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29 March 1955

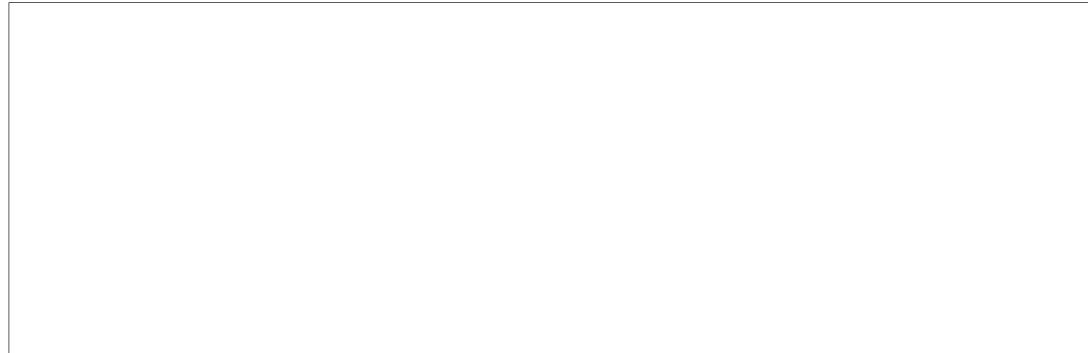
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GENERAL

1. **Bohlen believes Moscow maneuvering to block Austrian tie with NATO:**

Ambassador Bohlen believes the Soviet Union may consider that the prospect of West German rearment has increased the danger of some concealed involvement

of the Western zones of Austria in the NATO military network. He suggests that recent Soviet maneuvers are designed to prevent this by ensuring the neutralization of Austria, and failing this, to provide propaganda justification for the integration of the Soviet zone into the projected Orbit military setup.

Bohlen points out that although the Soviet note of 24 March stated Moscow's willingness to consider the Austrian issue separately from the German question, it did not exclude the possibility that other matters besides Austria could be taken up at a four-power conference. He points out that the note implied the Soviet Union would reserve the right to send troops back into Austria after a treaty is concluded if it thought that a direct threat of an Anschluss had arisen.

2. **Molotov adamant against Nationalist representation at proposed conference on Formosa:**

Comment: There have been unconfirmed reports of high-level Soviet disagreement over the degree of support to be given Peiping on the Formosa issue. If these differences have not been finally resolved, this could explain Moscow's policy of stalling on the conference question while making sure, however, that the door is left open for a diplomatic solution.

Moscow may also have decided to hold out the prospect of negotiation on this situation until after next month's Afro-Asian conference.

SOVIET UNION

3. Zhukov probably attended Soviet atomic explosion last autumn:

In September 1954, Marshal Zhukov, who was then a first deputy defense minister and probably commander in chief of ground forces, was in charge of Soviet military maneuvers which included the tactical use of atomic weapons,

The maneuvers reportedly took place at Totskoe, in the South Ural area between Kuibyshev and Chkalov. Several unidentified "corps of special units" are said to have participated.

Comment: This report tends to confirm the hypothesis that the Soviet nuclear explosion known to have occurred on 14 September 1954 at Totskoe, a locality not previously used for such tests, was part of a military maneuver or effects test. The purpose of this activity may have been to demonstrate Soviet atomic warfare tactical doctrine as well as to give Sino-Soviet bloc observers firsthand knowledge of the effects of nuclear weapons, in connection with the atomic warfare training programs now under way in Soviet and Satellite military forces.

SOUTHEAST ASIA

4. Comment on South Vietnam situation:

Premier Diem's decree of 26 March stripping the Binh Xuyen of its control over the Saigon police and transferring this force to the Saigon prefectoral authorities may lead to incidents between the government and the powerful gangster organization.

The Binh Xuyen has gradually emerged as the focal point of opposition to the government. With its large economic holdings to protect and with the special patronage of Bao Dai, the Binh Xuyen is not likely to retreat readily before government pressure.

While the "united front" of the sects has apparently been weakened by independent Cao Dai general Trinh Minh The's reversion to support of the government, the American embassy in Saigon believes the premier's pronouncement of 27 March, offering to make certain changes in the government, will be regarded by the sects as a sign of weakness and may embolden them in their demands.

5. British official urges primacy of Indian influence in Laos and Cambodia:

Britain would like to see India take over the "major foreign influence role" in Laos and Cambodia, according to a Foreign Office official. He told American officials in London that this was "of course long-range planning" and that Britain did not desire to see present American and French plans "queered."

The British official noted that India does not have the money to take over military training in Cambodia. He agreed that firm Indian support for the Laotian government was "most important" to the chances of restoring, by an appeal to the

International Control Commission, the royal government's control over areas held by the dissident Pathet Lao.

Comment: The British have long been anxious to see the Indians adopt a "big power" role in Southeast Asia. In line with this general policy, top British officials at the recent Bangkok conference suggested the possibility of having India take over responsibility for military training in Cambodia. The Indians have not been enthusiastic about assuming this responsibility.

NEAR EAST - AFRICA

6. Comment on current tension in Turkish-Syrian relations:

Turkey's blunt diplomatic assault on the avowed intention of the present Syrian government to align itself with Egypt and Saudi Arabia against the Turkish-Iraqi pact has evoked considerable resentment in Damascus.

The Syrian foreign minister told Ambassador Moose on 23 March, however, that despite Turkey's provocations, Syria intended to make every effort to maintain friendly relations and would keep the tone of its communications within normal diplomatic usage. Despite mutually hostile press campaigns, charges of border violations, and the recall of the Syrian ambassador in Ankara for consultations, a formal rupture of relations between the two countries does not seem likely at this time.

Ankara has categorically denied press reports that Turkish troops are concentrating on the Syrian frontier and attributes these reports to Egyptian propaganda.

The unusually tough tone of Turkey's diplomatic notes to Syria has nevertheless alarmed Lebanon and, to a lesser extent, Iraq, which fears that Ankara may be over-playing its hand. However, pro-Western Syrians in touch with the American embassy in Damascus believe the Turkish pressure is helping materially to influence the Syrian cabinet away from the Egyptian-Saudi proposals.

7. Continuing border violence seriously concerns Israel and Egypt:

Prime Minister Sharett told the American ambassador on 26 March that Israel is gravely concerned over continuing border violence in the Gaza area. Sharett said that the attack on an Israeli wedding party on 24 March "raises again the question of how long Israel can remain calm in the face of repeated violence."

Sharett has also had meetings with the British, French and Soviet ambassadors to emphasize the seriousness of the border situation in the Gaza sector.

Egypt has categorically denied official responsibility for this incident. The American embassy in Cairo states that Egyptian officials are "clearly upset" by it and have expressed fear that their government will be charged with instigating this attack.

Comment: Egypt is incapable of controlling the actions of the more than 200,000 Arab refugees in the Gaza strip.

Israel, supported by the UN Mixed Armistice Commission's censure against Egypt for the attack of 24 March, will probably expect the Security Council to consider the over-all Egyptian-Israeli border situation before condemning Israel for the 28 February attack against an Egyptian military post in Gaza.

WESTERN EUROPE

8. Austrian foreign minister discusses Raab's proposed Moscow visit:

Austrian foreign minister Figl informed the Western ambassadors in Vienna on 26 March that the cabinet would decide on 30 March whether Chancellor Raab

should accept the Soviet invitation to visit Moscow. He thought Raab would certainly not go until after Easter, and mentioned that the chancellor would have to be back in Vienna for ceremonies on 27 April.

Figl agreed that no commitments should be made in Moscow on Austrian neutrality. He observed that there were great dangers in neutrality guarantees, and said he favored a simple four-power guarantee of Austrian sovereignty and territorial integrity with no provisions for implementation.

Figl said he thought that if pressed on this matter by the USSR, the Austrians should express satisfaction with the present draft treaty and state that if the USSR wants something more, it should take the matter up with the Western powers.

American ambassador Thompson is by no means sure, however, that Raab "will take or be able to maintain" such a position.

Comment: In view of favorable Austrian press reaction to the Soviet invitation and the general air of optimism among many Austrian leaders, Raab's trip to Moscow now appears a certainty.

Figl was described in a recent report as irritated by Raab's "irresponsibility" in making promises in dealing with Soviet officials. Raab probably will find it difficult to go back on his 20 March statement that Vienna would be willing to insert an Austrian pledge of neutrality in the state treaty. Such a pledge was proposed by Molotov during the Berlin conference in January 1954 and was opposed by the Western powers at that time.

LATE ITEM

9. Soviet fleet units may move out of Black Sea:

	one or more surface units of the Black Sea Fleet are moving
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out of the Black Sea. [redacted] at least three ships are involved and that as of 1400 Greenwich time on 28 March the vessels were opposite the Bulgarian coast.

[redacted]

Comment: The vessels involved tentatively appear to be subordinate to the "Special Surface Group," which has consisted of one light cruiser, six destroyers and eight other escort vessels.

Soviet naval vessels must give Turkey eight days' notice before passing through the Dardanelles. Turkey is not known to have received any such notification. The only time since World War II that Soviet warships left the Black Sea via the Bosporus and Dardanelles was in June 1945, when a cruiser and two destroyers visited Durres, Albania.

The Soviet Union has sounded out Greece and Italy within the past year about an exchange of naval visits, but final arrangements have not been reported. No other pending visits to Mediterranean countries have been reported.

It is possible that the warship construction program in the Black Sea area has been of sufficient scope to permit the transfer of a number of vessels to other fleets. It is also possible that the group will proceed to another fleet area for exercises, although an exercise involving elements of two separate fleets would be unprecedented.

THE FORMOSA STRAITS

Report of the IAC Current Intelligence Group for the Formosa Straits Problem

This report is based on information received in Washington up to 1100 hours 28 March 1955.

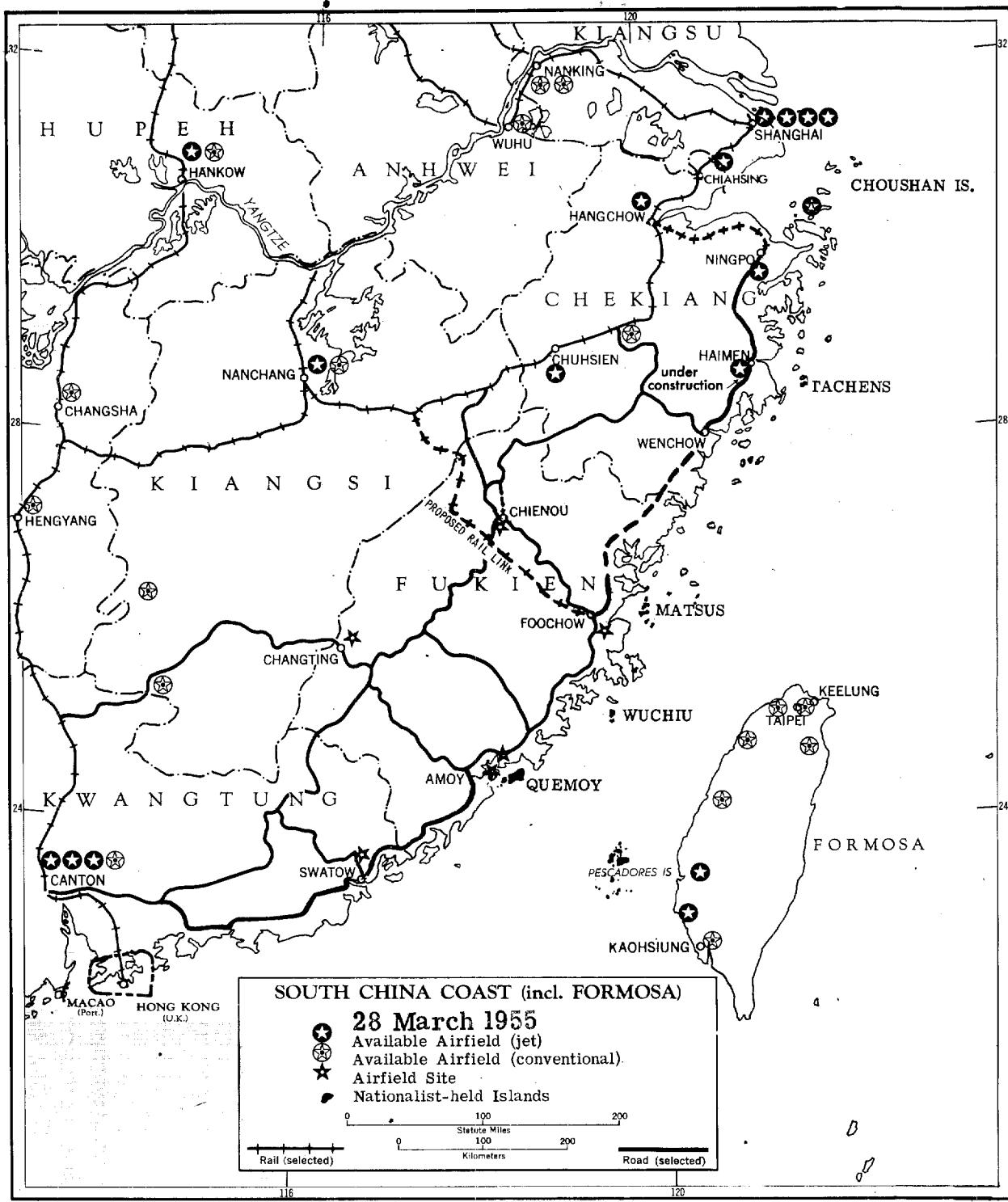
1. No significant military activity has been reported. Weather precluded reconnaissance of Chinese Communist air-fields. [redacted]

2. Intelligence contraverts recent press accounts of a Chinese Communist buildup in this area. [redacted]

3. During the course of the French Senate debate on the ratification of the Paris agreements, Prime Minister Faure said that he did not accept the "roll-back" concept in relations with the Soviet Bloc and Asia and that it was not realistic to permit the Chinese Nationalists to sit on the UN Security Council. These statements were made to placate French opinion, which has been concerned with reports that the US might go to war to prevent Communist seizure of the Quemoy and Matsu island groups.
[redacted]

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