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23 July 1959

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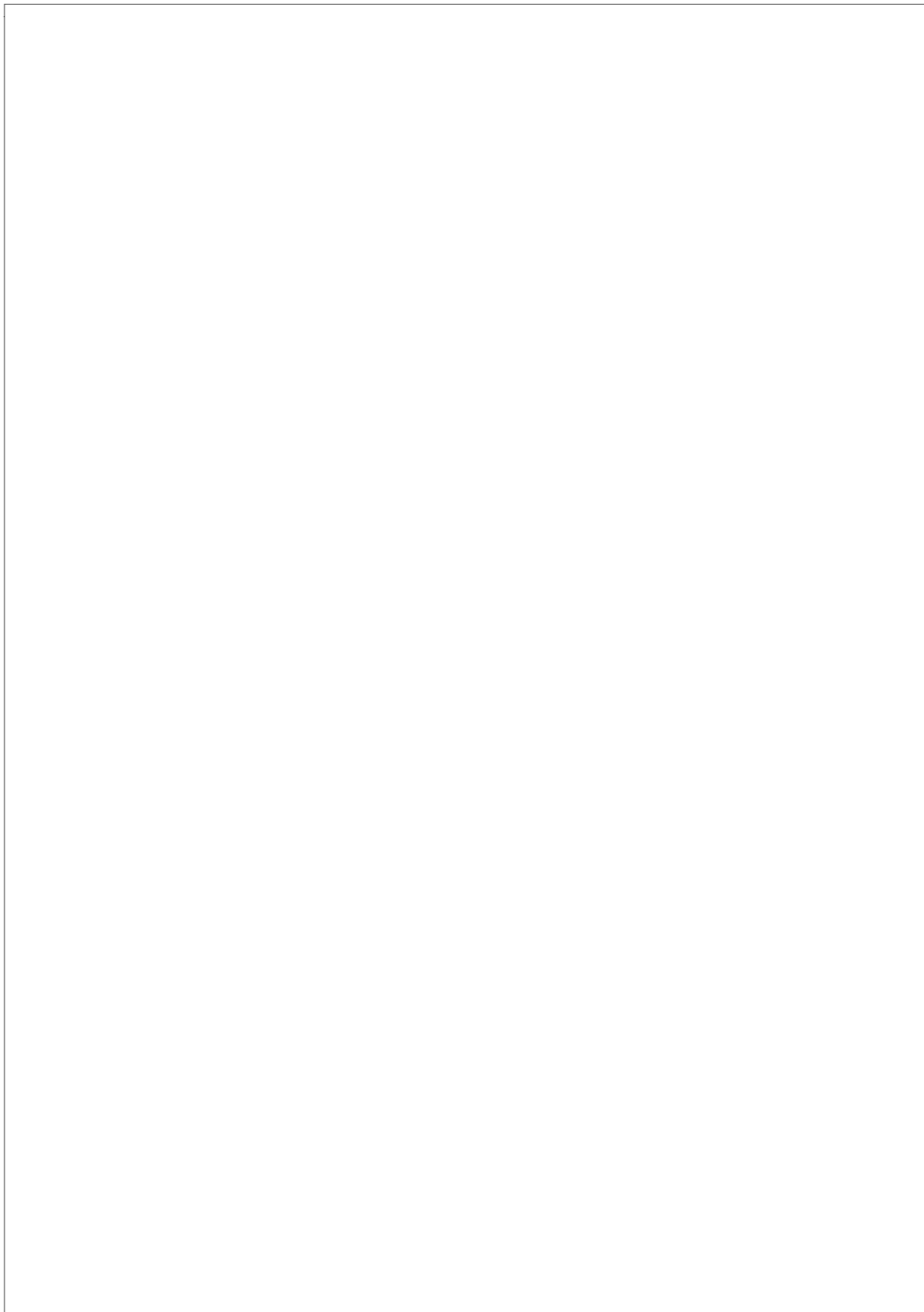
CENTRAL INTELLIGENCE BULLETIN



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23 JULY 1959

I. THE COMMUNIST BLOC

In personal message to Macmillan and Lloyd, Khrushchev is adamant on Soviet position that any Berlin solution must be tied to establishment of all-German committee.

East German customs police board US military train en route from Berlin; further such incidents likely.

Peiping likely to resent Khrushchev's remarks in Poland on communes.

Communist China sends strong protest to Pakistan.

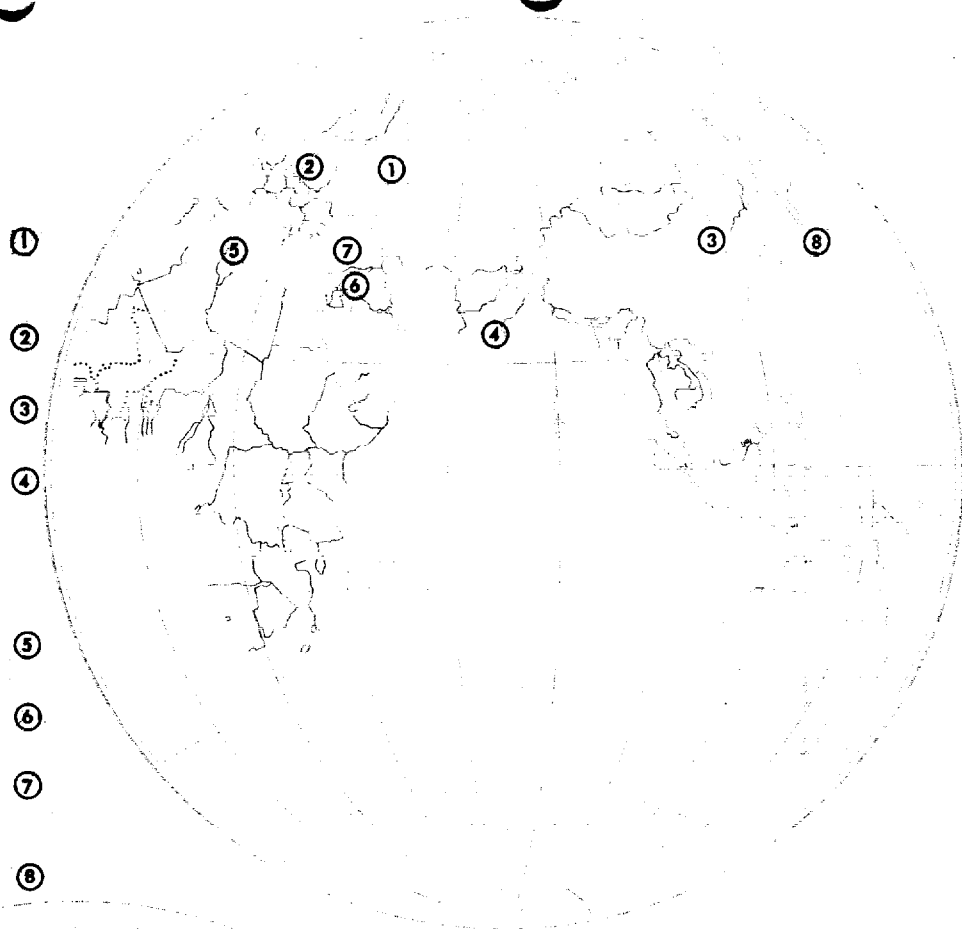
II. ASIA-AFRICA

Tunisia announces attacks on its border posts by "unidentified Algerian elements."

UAR reopens its frontier with Jordan.

Turkey still facing serious economic problems.

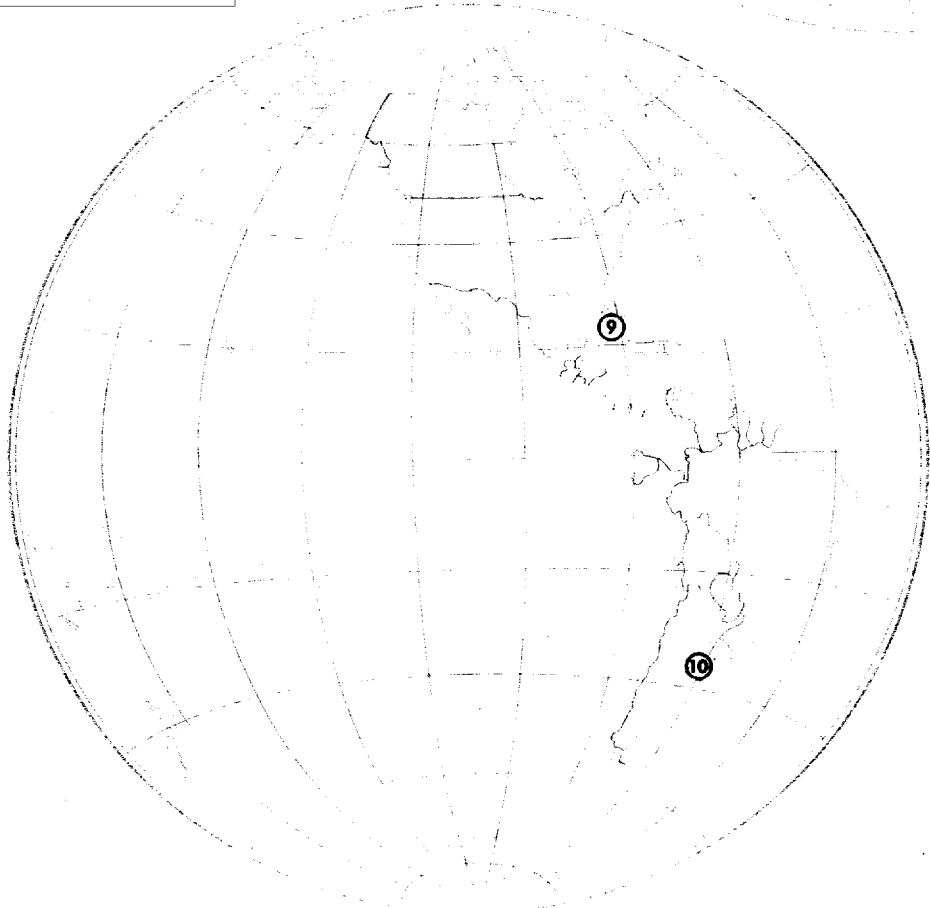
Japan negative toward new ICRC plan for screening Korean repatriates.



III. THE WEST

9 Cuba--Anti-US incidents possible during 28 July demonstrations.

10 Argentine naval crisis worsening.



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CENTRAL INTELLIGENCE BULLETIN

23 July 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

SIRAB

USSR-Geneva: [Moscow is attempting to shatter any illusion of Soviet flexibility on Berlin, apparently believing that further concessions will be made at Geneva if the West is convinced that the Soviet Union will not withdraw from its present position which ties any Berlin solution to the establishment of an all-German committee. Khrushchev has sent a [redacted] warning that if agreement is not reached at the present conference or at a summit meeting, Moscow "will be driven" to sign a separate peace treaty with the GDR. [redacted]

Gromyko stated that "at Berlin, as at Stalingrad, our backs are to the water." [redacted] has also been sent to De Gaulle. [redacted]

No

*Publicly, Khrushchev has reaffirmed the Soviet position at Geneva in the joint communiqué he issued with Gomulka on 22 July. Asserting that "a certain amount of positive work has been done at this conference" the communiqué criticizes Western proposals as endangering peace and calls for a heads-of-government meeting with Polish and Czech participation. Meanwhile, according to rumors in Moscow, Khrushchev is planning to call a top-level conference of bloc leaders during the first week in August.

[redacted] (Page 1)

OK

Berlin: An attempt at interference by East German customs police with an American military train on 20 July--the first time an American military train has been boarded by East German authorities--is the latest in a series of incidents involving Western access rights to Berlin. Further such incidents can be expected. [redacted] (Page 3)

Watch Committee conclusion--Berlin: No significant indications bearing on the possibility of hostilities. [redacted]

No

USSR - Communist China: Chinese Communist leaders will probably resent Khrushchev's public disparagement of the "commune" concept in an 18 July speech near Poznan. Khrushchev was urging Polish peasants to form collective farms and was probably seeking to allay their fears of extreme socialization of agriculture, but his remarks will almost certainly be interpreted by Peiping as a fresh Soviet criticism. The Chinese have withdrawn some of their ideological claims for the communes and are looking for ways to make the program work; they are still firmly committed to the concept. [redacted] (Page 4)

OK

Communist China - Pakistan: Peiping's strongly worded note of 21 July, protesting Pakistan's reception of a Chinese Nationalist Moslem group, will probably adversely affect Sino-Pakistani relations. The note accuses Karachi of "waging cold war," charges it with advocating a "two-Chinas" policy, and takes strong exception to Pakistani "slanders" of Peiping's actions in the Tibet revolt. The Chinese ambassador to Pakistan is currently in Peiping, and the Chinese Communists may underscore their displeasure by delaying his return to Karachi. [redacted] (Page 5)

OK

II. ASIA-AFRICA

Tunisia-Algeria: Tunisia has announced that "unidentified Algerian elements" attacked two Tunisian border posts on 19-20 July after having committed "violent acts" against the civil population in the area. The Tunisian communiqué followed charges by Algerian rebel spokesmen that the French Army was planning a massacre of Moslems along the Tunisian border using troops disguised as rebel soldiers. A French provocation is possible, but it is likely that the rebels are attempting to blame France for border clashes between themselves and the Tunisians in anticipation of discussion of the Algerian issue at a conference of African states in early August and subsequently at the UN. [redacted]

OK

[redacted] (Page 6)

Jordan-UAR: [redacted]

[redacted]

NO

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~~TOP SECRET~~ [redacted]

[Redacted] (Page 7)

NO

Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist, particularly in Iraq and Iran.

The initiation of significant hostilities is unlikely in the immediate future. [Redacted]

OK

Turkey: Despite substantial improvements which have taken place since the economic stabilization program was introduced last August, the Turkish economy is facing serious problems. Important segments of industry are experiencing substantial declines in sales, but factories continue to produce at near normal levels and inventories are mounting. Imports, currently in great demand, are being held off the market by speculators anticipating higher prices. [Redacted]

(Page 8)

NO

Japan-Korea: Tokyo has serious reservations about the new concept of the International Committee of the Red Cross (ICRC) that the ICRC individually interview all prospective repatriates from Japan to North Korea without the presence of representatives of the Japan Red Cross, [Redacted]

[Redacted] such direct participation by the ICRC might require new negotiations with North Korea. Japan contends that freedom of choice can be guaranteed through the right of the ICRC to give "necessary advice" at any stage of the repatriation process. [Redacted]

[Redacted] (Page 9)

III. THE WEST

NO

Cuba: Whether or not Fidel Castro resumes the office of prime minister, he will remain the dominant figure in Cuba. The vanguard of a promised half-million peasants, armed with

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machetes, has already entered Havana for massive demonstrations of support for him planned for 26 July. Anti-US incidents may occur during the demonstrations. [redacted]

OK

Argentina: The naval crisis growing out of efforts to force President Frondizi to replace Navy Secretary Estevez is worsening. Some 100 top naval officers have tendered resignations. Frondizi, who is dependent on the support of the armed forces, will probably have to give in shortly--as he did in the recent army crisis--in order to avoid a larger threat to stability.

[redacted] (Page 10)

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~~TOP SECRET~~ [redacted]

I. THE COMMUNIST BLOC

Soviet Tactics at Geneva [REDACTED]

[Moscow is attempting to shatter any illusion of Soviet flexibility on Berlin, apparently believing that further concessions at the foreign ministers' talks will be made if the West is convinced that the USSR will not withdraw from its insistence that agreement on an interim Berlin settlement must be linked to an all-German committee which would discuss German problems including reunification.]

[Soviet Premier Khrushchev, [REDACTED] warned that if agreement is not reached at the current Geneva meeting or at a summit conference, Moscow "will be driven" to sign a separate peace treaty with the GDR. Soviet Foreign Minister Gromyko, [REDACTED] implied that the Soviet position left no room for maneuver, stating that "at Berlin, as at Stalingrad, our backs are to the water."]

[REDACTED] was also sent to French President de Gaulle.]

[REDACTED] reflects Moscow's belief that by playing on the Macmillan government's hopes during this critical pre-election period to obtain a commitment for a heads-of-government meeting, it can force either Western concessions or an open split between the UK and US. The Soviet leaders probably calculate that their uncompromising stand will compel London to exert pressures on the other Western governments to avoid a breakdown of negotiations. At the same time the Soviet leaders probably consider that a firm position in Geneva will provide a better opportunity to probe for possible flexibilities in the US position during talks between Khrushchev and Vice President Nixon.]

[Publicly, Khrushchev has chosen the 22 July joint Polish-Soviet communiqué marking the end of his visit to Poland to warn the Western Powers that their stand in Geneva "may lead to aggravation of the situation, pregnant with danger to the cause of peace"]

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[in Europe." The communiqué reiterated the admonition that the two countries will support East Germany "in measures which she may recognize as appropriate to liquidate the abnormal situation in Berlin." Calling for a heads-of-government conference "to lessen international tension" the declaration asserted that a certain amount of positive work had been done at the foreign ministers level. It "emphasized the special right" of Poland and Czechoslovakia to participate in any East-West negotiations on the German problem and European security.]

[Meanwhile, it is rumored in Moscow that a top level conference of bloc leaders is to be held in early August.]

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~~CONFIDENTIAL~~East Germans Board US Military Train From Berlin

For the first time, East German customs authorities have boarded an American military train in an effort to assert control of Allied railroad access to Berlin. In response to an order from a US train commander to stop their efforts to inspect the train at Potsdam, the East Germans stated they were "in charge and would do as they pleased." Before an incident could develop, however, the train pulled out of the freight yard, presumably on the initiative of the East German engineer.

In the past month, East German military police have made three attempts to exercise jurisdiction over American officers traveling on the Berlin-Helmstedt autobahn. In connection with these incidents, the acting Soviet commandant in Berlin on 26 June disclaimed responsibility for Allied personnel after they had cleared the Soviet checkpoint on the autobahn, and indicated that Allied comments on such action should be addressed to East German authorities.

~~CONFIDENTIAL~~

Khrushchev Disparages Commune Idea

Khrushchev publicly criticized the commune form of agricultural organization during a visit on 18 July to the Plawce collective farm near Poznan. He urged Polish peasants to unite their individual farms into collectives, but sought to allay fears of extreme socialization of agriculture by noting that the Soviet Union had tried communes in the early 1920s and abandoned them. The reason, he said, was that "all wanted to live well but, at the same time, to contribute as little labor as possible to the common cause." Khrushchev's disparagement of the commune appeared in the Polish press--for the first time in bloc media.

Khrushchev had expressed the same idea privately to Senator Humphrey last December shortly after the Chinese had begun to back down on the extreme claims that their communes were "the best organizational form for the transition from socialism to communism" and "the basic form for the future communist society." Khrushchev, referring to the Chinese communes, described them as "old-fashioned" and "reactionary," and said they were impractical because they were based on the principle of "from each according to his abilities, to each according to his needs." "You can't get production without incentives," he told Humphrey.

Peiping reportedly protested to Moscow concerning the remarks to Humphrey, who had published Khrushchev's criticisms. The Chinese will undoubtedly interpret Khrushchev's latest comments as renewed criticism of their communes. They will probably ask that Soviet criticism be stated privately, both because the Chinese are not advocating their program for other bloc states and because of the necessity for displaying Sino-Soviet unity.

Communist China has had considerable trouble with its commune program and is placing a new emphasis on material incentives for the peasant, but the regime is still firmly committed to the commune concept.

~~SECRET~~

Peiping Protest to Pakistan

Communist China on 21 July publicly accused Pakistan of "connivance with the activities" of a group of Chinese Nationalist Moslems who visited Pakistan from 29 June to 5 July. By broadcasting the bitter protest handed Pakistan's ambassador to Peiping, the Chinese Communists probably hope to force Karachi to acknowledge that recognition of Peiping as the government of China includes acceptance of its claims to Taiwan.

The Chinese Communists took particular exception to an interview granted the Moslem delegation by Pakistani Foreign Minister Qadir, terming the interview a "serious provocation." In an effort to document its charge that Karachi was "stepping up adherence to the American two-Chinas plot," Peiping cited a list of complaints going back to October 1958 when Pakistan "attempted to deny China's sovereignty over Taiwan." Accusing Pakistan of following in the "cold-war footsteps of the United States," the Peiping note also accused Pakistani leaders of "wantonly slandering, flagrantly interfering in China's internal affairs" by criticizing Peiping's action in Tibet.

If Karachi rejects the protest, as it almost certainly will, the Chinese may delay the return to Pakistan of the Chinese ambassador, now in Communist China, and may launch a vituperative press campaign.

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II. ASIA-AFRICA

Tunisian Border Situation

Tension continues high along the Algerian-Tunisian border following a Tunisian announcement that "unidentified Algerian elements" attacked two Tunisian border outposts on 19 and 20 July, after committing "violent acts" against the local population. The Tunisian communiqué followed charges by Algerian rebel spokesmen that the French Army was planning a massacre of Moslems along the border using troops disguised as rebel soldiers.

While a French provocation is possible, recent military clashes along the Tunisian border have most often involved Tunisian border guards and rebel rather than French elements. Although there have been rumors of a French strike into Tunisia to destroy rebel military installations, the prospect of serious international consequences would probably keep France from initiating a campaign against the Moslem population.

Recent rebel military and propaganda moves have been directed at countering reports that rebel military prospects are deteriorating, and at increasing international attention to the Algerian problem in anticipation of the meeting of African states in August and the forthcoming UN session. An attempt to involve France in an incident on Tunisian soil would be consistent with rebel desires to expand the war and possibly to secure UN intervention.

~~CONFIDENTIAL~~

Prospects for Improvement in Jordanian-UAR Tensions

Cairo's willingness to order reopening of Syria's frontier with Jordan, and the recently concluded conciliatory visit to Amman by Arab League Secretary General Hassuna, are further steps by Nasir to improve relations at least temporarily with pro-Western Arab states. [redacted] Cairo instructed Damascus to take "necessary action" to reopen the frontier between Syria and Jordan. Hassuna stated at a press conference in Amman the next day that Syria would reopen its borders with Jordan, and that diplomatic relations between Jordan and the UAR--broken since the discovery of a pro-UAR conspiracy in Jordan at the time of the July 1958 coup in Iraq--would be re-established soon.

[redacted]

Normalization of relations with the UAR would be well received in Jordan. However, the recent arrival in Damascus of Jordan's military attaché in Bonn, Colonel Salih Shara, brother of former Army Chief of Staff Sadiq Shara, who is awaiting trial for conspiracy, underlines the UAR's fundamental hostility to the Jordanian monarchy. Colonel Shara, [redacted] had sought permission to present UAR authorities with proposals for political action against King Husayn's regime. Shara subsequently disobeyed orders recalling him to Amman, and joined other anti-Husayn Jordanian military and political exiles in Damascus. Cairo's sponsorship of these figures has been a major obstacle to improved relations with Jordan.

In seeking a basis for rapprochement with the UAR, Husayn has sought to use the facilities of the moribund Arab League. He apparently believes that by enlisting the cooperation of the league's other member states, the organization's long domination by Egypt could be ended. Husayn has recently sent a mission to several of the more pro-Western Arab countries, ostensibly to discuss an Arab League meeting on the Palestine question. [redacted]

[redacted]

[redacted]

~~TOP SECRET~~ [redacted]

Turkey Facing New Economic Difficulties

Serious Turkish economic problems are anticipated in the coming months. Important segments of Turkish industry are experiencing substantial declines in sales. The textile and building-materials enterprises are especially hard hit. Factories have thus far averted unemployment by continuing to produce at near normal levels, but inventories are mounting dangerously. Businessmen are beginning to clamor for loosening domestic credit curbs.

Imported goods, unlike domestic manufactures, are currently in great demand. They are being held off the market, however, by speculators who anticipate higher prices following the sale of the autumn harvest.

Turkey has made considerable progress under the stabilization program instituted last fall, which is backed by \$359,000,000 in Western aid, but pressures are mounting to ease restrictions attached to this support. One of these, a strict credit ceiling, is being blamed by Turkish officials for the "sluggishness of the economy."

Officials of the Organization for European Economic Cooperation (OEEC) are seriously concerned over the apparent continued lack of central planning and control of financial activities of state enterprises and municipalities, which account for a large part of the budget deficit.

If the increase in consumer demand expected after the current harvesting season fails to materialize, as seems likely, the government will be under heavy pressure to return to the pre-stabilization days of easy credit.



~~CONFIDENTIAL~~

Japan Opposes International Red Cross Screening of Individual Korean Repatriates

Foreign Minister Fujiyama, [redacted] stated that Japan had serious objections to the statement by the president of the International Committee of the Red Cross that the ICRC should interview each individual Korean who requested repatriation to North Korea. Fujiyama noted that such interviews would give the ICRC direct responsibility in the administration of the repatriation process, contrary to the provisions of the agreement with North Korea.

Fujiyama noted that under the present agreement the ICRC representative could visit all places receiving applications for repatriation, allow unrestricted questioning of applicants using members of the Japanese Red Cross (JRC) as interpreters both at the application point and at the port of embarkation, and permit the repatriates to request individual interviews with the representative. Fujiyama probably fears that any deviation from the agreed plan will block repatriation and cause serious political repercussions in Japan for the Kishi government. [redacted]

[The ICRC has been concerned that its participation in the repatriation arrangement might involve political responsibilities. ICRC President Boissier told the American consul general in Geneva on 17 July, however, that Tokyo had assumed all political responsibility for implementing the agreement and that ICRC participation would be limited to a "technical" role.]

On 21 July, the chief of the North Korean Red Cross delegation now in Pyongyang again proposed to the Japanese Red Cross--but without implying that this was an ultimatum--that the repatriation agreement be signed prior to ICRC approval. The Japanese Red Cross has announced, however, that Japan would adhere to its previous policy of withholding formal signature until the ICRC has granted approval. [redacted]

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III. THE WEST

Argentine Naval Crisis Worsens

The crisis growing out of the Argentine Navy's efforts to force President Frondizi to replace Navy Secretary Estevez is worsening. Some 100 top naval officers, including 13 of the 17 flag officers, reportedly have tendered resignations. The fleet was reported cutting maneuvers short to return to the main naval base at Puerto Belgrano, some 560 miles southwest of Buenos Aires, presumably to show its backing for demands for Estevez' ouster. The fleet played a key role in Peron's overthrow in 1955.

Frondizi's support for Estevez stems not only from the secretary's strong defense of constitutional government but also from Frondizi's desire to discourage the military from trying to impose its will on him. Opponents of Estevez charge that he has contributed to the disciplinary problem by mistakes in leadership and inadequate representation of the navy viewpoint.

Frondizi will probably have to give in shortly--as he did in the recent army crisis--in order to prevent further deterioration which might threaten stability. He realizes that much of the discontent within the armed forces results from the many problems that have arisen in the process of returning the country to democratic practices. The continuing political rancor and a nearly bankrupt treasury have complicated this process and increased his dependence on the military.

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