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12 May 1958

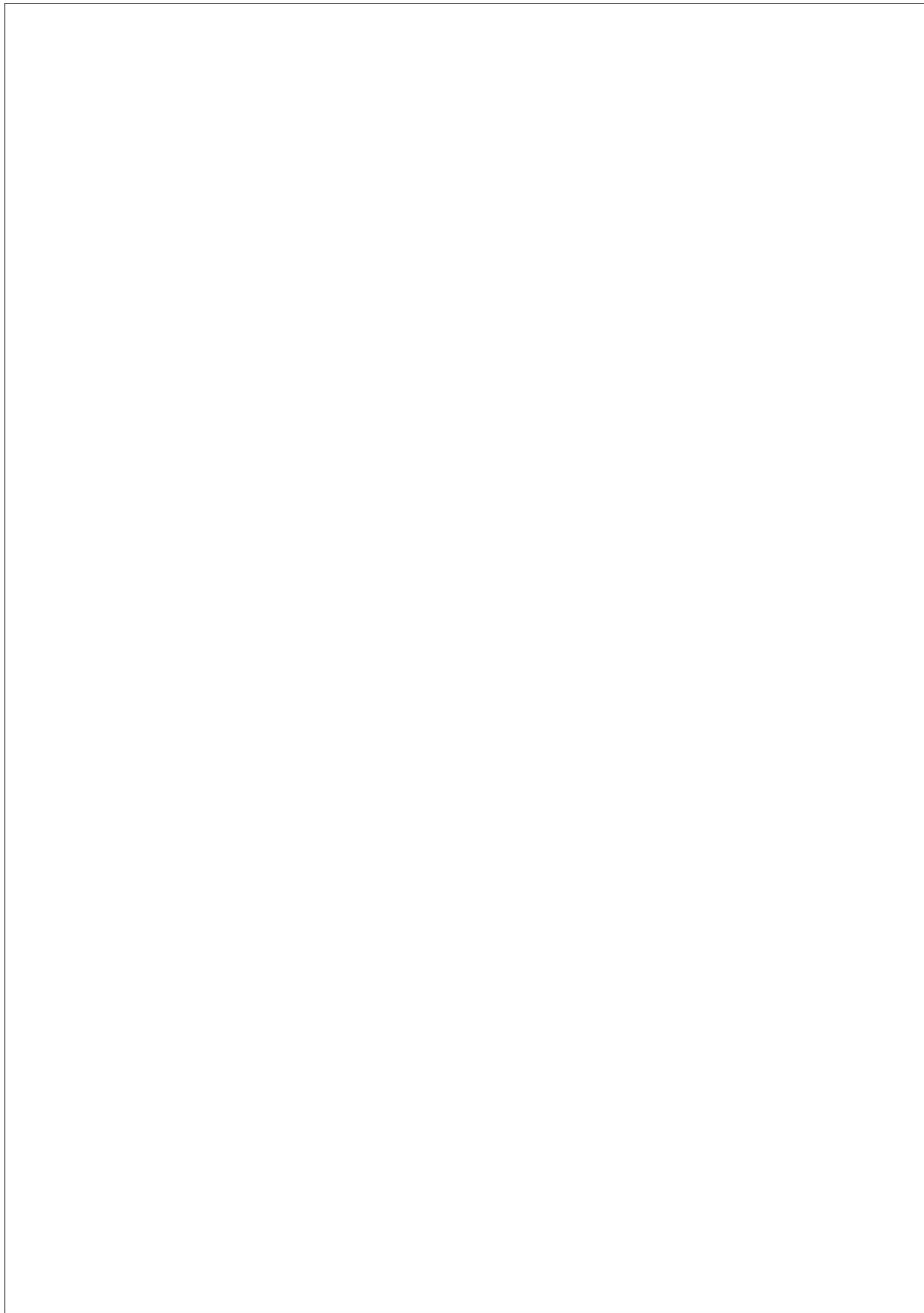
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CENTRAL INTELLIGENCE BULLETIN



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12 MAY 1958

I. THE COMMUNIST BLOC

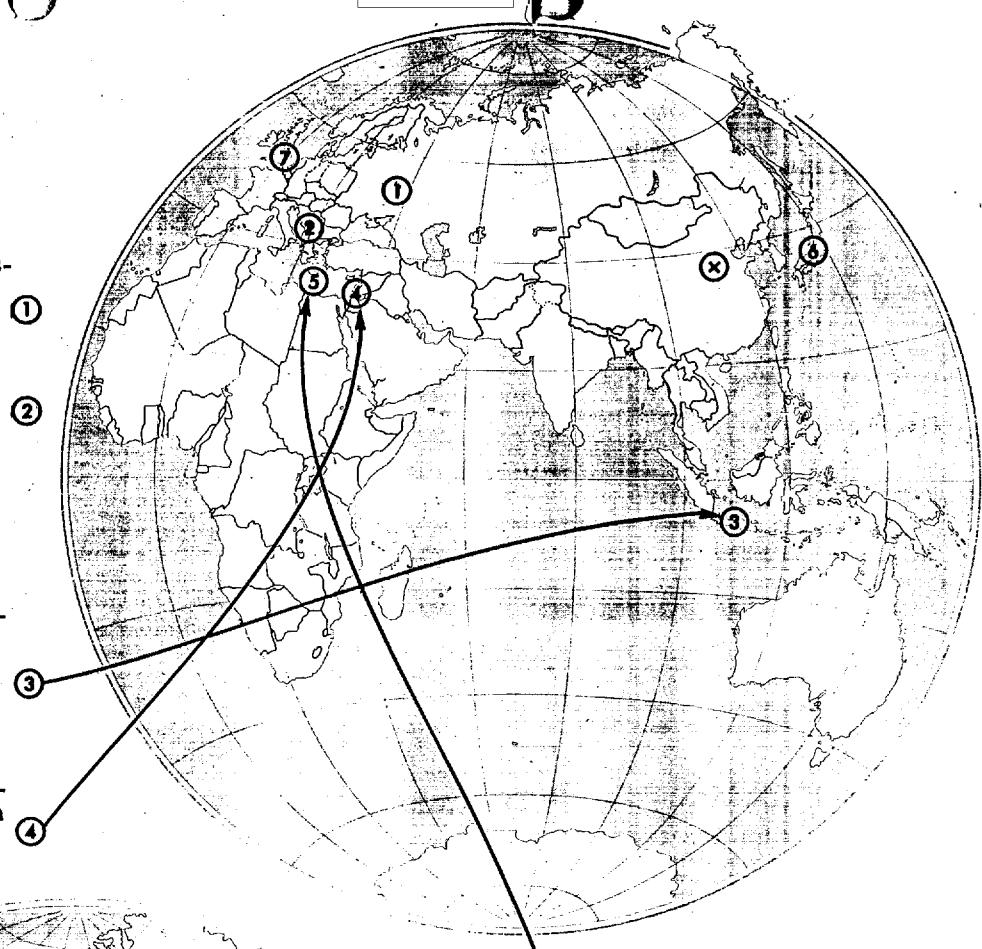
USSR accepts proposal that experts begin discussions on preliminary aspect of an agreement to end nuclear tests.

Cancellation of Voroshilov visit to Belgrade moves bloc-Yugoslav dispute into sphere of state relations.

II. ASIA-AFRICA

Indonesia - Premier Djuanda states central government under strong local Communist pressure to accept bloc volunteers. Army spokesman says negotiations at this time with North Celebes dissidents out of the question.

Lebanon - Chamoun has decided to run for second term and plans first open steps about 14 May. More disorders by UAR-supported opposition likely.



⑤ Cyprus - Tension between Greek and Turkish communities at point where clashes may be imminent.

⑥ Japanese ambassador in Cairo recommends granting credits to UAR.

**III. THE WEST**

⑦ Public attacks by top air force officials on British defense policy may hamper defense reorganization plan.

⑧ Haiti - Marked deterioration in public order raises possibility of general uprising against Duvalier, who retains army support for the present.

LATE ITEM

⑨ Chinese Communist foreign minister hints that USSR may have agreed conditionally to furnish nuclear weapons to Peiping.

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12 May 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet tactics on nuclear testing: In his letter of 9 May to President Eisenhower, Premier Khrushchev accepted the American proposal to have experts begin discussions about detection of violations as the first step toward an agreement on ending nuclear weapons tests. This concession indicates the USSR's determination to emphasize test suspension as a major issue for settlement at a summit meeting and Moscow's judgment that negotiation on the test suspension issue will increase public pressure on London and Washington to stop tests. The USSR will probably not resume testing at least until after there is some resolution of the issue of a summit meeting. Khrushchev's letter contains no specific threat of resumption, and First Deputy Foreign Minister Kuznetsov recently said [redacted] that even if Britain and the United States continue tests, the USSR will not resume tests "unless something really very important happens." [redacted]

yes
Bloc-Yugoslav dispute: With the calling off of Voroshilov's visit to Belgrade, the rift between Belgrade and the bloc has, as anticipated by both sides, definitely entered the sphere of state relations. Yugoslav Foreign Secretary Popovic asserts that the situation is "much worse" than the public realizes. Moscow may now follow through with its threat to curtail economic relations with Yugoslavia, a step which will bely Soviet propaganda that bloc aid is free from political considerations. Meanwhile in Budapest, Gomulka continues in general to support bloc foreign policy positions without taking a stand on the

dispute with Belgrade. The "postponement" of the Soviet state visit will doubtless result in more pressure on Gomulka to cancel Tito's scheduled visit to Warsaw later this month.

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II. ASIA-AFRICA

No

Indonesia: Foreign Minister Subandrio claims Indonesian Communists are exerting considerable pressure on the government to request "volunteers" from the Sino-Soviet bloc, but that he and Prime Minister Djuanda are strongly opposed to such a course of action. Subandrio renewed his government's urgent requests for American aid.

the possibility of negotiations with North Celebes dissident commanders is out of the question at this time.

Dissident troops in North Celebes have apparently occupied Parigi, about 30 miles east of Palu, after having made a new amphibious landing on 8 May. Prior to its capture Parigi was bombed by dissident aircraft.

(Page 2) (Map)

No

Lebanon: President Chamoun has definitely decided to seek a second term and has tentatively scheduled his first open step in that direction for about 14 May. The constitution must be amended first. The rioting set off by pro-Nasir elements in Tripoli on 8 May has subsided, although the Cairo and Damascus radios are calling for a continuation of the "revolution." The disorders may influence Chamoun to delay his intended move. More trouble is probable when he does make his intentions known.

(Page 4)

yes

Cyprus: Tension between Greek and Turkish Cypriots is such that an open clash between them may be imminent. Both the Greek and the Turkish underground organizations have also warned London that unless their mutually exclusive

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demands for a Cyprus settlement are met, new attacks will be launched on British personnel. [redacted] (Page 5)

No
Japan-UAR: The Japanese ambassador in Cairo has made a strong recommendation to Tokyo that long-term credits be granted to the UAR. Such a move by Japan, following a West German credit, would be used by Nasir to claim that his policy of neutrality is paying off materially. However, the Japanese Government, which has only limited assets for economic assistance, may prefer to concentrate on exploiting the recently won offshore oil concession in the neutral zone of the Persian Gulf. [redacted] (Page 6)

III. THE WEST

yes
Britain--defense policy: Public criticism by top British air officials of the government's reliance on missiles at the expense of manned aircraft may bring out latent dissension in Conservative ranks over Britain's radically changed defense program as outlined in the 1957 white paper. These criticisms could lead to a test of Defense Minister Sandys' position at a time when consideration is being given to increasing the power of the Defense Ministry at the expense of the individual services. [redacted] (Page 7)

yes
Haiti: A marked deterioration in public order, including rifle fire in the vicinity of the American ambassador's residence, has followed the government's imposition of a state of siege on 2 May and its increasingly arbitrary measures against political opponents. This trend, unless checked, could provoke a general uprising against the Duvalier regime. For the present, however, Duvalier's continuing army backing seems sufficient to keep him in power. [redacted] (Page 8)

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LATE ITEM

no

*Communist China: Foreign Minister Chen Yi has made the first public intimation that an understanding with the Soviet Union has been reached on the subject of nuclear weapon deliveries to Communist China. In interviews published in West Germany, the foreign minister states that his country may obtain nuclear weapons if no agreement can be reached with the West on a nuclear-free zone in Asia and if the United States places nuclear weapons in the Far East. This statement is probably intended primarily to serve Peiping's propaganda ends. There were unconfirmed reports that the Soviet Union had agreed to supply Communist China with "super-weapons" when Mao Tse-tung and a military mission visited Moscow last November. At the conclusion of the visit, the Soviet defense minister spoke of "our armies armed with modern first-class weapons." He did not commit himself more specifically as to the type of weapons he had in mind.

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I. THE COMMUNIST BLOC

Worsening in Bloc-Belgrade State Relations May Presage Cut in Soviet Economic Aid

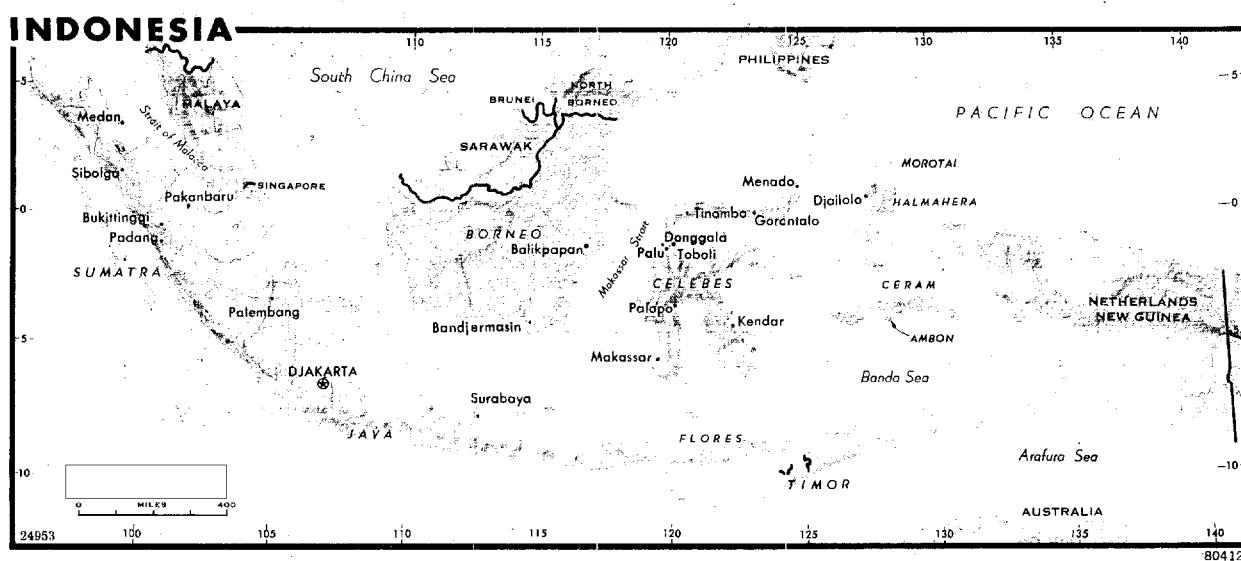
The Yugoslav - Sino-Soviet bloc dispute has finally entered the sphere of state relations, signified by the last-minute postponement of Voroshilov's visit to Belgrade. This more serious turn was foreseen in the Chinese and Soviet attacks of 5 and 8 May and in the forthright Yugoslav reply to the bloc, published on 9 May, which said that a return to the methods of the Cominform would not only damage relations between Yugoslavia and other socialist countries, "but international socialism generally as well." Moscow now may follow through with its threat, contained in the 8 May Pravda editorial, to curtail economic assistance to Yugoslavia.

Thus far, Yugoslavia has used only \$52,000,000--primarily in the form of foreign exchange loans--of a total of \$370,000,000 in credits extended by the USSR since 1956. This total includes a \$175,000,000 joint USSR - East German credit for an aluminum mill which Moscow suspended early last year because of Yugoslavia's continued expressions of ideological independence. Although reinstated several months later, the project remains in the planning stage.

The \$318,000,000 remaining under the Soviet credit and about \$90,000,000 in credits from Czechoslovakia and Poland not yet expended could be canceled should the USSR follow through on its threat to suspend aid. Since the loans are chiefly to provide equipment for industrial construction now in the planning stage, their cancellation would not cause an economic crisis in Yugoslavia.

Yugoslavia's trade with the bloc currently amounts to approximately \$200,000,000 a year, less than 25 percent of total Yugoslav foreign trade, whereas in 1948 the bloc accounted for more than 50 percent of Yugoslav foreign trade. While trade with the USSR has increased substantially since 1953, it has never accounted for more than 15 percent of Yugoslavia's total trade. [redacted]

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II. ASIA-AFRICA

Situation in Indonesia

Foreign Minister Subandrio told Ambassador Jones in Djakarta on 10 May that the Indonesian Communist party (PKI) has stepped up its activities. He attributed the recent army detention of New York Times correspondent Bernard Kalb to Major Marsudi, the pro-Communist Djakarta town commander. Subandrio also claimed PKI pressure for a request for volunteers from the Sino-Soviet bloc was having its effect on certain elements in the cabinet and the armed forces, although he and Prime Minister Djuanda were strongly opposed to such a course. The foreign minister reaffirmed his government's requests for American aid, citing specifically spare parts for F-51's and C-47's.

A recent attempt at a negotiated settlement between North Celebes dissident leaders and the central government was unsuccessful, according to Lt. Col. Pirngadie, the Djakarta army headquarters information officer. [redacted]

[redacted] the central government had been encouraged to send a mission composed of officers from South Celebes when it received word from Col. Warouw, now acting head of the revolutionary government, that he would be willing to negotiate a settlement. Instead, he tried to persuade the South Celebes officers to join the dissident cause. Pirngadie stated that chances of new negotiations at this time are nil. [redacted]

A party composed of the North Sumatra military commander and high-ranking civil officials was ambushed in Tapanuli,

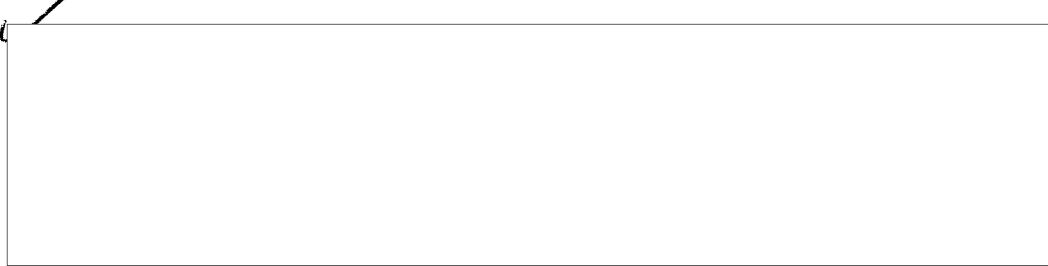
[redacted] While apparently no casualties were sustained, the incident points up the continuing capability of dissident troops by-passed in the central government invasion of Tapanuli to mount guerrilla warfare.

Col. Sukendro, the Djakarta army headquarters G-2, [redacted] dissident troops the day before had occupied Parigi, about 30 miles east of Palu in North Celebes. [redacted]

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three ships had landed between 500 and 600 dissident troops a few miles from Parigi. One or more dissident aircraft supporting the operation bombed and strafed the town. Parigi had only recently been occupied by central government troops moving eastward from the Donggala-Palu bridgehead.

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Lebanese Internal Situation

Lebanese President Chamoun has definitely decided to seek a second term and is planning to make a conclusive move in that direction by 14 May, according to Foreign Minister Malik. Since the constitution must be amended by Parliament to allow a second term, Chamoun's supporters may present an amendment this week signed by the required two-thirds majority for its passage. Parliament then could re-elect the President in the same meeting. Chamoun's tactics may be altered, however, as a result of the serious rioting in Moslem Tripoli.

The rioting, during which the USIS library was burned, was instigated by pro-Nasir elements and may have been guided by Syrian intelligence agents. Two Lebanese army battalions have been moved into the city.

Losing momentum and lacking a real issue so long as Chamoun made no move to declare his intentions, Chamoun's opponents seized upon the assassination of a pro-Soviet journalist as justification for a general strike. They have hoped to lay at the government's door blame for a deterioration of law and order, but were reported to be quarreling among themselves prior to the riots in Tripoli. The possibility that disorders may turn from anti-Chamoun demonstrations to Moslem-Christian communal strife could widen the rifts which have been appearing within the opposition group, which includes a significant Christian element.

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Tension on Cyprus Mounts

Bitterness between the Greek and Turkish Cypriot communities recently increased to a point where open clashes may occur at any time. Intercommunal rioting on Cyprus would probably have an immediate effect on the minorities in Turkey and Greece and could lead to a further drastic deterioration in relations between the two nations.

Members of both communities on the island are being asked to express their nationalism through new and sometimes dramatic means. EOKA, the Greek Cypriot underground organization, has demanded that the population eliminate all signs in English and cease using the Latin alphabet. Even American firms on Cyprus have been told to revise their signs and trade marks by 15 May or "suffer the consequences." In addition, there is evidence that EOKA is now engaged in a form of economic warfare by attempting to force Greek employers to discharge their Turkish employees. Meanwhile, the Turks on Cyprus have indicated their intention to push toward a de facto form of partition by refusing to pay taxes to Greek Cypriot officials.

In London, Governor Foot is conferring with British leaders. Recent statements by the colonial secretary indicate that new British proposals for Cyprus will be presented in Athens and Ankara shortly after the 11 May Greek national elections.

EOKA has warned that unless Foot's mission results in progress toward self-determination for Cyprus, the long-threatened "all-out offensive" will be launched. Meanwhile, the underground Turkish resistance movement has issued instructions to Turkish Cypriots to inflict "every kind of damage and injury" to Britons if there is any move toward a solution other than partition. [redacted]

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Japanese Ambassador Recommends Economic Support for UAR

The Japanese ambassador in Cairo has made an unusually strong recommendation that his government grant long-term credits to the United Arab Republic (UAR) for assistance in the establishment of industrial plants. [redacted]

[redacted] Ambassador Tsuchida stated his conviction that Japan could achieve "good results" in the UAR and an economic bridgehead in the area by providing a "comparatively small amount of cooperative assistance."

Tsuchida asserted to Tokyo that the United States would welcome Japanese as well as other free world assistance to the UAR as a counter to Communist influence. He said that economically, too, there is a good prospect for retiring credits by increasing future production of sugar, soda, oil, and other products in the UAR, and urged that recommendations of the recent Japanese investigation mission to Egypt be given serious consideration.

The Japanese Government may be willing to extend limited credits and technical assistance, but has indicated in the past that it cannot grant financial assistance nor does it expect much increase in Egyptian exports. Tokyo also may give greater attention to assisting Japanese interests in their attempts to exploit the offshore oil concession granted by Saudi Arabia and Kuwait in the neutral zone of the Persian Gulf. [redacted]

[redacted]

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~~CONFIDENTIAL~~**III. THE WEST**Top British Air Officials Challenge Defense Policy

Statements by the two top air staff officials, in effect criticizing British defense policy for reliance on missiles, have brought into public view increasing service department opposition to some elements of the radical defense policy outlined in the 1957 white paper and generally reaffirmed in the 1958 paper issued in February.

The chief and the assistant chief of the air staff recently told a group of British service and civilian leaders, including Prince Phillip, that the Air Ministry is convinced of a continuing need for manned aircraft to supplement missiles. The press is highlighting this unusual "public revolt" against the defense minister's policy which calls for the gradual abandonment of manned fighters and bombers. The remarks aroused Defense Minister Sandys' resentment, according to the American Embassy, and inspired parliamentary questions and criticism on 7 May regarding military "meddling" in policy matters which should be reserved for the cabinet.

Public airing of the controversy, however, may bring out some hitherto latent dissension in Tory ranks over various aspects of defense policy. Former Defense Minister Head and former Chancellor of the Exchequer Thorneycroft are known to be disturbed by Sandys' growing reliance on missiles.

The statement by the air force chiefs may also generate resistance to expected changes in the defense establishment which would give increased powers to the Defense Ministry at the expense of service ministers and military chiefs. There is speculation that additional duties for the chiefs of staff chairman, who is also chief of staff to Sandys, will give him a "czar" role over the services. The air force may be particularly concerned because of reports that Admiral Lord Mountbatten will succeed Marshal of the RAF Sir William Dickson in this post, thus depriving the air staff at a critical time of its direct line to the top policy level.

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New Repressive Actions by the Haitian Government

A virtual reign of terror, which has been developing since the government suspended constitutional rights on 2 May and intensified its repressive measures against political opponents, has produced a serious deterioration in public law and order in Haiti. Among other incidents, a number of rifle shots were fired on 7 May in the vicinity of the American ambassador's residence, although Ambassador Drew believes no attempt on his life was intended and the government has since expressed regrets.

Although President Duvalier has categorically denied the government's complicity in acts of terrorism, it appears certain that his secret police, with at least the passive acquiescence of the army, has carried out some acts of violence, including the total destruction of two opposition newspapers on 4 May.

Duvalier seems to retain for the present the support of the army which is essential to his continued control. The government's repressive actions against both opposition elements and the mulatto class, might, however, go so far as to provoke a general uprising. Ambassador Drew reported on 7 May that many people were likening the present situation to that of July 1915, when President Vilbrun Guillaume Sam, climaxing a campaign of political persecution with a brutal massacre of political prisoners, was seized by his enemies and thrown to the mob, which hacked him to pieces and paraded through the streets with fragments of his body.

Ambassador Drew saw one hopeful aspect to the situation on 9 May when he reported that some cabinet ministers realize the adverse effects the campaign of terror is having on the government's position at home and abroad.

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