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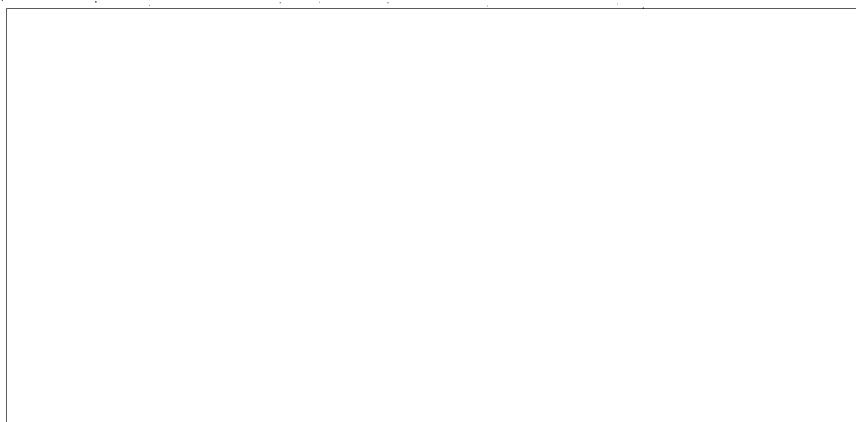
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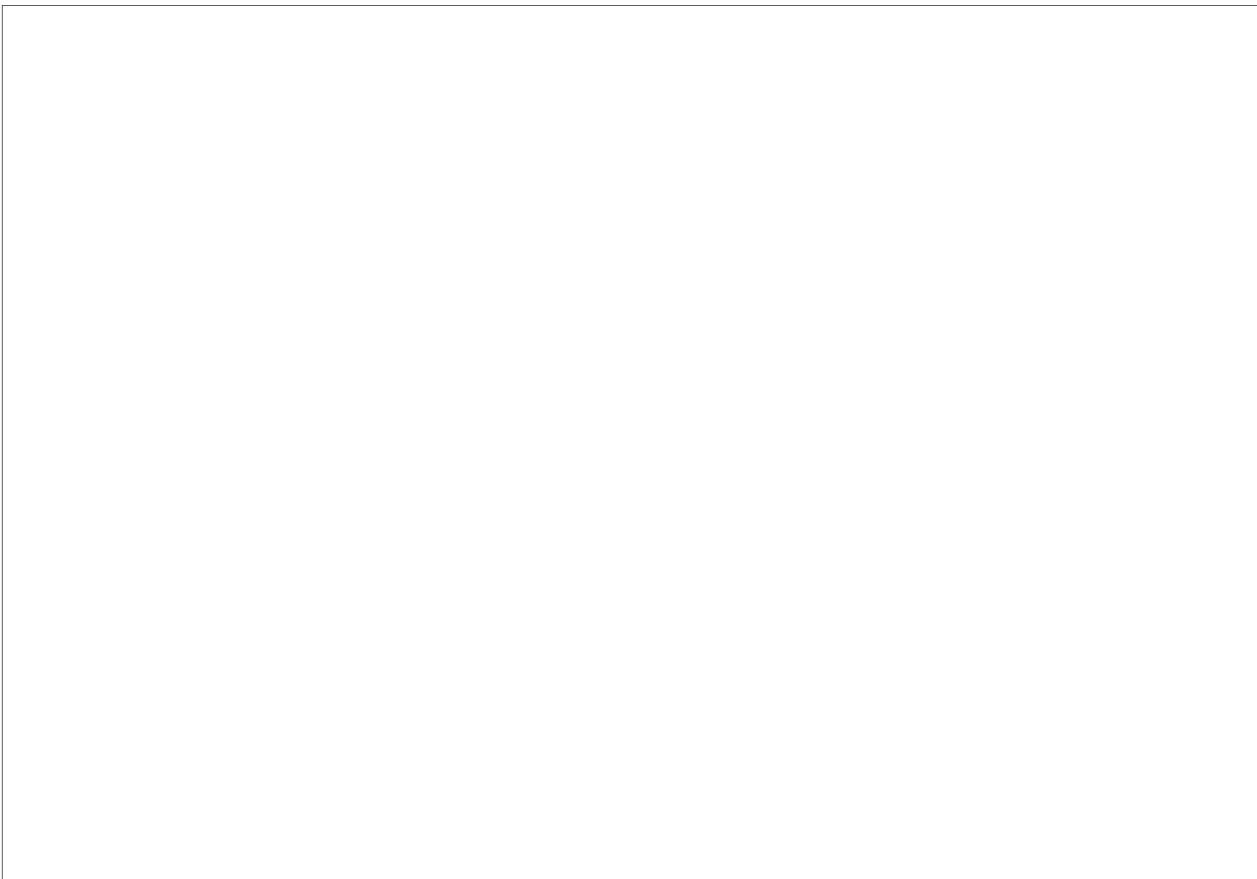
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2. TITO'S RETURN WITH KHRUSHCHEV TO THE USSR

Tito's return with Khrushchev--"to spend several days resting on the Black Sea"--is an obviously hasty decision and suggests that the problems between Moscow and Belgrade over the Satellites have reached a point where wider participation among Communist leaders is required for a decision. Moscow radio, according to press accounts, has announced that leading politburo members including Bulganin and Shepilov and other top Soviet officials are at the Black Sea resort of Sochi.

Tito's trip may mean that some type of compromise concerning at least the short-term aspect of future Satellite "evolution" was worked out during Khrushchev's eight-day stay. In this case, Tito is presumably going to work out the solution in detail with the Soviet leaders and possibly with Satellite leaders returning from the Chinese Communist Party Congress. This could include some agreement on an international organization to guide world Communist activities. [] Tito proposed such an organization when he was in Moscow in June but was turned down by Khrushchev. A sticking-point might have been a desire by Tito to include non-Communist Socialist parties.

It is possible that Khrushchev himself may be convinced that Tito is right in his views on Satellite evolution--at least on the necessity for continued far-reaching, gradual changes. In that case, Khrushchev may hope that Tito can convince other Soviet leaders of the necessity of allowing the Satellites to develop more independent policies.

Finally, Khrushchev's talks with Tito may not have resolved their differences. Khrushchev may hope

that a discussion with other Soviet leaders, and possibly with Satellite leaders, may convince Tito that de-Stalinization must be held back because of its inherent threat to the existence of the Communist regimes in Eastern Europe.

3. POLES PRAISE YUGOSLAV INDEPENDENCE

The Polish press and radio are giving considerable prominence to statements praising Yugoslavia's independence and economic practices. The Polish party daily Trybuna Ludu recently quoted the leader of the Polish parliamentary delegation to Yugoslavia as praising Yugoslavia for "independent thinking on problems of the construction of socialist forms of life," and for having the "courage to conduct independent experiments in this field." The deputy minister of labor, in comparing the degree of democracy in the two countries, observed that Yugoslavia was ahead of Poland in the economic sphere but not in the political sphere.

A recent radio program advocated the Yugoslav practice of establishing workers' councils which would run the factories with a minimum of control from above. Such councils would have wide latitude in purchasing raw materials, planning production, and marketing the finished product, particularly as regards sales abroad. A prominent Polish economist has gone even further and advocated reliance on a market economy to guide production.

Comment

The statements in the party newspaper show disregard for the reported Soviet warning of 3 September against using Yugoslavia rather than the USSR for a model, and reflect the strong sense of independence among high Polish party officials. Since July when Bulganin advised the Polish press to curb its outspoken attitude, the press has expanded its criticism to include some aspects of Soviet-Polish relations.

4. JAPAN NOT EXPECTED TO JOIN SUEZ CANAL USERS' ASSOCIATION AT THIS TIME

[redacted] Japanese policymakers will recommend to the cabinet that Japan not join the Suez Canal Users' Association at this time, with the understanding that Tokyo

[redacted] might join later depending on the results of UN discussions. Ambassador Allison notes that Japan's position is shaped by a desire to avoid offending either the West or the Asian-African nations.

Allison comments that since Japan is not a member of the UN, by deferring to the UN procedure it can evade initially taking sides on the problem and that in giving subsequent support to a UN decision the Japanese would be aligned with a supranational authority rather than with a partisan group. Even Japanese favorable to the Western position desire an "exposure" of Soviet designs at the UN before Japan takes a stronger stand.

Japan is under little economic pressure to expedite a solution since increased shipping costs from European countries resulting from the Suez situation improve Japan's competitive position in Asian markets.

Comment The Japanese position reflects an overriding desire to overcome Japan's diplomatic isolation by being friends to all. Japanese public opinion in general supports Egyptian "anticolonialism" and is critical of any hint that either side will use force.

No Asian or African nation has joined the users' association, but Iran and Ethiopia have indicated an intention to do so. [redacted]

5. INDIA ENCOURAGING BURMA TO STAND FIRM IN BOUNDARY DISPUTE WITH COMMUNIST CHINA

Comment on:

The Indian Foreign Ministry [redacted] urged Burma to maintain its insistence on the validity of the boundary line in the Wa States agreed to by Britain and Nationalist China in 1941.

[redacted] Nehru wrote Chou En-lai in mid-September urging a reasonable approach to the Burma border dispute and warning that failure to settle it might weaken faith in the "five principles" of coexistence. Nehru appears to have indirectly supported Burma's claim that a de facto line has existed between the northern Kachin State and Yunnan for over 50 years. Chou is said to have acknowledged Nehru's letter "in a general way" and promised to discuss the question "later."

This Indian support will go a long way toward overcoming any disappointment Burmese premier Ba Swe may have felt over Nehru's initial cautious response to Burma's request for assistance on the border question.

THE ARAB-ISRAELI SITUATION
(Information as of 1700, 27 September)

President Nasr told Yusuf Yasin, Saudi Arabian deputy foreign minister, on 17 September--following two Israeli retaliatory raids against Jordan, but prior to the latest raid--that he hoped King Saud would advise Jordanian army chief Nuwar and King Hussain "not to become embroiled with Israel at the present time." [redacted]

[redacted] Nasr said Jordan should take a "defensive attitude" rather than provoke Israel as he believed it had done, since the Israeli attacks were "part of a plan to disrupt the Arab world." Nasr said Egypt was fully able to aid Jordan militarily but would refrain from diverting its energies from the Suez Canal crisis to Israel "in present circumstances."

[redacted]