

~~TOP SECRET~~

2))

20 March 1958

Copy No. 137

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 17
NO CHANGE IN CLASS. X
IF DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: IR 70-2
DATE: 3/15/80 REVIEWER:

~~TOP SECRET~~



~~TOP SECRET~~

~~TOP SECRET~~

20 MARCH 1958

I. THE COMMUNIST BLOC

Unidentified submarine contacts off US east coast decline to three; two contacts reported off west coast.

Three Soviet submarines leave Baltic, believed headed for Egypt.

USSR - Recent Suslov speeches indicate coolness toward Khrushchev's MTS plans.

II. ASIA-AFRICA

Indonesia - Government forces appear to hold Medan and Central Sumatran oil centers.

New Soviet arms shipment to Syria.

Yemen - Imam orders crown prince to Moscow to ask more military, economic aid.

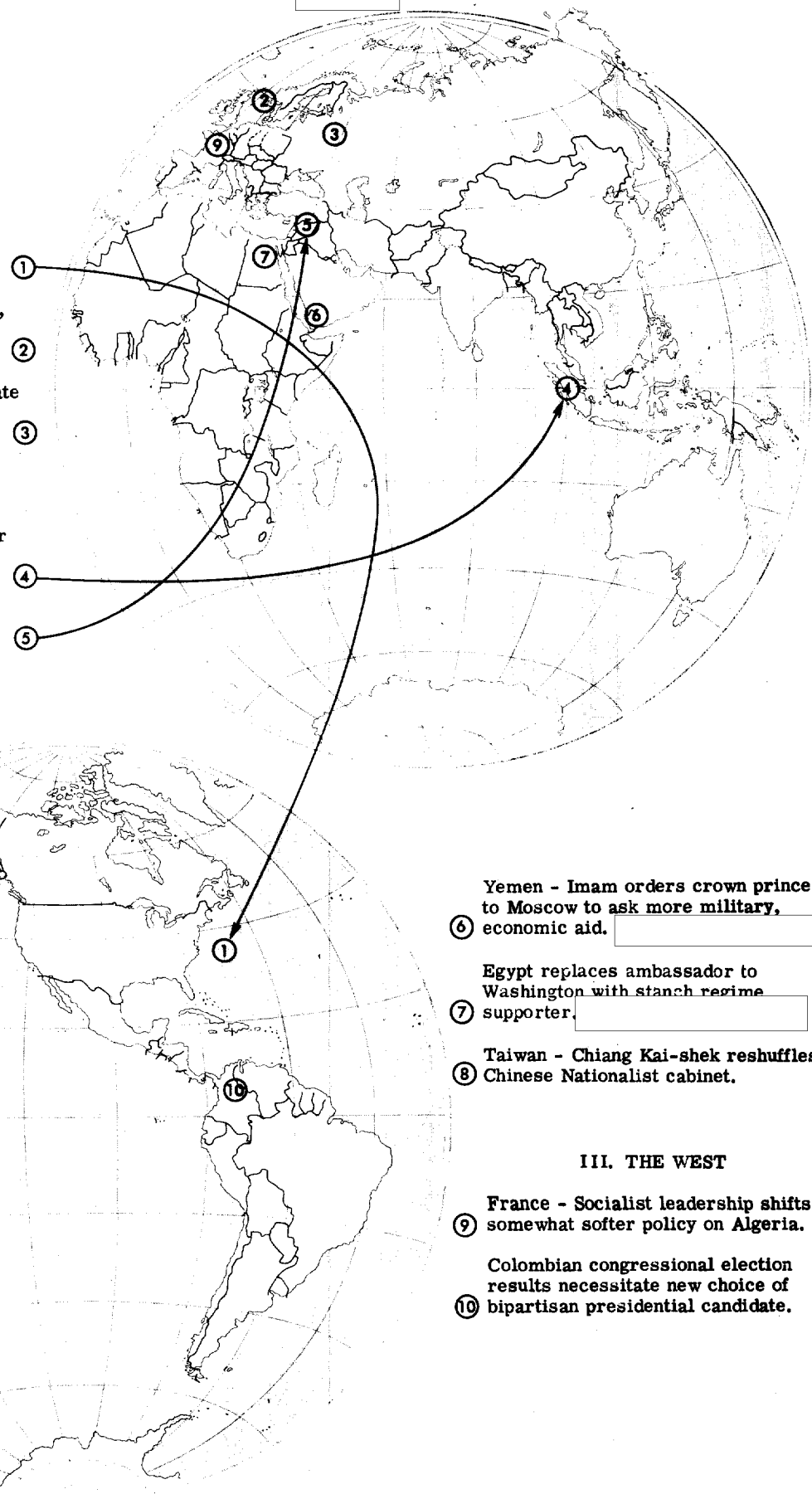
Egypt replaces ambassador to Washington with staunch regime supporter.

Taiwan - Chiang Kai-shek reshuffles Chinese Nationalist cabinet.

III. THE WEST

France - Socialist leadership shifts to somewhat softer policy on Algeria.

Colombian congressional election results necessitate new choice of bipartisan presidential candidate.



~~TOP SECRET~~

~~TOP SECRET~~

CENTRAL INTELLIGENCE BULLETIN

20 March 1958

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

No Unidentified submarine contacts: During the period 12-19 March, unidentified submarine contacts off the US east coast dropped sharply from the high level that had been maintained since mid-February. At present only three contacts, all evaluated as possible submarines, are under investigation in the Atlantic. During the same period, however, two new contacts were reported off the west coast. One of these, a visual sighting 75 miles northwest of San Francisco, has been tentatively evaluated as a positive submarine. (Page 1)

No Three Soviet submarines to Egypt: Egypt's submarine force would be doubled by the expected arrival of three Soviet W-class long-range submarines which have left the Baltic and are believed en route to Egypt. Recent communications have indicated that Egypt has three submarine crews available and that two additional crews are being formed. (Page 2)

yes Soviet leadership: Two recent speeches by party presidium member Suslov tend to support earlier reports of his opposition to Khrushchev's machine tractor station (MTS) reorganization plan. In his election speech, Suslov, in contrast with the other leaders, mentioned the MTS plan only perfunctorily and appeared to go out of his way to avoid citing Khrushchev. (Page 3)

i

~~TOP SECRET~~

~~TOP SECRET~~ []

II. ASIA-AFRICA

No Indonesia: Forces of the central government are believed to hold the oil centers of Central Sumatra as well as Medan in North Sumatra. While the dissidents claim they will receive support from Atjeh, no Atjehese units are known to have joined the dissident forces. In South Sumatra, Lt. Col. Barlian is said to have reaffirmed his neutral posture. There is no further available evidence about the planned central government landings on the west coast of Sumatra. Col. Kawilarang, recently military attaché in Washington, is en route to Menado, North Celebes, to lend his prestige to the dissident cause. []

No Syria--more bloc arms: A Soviet shipment of 70,000 submachine guns, now being readied for delivery to Syria, would supplement 75,000 submachine guns and 40,000 rifles previously ordered from bloc sources. The new weapons are probably scheduled to be used for stepped-up training of reserve forces and quasi-military units which are to be integrated with the Egyptian National Guard. If stocks of older Syrian light arms become available as a result of standardization on the new Soviet bloc weapons, they could be used for support of the North African rebellion or of pro-UAR elements among Syria's Arab neighbors. []

[] (Page 4)

No Yemen--more Soviet aid: The Imam of Yemen is seeking further economic and military aid from the USSR. [] the Imam told Crown Prince Badr, then in Damascus, that he should make another trip to Moscow to discuss obtaining additional aid. Badr has indicated to the Egyptians that a further Soviet loan would be used to purchase arms and petroleum products. []

[] (Page 5)

Egypt-United States: Cairo has informed its ambassador in Washington, Ahmad Hussein, that he is to be replaced by

20 Mar 58

DAILY BRIEF

ii

~~TOP SECRET~~ []

~~TOP SECRET~~

No
 the present Egyptian envoy to India, Mustafa Kamil, a staunch supporter of the regime. Hussein, who has long been out of sympathy with Nasir's policies toward the West, feels that this change is symptomatic of an orientation of Egyptian policy away from closer relations with the United States. The shift may in fact, however, simply be part of wider personnel changes aimed at combining Egyptian and Syrian diplomatic representation into a single service.

Yes
Taiwan: Chiang Kai-shek has replaced his ministers of interior, finance, and economic affairs in the first major reshuffle of the Chinese Nationalist cabinet since 1954. Chiang has long been dissatisfied with the operations of his economic agencies, and a change in the cabinet has been expected for some time. All three ministers have been under press and legislative criticism for alleged corruption in their departments. (Page 6)

III. THE WEST

yes
France: The Socialist party leadership has decided on a gradual shift in its Algerian policy from support of Lacoste's pacification program to one of considerably more autonomy than is now provided for in the Algerian basic statute. When this shift become evident, the rightists, who have recently been gaining some support from center groups for their tough attitude toward North Africa, will either have to back down or precipitate Gaillard's overthrow. (Page 7)

yes
Colombia: Replacement of moderate Conservative Leon Valencia as the agreed Liberal-Conservative choice for president is virtually certain as a result of the congressional elections of 16 March. Returns about three-quarters complete show that while the Liberal party polled a sizable majority of the popular vote, control of the Conservative party has been captured by rightist elements strongly opposed to Valencia and his candidacy. (Page 8)

20 Mar 58

DAILY BRIEF

iii

~~TOP SECRET~~

~~TOP SECRET~~

I. THE COMMUNIST BLOC

Unidentified Submarine Contacts off US Coasts Decline

Reports of unidentified submarine contacts in the western Atlantic have declined sharply from the high level that had been maintained since mid-February. Since 12 March, five contacts have been obtained but only three are still under investigation as possible submarines. One of these is off Halifax, Nova Scotia, and the others are south of Nantucket and east of Cape May.

Two new contacts have also been reported off the US west coast. One of these was sighted on the surface by a US naval aircraft about 75 miles northwest of San Francisco on 13 March. This contact was tentatively evaluated as a positive submarine and is still under investigation. A second contact reported off San Diego on 14 March was evaluated as a possible submarine and investigation has been discontinued.

No communications support for extended Soviet submarine operations in the Atlantic has been detected. During March, however, Soviet Pacific Fleet communications have apparently been supporting extended operations by at least one submarine in that area.

~~TOP SECRET~~

~~TOP SECRET~~ [redacted]

Three Soviet Submarines Probably En Route to Egypt

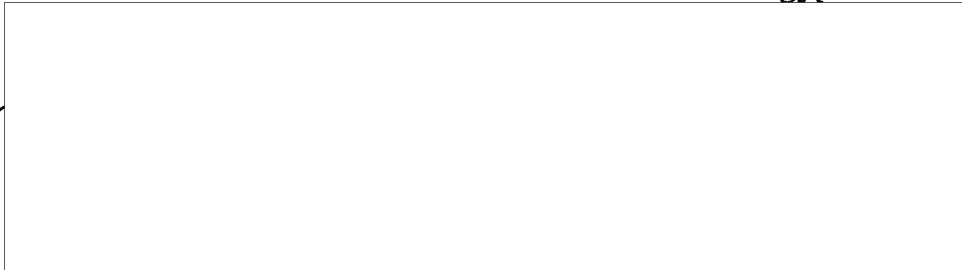
Three Soviet W-class long-range submarines, escorted by a minesweeper, turned south after entering the North Sea from the Skagerrak on 19 March and are probably destined for Egypt, where they could arrive about 4 April.

The Egyptian Navy already has a short-range M-class submarine and two W-class submarines which arrived in Alexandria last June.

[redacted] three submarine reserve crews were available and that two more were being formed. [redacted]

[redacted] Egyptian naval officers were to visit Moscow in regard to submarines.

The arrival of these submarines may foreshadow the establishment of a second submarine base in Egypt.



~~TOP SECRET~~ [redacted]

~~CONFIDENTIAL~~Further Evidence of Suslov's Differences With Khrushchev

The US Embassy in Moscow believes that the recent election speech of party presidium member Suslov supports earlier reports of differences between him and Khrushchev over the reorganization of machine tractor stations. In early March the embassy had reliable information that Suslov was extremely annoyed at Khrushchev for proposing the reorganization publicly before discussing it in the party presidium.

Suslov's recent speeches have differed in a number of respects from those of other top leaders. In his 11 March election speech he referred to the reorganization plan only briefly and in a manner which gave no evidence of genuine enthusiasm. He was alone among presidium members in not claiming the unanimous support of the Soviet people for the plan. In marked contrast to all other top leaders, Suslov not only avoided every opportunity to acknowledge Khrushchev's leading role but failed to mention him at all. He again pointedly omitted any reference to Khrushchev in a more recent speech to cultural workers in Saratov.

Despite these signs of continuing high-level opposition, the reorganization has already proceeded to the point where reversal is unlikely.

~~CONFIDENTIAL~~

~~TOP SECRET~~

II. ASIA-AFRICA

New Syrian Arms Purchases From the Soviet Bloc

A consignment of 70,000 Soviet submachine guns, which was being readied for delivery to Syria in early March, will probably be used in a program for stepped-up training and re-equipment of Syrian Army reserves and quasi-military units which are to be integrated with the Egyptian National Guard. The new shipment would supplement 75,000 submachine guns and 40,000 rifles previously purchased from bloc sources, which were used for standardization of the small arms used by the Syrian Army, and for issue to personnel of the quasi-military popular resistance organizations.

The Syrian Army numbers about 55,000, backed at present by an additional 40,000 ill-equipped reservists. Estimates of the strength of personnel in quasi-military units in Syria run as high as 125,000, although forces of this size may not be integrated at once into the UAR National Guard.

If stocks of older Syrian light arms are made available as a result of standardization on the new Soviet bloc weapons, they could be used for supplying the rebellion in North Africa or distributed to pro-UAR elements among Syria's Arab neighbors. In the past, Syria has sent arms via Egypt to the Algerian rebels, and has furnished arms to anti-Western nationalists in Lebanon and Jordan.

~~TOP SECRET~~

~~TOP SECRET~~

Yemen Seeking Further Soviet Bloc Military and Economic Aid

Crown Prince Badr returned to Yemen on 17 March in response to instructions from his father, the Imam of Yemen, to prepare for another trip to Moscow to renew Yemen's request for further military and economic aid. Badr was accompanied by Egyptian representatives who may attempt to modify the Imam's desire for arms, in order to reduce the danger of his premature embroilment with the British in Aden.

Among aid matters of concern to the Imam are communications equipment, a "ship," "special airplanes," assurance of enough petroleum supplies to free Yemen from dependence on Aden, and a cash loan of \$10,000,000 to be deposited in a Swiss bank.

The materiel may be sought under the credits granted by the USSR and Czechoslovakia in January. At that time the USSR is reported to have granted a \$35,000,000 credit for economic development, and Czechoslovakia has undertaken to deliver an additional \$3,750,000 worth of arms.

The desire for a Soviet cash loan probably reflects the Imam's recent inability to obtain further credit from King Saud. Although Yemen had previously received about half of a \$10,000,000 credit promised by Saud in 1956, Yemen's affiliation with the UAR probably resulted in Saud's refusal of further aid in January. Yemen may have been counting on an additional Saudi advance to finance a current deal for purchase of 15,000 rifles in Italy. Badr has indicated to the Egyptians that the new loan to be sought from the Soviet Union would be used to purchase arms and POL supplies.

~~TOP SECRET~~

~~CONFIDENTIAL~~

Chiang Kai-shek Replaces Economic Ministers and Interior Minister

Chiang Kai-shek has dismissed Finance Minister P. Y. Hsu, Minister of Economic Affairs Kiang Pao, and Interior Minister Wang Te-pu. They will be succeeded by C. K. Yen, Yang Chi-tseng, and Tien Chung-chin, respectively. A change in the Chinese Nationalist cabinet has been expected since the impeachment proceedings against Premier O. K. Yui last winter. Yui received only a verbal reprimand as a result and Chiang Ching-kuo, the President's elder son and Nationalist security boss, has stated that Yui's replacement is not yet being planned.

Chiang Kai-shek has long been disturbed by inefficiency and corruption in the government, particularly in the economic agencies. Many government organs have been under investigation since last December, and press stories have appeared linking all three of the dismissed ministers with corrupt activities.

The shake-up probably is an attempt by Chiang Kai-shek to reduce criticism of his government and instill efficiency. The replacements chosen are not prominent party leaders, and no radical changes of policy are likely. Elimination of Finance Minister Hsu, however, and his replacement by C. K. Yen may indicate that some changes will be made in the system of multiple exchange rates, which has been much criticized by American advisers.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

III. THE WEST

French Socialists Shifting Stand on Algeria

The French Socialist party leadership has decided that its Algerian policy is to be gradually shifted from support of Lacoste's pacification program to one of considerably more autonomy than is now provided for in the Algerian basic statute. Top leaders at the 15 March meeting of the party's national council indicated their agreement on the change, which features early elections under foreign supervision. Party workers are to be re-indoctrinated before the National Congress in June when the new program will probably be presented. The national council meeting was highlighted by Secretary General Guy Mollet's first public criticism of Lacoste, whose subsequent offer to resign was turned down.

The Socialists are trying to avoid any publicity on the shift, but when the change becomes evident their rightist partners in the coalition may be forced to precipitate a crisis or to back down on their demands for an unyielding policy in North Africa. Lacoste's tough Algerian policy has been the bridge between the Socialists and Independents. Many of the latter will be reluctant to compromise for fear of losing their electoral following, and growing support in the center parties for the tough approach may also encourage them to hold firm.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~Colombians Expected to Search for New Bipartisan
Presidential Candidate

The Colombian congressional election results of 16 March will almost certainly put an end to the joint Liberal-Conservative presidential candidacy of moderate Conservative Leon Valencia because of opposition to him from victorious rightist elements within his own party. With three quarters of the ballots counted, the Liberal party is polling about 58 percent. Control of the Conservative party was captured by the right-wing followers of Laureano Gomez, who has opposed Valencia's candidacy.

The elections were held under a constitutional amendment establishing parity in government for the next 12 years between Colombia's two traditional parties, which have been engaged in a virtual civil war for the past ten years. The calm and orderly fashion in which the elections were held and the limited gains made by a prodictatorial third faction of the Conservative party suggest that although the presidential vote may have to be postponed beyond 4 May, the parity experiment has a fair chance of success. A probable replacement for Valencia as joint presidential candidate is moderate Conservative Antonio Alvarez Restrepo, former minister of finance.

~~CONFIDENTIAL~~

~~TOP SECRET~~

CENTRAL INTELLIGENCE BULLETIN

20 March 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

No Unidentified submarine contacts: During the period 12-19 March, unidentified submarine contacts off the US east coast dropped sharply from the high level that had been maintained since mid-February. At present only three contacts, all evaluated as possible submarines, are under investigation in the Atlantic. During the same period, however, two new contacts were reported off the west coast. One of these, a visual sighting 75 miles northwest of San Francisco, has been tentatively evaluated as a positive submarine. [redacted] (Page 1) *OK*

OK Soviet leadership: Two recent speeches by party presidium member Suslov tend to support earlier reports of his opposition to Khrushchev's machine tractor station (MTS) reorganization plan. In his election speech, Suslov, in contrast with the other leaders, mentioned the MTS plan only perfunctorily and appeared to go out of his way to avoid citing Khrushchev. [redacted] (Page 3) *OK*

No Syria--more bloc arms: A Soviet shipment of 70,000 submachine guns, now being readied for delivery to Syria, would supplement 75,000 submachine guns and 40,000 rifles previously ordered from bloc sources. The new weapons are probably scheduled to be used for stepped-up training of reserve forces and quasi-military units which are to be integrated with the Egyptian National Guard. If stocks of older Syrian light arms become available as a result of standardization on the new Soviet bloc weapons, they could be used for support of the North African rebellion or of pro-UAR elements among Syria's Arab neighbors. [redacted] (Page 4) *OK*

No Yemen--more Soviet aid: The Imam of Yemen is seeking further economic and military aid from the USSR. In a message on 11 March the Imam told Crown Prince Badr, then in Damascus, that he should make another trip to Moscow to discuss obtaining additional aid. Badr has indicated to the Egyptians that a further Soviet loan would be used to purchase arms and petroleum products. [redacted] (Page 5) *OK*

OK France: The Socialist party leadership has decided on a gradual shift in its Algerian policy from support of Lacoste's pacification program to one of considerably more autonomy than is now provided for in the Algerian basic statute. When this shift become evident, the rightists, who have recently been gaining some support from center groups for their tough attitude toward North Africa, will either have to back down or precipitate Gaillard's overthrow. [redacted] (Page 7) *OK*

OK Colombia: Replacement of moderate Conservative Leon Valencia as the agreed Liberal-Conservative choice for president is virtually certain as a result of the congressional elections of 16 March. Returns about three-quarters complete show that while the Liberal party polled a sizable majority of the popular vote, control of the Conservative party has been captured by rightist elements strongly opposed to Valencia and his candidacy. [redacted] (Page 8) *OK*

20 Mar 58

DAILY BRIEF

iii

~~TOP SECRET~~