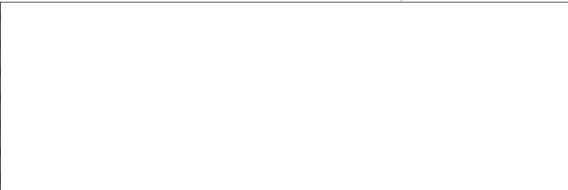


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31 October 1959



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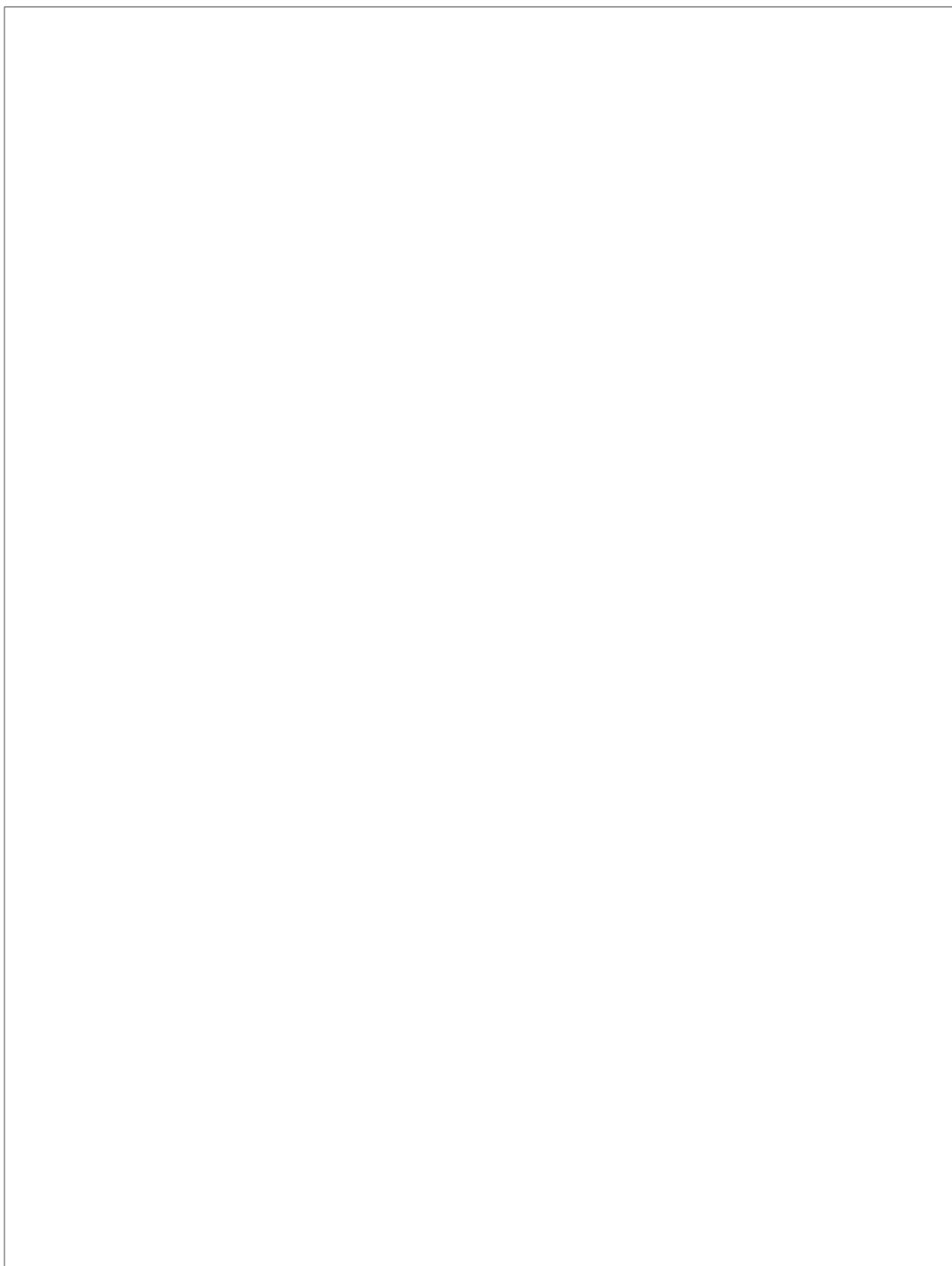
CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 53
NO CHANGE IN CLASS. DECLASSIFIED
CLASS. CHANGED TO: TS S
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 4/14/04 REVIEWER 



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31 OCTOBER 1959

I. THE COMMUNIST BLOC

Soviet bloc may renew bid for Balkan conference on atom-free zone. ①

Serious drought in Poland, Czechoslovakia and East Germany. ②

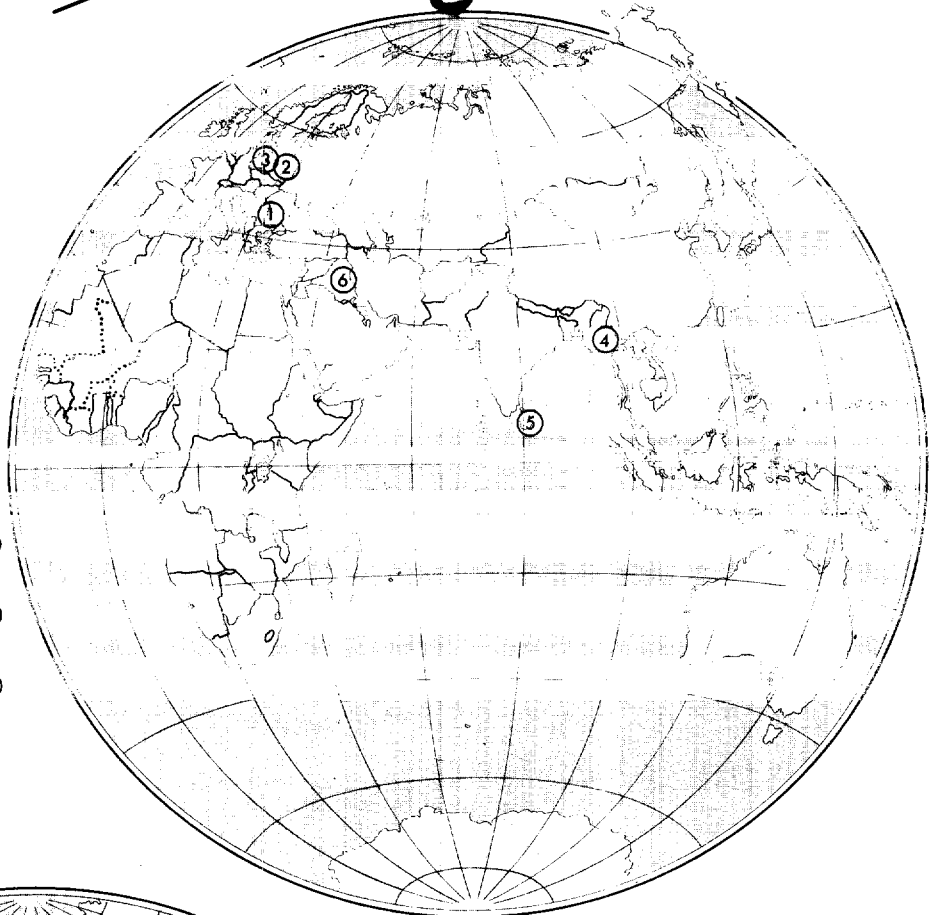
East German plans, still subject to Soviet approval, for new flag display in West Berlin reported. ③

II. ASIA-AFRICA

Burmese premier considering trip to Peiping on border problem. ④

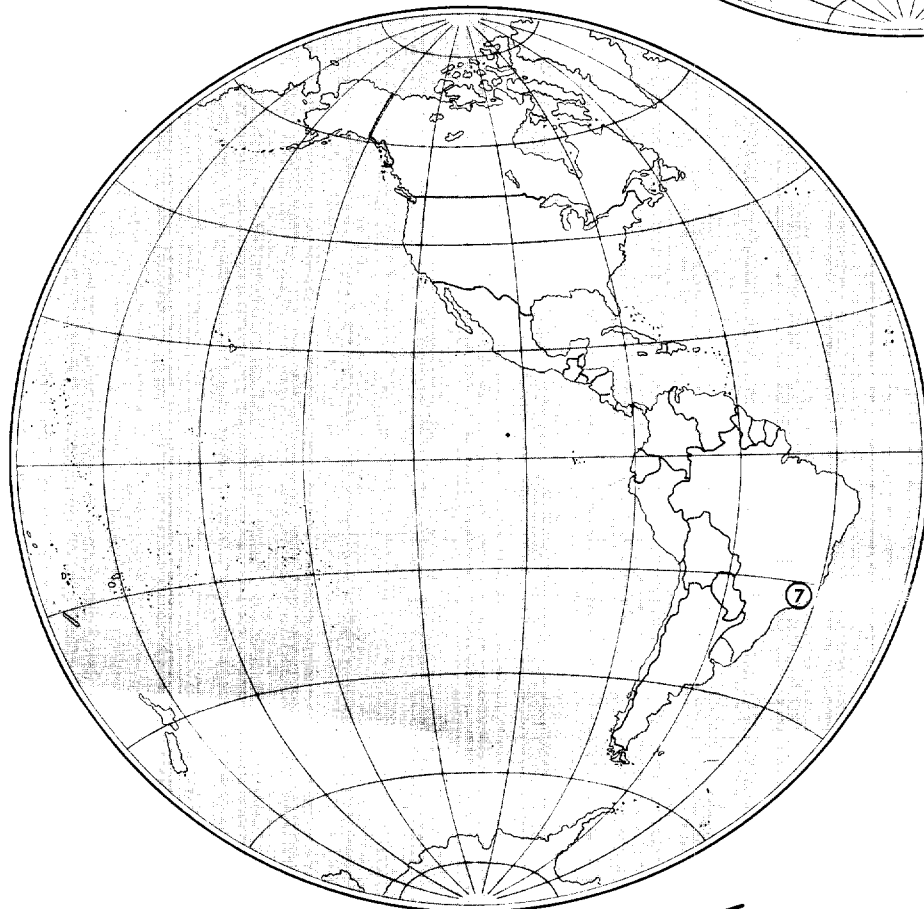
Ceylonese Government wins confidence vote, but remains in vulnerable position. ⑤

Iraqi troop move may reflect fear of Iranian action in Shatt al-Arab area. ⑥



III. THE WEST

⑦ Brazil, not USSR, supplied initiative for planned Soviet-Brazilian trade talks.



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CENTRAL INTELLIGENCE BULLETIN

31 October 1959

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

OK Bloc-Balkans: The Soviet bloc may be planning to renew its bid for a conference of Balkan countries to consider the bloc's scheme for a Balkan-Adriatic atom- and rocket-free zone and related proposals. Bloc leaders are probably aware that Turkey expects shortly to announce its acceptance of NATO missile bases. While they probably would not expect a conference bid to be accepted by nonbloc countries, they may calculate that such a bid, coming just before any Turkish announcement, would further "justify" countermeasures such as siting of Soviet missile bases in the Balkan satellites. [redacted] (Page 1)

OK Eastern Europe: A serious drought in Poland, Czechoslovakia, and East Germany has been hampering fall sowing and will jeopardize the winter wheat and rye crops, which account for over half of all the grain produced in these countries. Poland already faces a decline in public morale because of a shortage of meat and other foods. All three countries will probably have to increase substantially their normally heavy imports of grain and fodder. [redacted] (Page 2)

NO Berlin: East German authorities have plans to display the new East German flag on all elevated railway stations in West Berlin on 7 November, and to organize goon squads to resist the expected police action to remove the banners. [redacted] A one- or two-day suspension of elevated service in West Berlin is also planned if the flags are torn down. These plans are said to be still subject to Soviet approval, however, and any displays may be limited to flags on moving trains and in relatively inaccessible installations in order to uphold East German prestige without risking serious disorders. [redacted]

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II. ASIA-AFRICA

Burma - Communist China: Burmese Premier Ne Win is considering a visit to Peiping in an effort to settle the long-standing dispute over the Sino-Burmese border. [redacted]

NO [redacted] he is prepared to make the trip provided the Chinese give some "prior indication" that an agreement to "ease" the border question can be reached.

[redacted] (Page 3)

OK Ceylon: Although Parliament defeated a motion of no confidence in the Dahanayake government by a margin of 48 to 43 on 30 October, the government remains in a vulnerable position because of serious cabinet dissension and charges implicating top officials in the Bandaranaike assassination. The continued unwillingness of certain opposition leftists to face elections in the near future apparently is the key factor in enabling Dahanayake to remain in office. [redacted] (Page 4)

OK Iraq-Iran: Iraqi troop movements on 27 October south from Basra along the Iraqi side of the Shatt al-Arab appear to have resulted from Iraqi fear of possible Iranian military action in that area. Continuing efforts by Iran to get negotiations started with Iraq on the long-standing dispute regarding sovereignty over the river and regulation of navigation therein have been unsuccessful. On 23 and 24 October, in defiance of warnings by Iraqi port authorities, Iran moved ships under naval escort to and from the Iranian port of Khosroabad. On 29 October, however, an Iranian Foreign Ministry official stated that the situation was quiet along the river; he indicated that while his government would "stand firm," it would be ready for negotiations whenever the Iraqis were willing. [redacted]

III. THE WEST

NO Brazil-USSR: The initiative for the Soviet-Brazilian trade talks planned for late November in Moscow came from Brazil rather than the USSR, [redacted]

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DAILY BRIEF

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Brazil's chief UN delegate. [redacted]

[redacted] a New York Times article had falsely attributed the talks to "insistent invitations from the USSR," and had implied that Poland's role as a go-between in the talks had influenced Brazil to vote for Poland in the Security Council elections. [redacted] (Page 5)

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DAILY BRIEF

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~~CONFIDENTIAL~~

I. THE COMMUNIST BLOC

Bloc May Renew Bid for Balkan Summit Conference

Recent events suggest that bloc leaders are planning to renew their bid for a summit conference of the Balkan-Adriatic countries to consider the Soviet scheme for a "zone of peace" in which atomic and rocket weapons would be prohibited. Such a move may have figured in Khrushchev's unannounced visit to Bucharest from 19 to 25 October and the recent approach of the Soviet ambassador in Belgrade to Yugoslav President Tito. The Rumanian and Bulgarian ambassadors in Belgrade reportedly also have talked with Tito recently.

The day after Khrushchev's return to Moscow, Bucharest radio renewed the 1957 Rumanian appeal for a Balkan conference. Bloc propaganda is continuing to refer to "favorable conditions for inter-Balkan collaboration" and has recalled the earlier Rumanian "initiative" for a conference and Khrushchev's proposal for an atom-free zone. There has been only mild propaganda reaction, however, to reports that Turkey will soon agree to the establishment of NATO missile bases on its territory, in contrast to the flood of sharp statements, notes, and speeches that followed reports in April and May of NATO plans for missile bases in Italy and Greece. On 30 October, TASS reported without comment that "detailed agreement had been reached "between the United States and Turkey on erection of a "rocket base."

Early last summer Moscow formally proposed a Balkan-Adriatic "zone of peace" to include the Balkan satellites, Yugoslavia, Greece, Turkey, and Italy. According to the plan, the United States, Britain, and France would join the USSR in "guaranteeing the security and independence of the countries in the zone." Rumania on two previous occasions has taken the lead in introducing proposals for a Balkan conference and would be the logical choice for renewing the offer.

While bloc leaders probably would expect nonbloc countries to reject this bid for a conference, they may think that renewal of such an overture, coming just before an official Turkish announcement on missile bases, would serve to "justify" countermeasures such as establishing Soviet missile bases in the Balkans.

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Drought Intensifies Satellite Problems

A serious drought in Czechoslovakia, East Germany, and Poland of over two months' duration has been hampering fall planting and is threatening the winter wheat and rye crops, which account for about 60 percent of the total grain output of these countries. The drought is also affecting the current harvests of potatoes, sugar beets, and fodder. Output of dairy products has been reduced. East German Premier Grotewohl called a special meeting "to ensure the food supply," and the Polish party central committee held an extraordinary plenum to discuss the subject.

It is unlikely that any losses of winter grain could be made up in spring planting. The result would probably be a further decline in stock breeding, with particularly heavy impact on Poland, where the population has already shown its irritation over a six-month meat shortage. Poland, Czechoslovakia, and East Germany normally import about 4,500,000 tons of grain annually, largely from the USSR. Grain imports will probably have to be increased substantially.

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~~TOP SECRET~~ [REDACTED]

II. ASIA-AFRICA

Burmese Premier May Go to Peiping to Seek Border Settlement

Premier Ne Win is considering a visit to Peiping in the hope of settling the long-standing Sino-Burmese border issue, [REDACTED]

[REDACTED] Ne Win's decision to visit Communist China would depend upon his receiving some prior indication that an agreement can be reached. [REDACTED]

Premier Ne Win recently informed the American ambassador that Peiping's response to a Burmese "take-it-or-leave-it" package settlement plan, delivered last May, appears to offer a basis for further negotiations. His immediate personal interest in the problem reportedly stems from a casual suggestion by former Premier U Ba Swe that he go to Peiping, settle the border issue, and thus go down in Burmese history as a "great man." Ne Win asked for Foreign Office views of this suggestion.

The Burmese Foreign Office reportedly is divided on the advisability of such a visit. One faction has argued that the trip would be futile. This group fears the visit might weaken Burma's bargaining position by reviving discussion of the McMahon line as the basis of Sino-Burmese border delineation and recommends awaiting the outcome of the present Sino-Indian border dispute. The other action has contended that Ne Win should seize the initiative, capitalizing on Peiping's recent conciliatory gestures toward Burma.

The Chinese Communists, in order to allay Burmese fears of incidents like those along the Sino-Indian border, may again suggest that renewed border talks would be fruitful. However, Peiping is probably unwilling to boost Ne Win's prestige by giving him a quick settlement. [REDACTED]

[REDACTED]

~~TOP SECRET~~ [REDACTED]

Ceylon's New Prime Minister Survives First Crucial
Parliamentary Vote

The position of new Prime Minister Dahanayake's government remains vulnerable despite the ruling group's defeat on 30 October of a no-confidence motion by 48 votes to 43. Dahanayake is assured of remaining in power at least for a short period, but serious cabinet dissension and growing public awareness of charges implicating top government officials in former Prime Minister Bandaranaike's assassination cast doubt on his ability to retain his position throughout the remaining 18 months of the present government's term.

The division of votes on the no-confidence motion indicates that the government mustered its total voting strength, while the combined opposition suffered four abstentions. The ruling party's winning of this particular vote thus resulted primarily from the continued reluctance of certain leftist opposition members to oust the government and face elections, as well as from the support of six government-appointed members and two independents. Future votes probably will involve similar uncertainties.

In addition to dealing with the difficulties of the political situation he inherited, Dahanayake will also have to prove as capable a party leader as Bandaranaike and try to improve on the former prime minister's handling of long-standing economic and communal problems.

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III. THE WEST

Brazil Took Initiative in Trade Talks With USSR

[redacted]
Schmidt, complained [redacted]
a recent New York Times article on Brazil's trade talks with the USSR--to begin in late November--had attributed the talks to insistent invitations from the USSR, "when in fact the initiative came from us on this occasion." He said the article also referred to the fact that the negotiations for the talks were conducted through Poland and gave a "completely unjustifiable interpretation" of Brazil's support of Poland's candidacy for the UN Security Council. He added, "It had been agreed that Poland's role in the negotiations would be kept secret," and suggested that Brazil must "assume a cautious position toward the USSR in order to avoid disagreeable reactions."

Schmidt reminded his government that Polish Foreign Minister Rapacki had suggested that the Brazilian mission visit only the USSR, probably thinking that a visit to Warsaw would strengthen suspicions that Brazil's support of Poland was in part based on commercial considerations, rather than on the "gentlemen's agreement" of 1946.

Poland was probably chosen to act as a go-between in arranging the talks, because Brazil does not have diplomatic relations with the USSR. [redacted]
[redacted]

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Executive Offices of the White House

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

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