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8 JUNE 1960

I. THE COMMUNIST BLOC

Peiping's People's Daily, while giving general support to Soviet disarmament proposals of 2 June, dissents from Soviet view that war now can be "fundamentally eliminated."

Moscow encourages Ankara to continue steps begun during Menderes regime for improving Soviet-Turkish relations.

Communist China sends "agriculturists" to help improve rice cultivation in Guinea, agrees to provide scholarships for Guinean students.

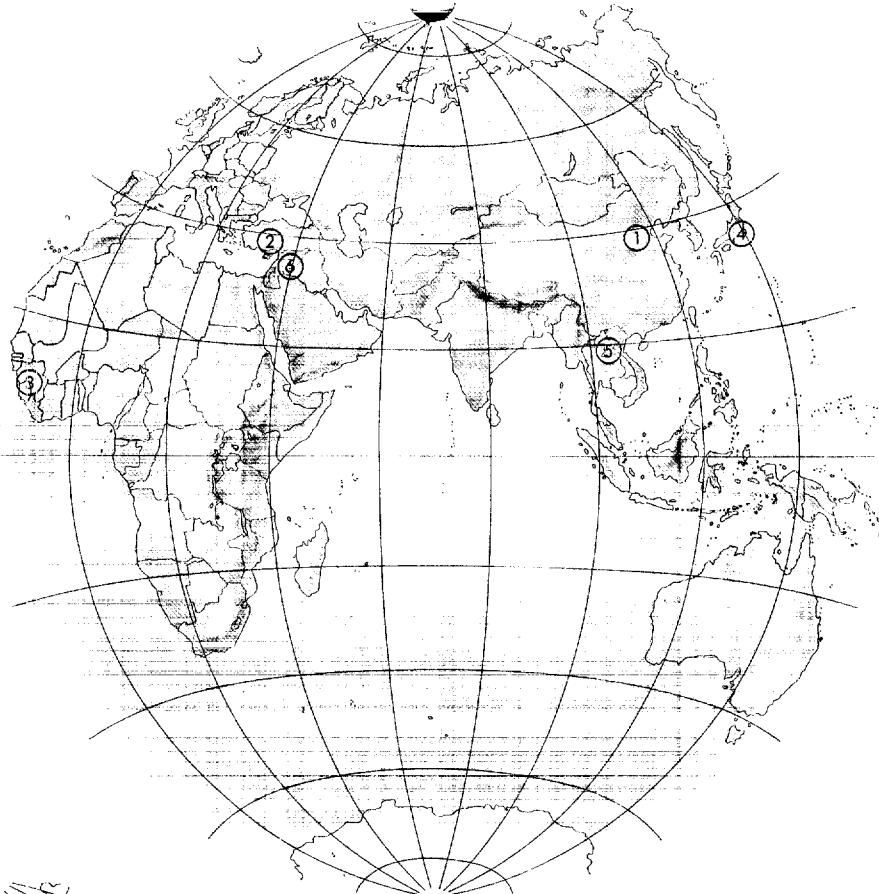
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II. ASIA-AFRICA

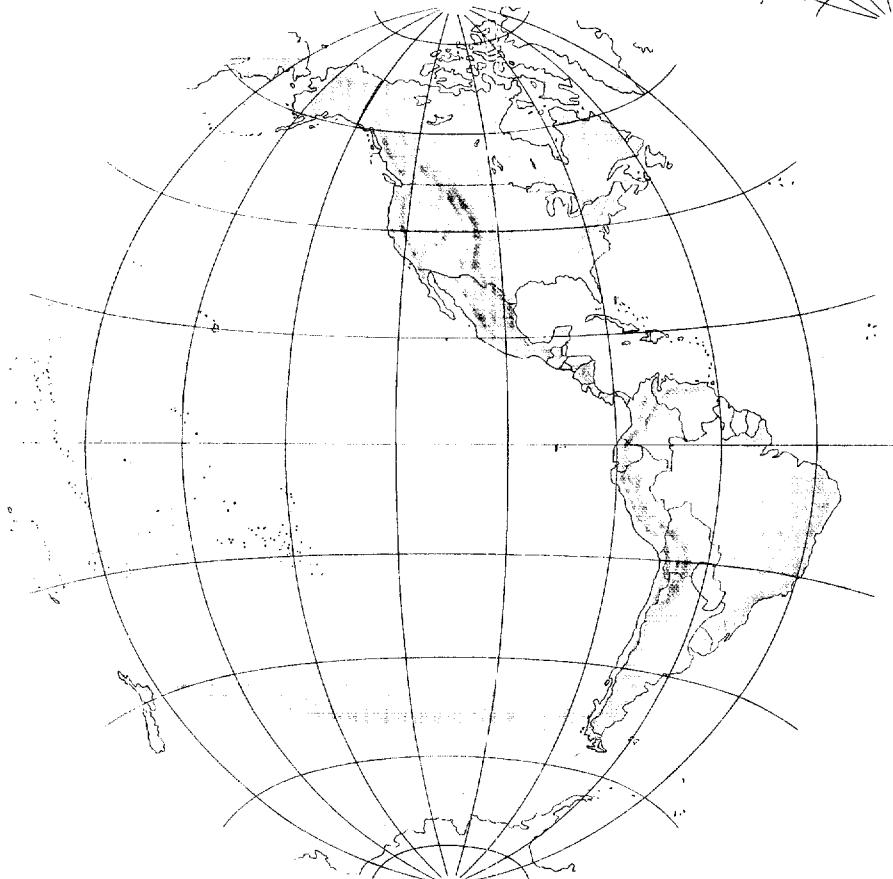
Japanese leftists plan new and bigger demonstrations; although Kishi probably can get US-Japan treaty ratified as planned, his prospects remain uncertain for retaining office for long thereafter.

[redacted] calls for insurgents to step up activities and frustrate Lao-tian Government's efforts to recapture Souphanouvong and other NLHS leaders.

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⑥UAR seeking private West German financing for Syrian Region's five year industrialization plan.

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CENTRAL INTELLIGENCE BULLETIN

8 June 1960

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Communist China - USSR: In their dispute with the USSR over tactics toward the US, the Chinese Communists have directly attacked Moscow's justification for its policy as presented in the Soviet disarmament proposals of 2 June. The Peiping People's Daily of 7 June, although it generally supported the Soviet proposals as an effort toward "consolidating world peace," stated flatly that the Chinese cannot agree that war now can be "fundamentally eliminated"--a paraphrase of the text of Moscow's proposals. In attacking the Soviet view as an "unpractical illusion about peace," the Chinese leaders are making it clear that they have no intention of altering their bitter hostility toward American policy in the Far East.

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***USSR-Turkey:** Moscow is encouraging the present provisional government in Ankara to continue the steps begun during the Menderes regime for improving Soviet-Turkish relations. Khrushchev has sent a personal letter to General Gursel, presumably urging him to visit the USSR as Menderes had planned to do. Soviet Ambassador Ryzhov on 4 June emphasized to Foreign Minister Sarper the USSR's willingness to extend economic assistance. In conversation with the US ambassador on 5 June, Sarper expressed concern over Khrushchev's recent public statements and Soviet criticism of Turkey's announced intention of maintaining its defense ties with the West, and he asked for a public US statement of solidarity with Turkey to strengthen Ankara's hand in dealing with Moscow.

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Communist China - Guinea: The arrival of at least 40 Chinese Communist "agriculturists" in Guinea to help improve rice cultivation is another step in Peiping's effort to prove its ability and willingness to aid underdeveloped areas. The Chinese, who cannot match the more extensive Western and Soviet financial aid to underdeveloped countries, apparently feel their help in improving food productivity will have considerable impact in Guinea, where rice is a staple often in short supply. On 3 June, Peiping and Conakry signed a cultural agreement in which the Chinese agreed to provide scholarships for Guinean students. [])

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II. ASIA-AFRICA

[] Japan: Extreme leftist elements, encouraged by the lack of much adverse public reaction to the large-scale work stoppages and other demonstrations on 4 June against Prime Minister Kishi and the new US-Japan security treaty, are planning even larger demonstrations. The leftist campaign, however, has prompted most members of the governing Liberal-Democratic party to suspend factional rivalries and rally to Kishi's plan for completing ratification of the treaty before President Eisenhower's arrival on 19 June. Even if the Socialists go through with their plan to resign en masse from the lower house of the Diet, Kishi probably will be able to accomplish ratification as planned, although his prospects for retaining office for long thereafter remain uncertain. [])

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Laos: [] ordered insurgents to use diversionary tactics and spread false rumors to throw the Laotian Government off the track in its search for Prince Souphanouvong and the 15 other Neo Lao Hak Sat (NLHS) leaders who escaped from jail on 24 May. [] for "armed propaganda" forays into the "smaller cities" wherever "conditions are right," and mentioned several provinces by name as vulnerable areas in which "you must definitely attack." []

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UAR (Syria): The UAR is seeking private West German financing for the Syrian Region's five-year industrialization plan. The head of the Syrian Central Bank, on orders from UAR Vice President Amir, asked a West German official on 1 June to request German bankers to form a consortium for this purpose. Three successive poor crop years have greatly reduced Syria's ability to finance its share of projects planned for construction under the \$150,000,000 Soviet credit granted in 1957, and utilization of the Soviet credit has thus far been modest. [redacted] (Page 6)

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~~CONFIDENTIAL~~Peiping Directly Attacks Justification of Soviet Foreign Policy

The Chinese Communists, in their dispute with the USSR over tactics toward the United States, have directly attacked Moscow's justification for its policy as presented in the Soviet disarmament proposals of 2 June. An editorial in the Peiping People's Daily on 7 June, while generally supporting the Soviet proposals as an effort toward "consolidating world peace," flatly stated that the Chinese cannot agree that war now can be "fundamentally eliminated"--a statement taken from the text of Moscow's proposals. In attacking this statement as an "unpractical illusion about peace," the Chinese are making it clear that they have no intention of altering their bitter hostility toward American policy in the Far East.

The Chinese are also stepping up their criticism of the concept of East-West negotiations as a means of reducing American strength and influence. Peiping's delegate to the World Peace Council meeting in Stockholm stated on 29 May that "if one relies on negotiations alone rather than relying mainly on the struggle of the people, then imperialists can never be compelled to accept negotiations and conclude agreements with us." Regime chairman Liu Shao-chi stated on 3 June that the "imperialists... will not accept negotiations unless hard pressed by circumstances"--a line that is consistent with the Chinese position that American hostility toward Peiping has not changed despite talks at Panmunjom, Geneva, and Warsaw.

The Chinese are clearly concerned about Khrushchev's apparent desire not to close the door on the possibility of future summit meetings. Since the Paris meeting, Peiping has not commented on any of Khrushchev's remarks on summit negotiations and has endorsed only his 16 May outburst in Paris. At the same time, it has stepped up its effort to justify hostility toward the United States by citing American "intrusions" into waters and air space claimed by Communist China as "proof" that Peiping is not responsible for tension in the Taiwan Strait. [redacted]

[redacted]

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~~SECRET~~USSR Urges Closer Relations With New Turkish Regime

The USSR is apparently encouraging the provisional Turkish Government to follow through on the steps agreed to by former Premier Menderes to improve Soviet-Turkish relations. Soviet Ambassador Ryzhov, in a talk on 4 June with Foreign Minister Sarper, emphasized Moscow's willingness to extend economic assistance. Ryzhov also requested a quick response to a letter from Khrushchev to General Gursel which presumably urged the new Turkish leader to carry out the exchange of visits and to conclude economic and cultural agreements with the USSR as projected by the Menderes regime. Menderes had planned to visit the USSR in July, and Khrushchev was to have made a return trip at a later date.

Moscow's public attitude toward the Gursel government, as shown by Khrushchev's recent statements and Soviet propaganda, has been characterized by cautious optimism that Soviet-Turkish relations will become as good as they were under Kemal Ataturk in the 1920s and by warnings of the "danger" to Turkey from Western bases on its territory. Radio Moscow on 5 June especially criticized Sarper's recent statement that Ankara intends to continue its NATO and CENTO membership.

On 6 June Sarper expressed concern to Ambassador Warren over what he termed "Russian pressure" on the Gursel government since the coup. Stressing that he has a free hand in conducting Turkey's foreign policy and that he would like to hold the line against Moscow, Sarper requested that the United States issue a statement of solidarity with Turkey in order to strengthen the Gursel regime's hand in coping with Soviet overtures and pressure tactics. Sarper's request was also apparently prompted by his concern over maintaining popular support for the provisional government and by the vulnerability of his own position in the interim cabinet.

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~~CONFIDENTIAL~~Chinese Communist Agricultural Aid to Guinea

The arrival of Chinese Communist "agriculturists" in Guinea to help improve rice cultivation is another step in Peiping's effort to prove its ability and willingness to aid underdeveloped areas. About 40 Chinese were seen by a US Embassy official in Conakry on 2 June, and he was subsequently told they would be engaged in a rice-growing project. There have been persistent rumors in the Guinean capital that additional Chinese workers have or will come to set up rice and livestock farms near Boke in northwest Guinea.

There have been no official announcements from either Peiping or Conakry indicating that Communist China has extended an economic credit or grant to Guinea, but the arrival of the Chinese workers suggests some sort of economic cooperation agreement has been reached. The Chinese, who cannot match the more extensive Western and Soviet financial aid to underdeveloped countries, are taking advantage of the emphasis which Guinea's President Touré places on agricultural development and apparently feel their help in improving food productivity in Guinea will have considerable impact.

Rice is a Guinean staple often in short supply and the Chinese have used it previously to further political objectives. A gift of 5,000 tons was made in 1959 and another of 10,000 tons during the critical food shortage this year. For the most part, however, bloc economic aid to Guinea has emanated from the Soviet Union. [redacted]

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~~CONFIDENTIAL~~Japanese Leftists Continue Antitreaty Demonstrations

Japan's largest postwar demonstrations and work stoppages were staged on 4 June to protest the new US-Japanese security treaty and Prime Minister Kishi's refusal to resign. Although the turnout was smaller than extreme leftist sponsors had predicted, the relative orderliness of the participants and the lack of adverse public reaction--even to the railway strike, which actually was illegal--have encouraged the leftists to plan even larger performances.

Kishi's argument that a government surrender to violence and illegal tactics would be a serious blow to democracy in Japan has had considerable effect, however. The press, which has been vilifying him, now is showing uneasiness over the leftist attacks. All but a small minority in the ruling Liberal-Democratic party (LDP) have suspended the intraparty move to oust Kishi and are rallying to his plan to complete ratification of the treaty in time for President Eisenhower's arrival on 19 June. Whether or not the Socialists implement their decision to resign en masse from the lower house of the Diet, passage is expected to be completed as planned.

Kishi's prospects for retaining office for long thereafter remain uncertain. Intraparty rivals, tacitly backed by business interests who finance the LDP, are certain to intensify their revolt against him because of his handling of the treaty issue and because he stands in the way of their aspirations for power. Most informed observers doubt that Kishi will be able to withstand the pressure.

Meanwhile, the three major leftist groups--the radical Zengakuren students' federation, the Sohyo labor federation, and the Japanese Communist party--are planning demonstrations during the Presidential visit. All three, however, apparently have recognized the overwhelming public opinion in favor of the trip and have withdrawn threats of violence. Japanese security authorities nevertheless have indicated some uneasiness about the possibility that minor extremist elements may resort to such action.

~~CONFIDENTIAL~~

~~TOP SECRET~~Pathet Lao Plans Following Escape of Prince Souphanouvong

The Pathet Lao insurgent high command, [redacted]

[redacted] ordered its units to pursue diversionary tactics and to spread rumors in an effort to throw the Laotian Government off the track in its search for Prince Souphanouvong and the 15 other Neo Lao Hak Sat leaders who escaped on 24 May. Among the measures called for were the stimulation of mass protest meetings against the April elections; "armed propaganda"; and the circulation of conflicting rumors of Souphanouvong's whereabouts. False rumors of impending attacks by the Pathet Lao First and Second Battalions were also to be circulated, and all provinces were admonished to "have plans to trick the enemy into thinking that there will be an attack in this or that place."

[redacted] provinces to "use force to enable troops to move down into the plains and cities to carry on armed propaganda." When conditions in the "smaller cities" permitted it, the insurgents were to "fight... (their)... way in by hand-to-hand combat." A number of provinces were mentioned as especially vulnerable to successful attack; in such areas units were told they "must definitely attack."

There have been no reports of a significant increase in Pathet Lao activity in the ten days [redacted]

[redacted]; however, several days would have been required for [redacted] disseminated to lower echelons, and the development of the plans called for would presumably require a certain amount of time. While the instructions seemed to be specifically tied to Souphanouvong's escape, they appear to have more general application and could provide a foretaste of the tactics the Pathet Lao may adopt in combatting the new Somsanith government, which the Communists can be expected to attack as based on an illegally elected National Assembly. [redacted]

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~~CONFIDENTIAL~~Syrian Monetary Situation Becoming Increasingly Critical

The cumulative impact of heavy military expenditures and three successive poor crop years, primarily due to drought but also due partly to the land reform program, has resulted in a critical monetary situation in the Syrian Region of the UAR. The Syrian secretary general of industry told the US Consulate General a week ago that the government had "not a penny left." Officials have been sounding out US willingness to provide free wheat, alleging that the Soviet Consulate General had made such an offer on 1 June.

Little progress has been made on the country's five-year industrialization plan despite a Soviet credit of about \$150,000,000. Damascus has been unable to finance its share of projects to be built under the Soviet credit, and only a modest amount has been used thus far. The recent visit of Soviet officials attempting to step up construction activity apparently was only partially successful. In an effort to speed implementation of the industrialization plan, the governor of the Central Bank on orders from UAR Vice President Marshal Amir asked West German officials on 1 June to seek to form a consortium of German bankers to finance the plan.

During the first half of May the International Monetary Fund made available \$7,500,000 to help ease the Syrian foreign exchange shortage, but apparently these funds were quickly committed without appreciable effect. Recent efforts by Syrian officials to conserve foreign exchange and restrict domestic credits probably will prove ineffective, and the financial situation is likely to worsen. The institution of such controls in Syria, however, tends to bring about conditions which favor closer economic union with Egypt, including the long-heralded but much-postponed issuance of a single UAR currency.

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The Department of State

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The Under Secretary of State

The Under Secretary of State for Political Affairs

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The Counselor

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