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10 April 1959

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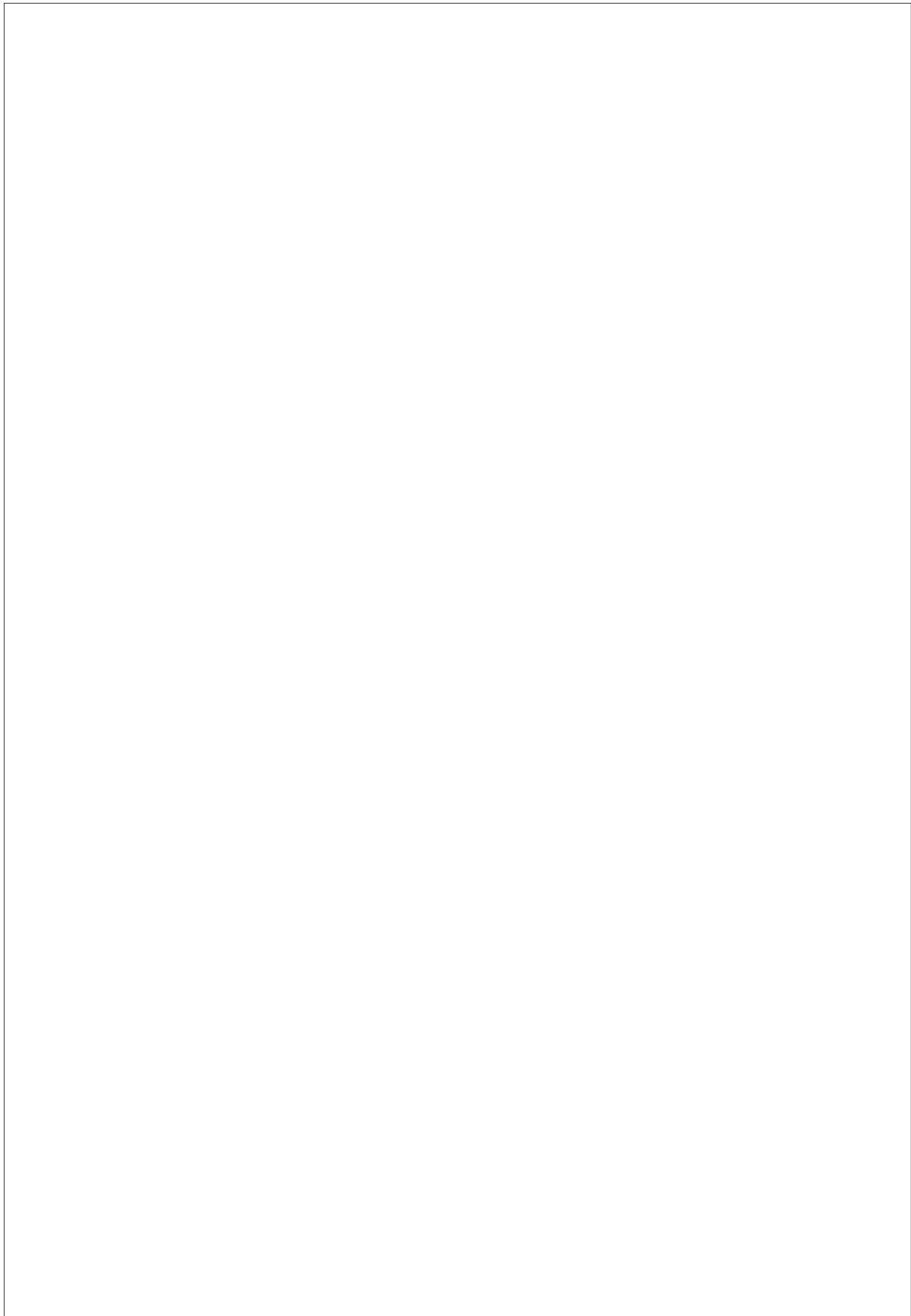
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# CENTRAL INTELLIGENCE BULLETIN



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10 APRIL 1959

### I. THE COMMUNIST BLOC

USSR continues military aid to UAR despite recent frictions.

Large number of refugees arrived in West Berlin in past two weeks.

### II. ASIA-AFRICA

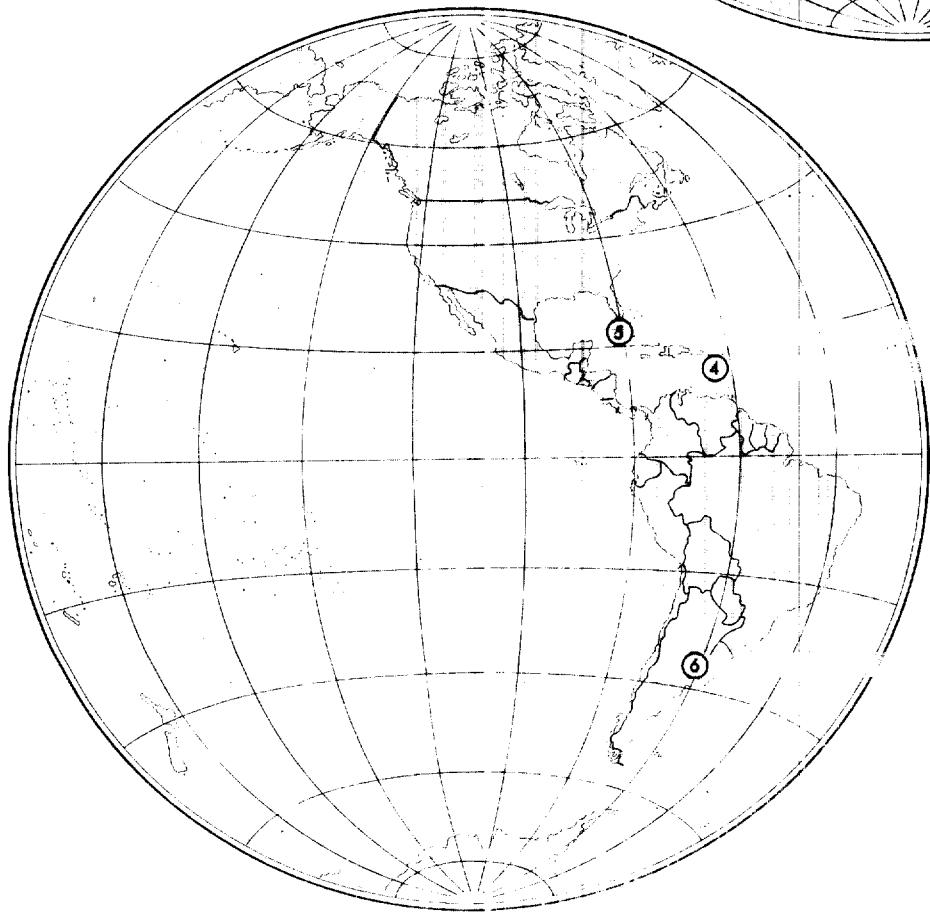
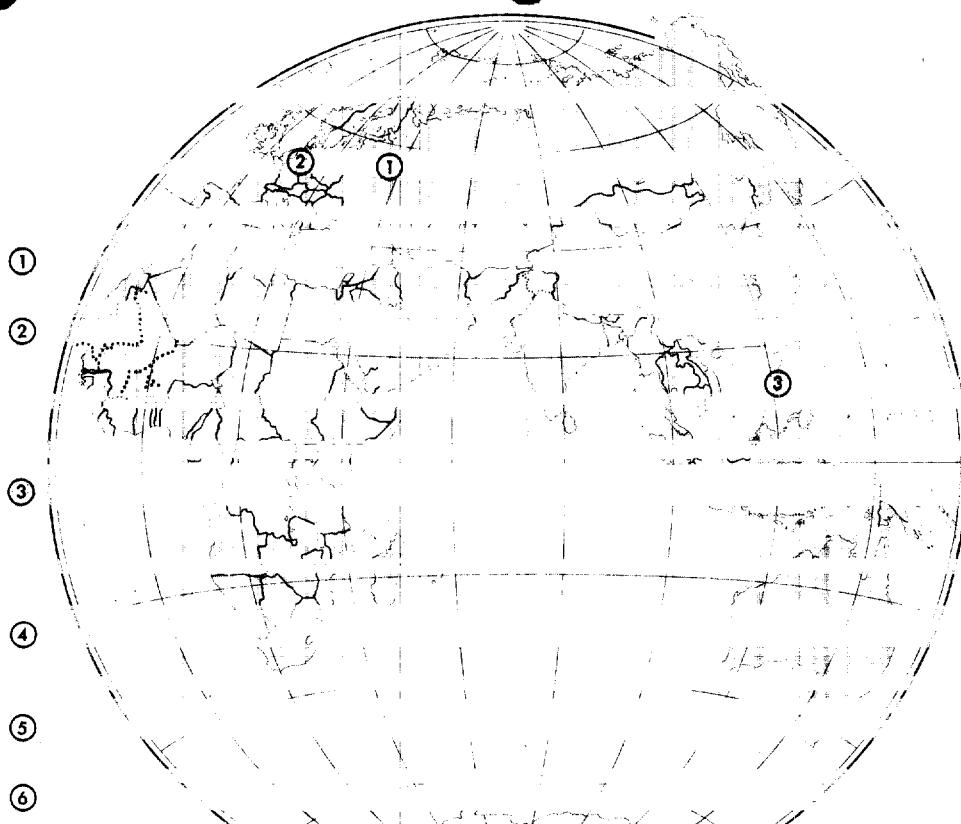
Philippines - Cabinet shake-up expected soon; Defense Secretary Vargas may be replaced.

### III. THE WEST

West Indies Government to propose revision of US-UK base rights.

Cuba - Castro to seek substantial economic aid during next week's visit in US.

Argentina - Frondizi to oust more bloc diplomats.



## CENTRAL INTELLIGENCE BULLETIN

10 April 1959

## DAILY BRIEF

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## I. THE COMMUNIST BLOC

USSR-UAR: Despite recent frictions over Nasir's anti-Communist campaign in the Middle East, deliveries of Soviet military aid to the UAR continue. These deliveries probably include 15 jet aircraft from Czechoslovakia. New deliveries of military equipment, some of which are expected to reach the UAR this month, will be the first major bloc arms shipments since the summer of 1958. Arms negotiations, begun in Moscow last July, are apparently continuing, and as of 4 March appear to have involved major new items of military equipment, including some land armament and possibly naval craft.

(Page 1)

Berlin: The sudden increase in the number of East German refugees arriving in West Berlin--5,485 during the last two weeks--may reflect popular alarm at indications that the regime intends more vigorous enforcement of its hard-line policies. An upsurge in the number of refugees is normal during the Easter period, but the total for the holiday period this year is higher than in 1957 and 1958. The number of refugees was the largest in one fortnight since September 1958, when approximately 6,400 entered West Berlin.

During March, 204 physicians fled to West Berlin, an indication that East Germany's efforts to win over professional men by political concessions are still ineffective.

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## II. ASIA-AFRICA

Philippines: President Garcia may be planning shortly to replace several Philippine cabinet officials including a number who have been under congressional attack for improper

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conduct. Pro-Garcia Congressman Salipada Pendatun has privately stated that he expects to be named defense secretary in place of General Vargas. Pendatun presumably would be a greater political asset for Garcia because of his large Moslem following, and he would probably be willing to use the army on behalf of the Nacionalista party in the coming Senate and municipal elections.] (Page 3)

### III. THE WEST

*OK* Britain - West Indies Federation: Pressures are mounting for revision of the 1941 US-UK agreement concerning bases in the Caribbean, notably the naval station at Chagaramas, Trinidad. Chief Minister Eric Williams of Trinidad, who has been making an issue of the base rights question, has proposed a revision conference to the West Indies federal government, which will probably support his request. The British Foreign Office wants an early joint US-UK conference to agree on acceptable revisions for presentation to the West Indies.

(Page 4)

*OK* Cuba: Prime Minister Fidel Castro will seek substantial US financial aid during his visit here beginning 15 April. Felipe Pazos, president of Cuba's National Bank, advised the US Embassy in Havana on 8 April that because of the decline in the world demand for sugar and increasing unemployment in Cuba, the bank has modified its former position against foreign financial assistance. Pazos is reported to have stated [ ] that he is pessimistic concerning Cuba's future under the Castro regime. (Page 5)

*M* Argentina: President Frondizi intends to declare persona non grata at least three other bloc diplomats, including the Soviet ambassador and the Rumanian minister, in addition to the five named for expulsion on 7 April on charges of interfering in Argentine affairs. Convincing that the Communists planned the 3 April riots, Frondizi will use a detailed report now being prepared as a basis for further expulsions of diplomats and for action against the Argentine party.

## I. THE COMMUNIST BLOC

### Bloc Arms Supply to UAR

Despite recent Soviet-UAR friction over Nasir's anti-Communist campaign in the Middle East, the Soviet Union continues to honor its various military aid agreements with the UAR. Continuing deliveries include 750 tons of military equipment which arrived at Alexandria on 2 April aboard the Soviet freighter Nikolai Burdenko, and Czechoslovakia has already begun shipment of 15 MIG jet trainers expected to arrive this month for assembly by UAR personnel.

Now that priority grain shipments to the UAR have been completed at Nikolaev, the usual Black Sea port for arms shipments to nonbloc countries, Soviet factories and depots have resumed delivery of military equipment to the port. These rail deliveries appear to be in excess of present Soviet obligations to countries other than the UAR, and probably include some new shipments for Egypt or Syria.

Military training programs in the USSR also continue, including a course for 50 high-ranking UAR officers at Frunze Military Academy.

A UAR mission in Moscow is apparently still engaged in negotiations begun last July for at least \$50,000,000 in additional aid, including a wide range of land armament and possibly naval craft. The negotiations have been protracted not only because of Cairo's need to re-study coordinated UAR requirements after large-scale bloc arms shipments to Syria last summer, but by Moscow's refusal to supply late-model jet aircraft--MIG-19 fighters and TU-16 bombers--and insistence on more stringent controls over UAR arms orders and repayment terms.

[redacted] the  
tempo of negotiations was being accelerated [redacted]

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[Redacted]

East German Refugee Figures Mount Sharply

[The sharp rise in the number of refugees seeking asylum in West Berlin in the two weeks ending 7 April, while reflecting increased opportunities for escape afforded by the four-day Easter holiday, probably indicates growing popular alarm evoked by the regime's recent declarations that its socialization policies will be implemented more vigorously. During the last week of this period some 3,462 East Germans were processed by refugee officials in West Berlin, compared with only 1,462 in the week ending 24 March and 2,023 the week ending 31 March. This is the largest total in one fortnight since last September, at the close of the traditional summer mass flights. The two-week total of 5,485 also exceeds the numbers escaping during the comparable Easter periods in 1957 and 1958, although falling below that of 1956.]

[Of more immediate concern to the East German regime is the defection of some 204 doctors during the month of March, compared with a total of 1,242 during the whole of 1958. The loss of this number of physicians, more than six months after the regime made important political concessions to halt the exodus, will aggravate the already serious shortage of competent professional men which has forced the regime to import doctors and medical professors from the satellites.)

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## II. ASIA-AFRICA

### Philippine Cabinet Shake-Up May Occur Soon

(President Garcia may be planning soon to carry out a long-rumored revamping of the Philippine cabinet in anticipation of the mid-term local and senatorial elections scheduled for November. Following press reports that the changes were to be discussed with the Council of Leaders last week, pro-Garcia Congressman Salipada Pendatun told [redacted]

[redacted] his appointment to replace Defense Secretary Jesus Vargas would be announced in late April.)

(Pendatun had previously declared himself in line for the defense post when Vargas, a retired general who may have presidential ambitions, was accused in late 1958 of plotting a military coup. Pendatun could prove a greater political asset to the administration because of his strong support among Moslems in the southern Philippines and his possible willingness to allow political use of the army in the elections. Although he is considered generally pro-American, Pendatun's comments that he would work to improve American treatment of Philippine veterans and to reduce the size of the American military advisory group suggest that he would follow a strongly nationalist line if the administration adopts such a campaign theme)

(A general reshuffle would enable Garcia to remove several key targets of the corruption charges which have contributed to political frictions within the ruling Nacionalista party and to his own unpopularity. Cabinet changes may involve the secretaries of finance, commerce, and agriculture, who have been under congressional attack for alleged financial malpractices. The economic coordinator has already tendered his resignation under similar charges. The secretary of education is planning to retire, and nationalistic Secretary of Justice Barrera is scheduled for appointment to the Supreme Court in June.)

[redacted]

[redacted]

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## III. THE WEST

Revision of West Indian Base Agreement Sought

(Pressures are mounting for revision of the 1941 US-UK leased bases agreement regarding US facilities in the Caribbean. Principal facilities involved are the naval station at Chaguaramas, Trinidad, and guided-missile tracking stations at Antigua and St. Lucia.)

(Chief Minister Eric Williams of Trinidad, who has made a major issue of the base question, has proposed to the West Indies Federation government a revision conference attended by Trinidad, the federal government, the US, and Britain. While there is as yet little public concern over the presence of US bases, Williams' political influence is probably sufficient to force the federal government to support his request. Williams continues to want Chaguaramas for the federal capital and is dissatisfied with the US assurance that the military need for Chaguaramas will be reconsidered in about 1968.)

(The British Foreign Office, both to undercut Williams and to obtain federation good will for London, wants to arrange an early US-UK conference to agree on limited revisions for presentation to the federal government. The Foreign Office argues that by revising the agreement now with British assistance, the US will get better terms than by waiting until the federation becomes independent, probably in about five years, and that the US base position will be more secure if the federation subscribes to the leasing agreement. The Colonial Office favors different tactics to achieve the same result, arguing that the West Indians will make fewer demands if flattered by full participation from the start in a tripartite conference.)

(London insists that the US right to retain bases, including Chaguaramas, will not be questioned, and that it would suggest only minor revisions regarding customs and jurisdiction within base areas, for example. London might also suggest that the US should offer some concession such as an annual rent to the federation.)

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[Redacted]  
Cuba May Seek US Loans

(Prime Minister Fidel Castro, who begins a visit to Washington on 15 April, may seek substantial US financial aid as well as a larger share of the US sugar market. Cuba's economic outlook has been growing steadily worse during recent weeks, and the extremely low price of sugar on the world market threatens to reduce the national income this year. Sugar normally accounts for about 25 percent of Cuba's income.)

(Felipe Pazos, president of the Cuban National Bank, advised the US Embassy in Havana on 8 April that the unfavorable world sugar market and increasing unemployment in Cuba had caused the bank to reverse its attitude toward foreign financial assistance. The bank was unable to reach agreement with an International Monetary Fund team which visited Cuba in March in connection with a proposed \$25,000,000 credit. Pazos, who will accompany Castro to the United States, favors resumption of aid talks, and has suggested the possibility of discussing a balance-of-payments loan and several long-term loans for agricultural and development projects. [Redacted])

Pazos reportedly expressed pessimism concerning Cuba's future under the Castro regime,

(Several other observers of Cuban developments have recently voiced similar pessimism. Serafino Romualdi, AFL-CIO representative to the Inter-American Regional Labor Organization (ORIT), reported on 8 April that ORIT has concluded that the Castro government is opening the doors to Communism in Cuba.) [Redacted]

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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

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**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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The Secretary of the Navy

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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

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