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CENTRAL

INTELLIGENCE

BULLETIN



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17 NOVEMBER 1960

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

USSR to provide Morocco with jet aircraft, reportedly within six weeks or a month.

Negotiations between Iraqi Government and IPC at an impasse, with some nationalization of present oil concession a possibility.

Chinese Nationalists reorganizing their irregulars in Burma.

III. THE WEST

Guatemala--Communists now trying to capitalize on the revolt by agitation in the capital; government forces recapture Puerto Barrios.

Bolivia sending mission to Europe to explore possibilities for Soviet and West European aid.

Denmark--Governing Social Democrats to face difficulties in reconstituting coalition government following general election, but no basic changes anticipated in foreign or defense policies.

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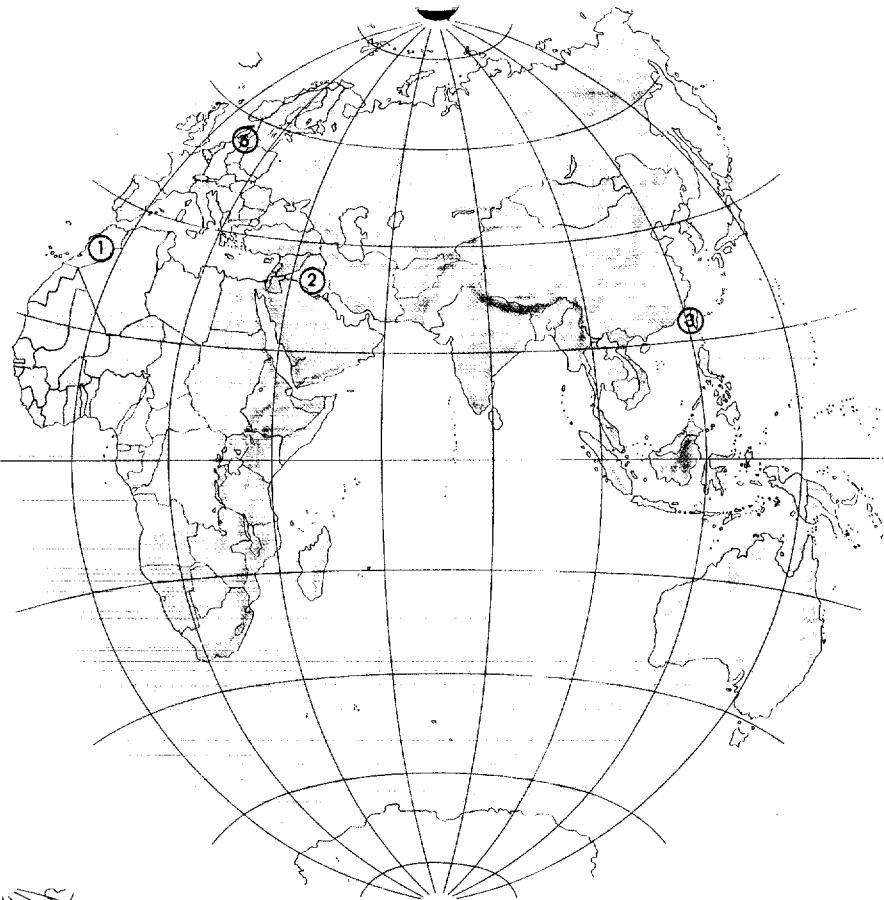
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CENTRAL INTELLIGENCE BULLETIN

17 November 1960

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

Morocco-USSR: Moscow is reliably reported to have offered Morocco MIG-17s and an unspecified number of other aircraft, presumably IL-28 twin-jet light bombers, *in last sentence of P 1 - delete* in response to an 11 November request from Crown Prince Moulay Hassan. The aircraft and technicians are expected to reach Morocco in four to six weeks by ship. Rabat's 15 November communiqué on the provision of Soviet aircraft, "of a substantial quantity" last week, is symptomatic of its extreme sensitivity to leftist charges that the King's government is dominated by "colonialists." The announcement was made on the eve of the three-day national holiday when the recently arrived American equipment is being exhibited. Rabat probably hopes it will serve somewhat to balance both the receipt of American economic and military aid and the continuation of US and French base rights through 1963 and to prove that the King is following his professed policy of nonalignment. (Page 1)

Iraq Oil: Lengthy negotiations between Baghdad and the Iraq Petroleum Company (IPC) over changing concession terms have reached an impasse, and unilateral government action against the company is being considered. Earlier this month, the company reluctantly agreed to meet Prime Minister Qasim's harsh terms for surrendering much of its concession area. Qasim, however, has sharply increased his demands, and IPC now doubts that the government is interested in any agreement. Possibly sensing some weakness in the company's stand, Qasim may even go so far as to try to secure his terms by legislation, including "nationalizing" more than 90 percent of the company's present concession area. (Page 3)

Nationalist China: [The government is attempting to reorganize the Chinese Nationalist irregulars in Burma into an effective military force capable of tactical missions. An important element in the Nationalist program for supplying and controlling the irregulars has been the transfer of junior officers and enlisted men with special-forces training from Taiwan to the Burma border area--possibly 1,000 this year. On 2 November Chiang Ching-kuo told a group of irregular commanders, then in Taiwan for orientation, that the Burma area would be the first line of counterattack against the mainland.] (Page 4)

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III. THE WEST

Guatemala: Communist and pro-Communist groups, apparently surprised by the revolt launched on 13 November by disaffected army officers, now are seeking to capitalize on the uprising by agitation in the capital. An anti-government demonstration there on 15 November was dispersed by the police, but new ones are planned nightly "until the government falls." The regime's position in the capital has been weakened by the withdrawal of troops to fight insurgents outside the capital.

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*Although government forces yesterday recaptured the Caribbean city of Puerto Barrios, a number of the rebels who had held that city still remain at large.

(Page 5)

Bolivia: The Bolivian Government has announced that a commercial mission will leave within 30 days for Western Europe, Czechoslovakia, and the USSR to seek credits for the national mining company and to investigate Soviet overtures concerning a tin smelter for Bolivia. The President has told the US Embassy the mission will also investigate Soviet talk of a \$60,000,000 credit for Bolivia's national petroleum company. An upsurge of pro-Communist agitation which was stimulated by the Soviet

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tin-smelter offer was apparently partially responsible for harassment of American Ambassador Strom during a visit on 13 November to Cochabamba, Bolivia's second-largest city. Long-standing political rivalries in the Cochabamba area, a center of President Paz's opposition, were, however, primarily responsible for civilian militia clashes there on 12-13 November, reportedly resulting in about 100 deaths.

(Page 7)

Denmark: Despite their impressive gains in the 15 November general elections, Denmark's governing Social Democrats will face difficulties in reconstituting a coalition government in view of the election losses suffered by their two minor cabinet partners. The most likely solution appears to be a minority government of Social Democrats and Radical Liberals or a purely Social Democratic minority government. No basic changes in foreign or defense policies are anticipated. However, the gains registered by Aksel Larsen's group of national Communists--the Socialist People's party--which eliminated the Moscow-oriented Communist party from parliamentary representation, reflect the existence of a considerable body of neutralist and radical economic sentiment.

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(Page 8)

Morocco to Receive Soviet Aircraft

Moscow has offered Morocco 12 MIG-17s and an unspecified number of other aircraft, presumably IL-28 twin-jet light bombers, in response to an 11 November request from Moroccan Crown Prince Moulay Hassan, according to the commander of Morocco's embryo air force.

[redacted] the Soviet shipment will include two IL-28 type bombers in addition to 12 MIG-17s. The aircraft and a group of Soviet technicians are expected to reach Morocco in four to six weeks by ship. Their delivery could also provide cover for the delivery of a substantial quantity of military equipment consigned to the Algerian rebels.

Rabat's communiqué of 15 November announcing the Soviet agreement to furnish jet aircraft, coupled with the news blackout regarding the arrival of US arms last week, is symptomatic of Rabat's extreme sensitivity to leftist charges that the King's government is dominated by "colonialists." Rabat probably hopes that the announcement, which was timed to coincide with the three-day national holiday when the newly arrived American military equipment is being exhibited, will serve somewhat to balance the receipt of American economic and military assistance and the continuation through 1963 of the base agreements with the US and France and to demonstrate that the King is following his professed policy of nonalignment.

TASS reports that Moscow has confirmed its agreement to supply Morocco with jet planes and claims the "agreement was concluded at Morocco's request." According to Moroccan officials, the USSR has been offering economic and military assistance to the Moroccan Government for more than a year.

One of Moulay Hassan's major objectives is to modernize his 30,000-man army and to expand the army's naval and air arms. He has resisted France's efforts to remain the sole source of supply for Moroccan military training and materiel. He told an American military survey team on 27

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August 1959 that he eventually would like to have "a few jets" to maintain the proficiency of his jet pilots and for their prestige effect. As of 17 April, Morocco had three French-trained jet officer pilots. Six noncommissioned officer pilots were scheduled to have completed their jet training by mid-1960.

The prince may expect to base jet aircraft, when they are acquired, at the American-built Boulhaut air base, which was evacuated by American forces on 4 March 1960 under the US-Moroccan base agreement of 22 December 1959, or possibly at the Rabat-Salé airfield, which is to be evacuated by the French air force by the end of this year. [redacted]

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Iraq Oil Negotiations Reach Impasse

[Negotiations between the Iraq Petroleum Company (IPC) and Baghdad have continued on and off ever since the revolution which brought Prime Minister Qasim to power in July 1958. At almost every successive negotiating session IPC has yielded a bit farther to Iraq's demands, and by late October it had agreed to surrender about 90 percent of its concession area. Since then, however, Qasim has sharply increased and broadened his demands, and the company's negotiators now doubt he really is interested in any agreement.]

[Qasim's new demands on the issue of concession-area surrender alone will probably be unacceptable to IPC's shareholders (French, British, and American oil companies). He is also asking for Iraqi Government participation in IPC and an improved profit-sharing formula.]

[Encouraged by IPC's previous willingness to compromise, and possibly sensing some weakness in the company's stand, Qasim is likely to push his latest demands hard. He has already threatened unilateral action, hinting that the alternative to company agreement would be legislation "nationalizing" more than 90 percent of the company's present concession area.]

[The prime minister has led the Iraqi public to expect new accords highly favorable to Iraq. In a 12 November address to Iraqi oil workers, he noted that he had entered into "violent" negotiations with IPC and would announce the results in a few days along with plans for future demands. Qasim may be gambling that the IPC will not break off negotiations and shut down production unless the government takes unilateral action affecting the producing fields themselves.]

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Nationalist China Strengthening Irregular Forces in
Burma Area

The Chinese Nationalist Government is attempting to reorganize the Nationalist irregulars in the Burma border area into an effective military force capable of tactical missions. A major factor in this decision was a report that the irregulars were ineffective, made by a Nationalist general officer who visited the Burma border area in 1959. Trained officers and enlisted men have been transferred to the irregulars during 1960 and arms and other supplies have been provided.

[the resupply of weapons and other equipment to the irregulars during the previous six months had been better than ever before.]

[The Intelligence Bureau of the Ministry of National Defense, which is responsible for rebuilding the irregular forces, was planning as early as April to send officers and men to the Burma area. In September it decided to select a force of 500 men from various military units for training and piecemeal transfer to the irregular forces. These men were to be junior officers and enlisted personnel who had received special-forces and paratroop training provided under American direction. General I Fu-en has stated that about 1,000 troops have left Taiwan for Burma this year, and there is some evidence to support this statement.]

[there are 12 training bases in the Burma area.]

[each had received about 30 instructors from the First Special-Forces Unit on Taiwan and that the training emphasized raiding operations and demolition work. In addition the irregulars are training a small native tribal group in the use of small arms.]

[Taipei has plans to bring irregular commanders to Taiwan for orientation; the first group of eight arrived during the first part of October. Chiang Ching-kuo, Nationalist security chief, told this group on 2 November that the Burma area would be the first line of counterattack on the mainland.]

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The Situation Guatemala

Communists and pro-Communists were apparently taken by surprise by the revolt launched on 13 November by disaffected army officers,

[redacted] They are now, however, seeking to capitalize on the uprising. Communists have been reported infiltrating insurgent ranks, and in Puerto Barrios, where Communists are relatively strong, they may be among the civilians to whom arms were distributed by the rebels before government forces recaptured that city on 16 November.

Communists apparently organized the antigovernment demonstrations on 15 November in Guatemala City. Although the demonstrators were dispersed by the police, they have promised that new manifestations will be held nightly "until the government falls." The government's position in the capital is weakened by the withdrawal of troops to fight insurgents elsewhere.

[redacted] the strong, moderate leftist Revolutionary party,

[redacted] had rejected an approach for support from the revolt leaders before they launched their attempt, but that the party might feel obliged to join the insurgents in order to ensure establishment of a moderate government without Communist participation, should the Ydigoras regime fall.

As of 16 November, the government was continuing air and ground action against the insurgents who were forced out of the city of Zacapa and had taken to the nearby hills. Although government forces recaptured Puerto Barrios on 16 November, a number of the rebels who had held that city also remain at large. The US air attaché reported on 15 November that "only a miracle" would permit the air force to retain for long its combat capability, explaining that the planes were rapidly deteriorating under combat conditions and that a lack of spare parts was preventing proper maintenance.

Although there is no evidence to support government claims of direct Cuban involvement in the revolt launched this week, Cuban propaganda and subversion probably contributed to the unrest that helped prompt it. Government charges of a Cuban-

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Communist conspiracy tend to help ensure the loyalty of
Guatemalan military leaders on whom Ydigoras depends
for the survival of his regime. [redacted]

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**Bolivian Government to Send Commercial Mission
To Soviet Bloc**

The Bolivian Government has announced that a commercial mission will leave within 30 days for France, Germany, England, Holland, Czechoslovakia, and the USSR to seek credits for Comibol, the national mining company, and to investigate recent Soviet offers to build a tin smelter in Bolivia. President Paz told the US counselor that the mission would also check into earlier rumors of a \$600,000,000 Soviet offer of credit for Bolivia's national petroleum company.

The tin-smelter offer has received steadily increasing publicity in Bolivia over the past two months. In addition, the Senate Mining and Petroleum Committee, chaired by Senator Mario Torres, who is also a principal leader of the miners' federation, has talked to the Czech Legation about providing machinery, equipment, and supplies for Comibol. Polish commercial relations with Bolivia were discussed by the Polish minister to Brazil when he visited Bolivia in early November. Czechoslovakia is the only bloc country with which Bolivia exchanges diplomatic missions.

President Paz apparently prefers Western assistance but may feel that the commercial mission will dramatize the domestic Bolivian pressures for increased economic aid and enable him to gain considerable US help for government-supported enterprises, which account for most mineral and petroleum production in Bolivia.

An upsurge of pro-Communist agitation, stimulated by the Soviet smelter offer, was apparently partially responsible for harassment of US Ambassador Strom during a visit on 13 November to Cochabamba, Bolivia's second largest city. However, long-standing political rivalries in the Cochabamba area, a center of President Paz's opposition, were primarily responsible for civilian militia clashes there on 12 and 13 November which resulted in about 100 deaths.

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The Danish Parliamentary Elections

Denmark's governing Social Democrats made impressive gains in the general elections on 15 November, winning six additional seats to give them 76 seats in the 179-member parliament. This gain was somewhat offset, however, by losses suffered by the two minor coalition partners, which will probably necessitate reconstitution of the government on a minority basis. No basic changes in Denmark's foreign or defense policies are anticipated, since the Social Democrats and the two major non-Communist opposition parties, which together dominate parliament, are in broad agreement on these issues. The principal difficulty the Social Democrats will encounter concerns matters of domestic economic policy, on which there are fundamental differences among the non-Communist parties.

The gains registered by Aksel Larsen's splinter national Communist party--the Socialist People's party (SPP), formed in 1959--provided the major surprise. The SPP won 11 seats and eliminated its rival, the Moscow-oriented Danish Communist party, from parliament. It apparently attracted considerable support from non-Communist neutralists and pacifists, who appear to have defected in large part from the Radical Liberal party--traditionally the stronghold of neutralist sentiment. As a coalition member, the Radical Liberal party was increasingly identified with the government's defense and foreign policies.

Larsen also apparently obtained support from those left-wing socialists who in the past have found it impossible to vote for a Communist candidate but this year saw a "respectable" alternative in Larsen's Titoist organization. A leading Danish newspaper has attributed Larsen's success in part to his advocacy of total disarmament, and it predicts there will be increased agitation by the SPP in parliament for steps by the government toward this goal. [redacted]

[redacted]

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Scientific Adviser to the President

Director of the Budget

Director, Office of Civil and Defense Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Chairman, Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

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The Secretary of the Navy

The Secretary of the Air Force

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Assistant Chief of Staff for Intelligence, Department of Army

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Assistant Chief of Staff, Intelligence, Department of the Air Force

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