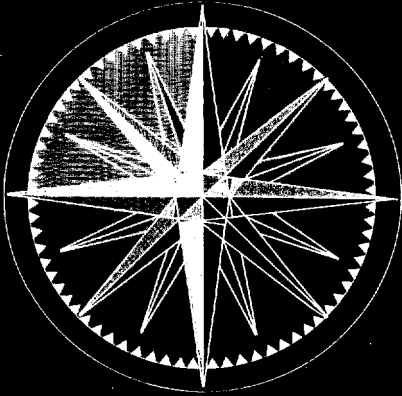


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23 July 1965

OCI No. 0299/65
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WEEKLY SUMMARY

State Dept. review completed

DIA review completed.

ARMY Review Completed

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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(Information as of noon EDT, 22 July 1965)

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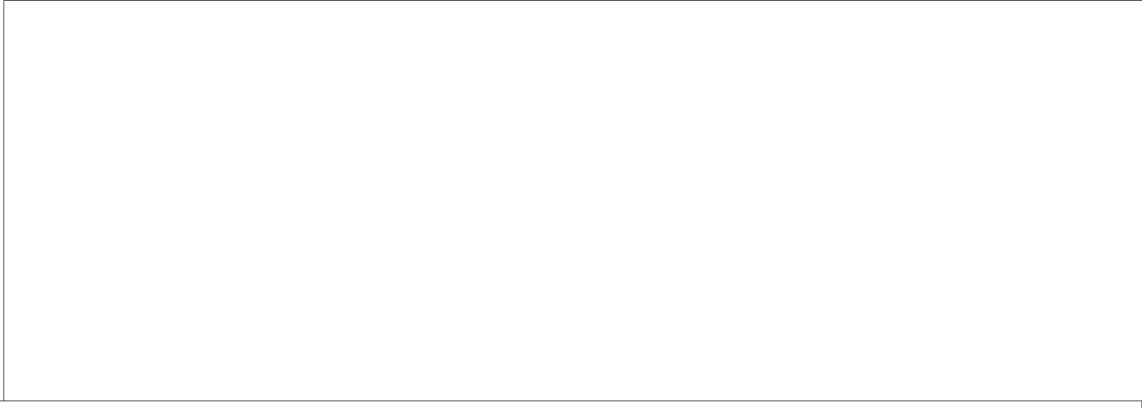
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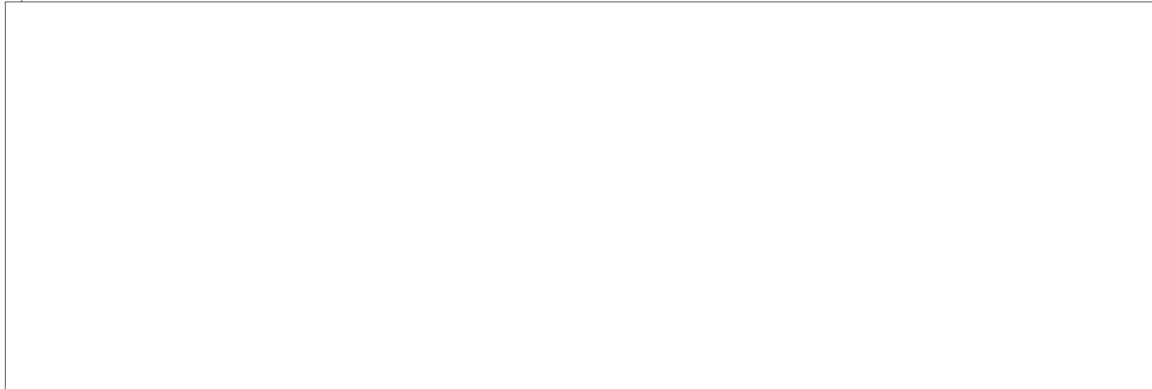
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A treaty to curb proliferation of nuclear weapons is likely to be the main focus of discussion when the ENDC reconvenes in Geneva next week, but prospects for agreement are poor.



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VIETNAM

There have been several recent indications of an increasing warmth in Sino-Vietnamese relations. Two North Vietnamese politburo-level delegations in Peiping last week expressed effusive praise for Chinese assistance to the DRV in contrast with a more perfunctory expression of gratitude for Soviet aid a week earlier.

Hoang Van Hoan--on the first leg of a friendship visit to China, North Korea, Mongolia, and the USSR--in a 15 July speech described Chinese aid to Vietnam as "the firmest, the most powerful, and the most effective," and called China "the most enthusiastic and resolute comrade-in-arms of all nations fighting against the imperialists." Hoan also credited the Chinese with "holding high the banner of anti-revisionism." This is the first open attack on revisionism by a Vietnamese politburo member since last fall, and seems clearly critical of Moscow.

The language of a joint communiqué signed by a high-level DRV economic delegation in Peiping on 17 July was along similar lines. It noted "enormous support" and "steadfast" assistance already received from China and paid tribute to "beloved and respected" Mao Tse-tung. The communiqué stated that new Chinese economic and technical aid had been granted with a view to "jointly defeating" the US. The tenor of the communiqué suggests that Peiping may have extended substantial new commitments in an effort to ensure that the

morale and momentum of the Vietnamese Communist offensive will not be affected by the US military build-up in Vietnam.

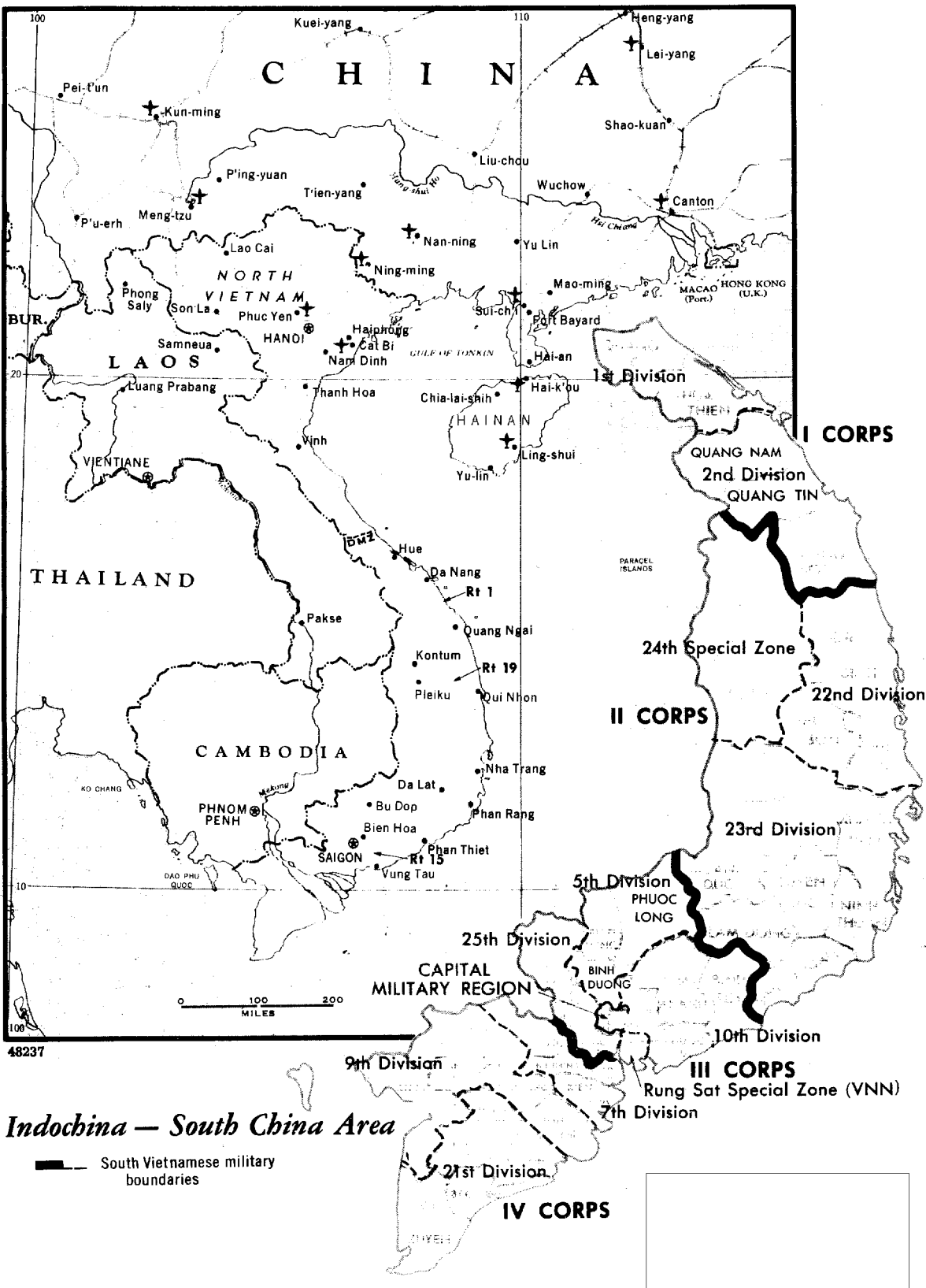
The agreement signed by the same DRV delegation the previous week in Moscow made no reference to gratuitous assistance and described the talks only as "cordial conversations" in a "spirit of complete understanding."

Neither the Peiping nor the Moscow communiqué spelled out the form or amount of assistance but both indicated that the new aid pacts were in part aimed at improving North Vietnamese military defense capabilities.

While seeking military support from other members of the Communist bloc, the North Vietnamese are also attempting to win sympathy from Afro-Asian states they probably consider at least neutral. They have invited Ghanaian President Nkrumah to visit the DRV in a personal capacity and not as part of the Commonwealth Peace Mission. In rejecting the mission itself, the North Vietnamese, had few qualms about the sensitivities of the British but they want to avoid offending its other members. A delegation headed by Ghana's high commissioner ambassador in the UK, Kwasi Armah, left London for Hanoi on 20 July apparently to pave the way for Nkrumah, who is reportedly scheduled to go there within a week.

While making this gesture toward reasonableness, the North Vietnamese have also made it clear that negotiations to settle the

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The Indochina - South China Area

— South Vietnamese military boundaries

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war are not what they have in mind. On 19 July, Ho Chi Minh, speaking at a celebration commemorating the 1954 Geneva Accords, said that the Vietnamese Communists intended to fight on to victory if it takes five, ten, or twenty years.

This line was echoed by the Chinese in a 20 July People's Daily editorial which asserted that the withdrawal of US troops was "the basic point and the most important prerequisite" for a Vietnam settlement and that there was "no point" in talking about other aspects so long as US forces remain. Emphasizing Peiping's determination to see that fighting continues until the US is driven out, the editorial warned that, if necessary, the war will be carried on by generations to come.

The Fighting in the South

Viet Cong activity has decreased for the second consecutive week, with a concomitant reduction of casualties on both sides. The one battalion-size Viet Cong attack, on 14-15 July, resulted in 130 casualties in two government companies defending a regimental headquarters in northern Binh Duong Province, north of Saigon. On 19-20 July, after inflicting nearly 90 casualties in a night-long attack on a government Special Forces camp at Bu Dop in adjacent Phuoc Long Province, the Viet Cong withdrew under pressure of air attacks but have continued to harass the camp intermittently. Scattered attacks against dis-

trict towns in the I, II, and III Corps zones have continued, as have acts of sabotage against lines of communication.

On the government side, 12 battalions with supporting engineer, artillery, and air units on 16 July launched a major clearing operation along Route 19 linking the port of Qui Nhon with the highland provincial capital of Pleiku. For several months, effective Viet Cong control of this highway had prevented land resupply shipments. A strike executed by B-52 SAC bombers from Guam on 17 July assisted Vietnamese marines in clearing a chokepoint at Mang Yang Pass, and several supply convoys have since moved over the road encountering no Viet Cong resistance. To the south, two reinforced government battalions were also unopposed in conducting a three-day road-clearing operation last week along Route 15, connecting Bien Hoa with the port city of Vung Tau. In an earlier road-clearing operation on Route 1 near the Quang Nam - Quang Tin Province border area, however, government troops attacked a Viet Cong ambush position on 15 July and incurred 122 casualties while killing 174 Viet Cong and taking 145 suspects.

On the basis of interrogation reports and captured documents, the US Military Assistance Command in Saigon reports an increase of 4,450 in Viet Cong combat strength for a new estimated total of 53,000 combat regulars. The increase results in part from the filling out

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of existing units, but includes the confirmation of four additional Viet Cong battalions. Meanwhile, the arrival of combat elements of the US First Division and additional logistic personnel has increased American strength in South Vietnam to almost 73,000.

South Vietnamese Politics

The political situation in South Vietnam remains generally quiet. Chief of State General Thieu, speaking on 20 July at a major rally in Saigon marking the anniversary of the 1954 Geneva Accords as a "day of shame," declared the agreements and the line dividing North and South Vietnam "no longer valid." Genuine peace, he said, would come only when the Communists had been driven out of all of Vietnam. Thieu's speech and similar recent remarks by Premier Ky are part of an intensified effort to whip up stronger popular support for the war effort.

Some rumblings of discontent with the new military

regime continue to be heard, although the death of Colonel Pham Ngoc Thao removes one persistent coup plotter from the scene. Thao, a militant Catholic involved in several plots to overthrow various administrations in Saigon over the past few years, reportedly died of wounds suffered when he was ambushed by security forces on 16 July. His death, and a subsequent government suspension of a militant Catholic newspaper in Saigon, could stir new resentments in Catholic circles.

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The Communist World

CURRENT SOVIET ATTITUDE TOWARD BERLIN

Moscow has been extremely cautious in its actions in the highly sensitive Berlin area at a time when the Vietnam conflict is increasing frictions in Soviet-US relations. Soviet party and government leaders, along with the Soviet press, have in recent months avoided any provocative statements on Berlin and have been careful not to link events there with Soviet strategic interests.

[redacted] Soviet officials in East Germany (GDR) have played down the significance of recent East German moves related to Berlin and have stressed that the Soviets retain control over such moves.

Such statements seem primarily designed to convince the US that recent GDR actions are merely part of a campaign to advance East German claims of sovereignty and are not intended to provoke a crisis over basic Allied rights.

General Petr Koshevoy, commander of Soviet forces in Germany, told British officers that all pilots, Soviet or East German, "obey me without question," that he personally controls all aircraft in the GDR, and that recent helicopter violations of the East - West German border were "small mistakes" caused by a lack of radar control for low-flying aircraft.

He also played down the East German helicopter flights over Berlin. No identifiable East German helicopter flights near the West Berlin borders have occurred since 21 June. Earlier, the Allies

had noted seven helicopter violations of West Berlin air space, but the Soviets have not acknowledged any of them.

Koshevoy's line reinforces one taken earlier by the Soviet counselor in East Berlin. He told the French minister that there was no foundation to rumors of a crisis over Berlin, and that nobody intended to modify the present situation in Germany.

Since their harassment campaign to protest the Bundestag session in West Berlin last April, the Soviets have insisted that they oppose any alteration in what they regard as the status quo (the existence of "two German states," with West Berlin as a "separate entity" under temporary Allied occupation).

Koshevoy's remarks indicate that there will probably be no helicopter flights over West Berlin in the near future. They are, however, likely to occur again elsewhere in the Berlin Control Zone. The Communists may hope to use the threat of future flights to press the Federal Republic for concessions on other matters. [redacted]

[redacted] the GDR was not planning any more flights over West Berlin. In return, it wanted Bonn to release funds requested for the surrender to West Germany of prisoners held on a variety of charges.

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USSR BECOMING MORE ACTIVE IN WESTERN MARKETS

Soviet purchases of manufacturing plants in Western markets are firming up. Negotiations which have been in process for some time are now being concluded or are moving closer to resolution. New possibilities are being discussed at high levels-- talks which probably will assure some results. Moscow's main interest continues to center on the chemicals production field and on consumer goods. Most recently, the Soviets have been seeking offers of an automobile production facility.

Moscow has not neglected the export side of its trade with the West, which must increase to finance plant imports. The ever-

present threat of crop failures at home (see next article) and a continuing requirement to buy grain abroad--probably at least \$175 million worth this year--add to the USSR's chronic need to earn hard currency. In addition to using traditional sales promotion measures to broaden their export markets, Soviet traders are insisting that Western suppliers accept from 10 to 100 percent of payment in Soviet goods.

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SOVIET CROP PROSPECTS DETERIORATE

Prospects for the 1965 Soviet harvest, especially wheat, have worsened in recent weeks because of below-average rainfall over extensive areas. The outlook for winter wheat is close to normal, but the spring wheat crop, which normally accounts for almost two thirds of total wheat produced, has been affected by the drought. The drought is especially bad in the New Lands, the major producing area of spring wheat, and unless it ends soon, a wheat crop much below average is likely. Wheat usually accounts for about half of Soviet grain production.

At present the situation does not appear as bad as in 1963, when the USSR bought 12 million tons of foreign wheat. The

Soviet minister of agriculture has stated, however, that the USSR plans to import more wheat during the 1965-66 crop year than the 3.2 million tons it purchased during the preceding one. The USSR has just purchased from France 300,000 tons of wheat, perhaps in anticipation of another poor crop this year.

Prospects for crops other than grains appear to be about average at this time. Consequently, production of these crops in 1965 is not expected to reach the record or near-record levels produced in 1964. Cotton, because of a reported shortage of irrigation water and a slightly reduced acreage, should be well below the record crops harvested in 1963 and 1964.

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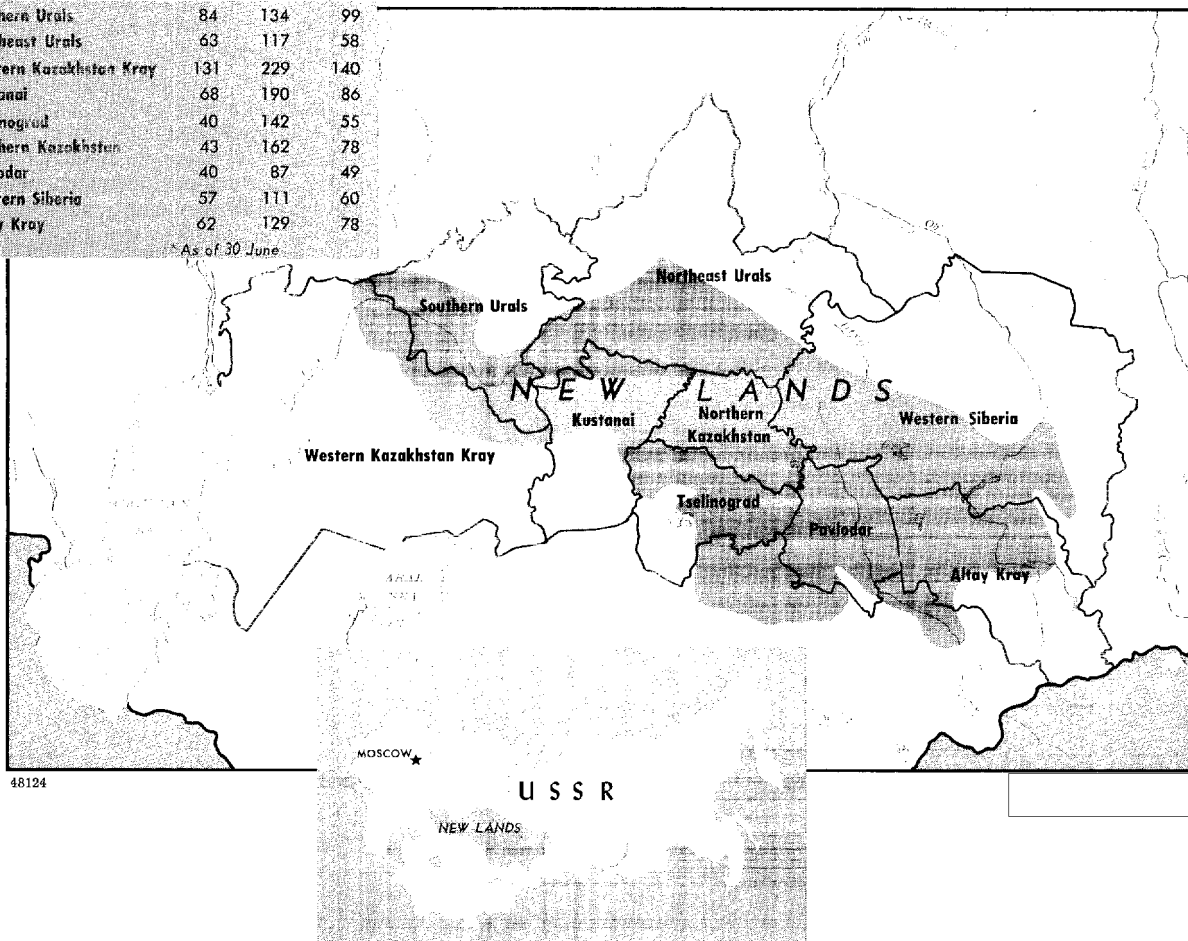
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USSR: Soil Moisture in the New Lands Area

AREA	1963*	1964*	1965*
	(PERCENT OF AVERAGE)		
Southern Urals	84	134	99
Northeast Urals	63	117	58
Western Kazakhstan Kray	131	229	140
Kustanai	68	190	86
Tselinograd	40	142	55
Northern Kazakhstan	43	162	78
Pavlodar	40	87	49
Western Siberia	57	111	60
Altay Kray	62	129	78

*As of 30 June



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POLITICAL INSTABILITY IN POLAND

According to rumors in Warsaw, party first secretary Gomulka is seriously ill and the next party center committee plenum on 27 July will consider the question of a successor. While these rumors are apparently without substance, they reflect the dissatisfaction at all levels of society with the stagnation of Polish life which has resulted from Gomulka's stubbornly conservative policies.

Ever since his return to power in October 1956, and especially after the vicious factional battles which wracked the party between 1956 and 1958, Gomulka has been convinced that the "Polish October" was too revisionistic, too anti-Soviet, and too anti-Communist. As a result, he reversed the trend toward "liberal" economic decentralization, reinstalled hard-line party stalwarts in the apparatus and in the government, and strengthened the secret police in support of the hard-liners who were trying to create "order."

In the economic sphere the tightening of control was said to be necessary to achieve rapid growth in heavy industry--a necessity for long-run increases in living standards. In spite of fairly rapid economic growth since the late 1950s, however, consumption and wage levels have increased only slightly, causing widespread disillusionment over regime promises.

Within the past year, the authority of the party central committee departments has been increased to the detriment of

governmental efficiency. Retirements or transfers to innocuous government jobs of liberals, Jews, and other suspect persons have been more numerous. Often such people are replaced by nominees of the hard-liners.

The secret police are again feared, although the mass terror of the early 1950s has not returned. In addition, the regime has cautiously attempted, with varying success, to impose controls or restraints on the activities of certain groups.

The cumulative effect of these measures has been to engender widespread apathy among the Polish people who see themselves worse off than ever while the lives of their East European neighbors are improving. Moreover, Gomulka's efforts to improve relations with the USSR reportedly are being criticized even by high party members.

It is not clear what course Gomulka will pursue to cope with this instability. Because of reported serious party clashes over how to deal with the economic situation, he probably will accept limited economic reforms. However, given Moscow's continued support, the influence of the secret police, and the inertia of the central party apparatus, he will probably resist significant changes elsewhere.

Under these circumstances the prospects are for continued stagnation in virtually all fields of activity in Poland. The resulting frustration may well lead to a coalition of the opposing factions in the regime which could pose the most serious challenge to Gomulka since his return to power.

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Asia-Africa

NEW YEMENI GOVERNMENT FIRMLY PRO-EGYPTIAN

The new Yemeni cabinet formed by Major General Amri is under Nasir's thumb, despite the inclusion of several members of former premier Numan's "third force" group.

Formation of the Amri cabinet followed three weeks of political crisis, inaugurated by the 1 July resignation of Premier Numan and complicated by President Sallal's attempt to take complete charge. Sallal apparently appointed himself premier and announced a 15-man cabinet which included 13 military officers, but his immediate summons to Cairo suggested Nasir's disapproval.

Nasir's discussions with representatives of opposing Yemeni factions resulted in the announcement that Amri, a former premier and Sallal's chief lieutenant, was to form a government, which now includes six army officers and 13 civilians. Nasir's selection of a Sallal supporter indicates his determination to keep Yemeni affairs firmly in pro-Egyptian hands.

The revival of the Ministry for the Affairs of the Occupied South, dropped by the Numan government, suggests that the Egyptians intend to step up the ter-

rorist operations against the British-protected Federation of South Arabia, which had lessened under Numan.

The government's obvious subservience to Egyptian policy will probably cost it heavily in terms of vital tribal support. Abdullah al-Ahmar, paramount sheikh of the most powerful tribal confederation, has not been included in the cabinet, although he held the vital post of interior minister in Amri's previous government as well as in that of Numan.

Several anti-Egyptian sheikhs now in the republican camp are already making overtures to the royalists, who still retain the military initiative. The most important of these is the sheikh of the 10,000-man tribe from which Prime Minister Amri originates and from which the republican government has usually drawn strong support.

Prospects for an agreement between Nasir and Saudi King Faysal are dim, and there are no indications at present that Nasir intends to reduce the number of Egyptian troops committed to the Yemen civil war--now estimated at 53,000 to 58,000.

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INDIA AND PAKISTAN AND THE KUTCH AFTERMATH

Indian and Pakistani tempers have cooled since the Rann of Kutch crisis, but mutual suspicion and vigilance remain high.

A formal cease-fire has been in effect in the Rann since 1 July. The troops which were deployed there have withdrawn in accordance with the agreement worked out in London by the British between Indian Prime Minister Shastri and Pakistani President Ayub.

In the Punjab, withdrawals have been very slow, with each side keeping its guard up in the event of a need for swift redeployment of forces to the borders. It seems likely that both sides of that border will remain more like armed camps than they were before.

In Kashmir, the explosive situation around Kargil has been defused somewhat, but India's reinforcement of its three-division force along the 16-year-old cease-fire line and the continued presence of Pakistani tribal irregulars brought in during the Kutch crisis are keeping tensions up.

In the east, withdrawal understandings have been honored more swiftly, but the size of the forces involved was never very large. Nevertheless, the situation remains touchy in the Dahagram area where fighting--unrelated to the Kutch affair--broke out earlier this year. Indian eviction of Muslims in

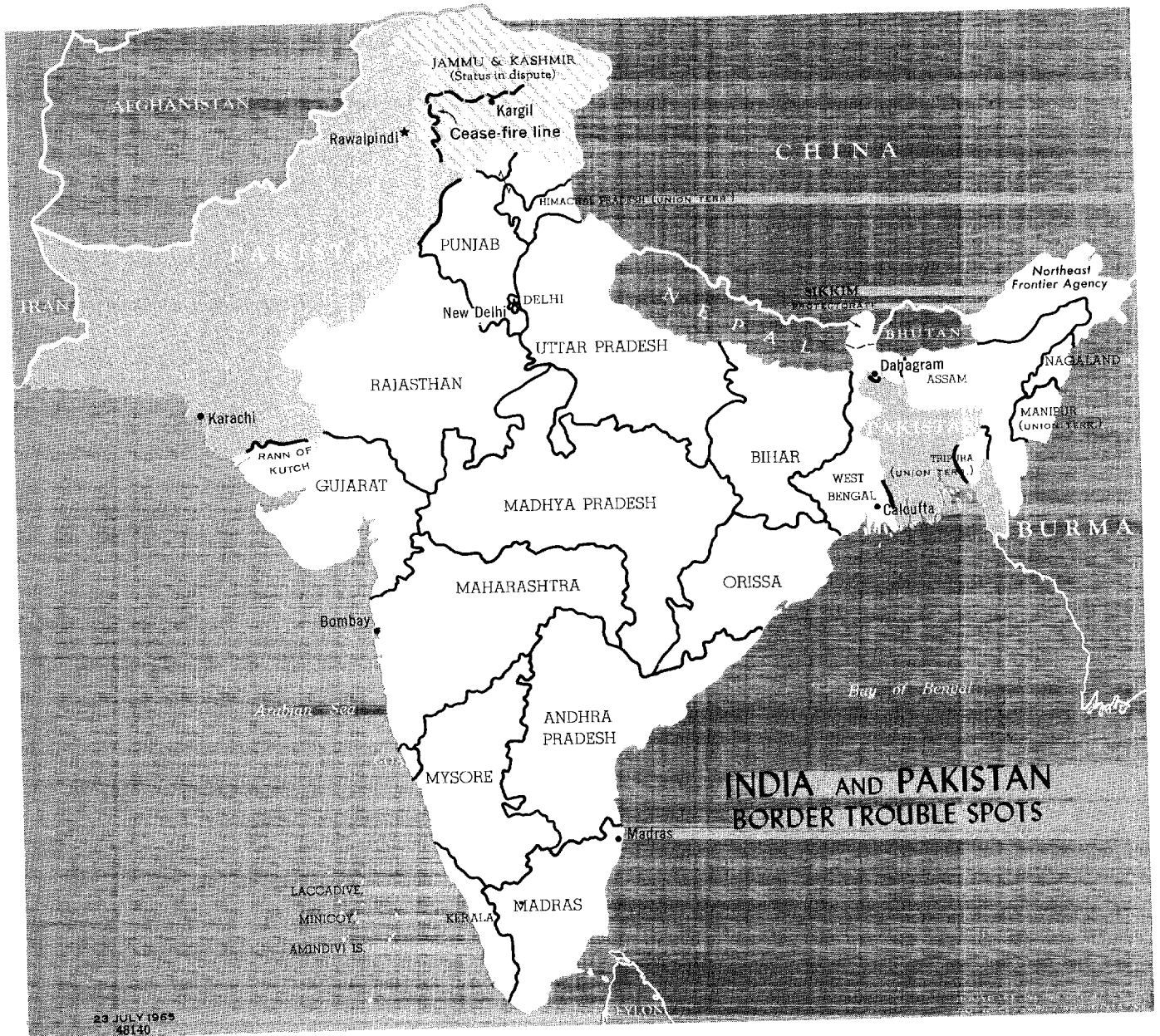
the Tripura area continues unabated, despite Pakistani protests.

Politically, neither side seems to be taking very seriously ministerial-level meetings scheduled for next month. Neither expects the Rann of Kutch question to be resolved in bilateral negotiations. Each is probably planning to use the meetings only to put its position on record before the dispute goes to the arbitration proceedings to which both agreed in London.

Other and more pressing foreign policy concerns may soon overshadow the hard lessons both sides learned from the confrontation in the Rann of Kutch, but its effect on the power relationships in the subcontinent will be long felt. Pakistan has proved it has better soldiers, but India has many more of them. For years each side has threatened major military action without facing this fact squarely. Now the military confrontation has passed, and cooler heads on both sides must realize that it may only have been London's intercession that avoided larger hostilities. While these lessons do not move the adversaries any closer to resolving their long-standing problems, there is a good chance both sides will be less inclined to allow future controversy to reach such dangerous proportions.

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REBELS STEP UP ACTIVITY IN SOUTHERN SUDAN

The rebels in the Sudan's Negroid southern provinces have begun a more aggressive campaign, last week attacking a security post in the provincial capital of Juba.

The capabilities of the rebels have vastly increased in the past six months. They have taken over large quantities of modern weapons destined for the Congolese insurgents and now control most of the south except for major garrison towns. The rainy season, just beginning, will further hamper army actions against the rebels.

The government nevertheless has apparently discarded all efforts to negotiate with the separatist-minded southerners. Fearing, moreover, that separatist sentiment may spread to other provinces, the government plans to strengthen the security forces in those bordering the south.

The army also is still saddled with handling the Congolese rebel refugees in the border area--reportedly several thousand strong. Their presence in the Sudan has encouraged Congolese Premier Tshombé to cooperate with the Sudanese insurgents, who in

turn are said to be assisting Congolese Army reconnaissance and patrol missions along the border.

In Khartoum, southern leaders quickly protested the brutal reprisals taken against southern civilians after the clash in Juba last week, when perhaps as many as 1,000 southerners were slaughtered. The reaction of the government--which has consistently minimized casualty figures from the south--was to close Khartoum's southern-sponsored newspaper Vigilant, and to institute special security measures to protect government installations in the Khartoum area against sabotage.

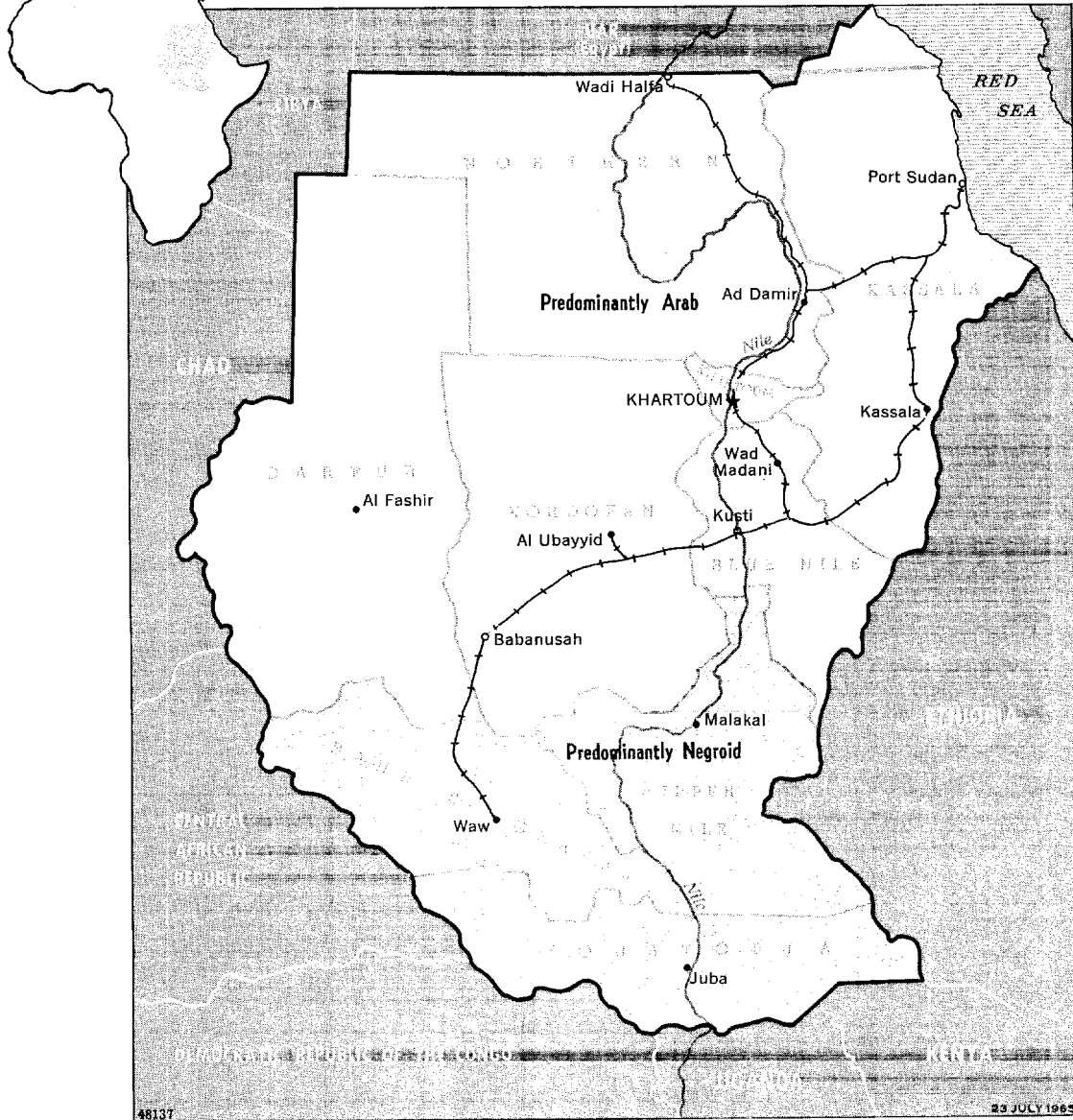
The regime is still trying to recruit candidates for two empty cabinet posts reserved for the south, but almost all southern leaders of any stature refuse to join the government. Meanwhile, a split within the Sudan African National Union--the main southern group--has led to the formation of still another southern political faction which calls for the establishment of the independent state of "Azania." Even if the Khartoum government should make some serious effort to find a political solution to the southern problem, it is now nearly impossible to discover which group really speaks for the majority of southerners.

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MAURITANIA MOVING TO THE LEFT

Mauritania's recent recognition of Communist China and withdrawal from the moderate African and Malagasy Common Organization (OCAM) reflect its increasing alignment with the radical Arab and African states.

Although Nationalist China had maintained a chargé in Mauritania since late 1960, its first ambassador was appointed only after Peiping showed an interest in the country. He was en route to his post when the decision to recognize the Communist regime was announced. A Chinese Communist mission, headed by the ambassador to Tunisia, visited Nouakchott, Mauritania's capital, from 16 to 20 July, departing several hours after the arrival of Taipei's ambassador-designate. Mauritania has in the past appeared to favor a "two Chinas" solution, but now appears to be trying to force the Nationalists to bow out.

Earlier this month, President Moktar announced Mauritania's withdrawal from OCAM, of which he was titular head. Moktar was apparently dissatisfied with Ivory Coast President Houphouët-Boigny's manipulation of OCAM to give an aura of respectability in African circles to the detested Moïse Tshombé's regime in the Leopoldville Congo and to issue anti-Peiping and other

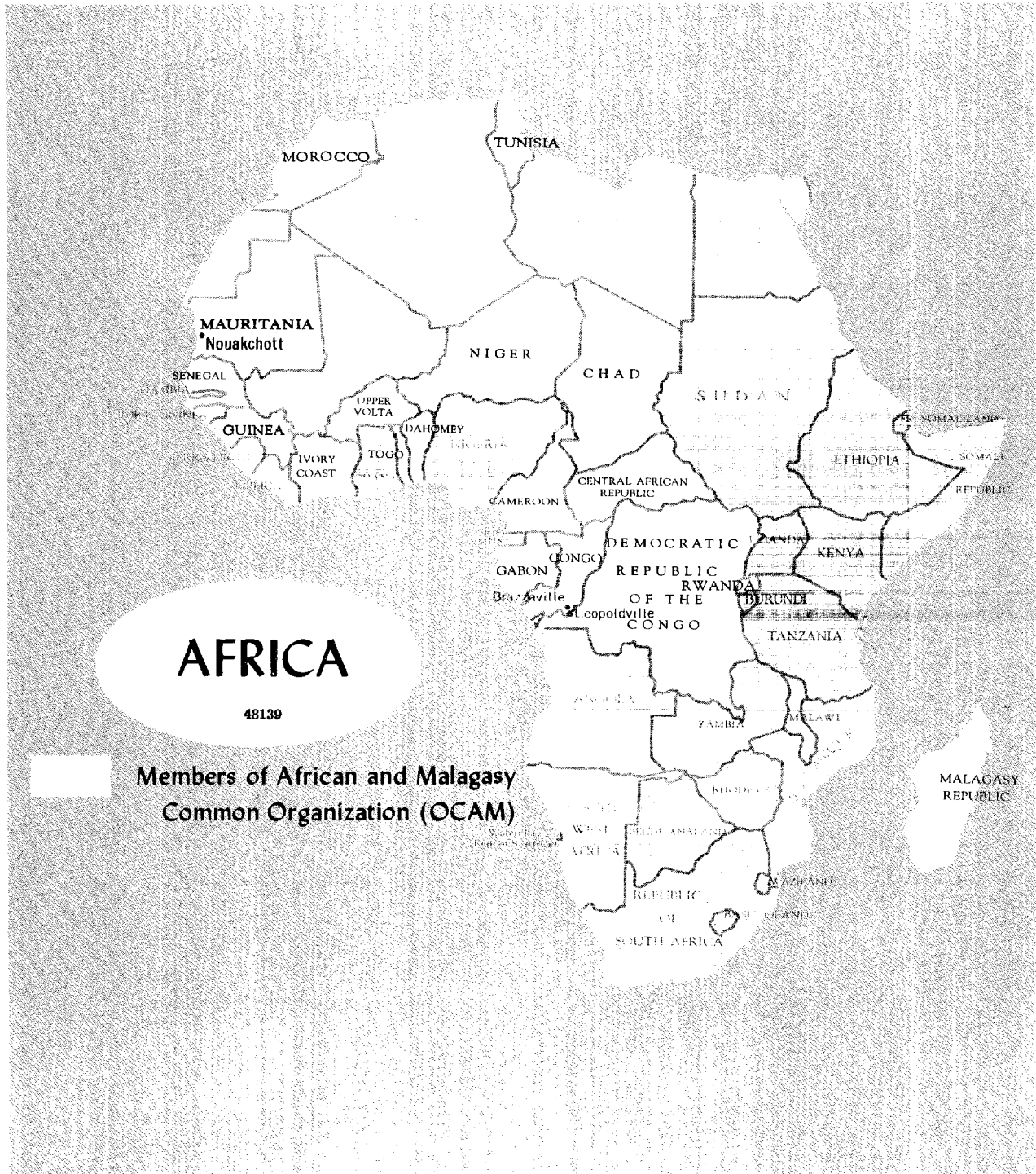
antiradical pronouncements. Mauritania is currently cultivating Cameroon, the OCAM country whose African policies are closest to its own.

The new leftward orientation has accompanied Mauritania's growing maturity as a nation. Since independence, in 1960, Mauritania has developed its own national identity and overcome the handicap of Moroccan claims to its entire territory. Moreover, it has become one of the few new African states able to function without extensive foreign aid.

By 1964, Moktar was able to begin giving a more distinctive character to his regime. The internal political structure was made over on the model of the radical African states, notably Guinea, and steps were taken to erase an international reputation as a rather unimportant French protégé. In this connection, several Communist countries, including the Soviet Union, have been permitted to open embassies in Nouakchott since late 1964. Concurrently, progressive pro-Arab elements increased their influence within the regime at the expense of the traditional tribal leaders and the conservative Negro minority.

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POLITICAL SHOWDOWN IN LEOPOLDVILLE CONGO MAY BE NEAR

Actions and statements this past week by the Leopoldville Congo's President Kasavubu clearly indicate that he is out to cut Premier Tshombé down to size, if not to force him to resign. Moreover, Kasavubu apparently has no present intention of trying to work out a private agreement with the premier on sharing the presidential powers. Kasavubu's seemingly unrelenting offensive against Tshombé suggests a showdown may be in the offing, although for the moment Tshombé is quietly absorbing these political reverses.

Following his abrupt dismissal earlier this month of Tshombé's henchman, minister of interior Munongo, Kasavubu gave Tshombé another slap by appointing an anti-Tshombist replacement, Victor Nendaka, without first consulting the premier as required by the constitution. Earlier this week Kasavubu publicly attacked Tshombé's political party, CONACO, as a "Katangan" party. He adamantly insisted that he would not agree to any changes in the constitution to meet the desires of the prime minister. The President also demanded that a new government of "national unity," not dominated by CONACO, be formed prior to the as yet unscheduled opening of parliament.

Tshombé has been insisting that constitutionally his

government should remain in power until presidential elections, six months after parliament first meets. The establishment of a new government, as opposed to a reshuffled one, reopens the issue of Tshombé's parliamentary immunity, since a minister in the new government cannot retain his parliamentary seat. Tshombé is clearly worried that his enemies might arrest him if he loses his immunity.

Tshombé's possible responses to Kasavubu's actions are limited. He can decide to try to oust Kasavubu by force. This, however, would be a dangerous move and seems unlikely. Only two legal courses appear open to him: to hang on and bide his time, or resign. If he stays, he will probably have to swallow the inclusion of some of Kasavubu's supporters in the new government. This, however, would appear preferable to resigning, which would cost him the prestige and patronage of the government in any subsequent contest for the presidency.

The central issue between the two men could be resolved if Tshombé should agree to support Kasavubu's re-election. He is unlikely to make this decision, however, without firm guarantees from Kasavubu on his powers and tenure as premier.

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NEW INSTABILITY IN BRAZZAVILLE CONGO MAY BENEFIT LEFTISTS

Last week's sabotage and terrorist activity in Brazzaville-- apparently staged by supporters of conservative ex-President Youlou-- may help leftist extremists increase their already strong influence in the government. The regime appears in no danger of being overthrown, but its frantic efforts to combat real and imagined opposition activity could result in a general breakdown of order.

Emergency defense measures were imposed on 15 July following unsuccessful attempts to blow up a power line and to assassinate two government ministers, reportedly made by some 35 to 45 of Youlou's Leopoldville-based tribal followers. Elements of Brazzaville's tiny and undisciplined army, equipped with Soviet weapons, have begun patrolling the tense capital city and the Congo River waters which separate it from Leopoldville. In addition, members of the heavily armed and unpredictable youth wing of Brazzaville's single political party have set up barricades throughout Brazzaville and are said to have orders to fire on anyone refusing to stop. They reportedly have already stormed a prison and killed an army sergeant suspected of "counterrevolutionary" activity.

Foreign Minister Ganao on 16 July told the US ambassador his country faced a "full-blown counterrevolution" mounted by Youlou's Lari tribe. Ganao claimed his government had captured seven of the saboteurs who he said had been furnished with plastic explosives, US grenades, and Belgian pistols,

presumably by elements of the Leopoldville regime. Besides worsening Brazzaville's already bad relations with Leopoldville, these incidents could revive charges of US subversion against Brazzaville. The party newspaper on 19 July charged that the grenades used by the terrorists were "made in USA."

Brazzaville's interior minister has reportedly said that the "counterrevolutionaries" include some Lari tribesmen in the army and other security forces. Extremists, anxious to bring the military under the single party's domination, had earlier demanded a purge of the army. A "people's court" last month allegedly uncovered antiregime plotting by some senior officers, and several military personnel were arrested. The regime postponed action against the military, however, and has attempted to maintain an air of stability during the 18-25 July All-African Games, for which athletes and dignitaries from some 27 African countries are assembled in Brazzaville.

The period from now until the mid-August second anniversary celebrations of Youlou's ouster will be a particularly tense one, during which a purge of the army and possibly some of the remaining moderates in the cabinet may be attempted. Although key military leaders still seem committed to the regime, overzealous action by the extremists could bring on clashes between the youth organization and the regular security forces.

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THE GREEK POLITICAL CRISIS

The ouster of Premier Papandreou by King Constantine late last week brought the long-developing government crisis in Greece to a head.

In an attempt to resolve the dispute over control of the Ministry of Defense, the King offered to give Papandreou the portfolio temporarily and later appoint a new minister. Papandreou refused, and the intended announcement of his resignation was preceded by the King's decision to replace him with George Athanasiadis-Novas, the former president of parliament.

Athanasiadis-Novas has formed a 20-man cabinet from among members of the Center Union (EK) party, but the support of the majority of EK parliamentary deputies was uncertain at last report. Some members of the cabinet reportedly joined the new government reluctantly. However, Coordination Minister Mitsotakis, also a key member of Papandreou's administration, has stated that new tactics have been instituted which could enlist majority EK support. A vote of confidence must be held when parliament meets around the end of July.

Papandreou has attacked the King's action as unconstitutional. His confidence in his personal mandate has been strengthened by the intensity of the popular dem-

onstrations in his behalf during the past week. He reportedly has refused to approve any compromise government, such as one proposed under former deputy premier Stephanopoulos, and in which Papandreou would theoretically retain the leadership of the EK.

There is convincing evidence that Papandreou's son Andreas has sought the active support of the Communist-front United Democratic Left (EDA) for his father's cause, and EDA has been prominent in the demonstrations. Additional demonstrations by left-wing groups have been scheduled, but the government is determined to use any means necessary to maintain order.

In the event of a showdown with the Papandreou forces, the army and the security forces are likely to remain loyal to a government which has the King's blessing. If the crisis should lead to eventual elections in which the King's interference in politics is a prime issue, intervention by the military cannot be precluded.

On Cyprus, Greek Cypriot leaders fear that Papandreou's ouster will strengthen the Turkish Cypriot position and bring Greek pressure for a compromise solution favoring Turkey. While the island is calm, pro-Papandreou demonstrations are possible.

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EEC COUNCIL TO MEET DESPITE FRENCH BOYCOTT

The EEC Council of Ministers, under Italian chairmanship, is expected to meet on 26 July despite general recognition that little can be accomplished without French participation. The EEC Commission may use the occasion to table its revised proposal on agricultural financing which, by postponing decisions on the "political" aspects of its original proposal, is conciliatory toward the French. The Commission evidently hopes the new draft will persuade Paris to reconsider its boycott policy or, failing that, further its isolation.

There is still no evidence of French willingness to receive proposals emanating from the Commission, nor, for the moment at least, is there any great disposition among the other five to remove the discussions to a bilateral setting. [redacted]

[redacted] Foreign Minister Fanfani believes the five should be ready to seek a compromise on the financial regulation, but must meet with "firmness" De Gaulle's attempt to downgrade the importance of the Council and the Commission. During EEC President Hallstein's visit to West Germany last week,

Erhard apparently reaffirmed Bonn's intention to work for a solution through community machinery.

It is doubtful how long the EEC will be able to continue to participate effectively in the Kennedy Round tariff negotiations under the present circumstances. EEC Commissioner Rey has told the US ambassador to the community that the tariff negotiations should not be affected "seriously" until the end of the year. He noted that the 16 September date for tabling offers on agricultural products could be met for some products without new Council decisions and that no Council action would be required this year on the industrial side.

Contrary to Rey's optimistic assessment, however, the Bonn official in charge of economic affairs at the Foreign Ministry has stated it is "absolutely clear" the 16 September date cannot be met. He added that Bonn was very concerned lest a prolonged EEC crisis make it impossible to complete the Kennedy Round negotiations before the expiration in 1967 of the US negotiating mandate under the Trade Expansion Act.

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Western Hemisphere

DOMINICAN POLITICAL PROBLEMS STILL UNRESOLVED

Political negotiations continue to dominate the still-confused Dominican scene. The unwillingness of either side to compromise on what it considers basic principles is impeding a settlement.

The OAS committee has achieved grudging acceptance by both factions of Hector Garcia Godoy--a career diplomat and short-time foreign minister under Juan Bosch--as provisional president. Jurist-diplomat Eduardo

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Read Barreras now appears willing to serve as interim vice president and seems acceptable to both the rebel "constitutional" government of Colonel Francisco Caamano and the loyalist Government of National Reconstruction (GNR) of General Antonio Imbert.

However, numerous problems remain to be solved before the provisional government is installed. One of these is the future control of subversives. The Imbert regime supports large-scale deportations, while the rebels swing to the other extreme and propose adopting relevant portions of the 1963 constitution which would make control of subversives extremely difficult. Garcia Godoy is opposed to deportations, and ex-President Joaquin Balaguer has publicly announced that he believes all elements of the population--including Communists--should be permitted free participation in political life, including elections. Balaguer's stand is obviously a political ploy, predicated on his belief that he will win the next presidential election and that the votes he receives from leftists will enhance his stature as a president elected by a wide range of opinion.

The future of the military establishment and its relationship to the civilian government is one of the thorniest issues. The rebels insist that their officers be reincorporated into the military, while Imbert's followers are equally adamant that none of what they like to

call the "Communist hordes" may re-enter the armed forces. The GNR has offered a compromise by which high rebel officers would maintain their ranks but be required to serve outside the country for five years, while lesser officers and enlisted men could be readmitted and allowed to serve within the country.

The role of the Inter-American Peace Force (IAPF) is also at issue. Both Dominican factions demand that it leave one month after establishment of the provisional government, but the OAS committee has suggested that the IAPF stay at the pleasure of the provisional government, implying that this stay would continue at least until the inauguration of the elected government.

Both the rebels and the loyalists are taking advantage of the political stalemate to further their own position. The loyalists continue to denounce the rebels, with swipes at the US and the OAS and to exhort people to leave the rebel zone "while there is still time." They back up their veiled threats with sporadic firing into the rebel zone, such as the brief mortar attack on the rebel sector of Santo Domingo on 20 July.

The rebels take the propaganda offensive by giving wide publicity to the Inter-American Human Rights Commission's report of atrocities committed in the area controlled by the Imbert government. Extremists in the rebel camp evidently still plan to continue the rebellion after

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what they expect will be a sell-out by the Caamano government.

The interior of the country is calm although the continuing strike at the large

sugar mill at La Romana is keeping 18,000 persons out of work. The continuation of the strike will cause serious economic hardships in the eastern section of the country.

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UNEASY CALM IN ECUADOR

Ecuador's military junta has restored order following turbulence which began on 8 July. The curfew has been lifted in rebellious Guayaquil and economic life has returned to normal, but martial law continues in effect and the students remain extremely restive. Although both factions of the Communist Party belatedly decided to encourage new street outbreaks on 19 July none materialized.

On the political front, the cabinet resigned to give the junta full freedom of action to fashion a new administration, possibly with a broader political base. The politicians, who originally provoked the disturbances to speed the shift to constitutional rule, have begun to confer with the government on possible modification of its plan for the transition. To their original conditions--an interim civilian president and a constituent assembly--they now have added release of political prisoners and reopening of closed newspapers. The

junta is determined to deny opportunistic politicians the chance to negate its reforms in tax structure and collection methods, university administration, and the key agrarian reform program which has benefited thousands of Indians, but it is seeking a political understanding.

Former president Galo Plaza, informal adviser to the government for some time, told the junta that if it clings to power by sheer force--as it has done for the past two weeks--it will lose so much popularity that a successor regime will be impelled to repudiate all of the reforms. Plaza, who had been suggested as interim president, told the junta that no "competent leader" would assume the post, and urged accommodation with the three traditional parties--Radical Liberal, Conservative, and Socialist.

Gradual efforts by the junta to remove the causes of recent tension appear likely to gain time for it to achieve a graceful, if accelerated, departure from power.

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COLOMBIAN PRESIDENT REQUESTS SPECIAL POWERS

On the evening of 20 July, President Valencia formally convoked the regular session of the Colombian Congress with a plea for many economic reforms, including those which had not been enacted by the 12-week special session that ended on 16 July. In his address, he asked for special powers to reorganize the administrative structure of the government by eliminating some present institutions, transferring their functions to other departments, and readjusting the budget to take account of the changes.

Valencia's purpose is to reduce the annual cost of government business. He proposed a method of reducing the service costs on Colombia's foreign debt and a new way of financing the domestic public debt. He also asked for powers to levy new income taxes and to regulate currency exchange, foreign investments, and interest payments. He requested power to create a National Economic Council to plan further domestic and foreign trade regulations. In addition, he advanced a plan to encourage construction of low-cost housing and another to solve the near-critical problem of unemployment.

Although the advisers from several international financial institutions have urged for more than two years that the Colombian peso be devaluated,

Valencia remains adamantly opposed to such action. He is convinced that devaluation would result in "political chaos."

Valencia prefers to implement his program through the use of special powers rather than undergo the arduous process of shepherding it through a recalcitrant congress. Congress is unlikely to grant such special powers, however, and the President may resort to issuing decrees, which he is empowered to do under the present state of siege. Such decrees would have to be ratified by congress after the state of siege is terminated, and thus Valencia may find that he has only postponed his day of battle.

Since his appointment on 14 July, Minister of Finance Joaquin Vallejo has made a series of public addresses in support of Valencia's conservative approach. He has consistently stressed the need for popular support and the restoration of public confidence, and he has blamed the Congress entirely for the lack of progress thus far. He has already gained the reputation of a "man of action," and may rouse the generally cynical public to some active support at last. Rousing the public to expect action may be dangerous, however, if in the longer term no action is forthcoming.

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World-wide

PROSPECTS FOR EIGHTEEN-NATION DISARMAMENT COMMITTEE MEETING

A treaty to curb proliferation of nuclear weapons is likely to be the main focus of discussion when the Eighteen-Nation Disarmament Committee (ENDC) reconvenes in Geneva next week. Prospects for agreement are poor, however, despite the high priority many ENDC members attach to this question. The USSR has consistently taken the line that an agreement is possible only if the West abandons the planned NATO multilateral force (MLF), and there are sharp differences even in the Western camp.

The British are eager to introduce a draft treaty on nonproliferation. Their proposal, based on the Irish resolution submitted to the General Assembly in 1961, calls on nuclear states not to transfer control of nuclear weapons to any nonnuclear state or to any association of states. Nonnuclear powers would agree not to manufacture, acquire control of, or participate in any association having control of such weapons. This proposal has important implications for development of a NATO nuclear force--which Moscow contends would amount to further dissemination. As the British interpret their plan, it would still allow a force in which one or more of the nuclear members retained a veto, as envisaged in the British-backed proposal for an Allied Nuclear Force (ANF). However, the eventual transfer of control to a European union--as the so-called "European clause" in the MLF proposal envisages--might be difficult to justify under a nonproliferation accord.

It is uncertain whether any new proposals on nonacquisition can

be reconciled with Bonn's views. Foreign Minister Schroeder, in a recent press statement, seems to imply that Germany's nuclear needs must be met by participation in a multilateral force before it would agree with its allies not to acquire its own nuclear weapons. He added that German accession to a world-wide non-dissemination agreement would be possible only if the USSR would take steps toward German reunification.

Other matters the Geneva forum is likely to inherit from the United Nations Disarmament Commission (UNDC) discussions earlier this year are: extension of the limited test ban treaty to include underground tests; reduction of military budgets, with savings to be used for economic development; and the Soviet and US resolutions which were not brought to a vote in the UNDC.

The Soviet press has not yet informed its readers that the ENDC talks are to resume. The US Embassy in Moscow was informed on 21 July that Tsarapkin, chief Soviet representative at the last session, would head the Soviet delegation again. A few days earlier, a TASS correspondent in Geneva commented to a US official that if the Soviets "simply wished to condemn the US for its actions in Vietnam," Tsarapkin was "capable of that." He added that if the Soviets were interested in disarmament progress, First Deputy Foreign Minister Kuznetsov would probably head the delegation.

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