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3 August 1956

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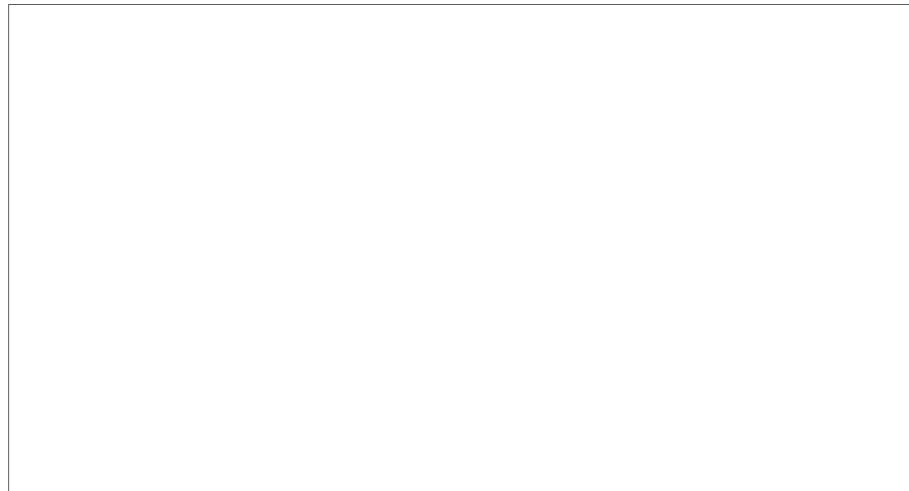
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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 51
NO CHANGE IN CLASS
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2201
AUTH: HR 70-2
DATE: 12-26-71 REVIEWER:

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

~~TOP SECRET~~



~~TOP SECRET~~

CONTENTS

1. SUEZ DEVELOPMENTS [redacted] (page 3).

2. [redacted] COMMUNIST LEADER REPORTS ON MOSCOW
VISIT [redacted] (page 5).

3. TOP INDIAN SOCIALIST CALLS FOR CO-OPERATION WITH
COMMUNISTS IN ELECTIONS [redacted] (page 6).

4. NEHRU'S VIEWS ON RECOGNITION OF EAST GERMANY
[redacted] (page 7).

5. BRAZILIAN OFFICIALS FEAR DISTURBANCES IN PORTUGUESE
INDIA ON 15 AUGUST [redacted] (page 8).

6. CHIEF OF ITALIAN LABOR CONFEDERATION CALLS FOR
FREEDOM FROM COMMUNIST PARTY CONTROL [redacted]
(page 9).

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THE ARAB-ISRAELI SITUATION

[redacted] (page 10)

~~TOP SECRET~~

~~TOP SECRET~~

1. SUEZ DEVELOPMENTS

Comment on:

[redacted] President Nasr's top advisers estimated, prior to the nationalization action, that the West would apply economic sanctions against Egypt. They also seriously considered the possibility that Britain would be a prime mover in military action to seize the canal and inspiring Israel to attack and destroy their army and regime. Egyptian leaders, [redacted] [redacted] are confident they can weather the political and economic action, but hope and believe that the United States will block military action against Egypt.

A circular message of 31 July from the Indian Ministry of External Affairs states that India has as yet made no representation to the United Kingdom regarding the Suez Canal: "News emanating from London implying Commonwealth solidarity with the United Kingdom is not correct, at least so far as we are concerned. We are considering the situation, and it is not our intention to make any statement on this

3 Aug 56

Current Intelligence Bulletin

Page 3

~~TOP SECRET~~

~~TOP SECRET~~

subject at this stage. Meantime, we have not given support either to the United Kingdom or to Egypt. You should be careful in your talks with the government to which you are accredited and with your diplomatic colleagues not to commit us to any particular line of thinking."

~~TOP SECRET~~

~~SECRET~~2. [REDACTED] COMMUNIST LEADER REPORTS ON
MOSCOW VISIT

[REDACTED] under Stalin, democratic principles had been violated in the USSR, but he emphasized the difficulties which had been faced and firmly defended the basic features of the Soviet system. In response to a question, [REDACTED] expressed the opinion that the Soviet leaders feel guilty for the establishment of the cult of personality and that their self-criticism should be made clearer and more detailed.

[REDACTED] Soviet leaders fear that some of Stalin's faults might appear in Khrushchev and "demolish him" as they did Stalin. [REDACTED] the Soviet central committee was not united and that there were several divergent tendencies among its members.

[REDACTED] the Soviet Union and [REDACTED] were in complete accord on principles, but that one could no longer speak of "unconditional loyalty!" [REDACTED]

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3. TOP INDIAN SOCIALIST CALLS FOR CO-OPERATION WITH COMMUNISTS IN ELECTIONS

Comment on:

Jai Prakash Narain has called on his Praja Socialist Party--India's second-largest--to reverse its long-standing anti-Communist position and co-operate with the Communists in an effort to oust the Congress Party in the national elections scheduled for early 1957. This prepares the ground for formation of a strong leftist united-front movement to oppose Nehru's Congress Party. Narain, one of the most intelligent and respected politicians in India, apparently considers that for the first time there is an opportunity for a united popular movement, similar to that in Ceylon, to defeat the Congress Party.

During the election campaign, any remaining opposition among the Socialists to formation of a front with the Communists is likely to crumble if united-front tactics in such major states as Andhra and West Bengal appear to be headed for success.

Leftist groups are already actively engaged in united-front drives, and have begun to announce programs based on local issues which will appeal to local voters. There is as yet no real sign that the Congress Party is preparing to meet these groups on their own ground at the village level.

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4. NEHRU'S VIEWS ON RECOGNITION OF EAST GERMANY

[redacted] [redacted]
Indian prime minister Nehru, whose interest in the German unification problem as one of the major points of East-West friction has increased dur-

ing the last two years, was apparently so impressed with his recent visit to West Germany that he has decided to abandon any thought of recognizing the East German regime.

[redacted] Nehru's rather supercilious attitude toward West Germany was dramatically reversed within 24 hours after his arrival. He was greatly impressed by [redacted] West German industrial production, by the Krupp iron and steel works, and by the German offer to build an Indian science institute and to give scholarships to Indian students. Nehru was [redacted] shocked by documentation on the numbers of East Germans fleeing to the West and refused an invitation to visit East Germany. He decided that recognition of East Germany at this time would be "emotionally unjust" to the West Germans.
[redacted]

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~~TOP SECRET~~

5. BRAZILIAN OFFICIALS FEAR DISTURBANCES IN PORTUGUESE INDIA ON 15 AUGUST

[redacted] [redacted]
[redacted] terrorists are preparing to blow up the radio station at Goa and two bridges and possibly to attack government authorities in Portuguese Indian territory, probably on 15 August.

Comment

During the past few years, there have been minor incidents within and on the borders of Portuguese Indian territories on 15 August--India's Independence Day. Though similar incidents may occur again this year, the Indian government is unlikely to sponsor a large-scale attack.

~~TOP SECRET~~

CONFIDENTIAL**6. CHIEF OF ITALIAN LABOR CONFEDERATION CALLS FOR FREEDOM FROM COMMUNIST PARTY CONTROL**

The 1 August statement of Secretary General Giuseppe Di Vittorio that the Italian General Labor Confederation (CGIL) should be freed from party control suggests that the Communist Party hopes to avoid withdrawal of the Nenni Socialist faction.

Di Vittorio, a Communist deputy and member of the party central committee, published his statement in the Communist organ Unita. He argued that since several parties--some Christian Democrats, Social Democrats and Republicans, in addition to the Communists and Nenni Socialists--are represented in the CGIL, it must be independent of all. He called for a return of non-Communists to the federation in an attempt to lure back the membership of the Social Democrat-oriented labor union, UIL, and possibly also some members of the Christian Democrat-dominated confederation, CISL.

It was suggested at a meeting of Nenni Socialist CGIL leaders in late July that the organization ought to become autonomous.

The apparent decision to free the CGIL from Communist control appears to be another attempt by the Italian Communist Party to avoid losing the leadership of the Italian left to the Nenni Socialists. [redacted]

CONFIDENTIAL

~~TOP SECRET~~

THE ARAB-ISRAELI SITUATION (Information as of 1700, 2 August)

Israel's Foreign Minister Golda Meir on 1 August rejected requests by members of the parliamentary foreign affairs committee for urgent measures in response to Egypt's nationalization of the Suez Canal. In testimony before the committee, Mrs. Meir declared that the Israeli government would maintain a "wait and see" attitude on the canal. (Press)

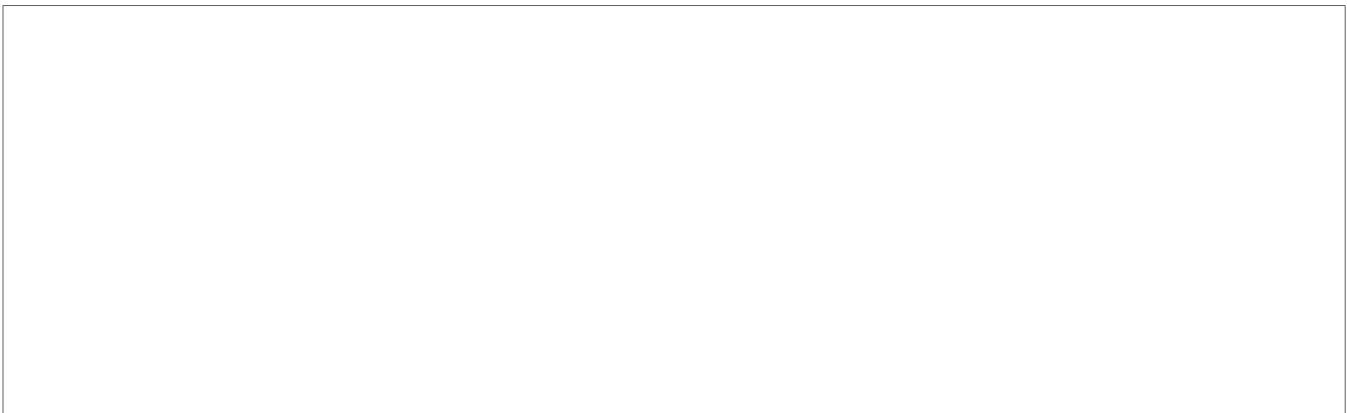
New violence occurred on the Jordan-Israel border on 2 August. Jordan announced that two home guards were killed in a clash with an Israeli patrol which allegedly was operating one and a quarter miles inside Jordan. A Jordanian army spokesman said that the Israeli force apparently also suffered some casualties. (Press)

Syria has recently transferred an undetermined number of military vehicles to Lebanon,

possible that Syria has transferred some of its older materiel to Lebanon following receipt of new equipment from the Soviet bloc. Such action would improve Syrian relations with Lebanese military leaders, and is possibly designed to gain support for a military agreement between Lebanon and Syria.

~~TOP SECRET~~

~~TOP SECRET~~



3 Aug 56

Current Intelligence Bulletin

Page 11

~~TOP SECRET~~