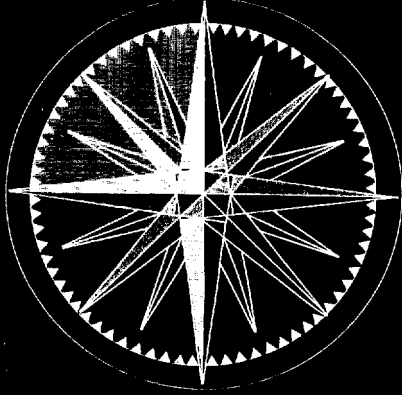


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3 June 1966

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WEEKLY SUMMARY

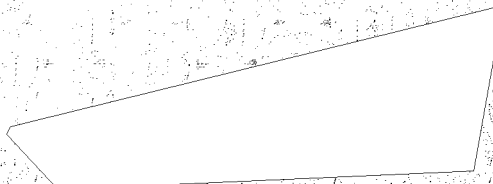
State Dept. review completed.

NAVY review completed.

ARMY Review Completed

CENTRAL INTELLIGENCE AGENCY DIRECTORATE OF INTELLIGENCE

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(Information as of noon EDT, 2 June 1966)

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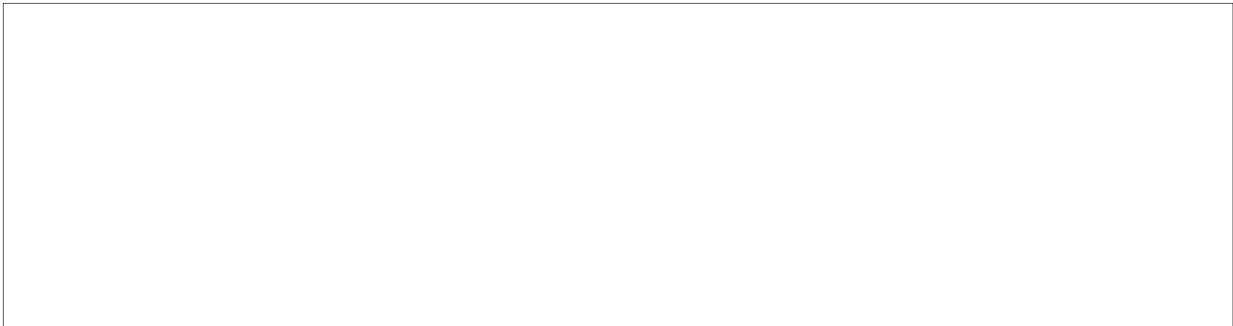
Finland's new left-of-center government faces an uncertain future, even with a three-fourths majority in parliament, because of the disparate political interests represented in the four-party coalition and the lack of agreement on basic economic problems.

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17

Easing of the snarl over payment requirements for Zambian copper has improved the atmosphere for the second round of British-Rhodesian exploratory talks, now under way in Salisbury.

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Some of the impetus behind his swift and harsh moves against the plotters seems to stem from a belief that Belgium was implicated.

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By exacerbating Nigeria's ethnic and regional divisions, the disturbances will leave scars which will impede the Ironsi regime's efforts to forge a tighter national unity.

Western Hemisphere

MEETING ON OAS CHARTER REVISION 21
A meeting this month will consider charter amendments which, in the form developed earlier this year by Latin American delegates, would, in effect, obligate the US by treaty to provide aid and eliminate trade barriers.

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CANDIDATES CHOSEN FOR BOLIVIAN ELECTIONS 23
Seven groups say they intend to run candidates for Congress in the 3 July elections, and two have nominees to oppose Rene Barrientos for the presidency. Since all expect Barrientos to win, the real race is for Congress.

VELASCO CONTINUES EFFORT TO REGAIN ECUADOREAN PRESIDENCY 23
His followers have "nominated" him and prefer a direct presidential election rather than election of a constituent assembly which the government now plans. If their wish is denied, they may attempt a violent grab for power.

URUGUAYAN CONSTITUTIONAL REFORM 24
The popular will for reform--particularly of the cumbersome plural executive--is great, and without reform political stability could be jeopardized. The politicians, however, so far have been unwilling to develop a bipartisan package, the only kind likely to win majority approval.

THE DOMINICAN ELECTIONS 26
The general elections on 1 June were unmarred by fraud or violence, according to all reports. Results announced as of noon of 2 June--based on about a third of the expected vote--gave Joaquin Balaguer a commanding lead.

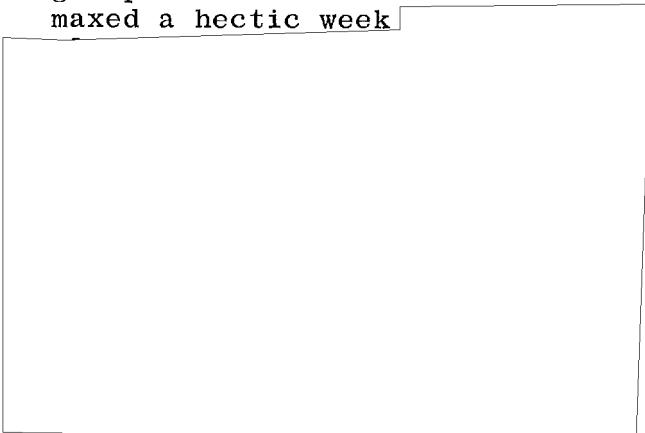
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Far East

VIETNAM

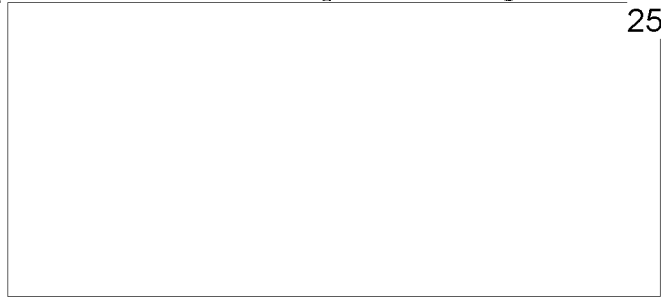
An announcement that South Vietnam's government executive group will be modified has climaxed a hectic week



eminence by careful selection of civilian additions, who at the same time will probably satisfy general aspirations in non-Buddhist quarters for some kind of "change" in the present regime.

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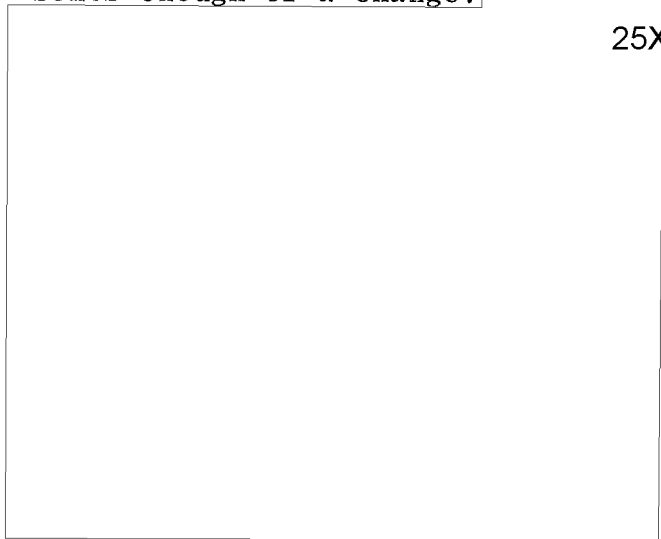
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Following two days of exploratory talks with both militant and moderate Buddhists and a temporary cessation of agitation in Saigon, the government announced on 1 June that the present ten-man military Directorate would be enlarged within five days to include ten civilian representatives of mass organizations and political and religious groups. A 150-man "Armed Forces - Peoples' Congress," with advisory responsibilities, will also be created by 19 June.

Buddhist leaders thus far have generally voiced no opposition to the government's announced revision, but are in some disagreement over whether it represents enough of a change.

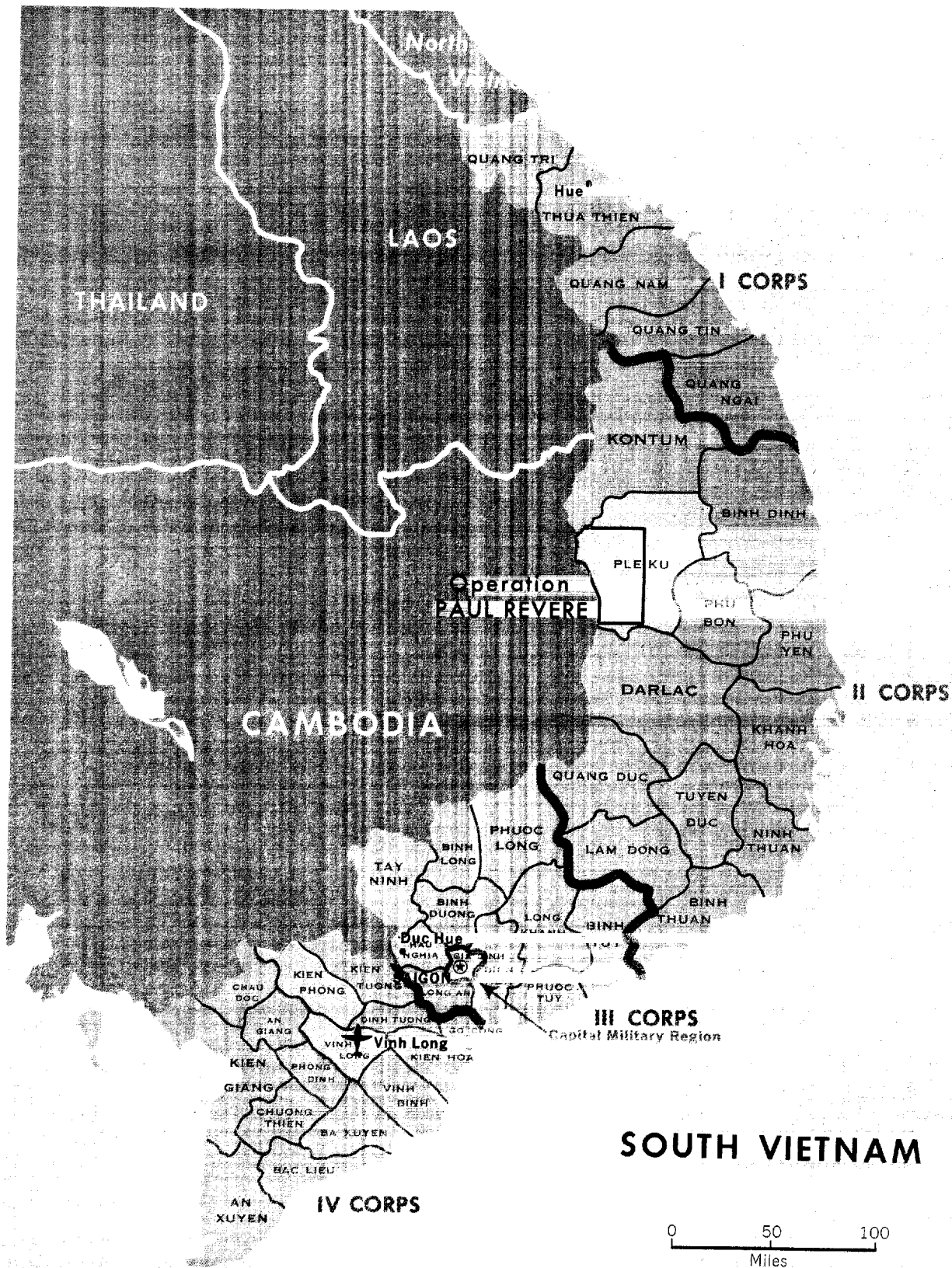
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The decision to effect these revisions probably stems from a number of assessments by government leaders. The military leaders will most likely be able to ensure their continued pre-

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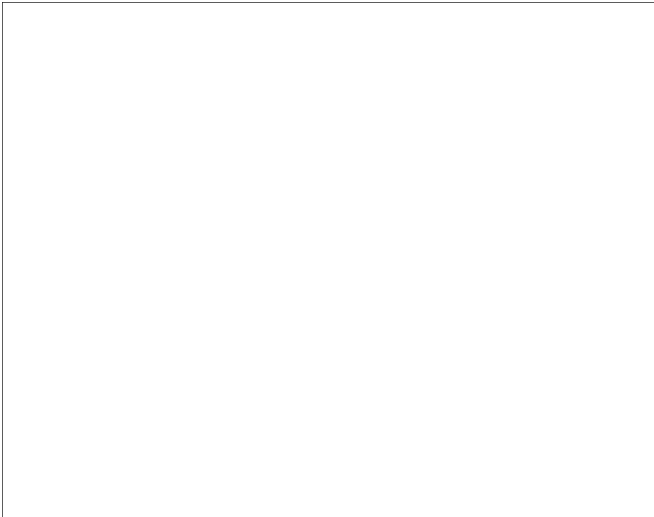


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In I Corps during the week, the government once again revamped its leadership, and dissident generals Thi and Dinh began to waver in their support of the struggle movement after talks with government leaders. However, the temporary absence of any responsible local authority in Hue created a state of near anarchy in which militant students and other undisciplined elements freely committed random acts of violence, including the burning of the vacant US Consulate. Saigon troops thus far have not been used to restore order in Hue, although alternative measures may be rapidly running out.

Military Developments

Military activity in South Vietnam remained at a relatively high level for the second consecutive week. The heaviest fighting took place in Pleiku Province as elements of Operation

PAUL REVERE engaged multibattalic^{25X1} forces of Viet Cong and North Vietnamese on 28-29 May. PAUL REVERE is a 60-day sweep operation designed to disrupt Communist preparations for rainy-season attacks in the central highlands. Since its initiation on 9 May, 357 Viet Cong have been killed and 14 captured.

Enemy activity was highlighted by two battalion-size attacks in provinces west of Saigon. On 26 May an estimated two Communist battalions attacked a post in Kien Phong Province, killing 51 Vietnamese and wounding 63. Communist losses were 20 killed. On 27 May an estimated two Viet Cong battalions attacked Doc Hue in Hau Nghai Province, killing eleven persons. The Communists also mortared Vinh Long Airfield and harassed commercial shipping in the main channel leading to Saigon. Two ships were damaged by underwater mines while in transit to Saigon, and mines were found attached to another merchant ship in the area.

Hanoi's Support of Viet Cong

Earlier reports of stepped-up infiltration into South Vietnam during the first four months of this year are beginning to be accepted in official USMACV estimates. MACV now estimates that as many as 19,000 men may have infiltrated into South Vietnam between January and April this

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year.. Some 7,000 of these are in the confirmed or probable category, and the rest are carried as possible. This rate is considerably higher than last year when the confirmed total for the whole year was 19,000-20,000.

Vietnamese Communist propagandists were active this week

in attempting to stiffen Viet Cong morale. In a series of articles both Hanoi and Liberation Radio claimed that the Viet Cong increased both their political strength and their military potential during the past "dry season." The articles predicted that this build-up would contribute to even greater Communist military achievements in the forthcoming rainy season. [REDACTED]

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PROGRESS TOWARD INDONESIAN-MALAYSIAN SETTLEMENT

Indonesia and Malaysia have apparently reached general agreement on means to end their three-year-old dispute.

Indonesian Foreign Minister Malik and Malaysian Deputy Prime Minister Razak announced at the end of their Bangkok talks on 31 May that agreement, subject to ratification by their governments, had been reached on "principles upon which practical steps to restore friendly relations should be based." The agreement reached reportedly provides for establishing diplomatic relations, some form of determination of Sabah's and Sarawak's desire to remain within the Malaysian federation, and the "immediate" cessation of hostilities.

While this general agreement is a significant step toward

a rapprochement, arrangements for its implementation have yet to be made. Malik told reporters after the talks that diplomatic relations would come "in due course" but emphasized that further talks would have to be held. It appears likely that a perhaps extended period of negotiation will be necessary before the proposed settlement can be completed.

On 31 May Manila announced its intention to establish full diplomatic relations with Malaysia on 3 June. The Philippine Government had delayed this move for several months in the face of Indonesian pressure. [REDACTED]

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CAMBODIANS INCREASINGLY DISSATISFIED WITH SIHANOUK

There are indications that anti-Sihanouk sentiment in Phnom Penh may be reaching serious proportions.

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[REDACTED]

dissatisfaction with his policies has become more pronounced among the Phnom Penh elite in recent months as the country's fragile economic situation continues to deteriorate. Misgivings about the wisdom of Sihanouk's economic policies have been aggravated by indications that the 1966 rice exports, Cambodia's major source of income, will be substantially below the level of past years apparently as a result of a poor harvest and the government's mismanagement of traditional marketing procedures.

There are some indications that an illicit outflow of rice to the Viet Cong is also having an effect on the amount of rice available to the government for export. Although the quantity of rice which the Communists are purchasing from Cambodian sources this year--probably between 20,000 and 30,000 tons--is small in comparison with the 500,000 tons which Cambodia normally exports, there is a possibility that Chinese middlemen are withholding rice from the government purchasing agency in the expectation of

making greater profits by future sales to the Viet Cong.

Sihanouk's difficulties with the Phnom Penh elite are based on more than economic problems, however. There appears to be widespread sentiment among the royal family, high-ranking politicians, and military leaders that Sihanouk's arbitrary exercise of power, capricious meddling in everyday affairs, and intemperate foreign policy statements must be curbed. Their grievances have been aggravated in recent months by the arrest of several left- and right-wing political figures and by stepped-up fighting along the Thai border, which apparently has been a source of increasing concern to the military leadership.

These groups have long been at odds with Sihanouk's policies, particularly those associated with the renunciation of US aid in late 1963. At the same time, they have not considered moving against him because of their vested interest in the status quo, their lack of leadership, and their inability to match Sihanouk's power base among the Cambodian people. Sihanouk's decision to cancel a long-planned European trip--at least partially in response to the signs of restiveness--suggests that this time the situation may be different.

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LEADERSHIP STRUGGLE IN PEKING

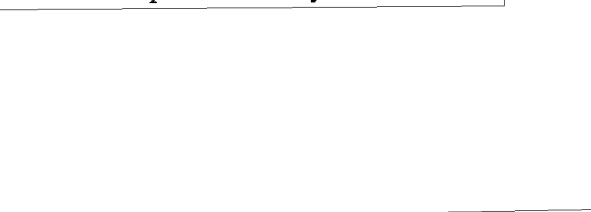
A shake-up of Mao Tse-tung's inner circle of advisers appears to be taking place. Mao's own position appears secure. His grip probably was loosened for a time during his prolonged absence from public view, but he appeared to be healthy and alert in movies taken in early May.

Peng Chen, sixth in the Chinese Communist power structure, seems to have been the victim of a power play engineered by his old party rival, Teng Hsiao-ping. Peng's removal would strengthen Teng's position and perhaps weaken that of Liu Shao-chi, who has been nominally second in the party since at least 1945. It is even possible that the highly militant and vigorous Teng has supplanted the colorless Liu as Mao's chosen successor.

Chou En-lai--China's Mikoyan in terms of flexibility--appears thus far to have managed to stay aloof from the fray. He is a useful technician and as such has a good chance to survive regardless of the final outcome. Contrary to Western press speculation, Defense Minister Lin Piao probably is not a contender. His name is often used to reinforce Mao's authority, but he has been chronically ill for nearly 30 years and

probably does not aspire to the top slot.

The reluctance so far to name important figures indicates that the shake-up is still in progress and that more revelations are due. A number of key officials who have been out of public view for many months may also have been casualties of the struggle. They include Lu Ting-yi, director of the propaganda department of the central committee; Yang Shang-kun, Mao's personal link to the secretariat; Yang Yung, commander of the Peking Military Command; and Lo Jui-ching, army chief of staff and a top security official.



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Attacks on "antiparty elements" at first focused on writers and officials belonging to Peng Chen's apparatus in the Peking municipality. On 26 May, however, Liberation Army Journal, which has been spearheading the attacks, pointed an accusing finger at one of Lu Tung-yi's deputies in the Propaganda Department and at certain other "muddleheaded" high officials. In the past week or

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so a campaign has been developing to unmask unnamed "authorities" who have dared ridicule claims that Mao's political tracts have great practical value. Two who have made such claims, a melon peddler and a pingpong player, now are being presented as Maoist folk heroes. Liberation Army Journal on 27 May promised a "fight to the bitter end against anyone who strikes at Mao's thinking regardless of how powerful he may be, how high his position is, how famous, or how strong a backer he has."

The attacks were broadened further on 27 May when "anti-party" charges were leveled for the first time against a provincial official. A vice governor of Shantung was accused of operating a "black branch" of the "black store" run by the group of conspirators in the Peking city apparatus. This could be a signal for attacks on higher officials in Shantung or in other provinces.

The initiative taken by Liberation Army Journal in launching attacks, and the secondary--and at times opposing--position taken by People's Daily and Red Flag are evidence that factions in the leadership have been in dispute. A major charge against Peng Chen has

been that the journals of his municipal party committee refused to accept a "correct" dictum laid down by Liberation Army Journal on 29 November 1965 that the play "Dismissal of Hai Jui" was a "big poisonous weed." Although the parallel has not yet been publicly drawn, People's Daily and Red Flag--both organs of the central committee--took the "wrong" line of the Peking city journals, failing to label the play a poisonous weed until April.

The record of these newspapers implies Mao has been standing above the struggle while the acting party leader--who would be Liu Shao-chi during Mao's absence--has been under attack by someone who controls the Liberation Army Journal. The journal is published by the army's General Political Department, which is directly subordinate to the party secretariat headed by Teng Hsiao-ping.

Since April both People's Daily and Red Flag have fallen in line with the army paper, a sign that Mao is again exercising a unifying influence. The army paper continues to spearhead some attacks, however, suggesting that its backers still have unattained objectives.

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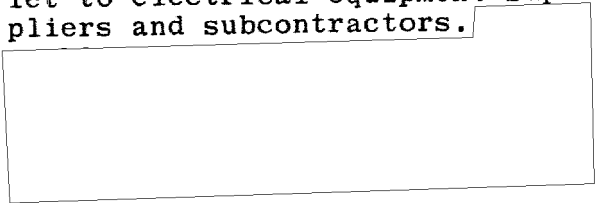
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CHINESE DEALS FOR WESTERN STEEL PLANT EQUIPMENT

Chinese Communist trade delegations are in the process of negotiating or closing a number of steel plant purchases in the industrial West.

Negotiations continue on a \$150-million hot and cold steel rolling mill offered to Communist China by a West European consortium. As the consortium's proposal to China now stands, West German general contractors would receive about \$73 million in contracts, Belgian firms about \$48 million, and French companies

about \$33 million. An additional \$18 million in contracts will be let to electrical equipment suppliers and subcontractors.



Apart from the consortium deal, China recently has purchased about \$36 million worth of other steel plant facilities, including a pipe mill, a wire plant, an oxygen converter steel plant, a small rolling mill, and a steel processing plant. Peking is also considering as many as five additional offers of steel plant components from Western or Japanese suppliers. Chinese approval appears imminent for a \$17-million extrusion and stainless-steel tube plant to be built by a British - West German group.

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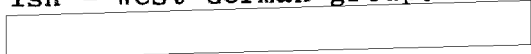
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CHINESE COMMUNIST NEGOTIATIONS FOR STEEL PLANTS

CONTRACTS SIGNED			
COUNTRIES	FIRMS INVOLVED	TYPE PLANT	AMOUNT OF CREDIT (million dollars)
West Germany	Schloemann	Rolling mill	12.0
	Otto Wolff	Steel related	3.0
Austria	Voest	Oxygen converter steel plant	13.0
Japan	Kobe Steel	Wire plant	5.0
Italy	Innocenti	Pipe mill	(not available)

OFFERS MADE OR UNDER NEGOTIATION

West Germany, Belgium, & France	Demag Consortium	Hot and cold rolling mill	150.0
West Germany	Schloemann	Extrusion and tube	16.0
West Germany and UK	Mannesmann-Loewy	Extrusion and tube	17.0
West Germany	Krupp	Rolling mill	(not available)
UK	Formen Norton	Hot strip mill	(not available)
Japan	Daido Steel	Stainless plant	(not available)



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CROP PROSPECTS IN CHINA AND NORTH VIETNAM

The regimes in both Peking and Hanoi seem to be facing poor crop prospects again this year.

As of early May the outlook for the harvest of Communist China's winter grains was not auspicious. About half of the early grain harvest comes from the early rice crop, which seems to have been planted under favorable conditions. Nevertheless the total early grain harvest is unlikely to exceed the mediocre level of 1965.

China's wheat import requirements in 1966 will, it is estimated, be at least 6 million tons--4.5 million of which have been purchased. The tight world

wheat situation may make it difficult for China to procure the full 6 million, although a good Soviet wheat crop (see next article) would ease the situation.

North Vietnam's spring rice crop, which normally constitutes about a third of its annual rice harvest, does not look good as of now. Sown acreage is below normal, and drought, insect damage, and the added burden of the war effort have had an adverse effect on production. The regime has issued instructions to plant subsidiary crops and vegetables in areas that were to have been sown to rice. The success of these efforts is not known.

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Europe

HARVEST OUTLOOK IN USSR AND EASTERN EUROPE

In contrast to the poor crop prospects in China and North Vietnam (see preceding article), the outlook in the USSR and Eastern Europe is favorable.

Soviet crop development has been helped by an early spring in the European USSR and abundant moisture supplies in the major winter grain areas. Rain has retarded spring sowing in the New Lands, but sowing in the European USSR has proceeded at a record pace in these early weeks. Current crop prospects suggest that the sizable imports of grain required in 1963 and

1965 will not be necessary this year.

In Eastern Europe, winter grain prospects have improved substantially since early March, and the outlook for spring-planted grains, early vegetables, and root crops is also good. Here too, early (spring weather and good soil moisture have been conducive to timely planting and growth of spring crops in most countries. East European grain import needs, however, are likely to remain near the 1965 level of 9 million tons, with the free world supplying about two thirds.

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SECRET**BALKAN COUNTRIES INCREASE COOPERATION**

The Balkan countries, traditionally hostile, have made marked strides in regional cooperation during the past year. The need to expand trade and the increased freedom afforded by the loosening of post - World War II political alliances probably account in large part for the more amicable relationships that are developing.

This development also reflects the Communist countries' desire to find a means to promote their nationalist aspirations and thus to loosen somewhat their ties to Moscow. Yugoslavia and Rumania have expanded bilateral ties in consonance with their "national Communist outlook," while Bulgaria's more friendly disposition toward its neighbors reflects in part the

HIGH-LEVEL VISITS BETWEEN BALKAN LEADERS**TO BULGARIA**

13 Feb Rumanian party chief Ceausescu and Premier Maurer
 3 May Rumanian Minister of Chemical Industry Scarlat
 5 May President Minchev of Yugoslav Macedonia
 17 May Vice-President Todorovic of Yugoslavia's Federal Assembly
 22 May Rumanian Minister of Light Industry Sencovici

TO GREECE

20 Mar Bulgarian Minister of Culture Matev

TO RUMANIA

4 Mar Yugoslav Federal Executive Vice President Kraiger
 5 Mar Greek Minister of Social Welfare Galinas
 18 Apr Yugoslav President Tito
 23 Apr Bulgarian Deputy Premier Todorov
 9 May Bulgarian Foreign Minister Bashev

TO TURKEY

Late Proposed visit of Rumanian Premier Maurer
 July
 Aug Proposed visit of Bulgarian Foreign Minister Bashev

TO YUGOSLAVIA

5 Apr Rumanian Minister of Foreign Trade Cloara
 10 Apr Bulgarian Foreign Minister Bashev
 17 May Bulgarian Defense Minister Dzhurov

see

increasing influence of the nationalist faction of the Bulgarian party. In their efforts to expand their foreign relations all have reasserted their historic preference for bilateral ties in contrast to the multilateralism once imposed by Moscow. The Communist Balkan countries apparently seek to show that they can coexist with their non-Communist neighbors.

Trade has increased, new transportation arrangements have been worked out, and a coordinated approach to tourism developed. Most Balkan countries also have relaxed visa requirements for intra-Balkan travel. Greece and Albania recently negotiated a preliminary trade agreement, despite the fact that they remain technically at war.

Cultural exchanges also have been stepped up sharply over the past year. Bulgaria and Rumania, for example, have provided sites for Balkan friendship meetings, conferences of Adriatic scholars, a regional film festival, and a Balkan students' meeting. Sofia alone held four different types of Balkan meetings last month. In addition, most Balkan governments have agreed to an exchange of publications even though this raises some thorny problems.

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In the political sector, Albania, long isolated, has raised the level of its mission in Turkey to an embassy. Sofia and Ankara will follow suit in the near future. Numerous exchange visits of Balkan mayors and parliamentary groups have been arranged over the past year. In addition, several high-level visits between Balkan leaders (see inset) have been held in recent months, and Yugoslavia

has suggested convening a meeting of Balkan parliamentarians.

Given the sharp ideological differences between the Communist Balkan countries and a certain political instability in Greece and Turkey, it remains to be seen how far this regional cooperation will be extended. Most Balkan leaders, however, will probably continue working toward this goal.

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SELF-ASSERTIVE BREZHNEV REAFFIRMS PRIORITY OF AGRICULTURE

A continuing priority for agriculture was affirmed by the CPSU central committee plenum which met in Moscow last week. The plenum was chiefly exhortative, however, and defined only a few new concrete measures to improve agriculture. Soviet press treatment of the plenum served to underscore Brezhnev's pre-eminence and together with his speech demonstrated that he, like Khrushchev, regards agriculture as his special province.

Brezhnev was far more self-assertive in his speech than heretofore. His manner of summing up the debate and commenting on the various speeches and his frequent use of the personal pronoun were suggestive of Khrushchev's style.

This note of self-confidence also appeared in his criticism of the Azerbaydzhan and Uzbek republic party organizations. He also criticized a number of industrial ministers for remaining silent instead of asking to report on how they planned to implement the plenum's decisions. Such criticism suggested that there may have been some opposition within the regime to the emphasis being given to agriculture.

An accelerated program for irrigation and land reclamation is now planned after 1970. Total improved land area in the USSR by 1975 is planned to be 91-96

million acres as opposed to 37 million today.

The current five-year plan calls for irrigation and draining of 21-24 million acres by 1970. It will be difficult for the USSR to achieve these goals despite Brezhnev's description of the program as "minimal" and "cautious."

The ten-year program also envisages measures to combat erosion, laws on allocation of land for industrial, construction, and other purposes, and laws on land and water utilization.

The figures given at the plenum for supply of equipment to agriculture by 1970 and for investment in agriculture during this period are consistent with those announced by Brezhnev in March of last year--a program which the recent plenum endorsed. Fifteen billion rubles have been allocated for land reclamation and improvement during the next five years.

The responsibility of defining measures to implement the ten-year goals was left to the USSR State Planning Commission and to the appropriate ministries and scientific bodies and republic governmental organs. These bodies are to submit 10- to 15-year proposals for furthering more rational land use before 1 January 1969 to the central committee and to the USSR Council of Ministers.

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SOVIETS RE-EVALUATING THINKING ON NUCLEAR WAR CONSEQUENCES

A public re-evaluation of military doctrine on the consequences of nuclear war has been initiated by influential Soviet military figures. The focus of this critical scrutiny is the view--which gained acceptance under Khrushchev--that nuclear war is in all circumstances an undesirable instrument of national policy. The proponents of a new look appear to believe that current positions limit the flexibility of Soviet policy and promote an attitude of defeatism.

The first entry in the public record was made last fall by a medium-rank military expert on the interrelation on war and politics. He denounced the view that nuclear war represents an unacceptable strategic option and that it could not serve as an instrument of politics. He argued that to deny the possibility of victory in such a war was incorrect theoretically and dangerous politically, leading to "moral disarmament...fatalism, and passivity." These views, he contended, also ignored the possibility of achieving victory when circumstances--such as development of counterweapons--would reduce the unfavorable consequences of war.

More recently Marshal Sokolovsky and Major General Cherednichenko, military strategists and strong advocates of nuclear weaponry, also cited the need for a further study of strategy in order to reinforce the USSR's defensive capability. Although the authors recognized anew that

"unprecedented destruction" would result from a world nuclear war, they injected the optimistic view that a surprise attack on the USSR could be prevented.

This view was given added authority in a speech at the 23rd Party Congress in April by General Yepishev (chief of the political administration of the armed forces) calling for intensified study of the problem "of war and peace as connected... particularly with the nature of a possible thermonuclear war." Yepishev scored "incorrect and confused" opinions which permitted "extremes" in the interpretation of the possible consequences of the use of nuclear weapons. He concluded that the Soviet people and military cadres required a better education "in a spirit of optimism, a firm belief in their own strength and in the inevitable defeat of any aggressor."

It is evident that one of the "extremes" Yepishev had in mind is the view that nuclear war is too horrible to contemplate and that he believes that doctrines which rest on this assumption weaken the fiber of the Soviet population in general and that of the Soviet military forces in particular.

The aim of these military spokesmen seems to be a more flexible doctrinal position permitting the use of, or threats to use, Soviet military power to achieve national objectives.

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PLANS FOR WEST-EAST GERMAN CONTACTS MOVE FORWARD

Further progress has been made in arranging for an exchange of speakers between the West German Socialists and the East German Communists. The two sides are agreed on dates, locations, and press and television coverage for these addresses. The major remaining issue to be settled is the matter of "safe conduct" for East German participants.

Representatives of the West German Social Democratic party (SPD) and the East German Communist party (SED) last week set 14 July as the date for the appearance of SPD Chairman Brandt and his two deputies before an audience at the East German city of Chemnitz. The East German representatives--not yet named--are scheduled to speak in Hanover a week later.

The problem of "safe conduct" arises from West German laws which hold East German leaders accountable for such actions as orders to shoot persons attempting to flee. The Communists are balking at any temporary immunity and are insisting on repeal of West German laws which "discriminate against East German citizens."

A further complicating factor is an unexpected invitation from SED boss Ulbricht to the SPD to secret, high-level talks on "disarmament and peace" questions. It is unlikely that the East Germans expect an acceptance. The invitation may have been is-

sued simply to sow dissension among and within the West German parties.

Meanwhile, the West Berlin government is trying again to interest the East Germans in replacing the West Berlin pass agreement which expires on 30 June with a long-term, liberalized pact. City officials will propose a one-year agreement covering four holiday visiting periods of 16 rather than 14 days each as at present. They also will seek approval for visits to cemeteries within and just beyond the limits of East Berlin, and a broadening of the categories of those eligible for special hardship passes.

Still more ambitious is the desire of West Berlin leaders to explore prospects for their citizens to visit East Germany as well as East Berlin. Although this would pose certain legal and jurisdictional problems, US officials are willing to go along with a West Berlin attempt to deal with the East Germans on this matter.

West Berlin authorities probably would settle for considerably less than they will ask. In previous negotiations, the East Germans have taken an increasingly tough stand in negotiating even short-term arrangements for the passage of West Berliners through the Wall.

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FINLAND'S NEW GOVERNMENT

Finland's new left-of-center government faces an uncertain future, even with a three-fourths majority in parliament, because of the disparate political interests represented in the four-party coalition and the lack of agreement on basic economic problems. The government, formed on 26 May, is composed of the Social Democratic Party (SDP), which won a plurality in the March elections, plus President Kekkonen's Center (Agrarian) Party, the Communist-front SKDL party, and a Social Democratic splinter group.

The parties are in general accord on foreign policy, especially the need to maintain friendly relations with Moscow. However, the farmer-oriented Center Party and the labor-oriented Social Democrats and Communists have widely divergent views on domestic economic issues that are likely to lead to contention in the government. In addition, there are factions in the Center and Social Democratic parties bitterly hostile to the Communists and unreconciled to cabinet cooperation with them.

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After almost two months of negotiations, presided over by Paasio, formation of the so-called "big three" government was in doubt up to the last minute. The visit this week of Secretary Rusk and Premier Ko-

sygin's scheduled arrival in mid-June prompted President Kekkonen to press for a speedy solution.

The Communists, excluded from the government since 1948, scored a major breakthrough by gaining cabinet representation. Social Democratic leaders minimize the risk of their participation, maintaining that it is necessary to make the SKDL share responsibility for the hard decisions which Finland's budgetary problems will require. The SKDL's awareness that it is in the government on sufferance, and the fact that it was assigned only three minor cabinet posts may serve, initially at least, to inhibit any disruptive tendencies the party may have.

The SKDL can be expected to use its position in the government to oppose any moves to develop closer relations with the West, such as arrangements between Finland and the EEC. It can also be expected to advocate measures at variance with the interests of NATO members Norway and Denmark.

The emergence of the Finnish Communists as partners in the new government will command the attention of many Western European socialist parties whose leaders are faced with increasing defections by their left-wing elements. The most immediate impact may be felt in Sweden, where there is some sentiment to follow the Finnish example.

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Middle East - Africa

SENATORIAL ELECTIONS IN TURKEY

Political circles in Ankara view the 5 June Turkish senatorial elections as an unofficial referendum. It will be the first opportunity for voters to judge the performance of the seven-month-old Justice Party (JP) government headed by Prime Minister Demirel. The vote will also test public attitudes toward the obstructionist tactics of the major opposition group, the Republican Peoples Party (RPP), headed by former prime minister Inonu.

The elections involve a third of the 150 elective seats in the senate, which plays only a secondary role in the Turkish legislative process. The JP may lose a few seats, largely because of changes made in the electoral law by the Inonu government. The RPP, however, can be expected to use any such result to claim that the public has lost confidence in the Demirel regime, and may even call for a new coalition to replace the single party government. During the campaign, the RPP, which has shifted from a left-of-center toward a middle-of-the-road course, reiterated earlier veiled warnings of revolution if the government resorted to arbitrary action during or after the election.

There have been indications that a cabinet reshuffle may follow the elections, but major changes do not appear likely. It is barely possible, however, that the military might issue an ultimatum demanding a national coalition. The recent legislative impasse caused by an opposition filibuster against proposed changes in the electoral law has probably strengthened the conviction in some military circles that a civilian regime is incapable of giving Turkey the strong leadership it needs. President Sunay intends to call an early meeting of all party leaders to discuss the over-all political situation. He will probably tell the politicians to put aside their partisan differences and get on with the common task of governing Turkey.

There has been little popular enthusiasm demonstrated during the campaign. This lack of interest probably reflects a growing disillusionment with interparty rivalry and possibly revulsion against the thug-like behavior of some of the JP deputies.

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UGANDA'S PRESIDENT PUTS DOWN REGIONAL REVOLT

President Obote has suppressed the revolt of Uganda's important Buganda region. This will mean the end of the kingdom's semi-autonomous status.

Resistance of the Bugandan people faded in the face of severe military repression and government intimidation. The militant minority of Bagandan leaders who favored

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an armed showdown with Obote have fled or are under arrest. The remaining leaders have appealed to their people to avoid further bloodshed. No support for the dissidents developed outside Buganda, and many of them are obeying the government's call to turn in their weapons.

Sporadic incidents are likely to continue in reaction to the ill-disciplined army's brutality against civilians.

[REDACTED] 25X1

Obote is moving rapidly to consolidate his gains and to strip Buganda of its remaining prerogatives. Last week he pushed constitutional amendments through the National Assembly permitting the central government to take over the administration of Buganda's public services. He also closed its main newspaper. He now plans to divide the kingdom into separate administrative units. [REDACTED] 25X1

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ZAMBIA RESUMES COPPER SHIPMENTS THROUGH RHODESIA

The Smith regime in Rhodesia, presumably with an eye on the second round of talks now under way with Britain, has eased the political atmosphere by at least temporarily rescinding what was in effect a ban on transshipment on Zambian copper.

A copper-laden train crossed the Zambian border into Rhodesia on 31 May, three days after the Zambian High Court issued a temporary injunction against the Rhodesian Railways, jointly owned by the two governments. The court held that the railroad board's recent edict on payment conditions--issued after Zambia refused to turn over railroad revenues it had collected--exceeded its authority.

The Salisbury-based chairman of the railway, facing the prospect that the road might split

into two national systems, announced he would heed the injunction. The Smith government overruled its finance minister, and went along. [REDACTED] 25X1

[REDACTED] 25X1

Exploratory talks between British and Rhodesian government representatives resumed yesterday in Salisbury. The earlier meetings in London left Britain cautiously hopeful about the prospects for negotiation, but the two parties have not settled the two major problems: getting the agreement of Rhodesian Africans to any settlement, and persuading Rhodesia to return to constitutional--i.e., British--rule before independence negotiations can proceed.

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Other African governments distrust Britain's decision to hold talks with the rebel regime--especially in Salisbury. Aside from Zambia's precipitation of the railroad crisis, however, they have made no significant moves against the talks since their UN Security Council resolu-

tion calling for stronger action against Rhodesia failed to pass last week. In the UN Committee of 24 and elsewhere, however, Africans have continued a propaganda attack against a British "sell-out" of Rhodesian African interests in any settlement with the Smith government. [REDACTED]

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MOBUTU FOILS PLOT BY CONGOLESE POLITICIANS

President Mobutu of the Congo moved swiftly and harshly against the participants in a plot which he and his military lieutenants broke up on 30 May. One of his aims clearly is to discourage other would-be plotters, but some of the impetus behind his moves seems to come from a belief that Belgium, his current bete noire, was implicated.

officers remain unwilling to test their power against Mobutu's, the disruptive opportunities for opponents of the regime will be severely limited.

The government's pronouncements claimed from the beginning that "foreign embassies" had been involved with the plotters. The principal suspect apparently is the Belgian Embassy, whose first secretary was ordered out of the country on 31 May. Press reports suggest that Mobutu believes the plotters also got encouragement from the French.

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The army's role confirms that although there is some grumbling, the upper levels of the officer corps still consider that their power is derived from Mobutu and not vice versa. As long as the

[REDACTED] What-
ever the degree of actual Belgian involvement, Mobutu is likely to believe the worst. His attitude may be reflected in a harder Congolese line in the current economic talks with Belgium, now recessed after two weeks of inconclusive negotiations. [REDACTED]

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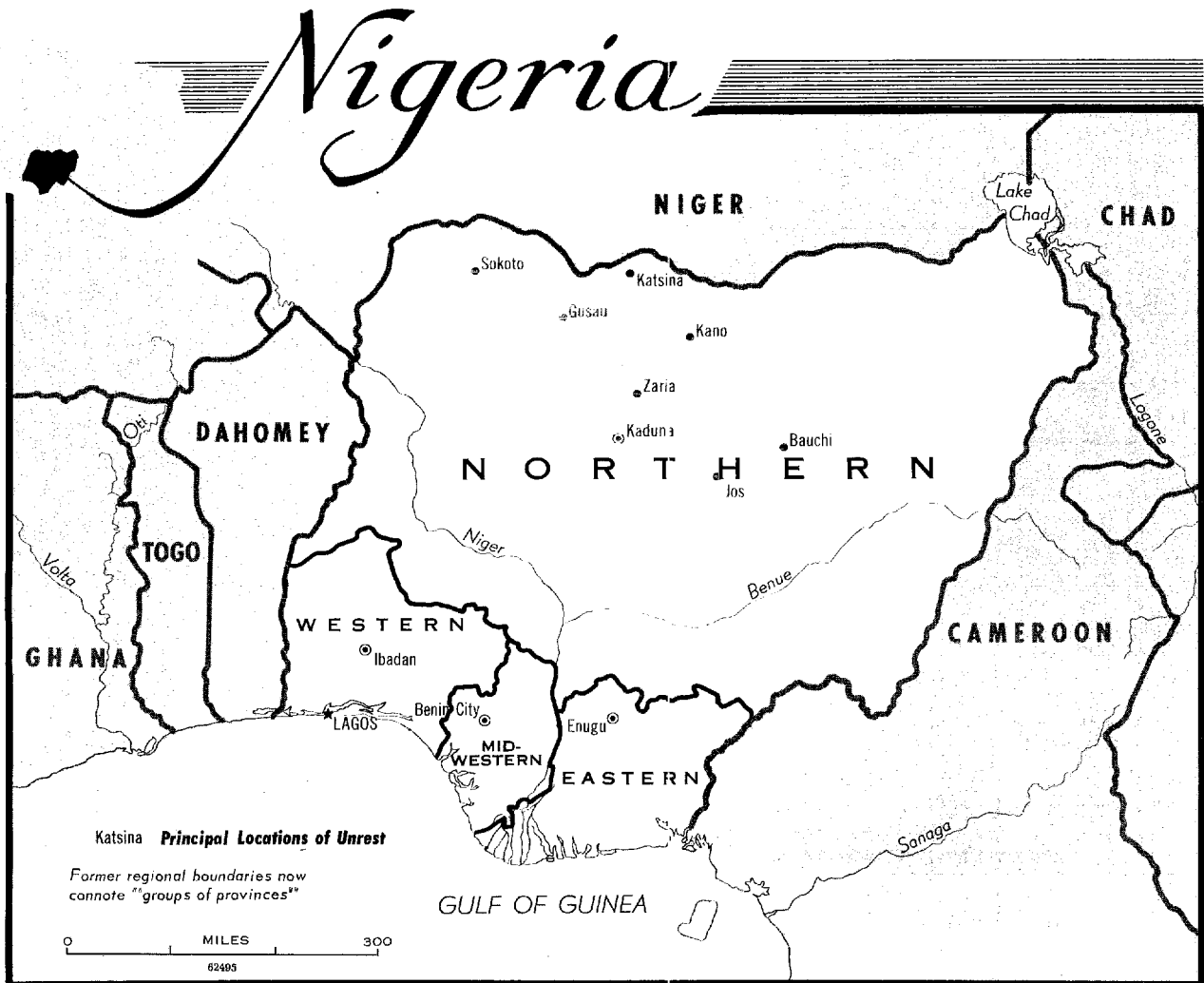
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NORTHERN NIGERIANS REACT VIOLENTLY AGAINST UNITY PLAN

An outbreak of violent demonstrations in the main towns of northern Nigeria has confronted General Ironsi's military regime with its first major crisis since it assumed power last January. The demonstrations were in protest against recently announced plans for a unitary national administration and unified civil service. By exacerbating the

country's basic ethnic and regional divisions, the disturbances are certain to leave lasting psychological scars which will impede the regime's efforts to forge a tighter union in Africa's most populous nation.

The demonstrators, mainly northern Hausa tribesmen, targeted most of their attacks against the



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persons, homes, and property of Ibo southerners. Even when northerners dominated Nigeria's power structure before the January coup, the Muslim Hausa feared domination by the better educated southerners--especially the aggressive Ibos of Eastern Nigeria. Following the coup, they became increasingly convinced that the Ironsi regime represented Ibo domination in thin disguise.

Some demonstrators distributed leaflets protesting the military government's reforms and calling for secession. The fact that the disturbances occurred in a large number of Hausa-inhabited northern localities within two days--28 and 29 May--indicates some degree of coordination, presumably provided by northern civil servants and dispossessed political leaders. The greatest violence occurred in Kano, where over 60 persons were killed. Some affected towns were still experiencing disturbances as of 1 June. So far the south has remained calm, but as the full import of the northern events become clear there will be an increasing danger of retaliatory action against Hausa communities there.

Security forces, with reinforced police elements most prominent, have so far been able to maintain essential control, but they probably would be unable to handle more widespread

disorders. Despite threats by Ironsi to impose martial law, he has avoided as much as possible committing the army to an active pacification role because of concern that discipline, which has seemed uncertain since January, might break down completely. In addition to its own tribal frictions, the army is especially troubled by the internal controversy surrounding the fate of still-detained but unprosecuted mutinous younger officers--mostly Ibos--who sparked the January coup. In the present crisis there evidently has been fear that northerner troops might refuse to obey or might even fire upon their predominantly southern officers, particularly Ibos. Should the army disintegrate under such pressures, a large-scale breakdown of law and order would seem inevitable.

The military government belatedly has been trying to make its reform plans more palatable to the north and to work with traditional authorities in damping down the current unrest. Northern Military Governor Katsina is endeavoring to enlist broad support from the area's still-powerful emirs and chiefs at a special meeting which began in Kaduna on 1 June. However, the tensions and tribal enmities aroused by the reforms and the disorders will undoubtedly continue for some time, and may lead to additional localized outbreaks.

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Western Hemisphere

MEETING ON OAS CHARTER REVISION

A special meeting of the Inter-American Economic and Social Council at the expert level will begin in Washington on 6 June. It will try to harmonize Latin American and US views on OAS charter amendments dealing with economic and social standards.

Differences center around the Latins' desire to see incorporated in the charter very specific language which would, in effect, obligate the US by treaty to provide aid and to take certain actions to eliminate trade barriers. The US has informed the Latins that although it has no desire to go back on any of the ideals of the Alliance for Progress it cannot bind itself by treaty to specific amounts of aid and it must preserve the prerogatives of Congress with regard to appropriating funds.

The meeting, therefore, will be attempting to reconcile two draft charter amendment packages. The one embodying the Latin American position was developed at the February-March charter amendment congress held in Panama. The other, in more general language, was developed by the US after the Panama meeting.

The US has presented its draft to the individual Latin American governments and received assurances that they understand and are sympathetic with the US position. Although the bulk of their objections to the US draft can be satisfied by minor changes, some basic problems exist. For example, nearly all the Latin Americans are insisting on removal of the sentence of the US draft which stipulates that "nothing ...shall be construed as a commitment by any member state to supply any specific amount of aid to any other member state or grouping of member states."

Furthermore, Chile, probably reflecting the feelings of many other Latin American governments, has insisted that the concept of solidarity and economic cooperation be stipulated in a form similar to that drawn up in Panama.

However, as a result of Lincoln Gordon's May visit to Chile, many substantial differences with the US position may have been overcome and, at the June meeting, Chile and the other Latins are expected to be less intransigent and to seek to come up with a draft acceptable to the US.

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NEW AMBIENCE IN CUBA

Fidel Castro's regime has shown unusual sensitivity to international and domestic irritants since the first of the year. His behavior in connection with recent events at the US Guantanamo Naval Base is the latest and most dramatic instance.

On 2 January, by starting a public polemic with Communist China over its intent to cut 1966 rice shipments to Cuba, Castro brought the year-long deterioration in Sino-Cuban relations to a head. In another evidence of frustration and displeasure at international trends, Cuba has fulminated on behalf of armed revolution during and since the January Tri-Continent Conference with an intensity not seen since 1963.

In March and April, Castro launched a bitter propaganda attack against moderate-leftist President Frei of Chile and in early May he renewed old charges of "softness" against President Tito and the "so-called League of Yugoslav Communists." Castro's May Day speech was notable largely for its thinly veiled anti-Russian barbs.

Castro's campaign against regime "dilettantes and playboys" inaugurated in mid-March provides the most dramatic example of his recent heavy-handed ap-

proach to domestic problems. Similarly, the attempted hijacking of a CUBANA airliner on 27 March produced a harsh response. At least 300 to 400 CUBANA employees reportedly are being replaced because of their alleged lack of "revolutionary integrity."

The reasons for Castro's erratic response to these and other irritants are not readily apparent. High on the list, however, probably is his personal frustration that after seven years of effort his international and domestic goals are still far from attainment. At the same time, he has found himself under increasing Soviet proscriptions which have curbed his maneuverability. The Guantanamo incidents, in which armed Cuban soldiers were discovered inside the base, may have been provocations designed to divert popular attention from Cuba's economic difficulties.

Castro's charisma has begun to fade somewhat, but there are no reports of antiregime groups operating in the Cuban countryside or of plotting within the regime. Continuation of the present climate in Cuba, however, could lead to further disenchantment with the regime.

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CANDIDATES CHOSEN FOR BOLIVIAN ELECTIONS

The Bolivian electoral situation is beginning to stabilize. The military junta now has no political reasons to cancel the elections, and only serious violence could interfere with the 3 July schedule.

Seven groups have declared their intention to run candidates for Congress. Two groups have also named candidates to oppose Rene Barrientos for the presidency. These are the Christian Democratic Community (CDC)--a front for the rightist Bolivian Socialist Falange (FSB)--and the Andrade faction of the Nationalist Revolutionary Movement (MNR). Retired General Bernardino Bilbao Rioja, [redacted]

[redacted] is the presidential candidate of the CDC. Gonzalo Romero, subchief of the FSB, is his vice-presidential running mate. Victor Andrade will

run for president on the MNR ticket and leftist Augusto Cespedes will be his running mate.

All parties expect Barrientos to win the presidency. The battle will be for congressional seats, with 102 at stake in the Chamber of Deputies and 27 in the Senate.

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VELASCO CONTINUES EFFORT TO REGAIN ECUADOREAN PRESIDENCY

The 28 May convention of followers of Ecuadorean ex-President Velasco Ibarra resulted in his "nomination" for the presidency. The Velasquistas oppose the government's plan to yield power only to a constituent assembly to be chosen in September, they now appear inclined to strive for a direct presidential election, which Velasco is confident he could win. If he decides, however,

that the relative prospect for success of this approach to a new term is unfavorable, Velasco may attempt a violent grab for power in the coming weeks.

The convention papered over differences among factions within the movement by retaining the present national director. Major elements of the party platform reportedly are national

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self-determination nonintervention in foreign affairs, and the nullity of the 1942 Rio Protocol which defined the boundary with Peru. Velasco in the past has fanned the border question as a foreign diversion for Ecuadorean nationalism and he may do so again.

Although he has asserted that he is "non-Communist," Velasco has come out in favor of diplomatic and commercial relations with Communist countries and retains a close association

with pro-Castro extremist Manuel Araujo.

As the possible beginning of a counter-Velasco movement, the Radical Liberal and Socialist parties have held a meeting in Guayaquil aimed at rallying political forces within the constituent assembly against Velasco. While the factious politicians can agree on blocking the former president, there is little likelihood that they will be able to attain unanimity on anything else.

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URUGUAYAN CONSTITUTIONAL REFORM

Three plans for constitutional reform have been approved for submission to the voters in Uruguay's November general elections. All three--sponsored respectively by the ruling Blanco Party, the opposition Colorado Party, and the Uruguayan Communist Party--propose to substitute a president for the present weak and divided nine-man executive.

In order to become law, a proposal for constitutional reform must be approved by a majority of those voting, who must comprise at least 35 percent of the registered electorate. This latter condition is not easy to fulfill because voter rolls have

not been updated for years. It is statistically demonstrable that unless one of the two major parties wins a landslide victory of nearly two to one--which is unlikely--no single plan will get the required 700,000-odd votes. Some politicians have proposed that voters ensure adoption of reform by voting yes for more than one plan; debate over the legality of this procedure has at least temporarily diverted pressure for a bipartisan approach.

The popular will for reform is great, and if it should be frustrated political stability could be jeopardized. Only a bipartisan project would seem

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able to overcome the obstacles and win approval. The Colorados, however, believing that they are likely to win in November and can then put through their plan, may refuse to compromise.

In addition to its provisions for a one-man executive, the Colorado plan, which gathered an impressive number of sponsoring signatures, would permit state expropriation, without prepayment, of land not being productively employed--an idea which is anathema to the Blancos and the conservative Ruralist League. In addition, it would eliminate constitutional provisions which ensure bipartisan representation on the directorates of Uruguay's autonomous agencies. Many entrenched politicians in both major parties do not wish to do away with this system which assures them patronage privileges even when they lose elections. Although they pay lip service to reform, their behind-the-scenes opposition may well help to kill it.

The Communists--who probably originally had not expected to obtain enough signatures to put their scheme on the ballot--are elated at their success. Party leaders hope that in addition to helping take votes from the

Blanco and Colorado proposals, they can convince at least some of the 225,000 signers to vote for a Communist-backed popular front slate. The US Embassy believes that unless the two traditional parties agree on a bipartisan approach to reform before November, potential voter disillusionment could result in a windfall protest vote for such a front. Uruguayan politicians have not tended to take the Communist reform plan seriously and most scoffed at the thought it would appear on the ballot. Most Uruguayan politicians believe that traditional parties will always control the country and this leads them to discount the threat of Communism. Many observers increasingly believe that the traditional leaders have lost touch with Uruguayan political reality.

As elections near, each of the two major parties will probably increasingly attack features of the other's proposition, thus hardening its own stand and reducing opportunities for compromise. In this atmosphere it is hard to conceive of significant numbers of voters casting votes for the rival party's plan--if this is indeed legal--and chances for reform in November must now be rated slim.

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THE DOMINICAN ELECTIONS

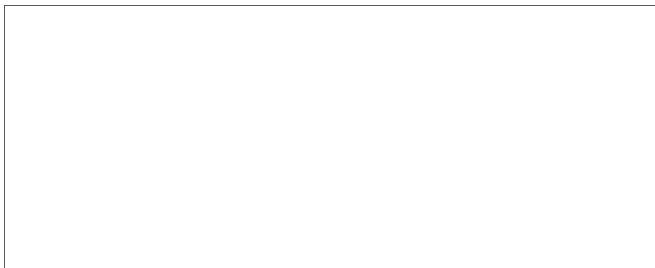
The general elections held on 1 June in the Dominican Republic were unmarred by violence or fraud, according to all reports. Results announced up to noon of 2 June, based on about a third of the total vote expected, gave Joaquin Balaguer a commanding lead.

Balaguer may have profited greatly from last-minute concessions he won from the provisional government. In the last days of the campaign his threat to resign unless unregistered women over 25 were allowed to vote quickly brought a change in the voting requirements. There appeared to be a heavy turnout of women, who in general are believed to favor Balaguer.

The atmosphere of calm and order on election day, together with good weather, brought a large turnout of voters, which will help to gain acceptance of the final result. A close finish

between the two principal candidates, Balaguer and Juan Bosch, would, however, give the winner neither a strong popular mandate nor the congressional support considered necessary for effective democratic leadership in the Dominican Republic.

Much now depends on the manner in which the loser concedes. Balaguer has said publicly that he will accept the election results unless widespread fraud is evident, and Bosch made similar statements, but in private. Contested elections would furnish extremist partisans with both an issue and an atmosphere conducive to violence.



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