

**TOP SECRET**

15 August 1958

[Redacted box]

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# CENTRAL

# INTELLIGENCE

# BULLETIN



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# CENTRAL INTELLIGENCE BULLETIN

15 August 1958

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## DAILY BRIEF

### I. THE COMMUNIST BLOC

*no*

Soviet suggestion on Jordan: Gromyko put forth a suggestion in conversation with Secretary Dulles on 12 August that the US and the USSR might agree on some kind of "joint statement or decision" in order to provide "full assurance" for the political independence and territorial integrity of Lebanon and Jordan, thus creating a basis for the withdrawal of Western forces. During the conversation Gromyko also stated that the Jordanians should manage their own internal affairs.

*no*

International Communism: Moscow is creating new machinery to aid in unifying the ideological line of all Communist parties. An international commission to deal with "revisionism" is said to have been set up under B. N. Ponomarev, the leading Soviet theoretician who accompanied Khrushchev on his recent visit to Peiping. French Communist leader Jacques Duclos will be second in command. In addition, the Soviet party central committee has decided to coordinate important decisions relating to international Communism with selected non-Soviet Communist leaders, apparently to prevent in the future ill effects caused in the past by unilateral Soviet pronouncements.

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## II. ASIA-AFRICA

*OK*

Communist China - Taiwan: Tension is rising again in Taipei as a result of recent Chinese Communist air activities highlighted by clashes on 13 and 14 August. Chiang Kai-shek is known to have said that earlier losses must be avenged, and the recent engagement suggests that the Chinese Nationalists may be reconsidering their policy of restraint. Chinese Communist MIG's have been making non-firing passes over the offshore islands. Nationalist Defense Minister Yu believes that the Communists are engaged in a phased program aimed at eventual isolation of the Nationalist-held offshore islands.

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DAILY BRIEF

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Cyprus: Greek Foreign Minister Averoff has "formally and urgently" requested US intervention in the Cyprus dispute. He warned that otherwise, the situation on the island will again deteriorate and that the Greek Government might be forced to make basic changes in its foreign policy. [redacted] 25X1

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ST  
Indonesia: President Sukarno may announce further steps in his "guided democracy" program on 17 August, Indonesian independence day. [redacted] Sukarno 25X1  
intends to concentrate additional power in the National Council which he heads; to announce the composition of a National Planning Board for economic affairs; and to downgrade the roles of Parliament, the cabinet, and political parties. [redacted] 25X1

### III. THE WEST

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[redacted]  
France-Algeria: There is an increasing cleavage between French Army elements in Algeria who are unconditionally obedient to De Gaulle and others who believe the army should have a decisive policy role. Recent transfers of several high-ranking officers suggest that General Salan is weeding out those officers who oppose the view that the army should play a policy role. [redacted] 25X1

### IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

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Special National Intelligence Estimate No. 30-3-58. Arab Nationalism as a Factor in the Middle East Situation. 12 August 1958. [redacted]

National Intelligence Estimate No. 91-58. The Outlook for Argentina. 5 August 1958. [redacted] 25X1

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Position on Middle East

*W*  
In a private discussion of the Middle East situation with Secretary Dulles on 12 August, Soviet Foreign Minister Gromyko suggested that the United States and the Soviet Union agree on a "joint decision or statement" which would lay the basis for the withdrawal of Western military forces from Lebanon and Jordan. Gromyko said such an arrangement would provide "full assurance" for the political independence and territorial integrity of Lebanon and Jordan. He added that the Jordanians should be left to settle their own internal affairs.

In making this bid, Gromyko is seeking to gain Western recognition for Moscow's long-sought full voice in Middle Eastern affairs.

Gromyko told Secretary Dulles that the problem of the "nature" of the UN observer group in Lebanon could be "discussed." He expressed interest in the amount of time required to withdraw American forces from Lebanon once the United States' concern was satisfied.

The moderate stand shown in Gromyko's speech before the UN General Assembly on 13 August and in the Soviet draft resolution are designed primarily to attract maximum support from small nations and neutralist countries for the withdrawal of Western forces and at the same time lay the groundwork for future claims of having "forced" their withdrawal.

In his speech, Gromyko offered to consult either officially or unofficially with any delegation, including the US and UK, to seek a "mutually acceptable formula" for the withdrawal of Western forces. At the present time UN Secretary General Hammarskjold is attempting to arrange a private meeting of the foreign ministers of the Big Four and the UAR to seek agreement on a Middle East peace plan.

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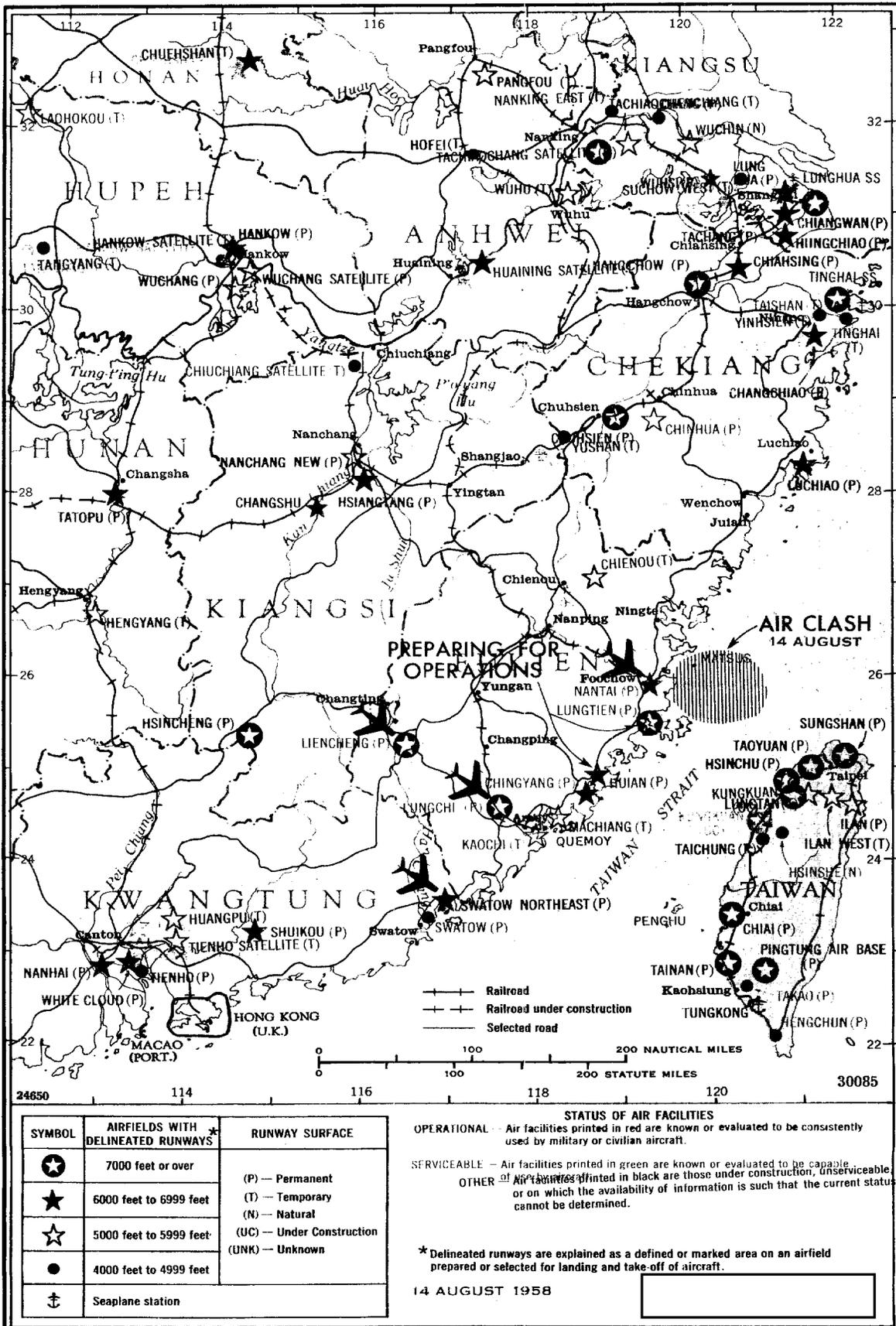
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# TAIWAN STRAIT SITUATION



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## II. ASIA-AFRICA

### Taiwan Strait Situation

Chinese Nationalist concern is growing over a recent series of events which appear to indicate a step-up in Chinese Communist air activities. These include air clashes on 13 and 14 August, dummy dive bombing runs by four MIG's over Matsu Island on 12 August, flights in the vicinity of the lightly held Tungyin Island group near Matsu, and occupation by the Communists of the jet airfield of Nantai near Foochow, some 40 miles from the Matsus. The Nationalists also report that the Communists are assembling landing craft at Amoy, but this is not confirmed by American observers.

Nationalist Minister of Defense Yu Ta-wei informed Admiral Smoot on 13 August of his belief that the Communists now are in the third phase of a six-phase program to occupy the Nationalist-held offshore islands. He described this third phase as the "winning of air control"--to be followed by bombing of Nationalist supply vessels, assault on the weaker offshore islands, and isolation of the islands. The present events, Yu believes, parallel those which occurred prior to the Ichiang invasion and the evacuation of the Tachens in 1954-55.

The air engagement on 14 August occurred when seven Nationalist F-86F's on patrol sighted four MIG-17's cruising below them 10 miles south of Matsu. The Nationalist aircraft made two passes, shooting down two MIG's on the first pass and setting another on fire on a second pass. One F-86 crashed into the water 50 miles short of its home base on Taiwan, presumably as the result of battle damage.

The American air attaché reports that this engagement indicates a reversal of the previous Nationalist policy of avoiding air combat. Chiang Kai-shek is known to have indicated

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his desire to avenge the loss of two Nationalist F-84's on 29 July to MIG's based at Swatow, and the Nationalist Air Force apparently capitalized on an opportunity to even the score.

Communist overflights of the offshore island area and attempts to destroy Nationalist reconnaissance aircraft will almost certainly lead to more and possibly larger air clashes.

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Greece Requests US Intervention in Cyprus Dispute

The Greek Government has "formally and urgently" requested US intervention in the Cyprus dispute. While this is the first formal request from Athens for American mediation, Greek officials for some time have been suggesting that the United States take some initiative in settling the issue.

Foreign Minister Averoff emphasized to Ambassador Riddleberger on 13 August that the present relatively hopeful atmosphere regarding Cyprus cannot last long unless at least an interim settlement can be reached. In his opinion, Greece has made significant concessions toward a settlement but the other parties to the dispute, notably Turkey, have failed to reciprocate. Without American intervention at this time, Averoff predicts an "insoluble mess" on Cyprus--probably including a return to communal violence--and political chaos in Greece. He repeated a previous warning that further deterioration in Greek international relations, because of failure to find an interim settlement for Cyprus, will result in the fall of the present government or an alteration in Greece's pro-Western foreign policy.

Athens probably hopes that the US attitude would be favorable toward the Greek position on a Cyprus settlement. The controversy at present seems to hinge primarily on the provision of the new British seven-year plan for Cyprus which calls for representatives of the Greek and Turkish governments to sit on the Governor's Council. In an informal attempt at mediation, NATO Secretary General Spaak has suggested that these representatives be chosen from the Greek and Turkish Cypriot communities. While Athens probably would agree to this modification, Ankara apparently will not.

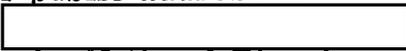
Cyprus Governor Foot, who has called the clauses providing for official representatives of the Governor's Council the heart of Britain's "partnership plan," has hazarded a guess that London will soon proceed with implementation of the plan, which now has general Turkish support, regardless of the Greek reaction.

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### Sukarno May Announce Further Steps in "Guided Democracy" Program

President Sukarno may announce further steps in his program of "guided democracy" in a major public address on 17 August, Indonesian independence day.  he intends to announce the composition of a National Planning Board for economic affairs and the concentration of additional power in the National Advisory Council, which he heads. He may also call for a reduced role of both Parliament and the cabinet.

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Sukarno first publicized his guided democracy concept in January 1957 and has adjusted it from time to time. The concept involves essentially a de-emphasis of parliamentary government and political parties, with power vested in Sukarno and in an advisory council in which theoretically all segments of Indonesian society would be represented. Success of the concept appears to depend heavily on army support. This fact combined with the significant powers already exercised by the military under martial law should further increase the army's influence and facilitate its efforts to reduce Communist strength.

Although Sukarno apparently has decided to rely primarily on the army rather than the Communist party for backing of his concept, he is undoubtedly searching for a means to balance army power. A new organization, the Pantjasila Bureau, which is reported scheduled to begin operations on 17 August, may be used for this purpose as well as to serve as a pressure group to support his proposals. The bureau includes 91 functional and cultural organizations but no political parties.

The National party, which Sukarno earlier considered using to counter growing Communist influence, is continuing to lose followers as the result of the formation of splinter groups. Attempts to increase its strength through the amalgamation of all nationalist parties have so far been totally unsuccessful.

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### III. THE WEST

#### Split in French Army in Algeria Widening

The cleavage is widening between elements in the French Army in Algeria who are unconditionally obedient to Premier de Gaulle and those who feel the army should play a decisive role in policy decisions. The latter group sees complete integration of Algeria into France as the only alternative to independence, civil war, and a popular front regime in France. Recent transfers (to metropolitan France) of several ranking army officers appear to benefit this group, which is particularly strong on General Salan's staff. Among those transferred are paratroop General Gilles, widely regarded as loyal to De Gaulle, from the important Constantine command, and his subordinate, paratroop Colonel Bigeard, who had criticized his fellow paratroop officers and Salan for putting politics before fighting.

The army group favoring integration accepts the implication of complete equality for Moslems and is trying to persuade European settlers to "practice" social and economic integration within Algeria as a means of inducing De Gaulle to adopt administrative integration of Algeria with France. Although most of the settlers reject Moslem equality, they favor Algeria's administrative integration with France as a means of maintaining their privileges, and will probably cooperate, at least superficially, with the integration army group.

Prior to the 28 September constitutional referendum, the pressure of the integrationists will apparently be directed primarily toward influencing De Gaulle to come out for the complete political absorption of Algeria in France. After adoption of the constitution, which is virtually certain, they can also be expected to push for establishment in France of a government as authoritarian as possible.

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