

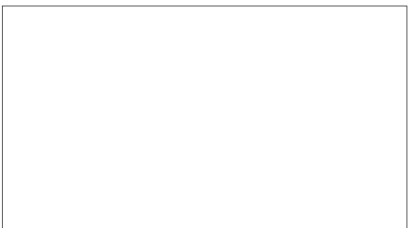
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9 October 1958

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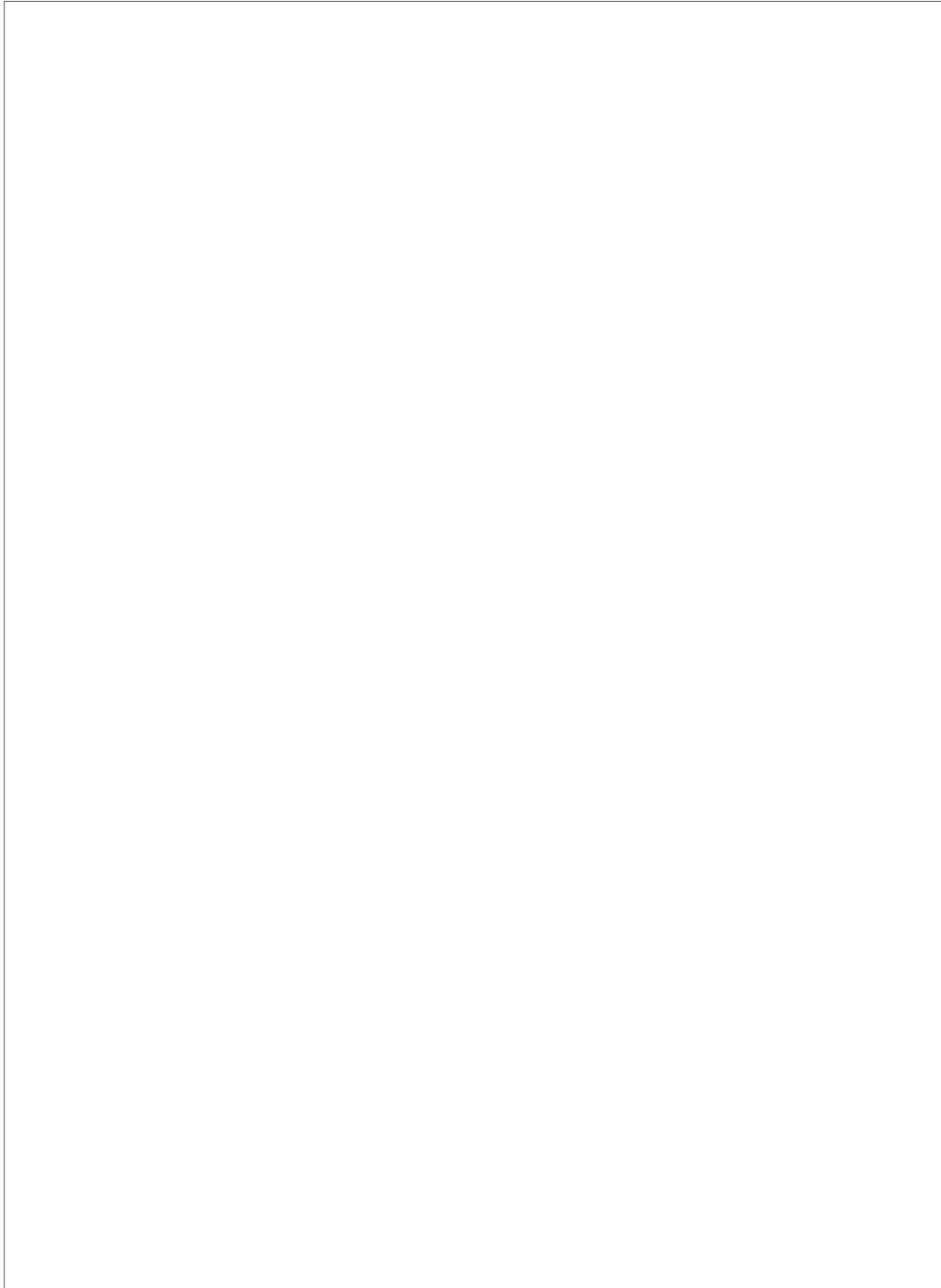
CENTRAL INTELLIGENCE BULLETIN



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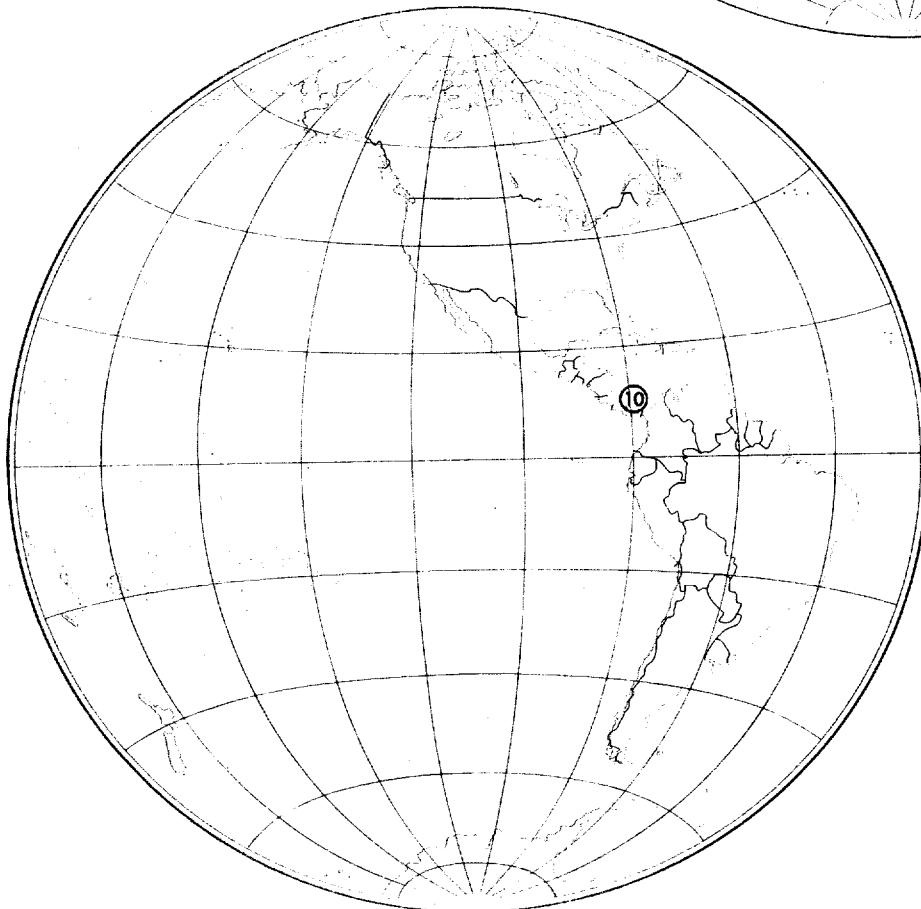
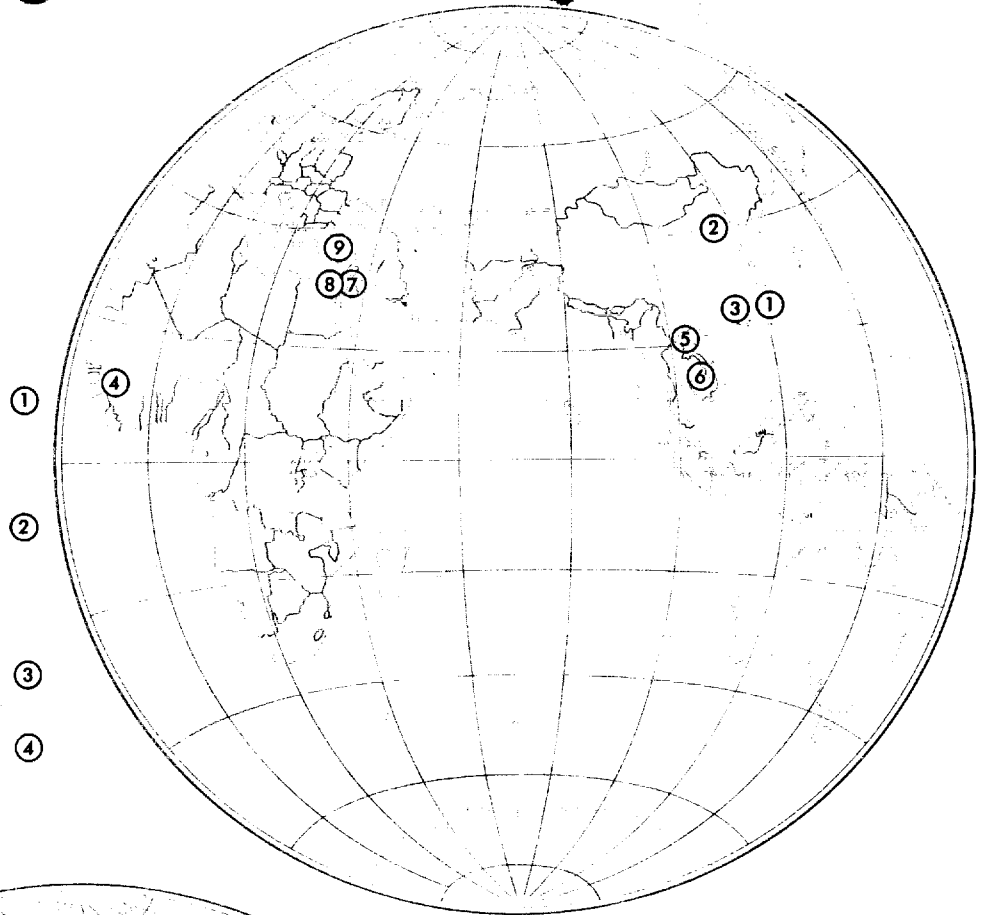
I. THE COMMUNIST BLOC

Taiwan Strait - Chinese Communist diplomat believes cease-fire can be prolonged and that "satisfactory" results are possible in Warsaw talks. Chinese Communist naval strength in strait area further augmented. [redacted]

Chinese Communists insist that any Afro-Asian UN declaration calls for US withdrawal from Taiwan. [redacted]

Chinese Communists reportedly threaten to send troops into Macao in event of serious disturbances between pro-Nationalist and pro-Communist Chinese on 10 October.

Chinese Communists recognize Guinea.

**II. ASIA-AFRICA**

- ⑤ Laotian Government may fall over monetary reform issue.
- ⑥ Cambodia to oust Chinese Nationalist representative.
- ⑦ Parliamentary attacks on Jordanian prime minister may be prelude to forcing his resignation.
- ⑧ Nasir trying to increase control over Syria through UAR administrative re-organization.
- ⑨ Turkish negative attitude threatens any progress made toward Cyprus solution.

III. THE WEST

- ⑩ Student strikes in Panama could lead to riots.

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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

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*Taiwan Strait situation: Communist China's ambassador in Moscow, Liu Hsiao, [redacted]

[redacted] "had reason to believe" that the cease-fire could be prolonged, provided American forces did not operate within Peiping's recently announced 12-mile limit. Liu went on to say that "it ought now to be possible for the Warsaw talks to continue and lead to satisfactory results." Peiping's 24th "serious warning" on 8 October called it "worthy of notice" that US "intrusions" ceased after 0600 hours on 7 October, but a 25th warning complained of intrusions in the Matsu and Pingtan areas.

The Chinese Communists continue to augment their naval strength in the strait area. [redacted]

[redacted] (Page 1) (Map)

no

Communist China: Foreign Minister Chen Yi, [redacted] recommended to the envoys of Arab and Asian states that a declaration on the Taiwan situation, which the Afro-Asian bloc in the UN was considering, should confirm Communist China's right to "liberate" Taiwan and the Penghus as its own territory, oppose the "US plot" to create "two Chinas," call for withdrawal of US forces from Taiwan and the strait area, and propose China and the US settle "their international disputes" through peaceful negotiations. Chen warned that failure to include these "principles" would cause Peiping to reject the declaration and might even lead to a dispute with the drafting nations.

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Most of the eight-nation drafting committee have agreed to urge the 28-nation Afro-Asian bloc not to take action on a declaration until the "effect" of the cease-fire becomes known. [redacted]

[redacted] (Page 3)

Watch Committee conclusion: 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.

no **NOTE:** No firm evidence is available that the Chinese Communist cease-fire will or will not be prolonged beyond the 13th, although there is a hint that it might be prolonged. In the event of resumed hostilities, the Communists would probably increase the intensity or scope of the attacks against the offshore islands. The possibility remains that the Chinese Nationalists, fearing a lessening of US support for their position, may take independent action to terminate the cease-fire or attempt to involve the US in hostilities. Available evidence fails to reveal that the Soviet Union has taken special measures to implement commitments to the defense of Communist China. [redacted]

no ***Macao:** Tension building up in Macao may lead to serious disturbances between pro-Communist and pro-Nationalist Chinese on 10 October, the Nationalist holiday. Nationalist sympathizers are infuriated by the Portuguese Governor's decision to ban ceremonial arches because of threats by local Communists to call a general strike and forcibly remove the Nationalist flags. The Chinese Communists reportedly have threatened to send troops into Macao and cut off its food and water supply in the event of disturbances. [redacted]

no **Communist China - Guinea:** Communist China's recognition of Guinea on 7 October, three days after a similar Soviet move, is another indication that the bloc intends to move rapidly to take advantage of the opportunity to increase Communist influence in West Africa. While the US and the UK

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have delayed recognition in deference to a French request, Paris has denied official communications facilities for congratulatory messages to Guinea Premier Sekou Toure. [REDACTED]

II. ASIA-AFRICA [REDACTED]

Laos: A developing political storm over monetary reform could bring down Premier Phoui Sananikone's government. The recent intrigues of ex-Premier Souvanna Phouma suggest that he hopes, in this event, to replace Phoui as head of a coalition government including the Communist-dominated Neo Lao Hak Zat. Rightist elements might attempt a coup with army support if faced with the creation of such a government. [REDACTED] (Page 5)

Cambodia: Phnom Penh's decision to oust Nationalist China's representative leaves the Chinese Communists virtually unopposed in their efforts to control Cambodia's influential Chinese population. This decision was almost certainly taken with the approval of Premier Sihanouk. [REDACTED] (Page 6)

Jordan: Prime Minister Rifai has been subjected to strong parliamentary attacks which possibly had support within the palace. This appears to be the first move in a concerted effort by Rifai's enemies inside and outside the government to force his resignation and pave the way for a more "popular" government. Pro-UAR elements would be tempted to take advantage of the political turmoil which could develop. [REDACTED] (Page 7)

UAR: Nasir's reorganization of the UAR administrative structure, which appears to have transferred potential Syrian troublemakers to Cairo, aims at increasing his control over Syria. He has removed several other Syrian officers

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from military posts by appointing them as members of the executive council for Syria. Troublesome but influential Vice Presidents Hawrani and Baghdadi have been retained, while conservative but less important Syrian nationalist Vice President Asali has been dropped. [redacted]

(Page 8)

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

NOTE: In Lebanon political and religious strife continue to endanger the stability of the country, and incidents could occur involving US forces.

30
The survival of the Jordanian regime continues to be threatened. If the regime in Jordan collapses, action by Israel and other neighboring countries to take control of Jordanian territory is likely. In Iraq internal conditions continue to invite action by the Communists and pro-Nasir elements to further their respective objectives. [redacted]

35
Cyprus: Talks under NATO auspices have been indefinitely adjourned to allow additional behind-the-scenes attempts to bring Greece, Britain, and Turkey together. Such progress as may have been made thus far is threatened by Ankara's current negative attitude and by its unexpected appointment of a new consul general to Cyprus. This leaves his predecessor as full-time Turkish representative to the Cyprus government and is a move certain to irritate the Greeks. [redacted]

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III. THE WEST

Panama: Striking secondary-school students appear to be gathering support from university students and labor unions in their efforts to enforce demands against the government. The situation is explosive and agitators could provoke riots with little warning in Panama City.

no

(Page 10)

*The following information was received from a reliable source in Panama City on 9 October 1958. The source stated that the situation in Panama City is becoming increasingly explosive. The secondary school students who are striking have been joined by university students and labor unions. The situation is becoming increasingly explosive and agitators could provoke riots with little warning in Panama City.

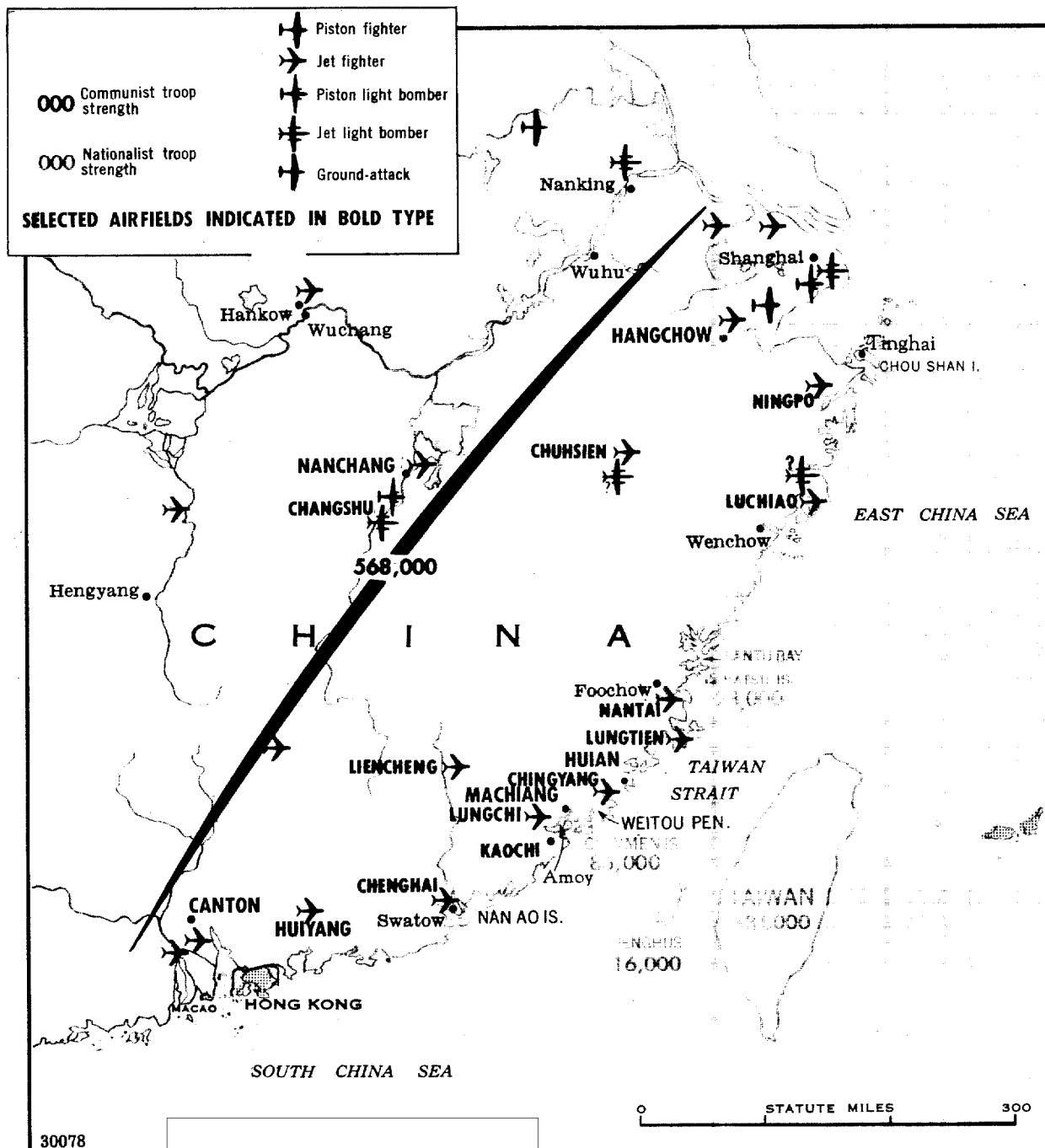
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I. THE COMMUNIST BLOC

Taiwan Strait Situation

Communist China's ambassador in Moscow, Liu Hsiao, [redacted] "had reason to believe" that the cease-fire could be prolonged, provided American forces did not operate within Peiping's recently announced 12-mile limit. Liu stated that the cease-fire had been ordered for seven days "in the first instance" and went on to say that "it ought now to be possible for the Warsaw talks to continue and lead to satisfactory results." He expressed Peiping's interest in a "peaceful solution" of its differences with the US.

Peiping's Foreign Ministry on 8 October issued its 24th "serious warning," charging that between 6 October and the early morning of 7 October US warships and aircraft "intruded China's territorial waters and airspace." The warning noted, however, that after 0600 hours on 7 October there were no US intrusions and called this "worthy of notice" as a response to conditions set in Peiping's recent cease-fire order. Later, however, a 25th warning complained of intrusions in the Matsu and Pingtan areas.

The Chinese Communists continue to move naval units toward the strait. [redacted]

[redacted] a movement of six Communist vessels, probably landing ships, from the Chou Shan Islands - Wenchow area. The presence of a command authority, possibly from Swatow, aboard one of these vessels suggests that their destination may be either the Amoy or Swatow area.

There is some evidence that patrol vessels in the Swatow area may be mounting 120-mm mortars. [redacted]

[redacted]

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TAIWAN STRAIT TALLY SHEET

Air Situation

(Losses claimed through 8 Oct)

	<u>Destroyed</u>		<u>Probably Destroyed</u>	
	<u>Today</u>	<u>Cumulative</u>	<u>Today</u>	<u>Cumulative</u>
Communist planes	0	28	0	4
Nationalist planes	0	5*	0	0

*Includes 2 C-46's, 2 F-84G's, and 1 F-86

Chinmen Supply Situation -
(Tonnage through 6 Oct)

	<u>Sea</u>	<u>Air</u>	<u>Total</u>
Delivery - 6 Oct	500	244	744
Totals (since 7 Sept)			5,743
Average Daily Rate for Sept			125
Average Daily Rate for Oct			390
Minimum Austere Daily Requirements			320
Cumulative Deficiency Since 7 Sept			3,593

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[REDACTED]

Mortars mounted on naval vessels most probably would be used against land targets.

Japanese Foreign Ministry officials differ on what Nationalist China would do if the US pursued a compromise with Peiping on the Taiwan Strait crisis. One group believes that ultrarightists in Taipei might risk a major attack against the mainland in a desperate attempt to disrupt the Warsaw talks and get the US directly involved in hostilities with Communist China. The second group, however, believes that some Nationalist leaders, including the Generalissimo's son, Chiang Ching-kuo, would be more likely to negotiate secretly with the Communists once they are convinced of US willingness to see the offshore islands demilitarized or turned over to Peiping. [REDACTED]

[REDACTED]

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Peiping's Views on Possible Afro-Asian Declaration

Communist Chinese Foreign Minister Chen Yi met with envoys of Afghanistan, Burma, Cambodia, Ceylon, India, Indonesia, Pakistan, and the UAR on 5 October and discussed a declaration which the Afro-Asian bloc in the UN was considering. [redacted]

[redacted] Chen recommended that such a declaration should confirm Communist China's right to "liberate" Taiwan and the Penghus as its own territory, oppose the "US plot" to create "two Chinas," call for withdrawal of US forces from Taiwan and the strait area, and propose that China and the US settle "their international disputes" through peaceful negotiations. Chen warned that failure to include these "principles" in the declaration would result in rejection by Peiping and might even lead to a dispute with the drafting nations.

On the same day, Chou En-lai "strongly urged" the Indonesian envoy that Djakarta stop its efforts on behalf of the declaration, commenting that the possibility of passing a resolution condemning the US is "very small."

The 28-nation Afro-Asian group at the UN had provisionally decided on 3 October to issue a declaration on the Far East. After the 6 October cease-fire, however, most members of the eight-nation drafting committee, including India, agreed to urge the larger group not to take action until the "effect" of the cease-fire became known. In any event, it is unlikely that a majority of the group would accept Chen's extreme proposals.

Peiping has become increasingly concerned that during the cease-fire a movement to neutralize Taiwan might gain momentum in the UN. However, Peiping's ambassador in Moscow has indicated that Communist China would be ready to shelve its claim to Taiwan temporarily if it could gain its "main objective"--evacuation of the Nationalist forces from Chinmen and Matsu. The Chinese ambassador [redacted]

[redacted] "for

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reasons of principle" Communist China had to insist that Taiwan belongs to China, but that it "would on the other hand raise no demands in relation to Taiwan as a condition for cease-fire and negotiations with the US regarding immediate problems." [redacted]

[redacted]

[redacted]

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II. ASIA-AFRICA

Laotian Political Situation

Prime Minister Phoui Sananikone touched off a political storm when he signed a monetary reform agreement with the United States on 30 September. While there was considerable opposition to reform in principle, assembly deputies are even more annoyed at Phoui's failure to consult with them prior to signing the accord. Leaks almost immediately undercut Phoui's efforts to keep the new dollar exchange rate secret until after the assembly adjourns on 11 October. Under public pressure, he now plans to present the issue to the assembly on 10 October.

Bitterness is strongest within Phoui's own party, the recently formed Rally of the Lao People (RLP), and ex-Premier Souvanna Phouma and assembly President Pheng Phongsavan apparently are maneuvering to bring down the government on a vote of confidence. Souvanna's frequent meetings during the last week of September with Souphannouvong, leader of the Communist-dominated Neo Lao Hak Zat, and with the leader of the leftist Santiphab party suggest that he may hope to head a government of national union. Reports continue to indicate that rightist elements backed by the army would launch a coup if faced with the creation of such a government.

Phoui's position, however, has been somewhat strengthened by public backing from the crown prince and the recent cooperation of Deputy Premier Katay. In addition, RLP deputies may fear that a vote against Phoui would probably split their party on the lines of the former Nationalist and Independent parties, thus leaving the leftist opposition in a pivot position in the assembly.

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Cambodia Ousts Chinese Nationalist Representative

The Cambodian Government's order to Nationalist China's unofficial representative, Consul Liao Chung-chin, to leave Phnom Penh within the next two weeks has removed the last rallying point for anti-Communist elements among the local Chinese. Communist China, which opened an embassy in Phnom Penh only last month, now is virtually unopposed in its efforts to gain control over the country's large and influential Overseas Chinese population. Phnom Penh's action last May abolishing the long-established, semi-autonomous Overseas Chinese administrative system had already removed a major obstacle to Communist subversion.

This latest step against Taipei was undoubtedly taken with the approval of Premier Sihanouk, possibly before his departure for the United States in early September. The issue may, in fact, have been decided in principle at the time of Cambodia's recognition of Communist China in accordance with Peiping's insistence on the concept of "one China." Sihanouk, who opposes domestic Communism, at the same time considers pro-Peiping sentiment among the approximately 300,000 local Chinese as insignificant.

Peiping has been overtly circumspect in its relations with Cambodia, but is making steady propaganda headway through educational and cultural media among the local Chinese. At least one Communist propaganda film is being shown daily in Phnom Penh and most provincial centers, and Radio Peiping recently has undertaken to augment its daily 30-minute Cambodian-language broadcasts.

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Developments in Jordan

Members of both houses of Jordan's Parliament on 7 October attacked the government's pro-Western policies and its harsh internal rule in a debate over the reply to King Husayn's speech from the throne.

In the House, a group led by Speaker Mustapha Khalifa demanded restoration of normal relations with the UAR and other Arab states, and the lifting of martial law and other emergency measures. Members called for immediate withdrawal of British troops, and insisted that Parliament had in no way agreed to the original request that the British come in. In the Senate session, which was closed to the public, Dr. Husayn Khalidi, a possible "popular" replacement for Prime Minister Rifai, is said to have made violent attacks on the government.

It is generally believed in Amman that the attacks could not have taken place without the foreknowledge and acquiescence of the palace, and that this is another sign the King is preparing to replace Rifai. Although the King himself was responsible for the decision to seek British intervention, it might suit Rifai's rival, Court Minister Majalli, to blame all unpopular features of present Jordanian life on Rifai. The King appears convinced that extensive cabinet changes are necessary before the departure of British troops puts the government back on its own resources. The King's recent conferences with opposition leaders further suggest that an attempt to form a government with broadened popular support is not far off.

King Husayn remains eager to depart for a "vacation" in Europe following withdrawal of British troops. His apparent determination to hold a public trial of conspirators who planned his overthrow early this summer could, however, arouse ultranationalist agitation and delay the British withdrawal.

Nasir's Reorganization of the UAR Government

The most important aspect of Nasir's reorganization of the UAR administrative structure appears to be the transfer of several potential Syrian troublemakers to Cairo and the removal of a number of Syrian officers from military posts. Baath leader Akram Hawrani, recently reported to be slated for dismissal, has been retained as a vice president and given the relatively unimportant post of UAR minister of justice with offices in Cairo. Amin Nafuri, former minister of communications for the Syrian Region, and former Minister of Municipal and Village Affairs Abd al-Karim, who may have been suspected of conspiring with Iraqi anti-UAR elements, also have been shifted to Cairo. These moves have eliminated from the Syrian scene two ministers who may have retained military followings there.

In the Syrian Region another ex-army officer was put in charge of enforcing the new agricultural reform law, while two other officers with army supporters were removed from military posts and relegated to the ministries of municipal and village affairs and social and labor affairs. In all three posts there are good chances of much public criticism and well-publicized failure. Syrian influence in what was once the Syrian army has been further reduced.

Hawrani's removal from the Syrian scene at a time when his long-cherished dream of land reform is to be carried out by his rivals appears to be another step in downgrading his Baath party, which has done much to promote land reform. Nasir may have wished to eliminate Hawrani altogether, but probably feared the possible repercussions in Syria at this crucial time. His decision to retain Abd al-Latif Baghdadi as a vice president may be considered in much the same light, while the dropping of the conservative Syrian nationalist, Sabri al-Asali, was facilitated by his implication in "anti-Syrian" Iraqi plotting.

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Cyprus

Following a brief meeting on 8 October the North Atlantic Council postponed discussion of the Cyprus issue indefinitely to permit further informal conversations.

At a meeting on 6 October, agreement seemed near on acceptance of NATO Secretary General Spaak's paper which called for a conference of interested parties in the Cyprus dispute. Britain announced acceptance and the Greek representative accepted with the provision that the ultimate status of Cyprus--following the interim British seven-year plan--could also be discussed by the conferees. The Turkish representative criticized the Spaak paper but agreed to seek further instructions from Ankara.

On 7 October, officials informed the American chargé in Turkey of Ankara's "last word" on the Turkish position. The Turks rejected the Spaak paper, refused to permit discussion of a final solution for Cyprus because of "the present climate of hostility," and declined to accept the suggested participation of Spaak, Italy, France, or the United States at the proposed conference. In addition, the Turks again questioned Spaak's impartiality and denounced NATO "pressure tactics."

On the same day, Turkish officials confirmed a press report that the Turkish consul general in Liverpool had been appointed consul general in Nicosia to replace Burhan Isin, who had recently been appointed the first Turkish representative to Governor Foot. Appointment of Isin to the additional post was a move by Premier Menderes designed to calm Greek fears that partition was being fostered by the British plan. This latest Turkish move will probably bring an angry reaction from Athens.

The present Turkish attitude toward a conference and the change in the status of Isin indicate that Foreign Minister Zorlu, advocate of a "tough" policy on the Cyprus issue, has apparently convinced Premier Menderes that the latter's conciliatory move in appointing Isin rather than another diplomat as Turkish representative, was in error. Zorlu's intransigent stand on matters of Turkish foreign policy could make further negotiations toward a Cyprus solution extremely difficult.

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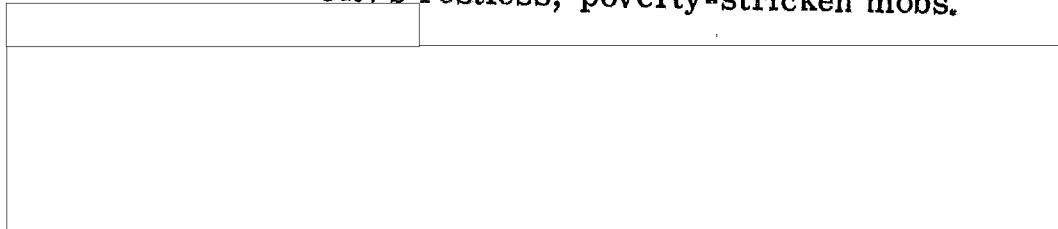
III. THE WEST

Panama

The Panamanian Government may be unable to contain growing support for the week-old strike of secondary-school students in Panama City. University students and labor unions are considering joining in the strike, which is aimed at restricting the power of the corrupt National Guard, the ruling oligarchy's main source of power and the country's only armed force. Although most university students oppose violence and the National Guard thus far has been careful not to provoke it, a few Communist and opposition agitators are actively encouraging violent action and some student groups are armed. Tension is high and a relatively minor incident could touch off bloodshed.

The striking secondary-school students seized control of Panama City's largest high school on 4 October. The National Guard promptly surrounded the school, but efforts to dislodge the students have failed. Opposition politicians are probably using student agitation in an effort to oust President de la Guardia. Communist student leaders are exploiting student grievances to enhance their influence in the ultranationalist student organizations, prime target of the weak Communist party.

If the strike becomes general, violence may break out before 13 October when the assembly is scheduled to take up legislation to limit guard power. Younger officers of the guard are displeased with restraints imposed on them by senior commanders in the face of provocation. During serious riots last May, agitators found how easy it was to arouse Panama City's restless, poverty-stricken mobs.



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