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23 January 1961



Copy No. C *Ed-7*

CENTRAL

INTELLIGENCE

BULLETIN



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23 January 1961

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## CENTRAL INTELLIGENCE BULLETIN

23 January 1961

## DAILY BRIEF

## THE COMMUNIST BLOC

\*USSR: We reported on 19 January that the USSR was completing preparations for launching a space vehicle from Tyura Tam; present evidence indicates that these now are virtually finished and, barring technical difficulties, a launch and probable recovery attempt could now occur at any time. Four Soviet ships which have supported missile tests in the past are "on station" in the Central Pacific, and three other Soviet vessels now are in or approaching positions off Africa where they also could monitor or help direct an orbiting vehicle.

[redacted] (Page 1)

(Map)

Communist China: Following the Chinese Communist central committee plenum held from 14 to 18 January, Peiping announced a series of moves designed to overcome the present economic difficulties, bolster popular morale, and silence critics within the country who are blaming the regime for China's current difficulties. According to the communiqué issued at the end of the plenum, agricultural production will receive primary stress in 1961, capital construction will be cut back, and quality will be emphasized in industrial production. In addition, free markets are to be encouraged at the village level. Politically, Peiping has inaugurated a mass campaign against both "bad elements" who oppose and are sabotaging the regime's policies and "well-intentioned" cadres which have "misunderstood" those policies. The campaign--to be carried out with great publicity--will provide the regime with scapegoats for its own mismanagement as well as discourage further criticism from the population.

[redacted] (Page 2)

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## ASIA-AFRICA

Laos: The Boun Oum government decided on 20 January to ask the United Nations and SEATO to send ad hoc committees to Laos to investigate its charges of Soviet and North Vietnamese involvement in the current fighting, according to the secretary of state for foreign affairs. The Laotian Government apparently hopes that the presence of such foreign observers would stop or at least minimize external support of local antigovernment elements as occurred during the hostilities in 1959 after a four-nation United Nations committee arrived in Laos.

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Laotian Army headquarters claims that Tha Thom, in southern Xieng Khouang Province, has been retaken by government forces, but confirmation is lacking. Meanwhile, new and important engagements between government and Kong Le-Pathet Lao forces appear imminent in the Phou Khoun junction area and north of Vang Vieng.

Soviet IL-14s and North Vietnamese transports continued airlift operations into Laos through 22 Jan, and additional flights are scheduled for 23 January. The Soviet LI-2s which recently arrived in Hanoi have not yet participated in the airlift into Laos. (SECRET SABRE) (Page 5) (Map)

Congo-Belgium: Officials of the Belgian Defense Ministry appear to be aiding Tshombé's Katanga government without the knowledge of the Belgian Foreign Ministry. A Foreign Ministry official told the American ambassador on 19 January that his office had just learned that Defense Ministry personnel had assisted in the screening of a group of white recruits who had left Brussels that day for service with Tshombé's forces. According to an earlier report from the Congo, a senior Belgian military officer had stated that Belgium was willing to sell the equipment then at Kamina base to Tshombé for a token payment; in addition, the officer reportedly had recommended that equipment and training for a paracommando battalion be provided by Belgium. Another report indicated that more than 200 "deserters" from Belgian units in Ruanda-Urundi are now serving with the Katangan forces. The military activities apparently conflict

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with policies developed by the heads of other ministries, whose representatives have told American officials that although Belgium wished to send aid, it would defer to its major NATO allies. [redacted]

**\*South Vietnam:** The survival of the Diem government in South Vietnam continues to be threatened by the operations of an estimated 7,000 Communist guerrillas directed by North Vietnam and by the generally deteriorating situation. In the southern delta provinces, where they are concentrated, the guerrillas now exercise control in many rural areas despite repeated security sweeps by units of Diem's 150,000-man army and paramilitary forces. The Communists have also shown capability to strike in force in the northern plateau region and on the main routes outside Saigon. In addition to the guerrilla activity, the North Vietnamese are conducting a major propaganda campaign designed to promote a united front that would exploit the general dissatisfaction with the Diem regime's social and political controls.

The increased Communist threat has reinforced Diem's preoccupation with security measures at the expense of economic development programs. His failure to counter Communist influences by reform of his rigid and highly centralized government is encouraging further plotting by frustrated politicians and restiveness within the military. Diem survived the attempted coup by paratroop elements in November 1960 only because the rest of the army remained loyal to him. [redacted]

[redacted] (Map)

## THE WEST

**Brazil-Cuba:** The Brazilian ambassador in Mexico has expressed concern to the US Embassy over the probable attitude of the new Brazilian Government toward the Castro regime in Cuba. He said that President-elect Janio Quadros, who is to be inaugurated on 31 January, has a number of pro-Cuban advisers. Quadros visited Castro last March in an effort to refute Communist charges that he is a "Wall Street lackey" and

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subsequently made a number of statements favorable to Castro. In his only postelection press conference last October, Quadros refused to comment on the Cuban situation and has not issued any policy statements on any subject since. Quadros has been holding himself virtually inaccessible in Europe for the past three months and upon his return to Brazil on 20 January brushed aside queries as to his cabinet choices. It seems unlikely that he will take any precipitate action either for or against Castro and he may make an effort to mediate between Cuba and the anti-Castro governments in the hemisphere.

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~~TOP SECRET~~ [REDACTED]Soviet Preparations for Space Vehicle Launching

We reported on 19 January that the USSR was completing preparations for launching a space vehicle from Tyura Tam; present evidence indicates that these now are virtually finished. Four missile-range instrumentation ships, which have previously operated in connection with Soviet missile tests in the Pacific, have for the past five days maintained positions similar to those assumed for the space-related activities in September and October 1960. This disposition suggests that the USSR will again undertake to achieve the objectives of the unsuccessful attempts of 10 and 14 October.

Three other Soviet vessels, which were stationed in the South Atlantic and appear to have been associated with the October tests, may also be involved again. Since 16 January the Dolinsk has been standing by near Fernando Poo Island off the Camerouns. On 18 January the Krasnodar was on a southerly course south of the Canary Islands. The Voroshilov may be in or headed for the Red Sea. [REDACTED]

[REDACTED] These ships as well as those in the Pacific may be in or approaching positions where they could monitor or help direct an orbiting space vehicle.

The forthcoming operation will probably involve an attempt to launch and recover an earth satellite vehicle. The Soviet high-frequency direction-finding organization KRUG has been conducting intensive exercises of the type noted in past capsule-recovery operations. In view of the Soviet record with Sputnik recoveries in 1960--one success and two failures--it is not believed that this operation would involve a human passenger. [REDACTED]

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Chinese Communist Central Committee  
Announces Retrenchment

The first plenary session of the Chinese Communist party central committee to be held in 17 months, meeting in Peiping from 14 to 18 January, decided on a series of moves designed to bolster the Chinese economy and silence domestic critics who are blaming the regime for the current difficulties.

The communiqué issued by the plenum acknowledges a second year of bad harvests in China and makes an appeal for every effort to bring in a better harvest in 1961.

to [Opposition to the regime's economic policies is known to have flared into the open recently, and posters reading "more food" and "down with Communism" have been reported in Dairen, Hainan Island, and Peiping.] The central committee communiqué takes cognizance of this opposition, while claiming that over 90 percent of the population wholeheartedly stands behind the regime. It admits that a "small minority of unreformed landlord and bourgeois elements" have taken advantage of the present problems to carry out sabotage, and in some cases have infiltrated party ranks and economic organizations on the lower level. The communiqué also asserts that a few "well-intentioned" cadres have misunderstood the party's fundamental policies and therefore have erred in their work. These cadres are accused of failing to comprehend the difference between socialism and Communism and not giving enough stress to the workers' need for material incentives. Peiping is thus blaming these cadres for implementing policies advocated by the leadership itself just a short time ago.

To silence the opposition and provide scapegoats for its own mismanagement, the central committee has announced a mass campaign to be carried out with maximum publicity against the "bad elements" and to raise the ideological level of those "well-intentioned" cadres which erred. This rectification campaign will

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probably last for several months and result in some widely publicized purges at the provincial or lower levels. The references to opposition of only a "few elements" in the party and government, however, suggest that any purge will affect only a small minority of the cadres; there is no indication that it will reach into the top leadership.

In citing overfulfillment in advance of production goals originally scheduled for 1962, the communiqué puts the best face possible on industrial performance in 1960, but failure to meet 1960's "leap forward" goals is apparent. The communiqué suggests that the value of industrial output increased by only 14 percent in 1960, less than half the 29 percent scheduled. The guidelines for 1961, as spelled out in the communiqué, comprise mainly a further effort to boost agricultural production, stopgap measures to tide light industry over continued shortages of raw materials, and a reduction in the rate of growth in heavy industry. Investment in capital construction is to be reduced, and the emphasis in industry is to be on "consolidating, filling out, and raising of standards." No production goals are announced for 1961, but the tone of the communiqué is a clear admission that Peiping's "great leap forward" has spent its force.

The communiqué also announces that the central committee plans to establish six regional bureaus to strengthen leadership over the municipal and provincial party committees. The six regional committees are identical with the form of party organizations in force before June 1954. They were dissolved at that time in the aftermath of the purge of two regional leaders who were charged with attempting to set up "independent kingdoms." The current reorganization points up the lack of qualified leadership at the intermediary level, which apparently is severe enough to force Peiping to run the danger of allowing regionalism to develop once again.

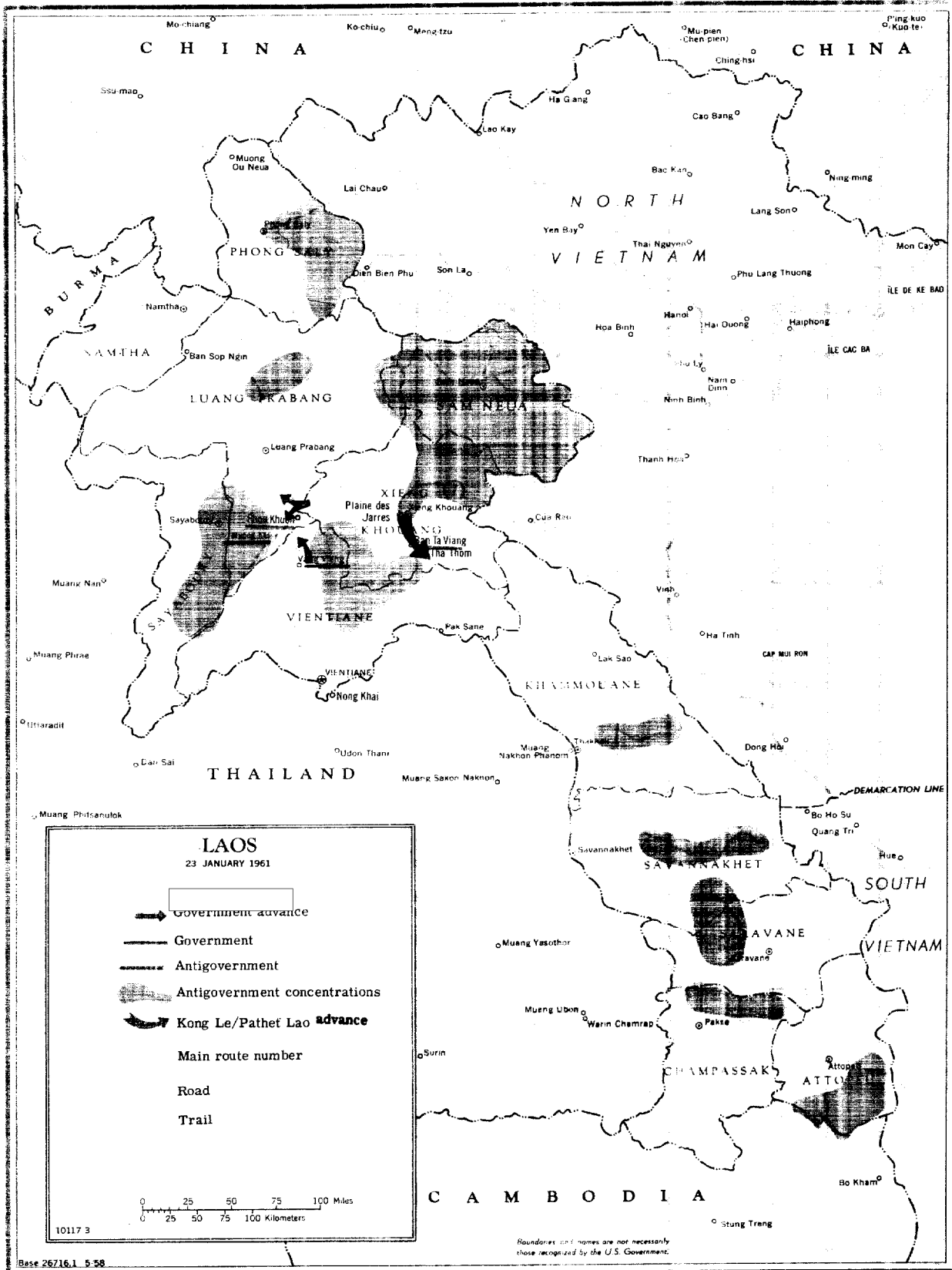
The plenum also passed a resolution on the Moscow meeting of Communist parties held in November 1960, affirming

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Peiping's satisfaction with the results of the conference and its intention to adhere to the declaration produced by the conference. The resolution is similar to the Soviet party central committee's resolution of 18 January. The language of the Chinese resolution at several points implies that the Chinese party will continue to advocate a more militant strategy than Moscow currently favors, but the emphasis on the importance of Sino-Soviet "unity"--declared to be in the "fundamental interests" of the two countries--suggests that Peiping will refrain, for a time at least, from polemics with Moscow.

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The Situation in Laos

[The Boun Oum cabinet voted on 20 January to send separate requests to the United Nations and SEATO to send ad hoc committees to Laos to investigate its charges of Soviet and North Vietnamese involvement in the current hostilities, according to the secretary of state for foreign affairs, Sopsaisana. Laos' representative at the United Nations reportedly received instructions on 21 January to put the request to Hammarskjold, but the approach to SEATO apparently is still in draft form. The government's announcement on 21 January that three regiments of North Vietnam's regular army had crossed into Laos' southern provinces may be intended to reinforce these requests. Available evidence does not support the claimed intrusion.]

[Faced with a deteriorating military situation, the Boun Oum government apparently hopes that the presence of such foreign observers would stop or at least minimize external support of local antigovernment elements. A similar unilateral appeal to the United Nations in 1959 during a period of less serious fighting resulted in the dispatch to Laos of a four-nation committee. Although the committee came up with no firm evidence of direct involvement of North Vietnamese units, its presence had an immediate quieting effect.]

[Vientiane may also hope by these moves to forestall other international action--such as reactivation of the International Control Commission or another meeting of those nations attending the 1954 Geneva Conference--which it fears would only play into Communist hands.]

Laotian Army headquarters claims that government troops have retaken Tha Thom, in southern Xieng Khouang Province, which had been reported lost to Kong Le - Pathet Lao forces on 20 January. Reports from this front are sketchy and confused, but a strong enemy effort apparently continues in this area, which is a potential jumping-off place for a government attack on the Plaine des Jarres.

[Meanwhile, important engagements between government and Kong Le - Pathet Lao forces appear imminent in the area of the]

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Phou Khoun road junction of Routes 7 and 13, and at Muong Kassy about 18 miles to the south of the junction. The enemy force, numbering about 600 men, which seized the junction from government units last week has split into two elements: one to defend the junction and reinforce enemy forces at Muong Kassy facing government columns advancing from Vang Vieng; and the other to move north on Route 13, some twelve miles toward Luang Prabang, where a government force equivalent to two augmented infantry battalions is readying for an attack on the junction. Additional enemy troops coming from the Plaine des Jarres will probably be committed to these two efforts to thwart the government's plan to clear the Vientiane - Luang Prabang road preparatory to a drive east along Route 7 toward the Plaine des Jarres.

Soviet IL-14s and North Vietnamese transports continued airlift operations into Laos through 22 January and are scheduled for flights on 23 January. Since the arrival of the 18 Soviet LI-2s last week, there has been no indication that the 10 IL-14s which have been the backbone of bloc airlift operations since early December are to be retired, although this continues to be a possibility. None of the recently arrived LI-2s have been noted in missions to Laos, but several flights between Hanoi and Haiphong have been detected. Two MI-4 helicopters, possibly two of the five which recently arrived in North Vietnam from the USSR, were scheduled to fly from Hanoi to Sam Neua on 21 January. This is the first time any of the Soviet MI-4s have been scheduled for flights into Laos. There are indications that the helicopters may have completed the flight as scheduled.

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