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1 March 1958

Copy No. 137

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO.
NO CHANGE IN CLASS.
I I DECLASSIFIED
CLASS. CHANGED TO: TS S O 2010
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE 3/25/80 REVIEWER:

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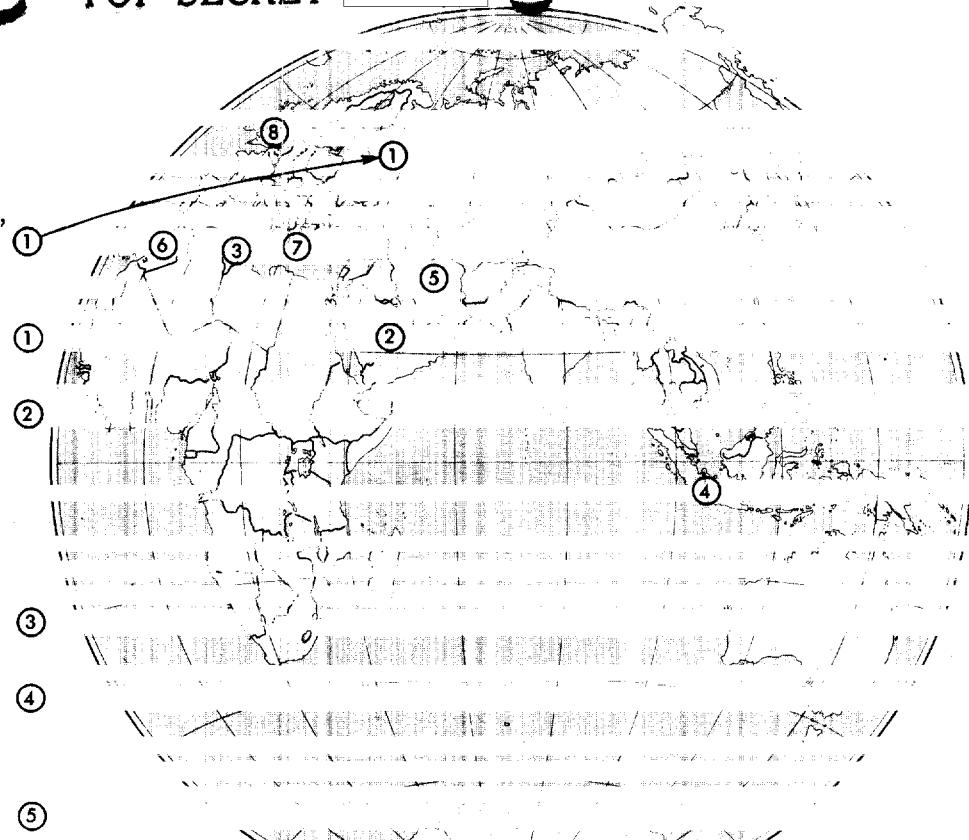
1 MARCH 1958

I. THE COMMUNIST BLOC

Unusual lull in Soviet air activity [redacted]; see special Watch Committee meeting conclusion, Page 1.

USSR agrees to foreign ministers' conference to prepare for summit talks.

Saud gives first formal audience to Soviet diplomat.

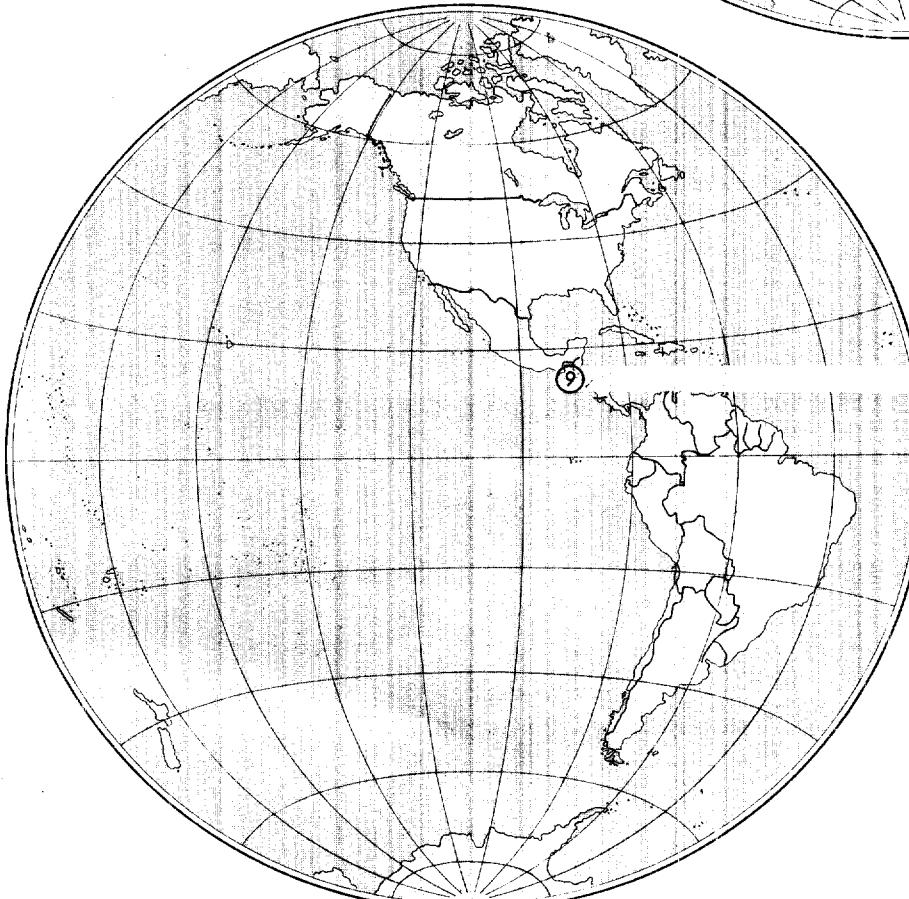


II. ASIA-AFRICA

French and Tunisian differences could lead to new incidents as heavy fighting with Algerian rebels continues near Tunisian border.

Indonesia - Djakarta continues preparations for attack on Sumatra.

Iran - Shah greatly disturbed over alleged conspiracy against him; tension mounts as leaders are arrested.



- ⑥ Morocco believes itself near conflict with Spain, but pushes for annexation of additional Saharan regions.

III. THE WEST

- ⑦ Two cabinet resignations weaken Greek Government.
- ⑧ London - Labor party, trades unions plan joint national campaign on disarmament and East-West talks.
- ⑨ New Guatemalan president will begin term on 2 March hampered by bitter partisan rivalries.

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DAILY BRIEF

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*USSR--Summit talks: Moscow has abandoned its adamant opposition to a foreign ministers' conference to prepare for summit talks. Gromyko has given an aide-memoire to Ambassador Thompson proposing a meeting on this level in April to work out an agenda for a summit conference, determine its composition, and fix its time and place. [redacted] (Page 2)

Soviet approach to King Saud: The USSR is probably using the 27 February visit to King Saud by the Soviet ambassador to Syria to make exploratory offers of Soviet support and to request the establishment of formal relations. Saud has previously been firm in his refusal to do business with the Soviet Union. [redacted] (Page 3)

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II. ASIA-AFRICA

No

France-Tunisia: A member of Foreign Minister Pineau's personal staff warns that "serious incidents" are inevitable if the Tunisian blockade of French garrisons is not alleviated "within a maximum of two weeks." Although France's top political and military leaders are committed to try to maintain strict control, the possibility of further incidents has been increased by Bourguiba's recent public statements and heavy fighting in Algeria near the Tunisian border. If the impasse continues much longer, Bourguiba will take his case back to the UN Security Council, and serious disorders inside Tunisia may erupt.

(Page 4) (Map)

No

Indonesia: The Djakarta government is continuing its preparations for an invasion of Central Sumatra, which the dissidents believe is imminent.

No

These troops would presumably be moved inland to support paratroop forces which Djakarta apparently plans to drop in the area of the oil center of Pakanbaru.

(Page 5)

(Map)

No

Iranian conspiracy: The Shah is greatly disturbed over an alleged conspiracy headed by General Gharani which aimed at forcing the Shah into a purely titular role. Gharani, former army G-2, is under arrest and awaiting secret trial. An all-out government-directed press campaign against the "conspirators who have secret meetings with foreigners" has been launched. The atmosphere in Tehran is rapidly becoming more tense as arrests are announced and as rumors spread that many others are under suspicion.

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Morocco: The government apparently believes it may be on the verge of conflict with Spain, [redacted]

No

[redacted] The King has instructed his cabinet to continue efforts to annex large portions of French- and Spanish-controlled regions of the Sahara.

(Page 7)

III. THE WEST

Greek Government: The resignation of two prominent Greek cabinet ministers opens a period of political uncertainty which could result in the fall of the Karamanlis government. The resignations, in any event, will temporarily weaken the government and restrict its maneuverability on international problems such as Cyprus.

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(Page 8)

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Britain: Recent Labor party trends point to possible intensification of pressures on the Macmillan government to show further initiatives on disarmament and East-West issues. A group of some 70 Labor MP's is advocating that Britain renounce nuclear weapons and missile bases. Without going this far, the party and trade union leaderships are planning a joint national campaign this spring on disarmament questions.

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Guatemala: Miguel Ydigoras Fuentes, who starts his six-year presidential term on 2 March, will be hampered in his efforts to restore political stability by bitter partisan rivalries and divisions among his own supporters. His appointment of a moderate leftist, Carlos Garcia Bauer, as foreign minister has already aroused opposition within his own party.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Findings of a Special Watch Committee Meeting, 28 February 1958

The apparent low level of Soviet air activity which has been evident since 23 February has affected in varying degree all Soviet as well as satellite military air units. The lull is of a greater scope than would be warranted by either weather factors or maintenance requirements after the exceptionally high level of activity during the past week, although additional influencing factors are present in the armed forces holiday of 23 February and in the expected communications change on 1 March.

The USSR has encountered no major internal or diplomatic reverses recently which might prompt the USSR to resort to hostilities to achieve its objectives and the evidence available concerning naval, ground forces, logistic, internal or clandestine preparations does not denote a concerted effort by the USSR to improve its general readiness for early hostilities. We know of no US or Allied actions which would prompt the Soviets to assume a ready posture which, in the air context, might be reflected in a maintenance standdown.

Thus, the low level of Soviet flying could be attributed to a pre-planned period of inactivity which has no relation to hostilities; it could also be preparatory to forward deployment for attack, but this cannot be supported by available evidence. (It is possible, though not probable, that a forward deployment could be taking place under radio silence.) Therefore, while the Watch Committee does not recommend a change in either Conclusion A. or B., the intelligence community is maintaining a condition of special watchfulness.

CONCLUSIONS A. and B. from Watch Report No. 395, 19-26 February 1958:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies, or areas peripheral to the orbit in the immediate future.

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USSR Agrees to Foreign Ministers' Conference to Prepare for Summit Talks

The USSR has abandoned its adamant opposition to a foreign ministers' conference and has proposed discussions on this level for April 1958 limited to questions relating to the "organizational side of preparation of a meeting at the summit." Presentation of the proposal in an aide-memoire to the US ambassador probably was designed to meet President Eisenhower's call for an end to "repetitive public debate" and his suggestion that the impasse in the summit exchange "can be broken by less formal and less publicized contacts...."

The foreign ministers, according to Gromyko, should work out an agenda for the summit conference, determine its composition, and fix its time and place. He asserted that "approximately" the same countries should be represented in the foreign ministers' talks as will participate in the summit meeting and offered two alternatives: all members of NATO and the Warsaw Pact, plus such neutrals as India, Afghanistan, Egypt, Yugoslavia, Sweden and Austria; or a "narrower" conference to include the United States, Britain, France, Italy, the USSR, Poland, Czechoslovakia, and Rumania, plus India, Yugoslavia, and Sweden. Gromyko gave no hint of future Soviet insistence on Chinese Communist participation.

The Soviet foreign minister repeated Bulganin's nine-point agenda proposals but added a new item entitled "conclusion of a German peace treaty." This apparently was intended as a "concession" to Western insistence that the German question must be discussed. He stated that representatives of the two German governments should participate in the discussion of this question. Gromyko, however, carefully drew a distinction between the peace treaty question and the unification issue. He repeated the long-established Soviet position that unification must be negotiated by the two German states alone and cannot be discussed at a summit meeting.

Moscow may be preparing to put forward a draft peace treaty which would define the future international status of a reunified Germany. Its terms probably would include neutralization, ceilings on armed forces, withdrawal of foreign troops, and a prohibition on nuclear weapons and missiles. [redacted]

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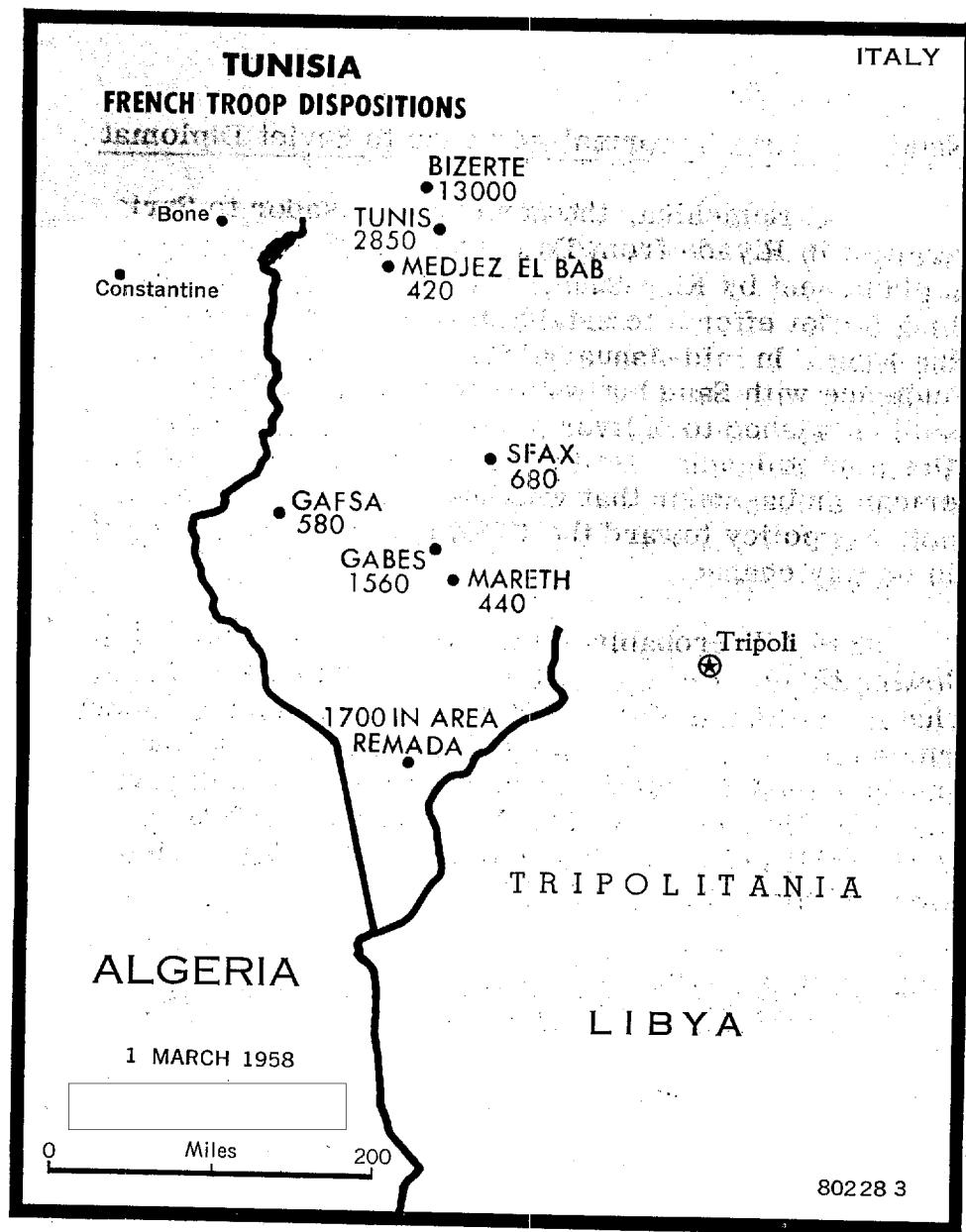
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~~SECRET~~Saud Gives First Formal Audience to Soviet Diplomat

S. S. Nemchina, the Soviet ambassador to Syria, arrived in Riyadh from Damascus on 27 February in a plane sent by King Saud. The visit is the result of long Soviet efforts to establish direct relations with the King. In mid-January, Nemchina requested an audience with Saud but was turned down. He then said he wished to deliver a personal message from Premier Bulganin. At that time Saud assured the American ambassador that whether he saw Nemchina or not, his policy toward the USSR and Communism would in no way change.

Saud will probably reiterate these sentiments following the visit of the Soviet envoy. He has indicated that he will keep the United States fully informed about any message he receives from the USSR. Moscow is probably hopeful that Saudi Arabia's economic difficulties and differences with the West over the Gulf of Aqaba will make Saud more amenable to fuller relations with the bloc. [redacted]

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II. ASIA-AFRICA

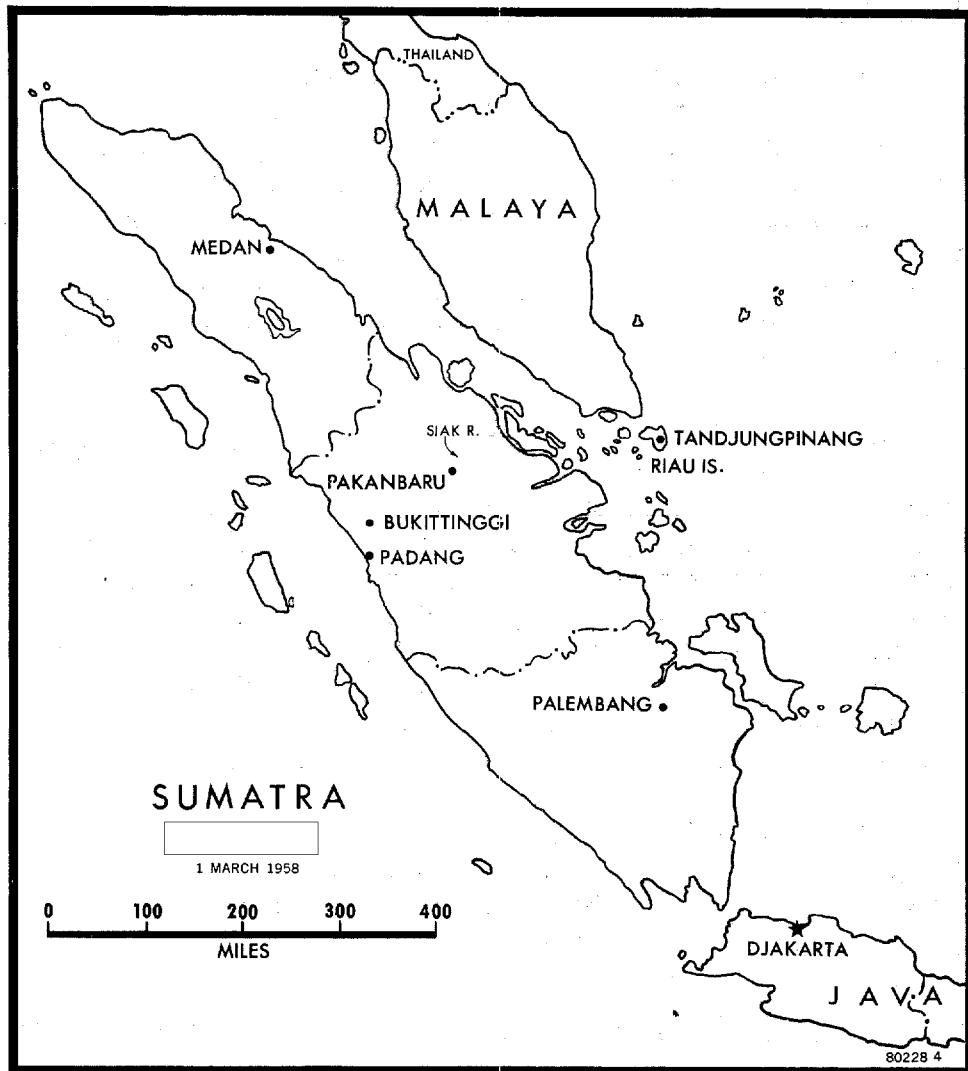
New French-Tunisian Incidents Foreseen

A member of French Foreign Minister Pineau's personal staff has warned American representatives in Paris that "serious incidents" are inevitable if Anglo-American good offices cannot relax the confinement of isolated French garrisons in Tunisia to their barracks within a maximum of two weeks. The spokesman stated that there was "a limit beyond which even the best troops will not take such treatment," particularly since they could force their way through the blockade "without undue difficulty."

In view of France's interest in facilitating the progress of the good offices mission while attempting to avert consideration of the Algerian situation, French political and military authorities are expected to try to maintain strict control over their troops. Nevertheless, the adamant position adopted publicly by Bourguiba, who is now blamed by Paris for all France's Algerian difficulties, together with the heavy border fighting between French and well-equipped and -trained rebel units crossing from Tunisia, increases the possibility of incidents in the near future.

If the present impasse continues much longer, Bourguiba will press his case in the UN Security Council, and serious disorders are likely to erupt in Tunisia.

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Invasion of Central Sumatra May Be Imminent

A military invasion of Central Sumatra by troops loyal to the Djakarta government may be imminent. The Indonesian naval commander in the Riau area off the east coast of Central Sumatra informed Djakarta on 21 February that he would be prepared on the 26th to begin receiving troops "provided they proceed direct to their positions."

These troops presumably would be moved up the Siak River to defend the oil center of Pakanbaru which, according to the army chief of staff's reported plan, is to be seized by paratroopers. The recent chartering of commercial aircraft by Djakarta may have been for the purpose of assisting the air force to carry out this operation. The operation against Pakanbaru probably would coincide with an amphibious landing on the west coast by several army battalions with instructions to capture the rebel strongholds of Padang and Bukittinggi.

The rebels expect to be attacked in the "next few days," and are preparing their defenses. They have a long coast line to defend, however, and it is questionable that they have sufficient forces to repulse a government landing.

The dissidents may also be harassed from the rear by irregular forces, particularly by paramilitary groups drawn from among Javanese plantation workers affiliated with SOBSI, the Communist-dominated labor federation.

[redacted] the Communists are infiltrating agents into Central Sumatra from the north to serve as guerrillas as well as to attempt the kidnaping and execution of dissident leaders. [redacted]

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Shah of Iran Moving Vigorously Against Conspiracy

The Shah is moving quickly against an alleged conspiracy of army and political leaders, headed by the army intelligence chief, General Valiollah Gharani, to reduce the Shah to a figurehead. Announcement of more than 30 arrests and rumors of many additional suspects are increasing nervousness in Tehran. Adding to the stress is an intensive press campaign, being conducted under the direction of the National Information and Security Agency, against conspirators who are accused of covertly meeting with foreigners.

The Gharani group was known to be conspiring last June, but its plot against the Shah was not implemented because it failed to obtain desired support. Action was then planned for March 1958, to begin with a series of interpellations in the Parliament designed to bring a no-confidence vote, after which the Shah would be forced to accept a new prime minister responsible to the Majlis--presumably Gharani himself. The current arrests, which included Gharani, may have paralyzed the group since its security, compartmentation, and communications have been poor.

Dissatisfaction with the Shah's personal direction of the government is growing and, regardless of the degree to which he destroys the potential of this coalition, he will probably be faced in the future with conspiracies of an increasingly desperate nature.

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The Moroccan Situation

The Moroccan Government believes that it may be on the verge of conflict with Spain because of Spanish military activities in Ifni and Spanish Sahara,

Nevertheless, the King has instructed his cabinet to proceed with its efforts to annex large portions of the Sahara controlled by France and Spain.

The King initiated this campaign on 25 February when he declared that Morocco will press "for the return of our Sahara." The president of the Moroccan Consultative Assembly, who is emerging as one of the outstanding leaders of the dominant Istiqlal party, has indicated that initially Morocco expects to acquire the Tindouf area of western Algeria as well as Spanish-held Southern Morocco.

Madrid takes a serious view of the King's "naked claim" to Spanish African territory, and implied that a negotiated settlement with Morocco on the relinquishment of Southern Morocco is unlikely at present.

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III. THE WEST

Greek Cabinet Resignations

The resignations on 27 February of Minister of Trade and Industry Panagiotis Papaligouras and Minister of Public Works George Rallis will probably lead to a period of confusion and uncertainty in the Greek Government. The resignations are not likely to cause its fall at this time, but may temporarily weaken it to such a point that it would hesitate to push forward on such foreign policy issues as a Cyprus settlement.

Papaligouras and Rallis, both energetic and ambitious young moderates, had threatened previously to resign. Papaligouras has been dissatisfied ever since he assumed office in early 1956. The immediate cause of the resignations was the authoritarian way in which Prime Minister Karamanlis presented a new electoral law to his cabinet. There may have been other reasons, however, such as an imminent reshuffling of the cabinet, which Karamanlis reportedly has been planning for some time.

Karamanlis' party, the National Radical Union (ERE), controls 164 of 300 seats in the Greek Chamber of Deputies. Even if Papaligouras and Rallis leave the ERE and secure the defection of other members, it is unlikely that they can draw enough adherents to bring down the government. In addition, Karamanlis may be negotiating with opposition leaders in order to strengthen his position. [redacted]

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~~CONFIDENTIAL~~British Labor Plans New Assault on Disarmament Policy

The British Labor party and the trade union movement are planning a joint campaign to demand a greater British initiative in seeking international agreement on disarmament and disengagement. The Macmillan government's susceptibility to such public pressure is illustrated by a government spokesman's remark on 27 February that missile sites would not be completed before any summit meeting in the near future.

The Labor party and the Trades' Union Congress are preparing a joint policy statement which endorses the Gaitskell plan for a neutral zone in Central Europe and calls for a unilateral British suspension of thermonuclear testing for a limited period and a disarmament agreement in several stages beginning with test suspension. A splinter Labor group of some 70 Members of Parliament demands an even more radical approach, proposing a ban on the use and production of nuclear weapons and complete rejection of missile bases in Britain. While this split may hurt the party's public standing, the group will provide a focus for more far-reaching attacks on the government's defense and foreign policies.

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Ydigoras Will Have Difficulty Restoring Stability
In Guatemala

Miguel Ydigoras Fuentes, who is scheduled to assume the presidency of Guatemala for a six-year term on 2 March, will be hampered in his efforts to restore political stability by divisions among his own supporters and by bitter partisan rivalries.

The 62-year-old Ydigoras won a plurality in the 19 January election more because of his personal appeal than because of any well-defined program. His followers range from extreme conservatives to moderate leftists, and he is certain to lose some support as his policies evolve.

His cabinet and other appointments will also cause disillusionment among his supporters. His first appointment, that of the moderate leftist Carlos Garcia Bauer to head the Foreign Ministry, has already caused consternation in his party. Garcia is not a member of Ydigoras' party. Ydigoras is also obligated, by a postelection agreement with Jose Luis Cruz Salazar, one of his opponents in the election, to give some posts to Cruz' followers. The agreement is resented by many Ydigoras supporters. One of Ydigoras' party officials, the ambitious Roberto Barrios Pena, already plans to break with Ydigoras and set up his own party, [redacted] Barrios says he doubts Ydigoras' ability to retain sufficient support to remain in power for long.

The army will be likely to oust Ydigoras when and if it becomes apparent that he has lost most of his present popular support. [redacted]

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CENTRAL INTELLIGENCE BULLETIN

1 March 1958

DAILY BRIEF

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