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8 September 1958



Copy No. C 59

CENTRAL

INTELLIGENCE

BULLETIN



DOCUMENT NO. 33  
 NO CHANGE IN CLASS. X  
 DECLASSIFIED  
 CLASS. CHANGED TO: TS, S, C  
 NEXT REVIEW DATE: 2010  
 AUTH: HN 702  
 DATE: 3/27/80 REVIEWER:



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8 SEPTEMBER 1958

**I. THE COMMUNIST BLOC**

Taiwan Strait - Communist propa-  
ganda maintains pressure, claims  
US intrusion of territorial waters.

Peiping's propaganda suggests it in-  
tends to maintain military and psy-  
chological pressure.

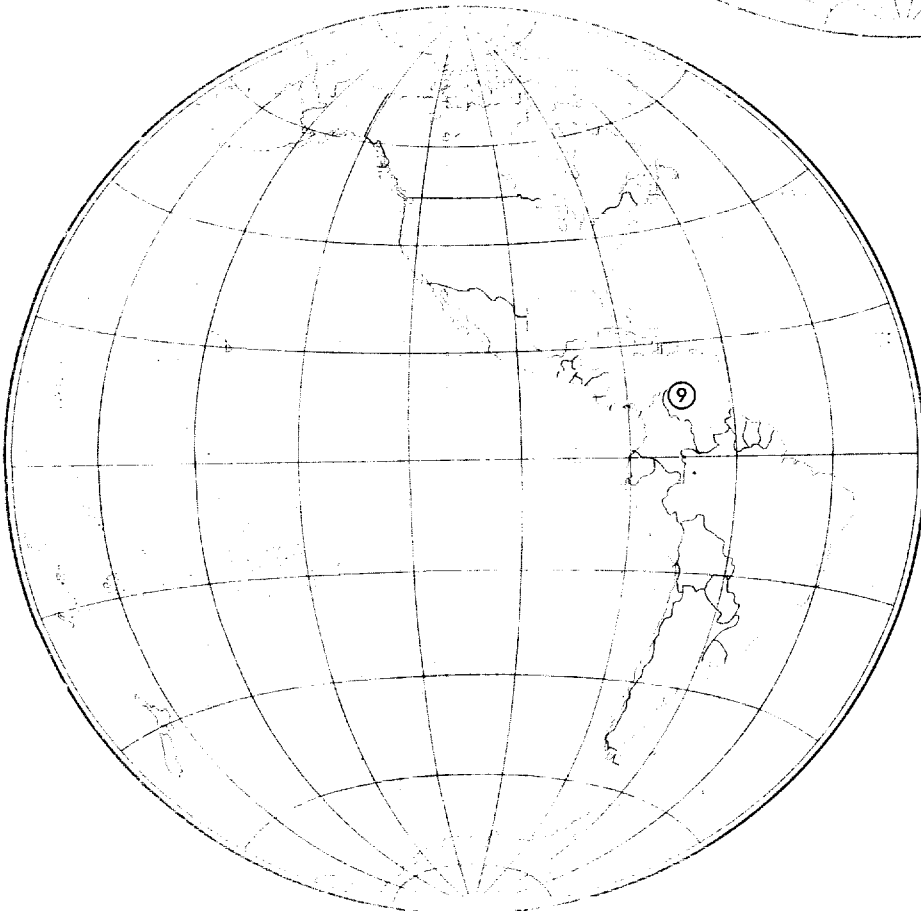
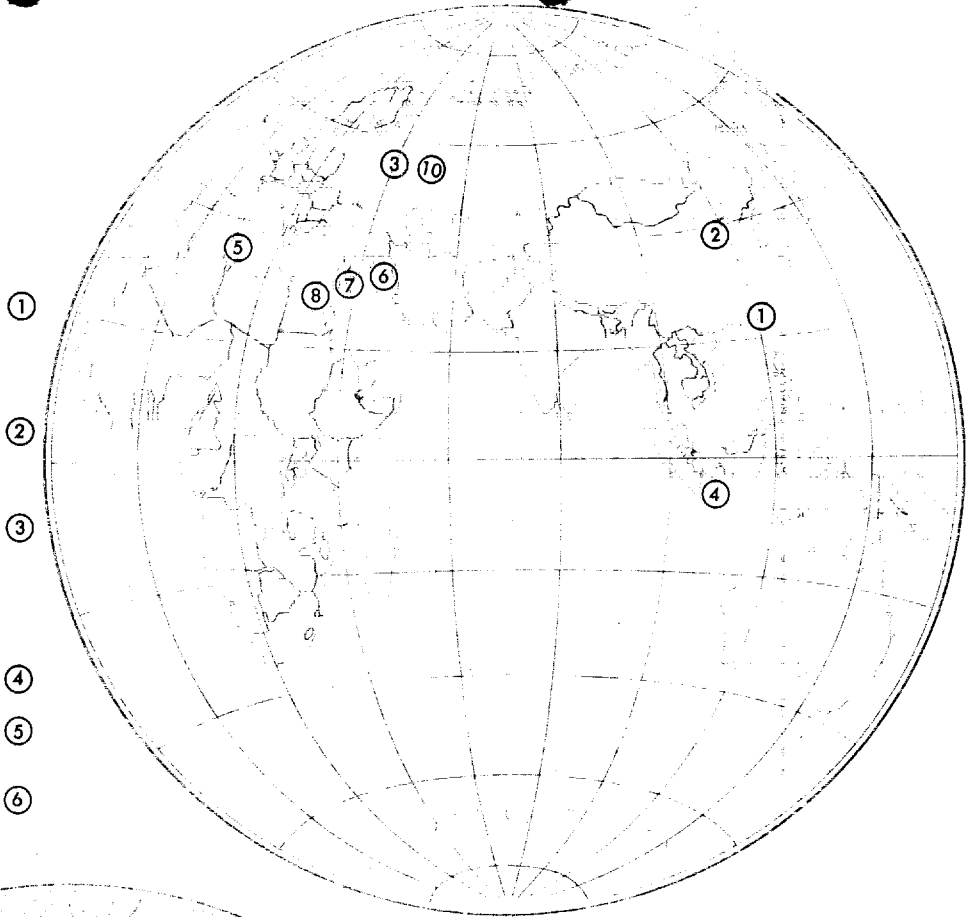
USSR - Party congress in January  
will give Khrushchev opportunity to  
consolidate further his control.

**II. ASIA-AFRICA**

Indonesian dissidents make first di-  
rect compromise approach.

Tunisia to join Arab League.

Iraq - Regime leaders showing ap-  
prehension of a counter coup.



⑦ Husayn attempting to provoke trouble  
with UAR and Iraq.

⑧ Nasir takes negative attitude in talks  
with Hammarskjold.

**III. THE WEST**

⑨ Coup fails in Venezuela.

**LATE ITEM**

⑩ Khrushchev warns US attack on Com-  
munist China will also involve USSR;  
hints at later call for high-level talks.

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## CENTRAL INTELLIGENCE BULLETIN

8 September 1958

## DAILY BRIEF

## I. THE COMMUNIST BLOC

*SRAB*

*40*

\*Taiwan Strait situation (as of 0100 EDT, 8 September): Chinese Communist comment on Chou En-lai's statement of 6 September suggests that the Communists intend to maintain military and psychological pressures while the possibility of ambassadorial talks is explored. Peiping is continuing to develop an atmosphere of crisis throughout China. Its propaganda emphasizes the more bellicose portions of Chou's statement.

The Communists made no move to interfere with the Kinmen resupply convoy on 7 September, although they immediately issued warnings against such open invasion of their 12-mile limit. Initial reports indicate that a Communist-Nationalist air engagement did occur on 8 September, but southwest of the Kinmen area where a second resupply convoy was arriving.

Another Communist artillery division may be moving into the strait area. (Page 1) (Map)

*OK*

USSR: The Soviet 21st party congress, ordered to convene on 27 January, will probably be an important milestone in Khrushchev's movement toward full political control. Called to approve a new Seven-Year Plan, the congress will give Khrushchev the opportunity to revamp the membership of both the party central committee and its presidium. (Page 3)

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## II. ASIA-AFRICA

*No*

Indonesia: In the dissidents' first direct compromise approach since hostilities began last March, a Sumatran rebel leader has sent a letter to four members of Parliament suggesting that Parliament act as a mediator between the central government and the rebels. Prime Minister Djuanda regards the approach as unsatisfactory but has said he will think about it. Dissident sabotage in Sumatra against rubber and oil installations appears to have died down. A negotiated settlement in the near future is unlikely, but both sides may now be ready to explore the possibility of holding talks.

[redacted] (Page 4)

*No*

Tunisia: [redacted] President Bourguiba has decided that Tunisia will join the Arab League, probably on 9 September. Bourguiba, who is reported annoyed that Morocco failed to consult with Tunisia before announcing its intention to join the league, believes that Tunisia cannot afford to be the only Arab state remaining outside. He hopes that, as a member, Tunisia may be able to exert a moderating influence in the Nasir-dominated league.

*No*

Iraq: Regime leaders are showing apprehension of a countercoup. Dissatisfaction among some army officers may have reached the point where they are considering a counter-coup. Public disillusionment with the regime's progress is also contributing to unsettled conditions. If the situation deteriorates, the regime might seek popular support by some gesture such as nationalizing the oil industry.

[redacted] (Page 5)

*No*

Jordanian infiltration: Jordan's King Husayn may intend to provoke trouble with the UAR and Iraq as a means of blocking implementation of a general Middle Eastern settlement unfavorable to him.

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NO  
Nasir-Hammarskjold talks: Nasir was reportedly unwilling to agree to several of UN Secretary General Hammarskjold's proposals for elimination of tension between the UAR and Jordan. Cairo has taken the position that the UNGA Middle East resolution of 21 August was intended essentially to facilitate withdrawal of foreign troops. Nasir shows no inclination to meet King Husayn's desire for assurances of noninterference in Jordan before Husayn agrees to withdrawal of British troops.

### III. THE WEST

OK  
Venezuela: The failure of a Venezuelan military coup on 7 September reflects the loyalty of the bulk of the armed forces to junta President Larrazabal, and the effectiveness of civilian strength as a checkmate to the threatened return of military dictatorship. (Page 6)

### LATE ITEM

OK  
Khrushchev letter: In a letter to President Eisenhower on 7 September, Khrushchev warned that Moscow will view any attack on Communist China as an attack on the Soviet Union. This warning is probably intended to show the world that the Soviet and Chinese Communist leaders are fully prepared for a major test of strength with the United States. By thus attempting to heighten world-wide apprehension over the possibility of large-scale hostilities, Khrushchev--in the first official Soviet pronouncement since the beginning of the present Taiwan Strait crisis--probably hopes to induce allied and neutral governments to bring heavy pressure on the United States. The letter contained a hint that Khrushchev may later call for high-level

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negotiations between the United States, the USSR, Communist-  
China, and other countries to consider ways of resolving Far  
East tensions through "common efforts."

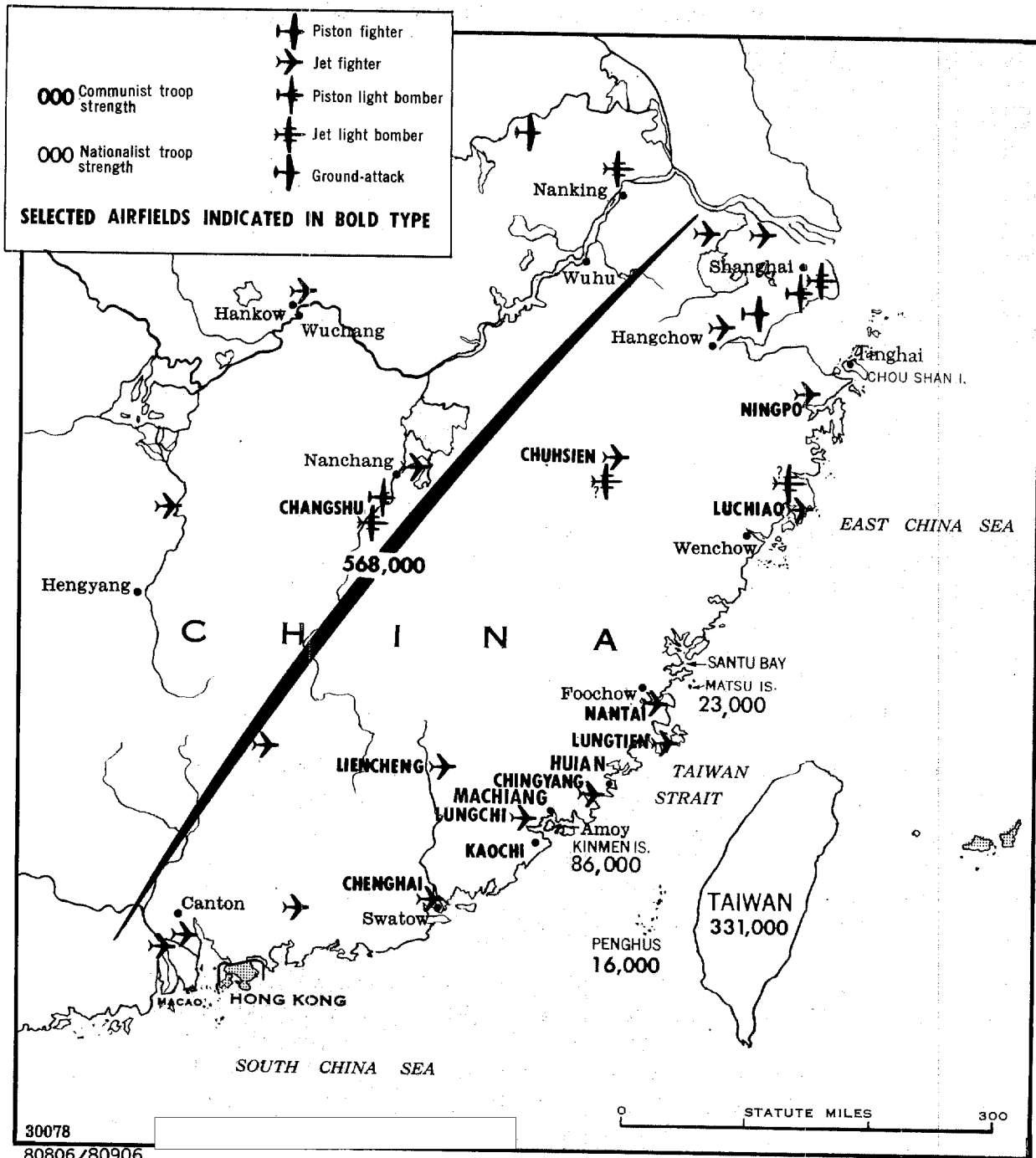
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## I. THE COMMUNIST BLOC

### Taiwan Strait Situation (as of 0100 EDT, 8 September)

The Chinese Communists made no attempt to interfere with the initial Kinmen resupply operation which was accomplished on 7 September under United States naval protection. There was ample opportunity for interference since the supply ships remained at Kinmen for nearly five hours while Nationalist aircraft provided continuous air cover. [REDACTED]

Peiping immediately issued a statement charging that four US warships had intruded into Communist China's territorial waters. The statement declared that such an encroachment "is dangerous" and "the Chinese Government issues a serious warning." A following propaganda commentary called it an "act of open invasion" and "a serious violation of China's sovereignty."

Two LSM's made the resupply trip with 300 tons of ordnance. Two additional LSM's were scheduled to make a similar trip with US naval escort during daylight hours on 8 September. A preliminary report indicates that a Communist-Nationalist air engagement occurred southwest of the Kinmen area about the time the convoy was scheduled to arrive. In a surprise move on 7 September, the Nationalists also sent two LST's to Matsu Island with light escort. They were reported to have unloaded without incident.

At the biggest mass rally ever held in Peiping, politburo member Peng Chen reaffirmed Peiping's "determination" to take Taiwan and all the coastal islands. Peiping's propaganda media reported "angry" citizens voicing support for Premier Chou En-lai's statement, stressing those passages which condemned the United States for "interference" and "war provocations." On the same day, youth groups issued a joint statement declaring that all Chinese youth will "take up arms immediately and go to the front" if war breaks out. Demonstrations also were held in other major cities, including Shanghai, Foochow, and Canton.

~~TOP SECRET~~ [REDACTED]

Chou En-lai's statement that Communist China is ready to resume Sino-American talks is drastically underplayed in the Peiping press.

At least 88 jet fighters in the Liencheng-Nanchang area engaged in what appeared to be local training exercises for a four-hour period during the morning of 6 September. Some of these aircraft may have been from the coastal airfields and may have moved to these rear area fields for further training. No activity by bombers has been detected in southeast China since 3 September, but this may be partly attributable to typhoon weather conditions.

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## Soviet Party Congress

The 21st Soviet party congress, called for 27 January, will probably be an important milestone in Khrushchev's movement toward full political control. Called to approve a new Seven-Year Plan, the congress will also give Khrushchev the opportunity to revamp both the central committee and its presidium. Conferences and elections in preparation for the congress will now be held at all levels in the party. The resulting personnel changes will not only provide clues as to the composition of the new central committee, but also will help to pinpoint those areas throughout the country where Khrushchev feels it necessary to strengthen his support.

No formal agenda for the congress has yet been published. Moscow has only announced that Khrushchev will report on the Seven-Year Plan and that "theses" on the plan will be published before the congress convenes. Normally, "draft directives" for long-term plans are issued. The use of the term "theses" may indicate that the new draft plan is more subject to discussion and revision than former draft directives, possibly reflecting continuing uncertainty over future economic policy. There have been recent suggestions that the plan will revert to the traditional optimism in economic planning which gave way to a more conservative outlook in 1957-58.

Ideological tenets which have become outmoded since the last party congress in 1956, particularly those dealing with intrabloc relations, will probably be redefined.

The central committee plenum on 5 September which called the congress relieved former Premier Bulganin of his membership on the party presidium, thus formalizing his prolonged political decline. The situation in the Taiwan Straits may also have been discussed.

Several members of the presidium seem to have been away from Moscow during the plenum, raising the possibility that the decision to convene the congress was taken without the concurrence of its full membership.

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## II. ASIA-AFRICA

### Indonesian Dissidents Make Direct Approach to Central Government on Compromise

Colonel Djambek, a Sumatran dissident leader, has sent a letter to four members of Indonesia's Parliament appealing for parliamentary mediation between the central government and the dissidents to stop hostilities. Djambek admitted the rebel regime is unconstitutional and said it was ready to "withdraw itself" if constitutional government is resumed in Djakarta. Although dissident peace feelers have been reported previously, Djambek's letter is the first direct approach from an official of the rebel regime to members of the Djakarta government. Although the letter includes accusations against President Sukarno and the central government, it is apparently less extreme and less blunt than earlier demands which reached the government indirectly.

Mohammed Roem, a leader of the anti-Communist **Masjumi** party which has been sympathetic to the rebels, has shown the letter to Prime Minister Djuanda. Although Djuanda considers Djambek's approach unsatisfactory, he is willing to think about it and may consult with Roem about it again. Djuanda mentioned--perhaps to indicate that the two sides are moving toward common political ground--that President Sukarno has definitely dropped the idea of bringing the Communist party into the cabinet.

Djuanda told Roem he doubted that the army would be interested in the Djambek letter. Army Chief of Staff General Nasution, however, has just assigned as consul general to Singapore a high-ranking army officer who may pursue covert explorations with dissident representatives there.

Although a negotiated settlement in the near future is unlikely, both sides may now be ready to explore with increased seriousness means of arranging a cease-fire and an eventual compromise.

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Possible Iraqi Countercoup

Dissatisfaction among some army officers with the over-all program of the Iraqi revolutionary regime has prompted "exploratory talks" regarding the organization of a countercoup. The "treason" trials of former military leaders has added to this dissatisfaction and has created sympathy for the accused. In the eyes of many officers these men were only carrying out orders, and it has become apparent to the officer corps that obedience to orders is no defense against possible treason charges. [REDACTED]

Cairo fears the Iraqi regime may be drifting too rapidly toward the left and away from UAR influence. The struggle between elements favoring union with the UAR and leftists and Communists fighting against such a union has seriously worried Nasir. [REDACTED]

[REDACTED] The UAR has been making strenuous efforts to dominate the policies of the Iraqi regime and to frustrate the goals of leftist nationalist and Communist elements, as well as those of Prime Minister Qasim, who apparently is cooperating closely with these groups. [REDACTED]

Should the internal situation deteriorate and public disillusionment increase, the regime might nationalize the oil industry in a bid for popular support, despite the economic and international implications of such a move. The threat of cutting off oil revenues might not deter the fanatic nationalists if they believed nationalization would be to their immediate political advantage. [REDACTED]

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### III. THE WEST

#### Venezuelan Military Coup Fails

The failure of a Venezuelan military coup on 7 September reflects the loyalty of the majority of the armed forces to junta President Larrazabal and the effectiveness of civilian strength as a check against a return to military rule. The revolt, which apparently was quickly suppressed, was led by officers recently exiled for involvement in the coup reportedly planned by former Defense Minister Castro Leon on 22 and 23 July.

An elaborate civilian organization has been developed since the ouster of dictator Perez last January to ensure the election of a constitutional regime next November and to guard against future military dominance of the government. It consists of labor, student, and political groups, some of which are armed and all of which can be mobilized rapidly for a display of force. The responsible top leaders in the structure may not in the future be able to control the radical and unruly elements, which could convert the organization into a force of anarchy and violence.

The divided armed forces, apparently reluctant to clash openly with civilians, have suffered a substantial decline in prestige and power in recent months. The military may still unite for a violent showdown with civilian groups before or after elections, however, if they feel their role in government is seriously endangered or that the junta has become captive to periodic mob action.

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LATE ITEM

Khrushchev Warns That Attack on Communist China Will Be Regarded as Attack on the USSR

Premier Khrushchev's letter of 7 September to President Eisenhower contains the strongest statement to date of Soviet support for the Chinese Communists in the Taiwan Strait crisis. Following a pointed warning against the danger of miscalculation, Khrushchev declared that "an attack on the Chinese People's Republic, which is a great friend, ally, and neighbor of our country, is an attack on the Soviet Union." He said that the USSR, "true to its duty," will "do everything," together with Peiping, "to defend the security of both states..." He warned that the Chinese People's Republic "has true friends ready to go to its aid at any moment in case of aggression... since the interests of the security of People's China are inseparable from the interests of the Soviet Union."

These blunt warnings are aimed at impressing upon world opinion the fact that the Soviet and Chinese Communist leaders are fully prepared for a major test of strength with the United States. Khrushchev probably believes these pronouncements will greatly increase the atmosphere of crisis throughout the world and induce America's allies and neutral governments, under pressure of public opinion, to bring heavy pressure on Washington to avoid any actions which might lead to large-scale hostilities.

Khrushchev's denunciation of American policy toward China and American actions in the Taiwan Strait crisis foreshadows the line of the Soviet attack in the forthcoming session of the UN General Assembly. The Soviet and Chinese Communist leaders probably believe they can exploit the Taiwan Strait crisis in an all-out effort to settle the question of Chinese representation at this session of the General Assembly. Khrushchev declared that "only the unrealistic position of the United States prevents the members of the UN from taking the only correct decision--to throw out the political corpse of the Chiang Kai-shek imposter and grant the representatives of great China their legal place in the UN."

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The Director

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