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22 March 1961

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CENTRAL INTELLIGENCE BULLETIN



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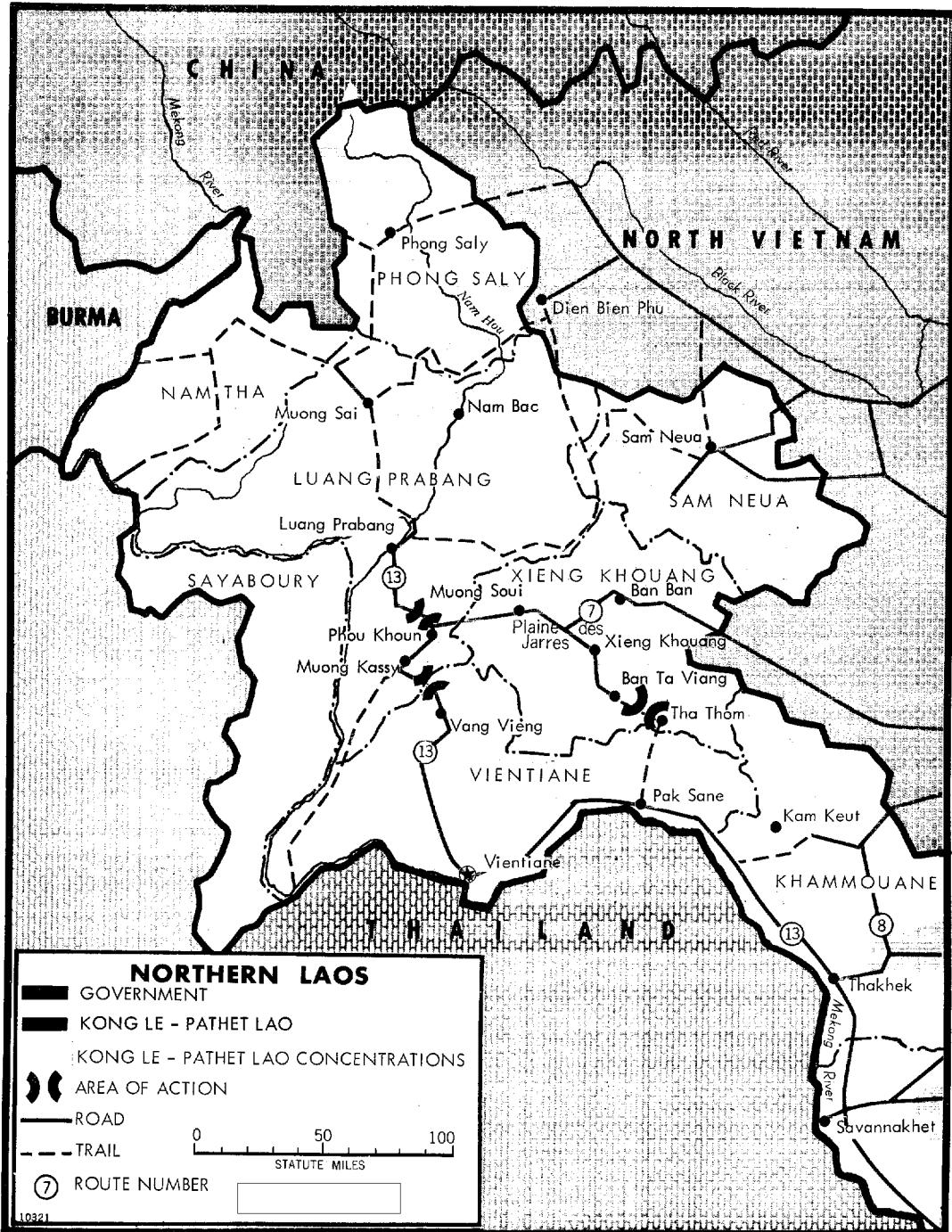
22 March 1961

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

1. Situation in Laos. (*Page i*)
2. Situation in the Congo. (*Page i*)
3. Korea: Pyongyang offers rice to South Korea in gesture contrasting shortages in South with economic progress in North. (*Page ii*)
4. Africa: All-African People's Conference to begin in Cairo tomorrow. (*Page ii*)
5. Rumania: Government reorganization concentrates power in hands of Gheorghiu-Dej. (*Page ii*)
6. Bulgaria: Intelligence authorities reportedly have uncovered "nationalist" opposition element within Bulgarian Communist party. (*Page iii*)
7. Ecuador: President Velasco's policies bringing about sharper division between pro- and anti-Castro elements. (*Page iii*)

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22 Mar 61 CENTRAL INTELLIGENCE BULLETIN Map Page

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CENTRAL INTELLIGENCE BULLETIN

22 March 1961

DAILY BRIEF

Laos: King Savang is meeting in Vientiane with the Boun Oum cabinet, apparently to consider new moves to end the crisis. Economics Minister Ngon Sananikone has remarked that a decision must be reached soon.

[In a conversation with Ambassador Thompson on 19 March, Soviet Deputy Foreign Minister Kuznetsov pressed hard for a fuller definition of US views regarding a neutral status for Laos and the composition of a broadened Laotian government. He inquired specifically if the US would agree to the inclusion of the Pathet Lao in a new government. Thompson gained the impression that the USSR will insist on at least some Pathet Lao representation in any broadened government.]

[Details are lacking on the reported capture by Kong Le - Pathet Lao forces of Kam Keut and a nearby outpost in Khammouane Province of central Laos, but the loss of these positions is having an unsettling effect on Lao army plans, and has caused the postponement of a change of commander to strengthen the Vang Vieng front.]

(Backup, Page 1) (Map)

Congo: Kasavubu, Ileo, and Mobutu apparently are unanimous that UN military forces should not be permitted to return to the port of Matadi, although they seem willing to allow the entry of civilian UN personnel and the unloading of nonmilitary cargoes. The UN Command is maintaining its conciliatory posture, but the Congolese leaders are nervous over the increase of UN strength in the Leopoldville area as Indian units arrive.

Concern in Leopoldville may become more acute as a result of press reports that Dayal is to return as UN representative. [Hammarskjold apparently expects that Dayal will]

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[redacted] return to the Congo for a short period in April but will leave about 1 May. On the other hand, the secretary general told Ambassador Stevenson on 20 March that he had not discussed the subject with Dayal.]

The American consul in Elisabethville believes that a program of recruiting South Africans for service with Tshombé's forces is well under way.

[redacted] about 70 recruits have arrived so far, apparently as replacements for the European "white legion," some of whose members have been reassigned to Katangan units, while others have withdrawn.

(Backup, Page 3)

(Map)

North Korea - South Korea: Capitalizing on recent exaggerated South Korean press reports of widespread food shortages, North Korea has offered Seoul about 75,000 tons of milled rice. This gesture is timed for maximum impact among the rural population in the South, where grain stocks are at their annual low point. North Korea, which claimed a record harvest last year, has repeatedly sought to contrast its economic progress with that of the South. Seoul has consistently rejected North Korean offers of relief in the past as obvious propaganda gambits.

(Backup, Page 4)

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Africa: The Third All-African People's Conference (AAPC)-- scheduled to meet in Cairo on 23 March--is likely to be held in a more extremist atmosphere than those in Accra in 1958 and Tunis in 1960. Although delegations to the AAPC are nongovernmental, the conference receives extensive publicity in Africa, the Near East, and South Asia. This year the situations in the Congo, Angola, South Africa, and the Rhodesian Federation will be the major objects of attack. The Cairo press states that Nasir will make a major address on the opening day of the conference.

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(Backup, Page 6)

Rumania: In a move paralleling earlier changes in East Germany and Czechoslovakia, Rumanian party leader Gheorghe Gheorghiu-Dej has added to his power by assuming the position

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22 Mar 61

DAILY BRIEF

ii

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of chief of state in addition to his present post as party first secretary. His appointment as chairman of the newly formed 17-man Council of State formally empowers him to intervene directly in all government operations. The personnel changes associated with the reorganization appear designed to concentrate power in the hands of Dej and those most closely associated with him. [] (Backup, Page 7)

Bulgaria: Long-quiescent "nationalist" elements in the Bulgarian Communist party have become active in the last few months.

[] Bulgarian intelligence authorities reportedly uncovered sometime in January an opposition element of middle-ranking party functionaries centered in Sofia and Plovdiv who were seeking to create pressure within the party for a change in regime policies. The group hoped to make Bulgarian policy less subservient to Soviet policies and more responsive to internal economic and social requirements. Because of the delicacy of the situation, the regime reportedly does not intend to exploit the matter by holding political trials or by taking extreme punitive measures. [] (Backup, Page 8)

Ecuador: President Velasco's vacillation on policy toward the Castro regime and relations with the bloc is contributing to a sharp division between pro- and anti-Castro elements. This conflict, which has been accompanied by organized demonstrations and reported plotting on both sides, may jeopardize the prospects for holding the 11th Inter-American Conference, which has been frequently postponed since 1959 and is now scheduled to begin in Quito on 24 May. Indications of an impending shake-up in the cabinet, which may include removal of Foreign Minister Chiriboga--leader of the anti-Castro faction in the government--suggest that Velasco is leaning toward the pro-Castro groups and has decided to strengthen his relations with Cuba. If Velasco moves toward stronger support of the pro-Castro faction, conservative elements are likely to consider action against the regime. [] (Backup, Page 9)

22 Mar 61

DAILY BRIEF

iii

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Situation in Laos

[In his interview with Thompson, Kuznetsov pressed for a meeting of the International Control Commission (ICC) and the convening of an international conference on Laos. He argued that the best solution would be a government under Souvanna Phouma. Foreign Minister Gromyko, in talks with Secretary Rusk on 18 March, declined to spell out Soviet views on such substantive points as a cease-fire, elections, and the status of the Laotian king and parliament and repeated that it was necessary to begin with an international conference.]

[This unwillingness on the part of Soviet officials to go beyond procedural matters regarding the ICC and a conference probably reflects Moscow's belief that any Bloc commitments on the terms of a political settlement would be premature as long as the military situation remains favorable to the Kong Le - Pathet Lao forces and while the Vientiane government shows signs of increasing readiness to pay a high price for a settlement.]

[United Nations representative Messinesi in Laos has suggested to Ambassador Brown that with the breakdown of Lao government talks with Souvanna Phouma, the time had come for some other means of establishing contact with the Pathet Lao. His thought is that King Savang should appoint some impartial figure to contact Pathet Lao leader Souphanouvong to get him to meet with Souvanna and General Phoumi in Phnom Penh to arrange a cease-fire, a caretaker government or a new government, and some means of providing an international guarantee of Laos' neutrality. Messinesi feels that Souphanouvong might be willing if it were pointed out that while the military situation currently favors the Pathet Lao, the trend might be reversed as a result of additional American aid.]

[Messinesi did not indicate that he intended to advance this idea to the Laotian government, although this is a possibility. Any contact by Vientiane with the Pathet Lao probably would be through Former Finance Minister Inpeng, who was designated by Souvanna Phouma to remain in Phnom Penh to act as contact point with the Boun Oum government. Souvanna has also said]

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[that he would alter his travel plans and return to Phnom Penh at any time his presence is needed.]

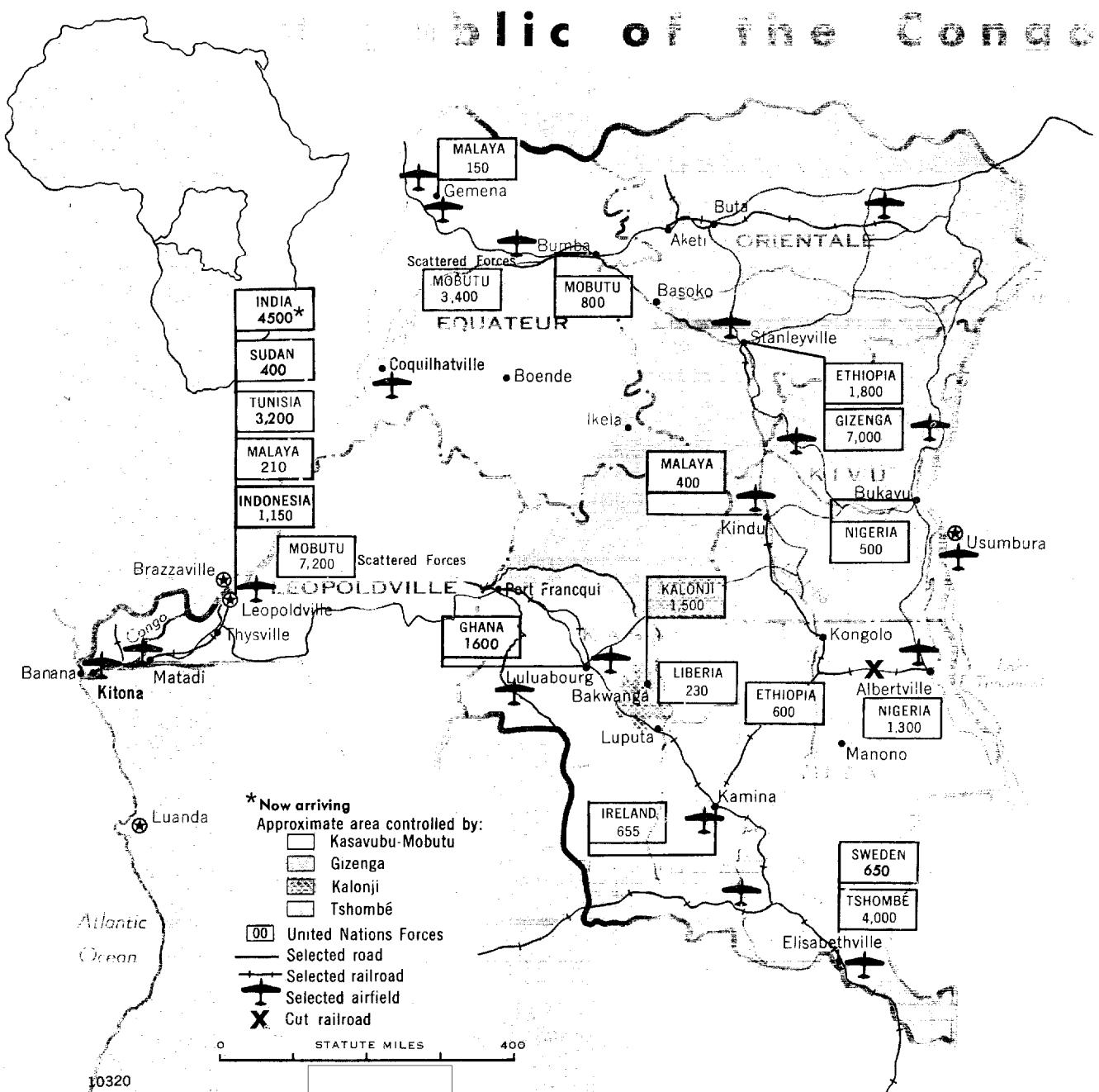
Souvanna, now in India, apparently is counting heavily on gaining Nehru's key support for the convening of a 14-nation conference on Laos. While the Indian government is convinced that Souvanna is the only man now capable of bringing together the opposing factions in Laos, its position has been all along that the immediate return of the International Control Commission to Laos would be the quickest way to quiet the fighting and prepare the way for national reconciliation. Having met with scant success in this direction, however, India may well be willing now to accept Moscow's proposal for convening the ICC in New Delhi to prepare position papers for a 14-nation conference that would follow.

[In the military picture in Laos, there has been little change in the situation along the Vientiane - Luang Prabang highway. These periodic lulls indicate that the Kong Le - Pathet Lao forces may be overextending their resources in fighting on widely separated fronts. The Lao army's lack of aggressiveness has enabled the enemy to consolidate each gain and to achieve sufficient logistical buildup to support further advances.]

[However, the efforts of Kong Le - Pathet Lao troops against government forces in the Tha Thom area in southern Xieng Khouang Province continue to be hampered severely by Meo guerrilla bands operating in the enemy's rear area.]

[the "very fierce" nature of these guerrillas, [ur-
gent appeals for additional troops and weapons from the Plaine des Jarres.]

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[The white South Africans may be used as a "praetorian guard" for Tshombé and his associates. According to an earlier report, one of the organizers of the South African unit asserted that the unit would remain intact. Other recruiters in South Africa reportedly signed up pilots and ground crews for the jet aircraft which were shipped into Katanga last month but have yet to be assembled. Although the South African Government appears sympathetic to Tshombé's regime, it may discourage these recruiting efforts in view of its own needs.] ()

Pierre Mulele, Gizenga's principal representative in Cairo, summed up his activities [] Com- menting on his recent trip to Moscow, Mulele stated, "In general, our friends are ready to give all material aid and technicians which we need." Commenting that the aircraft requested by Gizenga are "at our disposal," he stated that the mission is making arrangements with "friendly African countries" to attain "a rapid and happy solution" to the problem of overflight. Neighboring territories such as Sudan have shown no weakening in their opposition to the granting of overflight privileges, and countries such as Ghana and Guinea which might allow bloc aircraft to stage into the Congo are too far away to permit the shipment of significant amounts of material assistance.

Mulele also urged Gizenga to "calm General Lundula"--apparently a reflection of reports that Lundula was willing to negotiate with Leopoldville authorities. He further asserted that the Cairo mission was sending agents back to the Congo to subvert the supporters of the Leopoldville regime. []

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North Korea Offers Rice to South Korea

Pyongyang's offer of rice to South Korea is the latest in a series of aid proposals all designed to stir popular agitation for increased North-South contacts and foster dissatisfaction with the Chang Myon government.

[redacted] Pyongyang officials anticipated a wave of South Korean riots over food shortages in April. These officials, [redacted] were convinced that South Korea's economic difficulties will force eventual reunification of the peninsula on Communist terms.

Last August, North Korean Premier Kim Il-song proposed a confederation of North and South in which each would keep its own sovereignty while working out economic and cultural cooperation. Kim's speech was followed by an unprecedented propaganda campaign detailing proposed remedies for southern economic problems. Among these specific proposals have been offers to rebuild the city of Seoul completely, to construct housing for 100,000 South Korean families, to build bridges and factories, and to set up numerous joint North-South committees to consider scientific and cultural matters.

Annual spring food shortages in South Korea have developed earlier than usual this year because of typhoon damage to crops last year. The American Embassy in Seoul, however, reports after a survey of two of the most affected southern provinces that grain deficiencies are not as serious as Seoul press accounts suggest. Local officials have indicated they have some resources and are taking measures to cope with the problem. They believe that receipt of anticipated additional supplies of food will prevent the shortages from becoming critical and provoking serious unrest. One official noted that the uncertainty generated by inflammatory press reports from Seoul was more likely to cause discontent than the immediate problems to which the people are accustomed.

The shortages are more a problem of distribution than of supply. A gradual release of rice stocks held by speculators and the arrival of barley financed by US aid have contributed to

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a slight decline of grain prices in Seoul. In addition the National Construction Service program now under way is expected to help avert a rural crisis by providing employment on public projects.

Pyongyang's offer, however, is almost certain to stimulate further the small but vocal minority of South Korean intellectuals and students who are propagating the idea that unification based on a vague formula of Korean neutralization offers the only solution to the nation's chronic economic difficulties. The Chang Myon government is aware of the danger of growing public sentiment for some direct contacts with North Korea and has indicated some willingness to be more flexible in an effort to convince the public it is doing all that is possible to satisfy desires for unification. [redacted]

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Third All-African People's Conference

The first AAPC was held in December 1958 at the initiative of Ghana's Nkrumah and provided an opportunity for a general expression of African desires for independence. Attendance totaled about 300, representing approximately 60 nationalist groups from most of Africa's independent nations and dependent territories. The second meeting at Tunis in January 1960 was highlighted by harsh criticism of the US and the European colonial powers and by an implied approval of violence as a means to win independence. Attendance at the second conference was less than 150 delegates, representing political parties and trade unions in 30 states and territories.

At the forthcoming meeting, the independence of still dependent territories will again be the paramount issue, despite the achievement of that goal by many African states since the last conference. The number of delegates and the organizations represented is expected to show a further decline. Delegates from the Casablanca powers (UAR, Ghana, Guinea, Mali, Morocco), however, will probably seek to maintain their pose as spokesmen for Africa by leading denunciations of the West, apartheid, and UN ineffectiveness in the Congo. Observers from Sino-Soviet bloc countries can be expected to attend and lobby vigorously, especially with delegates from territories still under European control.

[Nasir's speech is expected to be more than a routine address and may set forth his detailed views on Africa and the Middle East. Nasir is convinced that American policy in these areas is designed to "isolate" him. In such a mood, his speech is likely to contain many criticisms of the US.]

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~~CONFIDENTIAL~~Rumanian Regime Reorganization

Chivu Stoica has been replaced as premier by Ion Gheorghe Maurer, who has also been named vice chairman of the Council of State. Stoica remains one of four party secretaries and will presumably administer the party's political apparatus under Dej. Gheorghe Apostol, appointed first deputy premier, will be the principal executive officer for government affairs. Gheorghiu-Dej, Stoica, Apostol, and Maurer have been close associates since the 1930s, and their political power seems unassailable at the present time. The remaining two vice chairmen of the new Council of State are former Foreign Minister Avram Bunaciu and Stefan Voitec, formerly a deputy premier, who has also been selected president of the National Assembly and will serve as Gheorghiu-Dej's liaison to that body.

The government reorganization represents more than a consolidation of political power. It appears to be a part of Rumania's first step in the transition from a "people's democracy" to a "socialist republic," an achievement which has been claimed publicly among European satellites only by Czechoslovakia. On 5 March, Gheorghiu-Dej announced that Rumania required a new constitution which would reflect "profound changes," since the present constitution was drafted 12 years ago. On 21 March the recently elected Grand National Assembly, after approving the government reorganization, established a committee to draft this new constitution.

In recent years, Rumania has enjoyed political stability and has maintained the highest economic growth rate of the bloc. Progress in industrialization and in the socialization of the land--83.7 percent of arable land is now in the socialist sector--has been continuous in spite of the continuing low standard of living and problems of low productivity and poor quality of goods. The regime has adopted an ambitious economic plan for 1961. [redacted]

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"Nationalist" Opposition Group Uncovered in Bulgarian Communist Party

There is potentially wide support for nationalistic policies both in the Bulgarian party and among the people, but such sympathies have been manifested only occasionally since the purge of "Titoist" party secretary Traicho Kostov in 1949. [The recent manifestation of nationalism has been abetted by disunity among the Bulgarian leaders. There is some evidence that even prior to the Moscow conference last fall, the Sino-Soviet dispute had resulted in differing views at the top levels. According to an unconfirmed report, politburo member Chervenkov --an advocate of hard-line, "leftist" policies and never in good favor with Khrushchev--has in recent months stated his disagreement with current Soviet policies and with the way in which party first secretary Zhivkov implements Soviet directives. He reportedly has urged Bulgarian "neutrality" in the Sino-Soviet dispute.]

The "national" Communists apparently believe a more flexible approach than that being taken by the regime is needed if Bulgaria's chronic economic problems are to be resolved. Although at least the leaders of this group apparently have been apprehended, sympathy for their positions and agitation within the party for reform will probably continue. The need for agricultural reforms, for example, remains an area of grave concern to the regime, and the party central committee is scheduled to meet on 30 March in plenary session to consider the agricultural problem. The foreign trade deficit, although reduced during 1960, is also a major problem.

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~~SECRET~~Dissension in Ecuador Over Policy Toward Cuba

Former Minister of Government Manuel Araujo, a close friend of Velasco, is reportedly organizing a clandestine group composed of Communists and leftists to promote a Castro-style revolution in Ecuador. As the principal spearhead of the pro-Castro forces, he may have coordinated his plans with top leaders in Cuba, where he recently spent three weeks. Araujo has also made a concerted effort to force the resignation of Chiriboga since late February.

Velasco has not only publicly praised Araujo but has apparently cultivated the good will of Cuban diplomats in Ecuador. He has recently made various public statements tending to favor the Castro regime, which is supporting Ecuador in its boundary dispute with Peru.

The anti-Castro forces, aroused by the leftist drift in Ecuadorean foreign policy, have petitioned for a break in relations with Cuba. Some moderates, under the leadership of former President Ponce, have been considering plans for the ouster of Velasco, which might receive some support from both retired and active officers of the predominantly anti-Castro armed forces.

[redacted] some key officers exerted pressure on Velasco last December to obtain the resignation of Araujo. Although the government adopted a cordial attitude toward Soviet Ambassador to Mexico Bazykin during his unofficial visit to Ecuador from 7 to 12 March, the public was hostile and anti-Communist groups managed to launch some anti-Soviet demonstrations despite an official ban on such activities.

Other threats to the success of the 11th Inter-American Conference are the prospect that Castro will attend and that Ecuador will insist on discussing its boundary dispute with Peru. This issue may touch off violent demonstrations.

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The Director for Intelligence, The Joint Staff

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