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21 June 1960

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CENTRAL

INTELLIGENCE

BULLETIN



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21 JUNE 1960

## I. THE COMMUNIST BLOC

USSR deposits \$2,000,000 in New York bank against \$100,000,000 line of credit for Ethiopia.

(1)

## II. ASIA-AFRICA

Japan--Kishi appears increasingly isolated; press and public hold him responsible for recent chaos.

(2)

Algeria--Rebel leaders still skeptical of De Gaulle's ability to provide adequate guarantee on a referendum.

(3)

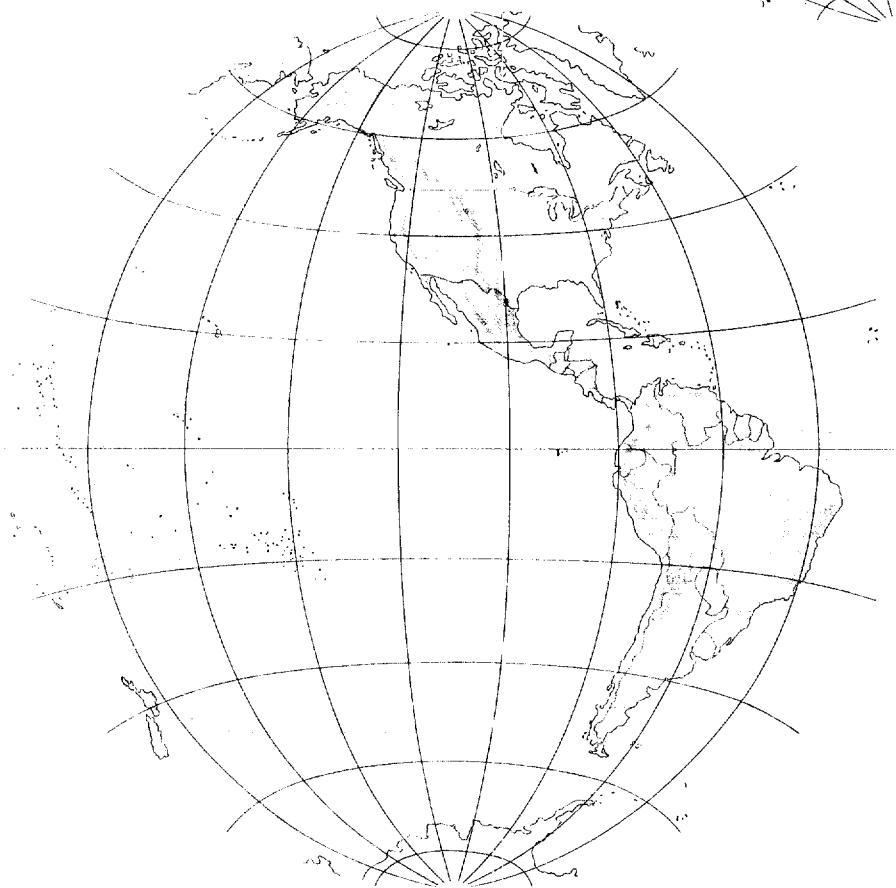
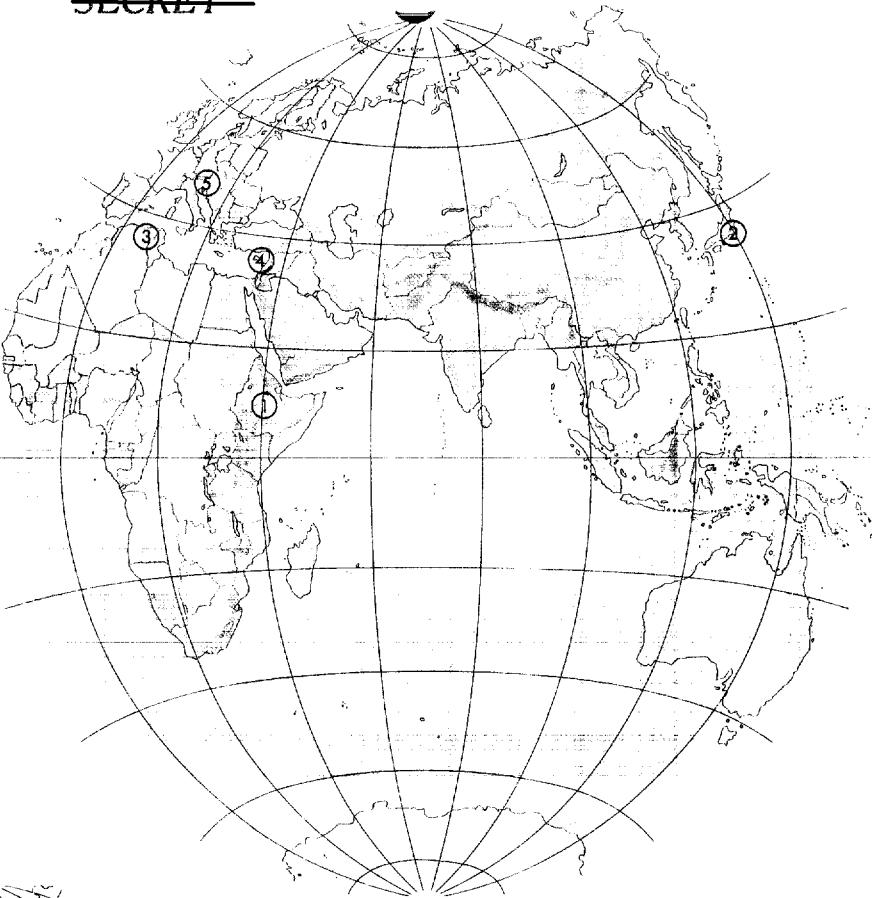
## III. THE WEST

New British formula for Cyprus bases, to be presented to Makarios shortly, would still leave several problems outstanding.

(4)

Austrian newspaper campaign on the South Tirol increases likelihood that Vienna's dispute with Italy will be brought to UN. (5)

(5)

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## CENTRAL INTELLIGENCE BULLETIN

21 June 1960

## DAILY BRIEF

*SIRAB*

## I. THE COMMUNIST BLOC

*OK*

USSR-Ethiopia: The Soviet Union, departing from its usual policy of not extending cash loans to nonbloc countries, has deposited in a New York bank \$2,000,000 to the account of the Ethiopian Government. The sum is to be debited against the Soviet \$100,000,000 line of credit previously extended to Addis Ababa. Moscow presumably hopes this gesture of good faith will prompt Ethiopia to utilize more fully and quickly Soviet and other bloc economic aid credits, use of which thus far has been handicapped by lack of effective Ethiopian cooperation in the planning stages. [redacted]

(Page 1)

## II. ASIA-AFRICA

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\*Japan: Prime Minister Kishi appears to be increasingly isolated, both politically and personally, as leftists and contending groups within his party accelerate demands for his resignation. The press is continuing to excuse leftist violence as justifiably provoked by Kishi's policies and blunders, and the public tends to be responsive to efforts to make Kishi the scapegoat for the recent chaos. Continuing demonstrations planned for this week will have the ouster of Kishi as their principal immediate objective. [redacted] Kishi told the secretary general of his party that after the security treaty with the US went into effect, he would make an announcement that he would be prepared to resign as prime minister. [redacted] (Page 2)

*OK*

Algeria-France: The decision of the Algerian rebel government to send a delegation to Paris to explore the possibility of cease-fire negotiations appears in part to have been influenced

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by popular opinion in Tunisia and Morocco. [The rebel leaders reportedly hope for agreement on some form of association between Algeria and France, to be ratified by referendum, but are believed skeptical of De Gaulle's ability to provide adequate guarantees concerning the administration of any referendum.] De Gaulle is unlikely to recognize the rebels as the sole spokesmen for Algeria's Moslems and probably will not depart radically from his plan for a self-determination referendum. [ ]  
 (Page 3)

### III. THE WEST

Cyprus: [ ]  
 [ ]

No Even if the proposed solution in the formula on the cession of British bases is accepted, several other problems remain to be resolved--both between the Cypriots and British and between the Greek and Turkish Cypriot communities.  
 (Page 4)

No Austria-Italy: A vigorous newspaper campaign being waged in Austria to detach the South Tirol from Italy is likely to bring to a head the Vienna-Rome dispute over the territory and increases the likelihood that the issue will be brought to one of the UN agencies. Austrian authorities have apparently approved the campaign in the belief it will support their demand for full regional autonomy for the South Tirol within the framework of the Italian constitution--a demand unacceptable to Rome.  
 (Page 5)

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~~CONFIDENTIAL~~Moscow Extends Cash Loan to Ethiopia

The Soviet Union, in a rare departure from its usual policy of not extending cash loans to nonbloc countries, has deposited in a New York bank \$2,000,000 to the account of the Ethiopian Government. The loan is to be debited against the Soviet \$100,000,000 line of credit agreed on in 1959, and is the first cash loan extended by Moscow through its economic aid program to an Afro-Asian or Latin American country.

Although it is not known to what use the loan will be put, the fact that the deposit was made in a US bank would tend to suggest that Addis Ababa is considering purchases with these funds in the US or some other hard-currency country. The loan conceivably may be used to purchase agricultural equipment for the Emperor's land reform program.

Use of bloc credits thus far has been handicapped by lack of effective Ethiopian cooperation in the planning stages. An estimated 40 percent of the Soviet credit has been committed in principle for an oil refinery, a gold-ore processing plant, geological surveys, and a feasibility study for a metallurgical complex. No portion of the Czech \$10,000,000 credit has yet been obligated. Moscow presumably hopes the recent loan--as a gesture of good faith--will encourage Ethiopia to utilize Soviet and other bloc economic aid credits more fully and rapidly. In addition, Moscow, which may plan economic overtures to Somalia, may intend the loan to minimize Ethiopian reaction.

~~CONFIDENTIAL~~

~~SECRET~~Japan

Prime Minister Kishi appears to be increasingly isolated, both politically and personally, as leftists and contending groups within his party accelerate demands for his resignation. He is widely held responsible for the present crisis by the press and by a large segment of the public, who tend to excuse recent leftist violence as provoked by Kishi's "high-handed" methods in ratifying the security treaty.

Kishi told the secretary general of the Liberal Democratic party [redacted] that after the new US-Japanese security treaty went into effect, he would make an announcement that he would be prepared to resign as prime minister. Former Prime Minister Yoshida, who has been a supporter of Kishi but who now believes that new leadership is necessary, is pressing faction leaders to forget personal ambitions in the national interest and to agree on a successor. Ambassador MacArthur is convinced that Yoshida, frequently mentioned as an interim prime minister, does not aspire to the position.

The Japan Socialist party (JSP) meanwhile is planning to support nationwide strikes called by Sohyo, the pro-Communist labor federation, for 22 June. These are to be the largest held during the campaign protesting the treaty and demanding the resignation of the Kishi government. The "mainstream" faction of Zengakuren, the radical student organization responsible for the violent demonstrations which forced postponement of President Eisenhower's visit, is also expected to participate.

In an about-face on 19 June the JSP decided to retract the mass resignations of its Diet members, originally submitted as a propaganda maneuver against ratification of the treaty. The JSP now appears to be broadening its program to include repeal of the treaty. For consistency's sake, the Socialists are asking for dissolution of the Diet and a general election, although it is questionable that they actually desire an election in which the more moderate Democratic Socialist party (DSP) would probably gain. [redacted]

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~~SECRET~~Algerian Rebels Accept French Invitation to  
Cease-Fire Negotiations

The decision of the rebel Algerian Provisional Government to send a delegation to Paris for cease-fire negotiations has revived hopes for a settlement of the rebellion--now in its sixth year--even though prospects for an early settlement are slight. The statement by rebel Premier Ferhat Abbas on 20 June characterized De Gaulle's invitation as representing "some progress in relation to his earlier positions," but still "far removed" from the rebel position. Despite their misgivings, the rebels remain committed to a negotiated settlement, and have been under pressure from Morocco and Tunisia to meet with De Gaulle.

Publicly the rebels continue to demand full independence. Their doubts concerning De Gaulle's ability to assure a free choice in an Algerian referendum, however, may lead them to explore the possibility of agreement on an "association" relationship with France. [Certain rebel leaders reportedly envisage a bilateral agreement concerning some form of association, to be ratified by a referendum.] De Gaulle is unlikely to recognize the rebels as the sole spokesmen for Algeria's Moslems, and to date has given no indication that he is willing to discuss matters other than the terms of a cease-fire. Despite their differences, both sides will probably strive to avoid an early breakdown in the talks.

In any negotiations, the rebels will be handicapped by the need to placate their more intransigent military commanders, while De Gaulle's freedom of maneuver will continue to be limited by the far right. Tension reportedly has mounted in Algiers following the rebel acceptance.

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new instructions

[redacted] containing a proposed formula for solving the dispute between the British and Cypriots over disposition of British military bases on the island in the event of ultimate British withdrawal. Archbishop Makarios has insisted that London give unconditional assurances that the bases would revert to Cyprus. The British, however, fear that such assurances would invite a Cypriot campaign to force them out.

[redacted] the new formula has been accepted by both the Greek and Turkish governments and was to be presented to Archbishop Makarios within two or three days.

[redacted] has described the proposed plan as consisting of the following three steps. First, the British will send an official letter to Makarios stating that negotiations over the future of the bases are without purpose as the British will never leave them. Secondly, Makarios will reply that Cypriots will not raise the question of British departure but that if the British were to leave, the bases should revert to the future Cypriot government. Finally, the British will agree with Makarios' statement. [redacted] government will exert pressure on Makarios to accept the plan. Success of the new proposal to remove the "cession issue," which has deadlocked the Cyprus negotiations for weeks, will depend largely on the tactics used by the British in presenting the formula to Makarios and on the degree of pressure Athens may be willing to exert on the Archbishop.

Other issues will remain even if the question of bases is resolved. There has been no agreement on the form of a declaration on administration of British sovereign areas, on the location of corridors between Cypriot enclaves in the base areas, or on the extent of financial aid to be given the new republic by the British. Communal problems which must be settled prior to independence--such as implementation of a 70-30 ratio between Greek and Turkish Cypriots in the future civil service, also are unresolved. Unless all of these problems can be eliminated within the next few days, it appears unlikely that independence will be possible before late fall.

[redacted]

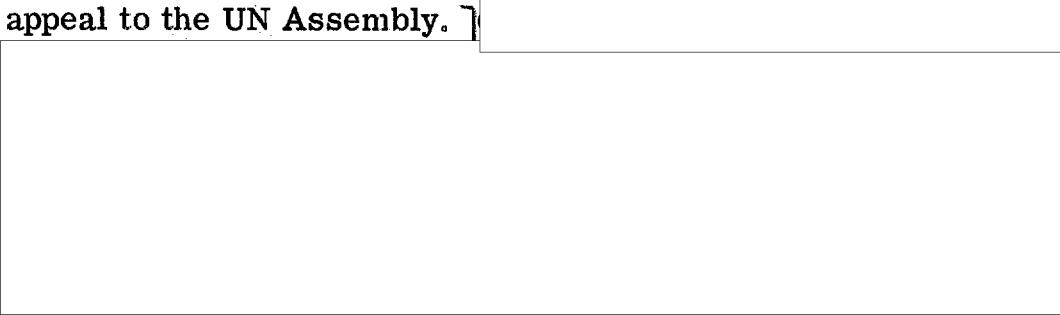
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~~CONFIDENTIAL~~Austrian Agitation for South Tirolean Self-determination

An influential Austrian editor and publisher, long an ardent advocate of the South Tirol's cause, has started a campaign to detach the area from Italy. On 15 June, all three of his newspapers prominently featured the results of an opinion survey conducted by a West German polling organization reputedly showing that 82 percent of the German-speaking population in the South Tirol favored its return to Austria, that only 7 percent favored its retention by Italy, and that 26 percent would support compatriots "resorting to force." In a subsequent conversation with an American Embassy official in Vienna, the publisher "as much as admitted" that his objective is self-determination for the South Tirol and its return to Austria.

Embassy officials believe that Austrian authorities knew in advance and approved the editor's campaign, feeling it would support their present demand for full regional autonomy for the South Tirol under the Italian constitution. [Vienna is expected to reiterate this demand in a letter from Chancellor Raab to Rome. The letter, which will probably declare further bilateral talks useless but may nevertheless propose a meeting of "confidential representatives" of both sides, is generally believed preparatory for an Austrian appeal of the issue to the UN General Assembly.]

Rome's suspicions of Vienna's ultimate intentions will be deepened by this evidence of Austrian public support for self-determination. Officially, Vienna still bases its case on the 1946 agreement which confirmed Italian sovereignty over the South Tirol but gave cultural guarantees to the German-speaking population. Italy is not likely to grant the South Tirol even regional autonomy and will strongly oppose any attempt to set up a plebiscite. [The Tambroni government has recently seemed inclined to propose that the issue be taken to the International Court in order to forestall an Austrian appeal to the UN Assembly.]


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