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# WEEKLY SUMMARY

DIA review completed.

State Dept. review completed

ARMY Review Completed

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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

(Information as of noon EDT, 1 July 1965)

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<p>The Viet Cong summer offensive regained its momentum last week. The weekly incident rate was the highest this year. Battalion-size or larger attacks were resumed on a countrywide basis, and guerrillas attacked Da Nang Air Base. Both Hanoi and Peiping continued to reject all moves for negotiations, such as the Commonwealth Peace Mission proposals and President Johnson's UN speech.</p>	
<p><u>United Nations</u></p>	
<b>CHARTER AMENDMENTS MAY LEAD TO EMERGENCY ASSEMBLY SESSION</b>	<b>5</b>
<p>If, as expected, amendments enlarging the Security Council and Economic and Social Council become effective in the next few weeks, any UN member anxious to complicate the US-Soviet dispute over Article 19 could demand an emergency session of the General Assembly to elect the additional members.</p>	
<p><u>The Communist World</u></p>	
<b>AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES</b>	<b>5</b>
<p>At mid-June, prospects for the winter grain crop were generally good in the USSR, China, and North Vietnam, and uncertain in Eastern Europe. All will continue to be net importers of grain in 1965.</p>	
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<b>SOVIETS MAKE INTENSIVE EFFORT AT PARIS AIR SHOW</b>	<b>9</b>
<p>As a result, some sales of Soviet helicopters may develop, but most Western manufacturers probably will not encounter serious Soviet competition in the commercial aircraft field before the 1970s.</p>	

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<b>UNRESOLVED ECONOMIC ISSUES MAY HAVE DELAYED SOVIET PLENUM</b> Earlier rumors that the long-awaited central committee plenum expected to deal with industrial organization and management was scheduled for June or July have been succeeded by rumors suggesting it will not be held until some time in August or September.	10
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Extremists dissatisfied with rebel leader Caamano's willingness to negotiate a political solution have attacked loyalist positions in the interior. These incidents have heightened the Imbert regime's demands for a military solution. Imbert is resisting suggestions that he step down, but several military chiefs say they will withdraw their support from him if an acceptable interim government can be formed.	
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President Valencia now proposes to send to Washington a "high commission" of several ex-presidents, party and union leaders, and technical advisers, but many of its members are pessimistic about accomplishing anything.	

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## VIETNAM

The Viet Cong summer offensive regained its momentum last week, with an incident rate (678) which was the highest this year. Battalion-size or larger attacks were resumed on a countrywide basis, and guerrillas attacked Da Nang Air Base. Both Hanoi and Peiping continued to reject all moves for negotiations, such as the Commonwealth Peace Mission proposals and President Johnson's UN speech.

Viet Cong Offensive

The Da Nang attack by Viet Cong demolition and recoilless rifle teams, supported by 81-mm. mortar fire, occurred on the night of 30 June - 1 July. One F-102 jet fighter and two C-130 transport aircraft were destroyed, and two F-102s and one C-120 were severely damaged. One US serviceman was killed and two wounded.

On 25 June, a force of two to three Communist battalions overran Tou Morong, a district capital in the northeastern part of Kontum Province, bordering southern Laos. Most of the town's population, the district chief, and some 75 defending troops escaped to a nearby district town on the road to the provincial capital. The government appears to have decided not to try to reoccupy Tou Morong, which air reconnaissance suggests now is deserted.

It is too early to tell whether the Communists are making a full-scale effort to seize

Kontum Province, but two other isolated district towns, Dak To and Dak Sut, have been mortared since the attack on Tou Morong.

In the highland province of Phu Bon, the Viet Cong on 30 June overran Thuan Man, a district capital just south of Cheo Reo, the provincial capital. Two relieving airborne battalions moving to evacuate the Thuan Man garrison engaged in heavy fighting with forces of possible regimental size. Late reports indicate the airborne battalions fought their way to the beleaguered garrison. The strong Communist force still in the area may comprise other elements of the North Vietnamese 325th Division or elements of the 3rd Viet Cong Regiment, or both.

Sabotage against land lines of communication continued at a high level during the week, with all major routes into II Corps reported closed. US military authorities in Saigon state that continued interdiction of roads to the high plateau region will soon make it necessary to rely exclusively on air delivery of military and civilian supplies. The north-south coastal railway is operational only between Phan Rang in Ninh Thuan Province and Nha Trang in Khanh Hoa.

The government forces' most successful action last week was a large-scale search-and-destroy operation against a suspected Viet Cong regiment in the delta province

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of Dinh Tuong. Vietnamese military sources claim that 255 Viet Cong were killed, as against friendly losses of 6 killed (1 US) and 33 wounded (1 US). A large-scale US-Vietnamese airborne operation into the southern fringes of Viet Cong War Zone "D" resulted in the destruction of sizable quantities of food-stuffs and other supplies but only minor contact with the enemy.

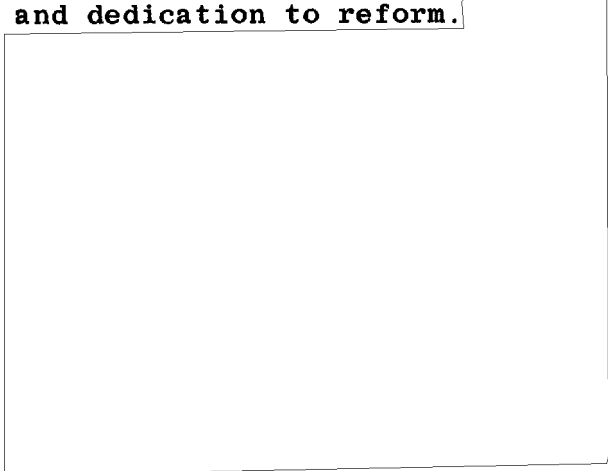


#### Saigon Political Developments

Saigon's new military government in its second week continued to emphasize austerity, war mobilization, and national self-discipline. On 24 June it suspended diplomatic relations with France, which have been conducted at the chargé level since early 1964. This was Premier Ky's major political move of the week, apparently motivated by a desire to launch his regime with a dramatic action calculated to win popular support. Saigon intends to retain consular ties with France, however, and has indicated no intention of moving against the considerable French economic and other interests still in South Vietnam.

There are already signs that internal rivalries may be develop-

ing within the ruling military group behind the facade of unity and dedication to reform.



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The Viet Cong have stepped up terrorism in an effort to add to the new government's problems and to inhibit US action. Terrorists on 25 June bombed a floating restaurant on the Saigon River, killing 44, including 13 Americans, and wounding 81, of whom 16 were US citizens. The Communists next day announced they had executed an American military prisoner in retaliation for Saigon's recent execution of a Viet Cong terrorist. They threatened that "tomorrow will be the turn of all the wicked devils, headed by Taylor, Johnson, Westmoreland, Thieu, Ky, and so forth."

#### Military Developments in DRV

US and South Vietnamese aircraft last week maintained the steady pace of air attacks on targets in southern and northwestern North Vietnam. Two US aircraft were lost to ground fire.

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Hanoi has not yet rejected the Commonwealth proposals outright. In Peiping, however, the Foreign Ministry handed a note to the British chargé on 25 June formally rejecting the idea of a mission to Peiping and charging that the British Government had appropriated the name of the Commonwealth to launch a new "peace talks plot" designed to help the US.

Hanoi and Peiping

The Vietnamese Communists continued their propaganda attacks on the Commonwealth Peace Mission this week, focusing their objections on the participation of Prime Minister Wilson. A London Daily Worker interview quoted Ho Chi Minh on 26 June as saying that Wilson "cannot engage in peace negotiations since he himself has supported US aggressive policies in Vietnam."

Peiping responded to President Johnson's 25 June UN speech in a People's Daily article on 29 June asserting that the US was attempting to use the UN in a "peace hoax" while at the same time escalating the war by sending planes near Hanoi.

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United Nations

**CHARTER AMENDMENTS MAY LEAD TO EMERGENCY ASSEMBLY SESSION**

The Charter amendments enlarging the UN's Security Council and Economic and Social Council could further complicate the problems associated with Article 19. If, as expected, the amendments become effective in the next few weeks, the legality of the two councils is subject to challenge, and an emergency session of the General Assembly could be demanded to elect the additional members. Such a tactic might appeal, for example, to the Albanians, who succeeded earlier this year in forcing the General Assembly to break its moratorium on voting and would complicate efforts now under way to resolve the US-Soviet stalemate over Article 19 before the 20th General Assembly convenes this winter.

A UN Secretariat official had suggested earlier that this danger would be averted if Nationalist China or the US were to delay deposit of the ratification required to bring the amend-

ments into effect. Taiwan, however, has refused to take a course which would incur the wrath of Afro-Asians and be likely to jeopardize its seat on the Security Council. The US also would be vulnerable to criticism should it withhold its deposit or take an active role in urging that new members not take office until next year.

In response to a US suggestion, Secretary General Thant now is trying to convince members that the amendments should be "interpreted" to permit the Security Council to continue with its present membership until additional members elected during the 20th General Assembly take office on 1 January 1966. Even if he obtains a consensus to this effect, however, it may not hold up until next year if some member has imperative political reasons for wishing to hamstring any Security Council action.

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The Communist World

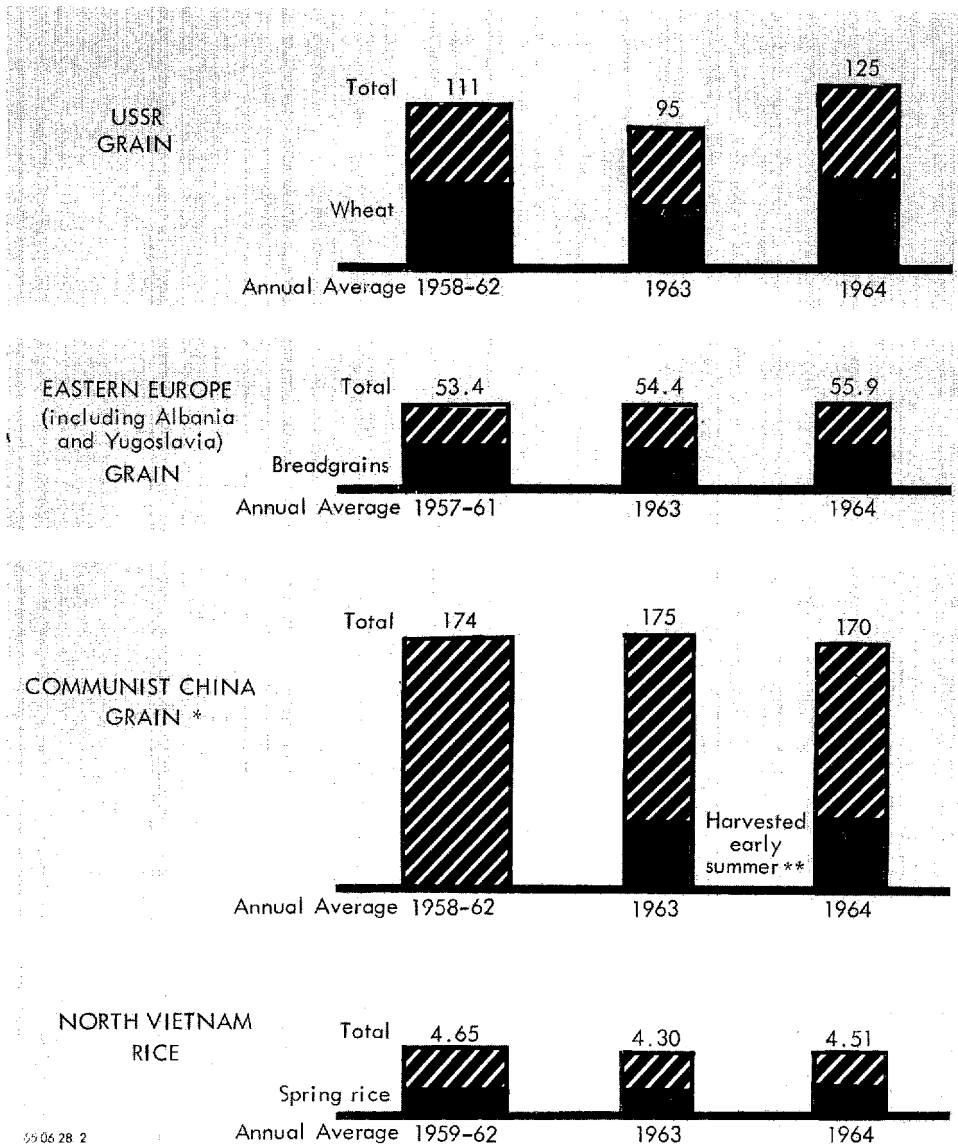
**AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES**

At mid-June, prospects for the winter grain crop were generally good in the USSR, China, and North Vietnam, and uncertain in Eastern Europe. All will continue to be net importers of grain in 1965. Total grain imports from the free world are projected at 15 to 16 million tons.

Crop prospects in the USSR appear favorable, but less promising than a year ago when conditions were excellent. Soil moisture levels at the end of May were generally above normal but lower than at this time last year. The total yield of winter grains in the USSR will probably be somewhat better than in 1964

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PRODUCTION OF GRAIN IN COMMUNIST COUNTRIES, SELECTED YEARS  
(Million Metric Tons)



\* Including tubers on a grain equivalent basis of 4 metric tons to 1 metric ton of grain.  
\*\* Excluding tubers.

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because of the good condition of winter wheat. Acreage sown to spring wheat was in excess of plan and greater than in 1964. Planting of some other crops was continuing as of mid-June, probably delayed somewhat by wet weather in the northern and western European USSR. Livestock production for marketing should be greater than in recent years, and overfulfillment of some semi-annual meat and milk delivery plans was reported in early June.

In Eastern Europe, the abnormally cold and rainy spring has made prospects uncertain. The condition of winter grains is generally good, but final yields and quality now depend upon weather during the next month. Production prospects for some important crops are currently not as good as they were a year ago. In addition to its over-all adverse effects on crops in Eastern Europe, the unusual precipitation

in late May and June is causing extensive flood damage in agricultural areas in Yugoslavia, Czechoslovakia, and Hungary.

Prospects for the early grain harvest in Communist China are relatively favorable. Production of winter wheat is expected to be lower than in 1964 because of reduced acreage. In North China, soil moisture levels, which are well below those last year, delayed the sowing of some spring crops. In South and Southwest China, which produce more than half the early rice crop, weather conditions are very favorable.

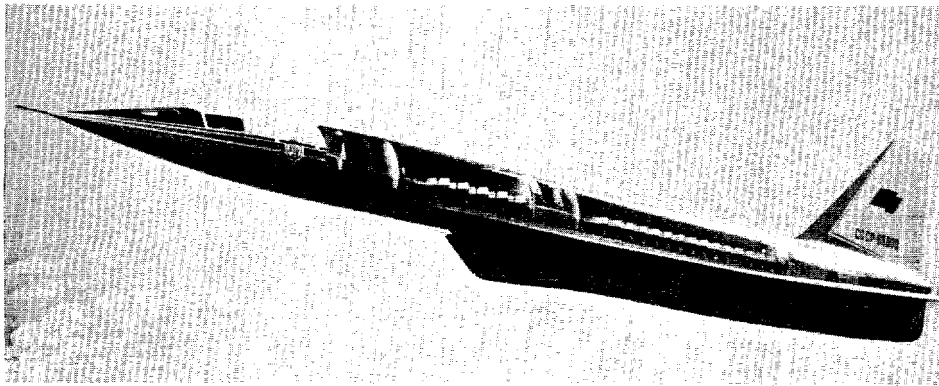
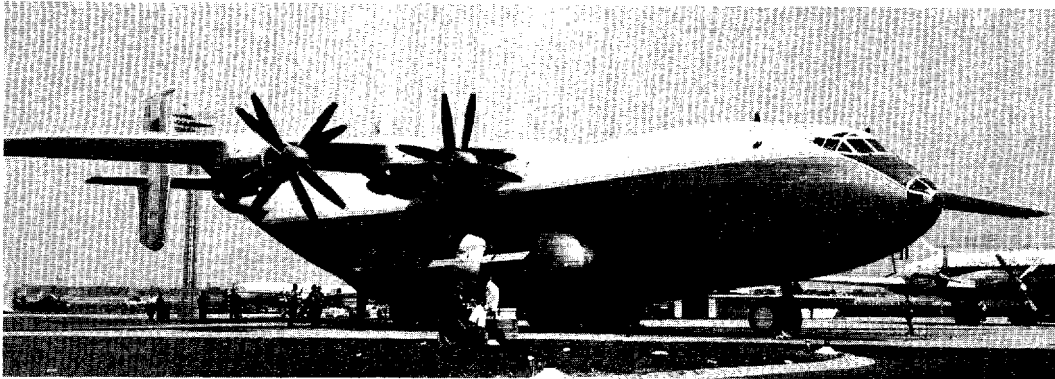
In North Vietnam, the spring rice crop, which accounts for about one third of the annual rice harvest, looks promising, and may equal last year's bumper crop. Acreage sown is the highest ever claimed.

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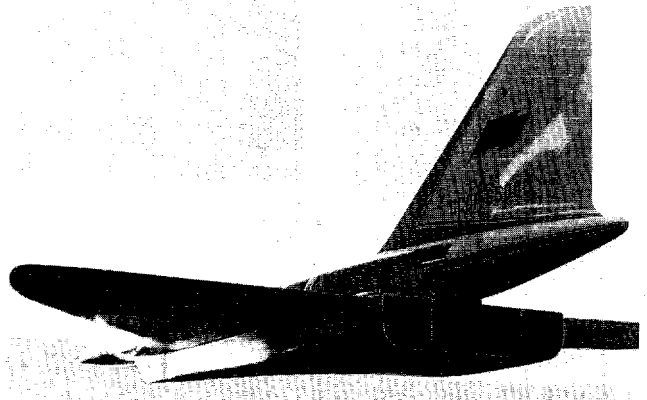
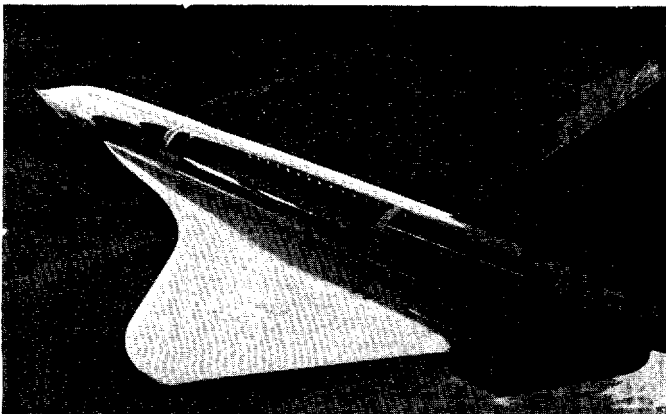
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**AN-22 TRANSPORT**



**MODEL OF TU-144 SUPERSONIC TRANSPORT**



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**SOVIETS MAKE INTENSIVE EFFORT AT PARIS AIR SHOW**

Despite Moscow's intensive effort at the recent Paris Air Show, early and appreciable Soviet inroads in the world commercial aircraft market are unlikely. Some sales of Soviet helicopters may develop, but most Western manufacturers probably will not encounter serious Soviet competition in the commercial field before the 1970s.

The USSR has to convince prospective customers that its newer aircraft are economically competitive in operation. Those available for export are comparable in range, speed, and capacity to Western types, and are being offered at lower prices, but the USSR has a poor reputation for servicing exported aircraft, and operating costs have proven excessive.

the new IL-62 four-jet 186 passenger transport, have nothing to recommend them--other than price--over Western equivalents.

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At Paris, the USSR also disclosed some details and displayed a scale model of the TU-144 supersonic transport, which is very similar to the Anglo-French Concorde. Under the present development schedule--which closely parallels that of the Concorde--the TU-144 is to make its first flight in 1968 and enter service in 1970 or 1971. It seems highly probable, however, that the Soviets will keep the TU-144 program one step ahead of the Concorde, in order to be able to claim a "first."

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Other Soviet aircraft displayed at the air show, including

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**UNRESOLVED ECONOMIC ISSUES MAY HAVE DELAYED SOVIET PLENUM**

It appears there may be some delay in convening the long-awaited Soviet central committee plenum expected to deal with industrial organization and management. Earlier rumors in Moscow that the plenum was scheduled for June or July have been succeeded by later ones suggesting that it will not be held until some time in August or even September. The apparent delay in convoking the plenum is more apt to reflect the complexity of economic problems facing the regime than differences in the leadership over the need for economic reform.

Premier Kosygin in March and party secretary Podgorny in late May stressed that the central committee was preparing a reorganization of industrial management. They may have been referring to the activity of an ad hoc commission of prominent economists who were at the time reportedly working on the matter. Late in June, after several months' lull in public discussion of the management problem, Pravda published an account of a Moscow economic conference generally favorable to greater decentralization.

During the second half of this year selected retail stores, restaurants, and food-processing plants will switch to a more liberal system of management that grants considerable autonomy to enterprise directors. These enterprises will be in addition to the 400 factories in the clothing, textile, shoe, and leather

industries already scheduled to convert to such a system during 1965. Several installations in heavy industry began experimenting with variants of these relatively liberal methods earlier this year.

The limited scope of this experimentation suggests that decision on a nationwide reform will be slow in coming. The plenum is unlikely to do more in this sphere than approve the broad principles and possibly outline the next steps.

Differences within the leadership over economic priorities may be hindering a decision on the extent and pace of future reform. Although there is no indication of uncertainty over the high priority attached to agriculture by the plenum last March, there continues to be indecision on the relative weight to be given other economic sectors. In late May Nikolay Podgorny asserted that consumer-goods production would no longer suffer because of heavy industry and defense needs, but on 2 June Mikhail Suslov warned that defense requirements still impose "material sacrifices" on Soviet citizens. Since these statements, which may have been influenced by differing assessments of the international situation, have not been repeated by other members of the policy-making party presidium, the extent of current disagreement on the issue is uncertain.

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**EAST GERMANY PRESSES CLAIMS TO SOVEREIGNTY**

The East Germans and Soviets have begun what may prove to be a protracted series of moves affecting West Germany's land and air communications with East Germany and West Berlin in order to advance East German claims of sovereign equality with the Federal Republic. Their apparent object is not to provoke a major crisis but to draw the West Germans into piecemeal concessions without posing a direct challenge to basic Allied rights in Germany.

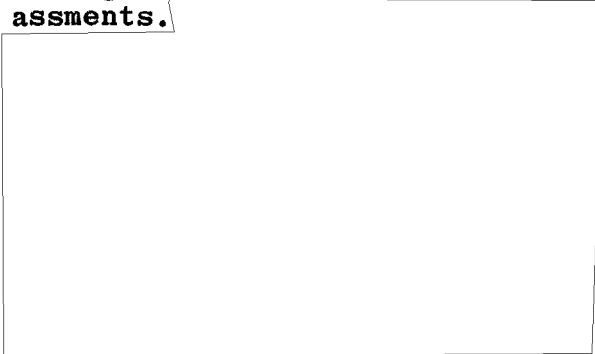
Recent East German pronouncements have insisted that the postwar four-power agreements governing communications across East Germany (GDR) and air traffic in the Berlin Control Zone are obsolete or invalid, and have emphasized the "rights" of the GDR as a sovereign state. These pronouncements--like the intermittent East German helicopter flights in the Berlin area between 23 March and 21 June--are aimed at asserting East German air sovereignty over East Berlin, and at eroding the authority of the four-power Berlin Air Safety Center (BASC).

It is unlikely that the Soviets and East Germans intend to carry their current pressure campaign to the point of challenging existing Allied air access to West Berlin. However, the new GDR foreign minister has suggested that the four powers

authorize BASC to reach flight safety agreements with the GDR transportation ministry. A formal East German initiative to the four powers along this line may be forthcoming. This would give the Soviets an opportunity to indicate an intention in the future to exercise their BASC functions in concert with the East Germans, thus opening the way for gradual efforts to inject them into BASC.

The East Germans' promotion of their claim to sovereignty is similarly evident in the Berlin pass agreement talks, and is also the reason for their recent denunciation of inter-zonal agreements on rail tariffs and barge traffic, which were based on four-power agreement.

With the apparent aim of undercutting West German charges of Soviet-East German collusion and Bonn's appeals to the three Western powers for joint action to counter Communist "provocations," Soviet propaganda so far has ignored the East German harassments.



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Asia-Africa

ASSEMBLY ELECTIONS SCHEDULED IN LAOS

Preparations are under way for Laotian National Assembly elections scheduled for 18 July. By limiting the suffrage to senior military, police, and civilian officials and by the judicious designation of "favored" candidates, the Souvanna government hopes to form a new and acceptable assembly with a minimum of open opposition.

The Pathet Lao have charged that the elections are illegal, but do not appear prepared to mount a major move to prevent them. Some Kong Le neutralists also appear dissatisfied, not so much on the grounds that the elections will be rigged, as that they will favor rightists at the expense of the neutralists.

Skirmishing between government and Communist forces meanwhile is continuing in widely scattered areas of the country. In the northwest, the Pathet Lao have deployed substantial forces to the hill regions southwest of Nam Tha in an effort to curb pro-government guerrilla activities there. Recent activity has centered near Vieng Phu Kha, where several key positions have changed hands in recurrent fighting. The Communists have also been pressing clearing operations in the Muong

La area, to the east of Nam Tha.

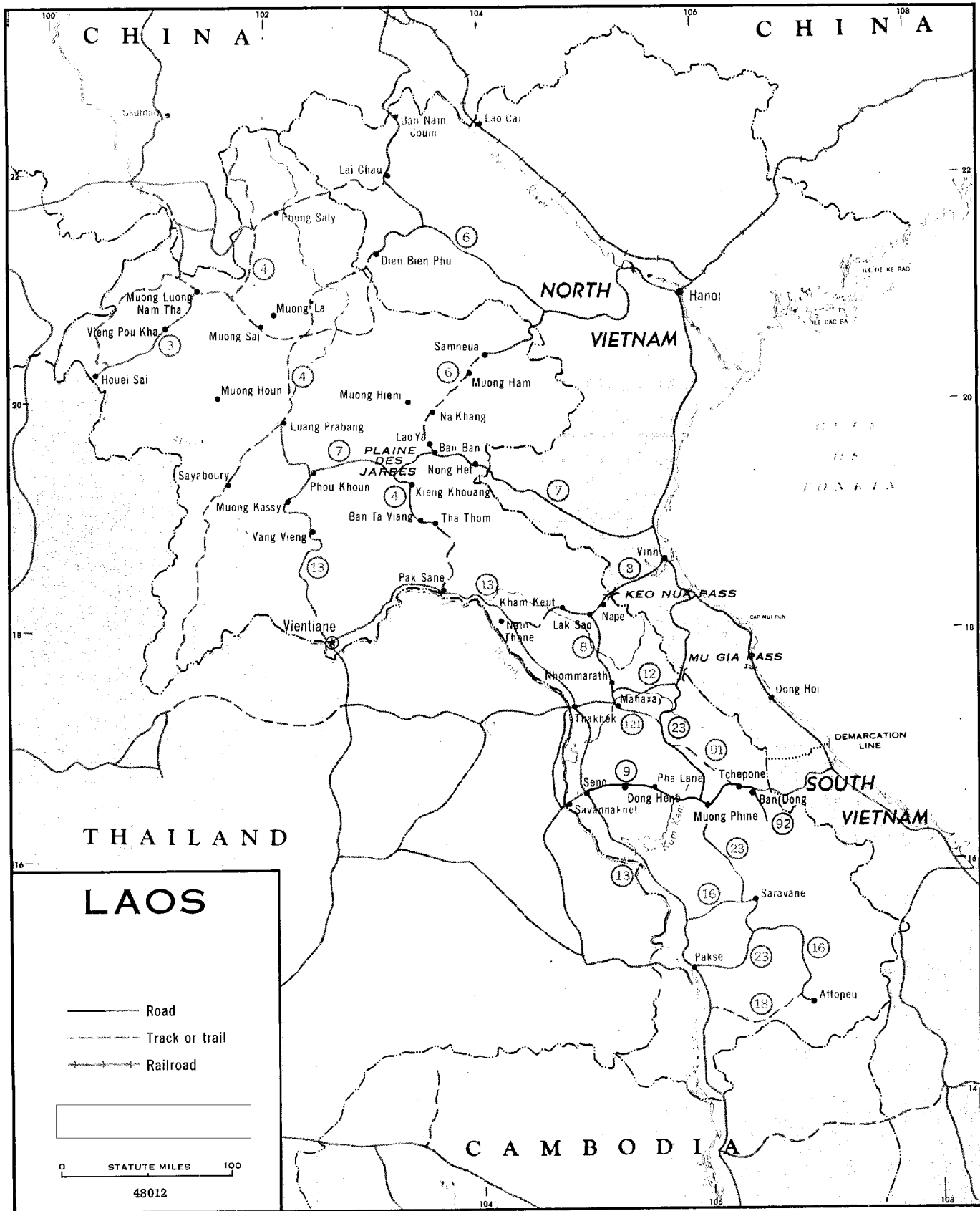
In southern Laos, on the other hand, government forces have mounted a clearing operation against Communist positions along the northern flanks of Route 9 east of Seno. The regular troops involved in this action met their first stiff resistance last week when they probed sensitive Communist positions located about 20 miles north of Dong Hene.

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Troop movement has been reported along the traditional infiltration route leading from the North Vietnamese border just north of the Demilitarized Zone toward the Ban Dong area on Route 9. Truck traffic along Route 23 north of Muong Phine apparently has been brought to a halt because of heavy rains; no truck movement has been reported since late May. Some local traffic, however, appears to be moving south from Ban Dong along Route 92 toward the South Vietnamese border.

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**NEW SOVIET ECONOMIC AID FOR INDIA**

The increased Soviet aid to India which has been widely anticipated as a result of Prime Minister Shastri's recent negotiations may total as much as \$1.2 billion during India's fourth five-year plan (1966-70). According to the Indian press, most of this aid will be used for large-scale industrial projects, but the USSR is also reported to be considering substantial assistance for existing projects in the form of maintenance and spare parts.

Two thirds of the total aid figure--an amount approximating all Soviet economic aid to India since 1955--will reportedly be used for ten new projects and expansion of a number of existing Soviet-aided operations. The largest Soviet aid project for India's upcoming plan is the Bokaro steel plant, the first stage of which is to be in operation by 1970, with an annual capacity of about 2 million tons. Soviet aid is also expected to finance a second stage designed to boost production to about 4 million tons.

The Soviets are also to expand the Bhilai steel plant to a capacity of about 3.5 million

tons, and construct an oil refinery. The deputy chairman of India's Planning Commission has said that the USSR has also tentatively agreed to provide assistance for the construction of a number of power stations, smelters, and a large fertilizer plant.

From 1955 to 1964, the USSR extended about \$1 billion in economic aid to India, the largest Soviet economic aid program in the free world. This assistance has been directed primarily to large-scale projects in the steel, heavy machinery, petroleum, and power industries. Three of these, the Bhilai steel mill and two heavy machine-building plants, accounted for almost 40 percent of Soviet aid during India's second and third five-year plans.

Soviet economic assistance amounted to only about 10 percent of the total given India by foreign governments during the 1955-64 period. However, the Soviets supplied around 40 percent of foreign aid for India's government-owned industries, and roughly 25 percent of its steelmaking capacity

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**STRUGGLE BETWEEN CONGOLESE GOVERNMENT LEADERS CONTINUES**

Congolese President Kasavubu appears to be slowly increasing the political pressure on Premier Tshombé in their wrestle over the powerful office of the presidency.

Following a court nullification of election results in three provinces--in which Tshombé and his allies had won--Kasavubu postponed the scheduled 30 June convocation of parliament and set

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no new date. This action permits him to continue to govern by decree and deprives Tshombé of the backing of a parliament in which his Conaco party cartel would control a majority.

Kasavubu also has publicly suggested that the composition of the Tshombé government be modified, and has reminded Tshombé that it is the president who presents governments to parliament for approval. Tshombé, however, has repeatedly rejected suggestions that he

modify his "transition" government before presidential elections, which are to be held six months after the parliament convenes. Tshombé's political and military assets seem the stronger, but Kasavubu has the better legal position.

The government's over-all military situation remains favorable, although another small flurry of rebel activity has appeared in the eastern Congo.

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#### INCREASING HUTU-TUTSI TRIBAL TENSIONS IN BURUNDI

Tribal tensions between the Hutus and Tutsis--the majority and minority peoples in Burundi--have continued to build up since the Hutu election victory in May. Last week end, there were rumors that a Tutsi-instigated coup was imminent, and the excitement led the Belgian commander of the Burundi Army to declare an alert.

The troubles center on the Hutus' efforts to organize themselves outside existing party lines in order to control the National Assembly and the future cabinet. The Tutsis, who hold only 10 of the 33 assembly seats, are trying to convince Hutu members to stay within the previously governing UPRONA party, where the Tutsis can maintain influence.

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Both opponents and supporters of the new Algerian regime seem to be marking time, awaiting the formal composition of the National Revolutionary Council and the reorganization of the government.

Colonel Houari Boumedienne may be experiencing some difficulty in reconciling differences among his closest supporters and in meeting conditions which Ben Bella's chief opponents are likely to have posed as the price for adhering to or collaborating with the regime. Ferhat Abbas, the respected former president of the pre-independence provisional Algerian government, reportedly is insisting on free elections and civilian control over the military. Boumedienne probably would resist the latter demand.

Almost total paralysis grips the administration. Government employees are preoccupied with their worries about the nature of the new regime and the intentions of Boumedienne and of the army. There have been few declarations of support, and even those were couched in noncommittal terms. The only labor group which has unequivocally supported the new regime is the farm workers, which took this stand shortly after the coup.

The pro-Ben Bella demonstrations, largely the work of left-

ist-oriented student groups, apparently have petered out. Demonstration organizers may believe that police and military forces will be less inclined to deal gently with demonstrators, now that the Afro-Asian conference has been postponed and the press spotlight is off Algeria.

The regime presumably is somewhat concerned by the detached and even antagonistic attitude of other African governments and by the unfavorable publicity the coup has generated in the foreign press. Algerian spokesmen have made it clear that they will not tolerate foreign meddling; they seem particularly to be harassing Egyptian technicians and teachers employed in Algeria.

Reacting to Fidel Castro's characterization of the Algerian coup as "antirevolutionary, treacherous, and inglorious," the Boumedienne regime closed down the Cuban news agency, Prensa Latina, for "distribution of material harmful to the revolutionary government."

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US RELATIONS WITH EURATOM AND ITS MEMBERS

Some progress may have been made toward substituting a single US-EURATOM agreement for the bilateral accords the US now has with five EURATOM members for the exchange of nuclear fuel and information. At a recent meeting, all of the countries concerned except France indicated a general willingness to permit their bilaterals with the US to expire and, in particular, to accept EURATOM as their intermediary in the acquisition of special nuclear materials from the US. Their continuing reservations, however, could still delay their assent or deprive it of some of the expected advantages.

Between 1955 and the establishment of EURATOM in 1958, the US negotiated individual agreements to assist France, Italy, West Germany, Belgium, and the Netherlands in their peaceful atomic programs. Much of the purpose of these accords disappeared, however, when direct US-EURATOM relations were set up. Moreover, the EURATOM treaty itself had contemplated that the community would ultimately assume responsibility for arrangements connected with the procurement of special nuclear materials from nonmembers, and that the rights and obligations which member states had acquired under pre-existing agreements with nonmembers would be transferred to the community.

Full implementation of these provisions, however, has been re-

peatedly delayed by French reluctance to accept the supremacy of EURATOM and by suspicion among all members that termination of their bilateral cooperation agreements with the US might cost them certain advantages. The French, whose accord ends in 1966, recently restated their strong desire to retain a bilateral relationship with the US, including in the area of fuel supply. Italy--whose treaty would not expire until 1978--says it favors a switch to the EURATOM channel, but only if all its partners--including France--agree. The Dutch and Germans, whose accords are up in 1966 and 1967, say they are willing to let them lapse, and the Germans have even offered to cancel theirs beforehand "if others would too."

Belgium, whose bilateral expires on 31 July 1965, is in the uncomfortable position of having to take the lead and has been insisting that it could relinquish its bilateral only if assured that the others would not be extended. While recent statements by the Germans, Italians, and Dutch had seemed to provide such assurances, new doubts have apparently arisen in Brussels in the last few days.

It is unlikely that any overall agreement can be reached to cancel all the bilaterals at this time. Aside from the French attitude, the Italians--still miffed by their recent defeat over EURATOM's research program--

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may seek to cling for some time to their bilateral. Should Belgium willingly agree to let its treaty expire in July, however, this would make it easier for the US to decline to renew the others

as they expire. There has been some indication that Paris is resigned to this, even though it would mean a further strengthening of the European communities.

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Western Hemisphere

**SITUATION IN THE DOMINICAN REPUBLIC**

Dissension among the Dominican rebels became more evident this week as hard-line extremists took exception to rebel president Caamano's willingness to negotiate a political solution to the two-month-old crisis. Both the orthodox Dominican Popular Socialist (Communist) Party (PSPD) and one element of the pro-Castro Fourteenth of June Political Group (APCJ) generally approve negotiations, on the grounds that only a political solution offers any hope for the rebel cause. Opposition to political compromise is centered in the hard-line Communist Dominican Popular Movement (MPD) and some militant members of the APCJ.

Underscoring their dissatisfaction, the extremists attacked several loyalist positions in the north-central region of the country. On 25 June, loyalist police and army forces repulsed an 80-man attack, led by Communists and pro-Castro extremists, in San Fran-

cisco de Macoris. The next day, a small rebel band unsuccessfully stormed a police post in the nearby town of Pimentel. Press and rebel reports of other outbreaks have not been confirmed. Police and army units are on alert and vigilante groups have been formed in several interior towns.

As violence broke out in the interior, the Imbert government increased its demands for a military solution in the capital. These new incidents have heightened Imbert's criticism of the US and the Organization of American States for not allowing him to "clean up" the rebel zone in Santo Domingo. Loyalist authorities have refused to cooperate with the Inter-American Human Rights Commission in its investigation of conditions in the interior and alleged atrocities.

Imbert continues adamant in his resistance to the OAS suggestions that he step down in favor of a new provisional

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government, but loyalist military chiefs have told US attachés that they would withdraw their support from him once an acceptable interim government had been formed. Some key military officers, particularly air force Generals Wessiny Wessin and de los Santos, have previously voiced discontent with Imbert's rule. They specifically were concerned that the mounting evidence of atrocities, for which they blame police units personally controlled by Imbert, would further discredit the armed forces.

The OAS committee has secured the tentative agreement of a number of capable Dominicans to serve in a provisional government that would, with the support of the OAS, rule until general elections are held at a still undetermined date. The leading candidate to head the provisional government is Hector

Garcia Godoy, a career diplomat without strong political ties.

In an effort to maintain the economy of the country, the OAS will provide \$8 million to pay the June salaries of all government employees. It has also appropriated \$9 million for recovery programs.

Meanwhile, former president Joaquin Balaguer returned to Santo Domingo on Monday to visit his dying mother, and his supporters are attempting to capitalize on his presence. Balaguer, a widely known political figure, has considerable support from a broad spectrum of Dominican society, including the military. He has announced his support of the OAS proposals and offered his assistance to the provisional government. He is unwilling, however, to accept a position in a provisional government because he hopes to run for president when elections are held.

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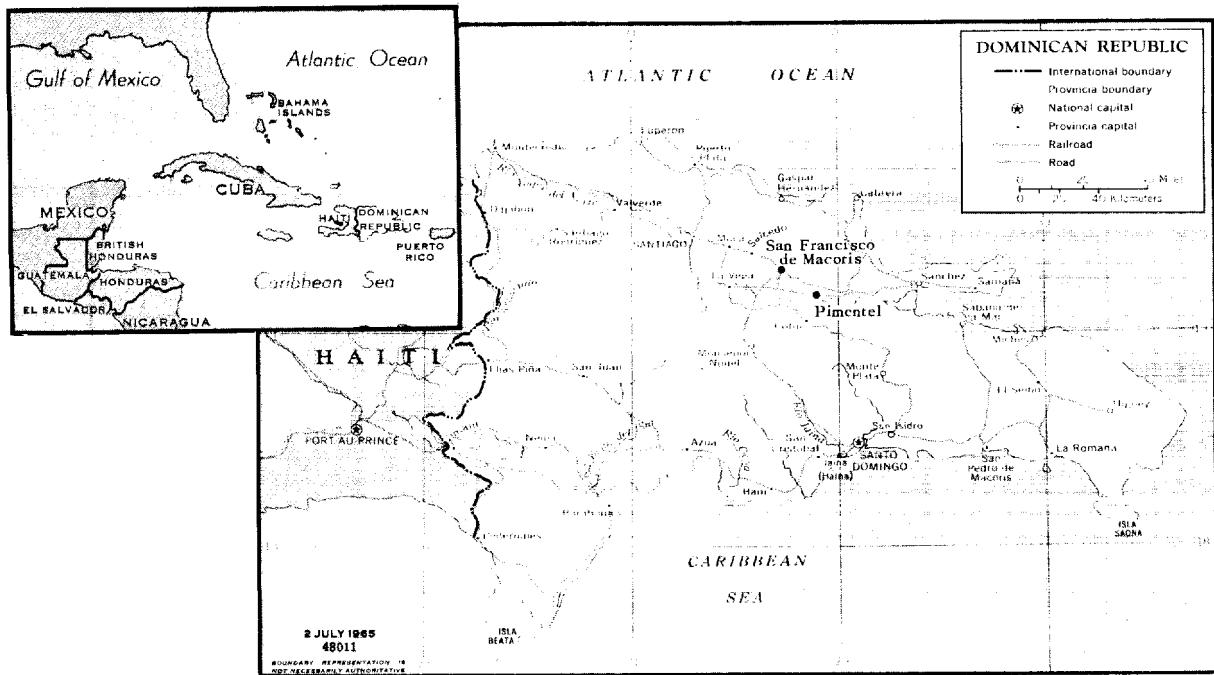
#### SECOND INTER-AMERICAN CONFERENCE IN JEOPARDY

Opposition to the role of the US and the Organization of American States in the Dominican crisis is jeopardizing the Second Inter-American Conference scheduled to begin in Rio de Janeiro on 4 August. Foreign ministry officials of a number of OAS members--notably Chile, Mexico, Uruguay, and Peru--are against holding the meeting as scheduled.

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**POSSIBLE SPLIT IN JAGAN'S PARTY IN BRITISH GUIANA**

A moderate-extremist split within the pro-Communist People's Progressive Party (PPP) in British Guiana has been aggravated by Cheddi Jagan's indecision over whether to lead the PPP into violent opposition to the Burnham government. The dissension is further complicated by dissatisfaction with Jagan's authoritarianism and by the personal ambitions of second-ranking party leaders.

The ambitious Brindley Benn, a Negro and leader of the extremists, apparently is restrained from breaking with the PPP and forming the "Communist Party of British Guiana" only by lack of political support among Jagan's fellow East Indians.

Too late, perhaps, to stem the tide of ill feeling within the PPP, Jagan appears to have come to a decision. He recently declared that independence under the Negro-dominated Burnham government would place East Indians in a dangerous position and should be prevented by sabotage which he would direct. Jagan's decision may be based on fear that the militants' position was becoming too attractive to the PPP rank and file and

that he could remain the effective party leader only by following an extremist course.

In early June, Jagan complained that most if not all of the sabotage conducted in British Guiana was being carried out by individual PPP units acting independently of the central leadership. The bombing of the US Consulate in Georgetown on 24 June seemed to follow the pattern of these earlier sabotage efforts. Premier Burnham has arrested three top Jagan henchmen as a result of the bombing, but it is quite possible that Jagan did not order it and that he has not yet been able to bring all terrorists within the party under his personal control.

A split in the PPP, however, will not improve the security situation because, with Jagan and PPP extremists both opting for violence, the outlook for a tranquil march to independence day looks bleak.

Although Premier Burnham intends to deal forcefully with peace breakers, he will also have a difficult time keeping extremists in his own party from retaliating in kind should violence appear to be increasing. On the day after the consulate bombing, Burnham told the US consul general that "the boys" in his party wanted to know if it were not time for them to "operate directly."

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**COLOMBIA'S FINANCIAL AND ECONOMIC PROBLEMS REMAIN UNSOLVED**

Public confidence in Colombia's National Front government remains low because nothing has been done to solve the country's critical financial and economic problems, following President Valencia's refusal to countenance a de facto exchange devaluation. Business and labor are restless, prices have edged up somewhat, and the free foreign exchange rate is the highest it has ever been. Congress has been in special session since 27 April but has still not acted on economic reform measures proposed by a special study group after an earlier crisis.

In a letter explaining his recent resignation, ex-finance minister Hernando Duran Dussan stated that exchange reform is inevitable and that the reform measures being considered by the special session of Congress will not realize enough revenue to cover the government's deficit. He said that the President lacks a fixed policy, the cabinet ministers dispute among themselves, and the entire government lacks cohesion. He pointed out that in this environment neither

technical instruments nor experience have any value. Duran was replaced by the minister of agriculture, but this appointment was apparently temporary, and the position now has been offered to Ignacio Copete Lizarralde, an officer of the Inter-American Development Bank.

Hoping to find other solutions to the country's financial problems, Valencia has set up a "high commission" composed of several ex-presidents, party leaders, labor union leaders, and technical advisers, which he proposes to send to Washington. Many of the members were reluctant to accept the assignment because of pessimism that the commission will be able to accomplish much. At the installation session of the commission, a representative of one of Colombia's two largest labor unions endorsed Valencia's stand against devaluation and set forth the union's proposals. If a majority of the members oppose these proposals, the unions may withdraw from the commission.

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