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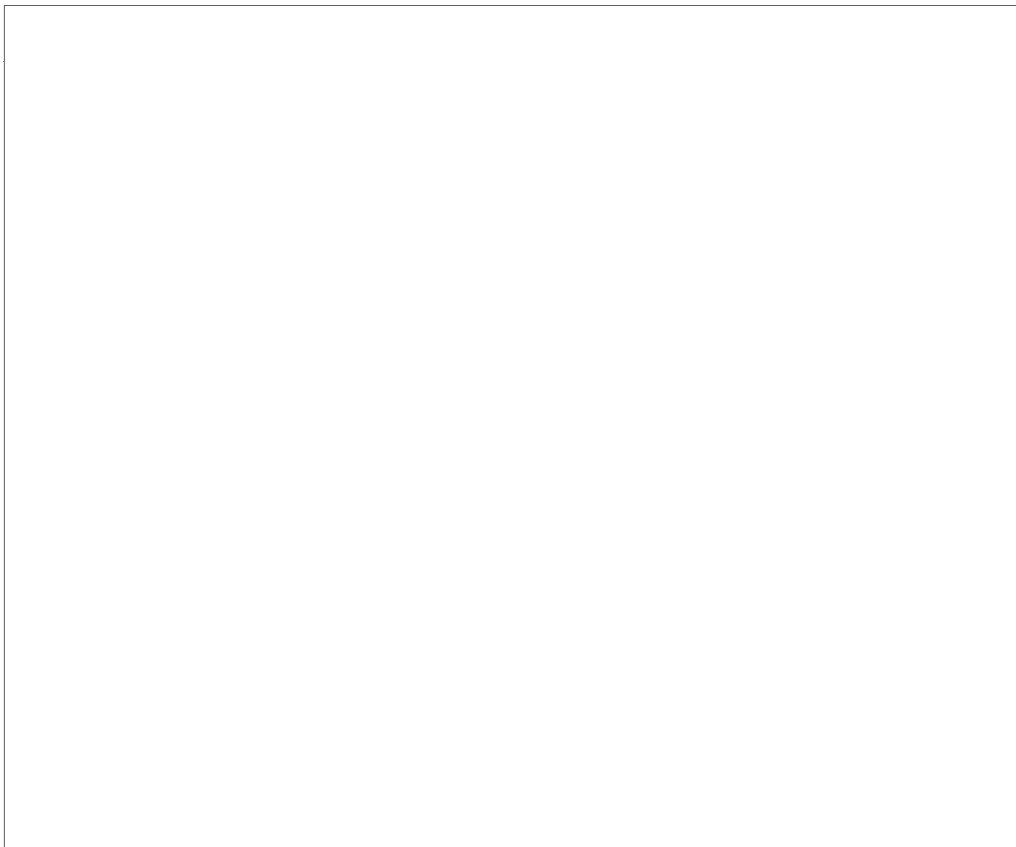
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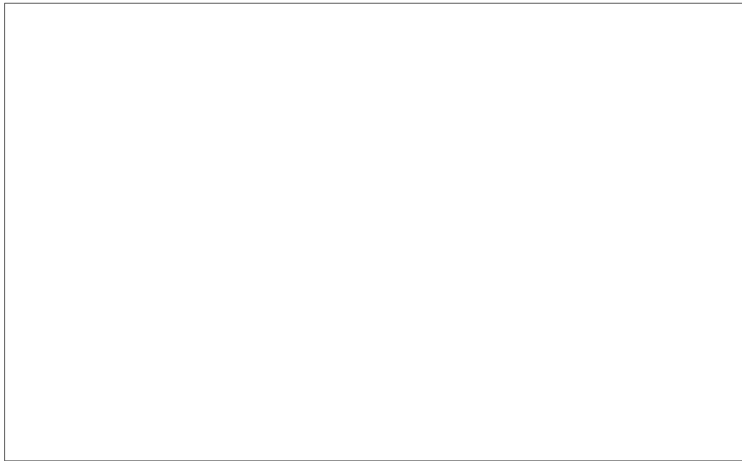
CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 50
NO CHANGE IN CLASS. X
DECLASSIFIED
CLASS. CHANGED TO: TS S C 2009
NEXT REVIEW DATE: 12-27-79
AUTH: HR 70-2
DATE 12-27-79 REVIEWER: [Redacted]

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY



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1. SOVIET OFFICIALS SUGGEST TOP-LEVEL CONFERENCE WITH THE WEST

Comment on:

First Deputy Premier Mikoyan told Ambassador Bohlen on 17 April that the Soviet government did not understand why the United States, Britain and France were not prepared to talk over Middle East problems, and said that he felt if this were done some areas of common interest could be found. Mikoyan asserted that the chief Soviet interest in the

Middle East lay in the security field, that his government did not wish to see the installation there of Western, particularly American, military power, and that the Soviet Union felt that as a great power it had a right to have its interests in bordering areas recognized. His remarks were made in response to Bohlen's suggestion that one of the Soviet purposes in the area was to use control of the oil supplies as a weapon of pressure against Western Europe.

Other Soviet officials have suggested recently in public and private statements that the USSR is seeking a top-level conference on Middle Eastern problems, or possibly even another summit conference.

A TASS representative in Western Europe emphasized in a private conversation on 10 April the desirability of a top-level conference between the United States and the USSR on the Middle East. He said the events in Hungary and the Middle East have brought Soviet-American relations into "a new situation," and that the two countries must try to find settlements to key problems. He suggested that the Middle East might be a good starting point, and that within the framework of a Middle East conference "we could talk about many other things."

A Soviet request for a conference on the Middle East, delivered to the Western powers and India on 11 February, was rejected by all the addressees except India. Such a conference has since been a recurrent theme in Soviet propaganda.

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2. THE JORDANIAN SITUATION

Reference:

Jordanian prime minister Khalidi, in his first interview with Ambassador Mallory on 17 April, stated that great difficulties could arise if Ambassador Richards' mission should arrive in Amman at this time. He said that a delay of eight or ten days would be helpful, and that in the meantime he would study the question of the exact wording of an invitation, which he considered to be important.

Khalidi stated that what had looked like the eruption of "several volcanoes" in Jordan now appeared to be changing to a period of relative calm. The new prime minister said he regarded the formation of his cabinet as "almost miraculous" in the sense that a number of people who had foresworn any government activity had been induced to return to public life.

The armored units which had been stationed in Amman reportedly returned to their barracks on 17 April. The decree issued on 18 April confirming the appointment of General Hiyari as chief of staff in place of exiled general Nuwar should serve to stabilize the situation further.

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3. GREEK-TURK TENSIONS MAY EASE

Comment on:

Tension between Greece and Turkey over the arrival of Archbishop Makarios in Athens appears to be easing, at least for the present. Athens' reception of Makarios-- who personifies the enosis struggle to the Turks--produced no immediate violent reaction in Turkey, despite the archbishop's oration to the crowds reiterating his demand for self-determination.

Turkish prime minister Menderes issued a statement over Ankara radio on 18 April which was considerably milder than that he had previously planned to deliver to the National Assembly a day earlier. After deploring the British release of Makarios as an "injudicious action," he nevertheless expressed the hope that Britain and Turkey, whose relations are "extremely cordial," would proceed together toward a solution of the Cyprus problem. Menderes characterized Makarios as "nothing but a notorious terrorist" and placed responsibility for his words and deeds on Athens.

The secretary-general of the Turkish Foreign Ministry had already indicated to American and British diplomats that the Turks might assume a less militant line than had been expected. Menderes has ordered additional precautions in Istanbul to prevent any "untoward incident" after a visit there. The deputy governor of Istanbul told the American consul-general on 16 April that "any and all" demonstrations would be prohibited, but he warned that the prime minister could reverse that decision at any time. The embassy points out that 23 April is a Turkish national holiday, and would be a logical day for a popular demonstration.

Makarios appears to be treading cautiously among rival Greek factions in Athens and is receptive to official Greek counsel of moderation. After an interview with Foreign Minister Averoff the evening of 17 April, Makarios reiterated his satisfaction with Athens' handling of the Cyprus issue and said he planned further conferences with government leaders.

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4. **KISHI PROPOSES US AND JAPAN CO-OPERATE IN ECONOMIC DEVELOPMENT OF SOUTHEAST ASIA**

Prime Minister Kishi, in the third of a series of discussions with Ambassador MacArthur on US-Japanese co-operation, has proposed that the US, in concert with Japan and other non-Communist countries, establish an Asian development fund which would provide the necessary capital for economic development of Southeast Asian countries. He believed such a fund could also be used to adjust the demand and supply of certain primary products of the area, and to provide a credit mechanism for facilitating trade.

Kishi also suggested that the US help finance a Japanese investment agency which would provide long-term, low-interest loans. He recommended that the US render financial assistance on specific projects already planned by Japan and the countries in Southeast Asia, "consider" Japan in connection with US aid projects, establish joint US-Japanese technical training centers, and encourage the establishment of a branch of the World Bank in Tokyo.

Kishi commented that the military aspect of US-Japanese co-operation has been overemphasized and said that it is an urgent necessity to demonstrate to the Japanese people that economic co-operation is one of many other fields in which mutual benefits can be obtained.

Comment

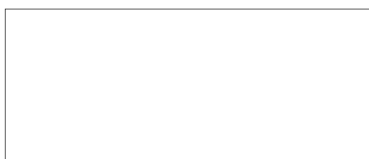
Latent suspicion of Japan's intentions, political instability in Southeast Asia, and well-entrenched European and Indian interests are handicaps in strengthening Japan's ties in the area.

In response to pressure from within his Liberal-Democratic Party to demonstrate Japan's "independent" policy, Kishi plans to make a trip through Southeast Asia before coming to Washington. He also intends to appoint roving "economic" ambassadors in several areas, including Southeast Asia, to improve the atmosphere for economic co-operation with Japan.

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5. SOVIET LEADERS EXPRESS OPTIMISM FOR IMPROVED INTERNATIONAL RELATIONS

Comment on:

 Soviet leaders Khrushchev and Bulganin, in a farewell conversation with Ambassador Bohlen, expressed optimism for a relaxation of "international tension" and an improvement of relations with the United States and other Western countries.

Khrushchev indicated that he felt the current London disarmament conference had gotten off to a better start than previous meetings, and expressed the hope that something positive would be accomplished.

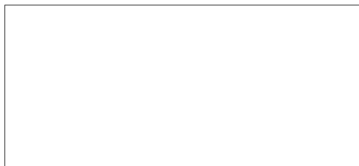
On the subject of German reunification, however, Khrushchev and Bulganin maintained the official Soviet position since the Geneva summit conference of July 1955 that the Soviet Union was not prepared to go any further than to facilitate contacts between the two German states for the purpose of working out unification.

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6. MIKOYAN COMMENTS ON POLITICAL EFFECT OF SOVIET INDUSTRIAL REORGANIZATION

Reference:



The forthcoming decentralization of Soviet industrial administration will over a period of time affect the political structure of the Soviet Union and result in greater autonomy for local institutions, in the opinion of First Deputy Premier Anastas Mikoyan. At a farewell luncheon for Ambassador Bohlen on 17 April, Mikoyan attributed the possibility for greater local autonomy in economic and "eventually" in political matters to the increase in numbers of trained people in the provinces. He agreed with Bohlen that many forms of Soviet administration, particularly in the political field, were hangovers from the past, adding that this has been the essence of the tasks confronting the leadership since Stalin's death.

The principle of collective leadership, according to Mikoyan, was not only being maintained but was being continuously strengthened and developed.

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~~TOP SECRET~~**7. ADEN-YEMEN DEVELOPMENTS**Comment on:

Yemen's proposal on 16 April to meet with a British representative along the troubled Aden Protectorate frontier "to restore peaceful conditions according to the 1934 treaty" appears to have met conditions which London has long considered requisite for a meeting. Subject to the concurrence of the Colonial Office, the Foreign Office hopes to inform Yemen of British willingness to have local representatives meet as soon as possible.

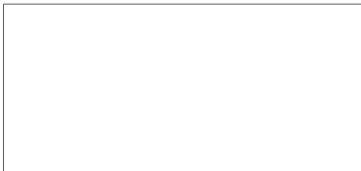
Yemeni willingness to advance acceptable conditions, following months of equivocation and anti-British propaganda, appears to have been spurred largely by recent firm British counteraction following Yemeni-instigated attacks along the Aden Protectorate frontier. One incident on 6 April is believed to have been provoked to coincide with a visit to the Yemen frontier by an Arab League mission. During the same period several engagements flared in the Beihan area which were effectively countered with British artillery fire and air strikes against several Yemeni border forts. The vigor of the British reaction roused the Imam to ask his minister in Cairo to seek a Russian declaration that unless British attacks on Yemen ceased, Russia would intervene to prevent aggression. The Imam added that a "major" British attack had destroyed three forts, and urged speedy delivery of additional arms from the Soviet bloc.

Yemeni participation in negotiations for a frontier peace seems unlikely to change the Imam's apparent determination to gain control of Protectorate areas by terror and subversion. The Yemeni minister in Cairo described recent British reinforcement of Aden as a threat "which could annihilate the nationalists in the Yemeni South (Aden Protectorate)," and the Imam on 10 April concurred in his minister's suggestion that it would be wise "to pacify the frontiers and start a blaze within the South."

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8. PRO-SOVIET DIPLOMAT TO BE BURMESE PREMIER'S PERSONAL SECRETARY



U Ohn, for many years the Burmese ambassador in Moscow, has become personal secretary to Premier Nu, according to an official announcement in Rangoon. Ohn replaces U Thant, who is to become Burma's permanent representative to the United Nations. Ohn is believed by the American embassy to be close to the Soviet embassy.

Comment

U Ohn is a member of the Socialist oligarchy which dominates the Burmese government, and his appointment to this influential position has long been anticipated. Since his college days in the 30's he has never concealed his pro-Communist inclinations. In his new position, Ohn will be in daily contact with the premier and his advice will probably carry considerable weight in the determination of both domestic and foreign policies.

Although a moderate and devout Buddhist, U Thant is unlikely to be as aggressively anti-Communist in the United Nations as U Pe Kin, the man he is relieving.

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9. OVERSEAS CHINESE EFFORTS TO INFLUENCE PHILIPPINE ELECTIONS

[REDACTED]

[REDACTED]

The Overseas Chinese in the Philippines, of which there are about 300,000, are [REDACTED] [REDACTED] to be martialing extensive

financial resources for use in the forthcoming political campaign. The Federation of Chinese Chambers of Commerce (FCCC) plans to raise \$250,000 for this purpose, and this will represent only a small portion of available Chinese money after private contributions have been made to various candidates.

[REDACTED]

The extent of Chinese interest in Philippine political affairs is further indicated by a report that President Garcia will meet the Chinese Nationalist ambassador and the vice president of the FCCC on 20 April, at which time the Chinese leaders hope to obtain a written agreement for the resolution of differences between the two governments in return for financial backing for Garcia's campaign. The Chinese are strongly opposed to the retail trade nationalization law, which is aimed primarily at Chinese enterprises.

Not all of the initiative in this matter is being exercised by the Chinese, however. Senator Jose Laurel allegedly is exploiting Chinese apprehensions to win Chinese support for the vice-presidential candidacy of his son, the Speaker of the House. Mayor Arsenio Lacson of Manila is also reported to be eagerly seeking Chinese financial assistance.

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No: 350

ANNEX

Watch Report 350, 18 April 1957
of the
Intelligence Advisory Committee

Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the Orbit in the immediate future.
- C. A deliberate initiation of hostilities by either Israel or the Arab states is improbable in the immediate future. Unsettled issues and tensions, particularly the internal situation in Jordan, continue to constitute possibilities for violence. Should there be intensified disorders or civil war in Jordan, military intervention by neighboring Arab states probably would occur, and Israeli intervention would be a possibility.