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COPY NO. 795

OCI NO. 0312/61

29 December 1961

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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The bloc has assessed the Bermuda meeting between President Kennedy and Prime Minister Macmillan in almost completely negative terms, with the general conclusion that the talks did not provide grounds for optimism. The most critical observations have been reserved for the announcement that plans for possible nuclear weapons tests in the atmosphere were being prepared. Soviet propaganda concentrated on claims that this decision is another step in the direction of "aggravating international tensions" and part of an attempt to deal with the Soviet Union from a "position of strength." Izvestia's comment recalled the Soviet warning on 4 December that if the US continued tests, and particularly if it conducted them in the atmosphere, the USSR would be forced to resume its own tests. Moscow has also asserted that there is an "obvious discrepancy" between the announcement on nuclear testing and the appeal for East-West negotiations on Berlin.

This line has been accompanied by further criticism of the Western plan for talks in Moscow on the Berlin question. While Moscow has been careful not to reject the proposed diplomatic contacts to be initiated by Ambassador Thompson, the general criticism of this move has been designed to place the West on the defensive. Soviet propaganda adopted the position

that the Bermuda talks had contributed nothing new to the German question. The main criticism has been directed at the communiqué's statement that the purpose of the ambassador's soundings in Moscow will be to determine whether a basis exists for negotiations. Pravda claimed that this is a "strange approach," since the "basis" for negotiations has long existed in the Soviet proposals for a free city and a peace treaty. Izvestia raised the question of whether the West was using the bilateral talks as a maneuver to delay signing of a peace treaty and solving West Berlin's status.

The Soviets, however, have stopped short of predicting the outcome of these diplomatic probes. One Soviet commentary concluded that it was too early to forecast the result, but that the contacts would be successful if the US adopted a "realistic approach." Thus, the over-all impression conveyed by Soviet propaganda has been that diplomatic contacts are a step in the proper direction, but that the outcome will depend on a shift in the West's position. This line suggests that Moscow will continue to withhold judgment on the value of bilateral contacts in order to maintain a free hand to press for more formal negotiations. This approach was reflected in Soviet commentaries prior to the Bermuda meeting which

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reported that one topic on the agenda there would be consideration of a meeting with Premier Khrushchev. Moscow added that such a meeting would be fully justified.

A deliberate Soviet affront to General Watson, the US commandant in Berlin, was also part of the Communist effort to strengthen Moscow's hand for the forthcoming contacts in Moscow. On 21 December, the East German police at the sector border in Berlin had refused to pass the US political adviser following his refusal to display his identification papers, even though he was proceeding to a meeting with his Soviet counterpart. On 23 December, the East Germans refused permission for General Watson's three civilian aides to accompany him, without identifying themselves, on a pre-arranged visit to the Soviet commandant. The obvious Soviet complicity in the East German move suggests that the USSR viewed these encroachments on official US travel as a convenient way of demonstrating the unconditional East German authority over the sector boundary in order to remove this question from the area of negotiations.

The mounting campaign against West Germany was carried forward on 20 December with a Soviet note to Belgium

repeating the general line of recent notes to other NATO members. The Soviets charged that an agreement between Brussels and Bonn for the establishment of supply depots in Belgium for the West German armed forces would have "dangerous consequences."

The alleged aggressive intentions of NATO were also the subject of a Soviet protest on 23 December to Athens. The Soviet ambassador in an oral statement charged that Greek territory was in danger of being used as a NATO "nuclear-rocket springboard." The protest recalled earlier Soviet warnings to Greece and asserted that Soviet proposals to establish a nuclear-free zone in the Balkans had been rebuffed by the Greek Government. In conclusion, the Soviet ambassador requested an "explanation" of recent reports of the installation of foreign nuclear weapons in Greece.

The Communist attacks on the establishment of a joint Danish - West German Baltic command under NATO was continued in an East German note to Copenhagen. As in previous Soviet and Polish demarches, the East Germans charged the Danes with abetting the plans for West German hegemony in Northern Europe. After reiterating proposals for making the Baltic a "sea of peace," the note warned that East Germany would "actively participate" in all security measures introduced by the "Baltic states."

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THE CONGO

Tshombé began to back away from accepting Katanga's subordination to Leopoldville at an early stage of the Kitona meeting. Ambassador Gullion described him as not having "psychologically accepted the fact he was suing for terms." Tshombé gave no evidence he had changed his views regarding a confederal relationship in the Congo, and he accepted the eight-point Kitona agreement only on the basis that it was subject to approval of the Katanga authorities.

Tshombé, when he returned to Elisabethville, seemed to confirm by his actions Adoula's assessment that "each time Tshombé is close to defeat he asks for negotiations, but when the fighting is stopped he violates the agreement." The Katanga council of ministers declared that Tshombé had no authority to commit the Katangan people and that the agreement had no validity because it was imposed by the UN and the US. Foreign Minister Kimba and Interior Minister Munongo--proponents of Katanga's secession--told the consuls in Elisabethville "on behalf of Tshombé" that Adoula and Tshombé had agreed only to accept the Belgian-drafted constitution--the so-called Fundamental Law--as the basis for negotiation.

A Katangan government communiqué of 22 December congratulated Tshombé for not having committed the Katangan people and declared the Katangan provincial assembly is the "only valid authority" competent to pronounce a decision.

Tshombé has sent a Katanga parliamentary delegation to Leopoldville "to discuss modifications of certain articles of the constitution." He almost certainly aims to leave his position sufficiently hazy on the Kitona agreement to give himself time for maneuver, and to try to extract further concessions from Adoula. Tshombé himself has expressed doubt that the Katangan assembly--which is scheduled to meet on 3 January--would ratify the agreement. The assembly, on Tshombé's orders, may reject the whole agreement or portions of it. In any event, Tshombé will probably assume the pose that he must abide by the will of the Katangan people.

On 24 December, he reasserted publicly the right of the Katangan people to freedom and self-determination and called on the leaders of the free world to "examine and consider if the war against me is fair or if it corresponds with the ideals of the UN." Katangan Foreign Minister Kimba's current trip to West European capitals is probably designed to generate further support for Katanga with the aim of blocking a resumption of force by the UN.

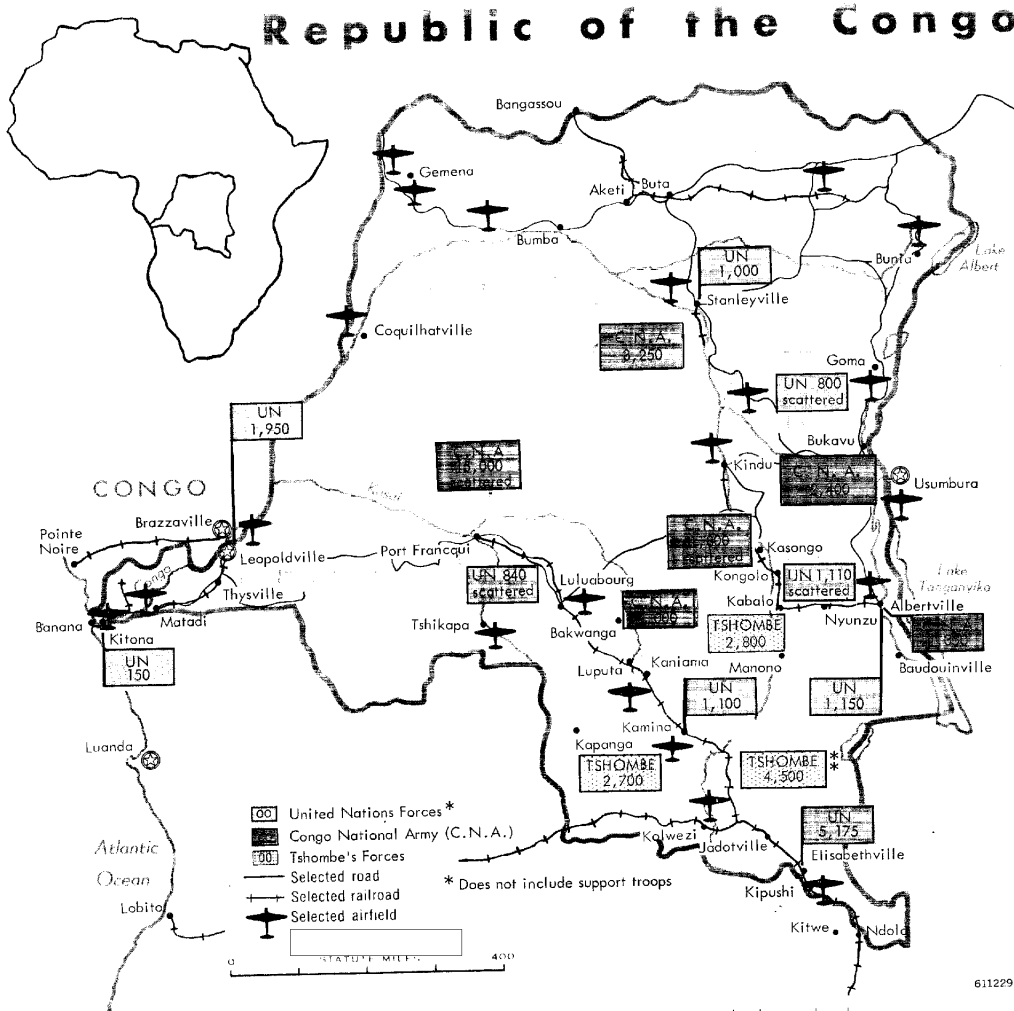
Ambassador Gullion suggests that Tshombé's freedom of action may be limited since Kimba, Munongo, and Finance Minister Kibwe probably "have the bit in their teeth" and would move against Tshombé if he made any serious move for a settlement.

Adoula was extremely wary lest the Kitona talks be used

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* The numerical strength of Tshombe's forces in the Elisabethville area has been reduced in the recent fighting, but there are no reliable figures on the number of casualties.

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by his opponents within the government to undercut him, and he included extremist Minister of Interior Christophe Gbenye as a member of his delegation. Adoula appears to have accepted the agreement only under the advice of UN and US officials. Adoula--as Tshombé's recalcitrance continues--may become increasingly reluctant to follow a moderate approach.

Adoula has threatened "energetic action" against Tshombé if he fails to implement the agreement. Aware of his limited capability in this respect, he and other central government leaders have succeeded in getting UN agreement to place a Congo battalion with the UN forces in Katanga. While the UN intends that these units will be restricted to northern Katanga, Leopoldville may have other plans.

Adoula, with his own position threatened, will probably increasingly incline to a tough line toward Tshombé; he has already indicated publicly that further talks with the Katangan leader are useless and that Leopoldville has made all the concessions possible.

The US Embassy in Leopoldville reports more signs that

the deep-seated struggle for control between the moderates and left wing in the Adoula government may break into the open. The embassy views this struggle--submerged for the Kitona meeting--as remaining acute and one which may end in violence.

Top UN officials in New York say they contemplate no military action in Katanga except in self-defense or to hold existing positions and communications. Under Secretary Bunche has said that the UN will allow Tshombé up to one month to implement the UN resolutions. The American consul in Elisabethville, however, reports that the hold-fire between UN and Katangan forces remains "fragile" and that both sides are making provocative moves. Pillage and looting by roving bands of Baluba tribesmen and the excesses committed by Ethiopian troops in the UN command during the fighting are adding to the tensions.

Foreign Minister Kimba has stated that Katanga reserves the right of freedom of movement for its forces, and US Army sources report reliable information that the Katangan forces are taking advantage of the hold-fire to regroup and bring up reinforcements. The American consul in Elisabethville reported on 25 December "an impression" that UN military circles may be planning a "maneuver" shortly after 27 December if the Katangans do not accept the Kitona agreement. The civilian population is reported "scared and discouraged." Brussels has requested US help to evacuate 2,500 Belgians, mostly women and children.

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LAOS

Efforts to schedule further discussions by the three princes are continuing in the wake of the failure of their initial meeting to reach accord or to provide for a continuation of the talks. At that meeting, held in Vientiane on 27 December, Boun Oum, after presenting his position regarding the formation of a coalition cabinet,

stated that further meetings of the princes were "not necessary," and that it was now Souvanna's responsibility to form a cabinet in consultation with Laotian leaders. As outlined by Boun Oum, the demands of the Vientiane faction included the key portfolios of defense and interior, as well as the right to nominate four members of the proposed



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eight-member "neutralist" center group of the cabinet. Souvanna reserved comment on the Vientiane proposal.

Souvanna, in conversations with Ambassador Brown subsequent to Boun Oum's rejection of further negotiating sessions, indicated to Ambassador Brown that he was considering the initiation of "consultations" with Boun Oum in an effort to forestall a complete breakdown of negotiations. He affirmed his willingness to modify his position to allow greater Vientiane participation in the "neutralist" center group, but insisted on the inclusion of "five, six, or seven" of his supporters.

Kong Le forces have been engaged in counter-guerrilla actions against Meo units in the hills southeast of Xieng Khouang. Meanwhile, Lao Army units have pressed clearing operations against pro-Souvanna forces near Muong Sai in north-

ern Laos and southeast of Pakse in the extreme south.

In a 20 December conversation with the US representative at Geneva, Soviet delegate Pushkin indicated that he would be willing to consider a Western draft on the question of integration of forces in Laos, if its provisions did not conflict with Laotian sovereignty. The Soviet delegate had consistently refused to discuss this issue, reflecting the Communists' desire to avoid early integration, thereby keeping Pathet Lao forces intact until after general elections are held in Laos. The USSR would probably oppose any Western recommendation for strict ICC control over the integration of Pathet Lao forces and take the position that the Geneva conference should merely recognize the right of a new Lao government to supervise this problem.

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MIDDLE EAST DEVELOPMENTS

Syria

After a week's delay, Maruf al-Dawalibi, a leader of the left wing of the moderately conservative Populist party, formed a 16-man cabinet which is the product of considerable compromise. Consisting of second-rate politicians, the new cabinet includes rightists and leftists but leaves out representatives of the important Nationalist party as well as the most influential leftist leaders. Many ministers appear to be miscast--an Alawi tribal chieftain is minister of communications; the Ministry of Justice is headed by a professor of Moslem law who is a member of the reactionary Moslem Brotherhood; and the minister of culture's only claim to expertise is his status as an amateur poet.

Given the omission of representation of a number of leading parliamentary political figures, the cabinet may not get a vote of confidence from parliament when it meets again in early January. In any case, the cabinet's life is likely to be short.

Apparently cooperation between the Populist and Nationalist parties already has broken down, less than a month after the parliamentary elections. While the cabinet includes five Populists, none but Dawalibi are men of stature in the party, and several Populist leaders refused to participate because they were not given the port-

folios they wanted. Thus the hostility which has flared up frequently since 1949 between the Populist and Nationalist parties, as well as disagreement within the Populist party itself, appears to be preventing the cooperation which would be essential for a conservative Syrian grouping to prevail in the face of relatively well-organized leftists.

Egypt

President Nasir, in a fiery Victory Day speech at Port Said on 23 December, reviewed his domestic policies and policies toward other Arab states as they have evolved since the break-away of Syria. He linked his drive at home for faster progress toward socialism to his continuing struggle against "imperialism and its stooges" in other Arab countries. To a considerable degree, the speech pointed up Nasir's new attitude toward the achievement of Arab unity: that meaningful unity can come about only under his own socialist-cooperative banner and only after the "reactionary" governments in most other Arab states have been overthrown.

Nasir ridiculed the Imam of Yemen--a move which was followed three days later by an Egyptian official announcement of dissolution of the United Arab States, the three-year-old federation--never more than a facade--between Yemen and the UAR. His verbal attack on King Saud was even sharper. "If social justice were carried out

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in Saudi Arabia," Nasir asked, "where would Saud get his gold . . . how could he afford to keep his concubines?" Deriding the King's earlier conspiratorial activities in Syria, Nasir claimed, "If I decide to engineer a conspiracy against him, he won't last two months."

The Egyptian President, as usual, treated King Husayn of Jordan as a puny adolescent barely worthy of his contempt. He said that Husayn had been in London "consulting his masters," and accused the Jordanian royal family of trading in hasheesh. He also charged that Husayn was trying to instigate a revolt in the Gaza strip. Israel was the target of the standard propaganda barbs, but at one point Nasir replied to Radio Amman's recent charges that he has failed to liberate Palestine by remarking, "We have to wipe out the reactionary fifth column in Arab countries first." He noted that he was adding three regiments to the Egyptian Army in order to face "imperialism and Zionism."

Nasir repeated his usual description of the politicians and army officers now in control of Syria as "reactionaries backed by imperialists." He predicted that "in the end" they would be defeated by the Syrian people. Nasir did not mention broader international issues, confining himself in this sphere to several blasts against the "French and British imperialists." Egypt no longer permits French nationals to enter the country, alleging that this is in reprisal for ill treatment of

Egyptians at Paris airports following the arrest of members of a "French espionage net" in Egypt.

Nasir made clear that the crackdown on "reactionary elements" would continue in Egypt and indicated that all foreign-owned land would be nationalized and turned over to the peasants.

Kuwait

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Rumors that an Iraqi invasion of Kuwait might be impending have been circulating for more than a week; they probably stem chiefly from Qasim's comparison of the Goa and Kuwait situations and his remark that "in the end" Iraq might have to resort to military force to "liberate the dear district of Kuwait."

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Evidence is lacking, however, of any Iraqi preparations for an attack.

A part of the Iraqi Army and Air Force continues to be engaged in fighting against Kurdish rebels in the northern section of Iraq. Defensive forces presently in Kuwait include the 1,600-man Kuwaiti Army and a 2,200-man Arab League force consisting of 1,190 Saudi Arabian troops, 900 Jordanians, and 110 Sudanese.

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PORTUGUESE FOREIGN POLICY

Lisbon's frustration over the loss of Goa has led the Salazar regime to examine foreign policy alternatives in an effort to ensure retention of its other overseas territories.

Even more than the Angola difficulties, the loss of Goa convinced Lisbon that its NATO partners will not help it keep its overseas provinces. While the regime expressed appreciation for the stand taken by the US in the 18 December UN Security Council debate, many high Portuguese officials reportedly believe that the West provided only the "absolute minimum support" in the Goa incident and have bitterly cited the unequivocal diplomatic and military support that the USSR provides bloc members.

This frustration is further illustrated by a rash of critical articles in the regime-controlled press and by student-led demonstrations against the US and Britain. On 26 December, Lisbon's press carried an interview Premier Salazar recently granted the Paris daily Le Figaro which contains several acid remarks concerning US foreign policy, among them: "It is easier to understand a problem in higher mathematics than to understand US policy." Premier Salazar is delaying a formal statement on Goa until the Portuguese Parliament reconvenes on 3 January.

The first public indication that the government is considering a revision of foreign policy appeared in the 22 December lead editorial of the government newspaper Diario de Noticias. The article stated that "in view of the breakdown of collective security and of any juridical solidarity" and because "present alignments have shown themselves to be ineffective," Portugal must "review its international position."

While the Portuguese ambassador in Washington told Under Secretary Ball on 21 December that he did not personally believe Lisbon was "giving very serious consideration to disengagement and withdrawal" from NATO, Ambassador Elbrick thinks it probable that a foreign policy based on "quasi-neutrality" or "non-alignment" may be under discussion. Such a policy would not necessarily indicate a withdrawal from NATO, but would mean an end to any cooperation in military planning and might mean that Lisbon would refuse to renew the Azores Base Agreement with the US, which expires at the end of 1962.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SINO-SOVIET-ALBANIAN RELATIONS**

The controversy between Moscow and Peiping erupted again at the World Peace Council (WPC) meeting which ended in Stockholm on 19 December. A Soviet-sponsored resolution to hold the next congress of the WPC in mid-1962, with disarmament as the only theme, was attacked by the Chinese delegates, who attempted to undercut the whole Soviet rationale for disarmament negotiations. Chinese criticisms of the Soviet position were the most vehement since 1960 and suggest that Peiping will step up its opposition to any Soviet foreign policies which can be interpreted as moves toward an accommodation with the West.

The Soviet idea of making disarmament negotiations the "most important question" in the fight for peace was promptly rejected by the Chinese, who demanded forceful anti-colonial and anti-West tactics. They insisted that revolutionary struggles must not be subordinated to disarmament negotiations.

On 18 December, Liu Ning-yi, a member of the Chinese Communist party central committee, told the delegates that there are "some who hold that disarmament is the only road to peace," that disarmament is "the key to the solution of all pressing problems of our time," and that "the national independence movement should be subordinated" to it. Rejecting this Soviet view as "erroneous and harmful," Liu insisted that newly independent countries, "like Cuba," must not reduce their armed forces but must strengthen them. Speaking earlier, Chinese delegation chief Liao Cheng-chih in effect rejected "peaceful coexistence" as well as negotiations because emphasis on such concepts saps the fighting will of newly independent and colonial peoples and reduces the prospects for open revolution in colonial areas.

Rebutting the Chinese position, the Soviet delegate, supported strongly by the Poles, argued that there is no point in

talking of colonialism if the world is moving toward a nuclear war which would leave only dead bodies to liberate. At this point, the Chinese delegates stormed out of the meeting shouting "shame."

The Chinese effort to line up votes against holding a WPC congress exclusively dealing with disarmament failed miserably. The Soviet resolution was carried by a vote of 153 to 27, with the Chinese casting 18 of the dissenting votes. The vote indicated that Moscow retains an automatic majority in Communist-front organizations and that Peiping can muster only a handful of votes from such sympathizers as the Albanians, North Koreans, and Algerians. It is not clear how the North Vietnamese voted. Probably in an effort to undercut Peiping's claim to be the only major champion of anti-colonial revolution, the WPC later adopted a resolution which called for preparations for a conference on the national liberation movement at an unspecified date.

The clash on the issue of disarmament revives the controversy on bloc strategy that dominated Sino-Soviet exchanges in 1960 and clearly indicates that neither side has given much ground. A full restatement of the Soviet position was recently made in Kommunist by chief editor Konstantinov, who indirectly attacked the Chinese for their inability to solve "new" problems--including the need to support neutral countries--on the international scene. Konstantinov stated that the Albanian leaders--meaning the Chinese as well--had rejected "peaceful coexistence" as the foreign policy line for the bloc and had denied that the "imperialist tiger" now is hemmed in by the power of the "socialist camp." Moscow is again implicitly warning the Chinese that their refusal to accept major Soviet policies, including negotiations with

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the West, will lead to their "isolation."

Mao Tse-tung probably does not really believe that Khrushchev intends to put his disarmament proposals into effect. Mao is aware that an appeal for disarmament is essentially an attempt to gain international support for Soviet policies without weakening bloc military forces in being. However, he takes the position that emphasis on disarmament rather than revolution reduces tensions with the West and saps the will of extremists in underdeveloped areas to fight. In Mao's view it is precisely this tension and will to fight that are indispensable for rolling back Western influence throughout the underdeveloped world.

A recent People's Daily article makes it clear that Mao Tse-tung is championing not only continuous revolution in underdeveloped areas but rural-based armed revolutions in the Chinese pattern, thus affording Peiping the opportunity to establish its own influence among the revolutionaries. By contrast, there is considerably less emphasis in Soviet propaganda on revolution, partly because of the more complex requirements of Soviet policy in relations with the West.

Soviet spokesmen can be expected to reply to the Chinese views on revolution by again distorting them to mean that Mao wants a war between nations. On the issue of Albania, the Soviet leaders seem to be indirectly warning the Chinese that they will be openly criticized if they do not begin to back away from support of Tirana. In the strongest criticism of the Chinese thus far to appear in the Soviet press, Pravda on 22 December carried the Iraqi Communist party central committee statement on the 22nd CPSU congress which deplored the "negative" attitude of Chou En-lai. Mao himself

seemed to be the target of a remark made by Hungarian party boss Kadar in his Pravda article on 26 December, Mao's birthday: "Leftism...in some people appears as 'a senile disease' and in combination with authority may take on a harmful and negative character."

Albania's Role

Following the break in Soviet-Albanian state relations, several East European regimes recalled their ambassadors from Tirana and ousted the Albanian ambassadors--and in some cases the Albanian commercial counselors--resident in their capital. Only Poland, Bulgaria, and Rumania have not yet taken this step, although the latter two may be about to do so.

Tirana has responded to recent Soviet attacks with a two-part article on 19 and 20 December in Zeri i Popullit which discussed the Soviet withdrawal of economic specialists from Albania in the first four months of this year. About 76 specialists--by implication all the Soviet technicians in Albania--were pulled out by Moscow. Zeri i Popullit charged that Moscow had dragged its feet on building a "Palace of Culture" as a gift and had not followed the schedule, so that Albania had to allot funds to finish the job. So far, Moscow has replied only on the matter of the "palace," insisting that Albania had repeatedly revised the blueprints and begun to use the "palace" as a political issue to worsen relations.

Albanian Deputy Premier A. Kellezi arrived in Peiping on 22 December to join an Albanian delegation that had been there since mid-November. The team is probably negotiating Chinese economic aid to Albania for 1962, and possibly military aid and greater amounts of assistance for the remainder of Albania's Five-Year Plan. Peiping reported on 26 December that a Sino-Albanian joint-stock shipping company had been created.

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USSR MOVES TO OPEN NEGOTIATIONS WITH IRAN

The UK ambassador in Moscow has learned from his Iranian counterpart that Soviet officials are willing to resume negotiations with Iran on the basis of the long-standing Iranian offer to ban foreign missile bases. The Soviets have repeatedly, but unsuccessfully, tried to induce the Shah to expand his proposed guarantee to include a ban on foreign troops and military bases.

Over the past years, Soviet leaders have frequently used diplomatic and propaganda pressure in order to weaken Iran's close ties with the Western powers. Only last fall, Moscow warned Iran that if it remained allied with the West, it faced nuclear destruction in any East-West conflict. Against the background of the Berlin crisis, the Soviets published so-called "CENTO documents" allegedly revealing plans for nuclear war against the USSR. Moscow advised Iranian officials "not to take lightly" the USSR's concern over Western military preparations and bluntly demanded the withdrawal of Iran from the CENTO alliance. Soviet diplomats in Iran reportedly stated that the USSR would invoke the 1921 Treaty of Friendship --which Moscow claims grants the USSR the right to occupy Iran if Soviet security is threatened--in order to forestall CENTO aggression.

Soviet-Iranian relations have been at an impasse since the breakdown in early 1959 of talks concerning a nonaggression pact.

Moscow may hope now to capitalize on the feeling of those elements in Iran who prefer a more neutral stance and on the Shah's apprehensions over Soviet pressures and his suspicions concerning the future level of US support for CENTO. It will probably try to expand the scope of the talks to include the Soviet demand that Iran withdraw from CENTO and maintain that this is necessary for a complete rapprochement between Moscow and Tehran.

The Shah has been particularly sensitive to official Soviet radio attacks on Iranian policy and on him personally. In addition, the "National Voice of Iran," a clandestine radio station operating in the Soviet Caucasus, and an East German radio station which claims to speak for the Iranian Communist party have continually incited the Iranian population and army to revolt against the Shah's regime. This propaganda campaign in recent weeks has become even more virulent. However, according to the Iranian ambassador, Soviet authorities have agreed to cease such attacks when negotiations are resumed. While the USSR might be willing to reduce the level of its own propaganda campaign, as it has done at times in the past, it will probably continue to disclaim any responsibility for the East German and clandestine stations, which consistently have been more outspoken in their denunciation of the Shah.

Moscow would exploit any commitment from Iran to ban foreign missile bases in the long-standing Soviet campaign to dissolve CENTO and thus pave the way for an extension of Soviet influence into the area. The Soviets have long felt that their best opportunity for weakening CENTO was to drive a wedge between one member and the rest of CENTO, and they have conducted a forceful campaign to undermine Iranian confidence in the Western alliance. Moscow's shift from its usual insistence that Iran must agree to ban foreign troops and bases before any negotiations could be held suggests that the Soviet leaders feel they can prevent any strengthening of the US commitment to the CENTO alliance by reducing Soviet pressure on the Shah's regime and indicating they are willing to meet the Iranians half-way to establish more normal relations. Success in the talks would probably be used by Moscow as a basis for propaganda urging similar negotiations with other CENTO members.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****JAPANESE SOCIALISTS SHIFT TO LEFT**

A tactical shift to the left that is developing within the Japanese Socialist party (JSP), the principal opposition to Prime Minister Ikeda's conservatives, in preparation for its annual convention in January again underlines the JSP's inability to make a definitive choice between a moderate program with popular appeal and a pro-Communist orientation emphasizing the class struggle.

Public criticism of the JSP's extremism in the struggle against the US-Japanese security treaty in 1960 caused it to adopt a "structural reform program" aimed at achieving a socialist state by constitutional means. The program helped the JSP recover its prestige in time for the elections to the lower house of the Diet in November 1960 in which it gained 23 seats, largely at the expense of the more moderate but still embryonic Democratic Socialist party.

In recent months, however, Secretary General Eda has been under intense attack from extreme leftists within the party for overemphasizing economic struggles at the expense of political struggles, avoiding a clear definition of the JSP as a class party, and failing to attack "US imperialism." The leftists claim also that by refusing to maintain a united front with the Communists, Eda has alienated the Sino-Soviet

bloc, which in the past has given the JSP considerable propaganda and financial assistance.

Intent on ousting Eda, the leftists are supporting Kozo Sasaki for the secretary generalship. An open convention fight, an infrequent occurrence in Japanese politics, appears in the making.

Eda is seriously concerned by the challenge and has tried to appease the extremists by drafting a new action policy, recently approved by the JSP central executive committee for submission to the convention, which is thoroughly Marxist in both its domestic and international aspects. It calls for a renewal of political struggles against the government, emphasizing particularly the party's opposition to Japanese military forces and any settlement with South Korea; it asserts that rising tensions in Asia are the result of "American imperialism" and calls for an early party mission to Communist China.

Following reports from Peiping that a JSP delegation would be welcome at any time, former JSP chairman Mosaburo Suzuki will lead such a mission on a ten-day visit to Communist China, beginning on 30 December.

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The expected passage of a constitutional amendment by a joint session of Congress will complete the last formal requirement for the installation of the seven-man Council of State that will govern the Dominican Republic until an elected government is inaugurated early in 1963. Congress has recessed, leaving full legislative as well as executive powers to the council. A Constituent Assembly, to be elected on or before 16 August, is to revise the constitution, and the election of a new government is scheduled for next December.

The refusal of Jose Maria Cabral to serve on the council, attributed by President Balaguer to disappointment over not obtaining the top council post, has not significantly altered plans for it. Balaguer said on 26 December that Cabral's place on the council will be taken by Chief Justice Eduardo Reid.

Rafael Bonelly, 56-year-old lawyer and vice president of the council who is slated to succeed President Balaguer early in the new year, expressed appreciation to the American consul general on 23 December for the US disposition to assist in the reconstruction of the country. In the view of the consul general, Bonelly showed more awareness of the Communist danger than have most Dominican leaders. Bonelly, stating that the chief danger points are among the university students and the sugar workers, said he feels his experience as minister of labor and subsequently as rector of the university will be useful in dealing with threats in these quarters.

Bonelly, who as President will assume the functions of

commander in chief of the armed forces, appears firmly determined that he and the council shall dominate the civil government and that the armed forces shall concern themselves solely with military matters. He expressed hope that the armed forces could be reduced in size fairly rapidly, as they are an excessive drain on the economy. In this there may be some difficulty, as General Rafael Rodriguez Echevarria--who is expected to retain the top military post as secretary of state for the armed forces--had earlier told the US military liaison officer that he hopes the armed forces budget can be held at its present level of about \$25,000,000--about 20 percent of the total national budget.

The first hurdle the council must face is the selection of a cabinet. Holdovers from the old cabinet, in addition to General Rodriguez, are expected to be Secretary of Industry and Commerce Salvador Ortiz, a capable economist, and Secretary of Health and Welfare Alvarez. Others may be chosen from the several political organizations formerly in the opposition, though it is not yet clear whether these groups will accept policy-making responsibilities in the interim regime.

The National Civic Union (UCN) and other moderate political groups have publicly accepted the Council of State formula as a solution to the month-long political impasse. The UCN has warned, however, that the council will be under its "sharp surveillance." Extreme leftist elements in the 14 of June party and remnants of the outlawed pro-Castro Dominican Popular Movement are likely to oppose the new regime;

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CUBA

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Cuban and bloc economic delegations are exchanging visits to complete trade agreements for 1962 which will further reduce Havana's economic ties with the free world. The talks center on increasing the volume of trade and the range of commodities to be exchanged. The percentage of Cuba's total foreign trade allotted to the bloc will be well above this year's reported 75 percent. An announcement that bloc countries will buy 4,860,000 metric tons of Cuban sugar next year--compared with 4,000,000 tons in 1961--was made when President Dorticos and Cuban Communist leader Blas Roca visited Moscow and Peiping last fall.

Cuba's largest free world trading partners--including Canada, Britain, the Netherlands, Morocco, and Japan--will nevertheless remain important to Havana as sources of products not normally available from the bloc and as sources of badly needed foreign exchange. There are several reports that the UAR, however, is cutting down on its heretofore substantial trade with Cuba as a result of Cairo's belief that Havana has completely rejected the policy of "nonalignment."

In the time remaining before the 22 January convocation of the Eighth Meeting of Consultation of OAS foreign ministers to discuss the Cuban problem, the Castro regime is stepping up its denunciations of the United States and those Latin American countries which support the meeting. Concurrently Havana is seeking to influence those countries whose position on Cuba still remains unclear to oppose any joint action against it.

A special Cuban diplomatic mission headed by Deputy Foreign Minister Carlos Olivares arrived in Rio de Janeiro on 21 December on the first leg of a quick trip to consult with the presidents and foreign ministers of Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico, and Uruguay--the seven Latin American nations with which Cuba still has diplomatic relations.

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Most of the 13 Latin American nations which voted for the 4 December decision to hold the January meeting evidently now favor a somewhat stronger approach to the Cuban problem than was expressed in the original Colombian proposal to "invite" Cuba to reject its Sino-Soviet ties.

Within Cuba, sporadic sabotage appears to have increased

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recently, and attempts to destroy sugar cane by burning it probably will increase when the harvest begins just as they did at this time last year. The regime, however, is judged to be fully capable of limiting the effectiveness of the opposition by virtue of the vastly superior organizational and material resources at Castro's

command. Recurrent reports of government troop movements and military alerts probably indicate a continuation of normal training maneuvers. Such tactics are frequently used by the regime as a device for maintaining a high degree of public tension and security consciousness.

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SOVIET ACTIVITIES IN ANTARCTICA

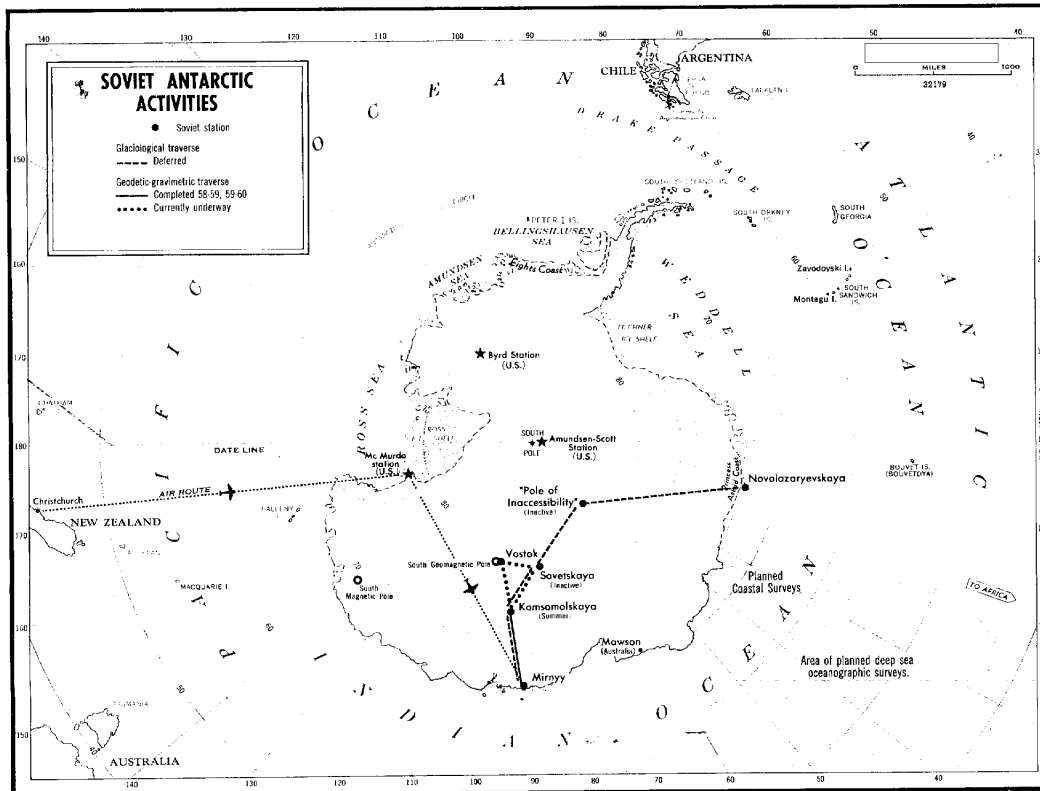
The first flight of Soviet high-performance aircraft from the USSR to Antarctica, which ended on 25 December, may foreshadow an increase in Soviet Antarctic operations. The speed-up in transport of personnel and equipment by the use of four-engine turboprop aircraft and the use of the aircraft themselves in continental research will greatly enhance efficiency of operations, improve research, and permit wider coverage of the vast unexplored areas of Antarctica. During the 1961-62 season--the USSR's seventh consecutive year in the area--there will be an increase in Czech participation in the research program and an expansion of whaling into a four-flotilla operation.

The USSR has been interested in flying personnel and equipment directly from the USSR to Antarctica from the beginning of its activity there, in 1956,

but it was not until last summer that formal approaches were made to Australia, and informal approaches to the US and New Zealand for overflight and landing arrangements. An AN-10 landed at the main Soviet Antarctic base of Mirnyy on 25 December, according to TASS, after a 48-hour flight which included a stopover at the US base at McMurdo Sound. A second plane, an IL-18, arrived on 27 December. The AN-10 will remain in Antarctica for the austral summer and autumn period for experimental support of Soviet continental research and exploration. The IL-18 may make two round trips before March 1962.

The projected establishment of regular direct air communications from the USSR would lessen the USSR's dependence on costly and time-consuming ship deliveries for re-staffing and re-equipping its Antarctic stations. Scientists and key

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equipment could be delivered in four or five days instead of four or five weeks. Furthermore, aircraft could be used to support a summer research program of three to four months similar to the US program in Antarctica. Mapping operations could be expanded because of the high ceilings of the turbo-prop aircraft, and use of the AN-10--believed to be a "flying laboratory"--would permit an extension of research coverage by airlifted mobile scientific research teams. The economies of air delivery could mean an increase in the number of Soviet stations in Antarctica, beginning possibly with re-activation of Sovetskaya and the "Pole of Inaccessibility."

The Ob, the flagship of Antarctic operations, and the Arctic service vessel Kooperatsiya left Leningrad in November carrying over 3,000 tons of supplies and equipment to the main Soviet Antarctic station, Mirnyy, and to the new Novolazaryevskaya station in Queen Maud Land. The Seventh Soviet Expedition will involve some 300 people--considerably less than some earlier expeditions but more than last year--about 100 of whom will winter over. In addition, 4 Czechoslovaks, 3 East Germans, and 1 US exchange scientist will participate in the year-round research.

The basic research program of previous years will be

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continued, including investigations in meteorology, upper atmospheric physics, glaciology, geodesy and gravimetry, and geology. Air-supported geological exploration and surveying is to be continued in Queen Maud Land and expanded into Enderby Land--an operation described as one of the most important tasks of the Seventh Expedition. An expanding program of field observations over the extensive ice plateau from the Indian Ocean to the Geomagnetic Pole and westward to Novolazaryevskaya will be possible with the introduction of long-range turboprop aircraft.

The delivery of new sledges and tractors and publicized plans to cross areas "previously untrodden by man" suggest that an extensive traverse may be undertaken, such as the long-deferred crossing from Novolazaryevskaya to Sovetskaya. Coastal oceanographic research by the Ob, including hydro-

graphic surveys, will concentrate on the area between Queen Maud Land and Enderby Land--the same area into which geological research is to be expanded.

Soviet whaling operations in Antarctic waters for the coming season will reach a new high. A fourth and new whaling fleet, the Sovetskaya Rossiya, has joined the other fleets, the Slava, the Sovetskaya Ukraina, and the Ivan Dolgorukiy. As many as 78 vessels, including 18 tankers, may be operating in the area. Recognition of the effects of this expansion --at the expense of traditional whaling countries such as Norway, Japan, and the Netherlands--was given in a recent Soviet broadcast which stated that a whaler is being dispatched to the South African coasts for experimental fishing "because the prospects for whaling in the Antarctic area are deteriorating every year." [redacted] (Prepared by ORR)

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SPECIAL ARTICLES****EUROPE'S NEUTRALS AND THE COMMON MARKET**

The applications filed on 15 December by Sweden, Switzerland, and Austria for conditional association with the European Common Market (EEC) underscore the deepening foreign policy dilemma of the neutral countries of Western Europe. During the past year, the struggle over West Berlin and the Soviet pressures on Finland have emphasized the extent to which the neutrals must ultimately rely for their security on the strength and cohesion of the West. Yet, the neutrals' participation in the prospective European consolidation around the Common Market would restrict as never before the basic tenet of their foreign policies: independence of judgment and action.

Only Ireland of Europe's remaining neutrals has decided to opt for the Common Market. As Dublin's bid last July for full EEC membership was largely predicated on the importance to Ireland of retaining its British markets, it is doubtful either that the country is ready for EEC competition or that it appreciates the political implications of its move. Nevertheless, in the opinion of the American Embassy, Dublin's endorsement of the overall objectives of the EEC treaty is in keeping with a growing tendency in Ireland to regard its traditional position of neutrality as outmoded and no longer in keeping with the country's present interests.

By limiting their proposed participation, the three applicants for association are hoping to find a middle way between their basic interests in a united Europe and the requirements of continued neutrality. It remains questionable whether they can do so. The proposed associ-

ation terms raise difficult problems for the EEC, the acceptance of which is far from certain. If they are accepted, the neutrals are likely to find that even limited ties with the EEC involve encroachments on sovereignty which may in the long run prove politically intolerable. Moreover, the USSR has repeatedly warned Austria against closer alignment with the Common Market; Finland is unlikely in the foreseeable future to risk Soviet retaliation by approaching the EEC; and through Helsinki, Moscow is in a position to exert strong and continuing pressure on the Swedes.

The Political Imperative

That adjustment to the prospect of an integrated Europe is so difficult for the neutrals stems largely from the fact that the foreign policies to which they are committed reflect exigencies of law, tradition, history, and geography.

Switzerland has been a neutral since 1815, when it was declared an independent and neutral state by the Congress of Vienna. Sweden's policy of neutrality has kept it out of Europe's wars since 1814. Since World War II, Bern and Stockholm have adopted policies of "solidarity" or "active neutrality" which have permitted membership in purely economic organizations like the OEEC and an active role in the specialized agencies of the UN. For nearly a century and a half, however, both countries have carefully preserved their freedom of action and avoided participation in military or political alliances.

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Austrian and Finnish neutrality policies are, by contrast, of much more recent origin, but they are far more specific in content. In the so-called Moscow Memorandum of 1955, Vienna agreed to pattern its neutrality after the Swiss model--a commitment subsequently embodied in a constitutional law binding Austria to join no military alliance and permit no foreign military bases on its soil. Under the terms of the State Treaty, Austria also agreed to avoid any future union with Germany.

Finnish neutrality has its origins in Finland's wartime experiences and its proximity to the USSR. Consequently, the Finns are committed to avoid any action which the USSR might regard as unfriendly or inimical to Soviet security interests, and under the provisions of the 1948 mutual assistance pact, Helsinki is bound to consult with Moscow in the event of threatened aggression by Germany or its allies.

The Economic Imperative

The necessity of continued neutrality is accepted by an overwhelming majority of official and public opinion in all the neutral countries, and only compelling economic reasons have forced them to consider a major adjustment in its practice.

In 1960, 55 percent of Austria's exports went to the Common Market countries, from which Austria obtained an even larger percentage of its total imports. Austrian exports are largely manufactures, on which EEC tariffs will ultimately range up to 14 percent. Though somewhat less intensive, Switzer-

land's commercial ties with the EEC are comparable to Austria's, and the 40 percent of total Swiss exports which go to the Common Market are heavily concentrated on items on which the EEC's tariffs will be the highest. Both countries have established trade ties in the Common Market and would in any case benefit from its trade-creating effects, but outside the EEC both would suffer increasing tariff discrimination and become progressively less attractive to foreign investors.

Both Sweden and Finland have the comparative advantage that a higher percentage of their exports are crude materials on which EEC tariffs are low or nil. However, in 1960, 31.6 percent of Sweden's exports went to the EEC countries. If the EEC were enlarged by the membership of the UK, Norway, and Denmark, this figure would rise to more than 60 percent of Sweden's exports. The comparable figure for imports is something over 55 percent. Moreover, Sweden's economic growth is geared toward a progressive shift toward exports of more highly processed goods, for which the EEC is already a major market.

In Finland's case, the problem is the heavy concentration of its exports on products of the forest industry, about 70 percent of which now go to Western Europe--30 percent to the UK. Should the UK and Finland's major competitors--Norway, Sweden, and Austria--all join the Common Market, the Finns' hopes for expansion of their pulp and paper industry would suffer a heavy blow.

The Search for Alternatives

The neutrals have been searching since the Common Market

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was founded for ways of living with it. Their policies, however, have reflected a curious blend of illusion, wishful thinking, and contradiction. They shared, for example, the widespread expectation that the EEC would founder at an early date, and, like Britain, they persisted in regarding the Common Market as an economic problem. While refusing to join it on the grounds that it was "political," they refused to take it seriously as a step toward a political union.

Thus, in joining with Britain in ardent support of the abortive Free Trade Area (FTA) project, the neutrals were essentially motivated by a desire to avoid the economic consequences of the EEC's preferential system. When the FTA collapsed in 1957, they turned to the European Free Trade Association (EFTA) for similar reasons to gain interim advantages of a preferential system and to exert economic pressures on the Common Market to come to terms--their terms--on an all-European market.

However, so long as its members were unwilling themselves to bear the costs of an "economic split of Europe," the EFTA--the so-called Outer Seven--was a foredoomed experiment which reached its virtual end last July when Britain and Denmark applied for EEC membership. Although the other members of EFTA have extracted a commitment from London not to enter the EEC until their legitimate interests have been met, the neutrals have in effect been left to their own devices, and all the Outer Seven countries have recognized that the EEC is unlikely to be changed in

essential respects--except from within.

Mutable Neutrality?

By applying for direct association with the Common Market under Article 238 of the EEC treaty, Austria, Sweden, and Switzerland have now posed the issue of whether it is possible to reconcile the dictates of neutrality with the long-range objectives of the EEC.

Although the three countries have not yet specified in detail the terms of association they are seeking, they have all spurned participation in any moves toward political integration. Moreover, in their efforts of the past few months to concert their views on the exemptions they will require, they have shown special concern over the indefinite duration of the EEC treaty, its provisions for a common commercial policy, and the various other measures which look toward full economic union. It remains unclear whether they propose to align their tariffs as regards non-members with the EEC's common external tariff--thus effecting an eventual customs union--or whether they will seek to retain tariff freedom respecting non-members, thus creating a free trade area arrangement with the EEC.

These are major issues for the neutrals. Austria, whose trade with the bloc accounts for about 15 percent of its total trade, has long insisted, for example, that its future trade agreements with the USSR must remain a matter for bilateral negotiation between Vienna and Moscow. The same is true of Finland. In both Sweden and Austria, the potent Socialist parties have

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based much of their opposition to the EEC on the grounds that even association would preclude socialist planning on a national scale. Furthermore, the Swedes, who have long felt a certain security in being removed from political and economic developments on the Continent, retain a deep-seated apprehension of foreign domination of any part of the Swedish economy.

The Swiss have also alleged that any very close ties with the EEC would be unconstitutional, since issues which are reserved in Switzerland to popular initiative and referendum would be decided in EEC forums. Among all the neutrals there is apparently growing realization that even the loosest of arrangements with an enlarged EEC might ultimately mean, because of the disparity in economic strengths, the relinquishment of control over economic policy, and with it a large measure of sovereignty.

Mutable Common Market?

The issues are almost equally complicated from the Common Market's point of view.

Despite the experience of EFTA and the essentially free trade area character of the EEC's own association with some 16 African states, the EEC has long been skeptical of free trade area arrangements of the type the neutrals may be seeking. This skepticism is partly a reflection of the technical problem of controlling the influx of imports into the area through the member with the lowest tariffs--a problem which might have special relevance to Austrian and Finnish association in view of their past trade ties with the USSR. Moreover, if the EEC should accord

to the neutrals a privileged access to the Common Market while permitting them to maintain whatever tariffs they desired against non-members, there would be many claimants for similar treatment--most notably among the Commonwealth countries.

The prospect that the EEC might involve itself in an amorphous and expanding preferential system also involves a question of principle. The countries which founded the EEC believed that the maintenance of a single tariff against outsiders was essential not only to their own cohesion but also to their achievement of full economic union. If tariffs are concerted, they hold, this inevitably requires the coordination of commercial policies, which in turn requires the pursuit of common fiscal, monetary, and economic policies.

Thus, even if the neutrals should align their tariffs with the EEC's, they might well find the Common Market reluctant to exempt them from aligning their economic policies in other respects--on the grounds that it would be not only unworkable but possibly even dangerous to the EEC.

The Political Problem

EEC critics of the attempts of the neutrals to obtain the commercial advantages of the Common Market while avoiding its sacrifices have been particularly alive to what they consider the political dangers involved.

For example, at a recent meeting with Ambassador MacArthur, Belgian Foreign Minister Spaak expressed grave concern

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that the enlargement of the EEC with members which do not accept its political objectives could mean the "death knell of political unification"--especially if the EEC were already moving away from the goal of federal union implicit in the Common Market toward the loose confederation envisaged in the "union of states" proposed by the French. Spaak apparently feels that the neutrals would oppose closer political ties with the EEC for themselves, and also make common cause against political integration with the "minimalists" already in the EEC.

There is also concern as to the impact the neutrals might have on the overall political alignment of the EEC. The Common Market countries might feel a greater sense of responsibility for the "fate" of the neutrals if they were formally associated with them, and perhaps less inclined to take positions on East-West issues which could add to the neutrals' problems. Conceivably, the neutrals could contribute to the development of "third force" sentiment within the European Community. The most important objection to the admission of the neutrals, however, is the belief that as long as they must avoid political and military alliances, they would be a constant drag on the development of European - North American ties in the framework of an Atlantic Community.

Neutrals Between East and West

Moscow, which has long been hostile to the EEC, may see European integration in this broader context. The possibility that Austria and Finland would follow the British

lead in seeking Common Market ties has prompted an intensive Soviet effort to deter such a decision. In addition to their particular sensitivity to any extension of West German influence in these two countries--which Moscow believes would result from such ties--the Soviet leaders realize that the consolidation of Western Europe would be a major contribution to free world strength.

This attitude was reflected in the Soviet aide-memoire to Vienna on 12 December which charged that the Common Market was an active political-military arm of NATO, intended to support Western military preparations. The NATO countries, the note alleged, were opponents of neutrality and were attempting to drag European neutrals into active participation in the Western military alliance.

Despite the signs of increased Soviet opposition, Moscow probably does not hold great expectations that Sweden, Austria, or Switzerland can be permanently isolated from their major trading partners. Prosperous Switzerland and Sweden, lacking extensive trade ties and contiguous borders with the bloc, appear relatively invulnerable to any direct countermeasures which Moscow seems likely in the foreseeable future to attempt to take. As members of EFTA, both Bern and Stockholm have resisted past pressures to accord the USSR most-favored-nation treatment, and neither would find a complete severance of trade ties with the bloc an irreparable loss.

In Stockholm, however, and to a degree in Bern, the more serious consideration is

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the much more vulnerable position of Finland and Austria. Since 1958, and especially since its 30 October note to Helsinki, Moscow has demonstrated the multiple economic and political pressures it is capable of exerting on the Finns, and through them on Sweden.

While the Soviets have not directly raised the question of Finland's relations with the EEC, the extensive charges they have made against West German penetration of Northern Europe leave no doubt that the USSR would almost certainly act to prevent any direct association by Helsinki. The outcome of the recent crisis in Finnish-Soviet relations also provides Moscow with a pretext to use Finland as a hostage against Swedish association with the EEC. In effect, Moscow has served a warning that increased ties between West Germany and the Scandinavian countries could lead to further pressure on Finland.

Vienna's policy toward the EEC has been geared from the beginning to the expectation that Moscow would not tolerate Austrian membership, and it has been apprehensive of the Soviet reaction even to an application for association. Although the Soviet note of 12 December merely adjured Austria to bear in mind the Soviet position in its negotiations with the EEC, Foreign Minister Kreisky has said he is certain that Soviet reprisals would follow an Austrian bid.

Multiple Dilemmas

In reluctantly applying for EEC association, the three neutrals have raised a problem for which no quick or easy solution is in sight. From the point of view of the neutrals, they have been forced to do so; they have no enthusiasm for the broader objectives of European unity. Indeed, the older neutrals, Switzerland and Sweden, still ardently defend the usefulness of the role they play as neutrals in international affairs against the charge that they are anachronisms in the present state of world affairs. Unless they are readily accepted by the EEC on the terms which they specify, some of their resentment will be directed at the US, which they feel blocked the creation of a loose European trading arrangement and "forced" Britain into the EEC.

It will be equally difficult for the EEC to reconcile its conflicting interests with the neutral applicants. All three are important markets to some of the EEC members, notably West Germany, and none of the members would wish to contribute to the economic and political isolation of the neutrals, lest this push the more vulnerable among them involuntarily toward the bloc. This basic sympathy, however, will be balanced by the suspicion that the neutrals are claiming the profits of integration while avoiding its disadvantages.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****POTENTIAL UNREST IN NORTH VIETNAM**

In the seven years since the Indochina War, the Hanoi regime has moved to consolidate its control throughout North Vietnam. Today, with the army, public security forces, and party rank and file under firm control, there is little opportunity for large-scale resistance to develop among the disgruntled but politically apathetic peasantry. In recent months, however, the government has shown growing concern that sporadic anti-regime violence--in the past, generally confined to areas inhabited by Catholics and the ethnic minorities--could spread to peasants in other areas and to intellectuals and other dissatisfied elements.

Catholics

Estimates of the total number of Catholics in North Vietnam range between 500,000 and 750,000. They are concentrated in the Red River delta around Hanoi and Haiphong and in Nghe An and Ha Tinh provinces to the south. Initially, the Catholics, who as Vietnamese nationalists had aided in efforts to break away from France, supported the new regime in Hanoi. After 1954, however, relations between the Communists and the church deteriorated rapidly, and Catholics soon became the most vocal critics of the regime.

A violent outbreak occurred in Nghe An Province in November 1956. The smoldering resentment of the Catholic peasantry was brought into the open by the brutal excesses of the land reform program. By Hanoi's admission this three-day revolt involved 4,000 dissidents, but refugees report the number may have exceeded 10,000. More than 5,000 troops reportedly were rushed to the scene. Since that time, there have been occasional reports of similar, smaller scale

disturbances in the same area. An outburst occurred in April 1957; again in March 1959, according to one report, some 2,000 Catholic youths clashed with provincial military units. In April 1960 still another demonstration was broken up by troops and police.

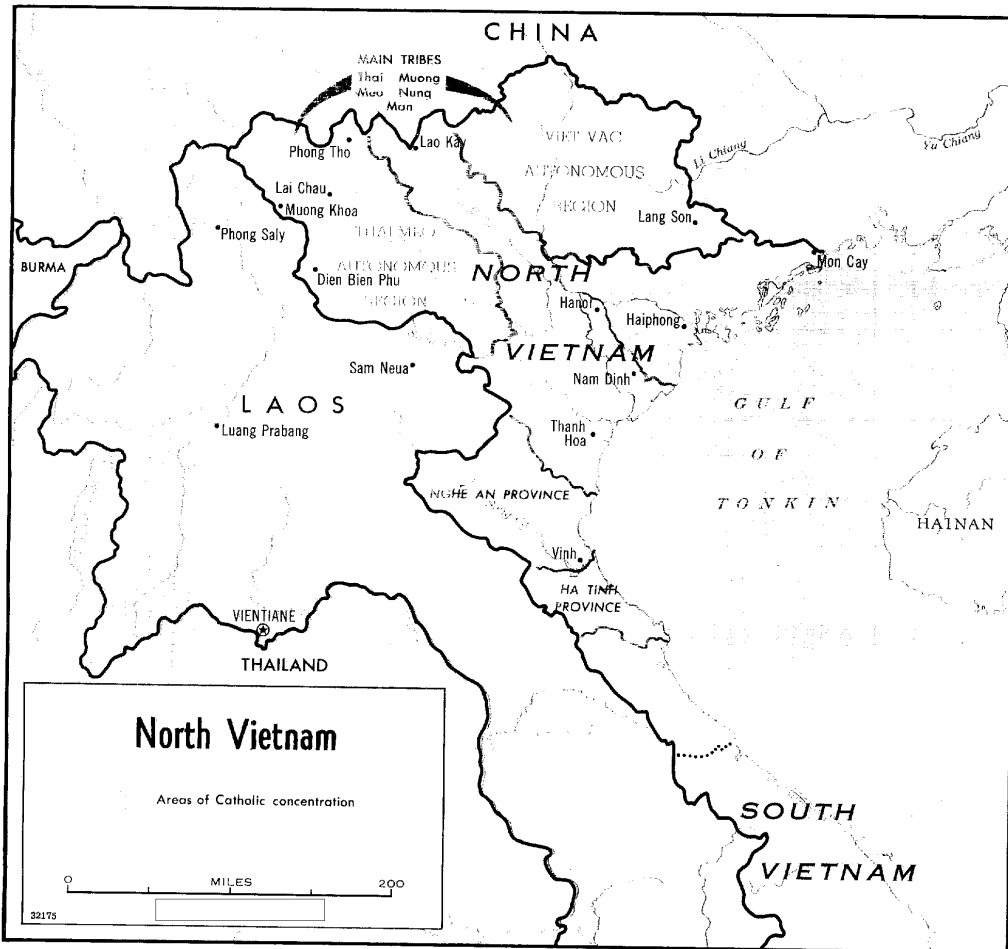
Recognizing the fairly sizable resistance potential of the Catholic minority, Hanoi has alternated between policies of conciliation and harsh repression. After crushing the 1956 revolt in Nghe An the regime was placatory. Pro-Communist Catholic leaders and newly formed lay groups were encouraged to hold special services for Catholic "comrades" killed in the war against the French. Party officials were directed to appoint Catholics to village agricultural executive committees and to restore and repair churches "requisitioned" during the land reform program.

Six months later, however, Hanoi began denouncing individual priests and accusing the church of political activities. This crackdown was followed by another brief period of relaxation in the fall of 1958. Bell-tolling and requiem masses were permitted following the death of Pope Pius XII, and official greetings were extended to the new pontiff.

At present, official harassment is the pattern. All church schools are closed, and political indoctrination sessions are scheduled to conflict with church functions.

In contrast to Communist China, North Vietnam has a relatively high proportion of native Catholic clergy and thus has been less dependent on foreign missionary efforts. For this reason, the expulsion of the remaining foreign priests in 1958 and 1959 may not have greatly

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weakened the Catholic community. The church's continuing strength is reflected in a series of articles last summer criticizing the recalcitrant native clergy. In June, a "Father Tru" in Thai Binh Province near Hanoi--possibly the bishop of the diocese--was attacked in a North Vietnamese publication for allegedly ordering priests to refuse to hear confessions by Catholic peasants who had joined co-operatives.

These press attacks on the intractable clergy document a passive opposition that, if not widespread, is at least sufficiently prevalent to cause the Communists a good deal of con-

cern. One of the regime's countermeasures has been the promotion of a more docile priesthood organized as the Association of Patriotic and Peace-Loving Catholics. The association has not been generally successful in attracting priests, however, and laymen prominent in its activities are ostracized by fellow Catholics.

Ethnic Minorities

The ethnic minorities of the highland areas, numbering 1,500,000 or more, view the Vietnamese of the delta and coastal plain with suspicion and frequently with open hostility. Mountain tribes such as

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the Meo, Thai, Muong, and Man, have long regarded themselves as masters of the rugged hinterland of North Vietnam. Although the regime now claims that more than three quarters of the peasant families in minority areas have joined co-operatives, it has always moved with caution in leading them "along the road to socialism." Hanoi's deference to the minorities was illustrated by the establishment five years ago of the so-called autonomous regions: the Thai-Meo in the northwest bordering Laos and the Viet Bac in the north bordering China.

The fighting in Laos, where Meo tribesmen have been highly successful in activities behind the lines, has apparently complicated Hanoi's problems. The Meos have effectively harassed supply routes from North Vietnam, and Hanoi has been concerned lest guerrilla dissidence spread to its own Thai-Meo territory.

Hanoi's concern derives from a previous history of difficulties. Since early 1958 there have been reports indicating unrest near North Vietnam's frontiers. In January 1958 several clashes were reported between government forces and Meo guerrillas near Muong Khoa. Later that winter incidents were said to have taken place near Phong Tho, and the situation in the area apparently remained unsettled for more than a year.

Hanoi's troubles with Meos apparently continue. According to a recent report, the Meos last spring obstructed census operations and balked at government efforts to regroup unruly villagers in an agricultural camp. More than a dozen party officials were poisoned, and the army had to restore order.

Food shortages have figured in many reported disturbances. Discontent over shortages may have prompted reported disorders in the southwestern portion of the Thai-Meo Autonomous Region early in 1960. Two villages were burned, and there were desertions from regular army units in the area. At the same time about 70 percent of the population in the Dien Bien Phu district was said to be hostile to the regime because the people were required to deliver more than half their harvest to the local authorities.

Peasants

In North Vietnam, the peasantry comprises about 90 percent of the population, and a sizable proportion has been antagonized by the drastic land reform program between 1954 and 1956 and by the subsequent measures to collectivize the countryside. More than 100,000 peasants were arbitrarily labeled "landlords" and their property expropriated. Many were jailed and some executed by "people's courts."

After mid-1960, the regime accelerated its drive for collectivization throughout the lowlands. Collectivization, however, has been concomitant with widespread food shortages. Although the poor harvest in 1960 and the absence of successes this past year have been due primarily to adverse weather conditions, the situation seems to have been aggravated by passive resistance on the part of the peasants, who have planted less in some areas and harvested in haphazard fashion in others. 25X1

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peasants failed to build proper dikes and had not fertilized properly. Many peasants also reportedly refused to sell their food "surpluses" and killed livestock for their own use. The persistent lack of confidence in government rice collection and redistribution procedures is reflected in continual complaints in the party press about peasant "hoarding."

Intellectuals

The French-educated professional classes in North Vietnam, for a time outspoken critics of the regime, in recent years have remained silent, muted by the futility of resistance. During the Vietnamese Communists' "hundred flowers" interlude the leading literary journal Nhan Van published letters to the editor bitterly criticizing the regime. In December 1956 Nhan Van was suppressed, and a more orthodox magazine was launched with the party's blessing. The following year the successor journal was closed down for printing cartoons deriding the application of socialist realism to art.

The regime's highly effective campaign against intellectuals entailed a sharp denunciation of personal lives and habits; intellectuals were accused, as a class, of secret vices--opium smoking and sexual immorality. The majority appear to have resigned themselves to their isolation and have made no further efforts to vocalize their anti-regime attitudes publicly.

Sabotage

References to "bandit activity" have been cropping up in the North Vietnamese press with increasing frequency since

midsummer. Hanoi leaders are understandably apprehensive about anything they interpret as an effort to repay in kind their own guerrilla war against South Vietnam's President Diem. In October, the party paper Nhan Dan reported that "major fires broke out in a few warehouses, factories, and crowded localities ...and had bad effects on production." A large proportion of this arson was attributed to the "enemy's sabotaging hands," and home service broadcasts have warned, "The nearer the enemy draws to his final defeat, the more desperate his cunning and hazardous activities."

Open defiance of the regime is rare in urban areas, where the security apparatus is most effective, but the particularly acute food shortages this past spring may have sparked violent demonstrations in Hanoi itself. According to one report, in June a government-organized demonstration against Diem and the US turned into a wild anti-regime riot damaging an important oil storage area near the capital.

Hanoi's home-front crusade against saboteurs, spies, and "counterrevolutionary elements" suggests an element of official concern lest certain long-dissatisfied elements in the population be incited to open opposition. Judging by the tone of current references to "bandit" activity, however, Hanoi does not feel it faces a major internal security threat at the moment. Press treatment rather suggests that "enemy sabotage" and the capture of "Diem commandos" is being given publicity as a domestic reminder of the government's all-pervading watchfulness--and the quick punishment meted out to all who disturb the established order in North Vietnam.

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POLITICAL AND ECONOMIC TRENDS IN GREECE

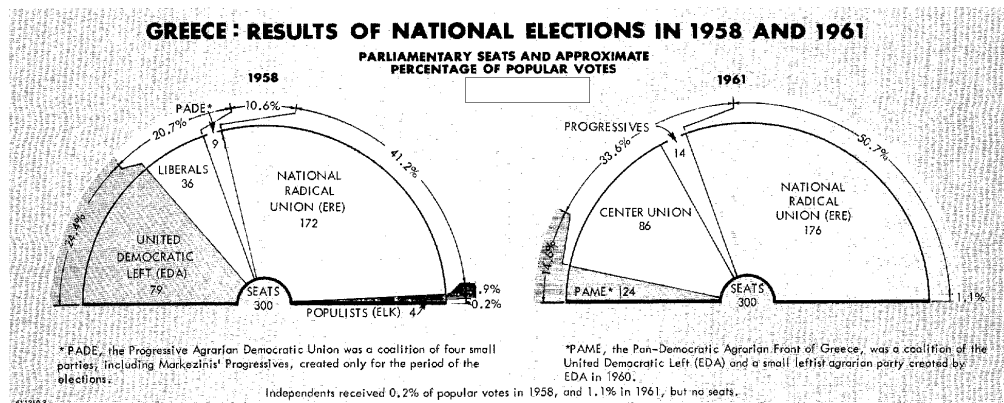
The elections in Greece on 29 October 1961 confirmed that country's present political stability. Premier Constantine Karamanlis, who has held office since October 1955, was returned to power, and his party, the National Radical Union (ERE), won a sizable increase in popular vote over that received in the 1958 elections. The terms of the electoral law limited the party's increase in parliament to only a few seats--it now holds 176 of the 300, as compared with 172 in 1958. The period of rule by what has been basically the same right-of-center government since 1952 will probably be extended to at least the end of Karamanlis' term in 1965. Greece had 20 governments and 435 cabinet ministers in the eight years following its liberation in 1944.

The Opposition

The Communist-front United Democratic Left (EDA), operating under a new label, the Pan-Democratic Agrarian Front, this year won less than 15 percent of the popular vote and elected 24 dep-

uties--as compared with nearly 25 percent of the vote and 79 deputies in 1958, when it became the largest opposition party in the Chamber of Deputies. That position now falls to the non-Communist Center Union. This grouping, led by veteran politician George Papan-dreou, was hastily formed several small parties before the elections, in which it won 86 seats. However, some of the leaders of its diverse factions may find it impossible to continue to subordinate their personal ambitions to the demands of party unity.

The other member of the so-called nationalist opposition is the Progressive party of Spiros Markezinis, with 14 seats. Markezinis, who was the only member of his party elected in 1958, has emerged as a potential rallying point for many of Karamanlis' non-Communist opponents. His party was well organized, had a consistent program, and presented attractive candidates. Markezinis himself, however, tends to be rigid in his views and is unwilling to share in leadership, factors which



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have limited his political potential in the past.

All opposition parties have denounced the "intimidation" and "adulteration of the vote" which they claim occurred before and during the election. Papandreou and most Center Union deputies as well as all the EDA deputies boycotted the opening sessions of parliament. The Progressives, however, have taken their seats in the Chamber, and it is assumed the other opposition deputies will return when parliament reconvenes in January. Even so, the charge that the Karamanlis victory was "illegal" probably will continue to embitter domestic politics.

Economic Situation

Karamanlis' victory was due in large part to the accomplishments of his government. He capitalized on the nation's financial stability, on his reputation as a "man of works," and on his promise that another four years will allow him to complete his program. He has done much to improve transportation, electric power, and irrigation and to stimulate the shipbuilding, steel, aluminum, and fruit-processing industries. Under him, Greece has also resolved most of the economic reconstruction problems which confronted it after World War II and the three-year war against Communist rebels (1946-49).

Grave economic and social problems remain, nevertheless, including the basic one of limited natural resources. The annual per capita income has risen slowly to \$300--but re-

mains far lower than in most Western European countries. Underemployment in the poverty-stricken countryside has led to a heavy movement from rural to urban areas. This not only has destroyed the traditional stability in rural Greek society but has increased the problem of unemployment in the cities. In addition, the maldistribution of wealth between the rural areas and the more prosperous cities has not been remedied but has continued to grow. The conspicuous consumption of luxuries by the wealthy, combined with increasingly frequent contact with tourists and other representatives of Western Europe and the US, has stimulated the demand among the middle-income and lower economic classes for rapid change of both the economic and social order.

In the drive for economic improvement, Karamanlis is relying heavily on his Five-Year Economic Development Program (1960-64) and the recently negotiated association of Greece with the European Economic Community (EEC). A main aim of the development program is to achieve an annual rate of increase of national income of about 6 percent for the five-year period, with an increase in per capita income to around \$380.

Owing in large part to good weather during the past year, the over-all increase in gross national product for 1961 now is projected at 7-8 percent because of a rise of at least 11 percent in agricultural output. This is considerably above the increase in GNP in 1960--less than 4 percent--and has improved the prospect of achieving the annual 6-percent target.

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The second major goal of the plan--to create 400,000 new jobs by 1962--will probably be more difficult to reach and in any case is probably too low to take care of the unemployment problem satisfactorily. In late 1960 unemployment plus under-employment added up to a shortage of about 700,000 full-time jobs. The unemployment problem has been somewhat ameliorated in the past by the heavy emigration of unskilled workers--chiefly to West Germany--but with the heavy influx into the labor force of youths born after World War II, the situation will probably now become worse.

Development Financing

The program projects a five-year total of investment spending of about \$3.68 billion. To finance this program, the government anticipates that \$600,000,000 will be supplied by foreign capital. Greece has received over \$1.65 billion in US economic aid since 1947, including about \$50 million in grant aid and PL 480-Title I and Development Loan Fund credits in 1961. Aid in the form of grants is expected to be greatly reduced in future years.

In his policy statement to parliament on 5 December, Karamanlis noted that continuation of external defense aid is of basic importance to his program for economic development. He cited the economic burden Greece is under in maintaining its defense organization, most of which is committed to NATO and for which Greece devotes a larger proportion of its budget--about 28 percent--than most countries. Recent Greek efforts have been devoted to securing continued

US aid at past levels while obtaining increased aid from other NATO states--particularly West Germany.

Karamanlis has also proposed establishment of a special fund within NATO to help financially weaker members preserve their defensive capabilities. In addition, a three-member NATO mission is investigating the special economic problems of Greece and Turkey and is to report to the North Atlantic Council on "considerations justifying the requests of these countries for aid in implementing their economic plans." Further economic aid to Greece from Western sources would be facilitated if the government could settle its defaulted pre - World War II debts--a problem Karamanlis was reluctant to approach before the recent elections.

EEC Association

The association agreement with the EEC was signed last September after nearly two years of complex negotiations. Under the terms of the agreement, which is expected to become operative in early 1962, Greece will be granted a period of 22 years for readjusting its tariff structure and general economy before joining in a full customs union with the EEC. To accelerate economic development, the EEC bank will loan Greece \$125,000,000 over a period of five years.

Association with the EEC should also permit Greece to re-direct its exports to Western European markets and away from dependence on the Soviet bloc.

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Exports to the bloc have increased from 6.2 percent of total exports in 1953 to an estimated 25.3 percent in 1961, this trade being of particular importance for the agricultural sector of the Greek economy.

Greece's balance of payments problem has grown more acute with the gradual increase in consumer purchasing power. It appears that for 1961, less than 40 percent of Greece's imports will be covered by exports. There has been a steady rise in recent years in earnings from emigrant remittances, shipping, and tourism, but only foreign aid has permitted Greece to refrain from drawing heavily on its convertible reserves, which totaled \$212,000,000 in July 1961. The government's current program emphasizes stimulation of domestic production, both to provide substitutes for imports and to increase exports, and encourages private savings rather than consumption.

Foreign Relations

Contacts with the Soviet bloc are coldly formal but are frequently interspersed with threats from the USSR and Bulgaria over Greek participation in NATO. Bulgaria has long been active in sending espionage agents into Greece. Relations have never been re-established with Albania since World War II, and Greek leaders and the press have reacted nervously to the situation developing in the Balkans since the appearance of the Albanian-Soviet rift. Greek officials have indicated that Greece prefers three kinds of communism to only one or two on

its northern border; attitudes are also heavily influenced by its historical claim on part of southern Albania.

Despite public assurance by government spokesmen that relations with Yugoslavia remain harmonious, there is an undercurrent of suspicion in Greece over Yugoslav designs on Macedonia--much of which is incorporated in northern Greece. Relations with Turkey were greatly improved following the settlement of the Cyprus controversy in 1959, but a residual distrust of the Turks is currently manifested in Greek fears that the new Turkish Government will eventually move toward a neutralist course in East-West relations.

Attempts over the past few years to maintain good relations with the UAR have not prevented the imposition of new pressures on the Greek minority in Egypt and the subsequent flight of many of these persons to Greece. Criticism of Nasir now appears more frequently in the speeches of government leaders and in the press.

None of these foreign policy problems, however, is likely to come close to attracting the attention Karamanlis' government will be giving its economic program. The government's ability to continue to outdraw its opposition will depend eventually on whether it can inspire a pace of economic development which will not only be faster than in the past but will be fast enough to meet the higher expectations of the Greek electorate.

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