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28 June 1956

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SC No. 02533/56  
Copy No. 103

**CURRENT  
INTELLIGENCE  
BULLETIN**

DOCUMENT NO. 26  
NO CHANGE IN CLASS. Y  
IS DECLASSIFIED  
CLASS. CHANGED TO: TS S C 2007  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH: HR 70-2  
DATE 12-26-79 REVIEWER: 372044

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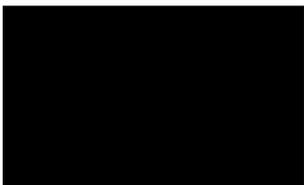
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1. PRAVDA PUBLISHES CRITICAL ARTICLE BY  
AMERICAN COMMUNIST

Comment on:

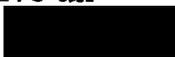
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Pravda's republication of an article by Eugene Dennis in the 18 June issue of the New York Daily Worker suggests that the Soviet leaders consider it necessary to answer the explicit criticism of the present Soviet administration by Western Communists. Having informed the Soviet public of these critical questions, they have set the stage for a direct reply.

Dennis asked if any of the present Soviet leaders had tried to change anything in the period before Stalin died. "Could the evil which was done have been cut short earlier? How great and how serious are the changes which have now taken place?"

In an obvious reference to the current collective leadership, Dennis warned that "to count on the infallibility of any group of leaders would mean to multiply basic mistakes of the past and to learn nothing as a result of the bitter mistake of Stalin being placed on a pedestal."

Three members of the politburo of the French Communist Party left for talks with Soviet leaders on 26 June, and there are reports that Satellite Communist leaders are also in Moscow for conferences. While in Moscow, these Communist leaders will probably be given definitive answers to questions raised by the anti-Stalin campaign. 

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## 2. USSR MAY GET SYRIAN OIL REFINERY CONTRACT

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 Syria's Minister of Public Works Jabiri told American embassy officials in Damascus on 23 June, during Shepilov's visit, that the Soviet bid to construct a government-owned oil refinery is less than half as high as the American bids and that he must give contracts to the low bidder. He said the Russians have told him that they will request permission to station 350 technicians at the refinery site if they win the contract.

Jabiri made a strong plea that the United States do something soon to block Soviet economic penetration of Syria, suggesting that the US find some way to subsidize American firms bidding on projects.

### Comment

The general anti-Western atmosphere in Syria will make it almost impossible to award the contract to a Western builder unless his bid is at least equal to the Soviet bloc bids.

The annual capacity planned for the Soviet refinery reportedly is 1,000,000 metric tons. According to present agreements, it will be supplied with crude oil by the Western-owned Iraq Petroleum Company. Bids have been submitted by firms from France, Britain, West Germany, the Soviet Union, Czechoslovakia, the Netherlands, Italy, Japan, and the United States.

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### 3. INDONESIA ACCEPTS SOVIET AID OFFER

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Indonesia's announcement of "formal" acceptance of Soviet aid, matching assistance received from the United States and under the Colombo plan,

may be a partial concession to Soviet insistence that negotiations be concluded before President Sukarno's Soviet tour in August. Previously, the Indonesians had stated that they had accepted the Soviet offer only "in principle." The latest report from the American embassy in Djakarta indicates that the Indonesian Foreign Ministry prefers to postpone actual negotiations on details of the offer until mid-July in order to benefit from President Sukarno's views following his Western tour.

The amount of Soviet aid Indonesia will accept has not been specified. If "matching assistance" means equal assistance, the value of the aid would amount to approximately \$15,000,000. [REDACTED]

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4. KOREAN ARMY CHIEF OF STAFF REPLACED

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Comment on: [REDACTED]

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[REDACTED] Replacement of South Korean army chief of staff Chong Il-kwon removes from a key post another of a group of pro-American officials who, prior to the May elections, represented a stabilizing locus of power below President Rhee. Chong's appointment to the less influential post of chairman of the joint chiefs of staff follows the removal of former defense minister Son Won-il, who along with Chong was felt to exert a moderating influence on Rhee.

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The new chief of staff, Yi Hyong-kun, who was previously chairman of the joint chiefs of staff, is regarded as able and basically pro-American. He has generally been most reluctant to oppose Rhee, however, and has often been the channel for the president's bellicose pronouncements attacking the Communists and the Japanese.

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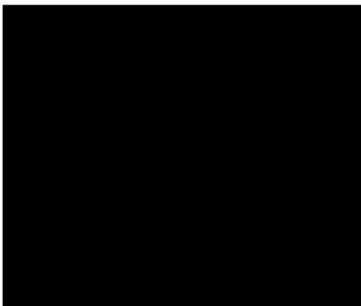
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5. SUDAN CABINET MAY FALL SOON

Comment on:

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The Sudanese cabinet of Prime Minister Azhari is expected to fall soon, possibly before 5 July. Reports from Khartoum indicate Azhari will be replaced by the present defense minister, Abdullah Khalil, who will head a coalition of the present opposition Umma Party and a new group, the People's

Democratic Party, formed among adherents of the Khatmia religious sect.

While Egypt has long sought to get rid of Azhari, it seems doubtful that a new cabinet would be significantly easier for Cairo to deal with than the present one. Sudanese nationalist feeling on the question of division of the Nile River waters--the current outstanding issue between the two countries--is probably strong enough to prevent any cabinet from settling it easily with Egypt.



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6. TROUBLE IN GUATEMALA

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Comment on: [REDACTED]

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The Guatemalan government's 26 June declaration of a state of siege arises from the serious situation existing in the country on the approach of the second anniversary of President Castillo

Armas' ouster of the pro-Communist Arbenz regime. The declaration, establishing virtual martial law, followed police clashes with university students, including leftists and pro-Communists, which resulted in several student deaths. The students were demonstrating against earlier arrests of their colleagues and the "state of alarm" decreed by the government on 24 June because of an alleged subversive threat involving leftists and students activated by Communists. A full-scale students' strike reportedly has started, and further disorders are likely.

Castillo apparently still has the support of the armed forces, which are essential to the maintenance of stability. Ambassador Sparks has noted, however, that the killing of students by the police during the latest demonstration will not be forgotten. He sees the possibility of a chain reaction "which may undermine the prestige and even the stability of the president and his government."

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## 7. PERUVIAN GOVERNMENT ESTABLISHES MARTIAL LAW

### Comment on:

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 The Peruvian government proclaimed modified martial law on 26 June, nine days after the presidential and congressional election. The freedom permitted by the normally authoritarian government for the election period had resulted in a resurgence of leftist forces and in complete defeat for the presidential candidate publicly linked with the administration.

The immediate occasion for the proclamation was student rioting which involved burning of public transportation vehicles and caused several deaths. Meanwhile, the most important federation of white-collar workers, numbering 100,000, called a strike on 25 June. The white-collar strike follows a series of successful labor bids for higher wages and consequently intensifies fears for the stability of the Peruvian economy, in recent years one of the most stable in Latin America.

The martial-law proclamation may mark the resumption of Peru's traditional authoritarian government.

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**THE ARAB-ISRAELI SITUATION**  
(Information as of 1700, 27 June)

The American military attaché in Tel Aviv reports that on 26 June the Israeli army set up a road-block cutting off a border road in the Jordan-Israel border area where two Israelis were killed on 24 June. The attaché believes this move could be part of preparation for an Israeli reprisal against Jordan.

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the new Israeli settlement in the zone as a "veritable fortress" surrounded by extensive mine fields. three other new settlements are being built in southern Israel, one near the southwestern corner of the Gaza strip, another on the road between Beersheba and El Auja, and a third southeast of El Auja. have noted a large number of troops and equipment in the Negev, a substantial part of them south of the demilitarized zone.

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**BIWEEKLY SUMMARY**  
**14-27 June 1956**

**THE TAIWAN STRAIT**

**Report of the IAC Current Intelligence Group  
for the Taiwan Strait Problem**

There were no significant developments in the area during the period. The subject of Taiwan and the offshore islands has so far received a minimum of attention in the current meetings of the National People's Congress in Peiping, which last year devoted much of the discussion to that subject.

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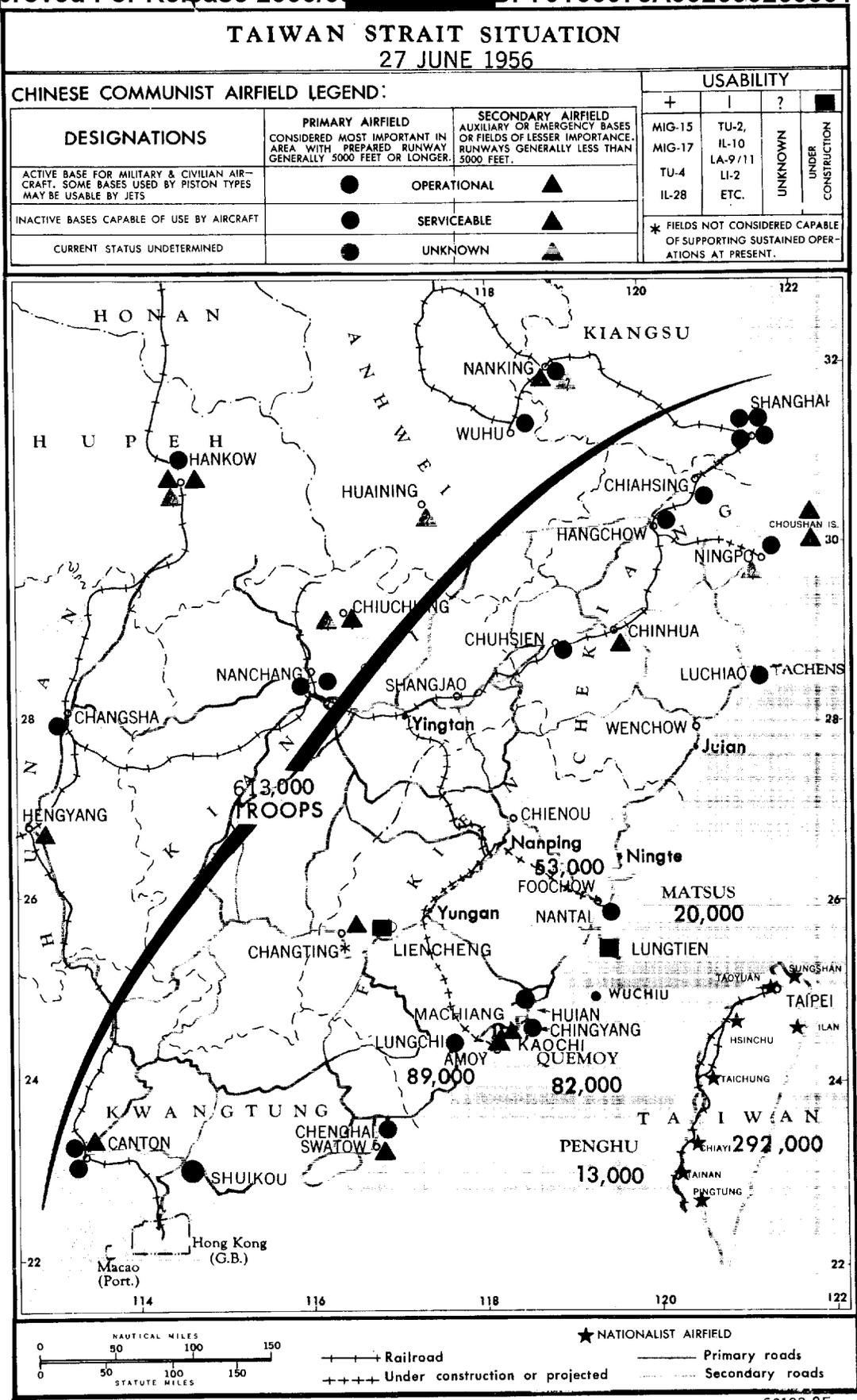
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