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CENTRAL INTELLIGENCE BULLETIN



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19 OCTOBER 1959

I. THE COMMUNIST BLOC

Peiping trying to patch up relations with some Asian neighbors; invective against US continues.

II. ASIA-AFRICA

Ceylon exploring ways to reduce economic ties with Peiping.

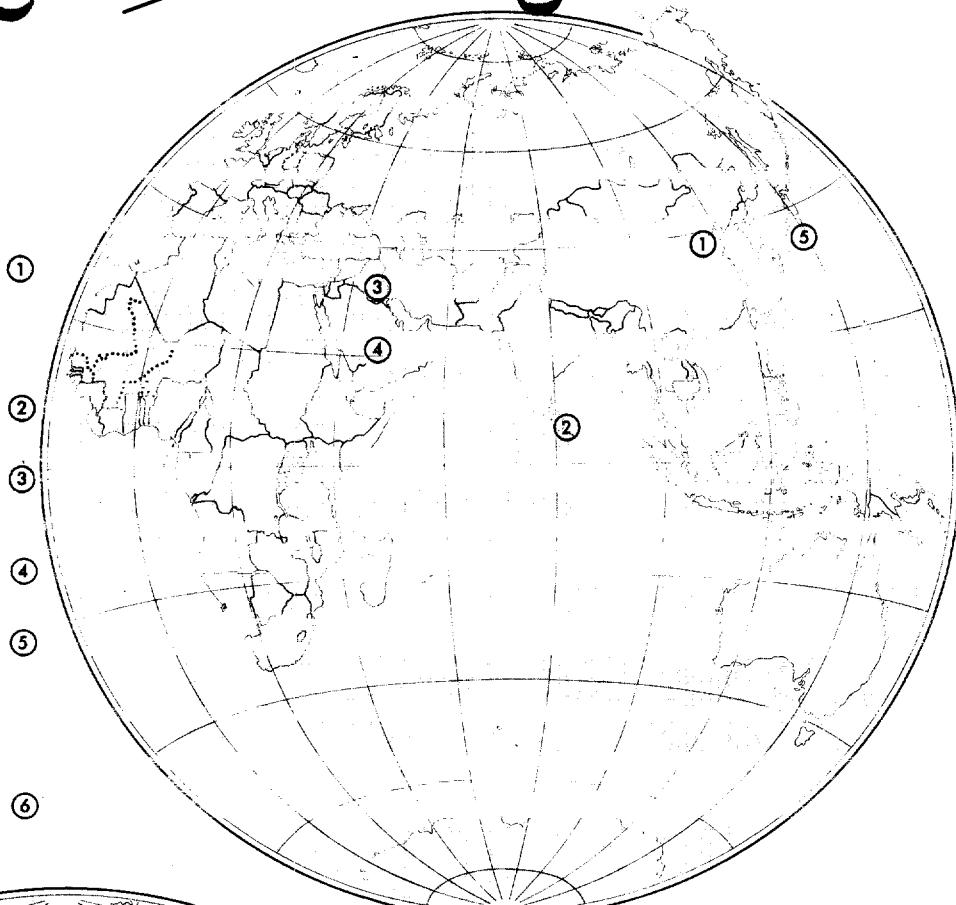
Iraqis see Baathists involved in attempt on Qasim's life.

Saudi Arabia--Dispute between Saud and Faysal over governmental powers continues.

Japan--Right-wing faction decides to withdraw from Socialist party.

III. THE WEST

Guatemala--Demonstrations planned by opposing political groups for 20 October may lead to serious violence. ⑥

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CENTRAL INTELLIGENCE BULLETIN

19 October 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Communist China: While continuing their propaganda invective against the United States, the Chinese Communists are trying to refurbish their reputation in neighboring Asian neutral states. Peiping's Foreign Minister Chen Yi told a visiting Burmese delegation on 17 October that China "wanted to exist in peace with all its neighbors and with all the countries of the world." The Chinese made an earlier overture to the Burmese on 25 September, when the Chinese ambassador in Rangoon assured the Burmese premier that China accepted Burma's definition of the border with reservations only about a few small areas. On 6 October, Premier Chou En-lai sent Nehru a message which termed the Sino-Indian border issue a mere episode in an "age-old friendship."

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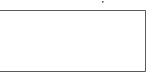


II. ASIA-AFRICA

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delicate last*

Ceylon - Communist China: Several top government officials in Colombo are seeking ways to reduce Ceylon's economic ties with Communist China. Colombo has long been dissatisfied with the terms of its rice-rubber barter agreement with Peiping. The minister of trade now has suggested that the United States furnish the \$3,000,000 in aid which the Chinese are providing for Ceylon's rubber replanting program. He feels this step would pave the way for Colombo to abrogate the entire rice-rubber pact. A recent contract to buy rice from Burma has improved Ceylon's position as far as its food requirements are concerned, thereby lessening its dependence on Chinese supplies.

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Iraq: Finance Minister Hadid has informed the British ambassador in Baghdad that the Baathists were involved in the attempt on Qasim's life, "perhaps with the connivance of Nasir." [redacted], which reports the arrest of a former editor [redacted]

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of the Baathist newspaper, tends to support Hadid's remarks. Iraqi security measures remain strict. Authorities fear the Communists will demonstrate against their opponents when Qasim leaves the hospital in the next few days, [redacted]

[redacted] UAR intelligence in Baghdad has advised antiregime elements not to carry out any "follow-up action" until a more opportune time. [redacted]

N Saudi Arabia: The dispute between King Saud and Crown Prince Faysal over governmental powers continues. Saud, who is seeking to reassert his authority, says that he will act as prime minister during Faysal's planned absence for medical treatment in Europe. Faysal insists that one of the princes assume the post, and he delayed his departure. Some informed Saudis believe Faysal may resign as prime minister. However, since the royal princes probably backed Faysal, some temporary compromise was apparently reached. [redacted]

UK Japan: The Japanese Socialist party's right-wing faction, headed by Suehiro Nishio, has decided to secede from the party and to form a "truly democratic socialist party." The secession, while not yet official, is based on Nishio's opposition to the party's increasingly pro-Communist orientation and domination by left-wing labor unions. Nishio apparently is supported by about 30 of the 249 Socialist Diet members, and he must attract considerably more Socialist Diet members to form an effective new party. The Socialist split may have a divisive effect on Prime Minister Kishi's Liberal-Democratic party, which was formed in 1955 to counter the merger of the Left and Right Socialists. Kishi may thus have additional difficulty in holding his party in line on important issues, including revision of the US-Japanese security treaty and relations with Communist China. [redacted]

III. THE WEST

No Guatemala: [Serious disturbances may occur on 20 October, anniversary of the 1944 revolution that initiated a decade of leftist rule in Guatemala. Extreme leftists are planning a massive parade, while an anti-government rightist faction is reported to be]

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[preparing for counterdemonstrations and riots of sufficient violence to cause the overthrow of President Ydigoras. The rightists' boasts of US support for their coup plans are apparently being accepted as fact by many key Guatemalans, including the President.] (Page 3)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Renews Overtures to Asian Neutral Neighbors

Communist China's Foreign Minister Chen Yi told a visiting Burmese delegation on 17 October that China "wanted to exist in peace with all its neighbors and with all the countries of the world." Chen declared that China's economic programs required "a peaceful environment and continued relaxation of the world situation."

The foreign minister's remarks, which contained the specific assurance that China was particularly interested in peaceful relations with bordering countries, suggest that Peiping intends to follow up its recent overtures to these countries in an effort to refurbish its international reputation. On 6 October Premier Chou En-lai sent Nehru a message which termed the Sino-Indian border issue a mere episode in an "age-old friendship."

[On 25 September, the Chinese ambassador in Rangoon assured the Burmese premier that China accepted Burma's definition of the border, with reservations only about a few areas. Since part of Burma's border claim is based on the McMahon line, which China refuses to accept as its border with India, Peiping may be trying to make the Burmese feel they are being granted something denied the Indians and to induce them to resume border negotiations. Last spring, the Burmese premier, disgusted with Communist delaying tactics, submitted a package proposal as Burma's "final offer!"]

The Chinese continue their propaganda invective against the United States, which is charged with "armed occupation" of Taiwan and with deliberate measures to create new international tensions.

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II. ASIA-AFRICAMajor Reduction of Sino-Ceylonese Economic Ties Possible

[Ceylonese Minister of Commerce and Trade R. G. Senanayake and Governor General Goonetilleke apparently advocate terminating Ceylon's rice-rubber barter agreement with Communist China provided Ceylon can secure financial support for its rubber-development program in lieu of the \$15,000,000 Chinese grant which accompanies the five-year barter agreement. Senanayake has asked whether the United States would furnish \$3,000,000 in aid to cover expenditures made in advance of receiving the first installment of Peiping's grant. Whether new Prime Minister Dahanayake and other cabinet and government members favor such action is uncertain, but economic factors rather than Dahanayake's professed anti-Communist views are likely to determine any government decision on the matter.]

[During the past two years Colombo has grown dissatisfied with the conditions attached to Chinese Communist aid and with the terms of the rice-rubber contract. The economic benefits Ceylon once derived from the agreement, first negotiated in 1952 and renewed in 1957, have since been virtually nullified by rising rubber prices and abundant world rice supplies. During protracted negotiations with Peiping on the 1959 rice-rubber protocol, Colombo bargained hard for more favorable terms but was unwilling to relinquish the agreement, partially because of concurrent difficulties in concluding a satisfactory 1959 rice agreement with Burma. However, Colombo and Rangoon on 25 September signed a four-year trade pact effective in 1960 under which Ceylon will purchase at reduced prices 300,000 tons of rice annually--100,000 tons more than under its 1959 contract. It therefore is in a better position to cancel its contract with Communist China than at any previous time.]

[Ceylon has been attempting to reduce the price of the 80,000 tons of Communist Chinese rice still to be shipped under the 1959 contract,

the Ceylonese Government intends to cancel shipment of this amount if Peiping maintains the contract price. This does not necessarily indicate that the government has decided yet to terminate the entire agreement, however.]

[a Ceylonese delegation would leave for Communist China on 22 October for a week of negotiations on the 1960 rice-rubber protocol provided the Chinese officials agreed.]

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III. THE WEST

Political Violence May Be Imminent in Guatemala

{Guatemalan President Ydígoras is facing the most serious crisis of his 19-month-old administration, which has been characterized by an almost total absence of positive accomplishment and leadership. Harassed by rapidly growing leftist forces and subversive plotting by rightist factions, he has tried by divide-and-rule tactics to maintain his tenuous hold on power. He now appears to be losing control, and various political factions, as well as groups in the politically important armed forces, are maneuvering in anticipation of what they apparently regard as the President's inevitable downfall. US Ambassador Mallory sees a strong possibility of serious violence in the very near future.}

{Communist-influenced leftists are planning a massive parade on 20 October, anniversary of the 1944 revolution that initiated a decade of leftist rule in Guatemala, and a rightist faction is reported to be preparing for counterdemonstrations and riots of sufficient violence to cause Ydígoras' ouster.}

(The rightist Nationalist Democratic Movement (MDN), discredited remnant of the political machine of the late President Castillo Armas, is in the forefront of the plotting and is believed responsible for the more than 30 terrorist bombings in the capital since last July. Its boasts that it has US backing for its coup plans are apparently being successfully used to recruit army officers to the MDN cause. President Ydígoras, who has long suspected US opposition to him, revealed his firm conviction in a conversation with the ambassador on 14 October that American "groups" are supporting his enemies.)

{Ambassador Mallory believes that, whatever the consequences of an outbreak of violence, US interests would inevitably be adversely affected.}

{A rightist coup would be certain to arouse strong popular opposition and would tend to unify opposing leftist forces which would then become even more susceptible to Communist control.}

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Director, National Aeronautics and Space Administration

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The Secretary of the Treasury

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

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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 Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

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