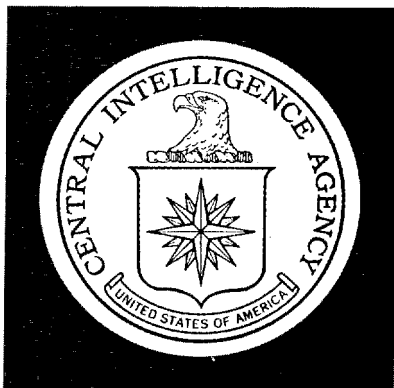


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

NAVY review(s)
completed.

State Dept. review
completed

OSD review completed

Declassified for NASA
Equities - Per NASA letter.

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13 December 1968
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(Information as of noon EST, 12 December 1968)

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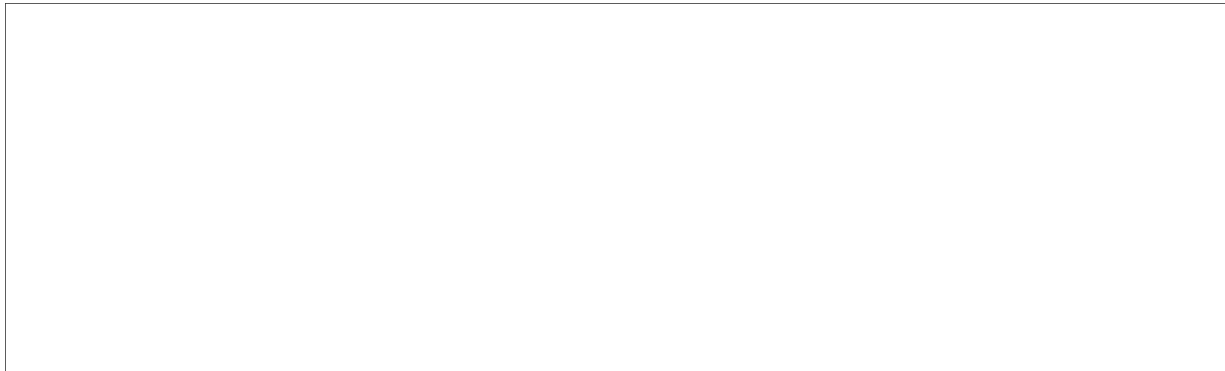
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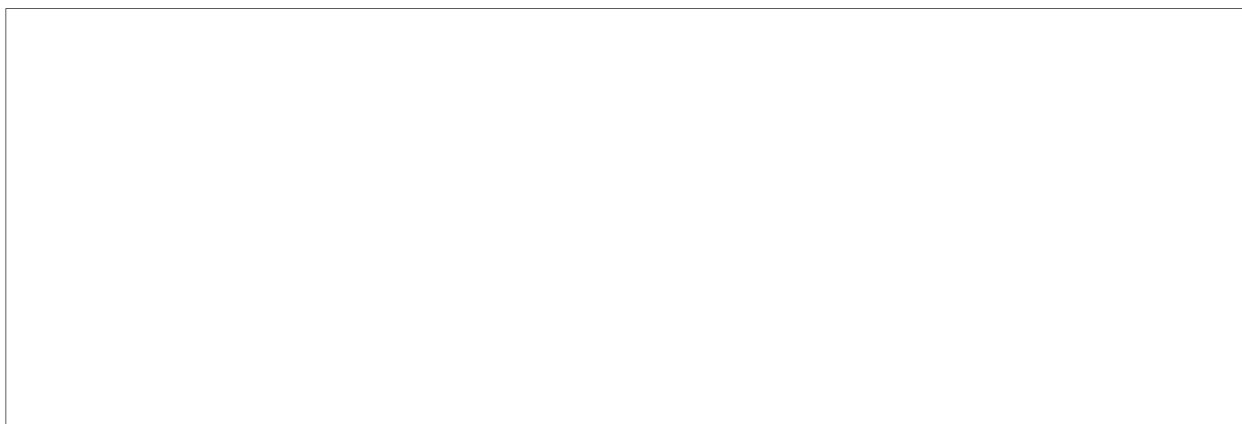


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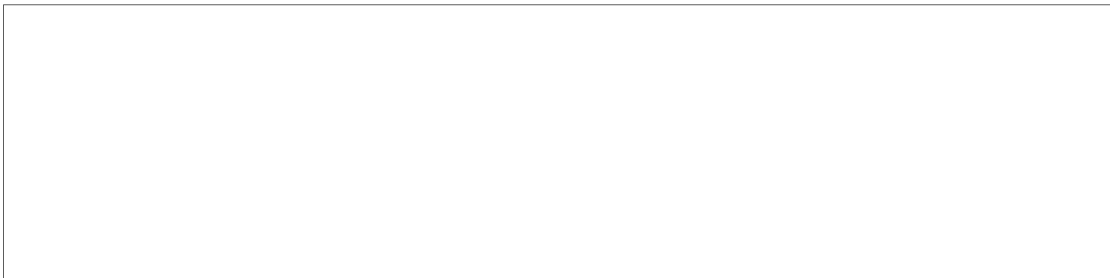
the struggle to choose a successor will accelerate the country's downward spiral.

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FAR EAST

Some Vietnamese Communist forces, after refitting in their base areas, appear to be moving into position for renewed offensive action in widely scattered areas of South Vietnam. The attacks could begin momentarily, and will apparently be focused on the western III Corps area.

The Saigon delegation led by Vice President Ky is now in place in Paris, and an enlarged and strengthened Liberation Front delegation soon will be, but there is still little sign of an early breakthrough in the procedural deadlock that has delayed opening of the expanded talks. Even if the Communists were to become more flexible on seating arrangements and other procedural matters, the South Vietnamese seem set for a lengthy period of haggling to prevent the Liberation Front from achieving an independent position at the negotiating table.

Indications continue to mount that North Korea may be planning to increase its actions against the South. One telling indicator is Pyongyang's recent appointment of one of its leading experts in unconventional warfare as minister of defense. [redacted]

[redacted] the North Koreans may now have between 20,000 and 30,000 trained men organized and available for unconventional operations in the South.

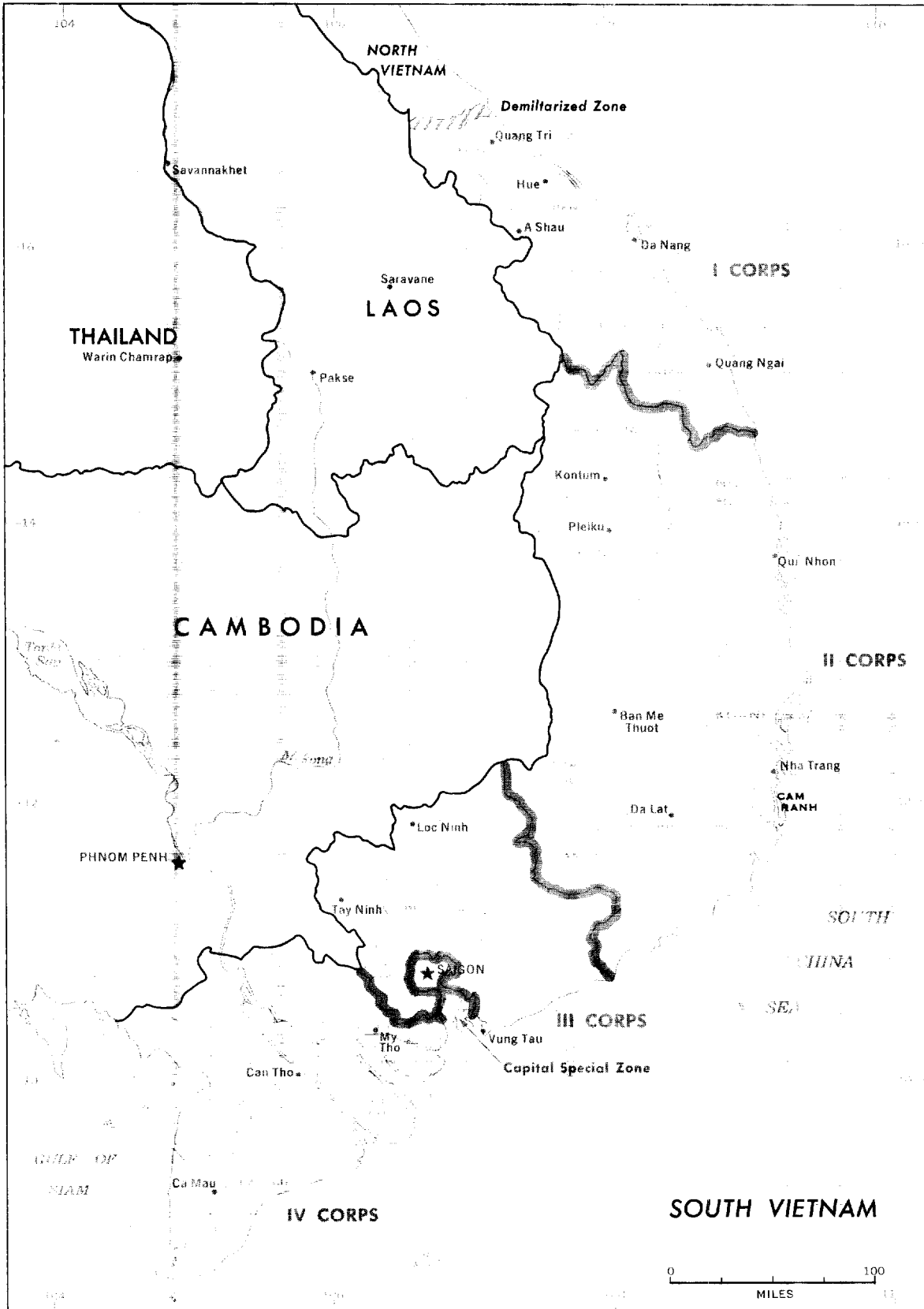
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In Manila, President Marcos has made some personnel changes that seem as much intended to mend his fences with the US as to put himself on a better footing for his campaign for re-election next year. Recent moves in this direction include the appointments of Carlos Romulo as foreign minister and Ernesto V. Lagdameo, a man generally acknowledged to be on good terms with the US president-elect, as the new ambassador to the US. The recent announcement by the outgoing foreign minister that the Philippines would undertake no new initiatives on the contentious Sabah issue until after the Malaysian elections next spring was probably also intended at least in part to reassure the US. [redacted]

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VIETNAM

The Communists are completing preparations for renewed offensive action in widespread areas of South Vietnam. It is becoming increasingly clear that the main focal point of future enemy action is in III Corps. At present, signs of intensified Communist preparations to attack are especially evident in the arc of provinces west and north of the capital city.

[REDACTED] the next round of the Communist's "winter-spring" campaign will begin in the second half of December.

Increased enemy aggressiveness, evident this week in stepped-up shellings and clashes with allied forces, could well be a prelude to a greater enemy effort throughout III Corps, possibly in concert with new enemy initiatives elsewhere.

Other potential battlefields in key sections of the country include the coastal areas of the northern provinces, the western highlands, and certain areas of the delta provinces. A new aggressiveness on the part of the Viet Cong in the delta during the past week suggests that they may now at least be prepared to offer greater resistance to allied forces attempting to disrupt their activities.

Political Developments

The South Vietnamese delegation departed for Paris on 7 December after last-minute approval by the National Assembly of President Thieu's decision to enter the Paris negotiations.

Thieu and Vice President Ky appear to be fully agreed that the South Vietnamese delegation must be firm on procedural matters. Saigon believes that the North Vietnamese will try to take advantage of a US desire for progress to extract concessions from the Americans that might affect the status of the Saigon government. The South Vietnamese are apparently prepared for lengthy procedural talks in order to prevent the Liberation Front from achieving an independent position at the negotiating table.

Meanwhile, some anti-Ky elements in Saigon are attempting to undercut the Paris delegation in order to get at the vice president. Although Thieu may welcome a certain amount of criticism directed at his rival, he will probably try to keep it well enough in hand to prevent it from becoming a serious embarrassment to the delegation as a whole, because the latter's performance will reflect on Thieu as well.

Since the arrival of Saigon's delegation in Paris, Hanoi has

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concentrated on discrediting allied procedural proposals. The Communists have shown little willingness to compromise as they try to build-up the status of the Liberation Front.

Hanoi's tough stance on procedures is similar to the one the Communists took prior to the opening of the Paris talks. At that time, they maintained an inflexible position for several weeks and then suddenly proposed Paris as a compromise site. In the current procedural wrangle, the Communists seem to want a period during which they can try to discredit the US position and picture Saigon as reluctant to end the war.

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The Communists are continuing to prepare for substantive discussions, however. On 11 December, the Front announced appointment of its first-string team for the Paris talks, to be led by the Front's top foreign affairs official. Madame Binh, who heads up the Front group now in Paris for the preliminaries, will eventually become the deputy leader of the full delegation.

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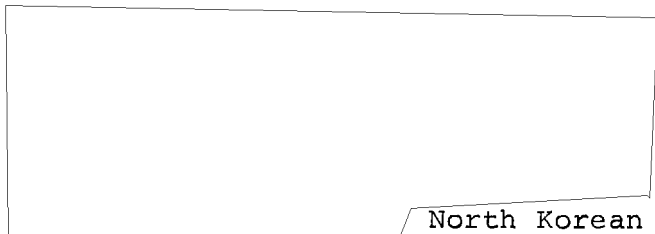
NORTH KOREAN HARASSMENT OF SOUTH MAY INCREASE

There are growing indications that North Korea may be planning to expand its actions against South Korea. The North has appreciably improved its capability for mounting infiltration operations, and Pyongyang's propaganda has been claiming a growth of "revolutionary resistance" in the South.

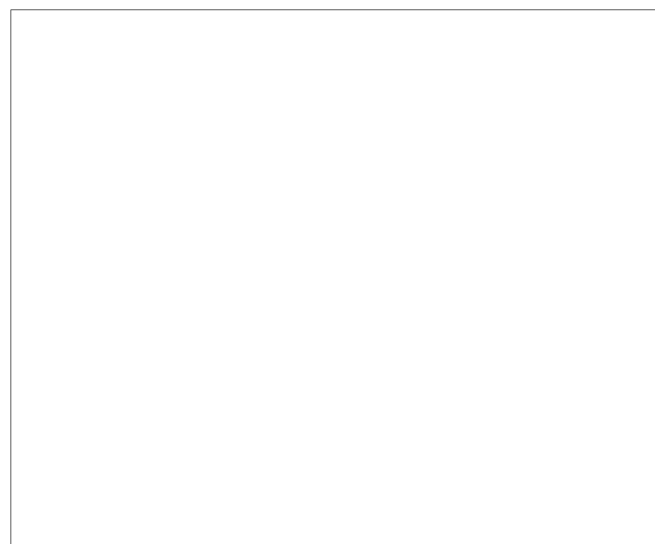
The considerable disruption caused by armed agent teams that landed on South Korea's east coast in late October and early November may encourage Pyongyang. Originally numbering 90 to 120, the intruders have managed to continue operations for over a month despite severe personnel losses and large-scale security

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forces deployed against them. In the process they have caused nearly 100 South Korean military and civilian casualties.



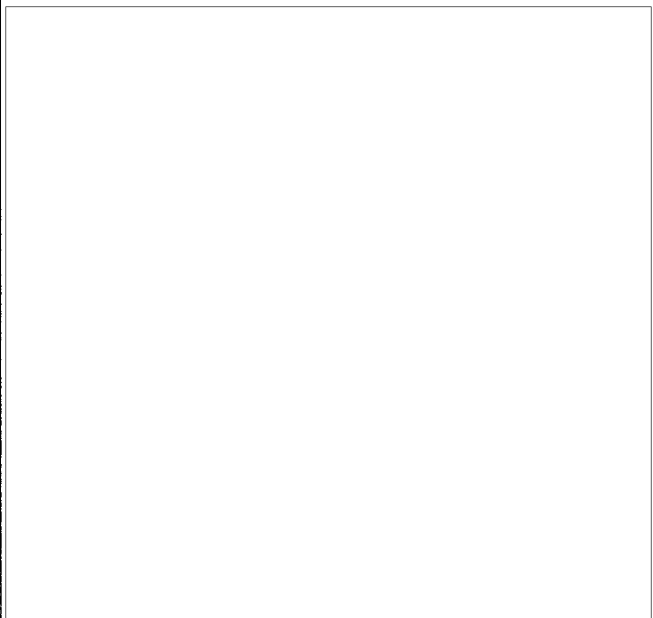
North Korean paramilitary forces appear to have been expanded this year to over 20,000 men, including significantly increased personnel trained and available for unconventional warfare operations in the South. Significantly, winter training has been a feature of their preparation. Agent activity has heretofore been curtailed during the harsh winter months. The recent appointment of a leading unconventional warfare expert--Choe Hyon, the fifth-ranking North Korean party member--to head the Defense Ministry may be a further indication of the importance Pyongyang attaches to guerrilla tactics.



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The South Koreans have reacted sharply to the east coast landings, and the authorities have been quick to identify short-comings in the security forces' performance. Remedial measures, however, will take considerable time to become effective.

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North Korea's program of armed harassment has also put President Pak Chong-hui under pressure from his supporters, particularly the military, to retaliate in kind. Over the



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Although neither Pak nor North Korea's Kim Il-song apparently desire an open war, this sort of activity carries the inherent danger of escalation.

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PHILIPPINE PRESIDENT SEEKS TO REPAIR RELATIONS WITH US

Several high-level appointments recently made by Philippine President Marcos apparently are intended to foster good relations with the next US administration as well as to aid his campaign for re-election next year.

Marcos appears to realize that he overplayed his hand in recent months by stimulating anti-US demonstrations and harassing US activities in the Philippines. Marcos' actions were prompted by Manila's displeasure over the US attitude toward the Philippine claim to Sabah. The Filipinos have now said that they will not make any more moves on their claim until after the Malaysian elections next spring.

Marcos probably regards his appointment of Carlos Romulo as foreign secretary, in particular, as contributing toward good relations with the next US administration. Romulo has long been involved in US-Philippine affairs, including two terms as ambassador in Washington. Marcos probably sees Romulo's blend of pro-Americanism and nationalism as serving both to blunt the carping of

Philippine supernationalists and to further Marcos' desire to mend fences with the US.

At least two other recent appointments seem to have been made at least partly with an eye toward good relations. Philippine ambassador-designate to Washington, Ernesto V. Lagdameo, who was named after the US presidential election, is generally acknowledged to be a friend of the US president-elect. In addition, Juan Ponce Enrile was transferred from commissioner of customs to secretary of justice. He was deeply involved in recent abrasive discussions with US officials concerning the imposition of fees on US military shipments into the Philippines.

Marcos also encouraged the resignation of two cabinet members accused of malfeasance--a maneuver that may have been designed as much for its effect on US attitudes as for its impact on the Philippine electorate. Several other recent cabinet and subcabinet appointments appear to have been made only for their domestic political effect.

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BURMESE REGIME GIVES CIVILIANS "ADVISORY" ROLE

General Ne Win's vague statements last September about bringing civilians into the Burmese Government have thus far resulted only in his assigning a group of former politicians some marginal "advisory" duties. He has indicated no intention of relinquishing any of his power.

Hopes had been raised among former politicians that the military government was preparing to implement Ne Win's ambiguous promises when last month most of the remaining non-Communist political prisoners were freed and the government convened an assembly of 33 civilian leaders.

Ne Win quickly dampened any expectations for an early sharing of power, however. Although he cited the drafting of a constitution as the eventual aim of the consultations, he clamped a lid of secrecy on the proceedings and limited the scope of their activities. He reportedly im-

pressed on the civilians that they had been summoned as individuals, not as representatives of their banned political parties, and he warned them against exploiting their consultations with the military government for political purposes. He firmly reiterated his commitment to his "Burmese road to socialism."

A government proclamation on 4 December formalized the gathering of civilian leaders as the "Union of Burma Internal Unity Advisory Body." It was given about six months in which to come up with suggestions for promoting national unity and for a constitution "to be drafted in the future." A second proclamation on 5 December invited similar ideas from the general public. The military government has given no assurances that any recommendations would be acted upon, however, and Ne Win clearly intends to set the pace for any moves toward constitutional government.

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EUROPE

When the Soviet party central committee met this week, its principal business was to grant routine approval to the economic plan and budget for next year. The published figures indicate a continuing rise in defense spending and a relatively low rate of growth for industrial production. Brezhnev's speech to the plenum was not published, and he may have covered more than purely economic matters.

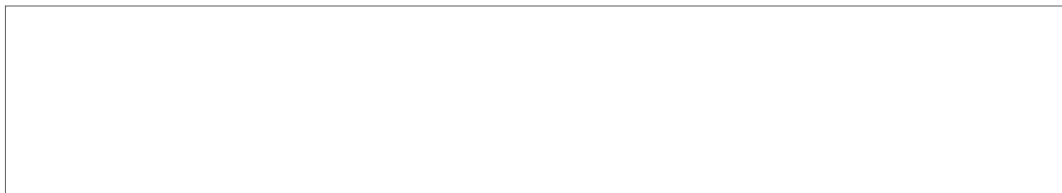
Last weekend, the top three Soviet leaders met with Dubcek and other Czechoslovak officials in Kiev. Neither side has said much about the meeting officially, but enough has leaked out to suggest that once again the Soviets "requested" Dubcek to meet with them so they could approve the steps he planned to take at the Czechoslovak central committee meeting now under way. Most reports say that while the atmosphere was cordial, the Soviets took another tug on Prague's already tight leash.

At home, Dubcek is finding it more and more difficult to maintain a unified leadership and rapport with the Czechoslovak population as he tries to operate within the ever narrower limits the Russians set. Some Eastern European diplomats believe he will not be able to stand the conflict inherent in trying to satisfy both the Soviets and his own people.

Elsewhere in Eastern Europe there were signs of some lessening of tension. The Czechoslovaks and the Hungarians have met to discuss expanded economic cooperation—talks that had been broken off because of the Soviet invasion. Bulgaria has renewed its efforts to advance one of its pet policies—promotion of cooperation among the Balkan states, including Yugoslavia and Rumania.

Rumania's Foreign Minister Manescu was in East Berlin, for what appears to be part of Bucharest's fence-mending with its more orthodox Eastern European partners. At the same time, the Rumanian minister of trade arrived in Moscow to conclude talks on next year's trade exchanges.

Bucharest still has to work out detailed plans to implement its agreement with the Warsaw Pact to permit joint maneuvers in Rumania next year. No date has been set for the pact summit meeting at which this matter is likely to be discussed.



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MOSCOW REACTS WITH RESTRAINT TO US BLACK SEA OPERATIONS

Soviet naval and air units kept the two US destroyers that cruised the Black Sea this week under close surveillance, but there was no attempt at harassment. The Soviet behavior was much the same as it was during a similar US naval demonstration earlier this year, and considerably milder than in 1967 when, in addition to diplomatic protests, there was an attempted ramming.

The Soviet press reaction to the visit has not been as vehement as on past occasions although the operations were again labeled a violation of the Montreux Convention and a "provocation." Pravda took the US to task for stirring up trouble in the otherwise peaceful Black Sea, but the article was brief and on an inside page. Soviet news media are still paying far more attention to the recently created NATO maritime air force command in the Mediterranean.

The USSR has sent only a pro forma diplomatic note to Turkey in this instance. In the past, Moscow has threatened to hold Ankara responsible if US destroyers were allowed to enter the Black Sea with what the Soviets charge is armament exceeding the limitations set down in the Montreux Convention.

The Soviets have especially objected to US ships armed with antisubmarine rockets that are capable of carrying nuclear warheads. One of the destroyers involved in this week's visit is so armed.

The Soviets seldom miss an opportunity to play on Turkish domestic pressures against the American presence there, and they would especially like the Turks to lessen their NATO-sponsored military cooperation with the US. In this case, however, Moscow treated Ankara with kid gloves, describing Soviet-Turkish relations as an example of the "cooperation and good neighborly relations" that exist among Black Sea nations. The USSR may have decided that this approach was required as part of its effort to restore its image with its neighbors in the wake of the invasion of Czechoslovakia.

The low-key Soviet reaction to the visit of the destroyers is also consistent with a general predisposition to avoid stirring up a major flap with the US at this time. By and large, the Soviets have not wanted to compromise any opportunities that remain for working with the present US administration or to prejudice relations with the new administration.

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PROSPECTS BLEAK FOR CZECHOSLOVAK LEADERSHIP

Party leader Dubcek returned from his meeting with the top Soviet leaders in Kiev on 7-8 December to face still more criticism of his government at home.

The party's main daily, Rude Pravo, reported on 9 December that many local party organizations, in assessing the resolutions issued after the party plenum in November, have demanded that they be given more information and have complained that the party is returning to making policy behind closed doors. Implicit in their outspoken criticisms is a demand that the party cease kowtowing to the Soviets.

An explicit challenge to the Dubcek leadership occurred on 11 December when railway engineers threatened to strike. This, too, had anti-Soviet overtones, for the engineers noted that the government changed its mind on recognizing their union after the Soviet invasion.

The local party organizations also echoed the widespread and continuing demands that the party and government protest the operation of the Soviet-sponsored newspaper Zpravy and Radio Vltava. Dubcek had promised earlier that the party would approach the Soviets on this subject, and it may have been one topic of discussion in Kiev. The two sides may also have discussed Prague's economic program and possible changes in the government. Al-

though the communiqué issued after the meeting stated that the talks had taken place in a "cordial atmosphere" and in a "friendly spirit," there was no mention of the two sides agreeing on any topic.

According to Rude Pravo, the talks in Kiev concerned bilateral economic and political cooperation, and the strengthening of ties within CEMA. The paper added that the two sides agreed that the resolutions passed at last month's party plenum created the "preconditions" for "consolidating internal and foreign political relations"--cant indicating that the Soviets are demanding continued obeisance from Prague. Moscow made this clearer on 12 December when Pravda stressed that Soviet-Czechoslovak relations are based on the principles of "proletarian internationalism" and serve the cause of the "socialist community." Rude Pravo suggested that the Czechoslovaks will continue to consult with the Soviets, indicating again the narrow limits within which Dubcek must operate.

Dubcek personally seems somewhat more self-confident, but will find it

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increasingly difficult to maneuver so as to satisfy both the Soviets and the Czechoslovak populace.

Meanwhile, the party central committee convened in plenary session on 12 December to discuss economic policies and the establishment of the Czech-Slovak federal government.

the government of Premier Cernik may soon resign in order to facilitate the establishment of the federal government, due to be formed on 1 January. Considerable political jockeying is likely as the various factions within the party try to improve their respective positions. Moscow offered still further support for Czechoslovak party conservatives on 12 December when it called upon the Dubcek regime to

strengthen the party and state cadres with those "who are loyal to Marxism-Leninism," and to wage a struggle against "anti-socialist forces and revisionist tendencies."

Josef Smrkovsky, a member of the presidium's executive council and one of the party's most outspoken proponents of reform, may soon be resigning. Smrkovsky

acknowledged on 11 December that he knew only what he read in the communiqué concerning the Kiev meeting. He denied that he would resign, however, and the tone of his remarks suggested that he was challenging the party to force him from office.

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USSR ADOPTING NEW MEASURES AGAINST CRIME

Recent measures taken by the Soviet government in the internal security area indicate that it is stepping up its campaign to maintain law and order.

On 28 November, Moscow announced that the Ministry for the Protection of Public Order (MOOP) had been renamed the Ministry of Internal Affairs (MVD). The restoration of the former title, a symbol of Stalinist repression, is yet another indication of the conservative path the Soviet leaders are taking in domestic affairs. Although political crimes will undoubtedly remain the province of the Committee of State Security (KGB), the MVD may take over responsibility for investigating "economic crimes," freeing the KGB's domestic forces for an even more vigorous effort against political dissidents.

The militia--the uniformed police--evidently are to play a larger role in the crackdown against crime which, despite official disclaimers, seems to be on the rise, particularly among youth. Militiamen will get pay increases and other career benefits, and a new recruitment drive is under way. The recruits will probably be drawn mainly from the party, Komsomol, and the most energetic among the volunteers

servicing in auxiliary law enforcement bodies. The most important of these vigilante organizations, the druzhina, will probably turn from patrolling the streets to such tasks as delivering lectures on public safety. In fact, the new measures may sound the death knell for the druzhina, a development that will please the USSR's professional law officers, who evidently have had little use for their amateur colleagues.

The steps already taken demonstrate clearly that Moscow's present leaders intend to rely on coercion, rather than public opinion, in re-educating law-breakers.

Meanwhile, several prominent Soviet jurists have argued for the restoration of the justice ministries, which would be a fitting corollary to the MVD's rehabilitation. Although their abolition strengthened the courts' independence vis-a-vis the state, it also left the courts more vulnerable to pressure from the party in the guise of "public opinion." Re-establishing the ministries would add to the bureaucratization of Soviet justice and, in the long run, could impede the manipulation of the law by those who would use it as a political weapon.

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COMPUTER TECHNOLOGY AND USE LAGS IN EASTERN EUROPE

The use of digital electronic computers in Eastern Europe is lagging many years behind that of the free world despite the heavy emphasis being placed on technological development.

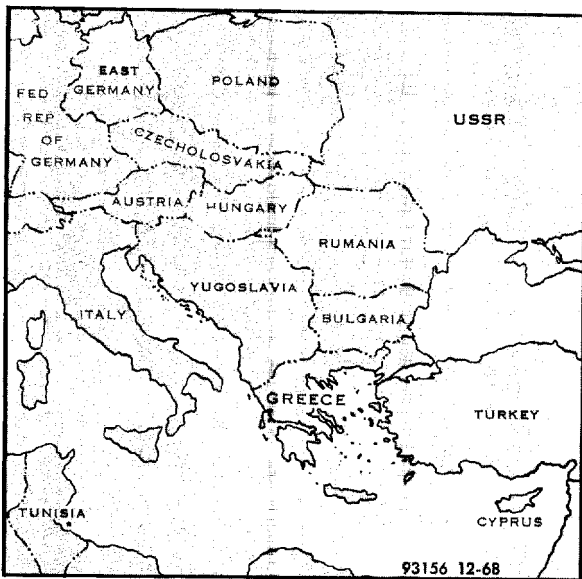
In an effort to overcome their shortcomings, all of the countries are devoting scarce foreign exchange to the purchase of computers in the West. Several of the countries also are developing fledgling industries to produce their own computers. In mid-1968, Czechoslovakia purchased a license for production of computers from a French firm,

The first computers used in Eastern Europe were installed only in scientific institutes. With an inventory now of nearly 700 computers, the emphasis is shifting to data-handling in industry, business, and government. Their total capacity, however, is far below that of such Western nations as France.

About one third of the computers were produced locally, one half were imported from the free world (30 percent from the US), and about one sixth came from the USSR. There is little interest in acquiring Soviet computers because peripheral devices and software (operating systems and programs) are primitive, and service and spare parts are hard to obtain.

The computer production industry in Eastern Europe is in its infancy. Less than 50 machines were produced in 1967, and no more than 70 are expected to be produced in 1968. As of mid-1968, only Poland, East Germany, and Czechoslovakia were engaged in commercial production, and Hungary was in the initial stages of producing a model. Despite the reported contract with France, Rumanian production is still a long-range goal.

None of the Eastern European countries expects to manufacture a full line of computer equipment in the foreseeable future. The machines produced now are mostly small and of obsolete design,



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inferior in speed and quality to comparable free world product. At best, the industrially more advanced countries--East Germany, Poland, Czechoslovakia, and Hungary--can only hope to satisfy domestic needs for small- to medium-scale computers and to export some to other East European countries and the USSR.

All requirements for large-scale computers will continue to

be met for the indefinite future by importing available free world models. A considerably larger share of Eastern Europe's computers would be of free world origin except for stringent US export controls. In the past several years, however, the East Europeans have been able to acquire all but the largest and most powerful computers, the technology of which is still embargoed by trade controls. [redacted]

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MIDDLE EAST - AFRICA

Incidents along the Israeli-Jordanian border are on the increase again.

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Jordanian officials are reported to be fearful that the Iraqis might side with the fedayeen against any future effort by Amman to clamp down on the terrorist groups. An alliance of the 20,000 Iraqi troops in northern Jordan and the terrorists would have a good chance of toppling the government in Amman.

The second round of Algerian-French economic negotiations has collapsed. One important side effect is the postponing until at least February of Foreign Minister Debre's visit to Algiers, which had tentatively been set for later this month.

In the Nigerian civil war, the Biafrans have scored limited gains in the south and apparently have contained a federal offensive from the north. The Nigerian Air Force has been unsuccessful in its repeated attempts to knock out the Biafran arms supply airstrip. The British Government, under increasing parliamentary pressure to stop supplying arms to Nigeria, is again investigating the possibility of a negotiated settlement.

Mali's new provisional military government is seeking aid from the West, but probably is also trying to obtain assurances some assistance will still be forthcoming from the East. The regime's pro-Western foreign minister, fresh from a week-long aid and good-will mission to Paris, has left for Moscow "to explain the new situation created in Mali."

Somali Premier Egal is having trouble maintaining his painfully worked out detente with Addis Ababa. With an election campaign under way, his opponents are charging him with ignoring Ethiopian persecution of Somali nomads

[REDACTED]

Major antigovernment disturbances began this week in East Pakistan, while the month-old unrest continued in the West. Another respected national figure endorsed the opposition cause and incipient discontent was reported among middle-grade army officers.

In India, the Congress Party was jarred by the loss of Haryana, the only state where the party had been able to regain power since the 1967 elections. Campaigning has begun for the important February elections in the four north Indian states now under direct rule from New Delhi, and a stable government in Haryana would have provided a favorable model of Congress rule.

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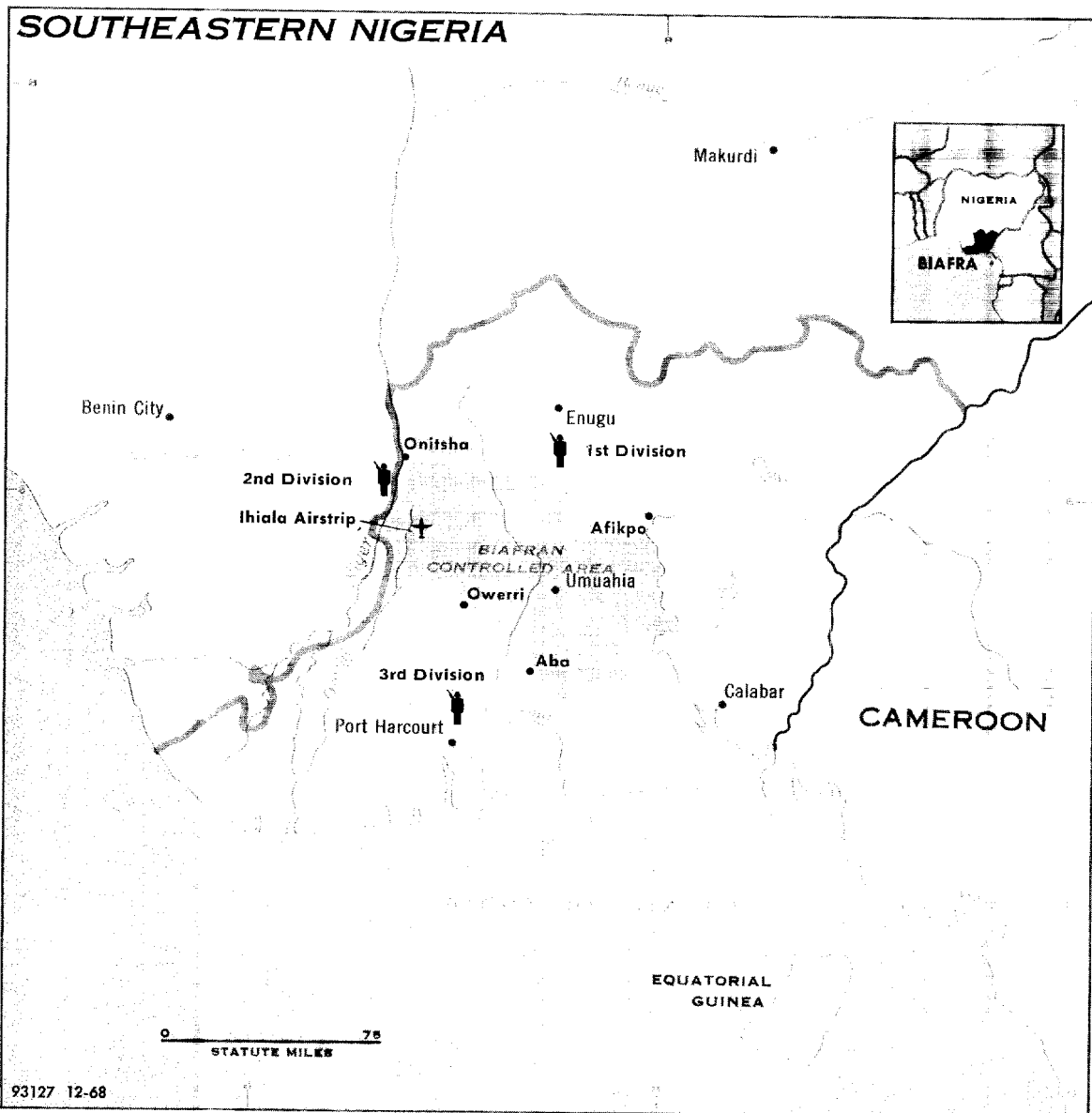
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BIAFRA'S MILITARY POSITION IMPROVES

The Biafrans have scored some military gains in Nigeria's civil war and have contained a federal offensive. The UK, apparently now convinced that an early federal military victory is unlikely under the present circumstances, may be moving

toward a more positive role to bring the fighting to an end.

Biafran forces have been attacking federal positions all along the southern front, and on 7 December recaptured at least part of the



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important road junction town of Owerri. The Biafrans are also attacking Aba, where some Nigerian troops have mutinied.

On the northern front, the Federal 1st Division has been trying to advance southwest from Afikpo, but has so far made little progress. The 2d Division remains bogged down at Onitsha, where some Biafran forces apparently still occupy parts of the outskirts of the town.

The success of any federal offensive would almost certainly require the interdicting of the Biafran arms supply airstrip at Ihiala. Nigerian Air Force MIG-17s have been attacking Ihiala in both day and night raids since mid-November, but have thus far been unable even

to slow down the arms airlift.

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The UK Government, which is coming under increasing parliamentary pressure to stop supplying arms to Nigeria, is again working to bring about a negotiated settlement. In late November, the British Foreign Office told former Nigerian president Azikiwe that it was willing to play any role it could in peace negotiations. There is no evidence, however, that Biafran leader Ojukwu would be any more conciliatory than in the past, and federal leaders appear convinced that they can achieve a military victory.

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POLITICAL CHAOS STILL THE RULE IN SUDAN

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The serious illness of Prime Minister Mahjoub has left the Sudanese Government mired in factionalism and inertia. Unless he recovers soon

the struggle to choose a successor will accelerate the country's downward spiral.

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In his absence, such policy decisions as have been made have been limited to minor matters and have been disposed of unilaterally by one or another of the ministers. Major decisions have been put off indefinitely or simply ignored. On the question of restoration of relations with the US, neither those who favor the action nor those who oppose it have been willing to bring the matter to open discussion. Inevitably, the inaction and instability in Khartoum have exacerbated the country's many internal problems. The internecine butchery in the south has again intensified and what passes for the economy is in woeful condition.

Mahjoub's primary qualification for the premiership was that

he was relatively inoffensive to the disparate elements that make up the cabinet. The deputy premier, Sheikh Ali Abd al-Rahman, aside from being in the pay of Cairo, is generally unpopular, particularly with the more moderate cabinet members. His Democratic Unionist Party and the recently reunited Umma Party are desultorily maneuvering for a test of strength in the Constituent Assembly, which is still the acting parliament. If Mahjoub's prolonged absence finally produces a no-confidence motion, the vote could go either way, presenting the prospect of yet another contentious cabinet and another compromise premier.

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NEW THREATS RAISED TO ETHIOPIAN-SOMALI RELATIONS

Irresponsible actions by elements of both the Ethiopian and Somali armies point up the vulnerability of Somali Prime Minister Egal's painfully arranged detente with Ethiopia.

Trouble has again flared in the Somali-inhabited Ogaden region. A senseless ambush of Somali civilians by Ethiopian troops in mid-November is the most serious of a number of recent incidents demonstrating that army units are once again needlessly harassing Somali nomads. Currently, the Ethiopian Army is also executing

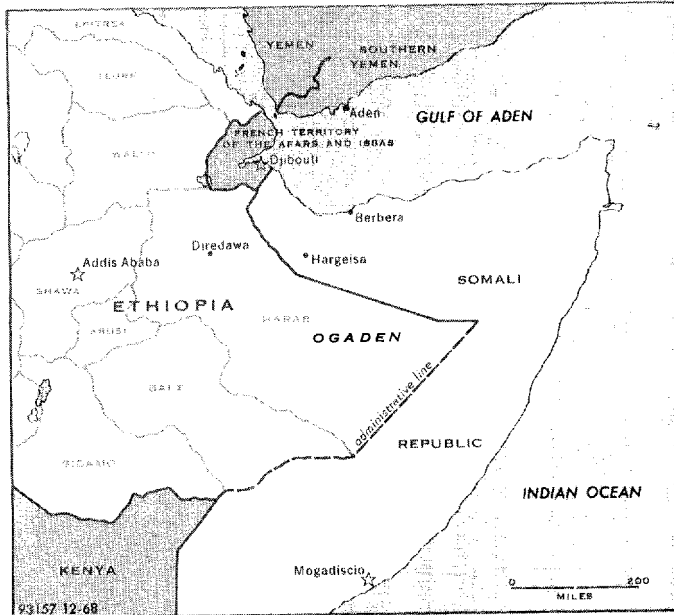
an ill-timed government order to reimpose a livestock tax on nomads in certain areas, a move that in the past has provoked considerable resistance. Reinforcements already have been moved to some locations in anticipation of trouble.

The Ogaden had been relatively quiet. In September, Egal secured significant concessions from Addis Ababa, ending the emergency regulations under which the region had been administered since 1964 and permitting relatively free movement by the nomads. These concessions seemed to

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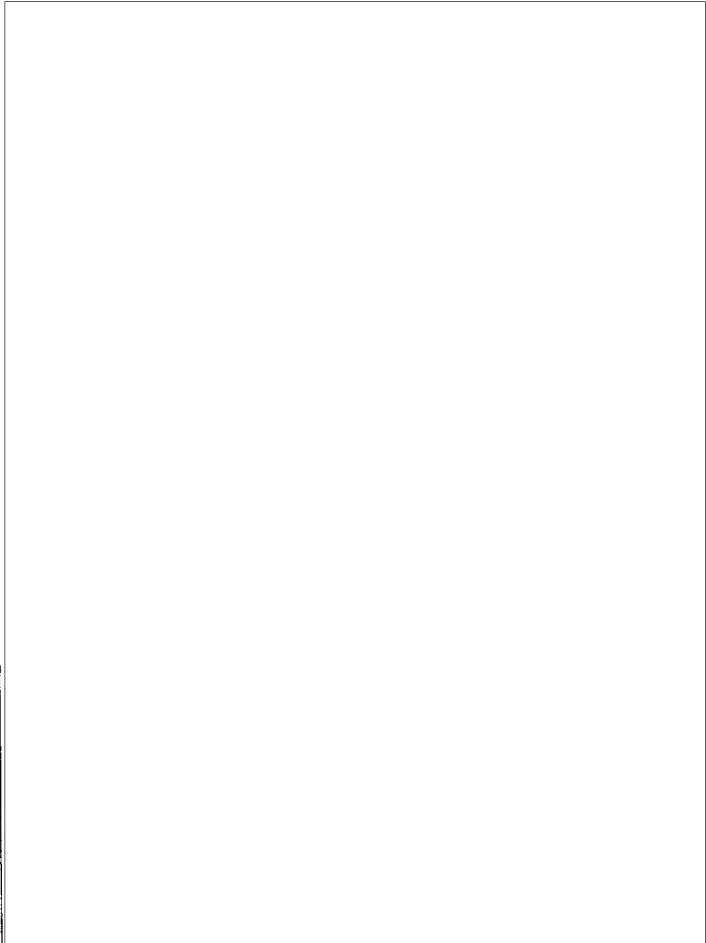
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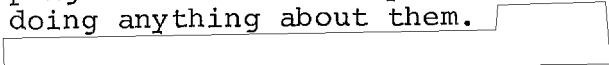
indicate an Ethiopian willingness to ease tensions by restoring civilian rule, but no further moves have been noted.

Despite the ambush, there is no evidence to suggest any conscious attempt by the Ethiopian military to sabotage the detente by creating frictions in the Ogaden. Soldiers and armed nomads are mutually abrasive elements, and the central government's traditionally loose rein on the free-wheeling army units in the area practically guarantees further clashes. The latest incident took place on 6 December when Somali tribesmen attacked a locust control team and their military escort.



Egal's opponents are exploiting the Ogaden incidents in the current parliamentary election campaign, and this publicity has limited his ability to deal with the problem. Under normal circumstances, he could probably smooth over such incidents as the ambush by private and direct dealings with Addis Ababa. If Egal is aware of General Siad's activities, the pressures of the campaign seem to have kept him from doing anything about them.

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ANTI-AYUB FORCES GAIN STRENGTH IN PAKISTAN

Open opposition to President Ayub's government became more widespread during the past week as serious rioting broke out in East Pakistan, rumblings of discontent were reported among army officers, and yet another respected leader joined the opposition.

The first major disturbances in East Pakistan since the beginning of the current unrest broke out when pro-Peking leftists initiated a series of demonstrations and partially successful strikes to coincide with Ayub's week-long visit. Violence flared unexpectedly in Dacca on 7 December when security forces were caught by surprise and fired on rioters, killing at least two. The authorities regained control after calling in the army.

The potential for further disorders in the eastern wing remains high because the volatile East Pakistanis have many legitimate and exploitable grievances. All major opposition groups are backing the call for a strike on 13 December. The situation can probably be controlled as long as the usually effective East Pakistan security forces are ready.

The massive demonstrations and occasional violence in West Pakistan have now given way to smaller, more disciplined marches. Although Ayub's announcement of certain concessions may have placated the dissidents somewhat, the government's enforcement of

restrictions on public assembly and its use of force are probably equally responsible for toning down the demonstrations.

Reports of incipient discontent among middle-grade military officers may indicate that potentially significant disenchantment with the government is also developing within the army--Ayub's most important element of support. Alleged favoritism within the military and widespread corruption in the government are apparently the main causes.

Another popular national figure has entered his name on the roster of the opposition. Following the example set by Asghar Khan, Lt. Gen. Mohammed Azam Khan--former governor of East Pakistan and once a close associate of Ayub--criticized the government, declined to join any political party, and vowed to work for opposition unity. Azam's announcement was not unexpected. He has been a bitter foe of Ayub ever since the President dismissed him from the governorship, allegedly because of his popularity with the East Pakistanis. If Azam can revive that popularity, he may be able to overcome the disadvantage of his West Pakistani origins and attract substantial support in the essential eastern wing of the country. The extent to which Azam, Asghar, and the other new entries into opposition politics will be willing to make common cause to defeat Ayub remains unclear.

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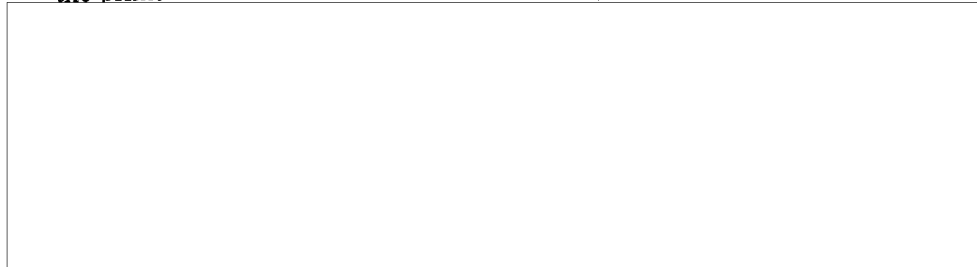
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WESTERN HEMISPHERE

Government activity in Latin America is slowing down considerably as the holiday season draws near.

The official results of the Venezuelan national elections were finally announced early this week. After three unsuccessful tries, Rafael Caldera of the Christian Democratic Party was elected president—but with only 29 percent of the vote. If Caldera is inaugurated on 12 March as expected, it will be the first time in Venezuelan history that political power has passed peacefully from one party to another, and only the second time that one democratically elected president has followed another into office.

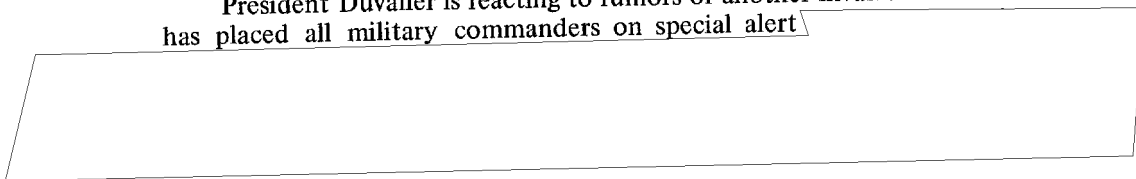
Guyana is moving ahead with its parliamentary elections set for 16 December. Prime Minister Burnham still has a very good chance of being re-elected, possibly with a clear majority. Charges by the opposition parties that Burnham is rigging the elections have enlivened the campaign and forced the prime minister to defend his conduct.



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President Balaguer of the Dominican Republic has publicly said that he will permit exiled General Wessin, a key leader of the regular military during the 1965 revolt, to return before 10 January. Balaguer apparently is attempting to forestall an illegal return by Wessin. Although Wessin would not pose an immediate threat to Balaguer, his return almost certainly would prove unsettling at a time when the political situation is somewhat strained.

President Duvalier is reacting to rumors of another invasion of Haiti. He has placed all military commanders on special alert



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VENEZUELA'S NEW PRESIDENT CONSIDERED POLITICAL MODERATE

After three unsuccessful tries, Rafael Caldera has become the first Christian Democrat elected to the presidency in Venezuela. If, as expected, Caldera is inaugurated on 12 March, this will be the first time in Venezuelan history that power has passed peacefully from one political party to another and only the second time that one democratically elected president has followed another into office.

Caldera, an outstanding Roman Catholic layman, is politically, professionally, and socially one of the most respected men in Venezuela. Despite attacks by leftist and rightist extremists, he is generally considered a political moderate. In many respects his administration will resemble the Democratic Action government of the past ten years, but initially at least it will be marked by reformist zeal and a high degree of nationalism.

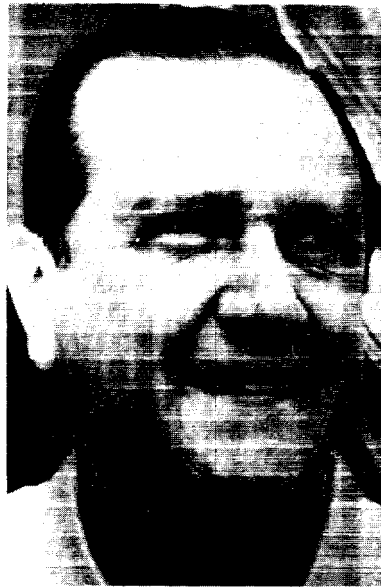
The Democratic Action government's petroleum policies will certainly come under review. Caldera has promised a policy guaranteeing Venezuela the largest possible benefit from its petroleum resources. He has proposed that fewer foreign (i.e., US) technicians be employed, and that profits be used to develop the general economy. His belief that there should be greater Vene-

zuelan participation in management and that the industry should be "Venezuelanized" will probably cause some uneasiness among oil companies. It seems unlikely at this time, however, that he will push for outright nationalization, as occurred in Peru in October.

In foreign affairs, Caldera has put high priority on the development of new markets for the nation's goods. The Betancourt doctrine of nonrecognition of unconstitutional regimes in Latin America will probably be dumped in favor of commercial and diplomatic relations with all--except, apparently, Cuba--regardless of internal policies. As for the highly volatile territorial dispute with Guyana, Caldera promises only to resolve it within the framework of friendship and understanding.

The new Christian Democratic government may be a little less cordial toward the US. According to pre-election statements, Caldera believes US relations must be based on a revision of the commercial treaty between the two countries and an end to US restrictions on petroleum imports from Venezuela. Nevertheless, Caldera hopes for warm relations with President-elect Nixon.

On internal security, Caldera will meet present insurgency with



President-elect CALDERA

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repressive as well as preventive measures. He has specifically pledged to reorganize and unify the police forces, a move the US Embassy has long recommended.

Caldera now faces the difficult task of fashioning a coalition government out of diverse political elements. His narrow victory-- 29.08 percent of the vote, or less than one percent more than the nearest runner-up--by no means gives him a mandate. His task is further complicated by a strong left-wing element within his own party that demands rapid social and economic

change and by a congress that is so factionalized that numerous deals will probably be necessary before he can govern effectively.

The big surprise in this election was the strong showing of ex-dictator Perez Jimenez and his ultrarightist political party, the Nationalist Civic Crusade. Perez won election to the Senate and his party won 21 seats in the 197-member Chamber of Deputies, making it the fourth largest bloc. Perez, in exile in Madrid, is expected to return soon to assume direct command of his party. [redacted]

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DISSENSION IN BAHAMIAN GOVERNMENT

Dissidence in Prime Minister Lynden Pindling's Progressive Labor Party (PLP) has led to serious divisions within the cabinet, as some of its members maneuver to enhance their personal political positions. Minister of Education Wallace-Whitfield and another minister recently supported efforts of dissident PLP members to oust two other cabinet officers for alleged failures. Pindling initially rebuffed these efforts by asking for Wallace-Whitfield's resignation, but now has agreed to reconsider the charges.

Party backbenchers have long accused the prime minister of maintaining a cabinet within a cabinet that makes decisions without full cabinet approval, and it appears

that Wallace-Whitfield is now their spokesman. He is highly capable and represents an important segment of the younger voters. Earlier this year, Pindling transferred him from public works to education, apparently hoping to blunt his political power.

Although Pindling remains in control of party machinery, his handling of the current dispute has weakened his position and enhanced that of Wallace-Whitfield. Pindling will probably reshuffle his cabinet in the near future to placate internal opposition and to avoid further personal embarrassments. [redacted]

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INSURGENT ACTIVITY IN PANAMA DIMINISHES

Tension in the Panama - Costa Rica border area lessened last week as Costa Rica took steps to curb the activities of exile supporters of ousted president Arias.

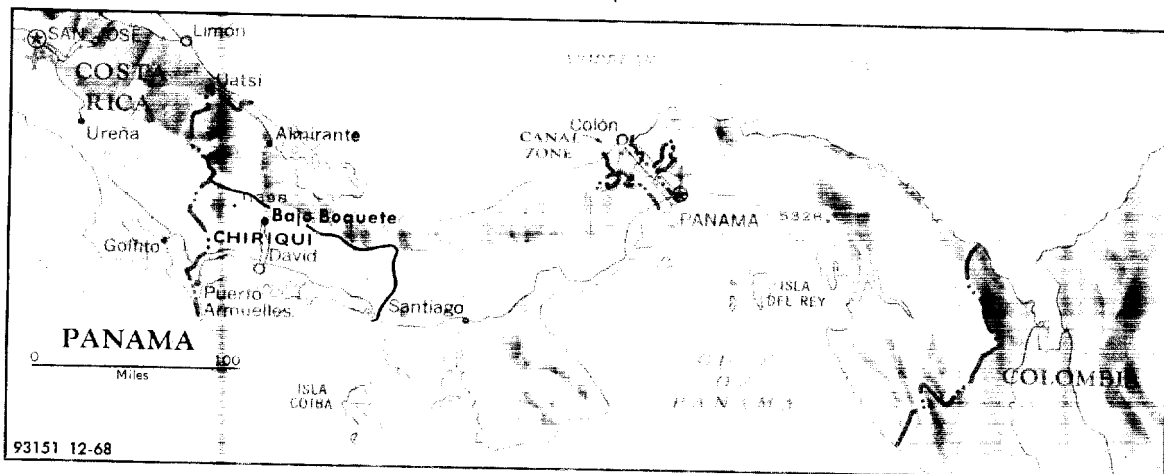
The last reported clash between the National Guard and pro-Arias insurgents occurred on 5 December in the rugged mountains north of Bajo Boquete in Chiriqui Province, where an estimated 100 armed men were reported to be located. The encounter resulted in one guardsman killed and several wounded. Information from this area continues to be sparse because of inaccessible terrain and inadequate communications.

There are reports of scattered "guerrilla" incidents

elsewhere in the country, but there is no indication yet of the existence of any groups that would present much of a threat to the military government. Sporadic insurgency by loosely organized and poorly trained antigovernment elements may continue, but prospects for large-scale violence are still dim without outside support.

Costa Rica took steps during the week to limit the use of its territory as a base of exile activity, including deportation to Honduras of seven Panamanian asylees, one of whom was Arias' principal exile organizer in the Costa Rican capital.

Costa Rican President Trejos' request on 6 December



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for investigation of the border problems by the Organization of American States (OAS) was probably based on a hope of deterring his political opponents, particularly former president Calderon Guardia, from continuing to support the Arias groups. This action evoked a negative

response from Panama, and according to press reports Costa Rica now intends to drop any further efforts for OAS intervention. Meanwhile, both Costa Rican and Panamanian official sources report that the border area is quiet. [redacted]

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STUDENT DEMONSTRATIONS CONTINUE IN CHILE

Violence erupted twice last week as students of Chile's State Technical University (UTE) in Santiago fought with police, injuring 18 policemen and more than 100 students. The incidents are an outgrowth of a dispute between the government and the Communist-dominated administration of the university.

The rector of UTE is a Communist and has facilitated Communist penetration of the university administration. [redacted]

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The Communists were instrumental in planning and instigating the riot on 3 December, which lasted for more than six hours. Students from Christian Democratic, Communist, and Socialist organizations participated, as did students and other agitators of the Movement of the Revolutionary Left. Communist students and teachers withdrew, however, after the riot was well under way.

Communist and Socialist politicians are using the controversy over UTE financing to attack the government in general and Minister of Interior Perez Zujovic and President Frei in particular. The Chamber of Deputies is presently debating the UTE situation, and a Christian Democratic member has presented accurate, incriminating evidence of the rector's misuse of university funds. Another Christian Democrat, however, was a member of a Senate delegation that lodged a protest against the police action with Perez Zujovic.

The developments at UTE are a clear example of the involvement of politics in Chilean universities. Unless the financial problem is resolved soon, it could become an issue in the campaign for congressional elections next March. In the meantime, continued violence at UTE could inspire other students to take to the streets in support of their own grievances. [redacted]

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PERU ANNOUNCES LONG-RANGE DEVELOPMENT PLAN

The military government, installed after the ouster of President Belaunde on 3 October, has outlined a nationalistic and highly ambitious development plan that it envisions as guiding Peru's economic and social policy for the next 20 years. Prime Minister Montagne's statement that the "revolutionary government" will remain in power until its goals are achieved indicates that the military intends to retain control of the government for at least the next five years, and probably much longer.

The over-all program, which is divided into a 20-year plan, a five-year plan, and immediate objectives, assigns the dominant role in the country's economic development to the state. The goals include development and expansion of export industries, a more equal distribution of income, and the integration of the large Indian population into the economy. These goals are to be achieved through changes in the tax structure to emphasize direct and progressive taxation, ambitious agrarian reform and rural modernization programs, extensive state participation in industrialization, and use of tax and public investment programs to encourage regional development.

Although private foreign investment is to be encouraged, the government will subject investors to closer regulation than in the past and will expect a larger

share of the profits. Tax incentives will be used to encourage reinvestment of a greater share of the profits of private enterprises. The country's serious social problems are to be eased through construction of low-income housing and improvements in the educational system. The plan calls for Peru's continuing participation in the economic integration of the Andean group.

Immediate objectives include restructuring the government bureaucracy, tax reforms, and guaranteed prices for domestic agricultural producers. Foreign trade will be subjected to further regulation, including restriction or prohibition of imports to promote the growth of national industries. A special effort will be made to increase the amount of domestic processing of exported agricultural and mineral products.

This long-range program is a serious attempt to deal with pressing economic and social problems, but it is unrealistic in view of the shortage of financial resources and experienced technicians. The substantial foreign investment that will be essential to its success may not be forthcoming if the proposed tightening of controls over foreign investment is implemented. Much of Peru's current balance-of-payments problem is the result of hesitancy on the part of foreign investors, who are adopting a "wait and see" attitude.

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