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27 April 1962

CURRENT INTELLIGENCE WEEKLY SUMMARY

State Dept. review
completed

NAVY review
completed.



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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CURRENT INTELLIGENCE WEEKLY SUMMARY

27 April 1962

THE WEEK IN BRIEF
(Information as of 1200 EST 26 Apr)

SOVIET FOREIGN POLICY DEVELOPMENTS Page

Recent public pronouncements by Khrushchev and Gromyko reviving the idea of a summit meeting probably were intended to prevent recriminations over the resumption of atmospheric nuclear testing from jeopardizing US-Soviet talks on a Berlin settlement. Both leaders professed to see signs of hope that an agreement on Berlin is possible and reaffirmed Soviet interest in another heads-of-government meeting. In contrast to this hopeful tone on Berlin, the USSR stepped up its maneuvers to blame the US for a resumption of Soviet testing and to set the stage for a possible boycott of the test ban subcommittee discussions at Geneva. Moscow promptly condemned the first US atmospheric test in the Pacific series.

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SOVIET RELATIONS WITH DISSIDENT COMMUNIST STATES Page

Sino-Soviet relations appear to be following a pattern of correct state relations and virtually nonexistent party relations; disputed issues apparently continue unresolved, and disparate interpretations of these issues are restated with varying degrees of vigor. Gromyko's visit to Belgrade this month typifies the normality of Soviet-Yugoslav state relations--itself an irritant in Sino-Soviet relations--while there are no party relations between these two countries. Chinese political and economic support for Albania, a focal point in the Sino-Soviet dispute, has been maintained, while Moscow now has cut both state and party ties with Tirana.

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ARGENTINA Page

President Guido was finally compelled by military pressure and congressional inaction to issue a series of decrees to deal with the problem of the Peronista election victories on 18 March and to open the way for electoral reform. The decrees, issued on 24 and 25 April, provide for federal control over the provinces, for annulment of all recent election results, and for presidential elections on 27 October 1963. These moves--which imply rule by executive decree, at least until new congressional elections--will increase the possibility of violent demonstrations on 1 May as threatened by the Peronistas.

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ALGERIA Page

The arrest of Salan, which has raised the morale of French security forces and probably weakened European settler confidence in the OAS, may provoke extremist elements in Algeria to step up terrorism and sabotage. Government security forces, however, appear to be taking more effective measures against the OAS in the larger cities of Algeria. Meanwhile, the provisional Algerian government and the Algerian National Army are maneuvering for power within Algeria, with vice premier Ben Bella aligning himself with the latter.

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CONGO Page 9

Adoula's political position has been hurt by his inability to make any progress on getting Tshombé to accept his terms for Katangan reintegration and his failure to prevent Tshombé's "escape" to Elisabethville. Adoula is bitter against the US and the UN, doubtful that negotiations will produce a settlement, and apparently in a frame of mind to look for help from any source. On 24 April he publicly called for assistance from "friendly Afro-Asian states," and US and UN officials fear he may follow through on his threats to ask for the withdrawal of UN forces. Tshombé, who senses a strengthening of his bargaining position, is reported eager to return and resume the talks. He has informed UN officials in Elisabethville he will return on 3 May.

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VIETNAM Page 11

North Vietnam appears to be trying to get Cambodia's Prince Sihanouk to make a formal proposal for an international conference on Vietnam. The Communists may hope that international pressure for a negotiated settlement can be increased sufficiently to retard US support for South Vietnam. Despite stepped-up military activity against the Viet Cong, the government troops have yet to win a major victory and there has been no perceptible slackening of the Communist drive. Airlift operations are bringing the government's authority to some remote areas, but much of the countryside continues to give active or passive support to the Viet Cong forces.

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LAOS Page 13

The political situation remains deadlocked, and there has been no recent contact among the principal figures involved. Phoumi continues to promote his "royal solution," but even should King Savang accept a role of leadership, support from Souvanna and Souphannouvong is unlikely.

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"Friendship missions," designed to gain diplomatic and economic support for the Vientiane regime, have begun visits to several Asian nations. The military situation remains generally quiet despite a recent flurry of action at Nam Tha in the northwest.

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SYRIA Page 14

Syria's new cabinet reflects the socialistic and pan-Arab pressures that induced the army to overthrow the conservative parliamentary regime a month ago. Prime Minister Azmah last week enunciated a policy of economic planning and limitation of private capital investment, and renationalized Syria's largest industrial combine. Although pro-Nasir sentiment is strong, there is also strong opposition to full union with Egypt, especially in the army.

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EUROPEAN CONFEDERATION DEVELOPMENTS Page 16

Efforts of the six Common Market (EEC) countries to reach agreement on a treaty to establish a political union are snagged on the questions of British participation and the role of such a union in the Atlantic alliance. Some progress was made toward an agreed text by the EEC foreign ministers on 17 April, but Belgium and the Netherlands declared they would not sign until assured of Britain's membership--which they consider essential to prevent French-German domination of a united Europe and to link such a union to the US. The success of further efforts to conclude a treaty will probably depend to a considerable degree on London's position and tactics.

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PEIPING DENOUNCES US NAVAL ACTIVITIES OFF CHINA COAST . . Page 17

In an unusual amplification of recent "serious warnings," Peiping has charged that US naval activity off the key Chinese naval base at Tsingtao constitutes a "new and graver provocation" connected with Chinese Nationalist preparations for a return to the mainland. Communist vessels shadowed a US destroyer on a recent patrol in the area. Communist military activity in the offshore islands area has remained at a low level.

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INDO-NEPALI RELATIONS Page 18

King Mahendra's recent five-day visit to New Delhi neither resolved basic Indo-Nepali differences nor reconciled their policies toward the India-based Nepali exile movement, the immediate irritant in their relations. Both sides, however, seem satisfied with the limited results of the visit, which at least cleared the air between Nehru and the King. Both appear anxious to prevent further deterioration in their relations.

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GUATEMALA Page 19

President Ydigoras is continuing his efforts to reach an accommodation with his non-Communist opposition. Evidently recognizing the precariousness of his position, he has even implied that he would accept some check on his political authority in return for the collaboration of respected men he has asked to join his cabinet. The strikes and demonstrations against Ydigoras which the opposition hoped to launch on 23 April failed to reach substantial proportions, but opposition leaders still hope to incite sufficient disorder to cause the armed forces to oust the President.

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GREEK POLITICAL SITUATION Page 20

The antigovernment demonstration in Athens on 20 April was part of a continuing campaign by the non-Communist opposition Center Union to discredit the government and force its resignation. While Center Union leaders have publicly repudiated aid from the Communist-dominated United Democratic Left (EDA) in their campaign, EDA members apparently spearheaded attacks on the police. The government, with a large parliamentary majority and palace support,

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appears in no immediate danger. The situation is expected to remain heated for some time, however, and new demonstrations and repressive action against the opposition are possible.

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ITALY'S PRESIDENTIAL ELECTION Page 21

Italy's president for the next seven years will be chosen by secret balloting of the two houses of parliament--plus ten regional representatives--beginning on 2 May. The attitude of the new president may influence the future of Christian Democratic Premier Fanfani's experiment in left-center government backed by Nenni Socialist allies in parliament. The Communists, who may have the deciding voice, will try to swing the election to the candidate they consider most likely to disrupt Fanfani's arrangement with their former Socialist allies. The large Christian Democratic party's difficulty in agreeing on a candidate makes the outcome uncertain.

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COLOMBIA'S PRESIDENTIAL ELECTION Page 22

The 6 May presidential election will be conducted under the National Front system formed in 1957 to return Colombia to constitutional rule after the overthrow of dictator Rojas Pinilla. This system makes Guillermo Valencia, a Conservative, the joint Liberal-Conservative candidate to succeed the incumbent Lleras Camargo, a Liberal. Although Valencia's election is virtually assured, prospects for continued stability will depend largely on his ability to deal with such problems as international payments difficulties and persistent rural violence.

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THE BOLIVIAN-CHILEAN DISPUTE Page 23

Bolivia is making a major issue of its dispute with Chile over the waters of the Lauca River--suspending diplomatic relations and appealing to the Council of the OAS. The Bolivian Government seems little interested in the water resources as such but rather in rallying domestic support for the ruling party with an eye to the congressional elections in June and in distracting public attention from current economic difficulties.

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AGRICULTURAL PROBLEMS IN NORTH VIETNAM Page 24

Official concern over agricultural difficulties was revealed at a recent meeting of the central committee of the North Vietnamese Communist party. The harvest was poor in 1960 and mediocre in 1961, and this year's goal of an 11-percent increase in agricultural output seems highly optimistic. Hanoi seems to put the blame chiefly on peasant apathy and the poor leadership of the rural collectives.

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SPECIAL ARTICLES

WEST NEW GUINEA Page 1

West New Guinea, the object of a twelve-year dispute between the Netherlands and Indonesia, is likely to remain

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an economic liability for the foreseeable future and to present administrative difficulties for whatever power controls it.

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YUGOSLAVIA'S DOMESTIC PROBLEMS Page 5

The Yugoslav leadership's policies of decentralization of economic and political responsibilities are being challenged by special interest groups, both inside and outside the Communist party, and the regime is faced with difficult problems in controlling dissent without stifling local initiative. How Belgrade copes with these problems will in large part determine whether Yugoslavia continues to make progress economically and politically. Any marked retreat from the present policies could result in economic stagnation and growing instability.

[Redacted]

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THE PORTUGUESE COMMUNIST PARTY Page 10

The small but tightly disciplined Portuguese Communist party (PCP), banned since 1929, has survived many years of police repression. It has exerted an appeal out of proportion to its size because of the nation's very low living standards and the growing dissatisfaction with the policies of the Salazar regime. From time to time it has demonstrated a capability to stage demonstrations

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The non-Communist opposition apparently has no strong convictions against collaborating with the PCP, whose influence is likely to grow in the post-Salazar period.

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WEEKLY REVIEW

SOVIET FOREIGN POLICY DEVELOPMENTS

Recent public pronouncements by Khrushchev and Gromyko reviving the idea of a summit meeting probably were intended to prevent recriminations over the resumption of atmospheric nuclear testing from jeopardizing US-Soviet talks on a Berlin settlement. Both leaders professed to see signs of hope that an agreement on Berlin is possible and reaffirmed Soviet interest in another heads-of-government meeting. In contrast to this moderate and hopeful tone on Berlin, the USSR stepped up its maneuvers to blame the US for a resumption of Soviet testing and to set the stage for a possible boycott of the test ban subcommittee discussions at Geneva.

Soviets Revive Summit

Soviet views regarding more favorable prospects for a Berlin agreement and an eventual heads-of-government meeting were set forth by Khrushchev in an interview with US publisher Gardner Cowles on 20 April, which was published on 24 April, and by Gromyko in his speech to the Supreme Soviet on the same day. Cowles said he received the impression that Khrushchev would invite the President to the USSR as soon as some "break-through" occurs in negotiations on such issues as Berlin. Khrushchev sought to give the appearance of endorsing the President's views on the need for careful advance preparations for a summit conference, saying that the summit would be a "pinnacle" to confirm "some agreement on the questions on which our com-

mon decision is required." He did not rule out the possibility, however, that the heads of government might have to meet if the "international situation becomes even more complicated" to prevent a "military conflagration."

Gromyko took the same line in his speech, stressing Moscow's desire for further "serious talks" to prepare "specific results" for submission to the heads of government.

Berlin and Germany

In his interview with Cowles, Khrushchev repeated standard Soviet positions on current problems. He professed to see a glimmer of hope for a Berlin agreement but declared that Western forces must withdraw or at least give up their occupation status. This hint that the USSR may not insist on the withdrawal of Western forces if the West will agree to a new status for West Berlin which terminates the "occupation regime" is consistent with other recent bloc indications that this issue is negotiable. The Soviets, however, may press for a time limit and ceilings on Western forces remaining in West Berlin.

Although the Soviet foreign minister acknowledged that "many obstacles still remain" in negotiating a Berlin agreement, he appeared intent on assuring the US that Moscow is satisfied with the progress made thus far in the bilateral talks. He said these exchanges

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demonstrated the desire of both governments to "search for a rapprochement of positions."

Gromyko reiterated the USSR's standard positions on five questions related to a "postwar peaceful settlement," which, he said, must be achieved "simultaneously" with the conclusion of a bloc peace treaty with East Germany. These include: "normalization" of the West Berlin situation which would terminate the "occupation regime" and replace Western forces with neutral or United Nations contingents for a "definite period" of time; "respect" for East German sovereignty; legalization of existing frontiers of the two German states, including the border between East Germany and the Federal Republic; prohibition on the transfer of nuclear weapons to either German state; and a nonaggression pact between NATO and Warsaw Pact countries. He also made it clear that the USSR will insist on the severance of all legal ties between West Berlin and West Germany.

Gromyko welcomed as a "step forward" what he described as the "US statement" that there are no obstacles to combining new access arrangements with the bloc's demand that East German sovereignty be respected. He contended that the USSR and East Germany are seeking to narrow differences on access guarantees and called attention to the proposal Walter Ulbricht made last month for an "arbitration agency" to settle disputes which may arise in

implementing an "agreement on free transit to West Berlin." Gromyko noted, however, that this international organ must not have any administrative functions that would interfere with East Germany's internal affairs and that it presupposes replacement of Western forces in West Berlin by neutral or UN forces.

Gromyko also termed US understanding of the importance of banning the transfer of nuclear weapons a "positive fact" and claimed that an understanding has been reached in principle on a nonaggression pact.

For the first time during the course of US-Soviet talks on Berlin, Pravda has reported that Moscow had briefed high-ranking party officials in a number of European satellites on the bilateral discussions. Taken together with Pravda articles, which have reported the meetings between Secretary Rusk and Soviet Ambassador Dobrynin, the Soviet actions mark a departure from the practice of avoiding publicity on the Thompson-Gromyko talks. The Pravda articles tend to convey to Soviet readers the impression of some movement in the US-Soviet discussions on Berlin and Germany.

Situation in Berlin

In Berlin, there has been a noticeable easing of tension between Soviet and Allied forces during the past three weeks. This has been particularly evident in the air corridors,

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following the suspension of Soviet flight activity there after 29 March; on military trains coming into West Berlin, which have been operated without deliberate interference for over two months now; and in the lack of harassment of Allied patrols into East Berlin. However, the Soviets have continued their sporadic attempts to induce US military convoys on the Autobahn to give advance notification of their travel plans. Even in this field, however, they have not pressed or insisted on changes in the convoy processing procedures as much as they did earlier this year.

Disarmament Talks

In a pessimistic assessment of the Geneva disarmament conference, Gromyko warned in his 24 April speech that "it would be wrong to think that the committee is close to working out real disarmament measures." He made the usual charge that the Western powers want to continue the arms race and that their proposals are designed to "undermine" Soviet defenses. He contended that the eight-nation "compromise" proposal for a nuclear test ban control system supports the Soviet position that existing national detection systems are fully adequate.

Gromyko did not threaten a Soviet boycott of the conference after the US resumes atmospheric tests, but Soviet delegate Zorin at Geneva told correspondents on 20 April that the USSR will walk out of the test ban subcommittee. On 25 April, prior to the AEC announcement of the first US atmospheric test in the Pacific series, Western correspondents reported to US delegates that the eight non-aligned nations were requesting the USSR not to walk out of either the subcommittee or the general conference and "most particularly the latter" after the US atmospheric series commenced. A member of the Soviet delegation strongly implied to an American official that the Soviet Union would test "immediately" after the US series began.

Moscow promptly reported the AEC announcement. The Soviet press and radio subsequently began a

propaganda campaign condemning the US resumption. Zorin told the 26 April plenary session of the disarmament conference that the USSR now is compelled to "take the necessary measures to protect its security." He told the conference that the USSR would seek "sanctions" against the US for resuming atmospheric nuclear testing.

Until the AEC announcement, Zorin had maintained his efforts to put the US and Britain on the defensive and to demonstrate the USSR's backing for the eight neutralists' proposal. He stressed that in accepting it as the basis for further negotiations, the USSR had adopted a new position which endorses the principle of international on-site inspection of unidentified seismic events. He called on the West to refrain from testing in view of both "world public opinion" and Soviet acceptance of the neutralists' plan. He warned that Western testing would threaten the future of the Geneva negotiations.

Other Space

In his interview with Cowles, Khrushchev welcomed the idea for a joint US-Soviet development of a moon rocket and for a treaty on outer space. He maintained that there were no insurmountable obstacles, once a start could be made on disarmament. He separated the outer space question into two stages. He said that in the first stage it will be necessary to settle the question of exchanges in the field of use and exploration of outer space "on a national basis." The second stage would be "to pool the material, technical, and scientific resources for the joint solution of problems in order to proceed from competition to the pooling of efforts in the conquest of outer space." The Soviet premier argued that "some differences" appear in the realization of this stage, because the principal means of the conquest of outer space is "now the rocket," which is also the "principal weapon of war." He said it was "natural" for both sides to seek to keep secret "equipment and scientific achievements" in this sphere.

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SOVIET RELATIONS WITH DISSIDENT COMMUNIST STATES

Sino-Soviet relations appear to be settling into a mold in which correct state relations are maintained while party relations continue to deteriorate; while disputed issues apparently continue unresolved and disparate interpretations of these issues are restated with varying degrees of vigor, considerable stress on friendship and unity is the order of the day. Each side has damped down the heat of the exchanges, reiterating only a defense of the fundamentals that continue to distinguish its own outlook. Despite their continued jousting on such issues as Albania, peaceful coexistence, and the personality cult, both the Soviet Union and Communist China seem to have decided on a breathing spell to prevent the deterioration in their relations from inevitably developing into an irrevocable break.

Both countries appear wedded at present to a policy of containment--containment of the dispute within the limits of retreat from fundamental differences of view on one end and a complete break in relations on the other. The Chinese have apparently felt all along that their primary goal--an equal voice in establishing bloc policies--could best be attained within a federation of Communist states, rather than as the undisputed leader of a weak coalition outside of Soviet hegemony. Their present economic difficulties probably add a powerful stimulant to maintaining ties, however loose, with the rest of the bloc. The Soviet leaders may see renewed hope in China's difficulties and may feel that a change in the Chinese leadership, or in the views of the present leaders, is a possibility.

The 92nd anniversary of Lenin's birth on 21 April gave each side an opportunity to state its case, but the reactions were modest. The anniversary in 1960 was the occasion for an impassioned attack by the Chinese on Soviet views and an equally strong counter by Soviet ideologists. This year, both appeared to feel that a simple reaffirmation was sufficient.

The major speech by Soviet party Secretary Ilichev on 22 April gave little attention to the main issues which divide the bloc, and Pravda editorials commemorating the anniversary discreetly avoided contentious themes. However, Pravda did publish a letter from Lenin to Polish Communists condemning "leftist, sectarianist, dogmatic elements" and counseling careful planning before launching a revolution. The advice in the letter is said to have "tremendous importance for the whole international Communist movement"--a remark clearly intended for the Chinese Communists and their Albanian supporters.

On 24 April, Pravda published a compilation of Lenin quotations calculated to "prove" that Lenin was a firm supporter of peaceful coexistence. The collection was gathered to show the error of "opportunists of all sorts" who claim that Lenin never would have agreed to peaceful coexistence between socialism and capitalism. Again Pravda's intent seems clear--to deprive the Chinese of the protection of Lenin's prestige. While the Chinese propaganda surrounding Lenin's anniversary was reasonably heavy, it too managed to remain nonpolemical.

Peiping appears to be treating the current phase of the Sino-Soviet dispute much as it

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handled the phase after the patchwork Moscow conference of world Communist leaders in late 1960 and in the manner recommended by Chou En-lai at the 22nd Soviet party congress last October. In public, the Chinese are emphasizing the positive aspects of the relationship, the unity, the friendship, the cooperation. At the same time, they are avoiding heated polemics when possible. Beneath the public show, however, Peiping is making clear to Moscow that it holds firm to its views in the dispute.

The speech by Yang Hai-po to the Soviet Komsomol Congress in Moscow on 16 April is an example of Chinese tactics. On international issues separating Peiping and Moscow, Yang endorsed peaceful coexistence, but canceled this out by repeating the Chinese stress on the necessity for "struggle" and by vehemently attacking the Kennedy administration. On the positive side, Yang reiterated Peiping's standard, now hollow, avowal "always to learn from the advanced experience of the Soviet Union" and thanked the Soviet people for past aid. Like most Chinese comment since mid-1960, his reference to the past implied that Soviet assistance is not continuing--an implication strengthened by his reaffirmation that China would advance by "relying on the labor of our own hands."

Sino-Soviet Economic Relations

After four months of negotiations, the 1962 Sino-Soviet trade agreement was signed in Peiping on 20 April, and this too suggests that the Chinese will have to rely on their own labor. Although the week-long visit of the Soviet minister of foreign trade evoked the custom-

ary slogans of cordiality and friendship, the tone of the accompanying propaganda and a joint communiqué suggest no changes, for better or worse, were made in Sino-Soviet economic relations. No plans for increased trade were announced, even by implication, and no mention was made of any form of Soviet aid to China, except in the past tense or in the sense of "mutual assistance," i.e., balanced trade.

M. N. Suloyev, a vice chairman of the Soviet State Committee for Foreign Economic Relations (GKES), remained in China after some members of the Soviet delegation departed on 21 April. GKES is responsible for supervising Soviet foreign aid programs and overseeing those trade organizations involved in the construction of industrial installations abroad. Last year GKES conducted "economic, scientific, and technical" talks with the Chinese for more than two months after the conclusion of the 1961 trade agreement. Suloyev's stay in China suggests that similar, although less important, negotiations are taking place again this year.

Yugoslavia

The wide gulf that continues to separate Moscow and Peiping despite their new-found emphasis on unity is illustrated by their treatment of Yugoslavia and Albania, Communist states which stand at opposite ideological poles. The 16-21 April visit to Belgrade by Soviet Foreign Minister Gromyko typifies the normality characteristic of Soviet-Yugoslav state relations--itself an irritant in Sino-Soviet relations--while party relations between the two countries remain nonexistent. The perpetuity of normal state relations, however, has apparently dispelled

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some of their mutual distrust. Belgrade, for example, is apparently contemplating buying Soviet military equipment-- which, except for several helicopters last year, will be the first such purchase since its break with the Cominform in 1948.

The communiqué signed at the end of Gromyko's visit indicated that Belgrade continues to hold views similar to Moscow's on most East-West issues and demonstrated as well that the Soviets continue to adhere to those foreign policy concepts, such as peaceful coexistence and the need for negotiations, to which the Chinese take sharp exception. At the same time, the similarity between this communiqué and that released after Yugoslav Foreign Minister Popovic's trip to the USSR last summer points up the absence of significant forward movement in Soviet-Yugoslav relations.

Albania

Although the Soviet Union has slightly modified its approach to Sino-Soviet relations, it still refuses to treat China's sole fervent supporter, Albania, with equal circumspection.

Albania was not invited to take part in the Komsomol Congress, and the Soviet delegate led an attack on the tiny Communist state which all East European delegates echoed. The Chinese delegate, however, insisted that Albania remains a member of the "socialist bloc" in good standing, and the North Korean and North Vietnamese representatives refused to comment on the problem.

Soviet-Albanian state relations now have dwindled to nothing. Albania's ties with Communist China, however, continue to flourish. A delegation of the Albanian Society for Aid to Army and Defense under Maj. Gen. Spiro Moisiu returned on 18 April from a tour of almost four weeks in China. The next day a Chinese delegation under First Deputy Minister of Communications Sun Ta-kuang arrived in Albania to participate in the first meeting of the administrative council of the Sino-Albanian joint stock shipping company (CHALSHIP). On 5 April, Radio Tirana announced that the company--which was formed in late December to facilitate Sino-Albanian trade--had opened a home office in Durres, with a branch office in Canton.

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ARGENTINA

Argentine President Guido was finally compelled by military pressure and congressional inaction to issue a series of decrees to deal with the problem of the Peronista victories in the 18 March election and to open the way for electoral re-

form. The decrees, issued on 24 and 25 April, provide for federal control over the provinces, and for annulling the results of all provincial, local, and congressional elections held between 17 December 1961 and 18 March 1962. Guido also announced

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for 27 October 1963 the election of a president and vice president who would take office on 1 May 1964, the scheduled end of Frondizi's term. The armed forces insist on the adoption of proportional representation to replace the present electoral system which enables a party polling as little as one fifth of the vote to win control of the government. They also insist on outlawing the Peronista and Communist parties but would allow Peronista elements to organize other parties not under Peron's direction.

Guido's decrees--which imply rule by executive decree until new congressional elections--will increase the possibility of disturbances and sharpen attacks on the thin line of constitutionality the regime has been trying to maintain. The Chamber of Deputies has the constitutional right to decide on the acceptability of elected deputies, but its debates on the political crisis caused by the military's ouster of Frondizi produced no vote on the Peronista problem before 26 April, the Chamber's deadline for decision--Congress normally convenes on 1 May. The state of siege which has been in effect since November 1958 suspends constitutional guarantees, however, and enables the president to rule by decree.

The month-long crisis has compounded confusion in both civilian and military circles. Leaders of the majority Intransigent Radical Civic Union (UCRI)--which encouraged Guido to

assume the presidency as legal successor to Frondizi--have failed to maintain party discipline in the Chamber to carry out their confidential agreement with Guido and the military on legislation to ease the crisis. 25X1

The army showdown on 21 April was ended without violence, but full unity has not been restored.

The armed forces fear that there may be widespread disturbances on 1 May. 25X1

Peronista-led labor unions are already on alert for a general strike.

Numerous Peronista offices have been closed since the federal government took control of the provinces on 24 April. 25X1

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ALGERIA

The arrest of Salan, which has raised the morale of French security forces and probably weakened European settler confidence in the Secret Army Organization (OAS), may provoke extremist elements in Algeria to step up terrorism and sabotage. Salan probably did not exercise control over many of the European terrorists, and men such as ex-General Paul Gardy, who has broadcast his assumption of OAS leadership, and especially ex-Colonel Godard are considered more ruthless and capable leaders.

Paris has indicated concern over OAS capability to damage the Saharan oil fields.

The security forces, however, appear to be taking more effective measures against the OAS in the larger cities of Algeria. Resentment among the Moslems of Algiers and Oran is reportedly approaching the point where their leaders may no longer be able to impose discipline. This resentment stems not only from the indiscriminate OAS killings, but from economic privations and misery resulting from the de facto partition the terrorism has created. Moslems employed in European sectors are deprived of their work, while the overcrowded Moslem areas suffer from insufficient medical and sanitary facilities.

Premier Pompidou, in his 26 April maiden speech to the

reconvened National Assembly, declared his government's most urgent task was to break the OAS "without recourse." In view of growing impatience on the part of the provisional Algerian government (PAG) with continued terrorism, this language suggests that De Gaulle is unlikely to make his decision as to whether to commute the death sentence given ex-General Jouhaud until the Salan trial--scheduled to begin in mid-May--is over and the effects of the anti-OAS drive can be assessed.

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Meanwhile, the PAG and the Algerian National Army (ALN) are maneuvering for power within Algeria, with PAG vice premier Ben Bella aligning himself with the ALN. The ALN is said to be angered because the Evian accords impose a barrier against its entry into Algerian political activity while facilitating the return to Algeria of those loyal to the PAG. It is particularly incensed because all the ALN members of the mixed armistice commission in Algeria are staff officers attached to and appointed by the PAG.

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Since his liberation, Ben Bella has seldom mentioned the PAG in public remarks, but has conspicuously visited ALN camps in both Morocco and Tunisia.

[redacted] In a series of PAG plenary meetings which began on 23 April, Ben Bella may press for an early meeting of the National Revolutionary Council in order to remove most of the PAG members.

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In his present position Ben Bella may be able to effect important changes in the operation and organization of the Algerian nationalist movement.

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CONGO

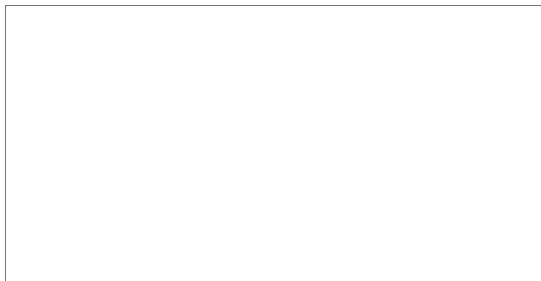
Premier Adoula feels that he has failed in his mandate to reintegrate Katanga and appears to be in a frame of mind to act rashly. Ambassador Gullion says that Adoula believes the US and the UN no longer have the will, the strategy, or the means to help him unify the Congo, and that the premier is convinced that even were Tshombé to negotiate an agreement, it would not be kept.

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alacrity in resuming the talks probably reflects his awareness that military action against Katanga is unlikely while he is engaged in talks.

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Adoula now appears to be trying to regain the initiative. On 24 April he called--for the first time publicly--on "friendly Afro-Asian states" for help if Tshombé refused to end Katanga's secession. Ambassador Gullion believes Adoula may try to obtain bilateral aid from the Casablanca powers and that he may also follow through on his threats to ask the UN to withdraw. He notes that the establishment of bilateral aid from the Afro-Asian states may provide a channel for Soviet bloc assistance to Adoula. Adoula may be reconsidering his previous rejection of Soviet bloc support, but there has been no confirmation of the report that he plans to visit Moscow in May.

The resumed talks will, initially at least, probably center on some new draft constitutional proposals Adoula presented to Tshombé before Tshombé's departure. The proposals, which would allow even less provincial autonomy than under the present system, will almost certainly be rejected by Tshombé. While Adoula is not sanguine over the prospects of reaching a negotiated settlement, he is willing to resume the talks and has said that many items in his draft proposals were inserted for bargaining purposes.

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Tshombé, despite his charges of bad faith on Adoula's part, appears confident and gives every indication

that he will return to Leopoldville and resume negotiations. UN officials have renewed UN security guarantees, and Tshombé has told them he will return on 3 May. He will be preceded by an advance Katangan delegation. Tshombé's

Tshombé's gratitude for the UN's honoring its guarantees for his personal safety has brought at least a temporary improvement in Katangan-UN relations. Meanwhile, the sentencing by Leopoldville of South Kasai "King" Albert Kalonji to five years' imprisonment may produce violence in that area.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

VIETNAM

North Vietnam is trying to push Cambodia's Prince Sihanouk into formally proposing an international conference on Vietnam. With a series of statements over the past week, the North Vietnamese have alternately sought to play on Sihanouk's vanity and to increase the atmosphere of tension he is anxious to allay.

On 18 April, Nguyen Van Vinh, member of the North Vietnamese central committee and head of Hanoi's National Reunification Committee, told the North Vietnamese National Assembly that "it is very necessary to reconvene the Geneva conference to discuss the Vietnamese question." Hanoi earlier had shown its interest in "consultations" between the 1954 Geneva powers but had not been so specific. A Hanoi broadcast on 19 April lauded Sihanouk for his "deep attachment to peace," noting that he had been "promoter of the Geneva conference to settle the Laotian question," and heartily endorsed what Hanoi chose to call Sihanouk's "suggestion" to hold an international conference on Vietnam.

Sihanouk in fact has made no formal proposal for a conference but used a Chinese Communist statement about the need for "consultations" as a takeoff for discoursing on possible solutions to a situation he described as growing ever more dangerous. Feeding this sort of apprehension, the Vietnamese People's Revolutionary party, a southern subsidiary of North Vietnam's Lao Dong (Communist) party, had a statement broadcast by Hanoi

on 24 April threatening to call for "material and men" from North Vietnam, unless something was done to reduce the level of US military assistance to Diem.

The USSR thus far has not publicly endorsed a conference but has requested that Britain, as cochairman of the Geneva conference, join it in an appeal to the US to withdraw its "aggressive troops" from Vietnam. The British rejection of the Soviet request may make Moscow more willing to support Sihanouk's initiative. Moscow supported Sihanouk's call for a conference on Laos last year,

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The Communists probably reason they have little chance to get a conference now. However, they would hope that international pressure for a negotiated settlement could be raised to the point where it would have some retarding effect on US support for South Vietnam's war against the Viet Cong.

The Communist military and political drive in South Vietnam has shown no perceptible slackening despite harassment from more aggressive and mobile government operations. Since early March, Viet Cong attacks have been sustained at a high level, with less dramatic use of battalion-size forces than occurred last fall, but with greater frequency and improved firepower. The Viet Cong still rely chiefly on small-scale, erosive guerrilla

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raids, engaging in larger clashes at times and places of their own choosing. A favorite tactic is to strike at remote outposts manned by the government's paramilitary forces in order to draw ground reinforcements which can be ambushed en route.

Government troops, now expanded to 193,000 regulars, have so far scored no major victories. Heavy Communist casualties, largely from air strikes, are claimed--about 7,200 between 1 January and 16 April, as compared with about 3,860 for government forces; this total, however, is based partly on estimates and may have been exaggerated by the South Vietnamese.

A major weakness of the government continues to be inadequate access to information on the Viet Cong and inadequate processing of available information. Programs are under way for improvement in this area, and there have been some recent reports of cooperation from villagers. Helicopter airlifts are providing a greater impact of government authority in isolated areas, but much of the countryside lacks effective government control. Viet Cong forces, often natives of the area in which they operate, retain the active or passive support of villagers.

The government's program to relocate peasants into strategic hamlets, now under way in a few provinces north of Saigon, has proceeded relatively

smoothly but furnishes little clue so far of the government's ability to provide tangible benefits or win positive loyalty in the countryside. Some [redacted]

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[redacted] concern over the caliber of Vietnamese leadership of the program as well as over the wisdom of launching it in Viet Cong strongholds with inadequate troop support--a situation which could invite setbacks in its early stages.

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The Diem government appears to have adequate rice stocks for Saigon and the deficit areas of central Vietnam and is making some headway with its fiscal and monetary reforms designed to help finance counter-insurgency. While morale among government officials appears to have improved over its low of last fall, there is still considerable dissatisfaction with Diem's continued reluctance to undertake administrative and political reforms.

Propaganda from the Communist National Front for the Liberation of South Vietnam is strongly aimed at the frustrations of Diem's non-Communist political opposition and at the rank-and-file military, where a high desertion rate--about 1,000 per month in midwinter--results from long combat duty, low benefits, and fear of Viet Cong reprisals against relatives. In addition, fear of expanding warfare and government plans to conscript youths of Chinese origin are reported to be causing growing restiveness and some susceptibility to Communist influence within the large Chinese community.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

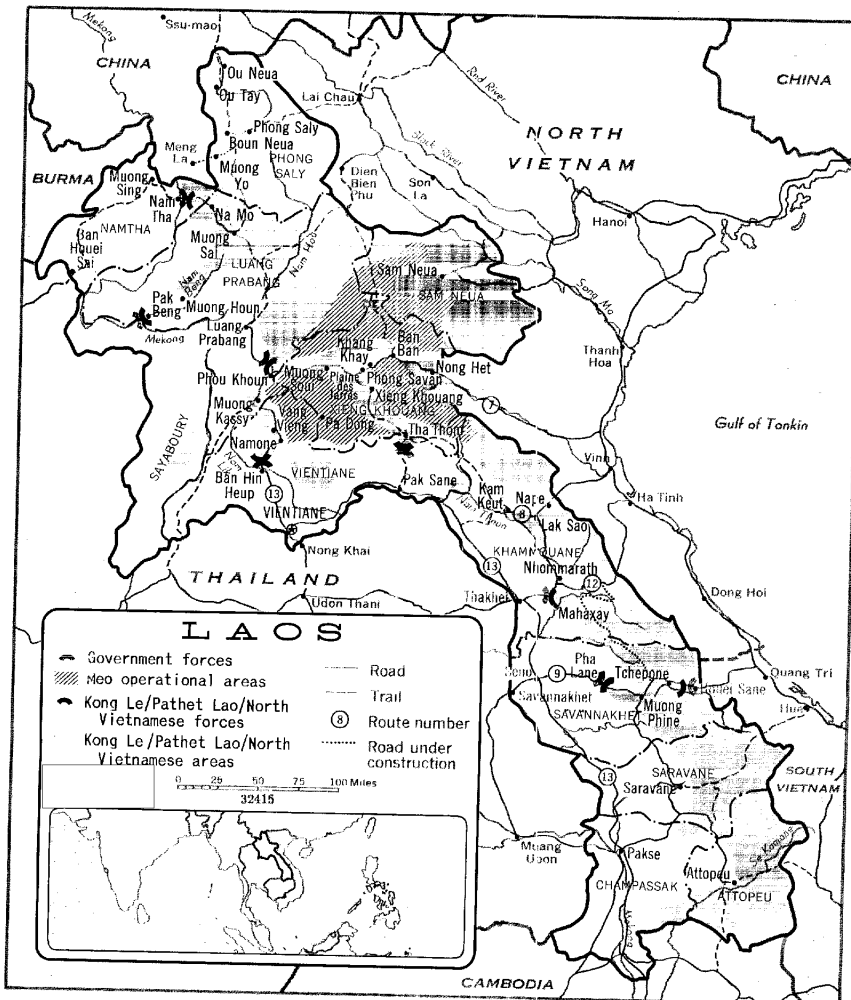
LAOS

General Phoumi remains sanguine that the US will "eventually agree" to support his formula calling for King Savang to head a government of national union.

It remains highly unlikely, however, that Souvanna and Souphannouvong--who now have Western support for a Souvanna cabinet--would agree to the assumption of such a role by Savang. Soviet Ambassador Abramov, terming Phoumi's proposal "unrealistic," stated that Souvanna and Souphannouvong would never accept it.

The King has indicated that he might reluctantly assume leadership if given full powers by the National Assembly, which is scheduled to convene in early May.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

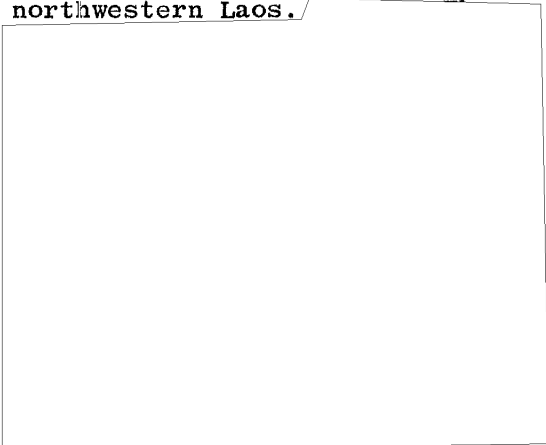


of gaining any economic aid, have indicated that they are hoping to evoke diplomatic support for their anti-Communist stand and that such support, if widespread and vocal, might compel Western powers to revise their Laos policy.

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Antigovernment forces have increased their pressure in northwestern Laos.

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A "friendship mission" now is in Thailand, and other visits are scheduled to South Korea, South Vietnam, Malaya, Nationalist China, and the Philippines. Vientiane leaders, probably aware that their missions stand little chance

SYRIA

The Nationalization Laws

In his first statement of policy since assuming office, Syrian Prime Minister Azmah reflected the socialistic and pan-Arab pressures that led the army to overthrow the conservative parliamentary regime a month ago. He emphasized the necessity for state-directed economic planning and the limitation of private capital investment. Simultaneously he announced the renationalization of the "Big Five," Syria's largest industrial combine which has interests in textile mills and cement factories.

Under the provisions of July 1961 decrees relating to industry and banking, 25 percent of the profits of all business enterprises were to be distributed to the workers, a ceiling of \$14,300 was set on individual corporate salaries, 50-percent government participation in specified companies was instituted, all banks and insurance companies and certain large corporations were nationalized, and individual holdings in any company limited to \$35,000, with the government taking over any amount above this sum. Former owners were to receive nonnegotiable

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15-year, 4-percent bonds in payment. It is estimated that aside from the Industrial Bank, with its 6,265 stockholders, less than 500 persons were affected by the bank seizure and only 19 by the insurance companies' decree. Three factories owned by 159 persons were nationalized, and the limitation of ownership involved 207 individuals.

These laws, with the exception of the 25-percent employee profit participation and worker representation on boards of directors, were abrogated by the Dawalibi government in early 1962. The violent reaction which ensued on the part of leftist elements was one of the motivations for the army intervention of 28 March, and the laws will probably soon be reapplied.

Nasir's agrarian reform law of September 1958 remains in force except for minor revisions. It has not been a major political issue, although antiregime elements have alarmed the peasantry by predicting it would be revoked. Azmah's statement indicated he intended to implement the law.

Opposing Ideological Forces

Latent pro-Nasir sentiment, especially in the Aleppo area, was brought to the surface following the 28 March army coup, and its importance and strength were underscored by the subsequent revolt of some elements of the Aleppo garrison. Worker and student demonstrations there and in other cities showed the extent of aspirations for Arab unity under Nasir's leadership among younger civilian and army elements. There is little doubt as to the widespread desire for some form of Arab unity in Syria, but the actual strength of forces pushing for reunification with Egypt is not known; their strength may be overestimated as a result

of their adeptness at expressing their feelings vocally and their ability to organize mob action.

Historically, sentiment for union with Iraq has been strong among a large segment of the Syrian population, especially in the Aleppo area, and while there is an aversion to Qasim, his demise and replacement by an Arab nationalist regime might give encouragement to these forces. There is a small element which looks with favor on Jordan's King Husayn, but this group is losing strength.

Within the Arab unity element, two schools of thought are prevalent: one that seeks full union with Nasir's Egypt, and another that desires to maintain Syria's identity within an Arab federation. At present the latter grouping probably is the predominant one. Aside from a numerically insignificant industrial and merchant class, the former owners of large agricultural estates, and the conservative religious element, few Syrians quarrel with the goals of Nasir's "Arab socialism." The struggle will be concentrated on the problem of what form of unity is to evolve. It is this question that could raise the specter of civil war, so nearly awakened at the beginning of April.

The Syrian Army at the present time is divided into three ideological groupings: those favoring union with Egypt, anti-Nasir conservative officers, and a dominant faction which would be willing to see a closer relationship with Nasir short of full union. This middle faction fears that a return to union would bring about Egyptian domination of the Syrian Army and reversion of Syria to second-class status. The present army junta derives its basic support from this faction.

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EUROPEAN CONFEDERATION DEVELOPMENTS

Efforts of the six Common Market (EEC) countries to reach agreement on a treaty to establish a political union are snagged on the questions of British participation and the role of such a union in the Atlantic framework. Recent concessions by De Gaulle permitted some progress toward an agreed text at the meeting of EEC foreign ministers in Paris on 17 April. Nevertheless, the talks adjourned without agreement when Belgium and the Netherlands declared they would not sign until assured of Britain's accession to the EEC and its membership in the confederation.

In taking the lead in blocking the treaty, Belgium's Spaak was apparently motivated by his persisting distrust of De Gaulle's motives in pushing the political project. Following the meeting, Spaak explained to the press that he still believes a European political union should be supranational in form, but if this is impossible, then it is of "highest importance" to have the "equilibrium and experience" which British membership would contribute. He then referred to his fears concerning the future of the Atlantic alliance and said he had always considered it necessary "not to move political Europe away from the Anglo-Saxons and to reject the idea of a European third force."

Spaak has not always been so eager for Britain's EEC accession. He has, however, shown increasing concern over De Gaulle's views on nuclear weapons, NATO, and disarmament, and he apparently now is convinced that only Britain's membership would prevent De Gaulle from using a European union to advance these views. His eagerness for British participation was apparently also increased by the early April meetings between De Gaulle, Fanfani, and Adenauer, which increased Bel-

gian fears--shared by the Dutch--of big-power dictation. Spaak declared in his press statement that a united Europe "cannot be conceived and created except on an equality of states," and it "would be dangerous and unacceptable for certain powerful countries to imagine that when they had arrived at an agreement among themselves the problems were automatically resolved."

Whether tensions between the small and big countries in the Common Market have become so aggravated as to pose a serious threat to EEC cohesion and the negotiations on British accession remains to be seen. French officials have predicted dire consequences in both respects, they are resentful of Belgium's affront to De Gaulle, and they are probably inclined to blame London.

the evident inability of the EEC to take even a short step from economic toward political unity may encourage the UK to attempt once more to water down the EEC into a free trade association and to press even harder for the admission of countries--such as the three European neutrals--which do not share the EEC's political objectives.

Attempts to surmount the present difficulties are still expected--probably initially during the 4-6 May NATO ministerial meeting in Athens. Their success seems likely to hinge in part on the attitude of Britain which, by accident or design, now is deeply involved in the treaty talks. However, an attempt by London to exploit the differences among the Six would almost certainly jeopardize its EEC application, and even an effort to mediate involves the risk of misinterpretation.

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PEIPING DENOUNCES US NAVAL ACTIVITIES OFF CHINA COAST

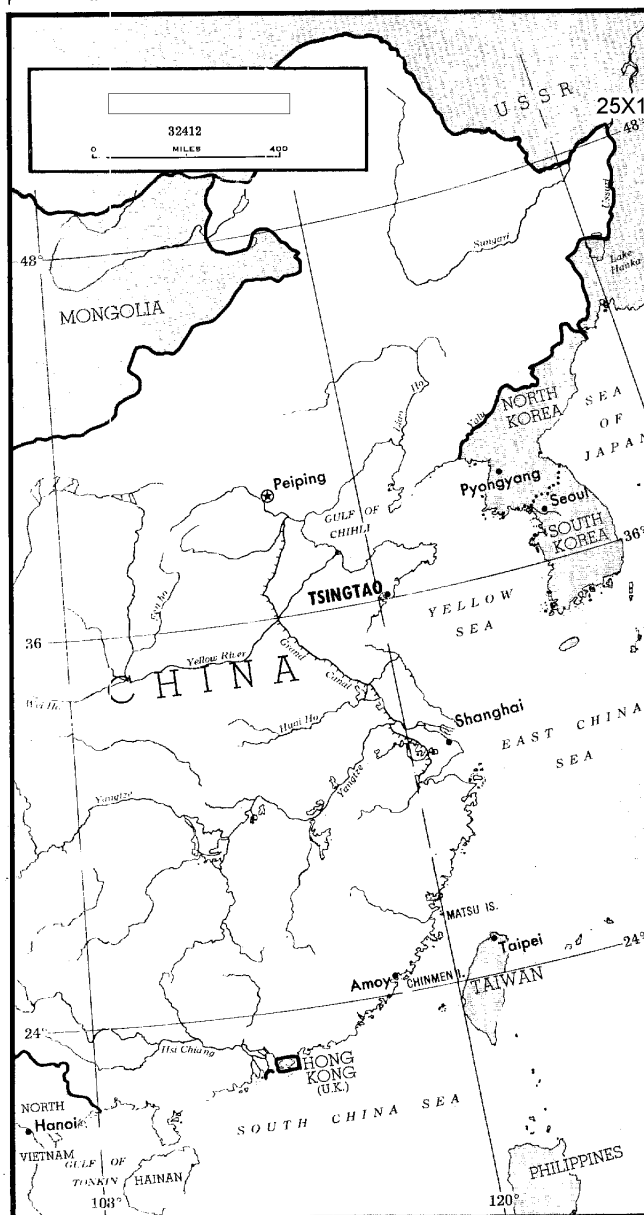
The Chinese Communists reacted with vigor to the movements of the US destroyer De Haven, which began a reconnaissance patrol off the key North China naval base of Tsingtao on 13 April.

Peiping issued three "serious warnings"--197, 198, and 199 in the series which began in September 1958--charging that the vessel had "intruded" into Chinese waters and refused to leave. The De Haven was in fact at no point closer than 30 miles from the coast. This patrol was the first conducted in the Tsingtao area since the "serious warnings" began; all previous warnings had covered "intrusions" in the area of the Taiwan Strait and the South China Sea.

On 16 April Peiping amplified its warnings, with a detailed statement denouncing the presence of the destroyer as a "new and graver provocation" against the Chinese people. This was the first time in nearly two years that the Chinese had made more than a pro forma denunciation of alleged US provocations. The movements of the American vessel also drew an unprecedented reaction from Chinese Communist naval forces. Chinese naval surface units shadowed the De Haven during its patrol.

The quick response can be attributed in large part to Peiping's concern over the extension of US naval activity into this sensitive area. This fact--along with frequent public statements from Taipei concerning an imminent return to the mainland--has probably heightened Peiping's sensitivity to the possibility of some military or paramilitary action against the

mainland. The 16 April statement linked the presence of the De Haven with purported US efforts to "intensify tension in the Taiwan Strait," and connected these activities with Chinese Nationalist military preparations against the mainland.

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Peiping may have viewed the De Haven's movements as an American effort to test mainland defensive reaction before a move by Taipei.

Chinese sensitivity on this score was recently underlined by the start of a major Chinese Communist effort to jam Chinese Nationalist propaganda broadcasts to the mainland. Communist jamming in the past has been conducted on a partial and irregular basis.

The Chinese have made no recent effort to stress the urgency of "liberating" territory held by the Chinese Nationalists; the subject received only token attention at the recent high-level meetings in Peiping. Chinese Communist shelling of the off-shore islands remains at a low level; no high explosives have been fired for eight months. [REDACTED]

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INDO-NEPALI RELATIONS

Both India and Nepal appear to have gained their minimum objectives in the discussions that took place during King Mahendra's five-day visit to New Delhi which ended on 23 April. For the Indians, the most important of these was the King's renewed recognition of the need for close relations and for continuing consultations between the two governments--a nod in the direction of the "special relationship" New Delhi contends is required by their common heritage. The Nepalis' minimum aims were primarily to obtain reassurances from the Indians with regard to Nepal's sovereignty and formal Indian condemnation, in the joint communiqué, of the "violent and unlawful" activities which continue to threaten Nepal's "stability and prosperity"--a reference to the India-based Nepali exile movement.

In addition, the visit had the advantage for both sides of clearing the atmosphere between Nehru and Mahendra, whose personal relationship has never been warm or friendly. The two leaders held private talks on four of the five days

of the visit [REDACTED]

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However, these talks, as well as the lower level conversations which paralleled them, apparently failed to bring any nearer a resolution of the surface irritants and basic misunderstandings which have plagued Indo-Nepali relations. Nehru will probably tighten up a bit in his generally permissive policy toward the exile movement, and the King will probably keep the lid on manifestations of anti-Indian feeling within Nepal in the interests of preventing further deterioration in their relations. There are no indications, however, that their basic suspicions about each other's long-term intentions have abated or that either now is prepared to take the steps necessary, such as Mahendra's compromising with the exile movement or Nehru's suppressing it entirely, to bring about a genuine improvement in relations. [REDACTED]

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CURRENT INTELLIGENCE WEEKLY SUMMARY

GUATEMALA

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With the Guatemalan political crisis now in its seventh week, President Ydigoras continues his efforts to reach an accommodation with his non-Communist opposition. Evidently recognizing the precariousness of his position, he has even implied that he would accept some checks on his political authority in return for the collaboration of respected individuals whom he has asked to accept cabinet posts. He has also enlisted representatives of the diplomatic corps to observe efforts by a "citizens' committee" to mediate between him and the non-Communist opposition. He is making a strong effort to assure the public that the extensive corruption in his regime will be controlled.

Most leaders of the three-party non-Communist opposition alliance are still adamant in their demand that Ydigoras resign, but Ydigoras, a skillful political manipulator, knows the weaknesses of this alliance and may succeed with his old "divide and rule" tactics in provoking dissension within it.

The strikes and demonstrations which the opposition planned to launch on 23 April failed to reach substantial proportions, though some railway workers in outlying stations stopped work and the police used tear gas and clubs to disperse antigovernment demonstrations in the capital on 24 April. Opposition leaders still hope to incite sufficient disorder to cause the armed forces to oust Ydigoras in an effort to restore order.

Communist and Communist-influenced groups continue their plans to gain a major role in the opposition campaign, but they now are being hampered by a growing recognition of the Communist danger among anti-Communist opponents of Ydigoras. There may be a new outbreak of guerrilla activity by the Communist-influenced 13th of November guerrilla group.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

GREEK POLITICAL SITUATION

Antigovernment demonstrations in Athens on 20 April resulted in injury to 140 police and demonstrators and the arrest of 41 persons. The essence of the dispute which brought on the violence is the charge by the elderly, non-Communist Center Union (CU) leader, George Papandreou, that Premier Karamanlis and his National Radical Union (ERE) won their overwhelming victory at the polls last October through intimidation and corruption. The 77 CU members of parliament have refused to accept the legality of the government, have refused to vote on government-sponsored legislation, have brought charges of election irregularities before the courts--most of which have been thrown out--and have demanded that the King call new elections.

On 5 March, Papandreou staged a rally in the largest city on Crete which went off without incident. The Athens meeting, scheduled as an open-air rally in a small square, was prohibited on the grounds that public safety might be imperiled, although the government indicated no objection to an indoor meeting or a rally at a 60,000-seat stadium. Papandreou, however, kept to his original plan, and rioting broke out shortly after he finished speaking.

The most serious incidents reportedly were sparked by unemployed construction workers and militant leaders of the Communist-dominated United Democratic Left (EDA). While Papandreou has repudiated EDA support in his antigovernment

campaign, an EDA functionary has stated that the CU covertly asked for EDA support for the 20 April demonstration. 25X1

The riot was indicative primarily of the ability of the Communists to profit from non-Communist political activities. It also reflected the non-Communist opposition's determination to bring down the government despite danger to public order and the probability that the far left will benefit.

The government, with a sizable majority in parliament and the sometimes reluctant support of the palace, does not appear to be in danger at this time. It is obviously pleased with the relatively limited public response to the CU call for a demonstration and with the ability of the police to handle the riot without calling in the army. Certain elements within the government, however, may decide to use the recent demonstrations as evidence of the need for imposing strict controls on all opposition activity--at least until after the NATO Ministerial Council meeting in Athens opening on 3 May. Such action, combined with the apparent determination of the CU to use almost any means to overthrow the government, could have serious repercussions on constitutional government in Greece. 25X1

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CURRENT INTELLIGENCE WEEKLY SUMMARY

ITALY'S PRESIDENTIAL ELECTION

Italy's president for the next seven years will be chosen by secret balloting of the two houses of parliament--plus ten regional representatives--beginning on 2 May. The attitude of the new president can influence the future of Christian Democratic Premier Fanfani's experiment in left-center government backed by Nenni Socialist allies in parliament--both because of the pro forma resignation the cabinet must submit to him and because of his incidental opportunities to exert pressure.

Neither President Gronchi nor any of the other candidates thus far seem to command the simple majority which would assure election on the fourth ballot, let alone the two thirds required in the initial rounds. All but one of the candidates are members of the large Christian Democratic party, which in the past has failed to maintain voting discipline even after the choice of an official candidate.

As a proponent of center-left government, Gronchi appeals to Socialist and probably a large number of Christian Democratic voters. As the first Christian Democratic president of the republic--he followed a Liberal, Luigi Einaudi--Gronchi holds a certain prestige. The

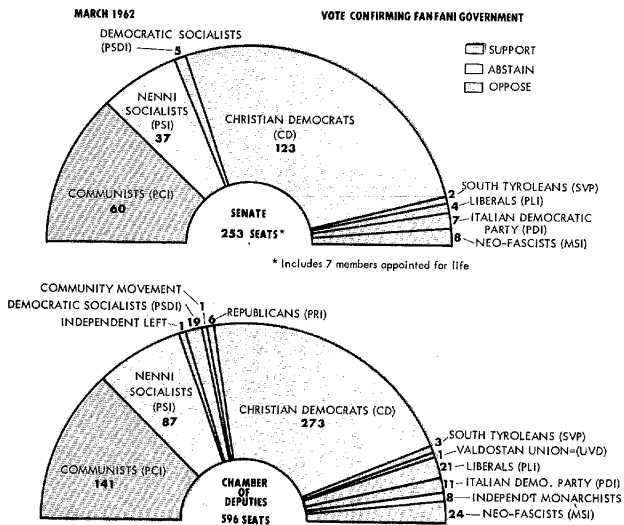
Christian Democratic right wing objects to his orientation, however, and the left wing distrusts him for his decision in mid-1960 to choose Fernando Tambroni to form a government--which was swiftly brought down following riots protesting its dependence on neo-Fascist support. The Communists are said not to favor him because his ineligibility for a third term reduces his susceptibility to political pressures.

Foreign Minister Antonio Segni has opposed the present government formula and is supported by the conservative Liberal party and right-wing Christian Democrats. He might also be backed by the Communists, since they will probably swing their votes to the candidate they consider most likely to disrupt Fanfani's relations with their former Socialist allies. The center-left Christian Democratic majority might support him on the last ballot if he appeared likely to be elected with Communist votes over their veto. Gronchi was elected in 1955 under somewhat similar circumstances.

The Social Democrats have presented their chief, Giuseppe Saragat, and the Republicans have agreed to back him. Saragat's main cards are his strong support of the Fanfani left-center experiment; the argument that the Christian Democrats should give another party a chance after seven years in control of both presidency and premiership; and the fact that his relinquishment of Social Democratic leadership would facilitate reabsorption of his party by the Socialists.

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ITALIAN PARLIAMENT



Dark horses--or "candidates of weariness"--include Senate President Cesare Merzagora, Chamber President Giovanni Leone, and Vice Premier and Christian Democratic party president Attilio Piccioni. A long shot is Fanfani, to whom the Christian Democrats might turn in desperation as the only one with a built-in majority.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

COLOMBIA'S PRESIDENTIAL ELECTION

The 6 May presidential election in Colombia will be largely a test of the governing coalition's ability to demonstrate strong voter support for the National Front system--the most likely basis for continued political stability in Colombia. This system--which has afforded constitutional rule since the overthrow of dictator Rojas Pinilla in 1957 and has calmed traditional Liberal-Conservative hostilities--provides for alternation of the presidency between the Liberal and Conservative parties and apportionment of all elective and appointive offices on a parity basis.

Almost certain to be elected president is Conservative Senator Guillermo Valencia, candidate of the moderate Liberal-Conservative coalition which furnishes the major congressional support for the National Front government. Reportedly pro-US, Valencia plans to visit the US after the election. His only major opponent is Alfonso Lopez, Communist-supported candidate of a minority Liberal faction opposed to the bipartisan government. As a Liberal, Lopez is barred constitutionally from taking office, but he would demand some cabinet posts should he poll many votes. The rightist Popular National Alliance party has nominated ex-dictator Rojas;

his prestige among former devotees will probably divert some votes from Valencia.

There are indications that many Liberals--unwilling to vote Conservative--will abstain rather than vote for the leftist Lopez. A large number of abstentions would tend to weaken Valencia's effective authority as president and undermine the National Front.

The new president faces a severe balance of payments situation, aggravated by the continuing decline of the world coffee market--from which Colombia derives most of the capital to finance its reform programs. It is generally believed that most Colombians support the National Front but that Valencia must deal effectively with the serious socio-economic problems to avert the outbreak of widespread violence and a possible military takeover.

Rural violence continues to plague Colombia, with heavy army and police casualties in March--the highest for any month in two years--indicating a likely buildup of an antigovernment campaign. Government security forces are expected to take precautions against possible outbreaks during the electoral period.

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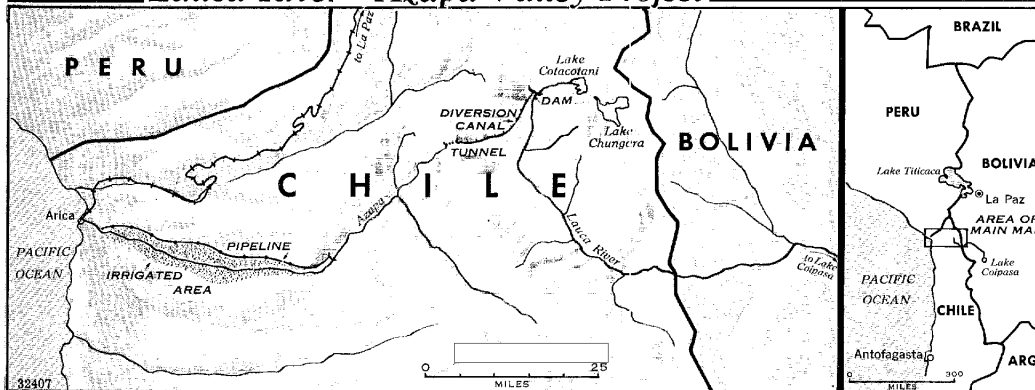
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****THE BOLIVIAN-CHILEAN DISPUTE**

Bolivia is making a major issue of its dispute with Chile over the waters of the Lauca River. It has appealed to the Council of the OAS and has asked that Article 6 of the Rio Treaty of 1947, which provides for arbitration in hemisphere disputes, be invoked against Chile.

Chile, which wants the Lauca water to irrigate land near Arica, conferred with Bolivia when plans for the project were completed in 1939, and frequently thereafter while con-

failure to show progress in economic development. Apathy among its nominal adherents, as well as strong opposition among some urban elements, have apparently led the MNR to fear it will not receive its usual high percentage of the vote.

Periodically during the past ten years, MNR members have rallied to the support of the government when it appeared threatened by domestic or foreign enemies, and the govern-

Lauca River - Azapa Valley Project

struction was in progress, but Bolivia made no protest until late in 1961 when it abruptly accused Chile of "geographical aggression." Bolivian mobs stoned the Chilean Embassy in December when the irrigation system was tested, and again in April when Bolivia suspended diplomatic relations. Chilean officials, although consistently maintaining a conciliatory attitude, have refused to accede to Bolivian demands that use of the water be postponed.

The agitation against Chile seems to have been incited largely to rally domestic support for the governing Nationalist Revolutionary Movement (MNR) in the June congressional elections. Shortages and price increases in basic commodities have recently accentuated disillusionment with the government's

ment under both President Paz and his predecessor has sometimes exaggerated or even fabricated such threats to secure a favorable political effect.

Bolivia's charge against Chile in the OAS may have further international repercussions also. The dispute over the Lauca River has already led to speculation in the Bolivian press of a renewed demand for a Pacific Ocean port. Ecuador, moreover, may find in the invocation of the Rio Treaty a pretext to reopen its boundary dispute with Peru--settled under this protocol in 1942 with the US as one of the four guarantor powers.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****AGRICULTURAL PROBLEMS IN NORTH VIETNAM**

Official concern over agricultural difficulties was apparent in the report of North Vietnamese Vice Minister of Agriculture Nguyen Van Loc at a recent agricultural meeting called by the party central committee. Precipitation this year has been below normal, and the task of maintaining soil moisture is apparently being complicated by a shortage of irrigation equipment and by apathy among the peasants. Although the drought continues, officials appear to be concerned less with adverse weather than with the accumulating evidence of poor leadership in the collectives and consequent shortcomings in agricultural planning and organization. Their concern, however, has not yet affected investment priorities; heavy industry will be favored over agriculture again this year.

This year's first major crop of rice, to be harvested during May and June, is reportedly "not prosperous" because of shallow plowing and harrowing, poor fertilization, and general lack of care in cultivation. In addition, it is reported that cultivation of secondary crops such as corn, sweet potatoes, and manioc (an edible starchy root) is lagging, and that too little acreage has been planted in manioc. The official explanation puts more blame on "the uncomprehensive leadership of party committees" than on the weather. Since expansion of these secondary crops was largely responsible for last year's slight increase in agricultural output, failure to maintain this output in 1962 could have a serious impact on the food situation.

The regime has also experienced difficulty with its recent innovation of an autumn harvest. This policy seeks to introduce a third major rice crop between the traditional harvests in May-June and in October-November. Attempts to enforce this new policy have apparently delayed other harvests because of overlapping work requirements. Hanoi admits that "pessimistic and negative thoughts" prevail in those areas where the 1961 autumn crop interfered with other crops and led to low yields. Nevertheless, orders have gone out to increase the acreage devoted to the autumn crop, and the regime has taken the unusual step of exempting it from purchase by the state this year. Although farmers have been warned against allowing the autumn harvest to interfere with the other harvests, it seems likely that the incentive offered for this crop will in fact contribute to a slackening of effort on the other crops.

In a report on the 1962 plan presented to the National Assembly on 18 April, Vice Premier Nguyen Duy Trinh, chairman of the State Planning Commission, stated that the total value of agricultural output in 1962 was scheduled to be 11 percent above the 1961 level. Special efforts were asked in agriculture in order to "solve the food question" and to provide raw materials for industry and goods for export. Any shortfall in agriculture will undoubtedly affect the optimistic goals for raising industrial output and exports. Even more significant, however, is the need to increase food supplies in order to improve near-subsistence diets, rebuild depleted food stocks, and expand incentives for workers.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

SPECIAL ARTICLES

WEST NEW GUINEA

West New Guinea, the object of a twelve-year dispute between the Netherlands and Indonesia, is likely to remain an economic liability for the foreseeable future and to present administrative difficulties to whatever power assumes the task of governing it. It is one of the least developed areas in the world: its resources are extremely limited, and its Papuan inhabitants are backward and culturally dissimilar. Its area of 151,789 square miles is populated by a sparse 700,000, and large parts are accessible only by air. Should Indonesia acquire West New Guinea and make a conscientious effort to administer it, the added task would complicate the considerable problems which Djakarta already faces.

Background of the Dispute

During discussions with Indonesian nationalist leaders in 1946, the Netherlands agreed that the future sovereign state of Indonesia should "comprise the entire territory of the Netherlands Indies," of which West New Guinea (or West Irian, as Djakarta calls it) was a part. The actual transfer of sovereignty in late 1949, however, did not include this area. Instead, the question of the "political status of New Guinea" was to be determined by further negotiations within one year of the transfer. These and succeeding conferences were unsuccessful.

In 1956 Indonesia retaliated against Dutch retention of

the territory by abrogating the 1949 agreements and repudiating its debts to the Netherlands. In 1957 and 1958, in further retaliation, Indonesia seized Dutch assets throughout the nation; in 1960, Djakarta broke diplomatic relations with The Hague; and in November 1961, President Sukarno issued his "tri-command," by which he justifies the present Indonesian military build-up in areas near New Guinea and the infiltrations into New Guinea territory. The command consisted of orders to prepare for general mobilization, to frustrate the Dutch formation of a "puppet" state in West Irian, and to hoist the Indonesian flag there. Sukarno has since stated repeatedly that West Irian must be "returned" to Indonesia in 1962 and that he will use force if necessary to acquire it.

Economic Liability

The territory of West New Guinea has been a consistent drag on the Dutch budget. Dutch assistance required to make up for the area's unfavorable balance of payments has increased annually--from approximately \$13 million in 1952 to about double that amount last year. A modest ten-year development plan announced in 1960, if carried out, would raise Dutch support to \$33 million by 1964, after which the outlay is scheduled to decline. The Netherlands offered before the United Nations last November to continue this aid, even if New Guinea should achieve independence or be granted some special status under the UN.

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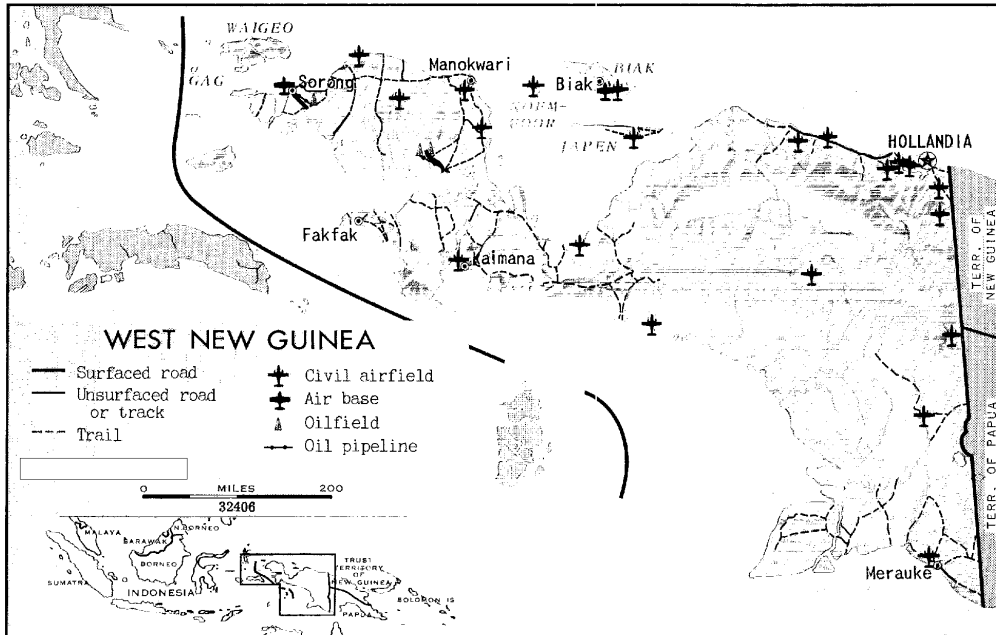
Dutch efforts at development have been rudimentary. Even with a considerable outlay the territory shows no prospect for the rapid development of a self-sustaining economy. Agriculturally West New Guinea has little to offer. Most of the country consists of coastal swamps or rugged mountains, and even in the relatively few level, well-drained areas, the soil is thin and poor. Agricultural exports are limited to small quantities of copra, nutmeg, and mace. Scientific research to improve and vary production has been under way for only a few years. Although some results--particularly in rice and rubber--are favorable, considerable time and investment will be required before the outcome can be termed an asset.

New Guinea's mountains are forest-covered, and foreign in-

terest in the timber potential has led the government to grant one forestry concession and several forest exploration permits. Many of the trees, however, are worthless as timber, and those that are of value are difficult to exploit because of their inaccessibility.

Although valuable mineral discoveries in the future are a possibility, little so far has been found. Oil was discovered in 1934, but the yield, never high, has declined since 1954. Exploration elsewhere in the territory has been fruitless, and the entire petroleum undertaking is being closed out with an investment loss.

A combine of Dutch and American companies has a 75-year lease to investigate deposits of cobalt, nickel, manganese, and pyrites, and possible



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deposits of gold, silver, and platinum. Another joint company is prospecting for gold, and copper mining is expected to begin in about four years.

West New Guinea has few roads, and these are generally limited to towns and oil-producing districts. Even well-developed trail nets are found only in the northwest peninsula and the Merauke region in the south. Air transport supplies the administrative and material needs of the Dutch and Eurasian community of some 18,000 and the many missionary societies. Rivers are the principal means of native transport to the interior.

Administrative Problems

Over half the scattered population of West New Guinea lives in tribal societies generally among the most primitive in the world. In areas not under direct government administration--which in 1960 still comprised 20 percent of the territory--metals, cloth-weaving, and cereal foodstuffs are unknown, and pottery making has been mastered only sporadically. The population ranges culturally from headhunters to third-generation Christians.

No one language is in general use. Dutch is the official language, but Malay is used along the coast in both business and government. In the interior, there are some 100 languages and dialects. The terrain in some large areas has so isolated the tribes that new languages appear to emerge every dozen miles.

Only in very recent years has the Dutch administration begun to emphasize education and to prepare West New Guinea for self-government. Schools, long left to the missionaries, by 1957 were more than half government-owned or -subsidized. The total number of school children is about 60,000, most of them between the ages of six and twelve. They are enrolled in establishments ranging from three-year primary village schools, which account for the majority of the students, to secondary and vocational technical schools. About 35 Papuans are studying in Holland, but only a few of these are in universities.

In 1955 the Netherlands instituted local and regional councils in north and northwest New Guinea--the most advanced area. Members were appointed until 1959, when limited elections were permitted. The councils have advisory powers and are intended "as a preparation and training school for the establishment of autonomous communities."

In April 1961 the Dutch established a 28-member national consultative council of 16 elected and 12 nominated persons, 23 of whom were Papuan. Papuan participation in administration, all at low levels, now is approximately 50 percent, but under the Dutch program it has been scheduled to reach 95 percent by 1970. In December the council adopted a flag and a national anthem and voted to call the territory West Papua.

Any administering power must contend with the limited

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but increasingly articulate political sentiment in West New Guinea. The Dutch consider politically aware Papuans--possibly equated with the estimated 40,000 who voted in 1961--as belonging to one of three groups: those who favor continued Dutch administration, those who prefer a merger with Indonesia, and those who look forward to eventual self-government. Preponderant sentiment lies at present with the last of these. At least seven political parties contested the 1961 council elections; five of these parties are opposed to merger with Indonesia.

Complications for Indonesia

Indonesia is not able to underwrite its own program of economic development and has accepted large-scale foreign aid, including over \$600 million in economic and technical assistance from the Soviet bloc. The military buildup "to confront the Dutch" and possibly to wage war over New Guinea has contributed to a foreign exchange deficit and has caused economic dislocations within the country. Lacking any capacity to undertake a development program in New Guinea, Indonesia reportedly plans to request large-scale outside economic assistance to support its administration there once the area has come under Djakarta's administration. The foreign minister made a general approach for aid to the American ambassador in mid-April. Regardless of the source of such assistance, the undertaking would add to Indonesia's debts. New Guinea could offer nothing to Indonesia's economic base, and its economic deficiencies, even without a development program, would be a drag for years on Indonesia's economy.

Indonesia, like most new nations, is short of administra-

tive and technical personnel. It can little afford to send numbers of its own trained manpower to New Guinea for administrative or defense purposes. Although Djakarta is training Papuans in Indonesia for a New Guinea civil service and might be willing to use some Dutch or UN personnel in the area, it would probably still insist on sending some of its own limited manpower for military and administrative posts.

The temptation to Indonesia would seem to be to acquire the area and then leave it alone. Such a policy, however, would probably encourage separatist sentiment among articulate Papuans who might request assistance from the Netherlands or from Australia, which holds the other half of the island of New Guinea. Indonesia, itself a culturally diverse and geographically sprawling archipelago, has repeatedly faced real or incipient separatism. The government would not be likely to permit a separatist movement to develop unchallenged in New Guinea. Moreover, beyond the coastal areas, any lapse in administrative discipline would probably encourage a renewal of once-widespread tribal warfare.

President Sukarno, who has almost singlehandedly promoted the New Guinea campaign, appears unaware of the problems which acquisition of the area is likely to bring. To him, New Guinea represents an unfinished phase of the national revolution. Until it is merged with Indonesia, his own life's work is incomplete. Under his leadership, there is no alternative to the ultimate acquisition of West New Guinea. The only choice with Sukarno is whether the acquisition shall be by force or by negotiated settlement.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****YUGOSLAVIA'S DOMESTIC PROBLEMS**

The year 1961 was a period of significant change for Yugoslavia. Early in the year, Belgrade put into effect a broad program of economic liberalization designed to make the economy more responsive to foreign and domestic markets and to decentralize economic decision-making. In the political sphere, the Tito regime took steps to increase public participation in governmental functions and started the process of adopting a new constitution. These policies have been challenged by special interest groups, both inside and outside the Communist party. How the federal leadership copes with the economic and political problems which have resulted from these developments will in large part determine whether Yugoslavia continues to make progress economically and politically. Any marked retreat from the present policies could result in economic stagnation and growing instability.

Ideological Bases

Yugoslav leaders divide their country's development since World War II into three periods. Up to 1953, they were establishing a totalitarian state and the party was consolidating its control. Between 1953 and 1960, the regime experimented in an effort to find appropriate programs and institutions for Yugoslavia's future economic and political development. The country is presently in a period devoted to implementing programs derived from these experiments and designed to build an economically developed state having general public acceptance.

Yugoslavia's road of Communist development is ideologically unorthodox, differing significantly from that prescribed by Moscow. This disagreement is basic to all Yugoslavia's differences with the bloc and becomes broader as Belgrade enunciates and puts its own concepts into effect. Yugoslav ideologists assert, for example, that Moscow, beginning in the Stalin era, corrupted Marxism by giving the state too large a role in society; Belgrade intends to avoid this pitfall. When the Yugoslavs talk about the "withering away" of their own state--a process they say now is under way--they mean that standard government bodies are already being increasingly divested of managerial responsibilities.

Under the reform program instituted last year, industrial workers' councils and management groups generally had the authority to determine their own affairs, such as setting production levels, wages, and rates of expansion. Overall regime control of the economy was exercised through fiscal measures, such as taxes and credits; through the authoritative "advice" of informal control agencies, such as local governments and producers' associations; and by virtue of the Communist party members in many of the managerial groups.

The regime felt secure in dispersing economic and political authority, assuming that the groups to which managerial responsibilities were being transferred were as loyal to the Tito leadership as the government bureaucracy. This assumption has proved erroneous, however, and the programs promoting

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economic liberalization and political permissiveness have released many hitherto quiescent social and political forces. While the elements behind these forces may be loyal to the regime's overall program, they are not blindly obedient to its specific directives and disagree with its policy of iron unity on all questions.

Thus, the once-homogeneous regime is faced with conflicts between rural and urban interests, economic conservatism versus liberalism, republic nationalism versus Yugoslav federalism, labor versus management, and the haves versus the have-nots. In coping with the serious economic problems which these conflicts are creating and in attempting to limit dissent, however, the regime must be careful not to use heavy-handed measures which would also deter the local initiative the economic liberalization was intended to spark.

Problems Caused By Economic Liberalization

The Yugoslav economy turned in a poor performance during 1961, its first year under the economic reform. The success of the program depends on the country's ability to acquire foreign exchange. The regime intended to force Yugoslav enterprises to produce quality goods efficiently by stopping government subsidies and by importing quality foreign goods to compete with domestic products on the home market. Yugoslavia already has a short-term foreign debt problem, however, and as of 30 November 1961, owed \$878,000,000 abroad, of which 22 percent will fall due before the end of 1963 and 64 percent within the next five years.

Although the Soviet bloc has been unwilling for some years to make loans to Yugoslavia, Belgrade has had relatively little trouble in ac-

quiring foreign exchange through loans from the West. In fact a number of Western states supplied around \$275,000,000 specifically for the economic liberalization and reform program. The foreign policy positions Belgrade has taken during the past year, however, particularly at the nonaligned summit conference last September, has made the West increasingly reticent to grant loans.

This has made it necessary for Yugoslavia to depend more on exports as a means of acquiring foreign exchange. Last year, however, exports fell, contrary to regime expectations, and imports rose. As a result of this imbalance in trade and of its debt payment requirements, Belgrade, to meet its obligations, must obtain around \$200,000,000 in foreign exchange in 1962. There are indications that Belgrade is already falling behind in repayment of some types of short-term commercial credit.

Publicly, Yugoslav officials blame last year's poor economic performance on bad weather, which caused a mediocre harvest; on the type of Western economic assistance provided for the reform--part of which was tied to purchase of specific commodities; and on the growing integration of European economic groupings. Trade statistics show, however, that these were contributory but not primary causes.

What in fact happened was that under the new, relaxed economic regulations, many formerly dormant problems quickly came alive. Many formerly subsidized Yugoslav enterprises were unenthusiastic about the new relatively free market in which competition would limit profits, and in effect staged an export strike. They did this by failing to modernize their foreign merchandizing organizations or to take any steps to improve their competitive positions. Now, apparently with the support of

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some high-level officials, these enterprises are pressing for a restoration of government subsidies.

The decentralization of economic decision-making created other economic strains as well. Factory management groups and workers' councils, for example, were given control over a greater share of enterprise income. Many used this power to raise industrial wages completely out of proportion to increases in worker productivity. In doing so, they ignored regime policy and created inflationary pressures. Belgrade has ordered industry to hold down wages in 1962, so that wage and productivity increases balance out for 1961-62, despite the public grumbling this will probably cause.

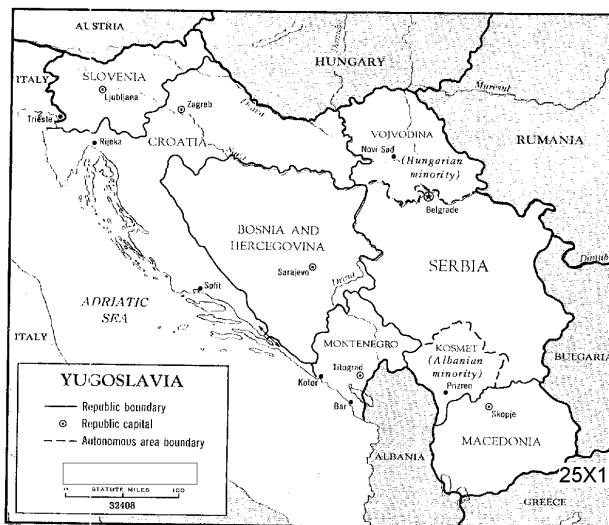
A regime effort to restore a more reasonable balance between agricultural and industrial prices also faltered. Agricultural prices rose as scheduled, but so did industrial prices. As a result, a further increase in agricultural prices will be required this year even though this will further stimulate inflationary pressures.

On 13 April, the regime retreated somewhat from the spirit of the reform program by making several other politically distasteful decisions in an effort to check inflation and increase the liquidity of the economy. In addition to the bill holding down wages, the regime has also set maximum price levels. Parliament ordered enterprises to settle all outstanding debts by 13 May; institutions and government bodies have until the end of June. To enable industrial enterprises to build up their working capital holdings, inventories of products not in demand are to be liquidated by sales at reduced prices.

The government, for its part, has announced a \$16,600,000 cutback in budget expenditures and a \$24,000,000 reduction in investments, although this will further slow the country's rate of economic growth. Construction of "administration or management" buildings has been forbidden for the remainder of the year. A new tax has been levied on all imports, and health service expenses will be held to the amount spent last year.

Republic Nationalism

The paramount political problem facing the regime today is the revival of frictions between the federal government and Yugoslavia's six culturally and economically diverse nationalities, represented by republics and autonomous regions in the federal structure. In the December session of parliament, for example, a number of deputies attacked the regime's economic plan for 1962 on the grounds that it was unrealistic--i.e., on subjective grounds: the interests of their specific national republics were not adequately served. Two Slovene

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deputies took the unprecedented action of voting against the plan, and Slovenia subsequently declined to legislate an economic plan for the current year.

For the same reasons, in January, Slovene and Macedonian members of a commission charged with drafting a new Yugoslav constitution were so adamant in their defense of "states rights" that the regime-proposed draft had to be discarded. In early April, when it was announced that a draft still was not ready, parliament had to extend its mandate for up to a year and postpone national elections. The Slovene nationalists by their actions declared themselves in opposition to the most important Slovene in the federal hierarchy, Vice President Edvard Kardelj, who is also chairman of the Constitutional Commission. Probably because of the nationalistic activities of the Slovenes and the Macedonians, the Croatian leadership met in mid-March to consider formulation of positions reflecting their own national interests.

Internal Security

The emergence of open challenges to the economic and political policies of the Tito leadership points up the weakness of the regime's control mechanisms. Over the years, Belgrade has discarded the orthodox Communist mechanisms of control, such as police terror, and in their place constructed an intricate system of front organizations, ranging from trade unions to workers' councils.

These organizations were effective as control mechanisms

as long as the Communist party members who dominated the fronts' leaderships unflinchingly carried out Belgrade's orders. According to the regime's own admission, however, many of these organizations under the liberalization program "turned into ambassadors endeavoring to justify the stagnation and lagging behind of industrial production"--caused by the indiscipline of industrial management and workers' councils--"instead of offering concrete assistance to direct manufacturers." During the April session of parliament, the regime ordered establishment of new commissions at all levels of government to supervise the allocation of enterprise income.

Certain of the control organizations seem to be courting public favor, even though their leaders are not dependent upon the people for their positions. The trade unions and the appropriate committees of parliament, for example, have announced their opposition to a regime proposal that the public pay in part for treatment under the country's socialized medical program. At the December session of parliament, moreover, one of its two chambers refused to consider proposed amendments to the law on enterprise income because it had not had time to consider the bill adequately. The groups engaged in this type of popularity contest seem to be looking beyond the current situation.

Although the leadership of the Yugoslav party has remained relatively stable since World War II, the character of the party has not. Of its over 1,000,000 members, only 72,000 fought with Tito in the multinational partisan struggle against the Italians and Germans. The regime admits

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that the dilution of partisan camaraderie has lessened the party's militancy and weakened the ties between the leadership and the rank and file. Judging from events of the last year, persons with views contrary to those of the Tito leadership have also been brought into the party, and they are numerous and powerful enough to draw republic and local party leaders into conflict with Tito.

Outlook

From 14 to 16 March Tito held a conference of republic and federal party, government, and front organization leaders at which "current economic and political questions" were discussed with the focus on ensuring greater economic stability and more responsible conduct by regime leaders. The party's executive committee met again on 3 April. Measures such as the establishment of control commissions at the April session of parliament were decided upon at these meetings, but the full results of the deliberations are probably not yet apparent and further decisions are probably required.

It seems probable that certain regime leaders are pressing for a return to more orthodox Communist economic and political practices and the removal of officials who sponsored policies of liberalization. These leaders will be only partially satisfied by the regime's most recent actions, however, and can be expected to continue their

pressure. Enterprise managements, moreover, which also attempted to sabotage the reform, now find themselves under far greater financial pressure as a result of the partial retreat from the program.

The regime pledged at the April parliamentary session that there would be no general retreat from economic liberalization. Liberals and republic nationalists will take heart from this assertion. At the same time, these elements will find disturbing the limited renewal of federal interference in local economic matters.

The Tito leadership probably would not attempt a complete reversal of the general liberalization trend. The Yugoslav people during the past ten years have become accustomed to a gradual relaxation of political repression and a continuing increase in their material well-being. They would not quietly accept a return to old ways, and there are apparently those both inside and outside the regime who would be willing to lead them in an attempt to oppose such a move.

Yugoslavia appears headed into a period of unknown duration in which political cohesiveness and stability will decrease. Leaders of opposition elements may well continue to organize their forces and seek wider support in the expectation that their own particular faction and views will prevail in the struggle which will ensue when the 69-year-old Tito dies.

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THE PORTUGUESE COMMUNIST PARTY

The small but tightly disciplined Portuguese Communist party (PCP) has survived many years of police repression. It probably has no more than 8,000 members, but a high degree of organization has enabled it to infiltrate student, intellectual, and worker groups, and to organize front organizations.

The party has been increasingly successful in exploiting the widespread economic distress in Portugal, where living standards are the lowest in Western Europe and where it faces no strong competition from other political organizations. The only legal political party is the government's National Union, although non-Communist opposition groups are tolerated to a limited degree. These are middle-class in background, disunited, and generally ineffective. The PCP is the only opposition group to champion vigorously the workers' demands for better living conditions.

During the last few years the PCP has been able to capitalize on the growing dissatisfaction with the domestic and overseas policies of Prime Minister Salazar's regime. The party is further assisted by the feeling of many among the non-Communist opposition groups that the PCP is no threat to them and that its members are Portuguese first and Communists second. Unlike the non-Communist opposition in Spain,

they seem to have no strong convictions against collaborating with the Communists.

Background and Strategy

The PCP was banned in 1929 shortly after Salazar assumed dictatorial powers, but began to attract a popular following about the time of the Spanish civil war. It was almost destroyed by police action between 1937 and 1940, but subsequently was revitalized by a new leader, Alvaro Cunhal. Under his direction, the PCP increased its membership to 10,000 by 1949, when Cunhal was jailed. This figure fell to 4,000 six years later, when the police blocked party efforts to build a unified opposition front.

From 1956 to 1960, the PCP was under the dominance of its bourgeois faction, and it concentrated on recruiting students and intellectuals --who now make up about a third of its membership--rather than industrial workers and peasants. It supported Humberto Delgado for the presidency in 1958, infiltrated his organization, and in mid-1959 utilized Delgado as the figurehead for a new opposition front, the National Independence Movement.

In January 1960 Cunhal and nine other PCP leaders escaped from prison. Cunhal was

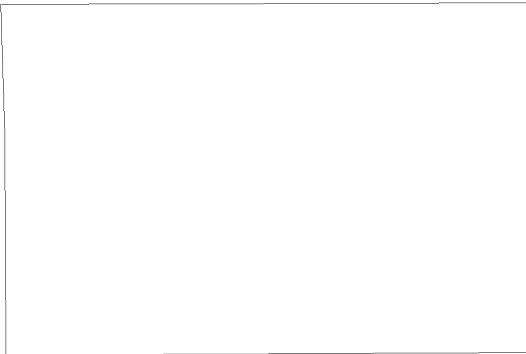
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elected secretary general the following year, and reversed the party's emphasis on intellectuals as targets in favor of recruiting industrial workers and peasants. The party aims at a "national uprising," but it has ruled out attempting to incite a purely military uprising on the grounds that this would result in a military junta which would be violently anti-Communist.



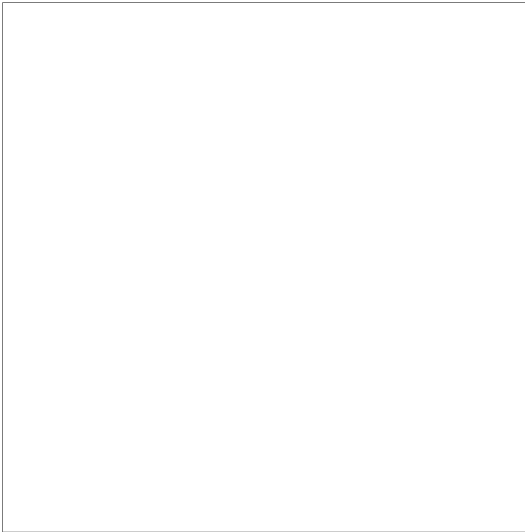
The Armed Forces

PCP penetration of university students paid off in 1961 when reservists, called to active duty because of developments in Angola, enabled the party to spread propaganda within the armed services and encourage desertion. As a group, young reserve officers are considered the least trustworthy element among the regime's supporters.

Tactics

The PCP's present tactics are governed by its strategy of supporting any group working for the overthrow of the Salazar regime. In this framework it seeks to penetrate and control various organizations. Its propaganda emphasizes the need to improve living conditions and restore democratic liberties.

Despite the 1960 reversal of emphasis in recruiting, the party has continued to extend its influence among university students. Communists probably organized the Oporto demonstrations of 8 March 1962 in which a number of students participated.



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ficers, have been used for Communist agitation among the Portuguese military units assigned to Africa.

Outlook

In trying to spread discontent in the metropole, the PCP can be expected to exploit the government's difficulties in Angola. Very recently the clandestine Radio Free Portugal has been aiding the party by broadcasts probably emanating from Rumania. The programs have been devoted largely to a denunciation of the war in Angola and a call for amnesty for Portuguese political prisoners and exiles. On 14 April the PCP broadcast an appeal to Portuguese workers to observe May Day as the day of working-class unity against the war and the regime's restrictions on popular freedoms.

The party has also used students and reserve officers to extend Communist influence in Angola and Mozambique. As early as 1954 it began to offer help in creating Communist parties in those two territories by recruiting African students in Portugal--who are largely mulattoes--into the party's youth front for a future African cadre. While there has been some friction between the PCP and the Africans--who have on occasion appeared more nationalist than Communist--these students, when called to active duty as of-

The PCP's potential is strengthened by its capability for infiltrating the government, the increasing unrest in the country, and the lack of cohesion among the non-Communist opposition groups. Although unlikely to affect the policies of any government which would immediately follow that of Salazar, it would probably be able to make trouble for any subsequent and probably more liberally oriented successor by simultaneously stepping up its infiltration tactics and exploiting popular demands for radical socio-economic changes.

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