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# CURRENT INTELLIGENCE WEEKLY SUMMARY



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## CURRENT INTELLIGENCE WEEKLY SUMMARY

WEEKLY REVIEW

## EAST-WEST RELATIONS

Moscow promptly responded to President Kennedy's statement of 13 September to neutral leaders with a Foreign Ministry announcement that Gromyko would enter into an "exchange of opinions" on Berlin with Secretary Rusk during the UN General Assembly session. This suggests that Moscow has not foreclosed the possibility of negotiating a settlement rather than proceeding with an East German peace treaty by the end of the year, and is in line with the increased Soviet stress on negotiations following Khrushchev's speech of 10 September in Stalingrad.

The Foreign Ministry statement noted that both the President and the British Government had made statements expressing readiness for "serious talks" on Germany and other problems. This line was apparently intended to mean that the President's statement had overcome Khrushchev's doubts of US willingness to conduct "businesslike negotiations." The Soviet statement also sought to imply a tacit assumption that Soviet terms--a peace treaty and a settlement on Berlin in that context--would be the basis for the talks.

Soviet propaganda has given wide publicity to the Rusk-Gromyko talks but has maintained an ambivalent line on the possibility for a successful outcome. Moscow noted that, while President Kennedy in his letters to Presidents Sukarno and Keita had expressed a

willingness to find a way out of the impasse over Berlin, the US still held to "old, unrealistic positions." The communiqué of the Western foreign ministers meeting in Washington was criticized as "vague" and "failing to answer the main question" of whether the West was willing to seek a "peaceful solution to the German and Berlin problems through negotiations."

On the other hand, a Polish diplomat told an American observer that he was convinced that the negotiations during the UN session could lead to a solution which would safeguard the prestige of all concerned. The US Embassy in Moscow reports that according to contacts with the Foreign Ministry and information from other diplomats, it is clear the Soviets are deliberately taking the line that the Berlin question will be resolved peacefully. Gromyko told the Danish foreign minister during a stopover in Copenhagen that the USSR was receptive to negotiations, presumably referring to formal East-West talks.

In anticipation of the talks in New York, Moscow has sought to exhibit a flexible approach to possible alternative solutions for Berlin. In his conversations with former French Premier Paul Reynaud, Khrushchev agreed that a settlement based on the status quo was a sensible policy and that the USSR sought only a "juridical" basis for the status quo. He went on to add that such a settlement need not involve de jure recognition of East Germany. As for access to

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Berlin, Khrushchev told Reynaud that after a peace treaty it would be handled "practically" as it is now but on a different basis--that is, no longer on the basis of occupation rights. He also made it clear that access arrangements would have to be worked out with the East Germans. Khrushchev said that all forms of access could be guaranteed by an "international agreement" which would be deposited at the UN, implying that the Soviets would participate in guarantees.

Khrushchev also used a message to the Interparliamentary Union to stress the possibility of adequate guarantees for Berlin. Although he was vague as to the form and procedure for implementing any guarantees, his message of 13 September asserted that "full freedom of communications for the free city of West Berlin will be guaranteed by agreement with the German Democratic Republic and through active guarantees." While denouncing "warlike circles" in the West for resorting to threats and provocations, Khrushchev claimed that the Soviet Union would "spare no effort to have the question of Germany resolved on the basis of agreement." He added that the Soviet Government was ready to negotiate "with leaders of the Western powers," provided that the talks would not be used to delay the signing of a peace treaty.

In the week preceding the opening of the UN General Assembly, Moscow raised the possibility of a UN role in the German problem. In reply to a question by Reynaud, Khrushchev said he would favor transferring the UN headquarters to West Berlin. He pointed out

to Reynaud that the USSR had offered to have the security of West Berlin guaranteed by either the UN, neutral states, or the three Western powers plus the Soviet Union. Izvestia picked up this idea of a transfer of the UN in its editorial on the opening of the General Assembly session. It stated that such a plan would deserve serious consideration and that transferring the UN to West Berlin was an example of the "favorable opportunities" which the creation of a free city would provide for West Berlin. Both Izvestia and Pravda stressed that the admission of both German states would "benefit the cause of peace." Pravda also asserted that in view of the tense international situation, "new and even greater efforts" are demanded from the statesmen attending the UN session.

The more conciliatory Soviet line on Germany has been balanced, as in the past months, by pronouncements on Soviet military preparations in connection with the heightened tensions over Berlin. In a series of articles, Marshals Malinovsky, Verzhin, and Moskalenko have stressed the quality of Soviet armaments and the continued preparations to strengthen Soviet defenses. Malinovsky stated that "we must prepare our armed forces for a strenuous, heavy, and exceptionally fierce war." Moskalenko boasted that Soviet forces possessed powerful strategic rockets which made it possible "to attain the strategic goals of a war within a short period of time."

Disarmament

Moscow apparently hopes to exploit the disarmament issue

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in an effort to influence the Western positions on negotiations over Berlin. The Soviet representative in the bilateral US-Soviet disarmament talks in New York virtually accepted a US declaration on principles to govern a future disarmament conference. He stressed the importance of a joint statement "at this juncture" as a means of lessening international tension and claimed that the USSR was compromising for the sake of "major political considerations."

The switch in the Soviet attitude toward the US positions suggests that the Soviet leaders hope to use an agreement on disarmament principles as a sign of their interest in constructive negotiation with the US. The Soviet leader may also see an agreement on disarmament principles as a useful gesture to improve the general atmosphere for the talks with Secretary Rusk.

The Soviet reaction to the US resumption of nuclear testing followed the line foreshadowed in Moscow's justification of its own test. Bloc propaganda charged that the US tests proved that preparations had been under way for some time, and that US haste in resuming tests exposed the "hypocrisy" of the Geneva negotiations on a test ban.

Air Incidents

On 14 September two West German F-84 fighters, en route to a West German base on a training flight from France, strayed into the Soviet Zone

and, when the pilots radioed that they had less than 20 minutes' fuel, were directed by West Berlin's air traffic control to land at Tegel airfield in the city's French sector. The Soviet controller at the Berlin Air Safety Center (BASC) requested the French to detain the aircraft and pilots, and in a formal statement the Soviet section of the BASC warned that other aircraft in the corridors would suffer if the violators were released.

The Soviets and East Germans lodged vigorous protests, denounced the Western powers for complicity in staging a provocation to torpedo negotiations between the USSR and the US, and sought to assert East German responsibility for air traffic. On 17 September the East Germans delivered a note to the French headquarters requesting the French authorities to surrender the two pilots "for a limited period of time for the purpose of conducting an investigation." The Soviet controller at BASC notified the French that if the fighters flew out without Soviet permission, it would cause the most serious consequences. Simultaneously the USSR sent protests to the three Western powers and Bonn warning that in "similar cases" of violations by fighters, the aircraft would be destroyed if they refused a request to land. On 19 September the Soviet representative in BASC supported the demarche of the East Germans for participation in an investigation of the incident.

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WEEKLY REVIEW

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SUCCESSOR TO THE UN SECRETARY GENERAL

The UN faces a long period of turmoil over constitutional problems arising from the search for a new secretary general who will be acceptable to both the USSR and the West. Soviet delegates continue to insist on their "troika" concept, but Afro-Asian pressure may lead to eventual appointment of a single successor. Selection of so authoritative a figure as was Hammarskjold, however, is unlikely.

Hammarskjold's death brought to a head the fight between East and West over the 1960 Soviet proposal for replacing the secretary general with a triumvirate representing the West, the Soviet bloc, and the neutrals. The troika idea was not well received by the Afro-Asian members, many of whom recognized that such a reorganization would paralyze the Secretariat. However, it is possible that, in order to avoid a Soviet veto, UN members might agree to some version of the troika in the lower echelons of the Office of the Secretary General.

The appointment of a new secretary general is subject to the concurrence of the five permanent members of the council plus endorsement by a majority of the 99-member General Assembly. The assembly can, however, decide that the choice of a new secretary general is an "important question" requiring a two-thirds majority vote.

As a stopgap measure, the concept of having the president of the General Assembly temporarily handle the duties of the secretary general was apparently well received by several UN members, including

Burma, the UAR, Sudan, Morocco, and Iraq. Under this plan the General Assembly would designate either the president of the current session--Mongi Slim of Tunisia--or outgoing president Boland of Ireland as interim secretary general. The procedure was designed to avoid, for the present, expected Soviet vetoes in the Security Council of any nominee for the position of secretary general.

Boland told the US delegation on 18 September his canvass of UN members showed that the procedure would not be easy to put across. He reported that opposition came from "well-intentioned" delegations which believe that one man could not handle both jobs. Other opposition came from countries which are promoting specific candidates for the post and from the Soviet bloc, which is sticking to its troika proposal.

Prior to Hammarskjold's death, most UN members were agreed that the next secretary general would come from Asia or Africa. Mongi Slim, U Thant of Burma, and C. V. Narasimhan and Krishna Menon of India have been mentioned as possibilities.

In the meantime, the administrative duties of the Secretary General's Office have been assumed by Narasimhan, recently appointed chef de cabinet in that office; Andrew Cordier of the United States, under secretary for General Assembly affairs; and another American, Ralph Bunche, under secretary for political affairs.

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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****EAST GERMANY**

The repressive policies pursued by the Ulbricht regime since sealing off West Berlin on 13 August appear to have evoked widespread opposition among the East German populace, judging from continued reports in East German publications of arrests and trials of antiregime elements, particularly youths. However, legislation of 20 September gives Ulbricht legal means to invoke a state of emergency, suspend constitutional guarantees of individual rights, regiment the population, seize property, and change over-all state planning. Typical of the steps possible under these sweeping emergency powers is the eviction of unreliable elements from homes along the Berlin sector and zonal border and probably the East - West German frontier areas.

There are indications that opposition elements in the population boycotted the local elections of 17 September; an East German newspaper admits that Protestant pastors did not vote. The general attitude of the population, nevertheless, appears to be one of hopelessness. The regime claims that "almost 98 percent" of eligible voters cast ballots, that 99.96 percent of valid votes approved the regime's single slate, and that only 322 of 215,000 candidates were not elected.

The forced recruiting of young men for the armed forces and security forces apparently has been one of the major causes of public resentment. Letters from most East German areas confirm that the regime has used a variety of pressures, including imprisonment in labor camps, to induce young persons--both men and women--to "volunteer."

The regime claims to have enlisted more than 174,000 youths in this manner. Prior to the recruitment drive, over-all GDR military strength, including security forces, was estimated at 143,500.

The defense bill of 20 September further increases Ulbricht's already great powers as chairman of the State Council and of the National Defense Council. Keyed to the alleged threat of "intensified war preparations by the West German militarists," the measure specifies that service in the armed forces, as well as in civil defense, is "an honorable national duty of the citizens" of East Germany. All men between 16 and 65 and all women between 16 and 60 are liable to civil defense duty.

The key section empowers Ulbricht to invoke a state of emergency "in the event of danger," in order to counter an attack

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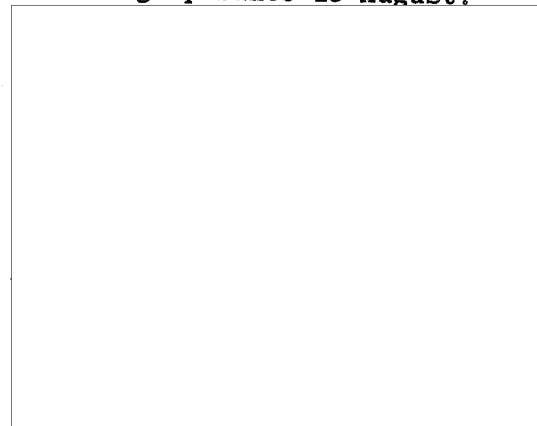


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against East Germany, or to fulfill an international treaty. It does not make clear whether he has in fact been acting under this power since 13 August.

The regime's move to improve security in East - West German border areas has been building up since 13 August.



The regime is concentrating a variety of pressures on the church, which still has a potential for rallying opposition. Evangelical Church leaders, such as Scharf, who are identified with the group supporting continued ties with West Germany are being publicly charged with "fascism" and other crimes, especially currency manipulations. On 7 September, Neues Deutschland bitterly attacked Scharf, reviving old charges that he had engaged

in unlawful currency transactions and noting that legal proceedings had been instituted against him in 1957 for this offense and still stood on the books.

Other churchmen are being similarly blackmailed in an effort to induce them to make public endorsements of the regime's "two Germanys" policies. For example, Bishop Krummacher of Greifswald was recently warned by the state secretary for church affairs that unless he would sign a declaration of support for the regime, "facts" about his sympathies for Nazism would be published.

The Catholic Church is also being subjected to special pressures in an effort to induce churchmen to support the regime. Many of these pressures are directed against newly consecrated Bishop Bengsch of Berlin, an East Berliner. Bengsch is to meet with Ulbricht on 30 September. Another Catholic prelate--the bishop of Meissen--was warned on 30 August that he would have to take a "positive position" concerning the 13 August events, including an expression of political loyalty to the regime as the sole temporal authority to which he is answerable.

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**CONFIDENTIAL****CURRENT INTELLIGENCE WEEKLY SUMMARY****CONGO**

Moise Tshombé and Mahmoud Khiari, the Tunisian head of the UN's civil operations in the Congo, reached agreement late on 20 September for a provisional cease-fire in Katanga. This will provide an opportunity for substantive negotiations concerning Katanga's reintegration with the Congo.

Tshombé probably believes that the stipulated "freeze" on the movement of troops and supplies will permit him to maintain his military superiority and to drive a hard bargain in the negotiations. UN officials in Leopoldville indicated on 20 September that he was continuing to demand major concessions from the UN. Earlier he had insisted that the UN not only forego any reinforcements but that its forces retire to their Katanga bases in return for a cease-fire.

The UN's military position had been deteriorating. A besieged Irish unit at Jadotville was overcome early this week, and UN officials in New York told American representatives that the 3,000 Katangans who had been engaged in the operation were being organized by Interior Minister Munongo for a move to Elisabethville. The UN garrison at Kamina was under attack from 1,000 well-armed tribesmen with Belgian officers.

A planned UN airlift of one Indian and one or two Ethiopian battalions into Katanga had been halted by a combination of Katangan air activity and the inadequacy of night-flying aids.

The flight to Elisabethville of three Ethiopian F-86 jets,

which the UN had counted on to end Katangan air superiority, was held up pending UN assurances that adequate navigational aids, fuel, and spare parts were available. According to information received by the American delegation in New York, UN chief representative Linner had told his headquarters that unless the airlift could be resumed, "we seriously risk the defeat of UN forces."

Brigadier Inder Jit Rikhye, --an Indian who was Hammarskjold's military adviser and who, with Under Secretary Ralph Bunche, seems to have assumed direction of the Congo operation--on 18 September gave American officials his analysis of the difficulties encountered by the UN forces in Katanga. According to Rikhye, the original UN plan had had the limited objective of closing down the Elisabethville radio station. However, the action triggered the return to their units of many of the European mercenaries who were in the process of repatriation, and fighting spread unexpectedly. The UN then found that the Katangans, in addition to their overwhelming numerical superiority, often were better armed than the UN troops.

Rikhye added that the limited UN airlift capability--no aircraft larger than a DC-4 is available--has prevented the use of either support artillery or transport in adequate quantity. He criticized the organization's intelligence staff, which he said frequently depended on reports from diplomatic posts in the Congo, and he stated that the Swedish and Irish troops had been trained mainly in police functions and thus were ineffective in combat.

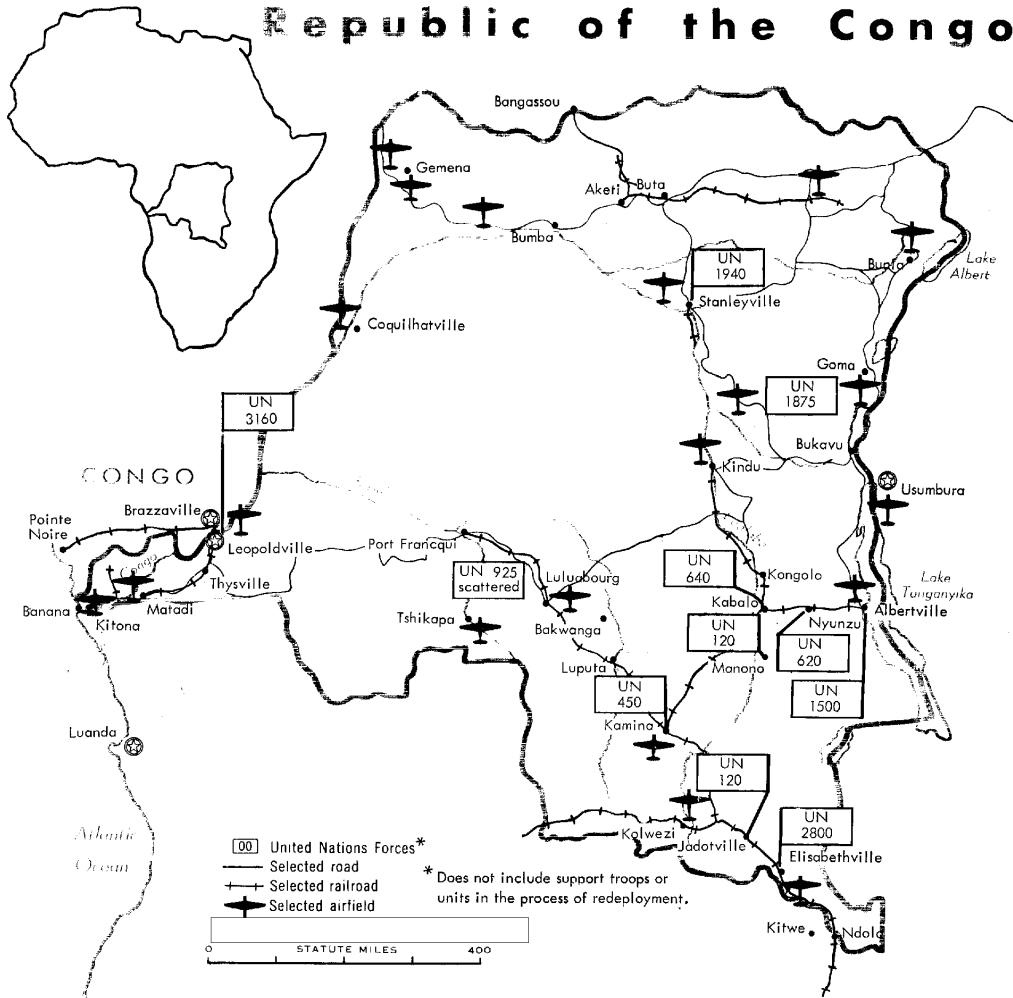
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Republic of the Congo



According to reports from Leopoldville, Premier Adoula has been under increasing pressure to order the Congolese Army to intervene in Katanga.

According to the American Embassy, sentiment among Congolese legislators is virtually unanimous in favor of army intervention. The Congolese

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senate has already passed a resolution favoring military action, and General Lundula, Gizenga's former military commander, has offered to place his troops at the disposal of the government for an operation against Katanga.

Adoula, in a conversation on 18 September, indicated to Ambassador Gullion that he realized such intervention probably would lead to civil war and stated that he hoped to head off pressure for military action through a series of delaying tactics. Bunche told American officials on the same day, however, that the Adoula government had asked the UN to put its troops in a position to fight on equal terms with the Katangans within 24 hours. Leopoldville added that if the UN could not continue the fight, the Congolese Government would undertake operations of its own and would ask friendly countries for assistance.

On 19 September, Adoula informed the UN that his government would not give its approval to negotiations

for a cease-fire and would not consider itself in any way bound by one. Aware that his army is not equipped at this time for an operation against Katanga, Adoula probably took this step to appease the elements seeking strong action against Katanga.

Anti-American sentiment is increasing in Belgium as a result of Congo developments, and even responsible Belgians feel that the United States has been lax in assuring itself that the UN would properly use the material and political support placed at its disposal. The Belgians bitterly resent UN accusations that the Belgian military are responsible for the fighting in Katanga, with the implication that Tshombé's mercenaries are under the control of the government of Belgium. The American ambassador in Brussels believes that Belgian resentment can easily lead to a rapid increase in neutralism in a country where fatalism and apathy are already strong.

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## LAOS

Ambassador Harriman, reporting on his talks with Souvanna Phouma in Rangoon from 15 to 17 September, stated that the discussions were more satisfactory than expected. Souvanna, he said, showed a realistic awareness of the threat posed by the Pathet Lao to the future independence of Laos. Discussing the elections to be held after a coalition government is established, Souvanna said that if the Pathet Lao forces emerged in control of the government there would be no recourse but to fight, as he and his followers were unwilling to see the country go Communist. He expressed his loyalty to the monarchy and his belief that demobilization of surplus forces of both sides must precede national elections.

The question of the composition of a neutralist center group in the proposed coalition cabinet remains unresolved. Souvanna persisted in his opposition to the admission of Vientiane moderates to the center group, contending that the Vientiane candidates were not "good material" and lacked popular support. He held that in the formation of a unified army, integration should be by individuals rather than by units; he recalled unsatisfactory past experience with unit integration.

Talks at Ban Namone between the representatives of the Vientiane government, the Souvanna group, and the Neo Lao Hak Sat, suspended since August, were resumed on 20 September, but no progress was made. Souvanna's proposal to meet with Boun Oum and Souphannouvong has been accepted in principle by the royal government; time, place, and other details are to be arranged by the representatives at Ban Namone. Vientiane, however,

continues to question Souvanna's suitability as premier. General Phoumi, fearing a negotiated settlement and a resultant Souvanna-led coalition government but hoping to avoid the onus of breaking off the talks, may seek to prevent the meeting by imposing conditions unacceptable to the Souvanna and Pathet Lao groups.

The military situation is marked by occasional skirmishing and artillery exchanges in northern Luang Prabang Province, where each side continues to consolidate its position in anticipation of possible renewed fighting at the conclusion of the rainy season next month. Meo units continue to harass the enemy in Xieng Khouang Province. Enemy efforts to eliminate the numerous Meo pockets have been notably unsuccessful in this area. Although forced on occasion to withdraw to fall-back positions, the Meo units have maintained their capability for effective guerrilla-type action.

At Geneva the Soviet delegation continues to indicate its desire for an early agreement, even in the absence of a provisional Laotian government. Discussions are being held on the procedure for dealing with a number of questions over which there remains a wide divergence between the Western and Communist delegations. While the UK and Soviet representatives, as co-chairmen of the conference, have agreed to dispose of routine matters in private meetings, there is no indication that a speedy agreement can be reached on the more difficult questions, which will continue to be discussed in restricted session by the various delegations.

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## FRANCE-ALGERIA

French security officials are increasingly concerned over the covert rightist and military opposition to De Gaulle; other officials fear he is not taking sufficient steps necessary to retain the backing of politically important elements. De Gaulle reportedly ignored pleas by cabinet ministers to call off his 21-24 September speaking tour of south-central departments.

A well-placed Interior Ministry official feels that unless De Gaulle creates a more solid popular basis for the regime as opposed to his person, "the days of the Fifth Republic are numbered." This official said Interior Minister Frey has been advised that security forces cannot guarantee their ability to maintain order in event of assassination.

Minister for Algerian Affairs Joxe remarked to a US Embassy officer on 13 September that De Gaulle creates many difficulties for himself by his highhanded manner, and that he hoped De Gaulle would soon explain to the French people in detail "exactly what is happening" with reference to Algeria. Joxe commented to another US observer, however, that even though no coup is expected in Paris, another one is sure to take place in Algeria.

De Gaulle has, however, taken steps in the last few days to reduce some of the oppo-

sition by increasing milk prices, as demanded by restive farmers, and by announcing his intention to relinquish at the end of the month the special powers which he assumed in April. These powers have particularly aroused parliamentary ire.

Despite the continuing large number of arrests of suspected members of the Secret Army Organization (OAS)--officially blamed for the 8 September assassination attempt--security officials admit that the OAS network has not been seriously damaged, even in metropolitan France, where it is much weaker than in Algeria. Security officers assigned to ferret out the OAS are only halfheartedly complying with orders, and it is questionable whether they would back De Gaulle or turn against him in a crisis.

It is reported that 80 percent of the army officers are opposed to De Gaulle, but that only 10 percent would participate in a coup attempt. Moderate elements concerned over the prospects of assassination are hopeful the bulk of the army can be influenced to back a democratic succession.

The 19 September order of the day in which General Ailleret, commander in chief in Algeria, instructed his forces to fight the OAS as vigorously as the rebels probably is a reaction to recent OAS propaganda urging individual

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officers unwilling to join a future insurrection to keep fighting the enemy rather than obstruct their activist comrades.

With respect to prospects for resumption of negotiations between the French and the provisional Algerian government (PAG), both sides have indicated a desire that it be soon. A French UN delegation member stated that the Foreign Ministry is very concerned lest the Algerians not agree to early renewal of the talks. Rebel information minister Yazid, in the presence of premier Ben Khedda, told an American reporter on 15 September that, provided the Bizerte issue was not in the fighting stage, formal talks might resume before the end of this month.

The reported decision to include on the French negotiating team Jacques Aubert, Sureté Nationale director for Algeria who is one of the more ardent supporters of the provisional executive idea, is regarded by the American consul general at Algiers as an indication that Paris envisages direct discussion with the PAG on security problems and arrangements during the transitional stage.

Krim and Chanderli have meanwhile indicated that the rebel leaders are willing to cooperate on transitional arrangements for the transfer of power in Algeria, but Chanderli stressed that this cooperation would be forthcoming only after successful negotiations. He implied that the PAG as such might phase out, and not assume direct control in Algeria. However, it seems quite clear that none of the present PAG members intend to relinquish their power positions, and will continue to be the real leaders no matter what transitional arrangements are made.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****GOVERNMENT AND PARTY CHANGES IN HUNGARY**

The changes among Hungarian party and government officials announced on 13 September appear to be in the general pattern of steps recently taken in other satellite regimes. They are probably designed to facilitate the satellites' development along the economic and social lines called for by the Soviet bloc's blueprint for the achievement of socialism. The measures taken in East Germany, Czechoslovakia, and Rumania also involved reorganization of the government structure, so far not forthcoming in Hungary.

**Party First Secretary**  
Janos Kadar, who assumed the additional position of premier, now is the titular as well as the actual head of government. Four newly appointed deputy premiers form an inner cabinet composed of politburo members who had been and presumably continue to be responsible for propaganda (Gyula Kallai), security (Bela Biszku), international economic relations (Antal Apro), and domestic economic planning (Jeno Fock).

The concentration of these talents at the head of the government implies that there will be much more extensive efforts made to achieve planned economic and social goals. The greater emphasis to be placed on the achievement of economic goals is also suggested by the reorganization of the national economic planning function. The

former chief of the National Planning Office, Arpad Kiss, now heads a new committee concerned with long-range planning; his replacement in the old job is the former deputy, Miklos Ajtai.

The complementary functions of persuasion and control will be administered respectively by Pal Ilku, the new minister of culture and education, and by Janos Papp, the new minister of interior. Ilku was chief of the political directorate of the Defense Ministry in 1956 and number-two man in the Culture Ministry until this appointment. Papp is a relatively unknown party secretary from Veszprem County who presumably will continue to work under the supervision of Biszku. The post of foreign minister, left vacant by the retirement of elderly Endre Sik, goes to the former deputy, Janos Peter, one-time delegate to the United Nations and a Protestant "peace" bishop. The retiring premier, 75-year-old Ferenc Muennich, was given the honorary post of minister of state.

The gaps left by party leaders moving into government posts were filled by capable men already active in the party apparatus under Kadar's leadership. Politburo members Dezso Nemes and Sandor Gaspar joined the party secretariat, left understaffed by the departure of Karoly Kiss for an undesignated government post and Fock for

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the deputy premiership. Other ranking members of the party moved into the chief editorial posts of the party's theoretical journal and daily vacated by politburo members Nemes and Kallai.

Along with the announcement of the new appointments, the party published revised estimates for the second Five-Year Plan, to be approved at a forthcoming National Assembly meeting. The plan directives, which supersede those issued at the time of the seventh party congress in September 1959, take a more conservative view of the prospects for developing the economy from 1961 to 1965.

Investment targets have been reduced. The plan directives,

emphasizing the need to meet international commitments and to strengthen national defense expenditures, appear to preclude any improvement in living standards.

Kadar also announced that the assembly will consider educational reforms emphasizing technological training. A territorial reorganization to establish new economic regions and simplify administrative procedures may also be promulgated. The party campaign against the church, a recently rumored tightening of control over the intellectuals, and a drive for more effective party activity all contribute to an atmosphere of pressure on the Hungarian people to accept the goal of a socialist state and society.

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**NORTH KOREAN PARTY CONGRESS**

Treading carefully the tightrope of Sino-Soviet compromise, North Korea's Kim Il-sung opened the fourth congress of the Korean Worker's party on 11 September. Flanked by his two chief guests--Frol Kozlov, secretary of the Soviet party central committee, and Teng Hsiao-ping, secretary general of the Chinese party--Kim ranged for six hours across a wide spectrum of North Korea's political and economic ambitions, always balancing his gratitude for Soviet assistance with similar expressions of appreciation for Chinese support.

Both of the major antagonists in last year's ideological controversy showed their competitive interest in North Korean party matters by the level of their delegations. They avoided open polemics, however; like their Korean hosts, the Chinese and Soviet delegates echoed formulations from last November's Moscow conference statement and stressed the importance of bloc unity.

Both Kozlov and Teng, nevertheless, reaffirmed the guidelines of their respective parties--

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the Soviet party draft program, for which the Chinese show some reserve, and China's "great leap forward" and communes, which have come in for Soviet criticism. Teng in his speech grudgingly offered Peiping's first comment on the Soviet program, citing it along with Soviet space achievements as proof of the socialist system's superiority, but carefully limiting its applicability to the Soviet people. Kozlov provided the most tendentious remark when he told the Korean congress that the USSR was ready for a "great leap in its forward movement" because it had the necessary material standards--an implicit criticism of China's disregard of material factors when attempting its own "leap." Both Teng and Kozlov made a point of praising Kim Il-sung's "correct" leadership of the Korean party.

Kim and the Koreans who followed him to the rostrum until the congress closed on 17 September devoted the bulk of their attention to the two prime Pyongyang objectives--economic development and Korean reunification.

Outlining the new seven-year plan which started this year, Kim described final production targets that are roughly those set in August 1960 when the plan was first made public. The regime has refined the original plan, however, to give itself more leeway; in almost every case the figures announced in August have become the upper limit of a more comfortable range. The new targets

still represent significant increases in output of major industrial products. The only major revision was in the grain target for 1967: originally put at over 9,500,000 tons, it now is at 6,700,000 tons, a much more realistic goal.

While there is little chance that the average North Korean is going to see much improvement in his living standard over the next seven years, Kim painted a glowing picture of life in the North when the plan is completed. He contrasted this with the "bankruptcy" of South Korea.

Arguing that unification makes economic sense, Kim termed "peaceful reunification" the "supreme national task which brooks no delay." The North Korean premier and party chief urged South Koreans to form a "united anti-US national salvation front," and, in a portion of his speech that was virtually an incitement to civil disobedience and military mutiny, called on Southern civilians to conduct strikes and demonstrations. The South Korean Army, Kim said, must wrest command from the "US imperialists" and become a "national army defending the interests of peasants and workers."

The party appointments announced at the end of the congress include a politburo that reflects Kim Il-sung's predominance. Through purge and skillful reshufflings, Kim apparently has consolidated his hold since the abortive challenge to his leadership in late 1956

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## COMMUNIST GUERRILLA ACTIVITY IN SOUTH VIETNAM

A series of Communist attacks since the first of September provides evidence of increased guerrilla capability in South Vietnam, particularly in the northern part of the country. On 1 September, a Viet Cong force estimated at two battalions totaling about 1,000 men temporarily overran two Civil Guard outposts in the mountainous terrain adjacent to southern Laos. The temporary capture on 18 September of a provincial capital only 40 miles north of Saigon by a Communist force of two battalions--which killed the provincial governor and set fires in the town--is the most striking indication to date of increased Viet Cong aggressiveness recently evident in the capital area. In these and other actions by smaller units, the Viet Cong displayed better organization, direction, and equipment than previously noted.

Although there have been several reports of a Vietnamese Communist build-up across the border in Laos, there is no evidence that regular North Vietnamese forces were used in the 1 September attack. As was the case in similar attacks in this area in October 1960, the bulk of the Viet Cong force probably consisted of local recruits--principally from among the minority tribes in this high plateau area where the Communists have been promoting an autonomous movement--with a hard core of North Vietnamese or North Vietnamese-trained leaders infiltrated through Laos.

Increased Pathet Lao influence in southern Laos and the difficulty of detecting movements along remote mountain

trails have given the Communists virtually unrestricted access for the infiltration of personnel and supplies from North to South Vietnam via Laos. As a result, the Communists are expected to step up their armed effort, particularly in the northern part of South Vietnam, and may intend to develop a major base of operations in the high plateau area bordering Laos.

Armed Communist strength throughout South Vietnam has increased since the beginning of the year despite casualties totaling, according to South Vietnamese figures, about 1,000 monthly. The Viet Cong is estimated to have about 15,000 men under arms, as compared with about 10,000 at the end of 1960. During July, the rate of Communist activity reached close to an all-time high, with a weekly average of about 350 incidents of all kinds reported; after some decline in August, the rate in early September was about 300. During the past three months, nearly 70 percent of Viet Cong attacks have been directed at the less effective Civil Guard and Self-Defense Forces rather than at regular army units.

There is as yet no area where control by the Viet Cong is sufficiently entrenched to beat off strong government challenges, although they approach that state in some parts of the southernmost provinces, their major stronghold. Recent sweeps by government forces have probably dealt some setbacks to the Viet Cong in this region, but the government's ability to maintain the advantages gained by such action is uncertain. The general insecurity and frequent interdiction of main routes leading to Saigon has disrupted South Vietnam's rice and hog exports for 1961, and growing harassment of rubber plantations north of Saigon is reported.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## TURKEY

The compromise reached last week by Turkey's ruling Committee of National Union (CNU)--to uphold the Yassiada tribunal's death sentences for former Prime Minister Menderes and two associates but to commute 12 others to life imprisonment--has somewhat lessened the chances that supporters of Menderes' outlawed Democratic party will spark disorders. There now appear to be no impediments to beginning the campaign--scheduled to open on 24 September--for the 15 October elections.

The 22-man CNU reached its decision at a long session on the evening of 15 September, apparently under pressure from younger military officers outside the committee who pressed for upholding the death sentences of all persons condemned. These officers feel that failure to execute all leaders of the Menderes regime constitutes disavowal of the military coup which overthrew Menderes in May 1960.

The CNU apparently felt that its final decision would prevent the younger officers

from venting their frustration in a new coup attempt, but by upholding the three death sentences it has introduced into Turkish politics an element of bitterness which is likely to persist for years.

Ismet Inonu, leader of the Republican People's party (RPP) and long an adversary of Menderes, privately urged the CNU not to permit executions, as did other party leaders and influential leaders of the press. If the CNU permits free balloting to take place, the RPP may fall short of a majority as voters protest the executions by voting for one of the parties openly appealing to Menderes' former supporters. Earlier this month the CNU sought the agreement of all political party leaders to forego any discussion of the past and particularly the justification of the May 1960 coup. All political party leaders except Osman Bolukbasi, the leader of the small Republican Peasant Nation party, signed this declaration. Despite the present restrictions on freedom of speech and of the press, it appears virtually impossible for the CNU to enforce this ban.

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## THE DOMINICAN REPUBLIC

The Dominican Government succeeded in ending ahead of schedule the commercial shutdown in the capital city that began on

12 September as a gesture of national mourning for the opposition demonstrators killed in clashes with the police early

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that day. Elements of the opposition continue to favor a general strike against the government, and proponents of violent action are gaining the ascendancy in various opposition groups--even the politically moderate National Civic Union (UCN), which has wide backing among business, professional, and other middle-class elements.

Although President Balaguer's liberalization program has almost universal acceptance in principle, the opposition is convinced that the President is not sufficiently forceful in implementing his program and that, in any event, meaningful progress is impossible as long as the essential elements of power are held by General Ramfis Trujillo. The opposition groups are obsessed by the desire to rid the country quickly of all remnants of the Trujillo dictatorship and emboldened by the wide national solidarity their movement has generated.

Although opposition groups encompass the bulk of literate Dominicans, they probably at present lack the capability of taking over from Balaguer against the entrenched military, which seems to be united if only temporarily and in the interests of self-preservation. The immediate danger to the present regime is the possibility of a military takeover, with or without the concurrence of General Ramfis Trujillo. The military was apparently on the verge of such action twice during the past month. Such an event would prolong and further embitter

the transition period and increase the likelihood of a concerted campaign of violence by the opposition. It would also almost certainly lead to the eventual factionalization of the military.

The OAS subcommittee, which arrived on 12 September to determine whether conditions warrant partial removal of the OAS sanctions against the regime, is receiving the full cooperation of the government. The opposition is urging continuation or even intensification of the sanctions until political liberties are fully guaranteed; any easing of the sanctions now would result in widespread public bitterness against the OAS and, by extension, against the United States.

The opposition's complaint that the US is giving moral support to Balaguer's gradual approach to democratization has reduced the opposition's regard for the US to the lowest point of any time in the past two years, in the opinion of the consul general. He reports that some opposition members say that if the June 1959 invasion of the country, which was mounted by the Castro regime, were to be repeated now, "everyone would side with the invaders."

The United States is likely to be attacked as a result of the signing on 16 September of a contract between the Dominican Government and a private US firm for the construction of an oil refinery in the Dominican Republic. Petroleum is one of the products now embargoed under the OAS sanctions. 25X1

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****CUBA**

The 7-21 September visit of Cuba's President Osvaldo Dorticos and Foreign Minister Raul Roa to Czechoslovakia and the USSR appears thus far to have produced little but routine assurances of bloc "solidarity" with Cuba. A trip to Communist China is to follow. Dorticos' trip to the bloc, coming immediately after his attendance at the conference of nonaligned nations in Belgrade, may further help to convince some of the neutralist nations of Cuba's full alignment with the bloc.

The Cubans' actions in railing against the United States and in echoing the Soviet line on most of the issues taken up at the conference largely destroyed the sympathetic attitude toward Cuba initially held by many conference delegates.

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Bloc countries, besides taking 4,000,000 tons of Cuban sugar this year at a price equivalent to four cents a pound, are in some instances also acting as middlemen in arranging purchases of Cuban sugar by Asian, Middle Eastern, and African states.

Cuba is similarly relying on three-way trading arrangements with nonbloc countries to dispose of some of its exports and to obtain imports not available in the bloc.

Within Cuba, the antiregime outbursts of churchgoers on two occasions within the past two weeks were the first serious manifestations of opposition to Castro in many months. The regime has reacted with a concerted government campaign against the Roman Catholic Church. The expulsion on 16 September of 136 priests--including Havana Bishop Eduardo Boza Masvidal and 45 other Cuban priests--reduced by almost half the number of priests remaining in Cuba. Further religious demonstrations may give impetus to a government move to establish a "national church" with loyal pro-Castro clergy.

Sporadic outbreaks of fighting between dissidents and Castro's militiamen have occurred in at least two of Cuba's six provinces. In Pinar del Rio, the island's westernmost province, a small group of insurgents was operating as recently as mid-September under the command of an anti-Castro leader known as "Cara Linda," while another group was reported active in northern Las Villas Province. In all cases, government forces possess greatly superior resources and are capable of eliminating the outbreaks eventually.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## ARGENTINA

President Frondizi, demonstrating growing confidence in his ability to deal with Argentina's domestic problems, has increased his attention to foreign policy in recent months, and with the resignation of President Quadros in Brazil he will bid for a dominant position among Latin American leaders.

During the earlier part of his term, Frondizi was preoccupied with the repercussions of his US-backed economic stabilization program--the austerity aspects of which are still a source of labor difficulties. During 1961, however, he has seemed increasingly interested in reasserting Argentina's claim to diplomatic leadership of the Latin American nations. Unlike many of his predecessors, Frondizi has generally sought to exercise this leadership in support of US objectives rather than in rivalry with Washington, as shown in his strong backing of the "Alliance for Progress" and his more cautious assistance to US policy on Cuba.

Frondizi has engaged in a series of consultations with other Latin American presidents. Following earlier visits with the chief executives of Uruguay, Brazil, and Bolivia, he visited President Stroessner of Paraguay on 2 July and made a public promise to improve high-way connections between the two distant capitals. His most recent visit was to President Alessandri of Chile from 9 to 11 September, concluding with the signing of the joint "Declaration of Vina del Mar," which called for "total compliance"

with the United Nations Charter to maintain peace, and expressed concern over "the renewal of nuclear testing." Later this month Frondizi is to confer briefly with President Betancourt of Venezuela.

Frondizi's diplomatic efforts have been indirectly aided by the events in Brazil, which has traditionally vied with Argentina for leadership among the Latin American states. Brazilian prestige has suffered considerably from the developments ending in Joao Goulart's replacement of Quadros, and Ambassador Rubottom in Buenos Aires believes Frondizi now will "more openly wear the mantle of hemisphere leadership." He will probably make an effort to assume such a role in his address to the United Nations General Assembly scheduled for 27 September.

In his pro-US and anti-Castro moves Frondizi has had the strong support of the Argentine military; he has at the same time tried to conciliate more radical opinion by moves apparently designed in part to demonstrate his independence of Washington. One of these was his widely publicized meeting with Che Guevara on 18 August, which raised a political storm. Frondizi reassured military leaders that the meeting would in no way modify Argentina's firm position on Cuba and Communism, but controversy as to how the meeting was brought about led eventually to the resignation of Foreign Minister Muica.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

## PANAMA

President Roberto Chiari's announcement on 11 September that Panama would seek a new treaty with the United States is the result both of mounting domestic political pressures and of the assumption that the international climate is propitious for Panama's reassertion of its claims against the US position in the Canal Zone. Chiari has been unable after a year in office to gain control of his country's chaotic political situation or to stem its economic deterioration. He must therefore identify himself strongly with the Panamanian peoples' mounting determination to assert their claims against the United States if he is to maintain popular support.

The President is impatient to raise the Canal Zone treaty issue now so as to appear the champion of national interest. Expecting to come under heavy attack on various counts when the National Assembly convenes on 1 October, Chiari has already announced that his address that day will detail Panama's new treaty requests.

The Sovereignty Issue

Panama's national aspirations in the Canal Zone have a strong appeal to its people and constitute the most powerful unifying factor in a country of wide social, political, and economic divisions. The 1936 and 1955 revisions of the original 1903 Convention between the US and Panama have not satisfied these aspirations, particularly the almost obsessive desire for recognition of Panamanian sovereignty in the zone.

Panama realizes it is not now equipped to operate the canal itself and is unlikely to ask to do so in the course of this attempt to renegotiate the basic treaty. Rather, it will probably want a clear acknowledgment of Panamanian sovereignty in the Canal Zone; an increase in the \$1,930,000 annuity; reduction of US commercial ac-

tivities in the zone; stricter interpretation of the US treaty rights of "operation, maintenance, sanitation, and protection of the canal"; and possibly the turnover of some lands within the zone border for agriculture.

Panamanians have long contended that the 1903 treaty was hastily drawn up before the newly independent country's government was properly consulted. They point out also that the treaty was signed for Panama by a Frenchman, Buneau Varilla, who was acting as diplomatic agent for the newly independent country while promoting the interests of a French canal company. They object particularly to the US interpretation of the sovereignty clauses and to the treaty's use of the words "in perpetuity," claiming the term is not valid in international law.

Exploitation of the Issue

Panamanian sensitivity over the sovereignty issue extends into many fields. In a note of 31 August protesting a recent National Labor Relations Board decision permitting US unions to organize crews of US-controlled ships flying the Panamanian flag, the Chiari government termed this an infringement of sovereignty. The decision also threatens lucrative public and private income from registry and representation of foreign ships in Panama and the prestige of at least nominal possession of one of the world's largest merchant fleets.

Panamanian spokesmen have applied the sovereignty question to so many aspects of US activity relative to their country that the issue has become basic to national policy. They insist that recognition of their "sovereign rights" is more important than financial assistance for their economy and their unbalanced, potentially explosive social system. Almost 10 percent of Panama's labor force is unemployed. Unlike other urban Latin Americans, most of these idle workers can

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read. They congregate along the streets of Panama City and Colon, a receptive audience for Panama's sensationalist press and radio. Both emphasize nationalist issues constantly.

One group of newsmen, appearing on a US television program, argued that since canal tolls have been unchanged since 1914, they could be raised to increase Panama's annuity without cost to the United States.

All Panamanian elements actively engaged in exploiting the canal issue firmly believe that the United States is particularly vulnerable to world opinion. This has led on the one hand to discussion of the canal issue by Panamanian diplomats at international meetings, such as the United Nations and the Organization of American States, and on the other hand to threats to instigate violence in order to dramatize the issue. Extremist-led mobs had this strategy in mind in November 1959, when US troops held back efforts to plant Panamanian flags in the Canal Zone during Panamanian independence day demonstrations. The subsequent display of the Panamanian flag on a zone staff near the border and the resumption of more amicable relations with zone residents and administration have not dissipated the basic aspirations. Panama's leaders indignantly reject any suggestion that Panama's record of political and economic instability or its failure to effect reforms can have any bearing on the basic issue of the sovereignty of the Canal Zone, or could affect the security of the canal itself.

The Economy

Panama's entire economy has been geared to the canal since construction was begun in 1904. Population and economic activity are disproportionately concentrated in the two cities adjoining the canal terminals, Panama City and Colon, while development of agriculture, industry,

and transportation in the interior has been virtually ignored. Large and potentially valuable agricultural areas are either inaccessible or left idle by large landholders.

A small clique representing about 5 percent of Panama's million people controls the sources of both economic and political power. This group invests its funds in commercial, real estate, and shipping registry and representation ventures which are highly profitable but create little or no economic growth or employment. Thus while Panama ranks near the top among Latin American countries in per capita income, prices are high and most of its people contribute little to the economy and live in great poverty.

The Oligarchy

The ruling clique has long been adept at deflecting toward the United States any internal dissatisfaction with its actions. In promoting this antagonism its members often associate closely with anti-American extremists. The latter, many of them suspected Communists, have access to sensitive government positions, influential news columns, and teaching posts.

Many of the oligarchy are well educated, experienced in business, and knowledgeable in world affairs but refuse to admit the danger of fomenting nationalism through these extremists and do nothing to develop Panama's capacity to order its own affairs. These leaders offer plans for the improvement of their country, but have taken no steps to end the long-standing corruption, indifference, and self-serving political and financial scheming which defeat such plans.

Two important factions in the government are headed by determined rivals for the presidency. Finance Minister Gilberto Arias of the Third Nationalist party is a member of the Arias Madrid family, probably the single most powerful influence in Panamanian economic and news

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affairs. He is opposed by Second Vice President Jose Dominador Bazan, a shrewd politician with the calculated backing of economic interests centered in Panama's Republican party. Although both have financial resources, neither bears the onus of membership in the small handful of Spanish families which has long dominated the ruling oligarchy. If either Arias or Bazan should decide that association with the administration is a liability and break with Chiari, the President's already limited ability to govern effectively would be weakened and many political dissidents would be encouraged to become active.

The opposition press and radio have already referred to the need for a new cabinet if Panama is to realize any benefit from President Kennedy's Alliance for Progress program, and Chiari's cancellation of a planned vacation in September indicates some political maneuvering is probably going on. Chiari's coalition does not have a majority of the deputies, and what positive programs he may present for tax, land, and other reforms seem to have little chance of legislative approval by the highly volatile multi-party assembly.

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Latin American Stand on Canal

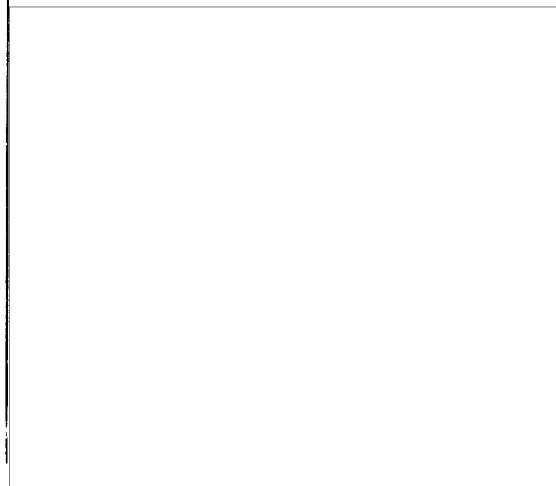
While other Latin American countries usually support Panamanian claims in the Canal Zone, they have never pressed the issue. Foreign Minister Solis refused a renewed invitation for Panama

to join the Central American economic and political organizations in July, saying the decision must wait until his country could "integrate" into its economy all its lands and referring specifically to the Canal Zone. He was disappointed to receive only a mild statement of backing from his Central American colleagues meeting in Tegucigalpa.

From time to time there have been suggestions that the canal be "inter-Americanized," but Panama feels that any change in the canal's status should be its reversion to Panama as its only natural resource.

Communists and Castrites

Stronger but unsolicited support has come from Latin American Communists. The Communist-sponsored Latin American Congress for National Sovereignty, Economic Emancipation, and Peace, which met in Mexico in March, strongly backed Panama as another victim of "US imperialism." Although Panama's relations with Cuba are not friendly, they have not been broken off, and Castro officials periodically use the canal issue in diatribes against the United States.



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