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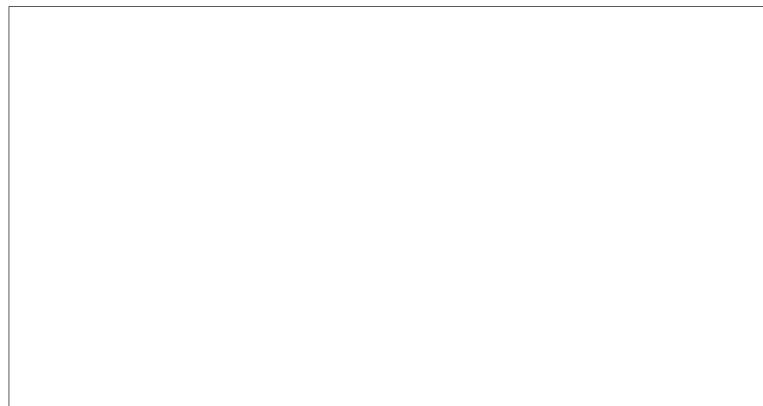
# CURRENT INTELLIGENCE BULLETIN

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## 1. THE SITUATION IN GAZA

UN Secretary General Hammarskjold has postponed temporarily his departure for Cairo. He will, meanwhile, confer with Israeli foreign minister Meir, who is returning to New York via Paris to fight return of the Gaza strip to Egyptian control. An Israeli Foreign Ministry spokesman said that Mrs. Meir was making the trip "to make an effort to solve the Gaza problem by diplomatic means before the government considers other means." An Israeli communiqué stated that the United Nations should retain control of the Gaza strip.

Nasr has moved swiftly toward re-establishment of Egyptian political and administrative control in the strip. The Egyptian official responsible for Palestine affairs has confirmed that the initial group of five officials who returned to Gaza with the Egyptian governor, General Latif, were military personnel. It was emphasized, however, that their sole function would be to re-establish Egyptian administration over the area, and that all administrative officials in such border areas were military officers. According to the Cairo press, police in the Gaza strip began taking orders from the Egyptian administration on 15 March, and General Latif has appointed local governors for the three chief districts of the strip.

In conversations with UN Under Secretary General Bunche, Nasr indicated that he was in no hurry to send Egyptian military units into Gaza. Nasr insisted, however, that UN troops must be deployed "astride" the armistice lines,

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and that UNEF headquarters should be in the El Auja "demilitarized zone" which has been occupied and fortified by Israel. Israel has vigorously announced its unwillingness to have UN troops stationed within its borders. In a probable attempt to thwart new pressure from Israel, Egypt on 15 March reportedly demanded that UN forces withdraw from present Gaza positions and take up stations on the armistice lines within 48 hours.

[redacted] Egypt also took over control of the airfield at El Arish from UN forces on 14 March. Intercepted messages indicate that one or two companies of the Egyptian Frontier Corps are also in this area. UN troops inside the Gaza strip amount to about 2,500, and the Brazilian battalion of about 550 men is at El Arish. Israeli forces in the vicinity of the strip include at least two infantry and two armored brigades. This strength is believed adequate to reoccupy the Gaza strip with little chance of prior warning.  
[redacted]

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## 2. SITUATION IN INDONESIA

Comment on: [Redacted]

President Sukarno's declaration of a nationwide "state of war and siege" on 14 March, after accepting Premier Ali's resignation, establishes full martial law which gives the army and Sukarno--as commander in chief--a free hand to govern Indonesia.

Sukarno has asked Suwirjo, chairman of the National Party, to form a cabinet "in the shortest possible time" and then to set up the national council "in conformity with the president's concept. Suwirjo, although generally regarded as a moderate, is not a strong personality and probably can be easily manipulated by Sukarno.

Under Sukarno's revised concept, Communists will not be included in the cabinet but will participate in the council. In a cabinet headed by Suwirjo, however, it seems likely that the Communists will be given indirect representation through the participation of one or more small parties which are susceptible to Communist direction.

In a protracted state of martial law, there is a strong possibility that a struggle for predominance would develop between Sukarno and the army. The army general staff,

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including at least two leaders from outer islands which have declared their autonomy, is now meeting in Djakarta and is presumably considering the army's position in the current crisis. To date the only indication of the army's attitude is the statement of an army spokesman that the state of war and siege would be lifted "as soon as the national situation returns to normal."

[redacted] armed gangs of Communist youths have been moved into the capital from West Java, reportedly to "start trouble" if Sukarno's concept is not accepted. Moslem youth groups are also arming to retaliate. [redacted]

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### 3. POLITICAL MANEUVERING IN SYRIA

Comment on:

[redacted] rightist elements in Syria are stepping up efforts to counter leftist influences there. American officials report they have received hints [redacted]

[redacted] that "in the next few days developments would probably occur which would be highly pleasing to American policy." [redacted]

*2/17/* [redacted] President Quwatli, with the help of rightist elements, is working to rid the present cabinet of leftists.

[redacted] Quwatli, Acting Minister of Defense Azm, who lately has shown signs of cooperating with the rightists, and the Syrian chief of staff have approved important changes of army personnel, including the removal of Colonel Sarraj, head of Syrian army intelligence and reputed strong man in Syria. The American embassy in Damascus comments that Sarraj has survived other attempts to remove him, but that if Saudi Arabia or Egypt or both withdrew support, his position might be untenable. A possible indication of Saudi intervention in Syrian affairs is suggested by the arrival in Damascus of Major General Selo, a high Syrian official in the regime of General Adib Shishakli who is now military adviser to Saudi Arabia. Egypt recently dissuaded Sarraj from attempting a coup against the government and has been engaged in a press campaign in Syria favoring the representation of the rightist Populist Party in the Syrian cabinet.

These reports suggest that a showdown between rightist and leftist elements may again be in the offing. In the face of rightist moves, the leftists may well disregard Egyptian admonitions of caution and move to establish a military junta in Syria in order to consolidate their position.

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**4. SOVIET BLOC AGREES TO SHIP ARMS TO  
ALGERIAN REBELS**

Comment on:

	an arms con- tract with Czechoslovakia would be
signed	the arms would be sent to Poland for shipment

Although the Czechs have indicated willingness to provide arms for rebel activity in Algeria, they are demanding that a credit be opened immediately and that the arms be paid for prior to the departure of the ship. The Egyptian negotiators in Prague stated that an arms contract with a West German firm had been canceled to provide the necessary funds, which would be available by 28 March.

## 5. NEW PANAMANIAN DEMANDS ON CANAL EXPECTED

Canal.

The Panamanian foreign minister is to give a "forceful" speech about 25 March, proposing greater participation by Panama in the "financial benefits" of the Panama

the decision to give the speech was made during a discussion of Panama's economic problems among President de la Guardia, Foreign Minister Boyd, and Finance Minister Carles. The speech is to be made at the conference on the juridical status of the canal which opens at the University of Panama on 25 March.

### Comment

The conference at the university was conceived by leftists and nationalists as a forum for the discussion of plans to nationalize or internationalize the Panama Canal. Efforts have been made to secure the participation of individuals from Egypt and Western Europe as well as from neighboring countries.

Panamanian officials oppose the internationalization of the canal and consider nationalization impractical. They have, however, persistently pressed the United States for recognition of Panama's sovereignty in the Canal Zone and its "right" to a greater share in the administration and "profits" of the canal. Well-publicized Panamanian demands on the United States have often served to distract public opinion from domestic problems--such as the current serious unemployment in Panama City and Colon.

Nationalistic Panamanian opinion has been emboldened by Egypt's nationalization of the Suez Canal, and Panamanian officials have publicly defended Egypt's action. On 14 March the government instructed Panama-registered ships transiting the Suez Canal to pay full tolls directly to Egypt.

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## 6. PEIPING REBUFFS REQUEST BY U NU TO VISIT THAI AUTONOMOUS AREA

[REDACTED] The Chinese Communist government has rejected Burmese premier U Nu's request that he be permitted to visit the Thai autonomous area in Yunnan when he returns overland from Kun-

ming later this month, [REDACTED]

[REDACTED] The Chinese stated they could take full security measures on their side of the border but implied that Nu and his party might run into trouble from Chinese Nationalist irregulars on the Burma side.

### Comment

Nu's request to visit the Thai autonomous area may have reflected in part a desire to see for himself if there were any basis for rumors circulating over the past few years that this area was being used as a center for the training of Communist cadres for introduction into Southeast Asian countries. Any suspicions he has on this score may well be strengthened by Peiping's rejection of his request on flimsy grounds.

[REDACTED]

## 7. PATHETS SEEK TO BUILD POPULAR DEMAND FOR SETTLEMENT

The Viet Minh believes that the inability of the Pathet Lao to overcome R the "inertia of the deputies... and Prime Minister Souvanna Phouma's contrariness" and bring negotiations to a successful conclusion is the result of its failure to win mass support.

It was decided in late February to "resume work with the masses on a grand scale." The removal of Viet Minh cadres remaining in Laos is being suspended, and cadres are to be circulated throughout the country "to determine measures to be taken to exploit the masses successfully."

### Comment

The adjournment of the National Assembly on 15 March indicates that final action on the Pathet issue will be deferred at least until May when the assembly reopens. Prime Minister Souvanna Phouma plans no rupture in negotiations and is apparently counting on Prince Petsarath--who returns this month from self-exile in Thailand--to mediate a final settlement. Petsarath in a 13 March press interview expressed an interest in participating in the negotiations with the Pathets, and also intimated he was in line to be the next Laotian prime minister. The Pathets, aware of the important role Petsarath will play in Laotian affairs, are seeking to attach one of their "personalities" to his entourage.

## 8. POLISH DEVELOPMENTS MISINTERPRETED BY WEST, OFFICIAL SAYS

[Redacted]

On 12 March, Polish deputy foreign minister Winiewicz told Ambassador Jacobs that the Western press had erred in assessing the present situation in Poland as a slowing up of liberalization. On the contrary, he said, the government is entering a period of "normalizing the changes" in which "revolutionary aspects" could no longer play a part.

Referring to Western reports that the pro-Stalin Natolin group is gaining strength, Winiewicz said that the purge of elements who did not accept party first secretary Gomulka's policies had been completed. Gomulka is satisfied, he said, that those remaining in the government are fully in sympathy with his plans and committed to work for them. Winiewicz said that "continuing agitation and useless criticism" by certain Polish journalists had brought about the renewal of censorship because the government could not permit the "irresponsible advancement of impractical ideas that would divert attention from the main effort."

### Comment

Gomulka's recent moves to restrict the press and to retain certain Stalinists in the government have been interpreted by the Polish people as a slowing down of the liberalization program.

In stressing normalization and the importance of curbing "impractical ideas" Winiewicz suggests that a level of liberalization has been reached in Poland beyond which Gomulka does not intend to go. He appears to be echoing Gomulka's hope that many Natolins can be won over to support of his independent program.

[Redacted]

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