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COPY NO.
OCI NO. 0295/61

31 August 1961

CURRENT INTELLIGENCE WEEKLY SUMMARY



ARMY and DIA
review(s) completed.

State Dept. review
completed

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

DOCUMENT NO. 7
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S (C) 1990
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 19 June 80

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T H E W E E K I N B R I E F

EAST-WEST RELATIONS Page 1

The Soviet Government's announcement on 30 August of its decision to resume nuclear weapons tests reflects Khrushchev's extreme concern that the prospects for extracting Western concessions on Berlin have diminished, especially since the closure of the Berlin sector border. The Soviet leaders appear to recognize that their drastic measures to halt the refugee flow have heavily damaged their efforts to present the East German regime as a sovereign and respectable negotiating partner and that Khrushchev's objective of winning Western acceptance of a Berlin settlement implying de facto recognition of East Germany has been seriously jeopardized. In this situation, Khrushchev has resorted to nuclear intimidation in an effort to weaken the ability of the Western governments to resist Soviet demands. He probably also feels this announcement will place the bloc in the strongest possible position to carry out the long-threatened unilateral action to sign a separate peace treaty with East Germany in the event negotiations fail or do not take place.

East German spokesmen now are denying that Western civilian airlines have the legal right to use the Berlin air corridors--the only remaining civilian access routes not under East German control. Ulbricht declared on 25 August that his regime is abiding by the terms of the notes exchanged by the USSR and East Germany on 20 September 1955, calling for the USSR to retain control over Western military access to and presence in the city. On 29 August, however, Deputy Foreign Minister Winzer reiterated, in the strongest terms used to date by a bloc spokesman, the Soviet position that use of the corridors by Western civilian aircraft has no basis in quadripartite agreements relating to Berlin and that their use is exclusively for Western garrisons.

US Mission officials in Berlin maintain that West Berliners regard unrestricted air access as an essential

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element of their freedom and that subjecting air access to any kind of Communist control might set off an exodus from the city.

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BRAZIL Page 8

The sudden resignation of Janio Quadros from the Brazilian presidency on 25 August precipitated a constitutional crisis because of the adamant opposition of War Minister Denys and other military leaders to the assumption of Quadros' power by leftist Vice President Goulart. Goulart's right to succession has been supported on constitutional grounds by most political leaders and a minority of the military, particularly ex-War Minister Lott and the commander of the powerful Third Army in southern Brazil. On 31 August congress overwhelmingly passed a resolution to amend the constitution, transforming the presidency into a figure-head office in a parliamentary form of government with a prime minister appointed by congress. No party in congress has a majority, and the premiership might go to such a leader as ex-President Kubitschek of the Social Democratic party or Governor Carvalho Pinto of the National Democratic Union.

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CONGO Page 11

UN troops have taken action to detain for repatriation approximately 500 white officers of Katanga's armed forces. Although they were largely successful in this immediate objective, Tshombé continues to resist UN pressure to reintegrate his province with the Congo and has stated that he will not negotiate with Premier Adoula under duress. In Stanleyville, Gizenga has continued to delay going to Leopoldville to take up his vice premiership. The manhandling of the US consul in Stanleyville and his subsequent ouster on 29 August appear to have increased unrest in Gizenga's stronghold.

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EAST-WEST RELATIONS

The Soviet Government's 30 August announcement of its decision to resume nuclear weapons tests reflects Khrushchev's extreme concern that the prospects for extracting Western concessions on Berlin have diminished, especially since the closure of the Berlin sector border. The Soviet leaders appear to recognize that the drastic measures to halt the refugee flow have severely damaged their efforts to present the East German regime as a sovereign and respectable negotiating partner and that their objective of winning Western acceptance of a Berlin settlement implying de facto recognition of East Germany has been seriously jeopardized.

In this situation, Khrushchev felt obliged to resort to nuclear intimidation in an effort to weaken the ability of the Western governments to resist Soviet demands. He probably also feels that this announcement will place the bloc in the strongest possible position to carry out the long-threatened unilateral action to sign a separate peace treaty with East Germany, in the event negotiations fail or do not take place.

The Soviet statement linked the decision to test "new types of nuclear weapons" to other recent measures designed to "strengthen the security of the USSR." It attempted to justify this move by citing "threats and military preparations" by the US and other NATO powers and asserted that the USSR had no choice but to develop the "most effective types of weapons that can cool hotheads in the capitals of some NATO powers."

The statement condemned recent Western "demonstrations of strength," particularly US and British measures to strengthen the West Berlin garrison. It also charged that the US plans to resume testing in the near future to develop a "neutron bomb" and recalled earlier Soviet warnings that the USSR would be forced to resume tests if France did not halt its testing.

Moscow's statement seeks to counter Western defense measures and to generate heavy public pressure on Western governments to concede to Soviet demands by stressing that even a localized armed conflict "would inevitably grow into a universal rocket and nuclear war should the nuclear powers be drawn into it."

In the hope of containing the damaging impact of this decision on world opinion, the Soviet statement closed with the standard pledge that Soviet forces "will never be the first to resort to arms" and an appeal for increased efforts throughout the world to achieve general and complete disarmament which will put an end to nuclear tests.

Support From Peiping

Communist China quickly supported the Soviet decision to resume nuclear testing, again demonstrating its readiness to endorse Soviet policy when it takes a militant stand against the West. The Chinese statement, issued on 31 August, describes the Soviet decision as a "cooling dose for the hot-headed war plotters and a powerful inspiration to all the

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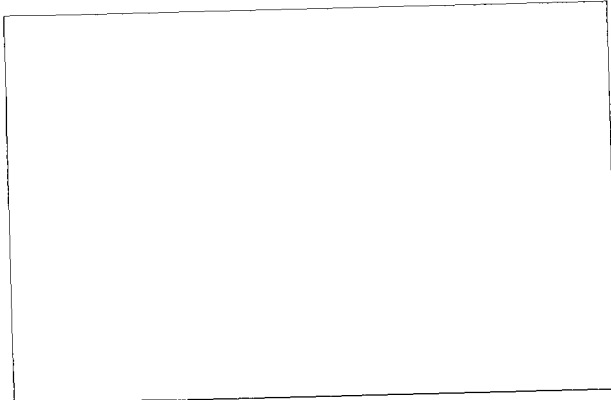
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people striving for world peace." It blames the US for fanning war hysteria and warns the West that the entire imperialist system will be swept from the earth in the event of a nuclear war.

Free-World Reaction

The Soviet decision will shock most of the leaders attending the nonaligned summit in Belgrade and will add a sobering note to their already scheduled debate on the subject of nuclear testing. India's Nehru, reflecting the view of most of his fellow conferees, stated, on his arrival in Belgrade, "I am against all nuclear tests--any time, any place, all the time."

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The Geneva deadlock on the testing question must have convinced others too that a test resumption by one side or the other was just a matter of time. They are likely to be critical--at least in private--of the Soviet Union's decision and will probably go on record with a vigorous plea for renewed efforts to restore the test ban. At the same time, assuming that Western testing will also be resumed, the nonaligned leaders are also likely to resort, in their deliberations, to their more familiar "plague on both your houses" pose.

Elsewhere, Afro-Asian reaction is spotty and primarily press in origin at this point. Japanese officials have declined immediate comment but the leftist Committee Against Atomic and Hydrogen Bombs has termed the Soviet action "regrettable."

East German Actions

East German pronouncements on Berlin and the Western powers have taken on an increasingly arrogant tone. In line with the Soviet note of 23 August, the brunt of East German propaganda has been directed against West German ties with West Berlin, in an evident attempt to increase the sense of isolation among West Berliners and undermine morale with a view to softening them up to support "free city" status or flee to West Germany.

Echoing the allegations contained in the Soviet note that the Western powers are conniving in the use of the Berlin air corridors by West German "revanchists" and "militarists," Deputy Foreign Minister Winzer on 29 August spelled out, in the strongest terms bloc spokesmen have used to date, the Soviet position that "the profitable business of American, British, and French airlines in the air corridors is illegal." He asserted that "there is no single agreement in which the Western powers were granted the right to use the air corridors for civilian flights."

Winzer termed "complete falsification" Western claims that the exchange of letters between President Truman and Stalin on 14 and 18 June 1945 provided for free access to

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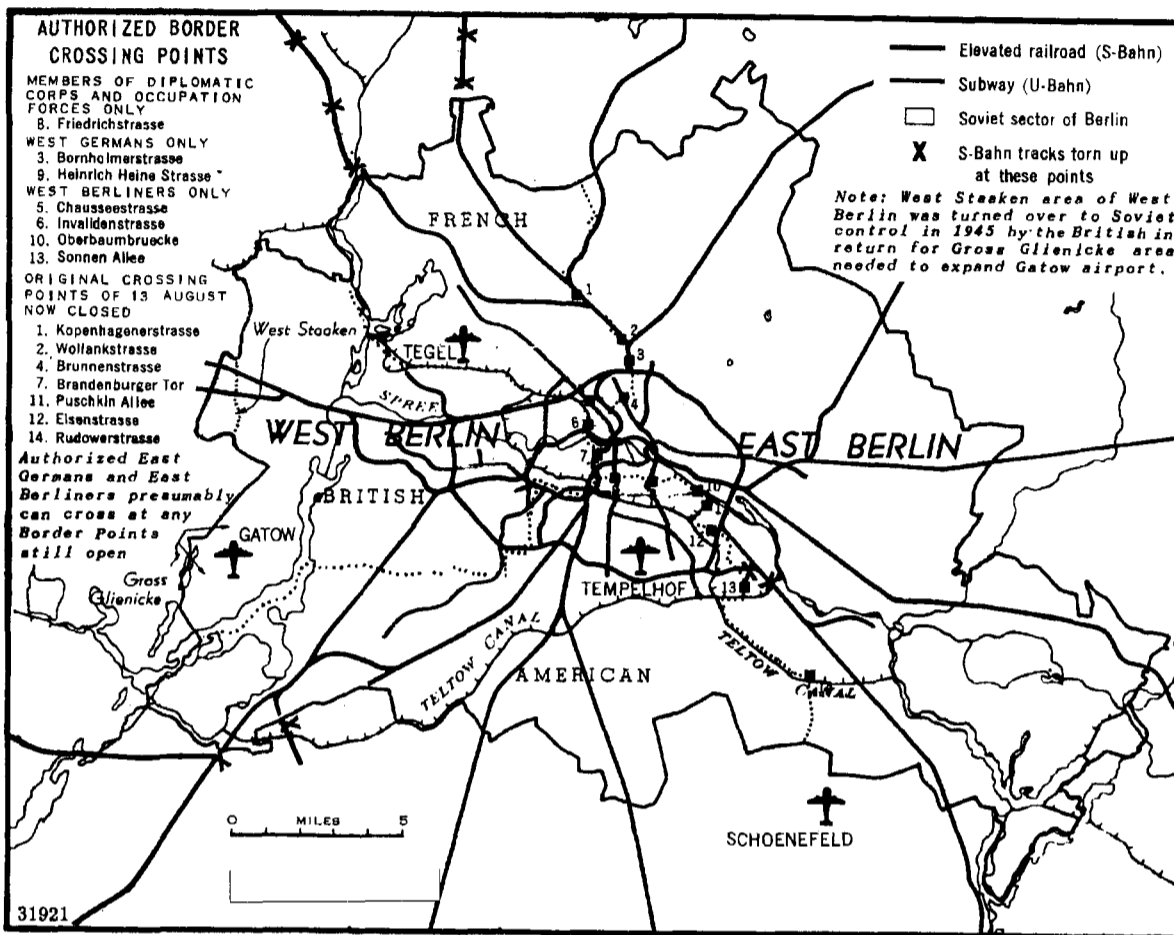
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Berlin. The Truman letter, in fact, stipulates "free access by air, road, and rail from Frankfurt and Bremen to Berlin for United States forces." The right of civilian airlines to fly the corridors derives from this and other agreements. Winzer, however, declared that Stalin made no "concession regarding the communication links at all."

Walter Ulbricht, in a speech of 25 August, said that East Germany recognizes the continuing validity--until the signing of a peace treaty--of the Soviet - East German exchange of letters of 20 September 1955 (the Bolz-Zorin letters) under which the USSR re-

tained jurisdiction over Allied access to and within Berlin despite Soviet recognition of East German sovereignty. The Winzer statement included the observation that flights to West Berlin such as that of West German President Luebke on 29 August via a US military plane were a "renewed justification" for the Soviet protest note charging the Western powers with violation of quadripartite agreements. Winzer stated that "such flights" would end with the signature of a Soviet - East German peace treaty.

East German propaganda is seeking to picture West Berlin as a continuing "threat to

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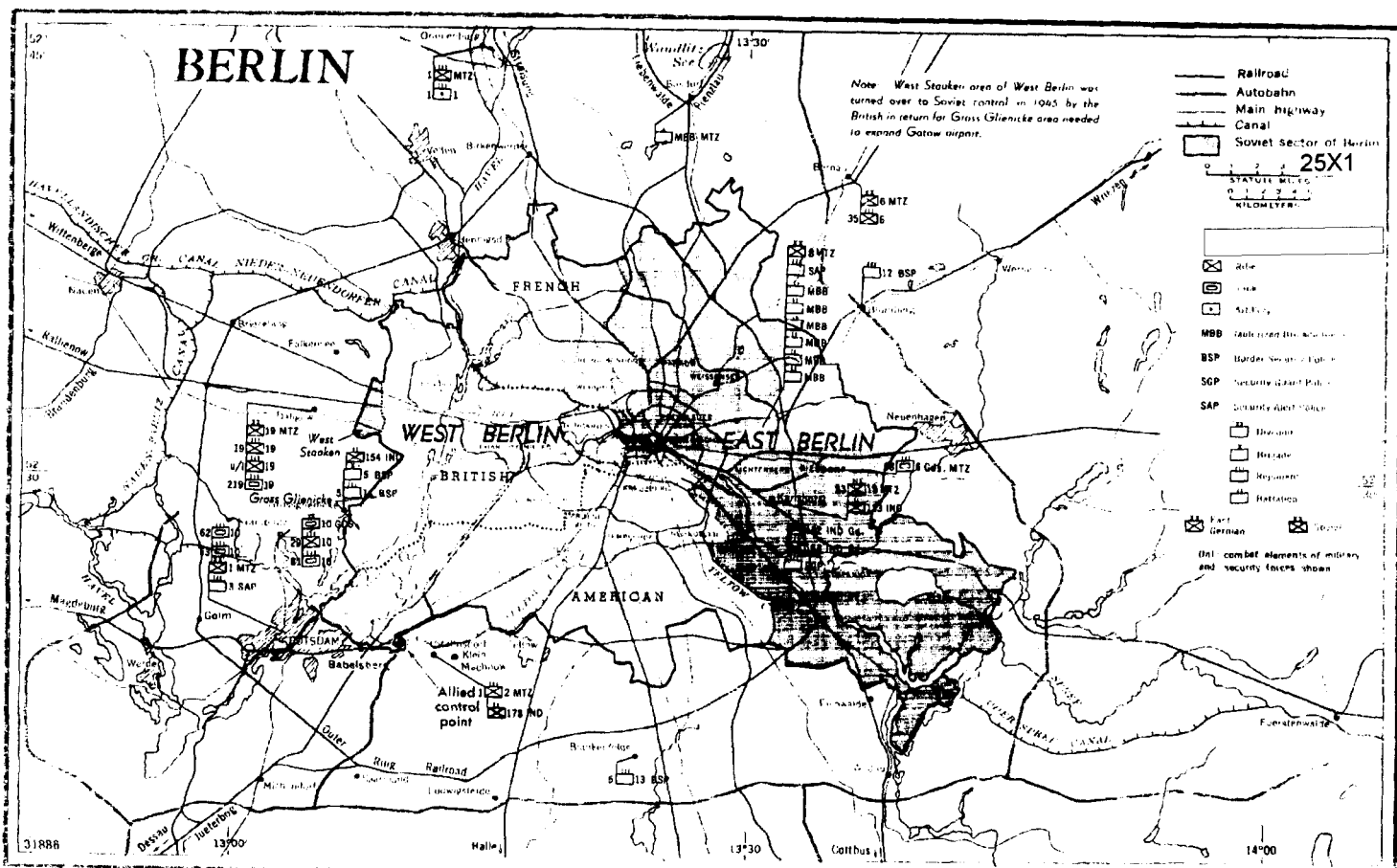
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peace." On 28 August, the East German news agency warned that the plan to hold a Homeland Day (Tag der Heimat) in West Berlin from 1 to 3 September was a "provocation directed against the entire socialist camp."

without incident despite Communist warnings that use of the air corridors for such purposes would not be permitted. This year, 100 to 150 West Germans are said to be planning to attend the rally.



Last year's Homeland Day--celebrations by expellee groups from former German territories in Poland and Czechoslovakia--furnished the excuse for East German interference with West German ground access to Berlin and for other measures to undercut the ties between West Berlin and Bonn. More than 1,000 persons planning to attend the rally at that time were turned back by East German police at the East - West German frontier, but some 700 persons were flown in by Western civilian airlines

The East Germans may be preparing to use the occasion this year to demonstrate their ability to effectively stop Western civilian air access to the city without resort to military measures. For example, if the Soviet controller in the quadripartite Berlin Air Safety Center (BASC) were to refuse air safety guarantees for flights scheduled to carry participants in the rally, pilots of the Western airlines would probably refuse to fly. Such a step--which would disrupt air service

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to the city--would probably be accompanied by steps on the part of the East Germans to interfere with ground access by West Germans to the city. Further moves to maintain pressure on the city--such as publication of the text of a peace treaty--may also be made in the near future.

Situation in Berlin

The East Germans meanwhile have somewhat reduced their military and security forces in East Berlin but are still maintaining a substantial show of force. Tanks have been withdrawn two or three blocks from the sector border, where they are parked in groups of 4 to 10. East German police have several times used tear gas or riot hoses to disperse crowds of West Berliners gathered in the city sector border area. There have been several minor brushes between Allied military personnel patrolling in East Berlin and East German security forces. Aside from this, Western personnel are continuing to enter the Soviet sector, generally without difficulty, through the only checkpoint open to them--at Friedrichstrasse.

Soviet reconnaissance vehicles now are appearing in greater numbers in West Berlin than in the past, evidently in an effort to underline the USSR's claim to a role in the occupation of the Western sectors. Soviet controllers at BASC, however, have protested the assignment of US Army vehicles to escort them to and from the sector border. This Western action was taken after West Berliners had demonstrated against the Soviets.

US Mission officials in Berlin believe that the Soviet note of 23 August has caused further apprehension among West Berlin-

ers, who regard unrestricted air access as an essential element of their freedom. Mayor Brandt and other leaders of the Social Democratic party (SPD) believe that despite the temporary improvement of morale resulting from the visit of Vice President Johnson and reinforcement of the Berlin garrison, a feeling of frustration and hopelessness is already beginning to spread through the West Berlin population.

The West Berlin leaders told a US official there is a growing public expectation that, despite Allied assurances, a compromise will be reached between the Allies and the USSR concerning the future status of West Berlin which will inevitably act to undermine the long-range viability of the city. These leaders claimed that further blows at the Western position--such as Communist interference with civilian air access, which they fear the Allies will be unable to prevent--will cause many Berliners to leave the city permanently for West Germany.

On 24 August West Berlin police closed and sealed the thirteen West Berlin offices of the East German Socialist Unity party (SED) in retaliation for the closing of the eight SPD offices in East Berlin. West Berlin officials refused to permit the opening of two East German "tourist offices" at the Zoo and West Kreuz stations of the elevated railway (S-Bahn), and instructed West Berlin police to obstruct attempts to use the stations to issue permits for West Berliners to visit East Berlin. The East German regime had announced on 22 August that passes for entering East Berlin would be issued at such offices.

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Elevated trains have been subject to some vandalism, and East Berlin authorities have threatened to discontinue service entirely.

Situation in East Germany

The Ulbricht regime is steadily hardening its attitude toward antiregime elements in East Germany. On 26 August Neues Deutschland published a decree under which, "in special cases, on the basis of a judicial sentence or at the request of local government organs, restrictions on residence can be pronounced." This provides a legal basis for removing suspected antiregime elements from restricted areas along the East - West German frontier or from the outskirts of Berlin. It also will enable the regime to resettle East Germans and East Berliners who formerly worked in West Berlin in districts where their labor is needed. Persons removed from frontier areas may be subjected to "educational labor." Another decree authorizes district and town officials to declare local "states of emergency" in order to impress laborers for the 1961 harvest. Further measures to tighten up work norms in industrial plants may be in store.

The regime has tightened security along the East - West German frontier over the past three weeks.

Military Developments

No significant change occurred in either the Soviet or East German military situation in the Berlin area during the past week. There was some evidence of the presence of Soviet and perhaps East German elements in the Letzlinger Heide training area on 24 August. There are also indications of increased tactical reconnaissance at various points near the East - West German border.

The announcement that the active duty tours of Soviet military personnel are being extended appears merely to formalize a decision taken some time ago. The long-term effect of

this will depend on the future rate of induction, but a net increase in Soviet military manpower is to be expected.

Bloc Gestures Toward West

Khrushchev, before Moscow's statement on nuclear testing, continued last week to reassure the West of his interest in arranging negotiations on Germany and Berlin. In an interview on 24 August with columnist Drew Pearson he presented a written statement, which Moscow published on 28 August. The most significant aspect of this pronouncement was Khrushchev's reference to his readiness to meet "at any moment with leaders of the Western powers" and to come to a "round table for peaceful negotiations" if the Western powers--"notably President Kennedy"--want a "peaceful settlement." Khrushchev's designation of Western leaders as the participants and his special reference to the President suggest that he has a summit-level meeting in mind, or possibly bilateral discussions with Washington.

Rumanian Premier and party First Secretary Gheorghiu-Dej last week told an American Embassy official that he plans to visit New York this fall. This was apparently a hint that he might attend the opening of the UN General Assembly on 19 September. Since he probably would not attend unless other bloc leaders came, as was the case last fall, the Rumanian leader's remark may have been intended as a trial balloon to determine US reaction to a possible visit by Khrushchev. Moscow would probably assume that Khrushchev's presence at the UN would lead to a meeting with President Kennedy and provide an opportunity to arrange subsequent four-power negotiations. Gheorghiu-Dej stressed in his private remarks that Moscow was "entirely flexible" in its approach to negotiations and that a solution could be reached which would protect the prestige of both sides.

A third move by Moscow was Khrushchev's letter of 24 August to Italian Premier Fanfani.

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According to press accounts, Khrushchev confirmed his previous statements during Fanfani's visit to Moscow that the USSR was prepared to negotiate with the Western powers on Berlin and Germany.

While the bloc may hope to sustain the momentum of recent East German actions and continue to tighten controls in Berlin, the Soviets have made a point of stating that Western interests have not been touched. Colonel Solovyev, the Soviet commandant in Berlin, adopted a friendly tone in his discussion with General Watson on 26 August, stating that he had taken an interest in the matter of free passage of US personnel into East Berlin and had been "informed" that there were no obstacles.

Ulbricht's reaffirmation of the validity of the Bolz-Zorin letters and Winzer's subsequent remarks indicate that Allied air access will not be affected prior to the signature of a peace treaty. In addition, the Soviet Embassy in Bonn has issued a statement that the USSR is "in favor of normal communications" between West Berlin and the Federal Republic. This was apparently intended to soften the earlier remark by Ambassador Smirnov to an American audience in Bonn that the "best solution" for the Berlin air corridor problem would be to transfer all civilian flights from Tempelhof and Tegel airfields in West Berlin to Schoenefeld on the outskirts of East Berlin.

West German Position

Last September, Bonn, citing the interference with the refugee meeting and an East German decree of that month imposing controls on West Ger-

man access to East Berlin, served notice that it would not extend the interzonal trade agreement expiring in December. The agreement was renewed only after East Germany gave assurances of free movement for all persons and goods to and within Berlin.

Bonn now would consider any interference with West German access to Berlin a violation of these guarantees. Chancellor Adenauer warned in a speech on 14 August that Bonn was considering cancellation of its interzonal trade agreement with East Germany and that there would be a complete trade embargo of the Communist bloc if the Berlin issue could not be settled. The East Germans answered Adenauer by threatening on 15 August to cut off West German freight traffic to West Berlin if Bonn interrupted interzonal trading, and Adenauer warned again the following day of economic sanctions "in the case of a (future) move against Berlin."

Although West German officials regard the intensified controls imposed by the East Germans in Berlin as a violation of the assurances of freedom of movement given last December, Bonn remains undecided on what to do about it. For the time being it does not plan to authorize its interzonal trade representative to take up the matter with his East German counterpart.

Fritz Berg, president of the West German Federation of Industries (BDI), stated on 22 August his organization believes cancellation of the interzonal trade pact now would be dangerous to Berlin's security. He said, however, that West German firms were giving over-all support to the BDI-recommended boycott of the East German Leipzig Fair.

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