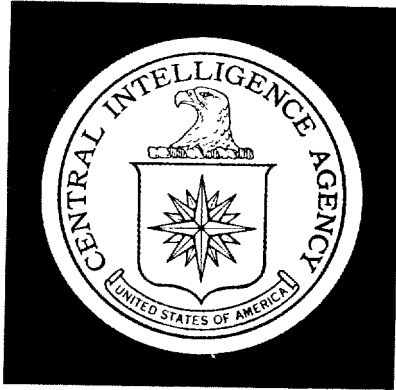


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review completed

DIA review
completed.

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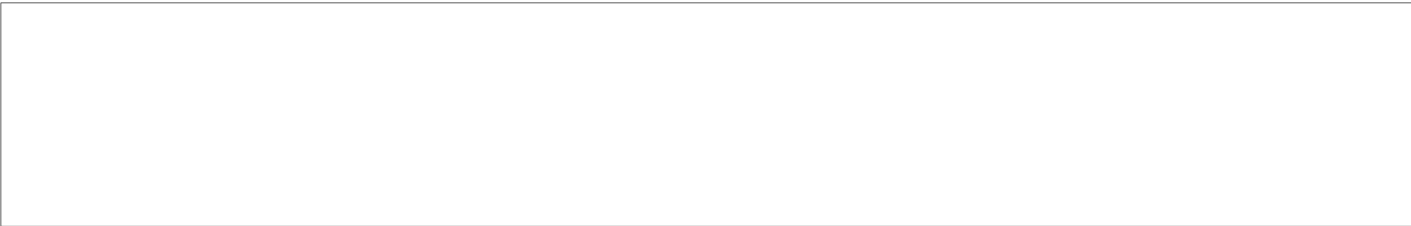
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Precautionary moves were taken by the Saigon government on 8 October to forestall a possible coup following unconfirmed reports from various sources of plotting by some low-level South Vietnamese military officers. The Communists generally avoided heavy ground engagements again this week, and weekly casualty figures for US and Communist forces were the lowest since mid-August. Hanoi's seaborne imports increased by 35 percent during the first nine months of 1968 compared with the same period last year.

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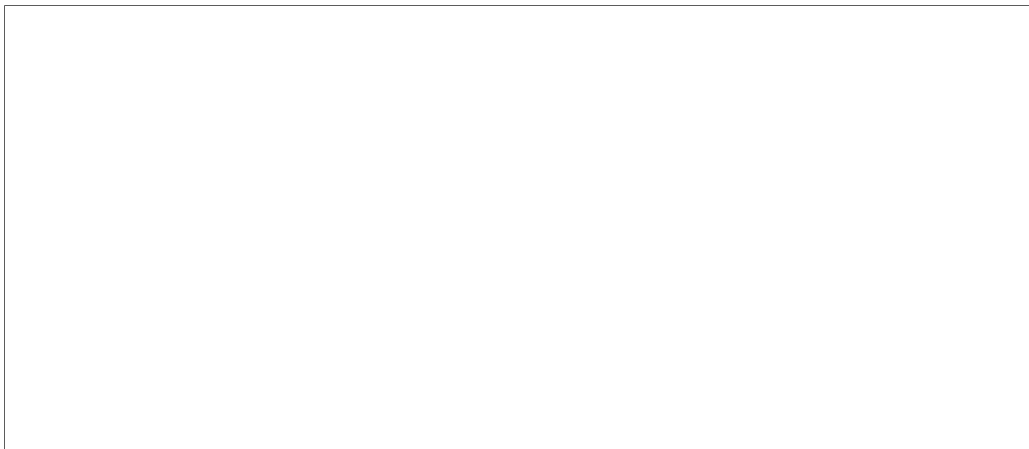
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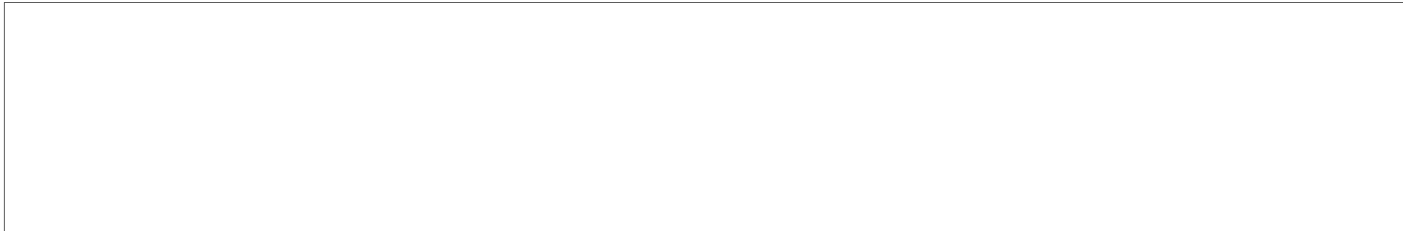


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EUROPE

The Czechoslovaks returned from Moscow late last week bowed but unbroken.

The negotiations were tough, with further concessions forced on Prague. Dubcek reportedly twice broke down emotionally during the talks. A separate government delegation went to Moscow this week to work out a status of forces agreement. On other key points, as set forth in the communiqué upon Dubcek's return home, however, the Czechoslovak party leadership has reverted to its typical procrastination. Prague still refuses to reconcile itself to full submission to the USSR, although its line on maintaining the post-January liberal policy seems to have weakened.

The USSR has bluntly indicated its dissatisfaction with the pace and scope of Czechoslovak compliance with the Moscow agreement of last August and has clearly forced another backward step on Prague. It is not likely to put up for long with this latest Czechoslovak foot-dragging.

To the rest of the world, Moscow goes on saying that it has the right and duty to manage affairs in the "socialist commonwealth," but that the invasion should be forgotten and "business as usual" resumed. Indeed, the Soviets appeared to be trying hard to refurbish their image by welcoming several important visitors to Moscow and having Gromyko make a relatively moderate presentation to the UN General Assembly. Kosygin's surprise visit to Finland this week may have been aimed at quieting fears there. The Soviet Premier seems to have been mainly interested, however, in warning Helsinki not to let its opposition to the occupation of Czechoslovakia affect its basic relationship with Moscow.

Yugoslav leader Tito has lost confidence in the Soviet leadership and remains apprehensive over possible long-range Soviet moves in the Balkans. The East Germans this week intensified their propaganda denouncing West German "provocations" in West Berlin, especially the Christian Democrats' congress scheduled for early November.

NATO wound up the first phase of its continuing assessment of the Czechoslovak crisis, agreeing that the Alliance must be strengthened but failing to come up with specific measures. Meanwhile, Western governments have made little economic response to the invasion. East-West trade has been set back temporarily, but shows no sign of decline over the long run.



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CZECHOSLOVAKS RESIST NEW SOVIET PRESSURES TO CAPITULATE

Despite new Soviet pressures, Czechoslovak leaders continued to procrastinate concerning Moscow's demands that they implement the August agreement.

Party leader Dubcek, Premier Cernik, and Slovak party chief Husak received a cold reception in Moscow during their summit conference with Brezhnev, Kosygin and Podgorny on 3-4 October. The communiqué issued at the end of the talks showed that the Russians are dissatisfied with the pace and scope of Czechoslovak compliance with the Moscow agreement of 26 August. The communiqué makes clear that Moscow is determined to compel the Czechoslovaks to act according to its wishes, and will force Prague to make concessions.

During the talks, Prague leaders agreed to at least one major concession, to negotiate a treaty that will provide a basis for the indefinite Soviet occupation of Czechoslovakia. The agreement calls for the "temporary" stationing of an unspecified number of Soviet troops on Czechoslovak soil. "Other troops"--presumably those not included in the occupation force--will be withdrawn in "stages."

about 100,000 troops will remain.

Deputy Premier Hamouz led a 15-member Czechoslovak Government delegation to Moscow on 8 October to negotiate the status-of-forces agreement. It is possible that

President Svoboda also accompanied this delegation since, he, as an old general, might feel that his presence was necessary during such vital negotiations. He may also have wanted to make one last attempt to convince the Soviets to dilute their demands or face a new leadership crisis in Prague.

While in Moscow, Dubcek and company apparently also were pressured to make immediate policy changes that will water down Dubcek's liberalization program--particularly in the areas of party-controlled personnel appointments, ideology, propaganda, censorship, and centralization of the economy. Of these, Prague now seems most ready to impose stricter controls on the news media.

Despite Soviet pressures Czechoslovak leaders are not yet reconciled to full submission to all of these demands. On 8 October the presidium issued a communiqué suggesting that Prague intends to salvage what it can while talking about the concessions it may make to the Soviets. Moreover, the statement stressed that Prague will continue as many as possible of Dubcek's liberal policies, and that there will be no purge at the top level of the party or government.

Prague also intends to proceed with federalization of the country on 28 October

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More specific indications of Prague's intentions may come to light when the central committee convenes, probably next week, to consider a list of "tasks"--presumably reflecting Soviet desires--which Dubcek and his colleagues will submit for approval.

The Slovak Communist party after hearing party chief Husak's report on the trip to Moscow, took immediate steps to impose new controls on Slovak information media. The party ordered an increase in the amount of time and space allotted to propaganda and to political indoctrination in the press, radio, and television.

In addition, the Soviet ambassador in Prague met with the Czechoslovak minister of justice on 7 October, possibly to discuss terminating another phase of Dubcek's liberalization--the rehabilitation of former political prisoners. The Russians will clearly try to prevent the re-opening of any more trials that would expose Moscow's role in the bloody purges of the Stalinist era.

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[redacted] the Soviets are demanding three training areas as well as numerous housing facilities which were to be made available by 10 October. [redacted]

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NATO'S RESPONSE TO THE CZECHOSLOVAK CRISIS

The NATO allies ended the first round of their continuing assessment of the Czechoslovak crisis last week in general agreement on the need--if not the means--for strengthening the alliance.

In four days of special consultations, all 15 allies recognized the importance of developing a greater degree of solidarity

in the wake of the Soviet intervention. There was also a general reaffirmation--although without French concurrence--of the traditional concept of "forward defense," envisioning an initial response to Soviet aggression as close to Communist borders as possible.

The three allied powers responsible for Berlin reasserted

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their basic commitment to defend the city. The allies pointedly subordinated the search for detente to their own defense interests. In advancing the date of the regular NATO ministerial meeting to mid-November the members symbolically underlined the importance of the events in Czechoslovakia for the alliance.

Judging from initial statements, however, few of the European governments were willing to match principle with performance. West Germany tentatively offered to maintain a small number of additional forces, while Italy agreed to upgrade the readiness of units already assigned to NATO. Only Greece, with an obvious stake in strengthening its image, went beyond a purely minimal commitment, offering both a budgetary increase and a hike in the number of its NATO contingents.

The British, who had already pledged two increases in their forces prior to the Soviet invasion, declined to take on any new obligations until the allies jointly determined NATO's needs and priorities. Most of the

smaller members were also unwilling to move ahead without some kind of prior agreement on joint defense goals.

One decision taken last week may eventually meet this requirement. Ignoring French protests, the North Atlantic Council finally endorsed a summary statement on the meetings highlighting various categories of action deemed necessary. This document may permit some of the more cautious allied governments to urge their parliaments to grant higher appropriations for defense.

The progress toward a collective initiative could also pay another dividend. It has already focused new attention on the possibility that Europe could assume a more equitable share of NATO's defense burdens and responsibilities. In particular, it revived interest in creating a European "identity" within NATO. Talk has also been renewed--especially in the Benelux states--about using the Western European Union as a center for European collaboration in defense as well as political matters.

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NEW PORTUGUESE GOVERNMENT MAKES IMPRESSIVE DEBUT

Marcello Caetano's initial moves as prime minister are creating a favorable impression of his ability to handle the transition from Salazar.

His inaugural speech was a model of balance between affirming continuity with Salazar's pol-

icies and hinting at the need for cautious and gradual changes. While praising Salazar, Caetano clearly showed that he means to be his own man. His cabinet retains most of Salazar's key ministers, but the few new appointees--mostly professional people close to Caetano--will bring

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needed energy to the administration.

At his first cabinet meeting on 1 October, Caetano presented general policy lines for improving public administration, intensifying economic development, and promoting social welfare. Changes in economic and financial policies to stimulate growth are also in the offing, according to a close associate of Caetano. Reportedly the pace of government activity has already picked up, and old methods of doing business are being questioned.



Prime Minister
MARCELLO CAETANO

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Caetano has established good rapport with military leaders. He has assured them that he is determined to hold all three of Portugal's African provinces, thus dispelling rumors that he might favor withdrawal to cut down on the economic drain caused by military action there. Ranking military leaders believe Caetano will be sympathetic to their need for more modern equipment to maintain the African campaign. Caetano's new minister of defense expects to achieve greater offensive punch in the antiguerrilla effort through more efficient use of materiel and manpower. He hopes, at least at first, to get along without larger funds, realizing that Caetano is also committed

to carry out development, welfare, and education programs.

The new government has also begun to relax censorship somewhat, although for now it will make no formal legal changes. The government has decided to free the top Socialist opposition leader. Most opposition leaders are reportedly impressed with these and other opening moves by Caetano. They plan to hold off any demonstrations for at least two months to see whether Caetano offers any genuine opening to liberalization. One wildcat demonstration by some 50-100 students took place in Lisbon on 5 October, the anniversary of the founding of the republic, but was quickly dispersed by strong police action.

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INVASION TO HAVE NO LONG-TERM IMPACT ON EAST-WEST TRADE

Western governments have made little economic response to the invasion of Czechoslovakia and are not likely to come up with long-term changes in policy. East-West trade, set back temporarily, shows no sign of a long-run decline. West Germany and France have emphasized that their trade policies toward the Warsaw Five will not be affected.

West European official actions against Warsaw Pact countries have been limited to short-run moves. They have curtailed trade promotional visits of cabinet-level officials, and have slowed down or delayed scheduling trade negotiations and agreements for scientific and technical cooperation. Some decline in business contacts may have temporarily slowed the extension of new trade credits. In some cases, Western countries have canceled official representation at trade fairs, and Western businessmen have postponed or canceled Communist trade exhibits in the West.

These actions are expected to slow down East-West trade over the next few months, but they will probably have little or no long-term impact.

the growth in trade with the USSR and Eastern Europe will not be significantly or permanently affected.

In addition to the direct costs caused by the disruptions of the invasion itself, Czechoslovakia will lose out on the Western trade it hoped would result from its planned economic reform program. The economies of the other East European countries suffered only minor economic dislocations as a result of the invasion, and little effect on their trade with the West is expected. Eastern Europe is losing some of its profitable Western tourism this year, but West Europeans seeking inexpensive vacations probably will be back in force in 1969. Soviet authorities are said to be making special efforts to encourage a "business as normal" attitude.

Most West European governments are sympathetic to increasing their trade with Rumania and Yugoslavia, which disapproved of the Warsaw Pact action. Rumania, although heavily indebted to the West, is still planning to step up its credit purchases and has asked several West European countries to buy more Rumanian goods. Yugoslavia, also heavily in debt to the West, is more inhibited by this than Rumania and is less prone to increase its Western imports. Moreover, Western quota restrictions on Yugoslav agricultural and textile goods, although partially liberalized by several West European countries, are likely to keep down growth of trade in these products in the near future. The Yugoslavs hope that discussions next week with the EEC on a non-preferential trade agreement will provide additional export opportunities.

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FAR EAST

There appears to be considerably more smoke than fire behind the new rash of coup rumors in Saigon. President Thieu's action in putting government forces briefly on full alert on the basis of a low-level report of highly questionable validity suggests that he may be unrealistically jumpy about a possible move against him by Vice President Ky. Whatever the case, Thieu could be laying the groundwork for further purges of military elements associated with Ky.

In the ground war in Vietnam, major action by Communist forces came to a virtual standstill as a number of units appeared to be pulling back from prime target areas. Enemy withdrawals at this time are not, however, as widespread as during the pronounced lull in the fighting between mid-June and early August. Communist local forces, meanwhile, continued to chip away at the government presence in the countryside through terror, harassment and interdiction of lines of communication.

In Communist China's hard-pressed factories, still attempting to overcome the effects of earlier political excesses, workers are being told to start a new mass movement to replace "bourgeois" technicians and managers with workers motivated by the thought of Mao Tse-tung. The confusion is being further compounded by a new Peking-sponsored drive to force managers to do manual labor for extended periods.

The international aspects of the Sabah dispute seem for the moment to have given way to domestic considerations. Philippine President Marcos is finding the issue useful to him as he begins his bid for re-election next year.

In Malaysia, Prime Minister Rahman and other national Alliance leaders feel themselves under less compulsion to exploit the Sabah issue because of the party's already bright prospects for parliamentary elections, also to be held next year. The furor over Sabah nevertheless is having a unifying effect, especially in Sabah itself and in the other East Malaysian state of Sarawak, which has tended to be more autonomy-minded than other constituents of the Federation.

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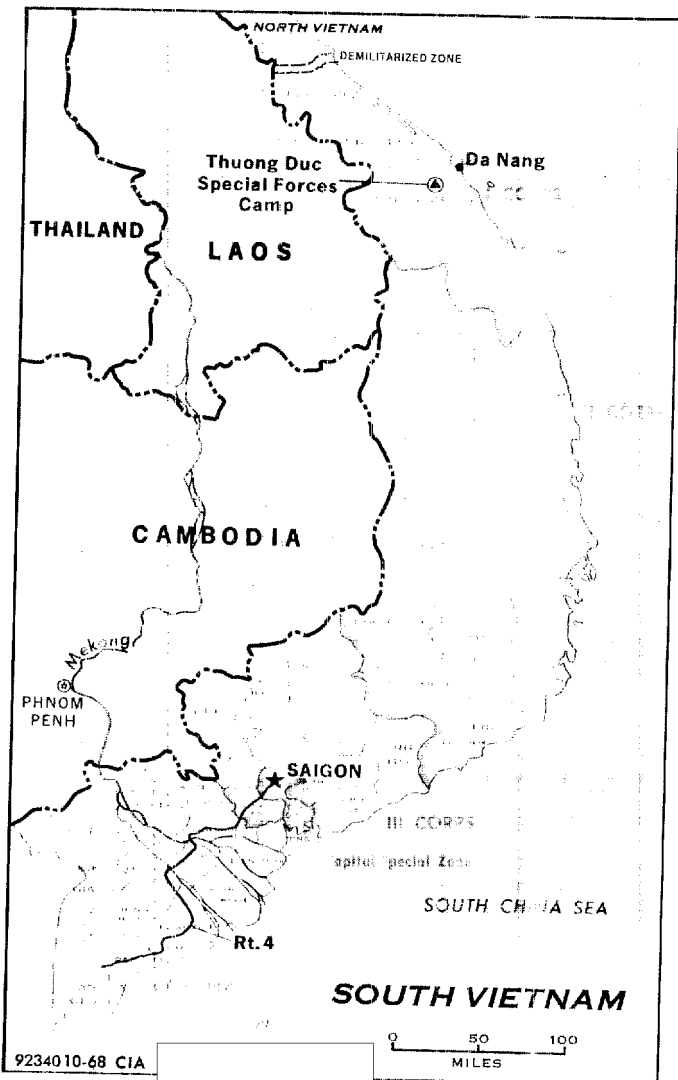
VIETNAM

Precautionary moves were taken by the Saigon government on 8 October to forestall a possible coup following reports from various sources of plotting by some low-level South Vietnamese military officers. The validity of the reporting is as yet undetermined.

There is no firm evidence that any high-level individuals were involved, but President Thieu clearly is very nervous over the possibility of a move against him by Vice President Ky's faction or other disgruntled military leaders currently out of favor. This was apparent early last month when he placed the Saigon police on alert following a coup rumor which later proved unfounded. However apprehensive Thieu actually may be, he could use the current flurry of rumors as a pretext for arrests and command realignments designed further to neutralize his opponents.

In an address to the National Assembly on 7 October, Thieu warned the country against those who try to satisfy their personal or factional ambitions by spreading rumors that the government has been "bought out by foreigners" and that it advocates coalition with the Communists. The return of General "Big" Minh from exile on 5 October has apparently provided added grist for the rumor mill. Some South Vietnamese "hawks" allege that Minh harbors neutralist sentiments.

Saigon's rumormongers are likely to be particularly active during the next few weeks with tales of intrigue and forecasts of personnel shifts. South Vietnam's National Day on 1 November is traditionally a time for announcements of changes in the



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assignment of military personnel, and stories are already abroad to the effect that Thieu plans changes that will further strengthen his position at the expense of the supporters of Vice President Ky.

Military Developments

In the large-unit war, the Communists generally avoided heavy ground engagements again this week. Even at the Thuong Duc Special Forces camp southwest of Da Nang, which has been threatened by North Vietnamese regulars since late last month, enemy actions were limited to mortar attacks and ambushes of allied patrols.

US casualties, one of the best indicators of the intensity of the war and the level of the enemy's military effort, have declined steadily in recent weeks. US killed in action numbered 290 for the week ending 21 September, 247 for the week before last, and 190 last week. The figure of 190 is the lowest American death toll since mid-August, just prior to the opening of the Communists' most recent offensive phase. South Vietnamese Army and Communist losses have also dropped recently, and the 1,654 enemy killed during the week ending 5 October also was the lowest weekly figure reported since early August. A number of Communist units appear to be pulling back from prime target areas.

The Communists have temporarily withdrawn selected units from active combat zones from time to time in the past. During the pronounced lull in the ground war between mid-June and early August, enemy withdrawals

were considerably more widespread than at present. In late March and early April, between the Tet and May offensives, the Communists also pulled back selected units to rear base areas. As in the past, the current withdrawals appear to be aimed at providing some Communist forces with an opportunity to regroup, refit, and prepare for renewed initiatives.

The enemy's need to recover from allied spoiling operations and other difficulties stemming from unusually heavy rains in the northern part of the country are undoubtedly major factors in the current withdrawals. The enemy's losses in the actions which began on 18 August, however, are substantially lower than those reported in the May offensive.

Meanwhile, in guerrilla actions the Communists continued their local harassment throughout all four corps areas. Viet Cong terrorists, for example, kidnaped 753 persons during the past two weeks and killed 348 civilians, including many local officials, in terror attacks in villages scattered through many provinces. The Communists have also been actively disrupting lines of communication, especially Route 4 which connects Saigon and the Viet Cong infested delta provinces.

Authoritative justification for the tactical pullback now going on in South Vietnam was provided by politburo member Truong Chinh in a major position paper broadcast by Hanoi in mid-September. Speaking on behalf of the politburo, Truong Chinh

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noted that "at times, under certain circumstances, we must shift to the defensive to gain time, dishearten the enemy and build up our forces." He went on, however, to state flatly that the purpose of such a shift is to "prepare for a new offensive."

Truong Chinh's remarks came as part of an over-all statement of regime policy both on the war in the South and on problems in North Vietnam. He reaffirmed in unmistakable terms Hanoi's continued insistence on the "violent" approach to seizing power in South Vietnam, and he specifically ruled out any possibility of "peaceful" political competition with the current Saigon government. The only road for the Communists in the South, according to Truong Chinh, is the violent one--increased military pressure combined with political action, which in his definition, consists of such tactics as crippling strikes and show-of-force demonstrations.

Despite his reaffirmation of the correctness of Hanoi's past policies, Truong Chinh admitted that the "general offensive and uprising" launched at Tet this year has been less than a complete success. Tet, he told his audience, was not an end in itself. It was "just a new step," the beginning of a new phase in the war. "Many hardships and sacrifices" will still have to be faced, according to Chinh,

suggesting that the party leadership is prepared to dig in for another long period of fighting if it proves necessary.

Truong Chinh's observations on North Vietnam also tend to confirm that Hanoi foresees the possibility of a rather long period of continued combat. His proposals on economic development in the North, for example, were pointed toward those steps which can be taken during a period of possible renewed bombing north of the 19th parallel.

Hanoi Increasing Imports

Hanoi's seaborne imports increased by 35 percent during the first nine months of 1968 compared with the same period last year and this higher level of shipping is expected to continue. Foodstuffs and petroleum from the USSR and China accounted for most of the increase. Foodstuffs this year represent about 38 percent of North Vietnamese imports compared with about 30 percent last year. Imports of large quantities of rice and flour are expected to continue in light of the poor North Vietnamese agricultural performance.

The USSR continued to be the largest single supplier of goods to North Vietnam, accounting for 43 percent of North Vietnamese imports. Deliveries from Chinese Communist ports have also

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risen, and they constitute 35 percent of North Vietnamese imports.

The combination of record import levels and recent bad weather has led to unprecedented

congestion at Haiphong. Average layover time for departing dry cargo ships jumped from 14 days in May to almost 43 days in September, despite improvements in the capacity of the port since the bombing pause. [redacted]

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COMMUNIST CHINA'S ECONOMY CONTINUES TO LAG

The propaganda treatment given the Chinese Communist economy during National Day celebrations on 1 October was uncharacteristically low-keyed, reflecting this year's dearth of achievements. The keynote addresses by Chou En-lai and Lin Piao at the major National Day events did not refer to the economy at all.

Peking's continuing concentration on political programs was highlighted in the week preceding the holiday. Although factories were still attempting to overcome the effects of previous political excesses, workers were told to start a new mass movement to replace "bourgeois" technicians and managers with workers motivated by the thought of Mao Tse-tung. The press made extravagant claims of workers designing machine tools beyond the ability of professional engineers and adapting steel rolling mills to uses exceeding original design specifications. The beginning of the new worker movement was followed in early October with a large-scale program directing all managers to do manual labor for extended periods. In addition, some of the most dependable workers--about 7 percent

of the labor force, according to a provincial broadcast--are being withdrawn into "propaganda teams" to supervise schools and propaganda media.

This preoccupation with politics in factories places another stumbling block in the path to recovery from the depressed production of 1967, when the total value of industrial output is estimated to have declined some 10 to 20 percent from 1966. Over all, there will probably be little if any increase over last year in 1968. In certain important military programs further declines are known to have taken place.

Agriculture in 1968 has not enjoyed the exceptionally good weather of 1967 which brought forth a bumper crop. In 1968, Peking has increased its purchase of chemical fertilizer from Japan and the European consortium, Nitrex, to a record 7 million tons partly to compensate for production shortfalls. Most of the fertilizer did not, however, arrive in time for use on this year's main crop. [redacted]

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LAOTIAN POLITICAL FACTIONS CONTINUE MANEUVERING

The Pathet Lao appear to be raising their price for any return to the government.

Recent Communist broadcasts, while reaffirming that any future accommodation with Vientiane must be within the framework of the 1962 Geneva Accords, charged that the tripartite structure worked out among the Laotian parties, and which gave the Pathet Lao some relatively unimportant cabinet posts in the government, has now been "wrecked" by Souvanna and the rightists. The Communists are demanding that any settlement must reflect the "realities of the current situation."

Pathet Lao spokesman Sot Phetrasi recently spelled out these "realities" in a conversation with a US official by warning that changes in territorial control and in the Vientiane political scene since 1962 will have to be taken into account before any new formula can be worked out. In the past year, the Communists have strengthened their position militarily through a number of victories.

Although no new negotiations are in the offing, Prime Minister Souvanna is making another of his periodic efforts to get the government organized for a future political contest with the Pathet Lao. A number of his more forward-looking lieutenants are trying to interest younger civilian elements in establishing a united government party. So far the effort has had no more success than others in past years. The opposition of some military officers to anything involving a possible accommodation with the Pathet Lao is the major stumbling block.

Souvanna is also making little headway in streamlining the military establishment. A reorganization plan has gone into effect, and a move is presently under way to break the concentration of power in the general staff by shifting some of its responsibilities to the Defense Ministry. Thus far, however, the old-guard military leadership has been able to maintain its position despite the changes.

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PHILIPPINE-MALAYSIAN DEADLOCK PERSISTS

No significant exchanges between Manila and Kuala Lumpur over the Philippine claim to Sabah have occurred since mid-September, and both sides appear to have turned for the moment to the domestic implications of the dispute.

The Philippines has announced that its embassy staff members will not withdraw from Kuala Lumpur as announced earlier. Also, Manila has acceded to a Malaysian request and has pulled out its customs inspectors stationed in Sabah under the antismuggling agreement which Kuala Lumpur recently abrogated.

Although Philippine President Marcos is currently trying to prevent any further increases in Philippine-Malaysian tensions, at home he is playing the Sabah dispute to his own political advantage. Marcos appears to have turned the tables on political opponents who kept the claim to Sabah alive in order to discomfit him. He is showing considerable skill in converting an issue he initially regarded as a political embarrassment into a matter of national honor, which he is confident will strengthen his bid for re-election next year. He probably also calculates that emotions over Sabah can be used to deflect public dissatisfaction

over the administration's performance on domestic problems.

In Malaysia the issue has also tended to consolidate popular support for the government, but Prime Minister Rahman, in sharp contrast to Marcos, so far has not exploited the issue for domestic political purposes. His national Alliance coalition has a commanding parliamentary majority and is in no danger of defeat in elections set for next spring.

In the East Malaysian state of Sarawak, however, the position of the local Alliance affiliate is weaker than that of the parent body, and it has made some effort to strengthen its position by exploiting the dispute. Opposition parties have been persuaded to participate in government-sponsored rallies and to issue statements denouncing Manila. More significantly, the principal opposition leader, Stephen Ningkan, once a vocal advocate of greater autonomy, has now loudly proclaimed his party's loyalty to the concept of national unity. In Sabah itself, Chief Minister Tun Mustapha has deliberately exaggerated the Philippine "threat" to further consolidate his already strong position.

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MIDDLE EAST - AFRICA

The US decision to begin negotiations on the sale of 50 Phantom jet aircraft to Israel has produced a fierce outcry from the Arab states and charges that the US has thus torpedoed the Jarring Mission. Israeli Foreign Minister Eban's "nine-point" peace plan, as enunciated in the UN on 8 October, is similarly meeting Arab criticism as providing no new proposals toward a Middle East settlement.

The Shah of Iran reportedly believes that his recent trip to the USSR reinforced his policy of national independence. The Shah says that he refused to permit a condemnation of US policy in the joint communiqué unless Iran's condemnation of the Soviet invasion of Czechoslovakia was also added. The communiqué therefore dismissed international affairs in one sentence.

Algerian Premier Boumediene, overriding the suspicions of his foreign minister, is continuing to pursue his detente with Moroccan King Hassan. The timing of a Boumediene-Hassan "summit" is still undecided, however.

Both Congo governments are preoccupied with the Mulele affair. Brazzaville's decision to sever relations with Kinshasa as a reaction to Mulele's execution was received with silence across the river, where Kinshasa officials presumably are discussing an appropriate response.

In the Nigerian civil war, numerous Biafran counterattacks, made possible by a sharp increase in arms imports, have nearly halted the federal offensive and even regained some ground for the secessionists. French support for Biafra now includes the airlift of weapons to the Ivory Coast and Gabon for transshipment to Biafra. The fighting is likely to be drawn out for a long time.

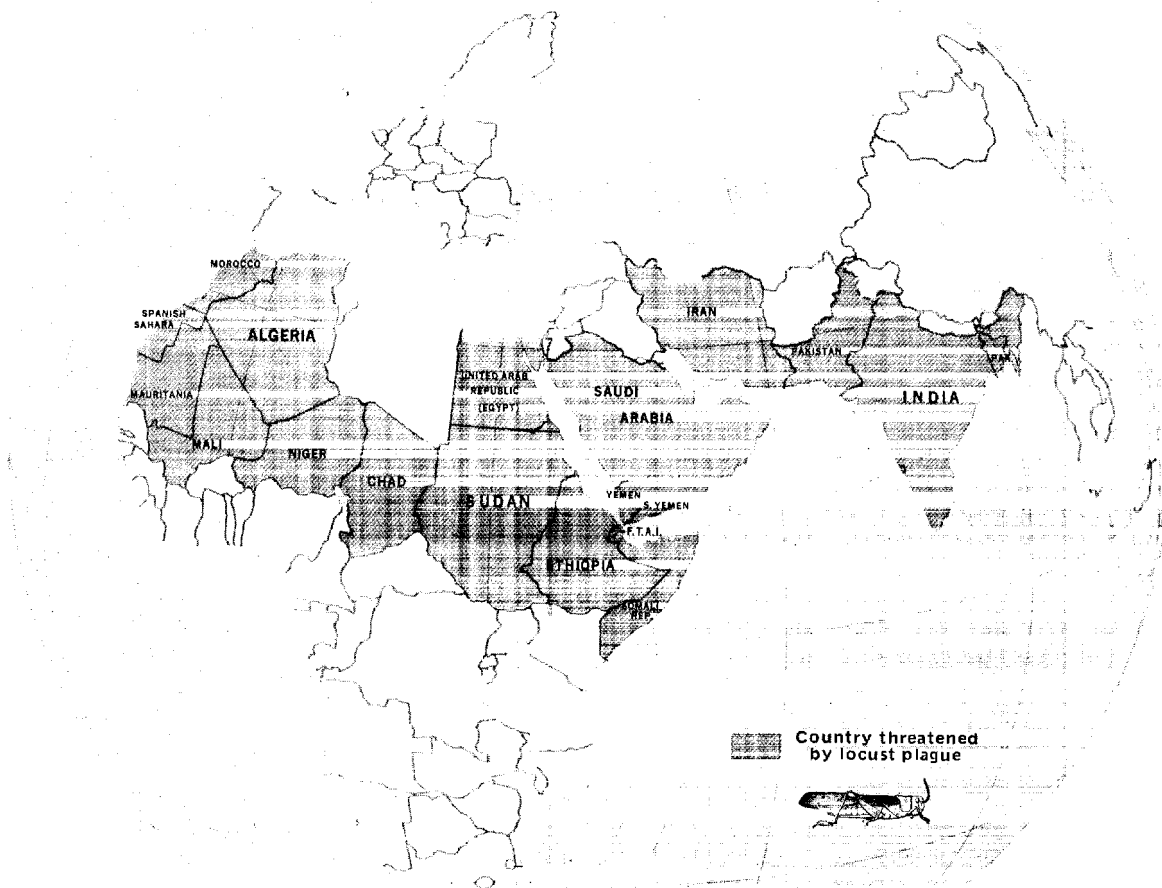
In Sierra Leone, the political situation continues to deteriorate as Prime Minister Stevens' northern-dominated government tries to put the lid on activities of the southern-based opposition party. Tribal tensions are producing increasing unrest within the army as well as among civilians.

The entire area from West Africa to India will face a locust threat for the next two years if the swarms presently moving through the Sudan into East Africa are not brought under control. The East African locust control organization is critically short of insecticide, spraying planes, and pilots, however.

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LOCUST PLAGUE THREATENS AFRICA AND MIDDLE EAST



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LOCUST THREAT INCREASES IN EAST AFRICA

The locust plague which has been menacing the Middle East and East Africa since last fall is entering a new and more critical phase. Crop production throughout the area could be threatened for the next two years if new swarms in East Africa are not quickly controlled.

Twenty separate locust swarms, ranging in size from 44 to 300 square miles, have been reported moving eastward 30 to 40 miles per day across the Sudan. At this rate they will reach the foot of the Ethiopian highlands this week. A large area of Ethiopia is already infested, and the arrival of additional hordes from the Sudan could cause serious damage to the Ethiopian harvest.

The Sudanese have been dilatory in their own efforts to contain the locust threat. The ineffective government in Khartoum was reluctant even to acknowledge the existence of the plague until locusts appeared in the environs of the capital. At the same time, the Ethiopian authorities have not fully recognized the gravity of their situation, which could result in a major food shortage within six months if the locusts are not controlled.

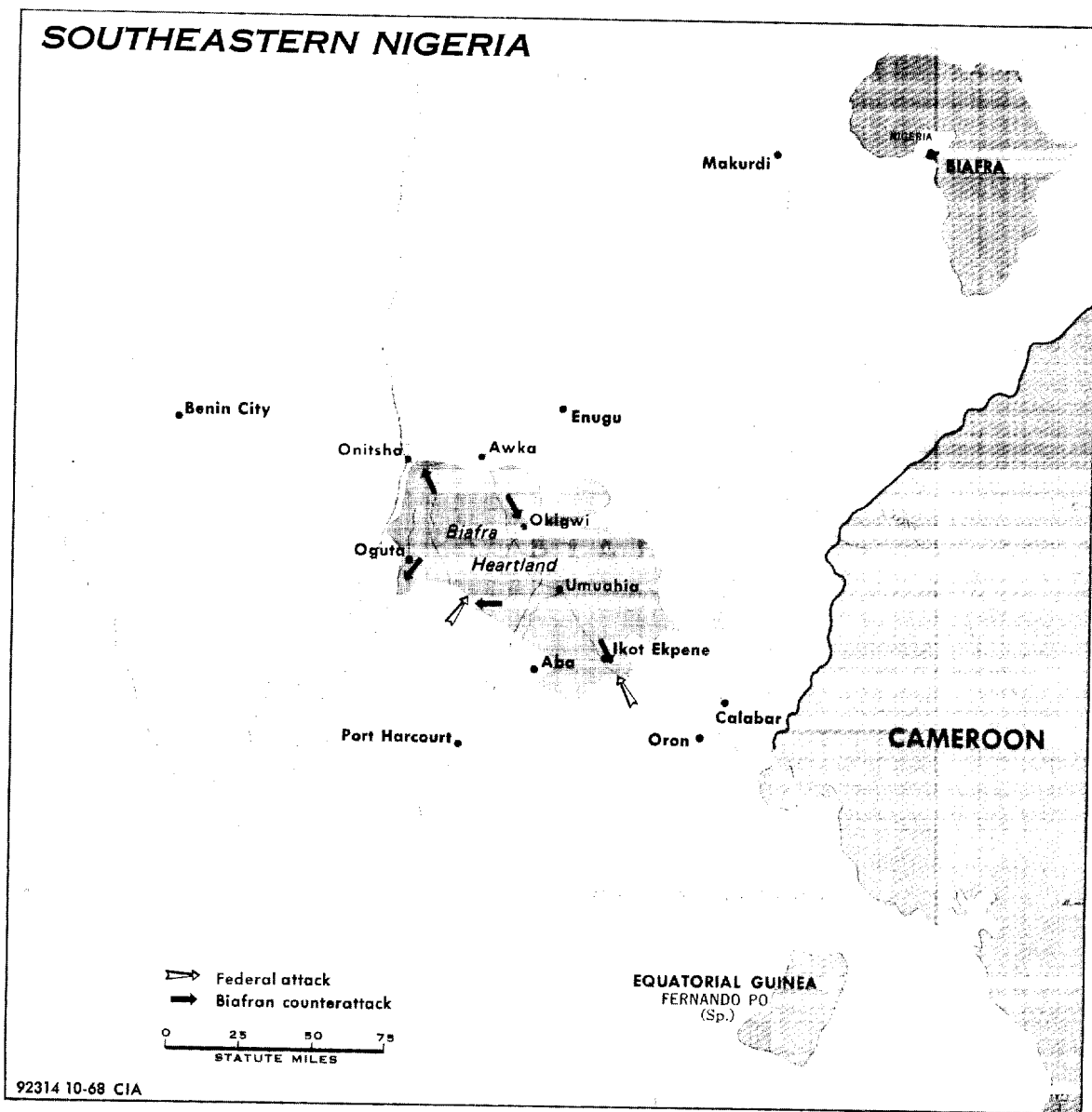
Locust control facilities are still extremely limited in East Africa, despite efforts by the regional Desert Locust Control Organization for East Africa (DLCOEA) to mobilize support for spraying activities to put down the threat. The organization is now suffering a critical shortage of insecticides, and both spraying planes and pilots are in short supply.

If the locusts are not controlled in Ethiopia and Somalia they will probably move south into Kenya, threatening that country's crops as well. The Kenyan Government is already preparing for an invasion. Locusts now moving in the Sudan could also move south to Uganda.

The locust threat farther east seems to be under slightly better control. The Pakistanis claim that the swarms there have been eliminated, and there have been no recent reports of serious infestations in either Iran or India. Nevertheless, the present breeding trend, and failure to control the insects in the crucial area of the Sudan and the Horn of Africa, will leave the entire Middle East - African area vulnerable to locust swarms for the next two years.

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RESUPPLIED BIAFRANS STALL NIGERIAN THRUSTS

Biafran resistance to the federal Nigerian push on remaining secessionist-held territory has stiffened considerably over the past few weeks, mainly because of a marked increase in arms supplies to the rebels. This increase in munitions will probably enable the Biafrans to delay considerably the capture of their remaining strongholds by federal forces, despite federal superiority in numbers and equipment.

The airlift of arms from Libreville and Abidjan has received at least tactical support from the French; [redacted]

[redacted] the French Air Force may even be moving French arms there for shipment to Biafra.

This increased arms supply will not only enable the Biafrans to hold their remaining territory

longer, but will also make more likely a prolonged guerrilla effort by the Biafrans when and if these bastions are taken by the Nigerians. Morale in Biafra still appears generally high, and Biafran leader Ojukwu has shown no signs of giving up the struggle.

In recent fighting, Nigeria's 1st Division has made no significant advances since capturing Okigwi on 30 September. Last month the division had launched a push from the north toward Umuahia, the last major Biafran town still in secessionist hands. The 3rd Marine Commando Division, which made gains in the south during August and September, is now occupied with sharp Biafran counterattacks. The 2nd Division has been unable to move beyond its long-held positions around Onitsha and Awka. [redacted]

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MULELE AFFAIR ROCKS BOTH CONGOS

The return and execution of rebel leader Pierre Mulele has created considerable agitation in both Congo (Kinshasa) and Congo (Brazzaville) and has precipitated a rupture of relations between the two governments.

Mulele was seized, tried and executed secretly following his return to Kinshasa from Brazzaville under an amnesty granted by Foreign Minister Justin Bomboko in President Mobutu's absence. An associate of leftist former Premier Patrice Lumumba, Mulele had been directing a bloody guerrilla campaign against the central government in the western Congo since 1963, but in September he fled to Brazzaville in search of sanctuary.

Ordered by Mobutu to return Mulele to Kinshasa by any means, Congolese authorities first tried to kidnap the rebel leader. When that failed, Bomboko went to Brazzaville to negotiate his voluntary return. After several days' discussions with Mulele and Brazzaville officials, Bomboko granted amnesty and Mulele returned to Kinshasa almost in triumph for a round of welcoming festivities.

The reaction of most Congolese--smarting under the remembrance of the atrocities ascribed to Mulele and his followers--was bitter, however, and many demanded his arrest and execution. When

Mobutu returned to the Congo several days later, he quickly reversed his foreign minister's decision and announced that Mulele would be arrested and brought to trial. A three-man military tribunal met secretly on 7 October and sentenced Mulele to death. His execution was announced on 9 October.

There had been indications that both countries tried to play down the affair in an effort to minimize the damage to their official relations, which had been improving over the past two years. Prior to the announcement of Mulele's execution, the government-controlled radio in Brazzaville denounced the demonstration which had been staged by local leftist youths in front of the Kinshasa embassy following Mulele's arrest. In Kinshasa, the press put much of the blame for the demonstration on foreign--i.e., Cuban and Chinese--influence and pleaded with Kinshasa youth to keep calm.

Once Mulele's execution was made public, however, Brazzaville's ruling military-civilian council promptly announced its decision to sever relations. The action reflects the Brazzaville government's acute embarrassment over the episode and its strong desire to dissociate itself publicly from Kinshasa's double-dealing.

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INDIA'S MONSOON CAUSING PROBLEMS

An erratic monsoon is creating hardships in some areas and will reduce Indian foodgrain production by several million tons under last year's record harvests.

After nearly a month of unusually dry weather, late September and early October rains have provided some relief. The belated rains have revived some standing crops, enabled the overdue transplantation of paddy in key rice producing areas in the south,

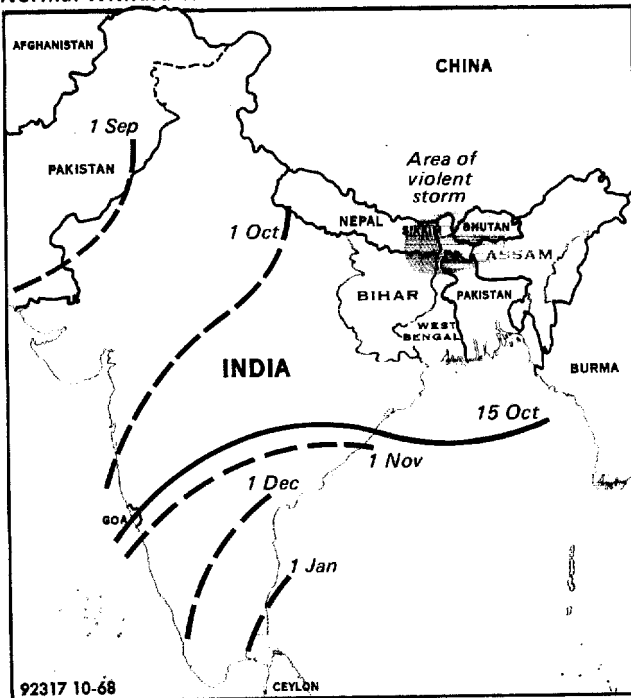
and have improved planting conditions for winter crops.

Nevertheless, crop damage from the August-September dry spell is likely to keep foodgrain production several million tons below last year's record level of 96-100 million tons. This summer's production may approach 60 million tons and the normally much smaller winter crop is unlikely to match the record high of about 31 million tons harvested last spring.

The October rains that broke the dry spell in northeastern India turned into a violent and destructive 60-hour storm in the Himalayas. The Indian protectorate of Sikkim was probably the hardest hit, although northern West Bengal and parts of neighboring Bihar and Assam states were also heavily damaged. Thousands have been reported missing or killed and thousands more are homeless.

The expected decline in foodgrain production will be a psychological setback to the "green revolution," and India probably will have to release much of the buffer stock accumulated from last year's bumper harvests. Large-scale imports of food will probably be necessary for several more years, if only to replenish the reserves.

Normal Withdrawal Dates of SW Monsoon



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WESTERN HEMISPHERE

Student-organized outbreaks erupted again in several Latin American countries during the past week. Some of the disturbances were linked to the anniversary of Che Guevara's death on 9 October, while others seemed to be in reaction to the coup in Peru earlier this month or in sympathy with the Mexican students. As expected, US installations were among the primary targets.

Students stoned a US-Chilean binational center and the US Consulate in Santiago. In Peru, minor violence—much of it student-inspired—occurred throughout the country as demonstrators protested the ouster of President Belaunde by the military last week. In the Dominican Republic, Molotov cocktails were exploded outside a US-run binational center, and explosives were discovered near other US facilities. In Brazil, antigovernment student demonstrations on 8 October resulted in bloodshed when a large security force moved against the protesters.



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At present there is no evidence available that student riots in Latin America are interrelated or directed from abroad. Local Communists, Trotskyites, Castroites, and other leftist extremists among the students, however, have been quick and well prepared—and in many cases well armed—to exploit the student grievances.

The new military government in Peru has expropriated the large US-owned International Petroleum Company. This move demonstrated the strong nationalist sentiment of the regime.

The execution of two “confessed saboteurs” in Cuba on 7 October has re-emphasized Fidel Castro's apparent concern over “counterrevolutionary” acts. Although most of the frequent reports of antiregime incidents in Cuba during recent weeks remain unconfirmed, some strong reaction by individuals against the increasing severity of living conditions seems inevitable.

The Bahamas has taken an important step toward eventual independence as a result of the recent London constitutional conference. Upon his return from London, Prime Minister Pindling announced that his government now will have responsibility for internal security and will also gain power to negotiate foreign trade, labor, and cultural agreements.

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PERU'S MILITARY GOVERNMENT EXPROPRIATES US COMPANY

One of the first official acts of the military government of President Velasco, which ousted President Belaunde on 3 October, was to expropriate large holdings of the US-owned International Petroleum Company (IPC) in northwestern Peru. This move reflects the new government's strong nationalistic sentiment and will increase its popular support. The expropriation will also delay foreign investment and debt refinancing which Peru badly needs and has been seeking.

The decree, made public on 9 October, expropriated the La Brea and Parinas oil fields, the refinery complex at Talara, pipelines, port facilities, and other assets connected with the operation of the oil fields and refinery. Army troops were immediately ordered in to take possession of the installations. The decree states that IPC's "debt" to Peru will be applied against the company's assets.

The IPC has long been an emotional issue with most Peruvians, many of whom believe that the company has "unjustly enriched" itself through the exploitation of natural resources which should be used for the betterment of Peru. The settlement that the Belaunde administration made with IPC in August was termed a "sell-out" by many civilian politicians and has been used to justify the military take-over of the government. The Belaunde agreement involved the government's acquiring only the La Brea and Parinas oil fields, in return dropping



General
JUAN VELASCO

its claim to some \$144 million that IPC allegedly owed the state for "back taxes" and "unjust enrichment."

The public disturbances that the military government faced in its first week in power appear to be dissipating. [redacted]

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[redacted] APRA, Peru's largest and best organized political party, has decided to take a position of "responsible" opposition to the new government. APRA leaders are now in the process of trying to form a "national civic front" with the pro-Belaunde faction of the Popular Action Party and other moderate parties. The parties of both the extreme right and extreme left so far appear to be supporting the military take-over. 25X1

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Several Latin American foreign ministers present at the United Nations sessions are consulting in what was described as a "desultory manner," on recognition of the new military government, according to the US mission. The Argentine representative at the UN has disclosed that his government may recognize Peru as

early as 11 October. Many Latin American countries are expected to recognize the new Peruvian Government within 15 days, although no country wants to be either first or last to do so. Spain was the first country to accord recognition. [redacted]

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COMPLEX PROBLEMS PLAGUE BRAZILIAN GOVERNMENT

The Costa e Silva government is being hard pressed by a variety of perplexing problems that involve the military, students, workers, and elements of the church.

Perhaps the most serious is a crisis in the air force caused by the apparent attempts of right-wing officers to use an elite parachute unit to eliminate opposition student and political leaders. A shake-up in the air force leadership is likely if the allegations prove true or are widely accepted. This scandal is symptomatic of the renewed activity among right-wing extremists--not only in the military but also in civilian circles--who believe the government has not dealt firmly enough with corruption and subversion.

Army minister General Lyra Tavares has confided his unease over the "national situation" to the US army attaché. The general is upset by the implications of the air force crisis and by the activities of a group around the President who "shield" Costa e Silva from unpleasant truths.

The general believes that many officers deeply resent recent speeches by left-wing federal deputies bitterly attacking the military. He reportedly has urged the President to suspend the political rights of at least one of the offenders--a move that would be of questionable constitutionality. Certainly there is some disquiet among congressional leaders who fear that any further government curtailment of legislative

prerogatives or interference with the rights of deputies would irreparably damage the prestige and independence of the congress.

Military restiveness is complicated by other developments on the civilian front. Rioting in Sao Paulo last week took one student's life. Radical leftist Sao Paulo University students continue to fend off attacks by their conservative MacKenzie University counterparts--who appear to have at least tacit police support. Leftist-led students staged a large protest march on 4 October in Sao Paulo that drew some support from nonstudent groups. A second demonstration on 8 October also resulted in violence. Heavy-handed police action in breaking up the marches may bring the students new sympathizers.

Labor unhappiness has been manifested by illegal strikes by bank and metal workers in Belo Horizonte and by bank workers in other cities. Swift government intervention has temporarily quelled the strikers' enthusiasm, but new outbreaks of labor discontent seem likely in the next few weeks.

The church has also added to Costa e Silva's burdens. The moderate cardinal of Sao Paulo refused last week to accept a decoration from the President--a gesture that not only dealt a personal rebuff to Costa e Silva but also made clear the Sao Paulo clergy's reluctance to endorse the government publicly. In northeast Brazil, Archbishop Dom Helder Camara has inaugurated his "Liberating Moral Pressure" campaign that will

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stress "nonviolent" efforts to alleviate social injustices. The campaign seems likely to serve as a focal point for the disapprobation of conservative civilian and military men who regard Dom Helder as a Communist.

There is growing evidence that at least some officers are

not satisfied with Costa e Silva's performance.

Stability is largely predicated upon Costa e Silva's ability to react firmly but judiciously to these new challenges. So far, at least, he has not shown this kind of leadership.

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ECUADOR'S VELASCO WEATHERS FIRST CONGRESS SESSION

President Jose Maria Velasco has come through the first session of congress without serious challenge and is asserting his economic and political control with determination.

A working agreement between the Velasquistas and the center-left coalition in both the house and senate did not result in significant legislation, but did withstand efforts by rightists and ex-president Carlos Arosemena to curtail Velasco's power over many governmental appointments. Arosemena reportedly is disappointed that more of his followers did not receive government jobs in return for his electoral assistance to Velasco, and the uneasy truce between the two old enemies appears to have broken down. The most unsavory Arosemena appointee has been removed as head of the security agency, but other supporters remain in positions where their leader's penchant for mischief could cause Velasco trouble.

Sugar exporters in Guayaquil, the first target of Velasco's crusade against the "oligarchy" he accuses of exploiting the country, have agreed to his demands, at least for the present. The three largest mills will turn over their extra profits on sales to the US to the government--a windfall which may amount to nearly \$1 million in 1968. Although his government is critically short on operating funds and long on debts, Velasco says he will use the money for development projects.

Velasco is exploring closer trade and, possibly, other ties with Communist countries. He invited the Soviet ambassador to Chile to his inauguration, but then was noncommittal on the ambassador's overture toward a resumption of diplomatic relations. He has been less demagogic than in the past about Ecuador's boundary dispute with Peru, and has kept a discreet silence on the military coup in Peru--the method by which Velasco was ousted in 1961.

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VENEZUELAN ELECTION CAMPAIGN HEATS UP

Venezuela's presidential election campaign has grown perceptibly hotter as the 1 December election date draws nearer.

The relative strengths of leading candidates Gonzalo Barrios, Rafael Caldera, Luis Prieto, and Miguel Burelli Rivas have shifted somewhat, but none has a lead wide enough to ensure victory. The closeness of the contest has already resulted in charges of coup plotting, violence, and election fraud.

Supporters of governing Democratic Action (AD) Party candidate Gonzalo Barrios have attacked the platform of the Christian Socialist Party (COPEI) as a statist, totalitarian document which would regiment the economic and political life of the nation. The AD has flooded the press with a series of ads portraying COPEI leaders and presidential candidate Rafael Caldera as New World Nazis. These charges will probably reinforce the suspicions of some members of the middle class and business community who are already concerned over Caldera's alleged inability to control radical elements within his party.

In response Caldera accused the government of preparing a coup d'etat to keep COPEI from office and that the government was importing arms to equip regional and local party organizations. Although AD leaders dis-

miss Caldera's accusations as a desperate stratagem to avoid certain defeat in December, other political groups have voiced similar fears that the AD does not intend to relinquish power if it loses.

In another election development, Luis Prieto, the candidate of the People's Electoral Movement (MEP) which broke away from the AD in December 1967, reportedly has refused to accept open backing from the Communist Party's electoral front, the Union for Advancement (UPA). Prieto reportedly told UPA leaders that if his wishes were disregarded he would flatly reject UPA support and attack the Communists with every resource at his command. Prieto has been increasingly worried over the damage to his candidacy of such public support, and has taken pains to inform US Embassy officials that the party has not made, nor will make, any deals with the UPA.

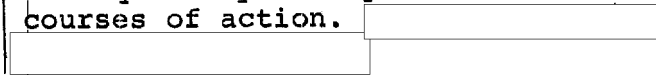
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Although the military acknowledge their commitment to peaceful political change, the US Embassy notes that the current situation has the military in a quandary over possible future courses of action.

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