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6 June 1961

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# CENTRAL INTELLIGENCE BULLETIN



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6 June 1961

## CENTRAL INTELLIGENCE BULLETIN

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# CENTRAL INTELLIGENCE BULLETIN

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## DAILY BRIEF

*Serab*

Laos: [General Phoumi, outlining to Ambassador Brown the strategy he contemplates in forthcoming talks with Souvanna Phouma and Souphannouvong, stated that he would insist on reaching agreement on an effective cease-fire and the kind of guarantees necessary for Laotian neutrality before he would be willing to take up the formation of a government of national reconciliation. Phoumi added that the Neo Lao Hak Sat would have to be given representation in such a government, since otherwise "there could be no peace in Laos." Phoumi expects to leave for Nice, the projected site for the talks, on 6 June. Prince Boun Oum is now in Paris, while Souvanna and Souphannouvong are in Peiping, enroute to Geneva.]

*no*

[The enemy resumed shelling of the government Meo positions in the Pa Dong area on 4 June, and early today Pa Dong was reported to be under "extremely heavy" enemy fire.]

[REDACTED]

[REDACTED] an attack on Pa Dong could be launched on 5 or 6

June, if additional supplies were brought up. [REDACTED]  
 (Backup, Page 1) (Map)

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\*Dominican Republic: General "Ramfis" Trujillo is believed to be purging the armed forces of officers of doubtful loyalty. According to information [redacted] by recent travelers in the Dominican Republic, General Fernando Sanchez, chief of staff of the army, has been arrested and 65 Dominican Air Force officers have been jailed since 31 May.

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[redacted] underground groups have been "completely disorganized" by the recent arrests. He added that they are afraid of one another and do not know whom they can trust. The fact that American newsmen were permitted to travel into the interior on 4 June suggests that there is no open dissident action there. All indications are that the government is in complete control throughout the country.

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American Consul Dearborn, after a conversation with President Balaguer on 4 June, commented that the President "is showing some spunk," but is still far from being an independent agent. Balaguer reportedly seemed sincere in expressing his desire to create democratic conditions in the country but appeared uncertain whether General "Ramfis" Trujillo and associates would permit him to do so. The consul believes the President might ask for US military support if his program is obstructed by "Ramfis." In his conversation with the consul, Balaguer confirmed earlier dissident reports that he had threatened to resign from the presidency rather than to accede to a request from "the armed forces" to expel Roman Catholic Bishops Reilly and Panal.

Dissident groups feel that Balaguer, whom they regard as weak and corrupt, will probably continue to be dominated by the Trujillo family, [redacted]

[redacted] most dissidents would probably accept him as President if this would end the current regime's terrorism. Though he has been a Trujillo "lackey" for many years, Balaguer is usually regarded as not having been associated with the regime's cruelties.

The American Embassy in Caracas reported on 3 June that leaders of the Venezuelan armed forces enthusiastically support [redacted]

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[President Betancourt's plan to make available planes, ships, and troops in a joint effort to thwart any attempt by the Cubans to invade the Dominican Republic.] Betancourt told Ambassador Stevenson on 4 June he believed that the team of OAS observers would find innumerable violations of human rights in the Dominican Republic, and that an emergency meeting of American foreign ministers should then be convened with the purpose of agreeing on stronger sanctions against that country. Betancourt believes that successful OAS action in the Dominican case could provide the basis for a later solution of the Cuban problem. On 5 June, the official Dominican radio resumed its vicious attacks against the Venezuelan President.

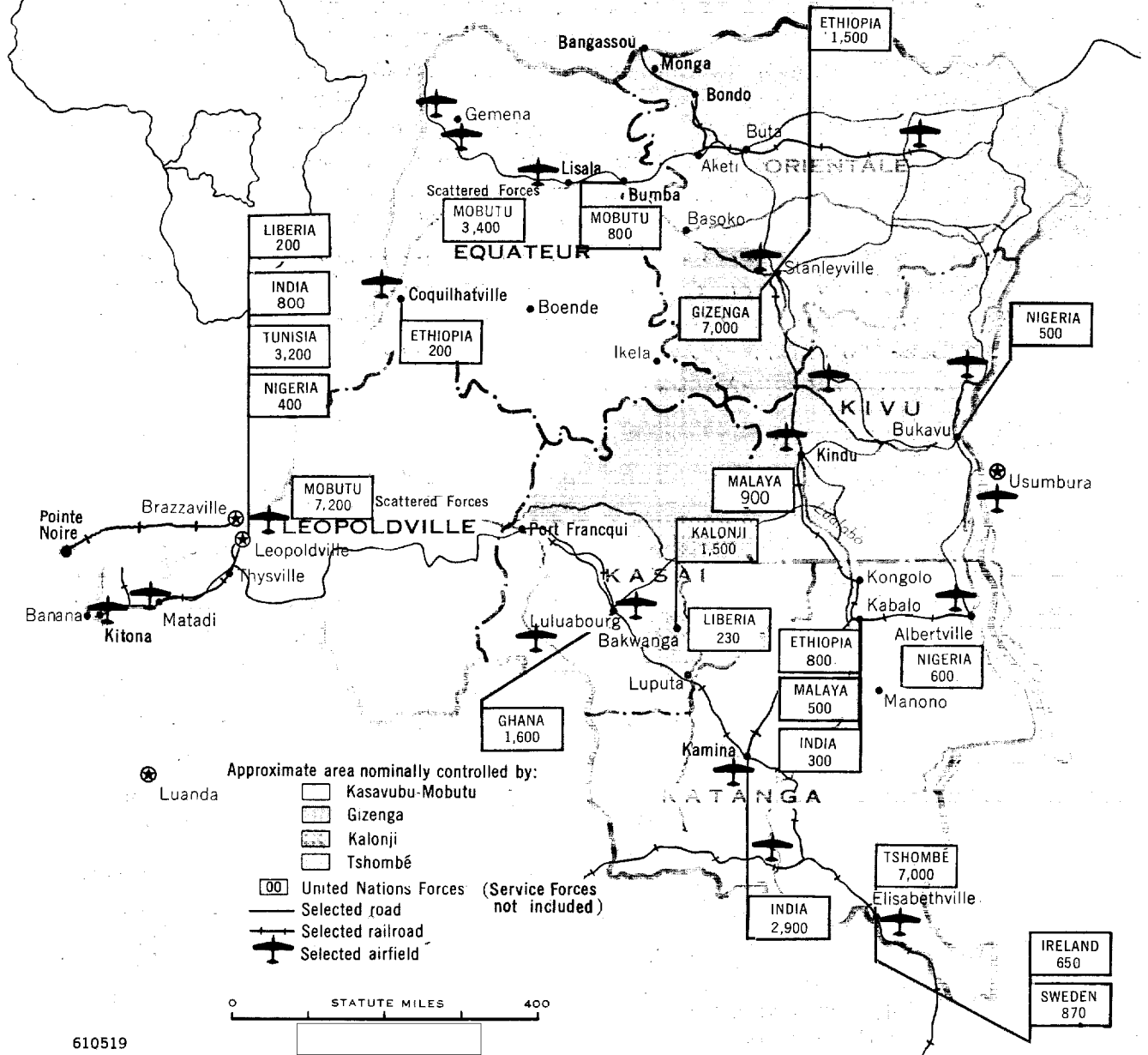
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# Republic of the Congo



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Congo: [Indications that the Gizenga regime may be losing its hold on Kivu Province have coincided with the reported beginning of negotiations between the Leopoldville and Katanga governments.] The action by the Kivu provincial assembly in refusing a vote of confidence to Gizenga's hand-picked provincial president on 2 June is a serious reverse for the Stanleyville regime. Although Gizenga is in nominal command of sufficient troops to restore his authority in the Bukavu area, their reliability is suspect. A UN official has reported that troops in Stanleyville appear restless, and may not have received full pay.

[redacted] the Leopoldville government has responded favorably to an earlier communication from Elisabethville in which Tshombé's subordinates indicated that Katanga was prepared to participate in a Congo federation as envisioned by Kasavubu. Areas of disagreement--which include matters relative to the control of the Katanga army, the employment of Katanga's Belgian technicians, and the attendance of Katangan deputies in parliament--are reportedly under negotiation.

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Paraguay: The Communist-dominated United Front for National Liberation (FULNA) plans to create disturbances on 12 and 13 June during Ambassador Stevenson's stop in Paraguay on his South American tour. FULNA, a small but active revolutionary group, has reportedly ordered its members to promote tension among labor and student groups, and it will issue pistols to some members to combat the police. Such efforts to promote disturbances may fall on fertile ground, because discontent with the Stroessner dictatorship is already at a high level following the government's harsh suppression of opposition demonstrations in mid-May. [redacted] (Backup, Page 3)

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Japan: Deterioration of Japan's international balance of payments, which in May led to the first loss of foreign exchange

expanded

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reserves in four years, poses a threat to Prime Minister Ikeda's political position and his expansionist economic program. Conservative political and financial elements have for some months been uneasy about Ikeda's program, and pressures are now increasing for deflationary measures. Ikeda is expected to oppose these pressures at least until after his visit to the United States late this month. A continued deterioration is likely to prompt the prime minister's rivals in the ruling Liberal-Democratic party to attack him by raising the specter of a financial crisis. Despite the decline in May, which amounted to only \$72,000,000, Japan's foreign exchange reserves still total about \$2 billion.

[Redacted]

UAR: The fourth consecutive year of adverse weather has again severely limited Syrian wheat production. Earlier estimates of a crop approaching 900,000 tons have now, as the harvest approaches, been cut in half. Syria's annual consumption requirement is about 700,000 tons. The shortage is a setback to Cairo's hopes for improving Syria's lagging economy and may add to the Syrian discontent that has plagued the Nasir regime since formation of the UAR in 1958. Cairo has been counting on a Syrian surplus to assist in meeting Egypt's needs for grain. The shortfall in the Syrian crop will necessitate imports of wheat into Syria as well as Egypt, and Nasir will now probably seek a continuance of US PL-480 shipments to both regions of the UAR.

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[Redacted] (Backup, Page 4)

Zanzibar: Rioting in this British protectorate following the closely contested 1 June legislative elections has already claimed some 50 lives. The situation as of 5 June reportedly was rapidly deteriorating and disturbances were spreading from Zanzibar town to outlying areas in a full-fledged racial conflict between minority Arabs and the more numerous Africans. Air-borne reinforcements from Kenya and Tanganyika have bolstered the island's security forces to about 1,500 men. Ali Muhsin, Arab leader of the Communist-infiltrated Zanzibar Nationalist party which, with its

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[Redacted]

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[redacted] ally the Zanzibar and Pemba People's party, controls 13 of the 23 seats in the legislature, has been asked to form the government. Before the election he strongly attacked the presence of an American space-tracking installation on the island, and the American consul general in Dar es Salaam has reported that during the worst of the rioting, the space installation was without adequate police protection.] [redacted]

[redacted]

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~~TOP SECRET~~The Situation in Laos

[Phoumi apparently is hopeful that Souvanna will be more amenable to meaningful negotiations once he is away from the atmosphere of Xieng Khouang, heavy with the presence of the Pathet Lao, and in the more neutral surroundings of Nice or Geneva. He indicated to Ambassador Brown in their 3 June conversation that he would first try to talk to Souvanna alone in an endeavor to find out if Souvanna still adhered to his long-standing position in favor of a genuinely neutral and independent Laos. Phoumi is inclined to give some substance to reports of friction and differences between Souvanna and Souphanouvong.]

[Turning to questions relating to the cease-fire, Phoumi confirmed that he had agreed to limit future resupply of the Meo garrison at Pa Dong to non-munition items if the other side permitted the ICC to establish an observation team at Pa Dong. He stated that his supply position at Pa Dong was strong and that if shooting did not in fact stop he would feel free to replace any munitions expended in self-defense.]

The ICC for some days has been trying to negotiate with the Souvanna group, the Pathet Lao, and the royal government for the establishment of an observation team at Pa Dong. Souvanna to date has qualified his willingness to permit such a team with the proviso that all government reinforcements brought into Pa Dong after the 3 May truce be withdrawn, a condition certain to be rejected by Phoumi.

The 5 June session of the Namone tripartite talks was postponed until the 7th, reportedly at the request of the government delegation, which pleaded press of business. The Namone talks are likely to limp along in an at best perfunctory manner pending conclusion of the Souvanna - Souphanouvong - Boun Oum - Phoumi talks in Europe.

[redacted] there were some Chinese Communist artillery specialists with a force

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of about 270 North Vietnamese and Pathet Lao troops stationed in a defensive position about ten miles north of Mahaxay in south-central Laos. There have been several reports of the presence of Chinese elements in southern Laos, but these lack confirmation.

{There was no airlift activity on 4 June and only a relatively few sorties were scheduled for 5 June. Bloc airlift operations continue to be scheduled through 6 June.}

{The Soviet IL-18 transport en route to North Vietnam from Moscow arrived at Haiphong on 4 June. The Soviet IL-14 en route to North Vietnam from Moscow on a cargo mission was scheduled to fly from Peiping to Hanoi on 5 June. The Soviet AN-10 which arrived at Canton from the USSR via Peiping on 3 June returned to Peiping the same day and continued on to Irkutsk on the morning of 4 June. Six Soviet LI-2s which arrived at Canton from Hanoi on 1 June returned to Hanoi on 4 June.}

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### The Political Situation in Paraguay

President Stroessner, who seized power in Paraguay in 1954, has over the past three years been increasingly worried about his position as the only remaining dictator in South America, and has made a number of tentative moves toward lifting political restrictions and improving the regime's public image abroad. He has also made some efforts to engage various opposition groups in discussion of the problem of political liberalization in a country which has long been under the rule of a single party supported by the military. Such talks have never materialized, however, because of mutual distrust, and because extremists among the opposition are intent on thwarting any conciliatory move.

Since early 1961 the government has encouraged new opposition newspapers and permitted opposition meetings, despite the strong condemnation of the regime voiced through these media. The police chief authorized the major opposition Liberal party youth group to hold a meeting on 22 April with the proviso that it condemn the Communists as well as the government. Labor Day celebrations on 1 May were taken over by dissident labor leaders, and government speakers were jeered from the rostrum. These developments encouraged outspoken criticism and unauthorized demonstrations by more than 1,000 students and members of opposition groups in mid-May. Attacks on the demonstrators by pro-government partisans led to a riot.

The resulting arrests and beatings produced a stronger than usual public reaction, according to the American Embassy in Asuncion. As a reflection of its nervousness, the government closed the university temporarily, banned one newspaper, and renewed special security restrictions for 90 days.

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### Syria Faces Continued Wheat Shortage

The final estimate on Syria's current wheat crop is expected this week from the official Syrian Cereals Office in Damascus; the office told the American consul general on 1 June that it believed the crop would range between 400,000 and 500,000 tons. A much more pessimistic prediction--about 200,000 tons--has been made by the secretary of the Chamber of Commerce in Aleppo--in Syria's agricultural heartland.

Most of the crop damage occurred as a result of unseasonable heat in Syria's largest grain-growing area--the "Jazira," east of Aleppo. Winter rains had brought good growth, but hot winds in April dried the grain before it matured. Crops in three previous years had suffered from a lack of winter rains.

Only 1,240,000 of Syria's more than 11,000,000 acres of farming land are irrigated. Substantial progress is being made, however, on a five-year plan (1960-1965) for greatly expanding irrigation, largely with Communist bloc help.

Syria's commercial class, already resentful of Nasir's economic control measures, will probably be further irritated by the effect another poor wheat crop will have on much of Syria's commercial activity.

The combined Syrian and Egyptian production for the new fiscal year 1961-1962 will probably be about 1,650,000 tons short of the UAR domestic requirement of 3,600,000 tons. US PL-480 wheat and wheat flour made up about 85 percent of the UAR's import requirements during 1960-1961, Syria receiving 250,000 tons valued at \$17,000,000 and Egypt 1,100,000 tons worth \$71,200,000.

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The Special Assistant for National Security Affairs

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The Director of the Budget

The Director, Office of Civil and Defense Mobilization

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