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4 February 1958

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CENTRAL

INTELLIGENCE

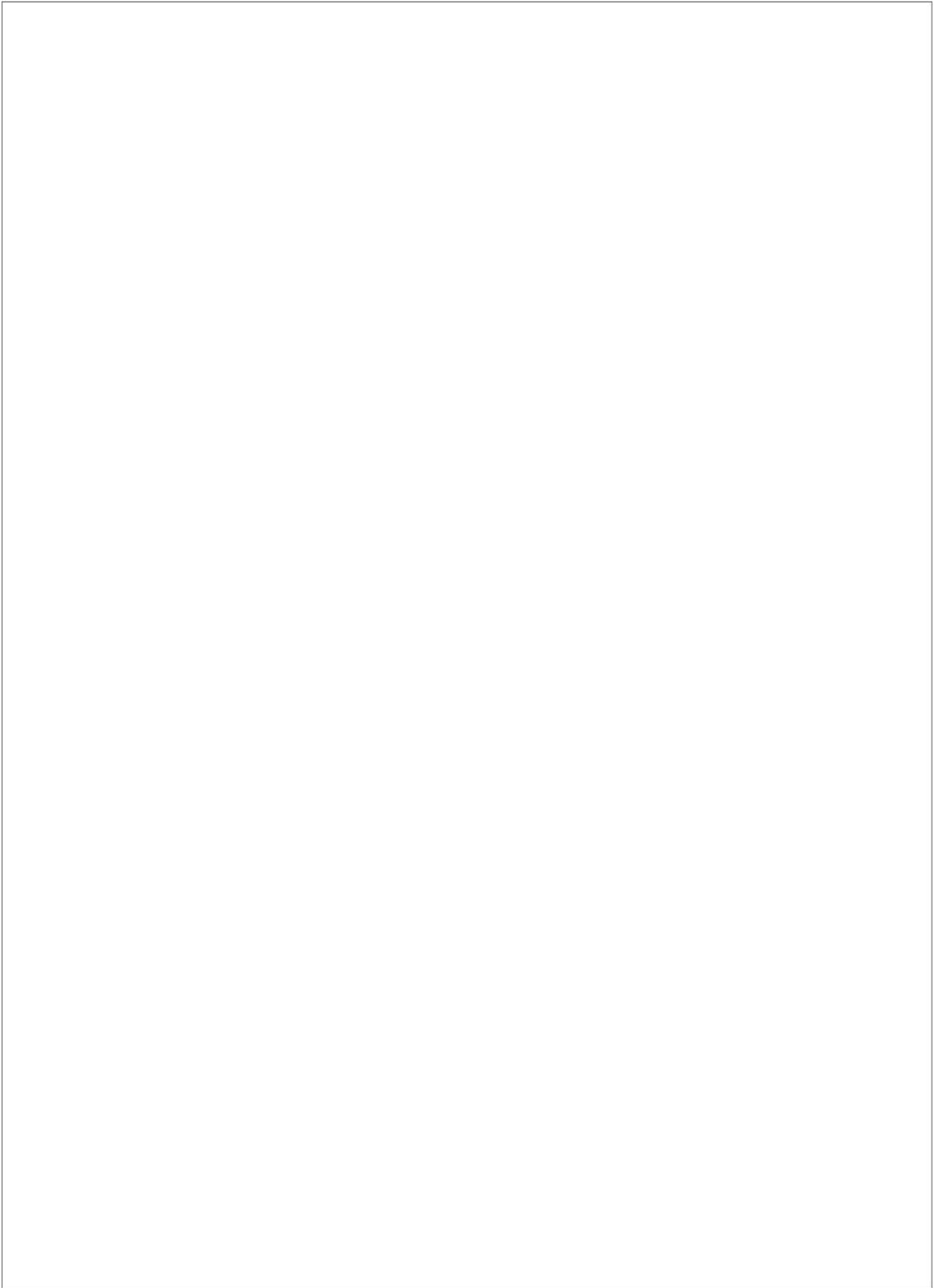
BULLETIN



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LATE ITEM*OR*
*Indonesian Dissidents Present Ultimatum to President Sukarno in Tokyo

Indonesian dissidents presented an ultimatum to President Sukarno in Tokyo on 4 February demanding that he eliminate pro-Communist elements from the Djakarta government or be overthrown. The ultimatum warned that a rival Indonesian government had been formed in Central Sumatra which presumably will be placed in operation if Sukarno fails to comply.

The ultimatum was delivered by Colonel Warouw, Indonesian military attaché in Peiping who has been in the confidence of the dissidents for some months and who is a former commander in East Indonesia. Warouw was accompanied by a "high staff officer" who recently arrived in Tokyo from Sumatra.

The Indonesian dissidents have been planning action against the central government along these lines for nearly a month. Their ultimatum probably includes a demand that a new anti-Communist cabinet be formed in Djakarta by former vice president Hatta and the Sultan of Jogjakarta.

Both President Sukarno and the Djakarta government are likely to reject the ultimatum, although they may attempt to engage the dissidents in negotiations with a view to stalling the formation of a rival regime. The Indonesian Communist party can be expected to brand the dissident move as traitorous and as part of an imperialist plot to break up the Indonesian nation and to maintain Dutch influence. It will also press the Djuanda government to resist and, if necessary, forcibly to suppress the dissidents.

A late press report quotes a leader of the anti-Communist Masjumi party in Djakarta to the effect that his wing of the party would mediate between the dissidents and the Djakarta government; other Masjumi leaders, including the party's chairman are in Sumatra working with the dissidents.

4 FEBRUARY 1958

I. THE COMMUNIST BLOC

USSR - Tyura Tam Range - For latest
GMIC statement, see p. i.

USSR interested in bilateral nonaggression
pact with Norway.

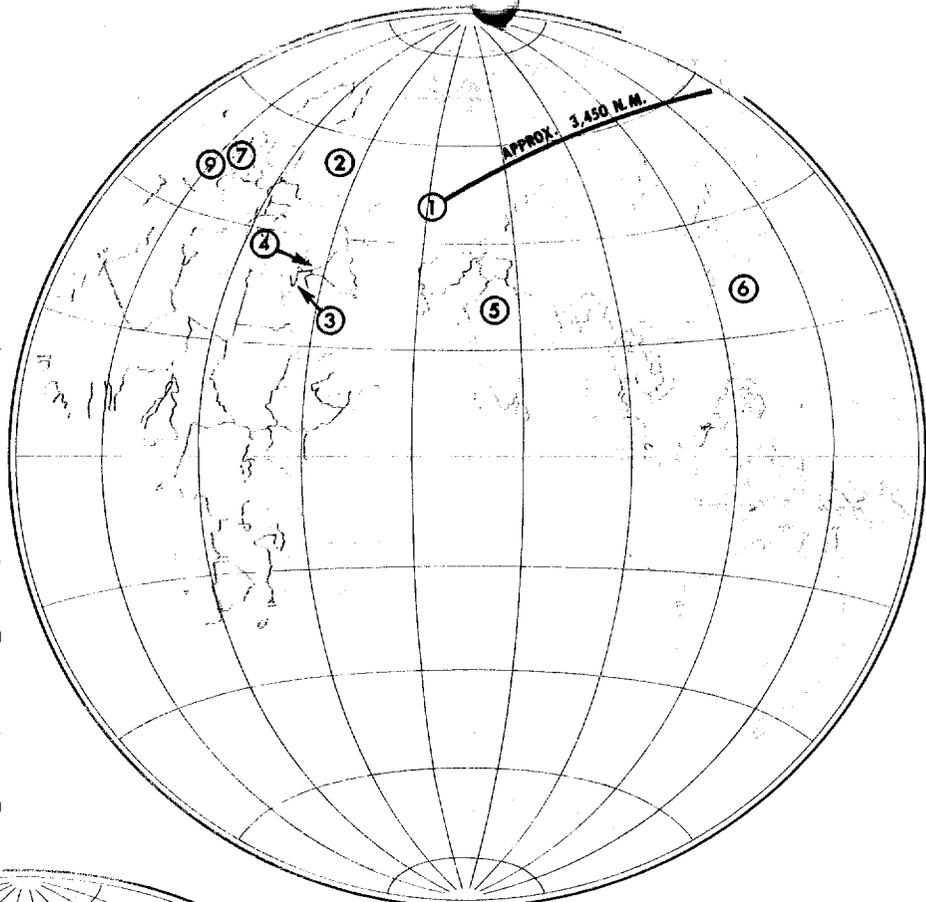
II. ASIA-AFRICA

Kings of Jordan, Saudi Arabia, and
Iraq plan meeting on 9 February to
discuss countermeasures to Egyptian-
Syrian union.

Syrian economic interests apprehensive
over effects of Syria's union with Egypt.

Indian Government henceforth will
prohibit foreign debts requiring
payments before 1964.

Setback for anti-Communists in Okinawan
municipal election.

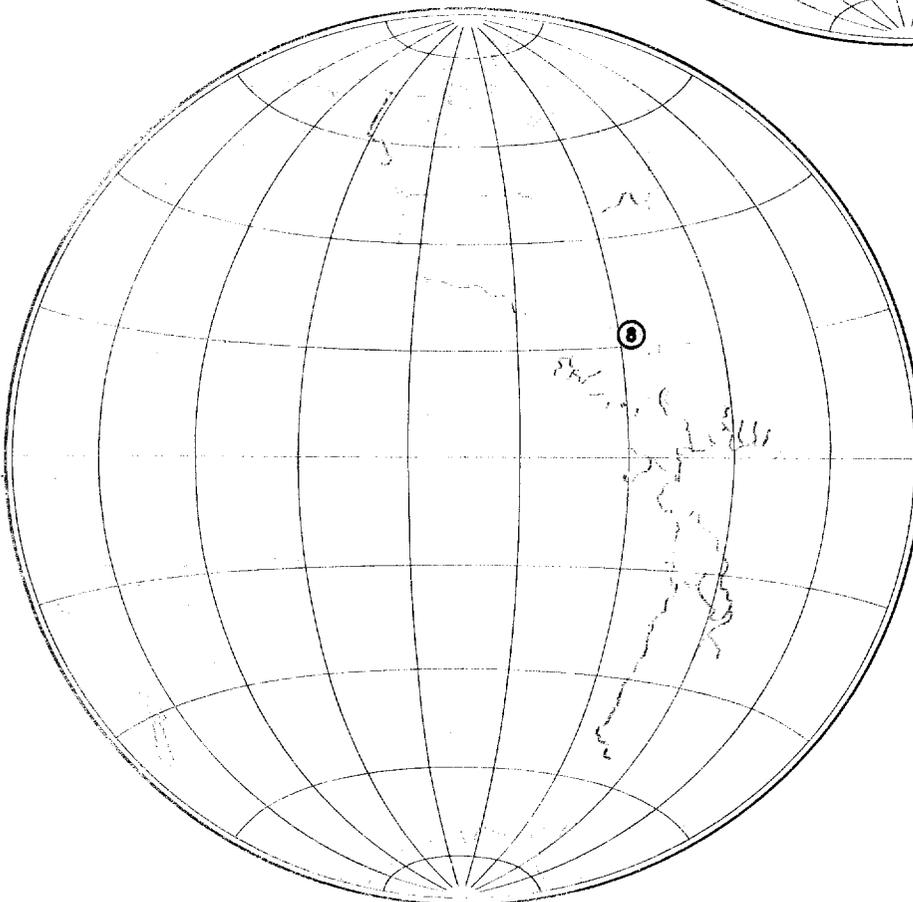


III. THE WEST

West Germany considering plans to
construct nuclear submarine.

Cuba - Growing dissatisfaction in
military may lead to anti-Batista
coup attempt in February.

French and West German Foreign
Ministries now more skeptical of
value of summit talks.



CENTRAL INTELLIGENCE BULLETIN

4 February 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

Probable Soviet ICBM launching attempt: The Guided Missile Intelligence Committee issued the following statement on 31 January 1958:

1. Since the Guided Missile Intelligence Committee (GMIC) statement of 1145, 30 January 1958, additional information has been received which, in general, supports the views contained in the statement.

2. A valid countdown took place and culminated in a probable test ICBM launching attempt at 1507 EST (2007Z). GMIC agrees that the events [redacted] did not appear to involve the launching of an earth-satellite vehicle or other space vehicle. Available evidence does not now permit a determination of the success achieved.

Joint Staff reservation: The Joint Staff member believes that insufficient consideration has been given to the possibility of an attempted ESV launching. He feels the second paragraph should read as follows:

A valid countdown took place and culminated in a launching attempt at 1507 EST (2007Z). The events [redacted] did not result in the successful launching of an ESV or other space vehicle. If an ICBM test vehicle was launched, available evidence does not now permit determination of the success achieved. [redacted]

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USSR "interested" in pact with Norway: Soviet Ambassador to Norway Gribanov told top staff members of the Norwegian Labor party newspaper on 29 January that the USSR "is interested" in a bilateral non-aggression pact with Norway as well as a collective non-aggression treaty between NATO and Warsaw states. In view of Premier Gerhardsen's criticism of NATO's pre-occupation with military strength, the USSR probably hopes for a favorable Norwegian reaction. Norway would almost certainly reject such a proposal at this time.

II. ASIA-AFRICA

Egyptian-Syrian union--Arab reaction: Arrangements are going forward for meetings, possibly about 9 February, involving King Hussayn of Jordan, King Saud of Saudi Arabia, and King Faysal of Iraq. Saud has agreed to Hussayn's proposals that their treaties of friendship be "revived" as an attempt to develop a psychological counter to Egyptian-Syrian union, but has cautioned against taking such direct counter-measures as confederation. (Page 1)

Egyptian-Syrian union--impact in Syria: Syrian economic interests are apprehensive over the effects of Egyptian-Syrian union, and a run on foreign exchange is reported to have occurred in commercial centers in northern Syria. Businessmen will not express opposition openly, however, and are inclined to console themselves with the hope that the union will block Communist influence. There are reports of violence in major Syrian cities between Communists and ASRP adherents over the union issue. (Page 2)

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Indian financial problems: The Indian Government is worried over the sharp rise in foreign debt servicing that it will face beginning in 1960, and has apparently decided not

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to permit any additional debt to be incurred requiring repayment before 1964, except for projects which earn foreign exchange quickly. With such a policy, Indian concerns would find it very difficult, if not impossible, to find foreign private credits. [redacted]
(Page 3).

JK
Naha, Okinawa, election: City assembly elections on 2 February resulted in a setback for local anti-Communist elements. The leftists won seven seats, and independents of uncertain views won four. Pro-Western candidates won only four seats. If the newly elected independents vote with the leftists, they will control a majority in the city council. [redacted]

III. THE WEST

[redacted] Bonn plans nuclear submarine: The West German defense minister plans to request a relaxation of WEU treaty restrictions to permit the construction of a 3,000-ton, nuclear-powered submarine. The request will probably be deferred, however, until a similar request to produce an antitank missile has been considered by WEU, and until the political reaction of WEU members is determined. [redacted] (Page 4)

Cuba: Growing disaffection within the military, the principal bulwark of the Batista regime, is apparently precipitating a new antigovernment conspiracy by a group of high officers. The group may be planning action during February. [redacted] (Page 5) (Map)

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Summit talks--French, German views: The French and the West German Foreign Ministries are taking a more pessimistic view toward fruitful summit talks, as a result of delayed reactions to Khrushchev's 22 January speech at

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Minsk. French Foreign Minister Pineau may formally protest Khrushchev's slurs on Western leaders and their intentions. West German government circles, who feel a summit conference is inevitable, believe Bonn will be placed in a precarious position if the talks are focused on disarmament to the exclusion of German reunification.

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DAILY BRIEF

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I. THE COMMUNIST BLOC



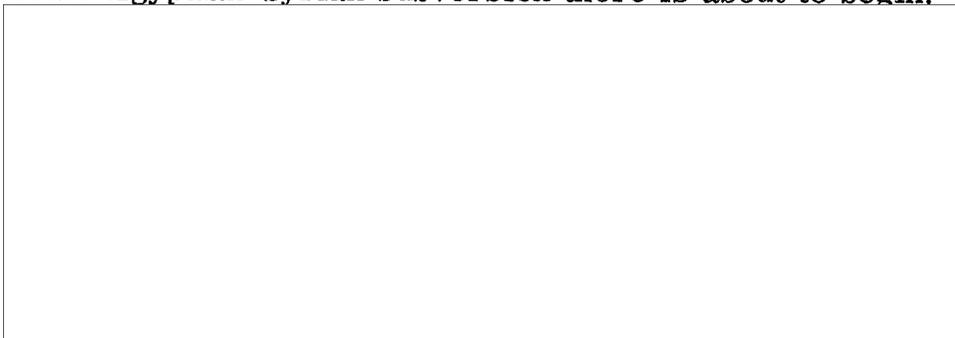
II. ASIA-AFRICA

Plans to Counter Egyptian-Syrian Union

King Hussayn is proceeding with arrangements for meetings with the Kings of Iraq and Saudi Arabia, which he hopes may begin about 9 February, in a further effort to develop a psychological counter to Egyptian-Syrian union. Hussayn fears that Egypt and Syria will shortly launch a campaign to bring adherence by Jordan and Lebanon.

King Saud, who is reported to strongly oppose Nasir's move, has agreed to Hussayn's proposal that the treaties of friendship among Jordan, Iraq, and Saudi Arabia be reaffirmed. However, he has cautioned against such an open challenge to Nasir as confederation. The Iraqis have professed willingness to accept confederation with Jordan whether Saud agrees or not. Crown Prince Abd al-Ilah, while indicating that Iraq for the present would take no action for or against the new Arab state, expressed concern that unless some constructive measures were adopted soon Jordan would be drawn into Nasir's union. The crown prince added that any initiative concerning closer association with Iraq should remain with Jordan, since eagerness on the part of Iraq would arouse suspicion in Jordan.

Jordanian leaders do not feel that participation by Lebanon at this time in an Iraqi-Jordanian confederation would be helpful or desirable, since it would strengthen divisive forces in Lebanon. Lebanon's President Chamoun fears that large-scale Egyptian-Syrian subversion there is about to begin.

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Syrian Business Interests Fear Impact of Union
With Egypt

The Syrian business community is apprehensive over the effect of Egyptian-Syrian union. The ministers of economy and public works have issued statements that Egyptian financial regulation will not be imposed on Syria immediately and that the Syrian currency will remain strong.

Despite these reassurances, commerce in some areas is reported in the doldrums, a heavy demand for foreign exchange has developed in northern Syria, and the Central Bank is attempting to maintain confidence in the Syrian pound. Businessmen are endeavoring to negotiate a five-year moratorium with Nasir relative to protective tariffs, Syrian industry, currency unification, and proposed mass Egyptian emigration to Syria. Syrian labor circles are decidedly unenthusiastic over the prospect of an invasion by new "refugees," which will depress Syrian wage levels and aggravate unemployment. Plans to utilize Egyptian peasants in agricultural work in the Syrian Jazira are somewhat visionary, since large-scale mechanized operations requiring a small labor force are practiced there.

Businessmen, most of whom are moderates in their political inclinations, hesitate to express their opposition to union with Egypt openly and are inclined to console themselves with the hope that union will block the rapidly growing Communist influence.

Internal dissension over union has resulted in fights in several towns between pro-union Baathists and anti-union Communists.



~~CONFIDENTIAL~~India Concerned About Short-term Debt Obligations

The Indian Government expects its debt servicing costs to rise so sharply after 1959 that it has decided to prohibit the contraction of any additional debts requiring payments before 1964. The government has confidentially informed the US Embassy that India's projected debt repayment schedule--both principal and interest--will rise from \$73,000,000 in the fiscal year beginning April 1959 to \$193,000,000, \$259,000,000, and \$233,000,000 respectively in the following three years.

Additional borrowing will be permitted only for projects that will earn or save enough foreign exchange to cover the obligations by 1964. Under this policy most private lenders will refuse additional credits to Indian concerns, and more long-term loans will have to be obtained by the Indian Government.

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III. THE WEST

Bonn Plans Atomic Submarine

West German Defense Minister Franz Josef Strauss plans to request a waiver of WEU treaty restrictions to permit Bonn to construct a 3,000-ton nuclear-powered submarine, [REDACTED]

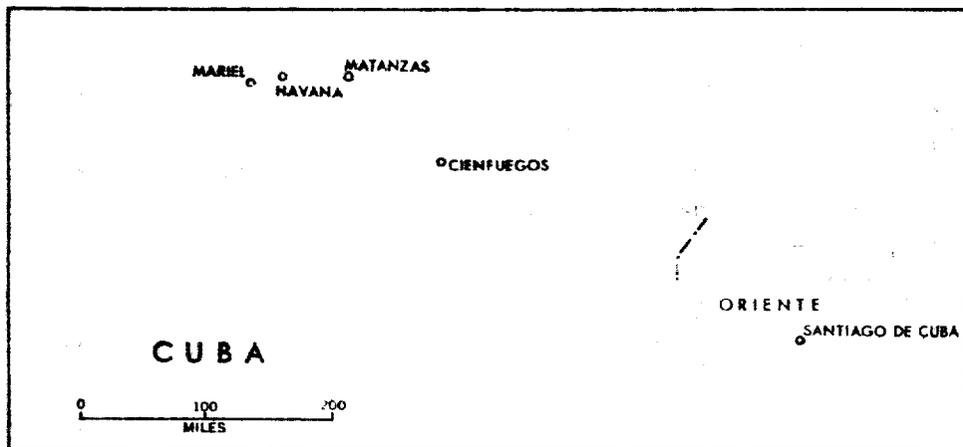
[REDACTED] If the waiver is granted, Strauss will seek a contract for nuclear propulsion equipment with the American firm which built the Nautilus.

Bonn will probably defer any request for treaty revision until the present request for permission to produce an antitank missile is acted upon, and until the political reaction of WEU members is determined. London, and possibly Paris, might take a critical attitude toward a German request dealing with submarines, fearing possible unfavorable public reaction. The NATO commander's recommendation and a two-thirds vote in the WEU council are required for approval.

The WEU treaty restricts German submarine construction to types of less than 350 tons, and prohibits any construction of nuclear-powered warships. The current German naval program calls for 12 submarines of approximately 300 tons. Strauss has recently been interested in US progress in nuclear propulsion, and a group of German scientists has recently completed designs for a nuclear-powered merchant ship. [REDACTED]

[REDACTED]

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Possible New Military Conspiracy Against
Cuban Government

Growing disaffection among the Cuban military, the principal bulwark of President Batista's regime, is precipitating a new antigovernment conspiracy by a group of senior officers, [REDACTED]. The group may be planning action during February. It is led by Maj. Gen. Martin Diaz Tamayo, newly appointed G-3 of the Cuban Army, and is believed to include active and inactive officers who were involved in abortive uprisings last September and in April 1956. Fidel Castro's revolutionary movement is not yet known to be involved, although members of his group did take part in the September naval revolt at Cienfuegos.

The recent appointment of Lt. Gen. Pedro Rodriguez Avila as army chief of staff may have contributed to increasing dissatisfaction among the military. Rodriguez, who has a reputation for ruthlessness and is widely disliked, is not considered qualified for his new job. Additional unrest in the army has resulted from increased police brutalities in dealing with both civilians and army personnel. A well-coordinated and -organized plot among the military could unseat Batista. [REDACTED]

[REDACTED]

[REDACTED]

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~~CONFIDENTIAL~~Summit Talks--French, West German Views

The French and West German Foreign Ministries, on the basis of the speech Khrushchev made at Minsk on 22 January, are taking an increasingly pessimistic view on the prospects for a worthwhile outcome from summit talks.

French Foreign Minister Pineau may formally protest Khrushchev's slurs on Western leaders and their intentions. A Foreign Ministry spokesman characterized the speech as "one of the most aggressive, insulting and intransigent" he had ever read, and compared its tone to Hitler's. He believes Khrushchev's remarks on the Soviet position on Germany and Eastern Europe express "toughness and overweening confidence."

Chancellor Adenauer cited Khrushchev's speech as evidence of Soviet unwillingness to pursue "constructive negotiations," but he also reaffirmed his support for efforts to make progress on international problems. Bonn will publicly support disarmament negotiations, but it can be expected to raise strong objections to the exclusion of German unification from summit discussions. [REDACTED]

[REDACTED]

[REDACTED]

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Director of Naval Intelligence, Department of the Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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CENTRAL INTELLIGENCE BULLETIN

4 February 1958

DAILY BRIEF

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