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10 May 1957



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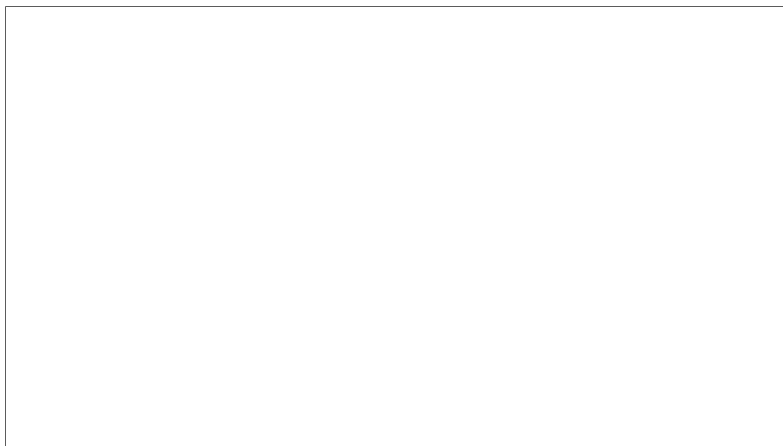
# CURRENT INTELLIGENCE BULLETIN

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## OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY



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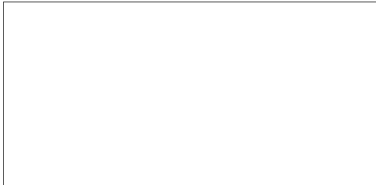
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## 1. BRITISH REACH DRAFT AGREEMENT WITH EGYPT ON TOLLS



Discussions in Basel between British and Egyptian banking representatives on payment of canal tolls in sterling have terminated successfully, Assistant Under Secretary Beeley of the British Foreign Office informed the American embassy on 8 May. The British hope that the Egyptian representatives, now returning to Cairo, will soon obtain Nasr's approval.

### Comment

The British have maintained that successful conclusion of the negotiations, begun on 5 May, must precede their public acceptance of the Egyptian canal declaration. Details of the agreement were not given. Earlier in the negotiations the British were reported unwilling to release the Egyptian sterling, estimated at \$73,000,000, which they blocked when the canal was nationalized. Cairo, on the other hand, might hold out for the release of additional sterling balances of about \$230,000,000 blocked since World War II.

British shipowners are scheduling numerous transits in the expectation that toll payments in sterling will be sanctioned shortly. 

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## 2. EGYPTIANS EXPECT FRICTION IN JORDANIAN ARMY

[REDACTED] King Hussain's attempts to strengthen the political reliability of the Jordanian army by increasing the proportion of Bedouin troops could lead to serious friction between the Bedouin and the Palestinian

Arabs in the army, [REDACTED]

[REDACTED] a large number of Bedouin tribesmen had been recruited for the army recently. [REDACTED] this would in time "lead the Palestinian troops to declare their nationalistic feeling" before the Bedouins "have infiltrated all units of the army!"

The Bedouin tribes of East Jordan number about 300,000 out of Jordan's total population of 1,500,000. Their men originally formed the backbone of the fighting units of the Arab Legion, and are generally loyal to the monarchy. In addition, most Bedouin tribesmen not incorporated in the army are armed and have been a useful auxiliary source of strength to the king.

Although Bedouin troops predominate in certain key units, they remain in the minority in the 25,000-man army. [REDACTED] the Bedouins dominate both armored car regiments, half of the armored regiment, and five out of the ten infantry battalions. The Palestinians, including non-Bedouin East Jordanians, man the other half of the armor and the infantry, all of the artillery and service units, and provide most of the staff officers. The 18,000-man national guard is, by virtue of its existence in the most populated areas, largely Palestinian. [REDACTED]

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### 3. NICARAGUA TO RETALIATE AGAINST ANY HONDURAN CEASE-FIRE VIOLATIONS

Comment on:

[REDACTED] The American army attaché in Managua believes Nicaraguan forces will retaliate against any Honduran breaches of the cease-fire arranged by the special committee of the Organization of American States (OAS). General Anastasio Somoza, chief of the Nicaraguan national guard, told him on 8 May that Honduran troops along the border have been foraging for food inside Nicaragua. Somoza complained of the slow OAS action to halt these forays and of the "dictatorial" manner in which the chief of the team of military observers

[REDACTED] attached to the OAS committee has been attempting to enforce certain cease-fire terms to which Nicaragua has not agreed.

[REDACTED] An investigation at the border on 8 May by the OAS military team reportedly did not substantiate Honduran allegations of a 7 May cease-fire violation by Nicaraguan troops. Meanwhile, the OAS committee has submitted its plan for troop withdrawals to each government.

Communists in Honduras and Nicaragua have jumped on the patriotic bandwagons in their respective countries. Nicaraguan president Somoza recently expressed concern at the part Communists have been playing in arousing public opinion on the dispute with Honduras. In Honduras, the Communists are giving full support to the military junta, hoping thus to consolidate their recent gains, [REDACTED]

[REDACTED]

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**4. DJAKARTA GOVERNMENT ARRESTS  
SUMATRAN OFFICIALS**

Comment on:

[Redacted]

[Redacted]

The Indonesian government's arrest in Djakarta on 9 May of the Central Sumatran representative there and the reported earlier arrest of 11 visiting members of the South Sumatran governing council are the boldest moves yet taken by the central government against the provinces. The arrests are expected to intensify provincial resentment, already aggravated by Sukarno's decree on 8 May imposing rule by a national council. They probably will further stimulate the desire of Central and South Sumatra for a final break with Djakarta.

This action will probably preclude any further friendly negotiations between Djakarta and the disaffected provinces. As recently as 29 April, army commanders and governors from the outer islands consulted in Djakarta without being molested. [Redacted]

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**5. GHANA FINANCE MINISTER GBEDEMAH  
SUBMITS RESIGNATION**

[Redacted]

Ghana's conservative finance minister Gbedemah has submitted his resignation to Prime Minister Nkrumah, [Redacted]

If the differences over economic policies between the two leading members of the government result in an open break, the Nkrumah government would probably fall.

Gbedemah has resisted Nkrumah's decision to lower the price paid to the influential cocoa growers. Gbedemah, who reportedly has strong popular and party support, might form a loose coalition with the hinterland opposition groups, and create a new government.

In any event, Nkrumah is likely to rely increasingly on extremist elements, with a consequent rise in instability in Ghana.

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ANNEX

Watch Report 353, 9 May 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. Early deliberate initiation of hostilities by Israel or the Arab states is not probable. Although incidents continue between the Arab states, within certain Arab states, and between Arab states and Israel, these are not likely to lead to serious conflict in the immediate future.



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