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6 December 1960

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CENTRAL

INTELLIGENCE

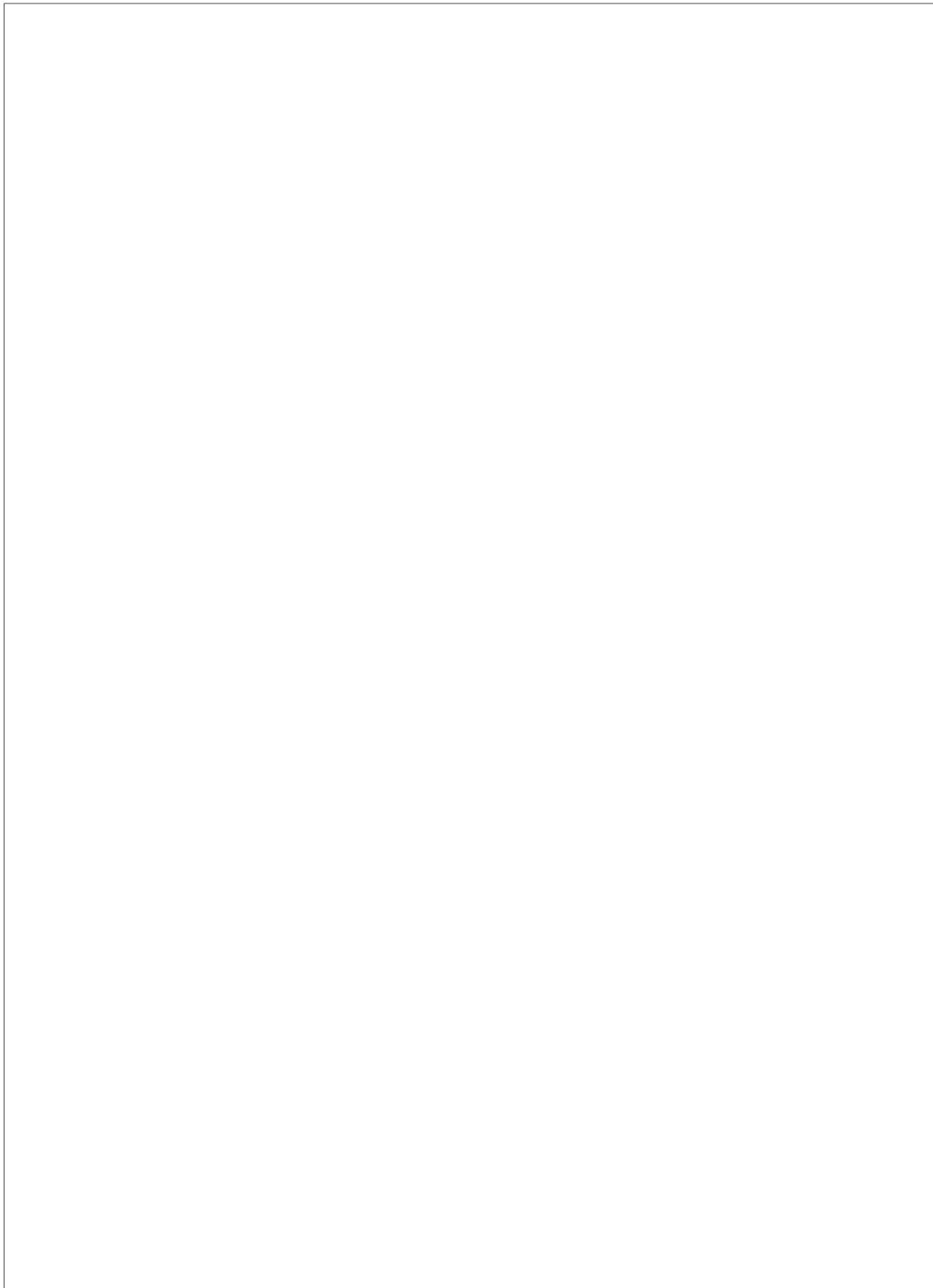
BULLETIN



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## LATE ITEM

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\*International Communism: Although full analysis depends upon receipt of the complete text, judging from the 4,000-word Soviet summary, the 20,000-word statement which was hammered out in the three-week-long meeting of world Communist leaders in Moscow in November, seems to represent a tactical accord to present a facade of unity despite continuing evidence of Sino-Soviet disagreement. In dealing with the fundamental issues in dispute between the Soviet and Chinese parties, the summary suggests that the statement in most cases either contrives awkward formulations which conjoins the Soviet and Chinese positions on a given issue or relies on ambiguities which blur or evade the issue.

The summary reaffirms a number of positions which the Soviet and Chinese parties have long agreed on. It reiterates confidence in the growing strength of the Communist world and the comparable disintegration of capitalism. It denounces imperialism in general, with specific emphasis on American imperialism, and condemns Western policies everywhere as aggressive. In contrast, the world Communist movement is presented as unified behind the concept of "peaceful coexistence," but the summary does not indicate whether the Soviet or Chinese interpretation of this concept is to prevail. For example, the summary reiterates the long-standing Sino-Soviet agreement that general war can be averted, but it does not deal with the disagreement on the important question of whether, as the Chinese contend, local wars should be expected and even, at times, encouraged. Similarly, the summary blurs the questions of policy toward the governments of underdeveloped countries and the "liberation" movements there. The summary is very ambiguous on the key question of discipline of the world Communist movement--permitting the Soviet party to continue to condemn "dogmatism and sectarianism" as a serious danger and the Chinese party to attack "revisionism" under the guise of denouncing Yugoslavia.

The statement reaffirms the adherence of all parties to the declaration written at the conclusion of a similar meeting in Moscow in 1957, and even uses that declaration as a framework for the discussion.

The 1957 declaration, however, was in fact relied upon by both Moscow and Peiping, emphasizing differing formulations in the declaration, in support of their differing positions on both domestic and foreign policy. Soviet and Chinese editorial interpretation of this latest statement should soon make clear whether--as seems likely--Moscow and Peiping will again present their agreement differently

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6 DECEMBER 1960

**I. THE COMMUNIST BLOC**

USSR attempting to clear way in UN for top-level contacts with new US administration at special General Assembly meeting next spring.

Moscow and Cambodia formally announce accord on number of foreign policy positions in joint communique.

Chinese Communists encountering "tremendous difficulties" in industry.

**II. ASIA-AFRICA**

UAR orders widespread press attack in Lebanon on policies of Iraqi Prime Minister Qasim; may foreshadow new UAR effort to hasten Qasim's decline.

Situation in Laos

④  
⑤

**III. THE WEST**

⑥ Brazilian President-elect probably will institute major foreign policy changes, especially in colonial matters and Latin American economic development.

⑦ Guatemala--Army unrest persists and new coup may be attempted soon.

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## CENTRAL INTELLIGENCE BULLETIN

6 December 1960

## DAILY BRIEF

## I. THE COMMUNIST BLOC

*Serial*

USSR-UN: The Soviet UN delegation is attempting to clear the way for top-level contacts with the new US administration at a special session of the General Assembly next spring. Chief Soviet delegate Zorin has contended in private talks that completion of the debates on such "contentious items" as Tibet and Hungary before the new US administration takes office would improve the atmosphere for a US-Soviet rapprochement. According to the Soviet plan, disarmament discussions would then be carried over to the special session which would be attended by the heads of government. Since Afro-Asian opinion favored the abortive five-power resolution of last September calling for resumed contacts between President Eisenhower and Khrushchev, Moscow probably feels these states can be brought into line behind the current proposal. The communique issued on 3 December at the close of Cambodian Prince Sihanouk's talks with Khrushchev contained the first formal nonbloc endorsement of the proposal for a special session.

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USSR-Cambodia: In a joint communique, published on 3 December following a round of talks in the USSR between Prince Sihanouk and Soviet officials, the two countries endorsed the admission of Communist China into the United Nations, Khrushchev's plan for modifying the UN structure, and the need to support the Souvanna regime in Laos, as well as universal disarmament; only the support for the Soviet stand on modification of the UN represents a new position for Cambodia. The communique included a Soviet offer to construct as a gift a technical school in Cambodia, a project previously suggested by Sihanouk to the US for US consideration. The communique also indicated that the USSR responded favorably

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to Sihanouk's overtures for increased economic assistance. There was no mention of two of Sihanouk's known objectives on this trip: Soviet support for Sihanouk's Cambodian-Laotian neutral zone proposal; and increased aid for the "Sihanoukville railroad to the sea."

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Communist China: The Chinese Communists are encountering "tremendous difficulties" in industry.

the Chinese are unable to fill their urgent requests for deliveries of iron and manganese ore. Furthermore, export shipments of rice and soybeans are considerably below normal for this time of year, and China has invoked "act of God" clauses--which cover situations beyond the control of either party--for its refusal to ship other agricultural products. In addition to internal economic difficulties, China's trade problems may reflect stalling tactics while the recent Moscow meeting was in session. However, bloc suppliers have warned the Chinese that continued procrastination in establishing 1961 trade plans will lower trade in the first quarter of the coming year.

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## II. ASIA-AFRICA

UAR-Iraq:

Cairo

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has ordered its information officer in Beirut to initiate a widespread Lebanese press attack on the policies of Iraqi Prime Minister Qasim. The attack is to stress alleged Israeli approval of Qasim and to associate him with Near Eastern elements loyal to "imperialism." This campaign suggests that Cairo--which has already pointed to the recent Iraqi-Jordanian rapprochement as "imperialist inspired"--believes Qasim's position in Iraq is deteriorating and is beginning a new effort to hasten his decline.

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\*Laos: General Phoumi has received information that military elements in Vientiane sympathetic to him plan to stage a coup in his behalf on the night of 7 December. The individuals involved are not specified, but plans for the coup are said to have been closely coordinated with representatives of Phoumi across the river in Thailand. Chances for a successful coup have probably been enhanced by the withdrawal of some pro - Souvanna Phouma forces from the capital and by Captain Kong Le's preoccupation with the Phoumi offensive in the Ca Dinh River area.

Fighting meanwhile appears to have subsided in the Ca Dinh area. However, Kong Le and the Pathet Lao are reportedly planning to withdraw their forces with the aim of luring Phoumi forward to a more vulnerable position; Kong Le then would make a stand somewhere east of Vientiane and would also attack Phoumi from the rear.]

### III. THE WEST

Brazil: President-elect Janio Quadros apparently plans a more "independent" foreign policy for Brazil following his inauguration on 31 January. Changes will be especially marked in policy toward the European colonial powers and in the field of Latin American economic development, according to Joao Dantas, an anti-US Brazilian publisher who sometimes acts as an emissary for Quadros. Dantas believes Quadros will soon make public an exchange of correspondence with Ferhat Abbas in which Abbas calls on Brazil for help in "completing decolonialization." Quadros, who is now in Spain, has turned down an informal invitation to meet with President-elect Kennedy in the US during the preinaugural period.

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Guatemala: Army unrest responsible for the abortive military revolt of 13 November still persists, and a new coup

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may be attempted shortly. Two Guatemalan colonels told an American Embassy officer on 2 December that the army will oust President Ydigoras and assured him that their movement is not Communist inspired. The replacement of the unpopular defense minister, who resigned on 23 November with the entire cabinet, would, however, tend to ameliorate army grievances and might forestall a revolt. Meanwhile, leaders of the three strongest opposition political parties, sensing the regime's weakness, signed a unity pact on 2 December in which they agreed to support a new regime in which they would participate. They also agreed to reject dealing with "anyone associated with international Communism."

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6 Dec 60

DAILY BRIEF

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~~CONFIDENTIAL~~Moscow Presses for Special UN Session on Disarmament

The Soviet UN delegation is attempting to clear the way for top-level contacts with the new US administration at a special session of the General Assembly next spring. Chief Soviet delegate Zorin has contended in private talks that early completion of the debates on such "contentious items" as Tibet and Hungary before the new US administration takes office would improve the atmosphere for a US-Soviet rapprochement. Zorin has suggested that, after a Christmas recess, the current assembly session reconvene on 3 January to deal with outstanding issues except for disarmament. According to the current Soviet plan, discussion of disarmament would be carried over into a special session of the General Assembly to be attended by the heads of government.

Moscow apparently feels that a proposal for the heads of government to consider the issue of disarmament would command wide support in the UN and be difficult for the West to reject. The main purpose of such a session from Moscow's viewpoint probably would be to provide an opportunity for Khrushchev to meet with the new President and lay the groundwork for a formal summit conference later in the year. The Soviet premier probably recognizes that his actions since the collapse of the Paris meeting have complicated the convening of another four-power conference this spring. [In his recent talk with Ambassador Thompson, Khrushchev stated he was fully aware that an improvement of relations with the US would be a gradual step-by-step process.] A meeting with Western leaders at the UN would also provide Khrushchev with a justification for further delaying unilateral action on the Berlin question.

Since Afro-Asian opinion favored the abortive five-power resolution last September calling for renewed contacts between President Eisenhower and Khrushchev, the USSR probably feels these states can be brought into line behind a proposal for heads of government to attend a session on disarmament. During negotiations on the Soviet-Finnish communiqué of 24 November, Moscow attempted unsuccessfully to gain Finnish agreement to a statement calling for a special assembly session on disarmament. The Soviet-Cambodian communiqué of 3 December contained the first formal nonbloc endorsement of the proposal for the special session.

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Moscow Secures Cambodian Support on  
International Questions

In a joint communique published on 3 December following discussions between Prince Sihanouk and Soviet officials in the USSR, Moscow succeeded in identifying long-standing Cambodian positions with Soviet views on foreign policy. Agreement was expressed on the necessity for universal disarmament, the admission of Communist China and Mongolia into the United Nations, and the need to adapt the UN to the "new conditions" which exist. Only Sihanouk's support for Khrushchev's plan to modify the UN structure is a new position for Cambodia. The statement, capitalizing on Sihanouk's apprehensions over the critical Laotian situation, also advocated support for the Souvanna Phouma regime.

While no mention was made of Sihanouk's hopes for a Cambodian-Laotian neutral zone, the anti-Western flavor of the communique contained in such expressions as "concern over foreign intervention" in Laos and a call for the liquidation of military bases on foreign soil appears to bear out other indications that Cambodia's relations with the West are again cooling. Sihanouk's position may be partly influenced by his desire for bloc assistance in financing Cambodia's ambitious five-year development plan, for which about a third of the cost is being sought from foreign sources.

The communique included a Soviet offer to construct as a gift a technical school in Cambodia, a project previously suggested by Sihanouk to the US for US consideration. The statement indicates that the USSR responded favorably to Sihanouk's overtures for increased economic assistance and that it is probably ready to extend credit and technical aid for specific projects which may be discussed in future talks. Moscow's only aid project in Cambodia is a gift hospital which was completed according to schedule last August. Sihanouk will probably play up domestically the USSR's response to his overtures and may make similar requests for assistance, including aid for his proposed Phnom Penh - Sihanoukville railroad, during his visit to Peiping.

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~~SECRET~~China Has Difficulty With Exports to Bloc

[redacted] Peiping is unable to satisfy urgent requests from bloc countries for late 1960 delivery of some industrial raw materials. [redacted]

[redacted] no further iron ore should be expected from the Chinese this year because of "tremendous difficulties in their industry." He described the general situation as hopeless and reported that the Chinese refused to negotiate. Chinese indecision is ascribed to the fact that the 1961 economic plan is being reworked completely and "they do not know what they have or what they will be able to release."

Furthermore, shipments of rice and soybeans to the USSR are considerably below the quantities usually observed at this time of the year. Other agricultural exports are also expected to be reduced in volume. Peiping has invoked a force majeure--an "act of God" clause--blaming situations beyond the control of either party--to cover its failure to ship agricultural products to Hungary. A further decline in exports will worsen China's balance of payments position unless imports can be cut back.

China's trade problems reflect internal economic difficulties and perhaps stalling tactics pending the outcome of talks with the USSR. The continuing delay in setting 1961 requirements, however, will almost certainly lower the trade level for the first quarter of next year. Even if negotiations are initiated in early December, as the Chinese reportedly promised the Bulgarians, Chinese procrastination will result in delay or cancellation of bloc delivery of such items as diesel "aggregates," machine tools, and communications equipment. [redacted]

[redacted]

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[redacted]

### Brazilian Foreign Policy Changes Likely

[President-elect Janio Quadros apparently plans a more "independent" foreign policy for Brazil following his inauguration on 31 January. Changes will be especially marked in policy toward the European colonial powers and in the field of Latin American economic development, according to Joao Dantas, an anti-US Brazilian publisher who sometimes acts as an emissary for Quadros and has been mentioned as a possible cabinet member in the new regime. Dantas, who last week interviewed Algerian rebel leaders in Tunis at Quadros' request, believes Quadros will soon make public an exchange of correspondence with Algerian rebel leader Ferhat Abbas in which Abbas calls on Brazil for help in "completing decolonialization." Dantas said Quadros also plans "aggressive and constructive" anti-colonial action with respect to black Africa, including Portugal's Angola.]

[Quadros, who is now in Europe recuperating from an eye operation, has turned down an informal invitation to meet with President-elect Kennedy in the US during the preinaugural period, possibly to call attention to campaign assertions that his regime would be "strictly independent." He reportedly plans to seek extensive US economic aid, but apparently believes that for domestic political reasons and for reasons of international prestige, he cannot afford to appear overly friendly toward the United States. In his only postelection press conference, he asserted several times that the United States "must become convinced of the indisputable fact that Brazil in the very near future is to become a major power." This theme has been stressed by the incumbent Kubitschek government but never so openly or explicitly.]

[Quadros, previously labeled a "Wall Street lackey" by the leftist press in Brazil, also promised during the election campaign to re-establish diplomatic relations with Moscow and to "recognize" Communist China. He has since]

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[hedged on these promises, possibly to maintain freedom as to conditions and timing. Public pressure for closer ties with the Sino-Soviet bloc has been building up for the past several years in Brazil despite periodic Foreign Ministry warnings that this could imperil national security.]

[Vice President Goulart, a leftist who is sparring with Quadros for influence in the new government, last week requested high-level interviews in Washington on 20 December, but he has accepted invitations from Moscow and Peiping that may postpone or preclude his visit here. Since Goulart was re-elected to the vice presidency on an opposing ticket and is not on good terms with the President-elect, his travel plans probably were not made at Quadros' request.]

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~~SECRET~~Dissident Guatemalan Officers May Attempt Another Coup

The dissatisfactions which led to the abortive military revolt of 13 November persist in the Guatemalan Army, and a new coup may be attempted shortly. A number of officers who were originally in on the November plot but subsequently backed out are being pressured to act against the regime now or face exposure by the participants in the revolt, [redacted]

[redacted] The officers being blackmailed are said to number over 100 and to include some in key posts. Two Guatemalan colonels told an American Embassy officer on 2 December that the army will oust the Ydigoras regime and assured him that their movement is not Communist inspired. Another officer reportedly said that the army intends to establish a three-man military junta and then hold elections "as soon as possible."

The extent of army dissidence is unclear, but if it is as widespread as claimed by the dissidents, it constitutes a clear threat to the President. The replacement of the unpopular defense minister, who resigned on 23 November with the entire cabinet, would, however, tend to ameliorate army grievances and might forestall a revolt. However, the scheduled trials of officers involved in the revolt may prove embarrassing to the President, and his repeated public references to the 13 November revolt as "Communist inspired" have undoubtedly aroused resentment in some army circles.

Meanwhile, leaders of the three most important opposition political parties, sensing the regime's weakness, signed a unity pact on 2 December agreeing to support a new regime in which they would participate. These parties--the strong moderate leftist Revolutionary party, the dissident wing of the late President Castillo Armas' party, and a church-oriented group--also rejected dealing with "anyone associated with international Communism."

Although the Communists are apparently not directly involved in the current coup plans, they are aware of army unrest and,

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[redacted] are "ready to participate in armed insurrection when action starts." [redacted] Pro-Communist former Guatemalan President Arbenz, now in Cuba, emerged from a meeting with Fidel Castro in mid-November with the assurance that Castro wants to aid the Guatemalan insurrection, but "with the greatest discretion," [redacted]

[redacted]

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~~CONFIDENTIAL~~**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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