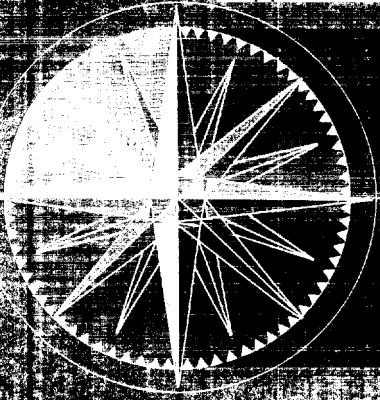


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10 January 1964

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# WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed

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GROUP 1 Excluded from automatic  
downgrading and declassification

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C O N T E N T S

(Information as of 1200 EST, 9 January 1964)

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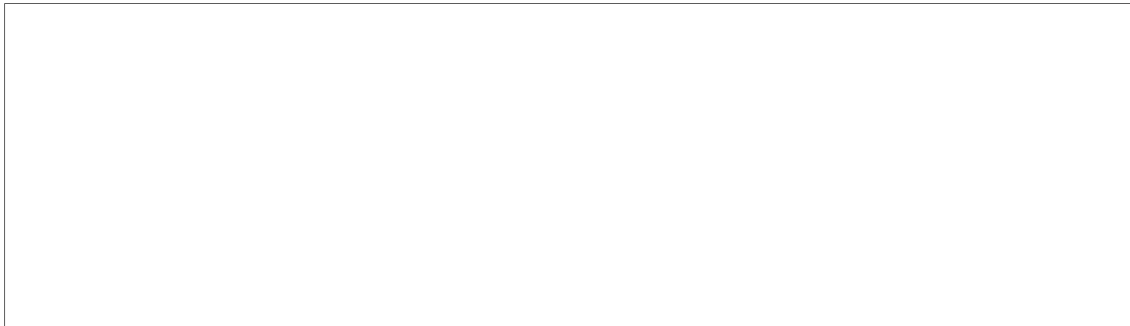
EUROPE (continued)

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**RENEWED DISCUSSION OF EUROPEAN POLITICAL UNION**

17

There is speculation that the success of the year-end EEC negotiations on farm and trade policies has improved the climate for discussion of political union and that De Gaulle may offer or encourage others to offer some new initiative.



WESTERN HEMISPHERE

**CASTRO'S ANNIVERSARY SPEECH**

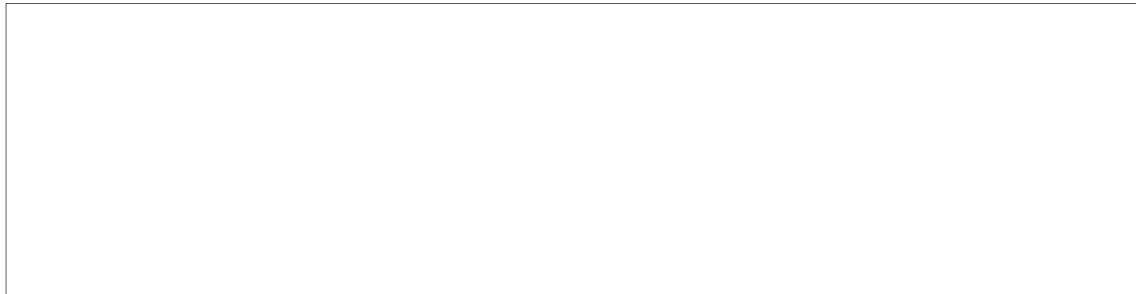
19

Its somewhat defensive air may stem from concern over a possible change in US policy toward him or fear of new hemispheric measures against Cuba.

**WEAPONS DISPLAYED IN CUBAN ANNIVERSARY PARADE**

20

Every major type of Soviet weapon in Cuba was displayed, some for the first time, but only one--an anti-aircraft gun--was newly identified.



**AREA NOTE**  
On Brazil

20

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The Communist World

**KHRUSHCHEV ATTEMPTS TO SEIZE "PEACE" INITIATIVE**

Krushchev's proposal for an international agreement to renounce the use of force in settling territorial disputes is an attempt to grasp the diplomatic initiative. He is also trying to challenge the West following the communiqué by President Johnson and Chancellor Erhard stressing the importance of exploring all opportunities for improving East-West relations.

Khrushchev's messages, delivered to all heads of government on 2 January, are intended to generate an exchange of correspondence with Western leaders; it is unlikely that he anticipates formal negotiations in the near future. The omission of any specific proposals with regard to the timing and level of talks is, in fact, further evidence that his messages were aimed primarily at stealing a march on the Western governments. The Russians, however, undoubtedly believe this initiative will provide an effective platform for their disarmament proposals in the Geneva talks which reconvene on 21 January.

The USSR in the past has indicated that it does not attach great importance to the form of a nonaggression agreement. Khrushchev's proposal, which incorporates the main

features of Moscow's long-standing formula for a NATO - Warsaw Pact nonaggression treaty, appears designed to circumvent Western objections that such a treaty would involve at least tacit recognition of East Germany. It is also an extension of Moscow's offer to the US and Britain last fall of a unilateral Soviet statement, to accompany a nonaggression pact, renouncing the use of force in all international questions, including Germany and West Berlin.

The proposed agreement provides that the absence of recognition or diplomatic relations should not be used as a pretext for violating the "territorial integrity of another state." This provision seems clearly aimed at affording increased protection for East Germany against the alleged "revanchist" ambitions of the Federal Republic. In his letter, Khrushchev struck out at those "revanchist" circles which continue their "scheming for the review of the equitable postwar territorial settlement." The proposal is also directed against US policy toward the Castro regime.

Khrushchev's letter also appears to be a major Soviet move to place the Chinese

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The Communist World

Communists on the defensive in both the Sino-Indian and Sino-Soviet border questions. Moscow charged last September that the Chinese had "systematically violated" the Soviet frontier since 1960, and warned Peiping that "artificial creation" of territorial disputes would mean "embarking on a very dangerous path." In a blunt rebuke to the Chinese, who base their border claims on centuries-old agreements, Khrushchev's letter pointedly argued that "references to history are of no help" in the solution of border disputes.

The pressures of Moscow's conflict with Peiping and past Soviet support for wars of "national liberation" obliged Khrushchev to hedge on an unconditional and global renunciation of the use of force. He argued that "demands" for the return of such territories as Taiwan and West Irian are "unquestionably just." Khrushchev also endorsed the "sacred right" of "oppressed peoples" to use force to abolish "colonial regimes."

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The Communist World

**NEW APPROACH MAY SAVE CZECHOSLOVAK LEADER NOVOTNY**

The Czechoslovak party seems to have adopted a new approach to problems which had generated internal party pressures threatening to unseat hard-line party leader Novotny. Policies set forth at the December central committee plenum suggest that a compromise was worked out between Novotny and his liberal opposition at the direction of Moscow.

Although the plenum was clearly designed to set limits on criticism of the regime, the party used a liberal, Vladimir Koucky, to deliver the main address in an effort to enlist the cooperation of the intellectuals. As chairman of the party's recently created ideological commission, Koucky apparently has assumed Jiri Hendrych's role as chief ideology spokesman and, possibly, as number-two man in the party hierarchy. Koucky's speech closely followed the firm line laid down to the writers by Hendrych last spring, but it was unusually reasonable and realistic, as well as openly critical of economic, social, material, and ideological insufficiencies in Czechoslovakia. He cited a number of extremely liberal and boldly anti-Stalinist works as examples of "acceptable" literary attempts.

The use of Koucky suggests that Novotny agreed to let the liberals handle the intellectuals in a way which might prove more effective in holding them in check than his own angry threats and appeals. Koucky's willingness to serve Novotny in this fashion was probably inspired by a warning from Moscow that the factions of

the party must work together to get Czechoslovakia back on its feet without a change in leadership.

Moscow's role in effecting this at least temporary cooperation between the liberals and Novotny is also suggested by the fact that a reported leader of the liberals, Drahomir Kolder, escorted Soviet President Brezhnev to Bratislava--the center of opposition to Novotny--during Brezhnev's recent visit to Czechoslovakia. Novotny's reversal at the plenum of his opposition to further rehabilitation of Slovak victims of the "Stalinist" purges also was probably in response to a warning from Moscow to cooperate with the opposition or court loss of Khrushchev's support.

The plenum resolution contains no new proposals for the economy and gives even less support to the liberals than did Novotny in his recent speeches. However, the fact that a well-known liberal economist in speaking to the plenum questioned the effectiveness of Soviet-type planning and management in Czechoslovakia's situation indicates that the controversial economic debate has extended to high levels of government and will continue.

The enlistment of Koucky's support suggests that whatever compromise has been worked out has assured Novotny's continuation as party first secretary at least for the time being. In view of the strength of the liberals, however, Moscow may have succeeded only in postponing the day of reckoning for Novotny.

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**YUGOSLAV - WEST GERMAN RELATIONS AT NEW LOW**

Yugoslav - West German relations, which for the past seven years have fluctuated between bad and tolerable, have reached a new low since mid-December. Yugoslavia has sent West Germany two diplomatic protest notes, has begun a vigorous anti-German propaganda campaign, and now is preparing to air its complaints before either the UN or the participants in the 1945 Potsdam Conference.

Foremost in the Yugoslav mind is the question of indemnification for World War II losses, which the Potsdam Conference agreed West Germany should pay. Bonn has refused to do so, claiming that Yugoslavia, by virtue of its 1957 diplomatic recognition of East Germany, does not view West Germany as the legal successor to the Third Reich.

East Germany would probably not be any more cooperative if approached about indemnification. Although the Potsdam Conference made it responsible for war reparations only for the USSR and Poland, it agreed last May to send Yugoslavia \$17.5 million worth of goods in connection with use of Yugoslav labor in Germany during the war. This agreement, however, was reached only after prolonged negotiations, and neither side has described it publicly as covering indemnification.

From late May to mid-July last year, Yugoslavia and West Germany conducted negotiations

on this and other economic questions, such as Bonn's opposition to talks between Yugoslavia and the Common Market. Belgrade offered to consider the indemnification issue closed and to make minor political concessions if Bonn would provide it new economic assistance in an amount approximating the indemnification claim. Bonn's counteroffer was so low, however, that the Yugoslavs broke off the negotiations. The chief Yugoslav negotiator claims to have obtained agreement in late September to reopen the talks, but Germany appears to be stalling. Its negotiators have not yet arrived in Belgrade.

The Yugoslavs are also exercised over the emotion-laden issue of Croat emigré groups in West Germany, where Belgrade claims terrorists are trained for operations in Yugoslavia. Belgrade was displeased when the trial of a band of Croats, charged with sacking the Yugoslav trade mission in Bonn and murdering a Yugoslav national in late 1962, was temporarily postponed on 9 December. The Croats' defense attorneys, moreover, have begun legal proceedings in West Germany against Yugoslav Foreign Minister Popovic, charging him with atrocities against German prisoners during World War II. The German Foreign Ministry is limited as to action it can take in these matters, but apparently is trying to have charges against Popovic quashed.

The US Embassy in Belgrade believes that the Yugoslavs

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will wait a little longer before pursuing the Potsdam or UN channels. A Yugoslav Foreign Ministry official has implied that a crisis can be averted simply by the arrival in Belgrade of West German negotiators. Neverthe-

less, neither side appears to have changed its basic positions enough to permit any substantial reduction in bilateral antagonisms.

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PEIPING BUYS WESTERN INDUSTRIAL EQUIPMENT

Following long surveys of Western markets, China has begun buying oil production and refinery equipment and synthetic fiber and fertilizer plants. Contracts for additional industrial equipment are expected, but no massive purchases appear likely in the near future.

Peiping's purchases of industrial plants in Western Europe and Japan since mid-1963 total at least \$60 million. It has bought oil refining and drilling equipment and a fertilizer plant from the Netherlands, a synthetic ammonia installation from the UK, and a sizable synthetic fiber plant from Japan. Just last month China bought from Italy two more fertilizer plants. Peiping has also contracted for oil refinery equipment from Italy and reportedly will buy associated petrochemical equipment at a later date.

These plant purchases-- the first from the free world since failure of the "leap forward" in 1960--are being made at a time when Peiping's imports of industrial plants from the USSR have fallen to about \$10 million from an

average of over \$375 million in 1959 and 1960. There is little prospect of Peiping's seeking any renewal of major industrial imports from this source, but it will probably continue to import limited quantities of industrial products.

Currently a Chinese mission is visiting French petroleum installations, and a French mission is in Peiping closing a deal for chemical equipment. Another Chinese delegation will visit Japan this month to begin negotiation for a second synthetic fiber plant.

Peiping, in economic difficulties, suspicious of foreigners, and having been subjected to stringent Western trade controls, is likely to move slowly with purchases from the free world. In view of its slim foreign exchange reserves and its need for large quantities of Western grain, it presumably will continue to finance purchases from nonbloc sources through increased exports. It may also redirect some items now exported to the USSR to free world markets and seek more medium-term credits.

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The Communist World

**PEIPING EXPECTS ANOTHER MEDIOCRE ECONOMIC YEAR**

Peiping's expectations for the Chinese economy in 1964 appear as modest as its claims for 1963. The stagnant economy has created a policy stalemate which has left three-year-old slogans as the only current guidelines. Effective long-range planning has been virtually nonexistent since the "leap forward" was launched in 1958, and the status of future plans is clearly contingent on the currently dim prospects for economic recovery.

Economic announcements in the New Year statements and the recently issued communiqué of the National People's Congress (NPC) all reflect forced optimism and appear to be designed to bolster sagging domestic morale as well as to put on a brave front for the outside world. The assertion that agricultural output increased in 1963 compared with 1962, for example, is not borne out by the evidence available

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[redacted] Claims of an improved agricultural situation are further belied by the fact that Peiping is importing grain in 1964 at about the same rate as in 1963.

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The Chinese acknowledged "exceptionally heavy floods and serious, prolonged drought" last year but still claim that a "relatively good harvest" was gathered. [redacted]

Policy guidelines for the economy differ little from those of early 1961 when agriculture was first accorded its new priority and "consolidation and readjustment" became the keynotes of the depressed economy. The economic "tasks" publicly set for 1964 are primarily exhortatory in nature and reveal little about the priorities to be assigned the various economic sectors. Peiping has also called for a large-scale political indoctrination campaign to overcome apathy and stimulate enthusiasm for its economic programs even though similar campaigns in 1963 had little effect.

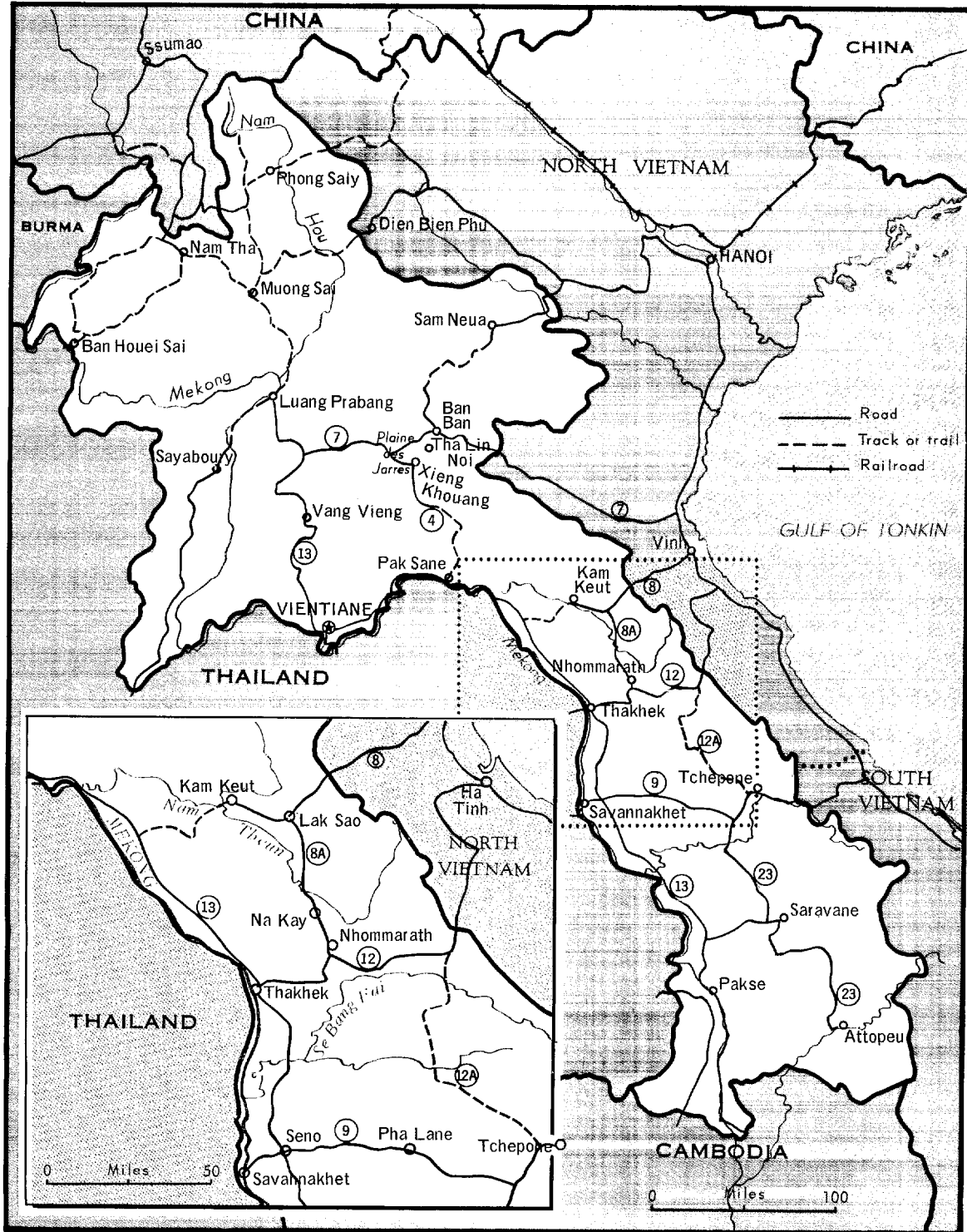
Although China is in the second year of the Third Five Year Plan period, planning is still on a year-to-year basis and no five-year plan has yet been formulated. In fact, Foreign Minister Chen Yi told Japanese newsmen last autumn that China was considering abandoning the plan and shifting to one of either seven or ten years.

Chinese propaganda now is dividing blame for the economic difficulties almost equally between natural calamities and the "perfidious" action of the Soviets in withdrawing their technical aid. While these allegations against the Soviets have served the purpose of rationalizing Peiping's present policy of self-reliance, there has been a defensiveness in propagating this policy which suggests concern over the long delay in industrialization implicit in a go-it-alone policy. [redacted]

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Asia-Africa

THE SITUATION IN LAOS

Prospects remain dim for an early easing of tensions among the Laotian factions. Premier Souvanna and Pathet Lao leader Souphannouvong are still unable to agree on a venue for talks designed to resolve differences between the neutralists and the Communists.

A preliminary agreement reached by these two factions last month on the neutralization and demilitarization of Luang Prabang has run into stiff opposition from rightist leader Phoumi Nosavan. Phoumi insists that the Pathet Lao first agree to similar concessions, such as the neutralization of Sam Neua or freedom of movement within territory under Pathet Lao control.

Souvanna, nevertheless, seems ready to persist in his efforts to bring the Pathet Lao back into full participation in the government. He has accepted an "invitation" to visit Sam Neua town during the latter part of January. Souvanna denies that this visit will be the occasion for a formal meeting with Souphannouvong but has acknowledged that he expects to see him there. The premier may hope that renewed personal contact with his half-brother --there has been none since last April--might in some way improve relations between the factions they lead.

There are some indications that the Pathet Lao are considering the establishment of a "true neutralist" government if negotiations with Souvanna prove fruitless.

[redacted] such a government might be led by left-wing neutralist cabinet members Khamsouk Keola and Heuane Mong Kholvilay and that it would be supported by troops under General Khamouane Boupha, military commander in Phong Saly Province, and the dissident neutralist military leader, Colonel Deuane. Both Khamsouk and Heuane have left Laos; Khamsouk at last report was in Peiping and Heuane in Phnom Penh.

On the military scene, Communist forces are continuing their pressure against right-wing and neutralist positions in central Laos. Following the recapture of Lak Sao and Kam Keut in late December, Communist troops have moved south on Route 8-A, possibly to pressure opposition forces from their positions in the Na Kay area and eventually link up with Pathet Lao units which have been pushing north from Nhommarath. Control over Route 8-A would substantially improve Communist resupply capabilities. Farther north, an attack in late December by right-wing regular and Meo guerrilla forces against Tha Lin Noi and Xieng Khouang town was sharply rebuffed by Communist forces.

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Asia-Africa

**ARAB CHIEFS OF STATE MEETING**


The Arab chiefs of state meeting on the Jordan waters problem will convene in Cairo on 13 January. All thirteen members of the Arab League will attend. King Idris of Libya will not appear in person, however, and although King Saud may attend, Crown Prince Faysal will serve as Saudi Arabia's actual representative. The meeting is expected to end on the 16th, the beginning of the Moslem fasting month of Ramadan.

There is little expectation that any workable program will be agreed on for countering Israel's plans to begin drawing on the Jordan River waters this spring. There has been little real advance planning on the Arab side, although the Arab League has given some consideration to complicated and extremely costly schemes to divert the headwaters of the Jordan. Private remarks of some of the Arab leaders have supported the general impression that the meeting is largely for show. The participants will probably present an assortment of proposals which will be left to subsequent lower level meetings to work out.

Nevertheless, Arab propaganda organs are concentrating heavily on the meeting. Their treatments range from the relatively restrained approach of Cairo media--reflecting Nasir's

desire to avoid an open Arab-Israeli clash--to the shrill belligerency of the Syrian press and radio, always the vanguard of anti-Israeli verbalists.

Nasir is stressing the desirability of nonmilitary action.

  
He is expected to advocate a joint Arab effort to use indirect economic warfare--e.g., withholding oil--to make Israel's Western "supporters" apply pressure on Tel Aviv.

Nasir is also reported to be planning to use the meeting to display a new posture of conciliation toward his Arab neighbors. There is some chance that his prospective face-to-face encounter with Crown Prince Faysal might help ease the situation in Yemen. A personal assurance from Faysal that Saudi Arabia did not intend to stir up further opposition to Yemen's Nasir-backed republican government could encourage Nasir to speed reduction of Egyptian troop strength in Yemen. The threat of potential Arab-Israeli trouble and the consequent need for Egyptian military readiness on that front could also serve as a face-saving device to cover an Egyptian pullback in Yemen.

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Asia-Africa

**THE SITUATION ON CYPRUS**

A precarious peace has been maintained on Cyprus despite occasional acts of violence, and the British have obtained the grudging cooperation of all parties. Helicopter patrols by British, Greek, and Turkish troops have visited many parts of the island and efforts have been made to send food to communities where supplies were running dangerously low.

In Nicosia, many of the barricades and roadblocks hastily erected during the inter-communal fighting in late December had been removed by 9 January. There has been no attempt as yet, however, to have the irregular forces on either side turn in their weapons, and it appears likely that those previously manning the barricades have merely pulled back a short distance.

Contact between the Greek and Turkish sectors of the capital is maintained only by non-Cypriots. Turkish Cypriot civil servants have refused to return to their jobs--either out of fear of Greek Cypriots or on instructions from Turkish Cypriot leaders. A de facto autonomous government appears to have been created in the Turkish sector with its own police force, hospital, postal service, radio station, rationing system, and curfews.

The next step is a conference, to open in London next week, of representatives of the two Cypriot communities

and of the three nations which are directly tied to Cyprus by treaty--Britain, Greece, and Turkey. The British are proposing a very general agenda in an effort to prevent procedural disputes. None of the parties involved is optimistic that a new agreement can be reached.

The Greek Cypriots, supported by the government in Athens, still insist on basic changes in the constitution which would provide for majority rule on Cyprus, although they state that minority rights will be guaranteed, under UN supervision if necessary. They also demand that Cyprus be made fully independent with no special status for Turkey or Greece, but they propose to maintain Commonwealth membership and a special treaty relationship with Britain.

The Turkish Cypriot leader, Vice President Kuchuk, has repeatedly called for partition of the island on the ground that recent events prove the two communities are wholly incompatible.

the basic Turkish demand may be for some form of federation--rather than geographic partition--including precise guarantees for Turkish Cypriots. Turkish Cypriots and Turkish representatives at the conference can be expected to oppose strongly any attempt to limit Turkey's special role.

Britain, meanwhile, appears concerned that its peace-making

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Asia-Africa

role may be difficult to drop. Over 2,000 British troops have been sent to Cyprus since late December, causing a serious drain on British reserve forces at home. The British--with Greek, Turkish, and Cypriot acquiescence--have proposed that Secretary General Thant send a personal representative to the island to observe the cease-fire.

The concentration of Turkish armed forces in the Mersin-Iskenderun area of southern Turkey

continues. While Premier Inonu and the chief of the Turkish General Staff have emphasized that no invasion of Cyprus is contemplated as long as the peacekeeping operation is effective, there is growing evidence that both the armed services and the public would demand unilateral Turkish military intervention in Cyprus if major clashes were resumed and the Turkish Cypriots suffered heavy casualties.

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#### AREA NOTE

Turkey: The coalition government recently formed by Turkey's Republican Peoples' Party (RPP), led by Prime Minister Inonu, and a group of independents will face great difficulty in providing effective leadership. The cabinet gained votes of approval from only 225 deputies in the 450-seat Grand National Assembly. It must therefore rely on continued support from the RPP's erstwhile coalition partner, the New Turkey Party, over which Inonu has no control. He can expect almost no support from other parties.

The weakness of the new government--Inonu's third coalition effort since 1961--and the civilian politicians' evident inability to form any other government with the present distribution of seats in the assembly increases the probability of early elections. The military leaders, however, may oppose elections, because the Justice Party, successor to the pre-revolution Democrat regime of Menderes, is likely to emerge victorious.

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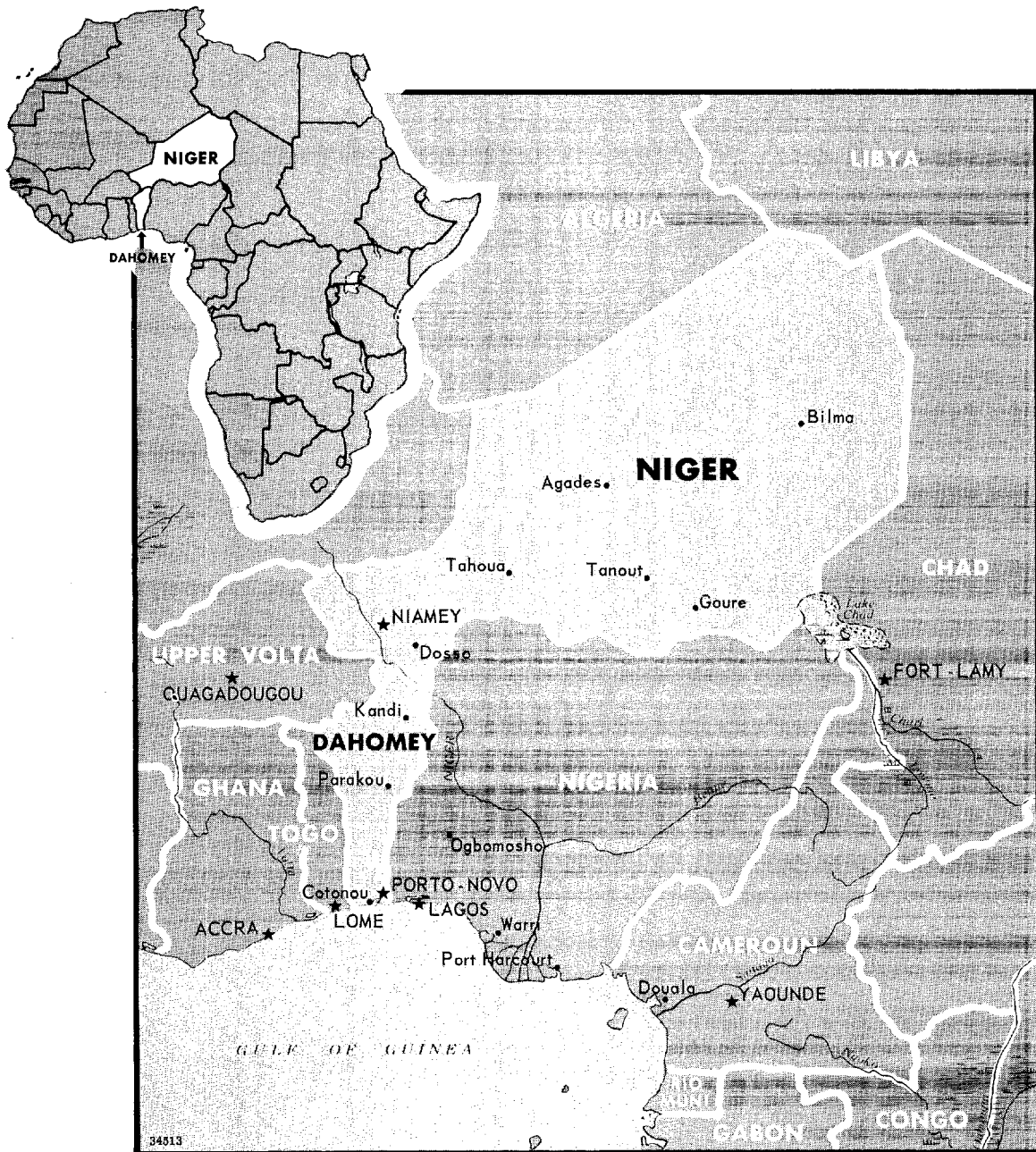
#### THE DAHOMEY-NIGER DISPUTE

The former French African territory of Niger, independent since 1960, is in process of expelling some 16,000 citizens of neighboring Dahomey, another former French area which has traditionally provided the entrepot facilities for Niger.

While the international repercussions--which have included border closings, a complaint to the UN, and threats of war--seem to have been eased, the population transfer is likely to cause serious internal difficulties for both countries.

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Asia-Africa

Niger President Diori decided to expel the Dahomeans last fall, after three of his own people had been killed in rioting which accompanied the overthrow of Dahomey's President Maga, with whom Diori had close ties. The expulsion was actually ordered in December. The real basis of Niger's antipathy toward Dahomey rests, however, on the fact that the Dahomeans, as better educated coastal people long in contact with Europeans, had come to occupy many of the prestigious and better-paying clerical positions in former French West Africa.

Niger's people now want the jobs for themselves. Diori's abrupt action, however, has nearly immobilized the Niger bureaucracy. In desperation, he has called for all citizens "who can read and write" to come to the capital to fill the vacancies left by the ousted Dahomeans.

Diiori probably was prompted by a desire to improve his leadership image and shift attention from internal difficulties. He recently was forced to negotiate with an insubordinate army captain in order to avert a major crisis. The episode showed the fragility of Diiori's government and probably encouraged others to plot against him.

Dahomey, for its part, faces a grave problem in trying to absorb its repatriated nationals--most of whom are accustomed to relatively high wages--into an economy already plagued with widespread unemployment. The country's economic difficulties

may be further compounded by the closing of the Dahomey-Niger border. An order to this effect was issued in late December by the harassed and inexperienced leader of Dahomey's provisional government, Colonel Soglo, but now apparently has been rescinded. Its enforcement would result in a considerable revenue loss for Dahomey, inasmuch as commercial traffic to and from Niger accounts for about two thirds of the total tonnage handled by Dahomey's port and railroad.

Soglo's other gestures, which have included propaganda attacks on Niger and a complaint to the UN Security Council, have also been made against a background of internal difficulties. The Dahomey provisional government's new constitution received an overwhelming popular endorsement on 5 January, and elections are to be held on 19 January. However, political instability seems certain to continue in the months to come in view of the fact that militant labor unionists and ambitious military leaders have entered the political arena.

France, with extensive economic and cultural interests in both Dahomey and Niger, has worked behind the scenes to bring representatives of the two countries together. A bilateral ministerial conference, finally held last week, recommended the reopening of the border and a number of other steps designed to reduce tensions. If these efforts work, the dispute probably can be smoothed over by one of the African regional organizations without seriously involving the UN.

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Asia-Africa

**CONGO'S RELATIONS WITH BELGIUM STILL STRAINED**

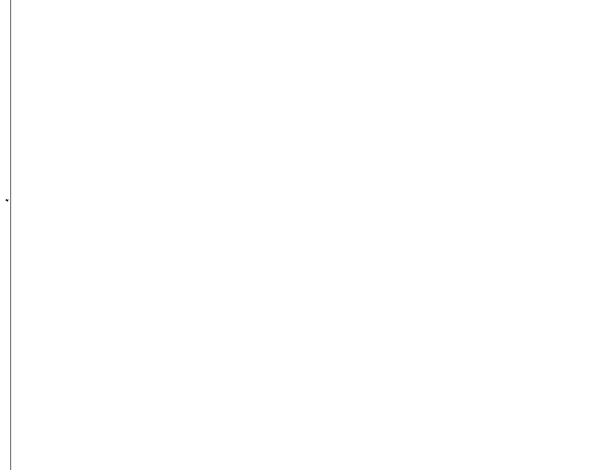
Strains in relations between Brussels and Leopoldville have been growing since early last month. The difficulties center on differences over a settlement of the preindependence Belgian and Congolese debts and holdings, the amount of current Belgian financial aid to the Congo, and Belgian irritation over Congolese Premier Adoula's bypassing of a Western consortium in awarding a refinery project to the Italian oil company ENI. Efforts by Belgian interests--apparently including high-level officials--to get Adoula to take Katanga's ex-President Tshombé into the central government and the friendly reception recently given Tshombé in Brussels have further complicated the picture.

Last week Adoula publicly chastised Brussels for "foot-dragging" in the financial negotiations and for obstructing Congolese efforts to obtain aid from other Western sources. Apparently to underscore his irritation, Adoula flew last week to Bonn to talk to West German businessmen about a more extensive investment program in the Congo.



Tshombé has returned to Madrid from Belgium, where he

had talks with a wide assortment of Belgians--officials, politicians, businessmen, and former supporters and advisers.



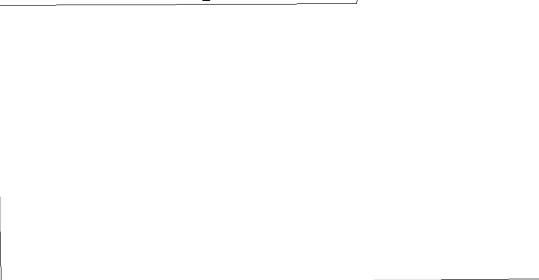
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On Leopoldville's northern flank, the anti-Adoula leftist exile group in Brazzaville--the Committee of Liberation (CNL), headed by Lumumbist Christophe Gbenye--has yet to make any moves



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Nor is there firm evidence that the CNL has received the financial assistance and arms it has been seeking abroad.



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Asia-Africa

**GHANA MOVES FURTHER LEFT**

President Nkrumah's most recent escape from assassination will make his actions more unpredictable than ever. However, an acceleration of his regime's evolution toward totalitarianism and an expansion of its already numerous ties with the Communist world seem certain.

sharpens further a campaign which has been in high gear since October for a purge of all "counterrevolutionary" elements. The pro-Communists are demanding a "socialist renovation" of virtually all institutions and practices inherited from Britain--including Parliament, the judiciary, the foreign and civil services, the military establishment, and the educational system.

Nkrumah, angered by the acquittal last month of three former associates charged with complicity in the Kulungugu affair, had been moving in this direction even before the 2 January attack. After imposing legislation enabling him to void special court decisions, he used language which seemed to endorse the extremists' line to announce a referendum for late January on two proposed constitutional amendments.

One change will abolish whatever independence the judiciary still retains. The other specifically names Nkrumah's Convention People's Party, now officially defined as the "vanguard of the people" and the "leading core of all organizations," as Ghana's one national party. Such formal constitutional status for the party, along with the phraseology employed, is evidently inspired by the Communist world's one-party model and at present would be unique in Black Africa.

No significant open opposition is anticipated, and the regime will ensure that the official outcome of the vote is heavily favorable. However, disenchantment with the Nkrumah regime on the part of still important but unorganized moderate elements can be expected to spread and deepen.

So far, Ghana's controlled press and radio have refrained from suggesting the direct involvement of the US or other Western governments as was charged after the grenade attack on Nkrumah at Kulungugu in August 1962. General reference to "imperialist networks" have appeared, however, and a major propaganda effort implicating the US may eventually develop. Almost certainly, Nkrumah's [redacted] suspicions of a Western "conspiracy" have been deepened, especially in view of the assailant's connection with the British-nurtured police.

For the present, Ghanaian media, guided by members of the relatively small pro-Communist coterie which has increasingly gained Nkrumah's ear, have been emphasizing the need to root out the "enemy from within." This

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Europe

## NEGOTIATIONS OVER BERLIN PASSES CONTINUE

West Berlin leaders, under considerable restraint from Bonn and Allied officials in Berlin, are moving ahead cautiously in an effort to reach an accord with East German authorities on renewing the Christmas pass agreement in broader form. Some 1.24 million visits were made by West Berliners to East Berlin during the 17-day pass period, and both sides have publicly endorsed an extension. However, each is at present seeking primarily to improve its bargaining position and the negotiations are likely to be prolonged.

The West Berlin negotiator, Horst Korber, met again with East German state secretary Wendt on 3 and 4 January to exchange views on a permanent pass arrangement. Korber made no apparent effort to reach an agreement prior to the 5 January cutoff of visits, and he indicated there was no need for a quick East German response to West Berlin's newest proposals.

The West Berlin bargaining paper, as presented by Korber, calls for permanent rather than one-day passes--to be made available to all West Berliners rather than just to those claiming relatives in the Communist sector, and to be processed in West Berlin by local postal officials rather than East German postal officials. The West Berlin proposals suggest restoring limited direct telephone communication between the two sectors of the city. In addition, at Bonn's insistence, the paper includes as a "general basic principle," although not as a requirement, a request that East Berliners be permitted to visit West Berlin.

In return, East German negotiator Wendt presented a letter from Acting Premier Stoph asking that preliminary consultations be undertaken between Mayor Brandt and East German Deputy Premier Abusch--which in Western eyes would elevate the talks from an acceptable technical to an unacceptable political level.

In addition, Walter Ulbricht in a 3 January speech indicated that any new agreement on passes must ensure that East Germany not suffer any economic losses as a result. While he may have been thinking in terms of the pre-Wall refugee loss, he undoubtedly was also referring to the losses which Bonn's new oil tax law will inflict on East Germany. It is also quite likely that he meant to hint to West German authorities that long-term credits from Bonn are expected in exchange for a pass agreement. Ulbricht earlier had indicated in an interview with the West German magazine Stern that his regime was interested in long-term credits for capital goods.

Bonn, which is not a participant in the Berlin talks, has taken an official attitude of approving any new agreement which does not damage the political or legal fabric of Berlin. However, Foreign Ministry officials in private, and a growing number of editorial commentators in public, have expressed apprehension that the West Berlin city administration, guided by the "flexible" Mayor Brandt, is willing to go too far.

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Europe

**DISSENSION IN THE ITALIAN SOCIALIST PARTY**

Pro-Communists in the Italian Socialist Party (PSI) who object to party leader Nenni's collaboration with the Christian Democrats in the government coalition are preparing to form their own party. The Communist Party itself is opposed to such a move, and the PSI dissidents, who apparently have not obtained all the support they expected throughout the PSI as a whole, may postpone a final decision.

The dissidents, led by Tullio Vecchietti and Lelio Basso, have chosen the name "Italian Socialist Party of Proletarian Unity (PSIUP)." Their faction nominally controls about 30 percent of the PSI membership. The other PSI left-wing faction, led by Luigi Bertoldi and Nello Mariani, commands the support of perhaps ten percent of the PSI membership and has opted to support the Nenni position. Even if the PSIUP group, at its meeting this week end, should decide on secession, an announcement will probably be delayed until the Bertoldi-Mariani followers hold their convention on 15 January.

The consequences of a secessionist move are difficult to forecast with any precision. In a showdown, some left-wingers who now sympathize with PSIUP positions would probably try to find some face-saving way to avoid leaving the PSI. Although Nenni would be most unlikely to do anything that would compromise his commitments to the coalition, he might try to buy off some of the extremists' supporters with patronage promises. A struggle is in progress for control of

those party federation and provincial headquarters where the Nenni forces now lack a clear majority. PSIUP leaders seem to be weaker in certain of these than they thought, and the Nenni forces are getting stronger support from the party base than was expected.

The leaders in the PSIUP movement have persisted in their attitude against the wishes of the Italian Communist Party (PCI), which has hitherto been one of their main sources of financial support. The PCI is worried that an extreme left-wing group of the kind being proposed would attract dissatisfied elements among its own membership.

Although the PCI now seems resigned to the loss of its "Trojan horse" within the PSI, it can be expected to make extensive efforts to dominate the dissident group.

If the pro-Communists do secede from the PSI and Nenni need no longer placate them, he will have somewhat more elbow room in collaborating with his coalition partners on certain policies. He will be anxious, however, to underline some of his party's political and ideological differences with the other coalition parties to reassure PSI members that their party has not been "captured" by the Christian Democrats.

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Europe

RENEWED DISCUSSION OF EUROPEAN POLITICAL UNION

Common Market observers believe that the success of the year-end EEC negotiations on agricultural and trade policies has improved the climate for discussion of political union, and some of them expect that De Gaulle will sooner or later offer or encourage others to offer new initiatives in this area. De Gaulle, in his New Year's message, cited the "union of Europe" as one of the "major tasks" of French policy, but elucidated only to the extent of saying that "regular and organized co-operation" should be developed among the six EEC countries.

According to reports current in Brussels, De Gaulle is considering a formula for a European "confederation" with a parliament and an executive which would gradually assume increasing powers over the next few years. This would be done in such a way as to preserve the independence of the member states, but the powers given the confederation would still be broad enough to encourage the partisans of a supranational Europe. Some more specific proposal may come out of De Gaulle's press conference later this month, and he may use this occasion of his February meeting with Italian President Segni to explore the ground further.

De Gaulle's objectives at this time would be to disarm domestic critics of his European policy, lessen French isolation in Europe, and gain acceptance for the concept of a "Europe of States" under a formula which would be difficult for

the other Common Market members to challenge.

Interest among the EEC countries in political union is balanced, however, by skepticism regarding France's willingness to make concessions to their viewpoints. Belgian Foreign Minister Spaak, who in early December proposed his own scheme for a European political commission, has said more recently that he still awaits French concessions to the idea of supranationality. German officials have also taken a skeptical position and maintain that progress toward political unity depends on further resolution of EEC agricultural questions and progress in the Kennedy Round of tariff negotiations.

Even without a new initiative, however, prospects are good for some strengthening of the European institutional structure. The EEC Commission has won general acclaim for its skill in helping to effect the year-end agreement on farm and trade issues, and its influence is likely to increase. Under this agreement, the European Parliament is to have a share in the control of the large community-wide support and guidance fund set up under the EEC's common agricultural policy. In addition, the Six have reportedly reached an agreement on the merger of the executives of the EEC, EURATOM, and the Coal-Steel Community.

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Western Hemisphere

## CASTRO'S ANNIVERSARY SPEECH

Fidel Castro's speech on 2 January before the mass rally in Havana on the occasion of the fifth anniversary of his revolutionary victory was the least provocative, mildest major address he has delivered in more than six months. He sought to inspire confidence in the strength and stability of his regime and show moderation in his international policies.

Ignoring overwhelming evidence to the contrary, Castro stated that the Cuban economy is in excellent condition and progressing faster than those of Latin American countries receiving Alliance for Progress aid. He quoted liberally from a recent New York Times editorial in an attempt to show that now even the "imperialists" are beginning to understand that the Cuban revolution is here to stay. He sought to demonstrate that US efforts to weaken his regime have had the opposite effect, and that the US attempt to isolate Cuba from the free world has been unsuccessful and self-defeating. He repeated his regime's desire to expand trade contacts with "all countries of the world."

Castro devoted considerable time to praising the policy of "peaceful coexistence" and expressed his readiness to accept a "normalization" of US-Cuban relations. He said nothing new in this respect, however, and made it clear that any rapprochement with the United States would be on his own terms and that, in any event, Cuba can wait indefinitely since continued US enmity would not affect Cuba's progress. He was surprisingly mild in his attack on the US for the recent exile attack on a Cuban torpedo boat, for which he blamed

the CIA acting with presidential authority. Even this was in the context of his discussion on the possibilities of improved US-Cuban relations, and he expressed hope that "the US leaders will see through the errors and stupidities of their policies."

In a rather pointed implication that failure of the US to change its hostile policy against him might lead to Cuban counteraction, he declared that "the imperialists must know that we shall try to hurt them just as much as they try to hurt us."

Castro was also unusually mild in his references to the "anti-imperialist revolution" in Latin America. Whereas in a number of speeches since last July he has come close to exhorting Latin Americans to rise up against the "imperialists," he stated in the anniversary speech that it is up to the people of each country to decide whether or not to follow the revolutionary path. He stated that neither the United States nor Cuba has the right to send arms to another country of the hemisphere, but his references to South Vietnam in this context carried the implication that if the United States can interfere, so can Cuba.

Although Castro said nothing really new for him, the generally conciliatory tone of his address may reflect the advice which the Soviet leaders are believed to have been pressing on him. At the same time Castro assumed a somewhat defensive air which may stem from concern over a possible

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change in US policy toward him. He is known [redacted] to have been apprehensive that President Kennedy's death might lead to an even harder US position. He also may well

fear that the discovery of military equipment of proven Cuban origin in Venezuela late last year-- a subject now under OAS investigation--might provide a pretext for new hemispheric measures against him. [redacted]

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**WEAPONS DISPLAYED IN CUBAN ANNIVERSARY PARADE**

Castro's anniversary speech was preceded by an hour-long military review in which every major type of Soviet weapon in Cuba was displayed. Snapper antitank rockets, FROG tactical rockets, and T-54/55 tanks were shown publicly for the first time, supporting other indications that these weapons from the former Soviet armored camps have been transferred to Cuban control. Komar boat missiles, transferred to the Cubans last August, were also displayed for the first time.

SA-2 surface-to-air missiles --on which Cubans have been training since last summer--and coastal defense cruise missiles were displayed again this year. The only newly identified weapons were 18 tank-mounted, twin 57-mm. self-propelled antiaircraft guns. [redacted]

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**AREA NOTE**

Brazil: President Goulart, in his New Year's address, discussed two basic problems--Brazil's unsettled internal socio-economic conditions and its foreign debt--but he failed to enunciate clearly any positive programs for dealing with them.

Goulart stressed the urgent need for basic administrative, agrarian, electoral, and fiscal reforms, blaming Brazil's ills on the existing "archaic structures." Without being specific, he hinted that reforms will be executed despite opposition and possibly even despite constitutional restraints. At the same time, he

denied that he will attack the present legal order.

In calling for a new external economic policy, Goulart expressed mild optimism regarding the possibilities of rescheduling foreign debt payments. He indicated no intention of acceding to demands of the extreme left that he declare a moratorium on foreign debts. Rather, he emphasized that "concrete negotiations will begin immediately" to reschedule a portion of the approximately \$1 billion in obligations due over the next two years. He expressed confidence that Brazil could count on the "cooperation of the US Government" in this matter. [redacted]

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