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27 January 1958

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# CENTRAL INTELLIGENCE BULLETIN



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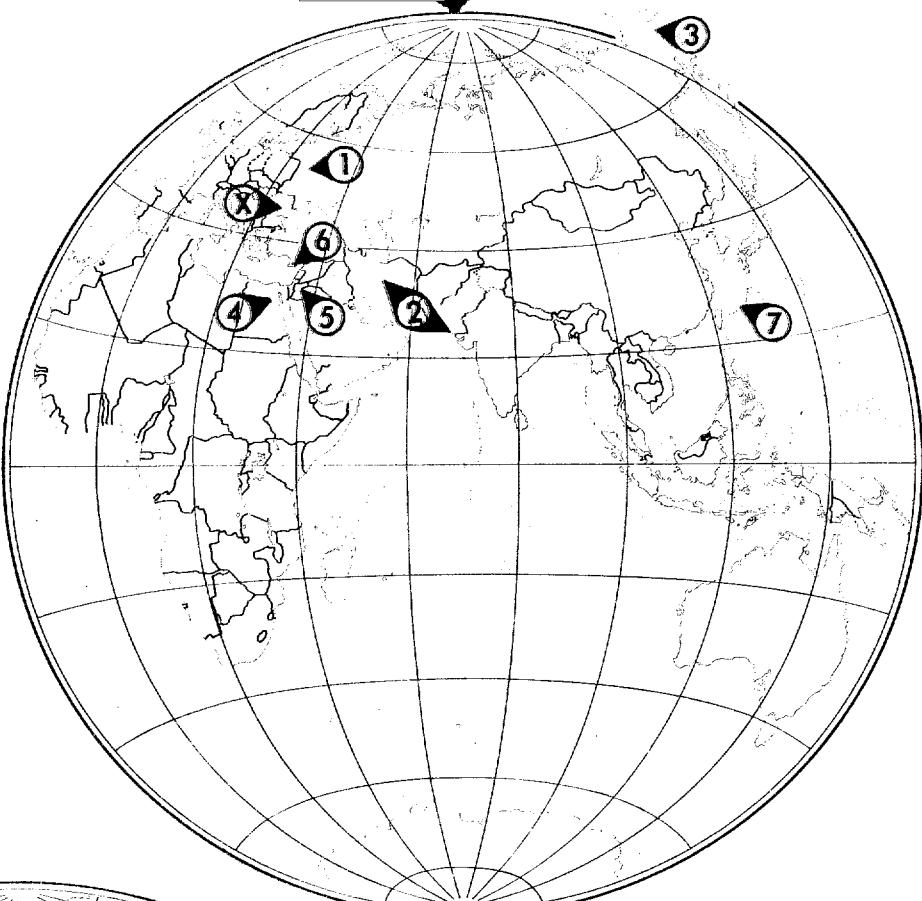
**I. THE COMMUNIST BLOC**

Khrushchev parries US proposal for control of outer space. (1)

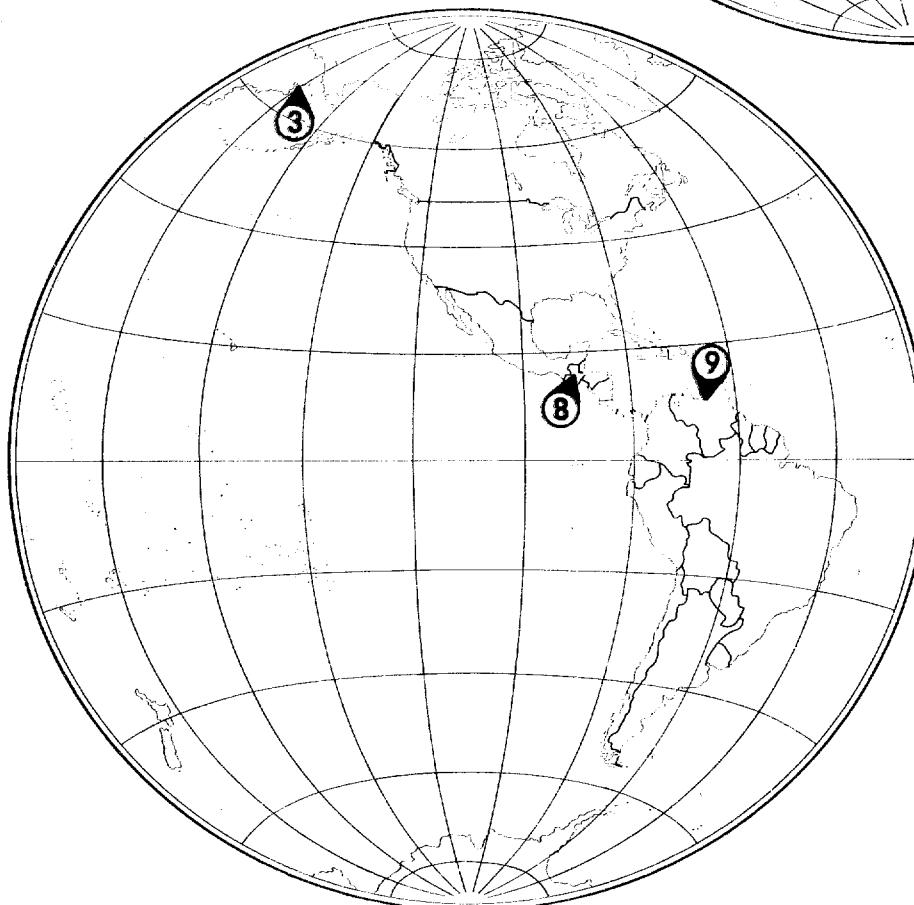
Khrushchev proposes major reorganization in agriculture. (1)

USSR steps up countermoves against Baghdad Pact meeting. (2)

**USSR - Long Range Aviation exercises.**

**LATE ITEM**

Peasant resistance in Rumania (X)

**II. ASIA-AFRICA**

Nasir going ahead with plans for Egyptian-Syrian union. (4)

Egypt offered additional Soviet loan. (4)

Syrians ship more arms to Alexandria for Algerian rebels.

Jordan-Bedouin army faction may be plotting against King Hussayn. (5)

Cyprus authorities prepare for renewal of violence. (6)

Leftists may gain in Okinawa assembly election. (7)

**III. THE WEST**

Possible rightist-centrist deal in Guatemala. (8)

Serious friction could develop over status of Communists in Venezuela. (9)

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## DAILY BRIEF

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## I. THE COMMUNIST BLOC

*OK*

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(Page 1)

*OK*

Khrushchev has made another important proposal for reorganizing the Soviet economy. By eliminating Machine Tractor Stations, a key element in the organization of Soviet agriculture, he hopes to cut costs and spur production.

(Page 2)

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(Page 3)

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## II. ASIA-AFRICA

*jk*  
Nasir, despite his reservations about Syrian-Egyptian union, has ordered a supporting propaganda campaign. He states he is proposing a formal declaration of union by the two parliaments without plebiscites. He also envisages one president for the union, with unified defense, finance, and foreign affairs ministries.

[ ] (Page 4)

*no*  
The National Bank of Egypt has apparently been offered a Soviet loan at current banking interest rates to provide foreign exchange up to the equivalent of about \$15,000,000. Despite its foreign exchange shortages, no decision has been taken by Cairo, probably because it is still hopeful that a financial settlement can be reached with the British in the talks scheduled to begin on 30 January.

A new shipment of arms from Syria is en route to the Algerian rebels.

*no*  
[ ] a Soviet ship would reach Alexandria that day to offload arms, ammunition, and a "broadcasting station" for the Algerians. This may be Syrian equipment of French or German manufacture made surplus by the acquisition of Soviet materiel.

[ ] (Page 5)

*OR*  
*without lost 7*  
There are further reports of plotting against King Husayn of Jordan by members of the key Bedouin faction in the army on whom Hussayn has relied for support against a hostile Palestinian majority in his country. Although the King has been warned, a determined effort by key Bedouin units to overthrow the monarchy would probably succeed.

[ ] (Page 6)

*no*  
Authorities on Cyprus are reviewing security arrangements in anticipation of widespread violence following an

No  
announcement expected sometime in the near future of a new British policy for Cyprus. Turkish demands for "immediate" partition and Greek insistence on a plan for eventual self-determination of the island as a unit make an outbreak of violence and the further deterioration of NATO's eastern flank almost inevitable.

OK  
Okinawan leftists are likely to make new gains in elections to be held in Naha on 2 February. Fifteen seats in the city assembly are at stake, and supporters of Mayor Saichi Kaneshi could gain control of the assembly.  
(Page 7)

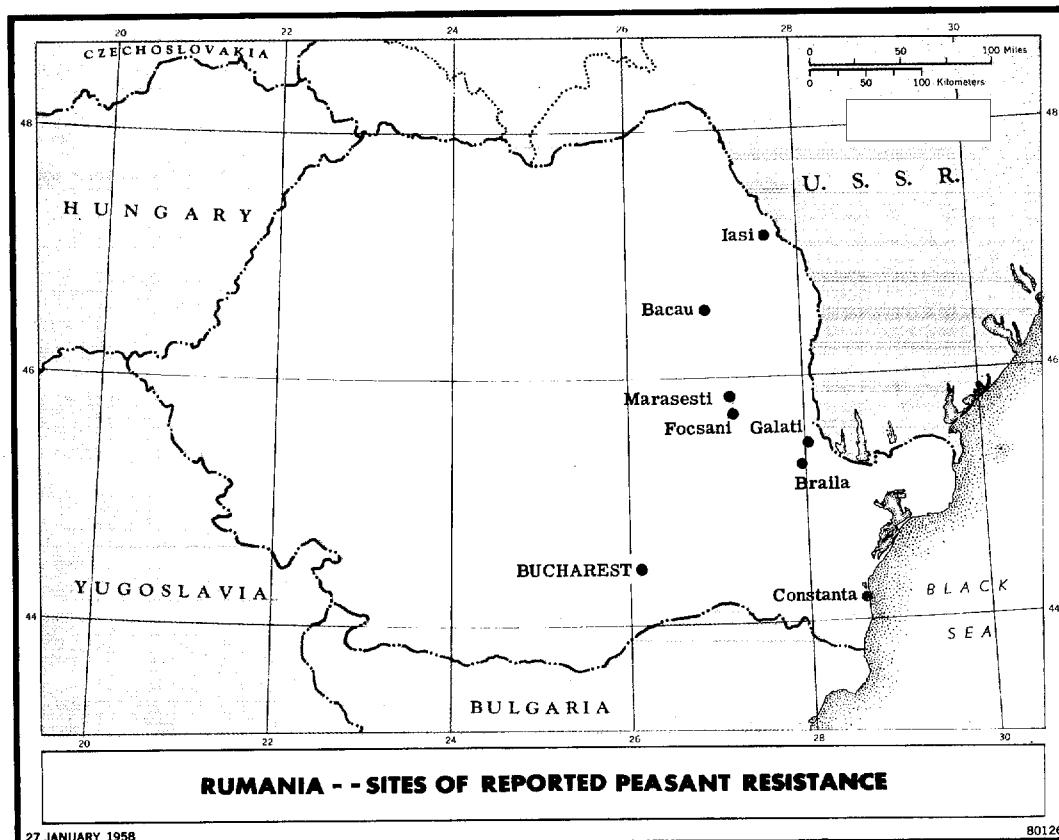
### III. THE WEST

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(Page 9)

**LATE ITEM**

\* "Strong resistance" by peasants in the eastern portion of Rumania to further agricultural collectivization is reported to have required armed intervention by the regime. Any such expressions of discontent on the part of the peasants are probably in reaction to the regime's long-expected and recently publicized intention to complete collectivization in these regions but will probably remain limited to localized actions. While the areas in question have been closed off to Western observers since 20 January, earlier reports attributed these security measures to possible Soviet troop rotation moves in Rumania.



## I. THE COMMUNIST BLOC

### Khrushchev Seeks to Retain Initiative on East-West Talks

Khrushchev's remarks on foreign policy in his speech of 22 January at Minsk were intended to maintain the USSR's diplomatic and propaganda initiative in the East-West exchange on summit talks. He sought to parry President Eisenhower's proposal to establish international control of outer space for peaceful purposes by stating that the USSR would be willing to discuss this question only as part of a general disarmament agreement which would ban nuclear weapons, suspend nuclear tests, and liquidate foreign military bases.

The confident and unyielding tone of his speech, together with his extreme terms for discussing international control of missiles, further suggest that the Soviet campaign for heads-of-government talks is presently aimed not at serious substantive negotiations but at discrediting Western policy and disrupting Western unity. The Kremlin apparently believes that mounting popular pressure in the non-Communist world for summit talks will progressively weaken the Western powers' negotiating position and eventually force them to agree to negotiations on terms more favorable to the USSR.

Khrushchev contrasted the "urgent" Soviet calls for a heads-of-government conference with alleged Western efforts to evade talks by putting forward "impossible" conditions--a reference to the status of Eastern Europe and the problem of German reunification. He charged that the "imperialists" are trying to intimidate the Soviet bloc by promising to build missile bases and station nuclear weapons on the territories of the members of NATO and other "aggressive blocs."

Khrushchev added no new items to the agenda for a summit conference suggested in Bulganin's recent letters--banning nuclear tests, ending "war propaganda," reducing foreign forces in Germany and other European countries, establishing a nuclear-free zone in central Europe, and discussing the Middle East situation and international economic relations. ( )

~~CONFIDENTIAL~~

## Khrushchev's Proposal for Agricultural Reorganization

Khrushchev has proposed the virtual abolition of a historic agricultural institution, the Machine Tractor Station (MTS), in another of his bold proposals for economic reorganization. This will transfer a large quantity of production machinery from state to collective ownership--a step which Stalin as late as 1952 said "could only retard our advance toward Communism." The MTS has been historically one of the three basic Soviet agricultural institutions, along with the state farm and collective farm. The MTS has also been a major instrument for centralized party control in the countryside. It is a state-owned centralized pool of agricultural machinery with operating personnel which serves a number of collective farms on a contract basis.

The stations are now to be gradually relegated to the status of repair depots and their machines sold to the collective farms. The move appears logical and should result in more efficient farming since the relationship between the MTS and the collective farms has had various drawbacks.

The Soviet leadership apparently will embark on this reorganization as a means of cutting agricultural costs and spurring production toward the goal of catching up with the West. Khrushchev indicated he now intends to rely on party organizations in the collective farms as instruments for stimulating production and maintaining political leadership. He thus appears confident that the peasants have come to accept the collective farm system and that the MTS is no longer needed as a political control organ in the countryside. [redacted]

~~CONFIDENTIAL~~

Stepped Up Soviet Offensive Against Baghdad Pact  
Council Meeting

The USSR has followed up its propaganda charges against the Baghdad Pact council meeting in Ankara with a private warning to Pakistan not to accept American missile bases on its territory. Moscow has also made a sweeping offer of economic aid to Iran designed to provide Tehran with an alternative to its membership in the Baghdad Pact.

Moscow broadcasts allege that the United States will attempt to force American rocket and nuclear bases on pact members and that they will have to pay for "unselfish" American aid with the loss of their sovereignty.

Soviet Ambassador to Pakistan, I. F. Spedko, on 23 January protested to Pakistani Foreign Minister Noon on the alleged establishment of American missile bases in Pakistan. Noon denied that any such base either had been established or was planned and offered personally to take the Soviet ambassador to any suspected location in order to disprove the charge. This is the first Soviet protest to Pakistan on the subject, although Moscow radio infrequently has voiced such charges.

On the eve of his departure for a Moscow visit, Soviet Ambassador Pegov gave the Iranian foreign minister and the director of plan organization details of a "new" economic aid policy toward Iran which he would present formally on his return from Moscow. Pegov stated that the USSR would furnish Iran "anything you want" without strings. The USSR has made its economic overtures to Iran increasingly public in the hope of building popular pressure for accepting at least some of the offers. Pegov's "new" economic aid policy toward Iran may be a summary of 1957 "offers" which covered a broad field for cooperation in technical and investment fields of interest to Iran. [redacted]

~~**CONFIDENTIAL**~~

## II. ASIA-AFRICA

### Nasir's Plans for Egyptian-Syrian Union

President Nasir is going ahead with plans for union with Syria, despite continued misgivings. He is reported proposing resolutions by the two parliaments declaring the formation of the union, presumably under his presidency. The Japanese chargé in Damascus told an American official on 23 January that the Syrian Socialist leader Michel Aflaq had gone to Cairo to participate in drawing up an Egyptian-Syrian constitution.

The plan also calls for unified defense, finance, and foreign ministries, but separate parliaments under a supreme parliament. Defense would be under the administration of Egyptian General Abd al-Hakim Amir, and Syria's General Bizri would be given a nonpolitical assignment with the joint command. Khalid al-Azm, Syria's pro-Soviet deputy premier, would not hold any position within the union.

[redacted] after union, Nasir hopes to move up to 4,000,000 Egyptian peasants into Syria for exploiting underdeveloped agricultural areas, with the first group scheduled to leave at the end of February. Any proposal for the migration of such a number is unrealistic and would create serious problems in Egypt and strong resentment in Syria. [redacted]

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New Shipment of Arms from Syria En Route  
to Algerians

Another shipment of arms from Syria is en route to the Algerian rebels.

[redacted] the Soviet merchant ship Omsk, cargo capacity 7,500 tons, had on 21 January taken on a cargo of arms, ammunition, and a "broadcasting station" for the Algerians and would dock at Alexandria on 23 January. Al-Dib has been identified with the procurement of arms for the Algerian rebels since the fall of 1956.

The materiel involved may be of French or German manufacture, made surplus by Syrian acquisition of Soviet equipment.

[redacted] such surplus Syrian equipment was being transferred to the Algerians but that some difficulties were being encountered in finding transport between Latakia and Alexandria.

[redacted] Algerian agents took possession of arms shipments in western Egypt during September, and that at least some arms were passing through Libya to Tunisia.

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Jordanian Bedouin Army Leaders Reported Plotting to Overthrow Monarchy

A plot by leaders of the most powerful Bedouin faction in the Jordanian Army to overthrow King Hussayn has been

The movement is said to center among adherents of the Bani Sakhr tribe, which includes the commander and most of the personnel of the armored brigade. Support of the Bedouin units has been the basis of the King's successful maintenance of authority in the face of the hostile Palestinian majority in his country. The plotters are reported to plan a republic under Akif Fayiz, defense minister and most prominent Bedouin representative in the present government. The timing of the attempt is unspecified.

King Hussayn has been warned on the basis of this and earlier reports of disaffection among the Bedouins, some of whom have been dissatisfied over failure to receive what they consider adequate reward for supporting the palace in last April's crisis. Although Hussayn will presumably take all possible measures to cope with any Bedouin unrest, a determined move to overthrow the monarchy by key Bedouin units would probably succeed, since Hussayn has no alternative effective source of support.

Last fall Egyptian propaganda which attacked Hussayn attempted at the same time to cultivate the Bedouins, and in early January members of the ultranationalist Baath party are reported to have attempted to exploit Bedouin dissatisfaction with the intention of overthrowing the unpopular pro-Western Hashim-Rifai government.

~~SECRET~~

### Leftists May Gain in Okinawa Assembly Election

A by-election in Naha, Okinawa, on 2 February to add 15 seats to the city assembly offers leftist elements an opportunity to gain control of Naha's legislative body. Leftists hold 12 of the 30 seats in the present assembly and must win 11 in the by-election to gain control of the expanded body. While hard pressed to stage such a large gain, several factors may assist them.

The election will be held in the recently merged district of Mawashi which gave leftist Saichi Kaneshi his largest majority in his election as mayor earlier this month. The leftist Minren organization probably has gained an advantage on the strength of Kaneshi's victory and, as was the case in that election, has started campaigning earlier and more aggressively than its conservative-Socialist opposition.

Mayor Kaneshi, who took office on 20 January, has the authority to dissolve the entire assembly at his convenience and to call new elections. In the event leftists fail to win control of the assembly in the by-election, Kaneshi may resort to new elections in order to capitalize on city-wide sentiment against American occupation policies.

—**CONFIDENTIAL**—

### III. THE WEST

#### Possible Rightist-Centrist Deal in Guatemala

The climate for agreement between rightist General Miguel Ydigoras and Colonel Jose Luis Cruz, his closest competitor in the 19 January Guatemalan presidential election, has improved. One important Ydigoras adviser said on 23 January that Ydigoras is definitely ready to bargain with the pro-Cruz groups, and another supporter said Ydigoras plans to have at least one pro-Cruz cabinet member. Congress appears increasingly inclined to select Ydigoras, since his lead, especially in Guatemala City, is so great. The decision will probably be made public within ten days after Congress begins checking ballots on 27 January.

None of the candidates is expected to cause trouble prior to selection of the president, although rank-and-file followers of Cruz may create sporadic disorders later if Ydigoras is chosen. The Communist-infiltrated Revolutionary party, whose candidate, Mario Mendez Montenegro, ran close to Cruz for second place, is expected to support Congress' decision for president and to attempt to gain some voice in the government.

Contrary to what many Ydigoras opponents fear, the 62-year-old retired general probably could not establish a dictatorship even if so inclined. As president, he would need the toleration, if not the active support, of the 9,000-man army. Most officers are basically moderate-minded and have shown themselves responsive to public opinion. Also, Ydigoras would have to work with a Congress in which, at least during the next two years, his partisans will be in a minority. [redacted]

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CIA-3

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## Communists May Exploit Venezuelan Political Instability

The status of the outlawed Venezuelan Communist party (PCV) could be a source of serious friction among the several contending military and civilian groups as the governing junta attempts to restore order and formulate a transitional program of government. Communists are an important faction in the Patriotic Front, an organization prominent in the ouster of President Perez which is composed of the PCV, two leftist but non-Communist parties, and a Catholic-oriented party.

The front has not fully endorsed the new regime, which is predominantly military. Front leaders in Venezuela, including the top Communist spokesman, have called for legalization of all parties, early elections, and the return of all exiles. The exiled heads of the three non-Communist parties, however, have avoided reference to the Communists in their general statements on unified action. Civilian unity appears uncertain in the face of the Communist issue and the probable conflicts between front leaders and exiled leaders in determining a common political program.

The military, who are believed to be suspicious of the front, may attempt to close ranks to preserve their traditional dominant position in the government, and will possibly insist on the continued suppression of Communist activity.

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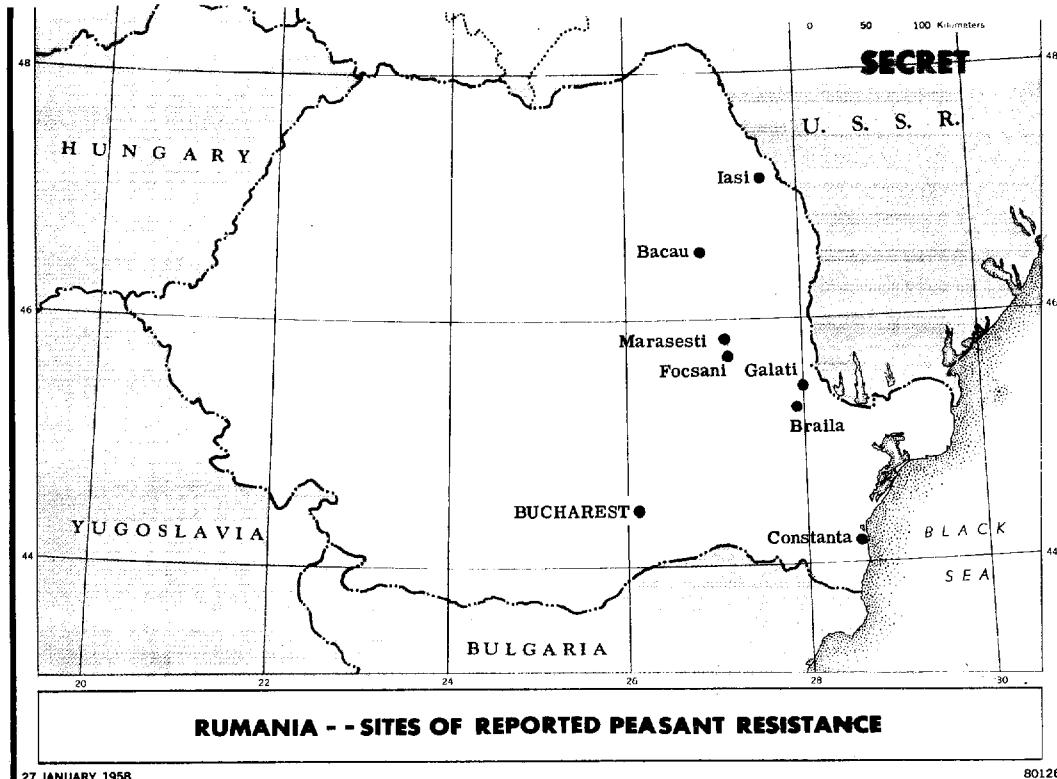
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**TOP SECRET EIDER**