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1. KHRUSHCHEV EXPECTS GENEVA PROGRESS ONLY ON DISARMAMENT AND EAST-WEST CONTACTS

[Redacted]

Party first secretary Khrushchev told Italian Socialist leader Nenni on 15 October that he thought progress was possible at the Geneva foreign ministers' conference on disarmament and East-West contacts, according to the Italian embassy in Moscow. He thought progress was impossible on European security because the Western powers link this question with German unification. Khrushchev added his view that the Germans themselves would soon settle the unification question and that at that time the East German regime will "affirm itself."

Khrushchev also said that President Eisenhower's illness is having an effect on the American attitude toward Geneva, but that US 'provocations' will not sway the USSR from its policy of relaxing tensions.

Comment	Although Soviet statements have indicated that no progress could be expected at Geneva on German unification, this is the first denial that progress is possible on European security. The USSR will probably present a series of security proposals at Geneva, however, in an attempt to counter Western insistence on a security plan which would include a unified Germany.
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2. REPORTS OF EGYPTIAN MILITARY PACT WITH SYRIA

Comment on:

[Redacted]
Press reports from Damascus and Cairo that a new military pact between Egypt and Syria is scheduled for early signature suggest that

Egypt is using the prestige gained from its arms deal with the Soviet bloc to strengthen its influence over the other Arab states. The pact reportedly provides for a unified command, a joint military fund, and immediate mutual assistance in case of an Israeli attack. It thus revives a project which Cairo pushed last spring as an alternative to the abortive Egyptian-Syrian-Saudi Arabian pact.

Aside from providing a framework within which Syria could obtain Soviet bloc arms, the new pact's only immediate significance would be in consolidating Egyptian influence in Syria and in committing that country to stay out of the "northern tier."

Other reports indicate that Egypt is pressing Lebanon, Jordan, and Saudi Arabia to join, or at least "support," the new pact.

Strongly hostile reactions to the agreement and any extension of it can be expected from Israel and Iraq. Baghdad will use its diplomatic and subversive resources to render the agreement ineffectual, since a network of Arab defense pacts centering on Cairo would isolate Iraq from the other Arab states and defeat Prime Minister Nuri Said's pro-Western foreign policy.

[Redacted]

3. SUN LI-JEN ACQUITTED IN COMMUNIST CONSPIRACY CHARGES

The Chinese Nationalist decision to clear General Sun Li-jen of charges of involvement in a Communist plot

was apparently determined by fear of an adverse American reaction. The relatively mild judgment against the pro-American officer follows a series of Nationalist probes of official opinion in Washington.

Generalissimo Chiang Kai-shek, in accepting the board of inquiry's decision, has ordered that Sun be exempted from further disciplinary action but that he be kept under observation so that "any sign of his reform may not pass unnoticed."

Even though Sun has escaped execution, his career appears to be finished. His downfall has set back liberal elements and almost certainly strengthened the hand of the generalissimo's son, Chiang Ching-kuo, who is a leader of reactionary Nationalists. The trend toward greater authoritarianism on Formosa will probably be accelerated.

4. BAO DAI'S RECENT MOVES

Bai Dai's actions in connection with the forthcoming referendum in Vietnam suggest that he may visualize a future role for himself in collaboration with the Viet Minh. He has called for a reduction in tensions between North and South Vietnam and for co-operation between the two countries.

Although the Viet Minh may find him useful sometime in the future, Bao Dai's moves will have no immediate effect on Diem's position. They may, however, further complicate French-Vietnamese relations. Bao Dai probably will shortly establish a government-in-exile from among the numerous former Vietnamese officials in France. One of Diem's envoys in Paris has stated that if the French permit this, the Vietnamese government will regard it as a "hostile act." A French official has stated the French government would neither encourage nor prevent such a move.

French officials in Saigon fear that after Diem's anticipated vindication in the referendum, he may take the occasion to assert his government is no longer bound by previous agreements, particularly those relating to the presence of the French military. They also fear the referendum may give rise to anti-French demonstrations.

5. GREEK PRIME MINISTER MAY CALL ELECTIONS IN JANUARY OR FEBRUARY

Greek prime minister Karamanlis is so pleased by the evidence of popular support from all over Greece that he is strongly inclined to call a national election in January or early February.

Karamanlis says he would have scheduled elections within the next two months if he had known popular support was so strong.

If Karamanlis could achieve some success in foreign affairs, he might put off elections until March or April. In view of present difficulties in that field, however, he favors holding elections before he is subject to attack for foreign policy failures.

Comment

The available evidence supports Karamanlis' estimate of his present popularity. A threatened revolt by the Rally old guard against his appointment failed to materialize, and even Sophocles Venizelos, Liberal Democratic Union leader, has been making friendly gestures.

Karamanlis apparently has no illusions that he can satisfy Greek popular demands concerning Cyprus in the near future, and he may fear further complication of relations with Turkey if Ankara fails to provide prompt and satisfactory compensation for Greek property destroyed and damaged in the Istanbul and Izmir riots last month.

6. AFGHAN PRIME MINISTER REITERATES INTENTION TO ACCEPT SOVIET AID

Afghan prime minister Daud, in defending his foreign policy before an extraordinary joint session of the Afghan parliament on 17 October reportedly said that he had tried without success to get American aid for Afghanistan on terms that he could accept.

Comment

Still smarting from the failure of his strong policy on Pakistan, Daud may be in a more than usually susceptible mood when he meets the Soviet leaders. It is not likely, however, that other members of the royal family would approve of any major change in Afghanistan's policy of neutrality, nor is it probable that the powerful grand assembly of the tribes, which is reportedly to be convened soon, would accept a change.