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15 OCTOBER 1960

I. THE COMMUNIST BLOC

Peiping extends \$105,000,000 loan to North Korea in another move to strengthen China's political position among Asian satellites.

Albanian political crisis apparently related to Sino-Soviet dispute.

II. ASIA-AFRICA

Laos--Another military regional commander may throw his support to Phoumi; this would leave Souvanna Phouma dependent on Kong Le's forces and might cause him to reverse decision to move government to Luang Prabang.

Japan--Leftists trying to exploit impact of Asanuma assassination by demanding prime minister's resignation.

South Korea-- Factionalism intensifying within ruling party but Prime Minister Chang believes he will achieve majority support.

Mali Republic intends to establish early diplomatic relations with Communist China, North Vietnam, USSR, and Czechoslovakia.



⑦ Situation in Congo.

III. THE WEST

⑧ West German foreign minister says trade with East Germany will not end completely despite cancellation of interzonal agreement.

⑨ Situation in Argentina.

LATE ITEM

⑩ Soviet launch attempt.



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CENTRAL INTELLIGENCE BULLETIN

15 October 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

Communist China - North Korea: Peiping's intention to strengthen its political position among the Asian satellites with firmer economic ties is demonstrated by the 13 October agreement extending a new \$105,000,000 loan to North Korea. A sizable loan from Moscow to North Korea can be expected. Peiping's \$50,000,000 loan to Mongolia last May was followed by a Soviet offer of more than \$150,000,000. Both Mongolia and North Korea are beginning new long-term economic development plans and probably have approached Moscow and Peiping for assistance. Pyongyang has given general support to Moscow's foreign policy line in the current Sino-Soviet dispute, but North Korean commentary shows reluctance to criticize Peiping.

(Page 1)

Serab
OK - but
1st sent
slightly
revised

Albania: The Albanian political crisis, which led to the ouster of a politburo member in early September, has apparently affected a number of party personnel at the regional level. In addition, a sizable number of naval personnel and residents in the southern area of the country have reportedly been arrested. Reports persist that an abortive coup took place in late July or early August which may have led to a general crackdown. The Albanian regime has taken a more markedly pro-Chinese position following the conclusion of the September party plenum, and current evidence now suggests Belishova, the politburo member ousted in September, may have favored the Soviet line.

(Page 2)

Revised

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II. ASIA-AFRICA

Laos: In Luang Prabang the commander of the 1st Military Region [redacted] is planning to come out in support of the Savannakhet rebels, possibly on 15 October. In this event, four of the five military regional commanders would be lined up with Phoumi. The Souvanna Phouma regime would be isolated and dependent on the troops in Vientiane dominated by Kong Le. It would almost certainly cause Souvanna to reverse his recent decision to move his government from Vientiane to Luang Prabang. [redacted]

(Page 3)

OK
End 1st sent
with "possibly
in a few days."

Japan: Leftists in nationwide demonstrations are exploiting the emotional impact of the assassination of Socialist leader Asanuma by demanding Prime Minister Ikeda's resignation on the ground that his government is responsible. Press play of the incident, however, stresses the need to eliminate violence from Japanese politics and tends to moderate public reaction to the assassination in spite of widespread shock and sympathy for Asanuma. The government, in an effort to minimize adverse reaction in the forthcoming election campaign, has accepted the resignation of the cabinet minister in charge of public safety. [redacted]

(Page 4)

Revised

South Korea: Although public agitation over the light punishment given to former officials of the Rhee regime is subsiding, Democratic opponents of Prime Minister Chang Myon apparently believe this provides them with an issue to justify splitting the government party. Both Chang's faction and his opponents within the party are in the process of forming separate organizations. Although the split may result in the resignation of some members of Chang's cabinet, Chang is not disturbed at the prospect as he believes his faction will profit by the split to the extent that he will soon have a clear working majority. [redacted]

(Page 5)

Revised

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Mali-Bloc: The left-wing, neutralist government of the Mali Republic intends to establish early diplomatic relations with Communist China and North Vietnam as well as with the USSR and Czechoslovakia. The government announced on 13 October that it had recognized the Peiping regime. Of the 16 African states which have become independent this year, Mali is the first to take such action. [] (Page 6) OK

Republic of the Congo: The reported disappearance of Mobutu's troops from around the residence of deposed Premier Lumumba and the withdrawal of a Congo Army contingent from Leopoldville against Mobutu's orders suggest that Mobutu is encountering serious difficulties in maintaining discipline among his army supporters. Tension continues high in Leopoldville, and pro-Lumumba demonstrators--who assaulted one of Mobutu's commissioners on 14 October--have stepped up their activities. [] (No) (Page 7)

[] UN representative Dayal favors reconvening the parliament, in which event Lumumba would probably resume political activity. [] (Page 7)

III. THE WEST

West Germany: Foreign Minister von Brentano has told Christian Democratic foreign affairs experts of the Bundestag that trade with East Germany will not end completely despite suspension of the interzonal trade agreement. Trade would continue on the basis of individual orders, but licenses would depend on East German actions regarding Berlin. While West German industrialists are reluctant to cut off trade with East Germany, Brentano emphasized his dissatisfaction over the unwillingness of the NATO allies to support economic sanctions against East Germany. He noted reports from Bonn's ambassador in Paris that French determination to stand by the status quo in Berlin was weakening. Although conceding that new international talks on Berlin could not be avoided, Brentano would try to delay them until after the German elections in the fall of 1961. [] (Page 8) OK

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Argentina: While the crisis over army demands for changes in President Frondizi's advisers and policies has been eased, the situation is still troubled by army unrest. At least 17 of the some 50 generals have presented their resignations. Frondizi is reported to have given in to one of their demands by accepting the resignation of War Secretary Larcher, who is trying to reduce the power of army commander Toranzo Montero. A special meeting of all army generals has been called for 17 October.

Revised

(Page 9)

LATE ITEM

*USSR: On 14 October the USSR launched a vehicle from Tyura Tam which, like that of 10 October, failed in flight shortly after launch. The vehicle was launched at approximately 1350Z (0950 EDT), was airborne at least five and one-half minutes.

No

[redacted] the apparent failure of attempts by Soviet facilities in the Far East to track the vehicle, indicate an in-flight failure.

The Tyura Tam and Klyuchi facilities and the four SIBIR ships participated in the operation which closely resembled the event of 10 October. The characteristics of the vehicle and the objectives of the operation are currently undetermined.

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Communist China Extends New Economic Assistance
To North Korea

Peiping on 13 October demonstrated its intention to strengthen its political position among the Asian satellites by granting North Korea a loan of \$105,000,000. This loan covers equipment and technical aid to build industrial plants for the manufacture of rubber tires, radios, and telecommunications equipment. China will also assist enterprises producing consumer goods and will provide cotton-textile equipment.

A sizable loan from Moscow to North Korea also will probably be forthcoming. Peiping's \$50,000,000 loan to Mongolia last May was followed by a Soviet offer of more than \$150,000,000. Mongolia has embarked on a Five-Year Plan, and North Korea is beginning an ambitious seven-year program of economic development. Both countries have probably approached Moscow and Peiping for assistance.

North Korea has received large-scale economic assistance from the Sino-Soviet bloc during the past ten years, initially in support of the war effort but since 1953 to sustain rehabilitation efforts and to expand industrial capacity. Excluding military deliveries during the Korean war, the total amount of bloc economic aid is estimated at about \$1.2 billion--most of which was in the form of outright grants prior to 1957. The USSR has provided about \$500,000,000, while Peiping's contribution has risen with the new loan to some \$400,000,000. The terms of the new Chinese credit indicate that Peiping intends to play a more active role in North Korean industrialization, including supplying complete plants, which heretofore have been installed chiefly under the Soviet aid program.

At a party plenum last August Pyongyang pledged "full support" for Moscow's foreign policy line in the current Sino-Soviet dispute on Communist strategy. Since that time, however, North Korean commentary on the subject has indicated reluctance to criticize Peiping. Pyongyang has attacked both "revisionism" and "dogmatism" as "un-Marxist tendencies." In a speech on 10 October, Pak Kum-chol, a leading party spokesman, was especially critical of "revisionism," assailing the "Tito clique and other international revisionists."

~~CONFIDENTIAL~~

~~TOP SECRET~~Albanian Internal Situation

The ouster of politburo member Belishova and party audit commission head Tashko appears to have been a part of a series of widespread political changes in Albania since midsummer.

A political crisis apparently has been stimulated by Albania's support of Peiping in the Sino-Soviet controversy. Recent evidence suggests that Belishova favored a pro-Soviet position and that since her ouster the regime has consolidated its positions around the pro-Chinese line. The Albanian regime has taken a more markedly pro-Chinese position since the September plenum, as manifested by party boss Hoxha's speech on the eve of the 1 October Chinese liberation anniversary and the conduct during the past two weeks of Albanian Vice Premier Kellezi in China.

Alternate politburo member Dervishi was removed from his post as party first secretary of the Tirana city organization and replaced by Figerete Shehu, the premier's wife, shortly before the September plenum.

[redacted] a sizable number of regional party and government officials of middle rank were also ousted in various areas in Albania.

[redacted] a coup was attempted in late July or early August.

[redacted] also report an abortive coup.

[redacted] the "nervousness" of the Albanian leaders was "noted by everyone" in August and was perhaps related to rumors of imminent changes in the party. Vice Admiral Teme Sejko, commander in chief of the Albanian Navy, reportedly was arrested by security authorities along with a number of other naval personnel.

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~~SECRET~~Situation in Laos

The commander of the 1st Military Region, Colonel Houmpanh, [redacted] is going to come out in support of the Savannakhet rebels, possibly in the next day or so. Houmpanh, whose headquarters is in Luang Prabang, previously has maintained a cautiously neutral position between the rival camps, although during the past few days he has leaned toward Phoumi. According to Houmpanh, the top military figure in the Vientiane regime--General Ouane--is associated with the plan.

If Houmpanh acts, four of Laos' five military regional commanders will be lined up behind Phoumi. Premier Souvanna Phouma, who recently decided to move his government to Luang Prabang, where it would be less subject to direct influence by Kong Le, would almost certainly reverse his decision. With the great bulk of the army arrayed against him, Souvanna would probably be forced into closer dependence on Kong Le, who today called for a shake-up in the top command of the Laotian Army, demonstrating once again that he does not see his role limited to that of a battalion commander.

Souvanna Phouma told the press on 14 October that he is determined to stick to his neutralist policy and added, "If the Americans are willing to understand this, it is fine; if they do not, it is too bad." Souvanna continues to hint broadly that he will be forced to turn to the Communist bloc unless American aid is resumed. Soviet Ambassador Abramov parried reporters' questions on possible Soviet aid on his arrival on 13 October but indicated he would make a statement on the subject after he presented his credentials to the King.

In the first substantive talks between the Vientiane government and the Pathet Lao on 13 October, the Pathets reportedly called for a "Cambodian-type neutrality" and for action against the Savannakhet regime. Vientiane is, in effect, being asked to sign a "separate peace" with the Pathets. The Pathet negotiator said that he reserved the right to attack any troops which in his opinion do not support the policy of neutrality.

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~~SECRET~~Demonstrations in Japan

Leftists are staging nationwide demonstrations to exploit the emotional impact of the assassination on 12 October of left-wing Socialist leader Inejiro Asanuma by supporting demands of labor, Socialist party (JSP), and Communist leaders for Prime Minister Ikeda's resignation on the grounds that the government is responsible for the incident. Rallies called by the Socialists in connection with the assassination are to coincide with a half-hour strike and mass labor demonstrations against the government which have been planned since early September by Sohyo, the large leftist labor federation. Sohyo, which supports the JSP, was chiefly responsible for organizing and financing the demonstrations in May and June preceding the fall of the Kishi government.

The press, however, which encouraged the demonstrations last spring, is stressing the need to eliminate both leftist and rightist violence from Japanese politics. This view is moderating public reaction to the assassination in spite of widespread shock--perhaps the sharpest in Japan since the war--and sympathy for Asanuma. By recalling the recent stabbing of former Prime Minister Kishi, the press has attempted to counter leftist allegations of government responsibility in the Asanuma case.

The JSP, which hopes orderly demonstrations will arouse support for party opposition to the government in the special Diet session scheduled for 17 October, has joined the government in appealing against violence. The demonstrations so far have been relatively calm, but there have been clashes between students and the police.

In an effort to minimize adverse public reaction in the November election campaign, Ikeda has accepted the resignation of Iwao Yamazaki, who as chairman of the Public Safety Commission is the cabinet minister in charge of police. The Socialists, to preserve their unity in the campaign, have apparently decided to defer the intraparty contest over choosing Asanuma's successor until after the parliamentary election.

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~~SECRET~~South Korean Majority Party to Split

Factional opponents of Prime Minister Chang Myon within his Democratic party have launched an attack on him over the light punishment given to former officials of the Rhee regime. Although public agitation over the sentences handed down by the Seoul District Court on 8 October appears to be subsiding, Democratic dissidents apparently believe this issue provides them with an opportunity to split the party. The public, which has resented the continuing factional strife, may accept the break.

The split may result in the resignation of some members of Chang's cabinet, but he is not disturbed at the prospect.

He believed the split would give him a good working majority in the National Assembly and free his administration to turn its attention to pressing national problems.

From 20 to 30 of the 85 declared anti-Chang factionists in the dominant 233-seat lower house will join the 95 Democrats now committed to the prime minister. The local press has stated that of the five anti-Chang factionists in Chang's 14-man coalition cabinet, three will remain in the government, one will join the opposition, and the intentions of the other are unknown.

Chang's opponents have taken an active part in organizing the recent disturbances. To appease popular indignation over the sentences, the government has appealed the cases, Chang has called for ex post facto legislation to assure stiffer penalties, and the assembly has passed a measure suspending the trials until the special laws can be enacted. As a further gesture to the public, Chang has accepted the resignation of Home Minister Yi Sang-chol--who assumed moral responsibility for the outcome of the trials--and appointed onetime Defense Minister Hyon Sok-ho in his place.

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Mali Moving Toward Early Diplomatic Ties With
Sino-Soviet Bloc

The leftist-oriented government of the Mali Republic apparently intends to establish early diplomatic ties with a number of Sino-Soviet bloc countries, including Communist China and North Vietnam. The government announced on 13 October that it had recognized the Peiping regime, becoming thereby the first of the 16 African states which have become independent so far this year to take such action.

This step will probably be followed shortly by a request for the departure of a Chinese Nationalist mission which had been seeking recognition for Taipei. The Mali announcement of 13 October revealed that a South Vietnamese envoy who had been in Bamako on a mission similar to that of Taipei's representative has already been directed to leave Mali. This action followed a recent visit to Bamako by the North Vietnamese ambassador accredited to Guinea.

The Mali announcement also stated that a Soviet delegation would arrive in Mali later this month. Earlier Mali authorities had announced receipt of a cable from Khrushchev proclaiming the USSR's readiness to proceed with an exchange of diplomatic representatives. Czechoslovakia is apparently already in the process of establishing both diplomatic and economic ties with Mali.

Since Mali was admitted to the UN on 28 September, its delegation in New York has consistently voted with the bloc on all East-West issues. In one instance--the inscription on the General Assembly's agenda of the Hungarian question--Mali alone among African states cast a negative vote. This pattern may change to some extent, however, after the arrival of Mali's new permanent representative to the UN and ambassador to the US--a man believed to be somewhat less ill-disposed to the West than are his country's present spokesmen at the UN. Top officials at Bamako, apparently desirous of preserving a neutral posture, balanced their gestures toward the bloc in their 13 October announcement with statements implying an intention to encourage friendly relations with Western countries. [redacted]

[redacted]

[redacted]

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~~TOP SECRET~~Situation in the Congo

The reported disappearance of Mobutu's troops from around the residence of deposed Premier Lumumba, together with the withdrawal of a Congolese Army contingent from Leopoldville in defiance of Mobutu's orders, indicates that Mobutu may be having difficulty in maintaining discipline among his army followers.

[redacted] when he had last passed by Lumumba's residence, "I found the Congolese troops in a state of general laxity." He added that on one occasion an army unit had insulted Mobutu.

In view of Mobutu's inability to maintain a secure guard on his rival and UN representative Dayal's hope that a reconvening of parliament will bring a political reconciliation favorable to Lumumba, Lumumba may resume political activity in the near future. One Congolese politician has speculated that parliament might reconvene about 21 October. Any speechmaking by Lumumba--in defiance of Mobutu's "neutralization" of Congolese politicians--might compel Mobutu to attempt to arrest him.

President Kasavubu and Foreign Minister Bomboko have declared personae non gratae three Ghanaian diplomats, including Ambassador Djin and Charge Welbeck, for interference in internal Congolese affairs. The whereabouts of Welbeck--who is believed to have left Accra for Leopoldville on 12 October on a mission to "rescue" Lumumba--remains unclear.

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[Redacted]

Bonn Clarifies Stand on East German Trade

[Foreign Minister von Brentano has reportedly told members of the Christian Democratic Union's foreign affairs working group in the Bundestag that despite Bonn's 30 September suspension of its interzonal trade agreement, trade with East Germany will continue after 1 January on the basis of individual orders, but licenses will be dependent on East German moves in Berlin. Although key West German industrialists are still reluctant to cut off their trade with East Germany, Brentano emphasized his dissatisfaction over the unwillingness of Bonn's NATO allies to support economic sanctions against East Germany. He cited in particular a complaint of the Belgian ambassador about "damage" done by the Allied suspension of temporary travel documents for East German trade mission personnel.]

[Redacted]

French determination to stand by the status quo in Berlin was weakening, there are no other indications that Paris' support for the Allied occupation of Berlin has lessened. Brentano also noted [Redacted]

the French were interested in renewing talks on Berlin at the earliest opportunity, probably around late February or early March of 1961. Although conceding that new talks on Berlin could not be avoided, he stated that he would try to delay them until after the German elections in the fall of 1961. [Redacted]

[Redacted]

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~~SECRET~~Argentine Crisis Eased, but Military Unrest Continues

While the crisis over the army's demands for changes in Argentine President Frondizi's advisers and policies has been eased, the situation is still troubled by army unrest. Horacio Rodriguez Larreta, a Foreign Ministry official who has been in contact with the US Embassy in Buenos Aires as an emissary for Frondizi, commented on 13 October that the crisis "has been transferred from the national sphere, in which the government itself was threatened, to (another) sphere, in the form of a contest for power between War Secretary Larcher and Army Commander in Chief General Carlos Toranzo Montero." He added that concessions made by Frondizi had satisfied all but a minority element within the army which favors a coup. Similar information was given to the US army attaché by Toranzo Montero's aide.

Frondizi's "concessions" thus far seem mainly to be assurances that his administration will curb any political activity designed to restore Peronista political power or favor the objectives of international Communism. He also said other problems in the administrative, labor union, and other fields would be corrected. Rodriguez Larreta expected some shifts among lower officials, particularly those suspected of graft or involvement with Frondizi's unofficial adviser, Rogelio Frigerio, whom the army considers too conciliatory toward the Peronistas. The mediation of former President Pedro Aramburu is generally believed to have played an important role in easing the negotiations concerning the army demands.

At least 17 of some 50 generals, apparently excluding Toranzo Montero, submitted their resignations to Larcher, whom they consider too partial to Frondizi. Frondizi, however, is reported to have given in to one of their demands on 14 October by accepting Larcher's resignation. A special meeting of all army generals has been called for 17 October.

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Director of Naval Intelligence, Department of Navy

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Supreme Allied Commander, Europe

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