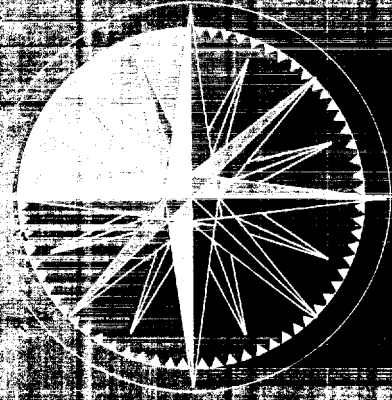


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21 February 1964

OCI No. 0319/64  
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# WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed

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C O N T E N T S

(Information as of 1200 EST, 19 February 1964)

<u>THE COMMUNIST WORLD</u>	<u>Page</u>
SOVIET PLENUM'S EXTRAORDINARY SESSION Indications are that, after its discussions on agriculture, the central committee was informed of Khrushchev's tactics for dealing with Peiping's latest diatribe.	1
SOVIET QUEST FOR CREDITS ELICITING LITTLE RESPONSE London has confirmed its willingness to guarantee long-term credits, but Bonn still refuses to underwrite any credits to the bloc, and other European governments apparently are awaiting specific purchase orders before setting their policies.	1
EAST GERMAN DIFFERENCES WITH OTHER MEMBERS OF BLOC East Germany, in publicly criticizing political and economic policies elsewhere in Eastern Europe which it sees as inimical to its own interests, is implicitly censuring Moscow for tolerating such a situation.	2
EAST GERMAN MEASURES TO COPE WITH ECONOMIC PROBLEMS Although Ulbricht has taken pains to give a liberal cast to the "New Economic System" he says will be implemented this year, the party shows no sign of loosening either economic or political controls.	3
HANOI DISSATISFIED WITH SOVIET SUPPORT ON SOUTH VIETNAM Following a high-level party delegation's recent visit to Moscow, there are new indications that North Vietnam is dissatisfied with the level and extent of Soviet political and diplomatic support for the war in the South.	4
<u>ASIA-AFRICA</u>	
STEPPED-UP COMMUNIST ACTIVITY LIKELY IN SOUTH VIETNAM The Viet Cong will probably resume wide-scale military operations, now that their seven-day self-proclaimed cease-fire has ended. Terrorist activity against US personnel continued during the military lull.	5
COMMUNIST MILITARY PRESSURE CONTINUES IN LAOS Pathet Lao forces, presumably backed by North Vietnamese elements, have initiated actions in the Plaine des Jarres region as well as in areas farther south.	6
THE CYPRUS ISSUE Fighting on the island slackened this week as the question was taken up by the UN Security Council.	7

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<u>ASIA-AFRICA (continued)</u>	<u>Page</u>
CHANGE OF PREMIERS IN PROSPECT FOR IRAN The change should be smooth--with few, if any, shifts elsewhere--and might offset some of the disillusionment that has spread among the public as the Shah's reform program has lost momentum.	8
TANGANYIKA AND THE EMERGENCY OAU CONFERENCE Last week's meeting in Dar-es-Salaam of the Organization of African Unity helped Tanganyika's President Nyerere regain some prestige domestically, but seems to have irritated officials of other African states.	8
FIGHTING CONTINUES ALONG SOMALI-ETHIOPIAN BORDER Orders from both capitals to begin a cease-fire on 16 February have not stopped the border fighting, and each side reportedly is reinforcing its troops in the area.	9
POLITICAL UPHEAVAL IN GABON France intervened to calm the political storm arising from an attempt to oust President Mba on 16 February. The ultimate outcome of the affair remains uncertain.	10
POLITICAL AGITATION IN BRAZZAVILLE A recent tribal demonstration in support of imprisoned ex-President Youlou has strengthened leftist elements in the government and led the Massamba-Debat regime to take a more hostile attitude toward the West.	11

EUROPE

SPAIN MOVING TOWARD CLOSER RELATIONS WITH SOVIET BLOC The Franco regime may hope to increase trade, to enhance its international prestige, to demonstrate--as in its Cuba trade policy--that it is not subservient to the US, and possibly to collect collateral advantages such as softening Mexico's heretofore inimical attitude.	13
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EUROPE (continued)

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[Redacted]

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**HARDENING EEC POSITION ON TARIFF TALKS** 14  
West Germany, the EEC member most likely to benefit from liberalized trade, now seems increasingly disposed to support the EEC Commission's protectionist formula for identifying tariff disparities.

**STATUS OF NATO FORCE PLANNING EXERCISE** 14  
New efforts are being made to overcome disagreements--mainly over strategy--which have blocked this effort to estimate NATO force requirements for the period 1966-70.

**PAPANDREOU PARTY WINS GREEK ELECTION** 15  
Its decisive victory should give Greece a stable government to deal with the Cyprus crisis.

WESTERN HEMISPHERE

**THE SITUATION IN PANAMA** 16  
[Redacted] there is no evidence that any Panamanian leader is trying hard to bring the country to a more moderate attitude.

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**CUBA AND THE US NAVAL BASE ISSUE** 17  
The regime has apparently relaxed military alert measures instituted after its action against the base's water supply, and Cuban leaders continue to profess a desire to reduce tensions with the US.

[Redacted]

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**BRAZILIAN PRESIDENT PUSHING FOR SWEEPING REFORMS** 19  
Goulart's chances of success do not seem much greater now than in the past year or so, and there is much suspicion about possible ulterior motives--such as changing the constitution to give him another term as president.

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WESTERN HEMISPHERE (continued)

Page

SPURT IN COMMUNIST TRADE WITH LATIN AMERICA LIKELY IN 1964 20  
Food shortages in China and Eastern Europe have already enabled Mexico and Argentina to dispose of large amounts of last year's grain crop, and further sizable sales of agricultural items appear likely.

UNITED NATIONS

FINANCING OF UN PEACE-KEEPING OPERATIONS 21  
Efforts are being made--including early bilateral talks between the US and the USSR--to find a new formula for financing UN peace-keeping operations which is workable and politically acceptable to both East and West.

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The Communist World

**SOVIET PLENUM'S EXTRAORDINARY SESSION**

The Soviet central committee plenum, after its scheduled discussions on agriculture, apparently moved into an extraordinary session in which the Soviet leaders may have disclosed new tactics for dealing with Communist China in the aftermath of Peiping's bitter attack of 3 February. On 14 February the plenum was expanded to include an array of important central and regional officials concerned with

propaganda and ideology. After Khrushchev spoke at the morning session, additional sessions were held and the plenum continued into the next day. While Soviet media did not reveal the subject under discussion, there were reports from both Communist and Western correspondents that a new letter to the Chinese was read. Chief ideologist Mikhail Suslov reportedly made a speech.

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**SOVIET QUEST FOR CREDITS ELICITING LITTLE RESPONSE**

Response to the USSR's much-publicized plans for a buying splurge on credit has been slow. West European governments other than the UK and West Germany--which already had established credit policies toward the USSR--apparently are not eager to set policies until actual and specific orders are under negotiation. The prevailing attitude seems to be that there will be plenty of business for all. In addition to usual purchases of plants and equipment, the USSR proposes to import at least \$1 billion worth of chemical plants in the next seven years. The amount of additional credit required is clearly more than any one country would be able or willing to supply.

If the USSR hoped that its credit breakthrough in the UK would cause other countries to fall in line, it has been disappointed. Bonn is sticking by its refusal to guarantee any credits for the USSR, and there has been little agitation in Paris or Rome to lengthen credit terms since London reaffirmed that it would guarantee credits for up to 15 years. One reason for this may be the apparent lack of resources in France and Italy for financing such credits. Moreover, Continen-

tal traders--the official attitude in London notwithstanding--may be skeptical of the British banking community's willingness to extend such long-term credits to the USSR. Deals for British synthetic-fiber plants on long-term credits are still reported "imminent," but this has been the story for several weeks.

Despite unwillingness to establish a new credit policy on hypothetical cases, Western governments undoubtedly will consider any reasonable proposal made by their industries or banks in response to firm Soviet orders. Some officials have admitted that to secure Soviet business they are willing to see banks or industrial firms extend longer term credits and assume on their own the risk which exceeds the period of the government guarantee. It is possible that eventually those governments adhering to a five-year credit limit will adjust their guarantees to become effective on delivery of equipment rather than at the time orders are placed--a move equivalent to extending the period to seven or eight years.

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The Communist World

**EAST GERMAN DIFFERENCES WITH OTHER MEMBERS OF BLOC**

Long-smoldering differences between East Germany and some of the other East European countries were spelled out at the recent Socialist Unity Party (SED) central committee plenum and publicized in the party daily on 13 February. East Germany, increasingly concerned over the effects liberalizing policies in these countries could have on its own internal stability, criticized Czechoslovakia's de-Stalinization program, castigated other--unnamed--members of the bloc whose economic policies are undercutting East Germany's position regarding West Berlin, and implicitly censured the USSR for permitting such a situation to develop.

The politburo report to the plenum, delivered by Candidate Member Horst Sindermann, vigorously attacked Prague for permitting revisionist theories to spread unchecked and for its recent de-Stalinization measures. In his criticism of current ideological trends that are causing trouble in East Germany, Sindermann charged that "revisionist theories" advanced by Professor Havemann of East Berlin's Humboldt University "are interrelated with opinions that come to us from Prague." He warned that the SED distrusts all people who advocate a "new Marxism."

In a clear reference to Poland, Rumania, and Hungary, Sindermann criticized bloc trade agreements with West Germany that include the "Berlin Clause"--this, in effect, for purposes of trade, recognizes West Berlin as a part of the Federal Republic.

In a warning presumably directed at Czechoslovakia and Bulgaria, which are considering similar agreements, Sindermann declared that West German Foreign Minister Schroeder's "policy of motion" toward the Communist states is aimed at exploiting economic relations for political purposes. East Germany's own trade arrangements with West Germany, Sindermann pointed out, are vestiges of the four-power occupation of Germany and greatly differ from the agreements concluded by other bloc countries.

The most unusual aspect of the politburo report was its clearly implied dissatisfaction with the USSR for failing to ensure that the Eastern European countries take into consideration the SED's difficulties in ideological matters and the German and Berlin questions. The East Germans evidently considered it necessary to balance this criticism with a blast at the Chinese--which was probably also intended to counter the SED's hard-line critics of the regime's coexistence policies.

In making its views public, East Germany has taken a step that could have more disruptive effects on bloc unity than Rumania's open opposition last year to certain bloc economic policies. Bucharest was opposing economic policies still in the planning stage, while the East Germans are opposing political and ideological policies long accepted by Moscow.  25X1

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The Communist World

## EAST GERMAN MEASURES TO COPE WITH ECONOMIC PROBLEMS

The long-planned "New Economic System" which Walter Ulbricht says will be implemented in East Germany this year is designed to increase economic efficiency by clarifying chains of command, providing some material incentives to management, and improving quality and distribution of consumer goods. Although Ulbricht, in remarks to the recent party plenum (published on 13 February), took pains to make the program appear liberal, the party has shown no sign of loosening either economic or political controls.

The party, for example, will maintain a close watch over the operations of the newly strengthened industrial associations (VVBs). Each VVB includes all enterprises in a particular industry, and has authority under the "new system" to allocate specific plan tasks and distribute manpower, materials, wage funds, investments, and credits. This delegation of responsibility, it is hoped, will leave central authorities free to make over-all plans and policy without intervening in day-to-day VVB affairs.

Ulbricht apparently expects the top managers of the VVBs to become the new managerial class of East Germany. Their income will depend on economic achievement--in addition to their fixed base salary, they will receive large bonuses for fulfillment and overfulfillment of VVB plans. Nonmanagerial personnel, however, will continue to be hard pressed by rigorous work norms and almost stationary wage rates, de-

spite promises of bonuses and extra leaves.

For both managers and workers, wages and salaries are no longer dependent solely on fulfillment of quantity norms, but also on quality, production costs, and productivity. Implementation of such a system is difficult in Communist countries, and the details of the program are still far from clear.

Consumers have been promised some improvement in the quality and assortment of food and consumer goods. Even though the quantity is not to increase significantly in the first half of the seven-year plan period, greater attention to consumer demands should prevent continued accumulation of unsalable stocks. The regime has also promised to try to solve distribution problems which have caused numerous localized shortages.

The regime has been advertising the development of the chemical industry as the most important task under the new seven-year plan, but Ulbricht's extensive comments on this subject included no new policy statements. He said East Germany would send whole chemical installations to the USSR and would continue to follow the Soviet lead--in this case by increasing its chemical industry 70 percent by 1970. Achievement of this plan goal is possible because some of the petrochemical facilities developed since 1958 are to begin production in 1964 and 1965. 25X1

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The Communist World

**HANOI DISSATISFIED WITH SOVIET SUPPORT ON SOUTH VIETNAM**

The visit of a high-level North Vietnamese party delegation to Moscow from 31 January to 10 February has led to the disclosure of new indications that Hanoi is dissatisfied with the level and extent of Soviet political and diplomatic support for the war in South Vietnam. The cold and formal tone of the joint communiqué issued after the delegation's return to Hanoi reflects the growing strain in Soviet-Vietnamese relations.

Hanoi appears to believe that the conflict has entered a crucial new phase which requires not only intensified Viet Cong military action, but also maximum Communist political and diplomatic pressure to force a change in the US policy of active military support for the Republic of Vietnam. The North Vietnamese mission to Moscow probably urged this course on the Soviet Union. A recent article in the North Vietnamese party journal suggests that the delegation may also have asked for a Soviet statement of firm military support designed to deter the US from large-scale direct intervention in the war in South Vietnam.

At a minimum, Hanoi would doubtless like to see the Soviet Union use its position as co-chairman of the 1954 Geneva Conference to give more aggressive support to North Vietnamese charges concerning US "intervention" in South Vietnam. The North Vietnamese probably also desire Soviet initiatives designed to spur international concern over US policy in the war. Hanoi would also welcome a further increase in Soviet propaganda support.

The North Vietnamese apparently do not expect the visit to result in a significant increase in Soviet backing, however. In a 15 February editorial, Hanoi welcomed the communiqué's renewed pledge of general Soviet support on the war, but declared that the pledge must be translated into "practical deeds" if it is to form a "valuable contribution" in the conflict.

The communiqué indicates that ideological differences were also a major topic of discussion. The Soviets apparently made no headway in swinging Hanoi away from its pro-Chinese stand in the Sino-Soviet dispute. At the end of the visit both sides submerged their differences in a joint reaffirmation of the equivocal Moscow statements of 1957 and 1960. The Chinese Communists--in a move probably designed to show approval of the North Vietnamese stand in Moscow--gave the mission effusive publicity and full red-carpet treatment when it stopped in Peiping en route home.

The outcome of the mission will probably strengthen the hand of the North Vietnamese party's militant, pro-Chinese faction which has long urged more vigorous measures to bolster the Communist position in South Vietnam. The delegation was led by First Secretary Le Duan, a leading spokesman for this group. He and his followers, who have in the past openly hinted at dissatisfaction with Moscow's policies in the war, will probably argue that Moscow's stance during the visit proves that Hanoi must continue to step up its own participation in the war and cooperate more closely with Peiping.

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Asia-Africa

STEPPED-UP COMMUNIST ACTIVITY LIKELY IN SOUTH VIETNAM

Communist guerrilla forces in South Vietnam for the most part observed their seven-day self-proclaimed cease-fire during the lunar new year holidays. With the end of this period on 18 February, a gradual step-up of Viet Cong activity seems certain, possibly including some larger scale attacks in company or battalion strength. A resumption of anything approaching the high rate of activity sustained by the Viet Cong in the ten days preceding their cease-fire would be a dramatic indication that they can dictate the pace of the war and would make it even harder for the government to gain the initiative.

Despite the week's military lull in the countryside, the Viet Cong further stepped up terrorist activities directed against American personnel. Of about 15 reported grenade or bombing incidents since the 30 January coup, all but three have been against installations used or frequented by Americans, mostly in or near Saigon. This campaign seems designed to weaken the resolve of the US and to encourage doubts about the capabilities of the new Khanh regime.

General Khanh, meanwhile, is trying to assert firm control and to rally new support from rural areas. He and other

top commanders have traveled to provincial towns and to military units in the field to demonstrate their personal interest in conditions outside the capital. Khanh told the US consul in Hué, for instance, that he felt previous Saigon regimes had neglected that important northern coastal town.

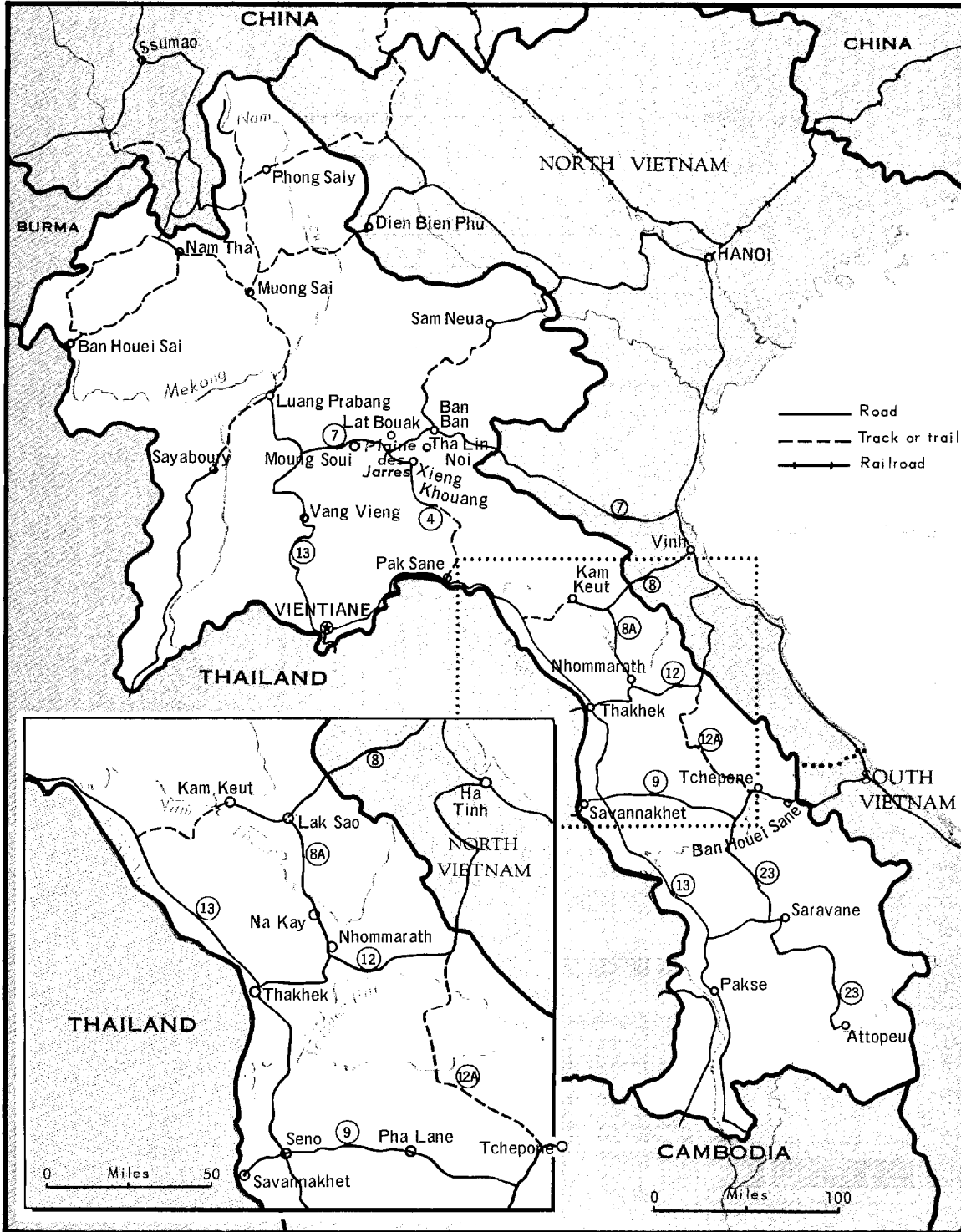
The new government apparently is considering steps to broaden local participation in its top-level councils. Khanh indicated publicly that he plans to reorganize the Military Revolutionary Council, the country's ostensible executive authority, and introduce representatives designated by combat units. Another high-ranking general has stated that the composition of the civilian advisory Council of Notables will be changed, with some of its members elected by provincial councils.

US officials, however, report that there is still considerable uncertainty in rural areas, and that a lack of urgency and clear direction is evident in many of the most critical provinces. In some of these, pacification programs have been at a virtual standstill as a result of the changeovers in Saigon and the new year holidays.

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# LAOS



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Asia-Africa

COMMUNIST MILITARY PRESSURE CONTINUES IN LAOS

Communist forces continue to exert pressure against government positions in several areas of Laos. Perhaps hoping to exploit the confusion and demoralization resulting from the recent rout of rightist and neutralist forces from the central plateau region northeast of Thakhek, Pathet Lao forces--presumably backed by North Vietnamese elements--have initiated actions in the Plaine des Jarres region as well as farther south in the vicinity of the provincial capitals of Thakhek, Savannakhet, and Pakse.

The action on the Plaine des Jarres has been limited to stepped-up artillery exchanges between the opposing forces. To the southeast, Communist forces--long virtually isolated in the vicinity of Xieng Khouang town and resupplied only infrequently by convoys along Route 4--have been successful so far in a drive to clear rightist and neutralist forces from commanding positions in the neighboring hills.

North and east of Thakhek, where Communist forces are within striking distance of the Mekong, the situation appears to have stabilized at least temporarily. Right-wing forces have regrouped and have taken up defensive positions along the

ridges on the eastern edge of the Mekong valley. While Communist forces have mounted small-scale probing actions against some of these positions, it seems unlikely that they would at the present time be inclined to risk a major move into the valley itself. They probably fear such a move might precipitate a sharp response from the SEATO powers.

Farther south, Pathet Lao and North Vietnamese units have been reported active in the area east of Savannakhet along Route 9. South of Pakse, there have been reports of substantial Communist troop concentrations along the Mekong River, and fighting has been reported in the area.

Concerned over the deteriorating situation, Premier Souvanna has requested the International Control Commission to send a team to investigate charges that the Pathet Lao have violated the cease-fire in the Thakhek area. However, the commission is still hamstrung by the Polish member's insistence on prior approval from the Pathet Lao for any investigation and by the Indian chairman's reluctance to undertake action on a majority basis. It has therefore failed so far to dispatch teams to the area.

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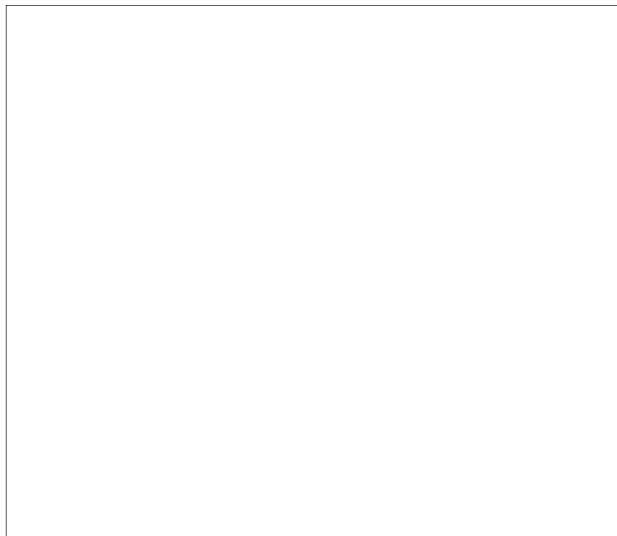
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Asia-Africa

**THE CYPRUS ISSUE**

Isolated acts of violence continue in many parts of Cyprus, but there have been no major clashes in several days. Leaders of both the Greek and Turkish Cypriots appear aware that violence initiated by members of their communities could be detrimental to their respective positions at the UN, where the Security Council this week began consideration of the Cyprus issue.



The UN observer on Cyprus, Indian General Gyani, was successful in arranging a ceasefire in the town of Polis in western Cyprus early this week. Prior to a visit by Gyani to Limassol, scene of widespread fighting last week, the Greek Cypriots made strenuous efforts

to give the city the appearance of complete normality. As a result of these indications of Gyani's influence, the British will probably attempt to have him participate more actively in the future.

The resident manager of the American-owned Cyprus Mines Corporation, largest employer and largest producer of foreign exchange on the island, has recommended to his headquarters that mining operations be suspended. The manager has indicated that dependents and non-essential personnel will be evacuated. This shutdown would add about 1,000 more workers to the already large ranks of the unemployed.

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The Turkish government and press welcomed the 16 February landslide election victory of George Papandreou and his Center Union party in Greece on the assumption that Athens now will have a stable government to deal with the Cyprus issue. There have been rumors in Athens that Papandreou might make some dramatic move--such as proposing a "summit meeting" with Turkish Premier Inonu--in an effort to prevent a possible Greco-Turkish war over Cyprus.

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Asia-Africa

### CHANGE OF PREMIERS IN PROSPECT FOR IRAN

Iran's Prime Minister Amir Asadollah Alam, who has long expressed the desire to step down, is expected to be replaced in late February or early March by Hasan Ali Mansur. The transition should be smooth with few, if any, shifts in other cabinet posts. A change of leadership however, may offset some of the disillusionment that has spread among the public as the government's reform program has lost momentum.

Mansur is the wealthy and ambitious son of a former prime minister. From 1957 to 1959 he was under secretary for economic affairs. He is regarded as a moderate who apparently believes in cautious implementation of the Shah's reform program.

The US Embassy has expressed some doubts about Mansur's qualifications, but in his previous government position he at least demon-

strated an ability to develop a competent staff.

Mansur's appointment may be part of a new political experiment by the Shah--creation of a fashionable "one-party system" to replace the official pro-government party and official opposition party which seem to have outlived their usefulness. Mansur is head of the Progressive Center Group, a kind of political club which he recently renamed the New Iran Party. Presently composed primarily of men of wealth and connections in Tehran, the party has been organizing "cells" in the capital in an effort to broaden its base. Its ultimate objective is to "go to the country." Since it clearly has received the Shah's tacit blessing, the party has attracted supporters in parliament and now includes about 150 of the 195 members.

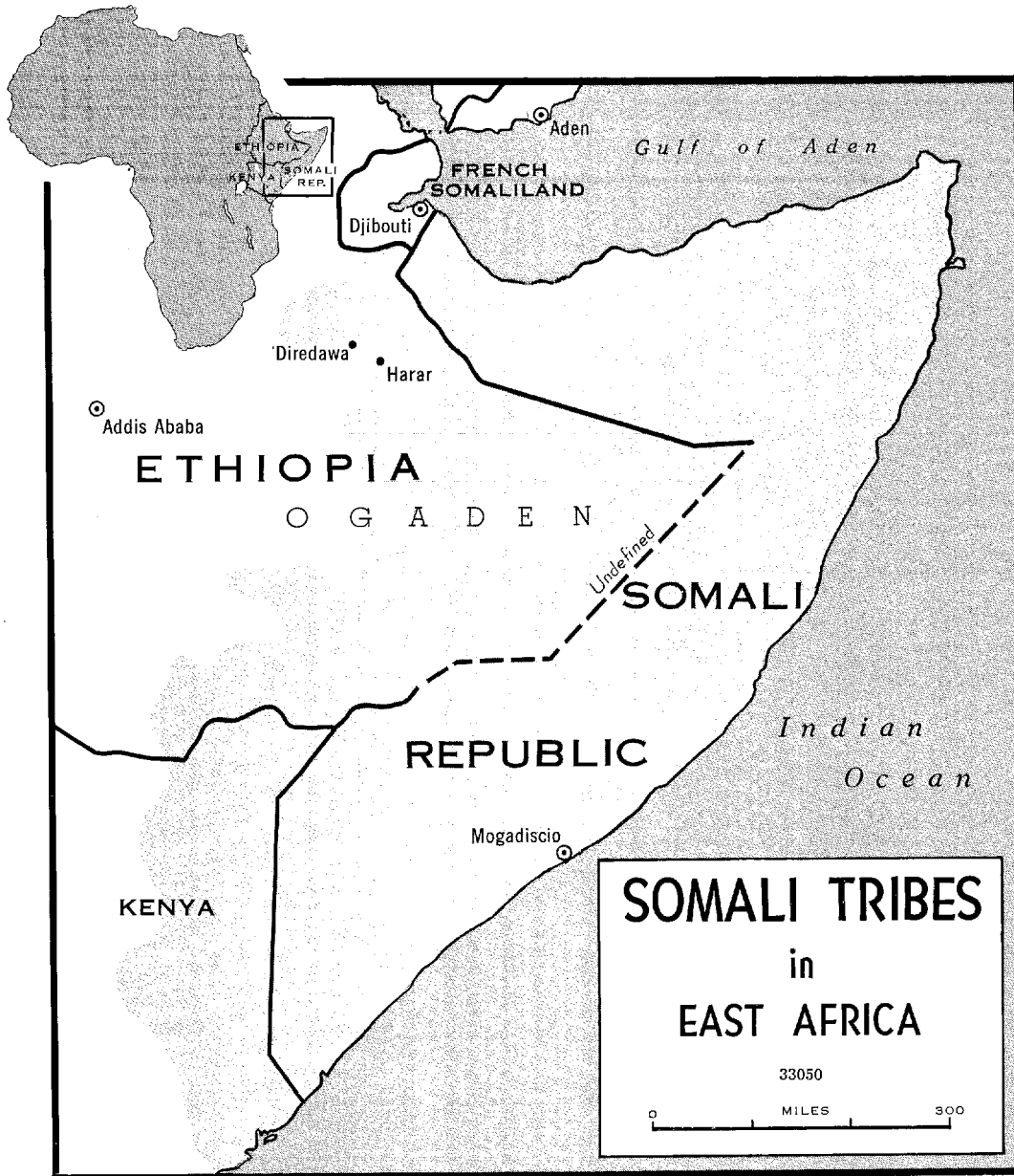
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### TANGANYIKA AND THE EMERGENCY OAU CONFERENCE

The recently concluded extraordinary conference of African foreign and defense ministers in Dar-es-Salaam enabled Tanganyikan President Nyerere to regain among his countrymen some of the prestige he had lost during the January mutiny of the Tanganyikan Army. His standing in African international circles has suffered, however.

Nyerere, invoking the charter of the Organization of African Unity (OAU), called the conference to deal with the "emergency in East Africa." The meeting gave its approval to the Tanganyikan Government's request in January for British troops to put down the mutiny; it also sanctioned Nyerere's efforts to obtain African

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Asia-Africa

troops--Algeria, Nigeria, and Ethiopia have been approached so far--to replace the British.

By obtaining international approval of the British presence, Nyerere has blunted internal criticism of his call for help and has bought time in which to try to set up a loyal indigenous security force. He himself called the conference "incredibly successful," and there seems little doubt that it did help to refurbish his domestic image.

Other African leaders, on the other hand, have tended to

regard Nyerere's call for the conference as unnecessary and a result of panic. Some of them apparently feel they were dragged into bailing Nyerere out of a situation he should have been able to handle himself. Many believe that the issue could have been postponed until the regular OAU foreign ministers' meeting on 24 February. Other East African leaders, particularly Ugandan Prime Minister Obote, feel that Nyerere has reduced their maneuverability in dealing with the British military presence in their own countries. [redacted]

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#### FIGHTING CONTINUES ALONG SOMALI-ETHIOPIAN BORDER

Orders from both capitals to observe a cease-fire beginning at 1200 hours on 16 February have not stopped the fighting along the Somali-Ethiopian border. Each side has charged the other with new aggressions--the Somalis listing 12 specific areas--and each is reportedly reinforcing its troops along the border.

All field commanders concerned may not have received the cease-fire order by the appointed time. There are also indications that commanders--particularly Ethiopian--may be continuing the fight on their own initiative. Ethiopian troops in the Ogaden region are said to be "bellicose" after months of harassment by dissident Somali tribesmen. [redacted]

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[redacted]

The 4,500-man Somali Army has been heavily reinforced by hastily armed "volunteers," and these elements may be difficult to control. Moreover, there is no indication that Mogadiscio's cease-fire order was intended to be--or could be--applied to dissident Somali tribesmen within Ethiopia. The US Embassy in Mogadiscio points out that the arms distributed to the "volunteers" will never be recovered, and predicts that Ethiopia will have more trouble in the Ogaden during the next six months than during the last six. [redacted]

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Asia-Africa

**POLITICAL UPHEAVAL IN GABON**

The ultimate result of the political upheaval that ousted Gabonese President Mba on 18 February was still unclear as of noon the following day. At that time, it appeared that French troop movements in the capital city of Libreville had taken place, aimed at influencing the situation. No reaction was yet reported, however, from the various elements which had committed themselves to Mba's ouster--particularly the Gabonese Army officers who spear-headed it.

According to press reports from Paris, official sources there stated on the morning of 19 February that French forces in Gabon had begun "operations to restore order" on the basis of the "cooperation accords" signed by the two countries in 1960. About 200 French troops were stationed in Gabon before reinforcements were flown in on 18 February from Congo (Brazzaville), the Central African Republic, and Senegal.

These Paris sources reportedly also labeled the original coup, which probably was inspired by Gabonese politicians against whom Mba moved last month, as a "military rebellion of limited character" and said that Paris continued to recognize Mba as the legitimate authority.

Concurrent radio announcements from Libreville claimed the "revolution" had already been foiled and that Mba, who

had earlier been forced to resign and was imprisoned by the rebels, had resumed control. A Gabonese Army captain broadcast this announcement, which also conveyed the impression that the local gendarmerie--previously reported associated with the rebels--had turned the tables on Mba's foes.

One press report from Paris alleged that Jean Aubame, Mba's principal rival, who was named on 18 February as the head of a provisional government, now had "refused to accept office." There are some indications, however, that French representatives in Gabon may be maneuvering behind the scenes to arrange a compromise whereby Aubame would be included in a revised government.

France's action in Gabon contrasts sharply with its refusal last year to help leaders of Congo and Dahomey when they were ousted.

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Paris may also have been influenced by the recent British interventions in East Africa and by the special importance to France of its economic interests in Gabon, which is the source of uranium as well as of a profitable timber industry.

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Asia-Africa

**POLITICAL AGITATION IN BRAZZAVILLE**

A recent demonstration by tribesmen in support of ex-President Youlou has ushered in a period of increased tension in the Brazzaville Congo and produced a notably more hostile attitude toward the West on the part of moderate President Massamba-Debat's regime. Leftist elements within the government have already strengthened their position as a result of the incident and seem likely to profit from any further disturbances the tribesmen may foment.

The 7 February demonstration in Brazzaville was touched off by rumors that Youlou, a chief of the Lari tribe, had been executed. Youlou in fact is still in prison, and the tribal move was put down quickly --with casualties--by government security forces. Their prompt and effective action suggests that Massamba is probably in no immediate danger of being overthrown, at least by a tribal reaction.

In the aftermath of the demonstrations, however, confusion mounted. Under leftist inspiration, a "people's militia" and youth "vigilance groups" were formed and charged with ferreting out "counterrevolutionaries." Massamba has since moved to bring the leftist-inclined youth groups under his own control by the appointment of an activist youth leader--presumably loyal to him--as head of a newly created government commission for youth and sports.

Within the regime, the leftist faction--led by Commerce Minister Aimé Matsika, a trade unionist who has long had Communist ties--reportedly began maneuvering for more important cabinet posts. Militant unionists already hold positions of control in the National Assembly.

The leftists have also apparently convinced several of the moderates in the regime that the Lari demonstration was Western-inspired. Massamba-Debat himself on two separate occasions denounced unnamed "foreign embassies" for urging the Lari on. At a mass meeting on 8 February, the US, France, and the UK were specifically denounced by youth leaders for complicity in the incident.

The French have been apprehensive over Massamba's apparent inability to control the activist elements in his own camp and over the effect on his government of the presence in Brazzaville of exiles from the Leopoldville Congo

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Although the French stood aside when Youlou was ousted last August--maintaining that they would not intervene on behalf of an unpopular ruler--they have kept open the possibility that they might use their forces stationed in Congo in support of Massamba should they become convinced that leftists are planning to oust him.

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Europe

**SPAIN MOVING TOWARD CLOSER RELATIONS WITH SOVIET BLOC**

The Franco regime is working toward the establishment of closer relations with the Soviet bloc. Aside from possible economic advantages, its aim is to demonstrate Spain's international acceptability for the benefit of the regime's critics at home and abroad.

Madrid and Moscow will resume diplomatic relations by 1 April, according to the Spanish ambassador in Paris, who has handled the negotiations with his Soviet colleague. Previously, the Spanish Government had insisted on repayment of some \$570 million of gold sent to the USSR by the Spanish Republican government during the civil war, but Spanish officials recently indicated this is no longer a precondition to recognition.

Negotiations for diplomatic recognition are reportedly also under way between the Spanish and Czech embassies in Paris.

[redacted] Czechoslovakia, Poland, and one other satellite will probably be permitted to set up trade offices there soon. The government's desire to prepare the public for such steps is probably behind recent speculation in the controlled Spanish press about closer relations with the bloc.

For several years Spain has been trading on a semiofficial basis with most of the European satellites, and expanded markets there would somewhat offset--both economically and in international prestige--Spain's exclusion from the European Economic Community. The Spanish Government may also see in closer bloc relations--as in expanding trade with Cuba--a counterweight to possible charges at home that it is subservient to Washington in permitting the berthing of Polaris submarines at the US naval base at Rota. The first of these submarines is en route from its previous base in Scotland.

There may also be a feeling in Spanish official circles that resumption of diplomatic relations with the USSR would have collateral advantages--for example, in softening Mexico's dislike of the Franco regime. In recent weeks the Spanish press has campaigned for an early renewal of ties with Mexico, where the Franco regime has never had more than an unofficial mission. Despite Madrid's long-standing interest in this matter, it seems unlikely that Mexico--which has national elections in July--will respond favorably any time soon. [redacted]

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Europe

### HARDENING EEC POSITION ON TARIFF TALKS

On the eve of further preparatory talks in Geneva for the Kennedy Round tariff negotiations, the EEC position appears to be hardening. European journalists and diplomats--possibly reflecting views expressed by the EEC Commission--are pessimistic about the chances for sizable tariff reductions, and some maintain that the US will not be able to begin the negotiations in May as scheduled.

West Germany, the Common Market country most likely to benefit from liberalized trade, now seems to be increasingly

disposed to support the EEC Commission's formula for identifying tariff disparities--a formula which the US believes favors EEC protectionism. [REDACTED]

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The strong defense by the EEC of its disparity-identifying formula may be an effort to obtain a bargaining lever for negotiating the smaller tariff cut or winning concessions on other issues. [REDACTED]

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### STATUS OF NATO FORCE PLANNING EXERCISE

New efforts are being made to overcome the difficulties which have kept the NATO Force Planning Exercise (NFP) at a virtual impasse since last November. This exercise--originally approved last May--is intended to produce force estimates for the period 1966-1970, taking into consideration not only the specific forces required by NATO's strategic posture, but also the national resources available to meet them.

Disagreements over strategic doctrine, and particularly over the question of timing in the use of nuclear weapons, are the main cause of the delay. The French have been especially forthright in rejecting the US concept of a "flexible response" to aggression in Europe in favor of a more immediate nuclear retaliation, the so-called "tripwire" approach. There is general agreement that the differences over strategy are so

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Europe

divisive that they should not be raised in NATO forums for the time being--even though it is recognized that they necessarily must be faced in due course. This would be attempted only after the Defense Planning Committee, after further analysis of NATO defense needs, has been able to ascertain more clearly how these needs can be met with available resources.

There nevertheless seems to be a consensus that the NFP exercise should go forward if at all possible. Secretary General Stikker has suggested that the NATO commanders put forward tentative sets of force goals for 1970 based on their estimates of the nature of the enemy threat, their particular missions, and, without specific reference to it, the

strategic guidance set forth in past NATO directives.

In late January, French officials were still insisting that the North Atlantic Council must first decide on alliance strategy. However, Stikker has since suggested that the council's directive on the NFP exercise be modified to authorize his "pragmatic" approach. This may give the French a face-saving basis for reversing their stand when the new proposals are presented to the Defense Planning Committee in the near future. In addition, Stikker proposes to invite the defense ministers to attend a special meeting of this committee in April in order to have a high-level review<sup>25X1</sup> of the situation and to point up the importance of the NFP exercise.

#### PAPANDREOU PARTY WINS GREEK ELECTION

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George Papandreou's moderate pro-Western Center Union (EK) won a decisive victory in Greece's 16 February elections. In contrast to its slim plurality in last November's election, the EK captured at least 170 out of 300 seats in parliament. According to near-final unofficial returns, the moderately conservative National Radical Union of former Premier Karamanlis, allied with the small Progressive Party, retained less than 110 seats. The Communist-dominated United Democratic Left won about 20.

The desire of many Greeks for a stable government to deal with the Cyprus issue was probably the most important, although not the only,

factor in Papandreou's victory.

The new government may align itself more closely with Cypriot President Makarios than did the caretaker regime. Late in the campaign, the EK came out strongly against the Anglo-American plan for an international police force drawn from NATO countries. Cyprus aside, the EK will probably continue the policy of close collaboration with Washington, but may move more energetically than did Karamanlis toward improving relations with the Soviet bloc.

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Western Hemisphere

THE SITUATION IN PANAMA

[REDACTED]

There is no evidence that President Chiari or other Panamanian leaders are making any real effort to bring the country to a more moderate attitude.

[REDACTED] a conference of Latin American foreign ministers may be necessary as a last effort to prevent Panamanian charges against the US from passing to the United Nations.

Chiari and other conservatives have done nothing to prevent Communist elements from manipulating the current wave of nationalism because they are afraid of appearing less than nationalistic themselves.

[REDACTED]

[REDACTED]

The CDNS now is well established as the leading voice of Panamanian nationalism. Business groups, however, are withdrawing from it on the grounds that the Communists exert excessive influence in CDNS decisions, although this influence has been obvious from the committee's inception under the leadership of rabid nationalist Jorge Illueca. The Panamanian ruling group continues to minimize the increasingly evident moves by Communists to consolidate their new advantages in labor, student, and other groups, and remains primarily concerned with its own search for a presidential slate to defeat Arnulfo Arias in the May elections.

As a means of keeping jurisdiction over the Panama problem within the OAS, some Latin American countries may favor a foreign ministers' conference. Venezuela and Argentina have recently suggested such conferences on other topics.

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Western Hemisphere

CUBA AND THE US NAVAL BASE ISSUE

Cuba has apparently relaxed the military alert measures instituted after the action against the US Naval Base water supply on 6 February.

High-altitude photography [redacted] revealed the return of most of the troops and equipment that had been moved out of the largest military base in eastern Cuba on 7 and 8 February.

Cuban leaders continue to profess a desire to reduce tensions with the United States.

Express-

ing concern over the dismissals of Naval Base workers, he stated that, if he could be given an indication of how many workers would be fired, he could avoid having to draft a "strong note of protest" to the US.

Meanwhile, Cuban propaganda over the "brutal" dismissals has been strident, and the US is being accused of arbitrarily violating the rights of the workers. The statements minimize the effect on the Cuban economy of the loss of the wages of these workers. The regime has appropriated 300,000 pesos to pay the dismissed workers and has promised them appropriate jobs. [redacted]

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Western Hemisphere

**BRAZILIAN PRESIDENT PUSHING FOR SWEEPING REFORMS**

Under the slogan that 1964 is to be the "Year of Reforms," Brazil's President Goulart has begun another campaign to mobilize support for a reform program. His chances of success do not seem much greater now than in the past year or so, and there is a good deal of suspicion about possible ulterior motives.

Goulart has endorsed the so-called "popular front" program recently put forth by ex-Finance Minister San Tiago Dantas. This program--now public--recommends in part constitutional amendments which would enfranchise illiterates, permit enlisted men in the armed forces to run for public office, and authorize payment in bonds for expropriated property. Dantas also proposes restoration of legal status to the Communist Party, establishment of government monopolies in foreign exchange and the coffee export trade, and extensive agrarian reforms.

Goulart reportedly has sent the proposals to all leading political groups and has discussed them with church and

military leaders. In a public statement, the Communist Party endorsed the plan's general objectives but urged even stronger action.

There is considerable public concern that Goulart may intend to use the Dantas program as a basis for inciting public clamor for a plebiscite on reforms. Such a plebiscite might also include a provision setting aside the constitutional prohibition against Goulart's continuing in office beyond his term. A move in this direction is predicted by leaders of his Brazilian Labor Party in the state of Bahia. Goulart successfully employed a plebiscite last year to restore full executive powers to the presidency after Brazil's brief experience with parliamentary government in 1961-62.

On balance, the proposed measures seem to be designed primarily to enhance the regime's acceptability, especially on the left. Even if some of them were enacted, lagging public confidence in Goulart's government would probably not be greatly strengthened.

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Western Hemisphere

**SPURT IN COMMUNIST TRADE WITH LATIN AMERICA LIKELY IN 1964**

This year a new record probably will be established for trade between Communist countries and Latin America (excluding Cuba). Shortages of foodstuffs in China and Eastern Europe already have enabled Mexico and Argentina to dispose of about \$125 million worth of grain from last year's excellent crops, and further sizable sales of agricultural items appear likely.

China, which usually purchases only token amounts of cotton in Latin America, has agreed to buy \$25 million worth from Mexico for 1964 delivery and is interested in purchases from Brazil as well. Both China and Czechoslovakia are negotiating for substantial quantities of meat. These sales will more than compensate for the reduction in trade with the USSR, which has already been forced to reduce its wheat export commitments to Brazil and is giving no encouragement to Latin American trade missions in Moscow.

Total trade in 1964 will probably pass the \$340-million peak established in 1955 when the Communists made a concerted effort to increase economic relations. The lack of a real economic basis for this trade, however, resulted in a drop to about \$200 million by 1957. Since then trade has risen gradually to \$300 million a year,

but prospects are poor for a sustained significant increase.

Argentina and Brazil, which have been responsible for the largest part of Latin American trade with the Communist world, will be joined by Mexico this year. On the basis of contracts already concluded, Mexico's share of this trade should increase from just a few million dollars recently to about \$65 million in 1964.

There continues to be a basic difference in Soviet and East European trade motivation. The satellites make efforts to expand long-term markets, while Moscow's interest appears to be in maintaining a political presence.

East European trade missions and representatives of Communist trading corporations travel extensively in Latin America. Most recently a Bulgarian group, led by high-ranking officials, spent six weeks in Brazil, Argentina, Uruguay, and Chile. The bloc countries also hold trade fairs and exhibitions periodically. China recently held a six-week exhibition in Mexico which, although it did not produce any immediate orders, is being moved to Chile and possibly to Brazil.

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United Nations

**FINANCING OF UN PEACE-KEEPING OPERATIONS**

Negotiations between the US and the USSR are scheduled to take place in the near future on the complex problem of finding a new formula for financing the UN's peace-keeping operations. What is needed is a workable formula which is politically acceptable to the USSR and the West and which satisfies the demands of the more influential UN members for a greater say in the control and mounting of such operations.

The 1950 "Uniting for Peace" resolution gave the General Assembly sweeping powers to act in crises when the Security Council was paralyzed by the veto. Since then the growth of the assembly from some 50 to over 100 members has resulted in a situation in which the UN's major financial contrib-

utors might have to pay for operations set in motion by a majority of members who contribute the least.

Numerous plans have been put forward to get around this problem. The one most likely to be adopted--first by the major powers and later by the assembly as a whole--will probably leave the initiation of all peace-keeping operations with the Security Council, as is now the procedure, but, in the event the veto sends the issue to the General Assembly, the major powers will keep control of the operation through a Peace-keeping Finance Committee set up by the assembly and weighted in favor of the major powers. Presumably, a power which fundamentally objected to a peace-keeping operation would not be assessed for it.

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