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2 May 1961



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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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*Laos: [Colonel Siho, commander of a government force on Route 13 north of Vientiane, has informed Vientiane that a Pathet Lao cease-fire delegation made contact with his troops in the late afternoon of 1 May just north of Ban Hin Heup. The Pathet Lao made the contact at their initiative, and the ensuing conversation resulted in a local cease-fire agreement along a line 2 1/2 miles north of the Nam Lik river to facilitate further cease-fire arrangements. Colonel Siho has returned to Vientiane to confer with Phoumi.]

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[Phoumi has ordered contingency plans drawn up for evacuation of Vientiane under which all military supplies and assets would be moved to Savannakhet. He is considering a similar evacuation plan for Thakhek.]

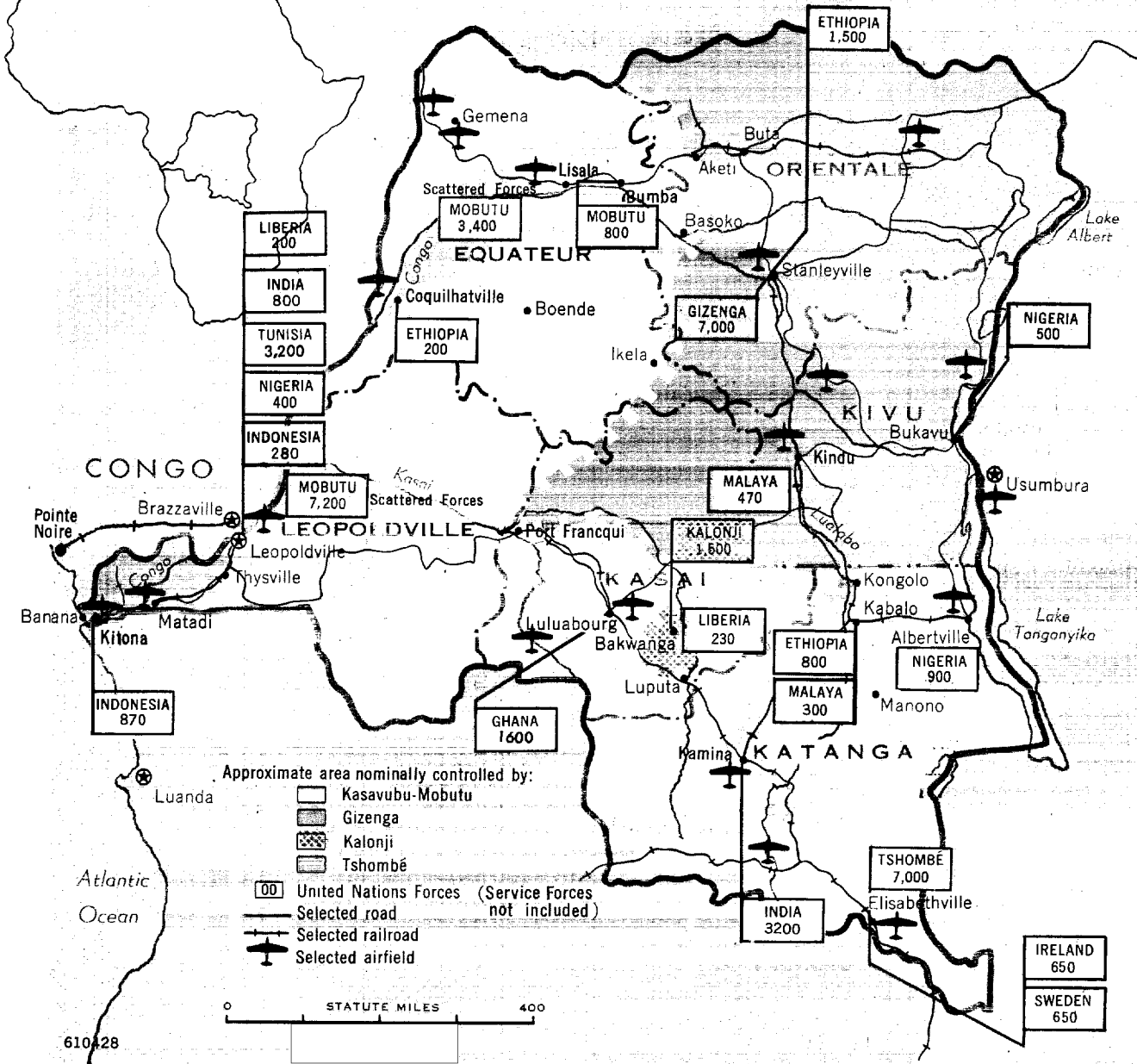
[Sihanouk has withdrawn his "sponsorship" of the 14-nation conference on the grounds that King Savang opposes such a meeting. Savang is reported by Sihanouk to favor an internal settlement of differences among the various Laotian factions and to be anticipating that a new Laotian government will be formed by the National Assembly when it reconvenes on 11 May.]

[No significant military developments have been reported in the past 24 hours. Bloc airlift operations continue.]

(Backup, Page 1) (Maps)

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Republic of the Congo



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*Congo: The authorities in Katanga remain in a state of confusion over Tshombé's continued detention. Interior Minister Munongo reportedly is anxious to take over the leadership of the government publicly, but fearing charges of usurpation is reluctant to move without Tshombé's concurrence. The American Consulate reports that UN officials in Elisabethville appear willing to deal with Munongo in the belief that he is basically more reasonable than Tshombé. Tshombé's followers are apprehensive lest word of his incarceration trigger an uprising among antiregime Baluba tribesmen in southern Katanga.

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*USSR-Berlin: Khrushchev used his 24 April conversations with West German Ambassador Kroll to offset the impression that he was committed to a showdown on the Berlin and German questions before the Soviet party congress in October. While strongly emphasizing his determination to achieve a solution during 1961, Khrushchev told Kroll that the bloc had set no precise deadlines and would be willing to wait until the West German elections and "possibly" until the party congress before convening a bloc peace conference to sign a separate treaty with East Germany. Although Khrushchev failed to mention East-West negotiations prior to a bloc conference, his [redacted] remarks over the past several months suggest that he still expects a further round of negotiations and recognizes that the process of arranging new talks will take longer than he anticipated and could extend beyond next fall. He also told Kroll that he was convinced the West would not risk nuclear war over Berlin and that the USSR could cope with any economic sanctions or a break in diplomatic relations. He assured Kroll that the prospect of a showdown over Berlin "need not affect negotiations already begun with the US" but that he was skeptical over such negotiations and in particular he believed the US was not seri-

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Albania-Bloc: The poor state of Albania's relations with the USSR and the East European satellites may be reflected

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[REDACTED]

[REDACTED] (Backup, Page 2)

South Korea: Prime Minister Chang Myon and his supporters are planning a major reorganization of the ruling Democratic party and a cabinet reshuffle, probably about mid-May, in an effort to strengthen legislative support for the government. Chronic factionalism in the government party has impeded Chang's legislative program and is eroding public confidence in the administration. Maneuvering in anticipation of the shake-up has aggravated intraparty differences, but the selection of new party and cabinet officers may give Chang the opportunities he needs to strengthen party unity. [REDACTED]

(Backup, Page 3)

Afghanistan: Afghan Foreign Minister Naim has told Ambassador Byroade that his government now estimates that it will require \$750,000,000 in foreign exchange for its Second Five-Year Plan (1961-1966)--considerably more than earlier reports indicated. Kabul looks to Moscow for the major contribution--\$300,000,000--but Naim expressed hope that close to \$200,000,000 would be provided by the US. A plan of this scope is not realistic for Afghanistan, and it seems likely that these figures have been inflated in order to increase the chances of a large American contribution. Negotiations for Soviet assistance, continued during Prime Minister Daud's recent visit to Moscow, are still "far from settled," according to Naim. [REDACTED]

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[redacted] full membership in the EEC. Paris' receptivity to any such bid will be crucial, and in recent talks with US embassy officials, a high French Foreign Ministry official took a "far more hospitable view" of Britain's possible accession to the EEC than he had on any previous occasion. [redacted]

[redacted] (Backup, Page 5)

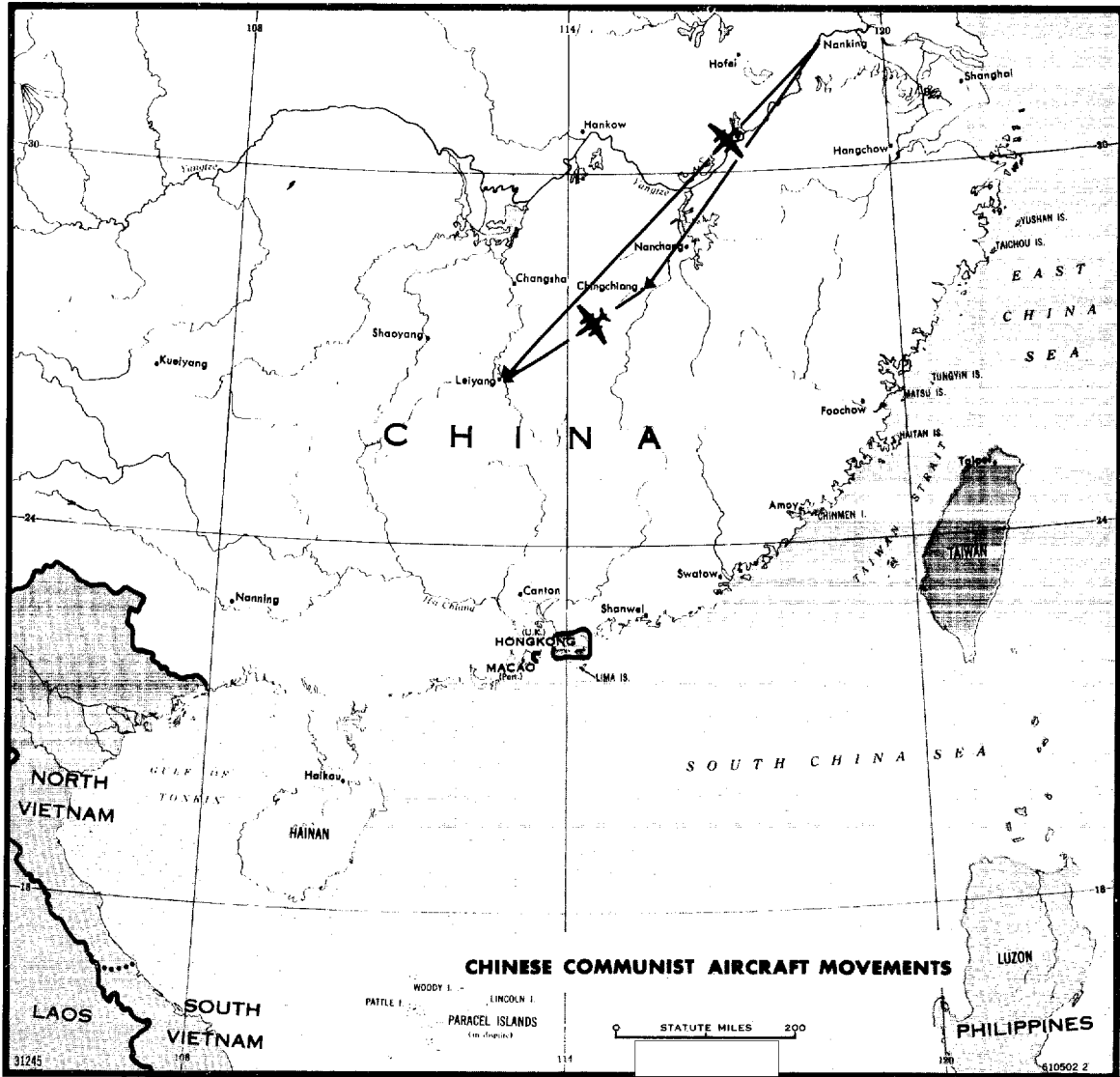
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~~SECRET~~Situation in Laos

[In the northwest, government troops are reported to be continuing a withdrawal under fire from Na Mo to Nam Tha town. Local officials in Nam Tha have evacuated their families in expectation of an early attack. There is an unconfirmed government report that enemy forces are building up in the Tha Thom area below Xieng Khouang town for a drive south against Pak Sane.]

[About 24 hours before the initial contact was made with the Pathet Lao, Colonel Siho's force had withdrawn under orders from its vanguard position ten miles north of the Nam Lik River to the government's main line of defense at Ban Hin Heup on the river's south bank. Siho's special force had been under steady artillery fire since being airlifted from Vientiane ten days ago to help stem the enemy's breakthrough at Vang Vieng.]

According to Sihanouk, King Savang is especially resentful of Cambodia's interference in Laotian problems--an attitude which Sihanouk ascribes to US influence.

At least five additional Chinese Communist aircraft--possibly IL-28s--flew from the Nanking area into southeast China on 30 April. One apparently flew to Leiyang where at least 32 aircraft, believed to be IL-28s, previously landed--twenty on 22 April and twelve on 28 April. The other four probably landed at Chingchiang airfield near Nanchang.

Six and possibly seven aircraft flew from Chingchiang to Leiyang on 1 May. To date a total of at least 36 aircraft--possibly IL-28s-- have flown to Leiyang.

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~~TOP SECRET~~ [REDACTED]Albanian-Bloc Relations Worsen

[REDACTED]

On the other hand, Moscow may have decided to cease exchanging security information with Albania in order to put pressure upon the Albanians to break off their negotiations with the Chinese for long-term economic aid. Talks on aid had been under way since early February, and at least the broad outlines of the pending agreement were probably known to Moscow by the latter part of March. The agreement as announced on 26 April provides for a Chinese loan of approximately \$125,000,000, in effect giving the Chinese a predominant position in Albanian affairs and depriving the Soviet Union of a direct economic lever against Tirana. The agreement also provides for the stationing of an unspecified number of Chinese specialists and technicians in Albania.

A recent broadcast on the Tirana home service spoke of the "unprecedented care shown by the great Chinese people, their party, and their government toward our people." The inference appears to be that the Russians have never been willing to do as much for Albania as are the Chinese. [REDACTED]

[REDACTED]

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~~SECRET~~South Korean Ruling Party Being Reorganized

The ruling Democratic party has substituted a single executive for the collective leadership system in operation since the party was founded in 1955. Prime Minister Chang Myon has been named party president, subject to ratification by the Democratic National Convention. The concentration of power in a single executive offers the opportunity for more vigorous leadership but is less suited to the reconciliation of party conflicts.

The present intraparty struggle is over the post of secretary general. Leaders of the group of younger party members fear that if the post goes to Chang's chief political lieutenant, minister without portfolio O Wi-yong, they will be deprived of all influence by the "old guard." Two other likely candidates, former Home Minister Yi Sang-chol and Representative Hong Ik-pyo, while considered members of the elder group, might be acceptable to "young faction" leader Yi Chol-sung. Yi is believed to have some control over about 30 assemblymen, enough to threaten the administration's 129-seat majority in the lower house, which has a membership of 233.

The pending cabinet reorganization--the third since Chang took office last August--is a continuation of a January shake-up in which the "young faction" and some lesser groups were brought into the government. Completion of the cabinet reorganization is being delayed until the administration's supplemental budget bill passes the legislature. It appears likely that additional changes will be limited to only a few ministerial posts and some vice-ministerial positions. [Prime Minister Chang [redacted] expects to replace the ministers of education, transportation, and home affairs. All three incumbents can be dismissed without political repercussions. At least one of the vacated ministerial slots probably will go to the "young faction." If Chang is successful in establishing his control of the government party, he would be in a stronger position to carry out some of the needed reforms supported by the United States.] [redacted]

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~~SECRET~~Decisions on Afghan Second Five-Year Plan Due Soon

The decisions now being made by Afghan Prime Minister Daud on the size and content of the Second Five-Year Plan, which is to begin in September, will help determine the extent of Soviet economic assistance and whether or not Afghan economic dependence on the USSR will increase further over the next five years.

[Tentative plans, some of them conflicting, were drafted during Daud's three-month absence in Europe for medical treatment. He alone has the authority to resolve differences among the various ministries and make final decisions on the basic character of the plan.]

[Most important will be Daud's attitude toward the recommendations of the Soviet advisory team that worked in the Ministry of Planning in January and February. Catering to Daud's desire for faster development, the Soviet advisers estimated an optimistically high rate of growth for export earnings. If expectations of such high earnings influence Daud to approve a large plan and Afghan exports actually earn much less, as seems likely, Kabul would be unable to service its debts and pay for the later stages of the plan. This could make Afghanistan even more dependent on the USSR, its chief creditor, for further assistance to refinance the Second Five-Year Plan.]

[The Soviet team also recommended increases in Afghan production of low-quality export commodities, such as cotton and wool, which are likely to be marketable only in the Communist bloc. Should Daud ignore Western recommendations to improve the quality of Afghan exports to make them competitive in convertible currency markets, this would indicate willingness to become increasingly dependent on Soviet barter trade.]

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Britain Apparently Moving Toward Decision on Common
Market Membership

[Since Prime Minister Macmillan's visit to Washington, his government has apparently been moving closer to a decision to join the Common Market. London probably now believes it could accede to the EEC treaty subject to several important reservations. The most formidable difficulties concern views on agricultural policy in Britain and in the EEC, the disposition of existing Commonwealth preferences, and the treatment to be accorded European imports of tropical products. London also faces diplomatic difficulties in disentangling itself from the European Free Trade Association (Outer Seven).]

[Tactically, London is waiting for evidence that Anglo-French antagonisms over relative power and influence on the European continent will not again block progress. The British hope that the second round of informal exploratory talks between British and French experts being held in London on 2 and 3 May will provide some clarification of the French attitude.]

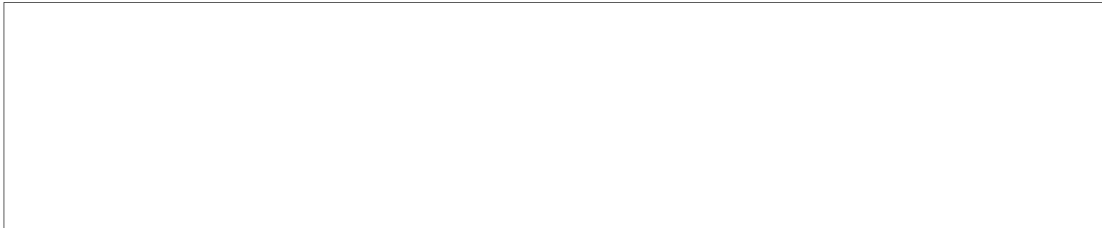
[De Gaulle will no doubt decide the issue himself, and many British leaders have long felt he would not have Britain in the Common Market on any terms. However, Macmillan has recently professed greater optimism. Following his Washington visit, the prime minister is reported to have told Canadian Prime Minister Diefenbaker that he considers De Gaulle a confederalist with whom he (Macmillan) wants to work out a "confederal deal," since "Adenauer's successor would be more dominant in Europe than De Gaulle." Inasmuch as the six EEC countries are scheduled to meet on 19 May to consider steps toward a confederation, it is possible London may feel under some pressure to act before then.]

[Although London is aware that the US would support full British membership in the EEC, various quarters in Britain and on the Continent have interpreted this as meaning American support for a multilateral association between the]

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[EEC and all of the Seven. This interpretation may reflect both concern among the other members of the Seven at the prospect of their desertion by Britain and the lingering reluctance of some British officials to abandon the idea of an all-European free trade area as an alternative to membership in the EEC.]



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