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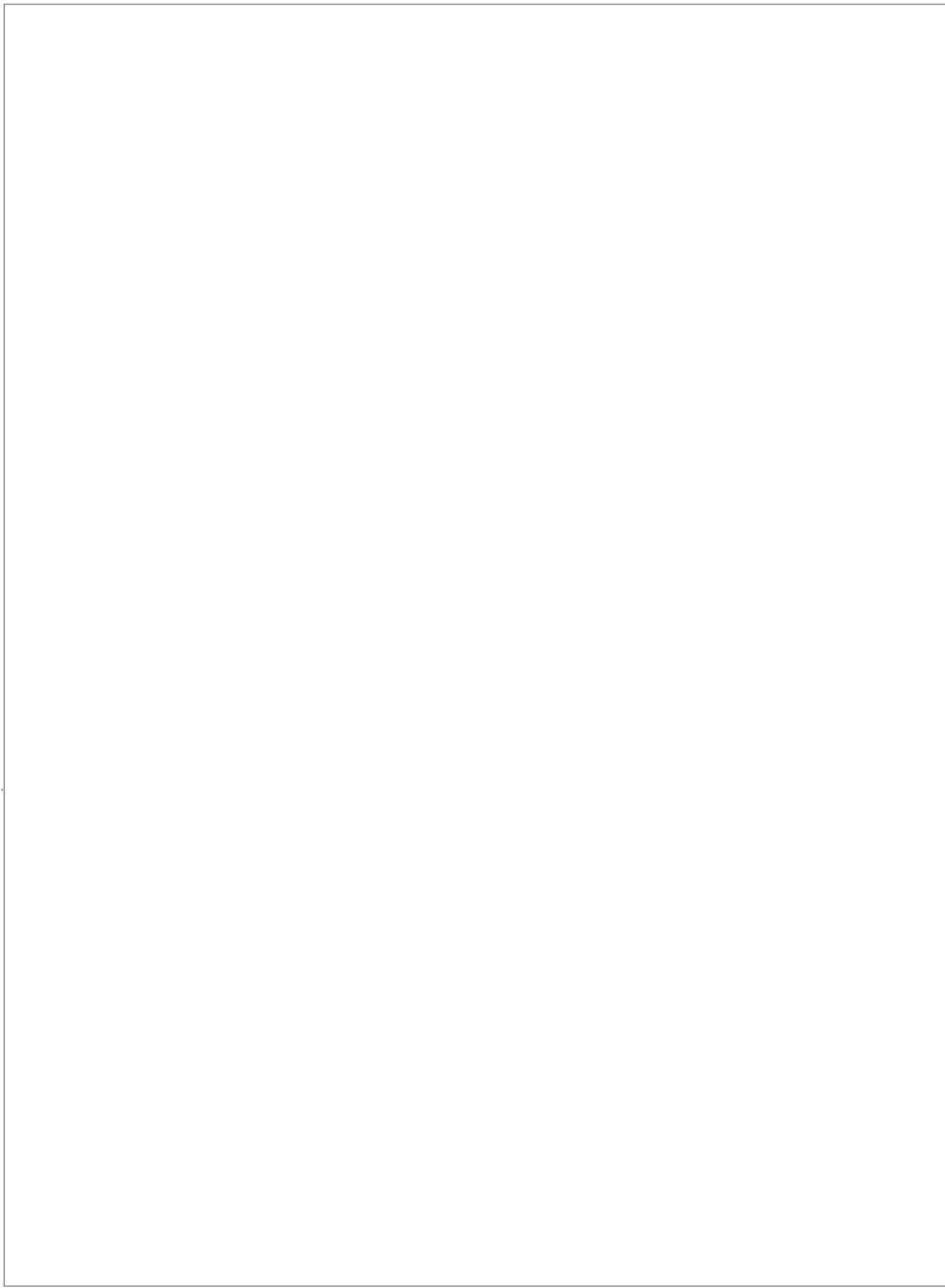
CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 15
NO CHANGE IN CLASS. X
IF DECLASSIFIED
CLASS. CHANGED TO: TS S 2010
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE 6/14/80 REVIEWER:

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17 SEPTEMBER 1959

I. THE COMMUNIST BLOC

Czechoslovakia offers UAR long-term industrial credits. [redacted]

Mao Tse-tung's convocation of high-level meeting appears to be attempt on his part to regain prestige.

II. ASIA-AFRICA

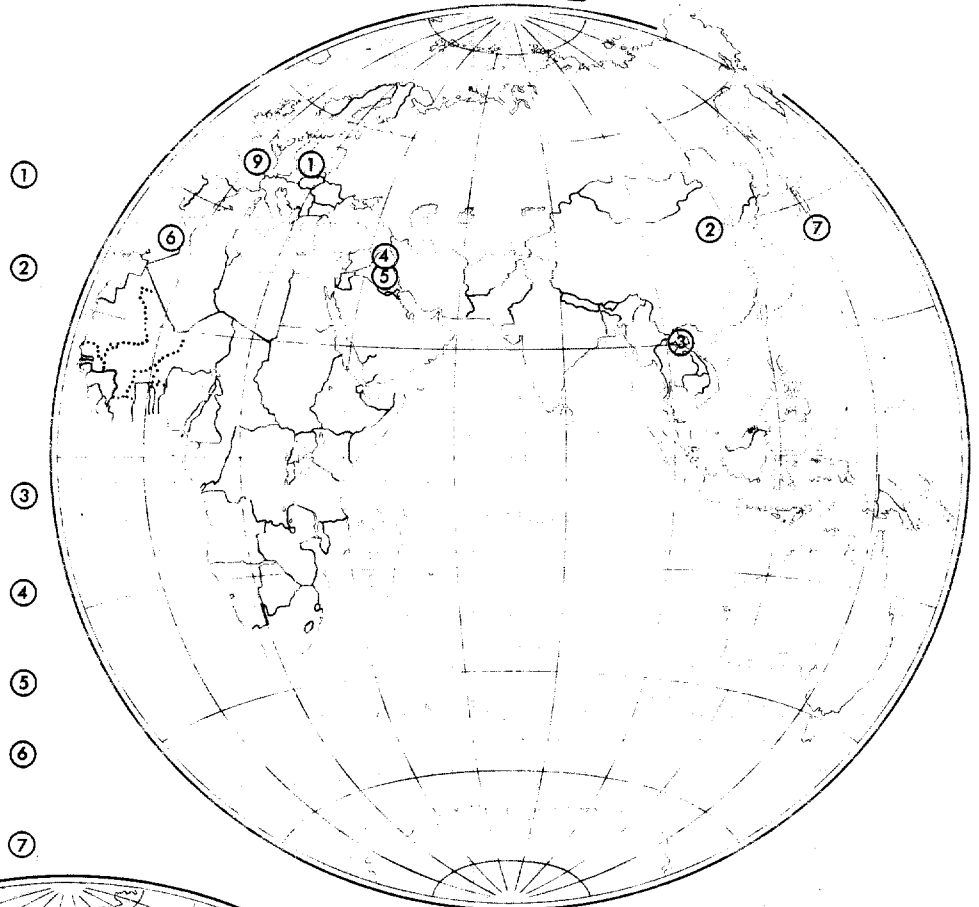
Laos--British Foreign Office officials suggest negotiating deal with Communists to restore 'sanitized' status of Laos; military skirmishes apparently continue in northern and central provinces.

Iraq--Death sentence for Brigadier Tabaqchali likely to increase political tension.

Iraq expected to send large number of students to Communist bloc institutions.

Morocco--Ibrahim government likely to remain in office for some time.

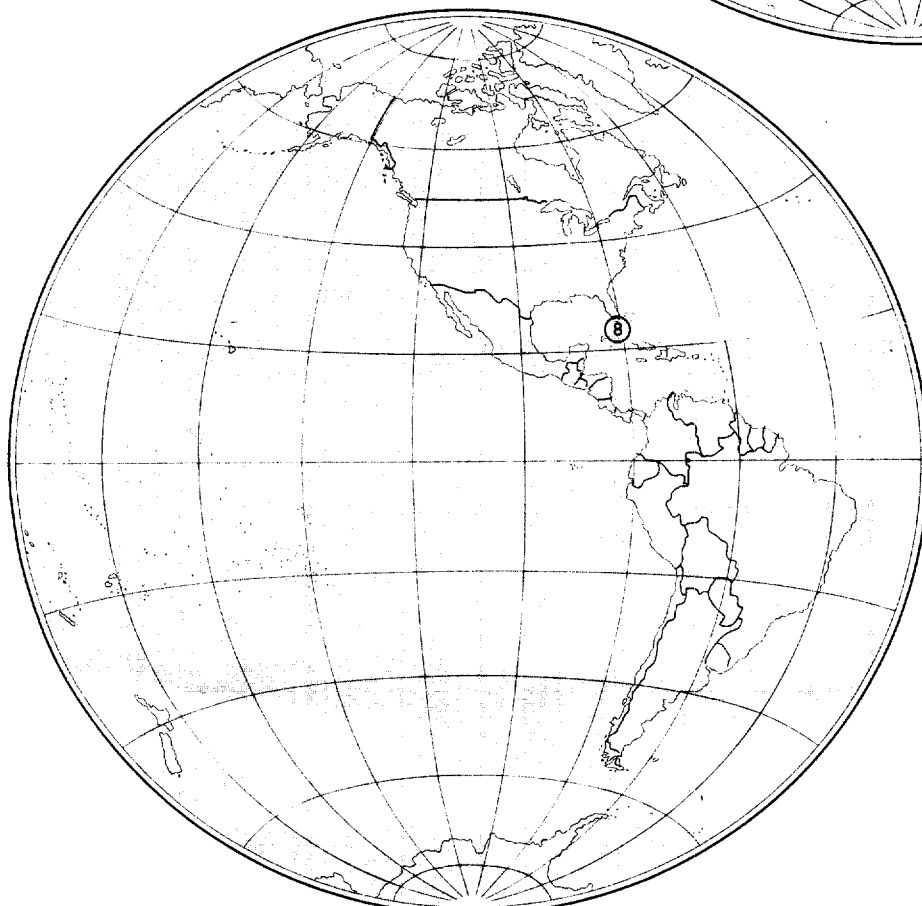
Japanese Socialist party convention adjourned until October without resolving dispute.



III. THE WEST

⑧ Cuba--Fidel Castro reportedly planning important changes in key government positions.

⑨ France--De Gaulle's Algerian policy.



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CENTRAL INTELLIGENCE BULLETIN

17 September 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

Czechoslovakia-UAR: [REDACTED]

SIRAB

NO

Czechoslovakia offered up to \$28,000,000 in long-term industrial credits to the UAR during talks recently held in Prague. The UAR, however, proposed that Czechoslovakia extend a \$70,000,000 line of credit for use during Cairo's five-year economic development plan. The talks are tentatively scheduled to be resumed in Cairo in October. Among other matters, the discussions in Prague also involved the question of re-export of cotton by the bloc, the supply of spare parts for arms previously furnished the UAR by Czechoslovakia, and financial arrangements connected with "past and future" military agreements. [REDACTED] (Page 1)

NO

Communist China: Mao Tse-tung's personal convening of a meeting in Peiping on 15 September appears to be an attempt on his part to regain prestige lost in the failures of the "leap forward" and in the latest changes in the commune program. The meeting, attended by most of the top party and nonparty leaders, discussed the question of using the occasion of the regime's 10th anniversary on 1 October to grant pardons to reformed criminals and remove the label of "rightist" from those who "behaved well." Formal implementation of these policies was promptly initiated by a 16 September resolution of the State Council and the party central committee. The moderating of Peiping's attacks on "right opportunists" in the last few days is also probably intended to provide an atmosphere of national unity and to display the regime's "benevolence." [REDACTED]

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II. ASIA-AFRICA

NO

Laos: (Officials of the British Foreign Office have suggested to American representatives the advisability of negotiating a deal with the Communists to restore the "sanitized" status of Laos along the line of the 1954 Geneva settlement. The French have already begun an apparently well-coordinated campaign to depreciate the military aspects and to advocate some concessions to the Laotian dissidents by the Phoui government to "stabilize" the situation. Skirmishing in Sam Neua and Phong Saly provinces apparently continues, and small-scale attacks on Laotian Army units have occurred in central Laos within the past week.)

(Page 2)

OK

*Iraq: The announcement in Baghdad that Brigadier Tabaqchali has been sentenced to death for his association with the Mosul revolt last spring is likely to result in a further increase in political tension in Iraq and might possibly trigger a nationalist, anti-Communist coup attempt. Tabaqchali, by his defiance of the pro-Communist court president, Colonel Mahdawi, has become a symbol of resistance to Communist pressure. Prime Minister Qasim must still approve the sentence before it can be carried out, and his decision may not be forthcoming for some time. Anti-Communist elements might feel, however, that they cannot afford to await Qasim's decision, since they have come to regard his actions as highly unpredictable.

OK

Iraq: Iraq is shifting its patronage of Western educational institutions to those of the Communist bloc. During the coming school year, a record number of government-sponsored students will be sent abroad, and it is expected that the Communist bloc, which had only 12 Iraqi students last fall, will receive many times that number this year, with a commensurate reduction in the number of students sent to Western countries. About 425 scholarships have been offered by bloc countries for the coming year, and "bargain rate" educational costs in bloc countries provide an additional incentive for Iraq to send many of the 2,000 government-backed scholars to the bloc.

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NO
Morocco: (King Mohamed V will probably permit the Ibrahim government to remain in office for some time while he searches for a moderate successor, according to the American ambassador in Rabat. An early change of government had been anticipated because the King was recently irritated by left-wing youth group criticism of the army and security forces, and right-wing monarchists had urged a showdown with left-wing members of the government.) [redacted]

OK
Japan: Top Japanese Socialist party leaders have decided to adjourn the party convention until October without resolving the dispute between the left and right wings. Attempts to mediate the crisis have failed to develop a basis acceptable to Suehiro Nishio for returning his right-wing faction to the convention. Nishio, apparently influenced by some members of his faction who feel the time is not favorable, is delaying the formation of a new anti-Communist Socialist party, although he is committed at least to establishing a more aggressive intraparty opposition. [redacted] (Page 4)

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

Middle East: The initiation of significant hostilities is unlikely in this area in the immediate future.

NO
Laos: The dissidents, with probable North Vietnamese assistance, continue to have the objective of establishing themselves in a strong position, particularly in the northern provinces, which they could use as the basis for political negotiation or for the expansion of military operations to include the greater portion, if not all, of the country, should government resistance weaken.

III. THE WEST

OK
Cuba: [redacted]

[redacted] Fidel Castro is planning important changes in key government

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positions. There have been numerous reports that some moderates may be forced out of the government and that pro-Communist Ernesto Guevara will have an influential industrial planning role. [redacted] (Page 5)

NO

*France-Algeria: (De Gaulle's 16 September commitment to give Algeria the choice of independence "within four years of pacification" has the immediate aim of isolating the FLN and neutralizing an anti-French resolution in the UN General Assembly. By stressing continuing military pacification and by offering integration of Algeria with France as an alternative he hopes to mollify his army and rightist critics. Nevertheless, his public espousal of self-determination indicates confidence in sufficient army support to control any overt opposition, and in eventual Moslem willingness to choose close association with France. The most likely leader of any serious opposition, Deputy Premier Jacques Soustelle, has reportedly assured De Gaulle of his support. FLN leaders, gathered in Tunis, appear certain to denounce De Gaulle's unwillingness to negotiate a political settlement, and probably view his proposals as an attempt to undercut their support in the UN and among Algerian Moslems.) [redacted]

[redacted]

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Czech Efforts to Strengthen Ties With UAR

Czechoslovakia, in a move designed to strengthen its economic ties with Cairo, recently offered additional economic aid to the UAR. [REDACTED]

[REDACTED] Czechoslovakia offered up to \$28,000,000 in industrial credits to be repaid in eight years at 3-percent interest. The UAR, however, requested that a \$70,000,000 Czech line of credit be extended for use during Cairo's five-year economic development plan. Further negotiations on the matter are tentatively scheduled to take place in Cairo next month.

Since 1955, Prague has provided Egypt and Syria with more than \$30,000,000 in economic credits, all of which were extended prior to the formation of the UAR. A \$56,000,000 Czech line of credit reportedly was offered Egypt in late 1957, but Prague did not follow up the offer after the creation of the UAR. The current Czech offer of economic aid probably developed from discussions held in Cairo during August when a Czech ministerial delegation visited the UAR. Since then both Czech and UAR news media have reported Czech intentions to participate in the UAR industrialization program.

The recent negotiations in Prague also concerned ways to improve Czech-UAR trade relations. The UAR expressed dissatisfaction with the Czech practice of re-exporting Egyptian cotton, and Prague promised to prevent this in the future. Czechoslovakia, for its part, voiced displeasure with Cairo's policy of granting discounts to Western purchasers of cotton. The trade talks are due to resume in Cairo shortly, when Czech negotiators are to contract for imports--including cotton--from the UAR for fiscal year 1959-1960.

The discussions in Prague also involved the supply of spare parts for the arms and military equipment previously supplied by Czechoslovakia. [REDACTED]

[REDACTED] this problem will be worked out after the cotton-pricing question has been resolved. The talks also touched upon financial arrangements connected with "past and future" military agreements. [REDACTED]

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II. ASIA-AFRICA

[REDACTED]

The Situation in Laos

(British Foreign Office officials have suggested to American Embassy officers early British-American consultations on the advisability of at least exploratory negotiations with the Communists with the objective of restoring to Laos its previously "sanitized" status. Recalling their arduous 5-year anti-guerrilla campaign in Malaya, the British officials doubt the feasibility of a military solution to the Laotian crisis. They express preference for some kind of "deal" along the lines of the 1954 Geneva agreements, in which the Communists, in return for guarantees against Western intervention in Laos and perhaps some concessions to the Pathet Lao, would refrain from giving military support to the rebels.)

(France, in line with its view that the trouble in Laos is largely of domestic political origin, has rejected the Soviet proposal for reconvening the 1954 Geneva conference which ended the Indochina war. The French have accused the Laotian Army of exaggerating external Communist assistance to the dissidents in order to cover the army's "ineptness." A French Foreign Ministry official recently commented to American representatives that it "might not be a bad idea" for the Laotian Government to make concessions to the dissidents to stabilize the situation. Such a suggestion is in keeping with France's long-standing preference for the neutralization of the non-Communist states in Indochina.)

(Small-scale attacks on Laotian Army units have occurred in central Laos during the past two weeks. Skirmishing in Sam Neua and Phong Saly provinces also continues, but on an apparently reduced scale.) [REDACTED]

[REDACTED]

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Iraq Shifting Students to Soviet Bloc

During the coming school year a record number of Iraqi government-sponsored students will be sent abroad, and it is expected that the Soviet bloc will make serious inroads in the number sent to Western countries. The bloc, which had only 12 Iraqi students last year, has offered about 450 scholarships for the coming year. An additional incentive for Iraq to switch students is "bargain rate" educational costs in the USSR. An Iraqi educational official has stated that an Iraqi student in the US costs his government \$4,200 per year, as opposed to a cost of \$440 in the USSR. Moreover, he said, the USSR provides free medical care and other amenities, "which are not available in most Western universities."

On 2 September the Iraqi Ministry of Education announced that 2,000 students will be sent abroad on Iraqi Government scholarships during the 1959-60 academic year, an increase of 700 over this year. According to the ministry, the approximately 3,200 Iraqi students abroad this year on government scholarships and at their own expense were distributed as follows: US 941, Britain 623, West Germany 197, France 143, India 54, Switzerland 30, Austria 51, Italy 3, and Sweden 2. In the Middle East there are 546 in Turkey, 297 in Lebanon, 279 in the UAR, 4 in Iran, and 3 in Pakistan. Of students in the bloc, there are 11 in East Germany and one in Poland.

For the coming academic year, East Germany has granted 70 scholarships, Bulgaria and Hungary 22 each, Czechoslovakia 15, Poland 10, Rumania 6, Albania 5, and North Korea 5. The USSR has agreed to accept 300 students--50 on full scholarships --the costs of the remaining 250 being split between the USSR and Iraq. In addition, Communist China has granted 18. Yugoslavia will give 14 scholarships.

In the past the tendency has been for Iraqi students to be sent to the US and Great Britain because of the widespread use of the English language in Iraq.

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Japanese Socialist Leaders Seek Time to Repair Party Schism

Top Japanese Socialist party leaders have decided to adjourn the convention now in session at Tokyo in an effort to gain time in which to repair the schism created by the walkout of the right-wing Suehiro Nishio faction on 14 September in opposition to the party's trend toward extreme leftism. The leaders plan to resume the convention in October, prior to an extraordinary Diet session scheduled for that month. While feverish efforts thus far have failed to develop a formula acceptable to Nishio for the return of his faction to the party fold, the leaders apparently still hope to fashion a compromise that will prevent a formal split in the party.

Nishio, apparently influenced by some supporters who believe the time is not favorable, has not decided to form a new party immediately, but has said he would do so in October if forced by the present Socialist leaders. He has asserted that such a party would be non-Marxist with a broad popular appeal which would garner Socialist support from beyond organized labor and farmer unions.

The moderate right-wing faction of Jotaro Kawakami, which has about 65 of the party's 250 Diet members, appears to hold the key to future developments in the Socialist party. Although a majority of the Kawakami group is reported to support Nishio, the faction agreed to participate in the party convention which reopened on 15 September with the understanding that action on the reorganization plan and the election of officers would be carried over to the October meeting. Kawakami, who initially defended Nishio, now has made clear by publicly criticizing the dissidents' plan for a new party that he wishes to avoid a party split at any cost. Even if Kawakami's position provides an avenue for a compromise, Nishio appears committed to establish a more aggressive intraparty opposition.

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III. THE WEST

Cuban Government May Be Reshuffled

Rufo Lopez Fresquet, Cuban finance minister, is reliably reported to have said on 14 September that "necessary and important changes" would soon be made in key revolutionary government positions. Lopez, who is highly regarded by American officials, appeared confident of retaining his post although his replacement has been rumored, along with that of several other moderate ministers.

[redacted] Fidel Castro is dissatisfied with the slow progress of the revolution, particularly agrarian and educational reforms, and will shift the directors of both to other positions. There is one report that Castro will resign as prime minister and assume active control of the agrarian reform institute. Most observers agree that pro-Communist Ernesto Guevara will receive some important post directing the development or regulation of the industrialization program, which is another priority revolutionary aim.

The retention of trained officials like Fresquet, Economy Minister Boti, and National Bank president Pazos--who are determined to keep the Cuban economy from collapsing--would serve as a counterbalance to the apparently increasing power of Raul Castro, Guevara, and other extreme leftists [redacted]

[redacted]

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Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

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

Assistant Secretary of Defense for International Security Affairs

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 Army

Director of Naval Intelligence, Department of Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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