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15 July 1959

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CENTRAL

INTELLIGENCE

BULLETIN

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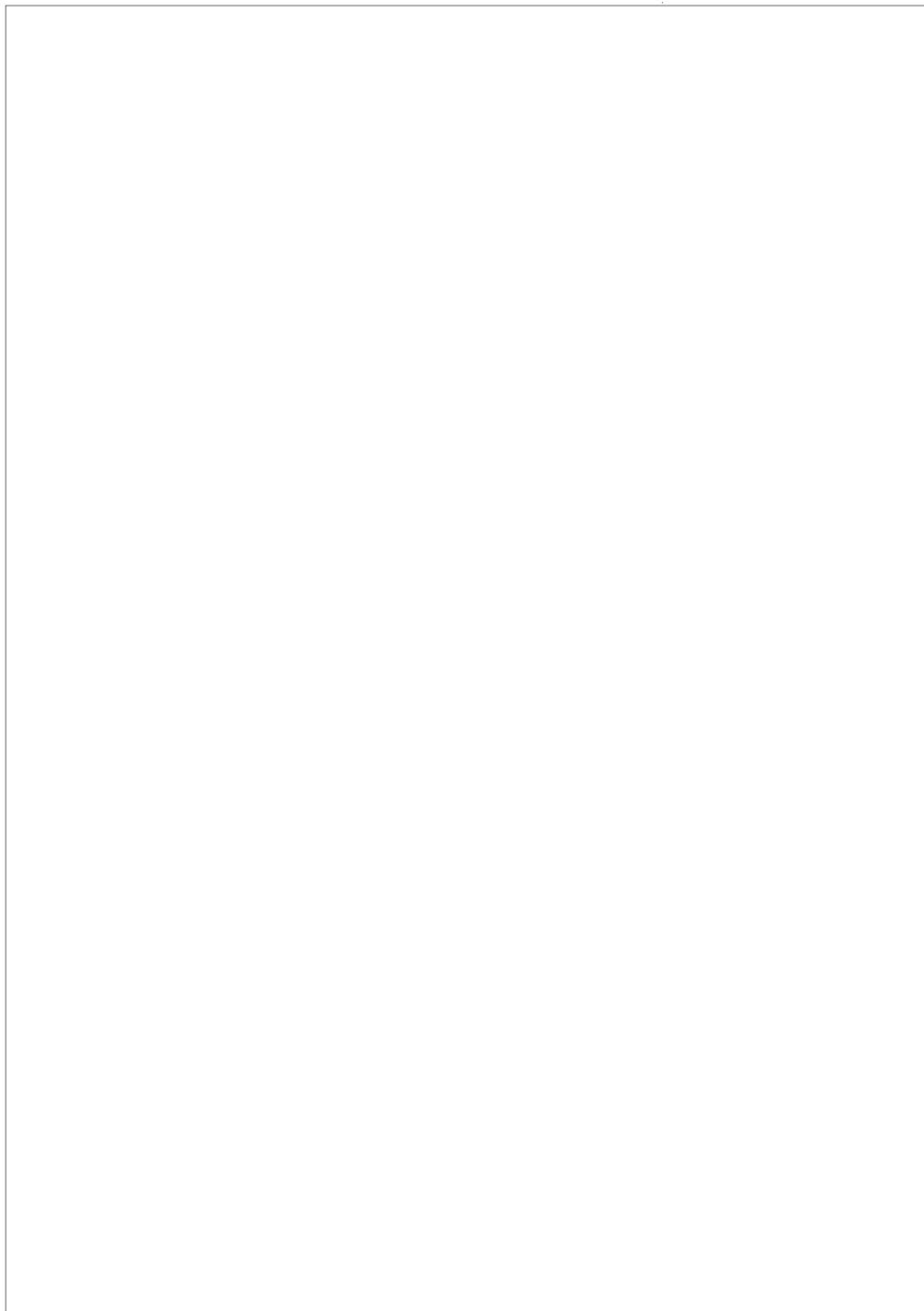
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15 JULY 1959

I. THE COMMUNIST BLOC

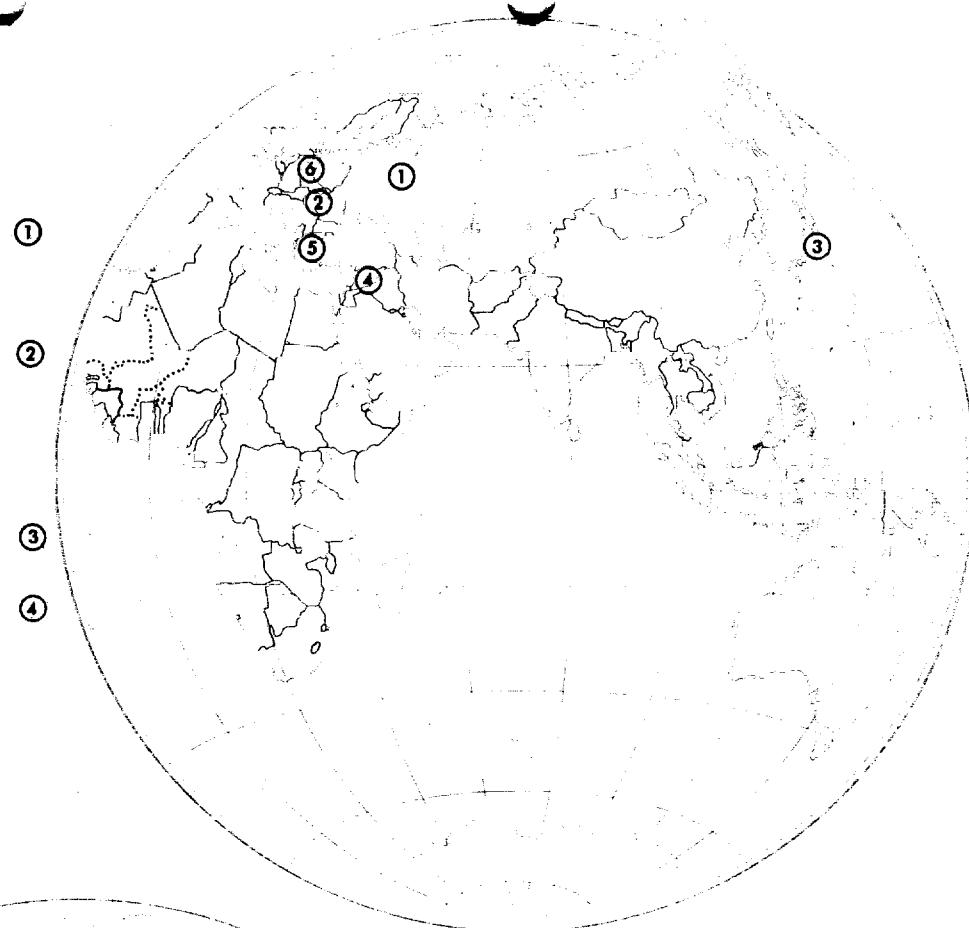
USSR reports industrial growth for past six months at rate greater than called for by Seven-Year Plan.

Hungary threatens restrictions on American Legation personnel if US again pushes for UN discussion of Hungarian question.

II. ASIA-AFRICA

Domestic pressures likely to oblige Tokyo to return some Koreans to North Korea even if present plan is disapproved.

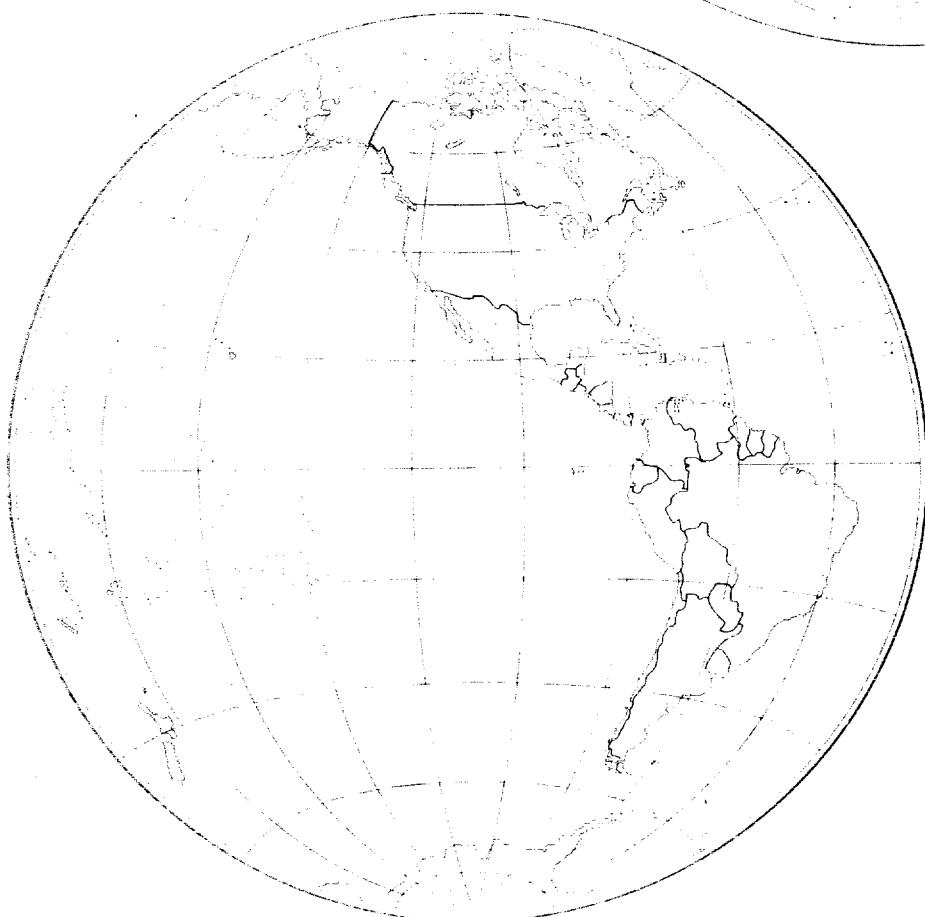
UAR--Syria facing critical economic situation.

**III. THE WEST**

⑤ Former Greek Cypriot terrorist leader may soon enter Greek politics; ultimate threat to Karamanlis regime possible.

IV.

⑥ Conclusions of special USIB committee on Berlin situation.

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CENTRAL INTELLIGENCE BULLETIN

15 July 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

OK

USSR: During the first six months of the USSR's Seven-Year Plan, industrial production was 12 percent above the corresponding period of last year, according to a TASS summary of the semi-annual status report. The midyear figure in the past has usually been a good indication of performance for the full year. The Seven-Year plan calls for an average annual increase of 8.6 percent. [REDACTED] (Page 1)
 (Chart)

NO

Hungary: A Hungarian official recently informed the British minister in Budapest that if the United States were not dissuaded from actively pushing discussion of the Hungarian question in this fall's UN session, Hungary would be obliged to undertake additional restrictive measures against American officials in Budapest. The United States Legation believes that the regime is prepared to go to considerable lengths to accomplish this objective. [REDACTED]

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II. ASIA-AFRICA

NO

Japan-Korea: Ambassador MacArthur reports that pressure in Japan for repatriation of Koreans is so great that the Japanese Government will eventually permit return of some Koreans to North Korea. If the International Committee of the Red Cross (ICRC) disapproves the present plan proposed by Japan and North Korea, he believes the Japanese and North Koreans will modify their plan to meet any ICRC requirements. President Rhee shows little inclination to propose a constructive plan for the acceptance of the prospective Korean repatriates in South Korea. [REDACTED]

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DK
UAR: Syria's economy has gradually deteriorated since the establishment of the UAR last year. The failure of the wheat crop, [on top of the loss of about 2,000,000 sheep--some 40 percent of the total]-as the result of last winter's severe weather, has now brought about a critical economic situation. Local Syrian officials have hinted that they may seek US surplus agricultural commodities. The situation may provoke an increase in anti-Egyptian feeling.

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III. THE WEST

No
Greece: Evidence is continuing to accumulate that the entrance of the former Greek Cypriot terrorist leader, General Grivas, into Greek politics may be imminent. Relations between this extreme right-wing nationalist and Greek Premier Karamanlis have continued to deteriorate. Grivas' popularity, combined with the desire of some right-wing politicians to destroy Karamanlis, might be such as to enable him ultimately to bring down the present government. His emergence as a power in Greek politics would severely hamper implementation of the Cyprus accords which he opposes, and would seriously affect Greece's relations with Turkey, Britain, and possibly with the United States.

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with all SNIEs relevant to the Berlin situation.

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 1. The USSR is attempting to reassure the Western powers that the USSR will continue to respect their rights in Berlin during an indefinite period of East-West negotiations, even after a failure of an all-German committee to reach agreement. This in part reflects Soviet anticipation

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of an interim arrangement on Berlin which Moscow could present as superseding the postwar agreements on which existing Allied rights are based and which would, in addition, be subject at any time to continuing threats of unilateral action.

2. So long as the Russians estimate that the prospects for negotiation with the West over Berlin are favorable to them, they will not conclude a separate peace treaty with the GDR or turn over access controls to the East Germans. The USSR will continue to use threats of such action as a form of pressure on the West. The actual physical transfer of controls could be accomplished with little or no warning.

3. While there are no reliable indications of a bloc intent to deny Allied or West German access to West Berlin or to seal off West Berlin in the immediate future, such actions could be taken with little or no warning.

4. There has been no significant change in West Berlin's favorable economic situation. Public morale continues high.

5. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

6. There were no major intelligence indications of Western allied diplomatic intentions, apart from information obtained through official contacts with US representatives.

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USSR: TRENDS IN INDUSTRIAL PRODUCTION

(Million Metric Tons Unless Otherwise Specified)	Production First Half 1958	Production First Half 1959	Percentage Increase First Half 1959 Over First Half 1958	Percentage Annual Rate of Increase Needed to Achieve Seven-Year Plan Goals
Crude Steel	27	29.3	8.5%	6.6-7.4%
Pig Iron	19.3	21	8.8%	7.4-8.5%
Rolled Metal	21.3	23.1	8.5%	6.3-7.4%
Coal	245	252	2.9%	2.7%
Petroleum	54	61.7	14.3%	11.1%
Electric Power (Billion K. W. H.)	114	126	10.5%	11.8%
Percent Increase First Half 1958 Over First Half 1957				
Gross Industrial Output		10.5%	12 %	8.6%
Labor Productivity in Industry		6 %	8 %	5.6%

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I. THE COMMUNIST BLOC

Soviet Midyear Statistical Report

A TASS summary of the Soviet plan-fulfillment results for the first six months of the Seven-Year Plan, announced on 13 July by the Central Statistical Board, indicates good progress toward Seven-Year Plan goals. Total industrial production is reported to be 12 percent over the corresponding period of last year. Six-month statistics in the past have usually been a good indication of performance for the full year. The Seven-Year Plan calls for an average annual increase of 8.6 percent.

Official Soviet production indices are accepted as statistically accurate, but they are not directly comparable to US statistics.

The plan was fulfilled by all union republics and economic areas (sovznarkhozy). Industries overfulfilling their plan included iron ore, pig iron, steel, rolled metal, nonferrous metals, machine tools, electricity, coal, and oil. In chemicals, the only sectors reported as overfulfilling target figures were synthetic resin and plastics and artificial and synthetic fibers.

In agriculture, reported overfulfillment of the state purchase plan for livestock products and of spring sowing quotas are the results of good feed supplies from 1958's bumper crop and of an early dry spring. [redacted]

[redacted]

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Hungary Threatens Further Moves Against United States

[The Hungarian regime has threatened to take further actions against American officials in Hungary if the United States does not stop what the regime characterizes as "anti-Hungarian activities." Hungarian Deputy Foreign Minister Peter, in making this threat to the British minister, implied that the 6 July action restricting US diplomatic travel in Hungary might be only a first step if US policies were not altered. The Hungarian note of 6 July, which imposed severe travel restrictions on American officials in Hungary, was the implementation of an earlier threat that the US role in barring the Hungarian delegation from the International Labor Organization would adversely affect relations between the two countries.]

[The American Legation in Budapest believes that the regime is prepared to go to considerable lengths to keep the United States from actively pushing discussion of the Hungarian question in the General Assembly this fall. Regardless of the position taken by the United States, Sir Leslie Munro must report to the assembly about his failure to gain entry into Hungary as the UN's representative.]

[During the past several months the Hungarian regime has followed an increasingly antagonistic course vis-a-vis the American diplomatic representatives in Hungary. In addition to travel restrictions, surveillance of US personnel has intensified and the regime appears to have been preparing to expel the American army attaché.]

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II. ASIA-AFRICA

Repatriation of Koreans in Japan to North Korea Appears Certain

[Ambassador MacArthur believes public pressure in Japan for repatriation of Koreans is so great that the Japanese Government will eventually return some Koreans to North Korea. If the International Committee of the Red Cross (ICRC) disapproves the present plan proposed by Japan and North Korea, MacArthur believes the Japanese and North Koreans will modify it to meet any ICRC requirements. No Japanese government would be strong enough to call off the entire scheme at this point, and efforts by Prime Minister Kishi to resist public pressure could seriously damage his position and perhaps even force him out of office.]

[The ICRC, which now is considering the Japanese - North Korean repatriation agreement, feels that it is morally committed to assist in the repatriation. The ICRC, however, is concerned that a hasty decision will involve it in the "cold war" and forfeit its reputation as a neutral, independent organization. The committee apparently believes that it might be able to make a private arrangement with the Japanese Red Cross which would give the ICRC an effective role in the screening of the repatriates.]

[President Rhee informed his ambassador in Washington on 11 July that he could not accept an American proposal that South Korea announce a constructive plan which would recognize the right of Koreans in Japan to choose their place of residence and offer them immediate repatriation to South Korea. On 13 July, Rhee indicated to Ambassador Dowling a strong desire for a settlement with Japan, but he gave the impression that he would be inclined to discuss the repatriation question with Tokyo only if the issue of repatriation to North Korea were evaded.]

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~~CONFIDENTIAL~~Syria Facing Agricultural Crisis

Syria's worst wheat crop in recent years, [together with the loss of about 2,000,000 sheep--some 40 percent of the total--as a result of last winter's severe weather,] has created a crisis in Syria's economy. Although official Syrian sources still claim publicly that the current wheat crop will more than meet domestic requirements, trade sources believe Syria will have to import between 300,000 and 400,000 tons of wheat. Local officials of a US oil company report that sales of oil products to farmers during the harvesting season dropped 15 percent compared with last year, and that the total crop will be only a third of the earlier official estimate of 700,000 tons.

Cairo, increasingly aware of growing local criticism over worsening economic conditions in the Syrian region, has sent a number of high-level delegations all promising rapid economic development within the framework of ambitious five- and ten-year plans. Although the present agricultural crisis can be attributed mainly to weather, there is likely to be a serious increase in anti-Egyptian feeling. Egyptian efforts to dominate the Syrian economy by establishing joint Egyptian-Syrian companies to control cotton and wheat marketing have been only reluctantly accepted.

In addition, implementation of the agrarian reform last year contributed to the crisis. New farmers lacking "know-how" and capital sold government-supplied seed stocks for food money. The fears of landlords not yet affected by land reform that the government would confiscate crops also reduced the area planted.

Local officials have hinted that they, like the Egyptians, may seek US surplus agricultural commodities. []

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III. THE WEST

Grivas Apparently to Enter Greek Politics

[Evidence continues to accumulate indicating that General George Grivas, EOKA leader on Cyprus during the struggle against the British, is about to enter Greek politics. Grivas has repeatedly shown dissatisfaction over implementation of the Cyprus accords, accusing the Greek Government and Archbishop Makarios of granting too many concessions to the Turks and British.]

[Grivas, who was given a hero's welcome when he returned to Greece in February, is an extreme right-wing nationalist with a history as a fanatical anti-Communist. His entrance into politics would provide a new leader for those rightists who have previously supported Karamanlis' moderate right-wing government because of the absence of any promising alternative. This could include several deputies of Karamanlis' own National Radical Union. Relations between Grivas and Greek Premier Karamanlis have worsened recently. Opposition politicians, who have long sought to destroy Karamanlis politically, see a potential rallying point in the popular EOKA leader and have tried to lure him into politics. If Grivas were able to attract prominent politicians to his cause, he could bring down the present government.]

[Grivas is expected to advocate a hard line against Communism, the Cyprus accords, Turkey, and Britain, and he may charge the present Greek Government with being overly dependent on the United States.]

[Makarios, in press interviews and in blistering letters to the general, has condemned Grivas' interference in Cypriot affairs. A formal denunciation of Makarios by Grivas--expected within a few days--will destroy right-wing unity among the Greek Cypriots at a time when these conservatives face a serious challenge from a well-organized Communist-led left wing.]

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Scientific Adviser to the President

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Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

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Commandant, United States Marine Corps

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Chief of Staff, United States Army

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Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

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

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