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WEEKLY SUMMARY

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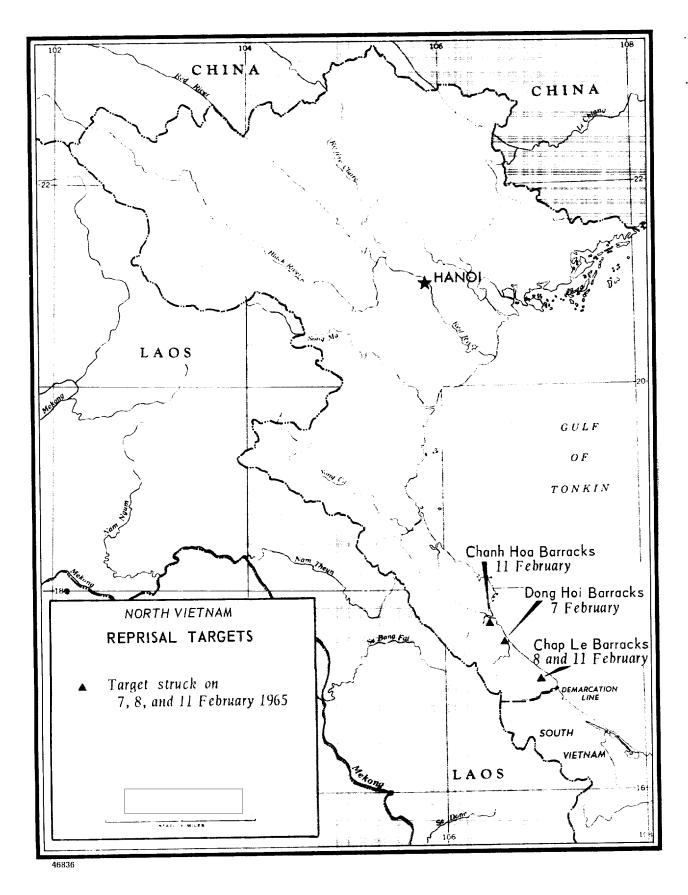
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THE VIETNAM SITUATION

Hanoi apparently remains determined to continue the war in South Vietnam at an intensive pace despite the US and South Vietnamese air strikes on North Vietnam. Since the first strikes the Communists in South Vietnam have maintained the offensive they launched at the end of their unilateral lunar new year cease-fire, beginning with two simultaneous attacks on 7 February on US installations at Pleiku. During the next several days there were other large- and small-scale attacks throughout the country. Heavy pressure persists, and this week appears likely to prove the most violent of the war to date.

No significant North Vietnamese, Chinese Communist, or Soviet military deployments that can be considered a direct reaction to the air strikes have been detected thus far.

The Air Strikes

In response to the steppedup Communist offensive, which included the largest direct attacks on Americans in the war, US and South Vietnamese air units on 7, 8, and 11 February struck targets in North Vietnam associated with the infiltration into South Vietnam. On 7 February US planes attacked North Vietnamese Army barracks at Dong Hoi, headquarters of the 325th Division, destroying a total of 12 buildings and damaging several more. One US plane was lost and its pilot is missing.

On 8 February, the South Vietnamese Air Force struck at the Chap Le Barracks, home of the North Vietnamese 270th Independent Regiment, just north of the Demilitarized Zone. Initial poststrike photography indicates that damage to the buildings in the area was light.

On 11 February US carrierbased aircraft struck the Chanh Hoa army barracks just north of Dong Hoi, believed to house elements of the 325th Infantry Division, and pilot reports indicate the target was severely damaged. Three US planes and two pilots are still missing, and the North Vietnamese claim to have captured one. At the same time, on the 11th, the South Vietnamese Air Force attacked the Chap Le barracks area again. No information on the success of this strike is yet available.

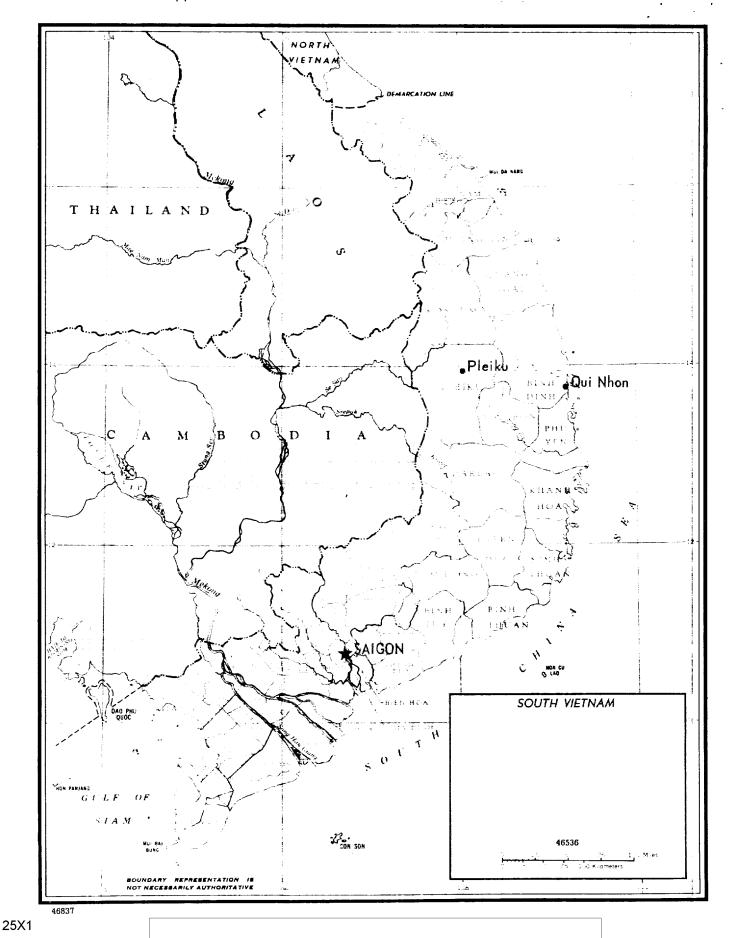
Communist Vietnamese Reaction

The sustained intensity of military action in South Vietnam since the end of the Tet cease-fire

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has resulted in an impressive demonstration of Viet Cong military strength.

Although Viet Cong forces have suffered heavy losses in some of the fighting, they have inflicted severe casualties on the government. In coastal Binh Dinh Province, two battalion-size Communist attacks may have wiped out nearly two companies of government regulars and part of another battalion, although the fate of the government forces is still not fully known. US personnel have also suffered their worst week of the war, with heavy losses in the Pleiku attacks, the subsequent terrorist bombing on 10 February of an enlisted men's billet in Qui Nhon, the capital of Binh Dinh Province, and in scattered fighting throughout the country.

Many of the Viet Cong attacks undoubtedly were in preparation before and during the cease-fire. Some, however, appear to have been launched in response to exhortations by the Viet Cong's Liberation Front to step up military and political activity following the retaliatory air strikes against North Vietnam on 7 and 8 February. In particular, a pattern of increased violence against Americans is indicated, not only by the severity of the Qui Nhon bombing, but by the mutilation of three American advisers whose bodies were found when government troops on 10 February retook a district town which had been briefly overrun by the Viet Cong north of Saigon.

The political response of both Hanoi and the Liberation Front to the air strikes has also been one of defiance. The Liberation Forces Command urged all troops to "strike strongly, and really lastingly, in order to protect the North and liberate the South." In propaganda statements and official protests to the International Control Commission, Hanoi adopted essentially the same posture used after the Tonkin Gulf crisis last August -- an expression of injured innocence, determination to pursue objectives in South Vietnam, and willingness and readiness to meet future US military action.

North Vietnam described the air strikes as unwarranted US aggression and portrayed the results—it now claims the destruction of 12 US aircraft—as a victory for its air defense units. The first in a series of nation—wide mass protest demonstrations in Hanoi rallied 70,000 people.

Chinese Views

Peiping is moving cautiously while at the same time attempting, with increasingly bellicose propaganda, to encourage Hanoi and to deter the US from moves to enlarge the conflict. There has been a steady escalation in the Chinese war of words since 8 February, and massive anti-US rallies are being staged all over China.

The editorial blast in People's Daily on 10 February is very tough. It warns ominously that if the US is bent on spreading the war to China, Peiping will "have no

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alternative but to go along with it to the very end," and that in such an event "the whole of Southeast Asia, the whole of Asia would be aflame with the revolutionary fire." The editorial notes that America's "meager force" in Asia is spread thinly over a "long arc from South Korea to Indochina," and that if the conflict were expanded, the "time, place, and scale of the war" would be beyond US control.

This latest outburst contains Peiping's most specific public commitment thus far to action in response to new US moves. It is very carefully phrased, however, to give the Chinese wide freedom of choice in their reaction.

Speaking of a US decision to enlarge the struggle, Peiping asserts that "an invasion of the DRV is also an invasion of China" which the Chinese would be dutybound to oppose with "concrete action."

This is much more precise than the formulation used in the official statement about the Vietnam situation issued by Peiping on 8 February -- and last August following the Tonkin Gulf incident --which used the broader term "aggression." Thus refined, the Chinese promise to help Hanoi defend itself is firmest in regard to the contingency Peiping probably regards as most remote, a major ground offensive against North Vietnam. In other more likely situations the Chinese leave themselves room for maneuver.

Peiping's latest statement implies that it expects more air strikes against North Vietnam but

makes no promise of an immediate Chinese response. Instead, it claims that such attacks will never frighten the "South Vietnamese people" and that whatever the US does they will "certainly redouble their efforts to deal one heavy blow after another on the US aggressors."

Soviet Views

The events in Vietnam have almost certainly made it more difficult for the USSR to choose between increased support for the DRV--with its consequent implications for Soviet-US relations -- and a disengagement which could be exploited by Peiping. The initial decision to send the Kosygin mission to Hanoi was probably based on the premise that a commitment of Soviet military and economic assistance would strengthen the deterrent against any US military actions to broaden the war as well as hasten steps toward a negotiated settlement in which the Soviet Union could play an influential role.

Moscow's serious concern over the drastically changed circumstances has been reflected in its 25X1 cautious and restrained public statements of support for Hanoi.

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The USSR's immediate reaction suggested that it had no foreknow-ledge of the Viet Cong attacks.

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In his first public statement after the US reprisals, Soviet Premier Kosygin carefully avoided the USSR's pledge of "all necessary assistance" to the DRV contained in his speech the day before, and spoke instead of the "international duty" of the USSR to strengthen the defensive capacity of the "Socialist commonwealth of nations."

Although Soviet Premier Kosygin and an official Soviet Government statement reconfirmed the USSR's general commitment, the joint Soviet-DRV statement of 10 February failed to mention any specific forms of aid and hinted at difficulties during the talks in Hanoi. The statement strongly implied that Moscow intends to carry out its offer of support only gradually, carefully weighing the extent of its involvement against future US actions in Indochina. The statement asserted that "regular consultations" would be held on "measures which should be taken to strengthen" North Vietnamese defensive capabilities.

Since the events of last week end, Soviet officials and public media have been quick to underline the implications for Soviet-US relations if the situation in Vietnam continues on its present course. The 8 February Soviet Government statement injected a cautious warning that, although the USSR favors

further improvement in bilateral relations, "aggressive manifestations" might cancel out steps already taken to improve them, and Pravda on 10 February maintained that normalization of relations between the Soviet Union and the US could not be considered apart from dangerous US actions in other parts of the world. Moscow has attempted to balance this tough public line by stressing the need to continue improved relations in private talks with US officials.

South Vietnamese Reaction

Despite concern in some South Vietnamese circles over possible escalation of the war, the strikes at the North, and especially the participation of South Vietnam's air force, have evoked initial enthusiasm in the South, particularly among the military. The raids have also spurred efforts to set up a new government while public morale appears improved. Agreement apparently has been reached to designate Interior Minister Nguyen Luu Vien as premier, and an announcement is expected shortly.

Political divisions, however, continue, as indicated by the difficulties encountered in the selection of individual ministers. Catholic circles remain reluctant to cooperate with General Khanh, distrust of the Buddhists is growing, and factionalism persists among the generals themselves.

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PROSPECTS FOR COMMUNIST PREPARATORY MEETING

Prior to the events of 6-8 February in Vietnam, the Soviet leaders appeared intent on giving the impression that they were determined to proceed with the meeting of the "editorial commission" announced for 1 March. The developments which brought the Vietnam conflict to a new crisis, however, abruptly altered the political climate and introduced new uncertainties into Moscow's plans. The Soviets now may find their plans complicated not only by heightened pressure for an outward show of Communist unity in defending North Vietnam but by renewed appeals by foreign parties to avoid actions that aggravate the Sino-Soviet conflict.

Moscow's final decision in regard to the March meeting probably will be determined by Premier Kosygin's report on his talks with Chinese, North Vietnamese, and North Korean leaders and by the Soviet leaders' assessment of the implications of the Vietnam crisis for their relations with the Asian Communist regimes and for the Soviet position in the rest of the Communist world.

On the day that Premier Kosygin arrived in Peiping en route to Hanoi, Moscow announced Mongolian party chief Tsedenbal's strong support for the 1 March meeting. Tsedenbal's endorsement came during a meeting between Mongolian party leaders and a visiting Soviet delegation led by presidium member Shelepin, who 25 stressed the "full unanimity of views" shared by the two parties.

During the recent spate of highlevel contacts with representatives of key foreign parties, the Russian leader probably described Soviet intentions and attempted to rally wider and stronger support for the March gathering.

There are indications that Moscow had modified and softened the terms of the March meeting, making it, in essence, a brief and relatively innocuous consultative session, in an attempt to render it more palatable to those foreign parties which did not wish to see it turn into a confrontation with Peiping.

The Soviets may present the March gathering as the first of a series of preparatory sessions, in which other parties would be asked to participate.

The Chinese, however, have apparently not lessened their opposition to the preparatory meeting proposal, and Chou En-lai's

denunciation of the March session follows other attacks by the Peiping-oriented Indonesian and Japanese parties. Available evidence suggests that at least seven of the 26 members of the "editorial commission" would be inclined to stay away. This is substantially the same line-up existing last fall, when Moscow opted for postponement.

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THE DOWNFALL OF LYSENKO

The ouster of biologist Trofim Lysenko from his institute
in the Academy of Sciences climaxes a ten-year campaign by Soviet scientists to free research
from the stifling ideological dogmas of the Stalin era. The new
leaders have yielded to this
pressure with a minimum of publicity, but Lysenko's removal will
encourage the restive intellectuals in other fields.

Lysenko's career began in the 1930s when, contradicting generally accepted scientific principles in genetics, he insisted that genes are sinister bourgeois myths and that the whole living organism draws inheritable characteristics from its environment. Heredity changes could, he claimed, be directed by changes in environmental factors. With Stalin's personal backing, he achieved control over both biological research and agricultural practices. His opponents were arrested, their institutes closed, and textbooks rewritten to conform to his theories.

In the post-Stalin thaw, Lysenko's grip on biological research was weakened and competent geneticists reappeared, but text-books and school curricula remained unchanged. In the late 1950s, his prestige began to rise again as Khrushchev became impressed with his "practical" work in agriculture. His claimed success in implanting inheritable characteristics in cattle by changing environmental factors rather than through crossbreeding and his insistence that a

"treated" mixture of organic fertilizer and limestone was as effective as chemical fertilizers appealed to Khrushchev as shortcuts to higher agricultural yields. The Academy of Agricultural Sciences under the Ministry of Agriculture became a Lysenko stronghold, assiduously publicizing his farming theories. Criticism of his practices remained hazardous, for party officials as well as for scientists.

Khrushchev's ouster in October was followed by an outburst of anti-Lysenko articles in the press. Lysenko's theories on heredity were refuted, his successes in "practical" agriculture were challenged, and the issue of his personal responsibility for the fate of his opponents was raised. There were calls for textbook revisions and for "special measures" to correct shortcomings in the Ministry of Agriculture and the Agricultural Academy.

In December, press criticism was so abruptly silenced as to suggest that orders to this effect had come down from the Kremlin. Some top leaders may have been unaware of the depth of feeling among scientists concerning Lysenko's threat to the integrity of science and reluctant to have public discussion of agricultural practices which had earlier received strong party backing. The press attacks resumed, however, in late January, to be followed by the news of Lysenko's ouster on 27 January as head of the Institute of Genetics in the Academy of Sciences. Plans to rewrite textbooks and to establish new research

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laboratories as well as a scientific council on genetics were also announced. It is possible that Kosygin, who has been described as understanding the needs of the academy and who reportedly is "friendly" with academy President Mstislav Keldysh, intervened to persuade his colleagues of the importance which the academy attaches to eliminating Lysenkoism in biology.

Keldysh last week again attacked Lysenko by name and called for the creation in biology of "the same normal scientific atmosphere as in other spheres" with free discussion of new ideas. He

also announced a forthcoming conference to relate biological research to the practical needs of agriculture. The effort to erase Lysenko's influence from the politically sensitive area of agricultural practices, is now well advanced. On 10 February his remaining stronghold, the Agricultural Academy, was removed from his grasp when his long-time protegé Mikhail Olshanksy was replaced as president of that body by the anti-Lysenkoist, Pavel Lobanov. Lobanov also held the post from 1956 to 1961, during the period when Lysenko's influence was at low ebb.

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SOVIET GRAIN PURCHASES CONTINUE

The USSR has bought considerable amounts of grain this season, both for its own use and to meet export commitments, and free world brokers expect additional orders.

Firm purchases now include 500,000 tons of Canadian wheat and flour for Cuba, about 250,000 tons of French wheat for Eastern Europe, and 900,000 tons from Canada and Australia for shipment to the USSR.

The USSR again is paying cash for its grain imports. Purchases this season have already cost over \$100 million in hard

currency. Emergency purchases in the 1963-64 season, following a Soviet crop failure, totaled about 12 million tons of wheat worth \$800 million, financed in part by the sale of gold. Moscow may not find it necessary, however, to resume gold sales to finance the current purchases. Its moderately successful effort to push exports last year and its reduced imports from Western Europe have placed it in a relatively better hard-currency position.

Grain purchases at this time are believed to reflect Soviet prudence-taking advantage of world oversupply and competitive prices to restore the stockpiles which had been gradually depleted during the early 1960s and were wiped out by the poor 1963 harvest. Although the Soviet wheat harvest

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was very large last year, much of it was of such low quality as to be unsuitable for the production of flour.

Some purchases are a matter of convenience, too. Deliveries to Cuba by Canada on Soviet account--although requiring an out-

flow of hard currency-are less costly than shipments from the Black Sea, especially when return cargoes are not available. Moscow also is purchasing grain for delivery to the Soviet Far East, avoiding costly overland transport of its own grain.

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SOVIET MILITARY MEN OPPOSE "SUBJECTIVISM" IN DOCTRINE

Recent statements by two high-ranking Soviet staff officers suggest that the military leadership of the USSR is pressing for a greater role in the determination of military doctrine and other matters relating to national military policy. The statements are sharply critical of "irrational" approaches to military problems which the authors believe can be solved best by professional military men who are "principled scientific workers."

In his first major public pronouncement since his reappointment last November to serve as chief of the Soviet General Staff, Marshal Matvey Zakharov, writing in the 4 February issue of Red Star. recalls the harm to "mil-Itary developments" caused by the subjectivism which "flourished" under Stalin. Zakharov warned that with the emergence of nuclear-rocket weapons, cybernetics. and electronics, "a subjective approach to military problems, harebrained schemes, and superficiality" could be very costly and

cause "irreparable harm." Military-theoretical thought, concludes Zakharov, is "getting rid of its fetters of dogmatism" and now attaches paramount importance to "the scientific motivation of solutions of military problems."

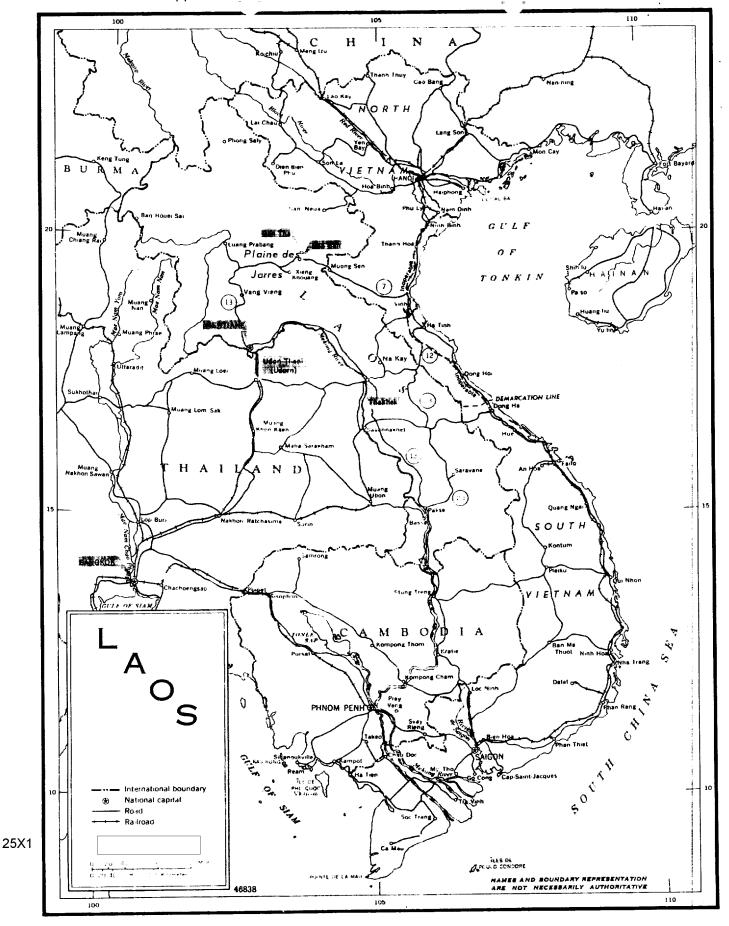
In a less explicit statement. Colonel General Sergey Shtemenko, deputy chief of the armed forces general staff, writing in Izvestia's Sunday supplement on 7 February, also recalls that the Soviet "military heritage" was ignored and distorted at the time of the personality cult, largely because "military theory was then formulated mainly on the basis of pronouncements by Stalin." Shtemenko notes that present Soviet military doctrine cannot orient itself to "an easy and quick victory alone" and that under certain conditions war may be protracted.

Both statements also seem to reflect criticism of Soviet military policy as formulated by Khrushchev, under which rocket-nuclear forces 25X1 were emphasized at the expense of traditional weaponry and methods.

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THE SITUATION IN LAOS

Laotian Generals Phoumi and Siho, who fled to Thailand following the collapse of their rebel forces, have been moved from Udorn, a Thai town about 35 miles south of Vientiane, to Bangkok. Although Phoumi has expressed a desire to return to Laos and rally supporters, it is unlikely that the Thai Government—anxious to maintain good relations with Premier Souvanna—will allow him an opportunity to engage in political or military agitation.

General Kouprasith Abhay, commander of the forces in the Vientiane area, has emerged as a dominant figure in the Laotian military establishment following last week's showdown with Phoumi. Although several of the generals in outlying regions are only lukewarm in their support, none at present appears prepared to mount any effective opposition to Kouprasith.

Souvanna is casting about for a successor to Phoumi as

deputy premier in the coalition Preliminary indigovernment. cations suggest he will attempt to persuade a southerner--possibly former premier Boun Oum, but more probably the present minister of education, Leuam Insixiengman--to assume Phoumi's post. Such a selection would be designed to allay southern suspicions that the recent events were contrived to enhance the fortunes of the Vientiane-based Sananikone family, with which Kouprasith is closely allied.

There have been scattered reports of small-scale fighting with the Communists. In the Thakhek area of central Laos, Communist forces are still active south and east of the town and some skirmishing has been reported. Farther north, recently reinforced Communist units have succeeded in capturing Ban Tha, a Meo guerrilla strongpoint overlooking the important Route 7 supply depot at Ban Ban.

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SYRIAN REGIME MOVES LEFTWARD

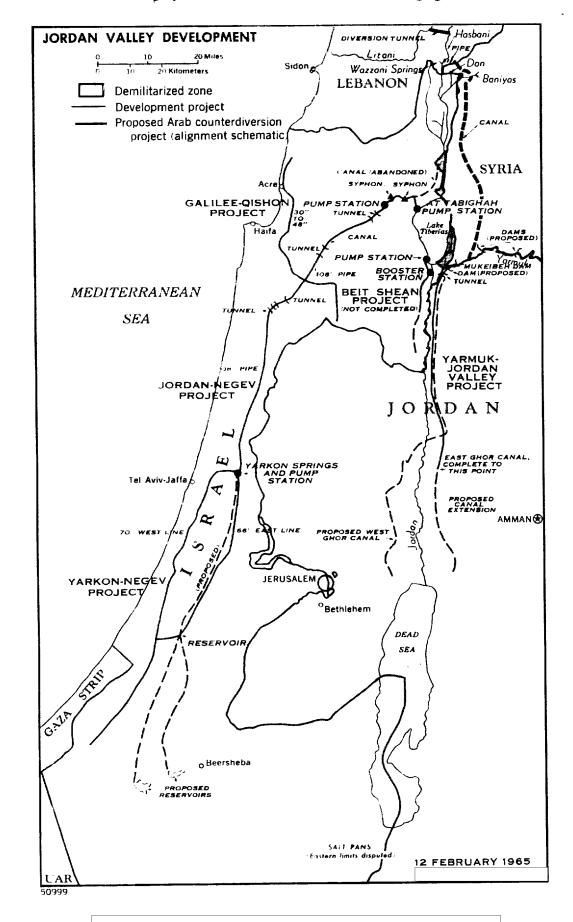
The Syrian Baathist military regime is pursuing an increasingly leftward course. Private industry was almost completely nationalized by a decree in early January, and the government moved quickly

to counter any resistance. At the same time, the regime is showing signs of allowing some freedom of action to the longoutlawed Syrian Communist Party, and anti-Western and anti-American propaganda attacks have reached a violent pitch.

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In a desperate attempt to resist nationalization actions, Damascus merchants and religious leaders called an antigovernment strike in mid-January despite the existence of a special military court empowered to hand down death sentences for any actions "against socialism." The government quelled the demonstrations quickly, however, and the Damascus conservatives now seem thoroughly cowed.

Leaders of the Syrian Communist Party almost immediately issued statements supporting nationalization. The Communists are making a determined effort to align themselves with the Baath. They reportedly hope that their members now exiled in Eastern Europe will be allowed to return to Syria and resume overt political activity.

The Baath's response to these Communist overtures has been cautious. Lebanese Communist newspapers now are sold legally in Syria--with the stipulation that the papers contain no criticism of the

Baath

Some individual Communists might eventually be allowed to collaborate with the government, but the regime is unlikely to form any alliance with the Syrian Communist Party as such.

For nearly two uneasy years now, the Syrian Baathists have resisted a wide range of opposition forces. The conservatives are apparently beaten down, and neither the Communists nor the Nasirists look as if they could make a successful move against the Baath at pres-The major threat facing the regime still comes from internal frictions within the Baathists' collective leadership. As long as the military leaders of the party can hang together no external force is likely to dislodge them.

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ISRAEL AND ARABS APPEAR EDGING CLOSER TO CONFLICT

Israel and the Arab states appear to be edging closer to open conflict as a result of Israel's concern over the Arabs' projected military build-up and Jordan River diversion plans.

The latest Israeli warnings have been directed at Lebanon in the apparent hope of intimidating the Lebanese, the least hostile of Israel's neighbors, from constructing headwaters diversion works on their territory.

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Lebanon has tried to avoid a prominent role in the diversion scheme, but it now is committed to begin work in three months on a small canal and tunnel which are part of the project. At a conference of Arab heads of government in Cairo last month, the Lebanese also agreed reluctantly to install pumps on their territory—two miles from the Israeli border. This agreement came after they had failed to have the pumps located in Syria.

Foreign Minister Takla has stated that Lebanon wants no trouble with Israel and "cares nothing" about taking water from the Jordan River, but has no real alternative to going along with the Arab diversion plans because the government fears otherwise it would face serious

domestic trouble from Lebanon's Muslims. The threat of Israeli retaliation is considered more remote. Takla hopes that the big powers or the UN will "take the situation in hand" before a serious crisis develops with Israel, and thereby get his government off the hook.

In Israel, sentiment in favor of early action against the Arab diversion project appears to be growing. Foreign Minister Meir told the US ambassador on 4 February that "we are not going to wait until water is actually diverted." The Israelis too probably would welcome UN intervention in the dispute, and they may decide that a punitive raid against the Arab 25X1 project would be the surest and quickest way to bring that about.

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PRESSURES FOR RHODESIAN INDEPENDENCE CONTINUE

When the Rhodesian legislature convenes on 16 February, Prime Minister Smith will be under severe pressure to resolve the stalemate with Britain over the Rhodesian bid for complete independence. Since last October, when British Prime Minister Wilson warned that a unilateral declaration of independence would draw stringent British sanctions, Smith and his white Rhodesian followers have become more determined than ever to resist any change in the constitution which would reduce the white minority's control of the already virtually autonomous government.

Nevertheless, Smith appears to be suspending indefinitely any move to declare independence unilaterally. He obviously hopes that some British action, perhaps a "betrayal" in the United Nations, will eventually overcome the misgivings of white Rhodesians who oppose a unilateral move. He is meanwhile shifting the onus for delay to various influential groups whom he has asked to assess the consequences if the British imposed sanctions. Although the reports have not been published, this exercise has been generally sobering. A particularly bleak assessment from the Rhodesia Tobacco Association has had heavy impact on the growers, most of whom belong to Smith's party. Smith himself apparently is especially impressed by a forecast that the Royal Rhodesian Air Force might be grounded within six months if the UK cut off spare parts.

On the other hand, extremists within Smith's party have been

urging him to take additional steps to entrench white rule internally, and he may put forward constitutional changes which would further limit the participation of African nationalists in the electoral process. Any dramatic tightening of white rule is almost certain to meet strong criticism from other African states in the UN and from participants in the Commonwealth prime ministers conference next June. Furthermore, even though African nationalists in Rhodesia are unable to offer serious resistance to Smith's program, they might stage sporadic incidents which would complicate London's efforts to dissuade other Commonwealth members from raising the Rhodesian problem internationally.

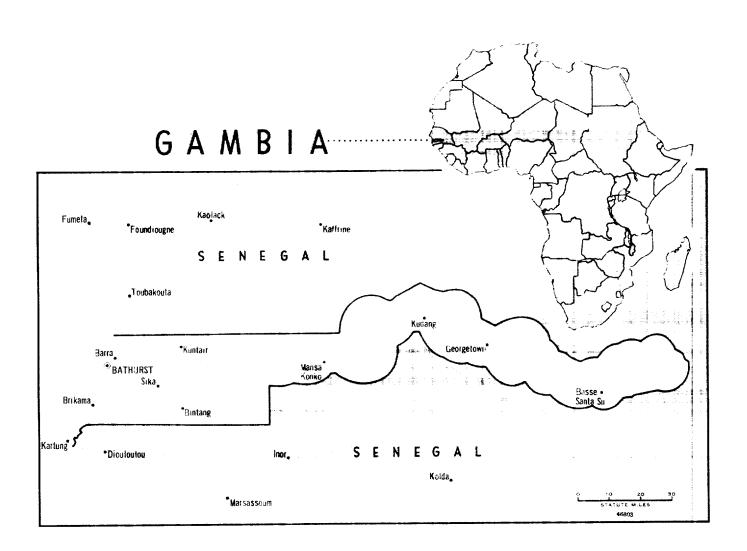
The Wilson government too appears to desire to avert a showdown for the time being, probably to avoid anything that might further weaken its own political position. Wilson's talks with Smith after the Churchill funeral resulted in agreement that Commonwealth Relations Secretary Bottomley would be permitted to go to Rhodesia on a fact-finding mission but would not consult African nationalist leaders who are in prison on criminal charges. Wilson also indicated that his government now is prepared to proceed with financial aid talks, which have been stalled for some months. A final decision and implementation of the aid program, Wilson said, would depend on an improvement in the political atmosphere between the two countries.

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GAMBIA BECOMES INDEPENDENT

Gambia, a British crown colony since 1843, is scheduled to become the newest independent African country on 18 February. It is expected to federate eventually with Senegal, which surrounds it on three sides and with which it has close historical, economic, and ethnic links. Pending this development, however, Gambia will apply for its own membership in the United Nations and remain a member of the British Commonwealth.

The country is small—about 4,000 square miles—and has only about 315,000 people, over half of them under 25. Its economic resources offer scanty prospects for development; cultivation and processing of peanuts is the principal economic activity. The UK is committed to continue to pay for Gambia's upkeep for at least three years after independence.

Gambia is making realistically modest plans for its foreign policy. It hopes to keep diplomatic relations to a minimum, on the grounds that it does not want any international rivalry in its capital (Bathurst) and has no facilities for a diplomatic colony. In most instances, the new country's affairs abroad will be

handled by Senegalese diplomats, and the Gambians have offered to coordinate with Dakar on all questions of recognition and representation of foreign governments, a gesture partially intended to obviate future embarrassment on the Chinese issue. Senegal will also provide the Gambians military assistance and training when they organize an army.

Progress toward outright Senegal-Gambia federation is lagging, however. Two sets of joint discussions were held in 1964--one on general political and economic cooperation and one on joint development of the Gambia River. In both instances, the talks foundered because of poor preparation on both sides, and no further talks are currently scheduled.

The new Gambian Government will be headed by Prime Minister David Jarawa, who has held this post since 1962. Jarawa's People's Progressive Party (PPP) has recently reached agreement with Gambia's two undistinguished smaller parties to include them in a broad coalition government, a 25X1 move toward the prevalent African pattern of single-party regimes.

Europe

COMMON MARKET DEVELOPMENTS

The six EEC countries are showing renewed determination to hasten their economic integration, but the difficult problems involved may be resolved only in another all-inclusive "package deal" this summer.

Last week's Council of Ministers' debate on the EEC's 1965 work program underscored the French desire to see the community's common agricultural policy (CAP) virtually completed by July 1965. In particular Paris is pressing for agreement now to unify the prices of dairy and meat products by 1967, and for early decisions on how the EEC is to finance the CAP--an especially thorny issue which will probably pit French against Dutch and German interests. Although Paris is apparently at the same time holding back on proposals favored by the commission and Germany to have all internal customs among the Six abolished and the common external tariff in effect by July 1967, it has both political and economic reasons for seeing the EEC advance as rapidly as possible.

The council's discussions at this month's meeting about fusion of the three community executives laid the groundwork for a possible compromise at

the March meeting. Luxembourg may accept the transfer to it of various community departments concerned with judicial and financial activities as compensation for the loss to Brussels of the Coal-Steel Community executive. France's recently apparent eagerness for prompt action on fusion is possibly related to its desire to speed subsequent consideration of revision of the community treaties themselves. In addition, the French may believe that with the community executive grouped in Brussels, Paris will be in a better position to claim the seat of any eventual mechanism arising out of the political unity talks.

The financial ministers of the Six at their January meeting agreed on the long-range desirability of abolishing tax differences which distort competition within the community, but maintained that political unity was not yet far enough along to consider relinquishing the sovereign controls such proposals would entail. Decisions are expected in March, however, on harmonization of certain aspects of the national tax systems. Community monetary experts. meanwhile, have been making progress on clarifying the implications of the December grainprice decision for EEC currency exchange rates. Although the commission has been cautious on the subject of monetary union per se, EEC President Hallstein has himself been pushing the idea, and the French have also raised the question.

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ASSESSMENT OF DE GAULLE'S 4 FEBRUARY PRESS CONFERENCE

De Gaulle used his 4 February press conference to reassert both his world power aspirations for France and his insistence that Europe be independent of US tutelage. His pleas for reform of the international monetary system and German reunification probably have no immediate target dates, but he may be prepared to follow up shortly on his proposal to reorganize the UN.

His lengthy analysis of the development of the UN criticized what he called the usurpation by the General Assembly and the former secretaries general of powers that by charter belonged to the Security Council. He justified France's refusal to pay assessments for peacekeeping operations, implying that the decision to use UN troops should remain the prerogative of "the five principal powers." There is some evidence he may be preparing a specific invitation for a meeting of the US, USSR, UK, France, and Communist China to bring about a "return to the charter...and a recovery of the UN's equilibrium."

De Gaulle's call for a return to the gold standard reflected a "Europe for the Europeans" mood. He enlarged especially on his views that the privileged position of the dollar under the present international monetary system facilitates a "kind of expropriation" of European industry by US investors. In De Gaulle's analysis, "excessive" take-overs of

European firms by American businessmen are encouraged by the European willingness to accept dollars rather than gold in international financial settlements. He indicated that if settlements were demanded in gold, the US would be under salutary pressure to improve its balanceof-payments position by curtailing the massive outflow of capital for investment in Europe. He conceded that "the appropriate frameworks" for preliminary studies and negotiations on reforming the international monetary system were the IMF and the leading financial powers making up the so-called Group of Ten. In an ambiguous statement, however, he called on the Common Market countries to follow through and work out a "solid system" which they would then "sell" to the other world financial powers.

On the question of Germany, De Gaulle sought to establish the predominantly "European" nature of the "German problem." Stressing the importance of German reunification -- a promised concession to Erhard -- he urged that it could come about only through an eventual agreement between Western Europe and the evolving East European countries. The presence of US military force had failed to roll back the iron curtain, he contended, and therefore the EEC should organize itself politically and militarily to help restore the equilibrium of the continent. Implicit in this view was the warning that

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any effort to revive the MLF or ANF would block all movement to-ward goals vital to Germany.

West European reactions have reflected annoyance at the "anti-US cast" of parts of De Gaulle's remarks and his implicit suggestion that Europe does not need the American defense umbrella. There was considerable sympathy with the Gaullist view that the international monetary

system should be revised, but clear hostility to the "archaic" recommendation of a return to the gold standard. The suggestions on revision of the UN met general disapproval, principally because of the commanding authority De Gaulle would reserve for the great powers. Reaction in West Germany to his statements on reunification was mixed but showed no enthusiasm for his "be patient" approach.

STUDENT UNREST IN PORTUGAL AND SPAIN

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Recent antiregime demonstrations by students in Portugal and Spain were easily suppressed by the police, but they have embarrassed the two governments, which are trying to improve their image abroad. Portuguese students declare that the aim of the demonstrators in both countries is to free their organizations from government control, but they deny any connection between the two protest movements.

On 25 January 1,500 Lisbon University demonstrators protested the detention a few days earlier of some 30 students charged with being Communists. This brought to more then 70 the number of students arrested since mid-October. Speakers denounced the secret police, the press, and several officials, but ended the rally peacefully with a call for a "day of mourning" on 26 Janu-This is a euphemism for an illegal boycott of classes, which was 90-percent effective.

On the day of the boycott students at the Lisbon Technical Institute held a protest rally which the police limited to the institute's courtyard.

The Interior Ministry is—sued a communiqué on 28 January citing evidence of Communist activities on the part of the students being detained and charging that the Communist Party was trying to infiltrate university groups in order to influence future leaders. It denied that those being detained were mis—treated.

On 2 February police dispersed several hundred students who gathered in downtown Lisbon to protest the trial of four stu-25X1 dents charged with Communist Party membership.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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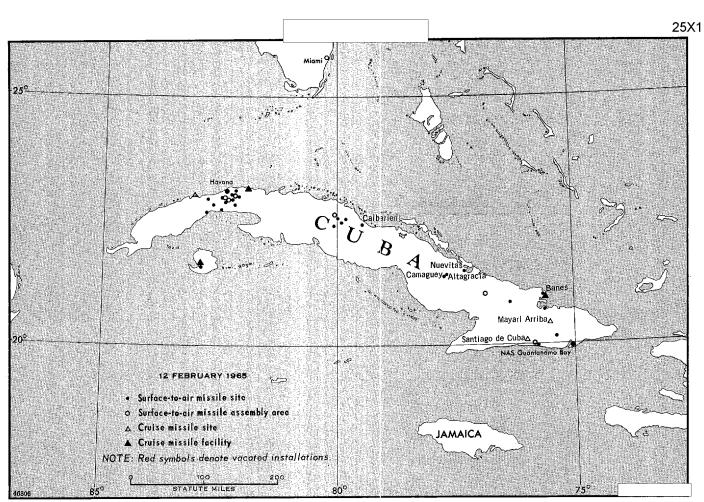
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The current round of Spanish student demonstrations protesting against policies of the
compulsory Spanish University
Syndicate began on 29 January,
when 1,000 students converged
on the Education Ministry. They
were quickly dispersed by police
who made at least one arrest. On
5 February 3,000 students congregated near the university,

but only about 300 actively participated in a shouting demonstration which the police broke up with clubs. Student leaders feel that they have accomplished most of their objectives by causing unfavorable publicity for the regime, but they still intend further demonstrations. There is no evidence that these are other than genuine student protests free of any Communist control.

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CUBAN TACTICAL MISSILE DEPLOYMENT

Western Hemisphere

CUBAN TACTICAL MISSILE DEPLOYMENT

Relocation of Cuban surface-to-air and cruise-missile units apparently is continuing.

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High-altitude photography revealed that the SAM sites at Caibarien and Nuevitas have recently been abandoned. The new location of the Caibarien site has not been found, but high-altitude photography indicates that the Neuvitas unit may be moving to Altagracia near Camaguey. This change would be consistent with the continuing Cuban program of shifting SAM deployment from area defense to point defense.

Cruise-missile equipment
has also been transferred recently.

voy of cruise-missile equipment
was photographed moving out of
the Banes coastal defense
site. The same photography revealed that numerous cruisemissile vehicles and crates

have been moved from the Santiago de Cuba cruise-missile storage site and the Mayari Arriba cruisemissile facility. The new location of most of the cruise missiles and equipment is unknown. although the high-altitude reconnaissance mission 25X1 showed that some cruise-missile gear was at the port of Banes. The other actions may well have been taken in order to establish additional coastal defense launch sites along the coast, or to deploy the ground forces version of the missile to selected military camps.

Nearly 150 cruise missiles were delivered to Cuba during the Soviet military build-up in 1962, but only four coastal defense launch sites—with about ten missiles each—were set up. The rest of the missiles have been kept in storage areas.

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Western Hemisphere

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TURMOIL OVER PRESIDENTIAL CANDIDACY OF BOLIVIAN JUNTA CHIEF

Rene Barrientos is determined to stay on as president
of the Bolivian junta in spite
of his presidential candidacy
in the national elections now
scheduled for 26 September. Barrientos fears that should he
resign from the junta, his probable successor, commander of
the armed forces General Ovando,
would annul the elections and
impose a military dictatorship.

Barrientos' resignation was requested in a cabinet meeting last month, probably on the basis of a constitutional requirement that candidates for election resign from public office 180 days before the election date. It is likely that this legal issue masked the feeling of certain officers that the military should stay out of politics. Barrientos refused to resign, and his stand has since been given a legal and public blessing in a press article by a prominent constitutional lawyer.

The relationship between Barrientos and General Ovando remains cordial on the surface. On the other hand both men are ambitious for the presidency, and their cooperation is based mainly on the respect of each for the other's assets, namely Barrientos' popularity with the civilian population and Ovando's standing with the armed forces as a respected commander.

Division within the armed forces over the two leaders does not exist as yet, but there is little doubt that opinion groups have developed over certain issues. In general, the debate is over the role of the armed forces in the life of the mation. Ovando is believed to be aiming at a condition where the military will be the final arbiter in Bolivian affairs. A Barrientos government would probably depend more upon civilians in the decision-making process.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

Western Hemisphere

BRAZILIAN GOVERNMENT MAY POSTPONE GUBERNATORIAL ELECTIONS

A proposal by President
Castello Branco to postpone all
gubernatorial elections scheduled
for this year has become a
major political issue in Brazil.
A presidential adviser has
confirmed press reports that
Castello Branco is preparing to
ask Congress either to extend
the terms of the governors concerned for one year or to allow
indirect elections by the state
legislatures.

Voting now is scheduled for October in 11 of the 22 states. The President apparently feels, however, that political campaigns at this juncture would have unsettling effects on the government's stabilization and reform policies. This year is considered decisive in the effort to have the austerity program demonstrate success by early 1966. Castello Branco seems determined to leave office next year when his term expires. He realizes that he would come under increasing pressure from hard-liners to defer the 1966 presidential and congressional elections and to remain in power indefinitely if the country's urgent economic problems are not alleviated.

Strong opposition to the postponement proposal has come from such widely divergent sources as the Labor Party and the far right. governors themselves appear divided on the matter according to the political advantage they see in the alternatives. The powerful Magalhaes Pinto of Minas Gerais has strongly endorsed the postponement. However, Guanabara Governor Carlos Lacerda, whose attitude will heavily influence the final outcome, has yet to make his views known. Lacerda is a top presidential contender and probably would make an allout effort to block postponement if he concluded that gubernatorial elections would help his candidacy. At the moment it appears likely that the administration could gain sufficient congressional support for some form of postponement.

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