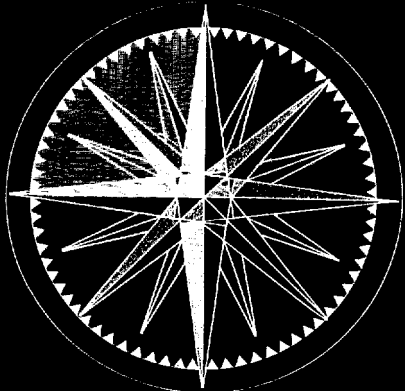


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25 February 1966

OCI No. 0278/66

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# WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

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

(Information as of noon EST, 24 February 1966)

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Large allied forces continue to maintain pressure on enemy strongholds throughout South Vietnam. Viet Cong activity increased this week in northernmost I Corps. South Vietnam's new cabinet--generally characterized by the youth and southern origin of the new appointees --should permit more effective handling of economic problems, as well as stanch charges of undue northerner influence in Saigon. Hanoi continues to attack peace talk proposals in harsh terms, but not without showing concern that its hard line is alienating its non-Communist supporters.	
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**HUNGARIAN REGIME ATTEMPTS TO BRAKE POPULAR DISCONTENT** 11  
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**FAYSAL AND NASIR RESUME CONTACT OVER YEMEN** 15  
Although the peace conference between royalists and republicans failed to resume as scheduled last weekend, a communication from King Faysal to President Nasir has restored contact between the sponsors of the Yemeni rivals.

**ADEN NATIONALISTS MAY BE ABANDONING TERRORISM** 16  
No incidents have been reported in several weeks, a new political body seems to have superseded the old terrorist group, and the British announcement of evacuation plans lessens the sense of conflict.

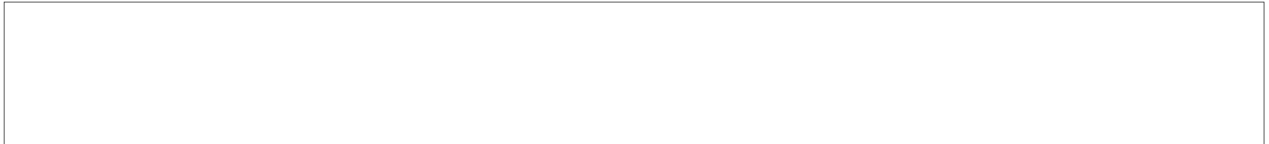
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LEFTIST MILITARY FACTION SEIZES POWER IN SYRIAN CAPITAL 17  
The move by followers of former army chief of staff  
Jadid followed a series of actions by the relatively  
moderate government to undermine them.

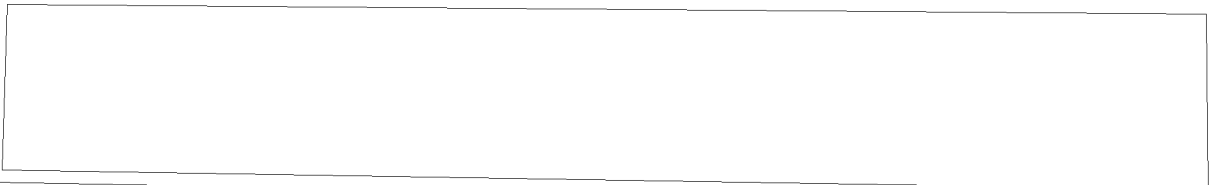
ARMY OVERTHROWS NKRUMAH REGIME IN GHANA 17  
Officers long opposed to Nkrumah took advantage of his  
absence abroad to move on 24 February. They are likely  
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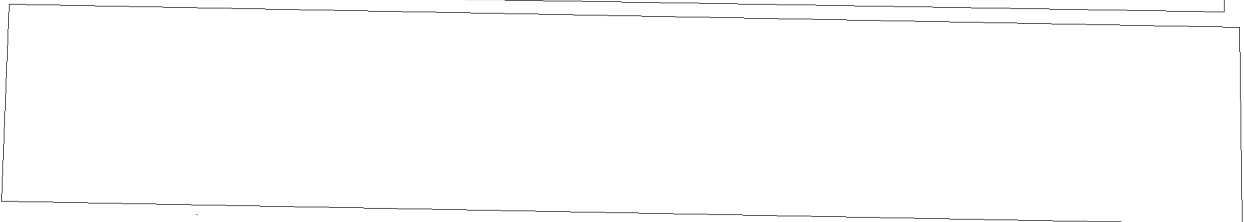


Europe

THE EEC AND THE KENNEDY ROUND 20  
Despite the settlement of the EEC crisis last month,  
indications are that the community will make only lim-  
ited and piecemeal advances on its Kennedy Round nego-  
tiating position during the next few months.



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PREMIER MORO FORMS NEW GOVERNMENT IN ITALY 24  
The 33-day-old government crisis ended with formation  
of Christian Democrat Moro's third center-left coali-  
tion cabinet, but the disunity within his party which  
precipitated the crisis has only been papered over.

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### **AUSTRIA'S NATIONAL ELECTIONS**

25

Parliamentary elections set for 6 March could bring important changes in the two-party coalition which has ruled since World War II. These in turn might bring a more incisive government program for domestic affairs but no change at all in foreign policy.

### Western Hemisphere

### **DEATH OF COLOMBIAN GUERRILLA LEADER MAY REDUCE TERRORISM**

27

Ex-priest Camilo Torres, killed last week in an ambush of an army patrol, had been expected to attract support for the guerrilla movement.

### **SOVIET ACTIVITIES IN CHILE**

28

In response to Chilean initiatives taken in pursuit of the Frei administration's "independent foreign policy," the USSR in recent months has taken steps to increase trade. Moscow is also trying to thaw relations between the Frei government and Chile's Communist Party.

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VIETNAM

Large allied forces continue to maintain pressure on enemy strongholds throughout South Vietnam. Viet Cong activity increased this week in northernmost I Corps.

Two Viet Cong attacks of battalion strength were reported in Quang Tri Province on 22 February, resulting in some 68 government casualties. In Quang Nam on the same day, several Viet Cong companies attacked government forces guarding a bridge and battled reinforcements throughout the day.

Meanwhile, South Vietnamese troops operating near Hue in Thua Thien Province encountered stiff opposition from a possible new Viet Cong regiment, and reported 154 casualties in two days of fighting. In neighboring Quang Tin Province, US marines launched an operation near the provincial capital of Tam Ky, where increasing enemy pressure had recently been reported. Little contact has resulted thus far although the Viet Cong First Regiment, the North Vietnamese 36th Regiment, and several independent battalions are suspected of being in the area.

Elsewhere, allied forces continue to encounter pockets of enemy opposition in Operation WHITE WING, now in its fifth week in northeastern Binh Dinh Province. Cumulative enemy losses have risen to more than 1,600 killed and 375 captured. Allied casualties are 267 killed (146 US), 1,040 wounded (691 US), and 15 missing (all US).

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South Vietnamese troops on a routine search-and-destroy operation in northern Darlac Province this week established contact with large Communist forces.

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Farther south, US forces initiated a major operation against Viet Cong forces and installations in the border area of Binh Duong, Tay Ninh, and Hau Nghia provinces on 20 February. Little contact with Viet Cong main forces has resulted.

should offset criticism of the government as being overly influenced by northerners. By finding other jobs within the government for the ministers he replaced, Ky apparently avoided the problem of disgruntled ex-officials. The reorganization should permit more effective handling of growing economic problems, and the US Embassy believes that the new cabinet may provide stronger governmental teamwork.

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#### South Vietnam's New Cabinet

Premier Ky's cabinet reorganization was announced on 21 February, after receiving the approval of the ruling military Directorate. The most significant changes are the installation of a new minister of national economy and the division of the public works and communications function into separate portfolios, with new men to handle each one. A ministry of veterans' affairs was also established, as were secretariats--attached directly to the premier's office--for montagnards, refugees, and inspection (corruption).

The new appointees are generally characterized by their youth and southern origin, which

#### Hanoi on Negotiations

DRV propaganda continues to attack current negotiations proposals in harsh terms. The party daily this week ran an article by Chien Si which criticized "charitable persons" in the world--whether "governments, the UN, or religious powers"--for urging Hanoi to make concessions in its terms for peace. The article made it clear that no such concession will be forthcoming. Articles by Chien Si--whose name is a pseudonym meaning "fighter"--almost always contain some of Hanoi's toughest language.

There are growing signs, however, of Hanoi's concern that its continued rejection of negotiation proposals is losing support abroad, particularly in the non-aligned countries.

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Earlier this month North Vietnamese politburo member Le Duc Tho publicly criticized Foreign Ministry officials for failing to generate significant world support for Hanoi's policies, and many DRV ambassadors are believed to be currently in Hanoi for briefing sessions.

Hanoi had planned to play host to President Nkrumah of Ghana this coming week in an effort to drum up African support for Vietnamese Communist policies. Nkrumah's past efforts to mediate the dispute had been politely turned aside by the North Vietnamese.

The coup against Nkrumah on the eve of his arrival in Hanoi, however, leaves the whole question of his trip and its objectives in some doubt.

Peking on War With the US

Peking on 20 February responded to Assistant Secretary of State William P. Bundy's speech of 12 February with an authoritative People's Daily article emphasizing Peking's "peaceful nature" and attempting to prove that it was the US which was threatening China. In asserting that an enemy such as the US stimulated the Chinese people to greater sacrifice, unity, and accomplishment, the Chinese came close to admitting that Peking is consciously exploiting the specter of a Sino-US war for domestic purposes.

The article clearly treated war with the US as a contingency rather than an inevitability and conveyed little or no sense of urgency. It concluded with a repetition of Peking's standard line implying that China will not provoke a war with the US, asserting that "should US imperialism dare to attack China, it will be courting its doom."

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GENEVA DISARMAMENT TALKS

At the Geneva disarmament talks the major powers seem to have moved no closer to agreement on a nonproliferation treaty. The negotiations now are complicated by the insistence of some of the nonaligned states that the nuclear powers must make concessions if they expect other countries to agree not to acquire nuclear weapons.

India, which usually acts as the voice of the nonaligned at Geneva, has publicly stated that neither the Soviet nor the US draft of a nonproliferation treaty is acceptable. Not only does India oppose "special dispensation" for military alliances in the context of nonproliferation, but its delegate has declared that any treaty acceptable to New Delhi must embody obligations on the part of the nuclear states--such as a freeze on production of nuclear weapons and vehicles.

This demand reflects the growing feeling of insecurity among Indian defense officials in light of the recent Indian-Pakistani difficulties and further development of the Chinese nuclear weapons program. There is now increasing pressure on

the Indian Government to develop its own nuclear weapons. India has been supported by Japan, whose foreign minister has taken the stand that the nuclear powers should not try to prevent non-nuclear powers from obtaining nuclear capability without reducing their own nuclear resources.

Given the special concerns of the nonaligned, Soviet Premier Kosygin's recent proposal to prohibit use of nuclear weapons against nonnuclear states which are parties to the nonproliferation treaty and which do not have nuclear weapons on their territories appears to have been well timed. His ideas quickly won a sympathetic response from the nonaligned, but the West sees in them an obstacle to any nuclear-sharing arrangements in NATO. They also raise the question whether the US and its Allies would be allowed to continue to station nuclear weapons in West Germany.

A Western counterproposal--perhaps one that simply offered assistance from nuclear powers to nonnuclear powers in case of attack--is being considered but no agreed draft has been produced.

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**THE NEW SOVIET FIVE-YEAR PLAN****Table I OVER-ALL INDICATORS**

	Average Annual Percentage Rate of Growth	
	1961-65 (Actual) USSR's	USSR's Figure for 1966-70 (Plan)
NATIONAL INCOME (Marxist concept)*	6.3	6.7 - 7.1
GROSS NATIONAL PRODUCT (Western concept)	4.5	
INDUSTRIAL PRODUCTION		
Gross Value of Output**	8.6	8.4
Net Value Added	6.3	
AGRICULTURAL PRODUCTION		
Gross***	2.2	4.6****
Net	2.3	

\* The official measure excludes the value of services and overstates the contribution of industry by including all indirect taxes.

\*\* Including double counting of raw materials and intermediate products.

\*\*\* Including double counting of livestock products and animal feed.

\*\*\*\* Average annual increase 1966-70 over 1961-65.

**Table II PLANNED RECOVERY of SOVIET INVESTMENT**

	Average Annual Rate of Growth (rounded to nearest 1/2 percent)	
	1961-65 (Actual)	1966-70 (Plan)
Total Gross Fixed Investment	5 1/2	8 1/2
Industry, Transport, and Communications	6 1/2	8
Agriculture	12 1/2	14 1/2
Housing and Consumer Services	1	5

**Table III NEW, MORE REALISTIC 1970 GOALS**

Item	Claimed 1965 Output	New 1970 Goal*	Khrushchev's 1970 Goal**
		midpoint of range when applicable	
Oil (million metric tons)	243	350	390
Electric Power (billion kilowatt-hrs.)	507	845	950
Steel (million metric tons)	91	127	145
Machinery (billion rubles)	60	99	115
Fertilizer (million metric tons)	31	64	77
Plastics and Resins (1,000 metric tons)	821	2,200	5,300
Chemical Fibers (1,000 metric tons)	407	805	1,350
Cement (million metric tons)	72	103	127
Textiles (billion square meters)	7.5	9.7	13.6
Leather footwear (million pairs)	486	620	825
Grain (million metric tons)	121	169	229
Meat (million metric tons)***	9.6	11.8	25

Under the 1966-70 plan.

Under 20-year program outlined in 1961.

\* Actual production estimated at 100 million metric tons of grain and

8.4 million metric tons of meat.

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The Communist World

USSR UNVEILS FAIRLY REALISTIC ECONOMIC PLAN FOR 1966-70

The draft of the new Soviet five-year plan is generally a realistic projection of trends of the recent past, although it includes factors that make its complete accomplishment doubtful. In all instances the new targets for 1970 are substantially reduced from the grandiose goals for 1970 promulgated by Khrushchev in 1961.

The plan is highlighted by an increase of about 40 percent in national income and a 36-percent increase in the real income of consumers--or a 30-percent rise on a per capita basis. Over-all investment is planned to increase by 47 percent over the 1961-65 total.

As in the past, the announced data are not precise enough to give a clear indication of projected trends in defense spending. The most direct reference to defense is a statement on the need to "ensure the further growth of the defense might of the Soviet Union."

A 50-percent increase in industrial output is expected to result from an equivalent percentage increase in industrial investment. This projection is in line with the performance of recent years. In contrast, a 25-percent increase in agricultural production is expected to require about a 95-percent increase in agricultural investment.

The Brezhnev agricultural program--which is retained in its entirety--at least recognizes the high cost of expanding food production in the USSR. Even so, the agricultural goal is probably much higher than can be attained.

Within industry, the production gap between capital and consumer goods is expected to narrow, but heavy industry is still favored for the rest of the 1960s. Large planned increases in the enumerated industrial items appear attainable in light of the projected growth in investment and labor productivity. The so-called progressive industries--electronics, engineering, chemistry, and metallurgy--are singled out for especially rapid development during 1966-70.

The 25-percent increase planned for agriculture is well in excess of the 12-percent rise claimed for 1961-65. This also holds for the projected 30-percent increase in grain production. Soviet statistics on grain production, which US intelligence considers inflated since 1958, show only a seven-percent rise in the past five years.

The USSR apparently is counting heavily on the incentives contained in Brezhnev's agricultural program for 1966-70 to reach its 1970 goals for farm products. Increased yields are stated to be the major factor in this growth, along with a huge

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planned increase of 40-45 percent in agricultural labor productivity. A monthly guaranteed wage for collective farm workers and other steps to improve the relative economic standing of the peasantry are to be primary means for achieving this rise in productivity.

Large increases are planned in the production of consumer durables, including an almost fourfold rise in the output of automobiles, but effective demands for many of these items probably will not be met during the plan period. Even if the automobile target is reached, production in 1970 would still total only about 750,000 units, or less than ten percent of US output last year. The major emphasis in consumer welfare will be to narrow the gap in living standards between the rural and urban population. The incomes of collective farmers, for example, are planned to grow by 35 to 40 percent by 1970, compared with a 20-percent rise projected for nonfarm incomes.

Achievement of the projected increases in the per capita consumption of food products would mean a significant improvement in the Soviet diet. Grain products and potatoes, which now make up about 60 percent of the Soviet citizen's daily caloric intake, are to account for less

than half by 1970. The maximum planned per capita consumption of meat by 1970 is to be almost 100 pounds per year. This would be an impressive increase on a relative basis, but still less than half of current US consumption.

The plan directives speak in generalized terms of the benefits expected from technological progress and the new system of economic management now being introduced into Soviet industry. The regime apparently feels that potential but unmeasurable developments in these fields should be incorporated in planning for the next five years.

The plan draft stresses repeatedly that the decisions of the March agricultural plenum and the September plenum on economic management and administration underlie the achievement of the 1966-70 goals. The reiteration of the continuing importance of these meetings, which are closely associated with Brezhnev and Kosygin respectively, appears to emphasize their political strength as the USSR moves toward its 23rd party congress a little more than a month away. The congress will undoubtedly approve the present draft of the 1966-70 plan with only peripheral adjustments in some of the details.

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## BULGARIAN PREMIER MAY RESIGN FOLLOWING NATIONAL ELECTIONS

Bulgarian party first secretary Todor Zhivkov may give up his other position of prime minister following the proforma national elections on 27 February. Rumors to this effect have persisted since the ouster of Khrushchev and were particularly prevalent immediately following last April's antiregime conspiracy.

The first session of the newly enlarged (416 deputies) National Assembly next month, when the old government formally resigns, would present a convenient occasion for Zhivkov to withdraw gracefully from the premiership. On the other hand, the expected division of party-government leadership could be delayed until after the ninth party congress later this year.

Zhivkov is the only Soviet bloc leader still to hold both the top party and government positions. The 54-year-old leader had said he planned to retain the two positions at least until the elections. Last October he told a visiting New York Times correspondent the party central committee wanted him to keep both jobs, but that it was too much work for one man. He may have held on this long in an effort to promote Bulgaria's new image of self-determination rather than once again be accused of being a Soviet sycophant.

First Deputy Premier Zhivkov, a capable and experienced administrator, is the most likely candidate to replace Todor Zhivkov as prime minister.

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Deputy premiers Stanko Todorov and Pencho Kubadinski are dark horses. Because of the trend toward splitting party-state leadership, members of the party secretariat would seem to be excluded from advancement in the government hierarchy. Additional

leadership reshuffling may occur during 1966 to fill long-standing vacancies created by the death of politburo member Dimitur Ganev and the promotion of former first deputy premier Georgi Traykov.

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#### HUNGARIAN REGIME ATTEMPTS TO BRAKE POPULAR DISCONTENT

The Kadar regime is engaged in a campaign to impress upon the Hungarian population its intention to deal severely with any threat to stability--without, however, discontinuing its tolerance of criticism and differences of opinion.

The regime is using a mixture of frequent announcements of arrests, explanatory editorials, and speeches by prominent officials in an effort to discourage criticism and to brake popular discontent which rose when price increases were announced 19 December in connection with proposed economic reforms. As part of this campaign, the party daily commented on 19 February on the

rearrest over the past year of a number of priests and laymen on charges of conspiracy against the state.

There is no evidence of a drive aimed specifically at the church. Nevertheless, relations with the Vatican have deteriorated because of these arrests.

Former Hungarian citizens, generally urged by the regime to return for visits, have also come under editorial fire and in some cases have been summarily expelled for "incitement."

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### Asia-Africa

#### SUKARNO STRIKES BACK AT INDONESIAN ARMY

President Sukarno this week inflicted a major defeat on the Indonesian Army and now appears to have largely completed the restoration of his former authority.

In a cabinet reshuffle announced on 21 February, General Nasution, leader of the army's anti-Communist political campaign, was removed as defense minister. His other post as chief of the armed forces staff was abolished. The new defense minister is Major General Sarbini, an anti-Communist regarded in the past as loyal to Nasution. Sukarno presumably feels he will be able to exert considerable influence over Sarbini.

The cabinet changes also included replacement of several moderate members by leftists, and the general complexion of the 100-man body has now shifted leftward. Sukarno also abolished the Supreme Operations Command (KOTI) which the army during a brief period several months ago tried to expand into a super-cabinet and which it had continued to use as a channel for

political action. He replaced it with a new organization whose mission will be confined to military operations against Malaysia.

Initial statements by army leaders expressed strong opposition to Sukarno's countermoves. Nasution, however, continues to maintain that a direct confrontation between the army and Sukarno would end in disaster, and the military now seems willing to accept Sukarno's latest actions without a contest.

Following the announcement of 21 February both leftist and anti-Communist students began demonstrating in Djakarta. On 23 February leftist students staged a brief attack on the US Embassy. The following day right-wing students staged a massive demonstration in front of the palace in a futile attempt to prevent the installation of the new cabinet. The army did not connive in this, and for the present appears unwilling to give strong encouragement to its student partisans.

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FAYSAL AND NASIR RESUME CONTACT OVER YEMEN

The Harad peace conference between Yemeni royalists and republicans failed to reconvene on 20 February as scheduled, but the dialogue has been resumed between the rivals' backers, Saudi Arabia's King Faysal, and Egypt's President Nasir.

Both republicans and royalists still seem prepared to resume their talks--recessed in December--although neither side has indicated a readiness to alter previous positions which caused a deadlock. An important reason for the lack of progress is a growing alienation between Nasir and Faysal over the interpretation of their Jidda agreement of last August which outlined the steps for achieving peace in Yemen.

Faysal has also been seeking international support in case the renewed relationship with Nasir breaks down completely. He has sent Prince Sultan to the US to warn of what the Saudis see as a Communist menace in the Red Sea area.

As before the Jidda Agreement, Cairo does not seem to be consulting the present Yemeni Government for suggestions or approval of actions.

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### **ADEN NATIONALISTS MAY BE ABANDONING TERRORISM**

There are increasing signs that the terrorist campaign against British rule in Aden and the South Arabian Federation is being abandoned. Since early last month, when Egypt merged the two chief nationalist groups into a new organization, no terrorist incidents have been reported. London's announcement on 22 February of its intention to abandon the Aden military base in 1968 deprives the Cairo-backed nationalists of their prime cause.

Previously the principal outlets for anti-British activity had been the National Liberation Front (NLF), a terrorist organization, and the People's Socialist Party (PSP), which had stuck to legal political methods. Despite the success of its mounting acts of violence, which led the British to suspend the constitution last September, the NLF had failed to get along with either its Egyptian sponsors or moderate nationalists like the PSP.

The new movement, the Front for the Liberation of Occupied South Yemen (FLOSY), is an attempt by Cairo to bridge the gap between terrorism and political action. FLOSY, in meetings in Cairo, is currently trying to get its organizational structure set. It has already attracted the attention of political groups which

had shunned the NLF. Even dissident tribal leaders and the South Arabian League, whose strength lies in the federation, have observers at these meetings, despite their opinion that FLOSY is more likely to aid Aden alone than the broader based federation.

FLOSY may be preparing to set up a government in exile, although the leadership is in dispute. Former Aden premier Makkawi, whom the British deposed in September, is the natural candidate. The Egyptians, however, apparently prefer Abdulla Asnag, the Adeni labor leader who heads the PSP.

London's evacuation plans were met with initial bitterness in the British-backed federation. Its foreign minister stated, however, that evacuation would give the Federation a basis for a reconciliation with Egypt and with moderate Adeni nationalists like Asnag. The failure of the Asnag group to join recent discussions of constitutional proposals nevertheless suggests that the Adeni nationalists have not yet made up their minds as to whether they want a completely independent Aden or to associate with the federation.

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#### LEFTIST MILITARY FACTION SEIZES POWER IN SYRIAN CAPITAL

A dissident hard-line military faction of Syria's Baath Party seized power in Damascus early on 23 February. The move was led by followers of Major General Salah Jadid, a former army chief of staff who was ousted by more moderate Baath leaders in December.

The military clique proclaimed a curfew, closed Syria's borders, and announced the arrest of Presidential Council Chairman Hafiz and the party's key civilian leaders, including Prime Minister Salah al-Din Bitar. Radio Damascus announced that a new "provisional regional command" of the party would rule until a permanent new command could be established.

The extent of the group's support is still uncertain, however. Radio Aleppo, in the north, announced on 23 February that army units in Aleppo and central Syria had remained loyal to Hafiz and Bitar. The key southwest frontier command also apparently opposed the coup initially. Units there, however, had made no move as of 24 February.

The radicals in Damascus, for their part, claim the loyalty of all important units, and on 24 February Radio Aleppo began stating that northern military units supported the coup although the situation there remains confused. Damascus has announced the appointments of a new chief of staff and a minister of defense. Jadid's role was not clarified. The known leaders of the group are considered radicals, but how far to the left of the socialist Bitar regime they would shift is still uncertain.

The conflict had been building up since December, when the moderates dissolved the Jadid-dominated regional organization of the Baath and appointed Bitar to form a new government. The Jadidists' influence had been further dissipated last week when the regime purged the party's legislative body of its military members.

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#### ARMY OVERTHROWS NKRUMAH REGIME IN GHANA

Ghanaian Army and police officers long opposed to President Nkrumah took advantage of his absence on a trip to Asian Communist capitals to end his radical regime on 24 February. His dis-

missal was announced by Colonel Kotoka, commander of one of the army's two brigades. Ghana's only political party has been disbanded, and other offices and

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institutions abolished, including the cabinet and parliament.

Most of the military--particularly in the capital area--appear to be supporting the coup, including Colonel Ocran, commander of the other brigade. The top army officer, Chief of Defense Staff Aferi, is in Addis Ababa on OAU matters. Nothing has been heard from chief of staff Barwah. The air force and navy commanders were arrested at once, probably for vacillating, and General Hassan, the military intelligence chief believed loyal to Nkrumah, has also been detained.

The initial outlines of the new regime are beginning to take

shape. The coup leaders have recalled General Ankrah--dismissed as deputy defense staff chief by Nkrumah for suspected disloyalty last summer--and have named him commander of the armed forces. They seem generally inclined toward a more moderate regime which will at least be appreciably less hostile to the West than Nkrumah's.

Nkrumah apparently was still unaware of the coup when he arrived in Peking on a flight from Rangoon. He is unlikely to try to return to Ghana immediately in a bid to reverse the coup, but he will surely plot a comeback from wherever he lights.

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#### PRIME MINISTER SEIZES SUPREME POWER IN UGANDA

Prime Minister Obote seized supreme power in Uganda on 22 February in a desperate bid for political survival. His sudden move, executed almost single-handedly, appears to have neutralized all opposition.

Five moderate southern ministers of Obote's own party are under detention in the north. The police are searching for leaders of the opposition parties, but most of them, including President Mutesa, are unaccounted for. To justify his move Obote has charged the arrested ministers with plotting to overthrow him, and he may also claim they received foreign financial aid.

The well-disciplined, apolitical special police who are responsible to the prime minister and commanded by a northerner accounted for Obote's initial success. Next day he ensured control of the faction-ridden army by restoring Chief of Staff Amin to active command.

Obote's increasingly aggressive foes had previously backed him into a corner. Last week the cabinet's moderate majority forced him to agree publicly to court-martial Colonel Amin and to set up an international commission to investigate

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government corruption. These boards would almost certainly have incriminated Obote, Amin, and two other radical northern ministers for pocketing some \$300,000 from the Congolese rebels last year.

Obote and the very few radical cronies in on his plan have set themselves against almost every important element in Uganda politics. Obote can be expected to abolish the cabinet, parliament, and political parties to eliminate the power of the tradi-

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tional southern tribal leaders. He will also try to remove from the scene all influential politicians who might serve as a rallying point for the country's conservative majority.

Obote's regime will almost certainly veer to the left in African and international affairs and probably seek increased military aid from the USSR. The British military attaché has been advised that he is persona non grata. 25X1

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Europe

THE EEC AND THE KENNEDY ROUND

The EEC Council will resume a semblance of normal activity when it meets next week, but indications now are that the community will make only limited and piecemeal advances on its Kennedy Round negotiating position during the next few months.

In a preliminary discussion last week by the permanent representatives of preparations for Kennedy Round negotiations--the first serious one since France's return to the EEC bodies in Brus-

sels--there were signs the French intended to drag their feet. The French representative, for example, rejected a procedural suggestion of the Commission which he argued would imply that the EEC's list of items to be excepted from tariff reductions was negotiable. On another point, the French made it clear that discussions the Commission was authorized to begin on chemicals in the Kennedy Round talks in Geneva could only be "exploratory."

Although the Six agreed in the January "settlement" of the

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crisis that Kennedy Round questions should be taken up concurrently with EEC agricultural financing and regulations for marketing and pricing of individual commodities within the community, it is uncertain whether this will in fact be possible. Both the French and Italians are hesitant about a German suggestion to proceed commodity by commodity in Geneva as the EEC resolves each agricultural regulation, rather than to wait until the community can present an agreed complete agricultural package balancing the individual priorities of the Six. A Luxembourg official has remarked that German pressure for "premature" consideration of Kennedy Round issues might renew or increase tensions with France and thereby result in slower rather than more rapid progress toward community agreement on Kennedy Round offers.

High French officials, meanwhile, have been making statements skeptical of the urgency of "early" tariff reductions and emphasizing the vulnerability of French industry to rapid lowering of tariffs. They have also revived political arguments against the Kennedy Round which were associated with the period preceding the collapse of the UK accession talks in 1963. Thus

In several recent speeches Agriculture Minister Faure has played on the alleged danger to European unity of a weakening of the community's protective external tariff. What is rapidly assuming the proportion of a new French campaign holding out trade liberalization only as a long-term goal is probably due in part to the influence of Michel Debré, the new minister of economy and finance, but it may also correspond to a French desire to appear as the best defender of European interests.

While the EEC wrestles with the problem of meeting Kennedy Round deadlines, there are growing indications of Scandinavian, and possibly even some cautious British, speculation that the time may be approaching when circumstances will favor an application to the Common Market. Although it is not clear that such thinking is related mainly to pessimistic prognoses about the Kennedy Round, several reported statements by Norwegian officials, in particular, indicate that it is skepticism over French intentions which may be spurring a round of "contingency planning."

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### **PREMIER MORO FORMS NEW GOVERNMENT IN ITALY**

Italy's 33-day-old government crisis ended on 22 February with the formation of Christian Democratic Premier Moro's third center-left coalition cabinet. Allocation of subministerial posts is likely to continue through next week, and the new government probably will be invested before 10 March.

Major changes in the new cabinet are the assignment of two posts to members of the right wing of the Christian Democratic Party (CD) and the appointment of former finance minister Tremelloni, a Social Democrat, as minister of defense. Tremelloni replaces Christian Democrat Giulio Andreotti, who becomes minister of industry and commerce. The US Embassy believes Tremelloni's appointment does not presage any changes in Italy's defense policies. Amintore Fanfani, a Christian Democrat, returns as foreign minister.

Tremelloni's appointment satisfies the demand of the CD's principal coalition partners, the Socialists (PSI) and Social Democrats (PSDI), that one of their members be given a key "political" ministry. The PSI also received an additional full ministry (Foreign Commerce). In return the CD won representation--for the first time--for all its

factions in the government. The deadlock over right-wing leader Mario Scelba's demand for a cabinet post was broken when Scelba was given presidency of the CD national council and the lay partners accepted members of his faction in the Agriculture and Transport posts.

The new government's program gives priority to parliamentary action on the five-year economic plan, establishment of additional regional governments, school reform, and urban legislation. Controversial elements of the program will be difficult to put through, as in the past.

Several coalition leaders reportedly believe the new Moro government will be more stable now that all CD factions are represented. However, the disunity within the CD party which produced the crisis has only been papered over, and intraparty power struggles are likely to continue to plague the coalition. In particular, Fanfani can be expected to seek new opportunities to wrest the premiership from Moro. The fear of some CD leaders that their party's dominance will be weakened by the impending reunification of the PSI and PSDI is also likely to be a source of further trouble between the coalition partners.

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## AUSTRIA'S NATIONAL ELECTIONS

Austrian parliamentary elections scheduled for 6 March could result in important changes in the modus operandi of the coalition of the People's and Socialist parties which has ruled since World War II.

The centrist People's Party, which represents the farm vote and private business, believes it may win two additional seats (see chart) and thus establish itself as the majority party. People's Party Chancellor Klaus says that his party in this event would not abruptly terminate the partnership with the Socialists but would take incisive steps to end the government inaction of recent years. He believes that a People's Party majority would permit greater legislative initiative and decision and result in an attack on certain problems which the coalition has so far been unable to handle. Stimulation of production and curtailment of inflation would probably be among the targets.

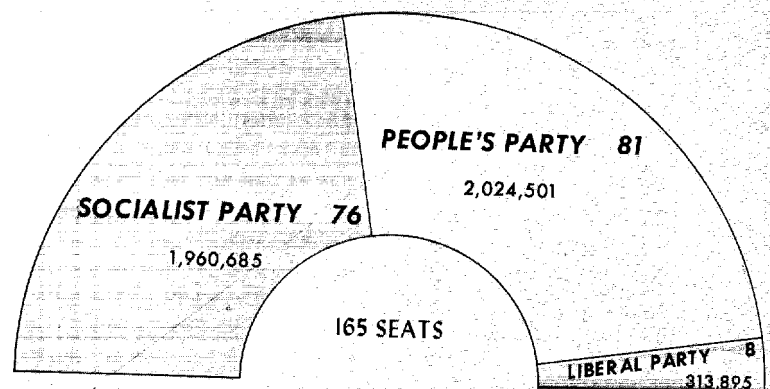
The Socialists stress that, if they win a majority, they too will maintain the coalition. They intend to keep it operating approximately as it has been for the past 21 years. However to emphasize the dangers of change, they raise the specter of 1934, the year of Austria's civil war, when the predecessor of the People's Party ordered machine guns used against Socialist civilians.

The Socialists are concerned that they may be weakened in the election by the loss of popular labor leader Franz Olah, who has established an independent political party. To counter Olah's inroads, the Socialists are expected to pick up a substantial number of votes from the Communist Party, which for the first time in a parliamentary election has ordered its members to vote Socialist in 24 of Austria's 25 voting districts. The Communists, who normally poll 3 percent of the total Austrian vote but are unrepresented in parliament, hope Socialists will reciprocate by helping them to elect Communist secretary general Muhri in the 25th district. Communist support gave the Socialists their margin of victory in last May's closely contested presidential election.

**AUSTRIAN NATIONALRAT**

LOWER HOUSE

VOTES-1962 ELECTIONS



*The Communist Party's 135,520 votes were insufficient to give it representation in the House.*

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Austria's Liberal Party, predominantly a pan-German grouping, is expected to lose seats in the 6 March elections.

Whatever the election results, Austrian foreign policy

is not expected to undergo any immediate change. Austria's continuing drive to win association with the EEC and its attempt to improve relations with Eastern Europe both have bipartisan support.

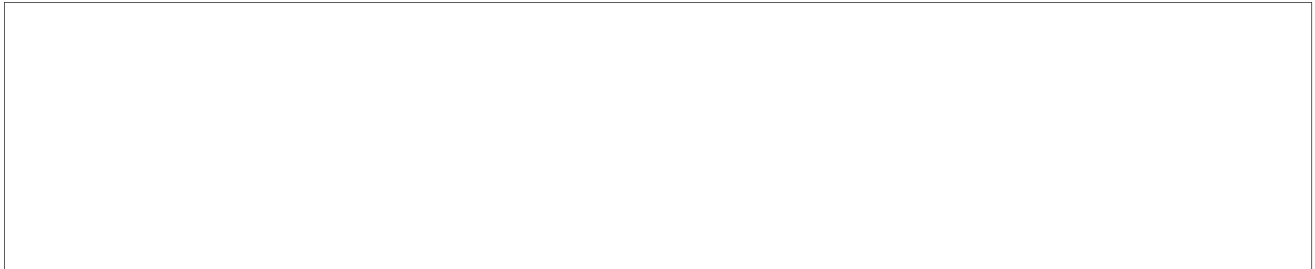
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#### DEATH OF COLOMBIAN GUERRILLA LEADER MAY REDUCE TERRORISM

The death of ex-priest Camilo Torres on 15 February, while participating in an ambush of a Colombian Army patrol by the Army of National Liberation (ELN), will probably weaken the ELN's capacity for carrying out armed guerrilla action. Torres, as the only figure with prestige in the ELN, had been expected to attract support for the guerrilla movement. About seven other ELN members were killed in this clash and another the following day.

These clashes coincide with an outbreak of small-scale guer-

rilla actions in northern Colombia, which have been attributed, but without confirmation, to the ELN. They are the first following a year's silence after the raid on Simacota in January 1965.

Public reaction to Torres' death has, so far, been limited to noisy but small-scale student demonstrations in Bogota, Medellin, and Bucaramanga. Future demonstrations are not likely to be serious.

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### SOVIET ACTIVITIES IN CHILE

After the Chilean presidential elections in 1964, the new Frei administration made it known that Chile was not to be isolated politically or commercially from the Communist bloc. In order to dramatize this "independent foreign policy," it restored full diplomatic relations with the Soviet Union, Hungary, Poland, Czechoslovakia, and Rumania. In recent months, in response to Chilean initiative, the USSR has offered credits for Chilean purchases of machinery and equipment in competition with US offers through the Alliance for Progress.

Soviet efforts to bring about a thaw in the relations between the Communist Party of Chile (PCCh) and the Chilean Government were highlighted in October 1965 when Moscow sent a high-level delegation to Chile to attend the party's 13th National Congress. This delegation, led by presidium member Andrei Kirilenko, was the highest level Soviet delegation ever to visit a Latin Ameri-

can country other than Cuba. Kirilenko sounded strong approval of the PCCh doctrine of "via pacifica"--the peaceful way to power --and endorsed the PCCh's position of cooperation with the Frei government on matters of mutual concern.

The USSR had already displayed some interest in commercial ties with Chile, but its small efforts yielded little. In October, however, the USSR took part in the Santiago International Trade Fair. Its exhibit reportedly was the most impressive there and drew immediate orders for a million dollars' worth of machine tools and agricultural equipment.

The USSR and Chile are also cooperating in the field of science. They have collaborated in the establishment of one of the world's largest astronomical observatories on a mountain between Valparaiso and Santiago, and both Soviet and Chilean scientists will be taking part in its activities.

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