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23 March 1960

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CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 20
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S D
NEXT REVIEW DATE: 2010
AUTH: HR 10-2
DATE: 6 JUN 1999 REVIEWER: [Redacted]

[Redacted]

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23 MARCH 1960

I. THE COMMUNIST BLOC

Workers' protests over wage reductions bringing increased pressure on Moscow to raise living standards.

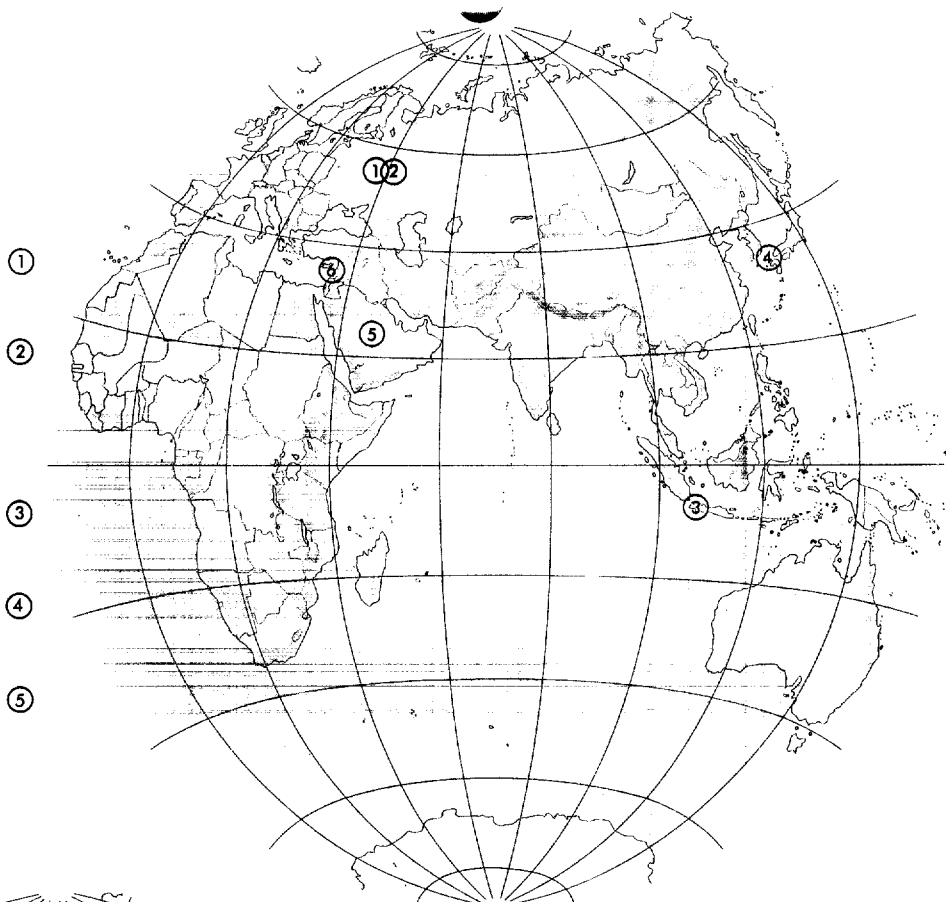
Soviet lecturer criticizes Asian and African leaders; finds only President Touré of Guinea worthy of praise.

II. ASIA-AFRICA

Indonesia--Recent violent incidents appear to reflect growing dissatisfaction with government's policies.

South Korean - Japanese relations eased by Seoul's agreement to release Japanese fishermen.

Saudi Arabia--Aramco embezzlement may bring pressure from government for participation in management.



III. THE WEST

- ⑥ Cyprus' trade with bloc increasing.
- ⑦ Ambassador Bonsal skeptical over prospect of reducing Cuban-US frictions.
- ⑧ Argentina--Growing army dissatisfaction with Frondizi regime noted; senior officers oppose action against it now.

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CENTRAL INTELLIGENCE BULLETIN

23 March 1960

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

USSR: [Soviet workers have recently protested wage reductions resulting from the shortened workday by staging meetings and slowdowns.] In addition, the reported outbreak of worker disturbances in Kazakhstan last October has recently been confirmed. [These protests are isolated but signify an emboldened worker attitude that contributes to pressure on the regime to improve living standards.]

[Redacted]

[Redacted]

(Page 1)

NO

USSR: A Soviet lecturer, speaking before an elite Moscow audience on 16 March on recent developments in Asian and African Communist parties, singled out only Guinea and Sekou Touré for unqualified praise. He criticized other nationalist leaders, including Nehru, Sukarno, U Nu, Nasir, Abboud, and Qasim. The speaker's remarks probably reflect a feeling among Soviet policymakers that the Communist bloc's economic and military assistance programs have produced fewer political dividends than expected.

[Redacted]

(Page 2)

OK

II. ASIA-AFRICA

Indonesia: Recent violent incidents apparently reflect growing frustration and dissatisfaction with Djakarta's political and economic policies. The incidents include a mutiny on 13 March at the police training center in East Java, an abortive attack--reportedly including army personnel--against the army cavalry training center in West Java on 19 March, and the 9 March strafing of the President's palace in Djakarta.

[Redacted]

(Page 4)

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of P 2

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representations"*

South Korea - Japan: The crisis in relations between Seoul and Tokyo which developed recently over the seizure of Japanese fishermen has been eased by Seoul's agreement to exchange by the end of March 167 Japanese fishermen for approximately 1,000 Koreans detained in Japan for illegal entry. Even if this matter is settled satisfactorily, serious differences will remain at issue between the two countries. [redacted] (Page 5)

NO

Saudi Arabia - Aramco: [Officials of the Arabian American Oil Company (Aramco) have uncovered evidence of widespread embezzlement. Thus far only non-American employees are implicated. The funds involved are those received for Aramco sales within Saudi Arabia, and unpaid taxes are due the government on them. Abdullah Tariki, Saudi Arabia's anti-American oil boss, probably will seize on this opportunity to press for day-to-day government participation in Aramco management.] [redacted] (Page 6)

III. THE WEST

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sentence
of P 1*

Cyprus-USSR: A Cypriot industrialist has signed an agreement with the Soviet Techno-Export Company, which specializes in the building of factories in foreign countries, to secure machinery for expansion of the production of a local flour mill. Since conclusion of the 1959 Cyprus accords providing for the island's independence, bloc countries have increased trade with the island, made general offers of economic assistance, and made overtures for establishing diplomatic representation in the new republic. [redacted] (Page 7)

NO

Cuba: [On 21 March Foreign Minister Roa strongly objected to Ambassador Bonsal's expressed regret that the Castro government had chosen a "position outside the free-world community." He insisted that Cuba has only asserted its freedom in its foreign policy. Ambassador Bonsal is skeptical over results of negotiations concerning Cuban-US frictions.] [redacted] (Page 8)

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DAILY BRIEF

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Argentina: Growing army dissatisfaction with President Frondizi's administration has revived talk within army circles of a coup. Some officers believe the continued Peronista bombings result from too soft a policy. Senior officers oppose action against Frondizi at this time, but continued terrorism or an unexpectedly large blank vote in the 27 March congressional elections could increase support for a coup.

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DAILY BRIEF

iii

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I. THE COMMUNIST BLOC

Soviet Labor Disturbances

[There has recently been considerable agitation among those Soviet workers whose wages have been reduced as a result of the introduction of a seven-hour day [redacted]

[redacted] Workers complained that they had been promised that no reduction in wages would take place. When told that they could maintain their income by increased productivity, some workers contended that they were willing but that factory equipment was inadequate.]

The outbreak of labor disturbances in the Kazakh republic last October has been confirmed. The Kazakh party chief, in a recent speech to the republic party congress, admitted that "work stoppages" stemming from unsatisfactory living conditions occurred at that time at the construction site of the Karaganda Metallurgical Plant at Temir-Tau, near Karaganda.

Previous reports asserted that riots and strikes involving students in an industrial school and a large majority of the construction workers at the metallurgical plant immobilized Temir-Tau for several days in early October. The demonstrations, allegedly touched off by resentment at the better living conditions enjoyed by Eastern European contract workers, were finally quelled by troops brought in from outside. A number of the participants were shot or arrested.

On 10 October, K. F. Lunev, deputy head of the USSR KGB, was sent to Kazakhstan as the republic KGB chief, presumably to investigate the situation. Virtually all top party and government officials of the Karaganda oblast were removed from their posts, and republic officials gave more public attention to the need for better living and working conditions.

These outbreaks, though isolated and controllable, are signs of an emboldened worker attitude and will bring increased pressure on the regime to improve living standards. [redacted]

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Soviet Lecturer Praises Touré; Criticizes Other Afro-Asian Leaders

A quasi-official Soviet spokesman, lecturing before an elite Moscow audience on 16 March on recent developments in Asian and African Communist parties, singled out Sekou Touré as the only Asian or African nationalist leader deserving of unqualified praise. Touré was portrayed as an honest and vigorous "Marxist," and the Guinean Democratic party--while not Communist--as a "good party with good perspectives." The talk, which emphasized the weakness of Communist parties in Africa due to the absence of an industrial working class, clearly reflects Moscow's high hopes of using Guinea as a vehicle for expanding Communist bloc influence in Africa.

In contrast, the lecturer voiced contemptuous disapproval of other "national bourgeois" leaders, including Nehru, Sukarno, U Nu, Qasim, Nasir, and Abboud, who were pictured as unreliable and vacillating. They were especially censured for their tendency to discard local Communists after accepting their support in a common struggle for freedom against colonial powers.

This unusually strong criticism of "national bourgeois" leaders and their policies probably reflects opinion among Soviet policymakers that the Communist bloc's economic and military assistance programs should have produced greater political dividends. While Soviet ideological writings have reflected this irritation in the past, evidence is generally lacking that Moscow is planning any policy shift in the near future in favor of a tougher line toward the Afro-Asian neutralist countries or increased militancy by local Communist parties. Both tendencies would, of course, undercut the current Soviet campaign for international detente.

The speaker sharply attacked Nasir for his dictatorial methods and suppression of Communists and claimed that Khrushchev would refuse to visit the UAR because this would imply an endorsement of the UAR regime.

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Commenting on the difficulties which have been encountered by Iraqi Communists, the lecturer criticized the party for pushing ahead for power too quickly--an error it publicly admitted last July following the Kirkuk incident. The speaker also pointed out that the Iraqi Communist party is strong, nevertheless, and made the unwarranted claim that it can call on "tens of thousands of armed supporters."

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II. ASIA-AFRICA

Armed Incidents in Java May Have Been Coordinated

[Increasing evidence indicates that some of the recent armed incidents in Java, including the 9 March strafing of the President's palace, were coordinated. Taken together, they reflect the dissatisfaction and frustration stemming from Djakarta's authoritarianism and ineffective economic policies.]

[A group of 50 natives of the rebellious North Celebes area, some of whom were army personnel, attacked the army cavalry training school in Bandung on 19 March.

) Most of the attackers, whose purpose was to obtain arms, escaped "with several weapons."

prevented a similar raid at Sukabumi, West Java, a week earlier. A captured leader of the Bandung group reportedly has confessed that he was one of the instigators of the 9 March strafing incident which was also perpetrated by natives of North Celebes.]

[According to earlier information, a group of North Celebes natives in Java had developed an organizational and operational plan to assassinate government leaders. Although this organization is now considered largely neutralized as the result of recent arrests, its original strength was placed at 2,000. It was said to have included army and mobile brigade personnel as well as members of Permesta, the North Celebes dissident organization. The 13 March mutiny of one company at the police mobile brigade training center in East Java could have been part of this plan, although internal police dissension is more likely to have motivated the activity.]

[The Indonesian security situation continues to feature heavy attacks in West Java by the Darul Islam, a fanatical Moslem organization, and raids in North and Central Sumatra by adherents of the "United Republic of Indonesia."]

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Japanese - South Korean Crisis Averted by Detainee Exchange Agreement

Reluctant agreement by South Korea to a mutual exchange of detainees with Japan has relaxed pressures on Tokyo for strong action against Seoul's "hostage diplomacy" and has thus eased the most serious crisis between the countries since World War II. The exchange is supposed to take place at the end of March and include 167 Japanese fishermen who have completed sentences for fishing within the "Rhee line" and approximately 1,000 Koreans who are being detained for illegal entry into Japan.

Widespread public feeling in Japan had forced the government to consider referring the Rhee line and detainees disputes to the UN, expelling the Korean diplomatic mission in Tokyo, and adopting stronger measures to protect Japanese fishing vessels. These pressures together with US representations and a desire to allay adverse international criticism of fraudulent practices in recent South Korean elections influenced Seoul to agree to the exchange.

Many serious differences remain, and a settlement continues to be remote. South Korea has not committed itself to release an additional 47 fishermen when their sentences expire, and difficulties may develop concerning some 176 Korean detainees in Japan who have asked to go to North Korea. South Korean Ambassador Yu in Tokyo is insisting that they be "quietly" shipped to South Korea, but Tokyo is unlikely to agree to this arrangement.

South Korea also has not retreated on the issue of the Rhee line nor indicated that it will refrain from future seizures. Japan has already announced that after 1 April its patrol vessels in the Rhee line will mount three-inch guns as well as machine guns, but orders against actually opening fire have not yet been lifted. A return by South Korea to an intransigent position in relations with Japan is certain to result in renewed public pressures in Japan for retaliatory action.

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Arabian American Oil Company Discovers
Widespread Embezzlement

[Officials of the Arabian American Oil Company (Aramco) have uncovered evidence of widespread embezzlement over an extended period and involving funds received for Aramco sales of refined products within Saudi Arabia. Thus far only the company's non-American foreign contract employees have been implicated, but officials fear that a complete audit will disclose that Americans masterminded the "cunningly managed" operation. The investigation has revealed that the shortage is in excess of \$100,000 and has suggested that the total sum embezzled may be many times this amount.]

[Aramco officials have already informed Amir Saud Bin Jiluwi--iron-fisted ruler of the country's Eastern Province--who has agreed to withhold action pending completion of the full investigation by the company. Although Aramco generally attempts to protect its employees from the harsh Saudi legal processes, the company at this point is determined to hand over to Saudi courts all those implicated in this case.]

[It is already clear that Aramco owes the Saudi Government back taxes. Abdullah Tariki--Saudi Arabia's anti-American oil boss--probably will seize upon this scandal to press for day-to-day government participation in Aramco management operations.]

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III. THE WEST

Cypriot Industrialist Signs Agreement With Soviet Export Company

Cypriot industrialist Platon Antoniades signed an agreement in Moscow with the Soviet Techno-Export Company on 21 March, according to a broadcast by the Cyprus Home Service. The agreement, signed under what are described as "extremely favorable terms," provides that Techno-Export will supply machinery for converting the Antoniades flour mill into a large factory capable of supplying the Paphos District of Cyprus. This district is one of six on the island and has a population of about 60,000. [redacted]

[redacted] negotiations for the Antoniades project have been going on in Moscow for at least two, possibly three, months. [redacted]

Since negotiations among Britain, Greece, Turkey, and the Cypriots resulted in the agreement of February 1959--which provides for eventual Cypriot independence--the Soviet bloc has demonstrated an increasing interest in the island. Last summer, a Cypriot cultural delegation--including the mayors of two cities on Cyprus--visited several bloc countries and were assured by officials in Moscow and Peiping that economic aid for the future Cypriot republic would be available "without strings." Interim Cypriot cabinet members, harassed by the need to find markets for Cypriot agricultural and mineral products, have reluctantly increased the scope of barter agreements with bloc countries in recent months. Meanwhile, bloc diplomats have been actively seeking to establish diplomatic or consular representation on Cyprus when the island achieves independence. [redacted]

[redacted]

[redacted]

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~~CONFIDENTIAL~~Castro Government Attitudes

[Cuban Foreign Minister Roa on 21 March strongly objected to Ambassador Bonsal's expressed regret that the Castro government had chosen a position outside the free-world community. Roa insisted that Cuba has merely asserted its freedom in foreign policy for the first time and implied that he does not believe the Communist bloc represents slavery.]

[Roa rejected US charges that seizures of American properties by the Cuban Government are extralegal and said that dissatisfied former owners were free to pursue their cases by judicial means. Several owners have already had recourse to Cuban courts without gaining any satisfaction. Roa claimed that extradition requests for 500 Cuban "war criminals" in the United States had been denied. Ambassador Bonsal pointed out that only two or three had been requested.]

[Speeches by President Dorticos and National Bank President Guevara on 20 March indicate that the Castro government plans no modification of its unreasonable attitude and that it expects all concessions to be made by the United States. Dorticos charged the United States with trying to starve Cuba and with culpability in the La Coubre explosion. Guevara reiterated the claim that the United States has kept Cuba in economic servitude. Ambassador Bonsal is skeptical that negotiations over Cuban-US problems will produce satisfactory results in this atmosphere. Public resentment in Cuba was again aroused on 21 March when a plane from the United States was captured during an alleged attempt to fly out former Batista supporters; this will strengthen Castro's attitude.]

[Foreign Minister Roa made no specific arrangements to open negotiations and will visit Caracas from 24 to 29 March]

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