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2 September 1960 25X1



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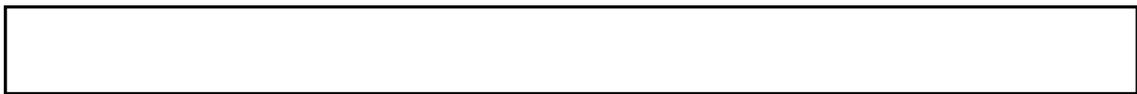
INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

2 September 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

Communist China - Bloc: Soviet and Chinese Communist press articles in recent weeks have made veiled references to the prospect of Soviet economic sanctions against China. The Soviet provincial press has on at least two occasions in the past month mentioned China specifically as an example of progress through aid and commented that such progress would be unimaginable "if this country were to be isolated."

OK

On 13 August, the Peiping People's Daily asserted that China had made progress despite American economic sanctions and declared that it was improper to "merely stretch out our hand for aid and seek a quick and easy way." In a disparaging reference to the USSR's head start in industrialization, the article referred to Mao's observation that "those who come last take the top position" and averred that Communists should not begrudge the top position to latecomers.

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[Redacted] (Page 1)

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Congo: UN observers in Katanga believe President Tshombe must face the possibility of a tribal uprising in northern Katanga if and when Premier Lumumba launches an invasion. The efforts of a Katanga delegation to secure assistance in Western Europe appear to be unsuccessful.



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III. THE WEST

Cuba: Armed Forces Minister Raul Castro told a labor rally early on 1 September that American private businesses remaining in Cuba will be seized one by one "until we eliminate the last rusty tentacle of colonialism". Later on the same day, Castro seized US-owned tire and rubber companies valued at about \$30,000,000. The mass rally scheduled by Fidel Castro for 2 September "to give Cuba's answer" to the recent OAS meeting may be the occasion to announce further seizures. [redacted] Castro will at that time announce the nationalization of the local branches of American banks. Of approximately \$1,000,000,000 in private American investment in Cuba when Castro came to power, only some \$150,000,000 remains in US hands. [redacted]

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DAILY BRIEF

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II. ASIA-AFRICA

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India-USSR: Defense Minister Krishna Menon reportedly is considering sending a military mission to Moscow for further evaluation of Soviet helicopters as well as to observe other types of military equipment. The three Indian military services strongly oppose the proposal, [as they did the purchase of one Hound (MI-4) helicopter in August and Menon's interest in buying five or more of these Soviet craft.] Nehru has used every opportunity recently to demonstrate New Delhi's cordial relations with Moscow as a means of influencing Peiping. While it is doubtful that he would feel that a reversal of India's general policy against procurement of Soviet arms is warranted now by either political or military considerations, he might approve the purchase of additional helicopters. [redacted] (Page 4)

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[redacted]

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Japan-Indonesia: [The Ikeda government may request the cancellation of the visit of the Dutch aircraft carrier Karel Doorman as a result of Indonesia's threat to withdraw its ambassador from Tokyo and the likelihood of reprisals against Japanese commercial interests. Tokyo is under considerable pressure to maintain the position of Japanese business in Indonesia. A breach in relations could adversely affect Ikeda's prospects in the forthcoming general elections this fall.] [redacted]

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IV. WATCH COMMITTEE CONCLUSIONS

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(Paragraph C of the Watch Committee Conclusions, published in the Central Intelligence Bulletin of 1 September, has been amended in view of late information to read as follows:)

The new Souvanna Phouma cabinet, comprising supporters of both General Phoumi and Souvanna, appears to be acceptable to Lao officials. The new Laotian Government will probably adopt neutralist policies which would afford opportunities for increased Communist presence in Laos. If Kong Le feels that the coup program is not being carried out by the new government, he may seek an alliance with the Pathet Lao and thus pose a political and military threat to the stability of the country.)

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V. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Outlook for the Sudan: Stability of the Abboud Regime; Likely Trends in Foreign Policy; and Economic Prospects. NIE 72.1-60. 30 August 1960.

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LATE ITEMS

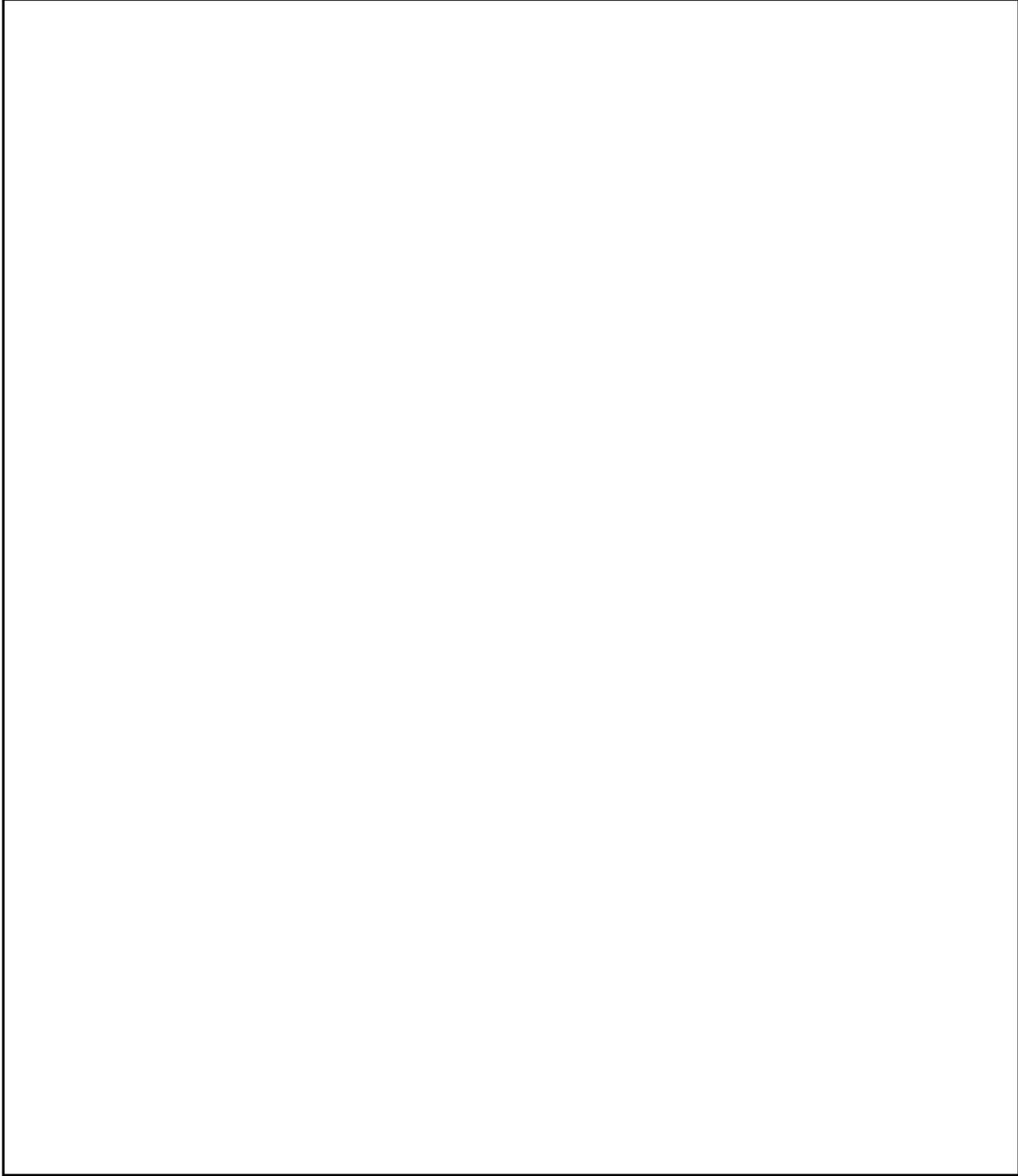
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DAILY BRIEF

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DAILY BRIEF

v

Moscow and Peiping Hint at Soviet Economic Sanctions
Against China

Soviet and Chinese Communist press articles in recent weeks have made veiled references to the prospect of Soviet economic sanctions against China. The Soviet provincial press has on at least two occasions this past month mentioned China specifically as an example of progress through aid and commented that such progress would be unimaginable "if this country were to be isolated."

In a recently translated Peiping People's Daily article of 13 August the Chinese linked a strong appeal for self-reliance with implicit criticism of the Soviet Union. The article asserted that China had made progress despite American economic sanctions and declared that it was improper to "merely stretch out our hand for aid and seek a quick and easy way." China had begun its progress with bare hands, the article concluded, and must continue to rely on its own efforts.

The article angrily criticized those who opposed China's efforts through "leap forward" and the communes to advance quickly toward Communism. In a possible allusion to the USSR's head start in industrialization, the article cited Mao's observation that "those who come last take the top position" and averred that Communists should not begrudge the top position to latecomers.

An intimation that China's continued opposition to Soviet policies could lead to its exclusion from the socialist camp appeared in the 25 August issue of a Bulgarian farm newspaper. Citing the Yugoslav case as an object lesson for today as well as in the future, the newspaper warned that any "individual people" who left the bloc would inevitably be attacked and destroyed by imperialism.

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Menon Considering Military Mission to Moscow

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[redacted] Defense Minister Krishna Menon is reportedly considering the dispatch of a military mission to Moscow to continue evaluation of Soviet helicopters and to observe the characteristics of other types of Soviet military equipment. All three military services are opposed to the proposal [on the same grounds that they opposed his purchase of one MI-4 (Hound) demonstrator in early August and his desire to buy five or more additional Hound helicopters--i. e.,] their concern about complicating India's spare-parts situation.

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[redacted] Menon may get his way on the purchase of additional helicopters from the USSR. [This model alone has demonstrated it can meet payload and altitude requirements for use in the Himalayan border region.] It costs less than competing Western models, and can be bought without outlay of scarce foreign exchange.

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Menon is not likely to make much headway with his cabinet colleagues, however, in his apparent attempt to broaden the scope of Indian procurement from the Soviet Union. Such a decision would represent a major reversal of India's general policy of procuring military hardware from Western sources only. It is doubtful that Prime Minister Nehru, despite his recent efforts to exert pressure on Peiping by demonstrating continued Indo-Soviet cooperation, would feel that such a reversal is warranted at this time. Nehru would probably calculate that adverse political reactions at home and abroad would outweigh any military or economic advantages.

[redacted]

[redacted]

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[redacted]

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The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

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