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17 November 1958

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CENTRAL

INTELLIGENCE

BULLETIN

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17 NOVEMBER 1958

I. THE COMMUNIST BLOC

USSR-Berlin - Khrushchev may intend using Berlin as means to force summit conference on Soviet terms.

Soviet party central committee plenum will meet in December to discuss agriculture.

Yugoslav press attacks Gomulka.

Communist China - Continuing opposition to economic "leap forward!"

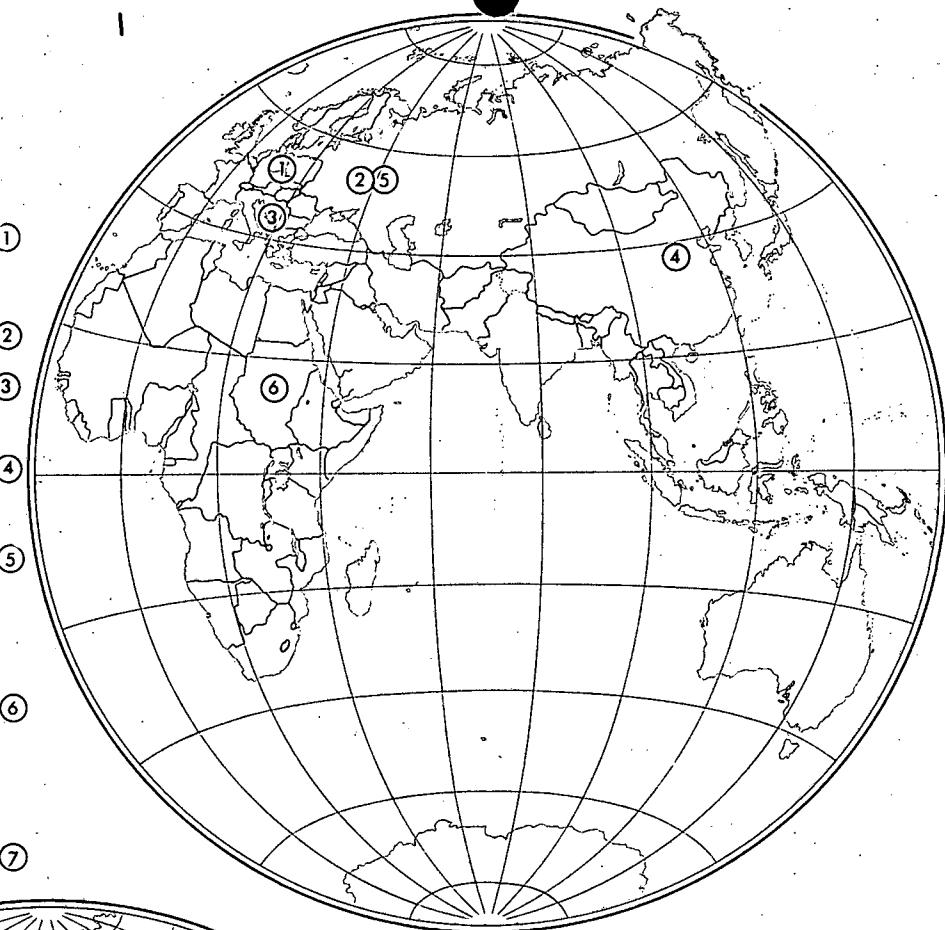
USSR - Seven-Year Plan figures contrast with Khrushchev's claims.

II. ASIA-AFRICA

Sudan - Khalil moves to form broader government; opening of parliament postponed.

III. THE WEST

Argentina - Peronistas delay call for general strike.

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CENTRAL INTELLIGENCE BULLETIN

17 November 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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Berlin: The British, French, and American ambassadors in Moscow believe Khrushchev may be maneuvering to build up tension on the Berlin situation to a dangerous degree, with the ultimate aim of securing a summit conference without a specific agenda but on the general threat to peace.

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USSR: Khrushchev announced on 14 November that a plenum of the Soviet party central committee will meet next month to discuss the future development of agriculture. Since the major agricultural goals were included in the program approved by the 12 November plenum, the December meeting will probably consider organizational problems of agricultural institutions--state and collective farms--or initiation of a program to increase yields in the traditional areas of Soviet farming. An all-union collective farm congress, the first since 1935, is scheduled for early 1959.

service, Moscow attaches "great importance" to the December plenum and subsequent high-level meetings, which all oblast party chiefs will be obliged to attend.

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Yugoslavia-Poland: The Yugoslav press, abandoning its previous attitude of "patience and understanding" for the difficulty of Gomulka's position, has turned to open attack on the Polish leader for his recent support of the Soviet position on Yugoslavia. Belgrade has charged that the remarks made by Gomulka in Moscow confirm that an "evolution" has occurred in his views on various questions since his visit to Yugoslavia in September 1957. Yugoslavs are openly expressing bitterness about what they term Gomulka's "lack of courage."

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*Communist China: The shake-up of party and government leaders in two key provinces of Communist China indicates continuing opposition to the regime's extremely ambitious economic program. Two of the demoted officials are alternate members of the party's central committee. The regime will probably take action against some other provincial figures, and a few officials at the national level may also fall, but evidence of cleavage among the top party leaders has not been noted.

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*Assessment of Soviet economic goals: There is a sharp contrast between the glowing claims of Premier Khrushchev on catching up with the United States in per capital production by 1970 and the figures presented in his theses on Soviet economic development from 1959 to 1965. His claim is apparently predicated on unlikely assumptions, and Soviet industrial production in 1970 will probably be no higher than 60 percent of that of the United States. Nevertheless output of many basic raw material and industrial products will be approaching or exceeding American production levels, providing the basis for a major propaganda campaign. The output of consumer goods as a whole will remain far below Western levels.

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II. ASIA-AFRICA

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Sudan: The resignation on 12 November of six members of Prime Minister Khalil's own Umma party from their cabinet posts is intended as Khalil's first step toward forming a new, possibly all-party, coalition under Khalil. The prime minister has secured the postponement of the reopening of Parliament until 8 December and appears still to be preparing for extralegal action with army support in the event a new and more effective government cannot be formed.

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III. THE WEST

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Argentina: The decision by Peronista labor leaders to postpone for two weeks a general strike called for 20-21 November may reflect their fear that further labor unrest now might generate support for a military coup. The war secretary warned on 15 November that martial law--involving sterner regulations than the present state of siege--would be declared if the situation deteriorated.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Berlin Situation

Soviet and East German statements concerning Berlin continue to underline Moscow's determination to maneuver the West into granting at least de facto recognition to East Germany. The latest statements are couched in more temperate language, however, and the release by East German authorities of an American citizen held since 17 October may be intended as a gesture of conciliation, possibly dictated by Moscow, in order to eliminate a situation which might detract from forthcoming Communist proposals relating to Berlin and possibly to make the West more disposed to accept de facto East German control of the access points.

The ambassadors of the United States, Britain, and France in Moscow believe that Khrushchev may be aiming at a summit meeting, using the alleged threat to peace arising from the Berlin situation as a spur.

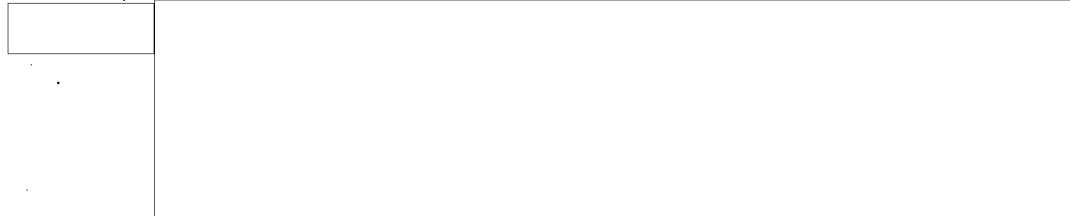
Moscow's call for the end of the Berlin statutes as part of a general Soviet policy of using threats of crisis on various fronts as a means of ripening the world situation for summit talks on Soviet terms.

Soviet authorities made an obvious effort on 14 November to test Allied reaction to interference by holding American personnel and vehicles at the Babelsberg check point outside Berlin for eight hours before allowing them to return to West Berlin. American officials in Berlin believe the next Communist harassment will be directed against air or rail access, probably the latter. They report that an East German - inspired rumor is now circulating in Berlin that the next move will be aimed at commercial air carriers. West Berlin morale, according to these officials, would suffer severely if air service were suspended, even temporarily. These officials believe the Communists may also take measures to weaken the West Berlin economy, such as inspiring a flight of capital and a transfer of plants.

Chancellor Adenauer has stated that Bonn would consider countermeasures in case of a Berlin blockade, presumably

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referring to the suspension of interzonal trade shipments. British officials do not foresee an immediate blockade, but feel that public opinion in Britain would prefer dealing with East Germany rather than using force to maintain four-power access.



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Belgrade Abandons Tolerance for Gomulka

The Yugoslav press, abandoning its previous attitude of "patience and understanding" for the difficulty of Polish party Secretary Gomulka's position, on 14 November openly attacked his stand on Yugoslavia. Taking umbrage at Gomulka's remarks in Moscow on 10 November, Belgrade's Borba accused him of assuming the role of "a distinguished fighter against Yugoslav revisionism" at Khrushchev's behest, and charged that an "evolution" had occurred in Gomulka's views since he visited Yugoslavia in September 1957. A year ago, the paper said, the Polish leader had praised the Yugoslav variety of Communism, in contrast to his present condemnation of the Yugoslav road as "revisionist." In his speech in Gdansk in June, according to Borba, Gomulka for the first time referred to specific aspects of Yugoslav Communist theory as "revisionist," and only later, at the 12th Polish party central committee plenum, so categorized Yugoslav theory in general. The article also charged that Gomulka's views on "methods for solving disputes between Communist parties and countries" had altered during the course of the year.

Until recently, Yugoslavia's relations with Poland have remained unusually cordial, despite the bloc rift with Belgrade last spring. Although Tito's scheduled visit to Warsaw in May was canceled, other exchange visits of top regime leaders have continued. Gomulka's speech at Gdansk, moreover, was dealt with relatively mildly in the Belgrade press and had no effect on state relations, despite the private concern it caused to Yugoslavs about Gomulka's ability to withstand Soviet pressure.

The American Embassy in Belgrade considers that this article virtually completes the process of Yugoslav disenchantment with the Polish leader which began with the Gdansk speech. Some Yugoslavs now are openly expressing previously repressed bitterness about what they consider to be Gomulka's "lack of courage." It is unlikely, however, that this will cause relations with Poland to deteriorate to the level of Belgrade's relations with the rest of the bloc. [redacted]

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Opposition to Communist China's Economic "Leap Forward"

The Chinese Communist press has revealed the demotion of the party's first secretary in Liaoning Province, two other party secretaries in Liaoning, one of whom was the governor, and the third-ranking party secretary in Shantung, who was also the governor. Two of these men are alternate members of the party's central committee.

Opposition to Peiping's campaign for a "giant leap forward" in economic development was almost certainly the central issue in the shake-ups. Peiping had been speaking for months about a "gloomy clique" which has regarded the economic program as excessively hazardous, and the press had indicated top-level dissatisfaction with economic progress in Liaoning and Shantung. The demoted officials are being charged variously with conspiring to frustrate the "giant leap" and with lacking "revolutionary enthusiasm."

None of those involved in these shake-ups has been regarded as a protégé of any key figure in Peiping, and evidence of cleavage among the top party leaders has not been noted. However, the leadership is clearly determined to extend the "giant leap" into 1959, and to this end will probably make further sacrifices of provincial leaders. Several provincial figures, like those recently demoted, have been out of the news for months. There are other candidates for demotion among officials of the party's central departments and the government ministries.

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Assessment of Soviet Economic Goals

There is a sharp contrast between the glowing claims of Premier Khrushchev on catching up with per capita production of the United States by 1970 and the figures presented in his theses on the course of Soviet economic development from 1959 to 1965. The average annual rate of industrial growth of 8.7 percent contemplated by the Seven-Year Plan is believed feasible, but the annual rate of growth in agriculture of 7.9 percent is greater than is considered feasible without extraordinary success in increasing yields.

While twice the American industrial growth rate, the 8.7 percent scheduled by the plan is less than the rate achieved by the USSR in the past seven years and even less than that achieved in the years 1956-1958, which were characterized by conservative planning. Such a growth rate would not permit the USSR to catch up with the United States in per capita industrial output by 1970 as Khrushchev claims.

This claim is apparently predicated on the assumption that, in the base period, 1958, Soviet industrial production is 50 percent that of the United States whereas it is more nearly 40 percent. Further, the claim assumes that American production will increase about 2 percent per year--the rate for the period 1953-1957 which has been used in recent Soviet articles projecting US growth. A longer and perhaps more representative period for the United States, 1948-1956, for example, would show a rate of industrial growth of about 4 percent. In making his claim, Khrushchev is also assuming that Soviet industrial growth will continue through 1970 at the rates projected in the Seven-Year Plan through 1965. Using a 4-percent rate of growth for the United States and accepting the USSR's schedule for its own industry, Soviet industrial production could be as high as 60 percent that of the United States by 1970.

The seven-year program is, nonetheless, an impressive one. By 1965, the output of many basic raw material and industrial products will be approaching, and in some cases will exceed, that of the United States, and these achievements will provide grounds for a major propaganda campaign.

Despite promises in the proposed plan that the output per capita of textiles, clothing, footwear, and some food products

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USSR: Selected Seven-Year Plan Goals (1959-1965)

	<u>Unit</u>	<u>USSR</u>		<u>US</u>
		<u>Est. 1958</u>	<u>Goal 1965</u>	<u>1957</u>
Steel	Mil. Tons	55	86-91	102
Coal	Mil. Tons	500	596-609	470
Petroleum	Mil. Tons	113	230-240	355
Cement	Mil. Tons	33.6	75-81	53.1
Electric Power	Bil. KWH	233	500-520	760
Woolen Cloth	Mil. Yards	328	547	292
Cotton Fabrics	Bil. Yards	6.3	8.5	9.6
Leather Footwear	Mil. Pairs	355	515	529
Grain	Mil. Tons	123	164-180	157.6
Meat	Mil. Tons	5	16	15.8
Motor Vehicles	Thous. Units	500	750-856	7,221

will reach or surpass Western levels by 1965, the output of consumer goods as a whole will remain far below Western levels, and will grow more slowly--7.5 percent annually--than it did during the past seven years--9.7 percent annually.

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II. ASIA-AFRICA

Sudanese Political Situation

Sudanese Prime Minister Khalil is continuing efforts to form a new, possibly all-party, coalition cabinet. The first step was taken on 12 November with the resignation of six cabinet ministers, all members of Khalil's own Umma party. The resignations were used as justification for the postponement until 8 December of the reopening of Parliament, originally scheduled for 17 November. By this postponement, Khalil has avoided an immediate parliamentary attack on his economic and pro-Western foreign policies as well as a possible defeat of his present Umma - People's Democratic party (PDP) coalition, which would cost him the premiership.

Khalil now appears to have accepted the idea of having in his cabinet representatives of the principal opposition party, the pro-UAR National Unionist party (NUP), whose leader, former Prime Minister Ismail al-Azhari, was recently in Cairo. Khalil still refuses, however, to accept al-Azhari himself in the cabinet and wishes to eliminate the present minister of commerce, Ali Abd al-Rahman, head of the pro-UAR wing of the PDP, who visited Cairo at the same time as al-Azhari.

[redacted]
Khalil's powerful sectarian sponsor, Abd al-Rahman al-Mahdi, leader of the large Ansar religious sect, is acting without Khalil's knowledge to achieve a separate understanding with the NUP. The Mahdi reportedly is willing to concede the premiership to al-Azhari in exchange for NUP support in his own bid for the Sudanese presidency under a new constitution now being drafted. Khalil presumably would continue as prime minister during the approximately six months required to complete the constitution.

Khalil still appears prepared to take extralegal action in the event he cannot retain his position by political agreement.

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infantry companies had arrived in Khartoum and declared
that the army "may take matters into its own hands." [redacted]

[redacted]

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THE PRESIDENT**The Vice President**

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

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

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

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The Secretary of the Interior

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The Director

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National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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