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NUCLEAR WEAPONS DEBATE IN SWEDEN

The question of acquiring nuclear weapons is again under active debate in Sweden. The latest discussion follows the recent pleas of the supreme commander of Sweden's defense forces, General Torsten Rapp, for an accelerated program of weapons research to reduce the lead time required for actual production. Last month Rapp submitted his recommendations to Defense Minister Andersson in a defense report to be considered by a defense commission appointed by the government.

In previous years, General Rapp and the military have taken the line that nuclear weapons production is necessary if Sweden's neutrality is to be respected. The dominant Social Democratic Party, especially its left wing, has discounted these arguments, however, and emphasized instead that Sweden's security lies in world disarmament agreements.

Many high Swedish officials nonetheless believe that the likely further proliferation of nuclear weapons may leave Sweden no choice but to acquire its own. This view is held by Under Secretary of Defense Frithiofson, who maintains that the Soviets would be more likely to observe Sweden's neutrality if it had a credible nuclear capability.

Press reaction to General Rapp's proposals has been surprisingly favorable. Most Conservative and Liberal papers and even one Social Democratic paper supported them. Those opposing did so only on grounds that a decision to expand weapons research might harm Sweden's position in disarmament talks. However, the Foreign Ministry in its weekly editorial roundup reprinted an article contending that Sweden's position would actually be strengthened if it were known that it did have a nuclear capability. Some high officials have said that Sweden could have atomic weapons by 1970, if not earlier.

Swedish public opinion does not appear ready as yet to accept a go-ahead on nuclear weapons, but if other countries acquire them in the next few years, opinion would probably change. In any event, final decision may have to wait for the Social Democratic Party congress in June 1968, even although a favorable report by the defense commission before then could be taken as an indication of Sweden's intent to initiate a production program.

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EUROPEAN INTEGRATION DEVELOPMENTS

The 12 June week-end talks in Bonn between De Gaulle and Erhard went more smoothly than had been expected. De Gaulle evidently had some success in quieting German fears about his policies.

The French President indicated there was still plenty of time to make specific proposals for revising NATO before 1969. He said the McNamara proposals for a select committee on nuclear matters are still under consideration in Paris. De Gaulle also played down his theme of "Europeanizing" the German unification question and appeared tacitly to accept the German position on trade credits for the East European bloc.

The primary focus of the meeting, however, was on European integration--particularly political union talks and the EEC Commission's recent "package" of proposals. These seek to finance the EEC's common agricultural policy (CAP), to provide the Community with an "independent" source of revenue from agricultural levies and tariff receipts, and to grant the European Parliament real powers to control these funds.

The French want to limit any agreement to CAP financing and are attempting to deprive the Commission of the support its position has among the other members. The French proposed alternative agricultural financing arrangements for the next several years in lieu of the shorter, interim extension of present arrangements which the Germans have suggested. As inducements, the French held out vague promises of a "consultative" role for the European Parliament and of a summit meeting on political unity without, however, offering any assurance of what its outcome might be.

Although the Germans did not agree with the French proposals regarding the CAP, they evidently were unwilling to make an all-out defense of the "political" aspects of the Commission's proposals. They seem instead to be asking for advances in industrial integration as a quid pro quo to further agricultural agreements. Such a "deal" could have the effect of both undercutting and overloading the Commission's package, and leaving any definitive decision for an uncertain future.

Despite the claim of mutual "understanding" reached in Bonn, the subsequent EEC Council meeting in Brussels early this week seems to have left the deadlock unresolved. The French claimed that since creation of a common agricultural market for all products by 1967 would be "impossible" and since general agreement to contribute industrial tariff revenue to a common fund does not exist, the question of the European Parliament's control of finances "does not present itself." Although the Germans may now have bought this line, the Dutch are presumably still opposed to any financial agreement which does not include increased parliamentary powers.

Further EEC meetings are expected before the end of

June--when current CAP financing arrangements expire--and it is difficult to foresee the eventual outcome. It is questionable whether the French will accept a one-year extension of the present arrangements as a fallback position--knowing that the big issues they are trying to avoid would have to be faced again so soon.

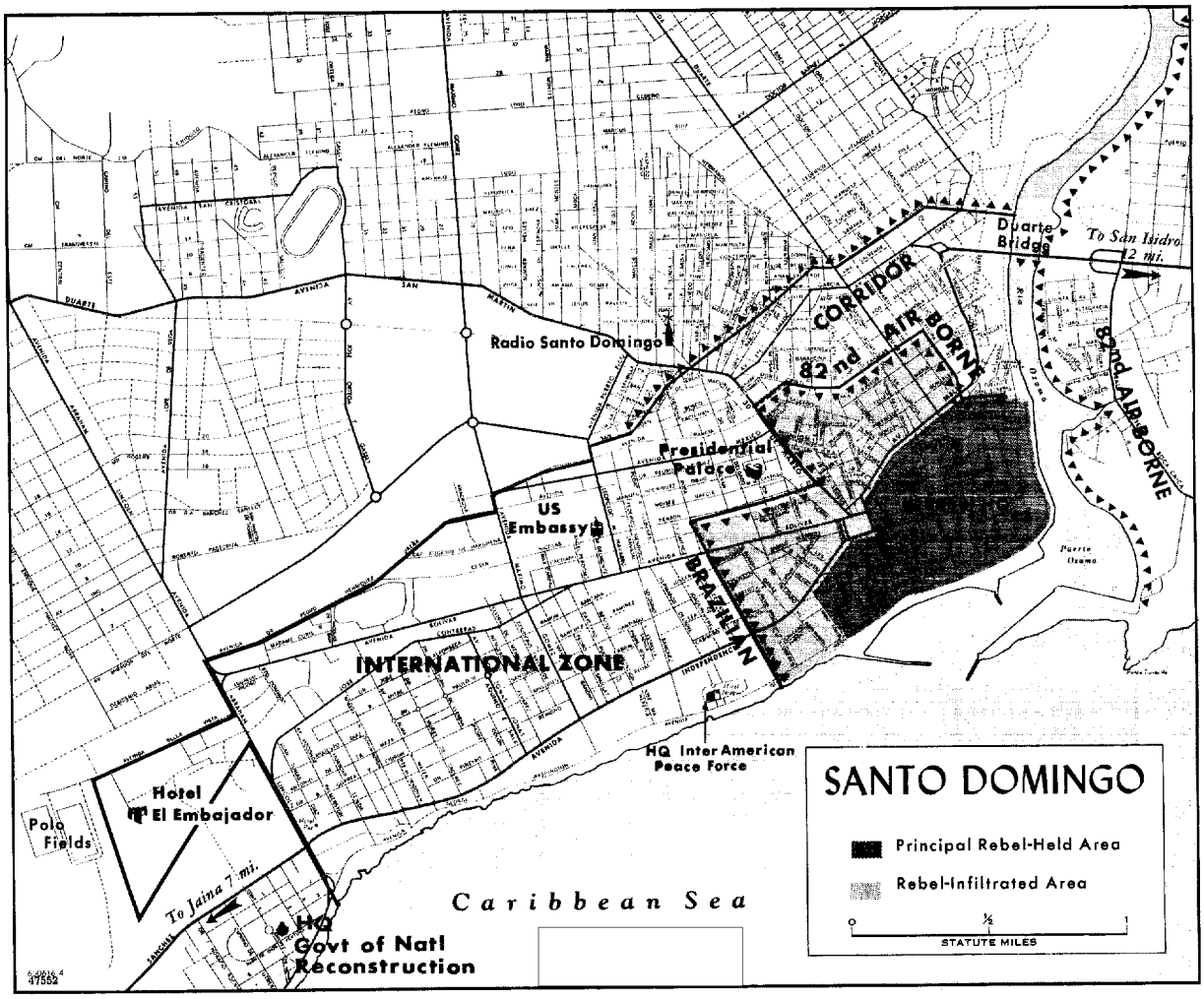
It is also not clear what the Dutch and the Commission will do. Despite their desire to avoid a "confrontation" with De Gaulle at this time, they may judge that conditions are more propitious now for extracting French concessions to an effective community than at some future date. [redacted] 25X1

BRITISH POLITICAL DEVELOPMENTS

Political and economic difficulties continue to plague Prime Minister Wilson's government, and speculation is rising that he may be forced to an early election this fall. Recent public opinion polls show the Conservatives are now leading labor. Voters who wanted a change from stand-pat Conservative policies last October are disillusioned with the government's erratic performance and its failure to come up with any solutions to Britain's basic problem.

The economy shows little signs of improvement. The trade gap widened perceptibly in May, as it has in recent months. Government spokesmen still tend to be optimistic, however, pointing out that the long-term trend in imports is downward, and attribute the unfavorable May figures partly to the rush of goods shipped in after the reduction in import surcharges on 27 April.

The accumulation of problems for Wilson comes at a time when the legislative timetable is extremely congested. Parliament is likely to spend most of its time on the government Finance Bill until summer recess in late July, deferring other priority legislation until fall. The illness in the meantime of two Labor MPs has imposed an additional strain on the government's paper-thin majority, reducing it from three to one. The Conservatives have not yet said whether they will permit a "permanent pairing" for the ill MPs. A decision to do so would indicate the Tories still do not intend any moves at this time to bring about the fall of the government. [redacted] 25X1



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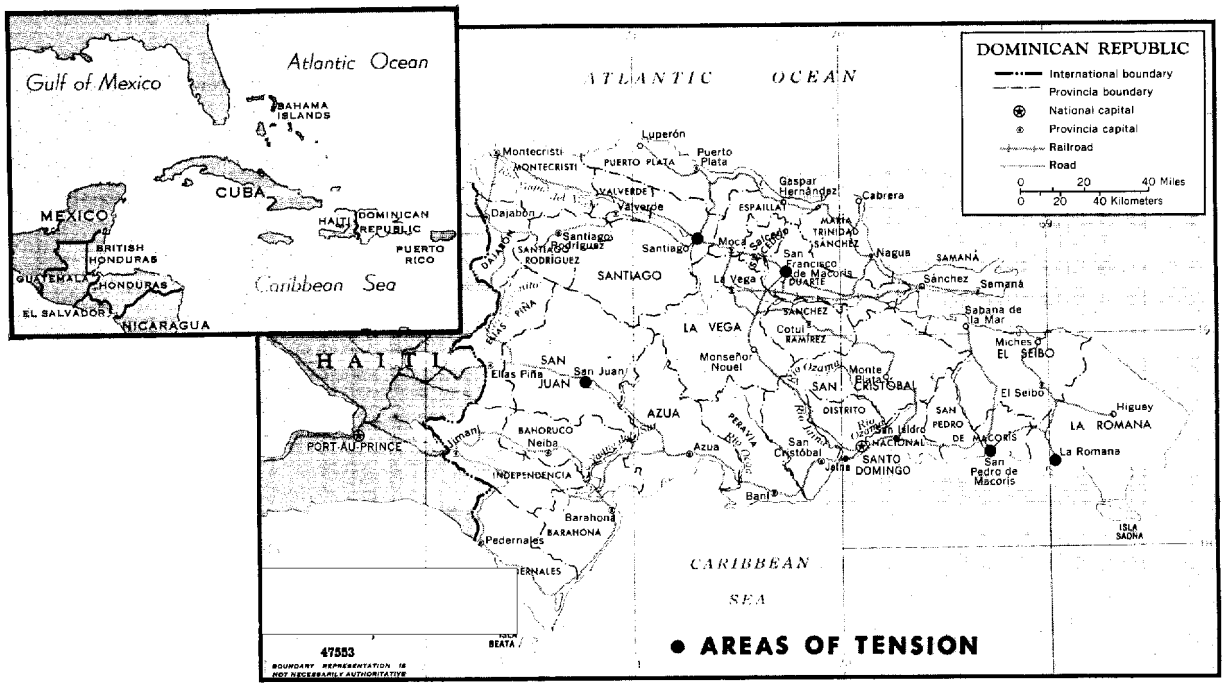

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Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

Heavy fighting took place in Santo Domingo on 15 June and skirmishing continued on 16 June as the rebels attacked elements of the Inter-American Peace Force (IAPF). The action was indicative of the increasing influence of extremists in the rebel camp, who are opposing negotiations, and are calling for violence.

US forces occupied about ten percent of the rebel area in order to flush rebels from their firing positions. The Caamano regime in its propaganda accused the US of initiating the action and is citing the incident as a reason for having the UN undertake mediation between the IAPF and the rebels. The fighting cost 3 US dead and 37 wounded and 5 Brazilians wounded. Rebel casualties were substantial and included the death of Andres Riviere, French soldier-of-fortune and military adviser to the rebels. Until this episode there had been more than 900 rebel cease-fire violations since 7 May.

The incident occurred the day after the rally commemorating the anniversary of the ill-fated 1959 invasion of the Dominican Republic from which the 14th of June Political group (APCJ) takes its name. Rafael Taveras, who is emerging as the major leader of the APCJ, spoke and said that to gain the revolution's aims "there is no other way" than to extend violence "to all the people." The Caamano regime felt compelled to co-sponsor the demonstration in order to avoid the appearance of APCJ domination of the rebel movement. Jose Pena Gomez, rebel propaganda chief and official in Juan Bosch's Dominican Revolutionary Party (DRP), attempted to indicate that Communism was not the guiding ideology of the rebel government when he said at the rally that the 1959 invaders did not come "to establish on our soil a Communist revolution."

There are other indications that the rebel government's control of the extremists is not complete. During the fighting of 15 June Caamano indicated to UN observer Mayobre that he had ordered that the shooting stop, but that he was not at all sure that he would be obeyed. Extremists control many of the rebel paramilitary units, perhaps 65 percent of them, and the APCJ has its own intelligence net independent of that of the government.

Some rebel leaders such as Defense Minister Manuel Montes Arache seem concerned over the growing extremist strength. This may have been the cause of an unexpected visit of two PRD officials to the OAS representatives. These two leaders stressed their desire for an early political settlement and agreed that solving the Communist problem is a necessity. Another PRD official has indicated that when he made proposals for granting concessions, Caamano talked to someone else, probably Minister for the Presidency Hector Aristy,

and then said they could not be accepted.

There is evidence of division within the extremist faction. The APCJ and Marxist Dominican Popular Movement are opposed to the relatively cautious policies of the Dominican Popular Socialist (Communist) Party (PSPD). The PSPD opposed the holding of the APCJ's 14 June rally, perhaps because it was not allowed to present its own speaker. The APCJ is reported to be Caamano's "favorite" extremist group, but the PSPD is still in close contact with the President's advisers, particularly Foreign Minister Jottin Cury.

Imbert's Government of National Reconstruction apparently hoped that the renewed fighting would cause the US to allow loyalist troops to attack the rebels. Imbert said his troops were placed on the alert on 15 June and were ready to move. He later expressed regret that Dominicans were not permitted to solve their own problems. The loyalists apparently did take advantage of the opportunity and lobbed some mortar shells into the city.

The loyalists have been seriously hurt, both at home and abroad, by rebel allegations of atrocities, including a charge of mass executions. Some of the allegations are probably true. Individual loyalist military and police units have carried out some executions to avenge rebel atrocities committed during the early days of the uprising. The Inter-American Human Rights Commission took quick action in investigating the charges and thereby forestalled an appeal to the UN by the rebels.

In the interior, fears of major, rebel-inspired violence have so far proved groundless. Because of stringent security measures taken by loyalist forces, including numerous preventive arrests, there were only isolated disturbances in connection with the 14th of June anniversary. Rebel leaders evidently feel that the development of militant support in the interior is one of the few remaining cards they have left to play. There are continued reports of attempts to create widespread disturbances and Communists are planning for a possible general strike.

The rebel complaint to the UN concerning the false charge that the US was attacking the rebels received immediate Soviet endorsement. The USSR charged that the renewed fighting demonstrated again that the OAS is incapable of dealing with the crisis and has proposed that the Security Council meet in Santo Domingo to hear Caamano's allegations.

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URUGUAYAN CONSTITUTIONAL REFORM SOUGHT AGAIN

The president of Uruguay's nine-man National Council of Government, Blanco Party leader Washington Beltran, is again calling for constitutional reform as an answer to the nation's economic and political woes. In a recent political address he scoffed at rumors of a possible coup and said Uruguayans will solve their problems legally.

Beltran and many other Blanco leaders, as well as leaders of the major faction of the opposition Colorado Party, publicly favor replacing the present cumbersome council. Although the Blancos want a single executive, the Colorados have historically supported the plural executive as a safeguard against abuse of power. The Colorados admit, however, that the nation's situation is desperate and they have asked for a national plebiscite late this year. They reportedly would favor a five-man executive representing only the majority party and having a president with a four-year term.

In 1962 a proposal to return to a single executive was defeated by a large margin at the polls. Many Uruguayans may now recognize, however, the basic defects in their governmental system and the need for a stronger government to cope with the country's worsening economic situation.

The cost of living continues to soar; it has increased approximately 24 percent in the first half of 1965. Although the free market peso quotation dropped slightly to about 47 per dollar on 1 June, this figure still represents nearly a 120-percent increase over a ten-month period. Capital flight is apparently increasing. The central bank is reportedly negotiating for an $8.8 million foreign loan with an interest rate at or above 8.5 percent. The piecemeal approach to the foreign exchange and credit problems and willingness to pay such high interest rates are an additional burden on the economy and harmful to Uruguay's credit standing abroad.

Public employees have staged intermittent work stoppages and strikes to protest the government's failure to pay wages earned during April. The government claims it lacks sufficient funds and may have to postpone the May payroll until July.

Another national problem is the prolonged drought which has seriously hurt agriculture and curtailed use of electric power.

Any new government would have to face these and other economic problems. Constitutional reform alone will not help very much. It would require great courage to enact the austerity measures necessary to permit the country once again to live within its means.

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GUERRILLA ACTIVITY IN PERU

The Movement of the Revolutionary Left (MIR), a pro-Cuban, pro-Chinese Communist organization, has apparently begun guerrilla activity in remote and rugged east-central Peru.

On 9 June, 13 armed men attacked two haciendas (ranches) and a mine some sixty miles northeast of Huancayo, stealing dynamite, clothing, money, food and other articles. Another group raided a hacienda to the south, near the borders of Junin and Huancavelica departments on 12 June. Two police posts have also been attacked. Although accurate information regarding the raids is not available, the evidence is strong that they were carried out by the MIR as the beginning of its "armed action" stage of revolution.

The MIR has about 1,000 members, at least 150 of whom have received extensive guerrilla training in Cuba, Communist China, and North Korea.

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Government security forces are pursuing the guerrillas in the central zone, but no contact has as yet been made. The terrain and uncooperative attitude of the peasants will make it difficult for the authorities to apprehend the insurgents. Although the guerrilla activity does not pose an immediate security threat, it will encourage other extreme leftist groups to mount similar operations.

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TEMPORARY RESPITE IN BOLIVIA

The military occupation of all nationalized mines in Bolivia late last week has brought a temporary respite in the month-old political crisis. The miners, demoralized, without their extreme leftist leadership, and faced by an overwhelming force, reluctantly agreed to the 23 May decree reorganizing the mining industry. The junta must soon show, however, that conditions will improve under the mine rehabilitation program. Otherwise, the miners' resistance is certain to stiffen again and another crisis may occur.

Bolivia's major political parties--except the center-right Bolivian Socialist Falange (FSB) --have been left in confusion. The Nationalist Revolutionary Movement (MNR), the country's largest, is split between those favoring a center-left front to oppose the junta and those willing to work with the junta. Hernan Siles Zuazo, the MNR's nominal leader and spokesman for the anti-junta faction, has lost control of the party and, following an order for his arrest, has taken asylum in the Uruguayan Embassy. Juan Lechin's National Leftist Revolutionary Party and the Communist Party are in shambles, their leaders deported and their bases of support--the labor organizations--destroyed. Only the FSB, which escaped the persecutions, has retained its organization intact.

The power struggle between co-presidents Barrientos and Ovando remains a potential threat to armed forces unity and political stability. Barrientos retains the upper hand at the moment with Ovando characteristically biding his time. Barrientos has told US officials that Ovando "deserves a well-earned rest in Spain, perhaps as ambassador." Barrientos probably will not act until he is certain of his ground and also that the unity of the armed forces will not be impaired. 25X1

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United Nations

UNITED NATIONS DISARMAMENT COMMISSION

The United Nations Disarmament Commission (UNDC) meeting, which adjourned 16 June, has served the more obvious purposes for which the USSR convened it in May--as a forum for attacks on the foreign policies of the United States and as a vehicle for further polemics against the West in general. When the debate did focus on disarmament, the various countries presented their traditional views, and there is no reason to believe that the further negotiations which have been called for will be any more productive.

The Yugoslav resolution calling for a World Disarmament Conference, which was passed by 89 votes, was supported by most of the nonaligned nations. They were discouraged by the lack of progress in the UNDC and desired Chinese Communist participation in any future negotiations. Several NATO powers also voted for the resolution despite US opposition. A world conference poses many knotty problems, such as the attendance of divided states, and it is almost certain that China would not accept an invitation to attend. It is, in any case, dubious that such a large forum would prove any more manageable than the UNDC.

When Moscow called for the UNDC meetings, it had been hoped the Soviets would agree to reconvene the Geneva Eighteen-Nation Disarmament Committee (ENDC) this summer. They are clearly not eager for such talks, however, and abstained on the eventually approved resolution of the eight nonaligned nations of the ENDC. The resolution appeals to all countries to adhere to the limited test-ban treaty and calls on the ENDC to consider a comprehensive test-ban treaty, a nonproliferation agreement, and the reduction of military budgets.

If the eighteen-nation group meets, some delegates want it to do the preliminary work for the proposed world conference. It is doubtful whether this or any other useful work can be done in a gathering from which France and China are absent. Many speculate that another round of fruitless talks might seriously impair the ENDC's prestige and effectiveness as a disarmament forum. In short, the combination of rigid national positions, preoccupation with other international problems, and the unwillingness of the Chinese to sit down and negotiate does not seem conducive to any real progress on disarmament this year.

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