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CENTRAL

INTELLIGENCE

BULLETIN



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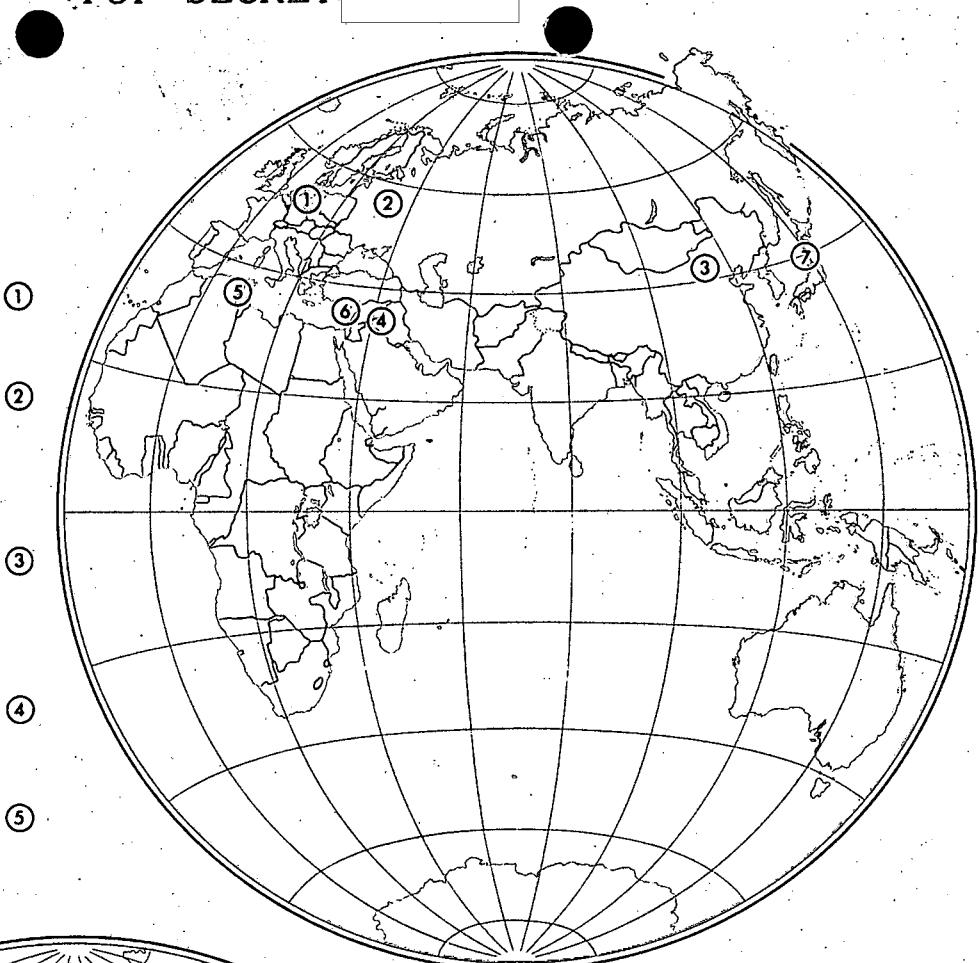
14 NOVEMBER 1958

I. THE COMMUNIST BLOC

USSR-Berlin - Allied officials see Khrushchev threat as dangerous move.

Khrushchev's control of party and government demonstrated at one-day meeting of central committee.

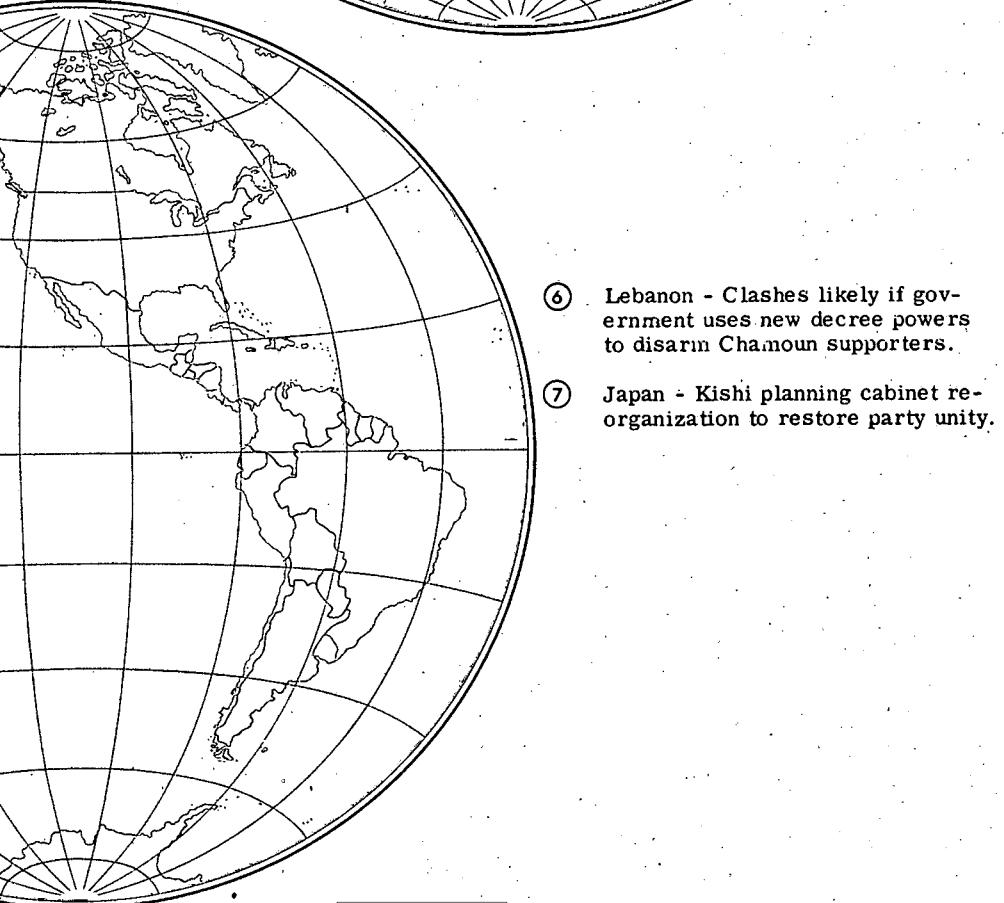
Chinese Communist official voices concern at possible US gains in South and Southeast Asia following Seattle - Colombo Plan meeting.



II. ASIA-AFRICA

Iraqi task force alerted.

Tunisia - Bourguiba declares intention to seek arms from Sweden, Czechoslovakia, and Yugoslavia.



⑥ Lebanon - Clashes likely if government uses new decree powers to disarm Chamoun supporters.

⑦ Japan - Kishi planning cabinet reorganization to restore party unity.

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14 November 1958

DAILY BRIEF**I. THE COMMUNIST BLOC**

SIRAB

USSR-Berlin: US officials in Berlin expect Soviet quadripartite functions there to be transferred gradually to East Germany, probably beginning with attempts to assert East German control over surface routes and extending ultimately to air access. French and West German spokesmen, as well as American officials in Moscow and Berlin, view Khrushchev's threat against Berlin as a dangerous move. (Page 1) (Map)

DK

***USSR:** In a one-day session the central committee of the Soviet Communist party forcefully reaffirmed Khrushchev's position of leadership by approving both his theses on the seven-year economic plan and a draft outline of his reform of the Soviet educational system. Khrushchev emphasized the economic character of Moscow's challenge to the West in maintaining that by 1970 the USSR will surpass the United States in both total and per capita production. New charges against Bulganin and the belated announcement of a change in the party secretariat further marked the plenum as a Khrushchev stratagem to strengthen his political grip in preparation for the party congress in January.

(Page 2)

Communist China - Burma:

Comm-

PD

nist China is concerned about the possible "great gain" the United States might make with South and Southeast Asian countries at the Colombo Plan meeting in Seattle through offers of increased aid.

Peiping

is worried about the possibility that Rangoon will move closer to the West. The ambassador observed that the Chinese Communists have been noticeably friendlier toward Burma in recent days.

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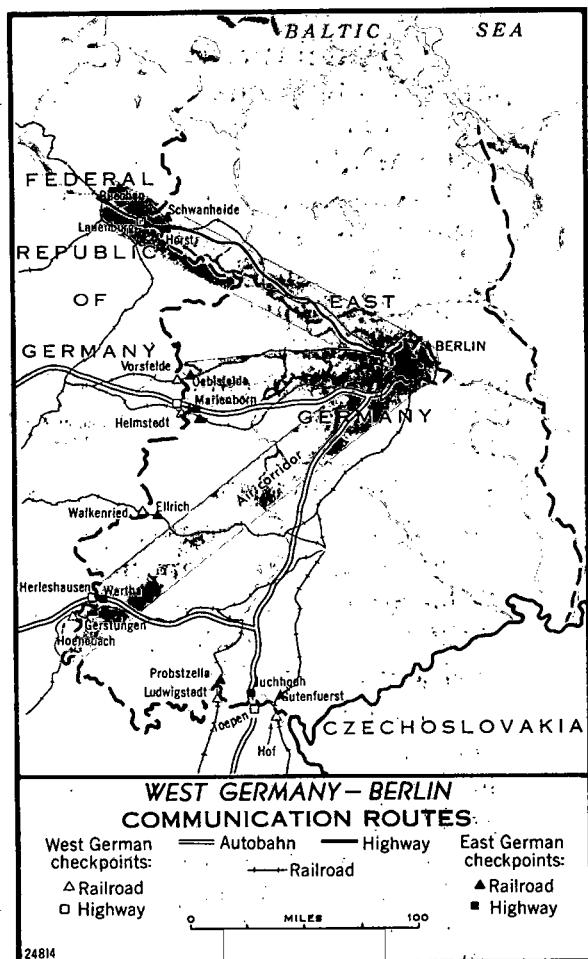
II. ASIA-AFRICA

M
Iraqi Army alert: Iraq [redacted] alerted a task force [redacted] for a possible move after 15 November, ostensibly because of conviction that the Israeli Army still intends to attack West Jordan. [redacted] (Page 4)

M
Tunisia: President Bourguiba, angered at the recent press implications that France still controls the quantities of arms he obtains from the United States and Britain, has declared his intention of seeking arms from Sweden, Czechoslovakia, and Yugoslavia unless the Western powers change their position. Czech arms were reported offered to Tunisia last year when Bourguiba was also having difficulties in obtaining arms. Bourguiba almost certainly continues to prefer the United States and Britain as suppliers of arms, but he would now probably accept some arms from other sources if offered on favorable terms. [redacted] (Page 6)

M
Lebanon: The Lebanese Parliament on 12 November granted the government broad decree powers by a bare majority with almost half of the deputies, mainly those backing ex-President Chamoun, absent or abstaining. Chamoun's partisans are unlikely to create disorders at this time. Should the government, however, make a real attempt to disarm Chamoun supporters, clashes would be likely. [redacted] (Page 7)

JK
Japan: Prime Minister Kishi is planning a cabinet reorganization, presumably in the hope of restoring unity within the governing party, which has been weakened by his handling of the police bill. He is reportedly considering the offer of a major cabinet or party post to his most likely rival in the election for the party presidency next spring. [redacted] (Page 8)



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I. THE COMMUNIST BLOC

Khrushchev's Threats to Berlin Create Dangerous Situation

American officials in Moscow and Berlin, as well as other Western spokesmen, view Khrushchev's threats to the Western position in Berlin as a dangerous move. British and French Foreign Ministry functionaries feel that Moscow is attempting to take advantage of recent signs of "softness" in West German opinion, while the West German ambassador in Moscow concludes that Khrushchev has shifted to a "war of maneuver." Soviet spokesmen in the West appear to be making a coordinated effort to convey the impression that Moscow regards the situation as grave. For example, one TASS correspondent in London told an American journalist, "If there's going to be a war, we'd better have it now and get it over with!"

Noting that this is only one of several recent indications of a hardening of Soviet policy, Ambassador Thompson in Moscow speculates that Khrushchev may have resolved to force Western recognition of East Germany before the completion of West German rearmament.

American officials in Berlin believe that the USSR, which in their opinion takes very seriously US security guarantees of Berlin, will gradually transfer its functions to East Germany, testing Western reactions at each stage. They surmise that as a first step East Germans would only put in an appearance at checkpoints on access routes in place of Soviet officials. Only later would they attempt to examine documents of Allied travelers or institute other more serious harassing measures.

The British ambassador in Bonn feels that the Western powers will be confronted with the choice of submitting to East German control or in effect imposing a blockade upon themselves by refusal.

US officials believe the Communists will not hesitate to interfere with air access, probably initially by substituting East German for Soviet personnel in the Berlin Air Safety Center.

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~~CONFIDENTIAL~~Soviet Central Committee Plenum

Khrushchev's hold over the Soviet party and government was again forcefully demonstrated at a meeting of the party central committee on 12 November. The one-day session approved both Khrushchev's draft of the Seven-Year Plan and an outline of his controversial reform of the Soviet educational system making working experience an integral part of the educational process. New charges against Bulganin and an announced change in the party secretariat further marked the plenum as a Khrushchev stratagem to strengthen his political control in preparation for the party congress in January.

Khrushchev predicts in his thesis on the Seven-Year Plan that by its completion in 1965 "a real foundation" will be established which will permit the USSR to overtake the United States in total and per capita production within five additional years. Thus by 1970, or earlier, the thesis asserts that the USSR will be the leading economic power in the world. The thesis further claims that by 1965, the Sino-Soviet bloc will be producing over one half of total world output, asserting that the bloc now accounts for one third.

By 1965 Soviet industrial production is to rise about 80 percent over that of 1958--8.76 percent per year--which is about twice as fast as the average postwar industrial growth in the United States. Heavy industry is to rise by 85-88 percent and consumer industries by 62-65 percent. About 11,500,000 workers are to be added to industry, suggesting a transfer of some 3,000,000 to 4,000,000 workers from agriculture.

Whereas the industrial goals may be realized, agricultural goals are still generally unrealistic. Gross agricultural output, according to Khrushchev, is to increase 1.7 times and grain output is to reach 165,000,000 to 180,000,000 tons. This grain target is the same as the original 1960 goal and, even with the five-year stretch-out, continues to appear overly optimistic.

The real income of workers, Khrushchev claims, will increase by 40 percent by 1965. The transition to a 40-hour work-week will have been completed by that time. The stepped-up

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housing program established in 1956 and reaffirmed in 1957 is apparently to continue. Consumer goods production, however, will continue to increase more slowly than heavy industry.

The TASS announcement on the plenum for the first time listed former Premier Bulganin as a member of the "anti-party group." This comes nearly a year and a half after the original targets of "antiparty" charges--Malenkov, Molotov, Kaganovich, and Shepilov--were demoted and banished and at a time when Bulganin, since relegated to a remote provincial post, is no longer a political factor. Khrushchev's belated indictment of his one-time traveling companion may be less a case of political revenge than Khrushchev's way of re-emphasizing, as he launches an ambitious new economic plan, the hazards of foot-dragging and "conservatism."

The announcement that party presidium member Belyayev has been removed from the party secretariat regularizes a situation which has apparently existed since December 1957 when he was transferred from Moscow to become party boss of Kazakhstan. While the announcement does not appear to presage a shake-up of the Kazakh party organization, the timing suggests that Khrushchev has begun the political maneuvering which inevitably precedes a party congress and may even be the first hint of changes in the secretariat at that time.

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II. ASIA-AFRICA

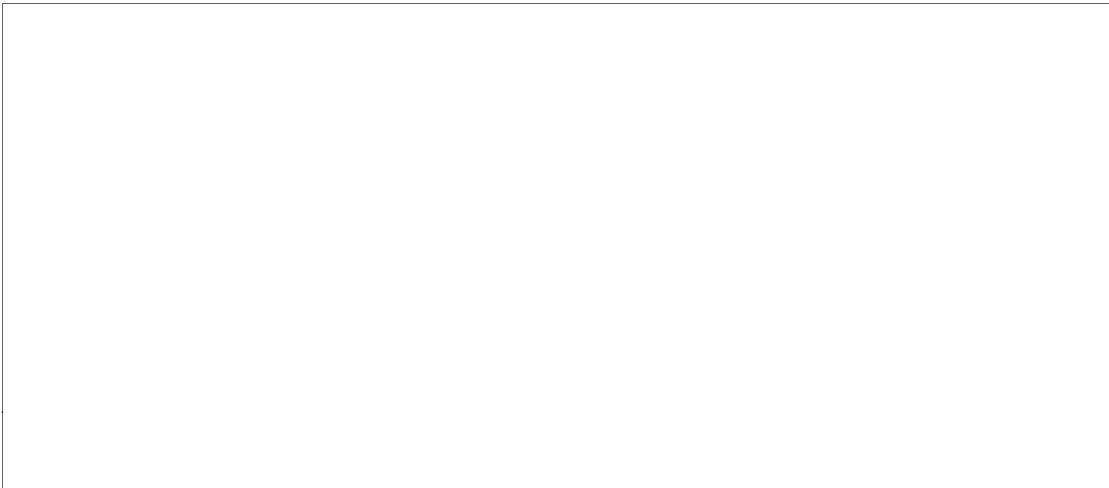
Iraq Again Alerts Military Units

Iraqi [redacted] alerted a task force [redacted]

[redacted] ostensibly on the basis of its belief that Israel still intends to attack West Jordan. [redacted]

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Tunisian President Declares Intent to Seek Bloc Arms

President Habib Bourguiba, angered at the implication in recent press reports that France has a veto over US and British sales of military equipment and weapons to Tunisia, has declared his intention of seeking arms from Sweden, Czechoslovakia, and Yugoslavia. In his regularly scheduled broadcast on 13 November, he stated that his policy toward the West had "somewhat changed," adding that the "West must understand our situation and revise its position before it is too late."

The Tunisian director of national security informed the American Embassy in Tunis that he had never seen Bourguiba so aroused, and said Bourguiba did not know whether to be more angry at the United States or at France for interfering with American arms shipments. The official added that Bourguiba's pride was badly hurt and that, "to the President and all Tunisians, dignity meant more than arms themselves."

The Tunisian Government is reported to have refused an offer of arms from the Czech Government last November when a crisis arose as a result of French objections to the token supply of arms to Tunisia by the United States and Britain. Bourguiba probably continues to prefer Western arms but is likely to accept token quantities of other arms if offered on favorable terms.

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The Lebanese Situation

The 66-man Lebanese Parliament on 12 November voted decree powers to Prime Minister Karami's government by a bare majority with almost half of the deputies absent or abstaining. Former President Chamoun's supporters, although opposed to the grant of emergency powers, are not expected to create disorders at this time. They hope, however, that dissatisfaction will mount so that they can agitate later with more success against the Karami government.

The decree powers permit Karami to carry out sweeping changes in the fields of finance, internal security, and administration. However, should the government make a real attempt to disarm pro-Chamoun and anti-UAR partisans, clashes are likely to occur. Anti-UAR elements, including Chamoun's supporters, are believed to be receiving covert shipments of arms from France, and possibly from Turkey and Iran.

Dissension within the Lebanese cabinet has begun with the refusal of Minister of Interior Edde to reinstate members of the security forces who deserted to the rebels during last summer's fighting. The minister was overruled by President Shihab at the insistence of pro-UAR Karami and Foreign Minister Uwayni. Former rebel leaders Yafi and Saib Salam appear to be "guiding" Karami in his policy planning,

The diplomatic rapprochement between the UAR and Lebanon since the Karami government came to power has proceeded rapidly,

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Kishi Plans Cabinet Reshuffle After Present Political Crisis

Japan's chief cabinet secretary has announced that Prime Minister Kishi is planning "drastic measures" to reorganize his cabinet after the current parliamentary crisis over the police bill is settled. Kishi apparently hopes to restore his party's unity, which has been weakened by renewed factionalism during the crisis. Mitsuiro Ishii, former deputy prime minister and a senior factional leader who is without official position, is reportedly scheduled for a major cabinet post, possibly in an effort to placate him and keep him from challenging Kishi for the presidency of the party.

New appointments are expected in several top cabinet posts, including the Ministry of Finance where Okinori Kava, wartime finance minister and convicted class-"A" war criminal, reportedly will replace Eisaku Sato, Kishi's brother. Sato may be appointed party secretary general in order to strengthen party support for Kishi. In addition, it has been known generally that Gisen Sato, director of the Defense Agency, will resign to run for a prefectoral governorship.

Meanwhile, the parliamentary crisis which has damaged the prestige of Kishi and his government may be abating. The Socialists, who for the first time are being criticized for rejecting government compromise offers and for boycotting Diet proceedings, have agreed to discuss means of settling the impasse. They are insisting, however, that the police bill be withdrawn, while Kishi, although ready to delay Diet consideration of the bill, is equally insistent that it be passed.

Socialist threats to use similar tactics against negotiations for a revised security treaty with the United States may prompt the government to suspend these talks until the present crisis is settled.

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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

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The Director

Atomic Energy Commission

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National Security Agency

The Director

National Indications Center

The Director

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The Director

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