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15 April 1958

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

15 April 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Czechoslovakia: Prague's implementation of an economic decentralization program this year has caused popular discontent to spread. Over 100,000 have been hit by labor relocation plans and large-scale reductions of the central administrative staffs, but the population does not seem generally disposed to make trouble. Within the party, underlying discontent--possibly extending into the top echelon--is hidden from the public behind an appearance of solidarity. Serious differences are not likely to break into the open before or during the party congress in June.

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II. ASIA-AFRICA

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Japanese - Communist bloc relations: Japanese Prime Minister Kishi has been placed in an extremely difficult position in a critical pre-election period by Communist China's refusal to carry out a private trade agreement with Japan and by the USSR's delay in agreeing on a salmon quota for 1958. Kishi will be vulnerable to charges that he has frustrated widespread Japanese sentiment for increased trade with the Communist mainland and failed to protect vital fishing interests. These allegations are certain to cost him support in the elections anticipated in May and to weaken his control of the government and the ruling conservative party. If Kishi should accede to Peiping's demands on the trade agreement, Taipei would probably sever diplomatic relations with Tokyo.

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Egypt: Nasir, apparently stung by broadcasts against him which he attributes to "Western radios," has threatened to take the issue of clandestine broadcasting to the UN Security Council. He intends to begin clandestine broadcasts to counter "those of the Baghdad Pact." The Cairo press and radio are strongly attacking the pro-Western governments in Iraq, Jordan, and Lebanon.

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Morocco - United Arab Republic: King Mohamed V and his government are seriously concerned over Egyptian propaganda activities against the government and the monarchy. The King is reported to have ordered his minister of national economy, who began an official visit in Cairo on 5 April, to make a direct approach to Nasir, including the threat to expel all Egyptian teachers from Morocco.

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Greece: Greek political alignments for the national elections on 11 May are becoming clearer. The Communist-front EDA will probably enter the elections alone. The Liberal party, which ran second in the 1956 elections, is expected to run as a single party rather than as part of a coalition. Former

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Prime Minister Karamanlis is still expected by Greek political analysts to win at least a plurality and possibly a majority. [redacted] 25X1A

III. THE WEST

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Britain: The American Embassy in London considers that public pressures for unilateral nuclear disarmament have abated in recent weeks despite the continuing efforts of various minority elements. The Labor party leadership, while pressing its relatively moderate demand for suspension of British nuclear tests pending a summit conference, may now campaign more actively for disengagement in central Europe. [redacted]

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Uruguay: The Uruguayan Government, for some months past the target of an intensive Soviet campaign for expanded trade relations, has authorized a trial purchase of Soviet crude oil on a barter basis. Uruguay is plagued with foreign exchange shortages derived from growing difficulties in maintaining exports of meat and wool products. [redacted]

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[redacted]

I. THE COMMUNIST BLOC

Czechoslovakia

The program for economic reform recently begun in Czechoslovakia has caused widespread popular discontent. Over one hundred thousand persons have been affected by the labor relocation plans, and the lives of several hundred thousands, primarily in Prague and other cities, have been unsettled. Furthermore the government has renewed last year's collectivization offensive, with the intention of increasing the area of agricultural socialization from the present 65 percent to more than 80 percent by the end of 1959. It hopes to socialize all agriculture in the country within the next three years. The collectivization campaign will be carried out primarily in Slovakia and may intensify existing separatism there.

There are no signs, however, that the population is any more disposed than in the past to make trouble. The regime is alert to this dissatisfaction and has indicated, both through propaganda and a vigilance campaign specifically directed against Slovak nationalism, that it will permit no interference or challenge.

The American Embassy in Prague believes that rumors of underlying discontent in the Communist party, possibly extending into the top echelon, could have some basis in fact, although the party continues to present an unruffled and united front. The fact that party boss Novotny, who was the personal choice of Khrushchev, is administering the current Soviet-type economic program in Czechoslovakia will probably prevent the emergence of any serious differences, either before or during the party congress in June.

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Kishi Government Threatened by Pressures From Communist China and USSR

Communist China's refusal to implement a private trade agreement with Japan and Soviet intransigence on terms for a 1958 salmon quota in northwest Pacific waters have placed Prime Minister Kishi in an extremely difficult position in a critical pre-election period.

Peiping has attacked the Japanese Government's announcement of 9 April that in supporting the trade agreement, Japan was not recognizing the "right" of Communist China to fly its national flag over a projected trade mission in Japan. Peiping, rather than accepting Japan's assertion that the flying of the flag could not legally be prevented, desires clear public endorsement of the flag provision, undoubtedly to keep alive Japan's rift with Nationalist China over this issue.

Peiping's rejection of Japan's position has made Kishi vulnerable to charges that he has frustrated widespread Japanese sentiment for increased trade with the mainland. This charge is certain to cost Kishi support if elections are held in May as anticipated, and may ultimately result in his replacement by another Liberal-Democratic prime minister more inclined toward closer relations with Communist China.

Kishi's reversal of his present position, on the other hand, would probably cause Chiang Kai-shek to carry out his threat to sever diplomatic relations with Japan.

Moscow has offered to increase the Japanese salmon quota for 1958 from 80,000 to 100,000 tons, but Japan desires a still higher quota and is firmly opposed to Soviet closure of the Sea of Okhotsk to Japanese salmon fishing. Moscow apparently believes that continued delay on this issue may weaken Tokyo's position.

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Nasir Protests Clandestine Broadcasts

President Nasir has threatened to complain to the UN Security Council about clandestine broadcasts, [redacted]

[redacted] Nasir believes some of the nine clandestine radio stations he claims are attacking him are under the control of the countersubversion committee of the Baghdad Pact and intends to set up a secret station of his own for combating them. He is particularly incensed over alleged attacks on his wife and family and has stated that "in six months the West will regret having mentioned my wife in these broadcasts."

Nasir has often complained about clandestine broadcasts in the past, but now appears exceptionally bitter over these activities. Press and radio attacks from Amman and Baghdad recently have charged him with the "annexation" of Syria and ambitious designs for domination of the Arab world.

Nasir has stepped up the pace of the intermittent propaganda war between his United Arab Republic and the Iraqi-Jordanian Arab Union. Cairo accuses the "false" Arab Union of subservience to the West and collaboration with Israel, and portrays its leaders as serving their own self-interests while ignoring the desires of their people for "true Arab unity." Lebanon is also a target and was most recently pictured as on the verge of civil war because of the dictatorial methods of President Chamoun, who consistently confiscates Egyptian papers with such reports coming into his country.

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Morocco Moves to Curb Egyptian Propaganda Activity

King Mohamed V and his government are seriously concerned over Egyptian propaganda activities in Morocco. Egyptian teachers under contract in Morocco have been reported organizing groups of Moroccan students and intellectuals to spread propaganda opposing the monarchy and favoring the Egyptian Government. The King, therefore, charged Minister of National Economy Bouabid, who began an official visit to Cairo on 5 April, to raise the matter with President Nasir and to state that unless these activities cease, Morocco will expel all 80 Egyptian teachers now in the country.

Moroccan officials are also annoyed over an attempt by the UAR to improve relations with Spain by criticizing Morocco's policy in southern Morocco. Nevertheless, Moroccan relations with the United Arab Republic are cordial on the surface.

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Nasir [redacted] invited leaders of the Moroccan Istiqlal--which has been vigorously anti-Egyptian--and Tunisian Neo-Destour party leaders to discuss common problems. Bouabid's trip to Cairo, coinciding with one by Tunisian Foreign Secretary Mokaddem, may have provided the opportunity for such an exchange of views. [redacted]

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III. THE WEST

British Public Pressure for Unilateral Disarmament Abates

Public agitation in Britain for unilateral disarmament has abated in recent weeks, according to the American Embassy in London, and is confined essentially to a vocal minority. Sponsors of the highly organized and publicized Easter week-end "ban-the-bomb" protest march to the government's nuclear research installation at Aldermaston have publicly acknowledged that their efforts "flopped." Public opinion polls also show that the issue of nuclear weapons was a relatively minor factor in the Macmillan government's recent severe by-election losses.

Within the Labor party, foreign affairs spokesman Aneurin Bevan's support of the more moderate official line advocating suspension of British nuclear tests pending a summit conference has helped blunt the ban-the-bomb campaign. The party's rally in Trafalgar Square on 13 April shows its intention to keep pressure on the government on this issue, however, in concert with the drive for summit talks, as a means toward a general accommodation with the Soviet Union. The tactics to be followed in the joint campaign with the Trades Union Congress on disengagement in central Europe will probably become evident after the two groups hold separate meetings this week.

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Uruguay to Purchase Oil From the USSR

The decision by Uruguay on 10 April to barter meat and wool products for a trial cargo of Soviet crude oil was probably influenced by its critical foreign exchange shortage and difficulty in meeting payments to US oil companies. It might take nine additional cargoes if the first proves satisfactory.

The Uruguayan economy has been encountering increasing difficulties from the weak position of its principal export commodities of meat and wool products, as well as from excessive state controls. The USSR, whose direct trade with Uruguay amounted to only \$3, 684, 000 in 1956, has been waging an intensive campaign to persuade Montevideo to seek a way out of its difficulties through expanded barter trade with the Soviet bloc. Threats to cease wool purchases, which reportedly have already reached \$18, 000, 000 this year, have been mixed with reported offers to sell cotton and machinery, and to supply Uruguay's total petroleum requirements, which cost about \$30, 000, 000 annually.

This Uruguayan response to the Soviet bloc campaign stems in part from pressure from politically influential wool interests and in part from the government's reluctance to institute severe austerity measures in an election year.

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