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16 August 1960

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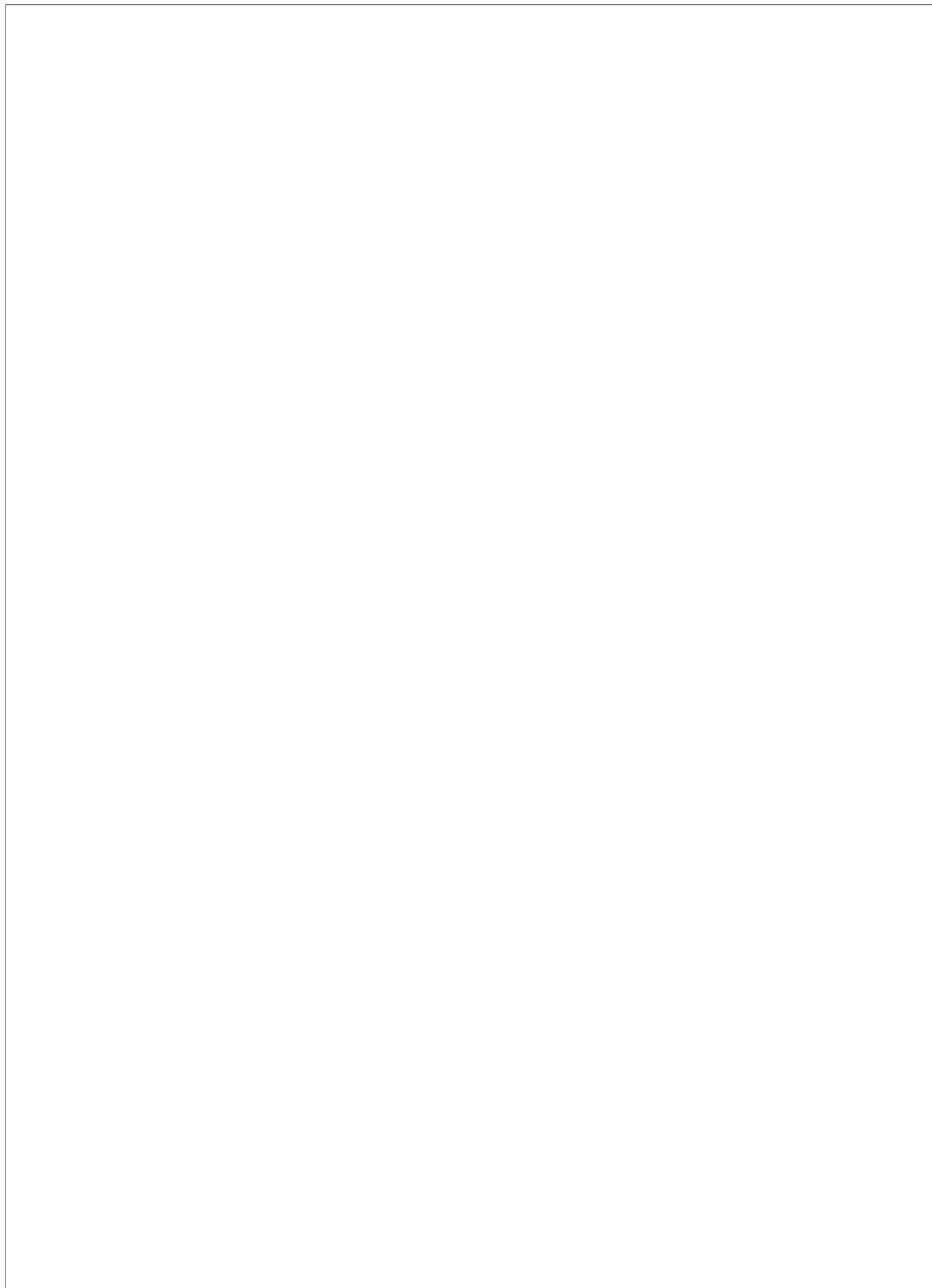
CENTRAL INTELLIGENCE BULLETIN



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M**LATE ITEM**

*Laos: The Ambassador reports that, although motions are being made for the legal establishment of a new government, the disintegration of power will be complete and there will be no responsible authority in Vientiane able to enforce its rule. He adds that leaflets have just been dropped on Vientiane announcing that General Phoumi intends to retake the city by force. He is seriously considering the immediate evacuation of dependents if, and as soon as, the cooperation of the Kong Le coup group can be secured.

16 AUGUST 1960

I. THE COMMUNIST BLOC

New evidence of Sino-Soviet dispute. ①

II. ASIA-AFRICA

Laos--Broadly based coalition government expected to be formed by Souvanna Phouma. ②

Congo--Lumumba apparently has avoided immediate internal crisis. ③

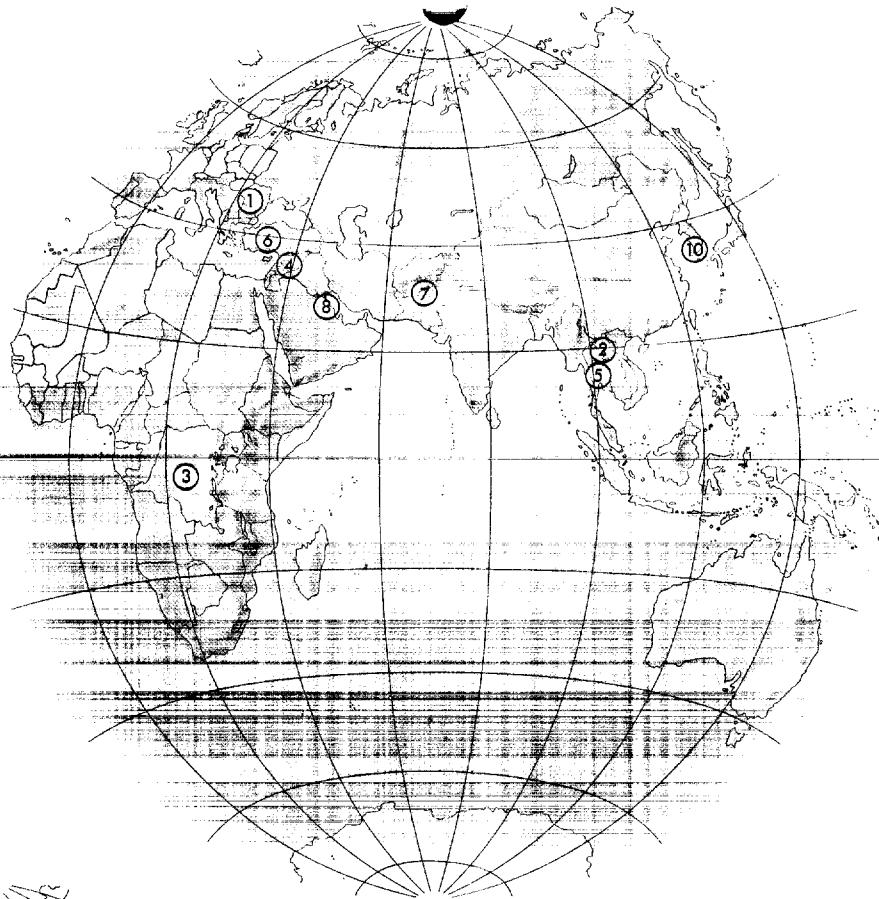
Syrian delegation to visit USSR to sign contracts for major development projects. ④

Thai foreign minister asserts trend toward neutralism inevitable in Thailand. ⑤

Turkish ruling committee decides to continue policy orientation toward NATO. ⑥

Afghan-Pakistani tensions will increase as result of downing of two Pakistani fighters in Afghanistan. ⑦

Arab governments reacting strongly to cuts in posted prices for Middle East crude oil. ⑧



I. THE WEST

⑨ Eighth national congress of Cuba's Communist party likely to be demonstration of international Communist solidarity with Castro regime.

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⑩ South Korean prime minister nominated.



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CENTRAL INTELLIGENCE BULLETIN

16 August 1960

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DAILY BRIEF

I. THE COMMUNIST BLOC

*Communist China - USSR:

Khrushchev is reported to have attacked Mao Tse-tung, comparing him to Stalin as one who formulates theories without coming into contact with events in the modern world. The Chinese delegate countered by calling Khrushchev a "revisionist" who is creating illusions about imperialism and underestimating its real nature.

Peiping also reportedly refused to accept Soviet missile bases in China unless they were under Chinese control.

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II. ASIA-AFRICA

Laos: Premier-designate Souvanna Phouma is expected to form a broadly based coalition government which will probably include some members of the ousted Somsanith government. Souvanna is reported to have told the Indian ambassador that the new cabinet will not contain any military figures, and that the Ministry of Defense will be returned to civilian control. Souvanna will probably exercise close personal supervision over foreign affairs and defense matters, in line with his often-expressed view that if the situation in Laos is to be stabilized, a neutral policy and the reduction of the army's role in internal affairs are necessary.

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Somsanith and most of the Luang Prabang contingent of his ousted government are in Vientiane, where they are probably participating in the consultations looking to the formation of a new government. [One exception is ex-Foreign Minister Khamphan Panya, who reportedly has gone to southern Laos to join General Phoumi. The latter is not known to have abandoned his plans to force a return to the status quo ante.]

Meanwhile, the Kong Le group gives little sign as yet of relaxing its military grip on Vientiane and may attempt to hold on until a government to its satisfaction receives assembly approval. (SECRET NOFORN) (Page 2)

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Congo: [New moves planned by Lumumba to bolster his internal position have an authoritarian character. These reportedly will include the suspension of judicial procedures in favor of trial by military tribunal and passage of a law requiring that licenses for newspapers and periodicals be renewed every two months.] A major internal crisis for Lumumba appears to have been averted by postponement of the Abako party's convention scheduled for 13 August, at which the Abako had been expected to declare the lower Congo region independent of the Lumumba government. Lumumba also may avoid an early showdown concerning the political status of Katanga in the expectation that a scheduled meeting of independent African states in Leopoldville from 25 to 30 August will take a strong stand in favor of a unified Congo.

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[UN Secretary General Hammarskjold on 15 August summoned a new meeting of the Security Council following Lumumba's charge that the Congo had "lost confidence" in Hammarskjold. In an effort to retain the propaganda initiative, Lumumba also called for the dispatch of a 14-nation UN commission to oversee the withdrawal of Belgian troops.] (Page 4)

UAR-USSR: A Syrian delegation is scheduled to leave for the USSR within the next few days to sign contracts for several major development projects under the \$150,000,000 line of credit extended by Moscow in 1957. Reportedly included is Soviet construction of a high dam on the Euphrates River. Soviet activities in Syria on this and other projects have so far been largely limited to preparatory surveys, although the satellite countries have carried out some smaller projects. Conclusion of this new series of construction contracts is in line with Moscow's current efforts to re-establish close political ties with the UAR.

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Thailand: [Thai Foreign Minister Thanat Khoman is giving the impression that a trend toward neutralism in Thailand is inevitable. In a recent conversation with the Chinese ambassador in Bangkok, he argued that neutralist and even Communist sentiment is growing rapidly in Thailand because of the continued success of neutral governments, particularly Cambodia, in obtaining

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Economic assistance from both Communist and non-Communist sources. He claimed that American economic assistance policies are fostering the attractiveness of "Sihanouk-type" neutralism and predicted that it would ultimately be adopted throughout Southeast Asia. He cited the Laotian coup as one of the current indications of this trend.

(Page 6)

Turkey: Members of the ruling committee, including Gursel and Turkes, are reported to have held conferences in Istanbul recently during which Turkey's membership in NATO was discussed.

[redacted] the view prevailed that Turkey should continue to orient its foreign policy toward NATO, despite the argument by some members that Turkey has much to gain from leaving NATO. Other reports from Ankara state that the provisional government will soon ask the United States to reduce the number of its military personnel in Turkey. *No*

Afghanistan-Pakistan: Afghan-Pakistani tensions will increase sharply following the forcing down of two Pakistani "Fury" fighters at Kandahar inside Afghanistan. The Afghan Government has stated the planes were based near Peshawar. The incident will harden attitudes on both sides and prevent any improvement of relations in the near future. Kabul, and probably Moscow, will exploit the incident as "proof" of Pakistan's aggressive intentions and may link the Pakistani incursion with US military support for Pakistan. *OK*

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*Middle East Oil: Arab governments are reacting strongly to Esso Export's 9 August cut in posted prices for Middle East crude oil of 4 to 14 cents per barrel. Although other companies have not yet reduced their crude-oil postings, Shell and British Petroleum Company have already cut prices of oil products. Further cuts in crude prices appear certain. The Kuwaiti Government has just asked Abdullah Tariki, Saudi oil administrator, to call an emergency meeting of all Arab oil producers for a *OK*

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conference on oil profits and some form of world-wide market-sharing arrangements. A major cut in crude prices is expected in Venezuela, even though the minister of mines and hydrocarbons has argued for cutting production rather than prices.

III. THE WEST

Cuba: The eighth national congress of the Popular Socialist (Communist) party of Cuba opens on 16 August with the attendance of relatively high party officials from France, Italy, and most countries of the Sino-Soviet bloc. The congress, the first since 1952, was apparently scheduled to coincide with the OAS foreign ministers' meetings in Costa Rica this week and is likely to be a demonstration of international Communist solidarity with the Castro regime in its "struggle against American imperialism." *OK*

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LATE ITEM

*South Korea: Kim To-yun, who has been nominated by newly elected President Yun for prime minister of South Korea, probably will need the support of independents and former Rhee elements to win lower-house approval. Kim, a leader of the right-wing faction of the majority Democratic party, is strongly opposed by Chang Myon, titular party chief who controls approximately half the Democratic members of the House of Representatives. Exclusion of Chang's supporters from the new cabinet would widen the intraparty breach and could lead to government instability. *OK*

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New reports continue to indicate that a residue of bitterness between Moscow and Peiping has been left over from the Bucharest congress in June.

Khrushchev attacked Mao personally at a closed session, comparing him to Stalin and alleging that the Chinese leader had no idea of the present international situation. The Chinese delegate, retorting angrily that Khrushchev was a "revisionist," declared, "We have no trust in your analysis of the world situation." Khrushchev is said to have termed the breach between the two countries extremely serious.

An 82-page document circulated by the Russians at the congress presented a detailed criticism of Chinese actions and declarations. It charged that the Chinese underestimated the dangers of local wars and that their hostile policy toward India had provoked anti-Communist reaction throughout Southeast Asia. The document scored Peiping for refusing to join in common defense proposals for the establishment of missile bases and radar detection units in China, for opposing Moscow's gradualist strategy in underdeveloped countries like India, Indonesia, and Egypt, and for bringing criticism of the Soviet party into the open.

Since the Bucharest congress, which was followed by a Soviet party plenum that condemned "left-wing sectarianism" and "narrow nationalism," Moscow has taken the ideological initiative against Peiping. A long Pravda article of 7 August accused "leftist phrase-mongers" of departing "absolutely" from Marxism in their eagerness to advance world revolution by means of war. Izvestia has termed Peiping's interpretation of Lenin a "blasphemy" and called other points of the Chinese position "absolutely absurd."

The Chinese, comparatively taciturn since the congress, replied to the Soviet charges in a 13 August People's Daily editorial. It asserted that "modern revisionists" were spreading calumny and slander against China and were "apologists for imperialism." The failure of the Chinese to attend the Orientalist congress currently meeting in Moscow may reflect Peiping's rancor.

The Russian-language magazine of the Sino-Soviet Friendship Society has apparently suspended publication. According to the Yugoslav press, a mass exodus of Soviet specialists from China is underway, but this report is unconfirmed.

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Situation in Laos

[Laotian Premier-designate Souvanna Phouma will probably try to form a broadly based "national unity" government which may range from such left-wing neutralist figures as Bong Souvannavong and Santiphab party leader Quinim Pholsena to some members of the ousted Somsanith government. Souvanna is likely to draw heavily on his own party--the Rally of the Lao People (RLP)--as a roughly representative middle ground between left-wing elements and the strongly anti-Communist Committee for Defense of National Interests (CDNI). The CDNI, with its strong influence in the army through General Phoumi, may go into a period of eclipse.]

[the new cabinet will not include any military figures and that the Ministry of Defense itself will be placed under civilian control. The defense portfolio in the two previous governments had been held by Generals Sounthone and Phoumi, respectively, both of whom were CDNI leaders. In addition, ex-Premier Somsanith has stated, presumably on the basis of the exchanges which led to his resignation, that one of the first acts of the new government will be the reorganization of the general staff. Souvanna has long felt that the army was playing a disproportionate role in the central government's efforts to stabilize the countryside, and he can be expected to exercise close policy guidance over defense matters. He will also undoubtedly devote much attention to foreign affairs, in line with his view that strict neutrality is the only feasible policy for Laos.]

[Somsanith and most of the Luang Prabang contingent of his ousted government now are in Vientiane and are presumably participating in the consultations looking to the formation of the new government. One exception is ex-Foreign Minister Khamphan Pan-ya, who reportedly is joining General Phoumi in southern Laos and who, along with Phoumi, has probably been a major target of the forces supporting the Vientiane coup. Phoumi, meanwhile, has indicated no abandonment of his plans to undo the coup by military force.]

[The Kong Le coup group gives little sign as yet of relaxing its military grip on Vientiane despite the fact that its immediate aims

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appear largely to have been attained. Ever since negotiations for a settlement began, this group has been deeply suspicious of trickery on the part of the Somsanith government. Kong Le may keep control of Vientiane until a government to his satisfaction receives assembly approval.

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~~SECRET~~The Situation in the Congo

Postponement by the Abako party of a convention originally scheduled for 13-16 August appears to have averted a major internal crisis for Congolese Premier Lumumba. The Abako on 7 August had passed a resolution of no confidence in the Lumumba government, and the convention reportedly was to have been the occasion for the Abako to declare the lower Congo region independent of the central government. Although the reason for the postponement is unclear, it may have resulted from pressure by Lumumba on Abako leader and Congo President Joseph Kasavubu.

With Kasavubu seemingly unwilling to oppose Lumumba, the focal point for anti-Lumumba activity may once again become the Congo Senate, whose moderate president, Joseph Ileo, has become increasingly critical of the premier. The Senate, which has been in adjournment since 22 July, is scheduled to reconvene on 16 August.

[The Lumumba government continues to implement measures designed to suppress internal opposition. These include the suspension of judicial procedures in favor of trial by military tribunals and passage of a law requiring that licenses for newspapers and periodicals be renewed every two months. Congolese officials earlier had closed down the facilities of the Belgian and French news agencies in Leopoldville.]

Lumumba may avoid an early showdown concerning the political status of Katanga in anticipation that a scheduled meeting of independent African states in Leopoldville from 25 to 30 August will take a strong stand in favor of a unified Congo.

[UN Secretary General Hammarskjold on 15 August summoned a new Security Council meeting--expected to be held Wednesday or Thursday--following Lumumba's charges earlier in the day that the Congo had "lost confidence" in Hammarskjold. In an effort to retain the propaganda initiative, Lumumba also called for the dispatch of a 14-nation UN commission--Ghana, Guinea, Tunisia, Morocco, Ethiopia, the UAR, Sudan, Ceylon, Liberia, Mali, Burma, India, Afghanistan, and Lebanon--to oversee the withdrawal of Belgian troops.]

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~~TOP SECRET~~Contracts With the USSR for Major Development Projects in Syria

Moscow is moving to implement its \$150,000,000 economic aid agreement signed in 1957 with Syria. The USSR has agreed to proceed with work on a Euphrates River high dam and other major development projects. [redacted] during negotiations held this spring in Damascus, Soviet negotiators hesitated to make a commitment on the dam project, claiming it was first necessary for the UAR and Iraq to reach an understanding on the division of the river's waters. At that time, Moscow also was negotiating with Baghdad concerning the construction of a dam on the Euphrates, for which Soviet technicians currently are conducting preliminary studies.

Under the line of credit to the Syrian region, the Soviet Union probably will construct a railroad from Aleppo to Qamishliye, in northeastern Syria. [redacted] the USSR may also build railroads connecting Latakia with Homs and possibly Aleppo.

In addition, Moscow apparently will undertake the second stage of its geophysical surveys, calling for oil and mineral exploration in northeastern Syria. Soviet technicians completed the initial surveys under this project earlier, spending almost a year preparing a detailed map of the region based on aerial photographs taken by Soviet aircraft.

Although Soviet economic aid activity in Syria has been largely limited to surveys, the European satellites have constructed a number of small enterprises, including a Czech oil refinery at Homs in 1959 which Prague has since agreed to expand.

Conclusion of new contracts for major developmental projects • in Syria, where economic conditions remain critical, follows a series of other recent Soviet moves aimed at re-establishing close political ties with the UAR. [redacted]

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Thai Foreign Minister Foresees Neutralist Southeast Asia

[Foreign Minister Thanat Khoman is giving the impression that he accepts as inevitable a trend toward neutralism in Thailand. In a recent conversation with the Chinese ambassador to Bangkok, Thanat argued that American aid policies in Southeast Asia, and particularly Cambodia, were making neutralism increasingly attractive. Under present circumstances, neutrals could ask and obtain aid from both Communist and non-Communist sources, whereas allies of the United States, cut off from bloc aid, were taken for granted and required to make "heavy sacrifices."]

[Thanat's discussion is additional evidence of Thailand's growing dissatisfaction and concern over its relations with the United States. Most recently the Thai Government has voiced fear that the United States would yield to Cambodian leader Sihanouk's "black-mail" requests for increased arms aid. Bangkok has warned that such a move by Washington would force Thailand to reconsider its foreign policy. In May, when the United States announced it would provide India with 1,000,000 tons of rice and 16,000,000 tons of wheat under a four-year PL-480 sales agreement, Thanat was so incensed that he threatened to boycott the 1960 SEATO foreign ministers' meeting in Washington.]

[Thanat argues that the Laotian situation is an indication of Southeast Asian neutralist trends and that, unless American aid policies are changed to favor allies over neutrals, the whole Southeast Asian region may ultimately adopt a "Sihanouk type" of neutralism.]

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~~CONFIDENTIAL~~Pakistani Fighters Forced Down Inside Afghanistan

Afghan-Pakistani tensions presumably will increase sharply following the forcing down of two Pakistani "Fury" fighters inside Afghan territory. The two British-made piston aircraft probably were overflying Pushtoon tribal areas inside the Afghan border when intercepted by Afghan MIG-17 jet fighters and were then forced to proceed to Kandahar. The Afghan Government has stated that the planes had taken off from Miram Shah airfield, in the Pakistani frontier region south of Peshawar.

Kabul and probably Moscow are likely to exploit the incident as "proof" of Pakistan's aggressive intentions and may link it with US military support for Pakistan. The Afghans have been emphasizing since May that the U-2 had taken off from Peshawar on its 1 May flight, attacking this as evidence of "imperialist" support for Pakistan's "oppression of occupied Pushtoonistan." They now may try to draw comparisons between the two incidents. Kabul's propaganda will probably reach a high pitch while Afghanistan's tribal chiefs are gathered in the capital for the national independence celebrations in late August.

Afghan Prime Minister Daud may privately welcome the incident as demonstrating Afghanistan's improved defensive capability resulting from his policy of accepting Soviet military assistance. Pakistan, on the other hand, now may feel obliged to find a way of demonstrating that it remains a stronger military power than Afghanistan.)

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Cuban Communist Party Congress to Be Attended by Strong Delegations from Abroad

The eighth national congress of the Popular Socialist (Communist) party of Cuba opens on 16 August. The congress, the first since 1952, had been set for last month and was rescheduled only recently, suggesting that it was timed to coincide with the OAS foreign ministers' meetings in Costa Rica this week. The congress is likely to be used as a demonstration of international Communist solidarity with the Castro regime in its "struggle against American imperialism." Attendance of Communists from the Sino-Soviet bloc at the Cuban Communist meeting is likely to encourage the apparent willingness of most American governments to condemn "extracontinental intervention" in the affairs of the western hemisphere.

Most of the Sino-Soviet bloc countries will be represented by relatively high-level delegations. The USSR, Communist China, Poland, East Germany, Bulgaria, Hungary, and North Korea are sending central committee members, journalists, and persons skilled in agitation and propaganda techniques. Rumors that the bloc delegations would include top party officials have not been borne out as yet. Paul Verner, candidate member of the East German politburo, is the highest ranking bloc party official known to have arrived for the meeting. [Mikhail Suslov, secretary of the Soviet party central committee, reportedly was to attend, but the Cubans have been advised that it will be inconvenient for him to do so.] Jacques Duclos, second-ranking official of the French party, and Velio Spano, a member of the Italian Communist party central committee, arrived in Havana on 13 August.

The foreign Communist delegations undoubtedly will use this opportunity to strengthen the Communist position in Cuba with the aim of using that country as a base for further penetration in Latin America.

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~~CONFIDENTIAL~~**THE PRESIDENT**

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Scientific Adviser to the President

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Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

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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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Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Commandant, United States Marine Corps

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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