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By	MMK NLDDE Date 9/3/14

THE WHITE HOUSE
WASHINGTON

STAFF NOTES NO. 409

August 22, 1958

1. Japanese Trade. -- (a) Chinese Communist officials made it perfectly clear to a visiting Japanese Socialist that so long as the Kishi Government pursues a "two Chinas" policy, there is no prospect for ending the Communist embargo on trade with Japan. Embassy Tokyo speculates that the Socialists may now mount a major campaign against the Kishi administration on its China policy. Kishi fears that widespread pressures for trade resumption will increase as Peiping begins to purchase formerly embargoed goods from Europe rather than from Japan; and he is therefore most anxious to find some way of expanding Japan's markets in Southeast Asia. (b) Foreign Minister Fujiyama has told MacArthur that he intends to discuss the urgent need for a cooperative arrangement to promote Asian economic development during his September visit to the US -- particularly now that the President has proposed a regional Arab development institution. (C)



2. Bulganin's Decline. -- Noting reports that Bulganin has been released from his post as State Bank Chairman, and that he is still very sick, Embassy Moscow thinks he may soon be ousted from the Presidium, if this has not already been done. (Admin. Conf.)

3. Soviet Information Control. -- Ambassador Thompson believes the Soviet leaders are convinced that manipulation of public opinion and denial of access to truth through jamming and censorship is essential for maintenance of their regime. Where internal security considerations are minor, we have a real hope of moderating their practice. Thompson considers remarkable the Soviet publication of full texts on most "summit" exchanges and the President's UN address. This relaxation is a long-term process of many ups and downs, with the present massive struggle against revisionism indicating a retrogressive period. Western pressures are, however, probably a minor factor

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in determining Soviet policy. (S)

4. Saudi Arabia and the UAR. -- Prince Faisal told the new Italian Minister in Jordan that the Saudis would accept some form of association with Egypt only if necessary to avoid a revolution. Faisal purportedly added that if in the future the Saudi people preferred a republic, he would not oppose the change -- provided it was not provoked by foreign subversion. He indicated good relations with Egypt were necessary to forestall any Egyptian attempt to absorb Saudi Arabia and other Arab countries as it has Syria. (S)

5. Moroccan Aid. -- When our Ambassador told the King that we were prepared to continue and expand our development aid, the latter expressed appreciation; but he stressed that Morocco cannot accept aid while there are issues in dispute with the US, and that therefore our assistance for the present must be either a loan (on "generous terms") or a "spontaneous gift" from the American people without any conditions. (S)

6. First THOR SM-75 Squadron. -- Construction is underway at Feltwell, England, for the first operational THOR site. Occupancy of the first building and three launch emplacements is scheduled for this month; and 79 RAF personnel have been graduated and returned to the UK. They will receive on-site technical assistance from a SAC training unit. However, the British Air Minister has asked that delivery of the first three missiles to the RAF Strategic Missile Squadron be delayed until after August 31. (S)



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