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CURRENT INTELLIGENCE WEEKLY SUMMARY



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LAOS

The talks among Boun Oum, Souvanna Phouma, and Souphannouvong are scheduled to take place in Zurich, probably this week end. General Phoumi, who flew to Europe last week to join Boun Oum in the discussions and to confer with Prince Sihanouk, has stated that his aim will be to secure a firm cease-fire and agreement on a declaration of neutrality and on the formation of a coalition government. He intends to insist that constitutional procedures be followed and believes that Souvanna, at least, may try to reach a settlement.

Phoumi says that he will propose that the six Laotian political parties, including the Neo Lao Hak Sat (NLHS) and his own followers, be represented in the government. He reportedly would be willing to give the ministries of foreign affairs and information to the NLHS or to Souvanna's followers, but will insist that he himself keep the Ministry of National Security and that a trusted associate be given the Interior portfolio.

As Phoumi is undoubtedly aware that his retention of the security post would be rejected by Souvanna and Souphannouvong, this demand may represent a bargaining position to keep these strategic posts out of Pathet Lao hands or a willingness to let the talks fail by setting unacceptable terms.

Talks at Namone

After several days of postponement by the government side on the ground of bad weather,

the political talks at Namone were resumed on 14 June but were immediately bogged down over NLHS demands that the International Control Commission (ICC) no longer be allowed to attend the sessions. This wrangling appears to be a Pathet Lao tactic to counter the proposal made to the military subcommittee by the Indian ICC representative that it inspect the effectiveness of the cease-fire at sites to be designated by the opposing sides.

The Pathet Lao position has been that the ICC may investigate reports of clashes only at the forward points of contact between government and Kong Le - Pathet Lao forces. This would restrict ICC control to the area of Route 13 north of Viétiane and prevent cease-fire control of actions against the government's Meo units in Xieng Khouang Province or government-held positions to the south.

The Military Situation

The situation in the Pa Dong area has remained generally quiet since the base fell on 6 June. Enemy troops apparently are consolidating their positions and collecting intelligence on the location of the Meo units which withdrew from the area. Government troops on 14 June abandoned two posts halfway between Tha Thom and Pak Sane to the south, after being subjected to mortar fire. This area had been the scene of occasional guerrilla harassment by Pathet Lao - Kong Le forces since the 3 May cease-fire.

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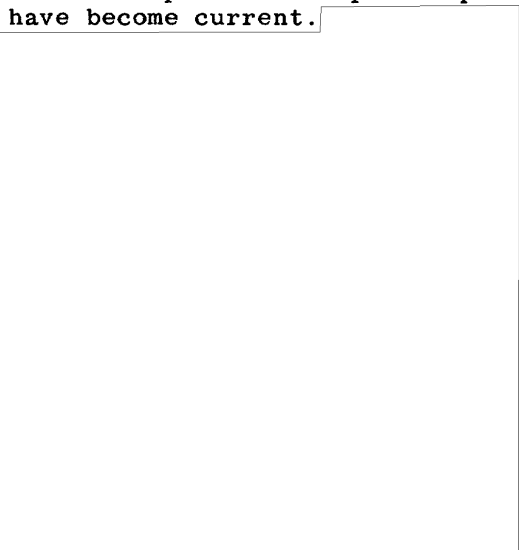
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Northeast of Luang Prabang, government forces have been carrying out operations against enemy troops in the area who, according to the regional government commander, had been infiltrating and regrouping to gain a more favorable position for a possible offensive.

Laotian Army sources have also reported that the enemy is establishing a redoubt for materiel and troops about ten miles north of the Plaine des Jarres. An airfield capable of handling twin-engined aircraft is said to be under construction there. Another such redoubt is being established in Sam Neua Province, about 15 miles east of Sam Neua town; this one would be equipped with barracks and an airfield.

Coup Rumors

In the absence of General Phoumi and most other top government leaders from Vientiane, rumors of possible coup attempts have become current.



There are probably numerous military officers in Vientiane who dislike Phoumi and may feel that a change in government would somehow bring an early end to the military and political conflict in Laos.

The Geneva Conference

The Thai delegation to the Geneva conference, which walked out of the 12 June session, apparently plans to boycott conference proceedings until it obtains some satisfaction on the seating of the Laotian government delegates or unless instructed otherwise by Bangkok. The delegation's position is a measure of Thailand's dissatisfaction and frustration over the Geneva proceedings and the evolution of the Laotian situation.

The Thais have questioned the wisdom of holding the conference at all rather than taking more forceful SEATO action, and they are concerned over what they believe to be French and British willingness to allow Laos to slip into Communist hands as well as over the movement toward a coalition government in Laos. Underlying these considerations, in the view of the American Embassy in Bangkok, is Thai uncertainty as to ultimate American intentions in connection with Laos.

Bloc representatives at Geneva still insist that there has been no significant or unjustifiable breach of the cease-fire. They have continued to press the position that the ICC's authority to investigate

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any reported cease-fire violations rests solely on a unanimous decision of the Laotian factions negotiating at Namone.

The Communist aim is to preclude any further discussion on extension of the ICC's terms of reference in Laos and thus to reduce Western prospects for achieving satisfactory control measures in any political settlement worked out at the conference. The Communists want no restrictions which would inhibit future activities of the Pathet Lao.

On the cease-fire issue, the Chinese have defended the seizure of Pa Dong as having removed a "powder keg" which might have set off "over-all war," adding there was good reason to believe the incident would prove to be a positive step toward a stable cease-fire. The Chinese charged that the US had hoped, by air-dropping troops into Pa Dong and other spots, to create "disputed areas" calling for a visit of the ICC. To draw attention away from the Pa Dong incident, Communist China and North Vietnam have broadcast Pathet Lao accounts of alleged cease-fire violations by government forces.

At the resumed Geneva conference session on 12 June, Chinese Communist Foreign Minister Chen Yi rejected the Western-backed French proposal for an ICC with sweeping investigative powers, saying his delegation

would never be a party to the imposition of an "international condominium" on Laos. Gromyko in his 13 June speech charged that the Western proposal would make the ICC into a "superstate" within Laos.

The Chinese maintain that the Soviet proposals offer the only basis for discussion, although Chen Yi said that Peiping's support for the Soviet proposals did not rule out its acceptance of "reasonable adjustments" of them.

While bloc representatives have insisted that ICC operations must be conditional on a decision reached by the Laotian factions themselves, they have taken pains in conversations with Western diplomats to indicate their willingness to discuss substantive proposals for Laotian neutrality. Pushkin, in an 8 June conversation with UK and French delegates, attacked the French draft ICC protocol as an "occupation statute" but did not reject the French delegate's suggestion that French and Soviet experts compare respective texts.

Gromyko on 13 June called upon the US delegation to "translate into the language of concrete agreements" the results of the Kennedy-Khrushchev meeting and reminded the conference that the USSR had tabled its proposals the day after the conference opened. 25X1

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BLOC COMMENT ON EAST-WEST RELATIONS

Moscow has continued to stress the necessity of further steps by the US and the Soviet Union to take advantage of the "inspiration" provided by the meeting in Vienna between the President and Khrushchev. In the first high-level Soviet comment on the talks since the meeting ended, Soviet President Brezhnev stated on 10 June at a reception for Indonesian President Sukarno that the Vienna meeting proved to be a great event and a "first useful contact" which should be followed by further measures to relax tension and reach agreed solutions of international problems. He pledged that the Soviet Union would do everything to justify the hopes aroused by the talks in Vienna.

This theme has also been echoed in Soviet press comment. An Izvestia editorial asserted that the Vienna meeting "should only be a starting point for new contacts, for fruitful discussion on outstanding international problems." It added that the main task was to "get down to settling the difficult but important problems" raised in Vienna.

The USSR has now provided its citizens with a fairly complete picture of the proceedings at Vienna by publishing the full text of President Kennedy's report to the nation and the complete texts of the Soviet aide-memoire on nuclear testing and on Berlin and Germany. Thus far there has been no editorial comment in Pravda or Izvestia on the President's address. The Soviet weekly Life Abroad, however, carried the text of the speech and commented that while the President repeated the language of the communiqué about the usefulness of the meeting, he made some "incorrect interpretations" and painted the international situation in the "darkest colors," as though peaceful cooperation between

different systems were impossible.

While Soviet propaganda continues to emphasize that the talks are being widely welcomed by international opinion, some Soviet commentaries charge that the American press has begun a campaign against further negotiations with the USSR. On the other hand, TASS reported on 13 June that "official circles in Washington" regard four-power talks on the Soviet proposals on Germany as "inevitable," and Moscow published a long summary of Walter Lippmann's article on the Vienna meeting under the headline, "Discussions Are Necessary."

The idea that the US and the USSR should make an immediate start on further negotiations was carried forward in an interview given by East German party leader Walter Ulbricht. He told Western journalists on 13 June that the "good beginning" in Vienna should be followed by a foreign ministers' conference as well as negotiations between East and West Germany. Reiterating the Soviet aide-memoire's language on Berlin and a German peace treaty, Ulbricht stressed that a conference should be arranged "without delay" and that the proposals in the Soviet memorandum could "no longer be ignored or shelved."

On 14 June the East German party central committee and government issued a declaration endorsing the Soviet aide-memoire and calling for immediate preparation of a peace conference and negotiations on the German and Berlin problems. Even prior to the Vienna meeting the bloc had indicated its receptivity to a foreign ministers' meeting on Berlin and had sought to stimulate a US proposal for such a conference.

Moscow has sought to step up pressure on the West while

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the US prepares a reply to the Soviet aide-memoire. At Geneva, Foreign Minister Gromyko outlined to British Foreign Secretary Lord Home the Soviet position as set forth in the aide-memoire. He stressed that Khrushchev intended to sign a separate peace treaty with East Germany this autumn if no agreement were reached with the West and specified that by "autumn" he meant "October." Although Khrushchev has avoided setting such a precise date and has denied privately that the bloc had a definite timetable, his position has been that the USSR would wait until after the Soviet party congress, which opens in mid-October.

On 8 June the Soviet Foreign Ministry made oral protests to the three Western powers and Bonn over the alleged "provocative" activities of the Federal Republic in West Berlin, and in particular Bonn's plan, now discarded, to convene a Bundesrat meeting in Berlin on 16 June. In its aide-memoire, Moscow had stated that Berlin is "now a place where Bonn's revenge-seeking elements

are constantly maintaining extreme tension and staging all kinds of provocations." The Soviet protests, therefore, were probably intended to document this case and highlight the urgency of a settlement rather than to force a showdown on the pretext of a Bundesrat meeting. Unlike Khrushchev's statement last July that the bloc might sign a separate treaty if the Bundestag met in Berlin, the recent notes made no specific threat of countermeasures.

The Soviet notes were followed by an East German Foreign Ministry statement repeating the charges against Bonn and concluding that Bonn's provocation "underlined the necessity for concluding a peace treaty and normalizing the situation in West Berlin."

Despite the Soviet campaign, Bonn has announced that Chancellor Adenauer will go to West Berlin in early July for an informal two-day visit--his first to the city since January 1960. This probably is intended to answer West German Socialist campaign accusations that he lacks sympathy for Berlin. 25X1

NUCLEAR TEST TALKS

Soviet delegate Tsarapkin at the Geneva test talks has dropped all pretense of serious interest in concluding an agreement and is seeking to induce the US and Britain to take the initiative in terminating the negotiations. He charged on 12 June that the West now is interested only in ending the talks and placing the blame on the USSR.

At the same session Tsarapkin formally introduced the Soviet aide-memoire of 4 June on nuclear testing which was handed to the US at the conclusion of the President's talks with Khrushchev in Vienna. This memorandum proposed that,

in view of the failure to reach an agreement on a test ban, the powers take up the "cardinal question" of general and complete disarmament and settle the disarmament and nuclear test problems interdependently.

The Soviet memorandum stated that the USSR would agree to sign a general disarmament treaty including Western proposals on the cessation of nuclear testing and implied that a test ban could be part of the first stage of such a treaty. Tsarapkin contended that these proposals demonstrated the USSR's flexibility and "constructive approach" and denied any intention of issuing an ultimatum. He stressed,

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however, that the West has the choice of either signing a test ban treaty on Soviet terms or merging these talks with negotiations on general disarmament.

The Soviet proposal is clearly aimed at prolonging the present uncontrolled moratorium on testing. Moscow probably also calculates that the opening of bilateral Soviet-US disarmament talks on 19 June and the international conference on general disarmament scheduled to begin on 31 July in Geneva will act as a brake on any US move to resume nuclear weapons tests this summer.

The Soviet move to terminate separate negotiations on the nuclear test issue by submerging them in the complex subject of general disarmament probably springs from two main considerations. Now that Khrushchev has restored top-level contact with the US by his meeting with the President, which he believes will open the way for negotiations on the key political issues of Berlin and Germany, he has no further interest in keeping the test talks alive as a means of promoting an accommodation with Washington.

Another and probably more important motivating factor is Communist China's long-standing opposition to a test ban without the complete destruction of all existing nuclear weapon stockpiles--a condition which Peiping insists on in order to preclude a test ban agreement. This issue seems to have played a major role in the long and bitter Sino-Soviet dispute last year, and a commitment by Khrushchev to downgrade and eventually withdraw from separate talks on nuclear testing may have been an important element in the behind-the-scenes compromise worked out at the Moscow meeting of Communist leaders last November. The Moscow Declaration called for "banning

atomic weapons as well as their tests and production," but, in contrast to the statement issued by the 1957 conference of Communist chiefs, it failed to endorse a test ban alone.

Moscow's reduced interest in a test cessation treaty was evident in the months following the Moscow conference. Two weeks before the latest round of talks opened at Geneva last March, Khrushchev, in a talk with Ambassador Thompson at Novosibirsk, adopted a pessimistic attitude toward the possibility of an agreement and minimized the importance of the issue. Furthermore, Khrushchev for the first time singled out French tests as an obstacle to agreement. When the talks resumed, the Soviet delegation followed up Khrushchev's remarks and charged that French testing was a serious impediment to agreement. In addition, the Soviets withdrew their previous consent to a single administrator and proposed to substitute a three-member administrative council with a built-in Soviet veto.

After the Western powers tabled a number of important revisions in their position in order to meet previous Soviet objections, the Soviet delegate refused to negotiate on the details of implementation, insisting on the standard gambit of recording "agreement in principle," despite important unresolved points. Privately, the Soviets took pains to emphasize that Moscow did not intend to break off the talks, and the French test in late April passed with only routine Soviet criticism.

Tsarapkin made no effort to respond to the new Western concessions on the main issues before the conference, or to offer serious counterproposals. Instead, he virtually ignored the Western position and began to reiterate at great length the new Soviet position. On

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15 May the Soviets reverted to the question of French testing, warning in an official government statement that further testing would make a treaty "impossible" and might compel the USSR to resume its own weapons tests. In preparation for the meeting between the President and Khrushchev, Tsarapkin delivered an 80-minute review of the conference, which suggested that the USSR was prepared to maintain its position during the Vienna talks.

The USSR's unyielding attitude was confirmed by Khrushchev's statements during the Vienna talks and in the aide-memoire to the US. The memorandum suggested three "fundamental issues" the USSR would insist that the West accept.

On the question of a temporary moratorium on small underground tests, the memorandum reaffirmed that the Soviet Government "is firmly convinced" that at the expiration of the moratorium, the three powers should not automatically be released from their commitment to cease underground testing. This argument is consistent with the long-standing Soviet insistence that any treaty must ban "weapons tests of all kinds, everywhere and for all time." Its current position would have the effect of extending the ban on underground tests indefinitely, regardless of whether detection techniques could be sufficiently improved during the moratorium so as to control such tests effectively.

The memorandum also described again the Soviet proposals for three inspections in the USSR as "adequate guarantees" against violations and called for the US to adopt a "realistic approach" to the issue. Since the Soviets introduced the quota of three inspections in July 1960, various officials have hinted that the specific number would be subject to bargaining. However,

when the US introduced a new formula for calculating the number of inspections which could have the effect of scaling down the number for the USSR to a range of 12-20, the Soviet delegation promptly rejected it as "unrealistic" and called for a renunciation of the "technical approach" to inspections. He stated that the crux of the matter was the difference of approach and that unless the Western delegations were willing to solve this phase of the problem on the basis of a political compromise, no agreement was in sight.

A major portion of the Soviet aide-memoire was devoted to the so-called "troika" proposal for a three-member administrative council. In the same vein as Khrushchev's remarks [redacted] in April, the memorandum declared that "while there are neutral states, there are not nor can there be neutral men." The memorandum replied to the Western objection to a veto by claiming that if the Soviet inspection quota proposal is agreed on, inspections will proceed "without any voting." On other questions on which the executive will have to make decisions, however, the memorandum stated that the tripartite proposals will prevent "arbitrariness" in such cases.

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Soviet Foreign Minister Gromyko frankly admitted in a conversation with Secretary Rusk in Vienna on 3 June that the USSR is seeking a veto. He said if there were no veto aspects to the Soviet proposal, it would make no sense. He asserted that one-third representation was the USSR's "natural right," and that while he did not describe it as a demand, the USSR was very firm on this point. [redacted] (Concurred in by OSI)

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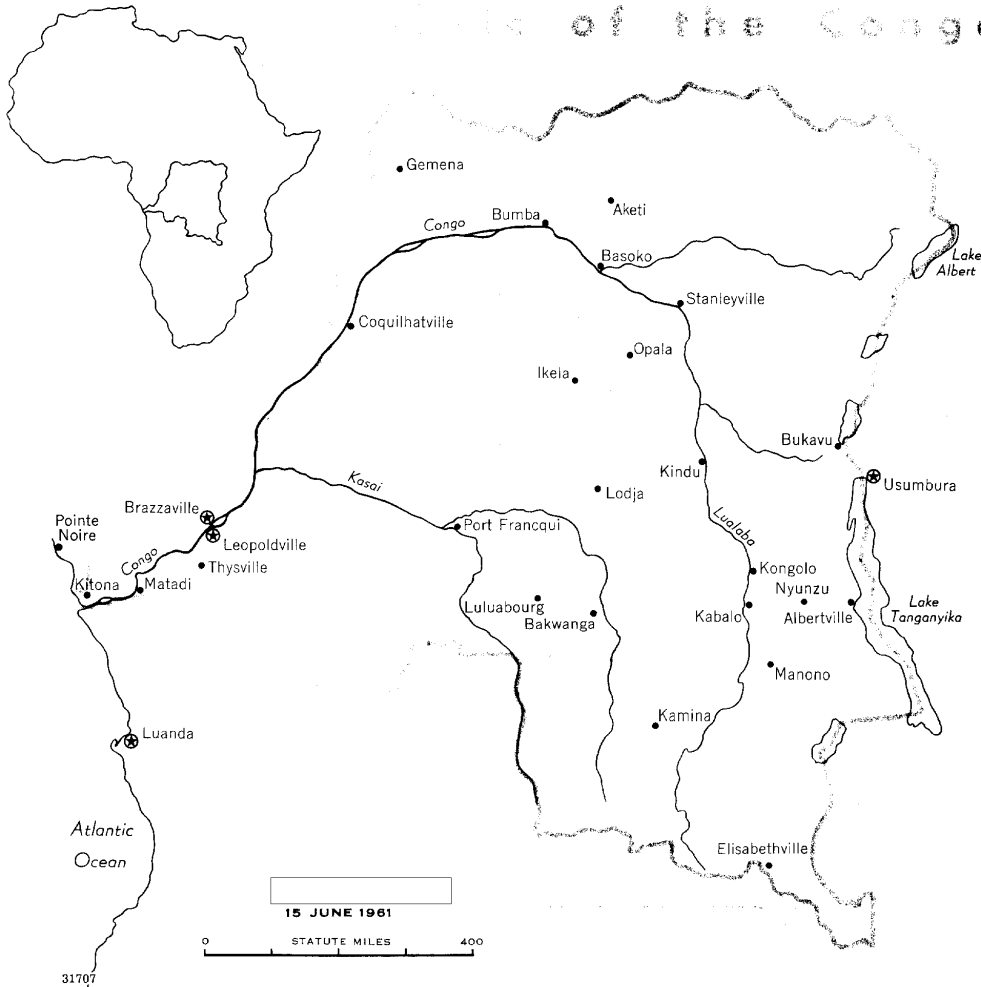
CONGO

Negotiations among the three major Congolese factions over the reopening of parliament appear to be progressing. Three emissaries from Stanleyville arrived in Leopoldville on 12 June to discuss conditions for the meeting, and Gizenga has retreated from his earlier insistence on Kamina as the site.

Gizenga's conciliatory posture probably stems from doubts concerning the long-term pros-

pects for his regime. American officials recently in Stanleyville report that the rift between Gizenga's "central government" and the provincial regime has not been healed; Gizenga's group has come increasingly under the domination of Interior Minister Gbenye, a frequently irrational racist whose arbitrary actions have alienated many other officials. Stanleyville is still having difficulty getting the currency to pay its troops, who are becoming

Map of the Congo



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increasingly restless. The economy of the province is slowing down, a third of the industry reportedly is at a standstill, and hoarding of cash is widespread.

Gizenga's position in Kivu Province apparently has weakened. The assembly in Bukavu has forced Adrien Omari, Gizenga's hand-picked provincial president, to remove most of the extremist members of his cabinet. The main factor in the shift seems to have been the success of the local UN officials in neutralizing the extremists, who were members of a minority tribe and had relied on police and army units to stay in power. Gizenga has sent a series of missions to Kivu with the apparent intent of buttressing his representatives and reducing tribal friction, but tension is high and the outcome of the dispute is still in doubt.

Despite the weakness of his position, Gizenga apparently hopes to try to drive a hard bargain in the political negotiations. He told his spokesman at the UN that the Stanleyville group should have parity with the Kasavubu regime in the cabinet and indicated that he would be receptive to a vice premiership.

Negotiations in Milan between Leopoldville and Elisabethville representatives apparently have resulted in agreement on the desirability of an early meeting of parliament, provided that the UN guarantees the security of all delegates. Both Congolese and UN officials reportedly are optimistic concerning the possibilities for a rapprochement. However, Tshombé's lieutenants have demanded that the Katanga president be released before parliament meets, a condition Kasavubu's representatives have so far refused. Moreover, the question of Katanga's financial contribution to a federated Congo state has not been decided.

The announcement on 12 June of a \$10,000,000 UN loan to the Congo coincides with indications of increasing economic unrest in Leopoldville. The agreement between the Kasavubu regime and the UN stipulates that the Congolese must take measures to put their economy on a sounder footing; however, it is questionable whether the government can resist demands from government employees and workers in private industry for wage increases.

The presence of 50,000 unemployed in the Leopoldville area will reduce pressure for pay boosts, but wildcat strikes along the lines of those which began on 12 June are likely to occur with increasing frequency. Leaders of the major Leopoldville union reportedly are going ahead with plans to strike on 15 July unless their demands are met.

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France's insistence on adjourning the Evian talks is probably aimed mainly at getting the provisional Algerian government (PAG) down to serious bargaining. There seems to have been no narrowing of differences and no substantive negotiations in three weeks of meetings. The adjournment has probably reduced the immediate threat of moves by die-hard proponents of a "French Algeria," plotting to block a settlement. Increased disquiet among the Moslems in Algeria, however, is indicated by a riot involving a thousand Moslems in an Algiers suburb on 14 June.

Louis Joxe, chief French negotiator, described the adjournment as necessary "to allow time for reflection." The two sides, he stated, were only "marking time, clashing over the same principles, continuing sterile arguments which risked souring the chances for agreement." He said the two sides were opposed on all essential problems.

Joxe said Paris was determined to obtain workable guarantees for the French settler community; he defended the French position that the Sahara was a separate question and of concern to all Algeria's neighbors, and rejected PAG claims to represent all Algerians. Algeria's future, he stated, would be determined by "all the Algerian people." He added that French efforts at a truce had been clearly rebuffed and terrorism and ambushes had increased. Nevertheless, France announced on 15 June that it had extended the unilateral cease-fire which has limited French military activity in Algeria since 20 May.

Chief PAG negotiator Belkacem Krim, while averring that he would not say anything to interfere with a resumption of negotiations, nevertheless confirmed in his review of the issues the wide gap between the two sides. Most of the PAG team will return to Tunis to await a French move, leaving

some members in Geneva to maintain contact. In Tunis, PAG premier Ferhat Abbas has released a Khrushchev note--received on the occasion of the Moslem New Year (14 June)--expressing Soviet support for the "just cause" of the Algerian people.

Mohammed Boussof, PAG minister of armaments and a "hard-liner," said in early June that the talks were not going well, charging that the French "had laid ambushes at every corner." He stated that French proposals for guarantees for the French settlers would permit interference in Algerian internal affairs. It was "impossible," he said, for the PAG to abandon its claim to the Sahara, adding that French retention of military bases in Algeria "was out of the question."

The impasse at Evian has cheered the despondent anti-De Gaulle elements in Algeria, and the adjournment may dampen rash efforts to prevent a settlement. Prior to the adjournment, however, observers there had warned of "widespread desperation" among the settlers and of continued plotting by the clandestine Secret Army Organization, led by the fugitive insurgent generals, Salan and Jouhaud. The plotters apparently aim to provoke clashes between Europeans and Moslems to force the army to intervene and restore order, precipitating another crisis between Paris and Algiers. Despite the quick collapse of the April mutiny, the malaise in the army is deep, and opposition to De Gaulle's Algerian policy has not abated.

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General Ramfis Trujillo, head of the joint chiefs of staff of the Dominican armed forces, remains the dominant figure in the regime. The American consul believes Ramfis may be able to maintain control of the armed forces for some time, despite his great unpopularity with many senior officers during his father's lifetime.

Ramfis benefits from the habit of mutual distrust purposefully engendered among the officers by his father, by his control over promotions and financial favors, and by the still-prevalent feeling that nonconformity leads to extermination. The arrest of several high-ranking officers for alleged complicity in the dictator's assassination and the probable detention of other officers considered trustworthy by Ramfis may have precluded for some time any chance of a successful military effort against Ramfis.

Major General Jose Rene Roman has been jailed and replaced as secretary of state for the armed forces by Maj. Gen. Santos Melido Marte, who is described by the American Consulate as a poorly educated, strong-arm thug, trusted by the Trujillo family. The incumbent of this office is constitutionally first in line of succession to the presidency when--as at present--the vice presidency is vacant.

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The American consul doubts that Ramfis, even allowing for an element of self-deception, can seriously believe that he and his family could survive a significant dismantling of the police state apparatus and atmosphere. Most politically aware Dominicans would consider it foolhardy to avail themselves of any political liberties unless concretely guaranteed against subsequent Trujillo-type reprisals. The regime can probably afford to relax dictatorial controls temporarily, since fear of the Trujillo family, ingrained in the population for a generation, is itself an effective instrument of control.

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[REDACTED] The late 25X1 dictator on occasion permitted Communists and extremists to operate in order to "prove" that political freedom existed. He used the same device to show that there was a danger of a Communist takeover and, after making his point with the foreign public, either murdered, imprisoned, or re-exiled his opponents. Ramfis may be preparing to employ a similar tactic in order to justify the strong police measures he will eventually have to use to remain in power.

The regime is clearly aware of the importance to its survival of regaining the status of a member in good standing in the inter-American community and of removing the diplomatic and economic sanctions imposed by the OAS last August and January. The concessions

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it has thus far made to international pressures, however, have not seriously affected its power to exercise dictatorial control. They have, however, impressed some foreign observers.

John Abbes, the symbol of past police brutalities, and some of those most prominently associated with the anti-US, anti - Catholic Church, and pro-Castro line disseminated by Radio Caribe for the past year have been given foreign assignments, and some have already left the country. So far, the OAS subcommittee and foreign newsmen, who have been granted free access to all parts of the country, have been unable to detect violations of human rights comparable to those that took place under the late dictator. However, a "great number" of political prisoners are said to have been transferred to four outlying towns so that they would not be detected by the OAS group.

The special OAS subcommittee arrived in the Dominican Republic on 7 June to investigate whether conditions there and the character and policies of the government point to the expansion, maintenance, or termination of the OAS sanctions. Within only a few days the Latin American members of the subcommittee--special ambassadors of Panama, Colombia, and Uruguay--were already anxious to leave and decided to depart on 15 June despite their inability to secure written assurances from the Dominican government that the subcommittee would be free to return at any time. All appeared persuaded of the good intentions of the Dominican Government and willing to rely on the Dominican foreign minister's oral assurances that the group could return.

The Uruguayan ambassador led the other three in legalistic

arguments to the effect that the group's continued presence in the Dominican Republic would constitute unwarranted intervention in internal Dominican affairs. The Colombian representative said he felt the group had finished its assignment and could return to the Dominican Republic only if given new instructions. The Panamanian, who is chairman, supported his Latin American colleagues fully.

Ambassador Drew, the US member of the OAS group, reported on 12 June that the presence of the subcommittee had been having an increasingly beneficial effect in the country and expressed fear that its early departure would dishearten the opposition and lead the Trujillo group to revert to repressive measures. The American consul concurred and noted that the dissidents had only recently begun to show some confidence in the OAS group and that many were then ready to take considerable personal risks to testify before the subcommittee. He fears that the departure of the OAS group will cause the dissidents to feel abandoned and lead them to seek support from extremist groups.

Although few of the dissidents have much confidence in President Balaguer, some of them would probably accept a transition government under him if the Trujillo family were removed.

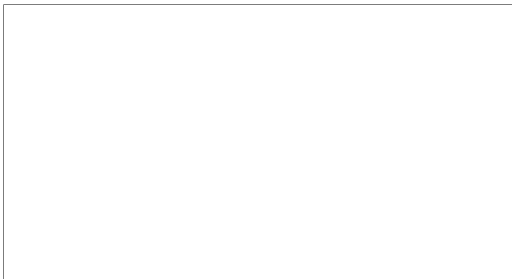
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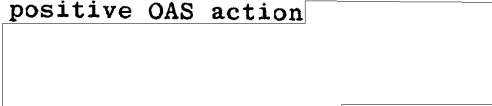
of armed intervention there in almost any circumstances.

Mugica expressed concern that Venezuelan President Betancourt might "get too far ahead of the procession," a view also expressed by Colombian President Lleras. In Uruguay, Ambassador Stevenson found "almost complete lack on interest" in the Dominican situation among members of the majority party.

Venezuela is alone in pressing strongly for increased OAS sanctions up to and including military action to bring down the Trujillo heirs, but other OAS members are much less adamant. For instance, Argentine Foreign Minister Mugica told members of Ambassador Adlai Stevenson's party on 7 June that Argentina would oppose any further OAS sanctions against the Dominican Republic other than of an economic nature. Mugica, who gave the impression that Argentina had little information on the Dominican situation, added that his government would take a "dim view"

Venezuelan President Betancourt continues to press for positive OAS action

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On 15 June, Venezuelan Foreign Minister Falcon was quoted in the press as saying that Venezuela may withdraw from the OAS if sanctions imposed on the Dominican Government are terminated.

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CUBA

Poland has agreed to construct two shipyards in Cuba, according to Radio Havana on 8 June. One is to be a shipbuilding facility at Mariel, about 20 miles west of Havana, and the other a ship repair yard in the Casa Blanca area of Havana Bay. The shipbuilding installation is scheduled for completion in 1970, but ship construction is expected to be under way by 1965, the report said.

Cuban workers and be able to accommodate vessels up to 10,000 tons. Cuba has sought Polish assistance in shipyard construction since the visit to Havana in June 1960 of a commercial delegation from Warsaw. Completion of the proposed shipyards will greatly increase Cuba's limited ship construction and repair capabilities.

The two facilities will create employment for 8,000

The Castro regime, which has a number of Cuban Air Force personnel undergoing flight training in the bloc, is

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planning to select an additional 200 Cubans for pilot training-- also presumably in the bloc. About 3,500 Cubans between the ages of 18 to 24 are to be given medical examinations for this purpose, and the government hopes that 40 to 45 of the expected trainees will graduate as pilots, with the remainder assigned as members of flight crews. There are no reliable estimates of the number of personnel in Cuba's air force, but the number of trained flight crews known to be available is small.

Recent developments in the field of Cuban education demonstrate the Castro regime's determination to "remake" Cuba by generally emulating the educational system of bloc countries. A cabinet decision of 6 June formalized the nationalization of all Cuban private schools; many private religious schools had in fact been taken over by the government at the time of the mid-April landings.

On 10 June, Education Minister Armando Hart reported on the cultural agreements reached with bloc countries on his recent tour. He said that "within a brief period," technical instructors from various bloc countries would come to Cuba-- the first 20 of them Polish professors scheduled to arrive on 20 July--and that Czechoslovakia would establish before the end of the year a "house of culture" in Havana "which will provide great help to teaching in our country." Almost simultaneously, Castro announced that 1,100 Cuban scholarships would be made available to foreign students in the next school year.

The campaign to force out "counterrevolutionary" foreign priests and nuns continues. A press report of 13 June stated that virtually all remaining Spanish clergy in Camaguey Province would leave Cuba shortly, and that some 30 priests in the Havana area--mostly Jesuits--had been ordered to leave within 48 hours.

According to information made available to the US Embassy

in Lima

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the purpose of the recent "good-will" mission of Cuban Foreign Affairs Under Secretary Carlos Olivares to Mexico, Brazil, and Ecuador was to ask those governments to offer their good offices in reducing Cuban-US differences. Olivares reportedly was reluctant to accept the suggestion of Mexican President Lopez Mateos that the six-nation good-offices committee set up by the OAS foreign ministers last August be used for this purpose. According to the report, all three presidents consulted by Olivares basically accepted the original Cuban suggestion.

All South American leaders consulted thus far by Ambassador Stevenson regarding inter-American policy on Cuba agree that a common policy must be devised first on economic, social, and political problems of the hemisphere. Argentine President Frondizi reiterated his earlier proposal that a meeting of the presidents of the US, Mexico, Brazil, Argentina, and possibly Chile take place to agree on strategy prior to the mid-July meeting of the Inter-American Economic and Social Council in Montevideo. If such a meeting proves impossible, Frondizi proposes to travel through Latin America and undertake leadership of an anti-Communist campaign, provided that what he terms the political risk to himself is reduced by US aid in promoting Argentina's economic development.

Brazilian President Quadros, however, reportedly opposes Frondizi's summit proposals and bid for a leadership role. He told Ambassador Stevenson that US-Cuban differences ought to be negotiable, presumably through the good offices of Brazil and other South American governments. Uruguayan Foreign Minister Martinez also opposed Frondizi's suggestion of a summit meeting; he also said that Uruguay might find it difficult to agree to anything beyond economic action against Cuba if it were to be discussed in an OAS foreign ministers' meeting.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****BOLIVIAN GOVERNMENT'S ANTI-COMMUNIST ACTION**

The leftist government of Victor Paz Estenssoro, under cover of a government-fabricated "Communist coup," has cracked down on Communist influence in labor--particularly in the tin mines, on which the Bolivian economy depends. Two key figures under arrest are Irineo Pimentel and Federico Escobar, who have for some years been in the forefront of labor agitation, strikes, slowdowns, and featherbedding at Bolivia's largest tin mine. The Soviet press--which rarely provides Bolivian news--on 9 June reported Communist party protests over these arrests.

Paz on 11 June met with members of the politically powerful Miners' Federation and apparently discussed the possible release of the labor leaders. The acting head of the federation told newsmen that the President had flatly refused "to give in one millimeter." Paz is insisting that those arrested will not be released until after the expiration of the 90-day state of siege declared on 7 June.

In his move against the Communists, President Paz may have been influenced in part by his apparent ambition to crack down on all opposition forces and to re-establish the personal dominance of Bolivian politics which he exerted during his first term of office from 1952 to 1956. Earlier in his present term--which began last August--Paz ordered the arrest of many rightist opponents, the top Communist, and the two leaders of the badly split Trotskyite party. Trotskyite

strength is only slightly less than that of the orthodox Communists in Bolivia.

Paz probably anticipated also that the arrests this month would facilitate implementation on the US-sponsored mine rehabilitation program, scheduled to get under way shortly. West Germany and the Inter-American Development Bank are cooperating with the US Government in the program. Labor indiscipline in the mines has been a factor in the steady decline of tin production and thus in the decrease in foreign exchange earnings. Paz has been anxious for the economy to begin providing greater material benefits because he would like to stem the disillusionment of recent years with the social and economic revolution of 1952.

At the time when plans for the fabricated "coup" were being made, Bolivian officials stated that such a move would facilitate compliance with the International Monetary Fund's requirement that Bolivia decree a 50-percent increase in the domestic price for the 68-octane grade of gasoline. Revenue at the present price--13 cents per gallon--does not cover the national oil company's production costs. Paz apparently feared Communist exploitation of such an increase, since drivers of trucks, buses, and taxis--which use this grade--have in the past exerted considerable political strength. Alternatively, Paz may have thought that action against the Communists would lessen international pressure to raise gasoline prices. 25X1

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NEUTRALIST CONFERENCE

The meeting of representatives from 20 "nonaligned" nations began on 5 June and dragged on four days past its expected termination date; the final communiqué was issued on 13 June. The delay was caused by heated arguments over the make-up of the meeting and of the later heads-of-government conference, for which the Cairo sessions were to prepare. Agreement was reached on Yugoslavia as the site for a 1 September "summit" meeting, but the question of who will attend appears to have been left unresolved, particularly with regard to Gizenga's Congo regime and an Indian proposal that some European neutrals be invited. The communiqué states merely that invitations will be addressed after further consultations are held "through diplomatic channels."

The participants at Cairo--invited by Nasir, Tito, and Sukarno--were Afghanistan, Burma, Cambodia, Ceylon, Cuba, Ethiopia, Ghana, Guinea, India, Iraq, Mali, Morocco, Nepal, Saudi Arabia, the Somali Republic, Sudan, and Yemen, along with the representatives of the three sponsors. Mexico, Venezuela, and Brazil declined their invitations, disappointing the sponsors' hopes of extending their neutralist concept to Latin America; Brazil, however, did send an "observer." A delegation from the provisional Algerian government (PAG) was seated only after Ghanaian insistence on the acceptance of both the PAG and the Gizenga representatives was overruled in committee meetings.

India opposed inviting a Stanleyville delegation largely because its presence would probably have conflicted with New Delhi's support for the UN effort in the Congo. It was for this reason that New Delhi was critical of the meetings earlier this year of the so-called "Casablanca powers."

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The Indian representative, although he eventually agreed on the seating of the Algerian, was instrumental with the help of the Burmese and Cambodian delegates in shelving at least temporarily the Ghana-Guinea-Mali proposal for seating Gizenga's representative.

Cuba's Raul Roa assailed India's moderate stand and

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accused the meeting's delegates of "surrendering to India" and giving in to Western "imperialist" influence exerted through India, Yugoslavia, and the UAR. Throughout the meeting the Cuban and Ceylonese delegates--the latter acting without official approval from Colombo--promoted extremist views including a move to have the summit conference propose the admission of Communist China to the United Nations, a move that was shouted down by the other delegates.

Ghana's disruptive performance was almost certainly conditioned in part by Nkrumah's pique over not having been invited to share sponsorship of the project. The failure to seat Gizenga's delegate appears to have aroused, at least among the Ghanaians, latent Negro antagonisms toward North Africans.

Bitter debate marked committee efforts to define the criteria of nonalignment--which are to be used for determining invitations to the summit meeting. The communiqué did not list any criteria, suggesting no agreement was reached.

The major public result of the Cairo meeting was a proposed agenda for the conference in Yugoslavia. Among the topics mentioned are: "liquidation of imperialism and neo-imperialism," disarmament and nuclear testing, racial discrimination, the role and organization of the United Nations, and a general exchange of views on the international situation. These would seem primarily to reflect Indian desires.

The Sino-Soviet bloc has not yet publicly commented on the proposed summit meeting. TASS factually reported the preparatory meeting of what it termed "so-called non-committed states." Its dispatch said that the question of defining the term "uncommitted countries" took longer than expected and that the Indian delegation, in particular, had insisted that the definition not be excessively binding on the participants.

The government-controlled Cairo press has alleged that Moscow's propaganda attacks of the past two weeks against UAR treatment of local Communists are attributable in part to the convening of the neutralist conference.

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Tito views his association with the uncommitted states as a means of commanding more attention for his domestic and foreign policies and of strengthening his hand for future dealings with the bloc and the West. He probably feels these ends will be even further served by hosting the 1 September conference. Belgrade actively lobbied to be chosen as the conference's locale; Nasir's agreement was probably secured in advance of the preparatory conference.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****SOUTH KOREA**

The dominant position of Maj. Gen. Pak Chong-hui, the generally acknowledged leader of the South Korean military junta, is emphasized by his assumption on 9 June of the chairmanship of the standing committee of the ruling Supreme Council for National Reconstruction (SCNR). In addition to the chairman, the standing committee is composed of the heads of the seven committees covering the general areas of government administration and appears likely to become the focal point of power within the SCNR.

There is considerable evidence, however, that Pak's authority is circumscribed by factional divisions within the junta. Recent voting patterns in the 32-member Supreme Council reveal three primary groupings, with most junior officers looking to Lt. Col. Kim Chong-pil for leadership. Kim is the intelligence and security boss for the regime but is not a member of the Supreme Council. As SCNR members are presently identified, Pak is supported by 15, Kim by 10, and SCNR chairman Lt. Gen. Chang To-yong by 5. Kim has reportedly been associated with Pak since the earliest stages of the coup, but recent information has raised some question as to his loyalty to Pak.

There have been indications that the regime will adopt a harsher policy toward high officials of the former government. Pak recently publicly charged a number of former ministers with Communist activities. On 9 June he informed the US army attaché

that the junior officers were pushing for a mass purge of senior generals. He implied that he could restrain them, but conceded that additional arrests of senior officers would be forthcoming.

A number of former senior officers--such as retired General Chong Il-kwon, ambassador-designate to the United States--reportedly will be given diplomatic assignments to keep them out of the country. One exception, however, is retired Lt. Gen. Song Yo-chan, who is studying in the United States and has been named minister of defense to succeed Acting Minister Sin Ung-kyun. Song is credited with having avoided large-scale bloodshed when he was army chief of staff at the time of Rhee's ouster last year. He is noted for his efforts to combat military corruption and, although he was personally loyal to Rhee, is believed largely to have stayed out of politics.

The public at large remains generally passive toward the regime, but American observers see growing apprehension among educated urban elements. To develop support, the junta has announced the establishment of a nationwide national front movement designed to "inspire the nation with fresh spirit, encourage new life, and strengthen anti-Communist ideology." A mass rally held in Seoul on 12 June was scheduled to attract some 100,000 persons. However, a crowd of only 30,000 attended --mostly teen-age students and housemaids, according to press reports.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****KOSYGIN'S VISIT TO NORTH KOREA**

During his visit to North Korea from 30 May to 6 June, Soviet First Deputy Premier A. N. Kosygin assured his hosts that they could count on "the most active" support of the USSR in their political and economic undertakings. The emphasis given this theme suggests that the primary purpose of the trip was to reinforce Moscow's position in North Korea.

Last fall, North Korean editorial comment echoed the Chinese position in the argument over international Communist strategy. Kim Il-sung did not attend the November conference in Moscow, and the North Korean delegation reportedly supported China on a variety of issues in the Sino-Soviet dispute.

Like Communist China, North Korea has unfulfilled territorial ambitions, and North Korean leaders undoubtedly have sought expressions of support from high-ranking Soviet personalities for Pyongyang's reunification campaign. Kosygin's visit probably was intended to serve in the place of a trip by Khrushchev, scheduled for early October 1960 but then indefinitely postponed.

Reflecting the tacit agreement reached in Moscow in November to avoid the public airing of controversial issues of the Sino-Soviet dispute, both Kosygin and the North Koreans stressed bloc unity. According to the final report on the visit broadcast by Pyongyang--no communiqué was issued--only through intrabloc consultation could "united effective action" hold the imperialists in check. North Korea gave minimum endorsement to the Kennedy-Khrushchev meeting in Vienna, citing it as proof of the USSR's efforts at relaxing international tensions.

While Kosygin's trip may have been arranged before the coup in South Korea, he readily exploited events there. The final report drew attention to the "recent fascist military coup" and called it a "grave hindrance" to Korean reunification aimed at "maintaining the colonial rule which faces bankruptcy in South Korea." On several occasions, Kosygin warned the coup leaders against any "march to the north" and, in the final report, he pledged the USSR to render any assistance to North Korea "in defending its socialist gains." Kosygin also promised Moscow's unswerving support for North Korea's reunification program as outlined by Kim Il-sung last August--withdrawal of US forces in the South, a North-South confederation with each retaining its sovereignty, and general elections free from any international supervision.

Accompanying Kosygin on his trip to North Korea was Ivan Arkhipov, Moscow's top negotiator for its long-term economic programs with bloc countries. His presence suggests that economic topics figured in the discussions with government and party leaders. Moscow may be contemplating further economic assistance to North Korea, although no announcement was made to this effect. However, speeches by both sides emphasized the importance and relationship of economic development in the USSR and North Korea. Kosygin stated that the Soviets are "closely following and rejoicing over" the economic progress North Korea has made, and he assured his hosts that they could count on Moscow's "unselfish friendship" in the future.

Soviet assistance in the form of grants and credits amounted to a total of about

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\$690,000,000 by 1960, of which \$647,000,000 was in the form of or has since been converted to outright grants. The latest Soviet assistance--a deferment of repayment on existing credit --came in November 1960, shortly after Communist China had given the North Koreans a \$105,000,000 loan, bringing its total financial assistance to them to about \$400,000,000.

Bloc aid played a major role in restoring the North Korean economy after the Korean war. Since 1957, however, the country has relied increasingly on its own resources to finance

its economic development programs. Gross national product is estimated to have approximately doubled between 1956 and 1959, and North Korea's reliance on bloc aid has accordingly dropped from 34 percent of budget revenue in 1954 to only 3 percent in 1959 and 1960.

With economic development a key element in the North's reunification proposals and the step-up in Chinese assistance, Korea may be becoming a testing ground not only for East-West but also for Sino-Soviet economic competition. [redacted] 25X1

SOVIET WITHDRAWAL HIGHLIGHTS ALBANIA'S GROWING ISOLATION

Moscow's efforts to isolate Albania from the Soviet bloc and Soviet-oriented Communist parties took a more direct turn during the last three weeks when Moscow began what may become a total withdrawal of its military personnel from Albania. The Soviet reaction probably was prompted in part by Albania's open hostility toward and harassment of bloc personnel in Albania, and by the implicitly anti-Soviet trial recently staged in Tirana. Despite the implied Soviet threat that Albania may be excluded from participation in bloc affairs, continued Chinese Communist economic and moral support would enable it to resist Soviet pressures.

The USSR apparently has put into operation plans to pull out of its Vlone base. Eight of the 12 Soviet W-class submarines that have been stationed at Vlone left there [redacted]

[redacted] There is no indication that any replacements are en route to Vlone. Three of the four submarines remaining at Vlone are report-

ed to be under the Albanian flag. [redacted] 25X1

[redacted] 25X1

The USSR, in addition to its apparent withdrawal from Vlone, may also be planning to reduce the size of its military, diplomatic, and technical missions assigned to Albania. The US Embassy in Moscow reported that the Albanian military attaché left for home at the end of May, possibly after having been expelled. It also has received reports that the

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Soviet military attaché and his staff left Tirana on 31 May, and that Albanian students in the USSR have gone home. According to another embassy source, four Soviet generals left Tirana for Moscow on 28 May.

Albanian hostility toward and harassment of Soviet personnel in Albania probably contributed to the Soviet decision to reduce, if not withdraw, its personnel. Since the first of the year there have been several unconfirmed reports that Albanian security police have had the Soviet Embassy under constant surveillance and were shadowing everyone entering or leaving the premises. Two minor Albanian Foreign Ministry officials reportedly were executed on 3 May for passing secret documents to Soviet Embassy officials. Reports of Albanian harassment of the base at Vlone are unconfirmed; one alleged that the Albanians had turned back a provisions train.

The pull-out of Soviet technicians who have assisted Albanian economic development under arrangements with the bloc's Council for Mutual Economic Assistance (CEMA) would be consonant with Communist China's replacement of the USSR as Albania's major economic supporter. Under the wide-ranging Sino-Albanian economic agreement signed in April, China is scheduled to send an unspecified number of technicians to Albania. To what extent this has already been implemented is unclear, although reports of the last six months suggest a gradual increase in the number of Chinese personnel and a decrease in Soviet personnel.

Some of the satellites and at least one European Communist party are following Moscow's lead.

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The Italian Communist party,

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[Redacted] in

April declined an invitation to an Albanian trade union meeting and postponed indefinitely a joint "peace partisans" meeting which was to be held in Italy. Albanian relations with Poland remain frigid--contacts on the official level have been almost nonexistent since the departure of the Polish ambassador in March.

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There are also indications that within the last six months Czechoslovakia has withdrawn a promised credit for developing the nickel extraction industry in Albania, apparently because the Albanians wanted facilities to process the ore themselves. The Chinese reportedly have promised to build a processing plant for the Albanians under their recent trade and aid agreement.

The satellites, however, are not uniformly implementing pressure tactics on Albania. The 15-27 May show trial in Albania was ignored by Soviet propaganda media, and the satellites generally observed the same silence. However, a Bulgarian trade union paper on 28 May praised the sentences received by the Albanian "traitors." During the first days of the trial, East Germany's news agency reportedly carried a short item on the trial. Communist China broke its silence on 1 June, and on 2 June published a long report in People's Daily. According to an Albanian survey, several other Chinese Communist papers and Peiping radio reported "parts" of the court verdict.

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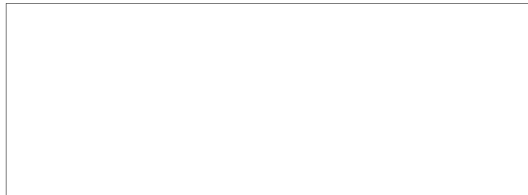
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PEIPING STEPS UP ACTIVITIES IN NEPAL

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The Chinese Communists have had relative freedom of action in Nepal since King Mahendra ousted Prime Minister Koirala and took direct control of the government six months ago. They have increased their political and economic pressure on the kingdom and have sought to capitalize on Mahendra's suspicions of India and his growing political and economic difficulties.



In an effort to work out a program for utilizing its aid, Peiping has dispatched an economic delegation to Katmandu. According to the Chinese ambassador, the delegation has met with the King and other high Nepali officials and is scheduled

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to remain in Katmandu for "some time." The Chinese are reportedly urging that Nepal allow them to start construction of a road from Katmandu to the Tibetan border, where it would connect with a Chinese road inside Tibet.

Such a project would bring into Nepal large numbers of Chinese technicians and workers who would almost certainly be used as a subversive and propaganda force. In Peiping's view, the road would offer long-range possibilities for reducing Nepal's economic dependence on India.

The Chinese Communist Embassy in Katmandu now makes little effort to conceal its financial and propaganda support of elements within the Nepali Communist party who reportedly visit the embassy on a regular basis. The Chinese have also advanced funds to newspapers in Nepal willing to print material favorable to China. Peiping is allegedly promoting the road project through one such newspaper.

Peiping continues to take a conciliatory attitude in its boundary dispute with Nepal. Joint survey teams are in the border area preparatory to another meeting of the boundary commission, scheduled for July in Katmandu.

In the past, the Chinese were more circumspect in challenging New Delhi's influence in Nepal, but their increasing activities there probably reflect declining concern about Indian sensibilities. Peiping appears to have nearly written off chances of normalizing its strained relations with New Delhi--although the Chinese will be careful to avoid an open break. The Sino-Indian boundary dispute continues deadlocked,



and Peiping is showing increased displeasure over what it regards as India's drift toward foreign policy alignment with the West.

The Chinese viewpoint was outlined to a bloc diplomat in Geneva recently by Foreign Minister Chen Yi. Chen denounced Nehru's "determination" to speak for the Indian bourgeoisie and charged that New Delhi was afraid that China's "enormous" economic achievements would seduce the "impoverished" Indian masses. Chinese diplomats in New Delhi have echoed Chen's statements, asserting that US and Indian foreign policy now is "virtually identical." Chinese propaganda has also focused more heavily on India's growing economic alignment with the US and the West.

The Chinese estimate of chances for improved relations with India has apparently been hardened by what they regard as growing Soviet criticism of New Delhi's foreign policy. Chen told the bloc diplomat at Geneva that the Soviet press had started to "unmask" India's attempts to gain support for its policies from Moscow. Peiping has probably also been influenced

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by the strong public stand New Delhi has adopted against pro-Peiping Chinese residents in India. During the past few months, Indian authorities

have forcibly deported several Chinese agitators and initiated similar action against a number of others.

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TURKEY

The situation within the Turkish leadership remains unclear. Sources available to the American mission in Ankara have presented conflicting versions of the motivating forces behind personnel shifts which occurred last week.

A major struggle appears to be shaping up, however, which involves both a split between the senior and junior members of the Committee of National Union (CNU) and a contest between major elements of the armed forces. The four CNU generals--Gursel, Ozdilek, Ulay, and Madanoglu--with the support of some members of the General Staff and apparently the army are aligned against a group of younger officers on the CNU who are organizing a new group called the "Forces of Solidarity" and are supported by the Turkish Air Force under the command of Lt. Gen. Irfan Tansel.

Some members of the CNU, the navy, and the gendarmerie apparently are still neutral. The crisis erupted on 2 June when an army faction tried to oust Tansel from his command but was blocked by the "Forces of Solidarity" group. During an emergency session of the CNU on 9 June, jet aircraft made several low passes over Ankara.

Subsequently Madanoglu, who had attained considerable

prominence on the CNU, was removed from command of the Ankara garrison and announced his resignation from the CNU. The resignation has been rejected, but Madanoglu has insisted publicly that he is "through"; his actual status is unclear. An undetermined number of high-level military changes are under way, apparently including some members of the General Staff, the staff officers of the air force, and possibly the ground forces commander and the minister of defense. Some members of the CNU may also be purged. The publicity given the changes and the flow of rumors have alarmed Turkish civilians, who fear more trouble.

For the moment at least Tansel and his supporters appear to have the upper hand. Tansel himself has made this claim in an interview with the American air attaché. He has said, however, that the CNU will continue to function as in the past except that it will have no say in military matters. He also assured the attaché that elections will be held as "soon as possible," but he did not commit himself to the 29 October deadline previously announced by Gursel. The younger officers on the CNU who are aligned with Tansel are understood not to favor early elections. These officers also favor death sentences for leaders of the former regime and the continuation of military influence on the government even after elections.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****FRENCH LABOR UNREST**

The French Government's restrictive wage policy led last month to a flurry of short strikes which were halted only by a threat to draft strikers and an offer of limited concessions to public-service employees. The congress early this month of the Communist-led CGT re-emphasized strike agitation, and the free unions face the prospect of increased Communist pressure for joint action which could force the government either to bow to union demands or crack down on strikers.

Although the government has discussed wage issues with free-union leaders, it is firmly committed to an anti-inflationary policy. In March, Premier Debré asked the French employers' association to hold wage increases during 1961 to 4 percent--in line with an anticipated 5-percent increase in the gross national product. Moreover, under the government's special powers assumed because of the Algiers insurrection, individual cabinet members are granted the right to requisition striking personnel in key nationalized industries.

The leaders of all three major confederations have objected strenuously to both of these moves as restrictions on labor's right to bargain with private employers on the wage issue and to strike for their demands. They deny government claims that the working class has profited equitably from the economic advances France has made in recent years, and they insist that long-postponed wage boosts be granted immediately rather than spread over the next 18 months, as the government has offered.

Strikes ranging from two hours to a full day were conducted in the metalworking industry on 4 May with the backing of the three major confederations.

The major trade unions in France are the Communist-controlled General Confederation of Labor (CGT), which has an estimated membership of 950,000; the French Confederation of Christian Workers (CFTC), with some 500,000 members; and the Socialist-oriented Workers' Force (FO), with an estimated 430,000 members. Only about 20 percent of the 12,500,000 organizable French wage earners belong to unions.

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tions. The CGT and CFTC railroad federations called a 24-hour strike on 9 May, and on 18 May the FO joined them in a 32-hour rail strike which shut down most of the Paris public transportation system and rail traffic throughout the country. However, a "truce" between the government and unions averted a 24-hour strike of 1,000,000 civil servants which had been called for 6 June.

While the CGT congress stressed its intent to press hard for more and longer strikes in an effort to disrupt the De Gaulle government, two factors oblige it to exercise some caution: its desire for unity of action at the national level prevents it from outbidding the free unions too openly, and the responsiveness of the individual worker to De Gaulle's pleas for republican unity restricts what the CGT can ask its own members to do.

The free-union leadership is in a particularly difficult position in the present situation. CFTC and FO leaders face the constant dilemma of whether to cooperate with the CGT at the risk of compromising their public image as a non-Communist alternative or to take the chance that their followers will remain loyal while the CGT alone carries the fight for higher wages and improved working conditions. They now must also consider the fear, which the generals' revolt in April re-emphasized, that widespread strike activity in cooperation with the CGT would give army extremists an excuse for a coup to block a popular front.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****LABOR UNREST IN ICELAND**

The Communists and their Progressive party allies have won a tactical victory in Iceland's three-week-old strikes by establishing a pattern for settlement calling for a pay raise and other benefits which together amount to a 10- to 15-percent wage increase for the current year and a smaller increase in 1962. The wage settlement agreed to by the cooperative societies, which are controlled largely by the Progressives, undercuts earlier proposals by employer groups which would have kept the wage increases to more manageable proportions. Since other employers now will probably feel compelled to follow the formula agreed to by the cooperatives, the economic stabilization program of Prime Minister Thors' Conservative - Social Democratic government will suffer a sharp setback.

The immediate cause of the labor strife--which has idled about a third of the membership of the Communist-dominated central labor federation--is the dispute over new wage contracts. However, the primary aim of the Communists and Progressives is political. By demanding wage increases beyond what the economy can afford, they hope to weaken the economic stabilization program to which the government's future is closely linked and to consolidate their grip on organized labor. They probably believe that if they can force the government to capitulate

on the wage issue, they will be in a strong position to gain re-entry into the government by offering a period of labor peace.

The government is generally expected to react by devaluing the monetary unit to counter the unfavorable impact on the economy of the projected wage increases. The krona was last devalued in February 1960 as part of the government's overall program of economic reform.

Government officials believe devaluation would impress on the public the irresponsible economic policies advocated by the opposition and meet the challenge posed in the new wage contracts which permit renunciation on 30 days' notice if the currency is devalued or prices rise above a certain level. Some government officials reportedly favor resorting to devaluation as many times as necessary after successive strikes to show that the Communists and Progressives are seeking to destroy the economy in order to bring about the fall of the government.

Operations at the US-manned NATO base at Keflavik have not been seriously affected by the walkout, but Icelandic contractors involved in construction work on the base have lacked the services of some skilled workmen, and base officials have been informally advised not to off-load military cargo in strike-bound Reykjavik harbor. 25X1

PROBLEMS OF MAURITANIA'S ADMISSION TO THE UNITED NATIONS

UN membership for Mauritania was vetoed last December by the Soviets in a move which tied its admission to Mongolia's in a "package deal." However, Mauritania is strongly supported by 11 generally pro-Western

French African states which threaten to oppose the West on many UN issues if the application is again turned down. Most of them have asserted that if Nationalist China vetoes Mongolian membership and thereby

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excludes Mauritania as well, they will break relations with Taipei and vote for Peiping's admission to the UN.

The USSR's veto was an attempt to curry favor with Morocco at a time when Moscow was negotiating an arms deal with that country. Morocco claims the former French territory and attempted to delay its independence. The USSR has consistently proposed Mongolia for UN membership and has linked its admission to other countries in the past. After the veto, the 15th General Assembly passed a resolution sponsored by the 11 African states endorsing both Mauritania and Mongolia for UN membership. The Security Council will probably meet on this question shortly before the opening of the 16th General Assembly next September.

Nationalist China considers Mongolia a part of the Chinese mainland, and Foreign Minister Shen Chang-huan said on 5 June that his government "would not

fail to act to defeat Outer Mongolia's admission, no matter what the cost." Taipei vetoed Mongolia's admission in 1955, thereby precipitating the Soviet veto of Japan and causing considerable resentment among UN members.

Taipei's sensitivity and recent press attacks accusing the US of a retreat on the Mongolia issue reflect the Nationalists' determination to demonstrate independence of the US on anything considered to be "two Chinas." Ambassador Drumright believes that if the US, following a vote to admit Outer Mongolia to the UN, sends a representative to Ulan Bator, a crisis will arise in US-Nationalist relations which will do serious damage to the American economic and military program on Taiwan and probably lead inevitably to Nationalist withdrawal from the United Nations.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****RECENT COMMUNIST DEVELOPMENTS IN LATIN AMERICA**

Latin American Communists have concentrated their efforts since early 1959 on support of the Castro regime, and Castro's pronouncement on 1 May that Cuba has become a "socialist" republic is widely regarded as public acknowledgment of the extent of Communist and Sino-Soviet bloc control over that country. The Cuban revolution has provided regional Communists with a dynamic issue to promote their own and bloc objectives, including disruption of the Organization of American States (OAS), more favorable governmental attitudes toward relations with the bloc, closer ties with non-Communist leftist-nationalist groups, and the undermining of US prestige.

Pro-Cuban organizations have sprung up in almost all Latin American countries and are largely Communist inspired or directed. The Communists, partly through the vehicle of the Cuban revolution, probably have also enhanced their position with non-Communist political, student, and intellectual groups. Bloc diplomatic, economic, military, and propaganda support of Castro has served as an illustration of what may be expected from closer ties with the bloc, and the USSR has shown its ability to meet large-scale commitments in the area.

Havana as a Communist Base

Prior to Castro's victory in Cuba, the regional Communist movement had no dependable base free of possible government suppression or interference for effectively co-ordinating Communist and Communist-front activities, a key objective long stressed by Moscow. During the past two years Havana has provided such a headquarters, offering the opportunity for close support and guidance from the Soviet, Chinese, and other bloc diplomatic missions there.

Since early 1959 a number of pro-Communist regional meetings have been held in Havana, attended by bloc representatives as well as Latin American Communist leaders. These include celebrations of May Day and the anniversary of the Cuban Revolution; a Latin American youth congress last July and August; the National Congress of the Cuban Popular Socialist (Communist) party last August; and the Conference of Latin American Plantation Workers in March of this year. The Communist International Union of Students held a conference in Cuba this month, which included a meeting of the organization's executive committee.

A pro-Communist Latin American women's congress and a conference of Latin American workers, now scheduled for Havana in mid-1961, are being sponsored by Cuban leaders. The purpose of the latter meeting is to organize a new regional labor organization, a priority objective of area Communists which was agreed upon at special sessions in Moscow in early 1959 at the time of the 21st Soviet party congress.

Havana in addition has become a focal point of transit for Communists and pro-Communists traveling to the bloc and apparently is being used to some extent as a Communist political indoctrination and training center for the hemisphere. Cuba has also become a base for instructing Communists and leftists in paramilitary tactics and a potential source of clandestine arms shipments to opposition groups in other Latin American countries.

Exploitation of Castro Issue

In a number of countries in the area, Communists have increased their political association with non-Communist elements and have probably strengthened

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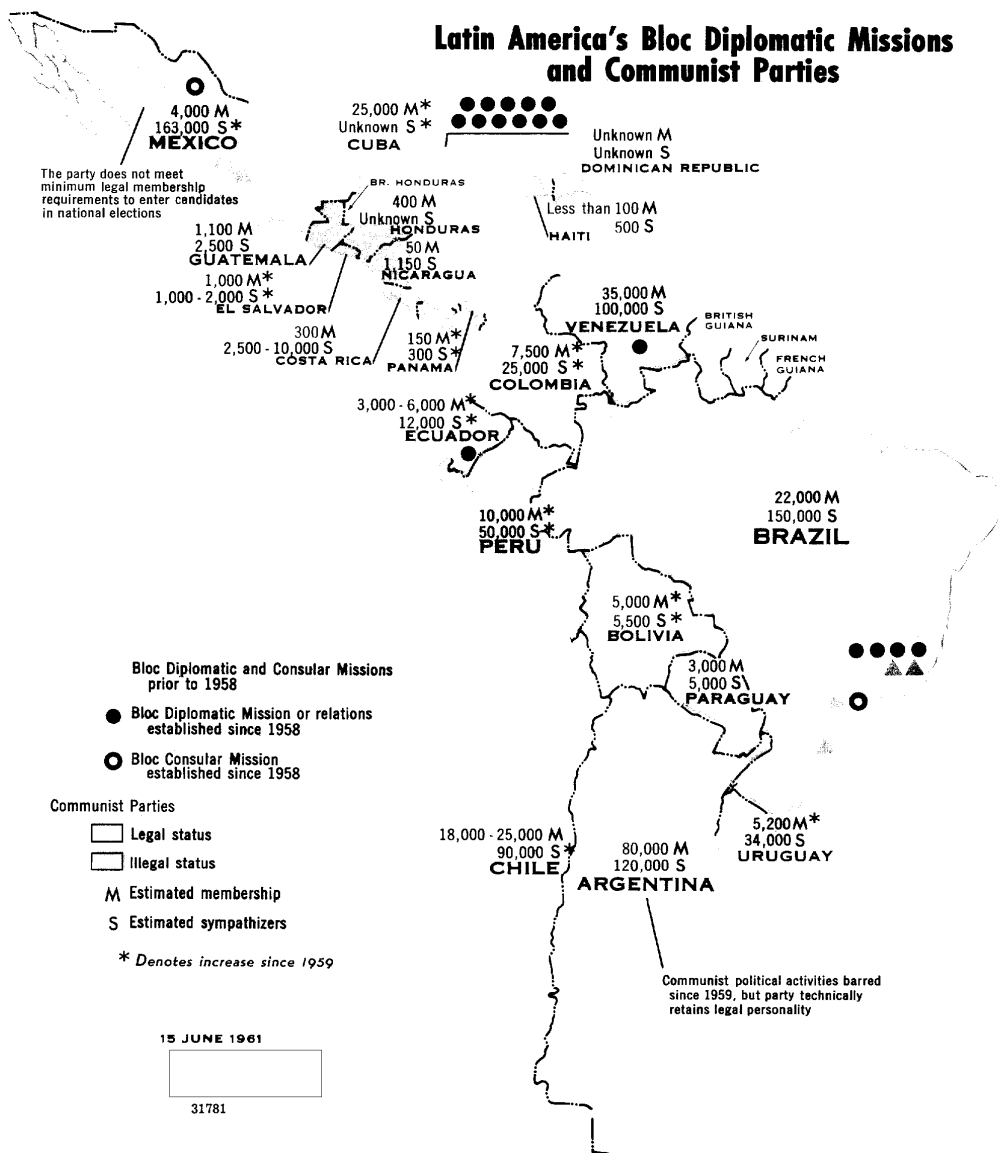
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their already strong influence among student organizations by using the Castro issue. The Venezuelan Communist party has allied closely with the Marxist Leftist Revolutionary Movement --a defector wing of President Betancourt's Democratic Action party--and with the leftist Democratic Republican Union, not only to propagandize Castro's cause but also in an effort to

undermine the incumbent government. Similarly in Peru, the Communists have joined in pro-Cuban agitation with the rebel APRA party--a defector faction of Peru's large, non-Communist APRA--and with the Marxist Social Progressive Movement.

The Castro issue in Ecuador has been a catalyst for the collaboration of the Ecuadorean



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Communist party, a pro-Communist youth organization, and a leftist segment of President Velasco's heterogeneous following led by his pro-Communist friend and former minister of government, Manuel Araujo. The Cuban revolution and Castro have also facilitated or intensified in varying degrees the cooperation between Communists and non-Communist parties--or factions within such parties--in Mexico, Brazil, Argentina, Costa Rica, Colombia, Panama, and Bolivia.

The numerous Communist-backed pro-Cuban organizations throughout Latin America have provided the Communists an opportunity to work with a broad segment of the political spectrum, including intellectuals and labor and student groups as well as political party representatives. The widespread Communist-supported student demonstrations for Castro after the April insurgent landing in Cuba were a dramatic recent illustration of Communist exploitation of the Cuban issue.

On other occasions Communist-front organizations have held international meetings devoted largely to promoting popular support for the Castro regime. Two such meetings were convened in Mexico City this spring--the Latin American Peace Congress and the Conference of Women of Mexico and Central America--both partly financed by the Cuban Government.

The Agrarian Reform Issue

Castro's confiscatory agrarian reform program has been useful to Latin American Communists in their increasing efforts to control peasant groups and promote rural unrest. Communists and their collaborators in Ecuador, Bra-

zil, El Salvador, Colombia, Guatemala, Venezuela, and Chile have recently demanded radical reform measures, in many instances recommending Castro's methods. In Ecuador and Chile, the Communists organized peasant congresses--the first known meetings of their kind in these countries--to call for radical agrarian reform.

The prominent Brazilian pro-Communist, Francisco Juliao, leader of the Peasant Leagues concentrated in northeastern Brazil, has invited Castro to the "First Peasant Congress" for that region, now scheduled for September--a gathering which is likely to be Communist dominated and attended by bloc representatives. Juliao announced after his recent trip to Cuba that members of the leagues would soon travel to Cuba to study the agrarian reform there.

At the Havana Conference of Latin American Plantation Workers, in March, President DORTICOS advised the Communist-leftist delegates in attendance to "follow the Cuban example on agrarian reform" in their countries. Similar advice was given at the Latin American Peace Congress in Mexico City during the same month.

Bloc Relations

All the Sino-Soviet bloc nations except East Germany now have diplomatic relations with Cuba, thus far the only Latin American country which has actually exchanged--or agreed to exchange--diplomatic missions with Communist China, the Asian satellites, and Albania. Since 1959, there has also been a marked increase in bloc relations--both diplomatic and commercial--with the other

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Latin American nations. The bloc's substantial economic support of Cuba has probably contributed to a more favorable attitude in other hemisphere countries toward trade relations with the bloc.

Bloc countries continue to press the argument--as Khrushchev did to a Brazilian trade mission in Moscow in early May--that trade would be greatly stimulated by the establishment of diplomatic relations. The Soviet ambassador to Mexico apparently raised this subject on "unofficial" visits to Ecuador and Venezuela in March, and Chile reportedly was similarly approached by Soviet, Polish, Czech, and Hungarian trade missions over the past eight months.

The subject probably will also be introduced by the Soviet good-will mission now seeking visas to visit several Latin countries. In Bolivia, various bloc economic overtures extended since 1958 have generated strong leftist pressure--and an approving resolution by congress--for an exchange of diplomatic missions with the USSR.

In two Latin American countries, however, there has been recent concern over the activities of bloc diplomatic missions. Argentina in January ordered the six bloc diplomatic missions in Buenos Aires to reduce their disproportionately large staffs. Uruguay, which has become increasingly displeased by the extent to which its capital is being used as a center for bloc propaganda and subversive activities for all of South America, may be considering a similar move against the five Soviet bloc missions in Montevideo. Uruguay expelled the first secretary of the Soviet Legation and the Cuban ambassador in January for "interference in domestic affairs."

Since the visit of Deputy Premier Mikoyan to Mexico and Cuba in late 1959 and early 1960, official travel between the bloc and Latin America has been at a relatively high level. While much of this exchange ac-

tivity has centered on Cuba, bloc missions sometimes have gone on from there to travel elsewhere in the area. For example a Chinese Communist trade delegation, which recently spent about six weeks in Cuba, obtained visas to visit Brazil, Uruguay, Argentina, and Chile. Earlier this year Czech Deputy Minister of Foreign Affairs Hajek visited Ecuador, Chile, Brazil, Bolivia, and Mexico as well as Cuba.

Official Latin American travel to the bloc, much of which has been at Soviet initiative, has similarly increased in recent months. The visitors include not only high government officials but a number of trade and parliamentary missions which have scheduled or already completed trips.

The vice president and a parliamentary delegation of Ecuador recently accepted an invitation to visit Moscow. The Brazilian vice president, a frequent collaborator with Communist groups, traveled to Moscow and Prague in late 1960 and is planning a visit to Peiping in June; two Brazilian economic missions toured the USSR and other bloc countries in April and May. The Venezuelan minister of mines and hydrocarbons has indicated his acceptance of a Soviet invitation to Moscow in July.

Outlook

The future progress of the Communist movement in Latin America will be considerably influenced by the fate of the Castro regime in Cuba. As long as Castro remains in power, Cuba will provide the Communists with a base for training leaders, coordinating their activities, and subverting other countries. Any success of Castro which can be attributed to bloc support will tend to improve the present favorable climate for extending bloc relations with other Latin American countries. Cuba already depends on the bloc as its chief source of supply and as the market for at least two-thirds of its exports.

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