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II. ASIA-AFRICA

Lebanon: Tension in Beirut remains high and is spreading into the countryside. Numerous pro-Chamoun Phalangists have made their way into Beirut, while others are encamped on the city's outskirts. Should the kidnaped Phalangist editor not be released by 23 September, clashes between Christians and Moslems are likely to occur despite the 24-hour curfew and government efforts to maintain order.

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Algeria: Algerian rebel leaders have indicated that their "free Algerian government" is dealing cautiously with the United Arab Republic, and denied that Cairo has been chosen as the seat of their government but did not rule it out. They claimed the announcement was timed to offset the effect of the Algerian vote on the French constitutional referendum.

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UAR: Nasir apparently will soon move toward strengthening his personal control over Syrian affairs by establishing a more centralized government in Cairo. He will probably use government reorganization as a means of placing further curbs on the activities of Syrian politicians who have been blocking the extension of his authority in Syria.

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Indonesia: The announced postponement for a year of national elections previously scheduled for September 1959 apparently is a major victory for the Indonesian Army and marks another step in its program to check growing Communist party strength. It may precipitate a strong reaction from the Communists, whose hopes for national dominance had risen last year as a result of their sweep of the Javanese local elections. [redacted]

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Laos: Prime Minister Phoui Sananikone is in a precarious political position as he begins negotiations with the United States over monetary reform. Strong opposition to devaluation exists within his cabinet and his parliamentary backing. [redacted]

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III. THE WEST

OK
Bolivia: President Siles is unlikely to carry out the resolution passed by the Bolivian Chamber of Deputies on 19 September calling for resumption of diplomatic relations with the USSR. The chamber's action is part of a pattern of pressures for such relations in various Latin American countries. [redacted]

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DAILY BRIEF

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II. ASIA-AFRICA

Algerian Rebel Government

Mohamed Yazid, minister for information in the provisional "Government of the Algerian Republic," indicated to American Embassy officials in Cairo on 20 September that it is dealing cautiously with the United Arab Republic. He claimed that the National Liberation Front (FLN) had been embarrassed by a UAR leak to the press some 48 hours prior to the proclamation of the regime on 19 September, and that the Algerians had maneuvered with the Iraqi ambassador in Cairo so that Iraqi recognition would precede that of the UAR.

Yazid refuted with obvious resentment statements in the UAR press that Cairo has already been chosen as the seat of the new government, and also denied that a decision has been made to apply for Arab League membership. League affiliation may be one of the questions considered at the initial "cabinet" meeting on 26 September. All league members, except Lebanon, apparently had recognized the new regime as of 22 September. Tunisia, Morocco, and Kuwait have also recognized the rebel government, while the Pakistani Government, whose chargé in Cairo has called on the rebel leaders, has urged American and Commonwealth diplomats to apply pressure on France to take immediate steps either toward independence or integration for Algeria, failing which Pakistan must recognize the FLN "government."

Deputy Premier Krim Belkacem, who with Premier Abbas and Minister of Armament and Supply Mahmoud Cherif will establish himself in Tunis, informed Ambassador Jones in Tunis that the establishment of a provisional government had been demanded by the Liberation Army and "political workers" inside Algeria for its psychological impact on the French constitutional referendum, which in Algeria will be held from 26 through 28 September. Belkacem expressed astonishment and resentment at Tunisian President Bourguiba's displeasure over the proclamation of the government.

Belkacem's statement that the Algerian regime will not allow itself to come under the influence of any government probably can be interpreted as applying equally to Tunisia and the UAR:

Belkacem admitted that the Algerians expected some embarrassment from the FLN's relations with the Soviet bloc, but added that in their own interest this door must be left open. Cherif volunteered that the Algerians would continue their policy of "accepting only token Soviet bloc offerings as long as weapons and ammunition are available through Arab sources." Communist China on 22 September became the first non-Arab state to recognize the provisional regime.

Yazid claimed that the Algerian leaders have no desire to embarrass the United States on the question of recognition, but believed the most "helpful" American attitude would be to maintain complete silence on the problem. Nevertheless, the rebel regime has formally requested recognition.

Although France has warned that recognition of the Algerian regime would be considered an "unfriendly" gesture, a Foreign Ministry spokesman assured the American ambassador in Paris that there is "no question" of recalling French ambassadors from Tunis or Rabat. The French Government, he said, would make every effort to ensure that recognition by Morocco and Tunisia would not result in such embarrassing "practical consequences" as an exchange of ambassadors.

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Centralization of UAR Government

Cairo press reports that President Nasir will soon centralize in Cairo the "planning, coordination, and execution" of UAR policies probably presage a move to gain more effective control over Syrian affairs. Some Damascus newspapers, approving Nasir's reported plan, state that the central government will assume responsibility for all financial, monetary, industrial, and agricultural affairs for both regions. Nasir's most serious long-term problem is economic, and actions taken thus far to coordinate the Egyptian and Syrian economies have achieved little more than the creation of resentment in Syrian commercial and industrial circles. Attempts at tighter control may only intensify that feeling.

Nasir has apparently found that even the limited degree of autonomy granted the Syrian region following union last February allowed too much freedom to groups and individuals resentful of Egyptian domination, both economic and political. Numerous reports that Nasir is dissatisfied with progress in the union, and his own overt criticism in his speech of 3 September, suggest that he will act quickly to remove or curtail the influence of those blocking the extension of his control.

Syrian Vice President Hawrani, whose Baath party has thus far evaded compliance with Nasir's order disbanding political groups, would probably be among the first affected by any change. Nasir is reportedly contemplating trial of Syrian politicians and officers for involvement with the Nuri Said regime in plotting against Syria, and might seek to include Hawrani. Nasir recently ordered the closing of the pro-Hawrani Damascus newspaper al-Rai al-Amm, and reportedly refused Hawrani's request that the Baath party be allowed to expand its propaganda activities to combat Communism in Iraq. Nasir presumably fears the natural attraction of Iraq for Syria, and is unlikely to countenance close cooperation between the two branches of the party even though Iraqi Baathists are now said to be strongly supporting union with the UAR.

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Indonesian National Elections Postponed One Year

Prime Minister Djuanda has informed the Indonesian Parliament that the national parliamentary elections scheduled for September 1959 are to be postponed for a year because of the continuing rebellion in Sumatra and Celebes. The decision appears to be a major victory for the Indonesian Army in its plans to check growing Communist party strength.

Significant Communist gains, possibly giving the party a national plurality, had been expected in the 1959 elections. The Communist party had won a plurality in the 1957 local elections in Java, where over 60 percent of Indonesia's population lives, and local elections elsewhere in Indonesia had also showed Communist gains. In contrast to the inactivity of the non-Communist parties, the Communists had already begun vigorous preparations for the next national elections. They can be expected to denounce the postponement as an obstruction of "the people's will," and they will undoubtedly continue pre-election activity if permitted to do so. They are likely to attempt to challenge the army's conservative leadership and then increase their efforts to undermine Chief of Staff Nasution and his supporters.

Army leaders have stated privately that they are working toward a five-year postponement of elections. They feel they need this much time to stabilize the country and undercut Communist influence.

New Laotian Government Faces Critical Test on Monetary Reform Issue

Laotian Prime Minister Phoui Sananikone is in a precarious political position as monetary reform negotiations begin with the United States on devaluation of the Laotian currency. Most of the deputies within the conservative Rally of the Lao People (RLP), which is the principal support of the government, profit from the present unrealistic official dollar exchange rate and oppose devaluation. Disgruntled leaders within the RLP are working to overthrow Phoui on this issue by lining up RLP deputies to vote with the extreme leftist opposition. They charge that Phoui, prior to his investiture, misrepresented his position on devaluation to the RLP.

In addition, the Communist-dominated Neo Lao Hak Zat's well-organized propaganda machine has successfully portrayed reform as an inflationary measure aimed at the "little man," and some conservative politicians fear that a vote for devaluation would damage their prospects in the national elections in 1959.

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III. THE WEST

Pressure for Closer Latin American Relations With USSR

The resolution of the Bolivian Chamber of Deputies on 19 September calling for the resumption of diplomatic relations with the USSR is unlikely to be carried out by moderate President Siles. Siles, in refusing to comply with the deputies' request, may cite the public accusations which he, the foreign minister, and the Bolivian lower house itself have made in recent months that Soviet tin sales constitute economic aggression against Bolivia. At present, Czechoslovakia is the only bloc country which maintains a mission in La Paz.

The request is part of a pattern of pressure for such relations in Latin American countries, pressure which is encouraged by a combination of Communists, ultranationalists, and some economic groups who believe relations with the bloc will provide markets for surplus raw material production. In Brazil, in particular, there is political and business sentiment for closer relations with the USSR. Although most officials of Brazil's National Security Council are dubious about the wisdom of restoring diplomatic relations, a number of prominent politicians continue to insist that such relations are necessary to Brazil's international prestige. The government wants closer trade relations with the bloc in view of the foreign exchange crisis and is supported in this view by a number of coffee growers.

In Venezuela, President Larrazabal said last July that the interim government would leave the question of establishing relations with the USSR to the government scheduled to be elected in November 1958. Recently, a high official of the USSR Office of Cultural Exchange is said to have urged greater cultural exchange during an interview with Larrazabal, while a TASS representative in another recent interview sought the President's authorization to establish a permanent TASS office in Venezuela.

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