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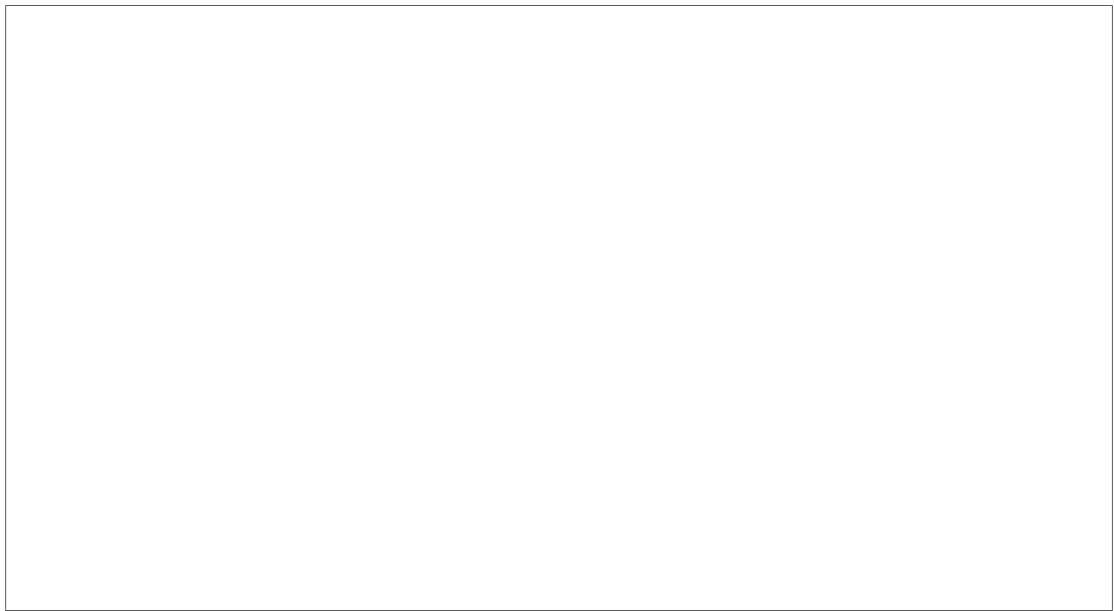
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CONTENTS

1. THE SIX-POINT AGREEMENT ON THE SUEZ DISPUTE
[redacted] (page 3)
2. FRENCH READYING NEW APPROACH TO ALGERIAN REBELS [redacted] (page 4).
3. COMMUNIST CHINA'S REACTION TO HONG KONG RIOTS [redacted] (page 5).
4. DRIVE AGAINST BURMESE COMMUNIST STUDENTS MAY CAUSE VIOLENCE [redacted] (page 6).
5. YUGOSLAV-SOVIET DIFFERENCES UNCHANGED BY TITO-KHRUSHCHEV TALKS [redacted] (page 7).
6. SINGAPORE GOVERNMENT MAINTAINS PRESSURE ON COMMUNISTS [redacted] (page 8).

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THE ARAB-ISRAELI SITUATION

[redacted] (page 9)

1. THE SIX-POINT AGREEMENT ON THE SUEZ DISPUTE

The agreement by Britain, France, and Egypt to a set of six principles for future negotiations on the Suez crisis further reduces the threat of war over this issue and is an important step toward a settlement.

The six principles appear to be sufficiently generalized to offer a framework for an agreement which would satisfy Nasr's nationalization demands. British and French insistence on international guarantees covering the canal can probably also be satisfied. A protracted period of negotiations is likely during which serious differences will almost certainly tax the good will and ingenuity of the participants.

The agreement makes unlikely any direct Soviet participation in the next round of negotiations. It thus decreases the USSR's ability to influence the terms of a settlement or to claim credit for a final solution. The USSR will be anxious to keep open a behind-the-scenes advisory channel to Egypt. It will probably continue to lobby against the 18-nations proposal and urge Egypt to take a hard line toward a settlement. Cairo, however, has shown a distinct tendency to "go it alone" on this issue and is unlikely to be significantly swayed by Moscow in the negotiations ahead.

Egypt can be expected to publicize the accord as a clear-cut victory. In Britain, the agreement will be criticized by those Conservatives who have been urging a firmer policy on Prime Minister Eden. Outside this group, however, the accord will probably be welcomed as a sign of progress toward a settlement.

The French government is likely to play up the Egyptian guarantee that the canal will not be used as an instrument of Egyptian policy, but the French public will nevertheless look upon the accord as a capitulation on the part of the West. There will be increased pessimism that France will not be able to get a favorable settlement in Algeria.

2. FRENCH READYING NEW APPROACH TO ALGERIAN REBELS

[REDACTED]

The French government is now contemplating a declaration of intent outlining plans for an Algerian statute in the hope that responsible Moslem elements in Algeria can be induced to negotiate, according to a spokesman for Premier Mollet. The government has decided to drop its earlier plan to impose a new statute. Mollet is considering a status for Algeria along the lines of that granted Tunisia.

Mollet reportedly now favors inscription of the Algerian question on the agenda of the UN General Assembly this fall, and he may come to New York to defend the French position.

Comment	Autonomy patterned on the 1955 Tunisian accords probably would be accepted by Algerian nationalists if accompanied by a promise of progression toward eventual independence. Such progression was not envisaged in the Tunisian accords, however, and present indications are that Paris is contemplating a static rather than an evolutionary program for Algeria.
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3. COMMUNIST CHINA'S REACTION TO HONG KONG RIOTS

[Redacted]

Peiping's initial reaction to the Hong Kong riots was to accuse the Chinese Nationalists of inspiring the violence and to charge the British authorities

with failure to take adequate preventive measures. The Peiping daily, Ta Kung Pao, declared that the "British authorities in Hong Kong are guilty of connivance" and asserted that the "Chinese people cannot tolerate the situation in British-dominated Hong Kong."

The British were also subjected to the same sort of charges on the occasion of the sabotage of an airplane last year carrying Chinese Communists from Hong Kong to the Bandung conference. Apparently, Peiping does not consider the riots an excuse at this time for military action against the Colony. "We shall watch what attitude the British authorities in Hong Kong take toward the Kuomintang agents," declared the party newspaper, People's Daily.

Communist China has previously asked to be allowed to establish a commissioner in Hong Kong. The riots will probably provide Peiping with an excuse for pressing its demand for such a commissioner to protect Chinese interests.

[Redacted]

4. DRIVE AGAINST BURMESE COMMUNIST STUDENTS MAY CAUSE VIOLENCE

Burmese military police reportedly have been ordered to use firearms if necessary to quell demonstrations that are expected to result from the government's decision to expel Communist student leaders from Burma's schools and universities. According to the American embassy in Rangoon, public opinion will not necessarily be

on the side of the government in the "serious demonstrations" that may follow this action.

The embassy notes that the Communist-controlled Student United Front has recently, for the second year in succession, made a clean sweep in student union elections at Rangoon University and its Mandalay and Moulmein affiliates.

Comment Burma's leaders, although in the past reluctant to take repressive action, have been alert to the danger of Communist control of student organizations because of their own experience in such groups.

The government has shown a more uncom-promising attitude toward domestic Communism since the April elections, when the pro-Communist National United Front showed surprising strength.

5. YUGOSLAV-SOVIET DIFFERENCES UNCHANGED BY TITO-KHRUSHCHEV TALKS

Speaking for Yugoslav president Tito, Yugoslav under secretary for foreign affairs Prica told Ambassador Riddleberger on 10 October that Yugoslav-Soviet differences had not been solved at Yalta. However, Tito gained the impression that further co-operation with the Soviet Union is still possible, particularly in the economic field. He felt that by the end of the talks, the Soviet leaders showed a greater willingness to understand the Yugoslav point of view.

Tito believed the USSR did not intend to reverse its policy of recognizing "independent roads to socialism" set forth in the Soviet-Yugoslav party declaration last June. In reply to a query by Riddleberger whether future Yugoslav-Soviet co-operation required any Yugoslav concessions, Prica said "Yugoslav policy remained unchanged."

Tito said at least some of the Soviet leaders regretted the issuance of the 3 September circular warning the East European Communists against Yugoslav influence. Prica felt, however, that they would do nothing to show their regret.

Tito still holds the opinion that good relations with the USSR are necessary to continue the "thaw" in both the USSR and the Satellites, and reiterated his intention of maintaining good relations with both East and West.

Comment	Although it seems that serious Soviet-Yugoslav differences will continue, no immediate crisis appears to be threatening relations between Moscow and Belgrade. It is likely that agreement was reached at Yalta to play down the dispute and continue co-operation.
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6. SINGAPORE GOVERNMENT MAINTAINS PRESSURE ON COMMUNISTS

An illegal student mass meeting on 8 October provided the Singapore government with justification for a further crackdown on subversive activity. It has arrested four students and ordered the expulsion of two teachers and 142 students from Chinese middle schools, precipitating the current "sit-in" strike of 4,000 students in two large Chinese schools. The inability of school authorities to control the students may cause the government to take over the schools.

Failure to resist the government will result in loss of face for the People's Action Party. The consulate general believes that an all-out student-labor attack against the government is possible in view of the support pledged to the students by the secretary of the militant Singapore Factory and Shop Workers' Union.

Comment

The People's Action Party previously had given the government little excuse for following up its action from 18 to 20 September, when it arrested seven Communist-front leaders and banned three organizations.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 11 October)

Iraqi prime minister Nuri informed Ambassador Gallman on 11 October that the first Iraqi troops are now scheduled to move into Jordan on 15 October. Nuri asked that the Israeli government be notified of his guarantee that the troops will not engage in any aggressive act and that they will remain east of the Jordan River and away from the frontier unless there are widespread internal disorders, in which case freer and wider movement of troops might become necessary. Nuri asked that the size of the force not be mentioned, fearing that if its small size were publicized, the impact of the move on the Iranian public would be reduced. He pointed out that Iraq's treaty with Jordan bound Iraq to come to Jordan's assistance not only in case of aggression from outside, but also in case of internal upheaval.

The strength of the Iraqi force which will enter Jordan will be one infantry battalion, which will be stationed north of Mafraq, and a regiment (US battalion) of armored

cars, which will patrol the line of communications to the Iraqi border, according to the British Foreign Office

The Israeli Foreign Ministry, in a public statement commenting on press reports that Iraqi troops would shortly enter Jordan, declared that the entry of Iraqi troops into Jordan "would be a direct threat to the security of Israel, and would gravely undermine the Israeli-Jordan Armistice Agreement. . . It would mean that Iraq was again sending military forces into the territory of a state bordering on Israel, after it had refused to conclude an armistice with Israel." The statement added that the Israeli-Jordanian armistice agreement of 1948 made clear that all Iraqi troops operating against Israel would evacuate Jordanian territory. (Press)