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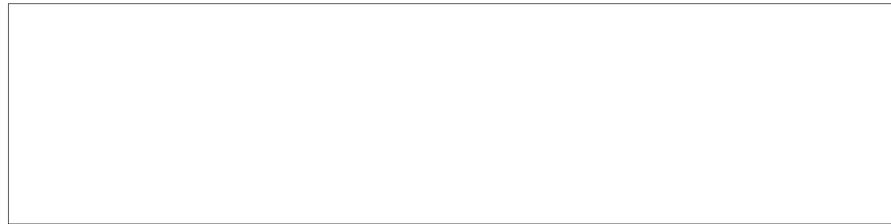
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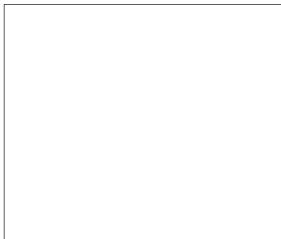
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THE ARAB-ISRAELI SITUATION

[] (page 11)

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1. ISRAEL ANNOUNCES POSTPONEMENT OF WORK ON BANAT YACOV PROJECT



Israeli prime minister Ben-Gurion's statement on 14 February that plans to resume work on the Banat Yacov diversionary canal project have been "shelved" for the time being postpones, but does not eliminate, the threat of war over this issue between Israel and Syria.

The Israelis have never expressed any degree of confidence that the Arabs could be persuaded to accept the Johnston plan for the development of the Jordan River valley. Israel's leaders almost certainly have not changed their minds in this respect. The shelving of the Banat Yacov project appears, therefore, to be an effort to convince the West of Israel's reasonableness on this subject as well as on the larger issue of war and peace in the area.

This Israeli action and the recently reported Egyptian undertaking to urge "further consideration" of the Johnston plan among the Arabs suggest that neither Israel nor Egypt is seeking a war at this time.

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2. KHRUSHCHEV'S REPORT TO THE 20TH PARTY CONGRESS

The range of topics covered in Khrushchev's report to the 20th Party Congress and his confident manner of treating them, as well as the appointment of large numbers of his protégés to the guiding organs of the congress, are indicative of his dominant position as "first among equals" in the party presidium.

In the section of his report devoted to international affairs, Khrushchev set forth in clear and forth-right terms the doctrinal foundation of the major lines of Soviet policy which have been developing over the past year. With the exception of his endorsement of a ban on thermo-nuclear weapons tests, the first by a top-level Soviet leader, Khrushchev's report contained no new proposals on specific East-West questions. The importance of his speech lies rather in the strong impetus it was intended to provide to two of the major aims of current Soviet policy: pursuit of diplomatic and economic intervention in the Middle East and South Asia and the development of new relationships with the international Socialist movement.

Khrushchev devoted special attention to Soviet relations with the Afro-Asian states and included "peace-loving" non-Communist states of this area along with the Sino-Soviet bloc in a vast "zone of peace" which now and in the future will play a decisive role in world affairs.

The Soviet party chief introduced major doctrinal revisions on such basic questions as the inevitability of war and the transition to socialism. He asserted in effect that the "Marxist-Leninist precept that wars are inevitable" is now outmoded, and denied that the only road to socialism was through civil war and revolution, asserting that it is possible "to go over to socialism by using parliamentary means." His modification of these doctrines was intended to have a strong effect on Socialists and other "patriotic forces" in the non-Communist world in what promises to be a major effort to establish and exploit popular fronts.

The fact that Khrushchev was the one to make these changes in doctrine will probably add to his stature as a leader in the Communist world.

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3. USSR ENCOURAGES ARABS TO HOLD OUT FOR IMPLEMENTATION OF UN RESOLUTIONS ON PALESTINE

Soviet ambassador Zaroubin

[redacted] that each Palestinian Arab has the right to return to Palestine if he wishes, or to be paid compensation if he does not wish to return; and that "after all the decisions of the United Nations on the Palestine question are carried out, and only after that, it is up to the Arabs to decide their policy toward Israel."

Comment

This statement, like Zaroubin's offer the previous day to assist in Arab water development projects in the Jordan basin, is probably designed to encourage the Arabs to continue to reject tripartite solutions to local problems until the USSR is invited to participate.

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4. PAKISTANI GOVERNMENT PROMOTES RAPPROCHEME WITH SINO-SOVIET BLOC

The Pakistani government appears to be playing an active role in encouraging neutralist sentiment in Pakistan and rapprochement with the Sino-Soviet bloc.

The military secretary to the governor of West Pakistan, [redacted]

believes that current press criticism of Pakistan's past foreign policy is part of a campaign by the government to lead its Western allies to take positive action on Kashmir. An official Pakistani radio broadcast to Indonesia on 13 February, which quoted a press editorial urging acceptance of Bulganin's recent offer of a trade pact, suggests that Karachi is attempting to gain Southeast Asian sympathy for its closer ties with the USSR. The editorial commented on "the lukewarm attitude our friends in the West have adopted toward us" and recommended that no notice be taken of any Western objections.

The Pakistani campaign is probably not merely aimed at extracting increased aid and support from the West, but is a serious attempt to determine what can be gained from dealing with the Communist bloc.
[redacted]

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5. POUJADE REPORTED WINNING SOME "RESPECTABLE" SUPPORT

[Redacted]

Pierre Poujade, who has recently been reported receiving growing veterans' support, is being regarded with increasing favor by individuals in military and industrial circles, according to the American embassy in Paris. General Jean Ganeval, director of President Coty's military cabinet, is one of those who favor Poujade.

The embassy comments that Poujade's firm position on Algeria appeals to Frenchmen of all classes who are becoming emotional and alarmed over the possibility that Premier Mollet is losing Algeria.

Comment

[Redacted] a number of French generals have organized to prevent "further deterioration of the French empire." This group, which is divided in its attitude toward Poujade, includes General Billotte, defense minister under Premier Faure; Augustin Guillaume, chief of the armed forces staff; and Maxime Weygand, who, as chairman of a study group of industrialists, is reported to have promised financial support.

[Redacted] the French employers' organization, the Patronat, is now supporting Poujade.

The French National Assembly, which has expelled two Poujadist deputies, was paralyzed by Poujadist and Communist disorders in the chamber when on 15 February it attempted to oust a third. [Redacted]

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6. CABINET CHANGES IN SPAIN

[Redacted]

General Franco's replacement of his minister of education and the minister-secretary of the Falange, as reported by the press on 15 February, suggests that he regards the increasing domestic dissatisfaction with his policies as a possible threat to his own position. This unrest was recently highlighted by fighting between Falangist and anti-Falangist factions of University of Madrid students over the questions of Falange control of student organizations and the re-establishment of the monarchy. The riots were followed by a series of repressive measures by the government.

A new education minister has not yet been named. The reported appointment of José Luis Arrese as new Falange minister suggests a determined effort to reimpose strict discipline on this organization, which was headed by Arrese during World War II when he raised the Blue Division to fight against the Russians.

The two dismissals have been rumored for some weeks along with several others, including the commerce and army ministers. Additional cabinet changes seem likely in view of Franco's reported statement [Redacted]

[Redacted] that "the mire of corruption" was spattering his entire political entourage and that an impending cabinet reshuffle would show that he was "more powerful than the government." [Redacted]

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7. NEPAL TO DISCUSS TREATY WITH COMMUNIST CHINA

[Redacted]

Prime Minister Tanka Prasad announced on 15 February that a high-level Nepalese delegation would soon go to Peiping to discuss a treaty covering the whole range of Sino-Nepalese relations.

During these discussions, Communist China seems likely to press for the opening of permanent diplomatic and trade missions in Katmandu as well as for regularization of Nepalese-Tibetan trade. It may succeed in gaining the right to station a trade representative in Nepal, but both India and Nepal would probably not agree to the opening of a Chinese chancery in Katmandu.

Nepal may press for demarcation of its border with Tibet, but China would probably hesitate to permit this. Border demarcation would deprive China of any future claim to sovereignty over Nepal. It would also provide Nepal with firm grounds for protesting Chinese incursions into Nepalese territory.

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**8. YI KI-PUNG SEEN AS RHEE'S PROBABLE CHOICE FOR
SOUTH KOREAN VICE PRESIDENT**

South Korean defense minister Son told American chargé Strom on 15 February that National Assembly speaker Yi Ki-pung has a "90-percent chance" of being nominated for the vice-presidency of South Korea at the Liberal Party convention on 5 March.

Son acknowledged that the recent assassination of army counterintelligence chief Kim had resulted in Rhee's supporters crystallizing more sharply into two factions. He said that even with Yi as vice president, Rhee would continue his policy of playing off one faction against the other.

Comment

In view of Rhee's advanced age, the vice-presidency is considered the key to future power in South Korea.

Most observers believe that the pro-American Yi Ki-pung, who is backed by Son and Army Chief of Staff Chong Il-kwon, is Rhee's likely choice. Influential opponents of Yi, however, are attempting to convince Rhee that this triumvirate not only was responsible for the Kim murder, but constitutes a threat to his own position. The possibility will always remain that Rhee may choose a nonentity like the present incumbent or someone not involved in the present intrigues.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 15 February)

The American military attaché in Tel Aviv reports a minor selective mobilization of personnel and equipment with some movement to the south, including Eilat, at the mouth of the Gulf of Aqaba. He believes that this is a precautionary reinforcement in view of the recent increase of Egyptian forces in the Sinai.

Israeli chief of staff Dayan has told a visiting American officer that a policy of "activism" is the only one Israel can rely on. Dayan saw three alternatives in the present situation: (1) that Israel will be armed, thus forestalling Arab aggression; (2) that Egypt will attack soon; (3) that Egypt will defer action until the Arabs are stronger and better organized. Dayan's line of thought was supported by Israeli intelligence chief Harkabi.

Syrian chief of staff Shuqayr, currently engaged in joint Syrian-Egyptian command staff talks in Cairo, told Prime Minister Nasr that Syria was in the grip of a "war fever" and urged firm planning on joint military action in the event Israel resumed work at Banat Yacov,

Nasr allegedly discouraged Shuqayr, saying that he did not wish war at present and that the Syrians should exhaust all possible peaceful measures first. Nasr did not, however, refuse support if hostilities did occur. This is in line with previous statements by Nasr.

The Soviet freighter Admiral Ushakov arrived at Alexandria on 10 February and berthed in the port's security area. Cargo reportedly observed on the Ushakov's deck included several tanks and trucks and two torpedo boats. This ship has previously transported military equipment to Alexandria. On this latest trip, it falsely declared Albania as its destination when it passed Istanbul coming out of the Black Sea on 7 February. The Ushakov's arrival brings to 14 the number of arms cargoes delivered to Egypt by Soviet freighters since late October.

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