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19 March 1958

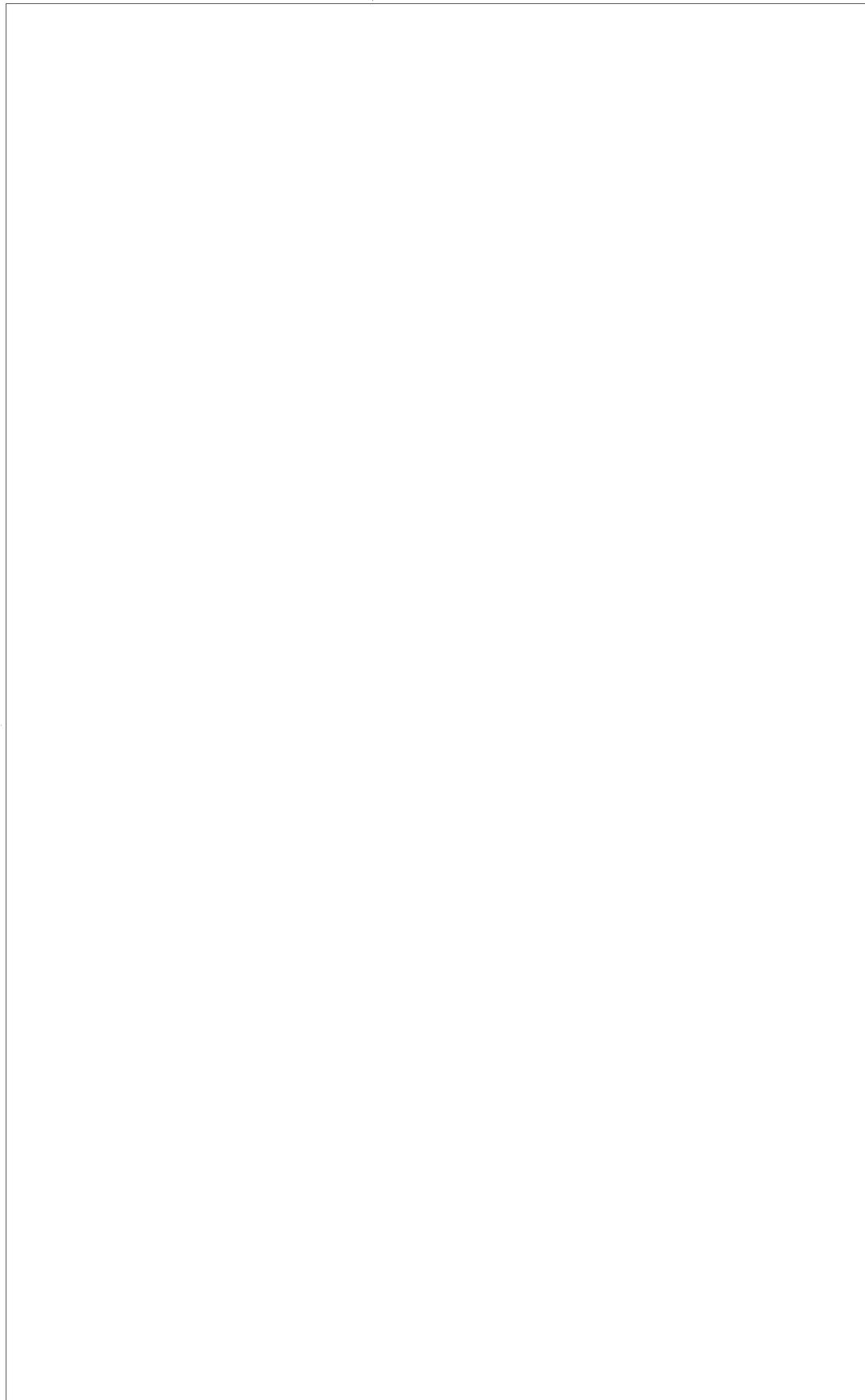
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CENTRAL INTELLIGENCE BULLETIN



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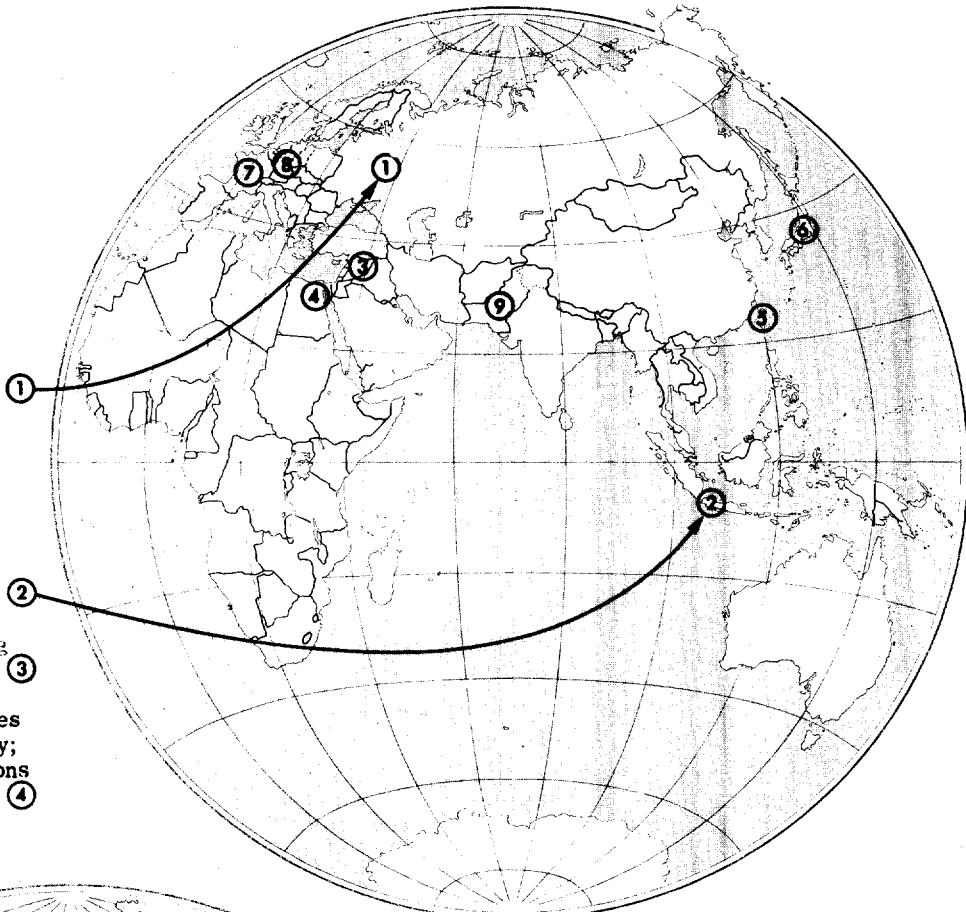
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19 MARCH 1958

I. THE COMMUNIST BLOC

High Soviet diplomat reiterates Soviet objections to substantive preparations for summit conference; says heads of governments should determine whether agreements are possible.



II. ASIA-AFRICA

Indonesia - Ten Soviet merchant ships totaling 20,000 tons arrive for use of Djakarta. --Sumatran dissidents may attempt to retake Medan.

United Arab Republic - Sarraj emerging as Nasir's proconsul for Syria.

Egypt will again send intelligence parties into Israel to report on military activity; but Egyptian estimate of Israeli intentions remains calm.

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Nationalist Chinese foreign minister says Taipei will suspend procurement in Japan in retaliation for private Tokyo-Peiping trade agreement.

Largest Japanese labor federation invites Chinese Communist representatives to help prepare for Asian-African labor conference.

III. THE WEST

France - Gaillard wins confidence vote on constitutional reform; basic differences within his coalition remain.

West Germany - Adenauer may oust Foreign Minister Brentano after 20 March foreign policy debate.

LATE ITEM

New provincial government formed in West Pakistan.

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CENTRAL INTELLIGENCE BULLETIN

19 March 1958

DAILY BRIEF

Dink
I. THE COMMUNIST BLOC

No
Summit--Soviet view: A high Soviet diplomat in Paris told American embassy officials on 17 March that instead of there being prior substantive preparations, the heads of government should determine whether agreements were possible since the USSR--"just like" the US--might be "holding back" compromise solutions for bargaining purposes. He also said that neutralist participation in summit talks is not essential, but that "it was agreed, of course, that there would be parity in East-West representation."

(Page 1)

II. ASIA-AFRICA

No
Soviet ships for Indonesia: Ten Soviet merchant ships totaling about 20,000 tons arrived in Djakarta between 15 and 18 March. These ships were purchased under the terms of the recently ratified \$100,000,000 Soviet loan agreement and represent further material assistance to Indonesia from the bloc. Nearly 5,000 Soviet jeeps have been purchased by Indonesia under separate arrangements.

Dissident forces which withdrew southward from Medan on 17 March are somewhere between Medan and Siantar. supporting dissident troops, who may join the forces from Medan, are moving toward the Medan area from Atjeh and Tapanuli. These

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movements may foreshadow either a new attempt to take Medan or fighting around the town of Siantar which is held by government troops. [redacted] (Page 2)
(Map)

OK
Syria: Sarraj is emerging more clearly as Nasir's proconsul for Syria. During Nasir's stay in Syria he removed the civilian politicians from active policy-making roles, and Sarraj is filling this gap. At the same time, army commands and security forces apparently are being reorganized in an effort to block the rise of any other military politicians. [redacted]

X
Egypt - Israel: The Egyptian commander in chief on 7 March authorized dispatch of intelligence parties into Israel to gather information on Israeli military activity. Egyptian intelligence missions into Israel were ordered halted in June 1957. Egypt's willingness to undertake infiltration of Israel appears to reflect concern over Israel's reaction to increasing Egyptian activity in the Gaza strip and eastern Sinai. Egyptian intelligence appreciation of Israeli military activity as recently as 17 March, however, remained calm. [redacted]

No
Taiwan - Japan: Nationalist China's foreign minister states Taipei will suspend all procurement in Japan--including US-financed procurement--and may initiate a boycott of Japanese goods in retaliation for the recent negotiation of a private Japanese trade agreement with Communist China. Any boycott would be a drastic step because of Nationalist China's heavy dependence on Japan as a market and a source of supply. [redacted] (Page 4)

OK
Japan: Japan's largest labor federation, Sohyo, has decided to invite labor representatives from Communist China and five other countries to meet in Tokyo on 15 May as a preparatory committee for an Asian-African labor conference. The American ambassador in Tokyo comments that

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the inclusion of Chinese Communist representatives is a departure from Sohyo's previous attitudes and may indicate a weakening of the moderate elements in the federation. [redacted] (Page 5)

III. THE WEST

OK France: Gaillard's 282-196 victory in the 18 March confidence vote on constitutional reform has not resolved the basic differences within his coalition, which is increasingly split over the North African situation. Speculation on the possible return of General de Gaulle to power continues. [redacted] (Page 6)

OK West Germany: Foreign Minister Brentano may be ousted by Adenauer unless Brentano improves his performance in the 20 March foreign policy debate. One possible replacement might be Minister of the Interior Gerhard Schroeder, whose appointment would pacify the disgruntled Protestant elements in the Christian Democratic Union and would counteract Defense Minister Strauss' policies and ambitions. [redacted] (Page 7)

LATE ITEM

OK *New Government in West Pakistan: By announcing formation of a new government in West Pakistan on 18 March, Prime Minister Noon's Republican party may have successfully foiled a maneuver begun earlier in the day by the opposition Moslem League--with the support of President Mirza--to oust the Republicans from the government of West Pakistan, shake Noon's position in Karachi, and eventually supplant Noon's government with one dominated by the Moslem League. [redacted]

[redacted] (Page 8)

19 Mar 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

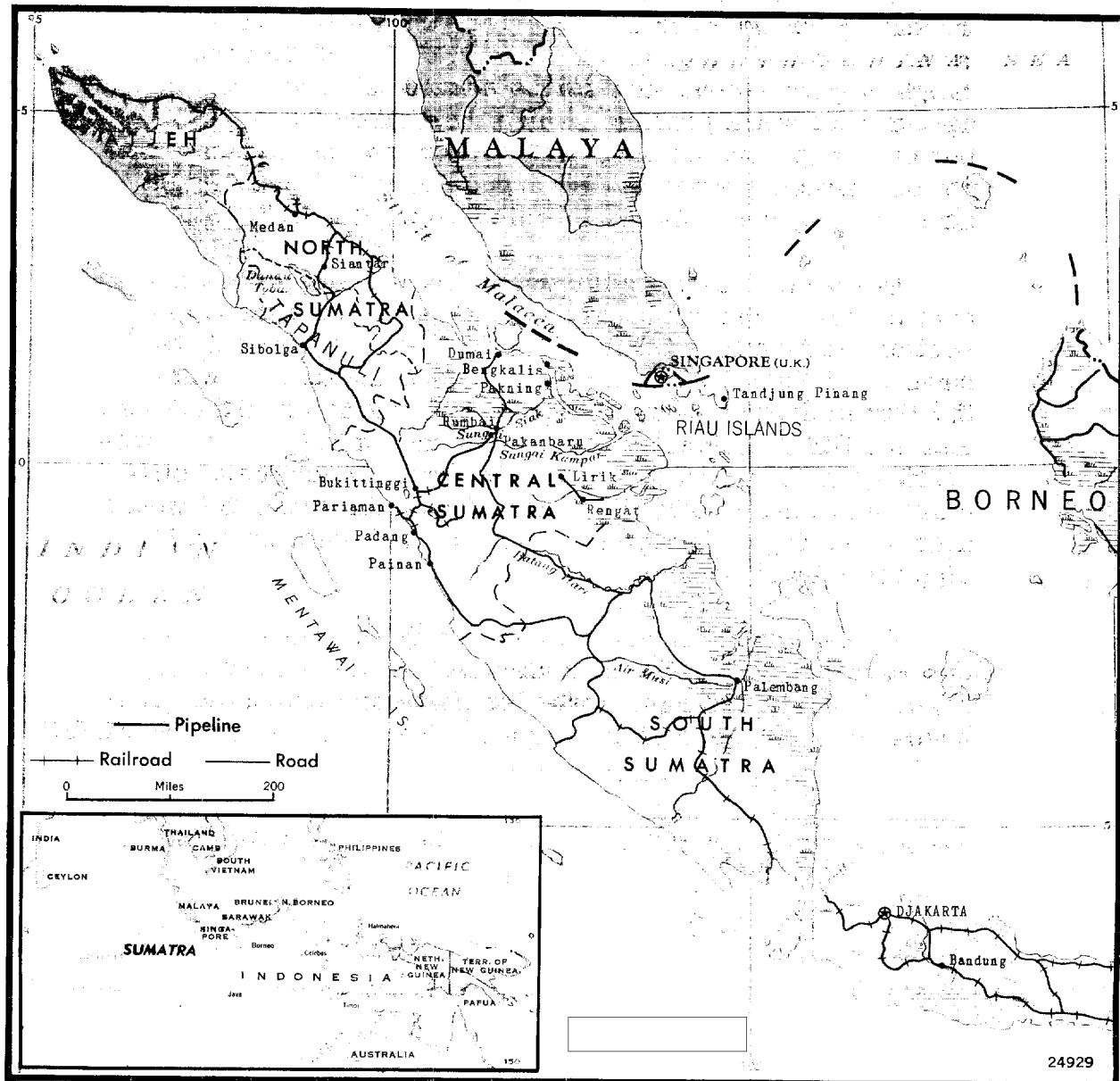
USSR Hints at Compromise at Summit Level

The Soviet counselor of embassy in Paris, after repeating Soviet objections to prior substantive preparations, told American officials on 17 March that the heads of government themselves should determine whether agreements were possible, since the USSR--"just like" the US--might be "holding back" compromise solutions for bargaining purposes. He argued that "Bulganin might be able to agree on things to which Gromyko could not."

The Soviet official also stated that the USSR does not now consider neutralist participation in summit talks essential, and declared that it "was agreed, of course," to have equal East-West representation at the summit with the United States, Britain, France, and Italy from the West, and the USSR, Poland, Czechoslovakia, and Rumania representing the Communist states. In early March Soviet officials indicated in private conversations that the USSR would also be willing to forego neutralist representation at a foreign ministers' session.

These developments are apparently calculated to demonstrate that Soviet "reasonableness" makes unnecessary negotiations to determine whether there are favorable prospects for agreement at the summit.

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II. ASIA-AFRICA

Situation in Indonesia

Anti-Djakarta troops which withdrew to the south from Medan on 17 March after having temporarily seized the city, are somewhere between Medan and Siantar.

anti-Djakarta forces from Atjeh and Tapanuli are converging on Medan, which suggests that the dissidents may attempt to reoccupy the city. The Tapanuli troops would approach Medan through Siantar where progovernment forces are located. The Padang radio reports that fighting has already occurred near Siantar. Approximately 200 armed Atjehnese youths are said to have arrived in Medan on 17 March, and sniping reported on the outskirts of the city could be attributed to them.

immediate news of any ships that could be used to transport supplies.

Soviet merchant ships which arrived in Djakarta on 18 March were not carrying cargo. Purchased under the terms of the recently ratified \$100,000,000 Soviet loan agreement, these ships are the first significant material assistance to arrive in Indonesia from the bloc. They may be pressed into service to support government military operations against the dissidents, after being refitted for local use.

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Syria Under the "New Order"

Nasir's stay in Syria during the past three weeks produced a wave of popular enthusiasm for the new union, and resulted in the emergence of former Syrian G-2 chief Sarraj as Nasir's proconsul for the Syrian province. The radical nationalists and masses view the UAR as a great step toward long-desired Arab unity. Conservative elements regard Egyptian ascendancy as distasteful but essential medicine for Syria's economic and political ailments; they welcome the suppression of the Communists and transfer of army politicians to civilian jobs.

Officially minister of interior for the Syrian region of the UAR, Sarraj now occupies the office space traditionally reserved for the prime minister and for the first time his picture is being prominently displayed throughout Damascus. Nasir has ordered all security forces, with the exception of the army, be placed under Sarraj's interior ministry.

The public enthusiasm for the "new order" and the ostentatious manifestations of vigorous leadership in Syria are reminiscent of the era following Syria's first military coup in 1949, when Col. Zaim seized the reins of government. Within two months the public grew weary of the regime's incompetency and the lack of real progress. As in the earlier case, such civilian politicians as Akram Hawrani and ex-President Quwatli have been irked by many of the new political appointments and the downgrading of their friends from positions of real power. [redacted]

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Nationalist China Applies Economic Pressure
Against Japan

Vice Foreign Minister Shen informed the Chinese Nationalist Legislative Yuan on 18 March that the Nationalist Government has suspended the signing of trade contracts with Japanese suppliers. Foreign Minister Yeh had previously said orders were to be issued to the Central Trust of China for the suspension of all procurement in Japan, including procurement financed by US aid. He indicated that the Nationalist Government is prepared to face possible suspension of the release of US aid funds as a result.

Yeh stated that the action is necessary to demonstrate proper "moral indignation" over the stipulation in the recently negotiated private Japanese-Chinese Communist trade agreement permitting the Communists to fly their flag over their proposed trade mission headquarters in Tokyo. Other reports state that the Nationalists are also considering boycotting Japanese goods.

These Nationalist actions if carried out would be drastic steps, as Japanese procurement from Taiwan also would be affected. The bulk of Taiwan's exports of rice and sugar, the main source of the island's foreign exchange, is sold to Japan.

Japanese trade with Taiwan and with the Chinese mainland is approximately equal in value at the present time, but the former offers little hope for expansion. If forced to make a choice between the two, Japan might be influenced by the considerable potential for increased trade with the mainland.

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~~CONFIDENTIAL~~Japanese Propose Asian-African Labor Conference

Japan's largest labor federation, Sohyo, has reversed its position and now plans to include Communist China in a proposed Asian-African labor conference. Sohyo's general council has decided to invite labor representatives from India, Indonesia, Burma, Ceylon, Egypt, and Communist China to meet in Tokyo on 15 May to form a preparatory committee for the conference.

Peiping tried to promote interest in convening a similar conference in 1955. Sohyo, then led by pro-Communist Minoru Takano, agreed to attend, but the prospects for the conference apparently ended when labor representatives from India refused to participate.

The next year Sohyo, under more moderate leadership, decided to exclude the Chinese Communist All-China Federation of Trade Unions from a proposed Asian-African conference, as Sohyo's leaders then believed Chinese participation would unduly stress political issues. Sohyo's present decision, still tentative, may indicate that the federation's moderate leadership has been weakened, probably as a result of strike failures in 1957. Other Japanese labor groups can be expected to oppose Chinese Communist participation.

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III. THE WEST

French Premier Gains Respite

Premier Gaillard's 282 to 196 victory in the 18 March confidence vote was largely a reflection of the deputies' desire not to overthrow the government just before the 28 March Easter recess and April local elections. The vote has not resolved the basic differences within the coalition which is increasingly split over the North African situation.

The Independents reiterated their concern over North Africa in their 15 March meeting and attacked the Socialists, who are considering a less rigid policy toward Algeria. The first public disagreement between Secretary General Guy Mollet and Minister for Algeria Lacoste, who persists in a hard-line policy, developed at the Socialists' week-end meeting.

Gaillard faces further debate on his proposals for constitutional reform. He has also scheduled for the end of next week a new airing of the veterans' pensions issue, which may result in a new attack on his government.

Continued speculation that another crisis might return General De Gaulle to power may give pause to Gaillard's opponents. The extraordinary security measures instituted during the confidence vote show the seriousness the government attaches to the threat to the parliamentary system. The unresolved problems of Algeria and Tunisia are fostering a political atmosphere conducive to a "strong-man" solution.

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Adenauer May Remove Foreign Minister Brentano

There has been renewed speculation in Christian Democratic Union (CDU) circles that West German Chancellor Adenauer may ask for Foreign Minister Brentano's resignation unless Brentano makes a better showing in the 20 March Bundestag foreign policy debate than he did in January.

Brentano's prestige has been declining as a result of recent poor public performances and criticism from CDU elements dissatisfied with his "inflexibility." Minister of Interior Gerhard Schroeder, a more forceful and articulate public spokesman in defending Bonn policies, is mentioned as a possible replacement.

Adenauer is reported to believe that the appointment of Schroeder, a leading Protestant member of the predominantly Catholic CDU, would pacify critical Protestant elements in the party and would serve as a strong check to the ambitions of Defense Minister Strauss. Schroeder's appointment would also increase the uncertainty about Adenauer's successor, a situation the chancellor is reported to encourage.

Schroeder, a 48-year-old lawyer, has frequently been attacked for his Nazi party membership from 1933 to 1943, although he was later active in the anti-Hitler resistance.

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LATE ITEM

New Government Announced in West Pakistan

An effort by the opposition Moslem League--supported by President Mirza--to undermine and eventually oust the Republican party government of Pakistani Prime Minister Noon may have been foiled on 18 March by the appointment of a new Republican government in West Pakistan.

The point of attack was in the West Pakistan provincial assembly. Five or six Republican deputies defected to the Moslem League, and Interior Minister Ralpur, a Republican personally loyal to Mirza, supported the move on the national level by resigning from Noon's cabinet. The opposition's intent apparently was to use these defections to reduce Republican ranks, to oust the party from control of the provincial government and to replace it with a coalition headed by the Moslem League. Once having ousted the Republicans in West Pakistan, Mirza and the Moslem League probably hoped to shake Noon's hold on the national government and eventually to replace his loose Republican-Awami League coalition with a Moslem League-Republican defector coalition.

The Republican party countered quickly. Unpopular West Pakistani Chief Minister Raschid resigned his post, and M. A. Qizilbash, another prominent Republican, was sworn in with a new 16-man provincial cabinet after resigning his post as national commerce and industries minister. Qizilbash, long considered one of the most important potential Republican defectors, was apparently induced to stay with the party by the offer of the chief ministership.

Qizilbash's failure to defect may prevent the Moslem League from winning the 30 to 40 deputies whose defections are necessary to oust the Republicans from control of the provincial assembly. Should the failure of the Mirza-Moslem League maneuver become obvious, Mirza's prestige, which has declined since last December, would be lowered further. [redacted]

[redacted]

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National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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CENTRAL INTELLIGENCE BULLETIN

19 March 1958

DAILY BRIEF

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