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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

14 June 1958

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DAILY BRIEF

I. THE COMMUNIST BLOC

yes

Soviet summit tactics: Premier Khrushchev's letter of 11 June appears designed to set the stage for a Soviet demand that an early date be agreed on for a foreign ministers' meeting. The letter, which will probably soon be published, contains the thus far secret 5 May Soviet agenda proposals. It suggests that the USSR might not insist on including all its proposals on a summit agenda and probably would be willing to include all Western-proposed topics except Eastern Europe and German reunification.

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II. ASIA-AFRICA

no

*Lebanon: The arrival of UN observers has not yet caused any slowdown in military action. The rebel force threatening the Beirut-Damascus highway has been driven back, while fighting has continued around the rebel stronghold in Tripoli.

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no

Cyprus-Greece-Turkey: Greek and Turkish Cypriots continue to clash despite British efforts to control the situation. In Greece, where the stability of the government itself may be threatened, popular anger and resentment against the Turks, British, and Americans raise the danger of outbursts despite government restrictions. In Turkey, popular emotions are being whipped up by continuing mass demonstrations, which the government is encouraging. At the same time, a cabinet crisis appears to be developing with Prime Minister Menderes under heavy pressure to take a firm position on the Cyprus issue.

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yes

Japan: Prime Minister Kishi has placed his closest supporters in the major posts of his new cabinet to consolidate his personal leadership. While he has included influential factional leaders in the cabinet and in party posts, they will be in a poor position to hamper his policies.

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no

Morocco-Tunisia: Premier Balafrej and Deputy Premier Bouabid will go to Tunis on 16 June, ostensibly to ratify the treaty of friendship and solidarity negotiated last March. This will be the first meeting between Moroccan and Tunisian leaders since the advent of De Gaulle, and their discussions probably will be dominated by the Algerian problem. Algerian rebel leaders in Cairo state they will join the talks in Tunis.

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III. THE WEST

France: Although the pressures on De Gaulle for the formation of a "true government of public safety" remain centered in Algeria, extreme rightist pressures in France are mounting. Pierre Poujade, leader of the antitax movement,

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has thrown in his lot with the French Committees of Public Safety, and retired air force General Chassin has announced the formation of his "Popular Movement of 13 May." These two leaders are demagogues rather than skilled organizers like Leon Delbecque. Any concessions by De Gaulle to rightist pressure will probably encourage the Communists in their efforts to make the party the rallying point for opposition to De Gaulle.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Khrushchev's Letter on a Summit Conference

Premier Khrushchev's letter of 11 June to the leaders of the three Western powers follows recently renewed Soviet propaganda charges that the West is using the ambassadors' talks to delay a summit conference. It is probably intended to prepare the ground for a Soviet demand for an early foreign ministers' meeting. By including in the letter the detailed Soviet agenda proposals of 5 May and a strong denunciation of key Western counterproposals on Germany and Eastern Europe, the USSR is seeking to document its charges that the West is to blame for the lack of progress toward the summit and also to bring pressure on the West for concessions on an agenda.

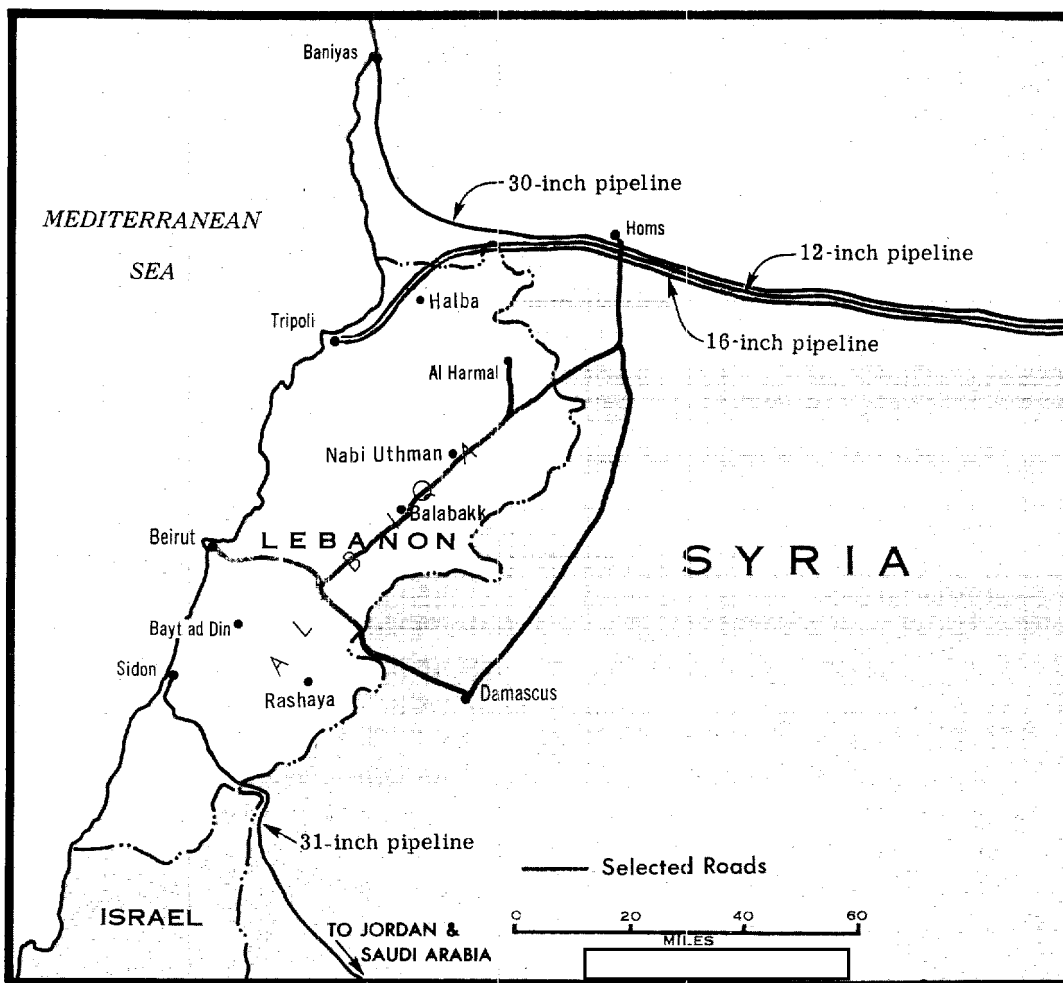
Moscow has recently intensified its propaganda charges of Western obstructionism and has publicized East German claims that Secretary Dulles had issued detailed instructions on methods for blocking a conference, particularly the insistence on discussing Eastern Europe and German unification.

The letter states that the USSR does not insist on discussing all Soviet-proposed topics and indicates a probable willingness to discuss all Western topics except Eastern Europe and German unification, including methods of strengthening the United Nations--a subject rarely mentioned in previous Soviet notes.

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II. ASIA-AFRICA

Lebanese Situation

After heavy fighting, Lebanese security forces on 13 June pushed back Jumblatt's Druze rebel forces moving toward the Beirut-Damascus road. Pro-Chamoun partisans commanded by Mughabghab have re-entered the fight, and heavy losses are reported to have been inflicted on Jumblatt's men. A new rebel thrust is expected from near the Syrian border along the Beirut-Damascus road. Heavy fighting is continuing in Tripoli.

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Opposition quarters are said to be in "deep gloom" over the establishment of the UN watchdog group. Extremist leader Saib Salam has declared that he "considers the Security Council resolution irrelevant to our problem" and apparently intends not to cooperate with the observers. All Cairo newspapers on 13 June carried a statement that "Lebanese nationalists have mobilized all their forces to achieve a decisive victory following the Security Council resolution."

The government's tightening financial situation has led Lebanese officials to approach the Iraq Petroleum Company

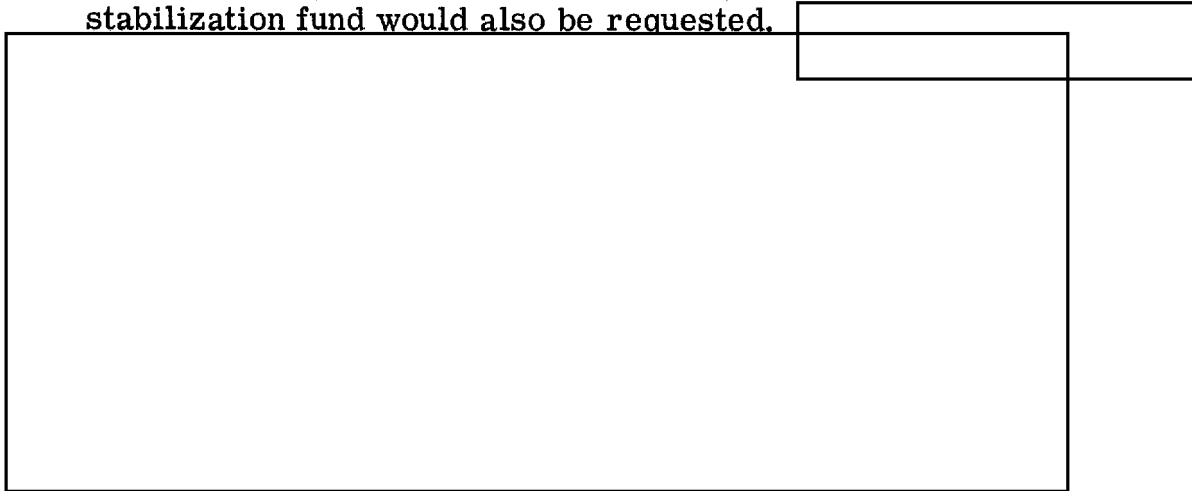
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and the Trans-Arabian Pipeline Company for loans totaling \$8,430,000. The companies will apparently refuse outright loans, but may devise a scheme to provide some aid in the form of accelerated transit fee payments. Before the Suez war, Lebanon received yearly transit fees amounting to about \$1,000,000 from IPC and about \$1,200,000 from Tapline. Lebanon apparently is also ready to seek aid from the US. Continuation of the crisis might undermine the stability of the Lebanese pound to such an extent that some form of stabilization fund would also be requested.

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Cyprus, Greek, Turkish Situation

A mounting wave of communal violence on Cyprus is frustrating British attempts to restore order, and there are severe repercussions in Athens and Ankara.

On 13 June, following receipt of the new British proposals, Greek Premier Karamanlis submitted his resignation to King Paul, stating that his pro-Western policies had failed. The King refused to accept the resignation but fears that he cannot convince Karamanlis to carry on. As there is no other outstanding leader in the governing National Radical Union, Karamanlis' withdrawal would throw the Greek political scene into chaos and probably would lead eventually to a government by a leftist-oriented popular front or by a rightist dictatorship.

Opposition leaders and the press, criticizing Karamanlis' "soft" policy, have demanded that Greece lodge an appeal with the UN Security Council since the government's action in taking the issue to the North Atlantic Council was "useless." Turkey is denounced for initiating the riots on Cyprus, Britain for partiality toward the Turks, and the US for failing to support the Greek demand for self-determination. The government has issued instructions against demonstrations, which will be difficult or impossible to present if the present pace of violence continues on Cyprus.

A small ray of hope lies in Archbishop Makarios' apparent willingness to examine in detail the new British plan for Cyprus. Greek Cypriot leaders on Cyprus appear inclined to accept the plan with modifications. Their acceptance would remove considerable pressure from the Karamanlis government.

In Turkey, the situation is becoming more explosive as emotions are fanned by government-sponsored mass demonstrations throughout the country. Tank-supported troops with fixed bayonets are preventing violence during and following the demonstrations, but isolated incidents are a constant

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danger. Ankara, with full knowledge of the British proposals, has shown no tendency toward easing its demand for the partition of Cyprus.

Prime Minister Menderes is reported to be under heavy pressure, regarding the critical economic situation as well as Cyprus. A caucus of the incumbent Democratic party, in session since 10 June, is said to be voicing severe criticism of Menderes and Foreign Minister Zorlu, with a majority of the deputies requesting Menderes to step down.

Earlier speculation that three cabinet members including Minister of Agriculture Okmen would be dropped suggested that Menderes was about to purge his cabinet of all dissident elements, but he apparently overplayed his hand and aroused an intraparty revolt of major proportions. Okmen, who is a capable financial specialist and considered friendly to the United States, is regarded as a contender for the premiership. He was brought back into the cabinet following last October's elections, probably as a concession by Menderes to the dissident element in the Democratic party.

While criticism of the Menderes regime has reached an all-time high, the prime minister may again be able to outmaneuver his opposition. In a desperate effort to salvage his regime he may try to exploit inflamed emotions over Cyprus to divert popular attention from domestic political and economic problems.

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New Japanese Cabinet

The speed and decisiveness with which Prime Minister Kishi formed his new cabinet suggests that his ability to control the competing factions in his ruling party has increased as a result of the mandate he received in the 22 May election. While the cabinet is representative of all major party factions, Kishi's close supporters are in firm control of the major posts, including foreign affairs, finance, justice, and agriculture and forestry.

Kishi, by appointing a political leader, his brother Eisaku Sato, as minister of finance broke a precedent of having financiers or bankers in this post. This should assure the cooperation and support, which was previously lacking, of a vital ministry in the formulation and execution of policies for Japanese participation in the economic development of foreign areas such as Southeast Asia.

While the press has, as usual, expressed distrust of the new cabinet, business interests have welcomed it as likely to be one of the most stable in recent years. Kishi's assertion of his leadership appears to be a significant step toward reducing factional and political rivalries in the government.

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Moroccan and Tunisian Governments to Confer in Tunis

Moroccan Premier Balafrej and Deputy Premier Bouabid are scheduled to go to Tunis on 16 June at the invitation of President Bourguiba. Ostensibly they are to ratify the Treaty of Brotherhood and Reciprocity negotiated in Rabat in March 1957, but more probably their purpose is to confer on mutual problems arising from the continued Algerian war and the change in the French Government. An announcement from Cairo that a delegation of the Algerian National Liberation Front (FLN) would also be in Tunis raises the possibility that the FLN may take advantage of this meeting to consult both governments regarding the formation of an Algerian government as provided by the Tangier conference of North African parties. Probably, however, neither Morocco nor Tunisia is yet willing to risk the inevitable repercussions in relations with France which would be caused by sanctioning an Algerian government at this time.

The Tunisian Government fears French efforts to play the Moroccans and Tunisians off against each other and probably will continue to press Morocco for a united front vis-a-vis France. The Moroccan Government, which has lagged behind Tunisia in backing Algerian independence, now appears convinced of the need for policy coordination and in the future seems likely to follow the general lines of Bourguiba's policy toward France and Algeria.

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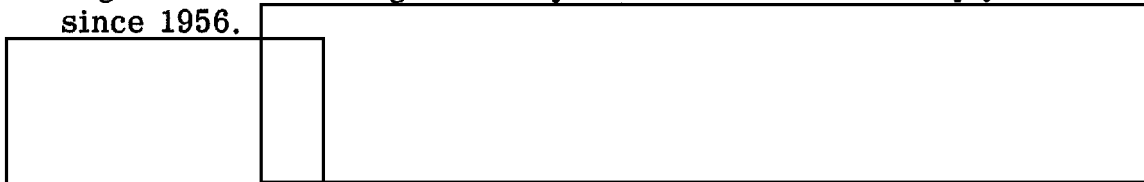
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III. THE WEST

Rightist Pressures on De Gaulle Mounting in France

While the main impetus for the formation of a "true government of public safety"--the elimination of the present system of parties and politicians--is still centered in Algeria, similar rightist pressures for changes are mounting in France.

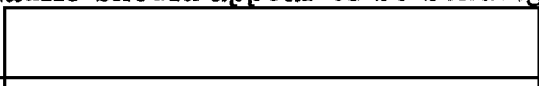
Poujade, rightist leader of the small shopkeepers, has decided to throw in his lot with the French Committees of Public Safety, and retired air force General Chassin has announced the formation of the "Popular Movement of 13 May." These developments may result in more demagoguery than effective organization. The personal political standing and organizational strength of Poujade have declined sharply since 1956.



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There is growing evidence of liaison between rightists in France and in Algeria. Pierre Laguillarde, member of the Algeria committee, stood by Chassin at the latter's press conference. Poujade stated that his committee would work in liaison with the Algiers committee. Leon Delbecque, one of the leaders of the Algerian revolt, recently said the 13 May action in Algeria was only the first phase of the revolution aiming at the formation of a nationwide committee of public safety in France.

Rightist efforts to mount a coordinated campaign in France for De Gaulle "to complete the revolution" may well facilitate the Communists' attempts to organize a broad anti-Gaullist front, particularly if De Gaulle should appear to be bending under rightist pressures.



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