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12 June 1954

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**CENTRAL INTELLIGENCE AGENCY**

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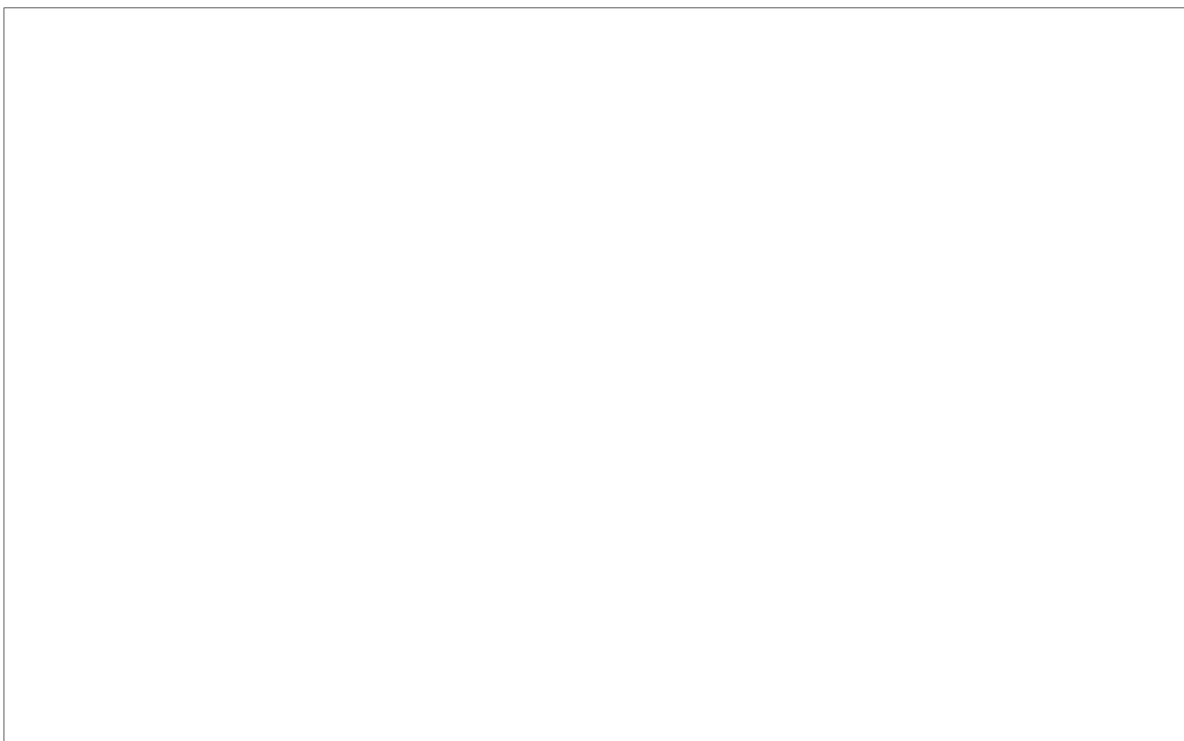
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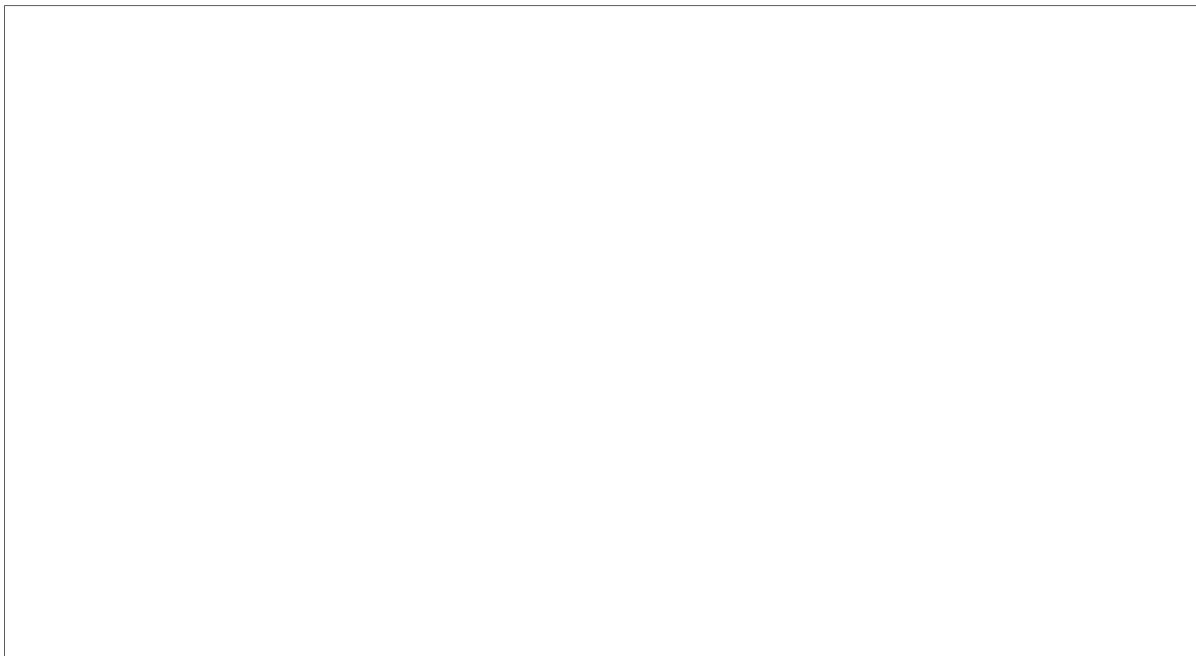
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**GENERAL**

**1.**



**2.**



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~~TOP SECRET~~**FAR EAST****3. Japanese Diet disturbance seen pro-Communist test of strength:**

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The Diet incident on 3 June was instigated by pro-Communist elements of the left-wing Socialist Party to test its techniques of violence, according to the American embassy in Tokyo. Informed Japanese sources believe the leftists are planning to discredit parliamentary institutions, invite "fascist" repressions, and then win mass support for a drive to save "democracy."

The embassy believes the government's general ineptness in handling the situation, and the failure of both the press and government to pinpoint the blame on the extreme leftists who directed the riot, are additional disturbing aspects. The embassy also thinks, however, that the incident, together with pressure from the business interests, will assist in unifying the conservatives and increase sentiment for firmer measures to deal with such situations.

Comment: Continuing bitter opposition to Yoshida in the conservative camp will hamper the government in dealing with future outbreaks of violence, and in the development of conservative unity.

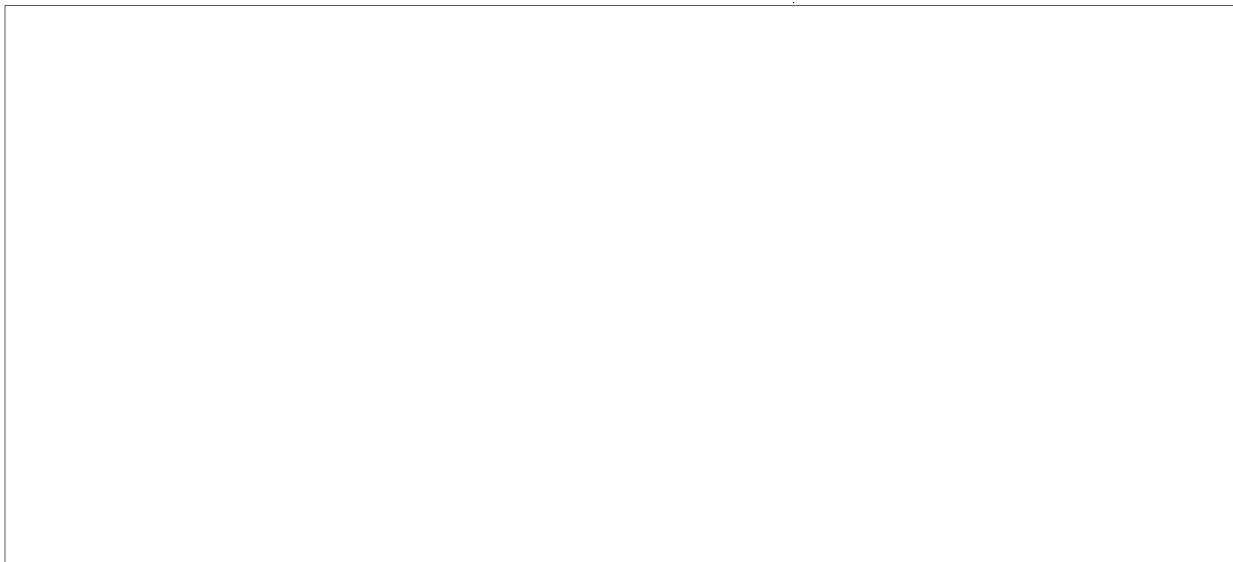
The press has aided the leftist cause through irresponsible and inflammatory attacks on the government, while only perfunctorily criticizing the Socialists. Such a policy may invite government control, which the press greatly fears.

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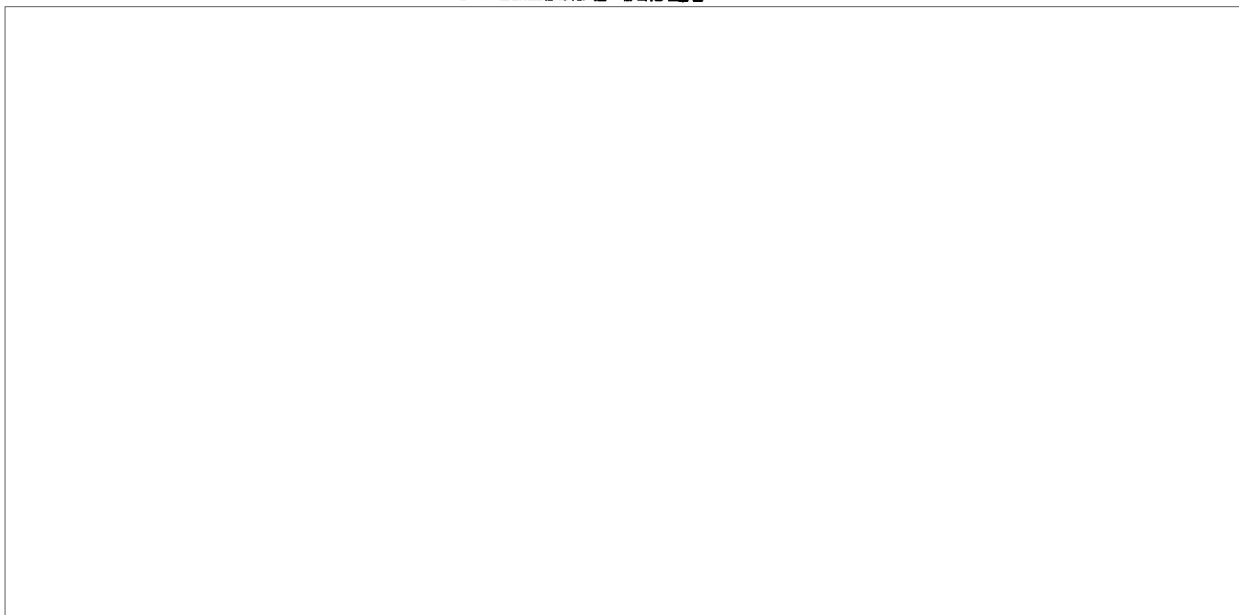
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**SOUTHEAST ASIA**

5.



**NEAR EAST - AFRICA**

6. Comment on the Iraqi elections:



Conservative pro-Western politicians continue to rule in Baghdad as a result of the parliamentary election of 9 June,

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but their victory does nothing to lessen Iraq's increasingly dangerous political and social tensions. It is not yet clear whether a new government will be formed before late summer.

The balance of power is held by political independents. However, many of them are so close to Nuri Said and his Constitutional Union Party, which won only a plurality, that Nuri, at present in London, remains the dominant parliamentary figure. No significant domestic or foreign policy changes are expected.

The old guard won on the basis of palace influence and Iraqi feudalism. Issues were trumpeted only by the extremists, particularly by the Communist-directed National Front, whose vigorous campaigning revealed unexpected strength and effective leadership, even though they won only 12 out of 135 seats. The absence in the campaign of any liberal nationalist party reveals a dangerous conservative-extremist polarization in Iraqi politics.



7. New French program for Morocco unlikely to resolve differences:



A high French Foreign Ministry official has said that the reform program for Morocco shortly to be announced will stress Moroccan sovereignty and the fact that the reforms of last August were only one step toward the final goal. French participation in local government will also decrease as the Moroccans become capable of greater responsibility.

The official stated that neither the time factor of the program, nor the final Moroccan-French relationship, will be specified. He added that no change of sultans is presently anticipated because it would present new problems.

Comment: The new French resident general, Francis Lacoste, is scheduled to arrive in Rabat on 14 June. He will be charged with implementing the program.

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Any settlement is unlikely under these proposals and nationalist violence and terrorism will probably continue. The nationalists are seeking a public promise of independence with a definite timetable and immediate steps toward autonomy as well as the return of the former sultan.

The issue of French participation in the Moroccan government--the immediate cause of the removal of the sultan in August 1953--will be a major stumbling block to both nationalists and French settlers.

### LATIN AMERICA

#### 8. Chilean foreign minister fears OAS conference may backfire:



Chilean foreign minister Aldunate told Ambassador Beaulac on 9 June he had "grave fear" that lack of agreement at the proposed Organization of American

States meeting on Guatemala on 1 July would "create a worse situation than now exists."

Aldunate said Chile will attend the OAS meeting in view of the willingness of a majority of other governments, but it reserves "freedom to act at the conference in accordance with its traditional policies."

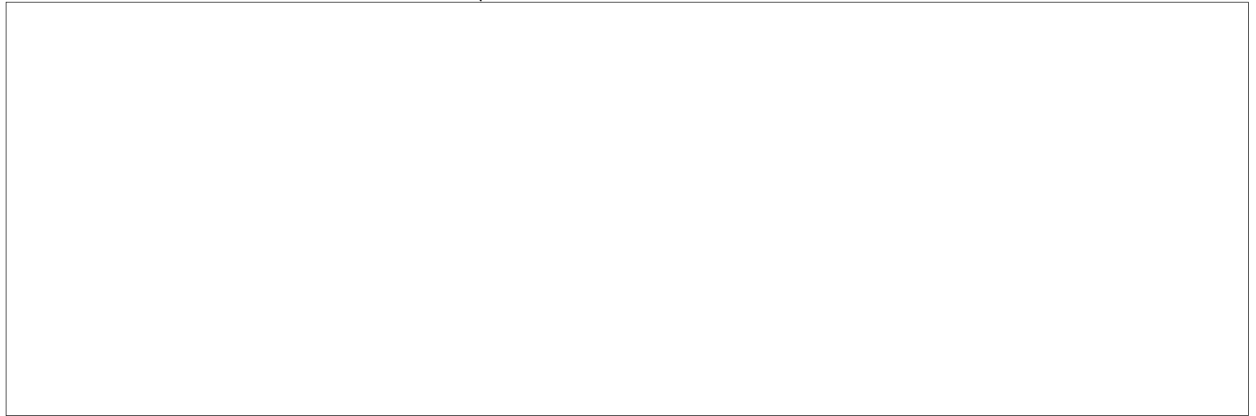
Comment: Uruguay and El Salvador have also expressed fear that failure to agree on specific measures before calling the OAS meeting would invite a propaganda disaster. Uruguay urged on 10 June that this could be avoided by formulating a proposal for action that does not mention Guatemala specifically. Thus far, only four countries have formally approved the proposal put forward by the United States on 5 June, while three have questioned the language.

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9. Guatemala may take diplomatic offensive:



[redacted] the Guatemalans have "planted" caches of American arms and intend to announce their "discovery" within "two or three days" as "evidence" of American plotting to overthrow the Arbenz regime.

Comment: The projected Guatemalan proposal, if coupled with "evidence of aggression" by the United States or the United Fruit Company, could cause further delays in arrangements for the scheduled 1 July meeting of the OAS.

Several key countries, such as Chile, and possibly Argentina and Mexico, would have preferred the role of arbiters to that of active participant. Almost all of them are, however, at present committed to the view that the problem is international Communist intervention in Guatemala rather than any Guatemalan dispute with the United States.

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