

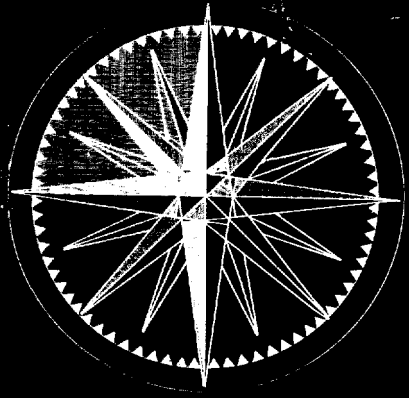
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27 November 1964

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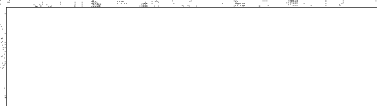
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WEEKLY SUMMARY

State Dept. review completed

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE



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SECRET**C O N T E N T S**

(Information as of 1200 EST, 25 November 1964)

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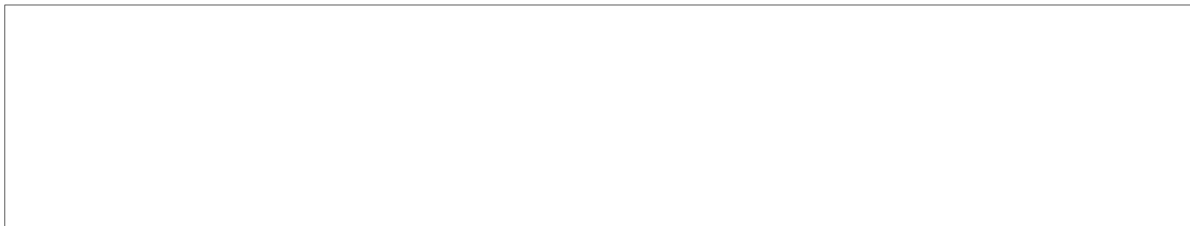
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CONGOLESE REBEL CAPITAL FALLS

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Tshombé's government, however, still does not exercise effective control over much of the Congo, and his administrative problems remain as formidable as ever.

PRESSURES AGAINST AHIDJO GOVERNMENT IN CAMEROON

7

This federation of former French and British territories seems to be in for a period of turbulence which will test moderate President Ahidjo's ability to stay in power.

GUINEAN ECONOMIC CRISIS BRINGS REPRESSIVE MEASURES

9

President Touré has reorganized his party, shifted government personnel, and imposed new measures against corrupt economic practices, while averting a political showdown at least temporarily.

SOVIET MILITARY DELIVERIES TO ALGERIA

9

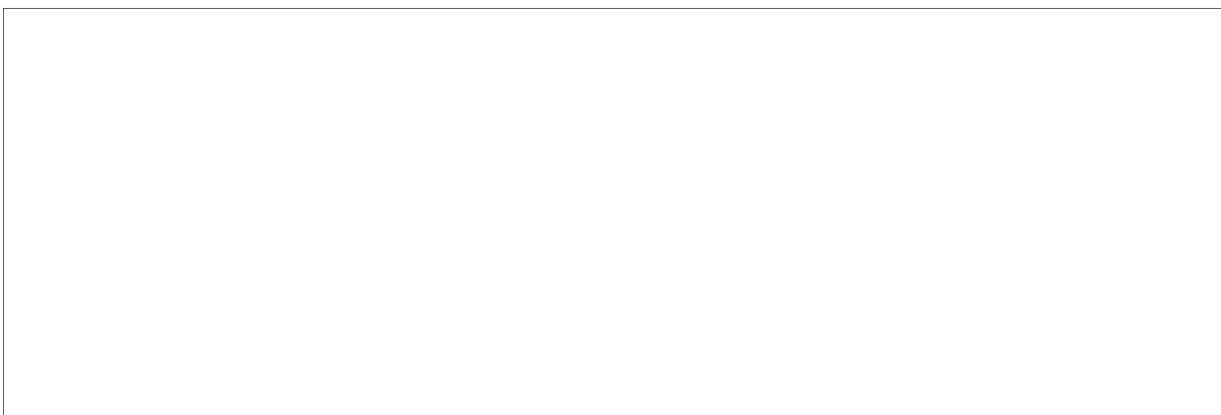
The current high rate of deliveries is likely to continue for some time.

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By abandoning its exclusively Christian orientation, the CFDT hopes to attract some of the 7 million unorganized French workers and eventually unite with the Socialist union in a "militant" non-Communist force.	
EFTA REACTS TO WILSON GOVERNMENT TRADE POLICIES	12
Concern among the UK's partners in the European Free Trade Association over the unfavorable effects of London's new import surcharges may lead to closer cooperation within the seven-nation trade bloc.	
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The maneuvering to work out alliances for the promised elections continues. Junta leader Barrientos' efforts to create his own political organization belie his announcement that he will not run for the presidency.	
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While a 23 November Supreme Court decision appears to favor the Goias State governor, hard-liners in the military may yet force President Castello Branco to approve some kind of limited federal intervention in the state.	
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Some leaders consider the present system frustrating and almost impossible to work. Reforms are anticipated, but the opposition Colorado Party will stall for political gain.	

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The Communist World

PEIPING PREPARES FOR NEW ATTACKS ON MOSCOW

The temporary truce in the Sino-Soviet polemic since Khrushchev's ouster appears perilously close to collapse. On 20 November Peiping broadcast a harsh Red Flag editorial clearly intended as an ultimatum to the new Soviet leaders. It demands sweeping concessions by Moscow as the price for any improvement in Sino-Soviet relations.

The Chinese have carefully restated their position on all major issues in the Sino-Soviet conflict. The language is uncompromising and carries the implied threat that unless Brezhnev and Kosygin make at least a gesture toward meeting Peiping's terms, they face immediate resumption of full-scale attacks, which the Chinese suggest were a major factor in bringing down Khrushchev.

The hint that direct polemics may start again soon was strengthened by publication in People's Daily on 21 November of excerpts from anti-Chinese articles printed in the November issue of Problems of Peace and Socialism. The Chinese charge the authors of these articles with "assailing and slandering" the Chinese party and note bitterly that the publication was edited by a member of the central committee of the Soviet party.

Peiping's latest attack provides Moscow no leeway for compromise on basic issues. However, by refraining from direct criticism of the new leaders, it gives them some room for tac-

tical maneuver. As a minimum price for maintaining the truce, Peiping probably would demand some clear indication that Moscow will postpone the preparatory Communist conference proposed for 15 December. Ordering this "illegal" meeting was one of the twelve principal crimes listed in Red Flag's indictment of Khrushchev. By putting all the blame for this step on him, the Chinese give Brezhnev and Kosygin the option of backing off gracefully by repudiating his decision.

Thus far the Soviets have given no hint of pulling back on any major issue, and have publicly reaffirmed Khrushchev's policies in the most sensitive areas of Sino-Soviet controversy. Brezhnev, in a speech on 20 November, took pains to endorse the principle of "peaceful co-existence" and to declare Moscow's determination to further "improve the international atmosphere."

Moscow, however, has not mentioned the 15 December date proposed by Khrushchev for the preparatory conference and its position on this immediate tactical question remains equivocal. In joint statements with the Argentine and Greek parties, the Soviet leaders recently stressed their intention to "continue the work of preparing a new conference," but they scrupulously avoided any mention of the methods they intend to use to achieve this end or the date that a preparatory conference might be held.

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The Communist World

REVISION OF THE SOVIET CHEMICAL PROGRAM

Some revision of the Soviet chemical program is apparently under way, but the chemical industry will probably retain its high priority for at least the rest of the decade.

The head of the State Committee for the Chemical Industry stated on 5 November that although the industry's growth rate might decline somewhat, it would nevertheless increase 50 percent faster than the composite industrial rate of growth. An authoritative Pravda article recommends that development of the chemical industry be concentrated in those lines offering the quickest and largest

return since it will be unable to fill all the economy's requirements by 1970.

The pattern of capital investment over the next few years will probably reflect a changing emphasis among the various branches of the chemical industry and at least some of the original production goals for 1966-70 are likely to be lowered.

Revision of the chemical program may result either from dislocations within the industry or from broader considerations of general resource allocation. [REDACTED]

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RUMANIA PLANS FURTHER INCREASE IN TRADE WITH WEST

Bucharest intends to buy a billion dollars' worth of machinery, equipment, and complete plants from the West between 1966 and 1970, according to the chief of the State Planning Commission. This is about twice as much as Rumania has ordered from the West in the past five years.

Already, deals worth several hundred million dollars are being discussed in the US and Western Europe. A provisional \$35-million contract has just been concluded with Japan for two oil tankers and eight ore carriers.

If the import goals are to be met, Rumania will probably require additional credits as well as expanded markets for its principal exports, which include petroleum, foodstuffs, timber, and wood products. The ships being purchased from Japan can be used

in the export drive, and increased purchases of ore for the new Galati steel complex can be used to generate markets in underdeveloped countries for Rumanian manufactured goods. Bucharest will also try to get potential suppliers of industrial plants to take payment in goods produced in these plants.

The export drive may cause Rumania to divert some trade from Eastern Europe to non-Communist countries which since 1961 have accounted for about 30 percent of Rumania's total trade. The USSR, however, is likely to remain Rumania's most significant trading partner. It supplies important industrial materials and equipment and buys Rumanian manufactured goods. It accounted for 42 percent of Rumania's total trade last year, raising its share about 2 percent from 1960. [REDACTED]

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SECRET**The Communist World****PEIPING EXPANDS NONBLOC TIES**

The breakthrough achieved by Communist China last January in gaining recognition from France has been an important factor in Peiping's drive for wider international acceptance. The Chinese campaign has been gaining increased momentum in recent months. Several countries have reportedly been deferring action only until after the US elections and the UN debate on Chinese representation.

So far this year five African nations have recognized Communist China--Tunisia, Congo (Brazzaville), the Central African Republic, Zambia, and Dahomey. This brings to 17 the number of African nations currently committed to Peiping as compared with 15 which still recognize Taipei. A bandwagon swing toward Communist China seems to be developing even among moderate leaders.

Several former French territories in West Africa may soon renounce Taipei in favor of Peiping. Last week the American ambassador in Chad was officially informed that recognition of Communist China was "possible." Cameroon has also shown signs of edging toward recognition of Communist China. In Mauritania the foreign minister has hinted to the US envoy that his country may decide to recognize Communist China within the next few weeks. Senegal recently severed relations with Taiwan and apparently will soon establish ties with Peiping.

Ethiopia's Emperor agreed during Chou En-lai's visit last winter to "normalize" relations, but he has not yet taken formal action. Peiping's ambassador in Cairo arrived in Addis Ababa last week and is reportedly attempting to persuade the Ethiopians to follow through.

While Western European governments have made no recent moves toward recognition of Peiping, European businessmen remain fascinated by a "vast untapped China market." Peiping therefore continues to angle for trade pacts and the establishment of trade and press offices--footholds which the Chinese have long used as the opening wedge for broader ties.

By early December Peiping is expected to have concluded a trade agreement with the Austrian Chamber of Commerce providing for permanent Chinese trade representatives in Vienna. In Italy a trade accord and exchange of permanent trade missions have also been under intermittent negotiation, and there are indications that the Italians have not been unreceptive to Chinese probing on political recognition. In West Germany a New China News Agency office was re-established, and discussion of possible formalization of trade ties may be in progress. The Chinese Communists have already set up a press mission in Ottawa, and the Canadians have indicated that additional contacts short of formal recognition may be under consideration.

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Asia-Africa

AGITATION AGAINST HUONG REGIME IN SOUTH VIETNAM

South Vietnam's Premier Huong has dealt firmly with agitation against his government, but he appears to be facing an increasingly open challenge. Police and paratroops broke up two demonstrations on 22 November in Saigon. Despite Huong's subsequent appeals for discipline, new demonstrations have occurred and disorders have spread among high school students. Political and Buddhist circles seem increasingly restive.

There are indications that the demonstrations were first set off by various professional politicians as well as by Brigadier General Do Mau, a vice premier under Khanh and critic of Huong. Although Buddhist leaders have denied initial involvement and have publicly counseled restraint, they admit extensive Buddhist participation. Reviving tactics used in the past, Buddhist leaders are now levying demands for the dissolution of the government and the release of all arrested rioters against an implied threat of large-scale demonstrations.

A list of specific demands made by the influential Tam Chau, coupled with similar demands published in a Saigon paper considered a mouthpiece of Buddhist monk Tri Quang, raises the possibility of a concerted Buddhist campaign to force the High National Council to bring

down Huong's government. Chau had previously been pushing for revision of the Huong cabinet, and up to now Quang's followers have set their sights on gaining control of a new National Assembly.

The High National Council is turning its attention to the procedures for creating a new assembly, but the extent to which it will be elected or appointed is still unclear. Military support for the Huong government in the event of continued public demonstrations remains uncertain.

Viet Cong military activity declined both in scale and intensity for the fifth consecutive week. Armed attacks and ambushes dropped sharply from 21 to 10--none of which was large scale. Most of the 414 incidents reported consisted of hamlet harassment and sabotage against government railroads and highways. The most significant act of terrorism was the explosion of a time bomb in a snack bar at the Saigon airport on 18 November.

On the government side, the largest heliborne operation to date was launched northwest of Saigon on 18 November but produced insignificant results in terms of the over 100 helicopters and 12 Vietnam battalions involved. Four search and destroy operations in the northern coastal province of Quang Nam inflicted heavy losses on Viet Cong units, however.

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Asia-Africa

KERALA COMMUNISTS ENHANCE PROSPECTS FOR FEBRUARY ELECTIONS

Kerala's Communists will regain control of the state government if current trends continue through the statewide elections now scheduled for February.

The southern Indian state has been ruled directly from New Delhi ("President's Rule") since September when the local government run by the Congress Party was brought down by defections from its slim majority. That government had been elected nearly five years ago, after extensive local unrest gave New Delhi the legal excuse to intervene and to dislodge the then Communist government.

When the Congress-run ministry in Kerala fell, there seemed to be general relief that the weakened local Congress Party would get some breathing space before having to contest the February elections. Party leaders in New Delhi apparently counted on the Congress defectors to play no significant role in the elections, and so no effort was made to heal the party breach. They also seemed to count on the schism in Indian Communist ranks to prevent the local Communists from achieving their undoubted potential to gain the support of nearly half the electorate.

Congress was clearly playing for a draw in February, with no party winning. This would

enable New Delhi to impose additional six-month increments of President's Rule until the local Congress organization improved its position.

Events have been moving against the Congress, however. Perhaps most important of all has been the central government's failure to cope with the critical food shortages in Kerala, which are still causing severe distress among the nearly 20 million people there. At the same time, the Communists in Kerala, although functioning as two separate parties, have shown increasing willingness--especially since Khrushchev's ouster--to work out electoral adjustments in a way which will preserve much of their over-all strength. The more leftist party has, in addition, shown considerable eagerness to join in support of almost any other non-Congress candidates, including those put up by the Muslim League and other splinter groups with local strength.

A Communist ministry would no doubt soon dissipate its election-forged unity, but a period of power--however short-lived--would nonetheless damage Prime Minister Shastri's prestige and give a fillip to the Communists throughout India at a time when their fortunes are sagging badly.

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Asia-Africa

CONGOLESE REBEL CAPITAL FALLS

Despite the capture of Stanleyville this week, Moise Tshombé's government still is far from exercising effective military control of the Congo. His administrative problems, moreover, remain as formidable as ever.

Despite the psychological shock to the rebels over losing their capital, government forces face a protracted period of mopping up pockets of opposition and of controlling unruly youth gangs in the liberated areas. Tshombé's troops continue to encounter considerable resistance at several points on the shrinking periphery of the rebel-held area, and some of their own lines are far from secure.

The future of the former Stanleyville regime is unclear. Government troops found no significant leaders in the former capital city. One evacuee stated that he saw rebel "president" Gbenye speeding out of the town just after the Belgian paratroops dropped. Early this

week insurgent military leaders were reported to be in far northeastern Congo. They may try to fight on from a new base or to establish a government in exile.

Tshombé's dependence on mercenaries and foreign aid for his government's military successes re-emphasizes the weakness of his own administration. The tribal rivalries, regional inequities, and corruption that gave rise to the rebellion and fed local support for it remain. With the Congolese Army no more effective as a fighting force than it ever was, Tshombé probably will feel obliged to retain mercenaries even after the rebellion collapses. In the circumstances an intensification of opposition to him from radical African states may be expected, as they see his total dependence on the United States and European "colonialists" confirmed.

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PRESSURES AGAINST AHIDJO GOVERNMENT IN CAMEROON

Cameroon evidently is in for a period of heightened internal turbulence which will severely test moderate President Ahidjo's ability to survive in office.

Since leading Cameroon to independence in 1960, Ahidjo has faced enormous problems in attempting to preside over this complex federation of former

French and British territories. In recognition of the country's basic regional, religious, and tribal cleavages, he has attempted to distribute government posts equitably on geographic and ethnic bases. However, control of the powerful ruling party, the Cameroon Union (UC), has remained with northern Muslim political bosses.

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Asia-Africa

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Southern resentment, always high, now has apparently reached explosive proportions. Disparate southern elements are making new efforts to coalesce with a view to fielding a single opposition candidate for the presidential election scheduled for next spring. However, Ahidjo's repressive measures against the population in an opposition stronghold following parliamentary elections earlier this year raise doubts as to how many of the southerners would be willing to challenge him openly.

Some may instead make common cause with an apparently growing number of high-level government officials who have become disaffected, in part because they feel that Ahidjo is slipping too far to the left in his attempts to shore up his political position, ameliorate Cameroon's economic difficulties, and keep in step with other African states. Ahidjo has in recent months accepted a Soviet Embassy in Yaoundé, formally proclaimed a policy of nonalignment, and given serious consideration to the establishment of diplomatic ties with Peiping. He apparently has also acquiesced in the clearly illegal action by a pro-Communist faction in assuming control of the government-sponsored trade union last month.

Meanwhile, a series of well-organized guerrilla attacks since early November has breathed new life into the rebellion in the southwest directed by the clandestine wing of the Cameroon People's Union (UPC), once the country's leading nationalist party. This rejuvenation, accomplished despite intense factional strife among exiled UPC leaders, revealed that the rebels in the field--mostly Bamileke tribesmen--have obtained new supplies of modern small arms. These supplies evidently come from foreign benefactors, but their exact origin has not been established.

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Asia-Africa

GUINEAN ECONOMIC CRISIS BRINGS REPRESSIVE MEASURES

Continuing economic deterioration in Guinea has resulted in a government and party shake-up and in the adoption of stringent new measures against corrupt economic practices. A threatened political showdown apparently failed to materialize.

Ever since Guinea's nonconvertible currency was introduced in March 1960, it has depressed the domestic economy and put a premium on illicit trade. An estimated 60 percent of Guinea's exportable products are smuggled to neighboring countries and sold for convertible currency, and many of its imports probably are similarly diverted. Police and party officials join extensively in these activities. The government's exhortations for a mending of ways has neither altered the practices nor improved sagging public morale.

On 8 November President Touré, during a highly publicized

mass meeting, announced a return to tight state control of trade, confiscation of illegal gains, regulation of rented housing, and imposition of stiff prison sentences for currency manipulation, smuggling, or tribal activity designed to undermine the regime. Extensive personnel shifts in the top ranks of the government and a broad party reorganization accompanied these measures.

Despite indications that important political elements felt threatened by the new program, the ruling party's national council and the National Assembly provided the customary rubber-stamp approval on 19 November. Touré apparently believes, however, that to attack the root of the problem by entering some form of international clearing arrangement would imply a derogation of sovereignty. Popular unrest therefore is likely to continue, regardless of more appeals from Touré and stepped-up police action.

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SOVIET MILITARY DELIVERIES TO ALGERIA

The Soviet military aid program for Algeria is in full swing. Last week's delivery of six AN-12 transport aircraft had been preceded by the arrival of at least ten shipments of military cargo [redacted] since mid-1964 (see chart). This high rate of deliveries is likely to continue for some time.

Shipments apparently began after Algerian military trainees completed their courses in the bloc and began to return home late this past summer. The first Algerian military personnel went to the bloc for formal training in early 1963. Since that time it is believed about 670 personnel have participated in aviation

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SOVIET DELIVERIES TO ALGERIA SINCE MID - 1964

MIG-17 JET AIRCRAFT	20
MIG-15 JET AIRCRAFT	4
YAK-18 PROP-DRIVEN TRAINER AIRCRAFT	18
MI-4 HELICOPTERS	12+
AN-12 TURBOPROP TRANSPORTS	6
P-6 MOTOR TORPEDO BOATS	6
T-34/54 MEDIUM TANKS	150-200
ARMORED VEHICLES	Some
ARTILLERY	Some
COMMUNICATIONS EQUIPMENT/RADAR	Some
TRUCKS	Some

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courses, communications instruction, and naval training. Groups are still being sent to the USSR. Since July about 250 naval and air trainees are known to have arrived back in Algeria.

Some Soviet technicians have been in Algeria since mid-1963 operating specially outfitted tanks to de-mine Algeria's borders. Others who arrived this year are reportedly training Algerian soldiers on Soviet armor. A large influx of Soviet military technicians is expected soon to assemble, maintain, and instruct in the use of newly arrived arms.

The Soviet-Algerian military aid arrangements--the October 1963 pact and other understandings reached when Ben Bella vis-

ited Moscow last May--probably call for delivery of additional aircraft, including more advanced jet fighters. In view of the emphasis on naval training and Algeria's access to the sea, the USSR also is expected to deliver more naval craft, probably additional motor torpedo boats, and other types of patrol craft.

In addition to the current deliveries the USSR made two shipments of miscellaneous equipment during the Algerian-Moroccan altercation in late 1963. At that time Cuba sent in some tanks of Soviet origin, and Egypt provided some air and naval craft. Most of the Egyptian-supplied equipment has been withdrawn.

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Europe

FRENCH LABOR CONFEDERATION DROPS CHRISTIAN LABEL

The recent decision of France's 450,000 member CFTC to "deconfessionalize" and change its name to the French Democratic Labor Confederation (CFDT) may have long-range political implications. Approved by 70 percent of the confederation's leadership, this move is potentially the most significant development in the French labor movement since the Socialist Worker Force (FO) broke off from the Communist-dominated General Labor Confederation (CGT) in 1947.

By eliminating its exclusively Christian orientation the CFDT hopes first to attract some of the 7 million unorganized French workers to its banner. It also sees the move as facilitating a link with the FO and forging a "unified and militant" non-Communist labor force roughly equal in size to the million-member CGT.

Such a labor movement, CFDT leaders maintain, would not only be able to bargain more effectively, but could exact from employers a greater role for labor participation in economic planning--ranging from the plant level to the national plane. In the political realm, they see such a disciplined national labor union eventually becoming a rallying point around which the non-Communist parties of the left might coalesce. It is unlikely, however, that the disarrayed

French political parties are prepared to subordinate the ideological refinements that keep them apart in the interest of making common cause behind a program laid out by the unions.

For the present the FO is suspicious of the CFDT action. This is partly due to fears that it may lose control over its own followers, some of whom apparently are willing to compromise their Marxist creed in the interest of a united labor movement. For its part, the CGT, in step with the current Communist line, is trying to expand its base to the right. It regards the deconfessionalization action as an opportunity to enhance the prospects of "pragmatic" working arrangements with the unions that make up the CFDT.

The 30-percent minority of the CFTC leadership that opposed deconfessionalization objected that the elimination of specific reference to the Christian social ethic deprives the confederation of a meaningful ideology to oppose Marxism. Indeed, they predict that the Communists will infiltrate and eventually dominate the new CFDT. As a consequence, they are contemplating the establishment of a separate union which would operate under the old CFTC banner. This could lead to an even greater fragmentation of the French labor movement.

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Europe

EFTA REACTS TO WILSON GOVERNMENT TRADE POLICIES

The strong reaction of the UK's European Free Trade Association partners to the Wilson government's new import barriers reflects their serious concern over EFTA's future. These countries--Portugal, Austria, Switzerland, Norway, Sweden, Denmark, and associate-member Finland--were already dubious of EFTA's ability to safeguard their interests in the Kennedy Round and worried by certain trade developments in the Common Market. Closer EFTA cooperation may--initially at least--result from the demands now made on Britain by its partners.

London's new import surcharges, imposed to avert a balance-of-payments crisis--came at a time when the other EFTA members had for the first time increased their exports to the UK more rapidly than to the EEC. These countries fear their export losses resulting from the new British action will generate domestic pressures for counter-measures. They are also concerned that the British policies will create a drag on all their economies. They therefore pressed Britain to accelerate the EFTA tariff reductions program. This attempt to obtain favored treatment from the UK immediately ran into strong objections from the US and the EEC.

At an EFTA ministerial meeting in Geneva last week, Britain agreed to consider exempting from the new levies export orders placed before 26 October. It also reassured its partners that

the UK would start reducing its surcharges "in a matter of months." More significant, however, was an agreement to observe a provision in the EFTA convention calling for joint examination of economic policies likely to affect member states. A permanent committee now has been authorized to do this, and Foreign Secretary Gordon Walker went a step further in urging regular meetings of EFTA foreign ministers.

At Geneva, several of the EFTA countries were also concerned that the list of items the EEC wishes exempted from the general Kennedy Round tariff reduction would hit them especially hard. These countries are accordingly anxious lest the Kennedy Round serve eventually only to confirm rather than break down the barriers between the two blocs.

As the prospects for the Kennedy Round have waxed and waned over the past months, so have suggestions for ways of overcoming the division between the Six and the Seven. The latest proposal was floated by West German State Secretary Lahr at last week's meeting of the Western European Union--which groups the Six with the UK. His idea that relations between the EEC and EFTA be handled by a new "secretariat" was opposed only by the French, who remain suspicious of anything that may look like a British foot in the EEC door.

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Europe

AREA NOTES

Italy: The stability of the center-left coalition that governs Italy may be further weakened by the results of this week's provincial and municipal elections. It is still too early to make exact comparisons with results in 1963, but it is fairly certain that the Christian Democrats lost slightly, and that Socialist losses considerably exceed what the party's leaders had earlier considered politically manageable. The Communists registered their largest postwar vote, in part because of the government's failure to move ahead with promised social and economic reforms.

Premier Aldo Moro and his supporters in the Christian Democratic Party can make a case that their party's showing justifies continuation of a center-left government. Moro, however, will still have difficulty in getting his badly divided party to be more forthcoming on reforms, particularly as some elements

in the party will try to exploit the Socialists' weakened position either to delay or further water down the reform program.

Whether Socialist leader Nenni is able to keep his party in the coalition will depend largely on what kind of a deal Moro now will be able to offer the Socialists for their continued participation. Those Socialists who are urging that their party pull out will probably try to force this action at a party congress presently planned for next February or March.

The issue could come to a head sooner. This is likely to happen if it becomes necessary for Parliament to elect a successor to ailing President Segni. The choice of a successor is a highly divisive issue both within the Christian Democratic Party and between that party and its coalition partners.

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Spain: Efforts to obtain a law defining the rights of non-Catholics in Spain received a setback when the Vatican Council recently failed to vote on the schema supporting freedom of religion. No further progress on the Spanish draft legislation is likely before the next council session, the date of which has not yet been set.

Foreign Minister Castiella, with an eye to improving relations with nations having large Protestant populations and generally to refurbish Spain's image abroad, has been

working for a religious rights law since 1957. In early September, the proposed draft law was approved by the three archbishops representing the Spanish metropolitans, who make church policy in Spain. When Castiella presented the project to the Cabinet, however, he is said to have encountered stiff opposition from a majority of the ministers. This opposition eventually resulted in an announcement last month that further action was being postponed until such time as the Vatican Council registered its view on religious freedom.

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Western Hemisphere

NEW AGITATION IN PANAMA ON THE CANAL ISSUE

The Panamanian Government won the first round this week against a new upsurge of Communist-led agitation on the canal issue. Communists and extreme nationalists, however, plan new demonstrations which will further test the viability of the new Robles administration.

Prompt and effective action by Panamanian security forces on 23 November broke up Communist-led student demonstrations with only a minimum of violence and without providing the martyrs which some extremist factions had hoped for. The demonstrators nevertheless had shown good organization and evidence of prior planning by their leaders.

The government won another important point early the next day when a secret session of the legislature passed a vote of confidence in Foreign Minister Eleta. Eleta's position on the canal negotiations with the United States had been called into question by Jorge Illueca, recently forced out as Panama's chief negotiator in the talks. It was the public recriminations be-

tween Eleta and Illueca--a favorite of the ultranationalist students--that the Communists had seized on as a pretext for the agitation.

The resolution passed by the legislature assured the Panamanian people that there has been no change in the negotiators' determination to obtain a new canal treaty "that embodies the just Panamanian demands." It reaffirmed the position adopted by the previous Panamanian Government after the January 1964 riots and sustained by the new government: that the 1903 treaty must be abrogated.

The Communist and extremist agitators are expected to make every effort to regain the initiative in their continuing campaign to exploit the canal negotiations as an effective nationalist issue against Panama's ruling oligarchy. Within hours of the dispersal of the student demonstrators, Communist leaders were in contact with extremist labor leaders in an effort to promote a general strike.

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CASTRO MOVES AGAINST PROMINENT OLD-LINE COMMUNIST

The Castro regime's recent suspension of a long-time Communist, Major Joaquin Ordoqui, from his high party and government posts is a further reflection of the competition between Cuba's "old" and "new" Communists. The move against Ordoqui, however, probably does not signal a sweeping purge of the old guard.

Ordoqui, a leading Communist for almost 30 years before Castro came to power, had been a member of the national directorate of the government's party machine and a deputy minister of the armed forces. He was probably removed to settle a political account resting on his association with Marcos Rodriguez,

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another "old" Communist who was executed earlier in the year after a sensational trial which found him guilty of betraying student revolutionaries to Batista's police. At the trial, Ordoqui was accused of having protected Rodriguez. He was subsequently reprimanded in public by Castro for "improprieties."

Castro probably put off action against Ordoqui until the considerable passions aroused by the Rodriguez trial had subsided. The trial was more than a judgment of Rodriguez; it was an explosive confrontation

between the "old" and "new" Communists. It ended in an uneasy compromise only after Castro personally intervened in defense of the "old" Communists, but permitted the execution of Rodriguez to proceed.

The Ordoqui case probably does not presage any basic change in the intramural struggle between the "old" and "new" Communists. Castro, moreover, can be expected to continue utilizing their differences, as he has in the past, to maintain his own dominant position. [REDACTED]

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25X1**POLITICKING IN BOLIVIA**

Politicking in anticipation of elections at some future date is now in full swing in Bolivia. Junta President Barrientos himself, despite his public disclaimer on 18 November of presidential ambitions, is acting like a candidate. He continues to stump the countryside drumming up popular support, and he is making efforts to create his own political organization.

There is speculation that Barrientos will resign from the junta just before the elections and run for president with the support of the Bolivian Socialist Falange (FSB) and several minor rightist parties. He is also rumored seeking an alliance with the left.

Meanwhile other groups are busy trying to make alliances. Nothing firm has emerged from

these discussions, but the smaller parties are lining up either with ex - Vice President Juan Lechin's National Leftist Revolutionary Party (PRIN) on the left, or with the FSB on the right.

Former president Hernan Siles Zuazo sees the possibility that a third group will emerge. This one would be based primarily on the remnants of the Nationalist Revolutionary Movement (MNR), which ruled Bolivia for 12 years before Paz Estenssoro's overthrow. Siles is currently attempting to revive and reorganize the MNR as his own political machine. There are reports that he may take his forces into a national front with the PRIN and other leftist groups. [REDACTED]

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BRAZILIAN FEDERAL-STATE DISPUTE CONTINUES

Brazilian President Castello Branco is still grappling with the month-long dispute arising from the federal government's effort to remove Governor Borges of Goias State from office on charges of subversion.

A 23 November decision by the Brazilian Supreme Court granted Borges immunity from arrest unless such action is authorized by the state legislature. Borges would thus appear to have won the first round, since his Social Democratic Party (PSD) controls the legislature and President Castello Branco has pledged to respect the court's decision.

However, the PSD has hesitated in the past to take a strong antigovernment position on controversial issues, so the legislature may buckle under federal pressure to get at Borges. One indication of such pressure might be read into the firmly worded presidential communiqué--issued immediately following the announcement of the court decision--warning that the government would not tolerate

subversion and counterrevolution in Goias and would take whatever steps were necessary to preserve local security.

This blunt statement may also have been designed in part to assuage growing pressures on President Castello Branco, particularly from the hard-line military, to intervene directly in Goias. Many of those supporting this course evidently regard Borges as an unwelcome vestige of the ousted Goulart regime. This element may yet force Castello Branco to approve some kind of federal intervention. The federal government reportedly has begun sounding out certain key political figures for support of such intervention, should it become necessary.

Although the Goias issue is the government's most difficult political problem to date, it does not presently appear to threaten the country's long-range prospects for stability. Officials are nevertheless concerned by reports that opposition groups plan to exploit the situation by creating further unrest in Goias and elsewhere.

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URUGUAY'S PLURAL EXECUTIVE SYSTEM UNDER FIRE

Uruguay seems to be moving toward some sort of showdown over reformation of the country's cumbersome plural executive system of government. Public sentiment for a change in this cumbersome system is growing. At the same time the atmosphere in Montevideo is increasingly conducive to military coup plotting.

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In early November, the largest faction of the ruling Blanco party came out in support of constitutional reform. This move presumably was motivated to a considerable degree by a desire to head off pressure for changes by unconstitutional means.

The Blanco reformists, however, have chosen a difficult path. They must somehow gain the support of the opposition Colorado Party. At the same time they must cope with factions in the Blanco party itself which are becoming increasingly restive and impatient for quick action.

Colorados want to postpone any change until after the 1966 elections, which they hope to win under the present system.

The military meanwhile is becoming increasingly disturbed by the deteriorating political situation, as well as a faltering economy that is marked by mounting inflation. More immediately, it is concerned over what it considers unequal pay compared with the salaries paid to the legislators. A group of senior officers is apparently seeking a hearing before the NCG in which they intend to push for government action to reduce labor strife, crack down on smuggling, enforce tax collection, and halt the inflationary spiral. At the moment, a more forceful approach is inhibited by the absence of a leader or group of leaders of sufficient stature who would be willing and able to assume responsibility for disrupting the present arrangement.

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