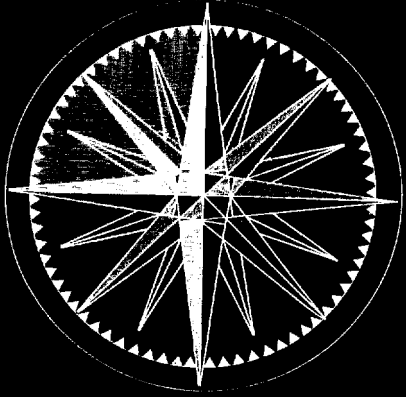


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8 July 1966

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WEEKLY SUMMARY

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C O N T E N T S

(Information as of noon EDT, 7 July 1966)

Far East

	<u>Page</u>
VIETNAM	1
<p>Preliminary analysis indicates that the air strikes against North Vietnam's oil installations are already causing distribution problems, but no serious difficulties in the immediate availability of petroleum for transport and other essential needs are anticipated. The strikes, in any case, have given the Communists an occasion to freshen their routine propaganda attacks on the US, although Soviet criticism has been restrained. In South Vietnam, as allied forces continued to inflict heavy losses on the Viet Cong, the Buddhist Institute formally announced a temporary truce with the government.</p>	
SUKARNO'S POWER DWINDLING	5
<p>Indonesian leaders have made decisive and perhaps conclusive gains in their phased campaign to relieve President Sukarno of his power.</p>	
SOUTH KOREANS TIGHTEN SECURITY MECHANISM	6
<p>Intensified North Korean efforts to infiltrate agents are spurring Seoul to improve the effectiveness of its security apparatus.</p>	
POLITICAL DEVELOPMENTS IN COMMUNIST CHINA	7
<p>The 1 July <u>People's Daily</u> alluded to the recent political upheaval in the past tense, but subsequent pronouncements in the equally authoritative <u>Red Flag</u> indicate that the witch-hunt against enemies of the regime is to go on.</p>	

Europe

YUGOSLAV PARTY CRISIS	8
<p>Tito has removed his heir apparent, party secretary Rankovic, who has been explicitly accused of opposition to economic and political reforms instituted in recent years. Tito now plans a complete overhaul of the party.</p>	

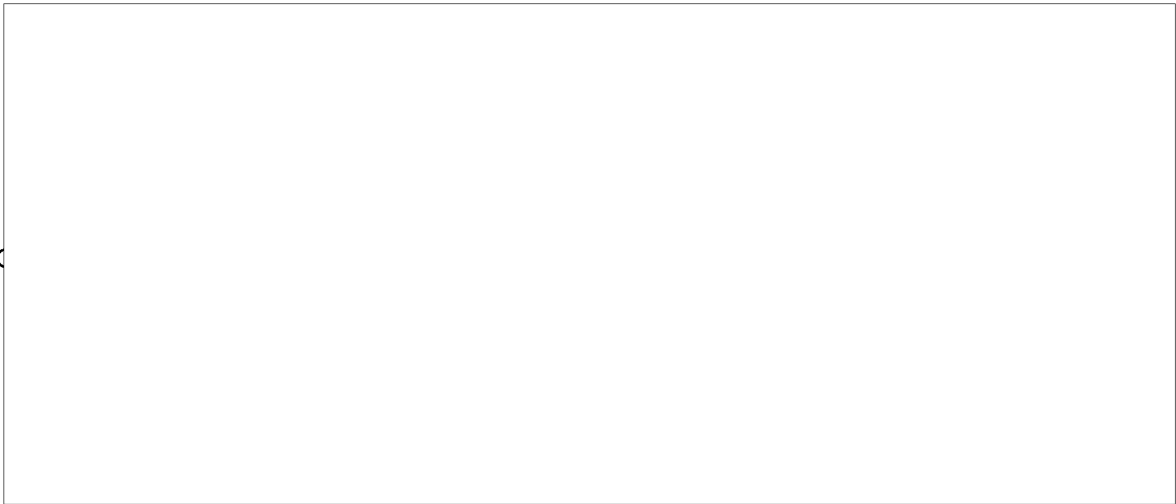
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SOVIET LEADERS ALTER TRAVEL PLANS

10

An unusual amount of current business in July, possibly including a high-level party gathering, has obliged at least two members of the Soviet leadership to curtail foreign travel.



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DE GAULLE'S VISIT TO THE SOVIET UNION

10

The most significant result of the French President's tour of the USSR may be the encouragement it gives other West European states to open bilateral "dialogues" with the Soviets.



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NATO DEVELOPMENTS

13

Despite hints from French officials of limited future cooperation, the basic uncertainty regarding France's military position in the Alliance remains.

Middle East - Africa

PRO-NASIR COUP ATTEMPT FAILS IN IRAQ

14

President Arif's regime appears to have been strengthened as a result of crushing last week's coup attempt by pro-Nasir elements.

SOVIET MILITARY AID TO IRAQ

15

Soviet and Iraqi negotiators, unaffected by the recent abortive coup in Iraq, are working out delivery schedules for over \$100 million worth of military equipment ordered two months ago, including some items new to Iraq.

SECRET

SECRET

- TERRORIST ACTIVITY CONTINUES IN SOUTH ARABIA 16
Nasir apparently hopes to foster the illusion that the British are being driven out and at the same time to prevent the orderly transfer of power to any but a pro-Nasir government.
- CONGO (BRAZZAVILLE) GOVERNMENT NEGOTIATING WITH DISSIDENTS 18
The confrontation between the government and dissident elements of the 1,700-man army has been temporarily checked by the return of President Massamba-Debat from abroad.
- Western Hemisphere
- ARGENTINE MILITARY GOVERNMENT FOLLOWING PRE-COUP PLANNING 19
President Ongania has appointed a cabinet of civilian technicians characterized by the press as Catholic nationalists and conservatives. 25X1
- NEW DOMINICAN PRESIDENT INAUGURATED 20
Balaguer, in his inaugural address, outlined an austerity program, and promised an all-inclusive agrarian reform plan. He apparently plans no immediate sweeping changes in the armed forces.
- GUATEMALAN PRESIDENT PLEDGES GOVERNMENT OF UNITY 21
The newly installed Mendez' first decree lifted the state of siege which had been in effect since early May, although he reminded his inaugural audience that internal security remained a grave problem.
- SURFACE CALM RETURNS TO BRITISH HONDURAS 21
The curfew imposed during last week's rioting has been lifted, but a new outbreak could result from continuing public fear that the UK will allow undue Guatemalan influence in arrangements being made for the colony's independence.
- VELASCO FALTERING IN ECUADOR 22
The ex-president seems to have lost his ability to excite the masses and interim President Yerovi has shown greater vigor of late. However, Velasco's determination to regain the presidency by any means remains a threat.
- BOLIVIA ELECTS A NEW GOVERNMENT 23
With 75 percent of the vote counted, Rene Barrientos and his Bolivian Revolutionary Front are virtually

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assured of victory in last Sunday's national election. Barrientos, lacking a real political base and facing Bolivia's chronic economic troubles, must also contend with the major problem of freeing his government from armed forces control.

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Far East
VIETNAM

Seven of the ten principal bulk petroleum storage facilities in North Vietnam--comprising almost 90 percent of North Vietnam's total storage capacity --were attacked by US aircraft last week. Preliminary analysis of the effects of the strikes indicates that the DRV is probably already experiencing some problems in the distribution of petroleum and that a major reorganization of the import and primary distribution system will be necessary. Despite these difficulties, no serious problems in the immediate availability of petroleum for transport or other essential needs are anticipated.

Preliminary analysis of photography indicates severe damage to the important installation at Hanoi, where virtually all the facilities were apparently damaged or destroyed. The installation at Haiphong--the largest and only import terminal in North Vietnam--apparently was about 38 percent destroyed by the strike on 29 June, but a number of tanks remained intact. The three oil jetties also were undamaged. This target was struck again on 7 July.

Initial information indicates that damage to the other five in-

stallations was less severe and that some capacity and stocks remain.

Propaganda Reaction to
POL Strikes

The Communists drew on the US air strikes to freshen up their routine propaganda attacks on US policy in Vietnam. None of the statements indicated that the strikes had generated any basic change in the attitude of Hanoi, Peking, or Moscow.

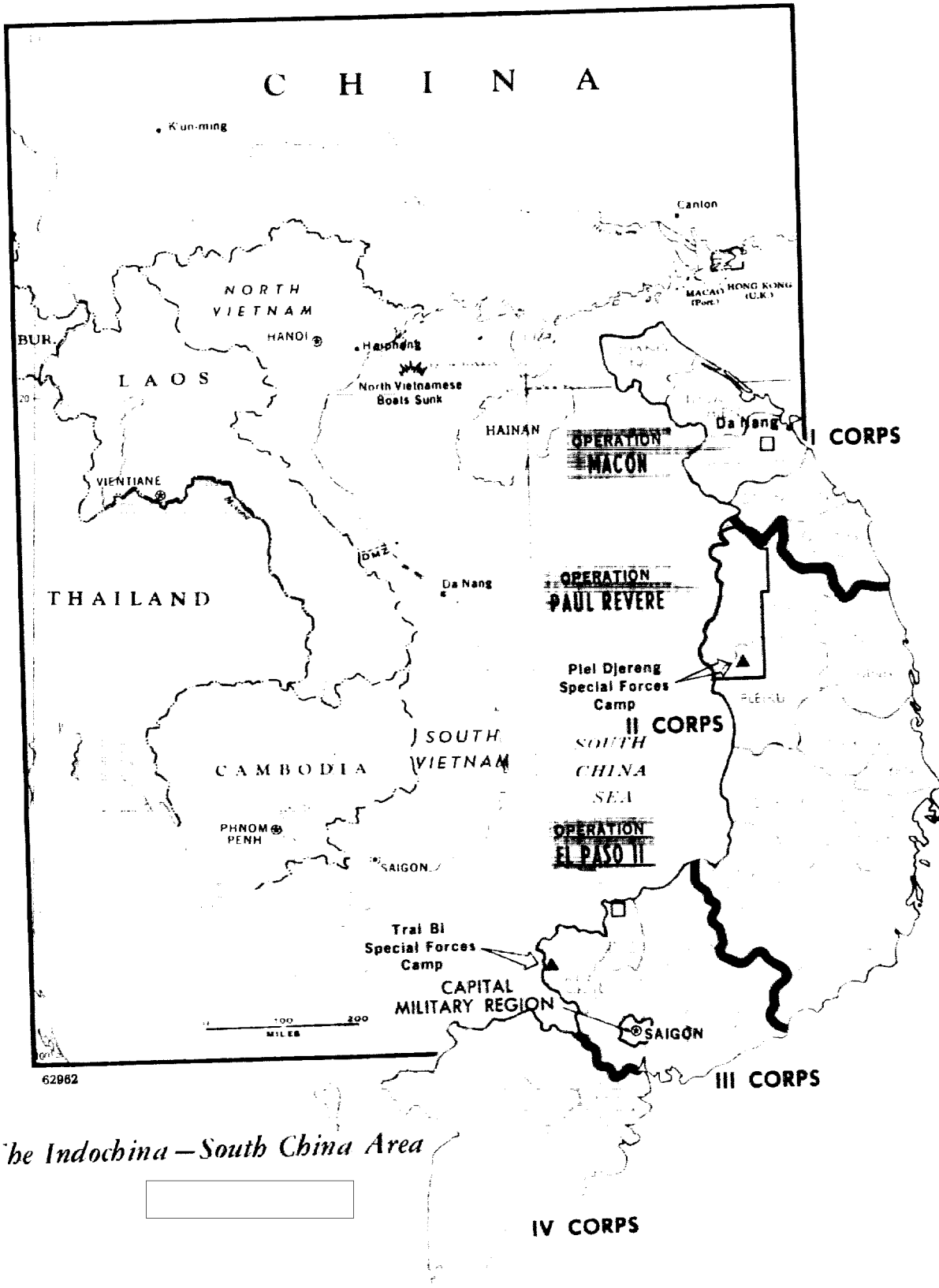
Hanoi called the strikes a new escalation of the war but limited its threats of retaliation to promises that the Liberation Front would attack US forces in South Vietnam. It also played up the air strikes as being directed primarily against civilian targets. Although Peking and Moscow echoed this line, neither pictured the strikes as necessitating any comparable escalation of Chinese or Soviet support for Vietnam. The propaganda threat of foreign volunteers in Vietnam was revived for the first time in many months--this time by North Korea.

Peking used the strikes to illustrate "collusion" between the US and the USSR to force a peaceful settlement of the war

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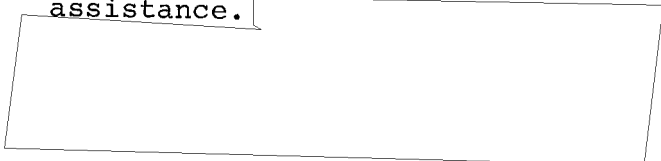


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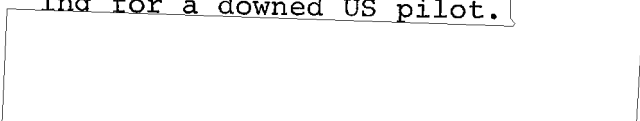
on the Vietnamese and contrasted alleged Soviet perfidy with the faithfulness of Chinese support. Peking's reiteration of support, however, was standard and did not imply any greater Chinese involvement, making it clear that the Chinese expect the Vietnamese themselves to carry the primary responsibility for conducting the war.

Soviet criticism of the US action was very restrained. The government issued a formal statement and both Brezhnev and Kosygin promised continuing Soviet assistance.



DRV Navy Loses
Three Torpedo Boats

North Vietnam lost one fourth of its small patrol/torpedo boat fleet on 1 July when three boats were sunk in the Gulf of Tonkin southeast of Haiphong. The naval craft were apparently trying to intercept two US destroyers which had been searching for a downed US pilot.



Military Action in South Vietnam

Major allied and Vietnamese search-and-destroy operations along the Cambodian border, in the north-central coastal plain, and in the Mekong Delta continued to inflict heavy losses on the Communists last week.

In Binh Long Province, 65 miles north of Saigon, elements of the US 1st Infantry Division re-established heavy contact with an estimated two Viet Cong battalions on 2 July after killing more than 300 Communist troops in an abortive enemy regimental-strength ambush on 30 June. Once again enemy losses were high, and, by week's end, units conducting the month-old Operation EL PASO II had killed more than 600 Viet Cong and captured or destroyed considerable quantities of war materiel.

In the central highlands, elements of the US 25th Infantry Division and Vietnamese Special Forces troops reported several heavy contacts with Viet Cong and North Vietnamese Army (PAVN) units during the conduct of Operation PAUL REVERE in Pleiku and Kontum provinces. Since 9 May, the border surveillance ground sweep has cost the Communists serious reverses in the high plateau region, including the loss of 550 men killed and 71 captured.

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However, the disruption of anticipated Communist offensive activity in the Binh Long and Pleiku-Kontum areas during the rainy season has not been cheap. The combined allied casualty toll stands at 200 killed (162 US), 692 wounded (580 US), and 27 missing (one US).

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In northern coastal Quang Nam Province, US Marines killed 72 members of an estimated Viet Cong battalion during the opening phase of clearing/security/

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pacification Operation MACON southwest of Da Nang on 4 July.

The pattern of allied success was repeated in the delta provinces of Vinh Long and Kien Hoa, where South Vietnamese Army (ARVN) units killed 264 Viet Cong in separate engagements on 5 and 6 July.

Communist-initiated military activity during the week was highlighted by mortar attacks on 2 and 3 July against US/Vietnamese Special Forces camps near the Cambodian border in Pleiku and Tay Ninh provinces, and by a penetration assault against an ARVN battalion-sized outpost in Binh Dinh Province on 6 July.

Political Developments In South Vietnam

In a formal communiqué, the Buddhist Institute on 3 July called for a period of good will between the Saigon government and the Buddhists, indicating that it would cease opposition at least until an extraordinary session of its parent organization, the Unified Buddhist Association (UBA), convenes in a few weeks.

This latest Buddhist position was apparently made possible by conciliatory letters from Premier Ky to moderate Institute Chairman Tam Chau last week which promised reparations for damaged pagodas and clemency for Buddhist clergy members and lower ranking non-Communists involved in the "struggle" movement. Immediately after the Buddhist communiqué was issued, the government responded by releasing about 300 prisoners--including some 100 Buddhist monks and nuns.

The UBA conference may extend the truce for lack of any real alternative. No change of heart is likely, however, among its political activists, who are responsive to militant monk Tri Quang and have built the UBA into a formidable political force, primarily in central Vietnam. Formal UBA participation in the September elections does not seem likely at this point. The UBA, however, could still exert some positive influence by unofficially supporting candidates on the local level.

Despite the public dialogue with Tam Chau, the government is not relying on many persons close to the Buddhist Institute.

Premier Ky's new cabinet, the formal announcement of which was again delayed, may retain the one minister close to the institute, but his responsibilities are likely to be reduced.

Meanwhile, the government has arrested and may court-martial five generals, including former I Corps commander General Thi, who were involved in the recent antigovernment movement.

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SUKARNO'S POWER DWINDLING

Indonesian leaders have made decisive and perhaps conclusive gains in their phased campaign to relieve President Sukarno of his power.

The nation's top policy-making body, the Provisional People's Consultative Assembly (MPRS), on 5 July revoked Sukarno's life presidency but allowed him to remain in office until an elected congress, to be chosen in the next two years, takes further action. Sukarno's title, "Great Leader of the Revolution," was declared honorary and not a source of executive authority. A special committee will review presidential decrees to determine which are constitutional. In a speech to the closing session of the MPRS on 6 July, Sukarno announced that he accepted that body's decisions.

The MPRS has decreed that a new cabinet shall be formed by mid-August by General Suharto, army commander and a member of the ruling triumvirate, and Sukarno.

The MPRS confirmed Suharto's earlier ban on the Indonesian Communist Party and outlawed the "propagation of ideology or teaching of Communism/Marxism-Leninism."

The MPRS also urged the government to rejoin the United Nations and the International Monetary Fund. It has recommended that Indonesia follow a "free and active" foreign policy, thereby endorsing the government's efforts to disengage from Sukarno's pro-Peking line.

The MPRS session interrupted informal Indonesian-Malaysian talks toward ending confrontation but these probably will resume again shortly. Despite the present regime's announced desire to end confrontation and its successful downgrading of Sukarno, who had pressed an anti-Malaysia policy, it insists that confrontation cannot be formally ended until a "reaffirmation" of public opinion is held in Malaysia's Borneo territories on membership in the federation. Moreover, Indonesia has not abandoned its campaign of subversion and paramilitary operations against Malaysia.

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SOUTH KOREANS TIGHTEN SECURITY MECHANISM

Intensified North Korean efforts to infiltrate agents are spurring Seoul to improve the effectiveness of its security apparatus.

South Korean response to scattered acts of violence committed by Communist agents, beginning with the brutal murder late last year of an army colonel and his family, has pointed up the poor cooperation between the South Korean security services and their shortage of equipment needed to respond quickly and effectively to North Korean agent activity. Rugged terrain which impedes rapid deployment of security forces to remote areas and offers ready concealment for enemy infiltrators is an added handicap.

Recent Communist activity appears to have adapted to meet the new situation resulting from the normalization of Japanese - South Korean relations and the deployment of Korean troops to South Vietnam. To the usual objectives of gathering military intelligence, fomenting disorder, and creating a Communist apparatus, the Communists apparently

have added individual terrorist acts ranging from murder to the attempted hijacking of fishing vessels on the high seas. [REDACTED]

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To remedy the situation, the government plans to establish integrated command control centers tied into a single national command headquarters. The new system will include 200 nine-man police "sweep" teams deployed to cover known land and sea infiltration routes. These teams are to be trained and supported by the army's special forces. Funds are being made available to procure arms, vehicles, and communications equipment for the teams.

The security services are also under orders to improve their capabilities to detect, watch, and apprehend agents already in place. [REDACTED]

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POLITICAL DEVELOPMENTS IN COMMUNIST CHINA

On 1 July the People's Daily described the recent political upheaval in the past tense as a "counterrevolutionary coup" which had been thoroughly crushed. Subsequent pronouncements in Red Flag, another journal of the party central committee, indicate that an intensive search for enemies of the regime is to be continued.

A People's Daily editorial on 1 July commemorating the 45th anniversary of the Chinese Communist Party, asserted that the plotters, who were not mentioned by name, had schemed their way into high positions in the party, army, and government. Their objective, the paper charged, was to carry out a Khrushchev-style coup and restore "capitalism." This coup attempt was said to be in the same class with unsuccessful plots by high officials in 1953 and 1959 to usurp power.

The editorial published brief quotes praising Mao's thinking by his four lieutenants --Liu Shao-chi, Chou En-lai, Lin Piao, and Teng Hsiao-ping--as if to demonstrate that the plot was put down by a leadership unified under Mao. Another apparent attempt to show which leaders are in good standing was the turnout of high officials at the Peking airport to greet Chou En-lai on his return from abroad on 1 July. Liu Shao-chi and Teng Hsiao-ping

were there, as were four other politburo members, an important military official (Yeh Chien-ying), and Tao Chu, the powerful party boss of the Central-South Bureau. The failure of Mao and Defense Minister Lin Piao to show up is not necessarily significant since neither appears regularly in public.

Red Flag indicated on 1 July, however, that more political turmoil is to be expected. It declared that "revolutionary leftists" in the party are still locked in a struggle against "antiparty, antisocialist representatives of the bourgeoisie." This was the label implicitly pinned on senior politburo member Peng Chen, whose downfall became public knowledge in June. Red Flag advised party inquisitors not to be intimidated by any man's "rank, past working experience, and age," but to act freely and boldly in their efforts to distinguish "genuine from sham revolutionaries."

Red Flag identified one "sham revolutionary" as Chou Yang, long-time party cultural spokesman who is now alleged to have led an antiparty clique for 30 years. The charge is no more believable than that leveled against Peng Chen. Chou's harshly anti-intellectual speeches, especially in recent years, have

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seemed a faithful reflection of Mao's own thinking on intellectuals.

The "cultural" purification drive which is sweeping China has not only led to the downfall of high officials, but is also producing an atmosphere of apprehension and even terror at lower levels. Red Flag revealed that hundreds of millions of people are caught up in the campaign, busily exposing "counterrevolutionary and revisionist elements."

Most high schools and universities suspended classes in May, to allow students to spend all their time in demonstrations against allegedly disloyal students, teachers, and officials.

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Europe

YUGOSLAV PARTY CRISIS

Tito's removal of his heir apparent, party secretary Rankovic, and the impending party reorganization and purge have created the first party crisis in Yugoslavia since the upheavals in the mid-1950s when Milovan Djilas challenged the regime's one-party system. Rankovic had been a top leader and Tito's trusted friend since their partisan days in World War II.

Tito plans a complete overhaul and purge of the party and has established a 40-member commission to work out the details. The commission's membership--more than one fourth of the cen-

tral committee, including many top leaders--suggests that the expected transformations will be extensive and makes certain the adoption of its recommendations, possibly at an extraordinary party congress later this year.

Tito apparently became alarmed at some of the activities and methods Rankovic was using to widen his power base in the regime, and possibly saw a threat to his own authority. The 1 July plenum, which forced Rankovic's resignation as party secretary, was told that he had attempted to use his control of

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the secret police to place his own followers in key positions around the country and to intimidate top officials. [redacted]

[redacted] Rankovic may have attempted, unsuccessfully, to extend his power and influence into the army, which has long supported Tito, a move the Yugoslav leader would have viewed with special alarm.

In the accusations made against Rankovic there were explicit attacks on his conservatism and opposition to the economic and political reforms instituted in the last few years. The object of these policies has been to remove the party from direct control of all aspects of political and economic life and to transform it into a guiding ideological force which would exercise influence in the formulation of policy by persuasion, not command. Rankovic probably saw in these policies a trend that would undermine party control of the country, and thus his own authority, after he succeeded Tito.

Rivalries among the Yugoslav nationality groups, particularly between the Serbs and Croats, are likely to be exacerbated by the action against Rankovic. Rankovic's conservative outlook made him the champion of those elements in the Serbian and other republic parties who saw the reforms as a program which would injure the less-developed regions of Yugoslavia to the benefit of Croatia and Slo-

venia. Rankovic, a Serb, was politically strongest in his home republic. He also had a following among the many older, middle-level and lower ranking party members who feared that liberalization and economic reform would mean loss of jobs, prestige, and influence. Conversely, the Croats and Slovenes will view the latest developments with satisfaction.

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The political demise of Rankovic reopens the question of a successor to the 74-year-old Tito and enables some of Yugoslavia's young liberals to emerge as potential candidates. Although the position of party secretary and President of the Federal Assembly Edvard Kardelj has been almost automatically enhanced, he has displayed few leadership qualities. Veljko Vlahovic, the other party secretary, does not appear to have yet established a power base from which he could bid for the top spot.

Mijalko Todorovic has been elevated to replace Rankovic as party secretary and presumably will assume Rankovic's former duties as organizational secretary. His new prominence may put him in a good position to challenge Kardelj and Vlahovic. Another who seems to have been thrust upon the national scene is Krste Crvenkovski, party leader in Macedonia, who headed the commission which investigated Rankovic and called for his resignation. [redacted]

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SOVIET LEADERS ALTER TRAVEL PLANS

An unusual amount of current business in July, possibly including a high-level party gathering, has obliged at least two members of the Soviet leadership to curtail foreign travel. There are indications that a party meeting may be convened in midmonth to prepare for a session of the Supreme Soviet scheduled for early August.

On 24 June TASS announced that Premier Kosygin's state visit to Sweden, postponed once and rescheduled for 18 to 24 July, had been postponed indefinitely because of "unexpected circumstances." [redacted]

[redacted] the Supreme Soviet session called for 2 August was the reason for the postponement, since Kosygin would need time to prepare for the session.

[redacted] A further hint that a high-level gathering may be in the offing was provided by Soviet Ambassador to the US Dobrynin who said on 25 June that he would probably be leaving for Moscow on 10 July. He is a member of the central committee.

The 2 August Supreme Soviet session, in addition to attending to the pro forma business of re-forming a government in the wake of last month's elections, may consider some important measures requiring prior confirmation by the central committee.

The Soviet leaders' docket for July, Kosygin's in particular, is crowded, with the Warsaw Pact meeting in Bucharest and a number of visits by foreign dignitaries scheduled toward the end of the month. India's Prime Minister, Mrs. Gandhi, is slated to visit Moscow from 12 to 16 July. UN Secretary General Thant will confer with Soviet leaders from 25 to 28 July and Iraq's Premier Bazzaz is to arrive on 27 July. [redacted]

DE GAULLE'S VISIT TO THE SOVIET UNION

The most significant result of De Gaulle's 20 June - 1 July tour of the Soviet Union may be the encouragement it gives other West European states to open bilateral "dialogues" with the USSR. Both sides apparently see advantage in giving cautious impetus to detente in Europe. The joint declaration issued

after the visit stresses the "decisive contribution" toward detente made by France and the USSR and the need to draw others to their efforts.

The forms of future French-Soviet contact are laid out in the joint declaration's call for mutual consultations on bilateral and

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international relations, the establishment of a Paris-Moscow "hot line," and the creation of a joint commission to oversee fulfillment of the two economic and scientific technical agreements signed during the visit. The frequency and level of the "mutual consultations" were not specified, but they may include semi-annual meetings of the foreign ministers such as took place last year.

As expected, the declaration revealed considerable Soviet-French accord on disarmament, the UN, and Vietnam

On the question of Germany and European security arrangements, the declaration merely noted that both sides "exchanged their views."

At the outset of their talks, Brezhnev made clear that Moscow's position on Germany was not negotiable. He stressed the well-worn doctrine that there are two German states, and indicated that any discussions with the West on Germany would have to proceed from acceptance of that fact.

De Gaulle probably views the visit as a success, however, in placing France in the forefront of those nations seeking a European settlement. Despite some acknowledgement that the US has a role to play in that settlement, De Gaulle probably believes that he has taken a significant step toward the day when it can be primarily the work of the Europeans themselves.

The Soviets displayed exceptional public cordiality and deference toward De Gaulle including an invitation--unprecedented for a Westerner--to view an ICBM and satellite launching. Reference in the Soviet-French declaration to the encouragement of "an atmosphere of detente" and a "normalization and then gradual development of relations between all European states" indicates Moscow's intent to continue its present policy toward Europe. The Soviets in recent months have been projecting an image of reasonableness and responsiveness, holding out the prospect of fruitful relations with those who will follow the "realism" of French policy.

Most other West European capitals have reacted to the trip more with relief than enthusiasm. De Gaulle's firm position on Germany has pleased Bonn and eased the way for a cordial reception when he visits Germany later this month. The impression of De Gaulle working for a European detente without finally breaking with the West appears temporarily to have muted criticism from other European capitals.

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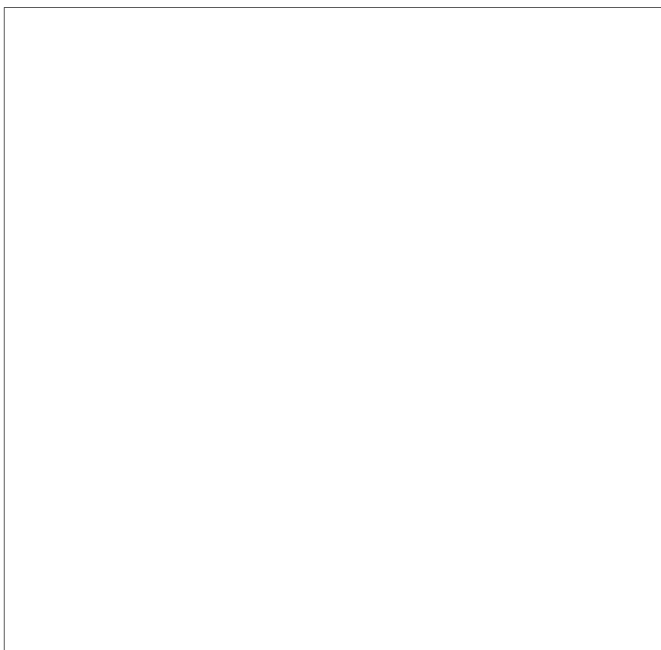
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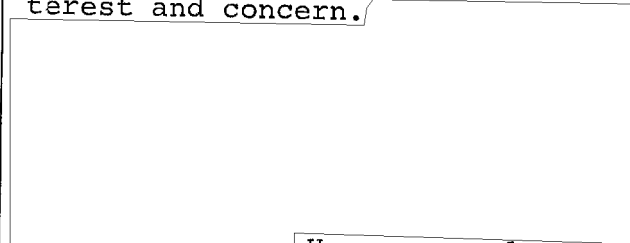
NATO DEVELOPMENTS

Despite hints from French officials of limited future co-operation, the basic uncertainty regarding France's military position in the Alliance remains.



While the French response is thus mild in tone, it seems to involve neither a retreat from previous positions nor any commitment regarding the future mission and role of the French forces. Following the cabinet meeting on 6 July, the French minister of information stated France would remain in Germany if Bonn desired and the French troops would participate in common defense--provided the French Government had decided they should be engaged.

Reports that France might not deny all financial support to NATO have aroused mingled interest and concern.

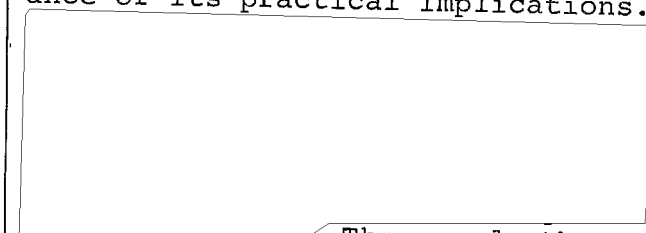


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However, welcome such financial support might be, some of the Allies question whether France should be permitted to be "half an ally," choosing those NATO activities of interest to it, while leaving the other members to finance the rest.

Continuing ambiguity in the French position probably reflects a combination of negotiating tactics, the absence of final decisions by De Gaulle, and perhaps some difficulty in reconciling the idea of continued membership in the Alliance with nonacceptance of its practical implications.



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These and other such basic questions are presumably taken up in the dossiers prepared for De Gaulle's consideration following his Moscow trip and before his visit to Bonn later this month.

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Middle East - Africa

PRO-NASIR COUP ATTEMPT FAILS IN IRAQ

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Iraqi President Arif's regime appears to have been strengthened as a result of crushing last week's coup attempt by pro-Nasir elements. The regime put down the uprising within a few hours after it began on 30 June. The dissidents were led by former premier Razzaq, who was also responsible for a similar effort that miscarried in September 1965.

in northern Iraq, where the commander of the 4th Infantry Division had joined the conspiracy and taken control of the airport. Other rebel units seized a Baghdad radio station and began issuing proclamations from the "Council of the Revolutionary Command" over Razzaq's signature. The regime, however, was aware that a coup was in the making, and the Republican Guard, together with other loyal military units, moved quickly to defend the palace and restore order. Razzaq and most of the other prominent participants in the abortive effort have been arrested.

The Egyptians' failure to give Razzaq any material assistance probably will make possible the maintenance of a facade of normal relations between Baghdad and Cairo, as was the case following Razzaq's failure last fall. Premier Bazzaz has already publicly described the coup attempt as "a domestic incident" for which the government does not "accuse anyone outside Iraq." Nasir, nevertheless, may now have more difficulty in getting the Iraqi Government to cooperate in his proposed alignment of "progressive" Arab states.

The uprising began in mid-afternoon with an air attack against the Presidential Palace in Baghdad. The attacking MIG-17 jet fighters came from Mosul,

Arif's success in suppressing the pro-Nasir uprising may help to ease relations with Iran. The Shah's fear that Nasir would use Iraq as a base for subverting Iran

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has been a major cause of strain between Baghdad and Tehran.

Within Iraq, the stronger position of the Arif-Bazzaz government may now give it a freer hand to continue talks with the rebelling Kurds. The government may also have discourage/ other dissident groups from taking early action against the regime.

SOVIET MILITARY AID TO IRAQ

The USSR and Iraq are working out delivery schedules for over \$100 million worth of military equipment ordered under the fifth Soviet-Iraq arms agreement signed on 5 May. The abortive coup attempt of 30 June in Baghdad has had no effect on Soviet-Iraqi relations.

Iraq's minister of defense was reported to have arrived in Moscow on 28 June to sign delivery contracts. The first deliveries under this agreement probably will take place next spring. Soviet instructors and technicians are scheduled to arrive in Iraq in the last quarter of 1966 in order that basic instruction in the new equipment can be completed before delivery.

The agreement covers equipment for all three services and includes some items--SU-7 Fitter fighter bombers, T-55 medium tanks, 130-mm. antiaircraft guns, Komar guided-missile patrol boats, and a Petya-class submarine chaser--that Iraq has not heretofore had.

The USSR is believed to have completed shipment recently of

18 MI-4 Hound helicopters ordered by Iraq's Ministry of Defense in December 1965. With the completion of deliveries under the fourth arms agreement last year Iraq had received \$390 million worth of military equipment, making it the second largest recipient of bloc arms in the Middle East.

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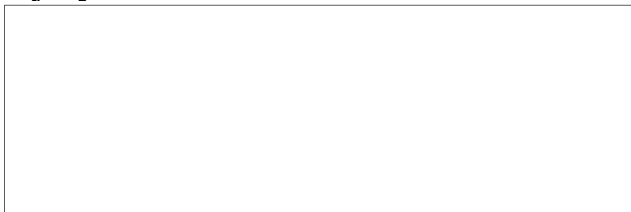
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TERRORIST ACTIVITY CONTINUES IN SOUTH ARABIA

The recent rise in Egyptian-directed terrorist activity in South Arabia suggests that Nasir still hopes to foster the illusion that the British are being driven out and at the same time to prevent the orderly transfer of power to any but a pro-Nasir government.

London's declaration in February that it would evacuate its Aden base and grant independence to the British-created South Arabian Federation (SAF) in 1968 would appear to have deprived the Cairo-backed nationalists of their principal cause for terrorism. Two extreme sub-groups of the Egyptian-backed Front for the Liberation of Occupied South Yemen (FLOSY)--the Arab Nationalist Movement and the leftist National Liberation Front--are close to a break with FLOSY over this issue. Nevertheless, in June there were 86 incidents, and comprehensive stocks of terrorist weapons and equipment have been uncovered.



Plans by FLOSY to set up a South Arabian government-in-exile in Yemen have yet to materialize, and proposed executive elections have been postponed. Neither of the two natural candidates for leadership commands both local and Egyptian support. One is

Aden's former premier Makkawi, whose interests South Arabians suspect center too exclusively on Aden. The other, Adeni labor leader Abdulla Asnag, has counseled legal political methods, objects strongly to continued violence, and is beginning to suspect that FLOSY is supported by Cairo only so long as it serves Nasir's purposes.

Both men are aware that FLOSY is losing ground to the Saudi-backed South Arabian League (SAL) and the SAF. They have recently toured Arab countries, coming up with a statement of support for FLOSY from Algeria. They assert that the British should be discussing the future of South Arabia only with FLOSY. They have also sought to embellish their appeal in South Arabia by claiming that political and economic support from Russia, China, and various Arab states has been promised to FLOSY if it gains control of an independent South Arabia. FLOSY has had to continue its propaganda war against the SAL, which claims to have attracted more adherents from among South Arabian dissidents.

The SAF government has tried to appear independent enough to attract the support of the moderate nationalists but still retain the support of the British. SAF ministers have visited London and received assurances of continued defense and economic aid. Constitutional conferences scheduled for August at Ittihad,

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the SAF capital, will probably be scuttled because it now appears that too many federation states and opposition groups will not attend.

The SAF accepted "in principle"--while FLOSY rejected--the May resolutions of the UN Special Committee that deals with problems of independence in colonial areas. The committee again insisted that the state of emergency imposed by the UK last fall be lifted, that elections be held under UN supervision, and that political detainees be released and exiles be allowed to return. The SAF government has expressed willingness to receive a representative from the UN Secretary General, but has reservations about any mission sent by the Special Committee. The SAF has specified that countries with a special interest in South Arabia, such as Egypt and Saudi Arabia, be barred from any UN commission.

The UK, whose constitutional maneuvers have not satisfied the Special Committee, has its back to the wall. London is reportedly

now considering welcoming UN assistance in bringing independence to South Arabia, provided the UK could continue to guarantee security, operate within the existing constitution (written under its aegis), and hold a veto in the selection of a UN mission.

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CONGO (BRAZZAVILLE) GOVERNMENT NEGOTIATING WITH DISSIDENTS

The confrontation between the radical Congo (Brazzaville) Government and dissident elements of the 1,700-man army has been temporarily checked by the return of President Massamba-Debat from abroad.

With the President's popular appeal and self-confidence on its side, the dominant political leadership seems to have retained the upper hand, and negotiations with the dissidents appear to be under way. In the long run, however, Massamba-Debat and his government will be hard pressed to contain the ideological, tribal, and personal quarrels which were so glaringly exposed during the disturbances.

Massamba-Debat criticized government and party leaders for their handling of the military mutiny in a two-hour speech delivered on his return on 3 July. He said the leadership should have curbed rumormongering rather than contributing to it by its fears and failure to take decisive action. The President blamed the mutiny on a few individuals who he claimed were influenced by tribalism or a counterrevolutionary spirit. He gave no indication of how he would quiet army unrest, noting only that he would undertake a "serious analysis" of the problem.

The government appears to have rejected most of the dissidents' demands. It has refused

to dismiss the 200 or so Cuban soldiers who guarded government and party leaders last week and has launched a campaign to praise the broad scope of Cuban aid to Congo (Brazzaville). Leaders of the regime are said to believe that without the Cubans, the government would have fallen. A recent government broadcast claimed that Cuba will continue to provide not only instructors for paramilitary units but also extensive technical and educational assistance in agriculture and medicine.

Despite opposition from conservative elements in the army, the regime is going ahead with plans to "democratize" the army as called for by the ruling party's central committee last spring. It does not intend to disarm paramilitary units which are under party control, as the dissidents have requested. However, the regime has given some ground by appointing a new provisional army command made up of politically reliable junior officers. The present whereabouts of the unpopular former army chief of staff, Mountsaka, who was arrested by mutinous soldiers, is unknown.

Although Deputy Army Chief of Staff Kimboula claims that most of the army supports the government, a major question is whether the regime actually has the power to flout the dissidents' demands. At last report, the paracommandos were reportedly still holding out.

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Western Hemisphere

ARGENTINE MILITARY GOVERNMENT FOLLOWING PRE-COUP PLANNING

Argentina's new military government, headed by President Juan Carlos Ongania, appears to be following plans established prior to the 27 June coup.

Ongania has appointed a cabinet of civilian technicians characterized in the press as Catholic nationalists and conservatives. Several of the new appointees to the cabinet of junior secretary positions have university backgrounds and are without ties to political groups.



The government has made no frontal attack on the Peronist movement, merely including it in the over-all ban on political activity. The Peronists, in turn, have failed to react against the government's policies.



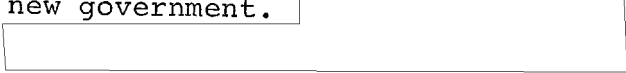
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The Peronists have indicated that they will cooperate with the new regime, but the truce may be broken if it tries to take action against the labor unions. Peron himself made it known that he did not oppose the coup.



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Although most Latin American states have been hesitant about recognizing the new government, Bolivia extended recognition on 1 July and Brazil on 5 July. The nations of Western Europe have begun to resume ties with Argentina and many have already sent formal notes to the new government.



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NEW DOMINICAN PRESIDENT INAUGURATED

Dominican President Joaquin Balaguer set the tone for his administration in a somber, determined inaugural address on 1 July. No untoward incidents marred the swearing-in ceremonies.

The new President stressed that his government would establish the rule of law for both itself and the governed. He made it clear that he does not intend to allow a dissident minority to disrupt the peace and order he claimed three fourths of the Dominican people desire.

He outlined an austerity program of at least six months duration which will begin with salary cuts for an estimated nine percent of the government's work force, including himself. Balaguer affirmed his intention to enforce the law prohibiting public employees from striking by automatically firing all those joining walkouts. The President warned that he intends to put a stop to corruption, privileges, and unearned pensions, which he claimed were making the country a "nation of invalids." He promised that the state-owned enterprises, especially the debt-ridden Dominican Sugar Corporation, would be purged of politics. By a decree of 2 July, Balaguer himself assumed direct control of the sprawling sugar complex to "eradicate political interference."

An all-inclusive agrarian reform program was listed by Balaguer as the most important social reform he plans to initiate.

The newly appointed 13-man cabinet is dominated by nine members who owe their political allegiance to Balaguer. The other three civilian ministers are leading members of the opposition Dominican Revolutionary Party. The only holdover from the provisional government is Defense Minister Enrique Perez y Perez. Although not particularly popular among his fellow officers, Perez y Perez has done a creditable job and his retention appears to indicate that Balaguer plans no immediate sweeping changes in the armed forces.

On the international scene Balaguer quickly ruled out any recognition of Castro's Cuba but has already taken steps to normalize relations with the Duvalier regime in neighboring Haiti. The Dominican Republic will, according to Balaguer, seek closer economic ties with Puerto Rico, whose economy he termed complementary. He also forecast efforts to establish "commercial relations" with "socialist" countries.

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GUATEMALAN PRESIDENT PLEDGES GOVERNMENT OF UNITY

Guatemalan President Mendez in a reasoned and powerful inaugural speech on 1 July pledged responsive and responsible government "representing unity of the nation." He expressed the belief that the armed forces would be loyal to the constitution they had created, reminding them that the law makes him commander in chief. He singled out economic issues and internal security as being especially grave among the many problems facing the country.

Mendez invited guerrillas and terrorists to make peace but warned them not to misinterpret his remarks as weakness. This,

he said, would cause his extended hand to "become a strong fist" to defend the interests of the entire community.

Mendez' first decree was to lift the state of siege which had been in effect since early May. It is too early to tell what, if any, effect this decree will have on the guerrilla-terrorist situation. However, Luis Turcios Lima, the chief of the Communist Party's action arm, stated some weeks ago that his people would continue the battle until the government was toppled.

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SURFACE CALM RETURNS TO BRITISH HONDURAS

With surface calm returned at least temporarily to British Honduras, Governor Stallard on 4 July lifted the curfew imposed during last week's rioting. During the curfew period over 60 arrests were made. Public servants mounted a sit-down strike on 1 July; participation was 50 percent or better in Belize City. Most essential services were continued during the strike, however.

The recent demonstrations stemmed from public concern that mediation of problems connected with independence for British Honduras might open the country to excessive influence from neighboring Guatemala, which has long claimed the area. Stallard,

in a radiobroadcast on 1 July, tried to allay this fear. He stated that the US mediator had not yet terminated his investigation and that only suggestions had been offered thus far in the UK-Guatemalan discussions. The governor assured the people that they would have full opportunity to discuss the final proposals once they were made, adding that the UK would not impose a solution against the desires of the people.

Past statements by UK officials have not reassured the populace and further pronouncements, perhaps even by the US mediator, may be necessary to prevent another outbreak in Belize City.

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VELASCO FALTERING IN ECUADOR

Former Ecuadorean president Velasco Ibarra's arrival in Quito on 2 July failed to live up to advance billing. A maximum of 5,000 persons turned out to welcome him. Although there were sporadic clashes between his supporters and anti-Velasquista elements, there was less violence than expected.

Velasco's poor showing in Quito duplicates performances in Guayaquil on 24 May and Ambato in late June. In all three places Velasco has failed to display his old charisma and been unable to excite the masses as he once did. His former financial backers have not been willing to underwrite his thrust for power and he has been unable to create a bandwagon effect among the politicians and the military.

The determination of the military high command and most students to prevent Velasco from gaining power and the announcement on 30 June of a US loan of \$10 million for budget support have bolstered the weak interim

government of President Clemente Yerovi. Yerovi himself has shown greater vigor of late. Last week he turned back an effort of the Electoral Tribunal to postpone the September elections for the constituent assembly scheduled to convene 3 November. Most major parties favor election of the next president by the constituent assembly, but a number of minor parties and the Velasquistas demand direct presidential elections. In his 2 July speech, Velasco stated that, constituent assembly or not, he will be president again.

Although Velasco's performances since returning from exile have damaged his prestige, he is still the most important political figure in Ecuador.

Velasco's willingness to accept support from any quarter and his determination to regain power by any means will continue to threaten Ecuadorean political stability.

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BOLIVIA ELECTS A NEW GOVERNMENT

With 75 percent of the vote counted from last Sunday's national elections, Rene Barrientos and his Bolivian Revolutionary Front (FRB) have a commanding lead over all other parties. According to official returns, Barrientos and the FRB have won 61 percent of the total vote, virtually assuring Barrientos of the presidency, and the FRB has a majority of seats in both houses of congress.

The Christian Democratic Community, a front for the rightist Bolivian Socialist Falange, and Victor Andrade's faction of the Nationalist Revolutionary Movement are running second and third respectively in a close tally.

The Barrientos regime, scheduled to be inaugurated on 6 August, will face a variety of new and inherited problems. The FRB is not a cohesive, disciplined political force and may disintegrate in the near future. Thus the new president will have to rebuild his political base, possibly moving closer to the right because of military pressure. Barrientos will also be faced with several chronic economic problems, including a budget deficit. The unfamiliarity of

the new leaders with these problems may cause considerable delay in developing an economic program.

The major problem for Barrientos is to restrain the armed forces from trying to regain active control of the government. As in the past, junta chief General Alfredo Ovando is the key to future government-military relations. Ovando reportedly told foreign correspondents on Monday that "the armed forces will observe the new government and will act again if they think that the interests of the people are not well served." Ovando did not set a limit on how long the military would give Barrientos to prove himself.

Before the elections Ovando, in a candid conversation with the US ambassador, said that he was pessimistic about Barrientos' success in governing the country. He also made it clear that he would assume power if the Barrientos government broke down. Thus, if an issue develops between the two men, there could be trouble.

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