

20 September 1958

MEMORANDUM FOR THE RECORD

SUBJECT: Intelligence Briefing of Mr. Truman by the Acting Director of Central Intelligence, Wednesday, 17 September, in the Hotel Carlyle, New York City

1. The Acting Director of Central Intelligence, General Cabell, briefed Mr. Truman in the latter's suite in the Hotel Carlyle, New York City, for one hour beginning shortly after 10:00 a.m. on Wednesday, 17 September. General Cabell was accompanied by No other persons were present. This was the third intelligence briefing of Mr. Truman, the first having been given on 30 July and the second on 12 August.

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2. Following General Cabell's explanation of the prepared briefing's organization, Mr. Truman elected to read the text aloud (copy attached) and did read aloud almost all of the briefing on the Taiwan Straits before asking General Cabell to take over. Mr. Truman stopped his reading again and again to consult the maps and engage in discussion of points raised in the text. He expressed his pleasure with the maps and showed his own particular interest in artillery. He made many brief and colorful comments. On Chinese Nationalist mismanagement of the first convoy unloading, he observed "they would"; on Chinese Nationalists' success in an air engagement, "good"; on the danger of

State Dept., NAVY, PACOM reviews completed

unilateral action by the Chinese Nationalists against the mainland, "of course they want to get us into war." Mr. Truman exclaimed several times on the serious and dreadful nature of the situation as a whole, adding on one occasion that he did not know what the answer was.

3. During General Cabell's reading of the text on the Near East Mr. Truman commented on Nasir's untrustworthiness

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[Redacted] The briefing's reference to the danger of warfare between the Moslems and Christians in Lebanon led Mr. Truman to remark that the communal warfare in India was one of the worst things that had happened in his lifetime.

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4. As on the earlier occasions, Mr. Truman expressed warm appreciation for the briefing. He described the briefing text as not only an important document but one well done.

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Acting Assistant Director
Current Intelligence

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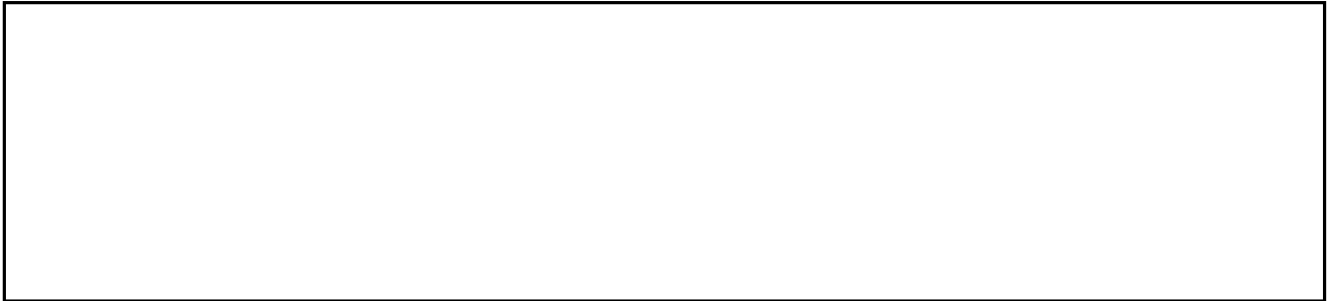
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Intelligence Briefing



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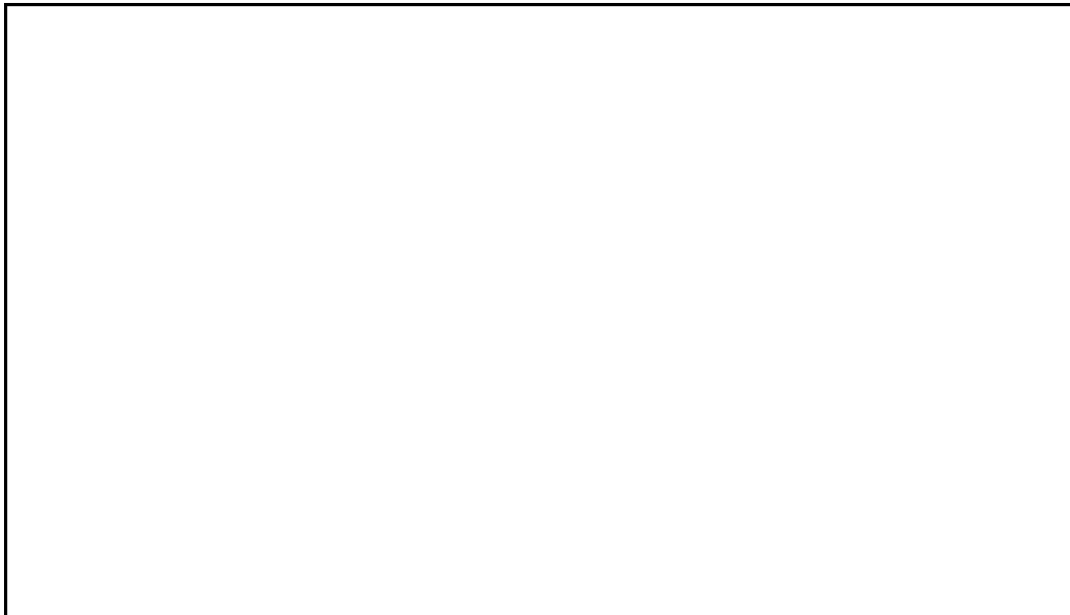
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INTELLIGENCE
BRIEFING

17 SEPTEMBER 1958

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CENTRAL INTELLIGENCE AGENCY



THE CURRENT WORLD SITUATION

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I. THE TAIWAN STRAITS

A. The Local Military Situation

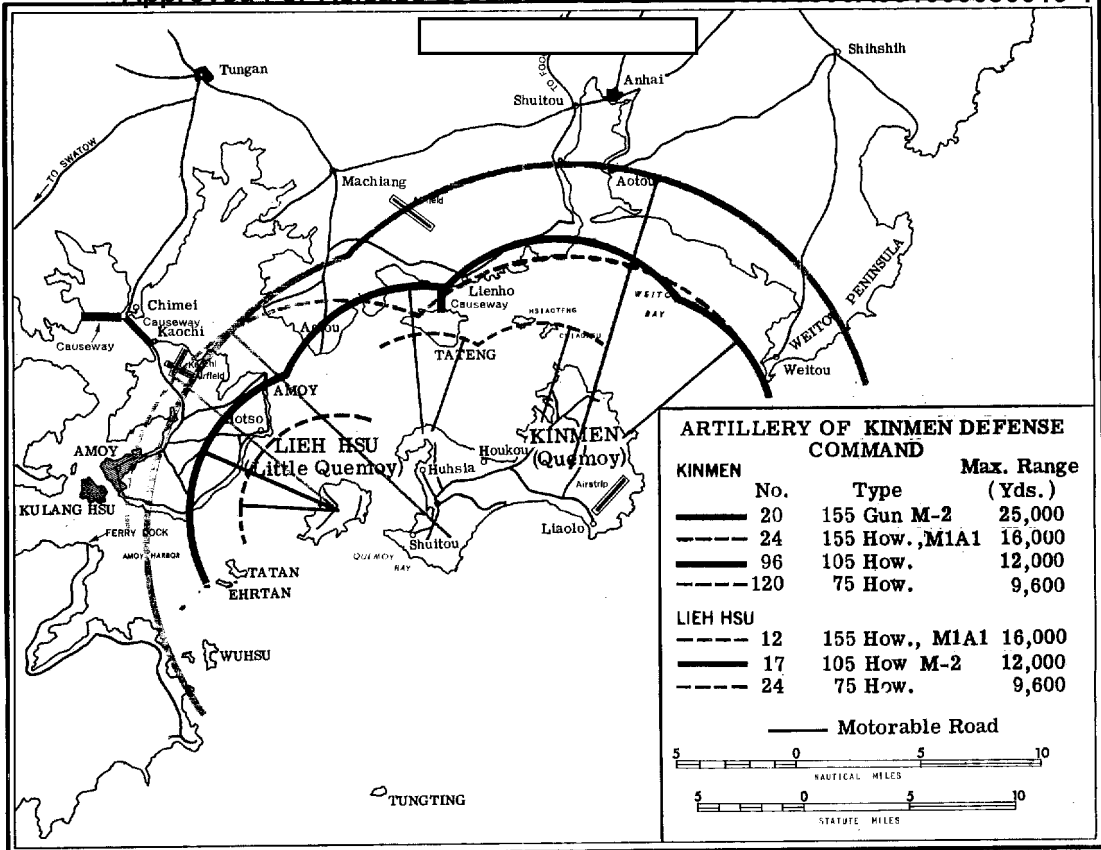
1. Since Communist China began on 27 July to deploy jet fighters to the coastal areas opposite Taiwan, there has been a steady buildup there of air, naval and ground forces.

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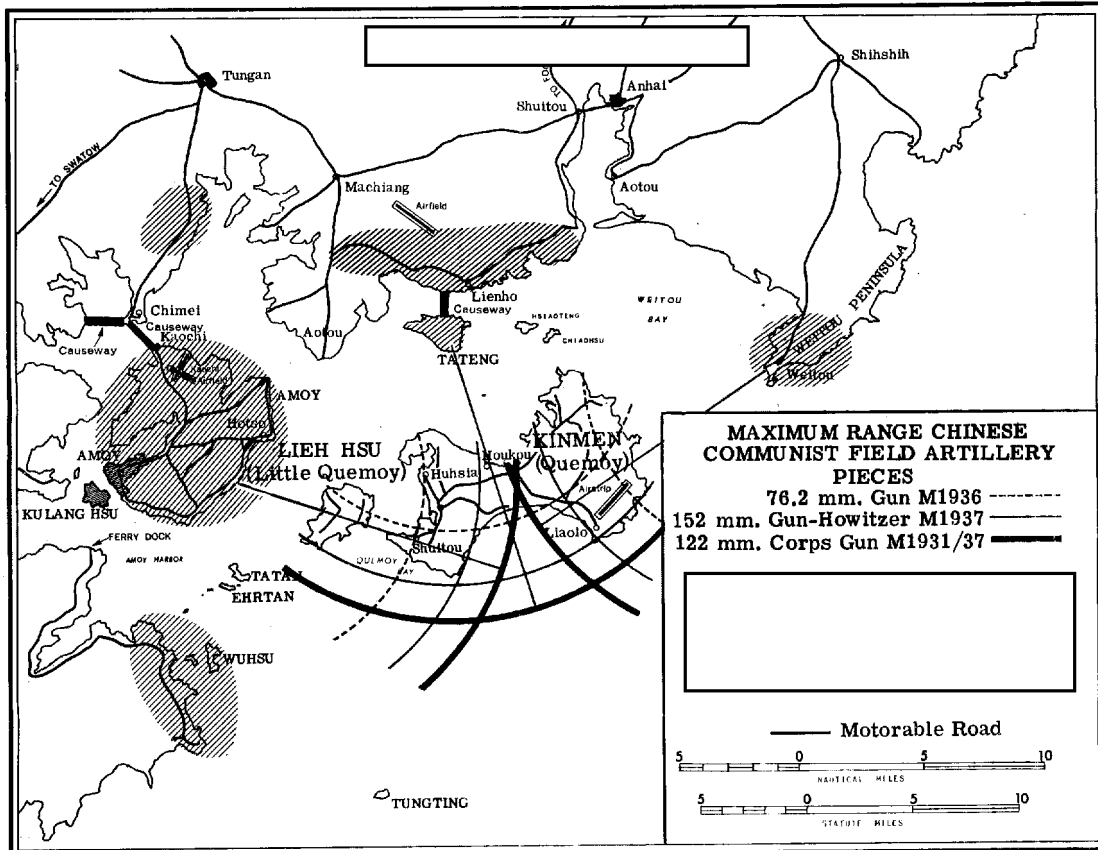
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2. With these moves the Chinese Communists achieved the capability to launch major attacks against the Chinmens, the Matsus, and smaller off-shore islands with little or no warning. So far, the Communists do not appear prepared for a major military action against Taiwan and the Penghus (Pescadores) but they now possess a capability for major air attacks against them.

3. On 23 August, the Chinese Communists began interdiction operations against the Chinmens. The airstrip and landing beaches on Big Chinmen were brought under artillery fire. Motor torpedo boats and larger gun boats were used at night against Nationalist supply convoys. Chinese Communist aircraft have not yet been used for interdiction,

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There have been no attacks against US convoy escorts; these have stayed outside the three-mile limit.

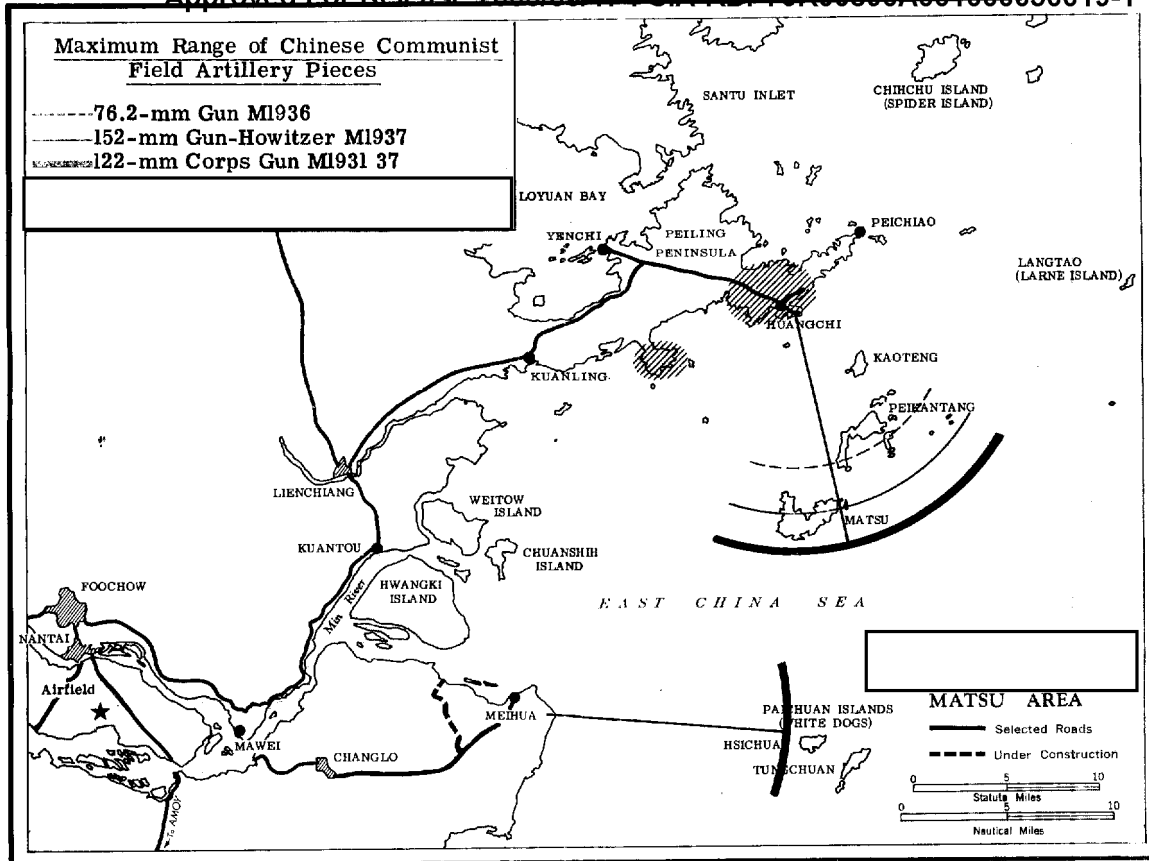
4. Communist artillery interdiction of Chinmen has been effective. The first US-escorted resupply ships, which went in on 7 September, were unmolested but the Nationalists mismanaged the unloading. Since then, four more attempts have been driven off by accurate artillery fire. The last two attempts on 13 and 14 September succeeded in landing some supplies and another on 16 September may also have done so. The Nationalists have been making limited air drops, mostly at night, but the total amount of supplies getting through by any means is very small. No US-escorted convoys have attempted night landings. Altogether since 23 August the Nationalists have landed less than 200 tons. The Chinese Nationalists' estimate of daily requirements of supplies of all categories is about 700 tons; we estimate that this requirement is 300 tons a day.

5. The Chinmen garrison's position will become critical in less than a month if the blockade is not broken. Chiang Kai-shek told Admiral Smoot on 12 September that if the US-Nationalist capability to land supplies on Chinmen did not show marked improvement in five days, "drastic steps would have to be taken." US military officials in Taipei, however, say that it is uncertain whether more aggressive Nationalist resupply operations could be successful over a long period. They doubt the ability of Nationalist artillery to silence the Communist guns, even with the use of 8-inch howitzers soon to be delivered to Chinmen.

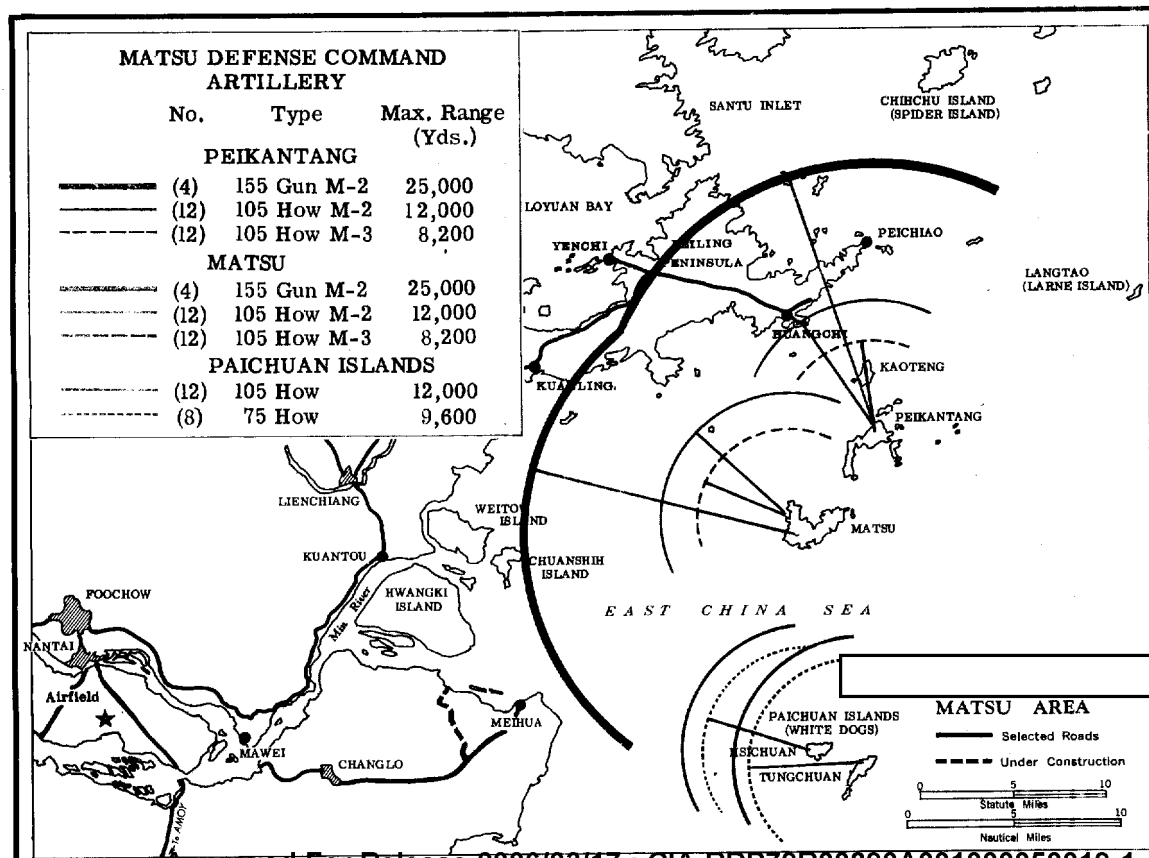
6. In contrast to the performance of the Nationalist navy, the Nationalist air force has done well during encounters with the Communists. A Nationalist reconnaissance mission on 8 September resulted in an air battle in which they shot down 5 MIGs, plus 2 probables, without any losses. The Communist pilots performed poorly and the Nationalists are confident of their superior training. They will probably do even better when they start using F-100 planes and Sidewinder missiles now being turned over to them.

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7. However, the present atmosphere in Taipei is disturbing. There is a danger that the Chinese Nationalists will initiate action against the Communists as a desperation measure. They may take steps designed to provoke hostilities between the United States and Communist China. Nationalist leaders are "dismayed" over the prospect of negotiations between the United States and Communist China. Chiang Kai-shek still asserts, however, that he will live up to his commitment not to attack the mainland without prior consultation with the US.

8. While the Communists have kept a tight artillery stranglehold on the Chinmens, they have refrained from interfering with Nationalist resupply of the Matsus, which has been done without US escort. The Communists have increased their capability to interdict the Matsus, particularly by naval action.

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The Matsus can also just be reached by the heaviest guns on a nearby peninsula, although the ocean approaches are in defilade.

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B. Chinese Communist Intentions

10. Communist military moves in the Straits area have been accompanied by propaganda of mounting intensity. In late August, Chinese Communist officials began to intimate that Peiping intends to take the offshore islands. Foreign Minister Chen Yi on 22 August stated that the US has "challenged us....We will take the offshore islands."

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Premier Chou En-lai said "we must not give in to the US or show fear." On 29 August, Peiping Radio said the Chinese people are "determined" to take Taiwan and the offshore islands. At the biggest mass rally ever held in Peiping, Politburo Member Peng Chen reaffirmed this statement.

11. Chou En-lai, in agreeing on 6 September to a resumption of talks with the US on the ambassadorial level, reaffirmed Communist China's "absolute right" to take the "necessary military action" against Chinese Nationalist forces on the islands.

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12. The Chinese Communist leaders are using the current situation to expand the regime's militia organizations. They are integrating them with the new "communes," which are communities containing as many as 40,000 persons and which combine industrial, agricultural, military and cultural functions. Militia organizations in the communes are designed to strengthen control over the peasants and provide a large organized labor pool for achieving the regime's ambitious production goals. The campaign to make "every man a soldier" was kicked off on a national scale on about 11 September. It is characterized by pledges from militiamen that they will fight the US "with arms in one hand and tools in the other."

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14. In Peiping's demonstrated mood of confidence and aggressiveness we do not see Chinese willingness to resume ambassadorial talks as a sign of weakness. Rather it is an indication that Peiping believes it can achieve its immediate objective through negotiations. They will very probably maintain their military harassment of Chinmen and their interdiction of its supply lines while the talks are underway. Thus the US will be negotiating under a very considerable disadvantage. Their present blockade of Chinmen, if allowed to continue, will make the island untenable. This puts the next move up to the US.

15. The US has a limited range of choices: it can allow the island to fall by attrition; it can assist the Chinese Nationalists to withdraw from the island; it can agree to Chinese Nationalist attacks on the mainland; it can undertake to maintain resupply of Chinmen by all-American convoys; or it can itself take the military action necessary to assure resupply of the island by the Chinese

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Nationalists. The first two choices might have serious consequences for the Chiang regime and would shake the confidence of other nations whose security has been guaranteed by the US. Any of the latter three courses of action eventually would probably involve US attacks on the mainland, and the US could be charged before world opinion with expanding the scope of armed conflict.

16. In pursuing this course, it is likely that the Chinese Communists are willing to take actions involving considerable risk of major armed conflict with the US. If US ships move close in-shore in the course of escorting Nationalist supply convoys, the Communists will probably not desist from their artillery barrages against unloading operations. If the US attempts to prevent by force the interdiction of supply, US forces so engaged will almost certainly be attacked within the limits of Chinese Communist capabilities. If the US were to announce that it would resupply

Chinmen with all-American convoys (supported by appropriate combat strength ready to defend against attack) we believe that the Chinese Communists would probably attack the US force, although there is a chance that they would not. In any event, the Communists will demand that world opinion condemn US aggression and force a political settlement favorable to Communist China.

17. Their propaganda is already attempting to establish justification for any shelling of US warships which might venture within Communist artillery range in the Chinmen area. In condemning US convoy operations, a People's Daily editorial on 12 September declared that Peiping cannot look on American logistic support of Nationalist forces "without taking action." The editorial warns that "artillery fire is not a merciful thing" and that the US must not blame Communist China for not having issued warnings. These warnings are publicly numbered by the Chinese Communists; the fifth was issued 13 September.

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18. In addition to the continued interdiction of Chinmen, the Chinese Communists might seize, with little or no warning, one or more of the smaller offshore islands. This would be calculated to fall outside the scope of any US commitments to the Nationalists and would serve further the Communist objective of eroding the Nationalist position. The effect would be further calculated as not prejudicing the Chinese Communist position of negotiation, but, rather, as increasing the international sense of urgency for a peaceful settlement and, at the same time, placing added political pressure on the US.

19. We do not believe, however, that they would deliberately challenge the US military by assaulting any of the major offshore islands in the near future. They probably feel such a move to be unnecessary because they believe the islands will fall or be ceded to them in any case.

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C. Political Moves

20. At the first meeting in Warsaw on 15 September negotiator Wang Ping-nan presented the Communist position. The US is to withdraw its forces from the Taiwan Straits area and agree that Chinmen, Matsu, Taiwan and the Penghus are part of Communist China. Chinmen and Matsu are to be "recovered", with the proviso that the Nationalist garrison will be permitted to evacuate unmolested. After gaining possession of the offshore islands, Peiping will strive to take Taiwan and the Penghus by peaceful means, avoiding the use of force for "a certain period of time."

21. The last point is a modification of the previous Communist refusal even to discuss any renunciation-of-force declaration concerning military operations against the Nationalists. However, Peiping will refuse to agree to any declaration or commitment which would compromise its position that the "liberation" of Taiwan, as well as the offshore islands, is an "internal" problem. That is, the Communist negotiator almost certainly has

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been instructed to refuse anything which smacks of "two Chinas."

22. It is clear that the Chinese Communists are in no mood for any negotiated settlement which would restore the status quo ante. If the negotiations fail to make progress they propose that the ambassadors confine their efforts to a preliminary airing of views and the establishing of ground rules. They will demand that substantive negotiations be transferred to the foreign minister level or to a heads-of-government meeting with Chinese Communist participation, and this may be their eventual objective.

23. If the Communists felt they had a good enough case against the US they might raise the issue in the UN General Assembly. A factor which would influence them against such a course would be fear that it might solidify UN opinion in favor of a "two Chinas" solution. The Chinese Nationalists contend that any US move to bring the Straits problem to the UN would be an acceptance of this concept. In any case, the USSR

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passed up its first opportunity to raise the issue of Chinese representation when it did not interject the issue into debate at the General Assembly opening session on 16 September. Instead, the Soviet delegation may press the question when India's request to hold a substantive discussion of the issue comes up for inscription on the assembly's agenda, probably within the next two weeks. Moreover, Sweden, with the support of Norway and Denmark, is expected to "go all out" at that time for admission of Communist China into the United Nations. However, if the Straits situation does not worsen, a narrow majority of UN members are expected to uphold the moratorium on discussion of representation at this time.

24. Previous attempts to seat Peiping have met with little response, largely because no formula for the future of Taiwan has been presented which is sufficiently attractive to weaken Western support for Taipei. Nationalist China's seat in the UN has been upheld for the past six years by the moratorium formula--a procedural device which

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postpones discussion of the issue and requires only a simple majority vote. Most UN members, however, believe Peiping must eventually be admitted and have supported the moratorium largely on grounds of expediency. Taipei's majorities have decreased steadily each year. Should the moratorium fail to pass, Taipei would not be able to command the two-thirds majority necessary to retain its seat. The West, however, can block Peiping from a two-thirds vote.

D. The Soviet Position

25. Whatever the forum, the USSR has committed itself heavily to support of its ally. During the last two weeks the USSR has given strong public support to the Chinese Communists. This is in sharp contrast to the position which the Kremlin adopted during the 1955 crisis over the offshore islands. At that time, the equivocal nature of Soviet pronouncements led us to believe that the USSR was restraining Peiping.

26. On 31 August the party newspaper Pravda warned that the USSR will give Communist China

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the "necessary moral and material help in its just struggle." On 3 September Izvestiya, the government paper, made the first reference to the 1950 Sino-Soviet Alliance asserting: "The Soviet Union, tied to the Chinese People's Republic by bonds of their inviolable fraternal alliance, fully supports this just struggle." Two days later, Pravda repeated its expressions of support: "The Soviet people will extend to its brother the Chinese people every kind of aid." It warned that no one--including other Asian countries--could count on the retaliatory blow being restricted to the offshore islands and the Taiwan Straits.

27. These increasingly belligerent statements led up to Premier Khrushchev's letter of 7 September to President Eisenhower, which established the present official Soviet position on the Straits crisis. After pointedly warning against the danger of "miscalculation," Khrushchev declared: "An attack on the Chinese Peoples' Republic...is an attack on the Soviet Union." He said that the USSR, "true to its duty," will "do everything,"

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together with Peiping "to defend the security of both states...." Soviet press and radio propaganda have since repeated Khrushchev's warning under such slogans as "Hands off China," and have developed the theme that military action against Communist China would start a "world conflagration." Starting on 11 September, a number of "spontaneous" mass meetings in the USSR to protest American "provocations" have been also reported by Moscow.

28. In spite of the tone of these warnings and the level of tension in the Straits area, we have no evidence that the USSR has ordered any of the military alerts and deployments which characterized its reaction to earlier crises in the Middle East. Also, we have not seen the increase in Soviet diplomatic activity, or in plants and feelers through unofficial channels, that we might have expected.

29. This lack of evidence of Soviet alarm supports our estimate that the Soviet public commitment--while intended to deter the US--was almost certainly made on the basis of calculations that

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activities in the Taiwan Strait area would fall short of provoking US intervention on such a scale as to call for overt Soviet military participation. We believe Moscow's view of the situation is based upon substantial knowledge of Chinese Communist plans and intentions. It is probable that the Soviet leaders, at least since the Mao-Khrushchev talks (30 July-1 August), have not only been informed, but have also concurred in Chinese Communist actions in the Strait area.

30. The Soviet leaders cannot be greatly concerned with the fate of the offshore islands, and, having less directly at stake than the Chinese Communists, may be inclined to favor a more conservative course. Their principal objectives are political--to discredit the US, to comply with the wishes of their Chinese ally, and to enhance the power and prestige of the Sino-Soviet Bloc. They believe that the opportunity to put the US in the dock under accusations of jeopardizing peace should be utilized to the maximum, and that support for the US would be far less

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than it was in the Middle East crisis. They also believe that if the US backs down from its position on the offshore islands or acts in defiance of world opinion, they will have inflicted a serious political defeat on the US.

31. While the Soviets probably do not wish to see the scale of hostilities expanded and the risk of their involvement magnified, they will be aware that the US may be led by Chinese Communist actions to engage Chinese Communist forces. If such hostilities are initiated, but limited to conventional weapons and confined to the mainland area adjacent to the Taiwan Strait, the Soviets would probably consider that the Chinese Communists did not require direct military assistance and would provide moral, political, and material assistance. Thus, they would almost certainly not intervene militarily, at least in an overt manner risking a direct confrontation of Soviet and US forces.

32. If hostilities continued for long, or particularly if they were expanded in area and

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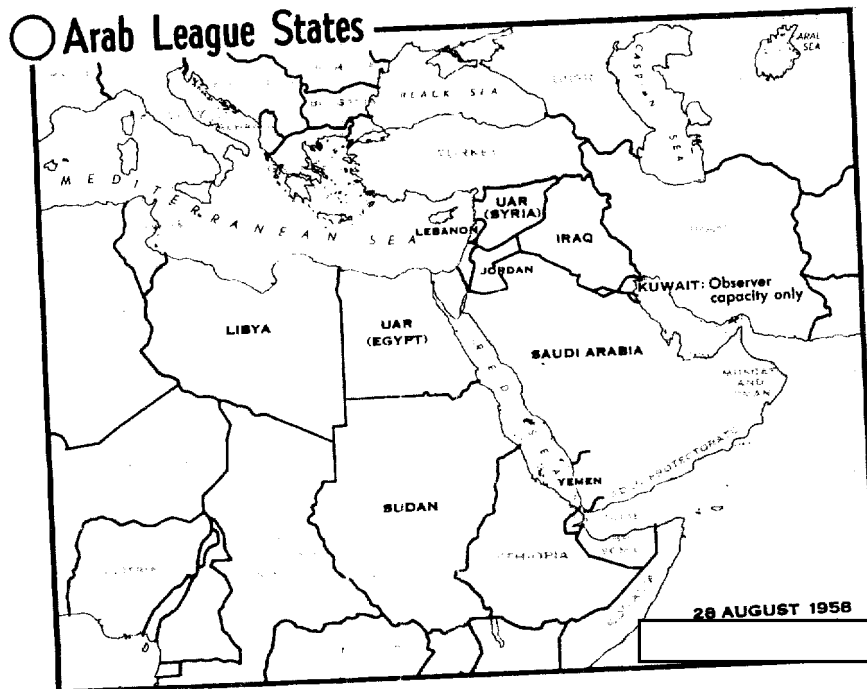
scale, at some point the Soviets would probably feel that they would have to go further in support of Communist China. With respect to Soviet reactions to the US use of nuclear weapons, much would depend upon the scale of the US attacks, the extent of territory over which they would be delivered, and the entire context of events. The Soviets might conclude that more could be gained at less cost and risk by exercising military restraint and leading a political campaign to condemn the US before world opinion. They would have many supporters. On the other hand, the Soviets might conclude that such a challenge could not be passed by without nuclear retaliation. Particularly if the US extended the area of nuclear attack for a considerable distance into mainland China, there would be a better than even chance that the Soviets would provide the Chinese Communists with capabilities for nuclear retaliation under Soviet control. And, at some point high on a scale of increasing damage and danger to the Chinese regime, the Soviets might directly

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attack US forces engaged in China, including the bases from which such forces were operating, in the face of the attendant risk of general war.

33. Thus regardless of their calculations, the Soviets have permitted Communist China to set in motion a train of events which neither party can bring under control without retreating from its present position. At the same time they have given Communist China what appears to be an unequivocal promise of military support.

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II. THE MIDDLE EAST

E. Lebanon

34. The internal security situation has eased considerably as a result of an understanding between the rebel leaders and President-elect Shihab.

35. The most critical period will occur after Shihab's inauguration on 24 September when rebel pressure on the general for key cabinet representation and other concessions will almost certainly increase. Although Shihab has sent representatives to Nasir and to Damascus to secure approval for proposed moves, the UAR has taken out insurance against possible failure on the part of Shihab to cooperate, by resuming shipments of arms and funds to rebel groups in Lebanon.

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36. Forces supporting outgoing pro-Western President Chamoun meanwhile are seeking more arms, with the intention of preventing Shihab from yielding too much to opposition pressure. Pro-Chamoun extremists may attempt to prolong the crisis in order to prevent the withdrawal of American troops. By the recent formation of a new party, Chamoun has created a personal political organization with which he hopes to continue participation in Lebanese affairs after he leaves the presidency. Should fighting break out anew after Shihab's assumption of the presidency, there is danger that the struggle will turn into sectarian warfare between Moslems and Christians.

F. Jordan-UAR

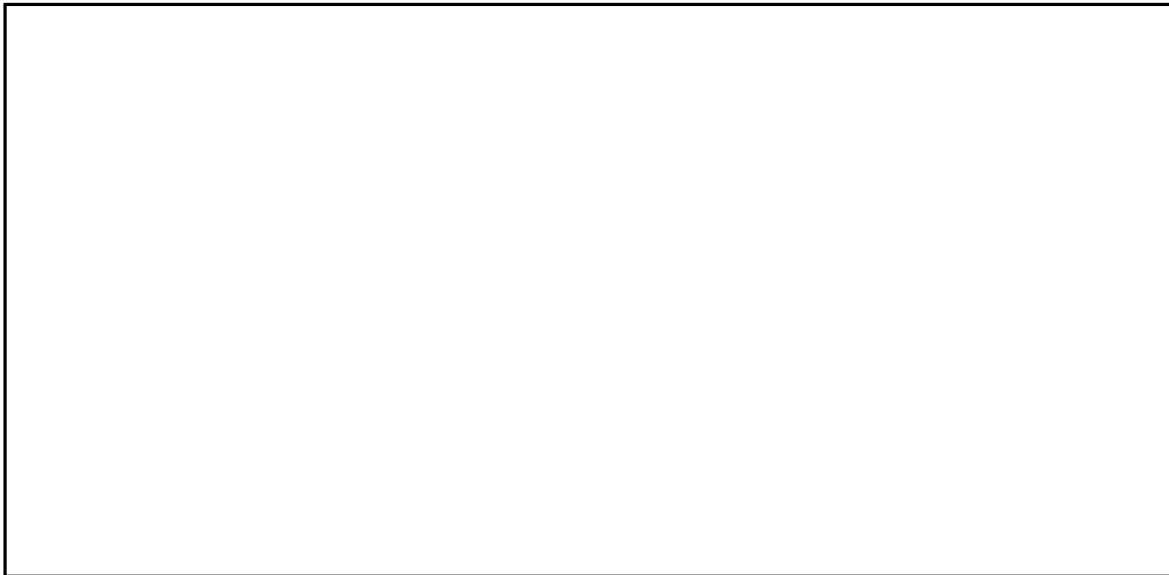
37. UN Secretary General Hammarskjold's effort to implement the 21 August UNGA resolution on the Middle East apparently has failed in its major objective. Nasir has refused to give adequate assurances of non-interference in Jordan. As a result King Husayn would not agree to withdrawal at an

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early date of British troops from his country. Nasir has also taken the position that the Assembly's resolution was intended primarily to expedite the withdrawal of Western troops; he has warned that severe tension would return to the area if their evacuation were not speedily arranged.

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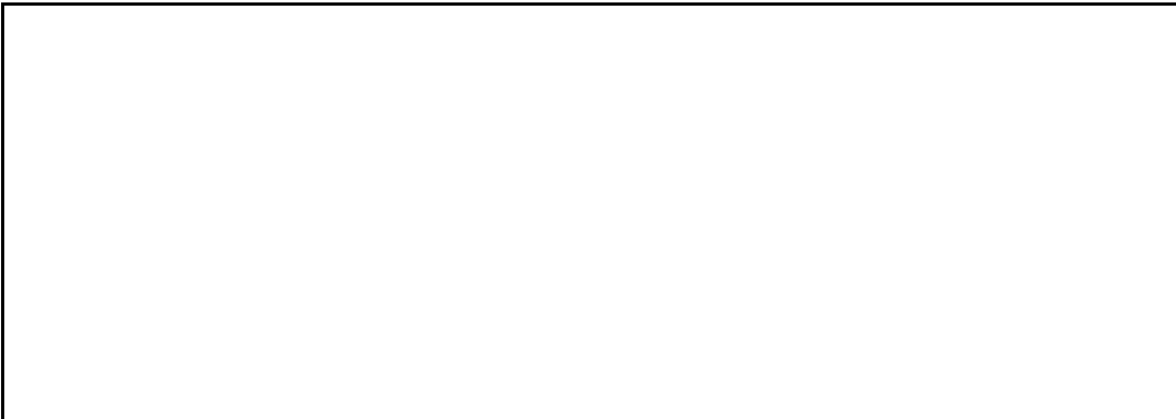


39. Increased friction has been reported between King Husayn and Prime Minister Rifai. This has led to speculation that the King may be induced to appoint a less authoritarian premier. Husayn would risk even greater instability in dismissing Rifai, however, unless he decided to seek some sort of accommodation with Nasir.

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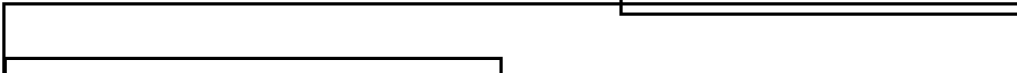
41. The recent decision of the Moroccan and Tunisian governments to join the Egyptian-dominated Arab League gives Nasir another significant victory. Membership in the League will now include all independent Arab states--including those which in the past have opposed him. While an expanded League might present certain restraints to Nasir, the UAR president appears increasingly to be without public challenge in the Arab world.

G. Iraq

42. Cairo is striving to increase its influence in the Iraqi armed forces

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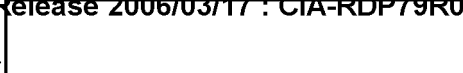
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Increased Egyptian influence in the armed forces would be used to strengthen the position of the faction, led by

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Vice Premier Arif, which favors Iraqi membership in the UAR. The Iraqi faction led by Prime Minister Qassim which favors a more independent association with the UAR is supported by the Communists who would be outlawed in a union with the UAR.

43. What appears to be the first overt move in the power struggle between the pro-Arif and the pro-Qassim factions in the ruling clique was the removal of pro-Nasir Vice Premier and Interior Minister Arif from his concurrently held post of deputy commander of the Iraqi armed forces on 12 September. Arif has thus been removed from the chain of command of the armed forces, while Premier and Defense Minister Qassim remains in overall control of the armed forces, and appears to be supported by the three-man Executive Council headed by President Rubai.

44. The new Iraqi government has been pardoning political prisoners and exiles of the old regime. Hard-core Communists are now active in various parts of Iraq. The government in a direct bid for the support of some 800,000 Kurds who

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live in northern Iraq has also pardoned Mulla Mustafa Barzani who led Kurdish revolts in Iraq and Iran from 1943-46 and then fled to the Soviet Union where he has been ever since. Mulla Mustafa is expected back in Iraq by the end of September. While Iraq hopes to use the Mulla, his return may instead spark a new wave of Kurdish nationalism, especially in Iran and Iraq.

H. Saudi Arabia

45. In Saudi Arabia no significant new developments have been noted. The situation, however, remains dangerously unstable.

I. Israel

46. Concern over Nasir's growing influence is leading to increasingly close military cooperation between Israel and Turkey.

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The Israelis are striving to establish a new balance of power in the Middle East by promoting cooperation among the non-Arab states in the area who fear encroachment by the 50 million Arab nationalists.

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47. An Israeli Foreign Ministry spokesman has informed the American Embassy in Tel Aviv that there has been a steady increase in Egyptian reconnaissance by both regular forces and terrorists in Israel since the Iraqi coup in mid-July. In publicizing the new infiltration, Israel may be building a case to support its current requests for arms aid. In the past such reports have often served as justification for Israeli retaliatory action.

48. Foreign Minister Meir has indicated that Israel may occupy Jordanian territory in the event of chaos in Jordan or the impending presence of the UAR in West Jordan. She has asserted that Israel could not risk waiting for overt UAR aggression and subsequent Western intervention. Mrs. Meir said that "a beautiful funeral...would do us no good."

J. Cyprus

49. Violence is expected to continue and probably will increase in intensity as Britain moves to put its new Cyprus plan into effect.

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The Greek Government and the Greeks on Cyprus refuse to cooperate in implementing the plan, which they regard as a first step to partition. Athens apparently prefers a moratorium during which negotiations would continue, but the Turkish and British Governments appear determined to push ahead with implementing the present plan.

K. Morocco

50. A governmental crisis seems imminent in Morocco. The left wing of the dominant Istiqlal party is attempting to wrest control from the moderates and to curb the powers and influence of the King.

51. Moroccans are becoming increasingly difficult on a new agreement covering the five US air bases. The Moroccan decision to join the Arab League is a manifestation of the growth of Pan-Arabism in North Africa, but the Moroccans probably will attempt to resist any extension of Nasir's influence.

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L. Tunisia

52. Pro-Western President Bourguiba is facing mounting dissension within his government and his Neo-Destour party for his dictatorial methods. Last week he in effect suppressed an influential weekly edited by a Neo-Destour "Young Turk" for criticizing a judicial decision.

53. The forthcoming negotiations with France over the status of Bizerte base will probably be difficult, and will reflect the continuously hardening North African nationalist position. This hardening as well as Bourguiba's fear of being isolated has induced him to follow Morocco's lead in joining the Arab League.

54. Tunisia's economic situation continues serious. Recent measures toward nationalization of industry are likely to discourage badly needed foreign investment.

M. Algeria

55. During August the Algerian rebels extended their sabotage campaign to petroleum storage facilities in France itself. The rebels,

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demanding independence from France, are now making an all-out effort to enforce a boycott by Moslems of the French constitutional referendum (26-28 September). Regardless of the number of Algerian votes cast in the French constitutional referendum, the rebels will continue their fight for independence.

N. Iran

56. The Shah has not put into effect prompt and dramatic reforms which might alleviate widespread dissatisfaction. Plotting and intrigue continue among military officers, as well as among urban intellectual and semi-literate elements. Another potential source of instability is Iran's Kurdish minority, 500,000 out of 19 million, which is located near the Iraqi and Soviet frontiers. [redacted] Baghdad has been attempting to incite Iranian Kurds to revolt against the Shah.

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III. SOUTH ASIA

O. Afghanistan

57. The Soviet Union's effort to expand its influence in Afghanistan is continuing. In addition to previously publicized economic and military aid, Moscow apparently has offered to finance the entire cost of a civil air development program in Afghanistan. This offer reportedly includes low-cost modern aircraft with Soviet crews, airports built at any location desired by Afghanistan, training of Afghan personnel, and establishment of a Kabul-Moscow air route. An agreement accepting at least a part of the Soviet offer will probably be signed during the mid-October visit to Moscow of Afghan Foreign Minister Naim.

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IV. SOUTHEAST ASIA

58. While there has been no Southeast Asian development of major significance during the past month, three countries continue to give serious concern.

P. Indonesia

59. The Indonesian army has taken some tentative steps to restrict Communist influence and is considering the postponement of the critical national elections scheduled for next year. But the army does not yet seem prepared to initiate the firm action necessary to arrest the basic trend toward Communist control of the republic.

Q. Laos

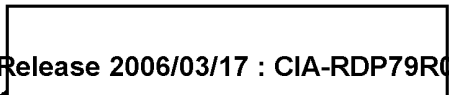
60. The disappointingly weak new government seems incapable of building grass roots support and thus undercutting the rapid growth of Communism in the provinces.

R. Cambodia

61. Cambodian Premier Sihanouk remains bent on pursuing his own brand of neutralism which is



now leaning more and more toward Peiping.
Sihanouk's continuing quarrels with neighboring Thailand and South Vietnam aggravate this trend.



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