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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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DIA and DOS review(s) completed.

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25X1A

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CONTENTS

1. ARGENTINE GOVERNMENT STILL UNSETLED BY GOVERNMENT CHANGES (page 3).

25X1

3. USSR REPORTEDLY OFFERS TO TAKE OVER AMERICAN DEVELOPMENT PROJECT IN AFGHANISTAN (page 5).
4. PRAVDA REPORTS IMPLEMENTATION OF SOVIET ARMED FORCE REDUCTION (page 6).
5. INDIA AGAIN SEEKING TO BRING ABOUT ALL-VIETNAM ELECTIONS (page 7).
6. SAUDIS SAY JORDAN CAN OBTAIN ARMS FROM USSR (page 8).

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THE ARAB-ISRAELI SITUATION (page 9)

25X1A

**1. ARGENTINE GOVERNMENT STILL UNSETTLED BY
GOVERNMENT CHANGES**

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Uneasiness on the part of the new Argentine government is reflected in internal press censorship and in communiques reminding the public that a state of siege is still in force. Other unsettling factors in the situation include the sharp price increase in some items of daily consumption caused by the Lonardi government's attempts at economic reform.

Provisional president General Aramburu, who took office on 14 November, has established a revolutionary junta, composed of the ministers of army, navy, and air, which will countersign all decree laws. He has apparently made little progress, however, in installing new cabinet members.

In the absence of additional cabinet appointments or new statements by the Aramburu government, there is little indication of how its policy will differ from Lonardi's. Aramburu told the nation on 13 November that he would carry on the democratic program of the Lonardi government, but beyond mentioning the dismissal of right-wing leaders did not outline any definite plan.

Ex-president Lonardi's declaration that he did not resign voluntarily has caused his supporters to regard his ouster as "treason" and they are said to have vowed revenge.

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3. USSR REPORTEDLY OFFERS TO TAKE OVER AMERICAN DEVELOPMENT PROJECT IN AFGHANISTAN

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The Soviet Union has offered to complete the American-financed and constructed Helmand Valley power and irrigation project, according to the Afghan ex-president of the Helmand Valley authority. The USSR indicated willingness to undertake full responsibility for operating the project, and pay off the American loan.

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Comment

This is the first report of a Soviet overture aimed at replacing Americans in the Helmand project. Afghan officials have been increasingly critical of the expensive, long-term aspects of the program and have appeared satisfied with several much smaller, short-term Soviet projects.

In defiance of the West's support of Pakistan, Afghanistan may undertake a campaign of harassment against the American company and American nationals, but the government is unlikely to turn over to the USSR the whole Helmand Valley project.

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4. PRAVDA REPORTS IMPLEMENTATION OF SOVIET ARMED FORCE REDUCTION

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A Pravda article of 12 November announces that along with the reduction of Soviet forces by 640,000, the terms of service for sailors and petty officers of the Soviet navy and for soldiers and sergeants of the air force and coast defense forces will be cut by one year.

The article adds that the discharge of servicemen from the Soviet army and navy is proceeding systematically, and that by the promised deadline of 15 December all of the 640,000 men will have been discharged.

Comment

Following closely upon similar Bulgarian and Rumanian statements, this statement suggests that reduction of terms of service may be one of the methods used to reduce Soviet bloc forces in accordance with the summer announcements to that effect. The USSR military service law of 1939 calls for service of three years in the air forces, four in the coast defense forces, and five in the navy.

The Rumanian and Bulgarian announcements called for reduction in terms of service for army soldiers and sergeants.

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5. INDIA AGAIN SEEKING TO BRING ABOUT ALL-VIETNAM ELECTIONS

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Chairman-designate Parthasarathi of the International Control Commission for Vietnam indicated to the American consul general in Madras on 10 November

that India is about to make another strong effort to persuade Premier Diem to talk with Ho Chi Minh about all-Vietnamese elections. He admitted that the Viet Minh would probably win such elections, but expressed the belief that it was better to gamble on Ho's "essential nationalism" than to risk renewal of war. He stated that India would have no alternative but to recommend the liquidation of the ICC during the next two or three months if Diem refused to negotiate.

Parthasarathi went on to say that his country's "greatest dream" was to erect a neutral barrier against Communism throughout Southeast Asia by promoting an "eastern Locarno." He indicated that this would involve the dissolution of the Manila pact and a guarantee of the neutrality and integrity of Southeast Asian countries by the United States, Britain, France, Communist China "and possibly India."

Comment

Parthasarathi reportedly is close to Nehru and presumably reflects the latter's views.

There are no prospects that Diem will enter into serious negotiations with the Viet Minh, and Parthasarathi's record as ICC chairman in Cambodia strongly suggests that his personal relations with Diem will be strained. India--anxious to avoid any increase in tensions in Vietnam--can probably be persuaded by Britain and the United States to maintain the status quo for the time being.



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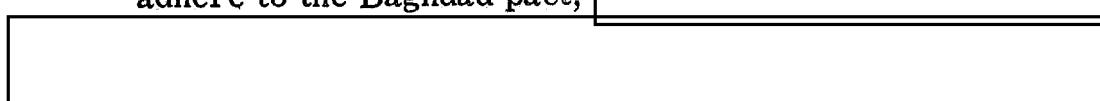
6. SAUDIS SAY JORDAN CAN OBTAIN ARMS FROM USSR

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Jordan has been informed by Saudi Arabia that it has a Soviet blank check for arms which can be extended to Jordan, providing that it refuses to

adhere to the Baghdad pact,



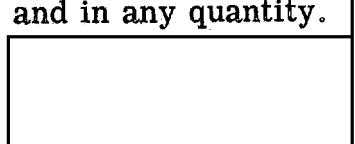
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Comment

In August the USSR reportedly offered arms to Saudi Arabia unconditionally

and in any quantity.



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Jordan, whose army is subsidized by Britain, would be unable to pay for Soviet arms without financial assistance, which probably would be forthcoming from Saudi Arabia.

King Hussein has indicated his willingness to adhere to the Baghdad pact if Jordan receives a "package" to sell the public. London may be willing to grant the Jordanian "package," thought to be an infantry division and an armored brigade, in order to keep Soviet influence out of an area in which Britain has expended much money and effort.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 14 November)

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Minor incidents along the Israel-Jordan border are causing some concern to Jordan's Arab Legion. The Legion appears to be doing its best to prevent incidents. It is worried, however, by its inability to stop them completely and by Israel's statement that Tel Aviv will not tolerate repeated attacks by terrorists coming from Jordan.

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Other incidents, including firing by an Egyptian shore battery on an Israeli coast guard vessel, appear to conform to the normal pattern of events in the area. Israel has established checkposts on its highways in an effort to counter Arab terrorist activity.

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An Israeli spokesman has assured UN truce chief General Burns of Israel's co-operation if Egypt agrees to Burns' proposals for easing the situation around the El Auja demilitarized zone. Israel also seems eager to resume border talks with Egypt, but the American embassy in Tel Aviv fears this enthusiasm will evaporate once Israel learns the details of Egypt's proposals to Burns. Considerable haggling, as in the past, thus seems to be in prospect.

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The American military attaché in Cairo considers there is greater than normal activity in the Egyptian army, with fewer soldiers seen in the streets or near military barracks. He feels it possible that this activity is caused by the arrival of Czech arms which are being offloaded at night. The attaché also reports a bellicose attitude on the part of Egyptian officers, who still are resentful of recent Israel attacks.

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An announcement on 14 November from Cairo would appear to be in line with this Soviet attitude. According to the semiofficial Cairo radio, Marshal Voroshilov has sent a personal message to King Saud relating to the original Soviet offer last August of arms aid to Saudi Arabia. The radio also reports that a Saudi military mission will visit Prague to inspect arms factories and to discuss the possibility of concluding an arms deal similar to that between Egypt and Czechoslovakia.

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