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9 May 1961

## CENTRAL INTELLIGENCE BULLETIN

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## DAILY BRIEF

Laos: No agreement was reached in negotiations held on 8 May in the Nam Lik area. The government delegation of OK, which fered to go to enemy-held Namone village for military talks  $P_3 \neq Brief$ , if the other side would come to government territory for political discussions, but the enemy delegation insisted that the + Ps  $1, 2, 5^$ talks be held at the same place, presumably Namone. Phoumi f Backup now plans to ask the ICC to intercede to make the cease-fire more effective and to take other steps to circumscribe enemy freedom of action. He also says he will request the ICC to sponsor tripartite political talks in Vientiane between Souvanna, Souphannouvong, and himself. While the presence of ICC representatives in both Vientiane and Xieng Khouang should help to facilitate a settlement between the two sides, the ICC is not empowered to play the direct role envisaged by Phoumi.]

Little action is reported from the main fronts, although fighting continues in the area south and east of the Plaine des Jarres between Meo guerrillas and enemy forces. Scattered skirmishing is reported elsewhere. The continuing redeployment to better positions of both government and enemy forces. however, increases chances of more serious fighting.

Bloc airlift operations were scheduled through 8 May. (Backup, Page 1) (Map)

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Portugal - South Africa: The continuing unrest in Angola apparently has led South Africa to reconsider its refusal to provide Portugal with substantial military assistance.

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the South Africans have agreed to furnish 2,000 twenty-pound bombs and are assisting the Portuguese in obtaining 5,000 rifles. As recently as 21 April, the Verwoerd government declined to provide assistance beyond the 500 bombs already furnished. pleading internal security needs.

Reinforcement of Portuguese forces in Angola is continuing. Between 1,200 and 1,500 troops arrived in Luanda by ship on 2 May; 2,200 additional troops embarked at Lisbon on 5 May, and are scheduled to arrive in Angola about 13 May. With these reinforcements, the security forces in the province will number about 14,000, of whom approximately 6,000 are white. Contrary to recent Portuguese press reports, there is no reliable information that the back of the rebellion has been broken. (Backup, Page 3)

Congo:

UN does not plan to use its forces to disarm Katanga's armed only 1st the UN does not  $\mathcal{A}$ forces. consider that its mandate goes beyond interposing its troops in case of civil war or tribal conflicts, and does not intend to take the initiative in disarming troops anywhere in the Congo. Tension continues high in Elisabethville, however, and Katanga's forces reportedly have been alerted to repel any "raid" by UN forces7

Belgian Foreign Minister Spaak told Ambassador Mac-Arthur on 5 May that Belgium was ready to cooperate with the UN and that Belgian "political advisers" should be withdrawn from the Congo as rapidly as possible. He also endorsed a withdrawal of Belgian military personnel, but observed that these should not be withdrawn precipitously lest)

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their departure lead to chaos in the Congolese armed forces.7

<sup>811</sup> <u>USSR</u> The first known night anti-submarine warfare (ASW) operation by Soviet helicopters was conducted in late April by eleven Hounds (MI-4s) of the Black Sea Air Force. A submarine and a surface ship participated in the activity.

Helicopters are assigned to Soviet fleets to augment BE-6 seaplanes which have the primary airborne ASW role. Helicopters configured for ASW carry depth charges, radar, and magnetic anomaly devices (MAD) in addition to sonobouys. Some Soviet destroyers are equipped to carry helicopters, thus increasing the seaward range of these aircraft.

The recent activity in the Black Sea is a further reflection of the continuing Soviet emphasis on increasing ASW capabilities.

<u>Iran:</u> Prime Minister Ali Amini believes his main task in the immediate future is to produce some concrete benefits for the public to forestall a "red revolution." Meanwhile, he has lifted press control, and instructed the various security organizations to limit their activities to their proper spheres of responsibilities. Amini hopes to prosecute and punish several highly placed officials, including military, for corruption, and the special courts being formed for this purpose will be established in about two weeks. Radio Moscow has reported factually on the situation but the Soviet-controlled clandestine radio National Voice of Iran continues its attacks, insisting that a change of cabinet is meaningless and that the Shah's regime must be overthrown. (Backup, Page 5)

<u>Morocco</u>: The delegation by King Hassan II of his powers as president of the council of ministers to the chief of his personal cabinet, Ahmed Reda Guedira, is another indication that the King intends to continue his personal and absolute rule for some time. Both the Istiqlal party, the major political organization supporting the King, and the left-wing opposition National Union of Popular Forces have criticized the King's action.

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The press is speculating that a cabinet reshuffle may be imminent. A new flare-up of violence involving the left-wing Moroccan Labor Union and its Istiqlal-created rival, the General Union of Moroccan Workers, has also contributed to the growing instability in Morocco. (Backup, Page 6)

<u>Jordan</u>: Reaction in Jordan to King Husayn's announcement on 1 May of his engagement to a British girl has ranged from dismay to anger, with a number of Jordanians predicting that this "ill-advised" step will lead to the King's "finish." Husayn's authority is such that he probably can proceed with his marriage 6 kplans in the face of a sullen but not openly rebellious people. The American ambassador nevertheless believes the danger to the King's position is real and that as the depth of adverse feelings become more apparent to him he may possibly consider abdication? (Backup, Page 7)

Britain: The American Embassy in London sees in two separate trade union votes last week a strong trend of support for Labor party leader Hugh Gaitskell's pro-NATO policy, and against the position of last year's Labor party conference calling for British unilateral nuclear disarmament. The votes of these two unions should be more than enough to bring the annual party conference this fall back into line with the party's leadership on defense issues and should help repair the party's popular standing. Some trade union elements who support Gaitskell's pro-NATO policy, however, continue to oppose US air and naval nuclear bases in Britain

(Backup, Page 9)

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<u>Venezuela</u>: The economic austerity program presented to OKCongress on 5 May is a comprehensive effort by President Betancourt to restore business confidence and halt the deterio-dulte ration in Venezuela's financial situation. The government, fast sunt which has been under strong pressure from both rightist and Communist-leftist elements, had thus far generally resorted  $\mathcal{H} \mathcal{P}_{\mathcal{F}} \mathcal{H}_{\mathcal{F}}$ to financial expedients instead of politically unpopular remedial Bucker measures. The new program calls for a 10-percent reduction

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in salaries of public employees, increased taxes which do not affect the key foreign-owned oil industry, and a reduction in expenditures of the government-owned economic enterprises now operating at a substantial loss. (Backup, Page 10)

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\*France-Algeria: De Gaulle's 8 May speech, which was partly an effort to set the April military insurrection in perspective and turn French public attention to the possibilities of future progress, contained a hint of French official apprehension over tension among the European settlers in Algeria. He appealed to the settlers to "renounce absurd and agitated dreams." To reinforce De Gaulle's appeal, units of the French Mediterranean fleet appeared off Algiers, and the Algiers police repeatedly broadcast warnings that settlers should not "play the game of the extremists on both sides." [French officials close to De Gaulle have expressed considerable anxiety over the possibility of more trouble with the settlers and the army.]

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De Gaulle's renewed offer to negotiate the future of Algeria with "Algerian elements, primarily those fighting us," was made against a background of frequent reports that the rebel government in Tunis is ready to begin whenever the French set a date. Presumably for tactical reasons, he coupled this with the usual reminder that France would build a "new Algeria without the rebels if no agreement can be negotiated.

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#### Situation in Laos

Souvanna Phouma, who claims he will not attend the Geneva Conference, has returned to Xieng Khouang from Phnom Penh, possibly to assume a more direct role in negotiations with the Boun Oum government. He recently told Ambassador Trimble in Phnom Penh that he would have to contend with a well-organized and highly trained leadership core of "perhaps 200" Communists in the Pathet Lao, but expressed confidence that he could impose his will. He insisted he could keep major cabinet portfolios--such as defense, interior, and foreign affairs--out of Communist hands by holding these positions himself if necessary. He felt that new general elections could not be held for seven or eight months at the earliest?

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Outlining his program in some detail to Ambassador Trimble, Souvanna said his government would maintain close contact with the people and strive to meet their needs while setting an example of sacrifice and hard work. He held that the abandonment by present Laotian leaders of the country's traditional socialism, based on simple small holdings, was the root of much of Laos' difficulties. Souvanna felt that foreign economic aid, to be accepted unconditionally from both East and West, should be on a bilateral basis but that there would be no need for military aid, since the army would be reduced to two battalions. In addition to a police force, he envisaged a universal military training program in which all young men would receive ten months' instruction in military matters, manual trades, and good citizenship?

/The Boun Oum government, meanwhile, plans to submit its recommendations to King Savang today on the composition of the government delegation to Geneva. Phoumi still holds the view, apparently shared by the King, that initially at least the delegation's role should be purely consultative. He feels there can be no serious negotiations with the other side until an international framework is established and foreign influence excluded from Laos.

The Communists, foreseeing protracted negotiations over formation of a new Laotian government, are publicizing the

possibility that the three forces in Laos will have to be individually represented at the Geneva Conference. On 8 May, Moscow rebroadcast a statement by Khamsouk Keola, the "acting premier" of Souvanna Phouma's Xieng Khouang "government, ' which insisted that Vientiane, the Pathet Lao, and the "lawful government" in Xieng Khouang each would have to send a delegation to Geneva if a coalition was not formed by the opening of the conference.

a new training school for instruction in "new weapons and heavy weapons" will open in the Plaine des Jarres area on 8 May. troops are to be sent to Hanoi for communications training. There have been previous references to such training being conducted at Hanoi.

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#### Portugal Obtains Military Assistance in South Africa

The Union of South Africa has been attempting to expand its armaments industry and has expressed an interest in supplying the Federation of Rhodesia and Nyasaland as well as Portugal with munitions.

the Union will begin producing the Belgian FN rifle in August and will be manufacturing its own bombs next year. In the meantime, however, South African officials told the Portuguese that they plan to purchase 40,000 rifles in Belgium. They indicated a willingness to supply Portugal with 5,000 rifles out of their present stock, provided the Belgian factory could replace them within a short time.

The efforts of the Portuguese to bolster their military forces and materiel in Angola were reflected in a speech by the new overseas minister to the Angolan legislative council on 2 May. He indicated that Lisbon was determined at all costs to crush the rebellion in the province and maintain its sovereignty in Portuguese Africa. He also implied that what was good for Portugal in the past would be good for it in the future. Political and socio-economic reforms in the overseas provinces were, he said, of secondary importance for the moment.

The American Embassy in Lisbon feels that the speech failed to consider the question of Portugal's ability to carry out such a policy. It cites the opinion of responsible officials that within a year or year and a half the nation's resources would be exhausted. The embassy feels that at that point a political evolution or revolution of some kind would be inevitable.

A prolongation of Portugal's military effort in Angola might have repercussions on its ties with Western defense.

pend its NATO commitments in order to have all its troops available for Africa.

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#### The Situation in the Congo

The UN is moving to apprehend white mercenaries in the Katanga armed forces. According to press reports, seven South Africans have been taken into custody by UN forces in northern Katanga, while another group of South Africans has surrendered to the UN in Elisabethville. These developments, together with the continued silence of UN officials with regard to Tshombé's arrest, have probably heightened concern regarding a possible UN move to disarm all Katangan forces.

The UN attitude toward an effort to bring Tshombé to trial remains unclear. During the period when Tshombé was under detention at Coquilhatville, UN officials indicated that they had no plans to intervene on his behalf. However, the widespread criticism that would be stimulated by a new political execution in the Congo might lead Bomboko to dismiss charges against Tshombé in return for his concession of Leopoldville's sovereignty over Katanga. Reports from Coquilhatville indicate that Bomboko--who has dominated the political conference there and who appears to have instigated Tshombé's arrest--is closely supported by Congo Army chief Joseph Mobutu.

the financial situation in Orientale Province "grows daily more and more alarming,"

"all the parties of the nationalist bloc are going to unite soon and fuse into one... party which will be called... the Lumumba African National Party." Such a move might be designed to mobilize leftist deputies with a view toward any reconvening of the Congo parliament.

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#### Plans of New Iranian Prime Minister

(Ali Amini hopes that the ''drastic and spectacular'' gestures which he is planning will impress the public sufficiently to convince them that he is ''different'' from the other prime ministers. However, he needs the Shah's cooperation and feels he must work carefully to prevent the return of the Shah's old suspicions of prime ministers who try to govern.)

Amini claims he won the Shah's permission to exercise complete freedom in choosing his cabinet and in dissolving the Majlis whenever he considers it desirable. The Shah insisted on retaining control of the army, however, and on retention of General Amir-Azizi as minister of the interior. Amini conceded these points but insisted in turn that he must have a greater voice in determining the effectiveness of military spending. Amini believes he has persuaded the Shah that all cabinet ministers will report to the Shah only through the prime minister. The ministers of war and interior and the chief of the national police were specifically singled out by Amini in this regard.)

Amini has described the government institutions as "so packed with incompetents and so ineffective" that major reorganization is required practically everywhere. His problem is to assemble a capable group to put the ministries on a proper working basis without losing the Shah's confidence?

Amini's assessment of his country's situation and requirements is similar to that of most preceding prime ministers. All have been undercut, however, by the intrigues of the Shah, who attempts to keep any official from becoming too powerful by constantly playing one against the other. Amini's success will depend on his ability to isolate the Shah from such private contacts and, perhaps more importantly, eliminate the courtiers around the Shah who use their relationship with the court for their own private advantage?

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#### Moroccan King Delegates Certain Powers

Even prior to the publication on 4 May of the decree delegating certain of the King's powers, Guedira was reported to be the most powerful man in Morocco after King Hassan II. Guedira was said in effect to be running the Moroccan Government as a result of Hassan's ineffectiveness in performing his official duties and to be the only person from whom ministers could obtain decisions. He is believed to have antagonized the ministers of foreign affairs and interior by making ambassadorial and internal appointments without consulting them. He is also widely believed to have "sold out" to the French and to have extensive financial holdings outside Morocco.7

The Istiqlal daily newspaper <u>Al Alam</u> characterized the delegation of powers as incompatible with the popular will, which wanted a government organized on sounder foundations. <u>At Tahrir</u>, published by the left-wing National Union of Popular Forces (UNFP), called for a government based on popular will and stated that Morocco lives 'a year after the great experiment began, in constitutional anarchy under the dictatorship of an irresponsible and corrupt administration which is submitted to neither ministerial nor governmental control.''

The Istiqlal-sponsored General Union of Moroccan Workers (UGTM) has the avowed purpose of liquidating the left-wing Moroccan Labor Union (UMT), which is aligned with and forms the base of the UNFP. The far superior strength of the UMT, however, was evident during the separate parades staged by the two groups in Casablanca and Rabat on May Day. Just prior to May Day the Rabat regional chief of the UMT informed an embassy official that his organization was "ready for a test of strength." The King, while apparently unwilling either to endorse the UGTM or challenge the strength of the UMT, publicly deplored the division in the ranks of labor and expressed a hope that next year would see a "rediscovery of unity and harmony."

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### Jordanian meactions to King nusayits Engagement

(King Husayn is not yet aware of the depth of adverse feeling among the Jordanian people about his betrothal to Antoinette Gardiner, the daughter of a British military adviser in Jordan. American Embassy personnel have hardly been able to locate a single Jordanian who approves or is even neutral regarding the King's decision. Even the simulated public display of well-wishing has fallen short of the minimum that might be expected as rudimentary courtesy to the Monarch. Instead, the ambassador reports, "there has been a relative and pointed silence in the land."

(Husayn's supporters within the government, including Cabinet ministers, are making no particular effort to hide their feelings that the King has betrayed them and violated his trust as ruler of the country. Foreign Minister Musa Nasir has indicated incomprehension that Husayn could have made such an unwise and "dangerous" decision--an act, he said, of a "spoiled child." These supporters feel that if the King were not going to marry an Arab or Moslem, at least he should marry someone whose station in life is comparable to his own; and the fact that Miss Gardiner is a British commoner is viewed as almost the ultimate of insults. Among typical comments heard is one that is heavy with sarcasm: "Now they (the British) are all our relatives."

[In nongovernment circles there is strong criticism of the government for not having prevented the engagement or resigned when the announcement was made. In addition, there is a general feeling that the King's efforts toward a rapprochement with the UAR were patently deceitful--an attempt to win favor with the people before announcing his controversial wedding plans]

The US ambassador believes that as the present state of shock passes, opposition to Husayn's decision may take more concrete and collective form. A member of the Baath party/

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of Jordan has said that he knows of no present Baath plans to exploit the situation, but that "of course" the party eventually will, and the first occasion might be at the time of the wedding itself. On 8 May it was announced officially that the wedding probably will be on or about 25 May, Jordan's Independence Day.



## British Labor Party's Defense Policy

[Two of Britain's largest trade unions, the 890,000-member Amalgamated Engineering Union (AEU) and the 354,000-member Union of Shop, Distributive, and Allied Workers (USDAW) voted last week to support Gaitskell's policy of continued loyalty to NATO with the US supplying the nuclear deterrent. Both of these were among the four major trade unions which voted in favor of unilateral British nuclear disarmament at the party conference last October where the Gaitskell policy was defeated by 297,000 in a total vote of 6,381,000.]

[The American Embassy in London considers it unlikely that these reversals will affect the unilateral stand of the Transport and General Workers Union (TGWU)--Britain's largest--but believes it could influence the votes of the railwaymen whose "unilateralist" stand last year passed by an extremely narrow margin. Last week the union's executive voted to support the Gaitskell policy. Both the TGWU and the railwaymen will vote on the issue in July.]

/Even if all other unions, Labor party constituencies, and the allied Cooperative party reaffirm last year's stands, however, the AEU and USDAW switch, involving more than a million votes, would be more than enough to reverse the votes to be taken by the Trades Union Congress and Labor party conferences this fall. This should greatly ease Gaitskell's problems of keeping the Labor party members in Parliament pledged to collective security, undercutting the dissident campaign against him as party leader, and presenting the party as a cohesive organization./

Another resolution approved by the USDAW may presage new trouble for Gaitskell, however, and will furnish more ammunition to the neutralists. This calls for "an end to the need" for American nuclear bases in Europe and Britain and opposes the basing of Polaris missiles in British waters. The official position of the party leadership states that for the present British soil must be available for US and NATO bases, without mentioning whether nuclear weapons should be allowed on them?

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#### Venezuela's Economic Problems

Venezuela has suffered four consecutive years of unbalanced budgets totaling about \$1 billion. The deficit for the fiscal year ending 30 June may amount to \$300,000,000, or only about \$20,000,000 less than the preceding year. The government has been largely ineffective in its efforts to halt the decline of foreign exchange reserves which began in early 1958, and there has been a considerable flight of capital from Venezuela. Reserves have fallen from \$1.38 billion at the end of 1957 to about \$600,000,000 at present, and the latter figure does not account for about \$330,000,000 of medium- and shortterm loans for which foreign exchange must eventually be provided.

The previous minister of finance resigned in March after only four months in office, largely because he had failed to obtain cooperation from the rest of the cabinet in his economic program. (The present minister, Andres Otero, who apparently also has orthodox economic views, advised Ambassador Sparks last month that he was "alarmed" by the financial conditions he discovered on taking office?

Strong political considerations are the primary factor in the Betancourt regime's reluctance to apply austerity measures, such as dismissing about 20,000 government employees whom the finance minister regards as excess? The level of unemployment is dangerously high in Caracas--focal point of political violence since the overthrow of the Perez Jimenez dictatorship in January 1958. Moreover, Betancourt's Democratic Action party has a socialist program which makes politically inadvisable the application of purely economic remedial measures in a number of public economic enterprises, including the petrochemical and steel institutes, the air, rail, shipping, and telephone lines, the hotel chain, and credit organizations. Most of these run large deficits, possibly exceeding a total of \$100, the American Em-000,000 annually. According to bassy in Caracas, the government's agrarian credit bank alone lost \$90,000,000 during the past two years. Nationalist feelings

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about these corporations were indicated by the strong and extended opposition to the Betancourt-supported contract with a private foreign firm which assists in management of the government steel institute.

According to the American Embassy in Caracas, the government's restrictive policies toward the foreign-owned oil industry, which contributes the bulk of government revenues, have been partly responsible for the sharp decline in reinvestment in the industry each year since 1958 and have probably frightened away potential investors in other fields. Betancourt and his minister of mines and hydrocarbons have frequently said that no further private development of Venezuelan mineral and petroleum resources will be permitted. They have also indicated that the government's objective is to extend control over oil industry operations, including pricing and price discounts on crude oil sales, and to reach international governmental agreements on sharing markets and controlling prices with other major oil exporting countries.

Betancourt's timing of the austerity program is probably attributable in part to a belief that his regime is in a stronger political position than previously after suppressing frequent leftist violence and rightist plotting during the past eight months. The program is also designed to obtain favorable consideration of a Venezuelan request for extensive US aid, which is under negotiation. Moreover, Betancourt may have almost exhausted the financial expedients which have been available to him, and further recourse to such action would probably have undercut his moderate and conservative political support, reduced his ability to apply corrective measures subsequently, and worsened adverse economic conditions.

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Special Counsel to the President

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

The Director, National Aeronautics and Space Administration

Chairman, Board of Consultants on Foreign Intelligence Activities

The Department of State

The Secretary of State

The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy.

The Secretary of the Air Force

The Assistant Secretary of Defense (International Security Affairs)

The Assistant to Secretary of Defense (Special Operations)

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice

The Attorney General

The Federal Bureau of Investigation

The Director

The Atomic Energy Commission

The Chairman

The National Security Agency The Director

The United States Information Agency The Director

The National Indications Center The Director

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