

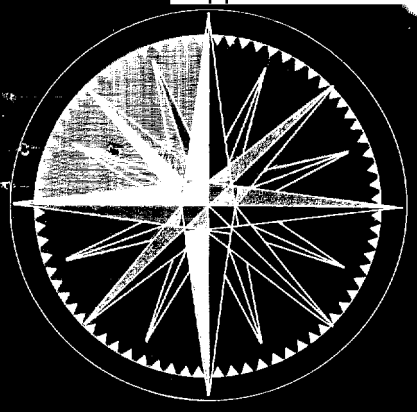
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26 March 1965

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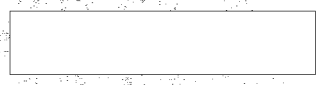
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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed



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downgrading and declassification

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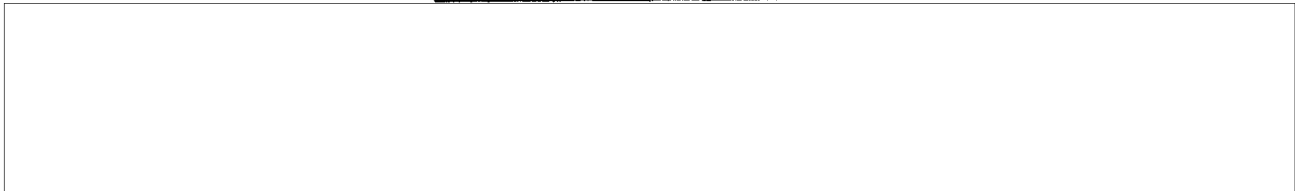
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C O N T E N T S

(Information as of 1200 EST, 25 March 1965)

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<p>Despite last week's step-up in air strikes against the North, Communist reaction remained confined to relatively pro forma denunciations. More heated was the reaction to US activity against the Viet Cong in the South, and the bloc is acting in unison in condemning use of non-lethal gas there. Peiping gave prompt propaganda support to the Viet Cong call for foreign assistance, but hedged somewhat over sending troops by tying such a move to a bid from the "South Vietnamese." Peiping continues to take a hard line on negotiations. The current lull in Viet Cong activity is reminiscent of those noted before the battles of An Lao and Binh Gia and the raid on US forces at Pleiku.</p>	

THE COMMUNIST WORLD

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PROGRESS ON ECONOMIC REFORM IN THE USSR	6
<p>Continuing public discussion shows that many fundamental disagreements remain and suggests that reforms will be made gradually and with considerable opposition and revision.</p>	



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RUMANIAN LEADERSHIP CHANGES	7
<p>Following the death of party first secretary and State Council president Gheorghiu-Dej, key posts were quickly filled--apparently Moscow was not consulted--by men generally considered to have been among the architects of Rumania's independent course in the Communist world.</p>	

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<u>THE COMMUNIST WORLD (continued)</u>	<u>Page</u>
EFFECTS OF MOSCOW CONSULTATIVE CONFERENCE IN EASTERN EUROPE East European leaders now believe more strongly that the determination of future policies affecting their countries rests primarily with themselves, rather than with some new international Communist organizational mechanism.	8
CHINESE COMMUNISTS STEP UP WAR OF WORDS WITH MOSCOW Their vituperative attack in the 23 March issues of <u>People's Daily</u> and <u>Red Flag</u> --their first extensive comment on the recent "consultative" conference in Moscow--makes it clear they intend to press forward with a no-holds-barred polemical assault on the new Soviet leadership.	9

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ASIA-AFRICA

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MODERATES WIN ELECTIONS IN CEYLON Prime Minister Bandaranaike's leftist coalition was defeated in the voting on 22 March, and moderate former prime minister Dudley Senanayake will form a new government.	11

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NEW THREAT OF TURKISH MILITARY INTERVENTION IN CYPRUS Ankara's armed forces remain in a high state of readiness, and Cypriot President Makarios has refused to stop importing heavy military equipment. Athens has rejected the idea of negotiations until after the UN mediator issues his report, probably next week.	13
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<u>ASIA-AFRICA (continued)</u>	<u>Page</u>
DEVELOPMENTS IN THE CONGO	14
<p>Leopoldville's military operations are meeting little resistance at the moment, although trouble may be building up in the eastern Congo near Lake Tanganyika. Meanwhile, national provincial elections, scheduled to last until 30 April, have begun.</p>	
SOMALI-ETHIOPIAN HOSTILITY FLARES AGAIN	15
<p>Although the Somali Government charges that Ethiopia is moving troops and creating incidents in disputed areas, the Somalis themselves seem to be stirring up most of the trouble, partly for domestic reasons.</p>	
<u>EUROPE</u>	
FRENCH ELECTIONS CONFIRM LOCAL APATHY TOWARD GAULLIST PARTY	16
<p>Even on the Paris city council, where they scored relatively well, the Gaullists just barely outnumber the Communists and will have to work with an anti-Gaullist "center" group in order to elect a council president and administer the city.</p>	
ATLANTIC NUCLEAR FORCE DISCUSSIONS	16
<p>In response to British efforts to get ANF talks started again in a multilateral forum, Bonn, Rome, and The Hague have agreed such talks could be held in the existing Paris MLF Working Group--probably not before May.</p>	
EUROPEAN POLITICAL UNITY TALKS IN PROSPECT	17
<p>EEC members generally welcome Italy's invitation to hold foreign ministers' discussions in Venice this spring on European political unity, but there is some concern over possible French tactics.</p>	
SPANISH GOVERNMENT RISKS FURTHER STUDENT UNREST	18
<p>Student demonstrations are likely to resume following a virtual turndown by the Council of Ministers of demands for democratic reforms in the Spanish University Syndicate.</p>	
<u>WESTERN HEMISPHERE</u>	
ECUADOR ATTEMPTING TO REVIVE BORDER DISPUTE WITH PERU	19
<p>Ecuador has been preparing diplomatically to try to bring before the Extraordinary Inter-American Conference scheduled to open on 20 May its claim that the Rio Protocol is void. This 1942 protocol established boundaries between Ecuador and Peru, disputed since 1822.</p>	

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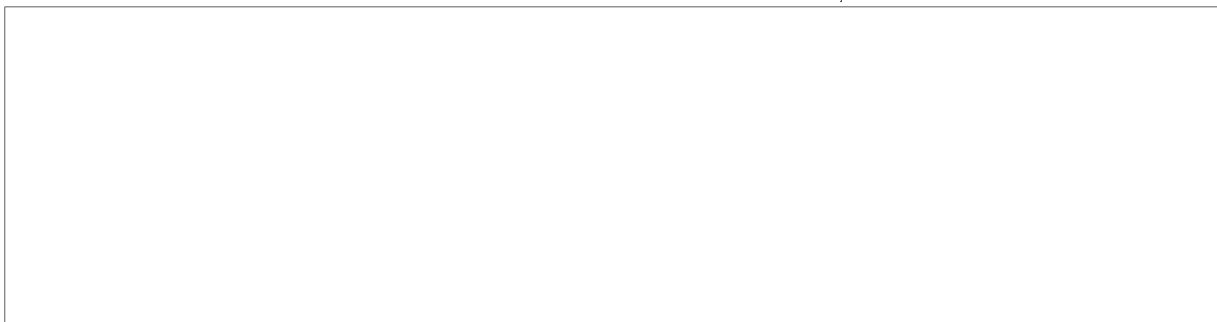
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SECRETWESTERN HEMISPHERE (continued)Page

- HONDURAN ASSEMBLY MAKES LOPEZ "CONSTITUTIONAL PRESIDENT"** 20
 Even moderate factions of the Liberal Party, whose delegates had boycotted the first several sessions of the government-rigged assembly, may now feel compelled to join Communists and opposition labor elements in attempts to overthrow the Lopez regime.
- TRINIDADIAN GOVERNMENT MOVES AGAINST LABOR AGITATORS** 20
 It has introduced a bill--which seems certain of early passage--designed to reduce the power of leftist union leaders who have plunged Trinidad into a lengthy period of labor unrest.



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- SAO PAULO MAYORALTY ELECTION ENCOURAGES BRAZILIAN GOVERNMENT** 21
 The Castello Branco administration, confident that the mayoralty outcome reflects public acquiescence in its basic programs, will apparently resist further hard-line pressure to postpone all state elections.
- BOLIVIAN POWER STRUGGLE THREATENS NEW VIOLENCE** 22
 The clandestine rivalry between junta president Barrientos and armed forces commander Ovando burst into the open this week and is threatening to resolve itself by violence. Barrientos' position seems to be the stronger at the moment.

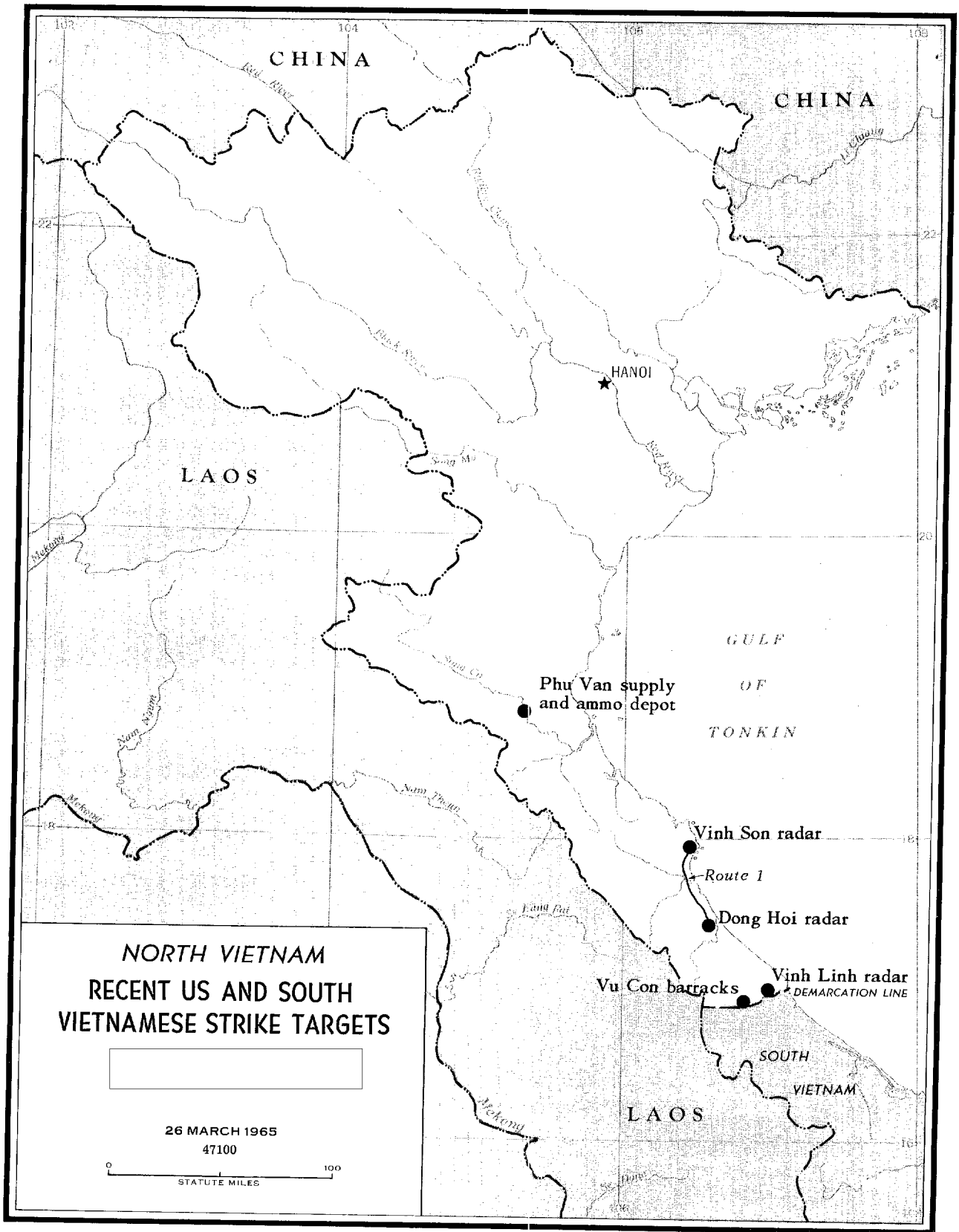
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Vietnam

VIETNAM

The pace of the air war against North Vietnam quickened this week as five strikes against DRV military targets were conducted by US and South Vietnamese planes.

The large ammunition and supply depot at Phu Van was hit first on 19 March with excellent results. Nearly half the 75 buildings in the target areas were destroyed, and many more heavily damaged. The next strike was conducted against the Vu Con barracks on the 21st. This target is believed to be a staging site for the Viet Cong infiltration network.

Following the Vu Con attack, US and South Vietnamese strike aircraft were directed against DRV radar stations. Three sites were hit [redacted]

[redacted] Poststrike photographs show that considerable damage was done to the radar installations at Vinh Son and Vinh Linh, although both radar towers remain intact. Results of the strike against the Dong Hoi radar site are not yet available. After the Vinh Linh and Dong Hoi attacks, the strike aircraft ranged north along Route 1, using their remaining ordnance on targets of opportunity.

Communist Political Reactions

Despite the step-up in the air strikes, Communist political reaction continued to be confined to relatively pro forma denunciations. Hanoi propaganda

in part stressed the theme that normal economic effort in the DRV should be disrupted as little as possible by civil defense preparations in connection with the strikes.

Much more heated was the Communist political reaction to US activity against the Viet Cong in South Vietnam. In a major pronouncement on 22 March, the president of the Viet Cong's Liberation Front denounced the US bombing of insurgent concentrations and the landing of US combat forces in South Vietnam. The expanded US role in the war, according to the pronouncement, justified a Viet Cong call for foreign assistance in the form of weapons and other war materials. The front spokesman also warned that the Viet Cong will ask for "troops and youths" from abroad if the US continues to send forces to South Vietnam and further expands the war.

Peiping gave prompt propaganda support to the Viet Cong's open call for foreign assistance. The People's Daily editorial on 25 March is the most explicit warning thus far concerning possible Chinese military intervention.

People's Daily declared that the "Chinese people" will join in sending "all necessary material aid, including arms and all other war material, to the Viet Cong." The editorial took a more cautious line on the question of sending Chinese

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troops, however, by asserting that Peiping was ready for this step "whenever the South Vietnamese people want them." The most recent Viet Cong statement implied that such a call for assistance would come only if the US continues to send its own forces to Vietnam and "expands" the war further.

The Chinese editorial quoted the Liberation Front statement that "all negotiations with the US imperialists at this moment are utterly useless if they still refuse to withdraw from South Vietnam all their troops and all kinds of war material and means and those of their satellite countries..." and endorsed it as a "clear and definite answer" to US "war blackmail." Although this still leaves Peiping room for maneuver on the conference question, it moves the Chinese closer to a public commitment on preconditions for talks.

According to press reports from Peiping on 24 March, a senior Chinese official told Japanese correspondents that negotiations were impossible as long as the US bombing attacks against the DRV continued and US troops remained in South Vietnam. This statement, if correctly quoted, goes beyond the more ambiguous Chinese position in earlier comments that "peace" in Vietnam is out of the question prior to a US withdrawal.

Hanoi has rebroadcast the Viet Cong appeal, but has offered no substantive response of its own as yet. Earlier in the week the North Koreans had reiterated their willingness to send "all types of material aid." Pyongyang has not hinted, however, that it plans to send men to fight in Vietnam.

For the first time, a Soviet leader has hinted at the possibility of Soviet "volunteers." In a 23 March speech, one of the USSR's toughest on Vietnam, party leader Brezhnev also attacked US "acts of aggression" against the DRV and again intimated that Soviet-US relations will suffer a further deterioration if the US maintains its present policy in Vietnam. He maintained that although the USSR is not against "good relations" with the US, it will not tolerate any encroachment on its legitimate interests or on the security of its friends and allies. In an oblique reaction to recent Chinese charges of a Soviet

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sellout on Vietnam, Brezhnev concluded that "we shall never make these interests the subject of a deal with anyone."

The bloc states are acting in unison on the use of non-lethal gas against the Viet Cong. Editorials and commentaries from Hanoi, Peiping, and Moscow have depicted the gas as "poisonous," and have assailed its use as "inhuman" and a "monstrous crime" against all the Vietnamese people. Their goal is apparently to generate as much anti-US sentiment as was sparked by Communist "germ-warfare" charges during the Korean war.

Communist Military Developments

There is as yet no evidence to confirm an assertion by Soviet leader Brezhnev on 23 March that the USSR is "already" assisting the DRV in building its defense potential.



Developments in South Vietnam

The political situation remains outwardly quiet in Saigon. However, friction and rivalries persist among top military and civilian officials and Buddhists and Catholics continue to view each other with distrust. Premier Quat,

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Vietnam

now on his first major provincial tour in the northern provinces, continues to have at least the current support of the Buddhists as well as the cooperation of the military. Some generals are grumbling quietly, however, over the lack of dynamic action by the government so far.

Concern among the military over an early challenge to the position of General "Little" Minh as armed forces commander appears to have diminished following confirmation of his status by a meeting of the Armed Forces Council on 20 March. The meeting may have the effect of exacerbating religious frictions in view of the fact that the three top military positions now are held by Catholics, while an allegedly pro-Buddhist general has been put in charge of personnel on the Joint General Staff. Buddhist leaders, however, continue to give the impression that they intend to avoid any major political involvement unless their organization is threatened

Viet Cong armed attacks, terrorism, and sabotage declined considerably during the past week, as Communist forces throughout South Vietnam appeared to be avoiding contact with major government units. Similar lulls have been noted periodically in the past. The Viet Cong may be holding their forces in check to consolidate recent gains, to resupply and replace combat losses, to assess recently increased American and Vietnamese air operations directed against concentrations of their forces, and to plan new attacks. The current relative inactivity is reminiscent of the lulls noted before the battles of An Lao and Binh Gia and the raid on US forces at Pleiku.

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The Communist World

PROGRESS ON ECONOMIC REFORM IN THE USSR

Since the change of Soviet leadership last fall there has been an acceleration in discussions that may lead to significant changes in the economic management of the USSR. As many fundamental disagreements remain, however, whatever changes take place will probably be introduced only gradually, and with considerable opposition and revision.

As of mid-February, Pravda claimed to have received about 600 responses to a proposal made last August that an enterprise's performance should be judged by profit, not output. Pravda's account of these replies indicated that the majority of the correspondents believed that production could improve if managers were given more autonomy and were judged by the profits they earned. The opponents--those who favored continued central direction and retention of volume of production as the major success indicator--were clearly in the minority.

The strength of this opposition, however, is apparent in the recently published rec-

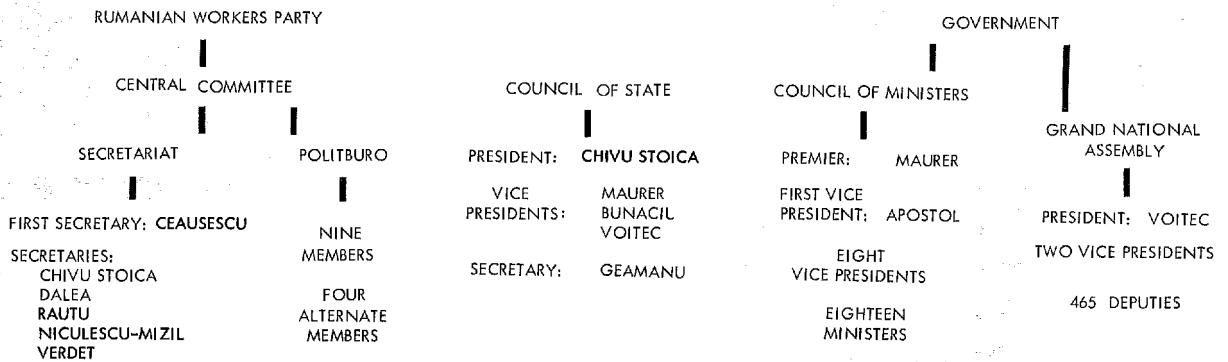
ommendations of a commission appointed by the Academy of Sciences. This commission specifically noted that profit is only one of the important success indicators which must be used along with other criteria to measure the total value of production. The report omitted any reference to wider use of volume of sales, which has been paired with profitability as the basis for judging the success of a current experiment in the textile industry. Regime support for this experiment is indicated by plans to extend it to more than 500 light industrial plants this year.

In calling for additional studies and experimentation as well as for research on the priority ranking of performance indicators, the recommendations of the commission reveal an inability to reach agreement on how to implement the various suggestions that have been made in recent months. Consequently, any decisions to go beyond the innovations of the textile experiment would be premature until these questions have been more fully resolved.

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RUMANIAN PARTY AND GOVERNMENT



Names in red indicate changes resulting from death of Gheorghiu-Dej

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The Communist World

RUMANIAN LEADERSHIP CHANGES

The new Rumanian regime will probably continue the independent policies inaugurated under the late party first secretary and State Council president, Gheorghe Gheorghiu-Dej. Following his death, the key posts were quickly filled, apparently without consultation with Moscow, by men generally considered to have been among the architects of Rumania's new course.

The new party first secretary, Nicolae Ceausescu, who was probably hand picked by Dej, is a 47-year-old former central committee secretary. He reportedly exercised considerable control in the party as Dej's chief of personnel and organization. He is a totally committed and nationalistic Communist, but it is questionable whether he has Dej's political ability to concentrate power in his hands and gain the unconditional support of the party hierarchy.

In internal affairs, Ceausescu apparently will support the current thaw in regime control over the intellectuals.

All indications are that the first secretary, along with the new State Council president, 56-year-old Chivu Stoica, will pursue Rumania's independent line in foreign affairs. Stoica, like Ceausescu, is a central committee secretary. Both are veterans of international Communist gatherings, and both went to Peiping last March with Council of Ministers President Ion Gheorghe Maurer for talks with top Chinese Communists on the Sino-Soviet dis-

pute. With his appointment to what is largely a ceremonial job, Stoica, whose importance has been waning in recent years, may suffer a further diminution of his power.

Maurer, 63, is considered to have been the regime spokesman during the past two years. An able administrator, he was re-elected premier last week and will retain his responsibilities as head of government. Listings of party leaders during Dej's funeral rites place him second behind Ceausescu in order of importance.

The party also elevated Alexandru Birladeanu to full politburo status and chose three new central committee secretaries. Birladeanu, an economist in whom Dej placed a great deal of trust, represented Rumania at meetings of the bloc's Council for Mutual Economic Assistance (CEMA) where Bucharest's independent policies were first manifested. The net effect of these changes appears to be to emphasize the technical-administrative character of the party secretariat^{25X1}

The strength of the Rumanian leadership during the past decade-- and in particular as it has established its independence from Moscow --has stemmed from its unusual unity and relative stability. The new leadership appears to reflect a judicious effort to continue in power those elements that have contributed to the evolution of the Rumanian position in the bloc. In speeches during the 24 March funeral proceedings, both Ceausescu and Maurer emphasized "collective leadership."

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The Communist World

EFFECTS OF MOSCOW CONSULTATIVE CONFERENCE IN EASTERN EUROPE

Eastern European leaders apparently have concluded that a break with the past took place at the 1-5 March "consultative meeting" of 19 Communist parties in Moscow. They now believe more strongly that they themselves rather than some new international Communist organizational mechanism, must determine future policies affecting their countries.

Marked by dissension and lacking any meaningful common ground, the meeting produced a communiqué pointedly designed to be broadly interpreted by the Eastern European parties. The differences in interpretation already apparent suggest that the document itself contains the seeds of further discord.

The diverse reactions of the East European leaders to the conference reflect their national interests. Polish politburo member Zenon Kliszko made the most explicit statement on the meeting. He told a plenary session of the party central committee on 17 March that "uniform international organization of the Communist movement, with an international center of leadership, does not exist, and...its existence is out of the question."

Kliszko made clear that the future "unity" of the Communist parties could not be won with "binding resolutions" drawn up at international meetings. In effect, he urged a

new style of relations among Communists based on a voluntary association of parties. They could hold international meetings, but only to set the broadest common policies such as "coordinating strategy (not tactics) in the struggle against imperialism."

By implication at least, although for different reasons, the East German regime has a similar view to that of the Poles which, in turn, approaches that of the uninvited Yugoslavs. Czechoslovak reaction to the meeting heavily stressed its negative aspects, suggesting that the Prague regime agrees with these positions. Rumania's party--which along with Albania's declined to attend--barely mentioned that the meeting was held.

The Hungarian regime has reacted cautiously so far and issued no original commentary. Failure to do so suggests that Budapest is examining again the import for itself of the evolving state of relations within the Soviet bloc.

In contrast to other East Europeans, the Bulgarians chose to re-emphasize their "undying loyalty" to the Soviet party and a world-wide need to struggle for "purity," that is, uniformity, in ideology. This probably reflects the belief of the Bulgarian leadership--deeply dependent on Soviet support--that this line is what Moscow still wants to hear.

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The Communist World

CHINESE COMMUNISTS STEP UP WAR OF WORDS WITH MOSCOW

Neither Kosygin's consultations in Peiping last month nor the confrontation between US and Communist forces in Vietnam has brought Communist China and the USSR any closer together. The vituperative anti-Soviet attack in the People's Daily and Red Flag issues of 23 March makes it clear that Peiping has every intention of pressing forward with a no-holds-barred polemical assault on the new Soviet leadership--an assault which the Chinese now claim could last "10,000 years."

In its first extensive commentary on the recent "consultative" conference in Moscow, Peiping flatly rejects the Soviet plea for an end to polemics. The Chinese claim that by the very act of convening the Moscow meeting the Soviets have made it necessary for Peiping to "openly" criticize the "more cunning" revisionism of Moscow's new leaders. They contend that preparations for "a successful meeting for unity," which at one time might have required four or five years, now will require "twice as long, or even longer."

The latest Chinese blast demands that the Soviets capitulate on all major issues in dispute and publicly admit that the recent Moscow meeting was "wrong and illegal." It rings all the changes on the theme "Khrushchevism without Khrushchev," alleging that Moscow's leaders have taken over Khrushchev's revisionism "lock, stock, and barrel" and that the "consultative" gathering was in fact the "self-same illegal and schismatic meeting ordered by Khrushchev."

The Chinese clearly view the new Soviet leaders' efforts at bloc unity and the decision to hold the March meeting as oblique thrusts at Peiping itself and implicit challenges to China's pretensions as the leader of militant revolution in the Communist world.

The Chinese also appear seriously concerned over the possibility of Soviet-US collusion in reaching a Vietnamese settlement which not only might save face for Washington but avert the major political and military defeat which Chinese leaders contend is inevitable in the long run. The People's Daily - Red Flag commentary bitterly attacks "fraudulent" Soviet policy, castigating Moscow for "sham" support on Vietnam and for "plotting peace talks." It belittles the statement on Vietnam issued during the Moscow meeting and again berates the USSR for alleged brutality against Chinese students who participated in the 4 March anti-American demonstration in Moscow.

The harshness of Peiping's tone suggests that even if Sino-US relations deteriorate sharply in the months ahead because of Vietnam, there is little likelihood of any real Sino-Soviet rapprochement. China's leaders are probably now convinced that the basic attitudes of Khrushchev's heirs have not and will not change and that any hardening in Moscow's relations with Washington as a result of the crisis in Vietnam will be only a temporary tactic.

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Asia-Africa

ANTI-AMERICAN CAMPAIGN CONTINUES IN INDONESIA

Largely as the result of Communist pressures, the Indonesian Government on 19 March placed all foreign-owned oil companies under its control. These include the three American-owned companies--Caltex, Stanvac, and Pan-American--and a Dutch subsidiary of Shell. The government has appointed custody-control teams for each company, and has stated that management is obliged to "assist" these teams. The actual role of management, however, has yet to be determined.

The government ministers immediately concerned in the take-overs appear anxious to continue operations with as little interruption as possible, because oil is a major source of foreign exchange. The Communists, on the other hand, are pushing for a complete take-over and expulsion of all non-Indonesians from the companies' administrations.

Other harassment of Americans also continues. Gas and electricity were cut off at selected American homes and offices on 18 March; electricity has been restored, but not the gas. The teletype service between the US Consulate in Surabaya

and the US Embassy in Djakarta was discontinued for a time, and the telecommunications center in Djakarta refused to handle dispatches for American news correspondents. A small American-owned rubber factory in Java, which had been placed under government supervision in February with minimum obstruction to its activities, now has been seized by Communist-led workers, and the American manager has been barred from his office.

The Communists continue to demand action against remaining domestic anti-Communist newspapers and organizations. On 2 March, the government banned six weeklies and two dailies that had supported the anti-Communist "Sukarnoist" movement last fall. These are in addition to 21 non-Communist newspapers banned in mid-February. Sukarno has ordered that no further demonstrations be held from now until the end of April. This may be an effort to muzzle both the Communists and the Moslems, but it looks more like a device to dampen the Moslems' current anti-Communist campaign without requiring actual repressive action. The agitation among the Moslems appears to have been largely channeled into the press during the past week.

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MODERATES WIN ELECTIONS IN CEYLON

As a result of the defeat of Prime Minister Bandaranaike's party in Ceylon's 22 March general elections, her leftist regime has been

replaced with a government headed by Dudley Senanayake, a former prime minister and head of the conservative United National

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Asia-Africa

Party (UNP). Senanayake's government will be more sympathetic toward Western interests, but will maintain Ceylon's nonaligned posture.

Senanayake has emerged with enough parliamentary strength to win a confidence vote when Parliament convenes early next month. The UNP itself won 66 seats in the 157-member House of Representatives, and Senanayake, as prime minister-designate, is entitled to fill six appointive seats. In addition, at least ten independents and members of minor parties will vote with the UNP government. These include several whose defection from Mrs. Bandaranaike's party last December helped topple her government. The 14 legislators belonging to the Federal Party, which represents Ceylon's Hindu Tamil minority, have

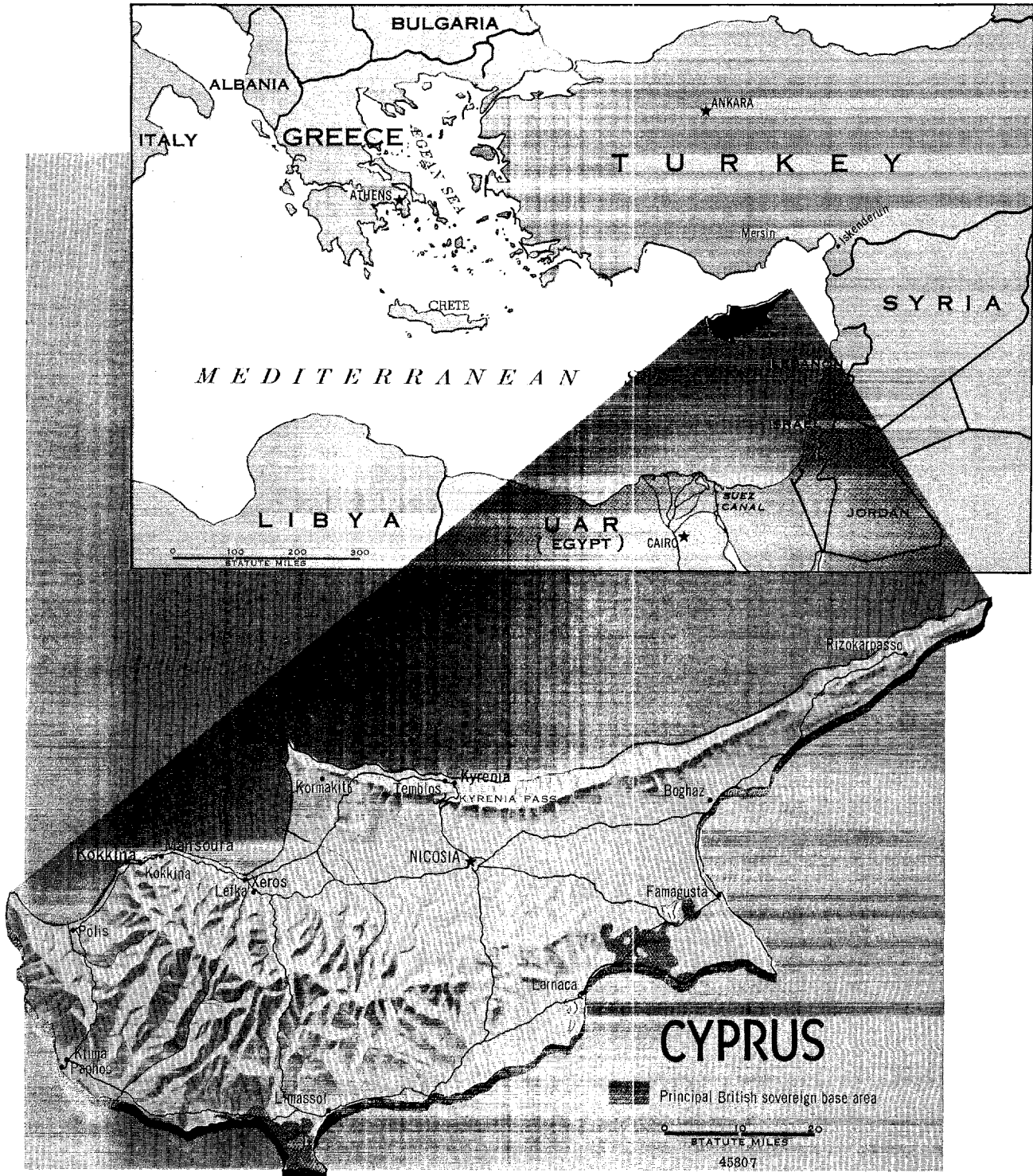
also agreed to support Senanayake.

Senanayake's victory augurs well for an early settlement with US oil companies whose properties were seized three years ago. This resulted in the suspension of US aid to Ceylon.

Senanayake will fall heir to serious economic troubles--nearly exhausted foreign reserves, widespread unemployment, industrial stagnation, and probably leftist labor unrest--that will severely test the administrative competence of a party that has not held office for nine years. The new government probably will seek emergency Western financial assistance to help it past the critical first six months. 25X1

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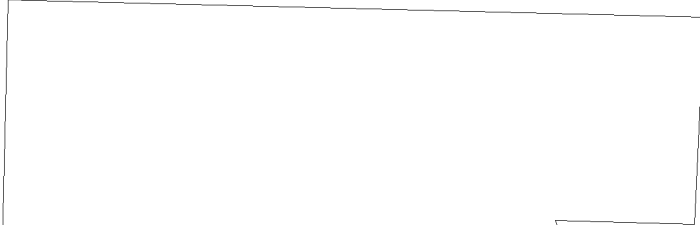


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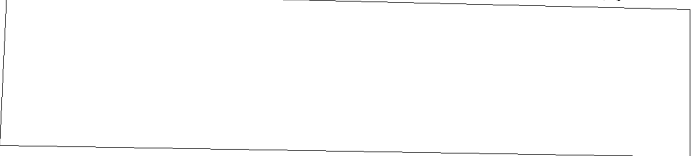
NEW THREAT OF TURKISH MILITARY INTERVENTION IN CYPRUS

There was less military activity on Cyprus during the past week and diplomatic efforts continued in an effort to prevent a new collision between Ankara and Athens.

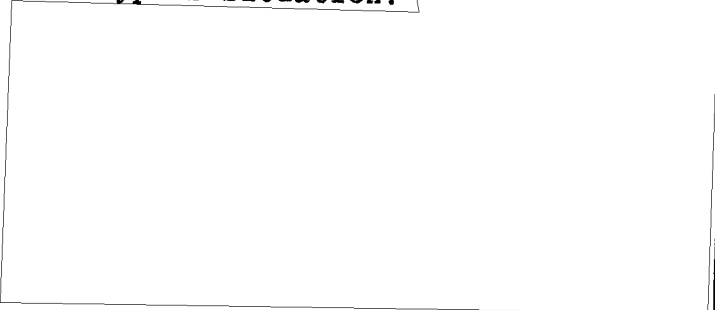


The Turkish press states that Premier Urguplu will present an ultimatum to Athens before Turkey moves. Present Turkish intransigence over Cyprus may have been strengthened by a growing belief in Ankara that the USSR will not interfere if the Turks decide on military intervention.

The Turks are maintaining their armed forces in a high state of readiness and are currently engaged in large-scale amphibious "training exercises" in the Iskenderun area.



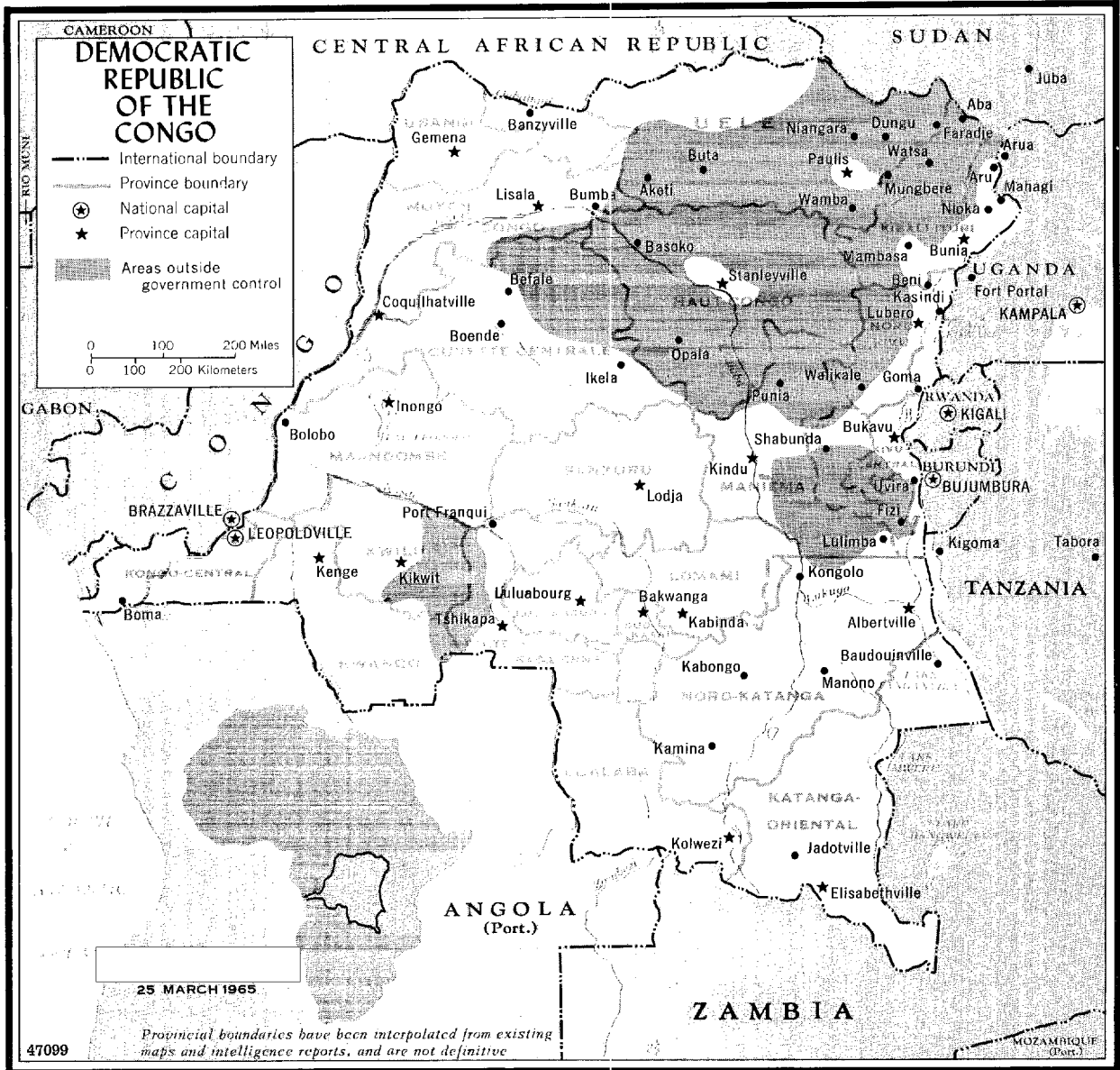
The Greek Government is fully aware of the danger of Greek-Turkish hostilities growing out of the present Cyprus situation.



Greek attempts to secure a promise from the Greek Cypriots to avoid further provocations to the Turks for the next six months appear to have failed. Makarios, at Greek and UN urging, has agreed, however, not to oppose the rotation of the Turkish Army contingent on 28-29 March. He has refused to end the importation of heavy military equipment or permit the UN troops to re-assume their positions between Greek and Turkish Cypriot forces in tense areas such as the one near Lefka. Reports from US and UN officials in Nicosia tend to discount Turkish claims that the Turkish Cypriots are starving and suffering "inhuman" treatment.

Informal Turkish suggestions that Athens agree to begin immediate bilateral negotiations have been rejected by the Greeks. There is some hope, however, that the new Turkish ambassador in Athens and a proposed change of Greek ambassadors in Ankara will permit easier relations to develop. Much will depend on the proposals contained in the UN mediator's report, scheduled to be presented to U Thant this week. The Greeks have indicated a willingness to begin negotiations with Ankara after the report is issued, apparently on the assumption that it will support Greek demands. Greek Cypriot leaders have indicated that if the mediator re- 25X1 commends negotiations, they too will be willing to enter into direct conversations.

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Asia-Africa

DEVELOPMENTS IN THE CONGO

The Congolese Government's offensive to seal the northeast borders has so far met little resistance, but rebel activity is increasing north of Albertville. Meanwhile national and provincial elections have begun.

A government force of 250 mercenaries and 500 Congolese is moving rapidly along the Ugandan border. At last report, the column had captured Aru, the principal point of entry from Uganda. The rebels are said to be fleeing to the north.

In other sections of the northeast, government forces patrolling from Paulis are meeting little resistance and are generally well received by local tribes. Government patrols from Stanleyville have also been active and have penetrated rebel-controlled areas on several occasions recently.

In the eastern Congo south of Bukavu, the rebel build-up continues around Fizi, near Lake Tanganyika. Several thousand insurgents equipped with arms smuggled across the lake from Kigoma, in Tanzania, are reported to be in the area, threatening to move south into northern Katanga. In this region, there are few effective mercenaries, and government units are

reported to be unreliable. A Congolese lake patrol appears to have been mounted, however, and should reduce considerably the arms smuggling across the lake.

The Congolese national and provincial elections began on 18 March. The three Katangan provinces are leading off. The elections--to select the 166-member Chamber of Deputies--will continue province by province until 30 April. Provincial assemblies are also being chosen, and the national Senate will be chosen by the provincial assemblies when they meet. The president will be chosen later this year.

The elections in Katanga have thus far progressed smoothly and with little violence, although there is considerable evidence of irregularities. The results will not be known for several days, but these three provinces will probably rally to Tshombé, no matter which parties or individuals actually win the provincial or national positions.

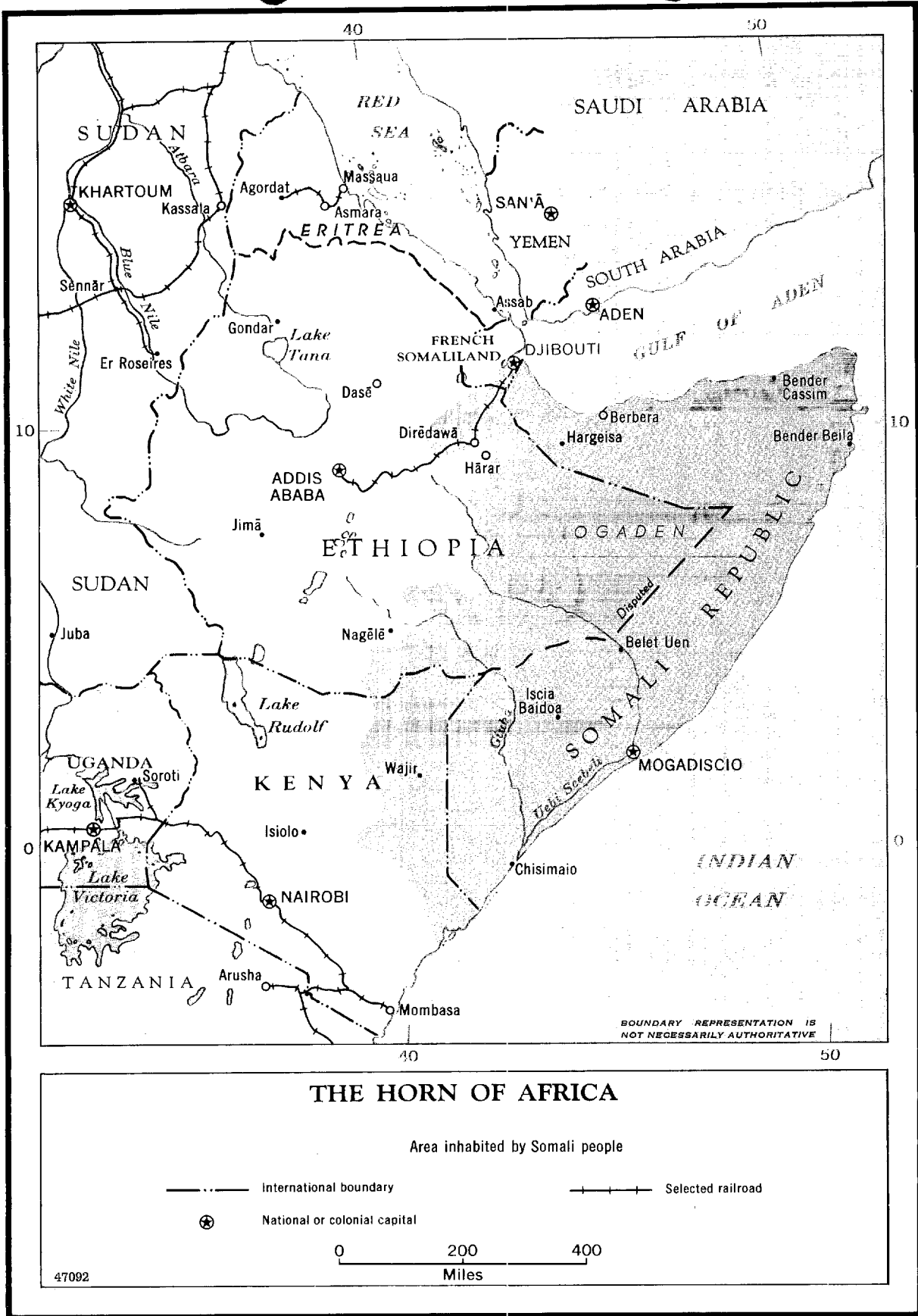
Tshombé's recently formed national political cartel, CONACO (Convention Nationale Congolaise), is having a slow start, but it is currently the largest political combination in the Congo. 25X1

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Asia-Africa

SOMALI-ETHIOPIAN HOSTILITY FLARES AGAIN

Friction between Ethiopia and Somalia has increased again following persistent charges by Somali radio of Ethiopian violations of the agreement they reached after last year's serious border clashes. The Somalis say Ethiopian forces have killed Somali nomads and moved troops into the demilitarized zone along their disputed border. The Ethiopians counter that the Somalis themselves, by their false allegations, are violating a provision in the agreement calling for cessation of hostile propaganda. The Somalis insist they are merely reporting the facts.

The level of dissident activity in the chronically disturbed Ethiopia-Kenya-Somalia border areas generally has remained at a low level during the past year, although in recent weeks unusually severe drought and famine conditions have intensified frictions. At this time of year, Somali nomads are deep in Ethiopian and Kenyan territory, and it is not unusual for them to clash with bandits or Ethiopian troops, often with human casualties as well as losses of cattle or goods.

subject of clashes in the border area.

Last week the Ethiopian ambassador to Mogadiscio was recalled "for consultations as a result of deteriorating relations." Before leaving Somalia he told a US Embassy official that he would return within a week and urge the Ethiopian Government to set an April date for the bilateral foreign ministers' meeting sought by Somalia's Prime Minister Abdirazak.

If, as seems likely, the Somalis are exaggerating the seriousness of recent border area clashes, they probably have a variety of objectives. They hope first of all to persuade the Ethiopians to negotiate. Also, the Somali Government needs to divert attention from the drought and famine and is seeking a means of sidestepping political difficulties when parliament convenes in April. Moreover, Mogadiscio's anger is currently stirred by what it regards as inequities in Western aid policies toward Ethiopia and Somalia.

Ethiopian fears, meanwhile, have been magnified by Somali-Sudanese-Egyptian collusion in support of dissidence in Ethiopia's northern province of Eritrea and by Somalia's interest in pan-Islamic movements, as well as by continuing Soviet arms deliveries to Somalia.

Somali radio early this week was silent on the

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Europe

FRENCH ELECTIONS CONFIRM LOCAL APATHY TOWARD GAULLIST PARTY

The 21 March runoff ballot in France's nationwide municipal elections confirms the failure of the Gaullist Union for the New Republic (UNR) to make headway against the firmly entrenched traditional parties. The UNR remains in a relatively weak position, having won only 25 of the larger cities--a net increase of 1. Only the Communists have clearly gained, winning control of 34 of the larger cities --9 more than in the last municipal elections in 1959. The Socialists won 32--a net loss of 9, principally to the Communists.

In Paris, where the Gaullists had expected to obtain a majority of the 90-member municipal council, they won only 39 seats. Anti-Gaull-

ist "center" lists would not withdraw in favor of the better placed UNR, thus throwing several districts to the "popular front." Nevertheless the UNR did increase its strength in the capital, where in 1959 it had won only 23 seats. The remainder of the council now consists of 38 Communists and 13 "center" members, obliging the UNR to work with the "center" in order to elect a council president and administer the city.

In Marseille, Socialist Mayor Gaston Defferre, in alliance with the "center" elements, scored a resounding victory over both the Communists and the UNR, thus re- 25X1
inforcing his base to challenge the Gaullists in the presidential elections in December. [redacted]

ATLANTIC NUCLEAR FORCE DISCUSSIONS

Bonn, Rome, and The Hague, in response to British efforts to get ANF discussions started again in a multilateral forum, have agreed such talks could be held in the existing Paris MLF Working Group. London has accepted this and is pushing for the talks to begin next month, but they will probably not start until after Prime Minister Wilson's visit to Rome from 27 to 29 April.

The UK, which has been seeking as broad a forum as possible among the NATO members for the ANF talks, is proposing expanding the group from its seven present members and adding an observer category. To get around a possible French veto and avoid pre-emptive

debate in the North Atlantic Council, the British Foreign Office proposes that a simple announcement be made in the council that group sessions are being resumed.

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Europe

EUROPEAN POLITICAL UNITY TALKS IN PROSPECT

The EEC foreign ministers have apparently accepted Italy's invitation to hold discussions in Venice this spring on European political unity. Italy's move is welcomed as affording the first opportunity in three years for even a modest degree of progress. At the same time, however, officials are concerned over possible French tactics in a new round of talks.

Prior to Italian Foreign Minister Fanfani's invitation last week, nothing specific had come of De Gaulle's and Erhard's agreement in January at Rambouillet to try to relaunch political unity talks. In superseding the lower key bilateral approaches made in recent weeks by Rome Foreign Ministry Secretary General Cattani, Fanfani now has taken the more direct--but substantively vague--approach favored by the French, who object to the proposals in both the Italian and German political unity plans of last year for a "first step" involving the setting up of an independent study commission.

The French, although favorable to Italy's initiatives, have been reluctant to push the matter publicly for fear of raising suspicions of their intentions. German Foreign Minister Schroeder, for example, probably suspects--and fears--that talks on political unity could force a discussion of Germany's defense commitments. This may explain

Bonn's earlier expressed preference for starting the unity talks at the working-group level. Erhard himself admitted this week that defense questions would "ultimately" have to be part of any political union, but added they did not have to be discussed, initially. Similarly Belgian Foreign Minister Spaak, who reportedly understands that Fanfani wishes to introduce the MLF/ANF issue into the talks, believes the injection of nuclear defense matters would be "most unfortunate." If the Venice meeting takes place on 10 May, as originally proposed by Fanfani, it would immediately precede a scheduled NATO ministerial council meeting in London.

Despite German reservations on procedure, Erhard is anxious to have something concrete to show before the fall German elections as a result of his unity proposals. In February he reportedly appealed to Dutch Foreign Minister Luns to help him "in the pre-electoral period with some kind of forward movement in the European political field." There has been speculation, as well, that the French are not indifferent to Erhard's electoral concerns. Spaak's hesitation about a formal meeting--now apparently overcome at Erhard's urging--also derived less from a lack of desire for movement than from concern over the adverse feeling which could

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result from a "failure." France's desires at least to commit its EEC partners to regular political discussions are probably increased now by its suspicions of recent British diplomatic maneuvers in Bonn and The Hague which the Quai probably views as partially intended to obstruct progress on European unity.

The intensive bilateral contacts which can be expected before the Venice meeting and the extraordinary nature of the meeting itself will probably make the discussions a major focus of European attention during the coming weeks.

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SPANISH GOVERNMENT RISKS FURTHER STUDENT UNREST

Student demonstrations are likely to resume following a virtual turndown by the Council of Ministers of demands for democratic reforms in the Spanish University Syndicate (SEU). Following a cabinet meeting on 18 March it was officially announced that a study of reforms must await a "normal situation" and be carried on within the existing syndicate structure.

Students will consider this a disavowal of the commitment which they felt they received from Herrero Tejedor, under secretary of the movement (the parent body of the syndicates), on 7 March. A further hint of some uncertainty within the regime over the question was the tone of editorial comments in the controlled press. The support it evidenced for reforms in the university syndicate had suggested that some accommodation of student demands would be forthcoming.

Police action against demonstrators was mild when the current round of student demonstrations against the SEU first began in Madrid on 29 January. A protest march on 24 February was roughly

broken up, however, and the faculties of medicine and of philosophy in Madrid were closed for several days and five professors who participated in a student meeting were suspended. Herrero Tejedor met with student leaders and quieted the situation with promises of reform. Students indicated that a lull in demonstrations would depend on the way the government acted on Herrero's promises and on the treatment accorded to the five suspended professors. Demonstrations at Barcelona and Bilbao led to closings of faculties there.

The reversal of Herrero Tejedor's commitment is not surprising. While some elements within the regime are sympathetic to the students' demands, they are much more responsive to the dangers inherent in any liberalization in the monolithic syndicate organization. Any reforms granted to students would quickly bring new demands by workers for reform of their syndicates. This would undermine the government's rigid control of labor, with attendant political repercussions.

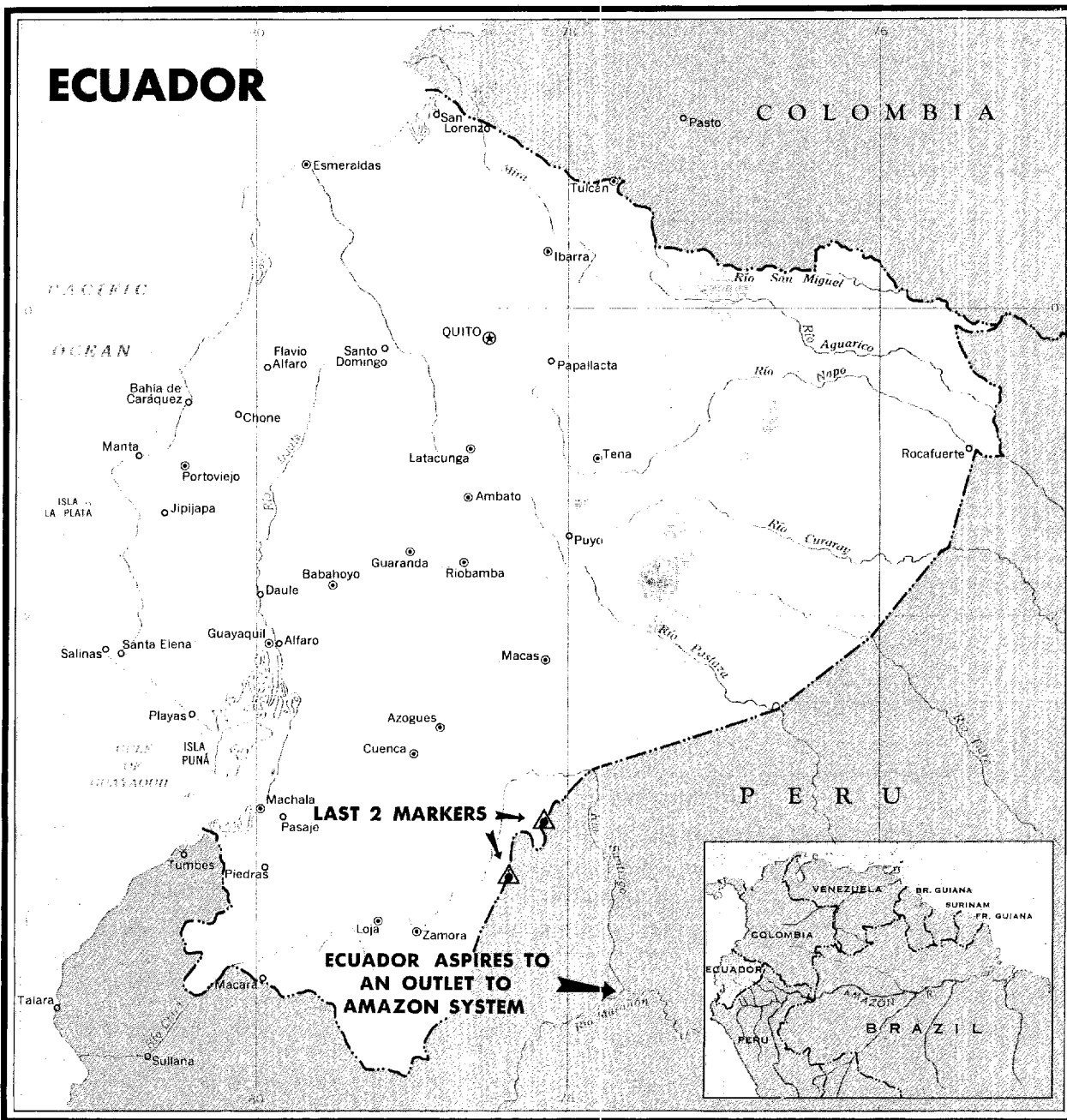
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ECUADOR ATTEMPTING TO REVIVE BORDER DISPUTE WITH PERU

Ecuador has been preparing diplomatically to try to bring before the Extraordinary Inter-American Conference scheduled to open on 20 May its claim that the Rio Protocol is void.

The Rio Protocol of 29 January 1942 established in detail the boundaries between Ecuador and Peru, disputed since 1822. These reflected Peru's de facto control of most of the upper Amazon basin, its victory in a 1941 border war, and its strong colonial titles. Ecuadorean public opinion has been so intensely committed for generations to unattainable aspirations for territory on the Amazon-Maranon river system that the protocol has been exploited by the political opposition to embarrass successive Ecuadorean governments.

Impotent to loosen the ruling military junta's grip on power, or to speed up its plans for transition to civilian rule, Ecuador's political parties demanded in February that the government use the forthcoming OAS meeting to present "just grievances." Ecuador has claimed since 1960 that the juridical background of the protocol, and a minor flaw in geographical terms of reference of the stipulated boundary, nullify the instrument.

Peru adamantly maintains that the protocol is a valid, freely ratified, unalterable instrument whose execution should be completed. The Peruvian opposition, which controls congress, has repeatedly demanded unilateral demarcation of the 78 kilometers of

frontier remaining open between the last two border markers emplaced, but President Belaunde opposes this.

The agenda of the OAS meeting was approved before the Ecuadorean junta was driven to action. Should it belatedly raise the matter there as it has promised, Peru would leave the meeting. Furthermore, the quarantors of the execution of the 1942 protocol--Chile, Brazil, Argentina, and the US--have no wish to permit the opening of a Pandora's box of demands for boundary revisions. Most governments are unwilling to touch this hot potato, and consequently Ecuador has little hope of obtaining the necessary two-thirds vote to introduce its pleas at the OAS meeting.

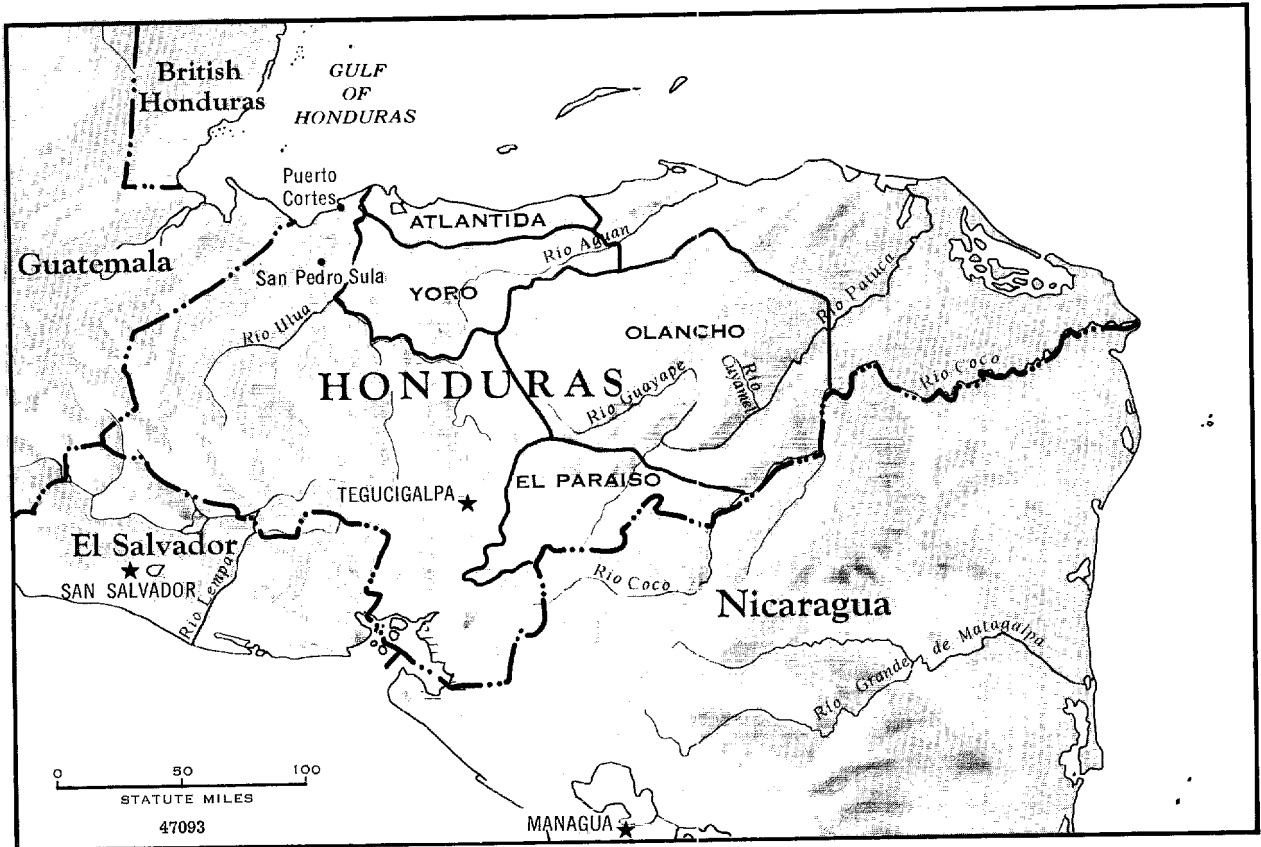
If the junta and Belaunde are able to resist political and public pressures, this episode in the long dispute will probably pass without diplomatic or frontier incidents. The basically friendly relations between the two governments favor gradual dissipation of the current storm. Nevertheless, Ecuador reportedly has added 90 days to draftees' military service, and if nationalistic pressures in either nation force strong actions, a critical situation could develop rapidly. The affair carries the potential for wrecking the OAS conference and, if the Ecuadorean junta does not do enough to placate^{125X1} its people, conceivably could be the issue to bring about its fall.

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Western Hemisphere

HONDURAN ASSEMBLY MAKES LOPEZ "CONSTITUTIONAL PRESIDENT"

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The Honduran political situation was aggravated on 23 March by the Constituent Assembly's "election" of Chief of Government Lopez as "constitutional president." On 22 March a majority of Liberal deputies attended the assembly which they had boycotted since its opening session on 16 March, but walked out prior to Lopez' "election." They subsequently charged that the Nationalists broke a tacit understanding to draft a constitution before taking up the presidential question. At this time, there seems to be little chance that the Liberals will participate in further assembly sessions or in the formation of any new government.

The Liberal Party's radical faction, which has been more aggressive than the moderate wing in its attitude toward the government, has opposed party participation in the assembly. It now may join with Communists and

opposition labor elements in attempts to overthrow the regime.

[redacted] guerrilla bands are already active in the departments of Atlantida, Yoro, Olancho, and El Paraiso. In fact, the moderate Liberals too may feel compelled to join an antiregime movement, in which case, with its factions united, the Liberal Party might replace Communists as the pacer of the revolutionary movement.

In the coming weeks, the purely Nationalist assembly plans to draft a new constitution and then set the length of Lopez' presidential term. [redacted]

TRINIDADIAN GOVERNMENT MOVES AGAINST LABOR AGITATORS

The Trinidadian Government has introduced legislation designed to reduce the power of leftist union leaders who have plunged Trinidad into a lengthy period of labor unrest. Strong criticism from the opposition party is not expected to halt early passage of the bill, which appears to have wide popular sup-

port. It would establish an industrial court with sweeping powers and no appeal, provide stiff penalties for lockouts and wildcat strikes, and restrict the right to strike of civil servants and workers in "essential" services.

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George Weekes, pro-Communist president of the Trades Union Congress (TUC)--one of the island's two major labor confederations--had encouraged sugar workers affiliated with the other confederation--the progovernment National Federation of Labor--to rebel against their union leadership. Wildcat strikes in the island's sugar-growing belt closed several large mills and forced the government to declare a state of emergency on 9 March. The strong government action has weakened the TUC, from which several unions have withdrawn to protest

Weekes' leftist policies and his unauthorized interference in the sugar unions.

An announced strike of Weekes' important Oilfield Workers' Trade Union failed dismally, and a protest demonstration against the labor bill gained no significant support. The government presently seems to have the upper hand, and an uneasy peace has been restored to the sugar centers. Weekes still controls nearly half of Trinidad's organized labor, however, and may be merely waiting for action on the labor bill before making another move.

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SAO PAULO MAYORALTY ELECTION ENCOURAGES BRAZILIAN GOVERNMENT

Brazil's leaders are encouraged by results of the 21 March Sao Paulo mayoralty election, the first major election in Brazil since President Castello Branco took office nearly a year ago. Although the revolution was not a key campaign issue, the winner, air force Brigadier Jose Faria Lima, is likely to support the government's basic programs and provide the country's largest city with responsible leadership. Faria Lima ran well ahead of the other seven candidates with approximately 40 percent of the valid votes.

As the personal choice of ex-President Janio Quadros, whose political rights have been canceled for 10 years, Faria Lima is not politically popular among the backers of the April 1964 revolution, but he has a reputation for honesty and efficiency even among hard-liners.

The only openly prorevolution candidate, political unknown Egydio Martins, failed to place among the top runners in heavy balloting which saw 85 percent of Sao Paulo's 1.5 million voters go to the polls. The results are a decided defeat for Sao Paulo State Governor Adhemar de Barros, a presidential hopeful, whose candidate ran a weak third.

With added confidence from the Sao Paulo election, President Castello Branco has announced that the administration now believes that gubernatorial elections should be held in half of Brazil's 22 states in October according to schedule. As with the Sao Paulo mayoralty, military and civilian hard-liners have been pressing to postpone all state elections on grounds that the revolution "is not ready for them."

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BOLIVIAN POWER STRUGGLE THREATENS NEW VIOLENCE

The clandestine rivalry between Bolivian junta president Barrientos and the commander of the armed forces, General Ovando, has burst into the open this week and is threatening to resolve itself by violence. Barrientos' position seems to be the stronger at the moment as recent events have worked to his advantage, while Ovando has apparently made some serious miscalculations.

Until the assassination attempt against him on 21 March, Barrientos was losing support, and his efforts to force political parties into a coalition behind him had foundered. Furthermore, the prevailing opinion within the cabinet and the military was that Barrientos had to resign from the junta if he wished to campaign for the presidency. News of the shooting however, immediately rallied civilian and military sympathy for him.

Ovando's attempt to displace Barrientos as junta president on 22 March, plus his flirtation with the offer of a presidential nomination by center and rightist political parties, has revealed his hostility to Barrientos, and is forcing all political parties

to define their positions. Barrientos' peasant supporters in Cochabamba and the Nationalist Revolutionary Movement (MNR) are calling for Ovando's dismissal.

MNR leader Hernan Siles Zuazo has proposed a pacification plan which includes suggestions that elections be postponed, the cabinet be purged of Ovando supporters, and the armed forces high command be reorganized. Siles has also recommended that Barrientos resign from the junta 25X1 at a later date and entrust the government to a triumvirate of solid Barrientos supporters.

The MNR has called out its armed militants to demonstrate on behalf of Barrientos when he returns to La Paz from Cochabamba. The demonstrations are aimed at pressuring Barrientos into accepting the peace-keeping formula and at securing a promise of substantial MNR representation in a future government. The US Embassy considers violence in La Paz likely as a result of the demonstrations.

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