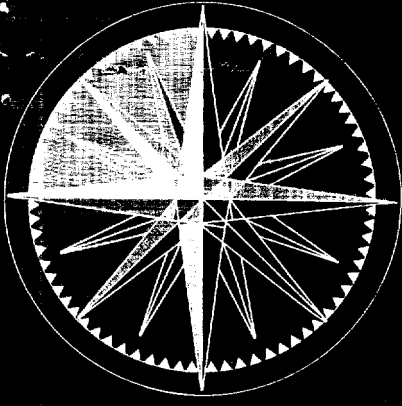


9 October 1964

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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

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(Information as of 1200 EDT, 8 October 1964)

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The Communist World

INTERNAL DEVELOPMENTS IN THE SOVIET ECONOMY

The Soviet economic scene is presently characterized by a good year in agriculture and by the reopening of the debate on economic liberalism begun two years ago. In November the central committee is to discuss longer range measures to improve agriculture. Reports of a recent Khrushchev speech to top economic and political officials indicate that he called for greater attention to the consumer but added that other economic sectors would not be neglected.

Khrushchev has singled out improvement of the standard of living as the "main task" in the further development of the economy. He also stressed the leadership's concern with agriculture and chemicals as well as with defense and other indus-

tries not directly related to the consumer. While the official summary of his speech--all that is yet available--emphasizes the consumer goods industries, it does not indicate relative priorities for the various economic sectors. His past promises to the consumer have not been fulfilled.

Khrushchev failed to specify the timetable for improving the lot of the consumer. His suggestion that it would be "expedient" to plan development for a "more lengthy period" than the present long-term plans indicates that important shifts of resources will not take place immediately. In addition, his expression of confidence that the various economic organizations "will reveal fresh reserves" in order to meet post-1965 plan goals implies a continuation of tautness in the Soviet economy.

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The Communist World

Since mid-August, the press has been allowed to carry articles on ways to improve industrial management and organization. This debate has been associated with the name of Liberman, who proposed in 1962 that plant "profitability" be substituted for much of the detailed central regulation now exercised by the planning authorities. Most of the present contributions reiterate Liberman's approach by emphasizing that efficiency, quality, and meaningful incentives cannot be achieved unless control is decentralized. They add, however, that if profitability is to be a workable success criterion, prices must reflect full costs of production. Most of the articles stress the problems involved in meshing such a system into the Soviet context.

Official reservations about these recommendations have been expressed by the Finance Ministry, and the chief critic of the liberalism approach has been Chairman of the Economic Council of the RSFSR Afanasyev. He confined his suggestions, however, to traditional admonitions to work better within the present system, and he allows for some possible reorganization. This administrative approach avoids the profit and price questions, but Afanasyev does not explicitly reject that line of attack. In the most recent contribution to the debate, Liberman has advocated a high-level permanent commission to consider the various suggestions and submit proposals for legislation.

Two recent decrees demonstrate that the regime continues to search for economic incentives within the framework of the present system. The first decree seeks to increase the motivations for introducing new technology by raising the bonuses paid to the workers' funds of a plant, according to a percentage scale. This, however, is basically an extension of current practice and is not likely to produce much improvement. The other decree establishes a bonus plan for railroad workers and grain handlers to speed the transfer of grain to storage points and distribution centers. The omission of sailors and long-shoremen from this program ignores the problems entailed in coordinating grain shipments that are jointly transported by railroads and waterways.

As of 1 October about 95 percent of the harvest of small grains and legumes had been completed. Despite certain weather problems in parts of the New Lands, over-all prospects point to a total harvest of 120 to 125 million tons of grain, the best since the record year of 1958, when an estimated 125 million tons were harvested. The Soviet population, however, has increased by about 21 million since that time. State procurements of grain have already exceeded the previous record 57 million tons bought in 1958 and 1962. Given the need to replenish stocks held in state reserves, the state procurement plan of 67 million tons may possibly be fulfilled.

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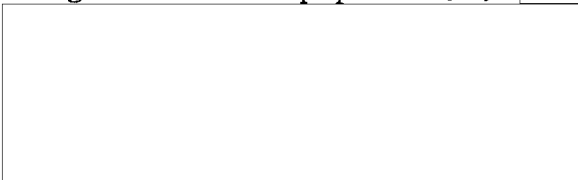
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The Communist World

Although the improved agricultural outlook should reduce the drain on its gold stock, the USSR still appears concerned with its depleted reserves.

To encourage the sale of privately held gold jewelry to the state, and possibly to discourage its illegal export, the government has sharply increased the price it will pay for gold bought from the population.



There is no evidence that the industry price will be raised.

Collections from the population and increased production should improve the USSR's gold position marginally.

Khrushchev's program this year for "intensifying" agriculture was underscored by a decree

on 5 September providing for investment of some \$400 million in egg and poultry factories by 1970. Other costs involved in this program will raise the total to about \$3 billion. An intriguing aspect of this program is the designation of the State Committee for Aviation Technology as the only national industrial committee charged with organizing the production of machines and equipment for the poultry industry.

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ZCAI

Responsibility for reorganizing the "industrial" production of eggs and poultry was one of the duties assigned the high-level commission established under party presidium member Podgorny last April. This commission is also charged with working out the "industrial" production of pork, dairy products, and beef. The poultry decree may foreshadow similar resolutions affecting livestock before the central committee meets in November.

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The Communist World

SOVIET-INDONESIAN NEGOTIATIONS IN MOSCOW

The joint communiqué issued after Indonesian President Sukarno's recent visit to Moscow reaffirmed Soviet opposition to the "neocolonialist plans" for Malaysia and proclaimed Moscow's agreement in principle to supply additional arms to Indonesia.

It seems likely, however, that this public reiteration of political and military support for Sukarno's policies was accompanied by private warnings that the Indonesians should proceed cautiously and not risk the chance of even limited British military retaliation. Ambassador Kohler has commented that the Soviets reportedly expressed uneasiness over Sukarno's "adventurism" in recent talks with the Indian President.

Sukarno's trip was hastily arranged, but many military members of his delegation had been scheduled for some time to visit Moscow in October as a follow-up to discussions that took place during the exchange of visits by titular head of state Mikoyan and Foreign Minister Subandrio in mid-1964.

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The "agreement" which the Indonesians state they signed on 6 October probably is a limited arrangement. It may, in fact, be a modification of older arms agreements to cover items more directly related to current Indonesian needs, such as transport aircraft and helicopters.

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The presence of Indonesian economic and financial experts at the current talks suggests that Indonesia may also be trying again to charge additional military materiel against outstanding Soviet economic credits.

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Asia-Africa

SOUTH VIETNAMESE POLITICAL SITUATION STILL FRAGILE

The political situation in South Vietnam is still fragile but seems temporarily stabilized. Premier Khanh appears to have regained a measure of confidence, and is taking a tougher stance to head off threatened new labor agitation.

The High National Council convened on 26 September and made a few cautious moves toward establishing a civilian government by the end of the month. There are already signs, however, that the members disagree on whether the council should select a provisional national assembly or attempt to organize early elections.

The labor situation in Saigon remains superficially quiet, but the basic causes for the recent general strike remain. The government's firmer attitude toward a threatened new strike and toward management

abuses is partly responsible for the eased situation. The Buddhists, meanwhile, have inspired attacks on Tran Quoc Buu, the country's top labor leader, because of his association with the former Diem regime.

There have been no further outbreaks among the tribal paramilitary units in the highlands. The Khanh government has taken steps to relieve some of their grievances, including the appointment of tribesmen to new positions of responsibility.

Viet Cong activity continues at a high level throughout the country, with emphasis on terrorism and harassment of government lines of communication. The total number of incidents for the week rose to 778 slightly above last week's total of 700, although the number of armed attacks remained low. 25X1

AREA NOTE

Syria: Last week's Syrian cabinet shake-up and the assumption of the premiership by General Amin al-Hafiz, long the strong man of the regime, once again places all power directly in the hands of the Baathist-oriented military.

The removal of the ineffectual, four-time prime minister Bitar had been rumored for some time. He was appointed last May in an attempt by the unpopular military regime to gain acceptance among conservative civilian groups. Younger, more radical members of the regime, however,

have pressed for more vigorous, less conservative leadership.

Bitar's removal will have little effect on Syrian policy, although Hafiz' position of leadership, as well as that of other key military leaders, has been strengthened. The 23-man cabinet contains at least ten Baathists, while the remainder are probably either Baath supporters or technicians. There have been rumors that representatives of opposition political groups would join the cabinet, but such a move has not materialized.

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Asia-Africa

Hafiz is apparently now seeking to reduce Syria's isolation by some rapprochement with Nasir. Nasir, however, has refused to respond to any overtures from the Baath. Propa-

ganda attacks between Damascus and Cairo have been stopped, but the Syrians continue to assail the Iraqi regime, which is developing a closer partnership with Egypt. [REDACTED]

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NONALIGNED CONFERENCE UNDER WAY

Proceedings at the non-aligned conference in Cairo have thus far been running true to form. The daily conference sessions have been taken up with short speeches by various leaders, most of whom have followed fairly predictable courses.

Most of the discussions in the preliminary meeting of foreign ministers focused on the question of Congo Premier Tshombé's attendance. Tshombé's radical opponents managed to persuade the majority to exclude him from the conference. The ministers are now meeting in two committees--economic and political--to draft resolutions for submission to the full conference.

The resolutions which finally are adopted will probably deal largely with economic questions and cover essentially political fields such as disarmament and colonialism with fairly broad generalities. More radical conference participants, however, are urging adoption of a number of specific resolutions, mostly anti-Western. Cambodia, for example, is sponsoring a call for neutralization of Indochina via another Geneva con-

ference, while Ben Bella has denounced the US base at Guantanamo. Efforts of conference leaders, such as Shastri and Tito, to concentrate discussion on areas in which they feel unanimity is possible may limit the impact of the more direct attacks on US and Western positions.

Tito in particular has pressed for consideration of the disarmament question. African countries will probably urge adoption of their own Organization of African Unity's general resolution on the subject. The Ceylonese apparently intend to introduce a draft declaring the Indian Ocean a nuclear free zone, and may try to include specific clauses banning the passage of nuclear arms and the establishment of bases in the area.

Many key participants view the conference primarily as an international stage on which they can parade their own pet interests. Cuban attacks on Venezuela, Sukarno's advocacy of a grouping of "new emerging forces," and Arab diatribes against Israel are all unlikely to find unanimous acceptance, but are being raised for their possible propaganda value. [REDACTED]

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Asia-Africa

THE CYPRUS SITUATION

Negotiations for opening the Nicosia-Kyrenia road continue. Although the UN has succeeded in reaching agreement with both Turkey and the Greek Cypriots on this question, Turkish Cypriot leaders have refused to go along. They insist that armed members of their community be allowed to use the road, which is strategically important to them. Until this issue can be settled, there is no chance for agreement on the long-delayed rotation of members of the Turkish Army contingent on the island.

Makarios and Foreign Minister Kyprianou are attending the conference of nonaligned nations in Cairo. The Greek Cypriots hope to secure the nearly unanimous support of the countries represented at Cairo during the forthcoming debate in the General Assembly. The Cypriots are expected to ask the assembly to uphold Cyprus' right to self-determination and territorial integrity. Turkey is preparing to submit a counter item for the assembly agenda.

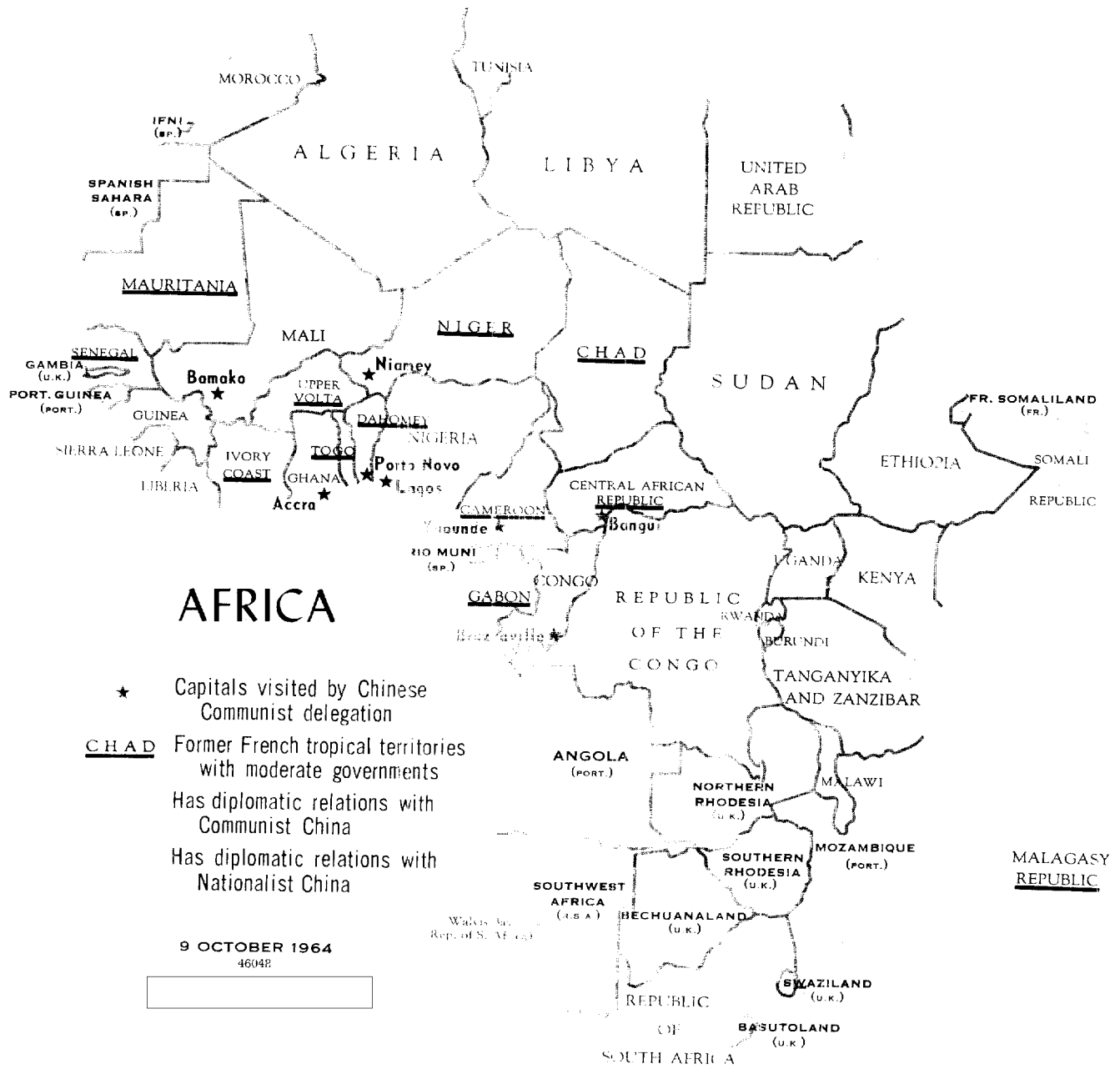
On the island, the first open criticism of General Grivas appeared last week in one of the leading pro-Makarios newspapers. Grivas was accused of being "out of touch" with the present situation, suspicious of Cyprus' "true friends"--Egypt and the USSR--and sympathetic to such "enemies" as the US and NATO. This attack on Grivas could not have occurred without the approval of Makarios, and indicates the widening gap

between the two leaders. They disagree not only over present foreign policies, but also over the political future of Cyprus. Grivas demands eventual enosis--union with Greece--while Makarios looks more and more toward unfettered independence.

Leftist groups on Cyprus, with the support of many previously right-wing organizations, are preparing for a "peace march" through one of the two British sovereign bases on 11 October to protest their existence. The demonstration may be the beginning of a revitalized campaign to force the British out. The British do not intend to interfere with the marchers and may even serve them tea.

The cautious Soviet approach to the recent aid negotiations with the Cypriot delegation in Moscow was evident in the vague joint communiqué of 1 October, which avoided any reference to military assistance. Although Nicosia has obviously hoped for a public military aid agreement, the communiqué announced only that agreement had been reached on "practical measures of assistance" which the USSR will render to Cyprus for "safeguarding its freedom and territorial integrity." Details of the agreement are still lacking. The general impression among the diplomatic community in Nicosia is that the Soviets "played a very wary game" and that the Cypriots got "little of significance." 25X1

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Asia-Africa

PEIPING SCORES AGAIN IN AFRICA

Communist China's campaign for wider recognition in Africa is making headway among the moderate former French dependencies, which in recent years have provided Taipei with crucially important diplomatic support. One of them has just declared for Peiping. Three more are clearly moving in that direction, and others appear to be softening.

This trend stems from a complex of economic, political, and psychological factors, most of them tied into these states' continued reliance on France for economic and security support since they became formally independent in 1960. Faced now with diminishing French economic assistance and the imminent withdrawal of most French forces, established moderate leaders feel increasingly vulnerable to local radical nationalists and leftists and are looking desperately for new sources of support. Most of them therefore now seem willing to strike a bargain with Peiping--or anyone else--if it will help them neutralize domestic opponents and obtain more economic aid.

In recent months Peiping has accelerated its efforts to woo these and other African leaders. Two chiefs of radical French-speaking states--Keita of Mali and Massamba-Debat of

Congo Brazzaville--attended Peiping's National Day festivities. They were accorded lavish VIP treatment comparable to that given Rumania's Premier Maurer and Cambodia's Prince Siharouk.

Since mid-July, a Chinese Communist "good-will" delegation has been touring west and central Africa, gauging the temper of the moderate French-speaking leadership and pressing for the broadest possible relations. The group, lead by Lu Hsu-chang, a vice minister of foreign trade, has offered economic assistance to encourage diplomatic support.

Peiping's greatest recent success has been in the strategically situated Central African Republic, which initiated contacts by sending an exploratory mission to China, among other countries, last August. Last week, President Dacko and Lu announced a joint decision to establish diplomatic relations and signed agreements on trade, cultural exchanges, and economic and technical cooperation. A \$4-million Chinese loan--especially the half offered in cash--evidently was highly persuasive. In addition, letters--dating from August--in which Dacko's envoy agreed to recognize Peiping as the "sole legal government representing all Chinese people" have been published officially. Implementation

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Asia-Africa

of the arrangements may be delayed, however, as Dacko has since naively talked of sustaining a "two Chinas" policy.

Cameroon and Dahomey also apparently talked seriously with the visiting Chinese, and Dahomey at least may soon move further toward recognition. President Ahidjo of Cameroon, who confronted Lu with hard evidence of Peiping's support of Cameroonian dissidents, seems more hesitant, but joined in a formal communiqué which looks toward a further development of relations. Ahidjo promised to

send a return "good-will" mission to China a step apparently planned even by Niger, which otherwise rebuffed the Chinese overtures.

Local conditions in several other states--notably Chad, Mauritania, and especially Senegal, which broke diplomatic relations with Taipei just last month--also appear increasingly propitious for Peiping. Only the conservative regimes of Gabon, the Malagasy Republic, Togo, and Ivory Coast, whose president exercises influence over the foreign policies of Upper Volta and Niger, seem to be holding firm against Peiping.

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AREA NOTE

Southern Rhodesia: The government's victory in two by-elections on 1 October indicates that the white population is supporting Prime Minister Ian Smith's program to obtain independence for Southern Rhodesia by the end of 1964. In one of the constituencies, Sir Roy Welensky, former prime minister of the defunct Federation of Rhodesia and Nyasaland, was defeated in his bid to become leader of the opposition.

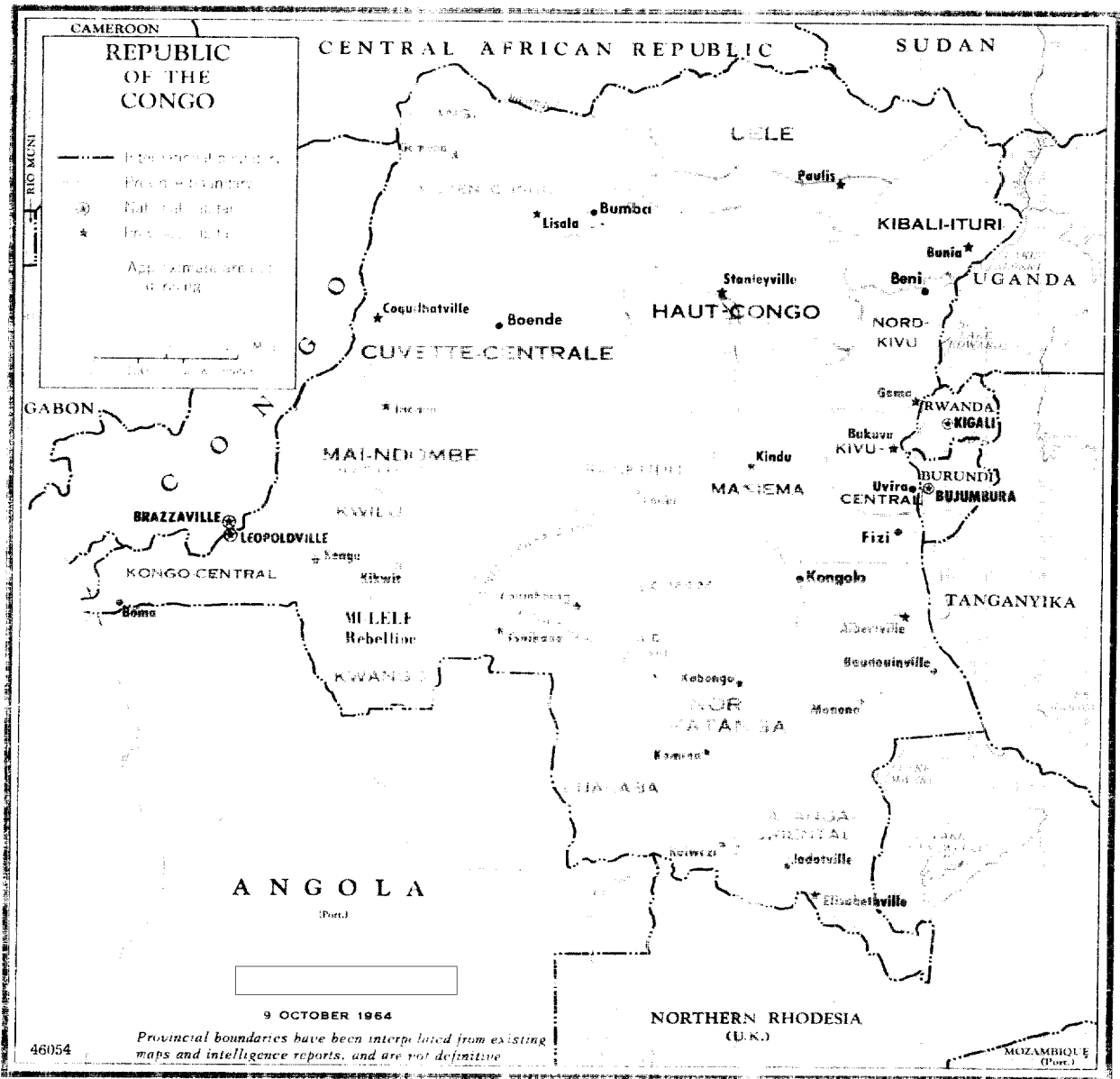
Smith has deftly exploited the partial agreement he reached with the British prime minister, after he threatened to declare independence unilaterally. Their communiqué of 11 September implies that the British Government

may grant independence to Southern Rhodesia on the basis of the present limited franchise, if this course is acceptable to a majority of the African population. However, London's intentions are still unclear.

Smith has subsequently announced that a referendum will be conducted among the predominantly white electorate, and an expression of African opinion will be obtained through consultation with the chiefs. With his election victories, Smith can probably now feel confident that the white community will remain cohesive even if a unilateral declaration of independence becomes necessary.

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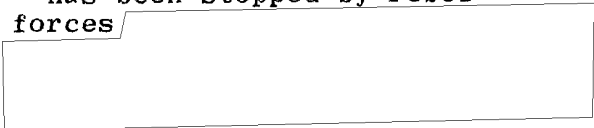
Asia-Africa

LEOPOLDVILLE'S MILITARY POSITION IMPROVES

The military situation in the Congo has significantly improved, but Tshombé's diplomatic troubles have mounted.

Government forces in the eastern Congo scored an important victory on 7 October by recapturing Uvira near the Burundi border. This will virtually seal off Burundi, from which Chinese diplomats and other sympathizers have aided the rebels.

In the northwestern Congo, however, government troops spearheaded by mercenaries have run into strong rebel resistance. The mercenary force operating out of Lisala--midway between Coquilhatville and Stanleyville --has been stopped by rebel forces



There are signs that the rebels are drawing heavily on their manpower reserves and military resources. There have been no shipments of petroleum into rebel-held areas, and the destruction of vehicles seriously reduces their mobility. Moreover, government forces have been capturing larger numbers of heavy and light weapons.

Many areas under rebel control are showing increasing signs

of dissension and unrest. After recent B-26 raids on Kindu, the rebel radio there pleaded with local inhabitants to return from the bush. Stanleyville radio indicates dissension and troubles with the local inhabitants. As disorder grows in Stanleyville, the risk to the 5-man US consular staff held hostage there increases.

Congo Premier Tshombé's insistence on going to Cairo for the conference of nonaligned states has placed a further severe strain on the Leopoldville government's already poor relations with Egypt and Algeria. Nasir has, in effect, held Tshombé hostage in Cairo for the Egyptian and Algerian embassies in Leopoldville, which were surrounded by Congolese troops. Cairo had announced earlier the "temporary" closing of its Leopoldville embassy following an altercation between the embassy counselor and Tshombé at the time of the Premier's departure for Egypt.

The Cairo conference will probably condemn Tshombé's use of mercenaries and urge a "political solution"--favoring the rebels--in the Congo. The conference may also criticize, at least indirectly, US military support for Tshombé.



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Europe

UNITED KINGDOM ELECTIONS

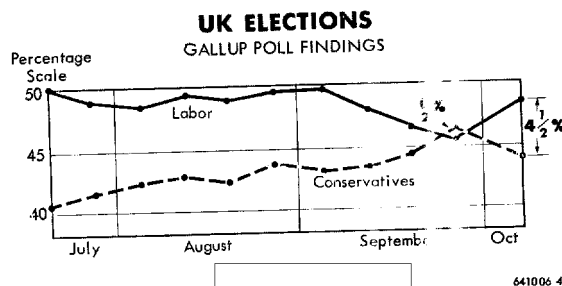
The campaign for the general election on 15 October enters its last week with the experts agreeing only that the race is likely to be decided in the "marginal" constituencies. Many experts doubt that the conservatives' striking comeback after their sex-and-security scandals of last year has been sufficient to win them a fourth successive term.

Shifts and discrepancies in the public opinion polls have increased uncertainty about the outcome. The latest Gallup poll shows a shift back from a briefly held 0.5 percent Tory lead to a lead of 4.5 percent for Labor. The National Opinion Poll still shows the Tories a bare 0.9 percent ahead. Labor supporters claim--and many Conservatives privately agree--that the Conservative comeback noted nationally is not apparent in the 100 or so marginal constituencies which will decide the election.

One factor favoring Labor is that many of the 54 Conservative-held seats which are considered marginal--won by the Tories by 3 1/2 percent or less in 1959--represent the suburbs where traditional Labor voters have now moved. Rising prosperity has made it possible for them to leave slum areas. Another factor worrying the Conservatives is that 29 of the

marginal seats will be contested by Liberals--16 for the first time--and the Liberals generally are believed to take more votes from the Conservatives than from Labor. Conversely, in several working-class constituencies held by Labor, there may be a spite vote among British workers who resent Labor's opposition to the bill restricting immigration from the Commonwealth.

Although Labor probably still has a slight edge, party leaders have shown alarm at the Conservative revival. Labor party leader Wilson recently has adopted more aggressive tactics which may, however, backfire. In an effort to convince cautious Britons that there is "need for a change," he has raised the spectre of financial crisis within six months if the Conservatives are re-elected. He also has rashly implied that a strike of automotive parts workers was a "Tory conspiracy" to discredit Labor. This has enabled the Tories to point out once again that Labor leaders, however well meaning, are irresponsible and somehow unsafe as a potential government.



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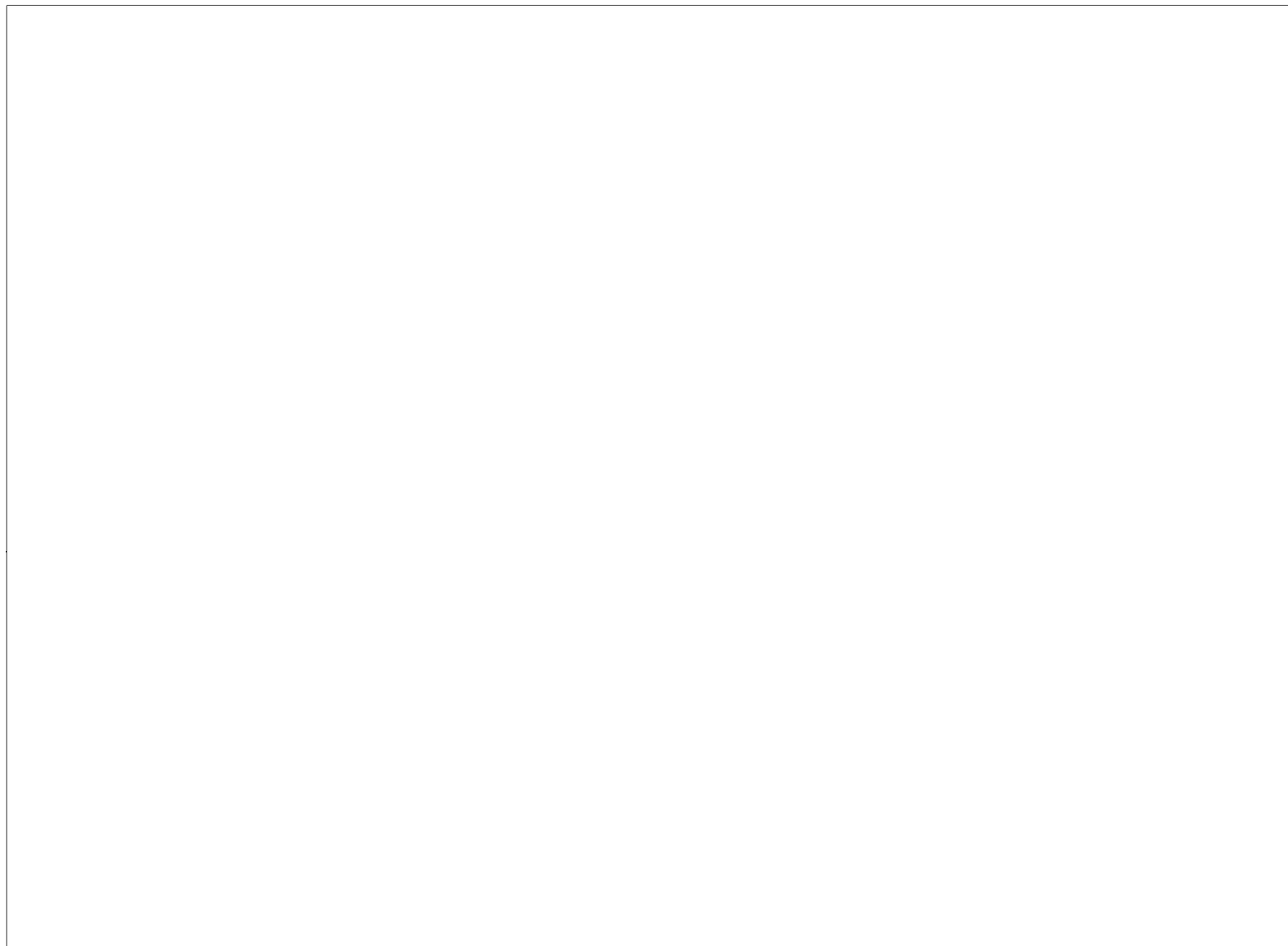
Europe

The Conservatives, after failing to stir up much interest in foreign affairs and defense matters, have concentrated on putting across their image as a more experienced and responsible team than Labor. A recent opinion poll indicated voters consider Labor more genuinely interested in the modernization about which both parties talk-- but the Conservatives better able to carry it out.

As prospects of a close result increase, the tiny Liberal Party's talk of holding a balance of power in Parliament is treated with enhanced respect. Liberal leader Jo Grimmond has carefully avoided saying to which party he would give allegiance in forming a government, but he would be expected to incline toward the Conservatives.



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Europe

POLITICAL SITUATION IN ITALY

The Christian Democratic (CD) national council's statement of support for the center-left coalition and its program has minimized the threat of an immediate government crisis. The inconclusive result of the council's meeting last week end, however, has further strained relations with the party's coalition partners.

Of the Christian Democrats' four principal factions, only the large center group and the left wing agreed to support the program approved by the council. Party Secretary Rumor was unable to resolve factional differences on the composition of the party's Directorate, now reduced from 23 to 16 members, all centrists. This is only a temporary solution, and a new alignment will have to be reached, perhaps after the 22-23 November national administrative elections. The Italian presidential succession, a key background problem during the council meeting, will probably also have to be resolved before a new and broader realignment in the Directorate is possible.

In the meantime, the other three coalition parties--the Socialists, Social Democrats, and Republicans--remain highly skeptical about the CD's ulti-

mate intentions. The Socialist Party Directorate, in a tense 5-6 October meeting, was seriously divided about continuing collaboration. Riccardo Lombardi's faction and the left wing demanded the Socialists' "prompt withdrawal" from the government. Party chief Nenni's majority group, while also expressing concern, maintained that it is "out of the question" to withdraw, and the final 12-7 vote upheld Nenni.

The three parties have held a series of top-level consultations in an attempt to coordinate strategy as much as possible. They are trying to reach private understandings regarding campaign tactics for the coming elections as well as to agree on a candidate--probably Social Democratic leader Saragat--to succeed President Segni. The three parties also hope that their efforts would lend strength to Moro and the Christian Democratic left wing in their attempt to get their party to move ahead with the coalition's program commitments. Such a lineup might, however, have the effect of aggravating the already serious divisions in the CD party and between it and the other parties.

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Western Hemisphere

LABOR PROBLEMS IN BRAZIL

The postrevolutionary period of close cooperation between organized labor and the Castello Branco government is entering a phase of uncertainty. Labor is increasingly dissatisfied with rising prices, and suspicious that any future wage increases will be inadequate. Relations are likely to become increasingly strained in the next two months, during the annual salary negotiations in several key industries.

Despite President Castello Branco's stated interest in promoting democratic trade unions, more and more labor leaders, particularly in Sao Paulo, feel that the government is unwilling or unable to deal effectively with labor's problems. Many union officials criticize the government's policy of holding down wages despite increases in the cost of living--a basic feature of the stabilization program. This, they believe, is inequitable and places undue hardship on workers. Another widespread complaint is that few elections for new officers have been held in the approximately 400 unions placed under direct federal management after the April revolution.

These complaints reflect the stresses of the adjustment which labor has undergone in the last six months. Hundreds

of Communist and corrupt union officials occupying the bulk of the important positions under Goulart were purged, but few qualified, democratically-oriented replacements have been found. Progress is also slow in the administration's program to relinquish its statutory fiscal control over labor unions and to institute other reforms as a means of encouraging the development of a non-Communist labor movement. As a result, the workers see few improvements in their lot and prospects.

One effect of this has been the recrudescence of Communist influence in some unions. In Sao Paulo for example, Communists are again operating openly in the important Bankworkers Union. 25X1

Communists and disgruntled elements will attempt to use the wage talks in October and November to discredit the government's efforts to pacify labor without risking more inflation. In any event, the final wage settlements will go far to determine future government-union relations and will affect heavily the administration's prospects for fulfilling the economic stabilization program.

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Western Hemisphere

AREA NOTE

Guatemala: Colonel Enrique Peralta is beset with problems and conflicting advice in his efforts to return Guatemala to constitutional rule without completely relinquishing his political control. Discontent is growing over his apparent plan to prolong the hand-picked Constituent Assembly and thereby parry pressure to allow political activity to resume. Along with many others, some Assembly leaders feel Peralta is dragging his feet on plans for presidential elections.

Peralta, using mostly civilian officials, has governed Gua-

temala better than most constitutional presidents since he came to power by military coup on 30 March 1963. He has been less successful in handling the internal dissensions which make Guatemala an attractive target for Communist subversion.

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Western Hemisphere

ECUADOR JUNTA LOSES SOME PRESTIGE AND AUTHORITY

The military junta in Ecuador has weathered another stormy challenge, but this time at the cost of some prestige and authority.

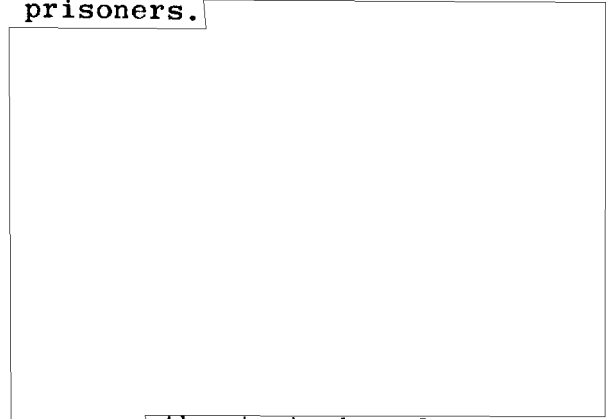
The latest threat to the junta's position followed a month-long propaganda campaign by the coastal oligarchy against tax reforms designed to centralize collections. This campaign succeeded in arousing the traditional regional loyalties of the Guayaquil populace, which responded by demonstrating intermittently during the week beginning 28 September.

The police and military managed to control the situation despite efforts by various antigovernment parties and groups to exploit this unrest. More than fifty leaders were arrested; the most prominent was former president Ponce, who aspires to return to power.

The Concentration of Popular Forces, a party strong in Guayaquil, tacitly supported the government; the inhabitants of suburban Guayaquil slums,

who have been promised substantial assistance by the junta, did too, and offered to stage counterdemonstrations.

The government conceded to most of the Guayaquil demands on 4 October, and ordered the release of Ponce and other prisoners.



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the junta has for the first time emerged from a major threat to its authority with diminished prestige and with its future ability to carry out needed reforms somewhat undermined. There is, consequently, a possibility that other groups affected by reforms may attempt to follow the example of the Guayaquil oligarchy and resist the government.

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Western Hemisphere

AREA NOTES

Dominican Republic: The Dominican provisional government has won an important victory in its efforts to assert civilian control over the military. President Donald Reid Cabral's confrontation of a dissident army faction has strengthened his position at a time when he is attempting to solve the country's critical economic problems.

Reid has succeeded in transferring to less sensitive posts several high-ranking military officers who are members of a small but influential faction known as the San Cristobal Group. This group constitutes the Trujillo remnant in the armed forces and seeks to restore ex-President Joaquin Balaguer to the presidency. Members of the group feel that Balaguer, with his record of submissiveness to the Trujillos and the military, would allow

Bolivia: A showdown between President Paz Estenssoro and Vice President Barrientos may be imminent. Paz considers Barrientos a formidable threat to his position because of his popularity and ambition. Barrientos is incensed over Paz' unwillingness to allow him to carry out properly the duties of the vice-presidency, as well as the President's efforts to eliminate him politically by undermining his base of support.

Barrientos may attempt to oust Paz by force if the two

them to keep their special privileges and profitable jobs.

The general public is pleased with Reid's assertion of control over the military. Although air force, naval, and most junior army officers support Reid, he will still have to exercise considerable discretion in dealing with the armed forces. Further arbitrary moves could alienate his military supporters and strengthen the San Cristobal Group's efforts to thwart his housecleaning measures.

The military issue has long threatened the stability of the government and negated any long-term efforts to solve the country's political and economic problems. There have been recent indications that the government is beginning to make progress on these problems. [REDACTED]

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cannot come to terms. Barrientos has considerable support among the peasants, the air force, which he formerly commanded, and the lower echelons of the army. He is also a rallying point for most opposition groups. Paz will probably attempt to forestall an armed confrontation but will use any measure at his command to preserve his position. There have been seven attempts on Barrientos' life in the past year. [REDACTED]

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United Nations

THE ISSUE OF CHINESE REPRESENTATION IN THE UN

Present indications are that a resolution to remove Nationalist China from the UN and to seat Communist China could be supported for the first time by a simple majority of the UN members at the General Assembly session opening on 10 November.

According to recent soundings in New York, the Chinese Communists would lack a majority by at most six or seven votes. The switch of a few wavering African votes could provide Peiping with a narrow majority. Last year the Albanian-sponsored resolution to seat Peiping received 41 votes, with 57 against and 12 abstentions.

In 1961 the General Assembly voted 61 to 34 to consider the Chinese representation issue an "important question." A two-thirds majority is therefore required to seat Communist China. In the US view, this ruling stands unless formally reversed by a subsequent General Assembly, and there is no precedent for such a reversal. Should the General Assembly decide to reconsider, however, the "important question" ruling presumably could be overturned by a simple majority.

Neither intensive diplomatic activity on the part of Taipei nor concern over Peiping's inroads in Africa or Asia is likely to cause countries which last year favored the Chinese Communists to oppose them now. The key to a larger vote for the Communists therefore is likely to be the attitude of several French-speaking African states--notably the Central African Republic, Dahomey, Cameroun, and Senegal--which in the past have been unwilling to unseat Taiwan. These states have either turned away from Taipei or softened their attitude toward Peiping, and any or all of them might abstain or vote in favor of Communist China.

Many UN members, including some Western countries, would prefer to make room for both Taiwan and mainland China in New York, but this solution has always been unacceptable to both parties. In fact, Chiang Kai-shek seems more determined than ever to stick rigidly to the principle that his is the only government of China. He might leave the UN precipitately if a majority of UN members should support Communist China.

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United Nations

PROSPECTS FOR APPLICATION OF ARTICLE 19 RECEIVE SETBACK

Prospects for application of Article 19 of the UN Charter, which requires states to pay their UN arrears or lose their vote in the General Assembly, have been dealt a serious setback by India.

In a 6 October speech to the working group dealing with the arrears problem, the Indian delegate came out in complete support of the Soviet and French position on financial arrears. He took the view that assessments for peacekeeping operations are not binding on member states which are unwilling to pay, and suggested voluntary financing of such operations in the future. The Indian position sanctions the right of any country to withhold financial support for peacekeeping operations authorized by the General Assembly if it finds the operation politically objectionable.

The US Mission to the UN believes the Indian position will make it far more difficult to secure Afro-Asian support on the financing issue and doubts that Moscow will consider it necessary to work out a payment arrangement before the General Assembly opens on 10 November. The Soviet UN delegate rushed over to the Indian delegate after the meeting to congratulate him on his statement.

The impact of India's position is already evident. The eight less-developed countries on the working group on financing have decided that, in view of the Indian position and its support by the UAR, it would be impossible for them to endorse any specific proposal, including one put forth by the US, or to come up with any of their own, to settle the issue. It is the group's consensus that the matter be postponed until the second part of the assembly session next year.

According to the Argentine member of the working group, sentiment for such a postponement is likely to run strong among nonaligned countries when the General Assembly convenes. He also claimed that while all Latin American countries had assured him they would vote to apply Article 19, "if and when the issue is faced," he found many were unhappy with the prospect, and he suspected that some might arrange to be absent. All too indicative of nonaligned sentiment is the comment by the Ethiopian UN delegate that the US "cannot possibly win on the inevitable vote" to apply Article 19. He said he would be strongly tempted to vote against the US position even though he agrees assessments should be paid.

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