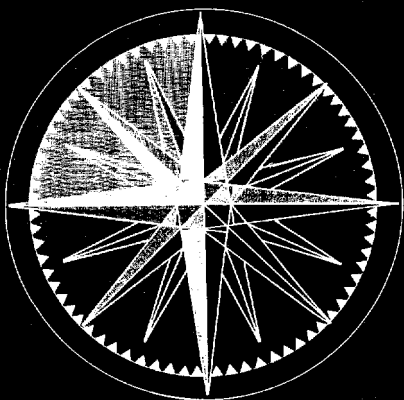


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WEEKLY SUMMARY

ARMY review(s)
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CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

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(Information as of noon EDT, 8 July 1965)

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The Viet Cong are pressing their campaign in the central highlands, and fighting has intensified in the northern part of South Vietnam. The main action has shifted to Kontum Province, where there are an estimated six Communist battalions, including three from North Vietnam. In the DRV, efforts to improve air defenses continue, and a fifth surface-to-air missile site have been identified under construction near Hanoi.	

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The Communist World

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SOVIET-YUGOSLAV RELATIONS CONTINUE TO IMPROVE 6
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The transfer of uniformed internal-security units from Interior to Defense Ministry control puts all the military-security apparatus under a military hierarchy which assumed a more pro-Soviet cast in a shake-up in February. The shift undercuts the growing power of the interior minister's nationalistic "partisan" faction in the party.

Asia-Africa

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YEMENI PRESIDENT SALLAL REGAINS POLITICAL POWER

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His apparent victory in a showdown with Premier Numan has torpedoed any prospect for an early agreement between Nasir and Saudi King Faysal on ending the Yemeni civil war.

IRAQI POLITICAL CRISIS UNRESOLVED

10

The dispute between the pro- and anti-Nasirists has finally come to a head, highlighted by the pro-Nasir ministers' mass resignations from President Arif's government.

NEW ALGERIAN REGIME MAKES LITTLE PROGRESS

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Colonel Boumedienne assumed the leadership of the new National Revolutionary Council when others refused. He still lacks broad popular support and is being criticized by the Arab, African, and Eastern European press.

KASAVUBU-TSHOMBE STRUGGLE SHARPENS IN CONGO

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Kasavubu has dismissed one of Tshombé's closest allies from the cabinet.

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Europe

CRISIS IN THE COMMON MARKET

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France is engaged in a test of strength with its five EEC partners and the EEC Commission. The question at hand is how to finance the community's common agricultural policy, but the underlying issue is De Gaulle's opposition to a federal organization of Europe.

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POLITICAL CRISIS EMBROILS GREEK MONARCHY

14

Involvement of the army in politics and factionalism within the governing Center Union are leading to a confrontation between Premier Papandreou and King Constantine.

Western Hemisphere

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NEGOTIATIONS TOWARD DOMINICAN POLITICAL SETTLEMENT

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Imbert's junta forces as well as the more moderate rebel elements now appear resigned to a political solution, although rebel extremists continue efforts to thwart such a settlement. The peacemakers of the Organization of American States are concentrating on gaining acceptance of a leader for a provisional government.

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COLOMBIA'S FINANCIAL CRISIS CONTINUES

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The public remains uncertain that the National Front government will be able to solve the country's critical financial and economic problems, and demands for President Valencia's resignation have been revived.

PERUVIAN GOVERNMENT MOVES AGAINST GUERRILLA ACTIVITY

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It has ordered a 30-day suspension of constitutional guarantees and a police roundup of leftist extremists, and has put the army in command of counterinsurgency operations.

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VIETNAM

Fighting intensified this week in the northern part of South Vietnam as the Viet Cong continued to press their campaign in the central highlands. Following last week's major engagement in Phu Bon Province involving three government battalions, the main action shifted to Kontum Province, where the Communists put new pressure on remote district towns and paramilitary camps.

The Viet Cong overran the district town of Dak To on 7 July, strengthening their hold in the area. Government forces have abandoned the nearby district town of Tou Morong since it was overrun on 25 June. The other district town in northern Kontum, Dak Sut, has been repeatedly mortared and most government troops withdrawn. Virtually the entire province now is in enemy hands except for the provincial capital (Kontum), which is also under increased harassment.

US military authorities have estimated that there are six Communist battalions in Kontum Province, including the three from the 101st Regiment of the North Vietnamese 325th Division. The US and South Vietnamese commands have confirmed the presence of the 101st, and consider that the other two regiments of the 325th are probably in the South Vietnamese highlands, although this is still unconfirmed.

In the neighboring coastal province of Quang Ngai, a government outpost at Ba Gia, about

12 miles west of the provincial capital, was overrun briefly on 5 July, and then subjected to heavy harassing fire.

Although acts of sabotage declined somewhat last week, major roads leading north from Saigon and to the central highlands and the coast remained cut or closed. Coastal highway No. 1 is impassable over long stretches, and the coastal railroad is open only between Hue and Da Nang in the north, and between Nha Trang and Phan Rang and along the spur line inland to Dalat. Apparently in an effort to complicate air supply and rescue, the Viet Cong continued a series of harassing mortar attacks on several provincial airfields.

Government military operations declined slightly last week, but successful operations were reported in the far north and in the delta. US military activity in South Vietnam was highlighted by B-52 bomber attacks on 5 and 7 July on War Zone D, northeast of Saigon, and by another major search-and-destroy ground operation into that Communist stronghold..

Saigon Politics

Saigon's military leaders continue to emphasize austerity, anticorruption, and mobilization of resources for the war effort. The government's major administrative action of the week was to abandon its announced plan to close down most of Saigon's vernacular press during July, a policy which had been the source of some friction within the government.

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This partial retreat, coupled with reported moves by Premier Ky to enlist the support of the Catholic community, seems to have diminished the initial opposition of more militant Catholics. However, there are signs of greater apprehension on the part of influential Buddhist leaders, particularly over the role of Catholic General Thieu, the new chief of state.

Military Situation in DRV

Although the pace of US air strikes against North Vietnam was slowed this week by poor weather, numerous armed reconnaissance sorties were flown. US aircraft attacked the Dien Bien Phu military complex for the first time. They also destroyed the Nam Dinh POL storage area about 40 miles south of Hanoi, the nearest target to the capital thus far.

The North Vietnamese continue efforts to improve their air defenses. A fifth surface-to-air missile (SAM) site, apparently in the middle stages of construction, was identified about 10 miles northeast of Hanoi on 4 July.

[redacted] pilot training for DRV personnel is still being conducted in the USSR and Czechoslovakia.

Political Developments in DRV

The latest evidence of the DRV's civil defense mobilization

efforts was Premier Pham Van Dong's announcement on 7 July of the formation of the "Brigade of Young Volunteers to Fight US Aggression for National Salvation."

The US air raids on the Nam Dinh petroleum storage depot drew a particularly strong protest from Hanoi. Its radio propaganda depicted the bombings as an indiscriminate attack on civilians--Nam Dinh is the country's third largest city. Claiming high civilian casualties, the broadcast asserted that such "wanton" attacks showed that US offers to negotiate the war are a "hoax."

Hanoi described the Nam Dinh bombings as a "dangerous step forward in the escalation of the war and a challenge to the socialist countries," but did not threaten retaliatory countermeasures. The propaganda on these strikes seemed partly aimed at encouraging additional bloc defense assistance. Hanoi's ambassadors in Peiping and Prague, for example, held special press conferences to denounce the Nam Dinh raids.

Chinese Communist Moves

In a sharp editorial on 5 July, Peiping, like Hanoi, asserted that the Nam Dinh strikes moved the US "one step further" in escalating the war. The editorial's main stress, however, was on the futility of intensified bombing, which the Chinese declare will only strengthen Vietnamese determination to "deal harder blows" at the US.

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The Chinese apparently see no need to increase their public commitment to Hanoi at this time and are holding to their course of opposing any move toward negotiation while providing moral and material backing for the DRV.

passe. Its current public position was summarized in an authoritative "Observer" article in Pravda on 7 July which once again endorsed the DRV "four point" basis for settlement and pledged that the USSR would provide Hanoi all the assistance needed. There have been recent private expressions of Soviet interest in finding a basis for talks, but these approaches seem primarily designed to deter the US from further escalating the war in reaction to the current Viet Cong offensive.

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Soviet Political Developments

Moscow apparently sees little opportunity for early initiatives to break the Vietnam im-

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SOVIET-YUGOSLAV RELATIONS CONTINUE TO IMPROVE

Yugoslav President Tito's two-week visit to Moscow in late June was his first since Khrushchev's ouster last October. Brezhnev and Kosygin used the occasion to demonstrate that they are as eager to cultivate and improve Soviet-Yugoslav relations as was Khrushchev. Although some differences in tactics remain, the final communiqué stressed the two regimes' "closeness and identity" of views on important international issues; both expressed satisfaction with the visit.

Tito, but will be taken as an encouraging sign by those states in Eastern Europe which have been increasingly asserting their independence. Moscow, for its part, finds this line useful in refuting Chinese charges that the USSR is still bent on "wielding the baton" in Eastern Europe and elsewhere in the international Communist movement.

Moscow tried to profit from Tito's influence among "nonaligned" nations. Attempts were made to identify Soviet-Yugoslav positions--especially condemnation of US policy in Vietnam--with those of the "third world," and the visit itself may have been deliberately timed to coincide with the oft-postponed Second Afro-Asian Conference, which was, at the time, scheduled for late June in Algiers.

The Soviet leaders put particular stress on efforts taken to remove "the things which once cast a shadow on Soviet-Yugoslav relations." In the joint communiqué, Moscow's new leaders endorsed the 1955 Belgrade declaration by Tito and Khrushchev which first officially sanctioned national Communism, and Russian pronouncements in connection with the visit have played heavily on the theme of respect for sovereignty and non-interference in intrabloc affairs. This is not only reassuring to

Tito's welcome in the USSR clearly reinforces other indications that Moscow has no intention of yielding one iota on substantive matters in dispute with Peiping. The visit itself was, in part, a calculated affront to China, but although some of Tito's public remarks were pointedly anti-Chinese, there was no indication that the Soviets are about to abandon their policy of relative public restraint toward Peiping.

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SHIFTS IN POLAND'S INTERNAL SECURITY APPARATUS

Poland's uniformed internal security troops were resubordinated on 1 July from the Ministry of Interior to the Ministry of Defense. This move brings the country's entire military-security apparatus under the control of party boss Gomulka's politburo confidant, Defense Minister Marian Spychalski, and under the influence of a military hierarchy which assumed a more pro-Soviet cast in a major shake-up last February.

The change involved both the elite military units of the Internal Security Corps (KBW), totaling 25,000 men, and the 20,000-man Border Guard (WOP). Despite government claims that there was no longer a need for internal-security units, both the KBW and the WOP will probably retain their former functions under Defense Ministry control. Within the KBW, however, there may be some resentment, particularly if the troops lose certain special privileges they have long enjoyed.

The new subordination--which reflects Gomulka's policy of closer alliance with the USSR--is in part motivated by Soviet desires for stronger command control of Warsaw Pact forces. In domestic politics, the shift undercuts the influence of the party's nationalistic "partisan" faction and of its most prominent member, Interior Minister Moczar, and significantly weakens the power base of potentially the most powerful faction in the

party. The group's growing power since 1959 had been based on infiltrating its supporters into positions of influence in the military-security apparatus. Gomulka has kept this process under control through a series of countervailing personnel appointments.

The organizational change will enhance the political influence of the rising generation of pro-Soviet generals and technocrats who are closer to Gomulka's geopolitical thinking than any other party faction. Such a realignment of the delicate balance of power among party factions will probably lead to further personnel and organizational changes.

These changes might affect the Interior Ministry's secret police (UB). There has long been friction between the UB--responsible for nonmilitary foreign intelligence and covert internal security operations--and the Defense Ministry's military intelligence organization (Z-II). To overcome these differences there may be a partial merger, or at least closer coordination, of the two organizations. However, because the Interior Ministry still retains control of a potent political weapon--the personnel dossiers of all regime officials--it is unlikely that it will lose complete direction over the UB.

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YEMENI PRESIDENT SALLAL REGAINS POLITICAL POWER

President Sallal has apparently succeeded in regaining political power in Yemen with Egypt's blessing.

The two-month-old government of Premier Numan, which was pledged to secure the withdrawal of Egyptian troops, had been trying to avoid loss of Egypt's financial and military support while retaining the allegiance of the anti-Egyptian republican tribes. Nasir's suspicions of Numan's independent line were reinforced by his conviction that six of Numan's cabinet ministers were Baathists--Nasir's archrivals in the Middle East. Numan had consequently been faced with pressure to replace the suspected ministers, under threat of loss of financial subsidies. The unannounced withdrawal of Egyptian forces from outlying areas to main population centers in June led to republican setbacks at the hands of the royalist forces and dramatized republican dependence on Egyptian troops, now numbering between 53,000 and 58,000.

The present governmental crisis was sparked by Sallal's creation of a supreme armed forces council in late June without consulting Numan's cabinet. Numan immediately tendered his

resignation and flew to Cairo, hoping to press Nasir into backing him in the showdown with Sallal. Nasir, however, has refused to see him.

Sallal took advantage of the absence of nearly all major political leaders in Cairo to order widespread arrests, using as pretext a 4 July attempt on his life. The 60 or more individuals rounded up to date include two of the cabinet ministers Nasir wanted removed.

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The latest moves have torpedoed any prospect for an early agreement with Saudi King Faysal to end the Yemeni civil war. Postponement of the Afro-Asian conference in Algiers had already removed the occasion for scheduled talks between Faysal and Nasir. Even if Nasir does not completely back Sallal because of his lack of popular support, no other Yemeni Government could avoid being considered merely an instrument of Egyptian policy.

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IRAQI POLITICAL CRISIS UNRESOLVED

The Iraqi Government has been paralyzed by a major political crisis for more than a week as the long-standing dispute between pro- and anti-Nasirists finally came to a head.

President Arif, who has aligned himself with the anti-Nasirists, apparently precipitated the crisis by demanding changes within the Arab Socialist Union, the government-sponsored political party that has been dominated by the pro-Nasirists. As a result Guidance Minister Farhan, the most dynamic of the pro-Nasirists, resigned from the government and flew to Cairo--evidently just a step ahead of Arif's police--in an effort to drum up additional support for himself and his friends from Nasir. Other pro-Egyptians in the government, including some ten ministers, then submitted their resignations also.

The pro-Egyptians evidently hoped that this tactic of mass resignation would have a sobering effect on Arif and his anti-Nasirist allies. They probably calculated that such an open signal of dissatisfaction might stir up latent pro-Nasirist sentiment in the army or lead Nasir, whose prestige is clearly at stake, to throw himself openly into the struggle. Although the pro-Egyptians are significantly weaker than in previous crises of this sort, Arif has had great difficulty in re-constituting a government, since most Iraqi political figures believe that a new one would not last very long. In these circumstances, some sort of face-saving compromise with the pro-Egyptians is increasingly likely.

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NEW ALGERIAN REGIME MAKES LITTLE PROGRESS

Colonel Houari Boumedienne apparently is having some difficulty in getting Algeria's revolutionary government in motion. Unable to obtain anyone with political stature and popular appeal to chair the policymaking National Council of the Revolution, whose composition was announced on 5 July, he has assumed leadership himself.

The 26-man council is heavily weighted with military leaders, including the commanders of at least three military regions, the national gendarmerie, and the state security organization. Most of its civilian minority have long been considered Boumedienne henchmen, whose presence in the Ben Bella government reflected Boumedienne's influence.

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Formation of a council of ministers is not yet completed.

The principal task of the new regime will be to obtain support of the public, whose enthusiasm for Ben Bella faded into lethargy when no economic gains appeared. Boumedienne has promised a reorganization of the country's sole party, the National Liberation Front, constitutional revision, and ultimately elections.

Such changes as may emerge are more likely to be found in the general economic climate rather than in formal pronouncements. In his

major speech on 5 July, the third anniversary of Algerian independence, Boumedienne professed no new policies, while calling for austerity and the mobilization of domestic resources. He retained the Ben Bella regime's emphasis on socialism, self-management, and agrarian reform.

Despite Boumedienne's protestations to the contrary, Algeria's ties with the nonaligned "third world" and with Communist states may be weakening. The African, Arab, and Eastern European press continue to publish criticism of the 19 June coup and eulogies for Ben Bella. Foreign Minister Bouteflika has privately indicated that Algeria's foreign policy will be considerably more circumspect in pursuing an "anti-imperialist" line than in the past.

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KASAVUBU-TSHOMBE STRUGGLE SHARPENS IN CONGO

Positions in the Congolese political struggle between President Kasavubu and Premier Tshombé seem to be hardening, and the two may be close to a showdown.

Earlier this week, Kasavubu summarily dismissed minister of interior Munongo, a close ally of Tshombé and a prime target of the premier's enemies. Kasavubu was provoked when Munongo, who last month was elected governor of East Katanga, failed to appear at a swearing-in ceremony of provincial governors.

Rebel bands continue active in the Lake Tanganyika region of the eastern Congo, especially around Bendera just north of Albertville, and around Uvira at the head of the lake. For the first time, Cubans, presumably from a group of 40 recently arrived in Tanzania, have been found fighting alongside the rebels.

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Europe

CRISIS IN THE COMMON MARKET

A test of strength between France on the one hand and the other five EEC countries and the EEC Commission on the other has evolved from the failure of negotiations last week on how to finance the community's common agricultural policy (CAP). Although the immediate questions are technical and economic, the underlying issue is De Gaulle's commitment to a "Europe of states" and his opposition to a federal organization of Europe with a strong European Parliament.

The crisis was perhaps inevitable at some stage in the Common Market's development. It has arisen now because of De Gaulle's decision to force a confrontation over the Commission's CAP financing proposals. These proposals would have replaced the present transitional financing arrangements with a permanent system to become effective when both the integration of agricultural markets and industrial customs union had taken place.

The Commission had hoped to exploit French interest in getting the CAP completed at an early date--by mid-1967--to win concessions from the French. Specifically it hoped to get Paris' consent to giving the community "independent" revenues and strengthening the powers of

the European Parliament in supervising the funds which would no longer be under the control of the national parliaments.

This Paris effectively undercut in mid-June by abandoning its insistence on early completion of the CAP. It said it wanted instead to go ahead as rapidly as possible in bringing individual products under unified prices, but to finance the costs until 1970 by national contributions to a central fund rather than by import levies collected by the community. By renouncing reliance on automatic and independent community funds, the French obviated the need for European parliamentary supervision.

Paris has attempted to portray the breakup of the 30 June meeting of the EEC Council of Ministers as a failure of its partners to meet a deadline for extending the present financial arrangements. In fact, the cause was the partners' reluctance to throw away their leverage on France by agreeing now to a five-year extension of the transitional financing phase. The Dutch, Italians, and to some extent the Germans--under strong pressure from their national parliaments--were therefore insistent on getting a quid pro quo from the French regarding the European

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Parliament and the completion of the industrial part of the EEC.

Paris now has begun to implement its threats to "put the community in a deep freeze" and has announced there is still "no question for the moment" of French participation in any new community meetings. By such a boycott the French are trying to force the other members to deal directly with Paris even in effecting a compromise. The US Mission to the EEC has noted that the effect of this is to cut the Commission in particular out of the decision-making circuit in favor of a return to "classical bilateral diplomacy." French press commentators have claimed that, as a result, De Gaulle's "Europe of states" concept is already taking over.

The other five members and the Commission seem still uncertain what to do. The Commission has developed new proposals, but it is not yet known how far they go--if at all--toward meeting French demands. Dutch officials claim The Hague will stand firm, but the mood in Brussels and Luxembourg is one of compromise. Although Belgian Foreign Minister Spaak is eager to play the role of "honest

broker," one Belgian official stated that Brussels has also considered the possibility of the five's forming a "solid front" to call De Gaulle's "bluff" or even to consider a new grouping with countries of the European Free Trade Association. One press report claims the Italians and Germans have agreed to go ahead with a scheduled 26 July EEC Council meeting even if the French do not attend.

Should the five knuckle under to the French, the potential damage to the community would be great. French interests in the community are for the moment predominantly agricultural, and, having secured those, Paris would be under no pressure to satisfy the interests of others --for example, in successful completion of the Kennedy Round. The institutional consequences would be even more serious. Paris is clearly out to "get" the Commission, which has heavily committed its prestige to the financial proposals. French success would jeopardize the Commission's role of catalyst --along with the whole system of dialogue among the Commission, Council, and Parliament under which the community was slowly evolving toward a federal state. These are the known costs which the five are weighing against the unknown costs of "standing up to De Gaulle."

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POLITICAL CRISIS EMBROILS GREEK MONARCHY

A political crisis which could alter the future role of the Greek monarchy has arisen as a result of involvement of the army in politics and factionalism within the governing Center Union party.

Premier Papandreou, emboldened by a parliamentary vote of confidence and popular acclaim in his recent public appearances, seems determined to remove both right-wing Army Chief of Staff Gennimatas and Minister of Defense Garoufalias. They have long been targets of major progovernment newspapers in Athens, partially on the grounds that they are "men of the palace"--more loyal to King Constantine than to Papandreou.

Garoufalias has refused Papandreou's request to resign. Dismissal of the defense minister normally requires the consent of the King as commander in chief of the armed forces. The premier presumably will not confront Constantine with his plans until he sees him following the expected imminent birth of an heir to the royal family. The King, intent on retaining the army's primary loyalty to the crown and encouraged by some of his more extreme right-wing advisers, may refuse to approve these changes.

Papandreou has warned that in that event he would resign and ask the King to call new elections. The King could attempt to create a new government from among the members of the present parliament. As there is apparently no viable alternative to Papandreou, however, early elections, with the powers of the King a major issue, would be likely. A Center Union victory, which also seems probable in such circumstances, could result in significant curtailment of the King's political influence. Efforts are presently under way by proponents of both men to find a compromise solution.

Within the Center Union, meanwhile, pressure continues to mount for the removal of Andreas Papandreou, the premier's son, from the cabinet. Despite efforts by the elder Papandreou to protect his son from adverse publicity in connection with the current investigation of ASPIDA--a covert group of left-of-center army officers--it appears that Andreas has become such a liability that he will be forced to resign his position as alternate minister of coordination. One of the leaders in the drive to force him out is Minister of Finance Mitsotakis, potentially the chief rival of the younger Papandreou for party leadership should the premier be removed from the scene.

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Western Hemisphere

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NEGOTIATIONS TOWARD DOMINICAN POLITICAL SETTLEMENT

The committee of the Organization of American States charged with bringing peace to the Dominican Republic is concentrating on gaining acceptance of a leader for a provisional government. Hector Garcia Godoy, a professional diplomat without

strong political ties, remains the leading candidate.

The committee has also drafted a brief document which would serve as a basic charter for a provisional government and has submitted it to leaders

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of both sides. It envisions a single executive and general elections early next year, but carefully avoids issues--such as the future status of rebel military elements and safeguards against Communist subversion--which would snag current negotiations. Committee members feel these more controversial matters should be worked out by the interim government.

The loyalist forces of junta leader Antonio Imbert now appear resigned to a negotiated political settlement. Imbert himself, under considerable pressure, now has said that, under certain conditions, he is willing to step down in favor of a new provisional government, and loyalist military leaders have indicated they would accept Garcia Godoy as its president. They insist, however, that they retain control of the armed forces until after an elected government is installed.

Rebel reaction to the OAS proposals has clearly demonstrated the internal divisions among Colonel Caamano's forces. The more moderate elements, aware that the military phase of the rebellion is over, have entered into negotiations to gain the most favorable political terms possible. This tactic has also been adopted by the orthodox Communist Dominican Popular Socialist Party (PSPD). Mindful, however, of their long-

range political future, these groups are unwilling to become associated with the provisional government and are prepared to claim it was forced upon them.

The hard-line rebel extremists, on the other hand, fear that a political settlement would cost them their present prominent position. To thwart a settlement, the extremists--led by the unsophisticated Communist-oriented Dominican Popular Movement (MPD) and a faction of the pro-Castro 14th of June Political Group (APCJ)--have tried unsuccessfully to start a popular uprising in the interior by attacking loyalist security forces. The extremists are also probably responsible for many of the cease-fire violations in Santo Domingo.

The situation in the interior continues tense. Loyalist military and police officers are chafing at the impasse in Santo Domingo and the apparent ease with which extremists bring arms out of the capital and attack outlying police patrols and installations.

Preventive security measures, such as curfews and arbitrary arrests, along with the growing evidence of atrocities, have caused resentment toward Imbert's government. For example, the arrest of extremist labor union officials triggered a strike which has completely

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shut down the large US-owned
sugar complex at La Romana.

The country's economy, de-
nied its commercial center
(Santo Domingo), continues to

stagnate. Unemployment is wide-
spread, and food and fuel short-
ages add to the hardships of a
people who at best live a mar-
ginal existence. [REDACTED]

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COLOMBIA'S FINANCIAL CRISIS CONTINUES

The financial crisis triggered by a worsening of Colombia's foreign exchange position was temporarily alleviated by an emergency exchange measure which somewhat reduced the pressure on the free exchange rate, but the situation showed signs of further deterioration after 6 July.

The public remains uncertain that the National Front government will ever be able to solve the country's critical financial and economic problems. This uncertainty is fed by the government's slow action on necessary reforms. President Valencia's "High Commission," composed of several ex-presi-

dents, party and union leaders, and technical advisers continues to put politics before its real business of preparing to discuss the country's problems in Washington. There is little evidence that the special session of Congress is any nearer to passing needed economic reform measures.

Demands for President Valencia's resignation have been revived, and a recent poll of political leaders indicates that the parties making up the National Front will have to work hard to offset opposition gains if the front is to be able to function after next year's congressional elections.

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PERUVIAN GOVERNMENT MOVES AGAINST GUERRILLA ACTIVITY

The guerrilla ambush and decimation of a police unit in central Peru last week and two terrorist bombings in Lima have heightened official alarm over the insurgent threat. On 4 July, the government ordered a 30-day suspension of constitutional guarantees and a police roundup of leftist extremists.

The army has assumed command of counterinsurgency operations against the guerrillas. A command post is being established in Huancayo, capital of Junin Department, where the guerrillas are based. No army units are in action as yet, but one hundred rangers have been sent to the area for eventual commitment against the guerrillas.

Guerrilla activities, directed by the pro-Cuban Move-

ment of the Revolutionary Left (MIR), have thus far been limited to two departments in central Peru. In this area, the guerrillas have succeeded in attracting considerable support from the peasants. MIR guerrilla units also exist in the northern and southern zones.

In the past, extreme fragmentation of the Peruvian far left has severely handicapped its capabilities. A general police crackdown on leftists, along with the leadership newly demonstrated by the MIR, could now draw them closer together.

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