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4 May 1959

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CENTRAL INTELLIGENCE BULLETIN

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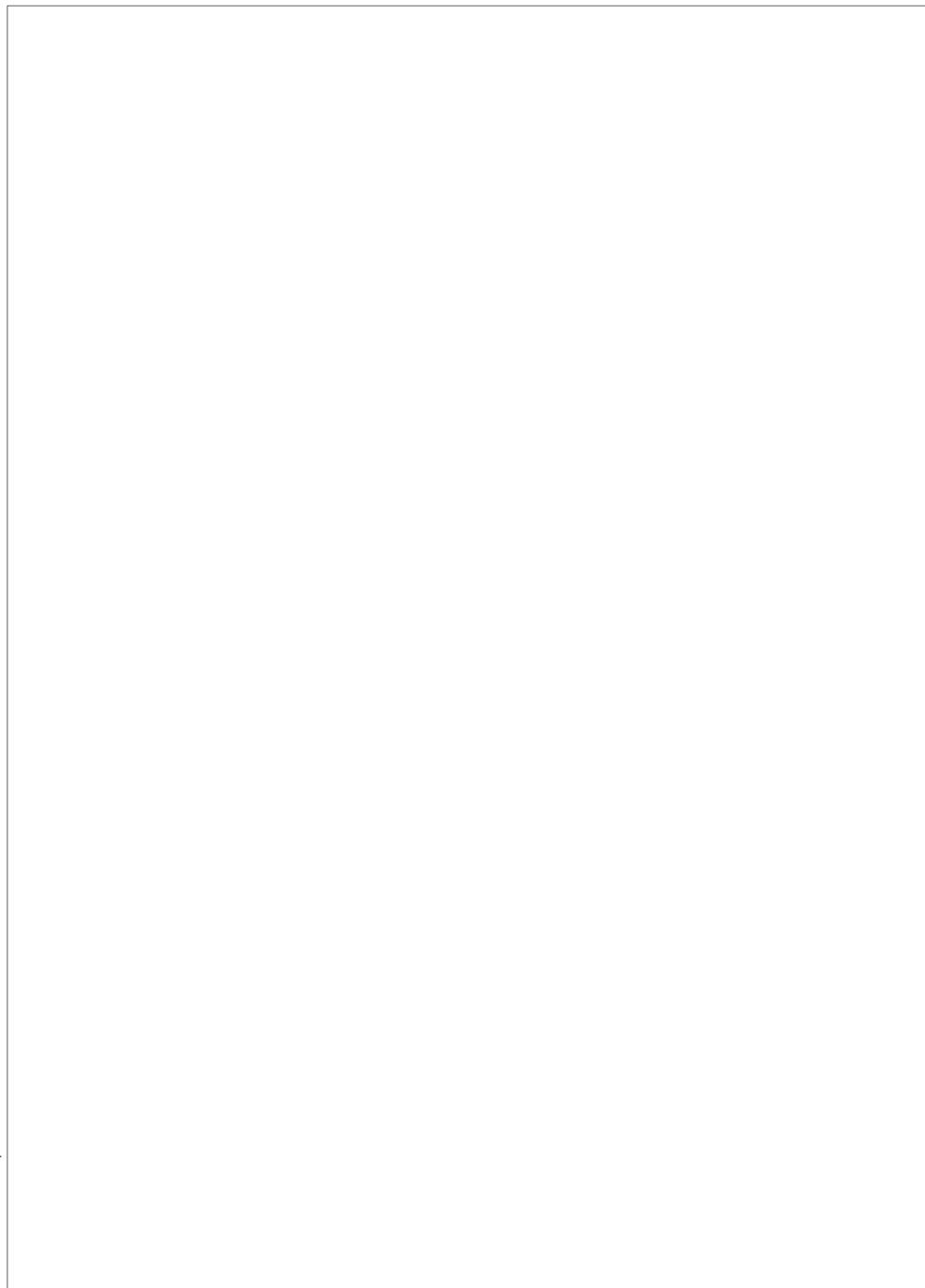
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4 MAY 1959

I. THE COMMUNIST BLOC

Khrushchev tells Montgomery the USSR will not rush into peace treaty with East Germany.

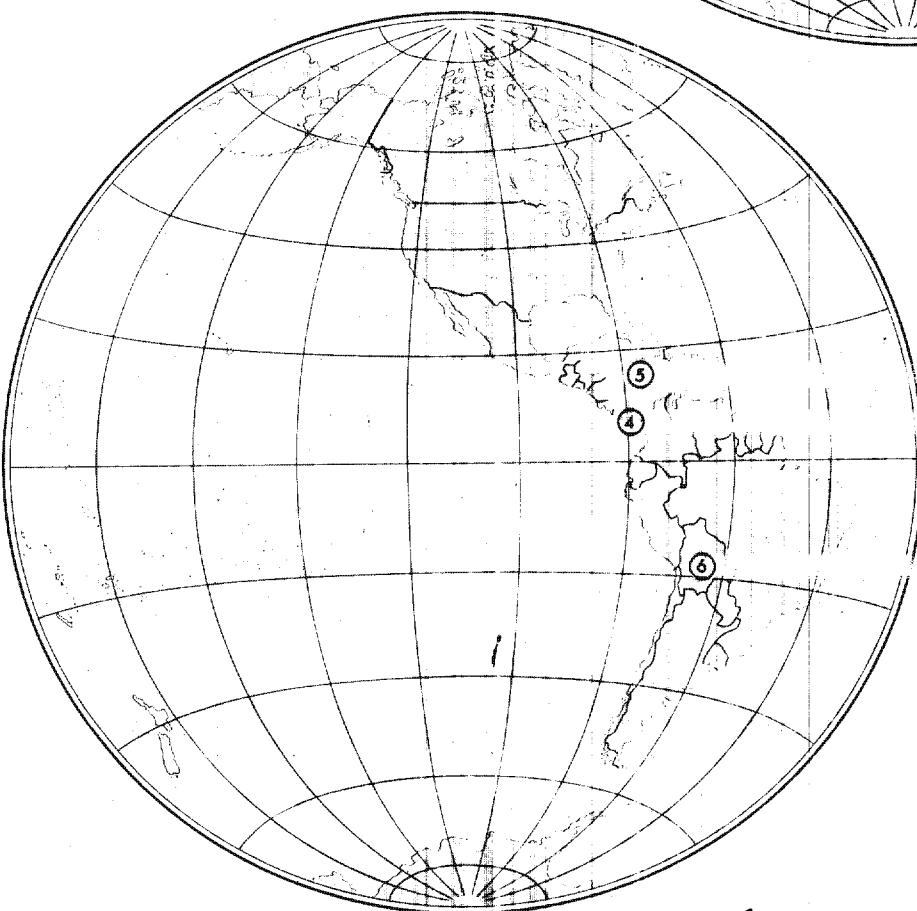
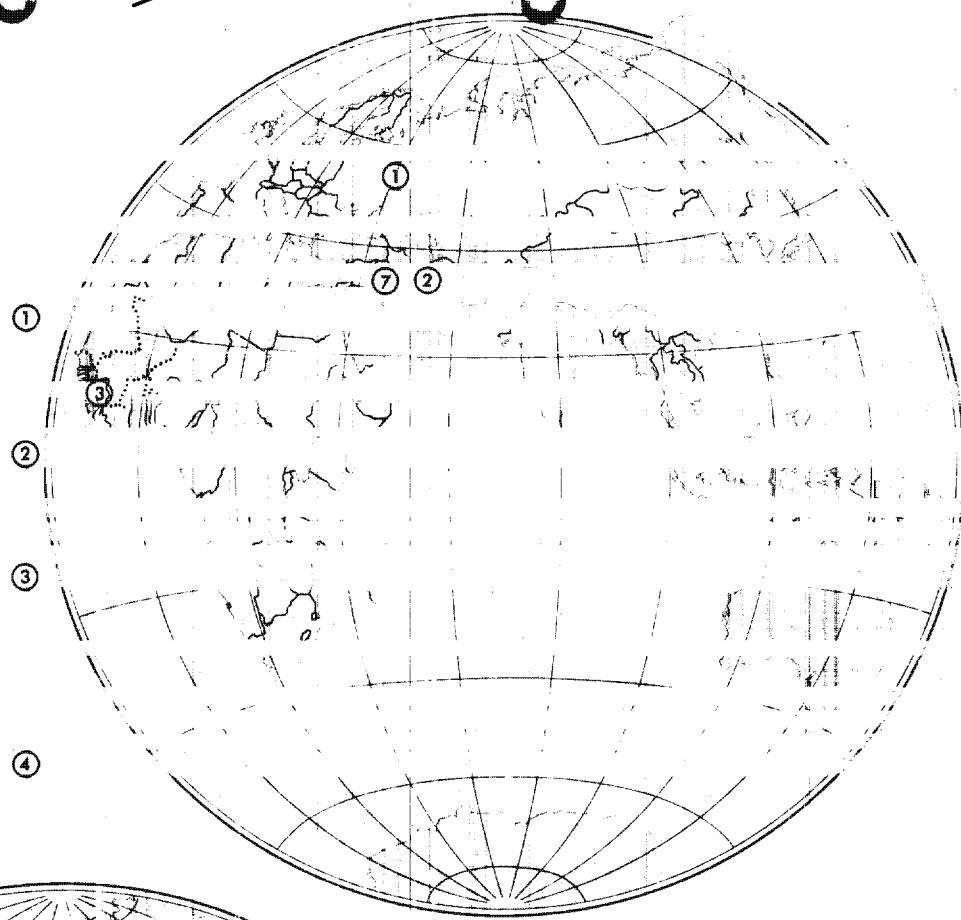
II. ASIA-AFRICA

Soviet-Iranian propaganda battle continues unabated.

Joint Guinea-Ghana proposal calling for union of independent African states is gesture aimed at enhancing prestige of Touré and Nkrumah.

III. THE WEST

OAS action in Panama may reduce invasion threats in Caribbean, but Panamanian Government still faces domestic tensions.



(5) Britain continues to press for revision of 1961 agreement on Caribbean bases.

(6) Bolivia faces new financial crisis; anti-American actions possible.

LATE ITEM

(7) Security forces in northeastern Iraq meeting continued resistance from dissident Kurds.

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CENTRAL INTELLIGENCE BULLETIN

4 May 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

D/K

Khrushchev-Germany: In Field Marshal Montgomery's first interview with Khrushchev on 29 April, the Soviet premier insisted on the need to settle immediately the "ripe" questions of a German peace treaty and the Berlin problem. He categorically stated that if the West would not agree to a peace treaty with the two German states, the Soviet Union would conclude a separate treaty with East Germany. He added, "If this would lead to war, then the Soviet Union will accept its destiny." Montgomery replied that in such an event, "the West would not flinch."

In their second meeting, on 30 April, Khrushchev said he believed Montgomery's arguments against precipitate action on a separate peace treaty to be correct, and he implied that the USSR would not rush matters on this issue. Khrushchev's attitude is in line with the USSR's efforts to demonstrate its desire to exhaust every possibility for a negotiated settlement of the Berlin and German peace treaty issues.

(Page 1)

II. ASIA-AFRICA

W/O

Iran: [] the Shah of Iran may request additional military aid and security guarantees during his 5-7 May visit to the United Kingdom.] []

Meanwhile, the intensive Soviet propaganda campaign against the Shah continues.

[] Tehran informed its ambassador in Moscow on 1 May that it is "very difficult" to tone down propaganda in the face of continuing Soviet attacks.

[] Iran was anxious to stop the propaganda exchange, provided the USSR would reciprocate.

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Ghana-Guinea: The joint declaration on 1 May by Prime Minister Nkrumah of Ghana and Guinea's President Sekou Touré proposing a "union" of independent African states appears to be essentially another propaganda move designed to enhance the prestige of these two West African leaders. The scheme may receive nominal endorsement from some other African leaders, but any new association of African states is unlikely to involve any surrender of sovereignty. The more limited "union" of Ghana and Guinea, projected with much fanfare last November by Nkrumah and Touré, has so far failed to acquire any substance.

III. THE WEST

OK
Panama: Prompt and effective action by the OAS to remove the threat to the Panamanian Government posed by some 85 invaders from Cuba has probably reduced the danger of further expeditions against other countries of the Caribbean area. Their surrender, however, has only temporarily strengthened the government of President de la Guardia, which will continue to be weakened by domestic political rivalries.

(Page 3)

OK
Britain - West Indies Federation: The British are continuing to press for revision of the 1941 US-UK agreement concerning US bases in the Caribbean. London's position is that an offer to negotiate now would undermine the extreme position of Trinidad's Chief Minister Eric Williams and prevent anti-American pressure from reaching serious proportions.

(Page 4)

OK
*Change date in
1st P to
by 5 May
of the latest*
Bolivia: The National Bank of Washington has refused to honor Bolivian Central Bank checks until further notice because Bolivia continues to overdraw its account. As a result, financial panic could occur in Bolivia within a day or two, and the increased tension could lead to new outbreaks of anti-American violence.

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LATE ITEM

*Iraq:

that the campaign begun by security forces last week to restore the government's authority over dissident Kurdish tribesmen in northeastern Iraq is meeting considerable resistance.

the tribesmen are using machine guns, mortars, and hand grenades in their attacks; it is alleged in some cases that "foreign soldiers" and tribesmen from Turkey and Iran are involved. The UAR, which is giving the disorders heavy propaganda play, may try to intensify border troubles in northwestern Iraq, using Shammar tribesmen who have been armed and partially trained by UAR personnel.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Field Marshal Montgomery's Interview with Khrushchev

Field Marshal Montgomery stated at a private dinner in Moscow on 30 April that, in his conversation with Khrushchev the previous day, the Soviet premier had strongly reasserted the need to settle immediately the "ripe" questions of a peace treaty with Germany and the Berlin problem. Khrushchev particularly emphasized that if the West would not agree to a peace treaty, the Soviet Union would conclude a separate treaty with East Germany. He added, "If this would lead to war, then the Soviet Union will accept its destiny."

Montgomery stressed that if war resulted from this dangerous situation created by the USSR, "the West would not flinch." He urged Khrushchev to postpone precipitate action on a separate peace treaty and concentrate on a negotiated settlement of Berlin's status, but the Soviet premier was adamant. He added that, at any rate, he would have to "consult his government" on Montgomery's suggestions.

During his second interview with Montgomery, on 30 April, Khrushchev said he had come to the conclusion that Montgomery was correct, and he implied that he would not rush the conclusion of a separate peace treaty with East Germany. He again firmly maintained the necessity of solving the Berlin question.

The Soviet leader may hope that by attempting to convince Montgomery that his visit has caused the USSR to moderate its course, he will strengthen the conviction held in some Western circles, notably in Britain, that there are good chances for successful negotiations with the USSR on the heads-of-government level.

To Montgomery's question regarding possible Soviet fears of Communist China with its increasing industrialization and growing population, Khrushchev stressed the common aims and interests of the USSR and China and remarked that the two countries were "back to back."

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II. ASIA-AFRICA

Shah May Seek British Security Guarantees to Counter Soviet Threat

[The Shah of Iran, faced with an intensive subversive propaganda campaign from the USSR, may, during his visit to London this week, request increased British military aid and security guarantees, [redacted] The Shah will be in London from 5 to 7 May, after which he will visit Denmark, the Netherlands, and possibly France and Switzerland.]

[Iran is already receiving some military aid and training from the UK, mostly through the Baghdad Pact alignment, but Tehran apparently now feels the necessity of stronger bilateral guarantees from the British. Britain's most significant contribution to Iranian defense is the radar network, currently under construction and scheduled for operation in early 1960, along the Iranian-Soviet border. The British have offered to give qualified Iranian military personnel training in such fields as communications, engineering, gunnery, photographic intelligence, and staff operations.]

Meanwhile, Tehran is showing increased concern over Soviet propaganda efforts aimed primarily at undermining the Shah by inciting tribal and popular unrest.

[redacted]
if Soviet "offensive propaganda and indecent publications continue," the Iranian Government will be forced to take counteraction in accordance with the "general sentiments" of the Iranian people. Iranian radio and press comment hostile to the USSR was toned down considerably for several days during the latter part of April in the hope that Moscow would reciprocate.

[redacted] A press report on 2 May of an interview with the Shah, however, notes that Tehran remains willing to negotiate with the USSR if the Russians do not pose unacceptable conditions.

British assurances during the Shah's forthcoming visit would be important in encouraging him to stand firm despite threats or enticements from the USSR and the increased threat of a Communist take-over in neighboring Iraq.

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III. THE WEST

The Situation in Panama

The surrender on 1 May, under the auspices of the special committee of the Organization of American States, of the 85 invaders from Cuba who had landed in Panama on the night of 24-25 April has removed a serious threat to the government of President Ernesto de la Guardia. The OAS-sponsored coastal patrol, composed of aircraft and US and Colombian surface vessels, continues on the alert for another boatload of revolutionaries rumored to have left Cuba on 28 April. Guatemalan President Ydigoras, fearing that this ship may have been diverted there, has alerted his armed forces for possible landings.

The Panamanian Government continues to be basically weak, however, as evidenced by the virtual panic which the landing of only 85 to 90 men caused among members of the ruling oligarchy, who evidently feared that the invasion might spark a drastic social upheaval. The lower classes in Panama, on the other hand, were apathetic. Knowing that Roberto Arias, a member of a prominent and wealthy Panamanian family, was a leader of the attempt, they evidently felt this was simply another instance of the continual maneuvering for power and spoils among factions of the oligarchy. These factional maneuverings are likely to continue after a brief respite. The unpopular National Guard may have lost prestige by its obvious reluctance, if not its inability, to take action against the invaders.

The prompt and effective OAS action has probably reduced the danger of further expeditions against other countries of the Caribbean area, such as Nicaragua, the Dominican Republic, and Haiti. [redacted]

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British Urge Revision of West Indies Bases Agreement with US

The British are urging that the United States agree to their 15 April proposal for a revision of the 1941 US-UK agreement concerning US facilities in the Caribbean, notably the naval station at Chaguaramas, Trinidad, and guided-missile tracking stations at Antigua and St. Lucia. The British claim they are "sitting on a powder keg watching the fuse burn down," and that local pressures might mount dangerously if nothing is done.

Chief Minister Eric Williams of Trinidad, who has been making an issue of the question of base rights, has not yet obtained a reply from the West Indies Federation Government to his request for a revision conference in which he wants to participate. The British argue that by taking the initiative and offering to revise the agreement with the Federation Government, the extreme demands expected from Williams can be undercut. They state that since Williams may become the next federal prime minister, the US can get better terms by revising now than by waiting until the federation becomes independent, probably within three to five years.

[The British appear to be overstating the situation, however, in an effort to gain credit with the federation. Although there is some feeling in Trinidad against the presence of US bases, the US consul general in Jamaica--the most important unit in the federation--sees no noticeable pressure for the release of base areas and does not anticipate any in the immediate future.]

[As examples of the type of minor revision they have in mind, the British have suggested modifying customs provisions, giving up unneeded areas, and paying for use of local airfields. They may also suggest an annual rent.]

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Financial Panic Threatens in Bolivia

The National Bank of Washington has refused to honor checks drawn on the Bolivian Central Bank until further notice. As a result, financial panic could occur within a day or two, according to the representative of the International Monetary Fund in Bolivia.

The National Bank is said to have honored a number of Bolivian overdrafts in April, but La Paz apparently has been unable to make deposits covering them. Bolivia has had an increasing deficit in dollars for several months and has depended on such expedients as the time lag between the writing and cashing of a check to prevent its checks from "bouncing."

The president of the Bolivian Central Bank recommended suspension of dollar sales in Bolivia on 24 April, but both President Siles and his minister of government opposed taking such serious action while still faced with political repercussions from the rightist revolutionary attempt of 19 April and from the continuing effort to cut the government subsidy in the tin-mine commissaries.

Financial panic is likely to generate new political tensions which may be reflected in outbursts of violence against the United States for its virtually complete suspension of economic aid during the past two months. It will also cause a run on the banks and a sharp renewal of the inflationary spiral which Bolivia has kept under control since the US-backed stabilization program began in December 1956.

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LATE ITEMDissident Iraqi Tribal Elements Continue Resistance

The Iraqi Army's show of force in the Kurdish mountain country near Iraq's frontier with Iran and Turkey appears to have provoked tribal resistance to such an extent that in some instances the position of isolated security posts has been described as "critical."

tribal attacks were still being carried out against scattered police posts in the area northeast of the town of Erbil, although it had been reported that resistance in the northernmost portion of the area was overcome on 1 May. The army operation, which began about 27 April, involves one brigade.

The strength of the tribal forces involved is not known, (but the 700-800 Kurdish refugees who obtained asylum in southern Turkey last week allegedly left behind 1,500 able-bodied fighting men) They are attacking the police posts probably to capture additional arms.

the tribes are using hit-and-run tactics.

firing two-inch mortar shells,

"bombs" suspended from their belts, and

the attack was being pressed with machine guns and hand grenades.

"foreign soldiers" were "believed" to be among the dissidents and that the "rebels" were being reinforced with Turkish and Iranian tribesmen will strengthen Baghdad's belief that these troubles are a result of foreign intervention. [Prime Minister Qasim last week voiced to Ambassador Jernegan his suspicion that the United States, as well as Turkey and Iran, was involved in these activities.]

There is as yet no evidence that the fighting in northeastern Iraq has been coordinated with any new effort by the dissident Shammar tribal elements, armed and encouraged by the UAR, along Iraq's northwestern frontier with Syria. The UAR began on 3 May to give heavy propaganda play to the Kurdish trouble, however, and Cairo and Damascus may seek quickly to develop new operations by the Shammar.

an intertribal clash involving the Shammar and the normally loyal Yazidi, probably in the area north of Mosul.

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Director of the Budget

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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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Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

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