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INTELLIGENCE MEMORANDUM

WEEKLY REPORT

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FOR THE

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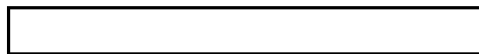


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C O N T E N T S

|   | <u>Page</u> |
|---|-------------|
| 1. USSR . . . . .                                   | 1           |
| 2. Chinese Communist Grain Negotiations . . . . .   | 2           |
| 3. Aden and the Federation of South Arabia. . . . . | 3           |
| 4. Ethiopia . . . . .                               | 4           |
| 5. Ecuador. . . . .                                 | 5           |
| 6. Bolivia. . . . .                                 | 6           |

4 April 1966



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25X1

~~SECRET~~

1. USSR

Neither Stalin nor Khrushchev has been mentioned by name at the Soviet party congress, which has now passed the mid-way point. The party leadership, however, has made clear its feeling that Khrushchev's attack on Stalin and all his works, which began ten years ago, has helped to erode the party's authority and prestige and that a re-evaluation of the Stalin era is now required.

The question is so far being treated very gingerly. It may be that the advice of foreign Communist leaders and the warning addressed to Brezhnev by prominent members of the Soviet intellectual community have persuaded him to proceed cautiously. Brezhnev's keynote speech to the congress was noticeably circumspect in its indirect references to Stalin and Khrushchev.

There is good reason to suppose that countervailing pressures have been at work--from neo-Stalinists on the one side and from leading members of the intelligentsia on the other--and there are some signs the party hierarchy itself is not of one mind on how far and how fast to go in altering the historical record on Stalin.

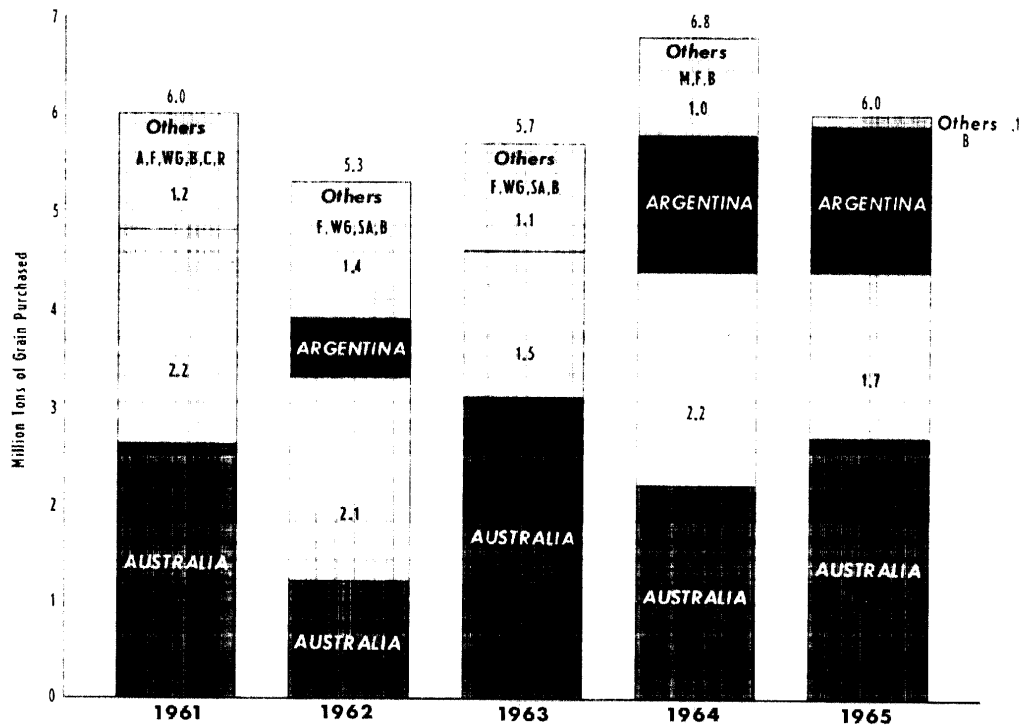
The congress has unmistakably given impetus to the process of tightening discipline within the party and of establishing closer control by the party in all walks of Soviet life. Some of the changes in party forms announced at the congress, including the re-establishment of the politburo and of the title general secretary, are reminiscent of the Stalin era. An effort will also be made to "purify" the party membership and to restore the idea of an elite corps.

These steps, together with the clear signals that a crackdown on cultural and intellectual liberties is in the offing, are sure to cause disquiet within the USSR, especially among the intelligentsia. Nor will these developments be welcomed in most foreign Communist parties. If the Soviet leaders were to push too hard they could easily cause considerable disruption not only in the intellectual sphere but on the political and economic side. In the end, probably, they will have to settle for less than they want in the way of social and intellectual discipline.

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### CHINESE GRAIN IMPORTS 1961-1965



A--Argentina F--France WG--West Germany B--Burma C--Cambodia R--USSR SA--South Africa M--Mexico

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## 2. CHINESE COMMUNIST GRAIN NEGOTIATIONS

The Chinese Communists again are in the international grain market, but under somewhat greater disadvantages than in some past years. Their own early harvest, which normally provides about 20 percent of their total annual production, promises again to be poor, and the three million tons they ordered last year for delivery this spring will thus go quickly. It is therefore unlikely that the level of China's grain imports this year will decline much, if at all, from the six million tons Peking purchased abroad last year at a cost of about \$400 million.

This year, however, the supply situation is exceptionally tight. Argentina, which sold China substantial amounts last year, has already committed most of its diminished exportable surplus to traditional customers elsewhere in Latin America and in Europe. In Australia, another major supplier in the past, drought has cut the wheat crop by one third. Chinese buyers are nevertheless scheduled to talk to trade officials in both countries.

The Chinese will thus be compelled to rely on Canada, and on smaller--and higher cost--suppliers such as Mexico and France. They have already arranged for delivery of 1.5 million tons of Canadian grain later this year under the three-year agreement they signed with Canada last year. In addition they have exercised the option in the agreement to take more grain from Canada, up to a maximum of 7.5 million tons, during the terms of the agreement.

This suggests that Peking may be seriously concerned over finding enough supplies--which necessarily will have to come from this year's harvests--for the remainder of this year and early 1967. Chinese grain representatives are scheduled to go to France this month.

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4 April 1966

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[REDACTED]

4. ETHIOPIA

Haile Selassie, now 73, is faced with increasingly vocal domestic discontent. His death, incapacitation, or removal probably would usher in a period of instability. A loosening of US-Ethiopian ties could be expected [REDACTED]

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[REDACTED] a strong moderating force in African councils would be lost.

The Emperor continues to make all the government's basic decisions. He is slowing down, however, and the apparatus suffers from immobility. His recent grant of permission to Prime Minister Aklilu to run the day-to-day affairs of government is not likely to change this state of affairs.

The Emperor keeps his opponents off balance by summary transfers and Byzantine intrigue. However, dissatisfaction among the reformist young educated elite in the bureaucracy and army has sharply risen over the past year. The Emperor is becoming a target for increasingly open criticism.

[REDACTED]

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Even if the Emperor's reign ends by natural causes and the untrained 50-year-old Crown Prince succeeds to the throne, the traditionalists in the army--the locus of real power in Ethiopia--the nobility, and the church will contend with each other and the modernized elements. The educated elite seem certain to press for a less Western orientation for Ethiopia and for widespread social changes. They currently see US aid as the main prop for the Emperor and the principal obstacle to change.

The Emperor's departure may also intensify external attempts to break up the Empire. Currently the army is hard pressed by Somali insurgents, by nationalists in Eritrea, and by tribes resentful of the domination of the Amhara and Tigre Coptic Christian peoples. [REDACTED]

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4 April 1966

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5. ECUADOR

The change of executive in Ecuador has solved no basic problems and has at least temporarily weakened the political fabric. The elections which had been scheduled for July now probably cannot be held before fall at the earliest.

Provisional President Yerovi is unlikely to be a strong executive. Like the junta he replaced, he is dependent for survival on military support. The manner of his accession gives him a weak starting position, yet he faces the same problems, especially in the economic sphere, which plagued the ousted junta in its closing days.

A serious budget deficit and a developing trade imbalance imperil the country's finances, both domestic and foreign. Yerovi has indicated interest in US financial aid.

It is uncertain if the military will remain united behind Yerovi. Moreover, business interests, having succeeded in resisting economic measures decreed by the junta, are unlikely to cave in to the weaker Yerovi.

A variety of politicians will be pressing Yerovi for position and power. If their aspirations are denied--as they largely must be if the present precarious political equilibrium is to be maintained--the politicians will demand his head. Students remain opposed to him, hoping to consolidate their "gains" obtained at the price of "martyrs." Moreover, nearly a dozen leaders of Ecuadorean subversive activities have been released in a general amnesty of "political" prisoners. These men will make every effort to capitalize on popular discontent.

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4 April 1966

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6. BOLIVIA

Bolivia is in a difficult and uncertain pre-electoral period. The common assumption in Bolivia has been that General Rene Barrientos, supported by an electoral combination of the Front of the Bolivian Revolution (FRB), the peasant masses, and the armed forces, would win the national elections scheduled for 3 July. He would then return the nation to constitutional civilian rule on 6 August 1966. It is increasingly doubtful that this schedule will be met.

On 31 March Barrientos virtually forced the military to endorse his candidacy (which Barrientos has not yet announced publicly) by an open threat not to run for the presidency. His tactics, however, have disturbed some high-ranking officers, and armed forces unity--on which Bolivian stability depends--may be imperiled. Fissures had already appeared over the junta's dismissal of the labor minister, Colonel Gallardo, for engaging in unauthorized political activities.

The FRB, a weak four-party alliance put together last November by Barrientos, has displayed little vitality or cohesion. It is beset with leadership rivalries. Barrientos' preferred vice-presidential running mate has renounced his candidacy out of annoyance over Barrientos' failure to consult with him on political decisions. Finally, opposition parties threaten to boycott the election and to resort to subversion.

With unrest endemic among peasants, students, and labor in Bolivia, elections probably will be postponed if the military should falter in their support of Barrientos. Any extensive postponement of a return to constitutional rule would risk setting in motion a train of developments such as led to the crisis in Ecuador last week.

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4 April 1966

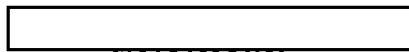
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