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30 April 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR - Yugoslavia: Although the USSR apparently desires to check any further worsening of relations with Yugoslavia, the nature of their dispute is such that existing differences are certain to result in sharp, if indirect, exchanges from time to time. A strong editorial in Pravda on 28 April which attacked "revisionism" but did not mention Yugoslavia suggests that the Soviet Union hopes to keep its criticism of the Yugoslav ideological position on a temperate and "comradely" level. Voroshilov's plans to visit Belgrade in early May appear to remain unchanged, and Polish Deputy Foreign Minister Winiewicz still expects Tito in Warsaw as scheduled at the end of May.

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II. ASIA-AFRICA

Lebanon: General Shihab has still not decided whether to run for president. The army chief feels the move would be bad for the Lebanese Army, but he is even more fearful than previously of internal disorders if President Chamoun seeks a second term.

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Indonesia: With the fall of Bukittinggi, at least some of the dissident leaders in Central Sumatra are expected to

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Tunisia: President Bourguiba has indicated that he would demand a total French military evacuation of Tunisia, including the base at Bizerte, during any direct French-Tunisian talks such as those envisaged by French premier-designate Plevén. Bourguiba, who on 24 April was conciliatory toward France despite the concerted opposition of his cabinet, fears being "left alone with France" and desires the continuation of Anglo-American good offices.

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III. THE WEST

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France: Rene Pleven is expected to seek National Assembly approval on 5 or 6 May. The Democratic Resistance Union leader is banking on a vaguely stated declaration on Algeria, including another appeal for a cease-fire, to gain Socialist support, as well as a warning against "interference" to mollify the right. His success in forming a cabinet will probably depend largely on the attitude of the Socialists, whose support, if not participation, is essential. American officials in Paris believe that pressures on the parties to find a solution of the crisis have not grown sufficiently to give Pleven much chance of success.

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Argentina: After Arturo Frondizi's inauguration on 1 May, the new government plans to seek the cooperation of American private capital to tackle Argentina's severe economic difficulties.



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DAILY BRIEF

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II. ASIA-AFRICA

Situation in Lebanon

Lebanese Army Commander General Shihab still is undecided whether to remain at the head of the army or to accept President Chamoun's offer to back him if he wants to run for the presidency. The general fears that acceptance of the President's offer might result in demoralization of the army, as well as set a precedent for assumption of the presidency by army men. On the other hand, Shihab fears that should Chamoun seek re-election, disorders will be more widespread than he felt possible a month ago. A group of Lebanese deputies is said to be ready to submit to Parliament soon a constitutional amendment which would permit Chamoun to run.

Egyptian-Syrian efforts to undermine the pro-Western government are growing and the opposition is making a major issue of Lebanon's adherence to the "Eisenhower doctrine" and Chamoun's presidential aspirations. [redacted]

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[redacted] Lebanon's economy is relatively sound. The commercial character of the country, however, tends to channel investment into short-term high-profit enterprises rather than into basic economic development projects. [redacted]

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Indonesia

Central government forces occupied Bukittinggi on 28 April without opposition. Deprived of their last major center in Central Sumatra, the dissidents in this area now have only the capability of conducting guerrilla warfare. Their poor performance in defending the Padang-Bukittinggi area casts doubt on their willingness to pursue vigorously a war of attrition against Djakarta.

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III. THE WEST

French Situation

Democratic Resistance Union leader Rene Pleven is expected to ask the French National Assembly for approval of his government on 5 or 6 May. He is seeking broad support on the basis of a vaguely worded statement on Algeria which includes a new call for a cease-fire to mollify the Socialists and a warning against "interference" to satisfy the right.

Pleven's general policy statements have been favorably received by a wide range of political leaders, but there is growing skepticism of his ability to attract key Independent or Socialist participation. Socialist sources do not feel Pleven's declaration has enough "guts in it," and his chances will probably depend on party leader Mollet's willingness to urge its acceptance despite increasing Socialist reluctance to take part in any government at this time. Mollet, himself, would probably welcome a period of noninvolvement which would facilitate his efforts to ease aside Minister for Algeria Lacoste.

Pleven may try to form a government even if the Socialists and Independents refuse to accept cabinet posts, but the largest of the remaining non-Communist parties--the Popular Republicans--has thus far keyed its position to that of the Socialists. The other groups may also hesitate to take a role in such an extreme minority coalition.

The American Embassy in Paris believes that the lack of a real crisis atmosphere is a major factor limiting Pleven's chances. Speculation on the return of General de Gaulle is conspicuously absent, and pressure on the parties to find a solution probably will not begin to grow until next week--too late to help this attempt by Pleven.

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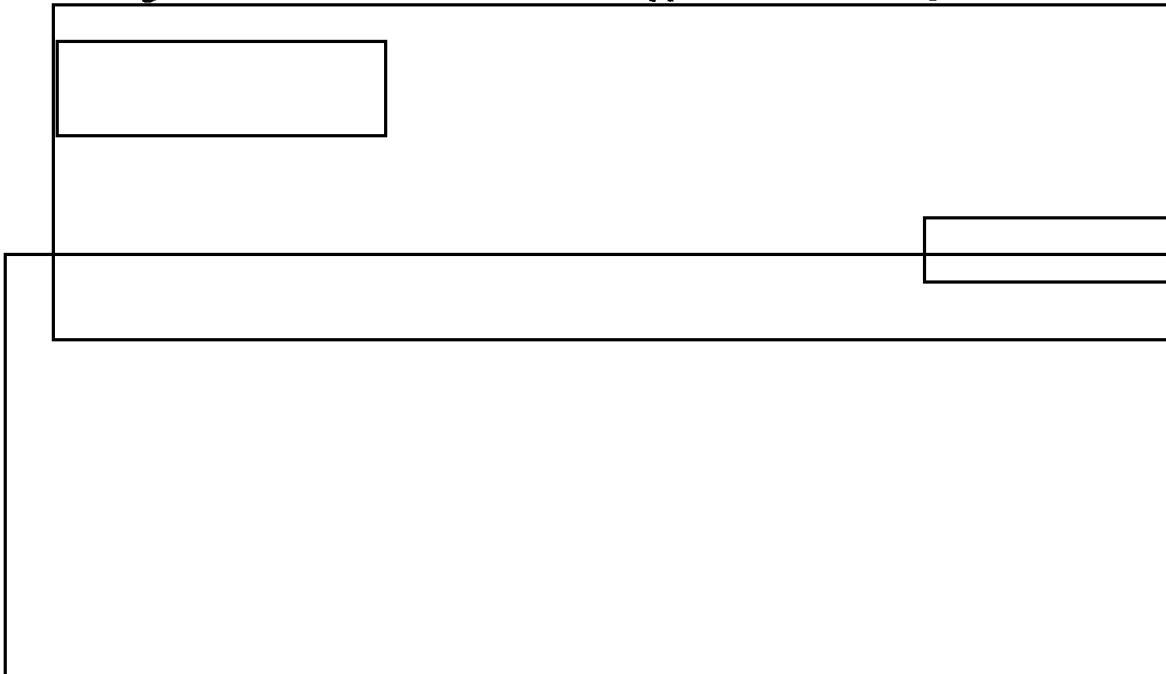
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New Argentine Regime Faces Severe Economic Difficulties

President-elect Arturo Frondizi, whose inauguration on 1 May will be attended by high-ranking Soviet bloc and Western delegations, sees cooperation with American private capital as the key to resolving Argentina's severe economic problems. Although his party has been a strong proponent of economic nationalism, he considers foreign investment and credit essential to countering financial difficulties and inadequate productive capacity, twin problems reflected in a cumulative trade deficit of \$1.224 billion from 1951 through 1957.

At the same time, however, Frondizi warned that foreign investors must show more appreciation of Argentina's

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