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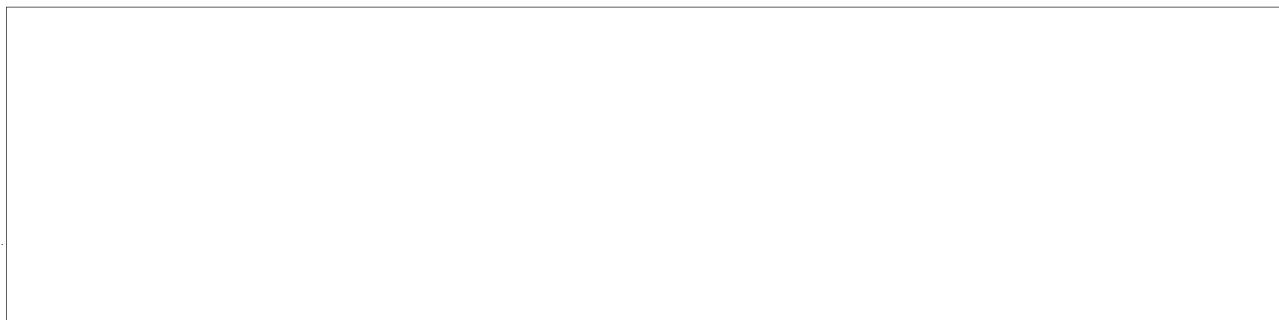
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SOUTHEAST ASIA

1. observers doubt free Vietnam's future:

[redacted] members of the International Control Commission in Saigon have told an American embassy officer that all the Vietnamese they have met are anti-Diem. They believe the Viet Minh will inevitably take over free Vietnam since the free Vietnamese, in contrast to the Viet Minh, can count only on the "ineffective, American-sustained Diem government" or a combination of the sects sponsored by Bao Dai. [redacted] the Viet Minh government and army represent the only real unity and strength in Vietnam.

Comment: The prolonged political crisis in the south has prevented the Diem government from starting an effective program that could appeal to the generally disillusioned public. At the same time, non-Communist members of the International Commission have invariably been impressed by the Viet Minh's effectiveness.

2. Cambodia embarking on neutralist course:

[redacted] The king of Cambodia recently left the strong impression [redacted] that he would try to steer a precarious middle course between the East and West, [redacted] The king hopes in this way to be able to obtain the benefits of both Western aid and Communist good will.

The chief of the French military mission in Cambodia has told Ambassador McClintock that while many Cambodian leaders were opposed to any attempt to steer a middle course, the king would not listen to them.

Comment: The American embassy has recently suggested that an attack of "Nehruitis" in Cambodia has been brought on partly by the neutralist advice of French, British, and Indian officials there.

Despite evidence of the king's neutralism, Cambodia appears determined to rid itself of Communist influence and has expressed strong dissatisfaction with the delayed and incomplete demobilization of native Viet Minh forces in Cambodia.

3. Comment on threatening Indonesian cabinet crisis:

The demand of the Greater Indonesian Party (PIR), a small nationalist group, that Premier Ali Sastroamidjojo's cabinet resign before 25 October or face the loss of its support, represents the most serious threat to the government since it came to power 14 months ago. Two other parties represented in the cabinet have also called for a shake-up and would undoubtedly join the PIR in any walkout.

Government leaders have indicated--with confidence of success--an intention to fight to remain in power. In this they probably will be supported by President Sukarno, who is still extremely influential despite the scandal created by his matrimonial difficulties. Moreover, to overthrow the government by a vote of no confidence, practically all opposition members as well as the defecting parties would have to be present and voting.

The rebellious attitude within the government coalition has been motivated in part by dissatisfaction over the division of spoils. It also reflects growing disgust in Indonesia with incompetence and corruption in government agencies, particularly the Finance and Economic Affairs Ministries, and the inability of the government to deal with increasingly severe economic problems.

NEAR EAST - AFRICA

4. Comment on Israeli relations with the Arab states and the United Nations:

[redacted] Israeli foreign policy is currently calculated to hamstring the UN in its efforts to improve Arab-Israeli relations.

The UN group investigating the alleged firing on Egyptian fishermen by the Israeli vessel Bat Galim has tentatively concluded that that the Egyptians are sincere in their accusation but have no proof whereas the Israelis are "lying and trying to hide something,"

Ambassador Lodge in New York says that the "diatribe" of an Israeli representative against the Palestine Conciliation Commission's recent position on the Arab blocked-accounts issue was an obvious attempt to put the commission in a bad light. Lodge reports that the representative's statement and demeanor at the 15 October meeting were replete with "implications of wrongdoing, evasion of responsibility and bad faith on the part of French, Turkish and United States representatives."

UN truce supervisor Burns has told the American consul general in Jerusalem that he believes the refusal of the Israeli delegate to sign an Israeli-Jordanian "commanders' agreement" represents another effort on the part of the "activist" group in the Israeli government to eliminate the influence of the UN truce organization in the area.

EASTERN EUROPE

5. Moscow radio credits Yugoslav partisans with role in liberation:

CIA/FBIS
16 Oct 54

Moscow radio, in one of a series of tenth anniversary accounts of the liberation of

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Yugoslavia, gave the Yugoslav partisans credit for playing a major role. Although the account emphasized the role of the Soviet army, it made repeated references to the collaboration and assistance of the partisans. The broadcast concluded that ten years have not erased the memory of the time when the Soviet and Yugoslav peoples fought side by side against the common enemy.

Comment: This is the first time since 1948 that the Soviet Union has recognized the role of the Yugoslav partisans in the liberation. This lack of Soviet recognition in the past had been regarded by the Yugoslavs as a distortion of history and had been a major public factor in Yugoslav-Soviet antagonism.

The significant reversal of attitude this year is a further manifestation of the Soviet propaganda campaign for improved relations which has included the quotation of selected excerpts from the Yugoslav press and the cessation of hostile propaganda, including the removal of anti-Tito books in Poland. The new move will probably impress Yugoslav Communists more than past "normalization" moves, but Tito's policy still appears to be based upon obtaining the maximum benefits from the Soviet attitude without dropping his guard. [redacted]