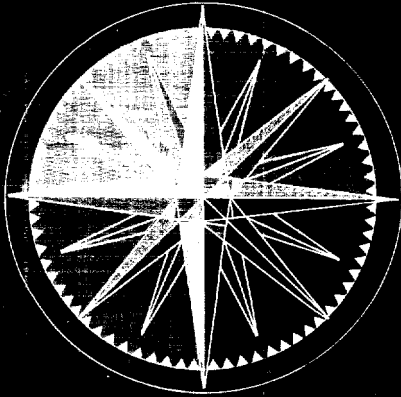


SECRET

Approved For Release 2008/04/24 : CIA-RDP79-00927A004400100001-4

1 May 1964

OCI No. 0329/64
Copy No.



State Dept. review
completed

WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

SECRET

GROUP 1 Excluded from automatic
downgrading and declassification

Approved For Release 2008/04/24 : CIA-RDP79-00927A004400100001-4

Page Denied

SECRET

C O N T E N T S

(Information as of 1200 EDT, 30 April 1964)

<u>THE COMMUNIST WORLD</u>	<u>Page</u>
PEIPING RESUMES THE OFFENSIVE AGAINST MOSCOW Peiping is apparently encouraged by Moscow's failure to obtain wide support for an international Communist conference to discuss bloc unity. Rumania's most recent display of independence will add to Peiping's confidence.	1
NEW SOVIET MOVES TO RESOLVE AGRICULTURAL PROBLEMS Khrushchev's latest measures to combat farm problems, including a top-level party commission to devise means of strengthening the livestock sector, represent a new departure in policy-making procedures and may presage a fundamental shift in agricultural policy.	2
SOVIET ECONOMIC REPORT FOR FIRST QUARTER 1964 The official report, while indicating that industrial output has recovered somewhat from the exceptionally poor performance of the last quarter of 1963, is more truncated than usual, probably because the regime is concerned over the effect of adverse economic data.	4
THE LENIN PRIZE LITERARY COMPROMISE The decision to award the Lenin Prize in literature to a noncontroversial author suggests that Khrushchev, with a full load of other pressing problems, is in no mood to give his unmanageable intellectuals the green light again.	5
BULGARIA REVERTING TO HARDER POLITICAL POLICIES Its more authoritarian domestic policies following a liberalizing trend in 1963 may stem from fear of internal dissidence provoked by the Sino-Soviet dispute. The new animosity for the West probably reflects the embarrassment engendered by the Georgiev espionage case.	6
PEIPING EXPANDING NEWS AGENCY OPERATIONS IN FREE WORLD It recently negotiated an unofficial agreement with a Japanese association for an exchange of newsmen and is trying to enlarge the NCNA staff in Paris.	7

SECRET

SECRET

ASIA-AFRICA

Page

DEVELOPMENTS IN LAOS

8

Leaders of the rightist coup have eased their pressure for a reshuffle of the cabinet

25X1

25X1

AREA NOTES

9

On Indonesia-Malaysia and Syria

TURKEY AGAIN THREATENS ACTION AGAINST CYPRUS

10

Recent Greek Cypriot military successes, combined with the failure of the UN forces to end the fighting, have resulted in stronger pressure on the Ankara government to use its own forces to support the Turkish Cypriots.

TANGANYIKA'S UNION WITH ZANZIBAR

11

Zanzibar's pro-Communist former foreign minister appears to have been outmaneuvered by the speed with which the new government was formed, but difficulties may yet arise in administering the island.

25X1

BEN BELLA STRENGTHENS CONTROL IN ALGERIA

12

The Algerian President last week dominated the constituent congress of the country's single party, the National Liberation Front, and now is on a triumphal tour abroad.

EUROPE

25X1

SECRET

SECRET

<u>EUROPE (continued)</u>	<u>Page</u>
PROSPECTS FOR EEC COMMON ENERGY POLICY IMPROVE The European community's long search for a common energy policy could end if its six members eventually implement arrangements accepted last week which would determine both the consumption pattern for various sources of energy in the community and the level of coal, oil, and gas imports.	13
SPAIN REACTS TO ITALIAN BLACKBALL IN EEC Italy's refusal to go along with Spain's application for association with the EEC--although by no means the only dissenting voice--has led Madrid to threaten Italian businessmen in Spain with economic reprisals.	14
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	
DISSENSION IN FINLAND'S DOMINANT AGRARIAN PARTY A Pravda attack on party chairman Sukselainen, possibly intended by Moscow as an assist to President Kekkonen's effort to unseat him, instead appears to have rallied support to Sukselainen. An Agrarian split over this issue could upset the delicate balance of Soviet-Finnish relations.	16
<p style="text-align: center;"><u>WESTERN HEMISPHERE</u></p>	
CUBA'S NEW ANTI-US PROPAGANDA OFFENSIVE Moscow has joined Havana in what appears to be a concerted propaganda and diplomatic campaign to put an end to US overflights of Cuba.	17
PANAMA'S PRESIDENTIAL CAMPAIGN Progovernment politicians are resorting to time-tested strong-arm tactics and chicanery in a desperate effort to ensure a victory for government candidate Robles.	18
EFFECTS OF BRAZIL'S ANTI-COMMUNIST CAMPAIGN The new regime's "cleanup" operation, now considerably abated, has had far-reaching effects at all levels of the government and the armed forces and has substantially reduced the threat of extreme leftist subversion.	19
POLITICAL VIOLENCE INCREASING IN BRITISH GUIANA Violence incidental to the prolonged jurisdictional strike among the colony's sugar workers is increasing and may persist through the campaign for the general election later this year.	20

SECRET

25X6

SECRET

	<u>Page</u>
AREA NOTES	
On Dominican Republic and Venezuela	21
<div style="border: 1px solid black; height: 15px; width: 100%;"></div>	

25X6

SECRET

SECRET

The Communist World

PEIPING RESUMES THE OFFENSIVE AGAINST MOSCOW

Peiping is confidently moving ahead with preparations for another assault on Moscow. It apparently is encouraged by Moscow's failure to obtain widespread support in its efforts to organize an international Communist conference to discuss the question of bloc unity. Having refrained from polemical blasts for nearly a month, apparently while they assessed the weakness of the Soviet position, the Chinese now are resuming the offensive.

As in the past, the Chinese are preparing the ground for the next major attack by reprinting anti-Chinese materials published in the Soviet Union. On 27 April they devoted six pages in a specially enlarged edition of People's Daily to the full text of Mikhail Suslov's report to the Soviet party central committee last February, the plenum resolution attacking Peiping, and the polemical Pravda editorial of 3 April.

These documents were prefaced by a Chinese editorial comment which promised rebuttal "in due time," and repeated familiar castigations of Russian leaders in unusually scurrilous language. Recent Soviet statements were dismissed as nothing but lies and sophistry which "read like the abuses hurled by a harridan in the street."

Once again Moscow is taunted with its failure to deliver a "resolute rebuff" to Peiping, and the latest Soviet attacks on China are turned off as "stuff" not worthy of debate. Khrushchev--called noteworthy only for his vulgarity and ridiculous antics--is the target of mounting scorn. His charges that the Chinese are following Trotsky are returned to quoque with the implication that Peiping has "relevant materials" which the Chinese are prepared to publish "when necessary" proving Khrushchev's involvement in Trotskyite heresy.

The Rumanian central committee plenum documents published on 26 April will add to Peiping's confidence, and the Chinese can be expected to exploit Bucharest's independent stand. The Rumanian party emphasized the need to respect basic principles of equal rights, national sovereignty, and national and historical differences of Communist states. Moreover, it explicitly denied any party the right to be "superior" or the center of the international movement.

These views, long a weapon in the Chinese ideological arsenal, will probably be welcomed and endorsed by Peiping in the hope that the Rumanian example will encourage further displays

SECRET

SECRET

The Communist World

of independence among Moscow's other allies in Eastern Europe and thus undercut the Russian position even more deeply. The Chinese will also be pleased by Bucharest's call for "thorough preparations" as a prerequisite for a new international conference. The Chinese, still minority contestants in the struggle with Moscow, probably want to avoid a split which would leave Peiping in control only of a rump body and intend to continue the fight at close quarters until the balance has swung in their favor.

Although Moscow continues to republish calls by foreign parties for a world Communist meeting, the Soviet leaders are apparently backing away from efforts to organize a conference for the purpose of condemning Peiping. The Russians have probably been taken aback by the lack of enthusiasm for such a meeting shown by a number of parties. The failure of Yury

Andropov, who heads the central committee department in charge of relations with bloc parties, to call for a world Communist conference during his speech on Lenin's birthday, 22 April, suggests growing Russian hesitancy to press for a showdown meeting now. The Rumanian declaration can only add to Moscow's misgivings.

The Russians are, however, seeking to maintain their tough public stance, and in a long Pravda editorial on 28 April attacked the entire basis of Mao's position in terms of Communist legality. At the same time they are apparently trying to shut the Chinese out of international forums whenever possible and to encourage other Communist states to ostracize Peiping.

25X1

NEW SOVIET MOVES TO RESOLVE AGRICULTURAL PROBLEMS

Khrushchev's call for new "basic" measures to combat Soviet agricultural problems is a clear indication that the regime considers the long-range outlook

for this sector of the economy far from satisfactory. One indication of the importance Khrushchev attaches to his latest scheme is the top-level

SECRET

SECRET

The Communist World

party commission he appointed under presidium member Nikolay Podgorny to work out measures for strengthening the livestock sector. This new departure in post-Stalin policy-making procedures may presage a fundamental shift in farm policy.

The central committee decree published on 23 April implemented a 13 April Khrushchev memorandum, published simultaneously, calling for production of meat and dairy products on "industrial" lines, improvement of the system of training agricultural workers, and improvement of the work of agricultural production administrations. Responsibility in the last two fields was assigned to established party and government agencies.

The Khrushchev memorandum was evidently the one to which he referred in Hungary in early April. At that time he said it would be concerned with new efforts to shift farms from multipurpose to specialized production with increased mechanization, and with "large-scale" investment in agriculture. The memorandum as published, however, stressed specialization, improvements in management, and more intensive use of Western techniques and equipment but played down investment with the admonition that production be increased with "minimum expenditure.

Podgorny's livestock commission, which was given 30 days

to make its report, consists of six other party presidium members--including Brezhnev Kosygin, and Mikoyan--and a number of other high-level Soviet and republic leaders. The selection of Podgorny to head such an august body is further evidence of the high stature he has achieved in recent months. It strengthens his position as one of Khrushchev's two or three most trusted lieutenants.

The urgency of the livestock problem, suggested by the high rank of the commission and its short deadline, lends credibility to recent reports of more wide-scale slaughtering of pigs and cattle in 1963 than Soviet figures would indicate. The regime had admitted to a decline of 42 percent in the number of pigs and a 2 percent decline in cattle.

Establishment of the blue-ribbon Podgorny commission would seem to imply that major reforms are under consideration. The new push for specialized farming and "assembly line" livestock production, for example, might involve a major expansion of the state farm system at the expense of collective farms, which Khrushchev has criticized as "not accountable to anyone." An across-the-board revamping of the present wage incentive system for farm workers is another possibility.

25X1

SECRET

SELECTED SOVIET OFFICIAL DATA ON ECONOMIC PERFORMANCE				
	% Increase (or Decrease) Compared With Same Period in Preceding Year			
	1st Qtr 1963	4th Qtr 1963	All of 1963	1st Qtr 1964
Industrial Production	8.2	*	8.5	8±
Labor Productivity in Industry	5.4	*	5+	4+
Chemical Fertilizer	14	19	15	20
Plastics	*	*	24	26
Artificial Fiber	11	10	11	14
Pig Iron	5	5	6	9
Steel	5	5	5	7
Oil	12	10	11	10
Gas	19	20	22	18
Turbines	4	-20	0	-4
Chemical Machinery	5	7	9	12
Agricultural Machinery	19	18	17	8
Cotton Fabrics	1	8	3	5
Wool Fabrics	1	3	0.4	2
Washing Machines	29	29	27	29
Refrigerators	13	7	9	18
Meat	31	4	13	-11
Butter	-8	-18	-7	-12

640428 3 * Figures Unavailable

SECRET

The Communist World

SOVIET ECONOMIC REPORT FOR FIRST QUARTER 1964

The USSR's report on economic plan fulfillment in the first three months of 1964 indicates that industrial output, while still sluggish, has recovered somewhat from the exceptionally poor performance of the last quarter of 1963.

Production of nonmilitary machinery continued at a relatively depressed level. While the output of industrial raw materials has recovered from the bad fourth-quarter slump, the current tempo is only about equal to the relatively low annual rates of increase in 1962 and 1963. There is no indication of further acceleration above these rates. The poor performance in the civilian machinery sector--apparently in line with lower 1964 plans--may reflect current disruptions in the machine-building industry because of diversion of plant capacity to the production of chemical equipment and the change-over to new types of agricultural machinery badly needed for the fertilizer program.

The first-quarter plan report is traditionally brief, containing no investment, national product, or agricultural data. The current report, however, is even more truncated than usual, probably reflecting the planners' concern over the effect of adverse economic information.

Large increases over the first quarter of 1963 were reported for plastics, artificial and synthetic fibers, and fertilizers and other agricultural chemicals. The increased production of farm chemi-

cals, even though lower than planned, reflects the regime's efforts to boost agricultural production. The 12-percent increase in the output of chemical machinery, although well below the tempo implied by the Khrushchev program announced last December, was more than double the rate of increase achieved a year ago. The stepped-up production of chemical equipment may be resulting in less equipment for other uses. For example, oil machinery output increased only 2 percent and turbine production actually dropped by about 4 percent.

The accumulation of agricultural difficulties is explicit in the report. Meat processed at state slaughterhouses dropped by 11 percent from the first quarter of last year. Meat processing during the first part of 1963 was unusually heavy, however, and this year's lower output probably indicates that most of the distress slaughtering resulting from feed shortages had occurred by the end of the year. Butter production dropped by about 12 percent and milk production rose by only 2 percent.

The over-all situation for the consumer has not improved appreciably in the last three months. As usual, large increases were reported for such major consumer durables as refrigerators and washing machines, but the amounts produced continue to be grossly inadequate to meet demand. Textiles and shoes were produced at a somewhat higher rate than a year ago but the increases were still small.

25X1

SECRET

SECRET

The Communist World

THE LENIN PRIZE LITERARY COMPROMISE

The decision to award the Lenin Prize in literature to Aleksandr Gonchar, a relatively minor, conservative, and noncontroversial Ukrainian author, marks an attempt by the Soviet leadership to discourage the liberal intellectuals who contend that de-Stalinization has not gone far enough. Saddled with a full load of other pressing problems, Khrushchev apparently is in no mood to give his unmanageable intellectuals the green light again.

The burden of the problem lies at Khrushchev's own doorstep. Two years ago he encouraged the publication of Solzhenitsyn's novel about a Stalin era labor camp-- One Day in the Life of Ivan Denisovich--which was eventually nominated for a Lenin Prize. The nomination, however, focused the attention of the intellectual community on the question of who should be blamed for the crimes of the Stalin era, and a heated literary debate ensued.

The liberal writers insist that these mass injustices were the responsibility not only of Stalin and his henchmen, but also of those who obeyed their orders and, to a lesser extent, of all men who failed to protest the injustices. They gave their solid support to Solzhenitsyn's novel as an honest portrayal of the period.

Conservatives, following the orthodox line, insist that the party and the country remained morally wholesome under Stalin despite his "errors." They maintain that all the guilty have been identified

and that it only remains to portray the "true Communists" who retained their faith through all adversities. Their candidates for the prize included Galina Serebryakova, who returned from prison camp to complete her trilogy on the life of Marx, and Boris Ruchev, also a camp alumnus, whose poems celebrate the party-mindedness of camp inmates.

During the winter, the press was flooded with letters about Solzhenitsyn's hero and the various newspapers and journals began to take sides. Pravda and Kommunist carried favorable articles, possibly because Khrushchev himself had authorized publication of One Day. By April, however, the mood had changed. A mounting preoccupation with economic problems and the fight with the Chinese Communists apparently dictated the decision that it would be disadvantageous at this time to encourage the liberals in their campaign for further changes. A decision in favor of the conservatives, however, might have seemed to reverse Khrushchev's original decision to publish One Day and would, moreover, encourage the ultraconservatives, whom he has never found sympathetic.

On 11 April, Pravda suddenly discovered that Solzhenitsyn's novel lacked "artistic" merit. Ten days later, the prize was awarded to Gonchar, who has played no part in recent literary controversies, and whose story of postwar village reconstruction was unrelated to the central issue of the controversy.

25X1

SECRET

SECRET

The Communist World

BULGARIA REVERTING TO HARDER POLITICAL POLICIES

The Bulgarian regime, since the turn of the year, has reverted both to more authoritarian domestic policies and to xenophobia for the West--particularly the US. Although the liberalizing trend evident for most of 1963 was sanctioned by premier and party boss Zhivkov as part of the regime's de-Stalinization program, this year's reversal reflects the superficiality of that posture.

The tightened security controls probably represent a hedge against possible dissidence provoked by the Sino-Soviet dispute as well as a reaction to more frequent displays of public dissatisfaction. There is also evidence that hard-line party elements have been prodding the regime and that it was embarrassed by the Georgiev espionage case which broke late last fall.

Reflecting the tighter controls imposed in recent months, the telling of political jokes has been made an offense punishable by up to five years' imprisonment; deportations from the larger cities, especially Sofia, have been stepped up; fear of contact with foreigners has been exacerbated by the press and by direct police warnings to individuals; and the militia guard has been doubled at the legations of the United States and Turkey, the countries protrayed in recent "spy" trials as the most dangerous to Bulgaria. Furthermore, the minister of interior has publicized the need "to strengthen the organs

of the dictatorship of the proletariat."

The Bulgarian regime continues to pay lip service to a foreign policy of "peaceful coexistence" while its actions make this slogan meaningless except for formally correct interstate relations. Although diplomatic personnel of the United States' NATO allies--the French, British, Italians, and Turks--have also noted an increased chill in recent weeks in their dealings with Bulgarian officials, US-Bulgarian contacts have been particularly restricted.

Would-be visitors to the US Legation are invariably questioned by the militia stationed there and are frequently turned away despite strong protests from the US minister. In addition, the regime has taken steps to control US Legation contacts with Bulgarian officials by insisting that all appointments be made through the Foreign Ministry's Diplomatic Service Bureau.

Despite this renewed authoritarianism, however, there is no firm evidence indicating Zhivkov faces serious dissidence inside the party, even though there is constant scheming within the hierarchy and jockeying for lesser positions. Zhivkov enjoys Khrushchev's strong public support, as evidenced by the recent \$333-million Soviet credit to Bulgaria and the extravagant reception accorded Zhivkov during his February visit to Moscow.

25X1

SECRET

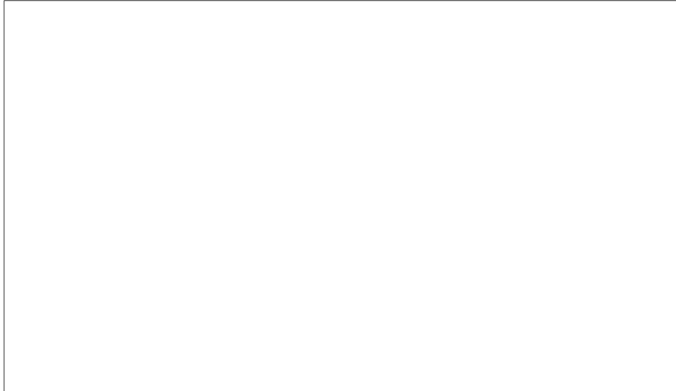
SECRET

The Communist World

PEIPING EXPANDING NEWS AGENCY OPERATIONS IN FREE WORLD

Peiping is pressing its efforts to expand the net of New China News Agency offices in the free world. The Chinese have recently negotiated an unofficial agreement with a Japanese newspaper association for an exchange of newsmen. They may conclude a similar arrangement with the Canadians soon, and are attempting to enlarge the existing NCNA staff in Paris.

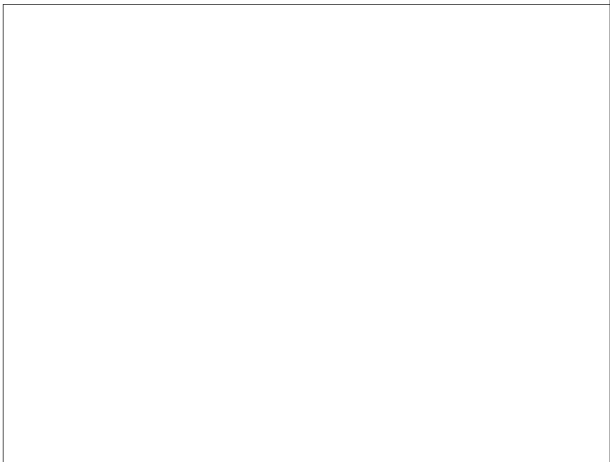
NCNA reached the agreement with the Japanese on 19 April, during talks with Japanese Liberal Democratic Party leader Kenzo Matsumura. The agreement provides for an exchange of up to eight reporters by each side before 10 June. Since the Japanese did not insist on reciprocal treatment, their newsmen will operate under close restriction, although the NCNA staff in Japan will enjoy complete freedom of movement.



25X1

The recent Chinese setback in Brazil, where two NCNA correspondents and seven trade officials were jailed in early April on espionage charges, has probably weakened Peiping's bargaining position and made it more anxious than ever to establish a new foothold in North America. In addition, Peiping may be counting on the current swing in Canadian public opinion favoring recognition of Communist China to pave the way for expanded NCNA activities later on.

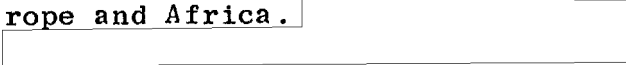
25X1



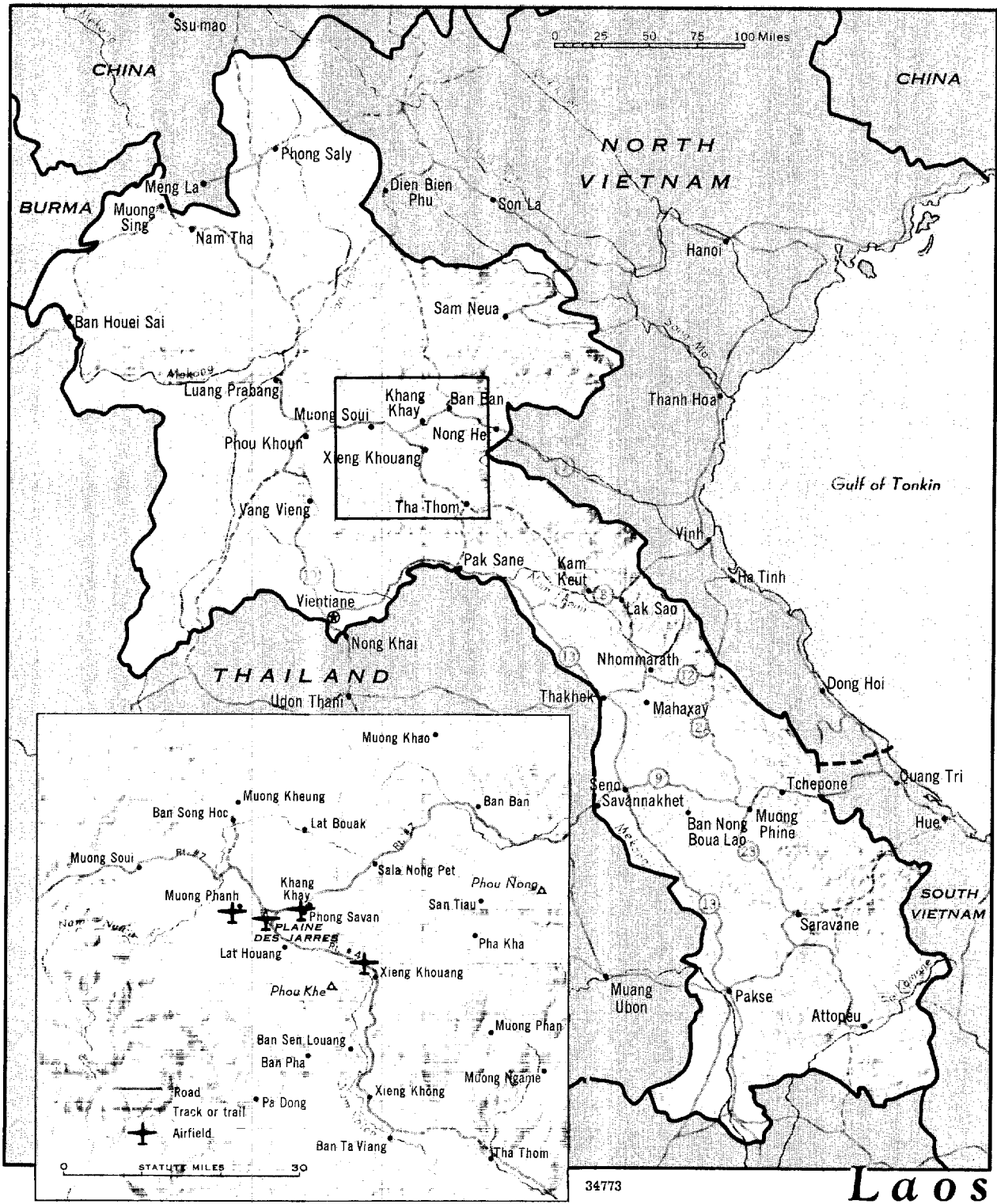
25X1

Peiping apparently intends to make Paris a major center of political activity, and the augmented NCNA staff there would increase Chinese capabilities for propaganda work in Europe and Africa.

25X1



SECRET

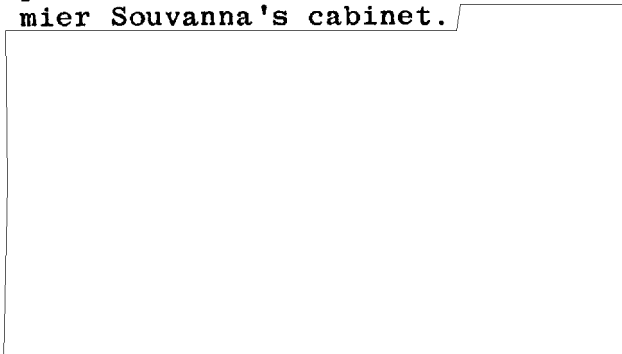


SECRET

Asia-Africa

DEVELOPMENTS IN LAOS

The leaders of the right-wing coup in Laos appear for the moment to have eased their pressure for a reshuffle of Premier Souvanna's cabinet.



Rightist General Phoumi, on behalf of Souvanna, this week called on absent cabinet members to reassume their seats in the cabinet. Pathet Lao leaders, concerned over their safety in Vientiane and probably suspecting a rightist maneuver to ease them out of the government, have dismissed Phoumi's summons as mere "propaganda" and have called for a return to precoup conditions.

Pathet Lao chief Souphannouvong has accepted Souvanna's bid for new talks between the two leaders. Souphannouvong did not, however, specify either a time or a place for the meetings;

in the past these matters have been agreed upon only after protracted negotiations. Souphannouvong's intransigence caused the collapse of the tripartite talks earlier this month. The premier, who proposed neutralist headquarters at Muong Phanh for the meeting, expressed his hope that Souphannouvong would be prepared to take a reasonable line.

The military situation on the Plaine des Jarres appears quiet following several probes by the Pathet Lao against rightist and neutralist positions north-east of Muong Phanh. In other areas, however, Pathet Lao forces appear to be taking advantage of the confusion in non-Communist ranks and are pressing attacks against rightist and neutralist units in the mountains east of the plain.

To the south and south-east of the Plaine des Jarres, a battalion nominally subordinate to Kong Le has joined with the Pathet Lao and dissident neutralists. In other actions, the Pathet Lao have once again occupied Ban Nong Boua Lao, east of Savannakhet.



25X1

SECRET

SECRET

Asia-Africa

AREA NOTES

Indonesia-Malaysia: Reacting to Malaysian Prime Minister Rahman's sweeping electoral victories on 25 April, Indonesian President Sukarno has ordered an intensification of his anti-Malaysia policy in all fields.

[Redacted]

[Redacted]

25X1

Rahman's Alliance Party won 89 of 104 parliamentary seats and gained control of 10 of the 11 state legislatures involved in the election. These gains were at the expense of minor pro-Indonesia parties. Rahman waged his campaign largely on the theme that a vote for the Alliance was a vote against Sukarno.

25X1

[Redacted]

Syria: Tension is still high following more than a week of merchant strikes in major Syrian cities. Most shops in Damascus, Aleppo, Homs, and Hama were closed down after the Hama disturbances two weeks ago in protest against the Baath regime's socialist policies. The strike, joined by professional groups and artisans, seems to have been a genuine popular expression of anti-Baath sentiment.

Regime leaders were divided on the question of how to handle it.

[Redacted]

Prime Minister Hafiz tried

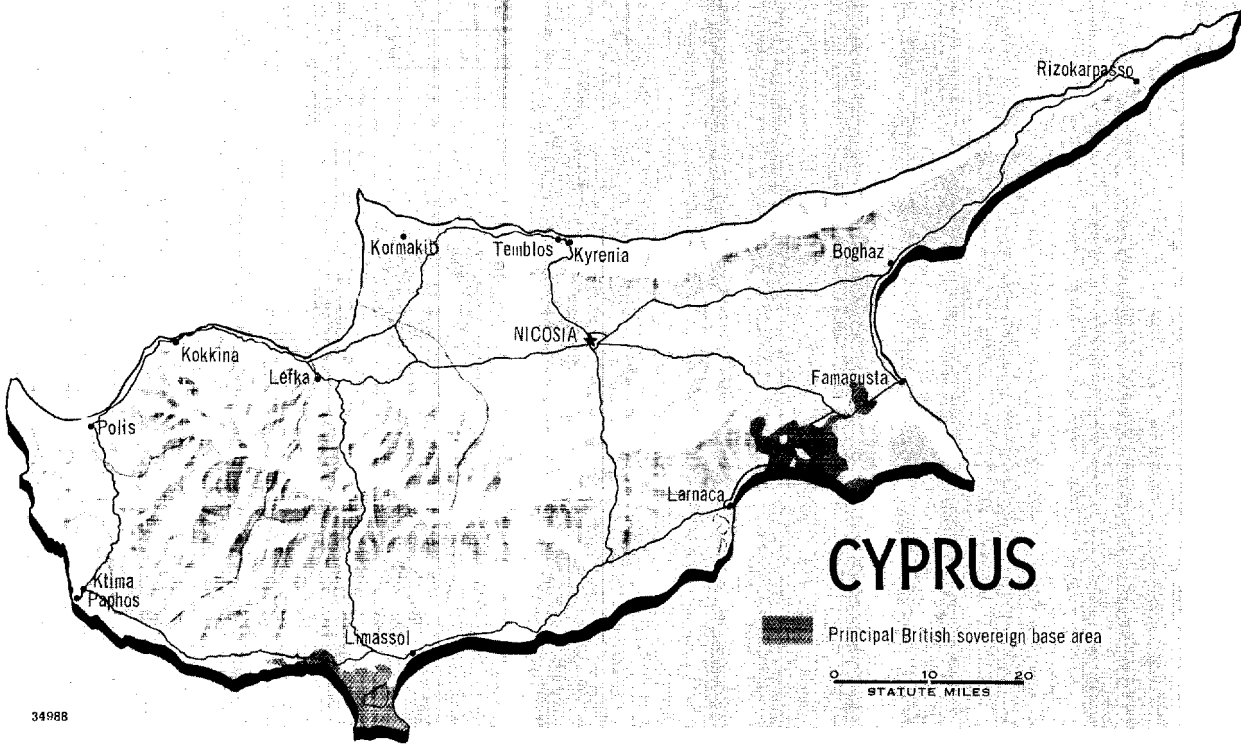
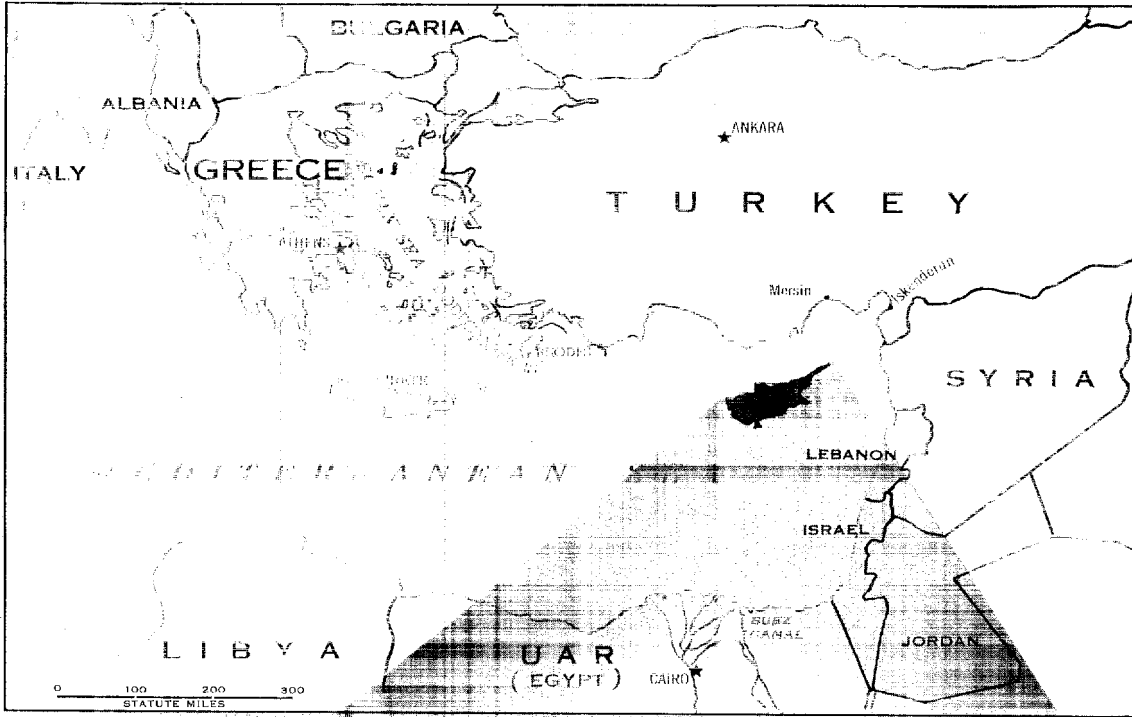
to avoid violence. After attempts to negotiate with merchant delegations failed, however, Hafiz issued a decree effective on 30 April authorizing court-martial for merchants who refused to open their shops. Most establishments seem to have yielded to the threat, at least for the moment.

Antiregime activity will certainly continue, however. Opposition groups are apparently still disorganized but their leaders presumably hope to intensify antiregime feeling-- particularly within the army-- and thereby spark an anti-Baath coup.

25X1
25X1

[Redacted]

SECRET



34988

SECRET

Asia-Africa

TURKEY AGAIN THREATENS ACTION AGAINST CYPRUS

Recent Greek Cypriot military successes in the fighting near Kyrenia, combined with failure of the UN forces to end the fighting, have led to a new threat of Turkish military intervention.

NATO Secretary General Stikker, who visited Ankara and Athens this week in an attempt to prevent further deterioration in Greek-Turkish relations, has said that Turkish Premier Inonu told him he was prepared to order an invasion on 28 April. Inonu told Stikker he had decided to await further developments, however, and appeared pleased when the commander of the UN forces on Cyprus, General Gyani, issued a thinly veiled denunciation of the Greek Cypriot offensive.

The Turkish Government has been under growing domestic pressure to take a strong stand on Cyprus. It fears a major attack on its policies from the opposition Justice Party in the

parliamentary debate expected in the next few days. The government also fears that military officers, frustrated over the Cyprus issue, might attempt a coup d'etat.

UN forces on the island may in fact be taking a firmer stand in the face of provocations from either side. On 30 April Swedish troops returned Greek Cypriot fire directed at them and disarmed the irregulars who engaged in the attack. This is the first time UN troops had taken such action in Cyprus.

The chief of staff of the Greek Air Force viewed the deterioration in Greek-Turkish relations with considerable alarm on 29 April but appeared more relaxed the following day. Reconnaissance aircraft are continuing special patrols over the Greek islands off the Turkish coast

25X1

25X1

* * *

SECRET

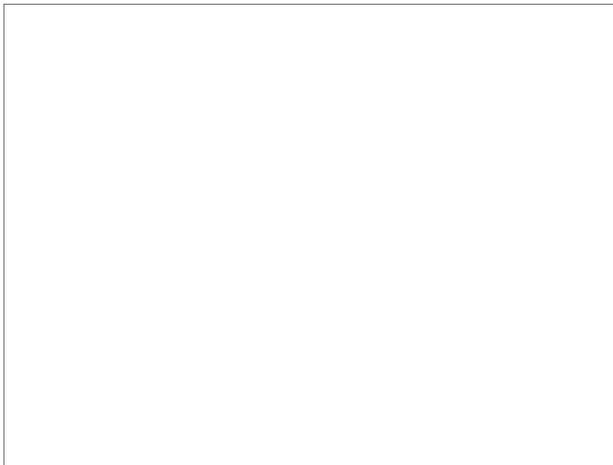
SECRET

Asia-Africa

TANGANYIKA'S UNION WITH ZANZIBAR

Zanzibar's pro-Communist former Foreign Minister Babu appears to have been outmaneuvered by the swiftness of Tanganyika's absorption of Zanzibar, but the new United Republic effected on 27 April may still face serious problems of implementation.

Tanganyikan leaders apparently convinced former President Karume and Vice President Hanga that union with Tanganyika was the only way to prevent Babu and his pro-Chinese Arabs from gaining complete control of Zanzibar. Karume appears to have given little thought to the practical details of such a union, and may not even have realized the extent to which he was surrendering Zanzibar's sovereignty.

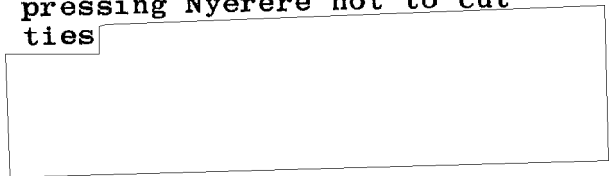


Moderate Tanganyikan ministers have assumed responsibility for Zanzibar's police and army, but in return President Nyerere has given the Zanzibaris heavy overrepresentation in the new government. Several pro-Soviet extremists are among the Zanzibaris in the cabinet, but Nyerere expects that pro-Communist elements will be

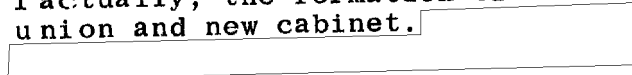
"smothered" in Tanganyikan nonalignment.

Under the new arrangements, Zanzibar has become in effect a region of Tanganyika, but the new government may have trouble administering the island. Karume will be under strong pressure to resist Tanganyikan "domination" of Zanzibar's affairs. Babu's militants are not yet disarmed and Communist sympathizers still control information media and other key posts.

Among the immediate unresolved political issues are the disposition of Soviet arms on the island and the future of the foreign missions. Moscow's and Peiping's embassies will probably be downgraded to consulates. Despite Tanganyika's close ties with Bonn--where Foreign Minister Kambona is about to discuss military and economic aid--East Germany may keep at least a "trade mission." Zanzibar leaders are pressing Nyerere not to cut ties



Soviet comment suggests continued caution regarding developments in Zanzibar. Not having committed its prestige to the support of the revolutionary regime, Moscow is free to work for close ties with the new government and may hope to gain favor by giving the impression of approving the union. To date, Peiping has avoided comment, merely reporting factually, the formation of the union and new cabinet.



25X1

25X1

25X1

SECRET

SECRET

Asia-Africa

BEN BELLA STRENGTHENS CONTROL IN ALGERIA

President Ahmed Ben Bella has emerged with enhanced authority from Algeria's first major political conclave and now is further increasing his domestic prestige by an extended visit to the USSR, Bulgaria, Czechoslovakia, and Egypt.

Ben Bella appears to have dominated every aspect of the proceedings of the constituent congress of the National Liberation Front (FLN), which met in Algiers from 16 to 22 April. According to the constitution the FLN is the country's only political party, establishes national policy, and controls the activity of the national assembly and the government. The party's governing bodies, as established by the congress, are so unwieldy, however, that they are not likely to interfere with the near-absolute authority of Ben Bella, newly elected FLN secretary general.

The 80-member FLN central committee contains a solid majority of loyal followers of Ben Bella, but only a token number of the regime's intellectuals. Most potential opposition leaders have been excluded. The committee may serve as a political training ground, but in the meantime, as a continuing body of the congress, it can provide a "people's" endorsement for Ben Bella's policies.

The influence of vice premier and Defense Minister

Boumedienne, who as army commander poses the greatest potential threat to Ben Bella's control, is stronger in the 17-member political bureau than in the central committee. Even here, however, the five-man Boumedienne clique is offset by four anti-Boumedienne former guerrilla commanders. Most of the other eight members are probably loyal Ben Bellists.

The illegal Algerian Communist Party, which had attempted to obtain recognition as an entity within the FLN, was defeated in this effort at the congress, and the FLN took over the pro-Soviet Communist daily Alger Republicain, the best and most widely read newspaper in the country.

Accompanied by four cabinet members, the army chief of staff, and some 30 lesser officials, Ben Bella departed on 25 April for Moscow, where he will be the first nonbloc chief of state to share the limelight during May Day celebrations. While there, he may sign agreements committing much of the \$100-million credit advanced to Algeria last fall. Whatever projects the Soviets undertake, however, Ben Bella will insist that Algeria remain nonaligned, and he will almost certainly continue to rely mainly on France and the West for economic assistance. 25X1

SECRET

SECRET

Europe

PROSPECTS FOR EEC COMMON ENERGY POLICY IMPROVE

After nearly seven years of false starts and setbacks, the European Coal and Steel Community (CSC) may finally be on the road toward establishment of a common energy policy. The CSC Council on 21 April approved a comprehensive list of proposals which, if implemented, would have far-reaching implications both in and outside the community. The arrangements these proposals envisage would eventually determine not only the consumption pattern for various sources of energy within the framework of the European communities but also the level of CSC imports of coal, oil, and gas.

Designed to ensure secure sources of cheap fuel to meet fast-rising demands, the proposals also hope to guarantee fair competition among coal, oil, and nuclear fuels, without unduly disrupting existing industries. The most important break-through made last week relates to the future of the coal industry, which has been the chief stumbling block in the past. Heretofore the important coal producers, notably Belgium and West Germany, have been at loggerheads with the large energy importers--Italy and the Netherlands--over the amount of protection to be afforded the increasingly uncompetitive coal mines. Both sides now have accepted a compromise calling for "generally depressive" protective aid for coal--a vague wording which begs

the question of how long subsidies for coal will persist, but which at least recognizes that the coal industry must eventually reconcile itself to increased competition from cheaper energy forms.

The US Mission believes that the old cycle of "agreement in spring, disagreement in fall" could recur on the energy question. An ominous consideration is a rising coal stockpile which CSC members may endeavor to protect despite their commitments last week not to do so. Other factors in the European energy picture, however--the discoveries of huge natural gas fields in the Netherlands and under the North Sea, the availability of Saharan oil and gas, and the prospect of competitive atomic energy as early as 1968--will make it increasingly difficult to defend state aids to high cost coal mines, and weigh in favor of a common energy policy.

It is too early to tell what impact a common energy policy will have on outside suppliers such as the US and Middle Eastern countries.

25X1

SECRET

SECRET

Europe

SPAIN REACTS TO ITALIAN BLACKBALL IN EEC

Italy's refusal to go along with Spain's application for association with the Common Market (EEC) has led Madrid to threaten reprisals. Although Italy is by no means the only EEC country to reject Spain, the Spanish commerce minister recently called in a number of Italian businessmen in Madrid to denounce their government's attitude.

The intemperance of the Spanish reaction appears to result in large part from Madrid's strong desire for European acceptance, particularly in the economic field. It considers EEC association an essential aspect of its efforts to liberalize the Spanish economy and, as such, an urgent foreign policy objective.

Italy's attitude is motivated primarily by strong dislike of the Franco regime. While all the coalition parties oppose accepting Spain in the EEC, both the Saragat and the Nenni Socialists are particularly

hostile to the idea. The US Embassy observes that the Nenni Socialists have problems enough in justifying their participation in the coalition without exposing themselves to Communist and dissident Socialist charges of being soft on Franco. A secondary factor in Italy's attitude is that certain of its agricultural exports, such as citrus fruits and olive oil, are in competition with Spain's. The only give in Italy's position appears to be some willingness to consider in principle EEC trade agreements with Spain.

Italy's exports to Spain amounted to less than 2 percent of its total exports in 1963. Spain's exports to Italy rose from 2 percent to 4 percent of its total exports during the first nine months of 1963, and imports from Italy to more than 5 percent of all Spanish imports.

Spain's threats against Italy have had an irritating effect on the West Germans, who heretofore have supported Madrid's association with the EEC. Bonn officials now indicate that they might not be inclined to back further discussions toward this end so long as there was "a Spanish fist on the table."

SECRET

Page Denied

Next 1 Page(s) In Document Denied

SECRET

Europe

DISSENSION IN FINLAND'S DOMINANT AGRARIAN PARTY

A 6 April Pravda article attacking a number of alleged anti-Soviet "reactionary" politicians in Finland is having widespread repercussions in that country. Particularly concerned is President Kekkonen's own Agrarian Party, whose chairman, Vieno Sukselainen, was among those singled out.

The USSR, which had never before attacked a top Agrarian leader, may have felt that its attack on Sukselainen would help the Kekkonen faction--the so-called "K-liners"--retain control of the increasingly restive party. In an effort to make the attack more convincing, the Pravda article used Sukselainen's recent appearances at Estonian emigré festivities in the US and Sweden to accuse him of undermining Soviet-Finnish relations.

Kekkonen dislikes Sukselainen and looks on him, rightly or wrongly, as a potential competitor as well as a rallying point for the sizable but disorganized anti-Kekkonen element which has long chafed under the arbitrary direction of party affairs by the K-liners. Publication of the Pravda article coincides with reported efforts by the K-liners to unseat Sukselainen and replace him with a more pliant and amenable chairman at the Agrarians' June congress.

The K-liners apparently had already designated Vice Chairman Virolainen and Ahti Karjalainen, the former premier and a Kekkonen protégé, as ac-

ceptable candidates for the chairmanship. They may now have to move more slowly, however, since the Pravda attack has evidently had the effect of rallying support to Sukselainen. Even beforehand, Sukselainen commanded a large following, especially among the Agrarian parliamentary group. There is also a very real risk of a split in the Agrarian Party if the K-liners offend the moderate majority by appearing to move in tandem with the Soviet Union against Sukselainen.

A diminution of Agrarian strength resulting from a split would not only be a blow to Kekkonen's prestige and authority, but might also have an impact on relative party strengths. The Social Democrats, who now are in the process of healing their own longstanding breach, would profit. The Communists would probably be the principal beneficiaries, especially in the remote northern and eastern areas where the Agrarians have been their principal competitors.

Moreover, given the Agrarians' identification with Finland's policy of maintaining close, friendly relations with the USSR, any significant weakening of the party's or Kekkonen's position would be viewed with considerable concern in Moscow. The USSR previously has not hesitated to intervene in Finnish domestic affairs when it felt its own interests might be directly affected.

25X1

SECRET

SECRET

Western Hemisphere

CUBA'S NEW ANTI-US PROPAGANDA OFFENSIVE

The Soviets are supporting Cuban efforts--initiated by Castro in his 19 April speech--to arouse international alarm over dangers posed by the US overflights. Moscow apparently hopes to increase the political costs to the US of continuing the flights and eventually induce Washington to curtail or terminate them.

Castro's speech was followed up by two strong Cuban notes to the US and by a 23 April letter to the UN Secretary General "warning the world" that the US would be responsible for any threat to peace resulting from US "provocations" and violations of Cuban sovereignty. Cuban propaganda is also emphasizing the Guantanamo Naval Base issue, but Castro's main interest now is probably to stop the overflights.

After the US announced that the flights would continue and warned against interference with them, Moscow responded on 24 April with an Izvestia "Observer" article--authoritative but short of a government statement or diplomatic note. The article endorsed Cuba's right to "take the necessary measures" to end these operations and denounced the flights as illegal and as a contravention of the US-Soviet "agreement" ending the 1962 missile crisis. In reaffirming Soviet support, however, Izvestia simply repeated the standard formula that the USSR will "side with Cuba" in the event of a "treacherous attack" and avoided any commitment to specific countermeasures. The article also attempted to undercut any US move to hold the Soviet Union responsible for Cuban

actions by pointing out that the weapons in the hands of the Cubans "are the property of the Cuban people."

The immediate aim of the Soviet and Cuban pressures is probably to prepare the ground for formal diplomatic action at the UN--which Castro has served notice he intends to initiate. Moscow and Havana may believe that the threat of such action will encourage the US to consider some form of negotiated settlement of the overflight issue.

It is unlikely that the Soviet leaders are concerned that Castro might shoot down a US aircraft soon after he secures control of the surface-to-air missile (SAM) system, but they cannot ignore the risk that transfer of these weapons will increase his ability to embroil the USSR with the US. They therefore will probably persist in efforts to induce the US to stop overflights while at the same time seeking to restrain Castro from direct clashes with the US.

Cuban personnel probably are now capable of manning, operating, and controlling the air defense system, although they probably are not yet able to perform all the necessary maintenance.

25X1

SECRET

SECRET

Western Hemisphere

PANAMA'S PRESIDENTIAL CAMPAIGN

Progovernment politicians in Panama are resorting to time-tested strong-arm tactics and chicanery in a desperate effort to ensure a victory on 10 May for government presidential candidate Marco Robles.

National guard orders to collect all private firearms and stop the clandestine arms traffic evidently have not extended to the heavily armed groups of thugs guarding Robles and other politicians opposing the front-running candidate, Arnulfo Arias. On the other hand, the police are under orders to "crack down hard" on possible attempts by Arias' henchmen to challenge government control of the ballot boxes.

If the Arias forces persist, however, the government may call on the electoral tribunal to use its statutory power to nullify elections in localities where there have been "acts of violence sufficient to affect voting results." The government might conceivably foment violence deliberately if ballot-tampering promises to prove insufficient to defeat Arias.

The government coalition's last-minute attempts to gain support against Arias are helping the Communists and other leftist extremists. They decided some weeks ago that another president representing the traditional ruling elite would suit their purposes better than Arias, who has based his campaign on growing popular resentment against the oligarchy.

Among those who may have made deals to help defeat Arias in return for government favors or promises of assistance are Norberto Navarro, a Communist-approved extremist presidential candidate; Ramon Pereira, owner of vituperative and irresponsible Radio Mia; and pro-Communist labor adviser Carlos Ivan Zuniga. The striking United Fruit Company banana workers' union, which is dominated by Zuniga, has announced that its members will demonstrate in Chiriqui Province on 1 May against Arias, claiming that he will destroy the trade unions if he is elected. There may also be a Cuban-sponsored May Day demonstration in Colon, another likely area for moves to cut down Arias' popularity.

25X1

SECRET

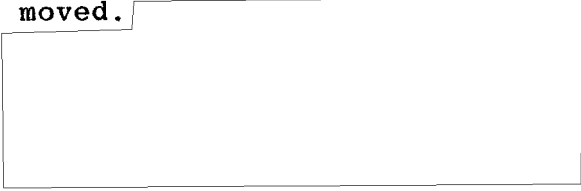
SECRET

Western Hemisphere

EFFECTS OF BRAZIL'S ANTI-COMMUNIST CAMPAIGN

The Brazilian Government's intensive "cleanup" operation, now considerably abated, has had far-reaching effects at all levels of the government and the armed forces and has substantially reduced the threat of extreme leftist subversion. However, there has been virtually no punitive violence, and the emphasis has been on gathering evidence to demonstrate the corruption of the Goulart regime and to bring legal actions against subversives.

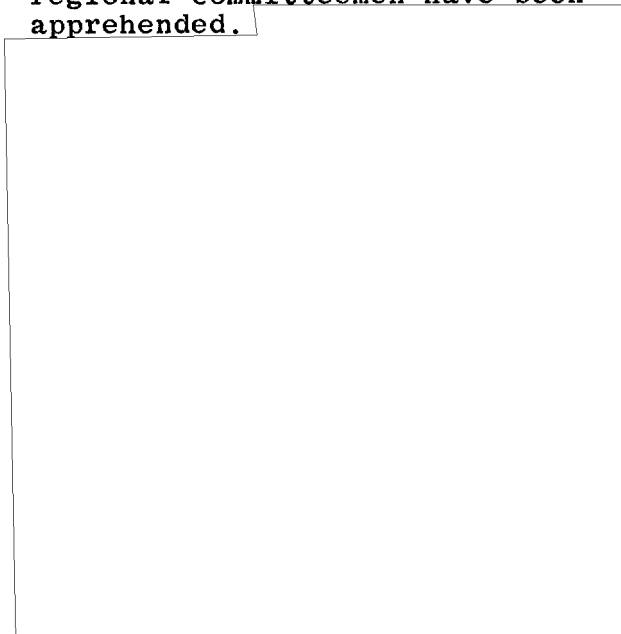
A number of senior officers of all the armed services are under arrest, and over a hundred have been removed from active duty. The mandates of more than 40 federal congressmen, representing several parties, have been canceled; their political rights and those of more than a hundred others have been suspended. A number of high officials under Goulart are under arrest, and many others have fled into exile or political asylum. At least two state governors have been impeached, and several mayors and other local officials have been removed.



The "cleanup" appears to have left the Communist Party (PCB) temporarily confused and off balance, and there is evi-

dence of differences among its leadership as to the future party line. The enduring effects may not be great, however, at least in Sao Paulo State, which has the heaviest concentration of PCB members. Party chief Luiz Prestes is still at large, and few of the central committee members or important regional committeemen have been apprehended.

25X1



The army, alert to the possibility of organized subversive activities by the CPB or other groups, has taken special security measures.



SECRET

SECRET

Western Hemisphere

POLITICAL VIOLENCE INCREASING IN BRITISH GUIANA

Violence incidental to the prolonged jurisdictional strike among British Guiana's sugar workers is increasing and may persist through the campaign for the general election later this year.

At latest count, 12 persons have been killed, and well over a million dollars' worth of cane has been destroyed in the two and a half months since leftist Premier Cheddi Jagan's union (GAWU) called the strike. GAWU seems to be losing its bid to gain sole bargaining rights with the sugar producers and nearly 60 percent of the normal work force is back on the job, but the violence GAWU instigated now is developing into widespread clashes between East Indians and Negroes.

Last week, racial violence was so extensive west of Georgetown, the capital, that the governor called up the 600-man volunteer force. This force is inadequately trained for mob control but is being used initially for guard duty to free about 30 of the regular 1,500-man police for deployment to areas of racial clashes. Unless the political leaders--and particularly the Jagan regime--take more effective action than they have thus far to restrain their followers, there is likely to be a further deterioration of law and order,

possibly requiring the intervention of British troops.

25X1

The Colonial Office in London will probably not schedule the Guianese elections until after the British general elections in October. Voter

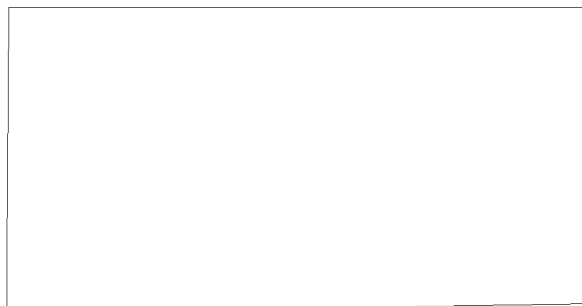
SECRET

SECRET

Western Hemisphere

registration in the colony is set for 8 May through 6 June. Jagan's party is increasingly fearful of losing if, as London intends, the election is held under proportional representation rules. It has tried to persuade the British Labor Party to oppose such a plan, but the Laborites, while critical of the government's plan, have not said they would try

to alter it if Labor were to take office after October.



25X1

AREA NOTES

The Dominican Republic's provisional government has undertaken the politically dangerous austerity program necessary to put the country's financial house in order. On 23 April the regime imposed new taxes on a wide range of imported goods. It also accepted an "offer" from military leaders to give up the armed forces' privilege of importing consumer goods duty free. Further reforms are said to be in the offing.

Initial public reaction to the new taxes--which strike hard at the government's conservative supporters in business--has been relatively mild, and the move aimed at curbing widespread armed forces smuggling has brought highly favorable comment. However, the regime will need to mobilize public support in order to withstand the pressure from politically powerful vested interests against these and future austerity measures.

25X1

Venezuela's President Leoni believes that his government's protest about shipment of Cuban arms to Venezuelan terrorists will be rejected by the OAS. During a conversation with the US ambassador in Caracas on 24

April, he based his prediction on a relaxation of cold-war tensions he believes has occurred in recent weeks, and on what he interprets as changes in US policy toward Latin America.

SECRET

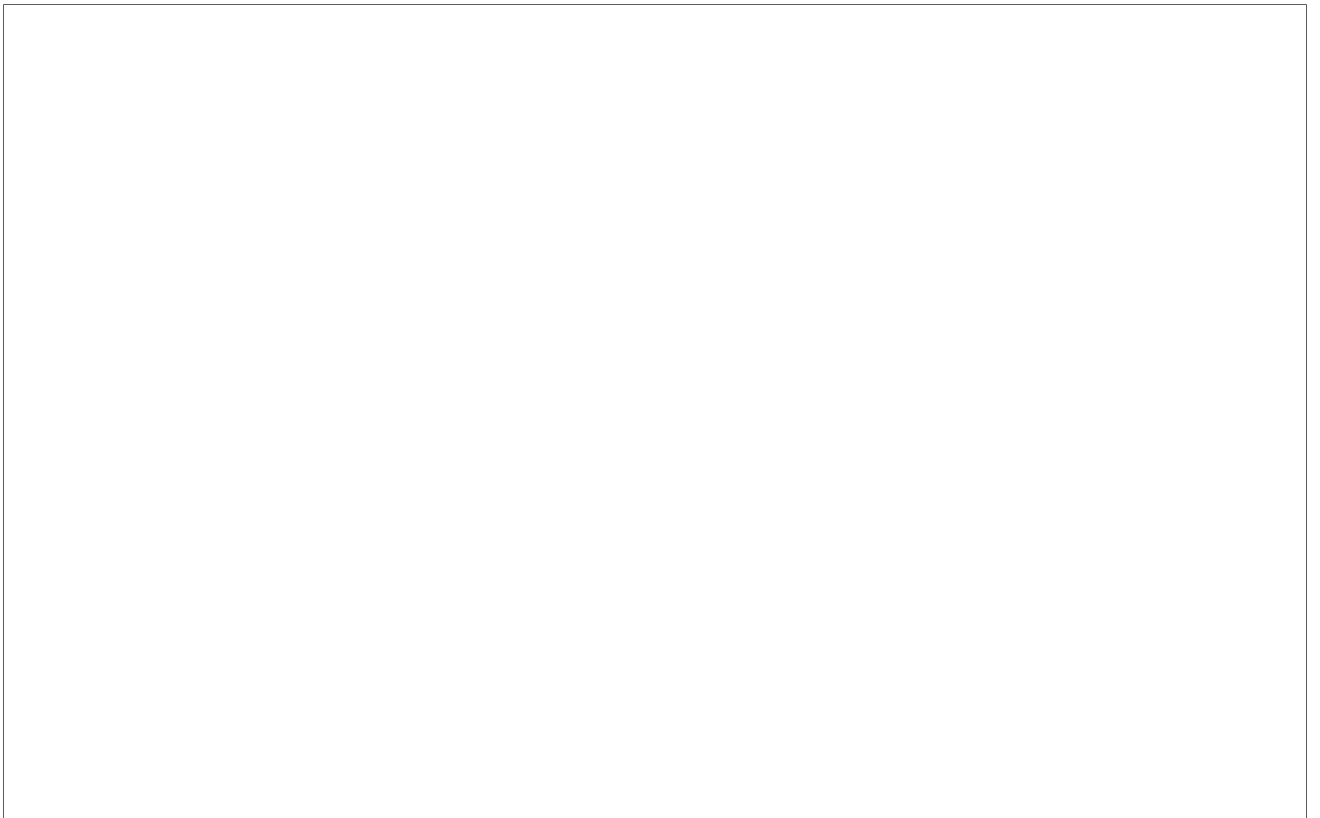
SECRET

25X1

Western Hemisphere



25X6



SECRET

Page Denied

Approved For Release 2008/04/24 : CIA-RDP79-00927A004400100001-4

SECRET

Approved For Release 2008/04/24 : CIA-RDP79-00927A004400100001-4