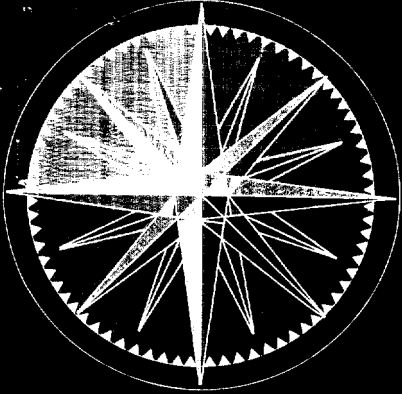


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8 May 1964

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Copy No.

WEEKLY SUMMARY

DOE review
completed.

State Dept. review
completed

ARMY
review(s)
completed.

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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GROUP 1 Excluded from automatic
downgrading and declassification

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SECRET**C O N T E N T S**

(Information as of 1200 EDT, 7 May 1964)

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EUROPE

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13

France's withdrawal of its naval officers from the integrated commands and the increasing Greek-Turkish antagonism are symptomatic of the political difficulties facing NATO. The decision not to include defense ministers at this year's meeting reflects lack of progress in dealing with defense issues.

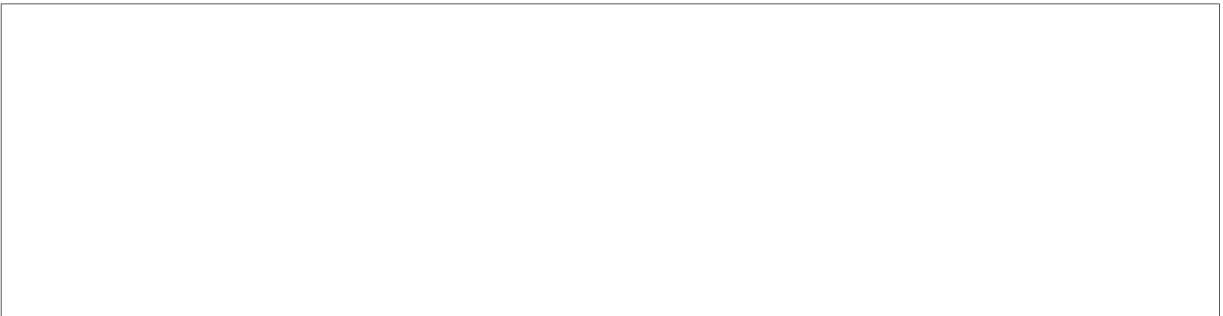


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DE GAULLE RETURNS TO WORK

15

His resumption of an active schedule supports the official pronouncement that his recent operation was without complications. De Gaulle probably has still not decided whether or not to seek another seven-year term.



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PROBLEMS OF ITALY'S CENTER-LEFT GOVERNMENT

16

Rightist and leftist opponents are capitalizing on the government's dilemma of having to take unpopular "austerity" measures while it is trying to project the image of a center-left coalition committed to a program of reforms which will be costly to implement.

AREA NOTES

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17

WESTERN HEMISPHERE

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18

Castro's May Day speech stressed his independence of the USSR on this issue, suggesting that his ultimate goal is to draw the US into bilateral talks on US-Cuban differences. Khrushchev's May Day speech maintained Moscow's firm support for Castro's political offensive.

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<p>There is a growing feeling in Chile that the best way to keep the Communist-Socialist candidate out of the presidency this fall is to leave the issue to Congress, which must choose between the two leading contenders if no one receives a majority of the popular vote.</p>	
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CHINESE COMMUNIST NATIONAL AND PROVINCIAL PARTY CONGRESSES SINCE 1956

The 1956 Chinese Communist Party Constitution requires that a national party congress be formed every five years and meet annually. Plenary sessions of the party central committee, which is responsible for party work when the congress is not in session, are required twice yearly (See Chart Item A). Provincial party congresses, which must also convene annually, have three-year terms (See Chart Item B).

The chart shows how the Chinese Communists have ignored party statutes on the holding of party congresses. The next national congress, the 9th, is now three years overdue. Not a single province or special municipality has held all its congresses on schedule since 1956, and fourteen of these jurisdictions (or half the total) have apparently failed even to form a new congress.

Figure in blue indicates which Session met during given year.

Figure in red indicates which Congress met during given year.

Figure in gray indicates which CC Plenum met during given year.

Asterisk (*) indicates date is uncertain because meeting was not announced.

	1956	1957	1958	1959	1960	1961	1962	1963	1964
A NATIONAL CONGRESS	1 8 2	3	2 8 4, 5, 6	7, 8		9	10		
B PEIPING CITY	1 2	2 2					1 3		
SHANGHAI CITY	1 1	2 1	1 2						
HOPEH	1 1		2 1						
SHANSI	1 1	2 1							
INNER MONGOLIA AUTONOMOUS REGION	1 1		2 1	3 1					
LIAONING	1 1	2 1			1* 2*			1 3	
KIRIN	1 1				1* 2*			2 2	
HEILUNGKIANG	1 1	2* 1*	3 1		1* 2*			2 2	
SHENSI	1 2	2 2		3 2	1 3			1 4	
KANSU	1* 2*	2 2							
NINGHSIA-HUI AUTONOMOUS REGION									
TSINGHAI	1 2					1* 3*		1 4	
SINKIANG-UIGHUR AUTONOMOUS REGION	1 1				2 1				3 1
SHANTUNG	1 1	2 1		3 1					
KIANGSU	1 3	2 3		3 3			1 4		
ANHWEI	1 1		2* 1*	3 1				1 2	
CHEKIANG	1 2	2* 2*	3 2		1 3			1 4	
FUKIEN	1 1	2 1		3 1					
KIANGSI	1 5	2* 5*	3 5						1 6
HONAN	1 1	2 1							
HUPEH	1 1	2 1		3 1	1 2				
HUNAN	1 1	2 1			1* 2*		2 2		
KWANGTUNG	1 1	2 1		3 1		1 2			
KWANGSI-CHUANG AUTONOMOUS REGION	1 1								
SZECHWAN	1 1		2 1						
KWEICHOW	1 1								
YUNNAN	1* 1*	2 1							
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The Communist World

MOSCOW CHALLENGES LEGALITY OF CHINESE COMMUNIST LEADERSHIP

Moscow now has come out with a series of slashing attacks on the Chinese Communist Party which challenges the legality of both the party leadership and its current policies. The main Soviet argument, carried by Pravda on 28 and 29 April, is that Peiping has not convened a party congress since 1956, although party rules call for one every five years, and that therefore the "plenipotentiary powers of the central committee have expired." Pravda also noted that since 1956 the Chinese party has increased from almost 11 million to 18 million members and that the 7 million new members have been deprived of their right to elect their leaders or express their views on current policies.

Peiping's failure to hold a congress in 1961 was actually due not to perversity but to the many difficulties then facing the leadership. With the crash of the Great Leap Forward echoing in their ears and the Sino-Soviet dispute still in a somewhat ambiguous phase, Chinese leaders undoubtedly deemed it inappropriate to hold a congress at that time.

Since then, however, the uncertainties that prevented a convocation have been reduced, and pressure for a new congress is undoubtedly mounting. Peiping has nevertheless given no hint of its plans, and, because preparations for a congress take many months (11 months' notice was given for the eighth congress), the Chinese would have to start at once in order to hold one by the end of the year. Moscow now has faced

them with a dilemma: if they were suddenly to announce plans for a congress it would appear to be merely a defensive response to the Soviet attack; however, if they try to avoid this stigma, they leave themselves open to further attacks on the legality of their actions.

There are pressing internal reasons for calling a congress. Many of the decisions made at the eighth congress support current Soviet doctrinal views and thus are completely at variance with the present positions of the Chinese leadership. These decisions, although hopelessly outdated, are nevertheless legally still in force, a point often made by Moscow and the pro-Soviet Communist parties. There is also an urgent need to bring new life into the party leadership and to remove deadwood, while confirming the roles of the active members of the present leadership--tasks that legally can be accomplished only at a party congress.

If Peiping decides it must hold a congress soon, tactical considerations arising from the Sino-Soviet dispute might make this fall a good time to be engaged in preparations. The Chinese have indicated they prefer to put off a meeting of world Communist parties until next year, and would want to hold their own congress first so that they could face their enemies fully armed with new national party decisions. Such timing would give Peiping an excuse to reject any renewed Soviet call for an international meeting this fall.

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The Communist World

USSR CUTS PUBLISHED ECONOMIC INFORMATION

Following a very poor performance by the economy in 1963, Moscow has sharply reduced the economic information it is making public. The USSR's statistical digest for 1963, issued last month, is one third--about 140 pages--smaller than the 1962 edition.

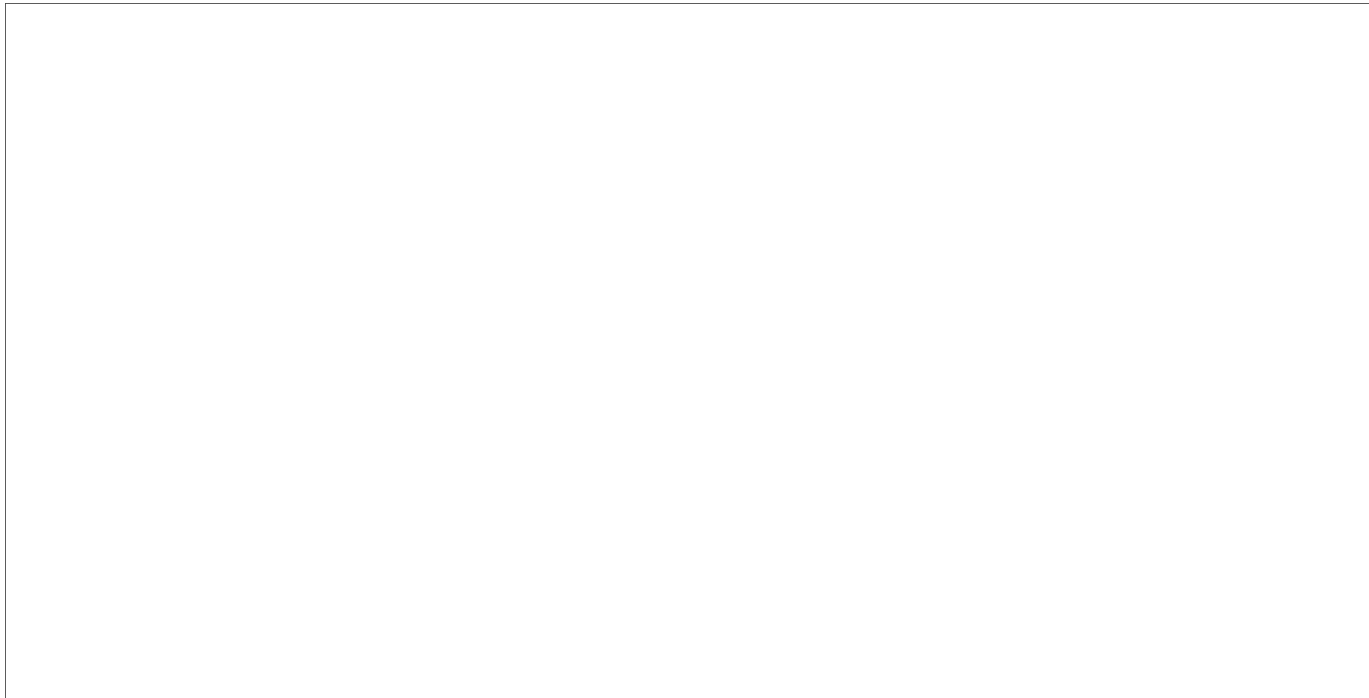
The key agricultural and investment sections have been drastically shortened. There is no production data on the grain crop, estimated to be the worst in a number of years. Production in the New Lands, which experienced a major crop failure, is not mentioned.

Information on the growth of national income is too scanty

to permit detailed analysis. The one national income chart printed is an index of yearly change expressed as a percentage of the year 1940.

One useful fact was released: total investment rose only 2.7 percent in 1963. This figure is well below the very mediocre 4.9-percent increase achieved in 1962 and is the lowest rate ever recorded in Soviet statistics for this category.

A larger compilation called "The National Economy of the USSR," which generally appears in early autumn, may contain some of the information conspicuously absent from the present volume. 25X1



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Europe

ULBRICHT BEGINS BLOC CONSULTATIONS

East German party boss Ulbricht's deep concern about the growing political isolation of his regime in the Soviet bloc is reflected in his plans to meet this month with Hungary's Kadar and Khrushchev. Ulbricht's basic and probably inescapable dilemma is his inability to join his Communist neighbors' moves toward detente with the West without destroying the Stalinist underpinnings of his power.

Ulbricht is in Hungary now heading the first East German party-government delegation to visit there since the 1956 revolution. An East German correspondent writing from Budapest implied that economic relations--"not easy in any case"--will play only a minor role in the visit. He suggests Ulbricht's main concern will be relations between the East German and Hungarian parties in view of "Chinese attempts at splitting."

Kadar's relatively moderate, de-Stalinized regime stands in sharp contrast to Ulbricht's dogmatic police state. Kadar would prefer to "heal" the Sino-Soviet rift, while Ulbricht favors taking "a resolute stand" against Peiping--whose propaganda

is attractive to hard-line elements in his party. Budapest is improving its relations with the West, particularly with Bonn, but East Germany is committed to anti-Western and especially anti-West German policies. It is unlikely that these basic differences will be resolved, but any public reconciliation would improve Ulbricht's image and make the visit a propaganda success.

The USSR, which Ulbricht is visiting at the end of May for the third time this year, is responsible for some of his main problems. The East German regime is still smarting from the Soviet "backdown" on Berlin and on a German peace treaty and has been forced to continue to support Moscow's "flexible" policy on Germany.

Ulbricht will probably seek Khrushchev's help in clarifying East Germany's anomalous position in Eastern Europe. Since the Soviet leader appears unwilling to make the Berlin and German question a major test of East-West strength, it is likely that Ulbricht will have to be content with the standard propaganda support which his party-government visit will evoke.

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The Communist World

NORTH KOREA WINS WIDER RECOGNITION OUTSIDE THE BLOC

North Korea's intensive drive for wider international recognition has recently scored new successes, with the promise of more to come. These are the result of visits by two North Korean delegations to the free world: one to Africa and the other to Southeast Asia. The one succeeded in establishing full diplomatic relations with Indonesia, and the other reportedly received assurance that Ghana also will recognize Pyongyang. Six of the eight non-Communist states which now recognize the North Korean regime have granted recognition since the beginning of 1963.

Recognition by Indonesia is a major victory for Pyongyang and may encourage some wavering neutralist nations to follow suit. An important factor for Pyongyang is the probability that Indonesia now will work actively on behalf of North Korea at the United Nations.

The North Korean parliamentary delegation which visited Indonesia, Cambodia, and Ceylon in April and May also signed a cultural and scientific cooperation agreement with Cambodia.

The North Korean delegation to Africa returned to Pyongyang on 28 April after a 2-month swing

through Ghana, Guinea, Senegal, and Niger. The most notable achievement of this group was the reported agreement with Ghana. The delegation also signed a cultural agreement with Niger. Guinea already recognizes North Korea.

Other countries recognizing North Korea include Algeria, Yemen, the United Arab Republic, Mali, and Zanzibar. Although the Ugandan Government has recognized North Korea, vigorous South Korean activity in Uganda has been instrumental in preventing accreditation of North Korean diplomatic representatives. ROK representatives have also effectively blocked Pyongyang's efforts in Kenya, where Seoul now has a chargé. The status of North Korean relations with Zanzibar is unclear, pending clarification of the situation resulting from its merger with Tanganyika.

The Republic of Korea still holds a three to one advantage over North Korea in terms of international recognition. Seoul's present strong position has been gained by intensive diplomatic efforts undertaken since the fall of President Rhee in 1960. Pyongyang's present strenuous efforts, however, will probably reduce South Korea's advantage. 25X1

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Asia-Africa

LAOTIAN RIGHTISTS PUSH ROLE IN GOVERNMENT

Rightist elements in Laos are pushing a reorganization of the government in the face of Pathet Lao opposition.

General Phoumi on 5 May announced that Premier Souvanna had agreed to changes in the cabinet ostensibly designed to improve its efficiency. The changes specified involve replacing two left-leaning neutralists now out of the country, and naming a successor to the late foreign minister, Quinim Pholsena, who was assassinated in April 1963. Phoumi also indicated that the two Pathet Lao ministers, Prince Souphannouvong and Phoumi Vongvichit, would be "temporarily" replaced pending their return to Vientiane.

This announcement, although ostensibly having Souvanna's approval, apparently was instigated by the leaders of the 19 April coup.

The Pathet Lao, however, continue to oppose any change in the cabinet lineup. They have charged that Phoumi's announcement was "dangerous" and that the rightists are bent on destroying the coalition government. They have demanded the dissolution of the coup committee and called for a renewal of tripartite talks.

Neutralist elements, too, are suspicious of right-wing intentions and see little prospect for an early solution to the present government crisis. General Soukan Vilaysarn, a key Souvanna aide, on 4 May asserted that rightist leaders were

going through the motions of restoring power to Souvanna, but would continue to "manipulate, harass and intrigue" behind the scenes. Another neutralist leader, Minister of Interior Pheng Phongsavan, remains in the Soviet Embassy where he fled following the coup. He has refused to join Souvanna on the grounds that his personal safety is not assured.

Souvanna, who met with Souphannouvong on 4 May, apparently remains hopeful of working out a solution. Publicly he has maintained that he is in authority.

The military situation continues fluid. On the northern edge of the Plaine des Jarres, Pathet Lao units have moved just to the west of Phou San and pose a threat to the road linking the neutralist headquarters at Muong Phanh with Muong Kheung, a major post approximately 10 miles to the north. In the area east and southeast of the plain, Communist forces have continued their pressure against right-wing regular and guerrilla forces. Three rightist battalions have been driven from positions southeast of Ban Ban which they had used as bases for interdiction raids against Route 7. Farther south, a build-up of Pathet Lao troops has been reported above Tha Thom.

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Asia-Africa

NEW MOVES BY SAIGON REGIME TO COMBAT VIET CONG

The Khanh government in South Vietnam continues to demonstrate awareness of the importance of socio-economic reforms to bolster its military effort against the Viet Cong.

Saigon is taking steps to allocate some \$20 million direct to provincial administrations to speed up local pacification programs. The government has also formulated liberal new credit terms which would enable peasants to acquire land at small cost, as well as new measures to curb profiteering by provincial officials and absentee landlords. Such moves, if properly implemented, could do much to recapture the psychological initiative from the Communists.

On 30 April, General Khanh granted amnesty to some 2,000 political prisoners. The amnesty announcement stressed the government's intent to utilize national resources for schools and social welfare rather than to maintain prisons.

Government military activity continues at a relatively high rate, targeted primarily against Viet Cong base areas. A major government operation has been in progress since 25 April in the Communist-controlled Do Xa area of the northern province of Quang Ngai. Government forces have captured a sizable quantity of weapons and supplies but have established little contact with the Viet Cong regi-

mental elements reported to be in the area. Large-scale government operations in the delta provinces of Chuong Thien and Kien Phong have brought similar results.

The Viet Cong have shown an increased effectiveness in antiaircraft fire involving not only small arms but also 30- and 50-caliber machine guns. Over 40 aircraft were hit--and three brought down--by Viet Cong ground fire on the opening day of the Quang Ngai operation. Communist ground fire is also suspected in the crash of the US Army Caribou transport on 5 May in the delta province of Dinh Duong in which ten Americans and five Vietnameses were killed.

A major problem in the government's counterinsurgency effort is the increasing number of desertions, coupled with a lag in conscription and recruitment. The desertion in the regular forces doubled during the first three months of 1964, and has increased substantially in the paramilitary forces, which bear the brunt of local clashes with the Viet Cong. At the same time, the government has failed both to establish new recruitment quotas and to fill existing conscription quotas. US military authorities estimate that, even if the quotas were filled, the present downward trend in troop strengths could not be reversed before August.

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Asia-Africa

ADDITIONAL SOVIET ECONOMIC AID FOR INDIA

Moscow is providing new assistance for India's basic industries. After several months of negotiation, the USSR recently agreed to help build the first stage of the Bokaro steel project. Another Soviet-aided steel project, the highly successful plant at Bhilai completed in 1961, is being expanded to an annual capacity of 1 million tons to 2.5 million tons--also with Moscow's assistance. Additional large-scale Soviet aid for heavy industry is expected for India's fourth five-year plan, which begins in 1966.

capacity to 4 million tons by 1972.

The USSR, which recently tightened up its foreign aid criteria, had been reluctant to assume full responsibility for this long-term project. India's move to reduce project costs to more manageable levels along with possible participation of Western countries, presumably influenced Moscow's decision to offer assistance. The total foreign exchange cost of the Bokaro plant, if expanded to 4-million-ton capacity, is estimated at about \$500 million.

Since 1955 the Soviets have given India about \$800 million in economic aid, their largest program outside of the Communist world. Almost all of it has been for heavy industrial projects, and more than a quarter of it went into the Bhilai steel complex. Other Soviet-aided projects are centered in the government-owned oil extraction and refining and electric power industries.



A Soviet team will soon go to New Delhi to work out details. Construction is expected to begin by the end of the year and, according to Indian Steel Minister Subarmaniam, the first stage --with a capacity of 1.5 million tons a year--is scheduled to be in operation by 1967. India then plans to expand Bokaro's annual

AREA NOTE

Kashmir: The current talks between Prime Minister Nehru and Sheikh Abdullah, recently freed popular hero of Kashmir, have dealt thus far mainly in generalities, with no serious effort to come to grips with such critical issues as Kashmir's constitutional status. Each side appears to be only probing the other's defenses. The Indian position apparently has hardened recently in response to mounting

pressure by New Delhi politicians to stand firm. The Indians apparently plan at this point to restrict discussions to a general exchange of views aimed at allowing the heated Kashmir question to cool off. Specifics could then be considered in meetings held after the current UN Security Council deliberations on the disputed state have ended and the Indian Parliament has adjourned late this month.

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Asia-Africa

SOUTH ARABIAN TENSIONS EMBITTER BRITISH-EGYPTIAN RELATIONS

Military and political frustrations are continuing to plague both Britain and Egypt in the southwest corner of the Arabian peninsula as relations between the two countries further deteriorate.

President Nasir seems increasingly concerned with his inability to end the drawn-out guerrilla war in Yemen, where 40,000 Egyptian troops now are deployed--a new high. He visited Yemen during the last week in April, apparently with the primary purpose of shoring up the shaky and internally divided republican regime. A governmental reorganization announced while he was there will reduce the role of [redacted]

[redacted] President Sallal.

In addition, Nasir approved the assignment of important positions to Yemeni personalities previously noted for their anti-Egyptian attitudes--in particular the new premier, Hammud al-Jayfi. This attempt to broaden the government's appeal will probably lead in time to some diminution of the present close Egyptian-Yemeni governmental relations. Nasir presumably calculates, however, that Egyptian military and economic aid will continue to give him a major voice in Yemeni affairs.

At the same time, Nasir has stepped up his propaganda campaign against the British position in Aden and the South Arabian Federation. He believes that aid from the federation plays a major part in the Yemeni royalists' continuing

ability to resist his troops. He has identified Britain as the principal enemy of the republic, apparently in the hope of making it more difficult for Saudi Arabia to continue to support the royalists. Nasir may also calculate that the broadening of the republican regime will increase chances for reaching a compromise with the Saudis over the Yemeni problem. Saudi Crown Prince Faysal, however, will probably regard these moves as a sign of weakness.

The British, for their part, have become increasingly concerned that Nasir's campaign against them has the primary aim of driving them out of South Arabia--an area over which Yemen has traditionally claimed sovereignty. They are further alarmed over evidence that Egyptian-financed subversion and sabotage in the federation has been stepped up. The present British campaign against long-troublesome rebels in the Radfan area north of Aden, like the recent attack on the Yemeni fort at Harib, is probably designed primarily as a show of strength and determination. British authorities in the federation are also likely to allow increased aid to reach the royalists in Yemen and may start up a subversion campaign of their own within the republic.

Although Nasir shows no signs that he wants or expects a direct military confrontation with the British, he is likely to respond by renewing efforts at subversion and sabotage within the federation.

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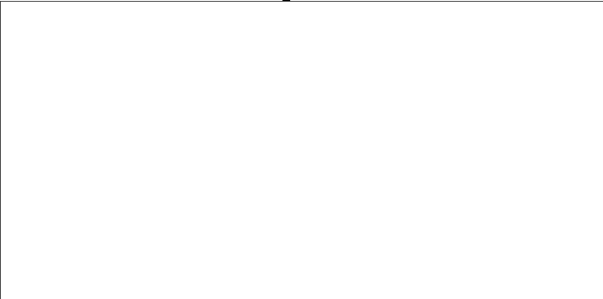
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Asia-Africa

THE CYPRUS SITUATION

While Cyprus has been relatively calm, military positions on the island are unchanged, and considerable diplomatic activity has not yet brought any progress toward a settlement.

Both communities on Cyprus and the governments in Athens and Ankara have praised UN Secretary General Thant's 29 April report to the Security Council, but all offered qualifications to his recommendations. Thant called for renunciation of the use of force and for restoration of normal conditions by such means as establishing freedom of movement, evacuating and eliminating all fortified positions, disarming irregular bands, and reintegrating Turkish Cypriots into the police force.



UN mediator Tuomioja, who has now visited Ankara, Athens

and London, told [redacted] that his preliminary thinking favored continuation of a unitary state with existing Turkish Cypriot political privileges sharply reduced. To protect the Turkish community, he would safeguard remaining minority rights with an "international presence" in both the judicial and police structures. Tuomioja has rejected for now any "radical solution"--such as partition or union with Greece.

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Retired Greek Army General Karagiannis, appointed to head the newly authorized 25,000-man Greek Cypriot Special Security Force, recently returned to Athens from Cyprus to report to former Cypriot underground leader George Grivas.

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Makarios, possibly under pressure from Grivas or Karagiannis, has indicated that members of the security force will be recruited on a voluntary basis, rather than by conscription, as a means of keeping the Communists out.

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Asia-Africa

PROBLEMS OF THE NEW TANGANYIKA-ZANZIBAR UNION

The union of Zanzibar with Tanganyika has yet to show much practical effort. Foreign Minister Kambona, the prime mover behind the union, has left on a three-week trip abroad, and Zanzibari leaders are taking an increasingly independent line.

Dar-es-Salaam is moving cautiously in assigning Tanganyikans to key Zanzibar posts--still occupied by pro-Communists--in order to avoid the impression of a Tanganyikan takeover. The plan to bring elements of Zanzibar's army and police to the mainland for training and integration is not yet under way. Followers of Zanzibar's former Foreign Minister Babu have not been disarmed.

Babu clearly does not want to move to Dar-es-Salaam to take up his new economic planning job and apparently intends to be as difficult as possible. He has refused to alter Zanzibar's customs duties, has ordered Zanzibar radio to step up its anti-Western propaganda, and has delayed the assignment of a Tanganyikan to the Communist-controlled information office.

The presence of many Communist dignitaries at Zanzibar's May Day celebrations--and inducements from the East Germans--evidently bolstered the confidence of the island's pro-Communist leaders and encouraged them to try to retain some independence in foreign affairs.

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On 6 May Karume declared publicly that the United Republic would continue to pursue the foreign policies of both Tanganyika and Zanzibar, including diplomatic relations with East Germany.

The East Germans are making a major effort to consolidate their position before Kambona returns from Bonn. On 6 May the West German cabinet agreed in principle to take over all East German aid projects on Zanzibar on the understanding that only Bonn would be recognized.

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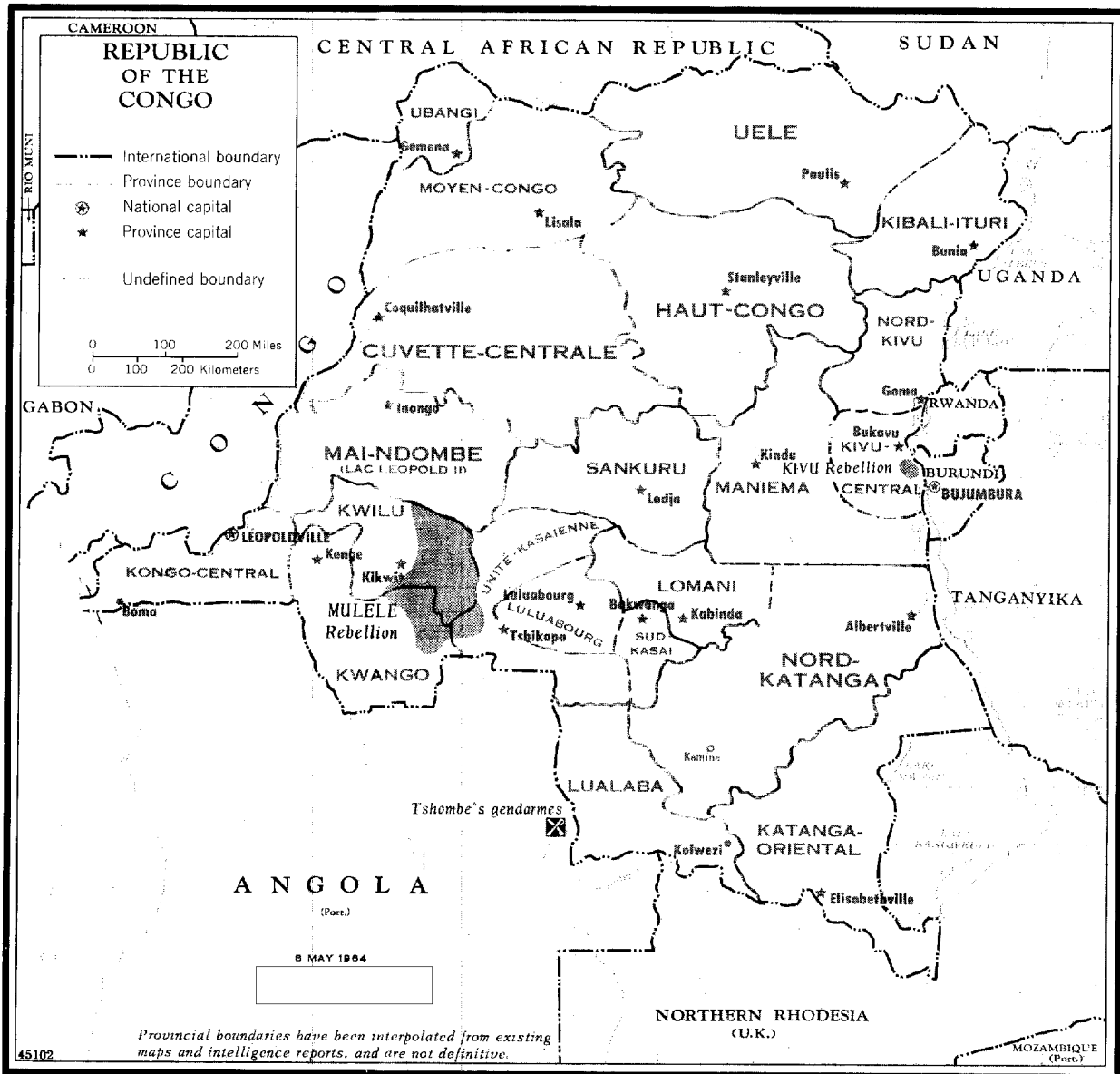
on 5 May, the union government announced establishment of diplomatic relations with Rumania, which will be the eighth Communist country with an embassy in Dar-es-Salaam.

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Asia-Africa

PROVINCIAL DISSIDENCE FURTHER STRAINS CONGO ARMY

While political maneuvering in Leopoldville remains at a relatively low level, renewed disturbances in the Kivu region of the eastern Congo are putting additional strains on the already heavily committed Congo National Army (ANC).

During a short battle on 1 May after an ambush of an ANC detachment, Kivu rebels slightly wounded the ANC regional commander and his area chief, Colonel Mulamba, often rated the ANC's most competent senior officer. The insurgents, some armed with rifles, shouted slogans extolling Pierre Mulele, leader of the six-month-old rebellion in Kwilu Province 500 miles to the west. This suggests that the Kivu outbreak is at least partly extratribal in nature. The rebels are for the time being unchecked. Estimates of their numbers range from one to three thousand.

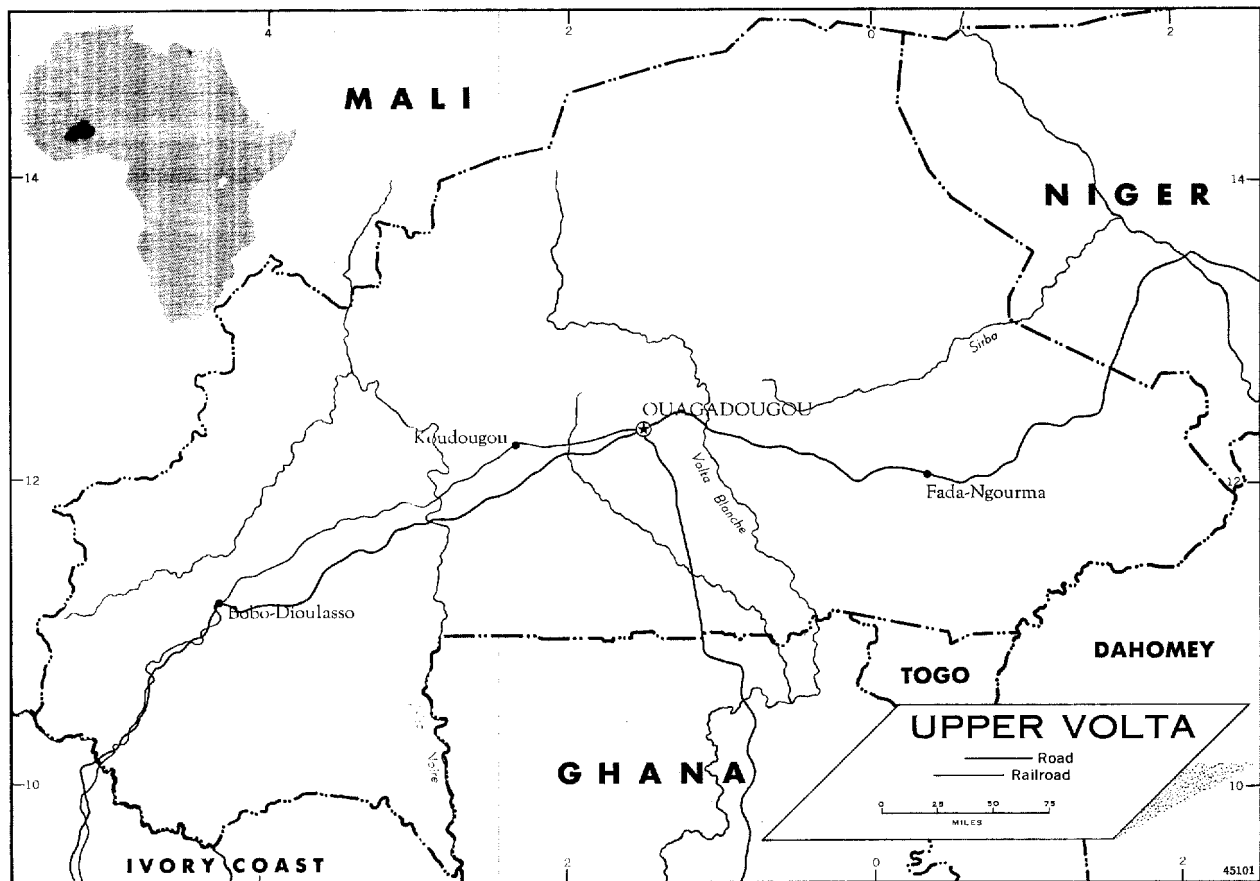
Further spread of the uprising depends on the rebels' ability to form an alliance of dissidents in the tribally heterogeneous area. Although many Kivu tribes are dissatisfied

with the local government, they are suspicious of one another, and may hesitate to unite. Even if the rebellion does not spread, however, the Leopoldville government will be hard put to subdue it. The area is remote, and the rebels, unlike those in Kwilu, have relatively easy access to potential sources of supply. In nearby Burundi, for example, where both Peiping and Moscow have embassies, the extremist Congolese Committee of National Liberation (CNL) maintains a branch office. Although the rebels probably have received nothing more than encouragement from there so far, any arms the CNL could obtain could easily be smuggled to the rebels.

The ANC is juggling troops from one trouble spot to another in order to reinforce Kivu. A battalion is scheduled to be sent from Katanga, an area potentially threatened by Tshombé's force of 3,000 gendarmes in Angola. Other soldiers for Kivu are coming from the restive city of Stanleyville, the seat of Antoine Gizenga's secessionist regime in 1961.

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Asia-Africa

UNREST GROWING IN UPPER VOLTA

Increasing signs of discontent in Upper Volta suggest that a political explosion may be in the offing. In his concern over the situation, President Yameogo, though Western-oriented, has sought to channel public hostility toward the French.

The failure of Yameogo's policies to bring speedy economic development is reported to have generated widespread dissatisfaction. Young intellectuals who resent the President's autocratic practices and the lack of job opportunities are increasingly critical of the government in private. Criticism was publicly aired for the first time on May Day when some 1,500 members of Upper Volta's embryonic trade unions, which were previously considered to be government controlled, staged a demonstration in Ouagadougou, the capital. They denounced a recent law forbidding affiliation with non-African unions and unveiled a long list of economic demands.

Yameogo has not yet reacted to the demonstration, but he is unlikely to be conciliatory. He apparently has the possibility of a coup attempt very much on his mind. Repressive measures would probably kindle more unrest and could provide the spark needed to unite his many frustrated enemies--including elements of his own party--in a move against him. One such politician, Joseph Ouedraogo, who was among the leaders of the demonstration, would probably figure prominently in any coup attempt.

Yameogo also faces deep-seated opposition from Western tribes in and near the city of Bobo-Dioulasso who resent the eastern Mossi tribe's domination of the country. The 1.75 million Mossi predominate in the government, the armed forces, and the country's only political party. The former political leader of the Bobo-Dioulasso area, Nazi Boni, now in exile in Senegal, retains considerable support and is believed to be in communication with Ouedraogo.

On 6 April Yameogo accused four French Army training officers of working to turn Upper Volta's 800-man army against the regime. In common with leaders of a number of other states closely tied to France, Yameogo has also recently criticized "bad Frenchmen." He probably hopes to discredit domestic critics by implying they are linked with foreign subversive elements.

Any move against Yameogo will almost certainly need the support of the 500-man gendarmerie, which provides for the President's physical security and occupies key points throughout the country. Should the ambitious defense minister be persuaded to join the opposition, the gendarmerie might turn on Yameogo. Paris maintains no troops in Upper Volta as it does in many of the other former French areas, and has no commitments to help suppress internal disorder.

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NATO ON THE EVE OF ITS SPRING MINISTERIAL MEETING

The foreign ministers of the 15 NATO nations will convene at The Hague on 12 May for their semiannual session, against a background of renewed apprehension over the future of the alliance.

France's withdrawal of its naval officers from the integrated NATO naval commands, and the increasing antagonism between Greece and Turkey over Cyprus are taken as symptomatic of the political difficulties besetting the organization. The decision not to include the defense ministers in the meeting--as they were a year ago--also reflects lack of progress in dealing with major defense issues. The meeting will, however, be given some aura of unity by the general agreement on the selection of an Italian, Manlio Brosio, as the successor to retiring Secretary General Stikker.

The latest French move against NATO is deplored by the other members, but does not have much immediate significance. Affected are the French naval officers posted to NATO's Channel Command, the Bay of Biscay sub-area NATO command at Brest, and the western Mediterranean NATO command at Toulon. Some of these officers, however, will remain in a liaison capacity. While the French action thus does not appear to constitute any major offensive against the alliance, it does reflect De Gaulle's dislike of the integrated commands and his continuing dissatisfac-

tion with NATO's organization. Some NATO members feel that the question of NATO's structure and functions should be faced soon, and probably will raise the issue in some fashion at the forthcoming meeting.

In view of the prevailing feeling that the security of NATO's southeastern flank has been seriously threatened by the Greece-Turkey dispute, this question will be given considerable attention at The Hague. Efforts will be made to bring the Greek and Turkish foreign ministers together, perhaps under the "good offices" of the Secretary General. It is also possible that a restricted session of the ministers will be called to discuss the problem. At the moment, Turkey favors such a gathering, but Greece is opposed.

The Italians have been after the secretary generalship for some time, and Brosio's appointment will be a source of considerable gratification to Rome. The 67-year-old Brosio is an exceptionally well-qualified diplomat, having served as Italy's ambassador to Washington, London, and Moscow prior to his current assignment as ambassador to France. Brosio, who was also the Italian candidate for the secretary generalship in 1961, has received high praise from US and other officials for his personal attributes, particularly his perseverance and honesty.

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Europe

DE GAULLE RETURNS TO WORK

De Gaulle's resumption of an active work schedule in his first week out of the hospital supports Paris' official pronouncement that there were no complications to his recent operation. This week he presided over a cabinet meeting on 6 May and chaired a meeting of the National Defense Committee. He also undertook some diplomatic chores, receiving Senegalese President Senghor and King Husayn of Jordan.

Final decisions have not yet been made on certain other activities that De Gaulle had planned before surgery. These include his attendance at the Moselle Canal opening ceremony in late May, a scheduled meeting with West German Chancellor Erhard on 5 July, and a month-long trip to South America in September. Although there is some prospect of shortening the South American tour, which had called for visits to ten capitals, no major changes in De Gaulle's schedule appear likely.

In De Gaulle's absence, Premier Georges Pompidou assumed control of the French Government, and did an effective job. His strong defense of policy during a National Assembly debate on 24 April considerably strengthened his position as a Gaullist spokesman, and raised his stock as De Gaulle's eventual successor.

The leading announced opposition candidate for the presidency, Socialist Gaston Defferre, believes that De Gaulle's illness, regardless of how quickly he recovers, has opened the way for increased jockeying among both Gaullists and the opposition.

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It remains unlikely that De Gaulle has decided whether or not to seek a second seven-year term.

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The only comment on this subject since his operation has come from the official responsible for internal political affairs at the Elysee, who said that he believed De Gaulle would run again. This official expressed the view that, if De Gaulle does not seek re-election himself, he would actively campaign in support of one of the three leading Gaullist contenders -- Pompidou, National Assembly President Jacques Chaban-Delmas, or former Premier Michel Debré.

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Europe

PROBLEMS OF ITALY'S CENTER-LEFT GOVERNMENT

Italian Premier Aldo Moro's government is under increasing attack. Moro himself is accused of failing to provide decisive and imaginative leadership, and there is confusion over his government's policy. This confusion is largely traceable to the center-left coalition's dilemma of having to take unpopular "austerity" measures while it remains committed to a program of costly reforms.

Rightist elements in particular have been trying to undermine the government, despite lack of a viable alternative. Financial interests have already got the government to water down some of its stabilization measures---such as restrictions on installment buying--and to narrow the scope of its contemplated tax and agricultural reforms. Italy's economy remains basically strong, but a large balance-of-payments deficit and inflationary pressures continue.

A key problem is that of wage controls. While non-Communist unions are supporting the government's "austerity" drive, the powerful Communist-dominated General Labor Confederation continues through such methods as the recent 24-hour railroad workers' strikes to push for wage raises and other benefits.

The Nenni Socialists are particularly vulnerable to attacks from their former associates now split off in the so-called Proletarian Socialist

party (PSIUP) and from the Communists. These elements assert that Nenni and his followers have "sold out to the right" by fruitlessly participating in a government more interested in "economic retrenchment" than reform. The PSIUP hopes to make a good showing in the 10 May elections for an administration for the newly created Friuli - Venezia Giulia region.

Knowledgeable Italians feel that the left-of-center parties would have to pull out of the government if inflation gets out of hand or if corrective measures bring on recession and widespread unemployment. As Nenni sees it, a situation is developing in which "the right would gain now, the Communists three years from now." Both he and Democratic Socialist leader Saragat seem to fear the emergency of what they call "soft Gaullism." This presumably would be a regime hewing to a conservative domestic policy, while pursuing an "independent" De Gaulle - type foreign policy --with a program geared to obtain the sufferance of Italy's Communists.

A further threat to the coalition comes from ex-premier Fanfani, who now is attacking Moro with the aim of making a comeback at the Christian Democrats' congress set for late June. He is said to be seeking an all - Christian Democratic minority government and has been cultivating the support of right-wing politicians and military leaders in this operation

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Europe

AREA NOTES

EEC and the Kennedy Round:
The EEC agricultural ministers agreed in Brussels last week on a timetable designed to achieve a decision by late June on the question of unifying Community grain prices. The West Germans are still not committed to a favorable decision at that time, but there are indications they are increasingly uncomfortable in their isolation on this issue.

Chancellor Erhard recently told the EEC Commission that Bonn would not be so adamant on grain prices as to cause the failure of the Kennedy Round tariff negotiations now in progress. He may try to link possible German acquiescence on grains to Community acceptance of his proposal to accelerate EEC tariff reductions as an anti-inflation measure.

Malta: The inconclusive results of the 2-4 May referendum on Maltese Premier Borg-Olivier's proposed constitution are likely to increase tensions in the Mediterranean colony. With 80 percent of the electorate participating, little more than half approved this draft constitution providing for an independent Malta within the Commonwealth with a governor-general appointed by the Queen. The opposition, entrenched in Dom Mintoff's Labor Party, wants a republic with constitutional limits on the political influence of the Roman Catholic Church--which Borg-Olivier's draft omits.

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New proposals the Commission will present to the EEC Council on 12 May may try to accommodate certain German objections.

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EEC officials still contend that failure to resolve the grain issue will jeopardize the Kennedy Round. Some are also saying now that Bonn's negative stance on grains is undercutting its ability even to influence the Community's position on initial negotiating rules along lines favorable to the US. (CONFIDENTIAL/NO FOREIGN DISSEM)

London considers it necessary to settle the matter of a constitution before granting independence. It now may be inclined to promulgate a compromise constitution incorporating so-called "human rights" provisions desired by the Labor Party, or alternatively to delay independence indefinitely. Mintoff has warned that he and his followers would forcibly resist any effort to impose the Borg-Olivier constitution.

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Western Hemisphere

HAVANA AND MOSCOW CONTINUE OFFENSIVE AGAINST US OVERFLIGHTS

Castro's references to US overflights in his May Day speech serve additional notice that he intends, in the months ahead, to press a wide-ranging diplomatic and propaganda offensive against the US on this issue.

Castro repeated his determination to bring about an end to the overflights, by force if necessary. He hedged his belligerence, however, by saying that "we are patient" and will first exhaust all peaceful means. He also attempted to buttress Cuba's legal case against the overflights, and asserted that Cuba will fight its case before "whatever international organizations necessary."

Castro went out of his way to stress that Cuba alone assumes the responsibilities and the risks inherent in defending its rights against "illegal" US actions. Nor is Cuba, he said, speaking from behind the protection of Soviet military might.

This studied attempt to stress his independence of the USSR served both to satisfy his own strong emotional objections to being considered a satellite, and to indicate that in any future negotiations, the US will

have to deal directly with his regime. His effort to build up international pressures on the overflights issue appears designed to further his ultimate goal of maneuvering the US into bilateral discussions on the whole range of US-Cuban differences.

The Soviet Union's intention to maintain firm support for Castro's political offensive was evident in Khrushchev's remarks on May Day. The Soviet premier said these violations of Cuba's airspace "may have disastrous consequences" and warned that "those who are playing with fire" could draw the world "into a whirlpool of a new world war."

Khrushchev's remarks also reflected sensitivity to the "base fiction" in the US about an alleged Soviet-US "agreement" authorizing US overflights. He emphatically denied such an agreement and said that the USSR will never be a party to any arrangements at the expense of a third country "great or small." This denial was aimed at underscoring Moscow's contention that the overflights contravene the US-Soviet "agreement" ending the 1962 missile crisis.

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Western Hemisphere

TROUBLED ATMOSPHERE IN PANAMA FOR ELECTION WEEKEND

There is widespread uneasiness in Panama on the eve of the 10 May national elections, and violence could erupt at any time. Government forces, opposition groups, and Cuban-trained revolutionaries--all armed--could clash either this weekend, or in the aftermath of what has been a bitterly contested election campaign.

Panamanians are increasingly aware that this election involves far more than the traditional pattern of previous elections, which brought nothing more than a power shift within the small elite that has long dominated the country. The controversial, spell-binding Arnulfo Arias, who is generally conceded to be the leading presidential candidate, has based his campaign on opposition to the ruling oligarchy. Indeed, lower class resentment against the oligarchy now is more pronounced and volatile than ever before.

The oligarchy, for its part, is pulling out all stops in its effort to defeat Arias. Should any effort by the oligarchy to rig the elections become too obvious, or if either side resorts to force, the stage would be set for trouble that might be exceedingly difficult to control.



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The mood of angry nationalism that swept Panama earlier this year over the canal issue is still very near the surface. Moreover, politicians of the oligarchy, who have long sought to divert popular resentments away from themselves and against the United States, have concluded covert tactical alliances with leftist radicals and pro-Communists. The latter, maintaining for the present their cooperation with the oligarchy, hope also to turn Panamanian grievances against the US for their own ends. Hence, any violence over the election probably could quickly take a strong anti-US complexion.

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Western Hemisphere

POLITICAL IMPLICATIONS OF DOMINICAN TAXI DRIVERS' STRIKE

The Dominican Government appears to be winning its battle to put down the illegal taxi-drivers' strike that began in Santo Domingo on 2 May, despite the tacit support for the walkout from three leading opposition parties. So far, only the local dockworkers have joined the drivers in walking off their jobs.

The strike, which has been marked by considerable violence, brought a quick reaction from the ruling triumvirate. The deployment of 2,000 troops in Santo Domingo and a large number of arrests has restored order and sharply reduced the chances of further outbreaks.

The Revolutionary Social Christian Party (PRSC), a small non-Communist leftist group with important labor and student support, has openly admitted it is backing the strike. Leaders of ex-President Bosch's Dominican Revolutionary Party (PRD), who are coordinating with the PRSC, and spokesmen for ex-President Balaguer's Reformist Party (PR) also tacitly admit they support the walkout. Extreme leftists are also involved.

Ostensibly a protest against increased customs duties, the

strike quickly developed into a test of political strength between the triumvirate, which wants a period of calm before calling elections, and those parties which do not believe the current regime and its military backers will ever allow truly fair elections.

Leaders of the PRD, PR, and PRSC are pushing a formula which calls for the ouster of the triumvirate, the return of Bosch as temporary president, and restoration of the 1963 congress with the PRD holding something less than the majority it held during the Bosch regime.

The present impasse illustrates the most critical political problem facing the Dominican Republic today, that is, the deep-seated distrust between the country's economically powerful, but numerically small conservative element--which includes the present regime--and the democratic leftists, who command the support of most lower class Dominicans. Moreover, the apparent unwillingness of the armed forces to accept a "leftist" regime exacerbates this hostility and virtually precludes agreement on a new election formula or any other basic political issue.

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Western Hemisphere

DEVELOPMENTS IN THE CHILEAN PRESIDENTIAL CAMPAIGN

There is a growing feeling in Chile that the best way to keep Salvador Allende, candidate of the Communist-Socialist Popular Action Front (FRAP) out of the presidency this fall is to allow the issue to be decided by the Congress.

Under the 1925 Chilean constitution, if no candidate polls over 50 percent of the votes in a presidential election, a joint session of Congress chooses between the two top contenders. At the moment, neither Allende nor Christian Democratic (PDC) Senator Eduardo Frei, the other leading candidate, appears likely to obtain more than half the vote in the 4 September election.

In Congress, the outcome of a runoff vote between Frei and Allende would probably hinge on the powerful Radical Party (PR).



Allende, however, has also entered the bidding for PR sup-

port, and has offered Duran certain "guarantees" that democratic government would be preserved in an Allende administration. Should Allende acquire PR support in Congress, he would be a better than even prospect to win.

Congressional election of the president is unprecedented, albeit legal, under Chile's present constitution. Only in the last presidential election were the two top candidates even close; previously the winner obtained either an absolute majority or a substantial plurality.

The odds are that FRAP will attempt to spark widespread violence if Allende polls the most votes in the election, but is kept out of office by Congress. The armed forces, however, believe they can contain any such violence.

Armed forces leaders seem disposed to encourage the legislators to deny Allende the presidency if the issue goes to the Congress. Nevertheless, they would be unwilling to participate in any unconstitutional effort to prevent Allende from assuming the presidency should he secure a clear majority of the popular vote.

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Western Hemisphere

AREA NOTES

Argentina: The revival this month of a nationwide agitation campaign by Argentina's General Confederation of Labor (CGT) may increase labor unrest and open new opportunities for extremist provocation. CGT plans call for workers to "occupy" certain production centers briefly between 18 May and 15 June, and to extend "occupation" to all such centers for 24 hours between 15 and 18 June.

The CGT argues that the government has not made "satisfactory" progress toward resolving such problems as high living costs and unemployment, or met the CGT's various politi-

cal demands--which would, in effect, restore legality to the Peronist and Communist Parties. This campaign is apparently aimed at increasing pressure on the Congress, which reconvened on 1 May, and prodding President Illia, who has already taken some steps to assuage the CGT.

Ambassador McClintock comments that the CGT is now once again on a collision course with the government. He adds, however, that many labor leaders--who see danger in the CGT's provocative approach--have little enthusiasm for the "occupation" plan.

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