



24 July 1959



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CENTRAL

INTELLIGENCE

BULLETIN



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24 JULY 1959

I. THE COMMUNIST BLOC

Soviet source sees no major change in USSR-Yugoslav relations while Khrushchev and Tito are in power.

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II. ASIA-AFRICA

Burmese Government protests Chinese Communist Embassy's "unfriendly attitude" in connection with defector case.

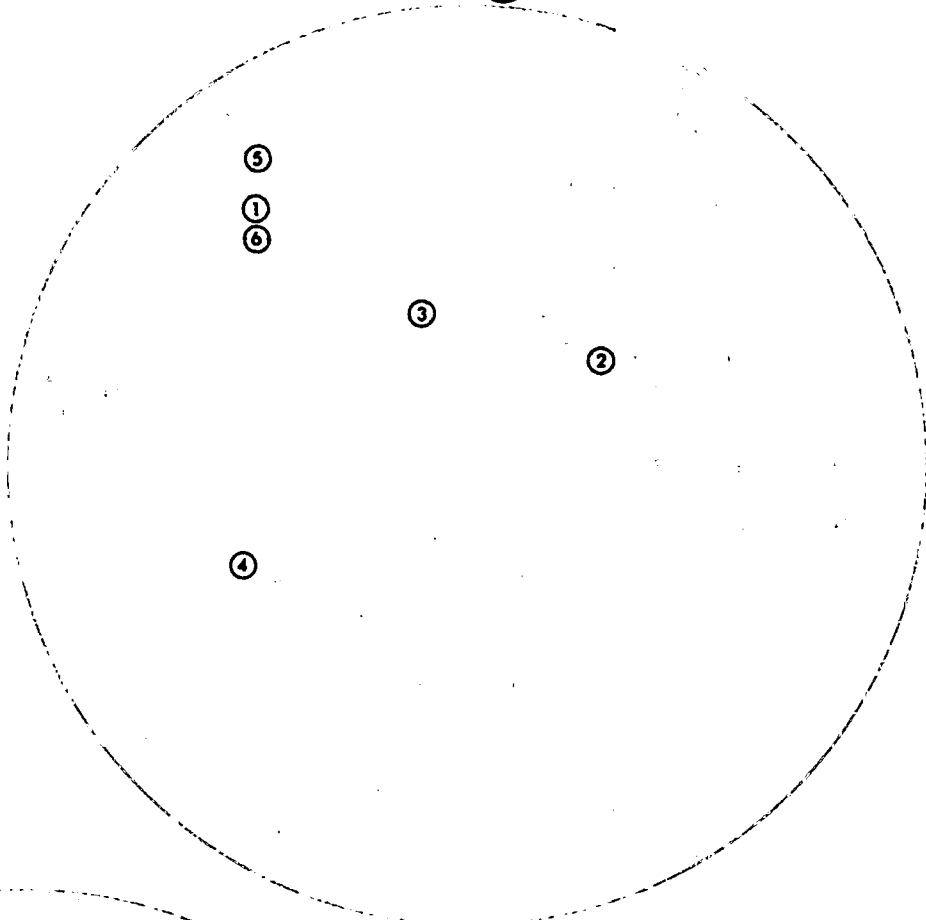
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Baghdad Pact may face internal crisis over question of military structure.

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Plans for evolution of Central African Federation may be complicated by attitude of British Labor party.

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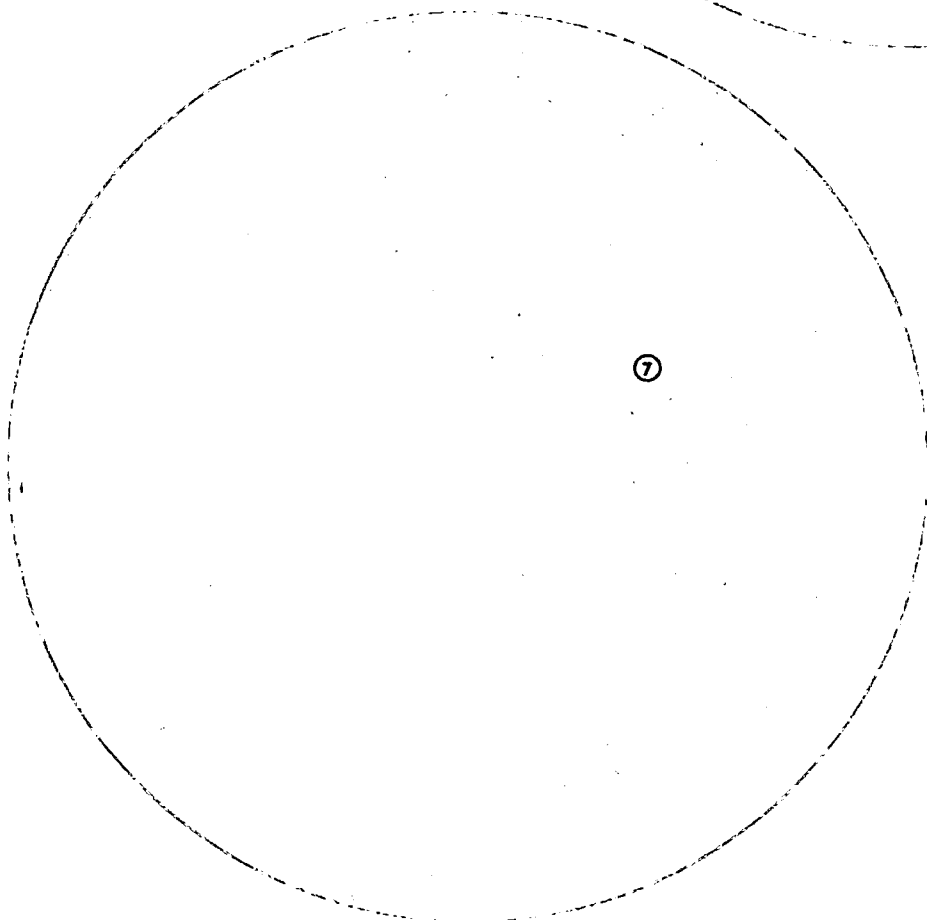
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III. THE WEST

⑤ American officials note decline in West Berlin's morale.

⑥ Greece reluctant to move ahead on missile bases program; uncertain over domestic political aspects.

⑦ UK seriously concerned over future of West Indies Federation.



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CENTRAL INTELLIGENCE BULLETIN

24 July 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

N/O

USSR-Yugoslavia: [Current USSR-Yugoslav negotiations over the developmental credits, which Moscow unilaterally suspended in 1956, will be kept on a low level and no major change in USSR-Yugoslav relations is likely as long as Tito and Khrushchev are in power.]

[] the USSR was irritated over Belgrade's desire to be treated on the same favorable trade terms as bloc members, and doubted that any significant part of the credits will be rescheduled.]

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II. ASIA-AFRICA

N/O

***Burma - Communist China:** The acrimonious exchange of notes between Rangoon and Peiping over the attempted defection of a member of the Chinese Embassy is creating new strains in Sino-Burmese relations. Rangoon has lodged a strong protest against China's "unfriendly" attitude in refusing to accept Burma's word that the defector had asked for asylum. Peiping in turn accuses the Burmese of "conniving" with and shielding American and Chinese Nationalist agents.

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Baghdad Pact: [The Baghdad Pact may be facing a major crisis over the question of its military development. Some top officials of the organization are reported to be convinced that "something must be done right away" about the pact's military structure. Iran and Pakistan apparently believe]

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Yugoslav-Bloc Relations

[redacted]

[Yugoslav-Soviet negotiations now under way in Belgrade concerning the developmental credits which were suspended by the USSR in 1958 will be kept on a low level, [redacted]

[redacted] does not believe that a significant part of the credits will be rescheduled because there are "many more worthwhile countries" that deserve them. Apparently only one session has been held--on 6 July--at which the Yugoslavs presented their case. [redacted]

Soviet irritation over Belgrade's desire to be treated on the same favorable trade terms as bloc members. [redacted]

[redacted] the Yugoslavs expected to buy Russian wheat at the same price paid by the Albanians.]

[redacted] also did not foresee any major change in Yugoslav-Soviet relations as long as Tito and Khrushchev remain in power. He played down any Soviet interest in attempting to influence Yugoslav foreign policy in support of Soviet goals, since the Yugoslavs are already forced by their "socialist" pretensions to adopt policies fairly close to those of Moscow.]

[This information casts considerable doubt on a number of recent reports [redacted] that Khrushchev will meet with Tito or Yugoslav Vice President Kardelj in the near future. Even if such a meeting were held, basic ideological issues would still block the re-establishment of party relations and vitiate efforts to improve state relations.] [redacted]

[redacted]

II. ASIA-AFRICA

Burma and Communist China Exchange Acrimonious Notes

The attempted defection of a member of the Chinese Communist Embassy in Rangoon is creating new strains in Sino-Burmese relations.

The Burmese Government, [redacted]

[redacted] is lodging a strong protest over the embassy's "unreasonable and unfriendly attitude" in connection with the case of Liu Ping-yi, a member of the embassy's commercial section who asked for asylum on 12 July after receiving a serious knife wound. The Burmese Government is particularly irritated at the Chinese chargé's refusal to accept its assertion that Liu had asked for asylum and at the chargé's insinuations of Burmese collusion in an alleged American plot to subvert Liu.

Since that date the Chinese Communist chargé has apparently subjected the Burmese Foreign Ministry to continual harassment in his efforts to regain custody of Liu, who, while seemingly out of danger, is still hospitalized. [In at least one of these approaches, on 20 July, heated words were exchanged between the chargé and Burmese officials]

[redacted] Communist China accused Burma of connivance with American and Chinese Nationalist agents. Peiping has threatened Rangoon with "responsibility for the consequences" if the Chinese demand for the return of the would-be defector is not met.

The blustering Chinese tactics will increase the Burmese Government's basic antipathy toward Communist China. Peiping may be attempting to keep Rangoon off balance in order to discourage government-inspired reporting of further developments

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in the case while Peiping presses for Liu's return. The Chinese thus far have not threatened specific reprisals against Burma, but may eventually feel the need to suggest that an "unfavorable" attitude might jeopardize settlement of the long-standing border dispute.

[Redacted]

Rangoon will dispose of the case on its merits. [Redacted]

[Redacted] Liu now had recovered enough to be interviewed by Chinese representatives. [Redacted]

[Redacted]

Crisis Developing Among Baghdad Pact Allies

[Some top officials of the Baghdad Pact are insisting that "something must be done right away" about the pact's military organization, according to Ambassador Warren in Ankara where the pact headquarters is now located. There is apparently a genuine "fear for the future" on the part of the regional members of the organization, Iran, Turkey, and Pakistan, and a possibility that one or more may decide to jettison the pact. The withdrawal of any remaining member would have a strong psychological effect on the others.]

[Pact members appear to be re-examining the over-all benefits to determine whether continued membership will provide greater moral, military, and material advantages than they would derive either from reliance on bilateral relationships with Western powers or from shifting to a more neutralist policy. The initial term of pact membership ends in February 1960. Any member contemplating termination of membership is required by the pact to give notice six months prior to the expiration of the initial agreement.]

[Iran recently made a proposal which, according to British General Jones, director of the pact's Combined Military Planning Staff, would call for a supreme military headquarters to be located in Tehran, the appointment of theater commanders, and the creation of a council to offer direction to the military organization. Jones and the secretary general of the pact believe the proposal should be studied and that great care should be exercised to avoid offending the Shah, who is under both Soviet and domestic pressure to make concessions to the USSR.]

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British Party Controversy Poses Threat to Central African Progress

[The British Labor party's far-reaching objections to the Macmillan government's plans for review next year of the constitution of the Federation of Rhodesia and Nyasaland--envisaged in the 1953 Federation agreement--poses a further threat to orderly and rapid advance to independence for the Federation. Basically the Labor party disputes the white-settler minority's insistence on perpetuating its control in Central Africa. Labor leaders' genuine worries about African developments are accentuated by the party's search for a popular issue for the British general elections expected this fall.]

[Labor's misgivings, which are shared by some back-bench Conservatives, were expressed in a House of Commons debate on 22 July on the government's plan to establish a 26-member commission drawn from Britain, Central Africa, and the Commonwealth to prepare for the constitutional review. Party leader Gaitskell called for major reforms, including parity for Africans with other races in the legislative and executive offices of Northern Rhodesia, before holding the review conference. While the Labor party has not refused to participate in the preparatory commission, Gaitskell's criticism of its composition probably foreshadows an intention to dissociate Labor from any commission findings. Some British officials doubt that the commission will be useful under the circumstances.]

[Most African leaders may be expected to back Labor's attacks on the preparatory arrangements in view of the growing native distrust of the racial policies of the white-settler government of Prime Minister Welensky. The African opposition to the Federation--at least on the part of Nyasalanders--was demonstrated by the serious racial disturbances last February and March. Since then the influence of the African political organization in the Federation reportedly has increased despite the banning of such movements in Southern Rhodesia.]

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III. THE WEST

Greek Government Reluctant to Proceed With Establishment Of Missile Bases

[The Greek Government remains concerned over the possibility of public opposition to establishment of IRBM bases in Greece and appears most reluctant to make an affirmative decision on the issue at this time. While both Premier Karamanlis and Foreign Minister Averoff have indicated a desire to proceed with the proposed IRBM program, other Greek leaders are apprehensive over the internal political reaction. Thus far, the government has done little to prepare the public for acceptance of such bases.]

[Greece took an important step toward acceptance of IRBM bases in early May when it concluded a bilateral agreement with the United States for exchange of atomic information. The Soviet bloc then began an intensive campaign--alternating between proposals for a nuclear-free Balkan zone and threats to obliterate Greece in case of hostilities--designed to prevent further moves toward establishment of bases. Greek Communist-front parties joined in the campaign and were aided by center politicians seeking an issue which would appeal to any neutralist sentiment in Greece. All Greek newspapers with the exception of the far left, however, have generally supported the government's rejection of bloc proposals and threats, and there has been widespread criticism of Soviet interference in what is regarded as an internal issue.]

[While eventual Greek acceptance of IRBM bases seems likely, the American Embassy believes that, "in the absence of some external stimulus," the Greek Government will not initiate any action in that direction in the near future.]

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Jamaican Election Seen as Prime Factor in Future of West Indies Federation

[The Macmillan government is worried about the future of the year-old West Indies Federation, according to the American Embassy in London, and considers the 28 July Jamaican election as the "first milestone" in determining its prospects. London has apparently lost faith in the federal prime minister, Sir Grantley Adams; it seems to be basing its hopes on some yet undiscovered Jamaican leader who will throw his weight behind a stronger federation as an alternative to both Adams and Trinidad's anti-American premier, Eric Williams, who seeks return of the US naval base at Chaguaramas.]

[Increasing anti-Federation sentiment in Jamaica, however, has made the island's role in the organization the main issue in the election campaign. The opposition leader, Sir Alexander Bustamante, has opposed the Federation from the beginning, and Jamaican Premier Norman Manley, a principal sponsor of federation, now has yielded to anti-Federation opinion within his own party. Perhaps because of the anticipated closeness of the election, he now is on record favoring Jamaica's withdrawal unless the constitution is revised to allow for the island's superior economic position and its greater wealth and population. At the federal constitutional conference scheduled for September, therefore, the Jamaican Government will be committed to gaining special concessions for Jamaica. This could further weaken the Federation and threaten Britain's efforts to bring independence to the scattered Caribbean islands.]

[London, meanwhile, continues to press the United States to agree to a tripartite revision conference on the 1941 agreement on US-UK Caribbean bases as another measure to strengthen the Federation.]

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