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CENTRAL INTELLIGENCE BULLETIN



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2 NOVEMBER 1960

I. THE COMMUNIST BLOC

Peiping continues to stand firm in dispute with Moscow; latest issue of China's Red Flag implicitly criticizes Khrushchev's "gradualist" strategy.

II. ASIA-AFRICA

New effort to get France and Algerian rebels together in direct talks decided on at Abidjan meeting last week of leaders of former French territories in Black Africa.

Chinese Nationalist Air Force said to have averaged two flights a month this year supplying Nationalist irregulars in Burma-Thailand border area.

Indonesia's new petroleum law will require foreign oil companies to operate under contract rather than on present concession basis.

Situation in Laos.

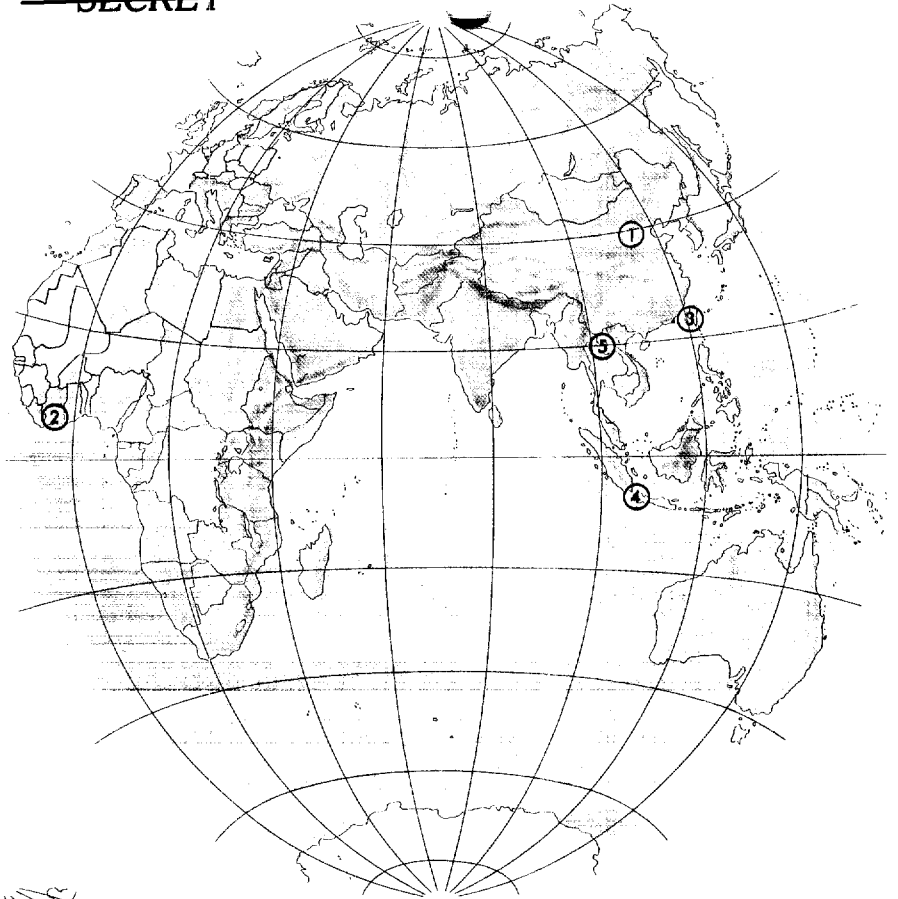
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III. THE WEST

- ⑥ Opposition elements in Guatemala encouraged by Salvadoran coup.
- ⑦ Some possibility seen of anti-US violence during Panamanian independence celebrations this week.

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CENTRAL INTELLIGENCE BULLETIN

2 November 1960

DAILY BRIEF

I. THE COMMUNIST BLOC *Lurah*

Sino-Soviet Dispute: Peiping continues to stand firm in its dispute with Moscow. The latest issue of the Chinese party's major theoretical journal, Red Flag, published on 31 October, strongly urges the necessity of violence in seizing state power and implicitly criticizes Khrushchev's "gradualist" strategy. Delayed since mid-October, this issue of Red Flag probably reflects decisions reached at recent politburo discussions in Peiping following the return from Moscow of Chinese representatives who are believed to have been engaged in lengthy negotiations with Soviet officials. The apparent lack of success of preliminary meetings makes it unlikely that the scheduled meeting this month of world Communist leaders in Moscow during the October Revolution anniversary celebrations will succeed in achieving any meaningful compromise of opposing views; it even raises the possibility that the meeting will be postponed. OK

[redacted] (Page 1)

II. ASIA-AFRICA

French Community - Algeria Ivory Coast Premier Houphouet-Boigny confirmed on 29 October that last week's conference in Abidjan of leaders of former French territories in Black Africa authorized the dispatch to Paris and Tunis of representative delegations to try to bring France and the Algerian rebels together in new direct talks. Houphouet, who is to head the projected mission to Paris, implied that African support for France on the Algerian question in the UN might well depend on whether De Gaulle is willing to show greater "flexibility" toward the rebels' conditions for a resumption of talks. The French press has recently been referring hopefully to the possibility of mediation on the Algerian problem by French Community states, but French officials have been cool to the idea. *no*

[redacted] (Page 3)

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Taiwan: [redacted]

[redacted] the Nationalist Air Force had made an average of two flights a month this year to resupply Nationalist irregular forces in the Burmese-Thai border area.]
(SECRET NOFORN) (Page 4)

OK

Indonesia: Indonesia's new petroleum law, announced on 1 November, requires foreign companies to operate under government contract rather than on the formerly prevailing concession basis. Until contracts can be arranged, probably in early 1961, existing company rights will continue to be honored. The foreign companies--Caltex, Standard Vacuum, and Shell--are less concerned over this law, which they had long expected, than they are over the new financial provisions decreed in August. According to one oil company's estimate, the August decrees will raise its payments to the Indonesian Government from roughly 52 percent to 75 percent of gross profits. [redacted] (Page 5)

OK

Laos: The membership of the Committee for Neutrality and National Unity formed in Vientiane on 31 October ranges from moderate supporters of Souvanna Phouma to members of the Neo Lao Hak Sat (NLHS), the Pathet Lao political front. Souvanna and NLHS leader Prince Souphannouvong are listed as advisers of the organization. It is not yet certain which group took the initiative in organizing the committee; but in any event it is likely to harden the attitudes of the leaders in Luang Prabang and General Phoumi's Revolutionary Committee in Savannakhet, thus making more difficult a reunification of non-Communist forces in Laos. [redacted] (Page 6)

OK

III. THE WEST

Guatemala: The 26 October coup in El Salvador has encouraged domestic opposition elements in neighboring Guatemala. These elements, which include extreme leftist and Communist-infiltrated revolutionary factions, at the moment [redacted]

OK

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DAILY BRIEF

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are disunited and probably incapable of staging a successful coup against President Ydigoras. Salvadoran leftists now appear influential in the new Salvadoran regime, however, and may eventually try to assist the Guatemalan leftists. [redacted] (Page 7)

[redacted] Panama: Agitators in Panama apparently are not succeeding this year in efforts to organize anti-US demonstrations like those which led to riots a year ago in the Canal Zone during the Panamanian independence celebrations from 3 to 5 November. Nevertheless, small incidents or provocative actions by individuals could quickly lead to violence among the volatile Panamanian slum dwellers living almost on the Zone border. Criticisms of the "limited" route agreed on by Zone and Panamanian officials for a peaceful Panamanian flag march into the Zone have already been expressed by elements of Panama's politically dominated press and radio. OK

[redacted]

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DAILY BRIEF

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Peiping Stands Firm in Dispute With Moscow

Following a period of almost six weeks during which senior Chinese Communist representatives are believed to have been negotiating with Soviet officials, Peiping--con-
trary to some Western press interpretations--continues to stand firm in its dispute with Moscow. Chinese statements on the occasion of the 10th anniversary of the entry of Chinese forces into the Korean war reiterated Chinese beliefs that the US is a "paper tiger" and that peace can be won only through force. The latest issue of the Chinese party's major theoretical journal, Red Flag, published on 31 October, insists on the necessity of violence in seizing state power and implicitly criticizes Khrushchev's gradualist strategy.

The Red Flag editorial was apparently written to refute a recent article in the Soviet party's theoretical journal, Kom-
munist. The Soviet article criticized the "dogmatist" (Chinese) approach to Lenin's theory of revolution, accusing such dogmatists of ignoring the changes in the world since Lenin's time and consequently of rejecting the "new propositions... and tactics" of the world Communist movement.

In the course of its argument, the Red Flag editorial attacks the basic Soviet contention that in the "new epoch," in which the forces of socialism are superior to the forces of imperialism, the world Communist movement can advance gradually, without war, to a final triumph. Red Flag declares that this "new epoch" of Communist superiority is "unprecedentedly favorable" not for a gradualist strategy but for "proletarian revolution" in various countries of the world, especially in the underdeveloped countries.

Delayed since mid-October, this issue of Red Flag probably reflects decisions reached at recent politburo discussions in Peiping. The two politburo members believed to have been recently engaged in discussions with Soviet officials in Moscow participated in these discussions.

The apparent lack of success of preliminary negotiations with the Soviet representatives makes it unlikely that the scheduled November meeting of world Communist parties in Moscow will

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succeed in achieving any meaningful compromise of opposing views, and even raises the possibility that the meeting will be postponed. A Soviet presidium member denied to Ambassador Thompson on 29 October that such a meeting was scheduled. He stated that Communist representatives were invited to the 7 November celebrations and that a decision could be made then whether or not to hold a meeting.

[REDACTED]

[REDACTED]

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[REDACTED]

"French" African Leaders Attempting to Mediate Algerian Conflict

[The 11 former French territories in Black Africa represented at the conference held at Abidjan, Ivory Coast, from 24 to 26 October agreed on a plan by which they will attempt to bring France and the Algerian rebels together in new direct talks, according to Ivory Coast leader Houphouet-Boigny. Caught between nationalist pressures mobilized on behalf of the rebels and French indications that economic aid may be denied states which do not support France on Algeria at the UN, the bloc of French-speaking states represented at Abidjan clearly hopes such an initiative on its part may help to head off, at least for this year, a "strong" Algerian resolution.]

[In a conversation with the American chargé in Abidjan on 29 October, Houphouet confirmed that the conference had named two mediatory delegations with a view to inducing both French President de Gaulle and Algerian rebel leaders to show sufficient "flexibility" to facilitate a resumption of cease-fire talks. Houphouet emphasized, however, that the proposed demarche to the rebels in Tunis would be made only after the delegation to Paris, which he himself is slated to head, is able to report some progress. He said the African states involved--all of which are members of the French-African Community except for Cameroun--would have no alternative but to "do their duty" and support a strong Algerian resolution at the UN should De Gaulle's attitude to their intervention prove entirely negative.]

[The French press has recently commented hopefully on the possibility of Community mediation in the Algerian problem, but French officials have been cool to the idea. De Gaulle has informed Houphouet that he would be pleased to discuss "general problems between France and the African countries" as of 5 November--the day following De Gaulle's scheduled TV-radio address, which is expected to deal at least in part with Algeria. The African leader, however, has insisted that he is authorized to discuss only the Algerian question.] [REDACTED]

[REDACTED]

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[REDACTED]

Nationalist China Supplying Arms to Its Irregular Forces

[REDACTED] the
Nationalist Air Force had made an average of two flights a month this year to resupply Nationalist irregular forces in the Burmese-Thai border area. The planes land at a small field in Burma under the control of the irregulars, but must refuel at Bangkok for the return flight to Taiwan.]

[REDACTED] in line with previous reports that Taipei was continuing to resupply its irregular forces. Nationalist security chief Chiang Ching-kuo said on 28 October that much flying from Taipei to Bangkok and the Burma border area had occurred in recent months and that some flights had carried small arms which had been impounded by the Thais but were released to the Nationalists a few months ago.]

[Chiang Kai-shek has shown increasing concern over the political situation in Laos and has offered the irregular forces for use in Laos or in defense of the Burma-Thailand-Laos border area. In early October, he ordered a high-level intelligence official to go to Southeast Asia to evaluate the situation and probably to promote the use of the irregulars. However, Chiang Ching-kuo has asserted that these forces would not be used without consulting the United States.] [REDACTED]

[REDACTED]

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Indonesia Publishes New Petroleum Law

Indonesia's long-awaited new petroleum law, which was made public on 1 November, requires foreign companies to operate under government contract rather than on the formerly prevailing concession basis. Until contracts can be arranged, probably early in 1961, existing company rights will continue to be exercised.

The foreign companies--Caltex, Standard Vacuum, and Shell--in general approve of the law. Indonesia has been preparing to rewrite the former Dutch mining laws since it achieved independence in late 1949. During this period, it has refused to grant any new concessions to foreign companies, thereby interrupting the process of exploration and development as existing oil fields declined in production. The companies therefore regard the new law as an opportunity to accelerate some of the hitherto obstructed phases of their work.

Their principal concern, however, is over their financial arrangements with the Indonesian Government. These are affected both by the expiration of special tax and foreign exchange arrangements favorable to the oil companies and by financial decrees promulgated last August. One of the companies has estimated that these changes will increase its payments to the government from roughly 52 to 75 percent of gross profits. Financial arrangements between the companies and the government are still not settled, and actual bargaining probably will take place when the contracts are negotiated.

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The Situation in Laos

Vientiane radio announced the formation, on 31 October, of the Committee for Neutrality and National Unity. Presumably intended to mobilize popular support of Souvanna Phouma's policy of harmonizing the differences which divide Laos, the committee's membership ranges from Souvanna's moderate supporters in the center to members of the Pathet Lao's political front--the Neo Lao Hak Sat (NLHS)--on the extreme left. Captain Kong Le and several of his lieutenants are included, and Souvanna and NLHS leader Prince Souphannouvong are listed as advisers.

It is as yet unclear which group took the initiative in organizing the new committee. [Souvanna had previously been reported to be planning a new political party, but it seems unlikely that he would have included the NLHS as a matter of choice. It is possible that Kong Le and the Pathet Lao put pressure on him to broaden the base of his contemplated party and to transform it into a popular front group.] In any event, formation of the committee would seem to reverse the recent movement toward unifying the opposition to Kong Le and the Pathet Lao.

Announcement of the new committee will almost certainly harden the attitudes of the military leaders in Luang Prabang and General Phoumi's Savannakhet Revolutionary Committee. The Luang Prabang group, which includes General Ouane, the armed forces commander, may construe the committee's formation as sufficient evidence of Pathet Lao influence in Vientiane to justify breaking away from the Souvanna government. Phoumi, meanwhile, will probably seize on the committee's formation as ample vindication of his refusal to come to terms with Vientiane.

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Guatemalan Leftists Encouraged by Salvadoran Coup

[The 26 October coup in El Salvador has encouraged opposition elements in neighboring Guatemala and has generated a number of rumors in Guatemala concerning an imminent coup there. While these rumors are unconfirmed, their circulation contributes to a climate of unrest in Guatemala, where modified forms of a "state of siege" were enforced because of political unrest between mid-July and mid-October. The Ydigoras administration is currently weakened by a declining economic situation that led the government to announce last month a drastic budget cut and the reduction of salaries of government employees.]

[President Ydigoras has attempted to govern by relatively democratic methods despite sporadic plotting against him both by leftist, Communist-infiltrated revolutionary factions and by rightist groups. Although Guatemalan leftists at the moment are disunited and probably incapable of staging a successful coup, leftists now appear influential in the new Salvadoran government and may plan to assist their Guatemalan colleagues. If pro-Castro elements become entrenched in the new Salvadoran regime, they would become a genuine threat to the Guatemalan and other Central American governments. Cuban embassies, presently in El Salvador and Honduras, would probably step up their covert aid and liaison to Central American revolutionary movements.]

[Redacted] Communist preparations to exploit the Salvadoran coup in Guatemala. [Redacted] plans by Communist-infiltrated labor and student groups to stage a demonstration shortly, ostensibly to show solidarity with the Salvadoran people but actually to attack Ydigoras' alliance with the United States and to demand his resignation.]

[The ouster of Salvadoran President Lemus was a personal blow to President Ydigoras, who had made every effort to strengthen Lemus and to this end initiated a meeting with Lemus at the border less than three weeks before the coup.] [Redacted]

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