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CURRENT INTELLIGENCE WEEKLY SUMMARY



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OFFICE OF CURRENT INTELLIGENCE

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THE WEEK IN BRIEF

LAOS Page 1

In the Namone talks, the Souvanna group and the Pathet Lao refuse to agree to effective procedures for ICC supervision of the cease-fire and continue to emphasize the importance of a political solution. A similar stand has been taken by their representatives and bloc delegates at Geneva. Attacks are continuing against government Meo guerrilla bases in Xieng Khouang Province. Elsewhere, Pathet Lao forces are engaging in limited skirmishing to consolidate their positions.

DOMINICAN REPUBLIC Page 5

President Balaguer and other Trujillo associates retained power immediately following the dictator's assassination by a retired army general who had been in close contact with a pro-US, middle-of-the-road dissident civilian group. An internal power struggle is likely; the longer it is protracted, the greater the opportunities offered to pro-Castro elements, both inside the country and in exile.

EAST-WEST DEVELOPMENTS Page 6

Khrushchev, in his conversation with Ambassador Thompson preliminary to the Vienna meeting with President Kennedy, strongly emphasized his determination to conclude a separate peace treaty with East Germany if no agreement can be reached on Berlin by this fall or winter. Soviet bloc statements and propaganda commentaries have treated the Vienna meeting as a point of departure for further negotiations and as a step toward an accommodation of Soviet and American positions on key East-West issues. Peiping's first editorial comment on the talks avoids the polemical language which marked its comments on the Khrushchev-Eisenhower meetings but suggests continued reservations about the talks.

SOUTH KOREA Page 8

The South Korean military leaders seem to envisage an extended period of military rule. The ruling Supreme Council for National Reconstruction is drafting a basic law--in effect revising the constitution--in order to provide a legal basis for ruling by fiat. All social and political organizations are being brought under control of the regime, and direct military control of the government is being extended down through the county level. There are continuing factional differences within the council. The regime appears to have little popular support and may turn increasingly to repressive measures to stay in power.

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IRAN Page 9

Prime Minister Amini has so far been unable to gather any base of popular support, and pressure on him has increased with strikes and threats of strikes. A government spokesman said that the Shah, following his return from Norway on 31 May, had expressed "full support and appreciation" to the prime minister.

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[Redacted]

The anti-regime National Front is refusing to cooperate with Amini, and Tudeh (Communist) party activity is increasing.

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[Redacted]

CONGO Page 10

With the conference at Coquilhatville ended, Kasavubu apparently plans to convene parliament soon in Leopoldville to discuss proposals made at that meeting, and Gizenga continues to demand that it meet at Kamina. The UN seems willing to provide protection for legislators whether parliament meets there or at Leopoldville. Hammar-skjold appears to prefer Kamina as the more practical site and has stated that the session would be senseless unless the Gizenga faction is represented. Economic deterioration is widespread, and both Gizenga and Kasavubu are facing increasingly serious financial problems.

[Redacted]

[Redacted]

CUBA Page 13

President Dorticos has accepted an invitation to visit Prague beginning on 9 June.

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[Redacted]

Foreign Minister Roa will head the Cuban delegation to the preliminary Cairo

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conference of neutralist nations opening on 5 June and will probably maintain that the Castro regime is independent of the Sino-Soviet bloc; the Cuban good-will mission visiting Latin American capitals has been reiterating this theme. [redacted]

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FOOD SHORTAGE IN NORTH VIETNAM Page 14

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Food shortages are widespread in North Vietnam [redacted]

[redacted] there is considerable evidence of food shortages and unrest in various localities. This situation is the result not only of a poor 1960 harvest but also of the growing industrial and export demands on agriculture and the need to satisfy the food requirements of a rapidly growing population. Hanoi acknowledged serious food problems during the first part of this year, but now that the early harvest is under way, it is expressing optimism that the food shortage will be alleviated. [redacted]

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CHANGE IN SOVIET ECONOMIC ADMINISTRATION Page 16

The councils for "planning and coordination" within the 17 economic areas into which the USSR was recently divided will deal with long-range economic development. They are intended to ensure a type of coordinated regional development not provided now either by the republic bodies or by the more than 100 "councils of national economy" (sovnarkhozes) which were established in 1957. The new councils, however, will not be empowered to intervene in the day-to-day operation of the economy, nor will they replace any of the principal administrative agencies already in existence. This reorganization--first specifically discussed in 1960--is in accord with Khrushchev's statement in 1958 that larger economic regions for planning would be established as a modification of the 1957 reorganization. [redacted]

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ADMINISTRATIVE REORGANIZATION IN BULGARIA Page 17

The Bulgarian regime is continuing to reorganize its party and government machinery, ostensibly to rectify administrative shortcomings, particularly in the management of the economy. The leadership of the Central Council of Trade Unions has been changed and leaders in five of Bulgaria's 30 districts are known to have been removed. Those in several other areas have been severely criticized in the frankest public discussion of internal difficulties in recent years. The regime's action was probably forced by the discovery within the party earlier this year of a dissident group which was demanding changes in Bulgaria's economic policies. [redacted]

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MALI Page 18

Mali's greater involvement with Sino-Soviet bloc countries has been marked by the arrival of increasing numbers of bloc technicians on long-term assignments. This bloc build-up presently is occurring mainly in the fields of civil aviation and information, both of which are headed by members of the regime's extreme left wing. Mali also appears to be accumulating large stocks of Czech arms and military equipment. [redacted]

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COMMUNISTS MAKE GAINS IN CYPRIOT LABOR MOVEMENT Page 20

Communists have recently made significant gains in the Cypriot labor movement, because anti-Communist elements and the government have proved unable to cooperate and government leaders have been unwilling to resist pressure from the left. The recently elected head of the Cyprus Confederation of Workers (SEK), the largest non-Communist labor federation, has come under the influence of the more astute leader of the Pan-Cyprian Federation of Labor (PEO), the Communist-dominated federation; as a result the SEK is likely to become more closely aligned with the PEO or to break up into warring factions. Meanwhile, the government has chosen a Communist as a member of the Cypriot delegation to the conference this month of the International Labor Organization. [redacted]

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EUROPEAN INTEGRATION DEVELOPMENTS Page 21

De Gaulle has apparently won renewed support from Adenauer for a loose political confederation of the Common Market (EEC) countries, and France now hopes to hold the constituent meeting in early July. The two leaders also agreed at their recent meeting to press ahead with the scheduled implementation of the EEC treaty, including the early development of a specific program for agriculture. There are some indications that De Gaulle now is prepared to consider the possibility of British accession to the EEC. The expectation that Britain will join is arousing concern among the other members of the Outer Seven (EFTA), whose council is due to meet on 6 June. [redacted]

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SPECIAL ARTICLES

WATER DEVELOPMENT IN THE NEAR EAST Page 1

During the next few years a number of projects to develop the Near East's water resources will be completed. The political and economic consequences of this development, which involves the daily life of over three fourths of the area's population, can be expected to have a marked influence on assessments by local leaders of

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future needs for foreign economic assistance. Among the points that stand out in a survey of the area are that Egypt's High Dam scheme is progressing without major difficulties; that Israel has nearly reached the limit of its water resources without embroiling itself further with the Arabs or using expensive new processes; that Iraq's once-promising developments are lagging badly; and that Iran's ambitious plans are, under present social conditions, primarily of benefit to the landlords.

[Redacted]

BRITISH GUIANA MOVES TOWARD INDEPENDENCE Page 10

The Communist-led People's Progressive party has a clear advantage over its divided rivals as British Guiana prepares to exercise internal self-government after elections this August. Complete independence is scheduled to follow in 1963 or 1964. The party chief, Cheddi Jagan, in his four years as effective head of the colonial government has pursued a moderate course and avoided actions that might jeopardize the colony's constitutional advance. During this time he and others in top party ranks have increased contacts with Communists abroad, and in the past year they have become less evasive in advocating a socialist program.

[Redacted]

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WEEKLY REVIEW

LAOS

In the Laotian political talks at Namone, only the Souvanna delegates appear anxious to move forward on the formation of a coalition government. The primary objective of the government delegation, under General Phoumi's directives, is to obtain definitive cease-fire terms while raising unacceptable proposals in the political talks. At the 31 May military talks, Neo Lao Hak Sat (NLHS) representatives seized the initiative with proposals that would restrict support activities of the Boun Oum forces. NLHS spokesmen appear to be stalling on both the cease-fire and political issues to enable Pathet Lao forces to eliminate pockets of government resistance and to consolidate their position throughout the country.

Bloc Stalling Tactics

A further manifestation of Communist stalling tactics is the interpretation by Peiping and Hanoi of the agreement reached at Namone to set up a military subcommittee to deal with cease-fire problems. Although picturing this agreement as the result of Communist reasonableness, both indicate that the new group will have little to do at this juncture.

They assert that the subcommittee will merely "study and discuss" cease-fire rules, "form" tripartite inspection teams, and "set up" terms of reference for the

International Control Commission (ICC). The subcommittee, however, will not even report its findings under these headings to the Namone conference until agreement has been reached on the formation of a provisional government. A "major, pressing" cease-fire matter can be reported before that time only if all three parties agree.

The deputy leader of the North Vietnamese delegation at Geneva reportedly told a journalist that hostilities in Laos would end "only when the conference ends."

The Soviets last week rejected a British proposal at Geneva that the cochairmen--the USSR and the UK--specifically authorize the ICC to conduct on-the-spot investigations of cease-fire violations. In a long and fruitless exchange with the British delegate on 29 May, the acting head of the Soviet delegation, Deputy Foreign Minister Pushkin, refused to consider placing the question of ICC requirements on the conference agenda and contended that this matter should be discussed by the cochairmen outside the plenary sessions without committing themselves on the substantive problems of the control mechanism.

First Deputy Foreign Minister Kuznetsov told British Ambassador Roberts on 27 May that the cochairmen had done good work and should continue to cooperate to secure the quickest

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possible settlement in Laos and make sure that the conference is not distracted from essentials.

The bloc's intransigence reflects concern that debate in the plenary sessions of the conference on these issues would keep the conference from considering the bloc's principles for a Laotian settlement presented by Gromyko on 17 May and strengthen the Western case for establishing an effective control mechanism. The bloc probably feels that instructions authorizing effective ICC investigation of cease-fire violations would inhibit Pathet Lao military pressure against government forces and weaken the bloc's bargaining position in future substantive negotiations on Laotian neutrality and related political problems. The bloc delegates appear to be pursuing the standard Communist tactic of demanding agreement in principle on the general terms of a settlement before taking up detailed consideration of control provisions.

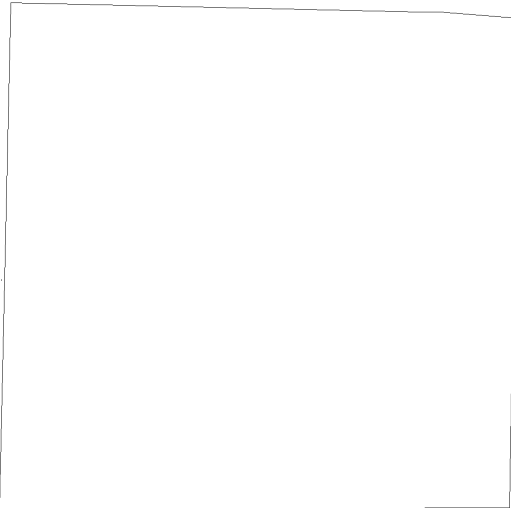
Another factor influencing the stalling tactics of the Communist delegates at Geneva is their hope that the tripartite negotiations at Namone, in which the Vientiane Government has made a series of concessions, will produce a political agreement favorable to the Communists which would confront the Geneva conference with a fait accompli.

Laotians in Europe

The purpose of Prime Minister Boun Oum's trip to France on 28 May was to explain the government's position to Prince Sihanouk and to seek his support. Boun Oum apparently is operating within narrow confines set by General Phoumi and is not likely to play any substantive role while abroad unless conditions change.



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Quinim Pholsena, leader of the Souvanna delegation, is also reported trying to get in touch with government delegates. The government delegation and the political party leaders are described as unanimous in their support of encouraging further

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contacts with the Souvanna group but are reluctant to proceed without the sanction of General Phoumi in Vientiane.

Military Situation

Despite the obstacles it faces, there are indications that the ICC is now willing to interpret its directives more liberally and to undertake an inspection of cease-fire violations against government Meo guerrilla bases in the Pa Dong area, southwest of the Plaine des Jarres. ICC action, however, continues to be hampered by lack of logistic support and of cooperation from the Souvanna faction and the NLHS.

Although minor skirmishing continues in several areas, the major focus of enemy military action remains the Pa Dong area, where artillery bombardment of the Meo guerrilla base was resumed on 29 May after a two-day lull.

25X1 [redacted]
25X1 [redacted] Pathet Lao forces control about two thirds of eastern Laos south of Xieng Khouang Province and that large numbers of Communist troops are preparing to infiltrate southern Laos, where [redacted] much of the population is sympathetic to the Pathet Lao. [redacted] estimates of enemy troops in the area, which are probably exaggerated, are indicative of growing fear and defeatism.

West of Savannakhet near the South Vietnamese border on

Route 9, the small South Vietnamese special forces group in Laos is continuing to support Laotian army remnants near the border. Elements of a South Vietnamese regular battalion which had crossed a few miles into Laos reportedly withdrew to the border on 23-24 May.

Bloc Airlift

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[redacted]
Soviet airlift planes flying between Hanoi and Xieng Khouang brought in North Vietnamese and Pathet Lao troops, that about 2,000 North Vietnamese troops had come in by truck via Route 7, and that convoys of 40 to 50 trucks accompanied by armored cars were observed frequently.

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[redacted] all types of food supplies for the North Vietnamese troops were airlifted into Laos from Hanoi. By the end of April, Pathet Lao troops, except for regional troops and guerrillas, were receiving the same provisions as the North Vietnamese. The Kong Le forces at Khang Khay were also receiving rice from North Vietnam.

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During March, April, and May, cigarettes, beer, soap, textiles, shoes, and other consumer goods were flown into Xieng Khouang from Hanoi and turned over to merchants in Xieng Khouang and nearby Phong Savan to be sold. The receipts were given to Kong Le to pay his troops. The North Vietnamese said that consumer goods would soon be arriving on a continuing basis. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****DOMINICAN REPUBLIC**

President Balaguer and other Trujillo associates retained control in the Dominican Republic immediately following the dictator's assassination on 30 May by a retired army general, Juan Tomas Diaz, who had been in close contact with a pro-US, middle-of-the-road dissident civilian group. An internal power struggle is likely. The capital was under tight security measures on 31 May, many dissidents were hiding out in the homes of friends, and a wave of panic food buying was developing; few reports were available on provincial areas.

General Diaz is reported to be in hiding in the interior as the police and units of the Dominican armed forces round up individuals believed to have been associated with him. He may be heading for the traditionally dissident Cibao region in the east-central part of the country.

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Meanwhile, the late dictator's two sons have arrived in the Dominican Republic after a hastily arranged charter flight from Europe. The elder son, Rafael "Ramfis" Trujillo, Jr., is a general and a minister without portfolio and is believed, with his military associates, to have a core of fanatical support in the air force mobile infantry unit stationed near Ciudad Trujillo. This military unit, roughly equivalent to a US World War II regimental combat team, is likely to play an important part in any struggle for power. The two army brigades stationed in the capital city are commanded by relatives of the late dictator.

The clique around "Ramfis" includes the de facto head of the hated Military Intelligence Service, John Abbes, who has been involved since 1957 in Trujillo's subversive operations in other

Latin American countries. It also includes officials of Radio Caribe, whose pro-Castro and bitterly anti-US and anti-clerical diatribes over the past ten months have probably contributed to at least some degree of anti-US feeling among the Dominican people.

The longer an internal power struggle is protracted, the greater will be the opportunities offered to pro-Castro elements, both inside the country and in exile. During the past ten months pro-Castro groups within the country have been strengthened by the dictator's own political machinations. Last week [redacted] told the American Consulate that the officers involved in the plot hoped the US would have military strength available in the area in case a post-Trujillo government asks for assistance in controlling the internal situation.

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Reaction in the rest of Latin America to Trujillo's death was generally one of grim satisfaction. Chilean Foreign Minister Ortuzar told newsmen that the assassination was "a natural end that awaits all dictators...who make a mockery of the rights and freedoms of man." In Haiti, on the same island with the Dominican Republic, the reaction was one of alarm as the government sent troops to the border and mobilized the President's special militia. In Cuba, comment in the Castro-controlled press stressed the hope that the dictator's death will mean the "true liberation" of the Dominican people, who now have "a magnificent opportunity to recover their freedom."

In Venezuela, where President Romulo Betancourt was the target of an almost-successful assassination attempt mounted by Trujillo last year, the Chamber of Deputies unanimously passed a resolution of solidarity with the people of the Dominican Republic. [redacted]

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EAST-WEST DEVELOPMENTS

Official Soviet bloc statements and propaganda commentary have stressed that the discussions in Vienna between Khrushchev and President Kennedy on 3 and 4 June will serve mainly as a point of departure for further talks, provided the US is willing to adjust its policy. Pravda established this line by stating on 28 May that it is "inconceivable" that all the disputes that have arisen since the end of the war can be cleared up in two days. Soviet spokesmen have echoed this view in public statements, and Soviet officials are apparently under instructions to portray the meeting as an opportunity to lay the groundwork for an accommodation of Soviet and American positions on key East-West questions.

The Soviet ambassador to Prague, in an address to a conference on European security and Germany, stated, "We believe that this meeting (in Vienna) will be a major contribution to a relaxation of international tension and an improvement in relations between the Soviet Union and the United States." A Soviet Embassy official in Belgrade took a similar line in a private conversation with an American Embassy officer, stating, "While we realize that no agreements can be reached in Vienna, spade work for future accords is both desirable and possible."

At an American-Soviet conference in the USSR attended by nonofficial representatives, Soviet writer Aleksandr Korneychuk stated that the Vienna talks "should lay the beginning for a change in the climate of US-Soviet relations." Czech President Novotny, in a statement at a reception for President Sukarno, said the talks would have an "important effect

on the subsequent development of the international situation," and it was to be hoped that the meeting would open the way to further negotiations.

Pravda has listed general and complete disarmament as the paramount issue in the talks. The only other issues mentioned by Pravda were a German peace treaty and a Berlin settlement. A TASS correspondent claimed that the talks will be an exchange of positions, with a possibility of agreement on "positive steps" to improve the situation.

The first secretary of the Czech Embassy in Paris told a US official that Khrushchev would bring up disarmament, Germany, and a future summit. He said the Soviet leader will make it clear that the test-ban talks in Geneva will not succeed unless agreement can be reached on general disarmament. Khrushchev, according to the Czech diplomat, is also planning to request agreement on a date for reopening negotiations on Germany, will state his "obligation" to sign a separate peace treaty with East Germany, and will press for an agreed date for a summit conference. The official speculated that Khrushchev will also raise the Rapacki plan for a nuclear-free zone in Central Europe, since the Soviets have been discussing this plan in talks with bloc countries.

Moscow has printed parts of the President's special message to Congress and excerpts from his address in Boston. The TASS summary of this address stressed that the President favored personal meetings to help lessen international tension and that such meetings could play a useful role in the search for peace.

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A note of caution in bloc commentaries is reflected in Pravda's warning that "many commentators" feel that US foreign-policy makers "will not be able to get out of the impasse resulting from their own reckless course until they discard the position-of-strength policy and other outmoded concepts and ideas."

Peiping's first comment --a People's Daily editorial on 1 June--portrays the President's decision to hold talks with Khrushchev, after having first proposed that such talks be delayed, as evidence of US weakness after "repeated setbacks" in domestic and foreign affairs. In contrast to the Soviet attitude toward the talks--which is described as "new proof" of the USSR's desire for peace and improved relations with Washington--the US is depicted as insincere. While the editorial avoids the polemical language which marked Peiping's comment on the Khrushchev-Eisenhower meetings, it suggests continued reservations about such meetings.

In his conversation with Ambassador Thompson on 23 May, Khrushchev emphasized his determination to sign a separate German peace treaty by this fall or winter at the latest if no agreement is reached on Berlin. He denied any intention of blockading the city but made it clear that East Germany would be given complete control over Allied military access. He asserted that access would then be prevented unless the Western powers came to some agreement with East Germany. While recognizing that this would produce a sharp increase in tensions, Khrushchev again expressed his conviction that this would not lead to a general war, since none of the Western powers really wanted German unification.

Khrushchev also emphasized the importance of recognition of the Polish and Czech frontiers. Finally, he insisted that Berlin was the crucial issue and that there could be no agreement on disarmament until that question was solved.

The Soviet leader also mentioned the standard Soviet offer to conclude a nonaggression pact between NATO and the Warsaw Pact. On a nuclear test ban, Khrushchev was adamant in insisting on acceptance of the Soviet proposal for a three-member council to administer the treaty's control system.

Khrushchev's purpose in arranging this informal discussion with the ambassador was to convey to Washington a forceful restatement of his views on Berlin and Germany, using strong language which he would not wish to employ in his initial meeting with the President. By speaking in such forthright terms, Khrushchev sought to exert pressure on the US to be amenable to early negotiations on this question and to make this an attractive alternative to a separate treaty granting the Ulbricht regime full control over Allied access to Berlin.

One of Khrushchev's aims in detailing the consequences of a separate treaty was to counter Western statements that a treaty would not affect Western rights. Khrushchev also sought to forestall any effort to subordinate the Berlin question to other issues or to a general improvement in the international situation. While Khrushchev did not alter the substance of the Soviet position on Berlin, he did hold open the way for a negotiated solution along the lines of previous Soviet proposals for a temporary or interim agreement on West Berlin's status.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH KOREA**

South Korea's revolutionary leaders are providing increasing evidence that they envision an extended period of military rule. The regime is moving to bring all social and political organizations under its control and appears to be moving toward a controlled economy. Brigadier General Kim Yun-kun, commander of the marine unit which participated in the coup and a member of the ruling Supreme Council for National Construction, has stated that the junta intends to develop a group of young civilian leaders to whom it will give control of the government "possibly after two years."

Factional differences within the junta leadership are much in evidence, and lines of command between moderate senior officers and their more rash juniors are becoming increasingly uncertain. Tension between Army Chief of Staff Lt. Gen. Chang To-yong and coup strongman Maj. Gen. Pak Chong-hui may be approaching a climax, with the ouster of one or the other from the ruling junta reported possible before the end of the month. Chang is credited with being a moderating influence on the insurgent leadership and is believed to favor a relatively early return to civilian government.

The clique of young colonels surrounding Pak favor prolonged military rule. The Supreme Council has been expanded and reorganized to provide them with greater representation. As a group, the colonels are extremely nationalistic and eager to undertake extensive reforms but they lack positive plans or administrative training. Should the regime fail to win public

support, these junior officers probably will push for increasingly repressive measures against any opposition.

Foreign Minister Kim Hong-il informed the American chargé on 27 May that the regime was drafting a "provisional" constitution to "legalize" the transfer of power to the Supreme Council. The "provisional" constitution--which may be dignified by a popular referendum--is intended to provide a legal basis for the extraconstitutional actions of the regime while preserving the appearance of continuity of government. The military leaders fear that unless such continuity is maintained--the Rhee government was recognized by the UN resolutions of 1950 and 1951--Seoul's claim to be the only legitimate Korean government will appear no more valid than that of Pyongyang.

Generals and one admiral have been appointed governors of all provinces and mayor of Seoul. The regime is seeking some 500 field officers to staff national and local government administrative posts down to and including the county level. Former Lieutenant General Kang Mun-poing--a follower of the proposed ambassador to the United States, retired General Chong Il-kwon--has been ordered to organize an extreme right-wing veterans' group to support the revolutionary government.

Twelve leading businessmen accused of accumulating "illegal fortunes" have been ordered arrested, possibly as a sop to public economic and social discontent.

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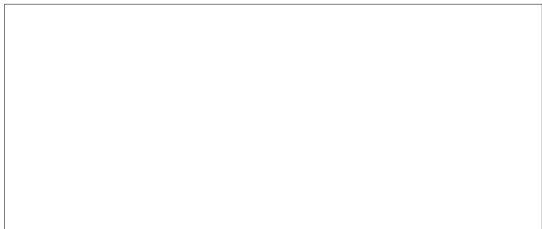
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Public reaction to the new regime continues to be largely passive, with known opponents reluctant to speak up for fear of possible repression. Students, who toppled the Rhee government in 1960, appear to be

about evenly divided for and against the coup. Many have been impressed by the speed and efficiency of the military in moving to clean up government corruption and other obvious manifestations of bureaucratic inefficiency. Some, however, are becoming increasingly concerned over limitations placed on academic freedom. Should repressions continue, student elements may be moved to take bolder action calling for a return to civilian government.



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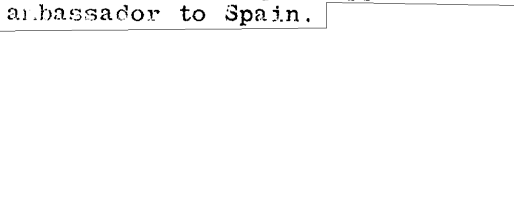
IRAN

Prime Minister Amini has so far been unable to gather any base of popular support, and pressure on him has increased as various labor groups threaten strikes.

ister, and apparently was also instrumental in having former Prime Minister Egbal appointed ambassador to Spain.

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Some postal and telegraph workers are reported to be on strike, and a bakers' organization claiming 15,000 members has given the government two weeks to meet its demands or face a walkout. A strike in the oil fields, where there is always labor unrest, is also a possibility.

In the first public statement following the Shah's return from Norway on 31 May, a government spokesman said that the ruler had expressed "full support and appreciation" to Amini during a meeting with the prime minister.

From the beginning of Amini's tenure the Shah has attempted to retain significant personal power. The Shah has consulted security officials independently of the prime min-

Minister of Agriculture Arsenjani, who is a confidant of Amini and has been the spokesman for the government, on 20 May expressed the fear that a military coup is both imminent and inevitable.

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Although Amini has adopted most of the program demanded by the National Front except immediate elections, it is not inclined to cooperate with him. Its leaders believe that Amini will not succeed in his reform program and that he will be forced to act strongly against the Front.

A radical offshoot of the National Front, the National Liberation Movement (formerly the National Resistance Movement), has decided to begin agitation independently of the National Front and to demand the return of former Premier Mossadeq to active politics.

The Tudeh (Communist) party appears to be taking advantage of the uncertain situation to step up agitation.

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CONGO

The Coquilhatville conference--which was dominated throughout by officials from Leopoldville, particularly Foreign Minister Bomboko--ended on 28 May after five weeks of deliberation. Its final resolutions reiterated earlier Leopoldville proposals for a federal grouping of tribally based states with a strong central authority. The Kasavubu regime apparently plans to call a meeting of parliament early in June to discuss these proposals.

The American ambassador in Leopoldville believes that Gizenga will try to prevent the convening of parliament by Kasavubu and, if unsuccessful,

will seek to delay any parliamentary session while attempting to line up support in the Congo and abroad. If the legislature does meet, the ambassador feels Gizenga will probably boycott it and attempt to discredit its activities.

Gizenga continues to demand that parliament meet at Kamina in Katanga, and he is supported in this by the bloc and the radical African states. The UN appears willing to provide protection for legislators whether parliament convenes there or at Leopoldville; Hammarskjold, however, apparently has endorsed Kamina, a UN-controlled base where

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2,900 Indian troops are stationed, as the more practical site. He has also asserted publicly that a meeting without the Gizenga faction would be senseless.

The Leopoldville government has moved Tshombé from Coquilhatville to Leopoldville, where he is being kept under house arrest. It appears to be using the Katanga president as a bargaining counter in its negotiations with the acting government in Elisabethville, with the object of including Katanga in a federal system and obtaining the support of Elisabethville's deputies to the national assembly.

In Elisabethville, the regime led by Interior Minister Munongo has reluctantly acquiesced in the eventual withdrawal of several key Belgian military and civilian advisers but has refused to agree on a date for their departure. A member of the Belgian Foreign Ministry indicated to an American official on 29 May that Brussels intended to put further pressure on the Katanga regime to permit the speedy repatriation of the advisers; Belgium is still concerned, however, that a wholesale Belgian withdrawal would lead to economic chaos.

Economic difficulties are increasing elsewhere in the country. [redacted]

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the central government's financial position may collapse in July or August. [redacted] deterioration has so far been checked in part by psychological factors which led to a hoarding of banknotes and thereby held off an inflationary spiral. [redacted]

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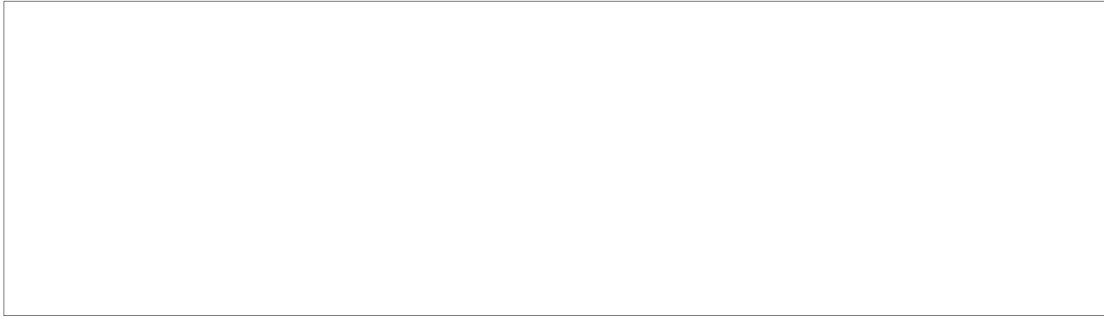
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if this tendency should be reversed by favorable political developments, the Congolese Government would be unable to cover its own expenses and the monetary system would begin to crumble.

The Stanleyville regime apparently has more immediate financial problems. According to United Nations economic officials, army units in Stanleyville are pre-empting all available banknotes, with the result that no currency is available for other purposes. Gizenga's position will be in jeopardy unless he can find funds for his troops. The Leopoldville government reportedly is relying on this economic deterioration to topple the Gizenga regime.

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CUBA

Typical of the growing number of economic and cultural delegations now shuttling between Havana and the bloc is a recently announced Cuban-Soviet exchange in the field of agriculture. Moscow radio reported on 27 May that a group of Soviet "agronomists, tractor drivers, and technicians" had left for Cuba, and that a Cuban agricultural delegation would soon arrive in the USSR to "study agricultural technology, engage in sports, and rest and amuse themselves." The ship carrying the Soviet delegation is said by the Cuban radio to be due in Havana on 5 June. A Havana radio announcement of 25 May said that

President Dorticos has accepted an invitation to attend the 9 June opening of a national fair in Prague.

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Cuban Foreign Ministry officials are still engaged in what seems to be a major diplomatic offensive aimed at convincing other countries of Havana's peaceful intentions and independence from the political system of the Sino-Soviet bloc. This is evidently the theme that has been reiterated by the Cuban good-will mission in each Latin American capital visited --apparently with limited effectiveness in some countries. That part of the delegation led by Foreign Affairs Under Secretary Carlos Olivares arrived in Ecuador on 27 May, its last stop before returning to Havana via Mexico City about 1 June. The other part of the delegation was to go on to Argentina, Bolivia, Chile, Colombia, and Uruguay after conferring with Venezuelan officials on 24 May. Foreign Minister Raul Roa, who will represent Cuba at the preliminary conference of neutralist nations opening in Cairo on 5 June, will probably take a similar line on Cuba's "independence" of the bloc.

Private groups in at least 14 Latin American countries have organized fundraising drives in order to contribute to the purchase of the 500 heavy tractors demanded by Castro in exchange for the lives of some 1,200 insurgents captured in the mid-April landings. The responsible press in nearly all Latin American countries continues to condemn Castro for the proposal, scoring him for his lack of regard for human life.

FOOD SHORTAGE IN NORTH VIETNAM

Food shortages are widespread in North Vietnam, according to a French diplomat stationed in Hanoi. During a recent trip to Bangkok, he told the US ambassador to Thailand that he had seen persons faint from malnutrition in the streets

of the North Vietnamese capital and that Ho Chi Minh had apologized to the diplomatic corps for the general shortage of food. The French official said he had heard of three recent riots brought on by hunger and resentment of the regime's forced-draft labor policy.

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While the Frenchman's remarks probably exaggerate the situation, there is considerable evidence of food shortages and unrest in various localities. In February 1961, the Indonesian consul general in Hanoi reported that his office has heard numerous complaints from North Vietnamese about difficult conditions in Hanoi; the average North Vietnamese, he said, was weary of statistics about the country's progress and wanted more food.

25X1 [redacted] the ration for both rice and meat was progressively reduced during late 1960. This has contributed to the existence of a flourishing black market and to hoarding. Frequent and bitter complaints in the Hanoi press about the lack of "socialist consciousness" on the part of peasants who hoard grain or seek to dodge tax payments in kind provide ample testimony to the passive resistance the regime is encountering from a hungry population.

Hanoi acknowledged serious food problems at the beginning of the year, admitting that these difficulties were basic and would take many years to solve. Demands on agriculture to meet the consumption requirements of a rapidly expanding population and to supply raw materials for local industry and for export have outpaced the somewhat erratic growth in agriculture. As a consequence the regime has not been able to build up ade-

quate reserve stocks of food to keep unfavorable weather from disrupting the supply.

The poor agricultural year in 1960 was due primarily to weather. Prolonged drought damaged last year's spring harvest, and floods and insects affected the fall crop, causing a drop in food production of 14 percent from the previous year's level. Per capita consumption of food is currently estimated to be the lowest since 1957 and considerably below the prewar level. As is normal in a year of poor harvests, shortages are most severe during the spring, immediately before the first harvest. Stepped-up socialization drives in the rural areas also contributed to the present food difficulties.

In a press announcement of 24 May, Hanoi expressed optimism over the prospects for the harvest now in progress, asserting that this crop will be the best in many years. The Communists claim that in the important rice-producing provinces of Ha Nam, Ninh Binh, and Nam Dinh--in the delta area --the early rice crop should be even better than in 1959, the peak year for rice production in North Vietnam. Although rainfall this year has been below normal, it has been better than in 1960. In addition, crop acreage has been expanded--more than doubled for corn and sweet potatoes. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CHANGE IN SOVIET ECONOMIC ADMINISTRATION**

A network of 17 economic areas has been created in the USSR, and all but one are to have a council for "planning and coordination," according to the Soviet press. The new councils will plan and coordinate long-range economic development at an administrative level not adequately covered in the present organizational setup. However, the councils, as outlined last year in a preliminary recommendation, will not be empowered to intervene in the day-to-day operation of the economy, nor will they replace any of the principal administrative agencies now existing.

The present reorganization, an adaptation of a plan discussed in Soviet journals in mid-1960, is in accord with Khrushchev's statement in 1958 that larger economic regions for planning, rather than operational purposes, would be established as a modification of the 1957 reorganization, which divided the country into over a hundred areas administered by councils of the national economy (sovnarkhozes).

The 17 new economic areas will in all cases contain several sovnarkhoz areas; in the Baltic, Caucasus, and Central Asiatic regions they will contain more than one republic; both the Ukraine and the Russian Republic will be divided into several economic areas. The Kazakh area alone is continuous with the boundaries of that republic; this fact probably accounts for the decision to permit the Kazakh State Planning Committee (Gosplan) to handle the work relegated in other areas to the councils. The entire Soviet Union will be included in the new

scheme, excepting Belorussia and Moldavia, which will remain independent administrative economic units.

The new areas replace 13 areas which did not adequately fulfill the planning purposes for which they had originally been created. The TASS report indicates, as one example, that the populations of the former areas were quite disproportionate, ranging from 3,000,000 to 45,000,000. The new units will be more uniform in this respect.

The relationship of the new economic areas to republic-level agencies and to the local sovnarkhozes has not been revealed. When the subject was discussed last year, one Soviet official said the councils would be under the USSR long-term planning agency (Gosekonomsovet).

As recommended last year, the councils will deal with territorial planning problems, such as the development of complementary industries in adjacent sovnarkhoz areas. They will provide a type of coordinated regional development which neither the republic bodies nor the individual sovnarkhozes now accomplish.

The councils are intended to formulate for higher planning organs proposals and recommendations concerning the basic direction of economic development in their respective areas, new technological developments and their effective introduction in production, the correct distribution of capital investment, improvements in inter-enterprise specialization, cooperation, and combination, and better utilization of labor and natural resources. They would work out

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balances for products to be produced and consumed mainly within the boundaries of each economic region.

The present changes reflect the regime's continuing concern with the problem of finding the most effective way of achieving its economic goals and at the same time encouraging local initiative. Other changes since the major reorganization of 1957 included the creation last year of republic-level sovnrarkhozes in the Russian, Ukrainian, and Kazakh republics; the separation of responsibility for

national long- and short-term planning functions into two separate agencies; and occasional alterations in the territorial and internal structure of the sovnrarkhozes.

While the present change has long been planned and appears to be routine, the councils might in the future be assigned significant additional responsibilities such as regulating intersovnrarkhoz industrial supply, a troublesome problem currently evoking sharp argument among Soviet economic administrators. [redacted]

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ADMINISTRATIVE REORGANIZATION IN BULGARIA

The Bulgarian regime is continuing to reorganize its party and government machinery, ostensibly to rectify administrative shortcomings, particularly in the management of the economy. The leadership of the Central Council of Trade Unions has been changed, and leaders in five of Bulgaria's 30 districts are known to have been removed. Those in several other areas have been severely criticized in the frankest public discussion of internal difficulties in recent years. The decision to air these shortcomings--many of which have existed for years--was probably forced on the regime by the discovery within the party earlier this year of a dissident group which was demanding changes in Bulgaria's economic policies.

On 6 April the party first secretary in Pleven was fired, and it was recommended that the head of the People's Council be dismissed; the charges have not been spelled out. On 22 April the first secretary in Dimitrovo was fired; on the

same day, Spas Rusinov, member of the Mikhailovgrad party committee, was ousted for "incorrect methods of work" and for violations of "state and financial discipline" during the time more than a year earlier when he had been first secretary.

A local paper revealed that sometime in early May the party first secretary in Khas-kovo District had been ousted, and on 17 May, the Plovdiv District People's Council chief, Nikola Stoilev, was fired "for having tolerated serious shortcomings and mistakes in work." On 30 May, Todor Prakhov, chairman of the Central Council of Trade Unions, was fired along with three of the six secretaries. No reasons for the changes were given.

Many of the individuals who have been purged may have been among the "doubters" who questioned the feasibility of the "leap forward" in the spring of 1959. At that time, politburo member and Trade Minister Boris Taskov was fired for this

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reason, but the regime continued into July of that year to warn against questioning the "leap" and against attempting to establish "other centers" aside from the party central committee. Purges did not follow the warnings, however; the regime may have felt that it could not afford to shake up its administrative organs in the midst of its forced-draft economic program, or that Taskov's ouster would be sufficient warning.

However, a dissident party group was uncovered last February. The May issue of the party theoretical journal, Novo Vreme, confirms earlier reports that the dissidents used Bulgaria's economic and administrative ills to argue for an economic reform of unspecified dimensions. The Novo Vreme article and the regime's handling of the expulsion of Yugoslav diplomat Sindjelic on 8 March implied that the dissidents were oriented toward Yugoslav "revisionist" economic policy and were working with Sindjelic. The man said to be leader of the dissident group was a secretary of the Central Council of Trade Unions but was not among those ousted at the end of May.

The Novo Vreme article also stated that the regime was having to defend its policies against attacks by supporters of Bulgaria's former party boss, "Stalinist" Vulko Chervenkov, who was ousted as premier in 1956 but still holds high positions in the party and government. There may be little substance to this assertion, however. In every move the regime has taken against real or alleged opponents in the last five years, it has in the process condemned the policies of the Chervenkov era.

The potentially disparate elements, "revisionists" as well as "hard-liners," in the Bulgarian party may have viewed the Communist conference last fall at Moscow and its subsequent Declaration as a sign of Moscow's inability to rule over the international Communist movement. The regime of party boss Todor Zhivkov, in purging the district apparatuses, may be reacting, therefore, to a deterioration of party discipline resulting from the Moscow conference.

The regime remains in firm control of the situation and apparently does not intend to make a public display of the dissidents in trials, incarcerations, or executions.

MALI

Mali's drift away from the West and toward greater involvement with Sino-Soviet bloc countries is underscored by the arrival in Bamako of increasing numbers of bloc personnel--mostly technicians--on long-term assignments. [redacted]

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there were more than 100 bloc representatives in the country; most of them are from Czechoslovakia, which has been most prominent in the bloc effort in Mali.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

This bloc build-up is most marked in the sensitive fields of civil aviation and information, both of which are headed by members of the regime's extreme left wing.

Some 15 other Czech aviation specialists have arrived in Mali and been assigned by Corenthin to control tower and other duties at Mali's principal airports. However, as of late May, these specialists apparently had not yet appeared at the control towers, which were still being manned by French military personnel. The delay may have resulted from threats by France to remove some of its more sensitive equipment from Mali's airports unless French civilians are permitted to man the towers after French military forces have been withdrawn from Mali.

Bloc aviation personnel in Mali will almost certainly increase when the USSR delivers the three IL-14, two IL-18, and an unspecified number of AN-12 aircraft which a Malian official contracted for in Moscow last March. Meanwhile, 39 young Malians are pursuing two-year flight and maintenance training courses in Czechoslovakia. Mali accepted three gift DC-3s from Britain in March, but recently rejected a US offer to provide two DC-4s.

Secretary of State for Information Gologo--like Corenthin a hard-core Marxist--has similarly facilitated bloc penetration efforts. Aid-seeking visits by Gologo to both Czechoslovakia and East Germany last February have resulted in the placement of at least two East German journalists in Mali's Information Ministry and in Czech commitments to help Mali set up its own news agency and educate journalists.

With the recent establishment of a Polish Embassy in Bamako, Mali now maintains diplomatic relations with seven bloc countries. In addition, East Germany has a permanent trade mission for which it is seeking maximum official status. Mali has also signed trade, economic, or cultural cooperation accords with at least five bloc countries, including Communist China and the USSR--which has extended a \$44,000,-000 line of credit. A sixth bloc country--Bulgaria--proposed the conclusion of such agreements last month.

Mali also appears to be acquiring relatively large stocks of Czech arms and military equipment and may be negotiating for bloc military advisers as well.

Czech military items recently purchased by Mali had arrived the previous week from neighboring Guinea. At least one other shipment of arms from the bloc reached Mali last winter.

Mali has also accepted the military aid program offered by the United States under which it is to receive uniforms, certain types of equipment, and some training assistance.

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COMMUNISTS MAKE GAINS IN CYPRIOT LABOR MOVEMENT

The Communists, who have long been active in the organized labor movement on Cyprus, appear to have made significant new gains. Anti-Communist elements within labor and members of the conservative, pro-Western government have contributed greatly to this situation by their inability to cooperate and unwillingness to take a firm stand against Communist pressures.

About 65,000 Cypriots belong to labor federations, the largest of which is the 40,000-member, Communist-dominated Pan-Cyprian Federation of Labor (PEO). The Cyprus Confederation of Workers (SEK), a non-Communist federation established to counter PEO influence, has some 15,000 members. Both federations are Greek Cypriot in composition; the Turkish Cypriots have their own right-wing organization.

Prior to Cypriot independence last August, PEO initiated a concerted drive to dominate the Greek Cypriot labor movement. In this effort, its past achievements on behalf of its members constituted an advantage. PEO leaders are experienced trade unionists with a reputation for getting concessions from industry and for establishing workers' benefit projects--such as clinics and rest homes. SEK, on the other hand, has had inexperienced leaders, some of whom have devoted more energy to politics than to labor matters. It has received some financial support from the right-wing leadership of the Greek Cypriot community and from the International Confederation of Free Trade Unions.

Since independence, PEO, under the leadership of Secretary General Andreas Ziartides, has sought to work more closely with the other labor federations

--in particular SEK. Last November, Michael Pissas, long-time leader of SEK, resigned, and Petros Stylianou was named to fill the position until an election could be held in May. During this period Stylianou, a relatively inexperienced labor functionary, appears to have fallen increasingly under the influence of the more astute Ziartides.

As the SEK election approached, the anti-Communists sought to find a candidate who could defeat Stylianou. Both President Makarios and Minister of Labor Papadopoulos assured the American ambassador of their intention to prevent his selection. The government and the leading anti-Communist members of SEK were unable to agree on an opposition candidate, however; as a result the anti-Stylianou forces divided their vote, and Stylianou won a plurality.

Under Stylianou's leadership, SEK probably will draw closer to PEO or split into warring factions. PEO and the Communist party, meanwhile, have charged the US with interfering in the election and hope to capitalize on any anti-American feelings which Stylianou may have developed from rumors of US opposition to his election.

In an almost simultaneous development, the Communists gained increased respectability by the government's selection of Ziartides as the workers' representative in the Cypriot delegation to the conference this month of the International Labor Organization (ILO) in Geneva--the first ILO meeting attended by Cypriots. While both Makarios and Papadopoulos were aware of the potential danger of sending Ziartides, they apparently were unwilling to risk PEO hostility and criticism by picking a non-Communist for the post or by declining to send any delegation. 25X1

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****EUROPEAN INTEGRATION DEVELOPMENTS**

European integration was apparently the predominant subject at the meeting in Bonn on 20 May between De Gaulle and Adenauer--a meeting highlighted by an unusual interest on the part of De Gaulle in some of the substantive problems confronting the European Economic Community (EEC or Common Market). De Gaulle confirmed that France is prepared to move ahead next January to the second of the three four-year transitional stages of the Common Market, provided only that prior agreement is reached on the EEC's agricultural policy. Any member may veto the transition to the second stage for one to two years, and there has been some concern that Paris might exercise this privilege.

In making French approval of the next stage of the EEC conditional on a solution of the controversial farm problem, De Gaulle may be doing the Common Market a service. Most observers agree that the EEC will be in serious trouble if integration is confined to industrial products, but the strong protectionist sentiment of the German farmer has so far prevented agreement on how to harmonize the various national markets for farm produce. Adenauer reminded De Gaulle that he would have difficulty in attempting any decision on agricultural policy before the Bundestag elections next September, but he did agree to begin interim talks, perhaps in July.

More in line with his usual approach, De Gaulle pressed Adenauer as well for support of his "confederation" plan, which has been stalled principally by Dutch insistence that six-nation consultations not extend to the "structure and strategy of NATO." Adenauer still gives primacy to NATO in military affairs, but he nevertheless agreed that the con-

federation's council should be competent to discuss all matters, including defense. As a result of this agreement, Bonn and Paris now hope to call the constituent meeting for the confederation early in July.

Britain's place in this developing economic and political community was also discussed, and there has been some evidence lately that De Gaulle is willing at least to consider London's accession to the EEC.

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The expectation that London will eventually opt for the Common Market is creating sharp tensions among the other members of the European Free Trade Association (EFTA or Outer Seven), whose council is expected to meet on 6 June.

Although EFTA was designed to maintain a "solid front" against the EEC, several EFTA countries have realistically taken private soundings with the Common Market. However, Sweden, which was encouraged by Britain to play a leading role in forming the Outer Seven, is finding it particularly difficult to contemplate its disintegration. Swedish officials have declared that Britain's name in Northern Europe "would be mud" if it joined the EEC. These officials have termed "outrageous" Washington's favoring negotiations to this end while opposing simultaneous talks between EFTA's neutrals and the EEC.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****WATER DEVELOPMENT IN THE NEAR EAST**

While international attention and the concern of Near Eastern governments themselves have generally been focused on the spectacular oil developments or on prestige and "impact" projects of industrialization, the development of water resources remains the most important basic factor in the economic future of the area. Agriculture occupies between 75 and 80 percent of its population, and the "little man" in Iran and the Arab states--and to a large extent even in Westernized Israel--is still the farmer, whose concern over water supply is constant. Moreover, the most pressing current issue which might again bring on an Arab-Israeli war appears to be the distribution of water from the Jordan River.

The decade of the 1960s is a critical period for the Near Eastern water problem. During the next nine years the schemes planned and started after World War II will either be completed or will have at least reached a stage where assessments of their economic and political impact are likely to be made by the area's leaders. The water development balance sheet would, in turn, seem likely to have a significant effect on these leaders' views of the kinds and sources of foreign economic assistance that are wanted in the future.

This article is intended as an interim report on the various water-development plans, the stages they have reached, and their short-range prospects. A number of points stand out: Egypt's High Dam project is proceeding, under

Soviet guidance, on schedule and without significant setbacks. Israel, apparently very near total exploitation of its water resources except for the politically sensitive Jordan River, must either defy the Arabs or turn to sea-water conversion on a large scale if its over-all development is to continue. There is a chance--as seen in Kuwait--that new technical efforts will reveal water sources in hitherto unpromising areas.

Iraq's water program, once the most promising in the area, has been dragging under the revolutionary regime, and a grandiose plan has been substituted for genuine achievement. Iran, still relying to a very large extent on ancient irrigation techniques, is developing schemes which are likely to add to its social and political problems.

The UAR

There is no rainfall in Egypt except along the narrow Mediterranean littoral, and agriculture is completely dependent on the Nile. Most other Egyptian streams are ephemeral, flowing possibly only once in ten years. Ground water is available in the desert on both sides of the Nile, but perennial quantities have been developed only in the oases which dot the Western Desert. About 6,400,000 acres are watered by the Nile. The Aswan High Dam being built by the Soviets will put a further 2,000,000 acres under perennial irrigation over the next few years.

Despite thousands of years of use, the Nile is still

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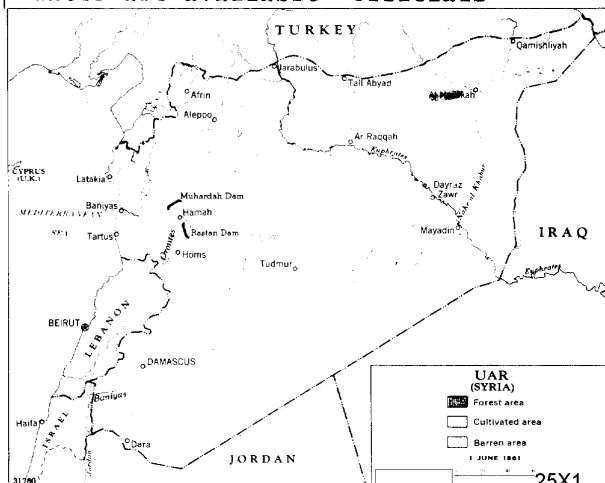
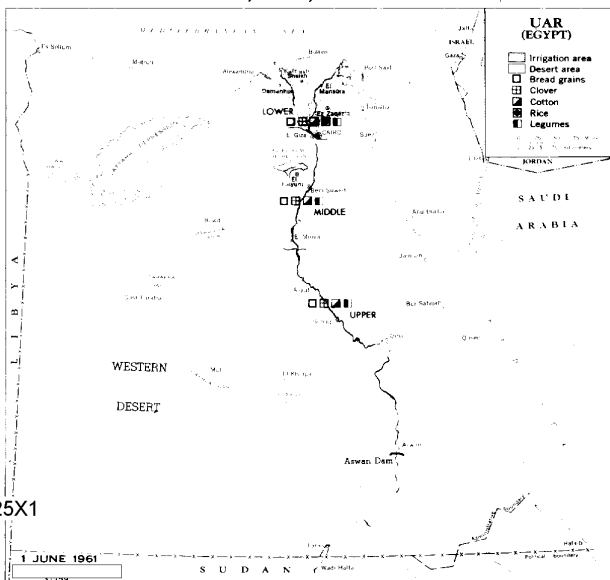
controlled only on an annual basis. The Aswan High Dam is designed to provide storage over the years, in addition to increasing the acreage under irrigation. The Nile flow, relatively constant in recent years, is capable of wide swings. In 1913-14, for example, the water flow at Aswan was only 40 billion cubic meters--less than half the annual average of 84 billion cubic meters. A recurrence of such a flow would be disastrous.

Construction of the High Dam appears to be proceeding according to plan. No setbacks have developed, nor are any expected. A substantial quantity of Soviet heavy construction equipment has been at the site for several months. Plans call for water storage to begin after the 1964 flood. Recent Egyptian press announcements claim that stored water will increase to 4 billion cubic meters in 1965, 6 billion in 1966, and 8 billion in 1967. These quantities reportedly will enable reclamation of about 1,000,000 acres of now

barren land and the conversion of about 100,000 acres from basin to perennial irrigation.

The General Desert Development Authority, with some assistance from the United States, is moving ahead rapidly on the so-called "new Nile Valley" scheme, officially called the Wadi al-Rakha Project. Work began in earnest in 1959 following a speech by President Nasir calling for creation of "a new valley parallel to the Nile Valley." Basically, the plan envisages developing underground water resources in a string of oases which parallel the Nile in the Western Desert. Several hundred thousand acres are involved, and substantial progress has already been made in the Kharga Oasis, which contains several towns. According to the director of the development authority, more than 300,000 acres will be recovered within the next five years. Plans call for distributing this acreage to landless peasants, who would each be given about ten acres and a cow.

While it is clear that vast quantities of underground water are available--officials



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claim usable water reserves are equivalent to the flow of the Nile over an eight-year period--it is not at all certain that the water source is recharged. It might be that the water now being tapped was laid down in earlier geological and rainy epochs and is not replenished naturally. On the other hand, the water-bearing strata may be recharged continuously by seepage from the Nile and from the rainier regions of north-central Africa. In any case, the water available by this means probably is adequate to support a considerably increased agricultural output for some time.

In the Syrian Region, substantial progress is being made, largely with Communist bloc help, on a five-year plan (1960-65) for greatly expanding the irrigated area under cultivation. Over 1,240,000 acres are irrigated now, but farming on the remaining 10,000,000 acres is risky. Syria normally is capable of producing a small export surplus of food grains, but three successive years of drought have forced the import of substantial quantities of grain, including American surplus stocks.

Generally, Syrian water-development plans envisage the construction of a relatively large number of small earthen dams, as opposed to a single major project such as Egypt's Aswan High Dam. Although the Soviets have been studying the location of a major dam on the Euphrates, a decision to build this dam has been postponed pending conclusion of a water-sharing agreement between the UAR and Iraq. West German interests are considering undertaking the project.

SOURCES OF SYRIAN WATER

| Source | Annual flow in Cubic Meters | Percent |
|-----------------|--------------------------------|---------|
| Orontes River | 1,000,000,000 | 3.5 |
| Euphrates River | 26,500,000,000 | 84.0 |
| Khabour River | 1,750,000,000 | 5.5 |
| Other | 2,250,000,000 | 7.0 |
| Total | 31,500,000,000 | 100.00 |

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Syria has a large number of rivers varying in size from the Euphrates to some only slightly larger than streams. However, most of the usable water comes from three major streams. Of the 31.5 billion cubic meters available, some 17 or 18 billion could be diverted into irrigation.

The Bulgarians have already completed work on the Rastan Dam on the Orontes River and are well along on the Muhardah Dam farther downstream. Rastan, now partially filled from the heaviest spring rains in recent years, will store about 250,000,000 cubic meters of water. The Muhardah Dam is designed primarily to control flood waters and relieve the Rastan Dam. Provided the earthen walls of the dam are not excessively porous, this dam may be used for perennial storage of about 100,000,000 cubic meters. However, because of a shortage of foreign exchange and overambitious planning, it appears unlikely that Syria will be able to fulfill its plans for increasing irrigated acreage 50 percent by 1965.

Syria also controls the source of the Baniyas River--an important tributary to the Jordan--and has threatened to divert this stream if Israel implements its plans to increase withdrawals of Jordan water. The cost of such a diversion would be enormous,

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however, and the engineering problems formidable. Syria could engage in activity which would arouse Israeli hostility, but it would fall far short of a meaningful denial of water.

Iraq

Iraq since antiquity has depended on a river system to provide irrigation for agriculture. Unlike the Nile, however, the Tigris and Euphrates have until recently been uncontrolled. Also unlike the Nile, the Tigris and Euphrates tend to rise without warning. They carry five times the sediment of the Nile; have their annual flood in March, April, and May --too late for winter crops and too early for summer ones; traverse a country where the temperature rises to 120 degrees in summer and falls to 20 degrees in winter; and flow between degraded deserts of gypsum and salted mud.

Despite these disadvantages, the Tigris and Euphrates basins can be made to support several times the present population of Iraq at a considerably higher standard of living. Since 1951, control of rivers has been a major feature of development programs. While far from complete, the new works are adequate to prevent disastrous spring flooding of the cities and farms downstream. When all works planned are complete, Iraq will have about 14,-000,000 cultivatable acres, compared with about 8,000,000 acres in Egypt when all projects on the Nile are completed.

Following Qasim's assumption of power in July 1958, work on the major irrigation projects begun under the former regime was either actually or virtually brought to a standstill, and Qasim began to divert development funds to ordinary government expenditures. Since then the momentum of work has increased somewhat, but completion dates for most projects have been extended substantially. A new \$2 billion, five-year development program beginning 1 April 1961 replaced the older development plan, but even with Communist aid this plan is patently out of Iraq's financial reach and is designed largely for public consumption. Thus it is not possible to predict when new irrigated acreage will be added. At present, more than 50 percent of the cultivated acreage is under irrigation.

Jordan

The dearth of water is perhaps the chief reason for the nonviability of Jordan's economy. Jordan is increasing the number of artesian wells and utilizing more efficiently the modest flows

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The Johnston Plan for unified development of the Jordan Valley irrespective of political boundaries was prepared by the Tennessee Valley Authority at the request of the UN Relief and Works Agency for Palestine Refugees. The plan was presented for consideration and used as a basis for negotiation by Eric Johnston, special American envoy to the Arab states and Israel. Counterproposals by the Arab states and Israel regarding division of the Jordan River's water and the means by which the plan was to be accomplished resulted in prolonged negotiations in the period 1954-55. Technical agreement on the plan was virtually achieved, but in late 1955 the Arab League political committee refused to approve it on political grounds.

of its numerous wadis (water courses which are dry part of the year)--especially in the western portion of the country. Its only important source of water, however, is the Yarmuk River, a tributary of the Jordan.

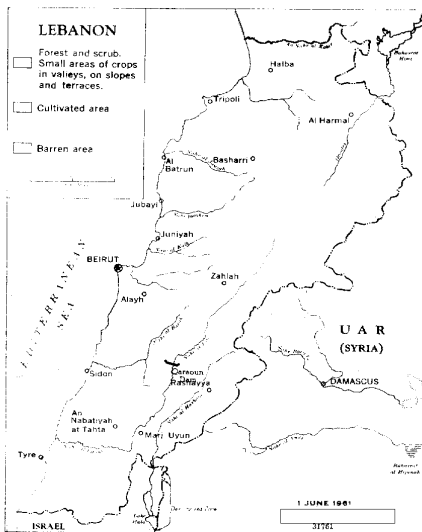
Under an American-financed program, a 43-mile canal which "would not draw from the Yarmuk River more than the share allotted to Jordan under the Johnston plan" was approved in 1958. The first 14-mile section is scheduled for completion this June. When finished, this section will irrigate about 10,000 acres, which are being distributed to 866 families. Section two of the main canal--about 15 miles long--is expected to be complete

by December 1962 and will irrigate another 10,000 acres. Thus far no date has been set to begin the 14-mile link which will complete the 30,000-acre project. Even this project will fall far short of making Jordan self-supporting, however, although it might reduce the burdens on Jordan's foreign backers--the US and Britain--which in recent years have paid for almost three fourths of Jordan's imports and government expenditures.

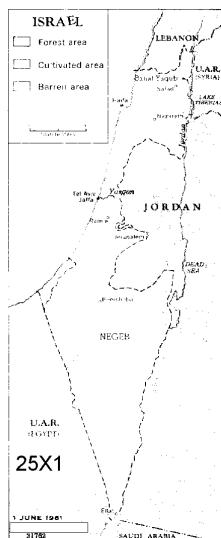
Lebanon

Like most of the Middle East, Lebanon is a water-deficit area and has been a net importer of food for many years. Even if all present plans for increasing the acreage under irrigation were successfully completed, the country would not be able to feed itself. About 640,000 acres now are cultivated, including 110,000 acres under irrigation.

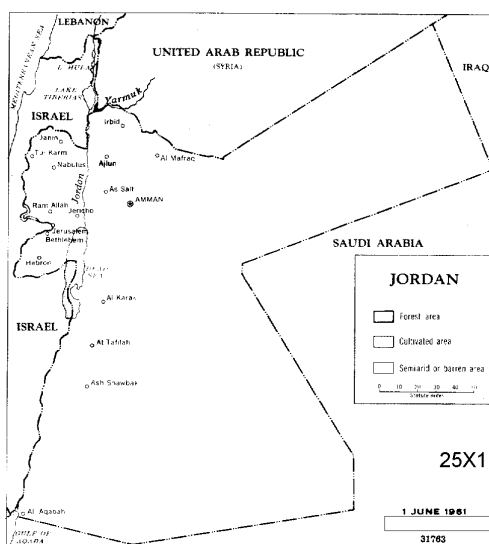
Since Lebanon has no large rivers, irrigation depends on harnessing the country's many small spring-fed streams. Most small diversion works have been undertaken by private groups,



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but there is one large government project, the Litani Development Authority (LDA). In mid-1954 the US Bureau of Reclamation submitted a plan to the government for developing the Litani River. This project, which would add about 60,000 acres of irrigated land to southern Lebanon, was begun with the help of a \$27,000,000 loan from the International Bank for Reconstruction and Development (IBRD).

However, the French firm of engineers hired to supervise construction made a number of critical changes in the American plan which have resulted in costly engineering blunders and even led to demands that the project be abandoned. Last fall the president of LDA was indicted for fraud and collusion and has been in France reportedly recovering from a heart attack.

A key feature in harnessing the Litani's annual flow of 641,000,000 cubic meters is the Qaraoun Dam. However, the French engineering firm--recently discharged in favor of still another French firm--again completely changed the American plan, substituting for an earth-filled dam a multiple-arch dam similar to the Frejus dam in southern France which collapsed last year.

With further assistance from the IBRD the government

is attempting to get the project under way again. It is not yet clear, however, whether the mistakes of the French firms can be corrected or whether most of the earlier work on the diversion tunnel will have to be abandoned.

Israel

Full development of the very limited water potential is indispensable to the continued expansion of Israeli industry and agriculture and to the program of encouraging immigration. Water available from all sources amounts to less than 1.8 billion cubic meters annually.

Furthermore, the water is adversely located. About 85 percent of it is north of the Yarqon River, but only 50 percent of the irrigable lands are in that area. Thus a key factor in the country's water development is the network of pipelines designed to bring the northern waters south, especially to the Negeb.

The Israelis have completed most of the projects designed to utilize water sources completely within their boundaries, and by 1959 they were already using two thirds of the total potential. The only remaining important source is the Jordan River, to which Lebanon, Jordan, and the UAR have riparian rights. The Johnston Plan for joint riparian development was acceptable on technical grounds to the Arab states, but they rejected it in 1955 because it would mean implicit recognition of Israel.

Both Israel and Jordan nevertheless are well along on plans to take roughly their share from the river. A vast pipeline system, including pipe nine feet in diameter, has been under way for several years in

POTENTIAL SOURCES OF ISRAELI WATER

| Source | Output In Cubic Meters | % Of Total |
|----------------------|---------------------------|------------|
| Jordan | 495,000,000 | 28 |
| Yarkon | 220,000,000 | 13 |
| Springs | 280,000,000 | 16 |
| Streams | 100,000,000 | 6 |
| Sewage & return flow | 145,000,000 | 8 |
| Ground water | 500,000,000 | 29 |
| Total | 1,740,000,000 | 100 |

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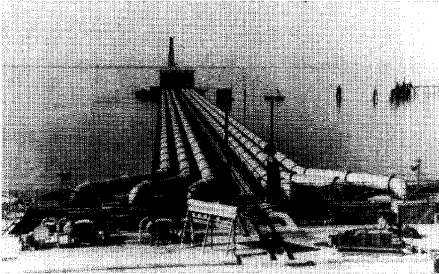
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KUWAIT SEA-WATER DISTILLATION



WATER INTAKE



PLANT

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Israel. This system is expected to begin carrying Jordan water to the Negeb sometime in 1963.

Eventually--they hope by 1969--the Israelis plan to take water from the sensitive demilitarized zone along the Syrian border. They halted work there on the controversial Banat Yaqub canal in late 1953 following vigorous Syrian protests and a number of border incidents. Water from the Jordan system will be taken from Lake Tiberias, however, via a system of pumps. The Arabs are opposed to all Israeli schemes to improve and develop the country and are alarmed at news of progress in Israel's water-development schemes.

Despite the prospects of Arab hostility, the Israelis appear determined to begin lifting Jordan water as soon as possible. The alternative is the conversion of sea water on a large scale--a project in which the Israelis are already engaged. A plant capable of producing 60,000 gallons of sweet water daily by means of an Israeli-developed process has been tested in the United States preparatory to installing it, together with three other units, at Eilat, on the Gulf of Aqaba.

Kuwait

The Persian Gulf Sheikdom of Kuwait, an anomaly because of the combination of vast oil deposits, [redacted] and ultramodern public services, has recently developed water resources which may have an impact beyond its borders. An American engineering firm has tapped what appear to be extremely large quantities of pure underground water in an area where British engineers have long assured the local government there was none. Practically unlimited funds had previously enabled the Kuwaitis to install the most extensive sea-water distillation plants in the world and to consider the construction of a \$150,000,000 pipeline from Iraq.

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The new discovery is estimated to be capable of supplying 5,000,000 gallons per day--a 50 percent increase in the somewhat saline water which has been available from local natural sources--and will probably stimulate study of other underground water potential in Kuwait and elsewhere.

The irony of Kuwait's situation, however, is that even with unlimited quantities of pure water, the desert is unlikely

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to bloom usefully because of soil conditions. An underlying layer of "gatch," a silica-calcium mixture, might be dissolved by applying water and chemical fertilizers, but this would ruin what good upper soil exists. Experiments in hydroponics--"tank" farming--are being carried on, however, and suggest that Kuwait could at least grow all its own vegetables.

Saudi Arabia

Without a single river, stream, or lake, Saudi Arabia supports a modest, albeit probably declining, agriculture. It lies in one of the world's largest deserts, with an annual rainfall of four inches or less throughout most of the country. Only in the southwest, along the crest of the Asir and Hijaz mountain ranges, does rainfall ever reach as much as 12 inches annually (annual rainfall in Washington, D. C., averages more than 41 inches). Nevertheless, three quarters of the country's 5,000,000 people either farm or wander the desert with their flocks of sheep, goats, and camels and last year produced about 157,000 tons of grain and 165,000 tons of dates.

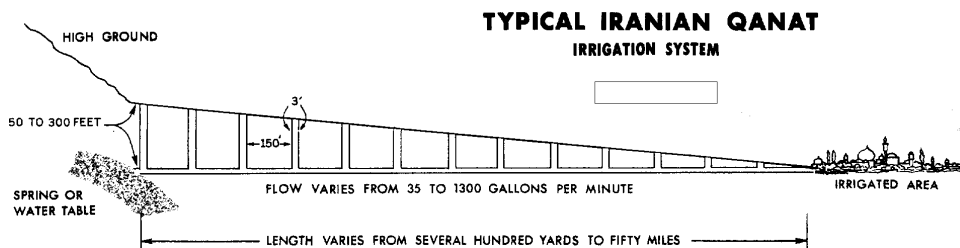
Before World War II, Saudi Arabia was largely self-supporting, importing little and having little to export. With the substantial increase in oil exports, however, came increasing urbanization and an increasing standard of living, with the result that the country can no longer

sustain itself without substantial imports of foodstuffs.

Much of Arabia's limited supply of water is wasted, and stringent controls are urgently needed. Geological studies suggest that the country has a substantial additional water potential which, if properly managed and controlled, could greatly enhance the country's agricultural and industrial capabilities. Unlike the UAR and Iraq, where the key to additional water lies in tapping great river systems, the Saudi problem involves utilizing runoff of rainfall and underground water produced by penetration of rainfall currently and in past times into the water table.

Although the country has no rivers, it is laced with innumerable wadis. Some of these, especially along the Red Sea, carry such a volume of water that periodic, sometimes disastrous, flooding occurs. The International Bank for Reconstruction and Development has suggested that a number of small dams be built to store this runoff.

However, economic development in Saudi Arabia has proceeded haphazardly. If the suggestions of the IBRD were taken up, a marked increase in economic activity--aside from the oil industry--could take place in a relatively short time. Presently even the limited industry is hampered by a lack of water, and agriculture without a government-sponsored development



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SPECIAL ARTICLES

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program probably will continue to decline.

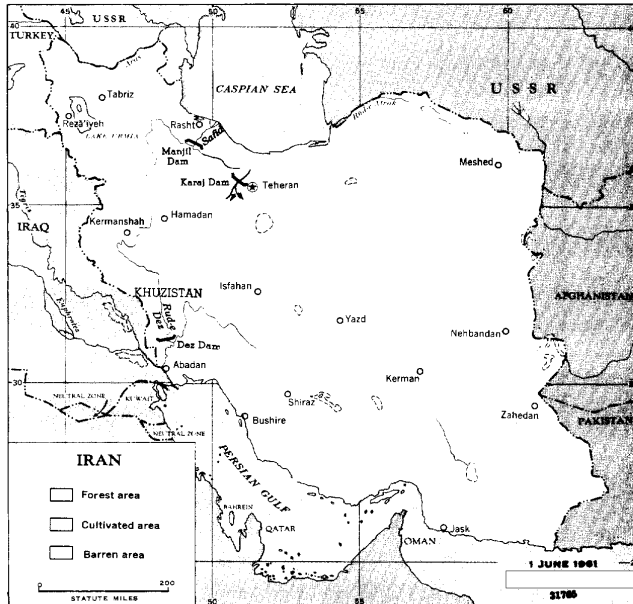
Iran

At most, only one third of Iran's land area is cultivatable, but because of extremely wide variations in rainfall, primitive technology, and a shortage of water, just 11 percent (40,000,000 acres) is under cultivation, and two thirds of that is left fallow in any given year. Although only 6,200,000 acres are irrigated, they account for more than half of the crop harvested.

The irrigation system remains essentially the same as in ancient times. About 80 percent of the irrigated land still receives its water supply through a system of underground conduits called qanats, which vary from a few hundred feet to many miles in length and are constructed by digging by hand a series of holes about three feet wide and from 3 to 300 feet deep. The holes are connected by an underground tunnel about 2.5 feet wide and 4 feet high. On the surface, qanats resemble a series of gigantic molehills moving in straight lines toward a village. While the amount of water varies greatly, a good qanat will discharge four cubic feet per second, enough to turn a mill.

Most other irrigation water is drawn either from crude, animal-powered wells which water up to one-half acre per day or, increasingly, from gasoline-powered pumps. Irrigation by open free-flow channels which draw water from rivers in a very crude way are quite wasteful; in many cases, seepage and evaporation may absorb over half the flow.

Iran's most ambitious water-development project is in the southern province of Khuzistan, where, with the aid of an IBRD



loan, Tehran is building the Dez Dam project, one of the largest in the Middle East. Upon its completion in 1974, this \$80,000,000 project is expected to store 3.35 billion cubic meters of water, irrigate about 275,000 acres, and provide about 130,000 kilowatts. Khuzistan was once a rich grain-producing area, but the soil has been depleted by centuries of cropping.

Land ownership in Khuzistan follows the master-serf relationship which characterizes Iranian agriculture generally. Here the eight family clans which own almost 70 percent of the province's agricultural land continue the ancient exploitation of the peasant.

The Karaj Dam near Tehran is scheduled for completion this September. This dam, with its small reservoir, has been built largely to provide water and electricity for the capital, however, and only a small amount of land will be irrigated. Farther north, the Manjil Dam is under construction on the Safid Rud, which flows into the Caspian Sea.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BRITISH GUIANA MOVES TOWARD INDEPENDENCE**

The nearly self-governing colony of British Guiana is scheduled to achieve full internal self-government after legislative elections on 21 August. It is to receive full independence within three years, the exact date depending on constitutional developments in the West Indies Federation. In the interim period, London will retain control only over defense and the political aspects of foreign affairs.

Communist-oriented Dr. Cheddi Jagan, effective head of the colonial government as minister of trade and industry since 1957, will probably become the first premier. His People's Progressive party (PPP) is essentially the same organization the British ousted from authority in 1953 for attempting to establish a Communist state, but allowed to re-enter politics four years later in the hope it would act more responsibly.

Jagan's Political Dominance

Former dentist Cheddi Jagan and his US-born wife Janet are the pivotal figures in British Guiana's political future. No other leaders so far have mustered their combination of popular appeal and organizing skill. The PPP maintains the most efficient political machine in the colony and has survived several high-level defections. Under the leadership of the Jagans, the PPP won 9 of 14 seats in the 1957 legislative elections and--with about 4,000 dues-paying members--is still the strongest party.

About 540,000 people live in the 83,000-square-mile colony, mainly in the coastal strip. About 50 percent are descendants of East Indians brought in to work the sugar and rice plantations, 35 percent are Negroes, and the rest are mostly Amerindians and whites. Some 90 percent of the country's exports consist of sugar, bauxite, rice, and timber. Trade is mainly with the UK and Canada. The colony has relatively rich mineral and timber resources as well as a potential for more extensive agriculture if drainage, irrigation, and transportation are improved. Unemployment and underemployment are chronically high; the current unemployment figure is 18 percent. Nearly 80 percent of the people are literate.

Faced by a totally hostile local press, the PPP has recently augmented its propaganda capability with a new printing press--believed to have been financed by US, UK, and perhaps Cuban Communist sources--and plans to supplement its weekly purveyor of the Communist line, Thunder, by a daily paper. The PPP's youth group started publishing a new monthly in April.

The PPP's basic strength lies in representing the largest ethnic group, the East Indians, who live mainly in the rural areas. Janet Jagan, formerly Janet Rosenberg of Indiana, was believed to have been a member of the US Communist party in 1941 and is generally considered more doctrinaire than her husband, whom she met when he was studying dentistry in Chicago. Several of the old-line top leaders, such as Brindley Benn and Ram Karran, who together with the Jagans control the party, are probably Communists, and some of the second-echelon leaders brought in for organizational work since 1957 had been members of the British Communist party. The rank-and-file members, however, neither understand nor care about Communist ideology. Periodic party efforts at indoctrination appear to have made only a slight impact.

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The PPP has maintained and perhaps slightly increased Communist ties, largely through correspondence and periodic visits to bloc embassies when Jagan is in London. He also visited Cuba in April and August 1960, and Janet visited there once. For the last year both he and Thunder have lauded Castro. Other PPP members have in the past year visited the Soviet Union, Communist China, and East Germany.

of the PPP who split with the Jagans in 1955. The PNC draws its strength mainly from the Negroes and follows an anti-colonial socialist line. It is an affiliate of the governing party of the West Indies Federation. The PNC has concentrated more on vehemently opposing Jagan than on outlining alternative policies; the rank and file is less leftist than Burnham, who cooperated closely with Jagan in subversive actions in 1953.

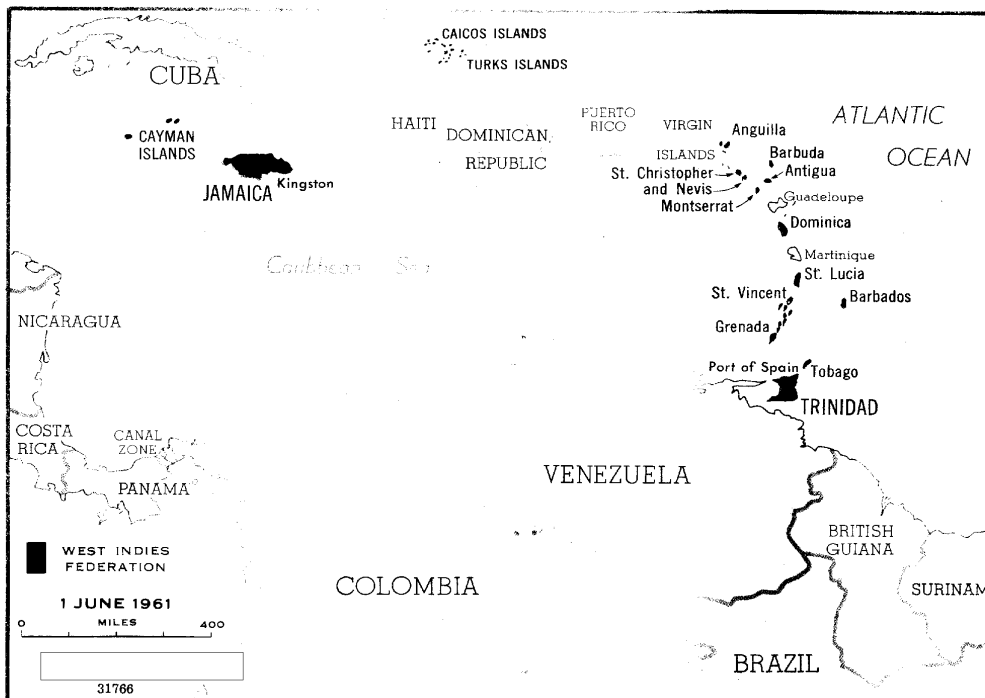
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The Opposition

The main opposition party, the People's National Congress (PNC), was formed by Lyndon Forbes Burnham--a former leader

In March, political independent Rawle Farley--a Negro economist who had taught in the



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West Indies Federation--unsuccessfully tried to merge the PNC with the third major party, the United Force (UF), an anti-Communist businessmen's party. Aiming to be nonracial, the UF has managed to obtain adherents from the various ethnic groups but has been unable to build up much popular appeal. The PNC and the UF are now dissipating their forces by vehemently attacking each other.

Jagan in Office

Cheddi Jagan has generally cooperated well in office with the British administration, despite periodic threats to resign when his demands were not immediately granted. He is presumably well aware that he may lose both popular support and the chance of early independence unless he continues to behave circumspectly. In recent months Jagan has replied equivocally when questioned about his Communism and his intentions to nationalize businesses, whereas he formerly gave categorical denials.

Jagan is, however, pleased with the small ICA program in British Guiana and has been making frequent trips to the US to seek additional aid from the UN, the Development Loan Fund, and the International Bank for Reconstruction and Development to supplement British aid for Guiana's \$64,000,000 development plan for 1960-64.

Jagan's quixotic personality and anxiety to acquire development assistance make him susceptible to Communist subversion, regardless of the degree of his present dedication

to Communism. He has periodically threatened to seek a Soviet loan if unsatisfied by Western aid. He accepted a \$5,000,000 loan offer from Cuba last August, but nothing has since been done to implement the loan and it may fall through. Rumors that a Hungarian glass plant will be built are again being circulated in Georgetown, the colony's capital. Deliveries have begun under Havana's agreement to buy British Guiana's expected rice surplus over the next six years at a price significantly higher than that paid by the traditional buyer, the West Indies Federation.

Election Prospects

In view of the divisions among the opposition, the PPP is favored in the August elections. In a preliminary estimate, the US consul in Georgetown predicts that 11 of the 35 legislative seats will probably be won by the PPP, 10 by the PNC, and 4 by the UF, and that the PPP will probably pick up 8 of the 10 remaining doubtful seats if the opposition remains divided. The British think the odds are slightly in favor of a Jagan victory. The PPP's chances are enhanced by the lack of popular appeal of many of the opposition leaders, the tendency of the populace to vote along racial lines, and the slight economic improvement in the past year plus the prospects for future gains.

On the other hand, some former supporters, particularly businessmen, are deserting Jagan because of his failure to take a clear stand against Communism. Furthermore, the public seems to be increasingly concerned

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that Jagan as premier would move toward the bloc. Public concern over the PPP's support for Cuba, for example, caused Janet to declare at a press conference on 6 May that the PPP, unlike Castro, believed in parliamentary democracy with free elections at regular intervals.

If Jagan wins decisively, he is unlikely to jeopardize the chances for early independence by making any major overt moves toward the bloc. He might harass business, however, and intensify present efforts for government control over the economy and education system. Should his party win by only a plurality, he would necessarily be more cautious, unless he could induce opposition members to cross to the government benches to be on the winning side. If Jagan loses the election, he can be expected to try to recoup his position by advocating extreme measures while in opposition and seeking assistance from his Communist contacts to undermine the government.

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