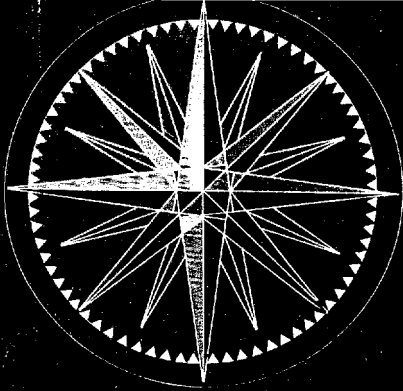


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29 March 1963

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WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed.

CENTRAL INTELLIGENCE AGENCY

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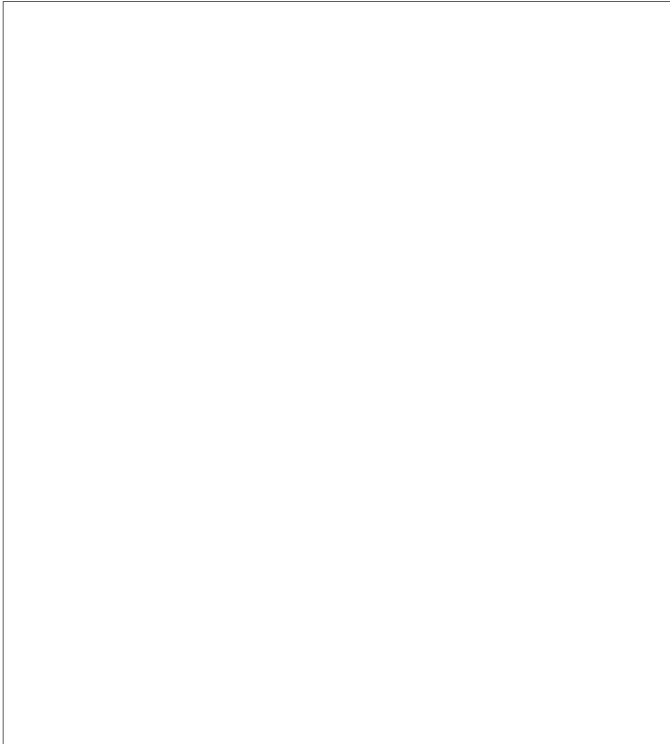
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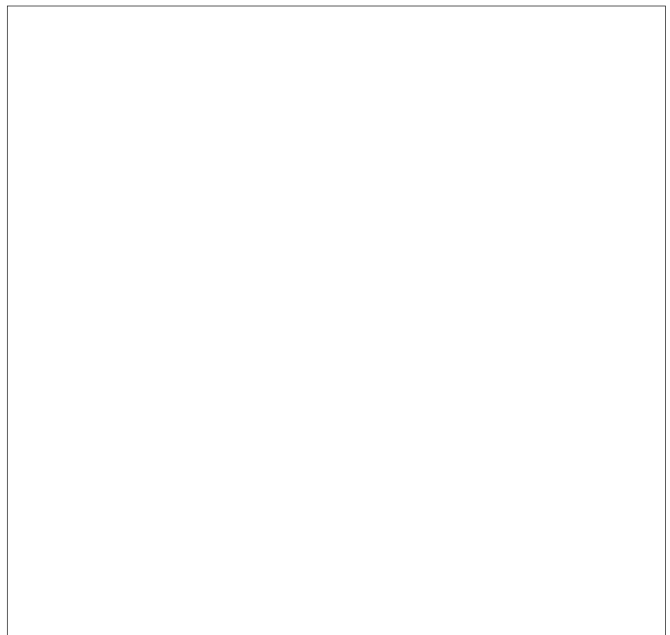
CUBAN SUBVERSIVE ACTIVITIES ABROAD



Lacerda is having foreign delegates arrested as fast as they arrive at Rio airport. One Mexican delegate was put back on the plane on which he had just arrived. Others, however, will probably be able to attend. An Argentine delegation has arrived without incident, as has Isabel Blum, vice president of the Belgian Union for the Defense of Peace. Others known to have made preparations to attend include Mexican Communist Lombardo Toledano, Costa Rican Communist leader Eduardo Mora, a 53-man delegation by ship from Uruguay, and a 20- to 30-man group from Chile.

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In Brazil, the Congress for Solidarity with Cuba--barred from Rio de Janeiro city by anti-Communist state governor Lacerda--opened across the bay at Niteroi on 26 March with only about 400 participants. The only delegate of national prominence was Peasant League leader Francisco Juliao, recently returned from Cuba. Press reports have indicated that the meeting to be attended by foreign delegates might shift to Sao Paulo, although this also may be held in Niteroi.



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Cuba

PREPARATIONS TO FORM CASTRO POLITICAL MACHINE

Indications that efforts are being made to speed up the organization of the long-heralded Cuban political machine, the United Party of the Socialist Revolution (PURS), continue to appear in the press and in speeches by Cuban leaders. The development of the party, interrupted during the crisis last fall, has resumed.

"Model workers" are being "elected" to PURS cells at work centers and state farms throughout the country. The several hundred cells formed so far are being organized into district committees. The formal establishment of the party, promised this year, is to occur at a still unscheduled First National Congress.

On 22 February Fidel Castro spoke before what he described as the first mass meeting of party adherents. Although emphasizing that the organization of the party must move slowly, stressing quality rather than quantity, he pointed out that PURS cells in the western provinces include some 10,000 members and that 30,000 peasants in Oriente Province had joined. President Dorticos, in a speech on 21 March to party members in Camaguey Province, implied that the party organization would not follow Soviet or Chinese models but would be fitted to Cuba's particular needs. On 30 March Castro is scheduled to address a PURS meeting in Matanzas Province.

Castro first formally announced the formation of a single po-

litical party during his "26th of July" speech in 1961. Pending its official formation, he explained, a provisional organ, the Integrated Revolutionary Organization (ORI), would develop the bases on which the single party would be built. The ORI was organized, beginning in the spring of 1961, from three pre-existing groups: the veteran Communists' Popular Socialist Party (PSP); Castro's 26th of July Movement (M26J), and the 13th of March Revolutionary Directorate (DR), a student group which played an independent role in the fight against Batista.

During early 1962, this "fusing of revolutionary forces" and the methods of achieving it were subjects of growing friction between Castro and his "new" Communists, on the one hand, and a group of veteran PSP members, on the other. The leader of the latter group, long-time PSP leader Anibal Escalante, was subsequently expelled from the ORI leadership and exiled. Since then the remaining veteran Communists appear to have accommodated themselves to Castro's leadership.

The PURS is evidently being organized from scratch--rather than out of the ORI organization--and in a manner designed to prevent it from being influenced by any organized remnants of former political parties, including the PSP. Veteran Communists, however, are almost certain to play an important role in the new party as well.

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Cuba

CASTRO INTERVIEW WITH FRENCH JOURNALIST

Both Havana and Moscow were evidently embarrassed by the publication of an interview between Fidel Castro and French journalist Claude Julien in the Paris newspaper Le Monde on 22 and 23 March. Despite Castro's "categorical refutation," the interview as published is characteristic of Castro, and there is no reason to doubt that he made the statements attributed to him. These comments further reveal his anger over the Soviet missile pullout last fall, his condemnation of the subservience to Moscow of satellite

governments and parties, and his resolve not to allow Cuba to fall into such a role.

Moscow published only those portions of Castro's refutation reaffirming his friendship for Khrushchev and the Soviet party and government, and alleging that his remarks had been distorted by "pro-imperialist" elements. The Pravda article made no reference to Castro's denial that he had ever made any statement about Khrushchev "in an unfriendly manner."

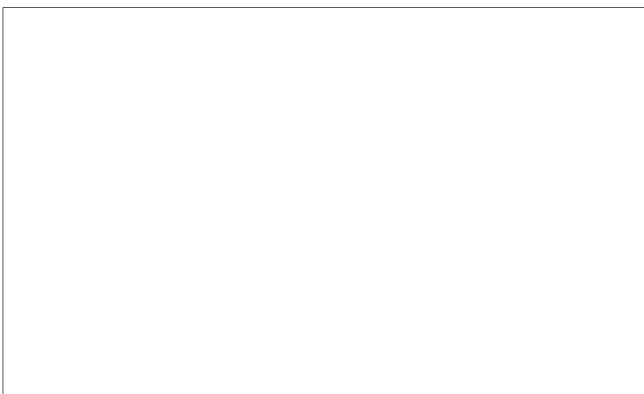
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The Communist World

PENKOVSKY SPY TRIAL RUMORED IMMINENT IN MOSCOW

It is rumored in Moscow that Oleg Penkovsky, a Soviet official accused last December of spying for the West, will shortly stand trial for treason. Several high-ranking officials are said to be implicated, and the case could have repercussions in the highest levels of the Soviet leadership. The American Embassy believes that some top-ranking political figures could be manipulating the affair to discredit or disgrace their rivals.



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Izvestia asserted on 15 December that Penkovsky had given "foreign knickknacks" to his superiors.

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First deputy premier and party presidium member Aleksey Kosygin is also among those alleged to have been "hurt" by the case. His son-in-law, Dzherman Gvishiani, was Penkovsky's immediate superior in the USSR State Committee for Coordination of Scientific Research Work, and the two are rumored to have been close friends. As part of his normal duties, Gvishiani has frequent contacts with members of the Western community in Moscow and he has on occasion been relatively outspoken in discussing Soviet economic problems with them.

The Kremlin may not yet have decided how to handle Penkovsky's trial. Its seeming potential for touching off a major political scandal would suggest that he is to be tried in camera and quietly executed. If, on the other hand, the current rumors hold true, his alleged British accomplice will be placed in the dock at the same time and an open trial might therefore be regarded as un-

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The Communist World

THE MOSCOW-PEIPING DIALOGUE

Attempts by both the Chinese and Soviet parties to dispel the atmosphere of outright hostility but at the same time to demonstrate that they have no intention of compromising suggest that preparations for bilateral talks are being made. Immediately after the Chinese on 13 March published the exchange of letters which agreed in principle to such talks, Soviet Ambassador to China Chervonenko returned to Moscow, perhaps to take part in preparatory discussions.

There is some indication, however, that the Soviets may be attempting to stall these initial sessions. Peiping on 25 March broadcast the text of an Indonesian letter to both the Chinese and Soviets which welcomes the "fact" that the two parties will hold bilateral talks as an important step toward a meeting of the Communist parties of the world. The letter also warned, however, that the "modern revisionists"--the Chinese characterization of Khrushchev and his followers--will "attempt to frustrate the bilateral talks." Khrushchev probably would want to drag out preparations as long as possible, since his interest lies more with keeping the Chinese from attacking his

policies than with meeting with them to resolve differences. In publicizing the Indonesian letter the Chinese may be prodding Moscow to get on with the meeting. Moscow has so far ignored the letter.

While Khrushchev may not succeed in dragging out the preliminary discussions as long as he would wish, he has succeeded, at least temporarily, in quieting Peiping's direct and nasty public attacks on the Soviet party. Even this success is only partial, however. As a substitute for polemics, the Chinese have begun publishing a collection of 44 anti-Chinese statements and articles by various Communist parties. An editorial note in People's Daily on 21 March accompanying the first of these statements adopted the gratingly arrogant holier-than-thou tone characteristic of the Chinese in this dispute: "The deeds of the Chinese Communist Party suit its words," and therefore "this time we merely publish your marvelous essays" while reserving the right to answer them at a time that suits Peiping better.

While the Chinese continue to build their case as the injured party willing even in the face of obvious provocation to be reasonable, the Soviet Union continues to publish statements

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which mildly, but firmly, uphold its basic positions in the debate. The latest of these appeared on 26 March in a Pravda editorial eulogizing Palmiro Togliatti on his 70th birthday. Without attempting to refute all the Chinese strictures against the Italian Communist leader, Pravda manifests complete support for the Togliatti views Peiping had condemned as erroneous. Peiping ignored the occasion altogether.

Thus, while the battle is not fully joined, probing continues. At the moment, the two parties are on the downswing in one of the recurring cycles of intensification and relaxation of tension. There has been no significant change in the composition of the factors that continually bring them close to the explosive point, however, and the current direction of events could easily be reversed.

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PEIPING CALLS FOR MORE RATIONAL ECONOMIC PLANNING

Several recent editorials in People's Daily indicate that Peiping is still taking a cautious approach in planning means to revive the depressed economy. No specific goals have been announced, either for this year or for the Third Five-Year Plan which began in January.

The editorials do not suggest any intent to use last year's slight easing of economic difficulties to justify another crash economic program. On the contrary, they explicitly condemn the waste involved in "irrational" planning and direct all enterprises "to prevent and oppose" any tendency to ignore quality in pursuit of quantitative goals. They acknowledge the need to set strict technical standards, strengthen research and design, and respect the authority of scientific and technical personnel.

Peiping's continued adherence to its goal of autarky is evident in the statement: "We must rely on our own industry to provide various raw materials, supplies, and fuel as well as machinery...for the modernization of agriculture and national defense."

Agricultural workers are given the modest goal of an

over-all increase in production, and are enjoined to draw up their plans within reasonable limits and with local conditions in mind. Better quality of farm work is linked with improving the operation and management of the production teams, and "practical measures" for improving their operation are stressed. Communes are warned to respect the rights of the production team and to discuss with the members proposals related to the state plan.

While Peiping remains cautiously optimistic--"our difficulties are less than they were before"--there is a strong undercurrent of concern over the summer harvest. The regime seems to recognize the importance of increased agricultural output as a stimulant to the lagging economy, shows no inclination to risk the consequences of further radical innovations in rural organization, and has expressly prohibited allowing any "undertakings or conferences" to hamper performance of the spring farming tasks. Although further experiment and adjustments in farm organization are likely, the leadership must be aware that any severe tightening of controls could wipe out the present narrow margin of food supplies. 25X1

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PARTY-ARMY RELATIONS IN COMMUNIST CHINA

For the past two months the Chinese Communists have devoted more than customary attention to questions of morale and political reliability in the armed forces. Military representatives have been summoned to a series of "political work" conferences in Peiping. Mao Tse-tung and other top political leaders have addressed the sessions or personally received the delegates.

The longest conference was a 25-day session in February, which apparently centered on promoting acceptance of party policies by the professional military officers. Political education was held to be the "foremost" task in the armed forces, which were exhorted to see that party directives were "truly implemented."

There is apparently considerable dissatisfaction among military officers about delays in modernizing the armed forces. This feeling seems to be strongest in the air force, where some elements are said to favor a political accommodation with Moscow in order to restore Soviet military aid to China. Two political work conferences since September were convened specifically for air force representatives.

The party line verbally accepts the need to accelerate the modernization program. However, it was made clear at the 25-day session in February that modernization could not go forward on a crash basis. Officers and men were urged to be "patient in

anticipation of further improvement."

There are also indications of official concern over the evaporation of revolutionary elan among enlisted personnel. Most of the men now in the armed forces entered after the Korean war, lack combat experience, and have been affected in their attitudes by reports of economic hardships suffered by their families at home. A campaign is under way to propagandize the life and deeds of Lei Feng, a model soldier said to personify the best in Communist revolutionary and patriotic qualities.

The increased attention to political indoctrination in the armed forces coincides with a "socialist education" campaign among the population generally. The program, therefore, may simply reflect a prudent concern about slipping morale, rather than any special anxiety about military loyalty. Combat performance was good during the border hostilities with India last fall, and the armed forces were fully responsive to regime directives in terminating the mass exodus to Hong Kong the previous spring.

In the country at large, the "socialist education" campaign had reportedly resulted in numerous arrests. It is possible--although there is no firm evidence on this point--that some purging has also been under way in the armed forces. It was reported last September that dissident air force officers were to be "dealt with" shortly.

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Asia-Africa

KOREAN MILITARY RULERS MANEUVER TO KEEP POWER

South Korean military leaders are maneuvering for an accommodation with civilian politicians that will preserve military domination of the government. The chiefs of the armed services and some senior generals have moved to take control of the situation. It is not yet clear whether Pak Chong-hui, heretofore leader of the ruling junta, now is merely a front or is still able to exert significant influence.

The regime intends to use the conference of civilian and military leaders that began on 27 March to arrange a coalition that will appear to broaden support for the junta. The military rulers feel that this would allow them to remain in power and appease foreign critics. The acting foreign minister claims that the regime's plans are flexible and that the period of extended military rule may be only two or three years rather than the four originally envisaged in the 16 March announcement by Pak which set off the current maneuvering. Spokesmen for the regime also are taking the line that an interim government--with civilian representation--is necessary to maintain order and lay the foundation for "true democracy" in South Korea.

The politicians continue to push for a return to civilian government this year. Privately they are pessimistic,

but they continue to press the regime to compromise. Otherwise, they say, they will "resume the struggle." Although the principal civilian leaders, like former president Yun Po-Sun and former prime minister Ho Chong, appear firm in such a position, lesser figures faced with the military's determination to retain control may choose to accept whatever deal they can get rather than be completely shut out of the government.

Meanwhile, the political apparatus left behind by former security chief Kim Chong-pil when he was sent abroad last February is working with the military leaders to extend Pak's rule. There is evidence, however, that this cooperation may be temporary and that the military leaders intend eventually to destroy Kim's organization.

Some reports suggest that the general public is willing to accept a continuation of military rule. While generally favoring civilian government, most Koreans at this point appear more concerned that stability be preserved. Thus far small protest demonstrations organized by the politicians have generated little enthusiasm and have been easily controlled. The police have avoided brutal tactics which could create martyrs and inflame public sentiment.

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Asia-Africa

COMMUNIST THREAT TO LAOTIAN NEUTRALISTS CONTINUES

Relations between neutralist and Pathet Lao forces on the Plaine des Jarres remain strained as the pro-Communists continue to improve their military posture and to interdict neutralist supplies coming from North Vietnam.

Recent reports indicate that the Pathet Lao forces located east of the Plaine des Jarres have been augmented by the arrival of several hundred North Vietnamese troops. While the deployment of such limited

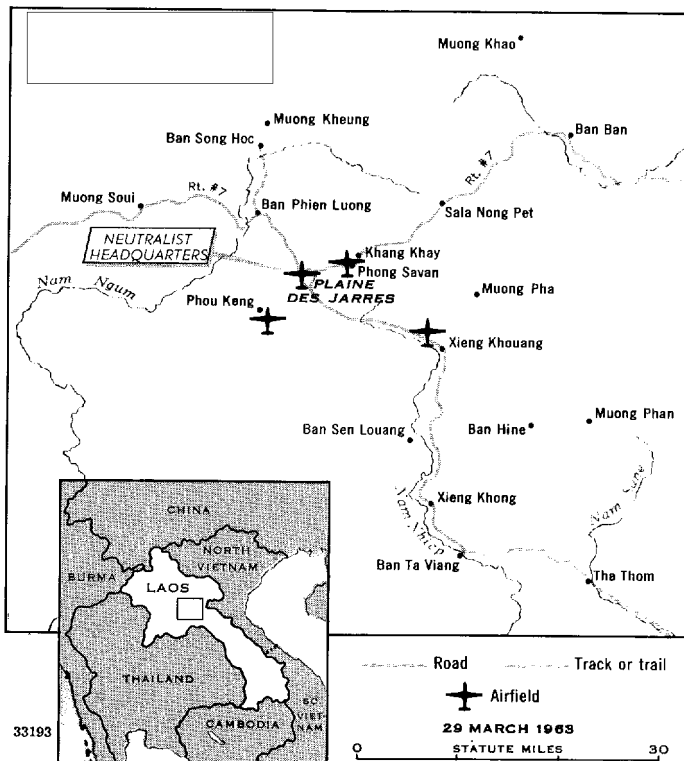
numbers does not appear to presage a major Pathet Lao military move, it suggests a heightened Pathet Lao concern that deteriorating relations with the neutralists may result in open military clashes.

Neutralist Commander Kong Le has requested Souvanna to push for an inspection by the International Control Commission (ICC) of the area east of the Plaine des Jarres near Ban Ban. He probably hopes to inhibit aggressive moves by the Pathet Lao and to compel a withdrawal of North Vietnamese units.

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Souvanna, however, has delayed initiating any formal action, apparently in an effort to avoid aggravating relations with North Vietnam, which repeatedly has denied that any of its forces remain in Laos. There are indications, however, that the ICC itself will initiate such an investigation should Souvanna fail to press for one.

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Asia-Africa

SOUTH VIETNAMESE DISCONTENT WITH DIEM'S RULE

Discontent with President Diem's authoritarian rule continues rife among politically aware Vietnamese in Saigon and renewed plotting against his government is rumored. Despite the suppression of any organized opposition activity, Diem is said to live in constant fear of a coup. He and his influential brother Nhu believe that criticism from the American press and US officialdom is abetting internal dissension.

An anti-Communist committee in Saigon was attempting to enlist some American support for the replacement of Diem or at least for the elimination of Nhu's influence. One exile group has boasted that "harmless" grenades will soon be exploding daily in Saigon, similar to one which scattered anti-Diem propaganda leaflets in January.

Diem and Nhu have privately indicated extreme sensitivity

to publication of the Mansfield report, resenting particularly what they regard as its unfavorable comparison of South Vietnam with neutralist Cambodia. The government-controlled National Assembly has issued a comment labeling the report "unfair." The government is also reported planning to shift personnel in its Washington embassy as a result of "strained relations" with the US.

The brothers apparently continue to harbor suspicions^{25X1} that the abortive paratroop coup in November 1960 and the air force bombing of Diem's palace in February 1962 resulted from direct or indirect American influence. Nhu is reported to have commented recently that the South Vietnamese Army has come increasingly under the influence of American advisers, many of whom he alleged were critical of the regime.

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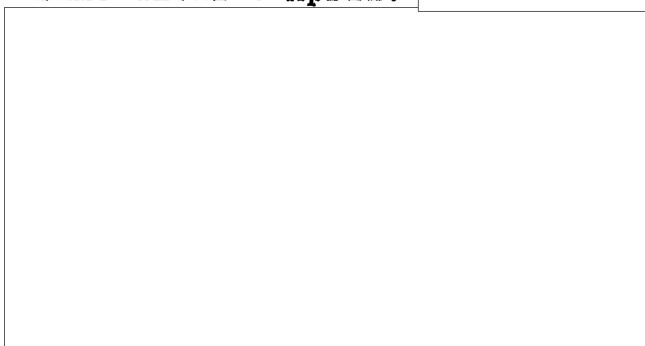
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Asia-Africa

UAR, SYRIA, AND IRAQ FEDERATION TALKS IN RECESS

Negotiations on the establishment of some sort of federation between the UAR, Syria, and Iraq are moving slowly.

The talks, which began in Cairo more than two weeks ago, now are in their second recess and are not scheduled to resume until 6 April. [redacted]



The Iraqi foreign minister [redacted] believes that what Nasir really wants as a prerequisite to federation is control of the Syrian Government. He says that the Iraqi and Syrian Baathists, on the other hand, are pressing for a confederation among equals, in which the central authority would coordinate military operations and foreign affairs while the three states would retain their independence of action in most other fields.

Intensive political maneuvering is continuing in

Syria itself. The military commander in chief, General Atasi, who is committed neither to Nasir nor to the Baath, has been named president of the National Council of the Revolutionary Command. This makes him the most powerful man in the government and, to a considerable extent, diminishes the leading role of the Baath party in general and Prime Minister Bitar in particular.

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The Algerian Government, while joining in the public clamor for Arab unity, has indicated that its own domestic considerations will prevent it from participating in any federation in the early stages. A 24-man Algerian delegation headed by the defense minister arrived in Cairo on 24 March and has held protracted discussions with Nasir and other top Egyptian officials. The Algerians have made a point of announcing to the press that they consider moves toward unity in the Arab Mahgreb entirely compatible with the drive toward greater Arab unity. The delegation plans later to visit Iraq, Syria, and Yemen, the other "liberated Arab states."

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Asia-Africa

KING HUSAYN APPOINTS NEW JORDANIAN CABINET

King Husayn appointed a new government on 27 March in an attempt to brace Jordan for repercussions of the recent coups in Iraq and Syria.

Husayn is well aware of the threat those events indirectly posed for Jordan. He also was aware that the government of Prime Minister Tal had lost much favor within the country because of some of its policies, including Jordanian support of the Yemeni royalists.

The King therefore decided that the situation required a government which he felt would be better able to maintain firm control of the country in the event of serious trouble.

The new cabinet is led by the able, if unpopular, Samir Rifai--a 64-year-old veteran of five previous terms as prime minister. The designated

deputy is a year older than Rifai and is also a conservative, former prime minister. Four of the ministers are holdovers from Tal's cabinet.

The change is unlikely to absolve Husayn of his own responsibility for the unpopular policies associated with Tal. Dissatisfaction has grown and is said to be so widespread among junior officers in the army that almost any coup attempt would receive their support.

Thus far there is no firm evidence of imminent trouble. However, the general atmosphere and reports of plotting have prompted the regime to take precautionary measures. Fifty-two officers of doubtful loyalty recently were retired from the army.

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OPPOSITION DIFFERENCES HELPING CONGOLESE PREMIER

The disagreements which are dividing the various groups in the Congolese Parliament are improving Premier Adoula's chances of survival, although he is not yet out of danger. The

eagerness of individual deputies to acquire ministerial office has diminished the opposition drive to overthrow him, and moderate elements now are willing to support him in exchange

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Asia-Africa

for substantial cabinet representation.

The premier continues to assure US officials he will have a comfortable parliamentary majority when he completes the reshuffling of his cabinet. On 24 March he said he was in the "last phase" of his negotiations, and that he would not include extremist followers of the late Patrice Lumumba or his political heir, Antoine Gizenga. Ambassador Gullion believes that a showdown now is less imminent, but thinks the premier could still miscalculate.

Adoula's close advisers, moreover, are making it clear that if he allows the opposition to pick them off one by one, they will force President Kasavubu to dissolve Parliament. Prime opposition targets are Foreign Minister Bomboko and the tough Sureté chief, Victor Nendaka. Army Chief General Mobutu has apparently left the impression with opposition leaders who sounded him out on the army's position that he would intervene to support Adoula. Minister of Defense Anany also has circulated reports that he would mount a coup if there were any danger that extremists would come to power.

If Adoula survives, he faces a difficult time in getting the UN-drafted constitution approved

by Parliament. Katanga's Moise Tshombé has submitted his own draft constitution--providing for an extremely weak form of federation--and the centralist-minded group is reportedly contemplating submitting a third. The resolutions passed at a recent conference of leaders from the various provinces suggests that Tshombé's proposed "league of states" strikes the most responsive chord among them.

Even though his provincial position seems secure, Tshombé is touring South Katanga probably to bolster support as a prelude to the session of the Katanga assembly opening on 1 April. It is not yet clear if the Balubakat deputies from North Katanga--who now have joined Tshombé in an alliance for the reunification of Katanga Province--will participate.

Although the weight of evidence suggests that Tshombé still hopes to obtain his objectives by bargaining with Leopoldville, he may well secede again once UN forces have been sufficiently reduced.

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Asia-Africa

STALEMATE IN TOGO MAY BE BREAKING

Provisional President Grunitsky continues to encounter difficulties in his efforts to restore legality in Togo and gain foreign recognition. He has, however, been encouraged by some recent developments, including firmer assurances of French support. The promised elections and a simultaneous constitutional referendum now have been set for 5 May.

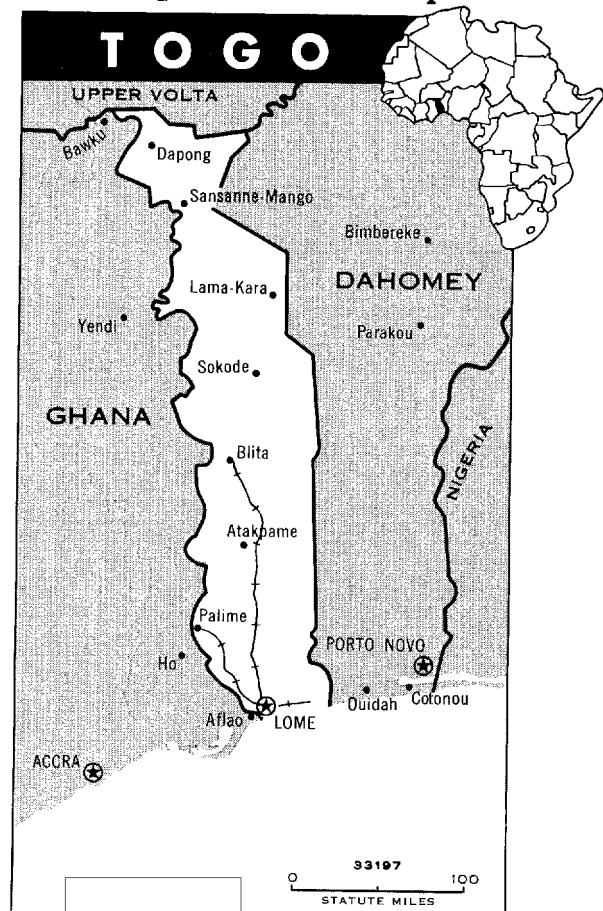
Considering his meager assets, Grunitsky has maneuvered adroitly amidst the conflicting internal and foreign pressures unleashed by the assassination of President Olympio in January. While his coalition government lacks cohesion, he appears to have an effective grip on civil functions and is taking stronger measures to curb the troublesome military elements who staged the coup and retain ultimate power.

Finance Minister Meatchi, who is believed to favor close ties with Ghana, has so far made no move to take over. He seems to be concentrating for the present on building up his following, perhaps with Ghanaian help, among fellow northerners.

Grunitsky's position recently improved when segments of Olympio's Togolese Unity (UT) party publicly endorsed Grunitsky's plan for single-list elections in which assembly seats would be distributed equally

among Togo's four parties. However, the UT's new leaders, consisting of younger elements responsive to Minister of Labor Kutuklui, appear determined to sabotage the single-list concept. Kutuklui has indicated to US officials that his group is playing for time and that its resistance has been stiffened by the sympathetic hearing Olympio's son Bonito and other UT exiles have received in Guinea, Nigeria, and Ivory Coast.

Kutuklui's attitude lends credence to assertions by Bonito that the two of them are planning a counter coup to

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restore the UT to power. Such a move would not now seem to have much prospect of success.

No African state besides Ghana and Senegal has recognized the Togo regime de jure, but the 13 moderate French-speaking states comprising the Afro-Malagasy Union (UAM) at their recent "summit" meeting reportedly gave President Maga of Dahomey a wide mandate to support Grunitsky. Subsequently, Maga sent his commerce minister and cabinet director, who helped install Grunitsky in January, back to Lomé with instructions to stay there pending a solution to the basic problem of bringing the freewheeling military under control.

Present indications are that most of the UAM leaders regard acceptable elections as the

essential precondition for recognition and will not insist on punishment of Olympio's assassins as urged by Ivory Coast President Houphouet-Boigny. In any event, the possibility of foreign military intervention in support of a countercoup attempt seems to have diminished.

Although little hard information is available on current Ghanaian activities in Togo, Accra is presumed to be continuing its efforts to bring about the union between the two countries long sought by Nkrumah. Grunitsky, while seeking improved relations, has successfully fended off most Ghanaian overtures, including demands for mixed border patrols.

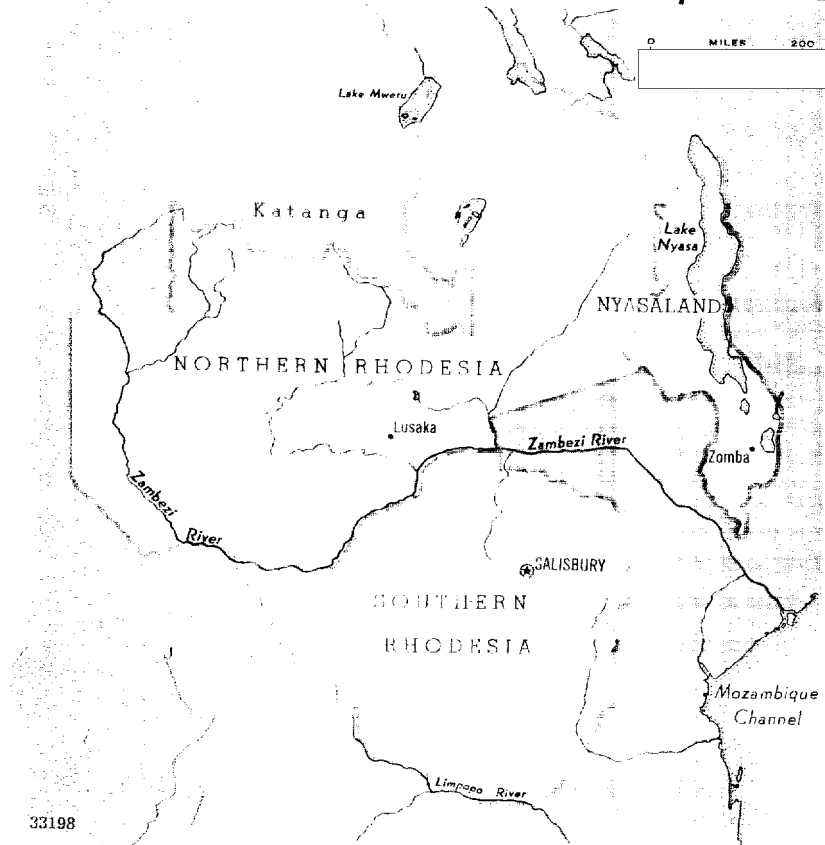
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Asia-Africa

UN SHOWDOWN LOOMS ON SOUTHERN RHODESIA QUESTION

Britain's refusal to press Southern Rhodesia further to allow increased African participation in the colony's government is likely to draw new attacks from the Afro-Asian and Communist blocs at the UN. Even some Western-oriented delegates see little justification for the uncompromising stand taken by the British delegate in the 24-member Decolonization Committee on 21 March.

London argues that the UN is precluded by Article 2 of its Charter from interfering in the domestic affairs of any state, and that the British Government has gradually relinquished jurisdiction over internal matters in Southern Rhodesia since the promulgation of the 1923 constitution which gave the colony some degree of self-government.

Asian and African delegates insist, however, that London has the power to revise that constitution to provide for greater African participation in the government. Britain is resisting pressure from other Western delegations to make at least a token effort at compliance. It is motivated to a large extent by fear of pushing Southern Rhodesian Prime Minister Field into closer coopera-

tion with South Africa's apartheid government. The British also fear that Field's government, if sufficiently provoked, might embarrass London by asking for immediate independence. The British have long held that their ability to withhold independence acts as a lever on the white-supremacist government.

Unless the British make some conciliatory gesture toward the Afro-Asian group, however, it is likely that the Committee of 24 will refer the issue to a larger forum in the UN where Asian and African representation is substantial. The Tunisian delegate on the committee believes that the Security Council should take the formalistic step of designating the question as a "potential threat to the peace." Such a move would encounter a UK veto.

The Soviet delegate on 19 March urged that the special session of the UN General Assembly set for May (to discuss UN finances) include on its agenda the question of immediate independence for an African-dominated Southern Rhodesia. The USSR succeeded in a similar tactic last spring by raising the Rhodesian question during a special session on independence for Rwanda and Burundi.

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FRANCE STILL AT ODDS WITH EEC PARTNERS

The proposed 29 March foreign ministers' meeting of the West European Union has been scuttled by France's opposition to including on the agenda any discussion of internal European problems. This means the collapse for the present of efforts by other EEC countries to find a forum for continuing discussions concerning British membership in the Common Market.

Although the issue of EEC links with Britain has also been hashed over by speakers at this week's session of the EEC's European Parliament, the discord between France and the other Common Market countries now is focusing increasingly on problems associated with the forthcoming world-wide trade and tariff negotiations under the US Trade Expansion Act (TEA).

France insists that further internal progress within the EEC is necessary before the Common Market can participate in negotiations under the TEA (see special report on French economic policy toward the Common Market and the US). The Netherlands, Belgium, and Italy are trying to turn this argument around by refusing to cooperate on internal EEC matters of interest to France unless Paris agrees to TEA talks. West Germany's position is equivocal: it has openly expressed support for the TEA, but in some internal EEC meetings has seemed reluctant to oppose the French.

A key issue in the present argument is the change of the member states' tariffs which, long before the present dissension arose, was scheduled to occur on 1 July 1963. France has been insisting that on this date the six nations, as planned, make the second of three adjustments toward a common external tariff. This means that France's generally high tariffs would be lowered another third of the way toward the common level which the EEC hopes to achieve by 1967. Benelux and Germany, with generally lower tariffs, would have to raise their import duties another third of the way toward the common level. Italy, whose tariffs lie between the high and low extremes, would also make appropriate adjustments.

The Belgians and the Dutch, claiming to have German support, are proposing that they and the Germans adjust their tariffs upward by one third less 20 percent, in anticipation that the general level of the EEC's common external tariff would be reduced at least that much through negotiations under the TEA. Since France's tariffs start at the high end of the scale, they would have to be reduced by one third plus 20 percent of the difference between present and planned future levels.

An official of the West German delegation to the EEC believes France might agree to this proposal so that the EEC could continue its "forward

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progress." Paris might also hope that, by agreeing to the extra 20-percent cut on French tariffs, it could gain support from its partners against the much larger 50-percent cut desired by the US under the TEA.

Preparatory meetings of a GATT working party in Geneva

last week essentially marked time. Until the EEC, as one of the world's largest trading units, settles on a policy, preparations for negotiations under the TEA with other European countries, Japan, and numerous less developed countries will make slow progress.

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DE GAULLE'S PERSONAL POLITICAL PLANS

There is increasing evidence that, at the age of 72, General de Gaulle is projecting his personal plans at least through France's next presidential election in 1965, and perhaps through the seven years of another presidential term. He is apparently considering a referendum on creation of a vice-presidency to share some of the chores which now devolve on the president. Such a plan suggests an interest in remaining in office beyond 1965.

De Gaulle is said to favor former premier Michel Debré as vice president. Ultimately, however, he wishes Premier Georges Pompidou to succeed him at the Elysée Palace.

Under De Gaulle's plan, the vice president would assume the functions of the president only on an interim basis. As under the present system, which makes the president of the Senate the interim successor, new presidential elections would be

called within 20-50 days after removal of the president.

A decision by De Gaulle to remain in active political life, which his son-in-law and military aide, Col. Alain Boissieu, has implied has in fact been made, would deeply affect the plans and prospects of the non-Communist opposition. Many of its leaders have looked to the 1965 presidential elections as a catalyst in the formation of a democratic opposition. While some of them still think in terms of traditional party positions, others have been aiming at a broad political movement which would avoid left-right labels.

These leaders generally assumed, however, that their candidate would not be up against De Gaulle personally. If De Gaulle remains at the helm, their hope of creating a political system based on two non-Communist parties would be severely weakened.

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FRENCH COAL STRIKE ENTERS FIFTH WEEK

Having failed to end the four-week-old strike in the nationalized coal industry by an improved wage offer, the French Government reportedly is resigned to letting it drag on for several more weeks. Paris remains determined to hold the line against inflation and hopes pressures will mount to force the miners to accept terms only slightly better than the 8-percent wage boost they have just rejected. Their original demand was for 11 percent.

The government based its offer on the report of the special committee it appointed to study how far public sector wages lagged behind private industry. However, the unions rejected the recommended timetable for implementing the offered wage boost, and the government refused to discuss union demands for a reduced work-week and longer vacations. The unions began to use their joint strike fund only this week, and officials estimate it will be sufficient to finance the strike for another month.

The natural gas workers have ended their strike on the

basis of a management pledge to grant them any benefits won by the miners, and this development could put pressure on the miners to come to terms with the government. Sporadic strikes are continuing in the public sector, however, and utilities workers on 28 March began an eight-day series of harassing walkouts. There is some talk of a strike throughout the nationalized industries, but union leaders reportedly believe that only the miners are willing to go beyond a 48-hour strike. The government expects strikes and agitation in the other nationalized industries to continue until summer.

The coal strike is beginning to affect industrial production; certain factories in the north are already curtailing operations. Work stoppages by the electricity workers are interrupting plant scheduling, and dislocation in industry is occurring as a result. The government is confident that the progressive slowdown of production and the gradual dislocation of the economy resulting from a prolonged strike will seriously erode the miners' public support.

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NORWAY SEEKS CONTINUED US MILITARY AID

The Norwegian Government faces problems in financing its proposed defense program for 1964-68 arising from the anticipated gradual decline in US military assistance over the next five years. Last week it sent Foreign Minister Lange and Defense Minister Harlem to Washington to consult with US officials concerning prospects for obtaining supplementary US assistance to meet Norway's needs.

The government plans to continue to acquire modern equipment for the armed forces and to make a greater effort to meet its NATO force goals. However, increased outlays in the public investment and social welfare sectors are already a strain on the economy. Government officials maintain that as a result of the scheduled phaseout of US military assistance--which has amounted to almost \$84 million annually over the past decade--Norway will be unable to meet its defense commitments. They reject as economically and politically infeasible any proposals to increase defense spend-

ing sufficiently to offset the loss of US aid.

The Norwegians are primarily interested at this time in getting increased assistance for the construction of naval craft such as escort vessels, large submarine chasers, and motor gunboats, since actual construction costs of these items have considerably exceeded estimates. The other major problem concerns aircraft modernization and the choice of a fighter aircraft best suited to Norway's needs and financial means.

Both Lange and Harlem disclaimed any interest by Norway in participating in the proposed NATO multilateral nuclear force and questioned its need. Following their return to Oslo, they told the press that Norway's long-established policy of not permitting foreign troops or nuclear weapons on its territory in peacetime was understood and accepted by the United States.

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AUSTRIAN COALITION FORMED AFTER LONG NEGOTIATIONS

The People's and Socialist parties, after four months of sometimes bitter haggling, have agreed to extend the coalition which has ruled Austria since World War II. Vienna now can come to grips with its most urgent problem--reaching some per-

manent arrangement with the European Common Market (EEC), which accounts for over half of Austria's foreign trade.

Under terms of the coalition compromise, Socialist Bruno Kreisky remains as foreign

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minister, but has been shorn of authority over the Common Market question. Policy responsibility for this matter has been shifted to the People's Party - controlled Trade Ministry, where it is likely to be prosecuted with greater energy. Kreisky has been blamed in People's Party circles for the lack of progress in Austrian-EEC relations, and his departure became the principal aim of the party.

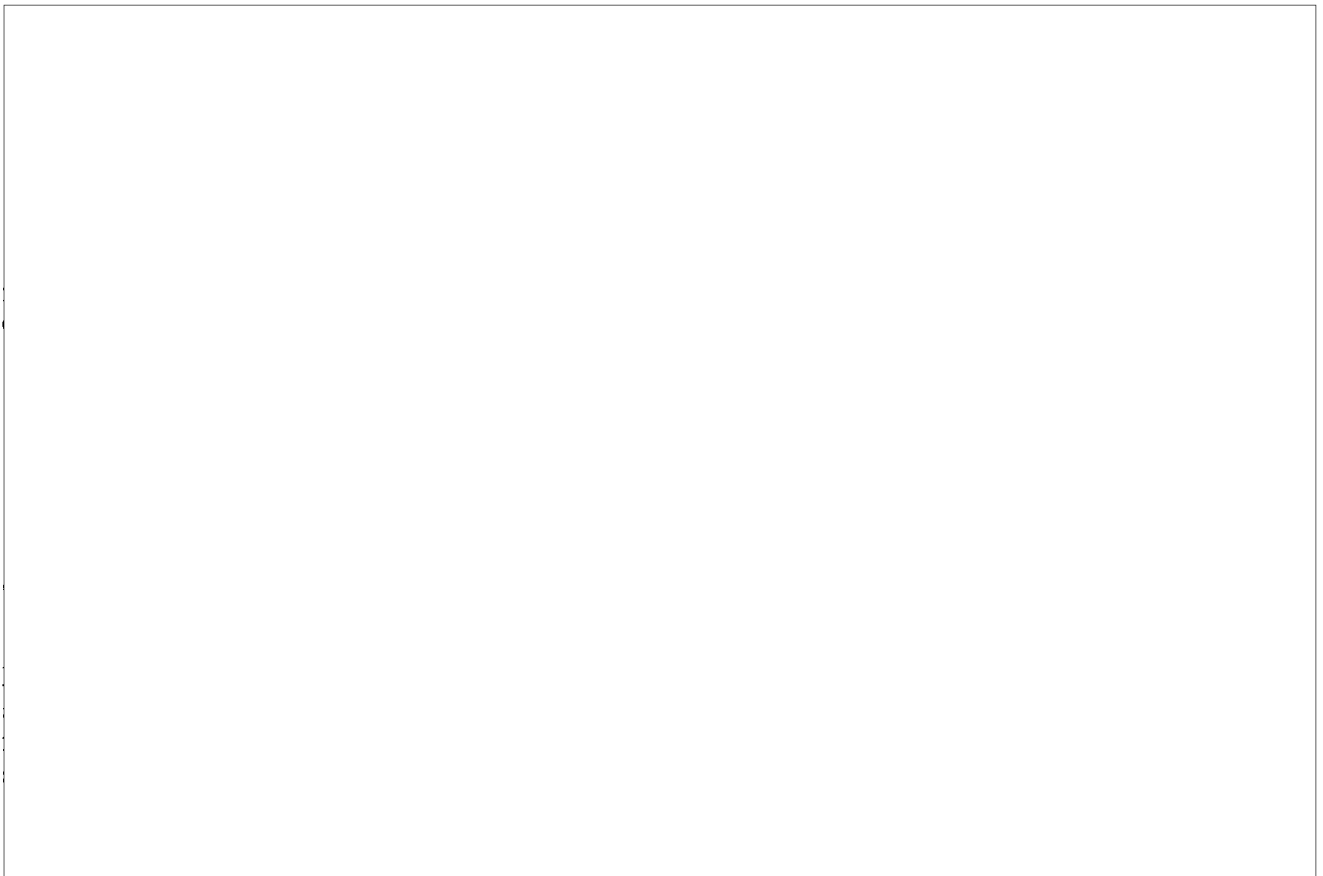
Chancellor Gorbach's handling of the coalition talks nevertheless has resulted in a serious rift in the People's Party,

which he heads. Party right-wingers, angered by the retention of Kreisky, may make life so difficult for Gorbach on matters other than the EEC issue that he will retire well before the expiration of his government's four-year term.

A new test of strength between the two coalition partners will occur in the presidential election of 28 April. Adolf Schaerf, the popular Socialist incumbent, is expected to defeat the respected, but ailing ex-Chancellor Julius Raab, and thus retain for the Socialists an office they have held since 1945.

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Western Hemisphere

LAG IN ARGENTINA'S ELECTORAL PREPARATIONS

Differences among the political parties and the disruptive tactics of the Peronists continue to impede preparations for Argentina's national elections scheduled for 23 June. This lag is causing marked unrest, which on 27 March led Interior Minister Martinez, chief architect of the government's election plans, to proffer his resignation.

Seven parties, including the Peronists, have agreed in principle to form a national front and to select a common candidate for the presidency. They are insisting, however, that agreement be reached on a program before the candidate is selected. A still hotly debated issue is whether the government should continue to maintain contracts with foreign petroleum companies--mainly US firms--which have greatly expanded production since 1958.

There are also differences within the parties over possible candidates, especially with ex-President Frondizi's Intransigent Radical Civic Union (UCRI). The new UCRI party president, Oscar Alende, wants the candidacy, but Frondizi fears this would diminish his own future influence in the party. Neither Frondizi nor Peron, the two key figures in deciding a possible front candidate, has made his preferences public.

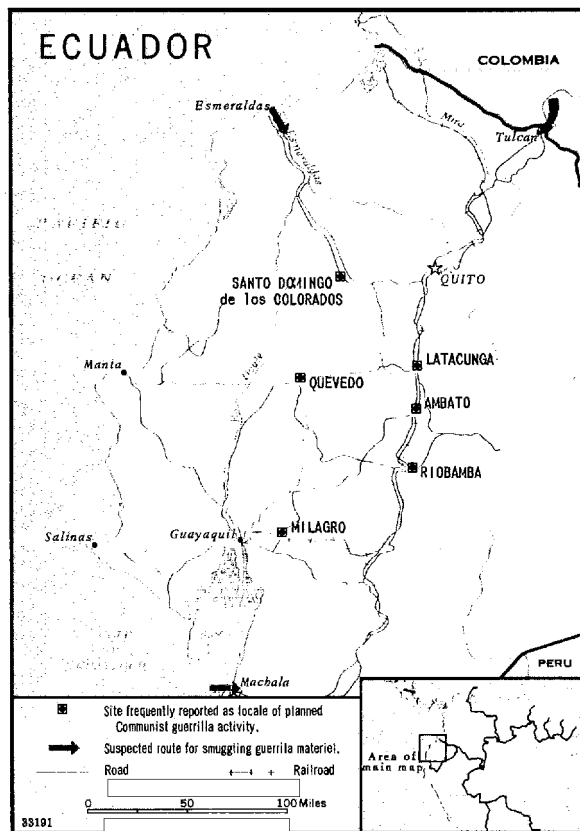
The role of the Peronists and their Popular Union party continues to worry some military and civilian groups. On 8 March the Peronists were awarded a court judgment giving their party legal status. The navy issued a statement on 18 March asking the government

to appeal the electoral judge's decision, since the law bans parties and candidates responsive to Peron's personal leadership. Subsequent army and air force communiqués, however, stated that other legal safeguards against a return of Peronism made such action unnecessary. The army and air force statements attempted to minimize differences with the navy, and the navy subsequently issued another release accepting the government's decision.

Despite such conciliatory government action, Peronist leader Framini organized a meeting on 18 March at which he described Peronism as a revolutionary movement which aimed to overthrow the "oligarchy" and establish a new social structure. The meeting featured all the symbols of the Peron dictatorship--pictures of Peron and the late Evita, Peronist songs, and slogans. Ambassador McClintock interprets this as an obvious attempt by Framini to provoke repressive action and commented that the government had no alternative but to order his arrest. Framini was permitted to elude capture, however, since the government did not wish to make a martyr of him.

Framini is an important leader among organized labor, where Peronist strength is concentrated. Whether or not his action was coordinated with other Peronist leaders, it raises further doubt about the durability of their agreements with the government and their intentions with respect to the national front.

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POLAND AND LATIN AMERICA

The Gomulka regime in Poland--at a time when its relations with Cuba are stagnant--is attempting to strengthen and expand its presence elsewhere in Latin America. It has already established 15 diplomatic, consular, and permanent trade missions with chief bases at Mexico City, Rio de Janeiro, and Buenos Aires. The Soviet Union has only six diplomatic and trade establishments in the entire region.

Poland began its drive in 1959 by creating a separate department for Latin American affairs in its Foreign Ministry. In most Latin American countries except Cuba, the Poles based their diplomatic drive on the good will built up by the relatively large number of Polish immigrants and on Poland's outwardly good relations with the United States. Until recently economic incentives were a secondary factor.

During 1960 and 1961 Poland succeeded in elevating its legations in Brazil and Venezuela to embassies. During 1962 a third Polish consulate in Brazil was opened at Porto Alegre, and an embassy representative established an office in Brasilia.

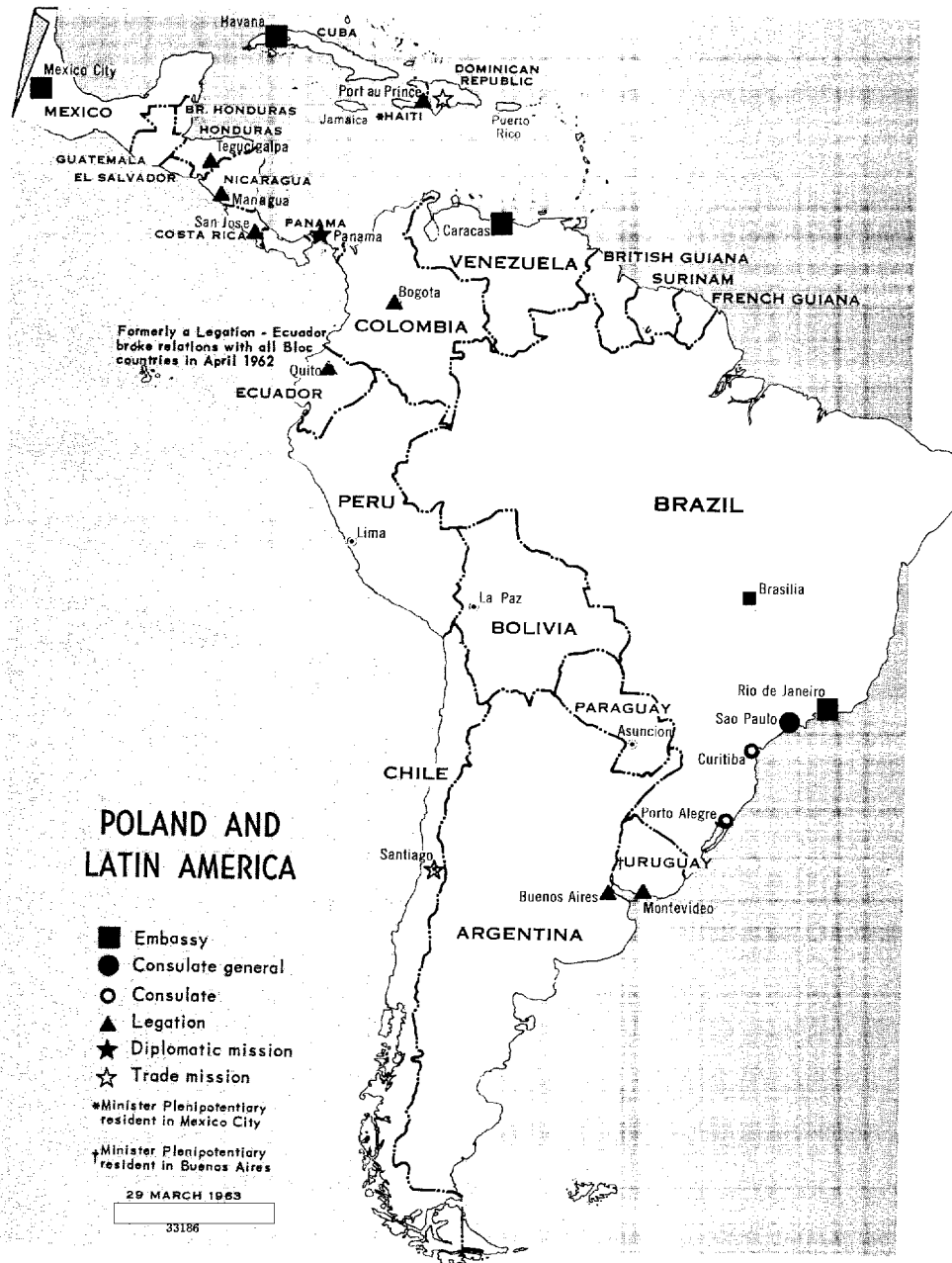
Last year, Poland dispatched its first resident trade mission

to Haiti, when it became apparent that President Duvalier's relations with the United States were deteriorating. Reportedly the trade commissioner is seeking to substitute bloc petroleum sources and a Polish refinery for US supplies of oil and petroleum products.

Despite strenuous efforts, Poland's trade with Latin America dropped from 4 percent of its total trade in 1955 to 3.1 percent in 1961. Poland has provided Brazil with \$70 million in credits for Polish goods and now is negotiating another such deal with Brazil and similar arrangements with Chile and Haiti. The Poles probably will renew credit proposals previously rejected by other Latin American countries.

Exchanges of high-level personages, as well as of parliamentary, business, student, and cultural delegations, have been stepped up in the past two years. The Polish and Brazilian foreign ministers have exchanged visits, and President Goulart reportedly plans to visit Poland in June. Polish Premier Cyrankiewicz recently completed a week-long good-will visit to Mexico, which will be reciprocated by President Lopez Mateos from 1 to 3 April.

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In sharp contrast, none of the high-ranking personages of the Castro regime, who have traveled extensively in Eastern Europe, have ever been in Poland. After a June 1962 trip to Cuba, during which he reportedly urged moderation on Castro, Polish Foreign Minister Rapacki bitterly said that "nobody can control" the course of the Cuban revolution. No Cuban ambassador has been stationed in Warsaw since August 1962, when Salvador Massip was officially recalled.

Poland probably considers its trade with Cuba burdensome

and unprofitable, but it is obliged to fill its share of bloc commitments. Total trade in 1960 amounted to \$14 million; in 1961 it rose to a high of \$47 million, which the Poles tried desperately to conceal from the US; and in 1962 it probably fell about \$22 million.

Hard negotiations on a 1963 trade protocol began in October. Despite a meeting between Gomulka and the Cuban negotiator--which apparently was less than cordial --no agreement has yet been reached.

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