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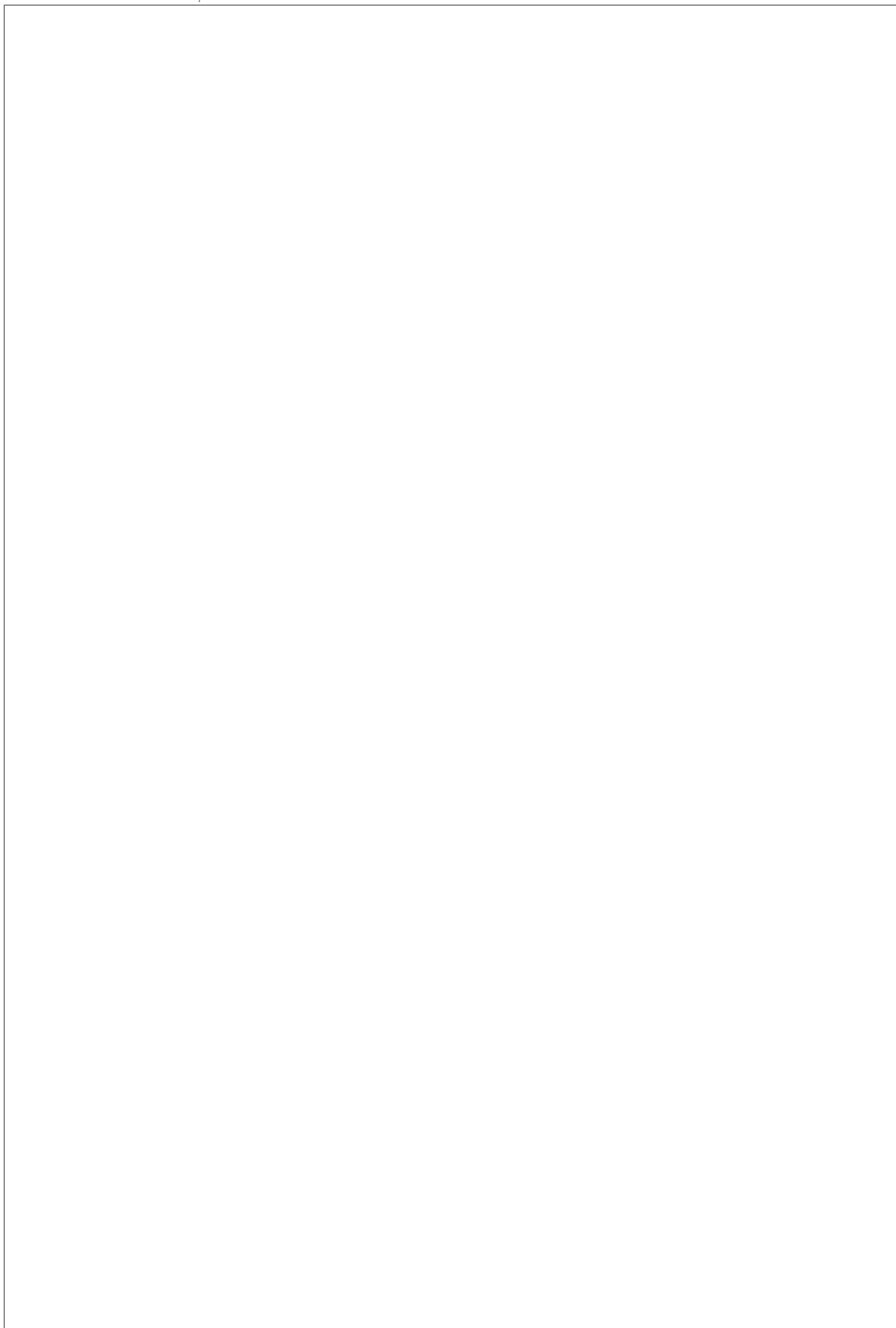
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CENTRAL INTELLIGENCE BULLETIN



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14 June 1961

CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

Scribbles

Laos: [Government forces have abandoned the outpost of Ban Hat Bo and an immediately adjacent position about halfway between Tha Thom and Pak Sane, after being subjected to enemy 81-mm. mortar fire. The area northeast of Pak Sane has been the scene of occasional guerrilla harassment activities by the Kong Le - Pathet Lao forces since the 3 May cease-fire.]

[Bad weather on 13 June again caused cancellation of a scheduled session of the Namone tripartite talks.]

Bloc airlift operations continue to be scheduled through 14 June.

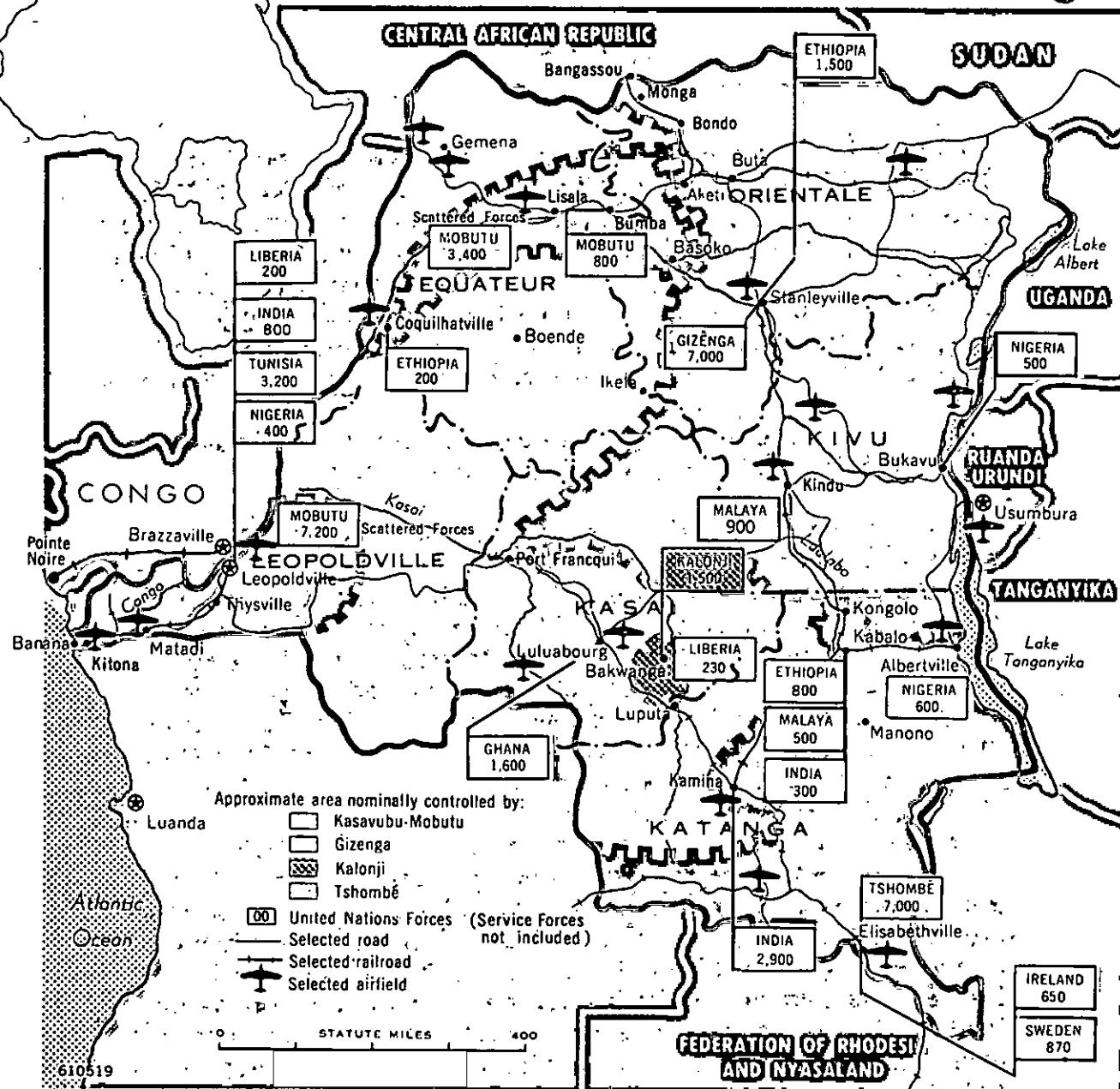
(Backup, Page 1) (Map)

Dominican Republic: Latin American members of the special OAS subcommittee in the Dominican Republic since 7 June are already anxious to leave and do not believe that a continued OAS "presence" there is desirable in the absence of new terms of reference for the subcommittee. Panamanian OAS Ambassador Arango, chairman of the subcommittee and of the parent Committee of Dominican Sanctions, proposes that the subcommittee leave on 15 June if it can first obtain a Dominican statement that the subcommittee may return at any time. The Uruguayan member has opposed further visits to jails or interviews with families of prisoners, stating that this would constitute intervention in internal Dominican affairs and exceed the committee's competence. Ambassador Drew, the US member, feels that the presence of the OAS group has been having an increasingly beneficial effect in the country and fears that its early departure will dishearten the opposition and possibly lead the Trujillo group to revert to further repressive measures. The consul notes that the dissidents had only very recently begun to show some confidence in the OAS group and that many

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Republic of the Congo



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now are willing to take considerable risks to testify before the committee. Ambassador Drew doubts, however, that his sub-committee colleagues can be induced to remain.

Congo: Reports from Leopoldville indicate that preliminary agreements between the central government and the Stanleyville and Elisabethville factions concerning the inauguration of a new Congo federation may be imminent. Representatives of the Katanga regime, who on 12 June returned from secret talks in Milan with representatives of the central government, reportedly are optimistic concerning prospects for a rapprochement. Meanwhile, three emissaries from Stanleyville arrived in Leopoldville on 12 June to discuss conditions for the reconvening of parliament.

No

[redacted] the Stanleyville and Leopoldville negotiators will be briefed by the UN concerning projected security arrangements, after which each side will defend its preference regarding a meeting place for parliament. The final choice, however, reportedly will be made by the UN, which may elect a neutral site. [redacted]) (Backup, Page 3) (Map)

*USSR: There have been some indications that the Soviet party central committee will convene in special session within the next few days. Special sessions are not publicized in advance and are likely to be called to discuss particularly important personnel actions or policy pronouncements.

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*Soviet Bloc - Berlin: East Germany has followed up Moscow's publication of the Soviet aide-memoire on Berlin by indicating that a foreign ministers' conference would be acceptable to the bloc as the next step to take advantage of the "good beginning" established at Vienna between Khrushchev and the President. In the first high-level reference to a specific forum for resuming talks on Berlin, East German party leader Ulbricht suggested a foreign ministers' meeting as well as negotiations

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between East and West Germany. He urged, in an interview with Western journalists on 13 June, that negotiations be started "without delay."

Prior to the Vienna meeting a Soviet Foreign Ministry official stated that Khrushchev was agreeable to a foreign ministers' conference provided the US took the initiative in proposing it.

*France-Algeria: The decision to adjourn the talks at Evian for 12 to 15 days "to allow time for reflection" indicates that neither French nor Algerian negotiators were willing to depart from the widely divergent positions they had presented in three weeks of consultations. The move was initiated by the French, presumably to pressure the PAG into discussing possible areas of compromise and to impress the PAG with the seriousness of French complaints over FLN terrorism. During the adjournment, both sides will be subject to international and domestic pressure to compromise. Paris now will have to decide whether to continue its unilateral one-month cease-fire scheduled for review on 20 June; pressures for countermeasures will be strong if FLN terrorism continues at the present high rate.

June

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Communist China: Indecision in Peiping on measures to cope with current economic and other difficulties is suggested by the failure to convene the National People's Congress so far this year. The Congress--Communist China's legislature--usually meets in the spring or summer to ratify decisions of the party leaders, but Western diplomats in Peiping have been told by Communist officials that this year's sessions have been postponed until fall. One of the constitutional duties of the Congress is approval of the annual state budget, but recent poor harvests, other economic setbacks, and prolonged economic negotiations with the USSR have evidently delayed preparation of the 1961 budget and state plan. In contrast to its customary boastful claims, Peiping has

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released almost no economic data in recent months. [redacted]

Neutralist "Summit Conference": Twenty "nonaligned" states on 13 June ended a nine-day preparatory meeting in Cairo with announcement of a proposed agenda for a subsequent heads-of-government conference. Invitations for the "summit" meeting in Yugoslavia on 1 September are to be issued later through diplomatic channels. The meeting appears to have been relatively smooth after a lengthy dispute over the seating of delegations representing the provisional government of Algeria and Gizenga's Congo regime. Algeria was seated, but after Indian protests the Congo question was shelved, over the objections of Ghana, Guinea, and Mali. Nehru had expressed concern that the meeting would become preoccupied with such disputes rather than with efforts to ease tensions. He suspects Nasir and Tito, originators of the conference, want it to advance the third-bloc concept which he opposes.

(Backup, Page 6)

Brazil: Ambassador Stevenson has reported that President Quadros' comments to him on 11-12 June gave few grounds for optimism about Brazil's position on "Castro or the use of Cuba as a base of Communist operations in the hemisphere." Quadros indicated a genuine interest in the success of the inter-American conference, scheduled to open on 15 July in Montevideo. He told Stevenson that social progress flowing from economic development is the immediate and imperative necessity in Latin America, and that, until such development is under way, inter-American activity in the political field is premature. Quadros said that in his opinion the two most acute danger spots in Latin America are Bolivia and Northeast Brazil. He expressed confidence that despite the present "chaotic" situation in Northeast Brazil--which, however, he does not fully identify with Communism--he could clear it up and put the area on a viable basis before the end of his five-year term.

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*Colombia-Peru: Indicative of the manner in which extreme leftist elements are trying to exploit student unrest and cause

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embarrassment during Ambassador Stevenson's visit to Bogota and Lima are the following reports of possible demonstrations.

Student strikes in Colombia, in progress since last March and under the direction of some pro-Castro and Communist agitators, are becoming increasingly disorderly. The Communist party of Colombia reportedly issued instructions to continue the strikes until after the arrival of Ambassador Stevenson in Bogota on 19 June. President Lleras has so far avoided using repressive measures, although the government is believed capable of controlling demonstrations. In Peru, a Communist student leader at the University of San Marcos stated that his party was planning larger demonstrations against Stevenson than those which Vice President Nixon faced during his visit in May 1958. Pro-Castro-Communist student protests after the April insurgent landings in Cuba were effectively contained by the Peruvian Government, which is likely to take extensive security precautions against student and other violence during Stevenson's visit.

Iceland: The Communist-led labor unions and their Progressive party allies appear to have won a tactical victory in the extensive strikes of the past two weeks. The cooperative societies, largely controlled by the Progressive party, have granted wage increases of 10 to 15 percent to their workers, and other employer groups will probably feel compelled to follow suit. This will be a sharp blow to the economic stabilization program of the pro-Western government. The American Embassy reports there is a general expectation in Reykjavik that the government will have to devalue the monetary unit (the krona) to counter the inflationary effect of general wage increases of this magnitude. Except for a complete standstill in Reykjavik harbor which prevents the off-loading of military cargo, operations of the US-manned NATO base at Keflavik remain relatively unaffected by the continuing strikes.

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The Situation in Laos

The Thai delegation at Geneva apparently will not attend further sessions until the seating issue is decided to its satisfaction or unless it receives instructions from Bangkok to resume attendance. The delegation's walkout on 12 June provides a measure of Thailand's dissatisfaction and frustration over the course of the Geneva proceedings as well as over the evolution of the Laotian situation during the past year. [In a compilation of various Thai grievances on 11 June, the American Embassy included the following: fundamental doubt on the wisdom of holding the conference in the first place, instead of taking more forceful action through SEATO; conviction that France and Britain are prepared to hand Laos over to the Communists when this can be done gracefully; lack of publicity for Thailand's role and viewpoint at the conference; and the apparent movement toward the formation of a coalition government in Laos. Underlying all of these considerations, in the embassy's view, is Thai uncertainty as to the United States' ultimate intentions in connection with Laos.]

[France has closed the airfield it controls at Seno to aircraft taking Laotian government troops to or from Thailand for training. Paris probably hopes by this action to encourage bloc acceptance of a continuing French presence in Laos, particularly at the Seno base. Closing the Seno base will create delays and add to the expense of the training program, according to Ambassador Brown, but other staging areas are available. The Vientiane Government is now likely to be even more hostile to any suggestion that the French be made responsible for the future training and support of the Laotian Army.]

[continuing preoccupation with the activity of Meo units of the royal army scattered throughout Xieng Khouang Province.]

[three companies operating to the southwest of Xieng Khouang town were spreading propaganda and attempting to win the people over by distributing meat and salt. The lull in Kong Le - Pathet Lao

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military activity in the Pa Dong area is giving Meo units additional time in which to regroup on the high ground to the west of Pa Dong.

[Preliminary field information indicates that most if not all airlift flights were canceled on 12 June because of unfavorable weather. Scheduled flights for 13 June were at a near-normal level, with flights planned for Xieng Kouang, Vang Vieng, Nam Bac, and to the Vinh - Dong Hoi area. Two Soviet IL-14s arrived at Hanoi on 12 June. One of these was the IL-14 that flew from Hanoi to Irkutsk on 8 June after arriving at Hanoi from Moscow on 5 June. The other was the Soviet IL-14 which apparently is to conduct photo survey missions.]

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The Situation in the Congo

Following a conference with UN representative Robert Gardiner on 9 June, Gizenga advised friendly diplomats in Stanleyville that he was no longer insisting that parliament meet at Kamina, but was agreeable to a meeting in Leopoldville under the protection and supervision of the UN. Gardiner, for his part, reportedly allayed apprehension in Stanleyville by reaffirming that the UN would prevent any invasion of Gizenga's domain by General Mobutu's Leopoldville army.

Despite internal weaknesses of the Stanleyville regime, Gizenga can be expected to drive a hard bargain in any negotiations. [With respect to a reorganized central government, Gizenga has indicated to his spokesman at the UN that the Stanleyville group should receive five cabinet posts--i.e., parity with Kasavubu--and that he, Gizenga, would be receptive to the vice premiership.]

[] anti-Kasavubu groups are seeking to form a common front, and expect to control about 63 of the 137 seats in the Chamber of Deputies when parliament meets.] [] In an apparent move to strengthen his parliamentary bloc, Gizenga has requested the UN to "facilitate the transportation" of pro-Gizenga deputies to Stanleyville prior to any opening of parliament. Gizenga's request appears designed to provide him with an opportunity to influence wavering deputies through bribery or coercion.

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In Elisabethville, UN officials have expressed optimism concerning an eventual rapprochement between Katanga and the central government. In their negotiations in Milan, Katanga and Leopoldville representatives reportedly agreed on the desirability of an early meeting of parliament, provided that the UN guaranteed the security of all delegates.

Two unresolved issues concern the timing of Tshombé's release and the extent to which Katanga will be expected to provide financial support for a Congo federation. Although Tshombé's lieutenants have demanded that he be released prior to any meeting of parliament, Kasavubu's representatives have thus far demurred.

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Soviet Party Central Committee Meeting May Be Imminent

The central committee's 250 members are individually important and relatively influential, and the committee in recent years has on a few occasions had an effective voice in policy decisions. It also provides the regime with an important forum for expounding its major policies. Normally, the dates and agenda of central committee regular sessions, as distinct from special sessions, are announced in advance. The last special session, which was unpublicized, took place in May 1960 immediately before Khrushchev's trip to Paris; several changes in the party presidium were announced at that time.

[redacted] Soviet Presidium member Furtseva would cut her official visit to England--originally scheduled from 13 to 16 June--by two days. The embassy said only that she had to return quickly to Moscow.

[redacted] the Kamchatka party boss, whose trips to Moscow have often signaled central committee sessions, was preparing to leave for the capital. In addition, the Soviet ambassador to Iran, a committee member, recently left Tehran for Moscow.

Changes contemplated in the make-up of the party's ruling bodies, the Presidium and Secretariat, would seem to be the most likely reason for a special session at this time. Khrushchev would probably take such an occasion to brief top officials on his Vienna meeting with the President. A discussion of the ticklish state of Soviet-Albanian relations, which have deteriorated sharply in recent weeks, might also figure in the agenda. [redacted]

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Neutralist Summit Conference

The meeting probably reinforced the doubts which India displayed when Yugoslavia and the UAR proposed it last April. Nehru has long felt that any "neutralist" conference, especially with the participants included in the Cairo meeting, would do more to bring out discord than to promote agreement among the uncommitted nations. Even more important, however, he has strongly opposed any trend toward formalization of policy coordination among these states because it would reduce his stature and impair his freedom of movement.

It was only with great reluctance that he agreed to lend his endorsement to the preparatory sessions. India's opposition to the seating of a representative from the Gizenga regime was consistent with its strong support of the United Nations effort in the Congo.

[The UAR played an equivocal role at the meeting. The African states appear to have been led by Cairo to believe that it would support inviting the Gizenga delegation. UAR Foreign Minister Fawzi, who presided over the sessions, was instrumental in working out the solution, but not without creating hard feelings on both sides. Ghana, Guinea, and Mali were reportedly embittered by the UAR's behavior.]

) The Burmese ambassador, who sided with India,

the sponsors of the meeting "have tricked us into this situation." At the end of the meeting Southeast Asian countries were reported pessimistic about the prospects for a successful summit conference.

The meeting also tried to define the criteria for non-alignment, but these were not listed in the final communiqué. [They were reportedly the cause of heated debate in committee meetings.]

Topics on the proposed agenda for the meeting in Yugoslavia include: a general exchange of views on the international situation, "liquidation of imperialism and neo-imperialism," racial discrimination, disarmament and nuclear testing, and the role and organization of the United Nations.

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Belgrade has responded with elation to the choice of Yugoslavia as the site for the summit meeting. Tito views his association with the neutrals as a means of commanding more attention for his own foreign and domestic policies; he probably believes that the role of host will enhance his ability to influence the uncommitted states, as well as increase Yugoslavia's prestige generally.

The Sino-Soviet bloc has made no public comment on the proposed summit meeting. TASS factually reported on the preparatory meeting of what it termed "so-called non-committed states" for the first time on 12 June.

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~~CONFIDENTIAL~~Projected Strike Settlement in Iceland

The politically inspired concession of the cooperative societies has as its principal objective the undermining of the government's economic stabilization program. By breaching the government's line on holding wage increases to manageable proportions, the Communists and their Progressive party allies probably believe they have put themselves in a better position to demand re-entry into the government as the price for assuring labor peace.

Faced with the likelihood of a general settlement based on wage increases and other benefits totaling some 14 percent for this year and an additional 4 percent beginning next year, the government must take steps to stave off serious damage to the economy and prevent a return to the inflation which has plagued Iceland during much of the postwar period. The Conservative - Social Democratic government reportedly intends to devalue the krona, which was last devalued in February 1960 as part of the government's over-all program of economic reform. Devaluation would impress upon the public the irresponsible economic policies advocated by the opposition and accept the challenge posed in the new wage contracts, which permit renunciation on 30 days notice if the currency is devalued or prices rise above a certain level. Some government officials reportedly favor devaluing the krona as many times as necessary after successive strikes to convince the public of the reckless policies being followed by the opposition. [redacted]

[redacted]

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Executive Offices of the White House

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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

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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

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The Secretary of the Treasury

The Under Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

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The Director, The Joint Staff

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