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27 August 1959

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CENTRAL INTELLIGENCE BULLETIN



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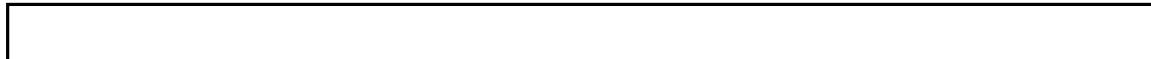
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CENTRAL INTELLIGENCE BULLETIN

27 August 1959

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China: A communique issued by the Chinese Communist party central committee on 26 August discloses Peiping's decision to "readjust" significantly downward China's four main production targets for 1959--coal, steel, grain, and cotton. The Chinese admit gross "over-assessment" of agricultural production in 1958--grain and cotton output claims are reduced drastically. The readjustment of targets represents a setback for the prestige of Mao Tse-tung and those of his lieutenants, including Liu Shao-chi, who had encouraged the most extravagant expectations of rapid economic development. The call by the leadership for further intensive effort on the economic front indicates that there is to be no relaxation of "leap forward" pressures on the masses.

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USSR-Guinea: The Soviet Union and Guinea concluded in Moscow on 24 August an economic and technical cooperation

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agreement providing for the extension of a \$35,000,000 long-term Soviet credit. The official communique stated the credit will be used to purchase Soviet equipment for developing industry and agriculture and for building roads. Moscow can also be expected to attempt to exploit Guinea's need for technicians and specialists. Guinea has recently announced that it presently is drafting a national plan for economic development which, while emphasizing agriculture, also calls for an expansion of industry. Until the conclusion of this agreement, bloc economic activity in Guinea, with the exception of a Czech arms gift, had been limited to the development of closer trade relations.

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II. ASIA-AFRICA

Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq and Iran. The initiation of significant hostilities is unlikely in this area in the immediate future.

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Watch Committee conclusion--Laos: Laotian Government forces have redeployed combat units in northern Laos in an attempt to meet the threat posed by insurgent elements, but as yet no significant military actions have taken place. Dissident activity with probable North Vietnamese support and guidance continues in the northern and, to a lesser extent, in the central and north-central provinces. The North Vietnamese, by providing guidance and logistic assistance to the dissident elements in Laos, have the capability of intensifying operations through these elements, which, if they see government resistance weakening, may extend the scope of their military operations to include the greater portion, if not all, of the country.

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Laos: The American Embassy states that while guerrilla combat action is still limited basically to three provinces in the north, there are continuing reports from other provinces

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that small bands have infiltrated to propagandize and organize potential guerrilla forces. These activities may be in preparation for country-wide expansion of guerrilla operations when the wet season ends in about two months.

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India-Tibet? The Indian Government on 22 August informed the Dalai Lama that it would not stand in the way of any appeal by him for UN consideration of the Tibetan question. New Delhi continues to feel that such a move can serve no useful purpose but apparently intends to do nothing either to support or to interfere in any UN action on Tibet. Nehru took a similar line with the American chargé on 20 August. Indian officials also gave clearance for a trip by the Dalai Lama's top adviser on 28 August to Manila, where he may explore possible Philippine sponsorship of UN discussion of Tibet. (Page 4)

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III. THE WEST

West Germany - Poland: West Germany's leading newspaper publisher, supported by Foreign Minister Brentano and several top government officials, is urging Chancellor Adenauer to make a "dramatic declaration" of friendship toward Warsaw on 1 September, the twentieth anniversary of the German invasion. Their aim is to ease the way for ultimate resumption of diplomatic relations. While Adenauer is reported to have agreed to deal with the Polish question in a speech,

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France-Algeria: De Gaulle plans to propose soon that Algeria become a member of the French Community.

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During his visit to Algeria from 27 to 30 August, De Gaulle reportedly will try to convince the army that it should accept this solution. De Gaulle had originally spoken of a "choice place" for Algeria within the Community. However,

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[in view of army insistence on continued close ties between Algeria and France, the rebel goal of eventual independence, and disagreements among African members of the Community over the extent of association with France, it is doubtful that a "Community solution" for Algeria satisfactory to all elements could be achieved now.]

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**COMMUNIST CHINA'S "READJUSTMENT" OF
"THE FOUR MAJOR TARGETS"**
(PRODUCTION IN MILLION TONS)

	CLAIMED FOR 1958	VERIFIED 1958 OUTPUT	1959 PLAN (PROMULGATED FEBRUARY 1959)	ADJUSTED TARGET FOR 1959
STEEL	11	11*	18**	12***
COAL	270	270	380	335
GRAIN	375	250	525	275
COTTON	3.35	2.1	5	2.3

* 3 "Primitive" and 8 "Modern"

** Both "Primitive" and "Modern"

*** All "Modern"

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I. THE COMMUNIST BLOC

Communist China Cuts Back 1959 Targets

The communique issued on 26 August by the Chinese Communist party, following its eighth plenary session at Lushan during the first two weeks in August, discloses Peiping's decision to "readjust" significantly downward China's four main production targets for 1959--coal, steel, grain, and cotton. The new grain and cotton targets are only half the original goals, and those for steel and coal are significantly reduced.

The Chinese admit to gross "over-assessment" of their agricultural production in 1958. Exaggerated reports from statistical units, together with hasty harvesting and storage due to inadequate labor, resulted in verification of only 250,000,000 tons of grain (375,000,000 tons had been claimed) and 2,100,000 tons of cotton (3,350,000 tons had been claimed). The back-yard steel program was in effect conceded to be unsuccessful. Output by local furnaces is no longer to be included in the national plan, and local efforts toward that end are to be subordinated to other economic activities.

The communique confirms earlier indications that the slogans "great leap forward" and "leap forward" have been redefined in much more modest terms. The Second Five-Year Plan targets proposed in 1956, previously set aside as too conservative, have been revived as realistic goals for 1959 which can be overfulfilled by sustained maximum effort.

An accompanying resolution reaffirms that significant changes have taken place in the organization and operation of the communes during the months of "tidying up." It emphasizes, however, the superior qualities of the communes as an economic organization.

Chinese Communist leaders have not all been committed to the same degree to the original concept of the "great leap forward." Those whose prestige has seemed most heavily committed

are Mao Tse-tung; Liu Shao-chi, the second-ranking leader; Teng Hsiao-ping, the party's secretary general; and Tan Chen-lin, the secretariat's specialist in agriculture. These men played the leading roles in exhorting the "leap" and in threatening those opposed to a headlong course. Party leaders who had seemed to have reservations about the "leap" were senior administrators and economic specialists, possibly including Premier Chou En-lai.

Mao appears still to dominate the party; the communique notes that the party plenum was held under Mao's "guidance," and it concludes by urging the party and people to unite under Mao's leadership. It is not yet clear whether Mao intends to fix any blame for the leap's shortfall on other party leaders rather than low-level cadres.

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Soviet Economic Aid to Guinea

Moscow, in a move designed to strengthen its relations with Conakry as well as to enhance the bloc's position in West Africa, concluded an economic aid agreement with Guinea on 24 August. According to TASS, the Soviet \$35,000,000 long-term, low-interest credit is to cover the cost of economic and technical assistance to Guinea for constructing industrial enterprises, developing agriculture, and building roads. Moscow, in keeping with its economic aid policy in the underdeveloped areas, presumably will accept partial, if not complete, repayment for its aid in the form of Guinean commodities.

Guinea has recently announced that it is drafting a national plan for economic development which, while emphasizing agriculture, evidently also will provide for the expansion of its nascent industry. The aid agreement will provide Moscow with an opportunity to exploit Guinea's need for qualified technicians and specialists. The bloc, furthermore, may have offered to guide Conakry in efforts to develop the industrial sector.

The Soviet aid program was agreed upon during the good-will visit to the USSR of a Guinean government delegation which left for home after a stay of about ten days. Since Guinea achieved its independence last year, bloc economic activity--with the exception of a Czech arms gift this spring--has been essentially limited to attempts to develop trade relations. There are, however, at least 30 bloc specialists, mostly Czechs, providing technical assistance on public works projects being carried out by the Guinean Ministry of Interior. In addition, there are reportedly a few Czech officers working with the army. [redacted]

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India Adopts Hands-Off Policy on UN Consideration of Tibet

[Indian officials, in response to a request for guidance from the Dalai Lama on an appeal to the UN, informed his advisers on 22 August that India would neither support nor interfere with any action on the Tibetan question in the UN. The Tibetans were told that New Delhi could not advise the Dalai Lama on the public appeal he plans to make soon, since it conflicts with India's recognition of Tibet as part of Communist China. The Indian officials also suggested that the Dalai Lama in future make his decisions independently and act in his own interest without seeking clearance from New Delhi. This position, which is in sharp contrast to the Indian Government's earlier desire to restrict the Dalai Lama's political activities, was explained as being necessary to protect Indian interests but was interpreted by the Tibetans as tacit encouragement of their resort to UN action.]

[Prime Minister Nehru also indicated to the American chargé on 20 August that he planned no definite move to oppose UN consideration of the Tibet issue, but he reiterated his view that UN discussion could not lead to any useful action on the matter. Nehru, apparently disillusioned with Peiping, implied that his government would maintain a correct attitude toward the Chinese Communists at the international level, but would be less cooperative toward them than in the past.]

[Despite Nehru's unwillingness to support the Tibetans in the UN, the Dalai Lama has been invited to make an official visit to New Delhi and has been given travel clearance for several Tibetan delegations to travel abroad for publicity purposes. From 28 to 31 August, the Dalai Lama's brother and chief adviser will visit Manila, where he probably will explore the possibility of Philippine sponsorship of a request for UN discussion of Tibet. Talks with officials of South Vietnam, Nationalist China, and Australia are also planned. There is a possibility that some Latin American country may be willing to initiate such a request and to organize support among other UN members.]

III. THE WEST

Influential West Germans Urging Adenauer to Improve Relations With Warsaw

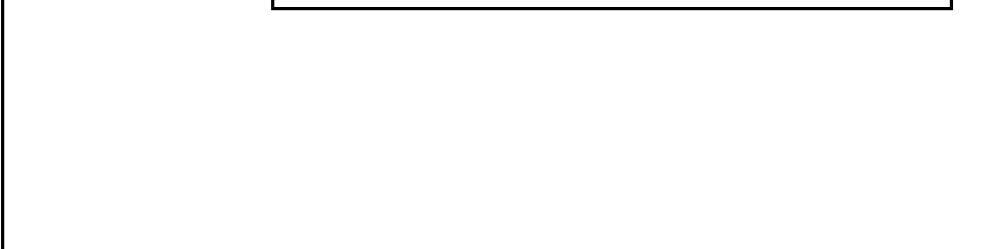
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[West Germany's leading publisher, Axel Springer, is urging Chancellor Adenauer to make some dramatic gesture of friendship toward Warsaw on 1 September, the 20th anniversary of the German invasion of Poland. Springer's idea is that a declaration of German-Polish friendship could ease the way toward establishment of diplomatic relations. Poland has recently been irritated by German plans to include prominent refugee leaders in the German delegation to the Inter-Parliamentary Union meeting in Warsaw.]

[Vice Chancellor Erhard, Bundestag President Gerstenmaier, and Minister for All-German Affairs Lemmer are reported to support Springer's efforts. Foreign Minister Brentano and Press Chief von Echardt have also backed such a move in discussions with Adenauer.]

[The chancellor reportedly has promised Springer to deal with Polish-German relations in a speech about 1 September, but he will probably not go beyond a declaration of friendship and a promise not to use force in settling the boundary question. While Adenauer agrees some understanding must be reached with the Poles, he does not intend to take steps toward formalizing relations until after the 1961 elections.]

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De Gaulle Reportedly to Propose Algeria Become Member
Of French Community

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[De Gaulle plans to propose soon that Algeria become a member of the French Community,]

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[During his visit to Algeria, the French President is expected to sound out key French Army elements, whom he has previously felt it necessary to reassure as to his intentions.]

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[if the FLN has not accepted De Gaulle's standing offer to negotiate a cease-fire before the French Community executive council meets on 10 September, De Gaulle will ask the council to propose that Algeria become a member.]

[Several previous suggestions that an Algerian solution be sought within the Community framework have been made by various French officials and other political leaders. De Gaulle, in his early public discussions concerning the Community, reserved a "choice place" for Algeria. The conflicting demands of the key elements involved in the Algerian problem indicate, however, that a satisfactory "Community solution" will be difficult to achieve without considerable "give" on all sides.]

[The French Army and nationalists in France adamantly oppose any form of Algerian independence. The European settlers in Algeria hope to maintain their privileges by total integration of Algeria with France. FLN leaders have recently indicated some opposition to Community membership and probably would not accept it without at least some recognition of their right to independence. A further complication stems from disagreements among the African members of the Community over the extent of their association with France.]

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Assistant Chief of Staff for Intelligence, Department of Army

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