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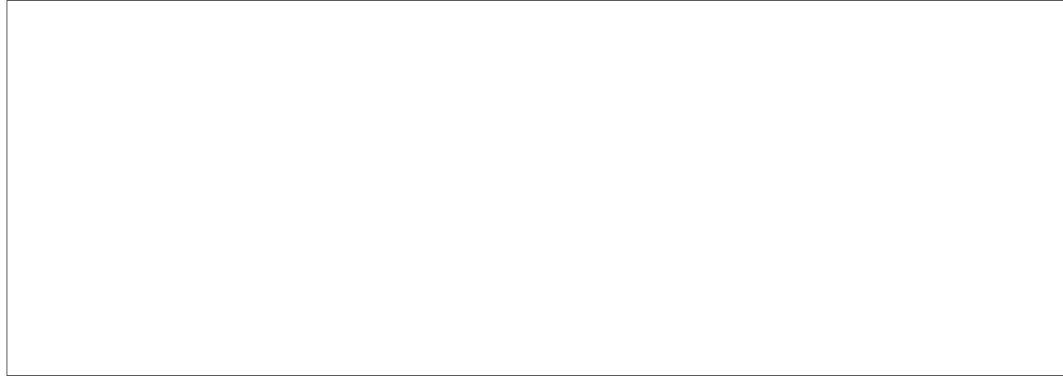


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SUMMARY

FAR EAST

1. Japanese estimate of US intentions regarding Formosa (page 3).

SOUTHEAST ASIA

2. Comment on role of former Cambodian king (page 3).
3. Chou En-lai and Nasr invited to visit Rangoon en route to Afro-Asian conference (page 4).
4. Arrests of Indonesian opposition members may indicate future government election tactics (page 5).
5. Indonesia may extend de jure recognition to North Vietnam (page 6).

SOUTH ASIA

6. Congress victory in Indian state of Andhra does not ensure stability (page 6).

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FAR EAST

1. Japanese estimate of US intentions regarding Formosa:

[Redacted] Japanese ambassador Iguchi in Washington believes the United States plans eventually to draw a truce line in the Formosa Strait and to bring about a de facto truce. [Redacted]

Comment: Iguchi's analysis is in line with the position favored by Japan, which sees a Nationalist withdrawal to Formosa as the first step in the eventual emergence of an independent Formosa and the acceptance of Peiping as the lawful government on the mainland.

Japan's anticipation of the "two China's" concept became evident during its peace treaty negotiations with the Nationalists in late 1951, when it refused to acknowledge Nationalist sovereignty over the mainland.

SOUTHEAST ASIA

2. Comment on role of former Cambodian king:

[Redacted] Developments in Cambodia since King Sihanouk's abdication leave no doubt that the former monarch intends to retain his

dominant position in Cambodian political life. Postponing his "return to the people," Sihanouk took complete charge of a military graduation ceremony on 5 March at which the new king was present, and was evidently vastly pleased with himself in his new role, according to Ambassador McClintock.

He informed the American ambassador that "he had arranged" with the palace and the government for negotiations on American aid to be brought to a speedy conclusion. To this end, he had appointed his mother his "plenipotentiary!" McClintock believes Sihanouk will continue to be king in everything except name, acting through a sort of "shogunate," and his spokesmen will be his three privy councilors.

In the event Sihanouk tires of his present role, he may arrange to have his throne restored to him. There are precedents for such action in Cambodian history, and the machinery exists for organizing a "spontaneous demand" for Sihanouk's return. Such a restoration would, moreover, have the strong support of the present king and queen, who have been conspicuously ill at ease in their new roles.

3. Chou En-lai and Nasr invited to visit Rangoon en route to Afro-Asian conference:

Comment: Nu, who is about to visit New Delhi himself, appears to be increasingly active in the role of a behind-the-scenes arranger for the Bandung conference. He is now in Bangkok for a series of talks.

Nu has been in particularly close contact with Chou En-lai. Should the latter respond favorably to Nu's invitation to visit Rangoon, he will be able to elicit Burmese support for whatever proposals he intends to advance at Bandung. In the event his arrival coincided with that of Nasr, he would also have an opportunity to influence an important Arab leader who has recently professed increased interest in adopting a policy of neutralism and independence toward the West.

4. Arrests of Indonesian opposition members may indicate future government election tactics:

A number of opposition Masjumi party leaders were arrested in late February, the day before a town election in West Java, according to the Indonesian press. the arrests were

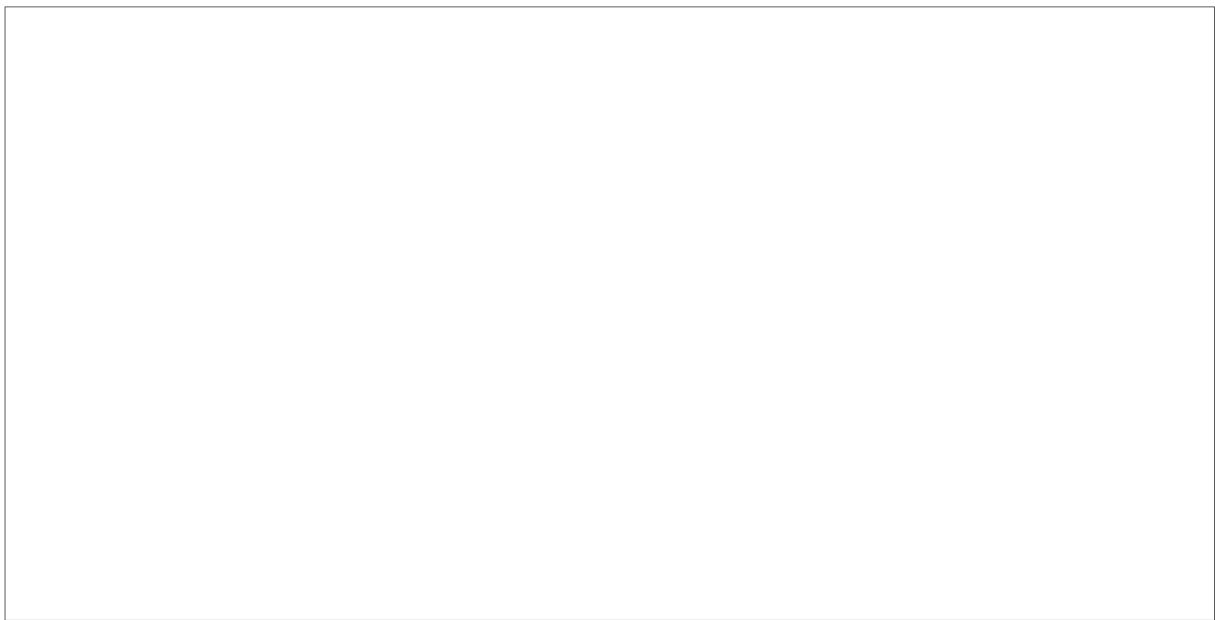
responsible for the National Party's winning the election by a slim plurality, since the detainees were unable to vote and their families were afraid to. Ostensibly the arrests were in connection with the activities of armed bands in the area, and the Masjumi fears they may be an indication of future National Party tactics to upset the Masjumi organization.

The election returns in the town showed the Communists a strong third party.

Comment: Both the National Party, which heads the cabinet, and the Communist Party, which supports it, fear a Masjumi victory in Indonesia's forthcoming first general elections because of the Masjumi's identification with Mohammedanism, the nation's predominant religion. As one of their campaign tactics, these two parties have tried to identify the Masjumi with the illegal Darul Islam, a fanatical Moslem organization and Indonesia's principal dissident group. The February arrests apparently were made largely on these grounds.

The Communists have campaigned more actively than any other party, and are reported gaining strength at the expense of both the National Party and the Masjumi.

5. Indonesia may extend de jure recognition to North Vietnam:



Comment: The Indonesian foreign minister told the American ambassador in February that the cabinet had decided to extend de facto recognition to all four Indo-chinese states and to establish consulates general in each.

The Djakarta government probably wants to take action on the Indochina recognition problem before the Afro-Asian conference in April, to which all four Indochinese governments have been invited.

SOUTH ASIA

6. Congress victory in Indian state of Andhra does not ensure stability:

The Congress Party still faces major problems in Andhra state despite the fact it alone has won an absolute majority in the recent elections and, with its allies, controls a large majority of the 196 seats in the state legislative assembly. The Communists received over 30 percent of the votes cast as against Congress' 50 percent. The Communists' capability for troublemaking will presumably again come to the fore as the intensity of Congress Party activity in Andhra declines.

Factionalism still exists within the Congress Party organization and competent leadership, as in the past, apparently is still lacking. A thorough overhauling of the Congress Party organization in Andhra, as well as of the administration of the state government, will be necessary to achieve true stability.