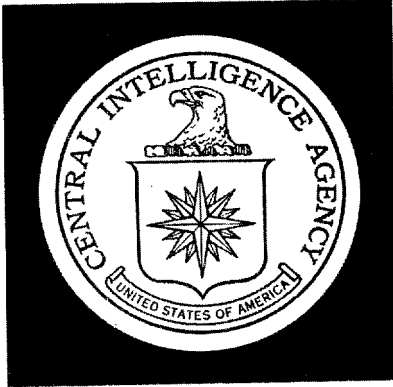


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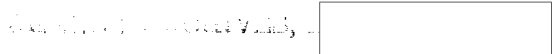


DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

On file Department of Commerce release  
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State Dept. review completed

13 January 1967  
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C O N T E N T S

(Information as of noon EST, 12 January 1967)

Far East

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Although the Viet Cong continued to avoid significant contact with allied operations last week, they conducted a damaging mortar attack against a principal US Army helicopter base and sharply increased attacks against both regular and paramilitary South Vietnamese forces. North of Saigon, US forces have fielded the largest allied task force of the war against a strong Viet Cong base area. Premier Ky has publicly softened his attitude toward a negotiated settlement [redacted]	
[redacted] Ky has also reportedly decided to replace several delta province chiefs and possibly Defense Minister Co, one of the few southern generals still in high military positions.	
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The most likely explanation of the recall of an unprecedented number of overseas personnel is that they are being pulled back for screening and reindoctrination as part of the "cultural revolution."	
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The Indonesian President's 10 January statement concerning his role in the antiarmy action of October 1965 will not satisfy the Suharto regime and will intensify demands for his ouster. However, General Suharto will probably continue with deliberation and rely on constitutional means despite expected increased pressures from anti-Sukarno activists.	

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CURRENT DEVELOPMENTS IN LAOS

11

If Prime Minister Souvanna Phouma's gains from the 1 January National Assembly elections are to last, he will need to continue good relations with key regional commanders. The Communists, meanwhile, have apparently launched their annual campaign to clear government forces from northern Laos.

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THE WEEK IN PERSPECTIVE

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SOVIET LEADERS CONDUCT NATIONWIDE BRIEFINGS OF PARTY WORKERS

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The briefings, by virtually all of the highest party leaders, are meant to bring home to the party's working level the leadership's concern over events in China and to put on record a broad affirmation of support for the Kremlin's policies.

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LUNAR PROBES HIGHLIGHT SOVIET SPACE LAUNCHINGS IN 1966

16

The Soviets made five successful probes, their first since 1959. They put no men in space but tested a new capsule that may be used for manned space flights this year. Their programs for military reconnaissance, communications, and weather satellites continued.

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18

The USSR exported a large number of naval craft in 1966 and deliveries are expected to remain high this year. They will include more OSA-class guided-missile patrol boats, first exported to non-Communist countries in 1966, and possibly the initial delivery of F-class submarines.

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WEST GERMANY SEEKS FORMAL TIES WITH EASTERN EUROPE 20  
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ISRAEL WARNS SYRIA ON BORDER FIRING 23  
A series of incidents has led to a tank duel. Israe-  
li officials speak of the mounting gravity of the  
situation, and the Syrians appear to be bracing them-  
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ELECTION CAMPAIGN UNDER WAY IN INDIA 24  
Present prospects are that the voting from 15 to 21  
February will reduce the ruling Congress Party's  
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has begun in a period of unusual social and political  
turmoil.

NIGERIAN RULERS MEET IN GHANA 25  
The first meeting since the July coup of all key  
leaders of the military regime has at least tempo-  
rarily checked Nigeria's long drift toward fragmenta-  
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UNION MINIERE TAKES HARD LINE IN DISPUTE WITH CONGO 26  
The company does not seem interested in rescuing the  
Congolese from a potentially disastrous economic cri-  
sis, which could stir political unrest.

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Western Hemisphere

- THE WEEK IN PERSPECTIVE 27
- CHILEAN OPPOSITION PARTY IMPROVES POSITION 28  
The Socialist Party, which takes a more extreme line than its Communist coalition partners, has put its leader, Salvador Allende, into the Senate presidency, thereby enhancing the party's political standing and enabling it to harass the Frei administration and to delay parts of the government's reform program.
- ACHIEVEMENTS OF CHILE'S CHRISTIAN DEMOCRATIC GOVERNMENT  
In two years in office President Eduardo Frei--despite opposition from both left and right--has put through laws enabling him to begin social reforms, sign agreements for government participation in Chile's all-important copper industry, and make some progress in economic stabilization. He early attempted to stake out an "independent" position in international affairs which brought differences with the US on some issues, although Chilean-US cooperation has since increased. During his visit to Washington next month Frei will probably concentrate on a general improvement in US-Chilean understanding. (Published separately as Special Report OCI No. 0272/67A)
- GUYANA'S COALITION GOVERNMENT FALTERS 29  
The coalition leaders appear to be trying to patch up their current differences, but even if they reach an agreement other problems are sure to threaten the coalition in the future.
- DOMINICAN GOVERNMENT'S RELATIONS WITH OPPOSITION DETERIORATE 30  
Radical elements in control of the left-of-center Dominican Revolutionary Party are militantly attacking the Balaguer government for "neo-Trujillo" policies. Meanwhile, prospects for a rapprochement between differing factions in the party are dim.
- NO CLEAR VICTORY IN BAHAMAS ELECTIONS 31  
The standoff in the legislature will make it difficult to form a new government and possibly necessitate new elections. A period of general economic and political confusion could result.

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## FAR EAST

Events in the fast-moving drama in China last week were highlighted by the first significant and widespread breakdown in public order and by mounting indications of divided loyalties in the army. Official Chinese Communist media disclosed that strikes and violence occurred in at least ten major cities. These clashes between Maoist Red Guards and workers apparently were precipitated by the Mao-Lin faction's recent decision to launch a drive for final victory in an effort to destroy opponents in the party apparatus who control the urban proletariat.

The gravity and scope of this resistance to Mao and Lin Piao was also reflected in posters asserting that the nation's police and security troops under the Ministry of Public Security have opposed the "cultural revolution" and that they have been transferred to army control. The unity and reliability of the army itself, however, has been called into question by attacks on several major military figures, including a vice minister of national defense. According to Red Guard posters, public security forces supported by the army were used against pro-Mao Red Guards in Nanking. The situation created by this growing resistance to the Mao-Lin faction could well develop into something even more violent.

Although Hanoi has maintained a prudent silence on developments in China, the North Vietnamese leaders almost certainly are gravely concerned about the possible implications of disarray in China for their ability to prosecute the war. Hanoi's sensitivity to any suggestion of a decline in its will to persist in the war reflected in a terse statement denying, in effect, that Premier Pham Van Dong's statements to Harrison Salisbury implied a softening in North Vietnam's terms for a settlement.

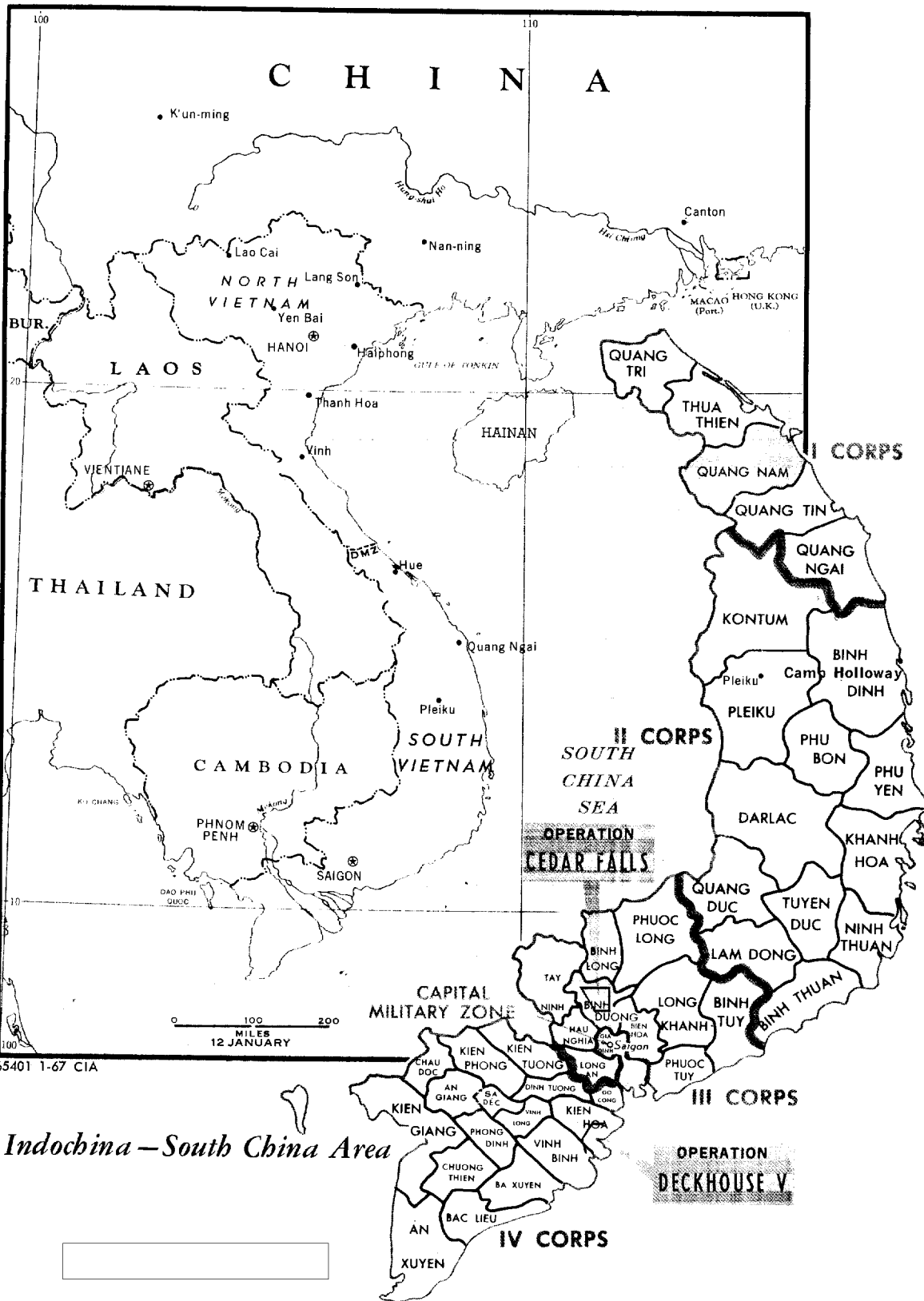
Communist forces in South Vietnam continued to avoid contact with major allied operations, but there has been a sharp increase in attacks on South Vietnamese troops and outposts.

In Laos the 1 January National Assembly elections produced the expected heavy majority of deputies pledged to support Prime Minister Souvanna, and Pathet Lao and North Vietnamese forces have launched their annual campaign to clear government guerrillas from northern Laos. In Indonesia, an evasive statement by Sukarno on his role in the abortive coup in October 1965 will probably increase demands for his ouster.

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The Indochina - South China Area

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## VIETNAM

Communist forces this week sharply accelerated the scale and intensity of military activity against vulnerable South Vietnamese paramilitary targets. At the same time, however, enemy main force units continued to avoid major contact with large-scale allied search-and-destroy operations.

One battalion-sized and at least seven company-sized attacks were launched by Viet Cong/North Vietnamese Army (NVA) units against South Vietnamese Regional and Popular Forces outposts and patrols in widespread sections of the country. Cumulative losses to government irregulars in these actions included 102 killed, 77 wounded, and 56 missing.

In addition company-strength enemy strike forces mounted four heavy assaults against battalion-sized or smaller troop formations of the South Vietnamese Army (ARVN) in Kien Hoa and Quang Nam provinces, resulting in more than 100 friendly casualties.

Enemy-initiated operations against US forces were highlighted by a damaging attack on 7 January against one of the US Army's principal helicopter bases in the central highlands, Camp Holloway, near Pleiku. Under cover of a 45-minute mortar bombardment, elements tentatively identified as subordinate to the Viet Cong 407th Sapper Battalion penetrated the camp's defensive perimeter,

placing satchel charges against numerous parked aircraft and supply installations. Postaction reports placed friendly losses at 12 killed (6 US), 63 wounded (61 US), and 34 aircraft damaged.

The Communists continued to harass Camp Holloway with mortar and small-arms fire for three more days (8-10 January), but failed to inflict significant casualties or damage.

The most important allied military activity in South Vietnam during the week was the initiation on 7 January of a major ground offensive, Operation CEDAR FALLS, 20 to 30 miles north of Saigon in Binh Duong Province. The largest allied task force ever fielded in the Vietnam war has been committed to this sector--twenty US and three ARVN battalions together with heavy artillery support.

The operation is targeted against the Viet Cong base area known as the Iron Triangle, a 60-square-mile region of abandoned rubber plantations, villages, and jungle which has been under firm Communist control for years. The over-all allied objective is to neutralize Communist presence and influence in the Iron Triangle area by relocating an estimated 10,000 civilian inhabitants to areas under GVN control, disrupting the local Viet Cong organization, and denying the enemy

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future use of this area as a staging base for military and political operations against targets in and near Saigon.

By 12 January, CEDAR FALLS had resulted in enemy losses of 189 killed, 40 captured, 256 suspects detained, and 205 weapons seized. In addition, vast supply caches of war materiel and food-stuffs had been captured or destroyed by allied sweep forces. Casualties to US forces have thus far been moderate--20 killed and 102 wounded.

US combat forces operating for the first time in the Mekong Delta had little success in finding elusive Viet Cong units. Spearheaded by one US Marine battalion, a three-battalion US/Vietnamese Marine task force has continued to press Operation DECKHOUSE V in southeastern coastal Kien Hoa Province without significant enemy contact.

#### Politics in Saigon

Premier Ky and his close supporters have been juggling several sensitive issues

Ky twice last week made impromptu public remarks on the

possibility of negotiating a peaceful settlement with North Vietnam. This marks an apparent easing of the South Vietnamese military regime's previously rigid stand against talks and its increased confidence in the strength of its position vis-a-vis the Communists.

Ky is planning a good will visit to Australia and New Zealand next week, although there has been a volley of criticism within both countries over the visit.

The Ky government is also apparently receptive to a resumption of diplomatic ties with Indonesia

On the domestic front, Ky has reportedly sanctioned the replacement of several province chiefs in IV Corps in addition to the two who have already been dismissed. Such wholesale changes would almost certainly represent a coordinated effort by Ky and Chief of State Thieu to strengthen the government's hand in the delta. The moves come at a time when Ky is said, once again, to be considering the removal of Defense Minister Co, one of few southern generals left in high military positions.

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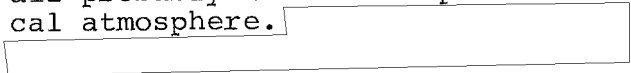
Among the military, Prime Minister Ky and Chief of State Thieu are the obvious front runners, although neither has openly declared himself in the races.



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Meanwhile various inactive military men such as retired southern general Tran Van Don and former I Corps commander Nguyen Chanh Thi, currently exiled to the United States, have thrown their hats in the ring behind the scenes.

The presidential elections, presently envisaged by the assembly to take place soon after mid-1967, may open up a political Pandora's box as the aspirants attempt to enlist support. Religious differences, the future role of the military, the evolution of legal political parties, and the influence of the more dynamic northern groups as opposed to that of the southerners with a larger popular base, will all probably affect the political atmosphere.



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As the assembly moves closer to agreement on a constitution, prospective candidates for the office of president of South Vietnam are beginning to assess their chances of being elected. On the civilian side, the front runners at this point appear to be traditional favorites such as Phan Khac Suu, president of the Constituent Assembly, and Tran Van Huong, a former premier and respected southerner.

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## THE CRISIS IN COMMUNIST CHINA

The decision by Mao-Lin forces to launch late last month what appears to be a drive for final victory over their opposition has triggered a counterattack which has plunged China into the most serious crisis since the establishment of the Communist regime. There are indications that the shaky coalition of leaders formed at the eleventh plenum is falling apart, and that the loyalty of some military leaders is increasingly in question.

Significant breakdowns in transportation services and public order have occurred in some areas. These breakdowns reflect successful efforts by local party authorities, probably encouraged by elements at the center, to pit workers in the provinces against pro-Mao Red Guard activists.

A Red Guard poster seen in Peking on 10 January reported that one of China's most important rail lines--the one linking Shanghai and Peking--was still out because service across the Yangtze River at Nan-king was blocked. A Shanghai broadcast on 11 January reporting that service had been restored as far as Nan-king is the first public admission that the line was out.

Whether it has been reopened north of Nan-king is unknown.

Other posters put up in Peking have reported heavy fighting in Nan-king from 3 to 6 January between pro-Mao Red Guards who call themselves "rebels" and workers mobilized by local party authorities. The incidents, which took place in factories and other organizations, reportedly resulted in 900 casualties with 54 deaths. Public security forces supported by the army are said to have arrested 6,000 of the "rebels."

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The situation in Shanghai and Foochow may be equally disorderly, although few details are available. Broadcasts indicate that a sharp struggle between pro-Mao "rebels"--who have taken over some functions--and

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forces responsive to local authorities has been under way during the past ten days.

A joint People's Daily - Red Flag editorial issued on 11 January implies that these are not isolated examples. The most sweeping official statement seen to date on this subject, the editorial charged that reactionary officials posing as "extreme leftists" are instigating armed struggles which lead to "serious incidents" and are causing factories and transport services to shut down by bribing workers with wage increases and other inducements.

The Chinese press and radio have reported recent strikes and absenteeism in Shanghai, Foo-chow, Peking, Canton, and Cheng-tu as well as violent clashes in Nan-king.

Several major party and military figures who were working side by side with Mao-Lin forces have now come under sharp Red Guard attack. This is the first time since the new leadership was formed in August that Mao and Lin have turned against active members of the coalition.

The most startling casualty is Tao Chu, fourth-ranking member of the hierarchy and through December a key figure in the regime's Cultural Revolution Group. He has been savagely attacked for being a follower of disgraced Chief of State Liu Shao-chi and party General Secre-

tary Teng Hsiao-ping, and rallies were held in Peking on 8 and 10 January to denounce the three.

Others denounced in the past two weeks include Wang Jen-chung, a protégé of Tao and a deputy head of the Cultural Revolution Group, Minister of Public Security Hsieh Fu-chih, and three major military leaders.

The most significant of these is Liu Chih-chien, deputy director of the army's political control organization and until 11 January probably head of the army's Cultural Revolution Group --its current purge organization. The reorganization of this group, announced on 11 January, tends to confirm suspicions that the army's political loyalties have been divided.

Other military leaders attacked in the past week are Liao Han-sheng, who holds the crucial post of political commissar of the Peking Military Region, and politburo member Ho Lung, a member of the party's Military Affairs Commission.

Premier Chou En-lai, who has consistently taken a less extreme stand than Mao and Lin in the drive against their opponents, still survives but has been sharply criticized for the first time and appears to be fighting back. Posters displayed in Peking on 6 and 10 January accused Chou of trying to soften the charges against Liu and Teng and blunting the drive against their followers.

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Several of Chou's protegés, including standing committee member Li Fu-chun and politburo members Li Hsien-nien and Chen Yi, have again been denounced in posters.

Developments during the past week indicate that the line between opposing forces in China has become sharper. The demonstration of strength by opponents of Mao and Lin makes it seem likely that the struggle will become even more violent before a resolution is achieved.

### CHINESE COMMUNIST DIPLOMATS ORDERED HOME

Peking since late December has recalled an unprecedented number of its representatives abroad in a move which will probably affect all of its 58 foreign missions. Some Chinese diplomats have stated that they were returning for "vacation" but the most likely explanation is that they are being pulled back for screening and reindoctrination as part of the "cultural revolution."

More than 300 personnel in 22 countries--at every level from chauffeur to ambassador--are involved, and in most cases at least a third of the staff is included. If this pattern is followed in all 58 foreign missions, the total returning could reach 750--a third of the approximately 2,200 Chinese serving abroad in a political capacity. As yet there is no indication how many Chinese techni-

cians stationed abroad--2,000 are in Mali and Guinea alone--will be recalled.

Thus far at least 13 chiefs of mission are returning, but the across-the-board nature of the personnel cutback makes it appear unlikely that the recall is connected with one of the periodic ambassadorial-level reviews of foreign policy. The most recent such meeting took place in December 1965 and was attended by 15 chiefs of mission.

Some of the officials now leaving their posts will probably return after undergoing the required political retreading. Peking may, however, take the opportunity to reduce its representatives in those countries where there is little prospect of improving China's position at this time.

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## SUKARNO STATEMENT FAILS TO SATISFY OPPONENTS

President Sukarno's evasive 10 January statement concerning his role in the abortive Indonesian coup attempt of October 1965 is likely to lead to an intensification of demands for his ouster.

Sukarno, in his brief statement, refused to recognize the pre-eminent constitutional authority of the Provisional People's Consultative Assembly (MPRS)--Indonesia's policy-making body--or to condemn the Communist Party (PKI) as the regime had wanted him to do. He denied any responsibility for the attempted coup and the economic and moral decline in Indonesia.

Sukarno said that his own investigation of the 1 October incident showed that it was brought about by three factors-- Communist leadership, neocolonialist and imperialist subversion, and the existence of "undesirable elements" in Indonesia. He reiterated that the events of 1 October were a "complete surprise" to him.

This unsatisfactory statement will provide added ammunition

for those who want to mount an accelerated campaign against Sukarno. Even before it was issued, ten "action fronts" had demanded that the MPRS remove him from office, and three popular newspapers had highlighted some of his financial manipulations.

Despite the prospects of increased activist pressures, indications are that General Suharto will continue to move with deliberation and to rely on constitutional methods. Parliament will reassemble on 23 January and may be asked to call a special session of the MPRS, which could then vote on some means to remove Sukarno from office.

In the meantime Suharto may proceed with his long-pending plans to enlarge parliament by appointing 110 new members from groups regarded as anti-Sukarno. Since parliament is part of the MPRS, this would also ensure a more responsive congress.

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## CURRENT DEVELOPMENTS IN LAOS

Prime Minister Souvanna will probably get a more cooperative National Assembly as a result of Laos' 1 January election, but the outcome has also strengthened the hand of key regional military commanders.

A still incomplete tally of votes indicates that possibly 40 of the new assembly's 59 seats will be occupied by deputies who were elected on the prime minister's "united front" slate. Although these deputies are pledged to support Souvanna and Laos' tripartite government, they probably owe primary allegiance to the military commanders responsible for their success. The deputies will probably back Souvanna only as long as he retains the support of these commanders.

In addition, it remains to be seen how much control the regional commanders can exercise over their delegates. Much will depend on Souvanna's attitude and how adroitly he handles issues that are almost certain to rise between him and the new assembly.

One suggestion of greater flexibility in his approach appeared in a recent conversation in which he indicated that he plans to expand his cabinet--a move he refused to make when the previous assembly demanded it.

As expected, the election has weakened the positions of neutralist and rightist politicians. More important, however, were the losses suffered by General Kouprasith, chief of the general staff, who managed to elect only three of his nine candidates. Kouprasith, long the strongest military figure in Laos, will be especially concerned over the gains made by regional commanders whose power and independence he has been trying to curtail.

On the military front, Communist troops, including substantial numbers of North Vietnamese, overran several government positions at Na Khang (see Indo-China map on page two) on 6 January, before being driven off by a vigorous counterattack which cost them 40 to 50 casualties. Several other small government positions in this area of northern Laos were overrun early last week, however, and a concerted enemy push has been expected for several weeks.

If the Communists succeed in taking Na Khang, friendly operations will be hampered for a time, but it is doubtful that the Communists would be able to hold it for any extended period.

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## EUROPE

Soviet concern over events in China has been further demonstrated by a campaign, unprecedented in scope, to indoctrinate party workers. During the last ten days, almost all the top Soviet leaders have fanned out across the nation to explain the outlines of Soviet policy on China and to receive in return the usual unanimous pledges of local party support. By this burst of activity, the leadership probably hopes that the lower party ranks will be psychologically prepared for whatever happens within China or to Sino-Soviet relations.

President Tito is said to be planning a visit to the USSR soon--possibly at the end of this month. During Brezhnev's visit to Belgrade in September, the two leaders' divergence of views both on Yugoslav internal developments and on an international conference of Communist parties was evident.

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Chancellor Kiesinger is holding discussions with President de Gaulle in Paris on 13 and 14 January. Both will try to generate a warmer atmosphere for Franco-German relations. Bonn's cautious moves toward closer relations with Eastern Europe should be well received by De Gaulle, who believes that his own three-stage formula ("detente, entente, and then cooperation") for developing some kind of European unity is well into its first phase.

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## SOVIET LEADERS CONDUCT NATIONWIDE BRIEFINGS OF PARTY WORKERS

In a campaign of unprecedented scope, Soviet leaders fanned out last week across the nation to brief regional party workers on the regime's policies, particularly relations with China. The high-level briefings are meant to bring home to the party's working level the leadership's concern over events in China and to put on record a broad affirmation of support for the Kremlin's policies.

General Secretary Brezhnev led off the campaign with a report to a gathering of 6,000 Moscow party officials on 4 January. Since then virtually all members of the politburo and secretariat have left Moscow to address meetings in key cities. Leading military figures have carried the message to major units of the armed forces in the USSR and East Germany. Brezhnev flew to Donetsk and now is in Gorky; party secretary Suslov went to Leningrad; and Premier Kosygin spoke in industrial centers in the Urals and then went on to Vladivostok and Khabarovsk. At week's end Soviet leaders had met with party activists in more than 30 cities.

The last campaign of a similar nature--though on a more modest scale--took place in the spring of 1964 when party stalwarts were informed of the central committee's condemnation of the Chinese.

The current meetings are taking place behind closed doors

[redacted] There has been little publicity beyond the formal announcement that each local meeting heard a report on the results of the December central committee plenum and adopted a resolution unanimously approving its decisions. 25X1

That plenum's principal business was to consider Brezhnev's report on foreign policy with emphasis on increasing tensions with China.

[redacted] 25X1

The leadership apparently intends next to brief the party rank and file and ultimately the population at large. According to Pravda, 150 propagandists who attended the Leningrad briefing were sent out to pass on the word to party members in their districts. The next step may be publication of a position paper in a more generalized form appropriate for a mass audience.

The Soviet leaders during their travels have also inspected industrial and agricultural sites, discussed production problems with local officials, and plumped for greater output. They probably raised the specter of an increasingly hostile China to exhort the workers to greater effort on the home front. [redacted] 25X1

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## LUNAR PROBES HIGHLIGHT SOVIET SPACE LAUNCHINGS IN 1966

During the year the Soviets conducted 47 space operations-- five less than in 1965, their most active year in space. Except for a new spacecraft probably intended for future manned flights, no radically new or advanced systems made their appearance, and not a single manned mission was attempted.

The program of unmanned lunar exploration produced the most dramatic successes in the 1966 launchings. Lunas 9 and 13 soft-landed on the moon and returned photographs of the surface, and Luna 13 added a soil analysis experiment. Lunas 10, 11, and 12 went into orbit around the moon. Although both 11 and 12 were designed to photograph the lunar surface, only Luna 12 successfully transmitted pictures, and these were of

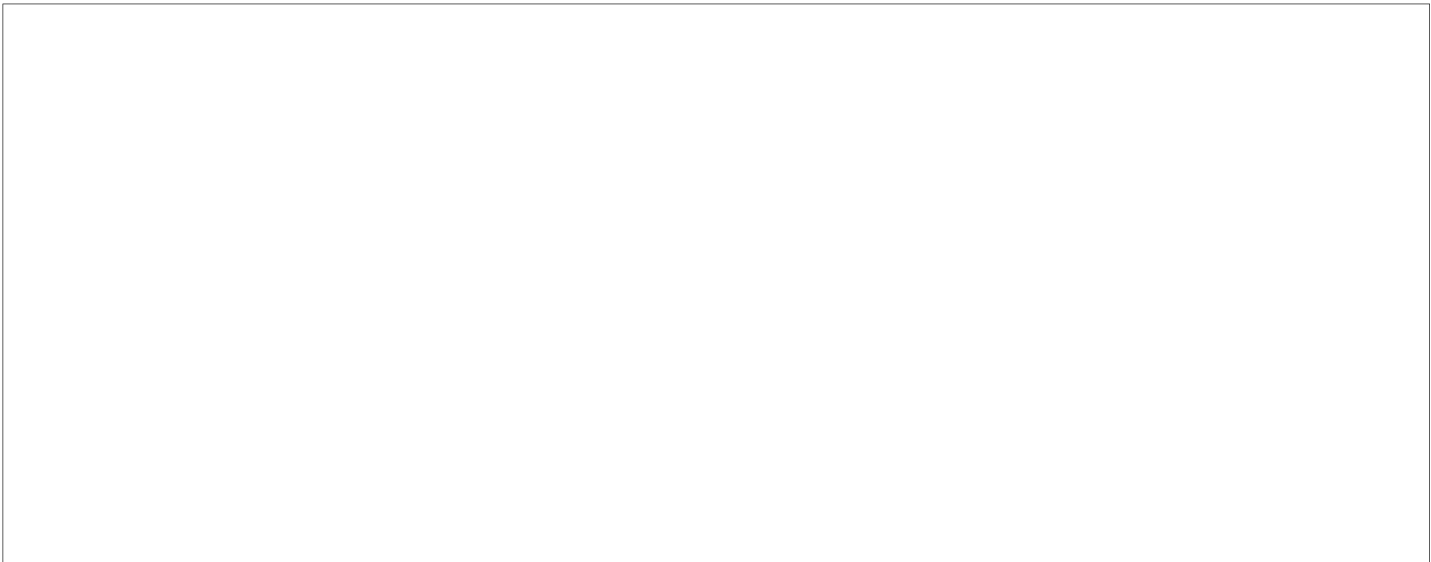
very poor quality when compared with those from the two US lunar orbiters.

Military reconnaissance was the most active single program and accounted for half the launchings last year. While the number of reconnaissance satellites orbited from Tyuratam declined, seven were launched from Plesetsk bringing the total to 23--five more than in 1965. In March, the first space launching from Plesetsk occurred.

The Soviets have put no men in space since March 1965 but in late November conducted the first unmanned orbital test of what may be a new spacecraft. If so, it would indicate that their manned program is still very much alive. A new type of capsule may be used

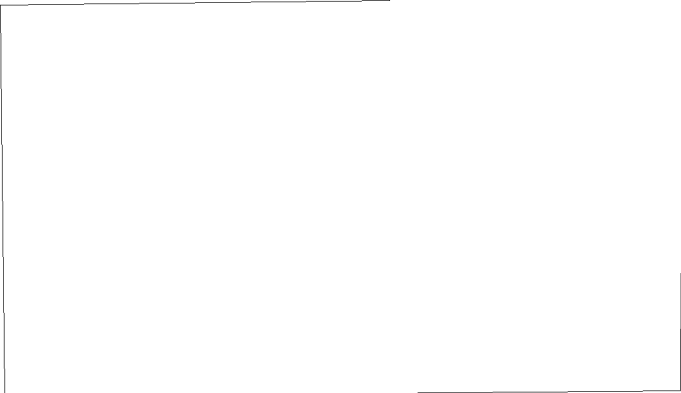
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for manned flights this year and probably will be capable of rendezvous and docking and fitted for cosmonaut activity outside the spacecraft. The 22-day flight in February of a satellite containing two dogs and other biological specimens provided important biomedical data useful in planning future long-duration manned missions. Serious defects in the spacecraft's life support systems apparently forced the Soviets to bring the capsule down a week earlier than planned.

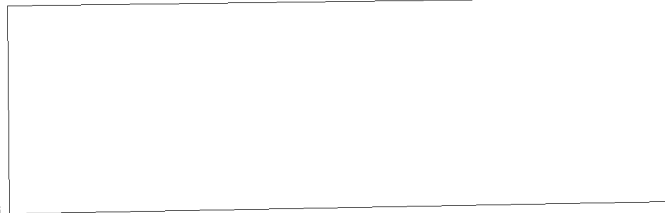
The third Proton satellite was orbited in July.



The USSR continued to launch experimental weather and communications satellites, but only the com-

munications program shows signs of becoming operational soon. A weather satellite launched in June was the fifth orbited by the USSR since 196 and produced the first satellite cloud photographs released by the Soviets. Data from this satellite were sent to the US from August through October in partial fulfillment of an agreement signed in 1962 to exchange weather satellite data. This satellite ceased operating on 28 October, however, and the Soviet have not attempted to orbit another

The third and fourth Molniya communications satellites were orbited last year for further experimentation with the system.



Seven scientific satellites were orbited in 1966 from Kapustin Yar--the same number as in 1965. Three of those launched in 1966 operated much longer than previous Kapustin Yar satellites, indicating improvements in solar-powered batteries.

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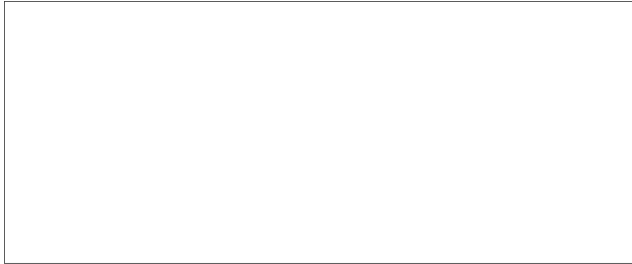
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SOVIET NAVAL EXPORTS TO UNDERDEVELOPED COUNTRIES

The USSR exported a large number of naval craft in 1966 and deliveries are expected to remain high this year. They will include more OSA-class guided-missile patrol boats, first exported to non-Communist countries in 1966, and possibly the initial delivery of F-class submarines.

The bulk of deliveries last year were to Egypt in fulfillment of a 1964 arms agreement. Since October the USSR has exported ten OSAs to Egypt and at least two more are scheduled for delivery this month. Five R-class submarines, a later model of the W-class formerly supplied to nonbloc countries, arrived in Alexandria in mid-1966. In addition, Egypt exchanged two W-class submarines for reconditioned models, and received four SO-1 submarine chasers and a POLUCHAT-1 torpedo retriever.



Algeria, which has the second largest ground and air force in North Africa, now is building up its naval force with Soviet equipment. It has obtained six KOMAR-class guided-missile patrol boats

since November, and will probably get a destroyer and possibly a submarine after Algerian naval personnel are trained to operate them.

Somalia has received four and Guinea two POLUCHAT-1s, to be used as coastal patrol boats, and under a recent agreement Tanzania will get four reconditioned P-4 class motor torpedo boats. Iraq has eight KOMARS and eight minesweepers on order under an arms agreement signed last May and is expecting deliveries to begin this year.

The first deliveries--two POLNOCNY-class LSTs--under the USSR's October 1965 naval aid agreement with India were made last year. Four submarines, a submarine tender, five PETYA-class patrol boats and five small patrol boats are on order. Although New Delhi may, as part of its austerity program, cancel some of these orders, it is expected this year to get an F-class, long-range, diesel-powered submarine, the first the USSR will have exported.

Cuba's fleet has just been increased by six KOMARS [redacted] 25X1

[redacted] The KOMARS may replace Cuba's coastal defense cruise missile system now being dismantled. [redacted] 25X1

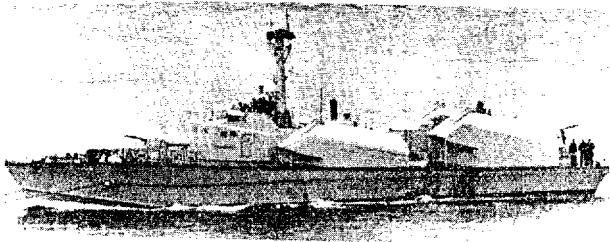
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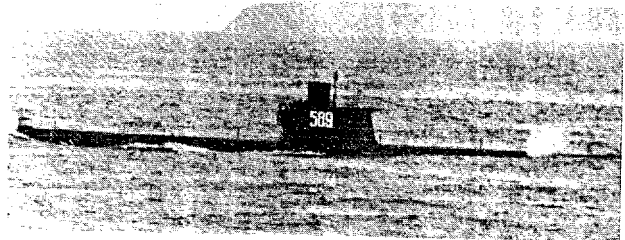


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# Soviet Naval Equipment Being Exported for the First Time Delivered to UAR in 1966

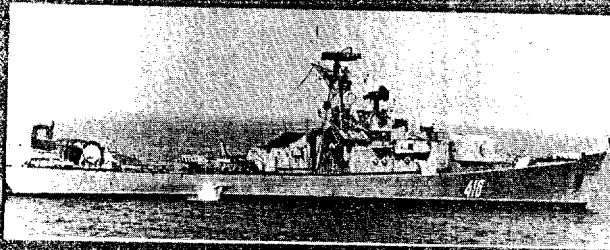


**OSA-CLASS**  
**Guided Missile Patrol Boat**

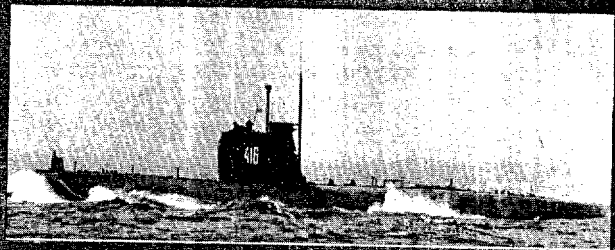


**R-CLASS**  
**Submarine**

**To be delivered to India**



**PETYA-CLASS**  
**Patrol Boat**



**F-CLASS**  
**Submarine**

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## WEST GERMANY SEEKS FORMAL TIES WITH EASTERN EUROPE

Bonn is cautiously sounding out East European capitals on possibilities for establishing diplomatic relations. A Foreign Ministry delegation left for Prague on 9 January, and a ranking ministry official is scheduled to go to Budapest later this month. Probably the most serious discussions will be undertaken by a negotiating team which recently arrived in Bucharest.

This initiative is a follow up to Chancellor Kiesinger's 13 December policy statement calling for diplomatic relations with East European countries "wherever this is possible under the circumstances." It is also a natural extension of the policy of relaxation toward the East that former foreign minister Schroeder began in the latter years of Adenauer's rule. West German officials in recent years have reasoned that if the Federal Republic could win greater trust from the East European states, the climate for eventual reunification of Germany would be improved.

According to the German chargé in Washington, the Kiesinger government believes Rumania offers the best chance for a diplomatic breakthrough. Thus, the major emphasis will be placed on the Bucharest talks, despite the feeling of some of Foreign Minister Brandt's Social Democrats that an accord with Warsaw

or Prague would be a more significant achievement.

While Kiesinger's policy statement did speak of German desires for "reconciliation with Poland," the chargé explained that Warsaw was not included in the current campaign because it would demand recognition of the Oder-Neisse line. Prague, likewise, is likely to attach numerous conditions to an agreement, including German acceptance of its view that the Munich Pact of 1938 was invalid from its inception.

On the other hand, Rumania is expected to give serious consideration to the German initiative since an agreement would help advance its independent image. The main problem is the applicability of any agreement to West Berlin, but a West German official recently indicated that a simple verbal understanding might be sufficient.

Bonn hopes to preserve the Hallstein Doctrine, under which it threatens to sever diplomatic relations with any country recognizing East Germany. The chargé said that Bonn would seek the help of its Western allies in convincing third countries that the doctrine excepts East European states on the ground that they recognized the Ulbricht regime at Moscow's behest.

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MIDDLE EAST - AFRICA

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Syria's exchanges of fire with Israel, including two tank skirmishes, have overshadowed other Arab-Israeli incidents.

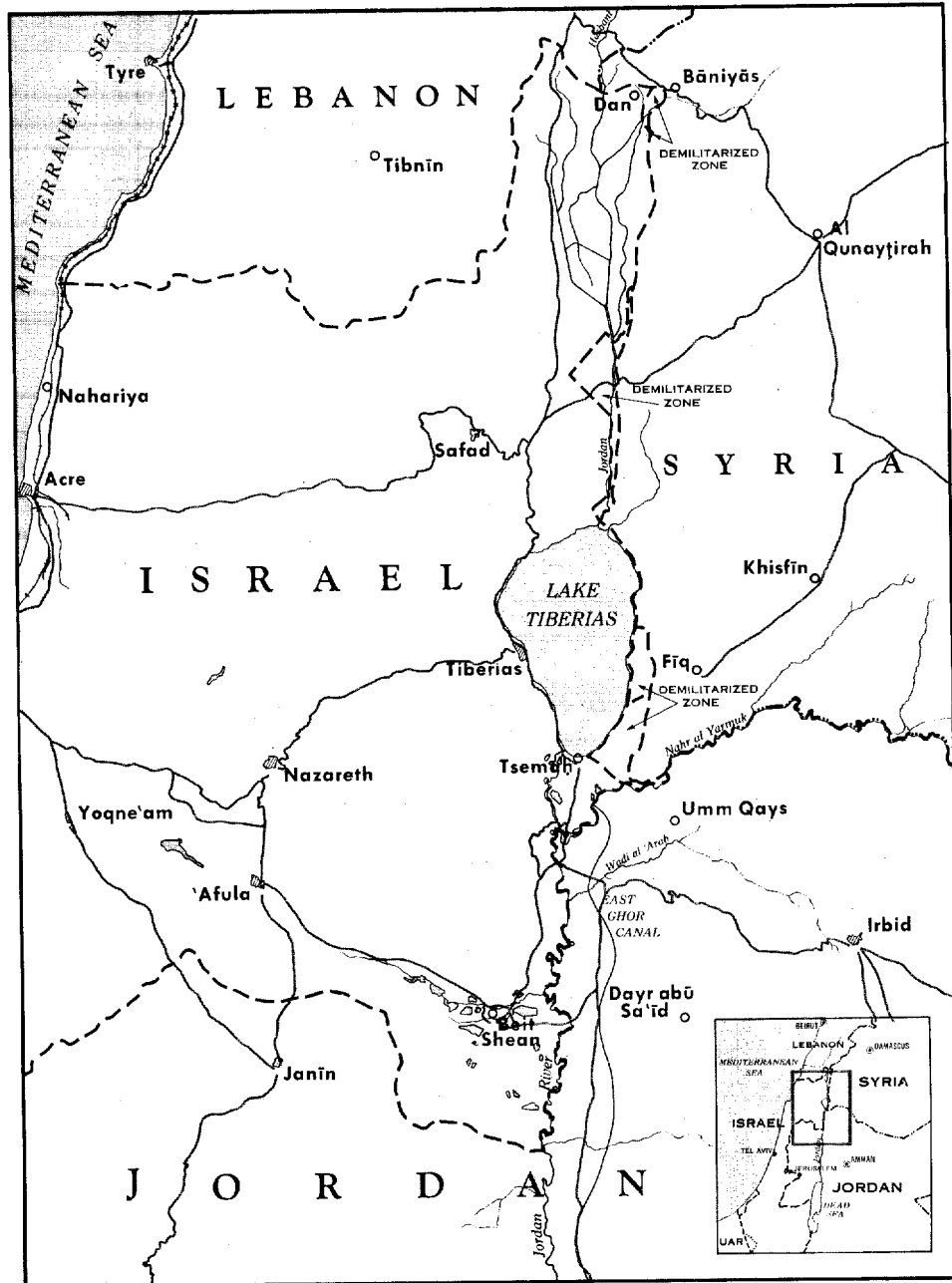
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Elsewhere in the Middle East, the Turks are mounting a wide-ranging diplomatic campaign to ensure that Czech arms the Makarios government brought into Cyprus last month are placed under UN custody. Ankara is also expressing some concern over the lack of a stable government in Athens with which to deal. Andreas Papandreu's belated acceptance of his father's decision to support the interim Greek Government has removed the immediate threat of a split by one of the country's two major parties before the elections next spring.

The conflict between aggressively nationalist Africa and some European interests continues to keep the Congolese and Rhodesian situations hot. Union Miniere evidently is standing up against Congolese President Mobutu's further demands following his seizure of the company's local properties. The Portuguese foreign minister has reiterated Lisbon's intention to defend its interests in Africa and implied resistance to the UN sanctions program against the rebel Rhodesian regime. With few other exceptions, the program is receiving world-wide compliance.

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## ISRAEL WARNS SYRIA ON BORDER FIRING

While Israel's Jordanian border has been relatively quiet for several weeks, the situation along its disputed frontier with Syria has worsened. The almost daily series of incidents that began in late December have included tank duels on 9 and 11 January. The Syrians had used tank fire during earlier exchanges, but the Israelis had not previously responded in kind.

The use of heavier weapons increases the possibility of an Israeli retaliatory strike against Syria. Although Israel has suffered a few minor casualties, thus far there have been no fatalities. As in the past, the death of Israelis or extensive damage to Israeli property could quickly trigger a reprisal.

Israeli officials in recent days have referred frequently to the mounting gravity of the situation. Prime Minister Eshkol, in a press interview, said the shootings "are not the usual seasonal business.... I must warn those who are responsible in Damascus that we will tolerate no attacks on the well-being of our citizens or our sovereignty.

Syria is not immune." Israel has also sent notes to the UN Security Council but as yet has made no formal complaint.

The current recriminatory exchanges among the Arab states over defense policy toward Israel probably have encouraged the Syrians to be especially belligerent at this time. According to the US Embassy in Damascus, they appear to be bracing themselves for a possible Israeli strike. There is no indication, however, that Syria intends to stop trying to prevent Israeli "incursions" on Arab-claimed lands, which have been the alleged cause of many of the incidents.

Many of the recent incidents stem from long-standing differences over rights to fields in the demilitarized zones established by the 1949 armistice agreement between the two countries. Syria contests Israel's claim to sovereignty over the zones and each year fires on the Israelis who attempt to work in "Arab" fields within them. Local UN officials have been unable to resolve the dispute.

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## ELECTION CAMPAIGN UNDER WAY IN INDIA

Serious campaigning for India's 15-21 February general election now has begun in an unusually turbulent political atmosphere, and prospects for the ruling Congress Party are uncertain. With a month to go, Congress is expected to retain a comfortable, but reduced, majority in the national parliament, but to do less well in the balloting for 16 state legislative assemblies.

The stultifying effects of almost 20 years in power have weakened the party's appeal and effectiveness. It is faction ridden, internally divided on major issues, and to some extent blamed for the country's current economic problems. A prolonged struggle for party nominations has further hardened the lines of caste and faction within the party organization.

In several states dissident leaders have resigned, have set up rebel parties, and are negotiating with opposition groups to form anti-Congress electoral fronts. As a result, Congress stands a good chance of losing power or being forced into coalition governments in at least three states, and will face a hard fight in one or two others. Politically volatile West Bengal will probably remain under Congress rule, but mainly because the leftist opposition has been unable to form an electoral alliance. In the southern state of Kerala, a Communist-led electoral front is almost certain to win against two rival Congress organizations.

Despite these problems and the loss of the charismatic leadership of Jawaharlal Nehru, Congress still has some advantages over its splintered opposition. No other party has been able to attract a significant following on an all-India basis. Some have only regional support. Others with aspirations for national standing--such as the conservative Swatantra, the two rival Communist parties, and the Hindu communal Jan Sangh--have only pockets of strength in widely scattered parts of the country.

Congress, on the other hand, has a generally strong nationwide organization and in most areas is well financed. As the party that led the independence movement and that has dominated the political scene since independence, it is in a position to dispense patronage and commands decades-old loyalties. It has also acquired a degree of expertise in manipulating caste and communal groups, an important element in winning Indian elections.

The pre-election period has thus far been one of unusual social and political turmoil, even for India. Opposition parties, especially the Jan Sangh and both Communist factions, have been quick to capitalize on this unrest and in some cases have been the prime instigators. Voting patterns will probably be determined more than ever before by the performance of Congress-controlled national and state governments and the ability of Congress and its rivals to get out the voters.

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## NIGERIAN RULERS MEET IN GHANA

Nigeria's long drift toward fragmentation and possible civil war has been checked at least for the moment by the meeting of all key leaders of the country's military regime in nearby Ghana on 4 and 5 January. However, the small measure of agreement reflected in their communiqués is still offset by wide divergencies on basic issues.

The meeting was recalcitrant Eastern military governor Ojukwu's first face-to-face encounter with the head of the federal government, Lt. Col. Gowon, and the other three regional governors since Northern soldiers killed General Ironsi--the Easterner who led the previous military regime--and installed Gowon in power last summer. It was brought about largely by the quiet go-between efforts of British trouble shooter Malcolm MacDonald. The Ghanaian hosts--British-trained army and police officers like the Nigerians--also helped to arrange the talks and then to preside over them.

Early agreement on a declaration renouncing the use of force as a means of settling the complex Nigerian crisis helped restore a degree of confidence and trust among the leaders--the most important single achievement of the meeting. They all agreed their interim regime should continue for some time and made some progress in spelling out powers and functions of its basic central and regional institutions. Limited agreement was also reached on reorganizing the shattered army

into regional commands and on measures to ease the plight of victims--mainly Easterners--of last year's upheavals.

The leaders who make up the Supreme Military Council (SMC) made no real attempt, however, even to come to grips with such difficult core questions as the creation of new states and the allocation of revenues and powers in a permanent government system. Their final communiqué merely provided for the resumption "as soon as practicable" of the adjourned constitutional conference, and looked forward to future meetings of the SMC within Nigeria itself. Ojukwu has indicated that three special new expert committees concerned with finance, the army, and federal decrees are to meet over the next month, with an SMC session to follow if a venue can be agreed on. Early implementation of the limited agreements reached in Ghana will be a prerequisite to more significant progress.

Nigerian reaction to the meeting and its communiqués has so far been highly favorable with the Eastern media and Ojukwu himself hailing it as a triumph for the regionalism they espouse. A general relaxation of major tensions, already reflected in the Western governor's 7 January announcement that roadblocks were being lifted in his region, thus seems likely for the immediate future.

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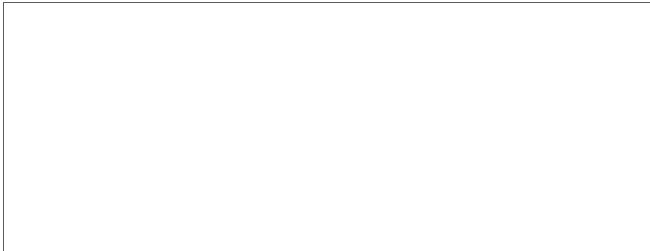
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## UNION MINIERE TAKES HARD LINE IN DISPUTE WITH CONGO

Congolese President Mobutu's confrontation with Union Miniere continues, with no sign that the company is particularly interested in rescuing the Congolese from a potentially disastrous economic crisis.

There are some indications that Mobutu is becoming less intransigent. Nothing has been heard recently, for instance, of his threat to seize the extensive Congolese assets of Union Miniere's largest stockholder, the Societe Generale holding company, on 15 January unless Union Miniere yielded to his demands.

Union Miniere has still not made public its attitude toward such indications of a softening on Mobutu's part.



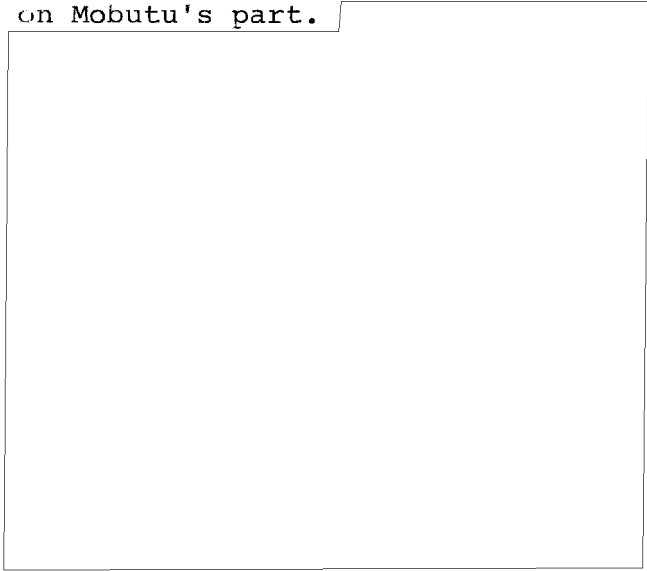
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Union Miniere has a substantial amount of unsold copper outside the Congo. It thus can satisfy its regular customers for several months and can play a waiting game at relatively little cost.

The Congo, on the other hand, cannot. Kinshasa's foreign exchange reserves are nearly exhausted, and stocks of consumer goods and materials needed to keep the country's industry going are measured in days and weeks for most articles. A long impasse would probably force the shutdown of the mines, which are still producing at the moment although exports have been halted.

While the majority of Congolese still are largely outside the cash economy and would not be seriously affected by an economic crisis, considerable unrest in the large and politically important urban areas would be expected if the crisis should continue.

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## WESTERN HEMISPHERE

Recent developments in several Latin American nations indicate an upsurge in contacts--primarily commercial--with Communist states. Other Western Hemisphere nations will be watching the results and, if they see economic benefits or prestige for themselves, may well move in a similar direction.

In some cases, the initiative evidently has come from the Latin Americans. Colombia's five-month-old Lleras administration, for example, has moved to establish diplomatic and trade relations with several Eastern European nations and may soon approach the USSR and other Communist countries as well. The main inducement here would appear to be the possibility of expanding trade, and Soviet and Polish trade missions are due in Bogota within the next few weeks.

Moreover, the Communists are offering trade deals to countries hungry for nontraditional markets for their primary exports. Should such deals be consummated, local pressures for exchanging diplomatic missions with Communist countries will be stepped up. [REDACTED]

Since last August, Ecuador has signed agreements to sell bananas and coffee to East Germany and Poland, and has had overtures from the Czechs and Hungarians aimed at expanding commercial ties. [REDACTED]

[REDACTED] A Brazilian delegation will visit Moscow, Warsaw, and Prague beginning on 14 January but is not expected to come home with any startling new trade deals.

On another front, Argentina's 4 January decision to claim sovereignty over waters within 200 miles of its coastline will further complicate chances of achieving any common hemispheric position on this matter soon. Ecuador, Peru, Chile, and El Salvador also claim a 200-mile territorial sea and can be expected to applaud the Argentine move, but the Brazilians are said to be upset by it and other countries which fish in this area probably will oppose it as well. The problems posed by such extensive claims were illustrated by Ecuador's detention on 7 January of three US-owned tuna boats which Quito alleged were fishing well within Ecuadorean waters. [REDACTED]

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## CHILEAN OPPOSITION PARTY IMPROVES POSITION

The election of Socialist Party leader Salvador Allende as president of the Chilean Senate has enhanced the opposition role in that body and improved the Socialists' political position. The Frei administration, although it controls the lower house, lacks a majority in the Senate but previously held the leadership there by virtue of the swing vote exercised by the vaguely rightist Radical Party (PR). Although no serious obstructionism is expected, Allende's election is a definite slap at President Frei--who is about to visit the United States.

The Socialist Party (PS) cooperates with the Communist Party (PCCh) in a Popular Action Front (FRAP), but their relations have become strained because the PS generally espouses a more extreme line than the PCCh and is less willing to cooperate with the government.

On 21 December, the PDC president and vice president of the Senate were ousted in a vote in which the Radicals cooperated with FRAP. This situation had occurred twice before in 1966, but FRAP and the PR had never been able to agree afterward on a new leadership. This time the PR was determined not to re-elect the PDC leaders and, while not opposed to a Socialist president, refused to accept a Communist vice president. The FRAP partners stood firm against naming a Radical. The slate finally agreed to give the presidency to the Socialists' Allende and the vice-

presidency to Luis Fernando Luengo, a member of the small left-wing Social Democratic Party.

Allende, who lost the national presidential election in 1958 and was again defeated by Frei in 1964, has been one of the Frei administration's loudest critics. He is a firm supporter of Fidel Castro and has on several occasions praised Castro's attacks on Frei. As Senate president he will be able to guide debate and to some extent control the movement of bills through the Senate machinery. As a result Frei will probably face increased harassment in Congress, especially when it debates his request for permission to leave the country for his US visit in February.

An example of Allende's power as Senate president was his granting permission to use Senate facilities for a local celebration of the Cuban revolution anniversary on 2 January. This action displeased the Radicals, however, so Allende in the future may have to make greater efforts to heed their wishes or risk losing their votes.

The Communists' failure to elect a member to the Senate leadership was a blow to their position as an important leftist force. They now face the prospect of operating in the shadow of the more extremely leftist Socialist Party.

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## GUYANA'S COALITION GOVERNMENT FALTERS

Political differences between Guyana's Prime Minister Burnham and his junior coalition partner, Finance Minister D'Aguiar, nearly broke up their shaky two-year-old partnership last week. The two leaders have never gotten on well and, although they now appear to be trying to patch up their most recent quarrel, they have not yet reached complete agreement.

D'Aguiar has reluctantly withdrawn his demand for complete jurisdiction over economic development and Burnham has agreed to postpone the transfer of civil service control from D'Aguiar's ministry--two of last week's sticking points. Burnham has also agreed to grant D'Aguiar's request that Minister of Works and Hydraulics Mohamed Kasim be removed from the cabinet. However, he has not yet asked for Kasim's resignation and the delay is beginning to antagonize D'Aguiar.

The prime minister is reluctant to dump Kasim, a Burnham supporter who is a member of D'Aguiar's United Force (UF) party, because he believes that Kasim would remain in the government and help him retain a working majority in the legislature should D'Aguiar resign. D'Aguiar wants the way cleared for another, more

acceptable UF member to be appointed to Kasim's post and his determination to see this accomplished is growing.

Both leaders understand that the alternative to their coalition government would be, at best, a Burnham-led minority government or, at worst, one headed by pro-Communist opposition leader Cheddi Jagan, whose party holds the largest single block of seats in the legislature. For this reason Burnham and D'Aguiar have declared themselves willing to make an extra effort to stay together. Nevertheless, they both feel justified in their positions and, as always, seem unable to keep from antagonizing each other. Even if they manage to patch up the current quarrel, other disagreements are sure to threaten the coalition in the future.

If D'Aguiar were to resign, Burnham could probably at least temporarily hold the support of enough members of the finance minister's party to maintain a slim working majority in the legislature. Many members of D'Aguiar's party are dissatisfied with Burnham's administration, however, and without D'Aguiar in the government the coalition would be on a much weaker footing.

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## DOMINICAN GOVERNMENT'S RELATIONS WITH OPPOSITION DETERIORATE

Radical elements in control of the left-of-center Dominican Revolutionary Party (PRD) appear headed toward more militant opposition to the Balaguer government after a period of hesitation over the past few months.

The major theme in the PRD attack on Balaguer is the allegation that his government is "neo-Trujillista." The PRD has charged the President, who faithfully served Trujillo for many years, with systematic political persecution and authoritarian implementation of his policies. Jottin Cury, the PRD's far left firebrand in Congress, has said he will present to the legislature formal charges against Balaguer for "grave faults in the exercise of his duties." PRD Secretary General Pena Gomez has charged that the government is becoming "de facto" through arbitrary actions.

The conduct of the Balaguer government has lent a degree of credibility to the often exaggerated PRD charges. The government has not appeared concerned about sporadic acts of political violence and the police at times appear heavy handed. Balaguer himself has shown no disposition to seek a reconciliation with the left and elements in his entourage consider the PRD little better than Communists.

Although the rhetoric of the PRD radicals is often more inflammatory than their acts, recent statements by the leaders suggest they may be moving toward violent opposition to Balaguer. Pena, for example, has said that the PRD rank and file, having had five months of Balaguer's "repression," hope he will be overthrown. Cury's statement that the political spectrum is polarizing into "Trujillismo versus anti-Trujillismo" rather than left versus right, and statements by Pena absolving rightist civil-military elements of responsibility for political terrorism suggest that the party may seek an alliance with political opportunists of the far right.

Meanwhile, dissident PRD moderates and conservatives, having failed to shake the radicals' hold on the leadership, have announced plans to hold a "convention," apparently to establish an "authentic" PRD. Past efforts by party dissident Angel Miolan to establish a party independent of the PRD have failed but encouragement of the new effort by Balaguer and the radicalism of the new leaders may make this try more successful. Such a movement would probably lead to stepped-up efforts by the dissidents to tag the present PRD leadership with the Communist label.

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## NO CLEAR VICTORY IN BAHAMAS ELECTIONS

The standoff in the 10 January House of Assembly elections presents the British governor-general with a difficult task in trying to form a new government. The government had called the election following allegations by the opposition Progressive Liberal Party (PLP) of corruption on the part of the ruling United Bahamian Party (UBP).

The Negro-led PLP dramatically increased its representation in the House of Assembly from four to 18 seats, equaling the number won by the conservative UBP. One of the two remaining seats was won by a member of the Labor Party who is expected to vote with the PLP. The other went to an independent whose alignment is in doubt. The more moderate opposition National Democratic Party lost all representation.

The PLP, campaigning on the issues of alleged gambling corruption in government and white rule, captured 12 of the 17 seats from populous New Providence Island, where the capital is located, while only four went to the UBP and the remaining one to the Labor Party. UBP Premier Sir Roland Symonette retained his seat by the slim margin of some 50 votes. The outlying islands on which the UBP

had heavily depended failed to deliver the expected victories.

Under the constitution the governor appoints as premier the man he believes best able to command the confidence of the majority of House of Assembly members. If neither party can form a working majority, or is unwilling to enter into coalition with the other, new elections would have to be held.

The PLP, formed in 1953, has for the first time effectively challenged the tight control of the Bahamas by the white-led UBP. Jubilant Negroes marched through the streets celebrating what their leaders called an end of "three centuries of white rule."

If the PLP is chosen to form the next government, party leader Lynden O. Pindling will become premier. Pindling is an energetic and intelligent individual. He told the US consul general that he acts as a moderating influence on party extremists.

Investors are apparently concerned over a possible end to their freedom from taxation in the Bahamas. PLP views vary on

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this issue. The Bahamian constitution provides that legislation proposing taxation can be delayed by the Senate for at least 15 months. The control of the Senate is "nonpartisan" because even the combined representatives of the two main parties cannot defeat a solid vote of the governor's eight appointees--white businessmen. According to a leading Bahamian barrister this

ensures ample time for an expression of public opinion and also gives investors the opportunity to take action on their assets if they deem it expedient.

The US consul general in Nassau predicts a period of general economic and political confusion. [REDACTED]

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