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1. THE SITUATION IN TAIPEI

Reference:

Taipei, in [redacted] reporting the 24 May riots [redacted] observed that very few military or civil police were sent to the scene, and that the police made no positive efforts toward quelling the trouble, but instead seemed to give in to the violence of the mob. [redacted] noted that the disturbance was carried on in a "somewhat organized manner."

[redacted] about a week before the riots, Vice President Chen Cheng, generally regarded as Chiang's probable successor, gave a speech [redacted] in which he predicted that the American authorities would "whitewash" Sergeant Reynolds. He reportedly said that this was an example of how the United States forced China to accept its decisions, and that the United States must be shown that China would not be forced into following US policy. Chen, [redacted] had vetoed the use of troops in the early stages of the riot.

The situation in Taipei remains quiet, but [redacted] martial law will remain in effect until the government feels assured that no further violence will occur. [redacted]

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2. JAPANESE COMMUNISTS PLAN TO EXPLOIT GIRARD CASE

The Communist Party in Japan instructed all departments of the central headquarters and prefectural committees [redacted] to conduct an anti-American propaganda campaign exploiting the accidental killing

last January of a Japanese woman by the American serviceman William Girard.

[redacted] The Communist campaign is making use of "public opinion" polls, handbills, posters and other printed materials. Front organizations have been instructed to carry out similar anti-American campaigns.

Comment

The Japanese press has been quick to note the similarities between the Girard incident and the Reynolds case on Taiwan, and some newspapers have printed inflammatory editorials. Leftist leaders in Tokyo may seek to avoid mob violence, however, because of the sharp drop in popular support for the leftists following a resort to violence in 1952.

The Japanese Socialists may also use the Girard case to discredit the conservatives and promote neutralism. One Socialist member of the Diet has already applied for a demonstration permit.

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3. NASR THREATENS SEIZURE OF US COMPANIES

Egyptian president Nasr told a former American news correspondent on 23 May that any further US action "to hurt Egypt" would result in the sequestration of US business firms and nationalization of American oil companies. Nasr said this action would be taken more as a "pointer" to other Arab states than for Egypt's economic benefit. He also stated that the United States has the same colonialist attitude as its allies (Britain and France), but is unwilling to resort to force to achieve its objectives.

Comment

Nasr's statement probably more closely resembles his actual attitude toward the United States than do the statements by other high-level Egyptian officials, several of whom recently have sought to minimize Egyptian-American differences.

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4. FRENCH SOCIALIST PARTY'S VIEWS ON FORMATION OF NEW GOVERNMENT

[Redacted]

Outgoing French premier Mollet's Socialist Party is asking a stiff price for its support of the next government, according to the American embassy. Party spokesmen say they will insist on the continuation of "at least 95 percent" of Mollet's social program, prompt ratification of the EURATOM and Common Market treaties, and maintenance of Mollet's Algerian policy. If this price is met, the Socialists would support a government even if they did not participate in it. If their conditions are met, they will also consider reconstituting the Mollet cabinet.

The party will not convene its National Council until after President Coty announces his formal choice of a candidate.

Comment

In maintaining this attitude, the Socialists indicate willingness for the crisis to continue for some time. It is probable, however, that as Coty's first candidate fails to form a government, they will lessen their demands and accept the limitations imposed by the country's financial condition in pressing for social reform. Mollet's Algerian policy has been generally satisfactory to the right and is broad enough to accommodate new domestic pressure for a political settlement. Action on European integration treaties is likely to be delayed until fall.

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5. FRENCH POSITION ON DISARMAMENT MAY BE SHIFTING

[Redacted]

Pressures seem to be mounting in France in favor of a national nuclear weapons program, and any new government may be unable to renew Mollet's assurances that France would forego such a program if an early disarmament agreement could be reached.

A French Press Agency commentary on 27 May pointed out that most French political parties have taken the position that atomic armament is a necessary condition of independence. The influential conservative and pro-US daily Figaro has also editorialized that to eliminate France from atomic competition would deprive it of the status to which its international responsibilities entitle it.

Mollet's defeat has opened the way for strong nationalist pressures. Behind these pressures are the impact on French opinion of the British decision to rely on nuclear deterrent power; announcement of plans to overhaul the French defense establishment to meet the demands of nuclear warfare; and accumulating frustrations arising from France's setbacks in Algeria and the Middle East. [Redacted]

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6. HAVANA EXPLOSION INCREASES UNREST IN CUBA

A violent underground explosion early on the morning of 28 May blew out four generators in the Cuban Electric Company's main power station in Havana, resulting in a city-wide blackout which may last as long as 48 hours in the downtown section. Power is being restored gradually in other sections. Telephone service, operating on auxiliary generators, is limited.

The saboteurs were apparently well acquainted with the power system, suggesting that the attempt may have been planned by electrical workers. Previous reports have indicated that dissident electrical workers, who are feuding with the government-controlled unions, were planning a nationwide power strike and a city-wide blackout in conjunction with new revolutionary attempts which have been expected to occur this month. No disturbances were reported in Havana immediately following the explosion.

Reports that a small rebel force of 27 men landed on the north coast of eastern Cuba on 24 May have added to the general atmosphere of tension.

[redacted] high armed forces officials held an all-night meeting

[redacted] to co-ordinate the defense of Havana, indicating the extent of official concern over increasing reports of disturbances throughout the nation. Additional government forces were dispatched to Oriente Province several days ago to clean up resistance pockets. A clash between government forces and followers of Fidel Castro in Oriente on 28 May led to casualties on both sides.

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7. THE HAITIAN SITUATION

Comment on:

The Haitian political scene appears to be quiet following the "inauguration" of leftist Daniel Fignolé as provisional president on 26 May, but the situation remains tense and new disorders could erupt at any time. The general strike which paralyzed economic life throughout the country since 21 May has ended.

Fignolé apparently is now representing the interests of ousted dictator-president Magloire and the remnants of his supporters in Haiti. On 28 May he formed a 12-member cabinet, including two under secretaries, representing the leading presidential candidates excepting Louis Dejoie, from whom Fignolé withdrew support in his bid for power.

The army, which had turned the capital into a battlefield in a 24-hour power struggle between rival chiefs of staff on 25 May, is reunited on the surface only, according to the American military attaché. Colonel Antoine Kebreau, who has succeeded Cantave as chief of staff of the army, also has been connected with the corrupt Magloirist group.

Dejoie has denounced the seizure of power by Fignolé as illegal and has forecast a life of less than 30 days for his government.

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8. SOVIET-HUNGARIAN MILITARY AGREEMENT

Comment on

The Soviet-Hungarian agreement concerning the "legal status of Soviet forces temporarily" in Hungary, signed in Budapest on 27 May, does not deal directly with the length of stay or size of these forces--currently estimated to total up to 75,000 men. The text of the treaty merely stipulates that the numerical strength of Soviet forces in Hungary will be determined by "special agreements" between the two states and that movement of these troops within the country will "require in each case" authorization from competent Hungarian authorities. In general, the treaty does not differ significantly from the status-of-forces agreements signed by Moscow with Poland on 17 December and with Rumania on 15 April, but is more generous than the one signed with East Germany on 12 March.

As was the case with Rumania, Moscow signed the Hungarian agreement apparently in a desire to "legalize" the continued presence of its forces; to concede, on paper, the "sovereignty" of the Satellite signatory; and to minimize its status-of-forces treaty with Poland, where regime leaders take the public position that the agreement has substance.

The new treaty establishes ambiguous procedures for Hungarian legal jurisdiction over Soviet troops who commit crimes while off duty. Provisions dealing with compensation for material damages inflicted on either Soviet or Hungarian property include a reference to the admissibility of unsettled claims dating back to 1947; this, at least legally, would entitle the USSR to submit claims for losses incurred during the revolution last fall.

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