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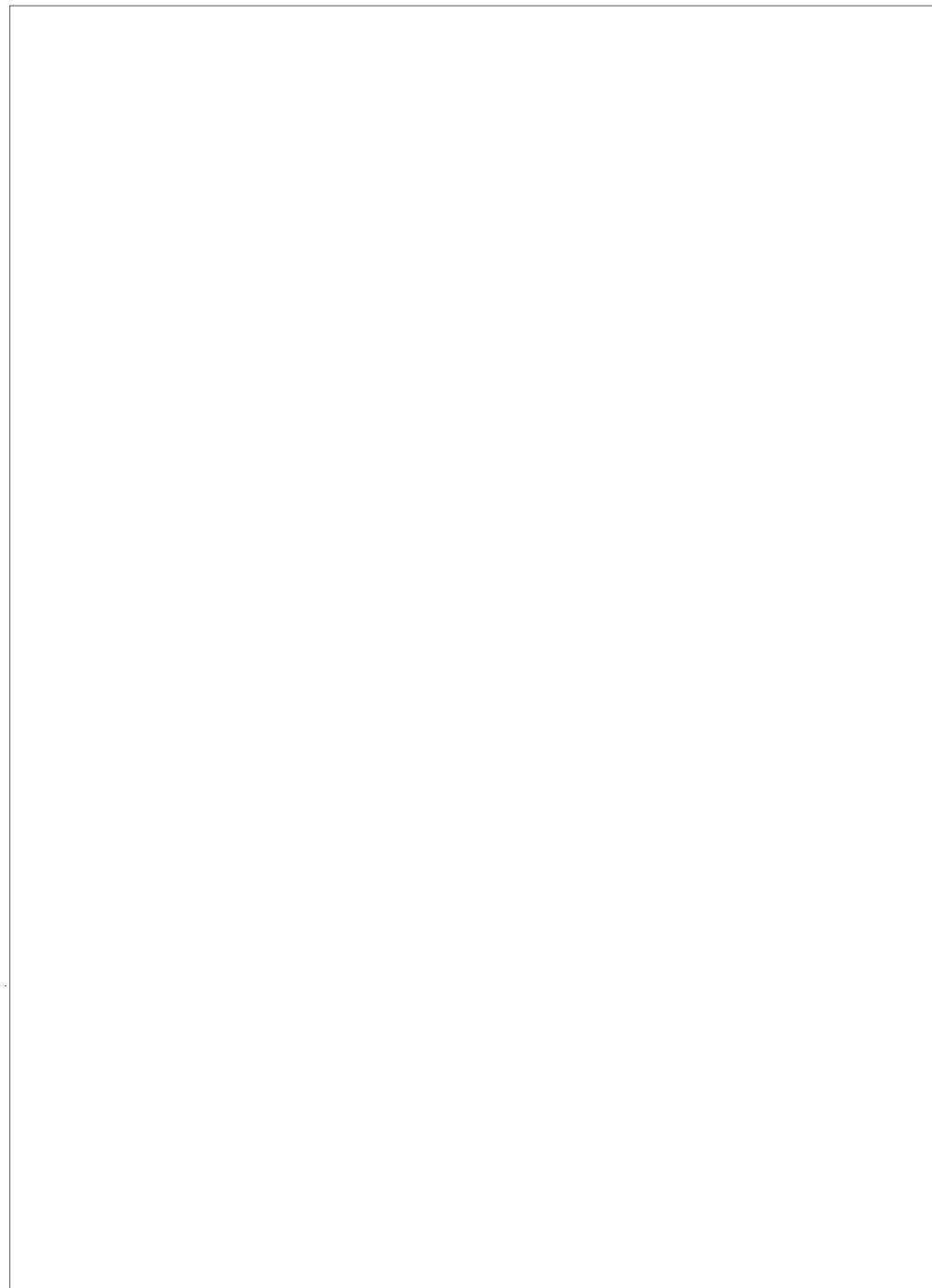
INTELLIGENCE

BULLETIN



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17 MAY 1960

I. THE COMMUNIST BLOC

Chinese Communist militia system apparently has some domestic opposition.

①

II. ASIA-AFRICA

Turkish tension revives as rival political demonstrators clash.

②

Afghanistan may have asked USSR to build dam near Iranian border.

③

III. THE WEST

USSR proposes three-year extension of oil-wool trade with Uruguay.

④

**LATE ITEM**

Chronology of Communist exploitation of
⑤ U-2 incident-- Page 6.

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CENTRAL INTELLIGENCE BULLETIN

17 May 1960

DAILY BRIEF

SIR PAB

I. THE COMMUNIST BLOC

OK

Communist China: The existence of some opposition within Communist China's armed forces to the militia and its primary use as a means of increasing production is indicated in an article in the 15 May issue of Red Flag by Lo Jui-ching, chief of Peiping's General Staff. The article, criticizing the views of "some persons" that the regular forces are sufficient to defend the country and that the militia is of no value in production, presents a long justification for current militia policies. Lo reaffirms recent declarations that "all militia activities should center on production."

(Page 1)

II. ASIA-AFRICA

*OK
w/
changes*

Turkey: Tension has risen again following the clash in Izmir on 15 May between pro-Menderes and anti-Menderes demonstrators. [The ruling Democratic party appears to be planning a series of demonstrations throughout Turkey to show popular support for the premier. The opposition Republican People's party, which would almost certainly attempt to counter such demonstrations, believes the government might call a surprise election to take advantage of the present disruption of the opposition.] Menderes told a crowd of his supporters in Izmir that he wanted elections "as soon as possible."

(Page 2)

OK

Afghanistan-USSR: The presence of Soviet engineers in southwest Afghanistan near the Iranian border suggests that Kabul is negotiating for Soviet aid for the construction of a new \$10,000,000 diversion dam projected by the Afghans for the lower Helmand River valley. Afghanistan had originally requested US assistance for this project. Iran's concern over lack of an

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agreement with Afghanistan on division of the Helmand waters will increase if the USSR decides to build this dam. [redacted]
(Page 4)

III. THE WEST

N.D. Uruguay: President Nardone, head of Uruguay's new conservative government, has told Ambassador Woodward that he is inclined to accept a new Soviet trade proposal which expands for a three-year period Moscow's one-year oil-for-wool proposal of last November. The new offer includes an immediate cash purchase of \$13,000,000 worth of low-grade and defective wool--an attractive feature in view of Uruguay's critical foreign exchange situation and its problems in disposing of this season's wool clip. [redacted] (Page 5)

LATE ITEM

N.D. For a chronology of Communist exploitation of the U-2 incident, see Page 6.

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I. THE COMMUNIST BLOC

Peiping Armed Forces Chief Defends Militia Program

Lo Jui-ching, chief of Peiping's General Staff, has published a long justification for expanding the size and functions of Communist China's militia forces. The motive for the article--in the 15 May issue of Red Flag, theoretical journal of the Chinese Communist party--is indicated by Lo's criticism of the views of "some persons" who hold that the regular forces are sufficient for defense of the country and that militia organizations are of no value in the campaign to increase production. In refuting these views, Lo leans heavily on citations from the writings of Mao Tse-tung advocating a large and vigorous militia.

In an apparent attempt to placate those who oppose Peiping's militia program, Lo concedes that the regular forces are the "backbone in safeguarding national defense in peacetime and the main force in organizing and expanding armed units in wartime." He maintains, however, that the task of defending a country as large as China with inferior weapons necessitates arming all of the people.

Lo's article is the latest move in a campaign to enlarge the scope of the militia that has included two national conferences and numerous provincial conferences this year. The article reaffirms recent declarations that the principal mission of the militia at this time is participation in the drive to increase production both in agriculture and industry. [redacted]

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II. ASIA-AFRICA

Turkish Internal Situation

[The clashes between pro- and anti-Menderes elements in Izmir on 15 May may be followed by others throughout Turkey as the governing Democratic party (DP) attempts to demonstrate widespread support for the Turkish premier. Opposition Republican People's party (RPP) leaders anticipate that the Democrats will try to recoup recent losses of support by staging a series of pro-DP demonstrations in rural districts and outlying urban communities. A high-ranking RPP spokesman has warned that his party will attempt to stage counter-demonstrations against the government, relying to a large degree on the discontent spread by students who returned to their homes after the universities in Istanbul and Ankara were closed.]

[The army continues to maintain a vigilant but nonpartisan attitude. [redacted] senior army officers have actively sought to prevent the police from using martial law as a pretext for arresting RPP adherents and searching their houses. New demonstrations and the resulting violence, however, would increase the pressures on the army to adopt a policy in favor of the present government.]

[The possibility that the government will call a surprise election has been voiced by RPP officials. An election held in the near future would pose serious difficulties for the opposition, which has been prohibited from engaging in political activity since 18 April when the Grand National Assembly established the commission to investigate the activities of the RPP. Menderes' statement in his speech in Izmir on 15 May that he wants elections "as soon as possible" will increase RPP fears that the premier may attempt to capitalize on the present weakened condition of his opposition.]

[Meanwhile, rumors continue to circulate that Menderes is suffering from mental disturbances.]

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[redacted] says that Menderes' nervousness and insomnia have reached a state where the maximum safe dosage of tranquilizers is no longer effective. Reports that the premier is undergoing treatment for mental illness have long been heard in Turkey, and the opposition would tend to exaggerate such reports at this time.] [redacted]

[redacted]

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Afghans Apparently Seeking Soviet Aid for Dam Project Near
Iranian Border

Kabul is probably negotiating for Soviet aid for the construction of a new \$10,000,000 diversion dam projected by the Afghans for the lower Helmand River valley. Afghan Prime Minister Daud had originally requested US assistance for this project and had hinted he would turn to the USSR if American aid were refused. The presence of Soviet engineers during the past several weeks in southwest Afghanistan near the Iranian and Pakistani borders suggests the USSR had undertaken preliminary survey work and may soon reach a decision on building the dam.

Iran's concern over its inability to settle its dispute with Afghanistan regarding the division of the Helmand waters will be increased if the USSR decides to construct this dam. Iran probably would regard construction of the proposed dam as aimed at forcing it to accept what it regards as an unsatisfactory distribution of the waters.

Such an undertaking presumably could divert some personnel and resources of Afghanistan's Helmand Valley Authority now being used to develop agriculture in the more promising upper Helmand, where American assistance has been used for some years to construct irrigation dams and canals. The presence of Soviet engineers for several weeks in a provincial capital located in the US project area, and Afghanistan's dissatisfaction over the slow development of agriculture there suggest the further possibility that Soviet technicians and advisers may be employed to help speed up exploitation of newly irrigated lands in the upper Helmand.

Daud now has been visiting the USSR for a month and may have been influenced by Soviet views on problems and developments in his part of Asia. He may, therefore, be more willing than in the past to give the USSR a role in the development of the Helmand. [redacted]

[redacted]

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III. THE WEST~~CONFIDENTIAL~~Uruguayan Government Interested in New Soviet Trade Offer

[Moscow's new trade offer to Uruguay apparently has aroused greater interest within the conservative Uruguayan Government than the November 1959 offer, chiefly because it involves an immediate Soviet cash purchase of \$13,000,000 worth of almost unmarketable wool, most of it low grade and defective. Uruguay's already critical foreign exchange situation is continuing to deteriorate despite the enactment last December of a foreign exchange reform law. Wool exports, which normally provide about half of Uruguay's foreign exchange, have slumped sharply as a result of flood damage to the current wool clip and resistance by wool producers to export taxes under the new law.]

[Under the new proposal, Moscow would purchase \$75,000,000 worth of wool over a three-year period if Uruguay would agree to buy \$50,000,000 worth of oil. On an annual basis, these amounts represent about 30 percent of Uruguay's total wool sales for 1958 and about half the country's annual crude oil requirements. The November proposal covered only one year, and the amounts involved were one third as great as those in the present offer.]

[The Uruguayan government which took office 13 months ago has indicated consistently that it would like to reverse the trend of the last few years toward greater dependence on Soviet markets, but has found no alternative. The Executive Council postponed a decision on Moscow's November offer, hoping it could get long-term credit from Western oil suppliers. The government also hoped its December foreign exchange reform law would provide the basis for extensive Western financial assistance. There are indications, however, that the government solicited the new Soviet offer, probably to gain some relief from its mounting troubles with economic reform.]

[Apparently Uruguay will seek some modifications in the Soviet offer--principally an increase in the amount of low-grade wool to be purchased immediately. The government may also request a reduction of the time period of the agreement from 36 to 18 months.]

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~~SECRET~~Chronology of Communist Exploitation of U-2 Incident

- 5 May - Khrushchev speech to Supreme Soviet reveals that an American plane has been brought down inside USSR on 1 May; deliberately withholds important details; gives pessimistic assessment of summit prospects.
- 7 May - Khrushchev speech to closing session of Supreme Soviet gives further details, including captured pilot's admission that flight had espionage mission.
- [9 May - Private conversation between Khrushchev and Ambassador Thompson in which Khrushchev expressed his "resentment" of 9 May statement by State Department, particularly argument that "because USSR had closed areas and secrets, this was justification for overflights." Khrushchev also reaffirmed intention announced on 5 May to take issue to UN.]
- 9 May - Khrushchev in statement at Czech embassy reception carries his criticism further, stating "I do not preclude that the government of the United States knew of this flight."
- 9 May - Chinese Communist People's Daily editorial says, in effect, "We told you" that imperialism has always been up to no good, charges that "concealing crimes of imperialism only lulls the vigilance of the people."
- 10 May - Formal Soviet protest to the United States.
- 11 May - Exhibition of U-2 evidence opened in Moscow. Gromyko holds formal press conference charging US with act of aggression. Khrushchev in informal press conference criticizes President and asserts USSR will take issue to UN General Assembly if blocked in the Security Council; indicates that question of President's trip to USSR should be further discussed at Paris.
- 12 May - TASS in official release carefully edits Khrushchev's informal press conference of preceding day to give impression that USSR feels summit conference should take place.

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13 May - Communist party headquarters in Moscow in a radio-telephone conversation with a party official in Kamchatka gives orders for immediate organization of protest meetings "everywhere" against "provocative US statements" on the U-2 incident.

13 May - Chinese Communist People's Daily editorial, specifically not aimed at US, states US is threatening security of the world; peace can be won only by aggressive exposure of US schemes.

14 May - Khrushchev arrives in Paris and makes brief arrival statement without direct mention of U-2 affair; Soviet press increasingly involves the President in its criticism.

[15 May - Khrushchev in conversations with Macmillan and De Gaulle shows them bulk of written statement giving ultimatum to the President.]

16 May - People's Daily, in abrupt shift, gives first warm endorsement in months to Soviet summit policy, says Chinese Communists have consistently supported the drive for summit talks and firmly support the "positive attitude" of the USSR in seeking to ease world tension.

[16 May - Khrushchev refuses preliminary meeting with President, De Gaulle and Macmillan alone. Meeting with advisers begins one hour late. Khrushchev delivers ultimatum shown previous day to Macmillan and De Gaulle; proposes postponement of President's visit to some "riper" date and postponement of summit talks for six to eight months; in abusive language demands as conditions for proceeding with talks on summit agenda items that US condemn previous overflights, punish those responsible, and renounce future flights. Khrushchev leaves door ajar for possible resumption of summit talks, however, by suggesting that President make his summit statement public, by indicating he does not oppose bilateral conversations with President, and by not actually leaving Paris. Both President's and Khrushchev's statements to conference made public after meeting.]

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16 May - Three Western heads of government confer. Macmillan sees Khrushchev.

17 May - Rumors assert that Macmillan will have another meeting with Khrushchev, and that Khrushchev will hold a press conference.

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The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Director, Office of Civil and Defense Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Commandant, United States Marine Corps

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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