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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

DIA review(s) completed.

State Dept. review completed

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44

19 July 1968
No. 0029/68

65-228534/2

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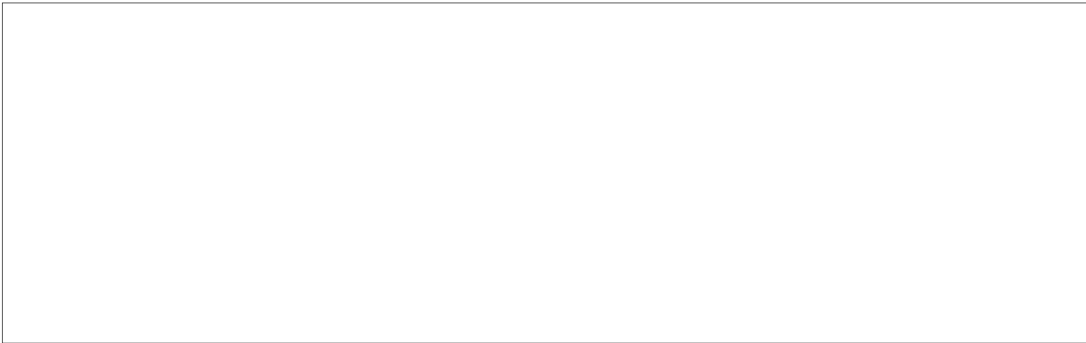
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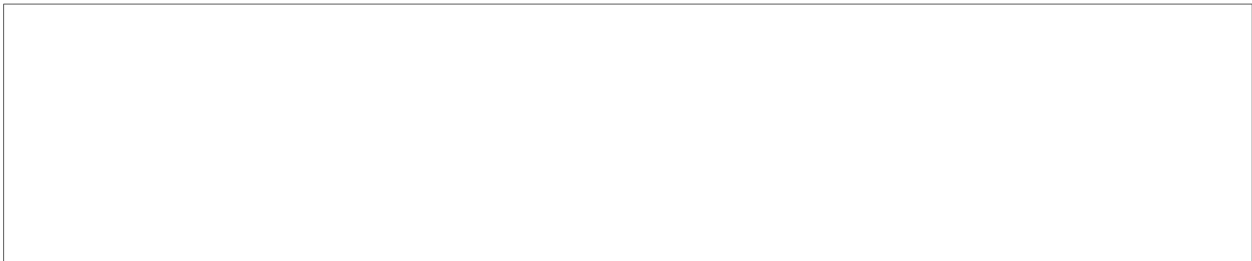
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FAR EAST

Vietnamese Communist propaganda remains focused on rebutting US arguments at the Paris talks and on the effort to undermine the Saigon government. The timing, scope, and duration of the current lull in Communist-initiated military activities, however, could in part represent an effort to give the appearance of limited military restraint while probing US intentions in Paris.

Meanwhile, there is unmistakable evidence of preparations for Communist offensive operations later this summer, with most reports suggesting no widespread coordinated offensives until next month at the earliest. Even so, nervous South Vietnamese security authorities show considerable edginess over the possibility of an imminent fresh wave of attacks in the Saigon area. The Communists would certainly not be averse to helping foster this impression to keep the Saigon populace on edge and to divert allied forces from offensive operations at a time when the enemy appears to be heavily engaged in redeployment and retooling.

On the eve of President Thieu's departure for Honolulu, both houses of the National Assembly passed strongly worded resolutions opposing any political accommodation with the Communists. Strongly anti-Communist northern Catholic elements, allied on this one issue with some Dai Viet senators, also reportedly plan to seek an early debate centering on allegations that the Huong government is "soft" on the negotiations issue. Perhaps partly in response to these pressures, Thieu on 17 July made an unscheduled appearance before some Revolutionary Development workers, assuring his audience that there "would never be a coalition government with the Communists."

The vulnerability of efforts to promote regionalism in Southeast Asia to long-standing bilateral disputes was brought home once again this week by the breakdown of Malaysian-Philippine talks concerning Manila's claim to the Malaysian Borneo state of Sabah. Malaysia again rejected the Philippine claim. Although President Marcos is still resisting domestic pressure to break relations, this latest imbroglio will in any event cast a pall over the impending annual meeting of the Association of Asian States.

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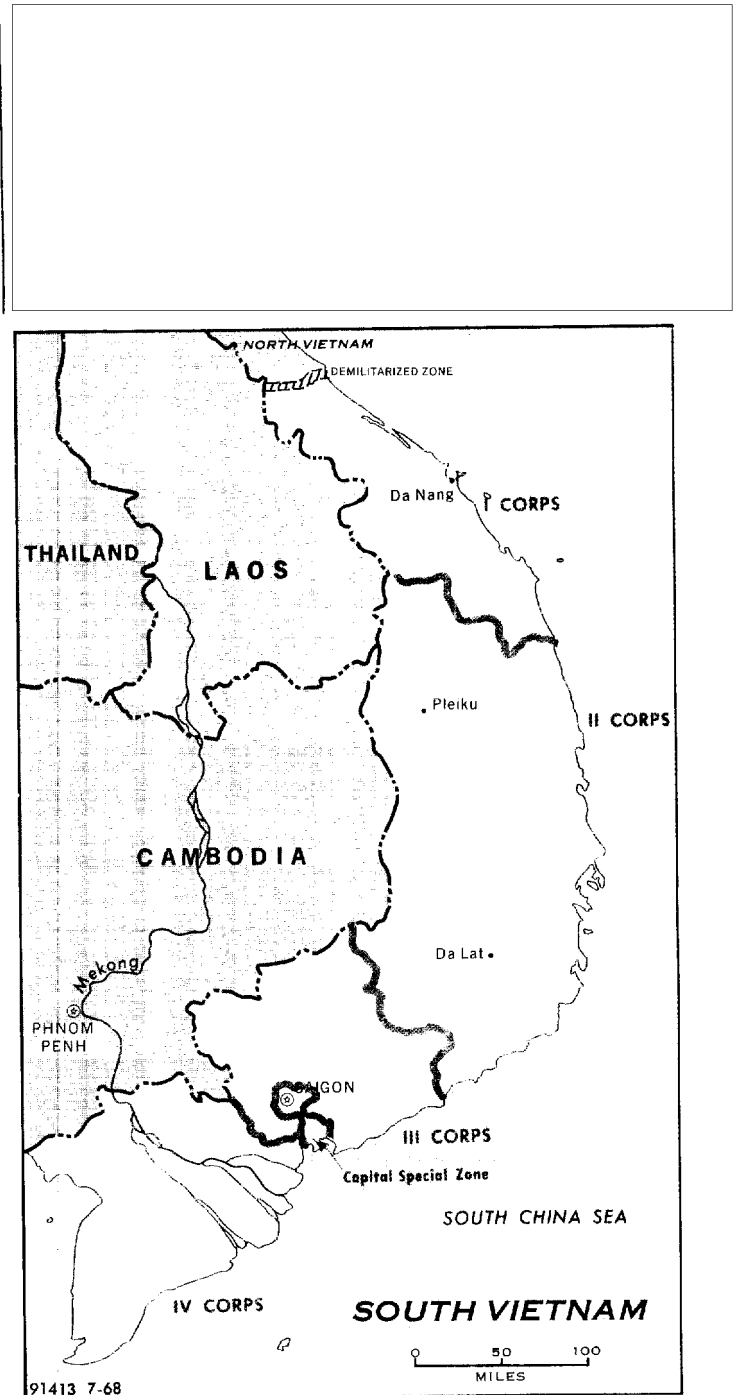
VIETNAM

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Uneasiness over the possible eventual need to negotiate with the National Liberation Front continues to color Saigon politics. Opponents in the National Assembly, looking for a way to get at the Huong government, seem increasingly to be centering on Huong's alleged "softness" toward the Communists as their principal weapon. Both houses have recently adopted resolutions urging the government to adhere to a firm anti-Communist stance.

Several senators aligned with either the Revolutionary Dai Viet Party or the strongly anti-Communist northern Catholic faction are reported to have signed a petition calling for an early assembly debate on the Huong government. These senators profess the belief that the government has created a permissive climate for propaganda and organizational activities on behalf of the Liberation Front and the Communists' Alliance. They are also said to believe that President Thieu's policies are ambivalent on such questions as accommodation with the Communists and formation of a coalition government.

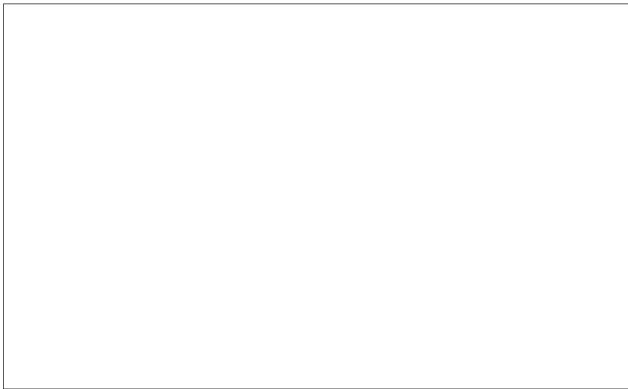
Although some of Huong's opponents hope that the projected debate might lead to a no-confidence vote, they probably fall considerably short of the necessary votes at this juncture. They may thus have to content themselves with getting their case on the public record for possible later use, depending on how the situation evolves.



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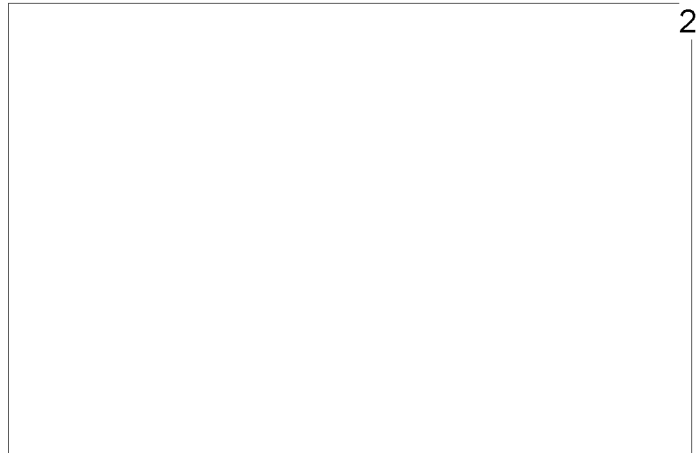
There have been few surface reflections recently of the continuing split between Thieu and Vice President Ky. A period of renewed tension in the military establishment may be ushered in, however, if Thieu, as expected, names General Do Cao Tri to replace General Khang as III Corps commander. Tri, although an aggressive unit commander, has never been popular with the "young Turk" faction associated with Ky which had dominated the military until Thieu began his campaign this spring to reduce Ky's power. Tri only recently returned to Saigon after having served as South Vietnamese ambassador to South Korea.

The War in South Vietnam

The pronounced reduction of enemy offensive activity continued through the week. The bulk of the Communist forces remained preoccupied with redeployment, refitting, absorbing replacements, and developing new battle plans for possible future offensive campaigns.

major enemy attacks are not likely to occur for at

least two weeks in any region, with the possible exception of the northern III Corps area some 60 to 80 miles north of Saigon.



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Shipping to North Vietnam

Cargo deliveries to North Vietnam by foreign flag ships during the first half of 1968 increased by 26 percent over the same period last year, a trend which is expected to continue into the second half of 1968. Growing imports of foodstuffs and petroleum from the USSR and China accounted for most of the increase. In order to supplement below average harvests in North Vietnam since the spring of 1966, increasingly large shipments of flour and rice have been made. Foodstuffs now take up about 35 percent of North Vietnamese imports compared with 29 percent in the first half of 1967.

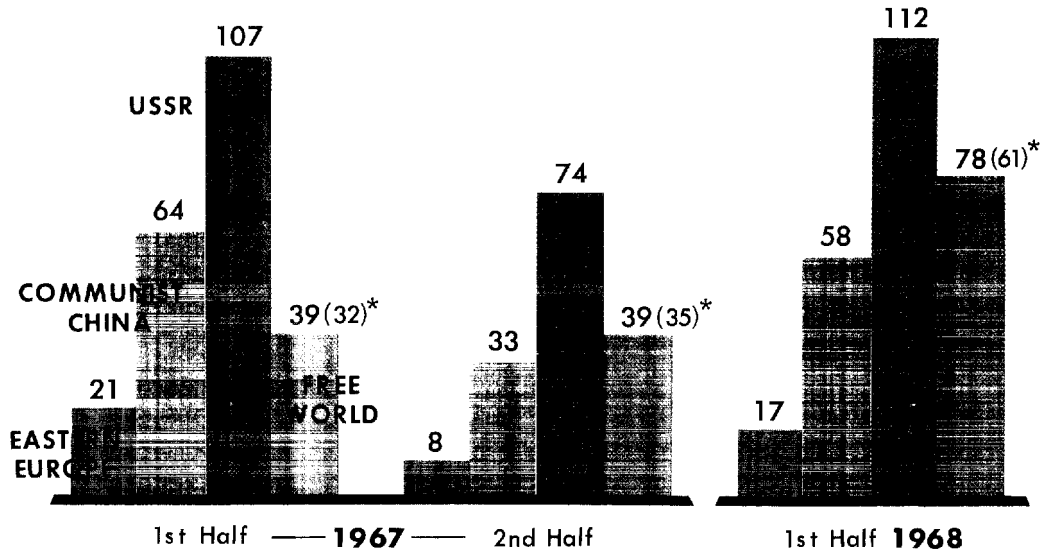
The Soviets continue to provide the largest share--some 44 percent--of North Vietnamese imports. Communist China's share

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North Vietnam: Foreign-Flag Ship Arrivals



* Numbers in parenthesis indicate British flag out of Hong Kong
 Note: 1 Cuban ship arrived 1st qtr. 1967, 3 arrived 1st qtr. 1968

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IDENTIFIED SEABORNE IMPORTS			
Thousand Metric Tons	1st Half 1967	2nd Half 1967	1st Half 1968
Petroleum	142	104	220
Food Stuff	243	219	368
Fertilizer	115	36	94
Timber	8	5	12
Miscellaneous and General	327	219	359
Total	835	582	1,053

rose to 35 percent but less of this tonnage was carried aboard Chinese flag ships and more aboard Chinese-chartered free world ships. All but 17 of the free world ships were British flag ships out of Hong Kong which are believed to be owned by firms under Chinese control.

Cargoes originating in Eastern Europe have risen some 40 percent. Most of this increase reflects agreements for increased aid reached between East European countries and Hanoi last fall.

Ships are being unloaded in Haiphong at a record rate.

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Unloading operations are being carried out 24 hours a day and work is not being interrupted by air raid alerts. The rail and road system out of the port has been partially restored, permitting the Vietnamese to move goods out

of the port area more efficiently. Ships' layover time is increasing, however, because of the rise in the number of ships calling at Haiphong and the limited wharf space available for berthing.

NORTH KOREAN INFILTRATION OF THE SOUTH REDUCED

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Pyongyang continues to try to infiltrate agents into South Korea but at a considerably lower rate than last year.

Recently most of the significant incidents along the Demilitarized Zone appear to have resulted from the interception of small Communist agent teams attempting to cross into the South. In most cases the teams were clearly attempting to avoid detection and when intercepted quickly tried to break contact. The large amounts of food and equipment carried by some teams suggest that they were trying to penetrate into South Korea's interior.

The level of activity along the Demilitarized Zone in recent months, however, has been considerably less than during the same period last year--about 200 incidents during the second quarter of 1967, compared with about 100 during the same period this year. Improved South Korean security measures, both along the Demilitarized Zone and in the interior,

apparently are resulting in the detection of more of those attempting to infiltrate.

Seaborne operations this year appear to have been cut back even more than has land infiltration. Since the first of the year there have been indications of only about four landings by boat that might have involved infiltrations or possibly contacts with established agents. By early July 1967, over 90 agents had been put ashore, over two thirds of these in teams of up to 12. Since a number of these seaborne infiltrators avoided discovery until later in the year, some may also have escaped detection so far this year.

The South Koreans remain concerned that Pyongyang will follow up the attempted raid last January against the presidential mansion in Seoul with additional acts of terrorism or sabotage. Although there have been no confirmed Communist terrorist or sabotage incidents since the January raid, recent information suggests that North Korean agents continue to be given such missions.

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SOUTH CHINESE TURMOIL GROWS

Armed conflict and other turmoil and confusion continue to plague south and central China. Factional fighting in many areas is reported to have grown more acute, [redacted]

[redacted] residents of troubled areas expect even greater trouble to develop. Despite the continued chaos, the military has largely stood aside, taking little action to contain or suppress Red Guard troublemakers.

Conflict has been particularly severe in Fukien and Kwangtung provinces, which have been shaken by mounting violence for more than two months. Amoy, a major port in Fukien, is apparently in a state of semianarchy; factories are shut down and residents are living in a siege atmosphere.

[redacted]

Clashes have also flared up in Chuan-chou, Fukien, and inhabitants are said to be fleeing to safety outside the city. In Kwangtung trouble appears to be widespread. Between 5-7 July a clash broke out between several hundred factionalists in Yang-chiang, resulting in ten deaths and scores of serious injuries. In Ching-yuan, [redacted] opposing groups are fighting with machine guns and grenades. The city of Shih-pu on Hainan Island has also become involved in violent conflict. Fighting broke out in June, with

participants using pistols, rifles, submachine guns and antiaircraft machine guns. Twenty persons have been reported killed.

Red Guard violence also continues in Canton. Factional clashes appear to be growing in scope and violence, and many residents reportedly believe that worse is to come. An attempt by the acting chairman of the provincial Revolutionary Committee to dissipate Red Guard antagonisms merely resulted in the mutual display of force by opposing groups, with armed factionalists marching through the street in virtual military formation. A major clash is reported to have taken place on 12-13 July.

Trouble has also been reported from Chekiang Province, where armed struggle appears to be widespread, and from Hupeh Province, where factional antagonisms are evidently growing. Tension has again increased in the triple city of Wuhan, scene of a major crisis last summer, and in the nearby river port of Huang-shih, which appears to be in a state of near anarchy.

In several other provinces, where detailed information is lacking, provincial radiobroadcasts and editorials have spoken in shrill terms of divisions within the provincial Revolutionary

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Committees and of attempts--presumably by disaffected Red Guards--to undermine the authority of existing provincial administrative organs. Problems of this nature appear to be widespread, and armed conflict may well accompany disputes over political authority.

On the other hand, several provincial radiobroadcasts in the past week have spoken harshly of Red Guard obstruction and of unnamed renegades who have exploited and distorted "leftist" slogans. Although this theme has not been elaborated by

national propaganda media, it would appear that some provincial authorities are attempting to curb and control Red Guard license, which has been tacitly encouraged in the past two months by the central press and radio.

In the midst of the recent disorder the military establishment has largely remained on the sidelines. Several persons, however, were killed in Canton in June during an attempt to loot a naval arsenal.

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INDONESIAN COMMUNIST FACTIONALISM LIKELY TO INCREASE

The loss of the Indonesian Communist Party's two top leaders probably will exacerbate already serious cleavages in the party over tactics but is not likely to disrupt Communist guerrilla activities in East and Central Java.

On 11 July, Djakarta announced the capture of the party chairman and the death of his leading aide. The two men were presumably coordinating a Java-wide reorganization and allegedly directing East Java paramilitary activities from a redoubt in that province. Their loss probably will sharpen the controversy between a moderate faction, which contends that the party has not sufficiently recovered from its debacle in 1965 to undertake armed struggle, and militants who have been waging the terrorist campaign.

The ease with which provincial militants established a redoubt in East Java, originally in defiance of party directives, apparently induced some party leaders to acquiesce in these tactics. The militants, however, are not in a position to seize national party leadership and impose a program of immediate armed struggle throughout Java.

There are indications that the militants plan to extend their operations into northern East Java and Central Java in order to divert army pressures from their stronghold in Malang-Blitar on the southeast Java coast. Last month assassinations of anti-Communists took place in north coast areas, possibly--as had occurred earlier in Malang-Blitar--as a prelude to more widespread terrorism.

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CHINA'S TRADE CONTINUES TO DETERIORATE

The Cultural Revolution continues to depress Chinese trade. Fragmentary 1968 trade data from Western Europe, Japan, and Hong Kong show a sharp drop in Chinese exports in every case and a drop in imports with all trading partners except France. The most dramatic fall is in exports to Japan which declined 35 percent in the first five months of this year compared with the same period last year, and to Hong Kong which fell 25 percent in the first four months of the year.

The deterioration in China's trade began last year when total turnover fell seven percent to about \$4 billion. The Cultural Revolution began to affect Chinese industry and agriculture in the beginning of 1967 but the Chinese were able to utilize stockpiles, and exports did not fall off until about the middle of the year. China's major exports, textiles and agricultural goods, accounted for most of the decline. Imports, which were increasing rapidly at the beginning of 1967, leveled off and began to decline later in the year as the Chinese became concerned about their growing trade deficit.

The trade deficit is likely to widen this year as China continues to buy substantial amounts of grain and fertilizer. Peking has already signed contracts for the delivery of 3.6 million tons of grain for delivery this year. Fertilizer purchases for the year

have reached 5.9 million tons. These two commodities alone will cost the Chinese more than \$450 million.

Imports of machinery and equipment are expected to slacken because construction of whole plants contracted for in 1965 and 1966 are nearing completion. Recent harassment of foreign technicians installing equipment in China and construction delays caused by Red Guard activity may cause imports to drop further. China recently ordered all the technicians of an Anglo-German firm installing a petrochemical plant at Lan-chou to leave and canceled the contract.

China's trade with Communist countries also appears to be falling off. Last year Sino-Soviet trade dropped by two thirds to about \$106 million and will probably fall further this year. Trade with Eastern European countries, which held fairly stable last year, may also be declining.

Although total trade may drop by as much as ten percent this year, it will not reach the low levels of the Great Leap Forward. The growing trade deficit will be eased somewhat if remittances from overseas Chinese, about \$70 million last year, remain steady, but China will probably have to dip into its reserves to make up the difference.

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EUROPE

The confrontation between the Soviet Union, its hard-core allies, and Czechoslovakia overshadowed all else in Europe.

The USSR, Poland, East Germany, Hungary, and Bulgaria bluntly told the Czechoslovak party to retrench and abandon its "politically extreme" policies. In the face of this and a Soviet party central committee resolution backing it, the Czechoslovaks firmly but calmly rejected the demands of their neighbors, drawing the lines of the confrontation even more clearly.

A recent statement by Rumania's vice president to a secretary of the Hungarian party succinctly sums up Moscow's problem. He said, "At Sofia we were seven, at Dresden you were six, and at Warsaw you were only five."

Most Western European Communist parties, even before the Russian party plenum, had joined the Yugoslav and Rumanian leaders in condemning the prospect of full Soviet intervention in Czechoslovakia. Tito, and probably Ceausescu, are due in Prague to provide moral and psychological support to Dubcek in his showdown with Brezhnev. Tito suddenly ended a Yugoslav party central committee meeting to prepare for the trip.

As fears and tensions about Czechoslovak developments were rising, Gomulka in Warsaw moved to dilute the effects of the promotion of his challenger, Interior Minister Moczar, to the top party bodies. Intense jockeying for power will be the order of the day between now and the Polish party congress in November.

In Paris, Couve de Murville, addressing the National Assembly for the first time as premier, pledged to move promptly to carry out many basic domestic reforms.

The Disarmament Conference reconvened in Geneva with no fixed agenda but with the hope that it could be of some use in creating a favorable climate for US-Soviet talks on limitation of offensive and defensive weapons systems.

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USSR AND PACT ALLIES TRY TO TAME CZECHOSLOVAKIA

Moscow and four of its Warsaw Pact allies are trying to force a turnabout in Prague but are meeting with steadfast Czechoslovak resistance and growing opposition from other Communist parties in Europe. By week's end the confrontation had become so direct that neither side had much room left for political maneuver.

Party and government leaders of the USSR, East Germany, Poland, Hungary, and Bulgaria met in Warsaw on 14-15 July to discuss the situation in Czechoslovakia, despite the refusal of the Czechoslovaks to attend. They sent a joint letter to Prague declaring their deep anxiety over the trend of events there, and demanded that the Czechoslovaks turn back the political clock.

The letter charged that political activities in Czechoslovakia were aimed at the foundations of Communism in the country and had not met with any effective rebuff from the party leadership. The signers asserted they could not stand aside while "imperialism" made a breach in the socialist system, "by peaceful or unpeaceful means, from inside or outside," which would change power relations in Europe. Such developments, the letter said, threatened the security of the whole socialist system.

The signers demanded that the Czechoslovak party take four steps to redress the situation: resolutely attack right-wing and anti-socialist forces, mobilize all the power of the state in defense of

Communism, reimpose party control of news media, and return to operation of the party on the basis of Soviet-style principles--including that of complete centralization of power. The letter made no mention, however, of what action the five would take if Prague failed to heed these demands, suggesting that the crisis is still in the talking stage.

The Soviet leadership hastily convened the Communist Party Central Committee on 17 July to add the weight of its formal endorsement to the Warsaw joint letter. A partial text of the committee's resolution broadcast that day repeated the warnings of the letter in more general but no less stern terms. The sketchy information thus far available on the meeting does not indicate whether Brezhnev, who made the major speech, sought central committee approval for any specific policy moves in the future.

The Czechoslovak party presidium has calmly but firmly rejected the demands placed on it. Party chief Dubcek called an expanded meeting of the central committee for 18 July to ratify the presidium's decision. The same day he went on national radio and television to ensure as much national popular support as possible. The implications of these moves cannot help but be understood by the other parties in the dispute.

The Soviet pressure tactics have aroused strong opposition from other European parties. In Eastern

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Europe, the Yugoslav and Rumanian leaders, Tito and Ceausescu, reportedly were prepared to demonstrate their solidarity with the Czechoslovaks by traveling to Prague.

Led by the French, most of the Western European parties--opposed to the Soviet pressure tactics more for domestic political reasons than any other--have voiced support for Prague.

The French Communist Party, in an apparent attempt to ease the Soviet-Czechoslovak crisis, proposed on 17 July that an urgent conference of European parties meet to discuss Czechoslovakia. The call was made on the day that party leader Waldeck-Rochet returned from a trip to Moscow, but it is doubtful that the proposal was made at Soviet instigation. Neither Moscow nor Prague has yet commented on the French suggestion. The Italian, Austrian, and Swiss parties, however, have already responded favorably to the French party's proposal. No European party has as yet rejected the idea, although many have not yet made their positions known.

Czechoslovak leaders, meanwhile, buttressed by strong popular support, maintained their resolute

position. In an outspoken press conference on 15 July, Lt. Gen. Prchlik, chief of the central committee's defense and security department, even accused Pact commander Yakubovsky of having broken his word to Dubcek by interrupting Soviet troop withdrawals, and added that the Soviet marshal would again fail to keep his word if all Soviet forces had not departed Czechoslovakia by 21 July.

The Czechoslovaks also offered several criticism of the Soviet-dominated Warsaw Pact command structure. Prchlik complained about the inequalities in the Pact command and said that because the Pact is outdated, Prague will propose revisions. Defense Minister Dzur made a more conciliatory statement, but he also endorsed proposals for a more representative command structure in the Pact. Foreign Minister Hajek joined in the discussion on the Pact, stating that the preamble of the future Czechoslovak-Rumanian friendship treaty pledges adherence to the Pact "as long as it is valid."

Prague apparently is also preparing to meet future Soviet political and psychological measures. A Czechoslovak official stated that Prague has ready contingency plans to counter Soviet tactics. He indicated that the Dubcek regime is wary of a Soviet-supported coup attempt by conservatives. 25X1

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GOMULKA SURFACES SPLIT IN POLISH PARTY

Party leader Gomulka, in drawing a line between his moderate views and those of his challenger, hard-line factional leader Mieczyslaw Moczar has for the first time admitted that a split exists in the party leadership. Although Gomulka could not prevent Moczar's promotion last week to the party leadership, he is trying to temper its effects on the political power struggle.

The split is between Gomulka's supporters, who are moderate on domestic policy and strongly pro-Soviet in foreign affairs, and Moczar's hard-line, chauvinistic wing of the party. In organizational terms, the fissure divides the overwhelmingly pro-Gomulka party leadership in Warsaw from most provincial party leaders who seem to look to Moczar.

In his speech to the central committee plenum of 8-9 July, Gomulka forcefully reiterated his moderate positions on a score of controversial issues. He urged the committee to adopt the draft party program in preparation for the party congress in November even though there were "differences within the leadership" over some of its provisions. Gomulka also implied that the factional struggle for delegates to the congress will be harsh, and predicted that "unfounded criticism" and "wrong views" will be heard

during the discussion of the party's program. Continued Soviet support for Gomulka was evident in Pravda's publication of his speech on 16 July.

The program, which was un-animously adopted, reflects Gomulka's views throughout, with only its omissions suggesting areas of discord. There is no mention, for example, of the recent anti-Semitic campaign, whose "distortions" Gomulka categorically condemned. The program stresses Gomulka's assertion that "revisionism," exploited by the West, is the main danger to the ideological unity of the party. The program will now be discussed by the rank and file. It probably will run into trouble in local party organizations, where hard-line influence is strong.

The choice of three new cabinet members on 15 July appears to be a move by Gomulka to mitigate the political significance of Moczar's elevation to the politburo and secretariat. None of the new ministers--including Moczar's successor as interior minister, Kazimierz Switala--seems to be associated with the hard-line faction. The new ministers of finance and of health are respected professionals.

There are reports that the new interior minister is related by marriage to reform-minded pro-

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MAIN PROTAGONISTS IN POLISH PARTY STRUGGLE



EDWARD GIEREK

Politburo member, party leader in Katowice Province - An unorthodox Communist seeking reform in an orderly fashion; has helped Gomulka up to now, but could someday be his successor.

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WLADYSLAW GOMULKA

Party First Secretary - weakened, but fighting to retain power against MOCZAR



MECZYSLAW MOCZAR

Politburo candidate, and party secretary, former Interior Minister - main challenger for Gomulka's power; espouses hardline, chauvinistic policies

vincial party leader Gierek, who is Moczar's rival for decisive influence within the party. If true, this suggests that once again, in return for support, Gomulka has struck a compromise with Gierek's "technocratic" followers.

As a member of the leadership, Moczar may find that he will be tainted with responsibility for policies which he has opposed in the past. The apparent dilution

of his control over the Interior Ministry may also weaken his power base and circumscribe his room for political maneuver.

The personnel changes made so far merely reflect the divisions in the party, and neither faction probably considers them decisive. Additional shifts and intensive jockeying for power can be expected before the party congress in November.

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FRENCH CABINET CHANGES STRENGTHEN DE GAULLE'S CONTROL

The cabinet reshuffle of 12 July, as well as last month's parliamentary elections, have placed the future of France even more firmly than before in the hands of President de Gaulle. The dismissal of Georges Pompidou as premier at a time when he was fast becoming a political power in his own right and his replacement by Maurice Couve de Murville, make evident De Gaulle's determination to exercise complete control of the new government.

Couve de Murville, who had held the foreign affairs portfolio longer than any other minister in republican history, is a gifted, loyal, career bureaucrat who has been described as the "best messenger boy in the government." In his new position he is likely to continue to be the "perfect reflection of De Gaulle's policy."

The new government is essentially a "continuity cabinet"-- Pompidou's cabinet without Pompidou. The key posts of foreign affairs, finance, and interior went to faithful Gaullists who had held different positions in the previous government; two ministers dismissed during the May crisis regained cabinet posts. Rene Capitant, an old confidant of De Gaulle who has long insisted on the need for basic social reform, remained as minister of justice, and some reform-minded men were brought in at the junior secretariat level. On the whole, however, the cabinet is not composed of reformers, but neither does it

contain men who are likely to oppose reforms De Gaulle wants.

The June elections reduced the opposition parties to parliamentary impotence, and the massive Gaullist majority in the National Assembly is likely to function only as a "rubber stamp" for executive decisions. De Gaulle probably believes that the election returns represent the "massive vote of confidence" in his own personal leadership that he was seeking. Although there are still rumors that he will leave office in the fall, his recent actions suggest that he intends to remain and try to accomplish his self-proclaimed historic mission of reforming France, socially and politically. New programs for social and educational reform will bear De Gaulle's clear imprint, and whether France avoids a repetition of the events of May depends in large measure on how successfully these reforms deal with the country's underlying problems.

In his first major policy declaration in the National Assembly, Couve de Murville did little to clarify what De Gaulle's concept of "participation" might mean in practical terms. He again underlined that his government intended to maintain public order, and suggested that the rebuilding of the economy through financial orthodoxy would be given top priority over the next 18 months. He assured the business community that the prerogatives of management would not be jeopardized by any reform proposals.

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MIDDLE EAST - AFRICA

Arab terrorist intrusions from Jordan and Lebanon and border clashes continued during the week despite increasingly effective Israeli counter-measures and harsh retaliation.

In Iraq, the Baathist regime which seized power on 17 July seems to be in firm control. A spokesman for the regime justified the coup by charging that the former leaders' inaction on Iraq's problems had been "ruining the country."

In Turkey, leftist students attacked visiting US Navy personnel in Istanbul during two days of anti-US demonstrations. The attacks and harassment of sailors and officers from the US Sixth Fleet were the most violent so far. The Demirel government, sensitive to charges of being a US puppet, hesitated to confront the student group directly.

The locust situation in the Middle East and Africa threatens widespread crop destruction on the scale of the near disaster in the early 1950s. The countries involved—including Saudi Arabia, Ethiopia, and the Sudan—are aware of the threat but are unequipped to handle the problem and are apathetic about it.

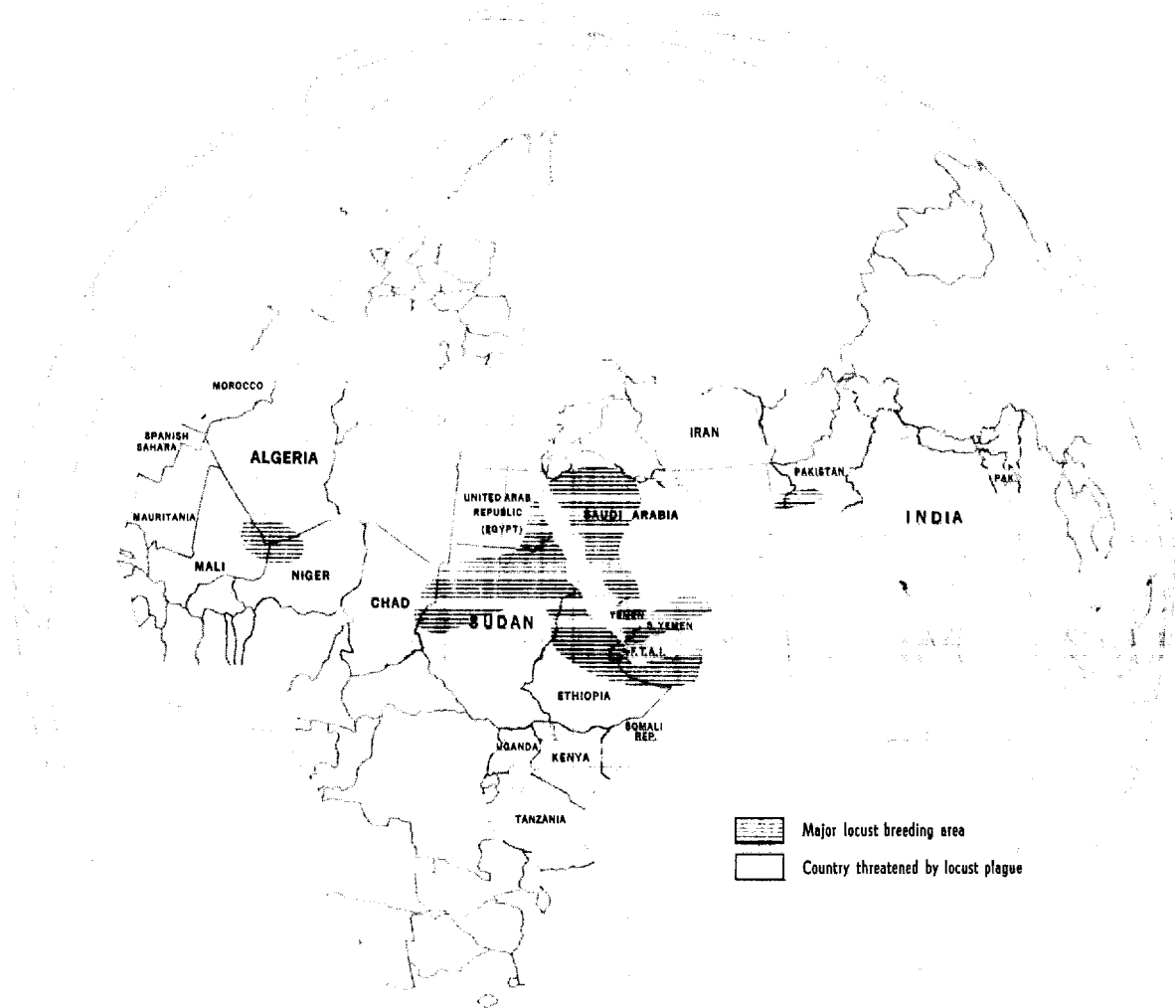
In the Nigerian civil war, renewed contacts between federal and Biafran representatives may take place this weekend in Niamey, Niger, where the Organization of African Unity's committee on Nigeria has been meeting since 15 July. The Biafrans quickly accepted an invitation to the parley, and a high-level federal delegation is to attend. The continuing unyielding opposing positions regarding a cease-fire and a political settlement, however, dim prospects for meaningful negotiations.

Rhodesia's ruling political party has proposed a new constitution which moves several big steps away from Britain's conditions for a negotiated settlement of the country's independence. The new proposals would permanently institutionalize political control by the white minority, end all ties with Britain, and permit partition of the country along racial lines. The proposals must still be approved by a national congress of the ruling party and by a referendum of the dominantly white electorate.

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LOCUST PLAGUE THREATENS AFRICA AND MIDDLE EAST



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SERIOUS LOCUST PLAGUE THREATENS MIDDLE EAST AND AFRICA

The growing locust threat in the Middle East and Africa is menacing widespread crop destruction, but few measures have yet been taken to counteract the plague.

The locust situation now could be the most serious in the area since the early 1950s. According to the UN Food and Agriculture Organization, the threat results from an unusual rainfall pattern in a belt stretching from central Africa through Saudi Arabia. Heavy swarms of locusts have accumulated in Saudi Arabia and Africa. Ethiopia and the Sudan are the most heavily hit countries in Africa thus far. Some swarms have already moved into Iran and Pakistan, and reports have been received of swarms in West Africa and the Maghreb.

If the present wind and rain pattern persists, extensive breeding and migration will continue through the fall. Unusually heavy rainfall in Somalia is contributing to breeding there, and these locusts may invade Kenya, Tanzania, and Uganda. The locust migration out of Saudi Arabia, which would under ordinary circumstances bring them across the Red Sea and Gulf of Aden into the Horn of Africa, has been disrupted by unusual wind currents down the Red Sea. The locusts are thus spreading into the southeastern part of the Arabian Peninsula, northward into Jordan and Sinai, and east toward Iran and Pakistan.

If the winds change and the locusts are forced into the Horn,

their control would be comparatively simple. Their present distribution, however, is largely in inaccessible areas, and the countries involved have thus far done little to control them. In the Sudan, for example, where some crops have already been destroyed, the government delayed until this week requesting consultations with a regional locust control organization in Nairobi to discuss cooperation on the problem. The Saudis, with one of

“and the Lord brought an east wind upon the land all that day and all that night; and when it was morning, the east wind brought the locusts...very grievous were they; before them were no such locusts as they...for they covered the face of the whole earth so that the land was darkened; and they did eat every herb of the land, and all the fruit of the trees which the hail had left; and there remained not any green thing in the trees, or in the herbs of the field, through all the land of Egypt.”

EXODUS 10. KING JAMES

the most dangerous locust groups, claim to be using locust control teams, but in general are playing down the threat and have refused an official US offer of assistance.

Unless effective counter-measures are taken soon, extensive crop damage will take place. Locusts now breeding in the Sudan and moving into Ethiopia would be in a position seriously to damage the Ethiopian crops by early fall. The countries involved are aware of the dangers, but they remain generally unequipped to handle or apathetic about the problem of controlling locusts.

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IRAQI COUP LEADERS IN CONTROL

The Baathist regime which seized power in a bloodless coup on 17 July seems to have no significant opposition so far.

The new "Revolutionary Command Council" is headed by Hasan al-Bakr, a former prime minister and leader of the relatively "moderate" wing of the Iraqi Baath Party. Ex-president Arif was stripped of his powers and may have been flown to London, and former prime minister Tahir Yahya is said to have been imprisoned. Three military officers--the chief of staff, the commander of the air force, and the head of the Iraqi forces in Jordan--were "retired." They have been replaced by prominent Baathists.

In a briefing for foreign military attaches, the deputy director of Iraqi military intelligence reportedly justified the coup by charging that Prime Minister Yahya's inaction with respect to the Iraq's problems had been "ruining the country." President Arif had been aware of the situation but had refused to remove Yahya. The briefer

added that the old regime was not representative of the wishes of the people and that the revolutionary council hoped to conduct elections for a national parliament as soon as possible--all standard lines after a coup in Iraq. With respect to foreign policy, he said that the regime desired friendly relations with its "neighbors, all Muslim countries, socialist countries, and the USSR."

Although Syria is also ruled by a Baathist regime, the Syrian leadership is more extremist than the new regime in Iraq. In fact, the coup may encourage more "moderate" Syrian Baathist leaders, now in exile in Beirut, to try to stage a comeback.

With more than 20,000 Iraqi troops stationed in northern Jordan, the coup may have political implications for King Husayn's already precarious position. Contacts may be established between the Iraqis and dissident Jordanian elements, although the present Baath Party in Jordan tends to subscribe to the more radical Syrian line.

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ARABS, SOVIETS DISCUSS FURTHER MILITARY AID

The second round of Soviet-Egyptian arms negotiations since the last year's Middle East war is under way. The Soviet Defense minister is visiting Algiers, and an Iraqi military delegation is scheduled to go to Moscow.

According to the communiqué issued at the end of Nasir's recent trip to Moscow, the Soviets will assist Egypt "in the strengthening of its defensive potential." Egypt's chief of staff has remained in Moscow to work out the details for Soviet military aid. Support equipment and artillery as well as additional aircraft and tanks are believed to be high on Egypt's list of military requirements. Cairo is not expected, however, to get any new types of equipment not previously on order. The Soviets are likely to provide additional weapons only at a rate at which they believe Egypt can absorb them and to

continue their active participation in the stepped-up training program for the Egyptian armed forces.

A delegation headed by Iraq's minister of defense and army chief of staff is scheduled to arrive in Moscow 31 July. The Iraqis may be seeking additional Soviet fighter aircraft. The Iraqi delegation probably will also try to get accelerated delivery of equipment ordered under old agreements, particularly of MIG-21s and of SU-7 and Komar-class guided missile patrol boats.

Marshal Grechko arrived in Algiers on 15 July for a one-week visit. The last Soviet-Algerian arms agreement was concluded in May 1965 and most of the equipment covered by the agreement is believed to have been delivered. The Algerians are expected to ask for destroyers and TU-16 medium jet bombers.

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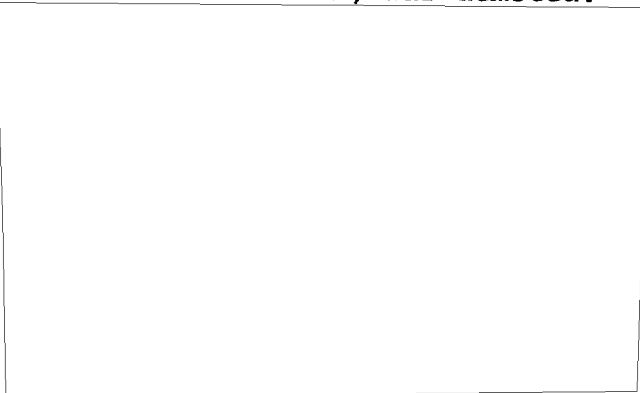
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YEMENI POWER STRUGGLE CONTINUES

Dissidence continues to plague the republican regime in Yemen.

The situation is far from clear, and several different power struggles appear to be going on at the same time. The most serious seems to be the three-cornered wrangling among the senior army officers, led by Deputy Chief of Staff Khawlani; the junior army officers, led by commando chief Abd al-Wahhab; and Prime Minister al-Amri. The younger officers are more radical and belong to the disadvantaged Shafi religious sect, while the older officers are mostly Zaydis. Al-Amri has been playing each side against the other in order to maintain his own position.

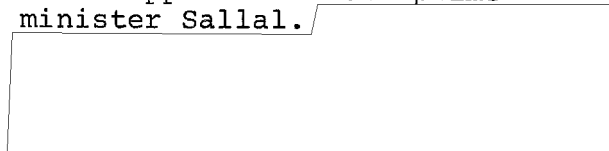
When these factions came to blows last March, al-Amri managed to retain control and Khawlani, then chief of staff, was demoted.



Another faction within the Yemeni Government is a group of

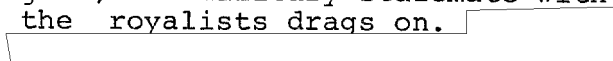
leftist civilian officials, including the ministers of foreign affairs, economy, and finance. These men tend to be theorists and have so far not taken an active role in internal Yemeni struggles, but side with Abd al-Wahhab and the junior officers. They are trying to consolidate their strength and exert a greater influence on Yemeni affairs.

Another potential source of trouble is the Yemeni branch of the radical Arab Nationalist Movement (ANM); many of its members support former prime minister Sallal.



Meanwhile, friction between al-Amri and Iryani, head of Yemen's presidential council, led to Iryani's refusal to accept a second term of office when the first expired on 5 July. He has promised to stay on temporarily until a successor is selected. Iryani's resignation gives al-Amri control of more of the reins of power, but it also weakens the government and may make al-Amri more vulnerable to popular discontent.

Amid the political struggles, the military stalemate with the royalists drags on.



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INDIA STUNG BY REPORTS OF SOVIET ARMS TO PAKISTAN

The Soviet notice that they intend to sell arms to Pakistan has given rise to a storm of protest and indignation in India. Although foreseeable for some time as a possible development, the move has shaken informed public opinion and caused considerable official soul-searching.

The militantly nationalist Jan Sangh party is leading the wave of indignation against the Soviets. Describing the controversial move as "a clear act of betrayal," Jan Sangh President Vajpayee is calling for a united public protest against Moscow. All Jan Sangh branches--most of which are in northern India--are directed to observe "anti-Soviet arms aid to Pakistan day" on 22 July. Right-wing elements have already stoned the Soviet consulate in Calcutta, and the Jan Sangh plans protest demonstrations on 21 July at all Soviet installations in India.

Other non-Communist parties, including some elements within the ruling Congress Party, have also freely voiced their displeasure. The pro-Moscow Communists,

apparently chagrined by the Soviet action, are feebly trying to play down the whole affair.

The government's response thus far has been to protest to Moscow through official channels and indirectly to stoke the public protest at home. The tempo should rise even more next week when Parliament reconvenes and the opposition parties focus more of their wrath on Prime Minister Indira Gandhi's government.

Mrs. Gandhi's relative closeness to the Soviets--until now a strong political asset--is becoming an increasing liability. Rightist elements within the Congress Party opposing the prime minister could be strengthened if she appears to be glossing over the Soviet action by opposing it less vigorously than the public expects. Thus far she has avoided this trap, but as the minister in charge of foreign affairs she will have to bear the brunt of the opposition attack and may not get full public backing from key cabinet members.

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POSSIBLE ARMS RACE ENDANGERS SOMALI-ETHIOPIAN DETENTE

A new arms race in the Horn of Africa may be shaping up if Somali Prime Minister Egal decides to accept a Soviet offer of MIG-21s. Since becoming prime minister in mid-1967, Egal has worked assiduously in the face of intense army criticism to ease the long-standing tensions between Ethiopia and Somalia. Recently, however, because of the Somalis' discovery of the imminent delivery to Ethiopia of four Canberra bombers purchased from the UK, Egal was pressured by the Somali military to send his defense minister to Moscow for talks where the Soviet offer was made.

The Somali Government is now seriously considering the offer, but a final decision apparently has not been reached. Egal is searching hard for a way to avoid accepting the MIGs. His detente policy has already been foundering on the deep distrust that exists between the two countries and from the lack of a clear Ethiopian response to his diplomatic initiatives. To complicate matters, he has been given little room for maneuver by the army and his civilian opponents. With an eye on the parliamentary elections in 1969, Egal must now avoid any actions likely to enhance his critics' arguments that Ethiopia is using the detente to improve its military position at Somalia's expense.

Egal's decision on the MIGs hinges on Ethiopia's willingness

to offer concessions to activate the detente again. He believes that he could ignore Ethiopian acquisition of the Canberras and fend off his opponents if he could reach some concrete understanding with Addis Ababa over the problems of the Somali nomads who inhabit the adjacent Ogaden area of Ethiopia. Several high-ranking Ethiopian Government officials have been thinking in these terms and have been weighing the possibility of relaxing the harsh military administration of the Ogaden and permitting Somali commercial overflights and land transit of the area. Unfortunately, however, they apparently have been unable to sway their hard-line colleagues and no initiative has come from the Ethiopian Government.

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It is likely that any Somali acquisition of additional Soviet aircraft, once known in Addis Ababa, would end whatever prospects there are for Ethiopian concessions to the Somali Government and of preserving the detente. A new Somali-Ethiopian arms race might also ensue, with resultant Ethiopian pressure on the US for more advanced equipment.

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WESTERN HEMISPHERE

Latin America was generally quiet last week. There were a few labor and student disorders in Uruguay, but the situation there was less disturbing than at any time in the past month. Even the Brazilian students refrained from demonstrating last week.

The press in Costa Rica, Honduras, and El Salvador continued to criticize US and local security arrangements during the visit of President Johnson two weeks ago. The Central American Common Market tariff surcharge, proposed in May and endorsed at the summit meeting, is moving closer to ratification in Honduras and Guatemala. If both countries approve the tariff as expected, the agreement will enter into force for them and for Nicaragua, which ratified last month, and probably weaken opposition to the surcharge in Costa Rica and El Salvador.

Cuba will celebrate the 15th anniversary of the 1953 attack on the Moncada Barracks on 26 July. This holiday, which marks the beginning of the revolution against Batista, is one of the most important in Cuba. In his speech celebrating the occasion, Fidel Castro will probably remind Latin American Communists of the need for violent revolution and prescribe agrarian-utopianist solutions to the country's economic problems.

An ancient boundary dispute between Venezuela and Guyana flared anew this week when Venezuela claimed jurisdiction over the waters three to twelve miles off the Essequibo coast. Since the two governments are taking strong positions on the issue, a very delicate situation may develop there.

After more than two years of pressure and pleading, Argentina's Navy is finally getting some limited military re-equipment funds. The air force has already bought subsonic jets from the US, and the army recently acquired light tanks from France. Now, a destroyer and a submarine prototype will be built either in the US or Europe, and the navy hopes that funds will be available to build additional craft in Argentine shipyards. The navy is using border disputes, Soviet fishing boat incursions, and the "security of the South Atlantic" as justification for its purchases.

The Uruguayan Air Force may also be interested in re-equipment.



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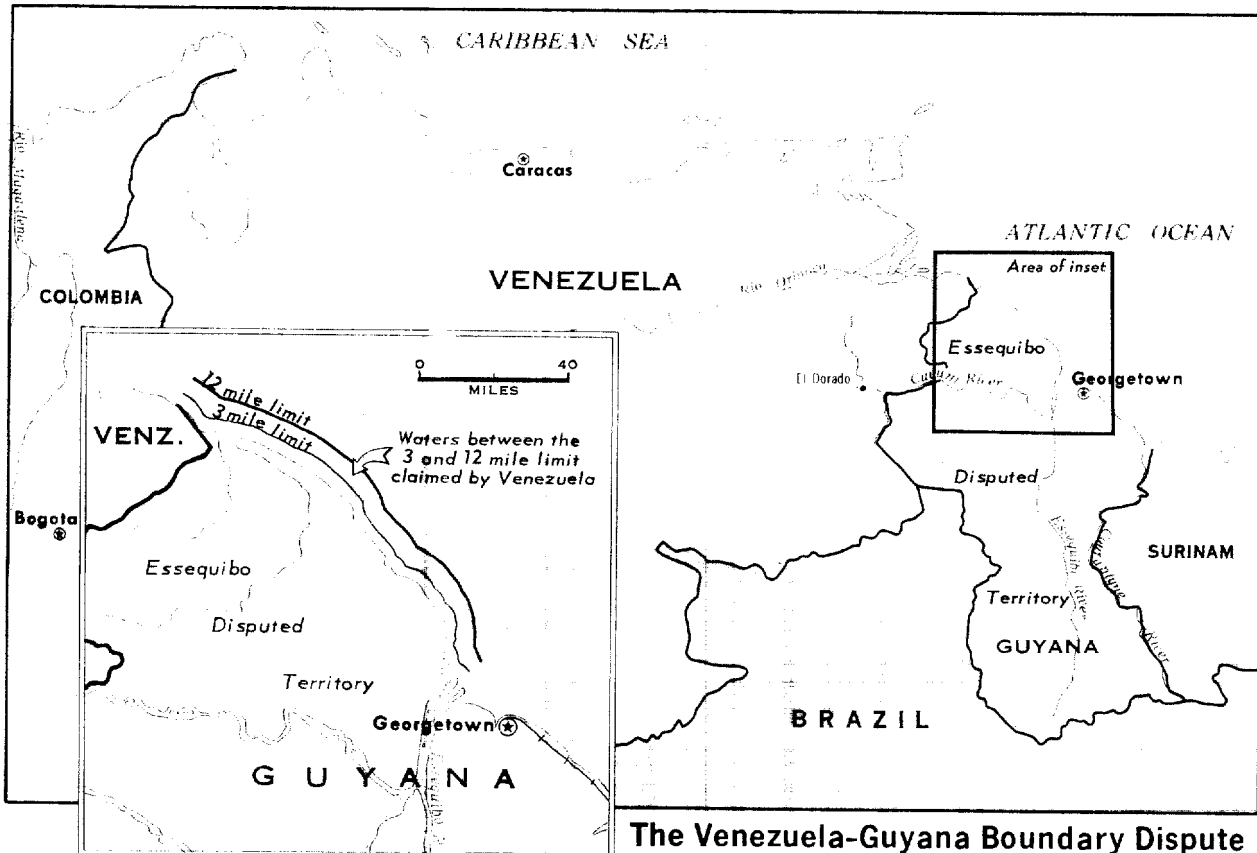
VENEZUELA - GUYANESE BORDER DISPUTE FLARES AGAIN

Venezuela is taking a hard line on its claim to all Guyana's territory west of the Essequibo River--some five eighths of the country's total area.

On 9 July, Venezuela claimed jurisdiction over the waters three to twelve miles off the coast of the disputed area. It also claimed residual rights to the first three miles, but recognized their current possession by Guyana. Venezuelan Foreign Minister Iribarren told Ambassador Bernbaum on 15 July that naval patrols may be instituted to enforce Venezuela's claim, and that his country's territorial

claims must take precedence over any consideration of Guyana's domestic political situation. He added that Venezuela could not accept any US interpretation of the dispute or the right of the US to judge a sovereign action by Venezuela.

Iribarren's hawkish views may not have been cleared beforehand with President Leoni. According to the Venezuelan ambassador, Leoni gave him full and direct assurances that Venezuela had no intention of physically exercising its sovereignty over the Essequibo coastal waters.



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While most Venezuelan politicians are united behind the government on this issue, some party leaders who have taken a strongly nationalistic stance are withdrawing unquestioning support for the government and are voicing concern where events may be leading.

Guyanese leaders are increasingly concerned that Venezuela may take over the area by force, despite its frequent public denials of such intentions. They would be likely to interpret any patrolling action by the Venezuelan Navy as a resort to force.

Guyanese Prime Minister Forbes Burnham has issued a statement roundly condemning the Venezuelan decree as "international piracy." He realizes his limited

military and diplomatic options but has recalled his ambassador from Caracas and plans to seek support in the United Nations and in Washington during his current visit.

The anti-Venezuelan mood in Georgetown was heightened on 17 July when the Guyanese parliament began debate on the border issue. The opposition People's Progressive Party--led by pro-Communist Cheddi Jagan--no doubt wanted to take advantage of the dispute to stir up dissatisfaction with Burnham before the general elections that must be held by the end of March. It decided, however, to cooperate with the government against Venezuelan "aggressions" in an effort to keep from being isolated on such an emotional national issue.

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STUDENT UNREST TROUBLES MEXICO

Student unrest continues to be a troublesome issue in many parts of Mexico. Disorders have occurred at two provincial universities in the past two weeks, and outbreaks could spread to the capital city.

A clash between opposing factions at the University of Puebla over elections to the university governing board on 10 July resulted in two killed and eight wounded. Classes have been suspended indefinitely.

A student strike at the University of Veracruz--originally undertaken in support of higher salary demands by professors and other university employees--appears to have taken a turn for the worse. Twenty students are reported to be on a hunger strike, and the financial demands far exceed anything the state could afford. The Cuban consul in Veracruz has reportedly provided propaganda material and advised the students on the staging of demonstrations.

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A popular student "cause" could be provided by the ruling party's use of power to prevent the moderate opposition from assuming offices it won in at least

one of the four recent state elections. For example, despite the government's claims of victory in Chihuahua, it is widely believed that the National Action Party was the real winner in the local elections on 7 July. Eight gubernatorial contests are still pending this year and it is likely that the government will continue its extralegal tactics to ensure against even local setbacks.

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CARIBBEAN EX-COLONIES MOVE TOWARD ECONOMIC INTEGRATION

Prospects for effective economic integration of the former British colonies in the Caribbean have been boosted by Jamaica's entry into the Caribbean Free Trade Area (CARIFTA) in June and by indications that it may join the Caribbean Development Bank (CDB).

Both organizations were created to promote trade and attract expanded foreign economic assistance. Jamaica, however, participated only reluctantly in the preparatory meetings and withdrew from both projects when the other participants refused to designate Kingston as the bank site.

This go-it-alone policy was nothing new; as the most economically advanced of the Caribbean states Jamaica has feared that its development would be hampered by involvement in a cooperative economic endeavor with its poorer neighbors. In fact, Jamaica's withdrawal from the former West Indies Federation in 1962 sounded the death knell of that organization.

The shift in Jamaica's position may be attributed in part to diplomatic efforts carried out by Guyanese Prime Minister Forbes Burnham in concert with other CARIFTA council members. Burnham has played a leading role in Caribbean economic integration and regards Jamaican participation as highly desirable. He has made determined efforts to assuage the personal animosities of many of the other Caribbean leaders toward Jamaica in hopes of attaining a more viable economic entity. He believes that granting Jamaica certain face-saving political concessions as well as economic concessions can induce it to join the CDB.

Britain and Canada have indicated they will support the CDB with or without Jamaican participation. Nevertheless, they have actively promoted Jamaican entry because this would add to the bank's financial resources and serve as a drawing card for other Caribbean governments such as the Bahamas.

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BRAZILIAN GOVERNMENT WARNS STUDENTS

President Costa e Silva has announced that the Brazilian Government will use all constitutional means available to prevent attempts to subvert public order. In a statement released after the second National Security Council meeting in less than a week, the President clearly implied that if new disorders occur, the armed forces will be used and a state of siege declared. His appeal to the press to cease maligning the administration and to exercise greater responsibility suggests that communications media might be a principal target of any government action.

The President ratified the ban on student demonstrations and rallies. Costa e Silva and most of the members of the council reportedly believe that there is a Communist plot to overthrow the government and that in fact Brazil is now in the early stages of Communist-directed revolutionary warfare. If this indeed is their view, it reflects an unwillingness to recognize that much of the

problem stems from the government's failure to provide firm, effective leadership and to institute needed reforms.

The government has reportedly decided to make some changes in the educational system--charging tuition and reducing vacations from three months to one--but these are hardly what the students have demanded. Students have complained about the lack of funds, space, and facilities, the poor quality of instruction, and the failure to adapt curricula to current needs. Past attempts to institute tuition charges have brought widespread student dissatisfaction, and the new ruling could well serve as the focal point for further demonstrations when school begins again next month.

Both military and civilian "hard liners" have urged strong action by the President to halt agitation, but he has hesitated, fearing that such moves would lead to more authoritarian government. 25X1

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ECUADOREAN GOVERNMENT FACES WIDESPREAD UNREST

Ecuador's national elections on 2 June did not alleviate spreading unrest over a variety of deep-seated problems.

Recent weeks have seen an unbroken series of student disturbances, strikes by government workers and private employees, invasions of privately owned land by peasants and slum-dwellers, and other outbursts in widely scattered urban and rural areas. Last week thousands of peasants demonstrated in Quito and Guayaquil to protest lack of governmental support for agrarian reform and threatened to call a nationwide strike.

Leftist and Communist forces in Ecuador have not been noted for effectiveness or good organization in the past, but in recent months they have reportedly been preparing to take advantage of urban unrest.

Although military and police forces appear determined to maintain order, they are inadequately trained and in any case lack the manpower to handle simultaneous widespread disorders.

Publicity given the disturbances is increasing tensions and stimulating further demands on the interim government of Otto Arosemena, whose temporizing actions have neither satisfied the discontented nor disciplined the irresponsible. His palliatives have, however, put a drain on the government's already serious financial situation. He justified an additional overdraft from the

Central Bank of some \$5 million on 12 July to pay some overdue salaries as "indispensable" to prevent internal disorders. Arosemena added that, like himself and his predecessor, incoming president Velasco would start his term on 1 September with an empty treasury. Finance Minister Correa said on 10 July that some public entities had received less than 30 percent of the funds appropriated for them thus far in 1968.

The current problems stem from Ecuador's failure to develop either responsible political leadership or a modern institutional framework for political reform and economic and social development. The US Embassy believes that Arosemena, backed by the armed forces, can control the situation until Velasco takes office. The 75-year-old former president can probably ease the situation in the short run. His strongest support is among the lower classes, where discontent is greatest.

In the long run, however, he will need funds for any developmental programs, particularly the extensive public works he has favored in the past. In addition, his previous record in office gives no indication that he can solve the basic wrongs that cause Ecuador's chronic instability. Faced by an opposition majority in Congress and many influential enemies from the past, Velasco faces a difficult road. His fifth term could end abruptly in his overthrow as have three of his four others.

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