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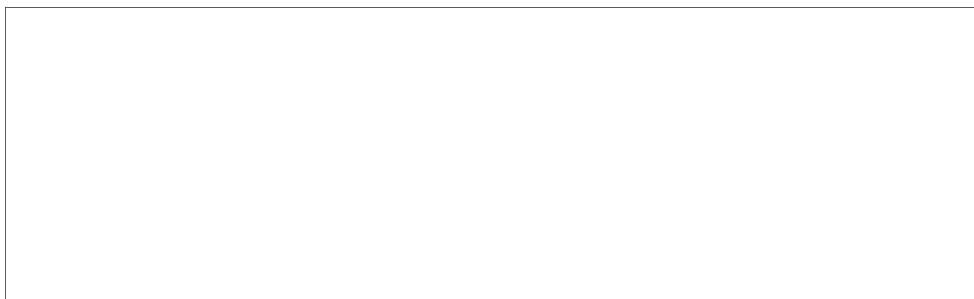
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1. COMMENT ON GREEK POLITICAL DEVELOPMENTS

[Redacted] Following the death on 4 October of Greek prime minister Papagos, the government resigned and Public Works Minister Constantine Karamanlis has been entrusted by the king with forming a new government.

Papagos' Greek Rally will probably disintegrate, ushering in a period of political instability. Karamanlis, however, has for some time been organizing the nucleus of a new center party and may be able to enlist strong popular support in the next few months.

Members of the parliamentary opposition have been clamoring for new elections and threatening to resign en masse if they are delayed. In the present disturbed state of Greek opinion, early general elections would likely result in increased leftist and neutralist influence in parliament. The king, however, will probably try to postpone elections for several months in order to permit Greek passions aroused over the Cyprus issue to cool and to promote Karamanlis' new party. [Redacted]

2. COMMENT ON INDONESIAN ELECTIONS

Further unofficial Indonesian election returns show a continued National Party lead, amounting to a plurality of approximately 30 percent of the votes counted. Inconclusive reports from non-Javanese areas show gains for the Masjumi, but so far they have been insufficient to change its fourth-place position. The Nahdlatul Ulama and the Communist Party continue to hold second and third places respectively.

Nearly complete returns from East Java show the Communists second in that district, Indonesia's most populous area. The turnout there was approximately 90 percent of the registration. In Surabaya, Indonesia's second city, the Communists polled more than the combined vote of all other parties.

The reconvening of the old parliament on 3 October poses a threat to the temporary continuance in office of the Masjumi-led cabinet. Although Prime Minister Harahap has stated he will keep his cabinet in office until the new parliament is seated some three months or more hence, National Party leaders have demanded that he offer to resign.

Meanwhile, leaders of the Nahdlatul Ulama are reportedly seeking co-operation among the three leading non-Communist parties in order to keep the Communists out of a new coalition. The Communists have already publicly put in their bid for inclusion in the new government.

3. COMMENT ON JAPANESE POSITION ON NEGOTIATIONS WITH USSR

[redacted]
The Japanese government apparently has reached a decision on the policy Ambassador Matsumoto is to follow when he returns to London to resume negotiations with Soviet representative Malik. Tokyo will seek the unconditional return of Shikotan and the Habomai Islands, the return of Japanese detainees within one month after a treaty is signed, and a protocol referring to the former Allied powers determination of the sovereignty over Sakhalin and the Kurils.

Tokyo has rejected Krishna Menon's suggestion that Japan make some major concessions in order to restore diplomatic relations with the USSR and thereby gain UN membership.

[redacted]
Malik has indicated the USSR's willingness to drop demands concerning Japanese participation in military alliances, to return the detainees after relations are established, and to return the Habomais and Shikotan if Japan agrees not to militarize them. Matsumoto believes Moscow will also abandon its request for closing the Sea of Japan to warships of any but the riparian powers. Consequently, Tokyo probably believes the prospects for concluding a treaty by the end of this year are good.

4. PAKISTANI ARMY CHIEF DISSATISFIED WITH AMERICAN MILITARY ASSISTANCE

General Ayub, commander in chief of the Pakistani army, feels that the reduction planned in American military assistance for Pakistan will make it impossible for him to check the growing belief in army circles that the United States is engaging in "political opportunism" in Pakistan.

Ayub claims his own position will be difficult because he has vigorously opposed doubters in his own country, the Shah of Iran, and King Saud of Saudi Arabia, who warned him that "Americans cannot be trusted." He adds that it is unlikely Middle Eastern countries will line up with the United States when they learn that "the USA did not keep its commitment to Pakistan."

Comment

Despite the fact that Ayub has publicly commended American military aid to Pakistan, he has long been dissatisfied with the quantity of materiel being delivered. Pakistan's six-month delay in adhering to the Baghdad pact was motivated in part by this dissatisfaction.

The commander in chief's pessimism on Middle Eastern reaction is probably exaggerated,

Ayub has recently retired top generals who have criticized him, and his own role as a champion of co-operation with the West may also be undermined.

5. AFGHANISTAN TO UTILIZE SOVIET TRANSIT ROUTE FOR COTTON SHIPMENT

[Redacted] Two thousand tons of cotton will be shipped from Afghanistan to Hamburg, West Germany, via the USSR, according to a Kabul announcement of 3 October. The first portion of the shipment has already reached the new Afghan border port of Qizil Qala on the Oxus River.

The American embassy in Kabul comments that, to the best of its knowledge, this will be the first large export shipment to cross the Soviet Union under the Afghan-Soviet transit agreement of 28 June.

Comment

Large amounts of Afghan cotton have piled up in Afghanistan during the last few months as a result of the recent Pakistani blockade. The transit route across Soviet territory to Germany for Afghan cotton, which is produced north of the Hindu Kush Mountains near the Soviet border, may save both time and transportation costs.

Kabul may be using the shipment to test the effectiveness of the Soviet route as an alternative to the Pakistani route on which it has depended so heavily in the past. [Redacted] --Concurred in by ORR)

6. IRAQI PRIME MINISTER SEEKS "FREE HAND" TO DEAL WITH SYRIA

Iraqi prime minister Nuri Said, in an interview he arranged with the American ambassador on 4 October, said that Egypt and Saudi Arabia are getting ready to strangle Iraq, using what he called the Communist element in Syria. Nuri said the situation in Syria will progressively worsen, and that he wants the United States and Britain to give him a free hand to act now.

Nuri cited as evidence of Communist activity Syria's alleged readiness to cut off the flow of oil between Iraq and the Mediterranean, and asked that the United States and Britain restrain Israel while he tries to "set things straight" in Syria. Nuri was evasive when asked what kind of action he contemplated, but said he would guarantee Syria's independence.

Comment

What Nuri, a distinguished Arab leader, presumably has in mind is a coup followed by some form of Iraqi-Syrian union, a project he has long favored.

Nuri is probably seeking ways to counter the increase in Egyptian prestige and influence in Syria which seems likely to follow Cairo's arms deal with the Soviet bloc. Press reports that Egypt and Syria have reached some kind of new defense agreement indicate that Nuri's fears in this respect are well founded.

BIWEEKLY SUMMARY
22 September-5 October 1955

THE FORMOSA STRAITS

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

1. Chinese Communist military action opposite the offshore islands during the past two weeks was limited to artillery firing against various islands of the Quemoy group. During the past week the total of over 1,400 rounds was the highest of any week since September 1954. The increased shelling may have been timed to coincide with the observance of Communist China's National Day--1 October.

2. None of the six Chinese Communist airfields along the East China coast opposite Formosa and the offshore islands is occupied as yet. Nantai and Chenghai appear serviceable. Lungtien and Chingyang are probably unserviceable, but could be made serviceable with little effort. Lungchi is unserviceable because of continued construction. Swatow is serviceable only for light transport aircraft and no additional construction activity has been noted there recently.

3. Preliminary air photography reports of 3 October indicate that the Chinese Communists recently began constructing another airfield in Fukien Province, this one near Liencheng, 175 miles west of Foochow.

4. An additional Chinese Communist railway engineer division has moved to Fukien. Of 11 such divisions identified in the Chinese Communist forces, at least seven are now believed to be engaged in the construction of the railroad that will connect Amoy with the main Northeast-Southwest railway south of the Yangtze River.

5. Despite MAAG objections, the Chinese Nationalist plan to move an additional infantry battalion to Matsu was carried out on 25 September and an additional artillery battalion is scheduled to move there on 15 October.

With MAAG concurrence, a separate tank battalion with about 50 light tanks moved from Formosa to Quemoy on 1 October. This will bring to approximately 160 the total of light tanks on the Quemoy Islands. [redacted]

6. On National Day (1 October), Chinese Communist editorials and the minister of defense's Order of the Day to the troops reiterated the determination to "liberate Formosa." However, the National Day comment at the same time reaffirmed willingness to lessen tension in the Formosa area by direct talks with the US. Earlier in the week, Peiping had charged that the US was reluctant to negotiate. [redacted]
[redacted]

5 OCTOBER 1955

FORMOSA STRAITS SITUATION

Primary roads _____
Secondary roads _____0 50 100 150
NAUTICAL MILES
0 50 100 150
STATUTE MILESRailroad
Proposed railroadPRIMARY
SECONDARY

COMMUNIST AIRFIELD LEGEND

USABILITY

- ▲ OPERATIONAL
- ▲ SERVICEABLE
- ▲ UNKNOWN
- UNDER CONSTRUCTION

★ NATIONALIST AIRFIELD

DESIGNATIONS

PRIMARY: CONSIDERED MOST IMPORTANT IN AREA, WITH PREPARED RUNWAY GENERALLY 5000 FEET OR LONGER.

SECONDARY: AUXILIARY OR EMERGENCY BASES, OR FIELDS OF LESSER IMPORTANCE, RUNWAYS GENERALLY LESS THAN 5000 FEET.

OPERATIONAL: ACTIVE BASE FOR MILITARY & CIVILIAN AIRCRAFT, SOME BASES USED BY PISTON TYPES MAY BE USABLE BY JETS.

SERVICEABLE: INACTIVE BASES CAPABLE OF USE BY AIRCRAFT

UNKNOWN: CURRENT STATUS UNDETERMINED.

