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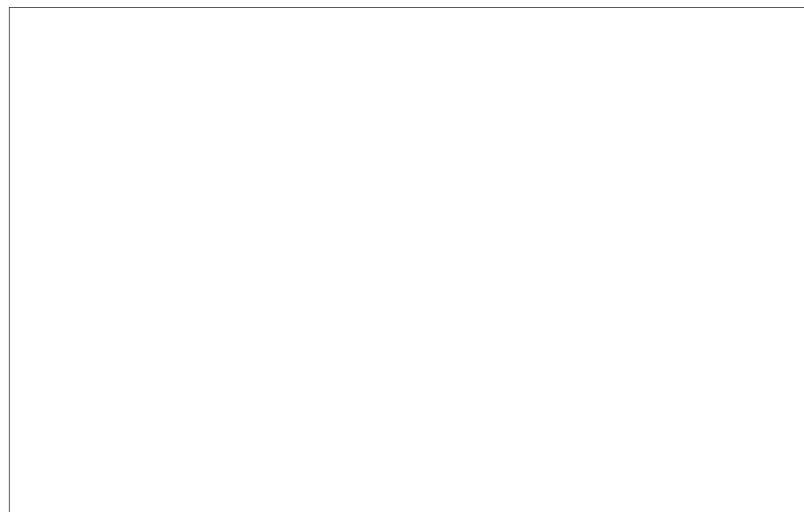
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CONTENTS

1. SOVIET STATEMENT URGES MIDDLE EAST REJECTION
OF "EISENHOWER DOCTRINE" [redacted] (page 3).
2. IMMINENT ARMY REVOLT AGAINST NASR RUMORED [redacted]
(page 5).
3. SAUDI ARABIA AND SYRIA READY TO JOIN EGYPT IN PRO-
[redacted] (page 6).
4. USSR REPORTEDLY STEPS UP SUBVERSIVE ACTIVITIES
IN IRAQ [redacted] (page 7).
5. WESTERN OBSERVER REPORTS ON UNSETTLED CONDI-
TIONS IN BULGARIA [redacted] (page 8).
6. YUGOSLAVS SAY USSR EXERTING PRESSURE THROUGH
ECONOMIC RELATIONS [redacted] (page 9).
7. FRENCH REPRESENTATIVE IN LAOS REPORTED BY COM-
MUNIST AS CRITICAL OF US POLICY IN LAOS [redacted]
[redacted] (page 10).

**1. SOVIET STATEMENT URGES MIDDLE EAST REJECTION
OF "EISENHOWER DOCTRINE"**

Comment on:

The Soviet statement issued by TASS on 12 January in the form of a point-by-point rebuttal of the "so-called Eisenhower doctrine" is aimed principally at encouraging Arab rejection of the American proposals. It omits any reference to the President's provision that American action would be in response to requests from individual states, and contains no suggestion of specific Soviet counteractions.

The statement denies any Soviet intention to compete for "bases or concessions" in the Middle East and claims that the "Soviet Union has never sought to worsen the relations" between the area countries and the United States.

The statement indirectly suggests that the proposed American moves represent a fifth crusade. It states that "Islam, as a religion, arose centuries before America was discovered and withstood four crusades." "To put it plainly, the United States is trying to implant the former colonial order in the Middle East under a new signboard."

The Soviet statement makes several references to the Bandung conference, reflecting Moscow's hope that there will be an area-wide rejection of the American proposals.

Calling for "businesslike co-operation among nations," the statement contrasts this principle with the American proposals--which "set countries at loggerheads and... sow the seeds of mistrust between peoples." The statement attempts to disparage the economic aid provisions of the program, alleging that "American and British oil monopolists... made a net profit of \$1.9 billion" on Middle East oil during 1955, and warns of the dangers of new Israeli "predatory plans" which would follow from the American proposals.

In its conclusion, the statement mildly warns that "authoritative Soviet circles" hold that the use of American

armed forces in the area might lead to "dangerous consequences, the responsibility for which fully rests with the United States government."

Soviet foreign minister Shepilov, in previewing the statement for the Egyptian ambassador, counseled that the "Arabs would incur no risk if they stand together" against the American proposals.

10

2. IMMINENT ARMY REVOLT AGAINST NASR RUMORED

	The city of Alexandria has been subject to a "crescendo of rumors" and hearsay that a revolt led by dissident army elements against the Nasr regime is imminent, [redacted] The dates for the revolt always mentioned in these rumors are from 14 to 16 January.
	[redacted] these rumors are too widespread and too specific to have been spontaneous; they are widely believed by all levels of the local populace.

Comment Military defeat, increasing economic hardship, and purges of army officers have resulted in considerable dissatisfaction with the Nasr regime. There is no good evidence as yet, however, that any group in Egypt is presently capable of posing a serious threat to Nasr.

Alexandria is a center of antiregime sentiments and has been hit hard economically. Dissident elements in the area may be engaged in a campaign to harass, and exert pressure on, the Nasr government.

3. SAUDI ARABIA AND SYRIA READY TO JOIN EGYPT IN PROVIDING SUBSIDY FOR JORDAN

[redacted] King Saud, [redacted] describing his recent talks with President Quwatli of Syria, stated that Saudi Arabia and Syria were ready to join with Egypt, [redacted] to provide a subsidy for Jordan. [redacted]

Comment A four-man Jordanian delegation which intends to discuss Arab financial assistance to Jordan to replace the annual British subsidy of \$33,000,000 left Amman on 8 January for Cairo, and was to continue after a week to Damascus and Riyadh.

King Hussain has instructed the delegation to obtain an unconditional ten-year guarantee of a specific sum of aid in sterling or dollars. The king has expressed doubts, however, that such assurances will materialize. He reportedly will use any failure of the delegation as an excuse to dismiss the ultranationalist Nabulsi government. Successful efforts by the delegation would permit realization of the Nabulsi governments' campaign promise to replace British with Arab aid.

If the mission returns with assurances of forthcoming aid, King Hussain's ability to influence events in Jordan will be reduced.

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**4. USSR REPORTEDLY STEPS UP SUBVERSIVE ACTIVITIES
IN IRAQ**

The USSR is intensifying its subversive activities in Iraq and plans to increase considerably the smuggling of small arms into northern Iraq this spring.

[redacted]
the Soviet Union is furnishing the Kurds with small radio receivers and is infiltrating the large number of pilgrims to Iraq's religious shrines.

[redacted] on 31 December the Iranian army conducted a widespread search of houses for illegal arms and ammunition and that 35 persons were arrested and a quantity of arms seized. The consul was told that the search had been ordered by the Shah in order to stop the flow of arms to Iraq. The army attaché in Tehran assumed the arms were intended for the Iraqi Kurds who recently demonstrated in northern Iraq.

Comment Moscow's alleged intention to arm the Kurds, who inhabit parts of Iran, Iraq, Syria and Turkey, and support their demand for an independent Kurdistan has long been rumored.

Egypt and Syria also have been attempting to maintain the momentum of widespread antigovernment demonstrations in Iraq which occurred followed the Anglo-French-Israeli attack on Egypt.

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**5. REPORTS ON UNSETTLED
CONDITIONS IN BULGARIA**

[redacted] Isolated incidents of unrest have occurred in Bulgaria recently, [redacted]

[redacted]. These include the arrest of 40 students for a conspiracy in Pleven and the murder of a security police officer on a street in Sofia by two students on 25 December. Reports of demonstrations in widely separated places in Bulgaria, including an alleged uprising led by military officers in a mountainous area in the northern part of the country, have appeared in the Greek and Austrian press during the past few days.

[redacted] the Bulgarian people, who privately express hope and optimism, believe the Hungarian uprising represents a defeat for Soviet Communism and that Poland has gained much at Soviet expense. Since October the regime has armed its officials and instituted several harsh measures [redacted]

[redacted] including the arrest of 2,500 people, mainly ex-army officers and students, the reopening of the Belene concentration camp, and the dismissal of about 500 students from Sofia University. [redacted]

Comment The official newspaper of Dimitrovgrad, a Communist-built industrial city in south-central Bulgaria, was quoted recently by a Western news agency as saying that the townspeople had "gathered in the street shouting nonsense they had picked up from Western radio stations!"

Apart from tightening security measures, in the face of disorders which appear sporadic and disorganized, the Bulgarian leaders have indicated in their speeches since September that they are seriously concerned with the unrest in their country.

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6. YUGOSLAVS SAY USSR EXERTING PRESSURE THROUGH ECONOMIC RELATIONS

Vice President Vukmanovic-Tempo has told US officials that all Yugoslav economic relationships with Russia are slowing down, probably reflecting a direct attempt to apply pressure on Yugoslavia.

He specifically mentioned Soviet performance on the credits to finance a fertilizer plant and the USSR-East German jointly sponsored aluminum plant. Tempo does not expect an economic blockade such as occurred after 1948, however.

The Yugoslav Foreign Ministry official in charge of economic affairs, Vladimir Velebit, told Ambassador Riddleberger on 11 January that the USSR had intimated it wanted to postpone its investment credits for two years. Although Velebit thought this may have been partly caused by the heavy demands on Soviet production from China and the Satellites, he also feared it may be for purposes of political pressure on Yugoslavia.

Comment Reports of Soviet economic pressure on Yugoslavia have come only from Belgrade officials, who may want to impress the United States with its continued need for Western economic support. There has been a delay in trade negotiations for 1957, but several recent Yugoslav trade agreements with the Satellites have called for an increase in trade.

The total Soviet foreign economic program, including recently increased aid to Eastern Europe, is still quite small in relation to total Soviet resources. In the light of Yugoslavia's sensitivity on "aid without political strings," it is doubtful that the USSR would exert heavy economic pressure on Belgrade, unless it were willing to risk a break with Yugoslavia.

7. FRENCH REPRESENTATIVE IN LAOS REPORTED BY COMMUNIST AS CRITICAL OF US POLICY IN LAOS

[Redacted] Apparent efforts of French chargé Soulie in Vientiane to dissociate France from US and British moves to block a coalition government in Laos [Redacted]

[Redacted] Soulie also criticized "heavy US pressure" on Souvanna and said the premier had told him he would resign, blaming the United States, if the "obstructionism" intensified.

Comment In conversations with American ambassador Parsons, Soulie had endorsed American objectives, but has suggested that pressure on the Pathets could better be applied during the integration period following assembly approval of the coalition agreement. Disavowal of US actions in a talk with Sen, however, would indicate a desire to preserve French influence in a united Laos at the expense of the United States.

Such statements by Soulie would undoubtedly contribute to the anti-US campaign which, [Redacted] has been intensified. This campaign may play a decisive role in the assembly vote on coalition, now expected for 15 January.