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15 October 1960

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CENTRAL INTELLIGENCE BULLETIN



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15 October 1960

DAILY BRIEF

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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.

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II. ASIA-AFRICA

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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]

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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]

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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. [redacted]

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III. THE WEST

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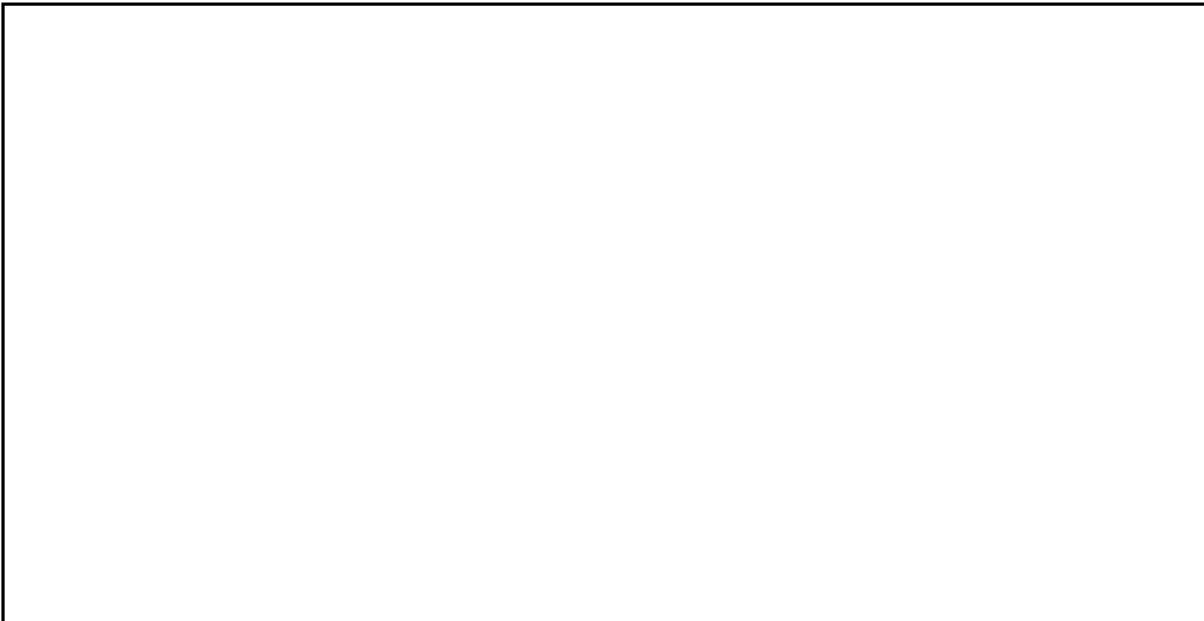
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Argentina: While the crisis over army demands for changes in President Frondizi's advisers and policies has been eased, the situation is still troubled by army unrest. At least 17 of the some 50 generals have presented their resignations. Frondizi 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.

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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." [redacted]

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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.

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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.

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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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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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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]

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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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Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

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