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1 June 1954



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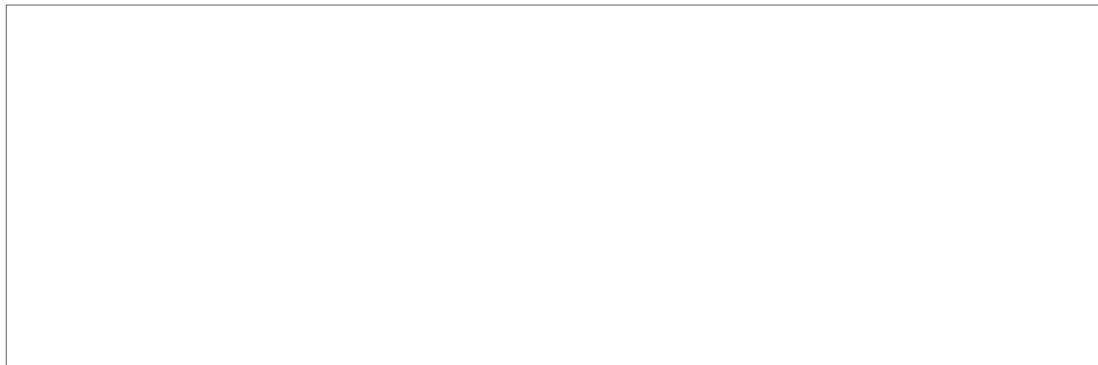
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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 6
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 2/1/80 REVIEWER: A rectangular box with diagonal hatching on the left and right sides, used for redaction.

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CENTRAL INTELLIGENCE AGENCY



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SOUTHEAST ASIA

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NEAR EAST - AFRICA

2. Majlis opposition to Zahedi regime crystallizing:

[redacted] Opposition in the Majlis to the regime of Prime Minister Zahedi is growing stronger,

[redacted] Various members are promoting their candidates for prime minister.

Supporters of former prime minister Mossadeq and the Tudeh are asserting themselves against a settlement with Britain.

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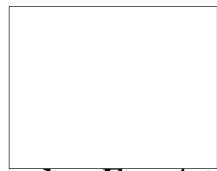
These groups intend to sponsor a proposal in the Majlis for severance of relations with Britain if an oil settlement is not achieved.

Feeling is reported to exist in the Majlis that the Zahedi government will continue strong until the end of the summer holidays in October, and the deputies will do nothing to weaken the government until then.

Comment: When Zahedi reported to the Majlis on 20 May concerning the status of the oil negotiations, the deputies seemed friendly and formally urged him to show courage in the discussions.

Nevertheless, numerous vocal dissident groups are developing, and Zahedi can expect to remain in office only if he obtains an early settlement with Britain--one which would be favorably received by the Majlis. The prime minister has promised reforms which will be impossible without oil revenues.

3. General Nagib shows anti-American attitude:



General Nagib has told [redacted]

[redacted] that the new British evacuation proposal, as reported in the press on 21 May, indicates the United States is ready to abandon Egypt and support Britain.

Nagib said Britain's suggestion that American technicians share in the maintenance of the Suez base is "just a trick" to make the United States support Britain. Nagib also stated that he will consider employment of any technicians other than Americans and specifically mentioned Belgians, Swedes or Swiss.

Comment: Nagib's hostility to the British suggestion would be particularly significant were anything to happen to Colonel Nasr, the dominant figure in Egypt. Nagib, who has been generally pro-American, is under virtual house arrest and is ill but retains considerable popular support.

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4. Moroccan nationalists plan Casablanca demonstration for early June:

[REDACTED] Moroccan nationalists are planning a political demonstration in Casablanca during the Moslem festival ending Ramadan about 2 June, [REDACTED]

[REDACTED] recent actions of Tunisian nationalists have bolstered Moroccan determination to resist the French.

Comment: Reports from Tunisia have indicated that disturbances are planned also for the end of Ramadan. Five squadrons of mobile guards are being detailed for emergency duty, and troops have been dispatched from Algeria to augment present security forces.

Such a demonstration in Casablanca would invite quick French reaction and would probably lead to bloodshed. Nevertheless, the French will almost certainly maintain control.

Casablanca has been the center of nationalist activity and violence. The recent strong reinforcement of the French security forces has not reduced this. The plans for the demonstrations indicate nationalist determination to maintain pressure on the French for widespread reforms despite the recent appointment of a new resident general.

WESTERN EUROPE

5. Comment on Jacquet's resignation from French cabinet:

[REDACTED] The resignation of Gaullist Marc Jacquet, Secretary for the Associated States, further emphasizes the split within the French cabinet on Indochina policy. Jacquet, who wants an Indochina settlement at any cost, is now free to attack the government in the assembly and may precipitate more violent criticism

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of the government's policy than appeared in the last two Indochina debates. Nevertheless, the resignation does not necessarily doom the Laniel government on the vote expected to follow the debate scheduled to start 1 June.

Heretofore, Laniel's opponents have been careful to mete out enough support for the government to avoid a crisis as long as there is hope of a settlement at Geneva. The Gaullists threatened to quit the cabinet before each of the two May votes of confidence but were unable to secure enough outside support to ensure the government's overthrow. The Socialist party congress's decision to back EDC may tend to convince them that their withdrawal now would not bring the government down.

Jacquet had been implicated in leaks to the Paris weekly L'Express after his trip to Indochina in February, and a Foreign Ministry spokesman admitted that the article on General Ely's report which caused the police to seize the 29 May issue of L'Express was sufficiently accurate to warrant the government's suppression of it. Jacquet denies being implicated in this incident, but his conflict with Foreign Minister Bidault on policy at Geneva is public knowledge.

LATIN AMERICA

6. Guatemalan officer warns army will not defend "untenable position" created by Communists:

The Guatemalan army will not defend "the untenable position" created by the Communists in Guatemala. This warning was reportedly voiced by Lieutenant Colonel Jose A. Lara, assistant G-4 on the army general staff, to Francisco Morazan, President Arbenz' personal secretary, during a heated argument on 27 May.

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Lara is reported to have added that the army had no intention of permitting arms from the recent Orbit shipment to get into Communist hands, since this would "jeopardize the army's political stand." He said the arms were of German manufacture, dating from 1942-1944 and were thus "antiquated."

Comment: This report reinforces previous indications that the Arbenz administration might not be able to secure the united backing of the army in a crisis in which the issue of Communism was clearly drawn. At least two other Guatemalan officers more influential than Lara have indicated over the past year their alarm at the arming of Labor and other groups under Communist control.

This is the first reported description from a Guatemalan army officer of the arms cargo which arrived in Guatemala from the Orbit on 15 May.

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