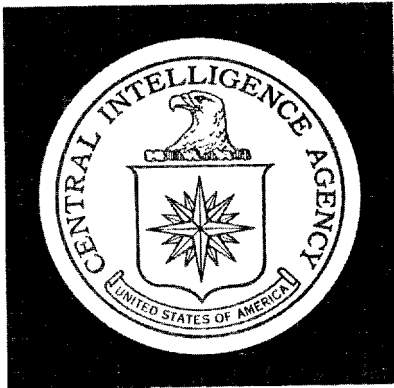


Secret
[Redacted]

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review completed

Secret

51

3 November 1967

No. 0314/67

25X1

61-228533

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE
AGENCY ARCHIVES [Redacted]

25X1

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

C O N T E N T S

(Information as of noon EST, 2 November 1967)

Far East

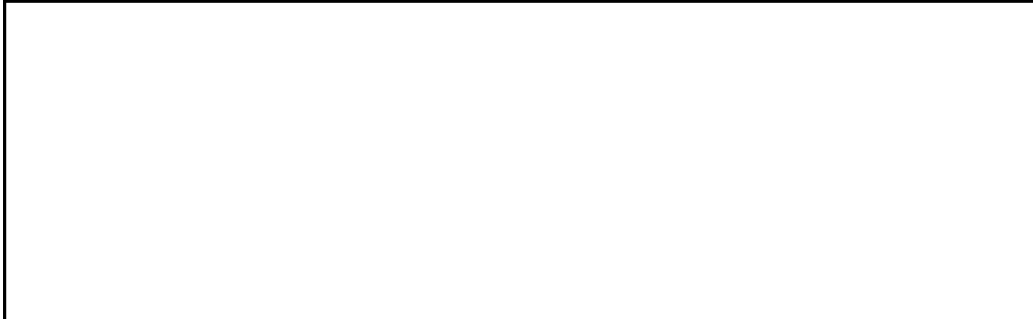
	<u>Page</u>
THE WEEK IN PERSPECTIVE	1
VIETNAM	3
The final steps in establishing constitutional government were taken on 31 October with the inauguration of Thieu and Ky, and the installation of the lower house of the legislature. Meanwhile, there are further indications that the Communists plan to step up offensive operations in areas that have been relatively quiet during recent months.	
MODERATION REMAINS THE ORDER OF THE DAY IN CHINA	6
Recent developments suggest that moderate leaders are consolidating their position in Peking, and that, as a result of their efforts, comparative order has been restored to most of China.	
PEKING SUFFERS NEW REVERSES ABROAD	7
The surly retreat by the Chinese Communists from Indonesia and Burma, where intemperate actions growing out of the Cultural Revolution had exacerbated already strained relations, reflects a shift toward a more pragmatic approach in foreign relations.	

Europe

THE WEEK IN PERSPECTIVE	9
SOVIET UNION'S 50TH ANNIVERSARY CELEBRATION UNDER WAY	10
Representatives of more than 100 foreign Communist parties, labor unions, and pacifist groups began gathering in Moscow this week to participate in the 50th anniversary celebrations. A scattering of important officials from non-Communist nations is expected to arrive this weekend for the formal state activities scheduled for 6 and 7 November.	

SECRET

RUSSIA CONTINUES ITS "PLOWSHARE" PROGRAM 12
An underground nuclear explosion on 6 October, believed to be the latest test in a Soviet program to develop peaceful applications of nuclear detonations, may have been intended to create a gas storage cavity.



25X1

POLITICAL DISPUTE IN MOSCOW OVER RESOURCE ALLOCATIONS 12
In a major article published last week, politburo member Polyansky, the regime's top agricultural administrator, registered his dissent from recent economic decisions regarding agriculture.

SOCIALISTS UPSET RULING AUSTRIAN CONSERVATIVE; 15
Victories by the opposition Socialists in recent municipal and provincial elections are the result of widespread public dissatisfaction with the performance of Chancellor Klaus' People's Party government.

SWEDEN'S SOCIAL DEMOCRATS MOVE TO THE LEFT 16
The shift to the left by Sweden's long-dominant Social Democratic Party, as revealed by the decisions made at the party's recent special congress, will be felt in both domestic and foreign policies.

Middle East - Africa

THE WEEK IN PERSPECTIVE 17

BIAFRANS STILL FIGHTING HARD IN NIGERIAN WAR 19
The Nigerian Army has run into much stiffer resistance within the Ibo heart of Biafra, but continues to advance in minority areas around the fringes.

SECRET

CONGO (KINSHASA) EVACUATION STILL NOT SETTLED 20
Efforts to evacuate the mercenaries from the eastern Congo have run into some major snags that will require new foreign assistance if they are to be overcome.

UN SECURITY COUNCIL DIVIDED ON MIDDLE EAST RESOLUTION 21
Although all the council members are agreed on sending a United Nations' mediator, considerable differences exist over the guidelines that he should be given.

Western Hemisphere

THE WEEK IN PERSPECTIVE 23

VENEZUELA'S RULING PARTY SPLITTING 24
A fight for the party's presidential nomination threatens to cost the Leoni administration its slim majority in congress and reduce it to essentially caretaker functions for the remaining 15 months of its term.

LABOR UNREST WEAKENS PERUVIAN PRESIDENT'S PRESTIGE 25
President Belaunde's indecision and delay in coping with recent labor unrest and violence have greatly undermined his influence and prestige.

GESTIDO'S NEW CABINET UNLIKELY TO SOLVE URUGUAY'S PROBLEMS 25
The President has formed a new cabinet representative of most factions of his divided Colorado Party, but the exclusion of two key factions will probably make it difficult for him to control the legislature.

DOMINICAN NON-COMMUNIST OPPOSITION PARTIES CONTINUE DIVIDED 26
Divisions within the major opposition party may result in changes in the party's leadership. Right-wing politicians continue maneuvering in an attempt to form a pro-Wessin united front.

SECRET

SECRET

FAR EAST

Hanoi denounced the inauguration of the new Saigon government as an "odious farce" that took place in an atmosphere of terror and repression. North Vietnamese propaganda portrayed the Viet Cong mortar attack on Independence Palace during the inaugural reception as proof that the Thieu-Ky "clique" could not even ensure effective security in their own capital. On the eve of Vice President Humphrey's arrival, Hanoi claimed that Saigon could not guarantee his safety and warned of "terrible things" to come. The intensive Communist assault on allied positions in Binh Long Province north of Saigon may also have been an attempt to score a military success timed to reduce the political impact of the inauguration.

The campaign to restore order in China has registered an important advance with the apparently effective enforcement of Peking's directive to reopen all schools. In contrast to attempts to reopen schools last spring, which were frustrated by militant Maoist leaders and their Red Guard supporters, the success of the present effort appears to be the result primarily of army participation. The military is also playing a leading role in dismantling Red Guard groups and restoring central administrative control.

The return to a more pragmatic conduct of affairs was also apparent in Peking's decision to cut its losses in relations with Burma and Indonesia without provocative actions that would only further exacerbate the damage caused by Cultural Revolution excesses. Peking bowed to Burma's request for the withdrawal of Chinese technicians and acceded to Indonesia's demand for the release of its remaining diplomatic personnel in Peking and the closure of the Chinese Embassy and consulates in Indonesia.

25X1

25X1

SECRET

SECRET



68528 11-67 CIA

SECRET

25X1

SECRET

VIETNAM

The final steps in the establishment of constitutional government were taken on 31 October with the inauguration of Thieu and Ky and the installation of the lower house of the legislature.

The political make-up of the lower house confirms the trend evident in the presidential and upper house elections--the demise of the old political groupings and the rise of new centers of political power. The old-line Vietnamese Nationalist Party (VNQDD) and the Dai Viet Party, for example, elected only 17 representatives to the house, while a new political entity--the Farmer, Worker, Soldier Party led by Senator Tran Van Don--elected at least 21 members. Don's group comprises the largest single bloc in the house.

Of the 35 Catholic members, only 15 have been identified as representatives of Catholic political organizations. In the past, however, the Catholics have shown considerable organizational ability and they may eventually provide the nucleus of a very strong political grouping. Although about 65 Buddhists were elected to the house, most of them are probably uncommitted to any bloc and there is no discernible prospect at this time that they will be able to form a cohesive unit. Only six of the Buddhists have been identified with the militant An Quang faction.

The dispute between the militant and moderate Buddhist factions over the charter issue remains unresolved, but some elements are alleged to be pressing for a reconciliation. These elements apparently believe that Buddhist unity must be achieved in view of Catholic strength in the National Assembly. Despite these pressures, moderate leader Thich Tam Chau has reinstated the charter that he had suspended earlier, at government request, in an effort to reach a settlement with the militants. Should the desire for unity spread in Buddhist circles, the intransigent Buddhist leaders may become increasingly isolated from their followers.

Despite apparent behind-the-scenes efforts toward a compromise, the militants continue to keep up pressure on the government to revoke Chau's charter. An attempted militant protest in Saigon was broken up by the police on 29 October, while timely countermeasures by the police in Hue may have headed off Buddhist plans for extensive antigovernment demonstrations there.

The Military Situation
in the South

There have been further indications this week that the Communists are planning to step up offensive operations in the northern

SECRET

SECRET

III Corps area--a region that has been a relatively quiet military sector during recent months. This move is probably aimed at maintaining widespread pressure on the allies in the hope of preventing a concentration of allied strength against Communist units in any one area.

At least two regimental elements of the Viet Cong 9th Division have deployed into the Loc Ninh - Phuoc Binh area. Beginning on 28 October, Communist units mounted attacks on strategic allied military facilities in the vicinity of Loc Ninh. Although they suffered heavy casualties in the assaults, it appears that they intend to keep up the pressure and that the focus of the action may shift to the vicinity of Phuoc Binh.

The Communists may hope to repeat successes they scored in this region in early 1965 when severe casualties were inflicted on several ARVN units. The terrain facilitates the mounting of ambushes and the protected movement of Communist units. Reports by prisoners suggest that elements of the North Vietnamese Army (NVA) 7th Division may also have been involved in the action along with the NVA 88th Regiment--an outfit that recently moved into III Corps from the western highlands.

North Vietnamese Military Developments

North Vietnam will probably continue to operate a small force

of fighter aircraft from DRV airfields despite the heavy damage to its air establishment during the past week.

For the time being, MIG activity probably will be limited in scope and intensity. Air engagements and bombing raids have greatly reduced the number of fighters in North Vietnam. Moreover, substantial damage to equipment and injury to key personnel probably have occurred as a result of the air strikes on Phuoc Yen.

The North Vietnamese, however, have already restored their airfields to the extent that at least limited MIG operations can be supported. US aircraft have been challenged by Communist fighters on several occasions since the Phuoc Yen raids.

Hanoi apparently intends to continue interceptor missions even if they are on a small scale. By maintaining the threat of fighter opposition, North Vietnam can force the US to continue to provide its strike groups with heavy fighter cover. Moreover, this tactic constitutes a low-cost proposition for Hanoi, in that it demands only a limited number of operational fighters and serviceable runways.

Truck Traffic in Laos Panhandle

The annual movement of supplies from North Vietnam into the Laos panhandle appears to be

SECRET

SECRET

under way as the rainy season draws to a close. Aerial observers have spotted heavy truck movement on Route 912, one of the two main roads from North Vietnam into Laos. The Communists have also probably been building up stockpiles along Route 15 near the Mu Gia Pass in anticipation of the coming of the dry season.

The amount of supplies moved through the panhandle road network is believed to have risen during the dry seasons of the past three years. A high of about 30,000 tons moved into the panhandle via the 912, Mu Gia, and Lao-Cambodian route, during the 1966-67 season, and the Communists probably intend to ship at least as large a quantity during the coming dry season.

Soviet Anniversary
Celebrations

North Vietnam has sent to the USSR's 50th anniversary celebration a top-level delegation that includes party First Secretary Le Duan and politburo members Vo Nguyen Giap and Nguyen Duy Trinh. Le Duan reportedly has been in Moscow for the past several weeks, presumably to work out with the Soviets exactly how the Vietnam war and China will be treated during the anniversary. Press articles by North Vietnamese leaders in honor of the occasion have contained praise of both Chinese and Soviet assistance on the war. The North Vietnamese are known to have voiced displeasure to DRV officials in Moscow because certain Soviet broadcasts omitted passages from one article that were favorable to Peking.

25X1

25X1

* * *

SECRET

SECRET

MODERATION REMAINS THE ORDER OF THE DAY IN CHINA

Recent developments suggest that moderate leaders are consolidating their position in Peking, and that, as a result of their efforts, comparative order has been restored to most of China. The drive to clear away the political wreckage left by the Cultural Revolution goes on. Regime propaganda continues to stress the importance of re-establishing effective administrative machinery and of getting students to return to the classrooms.

Although tensions among rival Red Guard groups have not subsided completely, broadcasts from several provinces indicate that there is general compliance with Peking's order to reopen schools throughout the country. Classes for the first few weeks apparently will concentrate on political indoctrination--mostly the study of Mao's thought--and on military and athletic training, all under the supervision of army personnel. The regime evidently intends to begin regular classes with a more normal curriculum soon, however. The middle school selected as a model by authorities in Peking has already begun teaching a standard curriculum.

Previous attempts to reopen schools last spring were largely frustrated by the militant Maoist leadership and extremist Red Guard groups. The present drive presumably will be opposed by some of these elements and, in addition, there are certain inherent

problems in the situation. Several recent broadcasts have acknowledged that teachers are reluctant to take charge of students who victimized them at the height of the Cultural Revolution. Former Red Guards reportedly fear retaliation by teachers, and regional broadcasts make it clear that many students have not yet returned to their schools. The participation of the armed forces, however, suggests that the current efforts to get the students back to class will have more success than previous efforts.

Broadcasts also suggest that Red Guard organizations are being further dismantled in an attempt to restore central administrative control and ensure that students return to class. A Shanghai broadcast reports that a Red Guard headquarter at Chao-tung University has been slashed by 90 percent to get "young fighters" back into the classrooms. A report on the formation of a "great alliance" of revolutionaries" in the Sixth Machine Building Ministry indicates that the army forced the dissolution of rival Red Guard groups in the ministry and reorganized them on functional lines. This move is apparently to serve as a national model.

Two recent reports suggest that Chen P-ta, a leader of the militant Maoist group in Peking, may be on the way out. Chen is said to have been attacked in early October by Lin Piao, Mao's anointed heir and himself a leading

SECRET

SECRET

extremist, for having been responsible for the "mess" of last July and August--when "revolutionary" disorders were at their height throughout China. Chen, who has close connections with a number of lesser "leftists" who

have been disgraced in the course of the current campaign for moderation, may become a scapegoat for the failure of the radical policies pursued by the Peking Maoists last spring and summer.

25X1

PEKING SUFFERS NEW REVERSES ABROAD

The Chinese Communists have beaten a surly retreat in two Southeast Asian countries where intemperate actions growing out of the Cultural Revolution had exacerbated already strained relations.

Early this week Peking reluctantly agreed to withdraw Chinese technicians from Burma, and acceded to Indonesian demands that resulted in a de facto rupture of diplomatic ties between Peking and Djakarta. Chinese acceptance of these setbacks without immediate reprisals--in effect a decision to cut their losses--reflects a shift toward a more pragmatic approach in the conduct of foreign relations.

On 31 October--one day after the deadline set by the Indonesians early in the month--a Chi-

nese aircraft flew to Djakarta with the remaining Indonesian Embassy personnel who had been held hostage, and returned to China with all Chinese officials serving in the embassy and consulates in Indonesia. Neither Peking nor Djakarta wishes to bear the responsibility for initiating a formal break in relations and both countries are treating relations officially as "suspended" rather than broken. The truculent tone of the Chinese Foreign Ministry note on 28 October, while acceding to Djakarta's demands that Indonesian diplomats be released and all Chinese personnel be brought home, appeared designed to mask a tactical withdrawal that leaves Peking vulnerable to charges of abandoning the three million Overseas Chinese in Indonesia.

Diplomatic relations continue between Peking and Rangoon,

SECRET

but the Chinese presence in Burma is being reduced to a bare minimum. The Burmese Government was angered by Peking's threat to terminate Chinese aid projects unless anti-Chinese activity was halted. It requested on 6 October that all personnel associated with the aid program--approximately 450 technicians--be withdrawn by the end of the month.

Apparently fearful of compounding this loss, Peking has avoided actions that might provoke the Burmese to shut down the embassy. The Chinese statement on 31 October announcing the withdrawal of the technicians was offensive, however. It accused the Ne Win regime of sabotaging Sino-Burmese relations and reaffirmed support for the "revolutionary struggle" of the Burmese people.

China's return to more pragmatic methods in the conduct of

foreign policy is underscored by recent developments in the Hong Kong "confrontation." On 20 October the Chinese suggested talks between Chinese and Hong Kong border authorities to discuss the abduction of a British police inspector six days earlier. The Chinese insisted, however, that meetings be held in China--apparently seeking to set up a damaging parallel with the negotiations early this year that led to the Portuguese capitulation in Macao.

The Chinese may also be taking steps to restrain the more extreme elements in the Hong Kong apparatus. Leading Hong Kong Communists were summoned to Canton in late October, possibly in connection with the formation of a "People's Committee" organized on 28 October to support the "long-term struggle" against the colonial authorities.

25X1

* * *

25X1

SECRET

SECRET

EUROPE

Top-level Communist delegations from around the world are arriving in Moscow for the Soviet jubilee celebrations. The first to arrive were the North Vietnamese, led by party First Secretary Le Duan. The ceremonies will culminate in Red Square on 7 November. To mark the occasion, the regime has granted tax benefits and has offered prospects for more consumer goods. An amnesty for minor offenders has also been decreed.

Behind the festive facade, however, a policy dispute surfaced. A member of the politburo has published an article recording his dissent from recently announced economic policy. The tone of the piece suggests that, by his reckoning, he has lost a battle but not the war.

Soviet propaganda and diplomatic activity with respect to the Middle East subsided somewhat as the new crisis there ebbed. Before the latest flare-up occurred, the Soviets had been trying to bring the Syrians into line with the other Arabs on terms for a settlement.

On 31 October the North Atlantic Council gave a green light to the US to negotiate a safeguards article with the Soviets for the treaty on non-proliferation of nuclear weapons. The NATO countries are not committed, however, to accept the result. The members of EURATOM--always excepting France--will want to satisfy themselves that the article will not operate to their detriment.

East Germany is again pressing its search for recognition. A party politburo member was recently dispatched to Cairo to establish high-level contacts with the ruling Arab Socialist Union of Egypt, and another group is in Singapore where it may succeed in establishing a trade center. The long-standing East German quest may be taking on new urgency because of the desire of East European countries to establish relations with West Germany.

25X1

SECRET

SECRET

SOVIET UNION'S 50TH ANNIVERSARY CELEBRATION UNDER WAY

Representatives of more than 100 foreign Communist parties, labor unions, and pacifist groups began gathering in Moscow this week to participate in the 50th anniversary celebrations. A scattering of important officials from non-Communist nations is expected to arrive this weekend for the formal state activities scheduled for 6 and 7 November.

The Soviet central committee and the Supreme Soviets of the USSR and the Russian Republic open a two-day joint session on 3 November that will be attended by the visiting Communist dignitaries. Soviet party General Secretary Brezhnev will deliver the principal speech. Other meetings, such as an international gathering of trade unionists, were held earlier in the week.

Most of the governing Communist parties will be represented in Moscow by their top party and government officials. Even those Communist nations seeking to keep a foot in both the Soviet and Chinese camps--North Korea, North Vietnam, Rumania, and Cuba--are sending high-level delegations. Albania refused to attend and China did not deign to answer Moscow's formal invitation. Peking instead is-

sued a vitriolic diatribe against the "Brezhnev-Kosygin clique" through the New China News Agency last weekend.

Moscow has marked the occasion with a series of highly successful achievements in space and an amnesty for prisoners serving minor sentences. It carefully stopped short of freeing the more prominent political detainees, however, and beneath the festive air there seemed to be an undercurrent of concern that some event inside or outside the Soviet Union would occur to mar the celebrations.

The rendezvous and docking of two unmanned spacecraft earlier this week, following close upon the landing of a capsule on the surface of Venus on 18 October, has refocused world attention on Soviet space exploits. For Soviet space officials the auto-docking feat took on additional significance because it restored their confidence in Soviet manned space hardware and capabilities--a confidence badly shaken by cosmonaut Komarov's death aboard Soyuz-1 six months ago.

The space link-up was probably a rehearsal for a manned event, though not for one before the 7 November holiday.

SECRET

SECRET

The Soviets evidently intended to conduct a third "space spectacular"--an unmanned circumlunar flight--in late October, possibly using a Soyuz capsule, with return to earth around 1 November. This flight has probably been canceled or rescheduled until later this month.

The traditional parade on 7 November will probably reveal

more new types of military hardware than in previous years. Seven previously unobserved items of equipment were seen by Western attachés last week at the first night rehearsal. Although most of this equipment was covered by canvas, five of the items are believed to be associated with missile weaponry. A possibly new type of medium tank was observed at a rehearsal earlier in October.

25X1

* * *

SECRET

SECRET

RUSSIA CONTINUES ITS "PLOWSHARE" PROGRAM

An underground nuclear explosion on 6 October appears to be the latest test in a Soviet program to develop peaceful applications of nuclear detonations. The shot occurred in western Siberia near Tyumen, an area never before used for weapons testing, and may have been intended to create a gas storage cavity.

Three other underground nuclear tests conducted since mid-1965 demonstrate the sophistication and diversity of the Soviet version of the US Plowshare program. One nuclear blast apparently was used to prime a depleted oil field near Ufa, and a second probably was intended to boost natural gas production near Azgir. In September 1966, after conventional methods had failed, a nuclear blast snuffed out a gas-well fire that had burned for nearly three years near Karshi.

Some of the underground shots at the Soviet nuclear weapons test site at Semipalatinsk may have yielded information on the uses of nuclear explosions in construction. In addition, several Soviet construction operations involving simultaneous detonations of thousands of tons of conventional explosives probably have provided data useful for the prediction of the effects of nuclear blasts.

The Soviets have had more practical experience in the application of nuclear explosions to promote the production of petroleum and natural gas than any other country. They have not published any data acquired from these experiments, however, or even admitted that the tests have been held.

25X1

25X1

POLITICAL DISPUTE IN MOSCOW OVER RESOURCE ALLOCATIONS

Debate among top Soviet leaders over the allocation of resources has again broken out in the open, marring the facade of unity that the regime has sought to maintain during the 50th anniversary observances. In a major article published last week, politburo member Polyansky, the regime's top agricultural administrator, registered his dissent from recent economic decisions regarding agriculture.

Polyansky's article appeared in the party's leading theoretical journal, Kommunist, which went to press on 14 October after the party central committee and the Supreme Soviet (parliament) had approved the plan and budget for 1968 and target figures for 1969 and 1970. These plans revised some of the original 1966-1970 goals, cutting back long-range investments, particularly in agriculture, to finance

SECRET

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

25X1

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

SECRET

current military and consumer requirements.

Against the background of these decisions, Polyansky's statement that the development of agriculture "is now as vital and urgent as ever," appears clearly contentious. To bolster his position, he reached back to September 1965 for a quote from General Secretary Brezhnev: "Certain elements of the planning and economic apparatus... thus far do not seem to understand the importance of the most rapid growth in agriculture.... These tendencies are extremely dangerous."

Polyansky was the chief architect of the 1965 agricultural program which introduced reforms in planning and procurement procedure, and committed the regime to a sharply increased rate of capital investment in the agricultural sector over the next five years. The exceptionally good harvest of 1966 and the above-average harvest expected this year, however, have undercut support for this program. By late 1966, it was already evident that investment was lagging and that delivery of agricultural machinery was seriously behind schedule.

Last March, Polyansky spoke out about this situation with unusual frankness. He stated that "some comrades" were beginning to argue that because of the good harvest, state aid to agriculture could be cut back. "Such arguments," stated Polyansky, "are extremely dangerous and need to be resolutely nipped in the bud." This was an election speech delivered outside of Moscow. Now Polyansky has taken

the unusual step of presenting his case in a signed article and has allowed it to be published after economic policy has clearly been formulated. This is considerably bolder, and is a measure of his increasing concern.

In the article, Polyansky does not identify his opponents. But his explicit endorsement of the priority requirements of heavy industry and the defense establishment, compared to his offhand treatment of the importance of increasing consumer production, suggest that his argument may be primarily with Premier Kosygin. In a speech on 2 October in Moldavia, Kosygin said, "Now that we have created a powerful industry and a mechanized agriculture...we can allocate greater resources to improve people's living conditions." He thus implied that priority development of agriculture is no longer necessary.

By citing Brezhnev, Polyansky also was reminding his readers that the party chief had been the public sponsor of the 1965 program. Brezhnev has not reaffirmed his advocacy of this program in almost a year, however, and he seems to have given in to pressure from other claimants to resources. It appears, in any case, that the pressure for increased defense spending and the need to placate consumers in the jubilee year led a majority of the politburo to outvote Polyansky on next year's plan. The plan figures for 1969 and 1970 can be adjusted, however, and Polyansky may be looking ahead to another stage in the debate.

25X1

SECRET

SECRET

SOCIALISTS UPSET RULING AUSTRIAN CONSERVATIVES

Victories by the opposition Socialists in recent municipal and provincial elections are the result of widespread public dissatisfaction with the performance of Chancellor Klaus' People's Party government. For the first time since World War II, Austrian politics may be entering a period of wide-ranging debate of public issues. During most of this period, cooperation between the two parties in the cabinet has tended to stifle public discussion.

At home, the government is faced with the highest budgetary deficit since the war, growing inflation, and a need--which it has long recognized but so far has been unable to do much about--to restructure the economy. Abroad, the government has failed to make progress in solving the country's two most important problems: achieving an arrangement with the European Communities, and settling the long and violence-ridden dispute with Italy over the South Tyrol.

The most important Socialist triumph came in the Upper Austria provincial elections on 22 October, the first such Socialist success since the war. The public's disenchantment had be-

come apparent in municipal elections two weeks earlier, when the Socialists garnered a significant increase in votes while retaining power in Salzburg and Klagenfurt.

People's Party leaders, under pressure to restore the government's popularity, may decide to take such hazardous steps as trying to ease the budget deficit by reducing the overstaffed civil service. There may also be a cabinet reshuffle to bring in new faces. If the party's fortunes fail to improve in the three municipal and provincial elections scheduled in 1968, Socialist leader Bruno Kreisky believes there is even a chance Chancellor Klaus will be replaced by People's Party boss Withalm.

The Socialists, who decided to go into opposition after the 1966 national elections, believe their recent electoral victories vindicate their rejection of the coalition. They now regard the next scheduled national elections in 1970 with "restrained optimism" because they believe only further difficulties are in store for the Klaus government. Their principal strategy appears to be to press on with their so-far-successful opportunistic method of opposition.

25X1

SECRET

SWEDEN'S SOCIAL DEMOCRATS MOVE TO THE LEFT

The shift to the left by Sweden's long-dominant Social Democratic Party (SDP), as revealed by the decisions made at the party's recent special congress, will be felt in both domestic and foreign policies.

The steady downward trend in SDP political fortunes in recent years, demonstrated in last year's local elections in which the SDP vote dropped sharply and that of the Communists gained, has been the major factor influencing the party to try to project a more radical image. Prime Minister Erlander, a moderate, has been under particularly strong pressure from the SDP left wing, which has insisted that the SDP program must be "radicalized" to head off mass defections to the revitalized Swedish Communist Party.

Under their new leader, Carl-Henrik Hermansson, the Communists have had considerable success in presenting themselves as a national party and an acceptable alternative for Social Democrats dissatisfied with their party's present policies. The minority position of the Erlander government has also led to increased speculation about the possibility of closer cooperation between the two parties after the election.

Lacking dramatic domestic issues to capture the imagination of the electorate and to rally the faltering party, the SDP leadership has seized on the popular and emotional issue of Vietnam. Statements on Vietnam made at the con-

gress by Erlander and Foreign Minister Nilsson, and the Vietnam resolution passed by the congress, were harshly critical of the US role.

The SDP leadership is evidently prepared to exploit the Vietnam issue in campaigning for the elections next year, even at the risk of further straining Swedish-US relations. 25X6

On domestic policies, the leftists appear to have had less impact. They are demanding much more economic planning and the deconcentration of economic power held by banks, insurance companies, and large enterprises. Erlander is resisting this pressure, but nevertheless found it necessary to make conciliatory statements at the congress. 25X6

The growing influence of the Social Democratic left wing has increased speculation that one of their number might be chosen to succeed the 56-year-old Erlander, who is expected to retire after the elections next year. Many observers assume that the mantle will fall on young, controversial Olof Palme, the minister of education, an Erlander protégé and one of Sweden's most outspoken critics of the US role in Vietnam. 25X1

25X1

SECRET

SECRET

MIDDLE EAST - AFRICA

The major problems of the area show no signs of improvement.

Arab hostility toward Israel is deepening and terrorist incidents continue along the Israeli-Jordanian border. Israel may at any time decide to retaliate against Syria or Jordan or both; additional Israeli reprisals for the sinking of the Eilat are also possible. Egypt's position on acceptable terms for a settlement of the crisis appears to have hardened. A recent article in Egypt's most authoritative newspaper states that the Indian draft resolution currently being discussed in the UN is as far as Egypt can go in reaching a political settlement. While this position may be partly tactical, there seems to be little doubt that Cairo is quite pessimistic over the chances for the adoption of an acceptable resolution.

As expected, the Greek cabinet was reshuffled early this week. A number of "unsatisfactory" ministers were replaced by other civilians. None are prominent personalities and no significant policy changes are likely. On Cyprus, the capture of the Turkish Cypriot firebrand, Rauf Denktash, who had been in "exile" in Turkey for nearly four years, will serve to raise the level of intercommunal tension on the island. Ankara has denied that Denktash was on a secret mission for the Turkish Government, but it must be careful not to give the impression to the Turkish public that it is retreating from its commitment to protect Turkish Cypriot interests.

25X1 In Congo (Kinshasa) efforts to evacuate the mercenaries and Katangans are proceeding slowly but have run into problems that could further delay a peaceful exit. Fragmentary reports on the recent fighting at Bukavu suggest that both sides are suffering losses but it is doubtful that the Congolese Army can defeat the mercenaries. In Nigeria, the civil war is likely to continue for some time.

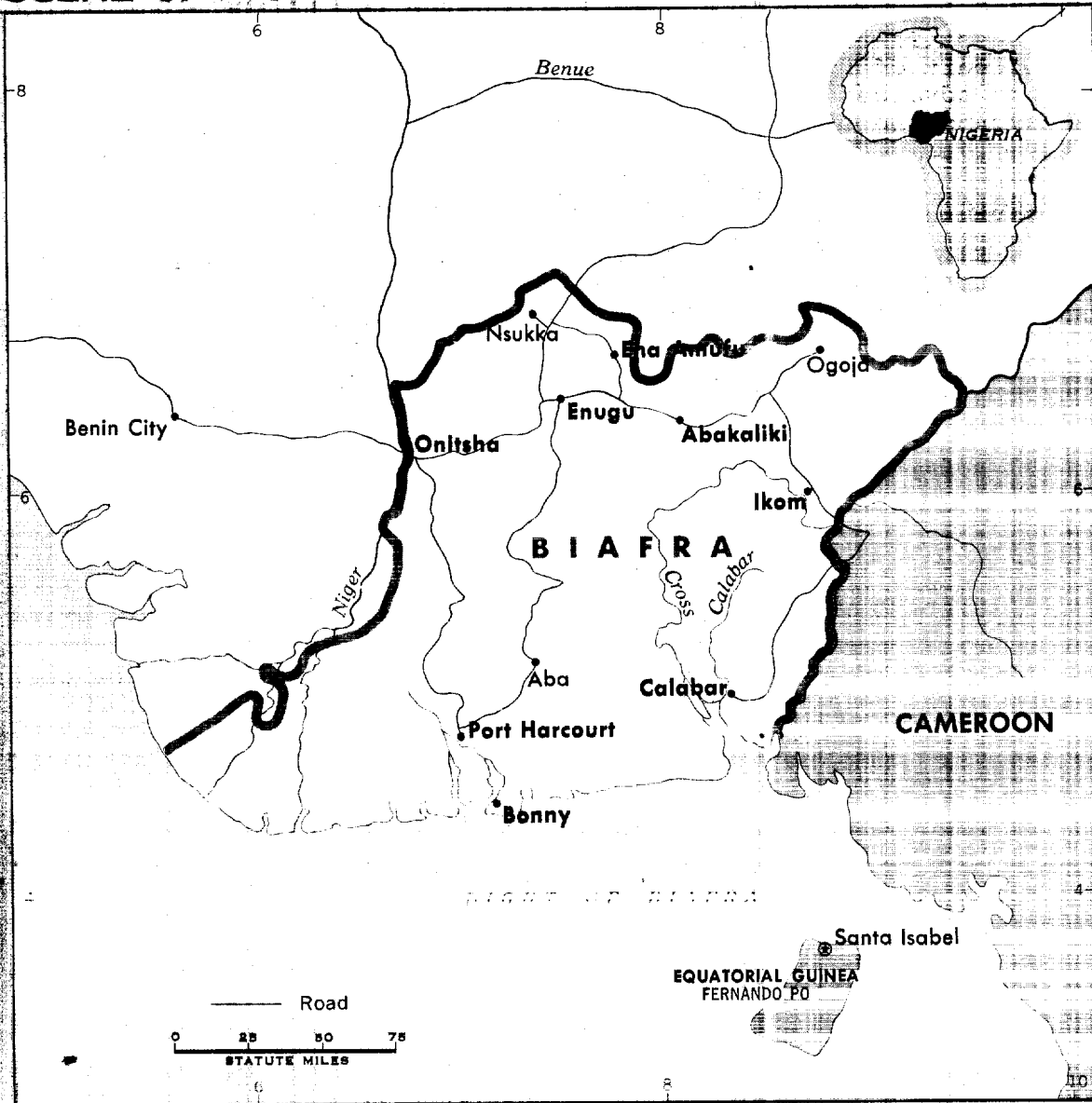


SECRET

SECRET

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

SCENE OF NIGERIAN CIVIL WAR



68512 10-67

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

SECRET

SECRET

BIAFRANS STILL FIGHTING HARD IN NIGERIAN WAR

The Nigerian Army has run into much stiffer resistance within the Ibo heart of Biafra, but continues to advance in minority areas around the fringes.

Federal troops have so far failed to advance from Eha Amufu toward the Enugu-Abakaliki road. They have also not yet moved south of Enugu, where in the past week several Biafran attacks in the southern edge of the city were beaten off. Another federal effort to cross the Niger near Onitsha failed but reportedly with few losses. Elsewhere, federal forces are mopping up in the Calabar area and have linked up with other troops south of Ikom. The forces at Bonny are being reinforced for an eventual move on Port Harcourt, but the federal commander in charge admits this operation will be a difficult one.

The Soviet Union has quickly followed up its sale of jet planes and other military equipment to the federal government with general offers of assistance, including a personal letter from Premier Kosygin to General Gowon. The Soviets also appear to be stepping up contacts in Western and Northern Nigeria, particularly through Nigerian-Soviet friendship societies and journalist groups, as well as with the Socialist Workers and Farmers Party, Nigeria's nascent Communist party.

Other bloc countries may be doing their bit to assist the spread of Communist influence in Nigeria. The Poles have made attractive economic offers, including one to fully staff harbor operations at Lagos, where several Polish pilots are already working.

25X1

* * *

SECRET

SECRET

CONGO (KINSHASA) EVACUATION STILL NOT SETTLED

The evacuation of the mercenaries from the eastern Congo has run into some major snags. Under terms of the Organization of African Unity (OAU) resolution of September which outlined evacuation plans, Zambia was to supply aircraft to move the mercenaries out of the immediate area and the Central African Republic (CAR) was to supply troops to stand guard during the exit.

The International Red Cross--called in to supervise the operation--decided that the Katangans also should be flown out of the area, rather than marched out through Burundi to Zambia as in the original plan. Hence, about ten additional planes are needed for the 1,000 Katangans, and Zambia cannot supply them. When the CAR reneged on its offer of troops, a mixed OAU force was proposed as a substitute.

Additionally, it is uncertain whether Schramme is really willing to evacuate or is stalling for time and hoping for outside assistance. Increasing evidence suggests that a force of mercenaries is gathering in Angola with plans either to rescue Schramme or to create a diversion elsewhere--possibly Kinshasa or Katanga--to take pressure off Schramme.

The fighting between the Congolese Army and the mercenaries, which apparently began on the evening of 1 November near the Angolan-Katangan border, may have been part of such a diversionary effort. The strength and the objectives

of the mercenary group are not yet known, although they possibly may be heading toward the major cities of Katanga.

To further complicate matters, the Congolese Army near Bukavu, which has been reinforced in recent weeks to total nearly 5,000 men, mounted an attack on the mercenaries over the past weekend. The Red Cross reportedly will demand an immediate cease-fire if it is to continue negotiations. Congolese President Mobutu reportedly has said that he will order a cease-fire only when a date for the evacuation is set; in the meantime, he may be willing to agree not to order any new offensives.

Meanwhile, on 27 October, the Belgian government announced resumption of a limited aid program for the Congo. The major impact will be the return of Belgian faculties to Congolese universities and secondary schools, and the restoration of support for individual aid projects. Belgian aid to the Congolese military and judiciary will not be resumed.

Belgium's decision probably stems from a realization that the Congolese will not provide the written security guarantees it has been demanding, and that in any event such guarantees would not be meaningful. Brussels has probably also been under pressure from the hundreds of technical aid personnel, still on government payroll, who are cooling their heels in Belgium.

25X1

SECRET

SECRET

UN SECURITY COUNCIL DIVIDED ON MIDDLE EAST RESOLUTION

The United Nations this week focused again on the Middle East crisis as the Security Council attempted without success to agree on a general political resolution--one that would set forth basic principles to guide a UN mediator in working out a Middle East settlement.

Although all the members are agreed on sending a UN mediator, considerable difference exists over the guidelines that he should be given. The nonpermanent council members have been negotiating two rival resolutions, which differ mainly in their withdrawal provisions. An Indian draft amended by Latin Americans calls for the withdrawal of Israeli troops from all territory seized during the conflict, while a Danish-Canadian draft stipulates more broadly that no nation should maintain forces in another state against its will.

Israel maintains that the Indian version is unacceptable, as it would mean a return to the status quo ante without any resolution of the problems that caused the June conflict. The Arab states object to the Danish-Canadian resolution because the withdrawal provisions are not specific. Of the two resolutions, the Indian draft has the support of about half of the ten nonpermanent council members; the Soviet Union, France, and Britain would probably support it if it were tabled. The British say they would back it if joined by eight other members.

The two Latin American council members--Argentina and Brazil--

hold key positions in the negotiations because they carry the balance of power in voting on this question, for which a majority would be required for passage. Argentina has taken the lead in criticizing the Danish-Canadian draft, insisting that withdrawal from all territory taken during the June conflict be a prior and unconditional step toward settlement. Brazil's position is not as yet certain.

Unable to see any break in the deadlock among the nonpermanent members of the Security Council, some UN members have suggested that the US and USSR take over the negotiations in the hope that the two can build upon the US-USSR resolution, but even this involves disagreement on the withdrawal provisions.

If the Security Council is unable to agree soon on a resolution, the president of the General Assembly says that he has no alternative but to call for a debate on the Middle East, which has been put off for the past few weeks pending council negotiations. The Yugoslavs have suggested that the Latin American resolution of last summer be voted upon again. Inasmuch as the Arabs have indicated a willingness to accept this resolution, which they did not support last summer, the prospects for passage would be better. The Israelis, although they were not enthusiastic about this resolution in July, might not object to it now. They continue to hold, however, that the only means of settlement is by direct negotiations, which are not achieved by resolutions such as this.

25X1

SECRET

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2
SECRET

* * *

SECRET

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2
Page 22 WEEKLY SUMMARY 3 Nov 67

SECRET

WESTERN HEMISPHERE

Political instability seemed to intensify in Latin America during the past week.

Pre-election maneuvering has weakened the governments of Venezuela and Panama, and seems in both cases to have made it easier for opposition parties to win the presidency.

Labor problems and leftist agitation in Ecuador have led to riots in Guayaquil, where students are claiming police brutality and trying to force the mayor to resign.

In Peru, military and political leaders are concerned about President Belaunde's indecision and delay in dealing with labor unrest. Although the immediate problem has been solved by the approval of a sliding scale of wage increases, new labor demands are likely when present contracts begin expiring on 1 December.

Uruguayan President Gestido has formed a new cabinet, replacing the "nationalists" who resigned last month with ministers who favor more orthodox economic policies. He still does not control the legislature, however, and will have to negotiate carefully for the votes of the few members not totally committed to a party line.

President Frei of Chile came close to a showdown with the new leftist leadership of his Christian Democratic Party over his wage readjustment program for 1968. The program is designed to slow the long-term inflationary spiral that has robbed workers of much of their real income in the past, but party leaders, forecasting political repercussions from a ceiling on wages, refused to support the President. They now seem to be falling into line, but their display of intransigence is probably a harbinger of future confrontations.

25X1

SECRET

VENEZUELA'S RULING PARTY SPLITTING

Venezuela's ruling Democratic Action Party (AD) is deeply and seemingly irrevocably divided by a fight for the party's presidential nomination in the national elections scheduled for December 1968.

For nearly a year, AD president Luis Beltran Prieto and secretary general Gonzalo Barrios have been engaged in a bitter struggle for the nomination. On 24 September, Prieto--who represents a younger, more doctrinaire wing of the party--decisively defeated Barrios in a primary election that was to have been the first step in a complicated process to pick the party's candidate. The so-called Betancourt wing of the AD, which includes most of the top leaders and controls the party machinery, refuses to recognize Prieto's victory, however, insisting that the more moderate Barrios is the better candidate.

The Betancourtistas attempted to heal the growing breach in party ranks by suggesting that both men withdraw in favor of a compromise candidate. Prieto refused, and he, party vice president Paz Galarraga, and seven of their supporters have been "removed" from their party positions. Because Prieto and his followers have not been expelled, the split in the party is not final, but reconciliation seems unlikely. Prieto has not decided whether to stay in the party and try to gain control of it, or to pull out and form a new party.

25X1



The country's stability is not threatened at the present time. Prieto, however, commands a large following within the AD, and the Leoni administration will lose its slim majority in congress and be reduced to essentially caretaker functions if the split is formalized.

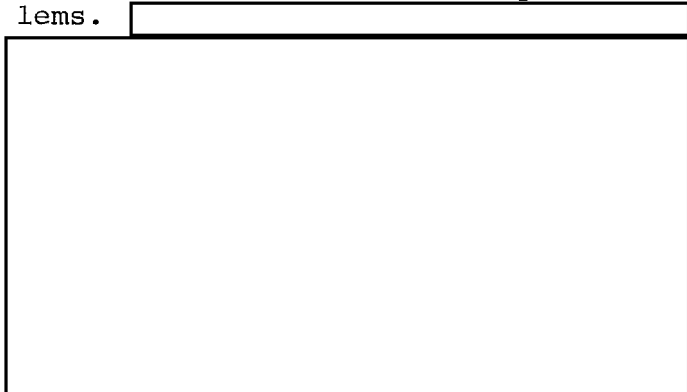
25X1

SECRET

LABOR UNREST WEAKENS PERUVIAN PRESIDENT'S PRESTIGE

President Belaunde's indecision and delay in coping with recent labor unrest and violence in Peru have greatly undermined his influence and prestige.

The President's supporters have been increasing their demands for decisive action on economic problems.



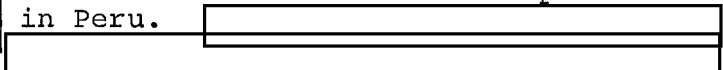
Although labor peace has been temporarily won by the strikers' decision to accept wage hikes of up to 23 percent, there is no indication that this increase will compen-

sate for spiraling costs of basic foodstuffs. If the unions seek further wage adjustments when present contracts expire--many of them on 1 December--labor unrest could emerge again.

In this atmosphere of recurring crisis and temporary solutions, public confidence in both the President and the Congress is dwindling. There is widespread belief that Belaunde has lost the will to govern.



Belaunde's increasing tendency to blame the US for Peru's economic woes plus the emergence of several irritants in the country's economic relations with the US could have an adverse effect on the long-term future of US-owned enterprises in Peru.



25X1

GESTIDO'S NEW CABINET UNLIKELY TO SOLVE URUGUAY'S PROBLEMS

President Gestido has formed a new cabinet which provides representation for most factions of his divided Colorado Party--including the largest, headed by Jorge Batlle. Gestido's faction holds only three of the 11 cabinet posts, but the President has close personal ties to three "independent" Colorado ministers and therefore should be able to get a majority vote in favor of his proposals.

Two key Colorado factions have been excluded, however, and their absence will probably make it dif-

ficult for Gestido to control the legislature. One faction is headed by former finance minister Amilcar Vasconcellos, who resigned last month along with four other ministers and a key member of the administration's economic team because of opposition to the government's hard line on labor agitation. Gestido took advantage of the absence of these dissenters to announce a new economic program diametrically opposed to the policies advocated by Vasconcellos. Vasconcellos responded with a strongly worded speech that was highly critical of

SECRET

SECRET

Gestido, his new policies, and his close advisers. This provoked both Gestido and his foreign minister to challenge Vasconcellos to duels.

Although "courts of honor" have ruled that neither contest is to take place, the ill feeling surrounding the controversy will probably lead Vasconcellos' faction to refuse to support the administra-

tion's economic program in the legislature.

The other excluded faction also opposes Gestido's new policies. As a result, Gestido probably will be forced to negotiate with the opposition Blanco Party for the necessary votes to get his program approved by Congress.

25X1

DOMINICAN NON-COMMUNIST OPPOSITION PARTIES CONTINUE DIVIDED

Continuing dissension within the Dominican Revolutionary Party (PRD) and inability to organize effective opposition to the Balaguer regime may lead to major changes in the party leadership.

Long-standing differences between moderates and radicals of the left-of-center PRD have hampered efforts by the party leadership to forge a cohesive party with a consistent policy. The thesis of "popular dictatorship" espoused by former president and party "adviser" Juan Bosch caused a furor within and outside the party that led PRD secretary general Jose Francisco Pena Gomez to "deep freeze" the issue for the time being.

Pena, wearied by his efforts to reconcile party dissidents and fed up with burdensome administrative tasks and the PRD's shaky financial condition, has announced that he intends to resign but has not set a date. He has picked Segundo Armando Gonzalez Tamayo, vice president during the brief Bosch administration in 1963, as his successor. Pena has indicated he will "advise" the strongly pro-Bosch Gonzalez while he heads the party.

PRD moderates are not likely to stand aside for such a move by Pena. A movement, headed by Jose Brea Pena and Antonio Martinez Francisco, to organize support nationally among PRD members seems designed to take advantage of Pena's announced desire to step down as party leader. Such an attempt by the moderates to assume party control would be hotly contested by PRD radicals and could split the party once and for all.

Meanwhile, maneuvering among right-wing elements who advocate the return of exiled General Wessiny Wessin continues but to little purpose. Leaders of the pro-Wessin Democratic Quisqueyan Party (PQD) met with National Civic Union (UCN) officials in early October in an attempt to gain support for trying to bring the general back to the Dominican Republic as their joint presidential candidate in 1970. Present UCN leaders continue to demur concerning a potential Wessiny Wessin candidacy, but may be prepared to join in a united front with the PQD if it shows signs of becoming a significant political force.

25X1

25X1

SECRET

25X1

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

Approved For Release 2007/03/06 : CIA-RDP79-00927A006100040001-2

Secret

Secret