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3 June 1958



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CENTRAL INTELLIGENCE BULLETIN



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3 JUNE 1958

I. THE COMMUNIST BLOC

East German regime's break with all-German church may increase popular discontent.

New type of Soviet submarine possibly in serial construction in Leningrad.

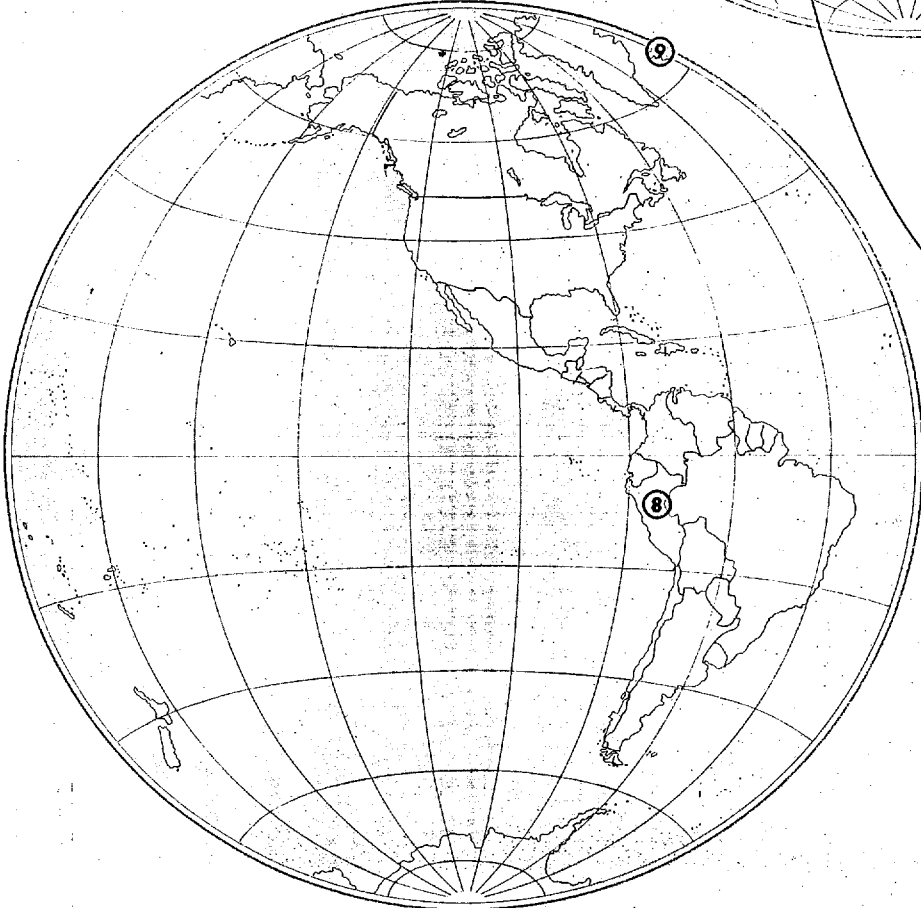
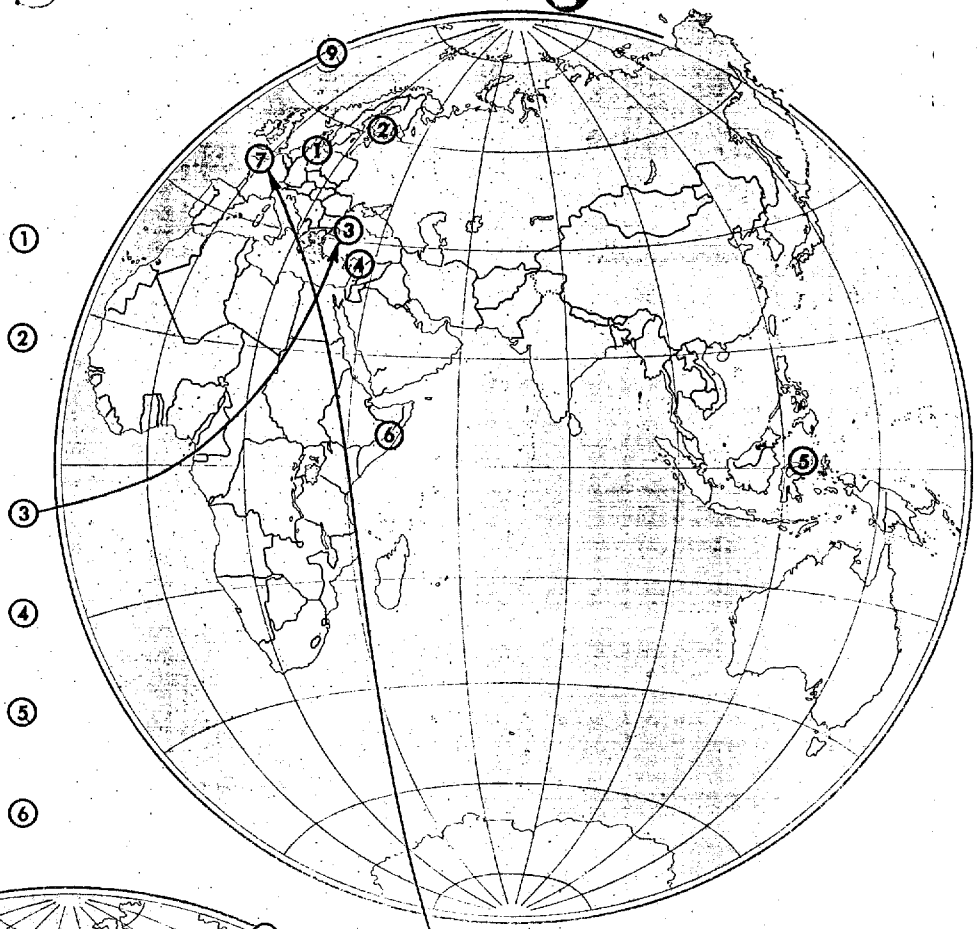
II. ASIA-AFRICA

Turkish-Soviet talks continue, probably dealing with large Soviet credit offer.

Lebanon - Rebel military strength not dispersed. Arab League asks Lebanon to postpone UN appeal.

Indonesian central government expects little resistance in mopping up dissidents in North Celebes.

Somalia Parliament votes to cancel elections; may benefit anti-Western elements.



III. THE WEST

7 France - De Gaulle's threat to resign brings assembly support of his plan for reform of constitution.

8 Peru - Military will insist on more influence in any new government emerging from cabinet crisis.

9 Iceland unwilling to negotiate on proposed extension of restricted waters.

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CENTRAL INTELLIGENCE BULLETIN

3 June 1958

DAILY BRIEF

LRAB

I. THE COMMUNIST BLOC

yes

East Germany: Public demonstrations may occur in East Germany when the people learn the regime has withdrawn its recognition of the German Evangelical Church, the only remaining all-German organization. Popular discontent has already been exacerbated by a tightening of border controls, a rise in food prices, and an expectation of additional travel restrictions. Pankow may attempt to set up a regime-dominated church organization for East Germany. [] (Page 1)

no

Soviet naval construction: The number of submarines of a new type observed in Leningrad increased from one to three between February and 12 May. The USSR has attempted to hide these boats with screens, [] they are unusually large as compared with other Soviet submarines, with considerable beam and a length approaching 325 feet. Although these submarines could be modernizations of an existing class, it is possible that Leningrad has begun serial construction of submarines of a new type known to be under construction in the Soviet Far East. [] (Page 2)

II. ASIA-AFRICA

yes

Turkey-USSR: Soviet-Turkish talks are apparently continuing in Ankara. It appears that a Soviet credit offer of more than \$250,000,000 may be involved. While the

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Soviet ambassador may have raised the missile bases question for bargaining purposes, there is no suggestion and little likelihood that the Turks gave it any serious consideration. [redacted]

[redacted] Turkey is fully aware of the Soviet danger, and that the Turks know how far they can safely go in accepting Soviet aid. [redacted] (Page 3)

No

*Lebanon: Despite sporadic bombings, the military situation in Lebanon remains relatively quiet. However, government security forces have clashed again with insurgents in several areas, while rebel concentrations in the south have not been dispersed. The Arab League council has asked Lebanon to postpone UN consideration of its charge of UAR interference pending further negotiations within the Arab League.. [redacted]

No

Indonesia: Djakarta [redacted] expect only light resistance in their final operations against the dissidents in North Celebes. [redacted]

[redacted] planning for additional raids and infiltrations as a part of a softening-up process. [redacted] (Page 4) (Map)

yes

Somalia: Italian plans for preparing Somalia for independence by 1960 have been upset by last week's vote in the Somalia Parliament to cancel the legislative elections scheduled for this summer and extend the present body's life for 18 months. The motivation for the Parliament's action--which produced confusion and provided radical pro-Egyptian elements with a new propaganda weapon--is unclear, but it may have resulted primarily from intense tribal rivalries. [redacted] (Page 5)

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DAILY BRIEF

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~~TOP SECRET~~ [redacted]

III. THE WEST

yes

*France: National Assembly passage of the De Gaulle government's bill to permit approval of constitutional reforms by popular referendum rather than legislative vote clears the way for action on North Africa and for constitutional reforms at home. De Gaulle's threat to resign, which again confronted the assembly with the prospect of civil strife, should discourage further attempts at "politics as usual." De Gaulle's sense of urgency regarding North Africa is indicated by his messages to Bourguiba and Mohamed V on 2 June and his flight to Algeria scheduled for 4 June. [redacted] (Page 6)

no

Peru: Great dissatisfaction of influential groups with Peru's weak civilian government is reflected in the difficulty of replacing the cabinet which resigned on 29 May. President Prado has chosen civilian Vice President Gallo Porras as his new chief of cabinet, but the military are likely to insist on greatly increased influence, and might force Prado to resign. [redacted] (Page 7)

yes

Iceland-UK: The Icelandic Government is refusing to "negotiate" with any foreign states on its projected extension--effective 1 September--of fish conservation limits to 12 miles. The British Cabinet has approved a statement rejecting the proposed Icelandic regulations as without effect in international law and insisting that Britain will protect its fishing vessels against any unlawful interference. [redacted] (Page 8)

3 June 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

East German Discontent Likely to Increase

Recent actions by the East German regime are likely to intensify popular discontent. Border and customs controls have been tightened simultaneously with the end of food rationing, which resulted in higher food prices. These actions have stimulated rumors of a currency reform and expectations that additional travel restrictions will accompany the redocumentation which is required by the elimination of ration cards.

While the East Germans are sensitive over such economic developments, they are equally concerned about the rights of the only remaining all-German organization, the German Evangelical Church (EKID), from which the regime secretly withdrew its recognition on 19 May. When this becomes public knowledge, possibly as a result of the church-state meeting which was scheduled for 2 June, demonstrations could result.

The regime's attempt to divide the Evangelical Church into separate East and West German segments will probably be viewed as a prelude to the creation of a regime-dominated church organization in East Germany. The post of EKID plenipotentiary in East Germany has been abolished, and Pankow will almost certainly try again to impose limitations on financial assistance given by the EKID to the individual East German churches. In the past the church has proved one of Pankow's most bitter and effective opponents, and it is not likely to submit without a major struggle.

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Soviet Submarine Construction

Between February and May, [redacted] the appearance of three submarines apparently of a new type alongside the Sudomekh shipyard in Leningrad. Although an attempt was made to screen these boats from view, [redacted] they appeared to be unusually large in comparison to established Soviet types, with a large beam and a length estimated at between 300 and 325 feet.

The sighting of four possible pressure hull sections, at least 30 feet in diameter, at the shipyard supports the belief that these submarines are of very large size. If all the reported dimensions are correct, these submarines would be about the size of the USS Nautilus, although there is no indication that they are nuclear-propelled.

The units are apparently in an advanced stage of fitting out. One submarine had left the Sudomekh shipyard, probably for sea trials, in mid-May.

Although the boats could be modernizations of an existing class, it is possible that serial construction of a new type has begun in the Leningrad shipyards. Two new submarine projects have been undertaken at Komsomolsk shipyard in the Soviet Far East, and construction is probably under way in other areas of the USSR. [redacted]

[redacted]

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II. ASIA-AFRICA

Turkish-Soviet Economic Talks Continue

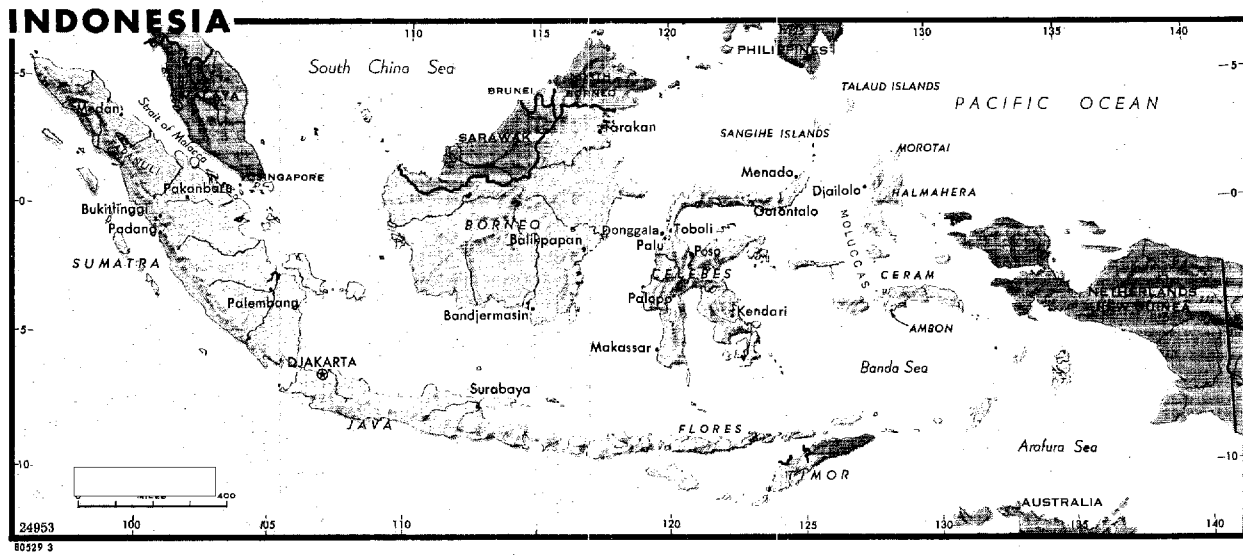
The series of talks which began on 19 May in Ankara between Turkish Government leaders and Soviet Ambassador Ryzhov are apparently continuing. The latest report indicates that an offer of credit exceeding \$250,000,000 may be involved, rather than a gold transfer as earlier alleged. No further mention of Turkish missile bases has been reported, although the subject may have been raised originally by the ambassador for bargaining purposes. [redacted]

[redacted] the Turkish Mineral Bank has already drawn up a list of equipment to be obtained from the USSR, including a complete installation for producing electrolytic copper, valued at \$50-75,000,000. The Turks may also be seeking Soviet highway construction equipment on credit.

The Turkish defense minister on 30 May, after some prodding by Ambassador Warren, reiterated that the Turks are loyal allies of the West and know how little trust can be placed in the USSR. He admitted that the USSR, through Ryzhov, is constantly asking what it can do to be helpful and making offers touching on cultural, sport, political, and the economic fields. The defense minister did not say the Turks would not accept Soviet aid, but indicated they know how far they can safely go in accepting such assistance. [redacted]

[redacted]

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Situation in Indonesia

[redacted] the government's infiltration program against the dissident capital of Manado is proceeding as scheduled, and that as a result, only light resistance in that area is expected. Confirming these claims of continuing softening-up operations are [redacted] preparations for small-scale raids and "silent" landings, and [redacted] the collection of "a great deal of data" which is "too important" to send by telegram--presumably the work of earlier teams. Government aircraft are reported to have bombed rebel positions on the northern coast of Celebes and in the Gorontalo area on 29 and 30 May.

Dissident resistance continues, [redacted] the Celebes situation admitted that, except in the northern arm of the island, "troops have become guerrillas." [redacted] the commander in the Palu area was evading central government thrusts as of 1 June, and the commander at Poso was "holding fire." The commander at Djailolo, Halmahera, where dissident troops apparently still control the airfield, claims to have shot down three government aircraft.

[redacted] in Tapanuli, revolutionary training depots have been established to give six weeks of basic training. [redacted] the troops' morale and willingness to fight are improving. The acceptance of new recruits and the formation of new dissident units, however, has been ordered stopped. [redacted] a very large percentage of the civil service actively supports the dissidents. [redacted]

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Somali Legislature Cancels Impending Elections

The Somali Legislative Assembly in closed session has resolved to cancel the scheduled election of a constituent assembly this summer and extend its own term for another 18 months. The action still requires the approval of the Italian administration, which opposes any delay of the election and has rushed one of its top officers to Rome for consultation, but the Italians have been reluctant in the past to veto any moves of the indigenous government.

Plans to prepare Somalia for independence by 1960 call for early creation of the constituent assembly to elect a chief of state, adopt a constitution, and enact a legislative program protecting foreign interests. The Legislative Assembly was not originally constituted with legal competence to deal with these preliminaries.

The assembly's action appears to have resulted primarily from the concern of rival tribes over the growing influence of the Darot tribe. Moderate and pro-Western elements in the assembly may also fear an increase of pro-Egyptian legislative strength in a new election.

The result, however, has created a new propaganda issue for the leader of the pro-Egyptian faction, Hagi Mohamed Hussein, who was recently ousted by the ruling Somali Youth League party of which he had been president. It also gives him more time to push formation of a new political party, and capitalize on the ferment aroused by his expulsion.

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III THE WEST

French Political Developments

General de Gaulle's 2 June success in winning a 350-to-163 National Assembly vote for his bill on constitutional reform procedures clears the way for action on North Africa and constitutional amendments. Earlier in the day the deputies had shown an inclination to reassert their political influence by substituting a bill requiring the assembly to approve any future constitutional changes instead of having them submitted to a popular referendum as the general proposed. De Gaulle's threat to resign caused enough of them to reconsider to give him the three-fifths majority needed on a constitutional issue.

De Gaulle's firm handling of the assembly will probably impress rightist elements in Algiers which feared he might make political concessions on his program as they believed he had done in forming his cabinet. He plans to go to Algeria himself on 4 June. His intention to take quick action on North African problems has been further demonstrated by his addressing letters to Tunisian President Bourguiba and Moroccan King Mohamed expressing a desire to work for friendly relations.

De Gaulle's main efforts will probably go into drafting the constitutional changes which he hopes to present for a referendum in the fall. One of his two main interests seems to be to establish a balance between the legislative and executive powers--possibly by means of a strong president elected by universal suffrage. His other chief interest is apparently reorganization of the French Union. He may propose to fit Algeria, and perhaps tropical Africa, into a decentralized regional organization in which the various units would have both broad local powers and parliamentary representation in Paris.

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Peruvian Government Faces New Crisis

Increasing criticism of the Prado regime by business, banking, and landholding groups, as well as the military, heightened by the rioting of 8 May during Vice President Nixon's visit, has resulted in a new crisis for Peru's 22-month-old experiment with democratic government. The seriousness of the dissatisfaction is reflected in the difficulty of replacing the cabinet, which resigned on 29 May. As the new chief of cabinet who will choose the other ministers, President Prado has chosen civilian Vice President Gallo Porras, a successful businessman and an opportunistic but conservative politician who appears generally friendly to the United States. Gallo may serve as finance minister as well as prime minister.

The military are likely to insist on greatly increased influence in the new government. War Minister Cuadra, who favors a stronger government and has been pressing for a more effective cabinet, stated on 12 May that he is holding a tentative military cabinet in reserve. While the military probably want to maintain a semblance of constitutional government, they might eventually force Prado's resignation in favor of Vice President Gallo.

A balance-of-payments problem, lower world prices for primary commodities, and serious labor difficulties--including strikes during the past year against the \$200,000,000 American-owned copper installations in southern Peru and an American petroleum company on the northern coast--are basic factors in Peru's present political unrest.

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The Icelandic-British Fisheries Dispute

The Icelandic Government has indicated that its projected extension of fish conservation limits to 12 miles and its determination to forbid foreign vessels from fishing in the extended zone is no longer a subject for negotiation. Prime Minister Hermann Jonasson, in announcing cabinet approval of the plan to publish on 30 June the new regulations, which become effective 1 September, said that the intervening period would be used only to "win understanding and support of other nations" for the necessity of Iceland's action. The foreign minister recently told the American ambassador that no single party in Iceland can publicly say it favors negotiations. The existence of the tripartite coalition government depends in large part on maintaining this position.

The British Cabinet, because of strong pressure from the British trawler industry, which normally operates vessels close to the Icelandic coast, has approved a statement to the North Atlantic Council (NAC) rejecting the proposed Icelandic regulations as without effect in international law and insisting that Britain will protect its fishing vessels from any unlawful interference. London, however, reiterates its desire to negotiate an amicable settlement with Iceland, either bilaterally or multilaterally with other interested nations. The NAC at its 27 May meeting considered further mediation attempts fruitless.

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