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9 AUGUST 1960

I. THE COMMUNIST BLOC**II. ASIA-AFRICA**

Shah of Iran replies to recent Khrushchev letter with lengthy defense of Iran's pro-West policies.

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India to purchase several Soviet helicopters, presumably for use in border area.

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III. THE WEST

Brazil--President Kubitschek's desire for US support of his Latin American development plan resulting in cautious and neutral approach to US-Cuba problem.

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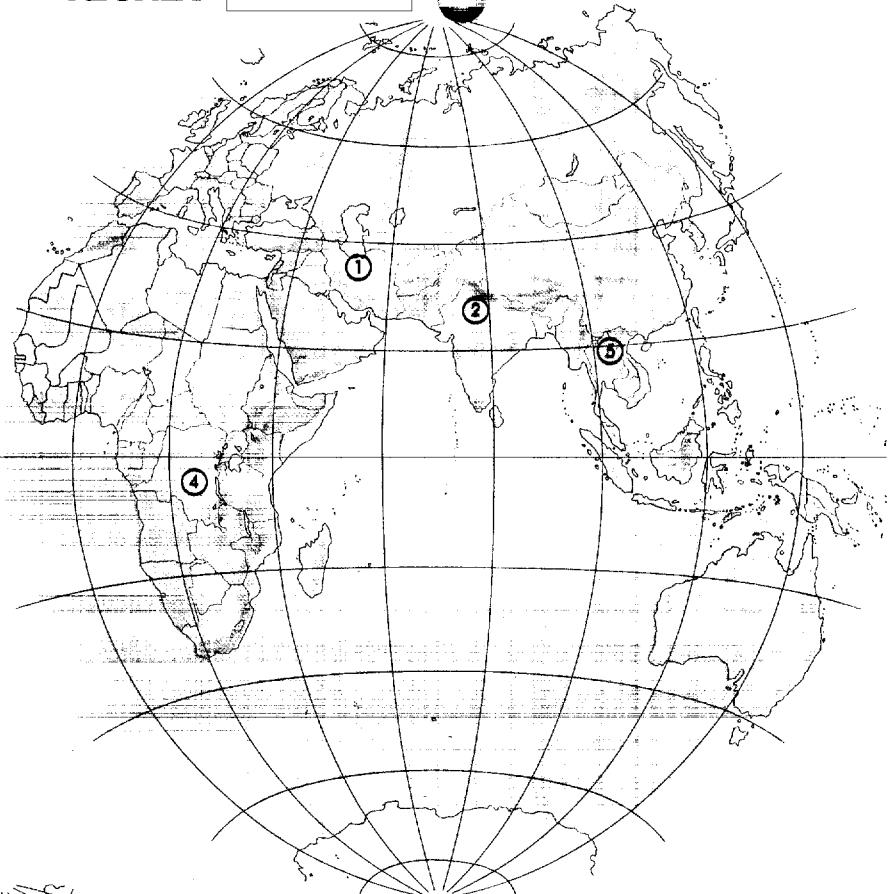
LATE ITEMS

The Congo Situation.

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Laotian paratroop battalion seizes Vientiane in attempted coup.

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CENTRAL INTELLIGENCE BULLETIN

9 August 1960

DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Iran-USSR: The Shah, without materially changing his basic position, has replied to Khrushchev's letter of 13 July with a lengthy defense of Iran's pro-Western orientation and its policy toward the Soviet Union. Asserting that no other nation had gone so far to reassure the USSR, the Shah

[redacted] re-iterated his willingness to "pledge in writing that Iran will not give permission for the establishment of missile bases by any foreign government on Iranian soil." The Shah, however, reserved the right of the Iranian Army to equip itself with rockets. The Shah described Khrushchev's suggestion that the borders be demilitarized as militarily meaningless, but he said he would accept the suggestion as an expression of good intentions. He restated Tehran's willingness to co-operate with the USSR on utilization of the rivers along the border.

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India-USSR: New Delhi has apparently decided to purchase several MI-4 helicopters from the USSR. In tests in July this model reportedly satisfied Indian altitude and payload requirements for the Himalayan border region.

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III. THE WEST

Brazil-Cuba-US: President Kubitschek's desire to pry "massive support" from the United States for his Latin

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American economic development plan, "Operation Pan America," is resulting in a cautious and neutralist Brazilian approach to the Cuban problem and a tolerance for Cuban and pro-Communist activities in Brazil. Kubitschek's policy is based on the views of his key foreign policy adviser, Frederico Schmidt, who believes the elimination of the Cuban problem would undercut Brazil's blackmailing power. (Page 3)

LATE ITEMS

***Republic Of The Congo:** Increased stresses within the Congolese Government suggest that Premier Lumumba may not be able to retain power in the absence of outside aid. The endorsement by Kasavubu's Abako party of a Congo confederation such as is favored by Katanga Premier Tshombé, together with disaffection in Equator Province and near anarchy in Kasai Province, may prompt Lumumba to request that Ghana and Guinea unilaterally dispatch troops to bolster his regime. (Page 4) *OK
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The UN Security Council has again called for the immediate withdrawal of Belgian troops from the Congo and has, in effect, given assurances to Tshombé and other dissident provincial leaders that the UN will in no way interfere with their attempts to organize a Congo confederation. Armed with this resolution, Hammarskjold will probably return to the Congo and proceed with his plans to bring the country under the control of the UN forces preparatory to implementing UN plans for large scale technical assistance. *New York, 349 7 Aug 60 S/S*

***Laos:** The second parachute battalion under Captain Kong Le on 8 August seized control of Vientiane and a nearby army base in a sudden and unexpected action. The takeover was seemingly carried out unilaterally by Kong Le, although it may have had the secret backing of certain high-ranking army officers disgruntled over the meteoric rise to preeminence of Defense Minister General Phoumi. The objectives of the takeover are as yet unclear; however, a leaflet signed by the "revolutionary committee" exhorts *no
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"Lao patriots to... chase the government out that demands money from the great powers," suggesting that the revolutionaries may at the least seek a more neutralist alignment.

It is still too early to determine whether the revolutionaries can make their takeover hold up. Phoumi, however, suffers a serious disadvantage in that the troops at his disposal for counteraction are widely dispersed throughout the country.

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DAILY BRIEF

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~~TOP SECRET~~Iranian Reply to Soviet Note

Iran, in replying to Khrushchev's note of 13 July, has in effect again rejected the Soviet demand that Tehran agree to ban all foreign bases and troops on Iranian soil before "normal" relations between the two countries can be restored. The Shah repeated his offer, which was previously unacceptable to Moscow, to "pledge in writing that Iran will not give permission for the establishment of missile bases by any foreign government on Iranian soil." He noted, however, that this offer would not prohibit the Iranian Army from arming itself with any type of weapon, including rockets.

The Shah stated that Iran's alignment with the West had been forced by Moscow's policies. He pointed out that Iran could not understand why Moscow is more unfriendly toward Iran, which has not provided missile bases to foreign powers, than it is toward other CENTO countries which have permitted such bases or signed defense agreements with the United States.

He reiterated Tehran's willingness to cooperate with the USSR on utilization of the rivers on their common borders. He said that Khrushchev's suggestion that both countries withdraw forces from their common borders was an expression of good intentions, but pointed out that it would not guarantee Iran's security in view of the power and mobility of the Soviet armed forces.

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~~SECRET~~India to Buy Several Helicopters From USSR

New Delhi has decided to purchase several MI-4 (Hound) helicopters from the Soviet Union, [redacted]

[redacted] An MI-4 tested last month reportedly satisfied Indian altitude and payload requirements for the Himalayan border region and demonstrated that maintenance would not be a problem even in forward areas. An additional attraction of the arrangement is Soviet willingness to accept payment in rupees, thereby permitting India to conserve scarce foreign exchange.

The planned purchase was apparently pushed hard by Defense Minister Krishna Menon, whose recent efforts to bolster his political position by speeding the build-up of border defenses have included the purchase from the United States of two S-62 Sikorsky high-altitude helicopters and 29 C-119G (Packet) military transports. Menon's efforts to obtain the MI-4 were reportedly opposed by Indian military leaders, who have long resisted attempts to purchase non-Western equipment because of the attendant spare-parts complications. The defense minister reportedly forced the issue, however, by threatening to sabotage cabinet consideration of other materiel requests unless he received cooperation on this purchase. [redacted]

[redacted]

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~~SECRET~~Brazil Relates Cuban Problem to US Aid for Economic Development

The dominant group of Brazilian officials concerned with foreign policy, including President Kubitschek and his chief adviser, Augusto Frederico Schmidt, favors a cautious neutral approach to the Cuban problem, in contrast to Brazil's past policy of marshaling support for the US at inter-American meetings. This group, spearheaded by Schmidt, sees in this approach a way to pry "massive support" from the US for Kubitschek's plan for Latin American economic development, "Operation Pan America" (OPA), which he regards as essential to hemisphere security.

A minority group in the Foreign Ministry, including Foreign Minister Lafer and Political Chief Pio Correa, advocates a "hard line" on Cuba, but this is rejected by Schmidt as tactically unsound in that "eliminating the Cuban problem" would reduce Brazil's bargaining power for OPA. Kubitschek almost fired Pio Correa for putting special restrictions on the issuance of visas to Cuban nationals, and he rescinded the restrictions immediately.

Similarly, Schmidt argues that "a certain amount of Communism in Brazil" is necessary for bargaining purposes.

[redacted] the government will not try to control activities of the outlawed Communist party or of subversive aliens until after the October presidential elections.

[redacted] Schmidt's foreign policy recommendations would be implemented during the rest of the Kubitschek administration, which ends in January 1961.

The American Embassy in Rio de Janeiro believes that at the forthcoming meeting of foreign ministers in Costa Rica, Brazil will probably tend to withhold full cooperation on the Cuban issue unless it receives quid pro quo on OPA or unless other Latin American nations provide substantial unreserved support for US viewpoints.

[redacted]

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~~TOP SECRET~~The Congo Situation

Increased stresses within the Congolese Government suggest that Premier Lumumba may not be able to retain power in the absence of outside aid. The Abako party, [redacted]

[redacted] called for the reorganization of the country as a confederation, as is favored by Moïse Tshombé, premier of secessionist Katanga Province. Lumumba might still command a majority in the assembly despite opposition from Abako deputies. However, the seeming about-face by Kasavubu--who has worked closely with Lumumba in the present crisis--may seriously damage the government's prestige.

Similar sentiment against any strongly centralized government is reportedly rising in Equator Province. In Kasai Province, where fierce fighting between Baluba and Lulua tribesmen has caused several hundred deaths, the provincial capital at Luluaburg is reported in flames. The provincial government--dominated by enemies of Lumumba--reportedly plans to set up a semi-autonomous regime with its capital at Bakwanga.

The accelerating political fragmentation of the Congo appears to reflect in part the lack of a police force controlled by Lumumba. Despite his strenuous efforts, the Force Publique has not yet been effectively reconstituted, and the UN dissociates itself and its troops from "internal" matters such as the tribal warfare in Kasai and the legal status of Katanga. Although in the past Lumumba has threatened to request Soviet intervention, his recent visits to Conakry and Accra suggest that he may prefer to ask Guinea and Ghana for troops which would be outside the scope of the UN command.

The Sino-Soviet bloc continues to indicate a readiness to provide economic and technical aid to the Congo. [redacted]

[redacted] a Soviet offer to assist the Congo's industrial development,

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[redacted] and Czechoslovakia reportedly has offered to provide school-teachers. [redacted] In addition, Moscow plans on 9 August to deliver an IL-14 transport plane--presumably for Lumumba's use--to Buta, north of the Lumumba stronghold of Stanleyville. The 'ferry flight' will be via Cairo and Khartoum, and the plane will carry Congolese wing markings.
[redacted]

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The Secretary of State

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