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1. BEN-GURION ASKS FOR UN COMMITTEE TO SETTLE GAZA AND SHARM AL-SHAIKH QUESTIONS

Prime Minister Ben-Gurion of Israel has requested a postponement of UN discussions and the formation of a committee of a "few impartial states" to go to Israel and, "if necessary," also to Egypt in order to try to reach a settlement on Sharm al-Shaikh and the Gaza strip.

Ben-Gurion said "withdrawal under present circumstances would spell disaster for us." He said sanctions by the UN, supported by the US, to compel withdrawal would be an historic injustice and "what may be a fatal blow" would have been struck at the moral foundations of the UN.

Comment

Ben-Gurion is probably attempting to promote delays in the belief that the longer a vote on sanctions against Israel is postponed, the fewer supporters such a move is likely to find. The Israeli prime minister's "eleventh hour" appeal contains no indications of willingness to compromise on any significant point.

2. PATHETS MAKE ACCEPTANCE OF CHINESE COMMUNIST AID CONDITION FOR SETTLEMENT

Pathet Lao chief Souphanouvong told Prime Minister Souvanna Phouma that the Pathets will agree to any guarantees the Laotian government demands if Laos will request aid totaling \$74,000,000

from Communist China,

The proposed aid program would include a hospital and cement factory as well as financial support for the Laotian army and those Pathets integrated into the army and administration.

The American ambassador in Vientiane comments that proposals for such aid would represent a bold Chinese Communist move to eliminate rather than supplement American aid, thereby ending Laos' tie with the United States and reducing it to a political vassal of China.

Comment

Souvanna Phouma, whose policy has been settlement at almost any price, will probably argue that aid can be received safely from both East and West, citing Cambodia as an example. The cabinet and crown prince, however, will probably reject such a proposition, fearing the loss of Western support and consequent Laotian dependence on Communist China. Army leaders would oppose acceptance of Chinese Communist support for the army as imperiling their freedom of action. Souvanna may find himself isolated and forced to resign.

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3. SUKARNO REPORTED READY TO NAME COUNCIL, NEW PREMIER

Indonesian president Sukarno will probably establish his "advisory council" and form a new cabinet under a new prime minister in the next few days, according to Secretary General Subandrio of the Indonesian Foreign Ministry. Sukarno has been persuaded not to include Communists in the next cabinet, but will include them in the council.

Subandrio says Sukarno has invited former vice president Hatta to be vice chairman of the council, and that Hatta reportedly is disposed to accept. Sukarno himself will be chairman, but will not attend every session.

Comment Although Sukarno's plan for an "advisory council" and a "guided democracy" initially ran into considerable opposition from political parties, this report indicates that he has won sufficient support to permit him to implement his essential ideas. If Hatta, who is strongly anti-Communist, agrees to participate, the plan will probably be acceptable to disaffected Sumatran provincial governments which have demanded the resignation of the Ali cabinet.

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4. MOROCCANS PRESS FOR BEGINNING OF AMERICAN BASE NEGOTIATIONS

[redacted]

Moroccan foreign minister Balafrej emphasized to Ambassador Cannon on 16 February that it was now time to "regularize" the status of American bases in Morocco. The ambassador comments that the favorable Moroccan attitude toward American interests will change rapidly if Morocco does not obtain a definite response.

Comment

In Balafrej's discussion of the subject in Washington last November he made clear that the Moroccans wanted bipartite negotiations. France, which has legal title to the American bases, wants tripartite negotiations.

The opening of base negotiations would probably bring nationalist demands for an exorbitant rental. Last spring French officials thought Morocco might seek \$200,000,000, a sum large enough to cover its expected annual fiscal deficit.

[redacted]

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5. ALBANIAN CHIEF RENEWS 1948 CHARGES AGAINST TITO

Comment on:

The report of Albanian party chief Hoxha to a plenary session of the central committee on 13 February renews virtually all of the accusations leveled against Yugoslavia in 1948 and indicates Moscow may now have removed any restraints it had put on Satellite anti-Tito moves. Hoxha explicitly stated that the 1948 charges were valid. He accused

Belgrade of working against Albania with all the means at its disposal during the 1948-1953 period, and also accused the Tito regime of mistreating the Albanian minority in the Yugoslav Kosovo region. He equated Yugoslav ideological views with practically all the Communist heresies of the past.

This is the most violent official statement against Yugoslavia by a Soviet bloc state since Khrushchev's visit to Belgrade in 1955.

6. JAPANESE EXPANDING ECONOMIC INFLUENCE IN SOUTHEAST ASIA

[redacted] a firm Japanese offer to Indonesia of \$200,000,000 in reparations, \$500,000,000 in private loans and investments for economic development, and cancellation of \$100,000,000 of Indonesia's trade debt. Japan insists, however, on "assuming the whole responsibility for management for a certain length of time" of many of the economic development projects.

The Japanese government reportedly decided on 18 February to conclude economic aid pacts with Laos and Cambodia featuring technical assistance in agricultural and fisheries development and immigration of Japanese to those countries.

Comment

One of Japan's primary foreign policy goals is improved diplomatic and economic relations with Southeast Asia. Reparations agreements have already been concluded with Burma and the Philippines and preliminary talks are under way with South Vietnam.

Japanese investments and aid offer competition to Communist economic programs in the area.