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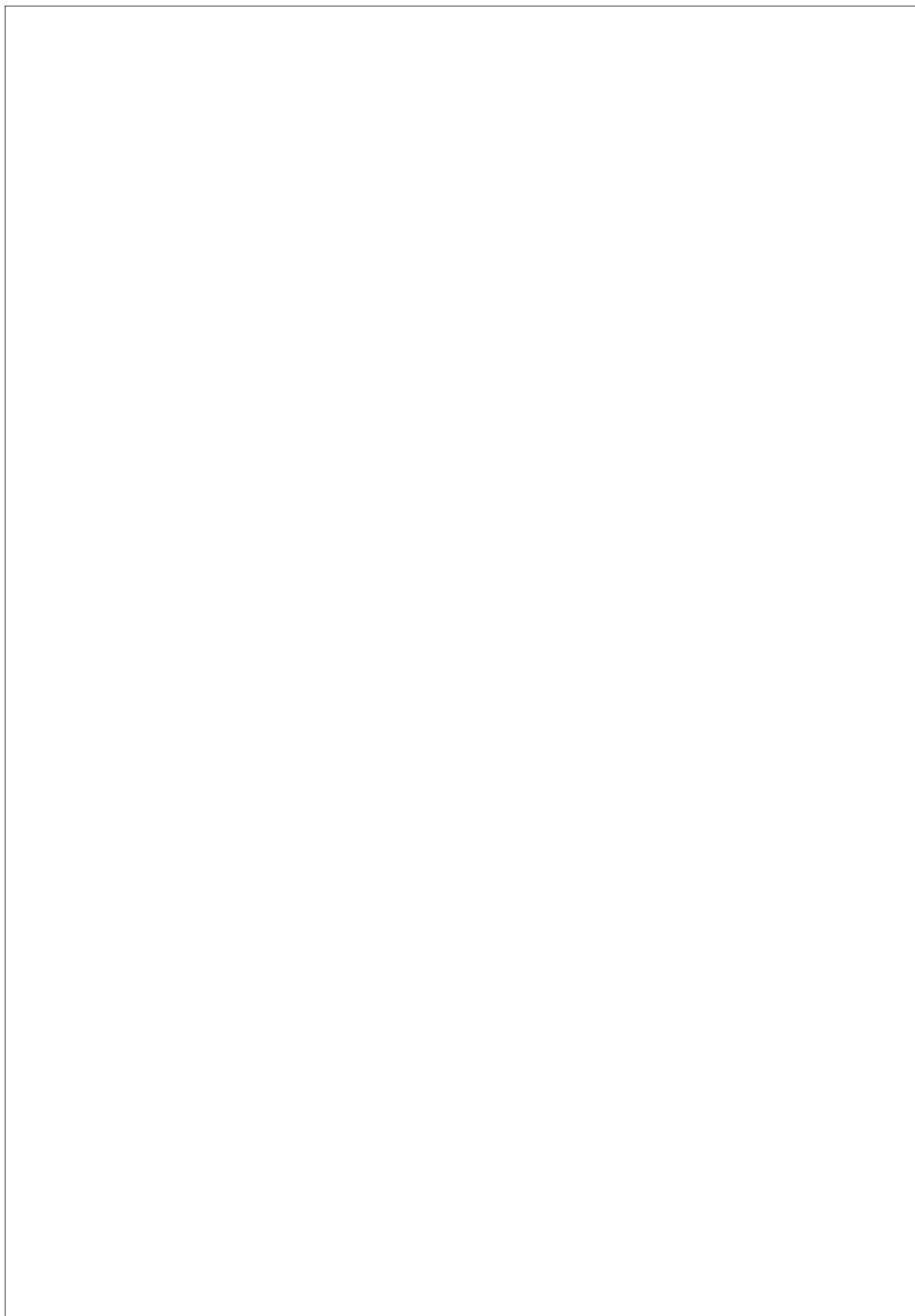
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CENTRAL INTELLIGENCE BULLETIN



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6 MARCH 1959

I. THE COMMUNIST BLOC

Khrushchev's willingness to postpone 27 May deadline seen intended to undercut Western objections to negotiations.

Khrushchev may meet with leader of West German opposition party.

USSR indicates it will intensify pressures on Iran.

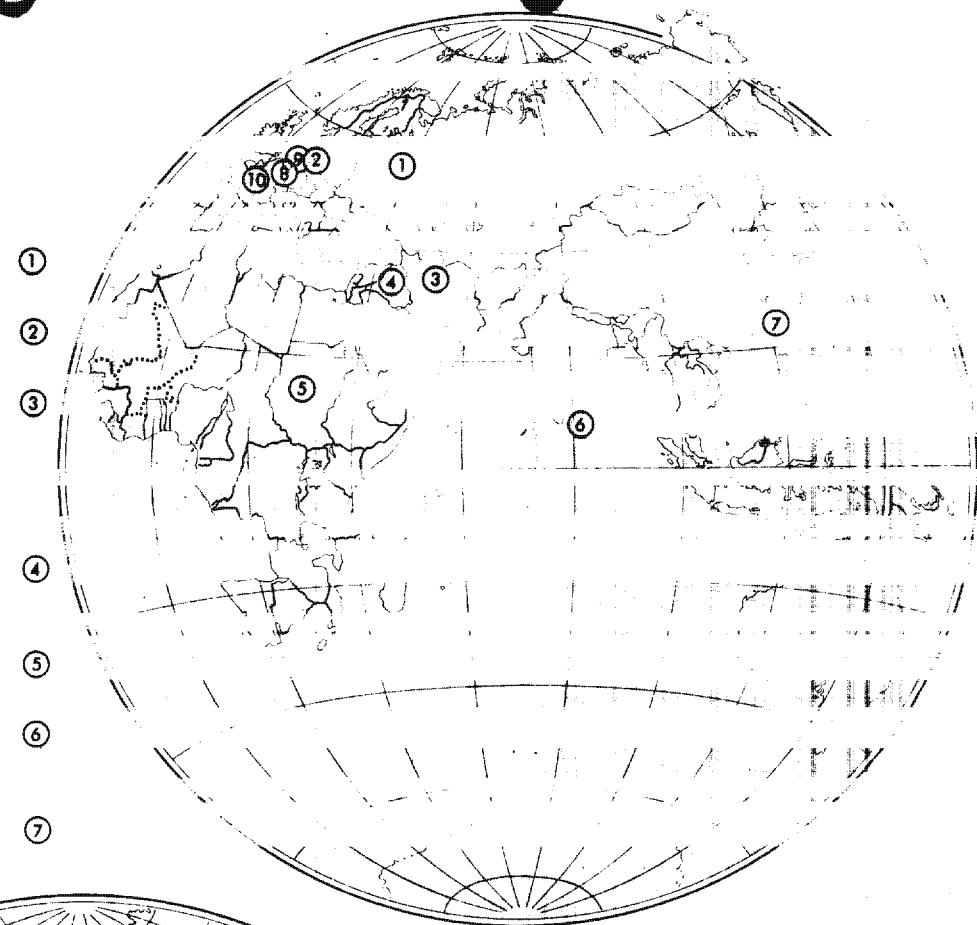
II. ASIA-AFRICA

Britain to supply Iraq with military equipment if US and Baghdad Pact agree.

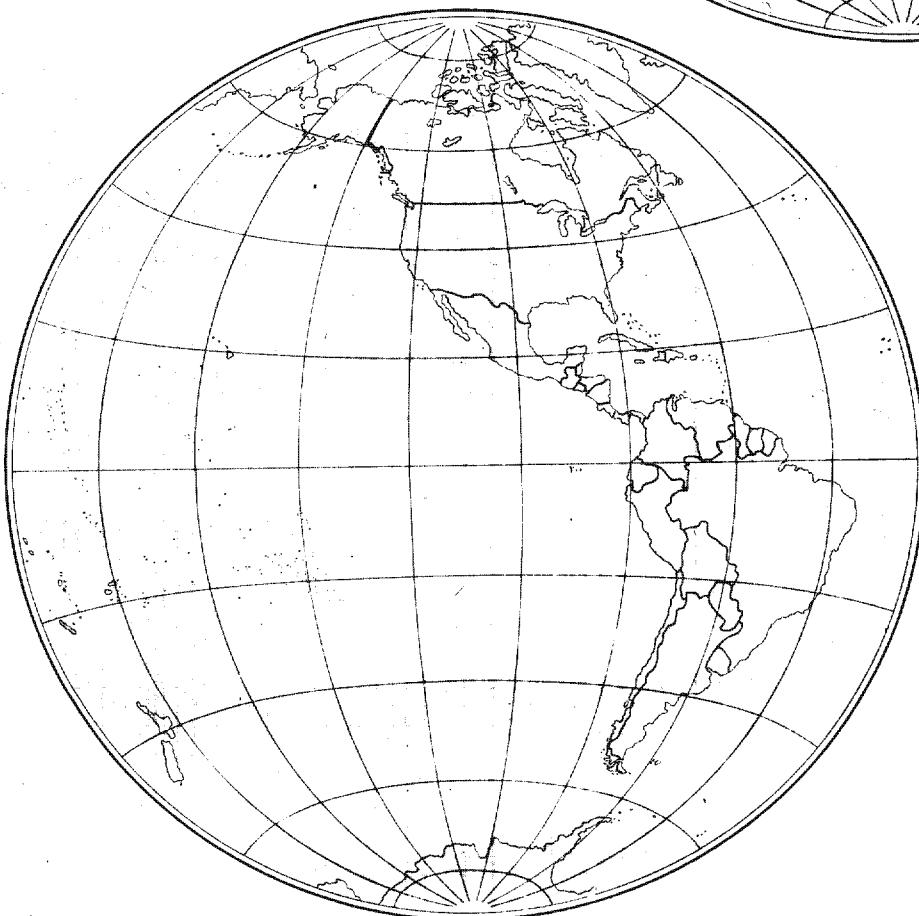
Sudan - Abboud forms new Supreme Council; stronger neutralist policy likely.

Ceylon to negotiate civil air agreement with Communist China.

Nationalist China using traffic accident to press for status-of-forces agreement with US.

**III. THE WEST**

- ⑧ De Gaulle and Adenauer concerned over Macmillan's endorsement of disengagement.
- ⑨ Adenauer's party rejects his decision to nominate Erhard for president; Erhard now likeliest successor as chancellor.
- ⑩ France preparing intensified efforts against Algerian rebels.

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CENTRAL INTELLIGENCE BULLETIN

6 March 1959

SIRAB
DAILY BRIEF

I. THE COMMUNIST BLOC

No

USSR: Khrushchev's statement on 5 March that the USSR would be willing to postpone the 27 May deadline on Berlin for a month or two if the West is prepared to "negotiate reasonably" is probably intended to undercut Western objections to negotiations under threat of an ultimatum and increase public interest in summit talks. Khrushchev's remarks provide a further indication that Soviet control functions will not be transferred to the East Germans until after a separate peace treaty is signed. [] (Page 1)

No

USSR - West Germany: [West German Social Democratic Chairman Ollenhauer is seriously considering accepting a Soviet invitation to meet with Khrushchev in Leipzig or East Berlin. Two other Social Democratic leaders have accepted a Soviet invitation to visit Moscow in mid-March rather than early May as previously planned. The Soviet leaders in these talks probably will underscore previous warnings that Moscow's peace treaty offer is the last chance to establish the preconditions for progress toward reunification. Such warnings would be intended to induce the Social Democrats to step up their opposition to Adenauer's policies on Berlin and peace treaty negotiations.] [] (Page 3)

ok

USSR-Iran: With the conclusion of the US-Iranian bilateral defense agreement on 5 March, Moscow can be expected to step up its pressure on Tehran. Prior to the signing, Soviet spokesmen termed the agreement a "hostile act," and the USSR is reported to have notified the Iranian Government that it would

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regard the pact as an "implied declaration of enemy status." The Soviet military attaché in Tehran stated at a diplomatic function on 27 February that Moscow would initiate every form of propaganda, economic, and political pressure against Iran. [REDACTED] (Page 4)

II. ASIA-AFRICA

M

Britain-Iraq: [London will supply Iraq with the tanks, planes, and heavy artillery requested by Qasim on 25 January if the US and Baghdad Pact allies concur. Payment arrangements would have to be negotiated, and delivery is unlikely before mid-1960. The British intelligence assessment of the Iraqi situation, while maintaining a belief in the possibility of a neutral government in Iraq, have become increasingly concerned over Communist inroads there. Nevertheless, the government believes any alternative to Qasim would probably be even worse and that a gesture to avert further dependence on the USSR is advisable.] [REDACTED]

(Page 5)

M

Sudan: The composition of the new ten-man Supreme Military Council, in which Premier Abboud continues as president, represents almost a complete victory for the dissident army commanders. With the exception of Major General Wahab, the members they objected to have been displaced. The leaders of the antigovernment movement--the commanders of the Northern and Eastern Commands--have become members of the new council, as has the commander of the Central Command. The influence of the Khatmia religious sect is increased in the new council, and the influence of the Ansar sect and the Umma party leaders, including former Prime Minister Khalil, appears reduced. Stronger advocacy of neutralism is likely, and there may be an increase in pro-Egyptian influence. The new council will face growing opposition from Ansar and other pro-Umma elements outside the government.

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DAILY BRIEF

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*No
Covered
previously
in CID*

Ceylon - Communist China: [Ceylon's minister of transportation is scheduled to depart for Peiping on 14 March to negotiate landing rights at Canton for the Ceylonese Government's national airline. Colombo is probably willing to grant Peiping reciprocal rights if requested, and this could eventually provide bloc airlines with another access to South Asia.]

[Page 6]

*No
yesterday*

Nationalist China: [Chinese Nationalist Vice Foreign Minister Shen has expressed fear that the trial of an American sergeant for the traffic death of a member of the legislature may lead to a serious adverse public reaction. As in the case which resulted in the sacking of the American Embassy in 1957, Shen fears the Chinese people will not understand US juridical procedures. The incident is being used by the legislature to press for the conclusion of a status-of-forces agreement which has been under negotiation since 1956. The press thus far has generally refrained from inflammatory comment.]

[Page 7]

III. THE WEST

No

France - West Germany: [De Gaulle and Adenauer, whose meeting on 4 March was described by the French as having gone "remarkably well," are reported to have been considerably concerned that the Macmillan-Khrushchev communiqué mentioned willingness to study disengagement. A French Foreign Ministry official believes limitations on conventional and nuclear arms without agreement on a unified Germany come "dangerously close" to the Rapacki Plan.]

jk

West Germany: Economics Minister Erhard seems to have emerged as Adenauer's most probable successor following the strong popular protest against the attempt of Adenauer and the leadership of the Christian Democrats (CDU) to nominate Erhard for the relatively unimportant post of federal president. With

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200 out of the 270 CDU deputies in the federal parliament rejecting the chancellor's decision; Adenauer's prestige has been damaged and dissident elements within the CDU encouraged to challenge him on other matters. This development, however, means no repudiation of Adenauer's foreign policies.

(Page 8)

M

France-Algeria: [France is preparing an intensified effort against the Algerian rebels including diplomatic as well as political and military measures, according to a Foreign Ministry official. De Gaulle's recent demand that his NATO allies back French policy toward North Africa may stem partly from the failure thus far of reported secret contacts between the French and rebels designed to produce a cease-fire which the French Army could claim as a victory.]

(Page 9)

6 Mar 59

DAILY BRIEF

iv

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I. THE COMMUNIST BLOC

Khrushchev Offers to Extend Berlin Deadline

[Khrushchev's offer on 5 March to defer the transfer of Soviet control functions to the East Germans for a month or two if the West is prepared to "negotiate reasonably" is intended as another demonstration of Soviet reasonableness and desire for a peaceful settlement of the Berlin and German questions. The Soviet premier also indicated again that the USSR and its satellites intend to sign a separate peace treaty with East Germany before the transfer of Berlin access controls takes place.]

[The Soviet leaders, in public and private statements over the past two months, have sought to give the impression of flexibility on the Berlin deadline. Mikoyan, at a press conference in Moscow on 24 January, implied that the deadline could be extended for as much as two or three months if the USSR were convinced that the Western powers were negotiating "with the object of ending the occupation regime in West Berlin."]

[Khru-
shchev denied that the USSR had imposed an ultimatum and stated that his "bureaucrats" had insisted that some time limit must be fixed. He said the transfer of controls could take place earlier or later than 27 May.]

[the Soviet leaders during the talks with Macmillan appeared determined to proceed with a separate peace treaty which they insisted would end all Allied rights in Berlin. They went out of their way to make clear that, except for minor details on timing, their intentions regarding Berlin were fixed.]

[the Russians desire summit talks in order to avoid an international crisis and prefer to carry out the transfer of controls quietly and with Western consent.]

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[Ambassador Thompson believes Khrushchev wants a summit meeting so badly that he would drop his insistence on parity. Thompson suggests Khrushchev would discuss reunification at a summit conference but would not accept an agenda which clearly implied a commitment to do so.]

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Soviet Overtures to West German Opposition Leaders

[West German Social Democratic (SPD) Chairman Ollenhauer is reported to be seriously considering accepting a Soviet invitation to meet with Khrushchev in Leipzig or East Berlin. Two other SPD leaders have accepted an invitation to visit Moscow in mid-March rather than early May as previously planned.]

[The Soviet leaders in these talks probably will underscore previous warnings that their peace treaty offer is the last chance to establish preconditions for progress toward reunification. Their object is to induce the Social Democrats to take a stronger public stand against Chancellor Adenauer's unwillingness to negotiate on Soviet proposals for a German peace treaty and the status of West Berlin.]

[Soviet Ambassador Smirnov warned SPD leaders on 16 January that the USSR and US would reach an agreement on the permanent division of Germany if the Bonn government maintained its present attitude. [] previous SPD suggestions for a collective security system in Europe and releasing both Germanys from the military blocs were "interesting and negotiable." Khrushchev now may want to give Ollenhauer assurances of ultimate Soviet support for SPD proposals on disengagement in Europe in the hope of promoting a major foreign policy debate in the Bundestag.]

[The SPD presidium on 2 March approved Ollenhauer's accepting Khrushchev's invitation and the advance in date of the visits to Moscow, according to a well-informed SPD member. The proposed Khrushchev-Ollenhauer meeting is being kept secret by the SPD.] []

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New Soviet Pressure on Iran Expected

Moscow is expected to step up its pressure on Iran following conclusion of a US-Iranian bilateral defense agreement on 5 March. Soviet officials in Tehran had previously notified the Iranian Foreign Ministry that the USSR would regard conclusion of the agreement as an "implied declaration of enemy status." When questioned as to Soviet intentions, however, the Soviet military attaché in Tehran, Kuzmenko, said that "there is nothing in Iran" over which the US and the USSR "must become militarily involved in what could develop into World War III."

The Soviet attaché warned that in the propaganda field, "the Shah will personally suffer the full consequences of his irresponsible acts." Moscow's Persian-language broadcasts attacking the Shah's regime have continued at a high level, particularly stressing the theme of Khrushchev's speeches at Tula and Moscow--that no kind of treaty can save a "rotten throne" from its own people.

Kuzmenko declared he anticipates a complete economic boycott by the USSR--a move which may stimulate local unrest and strengthen antiregime elements. While the USSR will not be able to upset Iran's foreign-exchange earnings from oil royalties, a boycott could affect up to 25 percent of Iran's exports and 10 percent of total imports. Moscow could discontinue purchases of Iranian wool, cotton, and minerals--for which there is no ready free-world market. It could also disrupt the economy temporarily by failure to deliver a wide variety of construction materials and light industrial goods. [redacted]

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II. ASIA-AFRICA

Britain Willing to Sell Iraq Heavy Arms

[London has decided to supply Iraqi Prime Minister Qasim with the arms he requested on 25 January if the United States and Baghdad Pact allies concur. The list includes 15 Canberra (B-57) jet light bombers, a regiment each of Centurion tanks (about 50), antiaircraft guns, and 5.5-inch howitzers, plus ammunition. This order is supplementary to the several UK shipments of ammunition and spare parts to Iraq since the July revolution.]

[Delivery is unlikely before mid-1960, both because of availability problems and the need to negotiate payment arrangements. Qasim requested credit, which London would find difficult to grant. US assistance under offshore procurement might be requested.]

However, the cabinet tends to believe any alternative to Qasim would probably be even worse, and that Britain should "help Qasim stay where he is." The government reasons that his professed intentions to pursue an independent line cannot yet be completely discounted and that a gesture such as providing arms might avert further dependence on the USSR. One Foreign Office official expressed the opinion recently that an army group might oust Qasim and pursue an independent policy.]

[In any event, the British feel that they should endeavor to secure favorable attitudes within the Iraqi Army.]

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Ceylon Plans to Extend Civil Air Route to Communist China

The scheduling by Communist China and Ceylon of negotiations on a civil air route is the first indication that Ceylon's efforts of over two years to obtain traffic rights at Canton may be successful. The Ceylonese delegation, which is to leave for Peiping about 14 March, apparently hopes to extend Air Ceylon's international service to Canton and Hong Kong via Rangoon. The present service terminates at Singapore.

The eventual extension of reciprocal rights at Colombo to the Chinese would provide Sino-Soviet bloc airlines with an additional access to South Asia. Moscow already has civil air agreements with India and Afghanistan, [and is attempting to supply Nepal with civil aircraft. The King of Nepal, however] [redacted] has said he would reject the Soviet offer if the United States could furnish planes.]

Peiping has been unwilling to grant Air Ceylon traffic rights at Canton in the past, primarily because that airline was almost half controlled by the Dutch KLM. Recently, however, the Ceylonese Government is said to have increased its participation in Air Ceylon to 74 percent, [which may account for Peiping's policy reversal. Peiping recently permitted Burma to extend its Rangoon-Hong Kong route to Canton.]

Britain probably will continue to refuse Air Ceylon traffic rights at Hong Kong, particularly if doing so would facilitate the airline's service to Canton. [redacted]

~~CONFIDENTIAL~~

Chinese Nationalists Concerned Over Possibility of Anti-American Incident

[Chinese Nationalist Vice Foreign Minister Shen Chang-huan has expressed anxiety that the recent death of Legislator Ma Hsiao-chun in an accident involving an auto driven by an American sergeant might lead to a serious incident. Shen told Ambassador Drumright on 3 March that the Chinese public might find it difficult to understand US judicial concepts and legal procedures. He was concerned that some step in the legal process might touch off an explosion, and inquired into the possibility of avoiding a public trial.]

[Shen evidently fears a repetition of the pattern of the Reynolds case of 1957, in which acquittal of an American sergeant for the shooting of a "Peeping Tom" led ultimately to violence and the sacking of the American Embassy.]

[Unlike the coverage of the Reynolds case, most Nationalist press comments on the Ma case have been objective and free from inflammatory comment. Furthermore, the Nationalist Government appears anxious to avoid a violent reaction. A few independent papers, however, have printed strong articles.]

[The incident has led to pressure in the Legislative Yuan for the conclusion of a status-of-forces agreement, but so far those members who tend to be critical of the government have not seized upon the case as a political weapon. The status-of-forces agreement has been under negotiation since 1956, with the issue of jurisdiction over US forces the chief problem.]

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III. THE WEST

Defeat on Erhard Candidacy Damages Adenauer's Prestige

West German Economics Minister Erhard seems to have emerged as Adenauer's most probable successor following the strong popular protest against the attempt by Adenauer and the top leaders of the Christian Democratic Union (CDU) to nominate him for the relatively unimportant post of federal president.

Following Erhard's nomination by the party leaders on 24 February, the stock market fell and party offices throughout the country were flooded with letters urging his retention as economics minister. This reflected the fear of middle-class elements, including small businessmen, trade unionists, and farmers, that Erhard's departure would mean an end to his liberal economic policies and lead to dominance of the economy by big industry.

Two hundred of the 270 CDU Bundestag deputies rebelled against Adenauer's decision and demanded Erhard withdraw his acceptance of the nomination. Bundestag President Gerstenmaier and 46 deputies declared they would vote against Erhard if he were nominated. This would have meant the election of the opposition Social Democratic party's popular candidate Carlo Schmid.

Adenauer now has been defeated three times by the Bundestag on the presidential question. He originally favored extending President Heuss' term, then backed Bundestag leader Heinrich Krone, and finally urged Erhard's candidacy. Adenauer's prestige has been damaged, and dissident elements may be encouraged to challenge him on other matters. For the time being there is no repudiation of his general leadership or policies.

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France Readying Intensified Effort Against Algerian Rebels

France is preparing an intensified effort against the Algerian National Liberation Front (FLN), including diplomatic as well as political and military measures, according to a French Foreign Ministry official. He linked the diplomatic aspect with criticism of France's allies, particularly the United States, for tolerating activities of FLN representatives in their territories. De Gaulle's personal diplomatic adviser told an American Embassy officer in Paris that such activities in the United States give the rebel Provisional Algerian Government "stature" at the UN and greatly increase De Gaulle's difficulties in seeking an Algerian solution. The French ambassador to Washington also has seemed to link representations on the same subject to De Gaulle's demands that his principal NATO allies, particularly the United States, support French policy in North Africa.]

[De Gaulle's recent adoption of high-pressure tactics toward his allies, particularly his demand for backing in North Africa, may stem partly from the lack of results thus far from numerous reported secret French contacts with the rebels. Such contacts have been frequently reported and, [redacted]

[redacted] are continuing and even "well advanced."]

[De Gaulle may be under pressure, particularly from the French Army in Algeria, to achieve an early cease-fire which could be claimed by the army as a victory. This may be an important factor behind his current tactics in NATO, including threats to withdraw the Mediterranean Fleet from its present status as well as his reiterated demands that the alliance back French policy in Algeria.]

~~SECRET~~

~~CONFIDENTIAL~~**THE PRESIDENT**

The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

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

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

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

The Department of the Interior

The Secretary of the Interior

The Department of Commerce

The Secretary of Commerce

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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