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18 October 1960

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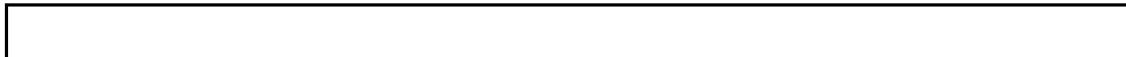
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# CENTRAL INTELLIGENCE BULLETIN



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DIA and DOS review(s) completed.

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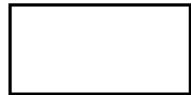
18 October 1960

### DAILY BRIEF

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#### I. THE COMMUNIST BLOC



Berlin: An article in the East German party newspaper on 15 October warned that East Germany may impose restrictions on West German shipments to West Berlin unless Bonn agrees to renew the interzonal trade agreement. The interzonal trade agreement was denounced by Bonn on 30 September, with the effective date to be 31 December. The new East German threat appears designed to put pressure on West Germany to renew the interzonal trade agreement for 1961, as well as to test general Western reactions.

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## II. ASIA-AFRICA

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an invitation to visit the USSR, [redacted] 25X1  
[redacted] and plans to go in November following a meet-  
ing with Nehru in New Delhi. U Nu may hope to obtain Mos-  
cow's assistance for new economic development projects. He  
may also desire to balance the effect in Moscow of his recent  
visit to Peiping for the signing of the Sino-Burmese border  
treaty and his attendance at Communist China's National Day  
celebrations. [redacted]

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Turkey: In the mass political trial of former Menderes  
regime officials which began on 14 October, the prosecu-  
tion has demanded death for 38 persons, including Menderes  
and ex-President Bayar. The trial is currently in recess un-  
til 19 October to allow the defendants more time to confer  
with their attorneys. Meanwhile, many retired military of-  
ficers are reported to be congregating in Istanbul, and some  
have informed the American army attaché that they will  
launch a counter-revolt if former Chief of the General Staff  
Erdelhun is sentenced to death. The attaché believes some  
bloodshed is possible, but does not believe a counter-coup  
would be successful. [redacted]

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Libya: In the face of the strongest parliamentary pres-  
sure on the government in Libya's nine years of independence,  
King Idris on 16 October replaced Prime Minister Kubar and  
revised the cabinet. The new prime minister, Muhammad  
Ben Uthman, is a politician and businessman from the sparse-  
ly populated Fezzan Province who has held portfolios in most

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cabinets since 1951. His selection appears designed to answer the criticisms of corruption in government, and also to avoid accentuating frictions between Tripolitanian and Cyrenaican politicians. The new premier has been friendly and cooperative with American officials. [redacted]

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[redacted] Laos: [The Defense Ministry and army headquarters staffs in Vientiane appear demoralized and bitter over the confusion resulting from deepening splits in the military establishment, the American army attaché reports. The new Soviet ambassador is reported to have offered the Souvanna Phouma regime economic aid.] [redacted]

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\*Republic of the Congo: As a result of his talk on 16 October with Katanga President Tshombé, Mobutu apparently has reconsidered his earlier intention to reconvene the Congolese parliament. On 17 October he stated that the army and the College of Commissioners will run the Congo until the end of the year, and that there will be "no question of parliament meetings." The UN administration has been encouraging a reopening of parliament as a vehicle for the reconciliation of opposing Congolese factions. Tshombé may have encouraged Mobutu to reaffirm his intention to "neutralize" all factions in Leopoldville in hopes that continuing paralysis in the central government will bolster Tshombé's separatist position. [redacted]

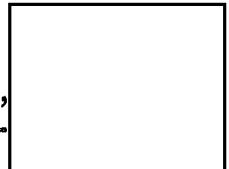
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### III. THE WEST

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Bolivia-USSR: Bolivian President Paz is under strong domestic pressure to secure foreign aid, from the USSR if necessary, for the construction of a tin smelter. Last week, when the Bolivian UN delegation discussed Khrushchev's September offer of a tin smelter with Soviet Foreign Minister Gromyko, Gromyko apparently made the offer conditional on Bolivia's establishing an embassy in Moscow. Paz apparently is planning to establish such an embassy, but has indicated to the American ambassador that the opening date might be delayed. [redacted]



Communists Threaten to Bloc West German Trade With Berlin

East Germany has threatened to interfere with traffic between West Berlin and West Germany unless Bonn agrees to renew the interzonal trade agreement for 1961. The threat was attributed to a medium-level official of the Ministry for Foreign and Internal German Trade in an article in the official party newspaper, Neues Deutschland, on 15 October, although the term "blockade" was not used. He asserted that the West German abrogation of the interzonal trade agreement affected not only the movement of goods between the Federal Republic and West Berlin but also agreements between the railway systems of the two parts of Germany and for deliveries of electricity, gas, and water to West Berlin.

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[ ] Some West German officials are fearful that any new trade negotiations with the East Germans will inevitably be held on a ministerial level and imply recognition of the Ulbricht regime. East German officials were said to be willing to conclude agreements on all matters at issue "if appropriate official offers of negotiations are submitted to them." The East Germans are reported by a high East German trade official to be confident that Bonn will seek a resumption of interzonal trade as soon as West Berlin begins to feel the pinch caused by the loss of certain East German exports to West Berlin, particularly coal.

The East German threat appears designed also to test Western reaction. In a discussion of the Berlin problem on 5 October, a Soviet Foreign Ministry official asked an American Embassy officer what solutions the West envisaged. Denying that there was no alternative to the Soviet proposal to make West Berlin a free city, he asked for Western reaction to including East Berlin in a free city, to be established within the framework of a German confederation, with each part of the city retaining a large measure of autonomy.

The USSR has officially rejected suggestions along this line on the grounds that East Berlin is the capital of East Germany. Moscow, however, would probably hope to represent any such Western offer as a retreat from the fundamental position that Western occupation rights are based on Germany's unconditional surrender and cannot be the subject of bargaining apart from an agreement on German unification.

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Burma's Prime Minister Plans to Visit Moscow

Prime Minister Nu has accepted an invitation to visit Moscow in November, [redacted]  
He intends to visit Indian Prime Minister Nehru en route.

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This trip may have fence mending as its primary purpose. During the administration of former Premier Ne Win, several incidents in Rangoon--including the defection attempt by the Soviet military attaché and Burma's cancellation of Soviet "gift" projects--caused a marked deterioration in Soviet-Burmese relations. Because of his commitments to sign the Sino-Burmese border treaty and to take part in Communist China's National Day celebrations in Peiping, U Nu was forced reluctantly to decline Khrushchev's suggestion that he attend the opening session of the General Assembly. For the same reason he was unable to accompany Nehru to New York as he had hoped.

An additional factor in Nu's decision to visit Moscow at this time may be his desire for aid to new economic development projects. Khrushchev and Nu are reported to have held preliminary aid discussions in Rangoon in February before Nu resumed the premiership. To date, although Nu probably is anxious to balance Western assistance in Burma with new bloc aid, no new assistance has been forthcoming. Nu's government has prepared a portfolio of development projects, including a massive development scheme for the Chindwin, Burma's second largest river, for which he has sought aid from both the United States and the USSR. The United States observers have felt the projects either too vague or too costly for Burma to consider, and the Soviet Union has only offered the loan of technicians, to be paid by Burma, for preliminary surveys.

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### Mass Political Trial in Turkey Could Spark Unrest

In the mass trial which started on 14 October, the prosecution has demanded the death penalty for 38 leaders of the ousted Bayar-Menderes government and lesser penalties for the remaining defendants. The trial now has been recessed until 19 October to allow the defendants more time to confer with their attorneys. Nearly 100 of the 500 prisoners reportedly have been released, but the remainder, including ex-President Bayar and ex-Premier Menderes, face sentences of death, prison terms, and exile.

The long-awaited trial, which may continue for more than two months, began on 14 October with Bayar being charged with selling for personal profit a dog which had been a state gift from the government of Afghanistan. This seemingly unimportant item apparently is aimed at reducing pro-Bayar sentiment among the peasants, who would consider the sale of such a gift particularly repugnant. This tactic could boomerang, however, by convincing the peasants that the military regime has failed to uncover conclusive evidence of serious criminal guilt.

Many military officers, recently forced to retire, are reported gathering in Istanbul. Some have informed the American army attaché that they will launch a counter-revolt if former Chief of General Staff Erdelhun is sentenced to death. They believe they would have support within the First Army, which they could use to control the Istanbul area, and state that pro-Menderes civilians would revolt in the Izmir area. They claimed that winter conditions in northeastern Turkey would prevent the Third Army from moving to support the ruling Committee of National Union (CNU). The former commander of the disbanded Turkish Korean Brigade is reported to be one of the group threatening action against the interim government. The attaché notes that the CNU is aware of the alleged threat and that, while bloodshed is possible, he does not believe a move to upset the CNU would be successful.

There is little indication that the CNU has been able to convince the people of Turkey that the leaders of the former

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regime deserve to be executed. Opposition within the Republic People's party to the proposed executions is reported to be strong, but is not likely to have much influence on the CNU. The regime might be encouraged to extend clemency, however, if convinced that Turkey's international prestige would be adversely affected.

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### Libyan King Replaces Prime Minister Kubar

In the face of strong parliamentary attacks on corruption among top-level officials and with a no-confidence resolution pending in the Libyan House of Deputies, King Idris on 16 October accepted the resignation of Prime Minister Kubar. He named as new prime minister Muhammad Ben Uthman, a politician and businessman from sparsely populated Fezzan Province.

Ben Uthman has been in most of the cabinets during Libya's nearly nine years as an independent state; he has also long been one of the Fezzan's five representatives to the lower house. His selection appears designed to answer criticism of corruption in government and, at the same time, to avoid accentuating frictions between politicians of the two larger provinces, Tripolitania and Cyrenaica. He is reported to be a solid backer of the crown prince, as well as of the King, and has been friendly and cooperative in his dealings with American officials.

On 29 September, four days before Parliament convened in extraordinary session on the corruption scandal involving the Fezzan road project, the King had replaced four ministers but retained Kubar. Now he has further revised the cabinet under Ben Uthman, and has enlarged its membership to 14 by including additional prominent parliamentary figures as well as former provincial officials.

Prior to the parliamentary elections in January 1960, both the House of Deputies and the Senate had exercised little more than a rubber-stamp function. Now, however, with an increasingly effective opposition bloc in the House, the Parliament has demonstrated that it is a governmental force to be reckoned with, at least on major issues where it can obtain wide popular backing.

The Defense Ministry and army headquarters staffs in Vientiane are characterized by the American army attaché as being demoralized, confused, and in some cases quite bitter as the result of splits in the military establishment and the pervasive influence of Captain Kong Le and his followers. Other factors are said to include General Ouane's failure as armed forces commander to exercise effective command over even the forces present in Vientiane, the defection to Phoumi's camp of Vientiane defense commander General Amkha, and the sudden departure of approximately ten senior officers on new assignments abroad as service attachés. Other reports indicate the chief criterion for their selection as attachés was their unwillingness to cooperate with Kong Le.

Many officers and noncommissioned officers in Kong Le's 2nd Paratroop Battalion reportedly play dual military and civil roles. A close associate of Kong Le occupies the key position of chief of cabinet in the Ministry of Defense, from which post he has allegedly monitored all command functions and kept General Ouane "fully neutralized" in his dual capacity as armed forces commander and secretary of state for defense. Ouane's decision to go to Luang Prabang on 16 October, where he intends to remain, undoubtedly is in part due to a sense of powerlessness in attempting to assert his authority in Vientiane. With the departure of Ouane, General Amkha, and the attaché-designates, there are now very few senior officers in Vientiane, thus leaving the field even more than before to the Kong Le clique.

The only potential source of serious opposition to Kong Le in the capital is about 300 infantry troops, under Captain Southep, who came to Vientiane from Luang Prabang Province last month. Although Southep is reputed to be strongly anti - Kong Le and an able commander, he is undoubtedly under close surveillance and his ability to take action may already have been neutralized.

Soviet Ambassador-designate Abramov is still awaiting an audience from the King so that he can present his credentials. In the meantime, however, there are indications that he may have made informal offers of assistance to Premier Souvanna Phouma.

Bolivian Interest in Soviet Tin Smelter

Bolivian President Paz is under strong domestic pressure to secure foreign aid for the construction of a tin smelter. Last week, when the Bolivian UN delegation discussed Khrushchev's September offer of a smelter with Soviet Foreign Minister Gromyko, Gromyko indicated the next step could be taken through the "Bolivian Embassy in Moscow." Reminded that Bolivia has no embassy there, Gromyko pointed out that the new Bolivian President has promised to establish one. The conversation then grew rather bitter and nothing was agreed to, according to Bolivia's UN delegate, who concluded that the question was dead for the time being.

Bolivian President Paz stated in late August that Bolivian laws provided for the establishment of such an embassy and that his government intended "to carry out the laws." In a conversation with American Ambassador Strom on 27 September, Paz mentioned plans for the embassy but said that at that time no one was being considered for the post.

The original Soviet overture concerning a tin smelter for Bolivia was apparently made during a visit of Bolivian senators to Moscow last July.

Virtually all of Bolivia's tin now must be sent to a smelter in Britain. A German engineering team concluded after an eight-month survey in Bolivia about two years ago that a tin smelter would cost about \$20,000,000 and would be economically infeasible. The team could not solve the electric power question and problems arising from the 13,000-foot altitude of the tin mines--an altitude which would reduce smelting efficiency by 40 to 60 percent.

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Bolivia's interest in smelting its own tin received an additional stimulus in recent months from reports that Brazil has a tin smelter of new design, using charcoal for fuel. According to Vice President Juan Lechin, who is also head of the

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Bolivian Miners' Federation, this type of smelter could be copied successfully in Bolivia. [A high Brazilian Foreign Ministry official told the American ambassador recently that Brazilian companies connected with that smelter have been negotiating with the Bolivian Government for construction of one in Bolivia.]

The manager of Bolivia's nationalized Mining Corporation asked Ambassador Strom on 13 October about the US Government attitude toward the Soviet offer. He also commented that he was leaving for Germany on 21 October to discuss a German proposal to improve Bolivia's tin mines, and that his negotiations in Germany would be difficult unless the government took a definitely negative position on the Soviet offer before he arrived in Germany.

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**THE PRESIDENT**

The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

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

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

The Director, The Joint Staff

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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