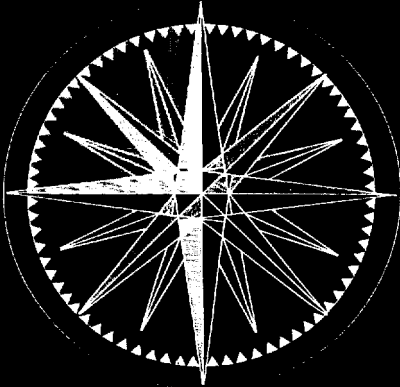


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17 September 1965

OCI No. 0307/65

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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

State Department review completed



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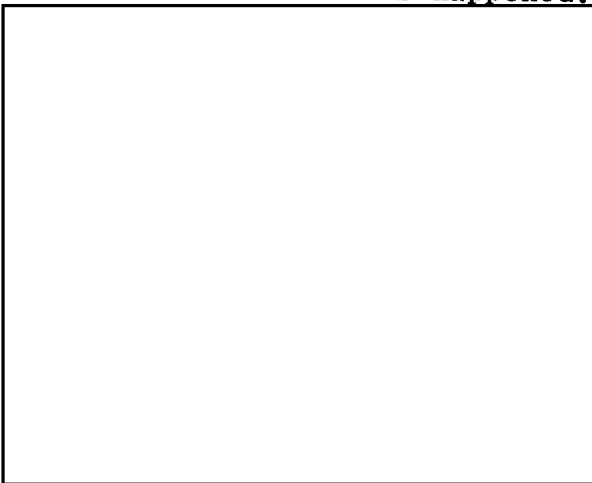
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VIETNAM

Although pro-Soviet Communists apparently had some expectation that the North Vietnamese party delegation now touring France might offer new suggestions for opening negotiations on the Vietnam war, thus far there has been no indication that this has happened.



In its propaganda, the DRV continues to express confidence in the Communists' ability to defeat the US militarily. At the same time, several recent statements and articles by prominent North Vietnamese have been noticeably defensive regarding regime policies on the prosecution of the war. Both politburo member Troung Chinh and army chief of staff Van Tien Dung are among the authors of such articles. They attempt to justify the party's decisions over the past years, particularly those decisions which have led to the current situation. The tenor of Chinh's article suggests that he may be answering criticism

from foreign Communists concerning current DRV policy in prosecuting the war.

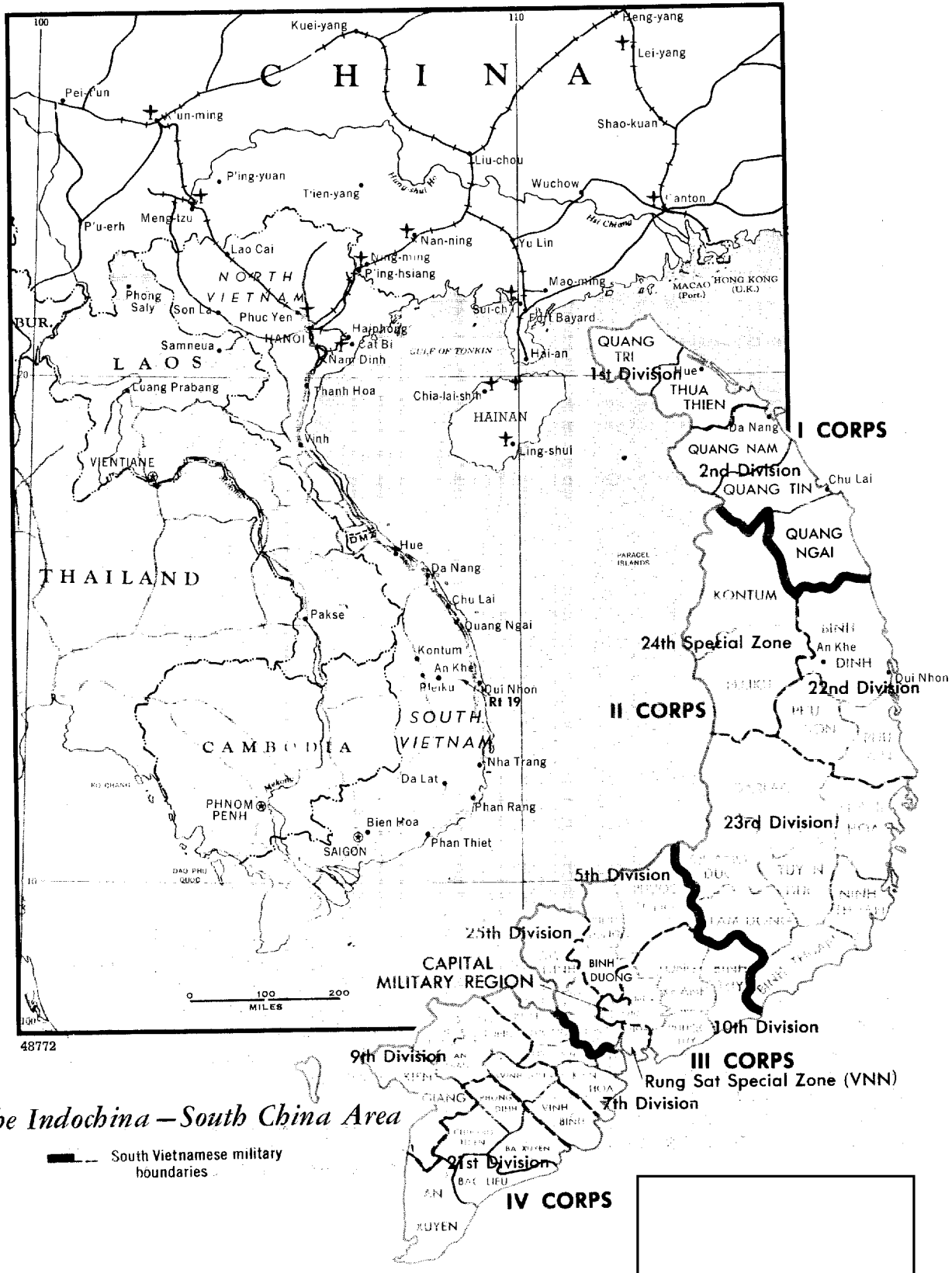
The deleterious effect the US air strikes are having on the North Vietnamese populace is apparently causing growing concern to Hanoi. Its most explicit statement of anxiety over public morale in some time was contained in a domestic broadcast on 11 September discussing conditions in the Viet Bac Autonomous Region in northeastern North Vietnam. The broadcast expressed dissatisfaction with evacuation practices in that area, implying that the air strikes have caused local residents to take to their heels with little regard to planned evacuation procedures. Cadres and state employees were urged to "explain things" to the people in order "to reassure them."

The broadcast also reflected the regime's long-standing distrust of the minority racial elements who live in the Viet Bac area. It warned that "cadres and people" are not yet fully aware of the "tricky, dangerous schemes of the enemy," or of the "nature of sabotage waged by the US" against North Vietnam. All provinces were instructed to counter the "erroneous views" allegedly spread through the area by the "enemy" and to "smash in time all counterpropaganda arguments."



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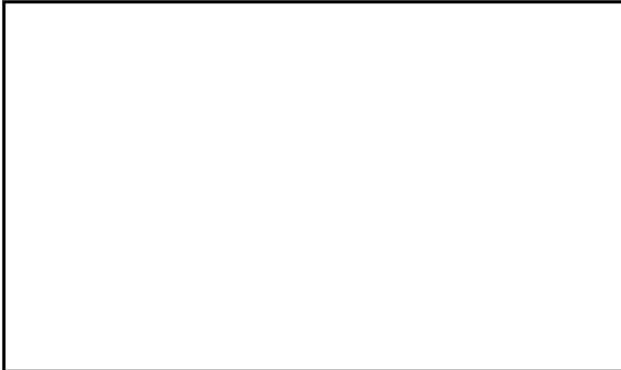
The Indochina - South China Area

— South Vietnamese military boundaries

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Air Defenses in the DRV

Further analysis of [redacted] [redacted] photography has disclosed a new SAM site, the 19th, about 8 miles southwest of Hanoi. The site was in the early to middle stage of construction with partially revetted launch pads and three hold revetments noted. No central guidance revetment was visible, nor was any missile-associated equipment seen at the site.

Military Activity in the South

Retention of the initiative by US and Vietnamese Government forces, and the relative absence of large-scale Viet Cong activity continue to characterize the military situation in South Vietnam. A slight decrease in the over-all tempo of activity has resulted in lower numbers of casualties on both sides.

In the I Corps area, two joint Vietnamese-US operations

south of Chu Lai in Quang Ngai Province and south of Da Nang in Quang Nam Province resulted in more than 300 Viet Cong killed. Enemy activity in the I Corps consisted primarily of sabotage to the railroad between Da Nang and Hué and of harassing activity directed against US marines near Da Nang Air Base.

In II Corps area, the debarkation of the First US Cavalry (Airmobile) Division in Qui Nhon will be completed early next week. Division headquarters will be established at An Khe, and the division's 15,000 combat troops will be employed in areas near Route 19, leading from Qui Nhon into the central highlands. Viet Cong activity is at a low level in II Corps, but is expected to pick up.

The only Viet Cong battalion-size attack during the past week occurred in the III Corps province of Binh Duong on 13 September, and resulted in over 40 government casualties. In the same province, but farther north, a large government operation involving 5,000 Vietnamese, US, Australian, and New Zealand troops is now under way in a Viet Cong base area believed to harbor as many as 10,000 enemy troops. The operation is scheduled to last from eight to ten days. No significant contact with the Viet Cong has yet been established.

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Both government and Viet Cong forces continued to operate at a low level of activity in the southernmost IV Corps area. The increased use of 57-mm. and 75-mm. recoilless rifles by the Viet Cong in the delta area during the past two weeks, however, points to an ample supply of this type of ammunition.

The Political Situation

During the past week, the government followed through on decisions reached at a 2 September meeting of the military Directorate concerning a military congress and a civilian advisory council. A military congress of some 2,000 officers was held in Saigon on 11 September and was generally regarded as a success. Following a morning of speeches by Chief of State Thieu, Premier Ky, and War Minister Co, the afternoon session was left open for frank comments from the lower-ranking officers regarding the military government's performance to date. The government plans to convene similar congresses in the future, with the aim of enabling all Vietnamese officers to participate at one time or another.

The military Directorate, according to its secretary gen-

eral, hopes to complete the formation of a civilian advisory council of about 100 members by 1 November. The council will initially serve as an advisory body to the cabinet, and is to be composed of one member elected by each provincial and municipal council, with the balance chosen from religious and professional groups, trade unions, and recognized political parties. The directorate hopes, by careful selection of the latter members, to ensure the council's reliability despite the possible emergence of troublemakers from the provincial and municipal councils.

Government recourse to military operations which resulted in the peaceful surrender last week end of some 400 armed dissidents from the tribal autonomy movement, FULRO, has posed a possible danger of fostering new resentment among hitherto loyal tribesmen. To mitigate this danger, the government on 15 September staged a local ceremony, attended by Premier Ky, to receive an oath of allegiance from those who surrendered. Despite this and other contemplated steps to alleviate minority grievances, the long-standing tribal problem is likely to persist.

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The Communist World

CULTURAL DEBATE MAY REFLECT DISPUTE WITHIN SOVIET LEADERSHIP

A major article on Soviet cultural policy by Pravda chief editor Aleksey Romyantsev may be symptomatic of serious difficulties within the Soviet leadership. In his first signed article since February (only his second since assuming the editorship last November) Romyantsev presented a strong defense of the liberal element among the Soviet intelligentsia, and explicitly attacked Izvestia for its criticism last month of fiction which portrayed the darker side of life in the USSR.

The editorial policies of Pravda and Izvestia may diverge on occasion, but it is highly unusual for one to attack the other. In previous instances when the two papers began sniping at one another--for example, during the Khrushchev-Malenkov contest for power in 1953 and 1954--it became apparent that the debate was evidence of the factional warfare behind the scenes. Romyantsev's present criticism of Izvestia may thus again reflect a developing power struggle.

The possibility that political infighting may be involved is given further weight by a report that party secretary Demichev, who is in charge of ideological matters, had apologized for recent attacks on the liberal writers. Demichev's last reported activity as secretary for ideology was in August when he

sharply criticized and extracted an apology from the controversial economist Abel Aganbegyan, allegedly for having painted in his statistics too black a picture of the Soviet economic system.

Romyantsev's liberal line is an abrupt change from the carping at liberal writers which has characterized the Soviet press for the last six weeks. The switch is reminiscent of the abrupt shifts in Soviet cultural life which were induced by Khrushchev's personal interventions and which his successors had promised to eschew.

It is unlikely that Romyantsev took such a major step without the assurance of support from someone in the Kremlin. It is equally unlikely that this has been forthcoming from such cultural conservatives as Suslov and Polyansky. Of the current leadership, only Mikoyan has been clearly identified with a relatively liberal cultural policy. Podgorny, who was briefly associated with Romyantsev in the Kharkov party organization, delivered a Navy Day speech on 24 July with several elements in common with Romyantsev's article, including emphasis on "individual creative initiative" in economic management. Of the other leaders, only Brezhnev has displayed a faint flicker of cultural liberalism.

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Rumyantsev's attacks on Izvestia may also be related to the problem of its chief editorship--vacant since May. At the time of Khrushchev's ouster last fall, there was some evidence

of jockeying in the leadership for control over appointments to head the major mass media outlets. Some similar pulling and tugging may be in progress now.

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CEAUSESCU VISIT REFLECTS IMPROVED RUMANIAN-SOVIET RELATIONS

The 3-11 September meetings in Moscow between Rumanian and Soviet leaders apparently resulted in some improvement in Soviet-Rumanian relations. Both sides professed unity on most international issues, particularly the Vietnam crisis. The Rumanians, however, took the occasion to reaffirm strongly their independent policies within the Communist world.

Soviet treatment of the visit provides further evidence of Moscow's adjustment to Rumanian nationalism and its desire to improve relations with Bucharest. The Russian leaders clearly recognize that East European regimes will continue to follow policies best serving their national interests. As long as the USSR's long-range foreign policy goals are not jeopardized by any precipitate Rumanian move, the Soviets appear reconciled to this new relationship and eager to exploit any benefits they may derive from it.

The joint communiqué contained repeated references to both sides' adherence to the principles of equality and non-interference. It has become increasingly obvious that recent trends have left the Russians with little choice but to abide in large measure by these principles. This has helped to alleviate a good deal of the recent tension in Soviet-Rumanian relations, and has also strengthened Moscow's defense against Chinese charges that the USSR is

still determined to "wield the baton" in Eastern Europe.

The Russians welcome Rumanian leader Ceausescu's relatively strong attack on US policy in Vietnam and his appeals for unity in the Communist world. Moscow can be expected to play up such statements as an endorsement of Soviet policies which have been bitterly criticized by Peking. Ceausescu also endorsed for the first time the South Vietnamese National Liberation Front as the only "lawful representative of the South Vietnamese people."

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Since the Moscow visit, Ceausescu has already visited Sofia, and will receive Yugoslavia's President Tito in October. Ceausescu also may be planning a trip to Communist China, possibly as early as November.

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COMMUNIST CHINA'S TRADE WITH JAPAN REACHING NEW HIGHS

Despite Peking's recent coolness toward the Sato government in Tokyo, Sino-Japanese trade continues to boom. Trade this year will probably top \$400 million, a new record. Trade during 1966, currently the subject of high-level negotiations, is expected to reach about \$500 million, which would probably make Japan China's number one trade partner.

Political considerations in the past have had a major impact on the level of Sino-Japanese trade. For example, commerce was almost shut off following the 1958 "flag incident" when a Chinese Communist flag was torn down at an exhibit in Japan.

China now is buying a variety of industrial goods--such as small plants, steel, fertilizer, and construction equipment--and is selling agricultural products, coal, and iron ore to Japan. This trade is currently running about 30 percent higher than in the corresponding period in 1964, and accounts for more than 10 percent of China's total trade.

Trade next year may even exceed expectations if Tokyo is able to offer government-backed credits to China, a step it has hesitated to take in view of pressure from Nationalist China, another important Japanese trade partner. At present, large-scale Chinese purchases of industrial plants and products have come to a standstill over the credit issue. Earlier this year, Peking canceled contracts for a \$30-million synthetic-fiber plant and a cargo ship when Japanese Government credit support was not forthcoming.

Plant sales and other deals requiring Japanese Government-backed credits will probably be major topics at the trade meeting now under way in Peking. These negotiations are under the Liao-Takasaki trade agreement, a quasi-official five-year economic pact concluded in late 1962. Trade through this channel, which has accounted for almost half of Chinese-Japanese trade in the last few years, is expected to be at the \$250 million level next year. The remaining trade is carried on between China and Japanese firms which Peking has designated as friendly.

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Asia-Africa

THE INDIAN-PAKISTANI WAR

As fighting continues along the Indian - West Pakistani border, conflicting claims and counterclaims of military successes further cloud the picture of actual developments in the subcontinent's undeclared war.

The two sides have engaged in a seesaw battle five to ten miles across the border from Jammu in Kashmir southwest to the Kasur area of West Pakistan. Ground encounters have been generally inconclusive, with both sides sustaining extensive losses in equipment and personnel.

The heaviest fighting thus far has occurred near the Pakistani city of Sialkot, which has suffered considerable damage from several days of intense artillery fire. Fighting continues on the outskirts of the city, where the Indians claim to have "achieved their objectives" and the Pakistanis claim to have halted the Indian advance.

The Lahore front, where Indians earlier this week reportedly beat back the Pakistani counter-attack, remains relatively quiet, the opposing forces apparently having fought to a standstill with little progress registered by either side. Indian Defense Minister Chavan, in a conversation with Ambassador Bowles on 13 September, discounted any intention on the part of his government to capture Lahore itself. Indian objectives, he said, were rather to lessen Pakistani pressures on Kashmir and to dispel

the assumption that India can be "pushed around."

In Kashmir, the Indians have apparently completed the linkup in the Uri-Poonch salient. This would give them control of some 150 square miles of territory previously on the Pakistani side of the cease-fire line and improve the Indian lines of communication.

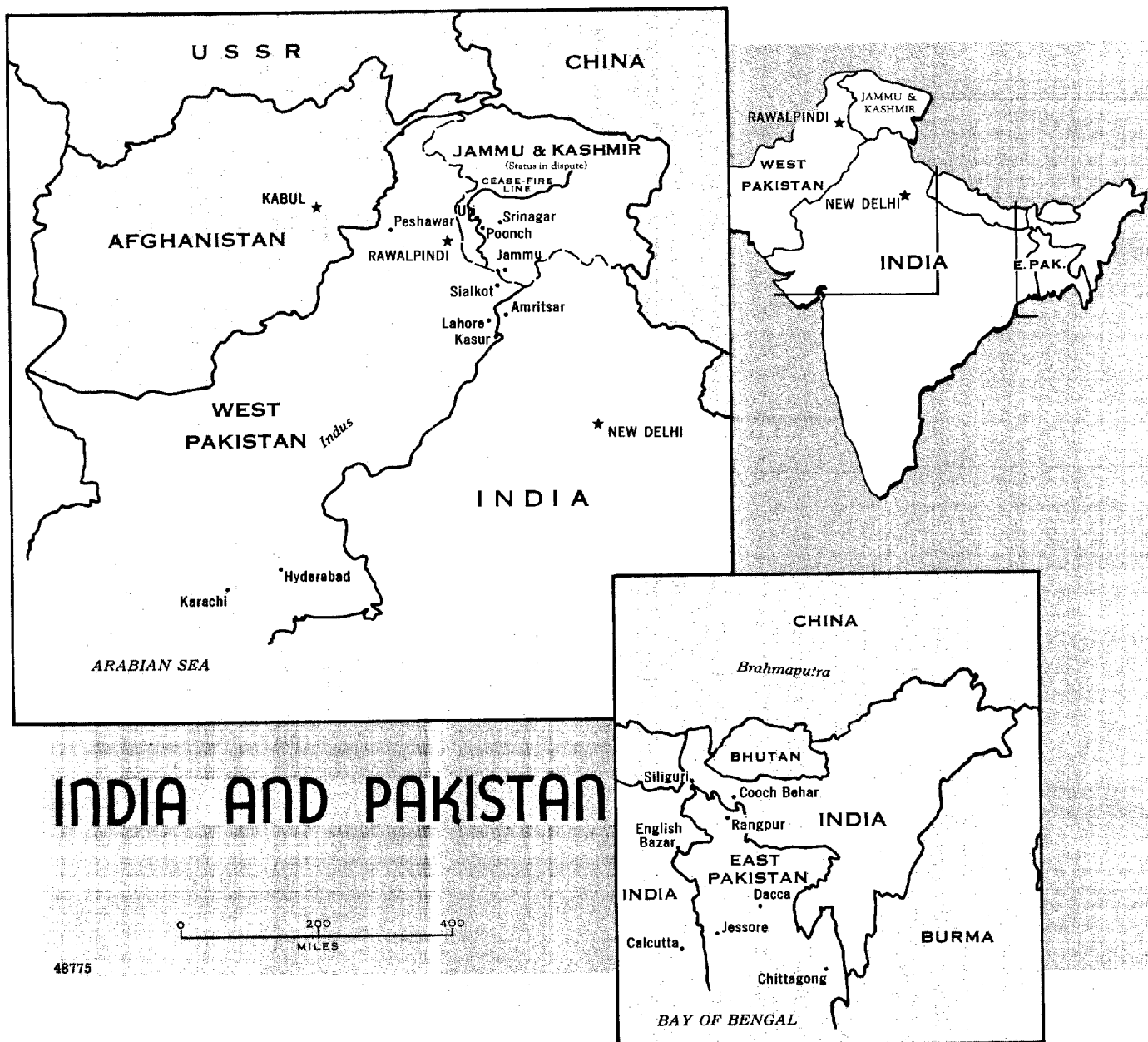
Both India and Pakistan continue to claim success in destroying enemy air bases and to deny similar enemy claims. Throughout the week, the two nations have carried out air raids, including two Indian attacks on Peshawar and a Pakistani raid on a base just north of Calcutta.

Both countries remain reluctant to extend the fighting to the borders of East Pakistan. Relative quiet reigns in this area, broken only by intermittent shelling. Chavan has emphasized that India has no quarrel with East Pakistan. Further air raids from East Pakistan, however, or humiliating defeats for India on the western front could lead to Indian retaliation against that relatively indefensible, densely populated territory.

Supply Problems

Although the war goes on unabated, supply and equipment problems appear to be increasingly serious, especially for Pakistan. The Pakistanis have appealed to all countries for aid but have had little success in obtaining anything

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concrete. Any help which may be forthcoming from their CENTO allies, Turkey and Iran, is not expected to contribute significantly to the Pakistani effort.

A shortage of oil is becoming a critical factor for the Pakistanis. Most recent estimates hold that present reserves are adequate for only a few more days if tankers expected in Karachi do not arrive soon.

Indian problems do not appear to be as immediate, but food shortages and transportation difficulties are creating internal pressures which could hamper the war effort.

Communal and religious disturbances have not gotten out of hand thus far but the potential remains as the war drags on and tensions increase. Both countries have taken pains to keep Hindu-Muslim conflicts from erupting.

The UN Role

UN Secretary General Thant has returned from his peace mission, which failed to bring about a cease-fire but clarified the Indian and Pakistani political objectives with regard to Kashmir.

Both sides have expressed willingness to accept a cease-fire, but preconditions--among which is Pakistan's insistence on a plebiscite in Kashmir--have prevented any agreement. The Pakistanis fear that a cease-fire with no guarantee of a future Kashmir

settlement would be nothing more than a return to a situation they believe was to India's advantage.

U Thant's latest suggestion--an eight day cease-fire during which time he would attempt to find a solution agreeable to both sides--was accepted by India but rejected by Pakistan.

Soviet Pronouncements

The recent spate of Russian pronouncements is highlighted by a note of urgency as well as expressions of Soviet willingness to do whatever possible to facilitate an early cease-fire. On 11 September, the Soviets released Premier Kosygin's latest letters to this effect, which had been sent on 4 September to both Indian Premier Shastri and Pakistani President Ayub.

The second official TASS statement within a week was released on 13 September. Besides repeating Moscow's offer of its "good offices" if desired by both sides, TASS sharpened the USSR's indirect criticism of Peking's attitude toward the crisis. TASS condemned those whose "incendiary statements" help to aggravate the situation, and called on "the whole world" to warn such third parties that they assume "grave responsibility" for their actions.

Chinese Reaction

The trend of events has apparently heightened Chinese Communist concern. After a brief lull during which Peking was probably assessing the latest

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military developments, the Chinese acted to turn up the pressure on New Delhi with a new and even more threatening note delivered to the Indian chargé in Peking on 17 September.

The note, which Peking immediately broadcast, repeats earlier charges--made most recently on 8 September--concerning alleged Indian intrusions into Chinese territory along the Sikkim frontier. The latest warning verges on an ultimatum with the demand that India must "dismantle all its military works of aggression on the Chinese side of the China-Sikkim boundary, or the boundary itself within three days of the delivery of the note." Earlier warnings set no time limit for Indian compliance with Chinese demands.

By focusing attention on the Sikkim border Peking is

probably seeking to underscore the potential threat of a Chinese military thrust down the Chumbi Valley which, if successful, would cut the main Indian communication line with Assam and the North East Frontier Agency (NEFA). It does not limit possible Chinese probes to Sikkim itself, however, and warns that the Indians must immediately halt "intrusions" along the entire length of the frontier.

It is difficult to see how India can satisfy these Chinese demands. In previous diplomatic exchanges concerning similar Chinese allegations, New Delhi has claimed that Peking's charges were baseless and asserted that places cited by the Chinese could not be found on any map. Having set a time limit for Indian compliance and thus limited their freedom of maneuver it seems likely that the Chinese plan to follow their ultimatum with some military action--at a minimum with aggressive patrolling probes along or across the border.

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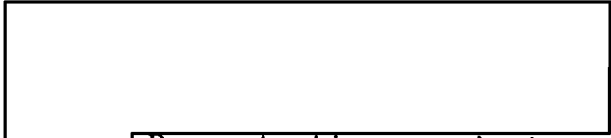
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ANTI-AMERICAN CAMPAIGN GROWS IN INDONESIA

Another wave of anti-Americanism in Indonesia coincides with further pressures against political moderates. The Communists spearheading the anti-American agitation are getting increasing support from other groups eager to prove their nationalistic and revolutionary fervor.



Demonstrations against American consulates in both Surabaya and Medan on 13 September included demands that the government send all Americans home.

Sukarno continues to accuse the US of subversive plots. In a recent speech he claimed that Indonesia had become neocolonialism's "main target in Asia." Two Americans, a missionary formerly stationed in West Irian and a Pan American Airways employee, are being held and interrogated. One is charged with helping West Irian rebels, the other with insulting the Indonesian Government.

On 1 September Sukarno ordered the police to expunge

hypocrites, foot draggers, false elements and deviators in every field." Several days later he expressed considerable dissatisfaction with the armed forces establishment as a whole and warned police and service heads to "integrate with the people." Subsequently various political and military officials--in an effort to shore up their positions with Sukarno--have uttered their own denunciations of obstructionists and have variously promised everything from more efficient action to a major purge.

The International Anti-Foreign Military Bases Conference--scheduled to be held in Djakarta from 10 to 15 October and once ostensibly unofficial--is taking on a totally official appearance. Sukarno plans to address it twice, and Subandrio has promised the preparatory committee full government support.

The preparatory committee chairman claims that over 500 delegates from 72 countries are expected. Major targets of the conference reportedly will be bases in Okinawa, the Philippines, Vietnam, and Hong Kong.



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MORE SOVIET MILITARY AID FOR YEMEN

A new Soviet-Yemeni military aid agreement is reported to have been concluded recently.

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Direct Soviet military aid to Yemen since November 1962, when the first arms agreement was concluded, has amounted to \$60 million, mainly ground forces equipment--small arms, tanks, self-propelled guns, vehicles, and artillery--but including a variety of miscellaneous small aircraft.

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RHODESIANS AGAIN THREATEN TO DECLARE INDEPENDENCE

Rhodesian Prime Minister Smith, whose attitude is apparently toughening, is again threatening a unilateral declaration of his country's independence from Britain. Although his threats cannot be disregarded, they may be an effort to drag London into granting a further measure of de facto independence to his white minority government in Salisbury.

Since coming to power last October, Britain's Labor government has stood adamant against total independence for Rhodesia as long as the 93-percent African majority lacks a substantial voice in the government. Smith, backed by the white electorate, has pushed hard for independence. Confronted with London's threat to impose sanctions, he retreated from unilateral action in favor of negotiations, no matter how dim the prospect of their success.

On 11 September, however, Smith told the British high commissioner in Salisbury that there was "no longer any hope of a negotiated settlement." Earlier, he had told the Rhodesian Parliament that independence was "imminent" and that "nothing will stop us."

The current issue is whether Rhodesia can send its own accredited diplomats abroad. In July, the Rhodesian Government announced it intended to establish a diplomatic mission in Lisbon--important because of its control of neighboring Mozambique and Angola. Britain has warned the

Portuguese that Rhodesian representation must be through the UK Embassy. It has told the Rhodesians that if they persist in their course, the UK will expel Rhodesian representatives from its embassies in Washington, Bonn, and Tokyo.

Despite his statements and threats, Smith probably would prefer to continue negotiations with the UK. He has agreed to hold talks in Salisbury with British Commonwealth Relations Secretary Bottomley in mid-October. He has implied that he would not declare independence at least until after the talks but has said nonetheless that the two governments would have to reach a decision "one way or the other" during Bottomley's visit. In late October, following payment for the tobacco crop--Rhodesia's principal foreign exchange earner--Salisbury would be best able to withstand economic sanctions.

The pressures are great on both sides to postpone a confrontation. Smith, who is shrewd if not always cool-headed, genuinely fears the consequences of sanctions. For its part, the Wilson government, in trouble at home, would not want to become embroiled in a question which is not popular in Britain. Furthermore, in applying sanctions and upsetting trade with Rhodesia, London would lose the advantages of its favorable trade balance with Salisbury--at a time when Britain suffers from a serious balance-of-payments deficit.

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Europe

GREEKS STILL TRYING TO FORM GOVERNMENT

Greek politicians are still seeking to break the deadlock over forming a government that followed King Constantine's dismissal of Prime Minister Papandreou two months ago.

The King is expected to turn for a second time to Stephan Stephanopoulos, who was deputy premier in Papandreou's Center Union cabinet. Five weeks ago Stephanopoulos abandoned a brief effort to head a government when his soundings pointed to failure. To succeed this time, he needs the backing of the two former opposition parties, the right-of-center National Radical Union and the small, conservative Progressive Party, plus the support of seven or eight more Center Union deputies than have yet defected from Papandreou.

The National Radical Union leader has agreed to support him and the Progressive Party probably will follow suit. The palace is reported to believe that about ten additional Center Union deputies will back Stephanopoulos when the vote comes and give him a majority.

If Stephanopoulos once again fails, the King will probably turn to a nonpolitical figure to seek a mandate, perhaps Harilaos Mitrelias, the president of the Council of State, an administrative court.



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EEC AFTER DE GAULLE'S PRESS CONFERENCE

De Gaulle's 9 September press conference has raised the prospect of an indefinite extension of the Common Market crisis. Although he did not completely close out the possibility of a settlement, De Gaulle indicated that his terms for resuming the "Brussels negotiations" were a government-to-government agreement on the agricultural financing issue and agreement to reduce, if not to do away with, the authority of the community's institutions.

De Gaulle's conditions amount to a demand that the treaties of Rome and Paris be fundamentally revised, despite his personal undertaking in 1958 to uphold them. The EEC Commission's power of initiative, the supranational nature of the commissioners' office, and the community's progress to majority voting which De Gaulle so strongly attacked are all firmly provided by these treaties.

Ambassador Tuthill has noted that even if the present commissioners were replaced as Paris desires, the new ones would be equally bound to uphold the community treaty, and any "gentlemen's agreement" to prevent majority voting would have no validity at law. As for the common agricultural policy, De Gaulle's stand on community powers has made it more difficult for the others to meet French demands, since community financing of that policy would require administration by effective institutions.

France's dismayed partners in the community are far from agreement on what to do. Dutch officials believe the Netherlands will not try to maintain the EEC at the price of "removing its essence," and The Hague apparently will work for a hard common front against France. Moreover, Italy and all three Benelux states may feel it necessary to reaffirm their support for the community out of fear of the effects of De Gaulle's nationalism. The US Mission has reported that Benelux sources were "clearly shocked" because of the possible consequence in West Germany of De Gaulle's assertion of freedom from treaty commitments. Even the German permanent delegate has noted the "obvious attraction to certain Germans" of De Gaulle's doctrine.

A digging-in to defend the sanctity of obligations under the Rome Treaty, however, seems certain to be opposed by some within the member countries who would wish to avoid the risks involved. In Bonn both Chancellor Erhard and Foreign Minister Schroeder have reservations about the principle of supranationality and might seek some accommodation to the French short of violating the treaties. Moreover, the difficulty France's partners face in standing firm against it and the political unacceptability to them of giving in entirely are likely to lead to a revival of talk about Britain's role in Europe, an EEC-EFTA rapprochement, or a bigger and wider European free trade area.

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LABOR PARTY DEFEATED IN NORWAY

The Norwegian Labor Party's defeat in national elections on 12-13 September paves the way for formation of Norway's first elected nonsocialist government in some 30 years.

The balloting was marked by a swing to the center parties and sizable defections by Labor's supporters to the splinter neo-Communist Socialist People's Party (SPP). The SPP, which received about 6 percent of the vote--more than double its share--in 1961, siphoned off enough votes in Labor strongholds to assure victory for nonsocialist candidates. Labor also appears to have been the victim of a trend to the right by younger voters, a development of particular benefit to the Liberals and the Center party.

The campaign was fought principally on domestic issues such as housing, inflation, and the efficiency of state-run industries. The four nonsocialist parties, like Labor, in varying degrees all support Norway's ties with NATO, while only the SPP and the Communists advocate withdrawal from NATO and adoption of a neutral foreign policy.

A new element in the campaign was a pre-election pledge by the nonsocialists--Conservatives, Liberals, Center, and Christian People's Party--to co-

operate in a coalition government if they secured a majority in parliament. They have emerged with a comfortable majority, controlling 80 of the 150 seats--although they gained only a fraction in percent of total vote as compared with 1961. Labor dropped from 74 to 68 seats, but still retained its plurality by a wide margin.

The outlook for the prospective four-party coalition is uncertain, not least because of the compromise and accommodation which will be necessary to bring and to keep the parties together. The coalition will represent divergent interests such as farmers, business groups, religious elements, and radical intellectuals, and the leaders of the new government will be hard pressed to maintain discipline and reconcile the conflicting demands of these groups. John Lyng (Conservative), Bent Roiesland (Liberal), and Per Borten, a Center (agrarian) leader, are the most likely candidates to head the new government.

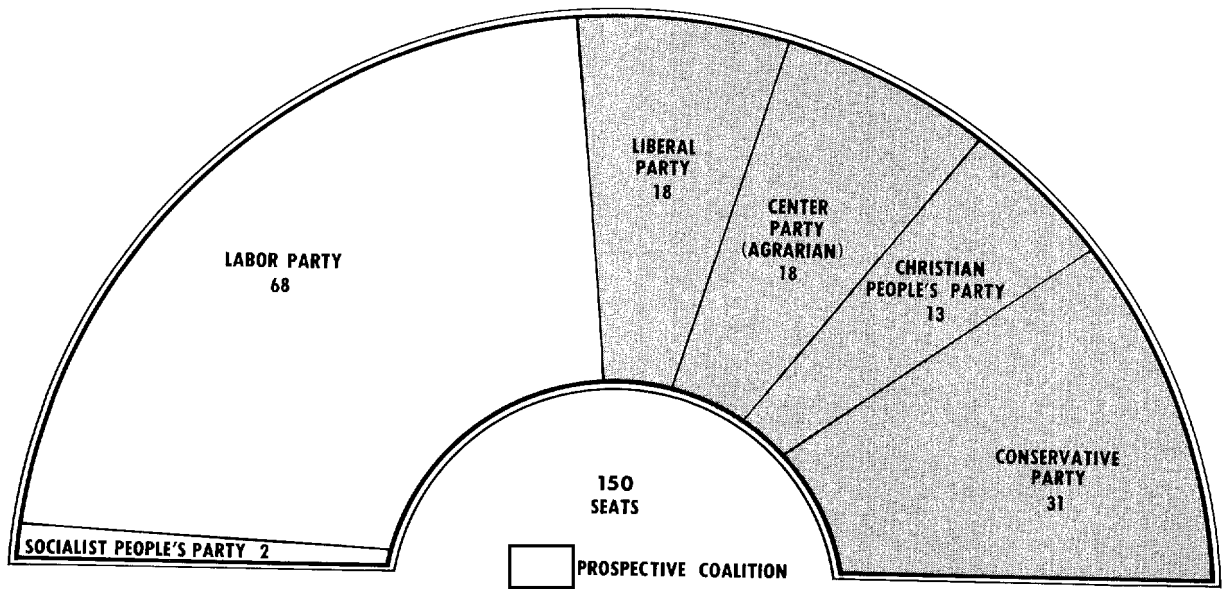
Labor will probably be content for the time being to remain in opposition, assessing its own performance in the election and strengthening itself for a future return to power. It will probably have frequent opportunities to exploit tensions among the government. parties.

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**COMPOSITION OF NORWEGIAN STORTING (PARLIAMENT)
FOLLOWING ELECTIONS 12-13 SEPTEMBER 1965**



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Western Hemisphere

CANADA BEGINS CAMPAIGN FOR NOVEMBER ELECTION

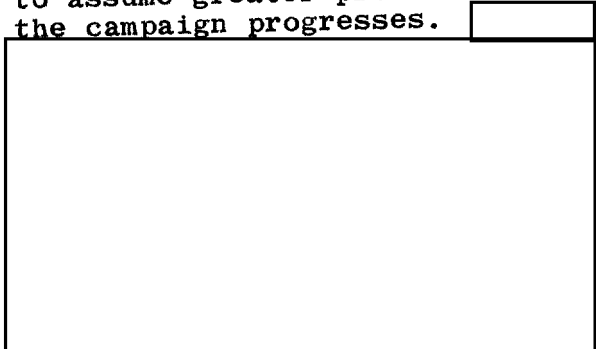
On 8 November Canada will hold its third national election in four years. The campaign is beginning in an atmosphere of popular disinterest, and no one issue is likely to dominate. Although recent opinion polls show a strong Liberal lead over the Tories, a third of the electorate are reported undecided how they will vote.

Prime Minister Pearson appears confident that his Liberal government's popularity has grown sufficiently to enable it to increase its parliamentary strength by about 20 seats, winning majority control. In the present Parliament the Liberals have 127 seats, the Conservatives hold 92, and the remaining 42 seats are divided among smaller parties.

Pearson apparently intends to focus his campaign on his government's legislative record in the social welfare field, the current economic prosperity, and the recent advantageous wheat sales to the Soviet Union.

Opposition leader John Diefenbaker, who at 70 is probably running his last campaign, has already served notice that he will renew charges of inefficiency and corruption in government. As in past campaigns, he will probably try to exploit the concern of some Canadians over the extent of US control of Canadian industry and the tendency of the Pearson government to follow the US in foreign affairs.

Each leader is already charging the other with endangering national unity, and this divisive subject is likely to assume greater prominence as the campaign progresses.



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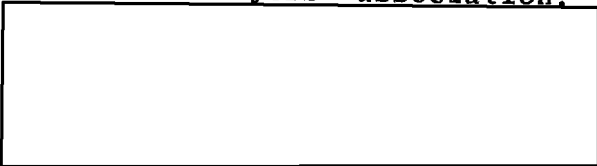
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DEVELOPMENTS IN THE DOMINICAN REPUBLIC

Fears are mounting in the Dominican Republic that President Garcia Godoy is compromising his central position by too many concessions to aggressive leftist forces. Moderate and conservative civilians share the feeling of armed forces leaders that the provisional President's efforts to gain the support of Juan Bosch's Dominican Revolutionary Party and more extremist rebel elements have encouraged the left to step up its announced second, or political, phase of the revolution.

Garcia Godoy is proceeding with his intention of creating a broadly based regime by filling government positions with both political neutrals and persons representing a wide variety of party loyalties. Several suspected leftist extremists have been named to sensitive positions, especially in the legal field. For example, the new attorney general until recently was president of the Communist-dominated lawyers' association.



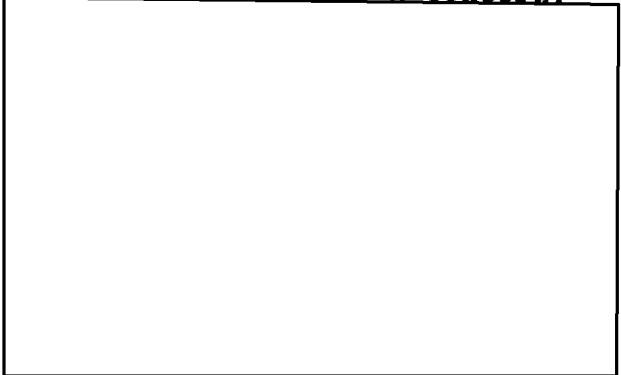
Leftist forces are making a determined drive to improve their positions in the government's bureaucracy, educational institutions, and labor organi-

zations by pressuring for the removal of moderates and conservatives from key posts.

The provisional government has made little progress to date on collecting arms and bringing law and order to the rebel zone in Santo Domingo. The return of rebel combatants to their homes in the provinces has begun, but the returning rebels have assumed the role of conquering heroes-- a tactic that could easily provoke clashes with wary army and police units.

In addition to its concern over the issue of Communist infiltration of the government, the military is displeased over the timing and handling of General Wessin's ouster from the country on 9 September. The lack of appropriations to pay troops and meet necessary operational expenses is also causing concern.

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CUBA'S CHE GUEVARA STILL MISSING

Six months after his disappearance from the Cuban scene, Ernesto "Che" Guevara's status and whereabouts remain a mystery.

He has apparently not fallen permanently from grace, since his name and role in Cuba's recent past are still featured prominently in regime media. His wife is regularly accorded positions of honor at important celebrations, and Guevara's picture was prominently displayed at the 26 July ceremonies. Castro has lauded him publicly and said in June that Guevara will reappear at a time of his own choosing.

No explanation for Guevara's disappearance is completely satisfactory. There seems to be no good reason why his death or serious illness would be concealed. There is not one firm report to substantiate press reports which have placed Guevara in almost every Latin American country, fomenting revolution at Castro's behest. Furthermore, it seems unlikely that Castro would risk being caught meddling so blatantly in other countries.

The fact that Guevara disappeared shortly after his return from Africa suggests that some aspect of this much-publicized junket displeased Castro. For example, while Guevara was in Africa, Castro announced plans to reward outstanding sugar workers. Guevara, an exponent of moral as opposed to material incentives, reacted by sharply criticizing the Yugoslavs for their use of workers' bonuses and revision to "capitalist methods." Again, Guevara's incautious references to the Soviet Union's economic intervention and poor advice may have led Castro to subject him to a temporary discipline in the hope of bringing his ideas into conformity.

Because of the steady and favorable publicity he has been receiving, the stage is set for Guevara's return to public view at some time. He is not likely, however, to regain the influence he once exercised.

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NEW PERUVIAN CABINET

Peruvian President Belaunde's decision to form a congressional cabinet appears to be aimed at effecting a more harmonious relationship between the executive and legislative branches. The wide gap heretofore existing between the presidency and the opposition-dominated Congress has often impeded constructive lawmaking and led to opposition accusations that the President and his party, as represented in Congress, were not in accord.

With the exception of the three armed forces ministers, all members of the new cabinet hold congressional seats which they may continue to occupy but without the right to vote. Seven of the new ministers, four senators, and three deputies belong to Belaunde's Popular Action Party (AP). The two remaining civilian portfolios are held by deputies of the Christian Democrat Party, political ally of the AP. None of the new cabinet members has even held a ministerial post.

The minister of public health, Senator Daniel Becerra de la Flor, also heads the cabinet as prime minister. Becerra is a distinguished physician, a personal friend of Belaunde, and reportedly an able politician. His relations with all sectors of the AP are good and his appointment has been favorably received by the opposition parties.

Three of the new ministers (foreign affairs, government, and finance) have in the past been suspected of Communist or far-leftist associations. Recent information on their present political complexion is fragmentary. The US Embassy in Lima reports that their records in the legislature since 1963 appear to be of a conservative or moderate nature.

Rumors of an impending cabinet change began to circulate last week.

Despite public and private denials by opposition congressmen, cabinet members apparently persisted in the belief that an interpellation and censure were planned. President Belaunde, assured by the opposition leadership that no censure would occur, encouraged his cabinet to meet the congressional request. On 13 September, however, all cabinet members resigned.

Ranking military officers reportedly had no plans to interfere in the political contest between the cabinet and Congress and they may be pleased to see a new trio heading the ministries of War, Navy, and Air, thus clearing the way for a number of top-level promotions.

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