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28 November 1958

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CENTRAL

INTELLIGENCE

BULLETIN

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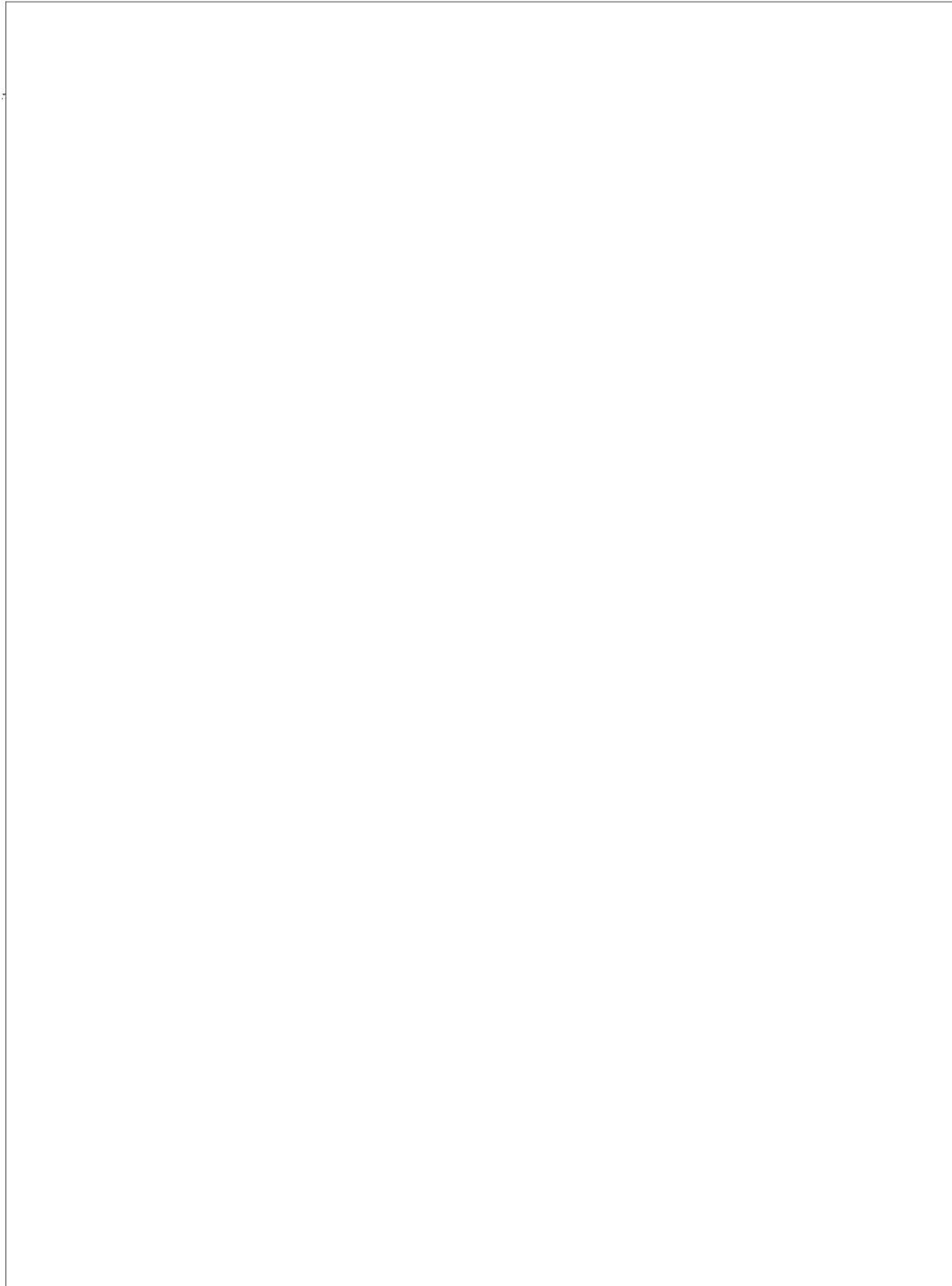
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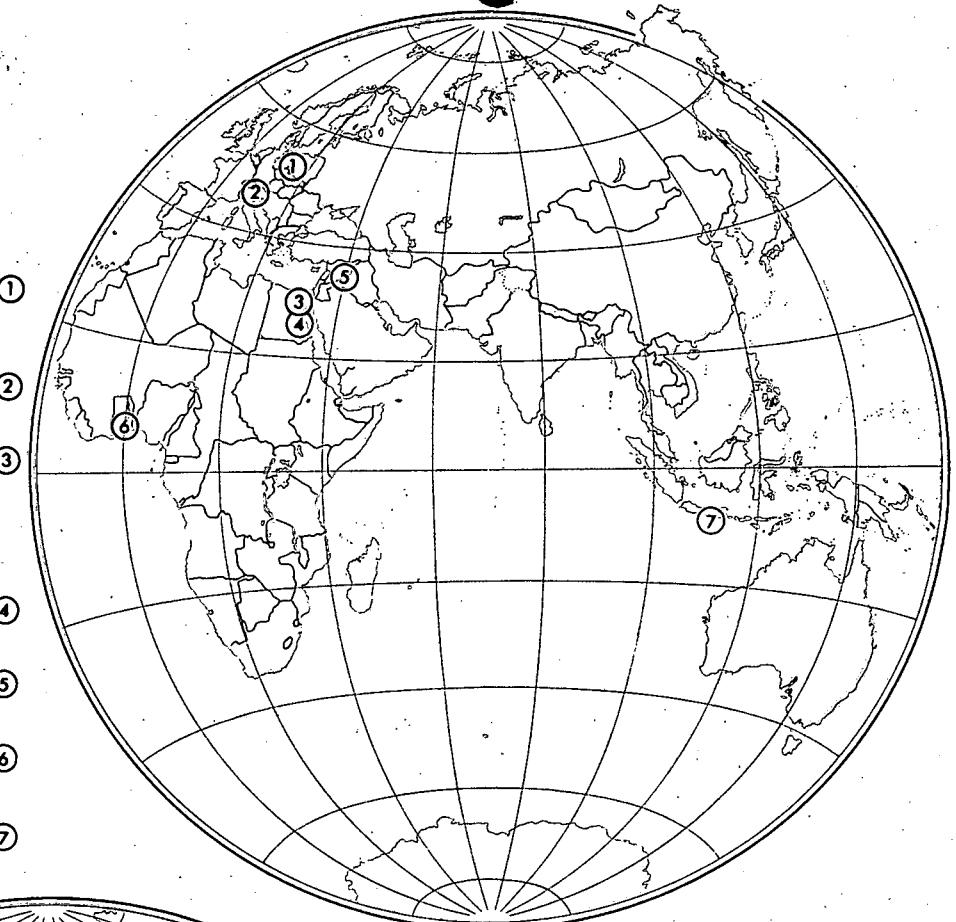
28 NOVEMBER 1958

I. THE COMMUNIST BLOC

USSR-Berlin - Soviet Union proposes making West Berlin a 'free city'; expects answer from West within six months or will go ahead on own.

USSR seeking to fix blame on West for any failure as Geneva talks enter final stage.

Additional Soviet arms arriving in Egypt.

**II. ASIA-AFRICA**

UAR reduces armed forces alert.

Syrian dissatisfaction deemed within UAR control.

Ghana may turn to bloc for economic aid.

Indonesia - Rumors circulate of possible coup against Nasution.

**III. THE WEST**

⑧ Uruguay - Governing party likely to suffer losses in general elections.

⑨ Mexico - Possible demonstrations against Dulles during visit for Mateos' inauguration on 1 December.

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CENTRAL INTELLIGENCE BULLETIN

28 November 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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*USSR-Berlin: The new Soviet proposal on Berlin uses Moscow's standard gambit of presenting an appearance of reasonableness and conciliation while requiring the West to abandon its basic positions. Unless the Western powers accept the Kremlin's concept of making a demilitarized "free city" of West Berlin, with access controlled by East Germany, Moscow will turn over all control to the East Germans without any agreement. East Berlin could presumably be formally absorbed by East Germany, perhaps immediately, under the Soviet proposal, and the East German regime would gain de facto recognition if the West accepted the proposal. The Kremlin probably believes that rejection of its ostensibly reasonable proposals for a six-months grace period and some form of UN supervision will place the three Western powers in the position of appearing to insist on continuing the military occupation of Berlin.

OK

USSR-Geneva talks: Moscow apparently believes that both Geneva conferences are entering the final stage and is maneuvering for the strongest possible position in the event of an early breakoff. Bloc delegates are seeking to establish a record which they hope will place the onus for any failure to reach agreement on the West. There have been no hints of any major changes in bloc proposals at either conference. (Page 2)

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No

USSR-UAR: Negotiations begun this summer for the supply of additional bloc arms to Egypt are still in progress in Moscow. In addition to jet fighter aircraft, Cairo is seeking naval equipment and probably a wide range of land armaments. Deliveries contracted for earlier in these negotiations are now under way, with at least three Soviet merchant ships scheduled to transport arms to Alexandria shortly.

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II. ASIA-AFRICA

No

UAR alert reduced: Cairo on 25 November called off the precautionary alert of UAR forces instituted in late October in anticipation of a crisis in Jordan. Units were instructed to revert to their previous state of readiness, with the exception of Egyptian forces in Sinai, which will remain on alert.

OK

Syria-Jordan: Reports of Syrian dissatisfaction with the UAR and of possible new difficulties for Cairo in the UAR's northern region are increasing. The disgruntled elements, however, appear to be primarily members of conservative groups. Current reforms are largely directed against their vested interests, and neither Nasir nor the Syrian Baathists have ever counted on their political support. Even if unrest develops to the point of open violence, UAR security measures appear adequate to maintain control in Syria.

OK

Ghana: Prime Minister Nkrumah has indicated that if he does not receive the assistance he desires from the West to implement the \$850,000,000 Volta River hydroelectric-aluminum project, upon which his regime is counting heavily, he will do "all possible" to get such assistance from "any source anywhere." A spokesman for Nkrumah said offers of technical assistance and machinery from Poland and Czechoslovakia are already being considered and that Nkrumah would be "reluctantly" receptive to major help from Moscow if it is not forthcoming from the West.

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~~TOP SECRET~~***Indonesia:**

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 a report is circulating in Djakarta that Army Vice Chief of Staff General Subroto and Deputy Prime Minister Hardi are going to carry out a coup against Army Chief of Staff General Nasution. This report is unconfirmed. Subroto and Hardi are primarily loyal to President Sukarno, who may have stimulated their plotting as a means of countering at some future date Nasution's growing influence.

III. THE WEST

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Uruguay: The Colorado party, which has dominated the government for almost a century, is likely to suffer severe losses in the 30 November general elections because of widespread discontent over economic conditions. The party's fear of losing control of the nine-man executive council as well as of Congress has led to talk of a preventive coup, but the party is probably willing to rely on its organizational ability and the advantages it expects to gain at the polls from its recent pro-labor measures. (Page 7)

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***Mexico:** Communist party leaders are planning demonstrations, which might involve violence, against Secretary Dulles during his visit to attend the inauguration of President Lopez Mateos on 1 December. Outgoing President Luis Cortines is said to be angered by reports of the plan and to have ordered strong preventive measures.

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

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 Special National Intelligence Estimate No. 85-58. The Situation in Cuba. 24 November 1958.

National Intelligence Estimate No. 76-58. The Outlook for the Horn of Africa. 12 November 1958.

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I. THE COMMUNIST BLOC

Soviet Proposal on Berlin

The Soviet proposal to convert West Berlin into a demilitarized "free city" guaranteed by the USSR, the UK, the United States, France, and the two German states is designed to place the USSR in a stronger position to proceed at the end of six months with its plans to transfer to East Germany its control over Allied access to West Berlin. Moscow probably believes that rejection of its proposal for a six-month grace period for negotiating a free-city status and for some form of UN supervision would place the Western powers in the position of appearing to insist on continuing the military occupation of Berlin.

By confining the proposal to West Berlin, the Kremlin has shown that it already considers East Berlin as East German territory. The Soviet proposal further states that both Germanies shall participate in "respecting" West Berlin as a free city, indicating that recognition of East Germany is an immediate Communist goal. The proposal assigns to East Germany the right to control access to the "free city" in return for West Berlin's guarantee that no "hostile, subversive activity" against East Germany will be tolerated in its territory.

By unilaterally nullifying the various agreements that form the basis for the Berlin occupation and by stating as an ultimatum to the West that the Soviet proposal must be accepted or "there will be nothing left to discuss on the Berlin question," the Kremlin is demonstrating its determination to bring about a change in the city's status. The proposal adds that if the Western powers do not accept within the six-month period, the East Germans will be empowered to control Allied access to Berlin, and the Soviet Union will refuse further contact with the Allies there.

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~~CONFIDENTIAL~~Soviet Bloc Delegates Prepare for Climax in Geneva Talks

The tactics of the Soviet bloc delegates at the Geneva conferences on nuclear tests and surprise attack suggest that Moscow, believing the talks are entering the final stage, is moving to place the onus for any failure to reach agreements on the West. There have been no hints of any major changes in bloc proposals at either conference.

In the conference on discontinuing nuclear tests, Soviet delegate Tsarapkin is directing his attack on what Moscow regards as the most vulnerable points in the Western position--year-by-year extension of any test suspension and conditioning test cessation on progress on other disarmament measures. He has sought an early showdown on the firmness of the Western position by insisting that the conference begin the actual drafting of a permanent cessation agreement. At the same time, he continues to reject Western requests for Soviet views on a control system, arguing that the USSR will not discuss controls until the West agrees to a permanent cessation of tests.

These tactics reflect Moscow's confidence that its demand for a permanent and unconditional test cessation will contrast favorably with the Western position, which would make the year-by-year extension of a test ban conditional not only on satisfactory progress in installing a control system but also on progress on other disarmament measures.

Bloc tactics in the surprise-attack talks have been concentrated on sharpening the contrast between the West's nonpolitical, technical approach and the bloc's thesis that surprise attack can best be eliminated by political agreements removing the causes. The bloc delegates charge that Western insistence on a technical approach is merely a device for evading agreement on "realistic" measures.

Soviet delegate Kuznetsov has specifically linked measures to prevent surprise attack with an agreement to ban nuclear weapons. This conforms to the standard Soviet position that any recommendations on surprise attack must be related to "definite steps in the sphere of disarmament." The chief American delegate feels that if the talks make no progress, Kuznetsov may soon move abruptly for a breakoff. [redacted]

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~~TOP SECRET~~Bloc Arms Shipments to the UAR

Moscow, resuming major arms shipments to Egypt, has scheduled at least three ships to transport military cargoes to Alexandria. These shipments constitute the first major delivery of bloc arms to the UAR since the large-scale supply of materiel to the Syrian region this past summer. Negotiations which Cairo began in Moscow early this summer are still going on, but the resumption of shipments indicates that final agreement must already have been reached on many items.

The Soviet Union apparently still is denying the UAR's request for late-model military aircraft--TU-16 medium jet bombers and MIG-19 jet fighters--but Cairo continues to press Moscow for additional jet aircraft and may have been able to effect some sort of a compromise, possibly involving YAK-25 twin-jet all-weather fighters. In addition to the jet aircraft, Cairo apparently is seeking more naval equipment, possibly including additional submarines and minesweepers. The bloc is expected to provide Egypt with a wide range of land armaments as well, including 50 T-54 medium tanks, field artillery, and radar-controlled antiaircraft artillery.

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II. ASIA-AFRICA

Developments in Syria

Reports of Syrian dissatisfaction with the UAR and of possible new difficulties for Cairo in the UAR's northern region are increasing. The most potent factors in the disaffection include implementation of Nasir's hastily promulgated land reform program, replacement of Syrian officials and military personnel by Egyptians, and the prospect of further economic dislocation. Discontent with the land reform law appears based in part on genuine inequities, such as failure to adjust acreage ceilings to compensate for varying land values. Although authorities at first appeared to be moving slowly in implementing the law, the regime has suddenly ordered immediate implementation of the law on properties of 25 prominent landowners. In all, about 3,100 landlords will be affected. Other Syrian groups affected by UAR social legislation have been tribal chiefs, employers, and businessmen.

The disgruntled elements, however, appear to be primarily members of now impotent conservative groups never counted on by Nasir or the Syrian Baathists for political support, and against whose vested interests current Arab reform movements are largely directed. A serious challenge to the regime in Syria appears possible only in the unlikely event that dissident conservative elements could obtain the army's support.

Reports of dissatisfaction in Syria have moved Jordan's Premier Rifai to advocate an attempt to encourage Syria to break away from the UAR, and to suggest that Syria could be induced to unite with Jordan under King Husayn. UAR security measures appear adequate to maintain control in Syria, however, even if disturbances should break out. Rifai's plans to promote unrest in Syria could react seriously against

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Jordan, and his proposal appears primarily a bid for additional Western financial assistance, since the prospect of rallying Syrian public opinion behind King Husayn is unrealistic. [redacted]

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~~TOP SECRET~~Nkrumah Pressing West for Volta Project Aid

Ghana's Prime Minister Nkrumah, [redacted]

[redacted] has indicated he will turn to the Soviet bloc for assistance in launching his ambitious Volta River hydro-electric and aluminum project if such assistance is not soon forthcoming from the West. Nkrumah's spokesman said that Nkrumah, while "most reluctant" to seek major aid in Moscow, nevertheless was hopeful that the USSR would assist him as it recently did Nasir if the West does not help, and added that Ghana is already considering offers of technical assistance and machinery from Czechoslovakia and Poland. The presence in Accra earlier this month of a Czech trade delegation tends to substantiate Nkrumah's claim to have received bloc "offers" along the lines indicated. At least at this stage, however, it appears unlikely that any such "offers" were specifically related to the Volta scheme, with which Moscow has so far avoided any involvement.

The Nkrumah regime is deeply committed politically to the Volta project--which has been estimated as an \$850,000,000 investment--and appears to be becoming increasingly anxious to demonstrate some tangible progress. Earlier this year the United States indicated its willingness to help finance the scheme's projected 600,000-kw. power installation provided private capital could be found to build and operate a smelter. So far, however, this condition has not been met, although one American aluminum company has evinced a serious interest in the project. [redacted]

[redacted] Nkrumah is planning a visit to the USSR next spring. He may be planning to raise the Volta question at that time if firm Western commitments are still lacking. [redacted]

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III. THE WEST

Tension Over Uruguayan General Elections of 30 November

Widespread discontent over economic conditions could cost Uruguay's ruling Colorado party its slim congressional majority in the general elections scheduled for 30 November and possibly its control of the nine-man executive,



In view of Uruguay's tradition of orderly elections, however, such action seems unlikely. Instead, the party may be banking on the strength of its entrenched organization and on new support at the polls deriving from recent prolabor moves. Early this month, government action, which included financial aid, finally made it possible for worker cooperatives to reopen two formerly American-owned meat-packing plants which shut down nearly a year ago.

Whatever the outcome of the contest for the executive, prospects are that no one party will control the Congress. All four opposition parties, including the Communists, are expected to gain seats at the expense of the Colorados, with the result that the new congress may be virtually paralyzed until some interparty agreement permitting working control can be reached.

Two constitutional referenda, both calling for a change from the council form of government to the presidential system, are expected to fail by a narrow margin.

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