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5 May 1958

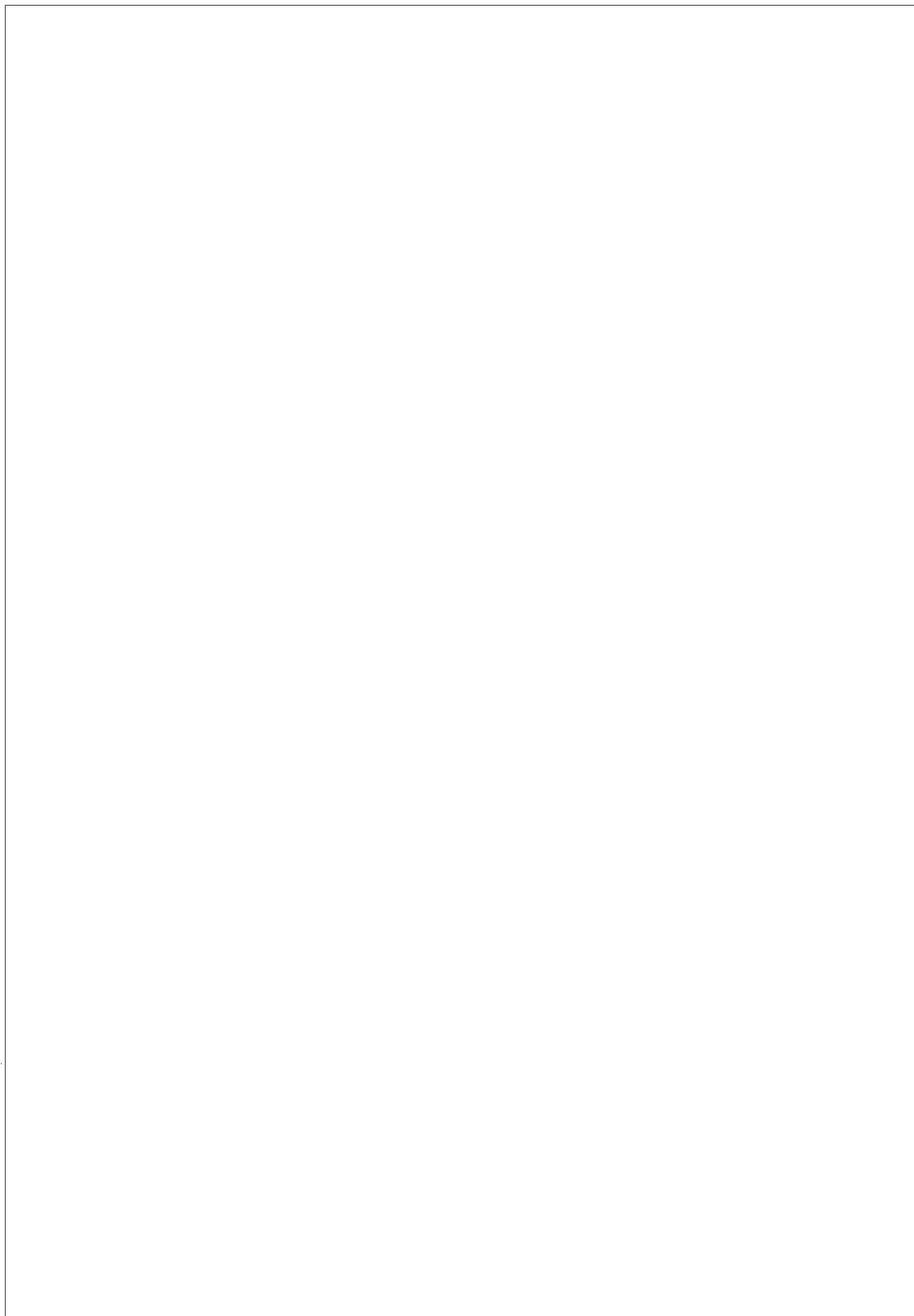
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CENTRAL INTELLIGENCE BULLETIN



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5 MAY 1958

I. THE COMMUNIST BLOC

USSR trying to stiffen French rightists' stand on Algeria and discredit Western mediation.

Hungary endorses Yugoslav "independent road to socialism."

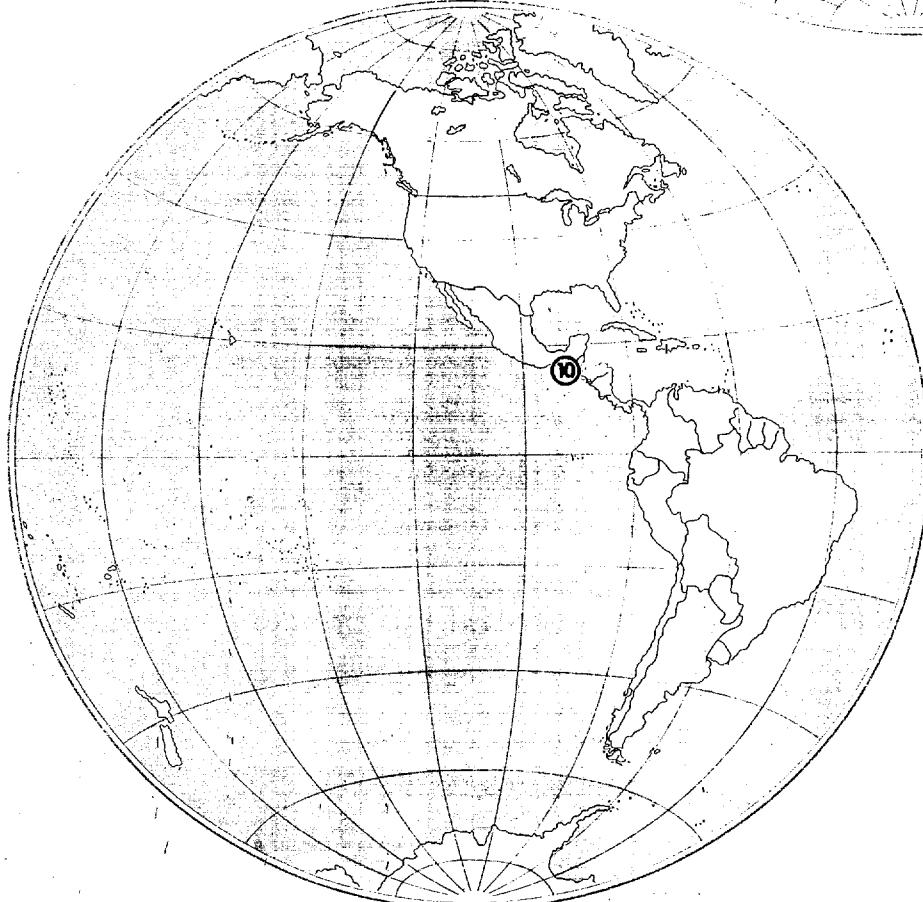
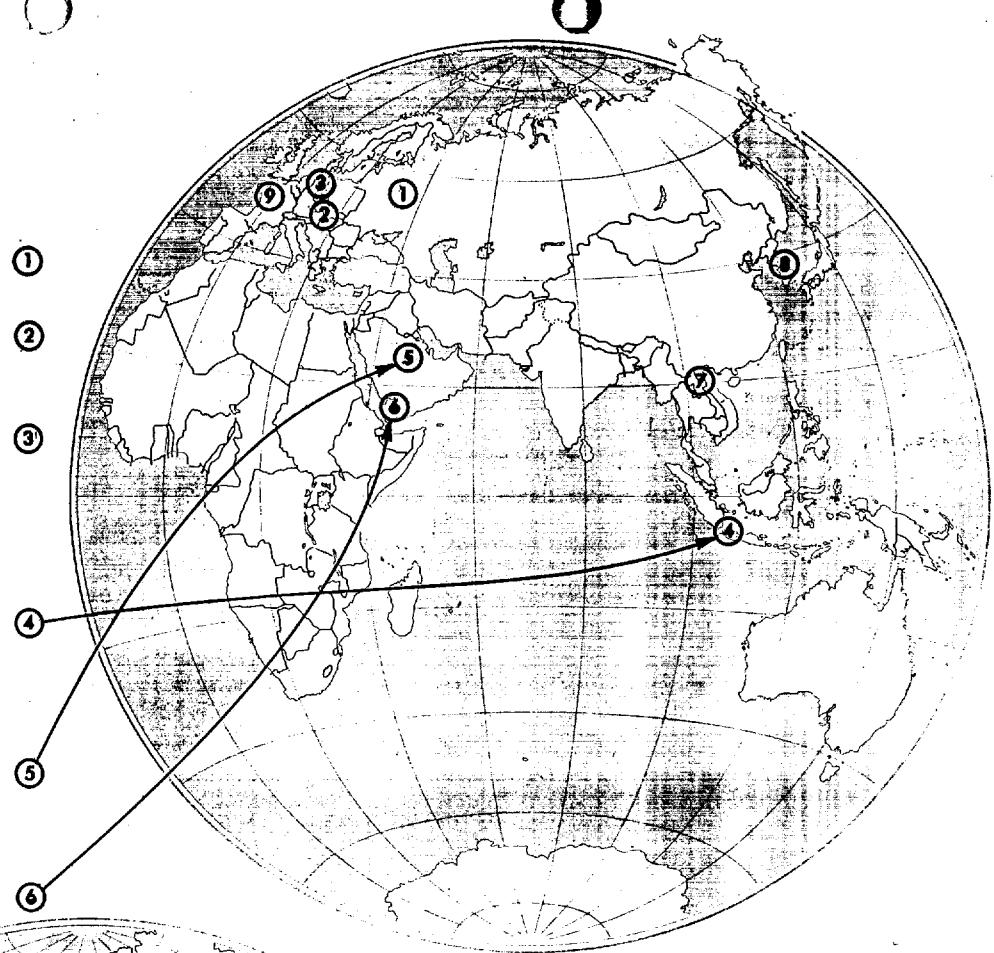
East German regime forcing pace of farm collectivization in face of peasant opposition.

II. ASIA-AFRICA

Indonesia - Sukarno suggests government may invite foreign military "volunteers."

Breaks in 50/50 profit-sharing formula in Saudi Arabia would lead to renegotiation of existing oil concession terms in Middle East.

Emergency measures foreshadow tougher British repression in Aden and possibly operations against Yemen.



⑦ Laotian Communists will probably protest 4 May elections, and have capability of resuming guerrilla warfare.

⑧ South Korea - President Rhee's party falls short of winning two-thirds majority in 2 May assembly elections.

III. THE WEST

⑨ French Socialist statement of intention to remain aloof further reduces chances of centrist coalition in forming new government.

⑩ Guatemala - Disillusionment with President Ydígoras' lack of action growing; no immediate threat to regime.

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CENTRAL INTELLIGENCE BULLETIN

5 May 1958

DAILY BRIEF

*SIKOB**No*

I. THE COMMUNIST BLOC

Soviet tactics on North African issue: The Soviet line in Paris is to try to stimulate suspicion and resentment toward American policy by means of private talks with French leaders, particularly right-wing elements. At the same time, public Soviet attacks on French actions in Algeria have increased and sharpened in tone. Moscow's aim apparently is to stiffen French resistance to any compromise solutions in North Africa and to discredit mediation efforts by the United States and Britain. (Page 1)

yes
Hungary: A Hungarian commentary on the Yugoslav party program specifically endorses "the right of the Yugoslav party to follow its road." This deviation from Moscow's current public position on the Yugoslav party program suggests that Kadar now may be trying to follow in Gomulka's steps--emphasizing a degree of independence from Moscow--in an effort to gain some measure of national popularity for himself and his regime. The fact that the Hungarian comment, first published in the party's theoretical journal, was reprinted in the party's daily newspaper is unusual. (Page 2)

East Germany: The growing shortage of manpower in East Germany will probably be accentuated in 1958 by an increase in the number of peasants fleeing to the West. The farmers are stubbornly resisting agricultural collectivization, which is being pushed at such an increased pace that 675 new cooperatives were formed during the first quarter of 1958 as compared with 520 for all of 1957. Between 35

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and 40 percent of East German farmland is collectivized, and the regime hopes to achieve a total of 50 percent by 1960. [redacted] (Page 3)

II. ASIA-AFRICA

Indonesia: President Sukarno has publicly suggested the possibility that foreign military "volunteers" may be invited to help Indonesian government forces. Secretary General Aidit of the Indonesian Communist party has sent a telegram to US Ambassador Jones threatening action against US economic interests in Indonesia "if aid from your country, both open and covert, to the rebels is not immediately stopped." In this connection, the Communists are the dominating influence among workers in American-owned oil and rubber enterprises on Sumatra, and this influence is growing. The largest oil workers' union and the largest rubber estates workers' union are both Communist controlled. [redacted] (Page 4) (Map)

No Middle East oil concessions: Recent actions by the Standard Oil Company of Indiana (Stanolind) may usher in serious new troubles on the Middle East oil scene. Stanolind is the first American company to break with established contractual arrangements. The company agreed last week to a 75/25 profit split in favor of Iran and a joint management agreement for a concession in that country's promising offshore area. It now seems probable that the company will seek a concession in Saudi Arabia which may also result in a radical departure from the status quo. These moves probably will provide the basis for demands for sweeping changes in existing concessions throughout the Middle East. A prolonged period of negotiation between area countries and operating companies would give radical nationalist and leftist elements an opportunity for increased anti-Western agitation. [redacted]

(Page 6)

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DAILY BRIEF

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Aden-Yemen: The governor of Aden declared a state of emergency in the colony on 2 May following a general strike and several bomb-throwing incidents. The increased powers thus given the police and London's intention to maintain its troop strength at its recently reinforced level suggest that Britain plans to take stiffer measures against Yemeni-inspired subversion. The British now are concentrating on maintaining their authority by force on the undemarcated frontier, and they may feel compelled to counter Yemeni penetration by stimulating operations across the disputed border, possibly in connection with an attempt to overthrow the Imam. [] (Page 7)

No

Laos: Regardless of the number of seats they win in the 4 May Laotian elections, the Communists will probably protest the results, charging government fraud and repression. Failing political redress which could include an appeal to the International Control Commission, the Communists may resort to guerrilla warfare. Government security forces are not considered strong enough to cope effectively with a resumption of large-scale, organized guerrilla operations. []

The Communists are known to have caches of small arms, and these could be augmented from neighboring North Vietnam and Communist China. [] (Page 8)

South Korea: In the 2 May assembly elections, President Rhee's Liberals have gained enough seats to command a working majority but not the two-thirds needed to deprive opposition Democratic Vice President Chang Myon of his right of succession. Reports from observers in South Korea indicate the elections were relatively free as compared with previous voting in the country. [] (Page 9)

III. THE WEST

France: Mollet's declaration that he will not reverse his Socialist party's decision against participating in a new

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DAILY BRIEF

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French government "even if the political crisis lasts eight weeks" will discourage further candidates for the premiership from the center parties whom President Coty had counted on to bridge the gulf between the non-Communist left and the rightists.

yes
Guatemala: Disillusionment with President Ydigoras and criticism of his failure to take positive action on any major domestic problem has grown rapidly in the two months since his inauguration. While no immediate threat to the government is apparent, continuation of the present trend would further enhance growing leftist strength and could imperil Ydigoras' chances of completing his six-year term.

(Page 10)

5 May 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR Seeking to Exploit France's North African Problems

Soviet Ambassador Vinogradov recently told French Socialist leader Mollet that the USSR favors a "French" solution of the Algerian problem and implied that Moscow would oppose any move to internationalize this question. He indicated, however, that the USSR would seek a role in any mediatory efforts should the problem be internationalized. Vinogradov also attacked the US-UK good offices mission in the Tunisian dispute as interference in French internal affairs.

The USSR apparently is also seeking to develop closer relations with Algerian rebel leaders. The Tunisian ambassador in Paris recently stated that the permanent Damascus representatives of the Algerian National Liberation Front (FLN) was meeting bloc diplomats regularly. He also reported that the USSR agreed last year that Czech arms should be made available to the rebels at bargain prices and that Moscow had recently expressed willingness to "assume the risks" of delivery to Algeria.

Soviet policy on North Africa probably is based on the assumption that prolongation of the Algerian conflict will aggravate domestic troubles in France, impose growing strains on France's relations with its NATO allies, and increase the dependence of the Algerian rebels on the United Arab Republic and the Soviet bloc for military and political assistance. Soviet overtures to French leaders, including right-wing elements, are intended to stiffen French resistance to any compromise solutions in Tunisia and North Africa and to discredit mediation efforts by the United States and Britain. There are some indications that some French leaders may be invoking Soviet assurance of support for a French solution of the Algerian problem to elicit more American backing for French policies.

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~~CONFIDENTIAL~~Hungarian Party Journal Endorses Yugoslav "Separate Road"

A Hungarian commentary on the Yugoslav party program initially published in the party's theoretical journal specifically endorses "the right of the Yugoslav party to follow its own road," although it echoes the Moscow Kommunist article in condemning various Yugoslav deviations from Soviet theoretical positions. This unusual departure from Moscow's current public position on a key issue concerning Soviet-Yugoslav relations suggests that Kadar may be seeking popular support for himself and his regime by trying to follow in the steps of Poland's Gomulka--by emphasizing his independence from Moscow.

The subsequent reprinting of this article in the Hungarian party's daily newspaper is unusual. The new Hungarian line may even be designed to soften present Soviet-Yugoslav ideological disagreement. For example, it expressly answers Yugoslav fears of a new Cominform by declaring: "No party can be compelled to submit itself either in theoretical or practical issues to the decisions of international forums." Other statements may be designed to lessen Yugoslav objections to Soviet leadership of the "socialist world order" and to justify Yugoslavia's failure to join the 'socialist camp' as well as its acceptance of loans from the West.

The publication of these pro-Yugoslav views in Hungary may spark further internal party contention, since Moscow-oriented hard-line elements are likely to be seriously concerned if they believe this article to be a concession by Kadar on the key issue of Soviet leadership of the bloc. It is notable, however, that no adverse comment has been observed in the bloc press to date.

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East German Campaign Against the Farmer

The socialization of East German private farmland is continuing at a rapid rate. During the first quarter of 1958, 675 new cooperatives were formed, compared with 520 established during all of 1957. The regime intends to socialize at least 50 percent of East Germany's agricultural land by 1960--the current proportion is 35-40 percent--despite decreasing manpower to work the socialist acreage as the program develops.

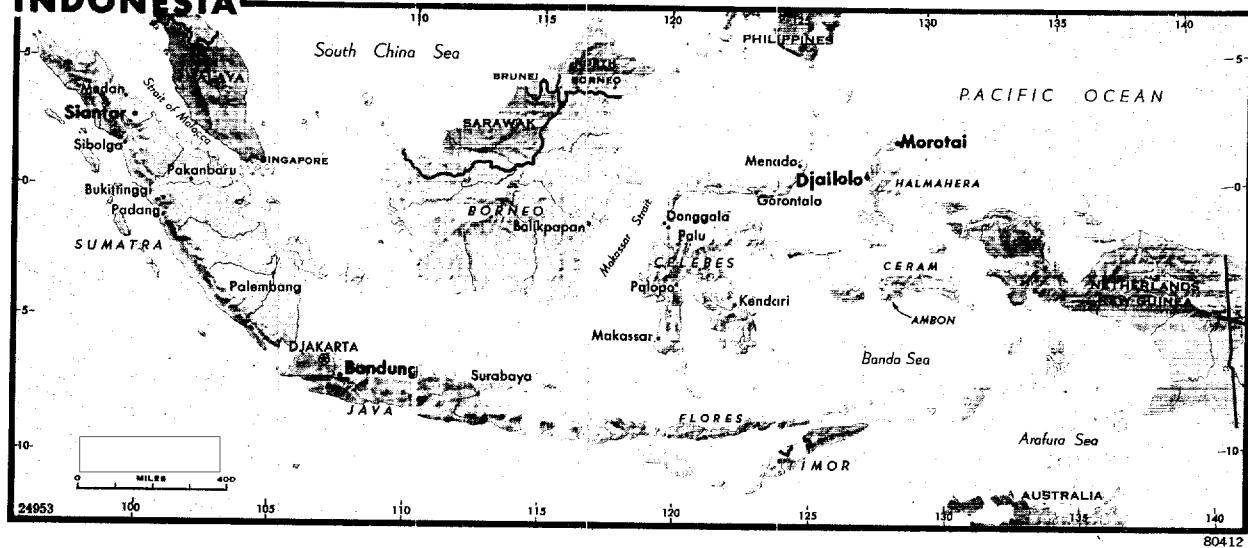
A heavy propaganda campaign is accompanying regime efforts to bring private farmers under state control, but peasant resistance to these blandishments is stubborn. The outspoken reaction of the farmers to the campaign indicates that East Germany's shortage of manpower will be accentuated by continued flights of farmers to the West.

A recent authoritative Soviet article on satellite collectivization indicates that regime leaders are again, as under Stalin, being urged to take whatever risks are necessary in order to push agricultural collectivization as rapidly as possible. [redacted]

[redacted]

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INDONESIA—



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II. ASIA-AFRICA

Situation in Indonesia

In a 2 May speech to university students in Bandung, President Sukarno repeated official charges that "foreign adventurers" and volunteers from "Taiwan and even the United States" are helping the dissidents. He suggested that if volunteers from one side in the cold war were bombing Indonesia, he could easily invite "volunteers from the other side" to assist him.

Taking advantage of the wave of official protests against alleged American intervention, Secretary General Aidit of the Indonesian Communist party sent a personal telegram on 2 May to the American ambassador in Djakarta. He threatened to encourage action against American interests in Indonesia if "aid, both open and covert, of weapons from your country, to the rebels is not immediately stopped." The Communists are the dominant influence among workers in American-owned oil and rubber enterprises on Sumatra.

[redacted], the North Celebes dissidents have acquired more aircraft. This information, coupled with the harassment of shipping and military movements in East Indonesia already undertaken by the dissidents and fear that the rebellion may spread, has convinced both army headquarters and political leaders of the desirability of a peaceful settlement.

[redacted] the North Celebes dissidents were planning to attempt an amphibious landing on 5 May at Susupu, north of Djailolo on Halmahera Island. The landing force of 500 men was to be drawn from Morotai, which the dissidents seized on 28 April. A force of 200 would remain on Morotai. Government forces at Djailolo are estimated at 300.

A rebel plane was shot down on 1 May during an attack on Ambon, according to Indonesian press sources. They

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report that the plane crashed into the sea and that another plane was damaged. According to the Indonesian news agency, Antara, a third plane exploded during an attack on Makassar, resulting in the death of two American pilots and several Nationalist Chinese personnel.

The army officially announced the "liberation" of Bukittinggi on 4 May. [redacted]

[redacted] the press report that a rebel plane attacking Ambon was shot down, but gives no details.

The government's mopping-up campaign in Sumatra appears to have encountered some difficulty in the Siantar area of North Sumatra. [redacted]

[redacted] the situation at Siantar "is extremely critical," and that the dissidents were "presenting great strength" at a town southeast of Siantar. These rebels apparently are remnants of the group that defected at Medan in mid-March. [redacted]

[redacted] government forces have encountered negligible dissident guerrilla activity in the Padang-Bukittinggi area. [redacted]

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New Saudi Oil Agreement Seen Likely

The Standard Oil Company of Indiana (Stanolind), whose agreement last week with the Iranian Government was a major deviation from the established 50/50 profit-sharing formula in the Middle East, now may conclude a deal with Saudi Arabia which goes even further. While the Stanolind-Iranian deal, calling for a 75/25 split, is not the first break in the established formula--an Italian government-controlled monopoly signed a similar agreement last August--the fact that an American firm with substantial resources was willing to depart from the standard 50/50 profit split, as well as to engage in a joint management scheme with an area government, probably will result in stepped-up pressures from the Arab countries for both an increased share in their oil wealth and a direct hand in the management of the companies.

Impressed by Stanolind's willingness to depart from established world petroleum practice, Saudi Arabia apparently will offer the company a concession in the so-called preferential area. This area has become especially attractive since the major Aramco oil discovery last October near the border of the preferential area. The Saudi offer reportedly will include a 60/40 profit split in favor of the government and fully integrated marketing facilities. The latter condition, long sought by the Arab countries, could include profits on company operations from production, through refining, and finally on sales "right down to the service stations."

Aramco, which under the terms of its concession agreement has the right to match any offer for the preferential area, will find itself in a dilemma. In matching the offer, the company would have to agree to conditions it has been fighting for several years, namely, Saudi participation in the company management. If the company failed to match such an offer, however, it would nonetheless be under extreme pressure to accept these conditions in its present concession area.

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London May Stiffen Policy in Aden-Yemen Situation

The governor of Aden declared a state of emergency in that British colony on 2 May following the 25 April general strike and several bomb-throwing incidents. The increased powers given to the police by the emergency decree and London's apparent intention to maintain the strength of British troops in Aden at the recently reinforced level of 2,550 suggests that Britain plans to take stiffer measures against Yemeni-inspired subversion.

Twelve persons were injured in the bomb-throwing. London is convinced that Yemen's accession to the United Arab Republic will result in increased terrorism such as the Yemeni and Egyptian sabotage of the large Aden refinery last March. Foreign Secretary Selwyn Lloyd would not discuss the Aden situation with the American ambassador on 26 April beyond saying that he "didn't like it."

The British appear determined to prevent a diminution of their control now, although they are pessimistic that they can retain their position in Aden for more than a few years. London apparently believes efforts to encourage a federation of protectorate states and displays of force along the border may prove insufficient, as direct Yemeni planning of the latest dissident attack in Dhala appears evident.

British security and military operations are unlikely to restore order as long as the dissidents receive material support and sanctuary in Yemen. London may therefore feel compelled to extend its military operations across the disputed border into these refuge areas, perhaps in connection with an attempt to overthrow the Imam.

[redacted] the Imam expressed anxiety and stated that "it is feared that something will happen, the results of which will not be pleasing." [redacted]

[redacted]

[redacted]

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Laotian Elections

The future direction of the Communist movement in Laos will be largely determined by the outcome of the 4 May supplementary elections in which the Neo Lao Hak Zat--successor to the Pathet Lao--hopes to consolidate its overt penetration of the Laotian Government. Unless the election results, which may take more than a week to complete, justify last fall's Communist strategy in exchanging bullets for ballots, a resumption of open warfare--as threatened by the Communists in the event of their defeat--is a distinct possibility. Government strong-arm measures during the campaign period, highlighted by the emergence of the heretofore politically apathetic army as a major instrument on the side of the conservatives, have seriously alarmed the Communists.

Initially, the Neo Lao Hak Zat will probably seek political redress through local and international channels in event of a reversal at the polls. A basis for contesting the results on the grounds of government fraud and repression has already been laid by the Communists through documented protests to the International Control Commission, which is watching the election carefully. Pending their evaluation of the government's postelection policy toward them, the Communists may decide that recourse to guerrilla warfare is their only alternative to obliteration. Government security forces are not considered strong enough to cope effectively with large-scale, highly organized guerrilla operations.

The Communists are known to have cached arms when they surrendered their military base in northern Laos earlier this year, and could receive additional equipment fairly quickly from neighboring North Vietnam and China.

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South Korean Election Results

By winning a total of 121 seats in the 233-member South Korean assembly, President Syngman Rhee's Liberal party has gained a comfortable working majority which should prevent legislative deadlocks. The Liberals, however, have not gained enough strength to command a two-thirds majority, even with the aid of independents, and thus to enable them to pass a constitutional amendment depriving opposition Democratic Vice President Chang Myon of his right of succession.

The Democrats increased their representation in the assembly, but fell short of the gains many experienced observers had anticipated. Last-minute promises by the Liberals to introduce various public welfare measures after the election may have cut into the Democratic vote.

Although the Democrats have charged that the elections were conducted unfairly, few instances of violence or police intimidation appear to have occurred. Press reports indicate that the election was the quietest in the republic's history. The "soft" tactics employed by Liberal party chairman Yi Ki-pung apparently were successful.

Liberal morale undoubtedly has been bolstered considerably by the election results, and the interest of some Liberal politicians in effecting a rapprochement with the opposition Democrats probably will lessen. Liberal party discipline unquestionably has been strengthened, as has the two-party system in Korea. [redacted]

[redacted]

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III. THE WEST

Guatemalan Public Becoming Disillusioned With New President

Two months after his inauguration, Guatemalan President Ydigoras has yet to show the able leadership expected of him. He has thus far failed to come to grips with any major economic or political problem, and his exploitation of Guatemala's century-old claim to British Honduras has been recognized by influential segments of the press as a purely diversionary tactic. Disillusionment with the new administration is growing among some politicians and army officers, and the general public is becoming apprehensive. While no immediate threat to the government is apparent, continuation of the present drift would seriously imperil Ydigoras' chances of completing his six-year term and further enhance growing leftist strength.

In Congress, where the pro-Ydigoras minority has been continually on the defensive and has shown little initiative or ability, the show is being stolen by the small but able and aggressive bloc of the leftist Revolutionary party (PR). The resurgent political left has made such gains in recent months, after three years of suppression, that many observers feel that the PR would win overwhelmingly if elections were held now. The Communists, already quietly active in the PR's lower echelons, hope to gain increased influence during the party convention scheduled for next month. Even if maneuvering between the party's current moderate leadership and the pro-Communist faction results in a split in the party, leftists will probably continue to enjoy nearly ideal conditions for further gains until the administration shows firm leadership and adopts a program with popular appeal.

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