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28 June 1961

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CENTRAL

INTELLIGENCE

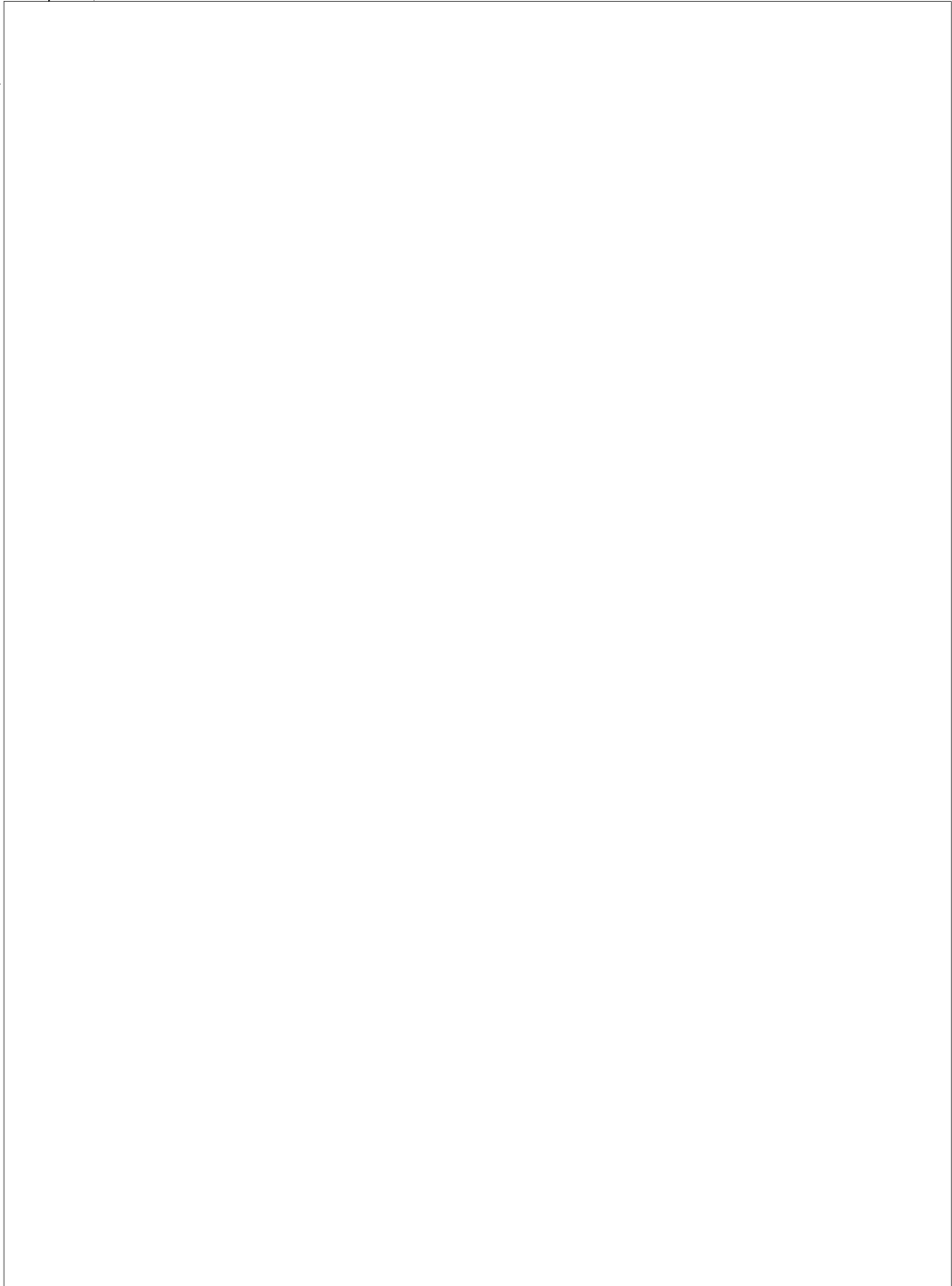
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*Laos: Ambassador Harriman, following a meeting with Boun Oum and Phoumi in which they discussed the Zurich negotiations, assess Phoumi's current thinking as follows: Phoumi finds himself in a situation where, unless his position is strengthened, he must accept political and military facts and capitulate as gracefully as possible. In this event, he would try to salvage what he could through use of the constitution and the King and, by cooperation with Souvanna, endeavor to retain some of the present government and other non-Communists in an eventual coalition government under Souvanna. The only alternative, as Phoumi sees it, is for the US to make it possible militarily for him to take a stronger stand, with the assurance that if he and the King decide not to accept a dictated solution, they have American military backing. [REDACTED]

Bloc airlift operations continue to be scheduled through 28 June. [REDACTED] (Backup, Page 1) (Map)

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Congo: Tshombé's 26 June denunciation of the Ileo central government suggests he is returning to a secessionist policy that would threaten the ability of the Leopoldville regime to control the forthcoming session of parliament. Although Tshombé confirmed before returning to Elisabethville that his release from detention was in return for Katanga's participation in parliament, he has subsequently refused to say whether he will in fact send a delegation. Tshombé's 26 June statement implicitly rejected Ileo's claim that Tshombé had agreed to reunite Katanga with the Congo and to cease such separatist activities as the printing of Katanga currency. Tshombé's about-face appears likely to weaken the position of General Mobutu, who was instrumental in securing his release. A Katanga boycott of parliament would increase the relative strength of the pro-Gizenga bloc.

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Gizenga will not personally attend parliament unless he feels assured of a majority.

*Algeria: De Gaulle's decision, announced yesterday at a reception for assembly deputies, to recall one division from Algeria as the first step of a phased withdrawal is probably a further effort to convince the PAG that France is sincere in promising full independence to the future Algerian state. His simultaneous repetition of the threat of partition should renewed negotiations fail will, however, limit the favorable reaction hoped for from the PAG. De Gaulle's earlier decision to continue France's unilateral cease-fire after breaking off the Evian talks was also an effort to prove France's sincerity and show the PAG that adjournment of the talks was not intended as an excuse for French forces to renew

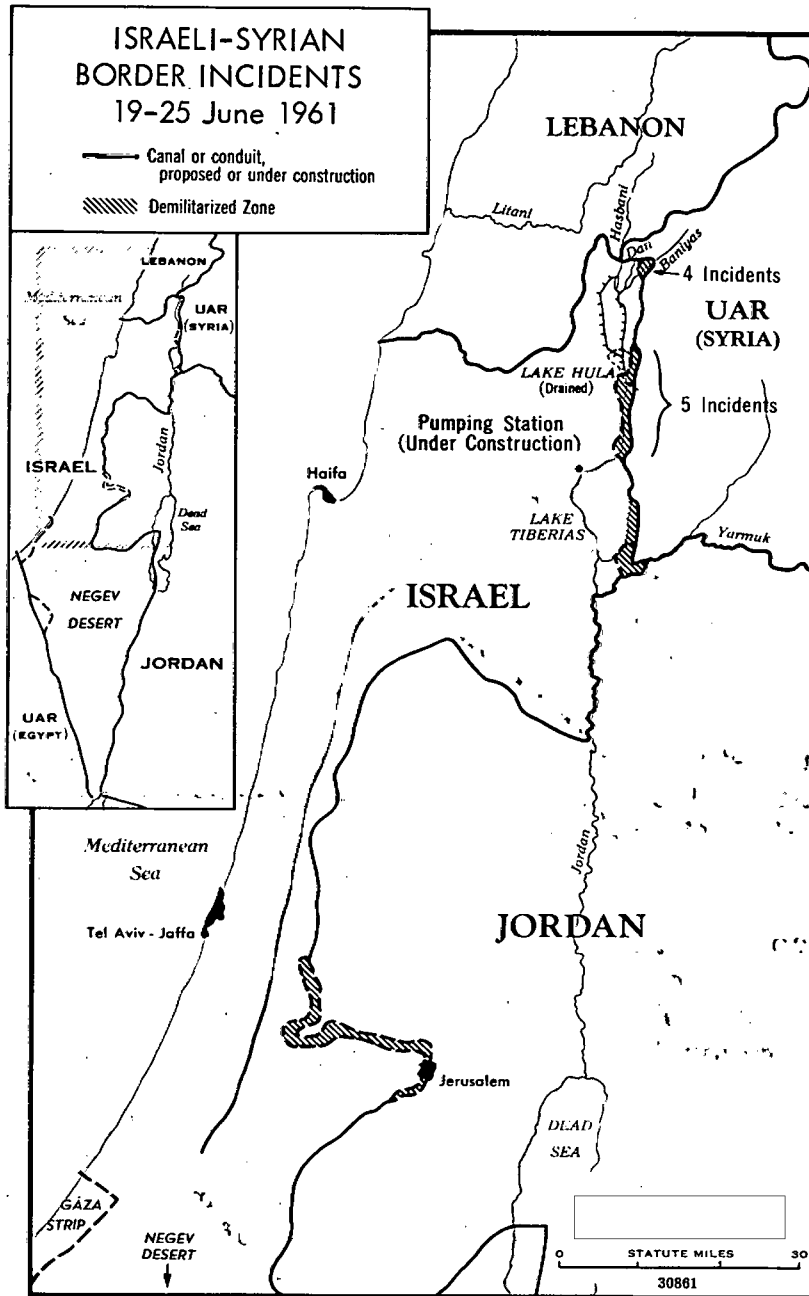
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hostilities. Both army and European extremists will object violently to this token withdrawal, particularly while terrorism continues. [redacted]

[A Soviet ship reportedly unloaded 1,258 tons of war materiel in Casablanca in June for the FLN. Since November 1960, four Soviet bloc ships are known to have unloaded arms and ammunition at Moroccan ports, possibly totaling as much as 4,500 tons. Most of this materiel was almost certainly destined for the FLN. Other bloc materiel for the FLN has been shipped to the UAR.] [redacted]

Replying to urgent requests of PAG Premier Ferhat Abbas for funds, Iraq in mid-June promised to transfer \$2,800,000 on 7 July, and Saudi Arabia ordered transfer of a similar amount. [redacted]

Israel-UAR: Tension along the Israeli-Syrian border now is greater than it has been in several months as a result of nine incidents since 19 June, [redacted]

Although there have been few casualties, including one death, the frequency of these incidents could presage further trouble. [redacted] *AK*

[While he was reluctant to blame either side for the recent flare-ups, the UN officer believes personnel manning Syrian border posts now are taking a tougher line toward Israeli activities in the demilitarized zones.] [redacted]

[redacted] (Map) [redacted]

India: [Moderate elements in the Indian Communist party (CPI) consolidated the gains they made at the party's congress in April as a result of elections last week to the CPI's two top committees. Four of the five leaders composing the new central secretariat--or politburo--are associated with "rightist" or middle-of-the-road positions, including moderate General Secretary Ajoy Ghosh. Several long-established leftist leaders, such as B. T. Ranadive, have been dropped from the new and smaller politburo. The results confirm the CPI's avowed commitment, apparently in anticipation of national elections next February, to a "peaceful, parliamentary" policy and again point up Moscow's dominant influence.] [redacted] *AK*

[redacted] (Backup, Page 3)

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CONCLUSIONS OF SPECIAL USIB SUBCOMMITTEE ON BERLIN SITUATION

The USIB has approved the following conclusions reached by its Special Berlin Subcommittee which reviewed the situation for the period 30 May through 26 June 1961:

1. Since our last report, Khrushchev has stated publicly his intention to sign a separate peace treaty with East Germany by the end of the year and to transfer access controls to the GDR. We do not believe, however, that the USSR has as yet reached an irrevocable decision, since the formal Soviet position is that a separate peace treaty is contingent on a failure to reach agreement with the Western powers. In any event, Khrushchev has indicated that he will not take any action on a peace treaty until the party congress in October. There is some evidence, moreover, deliberately conveyed by bloc sources, that Khrushchev would defer a separate treaty if negotiations were begun before his announced deadline. *ok*

2. In an effort to increase pressure on the West to initiate a new round of negotiations, the bloc can be expected to take advantage of activities in West Berlin, such as the all-German church congress and Chancellor Adenauer's visit, in order to agitate the Berlin question. In this connection, there may be sporadic harassment of civilian access to Berlin and movement within the city.

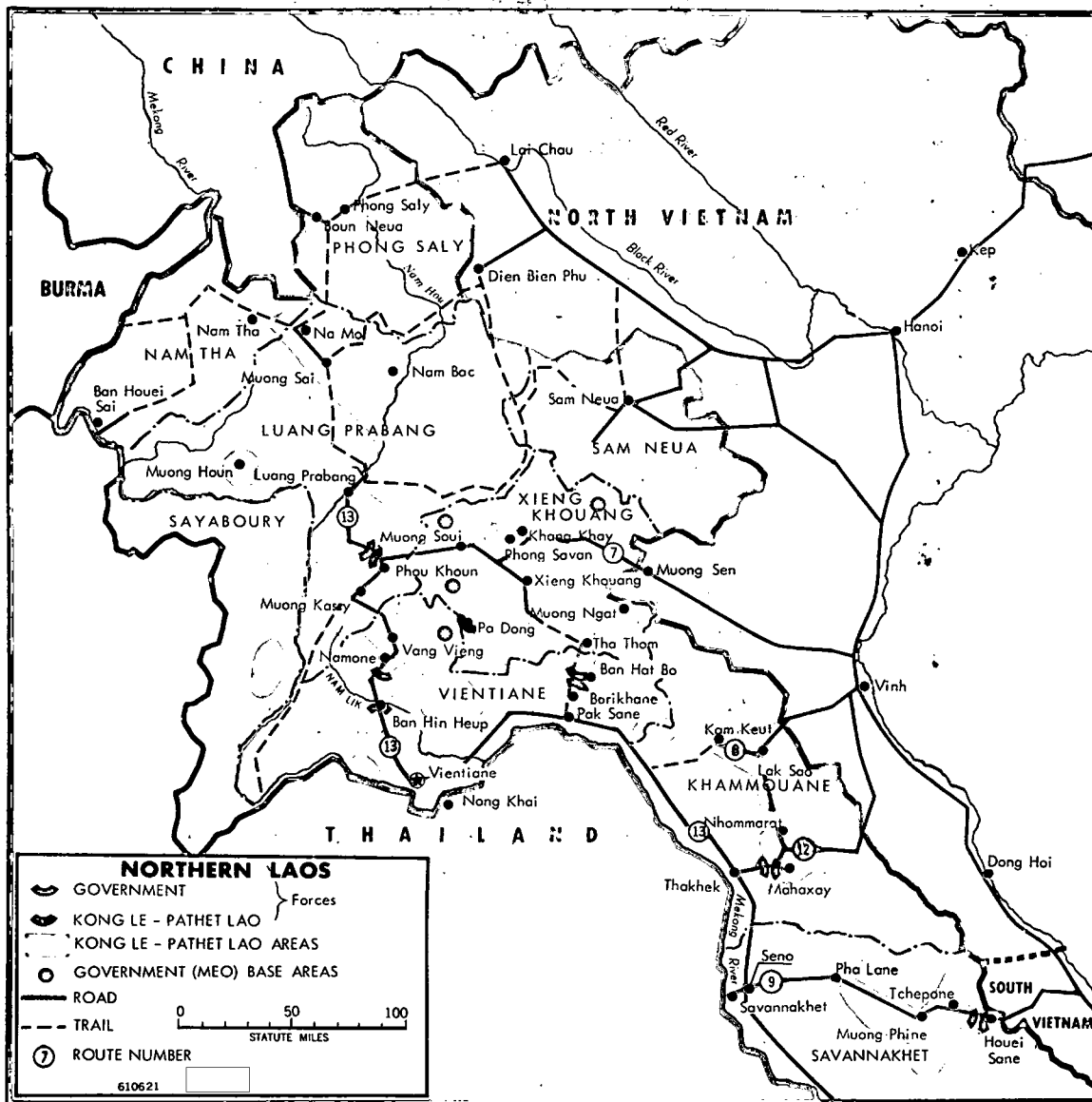
3. We anticipate a period of sharply increased tensions over Berlin during the coming weeks.

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Laos

Prior to his departure for Paris, Souvanna told Ambassador Harriman that the next step toward formation of a coalition government should be another meeting of the three princes, either in Phnom Penh or Laos, to decide on who should be premier. Obviously confident that he will be called upon to form the government, Souvanna added that only after being so named would he proceed to Luang Prabang to see the King. Souvanna stated that the King could appoint a provisional government without going through the assembly. The assembly, in Souvanna's view could "stay on the shelf" until dissolved 90 days before elections, which could not be held until the country was "normal." Souvanna professed confidence that the process of normalization could be achieved within a year. Implying that integration of the armed forces of the three sides would be the main problem, Souvanna envisages putting the armed forces into a single army, after which the "excess" could be demobilized. As a neutral country, Laos would not need a "large army."

Turning to personalities on the Boun Oum side, Souvanna asserted flatly that Phoumi was the best of the group and that if he resigned from the army, Souvanna would give him a post in his cabinet. He claimed that it was the men around Phoumi who caused trouble, animated by a desire to retain the posts they now held. He dismissed Boum Oum as not being really interested in a cabinet post. He referred in seemingly scornful terms to former premier Phoui Sananikone, whom he described as "ambitious" but supported only by his family. Souvanna's kind words for Phoumi, both in public and in his conversation with Ambassador Harriman, suggest his belief Phoumi may be ready to strike a deal with him.

Such a possibility may well be behind Lt. Col. Siho's reported plans to stage what he terms a preventive coup in Vientiane. [REDACTED]

[REDACTED] Siho's mood as one of great discouragement over the situation in Laos and of disappointment over the failure of the US and Thailand to intervene. Siho allegedly feels that a coalition government headed by Souvanna would mean the loss of Laos to communism; moreover, he believes that his personal position would be lost. He has

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therefore come to the conclusion that the only step left for him is to try to take over the government and establish a caretaker regime composed of army generals. Siho has not worked out the details of his plot as yet, but in the source's view any move by Siho would occur before a coalition government assumed power. Siho controls two elite special forces battalions in the Vientiane area, and would probably be able to take over the capital in any coup attempt. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] probably five Soviet IL-14s and two Soviet LI-2s flew into Laos on 26 June. The two Soviet IL-14s which are now returning to the USSR from Hanoi are carrying thirteen air crews and 12 unidentified passengers, [REDACTED]

[REDACTED] This tends to support previous indications that Soviet airmen are being withdrawn from North Vietnam. [REDACTED]

[REDACTED]

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Moderate Elements Strengthen Hold on Indian Communist Party

The composition of the CPI's newly elected central executive committee also reflects a slight shift to the right. This 25-man body, next in importance to the central secretariat, reportedly is made up of about 12 representatives from each side of the ideological fence, with General Secretary Ghosh holding the balance of power. On the outgoing committee the ratio of rightists to leftists was about 9 to 14. This realignment reflects a similar lineup in the national council elected at the party congress in April, in which the leftists apparently control somewhat less than a majority of the 110 members.

Although the moderates and right-wing extremists now clearly have the upper hand, the die-hard leftists still retain considerable strength and will continue to exert some influence in party affairs. Their influence accounts in part for the fact that the CPI continues to criticize Nehru's government sharply on occasion, despite its general line of support for his role as an outstanding leader of the neutralist, "anti-imperialist" nations. The CPI's official newspaper, for example, roundly scored Indian officials for dragging their feet at the recent conference of nonaligned countries in Cairo to prepare for a neutralist summit meeting.

In line with the united front tactics outlined at the April session and endorsed by Moscow, CPI leaders recently have focused their efforts on an appeal to the ruling Congress party and other "secular" parties for common action to counter the growing strength of religious and linguistic extremists. The Communist leadership clearly hopes to capitalize on the general concern in India over resurgent communalism to encourage cooperation between the CPI and other "progressive" parties, as well as to deflect criticism of the CPI stemming from the Sino-Indian border dispute. Little attention has been paid to the Communist appeal, however, despite continuing communal agitation in Assam State and elsewhere and gains by such Hindu nationalist parties as the Jana Sangh. With the Chinese Communist threat still looming large and the national elections next February drawing nearer, the CPI's bid for a united front is likely to have even less appeal than it has had in the past.

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The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

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The Director, International Cooperation Administration

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