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CENTRAL INTELLIGENCE BULLETIN

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13 NOVEMBER 1959

I. THE COMMUNIST BLOC

USSR-Berlin--Comment on Soviet protests to Western powers over West Germany's proposed legislation for a new radio system.

Shah of Iran rejects Khrushchev's demand for additional guarantees.

II. ASIA-AFRICA

Moroccan premier again rejects five-year tenure for American air bases.

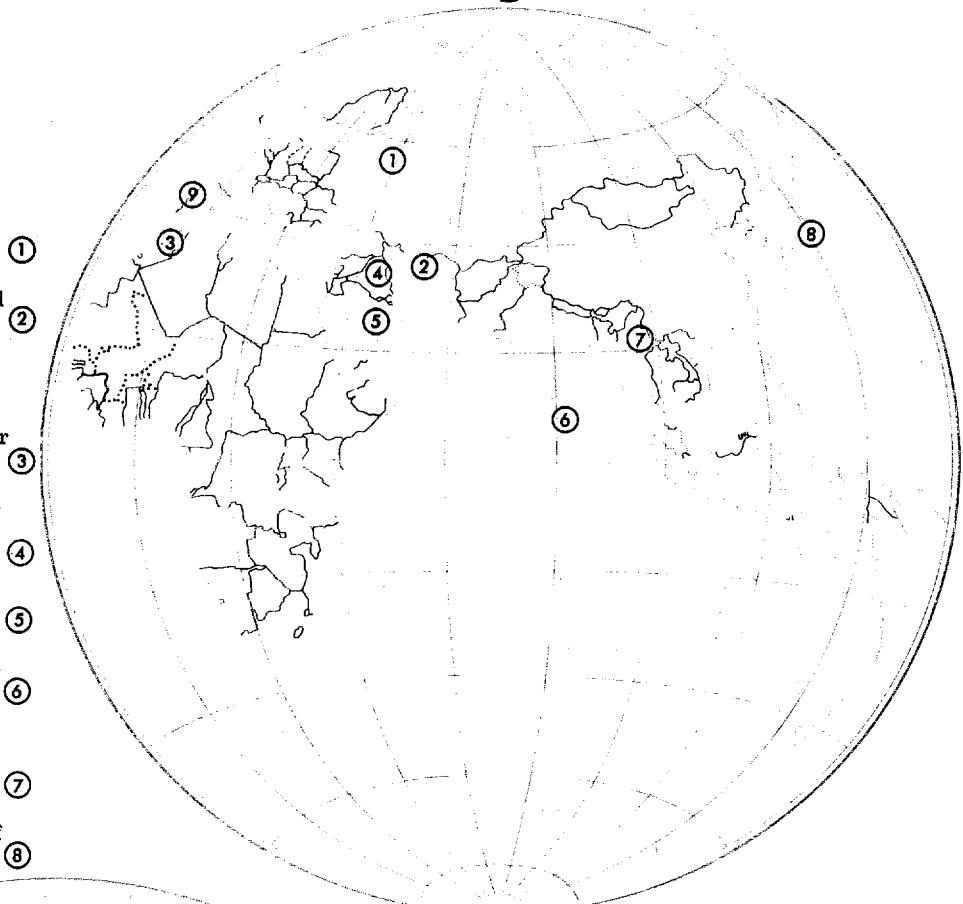
Nasir said to have approved plans for assassination of pro-Communist president of Iraqi People's Court.

Nasir visit to Saudi Arabia proposed.

Ceylon preparing to drop seven-year-old rice-rubber deal with Communist China.

Burma--Local elections show continuing popular support for political faction of former Premier U Nu.

Japan--Prospects improved for growth of anti-Communist labor movement.

**III. THE WEST**

⑨Portugal--Exiled leaders planning moves against Salazar regime.

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CENTRAL INTELLIGENCE BULLETIN

13 November 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR-Berlin: The Soviet notes of 11 November to the three Western powers protesting West German draft legislation of 30 September to create a new radio system, including a station in West Berlin, reflect Moscow's continuing sensitivity to any West German claims of jurisdiction in the city. The notes were apparently timed to focus attention on this issue when the West German upper house considers the legislation on 13 November. Moscow's action also suggests an attempt to probe Western willingness to restrain Bonn from actions which could be interpreted as violating the "improved international atmosphere." Moscow probably hopes to use this issue to further its effort to brand Bonn as the principal obstacle to an international detente.

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USSR-Iran: Khrushchev has demanded further concessions from Iran--in addition to the Shah's offer of 22 September to give a written guarantee that no foreign missile bases be permitted on Iranian territory--as the price of "normal" relations between Moscow and Tehran. According to the Shah, Soviet Ambassador Pegov informed him on 8 November that Khrushchev would accept the Shah's original offer if the Shah would attach a protocol promising that no foreign military bases of any kind would be established and that Iran would not be used as a "base of aggression" against the USSR. The Shah said he rejected both conditions flatly on the ground that neither "was subject to proper definition."

Tehran reportedly instructed its ambassador in Moscow on 9 November to suspend "negotiations"--presumably diplomatic approaches--until the USSR stops its propaganda attacks on the Shah.

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II. ASIA-AFRICA

H 10 Morocco: Premier Ibrahim on 10 November again rejected the proposed five-year tenure for the American air bases in Morocco and declined to make a counterproposal. [redacted]

(Page 3)

H 10 Iraq: The pro-Communist People's Court president, Col. Mahdawi, has been marked for assassination by UAR-supported elements in Iraq. [redacted]

H 10 Nasir has approved the carrying out of the assassination by Iraqi Baathists or by members of the Moslem Brotherhood. This report is not confirmed, but Mahdawi is Nasir's most vocal enemy in Iraq. [redacted]

H 10 Saudi Arabia - UAR: The UAR ambassador in Jidda [redacted]

was to meet King Saud on 11 November to arrange a date for a visit by Nasir to Saudi Arabia. Any such visit would probably precede Nasir's scheduled trip to India the latter part of January. The initiative for the Saudi Arabian visit probably came from the King, who spent several days in Egypt last September and may wish to use such exchanges to bolster his prestige at home. [redacted]

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in TPS* Ceylon - Communist China: Colombo appears to be moving closer to abrogation of the Sino-Ceylonese rice-rubber agreement, which has been operative since 1953. Governor General Goonetilleke on 10 November asked the American ambassador whether the United States would provide, under PL 480, enough rice during the next five years to offset the loss of Chinese supplies. Goonetilleke said that both the prime minister and the trade minister advocate canceling the agreement, and that the delegation sent to negotiate the 1960 rice-rubber protocol has been recalled from Peiping. [redacted] (Page 5)

O 12 Burma: The impressive showing of former Premier U Nu's political faction in the two municipal elections held under General Ne Win's regime indicates that Nu's popular following in urban areas has not waned. The wide margins of victory achieved

in the face of army preference for the opposing faction, as well as the latter's superior party organization, improves Nu's prospects for a political comeback in the national elections scheduled for early 1960. (The army is reviewing its plans for controlling the next government.) (Page 7)

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Japan: Prospects for the growth of a responsible anti-Communist labor movement in Japan, headed by the moderate Zenro labor federation, have improved following the recent split in the Socialist party. Elements from two key labor unions have withdrawn from the Communist-dominated Sohyo labor federation, and announced their support for the proposed Democratic Socialist party, which is backed by Zenro. The membership of Zenro at present is only one fourth that of Sohyo.

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III. THE WEST

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Portugal: According to Portuguese officials, opposition leaders in exile are accelerating coordinated plans for revolutionary activities. While their maneuvers are not likely to pose a serious threat to the Salazar regime at this time, Portuguese security authorities appear sufficiently concerned over the prime minister's safety to have increased his personal guard.

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I. THE COMMUNIST BLOC

Moscow Protests West German Plans to Create New Radio Station in West Berlin

The USSR's 11 November notes to the three Western powers protesting West German Government plans to create a new radio station in West Berlin reflect Moscow's continuing sensitivity to any implied assertion of West German legal jurisdiction in the city. The notes allege that the Geneva foreign ministers' conference "confirmed" that West Berlin has never been a part of West Germany and cited other examples of "illegal" West German interference in Berlin affairs. Soviet preoccupation with the legal relationship between Bonn and Berlin was also evident in Khrushchev's remark to Austrian President Schaerf on 13 October that he could envisage any solution of the Berlin problem except the absorption of West Berlin by West Germany.

The notes were apparently timed to focus attention on the issue when the West German upper house considers the legislation on 13 November. Moscow is also probably seeking to probe Western willingness to restrain Bonn from actions which would be open to interpretation by Moscow as violation of the "spirit of Camp David" atmosphere. Bonn is specifically charged with a "premeditated" attempt to interfere with the "successful conclusion of forthcoming negotiations."

The proposed establishment of a long-wave radio station in West Berlin is a part of a plan to establish some measure of federal control over radio and television facilities. According to the draft law, the new station, "Deutschland-Funk," would broadcast "to the whole of Germany." The proposal, approved on 30 September by the cabinet, has run into heavy opposition from the states, which now control broadcasting. Local observers feel the law may ultimately be passed, but only after protracted negotiations and perhaps a constitutional court test.

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Khrushchev Seeks Concessions from Iran

As the price for return to "normal" relations with Iran, Premier Khrushchev is seeking further concessions in addition to the Shah's offer of a written guarantee that no foreign missile bases would be permitted on Iranian territory. According to the Shah, Soviet Ambassador Pegov informed him on 8 November that Khrushchev was pleased with the offer, and would accept it if the Shah would extend the guarantee to include "foreign bases of any kind" and a promise that Iran would not be used as "a base for aggression" against the USSR. Acceptance of these conditions would, in effect, reconfirm the disputed articles of the 1921 Soviet-Iranian Treaty which authorized the USSR to send military forces into Iran under certain conditions.

The Shah, who wishes to secure the cessation of the bloc's propaganda attacks without damaging Iran's ties with the West, said he rejected Khrushchev's additional demands on the grounds that "neither is subject to proper definition." The offer of a guarantee against foreign missile bases, first made by the Shah to Pegov in September, was repeated by the Iranian ambassador to Khrushchev on 16 October, at which time the Soviet leader deferred action apparently in the expectation of drawing further concessions.

Direct attacks on the Shah by Radio Moscow ended in September, during the temporary relaxation of Soviet propaganda pressure, but official bloc propaganda against the Iranian regime has been resumed. The clandestine "National Voice of Iran" recently accused the Shah of plotting with Jordan, Turkey, and Pakistan against Iraq, and called for the overthrow of the Shah's "perfidious antinational government."

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II. ASIA-AFRICA

Moroccan Premier Again Rejects Proposed Tenure for American Bases

Moroccan Premier Abdullah Ibrahim on 10 November again rejected a US proposal that the five American air bases in Morocco be retained for another five years. He reiterated the argument he used in Washington last month that this period is too long. Ibrahim added that submission of this offer to his cabinet would create ill feeling without serving any useful purpose. He declined to make a counterproposal, but suggested that the United States might release the Boulhaut base as was tentatively proposed to King Mohamed V last summer.

The King reportedly stated that a calendar of evacuation might range from two to five years, depending on "the ability of the Moroccan armed forces to assume maintenance and control of the bases."

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King Saud Seeks Visit by Nasir

The UAR ambassador in Jidda was to meet with King Saud on 11 November to set a date for a visit by President Nasir,

Such a visit probably would precede Nasir's trip to India scheduled for the latter part of January.

The initiative probably comes from King Saud; hints from the King's aides to UAR officials reportedly paved the way for his meeting with Nasir in Cairo last September. Saud apparently remains suspicious of Nasir's intentions, but sees these visits as a vehicle for rebuilding his own prestige at home.

The King has never reconciled himself to the role of a royal figurehead while his brother Crown Prince Faysal, with the support of other senior princes, exercises the real authority. He particularly resents Faysal's control of the Saudi purse strings and measures to reduce royal expenditures. During Faysal's absence for medical treatment in Switzerland, the King has again been trying to line up support of tribal leaders and other influential elements for a move to reassert his authority.

he was making progress.

the King is unlikely to seek a showdown unless Faysal's illness incapacitates the crown prince or keeps him out of the country for a prolonged period. It now appears that the King will postpone any strong action; the Saudi deputy foreign minister informed the American ambassador on 8 November that Faysal plans to return by mid-November.

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Ceylon Moves Closer to Abrogation of Rubber-Rice Pact
With Peiping

Ceylonese officials appear increasingly inclined to abrogate Colombo's second five-year rice-rubber agreement with Peiping. The barter arrangement has been operative since January 1953, and the present agreement is effective through December 1962. Governor General Goonetilleke, Prime Minister Dahanayake, and the trade minister advocate such a move provided Ceylon can obtain from the United States the 160,000 tons of rice per year it would order during 1960 from Communist China. On 10 November, Goonetilleke asked the American ambassador whether such assistance could be assured under Public Law 480 for five years, or less if necessary. Ceylon presumably would require this much time to increase domestic production and to arrange steady rice imports from other sources.

Goonetilleke's request confirms previous indications that Colombo is cautiously seeking means to reduce its economic ties with Peiping. The trade minister's earlier request for American aid in lieu of Chinese Communist funds to finance a rubber re-planting program was also presented in the context of Colombo's wish to cancel the barter agreement, despite the fact that a Ceylonese delegation departed immediately afterward for Peiping to negotiate the 1960 rice-rubber protocol. The talks, however, are apparently deadlocked. Colombo has been offering to exchange only 17,000 tons of rubber for 160,000 tons of rice as against the respective minimums of 30,000 and 230,000 tons specified in the five-year contract.

[Redacted]
 Peiping fears that a reduced exchange would give other countries the impression that its relations with the Dahanayake government are not "friendly." Peiping has accordingly insisted that the level of Sino-Ceylonese trade be maintained or increased, and has requested that Colombo accept 250,000 tons of rice and [Redacted]

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stimulate local private rubber sales of 5,000 tons in addition to the 30,000 tons sold through the government.

While Colombo has remained adamant on reduced quantities and rice prices, it has also pointed out to its delegation in Peiping that Ceylon wishes to expand trade with China in other commodities, and that the island's rice requirements are likely to increase after 1960. Colombo presumably hopes to retain some Chinese Communist good will to fall back on in the event that plans to cancel the barter contract do not materialize.

Goonetilleke told the American ambassador that the Ceylonese delegation had been recalled from Peiping.

a breakdown of talks be avoided, and that if the impasse persists, the negotiations be "suspended" until early next year.

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Burmese Ex-Premier U Nu's Political Prospects Improved

Sweeping victories of U Nu's "Clean" Anti-Fascist People's Freedom League (AFPFL) in municipal elections on 10 September and 11 November have improved his prospects for a political comeback in the national elections now projected for early 1960. In the central Burma town of Pakokku, the "Clean" candidates won all 21 council seats despite the superior party organization of former Premier Ba Swe's "Stable" AFPFL faction and the known preference of army leaders for the Ba Swe group.

U Nu's personal appeal and political acumen appear to have combined to offset his record of maladministration following the 1958 split in the AFPFL. He has succeeded in portraying his forced resignation in September 1958 in favor of General Ne Win as an act of political self-sacrifice for the good of the country. Since then, leaving political campaigning primarily to his lieutenants, he has rebuilt his popular image as a selfless national and religious leader above partisan politics.

(Although General Ne Win is reported committed to national elections in early 1960, he is also convinced that army reforms and army influence in government must continue following the elections, and he is reportedly unsympathetic to U Nu. His army subordinates, particularly Colonel Maung Maung, are dissatisfied with the election prospects, predicting the return of dilatory and inefficient government under civilian politicians, and are seeking means of ensuring a satisfactory degree of behind-the-scenes control. In both the 1952 and 1956 elections army intervention played a crucial role in obtaining AFPFL victories.)

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Japanese Socialist Split Strengthens Labor Moderates

The faction led by Suehiro Nishio which withdrew from the Japanese Socialist party plans to form a new Democratic Socialist party in early 1960. This gives the moderate anti-Communist Zenro labor federation a long-sought political vehicle for competing with the large, extreme leftist Sohyo federation.

In the wake of the Socialist split, an estimated 10 percent of the 400,000 members in the National Railway Workers' Union and a smaller group in the Coal Miners' Union have announced their support of the Nishio group, which Zenro backs. These unions rank second and fifth in size, respectively, among Sohyo's component unions. Zenro, which has about 800,000 members but is less than one quarter as large as Sohyo, is increasing its efforts to attract members from unions which have maintained reluctant affiliation with Sohyo because of the latter's domination of the Socialist party, heretofore labor's only political voice.

Zenro's concentration on strictly labor objectives, its opposition to labor participation in leftist-sponsored "political struggles," and the relatively greater success of its member unions in gaining wage increases in important industries have received widespread press endorsement and may tend to attract new members.

Significant expansion of Zenro will depend on successful formation by Nishio of an effective political party.

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III. THE WEST

Exiles Reported Planning Overthrow of Salazar Regime

Fernando Queiroga, a former Portuguese Army officer exiled in 1946 for attempting a coup against the Salazar regime, is reportedly in Tangier recruiting volunteers for early guerrilla operations in Portugal and Spain.

[redacted] these operations are to include landings on the Portuguese coast from Morocco, where Queiroga hopes to locate a radio transmitter for communicating with supporters in Portugal. His movement is said to receive financial aid from sources in Venezuela.

The Portuguese security authorities believe Queiroga has established contact with dissident army officers in Portugal, including General Frederico Lopes da Silva, chief of the Supreme Military Tribunal, who was involved in an abortive coup in March and now is under police surveillance. According to an unconfirmed report of late October, Major Luis Calafate, another participant in that plot who sought asylum in the Venezuelan Embassy in Lisbon and subsequently left for Venezuela, now has joined Queiroga in Tangier. Calafate is believed to have army contacts whose participation in the March plot has not been discovered. General Humberto Delgado, unsuccessful candidate in last year's Portuguese presidential election and an exile in Rio de Janeiro since April 1959, reportedly intends to leave soon to reside in Italy, presumably to maintain closer contact with his supporters.

Security authorities, concerned that an attempt might be made on the life of Prime Minister Salazar, have tripled his personal guard. The army, still loyal to Salazar, should be able to cope with any landings. The government may have difficulty, however, keeping under full surveillance internal opposition groups which might try to support operations from abroad.

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