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13 November 1955


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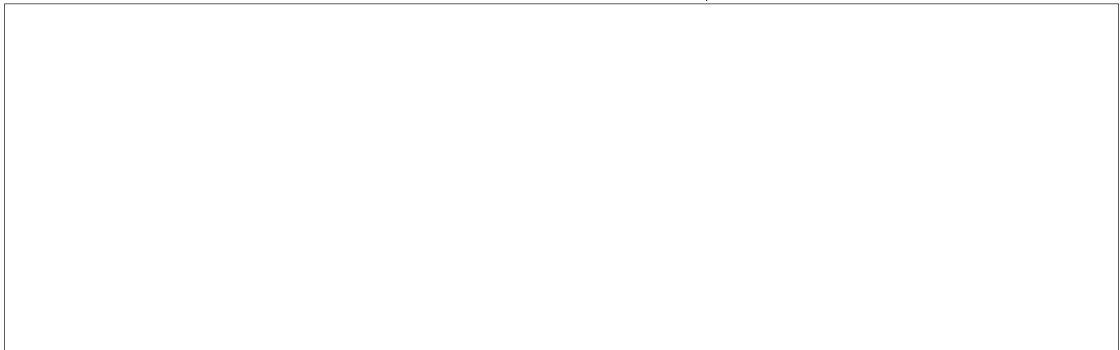
CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 1
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 16 JAN 1980 REVIEWER: 

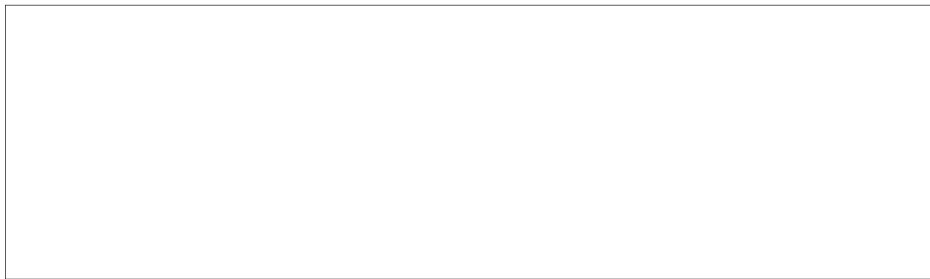


Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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THE ARAB-ISRAELI SITUATION
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1. ARGENTINE PROVISIONAL PRESIDENT "RESIGNS"

The "resignation" of Argentine provisional president Lonardi on 13 November appears to have been precipitated by strong military and civilian protests against his appointing as ministers of interior and justice two men associated with extreme nationalist Catholic groups.

Previous appointments from this sector had already antagonized the more liberal elements. Although there was no show of military force, the appointments of 12 November prompted night-long meetings of military and top officials, a noisy demonstration, and the resignation of most of the members of the National Consultative Council made up of representatives of various political parties.

Lonardi's successor, 52-year-old General Pedro Aramburu, is a career soldier and was appointed chief of staff of the army after the September revolt which ousted Peron. He has been described as moderate, "completely democratic" and free from nationalist leanings. The vice president, Admiral Isaac Rojas, and the army, navy, and air ministers will continue in office, according to an official broadcast. Sweeping changes in other cabinet posts are expected.

After taking his oath of office on 13 November, Aramburu explained the change of chief executive in conciliatory tones apparently designed to appease Lonardi supporters. Although Aramburu's address carefully stressed the unity of the armed forces, the army will probably try to increase its relative influence over the administration. In contrast with the junior officers' strong support for Lonardi, the top army generals are said to view some of Lonardi's policies on economic and labor matters as rash and ill-considered. Also, they believe capable civilian advisers have been discouraged from joining the government by Lonardi's pledge that no official will participate in the next elections.

Considerable skill will be required of the new administration to reduce interservice rivalries and to alleviate the country's pressing economic and labor problems.

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2. THREAT OF CIVIL WAR RECEDES IN BRAZIL

Ousted Brazilian president Carlos Luz and powerful Air Minister Eduardo Gomes abandoned their resistance early on 12 November to the new government installed on 11 November by General Teixeira Lott, according to press sources. The threat of civil war posed by the original adherence to Luz of part of the armed forces and at least two important state governors was thus substantially diminished.

The new Brazilian president, Nereu Ramos, told the nation in a broadcast on 12 November that his brief term would not permit any administrative accomplishments and that he planned to devote his time in office to re-establishing "an atmosphere of mutual understanding." Although Nereu Ramos opposed President-elect Kubitschek in the October election, he is now expected to work for a peaceful inauguration of Kubitschek on 31 January 1956.

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3. ORBIT SPOKESMEN EMPHASIZE DOOR STILL OPEN TO GERMAN SETTLEMENT

Soviet chargé Kudriavtsev in Vienna told an Austrian official on 9 November that the USSR would never agree to a unified Germany within NATO. He hinted that the Soviet position at Geneva on Germany was not necessarily final, however, and said he could imagine a possible solution along the lines of the Austrian settlement.

Comment

These statements appear intended to offset the impression created by Molotov at Geneva that the USSR has relegated German unity to the distant future. The USSR probably hopes that statements of this kind will convince the West Germans that talks with the East Germans and the USSR can bear fruit toward unification based on neutrality, in line with the recent statement of V. A. Zorin, who will be ambassador to Bonn, that negotiations with West Germany on unification are "entirely possible."

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4. REACTIONS OF WEST GERMAN BUNDESTAG DEPUTIES TO SOVIET POSITION ON REUNIFICATION

[redacted] According to American observers in Bonn, Bundestag deputies in Adenauer's coalition believe that the German population will grasp the general implications of the Soviet position on reunification and will support the Western stand at Geneva. Adenauer's Christian Democratic Union (CDU) deputies are not particularly concerned over the prospect of public pressure for closer relations with East Germany. In a meeting of the CDU foreign policy committee working group, which discussed this problem on 10 November, a large majority favored the toughest possible position in dealings with the German Democratic Republic. CDU leaders reportedly feel that a continuation of the military build-up on schedule is the logical reply to Molotov's position.

[redacted] they are convinced now that the abandonment of German membership in NATO would not be enough to bring about reunification.

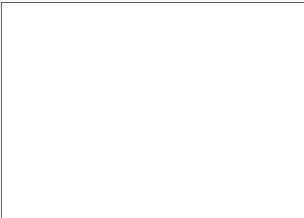
Comment

The Soviet position on reunification may serve to stimulate more support for rearmament legislation in the Bundestag and may assure the passage of the law transferring a substantial part of the Border Police into the new army during its initial training stages.

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5. LEADERSHIP COMPROMISE PAVES WAY FOR JAPANESE CONSERVATIVE MERGER



The success of the proposed merger of Japan's conservative Democratic and Liberal Parties on 15 November appears assured as a result of Liberal Party president Ogata's agreement to compromise on the leadership of the new party.

The compromise provides that Hatoyama will remain as prime minister, and that election of the new party's chief will be postponed until next spring. In the interim, a committee composed of Hatoyama, Ogata and possibly two other senior party officials will collectively direct the new party.

The opposition of former prime minister Yoshida's Liberal faction still poses a problem, but pressure of rank and file party members for unity and the probability of offers of posts in a new cabinet may persuade Yoshida's supporters to accept the compromise.

Conviction that the merger will succeed has prompted Hatoyama to set the resignation of his cabinet for 21 November, the day before the extraordinary Diet session is tentatively scheduled to convene. The Diet is then expected to re-elect Hatoyama as prime minister. The ensuing cabinet will probably include Foreign Minister Shigemitsu to emphasize Japan's friendship for the United States and firmness toward the USSR.

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6. COMMENT ON SENATOR LAUREL'S DECISION TO LEAD ANTI-MAGSAYSAY FORCES

Although the landslide victory of the Nacionalista Party in last week's Philippine elections all but wiped out

Liberal Party representation in the senate, Senator Jose Laurel's 12 November statement that he intends to lead the opposition ensures that President Magsaysay's program will continue to encounter heavy fire from old-guard politicians. Laurel's defection may foreshadow the formation of a new ultranationalist political party which would be strongly inclined to be neutralist in international affairs.

In opposing Magsaysay, Laurel can count on the support of Senator Claro Recto, whose reelection he strongly supported, and a handful of other senators. He will also probably be backed by a sizable bloc of both Nacionalistas and Liberals in the lower house, of which his son is speaker. Although these forces are distinctly in the minority, they are financially strong and are likely to become a more cohesive opposition than presently exists.

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7. EGYPTIAN INTELLIGENCE CHIEF GIVES VIEWS ON FOREIGN POLICY

[redacted] Egyptian minister of interior Zakaria Muhieddin took the position that Soviet interests in the Middle East are compatible with those of the Arab states, whereas those of the United States are not.

Muhieddin [redacted] believes the USSR is unlikely to engage in subversion or clandestine activity in Egypt in the immediate future because it has too much to gain by continuing its present friendly course. [redacted] local Communists are beginning to support the Egyptian regime, but felt there is no danger of growth of the Communist parties while the regime remains successful.

Muhieddin estimates that Israel will probably use force in the next few months to gain limited objectives which would be useful for the government's domestic position, but that it will not venture on a preventive war. However, in the event that such a war takes place and the West supports Israel, Egypt would gratefully accept any Soviet offer to help. [redacted]

Comment Muhieddin is also head of the Egyptian general intelligence agency, and his views presumably carry some weight with the other leaders of the Cairo regime.

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8. LIBYA MAY ACCEPT ARMS FROM EGYPT SOON

[redacted] Libyan prime minister Ben Halim has no alternative but to accept Egypt's arms offer unless acceptable counter-proposals are made by Britain or the

United States. [redacted]

[redacted] Egypt had offered "anything Libya wants" without charge and "with no strings attached."

American ambassador Tappin, [redacted]

[redacted] commented that if Libya accepted such an offer from Egypt, the British military mission in Libya and the Iraqi training mission would be forced to withdraw in favor of Egyptian missions, Egypt would gain control of the Libyan army, and American air base rights could be jeopardized.

Comment

Prime Minister Ben Halim has promised to take no action on the Egyptian offer before 15 November. He has stated that he wants to continue the British military program, but that if Britain does not meet his arms requirements he will have no political basis for rejecting Egypt's offer.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 13 November)

No significant military activity has been reported on the Arab-Israeli borders. American military attachés in Cairo and Damascus report no large-scale action is anticipated there, and the large number of Sabbath leaves granted in Israel appears to indicate no major activity on the Israeli side for the next several days. The attaché in Israel notes, however, that the existence of very large dumps of petroleum products, ammunition and other supplies in the Negev area makes it possible for the Israeli defense force to resume the initiative on very short notice.

The Arab states' reaction to British prime minister Eden's 9 November speech urging new efforts to settle Arab-Israeli problems has been varied. The Egyptian foreign minister is reported by the British to have taken a "constructive" line in commenting on the statement, while Prime Minister Nasr said it was the first time that a Western statesman had taken a "just attitude" and mentioned the United Nations resolutions on the question. The Lebanese prime minister, however, admitted only grudgingly that he could see any step forward in Eden's proposals.

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The Jordanian under secretary of foreign affairs dismissed Eden's direct approach to the problem as offering small hope, but urged the desirability of Jordan's early adherence to the Baghdad pact instead. Both British officials in Jordan and the Turks--on the basis of reactions to President Bayar's visit--apparently feel that Jordan can be brought into the Baghdad arrangements soon.

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