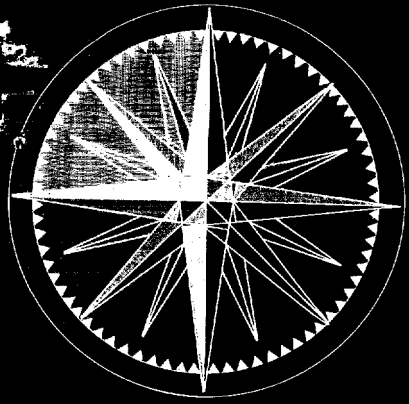


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30 August 1963

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WEEKLY SUMMARY

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CENTRAL INTELLIGENCE AGENCY

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(Information as of 1200 EDT, 29 August 1963)

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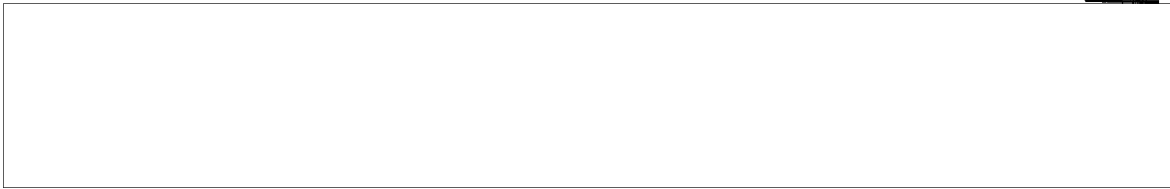
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 The new premier faces the problem of maintaining unity in his four-party minority coalition government, and two extreme leftist deputies will hold the balance of power in parliament.

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The Communist World

COMMUNIST CHINA VERSUS THE SOVIET-LED BLOC

Relations between Communist China and the Soviet-led bloc took another turn for the worse on 22 August when Czech officials closed down the key bureau of the New China News Agency (NCNA) in Prague. The Czechs also terminated Chinese leases on telegraph lines between Peiping and Prague and Havana.

This action reflects the increasing tendency of opponents in the intrabloc struggle to wage open warfare in the arena of state relations. The Czech move strikes a sharp blow at the Chinese propaganda and information apparatus and will temporarily put a crimp in Peiping's efforts in this field.

The office was the cable head for landline and radioteleprinter circuits with Peiping and served as the key link for communications with agency correspondents in Europe, Africa, and Latin America. It was also the central relay point for the NCNA news file, and the place where a daily information bulletin was produced in several languages for circulation in Czechoslovakia and other European countries.

The official Czech statement concerning closure of the NCNA office is an indictment of Chinese activity which leaves no doubt that Peiping's attacks

on Moscow were the main reason for the action. The central issue on which Peiping continues to concentrate its ire is the Soviet "sellout" of the bloc by signing the test ban treaty. Using Indian claims of a Chinese military build-up along the border as a pretext, the Chinese launched a new attack on Moscow for "collaboration with US imperialism" in a blistering editorial on 22 August.

The Russians have sharply rebutted these attacks and reacted to Peiping's growing racist propaganda output with renewed accusations that Chinese Communist leaders are preaching a "theory" of special identity of interest between the peoples of Asia and Africa which excludes the Soviet Union. Editorials on this subject have been given additional weight by a long article in the current issue of Moscow's party theoretical journal Kommunist.

Peiping continues to supplement overt propaganda channels with semiclandestine distribution of its material by Chinese officials stationed abroad. Expulsion of NCNA officials in other bloc countries and perhaps the closure of additional offices may follow the Czech action.

At the very least, both sides can be expected to step up harassment of "enemy" representatives, as illustrated by Peiping's exclusion of Soviet, Polish and East German correspondents from a sports contest in Peiping on 27 August.

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PERCENTAGE INCREASES IN GROSS INDUSTRIAL PRODUCTION
Officially Claimed by European Satellites

	<u>1962</u> <u>Actual</u>	<u>Jan-June 1963</u> <u>Actual</u>	<u>1963</u> <u>Plan</u>
Bulgaria	11.1	9.8	10
Czechoslovakia	6.1	-1.8	1
East Germany	6.2	3.7	6.4
Hungary	8	6	8
Poland	8.4	3.3	5
Rumania	14.7	11.7	12

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The Communist World

INDUSTRIAL PERFORMANCE IN THE EUROPEAN SATELLITES

The sharp revival of industrial activity during the spring in most of the European satellites suggests that a moderate rate of industrial growth will be achieved this year in spite of the stagnation during the unusually severe winter. Only in Czechoslovakia has the economic situation continued to deteriorate.

The northern satellites suffered substantial economic losses last winter, and few of these can be recouped. During the first quarter of 1963 total industrial production in East Germany, Poland, and Czechoslovakia fell below plan and was little higher than in the first quarter of 1962. Moreover, output of some basic industrial goods and construction activity were far lower.

However, East Germany achieved its best second-quarter performance in several years, with no increase in employment and a large increase in exports. In Poland industrial production increased about 8 percent, but industrial employment also rose considerably and the foreign trade balance worsened.

In Czechoslovakia there has been no recovery, either from the winter stagnation or from the economic deterioration that began in 1961. As late as June, industrial production remained below the level of last year, and almost all other economic indicators were unfavorable. The country may be able to ex-

ceed the one-percent increase planned in industrial production for 1963, but economic performance will remain poor for a country accustomed to yearly growth rates of 8-10 percent in industrial production. Apparently the economy suffers from a reduced potential for industrial growth (reserves of labor and productive capacity are exhausted), from the accumulating effects of past improvidence, and from the disruption caused by attempts to improve the structure of industry.

Hungary, less affected by the severe winter than the northern satellites, achieved a substantial growth rate in the first half-year. The effects of the winter on industrial growth in Bulgaria and Rumania apparently were negligible. (See table.)

Prospects for the rest of the year are for continued moderate industrial growth (except in Czechoslovakia). East Germany is likely to fall somewhat short of its planned goal. Poland will probably overfulfill its conservative target; however, it had not planned to match-- and probably will not achieve-- the 1962 growth rate. Neither East Germany nor Poland is likely to achieve annual investment goals, and the unfavorable effects of this will be felt in subsequent years. Industry in the three southern satellites is likely to continue its rapid growth, and to fulfill 1963 plan goals. 25X1

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The Communist World

DE-STALINIZATION STILL PROBLEM IN CZECHOSLOVAKIA

With the 22 August public announcement of the rehabilitation of Communist victims of the 1949-54 political trials, the Czechoslovak regime probably has opened the door to further demands for liberalization and pressures for greater Slovak autonomy.

This move, disclosed to party members in April, was a grudging concession to widespread demands for a redress of judicial "errors" of the Stalinist era. During the trials some 480 persons had been imprisoned and 11 executed for "crimes against the party and state." Many of the former were released quietly in 1956 and some have been unofficially cleared.

Hard-line party leader Novotny's hold over the party rank and file has been weakened by his failure to indict those who--like himself--were primarily responsible for the judicial forces of the Stalinist period. Relatively low-level functionaries then and now have been made the scapegoats; higher ranking leaders probably face nothing worse than retirement. For example, Karol Bacilek--who as minister of national security played a major role in the prosecution--has been divested only of his party presidium and

Slovak party first secretary posts but has been allowed to remain on the central committee.

Novotny's critics, including central committee members, have not been appeased. His half-hearted moves have only spurred their demands for a more meaningful review of the regime's conduct during the period. Novotny may have no choice but to acquiesce and perhaps to remove more of his Stalinist colleagues in order to maintain his own position.

Now that the action on the trials has been made public, it is likely that the question of Slovak autonomy will become still more pressing. Among those rehabilitated last week were former Slovak party and government leaders who have become--deservedly or not--popular symbols of Slovak nationalism. The germinal ideas of Slovak autonomy for which they were purged in 1954 have been resurrected in recent months by the Slovak press. Even if the former Slovak leaders are not restored to prominence, the fact that they are at liberty and have been exonerated will make more difficult the regime's perennial attempts to cope with the ideas with which they are identified.

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The Communist World

EMIGRE THREAT TO TITO IN LATIN AMERICA

Belgrade is probably concerned that anti-Tito emigrés may try to assassinate Tito when he visits Latin America during September and October. This danger, always present when Tito goes abroad, is particularly acute in Latin America, to which a large number of anti-Tito Yugoslavs fled after World War II, including Ustashi leader Ante Pavelic.

The Ustashi, a terrorist organization founded in the mid-1920s to promote Croatian independence, assassinated Yugoslavia's King in 1934 and ruled a puppet Croatian state for the Nazis. After Pavelic fled to Argentina, he reconstituted his organization, which apparently now is known as the Croatian Liberation Movement (HOP).

Self-acknowledged members of HOP in Austria claim their organization is active in Yugoslavia and has made abortive attempts against Tito's life. There is some circumstantial evidence to support their claims.

Yugoslav concern for Tito's safety has probably been deepened by a series of terrorist incidents since late last November. At that time, a probable Ustashi affiliate, the Croatian Crusaders' Brotherhood (HKB), sacked the Yugoslav mission in Bonn, and a Yugoslav national was murdered. Twenty-five members of the HKB

were indicted on 15 August in West Germany and will be tried this fall. Terrorists have also bombed Yugoslav diplomatic establishments in Brussels and Chicago and caused incidents in Cologne, Germany, and Birmingham, England..

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Former Ustashi chief Pavelic (center) and his interior minister, Andrija Artukovic (far left), greet visiting Nazi dignitary in Croatia during World War II.

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Asia-Africa

SITUATION IN SOUTH VIETNAM

The situation in Saigon remains unstable, but Ngo Dinh Nhu is assuming an ever more prominent role and taking steps to consolidate the regime's position. Martial law restrictions have been eased somewhat, but key installations in Saigon have been fortified as a precaution against any serious public or military reaction. Portraits of Nhu as leader of the Republican Youth Movement are appearing on public buildings, suggesting that his position in the government is being elevated.

Civil and military officials now are actively mustering demonstrations of public allegiance to the government, and various Buddhist leaders in government hands are openly declaring that the protest movement was the work of politically motivated extremists. Although the government has issued warnings against further agitation, it insists that innocent Buddhists will be quickly released and that any remaining religious grievances will be settled with new moderate Buddhist leaders.

The director of the General Group for Civil Action, who is engaged in arranging progovernment rallies, has stated that this activity is the third phase of a broad plan devised by Nhu. The first phase was the raid on pagodas, and the second step was to obtain the Buddhists' disavowal of their former leaders. The fourth phase will be the formation, with "trusted oppositionists," of a coalition government, with Ngo Dinh Diem remaining as President and Nhu

becoming prime minister. Other sources have also indicated that governmental changes are in the offing.

Despite the recent communiqué from military headquarters reaffirming that martial law was unanimously recommended by all army generals, some officers still insist that the army was tricked into acting as a smoke screen for Nhu's crackdown on the Buddhists. It appears that some generals were completely unaware of Nhu's intentions, that some were witting, and that others probably felt that cooperation in establishing martial law would enable them eventually to oust the Diem regime.

Nhu's maneuver, however, seems to have succeeded in dividing the army. The three key officers in Saigon, including the proregime Special Forces commander, are all apparently taking orders directly from the palace rather than from General Don. The Special Forces, regarded as loyal to Nhu, are being used to guard the palace. The heavy concentration of troops in Saigon and surrounding areas, under various commands and with uncertain loyalties, could lead to serious clashes in the event of a move by disaffected elements.

Military operations against the Viet Cong are continuing, but have been somewhat curtailed by troop diversions and alerts. So far, no appreciable change in the pattern or level of Viet Cong military activity has been noted during the present crisis. The Viet Cong appear to be taking a cautious approach, possibly uncertain what effect more vigorous activity on their part might have.

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Asia-Africa

CAMBODIA'S BREAK WITH SOUTH VIETNAM

The rupture in relations between Cambodia and South Vietnam will pose serious problems for the Cambodian economy, and may involve Cambodia's right of navigation on an international waterway.

The Buddhist crisis in South Vietnam is a major factor in the timing of the break, although the strafing of a guard post inside Cambodia by two South Vietnamese aircraft on 19 August apparently triggered Prince Sihanouk's action. Sihanouk's decision to sever relations with Saigon on 27 August was also probably made in the belief that the Diem regime would soon be overthrown.

Phnom Penh previously has threatened to sever relations after serious border incidents but has held off because of Cambodia's dependence on the Mekong River as its principal outlet to the sea. Realizing the economic implications of any prolonged stoppage of Cambodian trade, Sihanouk was careful to attach to the note announcing the break a statement

that Cambodia wanted to resume normal relations as soon as the South Vietnamese "rediscovered liberty."

The supply of petroleum products is the most serious short-term problem for the Cambodians if the river is closed, since practically all Cambodian oil imports enter the country by the Mekong route. While Caltex, Esso, and Shell provide all of Cambodia's oil requirements, Phnom Penh, the primary port on the Mekong, has the country's only petroleum storage and handling facilities. The port of Sihanoukville on the Gulf of Siam has very limited facilities for handling bulk products or heavy equipment.

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Asia-Africa

DEVELOPMENTS IN LAOS

The uneasy stalemate between the opposing forces in Laos continues while their representatives attempt to agree on security arrangements for a meeting between Princes Souvanna and Souphannouvong at the Plaine des Jarres.

Military action has been limited to small-scale probing and clearing operations in widely separated areas. North of Vang Vieng, a neutralist garrison in company strength was forced to abandon an isolated outpost to the Pathet Lao. Farther south, in the Pakse-Saravane area, conservative forces have claimed success in a recent mop-up designed to eliminate pockets of Pathet Lao infiltrators.

In what appears to be an effort to break the deadlock over security arrangements which has delayed political talks, a key Pathet Lao figure, Phoumi Vongvichit, flew to Vientiane on 26 August. He maintained that he had "full powers" from Souphannouvong to negotiate with Souvanna. However, his talks with the premier do not appear to have made progress. The Pathet Lao still insist on the withdrawal of all conservative forces from the Plaine des Jarres area before substantive discussions.

Phoumi Vongvichit, who is minister of information in the coalition government but had remained in Khang Khay since

April, said he would stay in Vientiane and resume direction of his ministry. His action suggests that the Pathet Lao may at least temporarily be shifting emphasis from military pressure to political maneuvering.

Meanwhile, neutralist troops who defected to the Pathet Lao earlier this year appear increasingly dissatisfied with their situation, particularly severe shortages of food and ammunition. [redacted]

[redacted] some of these troops have already broken away from the Pathet Lao and that others may be planning to do so. [redacted]

[redacted] dissident leaders Colonel Deuane and Major Thiep are themselves considering returning to the neutralist camp. General Amkha, chief of the neutralist staff in Vientiane, has indicated he would welcome such a move.

Moscow still does not seem disposed to intervene in the Laotian situation. The Soviets maintain that it is up to the Laotians to settle their own problems and that the USSR should not be held responsible for future developments in Laos.

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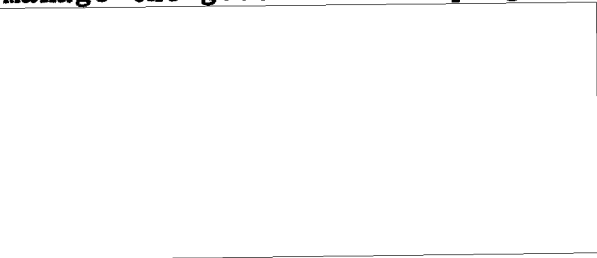
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Asia-Africa

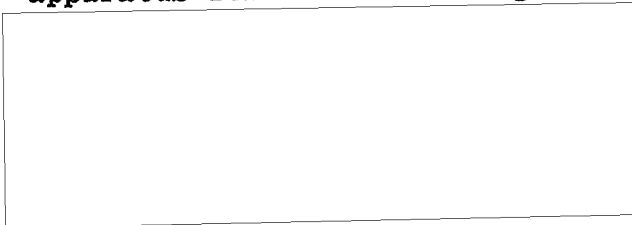
SOUTH KOREAN REGIME PREPARES FOR ELECTIONS

South Korea's military rulers are busily developing plans to ensure their regime's victory at the polls this fall. Fear of the US reaction has deterred junta leader Pak Chong-hui from bringing former security chief Kim Chong-pil home from semi-exile in Europe to manage the government campaign.



Pak will retire from active military duty to accept the presidential nomination at the DRP convention on 31 August. He will continue as chairman of the ruling Supreme Council for National Reconstruction and as acting president. The presidential election is scheduled for 15 October and National Assembly elections for 26 November.

Worried by the regime's lack of popular support, Kim's followers are pressing for the placement of party men in key government positions to facilitate use of the administrative apparatus for electioneering.



Pak so far has resisted pressure from the Kim Chong-pil group for the appointment of a new cabinet made up of DRP stalwarts who would be completely subservient to the party's direction.

Meanwhile, three of the four leading civilian opposition parties have sufficiently muted strong personal and partisan jealousies to be able to announce a merger. They have yet to decide on a single presidential candidate or to solve the even more difficult problem of selecting common assembly candidates. The holdout Democratic Party, lacking a presidential candidate, has agreed to support a joint presidential nominee, but appears to believe that it can win the greatest number of assembly seats, probably at the expense of other opposition candidates, by going it alone.

Public opinion is becoming increasingly critical of the regime and of the political situation in general. At the same time, despite a general desire for return to civilian administration, there is little enthusiasm for the opposition either. The regime's resort to repression and intimidation appears likely only to erode whatever limited public support it has, and to increase the prospects for election violence.

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I N D I A

C A B I N E T

<u>NAME</u>	<u>PORTFOLIO</u>
Jawaharlal Nehru +	Prime Minister; External Affairs
Morarji Desai * +	Finance
Jagjivan Ram * +	Transport and Communications
Gulzarilal Nanda +	Planning, Labor, Employment
T. T. Krishnamachari	Economic & Defense Coordination
L. B. Shastri * +	Home Affairs
Swaran Singh	Railways
S. K. Patil * +	Food and Agriculture
A. K. Sen	Law
Y. B. Chavan +	Defense
B. Gopala Reddi	Information & Broadcasting
C. Subramaniam +	Steel & Heavy Industry
K. L. Shrimali	Education
Humayun Kabir	Science & Culture
S. N. Sinha	Parliamentary Affairs

STATE CHIEF MINISTERS

<u>NAME</u>	<u>STATE</u>
Sanjiva Reddy +	Andhra Pradesh
B. P. Chaliha	Assam
B. N. Jha	Bihar
J. Mehta	Gujarat
Bakshi Ghulam Muhammad	Kashmir
R. Sankar	Kerala
B. A. Mandloi	Madhya Pradesh
Kamaraj Nadar * +	Madras
M. S. Kannamwar	Maharashtra
S. Nijalingappa	Mysore
B. Patnaik	Orissa
P. S. Kairon	Punjab
M. L. Sukhadia +	Rajasthan
C. B. Gupta +	Uttar Pradesh
P. C. Sen	West Bengal

Ministers chosen to undertake full-time organizational work for the Congress Party.

- + Regular or Ex-Officio Members of the All-India Congress Working Committee.
- * Members of the newly reconstituted Congress Party Parliamentary Board, a highly influential subgroup of the Working Committee charged with selection of legislative candidates and resolution of factional problems.

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Asia-Africa

NEW LIFE FOR INDIA'S CONGRESS PARTY?

India's Congress Party is undergoing its most drastic re-organization in 17 years of power. In all, Nehru has called upon six of his 14 cabinet ministers and six of India's 15 state chief executives to resign their official positions and to undertake full-time party work. More may follow.

Nehru's actions put into effect a concept long discussed in India as a possible cure for the Congress Party's internal disarray. There has been general agreement that the Congress was steadily being sapped of its organizational talent by the lure of ministerial rank and privilege, but few politicians, including the prime minister himself, seemed inclined to do anything but talk about it.

Mounting difficulties within the party this year and growing concern for the party's image with the people led the influential Kamaraj Nadar, south Indian strong man, to raise the party work idea officially--together with an offer of his own resignation--at a meeting of the party's top policy group in mid-August. After some debate, the body called on all other ministers--except Nehru--to offer their resignations, leaving it to the prime minister to decide who should or should not undertake party duties.

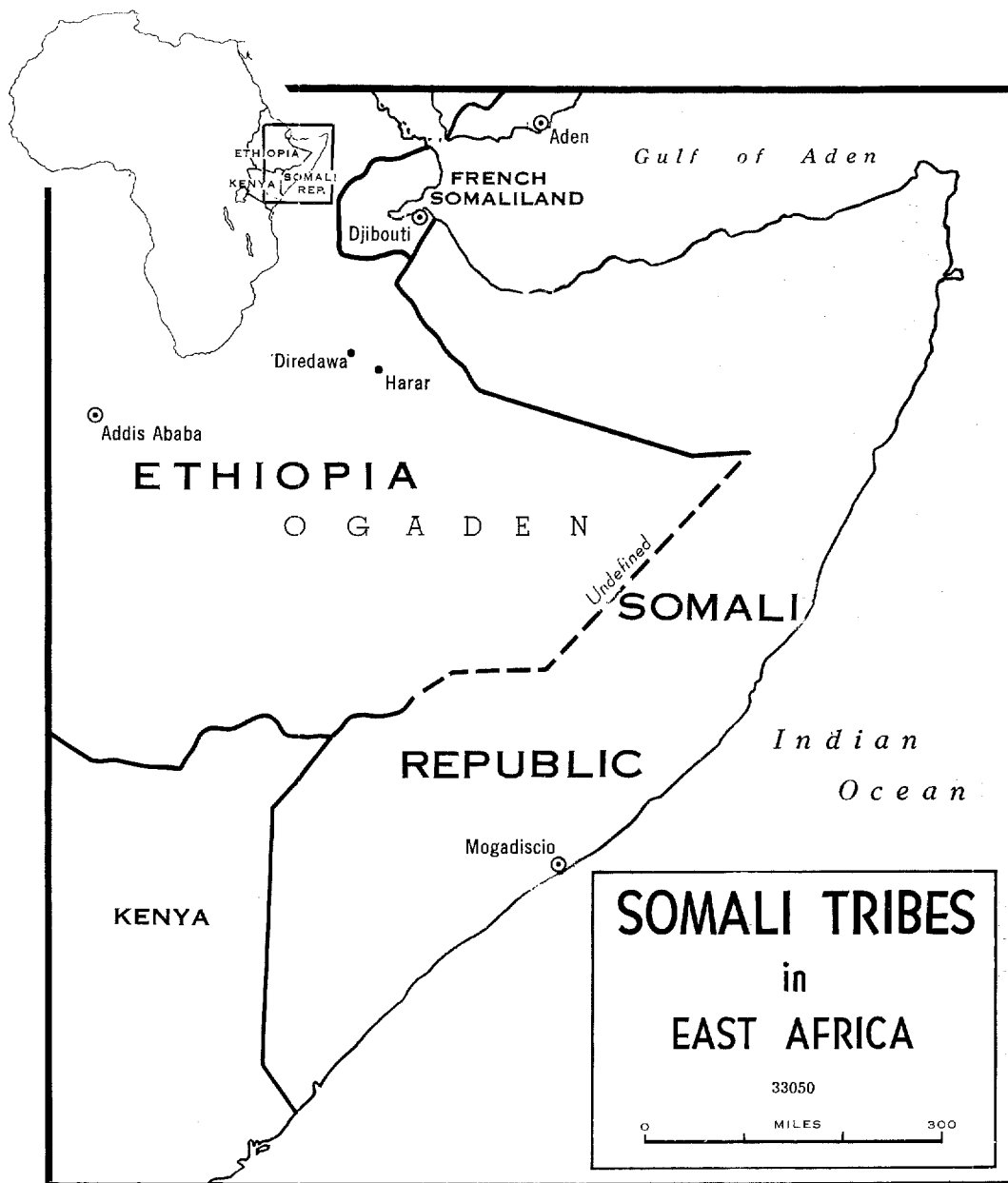
Nehru has generally abided by the spirit as well as the

form of the proposal by assigning the party problem first-rate, influential politicians rather than second-raters. Among those leaving the central cabinet are Morarji Desai, L. B. Shastri, and S. K. Patil. Desai and Shastri are front-runners to succeed Nehru as prime minister, while state leaders Kamaraj Nadar, C. B. Gupta, and G. M. Bakshi, also are top men. Nehru has also used the occasion to ease out a liability or two, such as Jagjivan Ram, oldest minister in point of service but of value mainly because he represents the Untouchables.

The effect of the moves thus far taken has been to reconfirm Nehru's paramount position and to give the party organization a needed tonic. The organization now is becoming the focus of power in place of the cabinet. However, administrative gaps have been created in the national and state cabinets which will be difficult to fill. If these gaps are filled with other strong politicians, the effect of the party revitalization campaign will have been undone. At the same time, the leaders who have been shifted to party work, if they are to accomplish any meaningful improvement, must be given more independent responsibility than Nehru has normally allowed party figures.

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Asia-Africa

FRICITION BETWEEN ETHIOPIA AND SOMALI REPUBLIC

Charges and countercharges arising out of Ethiopia's relations with Somali tribesmen in its Ogaden region have again sharply increased friction between Ethiopia and the Somali Republic. Both governments profess a desire for a peaceful solution, but each warns that it may have to take further action if incidents continue.

In the Ogaden, a Somali tribal "government," set up by a group of dissidents calling itself the Nasrulla (Victorious of God) party, has been attacking Ethiopian communications and military forces since early July. Although Nasrulla's successes have been exaggerated, the attacks have challenged Ethiopian security control, and the Ethiopians have retaliated sharply. Several violations of the Somali border by Ethiopian air and ground units have been reported, but these were probably largely inadvertent.

The Somali Government in Mogadiscio is pledged to unite all ethnic Somalis, and the Ogaden issue will confront it at municipal elections this fall. The opposition, particularly in northern Somalia, is already actively exploiting the question.

Mogadiscio does not yet appear to have given military assistance to the dissidents. However, in mid-August it publicized the Ogaden events and asked for-

eign diplomats to talk to refugees in northern Somalia, evidently hoping to focus international attention on the problem.

Addis Ababa reacted quickly. The Emperor told the US ambassador that he saw a link between the announcement of forthcoming US military aid to Mogadiscio and the subsequent proclamation of the dissident regime in the Ogaden. The British chargé was told by the acting foreign minister that unless Somali dissidence stopped, Ethiopia might use the large number of Somali refugees in Ethiopia from the northern region of Somalia as agents against Mogadiscio.

Most of the dissident Somali claims that the Ethiopians are using overwhelming force against the tribesmen seem to be exaggerated.

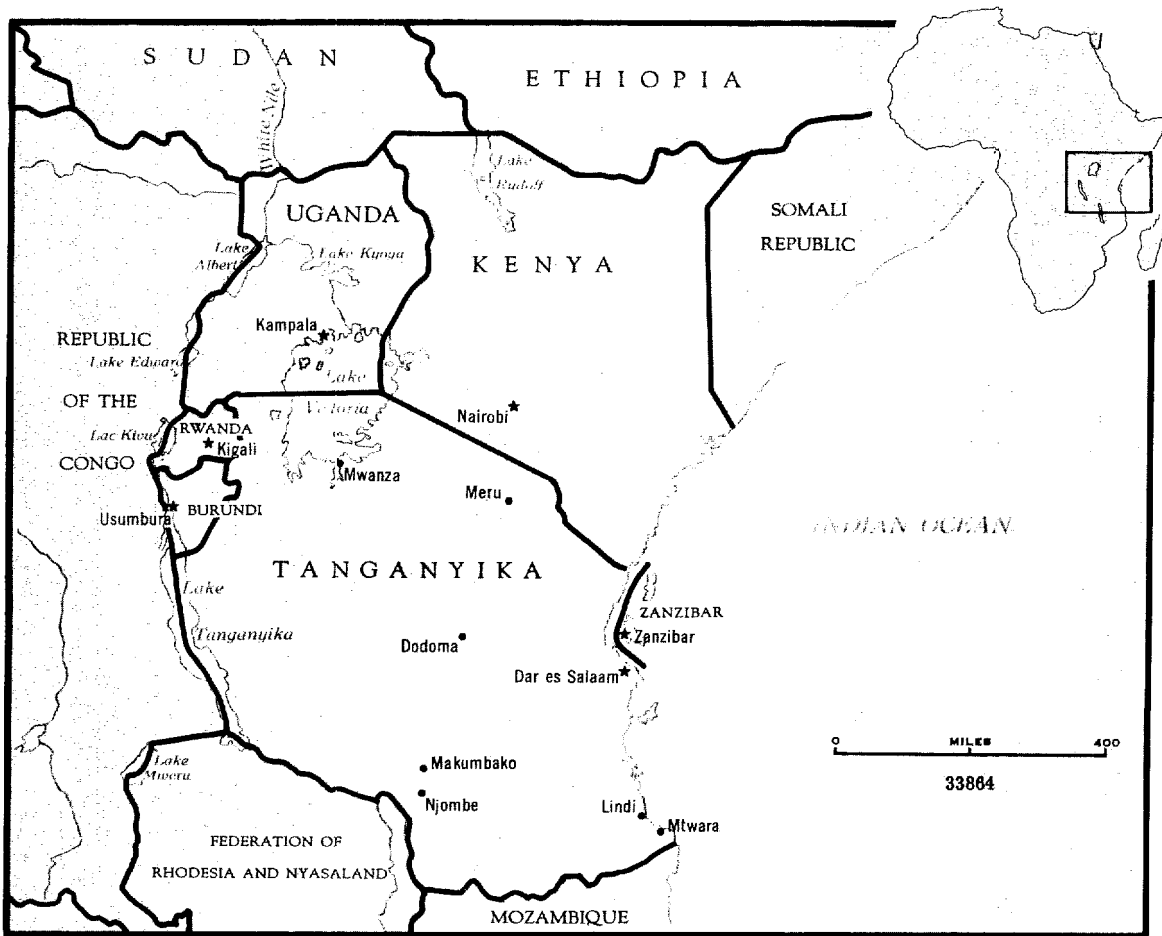
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Asia-Africa

EAST AFRICAN FEDERATION STALLED

Thwarted by Ugandan intransigence, working-level negotiations for an East African federation have reached an impasse which can be resolved, if at all, only by the heads of government.

East African representatives meeting earlier this month at Dar-es-Salaam adjourned their constitutional discussions ahead of schedule as a result of the uncooperative attitude of the Ugandan delegate, a proponent of the Nkrumah line that regional association is incompatible with pan-African unity and is sponsored by the neo-colonialist powers.

Both Tanganyika's President Nyerere and Kenya's Prime Minister Kenyatta have reportedly written the Ghanaian President protesting his interference in East African affairs, and last week Kenya's Home Affairs Minister, Oginga Odinga, was sent to Accra, where he claims that Nkrumah agreed to cease his fulminations against the federation project.

Nkrumah's letters and emissaries have had some influence on Uganda's position, but there is also locally founded opposition to the strong federal government that Nyerere and Kenyatta propose. Uganda's insistence on retaining its UN vote and its own right to bor-

row abroad is the major issue on which they are unwilling to compromise.

Uganda's Prime Minister Obote probably still wants the strong federation to which he agreed in principle last June, but he insists that Uganda must be a full partner with its larger and more populous neighbors. He also believes that the complex problems involved cannot be resolved at the pace desired by Kenyan and Tanganyikan leaders, who have hoped to form the federation before the end of this year. Obote may also wish to see how Kenya performs after independence before committing himself and his government to partnership with Kenya's aggressive Kikuyu tribal leadership.

Uganda's true position will only be evident when the East African heads of government next meet. There is no firm date for such a meeting, however. If Uganda remains intransigent, Nyerere and Kenyatta reportedly are prepared to federate their territories in the belief that Uganda will have to join eventually. If the present opportunity is missed, however, existing East African cooperative arrangements and common economic links may gradually dissolve, and the best chance for federation is likely to be lost.

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Asia-Africa

AFRICAN ISSUES AT 18TH UN ASSEMBLY SESSION

Portugal's refusal to pull out of its African colonies and the racial policies of the South African Government will probably be critical issues at the 18th UN General Assembly which opens in New York on 17 September. Delegates from the African states are determined to seek a radical change in both situations. Their 32 votes make the African bloc the largest in the assembly, and they are more ready than ever to let issues of "colonialism" influence and even determine their positions on such other assembly matters as Chinese representation and elections to the Security Council.

Portugal's colonial policies will come up in connection with the report of the "Committee of 24"--the Special Committee on Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. The Portuguese colonies will also be discussed when the report of the Committee on Information from Non-Self-Governing Territories is considered. The South African issue will come up when the General Assembly discusses a report of a special committee on apartheid which was set up by the 17th session to keep the racial policies of South Africa under review. Both the South African and Portuguese issues will also be considered by the Security Council at the end of October,

when the secretary general reports on the measures taken to implement the resolutions the council passed on these two issues in midsummer.

African leaders view the UN as a principal means of bringing pressure to bear on Portugal and South Africa. This is behind the efforts of Algerian Premier Ben Bella to induce African chiefs of state to attend the coming session. Even the more pro-Western African leaders fear they will lose out to extremists at home if they cannot point to ways in which the West and the UN have helped move these obsessive problems somewhat closer to solution.

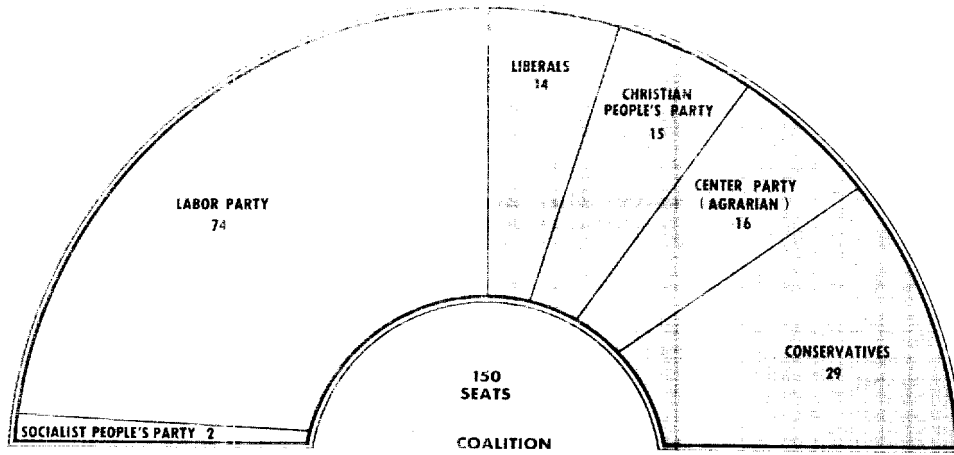
At the 17th General Assembly, the African states found that they had sufficient votes to pass tough resolutions against Portugal (carried 57 to 14, with 18 abstentions) and South Africa (67-16-23) despite Western efforts to restrain them. This trend was accentuated in Security Council voting this summer. The US delegation believes that at the new assembly session, Latin Americans, moderate Asians, and some Europeans will be unwilling to take any stand which looks like support for South Africa or Portugal. The mission also feels that with the Africans in their present frame of mind a serious threat to the UN itself is possible if it makes no significant progress on these southern African issues.

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NORWEGIAN PARLIAMENT



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Europe

CHANGE OF GOVERNMENT BRINGS UNCERTAINTY IN NORWAY

Norway has entered a period of political uncertainty following the resignation last week of Prime Minister Gerhardsen's Labor government, which had held office continuously for almost a decade.

Labor's successor, a four-party nonsocialist coalition led by Conservative Party leader John Lyng, which assumed office on 28 August, faces serious obstacles and is unlikely to have more than a brief tenure in office. Lyng's immediate problem is the minority status of his government, which controls only 74 of the 150 seats in Parliament. Labor similarly holds 74 seats, while the two deputies of the extreme leftist Socialist People's Party (SPP) hold the balance of power. In addition, Lyng faces the equally difficult problem of maintaining cabinet and parliamentary unity among the disparate and undisciplined factions included in the new coalition government.

The longevity of the new coalition appears to depend largely on the strategy Labor decides to adopt. While the SPP has already declared that it intends to topple the new government at the first opportunity, Gerhardsen and other Labor leaders are taking the position that they will not attempt to bring down the new government merely out of pique.

Instead they have called on it to issue a policy statement, which Labor probably would attempt to use as the basis for a no-confidence motion.

Another factor likely to influence Labor's actions is the outcome of local elections on 23 September. While these elections normally have little effect on the national scene and are waged almost entirely on local issues, Labor may decide to await their outcome before moving against the Lyng government. If the Labor Party makes some gains--or even holds its own--Gerhardsen and other party leaders are almost certain to interpret this as a mandate to reconstitute a Labor government. In such a move Labor would probably have the support of the SPP, which is anxious to redeem itself in the eyes of its radical supporters for supporting right-wing parties to overthrow Gerhardsen.

Even if Labor returns to power, it faces the prospect of ruling as a minority government until new national elections are held two years hence. The resulting stalemate and the opportunity it provides for the SPP to hold a pivotal position in Norwegian political life may lead to popular pressures for amending the constitution to permit Parliament to be dissolved and new elections called.

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Europe

FRENCH - WEST GERMAN RELATIONS

The growing skepticism the Paris press has displayed in recent weeks over the practical effects of the Franco-German treaty probably reflects French Government thinking to some degree.

Several recent events have emphasized divergent policies which the non-Gaullist French press has cited as evidence that De Gaulle is isolating France even from West Germany. The test ban treaty highlighted the degree to which Paris is at odds with all its allies. While France avoided any pressure to discourage other states from signing the treaty, it was probably disappointed when Bonn decided to sign.

The agreement Bonn reached with Washington on joint development and production of a tank, when Paris was unable to reach a similar accord with Bonn, was especially irritating. French Foreign Ministry officials maintain that no formal protest was lodged with Bonn over the US deal, although Paris apparently expressed regret that there was no prior consultation.

West German Foreign Minister Schroeder's mid-August visit to London and his discussions of European integration matters with British Foreign Secretary Lord Home have also troubled Paris. Schroeder and Home agreed to meet periodically, and the subsequent announcement

that Home would visit Bonn has been treated by the French press as evidence of a growing British-German rapprochement which is expected to be facilitated by the retirement of Konrad Adenauer this fall and the installation of Ludwig Erhard as the new West German chancellor.

The transfer from Paris of West German Ambassador Blankenhorn and of General Speidel, former commander of NATO land forces in Central Europe, is symptomatic of French-German differences. Rumor in Paris has it that both moves were instigated by the Elysee. Each has gone to an important new assignment--Blankenhorn as ambassador to Italy and Speidel to the chancellor's office as adviser on NATO affairs--where their criticism of Gaullist policies may further weaken Paris-Bonn ties.

French officials deny there is anything wrong with Franco-German relations, and none of these recent occurrences seems sufficiently serious to disrupt the French-German treaty--which De Gaulle still considers the keystone of the European system he hopes to create. It is increasingly clear, however, that basic policy differences between the two countries will be difficult to hide when the Adenauer era ends.

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Western Hemisphere

NEW WAVE OF TERRORISM IN COLOMBIA

Formerly sporadic acts of terrorism in Bogota, attributed to the National Liberation Front (FLN), have increased in frequency and seriousness since mid-August. Several dynamite bombs were exploded each night between 21 and 27 August, causing severe damage to buildings and automobiles. The propaganda effect of the bombings was heightened by telephone calls to security officials before and after each event by persons who identified themselves as FLN leaders.

The Colombian Army and other forces were given special powers to make preventive arrests on 6 August to combat anticipated disorders arising from the illegal strike of the Communist-dominated petroleum workers' union, FEDEPETROL. Although many workers have returned to their jobs at the government-owned refinery at Barrancabermeja, some of the more vigorous agitators are still on strike. A few of the leaders have been jailed, and non-FEDEPETROL leftists have threatened strikes and other disruptions of public order in reprisal for what they claim was undue harshness on the part of the military in suppressing demonstrations and riots.

The rightist followers of ex-dictator Rojas Pinilla (the Rojistas) have protested the arrest of their leader, who is accused of plotting a coup against President Valencia.

Some leaders of the clandestine United Front for Revolutionary Action (FUAR), who disclaim responsibility for the recent bombings, have accused the Rojistas of the terrorism. The same FUAR leaders also have accused the Movement of Workers, Students, and Peasants (MOEC) and the FLN of collaborating with the Rojistas. FUAR spokesmen claim that violence directed against ordinary citizens and private property is of "no practical use" and will only produce popular animosity.

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In Cartagena on 27 August, military and naval commanders claimed to have discovered a plot among the NCOs and lower ranks. The nature of the plot was not disclosed in the press announcement made after the event, but a number of arrests were reported. There seems to be no connection between the Cartagena plot and the incidents in Bogota.

Colombian security forces began a roundup of suspected terrorists on 24 August, and thus far have jailed at least 30 "Communists."

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Western Hemisphere

ECUADOR-PERU BOUNDARY ISSUE

Tension over the Ecuador-Peru boundary issue continues to mount, and there may be another major confrontation. This issue--which dates from 1822 but had been dormant since December 1960--was revived when Peru took exception last month to the Ecuadorean junta's request for recognition.

The junta's request included an assurance that it would respect international agreements that Ecuador had "freely entered into." This statement alarmed the Peruvians, because the former Velasco Ibarra government in Ecuador had taken the position in 1960 that the 1942 Rio Protocol--which defined the border--was null because it had imposed on Ecuador against its will.

As a prelude to recognition of the junta, therefore, Peru sought written assurances from the four guarantors of the Rio Protocol--Argentina, Brazil, Chile, and the United States--that they retained their 1960 position that the protocol was in force, valid, and could not be modified unilaterally by Ecuador. The three South American guarantors complied. Peruvian Foreign Minister Schwalb inaccurately informed the press on 17 August that favorable written replies had come from all four guarantors.

On 17 August, the Peruvian Chamber voted to request the Foreign Ministry to complete the demarcation of the boundary. When work stopped in 1952, about 44 miles remained undemarcated between the last emplaced border markers. The Ecuadoreans desire to keep that portion of the frontier open in hopes of eventually gaining an outlet on the Amazon system. They chose erroneously to regard the Peruvian legislature's action as portending unilateral demarcation. Foreign Minister Ponce, who earlier wished to quiet the matter, denounced as illegal any boundary work not jointly undertaken.

Peruvian Navy Minister Teixeira told the press that a mobilization of armed forces "to bring to bear maximum power" may be necessary. Ecuador moved on 22 August to bring units on the Peruvian border to full strength. Ecuador's normal strength in the region is two small divisions, while Peru maintains a corps of about 11,000 men near the frontier. Since the boundary is an exceedingly sensitive nationalistic issue in Ecuador, pressure is building for a reiteration of the thesis of the nullity of the entire Rio Protocol. Unless the junta can resist such demands, a major crisis may soon develop.

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Western Hemisphere

AREA NOTES:

Haiti: A committee of the Organization of American States arrived in Hispaniola on 22 August to investigate the charges levied by the Haitian Government of Dominican complicity in the recent exile invasions of Haiti. Although the Haitian Government has told the committee that the rebels have been driven back into the Dominican Republic, some small rebel groups may be hiding in the mountainous region of northeastern Haiti. Meanwhile, dictator Duvalier continues to seek arms and munitions from abroad.

The rebel activities of the past four weeks have presented no serious threat to the Duvalier regime. However, it could be considerably weakened by a reported scarcity of government funds and by the apparently widening rift between the Haitian Armed Forces (FAd'H), and the hated civil militia (VSN)-- created by Duvalier in 1958 as a buffer to the power of the army.

Bolivia: Negotiations between Bolivia's state mining corporation (Comibol) and the tin miners' union continue to be deadlocked over government efforts to implement much-needed reforms in the mining industry.

There are indications, however, that friction is developing among union leaders at Catavi, the center of the miners' current unrest, and enthusiasm for the general strike supporting the Catavi miners seems to be waning among workers at other nationalized mines. At the San Jose mine the workers returned to work on 26 August, and at Huanuni, the country's second largest mine, there is agitation by some non-Communist workers to end the strike.

The Communist Party (PCB) appears to be following a two-faced policy regarding the strike. It reportedly favors a rapid solution to the mine controversy to avert a possible government crackdown.

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The PCB's effort to play both ends against the middle is unlikely to pay off in helping the miners' cause, or in obtaining increased prestige for the party among Bolivia's working class.

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