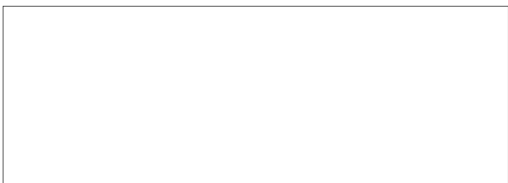


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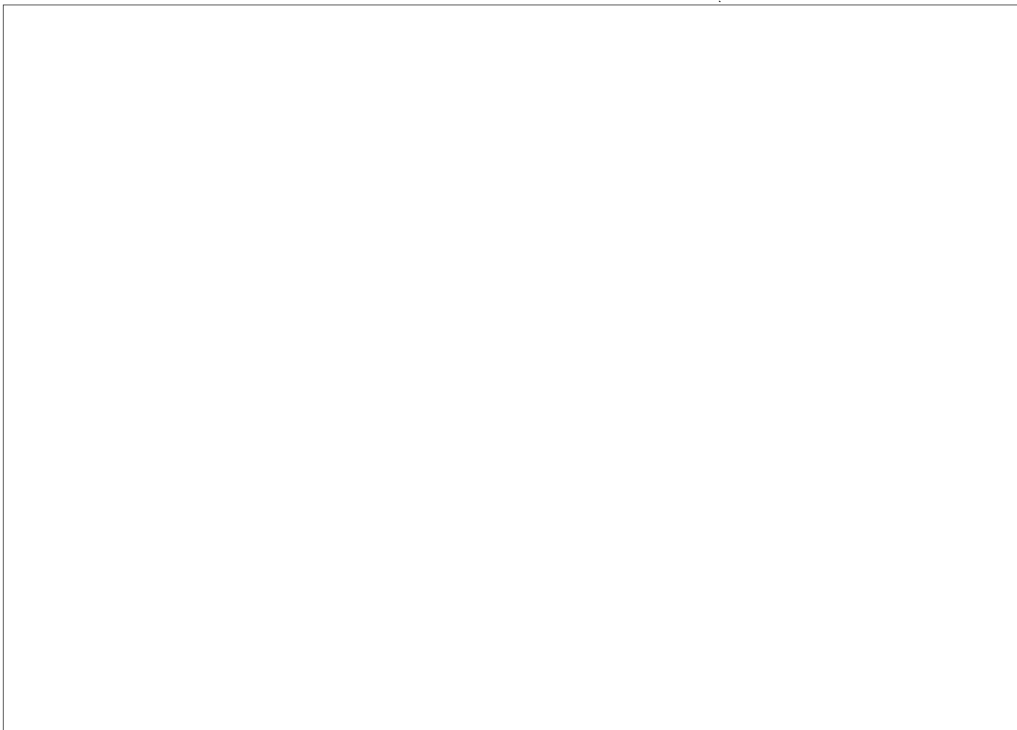
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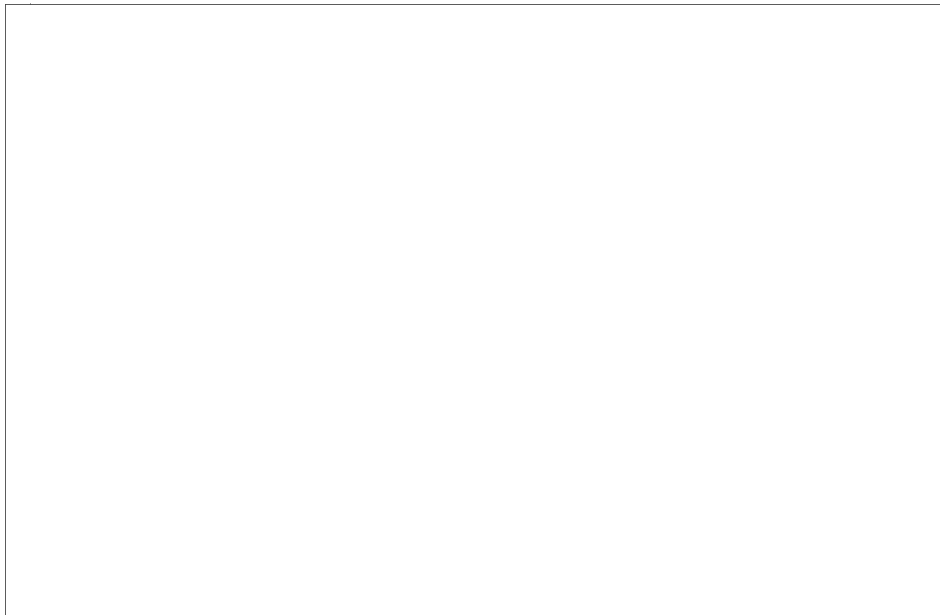
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**CONTENTS**

1. RHEE CONSIDERING DECLARATION OF MARTIAL LAW  
IN KOREA ( [ ] (page 3).
  
2. ECUADORAN PROVINCIAL MILITARY GARRISON ATTEMPTS  
REVOLT [ ] (page 4).
  
3. WEST GERMAN DIPLOMAT COMMENTS ON ALLIED  
MILITARY REAPPRAISAL [ ] (page 5).
  
4. NEW SOLUTION TO BOMBAY LINGUISTIC STATE CONTRO-  
VERSY [ ] (page 6).

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**THE ARAB-ISRAELI SITUATION**

[ ] (page 7)

8 Aug 56

Current Intelligence Bulletin

Page 2

~~TOP SECRET~~ [ ]

**1. RHEE CONSIDERING DECLARATION OF MARTIAL  
LAW IN KOREA**

[REDACTED]

[REDACTED] President Rhee [REDACTED] was considering declaring martial law in Korea but [REDACTED] might wait until additional outbreaks of violence

occurred.

[REDACTED] Rhee is firmly convinced that all the recent disturbances have been Communist-inspired.

[REDACTED] the Public Security Bureau has encouraged this belief by supplying Rhee with fabricated data designed to mislead him. Rhee reportedly now believes that the demonstration in Seoul on 27 July by national assemblymen against police interference in the forthcoming local elections was an attempt to overthrow the government. [REDACTED]

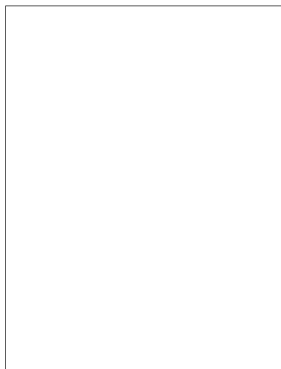
**Comment**

The recent disturbances have subsided and the assembly is in recess until after the presidential inauguration on 15 August. Some disorders may take place, however, following the local elections on 8 August. Rhee is relying more and more on police measures, and he would probably declare martial law if further outbreaks occur.

The increasing influence of the police and Home Ministry at the expense of moderate elements is reflected by their success in guiding Rhee's actions by fabricated information.

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## 2. ECUADORAN PROVINCIAL MILITARY GARRISON ATTEMPTS REVOLT



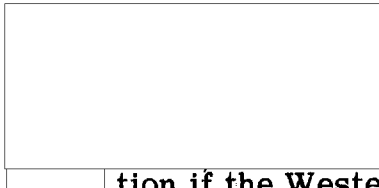
A military uprising on 6 August in Portoviejo--capital of a central Pacific coast province--under the leadership of the garrison commander may have been designed to block the inauguration of President-elect Ponce Enriquez.

Reports on the success of the revolt are conflicting, but it appears to have been localized. The Ecuadoran press asserts that the rebel commander seized control of Portoviejo, including the radio facilities, and proclaimed himself dictator. President Velasco and the minister of government said the movement was insignificant and "under control."

Ponce Enriquez is scheduled to be declared officially elected by congress on 10 August and inaugurated on 1 September. [redacted]

[redacted] his strength with the Ecuadoran military has improved recently and, consequently, his chances for a peaceful assumption of office. He won the closely contested elections of 3 June by less than a third of the popular vote.

### 3. WEST GERMAN DIPLOMAT COMMENTS ON ALLIED MILITARY REAPPRAISAL



West German ambassador Herwarth in London has been saying "to anyone who will listen" that Chancellor Adenauer will be placed in an "impossible" position if the Western Allies demand from Germany twelve conventional divisions at the same time Anglo-American military experts regard conventional forces as of little or no value. Herwarth also says that, in the long run, if only armies equipped with atomic weapons are to be considered valuable, then the German army must be so equipped, since German opinion would not stand for anything else.

#### Comment

While Bonn appears to be gratified by American and British assurances that any plans for a reduction in conventional forces would be submitted to NATO, various officials, including Adenauer, have expressed concern over the effect such reductions would have on the German rearmament program and the coalition government's chances for re-election in 1957.

#### 4. NEW SOLUTION TO BOMBAY LINGUISTIC STATE CONTROVERSY



Announcement by the Indian Congress Party that its leaders have agreed to the formation of an enlarged Bombay state, including the areas of Maharashtra and Gujerat as well as Bombay City, should substantially strengthen the Congress Party's position in the national elections of early 1957 by reuniting elements which have been warring over the linguistic states issue for the past 10 months. Of the several doubtful states in the elections, Bombay is the most important to the Congress Party.

Socialists and Communists, who led riots in Bombay in November 1955 and January 1956 in protest against earlier partition plans, have not yet reacted to this move. They and extremist members of the Congress Party may attempt to renew agitation on the linguistic issue until election time. However, if the new Bombay plan is generally accepted, as seems probable, it may provide a precedent for peaceful solution of India's other linguistic states problems.

The new plan was introduced in parliament on 7 August and is expected to be approved by that body within a few days. It reverses a previous hotly disputed decision to create separate states of Maharashtra and Gujerat and to administer the city of Bombay directly from New Delhi.



**THE ARAB-ISRAELI SITUATION**  
(Information as of 1700, 7 August)

The Israeli radio announced on 5 August that construction of a dam above Lake Huleh to divert water from the headwaters of the Jordan River would begin within a few days and probably be completed within two months. This construction would be entirely within Israeli territory and outside the demilitarized zone. The Jordanian radio has reported indications that the Israelis were going ahead with diversion of the Jordan River, and stated that Jordanian and Syrian government and military leaders were in contact to "study the situation and take necessary precautions." (Press)

Egypt is continuing efforts to organize "fedayeen" terrorist groups for activities within Israel. [redacted]

[redacted]

About 35 men, including village chiefs, are reported to be available for possible operations within Israel from Haifa to the Lebanese frontier. These activities would appear to rely on the participation of Arabs living in Israel. [redacted] in return for arms, ammunition and financial assistance, the groups will carry out "any job we may request" and supply information. [redacted]