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CENTRAL INTELLIGENCE BULLETIN

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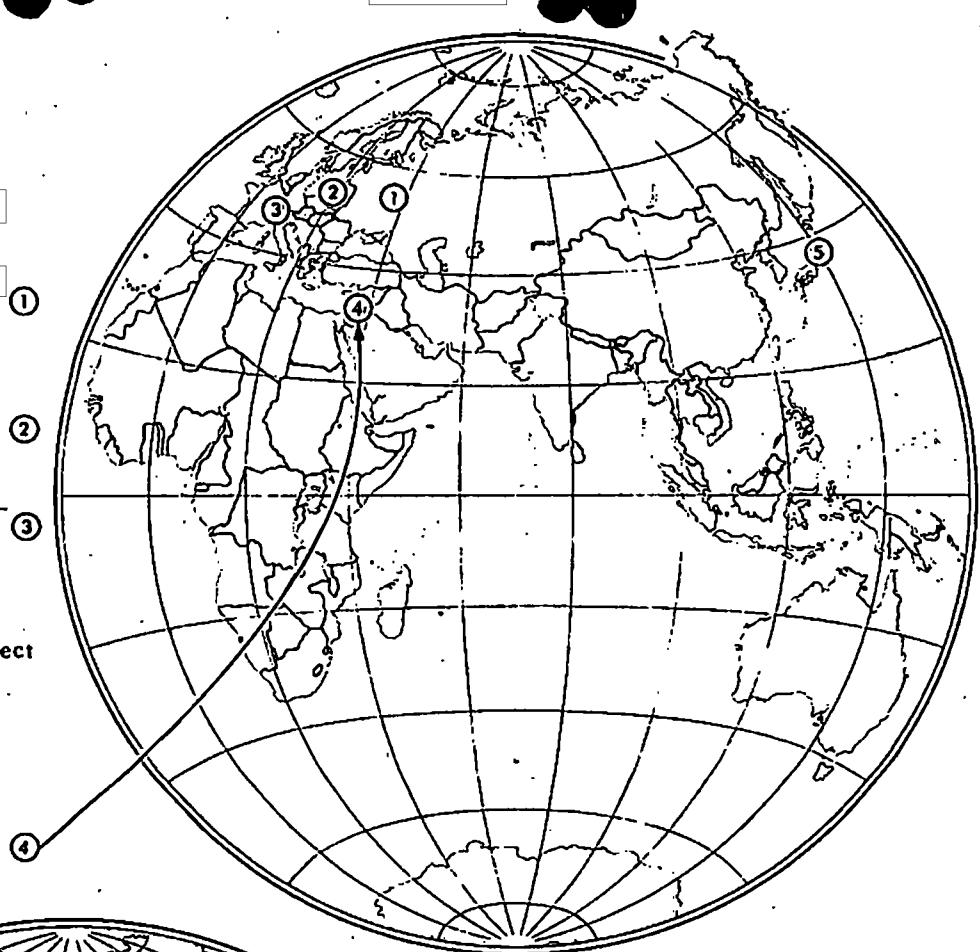
2 AUGUST 1958

I. THE COMMUNIST BLOC

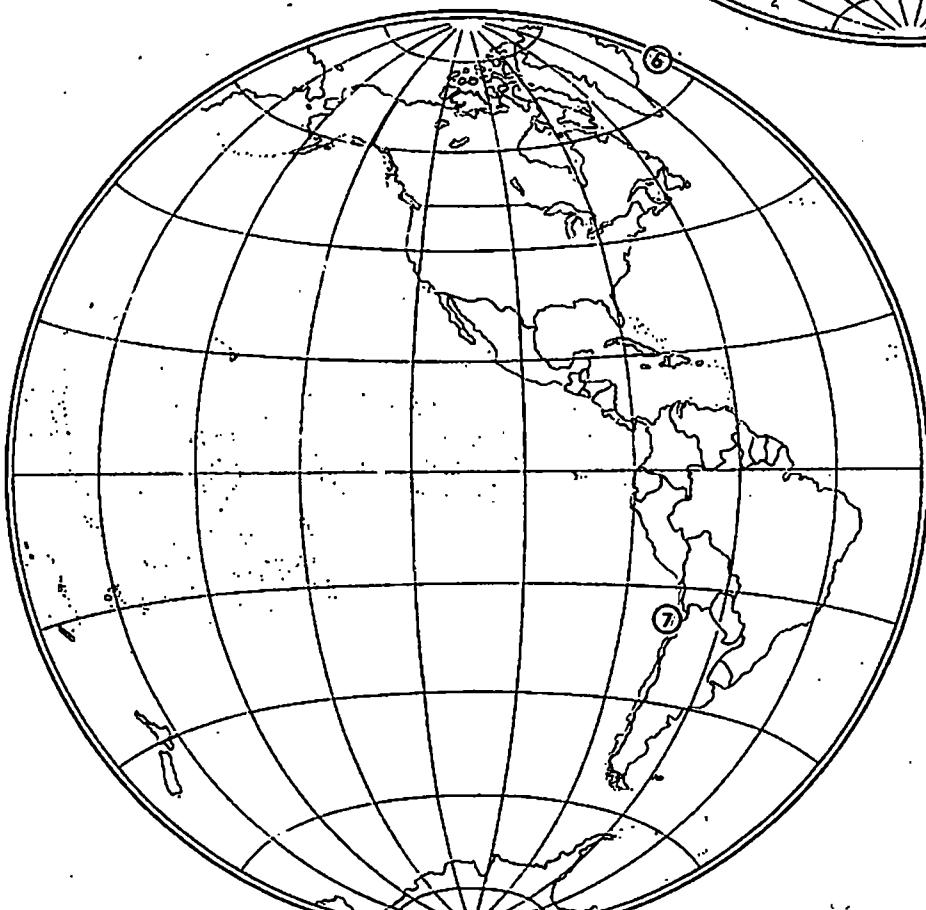
Nasir undertook to reconcile Soviet-Yugoslav differences during recent trip to Moscow.

Poland's situation considered likely to remain about the same, barring strong shocks from Moscow or the West.

Geneva - Soviet delegation presents minimal plan for nuclear test inspection.

**II. ASIA-AFRICA**

Middle East - Lebanese president-elect Shihab negotiates with moderate opposition leaders in hope of isolating extremists. Jordanian army chief of staff under increasing criticism from within army. Nasir predicts disaffected army officers will attempt coups in Saudi Arabia and the Sudan.



⑤ Japan - Foreign minister presents preliminary views on increasing Tokyo's role in security arrangements with the United States.

III. THE WEST

⑥ Icelandic-British impasse over 12-mile fishing limit continues; USSR offers Iceland support.

⑦ Chile - President Ibanez likely to sign bill revoking ban on Communist party.

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CENTRAL INTELLIGENCE BULLETIN

2 August 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

Nasir's trip to Moscow: [redacted]

Nasir
talked about Yugoslav-Soviet differences with Khrushchev and that he succeeded in effecting a reconciliation. Nasir may, in fact, have attempted to act as peacemaker, but the differences between Moscow and Belgrade are too fundamental to be readily resolved. A recent diminution in Soviet anti-Yugoslav propaganda is probably attributable to Soviet preoccupation with the Middle Eastern crisis and to the fact that Belgrade's loud condemnation of Western intervention serves Soviet interests.

OK
Poland: Ambassador Beam believes that, barring too strong pressure from either East or West, the situation in Poland will remain stable.

Geneva technical talks: The Soviet delegation has outlined an inspection system that is much less comprehensive than that sought by the West, depends less on mobile inspection teams, and relies primarily on inspection in a country by its own nationals. The plan is extensive enough, however, so that if no agreement is reached at Geneva, the USSR probably anticipates it will appeal to public opinion as a reasonable basis for a test cessation.

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II. ASIA-AFRICA

No

Middle East: Lebanon's president-elect General Shihab, is striving to reach an understanding with moderate rebel leaders outside Beirut in an attempt to isolate the extremists in the Basta quarter of the capital and undermine their hold on the rebel movement. The rebel leaders have generally taken the position that the revolution is merely suspended pending negotiations with the general over satisfaction of their demands. Shihab is convinced that the cabinet of Prime Minister Sulh must be replaced at once. Jordan's army chief of staff Majalli is being subjected to criticism from within the army because of recent large-scale arrests of army officers by King Husayn. If a collapse of the Jordanian Government appeared imminent, Israel, unless it had received firm international security guarantees would probably move rapidly to seize most or all of West Jordan, the port of Aqaba, and possibly the Island of Tiran at the entrance to the Gulf of Aqaba. Nasir has expressed belief that the next attempts by disaffected army officers to overthrow their governments will be made in the Sudan and Saudi Arabia.

The Ruler of Kuwait has sought British approval to join the Egyptian-dominated Arab League.

A possible alert in the Sudanese Army [redacted] indicating that leave for military personnel outside the country has been prohibited.

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No

Japan: Foreign Minister Fujiyama has outlined his government's preliminary suggestions for adjustments in security arrangements with the United States which must be accomplished without revising the present treaty. They include an understanding on cooperation of American and Japanese forces in the defense of Japan, consultation on the disposition and use of American forces based in Japan; and a formal understanding about bringing nuclear arms into Japan. The Japanese are

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concerned primarily that freedom by the US to use its Japan-based forces in other areas without consulting might involve them in hostilities involuntarily. [redacted] (Page 7)

III. THE WEST

WTF

Iceland-Britain: No solution to the impasse over Iceland's extension of its fish-conservation limits to 12 miles is in sight. The limits become effective on 1 September, and Britain maintains that it is ready to protect its fishing trawlers off Iceland. [redacted] the USSR has offered Iceland any aid it wants in this issue and has requested permission for a "courtesy" naval visit to Iceland about 1 September. [redacted]

WTF

Chile: Congress voted on 31 July to abrogate a ten-year-old statute outlawing the Communist party. While President Ibanez has vetoed similar measures before, he is likely to approve such a bill this time. The Communists would gain freedom of action and an air of respectability which would improve the prospects for the Communist-front candidate in the presidential elections scheduled for 4 September. [redacted]

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I. THE COMMUNIST BLOC

Situation in Poland

Ambassador Beam in Warsaw believes that the last six months in Poland have been a "holding operation" with respect to internal affairs and external relations. He sees no evidence that a further liberalization in policy is in process or in prospect, and recent regime moves against church publishing activities suggests that church-state relations may be deteriorating. The ambassador believes the Gomulka regime will remain stable if not pressed too strongly from either East or West. The ambassador expects the Kremlin to tolerate Poland's internal freedom, despite the example it sets for the rest of the bloc, rather than risk Polish reaction.

The ambassador noted that the shift in emphasis from "the Polish road to socialism" to "bloc solidarity" has been intensified in recent weeks although nuances of differences with Soviet policy continue. In addition to geographic and military reasons against straying from the bloc, Gomulka is motivated by a fear of German resurgence, a need for a profitable economic relationship with the USSR for which he sees no immediate Western substitute, and a feeling that Poland can play a constructive role in the bloc. He apparently hopes that his professions of loyalty to the bloc will persuade Moscow to continue its toleration of internal Polish deviations.

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II. ASIA-AFRICA

Middle East Developments

Lebanon: President-elect General Shihab and opposition leaders are attempting to assess each other's strength and intentions. The rebel leaders have generally taken the position that the revolution is merely suspended and will continue if Shihab will not accept the 15 conditions presented by the opposition on 30 July.

To dramatize the extremists' case, terrorists set off a bomb blast in Beirut on 1 August, killing at least two persons and wounding several. The same day, rebel leaflets appeared in Beirut, warning that the rebellion would continue until American troops were withdrawn and President Chamoun had handed over power to General Shihab. Many opposition leaders who have taken an active role in the rebellion will probably attempt to refrain from cooperating with the government until at least some of the demands are met.

General Shihab has begun discussions with various opposition leaders. He is seeking to reach an understanding with the more moderate groups outside of Beirut, in the hope of isolating the extremists in the Basta quarter of the capital and undermining their hold on the opposition movement. The general has once more stated that he could not tolerate the Basta's continuing as a focus of the rebellion and has expressed hope that the resistance there could be terminated through negotiations with rebel "Commander" Saeb Salam, who has sought a meeting with the general.

Even moderate groups have pressed the general for an immediate request that American forces be withdrawn and to arrange for President Chamoun's prompt departure from the country prior to expiration of his term on 23 September. Chamoun, however, continues to insist that he will not leave office before the end of his term. The general has suggested that Chamoun might wish to take a trip abroad while remaining legal president of Lebanon until 23 September. Shihab is convinced that the present cabinet of Prime Minister Sami Suh can no longer be effective and should be replaced. He has hinted that if Suh

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should leave office, presumably to be replaced by a prime minister acceptable to the opposition, demands for Chamoun's departure might be resisted. Chamoun will probably agree to replace the Sulh cabinet. It is possible that either or both the President and prime minister may be sent out of the country on an official mission to present Lebanon's case for international guarantee of its integrity before the United Nations.

Maneuvers to bring about the resignation of Prime Minister Sulh probably were responsible for the resignation of Finance Minister Pierre Edde on 1 August. Additional resignations are expected. Prior to the elections two ministers resigned, and no new members have been added to the cabinet.

General Shihab believes that opposition demands for dissolution of the Chamber of Deputies and for holding new elections cannot be complied with for a long time to come because of the intensity of feeling generated by the rebellion.

Lebanon recognized the new government of Iraq on 1 August.

Possible evidence that rebel groups in northern Lebanon are continuing to receive logistical support from Syria is suggested

15 trucks
moving south from the Syrian border toward Tripoli under cover of darkness. The convoy turned off headlights and pulled off the road when sighted. This is reported to be the second such sighting during a twelve-hour period.

Jordan: Army Chief of Staff Majalli is being subjected to increasing criticism from within the army because of recent large-scale arrests of officers undertaken by King Husayn; many of these occurred before Majalli was notified. Antiregime nationalist groups are hopeful that this situation will produce further disaffection within the army.

King Husayn states that smugglers were intercepted on 30 July bringing arms into Jordan from Egypt. Evidently an old Bedouin smuggling route across Israel is being used to supplement the transport of arms across the heavily patrolled Syrian-Jordanian border.

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British troops in Jordan, meanwhile, are preparing for a lengthy stay. They now are concerned with locating suitable winter quarters.

Israel: In commenting on the coming visit of Israeli Foreign Minister Meir to Paris, scheduled for 5 August, the semi-official French press agency, stated that French-Israeli friendship was not necessarily exclusive and that this fact was understood by Israel. The statement added that French policies would not necessarily be based on Israel. Mrs. Meir reportedly will seek closer political and military ties with France, and the agency release may have been inspired by the French Government to prepare Israeli and French public opinion for a loosening of French ties with Israel as a step toward a modus vivendi with the Arab states.

Ambassador Lawson in Tel Aviv believes that in the event of widespread disorders in Jordan, Israel would act at once to protect its security--even though British troops might still be present--unless by that time Israel had received security assurances which it believed offered unquestionable protection. If a collapse of the Jordanian Government and a take-over by pro-UAR forces appeared imminent, Israel, unwilling to accept the UAR as a neighbor on its present undefendable eastern boundary, would probably move rapidly to seize most or all of West Jordan, the part of Aqaba, and possibly the Island of Tiran at the entrance to the Gulf of Aqaba. Such operations would not, however, prevent the UAR from establishing control over the remainder of Jordan--completing the land encirclement of Israel.

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Iraq: Fire and explosions in a large oil storage depot in Baghdad on 30 and 31 August may have been the work of extremists hoping to arouse anti-Western feeling and embarrass the new government's efforts to improve relations with the West. The crowds and even some soldiers who were alerted to keep order appeared to give credence to rumors that the fires had been started by the British.

[redacted] two fires had broken out in Baghdad and that the oil depot fire "was probably caused deliberately!" [redacted]

Cairo has announced plans to provide 300 Egyptian teachers to Iraq in response to a request from Baghdad.

UAR: During informal conversations on 28 July, Nasir, [redacted] expressed the belief that attempts by disaffected army officers to overthrow their governments would next be made in the Sudan and Saudi Arabia. He felt that such action could be encouraged by employing Egyptian propaganda media to glorify the leaders of the Iraqi revolt.

Nasir is also reported to have indicated that he was considering dissolution of the present union between Egypt and Syria in favor of a federation which would permit Iraq to affiliate more closely with Egypt than would be possible under the existing arrangement. Word that Syrian leaders are also considering such a proposal has been reported by Syrian newsmen in Damascus.

Saudi Arabia: A mimeographed sheet titled "Voice of the People" is reported to have appeared in Saudi Arabia at the end of July. [redacted] The paper attacked King Saud and warned Crown Prince Faysal that the monarchy would fall.

Kuwait: [redacted] the Ruler of Kuwait on 31 July sought Britain's agreement to Kuwait's joining the Egyptian-dominated Arab League,

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and also favored membership for Bahrein. Although the Ruler still professes to look to Britain for protection and to have no intention of joining the UAR, he is apparently continuing to search for a means of placing himself in general support of Egyptian foreign policy objectives.

Sudan: A possible alert of the Sudanese Army is suggested [redacted] a general staff order prohibiting leave for military personnel outside the country. Although the alert may indicate response to recent limited augmentation of Egyptian forces in southern Egypt, it could also reflect the government's concern over internal security.

Iran: General Zahedi, former prime minister and leader of the forces which overthrew Premier Mossadeq and now Iranian ambassador at the European Office of the UN, views developments in the Middle East with pessimism and predicts that Baghdad will soon become a center of Arab nationalist activity posing a serious danger to Iran. Zahedi, apprehensive of disgruntled elements and subversive elements at work among the tribes in Iran, fears that anti-Western developments may soon occur in his country. The Shah continues to reflect concern over his personal safety and has ordered investigation of all officers of his armed forces. [redacted]

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~~SECRET~~Japan Seeks Adjustment of Security Relations With US

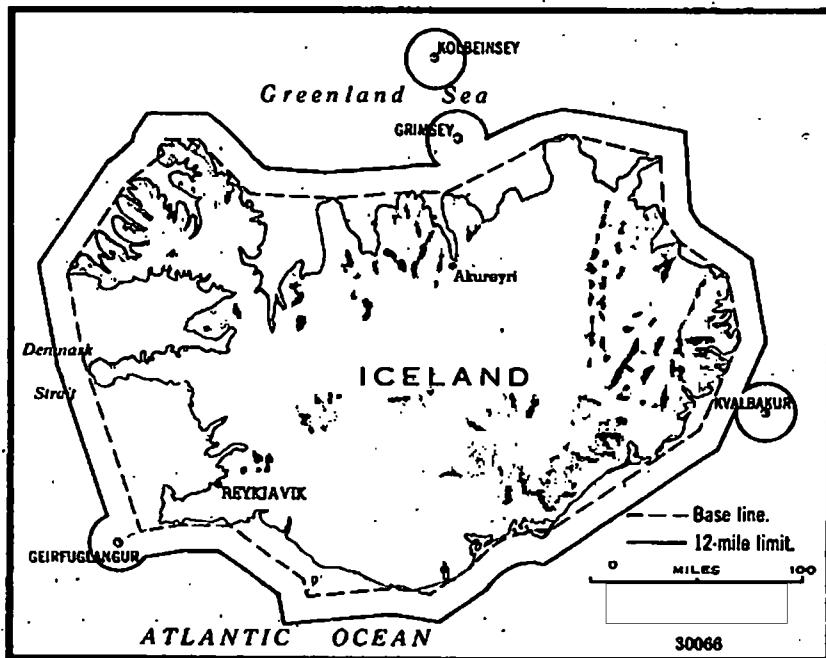
Japanese Foreign Minister Fujiyama on 30 July informed Ambassador MacArthur that during his visit to the United States in early September he hopes to hold consultations about adjustments within the framework of the existing security treaty which would clearly define the role of American forces in Japan and include an understanding on cooperation of American and Japanese forces in the defense of Japan.

100
In a detailed "talking paper" which he presented, Fujiyama outlined his government's desire for some control over the disposition and use of American forces in Japan; for consultation about the use of such forces in areas outside Japan; and for a formal understanding about bringing nuclear weapons to Japan.

The Japanese are fearful primarily that the use of Japan-based US forces outside the country without consulting the Tokyo government might involve them involuntarily in hostilities. Opposition to nuclear weapons also remains very strong, largely because of widespread belief among the Japanese that their presence would invite an attack on the country.

Fujiyama said that Japanese commitments regarding a mutual defense treaty are handicapped by constitutional limitations and by far-reaching domestic political implications.

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III. THE WEST

British-Icelandic Fisheries Dispute

Neither London nor Reykjavik appears prepared to yield in the dispute over Iceland's extension of its fish-conservation limits to 12 nautical miles, effective 1 September. Britain declares that its trawlers will continue to operate within four miles of Iceland, and that its navy will protect this historic right. The British Foreign Office sees little advantage in NATO Secretary General Spaak's suggestion for secret technical talks by representatives of Britain, Iceland, and other NATO countries with fishing interests in the area, since the Icelandic permanent representative lacks any authority to negotiate.

A1

Despite signs of somewhat greater flexibility in the British Foreign Office and Ministry of Agriculture and Fisheries, the attorney general's objections to Spaak's idea of reaching a modus vivendi before 1 September seem to be prevailing. The attorney general holds that a demonstration of a firm intention to protect the fishing fleet will deter other nations such as Denmark and Norway from following Iceland's example.

The Icelandic Communists, counting on the widespread popular support for the extension of fish-conservation limits, are successfully keeping their cabinet partners, the Progressives and the Social Democrats, from making any conciliatory moves. The USSR, [redacted] has offered Iceland assistance in enforcing the 12-mile limit and has suggested a Soviet naval visit around 1 September. [redacted]

[redacted]

[redacted]

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CONFIDENTIAL**Chilean Congress Votes Legalization of Communist Party**

The Chilean Congress voted on 31 July to abrogate the ten-year-old Law for the Permanent Defense of Democracy--which among other things outlawed the Communist party--and to replace it with a new internal security bill. The old law was opposed by most of the parties because of the harsh penalties it provided against any kind of antiadministration activity.

A/1
President Ibanez recently vetoed similar measures for not providing sufficient controls against subversive activities. He is reportedly dissatisfied with this latest bill, but probably feels this is the last chance before leaving office to fulfill his 1952 campaign promise to abrogate the unpopular law. Ibanez' recent actions, such as dismissal of his strongly anti-Communist interior minister in early July, indicate that he is trying to eliminate cabinet opposition to the new bill.

The respectability and prestige the Communists will gain if the bill is signed will enhance the candidacy of the Communist-backed Socialist candidate Salvador Allende in the presidential elections scheduled for 4 September. [redacted]

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