

19 July 1963

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WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

CENTRAL INTELLIGENCE AGENCY

State Dept. review completed

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ARGENTINE PRESIDENTIAL CANDIDATE ILLIA

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Although Illia had little national standing before the campaign for the 7 July elections, he is widely respected in his own and in other parties.

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The Communist World

MOSCOW TEST-BAN TALKS

Khrushchev's decision to attend the 15 July opening of the talks on a nuclear test ban reflects the importance the USSR attaches to these negotiations. His decision was publicized on the eve of the talks after Moscow had made a series of gestures designed to create a favorable atmosphere for the Harriman-Hailsham mission. Since the talks began, Moscow has maintained strict secrecy on the details of the discussions. The Soviet press, however, has front-paged the brief daily communiqués noting the "favorable atmosphere" at the conference table.

Prior to the opening of the talks the Soviet press carried a spate of articles pegged to the negotiations. The tone of this press commentary was generally optimistic, although the authors issued the usual warnings about "certain circles," particularly in West Germany and the Pentagon, which seek to obstruct agreement.

In his 8 July talk with Belgian Foreign Minister Spaak, Khrushchev conveyed the impression to the former NATO secretary general that Moscow is not making agreement on a partial test ban contingent on the simultaneous signing of a NATO - Warsaw Pact nonaggression treaty. Spaak told the NATO Council on 12 July that while the Soviet leader mentioned a nonaggression treaty, "it did not seem to be of particular importance" to him. Spaak stated that although Khrushchev favored the

"idea," he was not as enthusiastic as Spaak had expected he would be.

Spaak further noted that the subject of disarmament was the "most positive part" of the conversation. According to Spaak, Khrushchev appeared to think it would be possible to conclude a partial test-ban agreement which excluded underground testing.

The impressions Spaak received appear to be supported by an article in the 13 July Moscow News, the Soviet English-language weekly. According to Ambassador Kohler, the article--by E. Fyodorov, a former member of the Soviet delegation to the US-UK-USSR talks on a test ban in Geneva--makes "clearer than any statement heretofore" that Moscow has dropped its previous insistence that a moratorium on underground testing accompany a partial test-ban accord and that Soviet leaders do not intend to insist on the simultaneous signing of a nonaggression pact and a partial test-ban agreement.

The US ambassador noted that Fyodorov focused on the test-ban issue and treated the nonaggression issue "casually" as another proposal which would "really make it possible to lessen international tension." Fyodorov argued that Khrushchev's 2 July proposal would ban "all tests which can be detected without the slightest doubt."

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CHRONOLOGY OF SINO-SOVIET TALKS

(MOSCOW TIME)

5 July	1430 1630 — 1830	Chinese arrive Vnukovo Airport Preliminary meeting Evening dinner given by Suslov
6 July	1000	Day's discussions opened Length of sessions undetermined
7 July		Both sides take Sunday off Chinese hold rally in Peiping honoring expelled personnel
8 July	1000	Day's discussions opened Length of sessions undetermined Soviet central committee attacks Chinese
9 July		Day-long recess taken Chinese party issues reply to CPSU statement
10 July	1000 — 1300 1500 — 1700	Talks resume Substantive issues rumored to have been discussed for the first time Concurrent meeting between lower level assistants
11 July		Day-long recess taken
12 July	1000	Day's discussions opened Length of session undetermined
13 July	1500 — 1800	Morning recess Talks resume People's Daily editorial provides first comment on talks and attacks Soviets.
14 July		Both sides take Sunday off CPSU open letter in Pravda attacks Chinese
15 July	1000 — 1330	Talks resume East-West test ban talks open in Moscow
16 July		Day-long recess taken
17 July	1000	Day's discussions opened Length of session undetermined
18 July		Day-long recess taken

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SINO-SOVIET TALKS DRAG ON

Despite the increasingly virulent and direct insults and accusations from each party in public, the secret Sino-Soviet talks continue. During the two weeks since the talks started a distinct pattern has emerged: four days of meetings a week are spaced out by three days in which the delegations work individually. The Chinese delegation has gone to the Chinese Embassy on each of these days of recess, apparently to report to, and receive instructions from, Peiping.

Since a complete deadlock has clearly developed in the talks, their continuation indicates the importance each side attaches to not being the party responsible for shattering this last thin appearance of "unity." Each side continues, however, to make it appear that the other is bent on disrupting the unity. The Soviet central committee letter of 14 July pointedly noted that the "CCP representatives at the meeting continue to aggravate the situation." The 13 July People's Daily editorial, Peiping's first and to date only comment on the talks, accused the Soviets of closing out the negotiations before they even started by "categorically rejecting" the views offered in the 14 June Chinese letter and

stated "with heavy heart" that the talks have not been conducted calmly with a view to easing relations.

The Soviet party, while still unwilling to take the first step in formalizing the open rupture in their relations, apparently has decided to try to provoke the Chinese into this action. Its 14 July letter was the harshest possible condemnation short of a formal break in relations. Directly accusing the Chinese leaders of virtually every major sin in the Communist moral code, the letter frankly deserted Marxist argumentation in favor of a strongly emotional appeal built upon distortions of Chinese positions.

The Chinese appear willing to face the consequences of a break if the Soviets cause it, but they seem to feel that a continuation of the present situation is in their favor. Their reiteration in the 13 July editorial that further bilateral talks could be held if one session failed to resolve differences suggests that they may be attempting in the talks to get the Soviet party to agree to hold talks at some future but unspecified date, perhaps in Peiping.

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The editorial went so far as to assert that if differences cannot be resolved this year, "they can wait until next year."

The Soviet party may be preparing further actions designed to demonstrate Chinese isolation and to pre-empt a probable Chinese demand for an international Communist meeting similar to those held in 1957 and 1960. The USSR clearly does not want another meeting that would give the Chinese a platform for polemical attacks, but it might sponsor one of "friendly" Communist parties which could be relied on to demonstrate overwhelming support for Moscow within the world Communist movement.

The first secretaries of all CEMA countries are reportedly to gather in Moscow on 25 July, and Hungarian leader Kadar and Mongolian leader Tsendenbal have already arrived.

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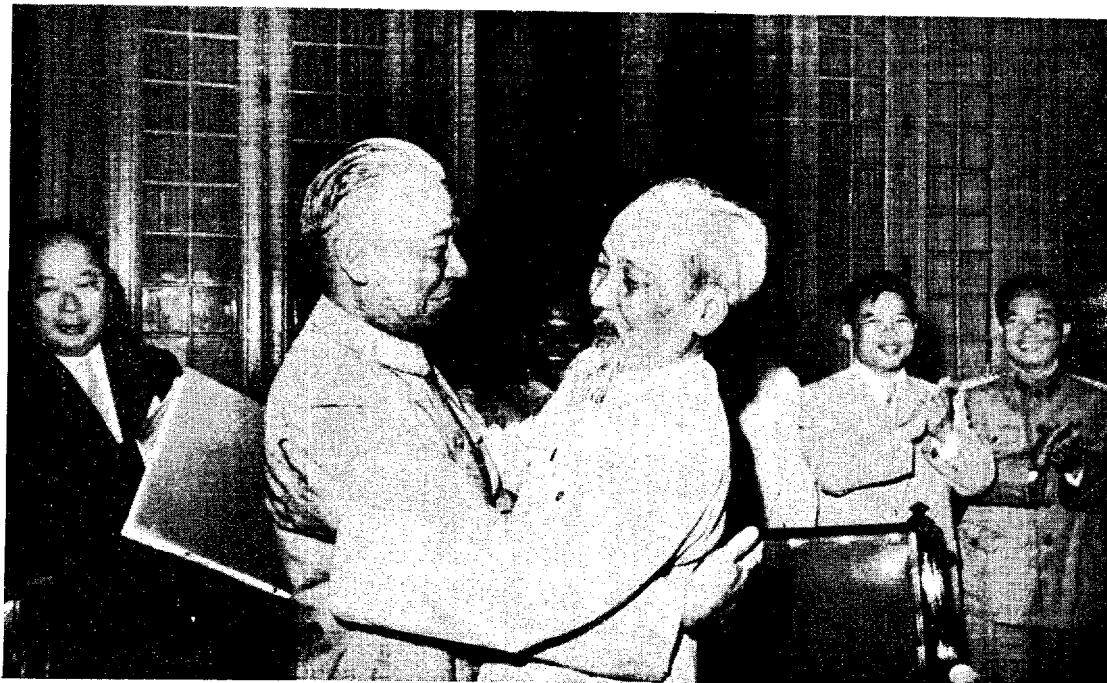
A handy occasion for the Soviets to give an ostentatious welcome to representatives of the majority of parties of the world which support them would be the 60th anniversary on 30 July of the party congress in which Lenin led his so-called "majority" --the Bolsheviks--into a split with the "minority"--the Mensheviks.

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HO CHI-MINH AND LIU SHAO-CHI DURING LIU'S MAY VISIT TO HANOI

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HANOI SHIFTS TOWARD PEIPING IN SINO-SOVIET DISPUTE

Propelled by a combination of external and internal pressures, North Vietnam is apparently discarding its pose of neutrality in the Sino-Soviet conflict and moving more openly to Peiping's side. The July issue of its party journal contains what is for Hanoi a very strong attack on Khrushchev's policies. It was studied with Chinese formulations and has been followed by a commentary in Hanoi's party newspaper endorsing Chinese Communist and North Korean condemnations of the recent pro-Soviet World Women's Congress in Moscow.

The North Vietnamese have also joined North Korea in openly attacking the validity of Moscow-ordered economic specialization within the bloc. In a recently translated 18 May speech, militant party first secretary Le Duan asserted Hanoi's intention to develop an all-round economy based on heavy industry and go it alone, if necessary, in achieving this goal. Duan flatly rejected a suggestion apparently made by the USSR that North Vietnam should "transform its economy into a rural area of the socialist camp" along the lines of Moscow's "Asian Socialist Republics." Others of Duan's remarks suggest that Hanoi has reached the point where it is willing to countenance whatever Soviet economic pressure might result from North Vietnamese support of Chinese positions.

Moscow's recent moves toward apparent closer cooperation and partial detente with the US

have probably been the strongest factor in forcing Hanoi off the fence. It clearly fears that any Soviet-US political agreements (as, for example, a nuclear test ban) would seriously undercut external Communist support of the Viet Cong insurrection in South Vietnam--the success of which is a prime national objective for Hanoi. With South Vietnam doubtless in mind, the party journal denounced Communists so cowed by the fear of nuclear war that they will not go all-out in conflicts where the US chooses to use only conventional weapons.

Hanoi's shift toward the Chinese probably also reflects a growth in the influence of the extremist wing of North Vietnamese party leaders. Possibly encouraged by Chinese pressure, the pro-Peiping views of this faction have become increasingly open during the last few months, while the wing of the party that is inclined to favor Soviet views has largely fallen silent.

The North Vietnamese have traditionally demonstrated a strong concern over the potentially dire effects of a bloc split on world communism, and such fears doubtless continue to play a major role in their thinking. They have always shown a penchant for temperate language, and it is likely that the tones of their propaganda on the dispute will remain less harsh than North Korea's blatantly pro-Chinese comments.

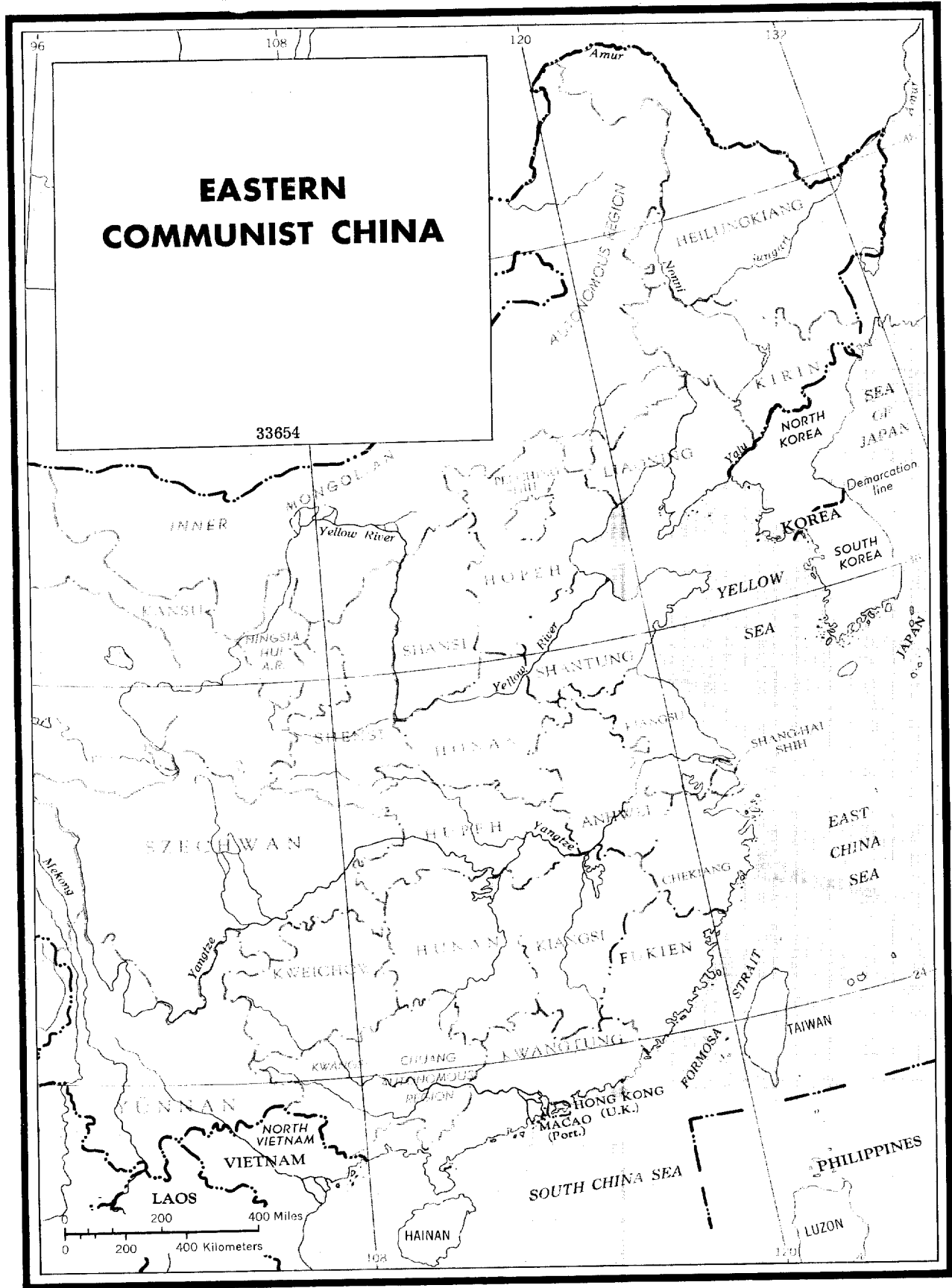
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The Communist World

PROSPECTS FOR COMMUNIST CHINA'S EARLY GRAIN CROP

China's early grain harvest may be even smaller than the poor early crop brought in last year. However, the early harvest normally accounts for only a fourth of total grain production, and the final level of the 1963 harvest will depend on weather conditions during the remainder of the growing season. Peiping's earlier optimism probably has been dimmed by the bad weather over the past two months, but it is not likely to make any such admission as long as the Sino-Soviet talks in Moscow continue.

Since last fall Communist China has suffered periods of severe cold over large areas, prolonged drought in the south, and unseasonal heavy rains in the east and central regions.

Prospects for the early rice crop, which accounts for about half the early grain harvest, are

worse than last year. Drought conditions reduced both acreage and yield in most of Kwangtung, Fukien, Yunnan, Kweichow, and southern Hunan. June rains in Fukien were probably too late to benefit the early rice crop.

Along the Yangtze River in central China, floods in April and May impeded transplanting, and there were frequent reports of seed rot and insect damage. Conditions appear more favorable in the important rice-producing areas of the Szechwan Basin.

The winter wheat crop now being harvested is not likely to be much larger than last year's, although moisture conditions have been more favorable. The acreage involved is probably abnormally low again this year, and damage from unseasonal cold reportedly extended as far south as northern Anhwei. Heavy rainfall caused severe damage to the wheat in north, central, and east China and in large areas of Honan. The regime expects only a "fair" crop in Shantung but a relatively good one in Szechwan.

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CHINESE WRITERS GET IDEOLOGICAL GUIDELINES

The Chinese leaders apparently are attempting to apply even stiffer controls than those under which writers must now suffer. Concerned that the more temperate approach to society's problems instituted after the collapse of the "great leap forward" in 1960 has reduced militancy and revolutionary elan in the country, the regime for several months has been telling writers that they should be propagating its ideological viewpoints more fervently.

This was the central theme of a national cultural conference this spring, at which Chou En-lai and other speakers demanded of the writers that they so infuse their work with ideological content that it will play a militant role in the "class struggle" under way both at home and abroad.

World Communist ideological problems were a major topic at the conference. The "degeneration" that Peiping finds in "world socialist" literature was held up for ridicule and severely condemned. Chinese writers were told not only to keep bourgeois and revisionist "nonsense" out of their work but to step up their attacks on "modern revisionism," the Chinese term for Soviet ideological and cultural viewpoints.

The conference also demonstrated the regime's acute sensitivity to China's disastrous economic situation. In describing the domestic scene, writers are to soft-pedal the regime's material accomplishments and not to stress, for example, how well everybody eats under the commune system. Instead they are to emphasize the social evils that existed in pre-Communist society, the current dangers of capitalist

and bourgeois influences in society, and the bright future ahead.

Chinese writers have not only the content of their work prescribed for them, but the style as well. Thus they have been enjoined to emulate the "lively, fresh, and vigorous" writing of Mao Tse-tung rather than strive for high literary quality or original style. Examples of bad and good styles of poetry were recently cited by Tao Chu, a dynamic and colorful regional boss. Tao criticized people who found beauty in the lines, "As the music fades, the player vanishes, leaving only a few green peaks in the river." He asked the writers to compare these "sterile lines" with Mao's style: "The tall peaks tower above, the red flag flutters in the wind."

The new restrictive policies are rapidly being imposed. Peiping's daily for intellectuals announced on 9 June that it was suspending publication of its regular literary feature page because of its ideological shortcomings.

In justification of its further tightening of literary discipline, the regime has accused some writers of insufficient loyalty to Peiping's brand of socialism. This may reflect the existence of underground and unpublished writings, since no literature remotely critical of the regime has appeared in print since the short-lived Hundred Flowers movement of 1957. For most Chinese writers, already docile and well-disciplined propagandists, the new guidelines, while useful for laying bare the latest zigzag in propaganda policy, will serve chiefly to throttle any attempt at creative originality.

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SOVIET RELATIONS WITH INDONESIA

The USSR's "sympathetic" response to an Indonesian request to adjust annual debt payments appears to have taken the form of a 50-percent reduction rather than the complete moratorium requested. At the same time, however, the USSR agreed to permit Djakarta to import, on credit, Soviet goods normally paid for on receipt. Transactions under this plan will be financed from the \$40 million remaining unobligated under the \$250-million line of credit made available in 1960.

Heretofore, Indonesia has accrued some funds to meet its debt obligation to Moscow by limiting its imports from and expanding its exports to the USSR. Now, under the new credit arrangement, Indonesia probably can meet its repayment obligation out of current exports to the USSR without a drain on its cash reserves. It may also try to postpone a financial crisis by relying on the USSR for some goods it now buys from other suppliers for cash.

It is not yet clear that Indonesia's other Communist creditors will follow the Soviet lead.

The total Indonesian debt to the bloc now stands at about \$950 million,

Indonesia now owes the USSR about \$725 million and other bloc countries and China about \$230 million. The schedule under the original credit terms called for payments of about \$75 million a year in 1963 and 1964, the Soviet share amounting to just over half the payments in each year.

In responding to Indonesia's request, Moscow apparently had to balance its desire for repayment according to schedule-- in order to avoid complaints from other aid recipients-- against its recognition that the large quantities of arms urged on Indonesia had been far beyond Djakarta's capacity to pay.

For its part, Indonesia, which had blindly accepted accelerated deliveries of arms during the West Irian crisis, has since attempted to restrict Soviet military deliveries. The emphasis now is placed on training in the use of military equipment already in Indonesia and on spare parts to maintain such equipment.

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Asia-Africa

KIM GAINS IN SOUTH KOREAN POWER STRUGGLE

In reshuffling major posts in the South Korean regime, junta leader Pak Chong-hui has concentrated power in the group behind former security chief Kim Chong-pil, and paved the way for Kim's return from semi-exile abroad.

The most significant change announced on 12 July was the appointment of Kim Hyong-uk, one of Kim Chong-pil's strongest supporters, as director of the South Korean Central Intelligence Agency.

[Redacted]

The shifting of another Kim Chong-pil stalwart, Chang Kyong-sun, to the chairmanship of the steering committee of the Supreme Council for National Reconstruction places two hard-headed, ambitious men with an anti-American bias in key positions.

Kim's followers, who advocate authoritarian and repressive measures to keep the junta in power, have exerted increasing pressure for his return. The way is now clear for Pak to bring back his former right-hand man at any opportune time.

Pak and Kim share a belief in the need for strong measures but Pak has been restrained by concern over possible adverse American reaction.

[Redacted]

Civilian opponents of military rule are likely to interpret the rising influence of Kim Chong-pil's faction as proof that the regime intends to rig the elections, if they are held at all. This may stimulate moves toward opposition unity. Three civilian parties announced on 15 July that they were merging to oppose Pak's presidential candidacy. They might seek the support of military elements hostile to Kim Chong-pil.

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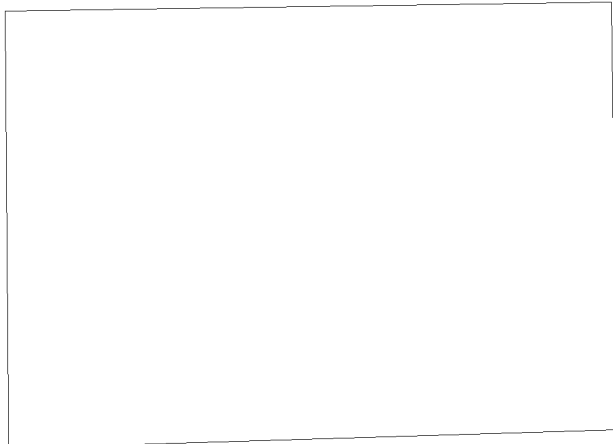
Asia-Africa

BUDDHISTS TO MOUNT PRESSURE IN SOUTH VIETNAM

A decision by Buddhist leaders to step up pressure on the government may have the result of intensifying efforts by various groups within the government to overthrow President Diem. In announcing this decision, the Buddhists charged that the government had failed to honor its 16 June agreement to end religious discrimination. They asserted that intimidation of monks in the provinces was continuing and that the terms of the agreement were not being extended equally to all Buddhist sects.

Public demonstrations resumed on 16 July with a gathering of monks before the American ambassador's residence in Saigon. The demonstrators appealed for "free world and US" intervention and claimed that American weapons were being used to suppress Buddhism. Buddhist plans allegedly include further hunger strikes and self-sacrifices by burning or disembowelment. A number of monks and nuns, including the mother of a ranking South Vietnamese scientist and ambassador, are said to have volunteered for suicide.

Diem apparently feels, with some justification, that continuing Buddhist agitation is aimed at forcing a change of government. There are signs that he may react forcefully, ordering police to curb demonstrations, to interfere with suicide attempts, or to make arrests if suicides or disorders occur. Ambassador Nolting has reported that Diem seems tired, resentful of what he regards as misrepresentations and calumnies against his regime, and torn by conflicting pressures and advice on handling the Buddhist issue.



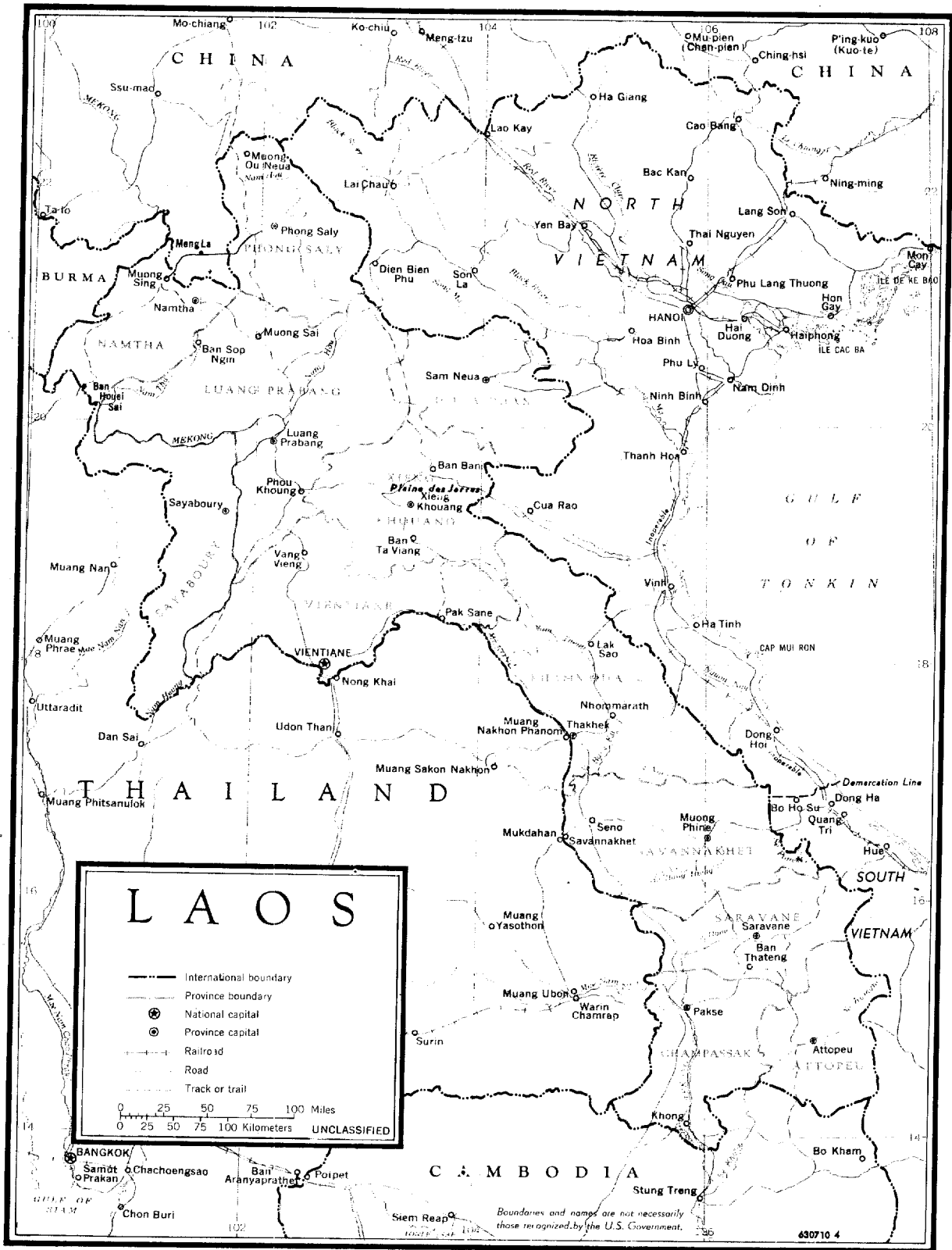
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Asia-Africa

DEVELOPMENTS IN LAOS

Political and military sparring continues between the Communist and anti-Communist factions. Discussions in Vientiane between representatives of the two groups remain snagged on security arrangements for projected talks at the Plaine des Jarres airfield between Premier Souvanna and Pathet Lao leader Souphannouvong. While some compromise agreement on this aspect may be worked out, the intransigent attitude shown by the Pathet Lao in these advance talks provides little room for optimism over chances for a wider negotiated settlement.

In demanding withdrawal of rightist troops from the environs of the Plaine des Jarres airfield as a prerequisite for talks there, the Pathet Lao are aiming at one of their foremost objectives: the cutting off of rightist military and supply support for Souvanna's beleaguered neutralist forces..

Military action for the past several weeks has been light, consisting primarily of sporadic artillery duels in the Plaine des Jarres area. There are signs, however, of continuing preparations by the Communist forces for increased offensive action. There has been persistent convoy activity along the main roads feeding into Laos from North Vietnam. North Vietnam's shift toward Peiping in the ideological dispute with Moscow could portend a more aggressive role in Laos--and, via the eastern corridor

area of Laos, in South Vietnam as well.

The rightist and neutralist factions, meanwhile, are attempting to strengthen their defenses. While backstopping the neutralists in the Plaine des Jarres remains a priority task, General Phoumi seems alert to the danger of overcommitting his forces in that area to the detriment of defense of southern Laos where a build-up of Pathet Lao and North Vietnamese forces continues. The key towns of Attopeu and Saravane particularly are under Communist threat.

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Another important effort under way is the rehabilitation of Souvanna's neutralist military establishment, which has been seriously weakened by long-standing supply problems and inefficient organization. Souvanna, in consultation with General Phoumi, recently established a special staff in Vientiane to coordinate all aid to the neutralist forces. Kong Le's expected departure abroad for medical treatment may facilitate reform measures contemplated by this new staff under the leadership of General Amkha, a professional officer of long experience. Kong Le, although a symbol of neutralist resistance to Communist pressure, has shown serious limitations as a senior commander.

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Asia-Africa

AREA NOTES

Iraq: The Baathist regime is now including Christians in its policy of reprisal against hostile elements in the Kurdish area.

Six Christians with Communist affiliation were shot in Iraq's largest Christian village on 2 July, with the whole village forced to witness the execution. A large number of clerics were arrested for burying the dead and the church was closed. During the same week five Christian villages were destroyed by aerial bombing. Because of past regime actions against them, many Christians have come to feel that their only hope for survival lies in cooperating with the Kurds. Two to four thousand of Iraq's 300,000 Christians are already said to be supporting Mulla Mustafa al-Barzani and these latest actions will force even more into active opposition to the government.

Soviet Bloc - Syria: Clandestine radio programs from the Soviet bloc have now begun to attack the Syrian Baathist regime and have accused it of carrying out bombing raids against Iraqi Kurds. Since the 8 March coup, the Baathist regime has refrained from attacking the bloc and has not emulated its Iraqi brethren's all-out repression of local Communists. Nevertheless, a bloc broadcast has charged the Syrian Baathists with carrying out "torture operations" against "democratic" forces in Syria, wrecking the land reform program, and selling themselves to the imperialists.

Simultaneously, bloc clandestine broadcasts to Turkey have for the first time since the outbreak of war in Kurdistan accused Turkey of oppressing its Kurdish minority. The broadcast was not directly tied to the Iraqi Kurdish rebellion.

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Europe

COMMON MARKET DEVELOPMENTS

The agreement to open formal contacts with Britain reached by the Common Market Council at its 10-11 July meeting has raised cautious hopes that progress may be resuming within the community. There is no expectation that the agreement will lead to early talks on Britain's actual membership, but it does remove a source of friction which had become a reason--as well as an excuse--for delaying decisions on other issues.

Both the French and the "other five" appear to have given ground in reaching the compromise to consult with the British in quarterly seven-nation meetings of the Western European Union (WEU). These meetings will be outside the community's institutional framework and far less frequent than the "five" had wanted. However, it is apparently the understood purpose of these meetings "to prevent a widening of the gap between the UK and the EEC." The "European economic situation" will be a permanent agenda item, and when it comes up for discussion the EEC Commission will participate.

How much practical effect these arrangements will have will depend--as the US mission has observed--on how much both sides put into them. Neither Macmillan nor any possible Conservative successor appears in position to undertake a major European initiative during the term of the present Parliament, and Britain's Labor Party leadership remains generally cool toward the EEC. Among the Common Market countries, even Britain's most ardent friends appear to anticipate no more than a holding operation.

The compromise on Britain is primarily significant therefore as

additional evidence that, despite its serious problems, the community may be recovering some of the momentum it lost when the UK-EEC accession talks collapsed in January. On 1 July the member countries effected without difficulty another of the periodic tariff adjustments which have brought the EEC approximately two thirds of the way toward a full customs union--well ahead of the treaty schedule. Moreover, the proposals recently advanced by the EEC Commission for coordinating national monetary, fiscal, and budgetary policies are of considerable importance and prospects are favorable for their early approval. While the agricultural problem continues to be vexing, the EEC Commission is at least showing signs of attempting to find a "community solution"--as the EEC treaty intended it to do.

These limited gains, however, have not yet made the EEC an easy entity to deal with--as the effort to organize the Kennedy Round of tariff negotiations continues to demonstrate. In recognition of the EEC's difficulties over farm policy, the talks on how to organize the bargaining on freer trade in agricultural products have been postponed until fall. A default is also in prospect with regard to agreement on the tariff negotiating plan for trade in the industrial sector for which the GATT ministerial meeting last May fixed a 1 August deadline. The EEC has seemed to feel under no great pressure to keep to this schedule, and while comparatively more forthcoming in recent weeks, its views on such substantive issues as the old tariff disparities question still sharply diverge from those of the US. 25X1

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Western Hemisphere

DOMINICAN REPUBLIC

Dissatisfaction among certain military leaders with Dominican President Juan Bosch seems to be increasing, and he also may be heading for a collision with his most dangerous potential political opponent.

Bosch's current difficulties began on 9 July, when leaders of his Dominican Revolutionary Party (PRD) in the Senate initiated, with bipartisan support, a bill which would remove Bosch's most feared opponent, Antonio Imbert, and Luis Amiama Tio--the only survivors of the group that assassinated Trujillo--from the police general staff. The bill would also severely reduce the powers of police chief Belisario Peguero, an Imbert crony. Bosch has hitherto avoided a direct attempt to curb Imbert's influence on the police, but PRD congressional leaders, apparently encouraged by aggressive party president Angel Miolan, decided to force the issue.

The bill could provoke a reaction against Bosch by Imbert and his friends. Bosch himself seems to fear this since he is lukewarm toward the bill, which would give effect to the provision of the new constitution which makes him commander-in-chief of the police. He is probably also piqued at Congress' invasion of his decision-making domain. He probably distrusts the intentions of Miolan and his followers.

Miolan, a would-be successor to Bosch, would like to establish the PRD permanently as the dominant political force in the country.

The tension generated by the police bill has been heightened by coup rumors resulting from a private meeting of Bosch with leaders of the armed forces at their request on 13 July.

The public clamor arising from the incident compelled General Victor Elby Vinas Roman, minister of the armed forces, to call a press conference to deny rumors of military plotting.

US Embassy officials at Santo Domingo consider these rumors highly exaggerated, but the situation is uneasy. In addition to the potential threat to Bosch from an angry Imbert, and from extreme anti-Communists in the armed forces, restlessness among certain military leaders has increased as a result of recent congressional discussion of moves to end widespread corruption in the armed forces.

Prolongation or an increase in these stresses might push Bosch, who is inclined to overreact to pressure, to take some precipitate action. He might even consider resigning if faced with an ultimatum by the armed forces.

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Western Hemisphere

BRITISH GUIANA DEVELOPMENTS

Although Premier Jagan and opposition leader Forbes Burnham have agreed to continue talks on Colonial Secretary Sandys' proposal for a coalition government, prospects for any agreement are poor. Sandys declared in Parliament on 17 July, after a brief visit to the colony, that if the leaders of the two warring racial groups failed to reach agreement, the British Government would have to settle outstanding issues on its own authority.

Sandys also said he intended to reconvene a conference on the colony's future constitution and independence date not later than October. Burnham told the consul general a few days ago he expected that the talks would achieve nothing beyond convincing London of the necessity of imposing a referendum on proportional representation. Jagan's refusal to concede opposition demands for proportional representation was the central reason for the break-up of the previous conference last November. Governor Grey told the consul general that the trip had made Sandys realize how confused the colony's situation is.

An additional shipment of Soviet-supplied petroleum products arrived on a Cuban tanker, the Cuba, on 15 July, but a regime spokesman claimed they would not import additional

petroleum supplies from this source once these were sold. Permits for the distribution of Western oil now on hand are being denied so that the government can make a profit from selling its bloc supplies.

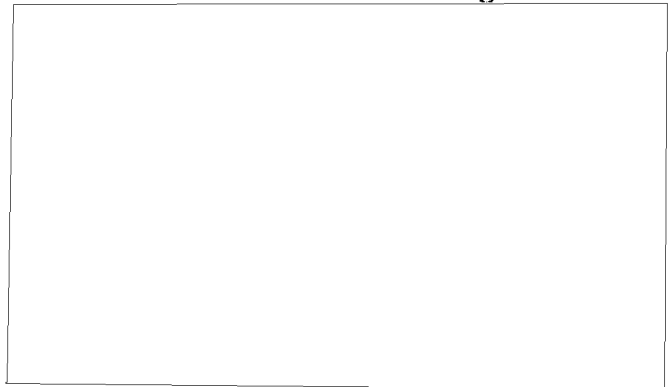
The government will have a deficit of over \$5.5 million by the end of August. Jagan is seeking a loan from Britain and in a cordial conversation with the US consul general on 17 July again inquired about the possibility of US aid.



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The Soviet vessel Mitshurinsk sailed from Havana on 15 July, bound for Georgetown with flour and other unidentified cargo.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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RAMON
CASTRO
JIJON

[Redacted]

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Junta leader, had been top officer of the Ecuadorean Navy. Supported Arosemena against military critics who favored coup in May 1962. Anti-Communist, opportunistic, [Redacted] and does little work. According to the US ambassador, he is easily influenced and unlikely to be a strong personality.

Had been functional senator for the armed forces and head of the Ecuadorean War Academy. Distinguished career in the army, has served as military attache in Argentina and Chile. Reported to be intelligent and cultured. The US ambassador reports Gandara has real stature both in and outside the armed forces and is likely to be influential in the junta.



MARCOS GANDARA
ENRIQUEZ

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GUILLERMO FREILE POSSO



Had been commanding general of the Ecuadorean Air Force. Attended jet school in England and staff school in the US.

[Redacted] He can be expected to seek opportunities to enhance his position in the junta.



LUIS
CABRERA
SEVILLA

Had been commanding officer of the Ecuadorean Army. Commanded various military regions 1953-58. Military attache in Peru 1960-62. Toured army installations in US in 1963. The US ambassador considers him anti-Communist, pro-American, honest, dedicated to constitutionality, but unlikely to be forceful or decisive.

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Western Hemisphere

MILITARY TAKEOVER IN ECUADOR

A military junta took over the government of Ecuador in a near-bloodless coup on 11 July, sending President Arosemena and Vice President Varela into exile.

Within a few days, the junta was in complete control of the country. It has outlawed the Communist Party and rounded up about 150 Communists and leftist extremists. Appointment of a mixed military-civilian cabinet is nearly complete and the junta has issued a call for a constituent assembly to approve a new and "more liberal" constitution. The junta has publicly declared its intention to return the nation to an elected civilian government in less than two years.

Reactions to the new junta range from enthusiastic approval by parties of the right and center to guarded acceptance by the parties of the democratic left. Communists and leftist extremists stated their opposition immediately after the coup, but their efforts to organize demonstrations and a general strike have been thwarted.

According to press reports, Pedro Saad, secretary general of the Communist Party (PCE), and other high ranking PCE officials were arrested on 15 July. An "activist" faction is now in control of the PCE, although the leaders are in hiding, and it may attempt terrorist acts and possibly guerrilla-type action. The armed forces can contain and eventually destroy any guerrilla units the extremists are presently capable of putting into action, but control of urban terrorism will be a continuing problem.

The members of the new junta disclaim any desire for personal political aggrandizement. According to the US ambassador, however, several of the known members of the new government are opportunists, and may in time fall out with their less venal colleagues.

With the exception of Venezuela and Costa Rica, most Latin American nations seem to be ready to recognize the new government.

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Western Hemisphere

ARGENTINE PRESIDENTIAL CANDIDATE ILLIA

Dr. Arturo Umberto Illia is the leading candidate for election by the presidential electors on 31 July. Illia (pronounced Eel-yee-ah) is highly respected for his political integrity both by his own People's Radical Civic Union (UCRP) and by opposition party leaders.

Until the campaign for the 7 July general elections, Illia had little national standing, having concentrated his political activities for the past 35 years in central Cordoba Province. He came into national prominence in the 18 March 1962 elections, when he was the only UCRP candidate to win a gubernatorial post.

Illia, a practicing physician, was born in 1900 in Pergamino, Province of Buenos Aires

Illia has been in local politics since 1936. In 1948 he was elected a national deputy, serving until 1952. He was acting as a member of the UCRP national committee when on 10 March 1963 a national assembly of party leaders elected him UCRP presidential candidate.

Illia adheres closely to the traditional nationalistic Radical party platform with some modifications. He has long been an advocate of the decentralization of political

power and responsibility. Upholding the UCRP platform, Illia advocates annulling the petroleum contracts--many with US companies--which ex-President Frondizi negotiated to help develop oil resources.

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Illia admires the US, and has stated publicly on at least one occasion that he considers the US "truly democratic." He felt that US policy was wrong in forcing Cuba out of the OAS --believing Castro wanted to escape the bonds of inter-American treaties--but believes the October 1962 crisis was a victory for the free world. He believes that Communism must be fought with ideas and deeds, and has stated publicly that as president he would permit the Argentine Communist Party to operate legally.

Illia has consistently worked for reunification of the UCRP and the Intransigent Radical Civic Union (UCRI), which split in 1957 over the issue of Frondizi's leadership. UCRI leaders have already made overtures for cooperation looking to unification of the two parties.

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