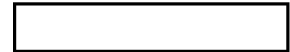
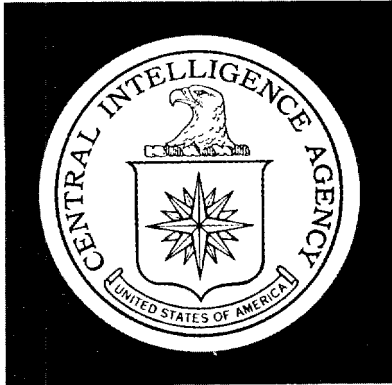


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Secret

41

20 February 1969
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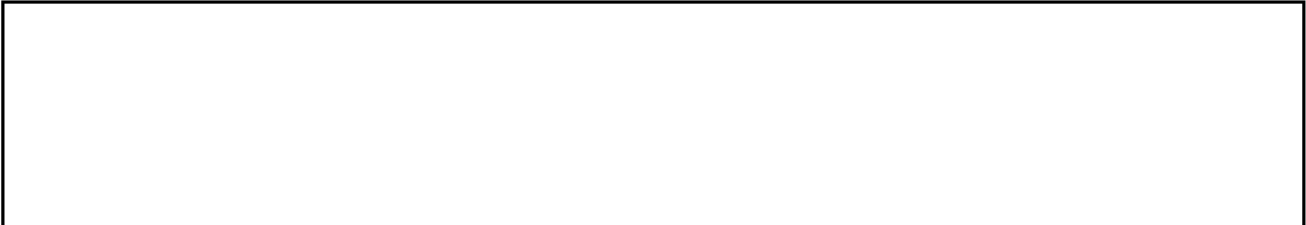
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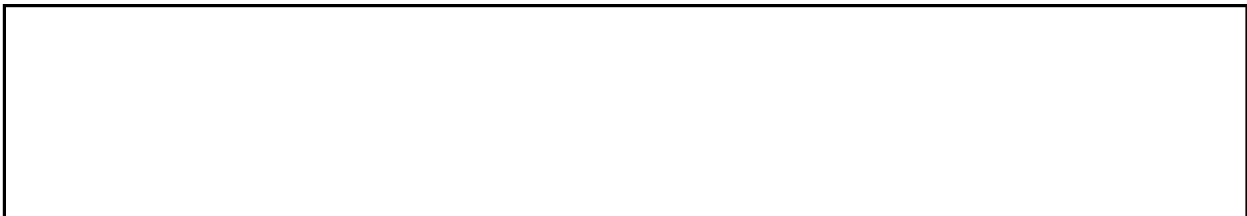


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FAR EAST

There was no forward movement in the Paris talks again this week. Communist negotiators and propaganda concentrated on the Communists' demand that US troops withdraw immediately and unconditionally from Vietnam. They also continued to insist that military questions cannot be resolved without a political settlement.

In several key sectors of South Vietnam, the sustained pressure of allied operations continues to thwart Communist attack preparations. Saigon and a number of provincial capitals continue, however, to face a substantial threat from possible Communist artillery and mortar attacks, as well as limited ground probes.

The Thai government party's failure to win a majority in the lower house elections on 10 February is embarrassing for the military leadership, but it will not result in any dramatic changes in the way the country is ruled. The government party won a slim plurality that presumably will provide enough justification for the present cabinet to be reconstituted, possibly with some changes, as the new government. Without a clear mandate from the electorate, however, the country's leadership will be more solicitous of opposition views than they would have been otherwise.

The Communist Chinese have indefinitely deferred meeting with the US in Warsaw. The decision, announced on 18 February, to call off a scheduled meeting appears to have been a sudden one and may reflect new disagreement among the leadership in Peking. The Chinese used the defection of the former Chinese chargé in The Hague as a pretext for not meeting with the US. Recent Chinese actions have suggested that Peking is not interested in any significant improvement in Sino-US relations.

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VIETNAM

The Communists have now focused on US troop withdrawal as the first order of business in the Paris talks. Their negotiators and propaganda last week described withdrawal of US forces and removal of US military bases as "fundamental" to an over-all settlement. The Communists, however, have not abandoned their position that military and political issues must be treated together, but they may hope to use the withdrawal question as a way to get into broader issues.

Hanoi's view of the withdrawal question was expressed most authoritatively in a Nhan Dan commentary on 12 February which demanded an immediate and "unconditional" withdrawal of US forces. This presumably means that the Communists will try for a while to avoid discussing mutual withdrawals. The Front's radio, in its usual hard-line manner, explicitly stated that there is "no question of mutual withdrawal."

This propaganda position clearly is for the record as Hanoi is well aware that any US commitment to withdraw will only result from bargaining and that the Communists will have to reciprocate by pulling out North Vietnamese forces. They probably hope that this reciprocity can remain undeclared, as it was on the bombing halt. They eventually may try to use unacknowledged,

unilateral withdrawals of some North Vietnamese units as an incentive for movement on this issue.

Political Developments in South Vietnam

The Saigon government is apparently trying to develop a more positive line to counter Communist peace propaganda and agitation by such groups as the militant Buddhists. In his Tet message to the nation on 16 February, President Thieu emphasized his own desire for peace and pledged his determination to see it achieved as soon as possible. He stressed, however, that the people's sacrifices could not be wasted by allowing a Communist political victory. He appealed to the people not to be gulled by "a minority of Communist lackeys" who advocate coalition with the Communists and thereby betray the nation.

The government has accepted some criticism by the press and has adopted a softer tone in its warnings to the Buddhists. Thieu has said that he will reconsider the ban on a popular songwriter's antiwar compositions after the ban aroused considerable protest in the local press. Moreover, as a follow-up to its earlier public warning to Buddhist leader Thich Thien Minh for his antigovernment peace campaign statements,

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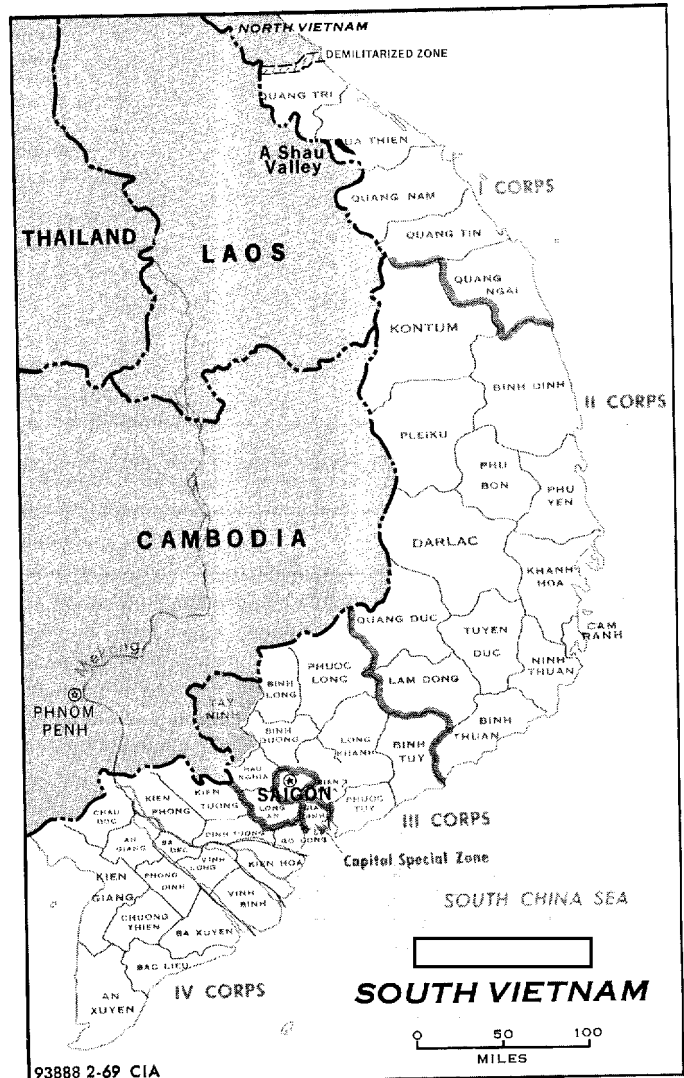
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the government on 14 February issued a communiqué merely "urging" rather than demanding that religious leaders limit their ceremonies in order to prevent Communist exploitation of them. Although the government is taking a less heavy-handed approach, it nevertheless is keeping the Buddhists on notice that their activities are being watched.

Military Developments

In several key sectors of the country, the sustained pressure of allied operations continues to thwart Communist attack preparations. The capture of large quantities of enemy munitions and food stores, coupled with intensive bombing of known troop concentrations, has presumably upset the enemy's plans and in some cases may have actually prevented attacks.

Meanwhile, military action throughout most of South Vietnam was generally light just prior to and during the three day Tet holiday (17-19 February). For the most part, the majority of the Communist forces heeded at least the opening days of their seven-day cease-fire period that began on 15 February. Eight Americans were killed and another 84 wounded during the 24-hour allied standdown on 16-17 February. Most casualties resulted from scattered clashes between allied reconnaissance patrols and small enemy forces.



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Communist actions during the Tet holiday included a ground assault on a US Marine artillery base in the A Shau Valley area. Other incidents included attacks in northern Tay Ninh Province and the downing of three US helicopters in the same area.

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THAI GOVERNMENT PARTY WINS NO MANDATE IN ELECTIONS

The government's failure to win a majority in the lower house elections on 10 February is embarrassing for the military leadership, but it will not result in any dramatic changes in the way Thailand is ruled.

The government's Saha Pracha Thai Party won only some 35 percent of the seats in the lower house. Independent candidates, many of whom have ties with the government party, took about 32 percent. The opposition Democratic Party won 26 percent, and the remainder went to splinter parties.

There were no major surprises in the voting. The government fared less well in isolated areas than had been anticipated, however, and two leading leftists were beaten in their northeast baliwicks. The number of newcomers elected over well-known old-time politicians suggests that the sentiment for change among the electorate was fairly strong. The voting itself went smoothly, with no significant incidents or irregularities reported.

The government party's slim plurality presumably will provide enough justification for the present cabinet to be reconstituted, possibly with some minor changes, as the new gov-

ernment when parliament convenes next month.

The government should have little difficulty bringing into line enough independents to form a working majority in the lower house. Thailand's military-dominated leadership had made it clear, however, that it will resist opposition efforts to amend those sections of the constitution that severely limit the powers of the lower house. The senate, whose members are picked by the government, has virtual veto power over important legislation.

The election will, however, influence to some extent both the future policies and make-up of the military leadership. Although they will have to tread lightly, opposition elements for the first time in over ten years have a legitimate forum in which to express political dissent.

Without a clear mandate from the electorate, the country's leadership will be more solicitous of such views than they would have been otherwise. The government party's poor showing, particularly in Bangkok where it won no seats, may also aggravate factional disputes within the establishment.

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EUROPE

The East Germans with Moscow's backing have begun to put the heat on West Germany by interfering with passenger and vehicle traffic on the land routes to Berlin. Although the Soviets have contributed to the buildup of tensions surrounding the West German presidential election in Berlin on 5 March, they have given assurances that allied rights will not be jeopardized and give no sign of wanting a crisis.

In Czechoslovakia, a new confidence—well-founded or not—seems to pervade the atmosphere. Typical perhaps of the mood of the times was the arrest by Czechoslovak police of a Czechoslovak news vendor for peddling the Soviet's Czechoslovak-language occupation newspaper Zpravy. There has, however, been a clear effort on the part of the Dubcek regime to improve relations with those states whose forces invaded only six months ago.

Soviet Marshal Yakubovsky, commander in chief of the Warsaw Pact, arrived in Rumania this week, presumably for final review of plans for Rumanian participation in Warsaw Pact training exercises this year. Yakubovsky, who had just chaired a major Warsaw Pact planning session in East Berlin, was accompanied by Soviet trouble shooter Deputy Foreign Minister Kuznetsov.

In Western Europe, as preparations neared completion for President Nixon's visit, the political rivalry between France and Britain came to the forefront. France, objecting to British efforts to establish political consultation with the Five in the framework of the Western European Union (WEU), announced that it would boycott WEU council meetings until further notice.

The Italian Communist Party made progress last week toward establishing itself as democratic in the eyes of the electorate. At its 12th congress, it defied Moscow's threats of retribution and reiterated its condemnation of the invasion of Czechoslovakia. The party is now preparing for a cut of about \$1.5 million in the annual Soviet subsidy.



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TENSION RISES OVER BERLIN

The Soviets have contributed to the increase in tensions surrounding the West German presidential election in West Berlin on 5 March, but they have offered private assurances that Allied rights in the city will be safeguarded. These assurances do not go so far as to exclude steps beyond those already taken by the East Germans to harass West German access to the city or some form of Soviet - East German military display. The Russians have given no sign of wanting a crisis, but they are undoubtedly under pressure from Pankow to demonstrate their support of East Germany's claim to sovereignty.

The Soviets have strongly backed the East German ban on the travel of West German officials to Berlin and have condemned Bonn's decision to hold the election in the divided city. The Soviets also appear to be behind stories from various sources over the past week that severe harassment measures were in the offing. Most of Moscow's fire has been concentrated directly on the Bonn government, which was given a

protest note on 13 February that was considerably harsher in tone than those presented to the Allies last December.

On the other hand, Moscow has taken a rather moderate approach when discussing the matter with Western officials. Ambassador Dobrynin said privately on 13 February that the USSR would do nothing to jeopardize Soviet relations with the new administration. He specifically asserted that no measures would be directed against President Nixon during his stay in Berlin.

This Soviet posture leaves the way open for the East Germans to instigate "traffic control" measures to harass the West Germans. Such actions began on 18 February when East German checkpoint officials delayed the processing of vehicles leaving West Berlin on the major access route, the Berlin-Helmstedt autobahn. This slowdown was in effect for about 12 hours. Pankow probably will resort to similar and perhaps stronger measures as the date for the election draws nearer.

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CZECHOSLOVAKIA IMPROVES RELATIONS WITH INVADING POWERS

There has been a discernible effort on the part of the Dubcek regime to improve relations with the states that invaded Czechoslovakia in August. These gestures have been partially reciprocated, probably because most of the governments involved want at least the appearance of "normalization" in hopes that the reality will follow in due course.

Contacts on the diplomatic, party, military, economic, and cultural levels have steadily increased since December. Last week, Prague began to cast its relations with its socialist "allies" in a more favorable light. The improved atmosphere apparently stems from recent visits to the Soviet Union by Czechoslovak party presidium member Evzen Erban and Foreign Minister Jan Marko, who were given red carpet treatment and accorded favorable commentary in the Russian press. Their visits also appear to have set the stage for substantive talks.

In a televised report on his trip last week, Marko advanced the old Soviet line that the world is divided into capitalist and socialist camps, and that Czechoslovakia has no choice but to adhere to the socialist system and to strengthen bilateral cooperation within it. This is a significant retreat from last year's view that a reformed Czechoslovakia could bridge the gap between the contending forces. The leadership probably hopes that this concession will be a quid pro quo for less Soviet and Eastern European interference in domestic affairs.

Marko also said that the foreign ministers of the Soviet bloc countries would soon be coming to Prague. On 19 February, Polish Foreign Minister Jedrychowski arrived there to discuss bilateral cooperation.

The Soviet bloc press appears to have toned down its anti-Czechoslovak bias in recent weeks, in part to convey the impression to domestic audiences that the situation is under control and that the intervention was correct and successful. Soviet commentary also contained a minimum of anti-"progressive" material last week, but this may at least partially reflect Moscow's preoccupation with the Berlin problem.

On 13 February, Radio Vltava, the Soviet-backed station that had beamed propaganda into Czechoslovakia from East Germany since shortly after the invasion, ceased broadcasting. This was a double-edged gesture by Moscow. Although it could not help but better relations a bit with the Czechoslovaks, it also enabled Czechoslovak pro-Soviet conservatives to claim credit for the move. They say one of their leaders, party secretary Vasil Bilak, negotiated Vltava's demise during a recent visit to East Berlin. Moreover, the frequency that Vltava used was turned back to the East Germans--whose propaganda against Czechoslovak reforms is still tough and uncompromising--for their Radio Berlin International program, which includes broadcasts in Czech and Slovak.

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Italian Communist Leader Luigi Longo Condemns Soviet Action in Czechoslovakia

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ITALIAN COMMUNISTS DEFY MOSCOW

At its 12th party congress last week, the Italian Communist Party defied Soviet threats of retribution and reiterated its condemnation of the intervention in Czechoslovakia, thus taking another step toward establishing itself as a normal democratic party in Italian eyes.

The disunity in Eastern Europe stemming from the invasion of Czechoslovakia was further exposed at the congress. Yugoslav and Rumanian speakers drew enthusiastic applause for restating their opposition and for rejecting Moscow's doctrine of "limited sovereignty." The speeches of the other Eastern European representatives varied from Bulgaria's clear-cut defense of the intervention to Hungary's vaguely expressed formulation about the need to "guard against counter-revolution."

Although the USSR's chief delegate to the congress asserted that the Soviet duty was to help defend Socialist victories and that the Warsaw Five had helped Czechoslovakia, Moscow's public reaction to the criticism has been restrained and the Soviet press has focused on the more agreeable aspects of the meeting. The Soviet response was probably tempered by the Italians' willingness to attend the World Communist Conference next May and by Moscow's desire not to disrupt preparations for the conference by a shouting match.

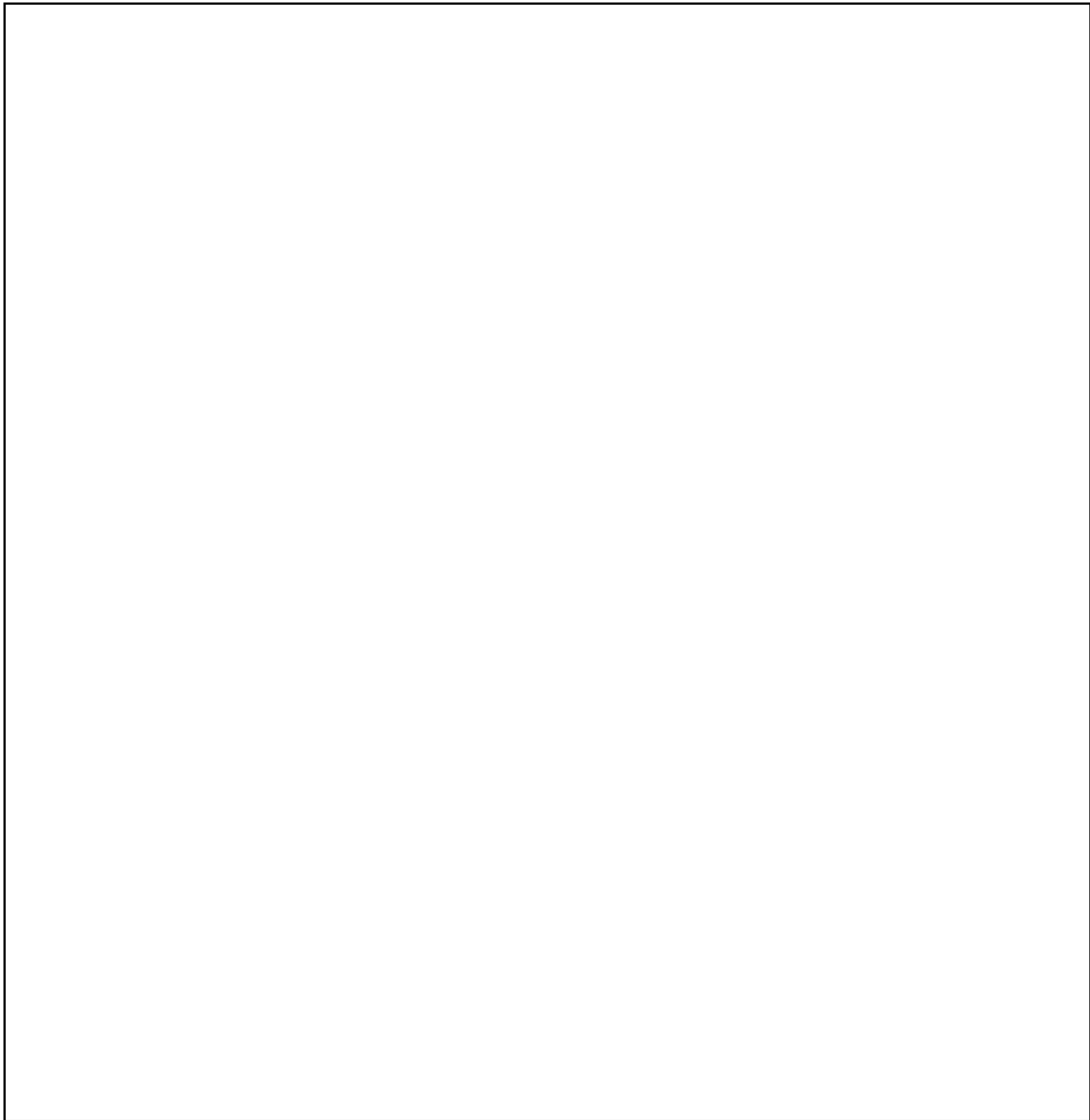
An additional setback for the Soviets occurred when 46-year-old Enrico Berlinguer was confirmed as secretary general Luigi Long's heir-apparent. Berlinguer has been one of the foremost critics of the Soviet intervention. In his address to the congress, however, he said, "Anyone who expects us to break with the Soviet Union has al- 25X1 ways been and will be disappointed."

Over all, the 12th congress was a distinct success for the Italian Communists in their effort to persuade the Italian public that theirs is a normal political party fit to play a governing role. Even Adolfo Battaglia, a leader of the Republican Party, the smallest but most strongly anti-Communist partner in the government coalition, was moved to offer his personal impression that "the Communist Party has made enormous and perhaps conclusive steps forward toward its establishment as a democratic party."

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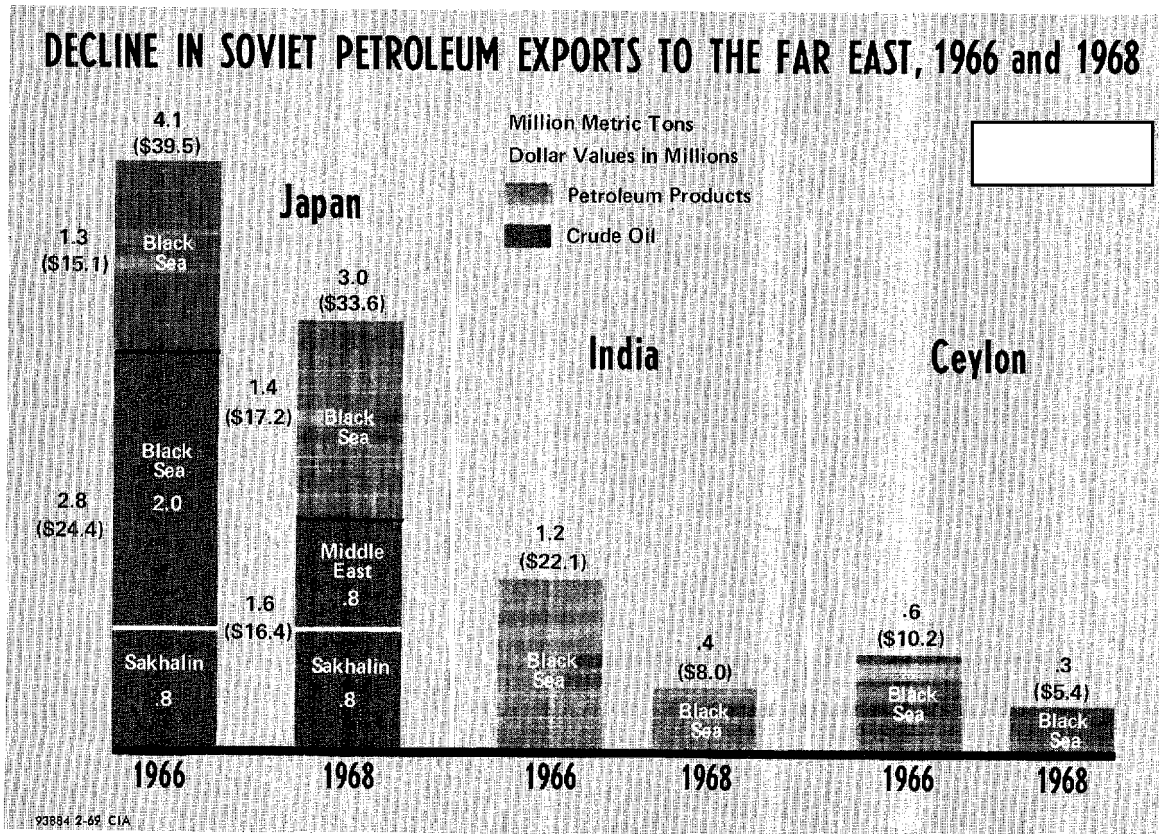
SOVIET OIL SALES DECLINE EAST OF SUEZ

Soviet exports of oil to free world Asian markets are declining primarily because of high transport costs arising from the closing of the Suez Canal during the Arab-Israeli war of June 1967.

Moscow's petroleum sales to its major Asian customers--Japan, India, and Ceylon--totaled less than \$50 million last year, a decline of more than one third compared with 1966, the last full year the canal was in operation. Sales to these three countries are expected to decline

still further this year even though Moscow has arranged with several Western firms to swap some Black Sea oil for delivery to their European customers in return for equivalent deliveries from the Persian Gulf to Soviet customers in Asia.

Three swap deals were arranged with Western firms last year for the delivery of about 2 million tons of Middle East crude to Japan in 1968-69; 800,000 tons were reported delivered in 1968.



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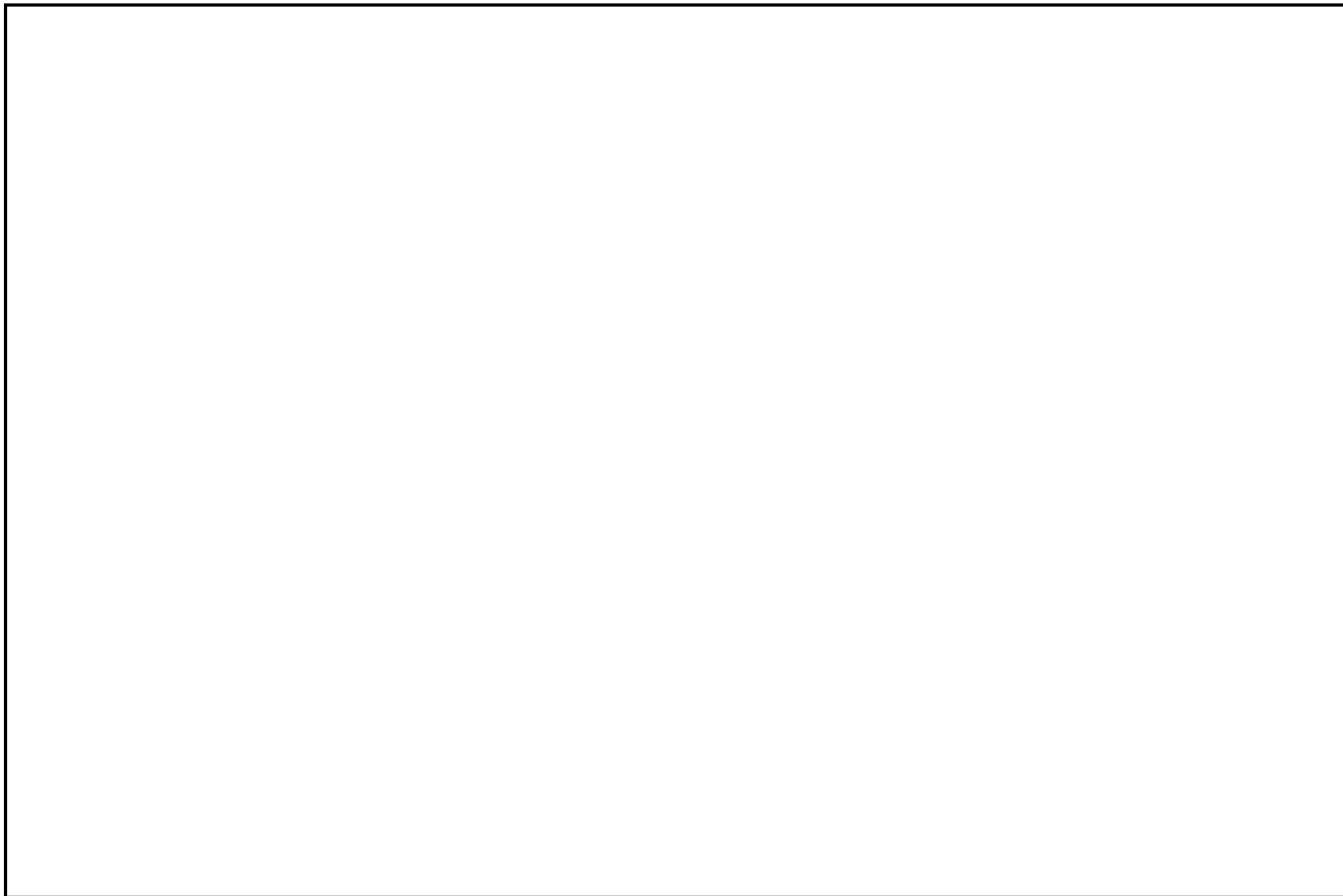
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Even if these swap deals should take place, however, Japanese officials predict a further decline in their imports of Soviet petroleum this year because of higher transport and crude oil prices. Soviet sales to India and Ceylon in 1968, consisting wholly of petroleum products originating from the Black Sea dropped by almost two-thirds and

one half respectively, compared with 1966.

Prospects remain dim that the Suez Canal, which provides the only economic route for the movement of Soviet oil from the Black Sea to Asia in the relatively small tankers required by Soviet port facilities, will be reopened soon.

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USSR MAY SEEK AFFILIATION WITH INTELSAT

Soviet attendance as an observer at the International Telecommunications Satellite Consortium (Intelsat) conference, which opens on 24 February, may indicate an interest on Moscow's part in joining the consortium. Until recently, the USSR has been hostile toward the US-dominated Intelsat, and in August 1968 it announced an intention to form a competing organization, Intersputnik.

The 64 member nations of Intelsat are meeting to draw up a permanent charter for the organization, which has been operating under an interim arrangement since 1964. Ownership and voting strength are based upon a member's share of international communications traffic with the result that the US holds the controlling interest.

The "one nation-one vote" provision of Intersputnik was designed to appeal to all nations, including members of Intelsat. Only eight countries--all Communist--have approved the Soviet proposal, however, and it remains an essentially paper organization. The Soviets have only two full-range ground stations, but have installed more than 20 other stations that receive only TV. The Soviet program has proven to be expensive, mainly because their satellites have a short lifetime. Moreover, the Soviet satellite's highly elliptical orbit is ill-suited for coverage

of Africa, Latin America, and much of Asia.

In contrast, Intelsat now operates 23 ground stations in 15 countries, with about 70 ground stations in over 50 countries scheduled for operation by 1972. The consortium's satellites, moreover, are long-lived and move in an orbit well-adapted for global coverage.

Although the realization that Intersputnik does not pose a real threat to Intelsat probably motivated the USSR to seek some sort of accommodation, the existence of even a faltering separate organization improves the Soviet bargaining position. Moscow must be aware that its voting formula is impractical, but it probably believes that a compromise can be reached that would result in some reduction in US hegemony. Also, the Soviets are expected to favor the inclusion of a provision for regional systems in the Intelsat charter, a position already favored by the French and Japanese.

The Soviets have much to gain from affiliation with Intelsat's viable, high-performance international network. Benefits would include access to advanced technology and the experience of participating in a global system based on uniform technical and operating standards. Aware of this, almost all of the members of Intersputnik will attend the conference.

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EUROPEAN CENTRIFUGE PROJECT SHOWS PROGRESS

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Britain, the Netherlands, and West Germany appear to be making progress toward an agreement for tripartite cooperation in the production of enriched uranium by the gas centrifuge (ultracentrifuge) method. Several substantial problems have yet to be solved, but if the project is successful, the three countries could manufacture enriched uranium by a method potentially cheaper than the gaseous diffusion process the US, UK, and France now use. Moreover, it could have important implications for future political, as well as technological, relations between London and the continent.

Ministers of the three nations met recently in Bonn and agreed in principle to establish tripartite organizations to construct and manage centrifuge plants, to integrate all research and development on enrichment processes, and to create a central political body to make all essential administrative decisions for the three governments. At least in concept, it appears that the association would be more genuinely integrated than previous Western European scientific organizations and consequently more immune from the usual political obstacles.

There has been no agreement, however, on the size, site, or timing of construction of the first plants, precise organizational structure and financing, or the imposition of safeguards.

[Redacted]

[Redacted]

Ministers of the three governments will meet again on 11 March to discuss these problems. There is no assurance that they can be solved soon, but the British hope for an agreement by summer.

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[Redacted]

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tually, the French are probably less afraid of German possession of nuclear materials--they earlier sought German cooperation for French nuclear production--than they are of being shut out of the rapidly growing European uranium market. If the new partnership can produce enriched uranium by the centrifuge process at a cost significantly below that produced by gaseous diffusion, France will find it impossible to attract foreign investment for a new gaseous diffusion plant. Moreover, the French are aware that the new partnership would significantly increase British industrial cooperation with EC members.

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MIDDLE EAST - AFRICA

The Israelis have publicly named both Lebanon and Jordan as possible staging points for the terrorist squad that shot up an El Al airliner in Zurich on 18 February. The Popular Front for the Liberation of Palestine has claimed credit for the incident—as it did for the December 1968 attack on an El Al plane in Athens. The Front maintains its military headquarters in Amman but uses Beirut as a headquarters for its public utterances. A reprisal against almost any Arab capital or installation is nevertheless possible.

The sudden arrival in Guinea on 15 February of four Soviet naval ships for an official visit is without precedent in West Africa and may presage calls at other West African ports. This “show of the flag” by the Soviets may also be related to Ghana’s stubborn refusal to release the two Soviet trawlers and their 52-man crews detained since October for suspected “subversive activities.”

In the Nigerian civil war, fighting has intensified with the Biafrans on the attack on the southern front and the federal forces keeping up pressure in the north. Neither side has yet scored any major gains, however.

Rhodesian Prime Minister Smith has won overwhelming party support for a constitution intended to satisfy many party regulars who insist on “separate development” and want to push on with a new constitution. Smith, however, still hopes for a favorable settlement with the UK.

Tanzania’s President Nyerere informed Ottawa on 17 February that its military training programs for the Tanzanian Army and Air Force will be terminated in 1970. The timing of Nyerere’s decision—following a Communist Chinese survey of local airfields—suggests strongly that he expects Peking to fill the vacuum.

Internal disturbances continue to wrack Pakistan. As of 19 February, President Ayub’s recent concessions to his opposition had failed to elicit their participation in his proposed conference to resolve the present crisis.

In India, Congress Party leaders are trying to reassess the political scene in the north following the party’s poor showing there in last week’s election. The outlook is for more political instability in the area. Meanwhile, Mrs. Gandhi’s cabinet reshuffle appears to have strengthened her position in the government.

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INDIA'S RULING PARTY SUFFERS REVERSALS IN STATE ELECTIONS

India's ruling Congress Party suffered an unexpectedly harsh setback in the West Bengal mid-term election, and emerged with reduced representation in two of the other three state assembly elections held last week in north India. Congress could take some satisfaction from unofficial returns indicating that the party slightly increased its popular support in at least two states, but its failure to gain assembly majorities probably presages another period of political instability across India's northern tier of states.

For two decades prior to the fourth general elections of 1967, Congress was able to translate popular vote pluralities into sweeping majorities in state assemblies because of the multiplicity of opposition parties. In 1967, however, and to an even greater degree in the recent election in West Bengal, disparate opposition parties were able to form electoral coalitions that limited the number of contestants and drastically reduced the number of Congress winners. In West Bengal, the Left Communist - dominated coalition won 214 out of 280 seats. Although Congress increased its popular vote by more than one percent over the 41 percent obtained in 1967, its representation in the West Bengal assembly plummeted from 127 to 55.

In the Punjab, where Congress won a plurality of seats in 1967, it has now slipped to second place. A new government has been formed by a Sikh communal party in collaboration with the right-wing Hindu nationalist party, Jan Sangh. In Bihar, Congress won a

few seats less than in 1967 but remains the largest single party in the legislature. Only in Uttar Pradesh did Congress increase its representation; it may have a paper-thin majority when all votes are counted.

The results of the elections in the Punjab, Bihar, and Uttar Pradesh indicate the likelihood of more governmental instability, not unlike that which plagued these states after the elections of 1967. In West Bengal, the ruling United Front coalition, dominated by the Left Communists, would appear to have sufficient seats to remain in power even if some of the parties in the coalition should defect. The assumption of power by the United Front could lead to new economic and political turbulence in Calcutta and the rest of West Bengal, comparable to that which developed during the previous period of coalition rule in 1967. Meanwhile, Congress politicians in New Delhi reportedly are examining possible ways to bring down the United Front and reimpose direct central government rule on West Bengal.

Mrs. Gandhi, in the midst of the election post-mortems, suddenly announced a major cabinet reshuffle. No new faces were added and no members were dropped, but the over-all result of the changes appears to strengthen the prime minister's position in the cabinet. One of her closest friends, Dinesh Singh, has become minister of external affairs. Singh has a reputation of being sympathetic to Soviet policies and frequently has been difficult in his dealings with Westerners.

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PAKISTANI GOVERNMENT-OPPOSITION TALKS POSTPONED

The long-awaited government-opposition talks, scheduled to open on 19 February in Rawalpindi, were postponed at the last minute after six important opposition leaders declared their intentions to boycott the meeting.

The postponement was requested by the moderate opposition coalition which had finally agreed last Sunday to meet President Ayub after major government concessions that met virtually all the coalition's pre-conditions for talks. Ayub had released several hundred political prisoners, including fiery ex-foreign minister Z.A. Bhutto, and had lifted the controversial three-year-old state of emergency. In other conciliatory gestures, Ayub had invited non-coalition opposition leaders to participate in the talks and had paroled popular East Pakistani opposition leader Mujibur Rahman--on trial for treason--so that he too might attend.

The stumbling block arose when Mujibur announced on 18 February that he would go only if he were freed unconditionally and the entire conspiracy case withdrawn. Other leaders of Mujibur's party--the largest and most important component of the coalition--refused to attend without him. Pro-Peking leftist Maulana Bhashani, Bhutto, and three independents including ex-air force chief Asghar Khan also declined Ayub's invitation. After much deliberation, the remaining members of the coalition decided they could not negotiate without Mujibur and his party and requested the postponement.

Continuing violence and army-imposed curfews following a 24-hour nationwide strike on 14 February also figured in the postponement. Bhutto declared that there could be no talks under such conditions.

If the talks are rescheduled and do get under way, it is unlikely that they will end all disorders or result in a satisfactory compromise. Student demonstrators, for instance, are continuing to denounce all plans for opposition-government negotiations. As the price for his participation in talks, Bhutto has enunciated ten "suggestions" for government action and he is also requesting that Ayub step down in favor of an interim government.

Ayub is apparently anxious for discussions but, although he is probably willing to make important constitutional changes with some curtailment of executive powers, he seems sure to insist on retention of the indirect system of presidential election. Because this arrangement would almost certainly be unacceptable to the leftists, Ayub's strategy may be to try to split the opposition and work something out with the moderates and conservatives.

The antigovernment cause has gained such widespread support in recent weeks that a return to the pre-November 1968 system dominated by Ayub is now impossible. Ayub appears aware of this and has probably made contingency plans in case discussions--if they ever come about--reach an impasse and security forces are unable to quell the increasingly serious disturbances.

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JORDAN AND EGYPT STILL FACE PROBLEMS WITH TERRORISTS

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King Husayn's fears that Egyptian President Nasir had jettisoned Jordan's interests have probably been allayed as a result of a recent visit to Cairo by Prime Minister Talhouni and Foreign Minister Rifai. Nasir apparently reaffirmed his adherence to the mutual defense pact concluded between the two countries shortly before the June 1967 war.

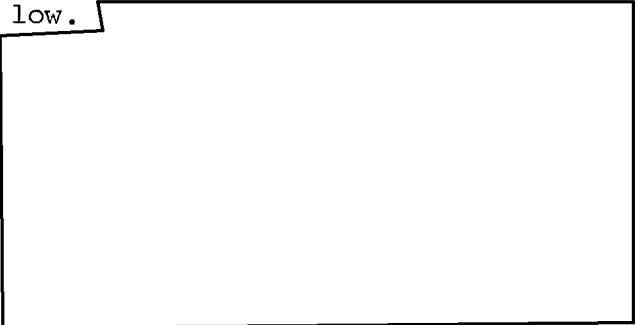
The Jordanians, vitally affected by Nasir's positions vis-a-vis Palestinian terrorism and the over-all issue of a peaceful settlement with Israel, had earlier become suspicious that Cairo was undercutting their efforts to restrict terrorist activity out of Jordan while working toward a Soviet-model peace settlement without first consulting Amman.



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sumably in deference to popular feelings, the Jordanian prime minister issued a strong statement of support for the movement only a few days after his return from Cairo this week, pledging that Jordan will continue to support Palestinian resistance against Israel even if a settlement with the Israelis is achieved.

Enthusiastic Egyptian statements of support for the terrorists are probably almost as hollow.

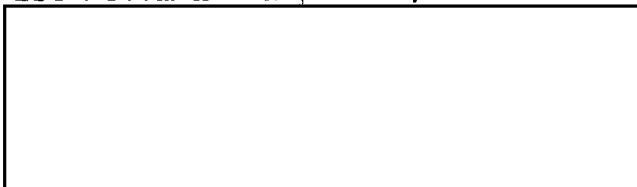
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Nasir is susceptible to the pressures of domestic public opinion, but Husayn is considerably more vulnerable to Israeli reprisals against terrorist activity. Should he finally decide to clamp down on the terrorists for good, he faces the twofold problem of convincing Israel of his sincerity without bringing upon himself the active hostility of his own people. He will certainly chart a careful course and would probably try to move slowly, picking off the various terrorist organizations one by one. Whether or not he can manage this, however, is still highly uncertain.

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Leaders in both Jordan and Egypt are still under obvious pressure to support the terrorist movement in public, however.



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SOUTH AFRICA MOVING TO INCORPORATE SOUTH-WEST AFRICA

South Africa is about to complete passage of new legislation that will formally subordinate the South-West Africa mandated territory to almost total South African control. The promulgation of this legislation will undoubtedly provoke vehement criticism at the United Nations and throughout the world, particularly by those who contend that South Africa's authority under the mandate has been revoked. This criticism will not impede Pretoria's action, however.

Since 1963, when South Africa's intentions toward South-West Africa were made clear in the so-called "Odendaal Report," Pretoria has been moving warily but steadily toward "administrative rearrangements" that will in essence reduce the trust territory to provincial status. The South Africans justify their actions by the terms of the League of Nations mandate, which gave them authority to administer the former German colony as though it were an integral part of South Africa. Strong external pressures from other countries--including the US and the UK--delayed implementation of South African plans for several years, however, while an appeal for revocation of the mandate was under review by the International Court of Justice. The court dismissed the case in mid-1966 on the grounds that the plaintiffs--Ethiopia and Liberia--had no legal right to bring suit in the matter.

Within South-West Africa, the effect of South Africa's formal

take-over of authority will not be great, because South African officials in advisory roles have long controlled all important governmental functions. The dominant white minority in the territory generally accept the inevitability of the take-over as a quid pro quo for Pretoria's protection against the external forces that might threaten their privileged position. The non-whites, whatever their views, have been given no opportunity to express their opinions except through their tribal chiefs' organization, which is little more than a tool of South African officials.

The most vociferous complaints about South Africa's formalization of its control will almost certainly occur at the United Nations and in the meetings of the Organization of African Unity. The pending legislation will give further impetus to efforts already begun by the African states to raise the issue in the Security Council in the very near future.

Regardless of any pressures generated at the UN or elsewhere by opponents of South Africa's racist policies in South-West Africa, there is little likelihood that any practical means can be found that would deter Pretoria from its stated purposes. Despite their recognition of South-West Africa's "special international status," the South Africans do not intend to relinquish control over the territory.

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WESTERN HEMISPHERE

Relations between Peru and the United States became even more strained this week following Peru's seizure on 14 February of a US tuna boat that was allegedly fishing illegally within Peru's 200-mile territorial sea. Another boat was fired upon but escaped, only to be accused later by Ecuadorean authorities of illegally fishing in its waters last November.

A number of other Latin American countries also claim a 200-mile limit either of the territorial sea or of fishing rights. Peru and Ecuador, however, have enforced their claim more vigorously than the others because some of the best tuna fishing in the world is off their coasts.

Peru's expropriation of the International Petroleum Company has drawn considerable comment throughout the hemisphere. For the most part, the news media and the general public believe that the expropriation is justified and defensible. Nearly all government officials, on the other hand, have taken a neutral or generally noncommittal attitude on the subject.

Some governments—notably Argentina and Brazil—have discreetly indicated their willingness either to mediate the dispute or to help work toward a solution of the problem through “diplomatic conversations.”

Elsewhere in Latin America, there were no developments of significance this week.

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PERUVIAN-US TENSIONS AGGRAVATED

Peru's actions against US fishing vessels last week, in which one ship was seized and another damaged by machine-gun fire, have added to the strains in relations resulting from the controversy over Peru's expropriation of a US oil company. The latest incident has produced a new wave of nationalistic reaction against the US, although the Peruvian Government has tried to play it down.

The attack on the small US tuna fleet on 14 February is believed to have resulted from a Peruvian Navy lieutenant's overreaction to the US boats' delay in answering a request for inspection of documents. The lieutenant had apparently been overheard saying that he was "fed up" with seeing the large number of foreign ships in "Peruvian waters" with the navy's acquiescence. US officials in Peru expect further trouble if disciplinary action is not taken against the responsible officer.

This is only the most recent of a long list of such incidents in which US fishing boats have been seized by both Peru and Ecuador for fishing within the 200-mile limit claimed by several Latin American countries. Peru first claimed that its territory extended 200 miles out to sea in 1947 and since then has sought to exert its sovereignty over the

"natural resources" off its coast. The issue has now become emotional and nationalistic, and no Peruvian or Ecuadorean government could afford any action that could open it to charges that it was not protecting national sovereignty in this matter.

Meanwhile, the political situation inside Peru is heating up. Haya de la Torre, founder and chief of APRA, the country's largest political party, is expected to return from voluntary exile in Europe for the celebration of his 74th birthday on 21 February. Haya is a long-time enemy of the military and there is widespread speculation that the public celebration of his birthday will not be allowed.

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The government has also come under attack in the Lima press for its expulsion from the country of a well-known news commentator and a political leader, both of whom had criticized the government publicly. The increasing unrest in Peru could be made to order for Prime Minister Montagne and his moderate backers in the government and military, if he is doing anything more than talking about ousting President Velasco.

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COLOMBIAN CHURCH DISSENSION POSES GOVERNMENT DILEMMA

Growing dissension within the Roman Catholic Church in Colombia is becoming a national issue that poses a serious dilemma for President Lleras. The heart of the problem is a revolt by socially conscious priests against a reactionary church hierarchy that is closely identified with elements of the country's governing elite. President Lleras, anxious to avoid public disorders as well as trouble with the politically potent hierarchy, has criticized priests who supported strikes last month, and has apparently not interfered with security action to curb "Communist" priests. Continuation of this attitude risks further alienation of restive lower classes whose grievances are being effectively articulated by the dissident priests.

The revolt became public last December when fifty activist priests led by Colombia's most forward-looking prelate, the archbishop of Buenaventura, issued a declaration calling for a militant effort to change the socioeconomic and political structure of Colombia. The declaration urged the clergy to ally itself with all those who fight for such a change. It also criticized the two governing political parties and described the military as repressive.

The activist clergy have gained wide support in western Colombian cities among the urban poor whose economic situation is particularly bad. Thousands of followers who rallied behind a parish priest ousted by his superior on charges of Communist activity reportedly have been threatened with excommunication. Other charges by conservative prelates and politicians of Communist influence among the clergy have raised strong public reaction. The attacks are given some substance by the fact that extreme leftists are exploiting the efforts of priests who are increasingly defying the church hierarchy and the government on behalf of the lower classes.

The acting primate of Colombia has announced that he has no proof of the charges of Communist infiltration and has called for an "objective study" to distinguish between priestly activities on behalf of social justice and Communist efforts. Unless President Lleras seeks the same differentiation and directs Colombian security forces to do the same, the activist priests may conclude that they have no choice but extremism to prove their point.

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CARIBBEAN ECONOMIC COOPERATION HINGES ON JAMAICA

Leaders of the Commonwealth Caribbean, meeting in Port of Spain from 3 to 7 February, apparently again failed to remove the major obstacle to further economic integration. Despite the creation of a Caribbean free trade area (CARIFTA) almost a year ago, efforts to establish a regional development bank have been thwarted by Jamaica's reluctance to participate.

Jamaica did not join CARIFTA until last August, and it is still undecided about joining the proposed Caribbean Development Bank (CDB). As the most economically advanced of the Caribbean states, Jamaica apparently fears that its development would be hampered by involvement in a cooperative economic endeavor with its poorer neighbors. During the conference, several Jamaican Government officials stated that the main obstacle to Jamaica's participation in the bank is the lack of available financial resources. This factor has not been raised in previous Caribbean meetings and probably constitutes a new delaying tactic.

If Jamaica does not agree to participation before 31 May, a deadline set by the recent conference, it may mean the end of CARIFTA. Several leaders have complained about the delays encountered in establishing the bank, which they believe is the only CARIFTA entity that would benefit their economic development.

Britain, Canada, and the US have indicated they will support the CDB with or without Jamaican participation. Nevertheless, they have favored Jamaican entry because this would facilitate the bank's acquisition of \$65 million in capital assets, the amount recommended by the charter meeting in March 1968.

Jamaica would also serve as a drawing card for other Caribbean islands that are now outside the free trade area. Prime Minister Pindling of the Bahamas has said that he will join the bank if Jamaica does, and officials in Haiti and the Dominican Republic are expressing interest. Puerto Rican officials had said last year that they would like to participate, if legal arrangements could be made with the US, but the government elected in November has taken no position on the question.

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