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31 May 1961
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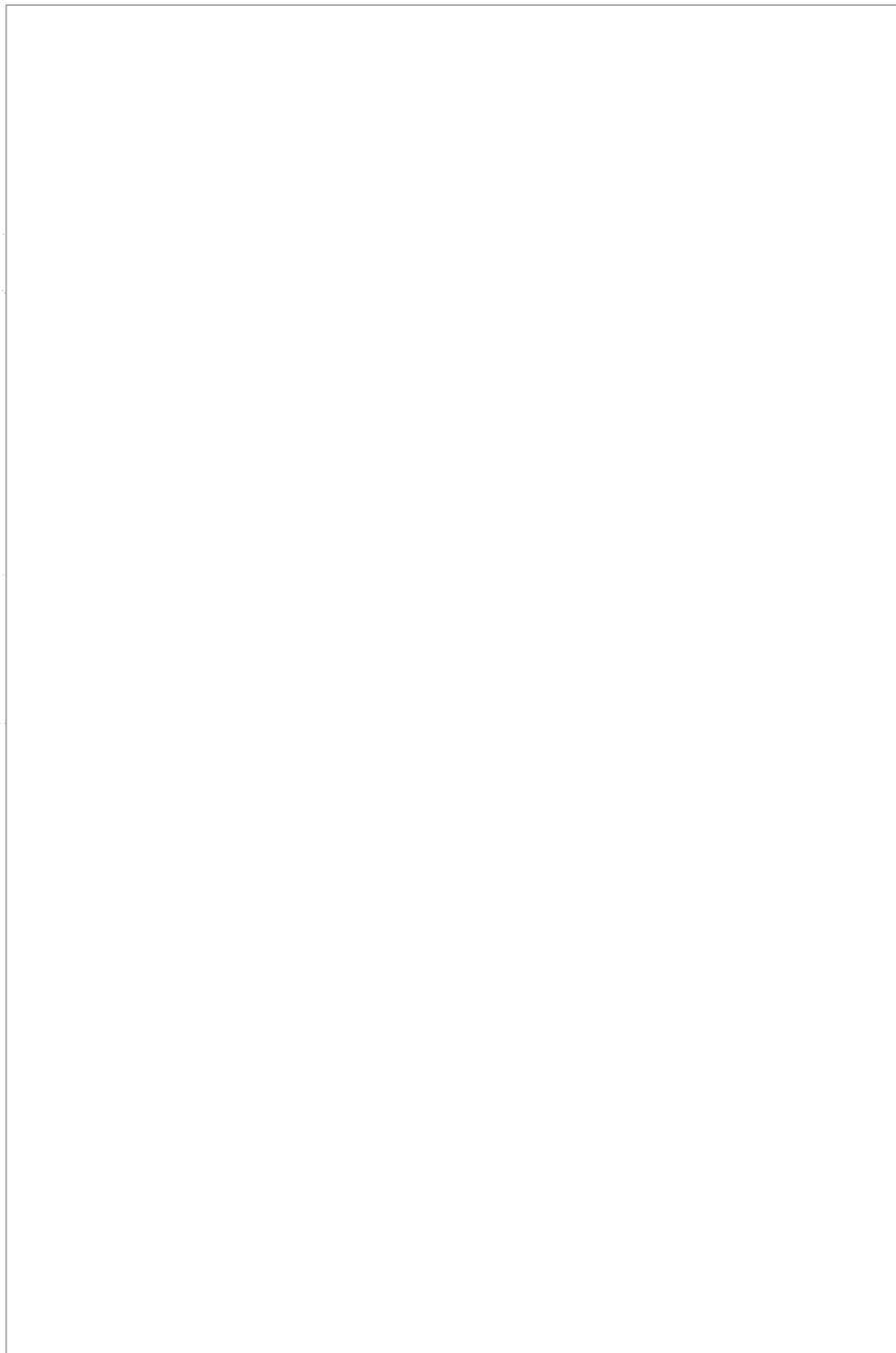
INTELLIGENCE

BULLETIN



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31 May 1961

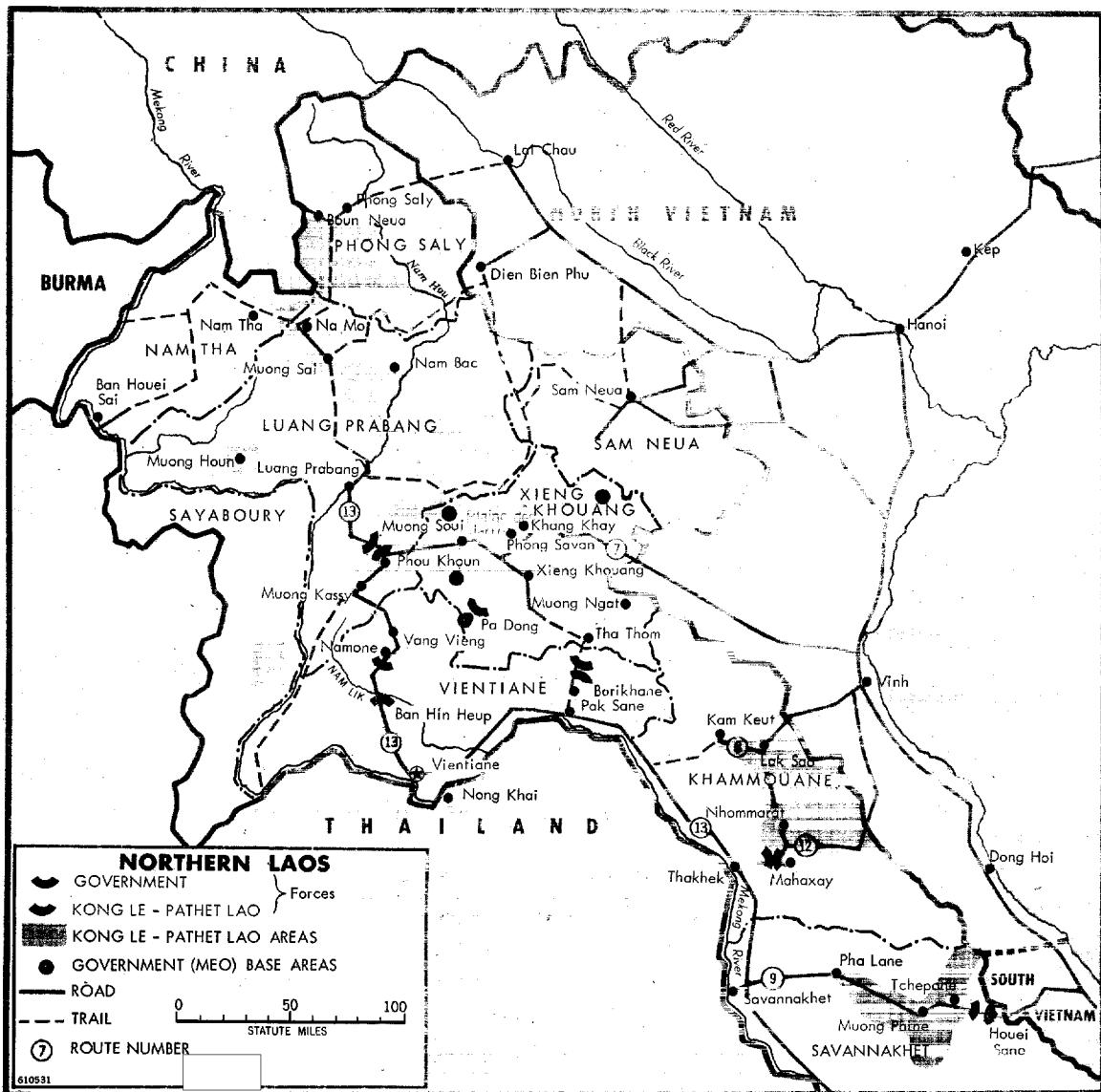
CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

Serial

*Laos: Enemy artillery shelling of the government position of Pa Dong resumed on the night of 29-30 May. Only ten rounds were expended, however, and no firing occurred during daylight hours on 30 May, suggesting that the firing was merely intended to keep the government's Meo troops pinned down and that the enemy's ammunition stocks are still depleted.

No

[redacted] eight additional enemy artillery pieces are being moved toward Pa Dong in accordance with an enemy intent to increase pressure on this and other government Meo positions.] [redacted]

The Laotian Government, [redacted] claims to have intercepted enemy messages concerning a recent meeting of Kong Le, Pathet Lao, and North Vietnamese commanders at which it was decided that the cease-fire would be effective only in provinces other than Sam Neua, Phong Saly, and Xieng Khouang. In these three provinces mopping-up operations against government troops and loyal civilians would be continued under the command of the "Viet Minh and Chinese groups, while the Pathet Lao and Kong Le elements would only be simple guides." This alleged enemy design fits the pattern of present activities. [redacted]

The "duties and policies" of a coalition government are scheduled as the first item on the agenda for the political committee talks at the 31 May meeting in Namone. Vientiane, however, will be more interested in the military talks, which are to be held simultaneously, according to the compromise agreement reached at the last meeting on 29 May. [redacted]

Bloc airlift operations continue to be scheduled through 31 May. [redacted] (Backup, Page 1) (Map)

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*South Korea: Constitutional and administrative actions of the South Korean regime suggest that the leadership envisages an extended period of military rule. The Supreme Council for National Reconstruction (SCNR) is planning to promulgate a new national reconstruction basic law--in effect a provisional constitution--to preserve legitimacy and continuity of the state. Foreign Minister Kim Hong-il told the American chargé on 27 May that the constitutional changes were being drafted to legalize the reforms that have been made, principally the transfer of the powers of the now dissolved National Assembly to the SCNR. The council may submit the law to a referendum to develop popular support. The council's reported plan to appoint military personnel to administrative positions at all levels of local government, including that of county chief, is almost certainly an effort toward long-term entrenchment in power.

The council has appointed Dr. Yu Chin-o, president of Korea University and principal author of the present constitution, its senior adviser on the constitutional problem. [redacted]

NOFORN) (Backup, Page 3)

*USSR-Iran: The Soviet Government has evidently concluded that recent developments in Iran have created a situation which can be exploited through increased political and propaganda pressure.

[redacted] the Soviet Union's conditions for an improvement of relations and cooperation would now include Iran's withdrawal from CENTO and abrogation of bilateral agreements with the US.

[redacted] this represented a substantial change from the USSR's previous position, which concentrated on extracting from Iran a public statement not to permit foreign missile bases on its soil, [redacted] the situation had completely changed since the advent of Premier Amini's government. In addition, the "National Voice of Iran"--a clandestine radio station broadcasting from the Soviet Caucasus--has recently stepped up its attacks, calling on the people to stage mass

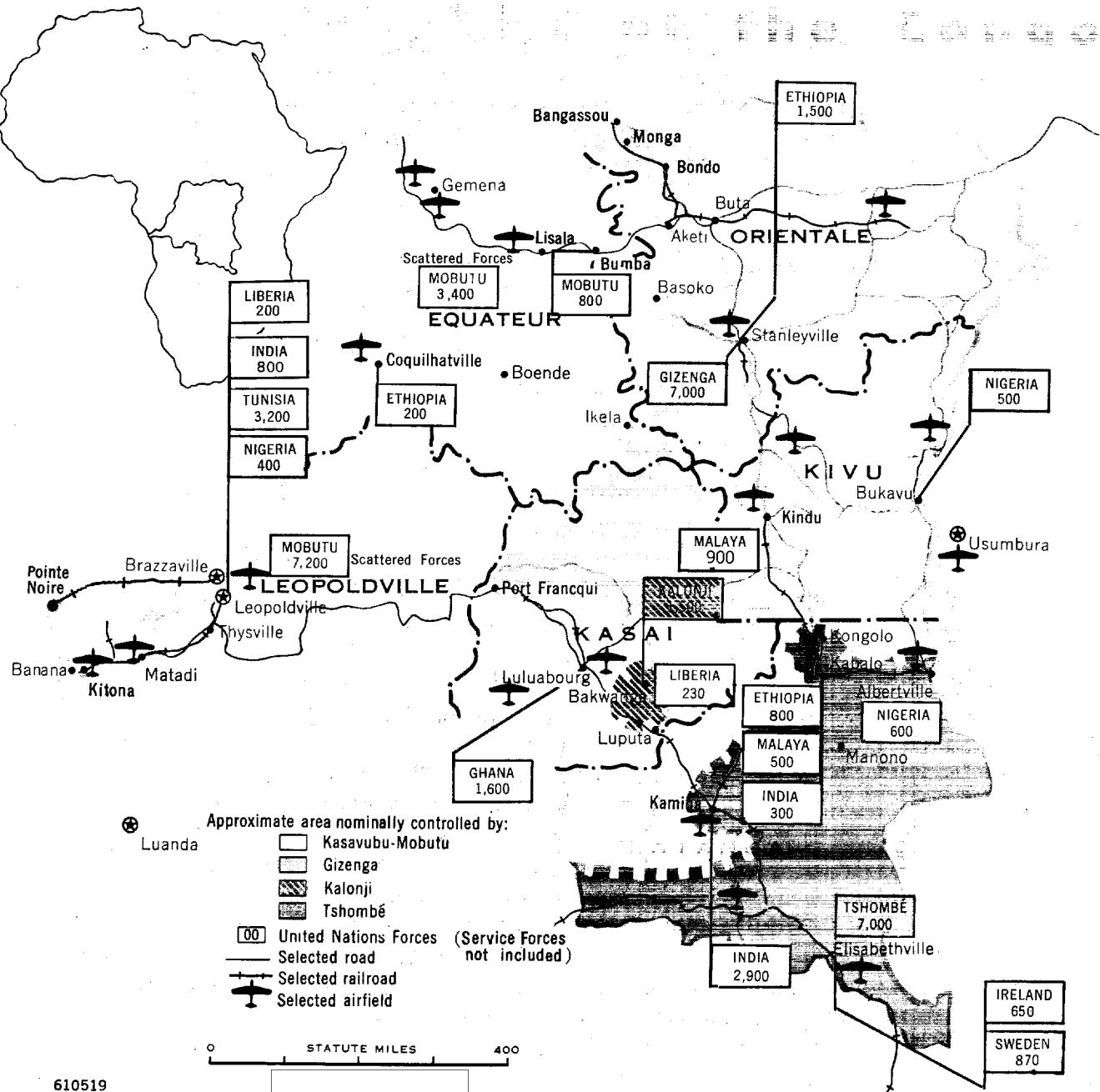
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[demonstrations against the regime, bitterly attacking Amini, and noting that Mossadeq is standing ready to serve as premier.]

Iran: [Prime Minister Amini has said that he will demand greater authority from the Shah or will resign, since he believes far-reaching reforms are impossible in Iran as long as the Shah retains ultimate authority for himself. Amini fears that the Shah intends to play former security chief General Bakhtiar against him in an effort to perpetuate the monarch's position.] No
 [the prime minister and his brother, retired General Mahmud Amini, are working on a "cooperative venture" to strengthen the prime minister's position.]

[Amini is reported anxious to reach an understanding with the National Front.]

[the Front may be preparing for a strike in the oil fields.] (Backup, Page 5)

*Congo: [The Leopoldville government apparently plans to reconvene parliament in early June as the next step following the 27 May adjournment of the Coquilhatville conference. President Kasavubu is expected to request UN guarantees for the safety of deputies being invited to Leopoldville from other areas. Gizenga continues to demand that parliament meet at Kamina, however, and he is still supported in this by the bloc and the radical African states. Hammarskjold observed on 22 May that while the UN was prepared to implement security measures for a meeting of parliament in Leopoldville, it could do so more easily at Kamina.] No

[There continue to be reports of internal dissension and economic stress within the Gizenga regime.]

[foreign exchange equal to \$1,400,000 had been deposited in a Stanleyville account in Guinea by Peinino and that \$500,000 had been promised by the USSR.]

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USSR: The shake-up in the Soviet bureaucracy which began in late 1960 and which Khrushchev accelerated this year in an effort to bolster lagging agricultural production and to purge the party and government bureaucracies of corrupt and incompetent officials shows no signs of diminishing. As a result of the current campaign and earlier attrition, the turnover in the membership of the central committee to be elected at the 22nd party congress in October will certainly be greater than occurred in 1956, when 35 percent were replaced; current indications point to a turnover of almost 50 percent. Further high-level changes are probably in the offing. The Yugoslav ambassador in Moscow claims to have information that the Soviet party central committee will meet in June and may take personnel actions at that time.

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USSR-China:

Communist China has sold gold in Paris, using the USSR as an agent. On 17 and 18 May the USSR credited about \$11,000,000 and \$3,000,000 respectively in sterling to China's account in Moscow, amounts which evidently represent the receipts from gold sales consummated in France on two preceding days. Other information suggests that all Soviet gold sales in Paris this year--roughly \$60,000,000--may have been Chinese gold. China has a substantial requirement for foreign exchange and is estimated to have had gold reserves on the order of \$100,000,000 to \$200,000,000 prior to these suspected sales.

No

West Germany: The announcement that the Social Democratic party (SPD) is planning a meeting of SPD Bundestag deputies in West Berlin on 6 June will probably be attacked by the bloc as an example of the type of "provocation" which makes a Berlin settlement urgent. This action is planned by SPD leaders in lieu of a plenary session of the Bundestag, which Chancellor Adenauer opposes because he feels it would increase East-West tensions and focus attention on Mayor Brandt, his opponent in the September national elections. Brandt reportedly believes that even a meeting of the SPD Bundestag members will

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[reassert the right to meet in West Berlin and also will put Adenauer's Christian Democrats in the position of showing a lack of sympathy for Berlin.]

Turkey: The 27 May anniversary of the Turkish military coup passed without incident, and the ruling Committee of National Union (CNU) used the occasion for final Assembly approval of the new constitution, another step in the gradual return to civil government. Chief of State General Gursel has again reaffirmed the regime's intention to hold popular elections and organize the new parliament no later than October 1961. The previously reported arrests which took place in mid-May for plotting against the military regime apparently resulted from oversensitivity of a few members of the regime rather than from any serious threat to the government. Meanwhile, the trials of political prisoners from the ousted Bayar-Menderes regime, now in their eighth month, are likely to be completed by mid-July. Some of the leaders of the previous government will probably be sentenced to death. CK

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On 29 May, Sihanouk [redacted]

[redacted] he had been asked by Premier Boun Oum to intercede with the Soviet leader to make the cease-fire effective and to end all intervention in Laos so as to permit a peaceful solution. [redacted] in part, "I share Prince Boun Oum's opinion, according to which it is necessary to give the ICC adequate powers to work effectively." [redacted]

[redacted] At the end of two days of talks with Boun Oum at Nice, Sihanouk announced on 29 May that Boun Oum had agreed in principle to a meeting in France with Souvanna and Souphanouvong. The Cambodian leader, however, was not sanguine that such a meeting would materialize.

Communist propaganda, continuing to accuse the Phoumi forces of violations of the cease-fire, is taking the line that government Meo units were introduced into Pa Dong and other "liberated" areas of northern Laos subsequent to the cease-fire. In mentioning the talks at Namone, a Pathet Lao broadcast of 29 May pointed out that "a genuine cease-fire and armistice agreement cannot be reached until and unless the political issue is solved by the parties concerned." Peiping, speaking of the political and military agenda drawn at Namone at the 29 May meeting, cites the "bad faith" of the Vientiane delegation in the past two weeks of talks and foresees an "acute struggle before the conference can make progress in the future." [redacted]

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indicates ill will between the rebel Laotian troops and North Vietnamese artillery troops working with them. [redacted]

[redacted] the Vietnamese as having a pre-emptory attitude, and of giving poor artillery support to attacks by the Kong Le troops but sufficient fire to those launched by the Pathet Lao. [redacted]
[redacted]

On 28 May, only three flights occurred which may have been airlift associated. No flights were noted into Laos. Airlift activity on 29 May included at least six and possibly nine IL-14 sorties to Xieng Khouang. A relatively high level of airlift activity was scheduled for 30 May, with flights scheduled for the Vinh/Dong Hoi area, Xieng Khouang, and Phong Saly.

[redacted]

On 5 May, a radio station was set up at Vang Vieng for the purpose of serving Souvanna Phouma's delegation to the cease-fire negotiations. This station is in direct contact with the Pathet Lao headquarters at Khang Khay in the Plaines des Jarres.

[redacted]

[redacted]

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~~SECRET~~South Korean Situation

[The arrest on 28 May of 26 leading businessmen and former government officials, all of whom allegedly accumulated illegal fortunes under the Rhee and Chang Myon administrations, seems to have dispelled earlier reports that the Supreme Council for National Reconstruction (SCNR) would turn to former bureaucrats to overcome its own lack of experience in public administration, especially in economic matters]

[In the economic field, the SCNR has announced that interest rates on private loans to farmers, which had reached 80 percent per annum recently, will be limited to 20 percent. Officials of the ministries of agriculture and forestry have requested that the US allow Seoul to control all fertilizer imports, which are financed through aid. Until the coup, almost half of such imports were handled by commercial interests]

[The US chargé in Seoul points out that despite such announcements, it is more evident each day that the SCNR is unprepared to give direction to government economic policy and that such decisions show a lack of the close working relations with the US on which the Chang administration had relied. Moreover, in view of the SCNR's lack of professional economic competence, the new controls give more autonomy to government ministries than before, with consequent possibilities for graft, economic dislocations, and exchange-rate manipulations]

[University students, who sparked the revolt against the Rhee government in April 1960, are divided in their attitude toward the new regime. The American Embassy reports that perhaps as many as half the students approve, with varying degrees of enthusiasm, of the government's stated aims and initial measures. The others, however, resent or are having serious second thoughts about the coup because of the loss of the academic and political freedoms won in the 1960 revolution. These students are following a line of passive resistance, as]

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[Exemplified in the refusal, despite SCNR pressure, of the student government at Seoul National University to organize demonstrations in support of the coup. It is likely that statements by the students will become bolder if SCNR controls are relaxed and that student resentment will mount if they are not.]

[The SCNR does not seem intent on improving relations with Japan. Former Defense Minister Kim Chong-o, who states that he is not associated with coup leaders but is in contact with key officers in the government, has advised American officials not to discuss the subject with the new regime. He claims that the younger officers in the SCNR deeply resented the way the Chang Myon government seemed to be opening the door to Japanese Diet members and business missions without a greater Japanese demonstration of "sincerity"--presumably meaning concessions.]

[In Japan, the opposition Socialists are claiming that the new government in Seoul is unconstitutional and are demanding that Tokyo denounce its commitments to the United Nations concerning Korea, oust the Korean mission in Japan, and treat the North and South Korean regimes on an equal basis.]

[Japanese Foreign Minister Kosaka has asserted to American officials that, in the absence of diplomatic recognition, the entire relationship between Japan and South Korea has depended on the UN's finding the Seoul government the legally constituted one in Korea. He emphasized the importance to his government of early assertions by the United States, by other major free world countries, and, if possible, by the UN itself that there is a basic constitutional continuity between the new government and the one recognized in the UN resolutions of 1950 and 1951.]

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Iranian Prime Minister Threatens to Resign If Shah Refuses
Full Cooperation

[From the beginning of Amini's tenure, the Shah has made it clear that he intends to retain significant power in his own hands. He not only maintained his choices as minister of war and minister of interior in the new cabinet but also continued to consult with security officials independently of Amini.]

[Apparently unknown to Amini, the Shah also attempted to have former Prime Minister Eqbal appointed ambassador to Spain; Amini now seems to have blocked this move, however. In addition, before the Shah left for Norway he reportedly gave Minister of War Naqdi and General Varahram, former commander of the Third Corps, instructions to take over the government in case of difficulty.]

[Other generals reported to be cooperating with General Mahmud Amini in organizing support for the prime minister are former General Valiollah Gharani, released from prison about six months ago after serving two years for plotting against the Shah, and possibly General Ismail Riahi, J-1 of the Supreme Commanders Staff. Neither man appears to have troops available to back up any action. The commander of the Second Independent Infantry Brigade, a supporter of Bakhtiar, reportedly was recently asked by a member of Amini's group to join them. This could be an attempt to obtain some troop support as well as to weaken Bakhtiar's following.]

[Amini's suspicions that the Shah may be holding Bakhtiar in reserve to use as a counterbalance may be accurate. However, Bakhtiar has warned several times of the danger to Iran if the Shah fails to support Amini, and Bakhtiar's own plans]

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Appear to be based on the expectation that Amini will fail through lack of royal backing.

The support of the National Front would significantly strengthen Amini's position. Although he has adopted most of the Front's program, with the exception of immediate elections, the Front will probably be reluctant to support a government which it feels cannot succeed.

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The Counselor and Chairman of the Policy Planning Council

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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)

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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

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