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5 February 1959

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CENTRAL

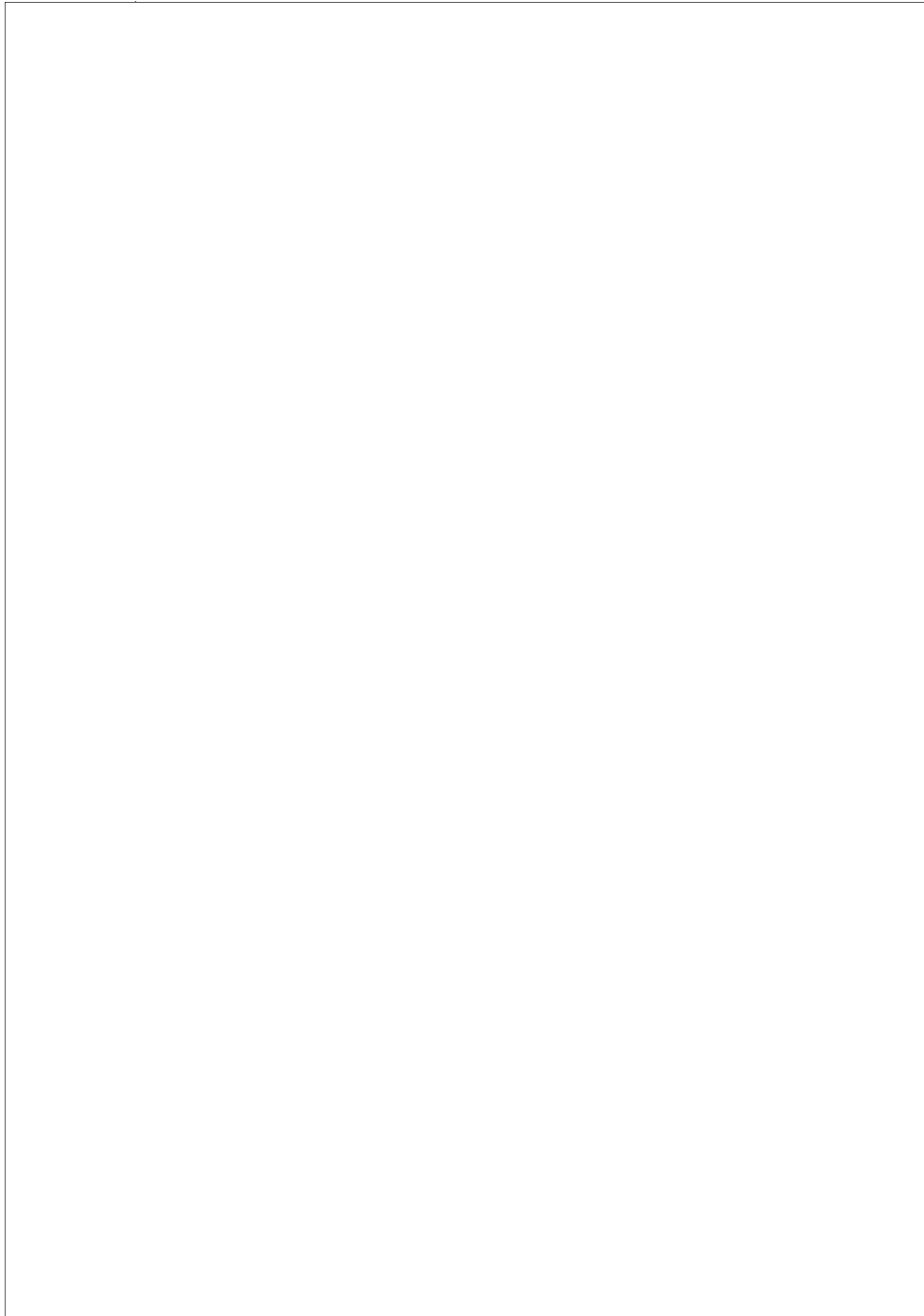
INTELLIGENCE

BULLETIN



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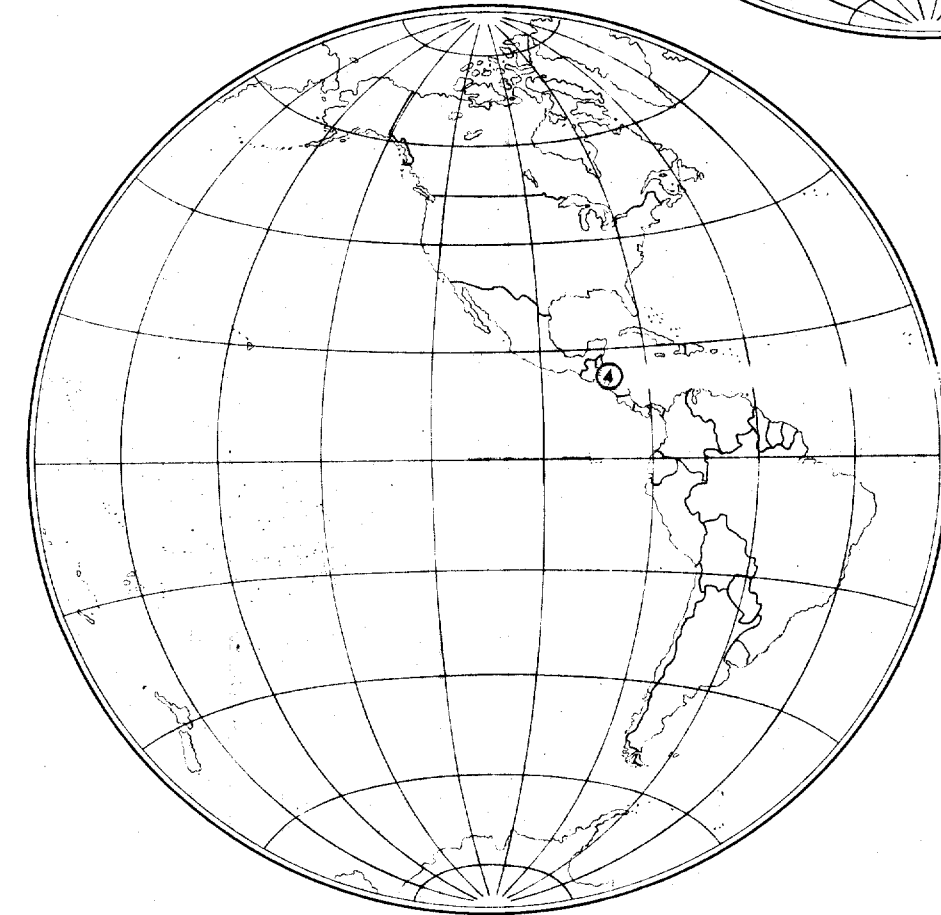
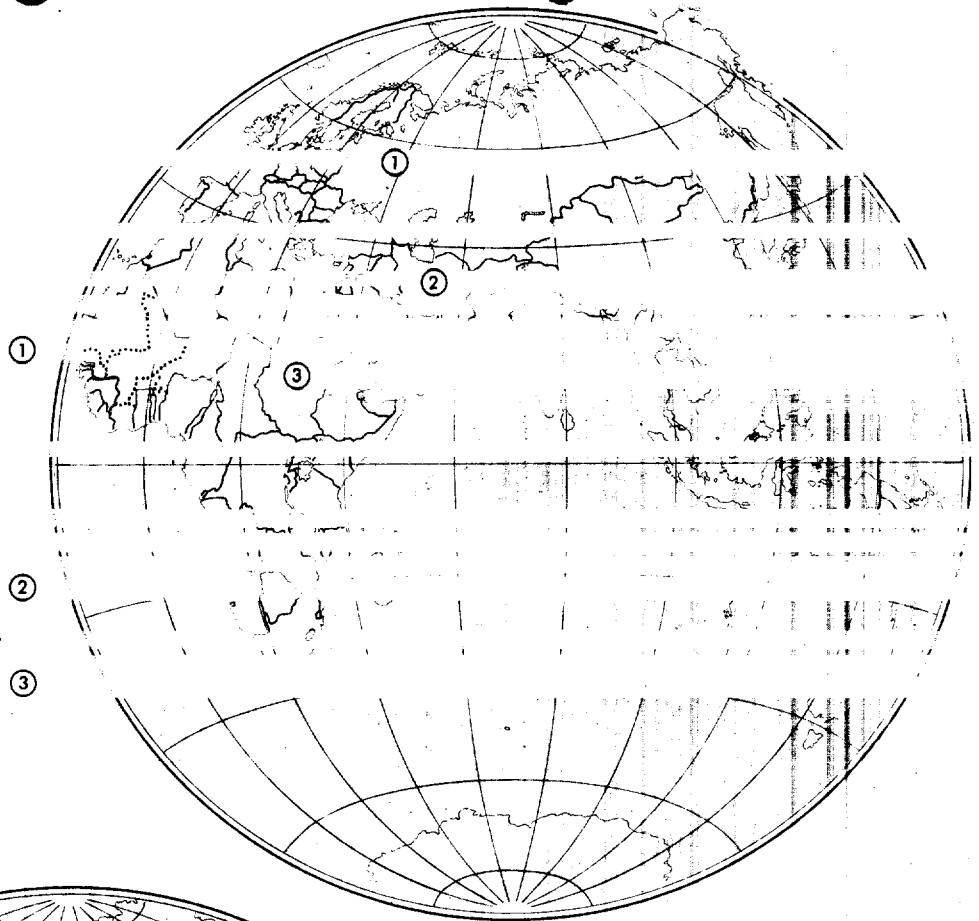
I. THE COMMUNIST BLOC

Khrushchev warns West German ambassador of separate Soviet - East German peace treaty unless West meets Soviet terms.

II. ASIA-AFRICA

Iranian-Soviet negotiations continue; Khrushchev offers to nullify offensive treaty articles if Iran withdraws from Baghdad Pact.

Khartoum asks Cairo for military assistance in training and equipment.



III. THE WEST

④ Honduras - President Villeda attempting to forestall new flare-up of internal violence.

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CENTRAL INTELLIGENCE BULLETIN

5 February 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR: Khrushchev summoned the West German ambassador on 2 February for a two-hour conversation in which he repeated the standard Soviet positions on Berlin and Germany. He stressed that while he did not insist on West German diplomatic recognition of East Germany, some form of arrangement between them would be necessary to reach a settlement of the Berlin and reunification questions. He indicated that if no agreements are reached, the USSR would transfer its remaining responsibilities in Berlin to the East Germans and, if necessary, sign a separate peace treaty with East Germany. Khrushchev said he could understand the unwillingness of West Germans to deal with party chief Ulbricht, but suggested they should talk to Premier Grotewohl. In another effort to encourage talks between the two German governments, Khrushchev said he would not object if a reunified Germany adopted a system other than Communism, but would not like it.

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II. ASIA-AFRICA

*Iran-USSR: It is now evident that Iranian-Soviet negotiations in Tehran are continuing amid indications that Foreign Minister Hekmat would still like to conclude the proposed non-aggression pact. While Hekmat professes to the American ambassador that he is trying to get the Soviet officials to "take the initiative and go home," he still appears to be in a bargaining mood. According to Hekmat, Khrushchev has authorized nullification of articles of the 1921 treaty that are offensive to Iran if Tehran will break with the Baghdad Pact. Hekmat has told the Iranian Senate, however, that Iran intends to maintain its Baghdad Pact ties and commitments.

Ankara, Karachi, and Tehran continue to press for stronger assurances from the US in the proposed bilateral agreements.

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Meanwhile, both the Shah and the prime minister are reported ill.

Watch Committee conclusions--Asia-Africa: Situations susceptible of direct exploitation by Sino-Soviet hostile action which would jeopardize US interests exist in the Middle East and Southeast Asia, particularly in Iraq, Iran, and Cambodia.

Middle East: Although the situation in the Middle East remains precarious, a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

NO

Iran: Should present Iranian-Soviet negotiations break down and an Iranian-US bilateral agreement be signed, the USSR will retaliate with stepped-up propaganda, economic and diplomatic pressure, and possibly with other measures short of direct military action.

Sudan-UAR: Khartoum's military connections with Cairo, largely formal since relations became strained two years ago, are being normalized. A member of the Sudanese Supreme Council of the Armed Forces on 31 January asked Cairo to expedite the handling of the Sudanese request for ammunition and to provide a list of courses, presumably for the resumption of training of Sudanese military personnel in Egypt.

NO

III. THE WEST

Honduras: President Villeda, apparently now fully aware of the dangerously weakened position of his regime, is attempting to avert a new flare-up in the countryside between his supporters and the military. He has publicly charged both the civilians and the military with equal responsibility for past incidents, and is believed making every effort privately to mollify the long-provoked military leaders. The army would almost certainly resist any invasion of Honduras by Honduran emigrés now in Nicaragua.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Khrushchev Interview With West German Ambassador

{ On the eve of Secretary Dulles' consultations with the Allies on the Berlin and German questions, Khrushchev summoned the West German ambassador for a two-hour interview on 2 February in which he used both pressure and enticements to urge an accommodation between Bonn and East Germany. The Soviet premier made it clear that while he does not insist on West German diplomatic recognition of the East German regime, some arrangement between them would be necessary to reach a settlement of the Berlin and reunification questions. He reiterated the standard line that the USSR would never agree to settling reunification on a four-power basis even if the West "waited a hundred years," and that the Germans themselves must solve this question. }

{ Khrushchev sought to encourage talks between the two German governments by saying he would not object if a reunified Germany adopted a system other than Communism, but would not like it. He stressed that his Berlin proposal was not an ultimatum, and that the USSR was ready to examine Western counterproposals. Khrushchev said he could understand the West German leaders' unwillingness to deal with party chief Ulbricht, but suggested they should talk to Premier Grotewohl. Referring to some remarks he had made about Adenauer on a previous occasion, he asked the ambassador to inform the Chancellor that they were not intended to be personal. }

{ Khrushchev balanced these hints of flexibility and readiness to facilitate East-West German talks with a warning that if no agreements are reached on Berlin and a peace treaty, the USSR would transfer its remaining responsibilities in Berlin to the East Germans and sign a separate peace treaty with East Germany. }

{ The West German ambassador informed Ambassador Thompson that he personally felt that if the Western powers should propose talks between East and West Germany, Bonn could agree and }

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eventually accept some arrangement which would divorce East Germany from the "strict satellite pattern." Although he himself could not suggest such a move to Bonn, he believed that in some such arrangement the weight and attraction of West Germany ultimately would prevail. Such ideas, shared by other foreign-affairs officials and some leading politicians, are currently held in check by Adenauer, who remains adamantly opposed to any "variant" of a German confederation. } [redacted]

[redacted]

[redacted]

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II. ASIA-AFRICA

No Back-up Material

III. THE WEST

Political-Military Crisis Continuing in Honduras

The weak and indecisive administration of Honduran President Ramon Villeda Morales continues under strong conflicting pressures from the military, from his own increasingly disillusioned Liberal party, from the basically hostile Somoza regime in neighboring Nicaragua, and from a war of nerves being conducted by a clandestine "liberation movement" composed of emigrés based in Nicaragua. The President, now apparently fully aware of the dangerously weakened position of his regime, is attempting to avert a new flare-up between his supporters and the military.

The hostility between the Liberal majority and military leaders identified in the public mind with the long dictatorial rule of Villeda's predecessors reached such a peak in December that in some outlying areas law and order apparently broke down completely. While making every effort in private to mollify the military leaders, Villeda has publicly attributed blame for the feuding equally to the Liberals and the military, and indirectly warned the army leaders this week that if they should attempt to oust him, they would face bitter civil resistance. Villeda still retains wide, though eroding, popular backing, and this is a major deterrent to a military seizure of power.

The unrest and tension throughout the country has been effectively exploited and aggravated by a group of emigrés based in Nicaragua who, regularly since mid-December, have been announcing an imminent "liberation movement" to unseat Villeda. The emigrés are being used by the Somoza government in Nicaragua to further the war of nerves against Villeda, whom Somoza thoroughly distrusts. Any invasion of Honduras by this small group would probably be resisted by the Honduran Army, since present army leaders are just as much the target of the "liberation movement" as is Villeda.

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Executive Secretary, National Security Council

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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
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