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6 November 1958

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CENTRAL

INTELLIGENCE

BULLETIN



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6 NOVEMBER 1958

I. THE COMMUNIST BLOC

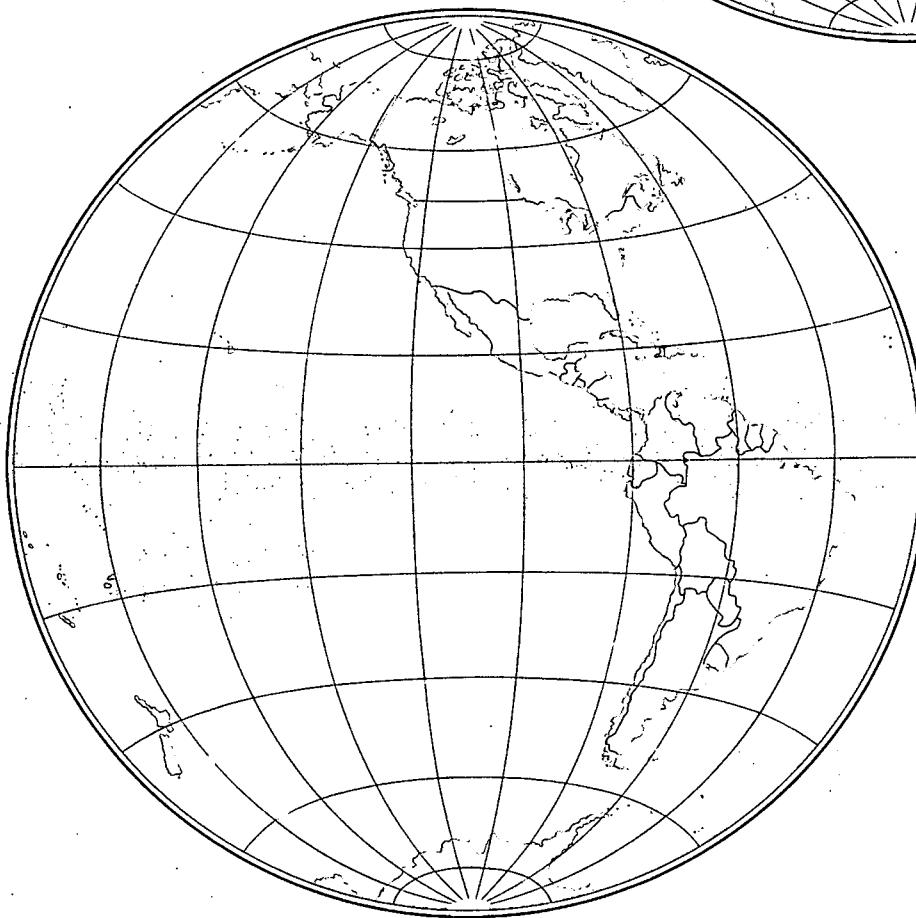
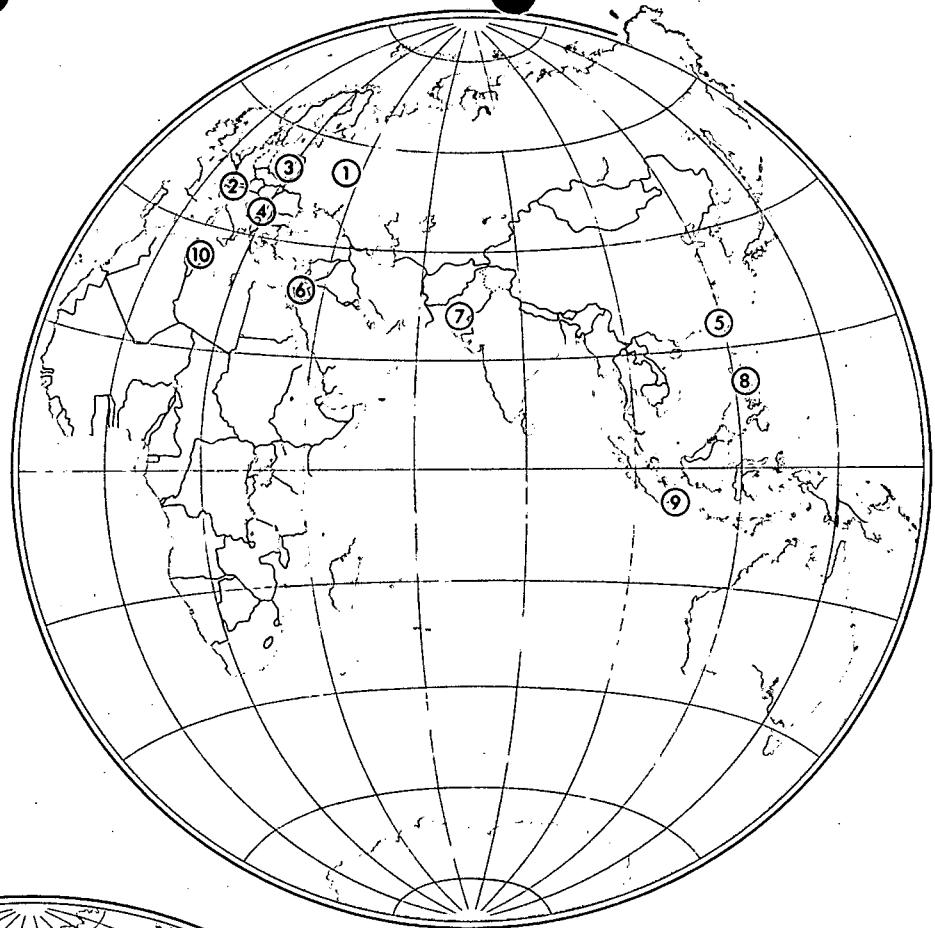
Suslov claims USSR will surpass US industrial production in seven years. ①

Comment on continuing Soviet nuclear testing. ②

USSR/Poland - Soviet leaders indicate increased confidence in Gomulka. ③

Kremlin disturbed by Yugoslav influence within the bloc. ④

Taiwan Strait - Chinese Communist officials imply possible return to "peaceful means." ⑤

**II. ASIA-AFRICA**

⑥ The Arab-Israeli situation.

⑦ Pakistan - Ayub discusses regime objectives.

⑧ Philippines - Armed forces chief refuses President's demand he resign.

⑨ Indonesia - Army chief cites political pressure to accept "attractive" bloc offers of arms.

LATE ITEM

⑩ Tunisia/France - New crisis threatens Tunisian-French negotiations on French base at Bizerte.

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CENTRAL INTELLIGENCE BULLETIN

6 November 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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USSR: Leading Soviet party theoretician M. A. Suslov,

claimed that the "USSR will surpass the US in industrial production in seven years." This may be the keynote in both the forthcoming 7 November anniversary speech and at the 21st party congress in January which will adopt Khrushchev's "astounding" seven-year plan. (Page 1)

20
USSR - Nuclear tests: The chief Soviet delegate at Geneva professed on 4 November to have no information on the Soviet nuclear tests of 1 and 3 November, but implied that the West should not be surprised at these tests in view of the failure of the United States to follow the USSR's example in halting tests last March. Moscow probably will take the same line publicly in an effort to minimize the damage to its propaganda position which announcement of these tests would cause. It will probably also try to put greater pressure on the Western position by saying it will halt tests only when the US and UK agree to a permanent and unconditional test ban.

12
USSR-Poland: During Gomulka's visit to the USSR the Soviet leaders have indicated increased confidence in him, but they continue to have reservations about some Polish internal policies. Khrushchev, without putting pressure on his Polish guest, advised him to proceed with the recollectivization of agriculture as rapidly as possible and to bring

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the Catholic Church under control. He warned against excesses of freedom of speech in Poland and Western efforts to use Eastern European circles to attempt to intervene in Soviet affairs.

USSR-Yugoslavia: Yugoslav influence within the bloc remains a disturbing factor

ND
Yugoslav relations with the Sino-Soviet bloc are thus to continue at their present low ebb, and may worsen if, as reported, further attacks on Yugoslav revisionism are to be made at the forthcoming CPSU congress.

(Page 4)

*Taiwan Strait situation:

OK / (Page 5)

II. ASIA-AFRICA

Watch Committee conclusion--Middle East: The situation remains unstable throughout the Middle East and incidents and coups could occur at any time. A deliberate initiation of open hostilities in the area is unlikely in the immediate future, except as noted below:

NOTE: The survival of the Jordanian regime remains threatened following the withdrawal of all UK combat forces and in

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view of the scheduled departure of the King from the country on 10 November. Should the regime collapse or become clearly UAR-oriented before, on, or following the departure of the King, action by Israel to seize the West Bank is probable. This could precipitate, or be coincident with, action by other neighboring states.

(Page 7)

OK

Pakistan: Secretary General Aziz Ahmed says President Ayub's new regime in Pakistan is under heavy popular pressure to demonstrate progress, and that lack of long-range objectives and planning is causing difficulties. Statements by Ayub indicate that he considers land reform to be a pressing domestic problem. In the foreign field, Ayub considers the Indo-Pakistani canal-waters dispute to be more important than Kashmir.

(Page 8)

ND

Philippines: The refusal of Defense Secretary Vargas and Chief of Staff Arellano to resign as demanded by President Garcia, and their subsequent pledge of loyalty to him, probably only temporarily postponed their removal. Vargas and Arellano have emphatically denied to Ambassador Bohlen that they are plotting against the government, but state they are convinced Garcia has been persuaded of their disloyalty by Nacionalista politicians anxious to gain party control of the army.

(Page 9)

NP

Indonesia: Army chief Nasution has told General Taylor that security needs make additional military equipment for Indonesia imperative and that he is under growing pressure from political elements to accept attractive bloc terms. He stated that although he would prefer American equipment, he may be forced to accept further arms offers from Eastern Europe if additional Western aid is not forthcoming.

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*Tunisia-France: A new crisis threatens to disrupt Tunisian-French negotiations on the status of the French base at Bizerte. The Tunisian Government has charged that Algeria-based French Army units shelled a Tunisian border village on 2 November and that tank-supported French units penetrated two miles inside Tunisia along a six-mile front on 5 November. While the French deny recent claims of the Algerian rebels that they have breached the electrified barrier along the border, they nevertheless may consider rebel operations enough of a threat to mount an operation to wipe out some rebel bases inside Tunisia.

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I. THE COMMUNIST BLOC

Soviet Economic Aspirations

Leading Soviet party theoretician M. A. Suslov told [redacted] that the USSR will surpass the US in industrial production in seven years. This claim may be the keynote for the 7 November anniversary speech as well as for the 21st party congress, which is scheduled to meet in January to adopt Khrushchev's "astounding" seven-year plan.

Suslov's prediction is considerably more exuberant than that made at the November anniversary last year when Khrushchev claimed that the USSR would reach the present level of US production in 15 years. In recent months, however, Soviet spokesmen including Khrushchev have been much more optimistic. It is unclear whether Suslov referred to current or future estimated levels of US production and whether he meant total industrial production or restricted his claim to those essential items, primarily heavy industry, which Soviet writers often stress. [redacted]

[redacted]

[redacted]

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USSR Continues Nuclear Tests

The continuation of Soviet nuclear testing after the opening of the Geneva conference probably reflects Moscow's concern that a suspension of tests might be interpreted as acceptance of the American and British proposal for a one-year test moratorium. This, in Moscow's view, would dangerously restrict Soviet freedom of action. The USSR's desire to avoid any appearance of agreeing to the Western initiative was evident in the Soviet Government's statement of 30 October that Moscow would not allow the United States and Britain to "determine when the Soviet Union... must or must not carry out nuclear weapon tests."

This warning was repeated by Soviet delegate Tsarapkin in a private talk with the American delegate at Geneva on 4 November. Tsarapkin professed to have no information on the Soviet tests of 1 and 3 November but contended there was nothing unusual in continued Soviet testing in view of the failure of the United States to follow the USSR's example in suspending tests last March.

Moscow can be expected to take the same line publicly in an effort to minimize adverse effects on its propaganda position and to justify continued testing. The Soviet leaders probably hope, as implied by Tsarapkin at the opening session, that they can bring further pressure on Britain and the United States by warning that the USSR will halt its tests only after they agree to a permanent and unconditional test ban.

Moscow's final decision to continue testing may have resulted from a last-minute reappraisal in the light of Secretary Dulles' statement of 28 October that the US-UK proposal "involves really a two-year suspension." The USSR may have judged that this statement foreshadows greater Western flexibility in the negotiations than it had earlier believed.

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to be the case. In this situation, the Russians may calculate that reversion to a harder line, including further testing, would be the most effective way of forestalling further Western moves which could seriously embarrass the USSR.

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Yugoslavia's Dispute With the Sino-Soviet Bloc

Neither side in the dispute between Yugoslavia and the Sino-Soviet bloc appears willing to let mutual recrimination subside. Speculation that a "truce" was on the horizon has not been borne out by events. Yugoslav Foreign Secretary Popovic predicted on 29 October that the present hostile Soviet attitude would "last for a protracted period."

When Micunovic, the departing Yugoslav ambassador to Moscow, flew to Sochi on 8 October to pay his farewell call on Khrushchev, there were reports that the two nations would soon reach a modus vivendi.

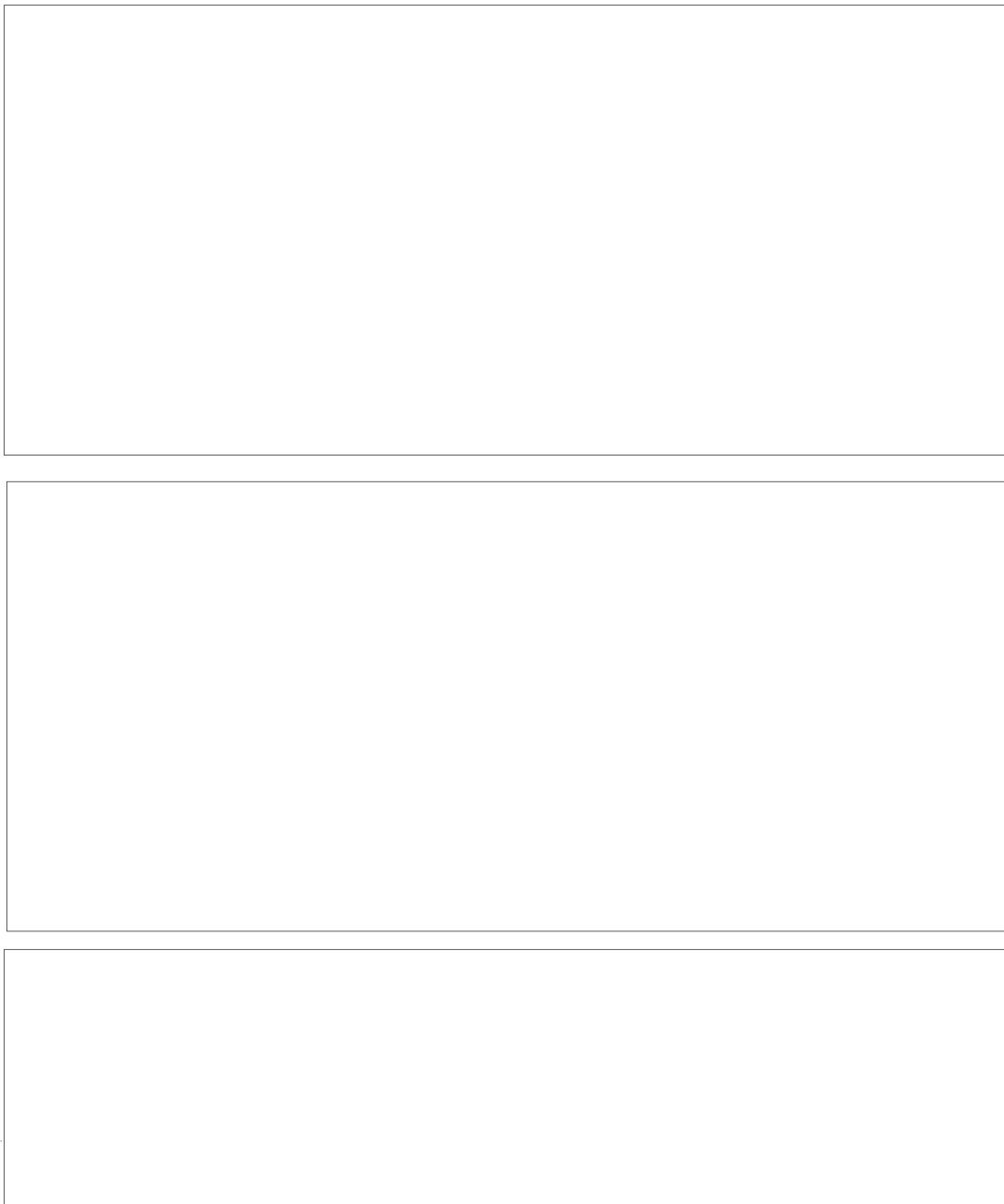
Khrushchev told Micunovic that although "things like trade" will probably remain normal, the USSR will "fight you every step of the way" on ideological matters.

In mid-October a TASS correspondent in Belgrade also denied the possibility of any rapprochement, declaring that the USSR will embarrass the Yugoslavs at every opportunity, as Moscow can never accept Tito's doctrine. He claimed that the forthcoming CPSU congress, after its consideration of economic matters, will take up Yugoslav revisionism.

Moscow has found it advisable to revive condemnation of Yugoslav revisionism in bloc propaganda.

The Yugoslavs have managed to maintain "quite a bit of influence" among the satellites. Most recently the Yugoslavs have been attacking Peiping's commune drive.

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~~TOP SECRET~~Taiwan Strait Situation

On the day on which the Communists charge the Nationalists used gas shells, the Nationalists fired 106 white phosphorous shells, an unprecedented number. However, both Nationalists and Communists have used this type of shell during previous artillery exchanges.

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For a brief period immediately after Peiping broadcast the report alleging the use of gas shells against the mainland by the Nationalists, the Chinese Communist Home Service repeated the report several times, but has thus far not followed up with any supporting commentary. The report also was carried briefly in foreign-language broadcasts from Peiping.

Peiping's charge that Chinmen forces used poison-gas shells against mainland troops has been picked up in individual broadcasts by Radio Moscow and by East Germany, and in one North Korean commentary broadcast by Peiping.

Moscow accused the United States of supplying the chemical shells with poison gas when, after the Dulles-Chiang negotiations, the United States allegedly stepped up its supplies of ammunition and war materials to the Nationalists. Moscow, however, did not add to Peiping's warning of "punitive action."

The East German broadcast as well as the Pyongyang commentary recalled the US "imperialists' use of bacteriological weapons" in Korea, and the East German commentary attributed the current use of "a weapon from the arsenal of despair" to the "American side."

The initial bloc comment does not indicate the launching of any mass campaign in support of Peiping's allegations at this time.

[redacted] as of late October, Chinese Nationalist troops on Chinmen did not appear to be ideologically motivated for combat, but that they are ready to fight for survival. [redacted]

Six Chinese Communist submarines began operating in the Hangchow Bay area between 4 and 5 November, [redacted]

[redacted] Five of these submarines moved to the Shanghai area from their base at Tsingtao in September, but one of these vessels later moved to Dairen and was [redacted]

[redacted] operating in that area on 18 October. This submarine may have gone to Dairen to bring down the additional one which is now operating in East China waters. [redacted]

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II. ASIA-AFRICAThe Arab-Israeli Situation

The precautionary redeployment of UAR naval forces continues. The two Egyptian submarines previously alerted for movement into the Red Sea were ordered to move south through the Suez Canal on 5 November. On 3 November Alexandria also ordered a minesweeper south through the canal.

Iraq on 4 November canceled the alert of its ground units, instituted on 27 October, apparently including those placed in readiness to respond to an Israeli attack on Jordan. The forces earmarked for intervention in Jordan, however, presumably remain in position to do so on short notice. Cairo on 3 November had asked the Iraqis to estimate the number of troops which could be "thrown into battle," presumably with the Israelis, and the time required to commit such forces. The next day Damascus sought instructions from Cairo regarding a request from the Iraqi high command for a visit by a committee from the UAR First Army in Syria, apparently to discuss coordination of operations if West Jordan were exposed to an attack.

Cairo's uncertainty over Israeli intentions has probably been increased by its awareness, reported in a message to internal commands on 30 October, that Israeli forces stationed near the Gaza Strip truce line had been withdrawn. Fragmentary evidence suggests that the Egyptians are reinforcing to a limited extent their forces east of the Suez Canal.

Israel's major naval forces in the Mediterranean have been conducting exercises at sea since 2 November. Prior to the beginning of the exercises some motor torpedo boats were observed loading live torpedoes. Reconnaissance in Israel by American service attachés observed no evidence of mobilization or redeployment of Israeli forces through 4 November.

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Policies of New Pakistani Regime

President Ayub is giving high priority to those reform measures having maximum public impact in order to maintain the generally favorable impression which the new military regime has made on the Pakistani populace to date.

[redacted] the regime is under daily pressure to show evidence of progress. [redacted]

[redacted] the lack of long-term objectives and effective planning was making it difficult for the government to demonstrate that the pace of the "revolution" was not slackening.

Ayub has indicated that he regards land reform as the most urgent problem on the domestic front and intends to push through such a program on a crash basis. A land reform commission has already been appointed, with instructions to formulate plans by 10 November. The authorities have brushed aside advice to go slow in order to avoid upsetting the economy and retarding instead of increasing agricultural production. Their program may not take as radical a form as presently suggested, however, since many of the top army officers come from the landed aristocracy.

Ayub informed the American ambassador that action on land reform and the refugee problem, which would take at least two years to complete, would have to come before a new constitution. A "set of rules" governing the conduct of the administration during the interim is being drawn up by Foreign Minister Qadir.

In the field of Indo-Pakistani relations, Ayub considers the canal-waters dispute the most important problem. With reference to Kashmir, he told the American ambassador that he would be ready to "go a lot further" toward reaching a compromise agreement than would the people of Pakistan. In public statements he has threatened, however, to take "extreme measures," including war, if India does not agree to a satisfactory solution of the dispute. [redacted]

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Political Maneuvers in Philippines

The removal of Philippine Defense Secretary Vargas and Chief of Staff Arellano has probably been postponed only temporarily by the pledge of loyalty proffered to President Garcia by the armed forces. The two men have refused to comply with Garcia's demand that they resign, and have emphatically assured Ambassador Bohlen that they are not plotting a coup. They feel that certain Nacionalista politicians anxious to remove them and gain party control of the army have persuaded Garcia that the two defense leaders are disloyal.

Garcia, who transferred two high military figures over the week end, apparently to undercut an alleged Vargas-backed military coup plot, is said to regard early replacement of Vargas and Arellano as essential. The removal of the two men, however, might actually stimulate counteraction by the military.

Increased involvement of the armed forces in Philippine political struggles may create an unfavorable atmosphere for exploratory diplomatic talks, scheduled to begin on 12 November, over American bases in the country. Present defense leaders have been sympathetic to American defense needs, but the anticipated reshuffling of top officials, together with a growing need of the administration to deflect domestic criticism, could result in Philippine adoption of a more extreme position in the bases negotiations. [redacted]

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