

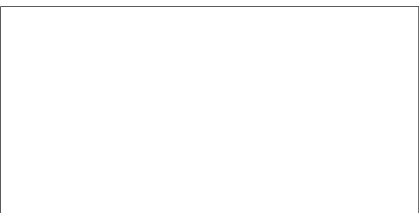
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28 August 1958

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CENTRAL INTELLIGENCE BULLETIN



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28 AUGUST 1958

I. THE COMMUNIST BLOC

Chinese Communists mount intensive barrage on smaller islands in Chinmens; local Nationalist commander expects assault this weekend.

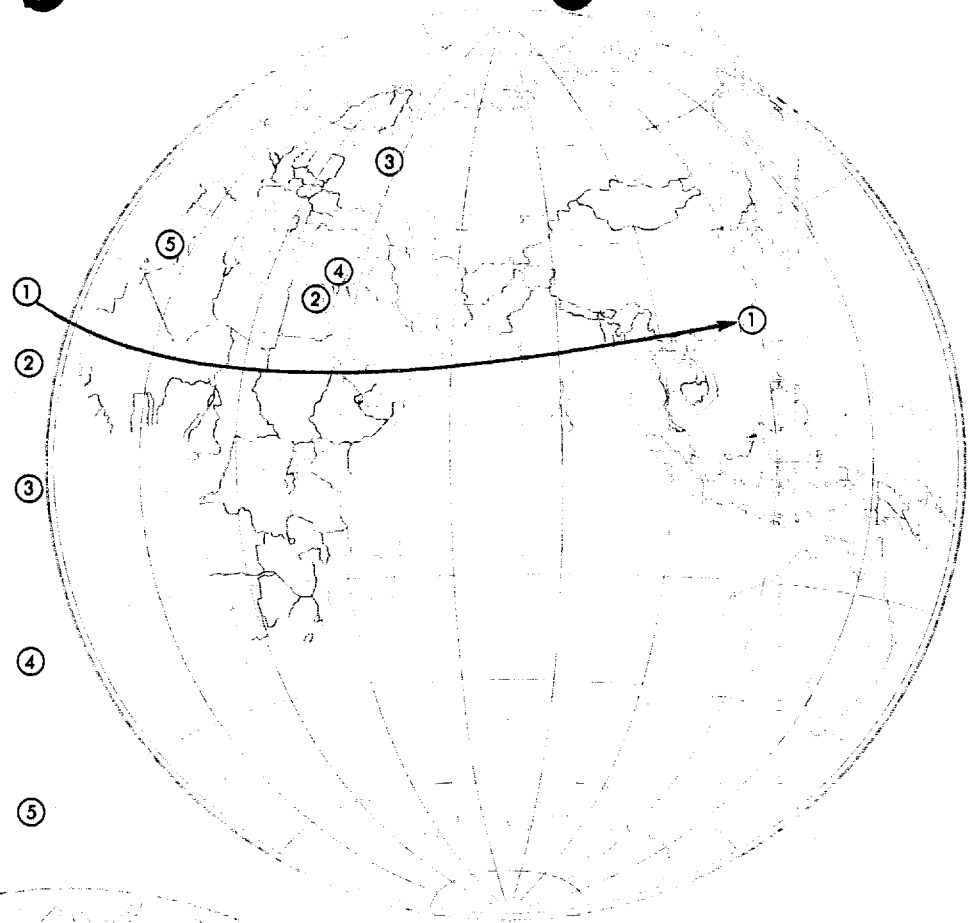
Direct Cairo - Soviet bloc air service to be established soon.

USSR considering request to furnish UAR with IL-18 four-engine turbo-props for commercial use. [redacted]

II. ASIA-AFRICA

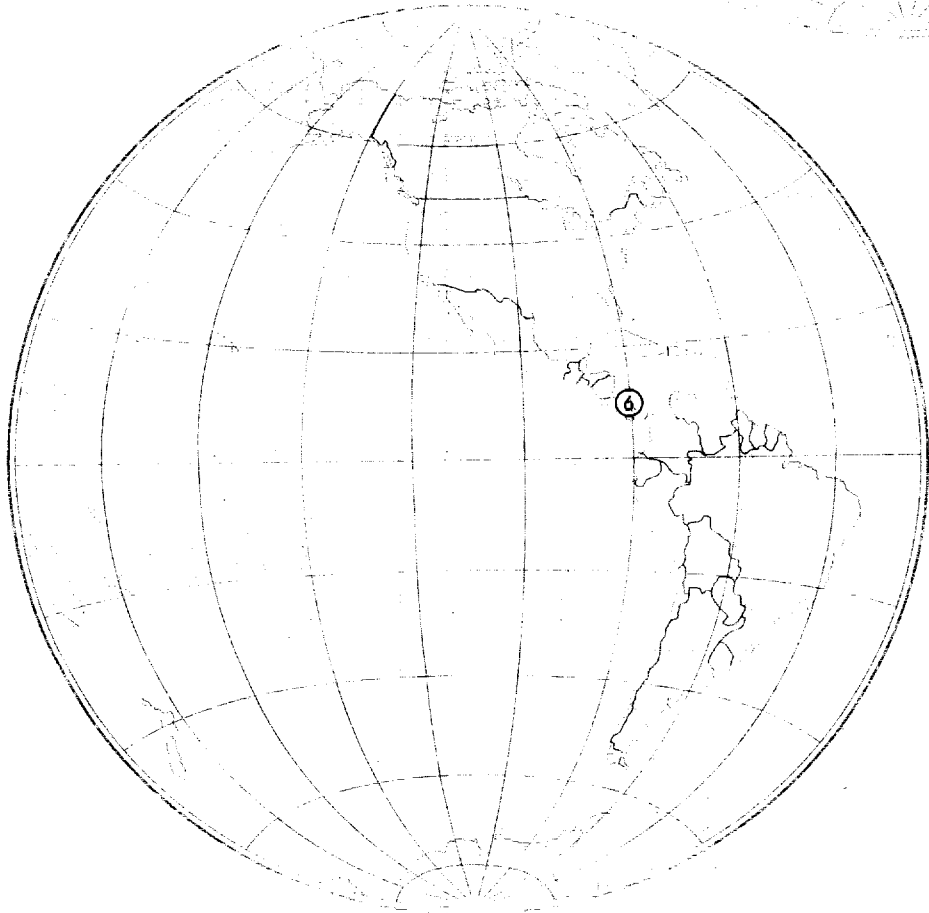
Lebanese rebel leaders reaffirm their defiance of governmental authority. [redacted] UAR assistance to opposition continues. [redacted]

Moroccan Government may be reshuffled shortly; fighting between Istiqlal party factions possible.



III. THE WEST

⑥ Panama - Political instability heading for climax around 1 October, with moves to oust President de la Guardia possible at any time.



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CENTRAL INTELLIGENCE BULLETIN

28 August 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

SRAB

NO

*Taiwan Strait situation (as of 0100 EDT, 28 August):
A heavy concentration of Chinese Communist artillery fire on Tatan and Erhtan in the Chinmens (Quemoys) on 27 August has led Chinese Nationalist officials to expect an attempt to seize these smaller islands soon. Chiang Kai-shek is seriously disturbed about "creeping interdiction" of the offshore islands.

Preparation for increased Chinese Communist naval participation in the Taiwan Strait situation

(Page 1) (Maps)

Watch Committee conclusion--Sino-Soviet bloc:

A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.

NO

B. No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the orbit in the immediate future, except as noted below.

NOTE: It is likely that the Chinese Communists will continue artillery barrages along with intensified air and naval interdiction of supply lines to the offshore islands. Air attacks on the offshore islands are probable but initially would be probing to determine Chinese Nationalist and US reactions. Chinese Communist seizure of one or more of the smaller offshore islands is expected. The Chinese Nationalist and US reactions to these moves will largely determine whether or not attempts

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will be made to seize the large islands of Chinmen (Quemoy) and Matsu. The Communists probably do not intend to initiate major offensive military action against Taiwan and the Pescadores in the immediate future. [redacted]

X/10

Bloc air service to UAR: Direct air service between the Soviet bloc and Cairo is to start on 3 September. On 18 August a Czech jet transport (TU-104) flew from Cairo to Prague in what may have been the final test flight for a weekly nonstop service between the two capitals. [redacted]

No

USSR-UAR: The USSR is now considering a request to provide the UAR three of its new IL-18 four-engine turboprop transports for commercial use. After several months of negotiations, the USSR states it is ready to deliver to Egypt 10 IL-14 transports modified for paratroop operations and five IL-14 transports for civil air use. A joint Egyptian military and civil air mission is to arrive in Moscow on 2 September, apparently to conclude financial arrangements for these aircraft and a civil air agreement. [redacted] (Page 4)

II. ASIA-AFRICA

Watch Committee conclusion--Middle East:

No

C. Although a deliberate initiation of open hostilities in the Middle East is unlikely in the immediate future, the situation remains highly unstable throughout the area, particularly where US and UK interests or commitments are involved, and incidents and coups could occur at any time.

NOTE: The survival of the Jordanian regime is imminently threatened. If the regime in Jordan collapses, action by Israel and other neighboring countries to take control of Jordanian territory is likely. [redacted]

28 Aug 58

DAILY BRIEF

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Lebanon: A meeting of rebel leaders on 25 August underscored their unwillingness to make any meaningful move toward restoring normal security and economic conditions. [redacted]

Mo
[redacted] Damascus has ordered a rebel "popular resistance" force to be created in southern Lebanon for use "when necessary." Cairo has sent the equivalent of \$84,000 to rebel leaders in Beirut. [redacted] (Page 5)

ok
Morocco: Premier Balafrej may be replaced and the moderate government reorganized within the next two months in an effort to counter the growth of extremism within the dominant Istiqlal party. Armed clashes between rival factions within the party are feared since the expulsion on 13 August of three left-wing members of the political committee from all party offices. Two party factions are reported to be trying to obtain arms as rapidly as possible. [redacted] (Page 7)

III. THE WEST

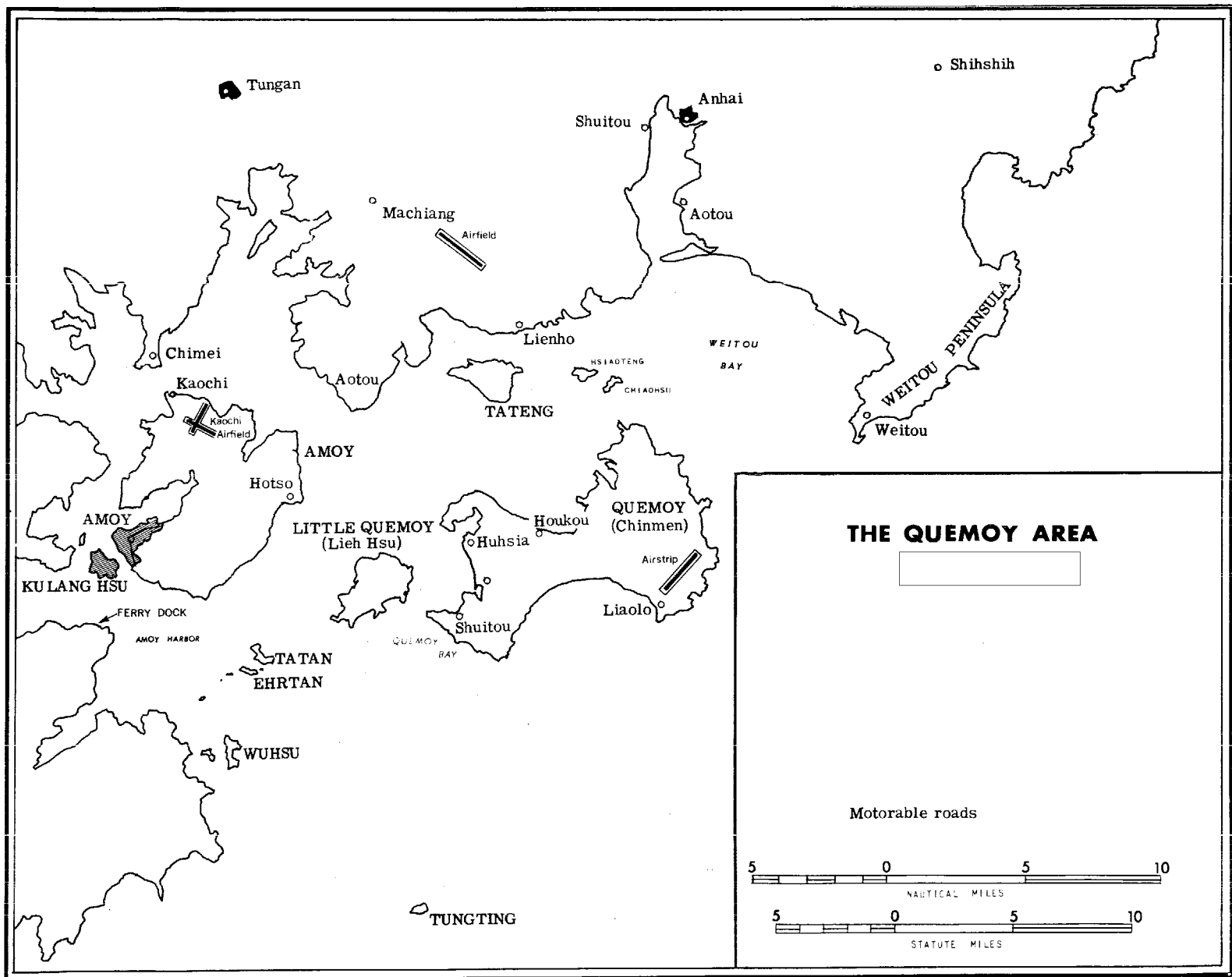
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Panama: There are indications of a student-led uprising about 1 October, when the legislature convenes. The ostensible goal of the students is to curtail the power of the National Guard. This student movement is being actively abetted by, if not led by, the leaders of the political opposition, whose real aim seems to be the overthrow of President de la Guardia. It receives the support and encouragement of the Communists. Some opposition elements might act considerably sooner than October. [redacted] (Page 8)

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DAILY BRIEF

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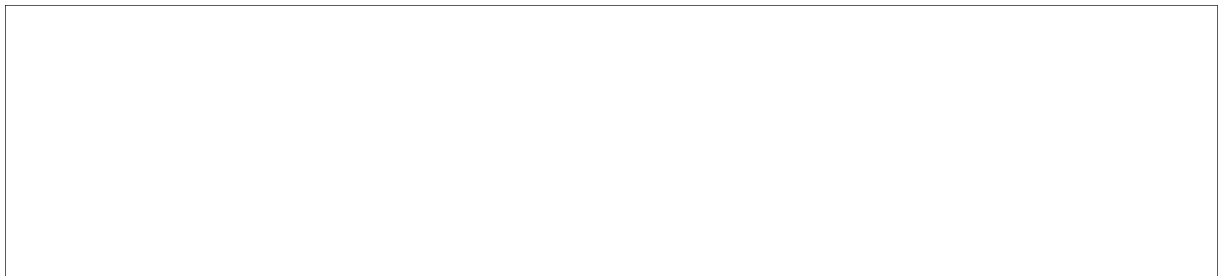


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~~TOP SECRET~~ **I. THE COMMUNIST BLOC****Taiwan Strait Situation (as of 0100 EDT, 28 August):**

Intense artillery fire was delivered by Communist batteries against Tatan and Erhtan on 27 August resulting in the demolition of all observation posts and communications facilities. The shelling has the characteristics of a "softening up" operation. Chinese Nationalists on Tatan reported that the Communists were "aiming at our first line of defense," that personnel shelters had been destroyed and that there apparently was no cover for the troops. The commander of the Chinmen (Quemoy) Defense Command believes an attack on Tatan and Erhtan will occur between 29 and 31 August. The Nationalists on Chinmen planned a large scale counter-bombardment early on the evening of 27 August.

On 26 and 27 August the Communists fired on Chinmen, concentrating on the airstrip. US officials in Taipei believe that the Communist intention with regard to the main island of Chinmen is primarily to interdict supply and communications. Propaganda leaflets fired at Chinmen on 26 August warned defenders "Chinmen is isolated."

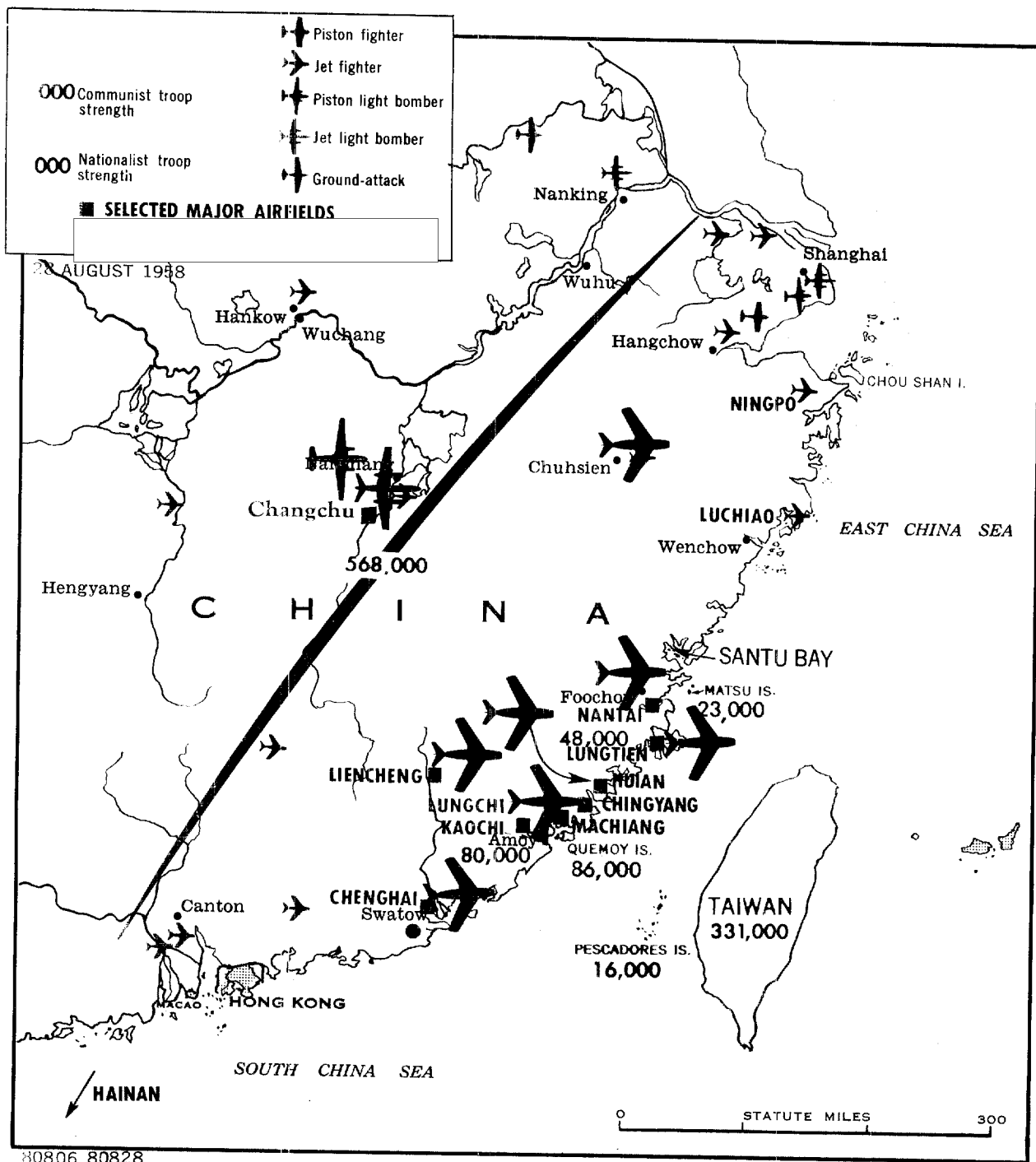


The Chinese Nationalists have lost an LCM to artillery fire. The vessel apparently was hit while unloading supplies at Liaolo Beach on the southern side of Chinmen.

There has been no new information on the deployment of naval units into the Santu Bay area except for an indication that there may be more ships involved

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[redacted] The motor torpedo boats which participated in the actions near Chinmen on 24 and 25 August now are known to have moved undetected to Amoy from Shanghai about 2 August, suggesting that other undetected naval units could be in or near the Taiwan Strait area.

Chinese Nationalist Attitudes: Chiang Kai-shek appeared obsessed with the danger of "creeping interdiction" of the Nationalist supply lines to the offshore islands during a conversation with American officials on 26 August. He stressed the threat posed by Communist use of motor torpedo boats (PT's), and intimated that the Nationalists would need help in keeping the lines to the islands open. Chiang said that if the Communists could keep up the present level of shelling, bombing, and sea action, the islands would soon be cut off, and the morale of the defending forces would become depressed to the point where seizure of Chinmen would be "no problem".

Some Ministry of National Defense officials, however, are more optimistic than Chiang about the ability of the offshore islands to withstand interdiction. They believe that resupply can continue by conventional methods with air and sea support and with some losses, at least until the Communists establish full air superiority. They admit privately that stockpiles on both the Matsus and Chinmens are far in excess of MAAG authorization and records.

Ranking Nationalist air force officers are reported pleased with the performance of their pilots in recent air actions. The engagement between eight F-86's and eight MIG 17's on 25 August resulted in the shooting down of two Communist planes with apparently no Nationalist losses.

Peiping Radio on 27 August continued to pick up comment on "US-Chiang"-instigated tension in the Taiwan Strait from bloc and Asian neutralist newspapers which only briefly report Chinese Communist "retaliation."

References in bloc propaganda to Peiping's possible participation in international councils are increasing. A 26 August

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Peiping broadcast, in referring to the West's recent offer for a nuclear test-ban agreement, quoted the Manchester Guardian's comment that France and Communist China are left out: "Where will the West place China?" In the past, Peiping has been virtually silent on its possible participation in a test-ban agreement.

The official newspaper of the Polish Communist party, Trybuna Ludu, commented on 27 August that Asian countries believe it is "high time" for the US to recognize Communist China and admit it to the United Nations. On the same day, Prime Minister Nehru stated that India would again raise the question in the UN of Communist China's admission.

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USSR May Provide UAR With Late-Model Passenger Aircraft

Moscow is now considering a request from the Egyptian civil airline, Misrair, for three IL-18 (Moskva) four-engine turboprop passenger aircraft and five IL-14 twin-engine piston transports. Soviet-Egyptian negotiations concerning the IL-18's were first noted in February when three of these aircraft were listed among the Egyptian air requirements for 1958. An Egyptian Air Force mission went to Moscow in March to discuss the purchase. Just before Nasir's visit to the Soviet Union in May, Misrair considered purchasing TU-104 twin-jet transports. Egyptian air officials, however, were not sufficiently impressed with the plane, and Nasir submitted an extremely low purchase offer which was refused.

When the Soviet air chief, Marshal Rudenko, visited Cairo in July, he reportedly offered to provide late-model Soviet-built jet airliners to the UAR. Early in July, however, the Egyptians repeated their original request for the IL-18, and, on 25 August, Cairo notified Moscow that a delegation would arrive on 2 September apparently to conclude an agreement for the purchase of aircraft.

At least eight IL-18's had been produced in the Soviet Union as of mid-May, and series production of the aircraft has begun. Moscow now has an estimated 30 IL-18's on hand. In the past, the Soviet Union has offered to sell IL-18's to Czechoslovakia and Austria--in the latter instance for less than \$2,000,000 per plane.

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II. ASIA-AFRICA

Lebanese Situation

A meeting of Lebanese opposition leaders in Beirut on 25 August underscored their unwillingness and, perhaps, inability to make any meaningful move toward restoring normal economic conditions and security in the country. Affirming their "solidarity and unity of purpose," the leaders demanded that American forces withdraw immediately and the UN group also be withdrawn. They renewed a demand that the next cabinet be formed from opposition elements, and refused cooperation with any Chamoun supporters.

The meeting, held under General Shihab's sponsorship and protection, was marked by the absence of extremist Moslem leader Adnan Hakim, whose Najjadah organization is believed to be carrying out the current wave of bombings and assassinations in Beirut. The break between Beirut rebel leader Saib Salam and Hakim has resulted in attempts by Salam to have Hakim arrested, [redacted] General Shihab is said to be displeased with the refusal to end the general strike which has paralyzed the Lebanese economy since last May. Rebel leaders Abdullah Yafi, Salam, and Husayn Uwayni are credited with the tough stand taken at the meeting.

The UAR meanwhile continues to provide material and financial support to the opposition. On 25 August UAR authorities in Syria gave their consent for the formation of "Popular Resistance" groups in southern Lebanon, "in preparation for using them when necessary." Rebel leader Ma'ruf Sad in Sidon [redacted]

[redacted] ordered that \$84,000 be sent "to Beirut," apparently to prop up opposition elements for continuance of the general strike. Cairo remitted \$70,000 on 25 July, probably for the same purpose. On 11 August a Syrian military plane dropped propaganda leaflets in the Biqa Valley condemning the election of General Shihab and claiming that it was held under "foreign duress."

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Egyptian intelligence is said to be convinced that a new Lebanese revolution will break out as soon as it can be "proved" that General Shihab will follow a pro-American policy. The new struggle, according to the report, will seek a quick victory by the nationalists over Shihab's "pro-West policy." It had been reported previously that the Egyptians, during Saudi Crown Prince Faysal's trip to Cairo, showed him "documents" on Shihab's unpopularity in Lebanon. This campaign to discredit Shihab may be intended as pressure on him for further concessions to the rebels.

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Moroccan Government Counters Threatened Violence

The Moroccan Government is considering an expansion of the army and police forces within the next two months in order to cope with anticipated armed clashes between factions within the dominant Istiqlal party. Moderate Premier Ahmed Balafrej is expected to be replaced, perhaps by Abderrahim Bouabid, an able and energetic leader of the party's left wing. The prolonged cleavage within the party widened on 13 August with the suspension or expulsion from all party positions of three left-wing members of the party's political committee who failed to attend a political committee meeting. This disciplinary action was later upheld by the party's executive committee and approved by the King.

The three members expelled are Mehdi ben Barka, acting secretary general of the Istiqlal party, a member of its executive committee, and president of the Moroccan Consultative Assembly; Mahjoub ben Seddi, anti-American head of the Moroccan labor union (UMT) and vice president of the Consultative Assembly; and Mohamed Basri, a leader of the irregular Moroccan Army of Liberation. A resistance group headed by Basri and another controlled by party demagogue Allal el-Fassi, who is reported to be attempting to obtain arms as rapidly as possible, are the factions which may clash.

Moderates within the party and government plan to reorganize the Moroccan labor union to weaken Ben Seddik's position. Earlier reports stated that Ben Seddik and former Minister of Labor Abdullah Ibrahim were about to form a labor party which they hope would attract the Istiqlal left wing.

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III. THE WEST

Serious Unrest Mounting in Panama

There are indications that at least some segments of the Panamanian opposition now may be determined to attempt to oust President de la Guardia prior to the political crisis generally expected in October. Militant student groups are spearheading a campaign to weaken the unpopular National Guard, Panama's only armed force. The government is dependent for its existence on the continued loyalty of the National Guard, and, with its maneuverability thus limited, its current efforts to reach a compromise with the students seem unlikely to succeed.

The students have been preparing for almost three months for the climax of their efforts which, if it does not come earlier, is almost certain to occur in October when the National Assembly is expected to act on their demands. The students are armed and, in view of bitter racial and class tensions, particularly in Panama City's slums, disorders could get out of control and might spread into the Canal Zone.

Although the students' main target is the National Guard, their grievances go much deeper. They bitterly resent the established social order, which involves control of the government by a small, thoroughly corrupt oligarchy. Ultrnationalism is also an important element in the students' thinking, and they have been in the forefront of the campaign for US concessions in the Canal Zone. The weak Communist party is attempting to exploit student grievances, and some Communists have become influential student leaders.

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