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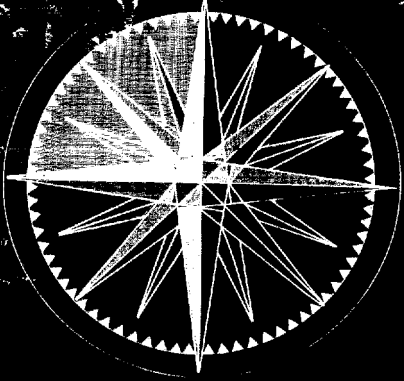
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26 February 1965

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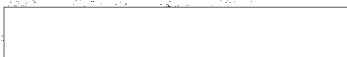


WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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C O N T E N T S

(Information as of 1200 EST, 25 February 1965)

| | <u>Page</u> |
|---|-------------|
| THE VIETNAM SITUATION | |
| General Khanh's removal from power, apparently the intention of both the coup and countercoup last week, does not improve prospects for armed forces unity or political stability. The pace of Viet Cong activity, meanwhile, has stepped up considerably, and both China and North Vietnam appear to have taken steps last week to bolster their defenses. While neither Peiping nor Hanoi has shown any interest so far in making negotiations on Vietnam feasible, Moscow is privately urging the US to consider some sort of negotiated settlement. | 1 |

UNITED NATIONS

| | |
|---|---|
| UN ASSEMBLY ADJOURNS DESPITE ALBANIAN SHOWDOWN MANEUVER | 4 |
| An overwhelming majority of UN members beat back an Albanian (i.e., Chinese Communist) effort to disrupt the consensus procedure under which the session had operated since 1 December to avoid a US-USSR showdown on the Article 19 issue. President Quaison-Sackey will appoint a committee of some 30 members to seek a solution to the financial crisis during the six-month adjournment. | |

THE COMMUNIST WORLD

| | |
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| MOSCOW 1 MARCH MEETING APPARENTLY TO PROCEED ON SCHEDULE | 5 |
| At least seven of the invited parties, however, will apparently boycott the meeting. It will probably be low key and is unlikely to endorse an early world Communist conference or to issue pronouncements on issues in the Sino-Soviet conflict. | |

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| NEW PRAVDA EDITOR CLARIFIES LINE ON SOVIET INTELLECTUALS | 7 |
| His major policy statement stressed the need for "expert" recommendations of scientists and economists in decisions on policy, but affirmed the party's commanding position. On the issue of free discussion among artists and writers, the line is more conservative. | |

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| <u>THE COMMUNIST WORLD (continued)</u> | <u>Page</u> |
|---|-------------|
| INTERNAL OPPOSITION TO CHINESE COMMUNIST REGIME | 8 |
| Peiping has launched yet another drive to discipline dissident party members and intellectuals and is demanding political subservience of scientists and technicians for the first time since the Great Leap Forward. | |
| PEIPING PREPARES FOR AFRO-ASIAN CONFERENCE | 10 |
| Recent Chinese Communist moves in Africa suggest that Peiping is stepping up its efforts to lay the groundwork for the second Afro-Asian conference, now scheduled to be held in Algiers next June. | |
| EAST GERMANS EXCAVATING DITCHES AROUND WEST BERLIN | 11 |
| The expense and effort required to ring the city with a concrete-lined ditch are hardly warranted by the current low refugee flow. The regime's intention may be to soften the more objectionable features of existing fortifications, to highlight West Berlin's isolation, and, in time, to reduce the number to border guards--whose poor morale has been a chronic problem. | |

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ASIA-AFRICA

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| INDONESIA CONTINUES TWO-PRONGED CAMPAIGN AGAINST MALAYSIA | 12 |
| The Indonesian foreign minister has proposed secret talks with the Malaysians, while Djakarta continues military operations against Malaya. | |

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| ELECTION IN INDIA'S KERALA STATE LIKELY TO BE INCONCLUSIVE | 13 |
| The conflict between the now-separate left and right Indian Communist parties is matched by splits within the local Congress Party. | |

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ASIA-AFRICA (continued)

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NEW TURMOIL IN THE BRAZZAVILLE CONGO

14

Three moderate cabinet ministers have been murdered, and the premier is implying that Tshombé, Portugal, and the US are behind a plot to overthrow the leftist Brazzaville regime and partition both Congos for the "imperialists." The US Embassy believes the murders were the work of regime extremists bent on consolidating their power.

UGANDA STILL EMBROILED IN LEOPOLDVILLE CONGO REBELLION

15

New incidents continue to occur along the Congolese-Ugandan border.

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EUROPE

FRANCE'S POLICY OBJECTIVES IN SOUTHEAST ASIA

16

France is stepping up its diplomatic offensive for a peaceful solution in Vietnam, advocating a settlement based on the principles expounded at the 1954 Geneva Conference. De Gaulle maintains that neutralization of all Southeast Asia is prerequisite to peace and stability in the area.

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WESTERN HEMISPHERE

MORE SOVIET AID AND TRADE FOR CUBA

19

Moscow's \$170-million trade credit for 1965 raises its cumulative balance-of-payments support for Cuba to more than \$750 million.

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| <u>WESTERN HEMISPHERE (continued)</u> | <u>Page</u> |
|---|-------------|
| CUBA SEEKING LONG-TERM SUGAR CONTRACTS IN THE FREE WORLD Its satisfaction with its long-term, guaranteed-price contract with the USSR has led it to try to make similar arrangements with free world purchasers. Spain has been the most amenable to date, and Cuban negotiators have had limited success with Morocco and Japan. | 20 |
| CONSERVATIVE LEADER ATTACKS BRAZILIAN GOVERNMENT POLICIES Guanabara Governor Lacerda, angered by reports that President Castello Branco is considering deferment of this year's gubernatorial elections, may be trying to alienate the President's more "hard-line" supporters in hopes of gaining their backing for himself in the 1966 presidential contest. | 21 |
| PROSPECTS IN CHILE'S MARCH CONGRESSIONAL ELECTION The momentum which won the presidency for Eduardo Frei last September will probably help his Christian Democrats gain more than a third of the seats in the Chamber of Deputies--enough to sustain a presidential veto but well short of a majority. | 22 |

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SECRET**THE VIETNAM SITUATION**

As a result of the abortive coup and the successful counter-coup in South Vietnam on 19-20 February, General Khanh has been deposed as military commander in chief and sent into temporary exile as a "roving ambassador." The status of the civilian government of Phan Huy Quat has not been affected. The removal of Khanh, apparently a primary goal of both the attempted coup and of the generals who quashed it, seems unlikely to unify the armed forces, or to usher in early political stability.

The appointment of General Tran Van "Little" Minh as "acting commander in chief" looks like an interim compromise while the more ambitious "young Turk" generals, such as I Corps Commander Thi and air force chief Ky, maneuver to obtain ultimate control of the military.

The pro-Catholic, anti-Buddhist, and even pro-Diem overtones of the coup attempt now appear to have sharpened reli-

gious animosities. Although the Buddhist leaders distrusted Khanh, they appear to suspect that his ouster may be partly aimed against them and that it may have had US blessing. They give no indication of any intention to protest and have limited themselves to voicing support for the Quat government, but there are growing signs that they may be looking toward a negotiated settlement to resolve South Vietnam's problems. They still speak, however, of a Vietnam divided between a Communist North and a non-Communist South.

The pace of Viet Cong activity meanwhile has stepped up considerably. Although the bulk of this activity is still harassment and sabotage, armed attacks appear on the rise. Heavy fighting has occurred for several days at a point on the east-west road linking the government's II Corps headquarters at Pleiku in the central highlands with its supply depots at Qui Nhon on the coast.

In the central and northern provinces, the Viet Cong have further encroached on areas formerly controlled by the government. In the coastal provinces of Quang Ngai and Binh Dinh, and increasingly farther south in Phu Yen and Khanh Hoa provinces, government troops have pulled back into the

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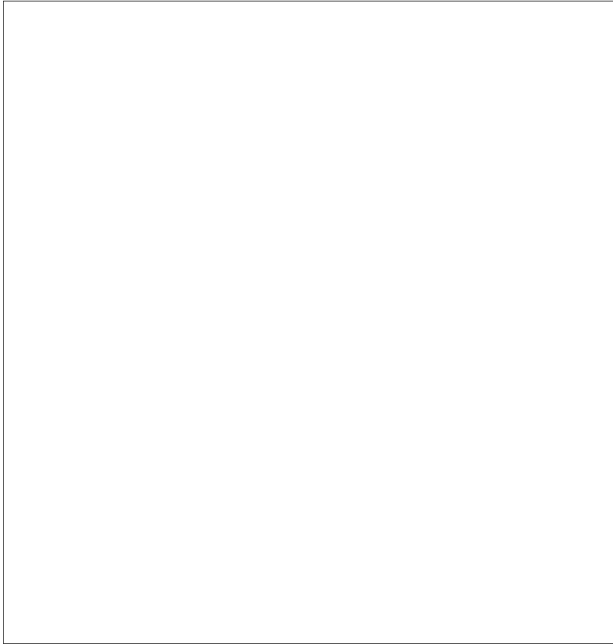
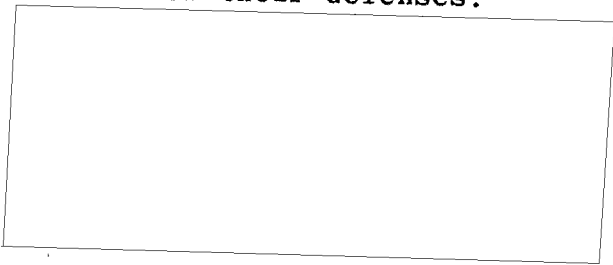
immediate vicinity of district capitals. Viet Cong sabotage, which has closed the main north-south highway in Phu Yen and Binh Dinh, and the coastal railroad between the cities of Nha Trang and Da Nang, is helping to isolate the northern provinces.

The sinking on 17 February of a camouflaged vessel off Phu Yen Province, and the subsequent discovery of an estimated 80-100 tons of arms and ammunition on shore has resulted in the most significant capture to date of bloc equipment supplied by North Vietnam to the Viet Cong. The incident



suggests that the Communists have developed, or expect to develop an extensive system of logistic support through sea infiltration.

Both Communist China and North Vietnam appear to have taken steps during the past week to bolster their defenses.



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The Chinese Communists have taken further steps to improve air defenses in South China.



the Chinese are building a second new airfield near the Vietnamese border, about 25 miles northeast of the existing one at Mengtzu. An area some 7,000 feet long has been cleared, and approximately 34 construction buildings were noted.

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The Soviets are apparently intensifying their efforts to deter the US from more far-reaching actions in Vietnam. They are privately urging the US to

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consider some sort of negotiated settlement. In the two weeks following the flare-up in the Vietnam situation, the Soviet Union adopted a noncommittal attitude toward the possibility of negotiations. Soviet officials informed the French and British ambassadors that there could be no question of negotiations while US bombings continue. Moscow's lack of initiative has resulted in part from the Soviet leaders' desire to avoid an open divergence with the Hanoi and Peiping regimes. The USSR probably also wishes to play for time to assess further developments in US policy.

The Soviet press, however, continues to report differences between the US and its allies and proposals by Western leaders for convening a conference. In line with this course, Soviet Ambassador Vinogradov's

23 February call on President de Gaulle seemed aimed at focusing attention on the crisis and at isolating the US on the question of a negotiated settlement.

The Chinese Communists and North Vietnamese so far have showed no interest in making it possible to hold negotiations on the Vietnam situation. Both Peiping and Hanoi continue to call for unilateral withdrawal of US forces from South Vietnam as the only possibly solution. Chou En-lai, for example, in a message to the Indo-Chinese People's Conference in Phnom Penh on 23 February, stated that the US must withdraw its military forces from Indochina "completely, immediately and unconditionally." [REDACTED]

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United Nations

UN ASSEMBLY ADJOURNS DESPITE ALBANIAN SHOWDOWN MANEUVER

After disposing of essential business on a "no-objection" basis, and thanks to the US acquiescence in a "procedural" vote, the 19th UN General Assembly session adjourned on 18 February until 1 September. The intervening period will permit further negotiations on the financial crisis and future peacekeeping operations by the big powers and by a committee of 30-odd members to be appointed by President Quaison-Sackey. However, the whole process of vacillation and evasion has brought discredit to the UN.

The assembly by a vote of 97 to 2, with 13 abstentions,* beat back an Albanian maneuver--presumably instigated by Peiping--to disrupt the consensus procedure under which the session had been operating since 1 December. The surprise Albanian ploy was designed to precipitate a confrontation between the US and the USSR at the last hour over the arrears question and voting rights. Most UN members believed that since the Albanian delegate could not be persuaded to desist, the US should save the day and the UN by avoiding the confrontation. The vote was taken on the basis it would "not involve or prejudice" the question of Article 19. The assembly president ruled before the vote that it was without prejudice to the legal positions of the various members.

In general, UN representatives reacted very favorably to

the US handling of the problem. A canvass of Latin American delegates revealed that the group as a whole was "much relieved" and believed that the final vote was favorable to the US world posture. The Latin Americans, who usually take a very legalistic view of the UN charter, also felt that the strictly juridical situation involving Article 19 was saved by the US explanatory statement. However, Soviet Ambassador Fedorenko contended publicly on 24 February that the US has lost its fight by agreeing to a roll call vote, thus making the penalty question a "dead issue."

Despite general relief that a showdown has been averted for the time being, the formidable problem of negotiating some settlement on the arrears question remains. The composition of what promises to be a cumbersome committee is still unsettled--presumably Nationalist China will be excluded in order to get Moscow's participation. The fact that for three months most assembly members have preferred to relinquish their own right to vote rather than to deprive financial delinquents of theirs will not make the secretary general's dues-collecting any easier. Above all, it would seem that, despite valiant efforts, the General Assembly is slated to lose at least those powers granted to it by the 1950 "uniting for peace" resolution which made it virtually coequal with the Security Council in peacekeeping.

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*Mauritania lined up with Albania. Abstaining were Algeria, Burundi, Congo(Brazzaville), Cuba, France, Guinea, Mali, Portugal, Rumania, Senegal, the UAR, Tanzania, and Yemen. Cambodia, Indonesia, and Saudi Arabia did not participate.

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The Communist World

MOSCOW 1 MARCH MEETING APPARENTLY TO PROCEED ON SCHEDULE

The Soviet leaders apparently have decided to proceed with the Communist meeting scheduled for 1 March.

The Italian, Bulgarian, and East German parties have announced that they are sending delegations to Moscow. Peiping and the Chinese-oriented parties--the Albanian, Japanese, Indonesian, North Korean, and North Vietnamese--can be expected to boycott the meeting. Rumania, in addition, has refused to attend any meeting unless all the invited parties attend. Moscow, therefore, probably can count on, at most, 19 of the 26 members of the "editorial commission." *

This meeting probably will be represented as merely the first of a series of preparatory sessions which will discuss problems facing the Communist movement and measures to promote unity. It is unlikely either to endorse an early world Communist conference or to issue pronouncements on substantive issues in the Sino-Soviet conflict. Any communiqué probably will be limited to an anodyne reference to the value of regular consultations in strengthening cohesion and a display of solidarity in condemning US policy in Vietnam and elsewhere.

The need for Communist bloc unity was the main theme of the

Warsaw Pact meeting in January, of Kosygin's statements in North Vietnam and North Korea, and of Soviet treatment of the recent 15th anniversary of the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance. The Russians are likely to avoid any suggestion of confrontation or showdown with the Chinese at the 1 March meeting.

Peiping has renewed its attack on the planned meeting by rebroadcasting on 20 February a statement by a pro-Chinese Australian Communist leader denouncing the gathering as a continuation of Khrushchev's plan to "impose revisionism" on the world movement. The Chinese may already have set the wheels in motion for a meeting of their supporters in Peiping--something they indirectly threatened to do last August.

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*The 19 are the Bulgarian, Hungarian, East German, Cuban, Mongolian, Polish, Russian, Czech, French, Italian, West German, British, Finnish, Argentine, Brazilian, Syrian, Indian, US, and Australian Communist parties.

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The Communist World

NEW PRAVDA EDITOR CLARIFIES LINE ON SOVIET INTELLECTUALS

A major policy statement by Pravda's new editor, Aleksey Rumyantsev, has defined the new regime's position toward the Soviet intelligentsia. The article affirms the party's commanding position, but its major intent is to stress the need for the "expert" recommendations of scientists and economists, and thus to sanction their expanding role in decision-making. The line is more conservative, however, on the issue of free discussion among artists and writers.

Encouragement of scientific participation in policy formulation is pointed up by a critical reference to previous "distrust and intolerance" of the intelligentsia, when "an autocratic 'leader,' sure of his own infallibility, considered himself the supreme arbiter in all spheres of human activity." The party, asserts Rumyantsev, resolutely opposes the unwillingness of "certain leaders" to consider scientific recommendations and will not deny the exploration of new avenues in scientific research because they do not yield immediate results. Khrushchev is the obvious culprit here, and since his ouster, scientists have argued for theoretical research unhampered by demands for its immediate application.

Rumyantsev in effect provides a theoretical basis for some of the trends that have developed since Khrushchev's ouster. He cites precedents from Lenin for the enlistment

of academicians and economists in elaborating the basic features of the economic plan for 1966-70 and for the use of experts to provide new solutions for managing the economy. The Rumyantsev line seems to follow Kosygin's pragmatic approach to economic administration.

The article is also compatible with recent reminders by military and party spokesmen that military doctrine is formulated by the party on the "scientific" recommendations of military professionals. It further suggests that the new leaders will continue to encourage open discussion of controversial subjects as they have done with Lysenko and Liberman.

Rumyantsev's comments on the artistic intelligentsia continued the carefully moderate line set in recent editorials on cultural policy, criticizing past "excesses" but making no major concessions to liberal intellectual interests. He condemned the injection of personal tastes into artistic questions by certain "leaders" as well as attempts to solve such problems by "administrative methods." He also appeared to sanction the recent defeat of several Stalinist hold-overs in cultural and scientific organizations with a reference to those who had received "undeserved support in the not too distant past." However, he reaffirmed the party's demand for ideological conformity in the content of art and warned that the struggle against "bourgeois ideology" must continue.

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Rumyantsev's call for careful deliberation in deciding whether a given idea is ideologically acceptable suggests that the regime is not anxious to raise the problems of ideological purity in art at this time.

Although opening the door to somewhat greater stylistic experimentation, he warned that the party cannot tolerate "a swamp of ideological emptiness, decadence and naked formalism."

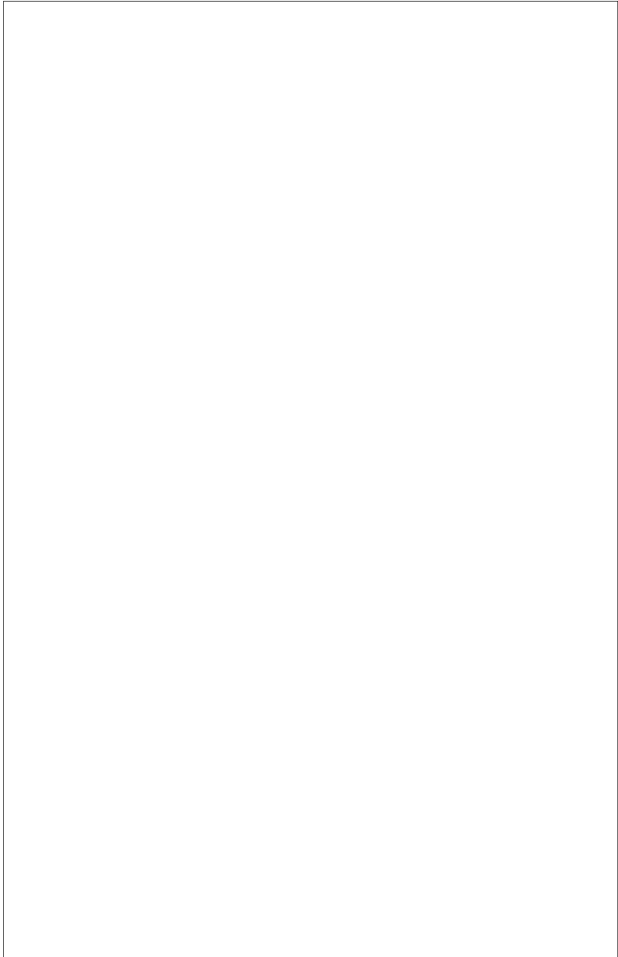
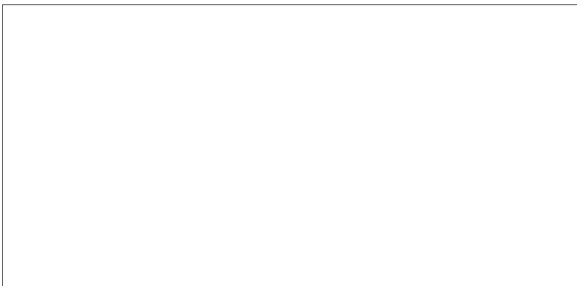


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INTERNAL OPPOSITION TO CHINESE COMMUNIST REGIME

Peiping is becoming increasingly concerned over dissident party members and intellectuals and has launched yet another drive to discipline them.

In an unusually frank admission in his year-end report on the state of the nation, Premier Chou En-lai had warned that the "sinister winds of capitalism" were still blowing into China. As a result, subversive elements were being "ceaselessly generated...in party and government organs," invariably trying to "find protectors and agents in the higher leading organizations." Although claiming that only 5 percent of the population really opposes the party, Chou conceded that some of the remainder "may follow our lead somewhat hesitantly." To counteract these hostile forces, Chou promised an even tougher application of the socialist education campaign then in full swing.



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The party leadership is especially disturbed over intellectuals, regarding some as

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"enemies of the regime." [redacted]

but last month the party journal Red Flag, once again stressing that it was more important to be "Red" than "expert," warned that the state could make only limited use of the knowledge of natural scientists who have faulty political beliefs.

This harder line probably reflects Mao Tse-tung's personal position. Last fall Mao complained to foreign visitors that science students, as well as those in other fields, lacked ideological conviction and would have to be "steeled" with heavy doses of manual labor and indoctrination. It is not clear how far the regime intends to go in intruding politics into science, but a continuation of the present trend will almost certainly impede the progress of training and research programs. [redacted]

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For the first time since the Great Leap Forward, criticism of intellectuals is being broadened to include scientists and technicians. From 1961 to 1964 Peiping consciously tried to protect this group from excessive political interference,

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PEIPING PREPARES FOR AFRO-ASIAN CONFERENCE

Recent Chinese Communist moves in Africa suggest that Peiping is stepping up its efforts to lay the groundwork for the second Afro-Asian conference, now scheduled to be held in Algiers next June. During the past two weeks the Chinese have been concentrating their attention on the UAR and Algeria.

A delegation of high-level Chinese foreign policy officials arrived in Cairo on 15 February for extended talks with the Egyptians. This group includes two vice ministers of foreign affairs and the head of the Foreign Ministry department dealing with North African and Near Eastern affairs.

The subjects under discussion have not been announced, but plans for joint action in Africa and the Middle East are probably important items on the agenda. The Chinese may be engaged in working out preliminary arrangements for a visit by Premier Chou En-lai. According to a story in the authoritative Cairo newspaper Al Ahram last December, Chou was scheduled for a swing through the Middle East and Africa in March.

These visits may since have been postponed, however, in view of the fact that they apparently had been planned to coincide with the Afro-Asian conference before it was put off from March until June.

Another Chinese delegation is in Algiers, taking part in the Afro-Asian economic seminar sponsored by the Afro-Asian People's Solidarity Organization (AAPSO). Meetings began on 22 February and were scheduled to last for five days. This will provide an opportunity for improving the already close relations between China and Algeria. Shortly before the delegation arrived, the Chinese had agreed to supply equipment for the militia forces of Algeria's National Liberation Front. Preliminary negotiations for this accord probably took place last December during a two-week visit to China by high-ranking Algerian militia officers.

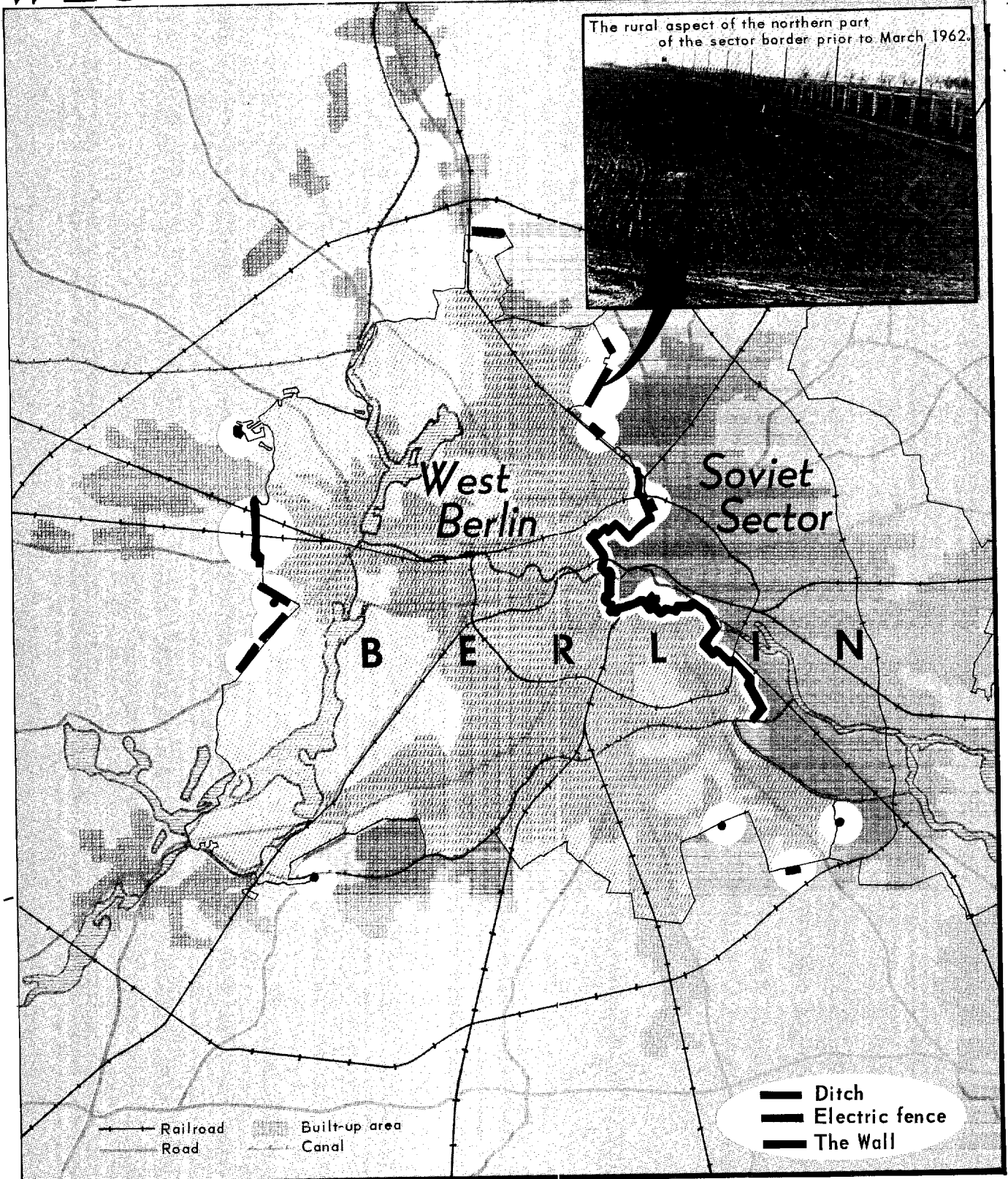
While the seminar was going on, a 13,000-ton Chinese dry-cargo freighter was turned over to the Algerian Government on 24 February. This gift points up the importance Peiping attaches to developing closer ties with Algiers. The vessel, purchased from Norway in 1964 for \$1.5 million, was one of the 15 ships assigned to China's international shipping fleet.

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WEST BERLIN | *Recent Ditch and Fence Construction*



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EAST GERMANS EXCAVATING DITCHES AROUND WEST BERLIN

The East Germans have begun to excavate a series of ditches at a number of points along the sector and zonal borders around West Berlin. Elsewhere, they are erecting electrified fences which appear to be of a temporary nature.

The ditches, which are 16 feet wide and 9 feet deep, appear designed to supplement existing border fortifications. In time, they may replace the combination of barbed wire, cleared strips, and barricades which ring the Western sectors adjacent to East Germany, though not all the Wall running through the center of Berlin.

[redacted] claim the Ulbricht regime plans to "modernize" the sector/zonal borders by 1970, replacing the barriers erected since August 1961 with a ditch backed by a high wire fence and a paved concrete or macadam strip suitable for vehicular patrols.

The East Germans have massed approximately 140 bulldozers at Busendorf, a military training area just outside the city, apparently as a prelude to an all-out effort to complete the ditchdigging. With this equipment they could do so this year and--with additional equipment, especially heavy-duty earthmovers--probably by Sep-

tember, at a minimum cost of \$2 million. About 40,000 tons of concrete would be required to line the entire excavation at a cost of an additional \$9 million--to prevent washout. Such an expenditure is within the regime's capability and would not unduly strain the economy.

One 1,600-yard ditch now has been dug, and work is under way at five other sites opposite the British and French sectors.

The expense and effort required to ring the city are hardly warranted by the refugee flow--fewer than 600 escapes in the Berlin area in 1964. Rather it would appear that the system of ditches is designed to soften the more objectionable features of the existing fortifications and to highlight West Berlin's physical separation from the surrounding territory. In time, the ditches may permit some reduction in the number of border guards patrolling the sector/zonal borders. Poor border guard morale is a chronic problem for the Ulbricht regime. The equivalent of three guard companies have fled into West Berlin since August 1961.

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Asia-Africa

INDONESIA CONTINUES TWO-PRONGED CAMPAIGN AGAINST MALAYSIA

Indonesia's confrontation of Malaysia continues to combine military activity with offers of a peaceful settlement.

Indonesian Foreign Minister Subandrio has proposed secret ministerial-level talks with Malaysia for the first week of March

Thai Foreign Minister Thanat will act as an intermediary. According to Thanat, Subandrio has promised to stop all incursions and incidents before the talks and

for as long as negotiations might continue.

Military activity continues, however. Two more Indonesian landing attempts against the Malay Peninsula occurred on 24 February.

Within Indonesia, pressures are mounting from both Communist and official elements for at least a nominal government take-over of seven American-owned rubber plantations in North Sumatra. Some sort of government supervision seems likely although American management may be retained initially.

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ELECTION IN INDIA'S KERALA STATE LIKELY TO BE INCONCLUSIVE

The threat of a Communist victory in the 4 March elections in India's Kerala State has been sharply reduced by the conflict between the now-separate left and right Communist parties. Although the two factions together have long commanded more voter strength than any other political group in the state, the current campaign is in their eyes as much a battle for leadership of the Communist movement as a serious bid for power.

As a result, Congress Party chances are a little better. Despite high-level intervention from New Delhi, the Congress has been unable to patch up the split that

brought down the Congress government last September. There is some possibility that the two Congress groups, with the help of independents, could emerge with sufficient strength to form a shaky coalition government, but such an arrangement would depend upon greater concessions than either side has thus far been willing to consider. It now appears more likely that no workable governing combination will evolve, and that the direct administration from New Delhi--president's rule--which has been in effect since September will be renewed for another six months.

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NEW TURMOIL IN THE BRAZZAVILLE CONGO

Tension and confusion have been running high for two weeks in Congo (Brazzaville) amid signs that the continuing power struggle between the leftist regime's extremist and more pragmatic elements has entered another active phase. The most clearly discernible effect so far has been an acceleration of the country's steady slide toward anarchy.

The new crisis began on 12 February with a radio speech by Premier Lissouba, a pragmatic leftist, alleging an elaborate plot to overthrow his government and partition both Congos for the benefit of "imperialists." Characteristically he implicated Tshombé, who he said was conniving with a variety of Western interests--mostly European. Lissouba advised his listeners not to be "astonished" by any "sporting events" they might soon see.

Five days later, with tension and rumors mounting, Brazzaville radio announced that three prominent civil servants had been abducted on the night of 15-16 February and that the bodies of two of them had been recovered. It blamed "unknown commandos" sent by the plotters from Leopoldville to sow unrest in Brazzaville's civil administration.

That same day, however, Lissouba told the US ambassador, while insinuating a US role in

the alleged conspiracy, that the three victims were themselves in on the plot and had been disposed of either by local "Portuguese nationals" who feared exposure or by freewheeling extremists of the Brazzaville regime's youth organization (JMNR).

The US Embassy is convinced that the three officials, all known as moderates who disapproved of the regime, were in fact murdered by JMNR militants acting on instructions from extremists bent on consolidating their power position. Youth leaders are closely associated with the ruling party's most extreme leftist elements, notably politburo secretaries Boukambou and Noumazalay. The embassy's conviction is supported by a spate of recent arrests, including at least one moderate cabinet minister, and by the thrust and timing of regime propaganda and news releases. On 19 February it was announced that a committee had been created to help "accomplish the work of the government," with membership drawn from party institutions dominated by extremists.

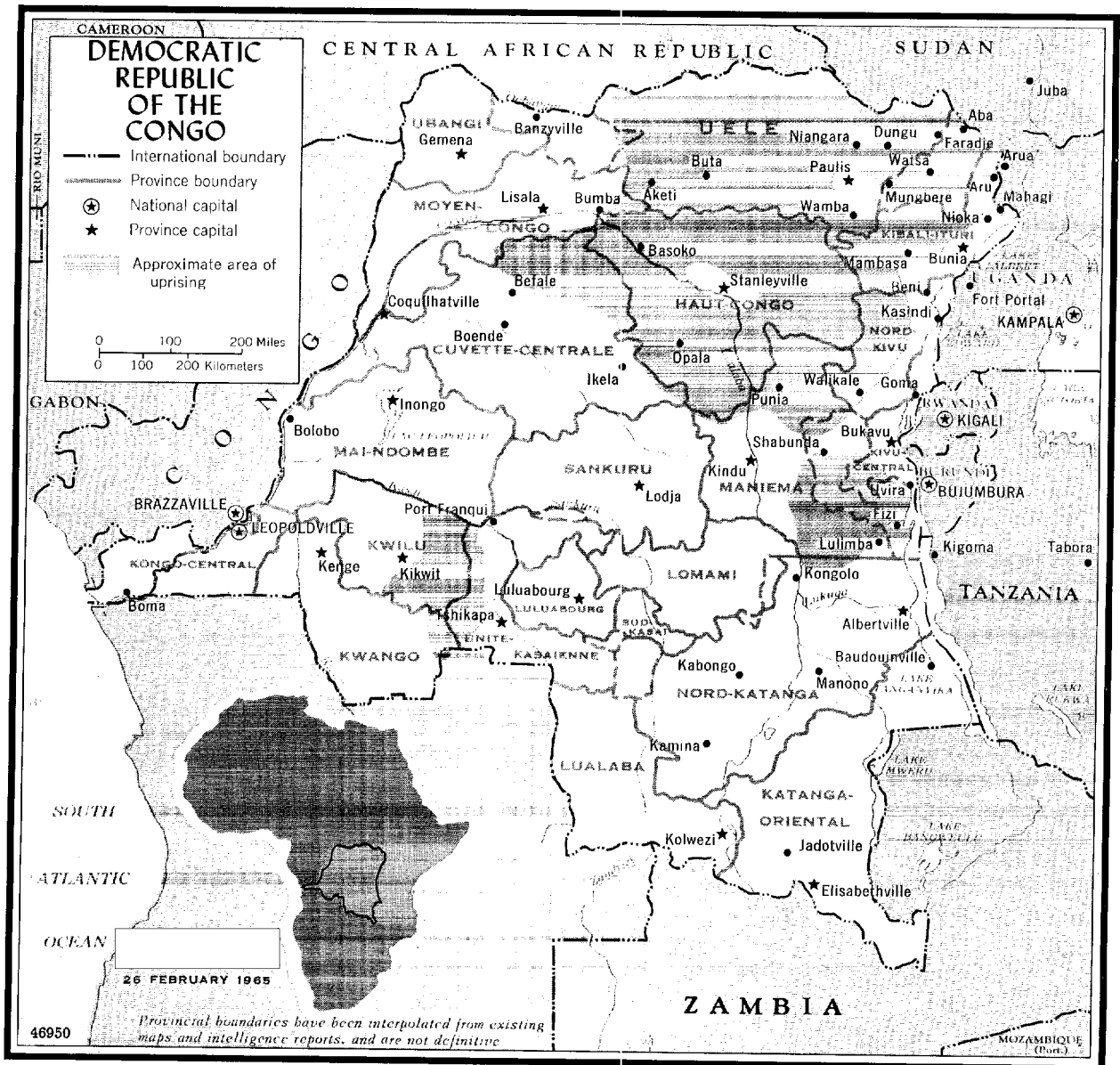
Many aspects of the Brazzaville power struggle remain obscure, including the position of Lissouba, who is probably the extremists' main target. Similarly, little has been heard lately of enigmatic President Massamba-Debat, who is not himself an ideological leftist

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although he has quietly acquiesced in the extremists' steady accretion of power since the 1963 revolution. His hand would seem to have been strengthened by a change in the military command which also occurred last week.

out for the arrest of Noumazalay and the top JMNR leader

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Other "loose ends" include indications that warrants may be

UGANDA STILL EMBROILED IN LEOPOLDVILLE CONGO REBELLION

Events this week threaten to cause further serious difficulties between Uganda and the Congo. Incidents along their border continue, the latest reported to have occurred on 22 February when aircraft bombed a missionary school four miles inside Uganda, injuring some children and damaging buildings

standing fears of an invasion of Uganda by mercenaries suggest that his moves were an irrational response to the bombing of an Ugandan customs post on 13 February.

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The Ugandan forces--apparently two companies--which entered the Congo on 14-17 February have reportedly now withdrawn to their own territory. They made no significant gains and suffered moderate losses. Leopoldville claims to have recaptured Kasindi, one of the points where the Ugandans crossed the border. Rebel forces, however, are still in control at Mahagi, where the second incursion occurred.

This week end, the OAU foreign ministers meet in Nairobi. Tshombé reportedly plans to attend, although some radical states may attempt to block his participation. At this gathering, the African moderates, reinforced by the recent Nouakchott meeting of French-speaking states, may take a stronger stand in support of the Congolese premier.

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Although Obote has long supported the rebels, his emotional state and his long-

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Europe

FRANCE'S POLICY OBJECTIVES IN SOUTHEAST ASIA

French Foreign Minister Couve de Murville's fervent advocacy of a negotiated Vietnam settlement during his mid-February Washington visit implies a stepped-up diplomatic offensive for a peaceful solution. Paris has maintained that peace and stability in Southeast Asia can be achieved only through neutralization of the entire area, and that only neutralization will avert an escalation of the present conflict or a humiliating Western withdrawal. France is now pressing for an international conference to reach a settlement.

In an official statement on 10 February, French Information Minister Peyrefitte reaffirmed his government's belief that solution of the problems of Southeast Asia must come through an international agreement conforming to the principles expounded at the 1954 Geneva Conference. De Gaulle sounded the same theme last week in an exchange of views with Cambodian Prince Sihanouk. Paris press reports that France would not support the US in a war with Communist China probably reflect an official attitude in view of the French contention that a Western military victory in Vietnam is impossible.

The 1954 Geneva formula contains three principal ingredients:

a negotiated cease-fire, withdrawal of foreign forces, and the eventual reunification of North and South Vietnam. De Gaulle would not regard as disastrous the possibility that a unified Vietnam might profess a formal commitment to Communism, since he believes in the inevitable preponderance of national over ideological considerations. He would expect the eventual emergence of a "nationalist Communist" regime ready to play off the USSR against Communist China.

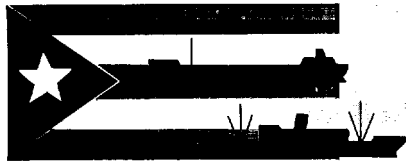
Paris thinks it has an "honest-broker" role in a discussion of a Southeast Asian settlement not only because of its past interest and influence there but also because of its diplomatic access to all interested parties.

De Gaulle of course is motivated also by his drive to establish France's claim to big-power status. He would expect France's prestige to be improved as a result of its contribution to solution of a problem involving the major powers. He also expects France to regain a position of some influence, albeit admittedly secondary to China's, in an area with traditional French ties. 25X1

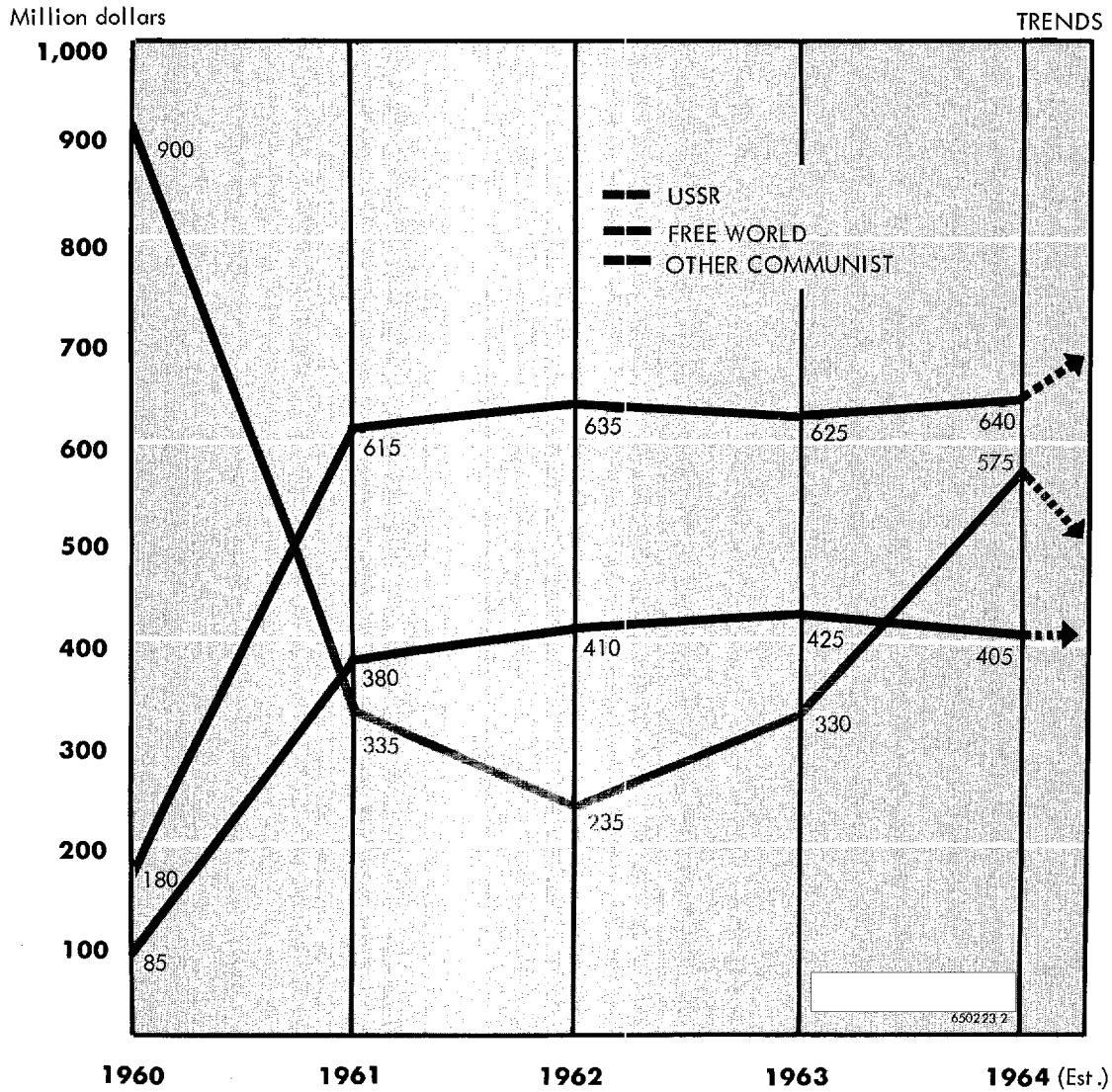
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CUBAN FOREIGN TRADE



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Western Hemisphere

MORE SOVIET AID AND TRADE FOR CUBA

Soviet-Cuban trade will register a significant increase this year, considerably beyond the previous peaks of about \$635 million set in 1962 and 1964. This increase is made possible in part by Soviet willingness to finance another substantial imbalance in trade.

Moscow has agreed to provide \$170 million worth of goods on credit this year--raising its cumulative balance-of-payments support for Cuba to over \$750 million. For its part, Cuba is to increase 1965 exports to the USSR by about \$70 million--shipping 2.1 million tons of sugar, 500,000 tons more than in 1964. Neither the five-year trade pact nor the 1965 protocol just signed indicates whether the USSR will continue the practice of paying \$20 million in hard currencies for 20 percent of the first million tons of sugar it buys. Under its long-term sugar purchase contract, however, it is committed to pay six cents per pound which, in view of current low sugar prices, represents sizable nonreimbursable aid to Cuba.

It is estimated that Soviet imports from Cuba will reach about \$300 million and that over \$450 million worth of Soviet goods may be delivered this year. The USSR will con-

tinue to meet Cuba's requirements for essential fuels, foodstuffs, raw materials, and equipment. Moscow recently paid \$40 million in hard currency for 500,000 tons of Canadian wheat and flour for shipment to Cuba. It also continues deliveries under its \$325 million development credits, and is expected to continue to maintain some 2,000 economic technicians in Cuba.

By contrast, Cuba's purchases from the West will be smaller this year than last because it has used most of its Western credits and the foreign exchange it earned while sugar prices were high.

This squandering of windfall revenues, and other aspects of Cuba's economic mismanagement, presumably came in for Soviet criticism during the recent lengthy trade negotiations with Cuban ministers of economy, industry, and agriculture, as well as foreign trade. Moscow, however, is fully backing the Cuban drive to restore and improve agricultural production. Unprecedented deliveries of Soviet agricultural equipment are expected to play an important role in increasing sugar production this year--by at least ten percent.

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Western Hemisphere

CUBA SEEKING LONG-TERM SUGAR CONTRACTS IN THE FREE WORLD

Cuba's satisfaction with its long-term, guaranteed-price sugar contract with the USSR has encouraged it to attempt similar arrangements with major free world purchasers. Spain has been the most amenable to date, and Cuban negotiators have had limited success with Morocco and Japan.

cents per pound and payments in convertible currency will fall from 35 percent in 1966 to 25 percent in 1967.

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Cuba has signed a five-year agreement under which Spain will pay 6.71 cents per pound for an annual minimum of 120,000 tons of sugar. The Spanish will gradually increase purchases through 1970, with the option of buying up to 200,000 tons annually.

Cuban officials seem convinced that this type of longer term agreement provides the soundest basis for Cuban economic and financial planning. They can be expected to continue efforts to arrange similar accords with other free world countries. Nevertheless, despite these longer term agreements and the expected increase in the 1965 sugar crop, the drop in sugar prices in the last 12 months will seriously reduce Havana's 1965 buying power in the West.

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Spain's willingness to pay a premium price may also have been increased by Cuba's hints that it was considering indemnification for Spanish properties nationalized in Cuba.

Havana announced on 20 February a commercial agreement under which Morocco will buy 565,000 tons of Cuban sugar in 1966-67. Morocco will pay 3.15

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Western Hemisphere

CONSERVATIVE LEADER ATTACKS BRAZILIAN GOVERNMENT POLICIES

Guanabara Governor Carlos Lacerda is sharpening his opposition to Brazilian President Castello Branco's policies. He delivered his strongest public attack on the government thus far in a 12 February radio speech in which he condemned the administration for allegedly betraying the revolution that overthrew the Goulart regime last year. As leader of a key state and spokesman for influential conservatives, Lacerda's attitude toward the government is crucial.

Lacerda focused his attack on the issue of free elections, apparently in reaction to reports that Castello Branco is considering deferment of gubernatorial elections now scheduled for October in half of Brazil's 22 states. The governor is naturally alarmed by any action that encourages "hard-liners" to continue pressing for cancellation of next year's presidential election in which he will be a leading contender.

Lacerda alleged that corruption is still tolerated and that self-interested politicians continue to dominate official policies. He called the presidential advisers "intriguers" and "grave-diggers" of the revolution. The criticism directed at the President himself was relatively mild, limited to charges of political ineptness and indecisiveness.

While the speech probably does not represent a full break with the administration, it does widen the division between the governor and Castello Branco. Lacerda may be attempting to drive a wedge between Castello Branco and his supporters, particularly those who are pushing for a more complete cleanup of politics, in hopes of gaining their backing in the 1966 campaign. He has had some hope of being the "candidate of the revolution" but now apparently believes that the regime is working against his candidacy. The US Embassy suggests that he may even be thinking of preparing for a possible future coup attempt if his chances of election should appear slim.

The speech may have grave implications for stability in Brazil. Should Lacerda continue to pursue a line of acrimony and demagoguery, he would encourage interparty rivalries and friction which have remained relatively temperate under the present regime. These tactics would also greatly reduce the government's prospects for gaining public acceptance of the all-important austerity program.

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Western Hemisphere

PROSPECTS IN CHILE'S MARCH CONGRESSIONAL ELECTION

Chile will hold national congressional elections on 7 March. In contention are all seats in the 147-member Chamber of Deputies, and 20 of the 45 desks in the Senate. Whereas last September's presidential race ultimately amounted to a contest between two coalitions, the legislative contest will find the seven significant political parties individually struggling for position. Three lesser parties also hope to gain admittance to the Congress, and one could conceivably elect a senator. In some districts certain parties are cooperating behind one or another candidate.

The outlook is for a continuation of the momentum with which Eduardo Frei's Christian Democrats (PDC) won him the presidency, albeit with a decided decline in vote percentage as their nominal Conservative and Liberal allies of September run for themselves. Furthermore, the Communists (PCCh) can be expected to hold their own or even to gain in seats, and to register a strong percentage increase in their electoral support. Other parties are unlikely to improve upon their numerical strength in the present Congress.

In popular vote, the Popular Revolutionary Action Front (FRAP)--made up of Socialists, Communists, and National Demo-

crats--may draw about 35 percent, with the PCCh attracting about half of that. The PDC should run slightly stronger than FRAP as it moves toward becoming a national majority party, while the three traditional parties--Radicals, Liberals, Conservatives--will divide the remainder of the ballots.

Indications are that the PDC may pick up 5 senators, the Communists 2, and National Democrats 1 at the expense of the Liberals (-3), Socialists (-2) and Radicals (-2), and an Independent. In the Chamber, the PDC probably will more than double its present 28 deputies, at the expense of the Radicals (-10), Liberals (-10), Conservatives (-5), Socialists (-4), and National Democrats (-3). The Communists may gain a seat for a total of 17 in the new Congress.

The ruling Christian Democrats will almost certainly thus be left well short of a majority, although with more than the third needed in the Chamber to sustain a presidential veto. They therefore will find it necessary to attract the support of other legislators either through cooperation with another party, which is improbable, or by achieving agreements with individual congressmen.

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