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Downgraded at 12-year intervals; not automatically decl.

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1. Nation Tranquil as Balaguer's First Year in Office Ends

A. On June 30, President Balaguer completed one year in office. The unaccustomed tranquillity which has been evident in Santo Domingo since mid-May continued unbroken, as the scurrying of minor political parties to inscribe members (Item 2) and PRD feuding (Item 3) scarcely stirred a ripple in the political pond. Sawmill closings, sexual education and Jayne Mansfield's death occupied the day's headlines, while even the ever present bolas (street rumors) seemed to lack their usual zest and imagination. The attention of the public and the criticism of the opposition parties ~~were~~ directed increasingly toward the nation's economic difficulties (Items 8 and 9) and away from the issues of "terrorism" and "neo-Trujillismo" which had previously occupied the center of the stage. And, the President, himself, appeared to be seated more firmly and confidently in the driver's seat than at any time in the preceding eleven months.

B. Meanwhile, Reformista committees at national, provincial and local levels were putting the finishing touches on plans to celebrate the Government's first anniversary -- and the first such anniversary of a freely-elected government in more than forty years. Although the President has stated that he will not address the nation, numerous official acts have been slated in Santo Domingo on July 1 and throughout the nation June 30 - July 2. Primary emphasis will be on the inauguration of housing projects, roads and 38 schools. A committee of eleven Reformista leaders, advised by Vice President LORA, has announced a wide range of non-official activities as well. The three-day festivities in the capital will include religious services, sports events, parades, dances and free movies for children, with similar events also slated in the provinces. (LIMITED OFFICIAL USE)

2. Six Political Parties Extinguished

A. Implementing a provision of the electoral law which stipulates the loss of legal status for parties which fail to win a seat in Congress or three percent of the total vote in a general election, the Junta Central Electoral decreed six political parties extinct as of June 27. The parties affected by the JCE ruling are the PRSC, the 14th of June, the VRD, the UCN, the PLE, and the PNRD. Four other parties which participated in the 1966 election without meeting the minimum vote requirements, the PPDC, the PDC, the POC, and the PAR, had never been recognized by the JCE and thus were not mentioned in the June 27 ruling. The JCE decree leaves the ASD (the only recognized party which did not take part in the 1966 election), the PR and the PRD as the only legal parties in the country.

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B. Although the JCE decision can be appealed, only one party (PLE) indicated that it might seek an appeal. Most of the others are expected to continue functioning in spite of the JCE ruling and to attempt to acquire, at least on paper, the 40,362 members needed for new recognition by the JCE. Consequently the anticipated maximum effect of the JCE ruling will be the final elimination of only one or two of the minor parties.

C. The most important of the affected parties, the PRSC, claims to have over 100,000 members inscribed. However, one PRSC source has indicated that the PRSC will not seek recognition immediately, but rather will attempt to turn the JCE ruling to its advantage by presenting it as part of a Reformista plot to harass the PRSC and by mounting a campaign to inscribe new partisans. (LIMITED OFFICIAL USE)

3. PRD's Internal Problems Continue

A. The internal problems of the PRD continued to be displayed publicly during the reporting period as the National Executive Committee moved to have nine middle-level party members subjected to possible disciplinary action for allegedly having conspired against the party leadership. The Executive Committee took this action under pressure of the PRD's youth wing, the Juventud Revolucionaria Dominicana (JRD), which accused the nine of having held illegal meetings at which overthrow of the party leadership and reversal of the PRD's line of "revolutionary nationalism" had been discussed. The JRD tied the alleged conspiracy to "the reduction of government repression in order to lend prestige to President Johnson's campaign" and to the offer of travel-study grants to JRD members by AID, concluding that the conspirators were in league with the U.S. and the Balaguer Government to destroy the PRD as an authentic revolutionary and nationalistic party. Two of the accused, deputies Tancredo DULUC and Barón SUERO Cedeño, immediately denied the JRD charges and accused the JRD leadership of defaming party leaders and members and of deviating from the ideological and constitutional norms of the party. The National Disciplinary Committee of the PRD, which now has the case, reportedly will conduct an investigation before deciding whether disciplinary action is to be taken.

B. In other movements on the PRD front, the party's feminine branch held a national plenary meeting on June 25 and voted to demand that President Balaguer clarify terrorist acts and violations of human rights that have occurred under his government and that Balaguer report to the nation the results of the current investigation of the police. The distaff branch of the PRD also expressed opposition to extremes of both left and right, while at the same time vowing not to serve as an instrument of anti-communism, and confirmed its belief in PRD

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ideology and principles. Sofia Leonor SANCHEZ Baret was elected new Secretary General of the feminine branch replacing Ana Ramona VALERIO in that capacity and, apparently, also as Secretary for Feminine Affairs of the PRD National Executive Committee. (LIMITED OFFICIAL USE)

C. Comment: PRD fear of losing its appeal to Dominican youth has given the radical JRD a disproportionately large influence in PRD position and policy, particularly since October 1966. However, this JRD initiative comes at a time when the PRD is trying to reconcile differences between radical and moderate factions of the party. As severe disciplinary action against those accused by the JRD would exacerbate these differences, the National Disciplinary Committee will be under considerable pressure to take only minor disciplinary measures against the alleged conspirators. (LIMITED OFFICIAL USE)

4. New Controversy Over Guido Gil Case

A. The President found himself in an embarrassing situation with the Spanish Embassy this week over his June 4 assertion that Guido GIL, the missing communist lawyer and journalist, may be among the Dominicans residing in Cuba (Weeka 23). The local press had consistently cited the President as having stated that the source of the information was the Spanish Police but, in a June 23 press conference, the Spanish Chargé d'Affaires emphatically denied that Spanish authorities had furnished the report. Faced with this negation, President Balaguer, in turn, quickly denied having made such an assertion, stating that the information had actually been obtained by the Dominican Embassy in Madrid from a Dominican who had recently left Cuba. He added that it is impossible to prove whether Gil is alive or dead. (UNCLASSIFIED)

B. Comment: Although it is uncertain whether he actually said that the Spanish government furnished the report, this incident marks another occasion where, due to faulty advice from subordinates, the President has placed his credibility in doubt by prematurely divulging information without being entirely certain of its veracity. Meanwhile, the perhaps unsolvable "Guido Gil Case" remains a major thorn in the government's side. (LIMITED OFFICIAL USE)

5. Wessin Remains in News

A. The sputtering campaign for the return to the DR of General Elias WESSIN y Wessin continued this week as several Reformista organizations, including the party sub-committee in Wessin's hometown of Bayaguana, and two ultra-rightist groups voiced their support of the campaign initiated by the Pueblo Quisqueyano Democrata (PQD). (Weeka 25). Meanwhile, support for the GODR's ban of the General was voiced by COPEMER

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and by PRSC Secretary-General Caonabo JAVIER, who noted that whenever the government faces a crisis, Wessin's name becomes linked with "golpista" rumors. Javier suggested that the General should stick to his present duties (at the UN) and refuse to allow groups such as the PQD to raise "political banners" in his name, thereby demonstrating that he cannot be used by anyone. Wessin also appeared in the news this week in connection with El Tiempo, a new newspaper being established by well-known rightists Tomás REYES Cerda and Antonio FERNANDEZ Spencer (Weeka 22). El Nacional reported that a "high government official" had stated his belief that Wessin is providing financial backing for the venture. (LIMITED OFFICIAL USE)

6. GODR Designates Ambassador to Greece

Lic. Eduardo READ Barreras, currently Dominican Ambassador to Italy, has been accorded the additional title of Ambassador to Greece. (UNCLASSIFIED)

7. Dominican Labor Leaders Travel Abroad

Absent from the country this week were Dominican trade union leaders Diego DIAZ and Juan L. CASTRO, the two top CONATRAL officers; Henry MOLINA, Secretary General of CASC; and Juan MEDINA, Secretary of Organization of the communist-dominated FOUPSA. Diaz and Molina were in Europe where Diaz attended the Ibero-American Manpower and ILO Conferences, and Molina is to attend the IFCTU Congress. Castro and Medina were enroute to Mexico City to attend the Inter-American Social Security Seminar as worker members of the Dominican Social Security Institute's Directive Council.

8. President Announces Austerity Program to be Extended

A. In an impromptu press conference on June 25, President Balaguer announced that since the economic situation has not improved sufficiently, the austerity program imposed following his inauguration must be extended indefinitely. (SD-3929). The law authorizing the austerity program, which included reductions in salaries of GODR employees earnings over RD \$200 a month and a wage freeze in the private sector, will lapse on July 8 unless renewed by Congress. Listin Diario speculated that the President will call a special session of Congress, which is in recess until August 16, to consider extending the law. (UNCLASSIFIED)

B. Comment: While high level GODR officials and all military and police personnel who were affected by the wage reductions have received increases from austerity levels, the extension would help the GODR to keep operating expenses somewhat below previous levels. Middle level

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personnel, whose salaries have not been raised, are likely to grumble, but due to their precarious tenure and the shortage of other job opportunities, the objections to the extension will probably be mild. Organized labor has complained about rumors that the wage freeze would be continued, but considering the chaotic state of the labor movement, it is unlikely that there will be strikes or other strong protest measures. The main aim of the extension seems to be to maintain the psychological climate of austerity and wage-price stability. Balaguer is no doubt acutely aware that higher wages would quickly be reflected in increased imports. (LIMITED OFFICIAL USE)

9. Press Covers Continuing Debate Over Measure to Reduce Predicted Balance-of-Payments Deficit

A. The discussion in the press over possible measures to reduce the projected \$30 million 1967 balance-of-trade deficit continued unabated during the week. The press in general lauded President Balaguer's speech to the American Chamber of Commerce (Weeka No. 25), and also presented and commented upon, at length, various statements by the monetary authorities and other interested parties. The discussion revolved around the President's stated disinclination to increase restrictions on imports, other than those which can be produced locally, and the concern of the monetary authorities with countering the immediate problem of reducing the current high level of imports.

B. The Junta Monetaria has reportedly prepared a series of recommendations to be discussed with the President by the Governor of the Central Bank. According to the press, these include the prohibition for one year or more of certain sumptuary imports (e.g. automobiles), limitations on the amount of foreign exchange to be made available for others, and large imports of needed agricultural commodities financed under long-term PL-480 loans. Present indirect controls reportedly would be extended to additional products. It was also widely rumored that a 30 peso head tax on foreign travel would be reimposed.

C. The Junta Monetaria announced one measure during the week intended to increase receipts of export-generated foreign exchange by attempting to reduce fraudulent undervaluation of exports. The Foreign Exchange Department of the Central Bank will henceforth set minimum prices for those exports it believes are subject to under-invoicing, and customs authorities will not permit exportation when commercial invoices show a lower value than that set by the Bank. (SD A-686).

D. Meanwhile, despite continued denials by GODR and monetary officials that the subject was being considered, the fear of devaluation continued to be discussed in the press. (UNCLASSIFIED)

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10. Former Personal Aide of Commodore Rivera Returns

A. Lieutenant Colonel Julio A. CARBUCCIA Reyes, formerly top personal aide to Commodore Francisco RIVERA Caminero when the latter was Minister of the Armed Forces, returned to the Dominican Republic on permanent reassignment on June 29. Carbuccia had been stationed in Washington as Military Attaché. Both Carbuccia and Rivera left the Dominican Republic in February 1966 for duty in the United States as part of a Provisional Government "peace" arrangement which also saw a number of constitutionalist officers leave for overseas assignments in various parts of the world. Included in the latter group was the chief of the constitutionalist faction, Colonel Francisco CAAMAÑO Deñó. The return of Carbuccia was unannounced and came as a surprise to the attaches. Up until last month he had been attempting to attend the Industrial College of the Armed Forces in Washington. (CONFIDENTIAL)

B. Comment: Attaches are not aware of Carbuccia's new assignment, and speculate as to whether he will remain in the Armed Forces or retire. The return of both Rivera (Week 25) and Carbuccia may presage a quid pro quo arrangement whereby some top constitutionalist officers will also return. The return of these two senior regular officers will certainly give grounds on which the constitutionalist faction might clamor for the return of Caamaño. (CONFIDENTIAL)

11. Dominican Air Force Receives T-33 Jet Aircraft

Two T-33A-20 jet aircraft were delivered to the Dominican Air Force on June 24 under the United States Military Assistance Program. Dominican Air Force Chief of Staff ALVAREZ expressed his appreciation at a ceremony held at San Isidro Air Base. USAF instructors are presently conducting ground training and the first flight is expected to be made shortly. All Dominican pilots selected for T-33 operations have had previous experience in this type aircraft. (LIMITED OFFICIAL USE)

PSYCHOLOGICAL

12. President Orders Entry for All Types of Publications Without Inspection

A. This week President Balaguer ordered the National Police to permit entry, without inspection, of all types of publications -- including those expounding communist theories. At the same time, the President stated that this instruction did not signify any let down in GODR vigilance of public security, noting that publications are frequently used to introduce codes for subversive purposes. Reportedly,

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a National Police spokesman subsequently indicated the institution would no longer apprehend anyone for possession of communist literature and would return confiscated publications.

B. The President's order, seemingly damped down a long simmering controversy over alleged Government "censorship" of publications from abroad, particularly the inspection and confiscation of books carried by travelers arriving at Cabo Caucedo Airport. Although El Nacional had been most outspoken in its criticisms of the "censorship," recently both El Caribe and La Informacion (Santiago) had editorialized that "ideas cannot be killed" and had urged the Government to permit unrestricted entry of publications. (UNCLASSIFIED)

C. Comment: The charge of "possession of communist literature" has been one of the measures most frequently employed by the Police to harass extremist elements, and the President himself had dramatically condemned the flow of subversive propaganda in a December 26, 1966 speech (Week 52). Although it is possible that Balaguer's concession in ordering free entry of publications represents an unusual instance of his yielding to pressures, it is more likely that the Chief Executive has determined that the improved political climate now makes such a relaxation both feasible security-wise and desirable from an "image" standpoint. (LIMITED OFFICIAL USE)

13. Airport Stop by U.S. and D.R. Ambassadors to OAS Extensively Reported

An airport visit by Ambassadors to the OAS Sol Linowitz (US) and Enriquillo DEL ROSARIO (DR) on June 27 was extensively reported and photographed by local news media. When Ambassador Linowitz declined comment on the 1965 intervention, the press highlighted his remarks that following the U.S. action, the basis was laid for democratic elections. The visitors, en route to New York following investigation of claimed Venezuelan aggression against Cuba, were met by Ambassador Crimmins and GODR officials. (UNCLASSIFIED)

JHC
CRIMMINS *by gmm*

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