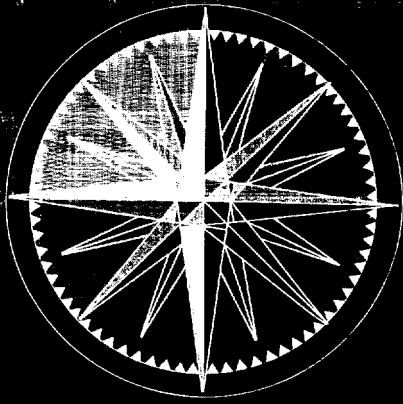


6 November 1964

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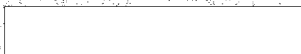
WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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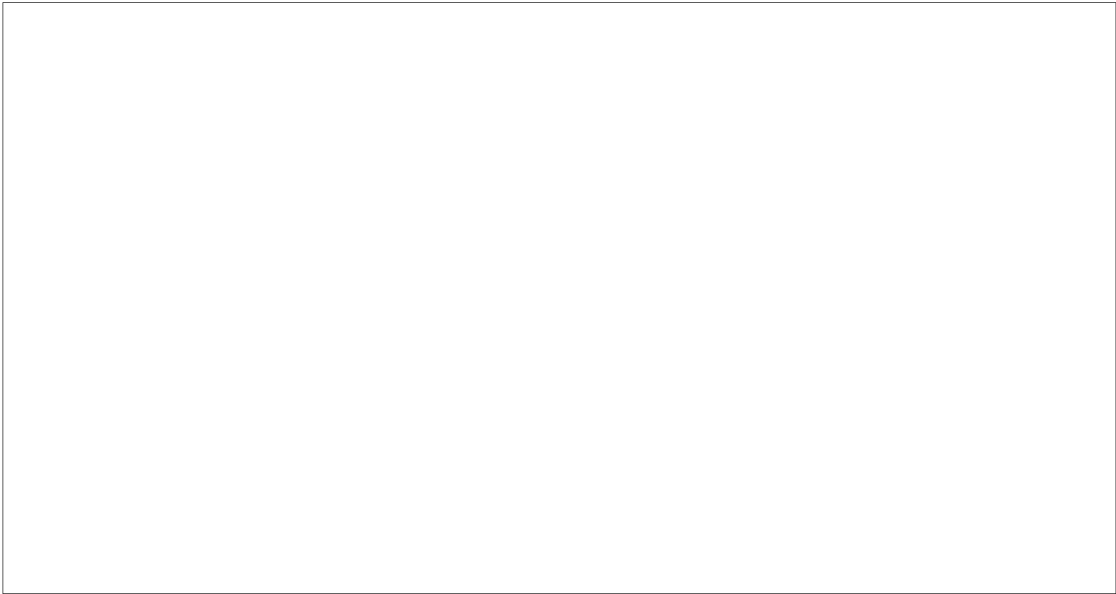
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(Information as of 1200 EST, 5 November 1964)

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The new president is pledged to conduct a vigorous program of economic and social reform, but he is confronted with major national fiscal problems. His success may hinge on his party's fate in the congressional elections next March.

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The Communist World

COMMUNIST LEADERS GATHER FOR MOSCOW CELEBRATIONS

Consultations in Moscow this week end among leaders of Sino-Soviet bloc parties probably will establish the framework within which the Sino-Soviet conflict will be conducted in the immediate future.

Chou En-lai will head a high-level Chinese Communist delegation. His presence will permit the first face-to-face negotiations between Chinese and Soviet leaders since the Moscow confrontation in July 1963. It probably reflects a Chinese estimate that recent developments in the USSR can be exploited to Peiping's immediate advantage.

The Chinese will almost certainly seek to make the proposed December preparatory meeting of 26 Communist parties the central issue in discussions. They probably believe that confusion in Moscow and strained relations between the CPSU and other Communist parties have increased the pressure on the Soviets at least to postpone this meeting.

The Chinese delegation apparently was carefully chosen to convey the impression that Peiping is ready for serious negotiations. Chou is the Chinese leader presumably most acceptable to the Soviets and only two of the men accompanying him

have previously taken a prominent role in the polemic. Their presence is probably intended to lend authority to the group by showing that the dominant militant faction in the Chinese party is represented.

Since Khrushchev's downfall, Moscow and Peiping have apparently been cautiously awaiting moves which would reveal each other's intentions and possibly end the truce in polemics. Although the new Soviet leaders quickly reaffirmed most of the positions long attacked by Peiping, they have sought to create the impression of a desire to ease the tone of the conflict. The Chinese, for their part, welcomed Khrushchev's removal, addressed a congratulatory message to the new leaders, and indicated they were adopting a posture of "watchful waiting." They also served notice, however, that they would not compromise on "principles" by reprinting statements of pro-Peiping foreign Communists underlining obstacles to a rapprochement created by Moscow's adherence to previous positions.

The lull in polemics since Khrushchev's removal and the recent exchange of courteous messages suggests that both Moscow and Peiping intend to preserve maximum room to maneuver.

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The Communist World

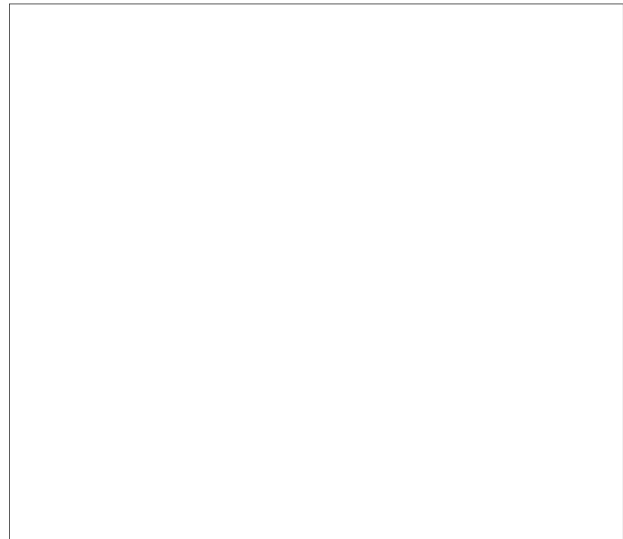
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Possibly in response to information that Chou En-lai would attend Moscow's 7 November anniversary celebrations, the Soviets have now drawn the lines clearly on two major positions most sharply attacked by Peiping over the past year--the partial nuclear test ban treaty and the proposal for a preparatory meeting for a new international Communist conference. Moscow broke the post-Khrushchev silence on the test ban with a Pravda editorial on 1 November hailing the treaty as a proof of the "positive results," achieved by Soviet foreign policy. The next day a communiqué on Soviet talks with an Austrian Communist delegation stressed the need to proceed with the preparatory meeting.

The Soviets also sharpened political battle lines by publicly inviting the Yugoslavs to attend the Moscow ceremonies and by ignoring the Albanians.

In the talks the USSR will probably try to avoid a formal split with China in accordance with the general desire in the Communist world. The Soviets will probably represent these talks as an opportunity for Peiping to reconsider its opposition to a new conference and the preparatory meeting. The Russians undoubtedly will again disavow any intention to "excommunicate" the Chinese or to establish a new centralized Communist organization. The Pravda editorial called for restoration of unity on the platform of the Moscow pronouncements of 1957 and 1960 and on the basis of "complete equality and voluntary cooperation."



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It seems likely that Chou's most immediate objective is to get the meeting postponed. The Chinese probably calculate that postponement would be viewed by

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The Communist World

other Communists as a victory for Peiping and would handicap Moscow's efforts to maintain its leadership of the bloc.

Chou will probably press for renewal of bilateral talks with the Soviets offering this as a way out of the impasse which existed before Khrushchev's removal. Such a move would probably be well received by the European Communist parties and would be aimed at confronting the Soviets with a choice between appearing to rebuff an ostensibly conciliatory offer or postponing the preparatory meeting.

The Eastern European delegations will be primarily interested in impressing upon the new Soviet leadership that any future tactics employed in the Sino-Soviet dispute can not be

at their expense. The determination of the Eastern European leaders to look to their national interests is reflected in the decision by Czechoslovak party leader Novotny and Rumanian party leader Gheorghiu-Dej not to join their counterparts from Poland, East Germany, Bulgaria, and Hungary at the meeting. This is strikingly true in Novotny's case. He has had a long record of obediently responding to Moscow's beck and call. Gheorghiu-Dej is continuing his long-standing policy to attend meetings of bloc leaders. Despite the unusual importance of this meeting for the future of the Communist movement, he probably reasons that his independent posture and maneuverability in bloc affairs is best preserved by not personally associating himself with collective bloc decisions.

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The Communist World

SOVIET INTERNAL DEVELOPMENTS

The Pravda editorial for 1 November, a long policy pronouncement by the new leadership, was essentially an extension and elaboration of the first such statement which appeared in Pravda on 17 October.

The editorial reassured the party and the people that the new team would work for the improvement of socialist democracy and legality and the eradication of violations of law and order. It stressed that collective leadership now will be strictly observed.

The editorial also gave the impression that, in comparison with Khrushchev, the new leaders will bring to their problems a more solid and business-like approach. Boasting and idle talk were again castigated, as was any "vulgarizing depreciation" of ideological work.

There were no references to reallocation of resources among the military, heavy industry, and the consumer. However, the grandiose--and in large part unrealistic--long-range goals approved at the 22nd party congress were repeated. According to official doctrine, achievement of these targets by 1980 will bring the USSR to the stage of Communism.

Pravda reiterated several themes put forward by Khrushchev during the past two years. It stressed that labor productivity should be improved by greater

use of modern technology and increased efficiency rather than by following the traditional course of simply adding to existing capital assets. Investment should be concentrated on projects which would show a quick return and maximum results for minimal expense. Wasteful productive processes and low-quality output were again severely criticized.

Attacking "subjectivism in planning," the editorial argued that it is necessary to "learn to make the right use of economic levers and methods in economy, cost accounting, prices, credit and profits." This may be another indication of continuing support for the economic liberalism concepts associated with Liberman.

The role of incentives was recognized clearly in the call for drastic improvement in the quality of industrial output, including consumer goods and housing. The strongest thing Pravda could say for agriculture was that "certain successes" have been achieved.

Khrushchev's penchant for issuing sweeping decrees and his incessant revamping of the party and governmental administrative networks were roundly scored. The idea that "complex economic problems can be solved by mere injunction, that it is only necessary to reorganize administrative machinery ...or split a trust in two... is thoroughly wrong."

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The Communist World

BLOC ECONOMIC SUPPORT FOR THE UAR

The USSR and Eastern European Communist countries are winding up negotiations on support for the UAR's economic development program. A Soviet credit of \$280 million extended last May to finance projects under the UAR's second Five-Year Plan (1965-1970) has been followed by new credits from Rumania and East Germany for over \$50 million. Current negotiations with Poland may result in additional economic credits. Total bloc economic assistance since 1955 now amounts to almost \$1.1 billion.

Contracts implementing the Soviet credit were concluded in September. Soviet assistance will continue to be concentrated in Egypt's metallurgical, petroleum, and electric power industries. Over half the new credit is to be used for two projects --expansion of iron and steel facilities at Helwan and construction of a second lubricating oil plant at Suez. Other projects include construction of a heavy machinery plant, a machine-tool factory, and a thermal power station, and establishment of 20 new technical training centers.

Rumania, extending its first credit to Egypt, agreed to

help build two cement plants and a soda products plant and to provide equipment and installations to extract and concentrate phosphates. According to the Egyptian deputy premier for industry and mining, Rumanian aid for these projects will total \$18 million. Additional credits may be forthcoming, however, as the Rumanian ambassador to the UAR indicated last August that his country would extend \$70 million in economic credits. The new \$35-million East German credit is to be used to construct textile factories, cement plants, and metallurgical and electrical installations as well as to assist the mining industry.

Czechoslovakia, although extending no new economic credits to Egypt, has agreed to participate in a number of new industrial projects utilizing funds still available from a Czech credit of \$57 million extended in 1962. Previously, only \$10 million of that credit had been designated for specific use.

The new bloc aid will permit Cairo to move ahead with economic development projects, but it does little to ease Egypt's current financial crisis and its shortages of consumer goods.

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Asia-Africa

NEW CABINET IN SOUTH VIETNAM

The new civilian government headed by former Saigon Mayor Tran Van Huong is composed primarily of experienced technicians. Its ability to develop the necessary strength and political support to concentrate on the war effort, however, remain in doubt.

The cabinet was announced on 4 November, four days after Huong was approved as premier by the High National Council. Huong, who has outlined a program including political and economic freedoms within limits of wartime discipline, serves as his own defense minister. Nguyen Luu Vien, retaining the Interior Ministry, also acts as first deputy premier. US-trained economist Nguyen Xuan Oanh is second deputy. The cabinet members are predominantly from the southern part of the country.

The new leadership is probably acceptable to General Khanh, who has been formally designated to remain armed forces commander. Khanh and

other senior officers show little enthusiasm for the government, however. Their support may become even more halfhearted should the new government prove unwieldy or be slow in producing results.

There are also indications that Buddhist leaders, particularly the more radical Tra Quang, have reservations about the new government. [REDACTED]

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The week's military activities were highlighted by an enemy mortar attack on Bien Hoa Air Base on 1 November. Five US B-57 bombers were destroyed and 13 B-57s were damaged in addition to 11 other aircraft. The Viet Cong's success in mounting this "high-impact" operation may encourage the Communists into further ventures of this kind. [REDACTED]

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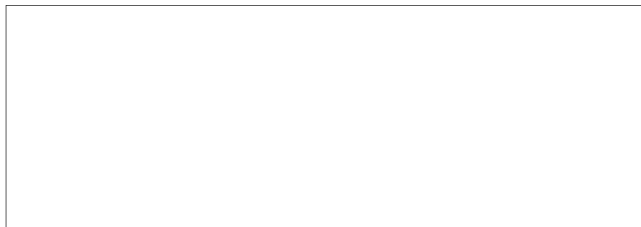
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Asia-Africa

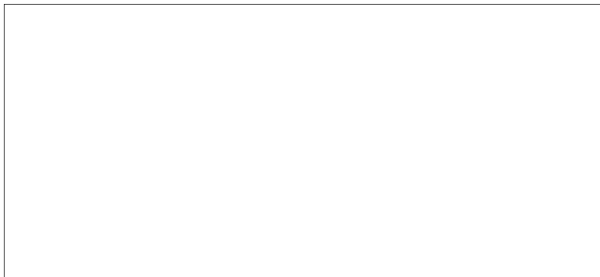
AREA NOTE

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Indonesia: President Sukarno was due to return to Indonesia this week from his most recent global tour. His seven-week trip included a three-day visit in Moscow in late September and a briefer stop in Shanghai on 4-5 November.



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Acting president Subandrio, concurrently first deputy prime minister and minister of foreign affairs, was asked, during a recent speech to police officers, how the revolution would be continued if Sukarno were no longer able to lead. According to the Indonesian press, Subandrio replied that the revolution would go on by making the entire public "progressive" and not through a clash of forces or by "playing at a coup d'etat."

During Sukarno's absence, a polemic developed between Communist and non-Communist elements in Indonesia over a series of issues. The debate, waged chiefly through press articles, was expressed in strong terms and for a few days was unrestricted. Either at Sukarno's orders or with the prospect of Sukarno's return in view, acting president Subandrio on 29 October stressed to non-Communist leaders the need for unity and for the cessation of argument, and the tone of the debate has softened considerably. Adam Malik, the minister of trade who has challenged the Communists repeatedly during recent months and who was a leading figure in the debate, was summoned to Tokyo on 29 October by Sukarno.

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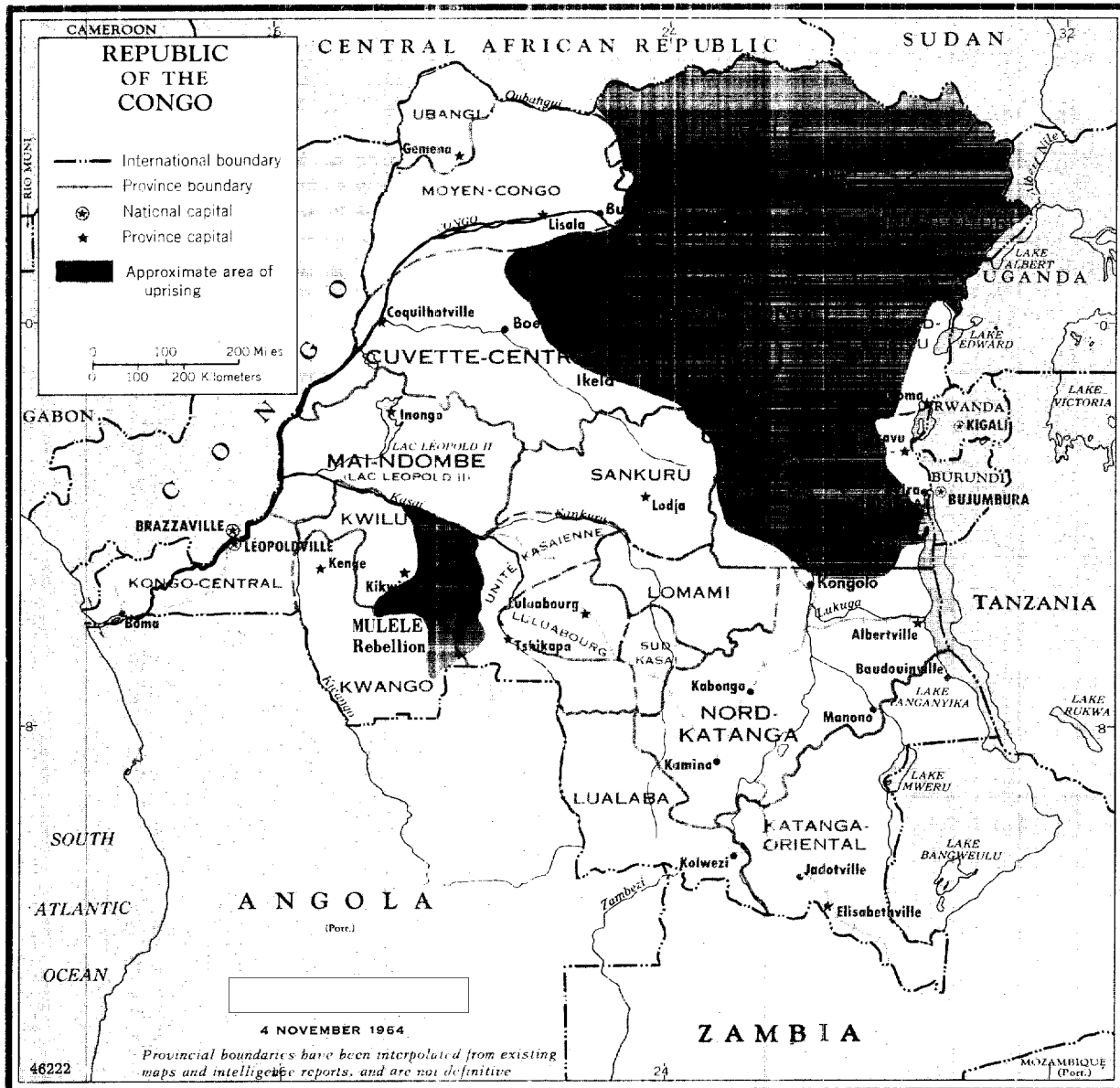
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Asia-Africa

AREA NOTES

Saudi Arabia: King Saud was deposed on 2 November in favor of Crown Prince Faysal by the united vote of the cabinet, religious leaders, the royal family, and a consultative council of distinguished persons. The armed forces and the national guard appeared to play a passive role, and the change is receiving general support from the populace.

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King Faysal has not yet appointed a new prime minister. He may continue to exercise that office himself with his brother and deputy premier, Prince Khalid, carrying the burden of routine work. Ultimately, Faysal is expected to designate Khalid as heir apparent.

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Congo: The rebel military position appears to be crumbling rapidly in the face of continuing government advances. Government troops in the northwest have cleared the rebels from the Bumba and Boende areas and are heading toward Ikela, 190 miles west of Stanleyville. Other government forces have freed Sankuru Province of organized

rebel units. In the southeastern Congo, Belgian Colonel Van Der Walle's "Fifth Brigade"--composed of a 120-man mercenary force, Congo Army elements, and a Belgian logistics team--began its drive north from Kongolo to Kindu on 1 November. The government military position in the east, in the Uvira-Bukavu-Goma area, has also improved.

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Asia-Africa

NEW REGIME IN SUDAN

The situation in Khartoum is quieter, but the stability of the newly formed civilian government is uncertain. Some shuffling of cabinet posts is already taking place.

The Sudanese Communist Party won a major victory during last week's negotiations, despite its numerical weakness. Lack of real leadership and fragmentation among the non-Communist groups apparently enabled the Communists to get three and possibly four ministerial posts. Although their portfolios are for the most part minor ones, the Communists are the only cohesive bloc in the cabinet. Some members of the civilian National Front which organized the new government, and which includes representatives from political parties and professional groups, reportedly opposed early Communist efforts to dominate the front.

President Ibrahim Abboud, who led the former military junta, has been retained as nominal head of state and chief of military affairs. The defense portfolio, however, is held by the new prime minister, Sir Khatim al-Khalifa. Abboud has been given limited legisla-

tive veto powers, presumably to minimize the chance of factional deadlocks within the cabinet.

The National Front apparently is now intended to function as a political party, and front leaders presumably hope to control the elections that have been scheduled to take place next March. In the past, however, the traditional political parties have consistently failed to form any cohesive alliance, and their divisions increase the possibility that the Communists will dominate front activities.

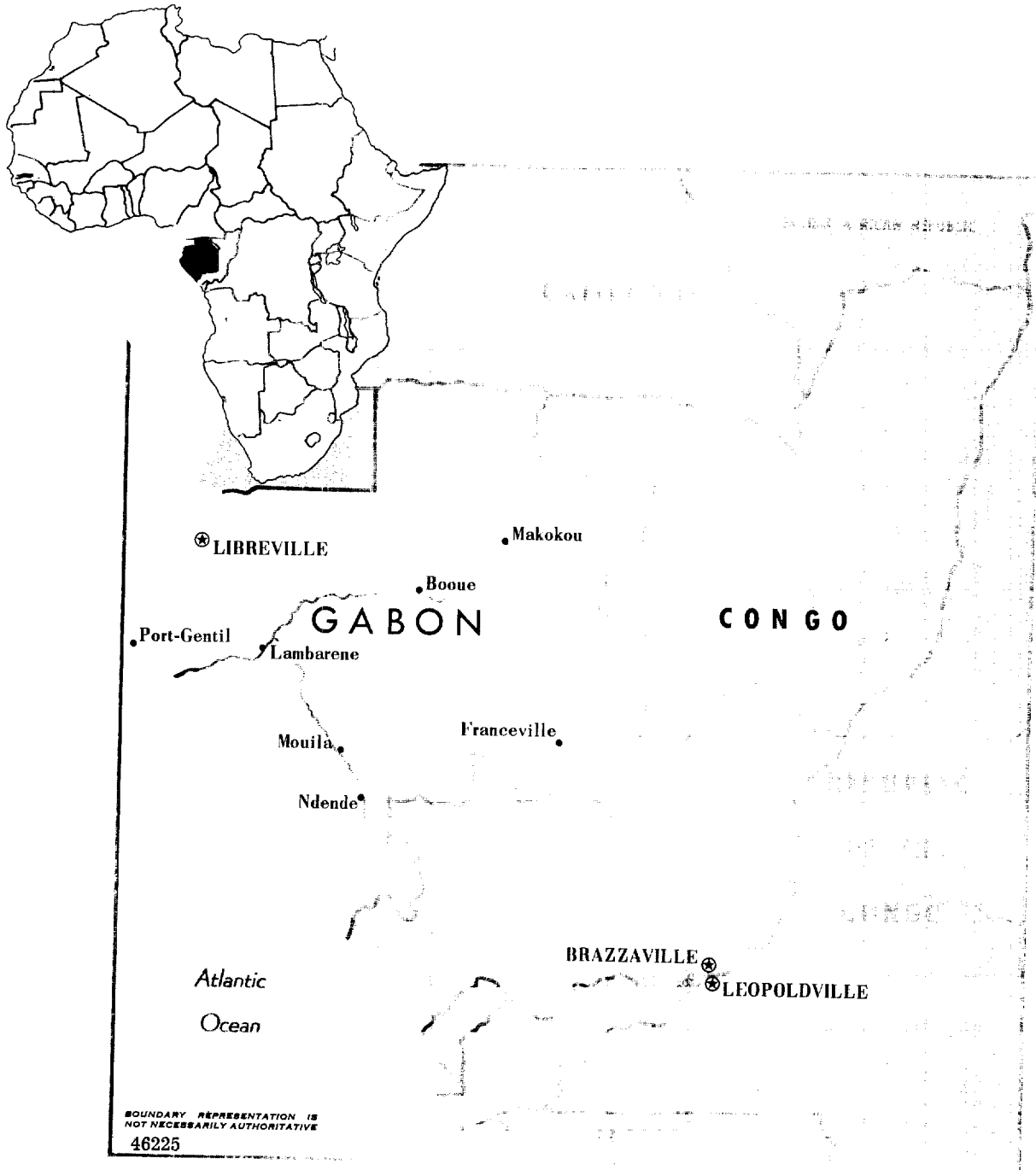
The future role of the army is still unclear.

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Southern spokesmen also seem dissatisfied with their limited role in the new government. They had hopes that at least three portfolios would be assigned to southerners, and have already refused to accept one of the two southern candidates finally named.

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Asia-Africa

FRANCE TRYING TO DISENGAGE IN GABON

France's apparent decision to withdraw its support from unpopular President Leon Mba has plunged Gabon into a new political crisis. The President left Gabon for Paris on 25 October, after being informed [redacted] that French troops guarding him would be withdrawn on 1 November. Mba's unwanted presence in France where he had hoped to plead his case before De Gualle [redacted]

[redacted] has further complicated an already delicate problem.

Since last February, when the French reinstated Mba after he had been ousted by a military coup, anti-Mba and anti-French sentiment has grown as Mba has shown his vindictiveness. The immediate cause of Paris' decision to withdraw its support was probably the stepped-up campaign of terror waged by Mba's goon squad over the past six weeks. Even some local Europeans have been victimized during this period.

Gabonese officialdom is attempting to maintain an air of normalcy despite the fact that the French withdrew their guard unit from the presidential palace on 1 November. Official announcement of Mba's departure was not made until 31 October when the government bulletin explained that the purpose of the trip was to consult with Paris on aid matters. Mba's cronies are calling for still more repressive measures against opposition elements who have evidently not yet attempted to exploit the situation.

Local French diplomats have continued to emphasize Mba's pro-Western position in foreign policy. They are probably trying to justify past French support of him, and may also be uncertain over Paris' final decision.

The most widely popular successor at this point would probably be the imprisoned Jean Aubame, Mba's principal political opponent, who headed the short-lived provisional government last February. Jean Marc Ekoh, who was a member of the provisional government but who is at liberty, also appears to have considerable support. Both men are highly competent politicians of the older generation, and have been generally pro-West and particularly favorable to the US. They have become strongly anti-French, however, as a result of Paris' support of Mba.

Paris has now apparently become uncertain as to how to proceed. To protect their own interests, the French are probably maneuvering to confine Mba's leading opponents, especially Aubame and Ekoh, to a subordinate role in any successor regime, if not to exclude them altogether. Paris is particularly interested in protecting access to Gabon's considerable mineral resources, which include the most concentrated high-quality uranium deposits in the Western world.

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Asia-Africa

INTRIGUE CONTINUES IN TANGANYIKA AND ZANZIBAR

Tanganyika and Zanzibar-- newly renamed the United Republic of Tanzania--continue to be the scene of considerable political intrigue, part of it directed against neighboring Mozambique.

Some 150 Zanzibaris--mostly Arabs--were arrested last week by a few radical members of the Revolutionary Council on the island. The action was prompted by rumors of a "counterrevolutionary plot" with "British involvement." Vice President Karume approved the arrests, although the regular Tanzanian police authorities were not involved.

Over the past few weeks, however, Karume has become generally somewhat more moderate and has shown signs that he is beginning to distrust many of the radical elements around him. He recently ordered the dissolution of the Revolutionary Trade Union and Students Union, two of the three Communist-front organizations on which the power of the Revolutionary Council is based.

Soviet military aid has arrived on the mainland.

According to local rumor, the Soviet arms are destined for the Tanzania-based Mozambique nationalists, but it is more likely that they are for the Tanzanian Army, possibly for a planned fourth battalion. Government leaders have stressed that they need such weapons to defend their Mozambique border in case the Portuguese retaliate for Tanzania's sheltering the nationalists.

One Tanzanian battalion is training with Chinese small arms delivered in early September, while the two remaining have British equipment.

Other arms, more clearly intended for nationalist operations in Mozambique, have been provided by Algeria, which has been training nationalist guerrillas.

The Algerian ambassador to Tanzania had said earlier that arms shipments for the nationalists would be arriving from Algeria by both air and sea in the near future.

He also stated that the Mtwara airfield on the Mozambique border is being lengthened and improved, presumably to facilitate anti-Portuguese activities. A detachment of Zanzibar troops with Soviet anti-aircraft guns was shipped to Mtwara last month, but was returned because it had engaged in a wave of banditry against the Tanganyikan population.

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Europe

THE MLF AND THE ALLIANCE

The showdown on the multi-lateral nuclear force (MLF) appears to be approaching. The prospect that the force may actually be formed has aroused the French to active opposition, although the US has agreed that it is not feasible to have a MLF charter by the year's end, and that the new British Government must have time to decide about joining. A crisis within the alliance becomes a distinct possibility during or even before the next NATO ministerial meeting scheduled for mid-December.

Britain's new Labor government earlier this month launched an alternative proposal for combining existing national nuclear deterrent forces of NATO members into a seaborne MLF. The seaborne component would be significantly smaller than the 25-ship, 200-missile force advanced by the US, however, and all forces would be placed in a new NATO nuclear commander under SACEUR. The plan is designed to preserve a useful role for Britain's existing V-bomber force and Pershing land-based missile battalions, its TSR-2 supersonic strike aircraft now under development, and its programmed nuclear submarines to be equipped with US-furnished Polaris missiles. The Wilson government hopes that the full commitment of these forces to NATO can be exchanged for a

greater voice in the use of the US' strategic nuclear deterrent forces.

West Germany, which has until now demonstrated a strong interest in setting up a seaborne MLF by the end of the year, has not yet reacted strongly either to the UK plan or to the prospective delay. German spokesmen have indicated they are willing to examine the British idea, although they are reportedly disturbed that the desired timetable will not be kept. Italy and the Netherlands have advised the US they were not prepared to make a decision to join the MLF until early next year. Both are probably relieved that London is taking a more active role in discussing nuclear arrangements in the alliance.

In principle, the UK plan would provide a place for De Gaulle's force de frappe. The French, however, have always passively opposed an MLF as inconsistent with their concept of European nuclear defense strategy, which would involve a nuclear deterrent independent of US control or participation. They probably see nothing new in the UK plan. It has probably increased French anxiety that any MLF will foreclose possibilities of a Gaullist-style

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UNITED KINGDOM CONSERVATIVE "SHADOW CABINET"

Party Leader	Sir Alexander Douglas-Home
Deputy Leader; Treasury; and coordinator of domestic affairs	Reginald Maudling
Chairman of the Planning Committee; Economic Affairs	Edward Heath
Home Office	Sir Edward Boyle
Education and Science	Quintin Hogg
Social Services and Wales	Sir Keith Joseph
Agriculture	Christopher Soames
Labor	Joseph Godber
Technology	Ernest Marples
Steel	Iain Macleod
Housing	John Boyd-Carpenter
Transportation	Enoch Powell
Foreign Affairs	R. A. Butler
Commonwealth Affairs	Duncan Sandys
Defense	Peter Thorneycroft
Foreign Trade	Edward du Cann
Health	Richard Wood
Scotland	Michael Noble
Pensions	Mrs. M. H. Thatcher
Power	Mr. J. W. W. Peyton
Aviation	Angus Maude
Public Building and Works	J. E. Ramsden
Land and Natural Resources	F. Corfield
Post Office	Miss M. Pike
Law	Sir John Hobson; Sir Peter Rawlinson
Colonies	Julian Amery
Overseas Development	Robert Carr
OTHER PARTY LEADERS	
Chairman of the Party	Lord Blakenham
Vice Chairman of the Party	Michael Fraser
General coordinator, party strategy & tactics	Selwyn Lloyd
Chief Whip, House of Commons	Martin Redmayne
Deputy Whip, Commons	William Whitelaw
Party Leader, House of Lords	Lord Carrington
Deputy leader, House of Lords	Lord Dilhorne

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Europe

European confederation, and make a common Franco-German defense policy impossible.

In a 29 October talk with US officials in Paris, a senior French Foreign Ministry official's personal view was that if the

US continues to press for MLF De Gaulle, who now more than ever regards the proposal as a "smoking bomb" in his hand, will take some counteraction having serious disruptive effects within the alliance. [REDACTED]

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AREA NOTE

Britain: Conservative leader Douglas-Home has given the key posts in his "shadow cabinet" to Maudling and Heath, but without favoring either as heir apparent for the leadership.

The US Embassy in London believes Douglas-Home probably has not yet made up his mind who should be his successor. Major responsibility under him is split between the two front runners--Maudling for party operations, Heath for policy planning. This should give both men ample opportunity to prove themselves in opposition.

Other potential leadership contenders who have been given posts in which they might display their talents include Iain Macleod, who will lead the party's opposition to any government attempt to renationalize the steel industry. Macleod's ability as one of the party's sharpest debaters apparently offset the resentment caused by his refusal to serve under Douglas-Home while the party was in office.

Enoch Powell, the other rebel against Douglas-Home's leadership, also has been taken back into the fold as spokesman on transportation. His brief includes trucking, another area which Labor has promised to nationalize.

R.A. Butler no longer is discussed as a candidate for the leadership. There has been some speculation that Butler remains as foreign affairs spokesman only because he declined to be "kicked upstairs" to the House of Lords.

Most Conservatives feel the party needs a new leader before the next elections, which might come within eighteen months. Douglas-Home's assignment of younger "modernizers" to important posts probably is a first step in the selection and development of a successor. [REDACTED]

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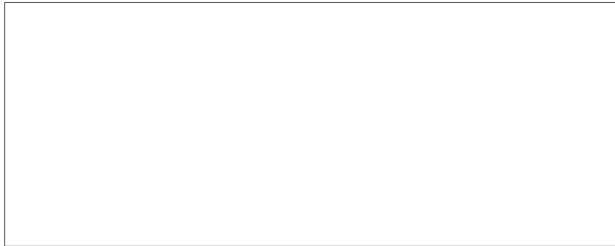
Europe

ITALY'S NATIONAL MUNICIPAL ELECTIONS

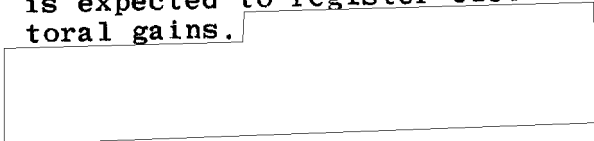
The 22-23 November nationwide municipal elections will be widely viewed as a plebiscite on the center-left government's performance to date.

The Socialists (PSI) are expected to be the only major party to register heavy losses. The major difficulty for the PSI is that the two successive Moro governments in which they have participated failed to make any significant progress on the coalition's reform program.

Although the government has gained some credit for its success in arresting the increase in inflation, this seems unlikely to prevent PSI losses since the party's working-class following fears that the stabilization program will cause increased unemployment.



In recent weeks, the PSI has drawn some comfort from the prospect of exploiting the repercussions of Khrushchev's ouster in the Italian Communist Party (PCI). It is doubtful, however, that this issue will adversely affect the PCI, which is expected to register electoral gains.



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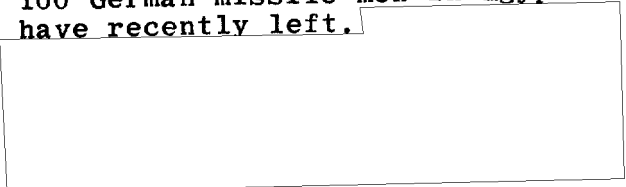
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WEST GERMANY MOVES TO PLACATE ISRAEL

The West German Government is attempting to deal with long-standing Israeli complaints about the employment of West German missile scientists and technicians by the UAR. Bonn has felt that a law barring such activity would be unconstitutional, but it is taking other steps to satisfy Israel. Bonn has also publicly revealed that it is cooperating with Israel in the nuclear field and giving Israel military aid.

A few of the estimated 75-100 German missile men in Egypt have recently left.



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Europe

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Bonn on 26 October confirmed press accounts that "for years" it has had a military assistance agreement with Israel. Expanding on the official admission, the German press stated that West Germany has supplied about \$50 million worth of military equipment, trained Israeli military personnel, and helped establish Israeli arms factories.

Bonn has revealed that it is also cooperating with Israel in the peaceful uses of atomic energy. According to the West

German Scientific Research Ministry, \$1.6 million is being expended during 1963-64. Research is being undertaken at the Weizmann Institute in Israel, where two top German nuclear physicists are currently on "temporary duty."

In publicizing these activities, Bonn risks endangering its relations with the Arab states. For the sake of clearing the air with Israel, however, it evidently has decided to run this risk. Bonn still appears far removed from formal recognition of the Israeli Government, a move which could result in UAR recognition of East Germany. [REDACTED]

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AREA NOTE

The Nordic Foreign Ministers meeting in Reykjavik on 27-28 October dealt primarily with UN matters.

The ministers agreed that the UN peacekeeping operations in Cyprus would be necessary after the present 31 January deadline, and that the need for the Nordic contingents there will continue for several more months at least. They also supported enlarging the Security Council and the Economic and Social Council. Iceland will ratify this measure next week; Norway, Denmark, and Sweden by the end of the year, and Finland early in 1965.

On the Article 19 question, the ministers agreed unanimously

on the legal validity of the US position, but expressed the hope that the time gained by the postponement of the General Assembly opening, which is supported by the Nordic countries, will be used to find an acceptable solution. The Swedes and Norwegians were especially insistent that this is basically a political question, and that the major powers are responsible for finding a solution. A Finnish Foreign Ministry official however, stated that the Danes and Norwegians will almost certainly vote with the US in the event of a confrontation. [REDACTED]

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Western Hemisphere

TURMOIL IN BOLIVIA

The military leaders who overthrew President Paz Estenssoro on 4 November have not yet formed a government although radiobroadcasts continually refer to a military junta. General Alfredo Ovando Candia, the commander in chief of the Bolivian armed forces, supposedly heads the "junta." General Hugo Suarez Guzman, the commanding general of the army, has announced that he will be a member of the junta, but his status is unclear.

Vice President Barrientos, the key figure in the ouster of Paz, was scheduled to confer with Ovando on 5 November regarding the form of government to be established.

The military revolt was triggered by the mutiny of a portion of the Ingavi Regiment, a security detachment of the Army General Staff, in La Paz on the morning of 3 November. Both Ovando and Suarez were held briefly by the mutineers. It is unclear whether Barrientos was directly connected with the La Paz uprising; he claims he had nothing



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Paz Estenssoro

Gen. Barrientos

to do with it. Nevertheless, he announced his support of the rebels. Other military units, most opposition political parties, and the miners joined the rebellion as the day progressed. Paz resigned on 4 November when it became evident that a civil war would ensue if he attempted to remain in power. He left for Lima, Peru.

The absence of any effective government, with resultant violence and chaos, provides an opportunity for Communists and other extremist elements to exert their influence in the formation of a new government. Extreme leftist Juan Lechin, ex-vice president and head of the National Leftist Revolutionary Party (PRIN), has already tried to force his participation in the junta. He appears to have failed, but his attitude can be expected to influence those who will organize an interim government. Communist inroads can be controlled only if the new government quickly imposes strong military rule.

The nation's tin miners, who are under Communist and extreme leftist leadership for the most part, are also a force to be reckoned with. The mine leaders announced on 4 November that they will fight the army if necessary unless permitted an important role in the government.

Maintaining law and order is the most pressing problem presently facing the army leaders. Sacking of government offices and looting have continued, and the army has been ineffective in controlling the situation.

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Western Hemisphere

FREI TAKES OFFICE IN CHILE

Christian Democrat (PDC) Eduardo Frei took office as president of Chile on 3 November pledged to conduct a vigorous program of economic and social reform. He is confronted by severe national fiscal problems and his long-term prospects for success may be closely tied to his party's fate in the congressional elections next March.

Frei expects to have enough support within the present congress to launch his program. His party's chances next spring will be improved if his administration makes a good showing in the meantime.

The PDC will run candidates for all 147 seats in the Chamber of Deputies and for most of the contested Senate seats. Frei hopes to obtain 50 PDC seats --enough to be able to sustain a presidential veto.

The Chilean financial situation remains grave. Frei has already told the country that in reality it is broke. He hopes to negotiate new foreign credits, and reschedule debts falling due.

Frei also pins much hope for a long-term balance-of-payments improvement on new agreements with the copper companies. Negotiations with the Anaconda company seem to be proceeding satisfactorily, and an agreement has been announced with the Cerro company. Frei's tactic with the Kennecott company seems to be to delay until it alone has not come to terms. The apparent object of all these talks thus far is to increase production and exports, and to permit some government participation in new exploitation.

Frei's cabinet consists mostly of Christian Democrats with a few nonparty technicians. Although appointees in the economic area are generally well qualified, the level of experience of some of the other ministers is not high. Defense Minister Carmona, for example, is a lawyer and ex-mayor, while Foreign Minister Valdes is a corporation lawyer and professor with little experience in diplomacy.

Recognition of the USSR and of at least some satellites can be expected soon, as Frei seeks to demonstrate his "independence" in foreign policy.

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Western Hemisphere

REPERCUSSIONS OF BRAZILIAN MILITARY INVESTIGATIONS

Renewed pressure on the government by some elements among the Brazilian military is causing serious political problems for President Castello Branco. These elements are disturbed by the recent public report of a military investigating team linking Senate president Moura Andrade and president of the Chamber of Deputies Ranieri Mazzilli with a tax scandal in Sao Paulo. Congress is becoming increasingly uneasy, anticipating that the report is in reality aimed at undermining the authority of the legislature. Congressional relations with the administration are strained.

Military investigations into political corruption and subversion are also in progress in several other states. Local army leaders in Ceara have persuaded the state legislature to lift the political immunity of several local congressmen arrested for malfeasance and smuggling activities. In Goias, the state assembly is being pressed to impeach Governor Mauro Borges on the basis of apparently strong evidence uncovered by the army that he has cooperated with the Communist Party and that his office has been tied in with a "foreign" espionage ring.

President Castello Branco is seeking to minimize the repercussions of these investigations. In a 30 October nationwide television interview, he emphasized that present executive-congress relationships were "the best possible." He defended the investigations as necessary in a revolution, but he also stressed that established legal procedures will be followed. His statements strongly implied that the government has no plans to revive the emergency laws under which several thousand federal officials had been summarily removed before the laws expired last month.

Nevertheless, Castello Branco may feel constrained to grant his military critics certain concessions, which at the same time would gain him political advantages. He may, for example, use the opportunity to have Chamber president Mazzilli replaced with someone more willing to support administration programs. In any event, the friction between the legislature, Castello Branco, and the military is likely to continue.

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Western Hemisphere

AREA NOTE

Ecuador: Ecuador's governing military junta, which retreated last month in the face of opposition in Guayaquil to tax reforms, continues to lose political stature. The junta members are more concerned now with holding power than with carrying on the business of government. The junta's reform program consequently is slowing down.

In a move symptomatic of the government's confusion, air force junta member Freile, who aspires to become president, forced the ouster of the capable development minister on 29 October, even though the minister was presiding at an international conference being held in Ecuador. Freile apparently feared the minister as a political rival and was able to impose his wishes on the other three junta members by threatening to withdraw air

force support from the government.

Although the appearance of unity in the junta was preserved on this occasion, other rivalries persist. General Gandara may again be maneuvering to remove Freile as well as Government Minister Mora Bowen, a perennial troublemaker whose survival has rested on the support of Freile and junta president Admiral Castro Jijon.

The junta may soon initiate a gradual return to civilian constitutional rule, perhaps by first naming a civilian interim president who would preside over general elections next summer. The regime's increasing difficulties may prompt the junta to relinquish power fairly rapidly. In this event the promised reform program may become a casualty.

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United Nations

UN MEMBERS TRYING TO RESOLVE ARTICLE 19 IMPASSE

Many UN powers are intensely seeking a solution to the Article 19 impasse, but it is still not certain that the problem can be resolved before the twice-delayed General Assembly convenes on 1 December.

In addition to the working group of 21 countries which was earlier charged with considering all aspects of UN financing and peacekeeping operations, a number of smaller groups are forming to deal with the problem. In proposing new solutions, however, these new groups are being hampered by the fear either of being caught in a squeeze between the US and USSR, or of precipitating a Soviet walkout.

If no solution is found, one plan under consideration to avoid a crisis calls for the attendance of prominent non-aligned leaders such as Shastri and Tito at the General Assembly. In their presence the GA would convene to hear a few speeches but take no votes. The assembly would then adjourn and not reconvene until some acceptable solution to the arrears problem had been found.

This approach conflicts with the US belief that the Article 19 issue must be faced at the very outset of the General Assembly, preferably with a ruling by Sosa Rodriguez as acting president of the General Assembly that countries currently in arrears, including the USSR, have lost their vote in the assembly. Although such a ruling would produce an uproar in the

assembly, Sosa Rodriguez previously indicated he would do so provided that the financial delinquents were first named in a resolution passed in the GA.

Now, however, Sosa Rodriguez is apparently reluctant to rule against the USSR without additional authorization from the assembly. The Venezuelan is obviously most hesitant to rule on such an explosive issue and probably has not made any final decision on how he plans to proceed. He too is working on a compromised solution which would be presented before the assembly convenes, and which would presumably reflect the prevailing opinion of the UN membership.

If the impasse continues, pressures for a high-level discussion between the US and USSR will probably continue to increase. Several Soviet officials have stressed the need to avoid a confrontation, and the US has publicly stated it is ready to discuss UN financing with Moscow. The USSR would not have to contribute specifically to the Congo and Palestine UN operations, to which they have strong political objections, but it does appear the Soviets will have to make some payment to a UN body. There is still no firm indication they are willing to make even a token payment. There is, however, increased activity from all sides to avert a showdown.

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