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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

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No
USSR-VOA: The selective relaxation for the first time of Soviet jamming of VOA broadcasts beamed to the USSR is designed to support Moscow's campaign for "peaceful coexistence" during the Khrushchev visit to the United States. Moscow employed similar tactics with respect to BBC broadcasts beamed to the Soviet Union during the Khrushchev-Bulganin visit to Great Britain in 1956. The Soviet leaders then offered to allow two half hours of unjammed program material per week and also suggested the possibility of exchanging material for rebroadcast. Khrushchev may put forth similar proposals during his visit.

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II. ASIA-AFRICA

H/C
Algeria: Rebel leaders are meeting in Tunis to draft a formal reply to De Gaulle's 16-September proposals. Tunisian President Bourguiba is reported to believe the offer is inadequate because it does not contain sufficient guarantees for free elections and fails to be a "serious proposition" because it does not take the Algerian Army of Liberation into account. However, Bourguiba will probably urge the

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(Algerians to avoid a blanket condemnation.) The rebels appear likely to attack De Gaulle's unwillingness to carry out negotiations, but may offer counterproposals. [redacted]

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OK
Laos: A Communist propaganda effort to undermine the position of the Phoui government is under way in Vientiane. Open approaches by Communists to newspaper correspondents demonstrate the ease with which such activities can be carried out in Laos. North Vietnam has broadcast a statement on behalf of the Laotian Communist party charging that the United Nations action "will not bring peace, but will lead to enlarged civil war in Laos and war in Indochina." [redacted]

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OK
Indonesia: President Sukarno's laudatory remarks about the Communist Party at a reception following its sixth national congress indicate his continuing cultivation of Communist support in implementing his "guided democracy" program and in preserving his political position. Sukarno said that the party had made contributions to the revolution and that the Indonesian Communists are fighters for independence and against imperialism. He said his ideal still is to set up a "cooperation cabinet," presumably meaning one that would include Communists. [redacted]
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H 10
Nepal: (Prime Minister Koirala, worried by the Sino-Indian border dispute, has asked whether the United States could arrange to supply Nepal through some neutral European source with a few aircraft capable of carrying troops, conducting reconnaissance missions, and expediting the movements of administrative personnel. Katmandu recently accepted several US aircraft for Nepal's small civil airline, turning down an earlier Soviet offer. King Mahendra has an IL-14 aircraft--a gift from the USSR--which is being flown by a Soviet crew while two Nepalese pilots are being trained in the Soviet Union.) [redacted]

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III. THE WEST

OK
Cyprus: Archbishop Makarios' recent disclosure of an extremist conspiracy against his "regime" and his refusal to meet extremist leader General Grivas in open debate on the Cyprus agreements have brought to the surface the sharp differences among the non-Communist Greeks on Cyprus. This split could lead to a struggle for power on Cyprus and give the Communists a situation they could exploit to increase their political influence.

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West Germany-UAR: The Bonn Foreign Ministry is apparently prepared to accept the establishment of an East German consulate in Cairo since the UAR has made an explicit statement denying that this implies diplomatic recognition. Bonn's standing policy has been that it would break diplomatic relations with any nonbloc country establishing such relations with East Germany. West Germany's extensive interests in the Middle East have evidently been the main factor in the present decision.

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OK
Finland-USSR: The Finnish-Soviet trade agreement for 1961-65 is now complete except in regard to crude oil. The USSR wants to supply all of Finland's crude requirements but the Finns do not expect that Moscow will jeopardize the entire agreement by insisting on this point. Finland may feel obliged to accept some Soviet "economic assistance" in connection with the long-standing offer of \$100,000,000 - \$125,000,000 credit in rubles which the USSR has suggested be discussed later this fall.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Algerian Rebels Discuss De Gaulle Proposals

The Algerian rebel "cabinet" has gathered in Tunis to draft a reply to De Gaulle's new program for Algeria. The rebels are expected to condemn most of the program, but may offer counter-proposals.

The atmosphere in Tunis is described as tense by the American Embassy, but President Bourguiba reportedly hopes the Algerians will avoid a blanket condemnation of De Gaulle's program. Bourguiba is said to regard the French proposals as a step forward even though insufficient. (He is reported to believe the offer is inadequate because it does not contain sufficient guarantees for free elections and fails to be a "serious proposition" because it does not take the Algerian Army of Liberation into account. At the same time, however, Bourguiba is said to be prepared to put maximum pressure on the Algerian rebels to react positively. He is expected to urge them to hold an informal round-table with other Algerian elements in order to work out a joint program. He has also invited Morocco to join in consultations with rebel leaders aimed at agreeing on a Maghrebian position.)

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The rebels will probably consider that De Gaulle recognized Algeria's "right to independence" but will attack his unwillingness to negotiate an end to the fighting and underscore the conditions which he has attached for Algerian independence.

Tunisia alone among the Arab states appears to accept De Gaulle's proposals as a possible step in the direction of an Algerian settlement. While most Arab states appear to be awaiting the Algerian statement before reacting officially, the government-controlled Cairo press has assailed the French program as exposing De Gaulle's "imperialist intentions," and the Moroccan radio has reacted critically.

Communist Agents Propagandizing Journalists in Laotian Capital

Several newspaper correspondents in Vientiane report being approached recently by "some young Laotians" peddling the line that the current rebellion in Laos is strictly an internal affair set off by elements opposed to the Phoui Sananikone government. A number of journalists have also received a letter from a "Lao citizen" attributing the crisis in Laos to the sabotage of the Geneva agreements by the royal government acting under American pressure. The letter claimed that the Communist partisans have developed into a genuine popular army determined in its struggle against the "despotic" Phoui government. Charges of North Vietnamese involvement were derided and doubt cast on the ability of the UN mission to stop "this murderous war." The letter concluded with a reiteration of the Communist prescription for resolution of the crisis--the reactivation of the International Control Commission for Laos.

The American Embassy in Vientiane believes the letter may forecast the general line the Communists hope to take in connection with the UN fact-finding subcommittee and may herald a flow of Neo Lao Hak Zat- or North Vietnam-inspired "citizen petitions," a normal Communist tactic. The embassy also finds in the open distribution of the letter to correspondents a disconcerting exhibition of the impunity with which the NLHZ operates in Vientiane.

On 17 September, Hanoi made public a statement attributed to a spokesman of the central committee of the NLHZ which declared that the UN decision on Laos would open the way for further US interference, enlarge the "civil war," and lead to war in Indochina. Recent suggestions that representatives of the UN investigative subcommittee remain for some time in Laos were also attacked. Although the NLHZ spokesman reiterated charges that the UN action is illegal, the statement concluded with the hope that the UN would "take positive measures to settle the Laos issue on the basis and within the framework" of the Geneva accords.

[Redacted]

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President Sukarno Praises Indonesian Communists

President Sukarno's remarks on 16 September at a reception given by the Indonesian Communist party at the close of its sixth national congress reflect his continuing cultivation of Communist support for the implementation of his concept of "guided democracy" and for the preservation of his own paramount political position. He reiterated his oft-repeated theme of national unity through cooperation and mutual help and stated his aim is still to form a "cooperation cabinet," an obvious allusion to Communist participation. He strongly implied that he would appoint Communists to the new legislature, as he has to top planning and advisory councils.

Sukarno noted that the Indonesian Communist party had advocated national unity in recent years, had supported his move to return to the 1945 constitution, and had made contributions to the revolution. He described the Indonesian Communists as fighters for independence and against imperialism.

Sukarno's laudatory remarks countered some of the effect of army restrictions which earlier had prevented the Communists from obtaining any significant publicity from the congress. Despite his current policy of giving his primary support to the army, Sukarno wants to retain Communist good will as a balance against his non-Communist critics. Since both he and the Communists derive their principal strength from the Javanese masses, Sukarno hesitates to challenge the party lest he lose some of this popular support.

The Communists similarly need Sukarno and have built their large electoral following in great part by identifying themselves with his policies. Although displeased with the present Sukarno-Djuanda cabinet, they have avoided direct criticism of Sukarno and have pledged to support the cabinet's program.

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Nepal Asks United States to Supply Planes to Help Defend
Tibetan Border

(Prime Minister Koirala of Nepal on 6 September asked the American chargé in Katmandu whether it would be possible for the United States to arrange for Nepal to acquire a few additional aircraft for defense purposes from some neutral source such as Switzerland or a Scandinavian country. Koirala indicated his concern over the Sino-Indian border dispute and the relative defenselessness of Nepal's border with Tibet. He desired some sort of small, high-altitude aircraft which could be used in civil aviation but could also carry troops, conduct reconnaissance missions, and speed the movements of administrative and government personnel.)

(Nepal now has a government-owned civil airline consisting of two aircraft, one of which it owns and one which it charters from India. Since the King's visit to Moscow in mid-1958, the USSR has pressed him to accept Soviet aircraft to re-equip this airline. Subsequently, however, the King decided to accept an American offer of three DC-3 planes and two smaller craft. For his personal use the King has an IL-14 plane presented to him by the Soviet Union. It is flown by a four-man Soviet crew; two Nepalese pilots are undergoing training in the USSR, presumably to learn how to fly this plane.)

(With the opening of a new Soviet embassy in Katmandu, expected momentarily, Soviet pressure for Nepal to accept additional economic aid from the USSR may be expected to increase.)

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III. THE WEST

Split Between Archbishop Makarios and General Grivas
Becomes More Pronounced

Recent events have emphasized the developing split in Greek Cypriot ranks and have brought into the open the dispute between Archbishop Makarios and former EOKA leader Grivas. Makarios launched the attack by disclosing details of an extremist right-wing conspiracy against the moderate Greek Cypriot leaders and linking Grivas and Bishop Kyprianos with the conspirators. The extremists apparently planned the arrest or assassination of several members of the transitional government. Kyprianos--a bitter rival of Makarios and uncompromising advocate of "enosis"--reportedly was to become leader of the Greek Cypriots.

General Grivas called the disclosures "fairy tales" and offered to meet Makarios in Greece for open discussion so that "peace and normal conditions" could be restored to Cyprus. Makarios' moderate reply indirectly rejected the proposed meeting, and the archbishop for the first time openly criticized Grivas for his "disruptive activities." Grivas answered that if the archbishop refused to meet him the Greek and Cypriot people would have to draw their own conclusions.

The increasing bitterness between the two factions, which apparently has had little adverse effect thus far on Makarios' support, may yet present the large and well-organized Communist party of Cyprus with a situation it can exploit. Spokesmen for the Communist party--technically still proscribed on Cyprus--are remaining in the background in the present controversy. The pro-Communist press in Greece, however, has recently become less critical of Grivas' statements and activities.

The extremist criticism of Makarios may force him to take a firm--possibly uncompromising--stand in his present difficult negotiations with the Turks and British or face the charge of a "sell-out" of Greek Cypriot interests.

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Bonn Apparently Acquiescing in Establishment of East German Consulate in UAR

The Bonn Foreign Ministry is apparently prepared to accept the establishment of an East German consulate in Cairo, in the light of an explicit UAR statement that this did not imply diplomatic recognition. Bonn had previously threatened to break off diplomatic relations with any nonbloc country extending recognition to East Germany. Although Bonn fears that other governments may follow the UAR example, West Germany's extensive economic interests have evidently outweighed this consideration with regard to the UAR itself.

Achievement of this degree of de facto recognition will be interpreted by the Ulbricht regime as a major step in its unceasing campaign to gain full recognition. The regime will use the UAR action as justification to increase pressure on other uncommitted countries for formal acknowledgment of East German trade missions as consulates or consulates general, probably concentrating on Iraq, India, and Indonesia.

[Redacted]

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Finnish Trade Relations With the USSR

Finland and the USSR have reached agreement on a long-term (1961-65) trade protocol except with regard to oil. The USSR wants to supply all of Finland's crude oil, while the Finns wish to limit imports from the Soviet Union to about two thirds of Finnish crude requirements. The Finns apparently feel that the USSR will not jeopardize the agreement by insisting on supplying all of Finland's crude oil. Finnish officials expect the agreement to be signed in late September or early October.

The Finns want to assure Moscow of their determination to maintain trade and economic ties with the USSR and the Soviet bloc. The USSR has informed Finland that it is ready to enter detailed discussions in late October or early November regarding a \$100,000,000 - \$125,000,000 Soviet credit in rubles simultaneous with the 1960 trade negotiations. The credit offer was originally made to President Kekkonen in May 1958 and was renewed in January 1959 following the replacement of the Fagerholm government, which the USSR distrusted. Despite their reluctance to become more dependent on the USSR economically, the Finns may feel obliged to accept some "economic assistance."

The unsigned five-year Soviet-Finnish trade agreement, as well as upcoming negotiations regarding the 1960 exchange of goods, provides the USSR with continuing opportunities for exerting quiet economic pressure on Finland during the coming months. Finland is considering some kind of affiliation with the projected Little Free Trade Area, provided such action does not antagonize the USSR. Moscow has not yet officially objected to Helsinki's participation but has warned against association with a group which the Russians consider would be under NATO domination.

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