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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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C O N T E N T S

(Information as of noon EDT, 24 October 1968)

Europe

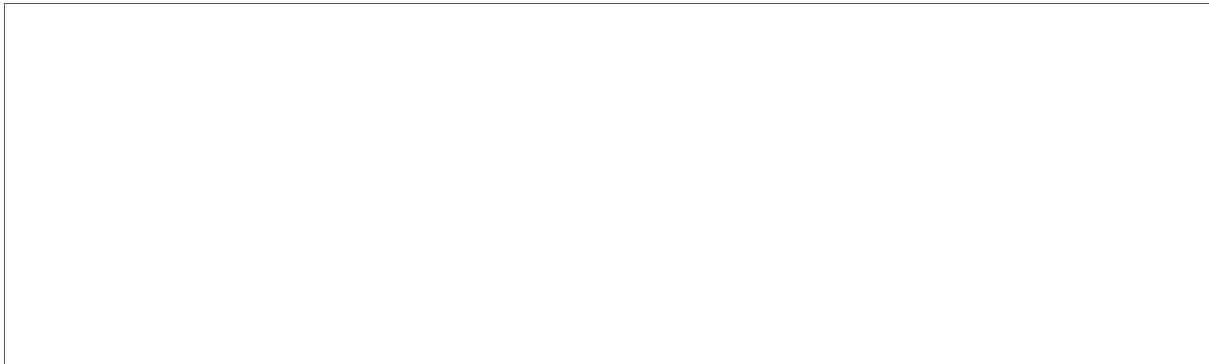
	<u>Page</u>
THE WEEK IN PERSPECTIVE	1
CZECHOSLOVAK LEADERS FACE NEW PRESSURES	2
The Czechoslovak Government signed a demeaning status-of-forces agreement with the Soviet Union last week, and sharp differences of opinion are increasingly evident among top Czechoslovak leaders and within the rank and file as well. Meanwhile, Warsaw Pact troop withdrawals continued throughout the week, but most of the occupying forces are still situated in or near Czechoslovakia.	
YUGOSLAVIA REAPPRAISES ITS POLICIES	4
Faced with hostility from the Warsaw Five and filled with misgivings about Soviet intentions, Yugoslavia is reviewing its foreign policy priorities with an eye toward closer ties with the West.	
ECONOMIC REFORM PROSPECTS DIM IN USSR, EASTERN EUROPE	5
The invasion of Czechoslovakia has made the prospects for economic reform, never especially promising in most of Communist Europe, even more doubtful.	

25X1

SECRET

SECRET

MOSCOW STILL PRESSING FOR WORLD COMMUNIST CONFERENCE 10  
Moscow continues its lengthy effort to bring at least most of the world's Communist parties together, despite the opposition of several key West European parties.



25X1

Far East

THE WEEK IN PERSPECTIVE 11

VIETNAM 12

For the second week, there were no large-scale engagements between allied and enemy forces. The Communists have been politically active throughout South Vietnam, pushing ahead vigorously to establish local "revolutionary administrations," but government countermeasures continue to proceed at a deliberate pace.

LAOTIAN COMMUNISTS RENEW OPERATIONS AS RAINS END 16

Government forces made some limited gains during their traditional rainy season offensive, but the enemy is now beginning to step up its own operations.

EXECUTIONS THREATEN SINGAPORE-INDONESIA RELATIONS 17

Indonesian authorities have moved to control popular outbreaks in reaction to Singapore's execution of two Indonesian marines on 17 October.



25X1

SECRET

SECRET

Middle East - Africa

THE WEEK IN PERSPECTIVE	19
MERS EL KEBIR: CONTINUING ALGERIAN DILEMMA The Algerian Government is said to be sharply divided over a response to Soviet pressure for an agreement permitting the Soviet fleet to use facilities at the former French naval base of Mers el Kebir.	20
SOMALI PARLIAMENTARY ELECTION CAMPAIGN UNDER WAY EARLY Former Prime Minister Abdirazak, planning a comeback attempt in next year's elections, has formed a new party to oppose Prime Minister Egal.	22
INDIA'S NAGALAND PROBLEM HEATING UP New Delhi is taking an increasingly tough line against the underground movement that is seeking an independent Naga state in northeastern India, and some sharp fighting could break out.	23
GOVERNMENTAL CRISIS IN LEBANON The recent governmental crisis in Lebanon has been temporarily solved but there has been no significant change in the conditions that have paralyzed parliament for the last six months.	24

Western Hemisphere

THE WEEK IN PERSPECTIVE	25
PANAMA'S JUNTA GOVERNMENT PLEDGES NEW ELECTIONS No date has been set, however, and there appears to be a dispute among junta officers over determination of a time limit for returning the government to civilian control.	26
RIOTING UNDERSCORES JAMAICAN MALAISE The rioting in Kingston on 16 October took place against a backdrop of increasing public dissatisfaction with rapidly rising living costs, rumored corruption in the government, and breakdowns of essential public service.	27
CENTRAL AMERICAN COMMON MARKET PASSES MAJOR TEST Salvador's ratification of the San Jose Protocol leaves only Costa Rica to approve this 30-percent surcharge on imports from outside the area.	29

SECRET

SECRET

PERU TO CAMPAIGN AGAINST CORRUPTION IN GOVERNMENT

30

The military government plans to discredit the former administration, as well as civilian politicians and the congress, in the hope of diverting attention from serious economic problems.

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**EUROPE**

The political repercussions of the Soviet invasion of Czechoslovakia continue to be felt in Europe.

In the international Communist movement, the negative response of leading parties has been so strong that the USSR was unable to prevent indefinite postponement of the world Communist conference originally set for 25 November. Moscow is using the delay to argue the need for Communist unity and to exert more direct pressure on certain parties.

The leadership of the French Communist Party, however, continues successfully to resist Soviet efforts to bring the party back into line on the Czechoslovak issue. Secretary General Waldeck Rochet has rallied the party's top leadership in support of his policy of condemning the invasion while avoiding an open break with Moscow.

Within Czechoslovakia itself political fissures are beginning to be evident both in the top leadership and among party rank and file. Party conservatives clearly feel more confident and are beginning to organize. The mood of gloom reportedly felt by most Czechoslovaks has been relieved by the beginning of the withdrawal of a portion of the Warsaw Pact occupation force.

The Yugoslavs, uncertain about the intentions of the USSR, have been reviewing their foreign policy with an eye to closer ties with the West. Rumania, despite its fears of long-range Soviet intentions, has renewed its ideological offensive against the Warsaw Five.

In other developments, East German propaganda attacks on Bonn became more shrill on the eve of the West German parliamentary "work week" that begins in West Berlin on 28 October. The Soviets have balanced their warnings that an unspecified East German reaction is to be expected with diplomatic assurances that Moscow does not intend to interfere with Allied interests in Berlin.

The French have checkmated efforts to promote closer collaboration in the area of defense and politics between Britain and the Common Market members within the framework of the seven-nation Western European Union.

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## CZECHOSLOVAK LEADERS FACE NEW PRESSURES

The Czechoslovak Government signed a demeaning status-of-forces agreement with the Soviet Union on 16 October. Although the treaty touches on a number of important points that are still to be negotiated in detail, it was ratified two days later by both Prague and Moscow. On the basis of its terms, the bulk of the occupation forces theoretically should be out of the country by mid-December.

Many of the articles in the treaty lend themselves to various

### SELECTED EXCERPTS FROM THE TREATY

Art. I. ...Soviet troops...will remain temporarily...to ensure against the increasing revanchist strivings of West German militarist forces.

Art II. ...Soviet troops do not interfere in internal affairs....

Art III. The Soviet side shall bear maintenance costs....

Art IV. ...Persons serving with Soviet troops... are exempt from passport or visa control....

Art VII. The government of the CSSR shall give...the necessary sums of Czechoslovak crowns for expenses....

Art IX. ...In cases of crimes committed by...persons serving with Soviet troops...Czechoslovak legislation shall be applied....Crimes committed by Soviet servicemen shall be examined by [Czech] military judicial bodies....

Art X. ...The USSR agrees to compensate...the CSSR for material damage...inflicted by...Soviet armed units....

interpretations. Among those requiring further negotiations between the two sides are the number and location of the remaining Soviet troops; regulations under which the Czechoslovaks will provide currency, goods, and services to these troops; and the procedures applicable to Soviet payments for these services.

The Soviet press gave heavy play to the treaty. Moscow probably believes that although it has not yet forced Prague's leaders to admit that the intervention was justified, the agreement represents a large step toward achieving what it regards as "normalization." All Czechoslovak newspapers printed a full text of the treaty without comment. Moreover, Czechoslovak mass media continued to criticize the Soviets subtly, to voice popular support for the Dubcek leadership, and to attack a resurgence of conservative activity.

There are sharp differences of opinion among top Czechoslovak officials over the treaty, which parliament ratified after a stormy session punctuated by speeches and resolutions opposing it. Dubcek appears resigned to the agreement,

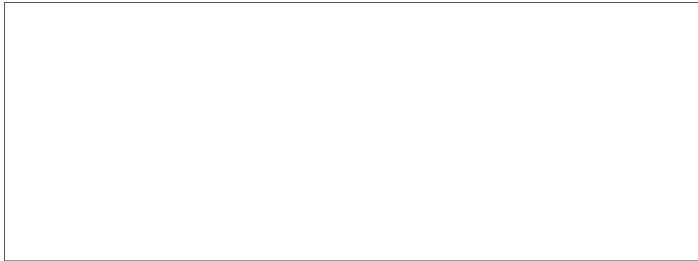
Slovak party boss Husak's

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recent speeches suggest that he too may be willing to collaborate with Moscow.



[redacted] press reports suggest that another new hard-line "leader" has emerged: Miroslav Jodas, an Interior Ministry official during the Stalinist era, is reportedly heading a group trying to mobilize pro-Soviet elements in the party.

Fear among liberals and moderates that the conservatives have formed the nucleus of an organization with which to challenge Dubcek is leading to a polarization in the party ranks.



Moreover, the pro-Dubcek party organization in Prague claims that the conservatives have called for legal proceedings against officials of the mass media for their activities during and immediately after the invasion. This report may have contributed to rumors that hard liners have drawn up a blacklist of liberals and plan to stage show trials once they have sufficient power.

Moscow presumably is attempting to strengthen the conservative cause by imposing certain selective restraints on Czechoslovak liberals. The Soviets are said to have prohibited mass public celebrations on the 50th anniversary of the First Republic on 28 October while forcing Dubcek to allow pro-Soviet conservatives to meet openly in preparation for an anniversary "celebration" of the Russian Revolution on 7 November.

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The Soviets also reportedly insisted that the Czechoslovak party central committee postpone any meeting until after 27 October. Moscow probably hopes that the dissension over the treaty among Czechoslovak leaders will intensify, while conservative elements--with Soviet assistance--strengthen their position.

Warsaw Pact troop withdrawals continued this week. The bulk of the occupying forces, however, is still situated in or near Czechoslovakia.

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By 24 October two Soviet divisions had finished their withdrawal from Czechoslovakia to the Baltic Military District of the USSR. The Hungarian, Bulgarian, and Polish governments have indicated that their troops have begun to return home and that they would complete a total withdrawal soon.



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## YUGOSLAVIA REAPPRAISES ITS POLICIES

Faced with hostility from the Warsaw Five and filled with misgivings about Soviet intentions, Yugoslavia is reviewing its foreign policy priorities with an eye toward closer ties with the West.

The Yugoslav leaders believe that, with the occupation of Czechoslovakia, Moscow has abandoned the basic principle of "separate paths of socialism." Undefined references by Moscow and its close allies to a "socialist commonwealth"--a doctrine Tito believes might be used to justify Soviet intervention in any country that strays from orthodoxy--bring a chill of fear to the party leaders in Belgrade.

The Yugoslavs do not believe that they are faced with any immediate military threat from the USSR and have relaxed their partial military mobilization. Belgrade remains apprehensive, however, about Moscow's long-range policies and in particular about the increased Soviet naval presence in the Mediterranean.

Despite the continued polemics, Belgrade is working hard to maintain normal economic relations with the Warsaw Five, which account for approximately 29 percent of its trade. There is, however, no firm date yet for negotiations, usually held at this time, for next year's Yugoslav-Soviet trade agreement.

Last week, Yugoslavia attended Common Market negotiations in Brussels in hopes of improving its export position. West Germany and Italy are sympathetic, and Bonn has already granted larger import quotas on some Yugoslav products. The Yugoslav press has favorably treated Deputy Premier Gligorov's recent visit to the US and Undersecretary Katzenbach's 17-19 October trip to Belgrade, and has stressed the continuity of the US-Yugoslav dialogue.

At the same time, the Yugoslav leadership is taking advantage of the crisis atmosphere to renew the unity and sense of purpose of the Yugoslav people. Government officials will soon debate new constitutional proposals, suggesting that Yugoslavia intends to continue its decentralization. Republic and federal party congresses, beginning next month, probably will oust conservative elements, and replace them with more pragmatic supporters of Tito's liberal reform measures.

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## ECONOMIC REFORM PROSPECTS DIM IN USSR, EASTERN EUROPE

Prospects for economic reform in the USSR and Eastern Europe, never especially promising in much of the area, are even more negative as a result of the invasion of Czechoslovakia. The reforms envisaged greater freedom from detailed central planning and control as well as an increased role for market forces and profit motives. Most of these attempts to cope with gross economic inefficiency have not progressed far, and the inclination of most leaders to retain tight central control will be reinforced by developments in Czechoslovakia.

In the USSR, a rising tide of orthodox, traditional views has recently eclipsed the more radical reformers' proposals for decentralized planning and pricing. This probably portends a stabilization of the current reform at its present limited stage. Most of the East European countries will continue to look to the USSR for guidance, so their economic policy decisions are also likely to continue to be conservative.

Much of the bold economic reform envisaged by the Czechoslovak leadership is dead, despite the continuing affirmation by the nation's leaders of their intention to proceed with the program. Instead, centralized control probably will be tightened, competent economists and technical personnel demoted, and Czechoslovakia's goal of becoming more competitive in world markets at least delayed.

In Hungary, where prospects for a loosening of economic controls were the most promising, the leadership says it will press on with its reform. Although Budapest claims that the program does not break with Communist orthodoxy, the Hungarians can ill afford to incur Soviet displeasure by pushing their reform hard, particularly when the Soviets have attacked similar Czechoslovak measures as "neocapitalist" and "revisionist."

Rumania probably feels secure in continuing its experiments with limited economic change, including the formation of an intermediate control level between central planning authorities and enterprise managers. The leadership, however, has no intention of embarking on a full-fledged reform program.

The leaders of East Germany and Poland are probably the most resistant in Eastern Europe to any diminution of their power and control. The East German reform program has increased the responsibility of enterprise managers in the day-to-day decision making process, but there is no intention to reduce further the central controls over East German economic life.

Although Bulgaria adopted a liberal-sounding program two years ago, the nation will continue to hew closely to the Soviet policy line. Sofia therefore can be expected to move forward slowly in implementing its reform.

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## MOSCOW STILL PRESSING FOR WORLD COMMUNIST CONFERENCE

Moscow is continuing its lengthy effort to bring at least most of the world's Communist parties together, despite the opposition of several key West European parties. This opposition--led by the Italian, Austrian, British, and French parties--has already forced postponement of the next preparatory meeting until 17 November, and an indefinite postponement of the world meeting earlier set for 25 November.

The communiqué issued at the end of the Budapest meeting in late September said that the period prior to 17 November would be used for consultations among the various central committees. In fact, the Soviets have used the delay to argue bluntly for the need for Communist unity and to exert more direct pressure on certain parties. Pravda has run several articles citing the need for a meeting. One of these, appearing on 10 October, argued strongly that world Communism must have coordinated action and not just common aims, and reminded the weaker parties of their dependence on Moscow.

The Soviets have not confined themselves to the printed word, however. Especially in the case of the French Communist

Party (PCF), the Soviets have made unprecedented approaches to local leaders and have inundated the rank and file with pro-Soviet propaganda. Although a serious division has resulted in the ranks of the PCF, the leaders remain united and will go to Moscow early next month. Presumably, the Soviets will offer to ease their pressure in return for a more forthcoming French attitude. Moscow appears to have subjected the Austrian and Finnish parties, and probably others, to similar but perhaps more subtle tactics.

Nevertheless, opposition to the conference remains strong. The Italians have conducted extensive consultations with other European parties, and have been active in Latin America. The Austrian, British, and Scandinavian parties show no signs of bending to the Soviets. The prospects for a separate meeting of West European parties have diminished, however, and the opposition movement has gained little support outside of Western Europe. If Soviet pressure succeeds and the situation in Czechoslovakia is further "normalized," Moscow will probably propose rescheduling the international meeting after the briefest possible delay.

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## FAR EAST

Communist military forces remained relatively inactive in South Vietnam, but political cadre continued to push with great vigor the formation of local "revolutionary administrations" in the countryside. At the same time, Vietnamese Communists dangled before their people the prospect of a new "national government" in South Vietnam. Any Communist decision on this issue will probably be determined largely by developments in the Paris talks.

Sino-Vietnamese frictions stemming from the Paris talks and Hanoi's relations with Moscow resurfaced during the week. North Vietnamese authorities had to use force to extricate a group of Soviet officials in Hanoi who were trapped in their car and treated to a long recitation of Mao's thoughts by Chinese Embassy personnel. In Peking, Chinese propagandists for the first time publicly acknowledged the existence of the Paris talks, taking note of peace rumors and warning that President Johnson was preparing "to dish out a fraud." Despite these stresses, however, Chinese support for Hanoi continues in other important areas.

As the rains begin to abate, Communist forces in Laos are becoming more active in the north. They have already begun their annual effort to clean out pockets of government guerrilla resistance and have slowed a government attempt to retake the Meo guerrilla redoubt at Phou Pha Thi. In the south, however, government air strikes and flooding appear to be delaying the resumption of Communist military activity.

In Thailand, Communist insurgents seem to be diverting assets from their main area of strength in the northeast to begin operations in three hitherto quiet provinces in the north-central part of the country. This effort may help explain why armed insurgency in the northeast has been at a low level in recent months. The newly affected provinces link insurgent strongholds in the northeast with northern provinces in which Communist-inspired tribal insurgency has been on the rise.



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VIETNAM

For the second week in a row there were no large-scale engagements between allied and Communist forces in South Vietnam. A large part of the Communists' main force units continued to refit in base areas and border sanctuaries. Allied combat deaths for the week ending 19 October were 187, the lowest weekly total since August 1967.

As in past periods of reduced enemy activity, Communist local force and guerrilla units continued scattered shellings, disruption of vital supply routes, and other small-scale harassing activities. Although this effort was down somewhat from previous weeks, it is effective in keeping some pressure on allied forces.

Although there is no firm evidence that the Communists are prepared to initiate a new major, widespread offensive in the immediate future, there are some signs of an intent to increase the tempo of activity.

A renewal of fighting may be planned in South Vietnam's III Corps during the first half of November



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Should the Communists decide to launch a new round of widespread attacks to kick off their annual winter-spring campaign, a substantial number of major Communist units presently undergoing refurbishment would have to be returned to combat zones near prime target areas. Many of the enemy's main force combat troops could do this in less than two weeks.

South Vietnamese Political Developments

During the past month, there has been a steady flow of evidence from villages throughout the country that the Communists are pushing ahead vigorously to establish local "revolutionary administrations" as rapidly as possible. From hamlet to province level, the Viet Cong are apparently creating hundreds of "liberation committees"--either by fiat or through carefully supervised elections.

The Communists also appear to be preparing their people for the possible creation of a new

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"national" government in South Vietnam. Overt propaganda statements alluding to the Liberation Front as a de facto government in South Vietnam were considerably more frequent in the past month.

In the past, the Communists have been chary of moving too fast on this issue and have always stopped short of declaring the existence of a national Communist government in the South. Such a unilateral move now would be decided largely by developments in the Paris talks.

For their part, South Vietnamese Government officials in the provinces do not appear to take the new Communist committees seriously and are not instituting political countermeasures. The most effective local actions still appear to come from the security services, which continue to capture at least some of the Viet Cong cadre operating among the populace.

Although leaders in Saigon often speak in urgent tones about preparing for a post - cease-fire political competition, government action at the national level continues to proceed at a relatively deliberate pace. The new Lien Minh, the front being organized to strengthen the government's position throughout the country,

is operating about on schedule, but its initial efforts have been heavily concentrated in Saigon. The number of cadre trained to work on Lien Minh projects there has been tripled from 300 to 900 during the last month, however, and it is hoped that a showcase performance in the Saigon area will encourage the growth of the front in the provinces where it is most needed.

A women's organization is still in the early stages of organization, although Thieu first began steps to create such a group last July. Opposition among wives of men who dislike President Thieu is a problem, and greater emphasis is being placed on avoiding any possible misstep than on putting pressure on the organizers to get the job done.

Thieu is also proceeding cautiously in drafting a land reform law, which could win greater peasant support for the Saigon regime. Strong opposition from absentee landlords is expected when the bill is considered in the National Assembly.

Meanwhile, speculation in Saigon about the recent coup rumors has been largely replaced during the past week by reaction to press reports of possible new movement in the Paris talks.

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Resolutions passed by the two houses of the National Assembly emphasize the need for stiff conditions if South Vietnam is to endorse any bombing cessation. Recent newspaper editorials, on the other hand, have been more evenly divided between a reluctant endorsement of a bombing halt based on a reciprocal response from Hanoi and approval of a halt as a move toward peace.

Sino-Vietnamese Relations

New evidence of Sino-Vietnamese frictions surfaced this week in reports that the Chinese violated Vietnamese sensitivities by harassing Soviet personnel in the heart of the North Vietnamese capital. Hanoi has been adamant that no public display of Sino-

Soviet hostility take place on Vietnamese soil, but on 17 October North Vietnamese authorities had to use force to stop harassment of Soviet citizens by personnel of the Chinese Embassy.

In the past, the Chinese have generally respected Vietnamese wishes on this, but Peking's impatience with the increasing warmth of Hanoi-Moscow relations apparently has reached a new high, probably in the wake of rumors of new peace initiatives. Peking publicly acknowledged the existence of the Paris talks this week when it presented a round-up of Western news speculation and said that President Johnson was preparing "to dish out a fraud." [redacted]

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## LAOTIAN COMMUNISTS RENEW OPERATIONS AS RAINS END

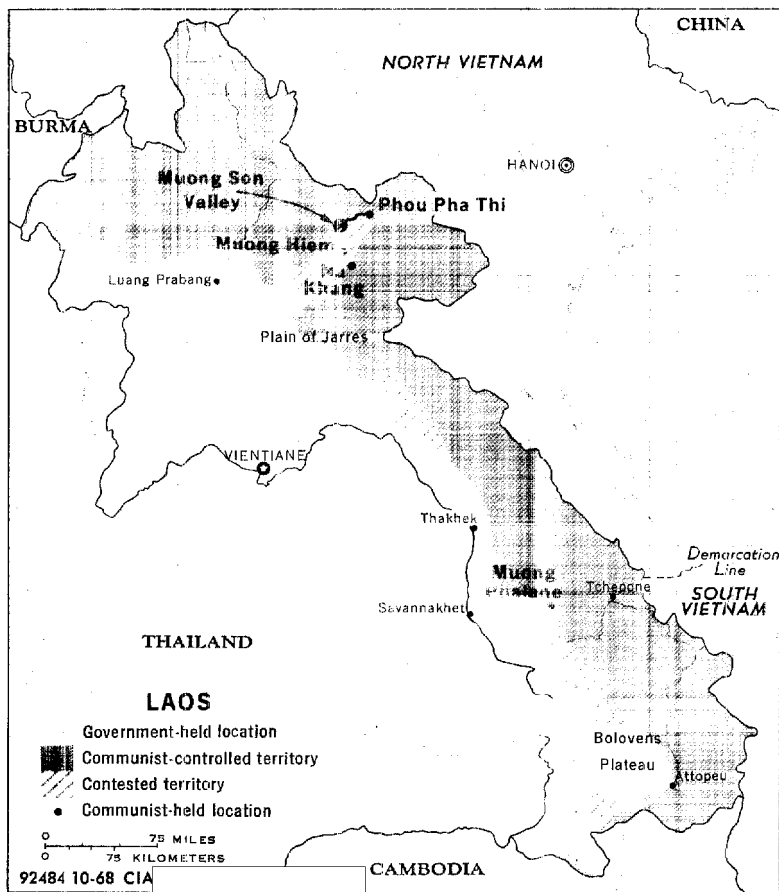
Government forces made some limited gains during their traditional rainy season offensive, but the enemy is now beginning to step up its own operations.

In the northeast, a government operation over the past four months has been largely successful in re-establishing a foothold in the Muong Son Valley area. Meo guerrillas attempting to push back into the redoubt at Phou Pha Thi, which they lost

last spring, have encountered stiff enemy resistance, however. The Communists are trying to solidify their hold in this area, which has long been only nominally under their control. A new road has been built into the area by the Communists, and it should ease the movement of troops and supplies into this heretofore isolated region.

The enemy has already begun to push government forces out of some isolated positions in the north, and there are indications that Communist forces may attempt to retake positions they recently lost north of the Plaine des Jarres. Furthermore, Communist forces are expected to renew their threat, which stalled toward the end of the past dry season, against the key government guerrilla bases at Na Khang and Muong Hiem. There are, however, no indications at present that the enemy intends to do much more than offset recent government gains.

In the south, Communist forces have been kept off balance in the Muong Phalane area, but it remains doubtful that government forces could hold if the enemy made a concerted thrust. On the southern rim of the Bolovens Plateau, serious flooding and timely air strikes reportedly have caused considerable damage to enemy food and weapons caches and may have seriously impaired Communist capabilities in this area.



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## EXECUTIONS THREATEN SINGAPORE-INDONESIA RELATIONS

Indonesian authorities have moved to control popular outbreaks in reaction to Singapore's execution of two Indonesian marines on 17 October.

Indonesian Foreign Minister Malik has called for restraint, and has been reported ready to assure Singapore's ambassador that diplomatic relations would not be broken. Several Indonesian leaders initially favored some form of economic reprisal, but the government appears to have realized that such measures might be counterproductive. The Ministry of Communications' ban on shipping to Singapore, apparently imposed without the approval of the top leaders, has already seriously affected small rubber firms in Sumatra.

Popular resentment toward Singapore rose sharply following the emotional and highly publi-

cized "heroes' funeral" on 18 October. [REDACTED]

Local officials were stunned by the ferocity of the rioters, who were suppressed only after a curfew was imposed and troops were authorized to use force. The rioters almost completely wrecked the Chinese business district and brought the city to a virtual standstill.

Regional military commanders have been ordered to take strong action against any further exploitation of anti-Singapore and anti-Chinese emotions. Authorities have been able to cool the emotions of most student groups in Djakarta, and have been able to maintain relative calm elsewhere. [REDACTED]

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MIDDLE EAST - AFRICA

An exchange of views between the Arabs and Israelis has begun in New York under UN mediator Jarring's aegis, but an initial breakthrough hinges on Israel's willingness to specify its intentions toward the occupied Arab territories.

Meanwhile, an air encounter reportedly occurred along the Suez Canal on 23 October, and skirmishes continue along the Jordan-Israel frontier.

Jordanian security officials seem to have eased their clamp-down on the fedayeen, and tensions therefore have abated slightly. Ultimately, however, the government's attitude toward terrorist activities depends on King Husayn, who arrived home from London this week. The situation is still fragile.

The latest round in the see-saw struggle between Lebanon's two parliamentary blocs ended in compromise, but continuing conflicts are likely despite the threat of army intervention.

In the Nigerian war, the Biafrans kept up their counterattacks on federal positions in all sectors, but have thus far failed to score any major breakthroughs. The federal forces are now facing serious supply problems of their own, and appear likely to be bogged down for some time. French-supported arms shipments to Biafra continued.

Ghana's seizure of two Soviet fishing trawlers for violating its territorial waters may create serious new strains in Soviet-Ghanaian relations. Accra security officials suspect the trawlers were engaged in subversive activities, and they apparently intend to hold the trawlers and their 54 crew members pending a thorough investigation. Moscow's reaction thus far has been restrained.

The situation in India's Nagaland appears to be deteriorating, and New Delhi is taking a harder line against the underground movement that is seeking an independent Naga state.

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## MERS EL KEBIR: CONTINUING ALGERIAN DILEMMA

The Algerian Government apparently is divided over granting the Soviet Navy some facilities at the former French strategic base at Mers el Kebir in the western Mediterranean.

The Soviets reportedly were pressing the Algerian Government earlier this month for an agreement that would permit the Soviet fleet to use "facilities" at Mers el Kebir. They allegedly offered to "maintain" the base--which presently offers little more than berthing facilities--and to provide training there for the Algerian Navy in exchange for permission for Soviet naval craft to put into the base for upkeep and replenishment.

The Algerian Government is said to be sharply divided as to its response, with Foreign Minister Bouteflika and some other ministers adamantly opposed to granting such facilities. The Algerians had earlier asked the French Government for assistance in reorganizing the Soviet-equipped and trained Algerian Navy and in refurbishing Mers el Kebir as an Algerian naval base. Paris' response probably has been deferred until some pressing Algerian-French economic problems are resolved.

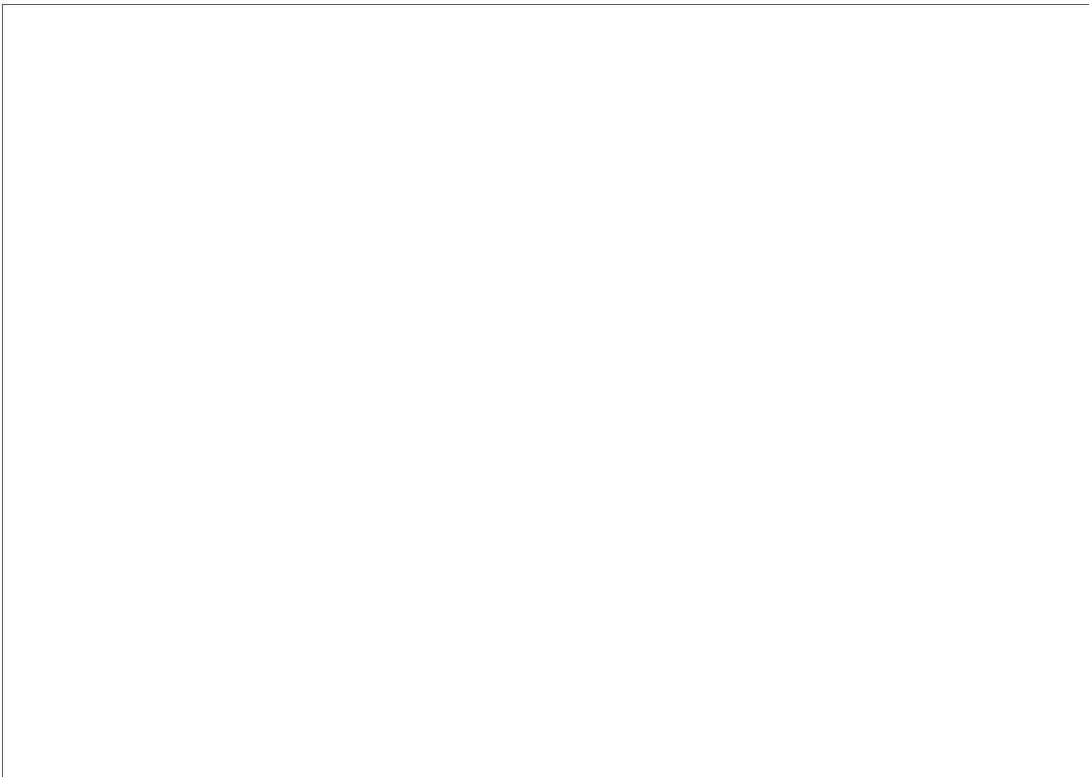
The Soviet squadron has used shipyard facilities in Egypt and Yugoslavia for repairs, but is not known to have used any of the already available facilities in Algiers, where several Soviet naval visits have occurred during the past 16 months. Were the Soviets to use Mers el Kebir, only 300 miles west of Algiers, dry-docks and other repair facilities would have to be reconstructed. Approximately 60 Soviet advisers are currently at Mers el Kebir, where some of the Algerian missile patrol boats are stationed.

Speculation about eventual Soviet access to Mers el Kebir attended France's decision last year to pull out of the base nearly a decade earlier than provided in the Evian accords of 1962. Algerian officials have emphatically and repeatedly denied that the Soviets, or any one else, would be permitted to establish a base anywhere in Algeria.

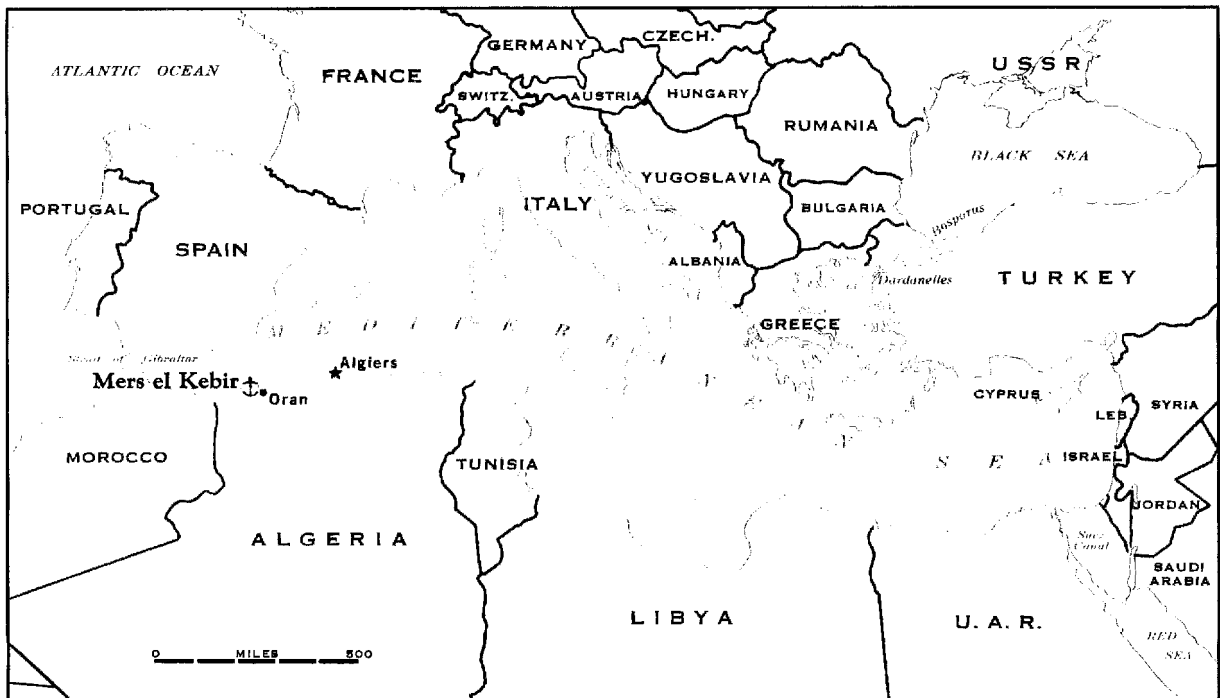
In any case, recent European press allegations that some 10,000 to 20,000 Soviet military personnel would be stationed in Algeria by the end of 1968 seem grossly exaggerated. As of mid-1968 total Communist military personnel in Algeria were estimated at 1,150. There have been no reports of any appreciable increase in this figure.

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## SOMALI PARLIAMENTARY ELECTION CAMPAIGN UNDER WAY EARLY

Former prime minister Abdirazak, planning a comeback attempt in the Somali parliamentary elections in March 1969, has formed a new party to oppose Prime Minister Egal.

More than five months before the elections, Somali politicians are already campaigning. As is the custom, numerous one-man parties have been established. Because tribal alliances remain a key factor in Somali politics, the more serious candidates are in the bush bargaining for the support of their tribal clansmen.

More significant, however, is the formation of the opposition Democratic Action Party (DAP) by former prime minister Abdirazak. The move is designed to bring Abdirazak back into the Somali political arena after almost a year of relative inactivity, possibly with an eye on the presidency in 1973.

The DAP is a breakaway from the majority Somali Youth League (SYL) party, which has controlled the government since independence in 1960. Abdirazak, a long-time SYL and cabinet stalwart, was replaced as prime minister by Egal in mid-1967. He was subsequently ousted by Egal as secretary general of the SYL, and served as the leader of the small anti-Egal faction in the SYL parliamentary bloc until he formed the DAP this month. Some ten deputies have already resigned from the SYL to

join the new party, and as many as 20 additional deputies favor Abdirazak but have not yet fully committed themselves. In the unlikely event all 20 finally defect to the DAP, the SYL would enter the elections with its majority substantially reduced to only about 65 of the 124 seats in parliament.

It is not yet clear how Abdirazak plans to attract further support beyond offering opposition to the present government. A main line of attack will undoubtedly aim at Egal's successful policy of detente with Ethiopia and Kenya. Egal probably will be accused of pursuing detente while neglecting the patriotic cause of "Somali unity." This highly emotional issue, long a winning slogan for Somali politicians, could serve as a rallying point for all those who oppose the government on any grounds.

Egal and President Scermarche can be expected to take measures to strengthen the SYL and keep defections to a minimum. Moreover, many deputies and prospective candidates will wait until February, when the SYL publishes its official candidate lists, before deciding which party offers them the best opportunity. Egal has already taken one important preliminary step by effecting an almost total purge of regional and district officials, replacing them with loyal SYL followers.

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### INDIA'S NAGALAND PROBLEM HEATING UP

New Delhi is taking an increasingly tough line against the underground movement that is seeking an independent Naga state in northeastern India. With the onset of the dry season and the possible return of more trained and armed rebels from Communist China, some sharp fighting could break out.

Over the past several months, New Delhi's attitude toward the Naga underground has hardened. Attempts by the rebels to renew peace talks with the government have been spurned, and government security forces have been used more aggressively. Extensions of the 1964 cease-fire have been reduced to one month--the shortest period yet.

New Delhi apparently hopes to demoralize the underground, capitalize on divisions within the Naga ranks, and generally tarnish the movement's image before the Nagaland state assembly elections scheduled for next February. The governing Naga National Organization--the party with New Delhi's blessing--will be challenged in these crucial elections by the more extreme United Front of Nagaland, which has strong ties with the underground. Should the governing party lose, or win by only a small

margin, New Delhi's hand could be seriously weakened.

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Indian security forces in Nagaland

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[REDACTED] will probably intensify their operations during the coming fall dry season.

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The security forces would have considerably more difficulty, however, if the cease-fire lapsed and full-scale fighting resumed. The rebels, who have gradually built up to a hard core of about 9,000, appear adequately armed and enjoy the advantages of a difficult terrain and a lack of local popular support for New Delhi.

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### GOVERNMENTAL CRISIS IN LEBANON

A modus vivendi was reached by Lebanon's rival Chamounist and Shihabist parliamentary blocs on 20 October, temporarily averting a governmental breakdown and a possible military coup.

President Hilu's resignation threat the night before served as the catalyst, finally bringing the feuding blocs into agreement on a new four man cabinet. The new cabinet consists of a Shihabist prime minister, two allies of ex-president Chamoun, and a "neutral." Both groups gave ground. The Chamounists abandoned their insistence upon the inclusion of an official member of their party in the cabinet, and the followers of ex-president Shihab acceded to a cabinet that they did not control. The Shihabists won back some lost ground on 22 October when their candidate for speaker of the Chamber of Deputies won by a 50 to 42 vote.

Hilu's resignation, had it stood, might have provoked Emile

Bustani, the commander in chief of the Lebanese Army, to take over as president.

Hilu has achieved his immediate objective: formation of a cabinet. Nevertheless, the struggle for power in parliament will probably continue, and could be exacerbated if either group presses too hard. The threat of army intervention will act as a restraining factor, however, for both factions are aware that should conditions deteriorate as they did earlier, this month, the army might take over.

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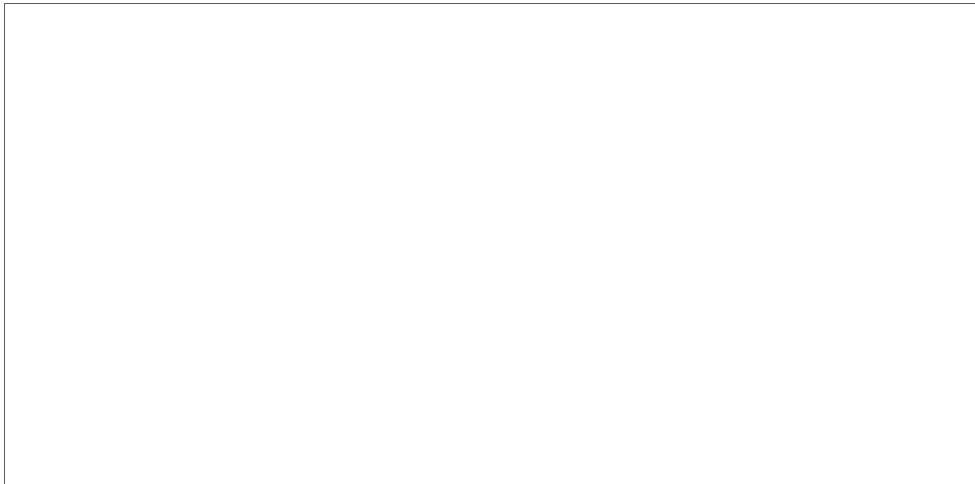
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**WESTERN HEMISPHERE**

Two military coups in as many weeks in Latin America underscore the inherent political and economic instability in the area.

The political situation in Panama appears to be calming down now that former president Arias has left the Canal Zone. Peru's military government, now basking in widespread public support, is planning a campaign aimed at discrediting the former Belaunde administration and democratic institutions in general.



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Bolivian Communists, in coalition with Christian Democrats, strengthened their hold on student politics at last week's national student congress, practically ensuring another year of university turmoil.

The atmosphere of apprehension that had been growing in the Dominican Republic, partly as a result of the coups in Peru and Panama, was calmed somewhat by President Balaguer's address to the nation of 18 October. Balaguer gave reassurances that coup rumors are mainly the work of frustrated opposition groups and had no basis in fact. There is some dissatisfaction reported among military officers, but their resentment seems aimed primarily at the Armed Forces secretary general Perez y Perez.

In Guyana, Prime Minister Burnham's governing coalition with the United Force Party broke apart when the latter refused to support his plans for electoral legislation. The government is not expected to fall, however, because Burnham can probably scrape up enough votes to pass what little legislation remains to be enacted between now and November, when he intends to dissolve parliament and call for elections the following month.

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## PANAMA'S JUNTA GOVERNMENT PLEDGES NEW ELECTIONS

The military junta that ousted Arnulfo Arias from the presidency two weeks ago says it intends to take "immediate steps" to accelerate a return to constitutional government.

The tense political situation that prevailed after the coup began to ease when Arias left the Canal Zone for the US on Monday night. His brief occupation of the Panamanian Embassy in Washington, however, was regarded by junta leaders as an attempt to be received as the legal president in the US. Arias now hopes to push his plea for recog-

niton in the OAS, and possibly in the UN.

Chances of gaining international recognition for Arias' "government" seemed to vanish as agitation against the junta nearly disappeared. Efforts by students and Arias partisans to instigate a general strike were only partially effective, and a business-as-usual atmosphere has returned to Panama. Some former government officials incarcerated by the National Guard were flown into exile and others who had taken shelter in the Canal Zone seem prepared to return to the



Junta President Pinilla and principal cabinet members

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capital soon. [redacted]

Provisional President Pinilla has issued a "declaration of principles" evidently designed to garner domestic and foreign support. Calling for a repudiation of Communism and the elimination of the voting franchise for military personnel, Pinilla also promised general elections following the appointment of a new electoral tribunal. No date has been set, however, and there appears to be a dispute among junta officers over determination of a time limit for returning the government to civilian control.

The new administration claims it is planning an attack on corruption and nepotism in government, as well as the enactment of "certain basic reforms." [redacted]

[redacted] Pinilla and his high command have agreed that the principal targets of such a reform would be the Communists and the oligarchy.

Indeed, the junta has already arrested several prominent Communists, but it may have done so primarily to avert disorders.

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Members of the elite--mostly allies of ex-president Arias--also came under attack last week when decrees were issued establishing price controls on commodities produced by various business monopolies owned by the country's wealthy commercial class. The junta is reported to be planning further price cuts in a campaign to limit the oligarchy's influence and mollify public opinion.

Attempts to institute long-overdue reforms will probably evoke considerable opposition from the small circle of entrenched oligarchs who have controlled Panama's economic and political life for decades, and they are likely to display a resourcefulness that may well outlast the junta's initial reformist zeal. [redacted]

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### RIOTING UNDERSCORES JAMAICAN MALAISE

Rioting, vandalism, and looting in Kingston on 16 October underscore many of the political and socioeconomic problems facing Jamaican Prime Minister Shearer.

The trouble was sparked by a peaceful student protest against a government ban on the re-entry

of a leftist Guyanese lecturer employed at the Jamaica branch of the University of the West Indies (UWI). Police dispersed the students with tear gas, but black Kingston slum dwellers and other nonstudent hoodlums engaged in serious violence, some of which was apparently directed at whites and mulattoes. Five of the

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rioters were killed before the police--backed up by the Jamaica Defense Force--restored order.

Although the prime minister blamed "organized groups" for fomenting the trouble, the disturbances appeared spontaneous and disorganized. There is no indication that members of the Cuban Consulate in Jamaica were linked to the violence.

Shearer defended the government's ban of the lecturer, Dr. Walter Rodney, by citing the "grave security risk" he posed. Rodney, along with some other UWI leftists, had in fact established contact with racist groups with roots in Jamaica's black lower class. Nevertheless, the leftists and their potential allies do not appear to pose a major problem for the government at the present time.

Elsewhere, students at UWI branches in Barbados and Trinidad along with students at the University of Guyana engaged in mild demonstrations in opposition to the Jamaican Government's ban on Rodney. Guyanese Marxist Cheddi Jagan, who has recently been visiting leftists in Barbados and Trinidad, declared his support for Rodney in Port of Spain on 19 October and criticized "neocolonialism" and "US interference in West Indian affairs." While in Trinidad he urged work-

ers to "learn to shoot" to protect themselves from "US imperialism."

The turmoil in Jamaica occurred against a backdrop of increasing public dissatisfaction with the government as a result of rapidly rising living costs, rumored corruption, and breakdowns of essential public services. Labor unrest has been extremely troublesome and has resulted in a rash of strikes even among police and firemen. Shearer has been the target of several demonstrations by the opposition and of serious criticism by business and citizen groups. In early September, Shearer's mentor, former prime minister Bustamante, advised him to hurry back from a visit to Canada and pay more attention to domestic political problems.

Although Shearer's handling of the imposition of the ban on Rodney was criticized as clumsy by the opposition, his forceful condemnation of the disorders seems to have temporarily bolstered his political position. Shearer now seems to be exploiting the incident to draw attention from his other problems. His alarmist and xenophobic attacks on the political activities of non-Jamaican West Indians at the Kingston branch of UWI, however, may jeopardize the concept of a regional university and damage efforts at Caribbean cooperation.

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## CENTRAL AMERICAN COMMON MARKET PASSES MAJOR TEST

The five-member Central American Common Market (CACM), threatened with a break-up earlier this year, has passed a major hurdle in moving toward greater integration.

Last week, the Salvadoran Government overcame political and public opposition, and used its one-vote legislative majority to pass the San Jose Protocol, which authorizes a 30-percent surcharge on imports from outside the area. El Salvador was the fourth country to ratify the protocol, which has been arousing a storm of protest in Central America over the last five months.

The CACM, composed of Nicaragua, El Salvador, Costa Rica, Honduras, and Guatemala, was established in 1961, and has been one of the most successful integration efforts by underdeveloped nations. Booming economies and early successes, however, gave way to an economic slowdown, induced by falling prices for export commodities, which began in 1966-67. To deal with the area's rising trade deficit, the 30-percent surcharge was proposed in May of this year. A further belt-tightening move--increasing internal consumption taxes--was proposed as an optional supplement to the tariff measure.

Commercial and industrial interests in the Central American countries opposed the protocol and distorted the issue by em-

phasizing the consumption taxes and charging that consumer prices might be increased.

Political opposition in the various Central American legislatures was further hardened when Nicaraguan President Somoza used his rubber-stamp congress to approve and unilaterally institute the measure in June, contrary to the agreement, and threatened to break up the market by withdrawing if the others did not quickly follow suit.

Politicians in the legislatures of other member countries took umbrage at what they considered Somoza's high-handed moves, but the opposition grudgingly gave ground, and Guatemala and Honduras approved the measure in September. Honduran labor unions took advantage of the public concern over increased taxes to call a general strike, but strong government countermeasures, including the declaration of a state of siege, broke the labor effort.

In Costa Rica, the measure is still the object of a bitter internal political hassle in the opposition-dominated legislature, but the combined pressure of the other four ratifications will probably lead to final approval. Guatemala, Honduras, and El Salvador have not yet officially deposited the protocol--necessary before the surcharge can be instituted--but are likely to do so in the near future.

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PERU TO CAMPAIGN AGAINST CORRUPTION IN GOVERNMENT

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Peru's military government is planning a campaign aimed at discrediting not only the administration of former president Belaunde but civilian politicians and the congress as well. It apparently hopes that this will divert public attention from the country's serious economic problems, which may well become worse.

The first victims of the "moralization" campaign are three of Belaunde's cabinet ministers who were involved in the agreement with the International Petroleum Company (IPC) last August. The ministers are charged with "extortion against the state" and conflict of interest in their role in the IPC agreement. This agreement was assailed by nationalistic politicians and served as a pretext for the military overthrow of Belaunde on 3 October.

The new government apparently intends to continue the campaign with a series of sensational disclosures and charges against the political parties, the Belaunde government, and members of congress. There are indications that the military plan to reopen the contraband investigations that earlier this year prompted charges of corruption against high officials of the government, congress, and the

armed forces. [redacted]

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Despite its criticism of the former ministers, the military government apparently intends to retain much of Belaunde's fiscal program in formulating its own austere economic policy. The new government is following through with foreign debt refinancing begun under Belaunde, and plans to retain the tax increases decreed by the former administration. In addition, expenditures will be cut, possibly including the military budget, wage increases will be held down, and administrative reform will be implemented in government ministries.

The military are in a better position to implement needed economic reforms than was the Belaunde government. They gained widespread popular support for their expropriation of the IPC holdings, and the campaign against corruption will, at least temporarily, distract public attention from the country's economic problems. These problems may become much worse, however, if foreign aid and investment dry up as a result of the nationalization of the US-owned oil company. [redacted]

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