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13 December 1958

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CENTRAL INTELLIGENCE BULLETIN

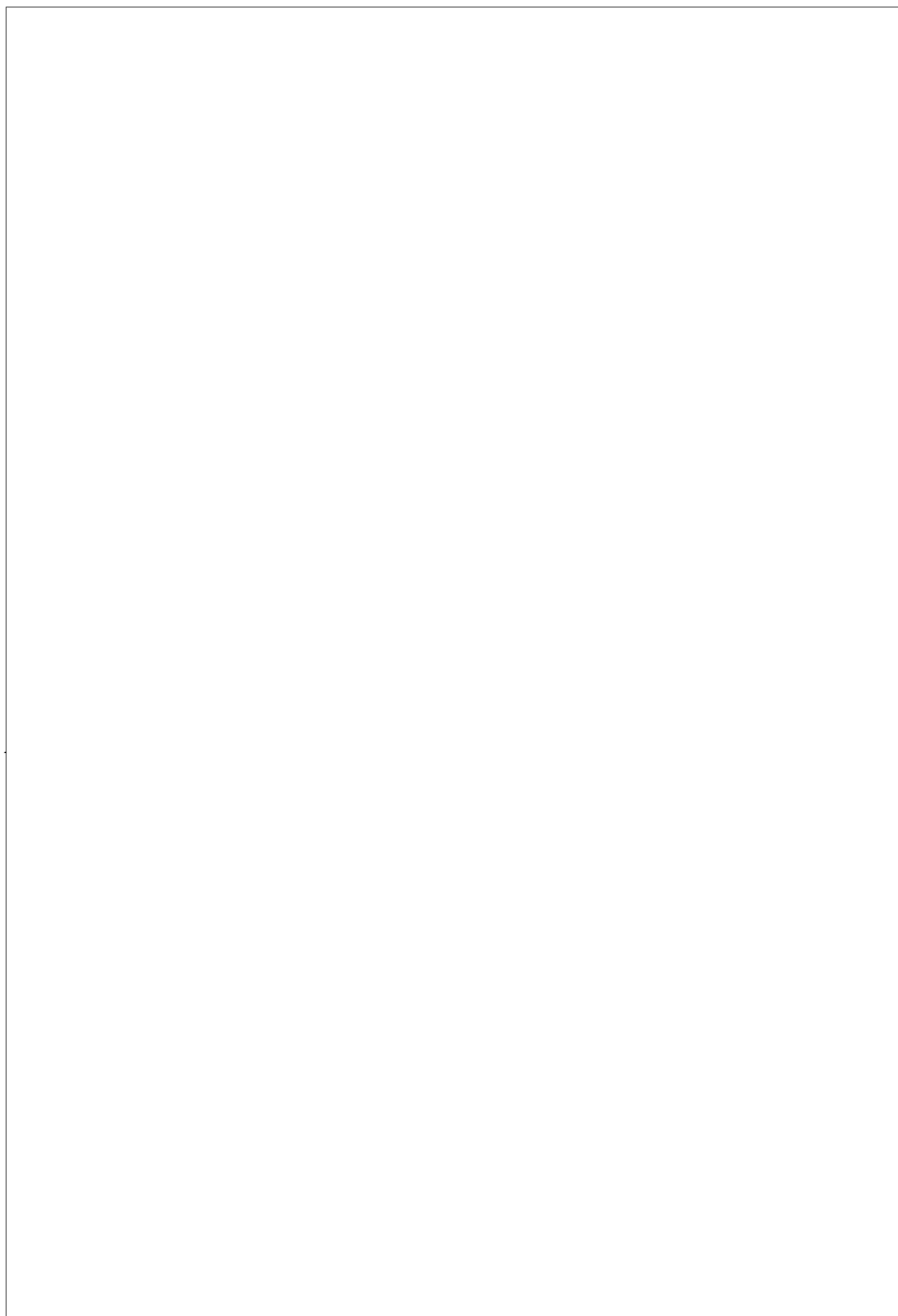


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13 DECEMBER 1958

I. THE COMMUNIST BLOC

Efforts to establish communes in Peiping and Shanghai apparently causing confusion and tension.

II. ASIA-AFRICA

Nasir fears Communist dominance in Iraq; rumors of executions widespread in Baghdad.

Arab-Israeli situation report.

Turkey may strengthen ties with Israel.

Kenya - British anticipate civil disobedience campaign and disorders.

Thai-Cambodian verbal war becoming more vitriolic.

III. THE WEST

Tension rising in Honduras.

Brazil moves to expand its trade with Soviet bloc.

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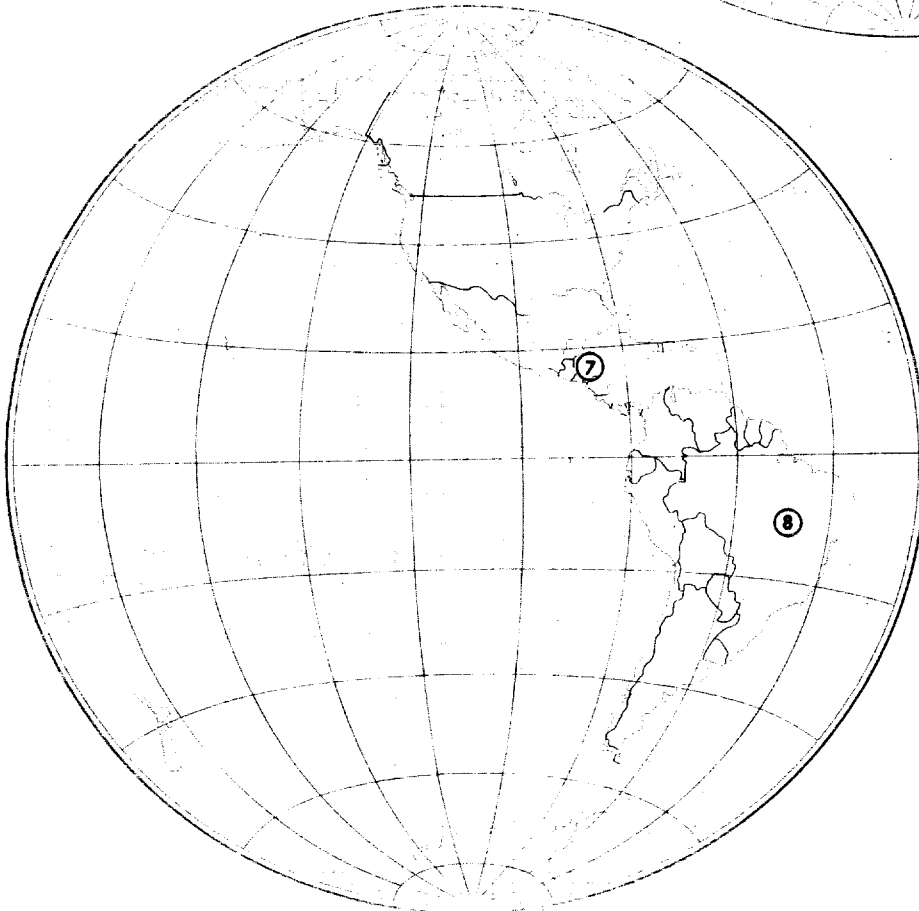
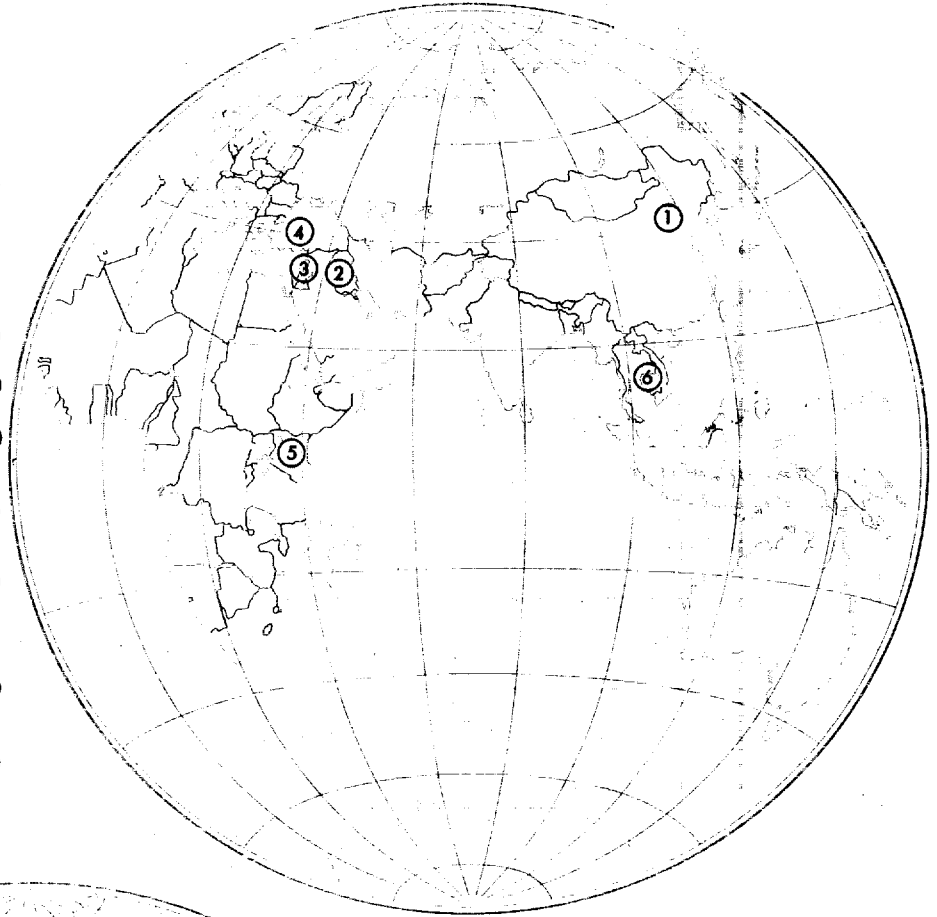
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CENTRAL INTELLIGENCE BULLETIN

13 December 1958

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

Communist China: Peiping's initial effort to establish communes in the larger cities, although cautious and comparatively slow, apparently caused considerable confusion and tension in Peiping and Shanghai. In rural areas, the Chinese Communists now are consolidating the changes already made. The full impact of the communes is just being sensed by Overseas Chinese, who are disturbed over the impending destruction of traditional family life on the mainland. [redacted] (Page 1)

II. ASIA-AFRICA

*UAR-Iraq: Nasir is reported "dismayed" by the arrest of pro-UAR figures in Iraq, and has voiced even stronger concern than heretofore that the Qasim regime will fall under the influence of Communist elements. Cairo continues cautious in both public and private pronouncements on recent developments in Iraq.

In Baghdad, rumors are widespread that some secret executions have taken place. Speculation centers not only on the conspirators in the recent plot, but also on Jamali and other pro-Western adherents of the old regime who have been under death sentence. [redacted]

Israel-UAR: [redacted] no signs of unusual Israeli military activity, and Israeli internal propaganda has been giving low-key treatment to the border situation. However, United Nations officials remain concerned over Israeli intentions. The director general of the Israeli Defense Ministry

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conferred with Jacques Soustelle and Guy Mollet in Paris on 8 December. The Israeli chief of staff was also in Paris at the time. UAR military leaders met in an all-day session on 10 December. [redacted] (Page 2)

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Turkey-Israel: In a significant shift in its Middle East policy, Turkey may soon strengthen diplomatic and economic ties with Israel. An exchange of ministers, which the two countries are considering, would be sure to draw an adverse Arab reaction. [redacted] (Page 4)

OK
Kenya: British officials in Kenya anticipate a civil disobedience campaign in the next two months initiated by African leaders as a means of building up pressure to obtain assurances that Kenya will be permitted to evolve as an essentially African state. The British fear that some disorders are likely. [redacted] (Page 5)

Thailand-Cambodia: The verbal war between Thailand and Cambodia is becoming increasingly vitriolic, and Thailand has charged that a company of Cambodian troops kidnaped five of its nationals in the border area. [redacted]

[redacted] (Page 6)

III. THE WEST

OK
Honduras: Tension is rising in the wake of the armed forces' demand on 8 December that the President establish a coalition government and halt partisan attempts to undermine the position of the military. Military forces in the important city of San Pedro Sula--a stronghold of the President's Liberal party--expect clashes with armed civilians at any time. [redacted] (Page 7)

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DAILY BRIEF

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81C
Brazil: Government officials apparently intend to establish new machinery to expand trade with the Soviet bloc, possibly including a special office in Europe. At the same time, however, they continue to deny any intention of broadening diplomatic relations beyond the present ties with Poland and Czechoslovakia, and appear opposed to permitting a Soviet trade office in Rio de Janeiro.

[redacted] (Page 8)

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DAILY BRIEF

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~~TOP SECRET~~ [redacted]

I. THE COMMUNIST BLOC

Peiping Encountering Difficulty With Urban Communes

Peiping's initial efforts to set up people's communes in urban areas are apparently encountering difficulty in some of the nation's major cities. The regime has moved cautiously and comparatively slowly in this direction, but it has made clear its intent to see the commune system established in urban areas. [redacted]

[redacted] despite the regime's cautious attempts to organize communes in Peiping and Shanghai, considerable confusion and tension has been created. In Shanghai, banks were forced to suspend payments because so many depositors were withdrawing and spending their savings lest they be absorbed by the communes. In Peiping, so many private possessions are for sale that they have become a glut on the market. [redacted]
[redacted]

In the countryside, the first phase of the communalization drive is over, and the regime is moving on to the next stage--improving and consolidating the communes. Foremost among the problems being encountered seem to be the inadequacy of the new communal messes, the distribution of income under the competing demands of the state, the commune, and its members, and the reluctance of the individual Chinese to depart from the traditional forms of family life.

Although the full impact of Peiping's far-reaching reorganization of Chinese society is just beginning to be felt among Overseas Chinese in Southeast Asia, they are in general disturbed over the impending destruction of traditional family life on the mainland and feel that ties with their relatives on the mainland will diminish. This concern can best be seen in the sharp drop in the flow of remittances to the mainland. [redacted]
[redacted]

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II. ASIA-AFRICA

Israel-UAR

The Israeli Government appears to be awaiting further results from its complaint against the UAR in the UN Security Council, although it does not expect any favorable resolution. Prime Minister Ben-Gurion has avoided a Knesset debate of the Syrian border situation but said steps are being taken to rectify various supply, shelter, and communications deficiencies among settlements on the Syrian border. The Israeli press is playing down the situation [redacted]

UN truce officials earlier reported troop movements and a build-up of Israeli forces which they regarded as alarming. A large number of tanks and artillery was reported in the northern tip of Israel, in addition to a new concealed bivouac area below the drained bed of Lake Hula. The rerouting of a UN convoy to avoid the concentration area of Israeli paratroops may indicate contingent plans to employ those troops in any possible Israeli attack.

[redacted] mobilization or deployment of Israeli reserve forces, [redacted] would be required for any successful Israeli assault against the strong defensive positions of Syrian border forces. [redacted]

[redacted] increased Israeli military activity in the border area. A UN armistice official was quoted on 11 December as saying a mobile Israeli force was concentrated near the border for an attack expected after a second Security Council meeting as yet unscheduled, on Israel's complaint. [redacted] any Israeli attack would be directed at the border sector between Lake Hula and Lake Tiberias together with a paratroop assault behind Syrian

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lines, a fear also expressed by UN observers. On 9 December Egyptian naval forces and ground units on Israel's southern border were alerted, [redacted] and a meeting of UAR military leaders was held in Cairo on 10 December. Syrian aerial reconnaissance of northern Israel on 10 December did not detect any troop concentrations.

[redacted]

Director General Shimon Peres of the Israeli Defense Ministry conferred with Jacques Soustelle, French minister of information, and Minister of State Guy Mollet on 8 December. Peres, Soustelle, and Mollet were prominent in negotiating Israeli-French collaboration against Egypt in 1956. Israeli army chief of staff Laskov and the Israeli director of Military Intelligence have also been in Paris. [redacted]

[redacted]

~~SECRET~~ [redacted]

Turkey and Israel May Restore Normal Relations

Turkey and Israel are approaching agreement to resume ministerial representation after nearly two years of reduced diplomatic status, according to the Israeli first secretary in Ankara. The legations of both countries have been run by chargés d'affaires since the Turks withdrew their minister to Israel in early 1957, in the aftermath of the Israeli invasion of Egypt. Having lost its close ties with Iraq, Ankara may feel less compulsion to consider the reactions of the Arab countries.

The Israelis have long been pressing the Turks to resume relations on the ministerial level. The Turks, however, may see no particular urgency, as they already have close working relations with the Israelis in military and intelligence matters.

An expansion of trade relations is also apparently under discussion, although any significant increase in economic activity seems unlikely.

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Early Civil Disobedience Campaign by Africans in Kenya Likely

British officials in Kenya believe African nationalists in that crown colony, led by the 14 elected African members of the local Legislative Council, will probably launch a civil disobedience campaign sometime in the next two months, most likely in February. The officials fear such a campaign--foreshadowed in the statements of Kenya's two principal African leaders at the All-African Peoples' Conference in Accra this week--would lead to "disturbances," but they claim they are prepared to meet that contingency.

The principal objective would be to force constitutional talks in which the nationalists could press their long-standing demands for greater representation of Kenya's 6,000,000 Africans in the 85-member council, and for the abolition of certain features of the present constitution, instituted by British Colonial Secretary Lennox-Boyd late last year. These demands were rejected by Lennox-Boyd last month. Ultimately, however, the Africans, whose basic complaint is the dominant political and economic position of the 60,000 Europeans in Kenya, are unlikely to be satisfied with anything less than formal recognition of the principle of eventual majority rule and a plan leading to self-government by stages.

British officials are trying, without much optimism, to find a formula for conciliating the Africans within the framework of the present constitution. British officials and settler leaders alike are concerned over the growth of a Mau-Mau-type anti-European secret tribal society outlawed last January, and about the vigorous campaign by African leaders to glorify and force the release of convicted Mau-Mau leader Jomo Kenyatta, sentenced to seven years in 1953.

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~~TOP SECRET~~ [REDACTED]Worsening Atmosphere of Thai-Cambodian Relations

Leaders of the ruling Thai military group are accelerating their campaign to discredit Cambodia and Premier Sihanouk before world opinion. Through the press and communiqués issued from the headquarters of Marshal Sarit's Revolutionary party, the Thais have accused Cambodia of various provocative military moves, and have cast doubt on Sihanouk's motives in breaking off relations with Thailand and on his ability to run his own country.

Despite indications earlier in the week that the two countries were coming close to agreement on points at issue in the present dispute, Sarit is clearly not ready to let the crisis subside. He is doubtless finding it valuable for arousing public enthusiasm for his regime and strengthening his control of the ruling military group. Moreover, in view of Cambodian charges to the United Nations that the dispatch of Thai reinforcements to the border was a "threat to the peace," Sarit is probably anxious to get the Thai side of the issue fully publicized.

There is also a strong likelihood that the Thais, by a little saber-rattling, may hope to frighten the Cambodians into deposing Sihanouk. Recent reports indicate that Thai leaders may be exploring ways and means of promoting a coup attempt against Sihanouk. While it is doubtful that the Thais will have any success, these reports point up their strong antagonism toward Sihanouk.

Sarit probably has no intention of deliberately going to war with Cambodia, but Bangkok's campaign of verbal abuse will heighten tension between the two countries and increase the danger of serious border incidents. Bangkok's truculence will also tend to reinforce chronic Cambodian fears of Thailand. In connection with Cambodia's request for the dispatch of observers, Sihanouk has already cabled UN Secretary General Hammarskjold his fears "that Thailand is seeking pretexts to attack us." [REDACTED]

[REDACTED]

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III. THE WEST

Civilian-Military Rivalry in Honduras Nears Climax

Members of the administration Liberal party in the important north coast city of San Pedro Sula are "boiling mad" over the armed forces' 8 December demand that President Villeda reorganize his government to include representatives of the opposition and put an end to partisan efforts to reduce the authority of the military. Honduran Liberals are undoubtedly considering means, including violence, to eliminate what they regard as the military effort to dictate to the civil government.

Military forces in San Pedro Sula have been augmented with the concentration there of garrisons normally stationed in smaller north coast towns. The approximately 1,200 troops now in the city are on the alert and expect clashes with armed Liberals at any time.

Even a relatively minor incident could set off serious violence. The Liberals have an unknown but probably sizable quantity of arms and, while they would probably not plan a direct assault on an army garrison, their public demonstrations, such as the one planned for 14 December in San Pedro Sula, could easily get out of control. In the event of serious rioting, the armed forces would probably depose the President-- a move they were considering before they handed him their ultimatum.

The American Embassy doubts that the President appreciates the seriousness of the situation. By 11 December, three days after being handed the military ultimatum, he had not yet approached either opposition party about participating in the government.

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Brazilian - Soviet-bloc Trade Developments

Brazil's determination to explore all possibilities of increasing trade with the Soviet bloc is underscored by the acknowledgment that negotiations with the USSR have been going on for two months in Washington and the announcement that the Foreign Ministry's chief economic officer plans to visit Prague and Warsaw in the near future. A policy of actively seeking bloc markets was formalized last August as part of Brazil's effort to stem its serious balance of payments difficulties and prevent cutbacks in its economic development program.

Although top Brazilian officials have characterized as "unacceptable" or "deficient" all bloc offers received since the conclusion in October of a small-scale cocoa-for-oil barter deal with the Soviet Union, the Foreign Ministry reportedly is discussing plans for a special office in Europe to help screen and centralize the growing number of bloc feelers. The Brazilian political police are backing this proposal as a means of precluding the establishment of a Soviet trade office in Rio de Janeiro, and of reducing the publicity which now frequently accompanies reports of bloc trade offers. President Kubitschek's statement on 10 December that his administration will never renew "either diplomatic or commercial relations with the Soviet Union" was probably designed to counterbalance this publicity and to rule out the possibility of a formal treaty or exchange of commercial agents.

It has been reported, meanwhile, that a special Czech trade mission may visit Brazil in January to discuss a five-year \$400,000,000 barter deal involving a variety of industrial installations for Brazil's economic development program and an undetermined number of small aircraft, possibly Super Aero-45s of the type sold to Argentina in 1956.

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The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

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