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CENTRAL

INTELLIGENCE

BULLETIN



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8 AUGUST 1958

I. THE COMMUNIST BLOC

Chinese Communists may be preparing to occupy still another airfield in the Taiwan Strait area.

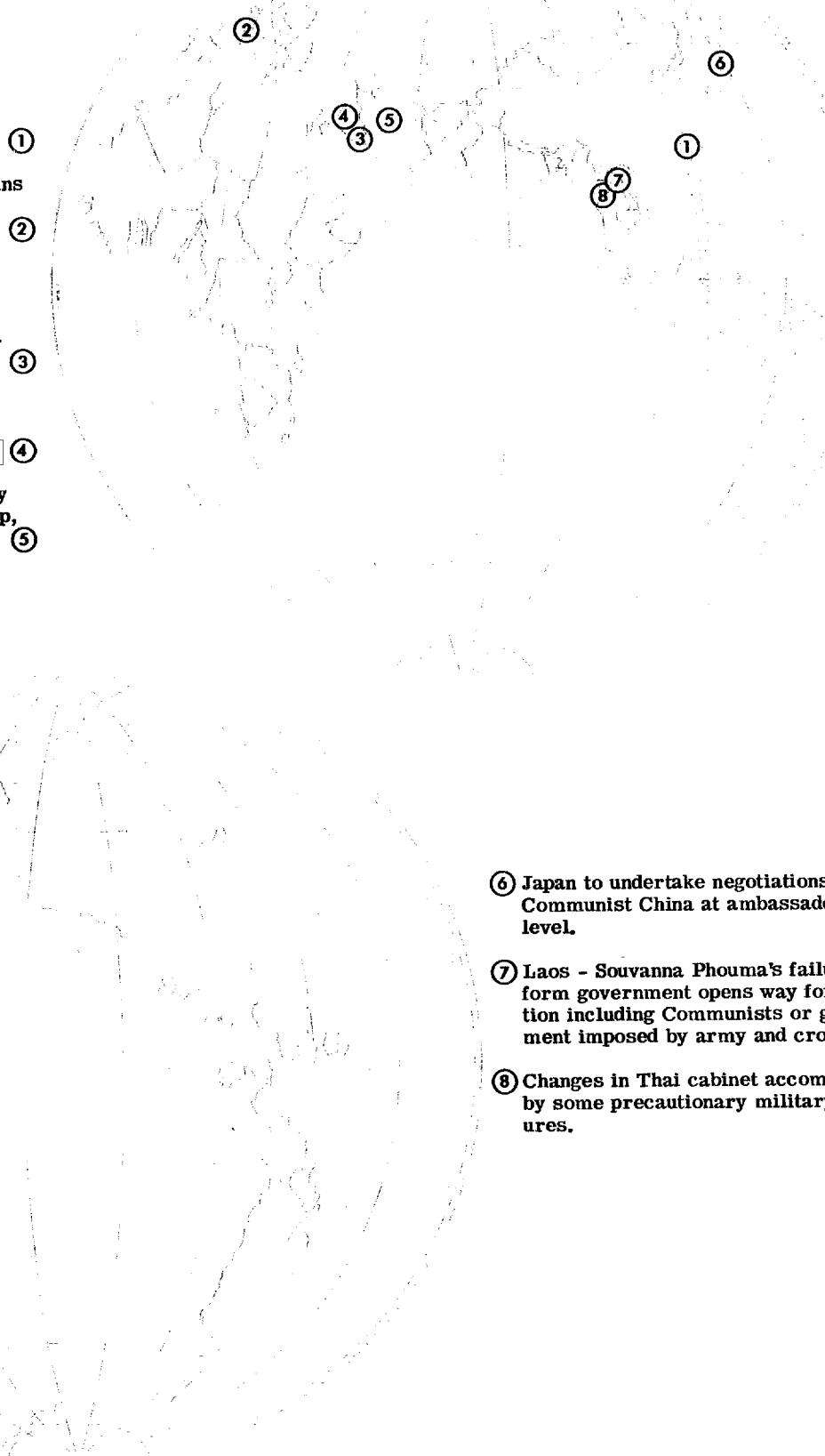
Use of mobile inspection teams remains unresolved issue in Geneva technical talks.

II. ASIA-AFRICA

There are reports of plotting to overthrow ruling dynasty in Kuwait.

UAR believes it has persuaded new Iraqi leaders to get rid of Western military advisers.

Iran - Discontent growing, and loyalty of army, in event of an attempted coup, considered doubtful.



(6) Japan to undertake negotiations with Communist China at ambassadorial level.

(7) Laos - Souvanna Phouma's failure to form government opens way for coalition including Communists or government imposed by army and crown.

(8) Changes in Thai cabinet accompanied by some precautionary military measures.

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CENTRAL INTELLIGENCE BULLETIN

8 August 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

Communist China - Taiwan:

the Chinese Communists may be preparing to occupy Lungtien airfield, about 25 miles south of Foochow. Aircraft operating from this airfield would permit the Communists virtually to dominate the air space over the Matsus. Recent moves into two and possibly three previously unoccupied airfields in the Taiwan strait area have given the Communists control of the air space over most of Fukien Province opposite the Nationalist-held offshore islands. The volume of Communist propaganda has diminished somewhat since Khrushchev's visit to Peiping, but the press and radio are still charging Chinese Nationalist "provocations" and calling for the "liberation" of Taiwan. (Page 1) (Map)

Geneva technical talks: The major unresolved problem in the Geneva technical talks is the extent to which mobile inspection teams should be used. The Soviet delegation is trying to minimize the need for them as much as possible. The Soviet experts have now proposed 130 control posts, 20 more than previously and only 40 less than that now suggested by the Western delegation. The Soviet delegation still appears anxious to reach as complete an agreement as possible in Geneva in order to bring immediate pressure on Britain and the United States to stop tests. (Page 2)

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II. ASIA-AFRICA

Kuwait: Members of the new Iraqi Government are reported to believe that preparations are being made to overthrow the ruling dynasty in Kuwait. The plotters, presumably dissident elements inside Kuwait, are counting on general support from Arab nationalists to offset any British military countermoves. Iraq has begun to hold up food supplies destined for Kuwait. British officials foresee possible discontent which could lead to unrest unless food deliveries are resumed.

Iraq - UAR: Egyptian representatives in Baghdad feel they have convinced the new Iraqi leaders that they should get rid of American and British military assistance groups "immediately." A number of Egyptian technicians, including military advisers, are already in Iraq, and more are en route.

Thailand: Six members of Premier Thanom's cabinet have been dropped, including one leftist and an army general under fire for "excessive" corruption. As a precautionary measure, some military units may have been placed on an alert status.

(Page 3)

Iran: The American military missions believe the Iranian Army probably would not remain loyal to the Shah in the event of a well-organized coup. Discontent over government graft, inefficiency, and repression is growing among the educated and semi-literate urban population and among junior officers in the armed forces. A member of the Iranian UN delegation recently told Ambassador Lodge that, in the absence of widespread reforms, a revolution in Iran was inevitable.

(Page 4)

Japan: The Kishi government is tentatively planning to begin negotiations at the ambassadorial level with Peiping, ostensibly to determine the fate of Japanese nationals missing on the mainland. The talks are probably aimed at more basic

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issues, however, such as the impasse in trade relations. The government wants to take such negotiations out of the hands of private groups. [redacted] (Page 5)

Laos: Souvanna Phouma has abandoned his efforts to form a government. He was unable to reconcile the conflicting demands of conservative politicians and the "young turks" supported by the army and police. Extension of the cabinet crisis will increase pressure for the formation of a government including the Communist-dominated Neo Lao Hak Zat party or the imposition of a rightist government by the crown or army. [redacted] (Page 6)

III. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

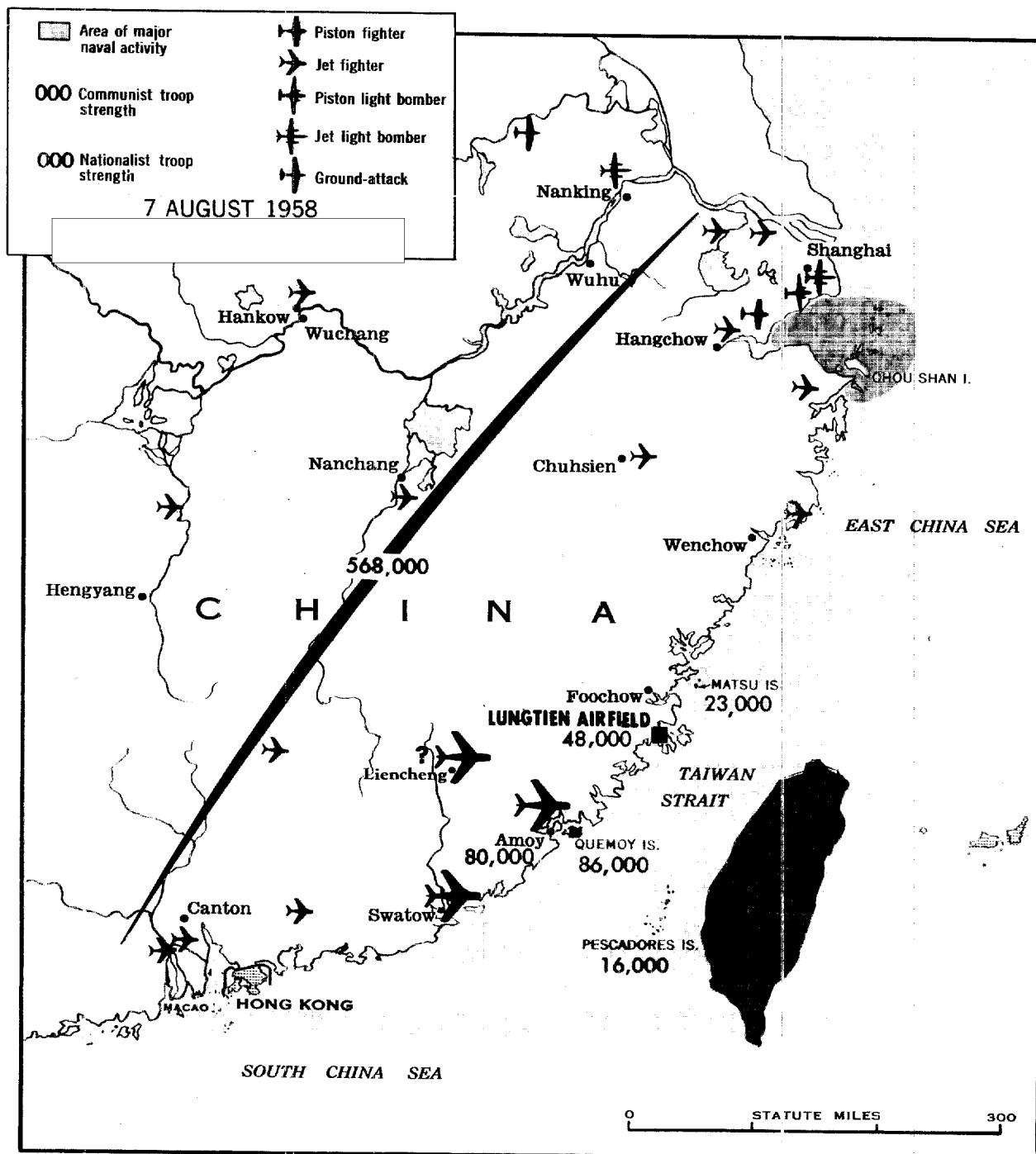
(Available during the preceding week)

Special National Intelligence Estimate No. 100-6-58.
Implications of Certain US Satellite Programs. 29 July 1958.
[redacted]

Special National Intelligence Estimate No. 71-58. France and North Africa. 29 July 1958. [redacted]

National Intelligence Estimate No. 20-58. The Outlook for Western Europe. 29 July 1958. [redacted]

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I. THE COMMUNIST BLOC

Chinese Communist Activity in Taiwan Strait Area

[redacted] Lungtien airfield, located about 25 miles south of Foochow, is probably being prepared to receive aircraft. Ground-control approach equipment was first noted on Lungtien airfield in early July.

[redacted] intensive vehicular and personnel activity and the presence of considerable unidentified material on the field.

At least 10 MIG-17 jet fighters flew from Ningpo to Luchiao on 5 August, [redacted]

[redacted] Aircraft flying into Luchiao could redeploy to Lungtien. [redacted]

Aircraft operating from Lungtien could virtually dominate the air space over the Matsus and control the air space over Fukien and adjacent waters. Since 6 August, Chinese Communist fighters have been noted in a constant high level of activity in the Fukien area.

Chinese Communist propaganda concerning Taiwan, on the other hand, has tapered off somewhat since Khrushchev's visit to Peiping. References to Taiwan's liberation for the most part lack any note of special urgency. One broadcast, for example, alluded to liberation "sooner or later." A recurring theme of the broadcasts is Peiping's concern over Nationalist "adventurist actions."

Chinese Nationalist pilots have been ordered not to engage Communist aircraft while on patrol, and Nationalist Minister of Defense Yu Ta-wei stated on 6 August that he was seeking to avoid an incident which could provide the Communists with an opportunity to attack the offshore islands.

[redacted]

[redacted]

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~~CONFIDENTIAL~~Geneva Technical Talks

The Soviet delegation at the Geneva technical talks on 6 August presented a draft proposal suggesting a network of 130 control stations throughout the world--20 more than previously suggested by the USSR and only 40 less than the Western delegation had proposed. A Polish expert at Geneva recently hinted that the Soviet delegation would consider as many as 150 or 200 stations. There has been no discussion of how many posts would be located in specific countries.

The question of mobile inspection teams appears to be a much more difficult problem. The Western delegation believes a number of permanent teams are necessary and must be used frequently to supplement detection by control posts. The Soviet delegation anticipates that teams would be used only rarely and holds that they should be set up on an ad hoc basis. It ignores the question in its 6 August draft and wants the matter relegated to a later discussion of organizational questions. The Soviet delegation is also pressing for agreement on such organizational questions as the nationality of personnel at control posts that the West believes should be decided at the political level.

Moscow apparently is eager to achieve as much agreement as possible at Geneva. The Russians seem to expect there will be enough agreement so that they can bring heavy pressure to bear on Britain and the United States to sign an agreement ending tests. There has been a noticeable increase in Soviet propaganda on the need for stopping tests, apparently in preparation for the end of the conference. [redacted]

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II. ASIA-AFRICA

Thai Cabinet Reshuffle

The long-awaited Thai cabinet reshuffle announced on 6 and 7 August--probably the final phase of Marshal Sarit's efforts to restore calm to the political situation in Bangkok--is noteworthy mainly for the dismissals of the leftist deputy minister for economic affairs, Tim Buriphat, and the corrupt deputy minister for economic affairs, Lt. Gen. Chitti Nawisathien. Four other deputy ministers have been replaced, but two cabinet members suspected of being covert supporters of former Premier Pridi, now in Communist China, managed to retain their posts. Both are close to Sarit, although there is no evidence that they have succeeded in moderating his strong dislike of Pridi.

The ruling military clique's action in apparently placing five tank companies in Bangkok on alert on 5 August was probably intended primarily as a safeguard against any adverse repercussions from the cabinet changes. There is no good evidence of coup plotting within the armed forces at this time, but Sarit is noted for his disinclination to leave anything to chance.

The new cabinet is a modest improvement over its predecessor, but genuine political stability in Thailand will probably depend on Sarit's presence. Premier Thanom lacks the political agility and prestige of his chief and was unable during Sarit's five-month absence in the United States early this year to preside effectively over the military group and its heterogeneous political front, the National Socialist party. Sarit, whose health remains uncertain, is expected to leave soon for a long-planned visit to Britain, but is likely to make it brief out of concern over political developments at home.

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~~SECRET~~Loyalty of Iranian Army to Shah Doubtful

In the event of a coup attempt in Iran organized by a recognized leader, the Iranian Army probably would not support the Shah, according to a joint estimate by American military representatives in Tehran. While the present senior military leaders would with few exceptions remain loyal to the Shah, the junior officers are disillusioned with Iran's rigid army system which blocks their advancement.

Many junior officers, as well as the discontented educated urban groups and the semi-literate urban lower classes, are dissatisfied with the government's graft, inefficiency, and repression and associate the Shah with these abuses. These junior officers are in a good position to exert influence over the enlisted men.

The Iraqi coup has probably given confidence to discontented officers who may now believe "if the Iraqis can do it so can we." Would-be conspirators probably have learned a lesson from the failure of General Valiollah Gharani, who was arrested by the Shah last March for conspiring against the regime.

Houchangue Etezadi, a member of Iran's permanent UN delegation in New York, on 5 August commented to Ambassador Lodge on the dangerous conditions in Iran and predicted that revolution is unavoidable unless the Shah makes urgently needed economic reforms. He expressed fear in particular that left-wing extremists might try to capitalize on the dissatisfaction of the bulk of the Iranian population. The Shah, however, who also wants to institute reforms rapidly, must proceed slowly for fear that wealthy groups and senior military officers will attempt to force their will on him.

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Japan Plans Ambassadorial Talks With Communist China

Japan's Prime Minister Kishi has announced tentative plans to begin ambassadorial negotiations with Peiping in early September on the "repatriation of Japanese citizens and other questions." Public pressure for re-establishing trade, which was suspended by Peiping last May, probably is behind this move.

[redacted] ambassadorial discussions on basic problems in Sino-Japanese relations, particularly on the trade impasse, were under consideration.

A Japanese official has informed Ambassador MacArthur that Japan desires to eliminate the practice of private--usually leftists--approaches to the Peiping regime. The Communists exploit commercial and Japanese Socialist party missions for political advantage, and the government hopes that official contacts would bring an end to this. There is also some concern that Japan will be "left behind" if Western attitudes toward China change.

The government position is that official contacts with Communist China would constitute no more of a step toward diplomatic recognition than US official talks with Chinese Communists concerning Korea, Indochina, and Americans detained in China.

There are some 6,000 Japanese nationals in Communist China who do not wish to be repatriated; Peiping asserts that it has accounted for all others.

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Souvanna Phouma Fails in Bid to Form Government in Laos

Souvanna Phouma's inability to offer a cabinet acceptable to both conservative politicians and young anti-Communist elements supported by the army increases the possibility of an extremist solution to the Laotian cabinet crisis. Souvanna's tentative slate of 14 had included five of the young civil and military leaders and excluded many of the more notorious and inept ministers of his former government. Most observers considered it to be the strongest anti-Communist government that had a chance of assembly investiture.

However, these young leaders, organized in the Committee for the Defense of the National Interest (CDNI), refused to participate unless given two thirds of the cabinet posts, a demand strongly opposed by deputies within Souvanna's own party, the Rally of the Lao People. A conservative politician other than Souvanna will probably be designated cabinet formateur. The CDNI will either have to moderate its demands or make good its threat to impose a government by extraparliamentary means.

Meanwhile, the Communists are apparently using rumors that North Vietnam will intervene to forestall the formation of a government excluding representatives of the Communist-dominated Neo Lao Hak Zat (NLHZ). The French ambassador also has cited reports of North Vietnamese troop movements along the Laotian border as a justification for the retention of NLHZ Chief Souphanouvong in the cabinet.

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