

3.3(h)(2)

20 September 1957 3.5(c)

Copy No. 136

**CURRENT
INTELLIGENCE
BULLETIN**

DOCUMENT NO. 16
NO CHANGE IN CLASS. X
11 DECLASSIFIED
CLASS. CHANGED TO: TS 2010
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 4/80 REVIEWER:

**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**~~TOP SECRET~~

Approved for Release: 2019/12/10 C03153718

Approved for Release: 2019/12/10 C03153718

JDR/HB

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1. FRENCH CABINET STILL SPLIT OVER ALGERIAN STATUTE

Comment on:

The French government's call for a 20 September round-table discussion on the proposed Algerian statute with the leaders of all parties except the Communists and the Poujadists is an admission of its failure to convince the rightists that the statute will not lead to Algerian independence. The meeting was called as a last-ditch effort to keep key ministers from resigning immediately.

The premier will be backed by President Coty in an effort to impress on the parliamentary leaders the importance of national unity on the issue, particularly in view of imminent UN General Assembly consideration of Algeria. If Coty asserts more vigorous leadership on this problem than he has in the past, he may be able to influence some of the backbench Independents and Peasants who are reportedly ready to overthrow Bourges-Maunoury.

Socialist and Popular Republican opposition to any changes in the draft statute has hardened, and the premier will have difficulty in gaining left-center acceptance of any further concessions he may make to the proponents of rigid French control over Algeria.

Meanwhile, the government must dodge the threat of being overthrown on its economic program, now under discussion in the special assembly session.

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2. MOVEMENT OF ARMED KURDS FROM THE SOVIET UNION TO SYRIA REPORTED

Comment on:

"2,000" Kurdish soldiers from the Soviet Union had passed through the Turkish Straits en route to Latakia, Syria.

Mullah Mustafa Barzani, leader of the Barzani Kurdish tribe of Iraq, has been in the Soviet Union since 1947. Barzani had helped organize a short-lived Kurdish republic in Iran in 1945 with the aid of 3,000 Kurds from Iraq but fled to the USSR with some of his followers when the Soviet-sponsored scheme collapsed.

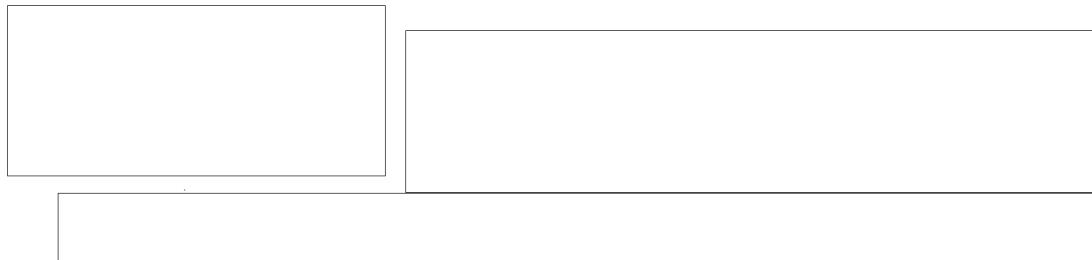
Iran has been uneasy over the Barzani Kurds ever since this attempt. There have been many rumors since 1947 concerning the size and intentions of Mullah Mustafa's force, which is assumed to be located in the USSR near the Iranian border. It is believed that they have continued to maintain contact with Iranian Kurds.

If this report has some basis in fact, it would indicate that the USSR may intend to use the Barzani Kurds to increase tensions in Turkey, Iraq, and Iran. There are estimated to be a total of 3,000,000 Kurds in these countries, largely in the area between the Euphrates River and the Zagros Mountains.

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3. AFGHANISTAN LIKELY TO CUT FIVE-YEAR PLAN SHARPLY



The plan is too large in scope for the internal resources and trained personnel available. Aziz fears that uncontrolled inflation will result if the government does not cut the plan and restrict credit in the near future.

Aziz believes he has convinced the cabinet of the necessity of a drastic cut in the plan, but says that Prime Minister Daud is angry at the thought of having to eliminate many projects from the plan.

Comment

While Daud will be reluctant to sacrifice the grandiose plans which he formulated, he probably will be forced eventually to accept Aziz's recommendations unless he is willing to risk enacting new taxes to finance the plan. Merchants blocked Daud's last attempt to impose new taxes in 1956, and he is unlikely to try such a measure again at this time.

While there is unlikely to be uncontrolled inflation in the near future, the cost of living in Kabul rose by 22 percent between mid-February and mid-April after increasing by about 30 percent in the previous 14 months. This has caused considerable popular discontent.

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4. PEIPING EDITORIAL SETS FORTH LINE ON PURGES

Comment on:

A long editorial printed in the authoritative People's Daily on 18 September lays the groundwork for elimination of the regime's ideological opponents in what the Chinese Communists regard as the climactic life-and-death battle of the "socialist revolution."

According to Peiping's analysis of the present situation, the "rightists," said to be few in number, have been competing for the allegiance of the many "middle of the roaders" in China who are not hostile to the regime but still retain sympathy for capitalism. The Communists declare that the only way to win the current struggle is to "crush" their enemies and to "educate" wavering elements.

The Communists apparently do not plan another mass purge which would claim thousands of victims. The editorial still holds out the hope of redemption for rightists who are "earnest in their desire to repent." It suggests, however, that some of the hundreds already labeled as rightists will be executed as examples. Their actions are said to show that differences between the rightists and the people are "irreconcilable, life-and-death contradictions between the enemy and us."

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5. MANAHAN REPORTEDLY MAKING IMPRESSIVE GAINS AS PHILIPPINE PRESIDENTIAL CANDIDATE

The US embassy in Manila reports that the popularity of Manuel Manahan, presidential candidate of the newly formed Progressive party of the Philippines, is growing in the major cities of Manila and Cebu as well as in rural areas. The embassy believes, however, that President Garcia, with the strong Nacionalista party organization, heavy financial resources, and the powers of incumbency, still holds the advantage among the various candidates.

Comment There are indications that Manahan may be running at least as well as Liberal party candidate Jose Yulo and that President Garcia's campaign is handicapped by his unpopular running mate, Jose Laurel, Jr. The considerable mass enthusiasm now being shown for Manahan and his followers is due to their close identification with the late president Magsaysay. However, the Progressives must overcome the traditional influence exercised over Filipino voters by local officials, most of whom are Nacionalista appointees.

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6. RELEASE OF WESTERN ARMS MAY TEMPORARILY RELIEVE TUNISIAN CRISIS

An Italian Foreign Ministry official has confirmed that France on 17 September withdrew its objections to the shipment by Italy of a limited quantity of arms to Tunisia. Paris, however, asked that Rome impose certain conditions, presumably a formal guarantee from Tunisian President Bourguiba that the equipment would not be diverted to the Algerian rebellion or employed against French troops in Tunisia.

A French Foreign Ministry spokesman on 18 September told the American ambassador that France will also withdraw its objections to the shipment of arms to Tunisia by Belgium.

Comment	Receipt of arms from Italy and Belgium may relieve temporarily popular pressure on Bourguiba to abandon his pro-Western policy. Such pressure will be revived as new crises develop in French-Tunisian relations over Tunisian support for Algerian independence.
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ANNEX

Watch Report 372, 19 September 1957
of the
Intelligence Advisory Committee

Conclusions on Indications of Hostilities

[Redacted]

On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
 - B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the orbit in the immediate future.
 - C. Unstable conditions, troop movements and alerts, and tensions stemming from recent developments concerning Syria continue to create possibilities for conflict in the Middle East.
- [Redacted]