

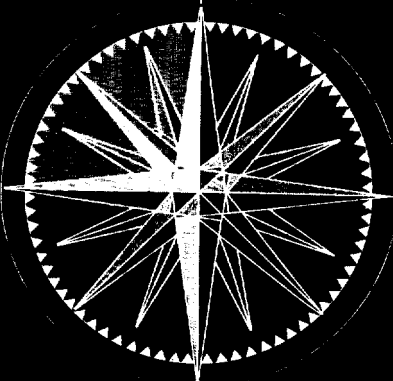
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3 September 1965

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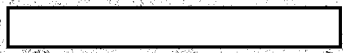
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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

State-Dept. review completed



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C O N T E N T S

(Information as of noon EDT, 2 September 1965)

	<u>Page</u>
VIETNAM	1
<p>The Saigon government has issued a warning against demonstrations but has taken no direct measures so far to curb the student protest movement in several northern cities of South Vietnam. There was only one major ground battle last week between Viet Cong and Vietnamese-US forces, but the almost daily USAF B-52 Stratofortress bombing missions against Viet Cong strongholds marked the increased use of strategic air power in the South. Statements from Peking last week revealed no change in its hard line toward a negotiated settlement, and the Chinese have begun to protest to the British against alleged US use of Hong Kong as a "base of operations" for the war in Vietnam.</p>	
NORTH VIETNAM MOBILIZING POPULACE BEHIND WAR EFFORT	5
<p>A large-scale mobilization of able-bodied manpower during the past few months, aside from the morale-building factor, seems intended primarily to funnel labor into repairing bomb damage and portering cargo around damaged routes. It is also clearly designed to provide a pool for a rapid build-up of the armed forces if required.</p>	
<u>United Nations</u>	
GENEVA DISARMAMENT TALKS AT LOW EBB	6
<p>Soviet criticism of the US draft treaty has brought negotiations on nonproliferation of nuclear arms to a standstill. The talks are expected to end in time to prepare a report for presentation to the UN General Assembly when it reconvenes on 21 September.</p>	
<u>The Communist World</u>	
PEKING CREATES TIBET AUTONOMOUS REGION	8
<p>Although opposition to Chinese rule is still substantial in Tibet, Peking is evidently embarrassed by the failure of its policy there and seems determined to establish at least the facade of an "autonomous government."</p>	

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AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES 10
Grain crop prospects this year are not promising in the USSR, Eastern Europe, China, and North Korea, but are good in North Vietnam. Most Communist countries will probably be net grain importers in the 1965-66 crop year.

Asia-Africa

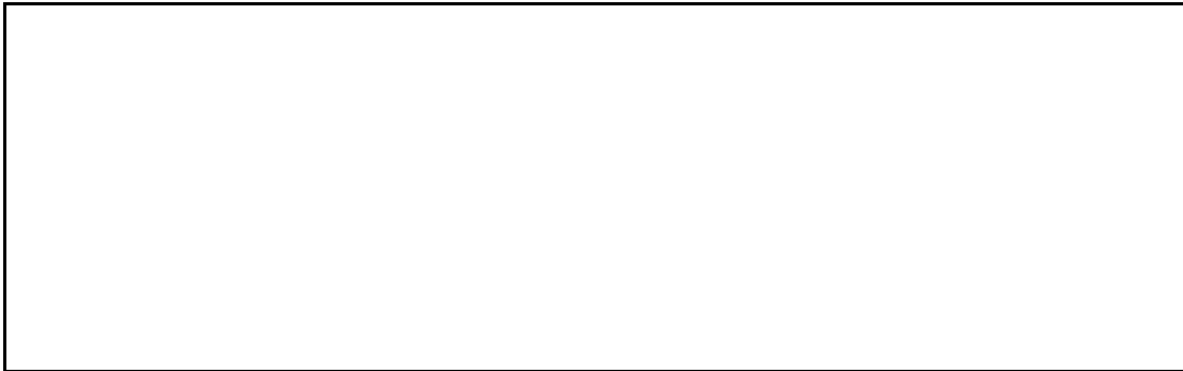
KASHMIR FIGHTING ESCALATES FURTHER 12
Following New Delhi's sharp response to Pakistani guerrilla activities in Indian Kashmir, Pakistan has moved more directly into the fray with its own regular armed forces.

INDONESIA PERSISTS IN PRO-COMMUNIST MOVES 14
Sukarno's government is indoctrinating the Indonesians in leftist totalitarianism, and his friendship with Peking flourishes. Harassment of Americans and US installations continues.

NE WIN MAINTAINS CONTROL IN BURMA 15
City dwellers are unhappy over economic stagnation and increased government controls, and lingering insurgency remains a problem. The military regime, however, is not now threatened.

FACTIONAL RIVALRIES SNAG RESHUFFLE OF LAOTIAN CABINET 16
Premier Souvanna's deputy is demanding several posts for his followers, and other leaders are pressing their claims. Government forces reportedly have recaptured an important position in the north.

SOUTH KOREA CRACKS DOWN ON FOREIGN POLICY CRITICS 18
Demonstrations against the agreements to normalize relations with Japan persisted even after their ratification in Seoul, and the regime is trying to end the controversy.



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MUSLIM BROTHERHOOD REAPPEARS IN EGYPT 19
 The once-powerful organization may again be plotting and using violence to express discontent with Nasir's rule.

Europe

GREEK CROWN COUNCIL MEETS ON POLITICAL CRISIS 20
 King Constantine is not bound to accept the council's advice, but each successive failure to form a government has eroded his prestige.



25X6

COST-SHARING PROBLEMS IN NATO 22
 When the North Atlantic Council reconvenes next week, it faces the need for early action on such financial problems as funding this year's NATO infrastructure program and transporting some headquarters units to a military exercise in Turkey.

Western Hemisphere

SETTLEMENT REACHED IN DOMINICAN CRISIS 23
 The rebels and Imbert's military chiefs have endorsed the OAS Act of Reconciliation, and Hector Garcia Godoy's provisional government is to be installed on 3 September. The settlement, however, is only an initial step toward reconstruction.

AGITATION AGAINST THE BOLIVIAN JUNTA INCREASING 25
 Student demonstrations and brief mine strikes in the past week were ostensibly called over economic issues, but their primary goal is to embarrass the junta and set the stage for its eventual overthrow.

INCREASING COMMUNIST INFLUENCE IN BRAZILIAN LABOR MOVEMENT 26
 Recent union elections in Guanabara and Sao Paulo demonstrate renewed Communist strength, partly as a result of rising living costs and high urban unemployment.

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DISORDER THREATENS IN COLOMBIA

26

Mounting economic and political problems could shake the Valencia regime. Castro-Communist groups are active, and key factions of the Conservative Party are threatening to withdraw from the coalition government.

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WEEKLY SUMMARY

3 Sept 65

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VIETNAM

Political activity in South Vietnam during the past week continued to focus on the student protest movement centered in Hué and other northern cities. The movement has not gained significant momentum, and attempts to coordinate a similar protest in Saigon have thus far been unsuccessful. However, a public rally in Hué on the morning of 29 August--although attended mostly by students--resulted in a work stoppage affecting public transportation and market activity.

The government has taken no direct measures against the student movement thus far. Premier Ky, however, on 31 August stated that the government was prepared to take stern measures against troublemakers. Replying indirectly to student demands for the removal of Chief of State Thieu, Ky announced that no individual is responsible for policy but that it is determined by the collective leadership of the Directorate.

The continued unity of the military leadership, however, depends largely on General Thi, who is responsible militarily for the northern provinces where most of the unrest exists. Thi has advocated a wait-and-see policy regarding the student movement.

The Military Situation

After sustaining heavy casualties during the two previous weeks, Viet Cong forces last week managed to avoid major con-

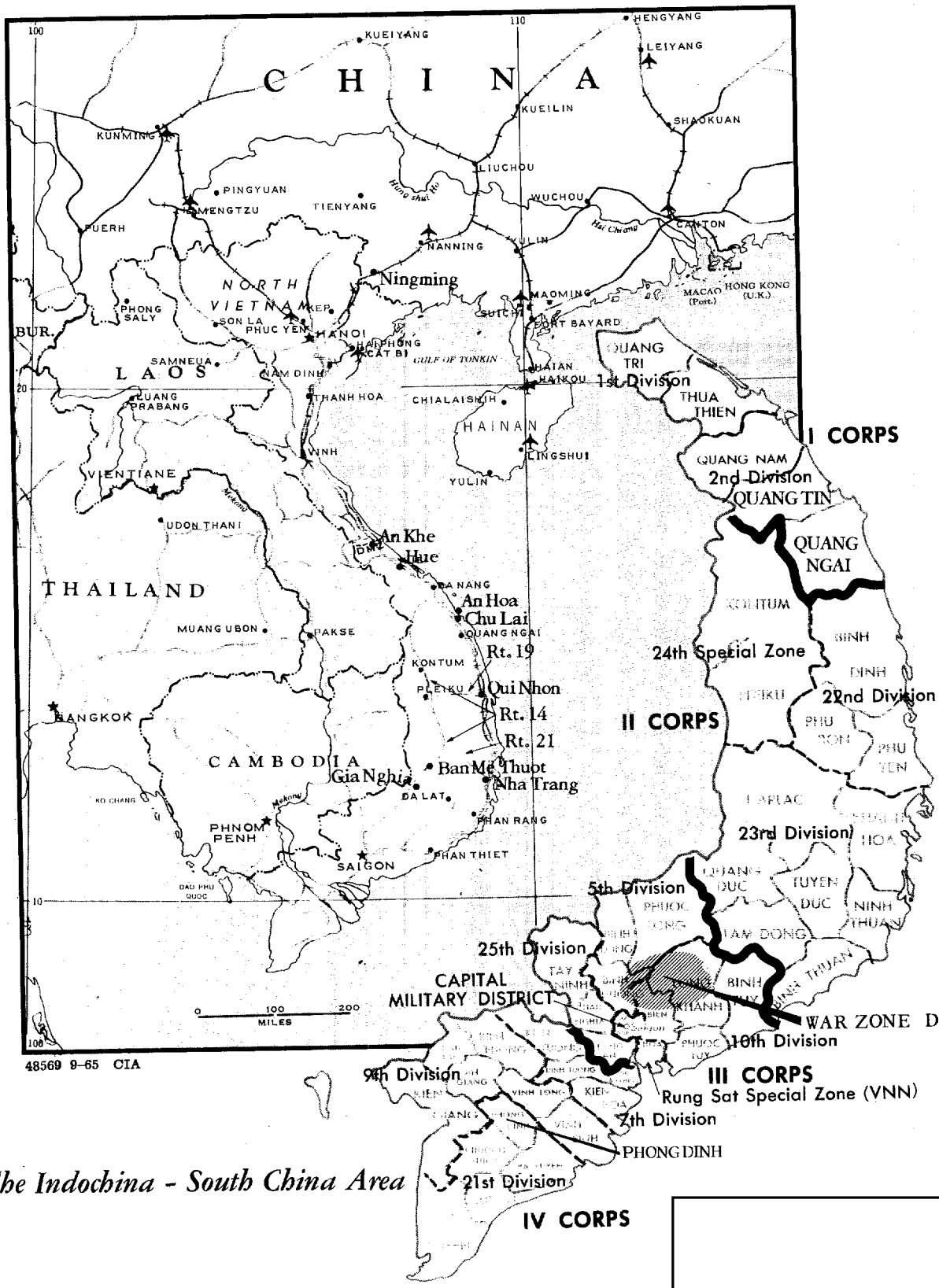
tact with Vietnamese Government and US forces. The only exception to this was in Phong Dinh Province, when the rapid deployment of government troops on 27 August resulted in heavy fighting with a Viet Cong battalion during daylight hours. Government casualties were high, but Viet Cong losses were probably greater.

Viet Cong activity elsewhere was characterized by attacks on lightly defended towns and government outposts. During the night of 30-31 August, a force estimated at battalion size attacked and destroyed a government Regional Forces outpost at An Hoa in Quang Ngai Province. Ten defenders were killed and eight wounded. The delta region south of Saigon was again subjected to a series of small-scale attacks. Enemy activity in the central highlands was notably light.

Government and US military activity during the week was highlighted by several unopposed road-clearing operations. A joint operation secured Route 19 between Qui Nhon and An Khe to safeguard the deployment of the US First Cavalry (Air Mobile) Division, scheduled to arrive in Vietnam later this month. Government forces also reopened Route 21 from the coastal city of Nha Trang to the provincial capital of Ban Me Thuot, and Route 14 between Ban Me Thuot and the provincial capital of Gia Nghia.

The past week also marked the increased use of strategic

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The Indochina - South China Area

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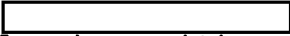
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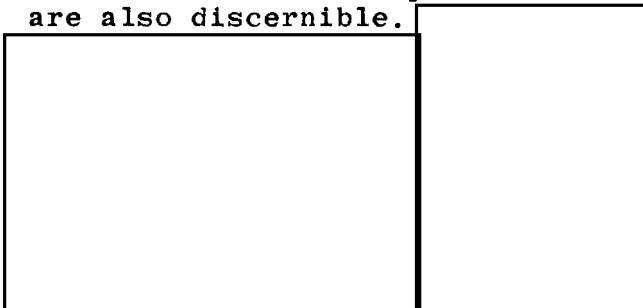
air power in South Vietnam. USAF B-52 Stratofortresses from Guam flew almost daily saturation bombing missions against Viet Cong targets in the Quang Tin - Quang Ngai Province border area and in the enemy War Zone "D" stronghold northeast of Saigon.

SAM Site at Ningming Air Base

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Photography  reveals a probable six-position surface-to-air missile site at the new Chinese air base at Ningming near the DRV border. Five of the positions are visible and all appear occupied; two missiles on transporters are also discernible.

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Communist Political Developments

Peking is still showing no indication of any softening in its hard line toward a negotiated settlement of the Vietnam problem and has reiterated its public pledge to send volunteers to Vietnam in somewhat more positive and threatening terms. On 1 September Mao Tse-tung, Liu Shao-chi, Chu Te, and Chou En-lai, in a joint message to DRV party and state leaders commemorating the 20th anniversary of the founding of the DRV, stated flatly that the Chinese people "are determined to join the Vietnamese people to fight shoulder to

shoulder to the end to defeat US imperialist aggression."

This message was the first such top-level Chinese statement which omitted the qualifications "if needed" or "if requested." By dropping the usual caveat, Peking is probably attempting to increase the impact of its threat to intervene without actually extending its commitment.

Peking has also reiterated its "firm opposition" to UN consideration of the Vietnam problem. Its news agency on 1 September denounced as "distortions" and "fabrications" reports in the French weekly New Observer that the Chinese had told visiting French Minister of Cultural Affairs André Malraux in early August that once Peking regained the Chinese seat in the UN Security Council, the UN would prove an appropriate forum for discussions on Vietnam.

Hanoi also took a hard line on negotiations. In a 31 August address marking the 20th anniversary of the DRV, Premier Pham Van Dong drew an implicit analogy between the war against the French and the current situation, asserting that until military defeats convinced the French they could not win in Vietnam, they had used negotiations and agreements for their own ends. He clearly implied that the Viet Cong position is not yet strong enough to make negotiations with the US advantageous for the Communists.

The rather somber tone of the speech also suggests Hanoi does not expect the Viet Cong to attain a position strong enough for

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negotiation in the near future. Customary boasts of imminent success were missing from Dong's claims of a victory by "liberation forces" at Chu Lai, and he repeated the line that the Vietnamese are prepared to fight "five, ten, 20 years or even longer."

On 1 September, Peking made its second formal protest to London within a week concerning alleged US use of Hong Kong as a "base of operations" for the war in Vietnam. The UK charge in Peking was handed a sharply worded note which asserted that British support of US "aggression" in Vietnam indicated a policy of "deliberate hostility" to the Chinese people and was "intolerable" to the Chinese Government.

Citing visits of US Navy ships, military aircraft, and armed forces personnel to Hong Kong, the Chinese demanded that the British immediately take effective steps to stop all activities of "US aggressor forces" there. The note warned that if the British allow the colony to be drawn into the Vietnam war, the UK "must bear full responsibility" for the consequences.

Peking apparently is attempting to raise fears in the UK and

elsewhere that further escalation of the war in Vietnam could result in Chinese reprisals in other areas. The Hong Kong authorities have already reacted by requesting that the US restrict its use of the colony as a rest and recreation area for US forces in Vietnam.

Soviet party chief Brezhnev issued a sharp and personal denunciation of President Johnson's Vietnam policy on 27 August at a Kremlin dinner honoring visiting Egyptian President Nasir. Brezhnev quoted President Johnson as asserting "with satisfaction" that the destruction of schools, hospitals, and the irrigation network in the DRV is "in accord with the planned objective" and accused the US of attempting to starve the North Vietnamese into submission.

North Vietnamese politburo member Hoang Van Hoan concluded his two-week official visit to the USSR with the expected flourish of expressions of deep gratitude for the "magnanimous help"--both political and material--supplied by Moscow to the Vietnamese.



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NORTH VIETNAM MOBILIZING POPULACE BEHIND WAR EFFORT

A large-scale mobilization of able-bodied manpower--apparently designed to give as many of the people as possible a feeling of active participation in the defense of their country--has taken place in North Vietnam during the past few months in reaction to the US air attacks on the DRV and to the increased pace of fighting in the South. The evidence available thus far, however, does not indicate that a massive military draft call has been issued. Rather, the mobilization appears intended mainly to funnel labor into repairing bomb damage and into portering cargo around routes damaged by air attack.

On the military side, the move is clearly intended to provide for a rapid build-up of the armed forces if required. For the present, it appears that this will be accomplished in large part by substantially increasing the size of the militia and other paramilitary organizations. The regime is putting increased emphasis on the training of such "home guard" units, probably to create a sizable reserve. There are an estimated 3.9 million men between the ages of 15 and 49 in the DRV.

Several editorials in early August in the DRV's daily army

newspaper stressed the importance of a rapid expansion in the strength of the militia and "self-defense" forces, asserting that they constitute the "mainstay" in the countryside in the defense with light arms against US air attacks. One editorial stated that these forces also constitute a large pool to replenish the regular armed forces.



[redacted] For months, 25X1
the regime has been encouraging young men to join the "three ready" movement: ready to fight, 25X1
ready to join the army, and ready to go anywhere the government sends them. Hanoi radio has also carried numerous reports of women taking over men's work, thus freeing the men for military service. 25X1

Some of what is described [redacted] in propaganda

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as mobilization for "defense service" probably covers the organization of repair and portering teams.

A major step in this campaign was the establishment in early July of so-called "Youth Work Brigades." Reports indicate

that large numbers of youths have been enrolled in these brigades by patriotic appeals and promises of preferential treatment after the war. These brigades will probably be of considerable help in keeping essential transport moving throughout the DRV. [REDACTED]

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United Nations

GENEVA DISARMAMENT TALKS AT LOW EBB

The meeting in Geneva of the Eighteen-Nation Disarmament Committee (ENDC) reached a low ebb this week, with little if any progress being made and with time running out. The talks are expected to end in time to prepare a report for presentation to the United Nations General Assembly when it reconvenes on 21 September.

The Soviet Union has strongly criticized the US draft treaty on nonproliferation of nuclear arms

on the grounds that it would not prevent West Germany from acquiring such weapons through a NATO nuclear force. The draft also caused problems in the Western camp. Britain continued to oppose articles that might under some circumstances permit dropping the nuclear power veto over decisions on the use of nuclear weapons by a future Allied force. Former West German Chancellor Adenauer called the treaty an "instrument of delivering Europe into the hands of the Soviet Union."

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The only other significant proposal before the ENDC is the Italian proposal that nonnuclear states declare that they will not manufacture or acquire nuclear weapons and will not seek or receive assistance from other states in the manufacture of such weapons. After a certain period of years the signatories will meet to consider extension of the declaration, depending on progress made toward international agreements on nonproliferation and reduction of nuclear arsenals. The Italian plan provides an escape clause whereby signatories will regain freedom of action should a nonnuclear state acquire nuclear weapons.

Rome intends to present this plan at the final sessions of the ENDC after consulting with the four Western members of the ENDC, West Germany, and the NATO Council. Later it will be presented to the UN General Assembly. Delegates have been discussing this proposal informally and generally approve it if it does not interfere with

negotiations on the nonproliferation treaty.

India, however, insists that nuclear states must take the initiative in steps toward disarmament such as the comprehensive test ban treaty, a freeze on nuclear weapons, and reduction of existing nuclear stockpiles. The Indian delegate maintains that it is unrealistic to ask any country to forswear the development of nuclear weapons while other countries continue to hold them. Pressures are strong in India to become a member of the nuclear club for prestige reasons as well as because of the Chinese nuclear threat.

Many of the nonaligned delegates had hoped to negotiate on other disarmament issues such as extending the test ban treaty to underground testing, but with only a few days left it seems that such matters will be considered after the General Assembly meets.

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PEKING CREATES TIBET AUTONOMOUS REGION

The formation of the Tibet Autonomous Region after a long delay marks a new phase in Peking's efforts to overcome resistance to Chinese rule. The choice of Minister of Public Security Hsieh Fu-chih to lead the Chinese delegation to the inaugural ceremony in Lhasa on 1 September was clearly intended to intimidate the Tibetans. By sending Hsieh, a low-ranking member of the central committee, Peking also showed its displeasure with the Tibetans. Men of politburo rank had represented Peking at the inauguration of the three other autonomous regions since 1949 (Sinkiang, Ninghsia, and Kwangsi).

Normally Peking has accorded "autonomy" to a region populated by a non-Chinese ethnic minority only after military and political opposition to Chinese rule has ended. Political opposition in Tibet is still substantial, but Peking is evidently embarrassed by the failure of its policy there and seems determined to establish at least the facade of an "autonomous" government.

For about a year the Chinese have been increasingly impatient with the sullen and hostile Tibetans. Last December they deposed the Panchen Lama, the resident spiritual leader of Tibet, and also announced they would tolerate no opposition to "reforms" they intended to institute soon.

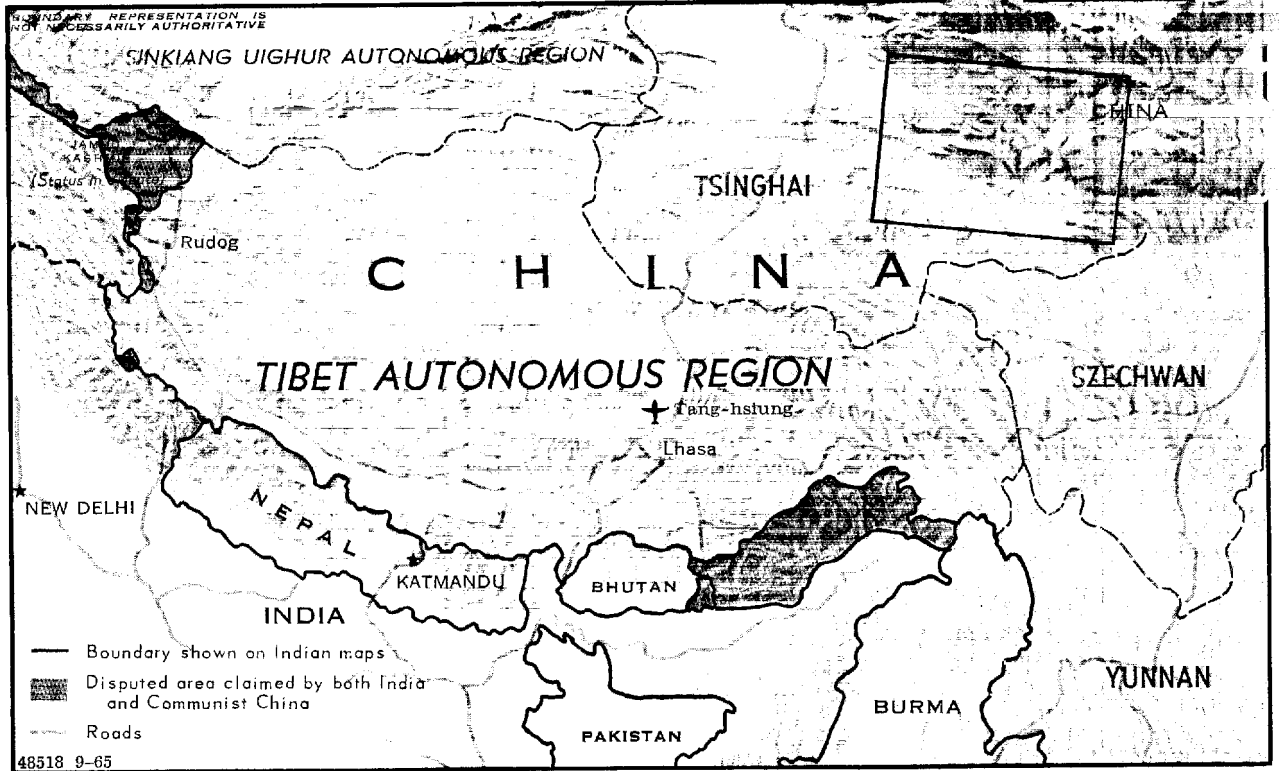
Preparations to raise Tibet to full "autonomous" status were initiated in 1956 but deferred

in 1957, 1960, and 1963, largely because the Chinese were unable to persuade adequate numbers of respectable Tibetans to serve as puppet officials. Peking recently claimed that there are 16,000 Tibetan officials at various levels of government, but the Chinese probably consider only a few trustworthy. Most are apparently fresh recruits, for in January 1965 the claim had been made that Tibetan officials numbered only 5,800. Last year a journal in Peking published the admission that it has been found impossible to win over older Tibetans. It also said that even younger Tibetans are hard to influence because, as a group, they are "still under the influence of the old ideologies and habits, particularly the religious superstitions, and they are confused on the nationalities question and their motherland." Until it is more confident about the reliability of Tibetan officials, Peking probably will feel compelled to retain Chinese in authority down to the local level.

The Chinese undoubtedly will also continue to maintain garrison forces in Tibet to contain dissident actions that still occasionally occur. Tibet has a population of about 1.3 million, but the proportion of adult males is abnormally low, as a result of heavy migration and savage Chinese reprisals following the 1959 revolt. The estimated 60,000 Chinese troops stationed in Tibet can probably keep any disturbances in check.

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AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES

Grain crop prospects this year are not promising in the USSR, Eastern Europe, China, and North Korea, but are good in North Vietnam. Most Communist countries will probably be net grain importers in the 1965-66 crop year (July-June), and their total imports from the free world may be around 20 million tons.

Agricultural prospects in the USSR are mixed. Total grain production is estimated to be 10-15 percent below last year's good harvest, and wheat production probably will be down 10-20 percent, primarily because of prolonged drought in the New Lands. This may cause some reduction in the quality of bread, but food shortages on the scale of 1963-64 are unlikely. Since 1 July the USSR has purchased 7 million tons of wheat and may need more, depending on the final outcome of the 1965 harvest. Livestock production, however, is expected to be the best in many years, and relatively good crops of potatoes, sugar beets, vegetables, and sunflowers are anticipated.

In Eastern Europe the total harvest is estimated to be about 5 percent below last year's good crop. Bread-grain production has increased in most of this area, but the quality of wheat will be low in the northern countries because of unusually wet harvest conditions. Production of most spring-planted grains is not expected to be as good as in 1964, and in some areas local shortages of bread and hoarding of flour have been reported.

Contracts for grain deliveries from the free world have reached 2.2 million tons, in addition to standing agreements with the USSR for an estimated 3 million tons. Imports from all sources could exceed last year's 9 million tons. Although forage crops are generally good, the probable shortfall in output of feed grains and potatoes will depress meat production in 1966.

In Communist China the harvest of early grains is estimated to be 10 percent below last year's. The early rice crop was above average, but insufficient to compensate for the very poor harvest of winter grains. Prospects for the more important fall crops are mixed. Growing conditions are generally good in most of the major rice-producing areas, but the outlook for other late grain crops is generally unsatisfactory. China's foreign purchases of wheat for delivery by the end of June 1966 now equal 4.1 million tons, and total purchases this crop year may well exceed last year's imports of 5.3 million tons. All of China's imports of wheat are from the free world.

Grain production in North Korea may be even lower than the very poor harvest in 1964. North Vietnam evidently has harvested another bumper spring rice crop, but bombing attacks have apparently interfered with food distribution, causing local food shortages.

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Table 1. PRODUCTION OF GRAIN IN COMMUNIST COUNTRIES (Million Metric Tons)

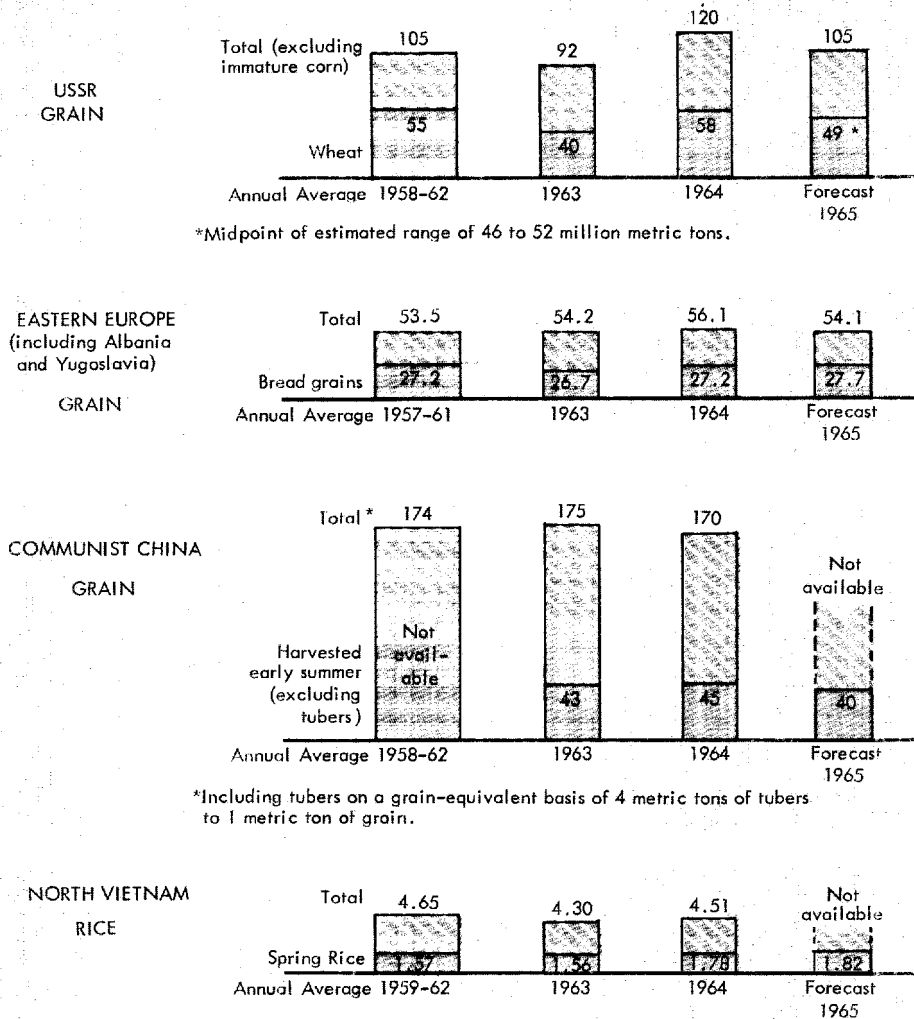


Table 2. COMMUNIST GRAIN IMPORTS FROM FREE WORLD
Information as of 15 August 1965, Thousand Metric Tons

Country	1963-64	Preliminary 1964-65 (1 July-30 June)	Contracts 1965-66 (1 July - 30 June)
USSR *	11,357	3,549	7,225
COMMUNIST CHINA**	5,854	5,362	4,070
EASTERN EUROPE			
Bulgaria	421	500	100
Czechoslovakia	501	850	380
East Germany	635	850	600
Hungary	704	300	100
Poland	2,829	2,055	800
Yugoslavia	697	1,412	247
Total Eastern Europe	5,787	5,967	2,227
Total Bloc	22,998	14,878	13,522

* Represents wheat contracted for but not necessarily delivered in the respective year.

Includes wheat or flour shipped to Cuba and Eastern Europe.

** More than 75% of total grain estimated to be wheat.

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Asia-Africa

KASHMIR FIGHTING ESCALATES FURTHER

The worsening situation in Kashmir has moved into a new stage in which wider and more sustained hostilities have begun along the 1949 cease-fire line.

The first stage began in early August when Pakistan--frustrated by years of deadlock on the Kashmir question--made good its long-bruited threat to undertake covert guerrilla warfare inside Indian Kashmir. The initial Indian response was quick and to the point in terms of direct operations against the infiltrators, imposition of tightened security measures aimed at dissuading any sympathetic reaction among Indian Kashmiris, and pressure on the UN to issue a report critical of Pakistan's activities.

The UN's failure to weigh in against Pakistan led India to undertake more direct military action around mid-August. The Indians tightened their controls along the cease-fire line to curtail continuing infiltrations and began hitting out with considerable success at selected targets on the Pakistani side of the line in order to destroy the infiltrators' bases and harass their lines of communication. In the Uri-Poonch area, India has tried with apparent success to slice off a salient of Pakistani territory.

The third stage has now begun. In response to India's successful counteractions, Pakistan has moved openly into the fray as an active and avowed protagonist,

bringing its regular armed forces to bear on Indian units on both sides of the old cease-fire line. Armor and tactical air power have already been committed by both sides to fighting in the Chhamb area.

Pakistan's actions suggest an abandonment of the concept which has called for a continuing disavowed guerrilla effort in favor of more rapid escalation and more direct confrontation.

On the Indian side, the response continues to be confident and measured, in sharp contrast to the confusion which prevailed earlier this year during the Rann of Kutch confrontation. In part, this reflects the Indian feeling of being in a position of strength; in part it grows out of Prime Minister Shastri's growing confidence in his own role, the result of a conspicuous strengthening of his political position in the intervening months. There are warhawks on the Indian side, but thus far their influence has been muted.

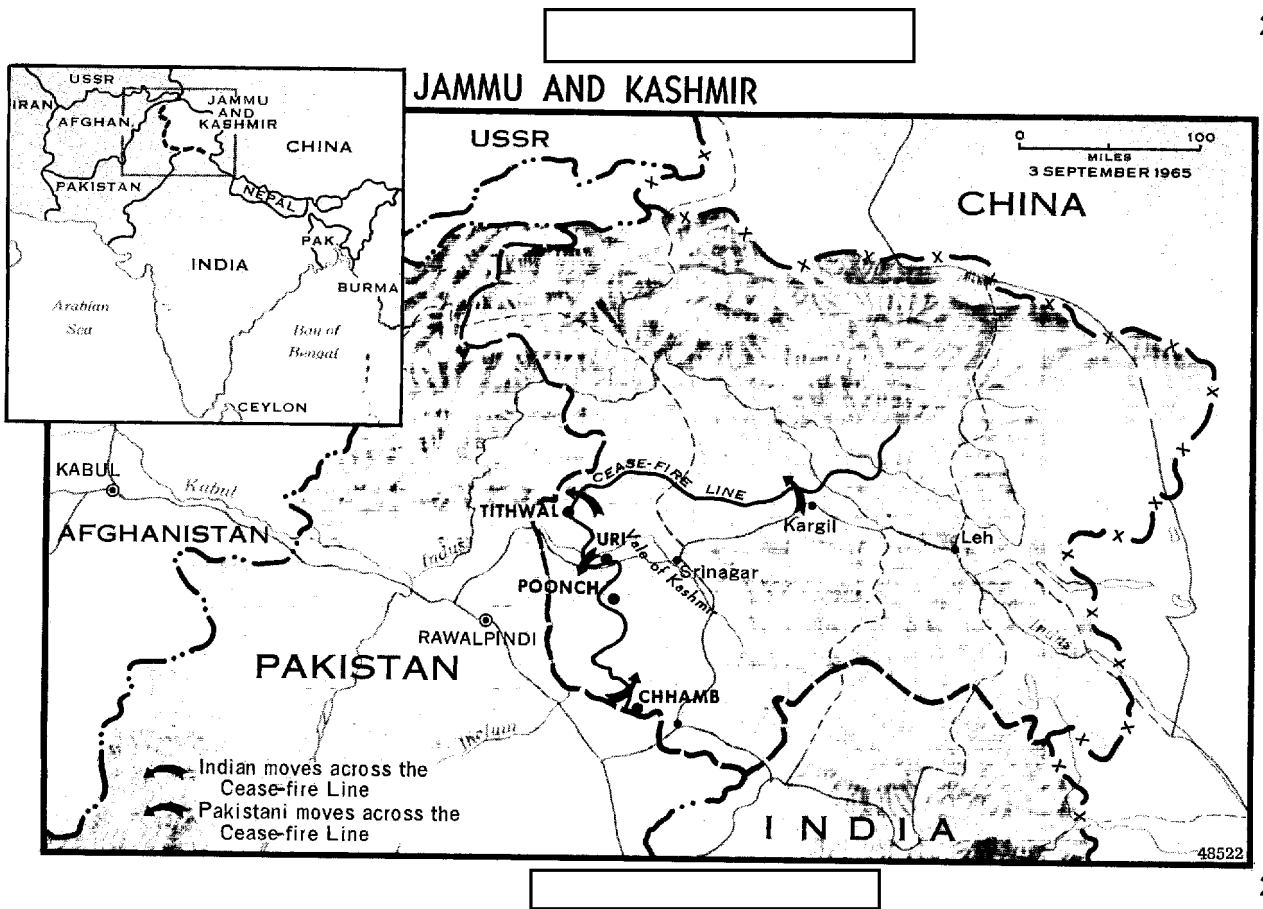
Through it all, the UN has been ineffectual, both in the field in Kashmir, where a 45-man observer group is being ignored by both sides, and in New York, where U Thant's efforts have been hamstrung thus far by Indian and Pakistani pressures.

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INDONESIA PERSISTS IN PRO-COMMUNIST MOVES

The Indonesian Government's domestic and foreign policies remain close to Communist objectives. The government is training the Indonesian people for participation in a highly developed leftist totalitarian system. Cadres of university professors, high-school teachers, government officials, and leaders of non-government organizations are being subjected to intensive and lengthy indoctrination courses. There is heavy emphasis on Marxism, on the wisdom of supermortal Sukarno, and on Nasakom--Sukarno's acronym for the fusion of nationalist, religious, and Communist thought in Indonesia.

The army, once an effective brake on Communist growth, shows progressively less inclination and ability to cope with the Sukarno-Communist drive. There is new evidence of Communist penetration of the military, and high-level army resistance to the creation of an armed force of "workers and peasants" is vague and ineffective.

Sino-Indonesian friendship flourishes. Foreign Minister Subandrio reportedly will go to Peking on 9 September, a visit which follows within a month his Chinese counterpart's appearance in Djakarta. An economic delegation is scheduled to go to China this month.

An "international antiforeign-military-bases conference" is scheduled to be held in

Djakarta in mid-October. Indonesia and China will try to use this to stimulate enthusiasm for the Algiers Afro-Asian Conference the following month. Sukarno will also lobby for his Conference of the Newly Emerging Forces, scheduled to be held in Djakarta in mid-1966.

The anti-Malaysia campaign is largely unchanged. Singapore's secession gave Indonesia a psychological boost, and Djakarta aims to persist with its confrontation policy until Malaysian dismemberment is complete and the British have left the area.

Harassment of Americans and official US installations continues. The US consulate in Surabaya, East Java, in particular has experienced mounting hostility, including a mob attack on its offices and an informal request that the consul be declared persona non grata.

Negotiations are under way to purchase the refineries of two of the three large Western oil companies--Standard Vacuum and Shell. Although oil operations are still relatively unhampered, the three companies expect that in due course interference will greatly increase, and they do not discount the possibility of a direct order of expulsion. The American-owned rubber companies are already largely Indonesian operated, but reduced proceeds are still going to the parent firms.

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NE WIN MAINTAINS CONTROL IN BURMA

After over three years in power as chairman of the Revolutionary Council, General Ne Win retains firm control of Burma despite popular disgruntlement with the country's economic stagnation.

Recent internal developments reflect Ne Win's entrenched position. Neither the Buddhist clergy nor the general public reacted noticeably to the arrests in late April of more than 100 monks charged with illegal political activity or with dealings in the black market. The subsequent arrest of former brigadier general Aung Gyi, once Ne Win's chief lieutenant, served to neutralize him as a potential rallying point for Burma's multitude of plotters and insurgent groups. The July anniversary of the 1962 student riots at Rangoon University--the only instance in which the Ne Win regime has resorted to violent suppressive tactics--passed quietly despite a belated student protest effort.

Ne Win has made little progress, however, in ending the chronic insurgency practiced by small groups of underground Communists and disaffected ethnic minorities. Last year's truce between the government and a prominent Karen insurgent leader is in danger of breaking down. Other uncoordinated insurgent activities are hampering agricultural production and require the attention of a large portion of the army, even though they do not seriously threaten the government.

The lack of economic progress remains the military regime's major problem. The Burmese have failed to respond with any enthusiasm to the increasing government controls involved in Ne Win's "Burmese Way to Socialism." Mismanagement of the commodity distribution system has resulted in shortages of several basic items. The subsequent rationing of such goods caused further public annoyance. Most of the reorganizations and changes, moreover, have occurred in the modern sector of the economy, and living standards of the 85 percent of the people who live in rural areas have been little affected.

In foreign affairs, Ne Win is maintaining strict neutrality. In his visit to Communist China in late July, Ne Win evaded Chinese efforts to enlist his support for their Southwest Asia position. On Vietnam, the joint communiqué expressed only mutual "deep concern over the increasingly grave situation," and called for a return to the 1954 Geneva agreements. Chinese leaders will probably fare little better during their return visit to Rangoon, which may take place early this month.

To "balance" the Peking visit, General Ne Win has accepted an official invitation to tour the USSR from 15 to 22 September.

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FACTIONAL RIVALRIES SNAG RESHUFFLE OF LAOTIAN CABINET

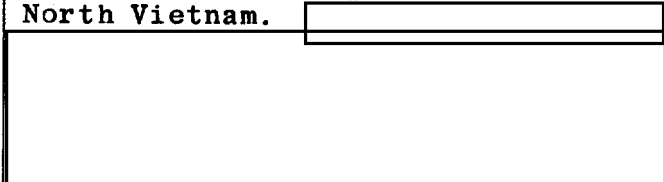
Premier Souvanna Phouma of Laos is encountering problems in his efforts to reshape his cabinet to suit the leadership of the various political factions in the legislature elected in July. His principal difficulties apparently are with Deputy Premier Leuam Insixiengmay, who commands the support of a sizable bloc of deputies and is demanding several posts for his own candidates. In addition, Souvanna has to consider the claims of the neutralist and Sananikone factions, which are also pressing for greater recognition.

Regardless of the eventual changes agreed upon by the contending non-Communist groupings, the Pathet Lao has made clear its opposition to any cabinet which may emerge. A recent Pathet Lao broadcast condemned the July elections as "deceitful," and protested that the new government instituted by the National Assembly, whatever its composition, would be "totally illegal and invalid."

On the military scene, rightist forces north of Ban Ban claim to have recaptured the strategic hill position of Hua Muong, which had been lost last winter. Key support in this drive has been afforded by large-scale US and Laotian close air support operations. The recovery of this position, with its 1,400-foot airstrip, would

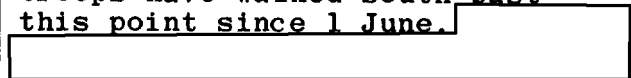
significantly improve the government's guerrilla capability against Communist forces operating along Route 6 southwest of Samneua town.

In the Plaine des Jarres area, the situation remains relatively quiet, with government and Communist forces facing each other along Route 7 a few miles east of Muong Soui. There have been some indications that the Communist troops have been suffering severe supply shortages as a result of the aerial interdiction of key supply routes from North Vietnam.



Communist activity along the network of roads and trails lacking the panhandle area continues. In the Mu Gia Pass area, North Vietnamese troops are evidently being used to repair sections of Route 12 between the pass and the Route 23 junction, while coolie trains are moving supplies over a trail bypassing damaged sections of the road.

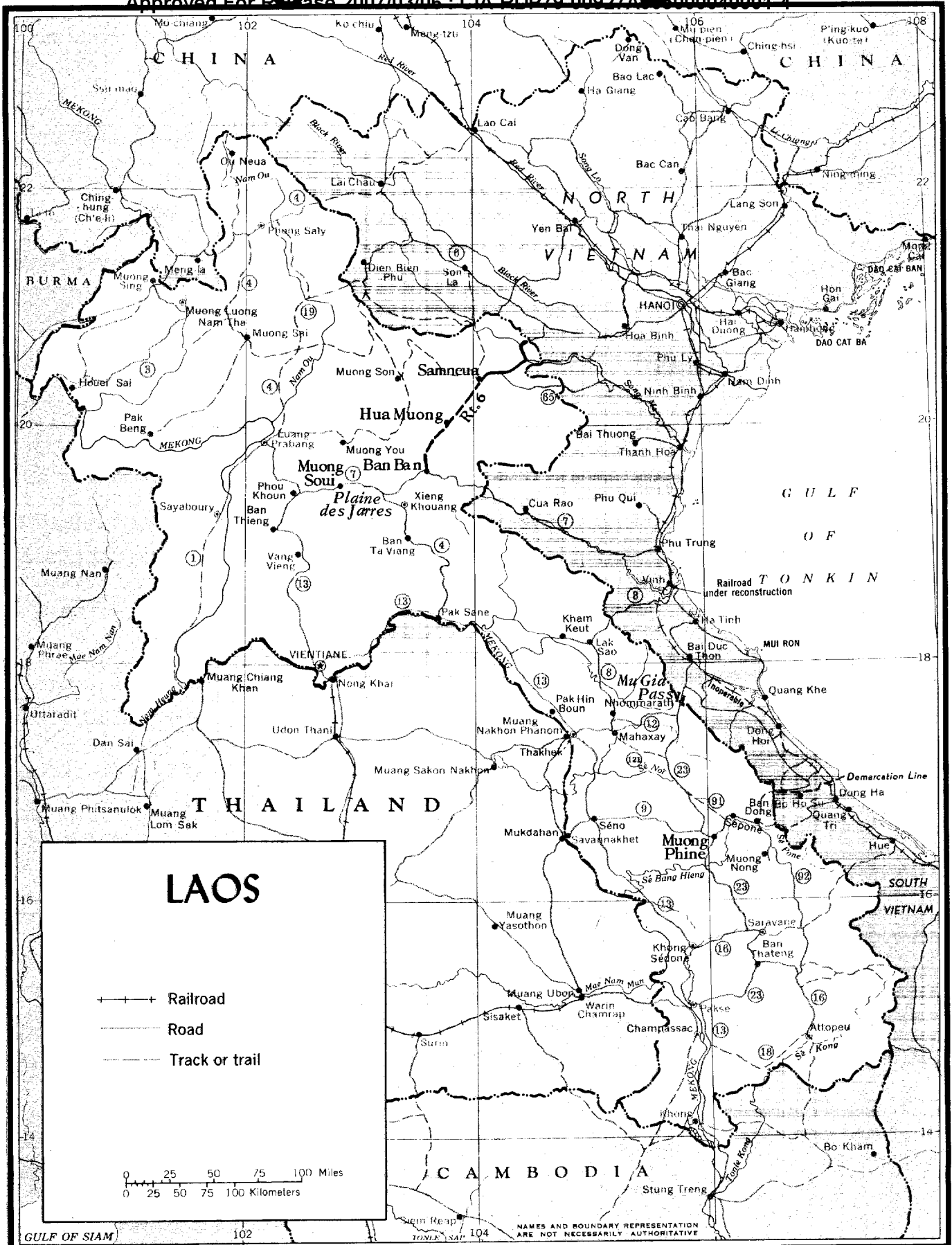
Farther south, a road watch team counted some 700 Pathet Lao/ North Vietnamese troops walking south 25 miles north of Muong Phine between 25 and 31 August. Approximately 3,200 Communist troops have walked south past this point since 1 June.



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LAOS

- +---+--- Railroad
- Road
- Track or trail

0 25 50 75 100 Miles
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SOUTH KOREA CRACKS DOWN ON FOREIGN POLICY CRITICS

Following the National Assembly's ratification of the agreements normalizing relations with Japan on 14 August, the South Korean Government has launched a crackdown to end persistent opposition to this major foreign policy move. Japanese approval is expected when the Diet convenes next month.

First to feel the crackdown were students who demonstrated in Seoul and other cities from 20 to 26 August. They demanded the voiding of the treaty ratification and freedom from alleged US political pressure, and called for new assembly elections. Army units finally were called on to aid police in dispersing the students. The government arrested hundreds of demonstrators, forced the expulsion or suspension of many student leaders, and appointed a new education minister and president of Seoul National University. Most colleges and universities in the capital suspended sessions for a short cooling-off period. Campus leaders reportedly are planning further rallies soon, however.

Disgruntled retired general-grade officers have also felt the crackdown. Eight were detained on 28 August on charges of "extreme criticism of the

government," and four were subsequently indicted for defaming the President. All belonged to the increasingly active National Council to Safeguard the Fatherland, which also includes clergymen, professors, and students, and according to the government intends to form a new conservative party as well as to incite the public on the Japanese issue.

In a further effort to still the controversy, the Park regime recessed the National Assembly when it convened for its regular session on 1 September. This guards against the chance that the opposition assemblymen might end their recent boycott in order to regain a forum for attacking official policy.

The government is only beginning broader efforts to cope with the widespread hostility toward improving relations with Japan. In one move to blunt criticism, it is drafting legislation to prevent the illegal flow of Japanese funds into Korea. Critics remain concerned over the prospects for official graft in the handling of the \$800 million Japan will supply in grants, long-term credits, and private investments.

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MUSLIM BROTHERHOOD REAPPEARS IN EGYPT

Scattered reports indicate that the Egyptian Muslim Brotherhood, once a powerful Islamic organization that engaged freely in terrorist tactics, may be once again plotting and using violence to express its discontent with the Nasir regime.

Although it constitutes no threat to the deeply entrenched regime, the brotherhood has survived all attempts at total suppression and, as the most coherent body outside of official control, is a source of continuing trouble. It had been largely inactive since 1954, when it was ostensibly crushed following its attempt to assassinate Nasir. The brotherhood has presumably retained a large number of loyal followers attracted by its religious spirit and morality, and its extremism.

In July, large numbers of the brotherhood, along with some

Communists and army officers, were arrested in connection with a suspected coup plot. A recent attempt to arrest a member led to an armed clash in which both police and civilians, possibly a sizable number, were killed. Last week a crowd of several thousand clashed with police in Cairo after seizing the coffin of Mustafa Nahas, the last civilian premier of Egypt, from his funeral procession. It is probably that the brotherhood, whose leadership was similar in background to that of Nahas' Wafd party, joined in this opportunity to defy the government and acclaim Nahas a "leader of the nation."

Nasir now has openly acknowledged the brotherhood's activities, and charged that funds from members living abroad are being sent into Egypt to destroy the revolution. He may be exaggerating the threat in order to sidetrack public discontent.

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Europe

GREEK CROWN COUNCIL MEETS ON POLITICAL CRISIS

Following Greek premier Tsirimokos' failure to win a confidence vote on 28 August, King Constantine summoned a crown council of former premiers and party leaders on 1 September in a further attempt to end the country's seven-week-old crisis.

The King is not bound to follow the council's recommendations, and reports on his own preferences point to several possibilities. He may next try for a national coalition government of all non-Communist parties, or again offer the mandate to former deputy premier Stephanopoulos, in spite of the latter's failure to receive sufficient parliamentary support on an earlier "exploratory" mandate.

In any event, the King still appears opposed to elections and to the return to power of ousted premier Papandreou.

Constantine's decision probably will be announced this week end.

Papandreou now is publicly calling for elections within 45 days. [REDACTED]

Pro-Papandreou demonstrations continue and the King's position in the dispute becomes more precarious as each successive failure to form a new government further erodes his prestige. [REDACTED]

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COST-SHARING PROBLEMS IN NATO

When the North Atlantic Council reconvenes next week, it will face the need for early action on financial problems that have been hanging fire for many months.

Perhaps the most significant matter on the agenda is a reallocation of costs of the NATO infrastructure program, which has built almost \$3 billion worth of installations and facilities since it was adopted in 1951. The US has been providing almost a third of the funds in recent years for each annual program, but its share in utilization of the facilities has been only about a fifth.

Early this year, the US asked that its share of the 1965 costs be reduced to 25 percent and its share of future programs to 20 percent, but the US proposal has been given a cool reception by the other allies and no agreement is in sight. Until the dispute is settled, approximately \$138.5 million worth of construction which should have been started in the spring is being held up because no contracts can be let. Continued inability to settle differences over a program which has been held up as a model of effective

NATO "integration" is certain to be seen as a further weakening in the Alliance.

Another funding problem is the cost of transporting certain headquarters units of the Allied Command Europe (ACE) Mobile Force to participate in a military exercise in Turkey. Last year France approved the exercise, named "Eastern Express," but reserved on the transport costs. In the interests of harmony the US and UK then offered to furnish free transport, but the exercise had to be put off because of the political tension over Cyprus. This year the offer--described as "an exception to the rule"--has been withdrawn.

France now has charged the US and UK with inconsistency, and the US has pointed out that the shoe should be on the other foot since France had accepted common funding for support units in the case of a similar exercise in Scandinavia.

A decision on this problem is becoming increasingly urgent because of Ankara's warning that it attaches great importance to holding the deferred exercise this year.

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Western Hemisphere

SETTLEMENT REACHED IN DOMINICAN CRISIS

Representatives of both sides in the Dominican Republic endorsed the OAS Act of Reconciliation on 31 August, and the provisional government is scheduled to be installed on 3 September.

The rebels, however, are already misinterpreting some of the provisions. Some are viewing the changes regarding the withdrawal of the Inter-American Peace Force (IAPF) as meeting rebel demands that it be withdrawn rapidly, and statements by Caamano have probably contributed to this view.

Imbert evidently decided to resign after seeing that his efforts to remain in power were hopeless. He made his announcement on Monday night, but only after a week of seeking support among the military for his regime's position and sponsoring a mass rally to demonstrate the nation's commitment to anti-Communism. He and most Government of National Reconstruction (GNR) members refused to approve the Act of Reconciliation. Moreover, there are already tentative indications that Imbert is considering taking a leading part in a rightist coalition to prepare

for the elections to be held in about nine months.

The signature of Imbert's regime was, in effect, provided by the GNR military chiefs and Defense Minister Francisco Rivera Caminero. They signed a declaration appended to the act, pledging their firm acceptance both of the OAS proposals and of Hector Garcia Godoy as provisional president. It appeared that the chiefs' actions did not command the wholehearted support of General Wessin and other military officers. Wessin seems to have been involved on 29 August in a mortar attack on the rebel zone which provoked a firefight between the IAPF and the rebels. The attack may have been designed to disrupt negotiations.

The new provisional president is a moderate who retained the respect of both sides during the arduous negotiations. A former diplomat under Trujillo, Garcia Godoy also served as foreign minister under Bosch. While he has been receptive to US advice, he has stressed that his new regime must be "truly independent." He believes the development of the country cannot be left to extremists but should

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be channeled into "realistic" social, economic, and military reforms. Garcia Godoy may be attacked, however, either because of his past association with ex-President Balaguer's Reformist Party or because of his upper-class background.

Garcia Godoy's tentative cabinet appointments are generally political neutrals who are dedicated and apparently competent. The new President may keep the foreign ministry post for himself and will apparently retain Rivera as his defense minister, at least for a short period. The appointments are designed to contribute to what Garcia Godoy views as the major functions of the provisional regime: getting the country going again and preparing for the elections.

It appears that political activity will begin almost im-

mediately despite provisions in the settlement for a six-month political truce. Rival leaders of the major Dominican Revolutionary Party are reportedly planning to return--Angel Miolan almost immediately and Juan Bosch in mid-September. Neither one has given any firm indication of his plans.

The settlement embodied in the Act of Reconciliation, although a diplomatic triumph for Ambassador Bunker and the OAS, will be only an initial step toward reconstruction after one of the most bitter and destructive civil wars in Latin American history. The hatreds fanned during the past four months run deep and will not be erased easily. A compromise settlement is a new experience for Dominicans, many of whom consider it more logical for one or the other of the rival factions to go down in defeat.

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AGITATION AGAINST THE BOLIVIAN JUNTA INCREASING

Agitation against the Bolivian military junta by students and miners is increasing, but the junta is believed capable of handling the situation. On 31 August, students from the University of Oruro blocked the main square of the city in demonstrations similar to those held during the past two weeks at universities in Cochabamba and La Paz. Miners at Huanuni struck for 48 hours on 26 and 27 August as did those at the important Catavi - Siglo Veinte complex on 30 and 31 August. The Catavi - Siglo Veinte workers are threatening to go on general strike on 7 September if their demands for higher wages are not met.

The student demonstrations and mine strikes, ostensibly called over economic issues, are designed primarily to embarrass the junta and to create an atmosphere of agitation leading to its eventual overthrow. The students, led by their leftist rectors, are using the financial difficulties of the universities to explain their discontent. Political motivations are evident, however. The junta has already gone out of its way to appease the students and has programmed budget increases to remedy their economic plight.

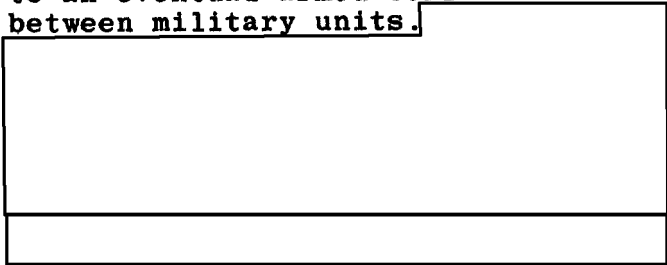
The strikes in the mines are designed to make the junta appear antilabor and to pressure it into renouncing its mine reform program. A reduction in wages is the primary grievance, but the miners are also demanding other concessions which, if granted, would scuttle the reform program. The Trotskyite

Revolutionary Workers' Party appears to have gained control in some of the major mines, although moderate elements are still prominent. The mine situation is delicate, and violence is possible in the coming weeks.

La Paz is relatively quiescent politically, at least on the surface. Most parties are preoccupied with internal dissensions, but there is evidence of growing anti-junta sentiment in all. Current political activity is focusing on the issue of general elections and Co-President Barrientos' definite, but unannounced, candidacy. Most parties are calling for an early return to constitutional rule, and there are indications that the junta might hold elections as early as next May.

The issue of Barrientos' candidacy is a potentially troublesome one, for it involves continued military unity. Some ranking officers feel that Barrientos should not run as a military candidate since this could plunge the armed forces even deeper into the political morass.

The rivalry between Barrientos and Co-President Ovando is also disturbing to many military commanders who see this as leading to an eventual armed confrontation between military units. 25X1



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INCREASING COMMUNIST INFLUENCE IN BRAZILIAN LABOR MOVEMENT

Renewed Communist strength in the Brazilian labor movement is evidenced by the results of recent important union elections. In the large Guanabara metalworkers' union, a Communist-backed slate won by a margin of two to one over the progovernment ticket. Pro-Communists also made electoral gains in key Sao Paulo locals representing metalworkers and bank workers.

Although the government has sought to keep known Communists off the ballots, it has been unable to prevent the formation of tickets consisting of lesser known party members and sympathizers. Another Communist technique has been to form unity slates with ostensibly independent candidates.

Growing worker discontent over rising living costs and high urban unemployment has provided the extreme left with solid issues to exploit. Another contributing factor has been an apparently general feeling among workers that they are bearing the brunt of the administration's austerity program and that there

is little official interest in instituting relief measures.

Many of the reform programs that would most benefit labor, such as the low-cost housing program, have yet to advance much beyond the planning stage. Consequently, proadministration union candidates have had few government achievements to which they can point in their campaigns. In view of the weakness of their position, democratic union leaders are pessimistic over coming elections in the Rio de Janeiro bank, textile, maritime, and construction workers' locals.

At the moment, although the outlook for the labor movement is gloomy, government restrictions will probably prevent any rash of strikes or demonstrations. The resurgence of Communist influence in the unions, however, is likely to result in increased subversive propaganda and agitation and to help opposition candidates in the October gubernatorial elections.

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DISORDER THREATENS IN COLOMBIA

Colombia's mounting economic and political problems may lead to disorders which could shake the Valencia administration.

Demonstrations began on 25 August in Boyaca State with a

civic strike protesting government nonpayment of teachers during the past five months. These demonstrations--centered in the state capital of Tunja, about 80 miles from Bogota--resulted in injuries and property damage. In

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Bogota the next day the extremist-dominated National Federation of Universities (FUN) declared a 24-hour solidarity strike with the Tunja students. The Bogota demonstrations also resulted in considerable property damage. Demonstrations temporarily subsided when the government decided to pay the Boyaca teachers, but on 30 August teachers elsewhere went on strike to protest nonpayment of salaries. Judicial employees are also threatening strikes with the same motive.

A rallying point for student and extremist agitation increasingly appears to be Camilo Torres, a former priest who has been released from his ecclesiastical vows and now devotes himself to advocating revolution to solve the country's problems. The Colombian Communist Party (PCC) has reportedly decided to back Torres, who may also be seeking support from elements in ex-dictator Rojas Pinilla's party, the National Popular Alliance (ANP). A Communist-backed mass rally is, in fact, being planned for Torres in Bogota's central square on 10 September. Disorders may occur if the government tries to impede it.

There is also the possibility that a wave of strikes, especially by extremist-counseled unions prone to violence, may erupt in protest against new unpopular economic measures. Several labor unions have already

repudiated a gasoline tax, and contemplated exchange reform measures may be equally unpopular.

In addition, considerable concern now revolves around subversive organizations on the Castroist model which are attempting to set up combined urban-rural apparatuses. Such an organization is the "Army of National Liberation" (ELN), which has recently claimed credit for the bombing of three US-owned oil pipelines in Barrancabermeja on 17 and 18 August. The ELN and the dissident hard-line Communist party (Marxist-Leninist Communist Party of Colombia--PCC-ML) have been responsible for one attempted and two successful bombings aimed against US Government property and personnel since the beginning of the year.

Meanwhile, there is continuing disenchantment with President Valencia within his own Liberal Party, and key factions of the Conservative Party are threatening to leave the coalition government. The Ospinistas, a major Conservative faction, are threatening to withdraw from the government if Valencia does not give them greater representation in the next cabinet. The Laureanistas, the other major Conservative faction, are also at odds with Valencia, and continue to threaten withdrawal.

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