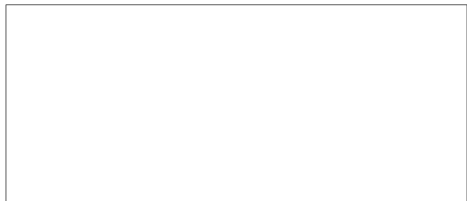


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10 October 1958



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CENTRAL INTELLIGENCE BULLETIN



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10 OCTOBER 1958

I. THE COMMUNIST BLOC

Moscow and Peiping trying to delay UN consideration of Taiwan Strait issue.

Taiwan Strait - Peiping's warnings highlight Matsus. Chinese Nationalist air clash with Communists reported.

USSR - Khrushchev and Eric Johnston have five-hour informal talk.

Peiping indicates concern over future attitude of new Burmese Government on border issue.

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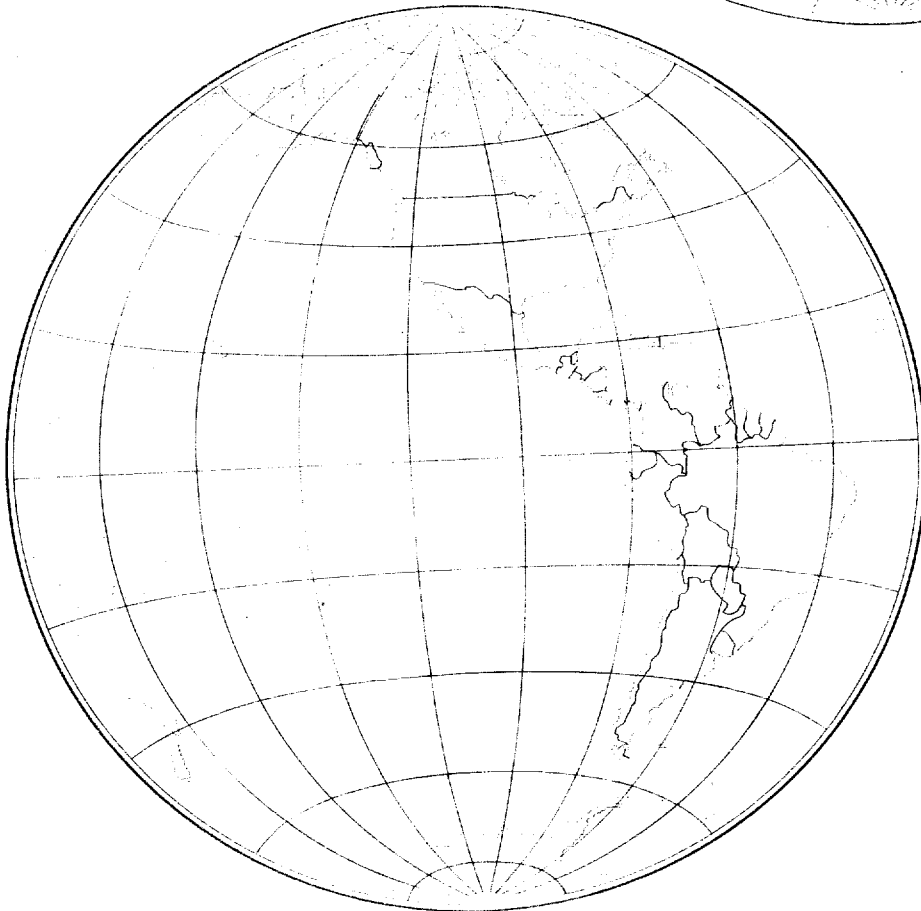
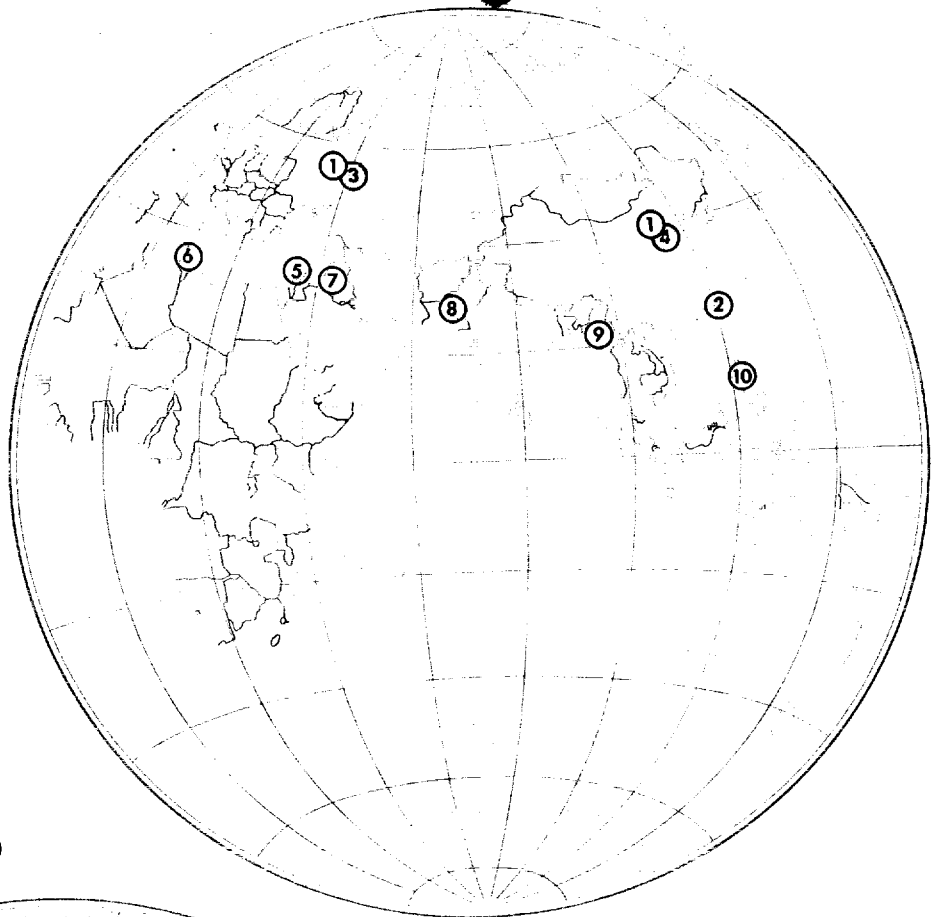
II. ASIA-AFRICA

Lebanon - Karame cabinet may be replaced by technicians selected by Shihab.

Tunisia - Bourguiba reiterates unwillingness to accept French arms.

⑤

⑥



⑦ Iraqi regime denies internal differences. [redacted] Army elements seeking elimination of Communist influence. [redacted]

⑧ Pakistan - Initial reaction to Mirza's assumption of direct rule appears favorable.

⑨ [redacted] seek to prolong General Ne Win's tenure beyond scheduled six months.

⑩ Philippines - Criticism of Garcia administration gaining momentum.

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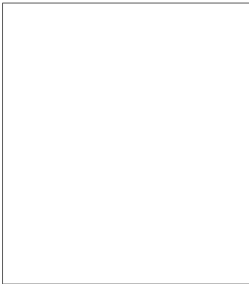
CENTRAL INTELLIGENCE BULLETIN

10 October 1958

DAILY BRIEF

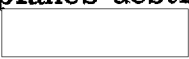
I. THE COMMUNIST BLOC

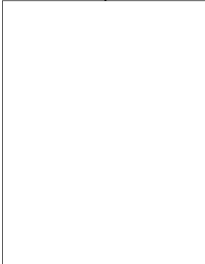
SI RAB

 Bloc UN tactics--Taiwan: Moscow is seeking through widespread diplomatic efforts to block consideration of the Taiwan Strait issue by the UN General Assembly. Peiping has shown apprehension that neutralist mediatory efforts in the UN might prejudice its claims to sovereignty over Taiwan, and has indicated that for the time being at least it prefers to pursue its aims through the Warsaw talks.

(Page 1)

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*Taiwan Strait situation: Peiping's 26th warning on 9 October, together with the 25th warning, which are the first accusations of US intrusions in the Matsu area, are possibly intended to remind the United States and world opinion that the Matsu Islands are as important to the Chinese Communists as Chinmen. A preliminary report indicates that Nationalist planes destroyed about five MIG's in a clash on 10 October.  (Page 2) (Map and Chart)

 USSR: During a five-hour informal conversation with Eric Johnston on 6 October, Khrushchev ranged freely over a wide variety of topics, including Soviet and Chinese economic prospects, the UN, American violations of Soviet air space, Soviet naval strength in the Black Sea, and Soviet censorship. The Soviet leader's remarks appeared in some instances to be candid and in others patently false. After raising the subject of alleged American violations of Soviet air space, Khrushchev said the USSR would "continue to shoot down any planes that violate our border." In discussing Soviet

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economic prospects, he said for the first time that the USSR will have caught up with the US in "per capita production" by the conclusion of a second seven-year plan--in 1972. The **First Seven-Year Plan (1959-1965)**, to be released prior to the January 1959 party congress, will presumably reflect this optimism. [redacted] (Page 3)

no

Communist China - Burma: Chinese Communist Premier Chou En-lai [redacted] informed Burma's Prime Minister U Nu, [redacted] that he hoped Nu's successor, General Ne Win, would continue Burma's relatively conciliatory stand on the border issue, and warned against US attempts "further to damage the friendly relations between China and Burma." [redacted] [redacted] Peiping is alert to a possible hardening of Rangoon's attitude. [redacted] (Page 5)

OK

Lebanon: President Shihab is apparently in the process of replacing the Karame cabinet with a government of technicians. He has asked Nizam al-Akkari, a semiprofessional civil servant whose background suggests that he probably favors the Moslem rebel side, to act as formateur. A politically neutral government of civil servants and military officers would be a stopgap until a compromise between the militant Christian and Moslem elements can be worked out. [redacted] (Page 6)

no

Tunisia: President Bourguiba reiterated on 8 October to the French and American ambassadors that he could not accept arms of French manufacture on any basis, including those supplied by the United States under offshore procurement, so long as the French continue their attempts to suppress the Algerian rebels. He declared that although acquisition of French arms might strengthen him militarily, they "might easily destroy" him politically. [redacted]

no

Iraq: The Qasim regime, in publicly denying the existence of a military plot in support of ex-Deputy Prime Minister Arif, probably hopes to gloss over internal differences and

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to avoid any possible public dispute with the UAR, which favors Arif's faction. [redacted]

[redacted] Qasim is being pressed by army elements to rid the government of Communist influences, which have supported him against the Arif group. [redacted]

2
Pakistan: Immediate reaction from military and civil service personnel and the citizens of Karachi to Mirza's take-over and the imposition of martial law on 7 October is reported to be favorable. Some members of the press and intellectuals feel that unrest is likely to develop eventually. Politicians in both East and West Pakistan are refusing to comment. [redacted]

OK
Burma: [redacted]

[redacted] the army will require as much as two years to prepare for national elections. [redacted] officers may be expected to urge General Ne Win to extend his tenure as premier beyond the six-month period which he has agreed to accept. They probably hope to persuade Ne Win to give top priority to an all-out offensive against Communist insurgents and front organizations. [redacted] (Page 7)

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*Philippines: Criticism of corruption and maladministration in President Garcia's government is gaining momentum, particularly among Philippine military officials who are expressing concern over the national welfare. Several ranking defense and intelligence officials feel they are under pressure to resign in favor of Garcia's political henchmen and fear that the army may become a political instrument to counter growing national opposition. [redacted]

III. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Special National Intelligence Estimate No. 30-4-58. The Arab-Israeli Arms Problem--Relative Capabilities and the Prospects for Control. 30 September 1958. [redacted]

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I. THE COMMUNIST BLOC

Bloc Diplomatic Tactics in Taiwan Strait Situation

Moscow is providing diplomatic support for Peiping's efforts to head off mediatory moves in the UN which might involve neutralization of Taiwan and thus prejudice Peiping's claim to sovereignty over the island. On 6 October, Soviet diplomats made demarches to the Austrian and Ceylonese governments, requesting they support the USSR in opposing any move to debate the issue in the General Assembly. Similar requests have reportedly been made to other countries.

[redacted] the Soviet diplomat in Colombo who conveyed the USSR's request stated that if the question were raised, the "whole Communist bloc would leave," a move he said would "in effect break up the UN." [redacted]

Moscow's diplomatic activity complements a Chinese Communist effort to scuttle a declaration on the Far East under consideration by the Afro-Asian bloc in the UN.

[redacted]

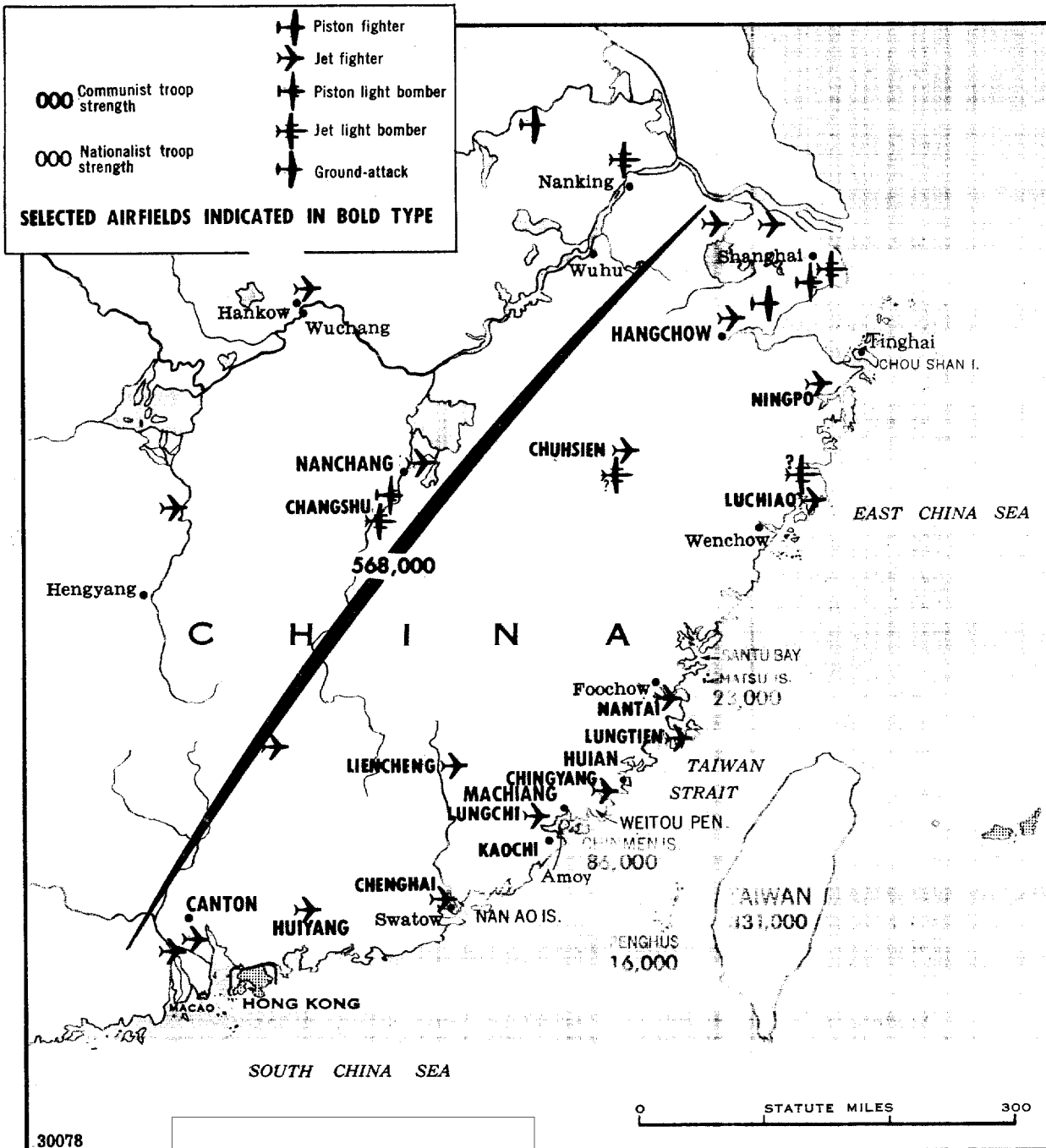
These moves contrast with Soviet propaganda in mid-September prior to the current General Assembly session when the Moscow press strongly urged discussion of the Taiwan Strait dispute by the assembly. Sino-Soviet leaders now are desirous of postponing such debate until they have had time to test the US attitude in the light of such recent developments as Peiping's cease-fire. Meanwhile, the Chinese Communists have indicated that they prefer at least for the time being to seek political benefits through the ambassadorial talks at Warsaw.

[redacted]

[redacted]

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Taiwan Strait Situation

Peiping's Foreign Ministry issued its 26th "serious warning" on 9 October, charging that two US planes "invaded China's territorial waters and air space" in the Matsu and Pingtan areas. This and the preceding warning are the first in the series to accuse the United States of intrusions in the Matsu area, and possibly are intended to remind both the United States and world opinion that the Matsu Islands are as important to the Chinese Communists as Chinmen.

Communist China has followed up Defense Minister Peng Te-huai's 6 October offer to negotiate with the Nationalists with defection appeals from ex-Kuomintang personalities now on the mainland. Chen Shao-kuan, former commander in chief of the Kuomintang Navy and now vice governor of Fukien Province, on 8 October advised "military and administrative personnel in Taiwan" to take the road of "peaceful liberation" and oppose the "common enemy of the Chinese people-- US imperialism." [redacted]

[redacted] there were two air clashes on the morning of 10 October. [redacted] one over Chinmen and another near the Matsus at approximately the same time. The Nationalists have announced that a clash took place near the Matsus. [redacted] six Nationalist F-86's engaged eight Communist MIG's in one clash, with the Nationalists claiming to have destroyed five MIG's; one was probably destroyed. One F-86 was reported lost after being struck by pieces of a disintegrating Communist fighter.

[redacted] There were indications [redacted] that additional Communist jet fighters were moving into coastal airfields. The fighters, possibly of regimental strength, flew from Nanchang to Liencheng, and subsequent reports suggest that at least some of them proceeded on to Lungchi and some to another undetermined location farther south. The movement may reflect rotation of units and possibly the deployment forward of a more experienced unit to the Chinmen area. [redacted]



TAIWAN STRAIT TALLY SHEET

Air Situation

(Losses claimed through 9 Oct)

	<u>Destroyed</u>		<u>Probably Destroyed</u>	
	<u>Today</u>	<u>Cumulative</u>	<u>Today</u>	<u>Cumulative</u>
Communist planes	0	28	0	4
Nationalist planes	0	5*	0	0

*Includes 2 C-46's, 2 F-84G's, and 1 F-86

Chinmen Supply Situation -
(Tonnage through 7 Oct)

	<u>Sea</u>	<u>Air</u>	<u>Total</u>
Delivery - 7 Oct	0	131.1	131.1
Totals (since 7 Sept)			5,802.6
Average Daily Rate for Sept			125
Average Daily Rate for Oct			343
Minimum Austere Daily Requirements			320
Cumulative Deficiency Since 7 Sept			3,545

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Khrushchev Forecasts Rapid Economic Growth

Khrushchev, in an interview with Eric Johnston on 6 October, said, "We are going to increase production during the next seven years and then we will have another seven-year plan and by that time will have caught up with the US in production per capita."

In November 1957 Khrushchev predicted only that Soviet production of essential items would equal the present volume of US production in 15 years, and, in this context, made no references to per capita production. It is not clear in this latest statement whether Khrushchev is referring to the present or to the projected future level of US per capita production. An article in Pravda in July, however, stated that even allowing for US expansion the USSR will overtake the US in total industrial output in 10 or 11 years. Considering the growth in Soviet population, the article continued, "only a few more years will be needed to overtake and surpass the US in per capita output. . . ."

The coming Seven-Year Plan (1959-65), to be released about two months before the January party congress, will probably reflect this increased optimism by scheduling production goals higher than would have been necessary to conform with Khrushchev's November forecasts.

Khrushchev described the UN as a puppet show with the United States pulling the strings and said, "We are thinking of getting out." He maintained that Soviet censors merely delete "lies," but the correspondents send them anyway through the diplomatic pouch. In line with China's extremely optimistic agricultural production claims, Khrushchev said that, according to Mao, the Chinese were producing so much grain this year that they "didn't know what to do with it."

Khrushchev also claimed, "We have no navy in the Black Sea and no submarines in the Black Sea, and we are not going

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to put any there." [redacted] Soviet
order of battle in the Black Sea presently includes 84 sub-
marines, of which 64 are long range; one battleship; eight
cruisers; 46 destroyer-type ships; and over 300 patrol,
mine, and auxiliary naval vessels. [redacted]

[redacted]

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Peiping Concerned Over New Rangoon Government

Chinese Communist Premier Chou En-lai. [redacted]

[redacted] expressed the hope that Nu would continue to promote a "reasonable" settlement of the Sino-Burmese border question, [redacted]

[redacted] Chou said he hoped Nu's successor, Army General Ne Win, would continue Rangoon's relatively conciliatory stand on the border issue. Chou charged that the United States has been taking advantage of Burma's internal situation "to carry out interventionist activities and further to damage the friendly relations between China and Burma." Ne Win is scheduled to take over on 28 October.

Peiping's policy on defining the Sino-Burmese border has been to maintain discussions but forestall final agreement. By these tactics, designed to exploit Burma's eagerness for a settlement, Communist China may have hoped to obtain more favorable terms and to use the border issue as a lever for extracting concessions on other matters.

[redacted] Peiping fears the attitude of a new Burmese government may preclude discussion of the border dispute on terms acceptable to Communist China. Chou's reference to "further" damage to Sino-Burmese relations implies that some damage has already been done by recent events in Burma. [redacted]

[redacted]

II. ASIA-AFRICA

Lebanese Situation

President Shihab is apparently in the process of replacing the Karame cabinet, which had been highly objectionable to the followers of ex-President Chamoun. Karame's probable successor as prime minister, Nizam al-Akkari, a 52-year-old Moslem, is a professional civil servant whose past suggests sympathy for the rebels. He was prime minister for three days prior to the ouster of President al-Khuri in 1952.

Al-Akkari will probably form a cabinet of civilians and military men which will rule directly for Shihab until a compromise between the militant Christian and Moslem elements can be reached. Should the crisis be prolonged, Shihab might threaten to resign in an effort to force a compromise solution.

The Moslem attitude, typified by Karame, continues to be that no supporter of ex-President Chamoun should have a place in the government. Chamoun, for his part, has consistently refused to restrain his followers since he left office.

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Burmese Army Plans for Ne Win's Government

Politically active colonels in the Burmese Army doubt that they can prepare for national elections within the six-month term set for Ne Win's "caretaker" government. [redacted]

[redacted] pacification of the country will require from one to two years. [redacted]

[redacted] the army's [redacted] plan to destroy both the Communist insurgents and front organizations, will urge Ne Win to give top priority to security measures. They claim sufficient evidence has already been collected to convict leading front members of treason.

If the colonels are able to persuade Ne Win to serve as premier for more than six months, constitutional provisions will require that he become a member of parliament, break his tenure of office by at least one day, or rule under martial law. At the outset, at least, Ne Win appears assured of almost unanimous support in parliament as premier. U Nu is reported to have offered to resign his parliamentary seat to make way for a special election if Ne Win is willing to stand for parliament.

The chief obstacles to the colonels' hopes are Ne Win's distaste for political office and his disapproval of military participation in politics. He has publicized his intention to exclude military men from the cabinet and has personally guaranteed that elections will be held in April. He asserts that he will serve as premier in his individual capacity and not as the representative of the army. [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

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Special Adviser to the President

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

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

Deputy Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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