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4 May 1961

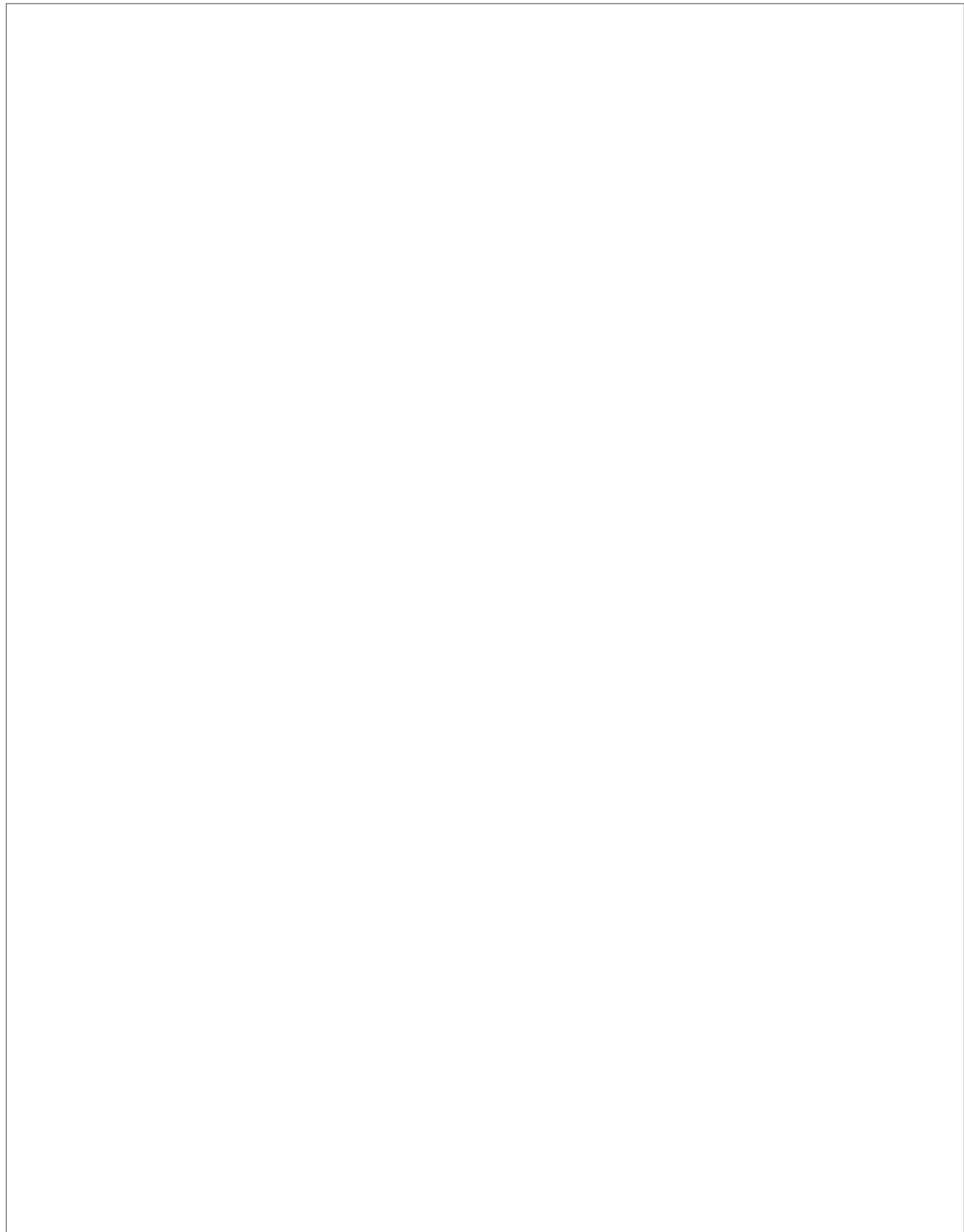
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# CENTRAL INTELLIGENCE BULLETIN



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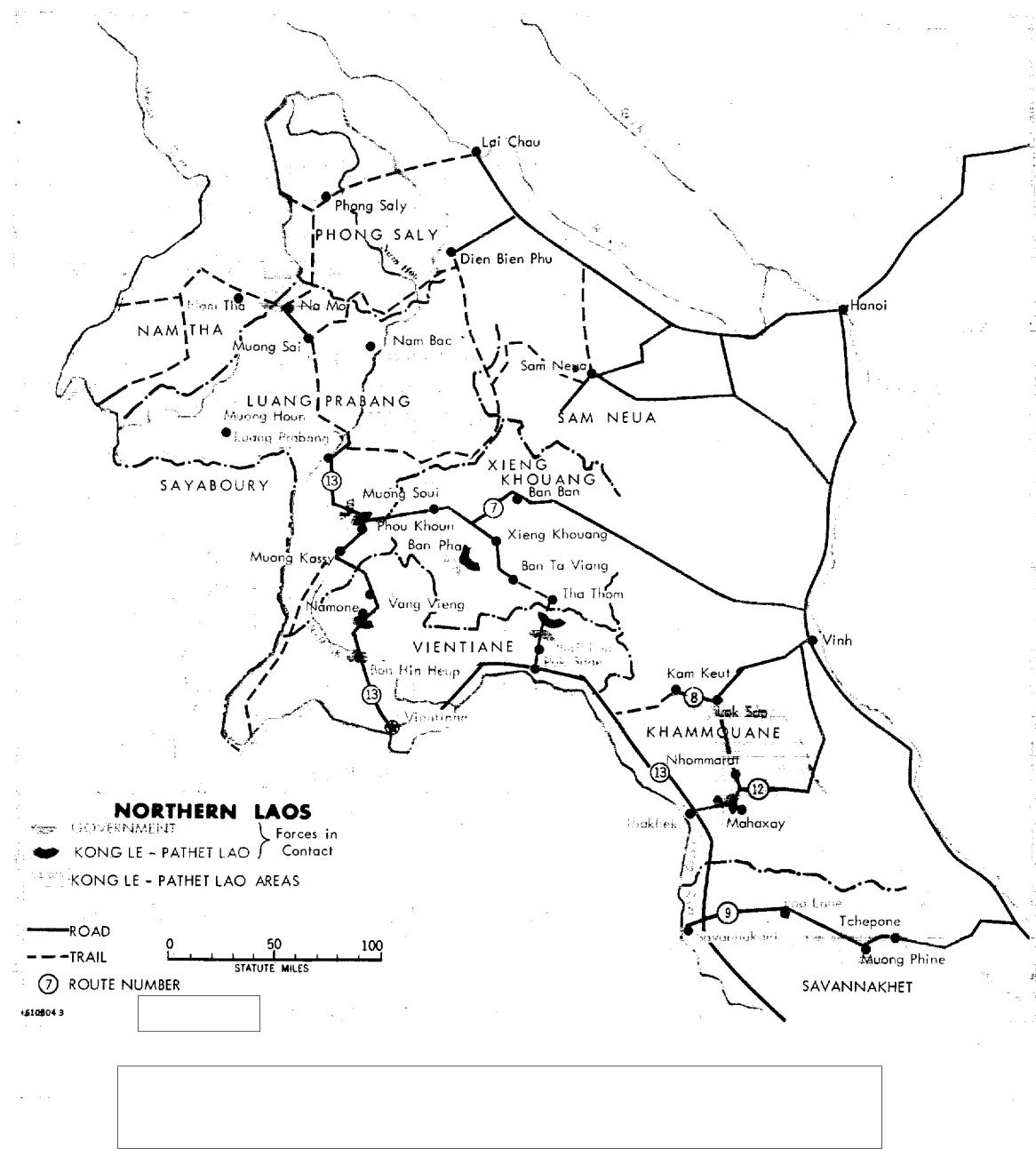
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## CENTRAL INTELLIGENCE BULLETIN

4 May 1961

## DAILY BRIEF

*Serial*

\*Laos: The royal government ordered its forces to cease all military activity on 3 May in response to the Kong Le - Pathet Lao cease-fire order. Ban Namone, the location proposed by Kong Le for a negotiating site, is in the area of the initial contacts between emissaries of the two sides and is acceptable to General Phoumi.

There is not enough information yet to judge the general response of Kong Le - Pathet Lao troops to the 3 May cease-fire. The local cease-fire in the area south of Vang Vieng continues in effect. Laotian Army sources claim that Pha Lane, in southern Laos midway between Tchepone and Savannakhet, was under attack early on 3 May, but the attack reportedly ended at 0700 that morning.

In a 3 May broadcast over Xieng Khouang radio, Souvanna Phouma proposed that all parties in the present crisis meet in Ban Namone on 5 May to negotiate political as well as military issues. He apparently envisaged that military and political delegations would conduct discussions separately but simultaneously. Souvanna stipulated that the political issues to be settled were the formation of a coalition government and a Laotian delegation to attend the conference at Geneva.

The Indian Government informed Ambassador Galbraith that the Geneva co-chairmen would issue instructions to the ICC on the night of 3 May to proceed at once to Laos.

Six soviet and North Vietnamese aircraft were engaged in airlift operations on 2 May--three Soviet LI-2s and three North Vietnamese transports. Eight Soviet IL-14s and two Soviet LI-2s made flights from Hanoi to Xieng Khouang on 3 May, and nine Soviet aircraft were scheduled for flights into Laos on 4 May.

(Map) (Backup, Page 1)

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The Watch Committee at its meeting on 3 May reached the following conclusion concerning Laos:

While the Communists appear willing to cease fire in Laos for the moment, they will insist that any political settlement in Laos reflect their dominant military position. The Communists will improve their military capabilities during a cease-fire and will be prepared to resume offensive operations at any time they become dissatisfied with the course of negotiations, provided they estimate that this can be done without incurring SEATO intervention. No military movements indicative of Chinese Communist intent to become involved in Laos have been noted nor is there any indication of a Soviet intent to become directly involved beyond the present airlift effort.

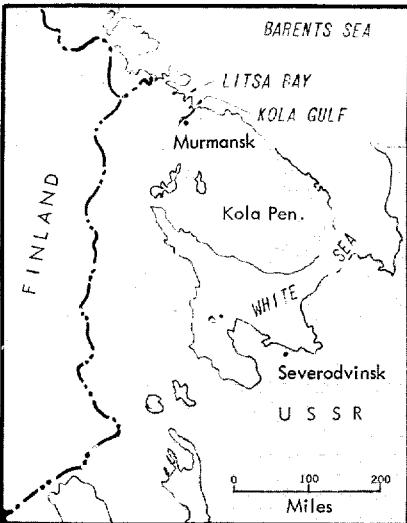
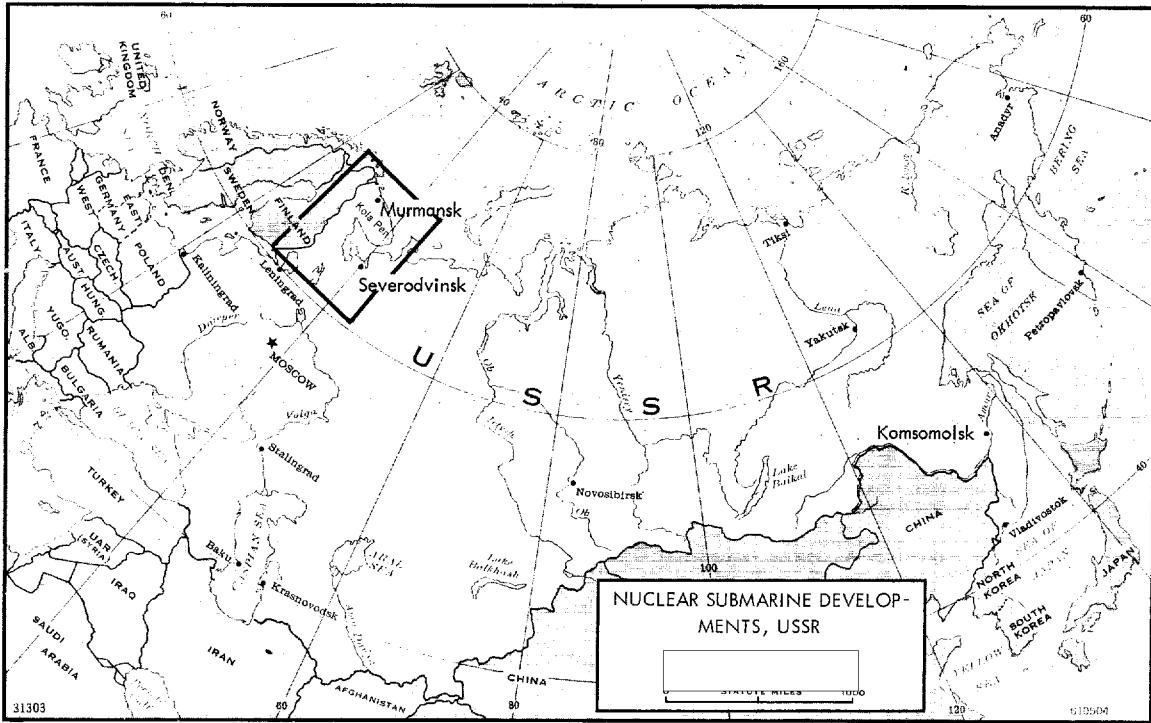
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Cuba: The regime is moving against private schools in Cuba following Castro's 1 May announcement that laws will be passed "in the next few days" to nationalize private and parochial schools and expel foreign priests. Ramiro Valdes, Communist chief of Cuban army intelligence, instructed his subordinate in Santiago, [redacted] to [redacted] "take over" the parochial schools with militia "in order to prevent sabotage in them." [redacted]

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There are some 250 parochial schools in Cuba, with a normal enrollment of about 130,000 students. The American-founded Villaneuva University was specifically slated for nationalization in Castro's May Day speech. The church has never exercised great strength in Cuba outside the educational field and has had relatively little political influence. Over 500 of Cuba's approximately 700 priests are non-Cubans, most of them Spaniards. Castro, in his speech, said "honest" foreign priests may remain in Cuba if they ask permission and said there is no reason why the Catholic Church cannot "coexist" with the new social system in Cuba, now that the "bourgeois republic" is disappearing.

Portugal: The cabinet changes made by Prime Minister Salazar on 3 May in the Foreign Affairs, Interior, Education, and Corporations ministries are a continuation of the reshuffle begun on 13 April when he took over the defense portfolio and replaced the overseas and army ministers. These changes reflect Salazar's determination to strengthen further the loyalty of the cabinet to his policies of maintaining the status quo at home as well as in Portugal's overseas territories. The replacement of Foreign Minister Marcello Mathias, who has been generally friendly toward the US, suggests that Portugal may take a tougher stand in its future relations with Washington. [redacted] (Backup, Page 2)

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USSR: Activity of the seven probably nuclear-powered submarines comprising the Northern Fleet's sixth division has been at a high level this spring. During the past two weeks, at least three of these units have been engaged in local operations in Northern fleet waters and one unit operated in

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the northern Barents Sea. The sixth division, which is believed based in Litsa Bay west of the entrance to Murmansk, probably includes all the nuclear submarines in operational status in the Soviet Navy.

In addition to the nuclear submarines estimated to be presently operational, at least one in both the Northern Fleet and Pacific Fleet areas are outfitting or are in trials and training status. As many as six additional probable nuclear submarines may be under construction at Komsomolsk in the Far East and an unknown number under construction at Severodvinsk on the White Sea. [Map]

**India:** New Delhi has reportedly contracted for the purchase of [ ] Canberra jet light bombers from Great Britain [ ]

[ ] Delivery of these aircraft, scheduled for completion by August, will bring the Indian Air Force's (IAF) fleet of Canberras to a total of 95, including 13 trainer and photo-reconnaissance versions. The purchase will draw down still further India's sterling reserves, now at an all time low of \$267,000,000, but the Defense Ministry argued that these planes were necessary to strengthen IAF capabilities in the northeastern frontier area opposite Tibet. High-ranking Indian officers continue to favor Western combat equipment, which must be paid for in hard currency, despite opportunities to deal with the bloc on more favorable terms and on a rupee payment basis.] No

(Backup, Page 3)

**Iraq-Oil:** [Alarmed over strained relations between the Iraq Petroleum Company (IPC) and the Iraqi Government, the company chairman, Lord Monckton, is personally taking over negotiations with Prime Minister Qasim. Both the IPC managing director and the company's chief representative in Iraq, who have conducted negotiations for two and one-half years since Qasim's assumption of power, have been publicly criticized by Qasim and vilified recently in the Iraqi press. The chairman's action is being taken under pressure from the] No

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French interests in IPC, who remain fearful that Baghdad might nationalize their 23.75-percent share.

Jordan: King Husayn intends within a month to appoint a caretaker cabinet to supervise elections, according to a source close to the King. Husayn told the British ambassador that the elections would be held in late June. The decision apparently is an initial step toward fulfillment of Husayn's plans for installing a more youthful and progressive government. Coming at this time, it probably also reflects the King's sensitivity about possible adverse repercussions from his announcement of his intention to marry an English woman.

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the prevention of demonstrations after the wedding plans were announced "even if it be for the purpose of rejoicing." While there reportedly have been some celebrations in Amman, the American ambassador reports an attitude of "dismay and bewilderment" among many Jordanians following Husayn's betrothal. The UAR's government-controlled press has been only mildly critical so far.

(Backup, Page 4) 7a

Ethiopia: Haile Selassie is carrying out his decision, announced last month, to finance army and police pay raises by reducing the salaries of civil servants. The reductions, amounting to as much as 20 percent of basic salaries with 50-percent cuts in allowances, will increase discontent among the educated younger officials who have been most critical of the regime. The action probably will also increase their resentment against foreign advisers, who are exempted from the measure, and possibly against the army and police whose recent agitation for higher pay precipitated the Emperor's decision. The civil servants may organize protest demonstrations. They may also try to hamstring government operations, but the Emperor's control will not be endangered as long as he retains the army's support.

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Panama: Although prompt action by the government effectively controlled recent pro-Castro demonstrations, Panama's

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internal situation, "while not imminently critical, is dangerous and potentially explosive," according to the American ambassador there. President Chiari has been concerned over evidence that revolutionary groups anxious to overthrow him are closely allied with pro-Castro elements and are probably receiving money via the Cuban Embassy in Panama. He doubts the ability of the National Guard, Panama's only armed force, to repulse strong opposition. Discontent arising from economic stagnation and unemployment provides fertile ground for political agitation in Panama. [redacted] (Backup, Page 5)

#### WATCH COMMITTEE CONCLUSIONS

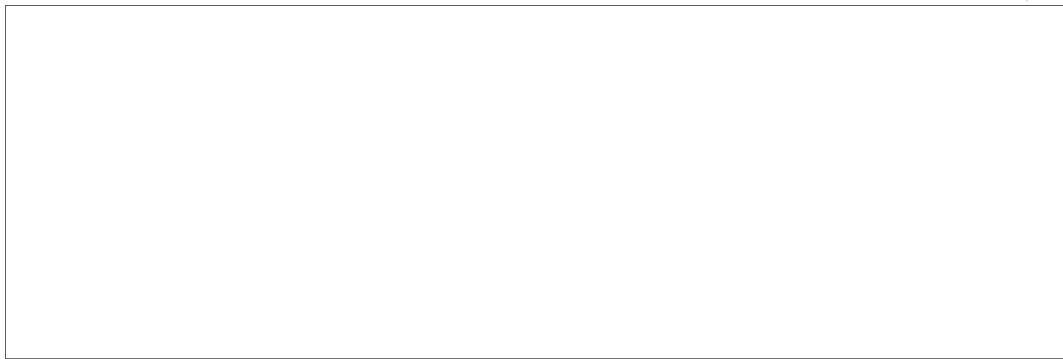
- A. No change from last week.
- B. No change from last week.
- C. Carried on page ii of Daily Brief. [redacted]  
[redacted])

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~~TOP SECRET~~Situation in Laos

Although there is no evidence [redacted]

[redacted] that Vinh and Dong Hoi are being used for staging or pass-over points for airlift flights in central southern Laos, such a function is possible. Prior to 22 April only individual Soviet aircraft were noted in infrequent flights to the southern part of North Vietnam. On that date, however, five LI-2s and five IL-14s were tracked by North Vietnamese air-warning facilities in the Thanh Hoa and Vinh areas. On 28 April four Soviet IL-14s were noted in round-trip flights between Hanoi and Vinh. All of this activity indicates increased deliveries to Pathet Lao elements in central and southern Laos. It is also possible that some of the supplies flown to southern North Vietnam may be destined for Viet Cong guerrilla elements in South Vietnam.

[redacted]  
[redacted]  
Indian preparations to move the ICC to Laos are considerably advanced. At the request of the Indian chairman of the ICC, the Cambodian ambassador in New Delhi asked his government whether it could, in the very near future, accommodate 200 ICC members for three days and transport them to Laos. The Royal Laotian Government on 2 April reportedly gave its approval in principle to the return of the ICC. [redacted]

The Chinese Communist Foreign Ministry yesterday charged that a Laotian government plane "intruded" into Chinese air space on 2 May, and said this "cannot but arouse the serious concern

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of the Chinese government." It stated that "the Phoumi - Boun Oum rebel clique must immediately discontinue such encroaching acts" or else "shoulder all consequences arising therefrom." The Foreign Ministry statement, not an unusually strong one for Peiping, is similar in tone to the many protests Peiping has made for the record regarding alleged violations of Chinese waters and air space along the east coast of China.

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~~CONFIDENTIAL~~Further Cabinet Changes in Portugal

The four new appointees to cabinet posts may all be considered individuals in whom Salazar has great personal confidence. The new foreign minister, Alberto Franco Nogueira, previously served as director general of political affairs in that ministry and has been one of Portugal's delegates to the UN. Interior Minister Lt. Col. Arnaldo Schulz has been replaced by Alfredo Rodrigues dos Santos. Schulz reportedly was a follower of General Botelho Moniz, whom Salazar dropped from the Defense Ministry as a result of Moniz' declared intention to press for certain reforms in the administration of African colonies even if it meant the removal of Salazar.

The appointment of Manuel Lopes de Almeida to the Education Ministry and Jose Goncalves Proenca to the Corporations Ministry brings "new blood" into higher levels of government. [redacted]

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[Redacted]

### India to Buy Additional Canberra Jet Bombers From UK

[The three operational Canberra bomber squadrons now active in the Indian Air Force (IAF) are deployed primarily to counter threats from Communist China and Pakistan on India's northern and northwestern frontiers. Additional Canberras will permit formation of a fourth squadron for full-time duty in the sensitive northeast area.]

[In choosing to buy more Canberras, New Delhi has in effect rejected Russian offers to provide Beagles (IL-28s), which could perform much the same mission and would cost less. One reason for this decision lies in the Indian military's belief that spare parts will continue to be available in the West--nearly three fourths of the IAF's jet strength is of British origin, while the rest is French.]

[The overriding consideration, however, appears to be political. In an effort to enlist Soviet support in the Sino-Indian border dispute, New Delhi is willing to buy transport aircraft from the Soviet Union for use on the Indian-Chinese border, as evidenced in the recent purchases of Cubs (AN-12s) and Crates (IL-14s). It is apparently not willing, despite the cost, to take the same gamble with regard to combat aircraft, the operational readiness and maintenance of which are more critical to India's defense.]

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### King Husayn to Install New Government

(King Husayn has expressed a desire to institute a "new look" in Jordan by reshuffling army personnel and weeding out incompetents from the government, in addition to appointing a new cabinet. However, he has had difficulty in getting the people he wants to associate themselves with his regime because of its unpopularity. Potential candidates will be even more reluctant now that he has exposed himself to new charges of subservience to "imperialism" by his betrothal to the daughter of a British military adviser in Jordan. The source, who is close to Husayn, believes the King will try to use the caretaker cabinet to attract new people whom he later may be able to persuade to become permanent ministers. The caretaker cabinet probably will include Court Minister Hasan Katib either as prime minister or foreign minister.)

(Husayn's engagement to "Muna al-Husayn," née Toni Gardiner, was opposed by Queen Mother Zayn, members of the present cabinet, and the British ambassador, but the King appears confident that no serious consequences will result from his decision. However, some Jordanians have said privately that he has made a serious mistake, and the American ambassador was struck by what he called the "muted" atmosphere at the palace the morning after the engagement was announced.)

(Cairo's Al-Akhbar newspaper, reviewed by Cairo radio, has called attention to Husayn's statement that he had "searched for love and warmth but could not find them." Al-Akhbar commented: "By this the King means that among the entire Jordanian people, he could find no one to offer him love and warmth in life, so he turned to the West to solve this family problem, just as it solves his other problems for him. He asked for the hand of a British girl in whom he found the warmth he missed in his own people and the love he could not find in Jordanian hearts.")

[Redacted]

[Redacted]

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~~SECRET~~Panama

President Chiari's failure to assert strong leadership after he took office last October encouraged disaffection in his own weak coalition and plotting by opposition groups. Recently, however, he has demonstrated some initiative in both planning and action and has asked the US for assistance to carry out widespread economic and social reforms as well as for materiel and training to increase National Guard capabilities.

Chiari and the rest of Panama's wealthy circle of ruling families, in their periodic struggles for control of the country, have traditionally exploited restless, impoverished urban groups. The illegal Communist party, known as the People's Democratic party (PDP), has been too weak and badly organized to capitalize on this situation. In the past year, however, radical elements apart from the PDP have received increasing encouragement and aid from Cuba and appear determined to start a revolution in Panama. Several of these radicals, like labor leader Andres Galvan, have been trained in Communist China and/or the USSR and may be the nucleus of a new, more effective Communist grouping in Panama. They are receiving cooperation from political figures like Deputy Thelma King, newspaperman Jorge Turner, and several known revolutionary agitators. The combined influence of this group could stir up the deep discontent which is never far below the surface, especially in Panama City and Colon, both adjacent to the Canal Zone.

The most active revolutionary group has mentioned May as the best time to attempt a coup. [redacted] described the Castro-backed chief of the same group as very discouraged by the rapid progress made in recent weeks by the government housing institute. The agitator felt its success would seriously undermine the potential for overthrowing Chiari, and he may believe that he must act soon before the President takes further action on his planned reforms or strengthens the National Guard. [redacted]

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Executive Offices of the White House

Special Counsel to the President

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

Chairman, Board of Consultants on Foreign Intelligence Activities

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The Secretary of State

The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

## The Treasury Department

The Secretary of the Treasury

## The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

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The Assistant to Secretary of Defense (Special Operations)

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The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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The Director

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