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15 February 1963

CURRENT INTELLIGENCE WEEKLY SUMMARY



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NGA review(s)
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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

15 February 1963

T H E W E E K I N B R I E F
(Information as of 1200 EST 14 Feb)

IMPACT OF THE IRAQI COUP ON THE NEAR EAST Page 1

The coup in Iraq on 8 February has reverberated throughout the Arab world and has encouraged various proponents of a pan-Arab state, especially in Syria. Cairo realizes that the new regime in Baghdad will be an independent one and is promoting friendly relations with it. At the same time, the UAR is trying to capitalize on the uncertainty engendered by the coup by stepping up its call for the overthrow of "reactionary" regimes in Syria and Jordan. The new Iraqi Government, meanwhile, is consolidating its control by arresting local Communists and suppressing all pro-Nasir activities.

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THE CUBAN SITUATION Page 2

[Redacted]

The 1963 protocol to the Cuban-Soviet trade agreement was signed on 7 February after lengthy and probably difficult negotiations. It involved a Soviet credit of undisclosed size, probably largely to finance Cuban imports of needed consumer goods.

Insurgent activity in Cuba by small resistance bands is continuing as regime officials try to make the most of what will probably be another poor sugar harvest this year.

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SOVIET FOREIGN POLICY DEVELOPMENTS Page 5

Moscow has continued to probe for ways to exploit differences within the Western alliance. Khrushchev sought to stimulate British interest in expanding trade relations with the Soviet Union. At Geneva, the Soviet delegate attempted to gain the initiative at the outset of the new round of disarmament talks by introducing a proposal to prohibit the stationing of strategic nuclear delivery systems on foreign territory. A Soviet official renewed private hints that Moscow is ready to compromise on the number of on-site inspections to enforce a test-ban treaty.

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SINO-SOVIET RELATIONS Page 9

Both the Soviet Union and Communist China are attempting to gain a tactical advantage in their continuing conflict. Moscow's latest maneuver to portray itself as the

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champion of bloc unity and to blame Peiping for any continuation of the dispute appeared in Pravda's assertion on 10 February that the Soviet leaders are ready for a bilateral meeting with the Chinese "at any level and at any time." Peiping, for its part, is relying on reprints of other Communist parties' condemnation of Titoist "revisionism" to maintain the essence of its position, while carrying forward its challenge to Soviet leadership in international front meetings like the recently concluded Afro-Asian Solidarity conference. [redacted]

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SINO-SOVIET TRADE DROPS FURTHER Page 12

Chinese Communist trade with the USSR in 1962 reflected continuing Sino-Soviet political strains and the stagnant condition of the Chinese economy. Recently published Soviet trade figures suggest that the total for the year was \$600 to \$700 million, a third less than in 1961 and a two-thirds drop from the peak of \$2 billion in 1959. [redacted]

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SOVIET CRACKDOWN ON THE ARTS MEETS CONTINUED RESISTANCE. . Page 13

Soviet intellectuals, undeterred by a massive press campaign against "formalism" and "modernism" or by extensive pressure from the party, continue to resist the hard line on culture imposed on them at their 17 December meeting with top party leaders. It reportedly is widely believed in Moscow that the crackdown was engineered by party ideological officials who were concerned that toleration of freedom in the arts, coming at a time when the party apparatus is being reorganized, would cause widespread confusion. Many Soviet intellectuals also believe that the real target of the crackdown is not art, but literature, which is of far greater political significance than art. [redacted]

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COMMON MARKET DEVELOPMENTS Page 15

A search for formulas to deal with De Gaulle's exclusion of Britain from the Common Market has begun in earnest in Western Europe, but there continue to be major obstacles to early agreement on ways of strengthening Britain's ties with the Continent. There is considerable evidence of sympathy with De Gaulle's call for a united Europe "equal" to the US in influence, but little support of his bid for European leadership. In any case, the French bargaining position will continue to be enhanced by the desire of all the EEC countries to keep the community basically intact. [redacted]

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GERMAN VIEWS OF THE FRANCO-GERMAN TREATY Page 17

Adenauer views the treaty of cooperation he and De Gaulle signed in Paris last month as the culmination of his lifelong effort to promote Franco-German reconciliation and as the essential first step toward an enduring European unity. Although many West Germans are disturbed over the treaty's timing and fear that ties with the US will be impaired, it will probably be ratified eventually. Rapprochement with France commands wide support, and the chancellor's backing of continued efforts to get Britain into the EEC and his reaffirmation of loyalty to NATO have undercut his opposition. [redacted]

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BRITISH DEFENSE POLICY UNDER REVIEW Page 19

An unusual degree of high-level attention has been given to the preparation of this year's White Paper on defense, which is due for presentation to Parliament on 18 February. Final decisions on major changes in defense policy are not likely to have been reached in the eight weeks since the Nassau conference, but the White Paper will probably reflect some preliminary decisions--for example, provision for a gradual shift of responsibility for the nuclear deterrent from the air force to the navy.

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FRANCE'S ROLE IN THE MIDDLE EAST Page 21

France has recently renewed diplomatic relations with most of the Arab countries and appears to be stepping up its activity in the Middle East. French officials have hinted at the possibility of sizable French economic investment in the region

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De
Gaulle plans a state visit to Iran in October, and there are rumors of possible visits to other Middle East countries. France's close military ties with Israel, however, will limit the role it can play in the area.

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CHINESE COMMUNIST DIPLOMATIC PRESSURE ON HONG KONG Page 22

Peiping has sent the British a series of diplomatic protests over developments in Hong Kong, and authorities in the colony foresee a period of difficult relations with Communist China. The Chinese can exert heavy pressures, but the colony's economic importance to the mainland will probably deter them from promoting a major crisis now. The protest campaign is probably for propaganda purposes.

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THE SITUATION IN LAOS Page 23

The assassination on 12 February of Kong Le's commander on the Plaine des Jarres apparently is part of the Pathet Lao campaign to eliminate the neutralist military position in this key area. Meanwhile, King Savang, Premier Souvanna, and several other leaders have begun a "good-will" tour to countries which signed the Geneva accords on Laos.

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POLITICAL MANEUVERING IN THE CONGO Page 24

With Katangan integration well under way, Adoula plans to reshuffle his government and to reconvene the Congo Parliament in early March. He will seek its approval of a new constitution and then intends to call general elections. His plans have revived intense political maneuvering. Tshombé, now in Europe for medical attention, has recently been cooperative and apparently plans to return to Elisabethville.

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COMMUNAL DISPUTE ON CYPRUS Page 25

Relations between the Greek and Turkish communities on Cyprus have become more embittered as their opposing positions on the integration of municipal governments have hardened.

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Greek Cypriot leaders may be examining drastic new moves to force Turkish Cypriot capitulation. Athens and Ankara are apprehensive over the drift of events on the island, and the Greek Government has lost most of its influence with Cypriot President Makarios.

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COMMUNIST VIOLENCE IN VENEZUELA Page 26

Political tension is increasing in Venezuela as a result of growing Communist-led violence. The Communists are seeking to discredit President Betancourt's regime and force him to cancel his trip to the US now scheduled for 19 February.

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the majority of the military probably remain loyal to Betancourt and are believed capable of preventing the disorders from reaching proportions that would threaten the government.

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SPECIAL ARTICLES

DE GAULLE'S FOREIGN POLICY OBJECTIVES Page 1

Charles de Gaulle is a profound theorist and a skilled practitioner of the adage that politics is the art of the possible. His overriding objective is to return France to a position of first rank in international affairs. He is intent on developing an independent European power complex free to decide where its best interests lie in any given set of circumstances.

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EUROPE AND THE US TRADE EXPANSION ACT Page 6

Most of the Common Market countries have professed to welcome the US Trade Expansion Act, but they have doubts about the United States' willingness to limit its own protectionist practices, and reservations about giving outsiders substantially improved access to the EEC market. Hence the actual reduction of trade barriers will probably be less than the maximum allowed by the US legislation. There is also some feeling--not limited wholly to De Gaulle--that a major reduction of the EEC's common external tariff would tend to deprive the Common Market of its cohesiveness. In Great Britain, the collapse of the British - Common Market talks has focused attention on the possibility that the Act may offer the lagging British economy a partial alternative to membership in the EEC.

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CHANGING POWER RELATIONSHIPS IN INDONESIA Page 9

For the past five years, President Sukarno has retained his pre-eminent position by maintaining a delicate balance between the anti-Communist army and the Communist Party. Now, however, this power relationship is changing at the expense of the army. The army's political role, already eroded, probably will be further reduced by the abrogation of martial law on 1 May and by a pending cabinet reshuffle. Meanwhile the Communist Party is making its strongest bid for cabinet participation since the country attained independence. Sukarno's policy of expansionism directed at British Borneo and Portuguese Timor may be intended in part to help him channel army and Communist energies toward a common goal.



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WEEKLY REVIEW

IMPACT OF THE IRAQI COUP ON THE NEAR EAST

The coup in Iraq on 8 February has reverberated throughout the Arab world.

Its greatest repercussions have come in Syria where the struggle for power has intensified. Syrian socialist Baathists, including both feuding factions, are greatly encouraged by the sudden success of their fellow ideologists in Baghdad and now are pushing for a change of regime in Damascus. Their objective is to gain power either peaceably or by coup, and then to negotiate for union with Iraq.

The coup in Iraq has created such a bandwagon atmosphere in Syria for union with Iraq that Syrian Foreign Minister Asad Mahasin confided to the American ambassador on 12 February that even President Qudsi is toying with the idea. Mahasin said the Azm cabinet had "fallen apart" and that there was no Syrian government.

Political alignments among Syria's politicians and army officers are likely to change with great rapidity during the days ahead as the various blocs align their forces.

The new Iraqi regime, headed by figurehead president Abd al-Salam Arif, is moving rapidly to normalize the situation. The 21-man cabinet is dominated by members of the Baath party. It also includes a few representatives from other nationalist parties and two Kurds. Arif was appointed in an effort to attract nationalist support for

the regime, and he is under strict wraps imposed by the Baathist leaders. The leaders emphasize that they intend to return to civilian government soon.

The coup may lead to a settlement of the 20-month-old Kurdish revolt. The new regime is likely to respond eagerly to any overture from rebel leader Barzani.

Large numbers of Communists are being rounded up throughout the country. Armed Communist resistance was particularly bitter in al-Kazemain, an old and traditionally troublesome Baghdad suburb.

Iraqi authorities are discouraging pro-UAR activities and have banned the distribution of pictures of Nasir and even of Arif.

Nasir is attempting to capitalize on the Iraqi coup as an expression of his brand of Arab nationalism, but Cairo realizes that the Iraqi regime desires to be independent of his influence. Meanwhile, the clandestine UAR radio is calling for the overthrow of the Syrian, Jordanian, and Saudi regimes.

The Jordanian Government, at first alarmed by the Iraqi coup, now has canceled a state of alert ordered for its army and air force. The government also had considered establishing martial law but finally decided against it.

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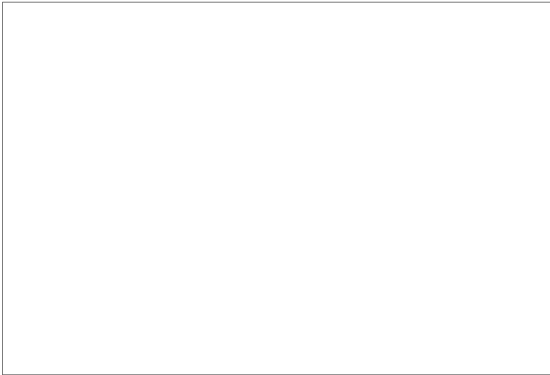
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THE CUBAN SITUATION

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The new surface-to-air missile (SAM) site at Managua,

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[redacted] is nearing completion.

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[redacted] re-
vetment of five of the six
launch positions had been finished and that trucks and equipment were in the area.

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[redacted] other SAM sites does not provide evidence that equipment from one of them is being transferred to the new site, but this is still a possibility. Three other SAM sites have recently been moved, evidently to provide better protection to important military installations.

Construction of additional aircraft parking facilities at the major Cuban military airfield near Holguin in northern Oriente Province probably presages greater use of the airfield by jet aircraft in the near future. A large number

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of prefabricated concrete arches were observed at the airfield [redacted]

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[redacted] and there were indications that construction activity was under way. The arches have been used since late 1961 in building a total of some 63 earth-covered revetments at Holguin and three other military airfields in Cuba. Eighteen of the revetments, each large enough to contain one MIG fighter, had been completed or were under construction at Holguin airfield by last December. The 8,000-foot runway at Holguin is longer than that of any other Cuban military airfield.

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tiations suggest that there were difficulties.

A Cuban broadcast of 8 February expressed gratitude for the assistance Cuba will receive under the new protocol. The broadcast implied that this will be the third year for Cuba to go into debt in its trade with the USSR. Although the broadcast emphasized that the agreements will permit Cuba to proceed with its vast developmental programs, a good portion of the Soviet credits are probably for food-stuffs and other consumer goods.

Cuban-Soviet Economic Relations

On 7 February it was announced in Moscow that the 1963 protocol to the Cuban-Soviet trade agreement had finally been signed. Cuban Foreign Trade Minister Mora had been negotiating in Moscow since 10 December.

The protocol included a Soviet long-term credit to Cuba to cover its deficit in trade with the USSR. Neither Moscow nor Havana has announced the size of the credit or its terms. The US Embassy in Moscow comments that the brevity of the announcement, the absence of the usual laudatory comments in the Soviet press, and the long period of nego-

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surgenents and saboteurs continues.

A French news agency item datelined Havana reported on 9 February that a series of "public order operations" had been launched by the Cuban military against insurgents in the provinces of Matanzas, Las Villas, and Camaguey.

Cuban efforts to make the most of what will probably be another poor sugar harvest again this year are reflected in continued exhortations to the harvesters, who include many groups of "permanent volunteer" cane cutters. Che Guevara has been particularly active during the past week in this effort, having spent most of his time performing "volunteer labor" in the cane-fields of Camaguey Province.

In a 10 February pep talk in the city of Camaguey, Guevara was critical of the results of the harvest thus far in the province, Stressing the importance of the harvest for Cuba, Guevara stated that sugar is "the absolute dictator of the entire economy" and that the entire apparatus of the Cuban Government must be geared to overcoming the problems hampering sugar production. He noted that the long-term Soviet credits just announced had been necessary only because Cuba was not producing enough sugar.

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Internal Developments

Anti-Castro activity by scattered small bands of in-

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET FOREIGN POLICY DEVELOPMENTS**

Moscow continues to hammer away at charges that the French-West German cooperation treaty opens the way for West German acquisition of nuclear weapons and that it is aimed at preparing an aggressive war. The Soviet press now has broadened its attack to include allegations that De Gaulle and Adenauer adamantly oppose a negotiated settlement of the Berlin and German questions.

The USSR has attempted to maximize the effects of its 5 February protest notes to Bonn and Paris by presenting copies to other governments. In handing copies to the British, Ambassador Soldatov said Moscow regards the treaty as a potential threat to peace in Europe because it could be a vehicle for equipping West German forces with nuclear weapons and because it reduced chances of a peaceful Berlin and German settlement. Soldatov took the occasion to inquire if the Western powers had developed any new ideas on Berlin.

The Soviet ambassador to Turkey adopted a grim attitude with Foreign Minister Erkin, warning that the treaty means nuclear war. He charged that its real purpose is to give Bonn access to nuclear weapons. Moscow apparently also passed copies of the notes to a number of uncommitted countries, including the UAR, India, and Indonesia.

The change in the USSR's previous attitude of restraint toward De Gaulle was evident in further sharp denunciations of his policy toward West Germany. A Pravda editorial on 9 February charged that the treaty "casts aside" the restrictions on West German rearmament contained in the 1954 Paris agreements and "harnesses

France to Bonn's militarist chariot." Pravda alleged that Paris, in violation of its post-war commitments, is "encouraging the West German militarists in their determination to acquire nuclear weapons."

Moscow described as an unfriendly act the French refusal to release an interview Khrushchev and Malinovsky gave to a French radio and TV correspondent on the 20th anniversary of the Battle of Stalingrad. Izvestia denounced the ban as a bid by the French to "please their present friends, the Bonn revanchists." In this interview, Khrushchev obliquely criticized the French-German treaty by saying the USSR opposes any treaties "which contribute to renewing old hotbeds of war danger." He added that those who want peace in Europe must not help provide thermonuclear weapons to "the forces of revanchism and aggression." Malinovsky recalled De Gaulle's statement in December 1944 that the French people know "it was Soviet Russia and no one else who has played the main part in their liberation."

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In an interview with British publisher Roy Thomson on 9 February, Khrushchev--without

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naming De Gaulle--ridiculed his concept of an independent "third force" in Western Europe under French leadership. He asserted that the USSR is stronger than "first, second, and third forces together."

Moscow's attempts to find openings for exploiting the disarray in the Western alliance were reflected in Khrushchev's reported statement to Thomson--promptly publicized by TASS--that he considers it possible to double or treble Soviet-British trade in the near future.

Cuba

Khrushchev's desire to protect his position that he has fulfilled his Cuban commitments to President Kennedy was evident in his remark to the British publisher that the US need not be concerned about a Soviet arms build-up in Cuba. He said Soviet military personnel are there only to instruct the Cubans in the use of Soviet-supplied weapons. He denied there are any Soviet nuclear weapons on the island and repeated his post-crisis line that "we can reach anyone we want with our own weapons from our own territory." Khrushchev professed not to know how many Soviet troops are in Cuba but pointed out that many have left and that departures are continuing.

Moscow promptly reported Secretary McNamara's 7 February

press conference on the Soviet military presence in Cuba as confirmation that the USSR has "scrupulously" removed its offensive weapons from the island. Soviet media continue to denounce congressional "hotheads" in the US debate over Cuba.

Disarmament and Nuclear Test Talks

At the 18-nation disarmament conference which reconvened in Geneva on 12 February, the USSR adopted familiar tactics aimed at gaining the initiative at the outset of the talks. Moscow's vehicle this time was a draft declaration prohibiting the stationing of strategic nuclear delivery systems on foreign territory. The proposal was clearly designed to take advantage of the withdrawal of Soviet missiles from Cuba as well as the US decision to replace missiles in Italy, Turkey, and Britain with Polaris submarines in the eastern Atlantic and Mediterranean. The proposed ban would apply to missile-firing submarines, aircraft carriers, missiles with a range of 1,500 kilometers and over, and strategic bombers.

Soviet chief delegate Kuznetsov presented this declaration as a step toward reducing the danger of nuclear war without waiting for agreement

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on general disarmament. He said the conference should discuss other measures for reducing tension such as a NATO - Warsaw Pact nonaggression treaty and nuclear-free zones throughout the world. He did not mention an agreement prohibiting the transfer of nuclear weapons to non-nuclear powers, having earlier agreed with the US delegate that this question should not be raised at the conference while it is being explored "elsewhere," i.e., in bilateral US-Soviet exchanges.

The Soviet delegates lost no time in trying to enlist the support of the eight non-aligned nations in pressing the US to reduce its requirements for a nuclear test ban agreement. They are attempting to exploit the issue of US underground tests for this purpose.

Although Kuznetsov repeated Khrushchev's offer of two or three on-site inspections in his formal statement to the conference, the Russians continued to convey private assurances of willingness to compromise on this issue.

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On 8 February, Ambassador Dobrynin told Secretary Rusk that he felt the two sides had reached a "promising stage" in the test-ban negotiations.

Iraq

Moscow's prompt recognition of the new Iraqi Government is probably the first of a number of efforts to maintain as much as possible of the highly favorable position the Soviet Union had enjoyed under Qasim. While Moscow must have calculated on the contingency of an anti-Qasim coup, the loss of such a consistent supporter of a wide range of Soviet policy objectives is a harsh blow.

Much of the Soviet position under Qasim's rule had been established through the provision of modern and highly complex weapons and the extension of large industrial credits, and Moscow will almost certainly seek to preserve as much of this program as possible. The Iraqi military is highly dependent on Soviet equipment and parts, and a large percentage of Soviet industrial credits have yet to be drawn upon, giving Moscow the opportunity to hold out all manner of promises for cooperation in military and economic development.

Although Moscow hopes by these means to preserve good relations with Iraq, a reflection of the Communists' concern about the regime's crackdown on Iraqi Communists has appeared in clandestine broadcasts by

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the Iranian Communist radio located in East Germany which have implied that the revolt was organized by Washington and Cairo and have appealed to the Kurds in the name of the Iraqi Communist Party to join in revolt against the government. This station, Peyke Iran, has taken positions in the past which have been far more extreme than Moscow's official policy, notably in its support of the Kurdish uprising, while the Soviet Union maintained excellent relations with Qasim.

Moscow's first public reaction to the jailing of Iraqi Communist Party members appeared in the publication in Pravda on 14 February of a statement by the French Communist Party protesting the new government's "bloody repressions" of Iraqi Communists.

Laos

Taking advantage of the Laotian Government's pressure on the United States to transfer aircraft to its control and suspend Air America operations, Moscow broadcasts in late January made their first public criticism of US policy in Laos in several months. Citing the operations of both Air America and the US Operations Mission, which they claimed

are furnishing arms and other supplies to American officers and the Savannakhet faction, the broadcasts accused the United States of actions which grossly violate the Geneva agreements.

The Polish International Control Commission representative in Vientiane began pressing on 21 January for an investigation of Air America's operations, claiming that it was a "paramilitary organization." He stated that he would not agree to proposed inspections of foreign troop presence in Laos unless an investigation of Air America was included.

Indonesia

While the question of the rescheduling of Indonesia's debt repayments to the USSR is confused, it appears that Moscow rather than Djakarta is stalling. Negotiations have not yet begun. The fact that a rescheduling of this debt is one of the preconditions to further US assistance may be known to the Soviets.

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[redacted] Djakarta is still waiting for the Soviet economic team which was to have arrived in December and then was rescheduled for January. [redacted]

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

Both the Soviet Union and Communist China are attempting to gain a tactical advantage in their continuing conflict. Moscow's latest maneuver to portray itself as the champion of bloc unity and to blame Peiping for any continuation of the dispute appeared in Pravda's assertion on 10 February that the Soviet leaders are ready for a bilateral meeting with the Chinese "at any level and at any time." Peiping, for its part, is relying on reprints of other Communist parties' condemnations of Titoist "revisionism" to maintain the essence of its position, while carrying forward its challenge to Soviet leadership in international front meetings like the recently concluded Afro-Asian solidarity conference.

The Soviet Maneuver

The 10 February Pravda editorial was a direct response to Peiping's People's Daily editorial on 27 January which made Khrushchev's policy toward Yugoslavia the cardinal issue in the dispute. Moscow made it clear it will not abandon its policy of rapprochement with Tito despite Peiping's insistence that this is the precondition for restoring Communist unity. After stating disingenuously that the Soviet leaders would like to believe that the People's Daily editorial does not reflect a "desire to continue the polemic" with other parties, Pravda rejected Peiping's contention that Khrushchev's policy toward Yugoslavia is the basic source of the "difficulties that have arisen in the Communist world."

Without directly naming the Chinese, Pravda denounced their demands that Yugoslavia be excommunicated and claimed that the Soviet party is leaving the door open for a settlement with Albania if its leaders "renounce their erroneous views."

Moscow's continuing effort to project an image of restraint and patience was evident in Pravda's renewal of Khrushchev's bid at the East German party congress last month for an end to polemics. It contended that "all necessary conditions exist" to resolve differences and bluntly rejected the People's Daily warning that the Communist movement is "on the brink of a precipice."

In a move to counter the Chinese line that the party which "launched the first attack" should take the initiative in establishing "interparty consultations," Pravda reaffirmed Moscow's interest in a new international Communist meeting "if the fraternal parties deem it expedient." It contended, however, that the success of such a meeting requires "preparatory work" and indicated the Soviet leaders' willingness to meet bilaterally with any party, "regardless of how substantial the differences between us may be"

The Chinese Position

The Chinese have not yet responded directly to the Soviet proposal for preparatory talks. An outright rejection, however, does not appear likely, since

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this would stamp them as the recalcitrants in the dialogue on the necessity for unity and thus offend many parties which Peiping is cultivating. Illustrative of the position of these parties was the North Vietnamese politburo statement urging careful but speedy preparations for convening a world conference of Communist parties to settle the "divergence of views" that has developed.

Prospects for the success of any preparatory talks between the Soviet and Chinese parties, however, do not appear very bright. The Chinese have made it clear that they still reject any "sham unity" if it is to be based on a rapprochement with Tito. The day following the 10 February Pravda article, People's Daily reprinted a report given by an Indonesian Communist under the headline, "There can be no reversing the verdict repudiating the modern revisionists of Yugoslavia."

Both to avoid attacking the Soviet Union directly and to demonstrate that they are not isolated in their views, the Chinese have been relying on reprints of material from other Communist parties to maintain the essence of their positions. On 31 January, People's Daily prominently displayed a North Korean editorial that condemned efforts to "isolate the Chinese Communist Party." On 3 February, People's Daily reprinted a vitriolic denunciation by a Malayan Communist publication of those who derided the paper tiger thesis, who slandered the Chi-

nese as "warmongers," and who booed them at party congresses. On 9 February, the Peiping radio featured a Japanese Communist article repudiating "revisionist" positions.

Sino-Soviet Treaty Anniversary

The hollow nature of the current "truce" between Moscow and Peiping was reflected in their observance of the anniversary of the Sino-Soviet treaty of alliance on 14 February. This year the occasion was accorded the least ceremony in the 13 years of the treaty's history. For the first time, no Chinese politburo member attended the rally in Peiping, and for the first time, People's Daily let the occasion pass without editorial comment. Chinese speeches, while paying lip service to the "undying friendship" with the Soviet Union, reaffirmed many of Peiping's most offensive positions in its dispute with its ally.

The Soviet Union treated the event with somewhat more generosity. Its comments on the anniversary, however, seemed calculated to remind the Chinese of the benefits they derived in the past from the alliance and to warn them that they would be isolated on the international scene without the treaty. Moscow noted that "an attack upon China would be considered an attack on the Soviet Union," but this pro forma pronouncement was robbed of much of its weight by the half-hearted nature of the entire performance.

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Solidarity Conference

Peiping's continued willingness to assert its view forcefully reflects its confidence that there are significant numbers of Communists and revolutionists, particularly in the underdeveloped countries, to whom these views have more of an appeal than Moscow's line of "peaceful coexistence." This confidence was probably reinforced its success at the Communist-dominated Third Afro-Asian Peoples Solidarity Organization (AAPSO) conference in Tanganyika from 4 to 11 February.

Judging from the contrast between the voluminous publicity Peiping has given the conference and the moderate coverage by Moscow, both sides feel that the Chinese scored a propaganda victory on the question of the precedence of armed struggle against colonialism over the role of peaceful coexistence and disarmament as anticolonial weapons. The Chinese delegate to the conference openly derided as "deceitful nonsense" the Soviet claim that disarmament would result in significantly increased amounts of aid for the underdeveloped countries. The majority of the delegations showed that they favored the Chinese view by issuing a declaration which placed far greater emphasis on active struggle than on a need for disarmament and peace.

Beginning about six months ago, votes taken in the Secretariat of AAPSO suggested that Chinese views had gained ground in this body, and the direction taken by the present conference indicates that they now are dominant in the entire organization. Indicative of the increased Chinese voice in the AAPSO was the resolution which established a preparatory committee for a "three-continent conference" in response to a proposal by Castro that African, Asian, and Latin American representatives meet in Havana. No role appears to have been allotted to the Soviet-controlled World Peace Council (WPC), which Soviet delegates had previously insisted act as a co-sponsor of such a conference. Castro, who has been showing more and more signs of agreeing with Peiping's more militant line, will probably select the delegates from Latin America.

The tactical success, symbolized by the conference's resolutions, provides Peiping with a vehicle it can use to propagate its revolutionary line throughout the underdeveloped world. China's role in these areas, however, is unlikely to be significantly enhanced until revolutionary fervor can be supplemented with material support to newly independent states and to those fighting to attain independence. Given present conditions, Moscow will remain the major bloc spokesman in the underdeveloped areas.

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SINO-SOVIET TRADE DROPS FURTHER

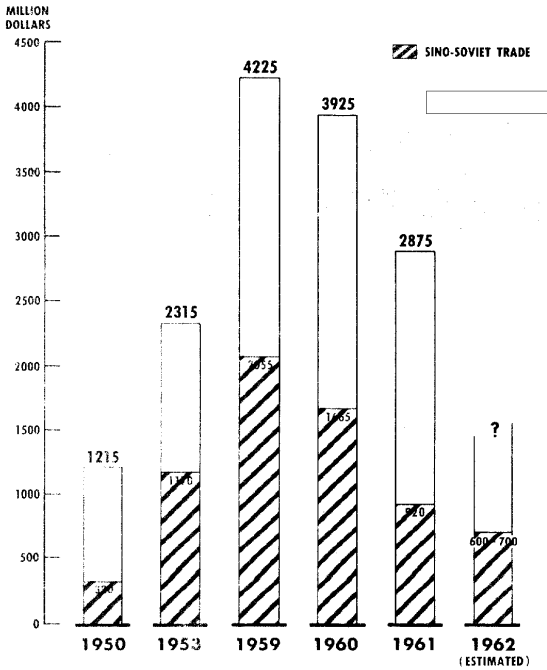
Chinese Communist trade with the USSR in 1962 reflected continuing Sino-Soviet political strains and the stagnant condition of the Chinese economy. Recently published Soviet trade figures suggest that the total for the year was no more than \$600 to \$700 million, a third less than in 1961 and a two-thirds drop from the peak of \$2 billion in 1959.

China's imports from the USSR probably were quite small for two reasons. Peiping would have needed an export surplus of about \$180 million to finance loan repayments. In addition, it has been redirecting trade

to eliminate its dependence on the USSR for items essential to Chinese growth.

China still buys some petroleum products and a few basic heavy industrial items from the USSR. However, imports in these categories have been drastically reduced because of lowered transport requirements and the reorientation of heavy industry toward support of agriculture. Chinese imports of investment goods also have dwindled because of the need to purchase foodstuffs and raw materials in response to food shortages and the depressed state of the economy.

CHINESE COMMUNIST FOREIGN TRADE



The lower level of Sino-Soviet trade results, as well, from declines in Chinese exports of mineral and metal products, textiles, and agricultural items.

The ideological dispute with the USSR is significantly influencing China's economic relations. [redacted] the activity of Chinese in Western Europe in the past year indicate that when Peiping again steps up purchases of heavy industrial items, Western Europe is likely to be the source of a much larger share than heretofore.

There have been no official Chinese or Soviet statements concerning 1963 trade, but no increase is likely. Negotiations for a pact covering this year's trade began in Moscow last November and have not yet been completed. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOVIET CRACKDOWN ON THE ARTS MEETS CONTINUED RESISTANCE**

Soviet intellectuals, according to US Embassy reports, have continued to put up an impressive show of opposition to the unexpectedly hard line on culture laid down at their 17 December meeting with top party leaders, despite a massive campaign against "formalism" and "modernism" in the press and extensive pressure from the party.

Dmitri Shostakovich's 13th Symphony had been criticized at the 17 December meeting. Although he was obviously expected to cancel the premiere on the 18th, he insisted--successfully--that it be held.

At its annual meeting on 18 December the party organization of the Moscow writers union--usually a stronghold of orthodoxy--failed to elect a single conservative to its bureau. The election of the new bureau, which includes several writers who have supported the liberal position in the current controversy, was apparently interpreted by cultural officials as an open revolt against party policy.

A leading artist is reported to have resigned his membership in the USSR Academy of Arts in protest against the cultural crackdown. He further threatened to remove all his paintings from the Manege art exhibit if the works criticized by Khrushchev on 1 December were removed.

The depth of opposition, particularly among the younger artists and writers, apparently

prompted party officials hastily to convene another meeting to bring intellectuals into line. Party Secretary Ilichev and members of the Central Committee Ideological Commission met with 140 younger members of the creative intelligentsia from 24 to 26 December. The young "liberals" were allowed to defend their position in moderate terms, but the party policy as laid down by Ilichev was virtually identical to that enunciated on 17 December.

Following the 24-26 December meeting, the party began increasingly to take concrete measures against the liberal opposition. The head of the "liberal" literary newspaper, Literary Gazette, was replaced by a hard-liner, and it was made quite clear that "a whole series of serious political errors" on the part of the outgoing editor was responsible for the change. Eli Belyutin, the leader and teacher of the group of modern artists whose pictures had been shown to Khrushchev on 1 December, was removed from his teaching position. Poet Yesenin-Volpin, who had been attacked by Ilichev for letting his anti-Soviet poetry be published abroad, was once again confined to a mental hospital--this time a military one. Film director Mikhail Romm was reported to be in difficulty because of his public criticism of the party line.

Meanwhile, a crackdown on creative artists was also taking place in the provinces and minority republics, and, as is usually the case, regional party officials applied an even heavier hand than their Moscow counterparts. In Gorky, according to reports reaching the embassy, two people were arrested.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

At the same time, conservative writers and artists, whose authority had been undermined by the liberalization of the past year, moved quickly to take advantage of the cultural crackdown, obviously hoping to regain their position of dominance. In early January, they began increasingly to indulge in name-calling and to press openly for a purge of the creative artists' unions.

However, the party scheduled another meeting with the intellectuals for some time in February, refused to give the conservatives carte blanche in crushing the liberals, and, as of mid-January, even seemed to be declaring a temporary truce with the artists. The conservatives were not reinstated in control of the unions. One hard-line artist was sharply rebuked by Izvestia for his "Stalinist" name-calling, while one of the young painters criticized by Khrushchev on 1 December was allowed to publish a half-hearted recantation in Pravda, in which he devoted far more time to defending the artistic searchings of his contemporaries than to the necessary self-criticism.

The embassy reports, however, a widespread belief in Moscow intellectual circles that the campaign against modern art is merely a smokescreen for repressive measures against literature; it was felt that party officials had concentrated initially on attacking modern art as being more vulner-

able than literature, which basically they consider to be of greater political significance. There is a certain amount of evidence to support this view. In January writers were increasingly implicated--by name--in the antimodernist campaign. The editorial board of the leading liberal newspaper was purged of its six most liberal members and the two leading liberal journals were attacked by Izvestia. Veteran novelist Ilya Ehrenburg has been increasingly criticized--mostly for his views on modern art, but more recently for having played an unethical role during the purges.

There is also widespread speculation on the reasons for the abrupt shift in policy, which intellectuals believe is attributable to factors besides Khrushchev's dislike of modern art. One explanation offered the embassy by a Soviet writer is that the cultural relaxation of last fall aroused intense opposition among officials in the party apparatus, particularly those responsible for ideological purity. This concern was intensified by the prospect of the party administrative reorganization called for by Khrushchev at the November plenum. The combination of the two, they felt, would lead to a period of great confusion in the party and might weaken its ideological work. Moreover, these officials knew that they, and not Khrushchev, are held responsible for the reliability of the creative intelligentsia, even though Khrushchev is responsible for the liberalization.

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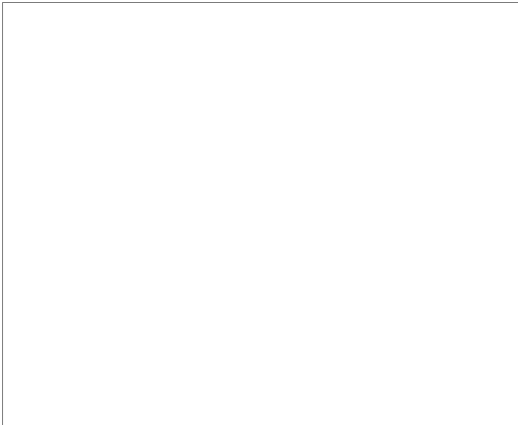
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CURRENT INTELLIGENCE WEEKLY SUMMARY

COMMON MARKET DEVELOPMENTS

A search for formulas to deal with De Gaulle's exclusion of Britain from the Common Market has begun in earnest in Western Europe, but there continue to be major obstacles to early agreement on ways of strengthening Britain's ties with the Continent. There is considerable evidence of sympathy with De Gaulle's call for a United Europe "equal" to the US in influence, but little support of his bid for European leadership. In any case, the French bargaining position will continue to be enhanced by the desire of all the EEC countries to keep the community basically intact.



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While De Gaulle is publicly on record in favor of UK "association" with the EEC and London has retreated somewhat from its initial rejection of this formula, it is doubtful that the two capitals view association in the same light. De Gaulle probably sees it as a way of keeping Britain--and his EEC partners--relatively content while he proceeds to tighten his Continental bloc. London, however, would approach any association offer from the standpoint of whether it would extend Britain's political influence within the EEC until such time as full membership could be effected.

Moreover, in his 12 February statement to Parliament, Britain's chief delegate to the Brussels talks made it clear that London could consider an association offer only if made by the EEC as a whole and therefore backed by France and if the necessary negotiations could be completed in short order. In addition, it is doubtful that London could entirely ignore the problems of its EFTA

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CURRENT INTELLIGENCE WEEKLY SUMMARY

partners, with whom it is scheduled to meet on 18 February.

Other proposals have been made concurrently to strengthen political and military ties between Britain and the Continent. Most of these proposals still center on possible revitalization of the seven-nation Western European Union (WEU), or the negotiation of a multilateral treaty for political and military cooperation similar to the bilateral French-German accord. Regarding military cooperation, some consideration is apparently being given to the possibility of "European" defense arrangements within NATO, covering both the conventional and nuclear fields. If the French refuse to cooperate, some of the advocates of such measures evidently believe that Britain and "the friendly five" should proceed alone.

Although this idea is directed toward giving Britain "a more European look" in sectors of apparently vital interest to De Gaulle, there is nothing in the general's past views regarding France's national nuclear weapons or NATO to suggest his interest in any such program. Moreover, while the other five may still be prepared to exhort the French to take a more cooperative attitude, there is ample evidence

of their continuing reluctance to pursue their disagreement with De Gaulle to the point of jeopardizing the EEC. President Hallstein, in response to an EEC Assembly request, is expected to complete in about two weeks a study of the UK-EEC accession problems, but is otherwise directing his influence toward preserving the community institutions. Bonn officials continue to defend the French-German accord as an instrument for "moving" De Gaulle, and even the strongly pro-British Dutch have carefully circumscribed the lengths to which they are prepared to go in "obstructing" the EEC.

Moreover, there is at least some preliminary evidence that De Gaulle--in order to facilitate restoration of unity within the EEC--will make conciliatory gestures toward the rest of the Six. According to the US mission to the EEC, the French have recently taken a "careful initiative" to propose that progress now be made toward fusing the executives of the EEC, EURATOM, and the Coal-Steel Community. The European federalists have long and ardently advocated just such a step as a way of strengthening the supranational aspects of the European movement, but Gaullist France has not heretofore been interested.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

GERMAN VIEWS OF THE FRANCO-GERMAN TREATY

Adenauer views the treaty of cooperation he and De Gaulle signed in Paris last month as the culmination of his lifelong effort to promote Franco-German reconciliation and as the essential first step toward an enduring European unity. Although many West Germans are disturbed over the treaty's timing and fear that Bonn's ties with the US will be impaired, it will probably be ratified eventually. Rap-prochement with France commands wide support, and the chancellor's backing of continued efforts to get Britain into the EEC and his reaffirmation of loyalty to NATO have undercut his opposition.

Adenauer's awareness of the overwhelming German sentiment in favor of including Britain in the EEC has caused him to support continued efforts to find some means for eventual British participation. This support, however, stops short of any course that would challenge De Gaulle directly such as withholding ratification of the treaty. Adenauer argues that the treaty provides Bonn with a lever for exercising a moderating influence on De Gaulle. He told the Bundestag on 7 February that the French leader had "promised" to make UK entry into the EEC the first item of consultation under the new treaty when ratified.

Despite the treaty obligations that the two governments "consult" before taking any important decisions on foreign

and defense questions, and that they concert their policies to the greatest extent possible, Bonn officials deny that there is any intention of aligning German positions with those of the French where important differences now exist. They cite their support--in contrast to De Gaulle's position--for the NATO multilateral force and their efforts at Brussels to keep the British accession talks going. There also appears to be little chance in the near future of any significant effort--as called for in the treaty--to increase the teaching of French in West Germany, where education is controlled by the individual states and English has long been the preferred foreign language.

The government is considering some form of explicit reaffirmation--perhaps a Bundestag resolution--of Bonn's existing policies supporting NATO, British EEC membership, and European and Atlantic unity. Emphasis on these themes by Adenauer in recent public statements has already gone far to undercut the inclinations of some German leaders to hamstring the treaty.

De Gaulle is undoubtedly counting on Adenauer to steer the treaty through the Bundestag before his next visit to Germany--now tentatively planned for May or June. In the meantime French officials will probably press ahead with implementation of specific treaty provisions.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

The military section of the treaty contains no reference to NATO. The hard facts of Germany's security position, however, would probably preclude its acquiescence in any French-proposed military policy prejudicial to broader NATO interests. Nevertheless, this will not necessarily prevent the French from trying to draw the Germans into military activities which would be at least potentially competitive with NATO interests. The treaty's provisions are sufficiently broad to permit much closer cooperation than exists between West Germany and other countries, particularly if strategic planning functions should be integrated.

Another potential source of difficulty could be devel-

opment of a system of logistic cooperation affecting German purchases in the United States and Britain. The French are expected to put considerable pressure on the Germans to buy many military items from France. Any major shift away from purchases from the US would aggravate the US balance-of-payments problem, and increase the financial burden of maintaining US forces in Europe.

Although the treaty fails specifically to exclude nuclear cooperation, Bonn and Paris both firmly deny any plans for cooperation in this field. Soviet attacks on the treaty have emphasized charges of nuclear collaboration. The strong Soviet denunciations are viewed in West Germany primarily as propaganda having almost no impact on official or public attitudes to the treaty.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BRITISH DEFENSE POLICY UNDER REVIEW**

The impact of the Nassau accords on Britain's defense program is likely to be evident in a preliminary way in the annual White Paper on defense scheduled for presentation to Parliament on 18 February. An unusual degree of high-level attention was given to its preparation when Prime Minister Macmillan called together his top ministers and military officials on 8 February for a "working week-end" study of defense problems. Although the press has been repeating its frequent appeals for a reappraisal of Britain's entire strategic doctrine, decisions on major policy changes are unlikely to have been reached in the eight weeks since the Kennedy-Macmillan talks.

It is probable that the White Paper will take up more immediate requirements enabling the three services to revise their programs in the light of the Nassau obligations. These would include planning for the gradual shift of responsibility for the nuclear deterrent from the Royal Air Force (RAF) to the Royal Navy occasioned by the projected acquisition of Polaris missiles, assignment of the RAF's Bomber Command to NATO, and procurement of modernized equipment to increase the effectiveness of conventional forces.

Defense Minister Thorneycroft has assured the Conservative Party defense committee

of an improved version of a British air-to-ground missile--probably Blue Steel--to bridge the gap left by the Skybolt cancellation and to strengthen the deterrent capability of the V-bomber force in the period before Polaris. There seems to be some foundation to press reports of another air-to-ground missile the British are developing for use in the low-level T.S.R.2 tactical strike reconnaissance aircraft now under development and due to become operational in three or four years. Such a system would not only fill the remaining gap before Polaris, but would also provide a long-term insurance in case Polaris is never delivered.

According to press speculation, the government will proceed with construction of a 55,000-ton aircraft carrier--now in the design stage--and other ships in spite of the new commitment to build submarines for Polaris.

Under present government policy holding defense expenditures to seven percent of the GNP, funds for these and other undertakings could be found only at the expense of drastic changes in overseas commitments. The current situations in Yemen, Iraq, and North Borneo would appear to rule out any appreciable reductions in British forces at Aden and Singapore, especially in view of the recent alerting of part of the strategic reserve for possible deployment to the Far East.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

The only alternative would be an increase in the defense budget, which was strongly hinted by Thorneycroft on 30 January in answer to a parliamentary question. His forecast at that time that actual defense expenditures for 1962-63 would run higher than the original estimate of \$4.8 billion would indicate that the 7-percent limit has already been exceeded. A higher budget would permit increased personnel ceilings to enable the navy to man its new submarines and the army to strengthen its forces in West Germany.

The special study ordered in mid-January of possible changes in the higher defense organization gave rise to so many rumors that Thorneycroft felt compelled to assure Parliament that he is not contemplating an amalgamation of the three services. Some formula for strengthening the Ministry of Defense can be expected, however, partly aimed at containing troublesome

interservice rivalries which have been intensified by the effects of the Nassau agreements. Lord Mountbatten, Chief of the Defense Staff, is known to be a powerful advocate of a strong central control. It has been suggested that before he retires--he will be 63 in June--Mountbatten might replace Thorneycroft as minister of defense long enough to carry through whatever changes are adopted.

The British have already taken steps to implement their party of the Nassau pact. Preliminary bilateral discussions between US and UK technical teams on contractual arrangements for the acquisition of Polaris system have taken place, and negotiations are scheduled on the actual agreement, which the British are eager to conclude. On the NATO side, Macmillan has announced his willingness to assign Britain's entire V-bomber force to the proposed NATO nuclear forces as soon as terms can be worked out.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

FRANCE'S ROLE IN THE MIDDLE EAST

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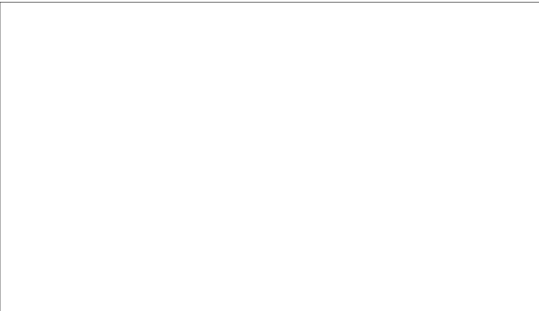
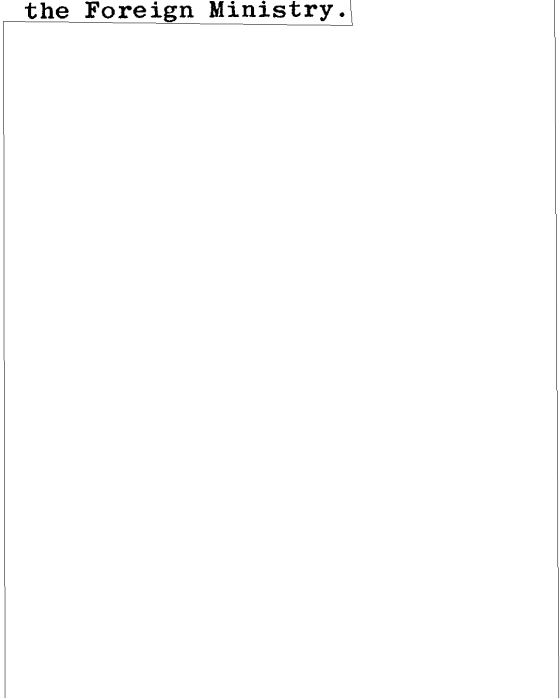
France has recently renewed diplomatic relations with most of the Arab countries and appears to be stepping up its activity in the Middle East. French officials have hinted at the possibility of sizable French economic investment in the region and reportedly are negotiating for the sale of military aircraft to Saudi Arabia and Lebanon. De Gaulle plans a state visit to Iran in October, and there are rumors of possible visits to other Middle East countries. France's close military ties with Israel, however, will limit the role it can play in the area.



The new interest in the Middle East appears to emanate from General de Gaulle and his circle at the Elysee Palace, rather than the Foreign Ministry.

Prior to the fall of the Qasim regime in Iraq, French officials intimated that France would favorably consider Iraqi requests for economic aid. The French probably will be similarly disposed toward the new government, and might try to move quickly to gain an edge over the US and the UK. France might also hope that the establishment of close ties with Iraq--now dominated by the Baathist party--will provide them with opportunities to influence the Syrian Government should the Baathist party achieve power there.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CHINESE COMMUNIST DIPLOMATIC PRESSURE ON HONG KONG**

A series of Chinese Communist protests to the British over Hong Kong brings to an end a period of about three years during which affairs in the crown colony received little attention from Peiping.

the Chinese. Although London rejected Chinese claims to sovereignty over the "walled city," it indicated that the Hong Kong government would halt urban renewal activities in the area.

In addition, the announcement in the Hong Kong press of the British answer to Peiping was accompanied by officially inspired publicity describing efforts to curb Chinese Nationalist use of the colony as a base for sabotage operations against the mainland. A relaxation of restrictions on students from mainland schools entering the colony over the Chinese New Year was also announced.

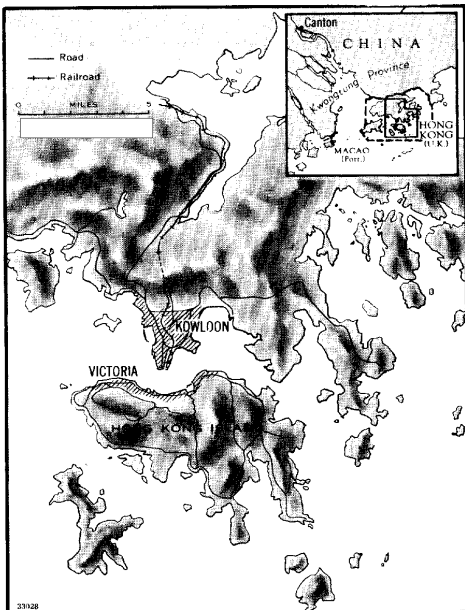
Although the Chinese Communists are in a position to exert heavy pressure on the colony in a number of ways--Hong Kong gets a substantial percentage of its water supply from mainland sources, for example--they are restrained by economic considerations.

Communist China's foreign exchange earnings from trade with Hong Kong come to approximately \$200 million annually. Furthermore, Hong Kong's banking facilities channel foreign exchange to the mainland by handling remittances from Overseas Chinese. Hong Kong thus plays a significant role in helping Peiping meet its financial obligations for such current purchases as grain--now costing China over \$300 million annually in hard currency.

The indications are that the Chinese Communists will not promote a major crisis over Hong Kong at the present time. The official protests by Peiping have not been accompanied by undue attention to the subject in the mainland or Hong Kong Communist press.

Peiping's principal motive appears to be to publicize its role as supporter and protector of Chinese rights everywhere. It probably also wishes to remind the British that their presence in Hong Kong continues only on Peiping's sufferance.

Hong Kong officials are concerned that the rapid succession of protests may portend a period of difficult relations with Peiping, and they have acted to conciliate

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CURRENT INTELLIGENCE WEEKLY SUMMARY

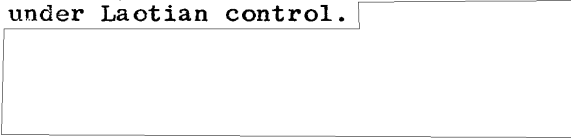
THE SITUATION IN LAOS

The assassination on 12 February of Kong Le's commander on the Plaine des Jarres apparently is part of the Pathet Lao campaign to eliminate the neutralist military position in this key area. The victim, Colonel Ketsana, had been blocking Pathet Lao efforts to infiltrate and control neutralist forces.

Even before Ketsana's assassination, Kong Le's position on the Plaine des Jarres was seriously threatened. There are indications that his forces control only a portion of the plain, and that outlying neutralist units at Tha Thom, Vang Vieng, Nhommarath, and Khang Khay are of doubtful reliability.

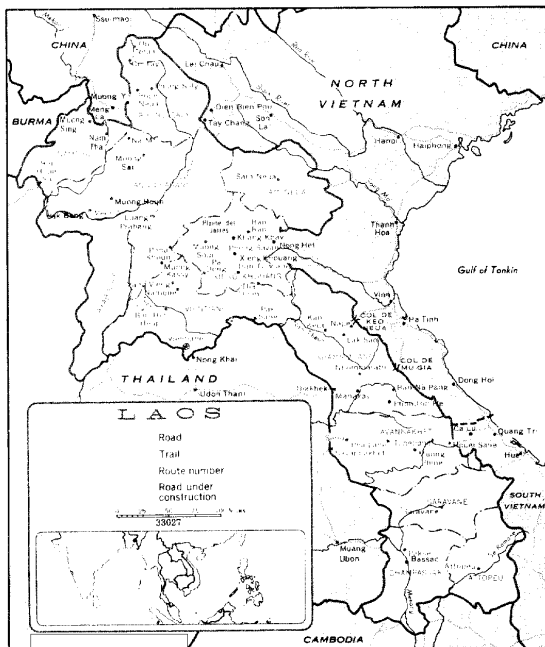
The military situation has been marked by reports of a Chinese Communist battalion located near Muong Sing close to the Chinese border and Pathet Lao mop-up efforts against Yao tribesmen in that region. The Pathet Lao have also continued to press for the cessation of US-chartered flights to isolate tribal units in the northern provinces. Premier Souvanna Phouma appears to have been won over to the view that all resupply activities must come under Laotian control.

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The assassination of Ketsana occurred only one day after King Savang, Souvanna, and several other government leaders left on a "good-will" tour to countries which signed the Geneva agreements designed to ensure Laotian neutrality. On the eve of their departure, a tripartite communique reaffirmed the coalition government's intent to start demobilization of the rival military forces and to establish in their place a 30,000-man army and a 6,000-man police force to be drawn equally from each of the three factions, as agreed to last November. The persistent mutual suspicions will probably prevent any significant reductions in the factions' military strength, however, especially in the wake of the Ketsana assassination and at a time when key figures are abroad.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****POLITICAL MANEUVERING IN THE CONGO**

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With Katangan integration well under way, Premier Adoula plans to reshuffle his government and to reconvene the Congo Parliament in early March.

Intensive political maneuvering has revived in Leopoldville. Members of the opposition who were calling for Adoula's scalp in December now are bidding for positions in his next cabinet. Even though the ending of Katanga's secession has increased his stature and attracted new support, he will have to juggle appointments carefully in order to avoid precipitating a resumption of his struggle with the members of Parliament. Before Adoula sent them on vacation in early January, less than half supported his government.

Adoula hopes to have Parliament deal exclusively with the new draft constitution and then to call new general elections. President Kasavubu has told US officials, however, that the legislators will probably reconvene "in full flower" without any restrictions on their agenda. If they do not "behave," he said, he will send them home again.

The reintegration of Katanga is moving ahead smoothly, even to the satisfaction of Adoula's minister resident there,

Joseph Ileo. [redacted]

[redacted] Sur-render and registration of Katangan gendarmes is proceeding, but only slowly.

Ileo has been conferring with Adoula on "next steps," probably concerning Moise Tshombé's future role and the possible reunification of North and South Katanga. Leopoldville is still trying to persuade the UN to allow three more Congo army battalions to enter Katanga. Ileo says this is necessary for a "psychological shock" to any Katangans thinking of seceding again.

Tshombé and his associates, however, are exuding cooperation and moderation and still insist that secession is definitely over. He has made conciliatory overtures to US and UN officials, and has notified Adoula he is ready to nominate Katangan ministers to the central government as called for by the UN integration plan. Before he went to Europe on 9 February for eye treatment, Tshombé gave every indication to the US consul in Elisabethville that he planned to return. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****COMMUNAL DISPUTE ON CYPRUS**

Relations between the Greek and Turkish communities on Cyprus have become more embittered as their opposing positions on the integration of municipal governments have hardened.

Until 1 January 1963, the island's five largest cities have been governed since independence by both Greek Cypriot and Turkish Cypriot councils having separate jurisdiction over their respective communities. This arrangement, intended to last only six months, had been prolonged by successive extensions, the latest of which expired on 31 December.

Just prior to that date, the Turkish Communal Chamber moved unilaterally to extend the arrangement once again. The Greek-dominated cabinet, however, eliminated the separate municipal administrations and replaced them with unified "improvement boards" under provisions of an old British colonial law--a solution proposed by the island's Greek Cypriot President, Archbishop Makarios. Both sides have challenged the legality of the other's actions before the Constitutional Court.

Greek Cypriot leaders have recently expressed the intention of increasing pressure on the Turks to force them to accept the Makarios solution. To this end, they may refuse to implement a constitutional provision calling for a 70:30 ratio between Greek and Turkish Cypriots in the civil service, or they may withhold part or all of the \$1.12 million annual subsidy to the Turkish Communal Chamber. The possibility of more drastic action--such as cutting off utilities to Turkish areas, seizing Turkish municipal council buildings, or expelling Turkish Cypriots from municipal property--is also rumored. Such

moves could lead to serious intercommunal riots.

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Communists are not influential in either of the Greek groups nor in the Turkish organization. The spokesmen for the far left have not yet taken an active role in the communal dispute but have called for eventual integrated governments.

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New contacts between Makarios and Vice President Kuchuk, a Turkish Cypriot, will not be possible until Kuchuk returns on about 20 February from his official visit to West Germany.

In both Athens and Ankara there are indications that the situation on Cyprus is regarded with increasing apprehension. The Greek Government appears to have little influence over the Greek Cypriots, and Foreign Minister Averoff recently stated that relations with Makarios had never been worse.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

COMMUNIST VIOLENCE IN VENEZUELA

Political tension is increasing in Venezuela as a result of growing Communist-led violence. The Communists are seeking to discredit President Betancourt's government and force him to cancel his trip to the US now scheduled for 19 February.

[Redacted]

In a speech on 13 February, Betancourt accused Cuba of supplying money and arms to subversive groups in Venezuela and other Latin American countries. He also stated that the "continent-wide subversion is directed from Moscow and Peiping."

The US Embassy in Caracas has reported growing anxiety among local residents, who are concerned about both their personal safety and the safety of their property. Communist terrorist groups have focused their attacks on US-owned businesses and Venezuelan security personnel in Caracas.

Terrorists set fire to a Firestone Tire Company warehouse in Caracas on 13 February after other extremists had attempted to sabotage a US-owned oil refinery north of the capital. On the same day, members of a Communist front group seized a freighter of the government-owned Venezuelan Navigation Company en route to New Orleans.

[Redacted]

[Redacted]

The terrorist activities in Caracas are being carried out mainly by the Armed Forces of National Liberation (FALN)--a paramilitary organization formed by the Communists in late 1962. While the FALN purports to represent all opposition groups, most of its leaders are PCV members.

[Redacted]

Government officials have expressed confidence that the terrorists will be eliminated. The majority of the armed forces are believed loyal to Betancourt and capable of preventing the Communist-incited disorders from reaching proportions that would threaten the government.

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SPECIAL ARTICLES

DE GAULLE'S FOREIGN POLICY OBJECTIVES

Charles de Gaulle is a profound theorist and a skilled practitioner of the adage that politics is the art of the possible. While his political philosophy is deeply colored by a romantic conception of France's global mission and his own historic role, his basic approach to all problems is pragmatic. His view of the use of power is Machiavellian in the best sense--i.e., he rejects the view that power is a corrupting influence, and believes that power per se is neither moral nor immoral.

The vitality of the nation-state is the starting point in his analysis of power. In his Memoires he insists that the state is more enduring than any ideology. His view of history reduces Communism to a transitory phenomenon which only incidentally influences the international role of the countries controlled by Communists. He believes, for example, that forces of nationalism in both China and the USSR will inevitably split the Sino-Soviet bloc.

De Gaulle's views on the power relations between states are classic. He believes that no state ever grants a favor to another without receiving something in return. Friendship of one state for another is never disinterested; generosity has no meaning between states. It follows from this line of reasoning that one nation cannot rely on another for its defense. Security is the essential problem, and no country is really sovereign if it does not control its own defense. International agreements are of little value, he wrote in The Edge of the Sword in 1932, unless there are troops to enforce their implementation. The world, he added, "will never be able to do without the final arbitrament of arms."

In The Edge of the Sword, De Gaulle devotes almost ten pages to the essential qualities of leadership. He envisages the leader as one with great self-confidence who maintains a position of prestige by remaining aloof, thus creating something of a mystique about himself which endows him with an aura of secret power. He must exercise the power to dominate events, and must assume responsibility for the consequences of his actions.

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Long-Range Aims

De Gaulle's overriding objective has long been to return France to a position of first rank in international affairs. This means the acceptance by the most powerful countries in the world of a position of equality for France. Since this status is obviously not attainable solely on the basis of the economic and military potential of 47 million Frenchmen, it must be achieved by the imposition of French leadership on a European bloc supported to some degree by African and perhaps some Middle East States. This aim was delineated as early as 18 March 1944 in his speech to the Provisional Consultative Assembly at Algiers.

This concept of a powerful France guiding a strong Eurafrican bloc is a critical element in De

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CURRENT INTELLIGENCE WEEKLY SUMMARY

Gaulle's global conception of the evolving nation-state system. He envisages the eventual division of global power among four blocs; the US (possibly with the adherence of the UK), the USSR, China, and Western Europe. Since the early 1950s his speeches have increasingly stressed the need for development of such a Western European bloc as the instrument by which France could obtain the strength to play a more independent role in world affairs.

His insistence on independence, however, does not necessarily imply a desire to "reverse" alliances. Although relentlessly critical of France's subordinate position in NATO, he would see the same disadvantages in an alliance with the Soviet bloc, or in any other grouping in which France would be dependent on decisions over which it had little or no control.

Nevertheless, his cryptic statement in June 1958 that, while France is part of the West, it is not confined to the West, implies his insistence on a voice in policy decisions affecting broad areas of the globe. It also implies a willingness to consider political ties outside France's current alliances. He clearly intends to be free at some future date to make any alliances that would appear desirable for France--even an alliance with the USSR. This is the "third-force" concept, not in the sense of a deliberate anti-American bloc, but of an independent European power complex free to decide where its best interests lie in a given set of circumstances.

Recent developments in Sino-Soviet relations probably appear to him as substantiating the views on power blocs he has long propounded. Since 1959 he has predicted that Chinese expansionist pressure would inexorably force Moscow to look westward for help. He has concocted the notion of Russian

susceptibility to Western influence by emphasizing Russia's geographic division from Asia. He is also confident that the middle class will eventually be strong enough to discard Marxist ideology and find a more natural alliance in the West. From these threads he has woven the much-discussed concept of "Europe to the Urals."

When Moscow is ready to reach an understanding on Central Europe, De Gaulle is determined to play a dominant role. Furthermore, he hopes to be strong enough to confine a settlement to Moscow and Paris.

He believes the British decision to accept the Polaris offer enhanced France's position. By his reasoning, Britain forfeited its claim to major-power status because it subordinated its nuclear deterrent to a US-controlled alliance.

De Gaulle, however, still considers--and has frequently declared--that the Atlantic alliance is necessary for France, since Europe must rely on the US until it has its own nuclear weapons. In the meantime, Soviet actions in the Cuban crisis have strengthened his belief that war is not imminent, and so he believes Europe has more maneuverability than its limited military strength actually warrants.

Current PoliciesNATO

Just as he opposes US control of Europe's nuclear weapons, De Gaulle opposes what he considers US domination of the NATO military structure. Criticizing NATO as far back as November 1949, he said it was "unacceptable" that the defense of French territory should depend on the orders of a foreign commander. On other occasions, De Gaulle has insisted that a clear distinction be made between the Western alliance and a "certain military organization called NATO."

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While he has complained for years that NATO must be re-organized, the only formal structural change De Gaulle has requested was his proposal in 1958 for a tripartite directorate. De Gaulle will henceforth probably press his "two-pillar" concept of the Western alliance, one pillar being continental Europe and the other the "Anglo-Saxons."

Germany

De Gaulle's recent effort to cement the French-German rapprochement is a long step in his plans for Continental leadership. In 1961 he said privately that France could not exist without Germany. He has also said that if Germany became neutral, France would be forced to do likewise. De Gaulle believes a rapprochement is desirable, not only in order to end the traditional rivalry between the two countries but also because French-German rapport reduces the chances for France's smaller neighbors to exert pressure against De Gaulle's drive for leadership.

De Gaulle tried for several years to get agreement among all six Common Market countries to a form of political integration which he believed would help him in his goal of leading Europe. He failed in this attempt, but clearly hopes that an ever stronger French-German alliance will be an intermediate step toward the same objective. The smaller countries are welcome to join the new alliance, but they cannot change its form to any great extent against the wishes of France and Germany.

De Gaulle's concept of a French-German rapprochement has from the beginning been linked in his public statements with expressions of concern for British policy. In 1949 he said, "British policy has at all times thought of Europe as a Franco-German rivalry with British

arbitration... This ideology had not completely disappeared, and it is one of the reasons that prevent a united Europe from being established." He stated in the same year that the future of Europe depended on an understanding between Germans and Gauls independent of British influence. He has subsequently expressed the belief that Britain will withdraw from the Continent in favor of closer attachment with the US. In this context he has cited Churchill's stated preference for the open sea--which De Gaulle equates with the US--over the Continent.

The Common Market

Since De Gaulle's 14 January press conference, French officials have advanced the idea that the Nassau accord sparked his opposition to British accession to the EEC. The officials allege that De Gaulle interpreted the Nassau agreement as meaning that the UK said "no" to Europe and "yes" to the US. In this view, Britain cannot be integrated into the new Europe if it has pretensions of being "an insular bridge in the middle of the Atlantic."

It is possible that De Gaulle expected Britain would not accept the Common Market's terms for admission. It is also possible, however, that he had resigned himself to British membership, if Britain were European enough to sign the Rome Treaty without reservation. The bid to Prime Minister Macmillan in December 1962 at Rambouillet to produce missiles jointly may have been a test of British intentions. If so, Britain's subsequent acceptance of the Nassau Pact would have seemed a clear rejection of cooperation with France in the nuclear and missile fields.

De Gaulle's future intentions toward the Common Market

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are unclear, despite his evident willingness to risk splitting the organization to keep Britain out. He presumably will continue supporting the EEC for the economic benefits it gives France and the increased bargaining power it gives all its members in their economic relations with other countries. As in the past, however, he will probably continue his attempts to circumscribe the powers of the supranational executive bodies of the European communities. He sees these bodies as a threat to his own leadership of Europe. In short, De Gaulle will continue trying to mold the EEC into an implement of his own leadership.

Nuclear Arms

De Gaulle has succeeded in crystallizing in the minds of many Europeans the idea that Western Europe cannot continue to rely for its defense on US nuclear weapons under Washington's control. Most supporters of this view do not agree with De Gaulle that France must have a national nuclear force, but they do feel that Europe cannot be sure of America's determination to risk nuclear war in order to defend Europe. This growing insistence on self-defense is related to Europe's new economic strength, which makes a broader defense burden less formidable than in the past. It is perhaps also a manifestation of the psychology of 1940, when Continental Europe, many Europeans feel, was abandoned; De Gaulle has played skillfully on this point in recent public statements.

De Gaulle is determined to carry out the French nuclear weapons program which was begun by his predecessors, regardless of the economic burden. He has never ruled out the possibility of assistance from other countries in meeting this burden. He would insist, however, that the French share of any weapons jointly produced be exclusively controlled by France.

De Gaulle's reported initial interest in exploring the

US offer of Polaris missiles was probably prompted by the hope of assistance in the development and production of nuclear warheads. He may have decided against expressing his interest because this offer was tied to a proposal for a nuclear force under multilateral (including US) control.

The possibility of an arrangement with Britain was appealing enough to De Gaulle for him to raise the question of a European nuclear deterrent with Macmillan in June 1962. His failure to obtain agreement either on this issue or on joint Anglo-French missile production may have been a factor in his decision to bar Britain from the EEC.

West Germany is a more likely source than Britain of both technical and financial assistance for France, and the terms of the new Franco-German treaty are sufficiently broad to allow cooperation in the nuclear and missile fields. Two problems must be overcome, however, before such cooperation gets under way. The West German Parliament must ratify the treaty, and De Gaulle must find a quid pro quo for Bonn's assistance. Treaty restrictions prevent the Germans from possessing a national nuclear weapons force, and even if there were not restrictions, De Gaulle might be reluctant to hasten German possession of nuclear arms.

As France's nuclear capability gradually increases (with or without external aid), Paris can be expected to press for more explicit recognition of this capability by the US. While retaining ultimate control over his national forces, De Gaulle wants an increased voice in the over-all planning, targeting, and possible use of Western nuclear forces.

Disarmament

In view of De Gaulle's desire to secure international stature

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for France as a nuclear power he can be expected to stand pat on his opposition to piecemeal disarmament proposals. He rejects any solution which makes no provision for destruction of nuclear stockpiles. He opposes any agreement which would permit the USSR, the US, and Britain to retain a military capability substantially superior to that of France.

The same reasoning explains his refusal to participate in discussions on a nuclear test ban. Since current weapons levels would presumably not be affected by such a ban, he would reject it as a blatant attempt to consecrate the status quo.

United Nations

De Gaulle's disdain for the role and power of small states is apparent in his irritation over UN activities. He considered as relatively harmless the original concept of the UN as an international meeting place where differences could be aired. He strenuously objects, however, to the active role the UN has assumed in specific disputes. He feels that the organization is assuming the responsibilities of large states without actually having the requisite power. He believes that the big increase in the number of Afro-Asian UN members without real power has accentuated the differences in policy between the large states and the UN itself, which he feels is largely ineffectual. His irritation against US foreign policy is accentuated by this situation, because he believes the US has been largely responsible for this state of affairs.

Despite his lack of regard for the UN, De Gaulle is unlikely to sever ties with the world organization, particularly since the permanent seat on the Security Council affords France

the primacy he covets. France is not expected to take an active role in UN operations, however, and it will exert its influence on its African partners only when French interests are clearly involved.

Africa

De Gaulle prizes highly the close ties France has maintained with the French African states. Relations with both the sub-Sahara and Mahgreb states are excellent. The Black Africans of French persuasion have shown a stability and rate of progress that have made some other new African nations consider affiliation with this group. De Gaulle knows he has a strong hand in dealing with these states and he is willing to turn them down on occasion, but he will probably continue to go far to meet their requests in return for French "presence" there.

Far East

De Gaulle continues to feel that residual French interests in Southeast Asia entitle France to a voice in Western councils on that area. There is a juridical basis for this attitude in the internationally acknowledged French presence in Laos. In the long run De Gaulle probably favors neutrality for a reunified Vietnam and he will probably support covert French efforts to improve relations with those South Vietnamese who might expect to be influential in the eventual neutral government.

He is content for the moment not to rock the Western boat as far as China is concerned. China will ultimately have to be dealt with on the basis of its eventual great-power status, but in the meantime De Gaulle sees no particular advantage for France in granting diplomatic recognition or in backing Peiping's claim to UN membership. 25X1

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EUROPE AND THE US TRADE EXPANSION ACT

Most of the Common Market countries have professed to welcome the US Trade Expansion Act, although they have doubts about the United States' willingness to limit its own protectionist practices, and reservations about giving outsiders substantially improved access to the EEC market. In Great Britain, the collapse of the British - Common Market talks has focused attention on the possibility that the Act may offer the British economy a partial alternative to membership in the EEC. Under the most-favored-nation principle, the United Kingdom and other third countries would receive the benefits from any reductions of trade barriers negotiated between the EEC and the US.

Provisions of the Act

The Trade Expansion Act allows the US Government to negotiate reciprocal tariff reductions of up to 50 percent on almost all goods. Tariffs now amounting to less than five percent and tariffs on tropical agricultural and forestry products may be dropped completely. Another provision permits elimination of tariffs on industrial products for which the US and the EEC account for at least 80 percent of total world exports; with Britain's failure to gain admittance to the Common Market, however, the only products to which this provision applies are aircraft and vegetable oils.

The actual negotiations arising from the Trade Expansion Act are scheduled to begin in spring 1964 under GATT auspices in Geneva, and will involve many underdeveloped countries as well as the EEC, Britain, and other European nations. Preparations for the negotiations, such as US Special Ambassador Herter's recent trip to Europe, are already under way, and EEC and British views on the Act are becoming increasingly clear.

Common Market Views

Judging from the present views of the Common Market countries, the actual reduction of trade barriers under the Act will be substantially less than the maximum allowed by the US legislation. The EEC Commission and most of the member states support a further reduction of trade barriers, but they are disturbed over recent examples of what they consider US protectionism, and feel that the US is already damaging their trade before negotiations begin. Especially heavy criticism has been directed at US moves to protect certain domestic steel products by imposing high "anti-dumping" duties, and at restrictions now under consideration on wool textile imports.

Some Europeans believe that any tariff reduction under the Act is likely to benefit the US more than the EEC. The Common Market lays external tariffs on most goods, but these fall largely within a relatively narrow range of 10 to 20 percent. US tariffs, on the other hand, have a completely different structure: many goods are subject to no duty at all, whereas a large number of others are subject to tariffs as high as 100 percent. Some EEC officials argue that a reciprocal percentage reduction would therefore be meaningless for some US imports, since tariffs would still be at or near prohibitive levels.

In conjunction with the Trade Expansion Act, the US has been revising and trying to simplify the lengthy list of imports subject to customs control. The EEC countries as well as others fear that the switching of goods from one category to another which this process entails has resulted in unilateral US tariff increases. US pressure on the EEC for quick acceptance of this

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Revised Tariff Schedule--so that it can become the starting point for negotiations under the Trade Expansion Act--has thus become another point of irritation. The EEC countries are adamantly refusing to accept the new listings before they have time to examine the revisions in detail.

These problems may be essentially atmospheric, but they will make bargaining in the forthcoming negotiations more difficult. They also encourage existing protectionist sentiment in the EEC itself. The president of the French Patronat (roughly equivalent to the US National Association of Manufacturers) recently said that the largersize of American as compared with European industries gives the former a major advantage, and really free competition between the two continents is conceivable only after the process of European integration "produces its effect on the structure and size of European industries." The other EEC countries share this view but attach lesser importance to it than does France, where industry has historically been more protected than in most other Common Market countries.

The EEC also believes that discussions cannot be limited solely to tariff reduction. The "harmonizing" of economic policies in such fields as monopoly legislation has been increasingly put forward as a necessary supplement to negotiations under the Trade Expansion Act. Some officials have argued that continuation of EEC protective measures at present levels may be justified, because it is impossible to imagine a "real harmonization" of production conditions between the US and Europe in the foreseeable future. With this argument also France again is generally in the lead, and on this point it has quite widespread, if less vocal, support throughout the Common Market.

In addition to these economic arguments, the present French Government has reservations about the Trade Expansion Act on the political ground that it is intended to help the US bring into being an Atlantic Community controlled by Washington. De Gaulle, who normally does not concern himself with technical economic matters, has indicated that reducing the EEC's common external tariff wall would tend to deprive the Common Market of its cohesiveness and make it become part of a limited but broader free trade area which the big US economy would dominate. In pursuing this thesis, De Gaulle has skillfully played on existing protectionist sentiments and irritations with recent US tariff and commercial practices. This political argument against the whole concept of the US Trade Expansion Act has also received a degree of support elsewhere in the EEC, but with less of the anti-American twist given it by De Gaulle.

Agriculture and the EEC

Trade barriers on farm goods present a special problem for the forthcoming negotiations. Both the EEC countries and the United States have historically given their farmers a high degree of protection, and have protected their agricultural trade not primarily by tariffs, but by complex systems of domestic price and production controls, import quotas, and export subsidies. The US is insisting that agriculture must be included in the negotiations, despite the difficulty of dealing with subjects which are sometimes considered internal political affairs in both Europe and the US.

Since agricultural products account for a relatively large share of US exports to Europe but only a small portion of US imports from Europe, it is felt that

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Europe would be the gainer if the negotiations were limited to industrial goods. EEC Commission officials and some member nations reportedly agree that agriculture must be discussed, but the Common Market as a whole has not yet reached a decision.

In the agricultural field, EEC pressure to block improved US access to the Common Market is limited mainly to those goods which are also produced in Europe. US agricultural exports to the Six from mid-1961 to mid-1962 were about \$1.2 billion --one quarter of total US exports to the EEC. About \$700 million of this, however, consists of commodities on which the EEC is adopting liberal trade policies and on which prospects are good for continued expansion of trade. The commodities involved are not produced in Europe in volume, and include cotton, soybeans, hides and skins, and some fruits and vegetables.

The EEC is showing protectionist tendencies on the remaining \$500 million of US agricultural exports, including wheat and flour exports (\$121 million), feed grains (\$271 million), and poultry and eggs (\$67 million). Production of these goods within the Common Market is rapidly increasing, and the EEC countries will probably be unwilling to reduce their import barriers on them. The most that negotiations are likely to achieve on these products is a commitment by the EEC not to increase present barriers.

The very mechanics of negotiations on these products will be difficult. Under its emerging Common Agricultural Policy,

the EEC controls imports of these goods by variable levies --a system of duties which are administratively raised or lowered from time to time to assure continuing markets at set prices for produce raised domestically. The provisions of the Trade Expansion Act for negotiating reductions in fixed tariffs cannot be applied to these variable levies. Because of this, and because the regulation of agricultural markets will involve not only Europe and the US but other producing and consuming countries as well, attempts to reduce trade barriers on these farm goods will probably take the form of negotiations for world commodity agreements. How closely the EEC will be willing to mesh these negotiations with those on industrial tariffs remains unclear.

The British View

Great Britain is eager to get negotiations on the Trade Expansion Act started for whatever benefits will eventually accrue to its lagging economy. British officials recognize, however, that these benefits will be less than those London would have received from joining the Common Market, especially if trade barriers are not reduced as much as the US Act allows. Moreover, in view of the anticipated length of the negotiations, 25X1 tariff reductions under the Act will probably not begin to take effect until 1965.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****CHANGING POWER RELATIONSHIPS IN INDONESIA**

The power relationships which have prevailed in Indonesia for the last five years are changing. Since 1957 President Sukarno has retained his pre-eminent position in great part by maintaining a delicate balance between the anti-Communist army and the Communist Party (PKI). During this period, the army has played a strong political role deriving from the declared state of national emergency and from its substantial representation in the cabinet. The Communist Party, which still functions largely outside the official apparatus and holds no significant post at the national level, is gradually increasing its influence in the government.

Decline of the Army's Role

The changes are at the expense of the army. The army has completed the political task assigned to it by Sukarno--assisting him to implement "guided democracy"--and the improvement in internal security reduces the need for martial law. The army's power has already been eroded as the result of maneuvers by Sukarno and the increased influence of Foreign Minister Subandrio, who, although non-Communist, is strongly opposed to the political influence of the military.

Subandrio, other ambitious non-Communist civilians, and the Communist Party together have made the army the whipping boy for Indonesia's deteriorating economic situation. The basic causes of the economic troubles are chronic underproduction, the vulnerability of Indonesia's exports to fluctuating world market prices, and rash expenditures for a massive arms build-up. Aggravating

these factors are poor internal distribution and lack of mid-echelon officials who are trained and experienced.

The army is especially vulnerable to criticism, however, because of the wide powers it has exercised from the national through the village levels under the state of emergency. The army also holds directorships in large government-owned import-export firms and in a variety of production enterprises. Officers untrained for economic posts have sometimes proved to be poor administrators, and some officers and men have yielded to corruption. The army is already being replaced in many of these posts by civilian, non-Communist personnel, most of them equally untrained for such jobs.

A further, sharp reduction of army power is probable by 1 May, when the state of emergency is scheduled to be lifted.

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The army now holds two posts in the 10-man "working" or "inner" cabinet, and controls or influences 16 other positions in the 53-post plenary cabinet.

The Communist Drive

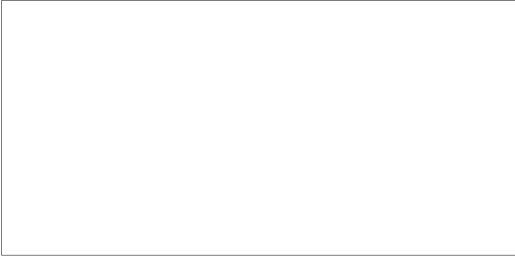
The Communist Party, in its strongest bid since the country attained independence, is trying to acquire positions of responsibility in the government. Two Communist leaders--party chairman Aidit and deputy chairman Lukman--have ministerial status as members of the plenary cabinet, but they hold no portfolios, and the plenary cabinet meets infrequently.

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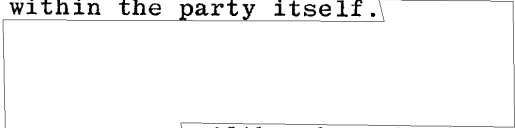
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The intensity of the Communist bid for representation appears to result not only from the fact the party feels its chances are better than they have been at any time since independence but also from a shift in power relationships within the party itself.

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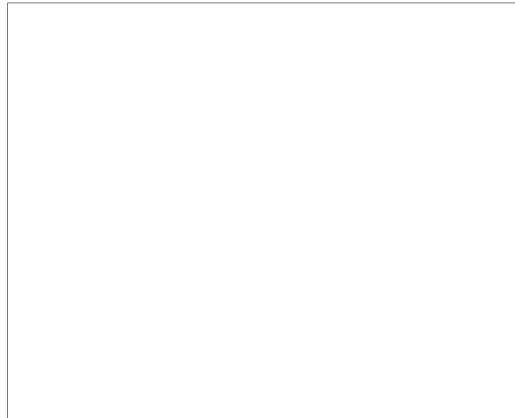
Although no basic change in line appears likely, the party's tactics may be more vigorous in the future.

Sukarno's Intentions

Sukarno's precise intentions as regards the cabinet remain obscure. He has repeatedly said that he prefers a cabinet reflecting the fusion of nationalist, religious, and Communist forces in Indonesia-- and has even coined the word "nasakom" to denote this trend. The army and its supporters among civilian leaders (for example, First Minister Djuanda) have hitherto persuaded Sukarno against appointing Communists to the cabinet. The influence of these anti-Communists, however, now is reduced.

During the past month Sukarno is said to have appeared less interested in forming a "nasakom" cabinet at this time. It is possible that instead he will appoint the Communists to high-level posts outside the "inner" cabinet as an interim move.

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Probably a major element in determining Sukarno's decision just now is the impact the Communist representation in the inner cabinet might have on the continuation and possible expansion of US economic assistance to Indonesia. Other than this, Sukarno's decision will be based on his assessment of power realities in Indonesia and of his personal need for the respective support of the army, the PKI, and the various non-Communist civilians whose orientation toward the army varies from strong support to bitter opposition.

Sukarno may believe that a policy of territorial aggrandizement will permit him to cope successfully with domestic power problems and to divert the nation generally from its economic difficulties. Such a policy appears already to be under way in the guise of a "decolonialization" campaign aimed at Portuguese Timor and British Borneo. By this means, Sukarno may feel that he can channel the energies and interests of the army and the PKI in the same direction, maintain their support of him personally, and preserve national unity.



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