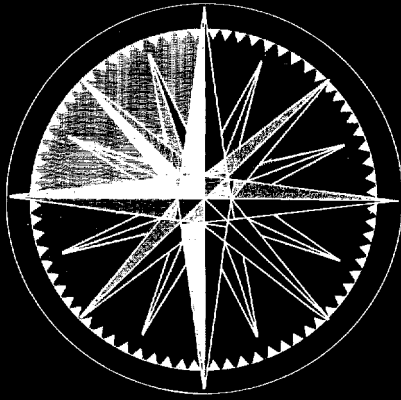


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16 April 1965

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WEEKLY SUMMARY

ARMY Review
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State Dept. review completed.

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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

(Information as of 1200 EST, 15 April 1965)

VIETNAMPage
I

Hanoi, Peiping, and Moscow all responded negatively to President Johnson's 7 April speech, although Soviet officials acknowledged privately that the speech was "at least an advance." While China has rebuffed all overtures for negotiations, the North Vietnamese premier in a speech last week seemed to be suggesting some flexibility on Hanoi's part. The DRV meanwhile is exhorting its people to mobilize themselves to meet the "new situation and tasks." In South Vietnam,

[REDACTED] Viet Cong activity picked up slightly last week, particularly in the northern provinces.

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THE COMMUNIST WORLD**THE BERLIN SITUATION**

Since last week's harassment of traffic to Berlin, the East Germans have avoided any new threat to Allied access but continue to issue propaganda designed to impress on West Berliners that their freedom and commerce with the outside world depend heavily on Communist good will.

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EAST-WEST EUROPEAN ECONOMIC COOPERATION

Both East and West European countries, taking advantage of the trend toward greater political independence in Eastern Europe, are seeking ways to expand trade through new cooperative economic arrangements.

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BULGARIA IMPROVING RELATIONS WITH BALKAN NEIGHBORS

Since last July, when a general settlement of Bulgarian-Greek problems was negotiated, Sofia has been promoting both political and cultural contacts with its neighbors.

9

THE DWINDLING CHINESE COMMUNIST LEADERSHIP

The death last week of politburo member Ko Ching-shih reduced party central committee membership to 181, down from 194 in 1958. No members have been added, some 50 of the survivors are ill or out of favor, and the rest are increasingly susceptible to diseases of age.

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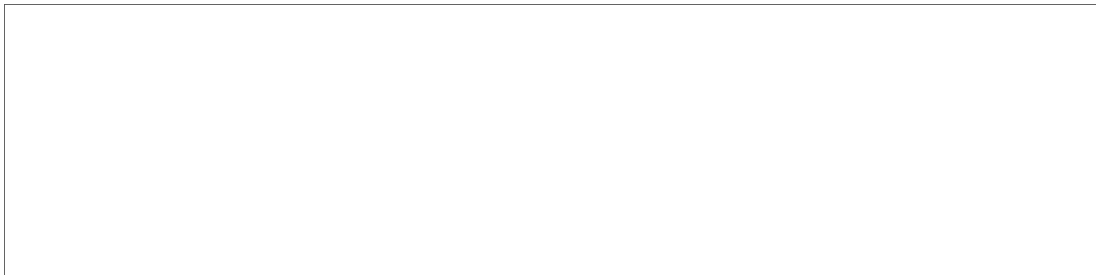
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He [redacted] has further discouraged domestic anti-Communist activities.

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THE SITUATION IN LAOS 12

The Communists are making a major effort to keep open supply arteries, while a new series of low-level political talks is scheduled to start next week.



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SENANAYAKE GOVERNMENT TAKES OVER IN CEYLON 13

The coalition apparently faces no early threat, but its composition reflects conflicting communal and economic interests and will be a source of continuing difficulty.

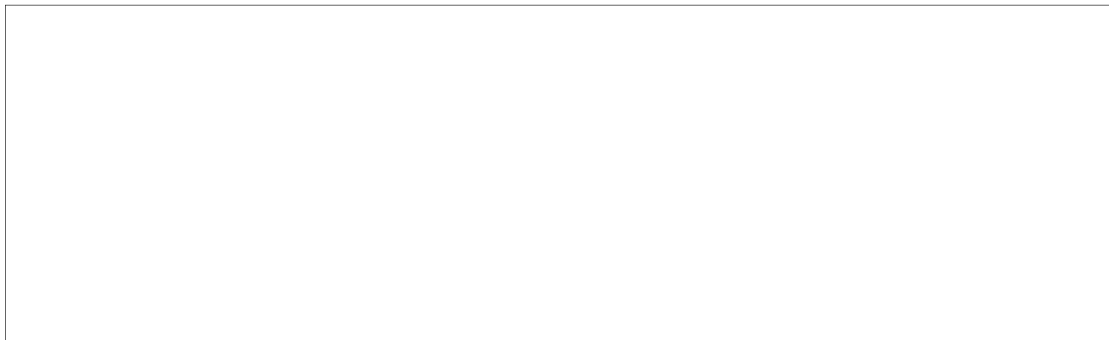
KENYA'S PRESIDENT HEADING FOR SHOWDOWN WITH PRO-COMMUNISTS 14

The breach between Kenyatta and pro-Communist Vice President Oginga Odinga has been widening for several months, and the President now seems convinced he must act.

NOTES ON CONGO AND SUDAN 15

The Congolese Government's military position continues to improve throughout the country, and elections are proceeding without violence. Sudan's transitional regime has set 21 April as the date for elections to install a permanent government.

EUROPE



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SECRETEUROPE (continued)Page**FRANCE AND THE EUROPEAN SPACE PROGRAM** 16

The French have withdrawn a proposal that the European Launcher Development Organization scrap its original program in favor of a more advanced effort, but they may still deal ELDO a mortal blow by deciding henceforth to concentrate on developing their own launcher.

REORGANIZATION OF SPAIN'S STUDENT ORGANIZATION 16

A 7 April decree reorganizing the Spanish University Syndicate has brought a lull in student agitation by removing the immediate irritant stemming from regime appointment of syndicate officials, but is qualified enough to preserve the status quo effectively.

WESTERN HEMISPHERE**SPLIT IN BRITISH GUIANA'S GOVERNMENT NARROWLY AVERTED** 17

A quarrel between Premier Burnham and Finance Minister D'Aguiar, who head the two parties in the government coalition, threatened to bring down the government until a compromise was reached. The long-run outlook is for more such confrontations.

ECONOMIC IMPLICATIONS OF FORTHCOMING OAS CONFERENCE 18

Included on the agenda is an examination of the operations and the future of inter-American economic and social organisms, including the Alliance for Progress. Set for Rio de Janeiro on 20 May, the conference will be the first meeting since 1954 of the Organization of American States' highest organ, the general conference.

VENEZUELAN AUTHORITIES ARREST SUBVERSIVES OF RIGHT AND LEFT 19

The Venezuelan Government is exploiting, both domestically and abroad, the interception of clandestine funds destined for the Communist Party as well as the arrest of a newspaper publisher accused of plotting, with accomplices of both right and left, to overthrow President Leoni.

EXTREMIST EFFORTS AGAINST PANAMANIAN GOVERNMENT 20

The escalation of a minor strike by provincial sugar workers into demonstrations and a general strike in the capital seems to have been the work of a combination of extremists

The incident seems also to be furthering the ambitions of lawyer-politician Carlos Zuniga to organize a leftist-labor coalition.

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VIETNAM

Hanoi, Peiping, and Moscow all responded negatively to President Johnson's 7 April speech. Moscow's characterization of the speech as a "maneuver" was the mildest propaganda reaction; Hanoi and Peiping called it "hypocrisy" and a "swindle." In private conversations Soviet officials took a slightly less negative line, acknowledging that the speech was "at least an advance."

Within South Vietnam, evidence indicating the presence of elements of a regular North Vietnamese division has mounted. Viet Cong activity picked up slightly last week, particularly in the northernmost portion of the country. In the North, the Hanoi regime exhorted its people to mobilize themselves to meet the "new situation and tasks" which have arisen.

US Air Strikes

Both US and South Vietnamese aircraft continued their bombing and armed reconnaissance over North Vietnam during the past week. Strikes were conducted on five days. Five bridges were virtually destroyed, and several radar sites which had been struck on 31 March were further damaged. Results of the armed route reconnaissance were generally limited, possibly as a result of Hanoi's directive that all vehicles travel at night or with an aircraft lookout if day-time travel is essential.

The week was also marked by the first engagement of US aircraft by Chinese Communist fighters.

Navy F4B Phantom jet fighters, engaged in an offshore high-altitude patrol prior to the strike on 9 April, were attacked by four Chinese Communist MIG fighters some 35 miles southwest of Hainan Island. One MIG was shot down, probably by an air-to-air missile. One Navy fighter failed to return.

DRV Political Developments

Hanoi continued its efforts to mobilize its political, economic, and military apparatus to meet the "new situation and tasks" which regime leaders say have arisen as a result of the continuation of US military pressure. This was the main trend evident at the semianual session of the National Assembly held from 8 to 10 April.

Deputies at the session were ordered to spread the word that the government is determined to rally the populace to the defense of the DRV, to the exertion of greater economic effort, and to the "active support" of the insurgency in South Vietnam. The assembly delegated to its standing committee--the normal hub of its operations--a number of "new powers necessary to make state operations suit" the new situation. This move was probably intended to further party control over government operations. The assembly also put the stamp of legality on recent regime moves to strengthen the armed forces, voting to amend military laws to increase the "fighting power" of the military.

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Continued regime concern with sustaining popular morale under the strain of the air strikes was evident at the assembly session. Considerable stress was put on the unity of the government with the party and its policies. Repeated attention was given to phrases manifesting determination to continue to fight US "imperialism" to the end and to support the war effort in the South despite US military pressure on the DRV. Ho Chi Minh claimed in his speech that although the session met in a tense atmosphere, it was filled with "high spirits and the utmost confidence."

Aside from the trend in Hanoi propaganda, evidence of the effect of the air strikes during March and April on public morale is still sparse.

Hanoi's propaganda on the President's 7 April speech labelled it a "deception," and said that the President's proposal for unconditional talks was "hypocrisy." Although, DRV leaders have made it clear that military attacks on the DRV must cease before negotiations can be even considered, they have not directly addressed themselves to the subject of starting talks, and still continue to speak mainly in terms of an over-all settlement of the "Vietnam question."

In this vein, party chief Ho Chi Minh last week put the routine Hanoi demands for US withdrawal from South Vietnam and the settlement of the Vietnam question by the Vietnamese people themselves in the context of preconditions which must be "carried out" before any international conference can be called. Premier Pham Van Dong spelled out essentially the same conditions in a speech to the National Assembly. However, he put them in terms of a "basis" which must be "recognized" before a Geneva-type conference could be held. Dong's use of the word "recognized" may have been designed to imply greater flexibility on the part of the DRV. In either case, the basic demands on the US do not appear to have changed. Hanoi seems to be saying that any international talks on Vietnam will be merely for the purpose of putting the stamp of approval on a Communist victory in South Vietnam.

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Chinese Reaction

Peiping is continuing its hard line on Vietnam and has rebuffed all overtures for negotiations. President Johnson's 7 April proposal for unconditional talks was dismissed in the 11 April People's Daily as a "big swindle" and a "hoax" requiring the unconditional surrender of the South Vietnamese "people" to the "US imperialists."

China has not formally replied to the nonaligned nations' appeal but has made clear its lack of enthusiasm.

In the meantime Peiping has rebuffed efforts by the British and UN Secretary General Thant to explore the possibility of a negotiated settlement. The Chinese formally rejected London's proposal for a visit by Patrick Gordon-Walker as "inconvenient and unwelcome."

Peiping has charged that the 9 April engagement between US and Chinese planes near Hainan Island was a "deliberate military provocation against China" on the part of the US. Chinese newspapers have subsequently published photographs portraying what is claimed to be the wreckage of a US air-to-air guided missile and an auxiliary fuel tank allegedly dropped by US aircraft while overflying Hainan Island on 9 April. Except for the almost pro forma warning that the US must bear responsibility for the "serious conse-

quences" of this action, however, the Chinese have made no threats of retaliation.

Soviet Reaction

Although there has been no official Soviet reaction to either the nonaligned nations' appeal or President Johnson's 7 April address, Soviet propaganda has stressed that there has been no change in US policy and that the US is actually advancing preconditions for negotiations. Pravda characterized the President's speech as a "maneuver" to placate public opinion and US allies and reiterated that negotiations are impossible as long as the US air strikes continue. The Soviet press also ridiculed the proposal for an economic development plan in Southeast Asia.

Soviet Foreign Ministry officials acknowledged that the President's speech "was at least an advance." In a talk with Ambassador Kohler on 8 April, Deputy Premier Polyansky denied that the USSR had rejected negotiations out of hand and asserted that Moscow favors peaceful negotiation of all international disputes, including Vietnam. The Soviet leaders' desire to hold the door open to some form of eventual talks without breaking openly with Hanoi was also reflected in their proposal on 8 April for an immediate international conference on Cambodia. Hanoi and Peiping had already publicly

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endorsed the Cambodian appeal of 15 March. Polish Foreign Ministry officials informed the British that a conference on Cambodia would provide an opportunity to discuss Vietnam and possibly Laos.

Meanwhile, the Soviets continue to assert that military equipment now is on the way to North Vietnam.

A Soviet diplomat in Belgrade told a US Embassy official on 9 April that if the US continues its present actions in Vietnam, Soviet "so-called volunteers" would almost certainly be dispatched to North Vietnam. He claimed that the Chinese had acknowledged the need for Soviet assistance to Hanoi and were no longer impeding shipments of arms and rockets. The Soviet diplomat warned several times that although the USSR understands the problems facing the US, Moscow can "no longer stand by and watch your aggression against a socialist state."

Military Developments
In the South

Evidence that elements of a regular North Vietnamese division are in northern South Vietnam is increasing.

information provided by a recent Viet Cong defector that the 101st Regiment of the 325th Division infiltrated into Kontum Province in February of this year.

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Viet Cong activity picked up slightly last week, even though combat results generally favored the government forces. Communists appear to be intensifying their operations in the northernmost part of South Vietnam, while possibly positioning to step up activity in the central highland and southern provinces.

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During the past week, the Viet Cong launched coordinated mortar attacks on three targets, including an American advisory compound, near the capital of Quang Tri Province, which borders North Vietnam. At the southern border of Quang Tri Province, a government armored column sustained heavy casualties when it was attacked by an estimated two Viet Cong battalions on 13 April.

sizable Viet Cong units are concentrating in a guerrilla "war zone" about 50 miles north of Saigon, where they would be in a position to

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launch actions against Bien Hoa, Tan Son Nhut, or Ben Cat airfields. A new Viet Cong regiment, forming in Tay Ninh Province to the west, is believed by US military authorities to be approaching operational readiness.

New fighting, largely at government initiative, was reported during the week around Ban Me Thuot, the capital of Darlac Province in the central highlands, while along the central coast, South Vietnamese marines in Binh Dinh Province continued to fight off probes by a probable Viet Cong battalion in the area.

There have been some indications that several recent government military successes, coupled with intensified air strikes, may have disrupted some Viet Cong military timetables. The Viet Cong nevertheless retain the capability of accelerating the pace of their attacks well beyond the reduced levels of recent weeks.

Political Developments
In South Vietnam

Last week's naval mutiny in Saigon, which led to the replace-

ment pending military inquiry of naval commander Admiral Cang, has raised military concern over a possible precedent for junior officers to take matters into their own hands.

Premier Quat, who regards General Dong as a troublemaker, now hopes to carry out a major command reorganization to bring the military under tighter civilian control. His plans, which would leave only one Catholic officer in a top command post, risk a serious Catholic reaction if not eventual opposition of the military in general. Although it is possible that the views of the Buddhist hierarchy have influenced Quat's thinking, the Buddhist clergy continues to refrain from open political activity except for the further promotion of anti-Communist themes among their followers.

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The Communist World

THE BERLIN SITUATION

Since last week's harassment of traffic to Berlin, the East Germans have avoided any new threat to Allied access.

For the moment, the regime seems intent only on impressing on West Berliners that their freedom and commerce with the outside world depend to a large extent on Communist good will and that the GDR will not tolerate so tangible a demonstration of West German interest in the city as the Bundestag meeting of 7 April. At a press conference in East Berlin on 12 April, officials of the regime-dominated National Front warned that there would be an immediate response if the West German Bundestag were now to meet in West Berlin or if the city were the setting for any political activity of a "provocative" nature.

Although regime spokesmen were careful at first not to link last week's Soviet-German military exercises or the harassment of access to the Bundestag meeting, since 9 April they have boasted that events "have made it clear who makes the decisions on our autobahns and roads." In this vein, the official East German news agency rejected out of hand Mayor Brandt's proposal for international control of the access routes, describing it as "out-

dated and unrealistic" and "an attempt to interfere in the GDR's internal affairs."

In an editorial published on the first day of the Easter-tide pass visits, Neues Deutschland disclosed that West Berliners who cross over to see relatives during the current pass agreement will encounter heavy propaganda directed against West Berlin - West German political ties. The party paper echoed earlier warnings by the regime that the Bundestag session will have "serious consequences" for renegotiation of the pass agreement, which it suggested may be postponed from June until after the West German elections in September. This suggests that the East Germans hope to exact from the West Berlin Senat as the price for renegotiating the agreement a pledge not to play host to West German political meetings or permit any expansion of the Federal Republic's presence in West Berlin. Pankow probably judges that its chances of getting such a commitment this fall will be far greater than they would be during an election campaign in which Mayor Brandt and other West Berlin leaders of the Social Democratic Party (SPD) are to play so prominent a role.

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The Communist World

West Berliners and West Germans seem to feel that having the Bundestag meet in West Berlin was worth the inconvenience and harassment and that it reinforced the city's ties with the Federal Republic and underlined the hope for eventual reunification. Bundestag President Gerstenmaier has taken the position that the Communists will resign themselves to such parliamentary sessions if they are held often enough, perhaps twice a year.

There has been some public criticism of the failure of the Erhard government and the Allies to react more vigorously to Communist encroachments on access. The chairman of the Berlin branch of the SPD complained

that the United States should have put a stop to the Communist "antics," and West German Vice Chancellor Mende, leader of the Free Democratic Party, found the Allied response inadequate.

Mayor Brandt, who has expressed satisfaction with reaction of the Allies, has voiced some concern over the psychological effects which the harassment may have on Berlin's economic life. He fears that West German investors will re-examine the advisability of committing funds to the city's expansion in view of the renewed demonstration of the vulnerability of its land routes to the West.

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The Communist World

EAST-WEST EUROPEAN ECONOMIC COOPERATION

Both East and West European countries are seeking ways to expand trade through new cooperative economic arrangements. The most sweeping of these--the recently publicized proposal by the West German Krupp combine to couple its capital and technical and managerial skills with Polish labor and raw materials--will probably be modified in the course of current negotiations. The proposal, however, suggests the growing complexity and range of the many current efforts at cooperation.

Programs already in operation, however, include not only licensing and subcontracting arrangements (see inset) but also joint construction projects. Current proposals add joint management of enterprises to be built in East Europe.

SOME EXAMPLES OF
EAST-WEST EUROPEAN ECONOMIC COOPERATION

Poland-Belgium-Sweden: Economic cooperation pacts calling for joint production of equipment for third countries, exchange of technical know-how, joint industrial training, and consultation among industrial experts.

Poland-Romania-Hungary-West Germany: Proposed West German investment of capital and managerial skill in bloc industrial enterprises.

Programs Already in Operation

Czechoslovakia-UK: Semifinished British textiles finished in Czechoslovakia and re-exported.

Hungary-Finland: Jointly owned agency to market Hungarian electrical goods in Finland.

Yugoslavia-Italy: Production under Italian license of Fiat automobiles in Yugoslavia for sale in Eastern Europe.

Hungary-UK: Jointly produced tractors, using British engines and Hungarian bodies.

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These moves toward increased economic cooperation are taking advantage of the trend toward greater political independence in Eastern Europe. Furthermore, East European countries are dismayed at the lack of progress in intrabloc cooperation, and are thus looking to the West for ways to further their technological advance.

Nearly all the recent innovations stimulate East European hard-currency earnings through new exports. Moreover, the market for goods produced under Western license is enhanced by the established reputations and marketing know-how of the Western firms involved. In addition, production-sharing pacts, under which the Western supplier of a factory takes a portion of its production as repayment on his investment, enable Eastern European countries to acquire technology and advanced equipment without adding substantially to their already considerable medium and long-term indebtedness to the West.

A group of Belgian businessmen has just visited Poland to discuss new joint efforts. West Europeans looking for new export markets see in Eastern Europe a significantly rising demand for their output of heavy industrial machinery, and many believe that East Europe's limited ability to generate new exports for Western markets can be improved.

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The Communist World

BULGARIA IMPROVING RELATIONS WITH BALKAN NEIGHBORS

Bulgaria last July negotiated a general settlement of its problems with Greece, and since then has been promoting political contacts with its other Balkan neighbors. This campaign to break out of its heretofore isolated position is making some progress. In the long run, these new contacts are more likely to work changes in Bulgaria than in the states with which it is dealing. Continuing contact with the independent Communist states of Rumania and Yugoslavia and the influx of ideas from Greece and Turkey may eventually encourage Sofia to loosen its ties with Moscow.

In late January Yugoslav Foreign Minister Popovic visited Sofia for three days. While not enthusiastic about his visit, he was "satisfied," according to Yugoslav officials in Sofia. The visit was symbolically important and was closely followed by a number of agreements, such as the abolition of visa requirements between the two countries.

In a recent demarche to Turkey, the Bulgarians proposed an early meeting to seek agreement on specified major outstanding problems.

On a lower political level, Sofia's "mayor" visited Athens in mid-January and extended an invitation to the mayor of Athens

to visit Sofia this May. The mayors of the port cities of Varna and Piraeus will exchange visits in the near future.

Bulgarian efforts to promote Balkan rapprochement have been particularly active in the cultural sphere. Sofia is trying to establish a league of Balkan writers. Plans have been made to hold an annual noncompetitive Balkan Film Festival. Artists from other Balkan countries are being invited to the opening of Bulgaria's Jubilee National Art Exhibition. Recently a conference of Balkan, Adriatic, and Cypriot students was held in Sofia.

Proceedings of the Balkan Committees for Peace and Understanding, which are scheduled to meet in Athens in early May, may well provide an indication of the success of the Bulgarian campaign. Past meetings have foundered when Bulgaria and Rumania have called for a Balkan summit conference which Greece and Yugoslavia have insisted must be preceded by bilateral resolutions of outstanding problems. This condition appears now to be largely accomplished or on the way to accomplishment except in the case of Albania--whose attendance of past meetings has been blocked by Greece and Yugoslavia.

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The Communist World

THE DWINDLING CHINESE COMMUNIST LEADERSHIP

The dwindling ranks of Communist China's top leadership suffered another loss with the death on 9 April of politburo member Ko Ching-shih. Full and alternate members of the party central committee now number only 181, down from the full strength of 194 reached in 1958 when additions were last made. Of the 181 surviving, 16 are known to be out of favor and 33 others have not made public appearances in six months or more, probably in most cases because of poor health.

The leaders of Communist China are men in their sixties and seventies. They are increasingly susceptible to diseases of age and increasingly dominated by narrow, inflexible views. These characteristics make them more prone to unreasonable behavior, while tending to sap their effectiveness in managing the party and government apparatus.

Suspicious of almost everyone outside their own shrinking circles, Chinese leaders have been insisting on an ever tighter hold over the levers of power.

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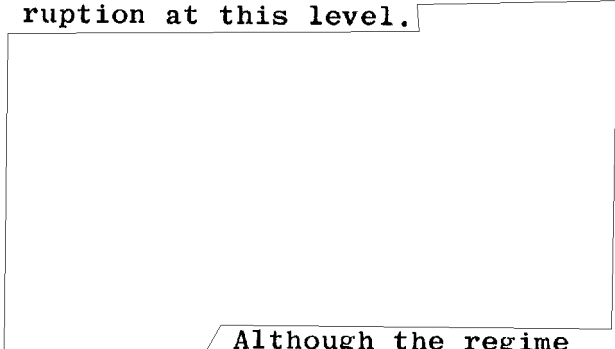
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Leadership distrust extends down into the lower ranks of the party. Last winter the central committee ordered a massive campaign to eradicate corruption at this level.

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Although the regime often speaks of the need to promote younger men, Mao's profound distrust of them has been a bar to any delegation of real power.

Moreover, the prospect for change in the near future is slim. Replacements for Mao and his inner circle of immediate lieutenants would presumably be drawn from the present shrinking central committee, which is exclusively composed of old-guard revolutionaries--men who seem to be just as dogmatic and hostile to the US as the present team.



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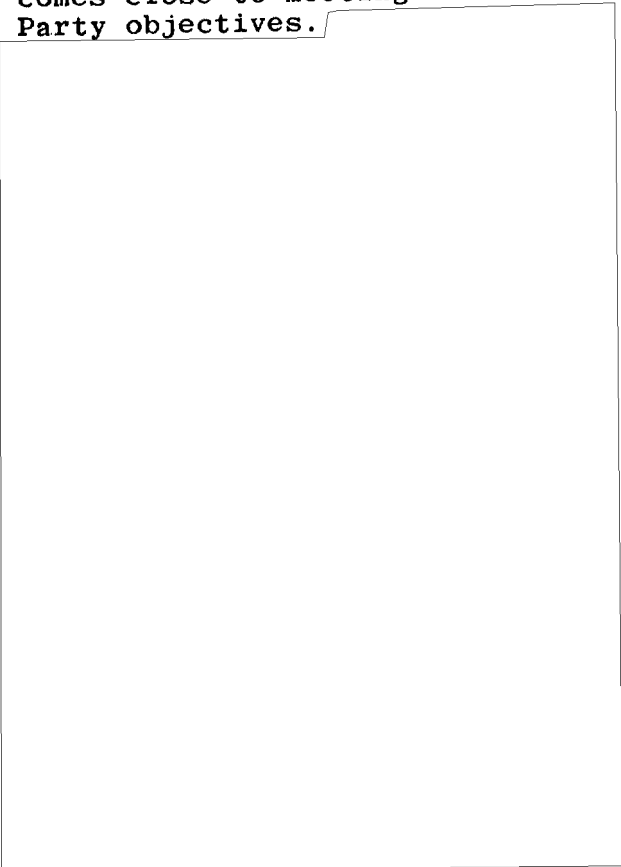
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Asia-Africa

SUKARNO'S POLICY EDGING CLOSER TO COMMUNIST OBJECTIVES

In two recent speeches to army and government leaders President Sukarno has defined Indonesian policy in a way that comes close to meeting Communist Party objectives.



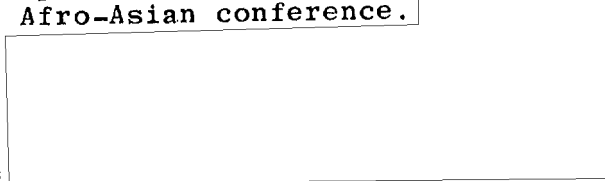
In a speech on 11 April to the Consultative Assembly, made up of top politicians, Sukarno announced that the "national democratic" stage of the Indo-

nesian revolution was almost complete and that the country had already entered the stage of "Indonesian socialism." In effect he told the non-Communist parties to halt their anti-Communist activities and complained of hypocrites lacking in the spirit of true "Nasakom" --a word Sukarno coined to describe his goal of harmony among nationalist, Moslem, and Communist elements.

Two days later Sukarno announced a purge of the leadership of a pressure group called the "Generation of 45" led by Third Deputy Prime Minister Chairul Saleh, who has been under strong attack by Indonesian Communists. Sukarno accused the organization, among other things, of competing with political parties and of opposing "Nasakom."



Communists have abided with Sukarno's ban on all demonstrations until after the 18-26 April celebration of the Bandung Afro-Asian conference.

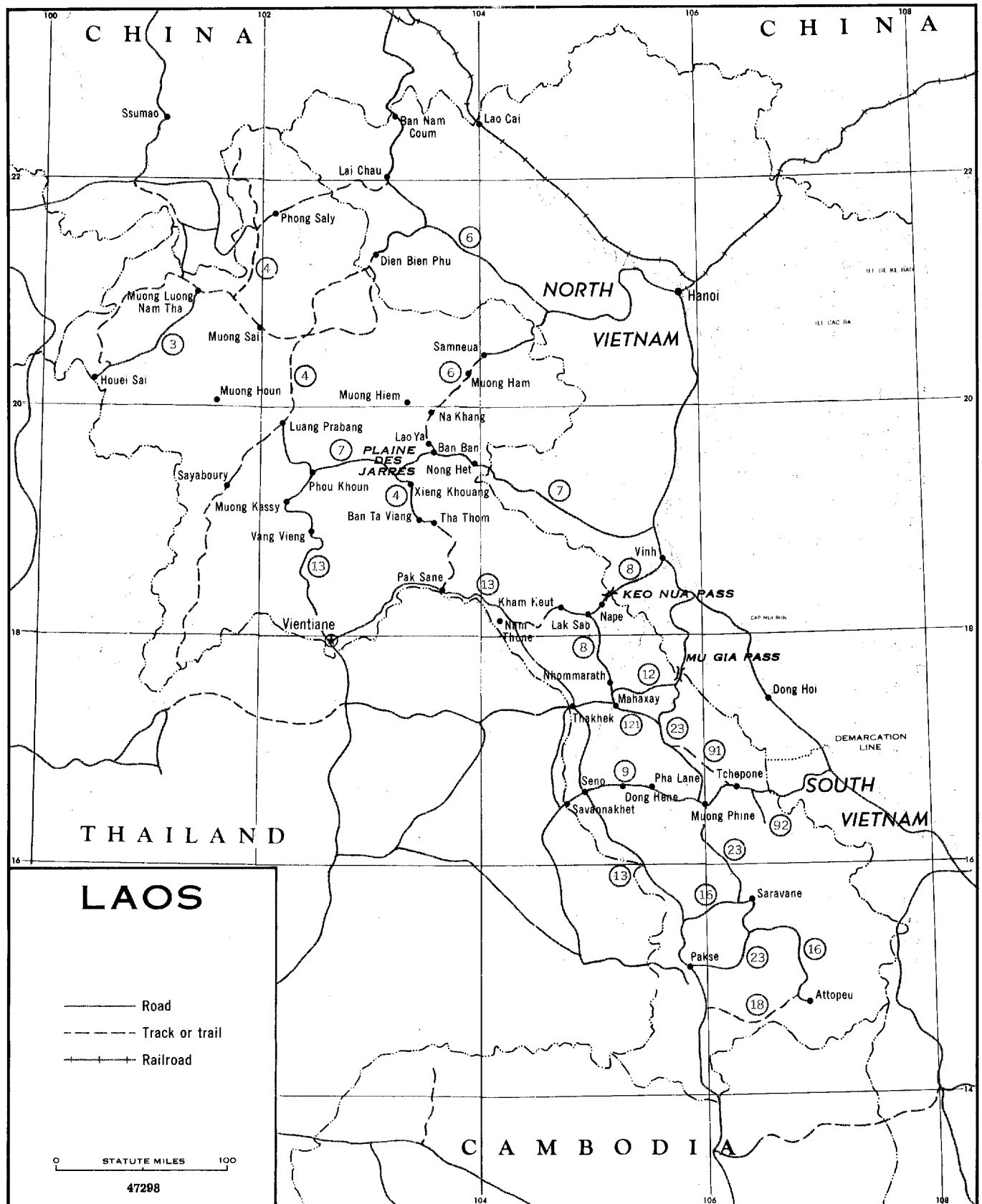


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Asia-Africa

THE SITUATION IN LAOS

The Communists are making a major effort to keep open supply arteries in widely separated areas of Laos, while a new series of low-level talks among the three main political factions are slated to get under way next week.

The Communists' military efforts include the rapid clearing of chokepoints near the Mu Gia Pass and farther south on Route 23, the apparent building of bypasses for bombed-out road sections, and the construction of new anti-aircraft artillery sites protecting the pass. They seem to be succeeding; a 40-truck convoy was identified moving through the pass [redacted]

In the northeast, North Vietnam appears to be supplying advanced Communist positions by air. Planes described as IL-14 transports were spotted last week dropping supplies to Communist positions in the hills north of Ban Ban. Hanoi has 14 to 18 of these planes. These flights may constitute a one-time response to a particular tactical situation, or presage more systematic aerial resupply efforts. Laotian harassment of key transportation points, coupled with the impending

rainy season, are likely to make overland transportation increasingly difficult.

On the ground, Communist forces are continuing to exert pressure against government units in the Na Khang area north of Ban Ban, and against pockets of guerrillas to the northwest in Phong Saly and Luang Prabang provinces. In the south, a build-up along Route 9 from Dong Hene to Pha Lane has been reported.

The political talks preparatory to a meeting of the factional leaders are now scheduled to start on 19 April following Pathet Lao chief Souphannouvong's agreement to Vientiane as a site. He had previously insisted on Paris. Chances for any meaningful accord remain dim, however. Premier Souvanna, with conservative backing, probably will continue to insist that North Vietnamese troops withdraw and that the International Control Commission be guaranteed freedom of movement before any cease-fire. Souphanouvong, for his part, is certain to oppose any proposals which would jeopardize Communist control of "liberated areas," especially key infiltration routes leading to South Vietnam. [redacted]

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Asia-Africa

SENANAYAKE GOVERNMENT TAKES OVER IN CEYLON

Ceylonese Prime Minister Dudley Senanayake has pulled together a widely diversified "national government" which commands 90-95 votes in the 157-seat lower house. He should have no difficulty in winning its first vote of confidence--probably to be taken next week. The divergent attitudes of his present supporters will erode his support eventually, however, unless long-standing antagonisms can be held in check.

Senanayake now depends for much of his parliamentary strength on Ceylon's Tamil-speaking Hindu minority. At the same time, he is trying to cultivate ultranationalists among the Sinhalese Buddhist majority, represented in the cabinet by the leftist minister of industries and fisheries, Philip Gunawardena. Senanayake's program attempts to balance conflicting communal interests by assuring that Tamil religious and employment rights will be respected, while pledging "to restore Buddhism to its rightful place" and instituting four new monthly Buddhist holidays. A critical rise in communal tensions, however, would force delicate decisions between conflicting interests.

The government is also doing a balancing act in dealing with the sagging economy. To stimulate growth, it promises to support private enterprise while maintaining undertakings already nationalized. The business community is concerned, however, over the key position given Gunawardena, one of the island's leading Marxists. His appointment may hold the support of some leftist elements, however, and his strength in the labor movement--particularly among port workers--may prove useful in dealing with labor unrest.

As a further stimulant for the economy, the government hopes to turn to the West for private investment and foreign aid, although British and American assistance will be delayed until compensation is made for oil company properties expropriated three years ago. The new government's foreign policy statements uphold Ceylon's traditional nonalignment, but there is definitely a friendlier attitude toward the West. This was shown by the favorable reaction to President Johnson's speech on Vietnam and by Ceylon's earlier attempt to moderate the nonaligned nations' appeal on the Vietnam crisis.

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Asia-Africa

KENYA'S PRESIDENT HEADING FOR SHOWDOWN WITH PRO-COMMUNISTS

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Kenya's President Kenyatta, who tries to remain above factional and tribal disputes within his government, has begun to demonstrate increasing concern about subversive elements and a willingness to take firmer action against them. As a result, he now appears to be heading for a showdown with the pro-Communist followers of Vice President Oginga Odinga.

Kenyatta has been reluctant to act against Oginga, his former ally, for fear of precipitating a tribal struggle, but the breach between the two has been steadily widening for six months. Since late March Kenyatta has been tacitly encouraging the efforts of a coalition of moderate ministers representing various tribes, including Oginga's Luo, to undercut the vice president's power and influence. The resounding defeat on 2 April of two Oginga-backed candidates in a parliamentary election is said to have impressed Kenyatta with the extent of opposition to Oginga.

The February assassination of P. G. Pinto, the pro-Communist mastermind and paymaster of the Oginga group, and the recent initiative of the moderate coalition has thrown Oginga on the defensive and left his forces in some disarray. His strength has proven less than was generally believed, and two of his allies in the cabinet appear ready

to jump on Kenyatta's bandwagon.

In a 10 April speech, Kenyatta for the first time openly attacked an Oginga lieutenant, a Kikuyu who has been agitating against the government among Kenyatta's own Kikuyu tribe. Kenyatta is incensed by this and may well encourage the man's arrest. Other ministers allied to Kenyatta have been stumping the country calling for "genuine" nonalignment--that is, not slanted toward the Communists--and an end to "foreign subversion."

Following a debate in parliament in early April on an alleged plot to overthrow the government with smuggled Communist arms, the Kenyan Army seized several arms caches

found in the basement of Oginga's office. Oginga was briefly detained for questioning on 14 April.

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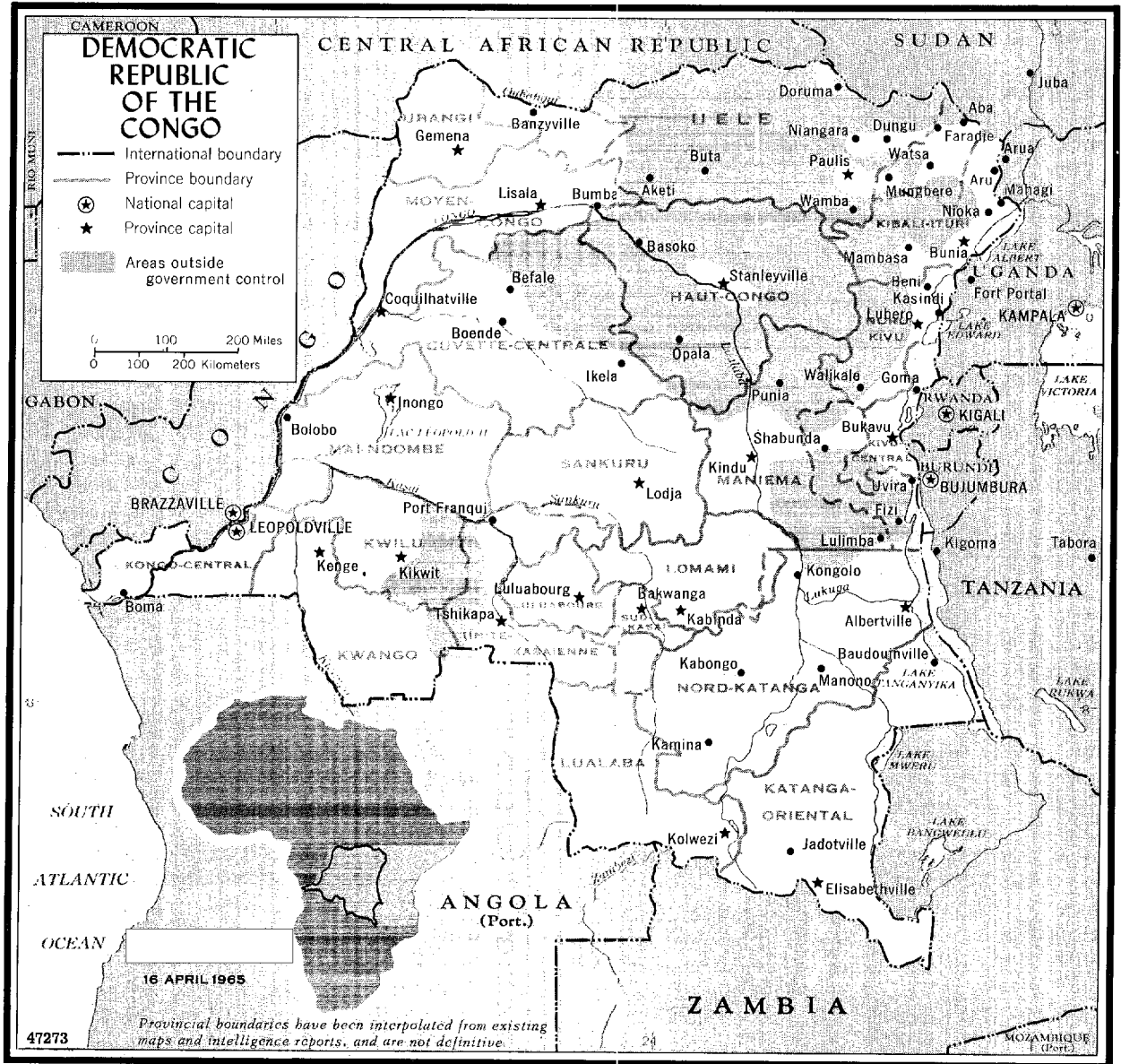
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Asia-Africa

NOTES ON CONGO AND SUDAN

Congo: The government's military position is still improving throughout the country. The mopping-up operation in the northeast continues; patrols are capturing transportation centers and rebel resistance is light. Remaining isolated pockets of rebels give no indication of organizing counterattacks.

In the eastern Congo, however, rebels in the Fizi area again threaten Albertville, the capital of Nord-Katanga, reportedly having encircled army garrisons on the major road along Lake Tanganyika leading into

Sudan: The transitional coalition government has confirmed that parliamentary elections are to take place in the six northern provinces on 21 April. In the Negroid south, where the rebels remain active, the elections will be postponed indefinitely until civil order is restored and some agreement is reached on relationships with the central government.

According to the present schedule, a permanent government is to be installed in Khartoum by 7 June. The generally conservative Umma Party--the political arm of the Ansar politico-religious brotherhood--will probably win enough seats to control the government with the continued support of the urban National Union Party and the ultraconservative Muslim

that province. Other insurgent groups continue to harass Uvira, to the north.

The parliamentary and provincial elections are proceeding without violence but with reports of widespread irregularities; final results, however, are unlikely to be overturned by the courts. Voting is closely following tribal lines, with support going to established leaders. As expected, Premier Tshombé has received considerable backing from the Katanga provinces.

Brotherhood. The Communists hope to establish a working minority in the parliament by winning a large share of the special seats reserved for university graduates.

The leftist People's Democratic Party is still actively working for a postponement of the elections and has declared that it will boycott the polls on 21 April.

Egyptian efforts to lure the National Unionists away from their coalition with the Umma have apparently failed. Traditional rivalries between these two groups, however, make prospects for any lasting coalition remote at best.

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Europe

FRANCE AND THE EUROPEAN SPACE PROGRAM

The French Government last week withdrew a proposal that the European Launcher Development Organization (ELDO) scrap its original program in favor of a more advanced effort. Paris' action was apparently prompted by opposition from the aerospace industries in France and other ELDO countries as well as by a more sober appraisal of the costs involved.

Last January, the French criticized the original launcher --ELDO-A--as too costly and as inadequate in lifting capability. They asked ELDO to concentrate on the ELDO-B, a more powerful follow-on launcher still on the drawing board. ELDO-B, they argued, could put heavy communications satellites into the desired high orbit and thus permit Europeans to compete with the US in this profitable field.

Although clearly advantageous to ELDO in the long term, the French proposal encountered general opposition, apparently because it would disrupt the existing allocation of effort among national industries and would require even larger outlays of funds than does ELDO-A. Its withdrawal at a 7-9 April ELDO council meeting in Paris was followed by a vote to continue construction of ELDO-A.

ELDO's continued existence may still be in jeopardy, however. Although the French are calling for greater European cooperation in scientific research and development, they may now concentrate on developing a reliable satellite launcher for their own national program. This might deal ELDO a mortal blow.

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REORGANIZATION OF SPAIN'S STUDENT ORGANIZATION

The reform of the Spanish University Syndicate (SEU) spelled out in an official decree promulgated on 7 April has brought a lull in student agitation. The reorganization has removed the immediate irritant stemming from government appointment of top SEU officials, but it is unlikely to permit the kind of freedom the students ex-

pect. Indeed, some students have already complained about the lack of any student role in drafting the regulations implementing the decree.

The government clearly intends to continue exercising strict control over the student organization. The decree itself specifies that the SEU must

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Europe

function according to the "fundamental principles" of Spain's political and social life and that political activity outside the student organization will be considered incompatible with university activities. Also the regime will appoint a commissioner, armed with extensive administrative powers, to provide "liaison" between the students and the state.

The decree on the SEU --like an earlier draft press law and a proposed law of Associations--is an example of the regime's tendency to offer proposals which seem to be concessions but which contain qualifications that effectively preserve the status quo.

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Western Hemisphere

SPLIT IN BRITISH GUIANA'S GOVERNMENT NARROWLY AVERTED

A tax policy quarrel between British Guiana's Premier Burnham and Minister of Finance D'Aguiar, which began in early April, flared up in larger dimensions last week end. Before a compromise agreement was finally hammered out, D'Aguiar was on the verge of resigning. Since he heads the minority party in the government coalition, his withdrawal might have brought down the government.

The controversy was rekindled through a misunderstanding on the part of one or both men. In essence, it involved the degree to which Burnham was committed to endorse a D'Aguiar proposal to reduce or eliminate several taxes to stimulate greater private investments in the colony.

It seems clear that competition for power and influence lay at the heart of the clash over taxes and that this rivalry led to the near showdown. D'Aguiar, who has made a number of concessions to Burnham on other matters, evidently felt obliged to take a firm stand on taxes or be completely overshadowed.

Now that Burnham and D'Aguiar have successfully weathered the first serious test of their partnership, the air probably has been cleared and the coalition at least temporarily strengthened. In the long run, however, the outlook is for more such confrontations.

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Western Hemisphere

ECONOMIC IMPLICATIONS OF FORTHCOMING OAS CONFERENCE

The Extraordinary Inter-American Conference scheduled to open in Rio de Janeiro on 20 May will be the first meeting since 1954 of the Organization of American States' highest organ, the general conference. This meeting was called primarily to consider means to strengthen the inter-American system through organizational changes.

Included on the agenda is an examination of the operations and the future of inter-American economic and social organizations, including the Alliance for Progress. Brazil, along with Chile, seems to favor a new international agreement "institutionalizing" multilateral hemispheric economic cooperation. This idea derives in part from a 1960 effort to link economic development with hemispheric security in order to obtain more US aid, although subsequent developments have obviated the justification for such an agreement. The Brazilians apparently contemplate ending the unilateral nature of the Alliance by persuading some of the more advanced countries to share the aid burden.

Advocates of mandatory economic cooperation would like to have OAS economic activities consolidated under a new council, with the present OAS council retaining only a political role. The new body would be located in Latin America. Chile, moreover, contemplates a possible third council devoted to culture and education.

Chilean Foreign Minister Valdes has not only demanded the institutionalization of economic relationships but favors a more enduring US economic commitment to Latin America than the Alliance stipulates. For Chile, this is also related to the fundamental thrust of the Frei administration's foreign policy--the economic integration of Latin America implicitly under the leadership of Frei's Christian Democratic Party.

President Frei recently wrote four prominent Latin American international economists asking their cooperation in the development of continental economic integration. In response, they drafted a study on the creation of a common market which possibly would include Cuba. This insensitivity to US policy would reflect the tendency of the Christian Democrats and economic technicians to assign economic considerations priority over the political in working out their ideas for hemisphere development. Frei's initiative, however, drew a countersuggestion from Argentine President Illia, whose government recommends accomplishing integration through the nine-member Latin American Free Trade Association.

These currents will probably merge at the forthcoming OAS meeting where a formula on closer economic cooperation may be hammered out. Whether the form which increased Latin American economic unity and cooperation takes will help or harm US interests remains to be seen.

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Western Hemisphere

VENEZUELAN AUTHORITIES ARREST SUBVERSIVES OF RIGHT AND LEFT

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The Venezuelan Government is exploiting, both domestically and abroad, the interception of clandestine funds destined for the Communist Party (PCV) as well as the arrest of a newspaper publisher accused of plotting, with accomplices of both right and left, to overthrow President Leoni.

Extensive news coverage has been given to the arrest of three Communist couriers on 26 March who had in their possession \$330,000 allegedly for delivery to the PCV. Interior Minister Gonzalo Barrios, in a news conference on 10 April, publicly displayed the money and asserted that the funds came by way of the Communist Party of Italy (PCI). The PCI has emphatically denied this, but Venezuelan officials are sticking to their charge.

Some international aspects of the smuggling case have been touched on in public by the foreign minister of Colombia. He claimed that the Venezuelan incident "coincided with decisions made during the recent meeting of Communist parties in Moscow." He also charged that one objective of these decisions was to facilitate the overthrow of both the Colombian and Venezuelan governments.

On 9 April Venezuelan authorities arrested publisher Miguel Capriles, together with more than 50 of his supporters. Capriles, whose papers have been vehemently attacking the government, is charged with organizing and leading an insurrectionist movement. Among the prisoners are Communists, retired military officers, and several well-known rightist plotters. Interior Minister Barrios, in his press conference, left the clear impression that the Communist couriers were somehow linked to Capriles' group.

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Western Hemisphere

EXTREMIST EFFORTS AGAINST PANAMANIAN GOVERNMENT

Panamanian extremists have stepped up their drive to create a climate favorable to revolutionary action. Their latest effort has been the escalation of a minor strike of provincial sugar workers into a long march on Panama City, where they promoted mass rallies on behalf of the marchers as well as a fairly effective general strike in the capital.

The exploitation of the provincial strike seems to have been part of a concerted drive by a combination of extremist elements to stir popular dissatisfaction with the government and the oligarchy. Among the most active agitators are members of the newly organized Panamanian Revolutionary Union (URP). The URP is backed by a number of "hard-line" revolutionaries

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actively involved are Moscow-oriented leaders of the regular Panamanian Communist Party and followers of ex-President Arnulfo Arias.

Another aspect of the present situation is the prospect

that Carlos Ivan Zuniga, an influential lawyer-politician who has made a political career out of his profession as labor adviser, may be able to organize a leftist-labor coalition. Zuniga is generally recognized as the most effective member of the National Assembly, where his highly articulate performance in that body has won him wide popularity among the lower classes as well as growing political influence.

Zuniga, who already controls the banana workers' union --Panama's largest--encouraged the sugar workers in their current strike and has become their legal adviser. He has negotiated on their behalf with President Robles, who personally signed the agreement. In addition to the probability that he won some benefits for the strikers, Zuniga's new position with their union will bring his influence into Panama's economically depressed central provinces where the Communists have been particularly active.

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