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18 January 1958

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CENTRAL

INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

18 January 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

OR
Tito is renewing his efforts to influence developments within the Eastern European satellites through closer party relations. He is counting particularly on expanding existing relations with Poland and Rumania. Although Belgrade is extremely skeptical of Hungarian advances, it will continue to encourage them. [redacted] (Page 1).

OR
The Soviet deputy commander in Berlin has notified Allied officials that effective 31 January travel documents of all passengers on Allied military trains to and from Berlin must be stamped by Soviet officials at the checkpoints or the trains will be turned back. Acceptance of such control would in effect allow the Russians to determine who may ride on military trains and would encourage the Russians to attempt further restrictions on Allied access to Berlin.

[redacted] (Page 2) (MAP)

NO
The Poles [redacted] have indicated willingness to accept "the most rigorous possible inspection" procedures under the Rapacki plan for a "nuclear-free zone" in Europe. They do not expect the plan to be accepted by the West but may spell out their ideas on control measures in order to keep the plan alive and stimulate further discussion on easing East-West tensions. [redacted] (Page 3) (MAP)

II. ASIA - AFRICA

no

Indonesia's economic problems are becoming acute. The finance minister has emphasized the drain that the present situation is placing on the country's foreign exchange and has forecast the development of a desperate situation within the next two months. Serious dislocations are developing in various sections of the country, and are likely to get worse in view of the government's difficulties so far in obtaining interisland shipping. Premier Djuanda, however, is still optimistic that these problems can be solved. [redacted] (Page 4)

ok

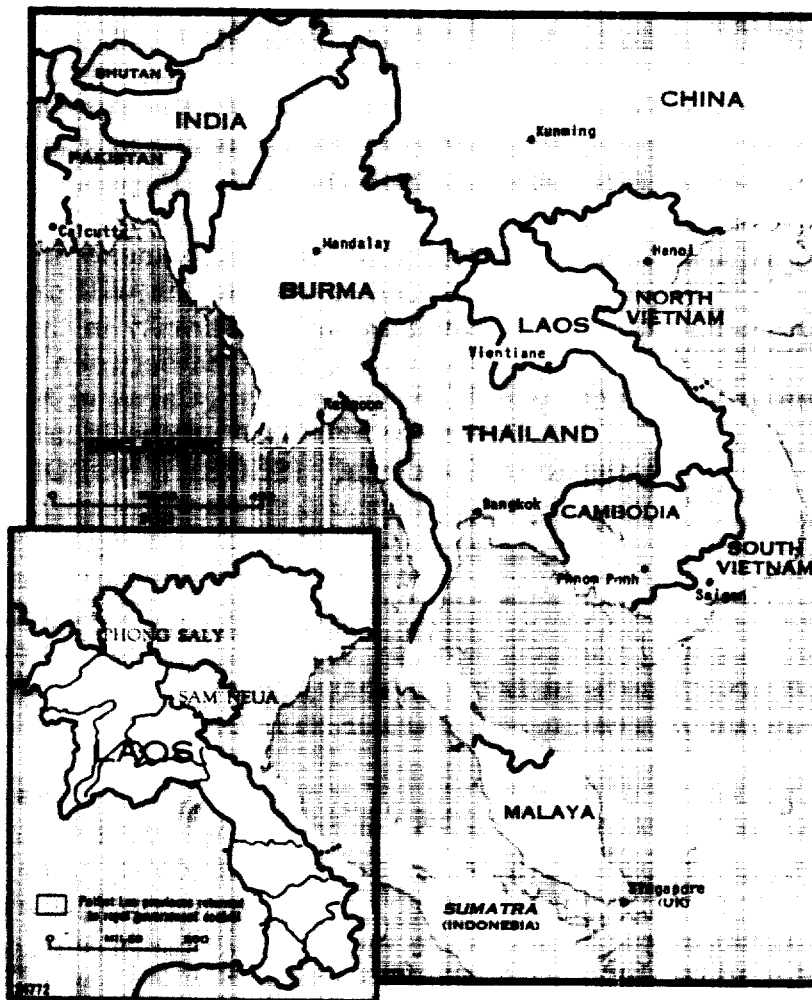
The Indonesian Army is phasing all Javanese units out of South Celebes in East Indonesia, which will probably weaken the central government's authority in this area. The action was taken to end friction between these troops and the local populace, particularly around Makassar. Replacements for the Javanese are likely to be local personnel unsympathetic to Djakarta. [redacted] (Page 5) (MAP)

x

Internal security continues to be a serious problem for the Lebanese Government. Bombings are frequent, and are probably encouraged by Syrian and Egyptian agents. There are rumors in Lebanon that Premier Sami Sulh may be planning to resign. [redacted]

no

A number of Turkish Army general officers have been implicated in a plot to overthrow the Menderes government, which has announced the arrest of nine officers, none ranking higher than colonel. If the government court-martials high-ranking military figures on these charges, this action could lead to serious repercussions throughout the armed forces. [redacted] (Page 6)



X
Tunisian-French relations continue in a precarious state. The four French prisoners are still held- [redacted] [redacted] somewhere in Algeria--and the rebels have shown a willingness to discuss the problem of their disposition with the International Red Cross. President Bourguiba has refused to receive one of the French emissaries, who have now returned to Paris accompanied by French Ambassador Gorse. [redacted]

X
The Laotian Army's occupation of the two Communist provinces in the north will probably begin on 19 January as scheduled. Serious opposition is not expected as the Pathets have decided to emphasize political action while continuing subversive activities. [redacted] [redacted] they are assigning their best cadres for political work and are developing a left-wing popular front. [redacted] (See facing MAP)

III. THE WEST

OK
With the return of Parliament on 21 January, the Macmillan government faces dissension among its supporters growing out of the Thorneycroft resignation. The government is recalling Conservative MP's from abroad in an effort to obtain as large a majority as possible. The government faces popular dissatisfaction with its economic policies and mounting demands for some move toward an understanding with the USSR.

[redacted] (Page 7)

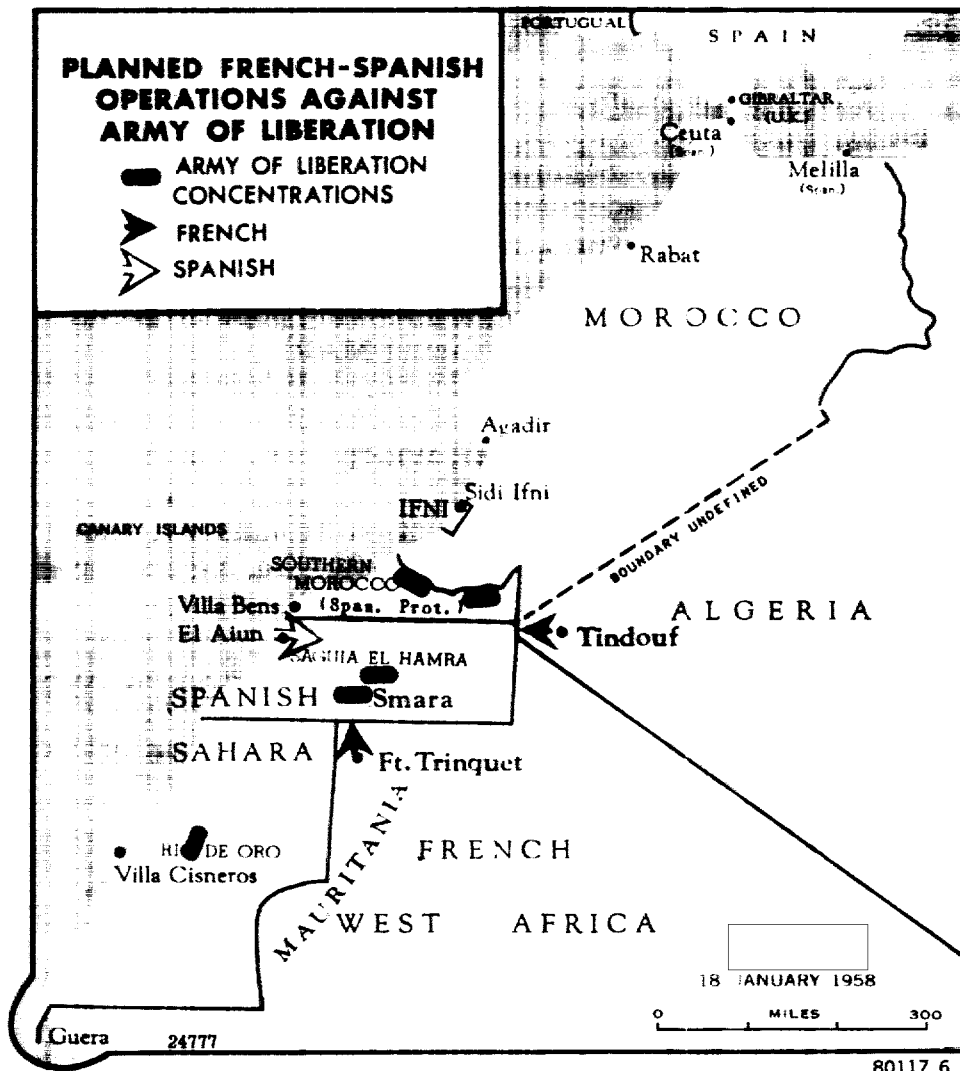
no
Plans for joint French-Spanish military action in early February against an estimated 3,000 Moroccan Army of Liberation elements in the Spanish Sahara area call for the employment of two French forces from adjacent points in Algeria and Mauritania and of a Spanish force now in Seguaia al Hamra. Joint military action by the two powers in this area will complicate their relations with Morocco and is likely to have repercussions throughout the Asian-African world. [redacted] (See MAP on reverse page)

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DAILY BRIEF

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~~TOP SECRET~~ [redacted]



The continuing instability of the Venezuelan regime is reflected in further arrests or deportations of former top-level military commanders and in rumors of additional cabinet changes as President Perez moves to consolidate his position. Students demonstrated for the fourth consecutive day on 16 January in an effort to rouse civilian sentiment against the government.

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DAILY BRIEF

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I: THE COMMUNIST BLOC

Tito Again Attempting to Influence Satellites

Tito is renewing his efforts to influence developments within the Eastern European satellites through closer party relations, [redacted]

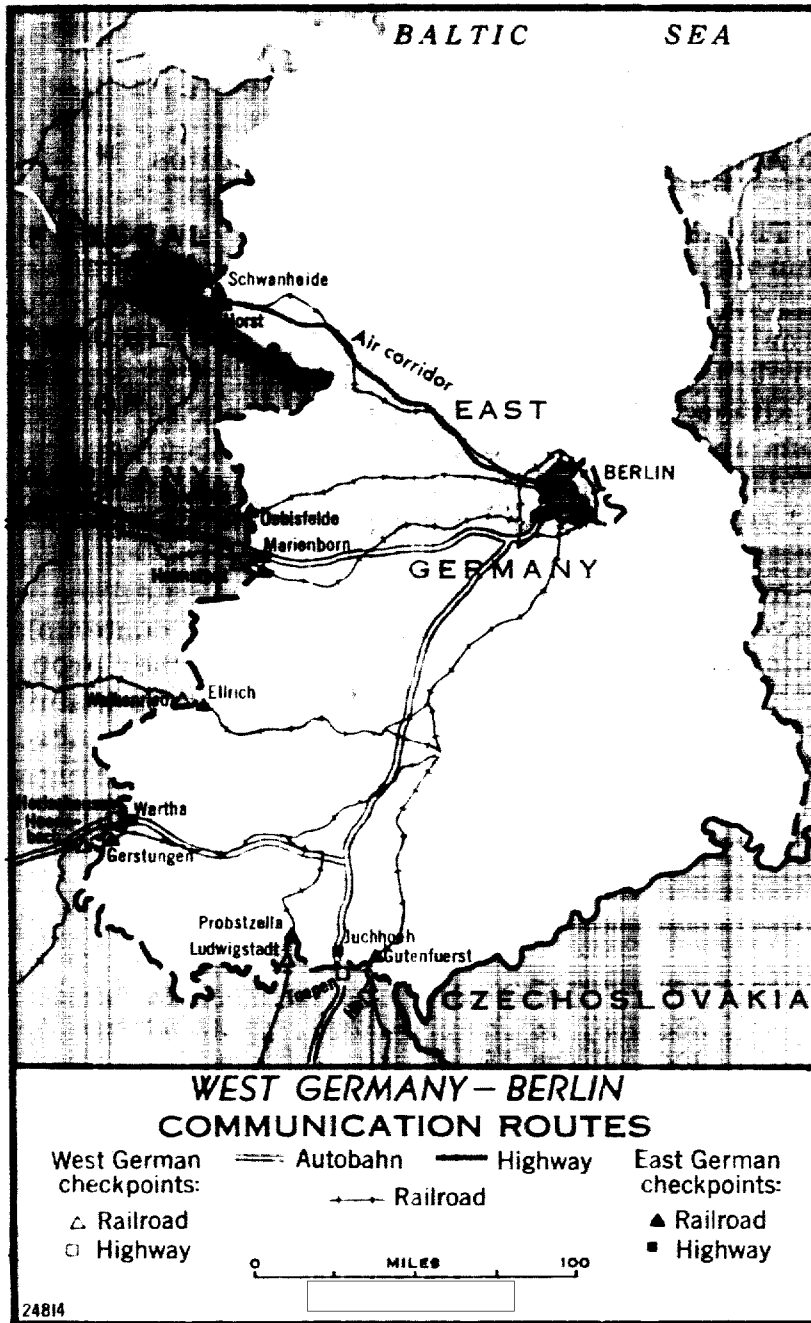
[redacted] He is counting particularly on expanding existing relations with Poland and Rumania. [redacted]

[redacted] although Belgrade is extremely skeptical of recent Hungarian approaches, it will continue to encourage them. [redacted]

[redacted]

Aware that his past crusading in the satellites was offensive to Moscow, Tito probably does not contemplate any accompanying campaign in the press and other propaganda media. Belgrade is dissatisfied, [redacted] with the trend of events in the bloc, but foresees no increased tensions between Moscow and Belgrade. Both Belgrade and Moscow are trying to avoid any public discussion of their disagreements. [redacted]

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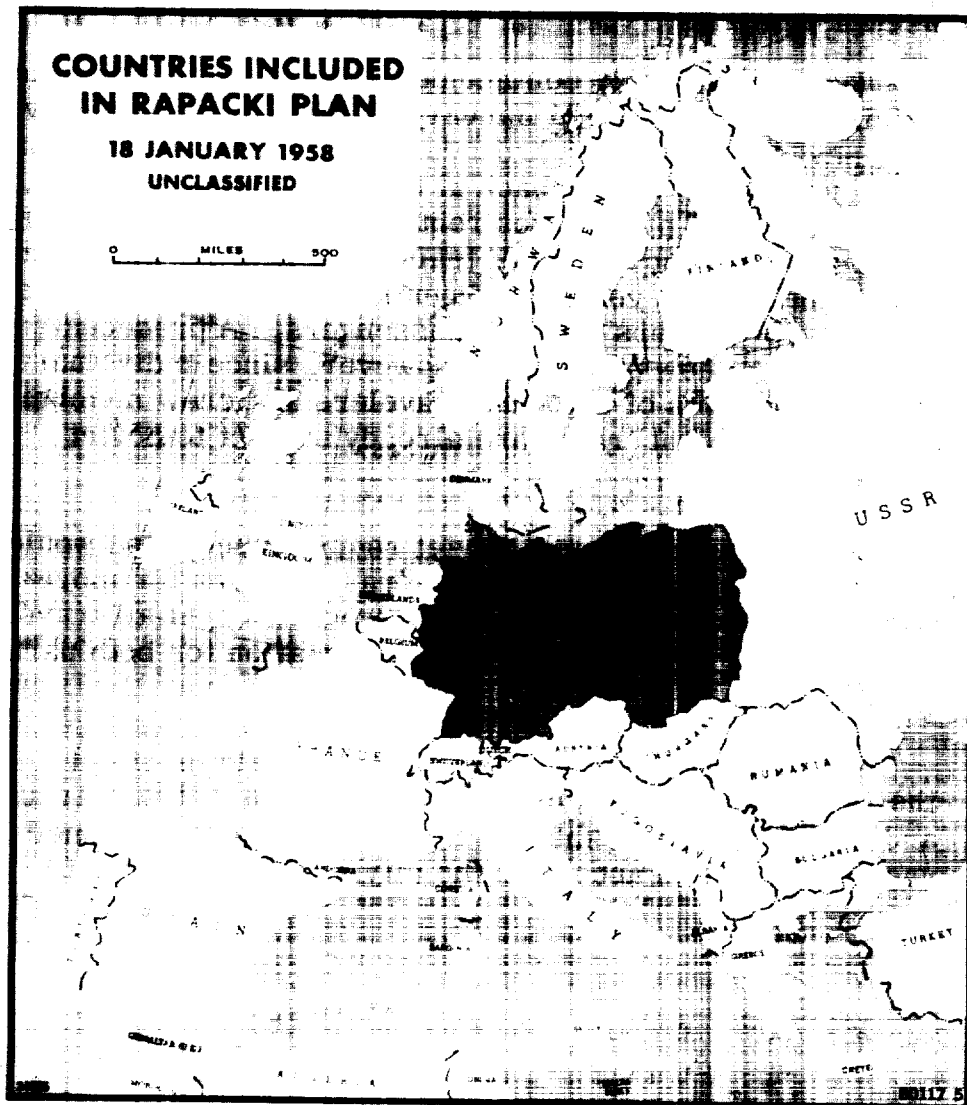
Russians Increase Harassment of Allied Rail
Access to Berlin

The Soviet deputy commander in Berlin has told Allied officials that effective 31 January the Allies must comply with new documentation procedures for military trains or have their trains turned back at the East German border. The new control procedures require Soviet stamping of individual travel documents of train passengers. The practice of the past 12 years has been merely to show the Russian control officers a list of passengers. A precedent exists for the new procedure, however, since individual travel documents of autobahn travelers and crew members of military freight trains are already subject to Soviet stamping.

In addition, the latest Soviet requirements also would prevent the issuance of extended travel orders for more than one round trip to Berlin, and would compel all travelers to use the same means of transportation for both parts of the trip.

Submission to the new procedures would in effect allow the Russians to determine who may ride on military trains, and would encourage them to take additional steps aimed at restricting Allied access to the city.

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Poland Continues to Push Rapacki Plan

The Polish ambassador to the United States has [redacted] [redacted] stated that Poland would be willing to accept "the most rigorous possible inspection procedures" under the Rapacki plan for a nuclear-free zone in central Europe, fully recognizing that many atomic weapons are quite small and easily concealed. The Polish Foreign Ministry has thus far refused to discuss control details but, [redacted] [redacted] plans to elaborate further on control measures in order to keep the plan alive. The Poles have also explained that it does not necessarily entail West German dealings with East Germany.

Foreign Minister Rapacki has stated [redacted] that withdrawal of all troops from Europe and the concept of a neutralized, reunified Germany are utopian ideas and has indicated that he did not expect his own plan to be acceptable to the West. The Polish ambassador in Washington indicated that Poland advanced the plan to prevent West Germany from gaining nuclear arms. The Poles also probably hope to gain prestige by authoring a first step to broader disarmament schemes, and to avoid Soviet demands for basing nuclear weapons in Poland. [redacted]

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II. ASIA-AFRICA

Indonesian Economic Situation Worsening

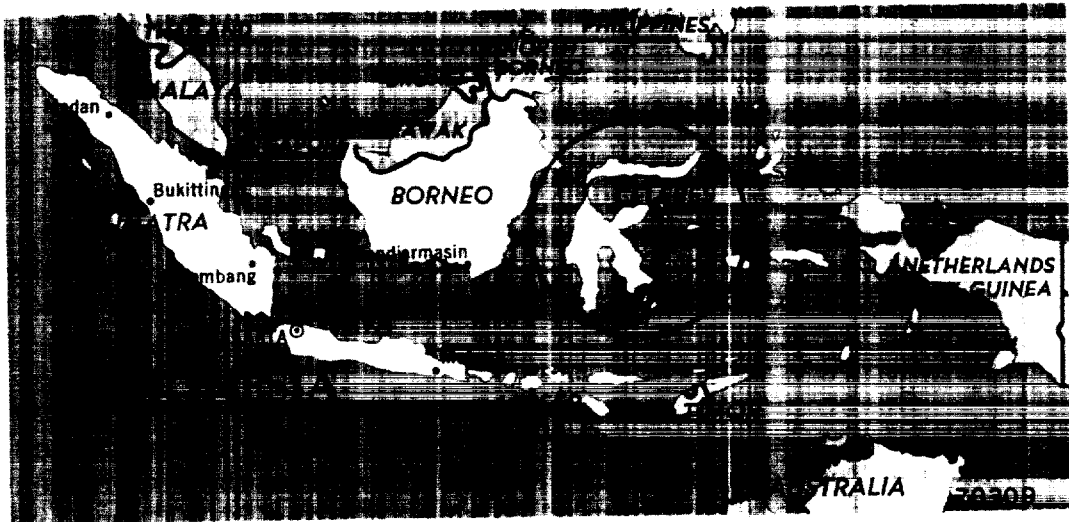
Indonesia's economic problems are becoming increasingly acute. The finance minister, in persuading the cabinet recently to outlaw barter trading by the outer islands, is said to have claimed on 8 January that unless Djakarta takes drastic action to regain control of foreign exchange earnings, "the country can continue to function only six weeks to two months longer." Prime Minister Djuanda, who remains optimistic, opposed the action against barter trading but was overruled.

Serious dislocations are developing in various sections of the country and are likely to become worse if the government cannot soon restore the interisland shipping pattern disrupted by its anti-Dutch campaign. [redacted]

[redacted] describes Indonesia's general economic problems as "fantastic," states that in Surabaya--the second largest port and city--the continuing decline in commodity traffic is resulting in severe unemployment. Djakarta has also been seriously affected by unemployment, and other areas are experiencing shortages of food and supplies which could increase unrest.

Government efforts to obtain additional ships by charter from Japan have hit a snag. An early January Djakarta [redacted] [redacted] the government feels it needs a minimum of 26 ships totaling 70,000 tons, and that it hoped that "other countries" might supply ships not available from Japan. Indonesia now is reported to be considering offers from both Western and bloc sources, including the Soviet Union and Poland. [redacted]

~~TOP SECRET~~ [redacted]



Further Isolation of Celebes from Indonesian
Government Probable

The Indonesian Government has decided to withdraw Javanese troops from South Celebes in East Indonesia by the end of March, in the hope of preserving the central government's political authority in the area and ending long-standing dissidence by eliminating friction between the Javanese and locally recruited battalions. The nine Javanese battalions will be replaced by locally recruited troops under the command of Major Jusuf, indigenous regimental commander.

The long-term effect of the government's decision is likely to be a considerable loosening of the bonds between Djakarta and the area. Autonomous sentiment in the area is strong, and the Javanese units had kept it partially in check. Although the Javanese withdrawal may result in at least the temporary cessation of guerrilla warfare, it will probably also lead to the greatly increased influence of Kahar Muzakkar, who has engaged in armed dissidence against the government since 1951. Major Jusuf and his troops, former guerrillas who surrendered to the government and chose army service, have a non-shooting agreement with Muzakkar.

In North Celebes, effective contact with the central government is expected to cease. Djakarta has refused to recognize that area's recent announcement of autonomous provincial status. Heretofore, the entire island of Celebes has nominally been a single province administered from Makassar in the southern part of the island.

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Turkey Announces Exposure of Coup Plot

There may be serious repercussions from the Turkish Army if the high-ranking officers accused by the government of involvement in plans for a coup d'etat against the regime of Prime Minister Menderes are court-martialed on trumped-up charges. The government says the coup plans, which allegedly called for the arrest of top government officials and the establishment of a temporary dictatorship to be headed by Ismet Inonu, leader of the major opposition Republican People's Party (RPP), have been foiled. Inonu himself has not as yet been implicated in the alleged conspiracy.

At least six army generals have been implicated in the plot, although the government's official communique claimed that only nine officers, none higher than the rank of colonel, had been arrested. Air force officers, as well as army officers, may have been plotting against the government. The investigation, which continues, is being handled by the military, and those charged will be court-martialed.

Transfer of 16 "rather important" army officers on 8 January from western Turkey suggests that the coup threat was much broader than admitted by government spokesmen.

There could also be a serious reaction throughout Turkey if the government tries to use the coup charges as justification for banning the RPP, which has wide-spread support.

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III. THE WEST

Weakened Macmillan Government Faces Severe Parliamentary Attack

With the return of Parliament on 21 January, the Macmillan government faces serious dissension among its supporters as a result of Chancellor of the Exchequer Thorneycroft's resignation on 7 January. The American Embassy sees the resignation as the most severe blow yet to the political stability of the government and believes that it could irreparably damage Prime Minister Macmillan's parliamentary reputation as a "deft, politically courageous politician."

Important elements in the Conservative party have indicated their approval of Thorneycroft's charge that the real issue was cabinet support for his anti-inflationary policy. Conservatives generally have considered this policy the key factor in the party's chances of winning the next general election. They maintain that their poor showing last year in by-elections was due mainly to the voters' doubts that the government could control inflation.

The government's first test will come on 23 January with the Labor opposition's motion of no confidence on economic issues. Fear of extensive abstentions by Thorneycroft sympathizers has led the government to recall Conservative MP's from abroad in an effort to obtain as large a part of its normal 40-vote majority as possible.

In the face of continuing dissatisfaction with its economic policies and under a hard-hitting Labor offensive, the government may seek to bolster its prestige by heeding the public demand for moves toward some agreement with the USSR.

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