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# CENTRAL INTELLIGENCE BULLETIN



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12 December 1958

**I. THE COMMUNIST BLOC**

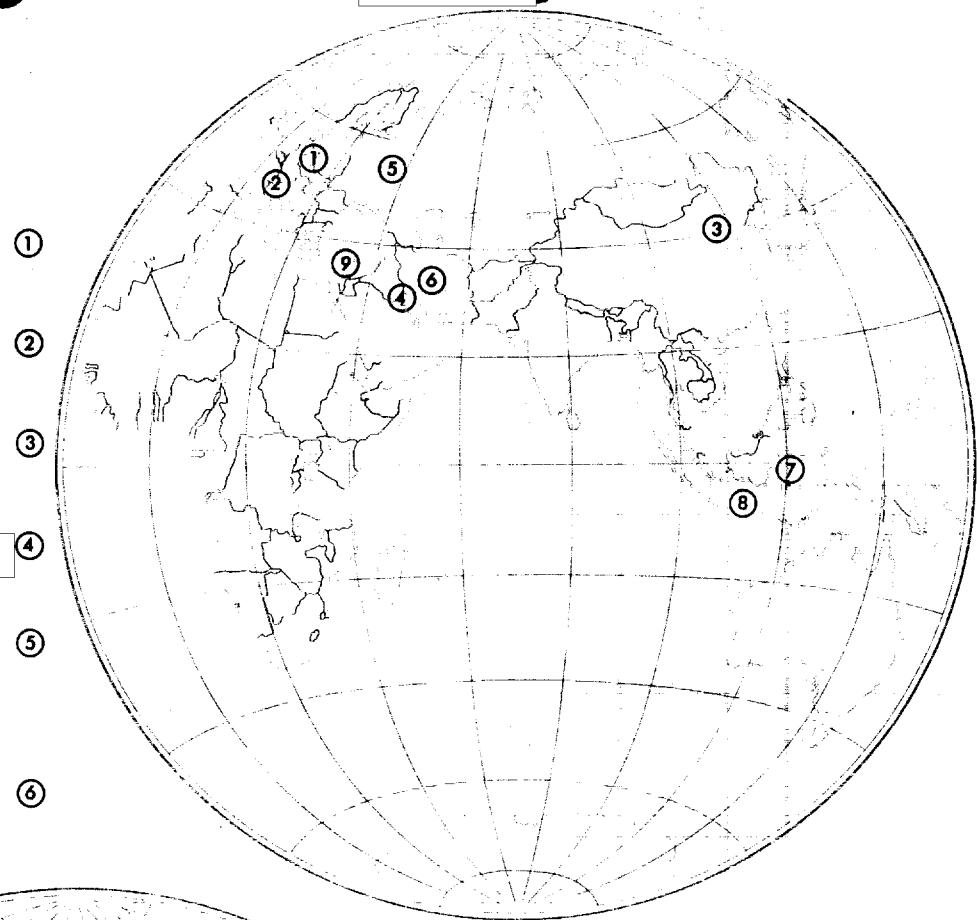
USSR again hints it may turn over Berlin access controls to East Germany at any time.

Soviet delegate suggests adjournment of surprise-attack talks next week.

Mao Tse-tung to relinquish government post; will continue as party head.

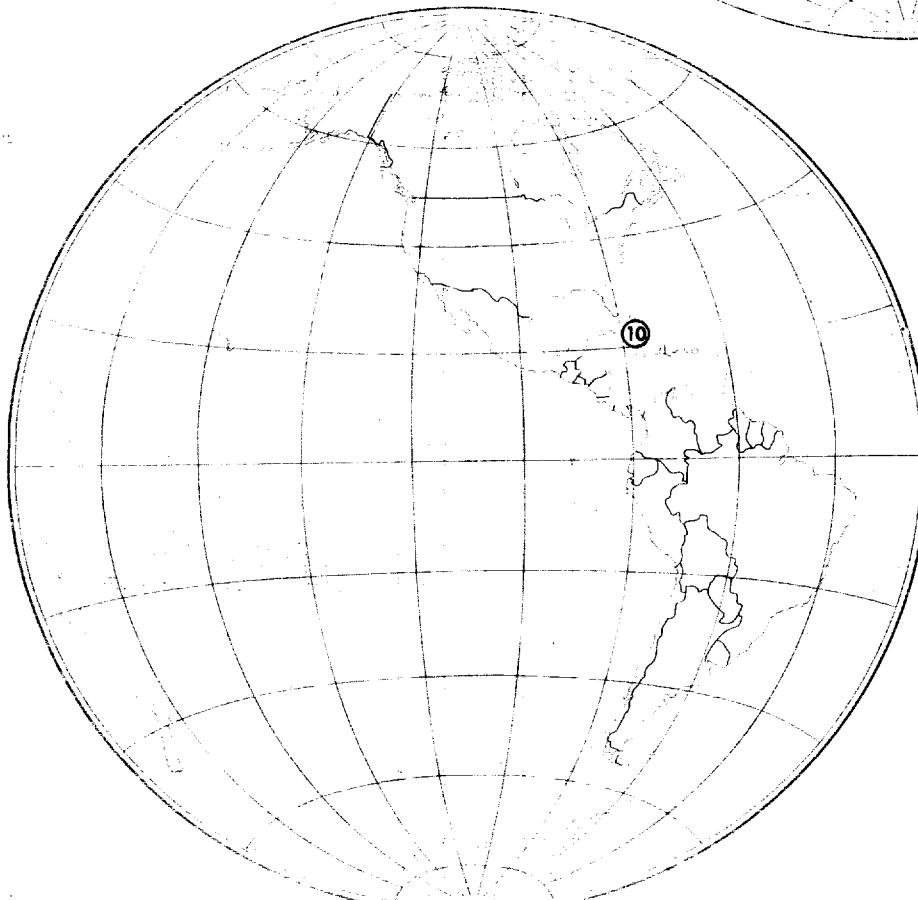
Two Soviet ships, presumably carrying more arms for Iraq, due at Basra soon.

Soviet officials says USSR plans to market large quantity of petroleum in Western Europe.

**II. ASIA-AFRICA**

Iranians apprehensive over Iraq; some elements favor intervention.

(6)



- (7) Chinese Nationalists resume shipping materiel to Indonesian dissidents.
- (8) Contest between Indonesian Army and political parties for government control remains unresolved.
- (9) Greek and Turkish foreign ministers agree to hold secret talks about Cyprus.

**III. THE WEST**

- (10) Cuba - Some of Batista's friends urging him to step down in favor of a junta; he is resisting suggestion.

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## CENTRAL INTELLIGENCE BULLETIN

12 December 1958  
*SIRAB*

## DAILY BRIEF

## I. THE COMMUNIST BLOC

*NO*

\*Berlin: On the eve of the NATO ministerial meetings in Paris to discuss the Berlin question, Moscow, in a TASS statement on 11 December, hinted that the USSR now is interested in a summit meeting on broader subjects, but not German reunification unless the two Germanies participate. The statement also implied again that if the Western powers continue to be negative toward the proposal for a free Berlin the USSR might at any time turn over all controls of access to the East Germans.

(Page 1)

USSR--surprise attack talks: Soviet delegate Kuznetsov in a private conversation with US delegate Foster stated that he is prepared for adjournment of the Geneva talks on 17 or 18 December since Moscow believes further discussions at this time would not be helpful. He suggested that the final communique should be "objective" with neither side blaming the other.

*OK*

\*Communist China: Mao Tse-tung, at his own wish, will relinquish his post as chairman of the Chinese Communist Government but will continue to head the party,

In giving up his government post--which in itself carries no great constitutional authority--Mao may be seeking to reduce his ceremonial obligations without impairing his real power which resides in the party. The timing of this reported decision coincides with the expiration of Mao's four-year term as chairman.

(Page 2)

USSR-Iraq: Two Soviet cargo ships, presumably carrying arms, will arrive in Basra shortly. The Pskov is in the Persian Gulf, less than a day out, and the Ismail probably will arrive at Basra a few days later.

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NO

USSR - Western Europe: The Soviet commercial attaché in The Hague has told a director of Royal Dutch Shell that Moscow plans to market a large quantity of petroleum products in Western Europe. The attaché indicated that if Western companies did not agree to market the oil, the USSR would cut prices and undersell them.

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## II. ASIA-AFRICA

NO

Iran-Iraq: There is increasing apprehension and nervousness in Iran over the Iraqi situation. Government officials believe Iraq is rapidly going Communist and is hostile to Iran. Certain elements in Iran are considering some form of intervention.

(Page 4)

OK

Nationalist China - Indonesia: The Chinese Nationalists have resumed shipment of materiel to the Indonesian dissidents. Some 700,000 rounds of small-arms ammunition, other supplies, and a large sum of counterfeit currency are en route to Indonesia. The guerrilla capabilities of the dissidents, who still control substantial portions of the hinterland in Sumatra and the North Celebes, have been severely handicapped by a lack of ammunition.

(Page 5)

OK

Indonesia: Preliminary reports of the 5 December meeting of President Sukarno and key cabinet members suggest that it fell far short of satisfying army hopes for a greatly increased governmental role. Premier Djuanda's recent assurances to Parliament on the restriction of military authority may be a further indication that army chief Nasution has encountered stiffening opposition from civilian political leaders. However, the participants in the 5 December meeting apparently postponed most major policy decisions.

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No

Cyprus: As a result of talks between the foreign ministers of Greece and Turkey at the United Nations--the first time the major disputants have met privately--the two countries have tentatively agreed to hold secret discussions aimed at resolving differences over Cyprus.

### III. THE WEST

\*Cuba: Sensitive reports just received from Havana indicate that certain of Batista's friends have urged him to make way for a junta, either military, civilian, or a combination of the two, which might pave the way for a peaceful solution of the situation. These friends suggest that he enlist to this end the business and civilian elements, as well as the military, throughout the country who are becoming sick and tired of the civil war.

So far Batista has resisted these efforts, pointing out that he has a constitutional responsibility to serve out his term and a moral responsibility to turn the government over to Rivero Aguero, who, he still insists, though few would agree with him, honestly won the elections.

Apparently Batista is further influenced in his view by his estimate that if he steps down the army will disintegrate and carnage will follow in the wake of a Castro victory. He also fears he would be branded a coward and a traitor if he were to run out on his friends. He apparently also believes--again few share his belief--that Rivero Aguero, once inaugurated, would be able to call for a constituent assembly and possibly arrange with the opposition to participate in restoring peace. While he frankly admits he would be happy to take his family and leave in February, he conceives that he has an overriding responsibility to the country, the army, and the people who have supported him.

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## I. THE COMMUNIST BLOC

### New Soviet Statement on Berlin

The Kremlin, in a TASS statement of 11 December, attempted again to sow confusion in Western ranks and divide the Allies on the eve of the Paris NATO meeting on the Berlin problem by stating that the USSR "supports the idea of a meeting between heads of states . . . on outstanding international problems. . ." Specifically excluding German reunification as a topic for such a meeting unless the two Germanies participated, TASS flailed the West for its prostration in presenting constructive proposals or accepting Soviet suggestions for settling the Berlin problem. The statement repeated most of the assertions of the 27 November proposals and again threatened the West with the full might of the Warsaw Pact armies if attempts are made to assert access rights with force. It implied that access control and other rights in Berlin will be transferred to the East Germans, possibly before the end of the six months grace period, unless the West responded favorably to Soviet proposals.

The statement follows an intensive period of efforts to exploit what the Kremlin sees as Western differences on Berlin by a variety of planted reports, some designed to undermine confidence in the United States. Some of these reports have taken the form of allegations that secret US-Soviet negotiations for a summit conference have been in progress for some time. They link the six-month period with alleged concessions made in Secretary Dulles' press conference of 26 November. Newspaper and political circles in Bonn claim such stories have been emanating from the Soviet Embassy recently, and Mayor Brandt asserts that he heard similar reports from friends in the Scandinavian diplomatic services who were in contact with Soviet and bloc diplomats.

Moscow has also been probing for Western reactions to its proposals on Berlin. Most recently, a TASS official in Bonn tried to elicit indications of Western plans from an American correspondent. He asserted that future Soviet steps would be determined by the nature of the Western reaction and hinted that the 27 November note was intended to raise issues far broader than the Berlin question.

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Mao Tse-tung Reportedly to Relinquish Government Post

In giving up his government post--which in itself carries no great constitutional authority--Mao may be seeking to reduce his ceremonial obligations without impairing his real power which resides in the party. During the past several years, Mao has relinquished much of the day-to-day operation of the regime to his lieutenants and has even apparently made provision for his eventual retirement from the party by creating the post of "honorary" chairman of the central committee. He has, however, clearly remained the principal force behind the Chinese Communist program and continues to receive credit and adulation befitting his pre-eminence.

Under the terms of the Chinese Communist constitution, the post of chairman of the government is not a strong one. Its power depends primarily on the party position of the incumbent. Should Mao surrender the post, it would provide a convenient niche for an "elder statesmen" such as Chu Te, Mao's old comrade-in-arms, whom the regime might wish to endow with great honor but little power.

The National People's Congress is scheduled to meet in January 1959, at which time formal government elections will be held.

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## USSR Threatens to Undercut West European Oil Market

The Soviet commercial attaché in The Hague has warned a director of Royal Dutch Shell that the USSR will cut prices and undersell Western oil companies if they refuse to market a large quantity of oil which the USSR plans to sell in Western Europe. The USSR has no international oil marketing facilities of its own, and in its bilateral trade negotiations with European governments it has threatened that unless Western oil companies, which largely control the distribution of oil, are willing to handle Soviet products, the USSR will reduce purchases of surplus agricultural and consumer goods in Western Europe.

The Soviet threat to reduce purchases succeeded in Finland, where Western-owned refineries were forced to accept at least two thirds of their imports of crude oil from Soviet sources. By exercising similar pressure on Denmark, Moscow may also be able to force Western companies there to accept greatly increased amounts of Soviet oil.

While the USSR presumably could place large quantities of oil on the West European market at prices below those now prevailing, it would not be able to sustain such deliveries. It is now supplying about 5 percent of West European oil imports. By 1965 the USSR's estimated capability to export oil to the entire free world will be equal to about 10 percent of Western Europe's import requirements at that time.

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## II. ASIA-AFRICA

### Relations Between Iran and Iraq Deteriorating

Tehran's apprehension and nervousness regarding Iraq's basically unfriendly attitude is growing rapidly, and some Iranian extremists favor intervention, probably by subversive means. Goaded by hostile broadcasts from the Arabs and the Soviet bloc, and excited by the local press, the Iranian public and officials believe that Iraq is rapidly going Communist and is receiving substantial quantities of arms from the USSR.

Relations between the two countries, strained since the Iraqi coup last July, have steadily worsened. Tehran fears that Baghdad is fostering nationalist aspirations among Iran's approximately 500,000 Kurds and its 200,000 Arabs living near the Iranian-Iraqi border. Tehran has protested a number of Iraqi policies and the growing anti-Iranian propaganda in Iraqi publications. The subject of ownership and navigation of the Shatt-al-Arab River, which forms the border between the two countries near the Persian Gulf, has also become a major source of irritation.

Since the delivery of Soviet arms to Iraq, the Iranian Government has come to fear eventual overt aggression from Iraq, and has reiterated its demands for greatly increased US military aid. While Tehran is probably genuinely concerned regarding the dangers to its borders, it may be emphasizing them to American officials just now--while it is involved in its annual budget-making process--in an effort to obtain assistance in making up its deficits.

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Chinese Nationalists Resume Materiel Supply  
To Indonesian Dissidents

On 4 December, the Chinese Nationalists supplied an Indonesian dissident motor ship with a cargo which included 700,000 rounds of small-arms ammunition, 27,000,000 counterfeit Indonesian rupiahs, fuel, and uniforms. The ship is expected to go directly to North Celebes and may later proceed to Singapore with a portion of the materiel to be introduced into Sumatra.

The dissidents, who still control substantial parts of the hinterland in Sumatra and the North Celebes, have suffered from a serious shortage of ammunition which has hampered their guerrilla operations. Although this supply effort will not greatly relieve the dissidents' situation, it may foreshadow other shipments which ultimately could make the government's campaign considerably more difficult.

The Nationalists probably hope this action can be used to induce the Indonesian Government to cease its repressive acts against pro-Nationalist Chinese in Indonesia. The Nationalists have been rebuffed in attempts to negotiate this issue on a diplomatic level. George Yeh, Nationalist ambassador to the United States, reports he has been unable to "deal" with his Indonesian counterpart, Ambassador Mukarto Notowidigdo.

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## Indonesian Army Faces Opposition to Expanding Role in Government

Preliminary reports suggest that the 5 December meeting of President Sukarno and Indonesian cabinet leaders did not increase the army's role in government policy. No military leaders were present, and a decision on whether to extend martial law was postponed. While other major policy decisions on the implementation of Sukarno's "guided democracy" were deferred, one source reports that the meeting agreed on a cabinet reshuffle, probably in late January, with Foreign Minister Subandrio to replace Premier Djuanda. No reason for the cabinet changes was specified.

The conference reportedly decided to permit representation of "functional" groups as well as political parties in Parliament, but on an elected rather than appointed basis. This could indicate a setback to army chief Nasution's plan to expand army participation in government posts by appointing officers to seats in the legislature. Premier Djuanda's recent assurances to Parliament that restrictions on army authority would be maintained even under martial law may be a further indication that Nasution is encountering growing opposition from civilian political leaders.

Nasution may be expected to combat a concerted political effort to restrict the army to a nonpolicy role, but he would avoid risking open conflict with President Sukarno. A conference of army leaders chaired by Nasution, now in progress in Djakarta, presumably will discuss the consolidation of army gains to date and explore means of augmenting army authority. Nasution will probably shortly win approval of his recommendation to integrate the national police, or its mobile brigade, as an organic army unit.

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### III. THE WEST

#### Demoralization Spreading in Cuban Armed Forces

President Batista is concerned over possible disintegration of the Cuban armed forces. This concern is warranted in view of the increasing demoralization caused by hardships and military reverses in the campaign against the rebels in Oriente Province. Some army troops have been isolated for days without adequate supplies and reinforcements.

Casualties and defections have also lowered morale. Further discontent arises from lack of confidence in the military high command. Many of the more than 60 junior officers believed to have been involved in the "military conspiracy" of 27 November were charged with "cowardice" for refusing to fight.

The armed forces are also faced with a shortage of arms and ammunition, and the government reportedly is seeking through local intermediaries to purchase military equipment from such distant sources as Israel and Czechoslovakia. Previous shipments have been received from Nicaragua, the Dominican Republic, England, and Italy, but, with the exception of the Dominican Republic, none of these countries appears inclined to make further sales.

The rebels, apparently adequately armed and currently enjoying both a military and a psychological advantage, are now setting up their long-planned provisional government in

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Oriente Province. Manuel Urrutia, Fidel Castro's personal choice for president, arrived at rebel headquarters in the Sierra Maestra on 7 December. A rebel broadcast on 12 December called on "democratic countries" to recognize the belligerancy of the provisional government and declared that the rebels will not accept mediation, even from the Organization of American States. Even before this broadcast, the Bolivian foreign minister had suggested the possibility that the United States recognize the belligerent status of the rebel government.

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Executive Offices of the White House

Special Assistant for National Security Affairs

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

Special Adviser to the President

**The Treasury Department**

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

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

**The Department of Defense**

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

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

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

**The Department of the Interior**

The Secretary of the Interior

**Federal Bureau of Investigation**

The Director

**Atomic Energy Commission**

The Chairman

**National Security Agency**

The Director

**National Indications Center**

The Director

**United States Information Agency**

The Director

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