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16 November 1956

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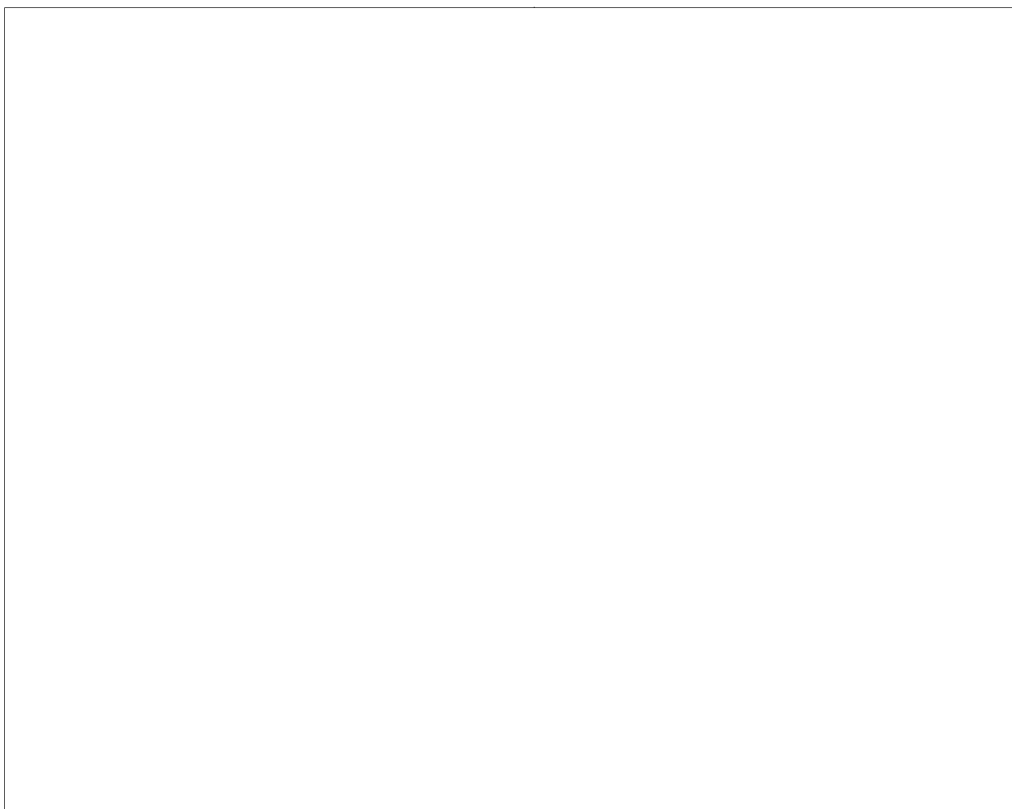


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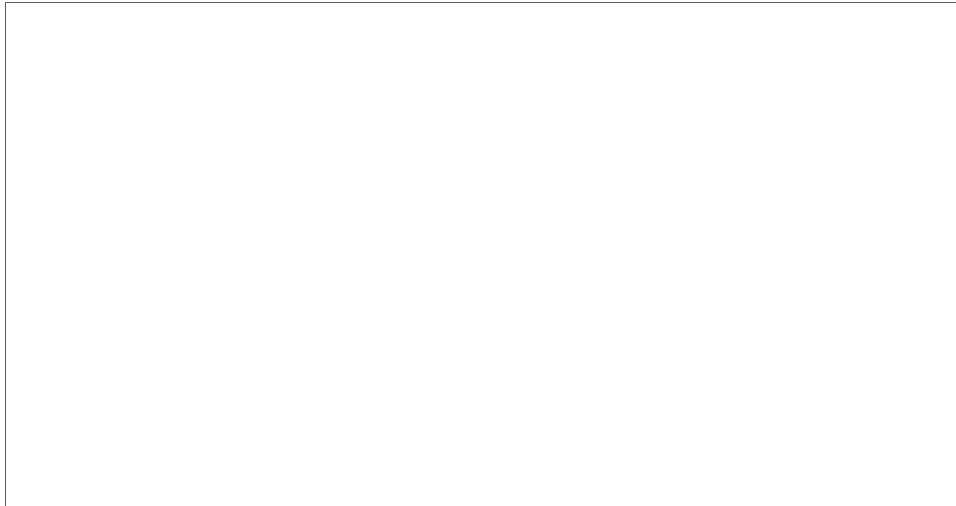
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CONTENTS

- ✓ 1. SELWYN LLOYD REITERATES BRITISH DETERMINATION TO STAY IN EGYPT UNTIL RELIEVED BY EFFECTIVE UN FORCE (page 3).
- ✓ 2. ISRAEL REMAINS MOBILIZED ON EASTERN BORDER (page 4).
- ✓ 3. BULGANIN NOTES TO EDEN, MOLLET AND BEN-GURION (page 5).
- ✓ 4. AFGHANISTAN MOVES TO SEND VOLUNTEERS FOR EGYPT (page 7).
- ✓ 5. SYRIAN INTELLIGENCE CHIEF REPORTED TAKING SOVIET ORDERS (page 8).
- ✓ 6. SOVIET BLOC URGED TO PROVIDE ADDITIONAL ARMS AND HASTEN DELIVERIES TO SYRIA (page 9).
- ✓ 7. USSR RESUMES OIL AND GRAIN SHIPMENTS TO EGYPT (page 10).
- ✓ 8. SOVIET SUBMARINE PATROL ACTIVITY (page 11).
- ✓ 9. HUNGARIAN REGIME SPEEDS CONCESSIONS IN ORDER TO OVERCOME WORKER RESISTANCE (page 12).

~~TOP SECRET~~

~~TOP SECRET~~ [REDACTED]

10. AUSTRIA ALARMED BY HUNGARIAN REFUGEE ACTIVITIES
[REDACTED] (page 14).

11. TITO BERATES SOVIET LEADERSHIP [REDACTED] (page 15).

12. PUBLIC REACTION IN MOSCOW TO HUNGARIAN EVENTS
[REDACTED] (page 16).

13. SITUATION TENSE IN RUMANIA AS PUBLIC HOSTILITY
MOUNTS [REDACTED] (page 17).

14. FRENCH GAULLIST LEADER TO WORK FOR PRO-SOVIET
ORIENTATION [REDACTED] (page 18).

15. NEW JAPANESE GOVERNMENT EXPECTED IN EARLY
DECEMBER [REDACTED] (page 19).

16. SOVIET ECONOMIC MISSION TO BURMA [REDACTED]
[REDACTED] (page 20).

17. SINGAPORE AND MALAYA THREATENED WITH CRITICAL
FUEL SHORTAGE [REDACTED] (page 21).

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THE TAIWAN STRAIT

[REDACTED] (page 22)

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1. SELWYN LLOYD REITERATES BRITISH DETERMINATION TO STAY IN EGYPT UNTIL RELIEVED BY EFFECTIVE UN FORCE

British foreign secretary Lloyd told Ambassador Lodge in New York on 13 November that Britain and France will not withdraw their troops from the Suez Canal zone

unless they are replaced by an "effective" UN force of approximately equal strength. Lloyd stated, however, that Britain and France were anxious to get out, lack the means of staying long, and never had intended to reoccupy the canal zone. The British have informed Secretary General Hammarskjold that they agree to the withdrawal of one battalion of their 15,000-man force "at once!"

Lloyd stated that the British must not lose the "fruits of their action"--a Suez Canal settlement and a Palestine solution--and indicated that he is quite willing to risk Soviet intervention. He discounted the help Moscow might be able to give Egypt and the other Arab states, and said that even if there were 50,000 Soviet "volunteers" in Egypt, the British force could take care of them.

Ambassador Lodge believes Lloyd's views reflect Prime Minister Eden's, and comments that his attitude appears reckless and full of contradiction.

Comment

In London, several of Eden's parliamentary supporters have predicted a wide-open split in the Conservative Party if the government is pressured into evacuating Egypt without prior assurances that the UN police force will act to ensure freedom of navigation of the canal.

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2. ISRAEL REMAINS MOBILIZED ON EASTERN BORDER



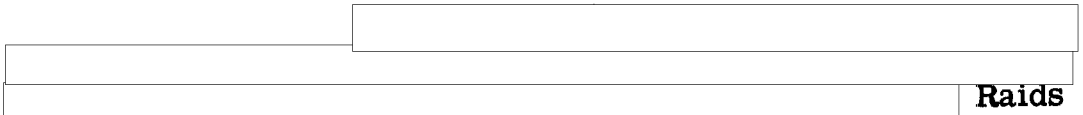
Israeli forces remain in an advanced state of readiness for military operations against Syria and Jordan, by means of the remobilization of units, personnel and transportation [redacted]

[redacted] Increasingly provocative raids from Syria and Jordan are believed to provide the motivation for the effort to attain increased readiness. Other factors may be growing Israeli apprehension that the USSR is preparing to send military aid and volunteers to Syria, and concern over a possible breakdown of the implementation of UN decisions.

Terror and sabotage raids into Israel on an unprecedented scale were launched from Syria and Jordan [redacted]



[redacted] Jordan and Syria, despite the public posture of being ready for hostilities with Israel, are unprepared, and Egypt is in no position to reopen the fighting.



[redacted] Raids into Israel [redacted] continued on a large scale and included the employment, [redacted] of Syrian and Jordanian army commandos in addition to the usual clandestine "fedayeen" personnel. [redacted]



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3. BULGANIN NOTES TO EDEN, MOLLET AND BEN-GURION



Bulganin's notes of 15 November to Eden, Mollet and Ben-Gurion are aimed at sustaining the Soviet-Arab initiative in the Middle East crisis, but are considerably milder than his notes of 5 November in that they do not carry implied threats of Soviet aggressive action.

The notes, which are confident and self-righteous in tone, question that the three powers are abiding by the cease-fire agreement or that they intend to withdraw their troops without delay. The Soviet premier asserts, on the contrary, that "certain data" indicate that a military build-up is in progress.

In its self-appointed role as guardian of Arab interests, the USSR proposes that the three powers compensate Egypt for the losses it has suffered, including those connected with the Suez Canal, and that an international commission be created to determine the amount Egypt should receive.

Bulganin said that the USSR had no objection to the UN-sponsored international police force, since Egypt had agreed "in principle" to receive it, but that the withdrawal of British, French and Israeli forces would make the UN force unnecessary. He said the international forces should not be positioned in the canal zone, since this would be in violation of the 1888 Convention and of Egyptian sovereignty. Instead, they should be stationed on both sides of the demarcation line between Israel and Egypt as established by the armistice agreements.

The note to Ben-Gurion, by far the harshest of the three, strongly denounced Israeli military action against

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Egypt and made it clear that the USSR expects Israel to withdraw its forces from Egyptian territory "without any delay at all."

In all three notes, Bulganin stated that it was necessary, by joint efforts, to find a way of preventing Israeli provocations against the Arab states in the future. He may have in mind a proposal to redraw Israeli boundaries along the lines of the partition resolutions of 1947. [redacted]

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~~TOP SECRET~~ [redacted]

4. AFGHANISTAN MOVES TO SEND VOLUNTEERS FOR EGYPT

[redacted] The Afghan government is willing to allow "volunteers" to go to Egypt, [redacted]

[redacted] the Pakistani government has said it has no objection to the "volunteers" transiting Pakistan but that the request must be made officially by Kabul through regular diplomatic channels.

Kabul's relations with the USSR have grown increasingly close over the past year, and Afghanistan, as a Moslem country, is strongly sympathetic to Egypt in the Suez crisis. [redacted]

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5. SYRIAN INTELLIGENCE CHIEF REPORTED TAKING SOVIET ORDERS

[redacted] Syrian intelligence chief Colonel Sarraj now takes orders from the Soviet Union, according to [redacted]

[redacted] Sarraj was continuing fedayeen activities against Israel despite specific instructions to the contrary from Egyptian commander in chief Amer.

Comment

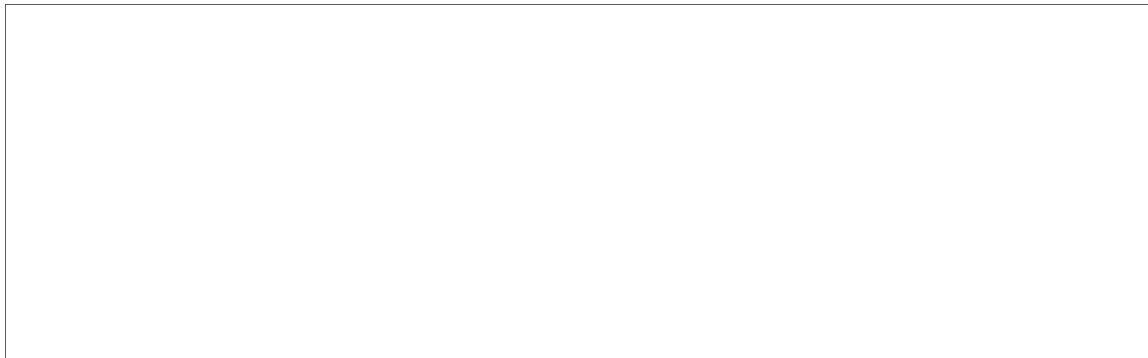
[redacted] Sarraj's activities indicate that he is not restrained by his own government or, apparently, by orders from the Egyptians. Sarraj's political sympathies--his violent anti-Westernism and his affiliation with Syrian leftist parties--suggest that he may indeed be consciously acting to further Soviet objectives, if he is not directly under Soviet orders.

If Israel could be provoked into attacking Syria or Jordan, a more plausible case would be established for the entry of Soviet "volunteers" into Syria. [redacted]

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**6. SOVIET BLOC URGED TO PROVIDE ADDITIONAL ARMS
AND HASTEN DELIVERIES TO SYRIA**



[redacted] the Syrian-Soviet communiqué of 4 November, suggest that no firm contracts for additional arms were negotiated during President Qawatli's visit.



[redacted] The most recent contracts with Poland and Czechoslovakia were concluded in late September. Under existing contracts it is known that antiaircraft guns, rocket launchers, trucks and ammunition remain to be delivered.

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7. USSR RESUMES OIL AND GRAIN SHIPMENTS TO EGYPT

[REDACTED]

The first Soviet ships to deliver cargoes to Egypt since the start of Anglo-French military operations in Egypt are scheduled to arrive in Alexandria

[REDACTED]

The last Soviet oil delivery was made in the third week of October. The cargo ship loaded 6,000 tons of wheat at a Black Sea port. The arrival of this cargo will bring deliveries to only 25,000 tons of the 450,000 tons the USSR is obligated to deliver by May 1957.

[REDACTED]

[REDACTED]

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~~TOP SECRET~~ [REDACTED]**8. SOVIET SUBMARINE PATROL ACTIVITY**

[REDACTED]

In the past few days there have been several submarine contacts by American or friendly forces in such diverse locations as the western Atlantic, the Mediterranean, and off the Black Sea coast of Turkey. These contacts, although not yet evaluated, may reflect in part the Soviet naval response to the alert status instituted in other Soviet armed forces. [REDACTED]

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9. HUNGARIAN REGIME SPEEDS CONCESSIONS IN ORDER TO OVERCOME WORKER RESISTANCE

[REDACTED]

Since an apparent endorsement of his "liberal" policies by Soviet leaders who visited Budapest on 12 November, Hungarian premier Janos Kadar has accelerated his attempts to win support from the workers. Forced to cope with public reaction to extensive deportations, Kadar stated in a speech on 14 November that "in concord with the competent Soviet authorities," agreement had been reached that "no one must be taken out of the country." The American legation in Budapest believes that at least 16,000 Budapest residents have already been deported to the USSR.

[REDACTED]

Kadar spoke in favor of a multiparty system, composed of parties based on socialism, and admitted that such elections might lead to the Communists being "thoroughly beaten." He added, however, that such elections could not take place until the "workers' power" could be guaranteed.

Kadar's address--delivered before a delegation of workers who had presented a series of demands to the regime--reflected both confusion and desperation. He avoided any unqualified promises and rejected proposals for Hungarian neutrality and for the immediate withdrawal of Soviet troops, although he is pledged to negotiate for their withdrawal when order is restored.

Kadar acknowledged worker demands that ex-premier Imre Nagy be restored to his former post, but indicated he had not been able to talk to Nagy, 'since he was

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now in a foreign legation--presumably the Yugoslav. Kadar said that talks could be undertaken with Nagy to reach an agreement with him when he left his extraterritorial refuge.

Nagy apparently continues to have broad popular support. For this reason the Soviets--still hunting for a formula to establish a strong national Communist regime in Hungary--might meet certain of Nagy's demands in order to bring him into the government, even though they are aware that strong efforts will have to be made to keep him in line. Kadar, whose "liberal" program and dismissals of Rakosi-type Communists have not gained popular support or lessened passive resistance, continues to give little indication of being able to create and direct a successful national policy.

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10. AUSTRIA ALARMED BY HUNGARIAN REFUGEE ACTIVITIES

[redacted] Hungarian refugees are beginning to engage in political activities in Austria, are talking of forming an emigré government, and some are even attempting to obtain arms and return to Hungary, according to information given Ambassador Thompson by the Austrian Foreign Ministry. Ministry officials are deeply disturbed by reports that Radio Free Europe representatives are in effect encouraging these activities.

The ministry believes that it is absolutely essential to speed up the removal of refugees from Austria, since the continued influx is "threatening chaos." Thompson has been advised that facilities for handling the refugees are already overwhelmed and that in some sectors the border authorities in Hungary are making little effort to impede the flow.

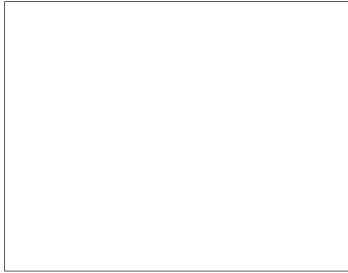
Comment

As of 11 November, 17,000 Hungarian escapees were reported in Austria. Moscow press and radio charges that Austria has not taken a neutral position during the Hungarian rebellion have been directed primarily at the alleged activities of expatriates. Vienna has forcefully denied these allegations, but there is strong popular sympathy for the rebels, and police and border controls have been lax. Although many Western countries are offering to receive refugees, many refugees may be reluctant to leave Austria as long as there is any hope that the situation in Hungary may be reversed. [redacted]

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11. TITO BERATES SOVIET LEADERSHIP



Yugoslavia's President Tito, in an 11 November speech to party activists which was not made public until 15 November, placed the blame for developments in Hungary squarely on the Soviet leaders. He claimed that his talks with Soviet leaders in September showed that the Stalinist element in the leadership had "forced its attitude" upon the other leaders "to a certain degree." He strongly condemned the Soviet leaders for their failure to apply the principles adopted in the joint Yugoslav-Soviet declarations of 1955 and 1956 to their relations with all Socialist countries.

Tito denounced the Soviet leaders for failing to go beyond a condemnation of the cult of Stalin to a condemnation of the system which made Stalin possible. This, he emphasized, was the chief cause of all Soviet difficulties, and must be rectified. He said that advocates of this system, which "ignores the strivings of the working masses," remain in the leadership of other Communist parties and are today "endeavoring to revive Stalinism and make it prevail!"

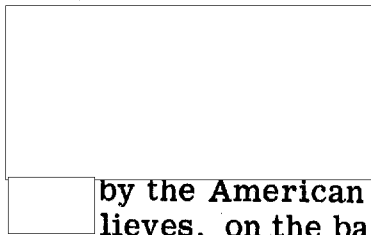
He felt, however, that a victory was still possible for "strong" elements in the Soviet Union who desire the abandonment of Stalinist methods in favor of democratization and the "creation of new relations between the socialist states."

Although Tito criticized the initial use of Soviet forces in Hungary, he said their second intervention was necessary because "chaos, civil war and counterrevolution, and even a third world war threatened." 

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12. PUBLIC REACTION IN MOSCOW TO HUNGARIAN EVENTS



The Hungarian revolution and Soviet intervention have aroused "unusually strong interest among perceptive Soviet people," according to an informal survey conducted by the American embassy in Moscow. Ambassador Bohlen believes, on the basis of the reports, that a particularly strong impression has been made on Soviet students and young intelligentsia and that a substantial portion of them condemn the Soviet intervention. The embassy also noted widespread realization that the Soviet press was presenting a partial, one-sided picture of Hungarian developments.

An embassy officer who recently attended a lecture on international events at the Lenin Library in Moscow reports that the speaker solicited and received written questions from the audience, all dealing with Hungary and Poland. The speaker refused to discuss the subject, whereupon a young man demanded to "hear the truth" about Hungary. When the speaker asked, "Does anyone in the audience believe that the Soviet press does not print the truth?" the entire audience rose, and soon thereafter, when the speaker continued to avoid discussing requested subjects, left the hall en masse.

Comment

This is one of the strongest indications that Soviet propaganda is failing to convince the people in the freer intellectual atmosphere which has developed since Stalin's death.

Such attitudes as these among Soviet youth may be one reason Khrushchev in his 8 November speech to the Komsomol singled out the role of Hungarian young people in the revolution and demanded that the Soviet youth organization "devote more attention to correct indoctrination of young people, correcting erroneous views and rebuffing unhealthy trends."

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13. SITUATION TENSE IN RUMANIA AS PUBLIC HOSTILITY MOUNTS



Heightened popular feeling against the regime in Rumania has caused increased "nervousness" among the leaders in Bucharest. This has led to a "hysterical" press campaign against the United States and to the arrest of increasing numbers of Bucharest students, according to the American legation in Bucharest. The population's hostility has been aggravated

by a serious shortage of food caused by a bad harvest and hoarding.

Press reports from Vienna state that riots and arrests of anti-Soviet demonstrators have been taking place in Rumanian areas predominantly inhabited by ethnic Hungarians.

Comment


Student unrest, particularly in ethnic Hungarian areas in Rumania, has been tacitly confirmed by a number of recent official actions preventing Western contact with students and local residents in the Transylvanian area.

The Rumanian regime has maintained its extensive security precautions and apparently has adopted a policy of repression coupled with minor economic concessions to handle the present tense situation.

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14. FRENCH GAULLIST LEADER TO WORK FOR PRO-SOVIET ORIENTATION

 Jacques Soustelle, Gaullist deputy and former governor general of Algeria, recently asserted that he would work henceforth for a pro-Soviet orientation

of France, according to the American vice consul in Lyon. Soustelle dismissed as alternative policies either continued reliance on the United States and NATO, which he said has been proved "worthless," or the creation of a politically united Europe, which he prefers but considers unattainable at this time.

Soustelle claimed that the construction of American bases in North Africa was at the heart of French difficulties there, since the bases had encouraged Arab nationalism and provoked Soviet intervention in North African affairs.


Comment

Soustelle has long held that France derives no benefit from the Atlantic alliance and recently argued that a retreat from North Africa would result in turning France toward neutralism if not "national Communism!" He has developed this theme in numerous public speeches since he was relieved of his Algerian post by Premier Mollet in February. His ideas have reportedly gained him a considerable personal following, particularly on the right, and he is considered a serious contender for the premiership.

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15. NEW JAPANESE GOVERNMENT EXPECTED IN EARLY DECEMBER

 Secretary General Shinsuke Kishi of Japan's ruling Liberal-Democratic Party has informed Ambassador Allison that a new party president will be elected at a convention on 7 December, and that the successful candidate's name will be presented to the Diet session on 10 December for election as prime minister. He said the three principal candidates are Executive Board chairman Ishii, Minister of International Trade and Industry Ishibashi, and himself.

Kishi said that all three candidates are united on foreign policy and that, regardless of who wins, the United States can rely on the continued co-operation of Japan. He pointed out, however, that the party feels Japan's security treaty with the United States requires revision, and that the release of remaining war criminals would be an important element in improving American-Japanese relations.

Comment

While Kishi is regarded as the leading candidate to succeed Hatoyama, the outcome is still in doubt because of uncertainty over which way many of the local party representatives may vote and because of the possibility of last-minute deals.

It is probable that the next government will continue the present trend toward a more independent position in international affairs, and will seek to eliminate what the Japanese regard as the "unequal" aspects of the Japanese-US relationship.

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~~TOP SECRET~~**16. SOVIET ECONOMIC MISSION TO BURMA**

[REDACTED] A Soviet economic mission was scheduled to leave Moscow for Rangoon on either 12 or 14 November. Headed by P. A. Maletin, deputy chief of GUES-- Chief Directorate for Economic Relations--the mission is to consist of two groups. One, which includes specialists in metallurgy, coal and agriculture, is to confer with Burmese officials on the supply of equipment. The other, which includes experts on health, education and construction, is to negotiate on "grants, scope of construction and methods of implementation." [REDACTED]

Comment

A Soviet economic mission to Burma has been planned since the visit of Bulganin and Khrushchev to Burma last December. The Maletin mission will probably arrange to carry out Soviet promises to build a technological institute, hospital, sports center and hotel. It can also be expected to offer additional capital equipment and technical assistance against credits accumulated by the export of Burmese rice in order to dispel Burma's disappointment over its barter trade with Communist countries.

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17. SINGAPORE AND MALAYA THREATENED WITH CRITICAL FUEL SHORTAGE

The refusal of Indonesian oil unions in Sumatra to permit the shipment of oil to Singapore and Malaya will bring transportation and power plants to a halt in those areas within ten days, according

to the American consul general in Singapore. Malayan chief minister Rahman is considering an appeal to the Indonesian government, and the Indonesian consul general in Singapore has been asked to intervene with Djakarta.

Comment

This action was almost certainly instigated by PERBUM, the largest oil union in Sumatra. PERBUM is an affiliate of SOBSI, the powerful Communist-controlled Indonesian labor federation which has promoted a great deal of the anti-British and anti-French activities in Indonesia since the Anglo-French invasion of Egypt.

In the past, the Indonesian government has been reluctant to take firm action against labor. This reluctance is likely to be reinforced in the present instance by the strong governmental disapproval of the Anglo-French operation in Egypt.

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**BIWEEKLY SUMMARY
(31 October-14 November 1956)**

THE TAIWAN STRAIT

**Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem**

1. There were no significant combat operations in the area during the period.

2. Peiping's broadcasts over the past two weeks continued to refer to the theme of "peaceful liberation," but contained no statement connecting the Taiwan situation with developments in the Middle East or Hungary.

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