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14 March 1958

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CENTRAL INTELLIGENCE BULLETIN



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14 MARCH 1958

I. THE COMMUNIST BLOC

USSR now calling for foreign ministers' meeting prior to summit conference; still desires procedural issues only be discussed.

Seven small Soviet cargo ships south-bound in East China Sea may be for Indonesia; first ship could arrive by 15 March.

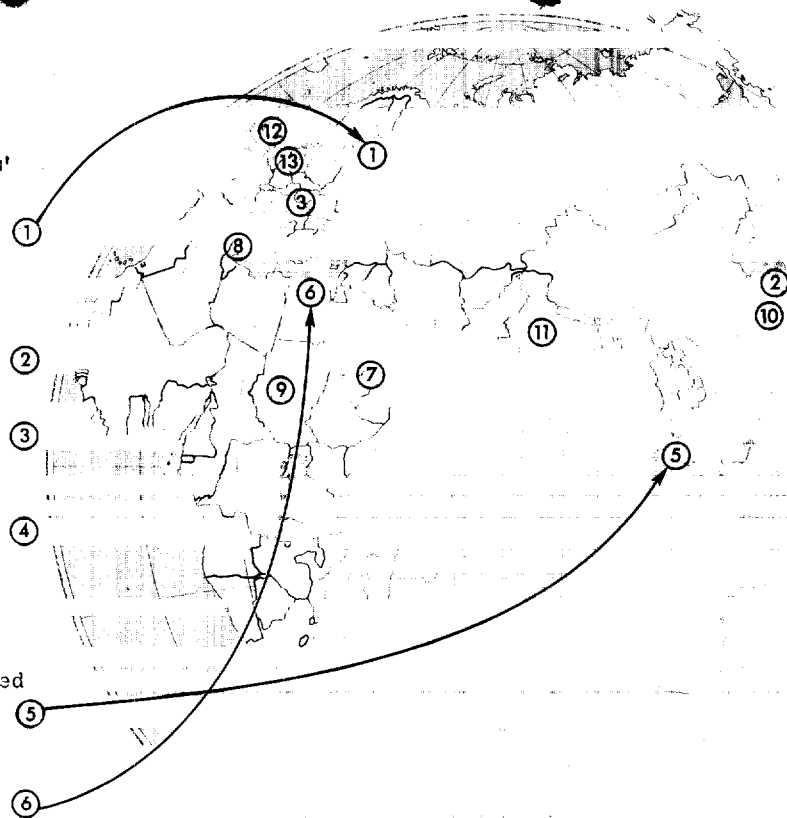
Soviet-Yugoslav relations likely to become more strained.

Reports of unidentified submarine contacts in West Atlantic continue at higher than normal level.

II. ASIA-AFRICA

Indonesia - Amphibious attack on Central Sumatra west coast may be launched 17 March.

Egyptian and Syrian attacks on Saud, linking him with the US, continue at high pitch.



⑦ Egypt may shortly base naval ships in Yemeni waters.

⑧ Tunisia - President Bourguiba angered over new French note.

⑨ Egypt intensifies covert activities in Sudan to overcome setback from Sudanese parliamentary elections.

⑩ Nationalist China breaks off trade negotiations with Japan in protest against Tokyo-Peiping trade agreement; threatens to recall ambassador.

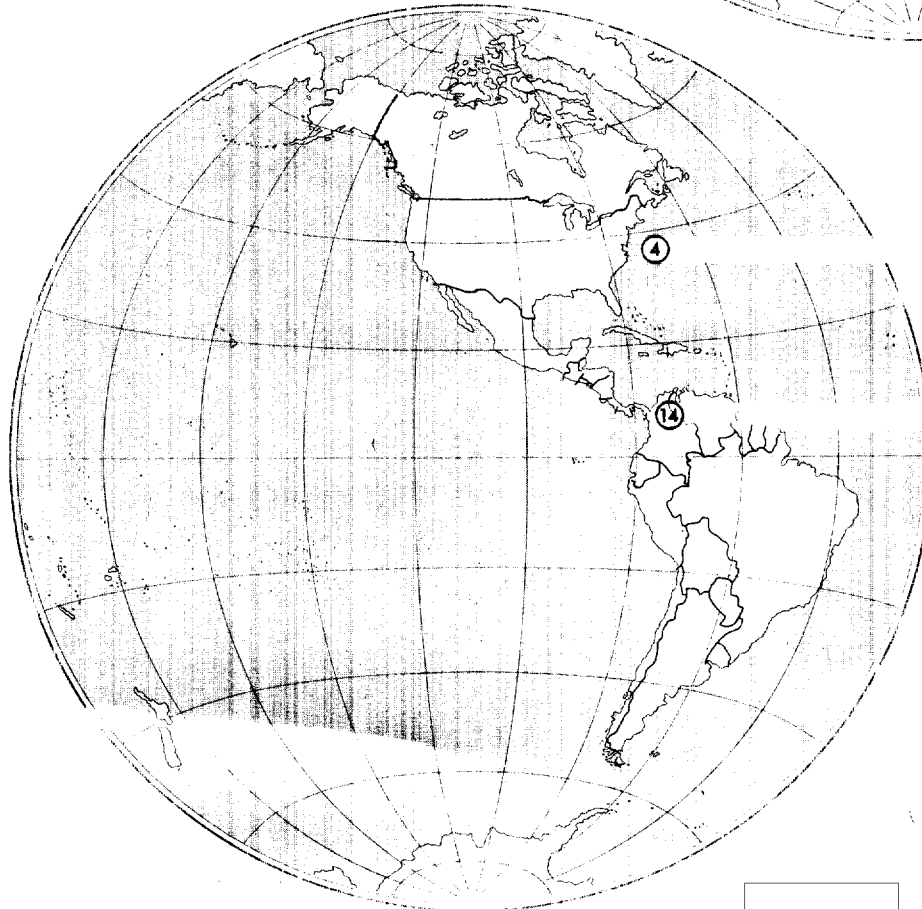
⑪ New Indian finance minister, Morarji Desai, is one of ablest Indian administrators.

III. THE WEST

⑫ Britain now plans to reduce its troops in West Germany to 45,000.

⑬ Foreign policy crisis brewing in West Germany.

⑭ Colombia - Congressional election on 16 March may be marked by violence.

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CENTRAL INTELLIGENCE BULLETIN

14 MARCH 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

JSRAB

JK Summit--Soviet view: Moscow is now publicly calling for a foreign ministers' meeting in preference to "secret" diplomatic preparations for a heads-of-government conference, apparently in the hope of clinching Western agreement to summit talks without prior substantive preparation. On 10 March, Khrushchev argued that diplomatic preparations--which were previously supported by the USSR--might "torpedo" a summit meeting, whereas public opinion could "assess" a foreign ministers' session. He repeated the Soviet view that the foreign ministers should confine themselves to procedural issues. [redacted] (Page 1)

no Soviet ships for Indonesia: Seven small Soviet general cargo merchant ships are southbound in the East China Sea. The secrecy surrounding the movements of these ships suggests that the USSR is quickly fulfilling its agreement to provide Indonesia with vessels for interisland shipping. The first of these ships could arrive in Indonesia as early as 15 March. [redacted] (Page 2)

JK Yugoslavia - USSR: Yugoslav-Soviet relations are likely to take a marked turn for the worse. In preparation for their April party congress the Yugoslavs have published a new party program, aggressively reaffirming their independent road to socialism and implicitly criticizing Moscow. Such a "revisionist" program will undoubtedly be a target of the new international Communist journal which has just been established in Prague. [redacted] (Page 3)

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ok Unidentified submarine contacts: Reports of unidentified submarine contacts in the western Atlantic continue at a higher than normal level. [redacted]
(Page 4)

II. ASIA-AFRICA

Indonesia: [redacted]

ok [redacted] an amphibious attack is planned on the Padang area of the west coast of Central Sumatra for 17 March and will be concentrated near the town of Pariaman, 30 miles north of Padang.
[redacted] (Page 5) (Map)

no Watch Committee conclusion--Indonesia: There is no evidence of Sino-Soviet intention to become militarily involved in the Indonesian situation. The Djakarta government is proceeding with military measures to subdue the dissidents, but an early resolution of the issue is unlikely. The general situation continues to favor the Communist position on Java and exploitation by the Sino-Soviet bloc.
[redacted]

no Saud vs. Nasir: Egyptian and Syrian attacks on King Saud, linking him with the United States, continue at a high pitch. Saudi Crown Prince Faysal is alleged to have asked Nasir to spare the Saudi royal family in the course of Nasir's denunciation of King Saud. Saud's UN ambassador, Ahmed Shuquaire, who may secretly aligned himself with Nasir in the Saudi-UAR dispute, recommended strongly to Saud on 11 March that Shuquaire be appointed the King's emissary to effect a reconciliation with Nasir. If Saud accepts the offer, Nasir may have an excellent source of intelligence on Saud's intentions. [redacted] (Page 6)

no Egypt - Yemen: Yemen's affiliation with the United Arab Republic may be followed shortly by dispatch of Egyptian naval ships to be based in Yemeni waters. Yemen

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is constructing a "military area" on the coast at the southern entrance to the Red Sea. [redacted]

[redacted] artillery pieces have been brought into the coastal area, where emplacements were observed last summer. In mid-February a Soviet survey team is reported to have visited the area for the purpose of laying out a military installation. [redacted]

[redacted] (Page 7) (Map)

Tunisia - France: President Bourguiba has publicly and privately displayed angry frustration at a recent Paris note implying continued Tunisian subservience to France in matters of defense and foreign affairs. This attitude is reflected in his implicit rejection on 11 March of Premier Gaillard's counterproposal presented by the good offices mission and in his reiteration that France must publicly accept the principle of Tunisian sovereignty over Bizerte. Gaillard is equally adamant that France cannot relinquish its claim to Bizerte. [redacted] (Page 8)

Sudan - Egypt: Egypt is maneuvering to minimize the setback to its interests which it suffered in the recent Sudanese parliamentary elections. Nasir has instructed his agents in the Sudan to provide money for the pro-Egyptian National Unionist party (NUP), to obtain adherents from among the "independent" candidates elected, and to try to bring together the NUP and the People's Democratic party, which has been pro-Western Prime Minister Khalil's principal coalition partner. [redacted] (Page 9)

Watch Committee conclusion--Middle East: A deliberate initiation of hostilities in the Middle East is considered unlikely in the near future. Serious incidents could arise, however, from continuing border tensions, inter-Arab political frictions, or the possible formation of a Palestinian state in Gaza. [redacted]

Taiwan - Japan: The Chinese Nationalists abruptly broke off trade negotiations with Japan on 13 March because of a

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recently signed Japanese - Communist Chinese trade agreement. They have lodged a strong protest with the Japanese Foreign Ministry, and Chiang Kai-shek has sent Prime Minister Kishi a personal letter of protest. Taipei plans to recall its ambassador to Tokyo if these steps are not effective.

(Page 10)

OK New Indian finance minister: Morarji Desai, newly appointed Indian finance minister, is generally regarded in India and elsewhere as one of the most likely candidates for the prime ministership when Nehru dies or retires. He has had virtually no financial experience but is one of the ablest administrators in the country. V. K. Krishna Menon, who aspired to the Finance Ministry, presumably could not overcome strong objections from other cabinet ministers.

(Page 11)

III. THE WEST

74c Britain: London now plans to reduce its troops in Germany to 45,000, and Foreign Secretary Lloyd has warned that a complete British withdrawal could occur if Germany refuses to contribute to the cost of maintaining British forces. Britain now has 63,500 troops in Germany and is conditionally committed to keeping 55,000 there in the coming year. The planned reduction to 45,000 would heighten Continental suspicions of British intentions toward defense of the Continent

CR West Germany: A major foreign policy crisis may result from the German unification proposals of Bundestag President Gerstenmaier, who has enlisted support of Germany's leading publisher for a plan to neutralize and unite Germany. Gerstenmaier's position reflects mounting Protestant opposition to the relatively inflexible stand on negotiations adopted by the Adenauer-led Catholic wing of the Christian Democratic Union. A reconciliation of views between Gerstenmaier and Adenauer remains doubtful.

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OR Colombia: The 16 March congressional elections, the first since last May's overthrow of the Rojas dictatorship, may be marked by considerable violence, despite the military junta's precautionary measures. [REDACTED]
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DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR Actively Calling for Foreign Ministers' Session

Soviet party chief Khrushchev told Polish journalists on 10 March that a foreign ministers' meeting is a "better" way to prepare for summit talks than "secret" negotiations through diplomatic channels. He said Moscow is looking to "public opinion" to force the West into a heads-of-government conference, and argued that the progress of a foreign ministers' meeting can be "followed by the public." Khrushchev reiterated, however, that the foreign ministers should confine themselves to the preparation of an agenda and other procedural matters for a heads-of-government conference.

Premier Bulganin's letters to President Eisenhower in January and February had flatly opposed a meeting of foreign ministers on the grounds that it might raise "additional obstacles" to summit talks. After the West appeared willing in early February to prepare for a summit meeting either through diplomatic channels or in a foreign ministers' session, Moscow in its aide-memoire of 28 February said it would accept the principle of such a meeting in response to Western "wishes." In his interview on 10 March Khrushchev rationalized the Soviet about-face by maintaining that, if a foreign ministers' meeting fails, the Soviet Government will have been proven "right" in pointing out the "miserable chances" of this method of preparation for a heads-of-government meeting.

Moscow almost certainly will exploit the Khrushchev interview as a concession to Western views and as a demonstration of the Soviet Union's flexibility and interest in bringing about a summit conference.

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~~TOP SECRET~~ [REDACTED]Soviet Merchant Ships Possibly En Route to Indonesia

The routes taken by seven small Soviet merchant ships moving independently from the Soviet Far East through the East China Sea suggest that these vessels are en route to Indonesia. It is estimated that the first of these vessels will arrive in Indonesian waters by 15 March.

The USSR agreed on 11 March to provide ten small merchant vessels under its \$100,000,000 loan to Indonesia. In its offer to supply vessels for interisland shipping to replace Dutch ships withdrawn from Indonesia, the USSR informed Djakarta that it would be willing to supply suitable vessels from its Far Eastern merchant fleet on ten days' notice. [REDACTED]

[REDACTED]

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Yugoslav-Soviet Relations

The uneasy state of Yugoslav-Soviet relations will be further strained as a result of Belgrade's publication of its party program--an aggressive statement of its views on the "development of socialism" which is to be the basis for discussions at the Yugoslav party congress in April. While neither Moscow nor Belgrade would favor the reopening of polemics, mutual sensitivities over differences on "socialist development" are such that an open theoretical debate could quickly degenerate into an exchange which would again disrupt Yugoslav-Soviet relations.

The new international Communist theoretical journal established in Prague on 11 March will undoubtedly be used by Moscow to counter forms of "revisionism," such as enunciated in the Yugoslav program, to tighten international Communist ties and to coordinate activities of the various parties more closely. Belgrade and Warsaw have steadfastly opposed the re-establishment of any such publication. Those "fraternal" parties--such as the Polish, Yugoslav, and the Italian--which did not attend the meeting, will be free to adhere or participate in any manner they consider appropriate in the publication or its work.

The new journal apparently is not to be the organ of a revived Cominform. It will probably carry less authority than the old Cominform journal, a weekly newspaper supporting a central organization which embraced all the satellite Communist parties.

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Unidentified Submarine Contacts in the West Atlantic

American and Canadian antisubmarine forces have reported a large number of unidentified submarine contacts in the western Atlantic well outside US territorial waters from Nova Scotia to Cape Canaveral since 5 March. Two of these contacts have been evaluated as probable submarines and 12 have been evaluated as possible submarines.

It is likely that many of these contacts were made on the same targets at different times and places. The greatly increased surveillance effort of the past several weeks also could be expected to produce a high number of reports.

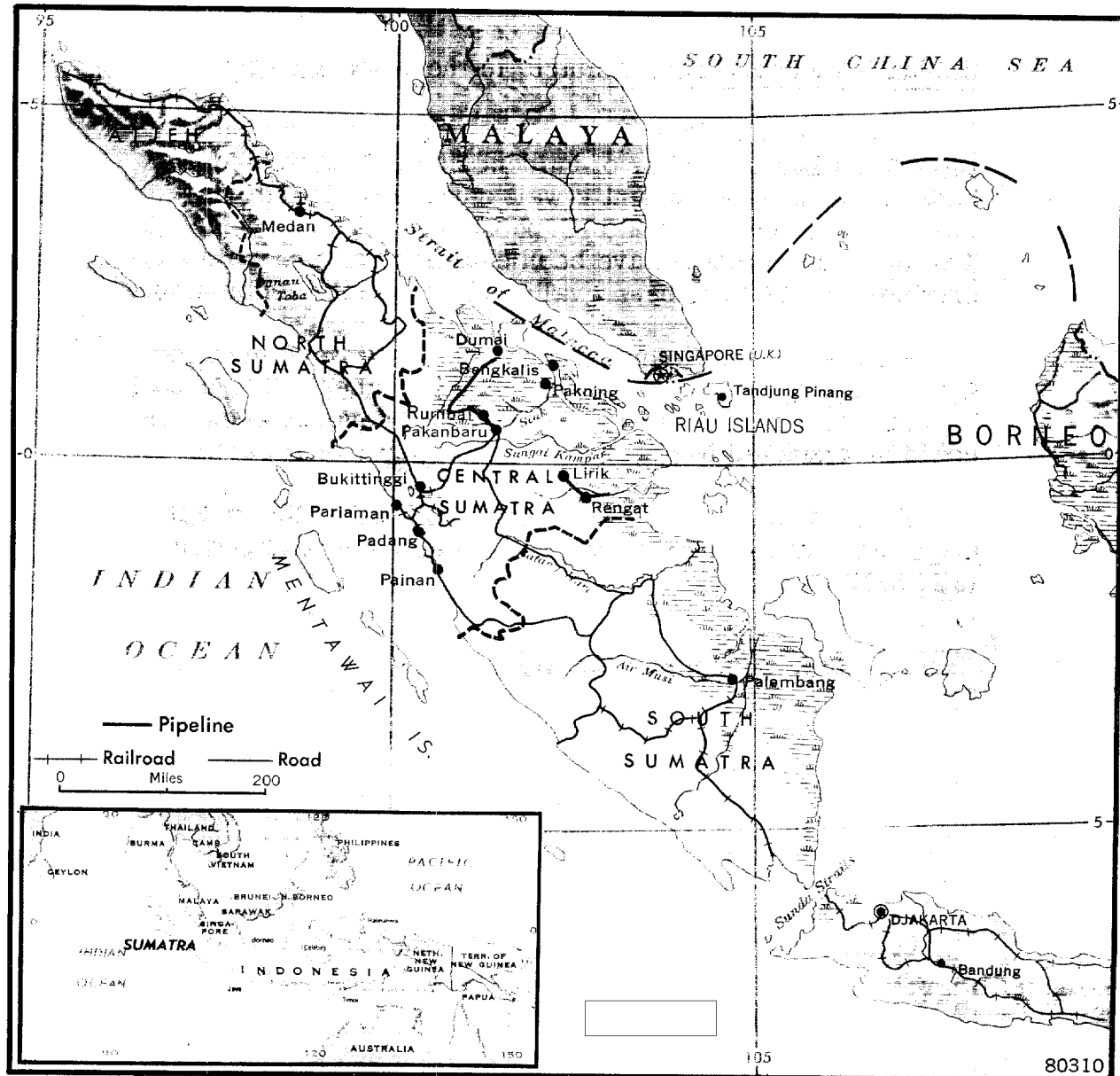
At present eight contacts off Nova Scotia, Nantucket, Cape May, and Cape Canaveral, are under investigation.

[REDACTED]

[REDACTED]

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II. ASIA-AFRICA

Situation in Indonesia

An amphibious attack on the Padang area of Central Sumatra is set for 17 March. [REDACTED]

[REDACTED] The attack will be launched immediately north of Pariaman, a town approximately 30 miles north of Padang. [REDACTED]

Although Djakarta army leaders hope for a quick defeat of the Sumatrans and are counting on defections among the dissidents, they believe they will need three months to gain complete control over major centers and towns in the area. [REDACTED] army leaders expect at least some of dissident leader Hussein's supporters to retire to the jungle and to begin a long period of guerrilla warfare.

President Sukarno, meanwhile, has charged that the Central Sumatran rebellion was being "manipulated by foreign powers" in an effort to "drag Indonesia, or part of it, into one of the world blocs." [REDACTED]

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Saud-Nasir Dispute

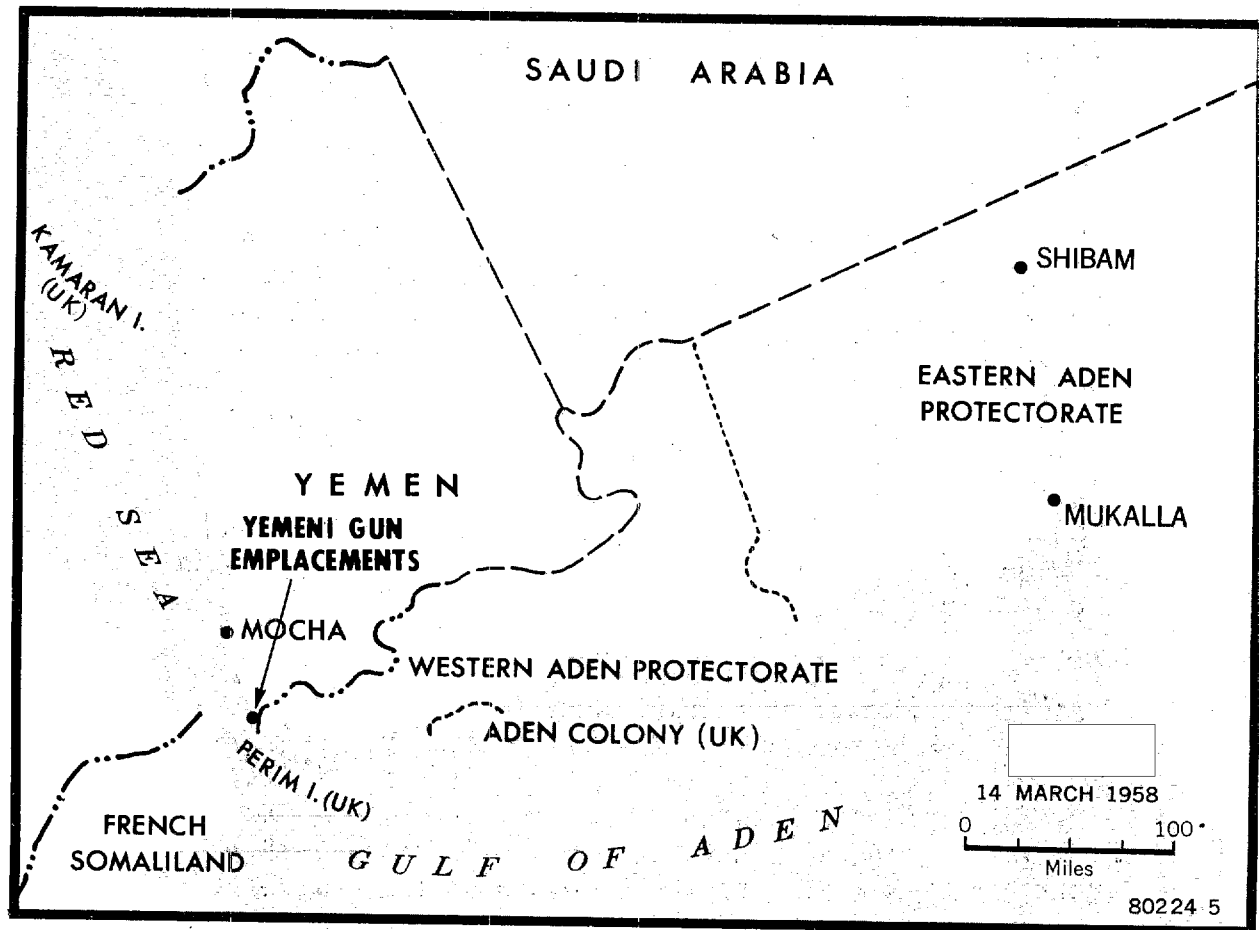
The Egyptian and Syrian press have continued their heavy assault on King Saud's plotting against Nasir and the UAR, accompanied by an increased tendency to portray Saud as having acted with American support. The basis for further sharp attacks has been prepared with the announcement that the investigation of Saud's conspiracy in Syria has been completed and that indictments have been drawn up for a forthcoming trial.

Nasir's use of the conspiracy as a basis for attacking the institution of monarchies may have aroused misgivings among even pro-Egyptian members of the Saudi royal family. While passing through Lebanon last week on his way to Egypt and Europe, the Saudi interior minister allegedly stated that his father, Crown Prince Faysal, had appealed to Nasir not to attack the Saudi royal family in the course of his denunciation of the Saudi plot. Faysal's presumed concern was to prevent the undermining of the Saudi dynasty, in which he would succeed his brother.

Meanwhile, Saud's minister of state for UN affairs, Ahmad Shuqayri, who has headed the Saudi delegation to the Geneva conference on laws of the sea, appears to have reconsidered his previously expressed desire to resign. Shuqayri, a Palestinian who is now a Syrian citizen, earlier advised Nasir of his desire to resign out of disapproval of Saud's role in conspiracy against Nasir. Nasir advised Shuqayri to act as he saw fit, and Shuqayri has now asked Saud for permission to come to Riyadh, offering to serve as an intermediary between the King and UAR authorities. Shuqayri might also serve, however, as a pro-Egyptian observer in the Saudi court.

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Egypt May Send Naval Vessels to Yemen

The Imam of Yemen has apparently used his country's affiliation with the United Arab Republic (UAR) to have Egyptian naval vessels stationed in Yemeni waters. On 6 February the Imam requested his son, Crown Prince Badr, to consult with Nasir about obtaining two patrol craft to patrol the Red Sea "between Aden and Salif." On 8 March, after a talk with Nasir, the crown prince informed his father that Nasir had promised "to expedite the sending of the ships." The Egyptian vessels would also support Nasir in his dispute with King Saud and warn the Saudis against attempting to interfere in Yemen.

Yemen is with Soviet and Egyptian help developing a "military area" on the coast at the southern entrance to the Red Sea, athwart the vital tanker route to Western Europe. [REDACTED]

artillery pieces, probably Soviet 122-mm. guns, have been brought to this area, where emplacements were first observed under preparation last summer. In mid-February, moreover, [REDACTED] a Soviet survey team visited the area for the purpose of laying out a military installation, including an airstrip, barracks, and fortifications. [REDACTED]

[REDACTED]

[REDACTED]

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~~SECRET~~Tunisian President Again Bids for Anglo-American Backing

President Bourguiba has privately and publicly displayed angry frustration at a recent note from Paris implying that Tunisia remains subject to French control in matters of defense and foreign affairs. This attitude is reflected in his rejection on 11 March of Premier Gaillard's counterproposal to the good offices mission that France might evacuate some of its troops but could not relinquish its claim to the base at Bizerte. In his 11 March conversation with the good offices mission, Bourguiba was distraught and at times incoherent. While Bourguiba will accept an early partial evacuation, he also demands that France publicly acknowledge the principle of Tunisian sovereignty over Bizerte.

Bourguiba intimated that essentially he desires Anglo-American backing in his controversy with France. He made this point more forcefully in a radio speech on 13 March in which he demanded that the United States and Britain "make up their minds... and say which side is right." He also canceled celebrations to commemorate the second anniversary of Tunisian independence on 20 March, and indicated a willingness to order military action against the French troops.

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c [REDACTED]

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Nasir Attempts to Counteract Setback in the Sudan

President Nasir has moved to counteract the setback to Egyptian political influence in the Sudan represented by the recent election success of Prime Minister Khalil's pro-Western Umma party. He has ordered the payment of funds to the Umma's major rival, the pro-Egyptian National Unionist party (NUP), for use in buying the allegiance of "independents" elected to the new parliament. He has also ordered the start of an effort to "amalgamate" the NUP with the People's Democratic party (PDP), the Umma's chief support in the coalition now planning to form a new government.

The uncertain loyalties of a considerable number of newly elected representatives, as well as the unofficial nature of the announced returns, make present estimates of relative party strengths only tentative. It appears, however, that Khalil will need the support of about 20 members outside his own party in order to control a bare majority in the 173-member house and ensure his continuance as prime minister. He is counting on the support of most of the estimated 25 PDP and 18 Southern Liberal party (SLT) members and will probably be backed by some of the approximately 25 "independents." Nothing less than a mass defection from the coalition could give control to the NUP core of 44-45 members.

It is unlikely that Nasir's efforts to win or buy opposition to the coalition will prevent Khalil's retention of the premiership and control of a house majority, but a significant accretion of pro-Egyptian strength could hinder his freedom of action.

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Nationalist China Protests Japan-Communist China Trade Agreement

Nationalist China's decision to break off trade negotiations with Japan is intended to induce the Japanese Government to withhold approval of the trade agreement privately signed with Communist China on 5 March. If this move fails, the Nationalists intend to withdraw their ambassador from Tokyo. The Kishi government probably will attempt to assure the Nationalists that closer trade relations with mainland China do not constitute recognition of the Peiping regime.

The sharp Nationalist reaction probably stems from fears that neutralism, which ultimately will contribute to international isolation of the Nationalist Government, is developing in Japan. Foreign Minister Yeh revealed his anxiety about Japan's China policy last summer to American officials and mentioned his alarm at the growing commercial relations between Japan and Communist China. Yeh has instructed the Chinese Nationalist Embassy in Tokyo to protest any permission for the Chinese Communist trade mission to fly the Communist flag.

Japan is the major recipient of Taiwan's sugar and rice, the main source of Nationalist China's foreign exchange. Two-way trade last year totaled \$141,000,000. Even if the customary barter agreement between Taiwan and Japan is not concluded this year, individual contracts may be negotiated to continue the flow of goods. The Nationalists may seek to restrict this trade to bring pressure on Japan, but only as a last resort.

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New Indian Finance Minister Appointed

Sixty-two-year-old Morarji Desai, who became Indian finance minister in a general cabinet shuffle announced on 13 March, is a moderate socialist and a devout Hindu. He has risen rapidly since 1956 from the post of chief minister of Bombay State, through the Commerce and Industry Ministry, to the important Finance Ministry. His new appointment is a promotion, but the post is one of the most difficult in the Indian cabinet. Desai, despite a lack of financial experience, may prove successful in his new job because of his widely recognized administrative talents and the fact that basic Five-Year Plan financial policies are already fairly well established.

Despite his promotion, Desai may have lost a covert battle for power with his senior in age and experience, Home Minister Pant. Apparently both men recognized the complexities of Indian financial problems and felt that the Home Ministry was a better steppingstone to the Prime Ministry. Desai, therefore, is rumored to have tried to force Pant into the Finance Ministry.

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III. THE WEST

Britain Plans Further Cuts of Forces in Germany

Britain's present plan to maintain on the Continent five brigade groups totaling 45,000 men from 1959 to 1961 represents a further reduction of 10,000 from the number the WEU Council approved in January for the coming year. British planners regard this as the appropriate proportion for the Continent of the total future armed forces of 375,000 by 1962.

Foreign Secretary Lloyd told German Foreign Minister Brentano on 6 March in Rome that failure to solve the support cost problem would force a complete or major withdrawal of British forces from Germany. That warning, and British press speculations on a 35,000-man reduction, appear to reflect the Treasury view that even the 45,000 may be more than London can afford.

The present plans and threats of complete withdrawal will intensify European suspicions of Britain's long-term intentions toward defense of the Continent and thus indirectly further impede London's efforts to establish a European free trade area. General Norstad has warned the British that such an advance decision on the cut would subject Britain to criticism from its allies for acting before approval of this year's special study of minimum forces essential to NATO over the next five years, and would also adversely affect the Western position in any negotiations with the USSR.

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Foreign Policy Dispute Continues in Bonn

The president of the West German Bundestag, Eugen Gerstenmaier, one of the leaders of Chancellor Adenauer's Christian Democratic Union (CDU), has sought the support of Germany's leading publisher Axel Springer for a unification plan which would neutralize Germany, [REDACTED]

[REDACTED] Gerstenmaier already has secured approval of a top Social Democratic party official. The support of Springer, a strong neutralist recently returned from Moscow, would provide an outlet in publications having the widest circulation in Germany. An early appearance of the plan in the Springer publications would provide added ammunition for the opposition parties' new campaign against atomic weapons and for a nuclear-free zone.

The CDU Bundestag faction held a stormy session on 11 March. When Adenauer attempted to reimpose a strong discipline on policy statements, one of Gerstenmaier's supporters walked out of the meeting. Since Gerstenmaier's plan departs markedly from the government position on non-recognition of East Germany and freedom of alliances for united Germany, Chancellor Adenauer will have difficulty in compromising with Gerstenmaier's views. Several CDU deputies are convinced, however, that Gerstenmaier will be forced to back down, in view of the increasing number of deputies who are adopting a more negative attitude toward his proposals. [REDACTED]

[REDACTED]

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~~CONFIDENTIAL~~The Colombian Congressional Elections

With the approach of the 16 March Colombian congressional elections, the first since the overthrow of the Rojas dictatorship last May, the political situation is becoming increasingly restless. A recent increase in violence and banditry resulting in more than 300 killings a month in the provinces, a week-long student strike in Medellin, and a three-hour riot in Bogota between moderate and rightist Conservatives over the selection of a unity presidential candidate presage further violence during the elections. The government is still considering the suspension of elections in areas of the greatest unrest and has banned all political meetings or demonstrations before 17 March.

The congressional elections will be carried out in conformity with the plebiscite which overwhelmingly approved the constitutional amendment establishing a parity of Liberals and Conservatives in the government for 12 years. The conduct of the elections will to a degree forecast the possibility of bipartisan political cooperation and prospects for political stability. Junta member General Ordonez has admitted that the presidential election scheduled for 4 May could conceivably be postponed if the political parties cannot agree on a joint presidential candidate.

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Watch Committee conclusion--Middle East: A deliberate initiation of hostilities in the Middle East is considered unlikely in the near future. Serious incidents could arise, however, from continuing border tensions, inter-Arab political frictions, or the possible formation of a Palestinian state in Gaza. [redacted]

Egypt - Yemen: Yemen's affiliation with the United Arab Republic may be followed shortly by dispatch of Egyptian naval ships to be based in Yemeni waters. Yemen is constructing a "military area" on the coast at the southern entrance to the Red Sea. [redacted]

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[redacted] (Page 7) (Map)

Colombia: The 16 March congressional elections, the first since last May's overthrow of the Rojas dictatorship, may be marked by considerable violence, despite the military junta's precautionary measures. [redacted]

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