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24 July 1958

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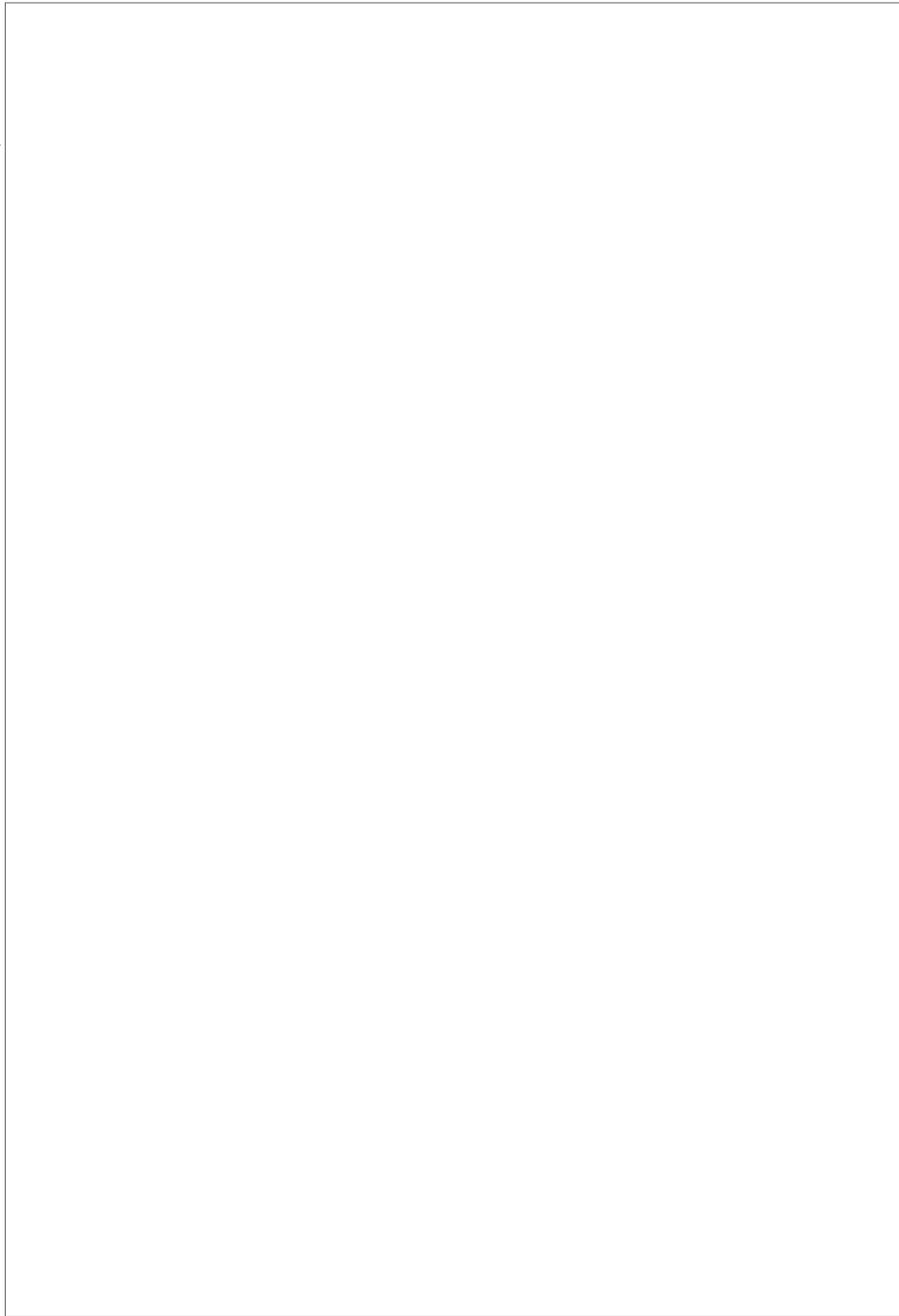
CENTRAL INTELLIGENCE BULLETIN



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24 JULY 1958

I. THE COMMUNIST BLOC

Khrushchev ostensibly agrees to US-UK proposals for UN Security Council session at heads-of-government level, but seeks to ensure that principal discussions will be in subcommittee of five.

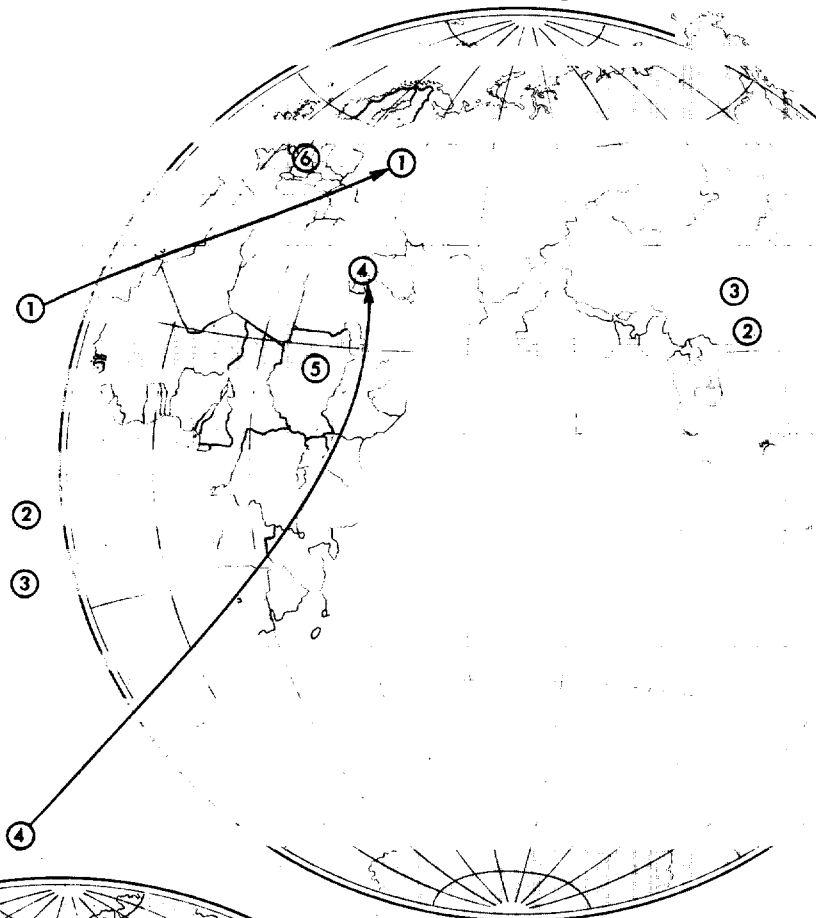
IAC Watch Committee conclusion-- Sino-Soviet Bloc.

Chinese Communists planning demonstrations in Hong Kong; disorders and economic reprisals possible.

Floods in two major river basins of Communist China.

II. ASIA-AFRICA

Middle East - Speaker of Lebanese House expects quorum for 31 July presidential election. New disorders threaten in Jordan. UAR military measures may be mostly to reassure populace.



⑤ Sudan - Prime Minister Khalil faces parliamentary opposition to pro-Western stand.

IAC Watch Committee conclusion-- Middle East.

III. THE WEST

⑥ Top West German officials critical of American and British policies in Middle East.

⑦ Threat of coup in Venezuela may have eased, but with no real change in instability.



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CENTRAL INTELLIGENCE BULLETIN

24 July 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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*USSR--Summit Meeting on Middle East: While Premier Khrushchev ostensibly agrees to American and British proposals for a UN Security Council session at the heads-of-government level, he attempts to construe the Western proposals as an acceptance of his 19 July call for a five-power summit conference on the Middle East. Khrushchev's aim apparently is to ensure that all the important discussions will be conducted in a subcommittee of the full council composed of the five heads of government--the Big Four and India--plus representatives of "interested Arab states." The letters are cast in deliberately ambiguous terms in order to maintain the maximum freedom of maneuver on such issues as agenda, participants, and procedure.

No

Watch Committee conclusion--Sino-Soviet Bloc (as of 1600 EDT, 23 July):

A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.

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NOTE: It is not believed that the USSR would intentionally resort to general war to expand or preserve its recent gains in the Middle East. It cannot be assumed, however, that the Kremlin will avoid all risk of war, and a Soviet miscalculation of the risks remains a possibility.

B. No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the Orbit in the immediate future.

NOTE: While the USSR has placed some of its forces in positions of readiness, the Soviet Union has not taken many of the measures which would be considered necessary to prepare for aggressive action in the Middle East or elsewhere.

No

Soviet military activity in Bulgaria, the Black Sea, and in the Transcaucasus and Turkestan Military Districts is certainly intended to intimidate the West and its allies, particularly Turkey, to back up vigorous Soviet bloc diplomatic, propaganda, and "popular" demands for the withdrawal of US and UK forces from Lebanon and Jordan and to support strong Soviet declarations to restrain Western and Turkish interference with the new Iraqi regime.

This activity also has the effect of improving the combat readiness of Soviet forces in the area.

(Page

Hong Kong: Communist-ordered demonstrations protesting Western action in the Middle East are expected to begin in Hong Kong by 25 July. The Communists reportedly plan "peaceful" demonstrations, but they may result in clashes with the Hong Kong police and British military forces. Police guards have been increased at the American Consulate General in the colony. The colonial governor's political adviser believes the Communists may take economic reprisals against

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Hong Kong, which is dependent on the mainland for about 80 percent of its food supply. [redacted] (Page 1)

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 Communist China: Serious floods may be developing in China's two largest river basins--the Yellow and the Yangtze, where at least half of China's food grain is produced. At present the more serious flooding appears to be along the course of the Yellow River, which reportedly burst its dikes on 22 July and damaged the important rail bridge just north of Chengchou. [redacted] (Page 2) (Map)

II. ASIA-AFRICA

[redacted] *Middle East (Information as of 0100 EDT 24 July): Political activity is reviving in Beirut, and the speaker of the Lebanese Parliament claims to be confident there will be a quorum for a presidential election on 31 July. Israel is again insisting that British overflights to Jordan be halted. Rigorous security measures continue in force in Jordan, but there is fear that disorders will break out following any signs that the Western powers do not intend to move against Iraq's revolutionary regime. A movement to recognize the Baghdad government--led by West Germany and Britain--may be developing in Western Europe; such a movement is already under way among Asian-African countries, following the unanimous action of the Sino-Soviet bloc in recognizing the Baghdad regime. Ostentatious UAR military measures may be designed in part to reassure the populace of the power of UAR forces in view of reported popular apprehension that Nasir may take some action which would result in a Western attack. [redacted] (Page 3)

no
 Sudan: Prime Minister Khalil appears determined to maintain his control of the Sudanese Government and said on 22 July that he is making his preparations for establishing an army-backed dictatorship in order to "rid the country of subversive elements." He is probably not as certain, however, of the

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loyalty of the army as he appears. He may also encounter difficulty in maintaining parliamentary adherence to his pro-Western stand in the debate scheduled for 24 July on American and British intervention in the Middle East. [redacted]

[redacted] watch Committee conclusion--Middle East (as of 1600 EDT 23 July): Although critical tensions exist at a number of points in the Middle East, a deliberate initiation of open hostilities is unlikely in the immediate future.

NOTE: The presence of UK troops in Jordan has temporarily bolstered the weak Jordanian regime.

No US forces in Lebanon continue to be confronted with a likelihood of clashes with Lebanese rebel forces, and possibly also fedayeen.

Turkey has expressed eagerness to intervene in Iraq and Syria and has vigorously sought US support for such a move. While a unilateral Turkish move is unlikely, the possibility cannot be dismissed.

An effort on the part of the UAR to break the UK-Kuwait alliance, through agreement with the Ruler or through internal revolt, appears likely in the near future. [redacted]

Watch Committee conclusion--Indonesia (as of 1600 EDT 23 July): The situation in Indonesia continues to favor local Communist exploitation. Sino-Soviet bloc military involvement is unlikely. [redacted]

III. THE WEST

No West Germany: Bonn's desire to maintain its economic interests and preserve its political position in the Middle East has made key German officials critical of American and British

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policy in the area. While Chancellor Adenauer supports intervention in Lebanon and Jordan as "honoring obligations," he feels other countries share his concern over the "unpredictability" of American and British policies. He also believes that the Western powers have never made a "wise" assessment of Nasir's character. [REDACTED]
(Page 6)

[REDACTED] *Venezuela: The threat of a coup in Venezuela seems to have abated temporarily with the resignation from the cabinet of Defense Minister Castro Leon, principal leader of opposition to the Larrazabal regime. The split in the armed forces, the added prestige of the Communists and other leftist groups resulting from Castro's resignation, and civilian-military differences are factors for continued instability. If the leaders of the general strike which began on 23 July should demand further changes in the top military command, a new coup attempt might be precipitated. [REDACTED] (Page 7)

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I. THE COMMUNIST BLOC

Peiping Orders Anti-Western Demonstrations in Hong Kong

[redacted] an agent from Peiping has arranged for Communist-inspired demonstrations protesting Anglo-American action in the Middle East to begin in Hong Kong before 25 July. Local Hong Kong Communists were opposed to the agent's instructions, but were forced to go along. Plans are said to call for "peaceful" demonstrations.

Any large-scale rallies are almost certain to result in clashes with the police and British military forces, which are believed capable of maintaining order short of an all-out effort by Peiping to take over the colony.

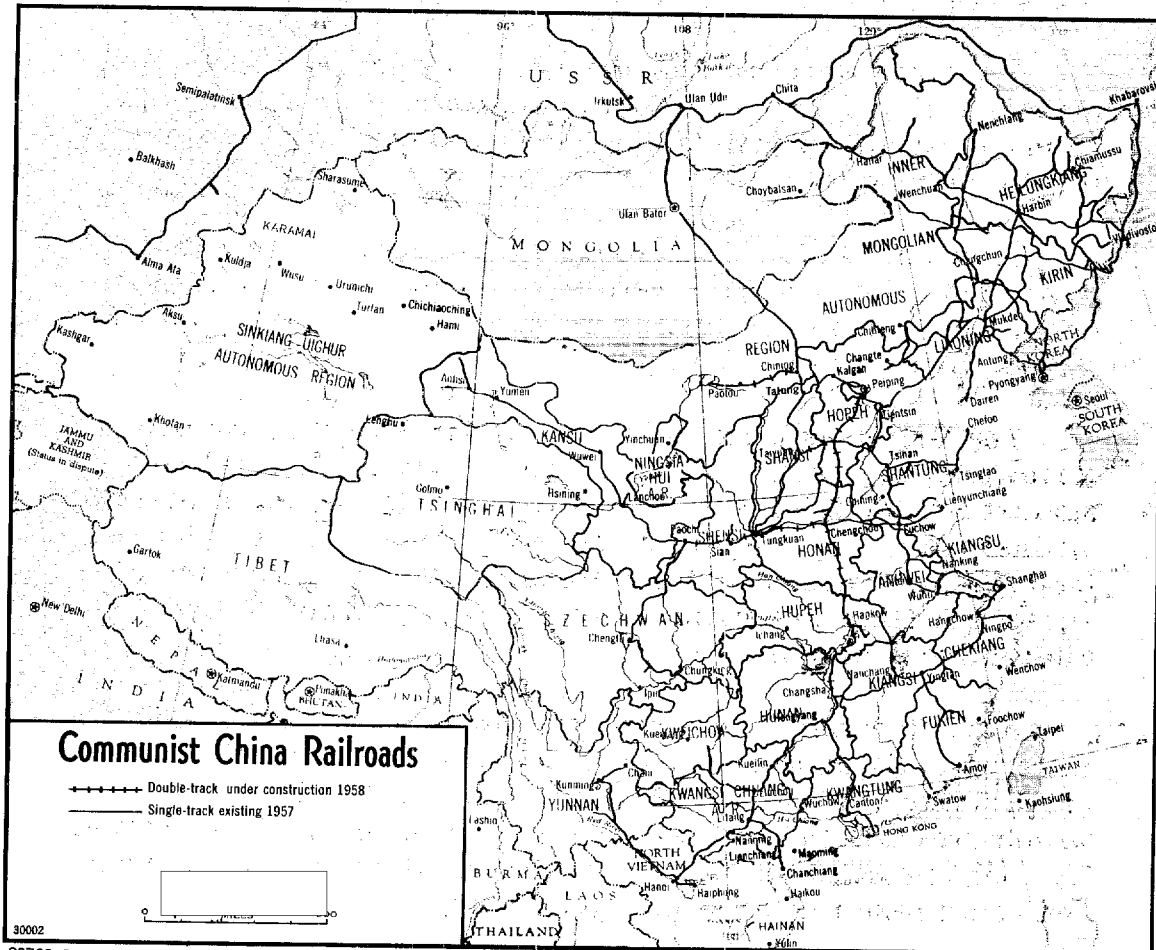
Some anti-American activity has occurred in recent days, and police guards have been increased at the American Consulate. Demonstrations were held on the Chinese side of the border on 20 and 22 July.

[redacted]
[redacted] Peiping may follow up its recent protest to London against British intervention in Jordan with economic reprisals against the colony. Approximately 80 percent of the colony's food supply comes from the mainland, and in the event of a squeeze British authorities would be hard pressed to find alternative sources.

[redacted] pro-Communist Koreans in Japan are planning a demonstration at the American Embassy in Tokyo on 25 July to demand the immediate withdrawal of American troops from Lebanon and South Korea. The demonstration is expected to be small but well organized and could result in violence. [redacted]

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Floods in China

Early reports suggest that a serious flood may be developing in China's two largest river basins--the Yellow and the Yangtze, where at least half of China's food grain is produced. The upper reaches of the Yellow River received three times as much rainfall as normal in June, while Kiangsi Province, in the Yangtze basin, is reported to have received 23.6 inches of rainfall so far during July. The Han River, an important Yangtze tributary, was reported in flood on 19 July, the Yangtze on 22 July.

At present the most serious flooding appears to be along the course of the Yellow River. The Yellow, which is especially prone to disastrous floods, was reported on 22 July by the Reuters correspondent in Peiping to have burst its dikes, inundating large areas of the North China plain. The critical Yellow River bridge just north of Chengchou is apparently unusable, necessitating the rerouting of through traffic on the Peiping-Hankow line via Shanghai.

The floods do not yet appear sufficiently bad to warrant comparison with the catastrophes of 1933 or 1954, but the situation is still developing and it appears entirely possible that Peiping's hopes of a bumper late harvest to go with the favorable early crop will not be realized. This, in turn, would seriously affect this year's "leap forward" and strengthen the hand of those party members who have opposed acceleration of the economic program and are admittedly waiting for the fall harvest to settle accounts. It will also mean that vast numbers of the irrigation and water conservancy works, built at such a great cost in labor last winter, will have to be rebuilt.

[Redacted]

[Redacted]

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II. ASIA-AFRICA

The Middle East (Information as of 0100 EDT 24 July)

Lebanon: Political activity in Beirut is reviving, despite the opposition's stand that it will not participate in presidential elections until American troops are withdrawn. Speaker of Parliament Usayran says he is confident that there will be many more than the necessary number of members present to form a quorum on 31 July, the date he has now set for the election. Usayran claims he postponed the session from 24 July at the request of deputations from both progovernment and opposition groups, and that he has been promised the government will suspend warrants for the arrest of some opposition leaders to permit them to attend. Agreement on a candidate still seems far off, however, with both President Chamoun and the rebels putting forward relatively unimpressive personalities. General Shihab appears out of the running as far as the civilians are concerned, though some army officers still hope to install him by a coup.

There has been no major change in the military situation. Unconfirmed reports persist of a relatively large-scale movement--350-400 men--from Syria into Lebanon.

Jordan: Tension remains high inside Jordan. There is particular apprehension that signs of Western acceptance of the new Iraqi regime will be followed by disorders, even though coup plans may have been thrown off schedule by widespread arrests. The presence of heavily armed British troops on patrol in Amman on 22 July apparently antagonized the population. Prime Minister Rifai, dropping his persistent requests for American troops, has indicated that in the light of difficulties with the British, the fewer foreign troops in Jordan the better. Rifai has asked that Western commercial airlines begin stopping at Amman/Jerusalem since the UAR's refusal on 22 July to permit Jordanian airlines to overfly its territory has left Jordan practically isolated in terms of air communication. The intensive UAR radio campaign, using both overt and clandestine transmitters, continues.

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Israel: Israeli Prime Minister Ben-Gurion is reported to have again insisted that British overflights stop. [redacted]

[redacted] Ben-Gurion asserted that he would soon "discuss" the subject with the Israeli Air Force, and that "for only a little while can the United States continue to do things in Israeli skies without our knowledge and consent."

Iraq: A general movement to recognize the new Iraqi regime may be developing in Western Europe, since both West Germany and Britain appear to favor such action. The flow of formal announcements from Asian and African nations has already begun: India's statement of recognition on 23 July was preceded by those from Indonesia, the Sudan, and Tunisia as well as by a unanimous move from the Sino-Soviet bloc. Even in Lebanon, a Foreign Ministry official has stated that the cabinet feels it faces an extremely delicate problem, since it "sentimentally" wishes to refuse recognition but does not want to be left out on a limb by the actions of the major powers.

The Baghdad government is extending its purge of officials into the ranks of the senior civil servants, a number of whom have been banned from government work for five years. Officials of the new regime indicate that extensive changes, of yet unspecified nature, are to be made in the Iraqi development plans, which hitherto have been regarded as something of a model for the area. Bids on projects will henceforth be invited from Sino-Soviet bloc suppliers and contractors as well as from Western firms. [redacted]

[redacted] the British and Americans have agreed not to take any military action against the regime, and that "American public opinion is advocating the necessity of cooperating with the government of the republic of Iraq." Reports of this kind, even if not taken at face value by Baghdad, will tend to assure the regime that its tactic of speaking softly to Western diplomats is paying off. [redacted] The regime appears to feel somewhat more secure internally; the curfew period has been abbreviated and the border with Syria opened.

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UAR: Military movements in Egypt and placing of gun installations are being performed in such an open manner that it seems probable one purpose of these activities is to reassure the populace with a display of the might of the UAR forces. Such a tactic may be in response to reported popular fear, especially in the Suez Canal area, that Nasir may act so as to cause a military attack on the canal with attendant popular suffering. An unconfirmed report also states that similar apprehension is being felt in high quarters of the regime. It seems very doubtful that such nervousness could lead at this time to any move to overthrow Nasir.

Kuwait: London press reports state that the Ruler of Kuwait is to return to the Persian Gulf from Damascus on 24 July to confer with British officials. [REDACTED]

[REDACTED] the Ruler sought to assure the UAR President of his good will by pointing out that he had refused to join the Iraqi-Jordanian union. There is no confirmation of Damascus press reports that Kuwait intends to associate with the UAR in the near future. Heavy security patrols are being maintained in Kuwait town. [REDACTED]

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III. THE WEST

Bonn's Views on Middle East

West Germany's desire to maintain its economic interests and preserve its political neutrality in the Middle East is reflected in a public attitude of reserve together with sharp private criticism of Anglo-American policy. The German press reported that in a two-hour interview with the UAR ambassador on 21 July, Chancellor Adenauer probably expressed a desire to continue mutually satisfactory relations.

On the same day, Adenauer informed American Ambassador Bruce that he supports US-British intervention in the Middle East but has disagreed with Western policy in the area since 1955. He feels that Bonn is "not alone" in its concern over the "unpredictability" of American policy. Adenauer also stated that the Western assessment of Nasir's character has been "unwise," a view which probably reflects the opinion of some German diplomats who believe that Bonn can work effectively with Nasir.

Bonn officials have suffered a severe case of nerves over possible Western intervention in Iraq. The Foreign Ministry informed British and American officials on 18 July that such a move would cause Bonn to re-examine its policy of sympathy and understanding for the Western position. [redacted]

[redacted] the chancellor pointed out to Ambassador Bruce that "some Germans" have maintained good relations with influential members of the new Iraqi Government since the pro-Nazi coup in 1941. [redacted]

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~~SECRET~~Situation in Venezuela (Information as of 0100 EDT 24 July)

The threat of a coup in Venezuela seems to have abated temporarily with the resignation from the cabinet of Defense Minister Castro Leon, principal leader of opposition to the Larrazabal regime. However, the split in the armed forces, the added prestige of the Communists and other leftist groups resulting from Castro's resignation, and civilian-military differences are factors for continued instability. If the leaders of the general strike which began on 23 July should demand further changes in the top military command, a new coup attempt might be precipitated.

[redacted] the situation in the Barcelona-Puerto La Cruz area where the Socony and Menegrande petroleum companies operate is chaotic, with mobs having taken over and no police or military authority effective. Officers at the Maracay air force base have refused to obey the orders of the new defense minister, General Lopez Enriquez.

During the crisis on 22 July, President Larrazabal called on the populace for support. Many of the students, who are Communist led, are said to have small arms and Molotov cocktails and are ready to fight against any take-over by the army. Other civilian groups who were severely repressed by the Perez Jimenez dictatorship will also fight to assure a return to constitutional government and democratic elections, now tentatively scheduled for November. It may have been in the face of such strong civilian opposition that Castro Leon decided to resign instead of making a stand at this time. An attempted army coup would probably lead to a bloody civil war.

The Communist party will probably gain still further as a result of the present crisis and as long as President Larrazabal continues his soft attitude toward Communists. [redacted]

[redacted]

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