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22 October 1958

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CENTRAL INTELLIGENCE BULLETIN



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22 OCTOBER 1958

I. THE COMMUNIST BLOC

Taiwan Strait - Communist artillery fire relatively light on 21 October; Peiping scores new Nationalist talk of recovering mainland.

East Germany - Discontented workers seek relaxation of political controls.

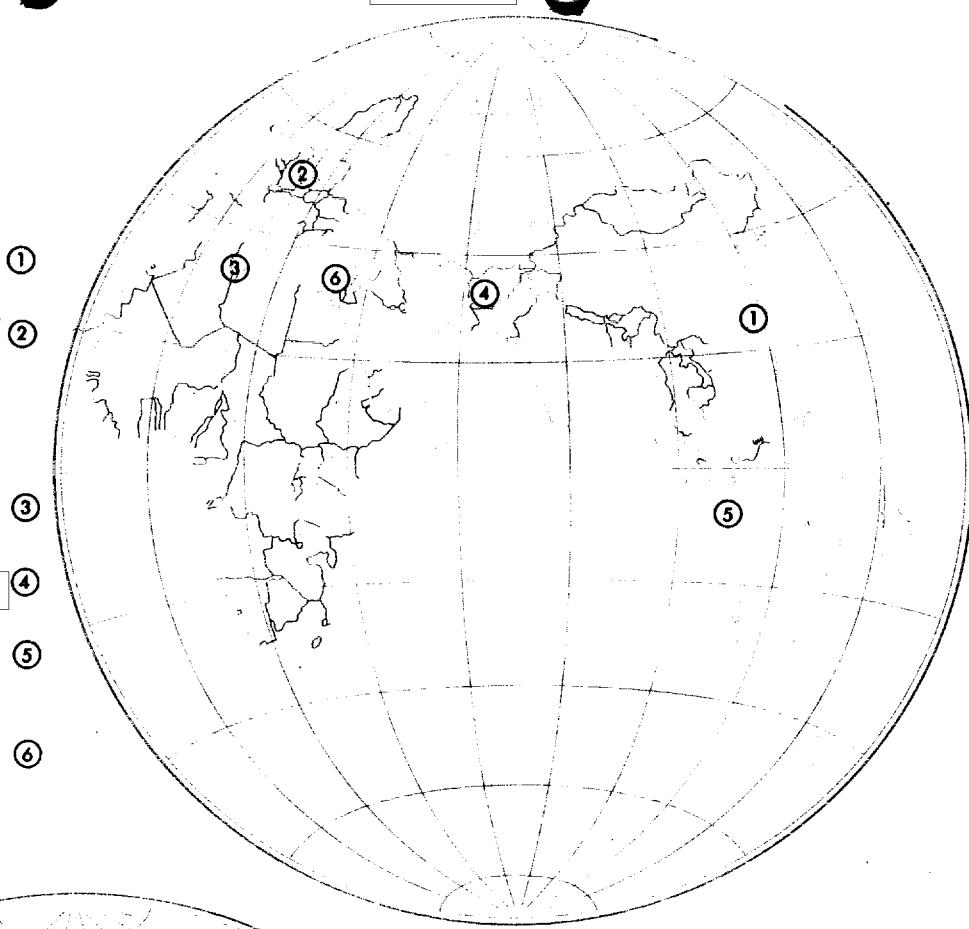
II. ASIA-AFRICA

Tunisia - Bourguiba standing firm against Nasir; UAR reported plotting his assassination.

High-level Afghan military mission to visit Egypt.

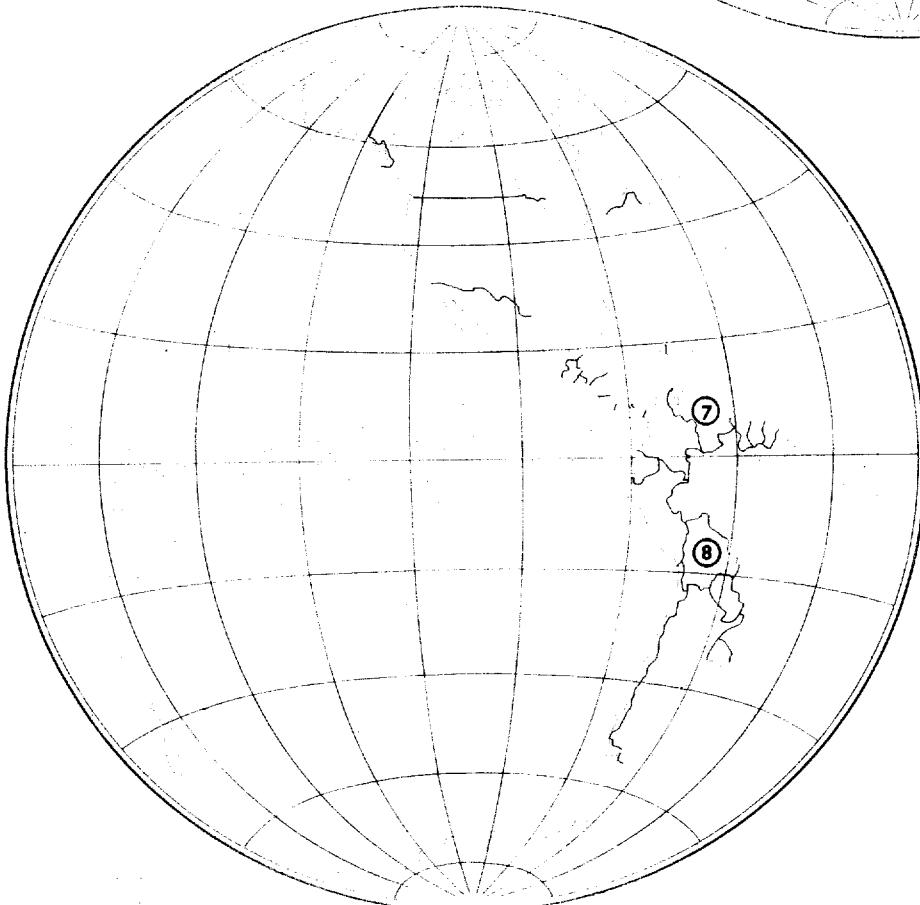
Indonesian Army to purchase more bloc materiel.

Cyprus - Agreement sought for conference between London, Ankara and Athens; violence continues.

**III. THE WEST**

⑦ Venezuela - Junta president expected to resign this week.

⑧ Bolivia - Government squelches rightist coup attempt.

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CENTRAL INTELLIGENCE BULLETIN

22 October 1958

DAILY BRIEF

S1/QAKB

I. THE COMMUNIST BLOC

Taiwan Strait situation: Communist artillery fire on 21 October was directed against all of the Nationalist-held islands in the Chinmen area but was relatively light.

At least one Chinese Communist submarine, two sub-chasers, one LST, and one auxiliary vessel which were moved closer to the offshore islands area from North and South China bases during September have recently been withdrawn. The number of Communist torpedo boats in the Strait area remains unchanged, however.

Peiping's propaganda has begun to emphasize that the US is not in favor of turning over the offshore islands to the Communists. Peiping also stresses that the Nationalists have recently revived talk of recovering the mainland and "loudly clamored" that the cease-fire was a "victory" for Taipei.

(Page 1) (Map)

OK

East Germany: Ulbricht's relaxation of political controls on physicians and college professors has stimulated discontent among industrial workers who are considering work slowdowns as a means of forcing the regime to make concessions to them. If Ulbricht resists these pressures, he will greatly increase workers' unrest and thus endanger the regime's economic goals; if he grants concessions, he will encourage widespread popular demands for further relaxation.

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II. ASIA-AFRICA

Tunisia-UAR: Bourguiba is continuing to maintain his firm stand against Nasir and has expressed "certainty" that other Arab leaders would "start following me after a little." Bourguiba apparently believes that he has the support of Morocco and, [redacted] the Algerian rebels, Iraq, and Saudi Arabia are trying to avoid exacerbating the dispute. Meanwhile, there are reports of new UAR plots aimed against Bourguiba's life.

(Page 4)

Afghanistan-Egypt: A high-level Afghan military mission is scheduled to visit Egypt by way of Turkey in mid-November.

Turkey has long maintained a small military training mission in Afghanistan. In Cairo, the Afghan mission will probably seek information on UAR methods in assimilating Soviet weapons and military doctrine.

OK
Indonesia: The army's reluctant decision to purchase \$15,000,000 worth of Soviet engineering equipment is a further example of the Indonesian armed forces' increasing dependence on the bloc for materiel. The air force and navy have already filled or contracted for the greater part of their current military requirements through the bloc.

(Page 5)

NO
Cyprus: NATO representatives of Greece, Turkey, and Britain are continuing their meetings with Secretary General Spaak on the matter of holding an early high-level conference concerning Cyprus and appear to have reached accord on all issues except the number of neutral observers to be invited. Brussels has been accepted as the conference site. As violence on Cyprus continues, British officials estimate that EOKA is approaching its maximum potential for terrorism. Nevertheless, they predict a new truce before the end of this month.

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III. THE WEST

OK

Venezuela: Junta President Larrazabal, under considerable pressure within the government, is expected to resign this week in order to fulfill legal electoral requirements in running for the presidency in the election scheduled for late November. The resultant adjustment in the junta and cabinet, along with continued military suspicions of political alliances and the apparent breakdown of interparty efforts to agree upon a coalition candidate will increase the already high degree of tension in Venezuela. [redacted] (Page 7)

OK

Bolivia: The moderate government of President Siles on 21 October squelched a rightist coup with only a few casualties. Rightist plotting is endemic in Bolivia. The government, which must implement stringent economic stabilization measures, will probably exaggerate the threat in order to bring closer together the clashing factions of the government party. [redacted] (Page 8)

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

Communist artillery fired about 3,300 rounds against the Chinmens on 21 October. The heaviest firing occurred during the afternoon, but no further details are available.

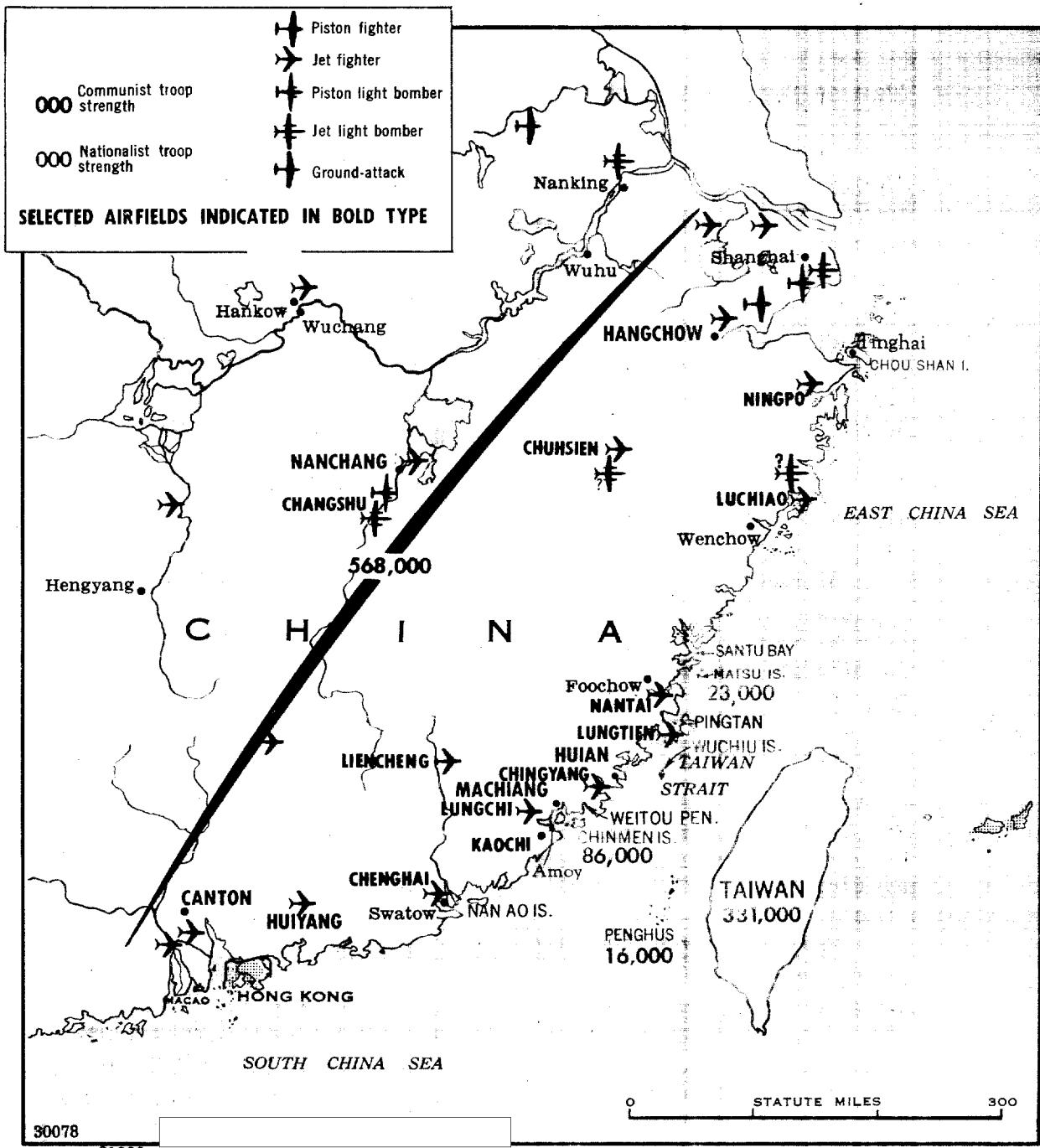
The Chinese Nationalist Ministry of Defense has announced that eight Nationalist jet fighters and six Communist MIG's "tangled briefly" over the Taiwan Strait. No losses were reported and no shootdowns claimed by the Nationalists. Although there was extensive Communist air activity indicative of large-scale air-to-air tactical training on 20 October, Communist pilots have not deviated from their practice of defensive patrolling. The last air clash on 10 October is believed to have been initiated by the Nationalists.

At least one of the five submarines which moved from Tsingtao to the Shanghai/Choushan Island area early in September has returned to the north and now is operating in the Dairen area; several other vessels of the South China Fleet--two subchasers, one LST, and one auxiliary vessel--which moved to Swatow from the Canton area during September and early October returned to the Canton area on 16 October, [redacted]

[redacted] Despite these withdrawals from the Taiwan Strait area, motor torpedo boat strength, which has been built up considerably since the beginning of the crisis, remains unchanged.

Peiping propaganda has begun to emphasize that the US is not in favor of turning over the offshore islands to the Communists. A People's Daily editorial on 21 October states that the US and Nationalist China are playing "a duet," with the US expressing its desire to "reduce the Chiang army on Chinmen and Matsu" while the Nationalists re-emphasize the importance of maintaining troops on Chinmen and the other offshore islands. The editorial states that if the Nationalists continue to reject

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negotiations with the Communists and "insist on obeying US orders, we are not to be blamed for taking all the necessary measures."

The People's Daily editorial also states that the Nationalists have become "cocky again" and that they have recently revived talk of recovering the mainland. Complaining that the Nationalists have "loudly clamored" that the cease-fire was a "victory" for Taipei, the editorial points to the Nationalist violation of the condition for suspension of shelling and declares "let them then see what benefit the introduction of US naval vessels for escort really brings them.

On 21 October, Peiping issued its "38th serious warning" alleging violation of Communist China's territorial waters by two US naval vessels in the Pingtan and Matsu area.

The Chinese Nationalists have canceled resupply missions following the Chinese Communist resumption of fire and, since Chinmen supply stocks were built up during the 14-day cease-fire, no urgent need is seen for crash programs of air and sea resupply. The Nationalists are planning to reinstitute air cover for convoys as necessary, and patrol flights are no longer under orders to remain 20 miles from the mainland coast. No penetration of the China mainland, however, is authorized except as instructed.

[redacted] it was necessary to keep the Taiwan economy stable as well as to keep the military forces strong.

[redacted] Nationalist China probably would need an extra \$30,000,-000 to \$50,000,000 in economic aid this year from the United States because of the Strait conflict. [redacted]

Concessions to East German Doctors Cause Unrest Among Industrial Workers

East German industrial workers, described by a party official as "tired of too many promises and too few results," have been greatly impressed by the success achieved by the medical profession in forcing the regime to relax its hard policies toward doctors, [redacted] Workers now reason that they are in a better position than the doctors to force concessions from party boss Ulbricht.

Under these circumstances, the East German regime faces the prospect of failing to achieve its economic goals unless the workers are satisfied. Giving in to the workers, however, would probably result in even more widespread popular demands for the relaxation of internal policies and even greater unrest.

[redacted] the concessions granted the medical profession were not merely a tactical move but a new policy which will be extended to other members of the intelligentsia. Doctors and dentists are being freed from political pressure and are to be allowed to travel to meetings in the West, continue private medical practice, and send their children to universities outside East Germany. A special politburo commission has been set up with instructions to make "all possible concessions" to effect a speedy improvement of the "catastrophic" medical situation, caused by the flight of doctors to the West. A similar commission has been established for schools.

The extensive character of these concessions reportedly startled some "rabid Communists" on the medical commission, who privately predicted that new problems would be created in other areas of East German life. [redacted]

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II. ASIA-AFRICA

Tunisia-UAR Dispute

Tunisian President Bourguiba is continuing to push his case against the United Arab Republic despite the concerted effort of Cairo propaganda media to discredit him and isolate him from the Tunisian people. At a meeting with the American ambassador in Tunis on 19 October, Bourguiba exuded confidence that the Tunisian people "unanimously" support his position and that "after a little" other Arab countries which now do not "dare to follow me" would start to do so. Bourguiba's fighting mood was further revealed by his expressed determination to prosecute shortly individuals implicated in the plot against his life exposed last March--a plot to which the UAR and Bourguiba's exiled rival, Salah ben Youssef, were linked.

The Tunisian leader expressed particular confidence that the Algerian rebel regime and the Moroccans would maintain solidarity with him. The fundamental desire on the part of both these elements to preserve at least the appearance of Maghrebian unity will probably preclude any further public criticism of Tunisia by either and evoke cautious gestures of friendship. Both, however, are clearly distressed by the dilemma in which Bourguiba's action has placed them and will be careful to avoid prejudicing their own relations with Nasir.

[redacted] a desire on the part of the Algerian rebels, Iraq, and Saudi Arabia to avoid taking sides in the Tunisia-UAR dispute. Iraqi Foreign Minister Jumard is reported to have apologized to Tunisia for recent attacks broadcast by Baghdad radio.

Meanwhile, unconfirmed reports emanating from Libya state that on 15 October Salah ben Youssef's lieutenant in Tripoli received from the UAR Embassy there money and a list establishing a priority for the liquidation of key Tunisian officials.
[redacted]

[redacted]

Indonesian Army Purchases Soviet Engineering Equipment

The Indonesian Government has signed an agreement with the Soviet Union for the purchase of engineering equipment valued at \$15,000,000 which will be used by the army.

[redacted] the materiel will comprise chiefly road-building equipment, water-purifying sets, and tools. The purchase will be made under terms of the \$100,000,000 Soviet loan which Indonesia ratified in February 1958.

Brig. Gen. Djatikusumo, chief of the army engineers, is reported to have signed the agreement with reluctance on orders from the Indonesian Government in September 1958. In July 1958, Djatikusumo had approached the American army attaché for the sale of either civil or military construction equipment. Some of the items recently purchased from the USSR were also included in the master list of military requirements which the Indonesian Government presented to the United States in July 1957.

This purchase is a further instance of the Indonesian armed forces' increasing dependence on the bloc for materiel. The Indonesian Navy and, to an even greater extent, the air force have already filled a considerable part of their current military requirements through contracts with the bloc. Thus far, the Indonesian armed forces have concluded arms deals with the Communist bloc amounting to at least \$125,000,000 and possibly as much as \$200,000,000.

[redacted]

[redacted]

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Cyprus

Final agreement on a high-level Cyprus conference of British, Greek, Turkish and Cypriot representatives is being delayed only by differences over the number of neutral observers. All concerned are agreed that NATO Secretary General Spaak and an American observer should attend; Greece alone insists that at least two other neutral nations, presumably Italy and France, be represented. Such a conference would probably be convened in November in Brussels, Spaak, to whom most of the credit is due for the progress thus far, favors a two-week meeting to establish the broad principles for agreement to be followed by lower-level technical negotiations on details.

Agreement by London, Athens, and Ankara to discuss the problem at such a conference will remove, temporarily at least, the serious strain that was developing within NATO. The major substantive problems which the talks will attempt to resolve, however, will require a maximum effort at compromise if the schisms between Greece and Turkey and between Britain and Greece are to be bridged.

On Cyprus EOKA terrorists have stepped up their campaign of violence, killing five persons, including three Turkish Cypriots, within a 48-hour period and increasing bomb attacks, shootings, arson, and sabotage. British officials on Cyprus estimate that, while EOKA may attempt one more major drive, it has about reached the limit of its potential for sustained violence. They predict a new truce, probably by the end of October, especially if agreement is reached in Paris to hold a conference. Regardless of any political settlement, however, they believe EOKA must be destroyed to remove the constant threat of renewed violence and intimidation.

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III. THE WEST

Impending Shake-up in the Venezuelan Government

Junta President Larrazabal's acceptance of the presidential nomination by the Democratic Republican Union (URD), probably the third party in strength, and his expected resignation this week will increase the high degree of tension in Venezuela. A majority of the cabinet reportedly have offered their resignations and have demanded that Larrazabal resign, as is required under the electoral law. Larrazabal's resignation and the resulting adjustments in the cabinet and junta, which will probably continue to be pro-Larrazabal, were apparently planned as early as mid-September to promote his candidacy.

Larrazabal's formal entry into the presidential race follows recent rumors of military plotting and probably spells the end of the political unity program which has been identified in the public mind with the return of normal government. The Christian Democratic COPEI, probably the second largest party, opposes Admiral Larrazabal as a military candidate and has nominated its chief, Rafael Caldera. Democratic Action (AD)--the largest party, toward which the military has long been hostile--has reportedly been negotiating with the URD to present Larrazabal as a joint candidate, although AD previously nominated its chief, Romulo Betancourt. The AD's ultimate endorsement of Larrazabal, who also has Communist backing, would increase the possibility of another military coup attempt in the event of Larrazabal's victory. [redacted]

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Bolivian Government Says Rightist Plot Quashed

The moderate government of President Siles has announced that it put down a plot of the rightist Socialist Falange which broke out in the capital city of La Paz early on 21 October. The rest of the country was reported quiet.

At the present time the government must implement new and stringent economic stabilization measures if it is to receive new foreign credits to rectify its foreign exchange deficit. The left wing of the Nationalist Revolutionary Movement, the government party, opposes some of the required measures. A definitive split in the government party would be likely to result in considerable violence since most of the army and police incline toward the right wing of the party while most civilian militia incline toward the left wing.

In the past the government has on several occasions exaggerated the danger of rightist plotting for the purpose of persuading clashing factions within the government party to close ranks. Any suggestion of a rightist coup has been enough to persuade the clashing factions to compromise their differences and present a united front.

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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

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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

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Federal Bureau of Investigation

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Atomic Energy Commission

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The Director

National Indications Center

The Director

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The Director

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