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19 June 1958

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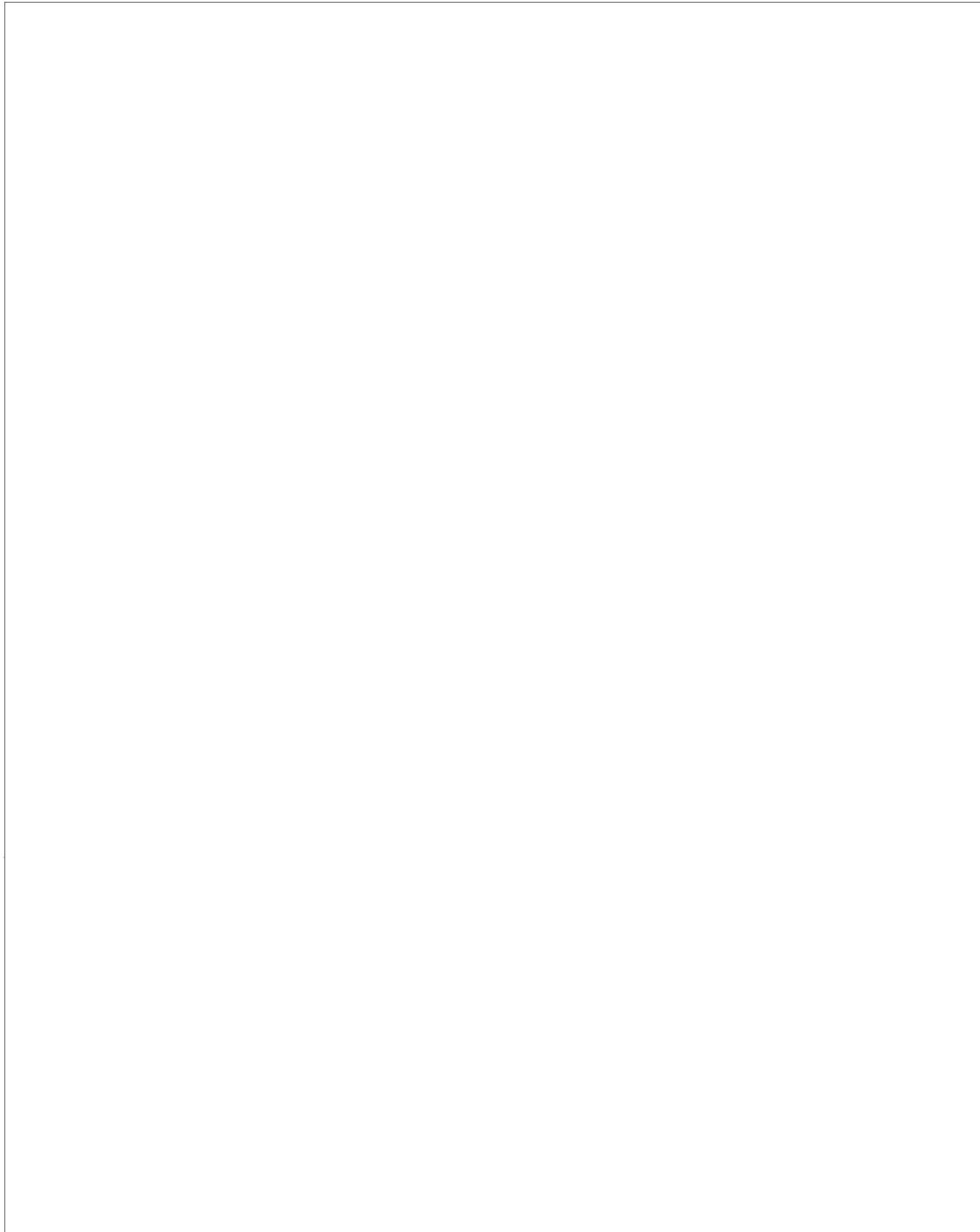
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CENTRAL INTELLIGENCE BULLETIN



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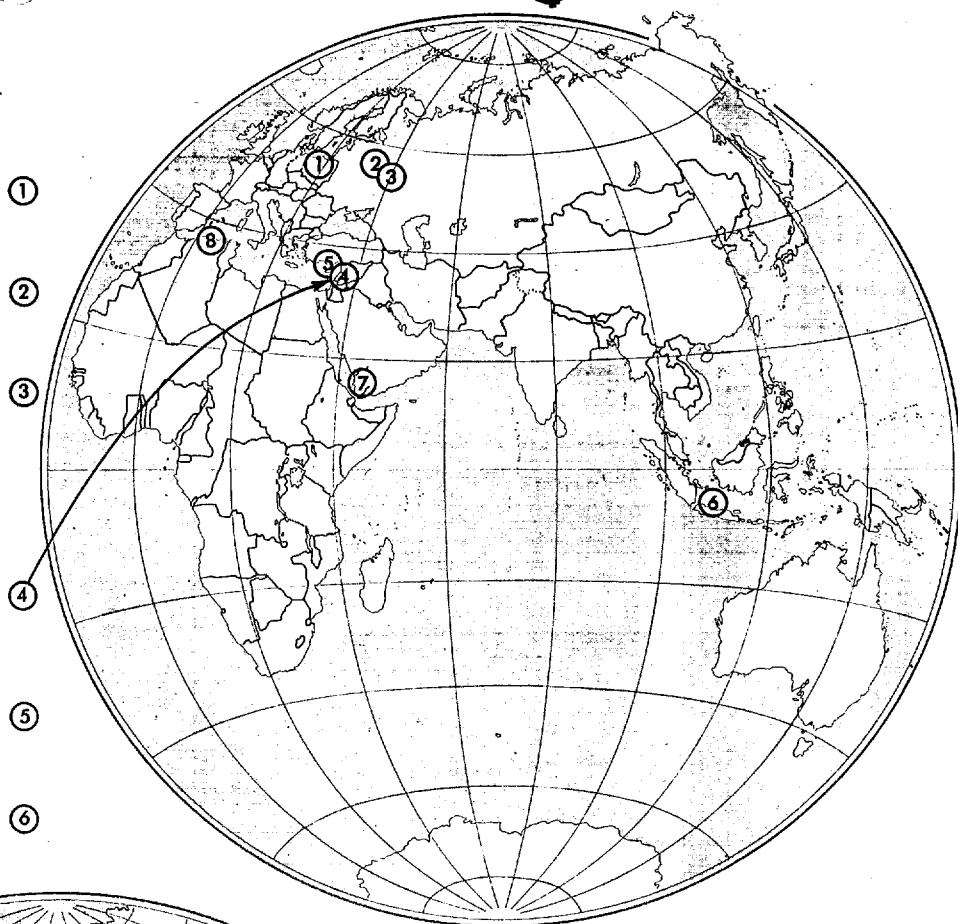
19 JUNE 1958

I. THE COMMUNIST BLOC

Poland readying approach to the United States for more aid.

USSR has developed nuclear reactor suitable for submarine propulsion.

UAR mission in Moscow requests approval for delivery of first all-weather fighter squadron to Syria.



II. ASIA-AFRICA

Lebanon - Situation remains critical with no major political or military changes.

Turks favorably disposed toward further negotiations on Cyprus; Greeks suspicious. The island is generally quiet.

Indonesia - Central government protests attack by Chinese Nationalist aircraft aiding dissidents.

⑥

- ⑦ Nasir promises Imam of Yemen operations against British will begin after Lebanese problem is settled.



III. THE WEST

- ⑧ De Gaulle putting army in complete charge of Algeria in preparation for elections.
- ⑨ Guatemalan President Ydigoras may be planning to move against Communists, who are more active than at any time since Arbenz was overthrown.

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CENTRAL INTELLIGENCE BULLETIN

19 June 1958

DAILY BRIEF

SI RAB

I. THE COMMUNIST BLOC

OK
Poland: Polish officials are preparing the way for an approach to the US for further economic aid. Despite Khrushchev's public criticism of Socialist countries accepting capitalist aid, Polish foreign trade officials state there has been no change in their instructions on this score and that Gomulka has reiterated the importance of closer economic relations with the United States.

(Page 1)

No
Soviet nuclear propulsion: The USSR has developed a nuclear reactor which is comparable in power to that used in the USS Nautilus and is probably suitable for submarine propulsion. Three of these reactors will be used to power the Soviet icebreaker Lenin. There has been no indication that the USSR possesses any operational nuclear-powered submarines. However, one of the new submarine construction projects known to be under way may use such a reactor.

(Page 2)

No
Soviet Union - UAR: The UAR arms purchasing mission in Moscow has requested approval from Damascus for delivery of a squadron of MIG-17 all-weather fighters--probably 15 aircraft--to the Syrian sector of the UAR in July. These would be the first all-weather fighters to be supplied to Syria by the USSR. Damascus was also informed that the training courses for UAR officers being conducted in the USSR on these aircraft would be completed at the end of July.

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II. ASIA-AFRICA

Lebanon: Although there have been no major political or military changes, the situation remains at a critical phase. The rebels have added psychological warfare to their tactics and are urging army soldiers to desert.

(Page 3) (Map)

No
*Cyprus: Intensive efforts are continuing in an attempt to reach agreement on further negotiations under the sponsorship of the North Atlantic Council. The Turks are apparently thinking in terms of a tripartite conference, a suggestion the Greeks have consistently opposed. Cyprus continues to be generally quiet. Regardless of the direction of developments, it appears doubtful that Ankara would resort to hostilities.

(Page 5)

Indonesia: Nationalist China is giving the dissidents some assistance in the North Celebes fighting. A B-26 aircraft, manned by Chinese personnel, flew a mission from an airfield in the southern Philippines on 15 June, the same day on which official sources in Djakarta protested their forces at Gorontalo were strafed by a similar aircraft. Cargo planes are also believed flying to dissident territory from the Philippine airfield. Central government military sources claim their forces are advancing rapidly on Menado and have captured seven towns en route.

(Map)

No
UAR-Yemen: Nasir has promised the Imam of Yemen that "operations at your end" will begin after the Lebanese problem has been settled.

Yemeni Crown Prince Badr is in Cairo to arrange for further arms and economic assistance from the UAR. Nasir probably wishes to avoid a direct conflict with the British in the Aden-Yemen area.

(Page 8) (Map)

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III. THE WEST

*N*o
France: De Gaulle is putting the army in complete control of Algeria because he evidently believes it to be more moderate than the civilian elements of the Committee of Public Safety. Once the army's position in Algeria is assured, he plans to proceed with elections which he hopes will produce representatives with whom he can negotiate an Algerian settlement. [] (Page 9)

OK
Guatemala: Communist activity is greater now than at any time since the Arbenz regime was overthrown four years ago. The party's confidence is indicated by the fact that it is recalling exiled members. President Ydigoras, thus far hesitant and indecisive, may be preparing to move against the Communists. However, he apparently feels his position is threatened more by plotting by rightist ex-officers.
[] (Page 10)

19 June 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

Poland Indicates Desire for Additional American Economic Aid

Polish officials, in conversations with Americans in Poland, are raising the subject of additional US credits, particularly funds for the purchase of American machinery, even though the \$193,000,000 in aid already granted by the US has not been completely used.

In order to prepare the way for a new bid for US credits, the Poles apparently feel it necessary to counter Khrushchev's recent criticism of free world aid. The Polish press points out that Poland's experience proves that such aid between countries with different political systems is mutually advantageous, and Gomulka is reported to have reiterated the importance of maintaining close economic relations with the US.

US aid to Poland has played a part in permitting the Gomulka regime to curtail the unpopular system of compulsory deliveries of farm produce and to maintain the grain supply, thereby curtailing price increases. The 400,000 tons of American grain to be delivered during 1958 will also aid in the establishment of a grain reserve which may permit the total abolition of these compulsory deliveries.

In their recent talks with American officials, the Poles have noted that they still encounter difficulties in making purchases and sales in the United States. It is possible that Poland will seek to establish commercial agents in this country as part of "an important plan" for trade with the US which, [redacted]

[redacted] the Polish deputy minister of foreign trade said was being prepared. [redacted] (

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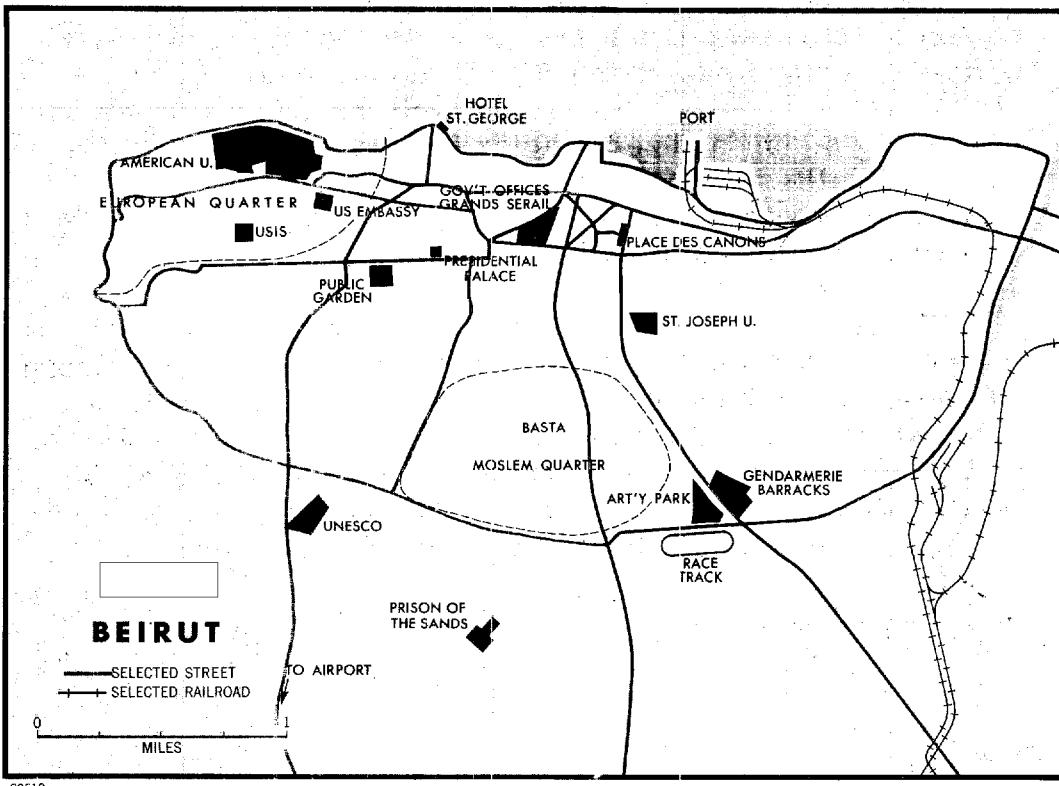
USSR Develops Nuclear Reactor Suitable for Submarines

The three reactors to be used in the Soviet nuclear-powered icebreaker Lenin are of a size and type apparently suitable for use in a submarine. This disclosure, [redacted] suggests that the USSR has concentrated on developing a standardized reactor for marine use and that most difficulties of operation have been fairly well overcome. A prototype must have been developed by 1956 and tested in 1957 or early 1958 at the latest.

While there is no direct evidence that the USSR possesses an operational nuclear-powered submarine, some of the new submarines now in series production may include a nuclear reactor. The obvious advantages of nuclear-powered and guided missile submarines should prompt the USSR to incorporate such capabilities in at least one of the new submarine projects. [redacted]

[redacted]

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II. ASIA-AFRICA

Situation in Lebanon

Other than a rebel attack on a women's prison which resulted in a seesaw battle between progovernment Christian forces and Moslem rebels, no unusual military activity occurred in Beirut on 18 June. In the countryside, government forces have advanced in the Bayt ad-Din area against Kamal Jumblatt's Druz forces. An army convoy was attacked in the Biqa Valley and forced to withdraw toward the Riyaq air base.

Many UAR fedayeen are said to have secretly arrived on the outskirts of Beirut and plan to attack the Prison of the Sands in an attempt to release the prisoners, hoping they will join the rebel forces. Reinforcements from Syria were reported on their way to join Jumblatt's forces on 18 June. Claims by the opposition that it is securing information of army movements from informants in the army may be true, since the army contains many individuals who are antigovernment.

The increased activity of Christian pro-Chamoun partisans in Beirut is lending a religious coloring to the struggle. The Christian quarters are being patrolled by armed men ready to repel rebel incursions. The rebels have begun a psychological warfare campaign, urging Lebanese soldiers to desert to their side. Radio Damascus has assisted in this campaign by broadcasting an alleged appeal by the Lebanese opposition to members of the armed forces to "direct their weapons" against the Chamoun government.

In the political realm, the situation remains critical and stalemated. Nuri Said informed the American ambassador on 16 June that the Arab Union would publicly support further recourse by Lebanon to the UN or a request for Western military assistance.

Opposition leaders have admitted in private that they no longer control rebel activities and claim that if they were to

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speak out against any aspects of the opposition program now
they would be assassinated, [redacted]

[redacted] This may explain the
rather bombastic statements made by opposition leaders re-
garding the UN observation group and armed resistance to
any proposed international police force in Lebanon. [redacted]

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Cyprus

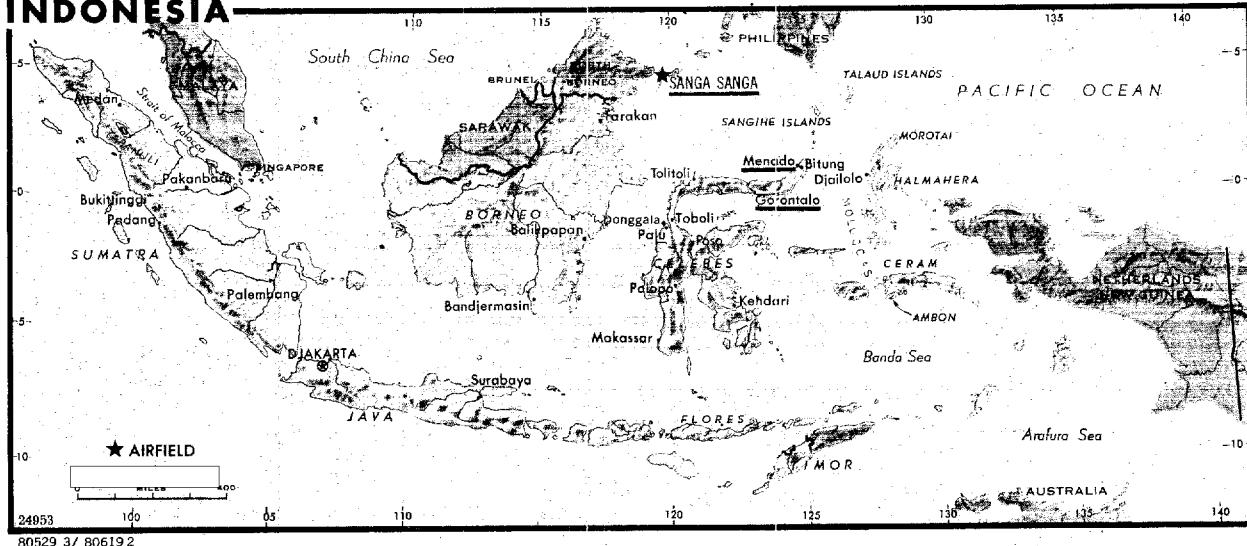
Intensive diplomatic activity continues in Athens, Ankara, and other NATO capitals on the eve of the expected 19 June public announcement of the new British proposals for Cyprus. The North Atlantic Council, which is trying to induce the disputants to begin negotiations, is scheduled to meet on the same day.

Turkey has already rejected the new British plan but appears ready to join in tripartite negotiations regarding the future of Cyprus. Greece's reaction is not yet clearly defined; Athens appears unwilling to accept the proposals without drastic revision and would probably be reluctant to join in a tripartite conference which included Turkey.

The arrival in Athens on 18 June of the Greek Cypriot mayors of the six major cities on Cyprus to confer with Archbishop Makarios has led to speculation that Makarios may be willing to accept at least part of the British proposals. The mayor of Nicosia and the abbot of Kykko, both close associates of Makarios, are said to have recommended that he not reject the proposals out of hand but eliminate objectionable parts by subsequent negotiations with the British.

Acceptance of the proposals by Makarios, at least for the purpose of further negotiations, would relieve the tremendous public pressure on the Greek Government to reject the British plan. It would also restrain EOKA from launching new attacks and would probably result in the British permitting Makarios to return to Cyprus. Makarios' final decision may be influenced largely by realization that rejection of the proposals probably would make civil war on Cyprus inevitable.

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INDONESIA

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Indonesia

There is fairly conclusive evidence that Nationalist China was behind the recent dissident strafing of Gorontalo, in North Celebes, by a B-26 aircraft. Such an aircraft, apparently manned by Chinese personnel, was reliably reported to have departed from Sanga Sanga airfield in the southern Philippines for an undisclosed destination on 15 June, the day Djakarta officials assert Gorontalo was attacked. Between 13 and 15 June, a DC-4 transport aircraft and a PBY operated out of Sanga Sanga on undisclosed missions. Indonesian Foreign Minister Subandrio stressed to Ambassador Jones on 17 June that the raid on Gorontalo could only have originated from Sanga Sanga since all Indonesian airfields within range are in government hands.

Chinese Nationalist President Chiang Kai-shek has been gravely concerned that a government victory in Indonesia would be tantamount to a Communist take-over. In line with Chiang's predilection for a military solution to the Indonesian problem, orders had been given to complete military plans for intervention; however, other Nationalist officials have heretofore successfully persuaded Chiang not to intervene on a large scale.

Central government forces moving on the dissident capital of Menado in North Celebes are said to be within 15 miles of their objective. A communiqué announced the occupation of seven small towns en route from the government's beachhead to Menado.

[redacted] the Sumatran dissidents will soon intensify their economic warfare against the Djakarta government by attacks on American rubber and oil interests there. [redacted] dissident leaders from the outset of the rebellion planned these measures as a last resort, on the theory that Java cannot live without Sumatra's economic assets.

A small group of army officers in the Djakarta area are reported to be working toward the removal of Army Chief of

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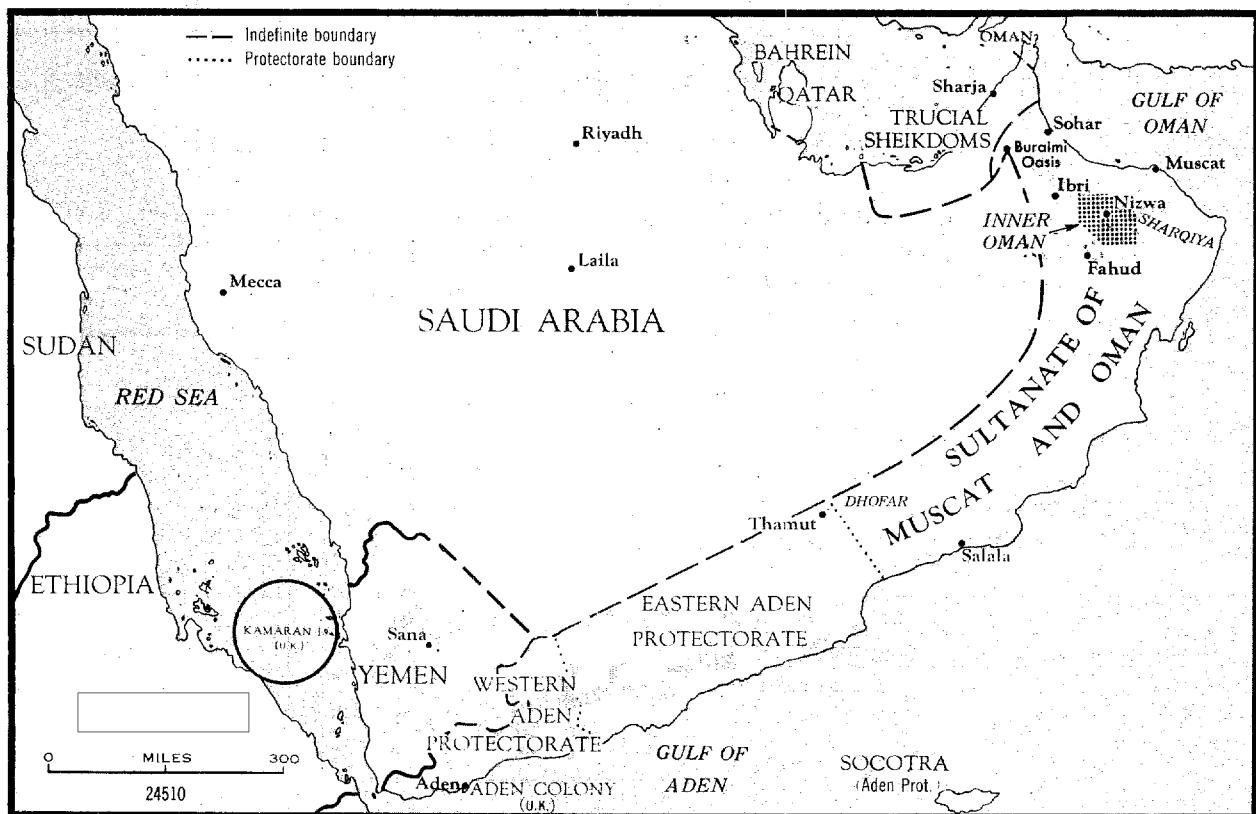
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Staff Nasution because of his alleged pro-Western sympathies. The application in Java of Nasution's recent ban on "political activities in restless regions" will be left to the discretion of the commanders of the island's three military areas, [redacted]

[redacted]. This is probably tantamount to excluding Java from the ban and will leave the Communists free to continue their activities there even though restricted in the outer islands. [redacted]

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Nasir Promises Aid to Yemen Against British

UAR President Nasir [redacted] informed the Imam of Yemen that the UAR would soon send him ammunition, arms, and "military help." Nasir advised the Imam, who had sent him a report that Britain was preparing "military bases" on Kamaran Island off the Yemen coast, not to provoke the British "until the situation in the Lebanon improves.... Operations at your end will then begin!" Nasir also sought to reassure the Imam about the loyalties of the Sultan of Lahej, a ruler in the Western Aden Protectorate who had indicated sympathy for the Yemen-UAR cause but who the Imam suspects has "evil intentions" and has gone over to the British.

While the Yemenis are normally apprehensive over British plans, they may have become particularly worried because in late May the British in effect rejected a Yemeni suggestion for a formal visit to Yemen by a British ministerial delegation and because of the talks now going on in London between the British and various Aden Protectorate rulers about formation of a federation. The British have sought to make clear that the federation would not be aimed against Yemen, but they have long sought to arrange one as a political barrier to Yemeni subversion.

Despite the UAR President's promise to the Imam, it is doubtful that Nasir would wish to become involved in operations in the Aden area even after the Lebanese situation has calmed. His message in fact is probably an effort to put the Imam off. Yemen's Crown Prince Badr arrived in Cairo on 14 June, after repeated postponements, ostensibly to discuss arrangements for implementing the United Arab States agreement between Yemen and the UAR and the Aden-Yemen border situation. He also seeks additional UAR assistance, presumably including arms. On 16 June, the Yemeni chargé in Cairo stated that the UAR talks had been indefinitely postponed. [redacted]

[redacted]

[redacted]

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III. THE WEST

De Gaulle's Intentions Regarding Algeria

De Gaulle's aim in moving to put the army in complete control in Algeria stems from his belief that the army is more moderate and tractable than the civilian elements of the All-Algeria Committee of Public Safety, according to views expressed by De Gaulle to the French ambassador to Morocco. A US Embassy appraisal of the army's attitude immediately prior to De Gaulle's investiture indicated that while the army was completely identified with the concept of keeping Algeria French, its sympathies, with few exceptions, did not lie with the "ultras" and that it was entirely possible the army would support a plan providing a graceful exit from the Algerian war.

At the time of De Gaulle's 4-6 June Algerian visit he felt it necessary to appear somewhat accommodating to the civilian elements, but once the army's position in Algeria is assured, he intends to proceed with elections. He hopes the elections will produce representatives with whom he can negotiate a definite Algerian settlement.

General Salan was officially installed as delegate general for Algeria on 17 June. The de facto military administration since 13 May is now being formalized with the appointment of army corps and divisional commanders--including paratrooper General Massu--as regional and departmental prefects. Civilian superprefect Baret, fired by the Pflimlin government for siding with the insurgents, is being absorbed in the delegation general under Salan.

Minister of State Guy Mollet told American officials in Paris on 14 June that Algeria will probably not be an integral part of France as sought by the "ultras," but will be tied to France in some sort of a federal relationship which recognized Algerian "origins and individuality."

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~~SECRET~~Communist Influence Rising in Guatemala

The Communists in Guatemala have increased their following considerably since the assassination of Castillo Armas last July and are more active than they have been at any time since the Arbenz regime was overthrown four years ago. After three months of the complacent Ydigoras regime, they have gained sufficient confidence to instruct most party members still in exile to return to Guatemala by 30 July. Disillusionment with the President is increasing among anti-Communist Guatemalans, who had expected him resolutely to curtail the Communists and provide strong national leadership, and there are unverified reports of rightist plots against the government.

Ydigoras may be beginning to realize that he must quickly take some decisive action to strengthen his position and to restore confidence in the government. [redacted]

[redacted] the President has offered the leading anti-Communist political party, the Nationalist Democratic Movement (MDN), certain government posts if it will help him foil a rumored plot by rightist former army officers. Ydigoras plans to find a pretext to justify the declaration of a state of siege on or before 25 June, the date the plotters are said to have set for action. Then, the government would arrest and deport the leaders of the plot as well as an unknown number of Communists, who would be publicly implicated. The state of siege, under which certain constitutional guarantees of civil rights are suspended, would last from 15 to 30 days but could be extended if necessary.

[redacted] 6-2

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