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29 December 1958

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CENTRAL INTELLIGENCE BULLETIN



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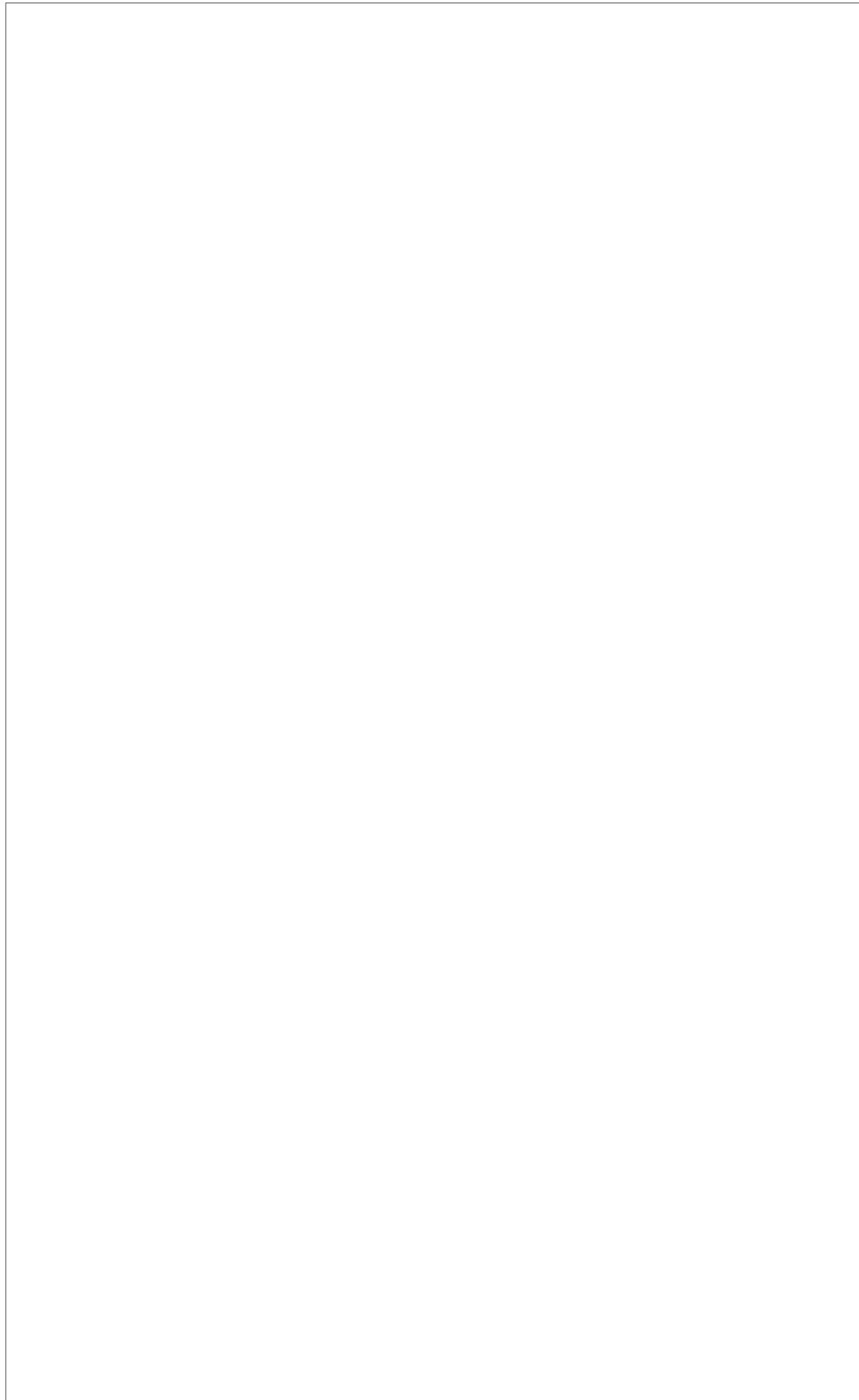
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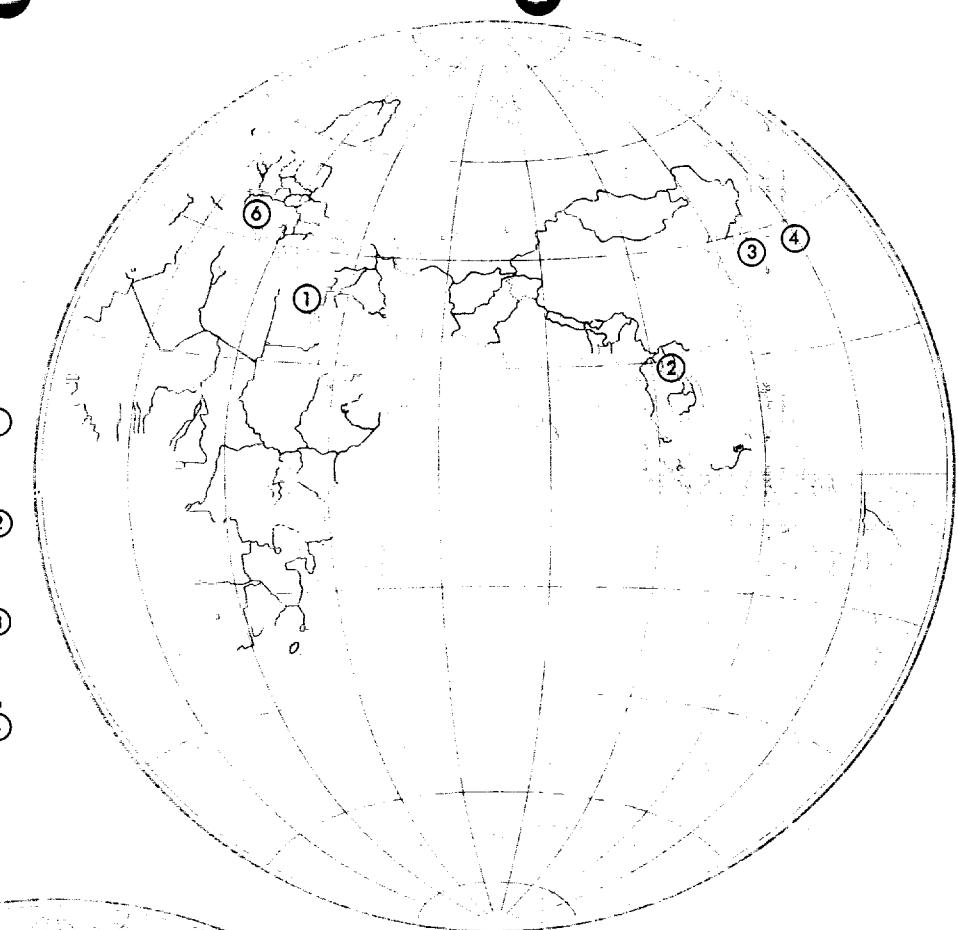
I. THE COMMUNIST BLOC**II. ASIA-AFRICA**

UAR propaganda backs up Nasir's attack on Communists, linking them with "Zionists and imperialists." Nasir signs aid agreement with USSR.

Laos - Premier and military leaders may force early showdown on government takeover.

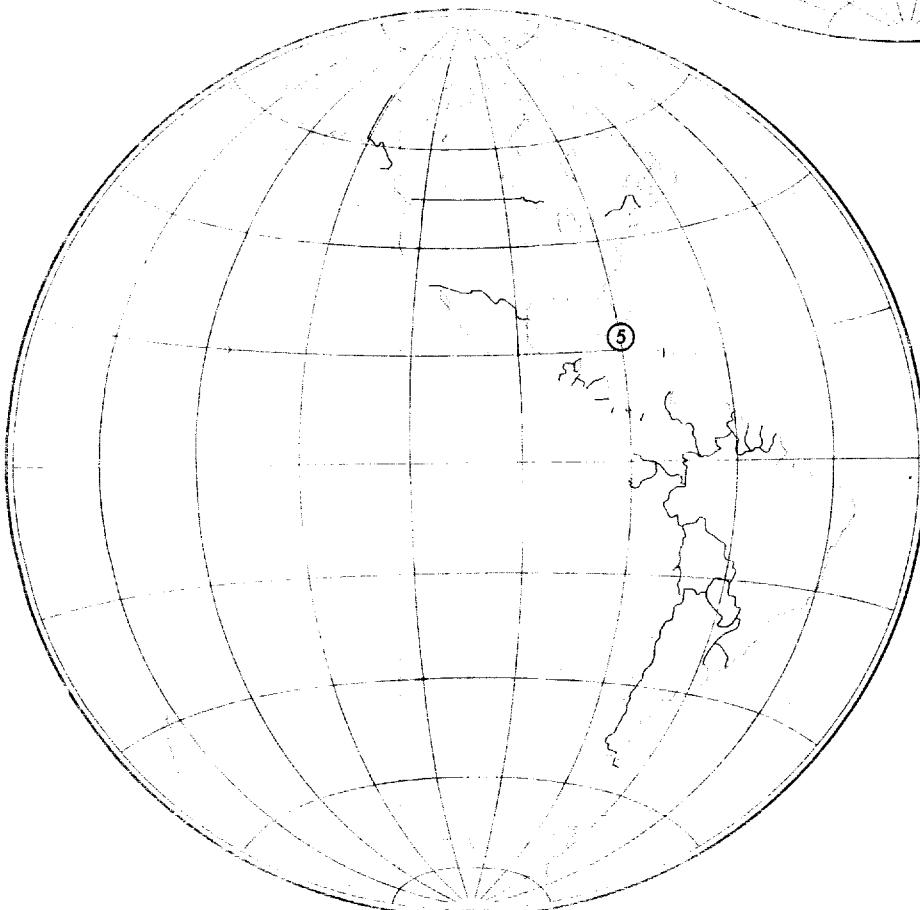
South Korean political opposition considers Rhee's police power too strong to contest.

Japan - Kishi faces most serious threat to government and party position to date, as three leaders resign from cabinet.

**III. THE WEST**

⑤ Cuban rebels maintain momentum and make more military gains.

⑥ Italy - Premier Fanfani hints at government's fall around mid-January.



CENTRAL INTELLIGENCE BULLETIN

29 December 1958

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

OK

Nasir and Communists: UAR propaganda media are following up Nasir's attack on Arab Communists, linking Communist activities with "Zionist and imperialist" plotting. The \$100,000,000 aid agreement between the UAR and the USSR was signed in Cairo on 27 December amid considerable publicity, despite the fact that the USSR reportedly stiffened the terms at the last minute. Nasir evidently is trying to avoid creating the impression that his anti-Communist moves indicate any shift from a strictly neutral foreign policy. (Page 1)

NO

Laos: Premier Phoui and military leaders who have been planning a coup may soon issue a call for a special assembly session to meet on 5 January. They intend to demand full powers for the government and, if the assembly fails to give approval by 7 January, to close the assembly and take power regardless. They are seeking the support of the Crown Prince. If the government is forced to take extraconstitutional steps, the Communist Neo Lao Hak Zat may be expected to return to the jungle and resume guerrilla warfare.

H0

South Korea: The opposition Democrats are trying by parliamentary methods to nullify oppressive legislation passed through the use of strong-arm tactics by the Rhee government on 24 December. Adoption of these methods, which are almost certain to fail in view of the strength of Rhee's Liberal party in the assembly, suggests that the Democrats apparently believe it is futile to oppose the police at this time. Most South Korean military leaders have welcomed an order by Minister of Defense Kim Chong-yol to remain aloof from the political controversy.

(Page 3)

OK

Japan: The resignation of three factional leaders of the ruling Liberal-Democratic party from the cabinet on 27 December has presented Prime Minister Kishi with the most serious threat to his position in the two years since he took office and threatens a split in the party. Should no compromise be reached giving Kishi's factional rivals more influence in the government and party, Kishi could be forced to resign.

(Page 4)

III. THE WEST

Cuba: The rebel drive is retaining its momentum. Its success in overrunning much of Las Villas Province seems to have resulted largely from a recently concluded understanding between the local Castro movement and two other revolutionary groups in that area. Many high-ranking officers in the armed forces are now said to be making preparations to leave the country. The rebels' increasing confidence is reflected between Fidel Castro and his representatives in Havana regarding negotiations with high army officers.

(Page 5)

HW

Italy: Premier Fanfani, who narrowly survived a confidence vote on 6 December, evidently fears he cannot hold his present government together "much beyond mid-January." Fanfani told the American ambassador he might try to form a four-party center coalition--a development which seems unlikely in view of the differences among some of the parties involved. Fanfani, who is under attack in his own party, may be implying that his only chance of survival may be to accept tacit support by the Nenni Socialists.

(Page 6)

I. THE COMMUNIST BLOC (No Back-up Material)

II. ASIA-AFRICA

Nasir and the Communists

UAR-controlled propaganda media have followed up Nasir's 23 December attack on the Syrian Communists with further condemnation of "dissident elements." A Syrian newspaper stated on 28 December: "Cooperation in foreign policy with certain friendly Eastern states does not mean giving an opportunity to subversive elements to divide the ranks of the nation." The Cairo press, claiming that it has hitherto refrained from printing foreign news agency dispatches on Communism in Iraq, has now detailed these reports as "evidence" of how the UAR has "supported" Iraq. Cairo has shut down the UAR's pro-Communist newspapers, thus preventing them from replying to or parrying the attacks.

In Baghdad, where only three newspapers published Nasir's speech in full, the pro-Communist media have counterattacked. One paper declared that "Nasir's idea of establishing national union is absolutely impractical," while another stated that an "attack against leftist powers in Arab countries forms an indirect attack against Iraq." Intellectuals representing the two sides have clashed at the Arab Literary Conference in Kuwait, where the Iraqi delegates have been severely heckled and accused of "disfiguring Arab history in order to apply Marxist theory to it."

The pro-UAR Baathists in Iraq and Jordan apparently have been inspired to renew their activity, with the Communists as the primary target. The party organ in Beirut published a statement by the Iraqi Baath organization on 27 December accusing the Communists of undermining the Iraqi revolution through "intrigue, conspiracies, and terror" and of implementing an "organized attempt to assume power."

Baath partisans in Baghdad are reported to have staged demonstrations at movie theatres on 25 and 26 December when

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Nasir's picture appeared on the screens. Troops and police suppressed the demonstrations and are said to have made numerous arrests. Jordanian Baathists allegedly are willing even to drop their activity against King Husayn in order to devote all their energies against the Communists.

It is not yet clear what new security measures Nasir has taken against Communist personnel in the UAR. The anti-Communist line for Syrian security forces was set in a speech by Interior Minister Sarraj on 26 December. Rumors of the arrest or flight of Syrian party leader Khalid Bakhdash remain unconfirmed.

Nasir, evidently fearing that his anti-Communist moves would be interpreted as a shift from the "neutral" foreign policy he has long claimed to follow, is making special efforts to avoid creating this impression. For example, UAR officials have been particularly concerned that the anti-Communist campaign not be coupled publicly with the recent agreement for UAR purchase of surplus American wheat. On 27 December the UAR signed the \$100,000,000 Aswan High Dam aid agreement with the USSR, despite a reported last-minute stiffening of Soviet terms.

Soviet representatives informed the UAR on 26 December that Cairo would have to agree to begin payments immediately upon completion of the first stage of the dam, instead of after a three-year waiting period. Nasir is said to believe that this change was a result of his attack on the Syrian Communists and was designed to prolong the negotiations. Although he would have preferred not to accept the change, Nasir felt he could not afford further delay in concluding the agreement; some of his advisers had already come to fear that the USSR would withdraw the aid offer entirely.

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**South Korean Democrats to Use Parliamentary Means
To Oppose Rhee Legislation**

A South Korean Democratic party conference on 26 December decided to call for an extraordinary session of the National Assembly early next month in an attempt to nullify oppressive legislation passed on 24 December through the use of strong-arm tactics by the Rhee government. The Democrats also plan to bring lawsuits against ranking leaders of Rhee's Liberal party. A move for the mass resignation of all Democratic members of the assembly has faded, however.

The adoption of these tactics by the Democrats suggests that they are reluctant to use more forceful measures to oppose the legislation. Street demonstrations were broken up in Pusan and Taegu by the national police, who remain vigilant to prevent further demonstrations, and the Democrats may well believe they lack the strength to carry through such measures. The party may now experience considerable difficulty in maintaining its cohesiveness.

Most South Korean military leaders appeared to welcome an order from Minister of Defense Kim Chong-yol to remain aloof from the political controversy. There are no indications that military personnel, many of whom are openly sympathetic to the Democrats, are prepared to participate in demonstrations.

The success of the strong-arm tactics has strengthened the so-called "hard" faction of the Liberal party, which may now decide to press for harsh enforcement of the oppressive legislation. President Rhee already has signed into law the revised National Security Law, and this could be used as a weapon against the Democrats. [redacted]

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Kishi's Position Threatened in Japan

The resignation of three influential factional leaders from the cabinet of Japanese Prime Minister Kishi threatens a split in the ruling Liberal-Democratic party. The dissidents claim an estimated following of 110 to 120 members of the 426 Liberal-Democratic deputies in both houses of the Diet. Unless Kishi agrees to their demands for an immediate reshuffle of cabinet and party posts, the dissidents may attempt, with Socialist support, to bring about his downfall.

The three resigning members--Hayato Ikeda, minister without portfolio, Takeo Miki, chief of the Economic Planning Board, and Hirokichi Nadao, education minister--have not left the party, however, and a compromise still is possible. They broke with the prime minister after learning that he intended to press plans to advance the party's presidential election to January from March and to delay until after the election a cabinet and party reshuffle. Ikeda has proposed the formation of a new party executive board and the restudy of the timing of the election of party president; a member of Kishi's faction has agreed to study this plan.

The present crisis is the most serious in the two years Kishi has been in power. The Liberal-Democratic party is a loose coalition, and regardless of this outcome a continuation of factionalism and division with a consequent erosion of Kishi's power is in prospect.

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III. THE WEST

Cuban Rebel Activities

The Cuban rebel drive is retaining its momentum. Its sudden success in Las Villas Province in central Cuba apparently resulted from a recent understanding which united two other revolutionary groups with the Castro group operating in Las Villas. The rebel forces there--about 2,000 strong--have overrun a large area extending from the south to the north coasts and surrounding Santa Clara, the provincial capital.

The Batista government has announced a major offensive in Las Villas and has warned the civilian population that air and ground attacks will be directed against the rebels, even in urban areas. The government's capability for containing the rebel drive is limited, however, by shortages of men and equipment and by serious and growing demoralization in the armed forces.

The loss of several towns in Las Villas is reported [redacted] to have had a grave psychological effect in the armed services, and several high-ranking officers are said to be preparing to leave the country. The government also is faced with successful rebel drives in two widely separated areas--Las Villas and Oriente--and rebel interference with transportation and communications threatens to disrupt supply lines and hinder contact between the fighting troops and army headquarters in Havana.

[redacted]
[redacted]
Batista may try to "simulate" a military coup of his own. [redacted] Castro has agreed to meet secretly with Gen. Eulogio Cantillo Porras, commander of army operations in Santiago, and with certain other high army officers after having rejected conditions which the officers apparently had proposed.

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Italian Premier Worried About Government's Survival

Italian Premier Fanfani, who narrowly survived a confidence vote on 6 December, no longer believes he can hold the present government together "much beyond mid-January." This was the impression gained by the American ambassador through an extensive conversation with the premier on 23 December.

Fanfani, whose coalition of Christian Democrats and Democratic Socialists lacks a majority in the Chamber of Deputies, spoke of trying to include the Republican and Liberal parties and asked US help in persuading the Democratic Socialists and Republicans to accept the four-party formula. Fanfani said no new formulation would be possible until after the Nenni Socialist congress scheduled for 15-18 January. The Italian parliament is to reconvene on 20 January.

Formation of a four-party government appears unlikely, however, because of the sharp differences between the conservative Liberals and the left-center Republicans and Democratic Socialists. Fanfani, under increasing attack by the right wing of his own Christian Democratic party, may be attempting to prepare the ambassador for his possible future reliance on Nenni Socialist parliamentary support as the only alternative to resignation. He denied planning any "early approaches" to Nenni, however.

Within the Nenni Socialist party, Nenni's own faction, which favors greater independence from the Communists, is reported to be showing strength in local voting preparatory to the national party congress. The congress is not expected to produce any sharp public break with the Communists, with whom the Socialists will probably continue to associate in the labor unions and cooperatives for financial and tactical reasons. Nevertheless, Fanfani may feel that even a tacit understanding with Nenni for ad hoc parliamentary support might give him a weapon with which to hold off the attacks of his own party's right wing. [redacted]

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