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CURRENT INTELLIGENCE BULLETIN

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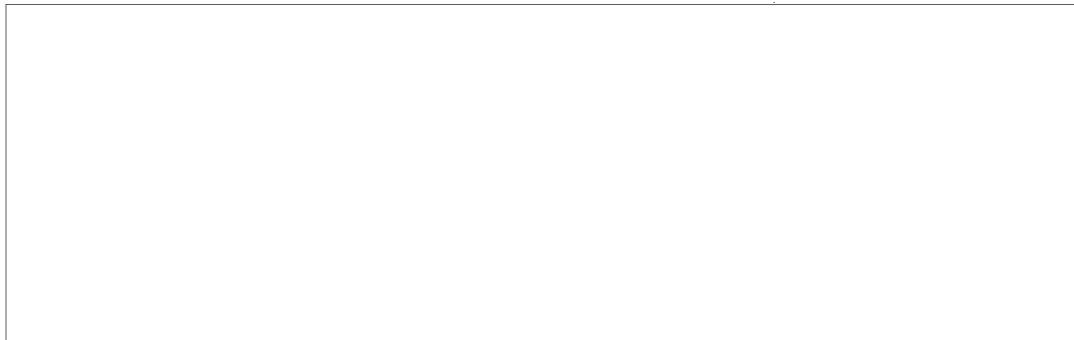


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1. COMMENT ON PERON'S RESIGNATION

[Redacted]

The resignation of Argentine president Peron, as announced over the official radio shortly after noon on 19 September, followed several threats by the rebel naval forces to bombard Buenos Aires. Peron has reportedly sought asylum in a Latin American embassy, having made efforts toward such an arrangement during the past two months. If the General Labor Confederation and the powerful Peronista Party decide to accept a truce between the military high command and leaders of the revolt, an uneasy peace will prevail and the general situation in Argentina will continue unstable. Class hatreds which have developed along well-defined lines over the past ten years will not be eliminated or even diminished as a result of Peron's removal.

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Establishment of a ruling junta, which is likely to reflect interservice rivalry for control of the country, can be expected. Any military junta will probably have to struggle to keep control of the country, since it seems unlikely that for some time to come it would be willing or able to offer free elections. The only well-organized political groups are the Peronistas.

Many high-ranking military officials are known to be even more nationalistic than Peron.

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2. CHINESE NATIONALISTS CLAIM ATTACK ON MATSUS IS IMMINENT

[Redacted] Chinese Nationalist sources have told the chief of the American military advisory group on Formosa that the Chinese Communists plan to attack the Matsu Islands between 27 September and 15 October.

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The American embassy at Taipei comments that this report may be a Nationalist gambit "to distract attention from any further progress in the Geneva talks" or to forestall American objections to a planned transfer of additional troops to the Matsus.

Comment Nationalist sources may well be attempting to sound out American opinion regarding a reinforcement of the Matsus, where there are about 19,000 troops at present.

In view of their asserted aim of "political liberation" of Nationalist territory, the Chinese Communists are probably anxious to push ahead to further political discussions at Geneva rather than undertake military action against the Nationalists. Military action in any case is not likely to be launched until construction of coastal air bases is completed and additional naval strength is moved into the area.

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3. INDIA MAY BACK ASIAN CONFERENCE ON FORMOSA STRAITS

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[Redacted]

India will support a proposal for a conference on Far Eastern questions if such a move is made by the USSR at the October meeting of the foreign ministers, according to a statement

by the Indian chairman of the International Control Commission to the American embassy in Cambodia. He understands that there will soon be a meeting of the nine Geneva powers to go over the status of implementation of the Geneva settlements and that in such a meeting India will support a move for a conference. He believes that India would desire a "discussion of Formosa Straits," but not of "the status of Taiwan itself."

He added that he intended to take up the matter of a "Locarno-type" Asian security treaty with Nehru and was confident of Nehru's support for the idea.

Comment

The Indian representative's statement parallels Chou En-lai's 30 July call for a general Far Eastern conference to discuss easing tension in the Formosa Straits and his expressed hope for an Asian security pact. A further similarity is the exclusion of Formosa's "status" as a subject for discussion--a subject which the Chinese Communists have always held to be an "internal" Chinese matter.

There have been recent indications that India is adopting a more conciliatory attitude toward the United States and might therefore be careful to avoid the appearance of close support for Communist views. India has for some time, however, favored a Far Eastern conference.

Moscow has repeatedly called for a settlement of Far Eastern problems and is expected to propose such a conference at the October meeting of the foreign ministers.

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