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2 July 1958

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CENTRAL INTELLIGENCE BULLETIN



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2 JULY 1958

I. THE COMMUNIST BLOC

Draft of new Soviet Seven-Year Plan, to have been completed by 1 July, has not been announced.

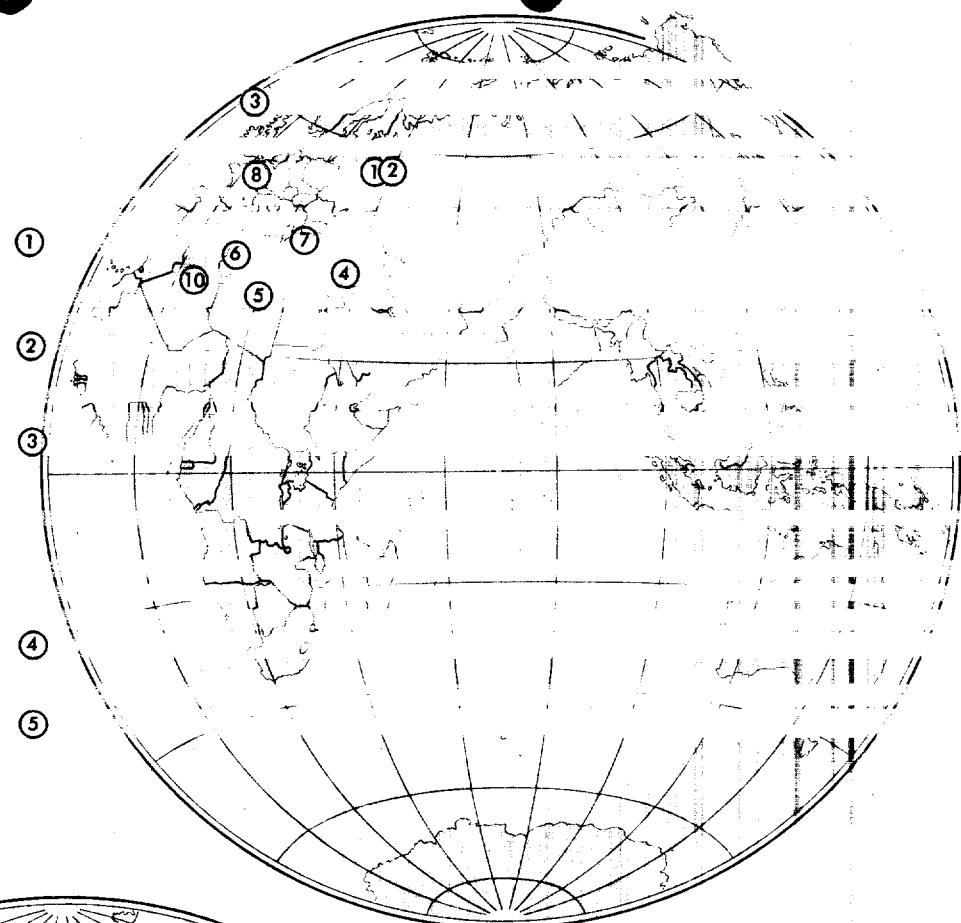
Moscow may be considering new move in problem of US helicopter crew forced down in East Germany.

Soviet submarines in North Atlantic participating in extensive naval exercise.

II. ASIA-AFRICA

Lebanon - Government forces beat back Druze attack southeast of Beirut; government relations with UN officials remain strained.

Libya - Egyptian agents are developing coup capability in Libya.



⑥ Tunisian economic mission to USSR, Bulgaria, and Yugoslavia may discuss broader issues.

⑦ Greece - Local leftist officials obstruct USIS operations.

III. THE WEST

⑧ France [redacted] De Gaulle's attitude "reassuring" but fails to discourage French nuclear weapons program.

⑨ Argentina - Military elements increasingly discontented with President Frondizi.

LATE ITEM

⑩ Algerian rebels plan nationwide guerrilla actions 4-5 July.

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CENTRAL INTELLIGENCE BULLETIN

2 July 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Soviet Seven-Year Plan: The USSR has not made public a new Seven-Year Plan (1959-1965) although the draft was to have been completed by 1 July. There were earlier indications that preparation of the plan was on schedule, and two central committee meetings in the past two months have discussed economic affairs. The US Embassy in Moscow, however, has received a report than an announcement may be delayed until September. [] (Page 1)

OK

USSR - East Germany: A report that the Soviet Embassy in East Berlin has been ordered to send Moscow its file on the problem of the nine American airmen forced down in East Germany raises the possibility that the USSR may be considering a new approach to the case. At the same time, the renewed denial of Soviet responsibility on 1 July by the USSR's chargé in Washington suggests that Moscow's purpose in requesting the file was to find new arguments to bolster the East German position. East German officials appear sensitive to the widespread unfavorable publicity concerning their attempt to barter the prisoners for enhanced international prestige.

[] (Page 2)

Soviet naval operations: Soviet submarines are operating in North Atlantic waters west of Ireland and in the Norwegian Sea as part of a large-scale naval exercise. Units of the Baltic Fleet, some of which will probably deploy to the Northern Fleet, are participating.

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II. ASIA-AFRICA

Lebanon: Government forces appear to have beaten back the rebel Druze attack in the area southeast of Beirut, although fighting is reported continuing. Relations between the Lebanese Government and UN officials apparently remain strained. Opposition leaders do not appear to be in close contact with each other and some are uncertain of their actual objectives. A compromise candidate to succeed Chamoun is again being sought by the opposition. [] (Page 3)

Libya: Egyptian agents are developing the machinery for a coup to eliminate the Libyan monarchy. []
OK (Page 5)

Tunisia: The establishment of diplomatic relations with bloc nations is under consideration in Tunis. A Tunisian economic mission which is shortly to visit Yugoslavia will go also to Bulgaria and the Soviet Union. Its composition suggests that talks will not only cover renewal of last year's trade agreements, but may discuss financial and political matters. []

(Page 6)

Greece: The Greek Communist-front United Democratic Left (EDA) party, which has the second largest representation in Parliament, appears to be embarking on a major campaign against USIS in Greece. During the past two weeks local EDA officials have made four specific efforts to obstruct USIS activities. [] (Page 7)

III. THE WEST

France: British Prime Minister Macmillan was reassured by De Gaulle's pro-Western attitude in their 29-30 June talks, but he was unsuccessful in discouraging De Gaulle's interest in the atomic bomb for France. De Gaulle indicated he might

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make future proposals on disarmament inspection zones and on extending the **NATO** area into Africa beyond Algeria. Macmillan vigorously stressed the importance of early action on the free trade area. [redacted] (Page 8)

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Argentina: Military dissatisfaction with President Frondizi has given rise to a report that the armed forces may move to take over the government. Such a move is probably not imminent, but discontent is increasing among the military over the greater political freedom Frondizi is giving Peronistas and his slowness in dealing with economic problems. [redacted]

[redacted] (Page 9)

LATE ITEM

No
***Algeria:** Algerian rebel leaders have called for concerted guerrilla actions "on a nationwide scale" on the night of 4-5 July. [redacted] (Page 10)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Seven-Year Plan Still Not Published

The Soviet decision last fall to inaugurate a new Seven-Year Plan (1959-65) replacing the Sixth Five-Year Plan (1956-60) set a deadline of 1 July 1958 for preparation of the new plan, to take effect on 1 January 1959. Presumably Soviet leaders hoped to publish it by 1 July; at the May central committee meeting, Khrushchev told the gathering that "we shall soon have to consider and adopt" the plan for 1959-65. However, no appropriate statement came out of the subsequent June central committee meeting, and the American Embassy in Moscow has recently received a report that publication may be delayed until September.

There are indications that preparation of the plan has reached an advanced stage, and publication may be held up only pending a suitable occasion to give it maximum publicity. However, this is the first long-range plan in which the sovnarkhozy--regional economic councils--have had an influential role, and final preparations may have bogged down in time-consuming discussions. Furthermore, the recent decision to boost expansion of the chemical industry may have made some recalculations necessary.

Failure to promulgate a revised Sixth Five-Year Plan on schedule was symptomatic of a high-level policy disagreement at this time last year. The possibility of top-level internal economic policy differences again this year cannot be ruled out, although there has been little evidence of such differences.

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New Tactics May Be Planned in Case of Nine Americans
Held in East Germany

The possibility that Moscow may be considering a new approach to the problem of the nine Americans held by East Germany is suggested by a report that the Soviet Embassy in East Berlin has been ordered to send its entire file on the case to Moscow. The USSR may contemplate entering the negotiations, possibly as mediator, or it may be contriving some scheme to assist East Germany in breaking the three-week deadlock. Soviet chargé Striganov's statement to US Undersecretary Murphy on 1 July denying Soviet responsibility suggests that Moscow's purpose in requesting the file was to find new arguments to bolster the East German position.

A Soviet Embassy official in Berlin believes Moscow may be considering, as a basis for negotiations, a plan calling for Western recognition of the German Democratic Republic (GDR) as a sovereign state. In return, the four powers, together with East and West Germany, would formulate a new Berlin statute guaranteeing the existence of the West Berlin government, the presence of the Western powers there, and specified access routes to the city. Such a plan is said to have been discussed in outline form in the Soviet Foreign Ministry.

East German officials appear to be growing uneasy because of the widespread unfavorable publicity arising from their attempt to blackmail the United States, exchanging the prisoners for enhanced international prestige. In view of the US protest to Moscow, the East Germans may also be concerned over Soviet intentions, since the Russians, on several occasions in the past, have for their own reasons forced the GDR to modify its policies.

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II. ASIA-AFRICA

Lebanese Situation

Lebanese military and progovernment irregular forces have repulsed Druze leader Kamal Jumblatt's offensive in the mountains southeast of Beirut. The threat to Beirut International Airport appears to be alleviated temporarily. A number of reports [redacted] indicate that the Lebanese Army command in northern Lebanon has taken stronger action than usual against rebel strongholds in the Tripoli area. Rebel losses are said to be high and property destruction extensive.

President Chamoun has expressed further dissatisfaction with the UN observer group. He has alleged that, [redacted] opposition sources specifically referred to the pro-UAR attitude of the Indian member of the three-man observer group, who, it was claimed, was pleased that President Nasir had been able to bluff Hammarskjold. [redacted]

"Moderate" opposition leaders Abdullah Yafi and Husayn Uwayni have contacted the British ambassador in Beirut to make overtures for a political compromise in Lebanon. They stated that opposition leaders were not in close contact with each other and some, such as Jumblatt, were uncertain of their objectives. However, Yafi and Uwayni professed to have a formula for resolving the crisis which would have a considerable chance of success. They believed it would be impossible to elect a new president by 24 July, when Parliament meets, and possibly not even when Chamoun's term ends on 23 September. They agreed that Chamoun should finish his term, but insisted that a new cabinet be formed, and agreement reached on a mutually acceptable president. They are probably willing to bargain.

Reports of dissension within rebel ranks continue. The Hamadah tribe in the Biqa Valley, which has been active in

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antigovernment skirmishing, recently split into pro- and anti-UAR factions. The latter group has publicly denounced the UAR. Some Syrian Druze elements which have been supporting UAR operations in Lebanon have become disillusioned with promises of Syrian officials and now are withdrawing their assistance.

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Egyptians May Be Preparing Coup Attempt Against
Libyan King

The organization of Egyptian subversive activity in Libya may be approaching the point where firm plans are being laid for a coup attempt against the government of King Idriss. Present plans, [redacted]

[redacted] call for action upon the death of the aging King. If Idriss does not die within a year, [redacted] the coup attempt may be made anyway and might include the King's assassination. The King's chosen successor, his nephew Crown Prince Hasan al-Rida, has little popular following and could easily be put aside.

The government's pro-Western alignment has been under heavy attack during recent months from numerous sources, including Cairo radio, nearly 400 Egyptian schoolteachers employed by the Libyan Government, local newspapers, members of Parliament, and several high officials. The presence of the American Wheelus air base near Tripoli and the alleged dangers and inadequacy of American aid have been primary targets of criticism. Rumors of rejected Soviet aid proposals have been spread with a view to embarrassing the government, which is finally reported to have accepted reluctantly a Soviet offer to construct two hospitals.

King Idriss' continued control of Libyan affairs, despite growing popular antigovernment sentiment, has generally been considered assured because of the past loyalty of the powerful Cyrenaican Defense Force and its leader, General Bu Qwaytin. Recent reports of a rift between the King and the general, and stepped-up subversive activities in the province of Cyrenaica cast doubt on the continued reliability of this force. A UAR success in Lebanon and signs of Libyan interest in joining a North African federation might serve to accelerate a UAR move against Libya. [redacted]

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Tunisia to Send Trade Delegation to Yugoslavia and Soviet Bloc

Tunisia will send an economic mission representing the Secretariats of Foreign Affairs and Finance but not Commerce and Industry to Yugoslavia, Bulgaria, and the Soviet Union early in July to discuss renewal of last year's trade agreements. While in Moscow, the mission may also discuss the establishment of diplomatic relations with bloc nations in line with the recent decision of the Tunisian Government to establish more active relations with the Soviet Union.

Tunisia concluded its initial trade agreement with Yugoslavia on 19 June 1957. The agreement provided for total trade of \$2,800,000 in Yugoslav industrial goods and Tunisian mineral and agricultural products, principally phosphates. It expired on 30 June 1958. The two countries maintain diplomatic relations. The first secretary of the Yugoslav Embassy in Tunis informed an American official in March that one of Belgrade's objectives was "to persuade Tunisia to remain outside the system of blocs."

The Tunisian trade agreements with the Soviet Union and Bulgaria were concluded on 12 July and 14 August 1957 and provide for an exchange of goods valued at \$3,720,000 and \$2,-283,000, respectively. Trade with both countries, however, has amounted to less than 1 percent of Tunisia's total trade.

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Greek Communist-front Members Obstructing
USIS Activities

Greek local government officials who are members of the Communist-front United Democratic Left (EDA) party have recently forced the USIS to cancel some of its local programs on charges of "anti-Hellenic" activities. Emboldened by their party's added strength following the 11 May national elections, local functionaries are apparently willing to assert themselves more. This could, however, be the beginning of a major campaign against the American information program in Greece.

The new restrictions have affected the film program, the schoolbook program, and fleet band concerts. Two film showings were canceled in the suburbs of Athens with the comment that "people are not interested in your propaganda." A public band concert planned by the Sixth Fleet band in Piraeus was canceled by the mayor as the result of pressure exerted by EDA members on the municipal council. The EDA newspaper Avighi has also begun a major attack on the American offer to furnish textbooks to Greek schools. It was charged that the books would carry American propaganda. The press attack was aimed at the minister of education as well as the USIS program. Charges against USIS have also been made in Parliament by EDA deputies.

EDA leaders may feel confident the case against the party pending in the electoral court will be decided in their favor. The court will determine whether EDA entered the last election as a single party or a coalition. If it decides that the EDA was a coalition, 33 of the 79 EDA deputies will be dislodged from Parliament. The court's decision will probably be announced in another week.

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III. THE WEST

De Gaulle [redacted]

[redacted] De Gaulle's views on Soviet policies and intentions are "absolutely sound."

[redacted] De Gaulle indicated he accepts NATO as "here to stay." He may have some definite proposals later, however, for greater French participation in the NATO command structure and possibly for including North Africa, the Sahara as far east as the Red Sea, and "perhaps the Arctic" under the alliance.

[redacted] De Gaulle apparently desires an eventual special tripartite atomic standing group.

De Gaulle also brought up the Rapacki plan and suggested the possibility of an eastward extension of the inspection zone. While this idea was later rejected by both the French and UK foreign ministers as not feasible, it suggests that De Gaulle has not reached any firm position on European security and German reunification. He may also be interested in the Rapacki plan as a means of encouraging Polish independence of Soviet policies. [redacted]

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~~SECRET~~Military Discontented With Argentine President

Dissatisfaction with Argentine President Frondizi's failure to take a firm line against Peronism and Communism has increased military discontent, [redacted]

[redacted] the armed forces may move to take over the government. While the majority of the military still has a "wait-and-see" attitude, the small minority which tried to prevent Frondizi's election has resumed plotting and might be able to exploit further aggravation of military discontent.

A group of officers in the important Campo de Mayo army garrison is dissatisfied with Frondizi's reply to its ultimatum of early June demanding clarification of his policies within the month. Frondizi's reply was contained in a nationwide broadcast by the interior minister on 23 June which primarily reviewed government steps thus far and stressed the importance of democracy and "national reconciliation." Part of the speech, however, implicitly sought to reassure anti-Peronista elements and warn Peronistas that the government's recent political measures were not intended to help them regain power.

Military complaints regarding Frondizi's policies concern mainly the generous amnesty for Peronistas, official appointments, and slow action on economic problems. Frondizi has appointed Peronistas to important subcabinet positions, and antigovernment sources charge that pro-Communists have also received official posts.

The military are also concerned over Frondizi's policies toward labor, which under Peron became the strongest single political power. Peronista or neo-Peronista sympathizers are still dominant in labor, although two thirds of the present union leaders are anti-Peronista. These leaders are convinced that they would lose new elections and fear that new legislation about to be introduced into Congress will require such elections. [redacted]

[redacted]

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~~TOP SECRET~~**LATE ITEM****Algerian Rebels Plan Guerrilla Outbreaks on Night of
4-5 July**

Leaders of the Algerian National Liberation Front (FLN) have instructed rebel fighters to undertake "action on a nationwide scale the night of 4-5 July," [redacted]

Similar command directives in the past have apparently exceeded both capability and performance.

The date set for the projected guerrilla attacks coincides with the anniversary of the arrival of the French in Algeria in 1830 and has in the past sometimes been marked by nationalist demonstrations. The most recent of these occurred in 1956 when a general strike paralyzed Algiers and its environs. Additional motivation this year may have been provided by De Gaulle's current visit to the area and the continuing concern of FLN leaders over the possible effects on the Moslem masses of the conciliatory gestures made by the general when he came to Algeria early last month. [redacted]

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