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29 March 1958

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CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed



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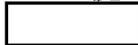
DAILY BRIEF

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DR
USSR: Ambassador Thompson reports that reaction in Moscow to Khrushchev's assumption of the premiership, so far as it can be gauged, is one of surprise, disappointment, and apprehension. Official reaction has been received thus far only from Poland and Yugoslavia. The Polish party daily ironically points out that the high spot of the Soviet leader's career came with his 1956 declaration on "The Cult of Personality and Its Consequences." Belgrade has taken a noncommittal position, receiving the news with "sympathy." The Supreme Soviet has recessed over the week end; Gromyko's foreign policy speech will apparently not come before Monday. [redacted]

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II. ASIA-AFRICA

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Saudi Arabia: Crown Prince Faysal in his first inter-
view with the American ambassador since assuming new
powers was uncommunicative. Saying that he had resumed
his duties "at the King's request," Faysal observed that the
financial austerity program ordered by the King would be
carried out rigorously and that all the difficulties in the
area had arisen from the creation of the state of Israel,

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DAILY BRIEF

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No Lebanon: The political atmosphere in Lebanon is becoming more tense. Army Chief General Shihab is emerging as a possible opposition candidate for president. His entrance into the political arena would weaken the will of the security forces to maintain order on behalf of the present government. [redacted] (Page 6)

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No Israel - Egypt: The Israeli Air Force has recently been augmented by delivery of [redacted] Vautour twin-jet aircraft purchased from France. The exact type of aircraft cannot immediately be determined; the 600-knot Vautour is produced in three configurations: all-weather fighter, ground attack fighter, and light bomber. There have been indications that Israel hoped to acquire both all-weather and jet light bomber types (of which it had none), as well as the French Mystere IV-B jet day fighter. By comparison, recent observation of Egyptian airfields in the Cairo area detected 58 IL-28 jet light bombers. [redacted]

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No Japan: The governing Liberal-Democratic party probably will retain its Diet majority in the general election expected in May, but if Socialist gains are significant, Prime Minister Kishi's authority would probably be weakened, and he might eventually lose his position as head of the party and the government. Kishi's rivals within his party would be very likely to exploit such gains to remove him. [redacted]

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DAILY BRIEF

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[redacted]

III. THE WEST

Britain: The Liberal party's victory in the Torrington by-election highlights the anti-Conservative trend that has reduced the Conservative share of the popular vote in 31 of the 32 by-elections held since the 1955 general election. This will tend to weaken the Macmillan government's position at home and abroad by strengthening the impression among many observers that it is likely to lose the next general election to the Labor party. [redacted] (Page 8)

no

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Panama: Political and personal differences within Panama's ruling clique are beginning to pose a threat to the stability of moderate President de la Guardia's government. The pressure groups seeking to remove him from office are likely to employ such anti-US tactics as campaigning for larger annual payments for the canal. [redacted]

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[redacted]

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DAILY BRIEF

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[redacted]

I. THE COMMUNIST BLOC

Reaction to Khrushchev Appointment

Ambassador Thompson, reporting early reaction, says that on the one hand there is a feeling among the Soviet people that their lives will again be subjected to the whims of one man; on the other, a feeling of relief from the indication that internal strife will be avoided. On balance, however, the reaction, as far as it can be gauged, is one of surprise, disappointment, and apprehension.

According to Western press sources, most Polish front pages carried pictures of Khrushchev, but the party daily and the youth paper in their captions pointed out that a high spot of the Soviet leader's career was his 1956 declaration on "The Cult of Personality and its Consequences." These same sources state that private opinion among Polish Communists appeared mixed: most were resigned to a wait-and-see attitude, but few could hide their fears that the Soviet system might again degenerate into a personal despotism.

Yugoslavia's initial reaction came at the Foreign Ministry's weekly press conference on 28 March, at which a Yugoslav spokesman stated that "the naming of Khrushchev as prime minister of the Soviet Union has been received in Yugoslavia with sympathy." Tito has sent "warm wishes" to Khrushchev for the "further flourishing of your socialist homeland. . . ." Western press reports state, however, that ordinary Yugoslavs feel concerned about the latest Moscow development.

The Supreme Soviet will not hear Gromyko's foreign policy report until at least Monday or Tuesday. Saturday has been set aside for the work of legislative committees--a departure from usual Supreme Soviet procedures--and Sunday will be a normal holiday. [redacted]

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Saudi Crown Prince Interviewed by Ambassador Heath

Ambassador Heath's first interview with Crown Prince Faysal since the latter assumed broad powers over Saudi internal and external affairs was "unrewarding." [redacted]

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[redacted]

[redacted] He said he had resumed his duties of prime minister and foreign minister "as a loyal servant of the King" at Saud's "request."

Faysal avoided comment on the political situation in the area except to assert that the difficulties in the region had all arisen after the creation of Israel and that any "improvement" in American policy toward Israel would "undoubtedly be reflected in an improvement of the general situation."

Faysal's only specific statement indicative of his own plans was that the financial austerity program previously ordered by King Saud would be carried out rigorously. This statement might be taken to suggest that Saudi Arabia's financial difficulties were indeed a primary factor behind Faysal's resumption of political activity, while pressure from Nasir was the occasion for the action. [redacted]

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Lebanese Political Situation

Lebanese President Chamoun's maneuvers to ensure parliament's approval of a constitutional amendment allowing him to run for re-election are meeting increasing public opposition. A manifesto issued on 27 March by the President's opponents exhorted the populace to rise up and force him to resign should he try to tamper with the constitution. As a first move against Chamoun, his enemies plan to call a general strike and lead a street demonstration which they believe would lead to disorders necessitating army intervention. The group is confident that army commander General Shihab would refuse to back Chamoun in the face of public disorders, thus forcing the President out of office.

Shihab is being propelled by events into the position of a possible contender for the presidency. In the present circumstances, it is uncertain if the security forces would be willing to maintain public order in the interests of the present pro-Western government. The chiefs of the gendarmerie and police believe their forces are capable of ensuring security in Beirut, but not in the countryside.

Psychological warfare by both Chamoun and his opponents, including veiled threats and undercover activities, are aggravating the already delicate situation. [redacted]

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[redacted]

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Japanese Election Prospects

Japanese Prime Minister Kishi's thinking on general elections is that action on essential legislation including the budget will be completed by 20 April, after which the lower house of the Diet should be dissolved and the new house elected in May. Kishi may introduce a controversial measure in the Diet, such as a bill limiting the activities of labor, to provoke Socialist objections that would give him an excuse for dissolving the Diet.

Kishi, who has given Japan sound leadership, is handicapped by an inability to develop personal popularity, and he is dependent on the achievements of his administration for voter appeal. He has suggested to Ambassador MacArthur that a favorable US attitude on pending problems, such as a concession to Japan on the Okinawa problem, would strengthen the conservatives.

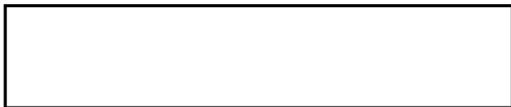
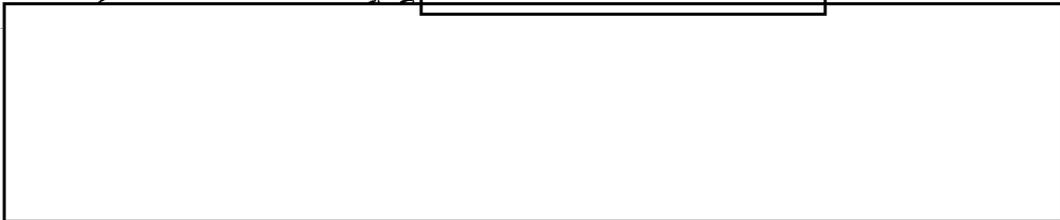
Although the conservative Liberal-Democratic party is expected to retain a majority in the Diet, any significant Socialist gains probably would be exploited by Kishi's rivals in the governing party in an attempt to weaken his position and eventually remove him from the leadership of the party and the government. [redacted]

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[redacted] Kishi's rivals will have much greater prospects of removing him if Socialist strength in the Diet increases by more than ten seats. [redacted]

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III. THE WEST

By-election Loss Damaging Blow to Macmillan Government

The Conservatives' loss of the Torrington, Devonshire, parliamentary seat to the Liberals in the 27 March by-election is the worst blow yet suffered by the Macmillan government. While the Conservatives retain a comfortable parliamentary majority of 40, their percentage of the popular vote has fallen in 31 out of the 32 by-elections held since the 1955 general election, including 18 since Macmillan became prime minister in January 1957. This loss of a formerly Liberal but now normally "safe" Conservative seat will strengthen the impression among many observers that the Labor party is bound to win the next general election, which must be held within two years. This view will probably add to London's difficulties in dealing with such problems as Cyprus where disputants anticipate policy changes under a Labor government.

The party's leader, Jo Grimond, in a pre-election conversation with Ambassador Whitney, indicated that the Liberals' steadily increasing popularity, gained mainly at the expense of the Conservatives, could force the government to negotiate electoral alliances with the Liberals in many more constituencies than it has in the past. Such an arrangement might double the Liberals' present parliamentary holding of six seats out of 630. Torrington's evidence of Liberal resurgence nevertheless may be expected to lead more ambitious party workers to press for an uncompromising political offensive. [REDACTED]

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Opposition to Panamanian President Increases

Opposition to President Ernesto de la Guardia is increasing among powerful pressure groups in Panama, which appear ready to compose their own differences in an effort to oust him. They will probably attempt to incite public opposition to the president's cooperation with the United States by criticizing his failure to press the recent campaign demanding 50 percent of the gross income of the Panama Canal.

Chief organizer of the disgruntled elite, which sees its long control over lucrative politico-economic power threatened by De la Guardia's moderate reforms, is probably former President Harmodio Arias, a publisher who wields extensive backstage power. One of his sons resigned this week as finance minister and another as ambassador to London. Arias has previously exploited the canal issue for political purposes and can be expected to use it again; one of his protégés in the Foreign Ministry originated the 50-percent campaign. Nationalistic appeals and claims for larger canal payments could easily arouse the many thousands of restless, unemployed Panamanians who already tend to blame their country's critical economic situation and their own poverty on US control of the canal.

De la Guardia's retention of the presidency will probably depend on the continued support of the national guard, Panama's only armed force. Corrupt guard leaders, however, are susceptible to opposition pressure because the president's policies may endanger their own widespread business activities.

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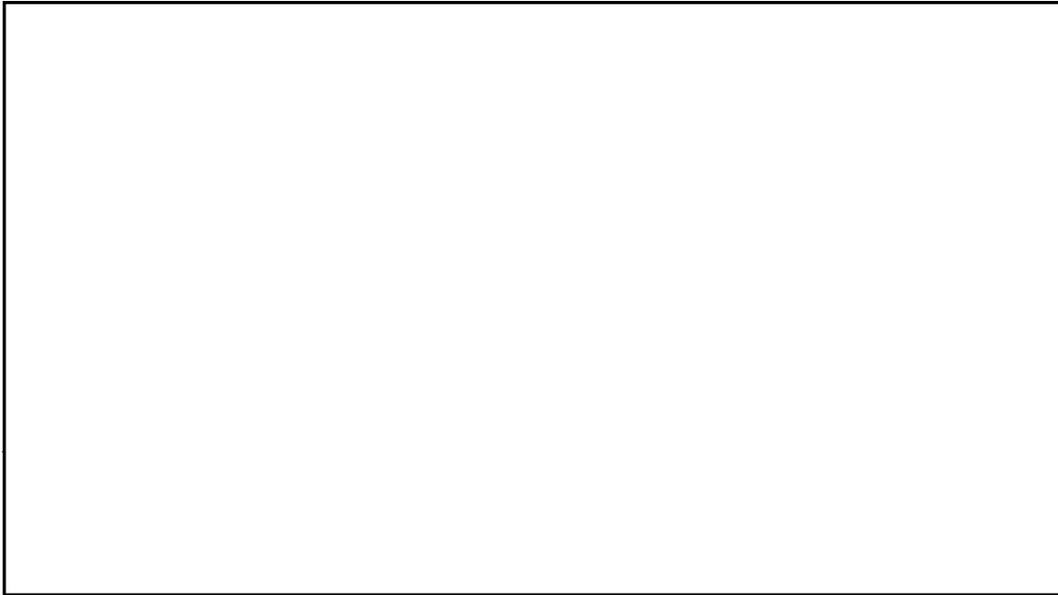
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