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29 June 1957

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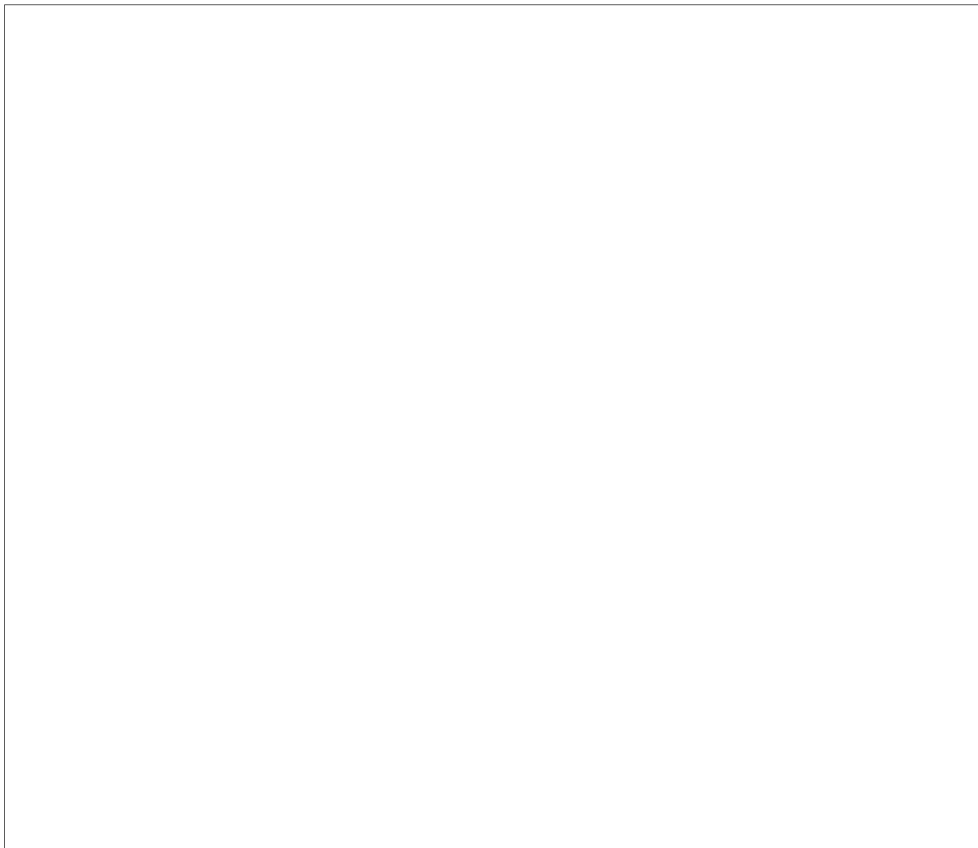


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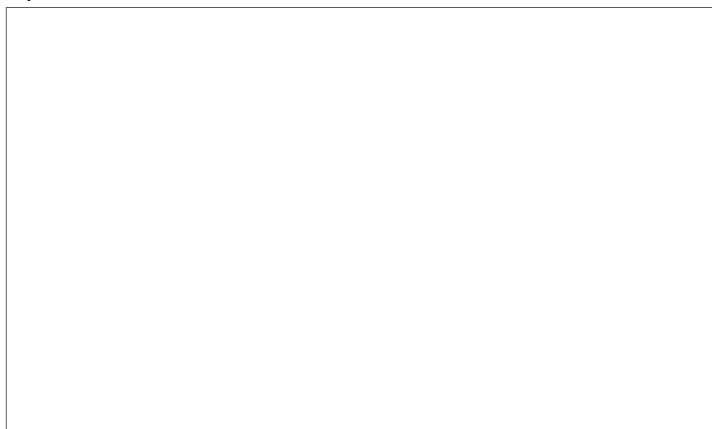
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1. THE TAIWAN STRAIT

Comment on:



Tatan and Erhtan, two small islands in the Quemoy group, were shelled by Communist batteries on 28 June for the third straight day, according to press accounts from Taipei. The islands are used by the Nationalists as observation points and as bases for mortar fire against vessels entering Amoy harbor. Nationalist spokesmen, in briefing the press, have described the situation as "very tense," although there has been no report from any other sources indicating that an attempt to seize the islands is imminent. The Chinese Communists may have stepped up artillery fire against Tatan and Erhtan in order to silence Nationalist mortars there, which have been harassing ships entering Amoy harbor.

The total force on both Tatan and Erhtan is only about 1,100 men. 

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~~SECRET~~**2. KING SAUD INCREASING INTERNAL PRECAUTIONS**Comment on: [redacted]

[redacted] King Saud has instituted wide-spread security precautions and initiated key personnel changes to strengthen his personal position.

Movement of Syrian and Palestinian Arabs in Saudi Arabia is now subject to extraordinary restriction. The security precautions are all the more necessary because of the entry of thousands of foreign Arabs into the kingdom during the month of the annual pilgrimage to Mecca, which has now begun. Syrian and Palestinian visa applicants are being carefully screened, Syrian pilgrims without visas are being turned back at the Saudi border, and no Saudi visas are being issued in Damascus to truck drivers want-

ing to drive to Saudi Arabia. [redacted]

a group of Palestinian commandos, who left Syria on the pilgrimage on 23 June, planned to assassinate King Saud. Saudi police are carefully screening the records of all Palestinian employees of the Saudi railroad.

Special precautions have also been taken along the Trans-Arabian Pipeline (Tapline) which carries Saudi oil to the Mediterranean. On 19 June the governor of the northern frontier ordered a sunset-to-sunrise curfew at the three northern pumping stations, and instituted search of all automobiles at the gates of the compounds. Earlier the Saudi finance minister expressed concern that Syrians might sabotage Tapline because of deteriorating relations with Saud.

Meanwhile, further indication that King Saud has had difficulties with his brother, Crown Prince Faisal, and desires to strengthen his personal position was carried in a Mecca

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radio report on 25 June. According to the report, the king has replaced the crown prince's son, Prince Abdulla Faisal, as commander of the "white army" (tribal militia) with one of his own sons. Abdulla Faisal, who is also minister of interior, reportedly believes that he may soon lose that position as well to one of the king's sons. Abdulla Faisal's removal as interior minister, however, could provoke increased opposition to the king from supporters of the crown prince.



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3. TURKEY HOSTILE TO SPAAK MEDIATION ON CYPRUS ISSUE

Official Turkish displeasure with NATO secretary general Spaak's first moves toward mediating the Cyprus dispute suggests increasing bitterness between Turkey and Greece over Cyprus and the inevitability of a showdown in this year's UN General Assembly.

The Turkish government believes that Spaak is off to a "bad start" and that his present views are "badly conceived and in effect present only a Greek solution to the problem." Ankara continues to insist on partition as the only acceptable solution, and a Foreign Ministry official states that any proposal of independence for Cyprus will be flatly rejected. Prime Minister Menderes has put off seeing Spaak in the near future and reportedly has suggested a meeting sometime in August. The likelihood that national elections will be held in Turkey this fall may account in part for Menderes' evident intention of delaying any further Spaak initiative.

London has encouraged Spaak to attempt to mediate without making any commitment to him in advance. However, the British recently asked him to postpone his planned departure for Athens and Ankara for a few days as they expect to inform him of some "new positions" early in July. Athens is anxious for Spaak's visit and probably amenable to his views on a Cyprus solution, despite its doubts that he will be able to accomplish anything.

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4. FRENCH IN LAOS SUPPORTING PRINCE PETSARATH



French representatives in Laos are promoting Prince Petsarath, viceroy of Laos and brother of Pathet Lao chief Souphannouvong, for the prime minister-ship. They apparently regard him as the leader most likely to foster continued French influence and prestige in Laos, according to the American ambassador in Vientiane. The ambassador reports that in a 25 June conversation, French ambassador Gassouin described Petsarath as a true patriot who alone could unite Laos and reverse the present unfavorable drift of events. Gassouin said Petsarath had indicated that he would accept power only if drafted and on condition that he have the support of the Western powers.

Comment

The French are apparently trying to pave the way for Western support of Petsarath, in the belief that he may ultimately be called on by the Laotian assembly to resolve the present political crisis. They are urging that the Western powers adopt a more "flexible" policy toward Laos, particularly with regard to the entry of the Pathet Lao into a coalition government.

Petsarath's public statements since his return to Laos in March have minimized the dangers in a settlement of the Pathet Lao problem. He recently returned from a tour of the Pathet-held provinces convinced that the Pathets are not Communists or Communist-controlled. 

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5. SITUATION IN INDONESIA

Non-Communist political leaders in Indonesia are greatly disturbed over the Communist Party's 40-percent gain in votes in the Djakarta municipal elections on 22 June, and reportedly are exploring the possibility of establishing a united front against the Communists. The National Party, which won a plurality in the 1955 national elections, appears particularly anxious over its prospects in the forthcoming provincial elections in Central Java, where it has had its major strength. Although the elections in Central Java reportedly have been postponed until October, the non-Communist parties must still compete against a superior Communist machine which is already operating in high gear. The Communists, moreover, are spending money freely and are capitalizing on the popularity accorded them by President Sukarno's continued public encouragement.

Meanwhile, in East Indonesia, Lt. Col. Sumual is working toward the political reorganization of the area into six autonomous provinces. Although this development may be simply a face-saving move, it would appear to be a new act of defiance by the East Indonesians.

Anti-Djakarta feeling is still running strong in Sumatra, where former vice president Hatta has reiterated his strong support for autonomous moves in non-Javanese areas as well as his belief that these moves are not motivated by separatist desires. At the same rally, Lt. Col. Hussein stated that while there was no desire to "fritter away" Indonesian unity, the people of Central and South Sumatra have returned to "the ideals of the revolution after having been led astray by certain leaders in the central government."

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6. EAST GERMANS VIEW TALKS WITH POLES AS FAILURE

Comment on:

[REDACTED] The East German Communists consider their 18-20 June talks with Polish leaders a failure and believe their efforts to bring the Poles back into the orthodox

camp have been unsuccessful, [REDACTED]

[REDACTED] The talks convinced the East Germans that Gomulka is still in firm control in Poland and that he, like Tito, will continue to pursue a deviationist ideological line.

The Polish visit to Berlin reportedly resulted from heavy pressure from the Soviet Union. Gomulka was reluctant to make this trip and agreed only after a heated argument with Khrushchev [REDACTED]

[REDACTED]

In order to enhance the appearance of bloc solidarity, an East German delegation headed by party first secretary Ulbricht and Premier Grotewohl will go to Warsaw on 22 July for the Polish national holiday. [REDACTED]

[REDACTED]

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