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9 November 1962

# CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed

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CURRENT INTELLIGENCE WEEKLY SUMMARY

9 November 1962

THE WEEK IN BRIEF  
(Information as of 1200 EST 8 Nov)

CUBAN DEVELOPMENTS . . . . . Page 1

Soviet offensive missile equipment is being loaded aboard Soviet vessels in several Cuban ports, but there is no evidence of any movement to withdraw Soviet IL-28 bombers. Some relaxation in the Cuban military alert has occurred. Most Latin American governments continue to demonstrate solidarity with US policies on the Cuban problem.

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SINO-SOVIET BLOC DEVELOPMENTS IN THE CUBAN CRISIS . . . . . Page 4

The USSR moved rapidly last week to remove its strategic missiles from Cuba as quickly as possible. Moscow's aim is to undercut US pressure for UN verification and to enable Khrushchev to claim that he has fulfilled his commitments to President Kennedy. When the removal process is completed, Khrushchev probably will call on the President to respond by issuing a formal guarantee against an invasion of Cuba.

Events of the past week suggest that the Soviet bloc leaders were deeply shaken by the vigorous US actions in the crisis and that Khrushchev is acutely aware that his backdown has made him vulnerable to renewed attacks by the Chinese Communists and other opponents in the Communist movement. In a series of moves designed to counter this threat to his position and to guard against open disarray in the Soviet camp, Khrushchev conferred individually with East European leaders and staged a demonstration of solid support for his actions, including public endorsements by Marshal Malinovsky, Voroshilov, and satellite leaders.

On the foreign policy front, Khrushchev abandoned his earlier plan to come to the UN and to meet with President Kennedy this month. He apparently envisages a period of consolidation while he assesses the effects of the Cuban crisis on the USSR's world position and studies the future course of US policy.

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THE SINO-INDIAN BORDER CONFLICT . . . . . Page 8

Indian and Chinese military activity in the past ten days has been restricted to small-scale patrol action and artillery exchanges. Both sides, however, seem to be preparing for a resumption of heavier fighting before winter. The Chinese appear confident that their military advances and continued diplomatic pressure will eventually bring India to negotiations on Peiping's terms. However, Nehru--backed by a surge of patriotic indignation--shows no sign of acceding to them.

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PAKISTAN'S FOREIGN POLICY . . . . . Page 10

The Pakistani Government is reassessing its foreign policy, and its relations with its Western allies seem almost certain to grow more difficult as Western arms aid is delivered to India. Long frustrated over what it regards

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as its allies' indifference to its basic interests vis-a-vis India, Pakistan considers that India's acceptance of Western military aid will tend to undermine the major advantage that accrued to Pakistan from its alliances with Western powers.

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[Redacted]

DEVELOPMENTS IN LAOS . . . . . Page 11

Right-wing leaders in Vientiane are taking steps to instigate a formal investigation by the International Control Commission of charges that North Vietnamese armed forces remain in Laos. Souvanna, anxious to prevent the erosion of his neutralist military support, recently visited Phong Saly in an effort to mediate a factional dispute between two of his key lieutenants. The North Vietnamese ambassador presented his credentials to King Savang on 8 November, a move which may result in the severance of relations between South Vietnam and Laos. The Soviet airlift into Laos has been suspended at least for the moment.

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[Redacted]

THE SITUATION IN YEMEN . . . . . Page 12

The Yemeni conflict is threatening to embroil Saudi Arabia and Jordan in open warfare against the UAR, which has made air and naval attacks on Saudi villages serving as supply points for the Yemeni royalists. The Saudi Government has broken diplomatic relations with the UAR and may call on Jordan for military aid in accordance with the alliance the two countries recently concluded. Both governments, in continuing to aid the Yemeni royalists, are risking disaffection within their own military establishments--where opinion is reported sharply divided over the involvement in Yemen. Yemeni royalist forces have made a few minor gains in northwest Yemen, but it is unlikely that they will be able to penetrate far into republican-held territory.

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[Redacted]

CONGO DEVELOPMENTS . . . . . Page 14

Convinced that Tshombé has no intention of complying with the UN plan, UN officials are preparing to adopt a more forceful policy.

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The central government is stepping up military pressure on Tshombé in northern Katanga, where Congolese forces are reported to have attacked Kongolo.

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[Redacted]

POLITICAL SITUATION IN THE FEDERATION OF RHODESIA AND NYASALAND . . . . . Page 16

A series of elections and constitutional talks is under way in the Federation of Rhodesia and Nyasaland. In Northern Rhodesia, elections on 30 October failed to provide any party with a clear mandate, and African nationalists may resort to violence rather than attempt to promote their program in the new legislature. Talks on the Nyasaland constitution which are scheduled to open in London on 12 November probably will

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set a date for self-government. In Southern Rhodesia, Prime Minister Whitehead seems likely to win elections on 14 December, but the odds are against his efforts to win mass African support for his policies. Pressure continues to grow for the eventual dissolution of the Federation.

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**FRENCH NATIONAL ELECTIONS . . . . . Page 17**

De Gaulle's opponents have not succeeded in putting up a coalition slate for the 18 November election to the French National Assembly, but they are confident of eliminating many Gaullist candidates in the runoff vote a week later. De Gaulle again assailed "the parties of the past" in his 7 November call for "political renovation," but he continues to avoid any clear identification with the Union for a New Republic.

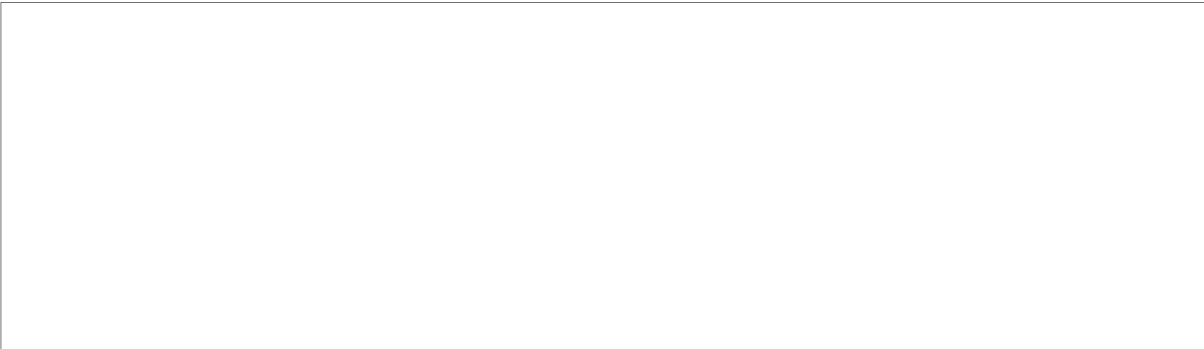
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**REPERCUSSIONS TO THE DEATH OF ITALY'S OIL CHIEF . . . . . Page 19**

By an apparent interim appointment, Premier Fanfani has gained time to work out intraparty differences over who should replace the late Enrico Mattei as head of ENI, the powerful state petroleum holding company. A permanent replacement will presumably be appointed when Mattei's term expires next spring. Meanwhile, the company's domestic political influence may be somewhat reduced and its activities abroad temporarily less aggressive than in Mattei's day. The government will, however, almost certainly consider it in the national interest to try to carry on and even expand Mattei's basic policies at home and abroad.

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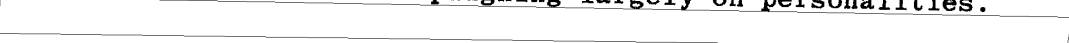
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**AUSTRIAN GENERAL ELECTIONS . . . . . Page 21**

In the parliamentary elections of 18 November the People's Party may increase its slight dominance over the Socialists, with whom it has shared power in a two-party coalition since 1945. Both parties basically agree on foreign policy--particularly on the need for Austrian association with the European Common Market--and are campaigning largely on personalities.

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ANTI-US OUTBREAKS IN VENEZUELA . . . . . Page 22

President Betancourt has placed most of Venezuela under virtual martial law to counter Communist terrorist outbreaks following the US quarantine against Cuba. The armed forces have been mobilized for the first time since World War II, and constitutional guarantees remain suspended. Military leaders are urging stronger measures against Castro.

[Redacted]

DOMINICAN REPUBLIC . . . . . Page 23

The appointment of State Council members Imbert and Amiana to high military rank puts them in a stronger position to interfere with the planned transition to elective government. Both have been maneuvering for some time to build their personal positions

[Redacted]

LEFTIST GAINS IN GUATEMALAN MUNICIPAL ELECTION . . . . . Page 24

Results of the 4 November mayoralty election in Guatemala City indicate growing strength of the extreme left and will give impetus to anti-US former president Arevalo's campaign for re-election in 1963.

[Redacted]

SPECIAL ARTICLE

NE WIN'S REVOLUTIONARY BURMA . . . . . Page 1

In the eight months since General Ne Win's military regime seized power it has made almost no progress toward its avowed goal of a unified socialist state for Burma. Fear of the army's overriding power has stifled criticism, but rival political parties are still functioning and there has been little evidence of popular rallying to Ne Win in his political role. Ethnic insurgent forces have continued their activities and strengthened their popular support.

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## CURRENT INTELLIGENCE WEEKLY SUMMARY

WEEKLY REVIEW

## CUBAN DEVELOPMENTS

Military Situation

Continuing aerial surveillance of Cuba discloses that Soviet offensive missile equipment is moving into port areas--principally Mariel, Casilda, and La Isabela--and is being loaded aboard Soviet ships. The photography also shows that surface-to-air missile (SAM) sites remain operational, with no evidence that any such facilities are being dismantled. Photography [redacted] revealed, however, that missile-associated equipment at two SAM assembly areas was no longer visible.

An additional cruise-missile site in Cuba was identified by photography [redacted]

This site, which appeared operational, includes two un-revetted, canvas-covered launchers and is similar in configuration to the cruise-missile site near Banes. The new site is near La Sierra on the southern coast of Las Villas Province, about 15 miles southeast of Cienfuegos. It is the fourth missile installation of its type to be positively identified in Cuba.

There is no evidence of any movement to withdraw Soviet IL-28 (Beagle) jet light bombers from Cuba. [redacted]

nine of these aircraft--five completed and four still being assembled--were observed at San Julian airfield, where 24 additional IL-28 fuselage crates were also observed [redacted]

Nine more of the fuselage crates were noted on [redacted] photography at Holguin airfield in Oriente Province. This is the first

confirmed use of that airfield since completion of an extensive construction program there in late July. The IL-28s known to be in Cuba now total 42.

[redacted] photography also discloses that Cuba's recently acquired MIG-21s (Fishbeds), at first concentrated at Santa Clara airfield, now have been dispersed among three military airfields where the bulk of Cuba's MIG-15 (Fagot), -17 (Fresco), and -19 (Farmer) aircraft are located. Several MIG-15s were also observed at Holguin airfield for the first time in early November.

The Cuban military alert, in force since 22 October, is being relaxed. A radiobroadcast on 6 November in Santiago de Cuba referred to a "partial demobilization" of the armed forces and urged all local citizens to greet the returning "demobilized combatants...who have gained a new victory over the threats of imperialism." The broadcast added that only those forces necessary to halt any "surprise enemy attack" would continue on full alert. Other indications of a general relaxation include a more normal selection of radio programs, which until 5 November were almost exclusively devoted to material connected with crisis.

Nonmilitary Developments

Cuban propaganda media continue to stress Castro's opposition to any inspection of Cuban territory and his five demands for further guarantees against US "aggression." Castro reiterated these themes in his last public speech on 1 November.

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This performance was also notable for his attempt to smooth over his regime's sharp disagreement with the USSR over the withdrawal of missile bases. Castro used the word "missiles" for the first time in this speech, but he did not mention the presence of IL-28 bombers in Cuba. He indicated, however, that Cuba would still retain "powerful means of defense."

of the Secretariat and may be substituting for ranking Cuban Communist Blas Roca, who has been traveling in the European satellites since early October and now is attending the Bulgarian party congress.

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Major

speeches at an official celebration honoring the anniversary were made on 6 November by Carlos Rafael Rodriguez and Soviet Ambassador Alekseyev. Rodriguez' speech was largely a routine review of Soviet history and anti-US phrases unmarked by any effusive praise of Soviet support for Cuba. Mikoyan attended the ceremonies, as did Dorticos, but the Castro brothers and Guevara did not. The Cuban premier subsequently attended a Soviet Embassy function the same evening, however, and appeared affable as he mingled with the 800 guests, including Mikoyan.

Nonbloc Reactions

Most Latin American governments continue to demonstrate solidarity with US policies on Cuba although there is growing concern among pro-US Latin American officials over the implications of a US commitment not to invade Cuba. These officials feel that the continuation of the Castro regime would pose a constant threat to other countries of the hemisphere and that, unless Castro is eliminated, "other Castros" will arise in other countries.

Justification for such fears may be found in continuing evidence of attempts by the Castro regime to incite anti-US violence in other areas of the hemisphere.

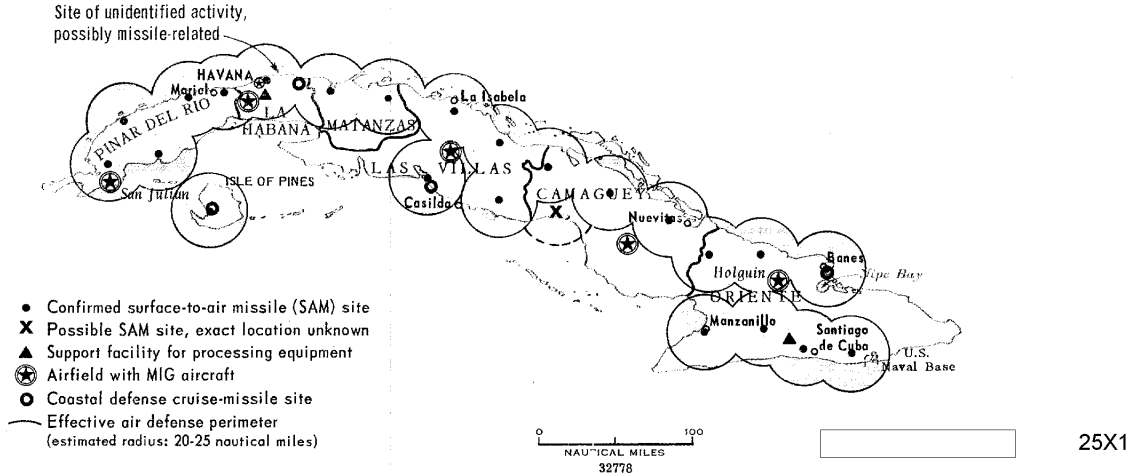
Soviet First Deputy Premier Mikoyan's talks with Cuban leaders have received noncommittal and unrevealing treatment by the Cuban press and radio, although semiofficial Cuban spokesmen are making every effort to preserve the facade of Cuban gratefulness to and respect for the Soviet Union. The Cuban side in the protracted talks with Mikoyan has included the five members now in Cuba of the key six-man Secretariat of the Cuban political machine: Fidel and Raul Castro, Che Guevara, President Dorticos, and Emilio Aragonés. The sixth Cuban participant in the talks is Carlos Rafael Rodriguez, veteran Communist leader and agrarian reform chief. He is not a member

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The OAS action on 5 November unanimously approving an Argentine resolution to improve coordination of anti-Castro military measures by member states provides another indication of growing hemisphere unity in the face of the Cuban crisis. Brazilian Premier Hermes Lima, however, told the US ambassador in

Rio de Janeiro that Brazil's favorable vote on the 5 November resolution would be accompanied by a statement that Brazil doubted the need for such action and that the resolution should not be construed as recognizing a special military bloc of nations within the OAS framework.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****SINO-SOVIET BLOC DEVELOPMENTS IN THE CUBAN CRISIS**

The USSR moved rapidly last week to withdraw its strategic missiles from Cuba as quickly as possible. Moscow's aim is to undercut US pressure for UN verification of the dismantling and removal of the missiles and to enable Khrushchev to claim that he has fulfilled his commitments to President Kennedy.

Moscow has taken advantage of Castro's rejection of any form of UN inspection in Cuba and the easing of the crisis atmosphere that followed Khrushchev's 28 October backdown to maneuver to extricate the USSR from the embarrassing agreement to UN verification. Although Khrushchev apparently felt that he had no choice at the height of the crisis but to agree to a UN role, Moscow was concerned that this would create a dangerous precedent in the future, particularly with respect to any disarmament or nuclear test ban controls. In order to escape pressure for international supervision, the USSR agreed bilaterally to arrangements which allow US naval vessels to contact Soviet ships with missiles aboard for the purpose of counting the missiles.

When this process of removal has been completed, Khrushchev probably will announce that he has made good on his end of the bargain and call on President Kennedy to respond by issuing a formal declaration guaranteeing Cuba against an invasion by the US and other Western Hemisphere countries. The Soviet leaders probably believe such a move would put them in a strong position to charge the US with "bad faith"

if the President should decline to give a formal guarantee on the ground that Khrushchev had reneged on his pledge to accept UN verification.

It is possible that Khrushchev actually hopes to create such an impasse, believing he could use it both to repay US charges of Soviet deception and to recover the initiative in the Cuban affair. At the Kremlin reception on 7 November, he remarked that, although the Cubans were skeptical, the Soviet leaders believed that the President would "keep his word." He warned, however, that if a formal US guarantee against an invasion is not forthcoming, this would "put us back to a position of castastrophe."

Soviet propaganda has begun to accuse the US of attempting to evade its "commitments," in contrast with the USSR which is scrupulously carrying out its pledges. Moscow charges that the US is not only refusing to "guarantee and firmly respect Cuba's sovereignty" but advancing new demands that "look like ultimatums."

Mikoyan's Mission to Cuba

Although neither Moscow nor Havana has commented on the course of Mikoyan's talks with Cuban leaders, there are indications that the Soviet envoy has encountered serious difficulties and has been obliged to prolong his stay. Both Fidel and Raul Castro and Che Guevara were absent from Havana's ceremonies on the anniversary of the Bolshevik

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Revolution, although Mikoyan and President Dorticos attended. Soviet Ambassador Alekseyev's speech was full of effusive praise of Castro as "Cuba's legendary national hero." He stressed that Cuban-Soviet friendship is based on "mutual respect" and "complete equality" and again endorsed Castro's five-point demands for US concessions.

One area of disagreement may be the question of the removal of IL-28 jet bombers. Unlike the missiles which were under exclusive Soviet control, the IL-28s may have been actually transferred to Cuban control under the terms of military assistance agreements.

Intrabloc Relations

The events of the past week suggest that Soviet bloc leaders were deeply shaken by the US stand on Cuba and that Khrushchev is acutely aware that his backdown has made him vulnerable to renewed attacks by the Chinese Communists and by other opponents in the Communist movement. In a series of moves designed to counter these threats to his position and to guard against open disarray in the Soviet camp, Khrushchev conferred separately with East European leaders and staged a demonstration of support for his actions in the crisis which included public endorsements by Marshal Malinovsky, Voroshilov, Gomulka, and other satellite leaders.

The unprecedented parade of Eastern European chiefs to Moscow in a short period of time began with the arrival of

Czechoslovak leader Novotny on 29 October, the day after Khrushchev's backdown. Novotny was followed by Ulbricht of East Germany, Zhivkov of Bulgaria, Poland's Gomulka, and Hungary's Kadar. Khrushchev probably used these consultations to explain his position in the Cuban crisis, establish a unified line in the post-crisis period, discuss the future course of bloc foreign policy on Germany and other major issues, and deal with separate domestic problems of the East European countries in the aftermath of the crisis.

Khrushchev apparently instructed these leaders to reaffirm the central theme of peaceful coexistence and negotiated settlement of disputes. Both Zhivkov, in his opening address to the Bulgarian party congress on 5 November, and Gomulka, in a Pravda article on the same day, praised Khrushchev for having prevented the US from unleashing a nuclear war. Both emphasized that "there is no other road" but peaceful coexistence. All other Eastern European governments, except the Albanian, immediately adopted this line in their propaganda and official statements.

The purge of eight prominent Stalinist officials of the Bulgarian party, including Premier Yugov and former Interior Minister Tsankov, obviously with Khrushchev's blessing, carried a clear message to the other satellite parties that they must give Khrushchev and his policies their unqualified support. Novotny is probably under pressure from Khrushchev to undertake some limited de-Stalinization action in Czechoslovakia. Novotny, however, cannot carry any such action far without wrecking his party.

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The pronouncements by Kosygin, Suslov, Malinovsky, and Voroshilov last week were clearly intended to show that the Cuban affair has not affected Khrushchev's leadership of the Soviet party. Voroshilov's 3 November Pravda article, obviously written at Khrushchev's behest, praised Khrushchev's "exceptional self-control" in handling the crisis and credited him with preventing a "world catastrophe." He specifically endorsed Khrushchev's letters to President Kennedy as showing that the crisis "can be solved speedily by peaceful means." Voroshilov was careful to emphasize, however, that "our peacefulness is not a sign of weakness." In his speech at the 7 November Moscow parade, Malinovsky also praised Khrushchev for his actions to "preserve peace" which, he said, were supported by "all progressive mankind."

The Soviet premier does not seem to anticipate any immediate challenge to his position. Mikoyan's lengthy stay in Havana and the attendance of party secretaries Suslov and Shelepin at the Bulgarian party congress point in this direction. Both Suslov and Mikoyan supported Khrushchev against the antiparty group in June 1957 and apparently have remained allied with him since. Khrushchev would undoubtedly want both of them at hand if he had any inkling of an impending showdown.

Peiping's Reaction

Peiping's censure of Khrushchev's handling of the crisis became increasingly pointed last week. The Chinese displayed their dissatisfaction by failing to send a delegation to Moscow's October Revolution

anniversary celebration.

Although Chinese propaganda has not specifically mentioned Moscow as the target, it has been replete with references to "appeasement" of the US and to "Munich schemes" against Cuba. The Chinese have organized daily mass demonstrations protesting "US aggression" and supporting Castro's "five just demands."

Among the Asian members of the bloc, only Mongolia has expressed unqualified approval of Khrushchev's decisions in the crisis. North Korea has followed the Chinese pattern of mass meetings and has echoed Peiping's propaganda line. The North Vietnamese are taking their customary middle position, combining full support of Castro's demands with approval of Moscow's success in obliging the US "to make the initial concessions."

Sino-Indian Conflict

Moscow's initial impulse after President Kennedy's 22 October speech was to make a conciliatory gesture toward Peiping

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in the hope of forestalling open Chinese attacks on Khrushchev's actions at the height of the Cuban crisis and of presenting a picture of greater bloc unity in a time of great danger. The Soviet press on 25 October endorsed Peiping's proposals of 23 October for a mutual withdrawal of Chinese and Indian forces from existing lines and for top-level Sino-Indian talks--terms which were clearly unacceptable to the Nehru government.

[redacted] Moscow publicly indicated that the sale of MIG-21 (Fishbed) jet fighters to India would be suspended, at least for the time being.

When Peiping rebuffed these Soviet overtures and derided Khrushchev's stand on Cuba, and India turned to the West for military assistance, Moscow cautiously retreated toward its earlier position of neutrality. A 5 November Pravda article and Kosygin's speech on 6 November omitted any specific reference to Peiping's proposals and merely urged negotiations without preconditions.

Future Soviet Policy

Kosygin's speech, together with Khrushchev's Kremlin reception remarks on 7 November, suggest that the Soviet leaders contemplate a period of relative inaction on the main diplomatic fronts while they assess the effects of the Cuban crisis on the USSR's world position and study the future course of US policy. They probably feel the outcome of the Cuban affair has reduced Soviet bargaining power and that there would be no prospect of gaining Western concessions in new negotiations on such issues as Berlin and Germany in the near future.

Khrushchev implied that he has abandoned his earlier plan

to come to the US this month to attend the UN General Assembly and to meet with President Kennedy. He said such a meeting is not necessary at this time and that he would favor heads-of-government talks only "if it is a question of peace and war." Both Kosygin and Khrushchev treated the Berlin question cautiously, repeating the standard formula that they cannot wait indefinitely for a solution. Khrushchev ridiculed Western press speculation regarding a Soviet timetable for a separate peace treaty with East Germany.

The Soviet leaders appear to be using the nuclear test ban issue to signal their desire to liquidate the Cuban crisis quickly and to restore "normal" relations with the West. In reply to a question at the Kremlin reception, Khrushchev said "it is a good time" for a nuclear test ban agreement and claimed that the Soviet and US positions are "very close together."

On the same day, Deputy Foreign Minister Kuznetsov presented to Ambassador Dean a new proposal for controls over underground tests. This proposal was based on suggestions of the recent Pugwash Conference of scientists for employing automatic, unmanned seismic stations to police a test ban agreement. According to Kuznetsov, the USSR would agree to installation of automatic seismic stations along Soviet borders on the territory of adjacent countries, if the latter consent. The Soviet Union would also agree to two or three such stations on its own territory, provided the other nuclear powers would likewise agree. While he asserted that the sealed instruments installed on Soviet territory should be transported from and to the "international center" by Soviet personnel and aircraft, Kuznetsov indicated that if the US should insist on foreign personnel participating, the USSR might accept such an arrangement.

This proposal, however, does not change Soviet unwillingness to accept on-site inspections on Soviet territory.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****THE SINO-INDIAN BORDER CONFLICT**

Small-scale patrol action and artillery exchanges have characterized Indian and Chinese military activity since Peiping's initial thrusts paused some ten days ago. Both sides seem to be preparing for at least one more military bout this fall, but relative positions are not likely to change significantly.

In Ladakh, India's abandonment of Daulat Beg Oldi has left control of the Karakoram Pass to the Chinese; New Delhi is concentrating Indian defensive efforts farther south near its threatened base at Chushul. In the northeast, Indian forces have given no new ground. In Sikkim, opposite the Chumbi Valley, and in northwestern Uttar Pradesh, they have been strengthened because of reported Chinese buildups across the border.

New Delhi is carefully watching Chinese actions in the Chumbi Valley--an area where there are neither border differences nor fighting--as a gauge of Peiping's intentions with regard to expanding the conflict.

Within India, Nehru's government is making every effort to recoup its prestige and to capitalize on the surge of patriotism evoked by the Chinese threat. A broadly based national defense council has been formed; private Indian wealth is being marshaled; militia-type organizations are being formed; army enlistments are rising; and the Communist Party's nationalistic stance has been welcomed. Krishna Menon's enemies have seized the occasion to force Nehru to oust the controversial Menon from the government.

Internal security measures have been tightened against

resident Chinese nationals, and the government has arrested several prominent Communist Party members who oppose the Indian party's support of New Delhi. Parliament began its winter session ten days early on 8 November and India's economic planners have begun to assess the impact of recent events and greater defense expenditures on the remaining three and one-half years of the Third Five-Year Plan.

On the diplomatic front, Nehru has again rejected Moscow's suggestion that the two sides call off the fighting and begin negotiations on the basis of Peiping's mutual withdrawal proposals. He is certain to reject Chinese repetition of the same bid.

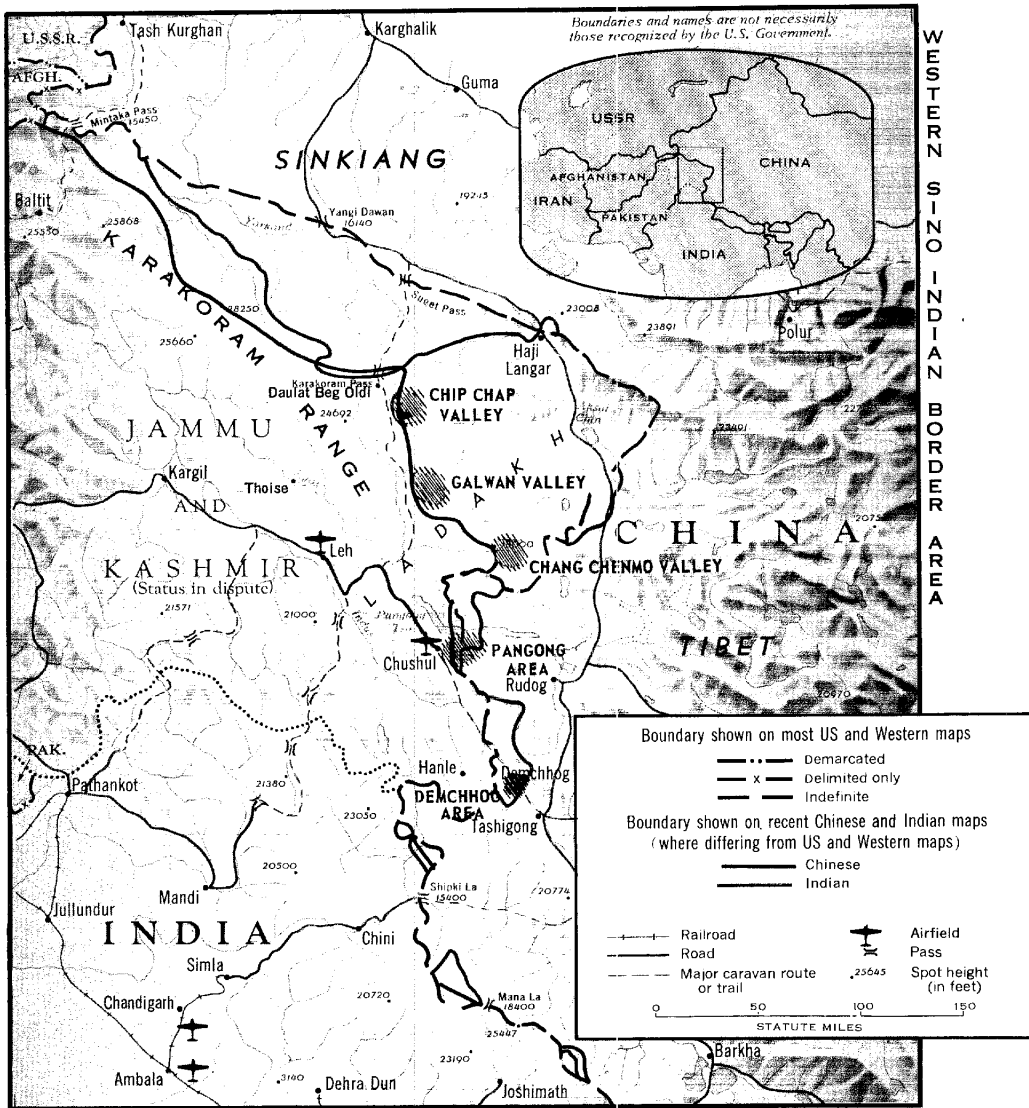
The Chinese still appear confident, however, that their military advances and continued diplomatic pressure will eventually bring India to negotiations on Peiping's terms. On 6 November the Chinese released the text of a note to New Delhi which reaffirmed support for their proposals of 23 October. India's insistence that the Chinese withdraw to the positions they held prior to 8 September was once again labeled "absolutely unacceptable." The note also called "especially serious" US arms aid to India and New Delhi's continuing reconnaissance flights over Tibet.

In a letter to Nehru made public on 7 November, Chou En-lai claimed that China was not trying to force any unilateral demand on India through its recent military successes. He pointed out that the "line of actual control" mentioned in Peiping's proposals--from which a mutual withdrawal would then take place--is the line shown on Chinese maps when the same proposal was made three years ago, and argued that this "in the main" coincides with the McMahon Line in the area of the North East Frontier Agency. 25X1

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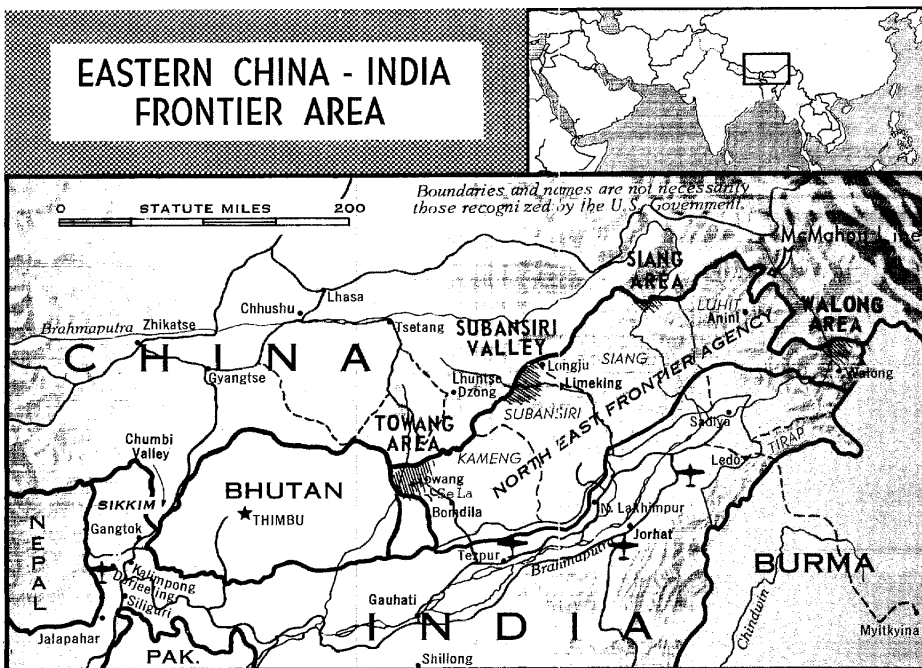
**CURRENT INTELLIGENCE WEEKLY SUMMARY**



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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****PAKISTAN'S FOREIGN POLICY**

The Pakistani Government is reassessing its foreign policy. Karachi has long been frustrated over what it feels is its allies' disregard for its basic interest in forcing a stronger India to negotiate over Kashmir. Pakistan fears now, however, that India's new willingness to accept arms from the West and the West's willingness to deliver them will deprive Pakistan of the major advantage it has derived from the Western alliance.

Although Nehru in 1959 refused an offer from Pakistan to conclude a joint defense agreement, the Pakistani leaders have continued to hope that India's growing problems with Communist China would force New Delhi to the conclusion that a settlement with Pakistan was desirable to protect the Indian rear. The Pakistanis now see this prospect vanishing. When Pakistani spokesmen object to Western arms aid to India on the ground that this endangers the "local balance of power," they are really saying that this aid enables India to maintain military superiority--better than two to one--along the Pakistani-Indian border and to fight the Chinese at the same time.

Pakistan is concerned over the growing Chinese Communist threat to the subcontinent, but it feels that the present Sino-Indian conflict is confined to a border dispute and does not threaten Pakistan's security in any immediate way. Accordingly, President Ayub sees no need for Pakistan to rally to India's defense. He sees rather

a chance to exploit India's predicament by pressing for a Kashmir settlement. He is reluctant to assure India that he will not cause trouble on the Kashmir border or elsewhere because he feels that such an assurance would deprive him of the only real leverage he has.

The Pakistani press has been taking an increasingly anti-American line, hitting at the CENTO and SEATO pacts and calling for improved relations with Peiping. Ayub has held emergency meetings with Foreign Ministry officials and army leaders; he has called an emergency meeting of the National Assembly for 21 November to explain his views. 25X1

Ayub's problems are compounded by his need to strengthen his internal political position against a determined effort by old-line politicians to reduce his power under the new constitution. At present his power stems from the backing of the Pakistani Army, which depends heavily on US aid.

While Ayub for the immediate future will probably proceed cautiously on foreign policy matters, unless he feels greater pressure is being put on India to come to terms on Kashmir, he is likely to adopt an increasingly uncooperative attitude toward the West, particularly the US. 25X1

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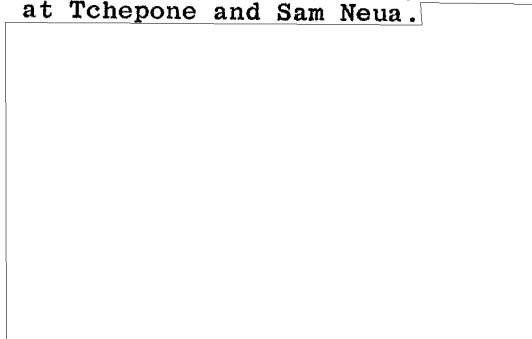
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**DEVELOPMENTS IN LAOS**

Right-wing leaders in Vientiane are taking steps to instigate formal investigation of remnant North Vietnamese forces in Laos, but the procedure is time-consuming. Ngon Sananikone, conservative representative on a coalition commission charged with overseeing implementation of the Geneva accords, has called upon the body to investigate selected charges of the presence of North Vietnamese military units at Tchepone and Sam Neua.

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Detection by the ICC of remaining North Vietnamese troops would prove extremely difficult, however. The North Vietnamese

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could retire temporarily across the border, or move to more inaccessible jungle areas to escape detection. Poor communications and the ICC's limited means of transportation facilitate such deception.

Premier Souvanna Phouma, in addition to facing difficulties stemming from the rivalry between the right and left factions in his coalition government, is also beset by a potentially serious rift within his own neutralist group. An open

break has existed for over a month between two factions of the neutralist garrison in Phong Saly Province. This dispute threatens to fragment the support he can count on from his already modest neutralist forces. Accompanied by Kong Le, Souvanna flew to Phong Saly on 6 November in an effort to mediate the quarrel.

North Vietnam's ambassador-designate, Le Van Hien, presented his credentials to King Savang on 8 November. Souvanna had put off the presentation in hopes that the South Vietnamese might be persuaded to retain some form of diplomatic ties even after Hanoi's envoy was accepted in Vientiane. President Diem apparently is still pondering the problem but has given no hint that he has changed plans to recall his representative from Vientiane immediately upon the establishment of relations between Laos and North Vietnam.

Pathet Lao leader General Singkapo announced on 5 November that the Soviet airlift to Laos has stopped. Singkapo claimed that the Pathet Lao now would be free to fire on aircraft flying for Air America, a US charter line engaged in resupply. The Pathet Lao are critical of Souvanna's unilateral arrangements with Air America and hope to bring this operation under direct coalition supervision in order to curtail resupply operations to the anti-Communist Meo guerrilla forces.

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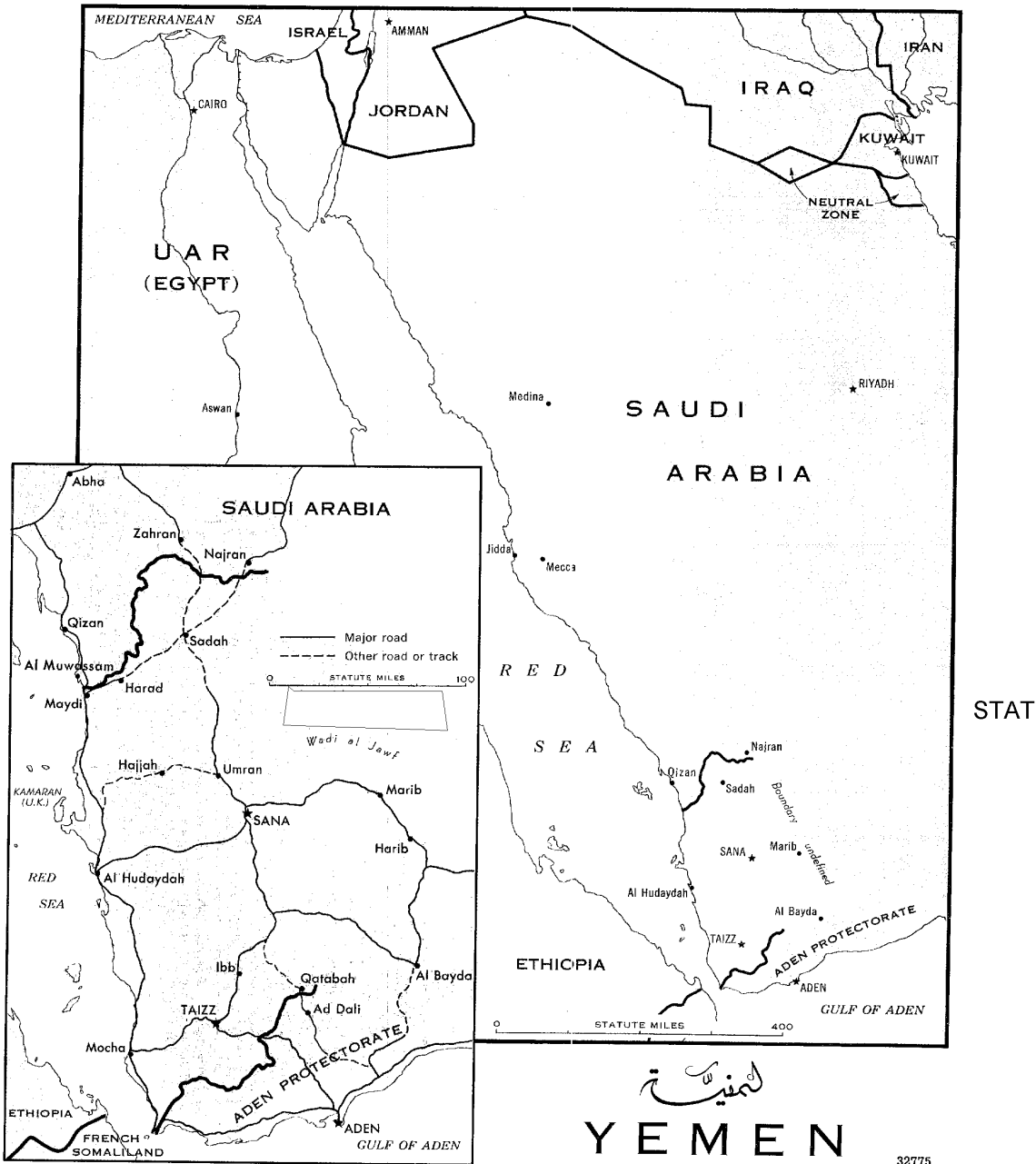
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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

**THE SITUATION IN YEMEN**

Saudi Arabia severed diplomatic relations with the UAR this week following a series of air strikes on Saudi territory and naval bombardment of the Saudi port of al-Muwassam.

Saudi Arabia may also use the charge of UAR aggression to call upon King Husayn for military aid in accordance with the Saudi-Jordanian military alliance concluded only last week. Open



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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

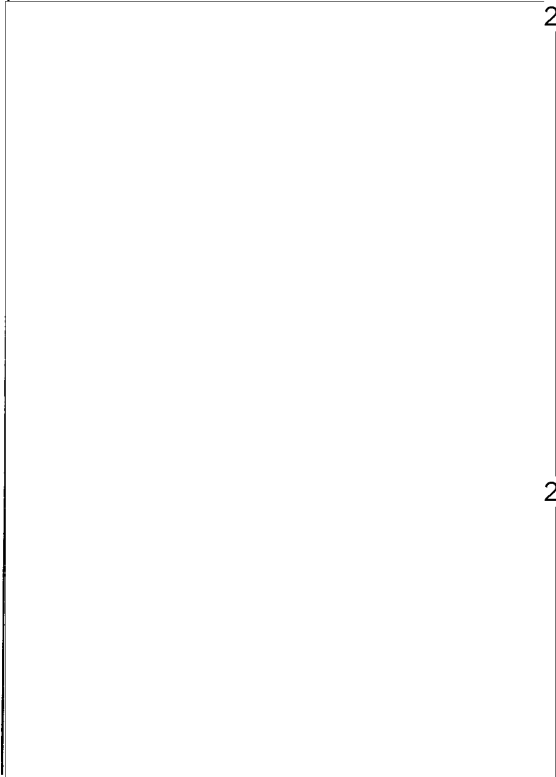
warfare involving Saudi Arabia and Jordan against the UAR and revolutionist forces in Yemen probably would expose the Saudi and Jordanian governments to increased domestic unrest and possibly to subversion. Segments of the populace in each country, including elements in both armies, already oppose the assistance which their rulers have given the Yemeni royalists.

The Egyptians' decision to extend their air strikes into Saudi territory probably reflects Cairo's concern over the inability of the revolutionary government to establish firm control of the country. Royalist forces,



have been attempting to get a major campaign under way in north-western Yemen, and have had limited success near the towns of Harad and Sadah. The royalists control a band of territory stretching from the Saudi border south of Najran through the Wadi al Jawf area and Marib

to Harib near the Aden Protectorate border.



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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

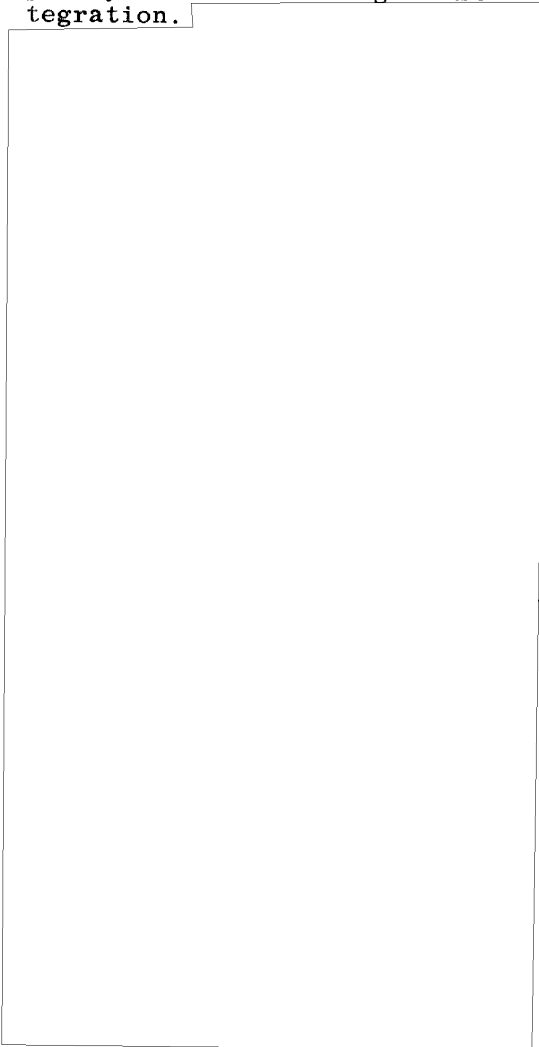
**CONGO DEVELOPMENTS**

The UN appears to be preparing to use a more forceful policy to effect Katanga's integration.

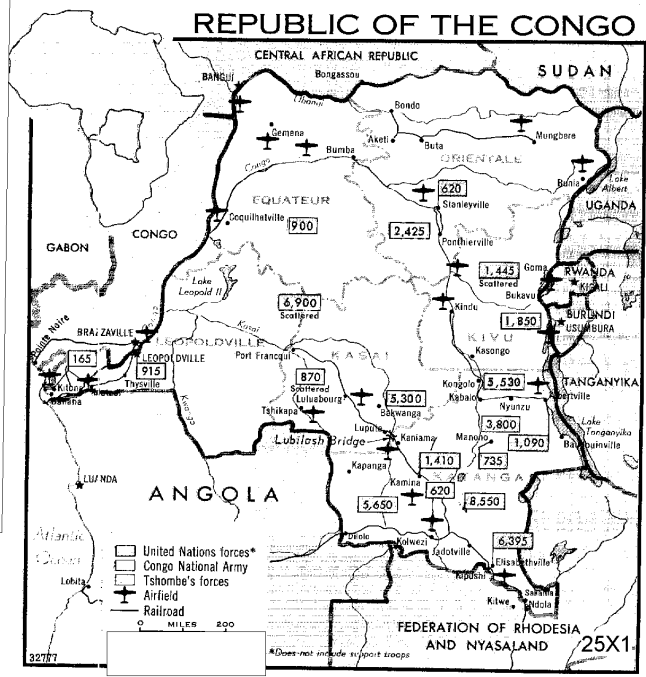
part of its 1,800-man contingent, and the UN is seeking additional jet aircraft. The Indian Government has informed the UN that for the time being it will leave its troops in the Congo.

Under Secretary General Bunche believes that a show of force may enable the UN to attain its objectives without a fight. He has indicated that the UN's next move will consist of "administrative actions." The UN has already placed central government customs and immigration officials at Elisabethville airport without evoking a response from Tshombé. Bunche estimates that the UN could move into the mining towns

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Indonesia has offered two C-130 transports--each with a capacity of 64 paratroops--as



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

of Jadotville, Kolwezi, and Kipushi without being challenged by the Katangan gendarmerie. Such a move would curtail Tshombé's mining revenue, but, despite Bunche's estimate, it is very doubtful that these three mercenary strongholds could be seized without a serious fight and without US airlift support.

Katanga is still detaining more than \$2 million worth of UN supplies at Sakania on the Northern Rhodesian border and at Dilolo on the Angola border in spite of Tshombé's assurance that the nonmilitary goods would be released. The local UN representative has said that the UN preferred to let the matter lie for two or three weeks more and implied that continued Katangan failure to release the UN goods would provide a basis "for other UN action, not involving the use of force." A swift occupation of the two towns would enable the UN to control all Tshombé's copper ore exports while bypassing the main Katangan defenses.

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Foreign Minister Bomboko is in the US seeking transport planes.

The Congolese Parliament opened in Leopoldville on 5 November in what proved to be an anticlimatic session, as the senate failed to obtain a quorum. The opposition hopes when Parliament finally gets down to business to be able to topple Adbula on the question of the constitution or his failure to integrate Katanga, but it now appears unlikely that they will have sufficient votes to do so.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****POLITICAL SITUATION IN THE FEDERATION OF RHODESIA AND NYASALAND**

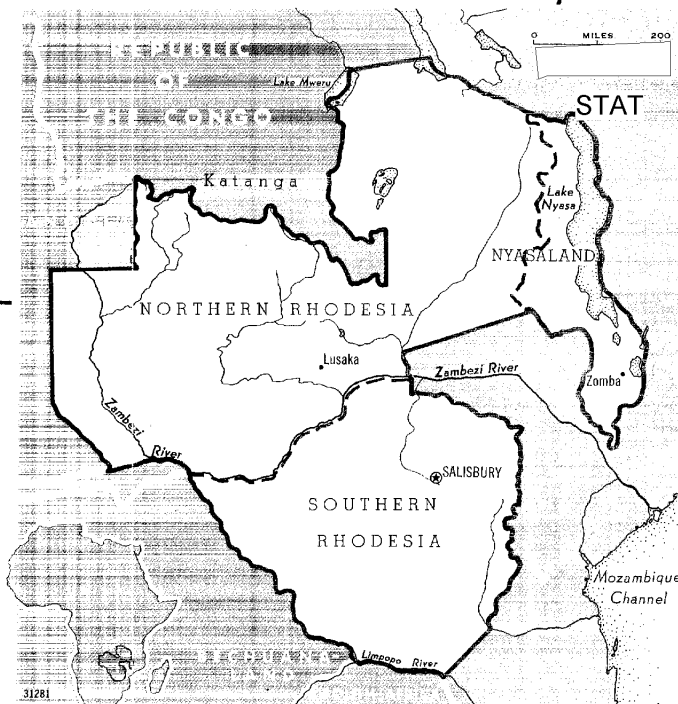
A series of elections and constitutional talks is under way in the Federation of Rhodesia and Nyasaland. The purpose is to provide a basis for further constitutional negotiations between Britain and representatives of the Federation and of its three constituent territories. Talks aimed at revising the federal structure may begin early next year. Nyasaland's Hastings Banda expects the Federation to be dissolved by the end of 1963.

Northern Rhodesian elections on 30 October, held under extremely complicated procedures, failed to give any party a clear mandate but emphasized the sharpening division of the electorate along racial lines. Of the 45 legislative seats, eleven are still unfilled; the remainder are divided among two African parties--which favor the breakup of the Federation--and Federation Prime Minister Sir Roy Welensky's United Federal Party. Elections on 10 December for the unfilled seats are unlikely to shift the balance significantly. Britain, which still has ultimate responsibility for forming a government, may find it impossible to put together a stable combination. African nationalist Kenneth Kaunda's party, the clear choice of the African majority, may turn to violence rather than attempt to promote its program in the new legislature.

On 12 November, talks on the constitution of Nyasaland are to open in London. Banda and his followers--African nationalists who have been the most vociferous opponents of the white-dominated Federation--have been in effective control of their territory for more than a year. Both Britain and the Nyasalanders expect the talks to set a date for Nyasaland's internal self-government. Banda says, however, that he will not leave London until Britain announces that the Federation will be dissolved.

In white-controlled Southern Rhodesia, legislative elections are

to be held on 14 December. The arrangements for these have already been condemned by the UN General Assembly. Africans--between 15 and 18 of them--will have seats in the 65-member legislature for

**Federation of Rhodesia and Nyasaland**

the first time. African nationalists, however, call this advance inadequate, and most of the eligible Africans will boycott the elections. Prime Minister Whitehead and the Southern Rhodesian section of the United Federal Party seems certain to win a majority of the seats. Whitehead then plans to push ahead with a long-promised program of economic and social reform which favors the Africans. Whitehead is also trying to detach Joshua Nkoma and other relative moderates from the extremists who dominated the leading African nationalist party before it was banned on 20 September. By liberalizing his policy and simultaneously encouraging the moderates, Whitehead hopes to bring into being a mass African party which will work within a constitutional framework. However, the odds are against him, and further racial unrest seems likely.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****FRENCH NATIONAL ELECTIONS**

De Gaulle's opponents have not succeeded in putting up a coalition slate for the 18 November election to the French National Assembly, but they are confident of eliminating many Gaullist candidates in the runoff vote of a week later. De Gaulle again assailed "the parties of the past" in his 7 November call for "political renovation," but he continues to avoid any clear identification with the Union for a New Republic (UNR). Under French electoral law, in constituencies where no candidate gets a majority on the first ballot there is a second runoff ballot decided by a plurality. Candidates receiving 5 percent or more of the vote on the first round remain eligible for the runoff. In metropolitan France, where 465 seats are at stake, 2,367 candidates have filed, an average of five per seat. The four overseas departments and the territories will elect 17 deputies.

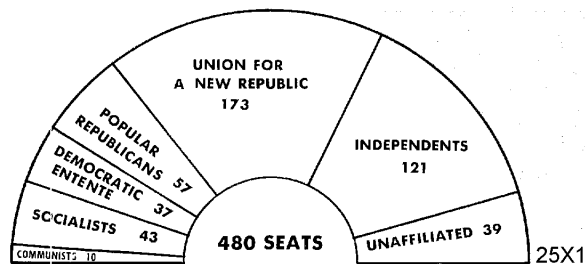
Nearly all incumbents are running again, as well as many former deputies who were defeated in the Gaullist landslide of 1958. Only the Communist Party has candidates in nearly every constituency. The UNR has attempted to present a candidate against each of the 280 deputies who voted to censure the Pompidou government.

The broad anti-Gaullist coalition envisaged by the parties which censured Pompidou

will not materialize on the first round. Deals to refrain from entering competing candidates have been made by two or three of the anti-Gaullist parties in only a few departments. The full effect of the opposition to De Gaulle is therefore expected to be felt on the second ballot, when relatively weak candidates will be under pressure to withdraw in favor of those most likely to defeat the UNR aspirant. This tactic is expected to cut UNR representation drastically, inasmuch as about 70 of the UNR incumbents won in 1958 only on second ballot pluralities. In a few constituencies, however, it will also favor Communist candidates likely to receive more than a third of the votes cast in the first round. There is general agreement the Communists will

**PARTY STRENGTHS IN  
FRENCH NATIONAL ASSEMBLY**

DISSOLVED OCTOBER 1962



NOTE: The outgoing assembly had two vacancies. The elections on 18 and 25 November will fill all 482 seats.

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

at least double their representation.

Some of the anti-Gaullist leaders except the UNR to lose 100 seats. Since it has no political philosophy apart from backing De Gaulle and since it lacks both cohesion and a strong party machine, its fortunes are directly dependent on De Gaulle. There is little chance, however, that De Gaulle will campaign directly for the UNR as a party.

At best, Gaullist candidates can hope for some public gesture of support from the Association for the Fifth Republic, which André Malraux has organized to back any candidate it considers favorable to the Gaullist cause. Malraux has covered nearly every constituency in his list

of approved candidates, a third of whom are running under other than UNR labels--largely Independents and Popular Republicans.

Repatriates from Algeria are nowhere sufficiently numerous to elect their own representatives independently but will probably cast decisive votes against the UNR in many southern and southwestern constituencies, particularly where agricultural unrest is expected to prompt many erstwhile UNR supporters to return to their traditional Radical and Socialist loyalties.

Of all the center parties, the Popular Republicans seem to be in the best tactical position to profit from UNR losses, particularly in Brittany and Normandy where they are running youthful newcomers who have won prominence as labor union and farm organization leaders.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****REPERCUSSIONS TO THE DEATH OF ITALY'S OIL CHIEF**

The death of Enrico Mattei presented the Fanfani government with the difficult problem of choosing a new chief for ENI, Italy's powerful state petroleum holding company. Fanfani's appointment of 72-year-old ENI Vice President Marcello Boldrini [redacted]

[redacted] is apparently an interim arrangement which gives the prime minister time to iron out differences within his Christian Democratic Party over the question of a permanent replacement when Mattei's term expires next spring. Meanwhile the company's domestic political influence may be somewhat reduced and its activities abroad temporarily less aggressive than in Mattei's day. The government will, however, almost certainly consider it in the national interest to try to carry on and even expand Mattei's basic policies at home and abroad.

Mattei's controversial operations in the petroleum field at home and abroad primarily aimed at securing cheap fuel for Italian consumption. His spectacular successes and his personal contribution to Italy's international prestige made him a public hero. Nominally a Christian Democrat, he was interested above all in ENI, for which he brought support by multifarious political contributions [redacted]

The promotion of Boldrini and the appointment of Eugenio Cefis to replace him as vice president put ENI in the hands of two of Mattei's chief collaborators and economic technicians. Cefis has been spoken of as Mattei's alter ego and acted for Mattei in setting up deals with Argentina, Com-

munist China, and the USSR. The USSR in 1961 furnished some 14 percent of Italy's total crude oil imports.

Disagreements over who is to be the power behind--or over--ENI can be expected to make further trouble within the government coalition. The press continues to speculate as to whether, as had been the case with Mattei every time his term ran out, ENI's new director is to be reappointed for another three years.

[redacted]

The conservative Liberal Party --a member of the parliamentary opposition--is calling for the breakup of the ENI complex by separation of its subsidiaries engaged in oil exploration, natural gas distribution, distribution of petroleum derivatives, and oil and gas refining.

Government spokesmen have stated, however, that there is no intention of breaking up ENI or changing its basic purpose. It may, however, be divested of certain interests, such as textiles and nuclear power. There are some indications that the government may intend to reduce the power of Mattei's successor and assume more direct control of the company's activities. This would be done by placing ENI under the new planning commission for coordination of government economic enterprises headed by Budget Minister Ugo LaMalfa-- who, like Mattei, was one of the architects of Italy's post-war "economic miracle." [redacted]

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****AUSTRIAN GENERAL ELECTIONS**

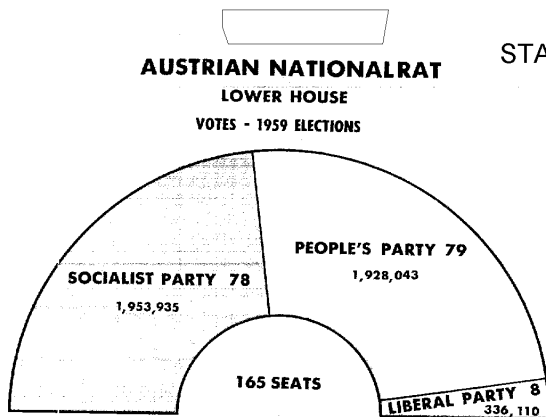
In Austria's parliamentary elections on 18 November, the People's Party is likely to maintain and possibly increase its slight dominance over the Socialists, with whom it has shared power in a two-party coalition since 1945. The trend in recent municipal elections in Austria has favored the People's Party--and, to a lesser extent, the Communists--at the expense of the Socialists.

There have been few genuine campaign issues, since foreign affairs is largely taboo because of Austria's carefully preserved neutrality, and the economy is extraordinarily prosperous. Both the major parties agree on the nation's single most important foreign policy objective: that Austria must press its case for association with the European Common Market.

Consequently, personalities have played a major role in the campaign--which has been surprisingly bitter, considering that neither party wishes to break up the coalition. The Socialists have called for an end to Finance Minister Klaus' one-man rule in fiscal matters, accusing him of blocking labor's legitimate wage demands. Klaus is generally regarded as the People's Party's eventual heir apparent to the well-liked, but maladroit, Chancellor Gorbach. The People's Party has attacked Vice Chancellor Pittermann, charging that he used his recent trip to Moscow to promote trade with the bloc and that he advocates a form of "economic neutrality" inconsistent with

Austria's basic pro-Western orientation.

The unusually large number of new voters is a variable factor of some importance, but the two major parties are expected to share almost 90 percent of the vote, as in 1959. The US Embassy at Vienna anticipates the People's Party will retain or slightly enlarge its one-vote margin over the Socialists in the Nationalrat (lower house). The small right-of-center Liberal Party may slightly increase its current



The Communist Party's 142,578 votes were insufficient to give it representation in the House.

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eight-man representation. The even smaller Communist Party, which failed to get a single seat in 1959, is given a better-than-even chance to win a seat in a Vienna district--which would qualify it for two or three additional seats in the proportional redistribution of the vote.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****ANTI-US OUTBREAKS IN VENEZUELA**

President Betancourt has placed most of Venezuela under virtual martial law following Communist terrorist outbreaks in reaction to the US quarantine against Cuba. The armed forces have been mobilized for the first time since World War II, and constitutional guarantees remain suspended.

[REDACTED]

Pro-Castro extremists succeeded in sabotaging major US-operated oil installations despite the placement of reinforced security guards around US Government buildings and US business properties immediately following the announcement of the quarantine. Saboteurs dynamited four US-operated oil and gas pipelines in Puerto La Cruz on 2 November. On 28 October terrorists sabotaged power stations in the Lake Maracaibo oil fields of the Creole Petroleum Corporation, the largest oil company in Venezuela. Approximately one sixth of the country's oil production was temporarily halted. Sporadic attacks against other US business interests have occurred.

Several persons involved in the sabotage of the oil installations were identified as members of the Communist Party (PCV) and the pro-Castro Movement of the Revolutionary Left (MIR). Government officials stated that the sabotage was initiated on instructions reportedly transmitted by radio from Cuba on 27 October urging Venezuelans to protest with violence the Cuban blockade and Betancourt's support of the US. The Havana press and radio gave credit for the sabotage to "guerrilla forces of the National Liberation Army" and ridiculed the allegation of Cuban involvement.

The government has placed all oil fields under military control, and 5,000 reservists have been called up to strengthen the armed forces. Military

courts were given jurisdiction over most crimes committed in the Caracas area. Although maximum security measures continue in effect, the government is hampered by an inadequate police force. Security forces also lack sufficient riot control and transportation equipment and effective communications systems.

Security forces continue to arrest numerous Communists--including oil union labor leaders--and other persons implicated in the terrorist activity. However, the government is unable to arrest PCV and MIR congressmen known to be the behind-the-scenes instigators of the terrorism, because the opposition-controlled Chamber of Deputies refuses to remove the immunity of any of its members.

[REDACTED]

The Supreme Court's decision on the government's request to outlaw the PCV and MIR is not expected before the end of November.

The US Embassy reports that there is a widespread conviction in Venezuela that Communist terrorism and subversion will increase unless Castro is eliminated soon. Most military leaders strongly urge that steps must be taken to "annihilate" Castro to prevent further violence in Venezuela and elsewhere in Latin America. Foreign Minister Falcon announced that he would present evidence to the OAS this week of Cuban involvement in subversion in Venezuela.

While Communist attempts to organize protest demonstrations have failed, sporadic acts of violence in support of Cuba are likely to continue. Further substantial sabotage to the oil industry could produce serious effects on Venezuela's economy. Ninety percent of the country's foreign exchange is derived from petroleum exports.

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

The outlook in the Dominican Republic for orderly transition to a freely elected government probably has not been enhanced by the recent agreement between the interim government and the armed forces to appoint Antonio Imbert and Luis Amiana brigadier generals and "supervisors" of the armed forces. Sole surviving participants in the Trujillo assassination plot and afraid of revenge, both men have had an unsettling effect on the political scene for several months while trying to gain strong positions in the next government. The ruling sevenman Council of State, of which they are members, turns over its power to an elected government on 27 February 1963.

with the police and the prosecution branch of the judiciary. The ambassador believes that it may be difficult to prevent Imbert and Amiana from gaining control of the armed forces, and that "so much power invites abuse."

As yet there are no indications that they plan to interfere with the holding of free presidential and congressional elections--now scheduled for 20 December. However, they distrust both democratic procedures and the presidential nominees of the two major contending parties. Over the past several months, Imbert has tended to regard himself as the only person who can govern the country.

The 30-year Trujillo dictatorship left the country without political leaders tested in democratic rule. The two major presidential candidates have serious political shortcomings. The 67-year-old Viriato Fiallo, a respected physician, nominated by the National Civic Union, on occasions has displayed a lack of political acumen. Juan Bosch, a temperamental and opportunistic writer who became a professional revolutionary exile after opposing Trujillo in the early 1930s, is the nominee of the Dominican Revolutionary Party, which represents the moderate left. Numerous small parties, intent on testing their strength, are running candidates who may draw enough votes away from the two principal candidates to prevent either from winning a majority.

Although the leaders of the armed forces appear to regard the affair as settled, the US ambassador cautioned on 5 November that the appointments may in fact have further strengthened the hands of Imbert and Amiana in the Council of State and made it more difficult for the next government to break their influential relationship

Ex-president Joaquin Balaguer --who continued as president after Trujillo's assassination until the present regime gained control and now is living in the US--has been nominated by a small party. This, as well as provocations that probably will be attempted by the small extreme leftist parties, could afford Imbert and Amiana pretexts for interfering with the elections.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY****LEFTIST GAINS IN GUATEMALAN MUNICIPAL ELECTION**

Results of the 4 November mayoralty election in Guatemala City indicate growing strength of the extreme left, and will give impetus to anti-US ex-president Arevalo's campaign for re-election in December 1963. Extreme leftist Francisco Villagran, supported by Arevalo's followers but not openly by Arevalo himself, lost by only 1,000 votes to Francisco Montenegro, an independent without political affiliation who apparently received behind-the-scenes support from President Ydigoras. Montenegro is a radio-television newsman who served as director of tourism and head of the consular section of the Foreign Ministry under President Castillo Armas after the ouster of the Communist-dominated Arbenz regime.

The strength of Villagran's showing surprised and disturbed Guatemalan observers, since he is considered an opportunist who follows the Castro-Communist line, although he publicly claimed he did not want Communist support in the election. The pattern of voting among the eight candidates indicates public rejection of the existing political parties and a strong desire for something new. Although the candidate jointly supported by conservative groups had the most financial backing and

was considered the probable winner, he ran a poor third. The fourth-runner, with Communist support, received almost twice as many votes as the moderate leftist Revolutionary Party's candidate--which was a severe blow to that party's future.

The controversial Arevalo has been in exile in Venezuela and Mexico for several years, and the extent of his evidently substantial personal popularity will be hard to judge until he returns to Guatemala to campaign. His recent criticism of Communism and Castro, combined with his antipathy toward the US, may strengthen his image as a strong Guatemalan nationalist well known in Latin America.

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**SECRET****CURRENT INTELLIGENCE WEEKLY SUMMARY**SPECIAL ARTICLE**NE WIN'S REVOLUTIONARY BURMA**

General Ne Win's military regime in Burma--the "Revolutionary Government"--has made almost no progress toward its avowed goal of a unified socialist state. In the eight months since he seized power from U Nu and the civilian politicians, Ne Win has failed to develop a program of action. If anything, his goal has become more distant and less clearly defined. Ethnic insurgent forces have continued their civil war and have strengthened their popular support.

Political Activity

Although uncertainty and fear of the overriding power of the army have stifled public criticism, Burma's various political parties continue to function. Ne Win, with solid backing from his army which made civilian opposition to his regime clearly fruitless, expected all Burmese patriots to rally unquestioningly to his revolutionary banner. However, there has been little evidence of popular support for the national military hero in his political role.

Ne Win aspired to create a single national party on the lines of the pre-independence nationalist movement. He arrested his only rival for national popularity, U Nu. In order to take the drive out of the incipient ethnic minority separatist movement, he detained Shan leaders who wanted autonomy within a federal structure.

Politicians, whom he despises, should have had no place else to turn--particularly since by abolishing the parliament he had destroyed their sources of public influence. With a naive magnanimity, he

encouraged them to continue their functions so long as they did not oppose the revolution, hoping they would eventually rally to his leadership.

Support for the government's socialist goals was easily obtained from the parties. Despite Ne Win's addition of Marxist slogans and his proposal for extensive nationalization of the economy, the revolutionary government's objectives are hardly different from those of all political leaders since independence.

Only the leftist National United Front, however, rushed to announce its wholehearted support for the new regime. The Front hoped to gain the confidence of the army leadership and then to direct the policies of the government.

The undetained leaders of U Nu's Union Party stalled on support, arguing they could not act until they knew the views and condition of the arrested prime minister. The Anti-Fascist People's Freedom League--the country's best organized political party, with branches in all electoral districts--also withheld its support, insisting upon an ultimate return to an elected government.

Ne Win's failure to take immediate action against the parties has given them an opportunity to regroup. They have found supporters among those repelled by the regime's harsh actions--especially the ruthless suppression of student demonstrators at Rangoon University on 7 July. Despite several well-publicized defections and resignations, the various party organizations remain a potential force for the government to contend with.

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

In July the government tried again to attract support by formally establishing its political party--the Burmese Socialism Program Party. However, the handful of army officers appointed to lead this organization has thus far failed to develop any mass following.

Insurgency Undiminished

Ne Win appears to have intensified the chronic problem of insurgency and made a solution more difficult. Just before the coup, U Nu appeared on the verge of a political settlement with the ethnic minorities, but Ne Win's insistence on centralized control in Rangoon and his use of military force has further alienated them.

Loosely linked through a Nationalities Liberation Alliance, they have some 10,000 men under arms. Karens, with 6,000, are the most powerful; Shans, Kachins, and lesser groups make up the balance. Although the insurgents do not threaten the Rangoon government, they are a costly nuisance and could become a menace in the future.

The government has made no major military efforts against the insurgents but has sought to convey an impression of great success in extensive operations. It recently announced the successful conclusion of "Operation Monsoon" against the Shan insurgents and in a public ceremony accepted the surrender of 150 rebels.

The situation in the Kachin state is similar. Travel on roads outside Bhamo and Myitkyina is hazardous.

In dealing with the lesser problem of Communist insurgents, the government has similarly claimed great success. It recently announced that the army had smashed the headquarters of Thakin Soe's extremist Red Flag Communists and forced them to join with Thakin Than Tun's moderate White Flag Communist insurgents. If true, this would be only a minor accomplishment, for Thakin Soe's forces had already been reduced to scattered bands estimated to total only about 500 men.

Foreign Policy

Ne Win had made no formal change in U Nu's policy of neutrality and nonalignment and has been careful to maintain good relations with Communist China. He has drawn on the \$84 million credit extended by Peiping and at the same time has continued the US Military Equipment Purchase Agreement and sought US agreement to construct the long-delayed Rangoon-Mandalay highway project. After canceling development programs already planned by the USSR, he has opened negotiations for Soviet-sponsored projects of his own choosing.

Ne Win's suspicious nature and parochial outlook have nevertheless caused Burma's withdrawal from foreign contracts not on an intergovernmental basis. Private foundations have been required to

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**CURRENT INTELLIGENCE WEEKLY SUMMARY**

terminate their operation in Burma, foreign investors have been discouraged from entering the Burmese market, and the travel of Burmese abroad has been sharply limited.

Personal Rule

In all areas of governmental activity, the greatest obstacle to energetic action is Ne Win's insistence on personally approving all decisions of the slightest import. He distrusts civil servants, and has not accepted civilian politicians to fill administrative gaps.

The military leaders surrounding him in the ruling Union Revolutionary Council find themselves overtaxed with administrative problems. Ne Win's three-month absence in Europe last summer brought a hiatus in policy development, for decisions could not be made without him.

Ne Win's deputy, Brigadier Aung Gyi, is moderate and tactful,

and when he led the government during Ne Win's absence there was a relaxation in tension in Rangoon. There are rumors that in order to strengthen the administration, the government will recall the vigorous officers, such as Brigadiers Maung Maung and Aung Shwe, who were ousted in an army shake-up last year.

Outlook

Prospects are dim that the situation in Burma will soon change. Ne Win gives no indication of preparing to return the country to civilian rule, and the political parties lack the power base necessary to upset his authoritarian regime. It appears probable that Burma will mark time on major economic and social programs, and discontent may cause insurgency and banditry to increase throughout the country.

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