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9 February 1961

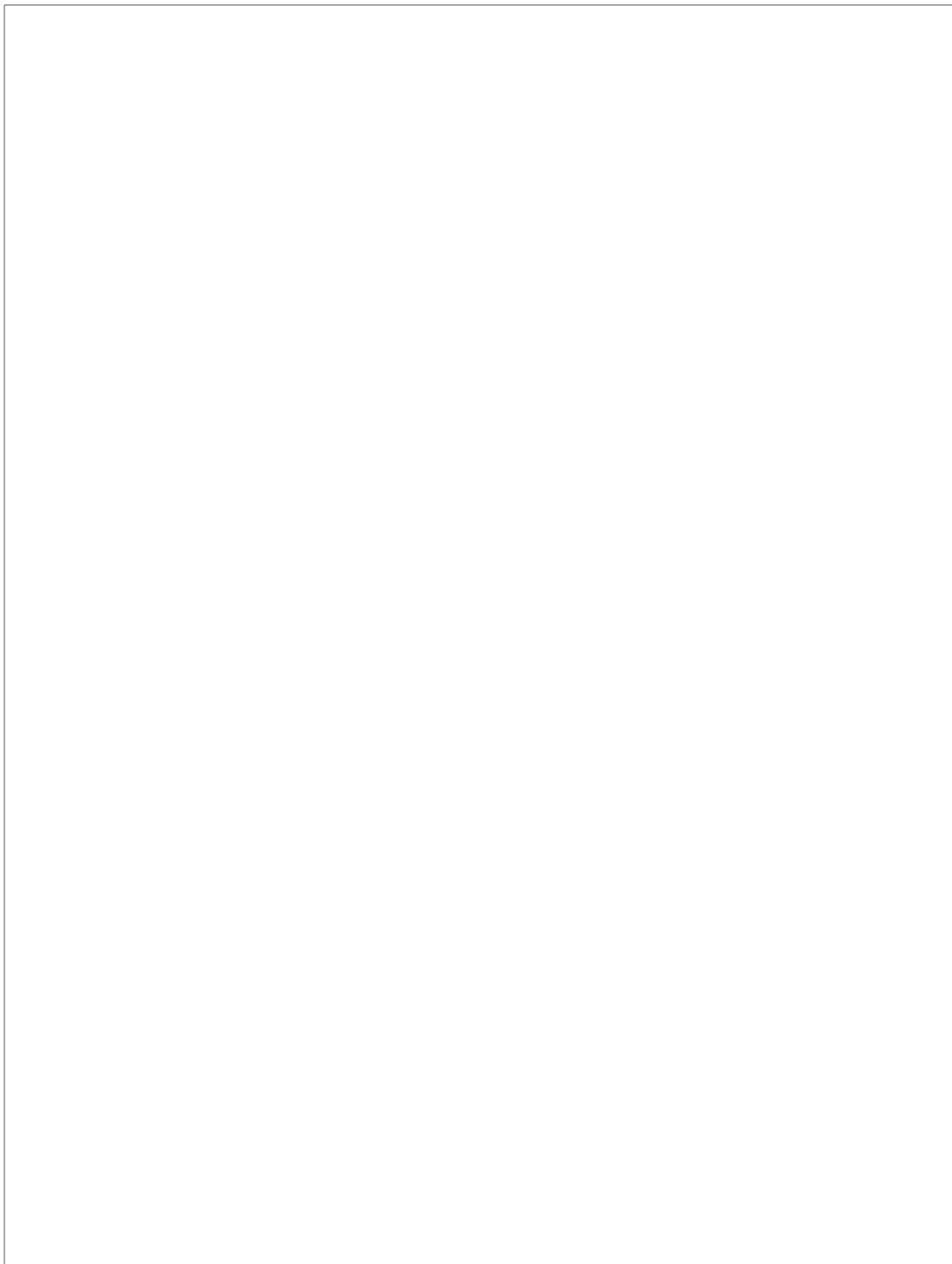
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CENTRAL INTELLIGENCE BULLETIN



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9 February 1961

CENTRAL INTELLIGENCE BULLETIN**CONTENTS**

1. Laos: Vientiane troops east of Phou Khoun are meeting strong resistance from Pathet Lao forces. (*Page i*)
2. Burma: Most of the Chinese Nationalist irregulars still in Burma may be forced into Thailand. (*Page i*)
3. Congo: Mobutu moves troops in preparation for offensive against Gizenga. (*Page i*)
4. UAR-Syria: Nasir extending his control over Syrian economy through new foreign exchange limitations. (*Page ii*)
5. Nepal: Exiled Nepalese politicians in India are completing plans for resistance movement in Nepal. (*Page ii*)
6. Watch Committee conclusions. (*Page iii*)

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CENTRAL INTELLIGENCE BULLETIN

9 February 1961

DAILY BRIEF

Laos: Government troops probing several miles eastward along Route 7 from recently occupied Phou Khoun junction are reported meeting strong resistance from Kong Le - Pathet Lao forces. Airdrop operations have been noted recently at various points east of Phou Khoun.]

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[Soviet transports have been landing daily at the Plaine des Jarres airfield regardless of heavy cloud cover, suggesting the possibility that these landings are being aided by a radio homing beacon located at the airfield.]

(Backup, Page 1) (Map)

Burma: [The only significant force of Chinese Nationalist irregulars still in Burma--possibly 3,000 to 4,000 troops--was reportedly under attack from Burmese troops as of early February. The irregulars will probably have to retreat into Thailand. This group is 50 miles south of the fortified area from which 2,000 to 3,000 irregulars were recently driven into Laos.]

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*Congo: [Mobutu is apparently moving troops toward the northwestern and southwestern borders of Orientale Province in the first stage of a long-planned offensive against the Gizenga regime. There is insufficient evidence available to permit an accurate assessment of the outcome of this operation. The military moves, which seem designed to coincide with new efforts by Kasavubu and his followers to form a provisional government in Leopoldville, will be hampered by the general unreliability of the Congolese troops and by logistical difficulties. However, Gizenga's ability to meet an invasion has been weakened by Mobutu's blockade of Congo]

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River traffic which has caused a critical shortage of gasoline in Orientale Province. (Backup, Page 3) (Map)

UAR-Syria: President Nasir continues to wrestle with the problem of making a reality of the three-year-old constitutional union between Egypt and Syria. On 5 February he took a major step in extending Egyptian control over the relatively free Syrian economy through a decree establishing foreign exchange controls aimed at halting the flight of Syrian capital and conserving the UAR's dwindling reserves of hard currencies. Reactions among Syrian businessmen have been antagonistic and there has been a noticeable increase in statements opposing the union with Egypt.

a high degree of sensitivity to Syrian public opinion and are coupled with orders to assuage public concern. implementation of the new decree has begun.

(Backup, Page 5)

Nepal-India: Ousted leaders of the Nepali Congress party, who have been conferring in India since King Mahendra's take-over of the government on 15 December, are completing plans for a "peaceful" resistance movement in Nepal. Their campaign will take the form of mass agitation and strikes to be staged in the near future. Nepali Communists are also planning resistance activities, but their attempts to form a united front have been rebuffed by the Congress leaders. Nehru, while careful to avoid any overt action which would alienate Mahendra, has reportedly sanctioned Nepali Congress organizational activity in India. In Katmandu, increasing signs of opposition have led the King to make further arrests and shut down two newspapers; government operations remain largely at a standstill owing to uncertainty and to the ineffectiveness of the King's new Council of Ministers.

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9 Feb 61

DAILY BRIEF

ii

TOP SECRET

WATCH COMMITTEE CONCLUSIONS

- A. [No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.]
- B. [No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the bloc in the immediate future.]
- C. [The capabilities of Communist forces in Laos for sustained military operations continue to be increased by the bloc airlift and by road improvements which permit truck support of the Plaine des Jarres area from North Vietnam during the dry season. There are no indications that the Communists intend to launch a major offensive in Laos at this time, but they possess the capability for such action and hence could exploit any favorable opportunity with surprise. The bloc is seeking both to legitimize its operation and to play for time by promoting the establishment of the Souvanna Phouma "cabinet" in Xieng Khouang and by opposing a reactivation of the International Control Commission without a prior international conference.] *N/O*
- D. [Gizenga's Stanleyville regime appears to have lost momentum, partly as the result of his failure to receive supplies and because of withdrawals of pro-Stanleyville UAR troops from Equateur Province. Gizenga's African and bloc supporters are likely to increase their efforts to furnish material aid through the Sudan, which continues to deny transit rights, particularly if the proposed military movements of the Mobutu forces against Stanleyville meet with success.]

9 Feb 61

DAILY BRIEF

iii

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~~SECRET~~Situation in Laos

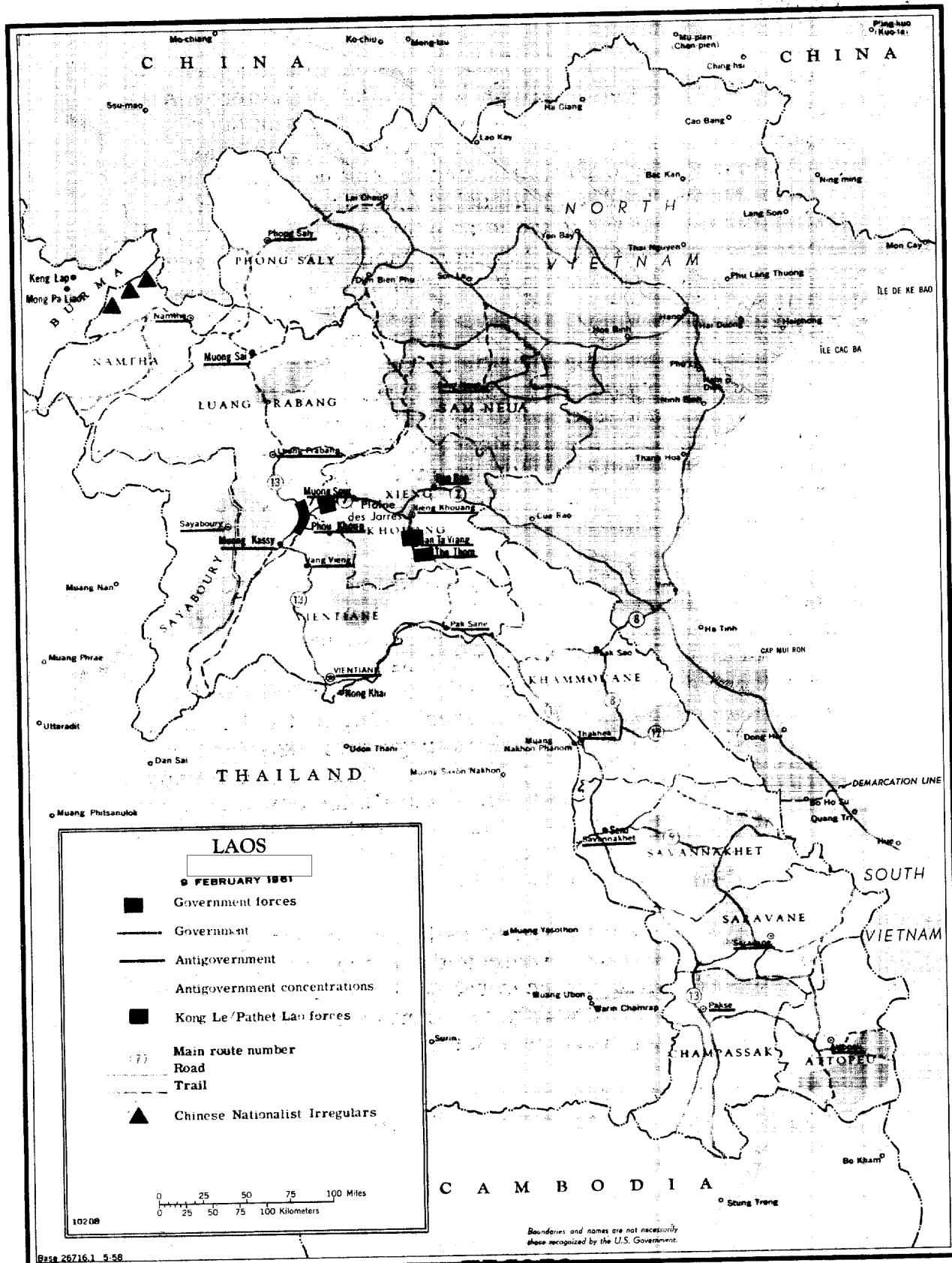
[] assessing the capabilities and intentions of the Kong Le - Pathet Lao forces in the Plaine des Jarres area, conclude, on the basis of present indications, that the enemy will fight a delaying action along Route 7 preparatory to making a major stand either at Muong Soui or on the Plaine des Jarres itself. They estimate that the force now in contact with government troops just east of the Phou Khoun junction of Routes 13 and 7 consists of about two battalions, supported by a battery of 105-mm. howitzers, a few 120-mm. mortars, and two to four armored cars. This force could be reinforced by an estimated four battalions (1,200 to 1,500 men) for a sudden counterattack on the government forces; however, it is considered more likely that the bulk of this reserve will be used in the defense of Muong Soui or the Plaine des Jarres. A potent factor in any delaying action would be the use of antitank mines, which the enemy has recently introduced into the fighting.]

[The assessment notes reports of intensive recruitment activity on the part of the Kong Le - Pathet Lao combine, both for new troops and work gangs to be used in road improvement and construction of defensive positions. The Pathet Lao are considered poorly trained, with North Vietnamese advisers in most cases providing tactical guidance down to the company level. With regard to logistics, it is estimated that a minimum of 40 tons of supplies are being landed daily by Soviet aircraft at the Plaine des Jarres airfield complex. This tonnage is apparently being augmented by an undetermined amount of supplies being moved in by truck via Route 7 from North Vietnam.]

[Despite the defensive tactics being pursued by the enemy in Xieng Khouang Province at the present time, the Kong Le - Pathet Lao forces retain the over-all initiative in Laos through their ability to mount guerrilla attacks on widely scattered government posts.]

[South Vietnam reportedly plans shortly to send a special army team to Laos, to be attached to Phoumi's staff. []]

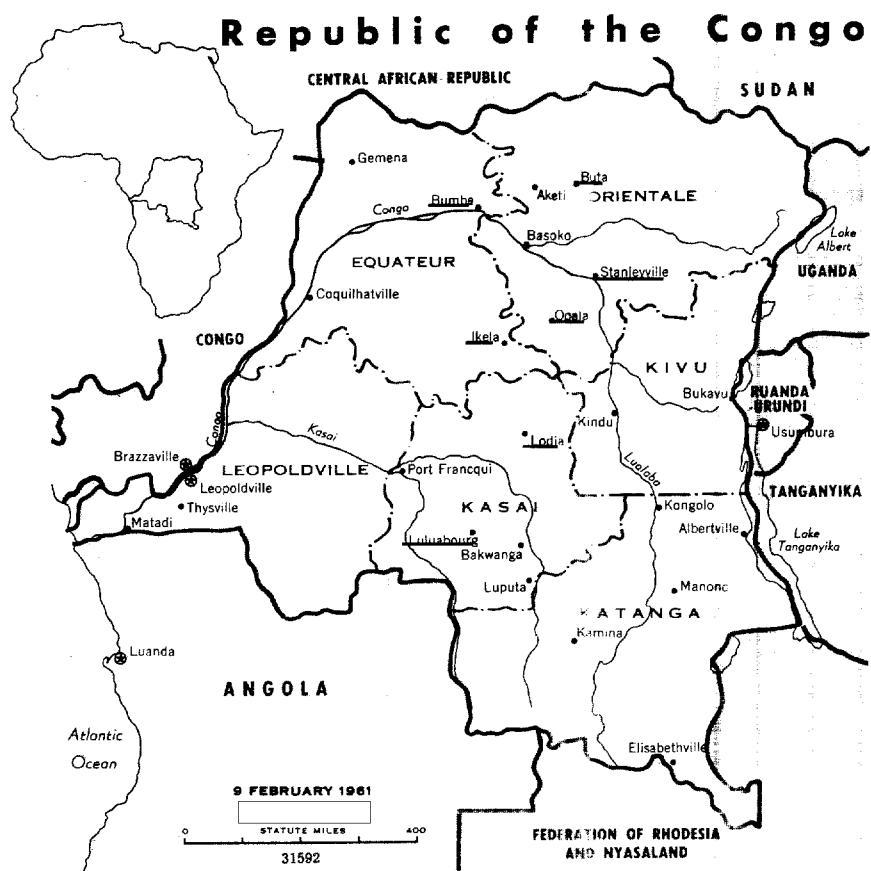
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the South Vietnamese military attaché had been asked by the Boun Oum government about the possibility of providing psychological warfare and intelligence advisers for a newly established intelligence organization. Phoumi and Boun Oum were in frequent contact with South Vietnamese leaders last fall during the period of their opposition to the Souvanna government. Although Saigon promised them full support, it is not known to have provided significant assistance, either in terms of materiel or personnel, up to this time.

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[Mobutu's troops in northeastern Equateur Province reportedly will approach battalion strength in a week, after the reinforcements and trucks now being moved up the Congo River by barge reach Bumba. Mobutu apparently plans to move this force up a tributary of the Congo to Buta and thence southward by truck toward Stanleyville. At the same time he reportedly is concentrating other troops in Luluabourg, preparatory to a move overland through Lodja, Ikela, and Opala.]

[Mobutu and his lieutenants have so far given no indication that they can handle a large-scale military undertaking, although in the present operation they presumably will be assisted by Belgian advisers. Congolese troops are poor fighters unless they receive strong leadership. In addition, the offensive will suffer from severe logistical handicaps. The southern group in particular faces difficult supply problems, since it will have to rely on secondary roads, often passing through hostile territory, for all support once it leaves Luluabourg.]

[Congolese officials in Leopoldville appear to be underestimating the difficulties facing their forces. They apparently are under the impression that Gizenga's regime has been sufficiently weakened to permit conquest of the eastern Congo. Ammunition and gasoline are in critically short supply among the Stanleyville forces as a result of Mobutu's blockade of Congo River shipping. In addition,

[] parts of the Congolese Army in Orientale and Kivu provinces are disaffected and have offered to come over to Mobutu's side.]

[Behind-the-scenes maneuvering among Leopoldville politicians has intensified following the conference at the end of January. At Kasavubu's request, representatives of various groups reportedly are attempting to form a provisional government and to have it approved by the members of parliament representing all regions of the Congo--who have remained in Leopoldville since the legislature was closed by Mobutu in]

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September. There apparently is widespread agreement that all important Congolese factions should be represented; however, it is still questionable whether Lumumba supporters will agree to serve with Katanga representatives or that Kasavubu can reconcile himself to the inclusion of some Lumumba adherents.]

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President Nasir Extends Control Over Syria

There are increasing indications that President Nasir will issue a new unified currency, probably on 22 February--the third anniversary of the United Arab Republic.

[More than 15 million new "dinar" notes with a face value of almost \$215 million were printed in the UK in early spring 1959, and issuance apparently was scheduled to begin about July 1959. However, pressures from leading Syrian politicians and businessmen caused Nasir to postpone this action until his political control was more firmly established.]

The economic philosophies of the leaders of Egypt and Syria are quite dissimilar. Cairo has moved far in implementing Nasir's "socialist, democratic cooperative" concept which calls for substantial government ownership and economic control. With such control Nasir has been able to facilitate long-term economic planning, utilize large Communist credits, and direct private investment according to government design. Foreign exchange restrictions are essential for such an operation.

In Syria, meanwhile, a free enterprise system has continued with relatively little interference from Damascus. In fact most of the important Syrian leaders have fully supported this system, realizing that with very limited government resources the success of the country's overambitious economic plan depended on full cooperation from the private sector. However, as Nasir added more and more controls in the Egyptian region, Syrian businessmen began to lose confidence. A substantial capital flight took place and foreign exchange reserves dropped to all-time lows. This, coupled with three successive years of drought, brought the country's economy to a low level of activity.

In an effort to restore confidence, UAR Vice President Nur al-Din Kahhalah, a Syrian who is in charge of planning for the Syrian region, proposed a UAR guarantee for foreign and domestic private investment in Syria. Acting for the

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Svrian Executive Council.

In Nasir's 23 December speech celebrating the 1956 "victory" over France, Britain, and Israel, he described UAR capitalists as "exploiters and profit seekers" and threatened to liquidate them. Two days later, [redacted] Nasir denounced the Executive Council's recommendations point by point. [redacted]

[redacted]

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Ousted Nepali Politicians Organize Resistance
Movement Against King Mahendra

Exiled leaders of the Nepali Congress party met in the northern Indian city of Patna on 27 and 28 January to plan a detailed program of resistance activity in Nepal against King Mahendra's direct rule. The King, acting primarily out of fear for his personal power, in December dismissed the Congress party government of Prime Minister Koirala, dissolved Parliament, suspended constitutional rights, and banned all political activity. Koirala and 138 other politicians remain under arrest in Katmandu. Deputy Prime Minister Subarna Shumshere, who has been in India since the day before the King's take-over, has spurned royal overtures and undertaken to lead an active opposition campaign aimed at restoring parliamentary government.

The gathering in Patna was attended by three former ministers and as many as 29 of the 101 members of the dissolved parliament. [The Congress party leaders decided against any resort to armed insurrection until all possible means of political pressure on the King to reverse his action have failed. They also agreed not to cooperate with the Nepali Communist party to overthrow the monarchy except as a last resort. The Communists have been urging violent resistance in selected areas of Nepal; having failed to persuade other groups to work with them, they reportedly now are concentrating on organizing bases, particularly in areas along the Tibetan border, from which some future revolutionary action could be launched.]

Relations between Katmandu and New Delhi have been strained since Mahendra's move in December. Nehru, surprised and highly annoyed by the King's action, immediately expressed his "regret" over the "complete reversal of democracy" following Nepal's successful national elections in 1959. The Katmandu press reacted violently against Nehru's "interference," and Indian officials have since been guarded in their

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[redacted] comments on Nepal. [Nehru [redacted]] assured Mahendra that India would continue to support his government. New Delhi apparently has concluded that it cannot afford any action which runs the risk of prompting Mahendra to seek closer relations with Peiping. [Those Indian officials and politicians who are in regular contact with Nepali Congress leaders have privately indicated that New Delhi will not oppose their activities as long as they do not seriously embarrass the Indian Government.]
[redacted]
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