitions between split party groups of the opposition, was to be amended under the caretaker government. The amended act was passed amid protracted debates; it imposed new restrictions for the allocation of seats to coalition groups.

The results of the elections--held on May 11-- were as follows: the Radical National Union Party - 41.1% of the votes; Liberals - 20.7%; E.D.A. (Communists) - 24.4%; the newly formed party of Progressives, Agrarians and Democrats led by Markezinis polled 10.6%; and, finally, the Populists polled 3.9%. Through the complicated mechanism of Greece's new electoral law, the 300 seats of the Assembly would be apportioned as follows: National Radical Union - 173, Liberals - 36, E.D.A. - 78, Progressive Union - 9, and Populists - 4.

Speculation ran high in the foreign as well as the local press to explain the success of the Communists, who doubled their number of seats. Every issue was quoted, from foreign interference by Mr. Khrushchev, missile bases, the Cyprus question, anti-Americanism to general discontent with the present economic conditions in Greece. Even the disappointed Liberals, who were bitter about having lost their place as the official Opposition, charged that the government of the Right which Greece had enjoyed since 1952 had bred pro-Communist sentiment by not satisfying the true aspirations of the people.

The relative voting percentages, rather than the apportionment of seats, reflects the increase in the Communist gain. By polling 3.7% more votes than the 20.7% gained by the Liberals, the Communist E.D.A. obtained many seats more. A few percentage points in another direction might have reversed the relative standing of the Liberals and the E.D.A. when it came to the apportionment of parliamentary seats. Despite these qualifications, the 14% increase over the 10% voting strength which it has been customary to attribute to the Communists in Greece must still be taken into account. The following explanations have been offered:

The Communists drew support over and above the hard core of their rank and files, not so much from their own merits, but because of the failure of the centre parties to provide any realistic and constructive alternatives to the Karamanlis' policies;

Failure of the centre parties to identify themselves with the discontented working class, thus leaving the Communist E.D.A. as the only party which capitalized on the uneasiness about the establishment of missile bases in Greece, latent anti-Americanism and the problem of Cyprus, although this last issue never emerged above the others during the campaign;

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Without giving too much weight to it, the fact is that the Communist Party has grown in respectability in the popular mind, due to the willingness of other parties to co-operate with it, since the 1956 election;

A number of independents also co-operated with the Communists in the election and are counted as members of the E.D.A. But the E.D.A. can scarcely expect in the new Parliament to hold under its own banner all of the 78 deputies.

COMMENT: It would appear, despite Communist progress, that 75% of the vote - representing 222 seats in the Assembly - still remain pro-Western and pro-Nato in one form or another. Although the E.D.A., as the official opposition, will be in a position to create difficulties, particularly at the grass roots level of political life, the threat it represents may bring about much needed reforms and force the parties of the centre to realize their responsibility to espouse some social programmes which can satisfy the marginal voters who could find no alternative but to cast a protest vote in favour of the E.D.A.

It can also be assumed that the Greek government will be in a better position than during the 2½ months mandate of the caretaker government -- which was limited to the preparation of elections -- to seek some concrete solution to the Cyprus question. The return to power of the Radical Union Party would mean little change in the Greek attitude toward this problem. It will undoubtedly be difficult to reconcile the views of Turkey and Greece on this subject, which are basically that Turkey requests partition and Greece insists on self-determination through a plebiscite. However, both Turkish and Greek authorities seem to be anxious to arrive at a settlement on the basis of an agreed solution as long as it does not involve too much loss of face for either.

CANADIAN ATLANTIC AREA

6. Unidentified Submarines in NATO Exercise and Probable Communication Jamming

(SECRET)

Exercise "New Broom VIII", a coastal convoy escort exercise involving USN, RCN and RCAF units in the Canadian Atlantic coastal area took place during the period 1-8 May 1958. Analysis reveals that three submarine contacts do not correlate with positions of exercise submarines.

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In position 4715N 6022W at 042237Z May. A visual detection of an exhaust trail was made by a Neptune aircraft. A periscope was then observed by six crew members. The contact was tracked with MAD and sonobuoy while five exercise attacks were made (two on periscope, two using MAD, one using sonobuoy tracking) classification "certain".

In position 4730N 5920W at 151234Z May. A Neptune aircraft made a radar detection and seven crew members sighted a partially submerged submarine. The crew reported that the submarine was similar to the British "A" class, less horizontal bar between the periscope standards. Sonobuoy tracking was carried out until a tanker passed through the pattern and contact was lost. Classification "Certain".

In position 4835N 5944W at 051238Z. A Neptune reported a visual wake caused by an unidentified object. Only once crew member made the sighting, and sonobuoy tracking was not effective due to weather. Classification "possible".

COMMENT: The two "certain" contacts may well have been of the same submarine, the position separation being 45 N.M. in 14 hours. The positions were ideal for observing firstly the entry into the Gulf of St. Lawrence and secondly the exit of the units through the Cabot Strait. It is indeed unfortunate that no photographs were taken, as the description of the submerging conning tower might fit any member of conventional submarine types.

Two "probable" contacts in the U.S. sub-area on the 1 May were in the area through which units were proceeding during the first phase of the exercise, and further tend to confirm that the exercise may have been the object of covert surveillance. A number of NATO anti-submarine exercises dating as far back as 1950 have had similar detections of non-participants.

Also during the Exercise jamming of the tactical common frequency was encountered on 5 May in the Cabot Strait area.

At 051318Z May a strong steady note on 2150 Kc., was encountered by all units. Blue force shifted to 2311 Kc., at 1450 Z and jamming of the same characteristics was encountered from 1715 Z to 2245 Z on the secondary frequency.

A fix by five RCN surface units indicated the approximate location of the jammer to be 4720N, 5900W at 051435 Z May. It has been confirmed that no participating units were responsible for this jamming, and that during the period the jammer transmitter several times sent the letters SIERRA, ALFA, then ROMEO. The probable location of the jammer closely relates to a positive submarine contact on the same date.

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CANADIAN EYES ONLY

Annex 1
to JIC INT SUM No. 285
dated 30 May 1958

WESTERN EUROPE

1. The French Political Situation

(CONFIDENTIAL)

In what may prove to be a final attempt to check the rising tide of events slowly but steadily bringing General de Gaulle nearer investiture as Premier of France with the full command "of the powers of the Republic", which he has thrice proclaimed he is ready to assume on 27 May, Premier Pflimlin submitted to the vote of the National Assembly drastic constitutional reforms aimed at strengthening the executive power and thus providing greater government stability. In part, these reforms will have Parliament delegate wide powers to the Government and ensure protection to a government against defeat except by a motion of lack of confidence or a censure carrying with it the investiture of a successor Prime Minister.

It was not expected that the government would secure a majority vote on these constitutional reforms, which were more sweeping than envisaged even by Pflimlin himself in his investiture speech only 15 days ago; as this vote raised a question of confidence in the government a failure to carry the vote would have meant the immediate resignation of Pflimlin and probably a call by President Coty to de Gaulle to form a government.

However, a series of significant developments during the twenty-four hours immediately preceding the vote of the Assembly on the revision of the Constitution rallied most deputies behind the Premier whom they had accepted less than a fortnight before and delayed, for the time being at least, the assumption of power by de Gaulle.

The rather unexpected hardening of opposition of the Assembly to the General, expressed unequivocally by the overwhelming vote of confidence (408 to 165, an edge of 90 after subtracting the Communist vote which Pflimlin rejected) given to the Pflimlin government's motion for amendments to the Constitution, can probably be traced to the announcement by de Gaulle, a few hours earlier, that he had begun steps to form a government.

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De Gaulle's declaration came after a series of secret conferences with the Government during which attempts were made to reach a formula, acceptable to all parties concerned, for the General to come to power within the framework of existing institutions. It may be that the failure of de Gaulle to give, to date, open assurances that he would respect Republican institutions, has hardened the Socialist attitude against him. The Socialists are most reluctant to act with the Communists, but they do not want the Communists to claim that they are the sole "defenders of the Republic". Hence, perhaps, the firm rejection of de Gaulle's bid for power on 27 May.

The immediate reaction of the Communist-led General Confederation of Labour to de Gaulle's declaration that he was forming a government was to order its two million members to strike on Tuesday afternoon to show their opposition to de Gaulle. This move was at variance with rumours circulating in Paris that Moscow had ordered the French communists not to call such a protest strike. The strike was held and, although it did not prove too effective, it seemed certain that it would continue on 28 May.

Meanwhile, in Algiers and throughout overseas France, there has been no abatement of the de Gaulle campaign. General Salan has signed formal documents inaugurating an all-Algeria Committee of Public Safety headed jointly by General Massu, Dr. Mahammed Sid Cara, former Secretary of State in the French Ministry for Algeria, and Jacques Soustelle. Thus, the military command has passed the point of no return, having associated itself with the pledge of the General Committee of Public Safety, now acting to all intents and purposes as a government itself, that it will take orders only from a de Gaulle government.

Regardless of the endorsement given to him by the National Assembly on 27 May, a few hours after the vote Premier Pflimlin handed his resignation to President Coty who, however, persuaded him to remain at the helm of government until a new government is accepted by the Assembly. It is rumoured that, in resigning, Pflimlin was honouring an undertaking made during secret talks with de Gaulle; publicly, Pflimlin claims that his Government was weakened by the resignation of his three cabinet ministers drawn from the Conservative Party.

It is doubtful that de Gaulle could obtain at present from the National Assembly the delegation of powers which he deems necessary to undertake the task of remolding the structure of the Republic. Nevertheless, observers agree that it is only a matter of time, and perhaps a very short time, until de Gaulle takes over, probably by quasi-legal means which would reduce chances that his advent would be vigorously resisted by left-wing action. So long as the Army remains intransigent in its attitude towards government, the government, for all its protestations, has not the physical

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means of enforcing the determination which the Assembly is still displaying. If the parliamentarians therefore continue a determined policy of defending the Republic and de Gaulle is not called in either by the government, the Assembly, or the President, the Public Safety Movement and the call for de Gaulle may be expected to continue. If it does, it may well get out of hand and be indistinguishable from straight rebellion. In such circumstances, de Gaulle might not be able to maintain control, if he did come to power, and if he does not, the Socialists might well unite with the Communists, with the clear threat of civil war ensuing.

Time now seems to be of the essence; there is no obvious political juggling in the Assembly which can prevent the above developments unless de Gaulle is called in quickly.

While little is known about de Gaulle's intentions or possible policies, it would not be completely fair to attribute dictatorial ambitions to him. Rather, it would seem, on the basis of his past experience in government, that serious doubts could be cast on the wisdom of his policies and tactics or methods of government, despite the General's sincere devotion to his country. It has been reported that the General has no intention of a sudden break with the Atlantic Alliance, but would expect help and understanding from France's allies. While the General's past attitude on colonial problems might suggest a fairly liberal policy on his part for Algeria, de Gaulle might well, once in power, be faced with the same dilemma which has plagued previous governments in their efforts to solve the Algerian problem, especially in view of the extreme position on Algeria of some of his supporters.

LATIN AMERICA

2. Mr. Nixon's Tour of South America

(SECRET)

Mr. Nixon's recent goodwill and fact-finding tour of South America, and the anti-American demonstrations it sparked, may have serious consequences for United States policies towards Latin America.

The White House, the State Department and Congress have generally avoided blaming the indignities suffered by Mr. Nixon wholly on a communist conspiracy. There is no doubt that, in each city visited, local communist agitators played a leading part in the outbursts but, in his press conference of 14 May, President Eisenhower showed a frank

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appreciation, country by country, of the economic reasons for the recent increase in anti-American feelings throughout the area visited by the Vice-President. He neglected, however, to mention political factors, such as United States preoccupation with problems all over the world to the apparent exclusion of hemispheric affairs, and support of unpopular regimes. The latter is, no doubt, a key element in understanding the Caracas riots.

The depth of anti-American feeling seems to have come as a shock to the Administration and to Congress, both of which had not appreciated beforehand how badly United States relations with Latin America had deteriorated (the President admitted this in his press conference on 14 May). The result will be a review by the Administration and by Congress of their policies towards the Latin American countries. Senate Majority Leader Lyndon Johnson has stated, for instance, that the riots "... will not blind us to the long-term concern and to the necessity for a careful examination of all the factors which brought this situation about.... There is also a need for careful, thoughtful, united reappraisal of our position in this world".

This sober mood, if it prevails, may save the Administration's foreign and trade programme from being adversely affected by the insults suffered by Mr. Nixon. Next year's foreign aid programme, as approved by the House of Representatives and sent to the Senate, did not appear to have suffered or benefited by Mr. Nixon's experiences.

The Reciprocal Trade Agreements Act, which has already undergone rough treatment, might yet be directly affected but, here too, opponents and supporters of the Act seem to be using the Nixon incidents against each other without being able actually to influence the final vote. There is, however, the possibility that United States private capital, which has freely flowed towards South America, may be scared away to some extent. Restrictive United States oil policies may be reviewed; the President himself has publicly dismissed as "rumours only" reports that his government would further reduce Venezuelan oil imports.

First reactions of the press indicate that Mr. Nixon's political future is likely to be brighter as a consequence of his trip. Americans appreciate his physical courage in facing wild mobs and in insisting that they let him state his case. The fact that his wife stayed at his side when he was stoned will also have earned both of them their fellow citizens' admiration.

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The Vice-President's tour may suggest to the United States the possibility of Soviet penetration of Latin America. Playing artfully on the nationalistic susceptibilities of Latin Americans, on their economic frustrations (due to higher United States tariffs and to lower commodity prices), on their resentment at growing daily more dependent on United States handouts, the U.S.S.R., by offering, through trade with any nation with no apparent strings attached, an open door to economic and political independence, may manage to make quick inroads into Latin America.

No doubt President Eisenhower was reacting under great personal emotional stress when he ordered the despatch of four companies of Marines to Caribbean bases at the height of the Caracas riots. Nevertheless, in so doing, the President has given the Soviets a trump card which communist parties throughout Latin America will probably not fail to use.

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W A R N I N G

This issue of the Joint Intelligence
SUMMARY contains the following parts

Main Section - at SECRET level
Annex I - at SECRET level
but CANADIAN EYES ONLY

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is detached

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dated 23 May 1958

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ISSUE NO. 284

23 May 1958

JOINT INTELLIGENCE SUMMARY

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(unless otherwise classified)

SOVIET UNION

1. Elaborate Soviet Radar
Bombsight Jammer Reported

(SECRET)

An informed source reports that the Soviets have developed an elaborate, mobile X-band ground jamming system for use against airborne bombing/navigation radar. This equipment, which is said to have the Soviet designation SPB-1, consists of three crystal video wideband receivers, three fine-tuning superheterodyne receivers, one azimuth-determining receiver, and the jammer itself.

In one version of the system, the receiving equipment is installed in a truck with a cylindrical radome, with the jamming transmitter and antenna some distance away. In partial substantiation of this report, a truck having a configuration similar to that described by the source has been seen by well qualified observers at a Soviet site.

The receiving system is composed of an "alarm bell" warning receiver, a frequency-determining and set-on receiver, and an azimuth determining receiver. The warning receiver consists of three crystal video receivers, each covering one third of the jamming range - 8600 to 10,340 mcs. These warning receivers employ horn antennas, but the antenna pattern was not revealed. Three super-heterodyne receivers, each covering one third of the intended spectrum, are used to determine the frequency of the radar to be jammed. These receivers also provide information to the azimuth-determining receiver and activate a servo-loop which sets the jammer on frequency. Each receiver can sweep over its search band in one tenth of a second. The receiver sweeps over its prescribed frequency band and stops when a radar signal is intercepted. Two gates, four to five megacycles apart, bracket the intercepted signal. A servo system is then activated which tunes the jammer to the radar frequency, and jamming commences. It is not known whether the receiver continues to sweep after the transmitter has been set on. Using the frequency information obtained from the PN receivers, the azimuth-determining receiver activates a servo unit which points the receiver and transmitter antennas to the azimuth of the radar signal.

The jamming transmitter is said to be a magnetron type jammer covering the frequency range of "2.9 - 3.5 cm" (8600-10,300 mcs). The jamming equipment is portable and is semi-automatic. There is nothing to indicate the system can be operated manually, which would permit the full use of the elaborate receiving system. The range for detection and jamming is said to be 50 kilometers.

If the information obtained on the SPB-1 is valid, it reflects a system which should be quite effective against bombing/navigation radars.

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2. Increase in Investment in
Chemical Industry USSR

(SECRET)

At a plenary session of the Central Committee of the CPSU on 6-7 May 1958 Khrushchev submitted a report "On speeding up the development of the chemical industry and especially the manufacture of synthetic materials and articles to meet the needs of the population and the national economy".

According to the press, Khrushchev obtained approval to invest more than 100 billion roubles in expansion and reconstruction of 257 chemical plants by 1965. Specifically mentioned for considerably increased production are: woolen fabrics, silk fabrics, cotton fabrics, knitted wear, hosiery, footwear, artificial fibres, synthetic rubber, plastics and synthetic resins and mineral fertilizers. Of these, increased production in the synthetic fibre industry will affect probably only wool and silk fabrics, hosiery and a small proportion of footwear.

Khrushchev, according to the US press, is reported to have offered to:

- (a) buy large amounts of capital equipment from the US, UK and West Germany and
- (b) employ western scientists and technicians.

To achieve the targets, Khrushchev said that the Soviet Union was prepared to place extensive orders for capital equipment but he emphasized that such assistance was not vital as the Soviet Union could supply everything it needed to implement the programme. In the light of this statement, the US examined a "shopping list" for complete chemical plants which the Soviet Union has sent to the US, Britain and West Germany in the last three months. The Department of Commerce roughly estimates that these purchases could amount to 100 million dollars. It is believed that most of the equipment requested could be supplied as it is not covered by COCOM embargo. However, no firm orders for this equipment have been received by the US. It is known that even before the Soviet Union/West German trade agreement was signed recently West Germany (Krupp) had received a firm order for a ten million dollar synthetic fibre plant.

COMMENT: It is assumed that the Central Committee adopted this report and that the State Planning Commission will incorporate it into the Seven-Year Plan which is currently being worked out. Investment of 100 billion rubles in the chemical industry between 1959 and 1965 would mean an annual average investment of over 14 billion rubles, compared with an estimated annual 6 billion roubles for the period 1951 to 1955.

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What readjustment of the investment pattern would be necessary to achieve this change cannot be determined until more is known about the Plan as a whole.

Although Khrushchev stated that Western assistance was not vital in accomplishing this target, it is estimated that a much longer period of time would be necessary without such aid. It is significant that the Russians are interested in purchasing whole plants, as distinguished from products. In other words they are interested in developing their own industrial capability.

If the programme is successfully implemented, the Soviet consumer will benefit from the availability of synthetic clothing in particular. Soviet industry as a whole, including defence industry, will benefit from increased production of industrial chemicals, plastics, synthetic rubber and fertilizers.

3. Replacement of Soviet Mechanized Divisions
by the New Motorized Rifle Division

(SECRET)

The Soviet newspaper, Red Star, describing preparations for the May Day parade, refers to "Guards Motor Rifle Division (Taman)" as being the representative of "the glorious Soviet infantry". This formation, generally regarded as the showpiece of the Soviet army, has hitherto been known as the 2nd Taman Guards Mechanized Division.

COMMENT: Recent reorganization known to have taken place in the Group of Soviet Forces in Germany, has included the replacement of rifle and mechanized divisions by a new type of formation, the motorized rifle division. Similar changes have been noted in the Soviet Forces in Hungary and it has been a matter for conjecture as to whether the new organization extends throughout the Soviet ground forces; the above-quoted reference may be an indication that this is so.

The Motorized Rifle Division is almost identical with a Mechanized Division less it's Heavy Tank/Assault Gun Regiment.

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EUROPE

4. Labour Problems in Poland

(SECRET)

According to the Ministry of Labour and Social Welfare, 200,000 urban white collar workers will be dismissed and given farm employment in an effort to pare down administrative costs.

Last December, Gomulka stated that no increase in wages might be expected in the first half of 1958.

These steps have been taken to try to curb the inflationary pressures brought about by higher wages and farm incomes since October, 1956, which have not been matched by increases in consumers' goods production.

The curtailment recently of the management role of Workers' Councils, the high incidence of urban unemployed which has been characteristic of the Polish economy for several years, the chronic shortage of consumers' goods because of the post-war Stalinist emphasis on heavy industry, and the current drive to send urban workers to live off the country-side, combine to give rise to labour unrest. Such unrest has been increasing over the past year or two and is characterized by acute absenteeism, some strikes, drunkenness and low productivity.

This situation is unlikely to improve and the number of strikes may increase. There might already have been more, if it were not for the support Gomulka has been getting from the Church.

5. USSR Threatens to Cut Off
Aid to Yugoslavia

(SECRET)

Following a deterioration in Soviet-Yugoslav relations, the official Soviet party paper Pravda carried a threat to withdraw economic aid from Yugoslavia unless Tito refrains from criticising Soviet policy.

The current threat is one of a series of similar reappraisals on the part of the USSR in response to Yugoslavia's alternating rapprochements with the East and the West. The aid at stake consists of loans worth about \$300 million which would be made available to Yugoslavia for industrial development during the period 1958-64, as well as \$25-75 million for the purchase of raw materials and consumer goods.

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Prior to 1949 almost 50 per cent of Yugoslav trade was with the Soviet Bloc. After Yugoslavia's expulsion from the Cominform, trade ceased with the bloc and did not resume until 1954. The trade of Yugoslavia with the bloc amounted to 10 per cent of total Yugoslav trade in 1955 and 20 to 25 per cent in 1956 and 1957. Between 1955 and 1956 the Soviet bloc extended credit valued at \$464 million to Yugoslavia of which only about \$55 million has been used to date. Most of the credit was for financing industrial development, including an aluminium combine, coal mining and power combine and nitrogen fertilizer plant, during the period 1956-61. It was in the form of loans repayable over a ten-year period at 2 per cent interest. In addition, the Soviet Union cancelled a pre-1949 Yugoslav trade debt of \$90 million and Hungary agreed to provide, as war reparations, \$85 million in commodities over a five-year period. Most of the above credit offered to Yugoslavia was held in abeyance following the political differences which arose out of the Hungarian uprising in late 1956. In mid-1957, after a political rapprochement, the credit was reinstated and arrangements made for the use of \$325-375 million of credit from the USSR, East Germany and Czechoslovakia over the next six years. It is most, or all of this credit which will again be withheld if Yugoslavia does not improve its relations with the Soviet Union.

If the credit from the Soviet Bloc is withdrawn, Yugoslavia may turn to the West for increased assistance. American aid in the past has been substantial, totalling about \$1.8 billion. In contrast to the Bloc credits for industrial development, however, United States aid has consisted primarily of military equipment and surplus farm products. The American aid programme for Yugoslavia, like that of the Soviet Bloc, has undergone numerous reappraisals in response to changes in Yugoslavia's relations with the Soviet Union.

SOUTH AMERICA

6. In a free and peaceful election held on May 4, the people of Colombia marked return to democratic rule and chose Alberto Lleras Camargo, the leader of the Liberal Party, as their president for the term beginning August 7 next and ending in 1962. Forty-eight hours earlier there was an attempt by the first battalion of the Military Police, acting as front for extreme right-wing elements, to overthrow the ruling junta, but the rebellion was easily crushed and did not disrupt the holding of the election. Peaceful balloting was the crowning achievement of the five-man military junta which has governed Colombia since the overthrow of dictator Rojas Pinilla in May, 1957.

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The country's relatively sound democratic tradition had been under a heavy strain for a decade before Rojas Pinilla seized power in 1953. In fact, there existed a virtual state of civil war between the two large Colombian political parties, Liberal and Conservative, the consequences of which are still felt occasionally in the countryside, and which is said to have cost more than 100,000 lives. Rojas Pinilla took over as a benevolent dictator, intent on restoring political peace, but he clumsily managed to alienate all popular support.

It was suspected that the five-man junta which replaced Rojas in 1957 would try to retain power or would eventually give way to another strong man. Yet, in the face of grave labour, economic and political difficulties, elections were held at the time set by the Constitution. The two parties, sensing that it was their past bitter fights which had paved the way for Rojas' dictatorship, entered into a solemn agreement whereby, for the next twelve years, all government posts will be filled on a fifty-fifty basis by nominees of both parties, and the presidency will alternate every four years between Conservatives and Liberals. That this agreement met with popular favour was clearly demonstrated in a December, 1957 plebiscite when Colombians ratified it by an overwhelming majority. By common consent the agreement was later extended to cover sixteen years.

It had been understood that the first president to be selected under the agreement would be from the Conservative Party. However, the congressional election of March 16, if it confirmed that the voters were almost equally balanced between the Conservative and the Liberal parties, also showed that the Conservatives were badly split into at least three broad groups:

- (a) a main body of "Laureanistas", after the name of the leader of the Conservative Party, Dr. Laureano Gomez, an old, ailing opportunist, who would rather see a Liberal as president than a Conservative whose personal loyalty to him would be doubtful;
- (b) a fair-sized group around Dr. Leon Valencia, a moderate Conservative who had perhaps done more than most other politicians to bring Rojas down and whom the Liberals would have welcomed as first Conservative nominee for the presidency; he was turned down by his own leader, Gomez, who feared a president who would not owe him his job.
- (c) A small extreme right wing, headed by Dr. Gilberto Alzate Avendano, a newcomer who refuses any co-operation with the Liberals and who may be a front man for ex-dictator Rojas Pinilla.

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Faced with these divisions within his own party and fearing to lose his already weakened authority, Gomez entered into a complex and confusing set of manoeuvres which had the end result of giving the Liberals first turn at the presidency. The Liberal leader, Alberto Lleras Camargo, whose party is solidly behind him and who, in addition, commands wide respect amongst the Conservatives, was the natural candidate.

Under the agreement between the two parties the election of Lleras Camargo was a foregone conclusion but its extent turned out to be very encouraging for the political future of Colombia. Of approximately three million votes cast, eighty-five per cent went to Lleras Camargo (it appears that a half million Colombians did not vote).

Fifty-one-year-old Lleras Camargo considers himself a newspaper man, a trade which he practiced first, not in his own country, but in Argentina, after he quit law school at the age of nineteen. He later worked for several Bogota papers, edited a leading morning paper, and founded a weekly. He became President for the first time in August 1945, at the age of thirty-nine, when he had already won deserved praise as a brilliant, clear and concise writer, an efficient Cabinet member, a good diplomat, and, especially, a man of unimpeachable integrity. Unfortunately for him, the Liberals had lost all prestige in Colombia at that time and, during his short term from August 1945 to August 1946, he was unable to prevent a split in his party between his own supporters and a group led by the left-wing demagogue, Jorge Eliecer Gaitan. (It was Gaitan's assassination in 1948 which prompted the Bogota riots under the horrified eyes of the foreign statesmen and diplomats attending the Conference of the Organization of American States.) The Liberal schism permitted the Conservatives to win the 1946 statutory elections by a minority vote, and Lleras Camargo, who had seen that all electoral requirements were scrupulously observed, was sent to Washington as the first Latin American to serve as Director-General of the OAS. He returned to Colombia in 1954 as dean of the Andes University, intending to remain aloof from politics. The extent of corruption and terrorism under Rojas' regime soon caused him to change his mind and he became one of the key men in the bloodless coup which overthrew the dictator a year ago.

COMMENT: Lleras Camargo seems to have become a symbol of national reconciliation in the eyes of his countrymen. However, the problems which he must face should not be minimized. In the political field, right-wing politicians and former supporters of the Rojas Pinilla regime may not accept national reconciliation on Lleras Camargo's terms, and are likely to gather around the defeated "non-conformist" Conservative candidate, Dr. Jorge Leyra. Any resulting weakening of

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the Conservative party might prompt its old opportunist leader, Gomez, and terminate the bipartisan agreement in an effort to maintain control over his party. In the economic field, the new President will inherit a financial situation characterized by a shortage of dollars and a devalued Colombian currency. Inflation is widespread and far from being checked, and social unrest will no doubt result.

AFRICA

7. Algerian Crisis

(CONFIDENTIAL)

The French Fourth Republic is at present living in what may turn out to be the most critical period of its short history. The challenge to its very existence did not issue mainly from Parliamentary factions nor even from within metropolitan France, but rather from Algeria where both settlers and the French military forces had been following with alarm the negotiations that were to lead to the investiture of Pierre Pflimlin, head of the Popular Republican Movement, as President of an heterogeneous cabinet, whose precarious unity was said to be based on a compromise policy for a negotiated peace in Algeria. The colons feared that the implementation of this programme might seriously jeopardize their very existence in Algeria and the maintenance of French sovereignty over Algeria.

Algeria has, since 1895, juridically been an integral part of France and is administered by a resident Minister who has a voice in the French Cabinet. The present stage of open rebellion started in November, 1954. Last year, to prevent further insurrections and appease growing Arab demands for independence made chiefly by the National Liberation Front, the French Parliament considered a "loi-cadre" for Algeria the purpose of which was to provide some degree of autonomy to a federalized Algeria. A modified version of the law was passed in January 1958 after the original proposals had been defeated the year before. As an integral part of France, Algeria has been represented in the French National Assembly by 30 members and in the Council of the Republic by 26 Senators.

The majority of the 1,300,000 French colons out of a predominantly Moslem population of almost 10,000,000 Arabs and Berbers have violently opposed the adoption by successive French Governments of more liberal policies. In an effort to put together a Cabinet, Pflimlin obtained support from the left apparently by agreeing to work for a negotiated peace in Algeria. Immediately, the Committee of Vigilance, an organization of the

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French Algerian settlers, warned that they would resist the appointment of a Resident Minister charged with carrying out a programme of "abandonment". Soon after they staged demonstrations and on Tuesday, May 13 stormed Government offices in Algiers in an attempt to seize control in Algeria with a view to exercising pressure on Government policies governing Algeria.

The stage had been set for the chain of momentous events that were to precipitate a crisis unparalleled in France's history since the end of World War II.

The riots staged by civilians first in Algiers on May 13 spread to other parts of Algeria. In an unforeseen military coup, Major General Jacques Massu, Chief of the crack French Paratroopers, took leadership of the Committee of Public Safety to rule Algeria and appealed to General de Gaulle to form a "Government of Public Safety" in France capable of preserving Algeria as an integral part of metropolitan France. A few hours later, General Salan, Commander-in-Chief of the French Forces in Algeria, announced that "in agreement" with the "Committee of Public Safety" he had taken over full military and civil authority in Algeria and that the Committee would carry out liaison between the population and the Command. In an attempt to keep a link of legality between the French Government and the military leaders in Algeria, President Coty in turn vested in Salan the authority to assume civil and military power in all Algeria. Pflimlin's reaction was quicker and more decisive than expected. Several right-wing leaders were arrested and Jacques Soustelle, Gaullist leader in the Assembly, and former Governor of Algeria, was placed under temporary surveillance. All deputies were recalled to Paris for an emergency session. On Thursday, May 14, in a short statement, de Gaulle blamed France's existing political system for the present situation and announced that he held himself ready "to assume the powers of the Republic". In Algiers, Salan proclaimed his support of the dissident movement, but avoided open secession from Paris. On Friday, May 16, Pflimlin obtained from the Assembly emergency powers just short of martial law, for a period of 90 days, by a vote of 416 to 114 - one of the most impressive majorities given to any French Government in the last 12 years. Jules Moch, who ten years ago broke the Communist riots in Paris, was appointed Minister of the Interior and stern precautionary police measures were taken. Members of the Armed Forces, including two Air Force Generals, were arrested. General Ely, the Chief of Staff of the French Forces, resigned in protest.

While the new Premier was consolidating his position in metropolitan France, notably by the admission to his Cabinet of three prominent Socialists, military-civilian rightists in Algeria retained undisputed control locally. They re-asserted in an appeal to President Coty their unshakable belief in the necessity for France to turn to

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General de Gaulle. Their enthusiasm was strengthened by the arrival of Soustelle who had eluded surveillance in Paris and flown to Algiers. He was given a hero's welcome by all the Europeans there who remembered, from his days as Governor-General of Algeria, his insistence on the maintenance of French power in Algeria. It was not immediately apparent whether Soustelle's presence would emphasize a rumoured split between the civilians who were prone to take extreme and possibly irrevocable steps and the military, who preferred a more progressive and legalistic approach.

However, on May 18, 1958, the French army began the removal of rebellious civilians from all posts of authority in Algiers, apparently denoting a further move toward a temporary military dictatorship opposed to breaking away from metropolitan France but against the present regime. Soustelle, who was assigned the task of political advisor to the Junta now ruling Algeria, made numerous speeches and appealed to the Moslems to join their movement. General Salan praised the unity of purpose of Frenchmen and French Moslems and proclaimed "we will win the game". The junta formally protested to President René Coty against the arrest by the new regime of "patriots" supporting their country.

On Monday, May 19, answering a challenge from Premier Pflimlin to take a definite stand, General de Gaulle called a press conference. At the outset, he dismissed the claim that he aimed at dictatorship with a quip that he was too old at 67 to begin such a career. He defended the action taken by the military in Algeria claiming that the army had only done its duty, and "done it well", to prevent the revolt from degenerating into disorder. At the same time, he reaffirmed that he would not endorse any move for his accession to power through a military coup, and would not make any attempt "to violate the Republic" but rather would seek to obtain only by legitimate means the changes in the political system which he considered necessary.

De Gaulle said little about a solution of the Algerian problem other than that the show of Moslem-French "fraternization" in the courses of weekend demonstrations in Algiers could form "the psychological and moral basis for a settlement tomorrow infinitely better than today's fighting".

There has not, at writing, been much news of reactions in Algeria to de Gaulle's statement. Salan has announced the formation of a 24 member Committee of Public Safety. The Committee is to consist of 6 members from each of three main regions of Algeria plus 3 from the Southern territories as well as General Massu, Leon Delbecque, (a Gaullist Deputy who preceded Soustelle in Algiers) and General Jauhaud, Chief of the

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French Air Force in Algeria. (It may be worthy of note that the list did not include the name of Soustelle.) Either as a gesture of friendship towards the Moslems or, possibly, as a move to still, for the time being, further activities of the rebels, Salan, in the name of the Committee, has offered a pardon to all Algerian insurgents who would agree to surrender.

COMMENT: A satisfactory settlement of the Algerian issue appears to be more remote than ever. The French settlers have only too recently witnessed the loss by France of adjoining countries in North Africa and they are anxious to prevent at all costs developments leading to the creation of an independent Algeria, predominantly Moslem, where they would rapidly become engulfed.

The action taken by General Massu on May 13 was a sad confirmation of the recurring symptoms of what "Le Monde" has called "le malaise de l'armee". The professional French soldier has increasingly resented the nullifying of military achievements by petty political bickering and the chronic inability of professional politicians to act decisively and promptly in order to turn military accomplishments to long term advantages. The professional soldier tends to blame the inherent weakness of the Parliamentary regime established by the Fourth Republic for this situation.

There remain many imponderables in the present situation having to do for instance with the maintenance of the majority support given in Parliament to the Pflimlin government, the loyalty of the Home Forces to the Republican regime, and the resurgence of a communist-inspired Popular Front. It is difficult therefore to predict what will be the outcome of the present test of strength between the Parliamentary regime and the forces of the Right, spearheaded by the military forces in Algeria. Whatever may be the outcome, settlement of the Algerian problem seems not to be distant.

8. Conference of Independent
African States

(CONFIDENTIAL)

The conference of African States which took place in Accra from April 15 to April 22 was attended by representatives of Morocco, Tunisia, Libya, the United Arab Republic, Sudan, Ethiopia, Liberia and Ghana. The Union of South Africa was invited but did not attend.

The Conference marked the emergence of the African States as a distinct group rather than merely part of the Afro-Asian bloc. The emphasis in Dr. Nkrumah's opening speech and in the final declaration of the

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conference was on the development of an African personality in world affairs, which would work for peace and the defence of human rights, including the right of Africans to independence. The group will maintain consultation through their permanent representatives in New York.

A number of resolutions on political subjects were passed. A forceful resolution on Algeria condemned France and recognized the right of Algerians to independence. Representatives of the Algerian nationalists were allowed to address the conference but a suggestion by U.A.R. that the resolution should include a promise of material aid to the nationalists was rejected. The U.A.R. delegation, which was led by their Foreign Minister, Fawzi, was also unable to obtain public support for the U.A.R. in the Arab-Israel dispute. The Ethiopian delegation produced a mild statement expressing concern over the question of Palestine and asking for a just settlement.

In its final declaration the conference expressed the desire to assert African personality on the side of peace and affirmed loyalty to the U.N. Charter, the Declaration of Human Rights and the Bandung Declaration. They called for a common foreign policy, non alignment, recognition of the right of Africans to independence, abolition of racial discrimination and the suspension of production and testing of nuclear weapons.

COMMENT: The Conference appears to have been a decided success from the African point of view, and was more favourable to the West than might have been expected. The Canadian High Commissioner in Ghana gained the impression that Nasser's absence, as well as Fawzi's manoeuvre, have done nothing to strengthen Nasser's influence with other participating countries, and that Dr. Nkrumah will emerge with a reputation as an African leader.

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CANADIAN EYES ONLY

Annex I
to JIC INT SUM No. 284
dated 23 May 1958

1. Malta

(CONFIDENTIAL)

Relations between the United Kingdom and Malta have in recent months come under considerable strain. The central issues involved are the future status of the colony and the related question of the extent of United Kingdom financial aid. Prolonged negotiations between the two parties have failed to work out any mutually acceptable settlement and have led to a progressive deterioration in the situation, marked first by the resignation in mid-April of the Prime Minister, Mr. Dom Mintoff, followed by several strikes inspired by his Labour Party, and culminating last week in the declaration of a temporary state of emergency by the Governor.

Malta is a small island with a population of some 300,000, containing virtually no natural resources and suffering from an inadequate water supply. The island's importance, and the basis of its economy, stems from its strategic position in the Mediterranean and its possession of good harbours. Since Napoleonic times, when Malta came under British sovereignty, it has been a vital link in over-all United Kingdom defence planning. The United Kingdom naval and air bases and, more recently, the NATO Mediterranean naval headquarters, have provided the only real means of economic livelihood for the Maltese. Even with this, the island still has had to rely on direct financial assistance from the United Kingdom.

Under the constitution of 1947, Malta was granted a large measure of internal self-government, but the United Kingdom retained control over defence, foreign relations, emigration, currency and civil aviation. Since then, two schools of thought have emerged as to the course of the island's further political development. The Nationalist Party of Mr. Borg Olivier has advocated a "quasi-dominion" status, coupled with arrangements for long-term economic and financial assistance from the United Kingdom. The other view, espoused by Mr. Mintoff's Labour Party, has looked to the political and economic integration of Malta with the United Kingdom on a basis similar to that of Northern Ireland.

The United Kingdom has not regarded the first proposal favourably because of the colony's strategic value and inability to become economically self-sufficient, but from the outset has shown considerable interest in the idea of establishing some form of closer association with Malta. In 1955, a parliamentary Round Table Conference representing all United Kingdom political parties was convened to examine the implications of such an association. The report of the Conference endorsed the concept of integration and recommended that three Maltese representatives should sit in the

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CANADIAN EYES ONLY

United Kingdom House of Commons. It also saw the need to strengthen the Maltese economy, both as a precaution against a possible decline in defence expenditures and to enable Malta to pay for improved social services. To this end, it recommended "further substantial economic aid" for Malta. Finally, it recommended adjustments in Malta's constitutional status, including the transfer of responsibility for Maltese affairs from the Colonial to the Home Office and the reduction of the United Kingdom's reserved powers to defence and foreign affairs. The alternative proposal for a modified form of dominion status was not considered workable by the Conference.

After considering the report, the United Kingdom Government in 1956 announced its general support for the recommendations. It further decided to proceed with legislation to provide for the admission of three Maltese representatives at Westminster. However, in view of the somewhat inconclusive result of a referendum held in Malta early in 1956 on the integration issue, the United Kingdom declared that the legislative provisions would come into effect only if the Maltese people clearly indicated their desire for this in a general election. Finally, assurances were given concerning the position of the Roman Catholic Church, to which most Maltese belong, in order to allay the fears expressed by some opponents of integration.

Subsequent bilateral talks have attempted to settle the constitutional and financial arrangements under which integration would be implemented. On the constitutional aspects, although Mr. Mintoff complicated matters by attempting to restrict the exercise of the United Kingdom's reserve powers on defence and foreign affairs, a substantial measure of agreement was reached in 1957. The real stumbling block to integration has arisen over the financial settlement. In particular, the Maltese have insisted that the island should have economic conditions and living standards equivalent with those prevailing in the United Kingdom. While accepting this in principle as an ultimate goal, the United Kingdom has felt that it was unattainable at present. It agreed to grant £25 million in capital assistance over a five-year period and to give about £1 million in percentage grants annually for education, health and social services. Additional assistance was also offered if reductions in defence expenditures should produce serious unemployment in the dockyards, and this was coupled with an assurance that the dockyards would be maintained at approximately existing levels of activity for three years. The Maltese have, however, continually pressed for more favourable financial terms, and have demonstrated a reluctance to see the balance of the new revenue required obtained through higher taxation. A Maltese demand that the United Kingdom guarantee to provide alternative jobs for anyone losing employment in the dockyards has also raised special difficulties.

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CANADIAN EYES ONLY

The failure to obtain what he considered satisfactory financial arrangements later led Mr. Mintoff to raise new constitutional issues, apparently in an effort to improve his bargaining position. Moreover, matters this year took a turn for the worse, when the United Kingdom, on account of its financial difficulties, decided to reduce the Maltese subsidy for the current year from £6 million to £5 million. Finally, this March, discussions were broken off, with Mr. Mintoff insisting on integration on his terms or independence based on the payment by the United Kingdom and NATO for the use of Maltese defence facilities. The ensuing developments, mentioned in paragraph 1, have now created a temporary stalemate.

The United Kingdom is naturally anxious to avoid the development of any situation comparable to that in Cyprus. Its main task now will, presumably, be to arrange for new elections as soon as practicable. It is, however, evident that some time will elapse before integration can become a reality. While prepared to go some way in meeting Malta's economic needs, the United Kingdom is clearly not willing to underwrite the Maltese economy with a blank cheque. Moreover, the difficulties encountered in reaching common ground with the Maltese as well as changing strategic considerations appear to be producing a less sympathetic climate for integration in the United Kingdom.

2. International Conference on the Law of the Sea February 25 to April 28, 1958

(CONFIDENTIAL)

During nine weeks of intensive activity at the International Conference on the Law of the Sea, at which 86 nations were represented, agreement was reached on four new conventions relating to various aspects of maritime law. Of particular importance were a convention dealing with the exploitation of the resources of the continental shelf, a subject heretofore unregulated in international law, and a convention on high seas fishing which contains important new provisions regarding conservation of the living resources of the sea. Agreement was also reached on such matters as the existence of a contiguous zone for purposes other than fishing, on the right of innocent passage through territorial and international waters, and on the drawing of straight base-lines as a starting-point for measuring the breadth of the territorial sea. The achievements of the Conference make it one of the most notable legal conferences ever held, notwithstanding the fact that no agreement was reached on perhaps the most important issues with which it had to deal -- the question of the breadth of the territorial sea and of a contiguous fishing zone.

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CANADIAN EYES ONLY

The Canadian Delegation played a very active role in the discussions on the territorial sea and contiguous zone. The chief objective which Canada sought to achieve was a Conference agreement to an extension of a coastal state's area of control over fishing in its adjacent waters. It was apparent that as long as coastal rights with regard to fisheries were considered to be coterminous with the territorial sea, the conflict between states interested in such coastal rights and those interested in freedom of the seas was too great to allow any possibility of agreement on extending the territorial sea. Thus the major maritime powers, in particular the United States and United Kingdom, made it clearly known that they would never recognize any extension of the territorial limit beyond the traditional three miles. Considering, therefore, that the best possible method for reaching a Conference decision was to separate the question of the territorial sea and of control over fishing, the Canadian Delegation put forward, early in the Conference and with strong United States backing, a resolution calling for (a) retention of the traditional 3-mile territorial limit and (b) a contiguous zone of 12 miles in which the coastal state would have exclusive control over fishing.

When it appeared, during the course of the Conference, that the 3-mile limit had virtually no chance of being acceptable to a two-thirds majority of the Conference, the United Kingdom unexpectedly changed its position and proposed a qualified 6-mile territorial limit, presumably in order to avoid a Conference decision recognizing more extreme views on territorial waters (advanced, in particular, by the Soviet Bloc and several African-Asian and Latin-American states). Subsequently the United States position also shifted, as a result both of strong pressures from domestic fishing interests and belief that the 3-mile limit could not hold; the United States Delegation withdrew its support for the Canadian proposal and put forward a new resolution for a territorial limit of up to 6 miles, plus a 12-mile fishing zone, subject, however, to the right of states fishing for 5 years outside the territorial sea, but within the fishing zone, to continue to do so in future.

As the effect of the fishing zone proposed by the United States would have been merely to exclude newcomers from fishing in the areas in question, the Canadian Delegation submitted, together with India and Mexico, a new proposal which, in addition to the establishment of a 12-mile exclusive fishing zone, provided for a territorial limit of up to 6 to 12 miles. It at once became apparent, however, that this new compromise proposal would not be acceptable to a number of states holding more extreme positions, and, on the withdrawal of the other co-sponsors, the Canadian Delegation reverted to the simpler position of an exclusive 12-mile fishing zone and a territorial sea of up to 6 miles.

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That part of the Canadian proposal calling for a straight 12-mile fishing zone was the only resolution on this matter to win a simple majority vote in committee; in plenary session, however, no proposal on the territorial sea or contiguous fishing zone was able to obtain the two-thirds majority vote necessary for adoption.

Of particular importance to the outcome of the Conference was the position taken by the newer states. As a general rule these countries have neither traditional claims to established fishing rights nor privileges in distant waters nor well-developed fisheries in their own off-shore waters; they consequently have looked more and more to fishing in their adjacent waters as an important source of food and income, and have come to regard it as their national birthright.

The Soviet Union's position on the question of the territorial sea was an extreme one. The Soviet Union itself claims a twelve-mile territorial sea; early in the Conference it put forward a resolution recognizing the right of every state to choose the breadth of its own territorial sea "as a rule" between 3 to 12 miles. The adoption by the Conference of such a resolution would have led to early establishment by a great many countries of a 12-mile limit and, in addition, would seem to have allowed recognition under certain circumstances of claims beyond that limit. While the Soviet proposal had a fairly wide measure of appeal among some Asian-African and Latin-American countries, it was completely unacceptable on security grounds to leading Western countries and received in plenary session only 21 votes in favour, 47 against (Canada) with 17 abstentions.

It had been on security grounds, from the outset, that the United Kingdom and United States representatives had expressed to the Canadian Delegation their extreme reluctance to the extension of the present 3-mile territorial limit. They feared the effect that such an extension would have on the operation of their naval vessels as well as on the flight of their aircraft over territorial waters. The United States, which has now assumed full responsibility for the naval security of the Mediterranean, is convinced that the acceptance of the 12-mile territorial limit could deny the effective use of the Straits of Gibraltar and the Aegean Sea. The same situation could arise in several other critical areas throughout the world, greatly limiting the operation of the long range nuclear submarine while permitting Soviet submarines to move freely through waters which could not possibly be patrolled and to which allied surface ships would be denied access without permission of the coastal state concerned. Because of the broad disposition of naval units in action, it was emphasized, effective manoeuvrability on the high seas would be severely restricted in the Baltic Sea, the South China Sea, the Sea of Japan and the Java Sea, to mention only

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CANADIAN EYES ONLY

a few potentially critical areas. The United Kingdom Delegation was equally emphatic in regard to the impact it would have on their naval units and gave similar illustrations of the restrictive effect of a 12-mile limit to the territorial sea.

COMMENT: In view of the failure of the Conference to reach agreement on a new definition of the territorial sea, the situation in this regard would seem to remain substantially the same as before the meeting. No new rule of law has emerged authorizing states to adopt territorial limits in excess of three miles. There is, however, little question that the failure of the three-mile rule to be acceptable to the Conference has very seriously weakened whatever authority it heretofore possessed. While it is too early to anticipate what direct results may emerge from the Conference's stalemate on the territorial sea, the possibility of unilateral action by several states cannot be excluded.

3. Armour Penetration 12.7mm
Soviet Heavy Machine Gun

(SECRET)

It has been reported that the Polish Army has an improved version of the 12.7mm HMG DShK M 38 which will penetrate .7" of high grade steel at 880 yards.

COMMENT: Although reported by the source as the DShK Model 1943 this weapon may be the 12.7mm HMG DShK M 38/46. The performance characteristics of the 12.7mm HMG DShK M 38/46 were considered to be the same as the Model 1938. i.e. penetration .39" at 880 yards.

If true, this report suggests that the Soviet HMG currently seen mounted on Soviet Armoured Fighting Vehicles has a much higher penetrative performance than previously estimated.

4. Soviet Union Charges Against the
United States in the Security Council

(UNCLASSIFIED)

The Security Council's consideration of Russian charges against the United States was set in motion on a press conference in Moscow, when the Soviet Foreign Minister, Mr. Gromyko, accused the United States of jeopardizing world peace by sending nuclear armed aircraft in the direction of the frontiers of the U.S.S.R. The same day in New York the Soviet

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permanent representative to the United Nations, Arkady A. Sobolev, filed an official complaint with the Chairman of the Security Council who happened to be the United States representative, Mr. Lodge. The Soviet draft resolution asked the Council to call on the United States to cease their SAC flights which increased tension in international relations, constituted a threat to the security of nations and might lead to a breach of world peace. Consideration of the Soviet complaint in the Security Council took place on April 21 and the debate lasted for six hours. When it became evident to Sobolev that all other members would vote against his proposal he withdrew it, although he insisted that the item remain on the Council's agenda.

The initial United States strategy in response to the Soviet accusations was simply to brush them aside and to demonstrate that their sections were purely defensive and intended to minimize the risk of war, without bringing in a counter-proposal. Following the first meeting of the Security Council, however, it was decided to make a positive counter-move and at the end of the week the United States requested the Security Council to consider a proposal for establishing a zone of inspection against surprise attack in the Arctic. The zone proposed had been put forward as part of an aerial inspection plan during the meetings of the United Nations Disarmament Sub-Committee last summer and included in the August 29 proposals but the United States draft resolution suggested that the scheme might be considered independently as a security measure. The Security Council met to consider the United States proposal on April 29 and after a two day adjournment reconvened on May 2. By that time the Canadian representative, Mr. Ritchie, had assumed the Chairmanship of the Council for the month of May. It was obvious from the start that the Russians were completely opposed to the United States inspection plan but after some hesitation the Western representatives on the Council agreed that the question should be put to a vote. The United States resolution, as modified by a Swedish amendment, was supported by ten out of the eleven members of the Council but was defeated by the Russian veto. A vote was then taken on the original Russian resolution, as amended, which was lost by a margin of 9 to 1 with Sweden abstaining.

COMMENT: Other ultimate purposes of the Soviet may emerge but the timing of the Russian action suggests certain possible objectives. One of these would be to use the public concern in some NATO countries about the possibility of nuclear explosions resulting from crashes and the fears of some "neutral" governments that the SAC flights might accidentally trigger a nuclear war, to force the United States to modify its SAC policy. Another objective, assuming that the Soviet Union is prepared to dispense with a Summit Conference, would be to rattle the United States so that they would either agree to a Summit Conference on Soviet terms or break off the preparatory negotiations which had just begun in Moscow. It is also possible that the Soviet Union wished to forestall a

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United States initiative in the Disarmament Commission which the Soviet Union has been boycotting. In any event there is evidence to suggest that the Russian initiative may have been taken rather impulsively by the Khrushchev group before a full appreciation of the possible consequences had been made by professional diplomats. Circumstances may have appeared to offer an opportunity to dramatize the external threat to the Soviet Union as a means of strengthening Khrushchev's domestic position. Throughout the debate on the Soviet resolution in the Security Council, the Russian attack was confined exclusively to the United States and largely to its SAC policy. No attempt was made to exploit opportunities of bringing in side issues such as the suspension of nuclear tests. Specifically there was no criticism of Canada for allowing SAC flights to take place over her territory. A subsidiary aim may therefore have been to use the concern over SAC flights to emphasize differences of interest between the United States and its allies.

In his rebuttal, Mr. Lodge made a spirited defense of United States policy and received considerable support from several other members of the Council. Some of these members criticized Soviet motives in making their accusations and condemned the U.S.S.R. for refusing to resume disarmament talks within the United Nations framework.

Although the United States proposal for an Arctic inspection zone was stimulated by the Soviet charges, both Dulles and Lodge asserted privately that it was put forward seriously and not only for propaganda purposes. It was envisaged partly as a substitute for the Disarmament Commission meeting which they had contemplated earlier. The proposal succeeded in attracting Swedish support and this in turn had a noticeable impact on other neutrals such as India and Yugoslavia. Lodge's generally restrained attitude and particularly his reply to Sobolev on the final day put considerable pressure on the Soviet Union to take a less negative attitude and there were press rumours that some of the satellites were urging the Soviet Union to modify its uncompromising stand.

It is not surprising, however, that the Russians should have rejected a proposal for an Arctic inspection zone where they have more numerous and more important military and industrial installations than all of the Western countries put together. A similar proposal had been turned down in 1957, both as part of an aerial inspection programme including a European zone and as a part of the August 29 disarmament package. During the debate, Sobolev claimed that the Soviet Union had been first to make proposals for safeguards against surprise attack and referred to the 1957 Soviet counter proposal for aerial inspection in Eastern Siberia and Western United States and emphasized that under the U.S. plan no territory of the United States proper would be included.

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On the whole, the effects of the debate were unfavourable for the Soviet Union because of the negative attitude which they assumed. Lodge, however, appeared to abuse the office of Chairman and to misuse his voting strength on procedural matters. This situation was exploited by Sobolev not only in the press but also in the corridors where it had effect on both neutrals and friendly and allied representatives. As far as the main presumed Soviet objective is concerned, the exercise drew statements from both Dulles and Lodge to the effect that if the danger of surprise attack could be lessened it would be possible to modify SAC policy and from this point of view the Soviet Union may have gained some success. The net effect on the United Nations was unfortunate as the Security Council was again shown to be unable to take positive action in the face of real risks to international peace and security. At the same time the influence of the Secretary-General may have been prejudiced at least temporarily. There appears to have been some propaganda gain for the West in demonstrating Soviet intransigence. Further, the proceedings may have added to the pressure on the Soviet Union to re-enter disarmament negotiations, but this pressure might have been stronger if insistence on a voting victory had not drawn criticism of "veto-hunting". The difficulties of rapid co-ordination encountered on the Western side suggest that the U.S. initiative might have had greater success if more time had been allowed for its preparation. Possible ways of initiating studies, either with or without Soviet participation on safeguards against surprise attack are under continuing consideration and further developments may be expected.

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W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

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JOINT INTELLIGENCE SUMMARY

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WEST GERMANY

1. Mikoyan Visit to Germany

(SECRET)

The visit to the Federal Republic of Soviet Deputy Prime Minister Anastas I. Mikoyan lasted from April 25 - 28 inclusive, and was followed, as a result of a last minute invitation from the D.D.R. Government, by a surprise one-day visit to East Berlin. Mikoyan spent the first two days in Bonn and then visited a number of German centres, in particular Hanover, Stuttgart and Frankfurt, from where he flew to East Berlin on Board his "Tupolev 104". The nominal purpose of his visit to Bonn was the formal signature of the Soviet-German trade consular and repatriation agreements that were negotiated intermittently in Moscow, with a good deal of difficulty, between July 23, 1957 and April 8, 1958. At Mikoyan's own request his visit to Bonn was extended to include other cities, but the German Government was careful to avoid politically sensitive industrial cities, such as Hamburg, which Mikoyan wished to visit. The latter's programme included notably several receptions in Bonn, a two-hour private talk with Adenauer, an important press conference in Bonn, numerous visits to factories, laboratories, industrial plants, etc. (all with a definite emphasis on German technical accomplishments), on which occasions Mikoyan shook hundreds of hands and delivered a great number of short speeches, repeating that "Russia wants only peace".

The agreement signed on commercial and economic questions actually included three separate texts: (a) a general agreement on trade and shipping which provides for reciprocal exchange of MFN treatment with respect to trade matters, and for the establishment of a Soviet trade mission, and regulates shipping questions; (b) a long-term agreement on exports, and sets out the procedure which is to govern trade and payment transactions. This agreement envisages a doubling of trade by its expiry date, 1960; (c) a protocol on trade for 1958 containing the precise lists of commodities which may be exchanged this year. The repatriation agreement takes the form of a Soviet oral commitment to give "benevolent consideration" to the return, with certain exceptions, of those in the U.S.S.R. who were German citizens on June 21, 1941 -- possibly 15,000. The consular agreement provides a contractual basis for effective protection of the citizens of both countries, and for the regulation of their trade and shipping interests in the other country.

In conversations with German officials or private citizens, and in public addresses, Mikoyan insisted repeatedly that atomic armament of the Federal Republic would stand in the way of reunification and would be a danger to all of Germany. He thus made the much publicized offer that if West Germany refrains from obtaining nuclear arms it will be guaranteed freedom from attack by such nuclear weapons in the event of war. He also

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rejected firmly the Western position on re-unification as based on the recommendations of the Geneva Summit Conference of 1955, repeating the current Soviet thesis that the only way to reunification was through direct negotiations between the two German states. At the same time, Mikoyan lost few opportunities to express admiration for the German people and their talents, stressing their desire for peace and friendship, and hoping that the agreements signed would help to develop friendship with the Soviet people.

COMMENT: Although the German Government hoped that the visit would be played down by the press, it did, in fact, provoke in Germany a good deal of public interest or curiosity. It does not appear, however, that Mikoyan was particularly successful or convincing in his too obvious attempts, on the one hand, to stir up opposition to the German Government's recently announced (and rather unpopular) policy on nuclear armament, and on the other hand, to make spectacular statements on the eve of the meeting of Nato Foreign Ministers. In fact, Mikoyan's uncompromising attitude, as reflected in his denial of the U.S.S.R.'s agreement to the 1955 Geneva Conference directives on German reunification through free elections, left most West Germans rather skeptical about his sincerity when promising to guarantee German territory against attack by nuclear weapons, if the Federal Republic were to refrain from atomic armament.

It is known Mikoyan invited the leaders of the Social Democrats and Liberal Democrats to separate discussions in the residence of the Soviet Ambassador. The Liberal Democrats have since claimed to have been encouraged by Mikoyan's renewed suggestion that the German peace treaty be on the summit agenda. However, they are evidently in a small minority, and the net effect of Mikoyan's visit has been to discourage those elements which have been critical of the Federal Government's method of dealing with the Soviet leaders. Once again Russian statements have given aid and comfort to Adenauer in the German domestic political area.

Mikoyan's visit did little to improve the political atmosphere between the two countries, or to brighten the prospects of a solution to the German problem. In the view of the Bonn Government, Mikoyan showed a "completely negative attitude" on all major political subjects, including German reunification and disarmament. His rigid stand on these questions together with his insistence for direct negotiations between the two German states (a proposal already rejected by all West German political parties) left little doubt about the Soviet Union's total lack of interest in changing the political status quo in Germany at present.

The significance of the trade agreement, concluded after much Soviet insistence and at the price of the repatriation agreement, may lie in the fact that it is part of the current Soviet economic offensive, apparently used to increase Soviet economic capabilities as a means of gaining increased political influence on the world scene. Mikoyan actually

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stated repeatedly and in over-confident terms that the U.S.S.R.'s chief aim is to outrun the U.S.A. in the field of production. However, the details of the trade agreement should be worth examining in the light of current Soviet economic needs.

Mikoyan's stop in East Berlin, although loudly publicized in the D.D.R., merely constituted an unconvincing side show in relation to the visit to the Federal Republic. No doubt it took place at the insistence of the puppet D.D.R. regime for obvious reasons of political prestige and ideology.

NORTH AFRICA

2. North African Conference in Tangiers

(CONFIDENTIAL)

Representatives of the Tunisian Neo-Destour Party, the Moroccan Istiqlal Party and of the Algerian FLN met in Tangiers from April 27 to April 30. Because the Neo-Destour and the Istiqlal are the controlling parties in Tunisia and Morocco, this was to all intents and purposes a Government conference, if the FLN can be granted such a status. The main delegation leaders were Si Allal El Fassy, President of the Moroccan Assembly, who presided over the meeting; Ahmed Balafrej, Secretary-General of the Istiqlal and Foreign Minister in the last Moroccan Government; Bahi Ladgham, Secretary-General of the Neo-Destour; and Ferhat Abbas, one of the principal political leaders of the FLN. A Mauritanian delegation attending the meetings as observers was made up of those former members of the Mauritanian Government who recently came to Morocco to pay allegiance to Mohammed V. It appears that Libya was also invited to send representatives but "unfortunately" the invitation was sent too late to allow Libyan representatives to get to Tangiers in time for the meeting.

According to press reports, the following three items were included in the agenda:

- (a) the war of independence in Algeria;
- (b) liquidation of the remains of colonial domination in the countries of the Maghreb;
- (c) union of the Arab Maghreb: the need for it, its possible forms, its transition period.

In his opening speech, which was public, Si Allal El Fassy called on France to revert to the principles which once had guided the country by immediately recognizing Algerian independence and thus renewing France's historic relations with the Arab world and North Africa. This opening speech also laid stress on the North African conviction that it cannot stay separated from the great Arab family.

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The participants seemed to have been fairly closed-mouth regarding their discussions when speaking to journalists during the meetings. Reports indicate, however, that the FLN representatives concentrated on obtaining more aid for the rebellion and sought to persuade the Moroccans to allow the free movement across the border which the Tunisians have already granted. Reports emanating from Tangiers stated that consideration was being given to the possible establishment of an Algerian Committee of National Liberation, which would include a commissioner for Foreign Affairs, War and Information. News reports suggested that this Committee was being considered as a possible substitute for an Algerian government-in-exile, since it would be easier for the Tunisians and the Moroccans to accept a Committee rather than a Government. Judging from the resolutions passed, this idea does not seem to have achieved much success, although there remains the possibility that such a Committee might still be substituted for a government-in-exile. There were also rumors that the Tangiers Conference would come up with a renewed offer of good offices in the Algerian dispute from Tunisia and Morocco. These rumors seem to have been unfounded, nor is this difficult to understand, since the Conference could presumably not speak for Mohammed V and President Bourguiba.

Following are summaries of the contents of the resolutions taken from various news reports:

- (a) the conference, considering that France had received certain financial and military aid from Western countries and NATO for the war in Algeria, appealed to the Western powers to put an end to all political and material help destined to support the colonial war against the Arab Maghreb;
- (b) the conference called for the immediate cessation of the utilization by French forces of Moroccan and Tunisian territory as bases for aggression against the Algerian people;
- (c) the conference pledged its active solidarity with the right being conducted by the Mauritanian people for their liberation from colonial domination and their return to Morocco;

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- (d) the conference denounced the maintenance on the territories of Tunisia and Morocco of foreign forces, which state of affairs is incompatible with the sovereignty of independent countries;
- (e) the conference, anticipating the establishment of a North African federation, proposed, in a transition phase, the setting up of a Maghrebine consultative assembly made up of the local national assemblies of Tunisia and Morocco along with the national council of the Algerian revolutionary movement. It also recommended to the governments of the Maghrebine countries not to make separate agreements affecting the destiny of North Africa in questions of foreign relations and defence until such time as federal institutions have been set up;
- (f) the conference affirmed that the FLN is the sole representative of "fighting" Algeria. It recommended the setting up, after consultation with the Tunisian and Moroccan Governments of an Algerian Government. In view of the failure of the offer of good offices from the King of Morocco and the Tunisian President and the renewed intensification of the Algerian war, the conference decided that the political parties would give to the Algerian people, fighting for their independence, the total support of their own people (i.e. the Moroccans and the Tunisians) and the support of their Governments.
- (g) the conference issued a communique announcing the creation of a permanent secretariat.

At a Press Conference held at the end of the Tangiers meeting, Ferhat Abbas, when questioned about free elections, said that there would be no question of free elections before the Algerian people had the freedom to form a government which itself would be free to proceed to consult the electorate. Asked about the assistance which the FLN could receive from its Arab neighbours, Abbas stated that it was difficult to be

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precise but emphasized that France should settle North African problems with all three North African peoples. He did not exclude direct French-Algerian discussions but said that those could not be undertaken without prior consultation with Morocco and Tunisia. Si Allal El Fassy, when asked whether the Maghrebine aim to achieve the withdrawal of all foreign troops applied also to American forces in Morocco, replied that French, Spanish and American forces were all the same.

COMMENT: It has been ascertained that the U.S. authorities are not convinced that consultations with the Tunisian and Moroccan Governments regarding the formation of an Algerian Government-in-exile will be purely a matter of form. They believe that both the King of Morocco and Bourguiba would endeavour to maintain a more moderate position, realizing the difficulties which recognition and a subsequent break with the French would mean in terms of their economic position. Bourguiba has expressed anxiety to the United States Ambassador in Tunis regarding the setting up of a government-in-exile and the pressure which he would be under to recognize it. Among those who might afford immediate recognition, the United States place the UAR, Saudi Arabia, Yemen and the Sudan. The Soviet attitude might be tempered by that country's present interest in improving its relations with France.

ADEN

3. Political Situation in Aden

(CONFIDENTIAL)

The status of British-held territories around Aden is complex. The City of Aden itself together with a small adjacent area forms a Crown Colony directly administered by a governor appointed by the United Kingdom. The surrounding area is a maze of twenty-three Sheikhdoms and Sultanates under the protection of the United Kingdom. These tribal territories are autonomous; most of them give the United Kingdom a voice in the internal affairs and all have agreed under treaty to United Kingdom management of their external relations. In exchange for British protection, the local rulers have specifically agreed not to enter into relations (or even correspondence) with any foreign government without British consent, or to dispose of any part of the territory in favour of any State other than the United Kingdom.

For administrative purposes, eighteen of these states form the Western Aden Protectorate between the Gulf of Aden and the Independent State of Yemen. Of these, the Sultanate of Lahej is by far the most important. It was the secession of its Sultan in 1728 which removed the whole area from the sphere of influence of the Imam (ruler) of Yemen, more

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than a century before the British occupied Aden and initiated their policy of concluding treaties of protection with Lahej and the other adjacent principalities. On his accession in 1952, the present Sultan, Ali Abdul Karim, signed a treaty of friendship and amity with the United Kingdom, renewing the terms of the protectorate.

Yemen has never reconciled itself to the loss of Lahej and surrounding area and has always refused to recognize ~~de jure~~ either the independence of the territory or the British Protection arrangements. Under the United Kingdom/Yemeni Treaty of Sa'na in 1934, a de facto boundary was, however, established (but never demarcated on the ground). Since 1951, the Imam has been pressing more actively his claim to the whole territory of Aden and the Protectorates. The Arab League and the Afro-Asian states in Bandung and Cairo recognized the sovereign "right" of Yemen to occupy the area adjacent to its southern boundary. Crude attempts have been made by Yemen to subvert the local population. Arms have been distributed to the Arab tribes and any spontaneous discontent has been warmly greeted in Yemen. Small raids have been periodically launched into Aden's territory. The Sa'ha radio (assisted by the "Voice of the Arabs" in Cairo), appeals passionately to the brethren of "Southern" or "Occupied Yemen" to come back to the fold of "Mother Yemen". Yemeni representatives in the United Nations have circulated complaints that British forces are themselves conducting organized raids inside Yemeni territory.

Until recently, the United Kingdom has not taken the Yemeni claim seriously. From time to time the R.A.F. has bombed attacking forces and sometimes (after due warning) Yemeni villages from which raids originated. Local forces were deemed sufficient to cope with the situation. Partly to counteract Yemeni propaganda, the United Kingdom has been exploring the possibility of a federation of the independent territories of the Protectorate but has met with only a faint response because of the individualism of the local rulers. The same individualism works, however, equally against the Yemeni appeal. The Adenis and peoples of the surrounding territories within the Protectorate have distrusted the despotic and backward nature of the Imam's government and as Orthodox Sunni Muslims have little sympathy with him as leader of a Shiite Muslim Sect. Religious antipathy probably explains why, for years, Yemeni efforts brought only meagre results.

Although Arab nationalist sentiment has been slower to penetrate this backward area than other parts of the Middle East under the influence of foreign (and especially Egyptian) broadcasts, there has been a gradual growth of opposition to the British "presence". The federation in March 1958 of Yemen with the United Arab Republic to form a new federal unit known

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as the United Arab States introduced a new element into the long struggle for control of the southern Arabian coastal strip and provided a fresh political stimulus to nationalist activities. For the first time, there have been definite indications that large segments of the population of the Aden Protectorate are responding to the Nationalist appeal and serious trouble have taken place during recent weeks. On April 18, the United Kingdom authorities sent troops to Lahej to arrest three Arab brothers, the Jifris, who had reached a position of pre-eminence in the Sultanate and were accused of attempting to induce the Sultan to follow the Yemeni lead in proclaiming adherence to the United Arab States. Only one of the brothers was apprehended and deported to the nearby island of Socotra; the two others fled to Yemen. The Yemeni press and radio services have taken up the Jifri affair vigorously. Their claim that a revolution was breaking out in Aden appears to be wishful thinking, but the United Kingdom move may well have intensified the resentment of the local population. The gravity of the situation was reflected in the fact that the Sultan of Lahej was promptly brought to London for "consultation". On his arrival, he took the unusual step of publicly deploring the entry of British troops into Lahej. For the moment however, the situation within Lahej appears calm.

Elsewhere in the Western Aden Protectorate, another incident was simultaneously taking place, this time involving the Emirate of Dhala, a small state between Lahej and Yemen, where a British fort at Assairi was besieged for four days by Yemeni tribesmen and regular forces estimated at more than 1,000. Strong British forces were needed to relieve the garrison and the situation is not yet clear.

Yemen has endeavoured without success to deliver to the United Kingdom a formal note of protest against the presence of British troops along its boundary in Dhala and Lahej. Yemen has also brought the British "aggression" against Lahej before the Security Council on 2 May.

Parallel to these developments in the Protectorate, labour unrest has been growing in Aden Colony and there have been sporadic acts of violence. On May 2 the Governor declared a state of emergency following a general strike and an outbreak of terrorist activities which the United Kingdom believes to have been organized and stimulated by Yemen.

COMMENT: The protection of United Kingdom oil interests in the Gulf and Arabian Peninsula is one of the reasons which lies behind the United Kingdom decision to transfer its Middle East Command Headquarters from Cyprus to Aden and to keep the Colony and surrounding territory firmly under its control. At present, British forces seem to have the military situation under control. Nationalist unrest is, however, mounting, and with Egyptian and Soviet backing, Yemen is in a position to maintain and

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intensify its pressure against Aden.

ASIA

4. CHINA: Revised Production Targets

(RESTRICTED)

Revised production targets under China's Second Five-Year Plan were announced at the conclusion of conferences held in Peking recently. The 1958 output figures for steel, iron, coal, cement, electricity and even oil have been raised appreciably. The total increase in industrial production is to be about 33 per cent above 1957 instead of 14.6 per cent. The revised targets are as follows: (in millions of tons except where otherwise stated)

Revised target for 1958

Crude steel	7.0
Pig iron	8.0
Coal	180.0
Cement	8.2
Crude oil	1.7
Electric power (billion kWh.)	24.6

An outstanding feature in many provinces is to be the big development of local industry. Large numbers of small factories and low-cost mines are to be built by county authorities and by agricultural co-operatives; standard designs are being worked out and most of the equipment, it is claimed, can be produced locally.

Emphasis on small scale production is apparent also in the announcement by the Ministry of Petroleum Industry, which is to help local authorities to build plants with capacities of 300 tons a year and upwards, the capital required being small enough to enable agricultural producers' co-operatives, as well as counties and provinces, to undertake the projects; locally produced petrol and diesel oil is to be used to meet the needs of local co-operatives. These proposals, though not necessarily impracticable, suggest the possibility of manpower being used for the extraction of oil-shale and coal on a scale that would not be economic by Western standards.

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The setting up of multiple small-scale industrial undertakings in the countryside is consistent with the measures taken to shift the surplus population of cities to rural areas. Any significant change in the relative development of heavy industry, light industry, and agriculture, would not be possible without corresponding amendments to the budget, but there has been no suggestion so far that anything of the kind is contemplated. It is possible that the new targets have been increased to some extent by including some local production not hitherto recorded as part of the national output.

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ANNEX I
to JIC INT SUM No. 283
dated 9 May 1958

YUGOSLAVIA

1. Submarine Construction in Yugoslavia

A British technician was recently in Yugoslavia for consultation with Yugoslav officials, on the supply of batteries for submarines. As the result of conversations with commercial and technical officials at the Uljanik yard in Pula, he understood that Yugoslavia has definitely three boats under construction. These boats have been designed largely by Yugoslav technicians.

Trials of the first boat will take place in late June/July 1959, and of the second boat six months later. The British representative was of the opinion that batteries for the third boat will be made in Yugoslavia, and that generally the Yugoslavs are attempting to make as much as possible from their own resources.

The submarines building will use two diesels, built under license, for propulsion.

COMMENT: Previous comments on the indications of Yugoslav submarine construction have been made and noted that although the Yugoslavs planned to build 12 boats by 1961 they were unlikely to achieve their target. But this present information suggests that the figure of 12 may be achieved by 1961.

The present Yugoslav submarine strength is two boats - one launched in the U.K. in 1927, and one launched in Italy in 1942.

Miss Bullen

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W A R N I N G

This issue of the Joint Intelligence

SUMMARY contains the following parts

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dated 2 May 1958



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ISSUE NO. 282

2 May, 1958

JOINT INTELLIGENCE SUMMARY

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SECRET

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SOVIET UNION

1. Soviet "W" Class Submarine Conning Tower (CONFIDENTIAL)

A copy of a photograph appearing in a French edition of an Egyptian newspaper shows President Nasser inspecting one of the first two "W" class submarines transferred by the Soviet Union to Egypt in the latter half of 1957. Neither of the submarines so transferred was a modernized version.

COMMENT: The following equipment is clearly visible in the photograph concerned, and it is emphasized that this is the first occasion on which such equipment has been left in the elevated position, indicating the strict security measures practised by the Soviet and the apparent lack of security measures considered necessary by the Egyptians.

- (i) "SNOOP PLATE", and "X" Band antenna which had only been sighted on one occasion prior to the above incident, is clearly visible immediately forward of the M/F D/F antenna.
- (ii) A V H/F transmitting and receiving whip antenna, mounted in a periscoping fitting, which had not been seen in such a position before. The possibility that such a fitting as this could also contain S H/F D/F antenna should not be overlooked. This could be the antenna for REYD equipment, which is low V H/F in the 60 to 70 Mc/s band area.
- (iii) An H/F whip antenna. This antenna had been sighted before, however, the construction of the equipment had not been so clearly indicated. The power employed for transmissions appears substantial to say the least, observing there is an apparent bottom loading technique employed.
- (iv) While it was known that Soviet submarines generally were equipped with both types of periscopes as shown, such equipments had never been displayed to such advantage as illustrated in this picture.

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- (v) "S" Band radar has been carried by all Soviet submarines, though such equipment is not visible in this photograph due to the elevation of the photographer.

A reliable source has recently stated that Soviet submarines run submerged with both communication and radar antennae protruding from the surface of the water. The date of this information was before March 1957, and no reason exists to indicate that there has been a change in this operating technique.

2. New Soviet Anti Tank Ammunition
for Tank and Anti Tank Guns

(CONFIDENTIAL)

Intelligence sources have received a description and memory sketches of a new Soviet 122mm anti tank round. A defector who attended an East German Army advanced course for tank Commanders in December 1956 at Spechtberg, East Germany, described this projectile as a HEAT/AP (high explosive - anti tank/armour piercing) round combining a shaped charge and a tungsten carbide core.

The shaped charge, detonated by an impact fuze, penetrates the armour and is followed by the tungsten carbide core which shatters into many high velocity fragments when it has passed through the armour plate. These fragments have proven more effective against personnel and equipment in the interior of the tank than the fragments from a standard HEAT round.

While attending the course the defector was shown cross section drawings of these 122mm projectiles with either nose or base impact fuzes. He was told that this new technique is to be used also in Soviet 76mm, 85mm and 100mm tank and anti tank guns.

COMMENT: As early as 1951 a low grade Hungarian source mentioned a Soviet HE shell with a tungsten carbide core which may have been this HEAT/AP round. The fact that US Army Ordnance is conducting research on this type of ammunition at the present time lends additional credence to the current report, which in itself is considered to have a fair degree of reliability.

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3. Soviet - Yugoslav Relations

(CONFIDENTIAL)

The Soviet decision not to send a delegation to the Seventh Congress of the Yugoslav Union of Communists is a development which may have considerable importance. This Congress, the first to be held in Yugoslavia since the death of Stalin and the Soviet-Yugoslav reconciliation, was originally scheduled for last November, but was postponed, probably to leave time for full consideration of whatever decisions were taken at the 40th Anniversary Celebrations in Moscow.

The draft Yugoslav programme was published on March 13. A lengthy document, it set out the independent Yugoslav views that the capitalist world is evolving towards socialism, that no single state has the right to dictate to others what forms of socialist development are correct, that Yugoslavia's decentralization is the correct formulation of the Marxist doctrine of the withering away of the state and that the two power blocs were jointly responsible for world tension.

The Yugoslavs have implied that the U.S.S.R. had given notice that it would send a delegation to the Congress. Whether this alleged Soviet decision had been taken before the publication of the Yugoslav party programme is not known. In either event, on April 5th the U.S.S.R. informed the Yugoslavs that it would not send a delegation, though this decision was not revealed by either side and only leaked out on April 19th. There is reason to believe that the Yugoslavs were hoping in the interval for yet another Soviet change of mind. This is probably the explanation for the revisions to the programme, published on April 18th. But it was too late and the Soviet Party took the decisive action of putting its objections on record in a lengthy criticism of the programme in the theoretical journal "Kommunist".

COMMENT: It is too early to say how serious the breach is. Some quite strong things were said at the Congress, particularly by Rankovic. The Soviet ambassador, who was present as an observer, absented himself during his speech. But there are indications that neither side wants to go too far. The Yugoslavs, for example, circulated the text of Rankovic's speech in advance (which they did not do with other speeches) and Tito's own speech was more conciliatory. On the Soviet side, two days after their refusal to send a delegation, they announced that Marshall Voroshilov would be making a state visit to Yugoslavia in May. This has been interpreted to mean that the Soviet Union desires at least to maintain good relations between the states as distinct from the parties.

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(unless otherwise classified)

The Yugoslav desire to have the Soviet delegation attend the Congress is understandable since it would have indicated a Soviet acceptance of the Yugoslav programme. The Soviet reluctance to be so bound is equally comprehensible. This situation is in fact the reverse of that last autumn, when the Yugoslav delegation refused to sign the twelve-party statement. Both parties have now refused to accept the others formulation.

Yugoslavia will probably try to retain the best possible relations with the U.S.S.R., mindful of the credits which she is receiving, her vulnerability on the minority question and of the weaknesses of her overall political and geographical position. In one important respect, however, the Soviet decision will have facilitated President Tito's position, in that there may be less pressure from within the Union of Communists for reconciliation with the U.S.S.R. The breach with the Soviet Union in 1948 was justified to the Yugoslav party as the consequence of Stalin's excesses. When Stalin died and his successors remedied his worst mistakes, Yugoslav communists hoped that it would be possible once again to have close relations with the U.S.S.R. The refusal of the Soviet Union to send a delegation to the Congress will have caused many Yugoslav communists to look at the U.S.S.R. in a new light and to be more aware that for the present reconciliation can only be on Soviet terms.

This dispute between Yugoslavia and the Soviet Union has some interesting implications for the satellites. The Czechoslovak communist party was quick to endorse the criticism of Yugoslav communism in "Kommunist", confirming that they are unhappy about reconciliation with Yugoslavia. The Yugoslavs replied - according to press reports - by refusing to accept the credentials of the Czech observer to the Congress. For the Poles, who have regarded Yugoslavia as an ally in the struggle to maintain their limited independence from the U.S.S.R. the implications of the dispute are disturbing. There have been press reports that the Poles endeavoured to patch up the dispute before it became public and it has even been suggested that Gomulka urged Tito to revise the programme in order to reduce the area of conflict. It is possible that the Poles also hoped that the Soviet Union would reverse its decision. Gruson (New York Times correspondent in Poland) reported that the decision not to send the Polish delegation was only made some ten days before the Congress opened. In their behaviour at the Congress - their ambassador did not walk out during Rankovic's speech - and in the treatment in their press - which has been much more understanding of the Yugoslav position - Polish unhappiness at the dispute is evident.

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SECRET

(unless otherwise classified)

FAR EAST

4. Withdrawal of 23 Chinese Communist
Army (CCA) from North Korea

(SECRET)

It was announced by the New China News Agency on 5 Apr that three divisions, with a total strength of 40,000 have been withdrawn from North Korea, and that another three divisions are to be withdrawn by the end of the month.

COMMENT: The public announcement by the Communist Chinese is supported by other reports, including increased movement in the line sector occupied by 23 CCA. On the basis of all reports, it is accepted that 23 CCA, comprising 67, 69 and 73 infantry Divisions, has withdrawn to an unknown location in China, its position being occupied by North Korean Army (NKA) VII Corps formerly in reserve in the Sariwon area. The disposition of CCA and NKA major formations in North Korea is shown in the attached map.

It is now believed that 16 CCA, the only remaining Chinese formation on line, may be either in process of withdrawal or preparing to move out. Like 23 CCA, 16 CCA comprises three infantry divisions, in this case numbers 32, 46 and 47. The strength of each of these Armies is estimated as 45,000 (90% of establishment) representing a reduction in the number of Chinese troops from 291,000 to 246,000 as already accepted, and an expected reduction to 201,000 in the near future.

Generally, the NKA has sufficient strength to occupy all divisional sectors as now laid out along the Demilitarized Zone, including the areas occupied by CCA 16 Army. This could only be done, however, by moving onto line those formations now disposed in a coastal protection role along both coasts, or by expanding the present divisional sectors, or by a combination of these two courses. Some expansion of divisional sectors (Chinese sectors only) took place when the Chinese withdrew one army from the line in Sep 57. It is considered likely that the NKA divisional sectors will be expanded along the Demilitarized Zone.

Withdrawal by 16 CCA would leave three Chinese armies still in North Korea, believed to be numbers 24, 21 and 1. According to the phased schedule published by the Chinese earlier, the withdrawal of all these formations is to be completed by the end of 1958.

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(unless otherwise classified)

5. Cambodia

(CONFIDENTIAL)

Since its emergence as an independent state following the Indo China settlement, Cambodia has tended, in company with a number of other Asiatic states, to maintain a "neutralist" attitude under the guidance of popular Crown Prince Norodom Sihanouk. Earlier this year, however, Sihanouk unexpectedly roundly denounced Communism in a public address. Observers at the time were inclined to dismiss this apparent change of heart as a further manifestation of Sihanouk's mercurial and unpredictable nature, or as a bid for increased assistance from the United States. In the recent election campaign, however, Sihanouk's Sangkum Party adopted an all-out anti-Communist line and in the March 23 elections swept the country, winning 61 of the 62 National Assembly seats, one seat remaining vacant. The Pracheachon (Communist) Party ran five candidates, three of whom withdrew on the eve of the election.

COMMENT: It would be premature to conclude on the basis of these recent events that Cambodia has abandoned neutralism in favour of a more Western-oriented position. Much depends on Sihanouk himself, and he is not noted for consistency. There have, however, been reports that heavy-handed proselytizing by the Soviet Embassy in Phnom Penh has in past months offended local sensibilities, and the recent defection of a member of the Soviet Embassy in Phnom Penh supports the suggestion that Soviet policies have received a setback in Cambodia.

6. LAOS

(CONFIDENTIAL)

Pursuant to the agreement reached last November between the Royal Laotian Government and the insurgent Communist-oriented Pathet Lao, supplementary elections are to be held on May 4 to fill 20 newly-created National Assembly seats and one existing vacancy. There has for some time been considerable apprehension that the Pathet Lao, now known as the Neo Lao Haksat Party, will do well in these elections and thereby confirm earlier fears, particularly on the part of the United States, that the settlement of November was unnecessarily advantageous to the Communists. Until very recently the two principal conservative parties, the Nationalists and Independents, were unable to compose their differences in efforts to join forces and present a single slate of candidates. Their recent agreement, however, to present a joint list of 21 candidates is regarded as having lessened the Communists' chances of scoring a spectacular success.

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COMMENT: It is possible that the Neo Lao Haksat may win between four and eight of the 21 seats. The winning of five seats would be regarded as a good showing; victory in ten or more would be an upset and would place the Communists in a strong position to demand greater participation in the Government, as well as enhancing their chances in the 1959 general elections for all 60 National Assembly seats.

CONFIDENTIAL
CANADIAN EYES ONLY

ANNEX I
to JIC INT SUM No.282
dated 2 May 1958

1. Kashmir Dispute

The Kashmir dispute came up for further consideration in the Security Council of the United Nations on January 2, 1957. The dispute had not been considered by the Council for several years previously. As a result of discussion in the Council at that time, Mr. Gunnar V. Jarring, the Representative of Sweden and President of the Security Council, visited the sub-continent to study any proposals which might contribute towards settlement of the Kashmir dispute. Mr. Jarring was informed by both the Indians and the Pakistanis that they adhered to the United Nations Commission for India and Pakistan (UNCIP) Resolutions dated August 13, 1948 and January 5, 1949. Both countries agreed that the two Resolutions were the only ones which bound either of the countries. The Indians reaffirmed their belief that Pakistan had not abided by those paragraphs in the first Resolution about not increasing the military potential of the forces under its control in Kashmir and about creating and maintaining an atmosphere favourable to further negotiations about a plebiscite. The Indians would therefore not feel obliged to accept the other proposals in this Resolution. Mr. Jarring reported that while the Indians were not against the principle of arbitration as a method of solution of international disputes, they did not feel that the Kashmir dispute was suitable for arbitration. For one thing, the Indians felt that arbitration would be inconsistent with the sovereignty of Kashmir and the rights and obligations of India on Kashmir. The Indians were apprehensive that arbitration, even for an isolated part of the Resolution, might be interpreted as acquiescence that Pakistan had a locus standi in the dispute.

Mr. Jarring drew attention to the changing political, economic and strategic factors in the area, and expressed his concern about Kashmir in this context. A United Nations Resolution accepted the Jarring Report and proposed a further study of the problem by Dr. Frank P. Graham. The Resolution was accepted by Pakistan and rejected by India. India, however, agreed to extend its hospitality to Dr. Graham.

Dr. Graham proceeded to the sub-continent in January 1958, as a result of which he prepared his fifth Report about the Kashmir question. In this Report he made five suggestions to the governments of both countries. These were: (1) The Governments of India and Pakistan should consider the

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CONFIDENTIAL
CANADIAN EYES ONLY

possibility of a new declaration similar to the Resolution of the Security Council of January 17, 1948 (i.e. about a cease-fire) and Part I of the Resolution of UNCIP of August 13, 1948; (2) The Governments should reaffirm their respect for the integrity of the cease-fire; (3) Pending a final solution of the dispute, the territory evacuated by Pakistan troops should be administered by local authorities under the surveillance of the United Nations. A study should be made immediately about how this could be done by the United Nations; (4) Early agreement should be reached by the two Governments on the interpretation to be placed on Part III of the Resolution of August 13, 1948 over the disposition of Kashmir in accordance with the will of its people; and (5) The Prime Minister of the two countries should discuss Kashmir under Dr. Graham's auspices.

The Government of Pakistan agreed to these recommendations in principle, and the Government of India rejected them. The Indian objections were: (1) The sole responsibility for a peaceful solution of the Kashmir question rested with Pakistan and the United Nations; (2) The Indians could not countenance measures which would absolve Pakistan and the United Nations from their responsibility; (3) A new declaration which might imply that Pakistan had not violated its previous engagements might be interpreted as condoning that violation, and that India would avoid doing this; (4) India alone was concerned with the study for a plebiscite as Kashmir was Indian territory; (5) It was improper and an unfriendly act to station foreign troops in a neighbouring sovereign state with which India "desired nothing but the most friendly relations". The Indians said they regretted this proposal but could not object to it as Pakistan was a sovereign state; and (6) The Indians could not accept a meeting of the two Prime Ministers which would "place the aggressor and the aggressed on the same footing".

SECRET
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W A R N I N G

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SECRET

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SOVIET UNION

1. Production of COOT (IL-18)
Transport Aircraft

(SECRET)

Two factory serial numbers observed on COOT (IL-18 "MOSKVA") four-engine turboprop transport aircraft further confirm Factory No. 30 Moscow as a producer of at least the initial series of this aircraft.

The IL-18 serial numbers follow the pattern used by Factory No. 30 in its previous production of CRATE (IL-14) transport aircraft, and from them it is estimated that at least three IL-18 aircraft had been produced by the end of 1957. In addition, it is possible that up to five pre-series aircraft were produced, but there is no evidence that more than three are flying at the present time. A recent Russian broadcast stated that the tests of the IL-18 are now completed, and the airliner will shortly be operating in the Civil Air Fleet.

As the CAT (AN-10 "UKRAINA"), which is also known to be in production in the Soviet Union, is very similar in performance to the COOT; it is not yet known whether both these aircraft will be put into full-scale series production or whether, after initial series of each type has been produced and flown, the Russians will concentrate on the production of the more successful type.

2. Probable Soviet Anti-submarine
Torpedo Under Development

(SECRET)

On the 28th of November 1957 while in Leningrad CNA Moscow sighted, in position 2, a T43 minesweeper which had a single torpedo tube mounted on the forecastle in the position normally occupied by the fore-castle gun in this class. The torpedo tube appeared to be smaller than the standard 53 cm tube and also appeared to be trainable to 60° on either bow.

COMMENT: The placement of this single tube on the forecastle of such a ship, its trainability and its apparently smaller size, all tend to indicate that this is a new and unconventional type of torpedo under development. It may, therefore, be reasonable to assume that it is probably an anti-submarine torpedo undergoing operational trials.

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(unless otherwise classified)

To support the feasibility of this assumption there have, in the past year or two, been indications of unusual activity on Lake Ladoga. To date this activity has been assessed as only normal anti-submarine training. However, in view of the fact that there is a torpedo development and test centre on the north shore of the Lake, it is considered a strong possibility that this T43 is associated with the torpedo development and test installation on Lake Ladoga.

If this is in fact an anti-submarine torpedo it is a most important item due to the impact it will have on our estimates of Soviet capability in the anti-submarine weapon field, which to date have been of a low order. The addition of an anti-submarine homing torpedo to the armament of their Fleet and coastal destroyers and subchasers will considerably enhance their submarine kill capability.

3. Transfer of Warships

(SECRET)

On the 14th of April a Kotlin Class destroyer, pendant 15, and two Riga escorts, pendants 124 and 126, passed northward from the Baltic via the Great Belt into the Kattegat. They were refuelled by the tanker Yahroma at anchor off LAESOE N. light vessel (near GOTEBOG), then proceeded through the Skaggerak and turned north into the Norwegian Sea, passing Tromso Fjord at noon on the 16th of April.

The survey vessel "Ekvator" was refuelled at the same time and was last reported off Stavanger on the evening of the 15th of April.

The tanker "Yahroma" has returned to the Baltic.

COMMENT: It is believed that this movement of warships represents the beginning of the annual transfer from the Baltic to the North and thence to the Pacific Fleet, via the Northern Sea route.

The survey vessel "Ekvator" has been operating in the Norwegian Sea area and has taken this opportunity to re-store and re-fuel.

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(unless otherwise classified)

4. Internal Trends in the Soviet Union

(CONFIDENTIAL)

In the years following the death of Stalin in 1953, the underlying ferment in Soviet society has produced a number of changes on the domestic scene and indeed is continuing to do so. While the Soviet leadership has steadfastly clung to the traditional goals of the Stalin era, the pressure of public opinion has forced it to abandon the basic methods of the Stalinist political system. The terror, justified by Stalin on the myth that there was danger to the regime from within, has largely disappeared, the rigid centralization of the entire administration has been considerably relaxed and the enforced national austerity programme has been eased.

In essence, the Government has consistently over the past four years pursued a pragmatic policy designed to increase efficiency by a combination of reorganization, rationalization, concessions and incentives. It has granted limited freedom in the intellectual sphere, has carried out a degree of decentralization in the field of government and has taken concrete steps to raise the standard of living by such measures as the transfer of some resources from industrial investment to consumer goods, the abolition of the state loan which compelled Soviet citizens to make compulsory contributions from current income, and the institution of various wage reforms. More recently, two major steps in the direction of economic decentralization stand out. The first was the 1957 decree decentralizing the control of the economy on a regional and republican basis, which constituted an important concession to the managerial classes. The second was Khrushchev's proposal, approved by the Supreme Soviet last month, for the transfer of machinery from the state Machine Tractor Stations to the collective farms and the abolition of the former units as such. This revolutionary change in Soviet agriculture, if properly implemented, should have a beneficial effect on agricultural production and will decentralize control in agriculture. In addition, it should enhance the importance of the rural township councils (rural Soviets), a development which is consistent with the current effort to broaden the popular basis of all local Soviets.

At the same time as the regime has been effecting internal changes, it has itself been subject to certain political stresses related to the long-standing tension between the Communist Party and the bureaucracy, which, although it includes party members, mainly consists of administrators concerned with the operation of the machinery of a socialist state. The fundamental fact of political life in the U.S.S.R. is the primacy of the Party. Ever since the demise of Stalin, the regime, whatever its leadership, has never ceased to proclaim the need for the

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(unless otherwise classified)

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primacy of the Party. On this issue, inter alia, Malenkov lost his pre-eminent influence between 1953 and 1955. The attempted dispersal of the bureaucracy from Moscow through the decentralization of the economic management is related to this issue as well as to the need for greater economic efficiency. The drive of the Party to reassert its supremacy has also been responsible for the elimination from the Praesidium, the policy making body of the Party, of members representing the bureaucracy. Zhukov was removed because of his opposition to Party control within the armed services, and soon perhaps Bulganin, who at last month's meeting of the Supreme Soviet was replaced by Khrushchev as Chairman of the Council of Ministers (the nearest Soviet equivalent to the position of Prime Minister) may also be deprived of his place on this body. Gradually the Praesidium has been packed with Party professionals. At the same time, the Party Secretariat has been expanded by the addition of professionals who are already members of the Praesidium, and thus the two bodies are to-day virtually integrated. By these means, the Party has pruned and strengthened its central bodies in an endeavour to maintain complete control of the government machinery.

The gradual assumption by Khrushchev of greater power has been not only a reflection of his personal influence but also a manifestation of the extent to which both he and his Party are concerned with the question of Party supremacy. With the recent replacement of Bulganin by himself, Khrushchev has now taken almost the last possible organizational step at the centre to restrict the power of the bureaucracy, a step which even Stalin never took until the country was faced with invasion.

By becoming head of both the Government and the Party, Khrushchev has certainly concentrated more power into his hands, than any Soviet leader since Stalin, with the exception of Malenkov for a short period in 1953. In these circumstances, it is tempting to conclude that the principle of collective leadership, which until last year did not appear to operate below the level of the Praesidium, has been discarded. Superficial evidence, such as the lack of reference to this formula in recent months, lends support to such a thesis. However, it is very doubtful if Khrushchev exercises anything like the absolute power Stalin did. The evolution in Soviet society effected by the domestic changes mentioned above, coupled with the very immensity of the country and the size of its population, set limits on any such dictatorial control. Moreover, there is every reason to believe that Khrushchev still has to take account not only of the views of his fellow members in the Praesidium but also of the Central Committee of the Party, and that these organs are collectively generating much of present Soviet policy. This now appears to be the real meaning of collective leadership. Khrushchev's power seems to rest on the

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fact that he came up through the Party from the "grass roots" and is able to represent the popular aspirations of the Soviet people, and that in addition his policies command broad Party support.

COMMENT: While much of Khrushchev's present success in the initiation of new policies rests on his pragmatic approach, it is also in a measure his Achilles' heel. His impatience with ideological considerations in the formulation of policy and his failure so far to provide the Party with any long-term plan or clearly to define the limits on freedom of thought have allowed a latent dissatisfaction to develop among the intelligentsia. It is this dissatisfaction which may in the long run lead to the further liberalization of the present Soviet political system.

5. Soviet Steel Production

(SECRET)

Failure to build sufficient new capacity for mining and processing iron ore caused underfulfilment of plans for crude steel output in 1956 and 1957, and forced the Soviet Government to accept a temporary setback in the pace of economic growth in order to correct for the disproportionate economic development of the resource base. A modest goal for steel output was set at the beginning of 1957 but even it was not met.

The 1958 plan calls for an increase in output even less ambitious than the 1957 goal. However, based on Soviet output figures for the first quarter of 1958, the 1958 goal of 53.6 million tons should be met easily.

Meanwhile, during 1958 and 1959 capacity is planned to increase by 35 million tons. Hence from 1959 onwards Soviet annual crude steel output should increase much faster than in the recent past, putting the industry rapidly into position to fulfil the 1972 goal of 100-120 million tons, and to overtake the 1956 American output of 104.5 million tons.

6. Major Change in Soviet Farm Organization

(CONFIDENTIAL)

On the 31st of March 1958, the Supreme Soviet passed a law reorganizing the collective farms system. According to this law the collectives, which make up three-quarters of Soviet agriculture, will henceforth buy their own farm machinery.. Since the inception of the collective farm system in 1958, these farms had to depend on

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Machine Tractor Stations (MTS) for the use of tractors and implements, which were hired and paid for, mainly in kind. The role of the MTS's was to control the peasants, procure food for the State and rationalize the mechanization of agriculture. This law, therefore, represents the greatest change in farm organization since collectivization began. The declared purpose is to improve the efficiency of the collective farms and to raise labour productivity. The move is considered practical because the technological level on the farms rivals the level on the MTS's, because the farms have been able to increase their liquid assets as a consequence of the higher procurement prices paid since 1953 which makes paying for the machinery feasible because tractors and other farm equipment are now in reasonable supply and because the political reliability of farm management has risen. The change-over is to be spread over two or three years and is not to be wrought in a matter of months as was the case with the reorganization of industrial management carried out in mid-1957.

The MTS's are to be converted into Repair and Technical Stations (RTS), and these will have an important role to play in view of their monopoly of repairs, servicing of machinery, sale of insecticides, fertilizers and tractor fuel, etc.

The change may appear to contradict the Soviet aim of complete State ownership of the means of production. It is liable to be taken this way in some uncommitted countries which are exposed to Soviet economic penetration. However it is believed that the change is a step towards the conversion of collective farms to State farms.

EUROPE

7. Rock Cake Radar in Czechoslovakia

(SECRET)

Two of the new Soviet mobile height finding radars nicknamed ROCK CAKE have been seen in Prague.

COMMENT: ROCK CAKE is one of four types of height finding radars in current use in the Soviet Bloc. It is the first operational mobile radar designed specifically for height finding. Although it has been seen in the USSR, East Germany, Poland and Hungary this is the first appearance in Czechoslovakia. Since there are no Soviet troops in Czechoslovakia it is likely that ROCK CAKE is being manned by Czechoslovak troops. If this is so it is the first evidence that any satellite units have received the equipment.

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ROCK CAKE is estimated to have a range of 100 n.m. and at ranges over 30 n.m. should give height to 60,000 ft. or more.

AFRICA

8. Franco-Tunisian Relations

(SECRET)

During the past two months, the United States and United Kingdom negotiators, who were appointed by their Governments to try to bring about a renewal of negotiations between the French and the Tunisians, have carried out a series of discussions in Paris and Tunis. Finally, they presented the French Government with a "package" which represented the Tunisian views on the pre-requisites for a re-opening of France-Tunisian negotiations. This package included French recognition of Tunisian sovereignty over Bizerte; withdrawal of French troops from Tunisia other than those in Bizerte; re-opening of the French consulates and lifting of restrictions on French citizens; and acceptance by the Tunisians of neutral observation of the five air fields to be evacuated by the French. The French put forward a counter-proposal in which they agreed to the Tunisian package, provided the Tunisians agreed to the establishment of some form of international control of the Algerian-Tunisian border. The French insistence on frontier control resulted from right-wing pressure for firm action against Tunisian interference in the Algerian war. It was on Tunisian President Hourguiba's rejection of this proposal that President Eisenhower, disturbed by the increasingly dangerous situation in North Africa, addressed a letter to French Premier Gaillard expressing the hope that at least a limited modus vivendi might be achieved between France and Tunisia in order to avoid the violent eruption of larger aspects of the North African problem.

It was apparent that United States authorities feared that the fighting in Algeria might spread over the whole of North Africa if some compromise solution could not soon be found. United States policy was also affected by the fact that Congress might not be willing, in the light of the French attitude, to vote further financial assistance to the French Government. Perhaps President Eisenhower's letter was an added argument in helping Premier Gaillard to persuade his Cabinet to submit, to an emergency session of the National Assembly, a French decision to accept the Tunisian package while at the same time retain their right to take up the question of frontier control in an international form (NATO or the Security Council) at some later date. Despite his success in Cabinet, however, Gaillard was unable to muster sufficient support amongst the right-wing of the Assembly and, in an atmosphere of nationalism and anti-Americanism, the Assembly on the 15th of April rejected Gaillard's proposal

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to re-open discussions with Tunisia by a vote of 321 to 255. British and United States views differed regarding the amount of pressure which could be put on Premier Gaillard to accept the Tunisian package and the British were instrumental in softening somewhat the tone of President Eisenhower's letter and removing the more pointed references to the Algerian problem. The letter which finally went to Gaillard was moderate in tone. Parts of the French press and members of the right-wing in France have described it, however, as an ultimatum and have used its delivery as an excuse to whip up the latent anti-Americanism in France for their own needs.

COMMENT: Thus, the good offices exercise has ended (or at least come to a deadlock) with a worsening in United States-French relations and a possible difference of opinion between the United Kingdom and the United States, brought on by different analyses of the situation.

The latest French Government crisis is dangerous in itself, if only because of the obvious difficulty in forming a new government and the serious effect which a prolonged crisis could have on the economic and financial situation in France. The North African aspect of the crisis is, however, particularly serious. Although President Bourguiba has exhibited definite pro-western tendencies to date and has been remarkably moderate in his attitude, there is no telling what he may do now that the good offices exercise has failed. (The good officers have conveyed a message from Mr. Pineau to Bourguiba urging a maintenance of the status quo until a new French Government is formed and its policy known.) The Anglo-United States offer of mediation brought a partial lifting of the restrictions on French troops in Tunisia. These troops are, however, still confined to limited areas and there is a constant danger of some sort of incident in Tunisia involving these troops. The formation of a new French Government with a stronger right-wing orientation, which is a possibility which cannot be ignored, would result in an even stiffer French attitude in Algeria and in an increase in power for the French military, some of whom are said to believe that the solution to the Algerian military problems lies in the re-occupation of Tunisia and possibly Morocco. A continued inability by the French to take a definite decision regarding Franco-Tunisian problems would contribute further to the already strained relations between France and the United States and might bring about a weakening of the NATO Alliance. On the Tunisian side, a French failure to come to terms would lead first to a Tunisian request for a further Security Council meeting at which the Algerian question would be the main subject for discussion and, second, to a weakening of North African ties with the west and a re-orientation of that area towards the east. The Sakhiat bombing

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has resulted in a much greater emphasis on independence by both the Tunisian and Moroccan Governments and has been a shot in the arm to the FLN, who are now threatening to establish an Algerian Provisional Government in the near future.

SOUTH AMERICA

9. Signs of Opposition by Venezuelan Armed Forces to Political Parties

(SECRET)

Several rumours are said to be spreading in Venezuela to the effect that the armed forces are opposing the development of political parties. The Army Deputy Chief of Staff, Lt. Col. Hugo Trejo, has reportedly warned the Junta President, Admiral Larrazabal, that the Army would stand against any activities of the political parties that go beyond the Junta's united front. Further, there is said to exist within the Army a group headed by the Minister of National Defence Col. Castro-Leon, and including Army Chief of Staff Col. Perez Morales and Air Chief of Staff Maj. Martin Parada, which represents armed forces tradition and favours strong military influence over the State. Another rumour concerns aspirations of the para-military National Guard, headed by Col. Carlos Luis Araque, who is also a member of the Junta.

COMMENT: The Junta which succeeded former President Perez Jimenez on the 23rd of January 1958 was initially composed of five military members. As a result of objections raised by the civilian factions instrumental in Jimenez overthrow, the Junta membership was later adjusted to include two civilians and only three service personnel. The President of the Junta, Admiral Larrazabal, is generally considered to be weak, and subject to influence by strong political personalities. His control of the Armed Forces is tenuous.

Although the Armed Forces themselves were unable, because of inter-service rivalries, to effect Jimenez removal by themselves, they have retained considerable power in Venezuela. As the economic strength of the country weakens, the Junta may also weaken, producing a situation from which either the Armed Forces or opposition political parties may attempt to draw advantage. The present report indicates that service rivalries are still strong, and that the political parties may be temporizing to allow for their own development before taking action against the Junta. Within the Army, the extent of the influence of Lt. Col. Trejo is unknown, particularly

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as he is said to be in some way connected with the Action Democratica Party whose very leader is opposed to military power. Also, there is dissension between the 6,000-man National Guard and the 14,500-man Army, the former being unpopular through its former position of favour with Jiminez. The authority of the group said to represent tradition in the forces is also unknown.

On balance, the strength of the services must be considered in relation to the uncertain position of political parties only recently allowed any opportunities to form openly.

FAR EAST

10. Indonesia - Troops Land On The West Coast of Sumatra

(SECRET)

Successful landings by Central Government troops on the West coast of Sumatra took place on the 17th of April 1958. The first landing, at 0630 hours, was at Tiku, about 50 miles up the coast from Padang and about 35 miles West of the rebel capital of Bukittingi. Other landings were made near Padang, resulting in the capture of that city by 1800 hours on the 17th of April 1958.

The landings were preceded by a two hour bombardment of rebel defence positions in the Padang area on the 16th of April 1958 by a destroyer and 4 corvettes. According to the rebels Government forces consist of six battalions while the rebels had only one battalion in the Padang area.

COMMENT: The Central Government expects to capture Bukittingi before the 24th of April 1958; in view of their superior force and easy victory in the Padang area this seems probable. The rebels do not appear to have offered any significant resistance to Government forces. The capture of the rebel capital will force the rebels in Sumatra to choose either surrender or guerrilla warfare.

The landings in the Padang area have been accompanied by operations from the landward side towards Bukittingi, Padang and the Tapanuli district in North Sumatra. These operations have succeeded in further isolating the rebels in Central Sumatra by

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(unless otherwise classified)

cutting the main routes from the rebel area to Tapanuli, to the North, and to South Sumatra. This will make it increasingly difficult for the rebels in their efforts to muster support in the Tapanuli district. The main rebel elements who unsuccessfully endeavoured to seize Medan on the 16th of March 1958 moved to this district.

Once Bukittingi is captured, the present Government small scale operations against the remaining rebel area in North and Central Celebes can be expected to be quickly expanded.

11. Indonesia: Developments since
the 1st of March 1958

(SECRET)

The position of the "Revolutionary Government of the Republic of Indonesia", which was established on February the 15th under the Premiership of the ex-Governor of the Bank of Indonesia, Dr. Sjafruddin, and based upon Central Sumatra and North Celebes, has deteriorated disastrously in the period under review. President Sukarno, supported by both the Indonesian Communist Party and the Army leadership, demonstrated, early in March, that he was determined to achieve a complete military victory over the Sumatran rebels. The Central Government's forces, which have shown a greater military capacity than they had been credited with, succeeded in capturing the Central Sumatran oil installations of the two major American oil companies, Caltex and Stanvac, in the initial phases of the campaign. On the 12th of March Central Government paratroops occupied the airfield at Pakanbaru (Caltex) and captured a considerable quantity of modern weapons which had allegedly been dropped to the rebels by Chinese Nationalist aircraft. Subsequently, the Djakarta-based forces captured the Stanvac installations at Lirik, south of Pakanbaru. After an abortive revolt on March 16 by Sumatran elements in the Medan garrison, armed forces loyal to the Djakarta Government re-established control over the principal city and seaport in North Sumatra. (Although there was some initial anxiety about the safety of foreign personnel in Pakanbaru and Medan and some dependents were evacuated to Singapore, it is evident that foreigners working for the two American oil companies in Central Sumatra were never in any great personal danger and, after a temporary suspension of activities, both Caltex and Stanvac resumed full operations at Pakanbaru and Lirik, with the encouragement and protection of Central Government forces.) Despite the bellicose communiques of the rebel government, it is apparent that the Central Government's forces met only token resistance and that a number of the rebel troops defected. On the 17th of April

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the long-expected attack upon Padang, the principal port at the disposal of the rebels, began (the mutiny of Sumatran elements in the Medan garrison and some local successes by rebel troops in the Lake Toba region south of Medan had delayed a full-scale assault on Padang), and one destroyer and two corvettes of the Indonesian Navy shelled the beaches north of Padang in preparation for the landing of infantrymen and commandoes. Meanwhile, paratroops captured the airport, four miles from Padang, and the city itself was occupied a few hours after the start of the attack. Foreign correspondents suggest that the rebel forces defending Padang panicked under the heavy bombardment. At present, Government forces are driving north from Padang toward the mountain headquarters of the "Revolutionary Government" at Bukittingi. The total collapse of the organized military forces of the Padang Government seems imminent, although it is possible that the "Revolutionary Government" will still operate in the hills and remnant forces may still stage guerrilla-type raids. On the 18th of April Major-General Nasution, the Chief of Staff of the Indonesian Army, announced that a special combat team had re-established the authority of the Djakarta Government over the Donggala area of north-central Celebes, thus effectively cutting off the rebel forces in the northern arm of that island, the only other area which has declared its support for the "Revolutionary Government".

Although Indonesia was not mentioned in the communique, the Communist threat in that country was the major topic of discussion at the fourth annual meeting of the SEATO Council held in Manila, March 11-13. Secretary of State Dulles told the press in Manila that the circumstances under which the United States would accord belligerency status to the Indonesian rebels were being considered "as a precautionary measure" by the Legal Adviser of the State Department. However, no Western Government has publicly espoused the cause of the rebels, despite President Sukarno's public accusations that certain unnamed foreign powers were aiding the rebels. Following upon the SEATO meeting and the capture of Pakanbaru, demonstrations have been staged in Djakarta and other cities in Java, protesting alleged SEATO interference in the internal affairs of Indonesia. Foreign Minister Subandrio has also threatened to take action against Chinese Nationalist organizations in Indonesia. Meanwhile, the Djakarta Government continues to receive offers of aid from the Soviet bloc. Ten fully-manned merchant ships have arrived in Djakarta from the Soviet Union. The British Ambassador in Djakarta learned that the Central Government had ordered 60 MIG's, 22 IL-28 bombers, and 11 IL-14 transport aircraft from Czechoslovakia and that the first deliveries will probably be made in June or July.

On the internal political front, President Sukarno reaffirmed at a public meeting on April the 3rd that he was not prepared to compromise in any way with the rebels. He denounced those who believe in "free

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fight liberalism" as traitors and repeated his call for "guided democracy". On April the 3rd Foreign Minister Subandrio told the Canadian Charge d'Affaires in Djakarta that the principal objective of the Djuanda Government was the eradication of the rebel movement by means of a quick military decision. The unexpected military weakness of the rebels seems to have silenced the moderates in the Djakarta Government who might have worked towards a compromise solution.

COMMENT: The rapidity with which the assault upon the Padang Government was mounted and the success of the Djakarta Government's military operations have led Western Governments to reassess the political situation in Indonesia. Most Western observers are very gloomy about future prospects for Indonesia. Even the Egyptian Foreign Minister, Mr. Fawai, has confided that, in the Egyptian Government's view, Indonesia was moving rapidly into the Communist camp. On April the 3rd, the Indonesian Foreign Minister, Dr. Subandrio, emphasized to the Canadian Charge in Djakarta that, unlike Egypt, where Nasser had to request Soviet bloc assistance, aid was being offered to Indonesia on a plate. He thought that Indonesia was probably regarded in Moscow as the more important of the two countries. He hoped that Western Governments would understand that the Indonesian Government could not continue to reject these offers from an industrially advanced state. Both the United Kingdom Foreign Office and the State Department had hoped that the Padang Government would show some signs of military strength in order that its bargaining position vis-a-vis the Djakarta Government would be sufficiently strong to arrest the growing leftward list of Sukarno's Government. The Foreign Office appears to believe that the Western powers should endeavour to find a strong Western-inclined leader in Indonesia, similar to the late President Magsaysay of the Philippines, who could successfully challenge President Sukarno at the political level. Such a scheme would, however, appear to be wishful thinking at this stage.

In retrospect, it can be seen that the Sumatran rebels seriously miscalculated in proclaiming a rival "government" when they did. Their precipitate declaration, which was made before President Sukarno had returned to Indonesia from his tour abroad, alienated constitutional moderates like Dr. Hatta who might have been expected to support the objectives of the Sumatran group. Premier Djuanda informed the Sumatran rebels that he was willing to resign and make way for the inauguration of a new Government under Dr. Hatta if the Sumatran rebels desisted from proclaiming a rival government. The Sumatran group should also have realized that their chances of success were limited unless they could enlist the support of the military commanders in other regions of the outer islands. In fact, the

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"Revolutionary Government" was not able to expand the area under its control beyond its original bases in Central Sumatra and North Celebes. Moreover, the troops under the command of the Sumatran "Government" had no real stomach for fighting fellow Indonesian troops under the control of the Djakarta Government. While there was strong support in the rebel region for the Colonels' objective of securing redress for local economic grievances, most of the inhabitants of Central Sumatra were bewildered and apathetic regarding the much larger situation in which they found themselves and were opposed to the breakup of the unitary Indonesian state. Indonesia's "independent and active" foreign policy is supported by the vast majority of the Indonesian people and the violently anti-Communist statements of the Sumatran group, which have tended to enlist the sympathy of the Western nations, did not evoke sufficient response from most articulate Indonesians, who felt that any open espousal of the Western cause would automatically involve Indonesia in the Cold War as it would stimulate counter offers of Soviet aid for the Djakarta Government. This, in fact, is precisely what happened. There is now a greater danger of Indonesia becoming a member of the Soviet bloc than there was before the establishment of the Padang Government. If Dr. Djuanda were to resign from the Premiership, after the Sumatran military campaign is completed, it is probably that President Sukarno would wish to install an even more left-wing government. However, it is still possible that Dr. Hatta may have a political role to play in Indonesia. It is rumoured that the three major non-Communist political parties in Indonesia have reached an agreement regarding the formation of a Government, with Dr. Hatta as Prime Minister, which would be given a two-year mandate and which would not be subject to defeat in Parliament.

SECRET
CANADIAN EYES ONLY

ANNEX I
to JIC INT SUM No.281
dated 25 April 1958

FAR EAST

1. Indonesia - Purchase of Arms and Military
Equipment from the Soviet Bloc and Yugoslavia

Over a several year period, prior to 1957, Indonesian expenditure on arms and equipment had been on a modest scale, averaging perhaps \$15 million annually, and most of the purchases were associated with the maintenance of internal security and were made in the West. With the increase of tension arising out of the Western New Guinea issue the Indonesians stepped up their attempts to acquire arms. Large requests were addressed to Western countries. Recent requests for arms from the United States alone have been tentatively valued at some \$500 million. The Indonesian Cabinet according to one source recently authorized the expenditure of about \$250 million for military equipment, but it is not clear whether the total amount was to be spent during the fiscal year 1957/58 or spread over a longer period.

Although the Indonesian government maintained that the arms were required for normal policing of their territory, the Western Nations scrutinised the requests very carefully and did not release material which would enable the Indonesians to embark on any adventure against Western New Guinea. The growing influence of communists and their sympathisers in Indonesia had also become a cause for concern. As a result of reticence on the part of the West to supply arms, the Indonesian government began to approach the USSR and other East European countries for the material required. The Soviet Bloc has offered Indonesia military equipment on long term credit. It is not known whether substantial price concessions are also involved. Nor is it clear to what extent, if any, the \$100 million credit which Indonesia has recently accepted from the USSR may be applied towards the purchase of arms. The credit is ostensibly for financing the purchase of consumer goods and the development of the national economy. The only known application of the credit to date has been for the purchase of ten small merchant vessels from the USSR.

The first major purchase from the USSR was in December 1956, when 450 jeeps were bought for the Indonesian Air Force. In March 1957 a further 3,500 Russian jeeps were ordered for the Army. Over half of the total has now been delivered.

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SECRET
CANADIAN EYES ONLY

From the USSR the Indonesians appear to have sought mainly merchant and naval ships, including six to ten heavy destroyers. The Soviet Union is reported to have offered the destroyers, and personnel to sail them, on favourable financial terms, but no contracts are known to have been signed yet. Of the ten small merchant ships totalling 23,000 Dead Weight Tons which have been purchased, five are known to have capabilities as landing ships.

At the end of 1957, the Indonesians despatched various missions to Europe to seek arms. Although these groups have concentrated their efforts in the Eastern Satellites, they have also visited several countries in Western Europe.

In Czechoslovakia the Indonesians have contracted for considerable numbers of aircraft, including 50-60 MIG-17 fighters and MIG-15 trainers, 32 IL-28 bombers (presumably of Soviet manufacture), and 11 IL-14 transports. The IL-14s are likely to be flown to Indonesia within a short time, but the other jet aircraft would more likely be transported by ship.

From Yugoslavia the Indonesians are reported to have obtained six reconditioned Motor Torpedo Boats. These may have been shipped in February 1958. A further order is reported to have been placed for the construction of three Landing Craft Vehicles of 230 tons displacement, for delivery in September 1958. For this purchase the Yugoslavs are reported to have granted an eight year credit.

Miss Bullen

CANADIAN EYES ONLY

SECRET

W A R N I N G

This issue of the Joint Intelligence
Summary contains the following parts:

Main Section - at SECRET level
Annex I - at SECRET level but
 CANADIAN EYES ONLY

This cover may be removed when the
Annex is detached..

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dated 18 April 1958

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JOINT INTELLIGENCE SUMMARY

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National Defence Headquarters
Ottawa

SECRET
(unless otherwise classified)

SOVIET UNION

1. Soviet Nuclear Testing at SEMIPALATINSK Site. (SECRET)

The Soviet Union has conducted eight nuclear tests in its latest series at SEMIPALATINSK proving ground (see table below). With one exception all these tests were nominal or less than nominal (approximately 20 KT or less) in yield. Three of these tests (Joe 44, 45 and 49) were apparently not detected initially but their occurrence has since been confirmed by other evidence.

COMMENT: Radiochemical analysis of debris from these tests is still incomplete but there is an indication that Joe 43 may have involved thermo-nuclear reactions. It is possible, therefore, that one or more of the other low-yield tests may also have involved a fusion component. This test series may therefore have been concerned with the development and testing of very low-yield "hydrogen" bombs; the so-called tactical discriminatory weapons recently mentioned in the press. The Soviet offer to suspend further nuclear testing may indicate that a degree of success has been achieved in the development of such weapons.

The initial non-detection of three Soviet tests would indicate that violations of a nuclear test ban might escape detection, if only low yield devices were tested.

SEMIPALATINSK NUCLEAR TEST SERIES

<u>Event No.</u>	<u>Date-Time</u>	<u>Yield (Est.)</u>
Joe 43	28 Dec 57/0720Z	10 KT
Joe 44	4 Jan. 58	5 KT (?)
Joe 45	16-20 Jan 58 (?)	5 KT (?)
Joe 49	13 Mar. 58	5 KT (?)
Joe 51	14 Mar. 58/0830Z	60 KT
Joe 52	15 Mar. 58/0930Z	7 KT
Joe 53	20 Mar. 58/1430Z	10 KT

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SECRET

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(unless otherwise classified)

NOTE: Initial non-detection of Joe 49 had resulted in incorrect numbering of subsequent events. The Joe numbers of all Soviet nuclear tests after Joe 48 have now been increased by one.

(CONFIDENTIAL)

2. Broad Outline of Forthcoming
Seven-Year Plan.

J. Kuzmin, Chairman of the USSR State Planning Committee, outlined in general terms the salient characteristics of the Seven-Year Plan, 1958-65, which will not be ready for presentation until July 1958.

The plan will give priority to the development of heavy industry with special emphasis on such branches as chemical and rubber, oil and gas, metallurgy, power generation and railway transport. It envisages the rapid development of key industries in Siberia, Kazakhstan and Central Asia, thus re-affirming the trend of the Sixth Five-Year Plan which was however interrupted in 1956.

Greatly expanded oil and gas production throughout this and the following Seven-Year Plan will change the fuel balance considerably. The effects of this change will be to reduce costs of energy, ease the transportation problem for the railroads, and create a substantial demand for steel pipe for oil and gas pipelines.

The consumer is to receive more housing and consumer goods. The housing programme will be in conformity with the previously stated goal of "eliminating the housing shortage in the next 10 to 12 years," and Kuzmin expects that footwear and textile production will increase "so that in the next 5 or 7 years the demand for these goods will be fully supplied."

Kuzmin cited no specific goals for 1965, but referred to the 1972 output goals given by Khrushchev in November 1957. An estimate of the annual output in 1965, based on rates of growth necessary to achieve the 1972 goals, is provided in the attached table, and comparisons are drawn. Rates of growth for all the commodities cited, with the exception of gas, are lower than they were in the seven-year period just completed. In general it is estimated that the targets can be met.

In view of the branches of industry which are to receive emphasis, the Soviet Union envisages rapid advances in technology. If the latter are realized, and as a consequence the level of technical ability grows wider as well as deeper, the goals for 1972 will likely turn out to be modest.

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SECRET
(unless otherwise classified)

(CONFIDENTIAL)

Estimated Soviet Output of Key Commodities 1957, 1965, 1972

<u>Commodity Unit</u>	<u>U.S. 1956 Output</u>	<u>Soviet 1957 Output</u>	<u>Estimated Soviet 1965 Output</u>	<u>Soviet 1972 Goals (a)</u>
Iron Ore (million tons)	98	84	158	275
Pig Iron (million tons)	69	37.2	55.7	80
Steel (million tons)	104.5	51.0	76.8	110
Coal (million tons)	479	463.0	575.9	700
Cement (million tons)	54	29.0	56.1	100
Petroleum (million tons)	354	98.3	200.5	375
Power (billion kwh)	684	209.5	441.7	850
Gas (billion cu.m.)	--	20.0	130.0(a)	295

(a) Soviet figure.

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SECRET
(unless otherwise classified)

3. T 54 Tanks equipped with Infra Red Devices

(CONFIDENTIAL)

The night vision apparatus for the T 54 tank has three basic components:

(a) Source of Infra Red Illumination

The principal source is an ordinary headlight with a FR 82 filter which can be controlled by a lever mounted above the headlight assembly.

(b) Power Supply

A power unit converts the 26 volt DC current of the tank's batteries to 15,000 - 20,000 volt AC for use by the driver's night vision periscope.

(c) TVN 1 Night Vision Periscope

An electrically powered unit consisting of a prism head and objective lens system; an electronic converter tube; an image inverter and field lens system; and a prismatic image viewing eye piece.

An object can be detected at over 100 yards. Objects are clearly visible at the following distances:

One person	55 yards
Group of persons	66 yards
Vehicles (incl. AFV)	66 yards
Traffic signs	38 yards

Width of field is:

At 11 yards	6.2 yards
At 22 yards	12.5 yards
At 55 yards	31.5 yards

COMMENT: Source of USAREUR report provides the first specific information obtained on the performance and type of Infra Red apparatus used on the T 54 tank. It confirms previous reports that some sort of IR apparatus is in use in the GSFG. Performance characteristics reported are comparable to those of similar US devices used for the same purposes. Although no startling developments are indicated by these figures, it does point up the Soviets' active interest in such equipment and techniques and adds to their capability for night operations.

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MIDDLE EAST

4. Israel and the Status of Jerusalem

(CONFIDENTIAL)

This month Israel will be celebrating its tenth anniversary as an independent state. The event is being commemorated in a series of ceremonies throughout various centres in the country, including the New City of Jerusalem, where the Israeli Government maintains its capital, although the sovereign status of the city of Jerusalem as a whole has never been finally resolved by the United Nations. In the absence of a final determination by the United Nations as to whether it is practicable to institute some form of international control over the whole area or over the Holy Places, most United Nations members represented in Israel have refrained from recognizing the New City as Israel's capital. Moreover, these states have retained their diplomatic representatives in Tel Aviv despite the transfer from that city to Jerusalem of most Israeli Government departments, and in particular the Foreign Ministry, in 1953.

This state of affairs, which has produced a physical separation between the Government and the large majority of the diplomatic corps, naturally places certain limitations on efficient liaison and periodically raises delicate questions relating to the attendance of foreign representatives at official functions in the New City. Some of the independence celebrations to be held in Jerusalem give rise to just such a situation, i.e., one in which attendance by foreign representatives could be interpreted as signifying recognition of part of the city as Israel's permanent capital. Conscious of the mutual embarrassment that would be caused by refusal to attend ceremonies in Jerusalem, the United Kingdom and United States representatives have taken steps to forestall invitations being sent to them. They have jointly given a "friendly warning" to the Israeli authorities that they would be unable to attend certain of the Jerusalem functions. As a result of this démarche, the Israelis may hesitate to issue invitations to the representatives of other countries which have in the past taken a similar position to that of the two Western powers on the status of Jerusalem.

The status of Jerusalem was first considered by the United Nations General Assembly in 1947. In that year, and again in 1948 and 1949, the General Assembly passed resolutions recommending that the whole Jerusalem area should be treated as a single political unit under direct international control- the position advocated by the Vatican. Indeed, this was one of the conditions on which the United Nations agreed that an independent Jewish state should be established in Palestine. However, in 1949, administrative control of the city was divided between Israel and Jordan by the armistice agreement concluded between the two states at the end of the period of Arab-Israeli hostilities. This division was to be of an interim nature and without prejudice to the rights of the parties in a final settlement, but it has to this day left Israel in effective occupation of the New City and Jordan in a similar position in the Old City.

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SECRET
(unless otherwise classified)

Against the background of these developments, the General Assembly in 1950 considered the question further. However, it failed to agree on the method by which international control should be implemented in the face of opposition from the two occupying powers, which claimed that they had established "sovereignty" over their respective zones of Jerusalem. A number of Western states (including the United States and the United Kingdom) then took the view that religious interests would be likely to suffer if the United Nations insisted on a form of internationalization which could be imposed and maintained only by force. Moreover, it would create a corpus separatum which would not be a viable economic unit. Instead, they advocated proposals for the international supervision of the Holy Places under which secular administration would be left largely to Israel and Jordan. The United Nations made another attempt in 1952, its last to date, to reach agreement on the question, but this proved as unproductive of results as before.

The inability of the United Nations to agree on a method of direct internationalization or a satisfactory alternative has with the passage of time tended to make only more permanent the division of the city between Israel and Jordan. The Israelis, in particular, are for all practical purposes firmly entrenched in the New City of Jerusalem. It has become the political, cultural and religious centre of the country, as well as the symbol of the Jewish state's rebirth. Today the city is fully integrated into the life of Israel and the Government takes a strong stand against any form of internationalization which it considers would impinge on the country's sovereignty.

COMMENT: The best hope for an ultimate solution of the Jerusalem problem probably still lies in some functional arrangement which would guarantee free access to the Holy Places without attempting to assert United Nations sovereignty over the city as a whole. It is difficult, however, to conceive of such a solution apart from a general settlement of the major outstanding issues between Israel and the Arab states.

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SECRET

(unless otherwise classified)

5. Completion of Runway at Dumeir Airfield, Syria. (SECRET)

On 1 March 1958 an observer, described as reliable, reported that the runway and taxiway at Dumeir, a new airfield about 21 miles north-east of Damascus, appeared to be surfaced, and that black marks, similar to aircraft tire marks, appeared at one end of the runway.

COMMENT: Construction by a Bulgarian firm of a possible pre-stressed concrete runway with an estimated length of 8,200 feet began at Dumeir early in 1957 and it was reported in November that the runway would be completed in three months. Work on supporting installations such as POL storage is believed to be still going on and much remains to be done before the field is fully operational. Dumeir will be suitable for use by jet fighters, jet light bombers and possibly jet medium bombers.

The two other main airfields in Syria are at Damascus and Hama, the latter with a newly surfaced and lengthened 8,200-foot runway. They are currently being used by jet fighters and could probably also support jet light bombers, and possibly medium bombers on a limited scale. Two other fields in northern Syria are capable of limited use by jet fighters. There have been reports of projected development at three or four other airfields but so far there is no indication that this has begun.

SOUTH-EAST ASIA

6. SEATO Meeting (SECRET)

The Council of the South-East Asia Treaty Organization, composed of the United Kingdom, the United States, France, New Zealand, Australia and three Asian countries, the Philippines, Thailand and Pakistan, held its fourth annual meeting in Manila, March 11-13, 1958. With the exception of Pakistan, all eight member countries were represented by their Foreign Ministers. Described by the Secretary-General of SEATO as a "shareholders' meeting", the conference reviewed the progress of the organization but took no new major decision.

The Council, while agreeing that the existence of SEATO had been a factor in preventing any recent overt military aggression by Communist forces in the Treaty area, considered that the military threat was less serious today than formerly. Nevertheless, the threat still existed, and accordingly member countries should continue their co-operation. This military co-operation within SEATO has taken the form of a military advisers' group which is responsible for combined military exercises and the exchange of military intelligence.

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SECRET
(unless otherwise classified)

The Council considered the major threat today was that of Communist subversion in South-East Asia. Considerable attention was directed to the question of counter-subversion measures by Asian and non-Asian members alike at this session.

In the economic field, the Asian members put forward their usual claims for more capital and technical assistance. The Pakistanis in particular were insistent that, by aligning themselves so closely with the West, they were not able to accept aid from both sides as were the uncommitted countries. In reply, the United States pointed out that the major portion of American aid was allotted to its allies but that the interests of Asian members of SEATO were also served by extending American aid to their uncommitted neighbours. In the past year, the Asian members of SEATO have received over \$700 million in economic and technical assistance through bilateral programmes and at the Manila meeting the United States pledged a further \$2 million for vocational training. France, the only member of SEATO not also a member of the Colombo Plan, appears to be the only donor state willing to use SEATO as a major channel for dispensing economic assistance to the under-developed countries of Asia.

In the political discussions, two special problems were considered. Although the final ~~communiqué~~ carefully avoided any mention of the situation in Indonesia, the Council discussed recent events there and the rising influence of the local Communist Party. This situation is a cause of concern to SEATO because, should the Indonesian Government become more dependent on the Soviet bloc or should the Communist Party achieve a position of ascendancy in the Indonesian political scene, this would seriously complicate SEATO defence planning. The second question, that of establishing closer links between SEATO and other regional defence organizations, featured prominently in the final ~~communiqué~~ although it received only perfunctory attention in the discussions. Even the Philippines, which last December proposed the formation of a Grand Consultative Council in Washington for the four existing organizations (SEATO, NATO, the Baghdad Pact and the Organization of American States), did not press its views. However, the SEATO Secretary-General was authorized to explore with the Secretary-General of NATO how contacts between the two organizations might be developed. This was in response to the initiative taken by Mr. Spaak in accordance with a decision of the NATO Council last December.

One other matter which was not mentioned in the ~~communiqué~~ was the general agreement reached that contacts with non-member countries should be continued and expanded. Last year it had been agreed that observers from the "protocol states" (Laos, Cambodia and South Vietnam), whose defence is guaranteed by SEATO but which are not members of the organization, could be

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(unless otherwise classified)

invited to SEATO exercises. This year, at the insistence of the United States, which was anxious to have invitations sent to Nationalist China and South Korea, the Council decided that invitations could be extended to countries which were neither members of SEATO nor "protocol states".

COMMENT: SEATO was essentially a product of the attempt by the major Western powers to create a multilateral defence arrangement for South-East Asia. It was established by the South-East Asia Collective Defence Treaty signed in Manila on September 8, 1954, shortly after the conclusion of the Geneva Conference. The de facto control of North Vietnam by the Communists recognized by that conference raised fears that the Communists would embark on further military or subversive adventures in South-East Asia.

From the outset, SEATO has had to operate in the face of several fundamental difficulties. First, it is an "unnatural" geographical alliance, binding together three widely-separated Asian members and five Western countries. For this reason, it has been viewed with suspicion and dislike by uncommitted countries in Asia, especially India (Mr. Krishna Menon has termed it a "curious combination of former imperial and former colonial countries"). Second, Pakistan has used membership in SEATO to try to obtain support for its stand on Kashmir. This, coupled with the Indian belief that Pakistan is a member of SEATO simply to improve its military position, has had a somewhat disruptive effect on the unity of the organization. Finally, some Asian nations of the alliance claim to be dissatisfied with the amount of economic assistance received and with the hesitancy of Western members to designate any of their military forces as "SEATO" forces.

7. Indonesia - Possible Assistance
from Chinese Nationalists ACSI

(CONFIDENTIAL)

There are continuing reports of Chinese Nationalist support to the rebel government in Central Sumatra in the provision of arms and possibly personnel. Colonel Huang Te-Mei, Chief of the Special Intelligence Bureau in the Department of National Security in Formosa and former Chinese Nationalist MA to Thailand, is reportedly now in Central Sumatra.

COMMENT: It is not possible at this time to confirm or deny these reports. Lieutenant Colonel Sukendro, Indonesian Army Assistant Chief of Staff, Intelligence, during a press conference charged that US-made weapons, which he knew had been purchased in Formosa, had been captured from the rebels. The Chinese Nationalist Government was not directly charged with supplying the arms, though the rebels

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were said to have been in contact with Chinese Nationalist Government Ministers and Army Generals.

8. Indonesia - Government Gains
in the Celebes

(SECRET)

Central Government forces have now moved to gain a foothold in rebel-held North and Central Celebes. On 2 Apr 58 Army Headquarters in Djakarta announced the capture of Palu and Donggala after earlier landings by Government troops. Fighting is also said to be continuing for the control of Gorontalo, which was earlier re-taken by the rebels.

According to the rebels, Colonel Kawilarang has left his post as Indonesian MA at Washington and joined the rebels in North Celebes.

COMMENT: The main Central Government effort continues to be directed against the rebels in Central Sumatra. However, it now appears that the Government aims to obtain control of port facilities in North and Central Celebes and gradually restrict the rebels to the Manado area. These rebels are believed to have the equivalent of 18 infantry battalions, as compared to the approximately 6 rebel battalions in Central Sumatra. The difficult terrain and limited internal communications in North and Central Celebes restrict the use of these troops to meet Government attacks at isolated points.

The move of Colonel Kawilarang to North Celebes is considered likely. A former commander of West Java, Kawilarang is believed to have a considerable following in the Army. Earlier, he has been considered a possible successor to Army Chief of Staff General Nasution. Kawilarang would be an asset to the rebels though he may attempt the role of mediator.

SECRET
CANADIAN EYES ONLY

ANNEX I

TO JIC INT. SUM: No.280
dated 18 April, 1958

CUBA

(CONFIDENTIAL)

In the latter part of March, rebel leader Fidel Castro announced from his hideout in the Sierra Mestra, Province of Oriente, that his 1- $\frac{1}{2}$ year long guerilla campaign against President Fulgencio Batista was about to come to a head and that he would launch "a total war" against the dictator on April 1. Because of Holy Week, the date was later postponed to Easter Sunday. Castro particularly called for a general strike throughout the country which, coinciding with an interruption of all communications and transport and his own guerilla operations, would, he thought, topple the regime. Batista responded by having Congress postpone to next fall the presidential elections scheduled for June 1 and give him extraordinary powers to deal with the situation as he saw fit. Constitutional rights had, in fact, already been suspended (once more) early in March. Batista defied anyone to oust him before the end of his presidential term and, as a first extraordinary measure, issued a decree permitting anyone to shoot on sight anyone trying to promote a strike.

During Holy Week, Castro moved his men around the city of Santiago, the capital of the Province of Oriente, and by Easter Day he had isolated it completely. Skirmishes took place on following days between rebels and government units around the city but it was at no time in danger of falling into Castro's hands. Government forces seem to have had little trouble in repelling attacks or even in pushing Castro's men back into the mountains. Machine gunnings, bombings, minor walk-outs and small military operations were reported throughout the country, claiming many lives and revealing perhaps a more widespread support for Castro, geographically, than had been assumed up to that moment.

The climax was reached on Wednesday morning, April 9, when several groups of insurgents tried to seize an arms shop and several radio stations in Havana. The army swiftly crushed the attack against the arms shop and the population failed to respond to the recorded appeal to rise broadcast by the rebels on the radio stations they had seized. Gas mains were exploded in the centre of the city and electric power was shut off but the army was alert enough to re-establish calm throughout the city.

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~~SECRET~~
CANADIAN EYES ONLY

It seems that there were a number of synchronized attempts of the same kind throughout the country but all seem to have failed. The most important of these diversions took place in Santiago on the following day, April 10, but it too was crushed.

At the same time, the general strike, which Fidel Castro was evidently planning to use as his high trump against the regime, failed to materialize. Labour leaders and union members stayed loyal to the government which, they said with some justification, had always treated them fairly decently. The workers who happened to leave their jobs at the time some radio stations were seized by the rebels in Havana merely went to lunch and returned to work as usual in the afternoon.

By Friday, April 11, Castro's attempt to seize power from General Batista seemed to have failed, leaving the government well in control of the situation.

SECRET

COMMENT: Most press reports about the situation in Cuba (CANADIAN EYES ONLY) cannot be considered to have been fully reliable. They were written under Cuban government censorship, many of the foreign correspondents had little or no prior knowledge of Cuba and were not allowed to go to the Province of Oriente where Castro's forces are operating and, in the capital, had to rely largely on army handouts and on rumours. However, on Friday, April 11, Batista lifted the news censorship completely and gave correspondents permission to travel anywhere they pleased. This appears to indicate confidence that he now has the situation well in hand.

The New York Times has been devoting close attention to events in Cuba for more than a year. It has been noticed that the Times displays a very strong bias against the dictator and in favour of Castro the rebel leader. Any reader whose only source of information was the Times would believe that the picture is sharply etched in black and white, Batista and his group being corrupt, sinful and tyrannical, while the rebels are pure-souled idealists. The first of these concepts may be correct--the second definitely is not. However, Castro himself appears to be sincere; he is not trying to attain the presidency and has in fact pointed out that he is only thirty-one and under Cuban law will not be eligible for another ten years.

There are at least three civilian opposition political groups or parties. None of them appears to be able to agree either with the others or with Castro. If Batista were overthrown, which at the moment seems unlikely, it is impossible to predict what kind of government would

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take over. With the opposition groups split as they are, it might well be that a military junta would take control and out of this would arise another dictatorship. The most improbable event of all is the formation of an honest, democratic government. Any new government would certainly start out with fine words and promises, but within a short time it also would be drifting and using tyrannical methods. This, at least, has been the familiar pattern in Cuba and there is no reason to believe that it is going to change overnight.

Miss Ballen

CANADIAN EYES ONLY

SECRET

W A R N I N G

This issue of the Joint Intelligence
Summary contains the following parts:

Main Section - at SECRET level
Annex I - at SECRET level but
CANADIAN EYES ONLY

This cover may be removed when the
Annex is detached.

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dated 11 April 1958

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SECRET

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11 April, 1958

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The Joint Intelligence Committee
National Defence Headquarters
Ottawa

SECRET
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SOVIET UNION

1. Soviet Nuclear Testing in the Arctic

(SECRET)

The Soviet Union has conducted ten nuclear tests to date on or near the island of Novaya Zemlya in the western Soviet Arctic. Seven of these tests occurred at what is believed to be a recently developed proving ground for nuclear weapons on or near the west coast of Novaya Zemlya in the general area 74N 55E. The remainder occurred just south of the island in the area of the Kara Straits. Pertinent details on these tests are tabulated below.

COMMENT: The tests appear to fall into three distinct categories. The two underwater tests (Joe 17 and 42) and the surface test (Joe 37) are believed to have been conducted by or for the Soviet navy for the purpose of demonstrating or testing nuclear weapons delivery systems or possibly for studying weapons effects under special conditions. Undoubtedly standard operational weapons were involved.

The two high-yield tests (Joe 39 and 41) are believed to have involved experimental devices. They were the first tests to be conducted at the Arctic proving grounds and they represent the highest yields achieved to date by the Soviet nuclear weapons program. Radiochemical evidence indicates that very high efficiencies were achieved in the burnup of fissionable material and also apparently that a very high fusion/fission ratio may have been achieved. Thus these two devices probably represent marked advances in the development of light-weight, multi-megaton nuclear warheads and that they may well have been working prototypes of such devices. This may explain Soviet references at the time, to the testing of a "new type of H-bomb".

The remaining tests at the Arctic proving ground (Joe 46, 47, 48, 49 and 53) appear to fall into an operational rather than an experimental category, although the available evidence in this regard is by no means conclusive. With one exception the yields are all in the 1-4 megaton range in which the USSR is believed to have one or more operational nuclear weapons. It is probable therefore that these tests involved operational air-launched or air-dropable nuclear weapons.

The inclusion of a nominal-yield test (Joe 49) in what is otherwise a high-yield test series is puzzling. However Joe 49 may well have involved the detonation of the fissile initiator

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only, either by accident or by design.

SOVIET NUCLEAR TESTS IN THE ARCTIC

<u>Event No.</u>	<u>Date-Time</u>	<u>Location</u>	<u>Yield(est)</u>	<u>Nature of Burst</u>
Joe 17	21 Sep 55	70N 54E	20 KT	underwater
Joe 37	7 Sep 57/1115Z	70N 58E	20 KT	surface or low air
Joe 39	24 Sep/57/0900Z	APG ^x	3200 KT	high air
Joe 41	6 Oct 57/0900Z	APG	4300 KT	high air
Joe 42	10 Oct 57/0650Z	70N 54E	20 KT	underwater
Joe 46	23 Feb 58/0910Z	APG	1000 KT	high air
Joe 47	27 Feb 58/0800Z	APG	2500 KT	high air
Joe 48	27 Feb 58/1030Z	APG	1000 KT	high air
Joe 49	14 Mar 58/0830Z	APG	25 KT	high air
Joe 53	21 Mar 58/0900Z	APG	700 KT	high air

x APG - Arctic Proving Ground probably at or near 74N 55E.

2. "W" Class Submarines to Egypt

(SECRET)

On the 18th March, 3 "W" class submarines, 1 T-43 minesweeper, and a naval tanker departed from the Baltic, turning South. On 24th March the tanker returned to the Baltic. On 26th March the submarine and minesweeper entered the Mediterranean Sea and arrived in Alexandria on the 2nd April.

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SECRET

(unless otherwise classified)

COMMENT: Recent announcements by Nasser indicate that he has taken delivery of a further three modern submarines from Russia. If these are indeed transferred to Egypt, it will increase their long range submarine strength to five.

The requirement for this type of submarine in the Eastern Mediterranean is rather doubtful, and the fact that not even Poland has been given long range submarines makes the transfer to actual Egyptian subordination somewhat suspect. So long as a large proportion of the crews continue to be Russian, the Russians will have, in effect, a base within the Mediterranean.

3. "Slim Net" Fitted with Kotlin Destroyers.

(SECRET)

Photographic evidence indicates that the latest modification to the "Net" type antennae, nicknamed "Slim Net" is being installed in all modern Soviet Destroyers and destroyer escorts. Recent pictures show this antenna in both Riga and Kotlin class ships.

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SECRET

(unless otherwise classified)

COMMENT: There is as yet no proof that this equipment performs the function of height finding, which still remains a requirement for ships of the USSR.

The fitting of selected ships with "Kniforest" EW warning radar provides such units with an EW capability, but this antenna appears most unseamanlike and it is considered that such a fitting is either temporary, or will be miniaturized in its final version.

4. Stvor Radar Details

(SECRET)

Photographs of STVOR navigational radar were obtained in August 1957. They illustrate in detail all features of STVOR antenna arrangements, including wave guide and training motor. Antenna dimensions accurately measured were 24 by 48 inches on the flat sides of the antenna.

Name plates on the antenna and PPI scope (which was nine inches in diameter) were as follows:

MSR 2B No.1189 1957 220 volts

Weight of console was 73 kilo.

The ship in which equipment was fitted was a 1700 HP salvage tug named STEREGUCHSHILY, with delivery of ship to be effected in the month of observations.

COMMENT: STVOR radar is a small ship, fairly modern type radar, which is expected to be fitted in all merchant vessels for general navigation purposes. It is possible that this ship and others, particularly the smaller types, will be fitted with a miniaturized version which is thought to go by the name LENINGRAD.

5. Changes in USSR Council of Ministers

(RESTRICTED)

There were no significant changes in the USSR Council of Ministers as announced by Khrushchev in his new role as Chairman of the USSR Council of Ministers.

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(unless otherwise classified)

The composition of the new Council of Ministers is shown in Appendix "A", and the changes are summarized below:

- (a) Bulganin demoted from Chairman of the Council of Ministers to Chairman of the State Bank, a post he held twenty years ago.
- (b) Kuzmin, Chairman of the GOSPLAN, appointed as 1st Deputy Chairman of the Council of Ministers in May 1957, is now a Deputy Chairman, USSR Council of Ministers.
- (c) Mikoyan who had for a long time been a 1st Deputy Chairman of the Council of Ministers but who lately has been referred to as a Deputy Chairman becomes a First Deputy once again. Kozlov, who was Chairman of the Council of Ministers RSFSR and has held various party appointments, is now elevated to 1st Deputy Chairman of USSR Council of Ministers.
- (d) Zasyadko for a long time associated with the Coal Industry as Minister, now is appointed a Deputy Chairman, USSR Council of Ministers.
- (e) Skachov, formerly Chairman of the Kharkov Regional Economic Council and, prior to that, 1st Deputy Chairman of Transport Machine Building, USSR, appointed as Chairman of the State Committee for Foreign Economic Relations.
- (f) Perov, formerly a Deputy Chairman of Short-Term Planning is appointed 1st Deputy Chairman of the GOSPLAN, USSR.
- (g) Ishkov, formerly Minister of the Fish Industry, USSR, is now named Head of a Department of GOSPLAN, USSR, with the rank of Minister.
- (h) K.N. Rudnev replaces Domrachev as Chairman of State Committee for Defence Technology.

It will be seen from Appendix "A" that in the inner cabinet, the defence industries, fuel industries, light and food industry are well represented, while the technocrats have disappeared from this body. Those who remain are found in the lower echelons of GOSPLAN.

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(unless otherwise classified)

APPENDIX "A"

Council of Ministers, USSR

Chairman: N. Khrushchev

First Deputy Chairmen:

A.I. Mikoyan
F.R. Kozlov

Deputy Chairmen:

J.J. Kuzmin (also Chairman of GOSPLAN)
A.N. Kosygin (formerly Deputy Chairman Short Term Planning and
prior to that Minister Light and Food Industry).
D.F. Ustinov (formerly Minister of Defence Industry).
A. Zasyadko (formerly Minister of Coal Industry).

Chairman of State Committees and Ministers of the USSR:

State Planning Committee	- J.J. Kuzmin (also Deputy Chairman)
Soviet Control Commission	- G. Yenyutin
State Committee for Questions of Labour and Wages	- A.P. Volkov
State Scientific - Technology Committee	- Y. Maksarev
State Committee for Aviation Technology	- P.P. Dementyev
State Committee for Defence Technology	- K.N. Rudnev
State Committee for Radioelectronics	- V. Kalmykov
State Committee for Shipbuilding	- B. Butom
State Committee for Questions of Building	- V.A. Kucherenko
State Committee for Foreign Economic Relations	- S.A. Skachov
State Committee for State Security	- I.S. Serov
Directorate of State Bank	- Bulganin
Central Statistical Board	- V.N. Starovsky

All Union Ministries:

Foreign Trade	- I.G. Kabanov
Merchant Marine	- V.G. Bakayev
Railways	- B.P. Beschev
Medium Machine Building	- E.P. Slavskiy
Transport Construction	- E.P. Kozhevnikov
Chemical Industry	- S.M. Tikhomirov
Electric Power Stations	- A.S. Pavlenko

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Union Republic Ministries:

Internal Affairs	- N.P. Dudorov
Higher Education	- V.P. Yelyutin
Geology & Conservation of Resources	- P.Y. Antropov
Health	- M.D. Kovrigina
Foreign Affairs	- A.A. Gromyko
Culture	- N.A. Mikhailov
Defence	- R.Y. Malinovsky
Communications	- N.D. Purtsev
Agriculture	- V.V. Matskevich
Trade	- P.V. Pavlov
Finance	- A.G. Zverev
Grain Products	- L.R. Korniyets

Certain Members of GOSPLAN with rank of Minister, USSR:

1st Deputy Chairman GOSPLAN:

G.V. Perov (formerly D.C. Short-Term Planning).

Deputy Chairman GOSPLAN:

V.P. Zotov (Minister of Food Industry)
N.I. Strokin (Minister of Auto Industry)
M.V. Khrunichev (formerly Deputy Chairman Short-Term
Planning and prior to that Minister of
Aircraft Industry).

Head of Department GOSPLAN:

G.S. Khlamov (formerly Minister of Tractor and Agricultural
Machine Building).
A.A. Ishkov (formerly Minister of Fishing Industry).
E.S. Novoselov (Minister of Construction and Road Building
Machinery).

In addition, the Chairman of the Council of Ministers of the
fifteen Republics are ex-officio members of the USSR Council of Ministers.

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FAR EAST

6. Chinese Communist Cruiser "CHUNGKING" Commissioned (SECRET)

The cruiser "CHUNGKING" (ex HMS "Aurora") is reported to have commissioned in early January after an extended refit at Dairen, and is probably now based at Port Arthur.

COMMENT: This cruiser is the only heavy unit in the Chinese Communist Navy. She was given to China by Great Britain in 1948 and defected to the Communists in early 1949. She was sunk by bombing in TAKU harbour in March 1949, and refloated in 1951. It is reported that the machinery repairs were not very successful and that she will only develop approximately two-thirds power despite the fact that a senior Russian Naval technical expert has been in charge of all machinery repairs.

7. Withdrawal of Chinese Communist Forces from North Korea (UNCLASSIFIED)

Further to the joint communique published on 19 Feb 58 by the Chinese Communist Government and the Government of North Korea announcing the withdrawal of all Chinese forces from North Korea by the end of 1958, the Political Department of the Chinese Communist Army in Korea issued instructions to ensure good relationships between departing Chinese forces and the North Korean civilian population. These instructions, dated 21 Feb 58, emphasized that fortifications and barracks are to be handed over in good condition, with repairs completed as required. A separate order governing the North Korean Army take over of defence responsibilities was signed by the Commanders of the two forces on 25 Feb 58.

On 11 Mar 58, a ceremony attended by North Korean Premier Kim II-sung was held at Pyonyang to mark the commencement of the Chinese withdrawal.

COMMENT: (SECRET)

The Communist Chinese plan, as announced, involves the withdrawal of six divisions in a first phase covering the period 15 Mar 58 to 30 Apr 58. On the basis of approximately 15,000 men for a Chinese infantry division at full strength, some 80,000 (of a total Chinese strength of approximately 291,000 in North Korea) would be involved. Six divisions would also

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constitute two armies out of the five Chinese armies accepted in North Korea. Time brackets and troop numbers for the remaining two of the three phases of the withdrawal are not known, except for the completion date of the move, announced as 19 Dec 58.

The amount of publicity being given to the withdrawal, including press statements to the effect that the Chinese troops in North Korea are ultimately to be settled in northern Manchuria, and including attempts by the KPA/CPV to have the Neutral Nations Supervisory Commission supervise and inspect Chinese troops departing via Sinuiju in North Korea, indicates the widespread nature of the propaganda campaign planned to accompany the withdrawal operation. At the same time, the extent of the publicity lends further credibility to the actual accomplishment of the complete move. Tactically, the the redistribution of North Korean Army divisions over the past several months provided for the withdrawal of Chinese formations from line duty even before the announcement of the complete withdrawal by the Chinese. In addition, it has been tentatively accepted that one North Korean division has been allotted under direct command to each of the two North Korean Army Groups, apparently as Army Group reserve. This, if true, represents an innovation in North Korean disposition which might logically facilitate a widening of the areas of responsibility of North Korean line formations to allow for Chinese withdrawal. With the line secure, the Chinese withdrawal likely would be from front to rear, administrative and reserve elements being the last to move out.

From the larger viewpoint of the Chinese as a whole, a withdrawal from Korea could assist in reducing the defence budget which is reportedly being cut below 1957 figures both as to actual expenditure and percentage expenditure with relation to the total budget. Demobilization of almost 300,000 men also could add considerably to the labour force, particularly to farm labour on whose produce the Chinese economy is so dependent. Recent figures published by the Army to show a substantial increase in the number of man-hours to be given by the Armed Forces to civilian projects corroborate this requirement.

In all, substantial reductions in military personnel by Chinese Communists could be of immediate value to the economy, at a time when the Chinese do not appear, in any event, to fear an outbreak of war, and when a major propaganda offensive may be of great prestige value in South East Asia. Reduction of the

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Chinese Communists Army by 1/8 of its strength (approximately 300,000) would still leave China with over 2 million men under arms, a figure larger than the maximum considered by the UN Disarmament Commission for Soviet and US forces.

SOUTH AMERICA

8. Argentine Election

(CONFIDENTIAL)

For the first time in thirty years, an orderly and free general election was held in Argentina on February 23, 1958. Attention was naturally centred on the election of the new President in view of the constitutional importance of, and the power vested in, that office. The result was an overwhelming victory for Dr. Arturo Frondizi, the leader of the left wing of the conservative Radical Party. Dr. Frondizi's party also gained control of both houses of Congress and most of the provincial governments.

Since September 1955, when President Juan Peron was overthrown by an army-sponsored revolution, Argentina has been governed by a provisional government, headed during most of its existence by General Pedro Aramburu as President and Admiral Rojas as Vice-President. Taking over after ten years of Peronista dictatorship, they inherited a legacy of political and economic problems. The Provisional Government nevertheless set itself the task of preparing the nation for a return to normal political processes. During this difficult transitional period, it was continuously hampered by criticism and opposition from numerous dissatisfied elements of the population, by dissension in the armed forces and by the demands, reinforced by strikes, of the organized labour groups to which Peron had catered, and which were for the most part still loyal to him even in exile. Through all difficulties, General Aramburu adhered steadfastly to his pledge to restore democracy, to hold elections as soon as possible and then to turn the government over to a President freely chosen by the people.

While the Provisional Government did not officially back any candidate and had declared its own members ineligible for office, it was generally believed that it supported Dr. Ricardo Balbin, leader of the moderate faction of Argentina's largest political party, the Radical Party, and Dr. Frondizi's chief opponent. This may have been a handicap for Dr. Balbin since the pro-Peron working classes, the Communists and other disgruntled groups were reluctant to support anyone who seemed to carry

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the approval of General Aramburu. On the other hand, Frondizi campaigned shrewdly and effectively to win the support of these dissident groups. Balbin seemed to have a slight lead in the early part of the campaign, but there was a dramatic change when, a few days before the voting date, Peron indicated that he would have no objection if his followers cast their ballots for Frondizi. With this hint from their former leader, the Peronists instead of abstaining gave their full support to Frondizi and materially contributed to his easy victory.

The President-elect, who is 49, is a lawyer and an economist. In the past he has been an outspoken critic of Peron and was once imprisoned by the dictator. Until last year, he and Balbin had been political allies in the United Radical Party. Indeed, in 1952, Frondizi was the Vice-Presidential candidate with Balbin on the party's ticket in the presidential elections. However, in 1957, Frondizi split the party and formed the "Intransigent" wing, which in effect now operates as a separate party.

COMMENT: The support which Frondizi sought and received from such diversified groups as the Communists on the left and the Peronists on the right, may constitute a heavy mortgage on which payments will have to be made in the future. Although Frondizi has publicly stated that he has made no commitments to any group, he has promised some concessions, such as an amnesty for political exiles and prisoners. On the vital question of the possible return of Peron, Frondizi has indicated that it will be for Congress to determine whether the former dictator may be allowed to return from exile. It seems unlikely, however, that Frondizi, who is both ambitious and opportunistic will, now that he has attained the Presidency, be inclined to favour the return of such a formidable political rival.

Many immediate problems will face the New President when he assumes office on May 1. Argentina needs to increase exports in order to strengthen its dwindling foreign exchange reserves (the trade deficit for 1957 was \$340 million). Some means will also have to be found of reconciling the demands of labour with the country's already serious inflationary pressures. Frondizi should, however, have at least a temporary breathing spell. Had Balbin won, the potentially disruptive forces would undoubtedly have continued their obstructionist tactics, whereas they may now be expected to give the candidate of their choice a chance to draw up his programme.

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It is generally believed that, whatever Frondizi's plans in domestic affairs may be, his election will not appreciably change Argentina's isolationist tendencies in foreign affairs. There may, however, be a shift of emphasis in that the new President may look more to Europe than to the United States for economic and technical aid and for trade and cultural exchanges. However, Dr. Frondizi has stated that he hopes to maintain friendly relations with the United States and with other Latin American republics. While he is known to favour the nationalization of public services and natural resources, it is not thought that the new government will discourage or disturb foreign investment in Argentine industry.

There is some ground for belief that Dr. Frondizi will continue the work of the Provisional Government in restoring peace and prosperity to Argentina. Moreover, it should not be forgotten that Aramburu and Rojas, having carried out their self-imposed task of getting a President elected, will be watching his actions from the not uninfluential vantage point of the armed forces.

CANADIAN EYES ONLY

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ANNEX I

To JIC INT.SUM No.279
dated 11 April 1958

SOVIET UNION ANTARCTIC

1. Soviet Activity in Antarctica

M.M. Somov, head of the staff of the Soviet "Complex Antarctic Expedition" formally proposed to a committee of the International Council of Scientific Unions, that an international effort be made to construct meteorological stations in the Antarctic for use after the end of the Geophysical Year (1958).

Following this proposal other delegations suggested that twelve additional stations be established.

COMMENT: The proposed stations together with the existing stations of the USA and USSR are shown on the attached map.

Although it had been anticipated that the USSR would wish to remain in Antarctica after the end of the Geophysical Year, no definite announcement of this intention had been made prior to Somov's proposal to the Committee early in February 1958.

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SOVIET UNION

1. Soviet Nuclear Testing Continues

(SECRET)

The following data are now available on Soviet nuclear tests in March. Acoustic signals only were registered on all tests.

<u>Event No.</u>	<u>Location</u>	<u>Date - Time</u>	<u>Yield (est)</u>
Joe 49	Novaya Zemlya	14 March 0830Z	25 KT
Joe 50	Semipalatinsk	14 March 0930Z	60 KT
Joe 51	Semipalatinsk	15 March 0930Z	7 KT
Joe 52	Semipalatinsk	20 March 1430Z	10 KT
Joe 53	Novaya Zemlya	21 March 0900Z	700 KT
Joe 54	Novaya Zemlya	22 March 0750Z	50 KT

COMMENT: It is assumed that the above tests were all air-burst explosions. Concentrated debris pickups have been obtained by the U.S. and/or Canada from all Soviet nuclear explosions during February and March, except the very latest ones, at the usual sampling altitudes of 18,000 to 40,000 feet. We have no evidence, therefore, to suggest that these tests were exceptionally high-altitude bursts. The most likely height of burst would be in the range from 5,000 to 20,000 feet.

It is speculated that the tests at the Arctic site are of an operational nature, while those at the Semipalatinsk site continue to be of a research and development nature.

2. Soviet Drift Station Activity

(RESTRICTED)

The Northern Sea Route Administration has started preparation to replace personnel of the Soviet scientific stations North Pole 6 and North Pole 7.

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COMMENT: The Soviet scientific drift stations are normally re-staffed in the spring. The present announcement indicates that early April is a probable time for the operation in 1958.

North Pole 7, which was located on the 9th of March 1958 at 86°06'N and 153°42'W may pass close to the North Pole through waters between the Canadian mainland and the North Pole.

3. Sighting of an Unidentified
Ice Station

(SECRET)

On three different occasions between the 6th and 19th of February 1958 U.S. reconnaissance aircraft sighted what appeared to be a manned arctic ice station at a point 7300N - 15230W, approximately 126 nm northeast of Point Barrow, Alaska. On the basis of these sightings it was possible to identify a cluster of buildings which were lighted up at night.

Photographic missions conducted on the 21st and 22nd of February 1958 failed to locate the target.

COMMENT: The only known polar ice stations in operation are the two Russian drift stations, NP-6 and NP-7, and the two American stations T-3 and 'A', all of which are well away from the area of the above unidentified station.

USA is planning further reconnaissance to ascertain identification and exact location.

SATELLITES

4. Satellite Fighter Production

(SECRET)

A reliable source observed a FARMER aircraft parked on the airfield adjacent to the PRAGUE/VODOCHY aircraft plant in Czechoslovakia. It carried the CAF insignia and a two digit production serial number similar to those noted on other aircraft produced at this plant.

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COMMENT: This is one of several indications that the VODOCHY plant is converting from FAGOT (MIG-15) and MIDGET (U-MIG-15) aircraft to FARMER (MIG-19) production. The intermediate step of producing the FRESCO (MIG-17) aircraft has been omitted.

The implication of FARMER production in Czechoslovakia leads to the conclusion that the Russians are phasing out of FARMER production, since previous examples have established that production of only obsolescent aircraft is permitted in Soviet satellites after the Soviets have turned to the production of more modern aircraft. Nevertheless, the potential of Satellite air forces may soon be considerably improved by having FARMER supplied to them by Czechoslovakia to replace FAGOT and FRESCO aircraft.

5. Transfer of Naval Vessels to Poland

(RESTRICTED)

The SKORY class destroyer SPONSOBNYY has been transferred to Poland and renamed GROM. Four KRONSTADT patrol craft were transferred at the same time, and renamed GROZNY, ZWINNY, ZRECZNY and WYTRWALY.

COMMENT: Two SKORY destroyers were transferred to Egypt in 1956 but this represents the first transfer of such a modern unit to a Satellite Navy. KRONSTADT patrol craft are becoming common throughout the Soviet Bloc Navies.

EUROPE

6. French Air Force - Further Cut-back

(SECRET)

On the 1st of March 1958, the Premier, Mr. Gaillard announced a re-adjustment of defence expenditure due to the increased costs of the war in Algeria.

The Minister for Air in commenting on Mr. Gaillard's pronouncement stated the French Air Force would have to take the following action:

- (a) Defer all officer promotions,
- (b) Dismiss 1,200 NCOs,

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- (c) Reduce the number of Airmen,
- (d) Cease recruiting Women Auxiliaries, and
- (e) Reduce "flying hours".

COMMENT: Previous briefs reported that the operational capability of the French Air Force was being severely restricted by budgetary limitations. With effect on the 15th of November 1957 all FAF units with the exception of those in North Africa were restricted to a maximum of 3½ hours' flying time per aircraft per month. The planned re-equipment of the FAF was postponed indefinitely. Personnel strength was cut from 200,000 to an estimated 130,000.

The serviceability rate has remained high but the pilot aircraft ratio has reached a dangerous level due to personnel postings to North Africa. The financial restrictions also preclude the development of present EW/GCI installations which are both obsolete and unmanned.

7. Finnish Air Force - 40th Anniversary

(SECRET)

The Finnish Air Force celebrated the 40th Anniversary of its foundation on the 6th of March 1958. The CAS, Major General Reino Artola, and Commander of the Finnish Defence Forces, General K. Heiskanen took the flypast.

COMMENT: The Finnish Air Force (FIAF) is limited by Article 13 of the Finnish-Soviet Peace Treaty to a maximum of 60 tactical aircraft and a personnel strength of 3,000. This limitation combined with financial difficulties has prevented the development of the FIAF.

The Finnish Air Force is a "token" force composed of 110 aircraft of which 13 are Vampire jets. Arrangements have just been concluded for the purchase of 12 Folland Gnat jet fighters from the United Kingdom with an authorization to manufacture 20 Gnats under license in Finland during 1958/59. Personnel strength totals 1,683 including 238 officers of whom 130 are trained pilots.

Both the United Kingdom and the Communist Bloc have attempted to sell aircraft to Finland. Czechoslovakia proffered 100 Fagots during negotiations in November 1956 - January 1957 under "give-away" terms. The Finnish Government rejected the offer, and concluded the agreement with Great Britain.

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MIDDLE EAST

8. Egyptian Air Force - Crash of Beagle

(CONFIDENTIAL)

A Beagle (IL-28) making an instrument let-down crashed on the final approach at Cairo West on the night of the 5th of February 1958. The crew was killed.

COMMENT: The Egyptian Air Force holds some 60 Beagles received from the Soviet Union under the Arms agreement of November 1955. It has been difficult to estimate Egyptian bomber capability in view of meagre evidence relating to training. During 1956 three Beagles were reported destroyed during landing practice; during 1957 however, no information relevant to attrition through training was available although de visu sources reported increased flying.

It is therefore of some significance that the original source, (reportedly reliable) when submitting the above item states that the pilot was experienced and concluded that the accident must have been caused by material failure and not through pilot error.

9. Royal Jordanian Air Force - Training

(SECRET)

The Royal Jordanian Air Force (RJAF) has concluded arrangements under which 12 RJAF cadets are to receive flying training in the United Kingdom and ten in Pakistan.

COMMENT: The Royal Jordanian Air Force was developed under the auspices of the Royal Air Force. After the break between the United Kingdom and Jordan, Egypt attempted to replace British assistance to the RJAF by giving King Hussein five Vampires and arranging for the tuition of Jordanian trainees at Egyptian Air Force schools. Recent political developments however, precluded the continuation of the aforementioned programme and caused Jordan to seek alternative training facilities. The item reported precedes the recent federation of Jordan and IRAQ. However, as the Iraqi Air Force is both trained and equipped by the RAF, the Jordanian arrangement fits into the overall plan for the training of the combined Jordanian and Iraqi Air Force.

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10. Saudi Arabia Air Training

(SECRET)

Royal Saudi Air Force (RSAF) personnel are currently training on F86 aircraft at Dhahran Base under the supervision of an American Aid and Advisory Mission. These 12 aircraft constitute a portion of the "aid" granted by the United States Government in connection with the agreement reached relating to the renewal of Dhahran SAC Base rights. The aircraft are scheduled to be phased into the operational strength of the RSAF in the near future.

COMMENT: The RSAF have two jet conversion training programmes. The initial group were trained in Egypt and were subsequently formed into the Vampire jet fighter squadrons and redeployed into Saudi Arabia. The second group is being trained by USAF personnel on seven T33s supplied by the United States under terms of the Air Base agreement. When the first class completed the T33 training it was transferred to the F86 training squadron. On graduation the class will form the third jet fighter squadron in the RSAF.

It is considered unlikely that any degree of combat capability has been achieved by the RSAF jet fighter squadrons. Saudi Arabia has 49 transports and eight B26 Invader bombers.

FAR EAST

11. Chinese Academy of Military Science

(UNCLASSIFIED)

Peking radio reports that the Academy of Military Science of the Chinese People's Liberation Army was created on the 15th of March, 1958. The academy will be an institution to guide the army's study of military science.

Marshal Yeh Chien-ying, President and President of the academy. said at the inaugural meeting that, guided by Marxism-Leninism and Mao Tse-tung's works, the academy should make full use of the latest scientific and technical developments and carry out the research in a planned way. It will combine advanced Soviet military science with the situation in China so as to accelerate the modernization of the army.

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(unless otherwise classified)

12. Malaya - New Thai-Malay Agreement
for Terrorist Operations

(CONFIDENTIAL)

New agreements have been made between Thailand and Malays for cooperation in operations against Communist Terrorists (CTs) located in the Thai-Malay border area. Delegations led by Thailand's Deputy Prime Minister and Minister of the Interior, Lieutenant General Prapass Charusathien, and Malaya's Deputy Prime Minister and Minister of Defence, Dato Abdul Razak, met in Bangkok in February 1958 to discuss this problem. It was agreed that Thai Police Forces will increase the strength of Police elements for operations in the border area and that rewards will be offered to Thai citizens for information leading to the arrest or elimination of CTs.

COMMENT: The Malayan Government is seeking improved arrangements for operations in the Thai border area as the Government is anxious to end the Emergency by the end of 1958. With over 450 Cts located in the Thai border area, including CT Headquarters, the CTs have a sanctuary where they can rest, train and refit and maintain a nucleus, despite Security Force operations. The Thai-Malay agreement of September 1949 provides for liaison between the Police forces of both countries and permits Malayan Police, but not military units, to cross the Thai border for a distance of about 20 miles. The new agreement does not appear to be much improved from the former agreement. The main difference is in permission to offer rewards to Thai citizens.

In the past cooperation has been largely ineffective due to a reluctance on the part of the Thais to take effective action.

Miss Bullen

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SOVIET UNION

1. Soviet Transfer 62 Naval Units to (SECRET)
The Pacific Via Northern Sea Route

During 1957, 62 naval units were transferred to the Pacific Fleet via the Northern Sea Route.

- 24 "W" Submarines (SS)
- 4 "Riga" escorts (DE)
- 2 "Libau" Control ships (PCC)
- 2 Submarine chasers (PC)
- 1 Unidentified (Possibly Libau)
- 4 Sub Tenders small
- 2 "Khabi" class tankers (AO)
- 2 Naval Auxiliaries, unidentified
- 2 "Chulya" class transports (AK)
- 2 "Vodolei" water distillers (AW)
- 1 "Neptune" salvage vessel
- 3 "MO-VI" sub chasers (PTC)
- 1 Net Tender (AN)
- 1 Unidentified auxiliary, small or trawler.
- 10 Tugs, Naval
- 1 Icebreaker (AGB)

COMMENT: The most significant item is the increase by almost 75 percent in the Pacific Fleet's modern long range submarine strength. There are now 62 modern, and 15 old, long range submarines in the Soviet Pacific Fleet.

2. Soviet Radar (SECRET)

Dual band TOKEN EW/GCI radars have been identified in a number of sites around the periphery of the Soviet Bloc.

COMMENT: In the new dual band TOKEN, nicknamed BIG MESH, the performance has been improved by the addition of an L band search system to the original S band five or seven frequency V beam TOKEN. It is estimated that the reliable range of the new radar is about 200 nautical miles in contrast with the 140 nautical mile range of TOKEN and that altitude coverage of 60,000 to 80,000 feet may be obtained. The dual S band L band system makes the radar more difficult to jam. No existing single

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jammer can jam both bands simultaneously because of the wide frequency differences. Dual band jamming equipment could be used but power requirements would be doubled.

It is probable that this radar is in series production and that older TOKEN equipments will be modified to incorporate the L band system.

EUROPE

3. Swedish Defence Forces - Budget 1958/59

(SECRET)

The Swedish Government has announced the financial allocation for Defence for 1958/59. The Royal Swedish Air Force (RSAF) is to receive 40 percent of the total, the Army 30 percent, the Navy 12 percent, and the remainder is to be expended on items common to the three services.

The budget and the recent statements on defence policy are anticipated to result in the following changes:

- (a) Reduction of Army establishments by a minimum of 15 percent and a partial disbandment of reserve units.
- (b) Reduction of Naval establishments by an estimated 50 percent.
- (c) Reduction in the Air Force establishments of aircraft by 25 percent.

COMMENT: DAI Brief 176/57 of 21 May 57 reported that the Swedish Government was contemplating a cut-back of conventional forces in favour of nuclear weapons. At that time the Royal Swedish Air Force anticipated a cut-back of 25 percent in airforce strength and an indeterminate delay in previously planned conversion from day to to all-weather squadrons. Analysis of the budget now released, plus additional information to the effect that the RSAF is planning the production of at least one more jet operational aircraft after the SAAB J-35 Draken, indicates a change in planning and a delay in complete conversion of guided missiles.

The reduction in aircraft strength will be off-set by the increased performance characteristics of the SAAB 35 and its planned

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successor. The present RSAF total of 1000 jet aircraft includes 50 percent obsolescent types. Should the latter be replaced on the basis of 1 for 2 with SAAB 35s, the overall total aircraft would be reduced to 750, which is the required 25 percent reduction.

NORTH AFRICA

4. Background to Spanish-Moroccan Relations

(CONFIDENTIAL)

The growth in the present century of political consciousness and nationalism among the Arabs of North Africa has already been responsible for the creation of several independent Arab states in this area. These same forces in one way or another increasingly present problems for those European nations still maintaining dependent territories in North Africa. Although world attention has been focused on France's problems in this regard, Spain has also been encountering difficulties with Morocco over Spanish Sahara and Ifni, as well as the Spanish protectorate of Southern Morocco.

The immediate cause of friction between Spain and Morocco is centred in the small Spanish conclave of Ifni on the Atlantic coast. Spain claims that by a Spanish-Moroccan treaty of 1860 it was given the right in perpetuity to maintain a fishing station at Ifni with sufficient territory to form a fishing settlement. The boundaries of Ifni were fixed by a later treaty with France, but it was not until 1954 that the Spaniards finally annexed the territory over which they claimed they had the right of sovereignty. On the other hand, Morocco maintains that all Spain was granted were fishing rights, and that no surrender of sovereignty was involved. Moreover, the Moroccans are reluctant to recognize Spanish possession of the entire territory of Ifni, since its boundaries were defined at a time when Morocco was under French protection. The Spanish Government has offered to negotiate a settlement and even to allow the International Court of Justice to settle the dispute, but thus far the Moroccan Government has refused to agree to arbitration.

The issue came to a head last November when, following months of Arab nationalist hit-and-run raids on Ifni, a full-scale attack was launched from Morocco. The attackers were members of the Army of Liberation, an irregular force not officially recognized by the Moroccan Government, but tolerated and even supported by the Istiqlal Party, an extreme nationalist movement which is the dominant force in the Government.

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Spanish troops successfully repulsed the initial attack and subsequently the Spanish garrison was reinforced in order to maintain the integrity of Ifni. Since this first large-scale attack, there have been further raids, not only against Ifni, but against the other Spanish territories immediately to the south of Morocco. The natural consequence of this fighting has been a further estrangement in formerly cordial Spanish-Moroccan relations.

During the period of Spain's long ostracism by the West, General Franco concentrated on developing good relations with the Arab leaders of North Africa. Visits by prominent Moslem figures to Madrid were frequent, and Tunisia's President Bourguiba and King Mohammed V of Morocco spent part of their exile in Spain. Franco also envisaged the establishment of a Mediterranean pact which would encompass all of North Africa as well as Italy, France and Spain in a loose alliance. This scheme never came to much, but it did serve to lend additional emphasis to Spain's assumed role of acting as a bridge between Christian Europe and Moslem North Africa.

Spanish relations with Morocco got off to a good start in 1956 when Spain freely ceded its portion of Northern Morocco to the newly independent state. This was followed by the establishment of close economic and cultural ties between Spain and Morocco. Indeed, the measure of entente between the two countries at this time was reflected by the action of Morocco in selecting Spain to represent its interests diplomatically in Latin America.

However, the Spanish retention of colonial possessions in North Africa has inevitably come into conflict with the national aspirations of the Arabs. The Istiqlal Party has consistently demanded that Spain turn over Ifni and Southern Morocco to Morocco, and to that end has encouraged military action by rebel bands. Moreover, Spain's gradual rapprochement with the West, as evidenced by United States economic and military aid and closer ties with Western Europe, and in particular with France, has created new difficulties for the maintenance of smooth relations with Morocco. The more General Franco moves into the Western orbit, the more he is viewed with suspicion by Arab nationalists.

The Spanish Government, with an eye to the precarious state of its treasury, is not anxious to become embroiled in a costly Algerian-type war over what appear to be relatively poor areas. However, increased co-operation between France and Spain is bringing influence to bear on Franco to pursue a stronger line with regard to Morocco. France feels that if Spain withdraws, the Moroccans will then press harder to secure parts of French West Africa. The recent discovery of mineral deposits in French possessions near the Moroccan border has also given Spanish possessions potential value.

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COMMENT: There appears to be a desire on the part of both the Spanish Government and the Moroccan King, who favours a Western orientation for his country, for good relations and this attitude may help to bring about a settlement of outstanding problems. However, before giving up Southern Morocco or recognizing Moroccan sovereignty in Ifni, the Spaniards would want some guarantee that their other North African possessions would be safe from rebel harassment and would not in future be the subject of Arab revendications. It is not at all certain that such a guarantee could or would be given by the Moroccan Government in the face of Istiqlal support for the nationalist forces and the party's ambitions for Moroccan expansion in the Sahara.

SOUTHEAST ASIA

5. Political Situation in Indonesia

(CONFIDENTIAL)

The crisis in Dutch-Indonesian relations, brought on by the dispute over West New Guinea and the resultant campaign against Dutch nationals in Indonesia (Summary Report No. 28 of December 11, 1957), has had serious international and domestic consequences for the island republic. Some 20,000 of the 46,000 Dutch citizens resident in Indonesia have left the country, Dutch-owned banks, plantations and firms have been placed under Indonesian supervision, and the high seas between the islands of the Indonesian archipelago have been declared Indonesian territorial waters. The ensuing disruption of both export industries and inter-island communications has had a severe effect on Indonesia's economy.

Although no Indonesian political party or group opposed, in principle, the Government's anti-Dutch measures, as a means of furthering Indonesia's claim to West New Guinea, there were moderate elements who publicly criticized the precipitate nature of the actions taken. They were particularly opposed to the relatively free hand given to the Communist-dominated unions in Java in "taking over" Dutch-owned property. To the moderates, these union seizures provided additional evidence of the strength of the Communists in Java. Moreover, the Communists' enthusiastic support of President Sukarno and his concept of "guided democracy" was a matter of further concern. According to the President, his "guided democracy" proposals were designed to eliminate political bickering by establishing a National Council, on which functional and other groups in the Indonesian society (including Communist and fellow-travellers) would be represented, to serve as an advisory board to the Cabinet. Opponents of the President's

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scheme, however, claimed that, through this National Council, of which he is President, Sukarno was "guiding" the deliberations of the Cabinet without taking any responsibility for them and was violating the spirit of the Provisional Constitution. They are also worried by the fact that, in Java, the Communist Party has now emerged as the largest single party. Quite apart from the Communist issue, non-Javanese Indonesians are also dissatisfied with the excessive centralization of administration in Djakarta. The outer islands, which earn over 70% of Indonesia's foreign exchange, although containing only about 40% of the total population, desire more local autonomy and a larger share of the country's income for reconstruction and development purposes.

Despite the mounting discontent, emphasized by the unsuccessful assassination attempt against Sukarno on the 1st of December 1957, the President left Indonesia early in the New Year for a strenuous "rest tour", which took him to nine countries from Yugoslavia to Japan. The actual purpose of the trip appears to have been to obtain support for Indonesia's stand on West New Guinea as well as to seek foreign capital and technical assistance to replace the Dutch interests which were withdrawing from Indonesia.

Meanwhile, the situation in Indonesia was steadily deteriorating. Without Dutch ships, inter-island trade was at a standstill. Prices rose sharply, especially in Java, which is largely dependent upon food imports. There was growing public disillusionment with the general immobilisme of the Government and its reluctance to face up to the country's problems. Dissident groups, centred largely in Central Sumatra and the North Celebes, became more outspoken than ever in their opposition to the Central Government. These areas had, in late 1956, virtually declared their fiscal and administrative independence of the Djakarta Government following the resignation of Dr. Hatta, a Sumatran, from the Vice-Presidency in protest against the policies of President Sukarno. The physical absence of Sukarno from Indonesia in January, 1958, seemed to provide these dissident groups with the opportunity they had been seeking to force a change of policy on the Djakarta Government.

The first move of the Sumatran group was to send emissaries to Tokyo, where President Sukarno was visiting, to press their demands upon him. As Sukarno was not receptive to these "treasonous" ideas, an ultimatum was delivered to the Central Government, which demanded the Cabinet's resignation within five days, its replacement by a new Cabinet headed by Dr. Hatta and the Sultan of Djogjakarta, a former Cabinet Minister and widely respected leader, and a return to constitutional procedures by the President. If the demands were not met, the Sumatran group proposed to set up a rival Government. When the time limit passed,

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without any conciliatory gesture from Djakarta, the rebel groups declared, on the 15th of February that a new "Revolutionary Government of the Republic of Indonesia" had been established in Central Sumatra under Dr. Sjafruddin, the former Governor of the Bank of Indonesia, who had left his post in Djakarta after openly criticizing the manner in which the anti-Dutch measures had been implemented.

These events forced President Sukarno to shorten his stay abroad, and led on February 16 to the Central Government's denunciation of the rival Government as a rebel movement and the dismissal and outlawing of Army officers and civilian officials supporting them. Some limited military action has since then been directed against the rebels. While this does not yet constitute a full-scale civil war, nevertheless it does indicate that the Djakarta Government, With President Sukarno in personal charge, is not prepared to negotiate at the present time.

One key to any settlement is the relationship between President Sukarno and Dr. Hatta. The rebel forces have not demanded the resignation of Sukarno: instead, they have urged that Sukarno and Hatta, the two leaders who worked together for Indonesian independence, should re-establish their dummvirate. However, Dr. Hatta is apparently only prepared to re-enter the Government as Prime Minister in a Presidential Cabinet, in which Sukarno would be committed, but would not have executive responsibility.

COMMENT: An early solution to the political crisis is not to be expected. Indeed, a prolonged political and military stalemate seems the more likely prospect. It should be noted that the Central Government has placed constant emphasis on the alleged support for the Sumatran rebels by unnamed foreign powers, with the implication perhaps that by thus contravening the basic Indonesian policy of non-alignment the rebels may be forcing Djakarta into increasing dependence upon the Communists.

6. Indonesia

(SECRET)

According to press reports about 300 Central Government troops landed unopposed on the 7th of March 1958 and took over Bengkalis Island, at the mouth of the Siak river on the East Coast of Sumatra. A rebel platoon on the island is said to have withdrawn after a clash. Some 4,000 Government troops were reported ready to land at Dumai, an oil terminal on the East Coast of Sumatra. Landings on the West coast of

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Sumatra, near Padang, are also expected. A Dutch newspaper states that the operations against Dumai, Padang and Pakanbaru commenced on the 10th of March 1958 with 10 battalions being used.

Caltex have commenced evacuation of US women and children from their installations at Dumai and Pakanbaru, and are reported to have closed down operations. Rebel leaders have ordered all foreign firms (Caltex, Royal Dutch Shell and Stanvac) to stop royalty payments to the Central Government. The rebels have stated their intention to prevent the Central Government from obtaining the oil, not by destruction of the wells but possibly by blocking rivers and cutting oil pipelines.

COMMENT: The overall internal security situation in Indonesia places limitations on the number of ground force units that can be used against the rebel areas of Central Sumatra and North and Central Celebes. One serious problem is the Darul Islam (DI). With 3-4,000 armed followers in the Atjeh area and another 7-10,000 in West and Central Java the DI, could hold Central Government forces by increasing terrorist activities. In the Celebes 5-6,000 armed DI control most of the area despite the 18 Government battalions there. Government forces are mainly confined to the large towns. The DI leaders have contacts with and favour the rebel government but their degree of cooperation is uncertain.

Government strength far exceeds that of the rebels (see distribution of ground forces below). However, many of the troops outside of Java are non-Javanese and would be of uncertain loyalty if attempts were made to employ them in Central Sumatra. Of the 68 battalions now in Java it is estimated that about 10-12 could be released for operations outside of Java. No plans have been reported for further moves against the rebels in North and Central Celebes. However, operations can be expected, probably aimed first at Gorontalo.

It seems likely that the rebels will revert to guerilla warfare in order to offset the Government superiority in naval and air forces. The first result of the Government attacks has been the stoppage of Caltex oil production with the subsequent loss of revenue. The next major result may be a move of other areas, notably Atjeh and South Sumatra, to support of the rebels.

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Estimated Distribution of Indonesian
Army and Police Mobile Brigade Units

<u>Military District</u>	<u>Army Battalions</u>	<u>Police Companies</u>
Atjeh	4 infantry	5
North Sumatra	8 infantry, 1 artillery 1 armoured	6
Central Sumatra	6 infantry	7
South Sumatra	12 infantry, 1 armoured	4
West Java	29 infantry, 3 artillery 2 armoured	24
Central Java	18 infantry, 1 artillery 1 armoured	12
East Java	21 infantry, 2 artillery 1 armoured	8
Borneo	5 infantry	8
North & Central Celebes	4 infantry	5
South & Southeast Celebes	18 infantry	6
Nusatenggagra	2 infantry	1
Noluccas & West Irian	2 infantry	5

plus bulletin

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SOVIET UNION AND SATELLITES

1. Possible New Submarine Construction

(SECRET)

Recently a Russian sailor who had visited Severodvinsk (formerly Molotovsk) in June, 1957, was debriefed. He reported sighting a large new submarine, which was alleged to displace almost 3,000 tons. He was told that this was the type now being built at Severodvinsk.

Recent attache reports indicate that a large submarine, comparable in size to the "Z" class, is presently alongside the SUDOMEKH yard in Leningrad, and is undergoing refit or final stages of construction.

COMMENT: To our knowledge, no submarines have previously been built at Severodvinsk, though a new project in addition to probable KOTLIN destroyer production is likely. It has been reported that Severodvinsk is now closed to normal merchant shipping. A nuclear submarine project at this shipyard is considered possible.

The SUDOMEKH project may be a "Z" class submarine undergoing modernization; all "Z" class units were produced at this yard. However, at least one reporting authority considers this submarine to be larger than a "Z" and the sighting of a large circular hull section on this area in September may indicate that large submarines are once again being produced. Very strict security precautions in the area are reminiscent of the period during which "Q" class construction commenced.

2. Soviet Nuclear Tests in Arctic Continue

(SECRET)

Two nuclear tests occurred at the NOVAYA ZEMLYA proving ground on the 27th of February, 1958 at 0800Z and 1030Z respectively. The yields of both explosions are believed to have been about one megaton. Both acoustic and seismic signals were registered.

COMMENT: These two tests appear to be closely similar to the preceding megaton test in this area on the 23rd of February. It is not known why two megaton devices would be detonated on the same day within 2½ hours of each other. It is noted however that the US conducted two high-yield tests in the Marshal Islands on the 27th of May, 1956 within two hours of each other.

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3. Soviet BW Research Center
Located at Kirov

(SECRET)

A Western official, during a trip to KIROV, 400 miles east-north east of MOSCOW, observed a group of buildings at No. 53 Oktyabr'skaya Ulitsa which have certain characteristics associated with microbiology or other related research. Twelve buildings and one underground or revetted structure comprise the principal features of the fenced-in facility observed.

COMMENT: There is strong evidence from intelligence sources and published Soviet literature that the Institute of Epidemiology and Hygiene of the Armed Forces (NIEGVS), located at KIROV, is the central institute of Soviet biological warfare research and development activities. The location of this institute at KIROV was determined recently from references in Soviet scientific publications.

The institute observed by Western official is at the location believed to be occupied by the NIEGVS. Descriptions and diagrams of the facilities at the installation indicate that at least microbiological or other related research and development activities may be conducted there and that the institute is active.

It is hoped that a further report on this item will become available later.

4. Withdrawal of Soviet Units
From East Germany

(SECRET)

According to a press report, half a mechanized (UNCLASSIFIED) regiment together with its tanks and anti-tank guns left the town of Furstenwalde on the 27th of February 1958. The report gives the strength of this contingent as 500 men.

COMMENT: The unit concerned is probably 26 Guards Mechanized (SECRET) Regiment which is located in Furstenwalde and is subordinate to 7 Guards Mechanized Division. (4 Guards Mechanized Army)

It is yet too early to accept this move as a definite step in the reduction of Soviet Forces in East Germany. According to the press the departure of the troops was attended with considerable fanfare including brass bands and speeches and was witnessed by British, American and French officers.

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This closely follows the pattern of the alleged departures of Soviet troops from East Germany in 1956 when departures of individual units were made the occasion for much ceremony. However, it was established at a later date that some of these departures had not in fact been carried out despite the farewell ceremonies.

MIDDLE EAST

5. Egyptian - Sudanese Border Dispute

(CONFIDENTIAL)

The current dispute between Egypt and the Sudan chiefly concerns two territories lying north of the 22nd parallel which the two states recognize as their common border for most of its length. The first is a triangle around Halayib and the surrounding area on the Red Sea; the second is a small strip of land north of Wadi Halfa on the River Nile.

The origin of the dispute lies in the various boundary arrangements promulgated during the period when both countries were technically part of the Ottoman Empire but in fact under United Kingdom military occupation. By the Anglo-Egyptian Convention of 1899, which established the Condominium in the Sudan, it was provided that the frontier between Egypt and the Sudan should run long the 22nd parallel. However, in 1902, certain de facto alterations were made in the frontier by United Kingdom administrative decisions. The Halayib and Wadi Halfa areas north of 22° latitude were placed under Condominium administration from Khartoum (and certain areas south of this line were transferred to Egyptian administration), on the grounds that the tribes living in these particular areas had closer affinities with the populations to which they were being attached. The Egyptians contend that this administrative action was taken without prejudice to the sovereignty of the areas affected and that the border remains as defined in the 1899 Convention. On the other hand, the Sudanese point to the fact that the present administrative boundaries have been in effect for 56 years. They further point out that the two areas in question were included in the Sudanese elections for self-government in 1953, in the supervision of which the Egyptians participated as members of the International Supervisory Commission. Finally, the Sudanese claims that at the time of the proclamation of Sudan's independence on 1st of January 1956, Egypt recognized "the Sudan within its present boundaries" (the Egyptians assert this recognition was conditional upon Sudanese acceptance of all prior agreements made by and on behalf of the Sudan). Essentially, it is a question of a prima facie Egyptian legal case against a Sudanese case based on long administrative practice. The legal position today is far from clear, and the caution exhibited by the United Kingdom so far on this matter has not served to clarify it.

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The dispute was precipitated by the announced intention of each state to include the inhabitants of the two territories in their respective national voting. Preparations were in progress in the Sudan for setting up electoral districts in the two territories for the general elections of the 27th of February when, early that month, the Egyptian Government notified the Sudan Government that it proposed to conduct the plebiscite on the United Arab Republic in all areas north of the 22nd parallel. In the absence of a reply, Egypt followed this up with further notes indicating that Egyptian electoral commissions, accompanied by frontier guards, were being despatched to the territories in question. The Sudanese riposte came in the form of a public denunciation of the Egyptian move as an attempt to seize the disputed territories by force. Both sides appear to have indulged in some small troop movements in the vicinity of these areas.

Discussions held in mid-February between Sudanese and Egyptian representatives in Cairo did not lead to a settlement of the dispute and following these talks, Sudan brought the dispute before the Security Council. The Council considered the question on the 21st of February and after noting earlier Egyptian assurances that they would postpone their plebiscite activities in the disputed areas and would agree to a resumption of negotiations with the Sudan Government formed after the elections, as well as the apparent Sudanese satisfaction with this position, adjourned with the expressed hope that neither side would aggravate the situation before talks were renewed.

COMMENT: In the past, Egypt has not pursued this border issue, proceeding, perhaps, on the assumption that the Sudan would eventually pass under Egyptian control. The Egyptians had, however, during discussions with the Sudanese in December 1957 and January 1958 on the use of the Nile waters, made it plain that the border in the Wadi Halfa area required adjustment. With the advent of the United Arab Republic the Egyptians may have felt it necessary for constitutional reasons to establish the boundaries of the new state clearly at the outset, and accordingly to make a gesture which would at least enable them to show that they had not surrendered by default their claim to disputed areas. The strength of Sudanese reaction and the antipathy to the Egyptian move produced throughout the world at large seem to have come as a surprise to the Egyptians. From the Sudanese point of view, their impending elections provided as obvious motive for the pre-independence UMMA Party of President Khalil to make the maximum political use of the dispute. Defence of Sudanese sovereignty against the threat of Egyptian aggression was an issue calculated to appeal to the latent anti-Egyptian sentiment in the country.

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SOUTHEAST ASIA

6. Soviet Loan Ratified by
Indonesian Parliament

(CONFIDENTIAL)

On the 5th of February 1958, the Indonesian Parliament passed the requisite bill with respect to the acceptance of US \$100 million Soviet loan. Ratification of the loan had been pending since 15th of September 1956. Final acceptance of the loan was not unanimous, the voting being 95 to 18. Parties voting in favour of the loan included the Communist, Nationalist and other minor groups, while those opposing or abstaining included the Islamic, Protestant and Catholic groups.

The loan is a credit to the total of US \$100 million bearing interest at 2.5 per cent per year. The Indonesian Government has the right to make use of this credit within an 8 year period. Repayment, in pounds sterling or in freely convertible currency, is to commence three years after the expiration of the credit and is to be spread over a 12 year period in equal annual installments.

The loan is to be used for financing the purchase of consumer goods, textile machinery, agricultural tools, communication equipment, including ships and for the setting up of industries or other projects to be fixed and realised by the Government of the Republic of Indonesia.

COMMENT: Economic Situation

(a) The Indonesian financial and economic situation has been alarming since the last months of 1957 and at the present time events do not indicate any reversal of this downward trend. Foreign exchange holdings have declined to 11.3 per cent, well below that legally required. The deepening crisis was further emphasized in mid-January when the 1958 Draft Budget was submitted to parliament; the estimated budget deficit was increased from the original figure of approximately US \$25 million to approximately US \$187 million.

(b) Indonesia, where Java accounts for about 61 per cent of the total population and only 11 per cent of the exports, is badly hurt by the barter trade of the outer regions and by the difficulty of the inter-islands trade due to the lack of shipping. This situation will

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be aggravated if the recent decision of the rebel government in Sumatra to ban the export of oil to Java and to ask the oil companies to divert their foreign exchange earnings to the new government is fully enforced. In view of the foregoing, the ratification of the Soviet loan of US \$100 million by the Indonesian government came as no surprise. The Government has admitted that it needs foreign assistance to develop Indonesia's natural resources. It also needs foreign technical aid to plan new industrial projects and to instruct the technical personnel who will have to operate and administrate the proposed factories.

Indonesian Shipping

The possibility of receiving aid from the Soviet bloc in the present shipping emergency has been discussed both with the USSR and with Poland. The Indonesian Ministry of Shipping announced at the beginning of February that it has received an offer of Soviet ships totalling 35,000 tons, consisting of 10 freighters and passenger vessels, suitable mainly for inter-island shipping. The ships were offered either for charter or for outright purchase within the framework of the Soviet-Indonesian economic agreement. It was announced from Warsaw at the end of January that Polish shipping experts had left for Indonesia to examine the possibility of setting up a mixed Polish-Indonesian shipbrokers agency and to discuss the employment on Indonesian ships of 40 Polish officers, engineers and navigators.

Procurement of Arms

It is quite possible that part of this credit might be used for the purchase of arms. Indonesia has been in the market for arms for sometime and recently sent a mission to Poland, Czechoslovakia, Yugoslavia and Egypt. Indonesia has also been trying to purchase arms from some of the Western nations but it is doubtful if the Russians would permit the credit to be used for that purpose. The only confirmed purchase to date has been that of 4,000 jeeps from Russia which was actually concluded in late 1956 under a separate agreement.

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SOVIET UNION

1. Electrification of Railways in the USSR

(SECRET)

A Russian official, a member of a Russian railway delegation to the UK, has made the following observations:

1) A bottleneck had arisen in implementing the Russian plan for the electrification of railways. The bottleneck was the lack of heavy electric locomotives. This was the chief reason for his visit to the UK.

2) The overriding priority target was electrification of the Novosibirsk/Irkutsk section of the Trans-Siberian Railway.

3) While the Trans-Siberian Railway is now double-tracked it would eventually have four tracks because even with double tracks it was inadequate for existing traffic.

4) By setting a target for the electrification of 40,000 kms of railway by 1970, Russia had made, in effect, her own bottleneck in locomotives. If they had been given a little longer or if they did not have to cope with such heavy trains on the gradients met with on the Novosibirsk-Irkutsk run, Russian industry would meet her own requirements.

5) Manufacture of steam locomotives ceased by the end of 1956 and none had been built in 1957.

COMMENT: This report is believed to be reliable in the main. It confirms our view that the Russian railways are seriously concerned about the electrification side of their planned development, chiefly from the locomotive aspect.

1) The USSR has previously sent a mission to France and placed orders there.

2) This is planned for completion by 1960 and work is already in hand. This confirms statements that very heavy traffic is now passing over the Novosibirsk-Tayshet-Ulan Ude section of the Trans-Siberian Railway.

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3) This probably refers particularly to the Omsk-Novosibirsk sector. No firm plan for quadrupling has been announced.

4) 40,000 kms is nearly ten times the present electrified kilometrage. Even if the present plan for electrifying an additional 8,100 kms by 1960 is achieved the rate of electrification in 1961-1970 will have to be nearly double that of the 1956-1960 period if 40,000 km is to be completed. The supplying of electric locomotives for such a route-mileage is a formidable task.

5) It has been officially stated some time ago that steam locomotive production might cease around 1957. The number of steam locomotives in use for years to come will still be considerable but the cessation of steam production will demand successful diesel electric and electric locomotive production plan fulfilment.

2. USSR Cruisers - Collision North Russia

(SECRET)

Recent reports indicate that two Soviet cruisers were in collision off Cape Kanin, at the entrance to the White Sea, in early October, 1957. Repairs were carried out at Severodvinsk (formerly Molotovsk), and were given a top priority to clear the cruisers from the White Sea prior to freeze-up.

COMMENT: Both vessels appear to have sustained extensive damage requiring four week dockyard repair. The cause is obscure, one report stating that the incident occurred at night in fog, while a second says the collision was the result of an explosion in one cruiser which killed several sailors.

3. British-Soviet Civil Air Agreement

(CONFIDENTIAL)

On 19 December 1957, the United Kingdom and Russia signed an air agreement for reciprocal services between London and Moscow via Copenhagen to be flown by Aeroflot and British European Airways. Because of a number of technical points which must first be resolved, it is unlikely that the new service will begin before the autumn of 1958.

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COMMENT: With the signing of this agreement, Britain becomes the first major power and the sixth Western nation to conclude a reciprocal air agreement with the Soviet Union. Finland's airline and the consortium Scandinavian Airways System of Denmark, Norway and Sweden already fly scheduled reciprocal services between Moscow and their capitals. Austria though it has an agreement with the Soviet Union has not yet inaugurated a Moscow service. An inter-line agreement between Britain and Russia has been in effect since 1955.

It is believed that some kind of agreement in principle on air services has also been reached by the United States and the Soviet Union but details are as yet not available. The American Civil Aeronautics Board some time ago approved Pan American World Airways System's request to fly a Moscow service but such a service has not developed.

NORTH AFRICA

4. Franco-Tunisian Relations

(SECRET)

In recent months, with terrorism in Algeria on the increase, French sensitivity over alleged Tunisian aiding and abetting or at least laxity in controlling the operations of the Algerian rebels (FLN) on the Algerian-Tunisian border has become more pronounced and relations between the two countries have deteriorated. The situation took a very serious turn with the French bombing attack on the Tunisian village of Sakiet-Sidi-Youssef, which the French claim the FLN has been using as a base for its operations in Algeria.

Privately, the French have recognized the unhappy consequences of the attack. However, in public the French-Government have strongly supported the action taken by their military forces, describing it as a legitimate defensive measure and as within France's international rights. Premier Gaillard, in a statement before the National Assembly, contended that the Algerian rebels have continued to receive aid and sanctuary from Tunisia despite repeated French protests, that French forces have been under persistent provocation from Tunisian territory (in which connection he referred to many firings against French aircraft from emplacements in Sakiet during recent months, as well as the killing of 16 French soldiers at that border point in January), and that President Habib Bourguiba of Tunisia had refused to discuss the recent developments

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in the Algerian border situation. As regards the attack itself, which had been undertaken to eliminate an FLN base, Gaillard claimed that it had been directed against military installations and that most of the victims were in fact rebels. While he avoided placing responsibility for the attack on any particular quarter, Gaillard implied that the decision had been taken by the local French commander in Algeria. Despite concern expressed by several parties over the incident, the French Government won a large vote of confidence for the army's action (335 against 179).

President Bourguiba, a moderate Arab leader who, by education and conviction, believes in a Western orientation for Tunisia, responded to the French attack by calling for the withdrawal of all French troops from his country, including those at the naval base of Bizerte. He has also declared that until this evacuation is carried out it will not be possible to re-establish friendly relations with France. In the meantime, French troops have been forbidden to move out of their barracks in Tunisia and French naval vessels have been banned from entering Bizerte. As further marks of Tunisian concern, the Tunisian Ambassador in Paris was recalled and French consular agents in Tunisia have been ejected.

After Tunisia took the Sakiet incident to the Security Council, it was announced in the Security Council on 17 February that an offer of "Good Offices" by the United Kingdom and the United States had been accepted by both France and Tunisia. The Good Offices "team" -- Mr. Robert Murphy, Deputy Under-Secretary in the State Department, and Mr. Harold Beeley, Assistant Under-Secretary in the Foreign Office -- are now considering ways and means to reach a settlement. President Bourguiba has said that "the affair" includes the situation in Algeria and that the offer of Good Offices should cover an Algerian settlement; the French, on the other hand, are insisting that the "team" is only to act to bring the two sides together and that only the frontier question and the present position of French troops in Tunisia should be discussed.

On 19 February a French Ministerial Council agreed to begin the construction of a no man's land on Algerian soil bordering Tunisia, not only to prevent further incidents but also to prohibit rebel traffic with Tunisia. The project would involve evacuation of all persons within fifty kilometres except those in large towns, which would be sealed off, and reinforcement of French troops in Algeria.

COMMENT: There is little doubt that Tunisian sympathy lies with the Algerian nationalists. There is also considerable evidence that arms and supplies have been reaching the FLN through Tunisia. Algerian rebels have repeatedly sought haven inside Tunisia, which has in the past led French forces in Algeria to cross the border in "hot pursuit". Many elements in the country are likely to continue to take various degrees of sympathetic action in support of the FLN, and French counter-action serves as an added emotional irritant to the Tunisian people.

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The lack of contrition demonstrated by the French may influence the Tunisians to adopt a less moderate position. Feeling runs high in Tunisia where extremist elements are demanding that President Bourguiba change his moderate policy to bring it more in line with the Arab nationalism of Nasser.

The situation is made worse by the apparent inability of the Tunisian authorities to exercise effective control over the long border with Algeria. Tunisia has a small and not too adequately equipped army which France has been reluctant to supply lest this become an indirect way of helping the FLN. Among other reasons, French reluctance to provide arms prompted Bourguiba last year to turn to other Western sources of supply, which action, after threats to seek arms from the Soviet Bloc, resulted in Tunisia securing a small quantity of arms from the United States and the United Kingdom, at the expense of greatly annoying the French Government and further souring Franco-Tunisian relations.

5. Report of Combined Spanish-French Action in Spanish Sahara and Southern Algeria. (SECRET)

It has been reported that a combined Spanish and French military action has been planned to eliminate Army of Liberation (AOL) rebel bands who have been causing trouble in the Spanish Sahara, southern Algeria and very likely Mauritania. The operation is reported to have been initiated with Spanish forces advancing from the coastal areas in an effort to drive AOL rebel bands into the hands of the French who are moving west from Algeria.

COMMENT: Fighting between the Spanish and the rebel AOL broke out on 27 Nov 57 when the AOL attacked the Spanish enclave of Ifni. The rebel attacks were eventually repulsed by Spanish troops in the area. However, following the end of organized fighting, Spain withdrew into four strong defensive perimeters along the coast of her African territories. These were Sidi Ifni, Villa Bens, El Aiun, and Villa Cisneros. This strategy was adopted in order to avoid a costly campaign and was believed to be the best means of combating the guerrilla tactics of the AOL.

Spanish military authorities have been in close collaboration with the French who realize that a Spanish withdrawal from southern Morocco would expose the French flank adjacent to the important Tendouf area of Algeria. According to some sources, the Spanish

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(unless otherwise classified)

authorities are receiving a continuous flow of military intelligence from the French Forces in Algeria. Advance warning from the French is believed to have enabled the Spanish Ifni Garrison to turn back the initial AOL attack on Sidi Ifni. In addition some reports have suggested that French aircraft supported the Spanish operations last November.

Spanish Forces in the area are estimated to number 10,500; 5,000 in the Ifni Enclave, and 5,500 at other strategic locations in the Spanish Sahara.

It is extremely likely that these forces have been reinforced recently. The strength of the AOL is estimated at 6,000, organized into two groups. Group 1 with a strength of 2,000 operates in the Ifni-Southern Morocco - Spanish Sahara region. Group 11 has a strength of 4,000 and operates along the southern and eastern border of Morocco and Algeria as well as in French Mauritania.

FAR EAST

6. Indonesian Aircraft Procurement in the USA

(SECRET)

The Indonesian Air Force (AURI) has purchased 15 Grumman SA-16s (Albatross Amphibians) in the United States. Nine of these aircraft had been delivered by the end of January, and the remaining six are to be ferried in at the rate of one per month.

COMMENT: These aircraft were purchased directly from Grumman by the Indonesians and did not involve U.S. aid or an Export-Import Bank Loan. The ferrying to Indonesia is being done by Trans-Oceanic Airlines.

The SA-16s will replace the AURI's worn-out Catalinas and will be used in a search and rescue role.

7. Indonesia - The Situation in Sumatra

(SECRET)

Initial government reaction to the five day ultimatum broadcast by the Sumatra group (National Front) on 10 Feb 58 has included:

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(unless otherwise classified)

rejection of the ultimatum demanding the resignation of the Djuanda government and its replacement by one led by former Vice-President Hatta and the Sultan of Jogjakarta;

orders for the dishonourable discharge and arrest of Colonels Simbolon, Lubis, Hussein and Djambek;

a ban on civil air traffic to Central Sumatra; and

the breaking off of telecommunications with Central Sumatra.

Charges against the four dismissed colonels included complicity in the assassination attempt against President Sukarno in Nov 57.

On 15 Feb 58, shortly after the ultimatum expired, Colonel Hussein announced the formation of a new government for Indonesia with Dr. Sjaffrudin, until recently head of the Bank of Indonesia, as Premier. According to the announcement the new government was prepared to transfer its leadership to Hatta and the Sultan of Jogjakarta, if they were willing.

When Colonel Somba, Commander of North and Central Celebes, announced his support of the Sumatra group on 17 Feb 58 he and his Chief of Staff were also dishonourably discharged.

On 22 Feb 58 several small scale air attacks were made against the relatively defenceless rebels which reportedly knocked out their radio communications. In addition, a blockade of rebel ports has been ordered. The present restrictions on the press have also been increased.

COMMENT: Though Sukarno has been severely criticized by the Sumatra group, it is significant that as yet there has been no demand by the group for his replacement. To some extent this leaves the way open for a typical Indonesian form of compromise solution. In part this may take the form of sacrificing the Army Chief of Staff, Major General Nasution and replacing him with either Colonel Warouw, presently MA Peking, or Colonel Kawilarang, present MA Washington. Both of these officers would be acceptable replacements to Hatta and the Sumatra group. Nasution, by his support of Sukarno, has become increasingly unpopular with other army leaders despite his efforts to avoid an open break with the rebel commanders.

Since the series of bloodless Army-led revolts of the outer islands which began in Dec 56 no strong action has been taken

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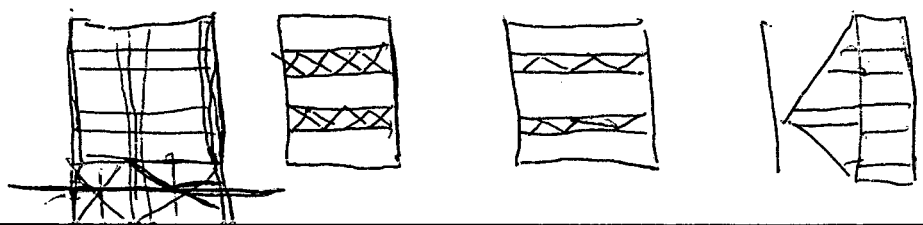
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against rebel leaders, even when it became necessary to replace them, as in the instance of Simbolon, former commander in North Sumatra. The dismissal of the six officers, despite their activities, therefore represents a serious departure from past policy. One of the aims of this action is likely an attempt to isolate or split the Sumatra group from the other rebel areas. Hussein is the commander of Central Sumatra where the new government is centred, Djambek is a former Army Deputy Chief of Staff and Lubis is a deposed Vice Chief of Staff who led an abortive coup attempt in Nov 56.

Despite negotiations with the insurgent Darul Islam and the activities of Lubis, the Sumatra group lacks support in Java and elsewhere. Reports also suggest that the Medan garrison in North Sumatra remains pro-Java while the support of Colonel Barlian in South Sumatra is uncertain for either government. The new government is apparently still unable to obtain the backing of either Hatta or the Sultan of Jogjakarta. Both have considerable prestige and influence and their active support would add greatly to the strength of the movement. Both militarily and politically the new government lacks the means to supplant the present government. However, the Sumatra group may be able to exert considerable pressure on the central government using the threat of oil sanctions, which they could at least partially impose.

On the central government side present indications are that bloodshed will, if possible, be avoided. Militarily the Djakarta government is occupied with serious Darul Islam operations which threaten their position in the Celebes. Again, a move of Javanese troops into Sumatra would serve to increase anti-Javanese feeling and greatly increase the likelihood of an unprofitable guerilla war. The main military assets of the central government lie in their air and naval elements which the rebels lack.



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W A R N I N G

This issue of the Joint Intelligence

Summary contains the following parts:

Main Section - at SECRET level

ANNEX I - at SECRET level but
CANADIAN EYES ONLY

This Cover may be removed when the

Annex is detached

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SECRET

COPY N° 96

ISSUE NO. 274

14 February 1958

JOINT INTELLIGENCE SUMMARY

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SECRET
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SOVIET UNION

1. Soviet Nuclear Explosion

(SECRET)

A nuclear explosion is believed to have occurred at the Semipalatinsk proving ground during the period 16th to 20th of January, 1958. The usual acoustic and seismic evidence for such an event is lacking but fresh radioactive debris has been picked up at 10,000 feet over Japan. Meteorological back-tracking confirms that the Semipalatinsk area is the most likely point of origin of the debris.

COMMENT: This is the third nuclear test of the current Soviet winter series. As in the case of the second test, the yield of the explosion was probably less than five (5) kilotons. It is not believed to have been a surface burst and the most likely height of burst would be in the range of 1,000 to 5,000 feet.

SATELLITES

2. Significant Increase in European Satellites
Air Defence on Soviet's Western Flank

(SECRET)

While the Soviet Air Force jet fighter units stationed in the European Satellite countries have shown little change in the past two years, the jet fighter strength of the Satellite Air Forces has increased by more than 33 1/3 percent. During this period, the radar sites operated by the Soviet, i.e. EW and GCI, have increased by only 10 percent, while the Satellite-operated sites have increased by 50 percent.

There has been no noticeable increase in the light bomber strength.

FIGHTER STRENGTH

RADAR SITES

			<u>Soviet</u>	<u>Satellite</u>
Jan 1956	1,540	Jan 1956	110	111
Jan 1958	2,085	Jan 1958	121	166

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COMMENT: It is becoming apparent that the Soviets are in the process of building up an air defence buffer area along their western flank, and continued improvement and enlargement of the Satellite jet fighter force may be expected in the next two years.

This improvement in air defence potential is indicative of firmer Soviet reliance upon the Satellites to furnish a substantial all-round air defence capability. It is clear that building up the buffer defence force provides the USSR with increased protection.

TUNISIA

3. French Air Attack on Tunisian Town

(UNCLASSIFIED)

Press reports indicate that a force of 25 French aircraft attacked the Tunisian frontier town of Sakiet-Sidi-Youssef on the 8th of February killing 78 and wounding another 84 residents. The town Sakiet-Sidi-Youssef was the scene of an earlier incident in mid-January when Tunisian based rebels attacked a French patrol, killing fourteen soldiers and taking four other prisoners. The French have demanded the return of the prisoners and despatched a protest note to the Tunisian authorities. The prisoners have not been returned, but Bourguiba has interceded on their behalf with the FLN. The French claimed that the attack was primarily aimed at neutralizing an anti-aircraft position which they alleged had damaged two French reconnaissance planes. The French Cabinet met in special session on the 10th of February to consider repercussions of the attack and is apparently taking steps to trace the chain of command to establish the blame for ordering the attack.

Press announcements also indicate that President Bourguiba of Tunisia has recalled the Tunisian Ambassador in France and has restricted movement of French military vehicles in Tunisia. Bourguiba has also demanded the withdrawal of all French Military troops from Tunisia including those stationed at Bizerte.

United States and French correspondents who visited the scene support Tunisian accounts of damage. A Swedish Red Cross representative who was at the scene, attempted unsuccessfully to contact French authorities to persuade them to cease further bombings until the wounded were evacuated.

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COMMENT: This incident is considered to be the most (CONFIDENTIAL) serious since the start of the Algerian rebellion over three years ago. It will have probable serious repercussions on the West's position in Tunisia and possibly all of North Africa.

MIDDLE EAST

4. Israeli-Syrian Clash in Northern Demilitarized Zone (DZ) (SECRET)

On the 28th of January two Israeli policemen were killed and six wounded as a result of a three hour action between Syria and Israel in the Northern DZ. The fighting broke out over the clearance of mine fields by the Israelis in the DZ which Israel regards as part of her territory under the 1949 Armistice Agreement. The mine fields which are partially cultivated, are east of the Israel communal settlement of Dan, near Baniyas.

COMMENT: Reports immediately following the incident indicated that Israel might take some retaliatory action against Syria. However, subsequent reports indicate that the Israeli force in the area has now withdrawn and that the tension has eased. It is not considered likely that Israel intended to initiate or provoke general hostilities.

SOUTH EAST ASIA

5. South Vietnam - Dissident Activity Increase (SECRET)

According to Vietnamese National Army sources guerrilla activity in South-West Vietnam is showing a marked increase. Most of the incidents are occurring in V Military Region where, during October and November 1957, there were 56 assassinations and 22 kidnappings. Government and security officials have been the main targets with the Communist Vietcong, which is closely related to the Vietminh - as the principal group involved in the attacks.

COMMENT: This activity indicates, once again, that a significant proportion of the sect and minority groups in South Vietnam continue to resent government authority and are vulnerable to Vietcong exploitation. Though the situation has not yet reached critical proportions,

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serious difficulty will be encountered unless the present trend to increased violence is quickly arrested. At present VNA strength in V Military Region is about 11,500. Civil Guard units and Village Militia group total about 35,000. However, the Village Militia has been largely ineffective as it is poorly trained and equipped and to some extent infiltrated by Vietcong and rebel elements.

Dissident strength is estimated at some 1,100 Vietcong and 900 Hoa Hao. In addition there are a few hundred rebel Cao Dai and bandits who usually operate in small groups. Strengths are difficult to estimate as many of the one million Hoa Hao can be peasants by day and bandits by night. These guerrillas are difficult to eradicate because of the support they obtain from elements of the Hoa Hao and Cao Dai religious sects. The Cambodian minority in South Vietnam and the problem of operations in the Cambodian-South Vietnam border area also increase the difficulties of government forces. The principal areas of guerrilla strength continue to be in the Camau peninsula, the Plaine des Jones and along the Cambodian border East of Chau Doc. One effect of the present outbreak will be the diversion of additional VNA units from required training to security operations.

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ANNEX I

TO JIC INT SUM No. 274
dated 14 February 1957

MIDDLE EAST

1. Airfield Development in
Northeastern Syria

(SECRET)

It has been reliably reported that a seldom used air facility at Hassetché (3630N-4044E) is being rehabilitated and expanded. The work is being directed by Soviet technicians and includes the construction of barracks for personnel, the installation of an underground POL storage facility and the improvement of access roads leading to the airfield.

COMMENT: For the last eighteen months, the town of Hassetché, located in the Northeastern corner of Syria and some 30 miles south of the Turkish border, has been the centre of a strictly prohibited area to all western travellers. On numerous occasions reliable observers reported having seen large military convoys proceeding from the port of Latakia in the general direction of Hassetché.

If these ominous signs of an important military development or buildup are correct, then it would be logical to assume that the airfield site at Hassetché has been assigned the role of a support/supply air base. At this stage, it cannot be ruled out that Hassetché is also being provided with some degree of jet fighter handling capability. In such a case, Hassetché would be the first airfield of this type in Northeastern Syria and would improve the Syrian air defensive/offensive capability in this area.

The reported improvement of Hassetché airfield site is part of a wide spread modernization programme of the Syrian air base potential that has included: the development of HAMA (3307N-3643E), PALMYRA (3433N-3818E), DUMEIR (3338N-3642E) and ALEPPO (3611N-3713E) airfields to the standard of jet light bomber bases; and the rehabilitation or reconstruction of SAHL/ES SAHRA (3333N-3610E), RAISIN-EL-ABOUD (3611N-3735E) and reportedly several other sites to a role of jet fighter stations or deployment fields.

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SOVIET UNION and SATELLITES

1. Soviet Submarine Tender (SECRET)

A new ATREK class submarine tender (Pendant BRN 40) has been observed in the Baltic.

COMMENT: Another submarine tender of the ATREK class (BRN 48) was seen on 30 Sept. Eight of these 3,413 GRT vessels have been built by the Neptun shipyard at Rostock and six have been transferred to the Northern Fleet, with two of these probably being included in the 1957 NSR convoy to the Pacific.

The following is a current breakdown of Soviet submarine tenders:

Northern Fleet	- 8	(Possibly 10)
Baltic	- 6	
Black	- 3	
Pacific	- 7	(Possibly 5)

In line with observed policy of increased tender support in the North and Pacific, it is considered probably that the two new ATREK tenders will join the Northern Fleet in the Spring of 1958.

2. Soviet Research on Dissemination of Information by Subliminal Means (CONFIDENTIAL)

A Soviet scientist, G.V. Gershuni, writing in the Journal of Higher Nervous Activity describes the perception of infraliminal stimulation. Sound propagated at 1000 cycles per second at six decibels below the auditory threshold was found to induce a suggested response in subjects. In this research subjects were made to respond to auditory stimuli which only the subconscious was capable of perceiving. As a result, the Soviets found that subjects were able to learn information which they had not consciously heard but which nevertheless made a definite impression on the subconscious.

COMMENT: The Soviet work is similar to a Western experiment in which light messages were flashed on a movie screen so fast that they were not consciously perceived by the eye, yet were perceived by the subconscious. These messages, brief and simple, were flashed at 1/3000th of a second every five seconds and were ads for two items usually sold by the theatre refreshment stand. Analysis of sales during a limited period indicated a significant increase.

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Since subliminal perception differs only quantitatively from conscious auditory and visual perception, the usefulness of subliminal techniques is limited. There is no evidence that they can alter response patterns. Although subliminal techniques are not ordinarily perceived by the conscious mind, they may be detected by technical means.

3. Soviet Underwater Research

(UNCLASSIFIED)

By decision of the Soviet Government, a submarine of the Soviet Navy is to be converted into a scientific laboratory, the newspaper SOVIET FLEET reports Jan. 23.

The ship is to be fitted out with different instruments, special windows forward, and powerful searchlights. Seated by these windows specialists will be able to observe and film the submarine world and make sketches. Underwater photography will be made possible by special searchlights with regulated brightness and by powerful gas filled impulse lamps. In addition to the conventional hydrolocator and echosounder, the submarine will carry a special echosounder with a beam directed upwards. It will locate schools of fish passing above the ship and provide comparative data on the reflective properties of the surface of the water.

Special devices will enable scientists to take samples of water and soil, measure the water's temperature and salinity while the ship is in motion at any speed and any depth, and measure the proportion of oxygen in sea water.

An underwater television camera will make it possible to see what is going on straight ahead. The submarine, carrying a group of scientists, will leave on its maiden scientific voyage in the summer.

COMMENT: This is another demonstration of Soviet interest (SECRET) in underwater research, which also has other uses than the peaceful ones implied in the communique. This research vessel could prove very useful in investigation of the under surfaces of drifting and land-fast ice to aid submarines in working under the ice.

Top side sonar research was undertaken by the U.S. Navy some years ago and several Soviet submarines have been noted with installations which are likely to be upward pointing sonars.

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(unless otherwise classified)

4. Travel Restrictions, Roumania

Since 18 Jan Western attaches have been prohibited from travelling to the eastern and northeastern areas of Roumania. No reasons have been given by the Roumanian Foreign Office for this restriction nor is there an indication of how long the area will be closed.

Unconfirmed reports have been received of troop movements in the area and of peasant uprisings which allegedly have required the intervention of Roumanian and/or Soviet troops.

COMMENT: Although lacking confirmation, there could be some abnormal activity in Eastern Roumania. If so, it is considered that the travel restrictions could have been imposed for any of the following reasons: (1) Rotation of Soviet units in Roumania; (2) Shipment of new units and/or equipment to Roumania; (3) Transshipment of military equipment to Bulgaria; (4) Manoeuvres in the area; or (5) Unrest.

Previous reports have indicated that the Soviet 25 Gds Mech Div at Braila would be replaced by another unit from either Hungary or the USSR. In this connection, it was reported recently that there had been a significant increase of Soviet troop strength in Roumania during 1957. Repeated trips by Western attaches in Roumania, however, failed to disclose any change in Soviet units in the country. There were also reports that the ban on travel may be connected with preparations for moving 17,000 Soviet troops out of Hungary as announced in Jan 58. The latter is discounted as such a move would probably necessitate restrictions in the northern and northeastern sections of the country as well.

New equipment has been observed in Bucharest and Constanta and Iasi (NE) is a major rail transshipment point for goods being transported from the USSR.

The areas involved are not normally prohibited to Western diplomatic personnel and there is no apparent reason for the restrictions at this time. There is no evidence of any major revolt, military alerts, or large-scale movements of troops. Requests for permission to travel to various parts of Roumania were refused in Mar and Nov. 57. These denials, however, were attributed to the petty harassment to which Western representatives are continually subjected in Soviet-Bloc countries.

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CONFIDENTIAL
(unless otherwise classified)

5. East German Army Chief General Staff

Lt Gen Vincent Mueller, recently removed as the East German Army Chief of General Staff has been suspended from service and placed under house arrest. He has been temporarily replaced by Maj Gen Fritz Dickel. Gustov Roebelen, former "security chief" of the SED Central Committee reportedly has replaced Dickel as Chief of the Political Administration.

COMMENT: Mueller allegedly sought to weaken political influence in the East German Army and, in this connection, his fate is parallel to that of Zhukov who was ousted as Soviet Minister of Defence on similar charges. Recent reports have indicated that political influence over the East German Army has been emphasized since Khrushchev's visit to East Germany during Aug 57.

Dickel is a political general and a poor substitute for Mueller from the military point-of-view. Although he fought in the Spanish Civil War with Loyalist Forces, he spent World War II in a concentration camp. He was promoted to Maj Gen in Nov 52. He was appointed Deputy Chief of the Political Department of the Ministry of the Interior in Nov 53 and a Deputy Minister of Defence in Jun 56.

FAR EAST

6. China's Entry Into Malayan and Indonesia Rubber Markets

(SECRET)

A preliminary estimate of China's imports of Natural rubber in 1957 indicates a significant increase over the level of 1956. In the period 1950-1956, Communist China's average imports per year amounted to about 60,000 tons. In contrast with this figure, estimated imports in 1957 rose to approximately 140,000 tons.

COMMENTS: In the absence of evidence of any appreciable increase in rubber consumption in China, or increased re-exports of rubber to the Soviet Union and the Satellites, the recent heavy buying by China may be explained in part by its desire to take advantage of the "buyers' market" of the past year.

The increase in China's imports of rubber in 1957 was accounted for almost entirely by purchases from Malaya and Indonesia. A provisional estimate shows that in 1957, Malaya and Indonesia together

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accounted for more than half of China's purchases, about 25,000 tons from Malaya and 54,000 tons from Indonesia. Thus, the present situation points up the collapse of the UN embargo, imposed during the Korean War, on strategic exports to China.

Another aspect of China's large-scale buying on the Malayan and Indonesian markets is its desire to open up, in return, larger markets for its manufactured and consumer goods and to extend its economic influence in South East Asia.

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SOVIET UNION

1. Soviet Nuclear Explosion

(SECRET)

A nuclear explosion is believed to have occurred on the 4th of January 1958 at the Semipalatinsk proving ground. The usual acoustic and seismic evidence for such an event is lacking but fresh radioactive debris has been picked up at 10,000 to 20,000 feet over the western Pacific Ocean. The time of origin of the debris was determined to be approximately 4th of January. Meteorological back-tracking confirms that the Semipalatinsk area is the most likely point of origin of the debris.

COMMENT: This is the second nuclear test of the current Soviet winter series. The lack of geophysical evidence indicates that the explosion must have been a very low-yield one, probably less than five (5) kilotons. The fact that nuclear debris was detected at a distance of several thousand miles indicates that the explosion was probably not a surface-burst, whereas the relatively low altitude of the debris pickup precludes a very high-altitude shot. The most likely height of burst would depend on the precise yield and is probably in the range of 1000 to 5000 feet.

Soviet interest in testing nuclear weapons or devices under winter conditions has been noted before e.g. March 1956, December 1956, January 1957, etc. The reason for such an interest is not immediately obvious, unless one assumes that these tests are of an operational rather than experimental nature.

2. Sino-Soviet Agreement and Technical Cooperation

(CONFIDENTIAL)

A protocol on joint Sino-Soviet assistance to China for this was signed in Moscow on January the 18th between the governments of the USSR and China. The protocol provides for joint research by the two countries from 1958 to 1962 on 122 scientific and technological items of great significance to China. It also provides for strengthening direct contact between the scientific institutions of the two countries.

The protocol was signed by Kuo Mo-jo, president of the Chinese Academy of Sciences, representing the Chinese Government. Maksarev, chairman of the state scientific and technological committee of the Soviet Council of Ministers, signed for the Soviet Government.

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(unless otherwise classified)

The protocol is an outcome of months of talks between the Chinese scientific and technical delegation headed by Kuo Mo-jo, president of the Chinese Academy of Sciences and Soviet scientists. The visit to the Soviet Union of the delegation and its advisers' group composed of leading Chinese scientists lasted from October the 18th 1957, to January 19th 1958.

During this period, the delegation discussed major problems in developing science and technology and the expansion of scientific and technical cooperation between China and the Soviet Union with the state scientific and technical committee of the Soviet Council of Ministers, the Soviet Academy of Sciences, the state committee for economic relations with foreign countries of the Council of Ministers, the Soviet Ministry of Higher Education, and other major scientific research institutions. More than 600 Soviet scientists and experts took part in the discussion.

In the course of the negotiation, the Chinese delegation expressed the hope that the Soviet Union would render assistance to research in major scientific items enumerated in China's 1956 to 1967 program for scientific development. The forms of assistance, it was decided, would include the dispatch of Soviet scientists and experts to China, the dispatch of Chinese scientific and technical personnel to the Soviet Union for research and studies, and provision by the Soviet Union of the necessary equipment, scientific apparatus, and materials.

An agreement on cooperation in scientific and technical research was also signed today between the ministries of higher education of the two countries. A similar agreement was signed between the academies of agricultural sciences of the two countries. In addition to these, an agreement between the academies of sciences of China and the USSR was signed on 17th of December 1957.

COMMENT: The agreement appears to be a considerably more thorough one than those previously concluded, and is for a much longer period. There is in this instance, no pretense of China furnishing the USSR with anything in return for the assistance she is to receive. The agreement appears to be rather a part of the Chinese Five Year and Twelve Year Plans which are designed to bring her into the rank of technologically advanced nations by the end of the 1960's.

3. New Soviet Transports and
Their Probable Use

(SECRET)

Recently General Zakharov, Chief of Maintenance for Aero-flot, and a western official had a short discussion on the Soviet turbo-jet and turboprop transports. One of the points discussed was the ultimate

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SECRET

(unless otherwise classified)

use of these aircraft. Zakharov indicated that the COOT and the CAT, both four-engine turboprops, have been earmarked for continental runs, the TU-114 for longer hauls, and the COOKER, a four-engine turbo-jet for the Soviet Air Force.

COMMENT: Zakharov's disclosure that the COOKER is being produced in limited numbers for use within the SAF is interesting. No doubt this is in response to the Soviet's long standing need for a high speed heavy military transport. So far the various components of the SAF have been relying mainly on conventional type aircraft for transports. Most of them have been and still are conventional DAKOTA type aircraft with a very limited potential to serve the vast geographic area of the USSR.

The absence of a medium transport constituted a particularly large gap since World War II. This picture changed greatly when the Soviets started using the BULL as a transport. Although not designed initially for the transport role, it has nevertheless proven, with some limitations, to be a partial answer to the Soviet Air Force logistic problem.

As the BULL is phased out of the bomber role and allocated to the transport function it will materially alleviate the Soviet's military transport limitations of the past. With the acquisition of the COOKER by the SAF the military transport capability will be enhanced still further.

4. Removal of East German
Chief of General Staff

(CONFIDENTIAL)

It has been reported that Lt. Gen. Vincent Mueller, the East German Army Chief of General Staff, has been removed from office.

COMMENT: Since the establishment of an East German military force, every effort has been made to assure that it remains under the absolute control of the Party. In most instances, appointment to higher command positions has been determined primarily by a person's political reliability rather than his professional capability. The Minister of National Defence (Stoph) and the Commander of the East German Army (Hoffman) are of this type but have little or no military experience.

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(unless otherwise classified)

The third man in the military hierarchy, Lt. Gen. Mueller, the CGS, was without question the best qualified military man in the East German Army. He was a former member of the German General Staff. After fighting a brilliant defensive campaign in Russia, he surrendered the 8th German Army near Minsk in 1944.

He was interned in a prisoner-of-war camp and was subjected to intense Communist indoctrination. Outwardly, Mueller appeared to be a convinced communist, admired and respected by the Soviets. However, reports have indicated that he was not completely trusted by Party leaders and owed his position to his military talents and not his political strength.

Mueller's removal may be considered as parallel to that of Zhukov in the Soviet Army as it is probable that he also resisted increased political activity in the army. Since Khrushchev's visit to Germany in 1957 there has been increasing evidence of a tightening political control in the Army.

As the great weakness of the East German Army has been its political unreliability Mueller's removal will not necessarily lower the army's value, however, it is doubtful if the East Germans will be able to produce an equally qualified successor.

5. Reorganization of the Pakistan Air Force

(SECRET)

The operational force of the Pakistan Air Force (PAF) has been increased by 6 fighter squadrons equipped with F86F Sabre jets. An additional two jet fighter squadrons are in the process of formation.

COMMENT: To date, the PAF order of battle has included three fighter-bomber squadrons equipped with Furies, one fighter-interceptor squadron equipped with Attackers, and one transport squadron equipped with Bristol Freighters.

The current increase is the result of the delivery of 120 F86F Sabre jets from the U.S., under MDAP, during 1957. When the reorganization is complete, planning indicates that the composition of the PAF will be:

8 squadrons interceptor-fighter/bomber (F86F) at 12 U.E.
1 squadron fighter/bomber (Furies) at 12 U.E.
1 squadron transport (Freighters) at 16 U.E.

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1 squadron P.R. (16 RT-33s and 4 RB-57s) at 20 U.E.
1 flight G.R. (4 Freighters, 4 SA-16s, 4 H-19s) at 12 U.E.

This reorganization does not affect the balance of air power between India and Pakistan. The Indian Air Force (IAF), which is also implementing a large scale re-equipment and reorganization programme, retains a marked superiority over the PAF. The IAF is currently accepting deliveries on orders for 80 Canberras, 160 Hawker Hunters, 110 Mysteres IVA as well as 40 Gnats and 25 Vampires, and is putting into effect a planned expansion to 25 squadrons.

FAR EAST

6. Chinese Economic and Technical Assistance to the Yemen

(SECRET)

A scientific, cultural and technical agreement was signed in Peking on the 12th of January, by Chou En-lai of the People's Republic of China and Crown Prince Badr of Yemen. It provides for a Chinese loan of 70 million Swiss francs, (nearly \$16.5 million). The loan, which is interest-free, is to be repaid in ten equal instalments. It will be used to pay for machinery, equipment for light industries and the construction of a motor road.

The government of China will also provide technical assistance by sending Chinese experts, technicians and skilled workers to Yemen and by training Yemeni technicians and skilled workers in Chinese schools and factories. It is expressly stated that expenses of experts and trainees will be borne by the Yemeni government. The loan will not be used for this purpose.

Treaties of commerce and friendship were also signed.

COMMENT: This is the first loan of its kind extended by Communist China in support of Soviet Bloc penetration in the Middle East. Previously China had shown its support of Arab nationalist policy by making Swiss francs available to Egypt at the time of the Suez crisis.

Grants-in-aid to countries outside the Bloc have already been made by China to Cambodia, Nepal and Ceylon.

China is the last in a long list of Bloc countries which have signed commercial and other agreements with Yemen since 1956. These countries now include Poland, Yugoslavia and Roumania, as well as the USSR, East Germany and Czechoslovakia.

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Estimates of total economic aid from the Sino-Soviet Bloc, already accepted or about to be accepted by Yemen, now reach approximately \$80 million. A large Soviet technical mission is currently in Yemen to negotiate projects to be undertaken under the most recent loans. When it is realized that Yemen's annual exports are estimated at about \$10 million, it is clear that repayment of Bloc aid will place a heavy burden on the Yemeni economy for many years to come. Yemen will also become increasingly dependent on Bloc advisers and technicians, which are already present in large numbers.

7. Appointment of Lt. Gen. Yi Kwon-mu as
Chief of Staff of North Korean Army Reported

(SECRET)

The North Korean Radio has announced that a New Year's greeting from the North Korean Army to the Chinese People's Volunteers was signed by Lt. Gen. Yi Kwon-mu as Army Chief of Staff.

COMMENT: In September 1957 the former Chief of Staff, Gen. Kim Kwang-hyop, became Minister of National Defence, leaving the Chief of Staff appointment vacant. The present announcement is the first indication since that time that the vacancy has been filled. Gen Yi, born and raised in Yenching, Manchuria, fought as a guerrilla leader against the Japanese in 1934, and later attended university in the Soviet Union. He was a regimental or divisional commander in the Eighth Route Army, and during the Second World War is believed to have been commissioned as a lieutenant or captain in the Soviet Army. After the war he commanded a brigade in Korea, returning to Russia in 1948 to attend an unidentified school. He appears to have left the North Korean Army in 1948, for unknown reasons. In 1949 he returned to it, commanding a brigade, a division and a corps during the Korean War. He is known as a good tactician, being at the same time a member of both the Korean and Chinese Communist Parties.

Yi's appointment as Chief of Staff is considered unlikely to cause any changes in North Korean Army policy.

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Miss Bullen

JOINT INTELLIGENCE SUMMARY

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Issued weekly under the authority of
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SOVIET UNION

1. Resumption of Soviet Nuclear Testing

(SECRET)

A nuclear explosion occurred at the Semipalatinsk proving ground at 0720Z on the 28th of December 1957. The initial yield estimate is about 20 kilotons and the height of burst is believed to have been about 30,000 feet.

COMMENT: This test marks an apparent resumption of nuclear activity at Semipalatinsk. The previous test at this site occurred on the 26th of September 1957, and is believed to have been of somewhat higher yield. Both of these tests were probably of an experimental nature, related in some way to the development of missile or anti-missile warheads.

2. Launching of Soviet Nuclear-Powered Icebreaker "LENIN"

(SECRET)

The subject vessel, which has been under construction on the South Shipbuilding Way of the Krylov (ex-Marti) Shipyard at Leningrad, was launched on the 5th of December 1957.

COMMENT: The event occurred four weeks after the 40th anniversary of the "October" revolution, the intended launching date.

The following are announced particulars of the Soviet icebreaker "LENIN":

Laid down	May 1956
Launched	December 1957
Target completion date	1958 for 1959 navigational season
Displacement	16,000 tons
Length	134 metres (440 feet)
Beam	27.6 metres (90 feet)
Draught	9.2 metres (30 feet)
Deck rise	"over 52 feet" (flush deck)
Speed in open water	32 km/hour (17.3 knots)
Endurance	400 days
Power	44,000 SHP

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Number of shafts	3 (all at stern)
Power allocation	Centre shaft $\frac{1}{2}$, Outer shafts $\frac{1}{4}$ each.
Reactor heat output	200 megawatts
Fuel consumption	"less than 200 grams per day"
Hull construction	Pyramidal - welded
Number of pyramids	6
Number of main sections	176 (Maximum section weight - 70 tons)
Number of compartments	900
Hull plating thickness	Amidships - 32 mm (1.26 inches) Bow & Stern - 52 mm (2.05 inches)
Weight of stem and stern posts	30 & 83 tons respectively
Power plant type	Turbo-electric 1200 volts DC
Industrial enterprises contributing	250
Known sources of components	
Main turbines & gearing	Kirov Works, Leningrad
Main generators	Khar'kov electromechanical Zavod
Main motors	Electrosila Works, Leningrad
Centre propulsion motor data	
Steady-running power	20,000 hp
Weight (approx.)	180 tons
Length	7.3 metres (24 feet)
Housing diameter	4.4 metres (14½ feet)
Total number of electric motors on board	500
Total length of electric cable on board	300 km
Icebreaking capability	To negotiate ice 2 metres (6½ feet) thick
Aircraft complement	2 helicopters

metric ton - 1000 kg - 2205 lb approximately equals 1 long ton.

3. New Class of Tankers

(CONFIDENTIAL)

The Russians started work on the first of a new class of tankers at the Baltic Yard in Leningrad in September. These vessels will displace 40,000 tons and will be able to carry 27,000 tons of POL. The Leningrad/Kazbek class, of which about 45 have been built since 1953, displace 16,000 tons and carry 10,000 tons of cargo. The Kazbeks are diesel-powered and have experienced some difficulties with their main engines. The new class will be driven by steam turbines, giving them 18.5 Kts, as compared to 13 Kts for the smaller class.

The new class is designed for service between the Black Sea and the Far East, but will be suitable for other international routes. It is expected that they will be considerably more efficient than the Leningrad Kazbek class.

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4. New Air Warning Radar With Possible Height
Finding Capacity Fitted Riga Class Destroyers

(SECRET)

Three RIGA class destroyers sighted in July 1957 were seen to have a modified Sea Net antenna fitted on the main foremast platform.

The main differences between this modified antenna, nicknamed DRAG NET and the original SEA NET are:

- (1) the vertical angle of the reflector is lowered;
- (2) the waveguide feed to the horn is at an angle of approximately 20 degrees instead of being horizontal and the length of this part of the waveguide has been increased.

COMMENT: The change in antenna configuration is not yet fully evaluated. However if the DRAG NET antenna is capable of being elevated, this antenna could provide a height finding capability, which is not possible with the SEA NET radars now fitted in the Russian Fleet.

5. Soviet IR Equipped Aircraft

(SECRET)

A Soviet aircraft, which came from Bucharest, was observed at the airport at Zemun, Yugoslavia having an apparatus formed by four equal elements looking like searchlights, two of which were on top of the wing tip and two others under the wing tip. Each element was about 25cm in diameter and had an opaque glass in front. The crew of this aircraft said that the apparatus is an infra-red acquisition radar and that the glass in the front of each element is a slab of "Teflon", which is transparent to the waves of micron wave length. The elements contained some lead sulphide (PhS) lamps.

COMMENT: This information though incomplete, is considered to be of importance as it indicates Soviet development of IR target acquisition equipment. As the equipment is probably passive no range information could be derived.

6. Planned Use of Turbo-prop
Aircraft by Polar Aviation

(CONFIDENTIAL)

In a radio interview in Moscow, Shevelev, the head of Polar Aviation, stated that large turbo-prop aircraft of the MOSKVA (COOT) and UKRAINA (CAT)

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types would be received in the near future. He also referred to the use of these aircraft, presumably on a scheduled basis, in flights between the Chukotsk Peninsula and Moscow.

COMMENT: Turbo-prop aircraft of the types mentioned with their easy cold weather starting, their economy and their ability to fly at altitudes permitting the avoidance of unfavourable weather, are particularly suitable to Arctic operations. The CAT especially, believed designed for operating from fairly primitive surfaces, should prove extremely appropriate for northern work. In the light of existing evidence on production and flight testing of the GOOT and CAT, however, the reference to the receipt of these aircraft by Polar Aviation "in the near future" must be regarded with reserve. In any event it is expected that the Civil Air Fleet will have priority in the receipt of these aircraft.

A Polar Aviation service from Moscow to the Chukotsk, via the northern periphery of the Soviet Union, is believed to exist and Polar Aviation turbo-prop aircraft would likely first be used to fly this service.

FAR EAST

7. Addition of a Vehicle Repair Unit to North Korean Army

(SECRET)

A North Korean Army deserter apprehended on the 29th of July 1957, has provided organization details of a vehicle repair unit said to form part of 46 Division, North Korean Army. The total strength of the unit is one officer and 21 men, and it consists of a headquarters, a mechanic section, a repair section and a welding and blacksmith section. A chart of the unit is attached. (Appendix "A").

COMMENT: It has been accepted since before the termination of the Korean War that the infantry regiment of the infantry division has some capability of repairing its vehicles. Details as to organization are, however, not clear. At corps level, a Vehicle Repair Shop with a strength of 6 officers and 80 men is carried integral to the Rear Services Department of the Corps Headquarters.

In view of the known increase in the numbers of vehicles on divisional establishments as the North Korean Army becomes more mechanized, a vehicle repair unit is to be expected at the division level. At the present time, 269 cargo trucks and 18 small trucks of the 5-cwt type are carried by the infantry division in addition to its horse transport.

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The divisional vehicle repair unit as detailed by the deserter is therefore accepted in each of the infantry divisions of the North Korean Army, increasing the total divisional strength to 10,700, and the total Army strength to 354,933.

SOUTH EAST ASIA

8. Thailand Army General to be
Prime Minister

(CONFIDENTIAL)

The newly formed Thai National Socialist Party, which (UNCLASSIFIED) has a majority in the Thai Assembly, has selected Lieutenant General Thanom Kittikachorn as their candidate for Prime Minister. The National Socialists, formed by Field Marshal Sarit Thanarat, Supreme Commander of Thai Armed Forces, are composed of the 123 nominated members of the 283 member Assembly, 48 Unionist Party members and about 30 former members of the exiled Field Marshal Pibul Songgram's party. Pibul was overthrown as Prime Minister in a bloodless Sarit-led coup in September 1957.

COMMENT: Sarit reportedly wanted Nai Pote Sarasin, former (CONFIDENTIAL) Secretary-General of SEATO who was appointed temporary Prime Minister after the coup, to continue in office. It now seems likely that Sarasin will return to the SEATO appointment.

With such overwhelming support Thanom seems assured of becoming Prime Minister. At present he is Minister of Defence, Deputy Commander-in-Chief of the Army, and 1st Army Area Commander. It is not known if Thanom intends to relinquish any of these appointments; Thai generals are notably reluctant to give up any position lest it curtail their personal power.

Lieutenant General Thanom does not appear to be entering into commercial enterprises to any extent. However, the other rising member of the Army, Lieutenant General Prapass Charusathien, is reported deeply involved in various legal and illegal commercial activities as was his predecessor as Minister of the Interior, the exiled General Phao Sriyanond. Prapass is also Advisor to the Army, 1st Military Circle Commander and Commander of the key 1st Division which is located at Bangkok. At the moment the ambitious Prapass appears to be the most likely rival to Field Marshal Sarit as the real leader of Thailand.

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9. Laos - Military Integration Plans

(SECRET)

The Military Agreement for the integration of Communist Pathet Lao (PL) troops into the Laotian National Army (LNA) was signed on the 12th of November 1957 by PL and LNA representatives. The Agreement provides for the integration of about 1,500 PL troops into the LNA and for the handover of PL arms and equipment to the LNA. The Agreement is to be carried out within 60 days of the 19th of November 1957 when the National Union Government was formed. The remaining 4,500 odd PL troops will be placed on an LNA Reserve List and will be repatriated with their dependents to their original home areas.

Four Regroupment Areas are to be established where the integration will be effected. In Phong Saly province the Areas are at Ban Nam Saleng (near Boun Neua) and Muong Khoua; in Sam Neua province the Areas are at Sam Neua and Ban Saleui (near Muong Peun). The Areas were scheduled to be set up by the 8th of December 1957, under four Joint Military Sub-committees each consisting of 23 LNA and 5 PL personnel.

The International Commission will cover the integration by sending a team to each Regroupment Area with the Joint Military Sub-committees. Team personnel will be provided by temporarily reducing the teams at Pakse, Savannakhet, Xieng Khouang and Luang Prabang to one officer per Delegation.

COMMENT: The number of PL troops to be integrated has been set at 1,5000 because of financial limitations. They are to be formed into two infantry battalions, each command by a PL officer. The list of personnel and armaments submitted by the PL in accordance with the agreements is reported to include:

- 6,800 military personnel,
- 300 civilians,
- 2,260 rifles,
- 6 rocket launchers,
- 869 heavy automatic weapons
- 289 light automatic weapons,
- 20 heavy machine guns,
- 40 mortars,
- 10 cannons,

and approximately one million rounds of ammunition.

The calibre of the "cannons" is not indicated, however, they may be recoilless rifles. The PL are not known to have ever used artillery weapons. The list appears to be unusually short of rifles and rocket launchers. Though Viet Minh cadres with the PL are believed to have taken back a considerable amount of equipment when they returned

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to North Vietnam it also suggests that the PL have concealed arms dumps for use by an "outlaw" PL guerilla movement.

The primitive communications in Northern Laos will tend to hinder the integration procedures no matter how cooperative both sides are. Sixty days appears to be a somewhat inadequate allowance for integration.

10. Indonesia - Rebel Activity

(SECRET)

According to press reports Darul Islam (DI) (UNCLASSIFIED) terrorists destroyed 33 small bridges during an unsuccessful attempt to capture Mamasa, an inland town in Central and Western Celebes. The DI have also carried out a series of raids near Kandari, on the East coast of the island. Further trouble is reported on Ambon island in the Moluccas but is now said to have been suppressed.

COMMENT: The activities of the DI movement have been (SECRET) to some extent overshadowed by the series of Army-led bloodless revolts during past year in which the outer islands sought to obtain increased autonomy from the Central Government. However, this report is a reminder that the DI continue to pose a serious internal security problem for the Government, as they have in previous years.

The DI, who fought along with other Indonesians against the Dutch, have since endeavoured to establish a theocratic Islamic State in Indonesia. Main DI strength consists of three loosely allied groups located in West Java, South Celebes and North Sumatra. In West and Central Java the overall leader of the DI, SM Kartosuwirjo, has 7-10,000 armed followers, in North Sumatra Daud Buereuh has 3-4,000 and in the Celebes the fanatical Kahar Muzakkar has 5-6,000. Though the DI have lost sympathizers as a result of their terrorist activity they apparently retain the support of many of the local population in the main DI areas. In the Celebes in particular the terrorists have set out to destroy homes and food supplies, thus causing thousands of refugees to seek the protection of the towns. There is believed to have been some contact between Army rebel leaders and the DI, However, this recent activity indicates that no effective agreement has been reached there in the Celebes.

The Ambon area was the scene of an effort in 1950 to avoid Javanese domination. When local leaders proclaimed a "Republic of the South Moluccas" the Indonesian Army was used to ruthlessly and effectively suppress the revolt. Now only about 200 of the dissidents are believed to remain active. They are engaged mainly in banditry.

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SOUTH - AMERICA

11. Revolt of Venezuelan Armed Forces
on the 1st of January 1958

(SECRET)

The armed forces centered at Maracay revolted on the 1st of January 1958; it is reported that small army groups possibly in Caracas, went over to the rebels; that aircraft, including jets, attacked the presidential palace; that by the 2nd of January loyal government forces had re-taken all rebel points except for one airfield; and that the revolt was not supported by civilians.

COMMENT: In November 1957 there were indications of dissatisfaction in the Army. The extent of this dissatisfaction was difficult to determine at the time, but it did not appear to be sufficiently widespread to attract civilian political support, considered essential to success. The speed with which the revolt has been suppressed is believed to be due, first, to 'President Jimenez' watchfulness over the armed forces, and, second, to his eradication of political opposition. Changes in military personnel, are to be expected.

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Appendix "A"
to Item 7

VEHICLE REPAIR STATION, INFANTRY DIVISION, NKA

