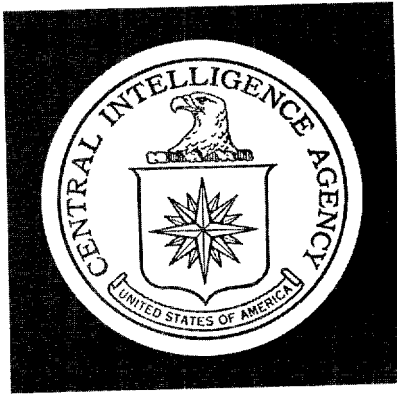


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

DIA review(s)
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State Dept. review
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No. 0018/68

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(Information as of noon EDT, 2 May 1968)

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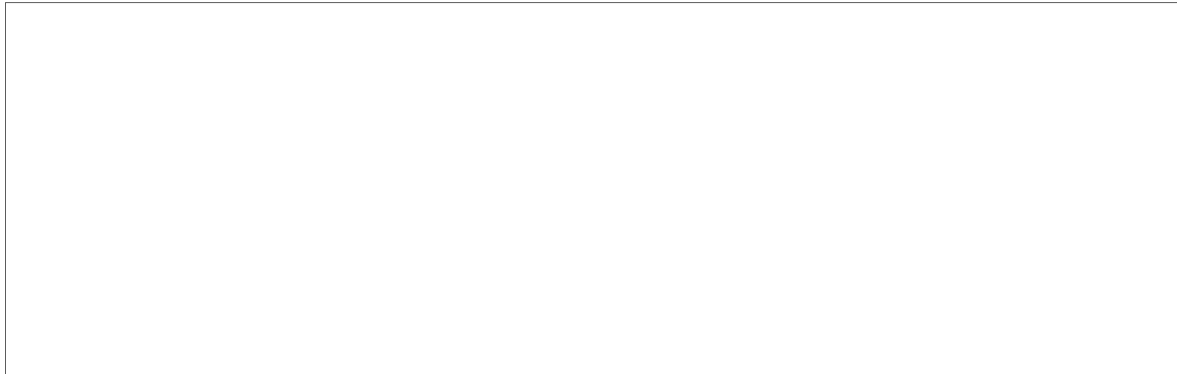
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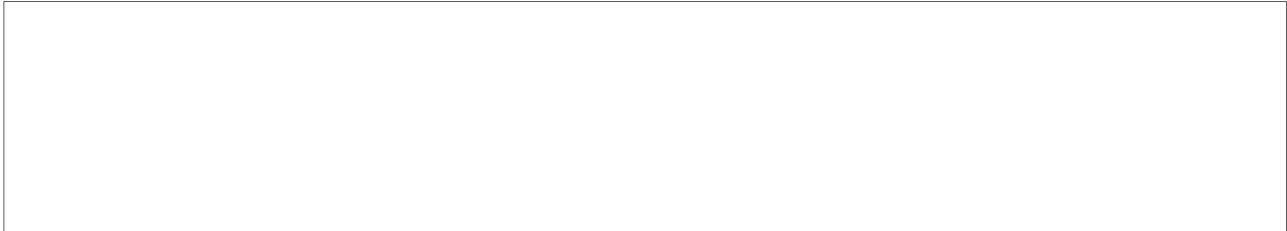
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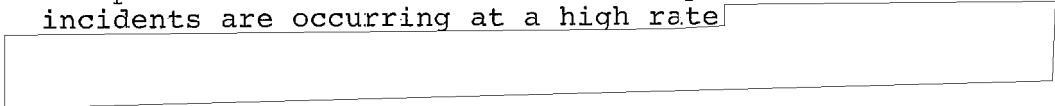
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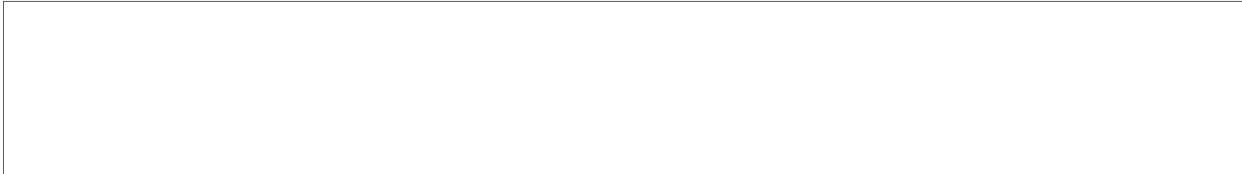
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FAR EAST

Hanoi's desire to prolong the impasse over a site for preliminary talks with the US was evident in its reported rejection of Djakarta's offer of an Indonesian ship as the site for talks. The North Vietnamese tried to justify their rejection by claiming that the proposal fails to meet President Johnson's own conditions for preliminary talks, despite the fact that Hanoi officially denounced these conditions three days earlier as "senseless and insolent." Hanoi also felt obliged to state bluntly that "Indonesia is not neutral."

In addition to Hanoi's apparent belief that it will be able to extract a US concession by prolonging the impasse, its adamant insistence on either Warsaw or Phnom Penh may also serve to meet Chinese Communist reservations about the wisdom of talks with the US at this stage. A Chinese delegation visited Hanoi in the last week of April and the US Embassy in Laos reports receiving information that Hanoi has been trying to "mend fences" with Peking on this issue.

On the military front, resistance to allied sweep operations in the northern provinces of South Vietnam resulted in bitter fighting and heavy Communist losses. There are continuing indications of Communist preparations for a new wave of coordinated attacks in the near future. The Communist timetable, however, may have been upset by allied spoiling operations in some areas.

There has been a resurgence of armed conflict in at least five provinces of China. The official press is again endorsing factional fighting and stressing militant themes. This revival of violence follows the purge of acting chief of staff Yang Cheng-wu in late March and wide publication of new "instructions" by Chairman Mao.

The North Koreans have accelerated their harassment tactics with a terrorist bombing in the center of Seoul and attacks on US and South Korean patrols in the Demilitarized Zone. Pyongyang's psychological warfare was highlighted by an announcement of an unprecedented budget increase of 33 percent, including a one-third rise in defense expenditures.

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VIETNAM

There were more indications of enemy preparations for offensive activity this week, although enemy units in many areas do not yet seem poised for battle. In some sectors, allied counteroperations have probably frustrated Communist attack plans.

In the northern provinces, the enemy is offering stiff resistance to allied sweep operations, and bitter fighting has occurred along the coastal plain extending from Hue northward to the Demilitarized Zone. Heavy losses occurred on both sides in a three-day battle in northeastern Quang Tri, and high enemy losses resulted from an engagement northwest of Hue. Operation DELAWARE, the 19-battalion allied drive against the Communist-infested A Chau Valley staging area, met only moderate enemy opposition but continued to uncover extensive war materiel and enemy storage facilities.

Indications persist in the northern provinces that the Communists are preparing for a major offensive during May and June.

25X1 [redacted] a high-level conference in mid-March of the Communists' Military Region 5--the senior enemy command authority in the coastal provinces of southern I Corps and most of

II Corps--concluded that the offensive in Quang Nam Province, already delayed by allied pressure, should last generally from early May through June.

The precise timing of any specific new Communist military initiatives remains unclear, but the enemy may feel compelled to move soon in order to counter the momentum of allied operations over the last few weeks. A coordinated offensive would most probably feature country-wide mortar, rocket, and artillery attacks, perhaps combined with a few ground assaults against allied positions.

The Communists are continuing to move a high volume of logistics supplies in southern North Vietnam. [redacted]

[redacted] Truck traffic through the pass into Laos during April continued at a high level. [redacted]

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South Vietnamese Political

President Thieu, apparently still considering broad cabinet

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changes to strengthen his government, is coming under renewed National Assembly pressure to act quickly.

[redacted]
rumors were widespread that former presidential candidate Tran Van Huong would replace Prime Minister Loc. The absence of any clear-cut moves in this direction, however, together with Huong's public disavowals of the reports [redacted] [redacted] have tended to quiet the rumors.

Although Thieu may have changed his mind about Huong, he apparently still intends to remove Loc, possibly at an early date.

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On 26 April, 46 Lower House deputies signed a petition asking that the question of no confidence be placed on the agenda, and the house debated the issue

inconclusively but heatedly a few days later. Further debate will await house action on the general mobilization bill, but the deputies have accomplished part of their purpose simply by reviving the threat of assembly action against the government. One of the petition's signers told an embassy officer that the interim will give Thieu a chance to act before further consideration of the petition is necessary.

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Full house debate of a defense committee draft mobilization bill began on 2 May and the entire assembly has been under some pressure to enact a law swiftly. The defense committee's draft affects all males between the ages of 16 and 50, and "requisitions" females from 18 to 29 for education, health, and welfare work. Men from 18 to 40 will be subject to service in the regular armed forces, while the others will be drafted into the self-defense force. The draft bill prohibits mobilization in place and draft exemptions, and provides for only limited deferments. [redacted]

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NORTH KOREAN HARASSMENT OF SOUTH GAINING MOMENTUM

North Korea's campaign of harassment in the South picked up momentum during the week. North Korean terrorists on 30 April bombed the International Telecommunications Building in Seoul, and there was also at least one suspected bomb attempt. In the Demilitarized Zone, North Korean infiltrators ambushed a US patrol on 27 April and carried out a machine gun attack on a South Korean patrol on 29 April.

Pyongyang has announced an apparently unprecedented budget increase for 1968 of 33 percent above the previous year, with defense expenditures rising by one third. Very little is known about the North Korean budget so that it is difficult to measure the impact of the announced increase on the military establishment. In any event, the announcement was probably aimed in part at impressing the US and South Korea with Pyongyang's strength and resolve.

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The listing of leaders attending the Supreme People's Assembly on 25 April indicates that military and national security officials have apparently been raised to more important positions in the North Korean leadership. General Choe Hyon, who is closely associated with the dispatch of guerrillas against the South, Foreign Minister Pak Song-chol, and Defense Minister Kim Chang-pong were all moved up over the heads of other senior officials to the fifth, sixth, and seventh ranking positions in the hierarchy.

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In Pyongyang, national security matters apparently played a prominent role in recent high-level party and government discussions. A North Korean broadcast reported that Kim Il-song made an "important speech" at the North Korean Labor Party central committee plenum, which met from 22 to 25 April, but it has not yet been publicized.

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POLITICAL TENSION APPARENTLY RISING IN COMMUNIST CHINA

The Chinese Communist leadership staged a new show of unity on May Day but recent propaganda statements indicate that Maoist militants are pressing hard to step up "revolutionary" activity. This thrust is apparently still meeting strong resistance.

Scores of leaders were present at the evening rally for May Day, the first major turnout since 7 March. All the important moderates who have been out of sight since the ouster of acting chief of staff Yang Cheng-wu on 25 March appeared, as did all the principal radical leaders. Many inactive members of the old hierarchy were present along with large numbers of the military--including commanders of seven of the 13 military regions.

Current propaganda statements indicate, however, that struggle continues behind this facade of unity.

The May Day joint editorial by People's Daily, Red Flag, and the Liberation Army Journal, like earlier radical-sounding statements in Peking and Shanghai, accentuated the fact that where there is class struggle, there must also be factions; hence, factional struggle is good, so long as proletarians are striking down the bourgeoisie. The current line even warns against "occupying ourselves in an inane discussion on

the struggle to oppose factionalism."

The new line is based on a set of "newest instructions" from Chairman Mao, first cited in late March when acting chief of staff Yang Cheng-wu was purged. These instructions, published on 10 April and disseminated as study material to groups all over China, state that the Cultural Revolution is essentially a class struggle, a continuation of the struggle between the Kuomintang and the Chinese Communist Party.

Despite the new emphasis on "revolutionary" activity and the increased use of leftist slogans during the past month, moderate positions are simultaneously set forth. The May Day editorial, for example, managed to support both views. Moderate leaders recently under attack appear to be still in place. The most recently organized provincial revolutionary committees seem to be dominated by conservatives and the military.

Nevertheless, violence appeared to be on the rise in the provinces. During the past week, significant armed conflict occurred in at least five provinces--Kwangtung, Szechwan, Shensi, Kansu, and Tibet--and there has been some upturn elsewhere as well.

Domestic political turmoil has not yet, however, spilled over

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into the conduct of foreign policy. Communist China continues to avoid provocative actions while maintaining diplomatic movement in areas of immediate national concern.

In response to British attempts to ease a diplomatic impasse, Peking has now made some minor concessions. The Chinese have allowed the British to visit a British Reuters correspondent who has been held under house arrest since July 1967. The Chinese Foreign Ministry has also informed the British chargé that the Chinese henceforth "would do their best" to expedite visas for British diplomatic personnel.

Peking's latest moves underscore Communist China's concern over the situation in Hong Kong. Protracted strikes which have resulted in the dismissal of many Communist workers, have damaged the morale of the local Communist trade organizations there. Peking may believe that its shift will induce the colonial authorities to be more forthcoming on the issue of reinstatement for the strikers.

Peking also moved quickly to bolster its ties with Pakistan on the heels of Soviet Premier Kossygin's recent visit. A Chinese military delegation arrived secretly in Rawalpindi on 26 April. Since 1965, Peking has delivered a substantial amount of military assistance to Pakistan, including tanks and MIG-19 and IL-28 aircraft. The supply of spare parts and the maintenance of this equipment will probably be a major

topic of discussion. The delegation can also be expected to push the line that the Soviets cannot be relied upon. In this regard, Chinese propaganda during the past week has played up Soviet military assistance to India and has warned of the Soviet-Indian threat to Pakistan's security.

Peking continues to take a hard propaganda line against a negotiated settlement of the conflict in Vietnam. The Chinese, however, have maintained flexibility on the question by avoiding public comment on Hanoi's stated willingness to begin preliminary talks with the US.

Moreover, there are indications that Peking is adjusting its position to meet the possibility of negotiations.

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In the past, Chinese Communist officials have privately decried negotiations of any sort, although they have left themselves room for maneuver by asserting that the final decision on this question was up to Hanoi.

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EUROPE

On May Day, Eastern European and Soviet leaders were occupied less with celebrating the workers' revolution of the past than with urgent problems of the present.

Moscow had its traditional speechmaking and a parade displaying the same weapons as last November.

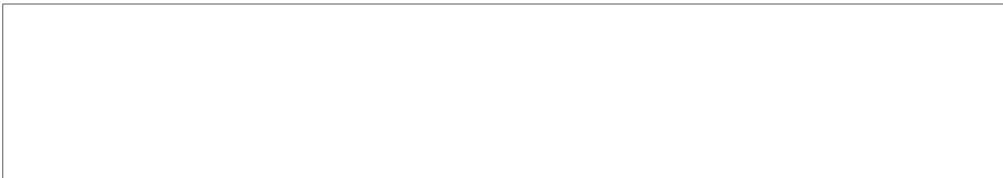
In Czechoslovakia, party leader Dubcek's speech appealed for party and national unity. Pressures within the party mounted for convening an extraordinary congress at an early date at which conservatives and Novotny supporters could be ousted. In contrast to the routine parades of past years, Prague witnessed a great outpouring into the streets of people celebrating their new-found freedom.

Polish leader Gomulka, in his May Day speech, tried to construct a facade of national unity and party stability, but another round in the party's factional struggle appears imminent.

The Bulgarians, too, seem to be breaking some of their chains to the past. A high-level Bulgarian trade mission will arrive in the US on 6 May to explore the possibility of expanding commercial exchanges. Bulgaria needs access to the technology of the West if it is to maintain its economic growth.

East Germany, choosing to ignore Allied and West German protests of its ban on Bonn officials' use of the autobahn to and from Berlin, detained West Berlin's Mayor Schuetz, who was also at the time acting federal president. The East Germans appear to have at least the implicit support of the USSR.

President Tito this week added Moscow onto the end of a long Asian tour. While he was there, Belgrade announced it would not attend the international Communist meeting set for November. The Yugoslavs and Russians also hold widely differing views on events taking place in Poland and Czechoslovakia, and Tito probably has aroused some resentment in Moscow by insisting that the Mediterranean region be free of both US and Soviet military presence. Tito probably also briefed Soviet leaders on his latest scheme to convene yet a third conference of nonaligned countries.



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EAST GERMANS MAINTAIN BAN ON ACCESS TO BERLIN

The East Germans appear to have Soviet support for their denial of the use of the autobahn to Bonn officials going to and from Berlin. Moreover, Allied and West German countermeasures to lift the ban may have little early effect on the intransigent East Germans.

The ban was announced on 13 April. Since then, at least three persons have been stopped, including Berlin's Mayor Schuetz, who is the acting federal president. The stop-

ping of Schuetz brought a strong West German press reaction calling for Allied countermeasures. When the Allies delivered their second protest of the ban to the Soviet Embassy in East Berlin on 29 April, they were informed by a Soviet Embassy official that his government supported the East German action.

Initial reaction by the Bonn Foreign Ministry was extremely cautious, probably out of consideration for its policy

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toward Eastern Europe, which might suffer if a Berlin crisis developed. At US insistence, however, the Foreign Ministry as well as the French and the British have opened discussions on possible countermeasures lest the more than 32,000 federal employees in Berlin be denied use of the autobahn permanently.

The list of suggested countermeasures includes a number of parallel actions to be taken by the West Germans and the Allies. Most of the measures fall into the trade and travel category under either Interzonal Trade (IZT) or Allied Travel Office administration, respectively. For example, one dual measure calls for Bonn to issue a warning to the East German IZT negotiator regarding interrupted deliveries or other difficulties, accompanied by the parallel Allied step of stopping the issuance of visas to certain categories of East German travelers. The visa restriction may also be applied by other NATO countries on a voluntary basis.

None of the possible countermeasures that might be agreed to would be felt immediately by East Germany, however. Moreover, if

the countermeasures prove to be too weak the East Germans may feel free to tighten their restrictions on travel.

The Soviets broke their silence on the matter only after publication in the West of the Allies' protests. An article in Pravda cited Schuetz's "illegal" Federal office as evidence of "Bonn's groundless claims to West Berlin," which recently "have become particularly intolerable." The charge that Bonn seeks to incorporate West Berlin has been a consistent theme of Soviet diplomacy and propaganda over the past five months. Further discussion of the access question was expected at a meeting in East Berlin on 3 May between Soviet Ambassador Abrasimov and US Ambassador McGhee.

The Soviets evidently are counting on Western restraint, and seem convinced so far that Bonn and the Allies will not react in a manner that would lead to increased tension around Berlin. The East Germans, for their part, probably believe that as long as the ban does not affect Allied access to the city, there is little risk of a strong Allied response.

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COMMUNIST DISUNITY APPARENT AT BUDAPEST CONFERENCE

The meeting of Communist parties in Budapest last week was distinguished more by strife than by the "comradely exchange" noted in the final communiqué.

According to information reaching the US Embassy in Budapest, the Russian and Hungarian delegates succeeded only with great difficulty in dissuading the Czechoslovaks from walking out after an acrimonious clash with the East Germans. The Czechoslovaks not only refused to agree to withhold publicity of the proceedings, but went out of their way to ridicule attempts to work "behind closed doors."

One participant is said to have stated that if it were not for the Vietnam issue, there would have been no unifying topic.

Zoltan Komocsin, the Hungarian party secretary in charge of the arrangements, reportedly gave a rather bleak account of his unavailing efforts to secure wider attendance. Only seven of the 14 ruling Communist parties sent delegates to the five-day meet-

ing. Once again, Moscow found it necessary to pad the list of participants with such parties as those from Lesotho, Martinique, and Puerto Rico in order to reach a respectable count--this time 54.

Last week's meeting scheduled the opening of a world conference of Communist parties for 25 November in Moscow, set up a "working group" to prepare documents, and decided to hold another preparatory meeting in September.

The difficulties the Soviets encountered at Budapest are indicative of the arduous, uphill battle they face. A number of parties will probably support Prague and insist on frank, open discussions--the Italians have already made a gesture in this direction. Many other hurdles also remain in Moscow's path. The Yugoslavs, even as Tito was in Moscow preparing to hold talks with the Soviet leaders, scorned the Budapest gathering, and immediately after its close announced they would not attend the world meeting.

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POLISH PARTY STRUGGLE MARKS TIME

The struggle within the Polish Communist Party continues, out of sight of an anxious and intimidated public. In his speech on May Day, Gomulka hit hard against the US, Israel, and "international Zionism," but gave no hint of just what is going on between the party's factions.

Gomulka stressed the need for domestic "unity" against alleged foreign and domestic "reaction." Although he renewed his call for some moderation in the continuing campaign against Jews and liberals, he raised the pitch of the regime's mounting propaganda against Poland's bad press in the West by charging that the US is backing the "Zionist" campaign of "slander." He defensively invited comparison between the welfare of Polish-Americans in the US and that of the Jews in Poland.

Anticipated student demonstrations did not materialize. The public appears apathetic over the daily progress of the party factional struggle, which most view as merely "one Communist trying to get another." At the same time, most Poles appear tense, confused, and concerned over the country's future. Many believe that one consequence of the party struggle is that other important domestic issues are being ignored.

The challenges to Gomulka still appear to come from hard-line Interior Minister Moczar on

the one hand, and pragmatic provincial party leader Gierek on the other. Their support in the party is not yet clearly defined, but both are attempting to win over younger elements who are anxious to get power away from Gomulka's old guard. A prolonged period of instability probably is in the offing. Both the contending factions will attempt to consolidate their positions before the party congress scheduled for later this year.

Gomulka probably is hoping to exploit any factional stalemate in an effort to regain his once pre-eminent position. Moczar, who controls most of the public media, continues to press for additional purges. New curbs on dissident writers and academicians probably are imminent. Moczar thus appears to control the purging, but he has not been able to place his own men in the positions vacated. Most recent appointees to key government posts, for example, are young persons who have not been committed to any faction. These appointments suggest that Gomulka may be striking a compromise with Gierek's reformist elements to thwart Moczar's ambitions.

Despite the temporary public moratorium in the party struggle in deference to the May Day demonstration of "unity," there are indications that another round in the factional contest is imminent. Additional government changes, possibly already decided upon, may be announced soon.

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CZECHOSLOVAK LEADER CALLS FOR UNITY

Party leader Dubcek this week appealed for national unity and reaffirmed Prague's friendship for and reliance on the Soviet Union. Meanwhile, the intraparty struggle continued and rumors circulated that the Soviet Union was applying economic pressure.

Dubcek, speaking at the annual May Day celebration in Prague, reiterated that the "revival process" will continue but added that in solving the "exceptionally exacting tasks" that face Czechoslovakia, unity within the party and within the nation is required.

These remarks were probably intended to reassure the now somewhat skeptical and nervous liberals that the reform program will not be further compromised in an effort to placate conservatives. The liberals and others who support the moderate Dubcek apparently were highly disturbed this week when several Novotny supporters, who had earlier been ousted from high-level posts, were given positions on important parliamentary committees.

Dubcek earlier had attempted to assuage the liberals when he

informed the Prague party meeting that it is necessary to elect a new central committee and that this should "obviously" be done before the next party congress, due in 1970. Dubcek then equivocated somewhat, however, by reiterating that preparation for the congress requires time. He did say that he will propose to the central committee plenum in May that the congress be convened as soon as possible.

Pressure to convene an extraordinary congress at which the conservatives could be ousted continues to mount. The important Prague city conference and another regional party conference have recommended this course of action. The party rank and file as well as organizations of writers, artists, and scientists also favor an extraordinary congress. The May plenum, then, may be a stormy one.

Dubcek's foreign policy comments were low-keyed. They were probably intended to reassure the Soviet Union that Prague does not intend to change its basic foreign policy orientation and the Czechoslovak population that Moscow is not pressuring the regime.

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RUMANIA LAUNCHES REHABILITATION CAMPAIGN

The Rumanian leadership has launched a campaign to rehabilitate selected party figures disgraced during the Stalin era. The campaign, revealed at an enlarged party plenum held from 22 to 25 April, is meant to highlight the beginning of controlled liberalization in Rumania and the nationalist character of the regime. The plenum also disclosed that Rumania was not invited to last month's discussions at Dresden in which all the other active members of the Warsaw Pact and CEMA participated.

In its first open break with the predecessor regime of Gheorghiu-Dej, the Ceausescu leadership accused Dej of allowing and even arranging the illegal conviction of numerous Rumanian Communists in the 1940s and 1950s. Foremost among those so far rehabilitated are Lucretiu Patrascanu, a minister of justice under Dej who was executed for "nationalist deviations" in 1954, and Stefan Foris, a one-time party secretary general who was executed in 1944.

Of the present hierarchy only Deputy Premier Alexandru Draghici has been directly implicated, and he has been removed from all his government and party posts. Other "old guard" types will become vulnerable, however, as the party continues its investigations.

The rehabilitation of those purged appears to be one of Ceausescu's ways of emphasizing his concern for individual rights. He seems intent on giving credibility to his claims that "social-

ist democracy"--now being sought so avidly in Czechoslovakia--has existed in Rumania since 1965 when he became party leader. Ceausescu, however, made it clear that liberalization in Rumania will be decidedly more modest and carefully controlled than in Czechoslovakia.

The rehabilitations are being handled in such a way as to underscore Moscow's close connections with those Rumanians who were responsible for the past crimes. No Soviet-installed leaders have been mentioned as candidates for rehabilitation. Moscow also can take little comfort in the implicit downgrading of the "old guards," who continue to be shunted aside.

Rumania's absence from Dresden underscores an important change in Bucharest's relations with its Warsaw Pact allies. In view of Rumania's heretofore successful resistance to Moscow's efforts to tighten the pact's command structure, Moscow apparently excluded Bucharest in part to circumvent obstructionism on this issue. The failure of the pact commander, Soviet General Yakubovsky, to stop in Bucharest during his recent tour of all other active pact countries is further evidence of Moscow's desire to bypass Rumania on some pact discussions.

The Rumanians are expected to define carefully their view of this new pattern of relations soon, perhaps at the 47th anniversary of the Rumanian party next week.

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MIDDLE EAST - AFRICA

Israel defied both the UN Security Council and rising Arab hostility with a military parade through Jerusalem on 2 May and increasingly harsh tactics against Arab demonstrators and Palestinian terrorists. King Husayn is winding up a successful fund-raising tour with a trip to Europe in search of armaments, and in several Arab countries increased financial support for Palestinian terrorist groups is being openly and successfully solicited. The current influence of the moribund Jarring UN mission is nil.

Egyptian President Nasir got a vote of confidence on 2 May in a national referendum on his vaguely defined reform program for the Arab Socialist Union (ASU). Reforming the nation's only mass organization is Nasir's response to recent popular agitation for greater political freedom. As an organ for effectively expressing the people's will, even a reformed ASU holds little prospect of satisfying popular desires.

Morocco's King Hassan has apparently given up his efforts to promote an Arab summit meeting, which took him on visits to Turkey, Iran, Saudi Arabia, and Tunis. He canceled a scheduled visit to Cairo.

Algerian President Boumediene--the target of an unsuccessful assassination attempt on 25 April--went ahead with a planned inspection tour of eastern Algeria this week. Algiers, uncertain of just who was behind the attempt, has characterized the assailants as "mercenaries in the pay of the imperialists."

The Greek junta put two former cabinet ministers under house arrest this week for issuing antiregime statements, revealing again the government's ingrained sensitivity to criticism.

Under considerable international pressure, both sides in the Nigerian civil war have edged closer to preliminary talks about peace terms. Lagos has no intention of halting the fighting until Biafra renounces its secession, and federal military forces are currently driving on Port Harcourt.

In Sierra Leone, newly appointed Prime Minister Siaka Stevens has managed to form an unbalanced coalition cabinet in a major step toward restoration of civilian rule. The West African ministate faces a long, rocky, and uphill road back to stability, however.

State-level problems continue to dominate the Indian political scene. Madhya Pradesh may soon join the growing list of states where non-Congress coalitions have broken down. Haryana state's mid-term election campaign is in full swing, with even the prime minister stumping the countryside.

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JERUSALEM PARADE RAISES ARAB HOSTILITY

Israel held its 20th anniversary Independence Day parade in Jerusalem on 2 May despite formal UN Security Council objections.

Jordan had called for the Security Council meeting last week to protest Israel's plans for a parade as well as other Israeli actions in Arab Jerusalem. The vote supporting the Jordanian protest was unanimous. Israel, however, went ahead and paraded equipment captured during the June war through the streets of Arab Jerusalem. Israeli authorities maintained tight security in the city. Earlier in the week, Israeli police had used clubs to break up a demonstration in Jerusalem by Arab women; some 30 of the demonstrators were arrested.

Border incidents have continued at a high rate. On 30 April, an Israeli force mounted on half-tracks penetrated Jordanian territory. Whether the Israelis were pursuing infiltrators or running a sweep against suspected terrorist concentrations is not known.

In Lebanon, money to support local Palestinian commando activ-

ities is being collected openly by Muslim religious leaders and commando representatives. Lebanese officials, who have been trying to inhibit infiltration across their border, are pinned between their fear of Israeli reprisals and their desire not to appear hostile to the commandos' increasingly popular cause.

Kuwait has decided to support the Palestinian commandos with the proceeds of a two-percent surcharge on gasoline and theater tickets. The surcharge was originally levied for the support of the Algerian FLN and subsequently for Algerian charitable agencies.

King Husayn, meanwhile, has been working hard to gather financial support for his government from fellow Arab states, and apparently had a fair amount of success during a recent fund-raising tour of the eastern Arab world.

The Jarring UN mission to find a peaceful solution in the area is continuing, but success seems as far away as ever.

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CIVILIAN RULE RETURNING TO SIERRA LEONE

With the appointment of Siaka Stevens to the post of prime minister last week and his subsequent designation of a coalition government, Sierra Leone moved closer to formal restoration of civilian rule. Tensions between the country's two tribally based political parties continue to run high, however, and the undisciplined army poses a threat to stability for some time to come.

Stevens was named prime minister on 26 April by the acting governor general after consultations with members of parliament, which had been reconvened under a compromise hammered out among the two political parties and the "sergeants' junta" that had taken power on 18 April. The Sierra Leone People's Party (SLPP), in disarray since its government was ousted in last year's military coup, finally chose not to contest the choice of Stevens, leader of the former opposition All People's Congress (APC). SLPP politicians probably had assurances from Stevens, however, that their party would be given some important posts in a new government.

This week, Stevens, a moderate with Fabian Socialist leanings, named a 17-member cabinet made up of eight members of his party, four SLPP members, two independents, and three paramount chiefs. Although some of the APC nominees have been somewhat left of center, none belongs to the party's radical wing and all appear competent. The new foreign minister, an independent, probably favors a more neutral foreign policy and may well advocate

seeking increased assistance from Communist countries--an effort Stevens is likely to endorse.

SLPP partisans, mostly southern Mende tribesmen, appear to have entered the coalition with great reluctance. They apparently believe Stevens has reneged on his original formula for a balanced coalition by offering them only minor ministerial posts. Although SLPP leaders could still regard cooperation with Stevens as their best course in the near term, they may eventually withdraw from the government if Stevens appears to be ignoring the needs of the southerners. Conceivably, they could also turn to Mende troops in the army for support.

The most urgent task facing Stevens is to bring the army under control. It is now virtually leaderless and essentially an armed rabble. The burden of command is falling upon the noncommissioned officers, and they have been unable to exercise much control.

Unless Stevens is able to redress some of the troops' grievances and to restore authority in their ranks, fighting might begin among tribal elements in the army, or the troops could turn against Stevens himself. The troops' principal demand--more pay--confronts Stevens with an immediate dilemma because he recognizes the urgent need for economic austerity as a first step toward rebuilding the country's shattered economy.

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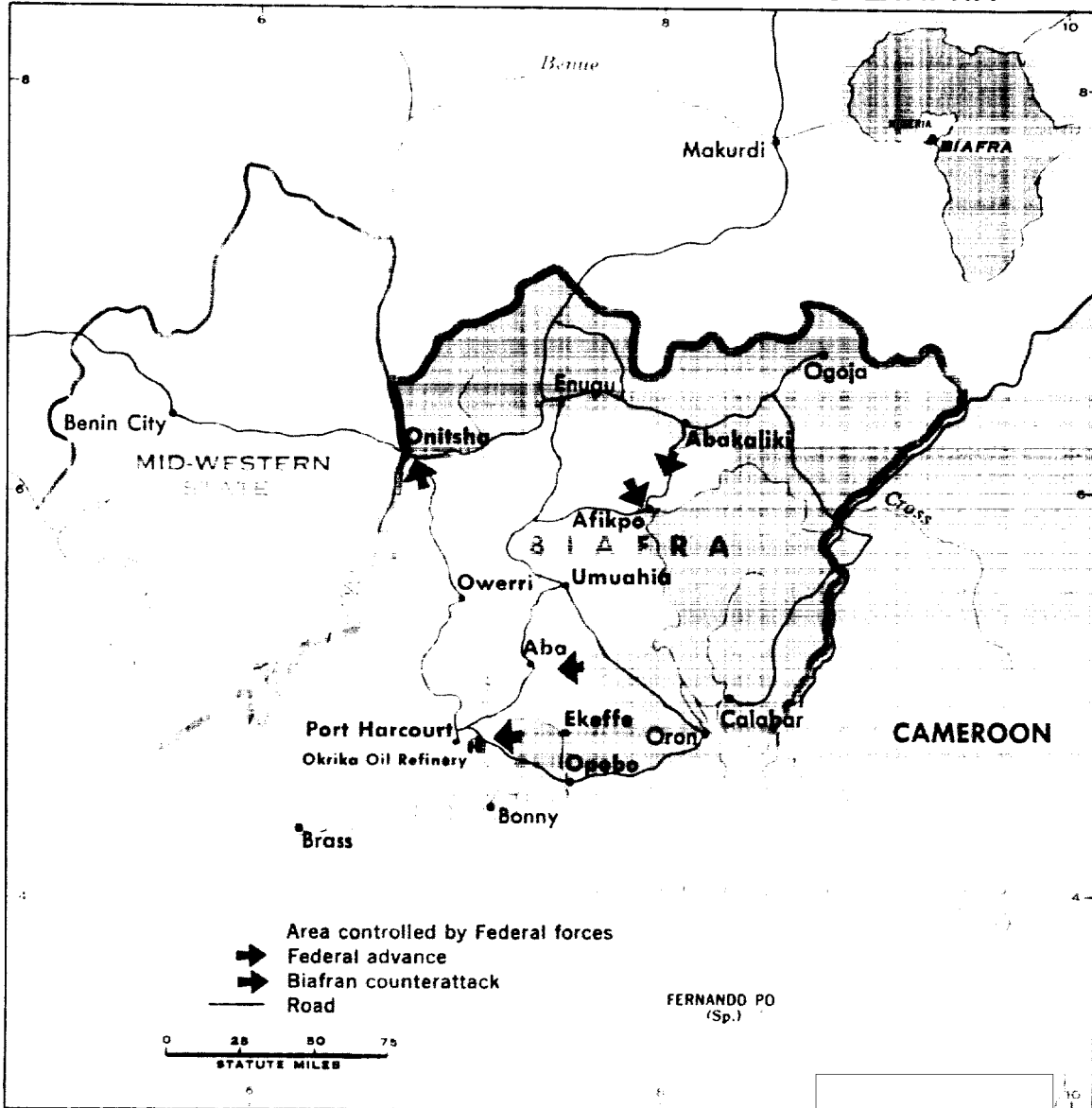
NIGERIAN COMBATANTS EDGE CLOSER TO TALKS

Both sides in the Nigerian civil war now appear willing to begin exploratory discussions of the prerequisites for actual peace negotiations, but serious obstacles remain. Meanwhile, federal military forces in southern Biafra have launched a major offensive toward Port Harcourt, which Laqos

wants to capture before peace talks begin.

On 24 and 25 April, elements of the federal 3rd Division crossed the Imo River from Opopo and Ekeffe; by 30 April, advance units were about 15 miles from Port Harcourt. Biafran forces

NIGERIA: STATUS OF FEDERAL ADVANCE INTO BIAFRA



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in the area scattered and fell back in disarray, but reinforcements are being rushed in and a strong defense of Port Harcourt is expected. Elsewhere, federal forces probing toward Aba and those attempting to link up the Abakaliki and Afikpo areas are continuing to meet strong resistance.

In the north, federal forces at Onitsha are still troubled by Biafran infiltrators into the Mid-West, but are reported to be inflicting heavy casualties on Biafran units counterattacking at Onitsha and along the road to the east.

The federal air force has stepped up its erratic bombing of important Biafran towns, principally Aba, Umuahia, Owerri, and Port Harcourt, including the nearby refinery. The Biafran radio has reported scores of civilian casualties, but few military targets appear to have been hit.



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In the wake of pressures from the UK Government, the Commonwealth secretariat, and the Organization of African Unity, it was announced in London on 2 May that federal and Biafran representatives would meet there this weekend for preliminary discussions. Lagos has agreed to put the subject of a cease-fire first on the agenda, but in other statements has made it clear that the fighting will not stop until Biafra renounces secession and accepts Nigeria's 12-state structure. Biafran leader Ojukwu, who had earlier objected to London as a site because of UK arms shipments to Lagos, may still insist on an African city, such as Dakar or Nairobi, for substantive talks.

Biafra continues to hope that international pressure will force Lagos into a cease-fire, and until now Ojukwu has stalled on meeting with federal representatives. Federal leader Gowon was, in fact, ready to start private talks on his present terms as long ago as last October. It still seems unlikely, however, that meaningful negotiations will take place before federal military forces have, at a minimum, seized Port Harcourt.

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ZAMBIAN GOVERNMENT ANNOUNCES NEW ECONOMIC CONTROLS

Zambia's President Kaunda recently announced an abrupt shift in government policies toward foreign investment in an effort to increase local control and to force more foreign-earned money into the Zambian economy.

Going back on pre-independence pledges made in 1964, the government has moved to prevent the country's two major copper companies and other foreign firms from sending more than half of their profits home, and has decided to take controlling interest in some 25 leading noncopper firms, most of which are owned by British and South African interests. In addition, no new expatriate trading firms will be licensed to do business in Zambia.

Kaunda's moves apparently were prompted by his dissatisfaction with the foreign firms' failure to participate more fully in developing the country and his growing concern over Zambia's mounting economic and financial problems. Since independence, little progress has been made in increasing the country's mining and agricultural output. More recently, the copper-based economy has been adversely affected by declining copper prices. For the first time since independence, the government has large budget deficits and faces a reduction in its foreign exchange holdings.

The new measures, however, are likely to dampen prospects for development. Most significantly, Kaunda's announcement comes at a time when the copper companies must decide on the magnitude of their

investments over the next several years. Large additional sums will soon be required just to maintain the present level of copper output, as new mines will have to be opened to replace those now being depleted. The restrictions on repatriation of profits, however, will probably lead to lower capital expenditures than would have occurred otherwise.

The unrepatriated profits may not be sufficient even to cover the maintenance of current copper production levels, much less finance increased production. Furthermore, even if Kaunda subsequently softens the effects of the restrictions on the two copper companies, his new policy direction will probably cause them to place greater emphasis on developing interests elsewhere, such as Botswana, where both firms are now planning to exploit copper deposits. Additional investment in other industries is also likely to be discouraged by the government's new policies.

The action will do little to solve Zambia's increasing financial difficulties. Only a sustained upsurge in copper prices, a very unlikely event, would improve the country's budget and balance-of-payments situation. About 65 percent of government revenues and 90 percent of the country's foreign exchange earnings are from copper. Moreover, although the government's measures will reduce the amount of corporate profits paid abroad, this saving will probably be largely offset by a drop in the existing flow of investment capital to Zambia.

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WESTERN HEMISPHERE

May Day was generally quiet throughout Latin America. Except in Uruguay and Brazil, Communists and leftists were able to stage only unimpressive parades and rallies, many of which had heavy anti-US overtones.

Uruguay experienced its most violent May Day in some years. Crowds of up to 6,000 roamed Montevideo, breaking store windows and creating general havoc. The US Embassy and some US-owned businesses suffered slight damage from fire bombs and rocks. In Brazil, the most significant incident occurred in Sao Paulo where extremist students and workers broke up a peaceful labor rally, attacked the governor, and then proceeded to break windows and incite other disturbances.

Coming elections in a number of countries dominated the political news this week. In Panama, where elections will be held on 12 May, the Robles government is pulling out all stops to rig the results in favor of the official candidate, David Samudio. In contrast, Dominican President Balaguer has issued a series of decrees designed to ensure that the municipal elections on 16 May will be honest. The Dominican public so far has shown little interest in the elections. The third anniversary of the landing of US troops on 28 April passed quietly under the watchful eye of heavily reinforced security forces.

Bermudians are intensely interested in their election, which will be held on 22 May. All 40 seats in the House of Assembly are at stake. Although the rioting and violence that wracked Hamilton over the weekend was primarily racial in character, election fervor played a role. In Ecuador, Jose Maria Velasco Ibarra, one of the leading presidential candidates in the election set for 2 June, appears to be running scared.

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Argentine army leaders are pressuring President Ongania to replace Interior Minister Borda. Borda, a former Peronist, is now one of the most outspoken supporters in the administration for the eventual development of some kind of fascist-style corporate state.

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UNREST IN BERMUDA ON THE EVE OF ELECTIONS

The civil disturbances in Bermuda last week were caused primarily by militant Negroes' resentment of white economic and political power. Negro hostility toward the police, which is 80-percent white, was also a factor. This discontent has been inflamed during the pre-electoral period by the predominantly Negro Progressive Labor Party (PLP), which is the principal opposition party and expounds a "black power" philosophy. The recent racial disorders in the US have also had some influence.

The election on 22 May promises to be the most important in Bermuda's history. The new liberalized constitution grants considerable self-government, and political parties will be participating for the first time. Redistricting has increased the number of assembly seats from 36 to 40, and all adults above the age of 21 are now allowed to vote.

Because race issues overshadow all others, the PLP stands

to make some gains at the expense of the white-dominated United Bermuda Party (UBP). Twenty-six members of the House of Assembly will be chosen from predominantly Negro electoral districts, while 14 will be chosen from areas with white majorities. Recognizing the need to face up frankly and openly to race problems, the UBP has adopted a position supporting racial integration and is running 16 Negro candidates. The small, moderate, biracial Bermuda Democratic Party is also expected to attract votes from progressives in both the white and Negro communities.

Police and defense forces--reinforced by over 400 British troops--have restored calm to the island; the troops will probably stay through the election. British officials believe that a UBP victory could provoke further outbursts of violence by frustrated PLP supporters. The nightly curfew is still in effect, and the tourist industry is already suffering from the unsettled situation.

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PANAMANIAN GOVERNMENT CONCOCTING MASSIVE ELECTORAL FRAUD

Panama's presidential elections on 12 May probably will set a new record for blatant vote manipulation by the government in behalf of the official candidate. The Robles government is continuing to pursue a course designed to guarantee the victory of former finance minister Samudio and undermine the chances of ex-president Arnulfo Arias, candidate of the National Union (NU) and probable winner in a reasonably fair election.

With the connivance of the Robles government, Samudio is making plans to "control" the election outcome with such sophisticated means as an "elaborate communications center" utilizing computers to determine in which districts the vote will have to be altered to ensure Arias' defeat.

The government is also moving against the opposition through various legal maneuvers. The pro-Robles electoral tribunal is proceeding with plans to invalidate the National Patriotic Coalition--one of the principal parties now backing Arias. Its elimination from the elections would further weaken Arias' election chances.

In addition, the government is pressing charges against NU deputies running for re-election, demanding that they be disqualified for having exercised "command and jurisdiction" within six months of the elections by participating in the Robles impeachment trial. To preclude recourse to the courts, government plans reportedly call for electoral authorities to declare the NU deputies ineligible shortly before the elections.

Both candidates have been campaigning vigorously throughout the country. In a recent speech, Samudio alleged that Arias is conspiring to win the election with either votes or bullets, and stated that his forces would answer "with bullets if necessary." Although both

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sides are using the draft canal treaties as campaign issues in the press, the principal thrust of recent speeches has been directed at local problems.

Meanwhile, President Robles has refused to invite observers from the Organization of American States, ostensibly because he intends "to guarantee free elec-

tions" but probably because he would find their presence embarrassing. Although Arias is reported to be pessimistic about his prospects under these circumstances, popular indignation over a large-scale fraud could increase the potential for antigovernment violence in his behalf during and after the elections. [redacted]

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POLITICAL MANEUVERING CONTINUES IN VENEZUELA

Political activity in Venezuela is increasing as the parties maneuver for advantage prior to the presidential elections in December.

The minority Democratic Republican Union has withdrawn from the government in order to campaign for the presidential candidacy of its leader, Jovito Villalba. In the subsequent cabinet changes, President Leoni turned to "technocrats" rather than political leaders. The new cabinet is designed to ride out the remaining months of his term as a caretaker body that will make few changes in government policies.

In an attempt to win support for his party's presidential candidate, President Leoni released about 80 political prisoners, including Communists and former guerrillas. [redacted]

[redacted]

Army units in Falcon and Yaracuy states have twice engaged elements of the Douglas Bravo guerrillas and have inflicted heavy casualties with minimum loss of life for the army. [redacted]

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The recent amnesty and the expected release of Communist party leader Gustavo Machado will further irritate military leaders, who see their efforts to control the guerrillas being frustrated by politicians in Caracas. [redacted]

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STRIKES STILL PLAGUE CHILEAN GOVERNMENT

The month-long strike by postal and telegraph workers and teachers threatens to develop into a general walkout in the face of strong government opposition to the strikers' demands.

Public employees are protesting that they will not receive fair treatment under the government's wage readjustment bill presently before congress. The National Association of Public Employees (ANEF) has asked President Frei to intercede on its behalf, and has threatened a general strike if the demands are not met.

Frei has indicated his determination to hold the line, insofar as he is able, against illegal strikes that would result in inflationary settlements, and has characterized the walkouts as a measure "to pressure the government and to obtain more benefits than it can grant." He added that the government cannot accept ANEF's demands "without renouncing its authority and without precipitating the country into veritable chaos."

If a general strike is called to support ANEF, the government probably will call in military and police forces to maintain essential services.

So far, the Christian Democratic Party (PDC) has supported President Frei's hard line against the strikers. A minority of the workers are PDC members who have remained on the job. They hope that a firm stand by the government will undermine the union leadership, which is controlled by the Radical Party.

The government has made a number of important modifications in the wage adjustment bill in order to pick up congressional votes from the Communists and the conservative National Party. Among other changes, it has withdrawn a provision restricting cash increases for workers in the private sector, thus avoiding what the opposition claimed was an infringement of the right to strike. The government has also promised to reduce expenditures, and some of the revenue measures of the legislation have been watered down.

If congress eventually provides full compensation for the 1967 cost-of-living increase entirely in cash, the government will have to transfer expenditures from investment to current operating costs or incur an increased budget deficit. As a result, Frei will have trouble carrying out his promised stabilization and development programs.

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