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27 MAY 1958

I. THE COMMUNIST BLOC

Stronger Soviet pressure aimed at bringing about bloc economic integration may result from recent bloc conference.

USSR - Party secretary and presidium member Suslov has not been identified publicly since 16 May.

II. ASIA-AFRICA

Lebanon - Political impasse continues, with moderates moving toward extremist opposition. Government military action has lost momentum.

Clash between Jordanian and Israeli forces in Mount Scopus area may lead to more serious incidents.

Sudanese Government considering new Soviet offer which may provide for cash purchases of Sudanese cotton.

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⑥ Tension continues on Cyprus with all parties to dispute awaiting British plan expected next month.

⑦ Tunisians mustering public support in wake of clashes with French; Bourguiba to go to UN Security Council.

⑧ Algerian rebel message orders attack for 28 May.

⑨ France - Trend favoring call to De Gaulle gaining momentum. Civil disorder possible.

⑩ Paraguayan Government fears arrival of Peron, whose presence could lead to the fall of the government.

LATE ITEM

⑪ Warsaw Pact makes gesture of troop reduction as Khrushchev warns that Soviet rocket bases may be set up in Eastern Europe.

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CENTRAL INTELLIGENCE BULLETIN

27 May 1958

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

OK

Bloc economic integration: Moscow's dissatisfaction with the present status of economic specialization among bloc countries is reflected in the 24 May communiqué of the bloc's Council for Mutual Economic Assistance (CEMA). Because of mutual rivalry and unwillingness to depend on imports from other satellites--highly unreliable in the past--the satellites have been reluctant to go along with various economic specialization schemes purporting to aim at a rational division of labor within the bloc. The Soviet Union can be expected to exert pressure to enforce CEMA decisions, which have often been ignored in the past.

(Page 1)

NB

Soviet leadership: Soviet party secretary and presidium member Suslov, who has not been identified in public since 16 May, may be in trouble. Polish Communists, noting his absence from the meetings of Communist bloc members in Moscow last week, are speculating that he has been removed from the Soviet party presidium. While it is possible Suslov may be vacationing, he has from time to time shown signs of being out of step with Khrushchev. His absence from the bloc conferences seems unusual, since Soviet-satellite relations have long been his special concern.

i

~~TOP SECRET~~

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II. ASIA-AFRICA

N Lebanon: Despite cabinet meetings on 25 and 26 May, Prime Minister Suleh has not been able to hammer out an agreed approach to resolving the political impasse. There are prospects of additional cabinet resignations, and the moderate opposition, the "Third Force," seems to be moving toward the extremist position. Military action initiated by General Shihab against the opposition has apparently lost its momentum.

(Page 2)

N Jerusalem: The clash between Israeli and Jordanian forces in the Mt. Scopus area on 26 May, which resulted in the death of Colonel Flint, Canadian chairman of the United Nations Mixed Armistice Commission for the two countries, may be the prelude to more serious incidents. The next Israeli relief convoy to the Israeli enclave is scheduled to move into the demilitarized zone on 4 June. Jordanian Foreign Minister Rifai has said Jordan will prohibit the convoy from transiting Jordanian territory unless Israel by then has ceased digging fortifications in the zone and has provided adequate identification of convoy personnel.

OK Sudan-USSR: The Sudanese cabinet is considering a Soviet offer of "unconditional" aid, which, in addition to exchanges of goods, may include cash purchases of Sudanese cotton. Previous offers made solely on an exchange-of-goods basis were rejected by Prime Minister Khalil, who stated he was interested only in cash sales. Khalil has been under strong attack from opposition and anti-Western elements for his recent acceptance of American aid. In view of the Sudan's current economic straits, the new Soviet offer may be difficult to refuse.

(Page 4)

N Cyprus: All parties to the dispute are awaiting London's new plan for the island's future, now promised

27 May 58

BAILY BRIEF

ii

~~TOP SECRET~~

~~TOP SECRET~~

by 17 June. Archbishop Makarios apparently is willing to accept an interim solution based on internal self-government while retaining British sovereignty. However, Turkish insistence on partition is unaltered. The new British plan apparently calls for some form of self-government, but excludes both union with Greece and partition. Meanwhile, EOKA attacks on leftist elements in Cyprus and British efforts to ferret armed terrorists from mountain hideouts continue.

N **Tunisia:** Leaders of the guerrilla bands which fought France prior to Tunisian independence in 1956 appear to be reassembling their former followers in southern Tunisia. The political bureau of the ruling Neo-Destour party has appealed for general mobilization of all people's forces so they can be at the immediate disposition of the government during the coming "week of vigilance." President Bourguiba announced on 26 May that he will take Tunisia's dispute with France before the UN Security Council.

N **Algeria:** The army in Algeria continues to promote displays of unity between the Moslems and the local Europeans in an effort to convince Paris that support of the new regime in Algeria is the surest means of bringing about an early end of the guerrilla war. *and*

(Page 5)

III. THE WEST

France: Pflimlin's position is steadily weakening. The Independent party has asked Coty to summon a meeting of nonextremist party leaders, together with De Gaulle, who

27 May 58

DAILY BRIEF

iii

~~TOP SECRET~~

~~TOP SECRET~~

returned to Paris on 26 May following a visit from a member of the premier's staff. Socialist leader Mollet appears discouraged and indecisive and believes the general "has but to sit in his tent and wait." With the loyalty of security forces inside France increasingly in question, Interior Minister Moch seems to be considering arming non-Communist militants. The Communist-led General Labor Confederation has called a general strike for 27 May.

(Page 6)

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Paraguay-Argentina: The Paraguayan Government is disturbed over reports that former Argentine President Peron may arrive in Paraguay momentarily, but feels it cannot legally prevent this. The American ambassador in Asuncion believes Peron's presence could lead to the fall of the Paraguayan Government. Under Argentina's amnesty bill of 22 May, Peron could re-enter Argentina, but would still face criminal charges.

(Page 8)

LATE ITEM

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*Warsaw Pact announcement: The announcement by the Warsaw Pact organization that Eastern European members will cut their military forces by 119,000 and that the USSR will withdraw all its forces from Rumania and one division from Hungary is primarily intended to make Moscow's stand on disarmament issues appear more conciliatory. At the same time Khrushchev warned that if the West arms West Germany with nuclear weapons, he will set up "rocket bases" in East Germany, Poland, and Czechoslovakia.

(Page 9)

27 May 58

DAILY BRIEF

iv

~~TOP SECRET~~

I. THE COMMUNIST BLOC

Communiqué of Moscow Economic Meeting

The communiqué issued by national representatives of the bloc's Council for Mutual Economic Assistance (CEMA) and concurred in by the Far Eastern Communist countries indicates that the USSR is renewing efforts toward developing an integrated bloc economy. The communiqué points out that the immediate target is the reduction in cost per unit of output. This can be derived only from mass production, which in turn can best be achieved by national specialization. The tendency of satellites in the past to ignore CEMA recommendations when convenient to do so has blocked progress toward a more closely knit bloc economy.

CEMA will need new powers to ensure that the long-range national economic plans reflect closer economic integration. Such policies will further Khrushchev's program to surpass the West in industrial production, and by increased interdependence will enhance Moscow's control in Eastern Europe.

The communiqué points out that the Far Eastern countries, which have only observer status, will cooperate in the implementation of the new tasks assigned to CEMA, presumably by supplying details on their requirements for bloc industrial goods and their ability to supply raw materials. Specialization of production within the bloc will create hardships for those countries which are primarily agricultural or producers of raw materials but have been maintaining inefficient industries. [redacted]

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II. ASIA-AFRICA

Lebanese Situation

The Lebanese cabinet met on 26 May and is reported to have decided that on 27 May Prime Minister Suh will make a statement to Parliament on the internal situation, if a quorum can be gathered. If not, it has been suggested that Suh make a radio appeal to the Lebanese people urging a return to normal life, accusing the opposition of responsibility for the present crisis and stating that the real issue is the continued existence of Lebanon and not the presidential succession question. The position of moderate "Third Force" leaders remains somewhat enigmatic, although they appear to be moving in the direction of the more extremist opposition which demands President Chamoun's resignation. So far all compromise proposals put forth by "Third Force" leaders appear to represent major victories for the opposition. Chamoun's resignation, or even his declaration at this time not to seek a second term, would be interpreted as a triumph for the extremist opposition.

Although the army has regrouped and concentrated some of its forces for action against the irregular bands and infiltrators from Syria, it is too early to judge if the "offensive" will be carried out in a determined manner. Rumors continue of the imminent arrest of opposition leader Saib Salam, who is holed up in the Moslem quarter of Beirut, and press reports state that barricades there are being cleared by army units. However, it is doubtful that General Shihab will actually arrest opposition leaders.

[redacted] at least one Syrian has been captured by the Lebanese forces. The existence of difficulties in supplying Lebanese rebels with arms and ammunition is revealed in an Egyptian message which relates to arms and explosives

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for Kamal Jumblatt. [redacted] Meanwhile, arms continue to flow into Lebanon from Turkey, Jordan, and Great Britain. [redacted]

Bombings in Beirut have assumed a terrorist nature, with a bomb exploding in a loaded streetcar and another in the British ambassador's home. A special section in the Syrian Ministry of Interior has been reported set up to carry out activities in Lebanon. This bureau makes contacts with Lebanese opposition leaders and sends infiltrators across the border. [redacted]

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Sudan Considers Soviet Aid Offer

The Sudanese cabinet is reported to be studying a Soviet offer of technical and economic aid, renewed last week by Ambassador Teplov following a statement by Foreign Minister Mahjoub that his government would accept assistance provided there were no strings attached. Prime Minister Khalil rejected barter arrangements suggested by the USSR last year, stating that the Sudan was in need of cash and did not require Soviet goods. Press reports suggest that the latest offer may have been modified to include an arrangement whereby the Sudan would accept those Soviet products which it could use, and receive cash for the balance of cotton taken by the USSR. Cotton is practically the sole source of the Sudan's foreign exchange, and the stock now on hand is valued at more than \$100,000,000.

Khalil's coalition government is being severely criticized by opposition and anti-Western elements who object to his recent acceptance of American aid after rejecting past Soviet approaches. The Egyptian-directed subversive effort aimed at destroying Khalil's small parliamentary majority is making capital of the situation. The issue could cause the defection of a critical number of lukewarm supporters of his coalition, and to prevent this Khalil might feel constrained to accept an offer which includes cash payments.

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~~TOP SECRET~~Situation in Algeria

The French Army in Algeria, with the aid of its civilian collaborators, is continuing to promote and exploit displays of unity between the Moslems and the local Europeans in an effort to convince Paris that support of the new regime is the surest means of bringing about an early end to the guerrilla war--now in its fourth year. According to the Algerian regime's propagandists, a "miraculous" reconciliation has occurred since the 13 May action in Algiers and would be undermined by a prolongation of the present split between Paris and Algiers.

The official line is further buttressed by claims that even the rebels of the Algerian National Liberation Front (FLN) have ceased fighting in many areas and that the war is virtually over. Such views were "officially" transmitted to the American consul general in Algiers on 23 May by General Salan--titular supreme authority in Algeria-- who asserted that the "backbone of the FLN's effort has been broken" and that "interesting" surrenders of rebels and arms would occur in the near future. The local press, which formerly gave front-page coverage to engagements with the rebels, has now almost ceased to mention military activities.

Information from various rebel sources, however, reveals no weakening in the FLN's determination to continue its fight for Algerian independence. A high-level FLN spokesman in Tunis on 23 May denied any "rallying" to the French by rebel fighters and stated categorically that the FLN has no intention of dealing with Salan. The FLN representative in the United States has also indicated the rebels would deal only with a French government with "real authority" and one willing to accept Algerian independence.

Rebel troops in the interior were also informed that "a large coordinated attack" will take place on 28 May"--apparently in several "zones" in the vicinity of the northwestern Algerian town of Tiaret.

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III. THE WEST

French Crisis

Premier Pflimlin's weakening position is increasingly evident despite the newly imposed censorship on outgoing press dispatches. The key Independent party, now almost solidly pro - De Gaulle, asked President Coty on 26 May to summon a meeting of non-Communist party leaders with De Gaulle, who returned to Paris late last night following a visit from a member of the premier's staff. The government faces heavy going in the National Assembly debate scheduled for 27 May on its proposed constitutional reforms, which have been widely criticized both as too drastic and too mild.

Pflimlin's reported designation of Popular Republican ex-Premier Robert Schuman as his semiofficial intermediary to De Gaulle suggests the premier's desire to prepare, at least contingently, for an orderly turnover of power. Discouragement on the part of a key anti-Gaullist leader was reported on 24 May [redacted] who quoted Socialist Guy Mollet as believing De Gaulle "has but to sit in his tent and wait."

A majority of the Pflimlin cabinet was reliably reported as opposed on 24 May to sending an army unit to re-establish Paris' authority on Corsica because they believed the island would join the rebels. [redacted]

[redacted] the Republican Security Company flown to the island from mainland France joined the rebels "after two minutes." Doubts as to the loyalty of the fleet were intensified by the appearance of several French warships on 26 May at Algerian ports rather than their home base of Toulon, following recent NATO maneuvers. Interior Minister Moch, whom several reports have characterized as personally doubtful of the reliability of the army and of security forces under his control, may be considering arming

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non-Communist leftist militants as a counterweight to the military.

The Communist-dominated General Labor Confederation (CGT) has called a general strike for the afternoon of 27 May. The CGT's effort to promote brief work stoppages on 19 May, on the occasion of De Gaulle's press conference, was opposed by the Socialist and Catholic trade unions and failed to rally a majority of worker support. [redacted]

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Paraguay Disturbed Over Reports of Peron's
Imminent Arrival

The Paraguayan foreign minister told US Ambassador Ploeser on 24 May that former Argentine President Peron may arrive in Paraguay at any moment and that Paraguay cannot legally prevent this since Peron is an honorary Paraguayan general and does not require a visa. In a personal letter, the minister has advised Peron he is not wanted in Paraguay, but he does not know what action President Stroessner intends to take.

Peron's return to Paraguay, his first place of exile, would presumably be intended to exert pressure on the Argentine Government. He told the press that he considers Argentina's amnesty bill of 22 May a "trap" to jail him should he return, since it does not remove all outstanding criminal charges. A Peron move from the Dominican Republic to Paraguay, which borders Argentina, would probably increase Peronista demonstrations in Argentina and also increase concern among conservative military groups over possible Peronista influence in Frondizi's administration. The Peronistas reportedly are planning a large demonstration on 9 June to commemorate the abortive revolt in 1956.

Ploeser believes that Peron's arrival in Asuncion could lead to Stroessner's fall by encouraging a coalition of rebel forces in exile and anti-Peron elements in Argentina. Stroessner is already gravely concerned over possible new attacks by exiles based in Argentina, although the major opposition Liberal party reportedly has not been involved in such plans since 22 April, when Argentina and Paraguay issued a joint communiqué stating that all former sources of friction had been removed. [redacted]

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LATE ITEM

Soviet Bloc Armed Strength Cutback

At the 24 May meeting in Moscow of the political consultative committee of the Warsaw Pact countries, it was decided to reduce the forces of Eastern European members by 119,000 men and to withdraw all Soviet troops from Rumania and one division from Hungary. The planned reductions will include 55,000 Rumanian, 23,000 Bulgarian, 20,000 Polish, 20,000 Czech, and 1,000 Albanian troops. The announcement of the decision made no mention of reductions in the Soviet, Hungarian, or East German forces. The reductions would leave the over-all strength of the Eastern European satellite forces at about one million men.

The withdrawal of one further Soviet division from Hungary would still leave at least three line divisions or about 50,000 Soviet troops in that country, twice the number stationed there before the uprising. There now are 35,000 Soviet troops in Rumania which, like Soviet troops in Hungary, were originally stationed there to maintain the line of communications with Soviet troops then in Austria and, in accordance with Moscow's treaties with these countries, should have been withdrawn in the fall of 1955. There are also 35,000 Soviet troops in Poland and over 350,000 in East Germany.

The announcement is intended to make the Soviet position on disarmament appear more conciliatory during the presummit talks and to reinforce Moscow's argument against discussing Eastern Europe at the summit. This step is also designed to make NATO defense measures, such as missile bases, appear less urgent. Khrushchev meanwhile has warned that if the West arms West Germany with nuclear weapons, he will set up "rocket bases" in East Germany, Poland, and Czechoslovakia. [redacted]

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