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INTELLIGENCE MEMORANDUM**WEEKLY REPORT****PREPARED EXCLUSIVELY****FOR THE****SENIOR INTERDEPARTMENTAL GROUP****DIRECTORATE OF INTELLIGENCE****Office of Current Intelligence**

State Dept. review completed

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22 March 1966

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT: "Intelligence Memorandum: Weekly Report Prepared Exclusively for the Senior Interdepartmental Group"

1. Under Secretary of State George Ball, Chairman of the Senior Interdepartmental Group, and all the other members today expressed themselves as "very pleased" with subject memorandum. In short, we seemed to have hit on content the first time around.

2. Please keep up the good work.

/s/ Richard Helms

Richard Helms
Deputy Director

cc: The Director
D/OCI

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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
21 March 1966

MEMORANDUM: Weekly Report for the Senior Interde-
partmental Group

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1. CONGO: The Congo is making little progress with its multiple problems. Any easing of both short- and long-range difficulties will depend heavily on outside assistance, much of which the US will be asked to supply.

The most tangible and pressing problem is the campaign against the rebellion. With minimal direction from Leopoldville, government forces are pushing the rebels back. Progress is slow; however, west of Lake Tanganyika it is glacially slow. In the north-east the rebels can still move freely over wide areas; near Lake Tanganyika they even retain a limited offensive capability. The US Embassy in Leopoldville observes that the Congolese Army (ANC) "performs with relative effectiveness only when provided air cover, preceded by mercenary spearheads, and goaded by Belgian military advisers." With only about 800 mercenaries and a handful of Belgians in the field, and with much of the civilian population hostile to central authority, the government often can do little except garrison the towns and push the rebels back from the roads and railroads. In the Lake Tanganyika area government forces are not attaining even these objectives. Neither the ANC nor the mercenaries have shown much interest in the rehabilitation of the areas they have liberated. Since the central government lacks the resources to exert pressure, progress in this field will also depend on non-Congolese initiative.

In other areas, General Mobutu's main accomplishment since seizing power last November has been clamping down on Leopoldville's freewheeling politicians. He is trying, without much success, to control the network of personal and tribal ties which since independence has served the Congo in lieu of an administrative structure. Mobutu is also attempting to rehabilitate the economy, but his efforts are vitiated by a gradual decay in the country's infrastructure, by continuing rebel activity, and more generally by a complete inability at all levels to administer a country as large and diverse as the Congo.

Belgium is likely to be less forthcoming under its new conservative-oriented government than in the past two years. The present program involves principally some 2,500 Belgians in administrative, technical,

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and military assistance and some \$2 million annually in materiel for the armed forces. Spaak's departure from the Foreign Ministry and strong pressures for fiscal economy are expected to militate against greater Belgian activity in the Congo. The level might decline in the absence of pressure from the US and the Belgian business community, which is relatively optimistic about its prospects for survival and profits.

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2. DOMINICAN REPUBLIC: The possibility that Bosch may boycott the 1 June elections has serious long-range political implications. Such a boycott would undercut the willingness of many Dominicans to accept his rival, Balaguer, as the country's legitimate leader. If Bosch or some other suitable "constitutionalist" does not run, extreme leftists will find allies among the non-Communist left for expected efforts at insurgency against any moderate or conservative regime. Even if elections are successfully held, they will not ensure stability in view of the bitter divisions remaining from the revolution.

Bosch will probably postpone his decision as long as possible and will keep open a line of withdrawal to the end of the campaign as he did in 1962. He has charged that terrorism and violence make a campaign impossible and privately has threatened that his Dominican Revolutionary Party (PRD) will abstain. In a conversation with Ambassadors Bunker and Bennett on 16 March and in a speech on the 18th Bosch kept open his option to withdraw.

Bosch probably hopes these threats will persuade the provisional regime and the OAS to negotiate with him. From them he hopes to secure campaign guarantees for the PRD and protection for any government he may head. In the meantime, Bosch is preparing the PRD for a campaign.

Even if Bosch's demands were satisfied, it is not certain he would run. His decision will take into account his judgment on whether he can win and then remain in office. At this reading he appears pessimistic on both counts. With patronage in mind, PRD politicians will press for a chance to win at the polls. If Bosch does sideline himself he is likely to lose his influence over the "constitutionalist" movement to someone like Caamano. Therefore, rather than boycott the elections, Bosch may seek to delay them.

It is uncertain which candidate a postponement would favor. Postponement, however, would mean that the OAS would have to continue backing a provisional regime that has little support of its own and has pursued some unsatisfactory policies. It would certainly lead to charges that Garcia Godoy was again giving in to the left.

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3. EASTERN EUROPE - STALIN: An important consequence of the forthcoming Soviet Party Congress may be its disruptive effect in Eastern Europe, if, as seems likely, for domestic political reasons in the USSR, there is a partial rehabilitation of Stalin and by implication a further denigration of Khrushchev.

Almost all the leaders of Eastern Europe would prefer that these issues remain dormant. Both Moscow and Eastern Europe are well aware of the explosive content of the Stalin question, and they can be expected to make a strenuous effort to contain the repercussions. But once the Soviet party states a new position there will be pressures for each Eastern European party to take its own stand. In so doing there is the danger of disturbing the delicate equilibrium of political adjustments and policy compromises on which these regimes have settled.

The issue would arise most sharply in Poland, Hungary, and Czechoslovakia. The relatively liberal policies there could not be reversed without risk of political instability. There is already factionalism in these regimes and it would be dangerously intensified by any rehabilitation of Stalin in Moscow. Stalinists would take heart and try to check any process of liberalization, including trends toward better relations with the West. Liberal elements, taking alarm, would seek to strengthen themselves, possibly by forcing the tempo of liberalization and by urging greater independence from Moscow. In this event they might look to the US for moral or material support.

In Bulgaria an element of "liberalization" has lately crept into party leader Zhivkov's policies. To fall in behind Moscow on the Stalin question would imply a reversal of policy by him. Such a change now would lose him prestige and authority in his own party and thus impair the stability of his regime and perhaps bring on another attempt to overthrow him.

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The East German party has never fully abandoned the policies and methods associated with the Stalin period. Even though there may be sympathy within the party for a rehabilitation of Stalin the matter would have to be handled carefully to avoid untoward popular reaction.

The Rumanian party is guided almost solely by considerations of national self-interest independent of the actions or policies of the CPSU. If Moscow tried to force Bucharest to back its line on Stalin, the Rumanians would resist vigorously.

Even if Moscow approaches the Eastern European states with caution and forbearance on this delicate issue, there would still be a good chance that political divergence and ideological disarray within the Soviet bloc would increase. While the US might find in these circumstances an opportunity to extend its influence in Eastern Europe, it might also need to re-evaluate some of the assumptions on which the present policy of "bridge building" rests.

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4.3. INDONESIA: The army's apparent assumption of power in Indonesia will not automatically ease difficulties with the US, some of which arise from deep-seated anti-Western sentiments.

Indonesia's continuing confrontation with Malaysia and the anti-Western context of Indonesian foreign and domestic policy--based in mistrust of the West and fueled by Indonesian nationalism--are the most likely sources of US-Indonesian difficulties. In addition, army leaders apparently believe--as does Sukarno--that an external focus assists in maintaining the country's national unity and stability. Confrontation with Malaysia, therefore, seems likely to continue even if on a reduced scale. The virulent anti-Westernism in both foreign and domestic policies promoted by Sukarno may become more shadow than substance, but residual expressions of it are likely to remain. Chief among them is the possibility that Indonesia may take over American oil properties in Sumatra.

Paralleling such expressions of anti-Westernism are likely to be requests for "under-the-table" US economic assistance. Only a few days ago moderate elements in both military and civilian circles who are hypersensitive to any indications of US approbation, were still claiming that the domestic situation precluded direct assistance from the United States. Apparently these elements fear that they will be tagged as US puppets not only by Sukarno, the banned Communist Party, and the leftist and extreme nationalist elements that look to Sukarno for support, but also by provincial xenophobic elements which are wary of any possibility of US interference. Sukarno, who believes the US is ultimately responsible for recent political changes in Indonesia, will maneuver to retrieve the initiative and will certainly claim US involvement as one of his major themes.

Other problems--more irritants than difficulties--include limitations on US films, books, and student exchange, and discrimination against US official and private aircraft. In addition, Indonesia's economic situation has so deteriorated that Djakarta is at last largely insolvent and can no longer meet medium- and long-term debt payments to the US.

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5. ~~4~~ IRAN: Dangers to the US position in Iran may develop out of the Shah's policy of improving relations with Communist countries and accepting aid from them. He has taken pains to emphasize to US officials that he does not intend to change Iran's basically Western orientation. There is no reason to doubt this statement, but he has gained a flexibility in both international and domestic politics which may cause us trouble.

The Shah probably attributes his successes in the last few years primarily to the correctness of his assessment of Iran's leverage in world affairs. He appears to believe that the White Revolution he is guiding has made his regime more widely accepted than ever before. The lack of internal opposition, due both to police suppression and to inherent opposition weaknesses, has freed him from the need to consider political susceptibilities. An improved economic situation requires less reliance on American grants and loans.

Thus, for the first time, the Shah can do something about his old complaints that the US takes Iran too much for granted, that it treats enemies better than friends, and that American military aid does not meet real Iranian needs. The Shah has accepted a steel mill from the Soviet Union after failing to secure one from Western countries, has secured a \$200,000,000 credit authorization from parliament for arms procurement, and has implied that if the US cannot meet his military needs he will go elsewhere. He is also pressing the international oil consortium greatly to expand its exports of oil in order to produce the foreign exchange needed for the steel mill, and other ambitious projects.

Many Iranians interpret the increasing closeness of contacts between Iran and the USSR as a sign that the US is on the way out and that advantage is to be gained by becoming anti-American. As in past periods of rapprochement, activities of the Iranian Communist Party are also likely to find increasing popular acceptability, but it will be hard to translate this into political influence.

The Shah clearly retains the power to maintain a balance in public opinion. However, if he chooses not to do so energetically, this is likely to cause additional difficulties for the US.

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6. NATIONALIST CHINA: Chinese Nationalist frustration, arising from recent diplomatic setbacks and losses incurred in Straits incidents with mainland forces, has put Taipei in a restless mood which might lead to actions adversely affecting US interests.

Sporadic clashes with Communist forces in the Straits continue, and at any time either party could raise the tempo of the incidents. Nationalist reverses in the Straits during 1965 included the loss of three patrol craft and one plane. Taipei is sensitive to these setbacks [Redacted]

[Redacted] A stepped-up rate of clashes could in time lead to a Communist reaction against one or more of the off-shore islands. This might in turn eventually jeopardize the defending forces which constitute about 20 percent of the Nationalists' total ground forces. The US thus would face the dilemma of keeping the lid on without antagonizing Taipei or provoking Peking.

The problem of Chinese representation in the UN has long unsettled Taipei. The Nationalists are planning steps to avoid an adverse vote in the next UNGA session. Taipei will expect continued US diplomatic support even should it lose its seat to Peking. Finding a mutually acceptable formula for this support--probably involving a choice between continued recognition of Taipei as the government of China, or merely as the government of Taiwan--could strain our relations with Taipei, antagonize some friendly governments, and exacerbate US relations with Peking's supporters.

Finally, the succession to President Chiang Kai-shek is complicated by the tenuous state of health of his son and heir apparent, Defense Minister Chiang Ching-kuo. Since vice president designate Yen has little political support, Ching-kuo's elimination as a power center would create a vacuum resulting in a possible struggle for leadership. Confrontations between army, security force, and Taiwanese elements could result in rapid deterioration of Taiwan's internal security and possible Communist involvement. [Redacted]

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7. THAILAND: Two broad problems pose the challenge to US policy in Thailand. The first is the dramatic growth of Communist subversion over the past 18 months. The second problem, Thai-US relations, is subtly related to the rise of insurgency, but is more immediately an aspect of the Vietnam problem. The burgeoning US military presence in the countryside has produced inevitable strains, and the Vietnam situation will almost inevitably raise key questions of national interest in Bangkok.

When the first warnings were received in late 1964 that the Communists were preparing to do more in Thailand, Thai leaders expressed confidence in private that they could handle the situation. In public, Bangkok seized on the nascent insurgency to hedge on promised political reforms and an end to martial law. As the pace of Communist terrorism, recruiting, and training turned upwards in the last half of 1965 and as Peking's involvement became clearer, complacency gave way to concern in Bangkok. Plans were made to meet the problem. These plans, emphasizing security and economic aspects, may not go far enough. Although the government has made important gains in recent months in getting better intelligence on the insurgents and acting on that intelligence, the indications are that the insurgency is still growing. At the same time, the military oligarchy has demonstrated a certain insensitivity to the politics of insurgency and the ways in which political measures can be used to meet the political vacuum in the countryside.

Bangkok's political posture has been further complicated by the increasing US military involvement in South Vietnam. As Thailand's own indirect participation in the war has grown, however, signs have appeared that some Thai leaders are beginning to question how far Thailand can go in accommodating US requests without jeopardizing its own national interests. Peking's "warnings" that an "armed struggle" will break out in Thailand if the government continues to permit the US to use Thai territory and reports that Communist propaganda is, for the first time, receiving a sympathetic hearing among students in Bangkok, can only feed Bangkok's apprehensions.

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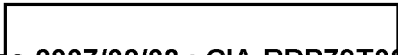
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