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8 October 1958

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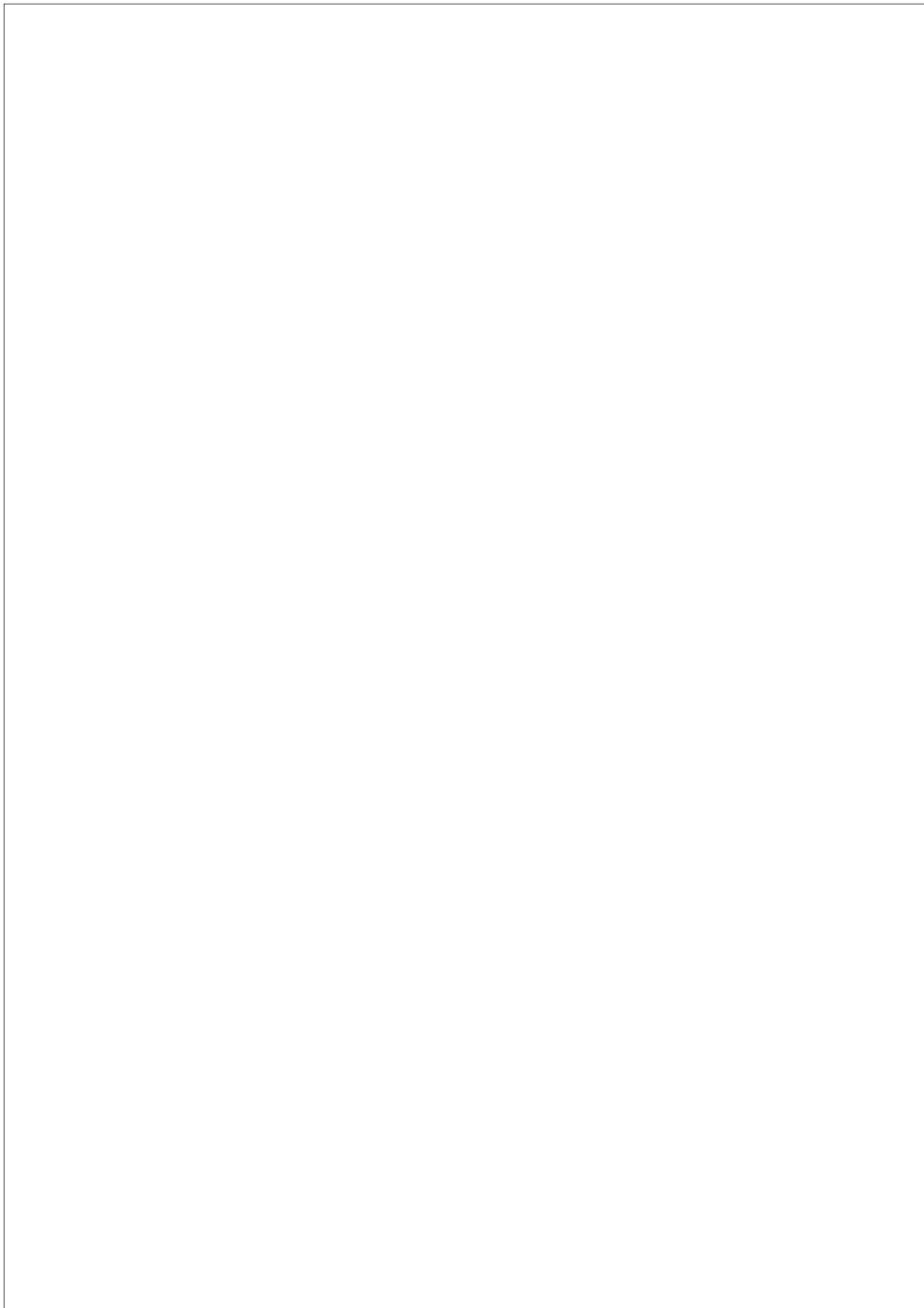
INTELLIGENCE

BULLETIN



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8 OCTOBER 1958

I. THE COMMUNIST BLOC

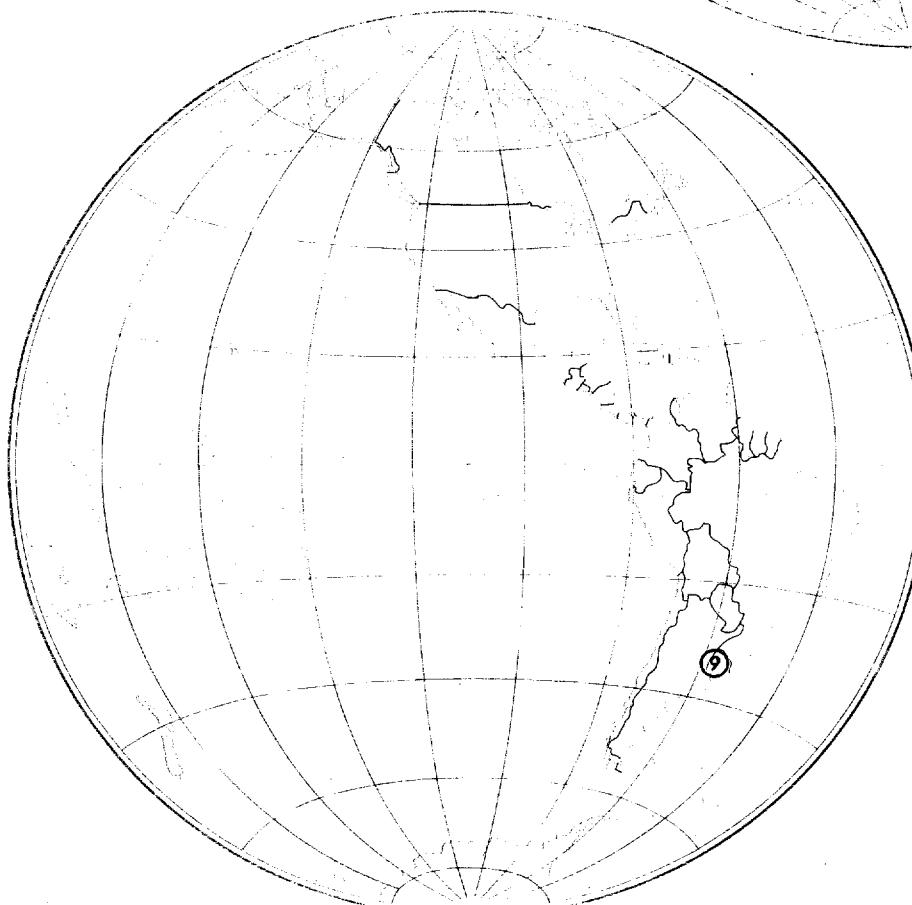
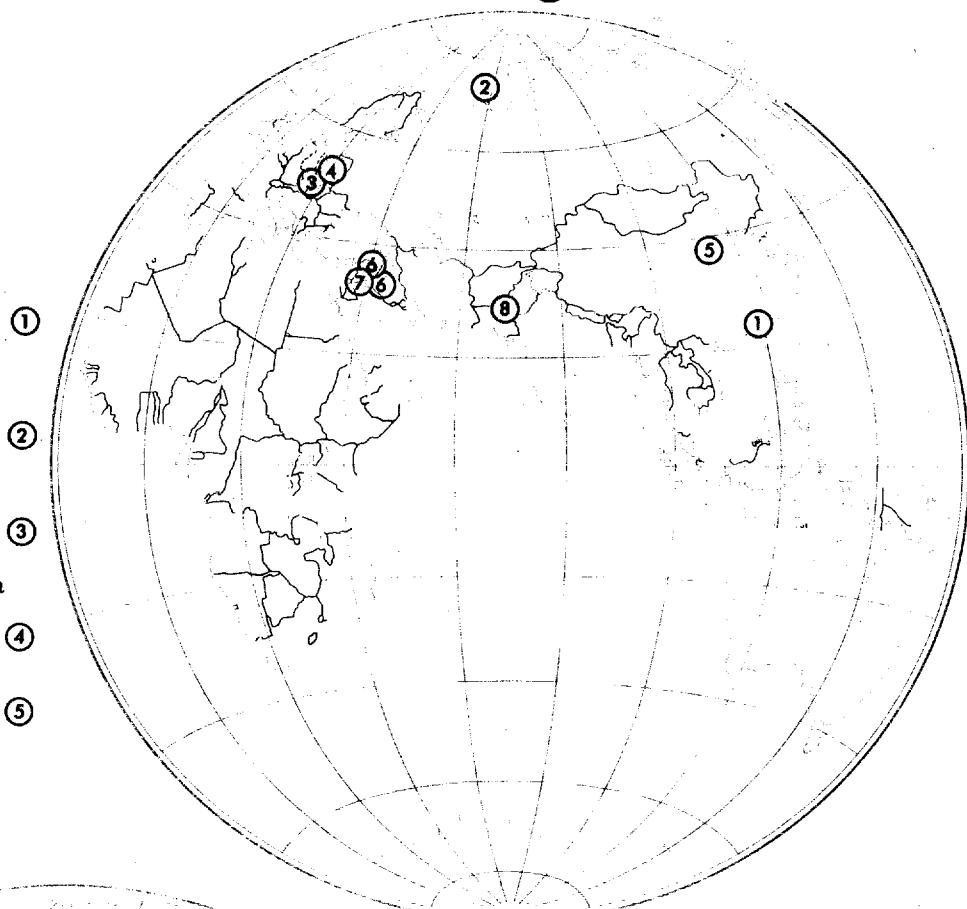
Taiwan Strait - Peiping asserts cease-fire not sign of weakness; new Communist naval moves toward strait.

Soviet nuclear test near Novaya Zemlya on 6 October is seventh since 30 September.

Soviet bloc Council for Mutual Economic Assistance to meet in plenary session.

Polish party First Secretary Gomulka and Premier Cyrankiewicz to make "friendship" visit to Moscow.

Communist China boasts of unique economic progress.

**II. ASIA-AFRICA**

- ⑥ Kurdish dissident leader returns to Baghdad, Syrian Communist leader to Damascus.
- ⑦ USSR and Iraq re-establishing trade relations.
- ⑧ Pakistan - President Mirza takes over government, declares martial law; initial reaction appears calm.

III. THE WEST

- ⑨ Uruguayan students and workers to demonstrate in capital on 8 October.

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CENTRAL INTELLIGENCE BULLETIN

8 October 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

no
*Taiwan Strait situation: Peiping's accusation that the US is using the cease-fire to facilitate a "two-Chinas" solution is an effort to prevent this concept from gaining further international support. Foreign Minister Chen Yi asserted on 7 October that the cease-fire was not a sign of Communist weakness and reiterated that it was ordered for "humanitarian" reasons.

Chinese Communist

no
new naval movements toward the strait area from both the north and south.

(Page 1)

*Soviet nuclear tests: The Joint Atomic Energy Intelligence Committee issued the following statement at 1145 hours on 7 October:

no
"The Atomic Energy Detection System has reported that an explosion occurred at about 0632 hours GMT on 6 October 1958 in the vicinity of Novaya Zemlya. A preliminary estimate of the yield places it between 2 and 20 KT.

"Additional data now confirms that the Soviet nuclear test which was reported as probably occurring on 4 October did in fact take place on that date at 0602 hours GMT in the vicinity of Novaya Zemlya. A preliminary estimate of the yield is about 10 KT"

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The USSR has conducted seven tests since 30 September. [redacted] this latest event, as well as those on 4 and 5 October, occurred over water in the area between the southwest coast of Novaya Zemlya and the mainland. Elements of the Northern Fleet may have participated in all three of these tests.

no

Soviet bloc - CEMA: A plenary session of the bloc Council for Mutual Economic Assistance will be held sometime this month. This session presumably will evaluate progress made since the earlier plenum in June in achieving closer coordination of long-range national economic plans and discuss the relation of bloc integration to the forthcoming Soviet Seven-Year Plan. Plenary sessions have not previously been held more often than annually. [redacted] (Page 3)

JK

Poland-USSR: At the invitation of the USSR, a Polish delegation headed by party First Secretary Gomulka and Premier Cyrankiewicz will make a "friendship" visit to Moscow during the latter part of October--the first such trip announced as purely ceremonial since Gomulka assumed power in October 1956. Stability of Soviet-Polish relations probably will be made the basic theme of the visit. [redacted] (Page 4)

JF

Communist China: In celebration of their National Day on 1 October, the Chinese Communists claim that in the past year their economy has progressed at a rate never before achieved either at home or "anywhere abroad," presumably including the USSR. Definite progress has been made under this year's "giant leap forward." Current agricultural and certain industrial production claims, however, such as one that the value of industrial output for the third quarter of 1958 was double that of the corresponding period last year, appear exaggerated. [redacted] (Page 5)

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II. ASIA-AFRICA

Syria-Iraq: Kurdish dissident leader Mulla Mustafa Barzani arrived in Baghdad on 6 October following 12 years' residence in the USSR, and on 5 October Syrian Communist leader Khalid Bakdash, also of Kurdish origin, returned to Damascus from Prague, where he went after the formation of the UAR. The return of these two leaders would appear to presage attempts to increase local Communist activity and influence in both Syria and Iraq. Barzani, however, first spent three days in Cairo, where he may have sought to dispel Nasir's concern over Communist maneuvering in the area, especially among Kurdish nationalist elements.

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Page 6)

USSR-Iraq: The Soviet Union and Iraq have drafted a trade agreement which will re-establish trade relations suspended since 1955. It also provides for close "cooperation" in other fields. [] Any Soviet provision of arms to Iraq, which may be obtained by the Iraqi military mission scheduled to visit Moscow, would be made outside the scope of this agreement. [] (Page 7)

1 *Pakistan: President Mirza on 7 October took over the government of Pakistan with the support of the army. Mirza named army commander Ayub as administrator of martial law throughout the country. Mirza abrogated the constitution, dismissed the central and provincial governments, and abolished all political parties. While there apparently has been no initial violence, strong opposition may develop later to Mirza's cancellation of the first national elections, previously scheduled for February. Pakistan's pro-Western foreign policy is likely to be maintained by the new regime.

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III. THE WEST

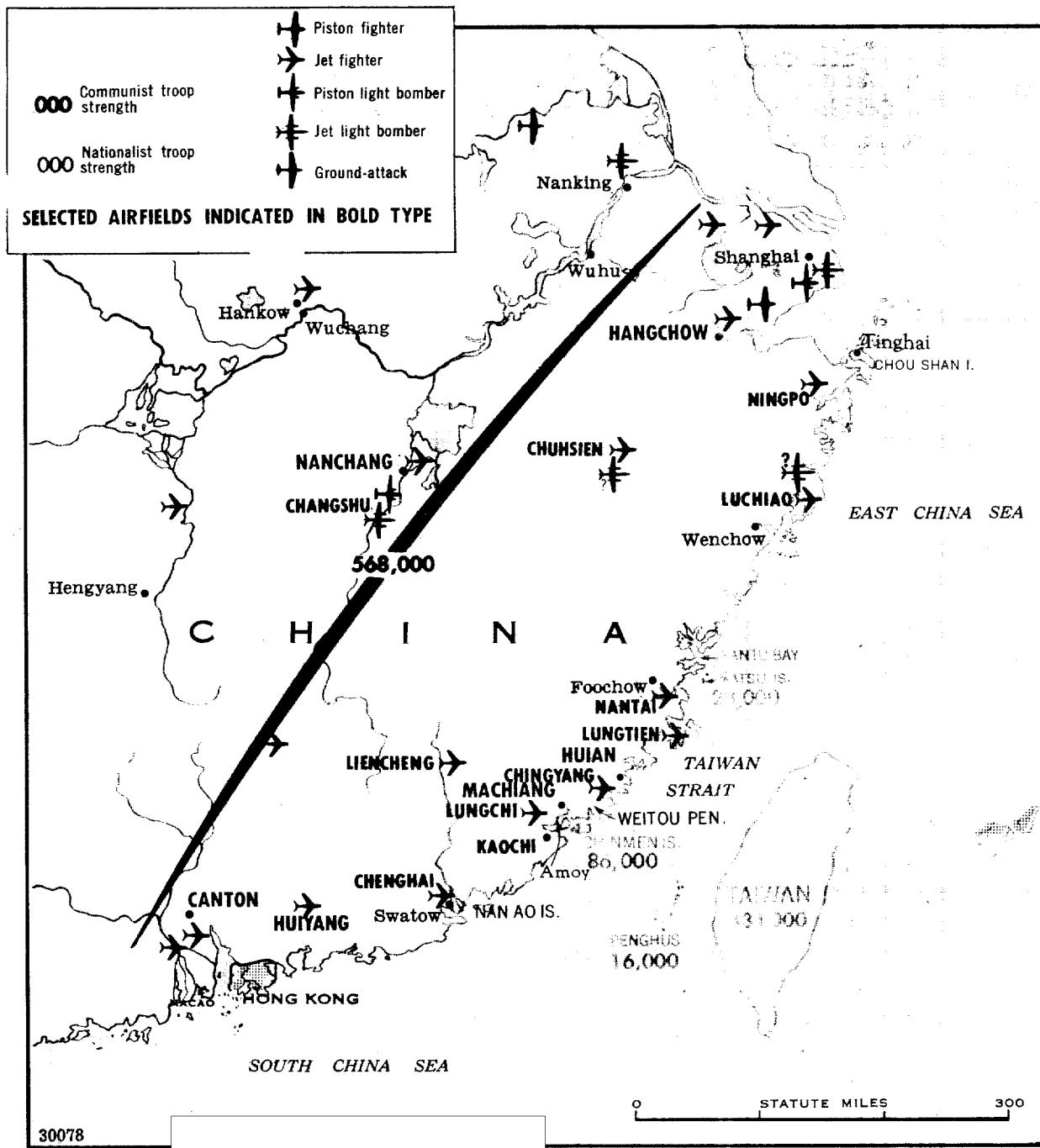
J *Uruguay: Students who staged violent demonstrations in Montevideo on 1 and 2 October plan a demonstration on 8 October which will be given popular support by a number of labor unions. [] (Page 10)

8 Oct 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

Peiping appears increasingly anxious to prevent the concept of a "two Chinas" solution from gaining further international support during the suspension of shelling. Foreign Minister Chen Yi complained on 7 October that the US is using the cease-fire "to freeze the split of China so as to facilitate the realization of its plot of creating two Chinas." Chen asserted that the cease-fire was not a sign of Communist weakness and reiterated that it was ordered for "humanitarian" reasons. This humanitarian pose and the developing line that the US is the common enemy of all Chinese "compatriots" could become a Communist pretext for not resuming the bombardment against Nationalist forces on Chinmen.

Nationalist Foreign Minister Huang told Ambassador Drumright on 6 October that Chiang Kai-shek feared that any request for the Nationalists to withdraw troops from the offshore islands would lead to an anti-American attitude on the part of the Nationalist armed forces and people. Huang also argued that a US decision to withdraw escort operations would put the Nationalist Government in an "almost impossible" position, and that the Nationalists would be obliged to disclose that the step was being taken without their concurrence. He said this would signal a split between the two countries, which the Communists are seeking.

Huang also said, however, that Nationalist China would refrain from retaliatory attacks as long as the Communists refrain from attacks. There are indications that the Nationalists will refrain from mainland overflights and leaflet drops this week.

[redacted]
naval movements toward the strait area from both north and south. Thirteen motor torpedo boats moved to Swatow from the Pearl River estuary (Canton area) during the night of 5-6 October, augmenting other motor torpedo

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boats and naval vessels which had moved to the Swatow area earlier in the crisis. On 4 October, several other naval vessels, including at least two mine sweepers and an LST, probably proceeded to Swatow from the Pearl River estuary. One of these mine sweepers had been noted leaving the Luichow Peninsula area 200 miles south of Canton on 2 October.

On 6 and 7 October, a group of at least four landing ship vessels, including one LST, were detected moving from the Shanghai area probably south to Santu Bay with a possible lay-over at Wenc

a probable build-up of naval vessels in the Santu Bay area, immediately north of the Matsus. There has been no further intelligence on the five submarines from the North China Fleet which are known to have moved south to Shanghai.

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~~TOP SECRET~~Soviet Bloc CEMA Meeting Scheduled for October

A plenary session of the Council for Mutual Economic Assistance (CEMA), the second in four months, is to be held later this month at an unspecified place. It presumably will evaluate the progress made in achieving closer coordination of the individual long-range national economic plans. The step-up in activities of CEMA, which normally holds a plenary session only once a year, suggests that its role in intrabloc economic affairs is being enhanced; in view of growing economic cooperation in Western Europe, bloc integration is receiving increased attention.

Since the June plenum, Eastern Europe has largely completed the coordination of 1958-60 bilateral trade plans, and national planning commissions have consulted one another on the integration of longer range economic plans. CEMA announced in July that by mid-1959 national plans for 1961-65 are to be fully coordinated and intrabloc economic cooperation up to 1975 is to be outlined.

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~~CONFIDENTIAL~~Polish Delegation to Visit Moscow

At the invitation of the USSR, a Polish delegation headed by party First Secretary Gomulka and Premier Cyrankiewicz will pay a "friendship" visit to Moscow during the latter part of October. Although Gomulka has traveled to the USSR several times for talks with Soviet leaders since he assumed power in October 1956, this will be his first ceremonial visit. Both the Poles and Russians probably will utilize this occasion to re-emphasize the stability and solidarity of Soviet-Polish relations; a united front against revisionism and other divisive influences is presently a major bloc goal. The composition of the Polish delegation suggests that the talks will deal largely with political and cultural matters, although the general terms of further economic assistance to Poland may be discussed.

The Polish party central committee is scheduled to hold a plenum within the next ten days and presumably will deal with a number of political, ideological, and organizational questions, including the drafting of the theses and plans for the long-postponed party congress. The Soviet leaders are probably particularly anxious to study and, if necessary, to try to modify the Polish theses to bring them into line with bloc thinking prior to the CPSU's own congress in mid-January.

Some improvement in Polish-Soviet relations has been noted recently despite an apparent absence of major concessions either by the Poles or by the Russians. While Gomulka has made some policy changes which bring him more in line with the USSR, he has consistently refused to compromise any of the fundamental principles of the Polish road to socialism.

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~~CONFIDENTIAL~~Peiping Claims Record Economic Achievements

Peiping claims that in the past year the nation's economy has progressed at a rate never before achieved either at home or "anywhere abroad," presumably including the USSR. Peiping claims to have gathered the equivalent of last year's harvest of 185,000,000 tons of food grains, with late crops yet to be harvested; the Chinese Communists expect the year's total crop to be almost twice this figure. Peiping's early crop estimates have generally been inflated, but this year's early claims appear even more exaggerated. There is as yet no evidence that rations are being improved in either rural or urban areas.

Peiping asserts that the total value of industrial production during the first three quarters of the year was 57.1 percent greater than that of the corresponding period last year and that in the third quarter alone it was double the third quarter of 1957. It also asserts that on 29 September daily output of steel reached a record 58,220 tons. It is probably too early for Peiping to have completed all of the complex computations which go into the gross value of industrial production during the first three quarters of the year, and it is likely that a substantial portion of the steel turned out at the high daily rate claimed was of low quality.

In many cases Peiping appears to be generalizing from some particularly favorable local achievement, and the figures as a whole very probably go far beyond the realities of China's present economic situation, in order to add impetus to the "leap forward" campaign.

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II. ASIA-AFRICA

Communist-indoctrinated Leaders Return to Syria and Iraq

Syrian Communist leader Khalid Bakdash and Iraqi Kurdish dissident Mulla Mustafa Barzani have returned from the Soviet bloc. Bakdash, who like Barzani is of Kurdish origin, led his party in opposition to Egyptian-Syrian union and left Syria for Prague and the USSR at the time of the UAR's formation last February. He reportedly returned to Damascus on 5 October. Barzani, who returned to Baghdad on 6 October, had been in the USSR since leading an unsuccessful Kurdish rebellion against Iraq and Iran in 1946. He stopped first at Cairo on 3 October, where he met with Nasir.

Nasir's current efforts to strengthen his control over Syrian affairs and to bring Iraq into the UAR orbit could be sabotaged by the activities of Bakdash, Barzani, and their followers. Nasir is reported recently to have expressed fear of such sabotage to Soviet presidium member Mukhittinov. The Syrian Communists are encouraging anti-UAR feeling within Syria and are probably in contact with the Iraqi Communists, who are also opposing Cairo's influence. The large Kurdish minorities in Iraq and Syria may be brought into opposition to the UAR by the promise of an independent Kurdish state, and Barzani's presence will probably heighten such feeling. Nasir, nevertheless, may hesitate to move directly against men of the stature of Bakdash and Barzani. [redacted]

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~~TOP SECRET~~Soviet-Iraqi Trade Agreement Concluded

The draft of a Soviet-Iraqi trade agreement--the first since trade relations were suspended in 1955--has been forwarded to Moscow for ratification, according to the Middle East News Agency. Moscow probably will deliver mostly manufactured and semifinished goods in return for agricultural products. Baghdad will be required to pay for any trade deficit in sterling.

While the articles of the trade agreement reportedly provide for "close cooperation between the two countries in various fields," the draft does not provide for an extension of Soviet credits to Iraq; however, Soviet Ambassador Zaytsev has stated publicly that the Soviet Union is willing to provide technical assistance. The Iraqi regime's desire to conclude economic and cultural agreements with the Soviet Union stems from its belief that such agreements might demonstrate better than other moves its "independence" and its adoption of true Arab neutrality.

Since the creation of the new Iraqi Government, the bloc has made an increased effort to develop economic as well as political relations with Baghdad. A Hungarian trade mission went to Baghdad this summer to promote trade relations, and Communist China is attempting to sell textiles and other manufactured goods to Iraq. Peiping has indicated a willingness to take payment in oil. Czechoslovakia has agreed in principle to a reciprocal trade agreement with Iraq.

There is nothing, however, to indicate that the draft Soviet-Iraqi agreement is connected with the "preliminary" arms deal concluded in Baghdad last week, and any purchase of arms by the Iraqi military mission which should by now have reached Moscow will presumably be made outside the scope of the economic agreement.

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~~SECRET~~President Mirza Takes Over Government of Pakistan

Pakistani President Mirza on 7 October seized full control of the government with the support of the army. Martial law was proclaimed throughout the country with army commander Ayub as administrator. Troops occupied key points in Karachi. Mirza abrogated the two-and-a-half-year-old constitution, dismissed the central and provincial governments, and abolished all political parties.

The initial public reaction appears to be calm. While some elements may welcome Mirza's take over as a respite from unstable rule by Pakistan's ineffectual politicians, a majority of the people--especially in East Pakistan--are likely to protest the imposition of dictatorial rule at a time when preparations for the country's first national elections next February were nearing completion. Mirza has already canceled the elections and apparently will try to implement his long-standing objective of framing a new constitution with a much strengthened executive.

The seizure of power is the culmination of a long battle between Mirza and Pakistan's leading politicians. Certain political figures, particularly those with leftist tendencies, probably will be arrested without delay. While their activities are likely to be sharply curtailed for some time, Pakistani politicians probably will unite to oppose Mirza's rule to the fullest extent possible.

Mirza may find it difficult to recruit qualified individuals to form the national "revolutionary council" he plans to assist him in administering the country. There is thus no assurance that his regime will be any more successful than previous governments in solving Pakistan's pressing economic and political problems.

Mirza is likely to continue to receive the army's support in the immediate future. However, there have been reports recently that some military elements have opposed Ayub's political support of Mirza. Prolongation of dictatorial rule could result in a split in the army's heretofore unified officer corps.

The Mirza-Ayub regime is likely to maintain Pakistan's pro-Western orientation. Mirza's proclamation categorically

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pledged support of the country's international commitments,
which include membership in the Baghdad and SEATO pacts.

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II. THE WEST

Uruguayan Students to Demonstrate on 8 October

Uruguayan students, who staged violent demonstrations in Montevideo on 1 and 2 October over congressional handling of a proposed new charter for the university, plan another demonstration on 8 October which could cause serious difficulties for the government. The new demonstration has been promised support by 35 labor unions in Montevideo and river port workers from western Uruguay who have been marching toward the capital since 29 September to seek improvements for their union.

The 1 - 2 October demonstrations were the most violent witnessed in Montevideo in many years. Police efforts to break up the rioting brought demands for the resignation of the interior minister and police chief. Some 120 students were arrested briefly and 200 others barricaded themselves in the university, where a die-hard remnant vows to remain until Congress approves the new charter without changes.

The proposed charter, drafted by the university and approved by the Communist-infiltrated student federation, would grant the university autonomy and presumably increase the students' voice in administration.

[redacted] the police estimate the hard core of the agitation to be from 60 to 100 members of the federation who are directing about 500 others out of a student body of 18,000. Although they are not directly involved, some 15,000 secondary students joined one demonstration.

[redacted]

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Executive Offices of the White House

Special Assistant for National Security Affairs

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Office of Defense and Civilian Mobilization

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The Secretary of the Treasury

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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

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The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

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The Secretary of the Air Force

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Chief of Staff, United States Army

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Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Deputy 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

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

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