

~~TOP SECRET~~

3.3(h)(2)
3.5(c)

24 March 1961

Copy No. C 78

CENTRAL

INTELLIGENCE

BULLETIN



~~TOP SECRET~~

~~TOP SECRET~~



~~TOP SECRET~~

~~SECRET~~

24 March 1961

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

1. Situation in Laos. (*Page i*)
2. Congo: Hammarskjold apparently plans to have UN forces attempt to re-enter Matadi without use of force by 25 March. (*Page i*)
3. Angola: Anti-American sentiment continues in Luanda. (*Page ii*)
4. Communist China: Four small submarines reported under construction in Shanghai shipyard. (*Page iii*)
5. Nepal: King Mahendra reported planning to request financial aid from US. (*Page iii*)
6. Argentina: Frondizi's position strengthened by resignation of army commander in chief. (*Page iv*)

~~SECRET~~



24 Mar 61

CENTRAL INTELLIGENCE BULLETIN

Map Page

~~TOP SECRET~~

CENTRAL INTELLIGENCE BULLETIN

24 March 1961

DAILY BRIEF

Sarah

*Laos: Soviet propaganda media have recently begun reporting Souvanna Phouma's suggestion that the International Control Commission (ICC) be reactivated immediately. On 22 March, Radio Moscow also broadcast an interview between Souvanna and a Soviet correspondent in New Delhi in which the Lao-tian leader suggested that a cease-fire in Laos could be arranged by the ICC pending the convocation of an international conference--^{OK} ^{last P of} ^{brief and} ^{Ps 2 & 6} ^{of} a proposal which closely parallels the UK note of 22 March to the USSR. ^{Backup}

Prince Souphanouvong, the Pathet Lao leader, warned on 23 March that he "will appeal to peace-loving countries to help Laos" if the US does not accept a 14-nation conference and "continues to intensify intervention in Laos." Souphanouvong's statement was quoted by Peiping on the same day.

Phouma, scheduled to arrive today in France, will be received by the foreign minister and probably also by De Gaulle and Premier Debré, although Paris regards the visit as "completely private and unofficial." There have been no reports of significant military developments in Laos during the past 24 hours.

(Backup, Page 1) (Map)

Congo: Hammarskjold apparently plans to have the commander of UN forces in the Congo, General McKeown, inform Congolese authorities that he will proceed on 25 March "with adequate force" to reassume control of port and warehouse facilities in Matadi, unless the Leopoldville authorities permit an unopposed UN re-entry by that time. The Congolese would be told the precise time and route over which the UN ^{no}

~~TOP SECRET~~

~~TOP SECRET~~

forces would arrive, but if attempts were made to stop the UN troops, Hammarskjold would immediately ask for Security Council authorization to use force. Should the Council fail to authorize such military action, as seems likely, Hammarskjold believes he would have no recourse other than to recommend that the UN withdraw its entire Congo operation. Hammarskjold's plan is based partly on his belief that authorities in Leopoldville are pursuing a policy designed to "strangle" the UN effort in the Congo. A Congolese Government statement issued on 23 March, however, said that Kasavubu was taking a three-day trip to the lower Congo area and that the trip was "in connection with the eventual return of UN forces into the region." (Backup, Page 3) (Map)

*Angola: Anti-American sentiment in Luanda continues high following protest demonstrations around the consulate on 22 March. These demonstrations, encouraged by anti-American press editorials, appear to be part of a Portuguese attempt to blame the US--along with the Communists--for the recent uprisings. On 23 March, Lisbon signaled a tough line of resistance by ordering its UN delegation to walk out of the current session and not to participate in any General Assembly discussion of recent disorders in Angola. Although the impact of moderate elements in the Salazar regime on Lisbon's sharply anti-American stance has been limited, a group led by Minister of Defense Moniz is reliably reported to have acted to reduce the vigor of the anti-American demonstrations in Portugal and to tone down the press and radio campaign against the US government. The Moniz group, which claims considerable military backing, believes some liberalization of Portuguese policy in Africa must be made and expressed the hope that the announced US policy in Africa would induce Salazar to make reforms.

Northern Angola is under virtual martial law, and Portuguese military forces are reported to be conducting large-scale operations against terrorist groups.

"several thousand rebels"

*OK
delete
sents
445*

24 Mar 61

DAILY BRIEF

ii

~~TOP SECRET~~

~~TOP SECRET~~

continue to control an area in northwestern Angola and that they are "organized and well disciplined."

Communist China: [Communist China may have a new class of small submarines in an advanced stage of construction. A

reported four submarines about 150 feet in length on the building ways at the Kiangnan shipyard in Shanghai. The hulls of the submarines were completed and internal equipment was being installed.] *no*

Communist China has also built, with considerable Soviet help, 21 modern long-range W-class submarines, but this program was apparently terminated about mid-1960. Although little is known of other programs, China did receive Soviet plans for at least one new class of submarine in 1958 and received marine equipment from the USSR, at least through September 1960. If the four small submarines are in as advanced a stage as reported, they will probably be completed in 1961 with or without further Soviet aid.

Nepal: [Reports reaching exiled Nepali Congress party leaders in India indicate that the government's fiscal position is bad; taxes are not being collected, and the treasury is almost bankrupt because of heavy security expenditures since the King's take-over last December. King Mahendra's administration, now in its fourth month, is apparently failing to cope with Nepal's internal problems, and the King reportedly instructed Finance Minister Shaha, now representing Nepal at the UN, to approach the United States for budgetary support. The Nepali Congress party, which plans to promote agitation against the King in Nepal, will probably seek to exploit Mahendra's shortage of funds. Reported disaffection in the army and the Nepali Communist party's inability to agree on its]

*& K
delete
last 2
sent of
brief*

24 Mar 61

DAILY BRIEF

iii

~~TOP SECRET~~

~~TOP SECRET~~

(policy toward the King will also facilitate the opposition's efforts.)
 (Backup, Page 5)

Argentina: President Frondizi seems to be weathering another crisis in his regime. The resignation of army Commander in Chief Toranzo Montero, who has been plotting to oust Frondizi, has been announced. Uncertainty in official circles continues, and army and air force units have been placed on alert. The war secretary [redacted] was assuming Toranzo Montero's duties and [redacted] ordering a meeting of generals on 24 March. Frondizi's position has also been strengthened by his party's overwhelming victory in the Santa Fe local elections on 19 March.

(Backup, Page 7)

*OK
delete
last 2
snts. of
brief*

SELECTED INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Short-range Outlook for Chang's Government in the ROK: Political and Economic Weaknesses, Grievances Against the US, and the Unification Issue. U.S.I.B. SNIE 42-61. 21 March 1961.

Prospects for British Guiana, With Particular Reference to the August 1961 Elections: Parties, Issues, Communist Potential, and Possible Developments in the Pre-independence Period. U.S.I.B. SNIE 87.2-61. 21 March 1961.

24 Mar 61

DAILY BRIEF

iv

~~TOP SECRET~~

~~TOP SECRET~~Laos

The Soviet Union has previously called for reactivation of the International Control Commission for Laos, but in doing so has insisted that, while the ICC might meet and discuss ways of settling the crisis, it could not resume its activity in Laos until a conference had furnished the Commission with new directives. Peiping has not reported Souvanna Phouma's proposals for a cease-fire under the aegis of the ICC. A 23 March People's Daily commentary, Peiping's first press comment on Laos in more than ten days, called upon all "peace-loving forces to firmly support the patriotic struggle of the Lao people" and proposed only that common efforts be made to convene a 14-nation conference.

The French Foreign Ministry spokesman said that regardless of Souvanna's "weaknesses and erratic attributes," he does not believe Souvanna to be a "lost cause." Paris still considers him the most important political force in Laos apart from the King and appears willing to help him strengthen his "independent" position.

Additional details of the consolidation of Communist control over most of Phong Saly Province and the eastern portion of Luang Prabang Province have been obtained [redacted]

[redacted] In addition to Pathet Lao troops the monk reported the presence of small units of North Vietnamese troops in the vicinity of Nam Bac and other villages farther north. The trail leading into southern Phong Saly Province from the North Vietnamese border is being improved by local civilian and military labor to facilitate communications with Dien Bien Phu.

[redacted] there is still a separate identity in Phong Saly Province between Pathet Lao, Vietnamese, and Colonel Khamouane's troops, whose control is restricted to Phong Saly town. Khamouane, a former Laotian Army officer who took his command over to Souvanna's side last year, apparently hopes to stick to his middle course in expectation that Souvanna will return to power. His exposed position, however, demands tacit cooperation with the Pathet Lao.

General Staff Chief General Ouane, reporting on the military situation north of Luang Prabang, says enemy elements are trying

~~TOP SECRET~~

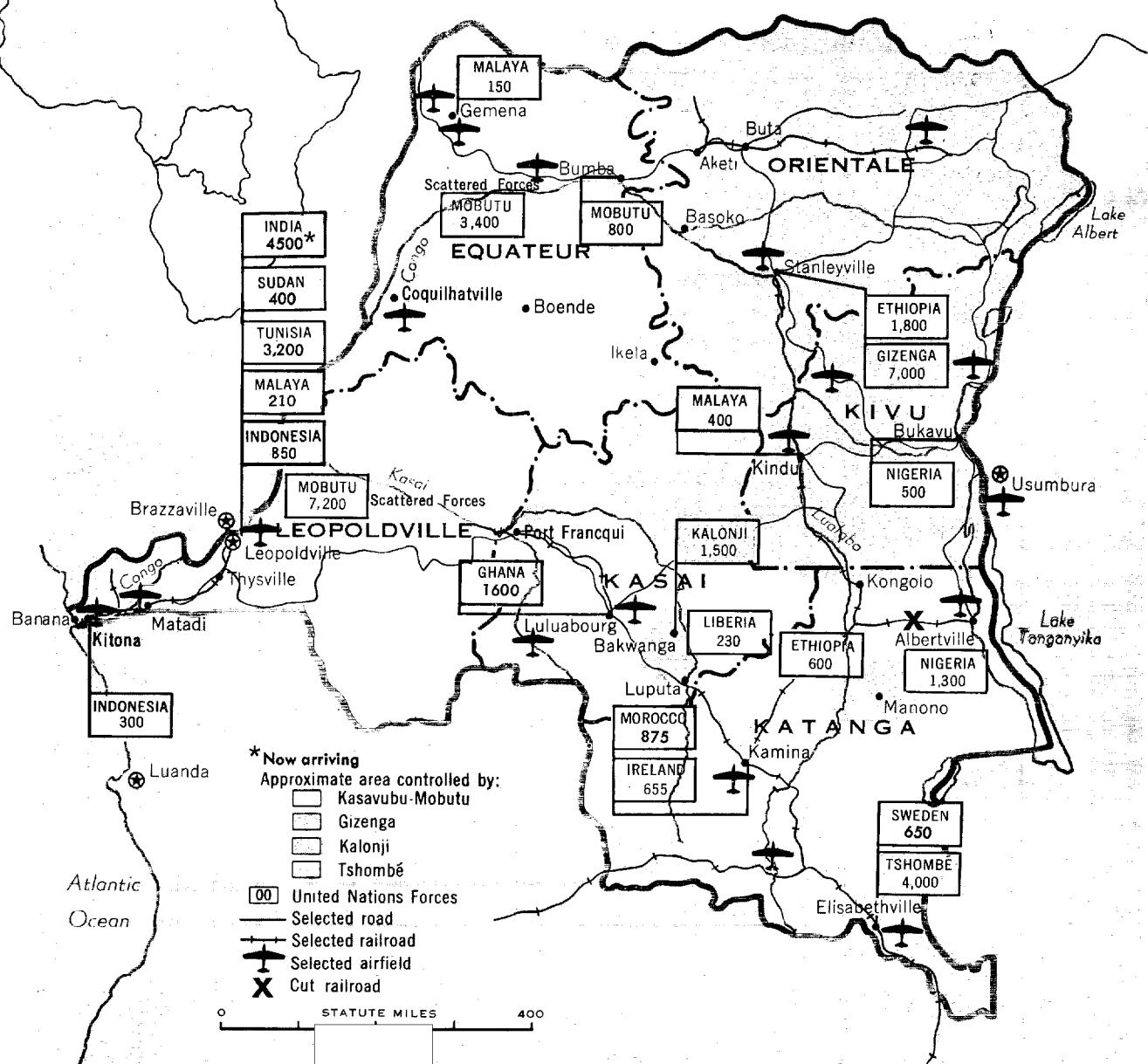
~~TOP SECRET~~

to cut in between Luang Prabang and the outpost at Muong Sai, the government's key to defense of the royal capital against attack from the north. Ouane claims that government guerrilla forces are countering this enemy attempt but that the army is having trouble supplying these guerrillas.

Bloc airlift operations into Laos continue. In addition to at least three IL-14s, twelve LI-2s flew to Xieng Khouang on 22 March. Several recent flights into North Vietnam by Chinese Communist transports may reflect Chinese Communist logistical support for the pro-Communist forces in Laos.

~~TOP SECRET~~

Republic of the Congo



~~TOP SECRET~~Situation in the Congo

(Hammarskjold told Western UN delegates on 22 March that UN forces will run out of supplies if the port of Matadi is not reopened within one week. He believes that uninterrupted transit through Matadi can be assured only by the presence of a small UN force in the port area. Efforts by Hammarskjold's personal representative, Makki Abbas, to obtain permission from the Ileo government for UN re-entry have not met with success, and unless a favorable decision can be obtained within the next few days, Hammarskjold sees no alternative but to bring the whole question of the UN effort in the Congo once more before the Security Council.

Hammarskjold is well aware that it is unlikely the Security Council will issue more positive directives on the Congo at this time but he will ask for council action because he is "fed up with bearing full responsibility himself."

UN troop commander General McKeown is now under orders to proceed from Leopoldville to Matadi with 200 Tunisian soldiers with the objective of taking control of warehouse and other facilities. Troops are instructed to use force only in self-defense, "if stopped and fired upon."

Mobutu stated on 20 March that "blood would flow" if the UN attempted to retake Matadi, and he is reported to have warned Congolese officials on 22 March that it would be impossible for him to prevent Congolese troops from resisting with force such UN action. He expressed the fear that his troops would turn against their commanders and government officials as well if they were ordered not to resist. In the past, however, Congolese troops have often refused to stand up to a determined military unit.

Kasavubu apparently is exploring the possibility of a peaceful UN return to Matadi during his current visit to the region, and Ileo told Ambassador Timberlake on 22 March that a solution could be found, although he could not predict when the "people" of the city would permit a re-entry. The Congolese are likely to regard the UN initiative as an ultimatum which disregards

~~TOP SECRET~~

~~TOP SECRET~~

their recent efforts at conciliation following Dayal's departure, a development which would reverse the recent trend toward improved relations between the Leopoldville regime and the UN Command.

[redacted] the Union Miniere had ways of bringing pressure on Tshombé to reach an agreement with Kasavubu, "if it really wanted to," [redacted] the company bore a "heavy responsibility" for Katanga separation. [redacted]

Peiping has given a somewhat less than satisfactory response to Gizenga's requests for aid and the naming of a Chinese ambassador to Stanleyville.

[redacted] Chou was quoted as expressing the "total support" of the Chinese people--the Chinese Communist way of extending moral backing--but he avoided mentioning material aid. Last fall the Chinese Communists extended a \$2,800,000 monetary grant to Lumumba supporters. Chou accepted the appointment of a Congolese ambassador but said transportation difficulties ruled out the sending of a Chinese ambassador to Stanleyville at this time.

~~TOP SECRET~~

~~SECRET~~Internal Situation in Nepal Deteriorating

{ King Mahendra has been moving to consolidate his position since he took over direct control of the government in December. Although many political leaders have been released from custody, former Prime Minister B. P. Koirala, most of his cabinet, and a large number of Nepali Congress party activists are still under detention. The King has removed a number of the more experienced and senior civil servants, appointing to their posts less knowledgeable, but presumably more loyal, individuals. He has tightened his control over the 10,000-man army by assuming the defense portfolio himself, appointing favorites to positions of importance, and sidetracking others by putting them in the civil service. There are increasing reports, however, of dissatisfaction in the army with the King's actions and growing sympathy with the Nepali Congress. }

{ The King's centralization of authority and the uncertainty engendered throughout the bureaucracy by his changes have brought effective governmental action to a virtual standstill, especially in the fields of finance and planning. Economic dislocation and stagnation have given rise to scattered expressions of popular discontent, which both the Communists and the Congress party are seeking to exploit. The Communists are split, however, with one faction favoring support of the King so as to reduce Indian influence and the other favoring joint activity with the Congress party in opposition to the King. }

{ The Congress party, spurning Communist support, is reportedly well advanced in its planning to bring about a return to parliamentary government. Organizing efforts are apparently beginning to bear fruit, and feelers are out to other non-Communist parties to form a united front against the King. One of the leaders of the socialist Praja Parishad has recently come over to the Congress group in India, and former Deputy Prime Minister Subarna Shumshere, leading the Congress party exiles in India, is hoping for an accord with the conservative Gorkha Parishad, the second largest party in the now dissolved Nepali }

~~SECRET~~

~~SECRET~~

legislature. Such an alliance, even if unstable, could rally a broad spectrum of discontent against the monarchy.)

[Representatives of the Soviet Union and Communist China have reportedly discussed with the Katmandu regime the possibilities of increased bloc assistance to Nepal. New Delhi, while having reservations about Mahendra's assumption of direct rule, apparently feels that its aid program, amounting to about \$70,000,000. must be maintained to prevent further bloc inroads.]

~~SECRET~~

~~SECRET~~

[Redacted]
Argentine Army Commander In Chief Resigns

[General Toranzo Montero's resignation resulted from a direct clash with War Secretary Fraga over the long-standing issue of military pressure on Argentine President Frondizi's policies.]

Both officers want the government to take a firmer stand against Peronism and Communism, but Fraga reportedly would try to influence Frondizi "tactfully," whereas Toranzo Montero would demand that the President comply with the army's wishes. In view of the fact that Toranzo Montero precipitated a government crisis over the same issue in October 1960 and recently has been plotting against the government, the officer corps may be willing to see him resign.

[Both Fraga and Toranzo have strong backing from influential officers; however, most of the supporters of Toranzo Montero who were assigned to the key army commands late in 1960 reportedly oppose upsetting constitutional government.]

[expressed the belief that the navy and air force would take a stand against any move to oust Frondizi.]

[The military's concern over Peronism and Communism has been increased by the government's relinquishment on 16 March of its five-year control of the General Confederation of Labor to an interim board of 20 labor leaders, including 10 Peronistas, and by the announcement early in February that Frondizi would like to lift the politically unpopular special security measures imposed against Peronista and Communist subversion. The military considers such action risky in view of reports of renewed plotting.]

[These developments and Frondizi's more recent speeches emphasizing the need for more rapid development contributed to the government's important victory in the municipal elections in Santa Fe Province on 19 March. The 36-percent gain in votes over a slim victory in March 1960 contrasts sharply with electoral defeats in Buenos Aires and Mendoza in February]

~~SECRET~~

~~SECRET~~

[and reflects the attraction of votes from the Peronistas, who had been ordered to cast blank protest ballots. This renewed show of confidence will strengthen Frondizi in dealing with the military.] [redacted]

~~SECRET~~

~~CONFIDENTIAL~~

THE PRESIDENT

The Vice President

Executive Offices of the White House

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

The Department of State

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

The Assistant Secretary of Defense (International Security Affairs)

The Assistant to Secretary of Defense (Special Operations)

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, The Joint Staff

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

The Department of Justice

The Attorney General

The Federal Bureau of Investigation

The Director

The Atomic Energy Commission

The Chairman

The National Security Agency

The Director

The United States Information Agency

The Director

The National Indications Center

The Director

~~CONFIDENTIAL~~

~~TOP SECRET~~

~~TOP SECRET~~