

**TOP SECRET**

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17 October 1961

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# CENTRAL INTELLIGENCE BULLETIN



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State Dept. review completed

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## CENTRAL INTELLIGENCE BULLETIN

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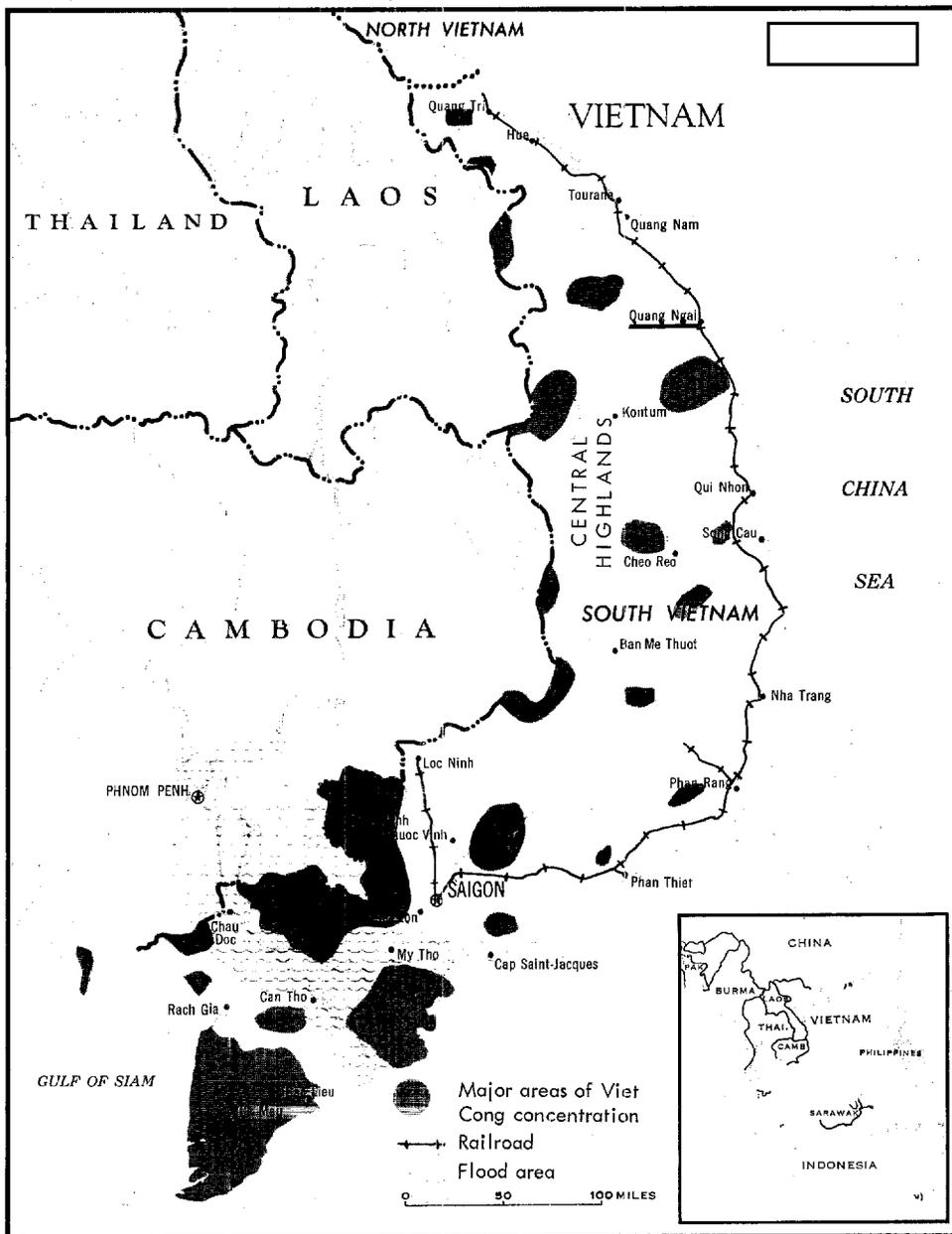
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### Communist Guerrilla Activity in South Vietnam



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South Vietnam: Intensified Viet Cong activity near the coastal area of Quang Ngai may foreshadow an attempt by the Viet Cong to sever land communications between the northern and southern parts of the country. Quang Ngai is linked by secondary roads to the Communist-infested highlands of Kontum Province near the Laotian border. The ambush of a government column 35 miles southwest of Quang Ngai on 13 October was the second large-scale attack in this area in a month, and the Viet Cong has repeatedly sabotaged the rail line along the coast. South Vietnamese officials report that recently captured Communist documents point to further attacks in this general area.

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The government's increasingly critical position is reflected in a recent statement attributed to President Diem's brother and chief adviser, Ngo Dinh Nhu, that South Vietnamese Army casualties now are exceeding the rate of recruitment.

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South Vietnam - Cambodia: Severe flooding of the waters of the upper Mekong delta, which has affected wide areas of southern South Vietnam, will place a further burden of reconstruction and rehabilitation on South Vietnam's resources, already heavily committed to internal security needs. Damage to the rice crop will be particularly serious, as Viet Cong activity has already caused a reduction in South Vietnam's expected exports for 1961 from 400,000 to 100,000 tons.

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The flood has also inundated much of eastern Cambodia, wiping out this year's planned 30-percent increase in the country's rice crop. (Map)

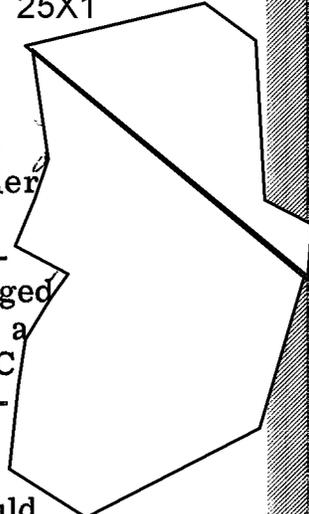
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USSR-Laos: Soviet delegate Pushkin, a member of the Soviet Communist party's central committee, informed Ambassador Harriman on 14 October that he had canceled earlier plans to return to Moscow for the 22nd party congress. He said he had done this on instructions from Gromyko as a result of the latter's talk with President Kennedy. Pushkin urged that the USSR and the US should proceed rapidly to work out a compromise agreement on the two most critical issues--ICC voting procedure and the SEATO protocol on defensive guarantees for Laos. Earlier last week, Pushkin delivered a letter from Khrushchev to Ambassador Harriman in which the Soviet premier maintained that a Laotian agreement would have a favorable effect on the peaceful settlement of other East-West issues. [redacted]



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USSR: [redacted] Gromyko told Prime Minister Macmillan last week that a Berlin settlement should not be contingent on prior agreements for a Warsaw Pact - NATO nonaggression treaty and denial of nuclear and rocket weapons to West and East Germany. This account, received from the British Foreign Office, contrasts with Gromyko's position during his US talks in which he said that, if there was to be a Berlin solution in the absence of US agreement to a German treaty, there would have to be an "understanding" on the question of a prohibition on nuclear weapons for Germany. Gromyko also gave the impression that the USSR might not insist on adding a contingent of Soviet troops to the Western garrisons in West Berlin as part of the Soviet guarantees for a free city. On the general question of access, Gromyko said that the Soviets intended "no blockade under any circumstances," but he reportedly struck a "negative note" on the question of civilian access. In his opening remarks, Gromyko recognized that both sides were "deeply committed publicly" and that a settlement therefore should not injure either side's prestige. [redacted] (Backup, Page 4)

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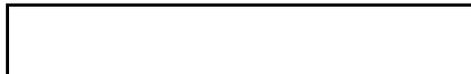
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West Germany: West German Vice Chancellor Erhard told General Clay on 13 October that the position of Adenauer's Christian Democratic Union on Berlin was the same as that of the US. He said that while the CDU would dislike having to recognize publicly the Oder-Neisse line, the party knew it existed and therefore was prepared to accept it. The CDU, said Erhard, could not recognize an East German government or look with favor on recognition by any of the Western powers. Bonn would, however, expand its technical contacts with East Germany in such fields as transportation, mail, and trade. Erhard did not mention nuclear weapons but emphasized that Bonn could not accept any terms which would place it in a lesser status than the other Allies.

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Poland: Poland has recently contracted to buy 450,000 tons of wheat from Canada and Finland. These transactions, together with 200,000 tons purchased earlier this year from Canada and 400,000 tons expected from the USSR, will make up the estimated 1,000,000-ton grain deficit in Poland for the consumption year ending in mid-1962. Under the agreement with Canada, Poland will purchase 300,000 tons of wheat this year on a three-year credit basis, with the bulk of the payments not due until two years from the shipment date. The Finnish-Poland agreement involves the shipment of 150,000 tons of Russian wheat which Finland is obligated to purchase from the USSR under a bilateral agreement.

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\*Turkey: According to unofficial late returns, the Republican People's party (RPP), which is favored by the ruling junta, won no more than 200 out of 450 seats in the lower house of the legislature in the 15 October elections. Lacking a majority, the RPP now will try to negotiate a coalition with the smaller parties or with individuals who break away from them. The Justice party, which has appealed to the followers of

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ex-Premier Menderes, has won about 165 seats. Two smaller parties share the remaining 85 seats.

The large vote against the RPP appears to be an expression of disapproval of the military junta and of the execution of Menderes. If no coalition acceptable to the military can be formed, some officers, particularly the younger ones, may urge the junta to break its promise to return the country to civilian rule.

The ruling junta has issued a communique stating that its action last November in sending 14 of its former members to diplomatic posts abroad was taken to avoid friction within the junta and that these 14 were loyal citizens who had the interest of the country and the revolution at heart. Press reports say that a junta spokesman indicated that these 14 officers will be permitted to return to Turkey. The junta's decision to permit the return of these officers, who are younger zealots favoring prolonged military rule, may add yet another unsettling factor to the present situation. [redacted]

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Tunisia-France: President Bourguiba evidently has decided that the time period he had envisaged in his 8 September offer that France might continue to use the Bizerte base for the "duration of the Berlin crisis" has terminated. He is again pressing for the negotiation of a definite schedule for French evacuation of the base. In a speech before the National Assembly on 13 October, Bourguiba again linked Tunisia's Saharan claims to the base issue. The US ambassador has commented that during this speech Bourguiba was "more aggressive and nervous than we have seen him before."

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The French Navy is planning to remove ammunition and other supplies from the base by the end of 1961 so that the base can be readied for rapid evacuation if an agreement is reached. This does not imply, however, that De Gaulle expects a precipitate withdrawal under Tunisian pressure. [redacted]

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Syria: The return to Syria of Shukri al-Quwwatli, Syria's last president before the union with Egypt in 1958, may bring a temporary unifying element to the Syrian political situation. The 70-year-old Arab statesman does not, however, control any significant group on which he could rely for the long term. As president, Quwwatli yielded to leftist and army pressures.

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Friction is developing within the army officer corps and the Revolutionary Command itself, and is probably caused by disagreement over the extent to which the command should intervene in day-to-day political matters as well as by rivalry for position and influence in the army.

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\*Dominican Republic: General Ramfis Trujillo appears close to agreeing on a program that would divest his family of its business interests in the Dominican Republic and eliminate the political and military influence of members of the family who are suspected of aspiring to the role of the late dictator. He is still bargaining hard, however, and claims that he himself will never leave the country to live in exile. The concentration of wealth and military strength in the Trujillo family has been one of the major obstacles in the way of a transition toward more responsible government.

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The first step in the program is the sending abroad of General Arismendi Trujillo, politically ambitious brother of the late dictator and uncle of Ramfis, who may resist deportation with the support of his informal paramilitary force of several hundred. General Hector Trujillo, ex-president and another brother, has apparently already agreed to leave. Ramfis has agreed, in principle, to turn over the family's sugar properties to an impartially operated foundation for the benefit of the nation, but is insisting on a \$25,000,000 payment to the family rather than the \$10,000,000 offered.

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Floods in South Vietnam and Cambodia

The floods have inundated the South Vietnamese provinces southwest of Saigon, particularly those adjacent to the Cambodian border with an estimated 1,250,000 inhabitants. Also affected is a broad area of Cambodia to the north in which about half of the country's 5,000,000 population is located.

The floods in South Vietnam began about two weeks ago, and they are not expected to recede for another two or four weeks. Emergency housing, food, and medical relief for some 200,000 to 500,000 affected villagers will be required. Aerial reconnaissance has indicated that the populations of many towns have evacuated their homes without provisions and reportedly are "competing with rodents and snakes for the high ground." Transportation other than the canal system in the flooded areas has been disrupted, with roads and airstrips partially or wholly unusable.

It is estimated that the South Vietnamese economy will lose at least 400,000 metric tons of unmilled rice, about 200,000 hogs, and a considerable number of cows and chickens. The loss to the rice crop will strain stocks in Saigon, which are reportedly down to 25,000 tons, and may cause hardship in the central part of South Vietnam, a traditional deficit area which depends on delta supplies.

In Cambodia the flood has been described as the worst in 70 years, although extensive efforts by the Cambodian Government have limited its ravages in the areas up-river from Phnom Penh. Along the Mekong and the Tonle Sap northeast and northwest of Phnom Penh, flood levels are reported receding, and it is only to the southeast that conditions are still serious. No losses of life have been reported thus far, and livestock losses have been minimal, with the most serious continuing danger being the possibilities of epidemics of rinderpest and hoof and mouth disease. [redacted]

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### USSR Urges Prompt Agreement on Laos

In addition to demonstrating the USSR's desire for serious negotiations on Berlin and Germany, the Soviet leaders probably believe progress toward an early Laotian settlement will forestall any developments which could result in direct intervention by the United States and other SEATO powers. They may also feel that a more forthcoming Soviet attitude on the remaining points at issue would deter any substantial increase in US military commitments in South Vietnam. Reflecting the bloc's apprehension over possible US moves in South Vietnam, members of the Chinese Communist delegation at Geneva, in a remark to a UK delegate clearly intended to reach the US, raised the possibility of the dispatch of US troops to South Vietnam. He stated, "It would be very foolish, don't they remember Korea?"

Khrushchev's letter to Ambassador Harriman reiterated the Soviet contention that an agreement at Geneva would have a favorable influence not only in reducing tension in Laos and in Southeast Asia, but throughout the world. Khrushchev stressed the necessity of keeping events in Laos "from leading to a wider conflagration." The Soviet premier also declared that the ICC could help protect Laos' neutrality and territorial integrity, but insisted that its activities must not violate Laotian sovereignty. He contended that the co-chairmen's role and pledges of the conference participants to uphold a Laotian declaration of neutrality would be more important in guaranteeing a settlement than the functions of the ICC. Pushkin developed this line last week, claiming that in view of Soviet willingness to expand the co-chairmen's responsibilities, the West should drop its demands that the ICC must have free and unrestricted access to all parts of Laos and that permanent ICC inspection posts must be established throughout the country. Pushkin even offered to write into any agreement a provision that the co-chairmen will assume the responsibility for seeing that the conference signatories respect a Laotian declaration of neutrality.

The USSR has already retreated from its original demand that all decisions of the ICC must be unanimous, and Pushkin told Ambassador Harriman on 9 October that the Soviet Union

[might accept a majority vote on procedural issues if matters of principle are adopted by unanimous decisions. However, he strongly objected to the idea that undertaking of investigations by the ICC would be only a procedural matter. In his latest meeting with Ambassador Harriman, however, Pushkin seemed to imply that the USSR would not insist on unanimity for the initiation of investigations.]

[Pushkin has offered the suggestion that mobile ICC teams, stationed in Vientiane, might be sent out to check on an alleged violation of the cease-fire and stay in the field as long as the ICC deemed it necessary. He also pressed for a compromise solution of the SEATO issue--on which he had been previously adamant--and suggested that the conference could accept the Indian delegate's approach, which would, in effect, have all the SEATO signatories agree to respect a Laotian declaration renouncing the protection of military alliances.]

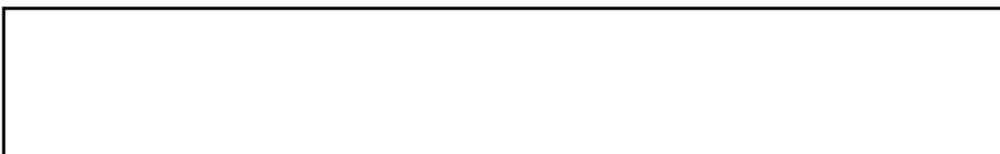
[The USSR probably feels that by proposing compromise solutions to these key issues, it will be able eventually to secure Western agreement to a settlement at Geneva effectively subordinating the ICC to the authority of a provisional Laotian government headed by Souvanna. Pushkin has consistently pointed out that the ICC will have to establish a working arrangement with Souvanna and on 10 October told Ambassador Harriman that the "US must get used to having such matters in Laotian hands."] [redacted]

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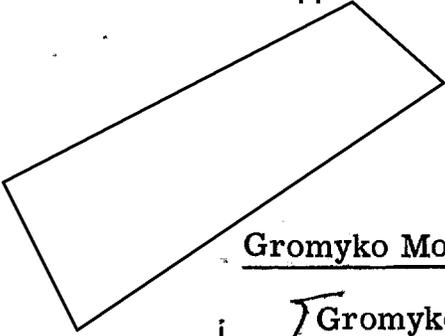
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Gromyko Modifies Position on Berlin and German Armaments

Gromyko's apparent willingness to drop the link between a Berlin settlement and a prior agreement on the prohibition on German possession of nuclear weapons suggests that the bloc may hold over the question of restrictions on German armaments for future negotiations on European security. In line with this approach, the bloc may sign a truncated treaty with East Germany which would either exclude or reserve any military provisions. Ulbricht hinted at the possibility of such an abbreviated treaty when he indicated on 6 October that a separate bloc peace treaty with East Germany would be left open for Bonn's accession at any time.

The 1 October Soviet memorandum to the UN reflected a shift in emphasis from a German peace treaty to the more general subject of European security as the framework for bloc efforts to limit and delay West German rearmament. Under the general heading of measures to "ease tensions," the USSR proposed a list of steps, such as reduction and withdrawal of foreign troops from Germany, prevention of the spread of nuclear weapons, and creation of a nuclear-free zone in Central Europe. The memorandum stated that the problem of a German peace treaty should not "hamper the examination" of a plan for a one-third reduction in foreign forces stationed in Germany--a proposal which was included in the 1959 Soviet draft peace treaty. Along this same line, a Soviet diplomat, obviously speaking for Western consumption, is reported to have stated that negotiations on Berlin might be held separately, but in the "long run" could not be divorced from negotiations on the "security question."

The same Soviet official said on 2 October that stationing of Soviet troops in West Berlin was not "absolutely required." Although Gromyko repeated this proposal to Macmillan, he failed to make a "vigorous response" to the prime minister's statement that he failed to "see the logic" of the Soviet demand. An earlier indication of possible Soviet flexibility on this point was indicated by Prime Minister Nehru's press conference statement in Tashkent

that as a concession, Khrushchev would not insist on the addition of Soviet troops; however, Moscow did not publish this part of Nehru's statement.

Bloc diplomats are speculating that an East-West foreign ministers' conference will be the next step after the CPSU congress. A Czech official in Paris expects Khrushchev to state his readiness for a four-power summit conference next month but to indicate willingness to hold a foreign ministers' meeting if the West prefers. One Soviet diplomat predicted a four-power foreign ministers' meeting, with both Germanys participating. Another Soviet diplomat told a Western journalist in Paris that the USSR would propose a foreign ministers' conference.

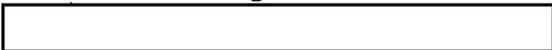
Ambassador Menshikov, before departing for the party congress, also emphasized privately to an American businessman that prospects for negotiations have improved. He described the current phase as a "fair weather period," which was conducive to "rewarding negotiations." Menshikov echoed the line taken by Gromyko in London and stated that the USSR would consider favorably any agreement which would guarantee against a loss of prestige for either side. He indicated that the USSR believed it was important for the US to invite some top Soviet leader to the US and inquired whether an invitation could be arranged for First Deputy Premier Kosygin.

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Tunisia Renews Pressures for Total French Evacuation

In renewing his demands for total evacuation of Tunisia-- the Saharan region claimed by Tunisia as well as the Bizerte base-- Bourguiba is yielding to domestic pressures. Growing factionalism within his administration is undermining Bourguiba's ability to resist this pressure. Bourguiba had made his offer of the interim use of the base "for the duration of the Berlin crisis" without consultation with any adviser, and he has been made increasingly aware of the absence of any comparable French gesture by such overt criticism as a newspaper editorial in early October assailing the conduct of government by "personal power." His speech before the National Assembly on 13 October, in which he threatened to resort to guerrilla warfare and declared Tunisia's "intellectual independence," was more enthusiastically received by the gallery than by members of the assembly and government officials on the floor.

Rumors are current in Tunis that more changes will be made in the cabinet. Last week the secretaries of state for information and industry were removed. [Some shifts may also be made within the military command, which is probably disillusioned with Bourguiba's conduct of national policy because of the disaster suffered by the military forces in July.]

[French plans to reduce the stocks of movable goods and convert to short-term sea supply indicate that Paris may be arranging for the removal of the ammunition stocks before complications arise with the Tunisians over their disposition.]

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