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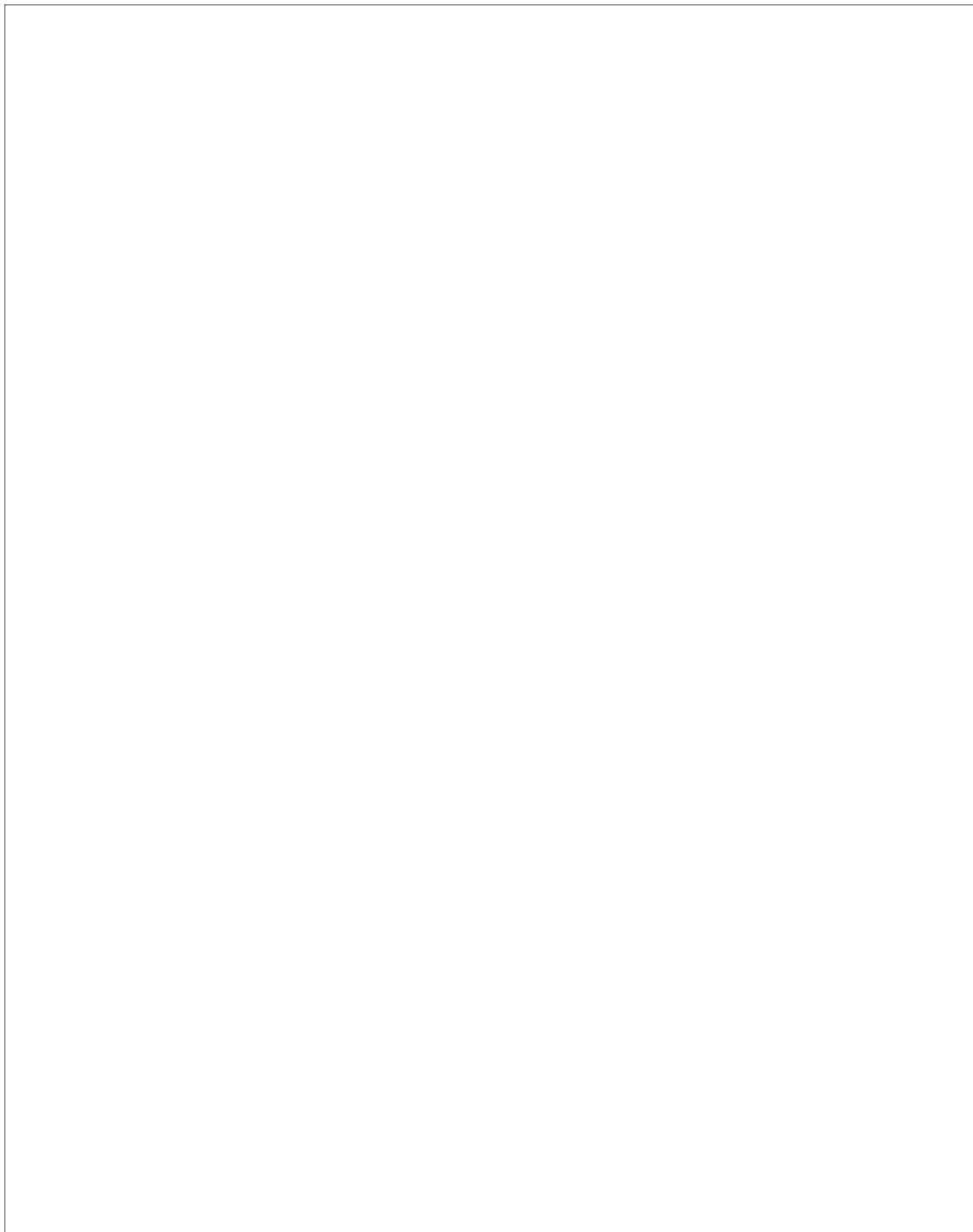
CENTRAL INTELLIGENCE BULLETIN



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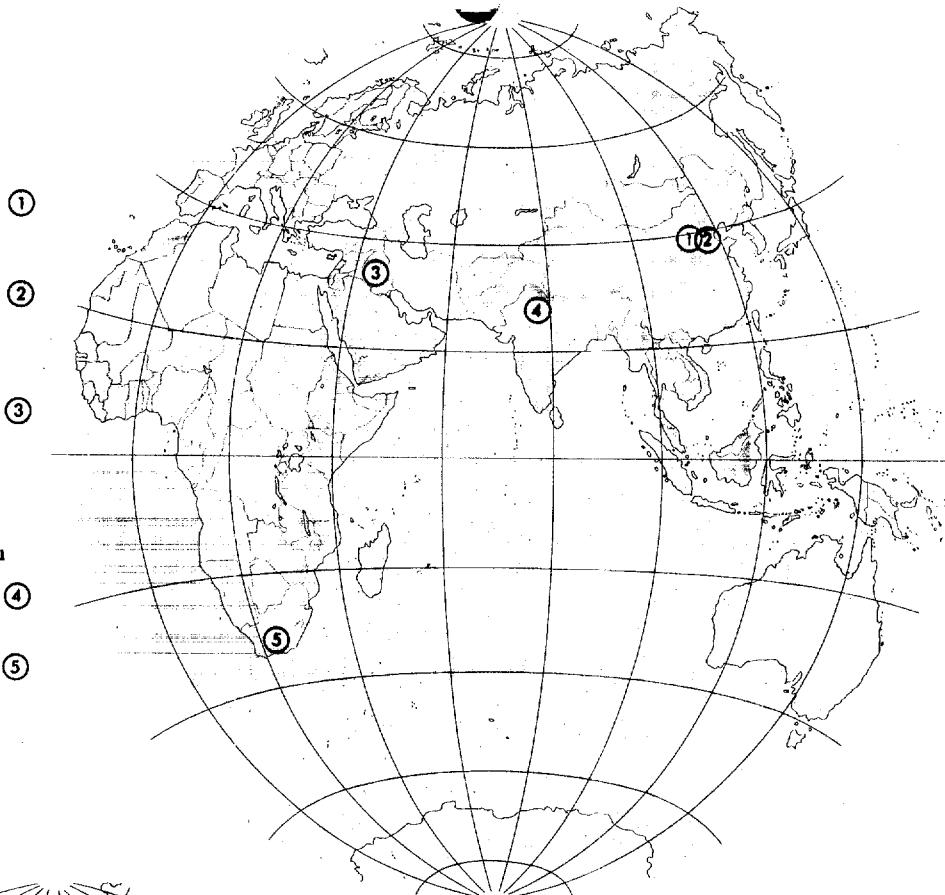
1 APRIL 1960

I. THE COMMUNIST BLOC

Peiping's 1960 economic plan calls for continued development at "big leap" rate.

Mao Tse-tung described as "physically robust and mentally keen" by recent Nepalese visitors.

Mikoyan going to Baghdad on 8 April to open Soviet exhibition; he may offer Iraq new economic aid.

**II. ASIA-AFRICA**

Nehru intends to maintain his past position on border issue when talks with Chou begin, but he is prepared to make some concessions.

US Embassy comments on the situation in South Africa.

**III. THE WEST**

⑥ UAR minister in Panama active in pushing anti-US propaganda.

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CENTRAL INTELLIGENCE BULLETIN

1 April 1960

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

OK

Communist China: Peiping's 1960 economic plan and budget, presented to the opening session of the National People's Congress, reflect the regime's conclusion that the Chinese economy can continue to develop at "big leap" speed, although the pace will be somewhat slower than last year's. Industrial targets released so far seem within China's reach this year, but those for agriculture still appear unrealistically high. Increased attention is to be paid to agriculture during the year, but priority is still given to heavy industry. Direct budgetary spending on the military is to be maintained at the same level as last year. [redacted] (Page 1)

N0

Communist China: Mao Tse-tung, whose health has sometimes been in question in recent years, seemed "physically robust and mentally keen" in mid-March. This was the conclusion of a group of Nepalese officials who talked with him for more than two hours. If he remains healthy, Mao is expected to continue to dominate the Chinese Communist party. [redacted]

USSR-Iraq: Deputy Premier Mikoyan will head a government delegation to Iraq on 8 April. [redacted]

N0

While the ostensible purpose of the visit is to open the Soviet exhibition in Baghdad, the ambassador reported that Mikoyan wanted to talk with Qasim and would be prepared "to offer any new economic assistance." [redacted] (Page 2)

II. ASIA-AFRICA

OK

India - Communist China: In his talks with Chou from 19 to 25 April, Nehru reportedly will insist that Chou accept the principle that the border between India and Tibet has already been delimited. At the outset Nehru will also demand that Chinese troops evacuate the disputed Ladakh area of Kashmir. He is prepared, however, to agree to the continued presence of Chinese troops in the vicinity of the road they have built through Ladakh. Indian officials regard the meeting as only the first step in "several years" of negotiations over the border dispute.] (Page 3)

OK

South Africa: In commenting on the situation in South Africa, the American Embassy in Cape Town observes that African leaders are no longer thinking in terms of a very gradual revolution sometime in the future, and that the urban African population now is willing to follow leaders calling for direct action. In the strikes and demonstrations on 28 and 30 March, the Africans demonstrated to themselves and to the European minority their potential for disrupting South Africa's economic and political structure. (Page 4)

III. THE WEST

N/0

UAR-Panama: The UAR minister in Panama, Muhammad al-Tabi, advised Cairo that he had agreed to pay \$200 monthly to an unnamed "director of the political office in the Panamanian Government," adding that the official "is standing with us before the tide of American propaganda." Al-Tabi has achieved considerable notoriety for his anti-US propaganda activities and his contacts with radical nationalist elements in Panama. (Page 5)

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Sino-Soviet Air Defense Capabilities through Mid-1965.
NIE 11-3-60, 29 Mar 1960.

I. THE COMMUNIST BLOC

Chinese Communist Economic Planning

The 1960 economic plan and budget presented to the opening session of the National People's Congress demonstrate Peiping's satisfaction with the current state of the Chinese economy. Planning chief Li Fu-chun praised the economic policies followed in 1958 and 1959 and asserted that their success made it "objectively certain" that the economy could continue to be developed at "big leap" speed.

The 1960 economic plan calls for a 23-percent increase in the total value of industrial and agricultural output, as compared with the 31-percent increase claimed for last year. Steel output is to rise to 18,400,000 tons during the year, as against 13,300,000 tons last year. This level of steel production and goals for the pig-iron industry could be achieved, but only by expanding the output of small-scale furnaces, which turn out a product of limited utility.

On the other hand, the levels of production programmed for agriculture again are beyond reach. Peiping, almost certainly incorrectly, claimed a 10-percent increase in grain and cotton output in 1959, despite widespread and damaging drought. The 1960 program calls for a 10-percent increase over the exaggerated 1959 claim.

The 1960 plan and budget devote only a small increase in resources to speeding up the development of agriculture. Investment in new construction is to increase by roughly one fifth, with emphasis on strengthening such "weak links" as railroads, electric power, and nonferrous metals. Direct budgeted spending on defense will be the same as in 1959 (the equivalent of \$2.36 billion) but will drop from 11 to 8.3 percent of total expenditures.

~~CONFIDENTIAL~~

Mikoyan to Visit Iraq

Soviet Deputy Premier Mikoyan will head an official government delegation to Iraq on 8 April to open the forthcoming Soviet exhibition in Baghdad.

[redacted] Mikoyan, who will be accompanied by foreign affairs and foreign trade officials, hopes to hold talks with Qasim and other top Iraqi figures.

[redacted] Mikoyan will be prepared to supply "any new economic assistance," provided the initiative comes from the Iraqi Government, and he recommended that Baghdad request a doubling of the Soviet credit of \$137,500,-000 agreed on in March 1959. Moscow is carrying out its commitments under the current agreement according to schedule; construction on most projects is not to begin until 1961.

While Baghdad cannot reasonably expect to receive tangible benefits for some time, some Iraqi officials are becoming disillusioned with bloc assistance. Any large additional commitment by the USSR presumably would also be primarily in the form of long-term aid and would do little to ease the current economic situation.

The Qasim regime, in reaction to the present economic stagnation, has taken steps to secure Western assistance and has sought to find scapegoats such as the recently dismissed pro-Communist economic planning chief who negotiated the 1959 agreement with the USSR. Soviet leaders may hope that the political impact of a new economic aid commitment would combat both of these tendencies.

There are signs that Moscow may have forced Qasim's hand on the visit. [redacted]

[redacted] In what appears to have been a trial balloon, an Iraqi Communist newspaper announced on 28 March that consideration was being given in Baghdad to a visit by Mikoyan to the Iraqi capital. [redacted]

[redacted]

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II. ASIA-AFRICA

Nehru's Position in Forthcoming Talks With Chou En-lai

[Indian Prime Minister Nehru, in his discussions with Chinese Premier Chou En-lai in New Delhi from 19 to 25 April, reportedly will continue to insist on Chinese acceptance of the principle that the Indo-Tibetan border is already delimited. While also insisting initially that Peiping evacuate military forces from all the territory it holds in the Ladakh area of Kashmir, Nehru apparently is ready to concede Chinese troops the right to stay in the immediate vicinity of the road they built through the area.]

[Nehru reportedly has reassured President Prasad that no Indian territory will be surrendered. Legal problems arising from provisions of the Indian constitution and from Pakistan's claims to Kashmir would, in fact, make any formal cession of territory difficult. Nehru may feel that some form of joint Sino-Indian administration of Ladakh, not affecting Indian sovereignty, could provide an eventual solution.]

New Delhi is puzzled over reports that the Chinese expect the meeting to produce positive results, and there is concern that Peiping may be overestimating India's readiness to negotiate. [Nehru expects that the border problem will be discussed by the two prime ministers only "in principle," and that a joint commission will be established to consider detailed proposals.] Although Indian officials feel the Chinese are ready to make some concessions, they still anticipate "several years" of negotiations.

Chou, who has maneuverability denied Nehru by the latter's need to consider domestic public opinion, may make some dramatic offer such as the outright exchange of disputed areas in Assam and Ladakh. Peiping's bargaining position is based on the contention that actual jurisdiction establishes ownership and on its claim that the border has never been legally defined. Hence Chou is unlikely to agree to Nehru's contention that the border is delimited or to any significant reduction in Chinese control of the disputed Ladakh area.

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Tension Rising in South Africa

African leaders are no longer thinking of a gradual revolution some time in the future, and the African urban population now is ready to follow leaders calling for direct action, according to the American Embassy in Cape Town. The embassy comments that in the strikes and demonstrations on 28 and 30 March, the Africans demonstrated to themselves and to the European minority their potential for disrupting South Africa's economic and political structure.

Most of the Union's Europeans have been united by the African threat to their hegemony; the United party, which controls the largest bloc of opposition seats in the South African Parliament, supported the Verwoerd government's declaration of a state of emergency. The government will probably combine police repression with a relaxation of some of the more onerous aspects of apartheid. This course now will not satisfy the non-whites, who reportedly have been encouraged by the suspension of the enforcement of the pass laws and by the forced evacuation of whites from some African townships during the riots of 28 March. The embassy believes that the long-term outlook is for further tests by the Africans of their strength, with frequent outbreaks of violence. [redacted]

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III. THE WEST

UAR Activities in Panama

The UAR's energetic minister to Panama, Muhammad al-Tabi, has apparently bribed a local government official to assist him in his anti-US propaganda activities. [redacted]

[redacted] agreed to pay \$200 monthly to the director of the political office in the Panamanian Government because he is standing with us before the tide of American propaganda." The identity of the "director" and the office referred to is uncertain.

Al-Tabi has created a stir by his efforts to boost UAR prestige in Panama, often citing Nasir's nationalization of the Suez Canal as an example which could be applied to the Panama Canal. He has many contacts among the radical nationalists of Panama. Al-Tabi apparently indicated to Cairo last December that his activities were arousing comment; [redacted]

[redacted] the UAR Foreign Ministry telling him that his contacts were "appreciated" and that he was to continue them.

The UAR was also making preparations last month to send large quantities of propaganda materials--printed in Spain--to its numerous missions throughout Latin America. UAR Deputy Foreign Minister Dhu al-Fiqar Sabri is currently making a good-will tour of 14 Latin American countries, including Panama.

Evidence of a growing rapprochement between Panama and the UAR was furnished by Panamanian Foreign Minister Miguel Moreno's visit to Cairo from 10 to 14 March. Moreno discussed with high UAR officials Panama's grievances against US policies in the Canal Zone, and prior to his departure the two nations signed a cultural agreement. The Panamanian official allegedly told a Brazilian diplomat in Cairo that his country ultimately intended to nationalize the Panama Canal but regarded as an immediate objective a substantial increase in the amount paid annually by the US to Panama. [redacted]

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~~CONFIDENTIAL~~**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

Director, Office of Civil and Defense Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

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 Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State 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

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

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

Commandant, United States Marine Corps

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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