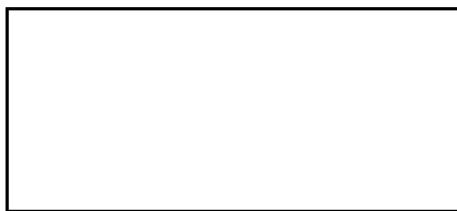


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5 June 1958

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

5 June 1958

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DAILY BRIEF

I. THE COMMUNIST BLOC

No

USSR-France: Moscow's caution regarding the French situation appears to be based on a desire to keep the way open for a deal with De Gaulle should the opportunity arise. Soviet Deputy Foreign Minister Kuznetsov indicated to the American and French ambassadors in Moscow that the USSR was perplexed about developments in France and about what line Soviet policy should take. First Deputy Premier Mikoyan told the West German ambassador that the Soviet Union was not concerned about De Gaulle's coming to power because his eventual failure would pave the way for the Communists.

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II. ASIA-AFRICA

Lebanon: Government forces have moved to counter new rebel activity in the Biqa Valley area and in Tripoli, and further military action is expected. Syria [redacted] determined to keep the fighting going [redacted] pressing hard to send reinforcements into Lebanon, with or without the consent of Lebanese [redacted]

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Indonesia: The Indonesian National party (PNI), the largest non-Communist group in Java with the largest representation in the cabinet, within the last week openly attacked the Communist party (PKI) for the first time. A PNI statement of 27 May denounced the Communists' overt domestic

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political tactics. A statement by the East Java branch of the PNI on 3 June charged that the Communists' "dissolve-SEATO campaign" indicated that the PKI was an instrument of a foreign power.

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No
Tunisia-France: Prospects for a settlement of French-Tunisian difficulties remain uncertain. De Gaulle's note of 2 June to Bourguiba was cooler but more precise than the general's note to the King of Morocco, and Bourguiba's gloom probably has not been dispelled. Bourguiba has told the American ambassador that he is not optimistic about his relations with the new French government. He still insists on the evacuation of French troops, and desires that the American-British good offices remain available.
(Page 4)

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III. THE WEST

No

De Gaulle's position on NATO: De Gaulle is making a major effort to reassure France's allies, especially the United States, about the soundness of his relationship to NATO. Socialist Minister of State Mollet is reported to have been assigned to follow foreign affairs, "in particular relations with the Anglo-Saxon countries." President Coty's chief civilian adviser is optimistic that France will be a "solid though probably difficult" ally in NATO. Points on which difficulties can be expected include De Gaulle's known desire for a greater

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DAILY BRIEF

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French role in military planning and his probable intention to speed up France's attainment of an independent nuclear weapons capability.

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no

*De Gaulle's position on Algeria: De Gaulle's 4 June promise of political equality to Algerian Moslems, a logical extension of the public professions of the Algiers civilian and military junta, actually runs counter to the increasingly apparent opposition of the extremists to any real change in the status quo in Algeria.

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De Gaulle's long-range plans for Algeria involve some form of autonomy and federation with France, a policy which is anathema to extremists, and it is unlikely that he intended this address as a final policy guide. De Gaulle's promise, if accompanied by an honest implementation of franchise laws, might induce the uncommitted majority of the 9,000,-000 Moslems to adopt a more cooperative attitude toward France, but is not likely to find support among Moslem extremists. The FLN rebel leadership, which considers his speech "no basis whatsoever for a reconciliation," will continue to fight for recognition of Algeria's right to independence. Morocco and Tunisia will probably adopt a cautious, if not distrustful, attitude toward De Gaulle's proposal.

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Italy: Recent indications are that the Democratic Socialists intend to reject any Christian Democratic overtures to join a coalition, pending clarification of the prospects of Socialist reunification. Such a refusal would appear to assure continuation of a minority - all - Christian Democratic government, since the other allies of the former center coalition cannot form a majority by themselves.

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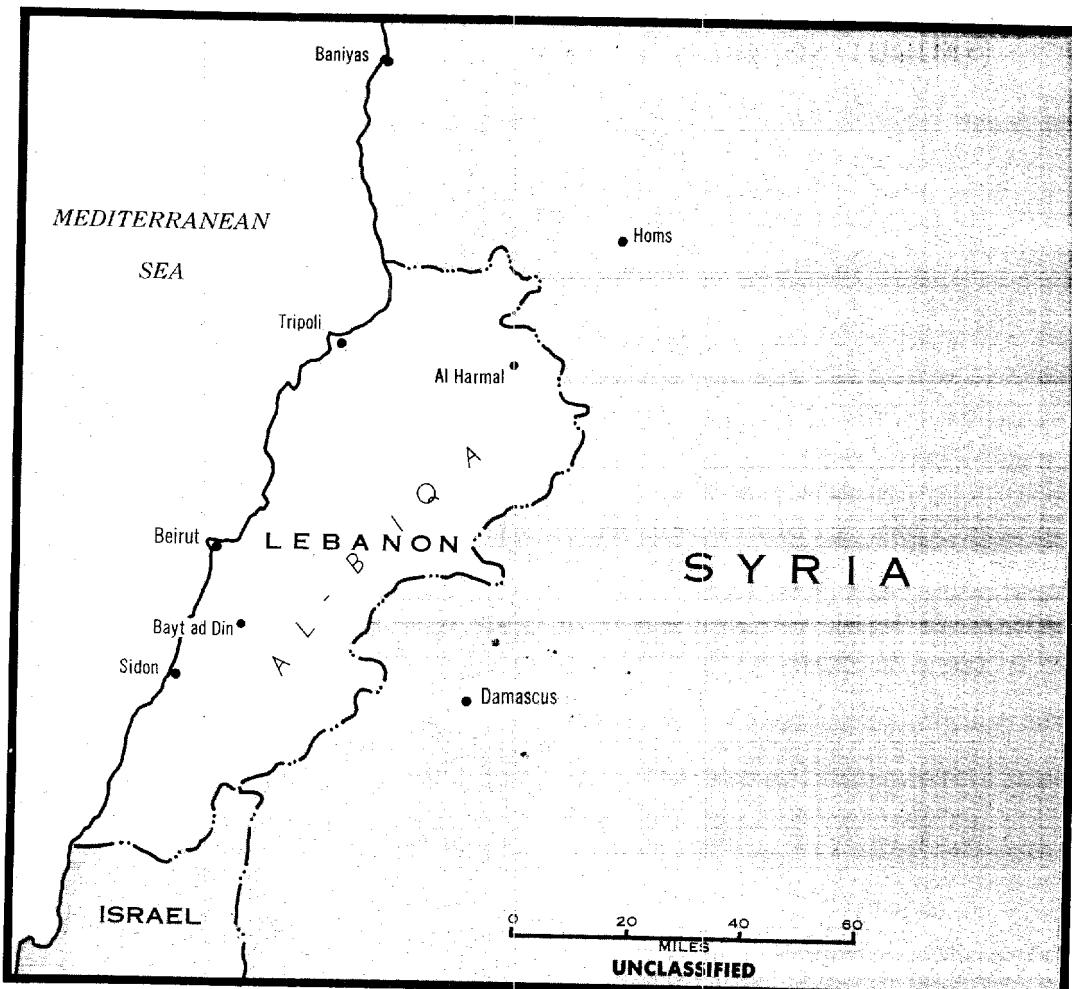
DAILY BRIEF

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I. THE COMMUNIST BLOC

No Back-up Material

II. ASIA-AFRICA

Crisis in Lebanon

Government security forces have moved to counter new rebel activity in the Tripoli area, and rebel attacks on the city are expected. Sporadic clashes continue in the Biqa Valley

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Beirut, approximately 12 bombs exploded during the night of 3-4 June. The following day, more bombs were set off, and Lebanese Army troops fought a three-hour battle with insurgents in the city's main Moslem quarter. The increased bombings by rebel extremists probably reflect an attempt to promote instability and to maintain the momentum of the rebellion pending new opposition moves

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While the military situation remains essentially in a stalemate, Syria [redacted] striving to maintain the momentum of the rebellion

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Nonetheless, large and well-armed antigovernment groups remain in northern and southern Lebanon and in the Biqa Valley

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Despite possible Arab League and UN Security Council efforts to settle the crisis in Lebanon, the build-up of UAR-supported rebel forces suggests that the opposition, or at least the UAR, wants a solution of the crisis by force rather than by political compromise. A Cairo radiobroadcast on 3 June quoted Lebanese opposition leader Jumblatt to the effect that the antigovernment forces sought "a united command, coordination of action, and a permanent revolution council, because these will expedite the end of the crisis in Lebanon." Although the words may not be Jumblatt's, they suggest that Cairo seeks to sustain and control the rebellion until its political objective of removing Chamoun from power is accomplished. The American Embassy in Beirut also reports that the opposition is becoming more articulate in advocating elections to install a new pro-UAR parliament which would choose Chamoun's successor.

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Indonesian National Party Attacks Communists

The central board of the Indonesian National party, which cooperated with the Communist party in the 1955 parliamentary elections, for the first time has openly attacked the Communists, an action which has been followed by an even stronger denunciation by the party's provincial branch in East Java. The National party is the largest non-Communist party in Java and the largest group represented in the cabinet.

On 27 May, the National party central board issued a press statement which, although not naming the Communists, was clearly directed against them. It accused them of "exploiting every possible opportunity as a field of agitation aimed at acquiring political ends." The East Java branch reaffirmed the central board's statement on 3 June and added that the Communist party's "dissolve-SEATO campaign" was an indication that the Communists were an instrument of a foreign power. The statement declared that the dissolution of SEATO was not an internal affair of Indonesia. It further branded the Communist party as a traitor to the goal of revolution and cited open Communist rebellion at Madiun, Central Java, in 1948, and the use of Communist-dominated village guard units in a minor insurrection in North Sumatra in October 1957. The American Embassy in Djakarta comments that this is the first time an Indonesian party has been willing to state publicly that SEATO is of no concern to Indonesia.

The Communists have replaced the National party in the last two years as the largest party in Java, and the Nationalists have also largely lost the personal backing of President Sukarno. With general elections scheduled for 1959, the Nationalists face a battle for survival as a major party.

On the military side, the army announced that Djailolo on Halmahera Island was captured on 3 June and that the 500 dissidents there were "destroyed."

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Outlook for Tunisian-French Relations

Prospects for a settlement of French-Tunisian difficulties remain uncertain despite De Gaulle's note of 2 June to Bourguiba, which was notably cooler than his message to the King of Morocco and probably has not dispelled Bourguiba's gloom. The Tunisian press criticized De Gaulle's statement that he intended settling "present difficulties" for failing to specify that this settlement would include early French evacuation from Tunisia. The Tunisians apparently believe that De Gaulle's principal aim is less to renew talks than to eliminate Anglo-American good offices.

In his reply to the De Gaulle note, Bourguiba stated that Tunisia was anxious to "eliminate the major obstacles" and stressed the need for a mutually satisfactory settlement. He told the American ambassador on 2 June that he nevertheless was not optimistic about future French-Tunisian relations. He still insists on the evacuation of French troops and desires that Anglo-American good offices remain available.

On 30 May, Tunisia rejected a French proposal, said to have had De Gaulle's concurrence, for the evacuation of most of the 9,000 French troops outside the Bizerte base and the negotiation before 1 July of an agreement on Bizerte. The Tunisians suggested instead that the timetable for evacuation be reduced to two months and cover all forces, including those at Bizerte, and the evacuation of radar outposts. They stipulated that there be no connection between the negotiation of a provisional solution for Bizerte and the evacuation timetable, and asked for a Tunisian observer at Bizerte. They rejected the idea of neutral observers at southern airfields, but said they would reconsider this decision if Anglo-American good offices were continued and the neutral observers reported to the American and British embassies in Tunis in accordance with the 15 March good offices proposals.

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III. THE WEST

France

General de Gaulle is making a major effort to reassure France's allies, particularly the United States, that he intends to respect the NATO alliance.

He is reported to have asked Socialist Minister of State Guy Mollet to advise on foreign relations, "in particular relations with the Anglo-Saxon countries," and to have assigned Etienne Manach, a diplomat well and favorably known to the US Embassy, as Mollet's assistant on matters which "would largely involve Americans." General Paul Ely's reappointment as chief of staff, though primarily a move toward healing the break between the government and the French Army, is also reassuring at the military level of the alliance in view of Ely's firmly pro-NATO position. According to an aide, De Gaulle hopes to visit all the NATO members in the autumn.

President Coty's chief civil adviser, who claims to have conducted the preinvestiture soundings of De Gaulle's views on NATO on behalf of political party leaders, is optimistic that France will be a "solid though probably difficult" ally in NATO.

Some of the difficulties which can be expected include De Gaulle's known desire for a greater French role in military planning. The appointment to the cabinet and presumably to a top Defense Ministry post of Pierre Guillaumat, administrator general of the French Atomic Energy Commissariat, indicates De Gaulle's probable intention to expedite France's already well-advanced program to develop its own nuclear weapons.

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The Italian Political and Economic Situation

Italy's Democratic Socialists in their newspaper La Giustizia on 3 June dashed any Christian Democratic hopes for a coalition pending clarification of the prospects for reunification with the Nenni Socialists. Continuation of the past year's minority Christian Democratic government seems almost certain since the former allies of the center coalition do not together have the seats necessary to form a majority. Such a government, according to the American Embassy, would have difficulty dealing with the serious economic problems which may face it in the next few months.

Despite the generally rapid recovery and growth of the Italian economy since the end of the war, basic problems such as paucity of natural resources, widespread unemployment, and the underdeveloped south remain. To these problems has been added a contraction in the rate of industrial expansion, which at present stems largely from internal causes such as lower public expenditures, declining housing activity, and excess industrial capacity in certain sectors. This trend may soon be accentuated by a reduction in Italy's exports and income from tourism and emigrant remittances as a result of depressed conditions in other countries.

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