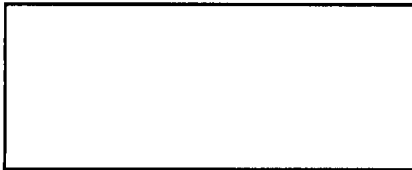


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CENTRAL

INTELLIGENCE

BULLETIN



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State Dept. review completed

TOP SECRET

**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 15 August through 19 September 1961:

1. Soviet statements over the past two weeks and the agreement to talk with the US in New York suggest that Khrushchev has not foreclosed the possibility of a negotiated settlement as an alternative to proceeding with a separate treaty by the end of the year. The Soviets, however, have rigidly adhered to their stated terms--a German peace treaty and a "free city"--as the framework for negotiations. Repeated Soviet and satellite statements reaffirming the year-end deadline for a peace treaty indicate that the Soviets hope to step up the pace of diplomatic exchanges. The Soviets apparently would prefer a Western initiative to convene formal negotiations at an early date, but failing this they will probably try to exploit the UN session to put pressure on the West to negotiate. *ns*

2. As part of their general tactics of intimidation and pressure against the West, the Soviets have made diplomatic threats against civil air traffic to Berlin. Some limited harassments, similar to those in the past, appear likely, but will probably stop short of forcible action against air access prior to the conclusion of a peace treaty.

3. Within East Germany popular dissatisfaction--particularly among the youth--remains widespread and continues to be exhibited in a variety of minor antiregime incidents which became more frequent as the 17 September election approached. Refugee escapes to West Berlin and West Germany are at a total rate of 20 to 30 a day. The regime shows concern about the latent discontent and continues to move vigorously and ruthlessly to maintain control over the population. While self-confidence

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is displayed at the top level of the party, lower echelon party workers seem nervous, overworked, and edgy. Strikes, passive resistance, and even severe local demonstrations remain possible, but the regime presently is prepared to take whatever actions are necessary to prevent serious popular outbursts.

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Laos: [Ambassador Harriman comments that in his 19 September meeting with Phoumi in Vientiane, he gained the strong impression that Phoumi has no real intention of pursuing serious negotiations with the opposing side. Phoumi insisted that thus far he had made all the concessions and the other side none. He argued that Souvanna had come too much under the Communist thumb to be trusted. Phoumi also told Harriman that he did not rule out the possibility of a three-princes' meeting at Ban Hin Heup, as suggested by Souvanna, although he still thought Luang Prabang the proper venue.]

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The Vientiane government is stating publicly that Souvanna, in his recent talks with Harriman in Rangoon, failed to remove doubts concerning his claim to be a "true neutral." Vientiane's hostility toward Souvanna was also shown in the omission of his name from a list of possible candidates for the premiership presented by the government delegations at the 20 September Namone meeting. At this same meeting the government delegation rejected Souvanna's proposal of Ban Hin Heup for new high-level talks and instead insisted on Luang Prabang.

no

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