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# CENTRAL INTELLIGENCE BULLETIN



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18 AUGUST 1960

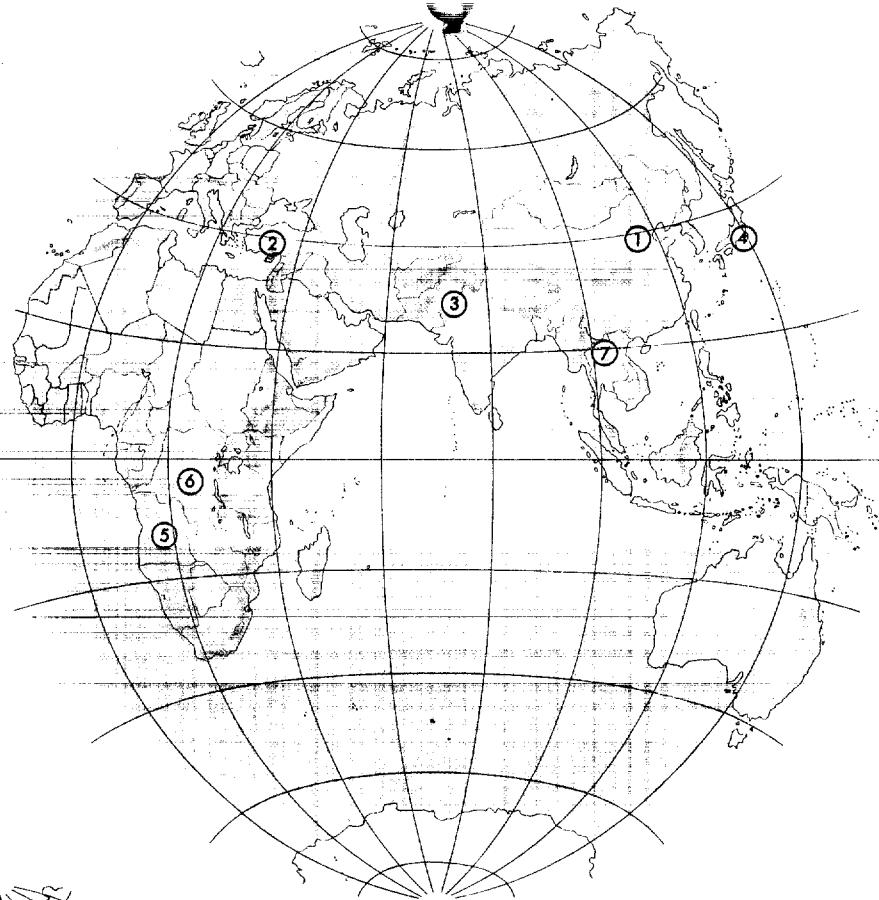
**I. THE COMMUNIST BLOC**

Western observers in Peiping report seeing departure of large numbers of Soviet personnel.

①

USSR prepared to double previous offer of credit to Turkey.

②

**II. ASIA-AFRICA**

India and Pakistan agree on major provisions of Indus River treaty.

③

Japan--Prime Minister Ikeda announces elections to be held in fall.

④

Portuguese plan major increase in troop strength in Mozambique and Angola.

⑤

Soviet Union attacks Hammarskjold's stand on UN role in Congo.

⑥

The situation in Laos.

⑦

**III. THE WEST**

⑧ Cuba reportedly sending large amounts of money to other Latin American countries to support campaign against OAS.

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## CENTRAL INTELLIGENCE BULLETIN

18 August 1960

## DAILY BRIEF

## I. THE COMMUNIST BLOC

USSR - Communist China:

[redacted] they have seen large numbers of Soviet personnel leave the Chinese capital by rail for the USSR during the past ten days. [redacted] the departures were ordered by the USSR on short notice.

*Sirah**OK**Delete**TP 2*

[redacted] Soviet leaders on 28 July reached a decision that Soviet specialists would be withdrawn from Communist China within three months. However, no evidence of an abnormal departure of Soviet personnel has yet been noted [redacted]

[redacted] Although present evidence is inadequate to confirm such a mass exodus, a large-scale withdrawal would suggest that the Soviet Union has, apparently for the first time, resorted to economic sanctions and that the Sino-Soviet dispute has entered a new and more critical phase.]

(Page 1)

[redacted] USSR-Turkey: Soviet Ambassador Ryzhov, prior to his departure on 2 August for an extended home leave, told Turkish Foreign Minister Sarper that the USSR was prepared to offer Turkey more than double its previous proposal of a \$200,000,000 line of credit. The offer, together with recent Soviet diplomatic overtures to Turkish leaders and friendlier propaganda toward Ankara, is intended to encourage neutralist tendencies in the new regime. Sarper, in discussing the Soviet offer with Ambassador Warren, emphasized that there has been no change in Turkey's attitude toward the USSR. However, a minority view favoring a more independent policy and acceptance of economic aid from any source has emerged within the government.]

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## II. ASIA-AFRICA

India-Pakistan: Conclusion of the long-delayed treaty dividing the waters of the Indus River basin now is probable as a result of agreement on the most important disputed points. Although negotiation of remaining details could cause further delays, Nehru is scheduled to go to Pakistan to sign the treaty about 20 September. While reiterating his willingness to discuss other matters with Ayub, Nehru recently indicated he is still not ready to take up the Kashmir dispute and is not interested in joint defense proposals. The Nehru-Ayub meeting could, however, lead to general exploratory talks at a lower level to continue the improvement in relations desired by both leaders. OK (Page 4)

Japan: Prime Minister Ikeda has announced that the Diet is likely to be dissolved in November and elections held shortly thereafter. In addition to his desire to satisfy the general feeling that he should seek an early public mandate, Ikeda probably is encouraged by impressive conservative victories in three successive gubernatorial elections and by failure of the Socialist parties to develop a popular issue for exploitation. Public opinion polls also reveal unusually strong support for the new government. OK (Page 5)

Portuguese Africa: Plans for strong reinforcement of Portuguese security forces in Mozambique and Angola have been reported to the US consul general in Lourenco Marques by a reliable source. A civil defense organization has been established in Mozambique, and armed troops and police are much in evidence. These measures reflect increasing Portuguese distrust of the native population and a growing fear of subversion from neighboring territories. OK (Page 6)

\*Congo: As Secretary General Hammarskjold prepares for the emergency session of the Security Council, he is seeking support for his interpretation of the UN's role in Congo, a position already attacked by the Soviet Union. According to press reports OK

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from the UN, Soviet Deputy Foreign Minister Kuznetsov has strongly objected to the secretary general's stand that the 9 August resolution bars UN intervention in internal Congolese disputes.

Lumumba, in Leopoldville, continues to take repressive measures against both UN personnel and Belgian interests. On 17 August he threatened to confiscate all Belgian assets in the Congo if Brussels did not quickly return Congolese funds deposited in Belgium several months ago. (Page 7)

\*Laos: Supporters of General Phoumi in Luang Prabang are endeavoring to forestall King Savang's approval of the Souvanna Phouma government. In addition to casting doubt on the legitimacy of the Souvanna regime, a delay would buy time for Phoumi to try to marshal his counterrevolutionary forces and, through his emissaries, persuade the King to declare himself openly in favor of the counterrevolution.

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21 August may be the target date for the contemplated attack on Vientiane.

Souvanna has in effect held out the olive branch to Phoumi over Vientiane radio, but the King is probably the only figure with enough prestige and authority to impose negotiations on the mutually distrustful Kong Le and Phoumi forces. Although Kong Le has announced that all "administrative powers" have been returned to the Souvanna government, there is no indication he has relaxed his military grip on Vientiane. (Page 9)

### III. THE WEST

Cuba:

the Castro regime is sending large amounts of money to various other Latin American countries to carry on Cuba's campaign against the OAS and perhaps to bribe delegates to the OAS foreign ministers' meeting now under way in Costa Rica. This money may be part of the \$8,000,000 in 100- and 50-dollar bills which Cuba is known to have

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imported from the US since May. [Meanwhile, the Cuban delegation has threatened to withdraw from the OAS conference in protest of its treatment by Costa Rican security forces. Cuba might then demand that the UN Security Council resume consideration of the Cuban complaint against the US which the council referred to the OAS in mid-July.]

#### IV. WATCH COMMITTEE CONCLUSIONS

- A. No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the orbit in the immediate future.
- C. The following developments are susceptible of direct exploitation by Soviet/Communist hostile action which could jeopardize the US in the immediate future:

Although the Kong Le revolutionary faction has succeeded in setting up a new government with approval by the National Assembly (but not yet by the King), the situation in Laos remains confused. General Phoumi intends to defy the new government. He apparently controls enough troops to retake Vientiane, provided he can obtain sufficient money, supplies, and transport. The Pathet Lao has not yet intervened effectively but has the military capability of further complicating the situation. There is still no evidence of any Chinese Communist or North Vietnamese intentions overtly to intervene. Nevertheless the situation remains favorable to Communist exploitation.

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~~TOP SECRET~~USSR Reportedly Withdrawing Technicians From Communist China

[redacted] during the past ten days large numbers of Soviet specialists have left the Chinese capital by rail for the USSR.

[redacted] Soviet authorities ordered the departure on short notice. Yugoslav newsmen in Peiping first reported such an exodus,

[redacted] Soviet leaders had reached a decision on 28 July that Soviet specialists would be withdrawn from Communist China within three months.

No evidence of an abnormal departure of Soviet personnel has yet been noted

Since the Bucharest Congress last June, Moscow appears to have taken the offensive in the Sino-Soviet dispute, presumably in order to win Peiping's adherence to the Soviet point of view prior to the forthcoming November conference of all Communist parties in Moscow.

[redacted] meetings have been held to alert Italian party cadres to the seriousness of the Sino-Soviet dispute which, in view of Peiping's refusal to alter its position, has made it inevitable that "the disagreement will have to be carried through to the end."

[redacted] the Soviet party's 22nd congress, originally scheduled for early 1961, has been advanced to December 1960 because of the need for a settlement of the Sino-Soviet dispute.

It is estimated that, as of last month, there were between 1,000 and 2,000 Soviet technicians in China, most of whom presumably are associated with Soviet-supported industrial projects called for under agreements signed between February 1950 and February 1959. These

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Agreements committed the Soviet Union to assist China in the construction of 291 major industrial projects which make up the core of China's industrialization program. About half of these projects have been completed or at least have begun production; equipment for the remainder is scheduled for delivery between now and 1967. A cessation or significant slowdown in deliveries would cripple China's future program for industrial development.

These projects include complete sets of factory equipment for large, modern, industrial plants--steel mills, a large petroleum refinery, aircraft and truck factories, and machine-building plants--and electric power installations. Soviet assistance has included, in addition, geological surveying, designing and supervision of the construction and equipping of factories, and assistance in the production process of new plants. China, however, is carrying out more and more of these tasks itself as it becomes increasingly self-sufficient.

All Soviet assistance to China's industrial program is being paid for by Chinese exports, largely of raw materials, on a pay-as-you-go basis, and China has become the USSR's largest trading partner, with total trade between the two countries now amounting to \$2 billion annually.

A large-scale withdrawal of Soviet technicians from Communist China, if confirmed, would suggest that the USSR, apparently for the first time, has resorted to strong economic sanctions in an effort to force a settlement of the dispute. Such a drastic action would mean that the conflict has entered a new and more critical phase.

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[redacted] the USSR would double its earlier \$200,000,-  
000 offer of credit to Turkey, and if that were not enough, Moscow "could make it \$450.000.000 or \$500.000.000." The credit,

[redacted] would carry an interest rate of 2.5 or 3 percent with payment over a 15-year period.

Following the military coup in Turkey in late May, Moscow took a cautious attitude toward the provisional government, expressing hope for improvement in Soviet-Turkish relations while at the same time repeating standard Soviet warnings of the danger to Turkey from its Western alliances and foreign bases on its territory. Since early July, concurrent with Soviet overtures--including two personal letters from Khrushchev to Gursel--Moscow's propaganda toward Ankara has grown more friendly in tone.

[redacted] As part of their efforts to encourage neutralist tendencies in the new regime, top Soviet leaders, in talks with the new Turkish ambassador who arrived on 6 August, have stressed the USSR's desire that Turkey return to the neutralist, good-neighbor policies of the Ataturk regime. They have specifically urged exchanges of visits by leading political figures and by scientific and commercial delegations.

[redacted] Turkey's attitude toward the Soviet Union remains unchanged, but commented that the Turks do not wish to "provoke unnecessary reactions" from the USSR.

[redacted] Turkey had "expressed appreciation" for the offer without accepting it. He added, however, that when Ryzhov returns "we will see how things develop."

The economically hard-pressed regime in Turkey may be more receptive than its predecessor to low-interest credit or loan offers. In addition, there is apparently a faction within the government which favors a more independent approach in foreign policy and economic relations, and Sarper has confirmed that there is some anti-American sentiment in the government. While the new regime may use the USSR's aid offers primarily in order to encourage an increase in American assistance, serious consideration may be given to unqualified Soviet offers if they appear to have no adverse political implications.

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India and Pakistan Near Final Agreement on Indus  
Waters Treaty

The way now seems clear for conclusion of the much-delayed treaty between India and Pakistan on the division of waters in the Indus River basin. While quibbling over remaining details could cause further delays, International Bank Vice President Iliff informed Ambassador Rountree on 15 August that during his recent talks in New Delhi and Rawalpindi, both governments had agreed to a compromise of the most important points still in dispute.

President Ayub confirmed publicly on 17 August that Nehru will visit Pakistan on 19 to 20 September to sign the treaty. Ayub reiterated that he hoped to discuss "all questions" of mutual interest with Nehru, including the dominant Kashmir dispute. The Pakistani President recalled in a broadcast on 13 August that he had made every conceivable effort to solve Indo-Pakistani problems even though the response from Indian leaders had been "very tardy indeed." He apparently feels the next move is up to Nehru. Ayub, concerned over growing domestic criticism, probably will exploit Nehru's visit as a foreign policy success. He is unlikely at this time, however, to risk further adverse reaction at home by making any substantial concessions.

On several occasions recently Nehru expressed his willingness to go to Pakistan, probably realizing that some reciprocal gesture on his part is necessary now if the improvement in relations is to continue. He denied in Parliament on 1 August that he had refused to talk with the Pakistanis, and said he would take the opportunity of a visit to discuss "whatever matters" are raised. Nehru made it clear that he was not interested in Ayub's joint defense proposals, and his later comments on Kashmir suggest he still is not prepared to negotiate a settlement of this 13-year-old dispute. The Nehru-Ayub meeting may nevertheless lead to exploratory talks on these and other questions at a lower level in order to further the rapprochement both leaders desire.

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~~CONFIDENTIAL~~Japanese Government Plans Election Test

Prime Minister Ikeda announced on 15 August that the lower house of the Diet would probably be dissolved in early November and that general elections would be held soon thereafter. An official spokesman in the prime minister's office indicated later that dissolution and elections might be held even earlier.

Ikeda is anxious to satisfy public expectations that he will seek an early popular mandate in order to dissociate his administration completely from the Kishi government. In addition, he has been encouraged by decisive conservative victories in gubernatorial contests in Aomori, Saitama, and Gunma prefectures. In these elections, the Socialist party failed to arouse public opinion against the US-Japanese security treaty, and apparently suffered because of its strong-arm tactics in the Diet and encouragement of mob action outside. Like the Socialists, the more moderate Democratic Socialist party is short of funds and lacks an exploitable issue.

Ikeda has promoted popular support by announcing his intention to reduce some taxes and expand social welfare services, including financial assistance for retraining and relocating unemployed workers. Ikeda may also be consolidating his control of the conservatives, a cardinal element in his efforts to achieve political stability in Japan. He has an able, if not well known, cabinet supported by most LDP factions. A threat by Ichiro Kono, a bitter intraparty rival, to form a new conservative party in order to preclude "despotic rule" by Ikeda thus far has not been supported by other LDP factions and may actually be an acknowledgment of Ikeda's strength.

Nationwide polls conducted in August by the large Asahi and Mainichi newspapers indicate that the LDP has regained the public support it lost during the May-June political crisis and that both Socialist parties have less support. Results of the Asahi poll indicate that the Ikeda cabinet now has public support second only to that accorded the Yoshida cabinet which was in office at the time the peace treaty was signed in 1951. In both polls, almost two out of every three persons who responded indicated a preference for the LDP. They also reveal that all but a small, active minority of the Japanese populace continues to be politically apathetic toward the security alliance with the United States.

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~~SECRET~~Portugal Increases Security Precautions in African Territories

Portugal apparently is making strenuous efforts to increase its defense capability in its overseas provinces of Mozambique and Angola. Plans for large-scale reinforcement of the security forces--which might ultimately add 40,000 men--mainly Portuguese--to the 5,000 Portuguese and 15,000 native troops now in the two territories--have been reported to the American consul general in Lourenco Marques. Several small contingents of Portuguese soldiers have recently arrived in both territories, armed troops and police are much in evidence, and an ambitious civil defense program emphasizing the protection of isolated settlers has been set up in Mozambique.

The increased vigilance comes after numerous indications that African nationalists in adjoining territories have begun to direct their attention toward the Portuguese possessions. Angolan exiles in Leopoldville have recently become more active, and there have been reports of nationalist attempts to enter Angola from the Congo. Agitators apparently have infiltrated northern Mozambique from Tanganyika and reportedly have had some success in fomenting anti-Portuguese demonstrations.

Portuguese officials have repeatedly stated that Portugal has no intention of yielding to African nationalism, and the security forces have kept native movements dispersed and impotent. At the same time, doubts over the reliability of the native population are apparently growing in Lisbon. The stringency of the security controls in Portuguese Africa can be expected to increase as nationalist influences from neighboring territories become more effective.

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### The Congo Situation

Secretary General Hammarskjold, under severe attack from both Congo Premier Lumumba and the USSR, is taking the chaotic Congo situation back to the Security Council in order to obtain council support for his position. He maintains that the UN forces are not authorized to intervene in internal Congolese disputes despite the demands of Lumumba that the UN crush the rebellious Katanga government.

The session may be of crucial importance because Lumumba, backed by the Soviet Union, is increasingly critical of Hammarskjold and has threatened to demand the withdrawal of all European elements of the UN force--an action which Hammarskjold has said he would reject in favor of urging the withdrawal of the entire emergency force. Either course would remove present restraints from Lumumba and provide a wide opportunity for exploitation by opportunistic African governments as well as Communist bloc countries.

In Leopoldville, Lumumba continues to take repressive measures against Belgians and to harass UN personnel. Subsequent to the widespread police checks of personal documentation on 16 August in Leopoldville, Congolese troops on 17 August set up machine guns at the airport and interfered with plane landings. The premier threatened to seize all Belgian assets in the Congo if within two weeks Brussels has not returned Congolese funds, including gold, which were sent to Belgium several months ago.

[He also reportedly has given the UN one week to take "satisfactory" action in regard to Katanga or he will send Congolese troops into that province. It is estimated that Lumumba has nine infantry and six gendarmerie battalions scattered throughout the five provinces, exclusive of Katanga, five of which are in Leopoldville Province. Gendarmerie battalions have no support weapons or transport, while all battalions are short of supplies, transport, and trained officers.]

Tshombé, on the other hand, is believed to control about 2,000 troops of the former Force Publique organized into four battalions.

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The troops up to and including the rank of captain are Congolese. Some senior officers are still Belgians. Tshombé has also recruited some 2,000 young warriors with no previous military experience. His force is reported to be very well armed, with complete modern battalion weapons and plenty of transport. In addition, 250 automatic rifles and ammunition have been issued to tribal chiefs to help defend Katanga.

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### The Situation in Laos

[Supporters of General Phoumi in Luang Prabang are endeavoring to forestall King Savang's approval of the Souvanna Phouma government, which was confirmed by the National Assembly in Vientiane on 17 August. In addition to casting doubt on the legitimacy of the Souvanna regime, a delay would buy time for Phoumi to marshal his counterrevolutionary forces and to persuade the King to declare himself in favor of the counterrevolution. To this end, the first military region commander, whose headquarters is in Luang Prabang, reportedly refused to grant clearance for a plane which was presumably to have brought the government to the royal capital for the oath-taking ceremony.]

[500 infantrymen from Pakse are now encamped not far from Phoumi's headquarters at Savannakhet. They are equipped with new carbines and have told a representative of the American Program Evaluation Office that they expect to be in Vientiane by 21 August. This is the first indication of the timing of Phoumi's planned attack on Vientiane.]

Thailand has reportedly provided Phoumi with a radio transmitter to enable him to propagandize his cause to the Laotian people. There are also reports that the Thai have given him a small number of motor vehicles. Phoumi's supply and financial positions remain extremely poor, however.]

[Communist Pathet Lao insurgents in northern Vientiane Province were moving toward the Mekong River to hinder the movement of troops down the river. [ordered security measures to be taken in connection with the movement of the troops who left Luang Prabang on 16 August.]

Although Captain Kong Le has announced that all "administrative powers" have been returned to the Souvanna government,

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there is no indication that he has relaxed his military grip on Vientiane. Meanwhile, General Ouane's resignation as armed forces commander and his apparent capitulation to Kong Le have deprived Laos of an important mediatory influence between the mutually distrustful Kong Le and Phoumi groups. Souvanna in effect held out the olive branch to Phoumi in a broadcast over Vientiane radio in which he appealed to "all parties and members of the armed forces to come to Vientiane to exchange views and settle all problems." The King, however, is probably the only figure with enough authority and prestige to impose negotiations on the opposing parties.

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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

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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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