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11 July 1959

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# CENTRAL INTELLIGENCE BULLETIN



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11 JULY 1959

**I. THE COMMUNIST BLOC**

Khrushchev told Harriman he and Mikoyan agree on Kozlov as their eventual successor.

Chinese Communists establishing propaganda center in Cuba as part of effort to woo Latin Americans.

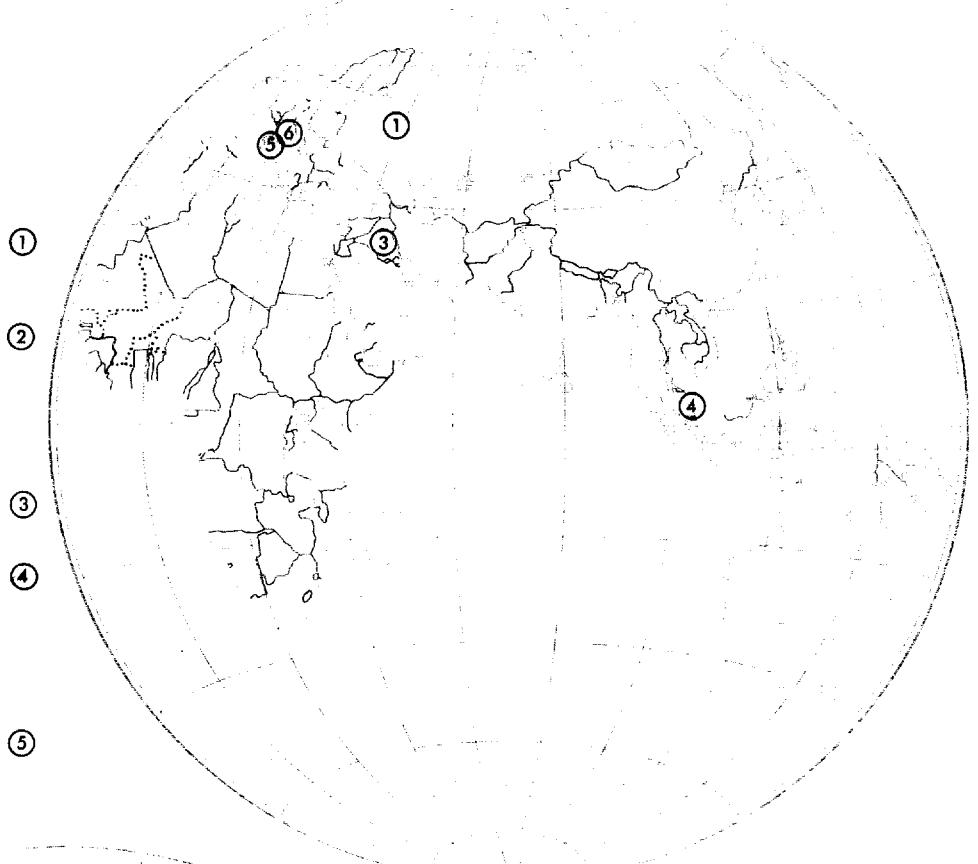
**II. ASIA-AFRICA**

Iraq--Qasim preparing to meet Communist show of force he expects during celebration of 14 July revolution.

Malayan stability threatened by split in ruling Alliance party.

**III. THE WEST**

Geneva Conference--Bonn will probably press for greater role for West Berlin's representatives.



⑥ French and West Germans disagree over questions of relations between European Common Market and projected little free trade area.

⑦ Cuba to negotiate for arms factory from Czechoslovakia.

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## CENTRAL INTELLIGENCE BULLETIN

11 July 1959

## DAILY BRIEF

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## I. THE COMMUNIST BLOC

USSR: [Khrushchev named Frol Kozlov as his eventual successor during a conversation with Governor Harriman on 23 June. Although he cautioned Harriman against wishful thoughts of his own early death, Khrushchev said that both he and Mikoyan agreed that Kozlov will "follow us." He added, "Kozlov will be worthy of us." Khrushchev seemed to eliminate his chief party lieutenant, Aleksey Kirichenko, from the succession sweepstakes, but gave no indication how an orderly transfer of power is to be prearranged. Some move to give Kozlov formal authority over the party machine, which he now lacks, would be a necessary step in the process.]

(Page 1)

China-Cuba: The Chinese Communists have established a branch of their official news agency in Havana and are reportedly planning to publish a Chinese-language newspaper. A Chinese Communist "journalist" delegation is currently making a substantial propaganda effort in Cuba, following earlier visits to Chile, Brazil, and Uruguay. This activity reflects the sharply increased Chinese Communist effort in Latin America especially apparent since Latin American Communists met with top Chinese officials in Peiping earlier this year. The Chinese apparently view Cuba--where Communists have made considerable gains under Castro--as a particularly favorable center for developing a propaganda network in the area.

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## II. ASIA-AFRICA

Iraq: [Prime Minister Qasim appears to expect the Communists to make a show of force during the celebrations of the 14 July revolution.]

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[redacted] Qasim is also sounding out nationalist political leaders for posts in a revised and enlarged cabinet. Recent clashes between Communists and nationalists have resulted in the arrest of a number of Communists, possibly including Aziz al-Haj, a member of the party's central committee.] [redacted] (Page 3)

*M ①* Malaya: [A threat to the stability of Malaya has arisen from the breaking away of about half the Chinese leaders of the ruling Alliance, a coalition of Chinese, Malay, and Indian parties. The Alliance has heretofore prevented political polarization along racial lines. Unless repaired, this split in the Alliance prior to national elections on 19 August is likely to intensify racial animosities; widespread disorders could result.] [redacted] (Page 4)

### III. THE WEST

*M ②* West Germany - West Berlin: Mayor Brandt has apparently won agreement from Adenauer and Foreign Minister Brentano to a larger role for West Berlin's representatives during the second phase of the Geneva negotiations. Bonn will presumably request that Berlin officials be included as technical advisers in any working group formulating proposals directly affecting the city.

*M ③* European Economic Community: [redacted] Japanese Embassy in Bonn, West German Economics Minister Erhard and French Finance Minister Pinay during a recent meeting in Bonn differed over the question of relations between the six-nation European Common Market and the little free trade area projected for the UK, the Scandinavian countries, and certain other nonmembers of the Common Market. Erhard favors an accommodation with the little free trade area on the grounds that his country would be in a "very disadvantageous position" if Europe split into two trading blocs. Pinay declared France would not allow the Common Market to be "dragged" into a broader economic association and would promote strengthening of the Common Market as its ultimate policy.

[redacted] (Page 5)

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DAILY BRIEF

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*W* Cuba-Czechoslovakia: [Cuba is interested in purchasing a light-arms factory from Czechoslovakia, according to a reliable source of the American Embassy in Havana. A Czech official already in Cuba discussing tractor sales has indicated that a Czech expert on arms sales is expected in Havana on 13 July.] [ ]

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DAILY BRIEF

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## I. THE COMMUNIST BLOC

Khrushchev States Frol Kozlov Will Succeed Him

[Khrushchev and Mikoyan have picked Frol Kozlov as their eventual successor, according to statements Khrushchev made to Governor Harriman on 23 June. Khrushchev said, "When we pass on, we will rest easily because we know Kozlov will carry on Lenin's work." "Kozlov will be worthy of us," he added. However, Khrushchev cautioned Harriman against any wishful thoughts of his own early death.]

[Aleksey Kirichenko, second-in-command of the party secretariat, is apparently out of the running. When asked about Kirichenko, Khrushchev replied, "Why do you ask of Kirichenko? .... Don't try to bet on our followers. If you bet on Kirichenko, you will lose.... Bet on our country, not on individuals."]'

[Khrushchev gave no indication of how he intended to arrange for Kozlov's succession to the top leadership position. At the present moment Kozlov, despite Khrushchev's support, probably lacks the personal following in the professional party machine to ensure his succession, and, as a first deputy premier, he is not in the best spot to develop a larger following.]

[Ultimately Kozlov will have to transfer from the government bureaucracy to the party secretariat and assume more and more responsibility and authority from Khrushchev if he hopes to take over control and maintain his position against other contenders. Khrushchev, however, has shown no disposition to transfer such authority to Kozlov. "I am very jealous of my prerogatives and while I live I will run the party," he told Harriman. Moreover, by being designated heir apparent beforehand, Kozlov is likely to become the target of plotting by other hopefuls and may find it difficult to keep his standing with Khrushchev.]

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~~SECRET~~Peiping Moving to Expand Influence in Cuba and Other Latin American Countries

A group of Chinese Communist "journalists" is making a substantial propaganda effort in Cuba, following earlier visits to Chile, Brazil, and Uruguay. In a press conference in Havana on 7 July, the group's spokesman--an individual in the propaganda department of the Chinese Communist party central committee--said he hoped to discuss trade possibilities with business leaders and suggested that, in view of Cuba's impending land reform, the exchange of Cuban sugar for Chinese Communist agricultural implements might be arranged. The Chinese group will probably propose Cuban adoption of Peiping's earlier land-reform techniques.

Peiping apparently views Cuba as a particularly favorable center for developing a regional propaganda network. It has established a branch of the official New China News Agency in Havana and plans to publish a Chinese-language newspaper in cooperation with the Cuban Communist press. This paper would be intended to influence the local Chinese community--the largest in Latin America, with 20,000 in Havana alone.

[The Chinese, who bid for a larger share in the guidance of Latin American Communists earlier this year when Communist delegations from the area were in Peiping, are also increasing travel and training programs for Latin Americans. Many more Latin Americans traveled to China in the first half of 1959 than in all of 1958. These visitors included sizable parliamentary delegations from Peru and Colombia. The Mexican and Ecuadorian Communist parties are reportedly attempting to carry out a recommendation made by Chinese Communist leaders in Peiping to establish a clandestine party apparatus distinct from overt party organization.]

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## II. ASIA-AFRICA

Qasim Expects Communist Show of Strength

Rising tensions between the Communists and anti-Communist nationalists lead Prime Minister Qasim to expect the Communists to attempt "something" on 14 July, the first anniversary of the Iraqi revolution. On 5 July Qasim told anti-Communist Foreign Minister Jawad that he is preparing to meet a threat by the Communists to "show the world" their strength.

[redacted] leaves for security forces personnel have been canceled indefinitely, and that guards have been strengthened around the Defense Ministry and other strategic buildings. [redacted]

Despite Qasim's recent denunciation of "all" activities by political parties and his threat to "crush any plot in a moment," the Communist press is repeating demands for a share in the government. The party has also continued to criticize the "lenient" government policy toward "reactionaries," and charges that this policy will lead to a clash between the "masses" and "sincere" nationalists.

During the past few weeks Qasim has been sounding out various nationalist political figures for posts in a revised, enlarged cabinet. Among those approached was Sadiq Shanshal, former minister of national guidance under the revolutionary regime.

Recent clashes between Communists and nationalists, especially in Baghdad, have resulted in the intervention of security forces and the arrest of a number of Communists. Among those reported to have been arrested for antiregime activities was Aziz al-Haj, a member of the party's central committee and a frequent contributor to Communist newspapers. Al-Haj has been a leading critic of Qasim's decision to suspend all political party activities. [redacted]

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~~SECRET~~Split in Ruling Party Threatens Stability in Malaya

[A serious threat to the political stability and economic progress of the Federation of Malaya has arisen as a result of a split within the ruling Alliance party. About half of the leaders of the party's Chinese component, the Malayan Chinese Association (MCA), broke with the Malay section of the Alliance when the Malays refused to accept Chinese demands on candidate apportionment for the 19 August general elections and on the use of the Chinese language in examinations in Chinese schools.]

[Apparently the dissidents, who are the most politically potent group of MCA leaders, feel that the extreme pro-Chinese position which they are now free to take will result in election victories in all of the 39 districts having a Chinese population majority. They also apparently have some hopes of winning up to 17 more constituencies where it appears the Malay vote might split.]

[MCA leader Lim Chong Eu is reported to have already met with the leaders of other predominantly Chinese opposition groups in an apparent effort to gain unified Chinese support for single Chinese candidates in each district. Lim's minimum goal is to seat enough Chinese to prevent unilateral Malay amendment of the constitution, which requires a two-thirds majority.]

[Lim apparently has some hope of actually achieving a Chinese majority in the 104-seat lower house which would pave the way for Malaya's merger with the predominantly Chinese state of Singapore. The Malays, who control the police and army, could be expected to resist forcibly any Chinese effort to force a merger.]

[In any event, the MCA break with the Alliance, unless repaired, appears likely to lead to nearly complete polarization of the electorate along racial lines in the forthcoming elections. This split, during the heat of the election campaign, may intensify racial animosities to the point where widespread disorders could result.]

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### III. THE WEST

#### Pinay-Erhard Differences Symptomatic of Common Market Problems With Project for Little Free Trade Area

Differences between West German Vice Chancellor Erhard and French Finance Minister Pinay during a recent discussion in Bonn of the proposed little free trade area are indicative of the serious problems this project will pose for the European Economic Community (EEC). [redacted]

West Germany faces serious competition from the British in northern Europe unless the EEC and the new grouping are amalgamated into a broader economic association. [redacted]

Before his trip to Bonn, Pinay told Ambassador Houghton in Paris he intended to tell Erhard he wants trade liberalization--as does Erhard--but would go much further and extend it to the United States and the entire free world. Pinay's views apparently accord with those of the EEC Commission, which wants the Common Market to take a global rather than regional approach to its external trade problems, to participate in a program of world-wide tariff negotiations, and to join the United States and Britain in an expanded program of technical assistance to less developed countries.

The Pinay-Erhard differences are symptomatic of the mixed feelings which the little free trade area is causing throughout the Common Market. Those who are impressed with the importance of the Common Market's economic interests in neighboring countries hope the new grouping will be a step toward a broader economic association, but fear it may divide Europe into competing trade blocs. Stanch integrationists, like Chancellor Adenauer and former CSC President Jean Monnet, also fear that a broader association would endanger the political consolidation of the six-nation community. [redacted]

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Cuba Reported Interested in Purchase of Czech Arms Factory

[Cuba is interested in purchasing a light-arms factory from Czechoslovakia, according to a reliable source of the American Embassy in Havana. A Czech official in Cuba discussing tractor sales reportedly said that a Czech concerned with the sale of military equipment is expected in Havana on 13 July.]

[the Cuban Government is negotiating with the Czechs through Major Raul Castro, Cuban armed forces chief and brother of the prime minister. Cuba has been unable to secure military equipment legally from the United States because of the US embargo on arms shipments to the area during the current Caribbean crisis. At least one Cuban military mission has recently gone to Europe in search of arms. In addition, Major "Che" Guevara, pro-Communist close associate of Fidel Castro, is believed to have discussed the possibility of arms purchases from the UAR during his recent visit there. Unconfirmed reports allege that Guevara plans to visit Czechoslovakia before returning from his current extensive trip to Afro-Asian countries.]

[The Cuban Government is undoubtedly aware of the massive arms purchases made in Europe during the last several months by the hostile Dominican Government, which has an efficient arms factory.]

[Since 1955 the Sino-Soviet bloc has frequently and successfully exploited the need or desire of nonbloc underdeveloped countries for military assistance, in many instances employing it as the first stage in an economic penetration program. Czechoslovakia, in particular, has often represented the bloc in such transactions with free-world countries. Prague presumably would be willing to grant long-term, low-interest credits to Cuba to finance the building of an arms factory and, in addition, accept partial or even total repayment in the form of commodities.]

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