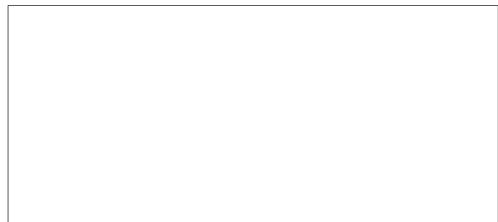


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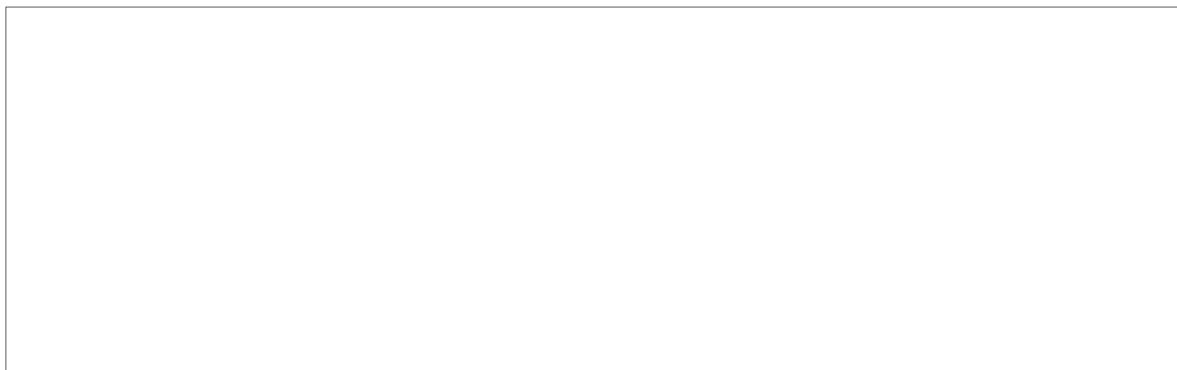
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1. MOLOTOV REPORTED CENSURED FOR ANTI-YUGOSLAV STAND

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Foreign Minister V. M. Molotov was censured by the Communist Party central committee at the July plenum for his stand on Yugoslavia, [redacted]

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Molotov had allegedly opposed sending the high-level Soviet delegation to Yugoslavia and, at a plenum shortly before its departure, had violently criticized Yugoslavia and suggested that it be dealt with like any other capitalist country. The censure is reported to have stated that Molotov did not understand that Yugoslavia was still socialistic and that a Communist Party leader, in order to promote the general objectives of Communism, should try to analyze the reasons for Yugoslavia's deviation rather than take a dictatorial attitude toward the matter.

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Comment

This reported rebuke indicates that there was a policy difference over Yugoslavia, with Molotov exhibiting the inflexibility in foreign affairs for which he has long been noted. Bulganin's comment at the summit conference that it may be necessary to get rid of Molotov as foreign minister before the October conference may indicate that Molotov is out of step with the party presidium on other matters as well.

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2. KHRUSHCHEV'S REPORT TO CENTRAL COMMITTEE ON YUGOSLAVIA

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Khrushchev reported to the central committee [redacted] that close Soviet-Yugoslav ties are possible, since

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Yugoslavia is essentially a socialist state, but that party rapprochement must be gradual because the Yugoslavs have deviated considerably from Soviet ideology. Khrushchev said that during his visit to Belgrade the Yugoslavs had acknowledged this nationalist deviation, and that Tito had told him he is a Communist at heart and would never join the capitalist camp.

The Yugoslavs said that they had no economic or military obligations to the United States, but that they would not break with the US now. Such a break would require two to three years.

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Comment

The major elements of Khrushchev's report coincide generally with other information regarding the Belgrade conversations. In order to make his mission to Belgrade appear more favorable to high Soviet officials, however, Khrushchev may have overstated the pro-Soviet views of the Yugoslavs--particularly the Yugoslav admission of "nationalist deviation" which Belgrade has refused to make.

If the Yugoslavs said this, however, it would have complemented Khrushchev's admission of Stalinist excesses in dealing with Belgrade at the time of the break, and have removed the last major barrier to the gradual resumption of party relations between the two countries.

The Yugoslavs may anticipate that they will be independent of American aid in two or three years, but it is unlikely that Tito plans to re-enter the Soviet bloc.

3. SOVIET TROOPS APPARENTLY TO REMAIN IN HUNGARY AND RUMANIA

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Rumanian prime minister Gheorghiu-Dej's prepared statement to the United Press on 11 August indicates that Soviet troops now in Rumania and Hungary will remain after all Soviet forces are evacuated from Austria.

The Rumanian premier said, "If the foreign troops were withdrawn from... West Europe... the necessity of the presence of Soviet troops in Rumania would be removed... and these troops would be withdrawn." His reference to the Warsaw treaty as justification for the continued presence of Soviet troops in Rumania foreshadows an early announcement of new legal arrangements under that treaty.

There have been numerous unconfirmed reports that, contrary to Marshal Zhukov's order of 31 July, some of the Soviet troops which are being withdrawn from Austria will be stationed in Hungary and Rumania. The rail route of troops already leaving Austria, however, strongly suggests that the forces in Austria will move back to the USSR.

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4. USSR CONTINUES OVERTURES TO SAUDI ARABIA

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Soviet ambassador Lavrentiev in Tehran has reiterated a Soviet offer to supply Saudi Arabia unconditionally with any quantity of arms, according to Saudi deputy foreign minister Yasin, who is visiting Iran with King Saud. Yasin told Ambassador Chapin that Lavrentiev said the USSR would enter into a "pact of guarantee" with Saudi Arabia or any other Middle Eastern state if the "other side" would do the same.

King Saud earlier told Chapin in more general terms of this offer, and said that Saudi Arabia had been most loyal in its agreement on the Dhahran air base, but that the United States had not carried through with military and other aid which Saudi Arabia had been led to expect.

Comment This is the second time within ten days that the Saudis have called the attention of an American ambassador to Soviet offers of military aid. Both the Saudi and Egyptian governments appear to be using Soviet approaches to extract additional assistance and concessions from the United States.

It is doubtful that any Soviet offers to supply arms have been as specific or far-reaching as claimed by the king and Yasin. Such offers, if made, were probably general in nature and intended to further Moscow's efforts to establish closer relations with Middle Eastern states.

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6. PHILIPPINE PRESIDENT STRENGTHENS POSITION

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[Redacted] President Magsaysay is now in a considerably strengthened position to eliminate Senator Recto as a challenge to his administration. Magsaysay maneuvered the Nacionalista Party executive committee on 10 August into endorsing each of the foreign policy programs which Recto has continually challenged. In the closing minutes of its special session the same day, the Philippine congress passed a land tenure reform bill, a public works bill and other measures urged by the president since shortly after his inauguration in January 1954.

Now that he has obtained a clear repudiation of Recto and approval of some of his own major programs, Magsaysay may decide in the interests of party unity to refrain from pressing his opposition to Recto's senate candidacy. Recto apparently retains the support of such Nacionalista stalwarts as Senator José Laurel and his son, the house speaker, who might break with Magsaysay if Recto leaves the party.

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