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23 April 1959

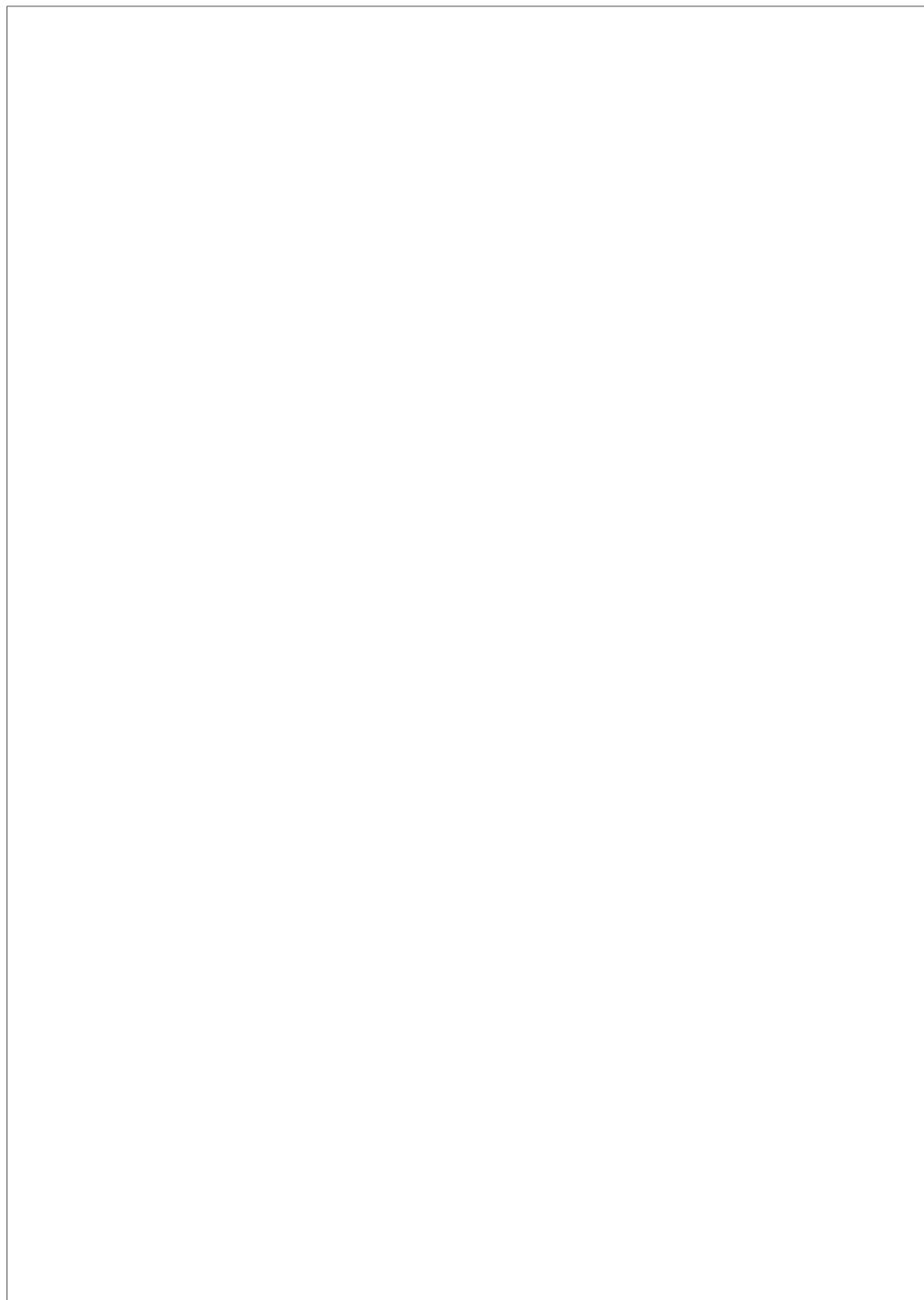
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CENTRAL INTELLIGENCE BULLETIN



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23 APRIL 1959

I. THE COMMUNIST BLOC

Chinese Communist budget for 1959 calls for even greater economic effort; planned outlay does not measure up to claims of production already achieved.

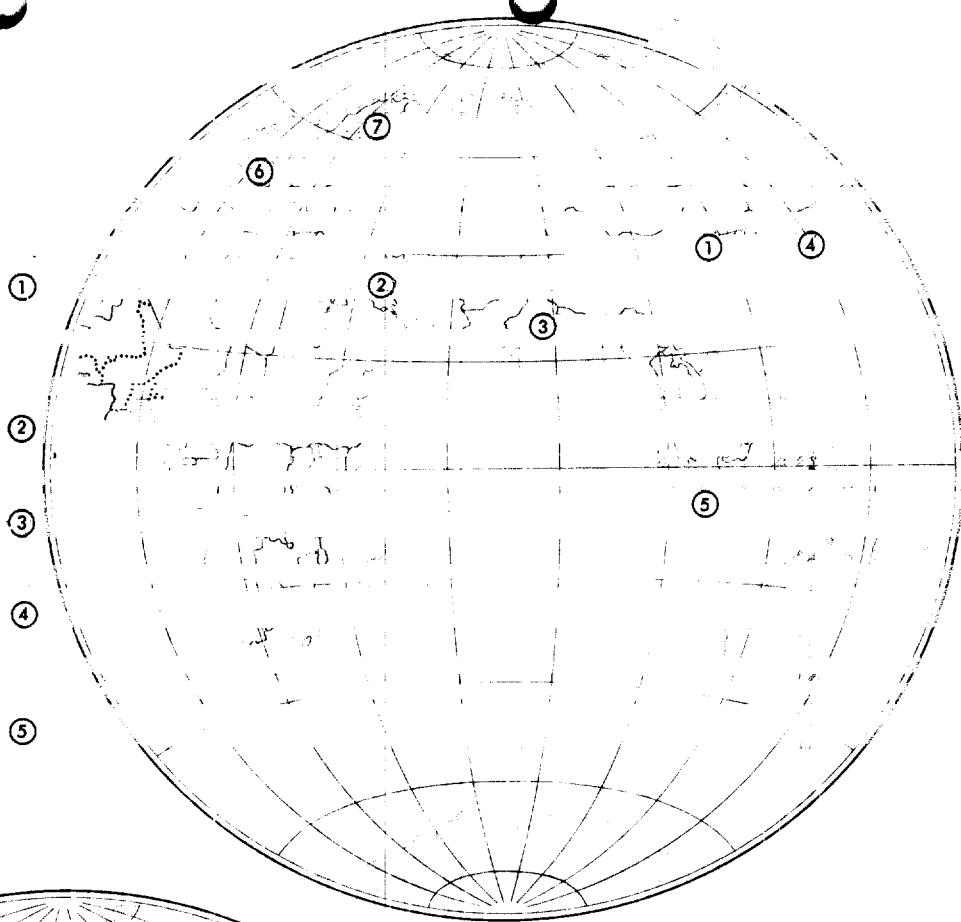
II. ASIA-AFRICA

Iraq - Communist-dominated organizations schedule mass rallies against "imperialism" for 24 April.

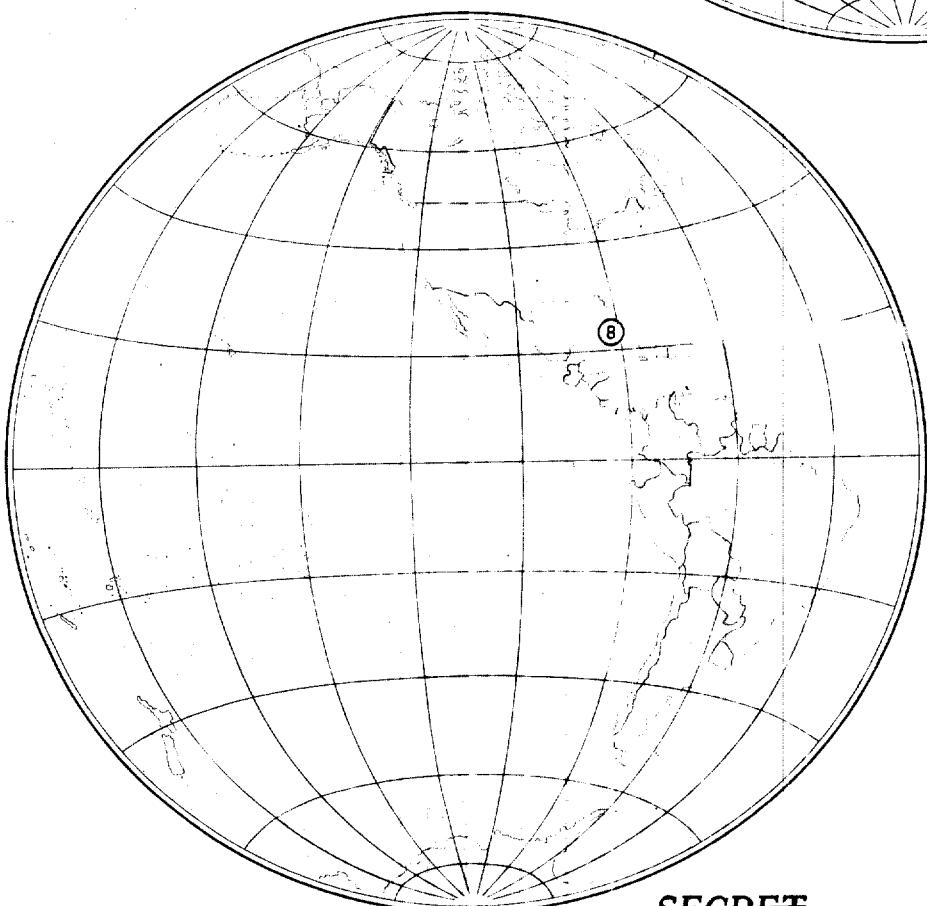
Nehru tells Indian cabinet that Chinese Communists will have to rule Tibet indefinitely by suppression.

Japanese officials now believe talks with North Koreans on repatriation issue will fail.

Sukarno's call for return to 1945 Constitution with strengthened executive power will be opposed by all political parties.

**III. THE WEST**

- ⑥ France studying ways of stopping shipments of bloc arms to Guinea.
- ⑦ Finnish President raises suggestion with cabinet members that time may be right to explore possibility of neutral Nordic bloc.
- ⑧ Fidel Castro's brother, Raul, attacks United States as "enemy of the Cuban Revolution."

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CENTRAL INTELLIGENCE BULLETIN

23 April 1959

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

OK

Communist China: China's 1959 economic plan and budget, presented to the National People's Congress on 21 April 1959, call for an even greater economic effort than last year. Despite shortages of key materials, power, and transport, the 1959 plan schedules an increase in total output larger in absolute terms than the record increase claimed last year. Scheduled increases in budget revenues and expenditures do not appear fully to reflect the levels of production and construction said to have been achieved last year. Direct outlay for defense of about \$2.36 billion is up by some \$325,000,000, and amounts to 11 percent of total spending, the smallest percentage since Peiping came to power. [] (Page 1)

HQ

Watch Committee conclusion--Soviet bloc: (No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the Orbit in the immediate future.) []

Berlin: (No significant changes bearing on the possibility of hostilities.) []

II. ASIA-AFRICA

No

Iraq: Mass rallies against "imperialism," commemorating the Bandung conference, are scheduled for 24 April in Baghdad and elsewhere in Iraq. These demonstrations will be sponsored by numerous Communist-dominated mass organizations and will serve to keep non-Communist elements aware of the Communist "power of the street." Communist leaders might also take the opportunity to complicate further the Qasim regime's relations with the West by staging incidents involving Western personnel and property. []

Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq. The situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

Iraq: The Communists are progressively achieving control in Iraq, although for the present they may prefer not to move to take power in their own name.

India-Tibet: Nehru is reliably reported to have told his cabinet on 20 April that the Chinese Communists, having failed from the very first to respect the internal autonomy of Tibet, created rebellion and now will have to rule indefinitely by repressive measures. He labeled the Chinese Communists as "naturally cruel" and their behavior "brutal." He said the Dalai Lama's return to Lhasa seems out of the question, since Chinese policy in Tibet is unlikely to change. Nehru plans to inform Peiping of the "facts" surrounding the Dalai Lama's arrival and his rights in India, but not to apologize for Indian popular reaction.) (Page 2)

Japan-Korea: Japanese Foreign Ministry officials now believe that agreement with North Korea on repatriation of Koreans in Japan is unlikely. During negotiations in Geneva, the North Koreans have adamantly opposed any form of screening by the International Committee of the Red Cross, as insisted on by Japan. Unless North Korea relaxes its stand, the talks may be broken off, paving the way for a possible resumption of Japan's negotiations with South Korea on over-all problems.)

Indonesia: President Sukarno's call for a return to the 1945 Constitution, which greatly strengthens executive powers, may meet with obstructive tactics in the Constituent Assembly. Political parties, whose importance Sukarno plans to diminish,

are likely at least to attempt amendments of the document. If serious opposition develops, Sukarno may dismiss the assembly and, with army backing, resort to an executive proclamation of the 1945 Constitution. (Page 5)

III. THE WEST

H O

France - Guinea - bloc arms: Paris is studying means, including interception at sea, to control future shipments of Soviet bloc military equipment to Guinea, and is likely soon to request US-British concurrence in its decision. French officials profess fears--probably without foundation at this time--that Sékou Touré intends to use his new arms supply, which appears to be in excess of the needs of Guinea's approximately 2,000-man security force, to support early guerrilla operations against neighboring states of the French Community. In addition to a gift shipment of arms from Czechoslovakia last month, Guinea has recently reportedly received a new supply of other materiel. (Page 6)

OK

Finland: President Kekkonen in late March informally indicated to some of his cabinet ministers that "now might be the time" to look into the possibilities for a neutral Nordic bloc composed of Norway, Denmark, Sweden, and Finland. While any precise proposal by the Finnish Government is unlikely, the idea, if advanced, would attract neutralist sentiment among some Danes and Norwegians, though not enough to alter their NATO commitment. (Page 8)

OK

Cuba: Raul Castro, the irresponsible Communist-influenced brother of the prime minister, strongly attacked the United States as one of the "enemies of the Cuban Revolution" in a speech in Havana on 20 April. Raul Castro's statements are consistent with the public anti-American position he has taken in the past and are considerably at variance with Fidel's conciliatory attitude during his visit to the US, which Raul's remarks are probably intended to offset.

CORRECTION: (The Conclusions of the Special USIB Committee
on Berlin Situation published in the Central Intelligence
Bulletin of 22 April 1959 should have been marked
[redacted]
[redacted]

23 Apr 59

DAILY BRIEF

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I. THE COMMUNIST BLOC

Communist China's Economy

Communist China's 1959 economic plan and budget, presented to the National People's Congress on 21 April, picture an economy which will continue to "leap ahead" at unprecedented speed. The 1959 plan gives every indication of having been based on Peiping's 1958 production claims, which--at least in the case of agriculture--are not accepted outside of China. It is certainly an ambitious plan, retaining the high targets for key commodities set last December and scheduling a larger absolute increase in total value of industrial and agricultural output than last year.

The congress was warned that the lag in the availability of key materials, power, and transport will persist in view of the regime's continued insistence on the most rapid overall development. Speakers at the congress pointed to the "impracticality" of achieving larger percentage increases in output every year and cautioned that in the course of further leaps forward it is entirely possible that production in some fields, particularly agriculture, might even decrease on occasion.

A "bold and well-founded" 1959 budget calls for balanced revenues and expenditures at a new high of \$21.4 billion although the increases do not appear to reflect fully the levels of production and construction said to have been achieved under the giant leap. Most of the 24-percent increase in revenues will come out of increased earnings by state enterprises. Budgeted spending is up 27 percent.

Direct allocations for defense will increase 16 percent to \$2.36 billion, the largest figure since 1956. However, it amounts to only 11 percent of total programmed spending, the smallest percentage since the Communists came to power. Substantial expenditures for defense are believed to be hidden elsewhere in the budget. The new budget sets aside, for the first time, some \$400,000,000 for investment in communes with "poorer economic conditions." [redacted]

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II. ASIA-AFRICA

Indian Government Reactions to Tibetan Border Issues

(Despite the cautious wording of some of their public statements, Indian Prime Minister Nehru and his government have made their attitude toward Chinese Communist actions in Tibet clear. Nehru, who recalls Chinese promises in 1950 not to invade Tibet by force of arms, is reliably reported to have told his cabinet on 20 April that the Chinese Communists had failed from the beginning to respect Tibetan autonomy. He foresees that Chinese repressive measures will have to continue indefinitely because of the "foundering" of Peiping's Tibetan policy, and he expects no reversal of the present tough policy. Consequently, Nehru believes the Dalai Lama cannot return to Tibet.)

(Accusing the Chinese Communists of being incapable of understanding democratic freedoms, Nehru states that Peiping will probably interpret pro-Tibetan reactions in India as inspired by an unfriendly government. Nehru, however, does not intend to dispel these impressions. He expects to communicate with Peiping shortly, giving the Chinese a factual account of the situation and of the Dalai Lama's rights in India. In this communication, Nehru will probably indicate his acceptance of the Lama's statement that he did not flee Lhasa under duress. He probably will also repeat that the Dalai Lama will be given freedom of religious expression but that he will be expected not to engage in political matters. Nehru has already indirectly accused the Chinese of espionage by telling Parliament of his presumption that Chinese intelligence agents in Kalimpong were responsible for the reports that Kalimpong was the center of the Tibetan revolt.)

(Other evidence of Indian interest in the Himalayan border situation includes one report that Nehru has given the Indian Army orders to plan for a defense of Bhutan. A Delhi broadcast says India has decided to establish a radio station and a printing press in Sikkim, near the Tibetan border. The former may be situated close enough to Tibet to make jamming difficult)

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(and be intended to carry news to Tibetans cut off from the outside world. The press could be used for printing propaganda leaflets. News from Nepal that Chinese troops are pursuing fleeing Tibetans across the Nepalese border and killing Nepalese citizens will undoubtedly increase Indian interest in the strength of border posts in that country. New Delhi is also concerned over the Soviet Union's reported plan to establish a resident embassy in Nepal) [redacted]

[redacted]

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Japanese - North Korean Repatriation Agreement Unlikely

A responsible Japanese Foreign Ministry official believes, under present circumstances, that the current discussions in Geneva between the Japanese and North Korean Red Cross societies are unlikely to result in agreement on a plan to repatriate Korean residents in Japan. He expects that the talks will be broken off "after two or three more meetings" if North Korea continues opposed to any screening of potential repatriates by the International Committee of the Red Cross, as insisted upon by Japan, and maintains its demand that repatriation lists submitted by the association of leftist Korean residents in Japan be accepted as final,

North Korea probably sees in the Geneva negotiations an opportunity for enhanced international standing and a chance further to irritate South Korean - Japanese relations. Rather than permit a breakdown in the talks, Pyongyang may modify its position on ICRC screening. It will probably not press for an early settlement, however, since implementation of any agreement would reveal that only a very small number of North Koreans in Japan wish repatriation, contrary to Pyongyang's claims.

The Foreign Ministry official has asserted that failure of the talks is the best solution to the repatriation crisis because it would permit the resumption of negotiations with South Korea on the over-all problems--the status of Koreans in Japan, the Rhee line, and Korea's detention of Japanese fishermen. Seoul has called for a resumption of negotiations with Japan, which were suspended on 13 February, but indicated that the Geneva talks must first be broken off.

In addition, North Korea's rejection of an impartial supervision of the repatriation program would enable the Kishi government to convince the Japanese public, prior to the important upper-house elections in June, that it had gone to reasonable lengths to solve this problem.)

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Indonesian Political Parties May Oppose Sukarno's Plans
For Reorganized Government

President Sukarno's formal request to the Constituent Assembly that it return to the 1945 Constitution and his announced plans to decrease party activity and influence, which must be endorsed by parliament, may encounter renewed opposition in the next few weeks from the political parties. The 1945 Constitution, under which Indonesia was governed during the struggle for independence, would increase the powers of the executive and reduce those of parliament.

Within the elected Constituent Assembly--which has the task of producing a new constitution--the Moslem parties and possibly the Communist party may resort to obstructive tactics. Sukarno had achieved reluctant agreement to his plans from the various political parties at a series of conferences during the winter. The Moslem Masjumi and the Nahdlatul Ulama now are reported prepared to repudiate their concurrence and to sponsor an amendment incorporating religious guarantees for Islam. The Moslem bloc in the Constituent Assembly lacks sufficient strength to carry the amendment but can prevent the two-thirds majority necessary for adoption of the unamended constitution. The Communists, depending on the temper of the assembly, appear prepared to delay matters with a flood of proposed amendments on minor matters.

Should serious obstruction develop, Sukarno and the army may dismiss the Constituent Assembly and proclaim the 1945 Constitution by executive decree. The threat of such action, however, might be sufficient to persuade the parties ultimately to accept Sukarno's plans.

[redacted] all regional war authorities to form "action committees for the return to the 1945 Constitution," presumably pressure groups to arouse public interest and thereby influence the political parties and the Constituent Assembly.

[redacted]

[redacted]

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III. THE WEST

France Considering Naval Action to Check Flow of Soviet Bloc Arms to Guinea

(Paris is studying means, including interception at sea, to control the flow of Soviet bloc arms to Guinea, and intends to raise the matter in later Western tripartite talks on policy coordination, according to French officials participating in the current series of tripartite talks on Africa. French civilian and military officials in West Africa allege that Guinea, as part of an "arms bargain" with the bloc, is arming guerrilla bands for operations against neighboring states of the French Community.)

(High Paris officials, in arguing for closer Western policy coordination, have cited Guinea as a focal point for Communist penetration of Africa and as a potential security threat to its neighbors. In the tripartite talks, French representatives have characterized the area from France's southern coast to the equator as a single strategic zone of vital importance to French national interests.)

(An initial gift shipment of military materiel from Czechoslovakia arrived in Conakry aboard a Polish ship on 18 March. It was reliably reported to include 8,000 rifles, 3,000 revolvers, 30 machine guns, 12 antitank guns, two armored cars, up to 60,000 grenades and 50 bazookas, 42 field radio sets, and approximately 150 tons of ammunition. A subsequent Czech shipment including two or three light tanks and some army field kitchens, presumably part of the same gift arrangement, reportedly arrived late last week, also via a Polish vessel. In addition to re-equipping and perhaps expanding Guinea's present 2,000-man security force, Touré may assign some of this materiel to militant members of Guinea's single political party.)

(Any Western interference with bloc shipments consigned to Guinea would be bitterly resented and vehemently protested by Touré and might make him even more receptive to close ties)

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(with the bloc than he is now. He has said several times recently that he regards acceptance of Czech arms as a normal development in Guinea's neutralist foreign policy. He has already accused France of exploiting the issue as part of a general diplomatic effort to discredit Guinea.) [redacted]

[redacted]

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[Redacted]

Finnish President Kekkonen Favors Neutral Nordic Bloc

(Finnish President Kekkonen informally indicated to some of his cabinet ministers in late March that now might be the time to investigate the possibilities of a neutral Nordic bloc consisting of Denmark, Norway, Sweden, and Finland, [Redacted])

(Kekkonen may believe that Premier Khrushchev's forthcoming visit to Scandinavia in August will direct Scandinavian attention to the question of neutrality. Kekkonen expressed the hope that if the formation of a Nordic bloc leads to the withdrawal of Denmark and Norway from NATO, the USSR might release Finland from the 1948 Treaty of Friendship and Mutual Assistance. He and many other Finns feel that Scandinavian neutrality would increase the possibilities for Finland's avoiding a Soviet occupation in another war. Although the USSR has occasionally suggested that the Finns should try to induce the Scandinavians to follow the policy of neutrality, the Finns have not actively attempted to do so.)

(Any tentative feelers regarding a neutral Nordic bloc would attract some neutralist support, particularly in Denmark where a recent Gallup Poll indicates a sharp drop in public support for NATO. However, the governments of Denmark and Norway will continue to support NATO; and pro-NATO elements would interpret any Finnish feelers as indicative of Soviet pressure on Finland.)

[Redacted]

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Raul Castro Implicates United States as "Enemy
Of Cuban Revolution"

Raul Castro, irresponsible and bitterly anti-US brother of the Cuban prime minister, lambasted "enemies of the Cuban Revolution," including the United States, in a speech at the University of Havana on 20 April. The speech, which Raul Castro himself termed "carefully considered," was described by the US Embassy as "unrestrained and savage." It stands in sharp contrast to Fidel Castro's attempts during his visit in the United States to minimize anti-US sentiment in Cuba and to discount the "neutralist" policy espoused in his own speeches prior to his arrival in Washington.

The speech did follow the prime minister's most recent public statements that Cuba, adhering to the principle of nonintervention in the internal affairs of other countries, would not allow revolutionary expeditions against Latin American dictators to embark from Cuban soil. Several such expeditions have been stopped, but none of them involved groups generally considered to be supported by Raul Castro and the pro-Communist military leader "Che" Guevara. Both Raul and Fidel Castro have stated that antidictator exiles will continue to be welcomed and given moral support in Cuba.

Raul Castro's speech may well have been an attempt to enhance his position during his brother's absence. He had gained considerable prominence during the last six months of the fight against Batista, particularly following his kidnaping of US citizens in late June, but has been eclipsed by his brother's popularity and dominant position since 1 January. Perhaps of significance in the speech was Raul's reference to the kidnapings, of which Fidel had strongly disapproved, as an important milestone in the revolution. [redacted]

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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

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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

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