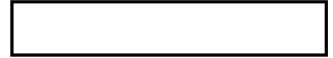
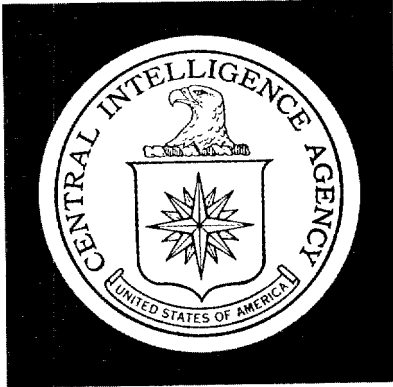


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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**46**

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### FAR EAST

Hanoi gives no sign of modifying its official position in order to break the impasse in the Paris talks at least until it assesses the impact of the spring offensive in South Vietnam. North Vietnamese propaganda has reacted in defiant tones to statements by American leaders about a possible US response to Communist attacks. The Communists claim their offensive is a response to intensified US military pressures.

In the fighting, major actions were concentrated in the western highlands and in northwestern III Corps. Communist forces, however, maintained a fairly steady pace of harassing rocket and mortar attacks, and occasional commando raids and ground probes, throughout the country. Hue was hit by rockets on 10 March for the first time during the offensive.

Cabinet changes designed to strengthen government operations in rural areas in order to compete more effectively with the Communists were announced in Saigon this week. Most of the new men are close to Prime Minister Huong or Interior Minister Khiem, but President Thieu selected them primarily for their administrative abilities. Village and hamlet elections were conducted successfully on 9 March, the second of four Sunday election days, despite some light Communist harassing fire.

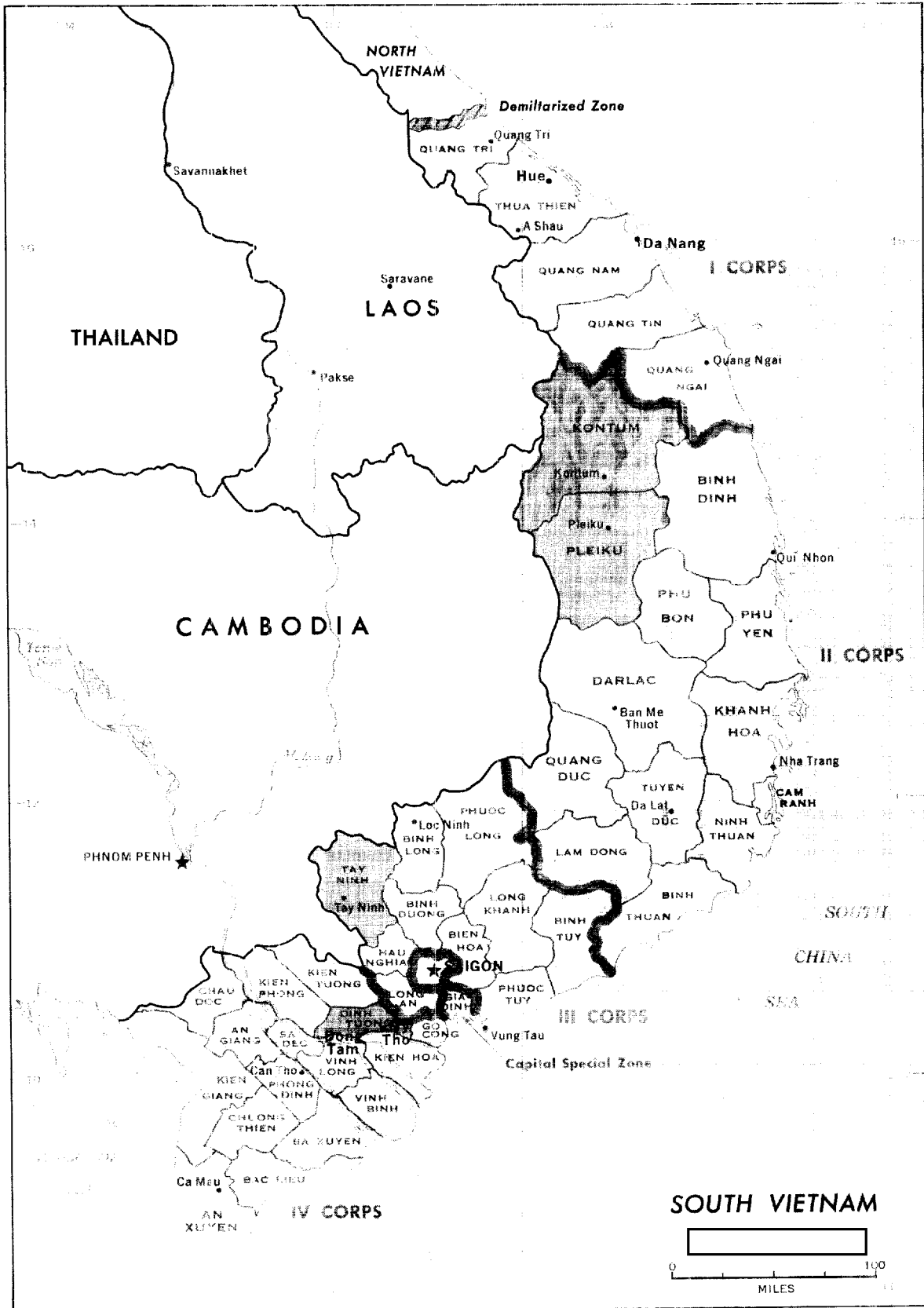
In China, chauvinistic propaganda engendered by the Sino-Soviet border clash on 2 March has concentrated on the "unequal treaties" the Chinese claim imperial Russia forced on China, thus reviving Peking's claim to extensive areas in Siberia. The Soviets, for their part, have focused on the recent incident itself and have tried to fix the blame on the Chinese. In the meantime, preparations for the Chinese Communist Party's ninth congress have apparently continued against the militant backdrop of massive propaganda demonstrations condemning the Soviets. There is every indication that the congress will convene soon even though the Chinese leaders have not resolved some of their basic disagreements.

The Communists in Laos are moving against other government positions in the northeast following the capture of Na Khang on 1 March, but a major push into areas controlled by the government has not developed. On 12 March, the Communists launched the third attack in as many years against the Luang Prabang Airfield in the northwest, and have also been active in the Bolovens Plateau area in the south. [REDACTED]

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## VIETNAM

Hanoi's position in Paris during the new military offensive in South Vietnam has been to justify it as an act of "self-defense." The Communists maintain that they have had to send their forces back into the field in response to recently intensified US military pressure.

As the outlines of the new offensive become clearer, it is increasingly apparent that the Communists hope to use the new fighting to nudge the US into bargaining over the issue of de-escalation. The Communists are now openly flouting any understanding on military restraint in connection with the bombing halt, both in their shellings of the cities and in their use of the Demilitarized Zone for large troop movements.

Their propaganda still shrilly insists that the negotiations can make progress only when the US starts talking seriously to the Liberation Front. They probably do not believe that the US will engage in such talks without Saigon and their own language, which justifies the leading role of the Front in such talks, also leaves room for the presence of Saigon--they argue that talks about the

fighting in the South must include those who are doing the fighting.

### Military Developments in South Vietnam

The major fighting this week was concentrated in the western highlands and in northwestern III Corps. Elsewhere, Communist forces maintained a fairly steady pace of harassing rocket and mortar attacks with occasional commando raids and ground probes. Several major cities and military installations again were struck, including Saigon, Da Nang, and Hue.

Battalion-sized infantry elements from three main force divisions attacked in the northern and western provinces of III Corps, particularly Tay Ninh, triggering stiff, sustained battles. This fighting is concentrated along the infiltration corridors leading to the capital city and could be designed to pave the way for a thrust into the Saigon area.

Saigon itself was struck by rocket fire on 6 March for the

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fourth time since the offensive began. Twenty 122-mm. rockets have hit the capital during these attacks, killing 45 civilians and wounding 82 more. There were also sporadic incidents of terrorism in the city and a few small skirmishes on its outskirts.

In II Corps, enemy main force units have maintained pressure for more than a week against a string of Special Forces camps along the international frontier in western Kontum and Pleiku provinces. Other enemy forces have overrun several hamlets in the nearby highlands, often routing the militia defenders and then holding their ground during allied counterattacks. In many cases, civilian casualties and property damage have been heavy. Communist losses in their highlands offensive have been around 1,500.

The Communist threat in IV Corps continues to be centered in Dinh Tuong Province, where enemy forces have maintained a steady rate of harassment against My Tho, the US base at Dong Tam, and several nearby district and crossroad towns.

No major ground activity was reported during the week in I Corps, where the Communists continued sporadic, harassing rocket and mortar attacks. Hue was hit by rocket fire on 10 March, the first time during the offensive.

#### Political Developments in South Vietnam

Despite the distractions of the current Communist offensive, the Saigon government continues to focus on the problems of future political competition with the Communists.

Cabinet changes that were announced this week are designed to strengthen government operations in rural areas. Most of the new men are close to Prime Minister Huong and Interior Minister Khiem, but President Thieu has selected them primarily for their administrative abilities. Cao Van Than, for example, was appointed agriculture minister in line with President Thieu's expressed determination to implement a meaningful land reform program and his complaints that the former minister had accomplished little in this field.

To ease the workload of Prime Minister Huong, who had previously been responsible for Revolutionary Development, Nguyen Van Vong was appointed to a cabinet post overseeing these activities. Vong will work closely with Interior Minister Khiem, who earlier this month had been named deputy prime minister for pacification. The government's concern about preparing for a peacetime environment was also demonstrated by Minister of State Vu Quoc Thuc's assumption of the additional title of

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minister of postwar planning, as well as by the creation of a special subcabinet post to handle veterans affairs.

President Thieu's instructions to the cabinet to develop a program of "political mobilization" to bring some semblance of unity into competing anti-Communist political groups also reflects his intention to be ready for competition with the Communists. The President is now reportedly ready to place himself at the head of the slow-starting progovernment front, the Lien Minh, to help give it some momentum. In addition, the government has helped to organize a new labor confederation to reduce the possibility of formerly independent unions becoming susceptible to Communist penetration and control.

Other efforts to strengthen Saigon's position in the countryside include a program aimed at assigning additional policemen and information and propaganda cadres to villages to function as the eyes and ears of the government. This goal may prove hard to reach, however, even though President Thieu has given high priority to the struggle against the Communists at the village level, because recruiting personnel suitable for training as policemen and propagandists for the villages will be extremely difficult in view of South Vietnam's already overtaxed manpower pool. Meanwhile, despite some light Communist military harassment, village and hamlet elections were conducted successfully on the second of four Sunday election days. [redacted] 25X1

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## COMMUNIST TROOPS MAINTAIN OFFENSIVE IN LAOS

The Communists are moving against other government positions in the northeast following the capture of Na Khang on 1 March, but a major push has not developed.

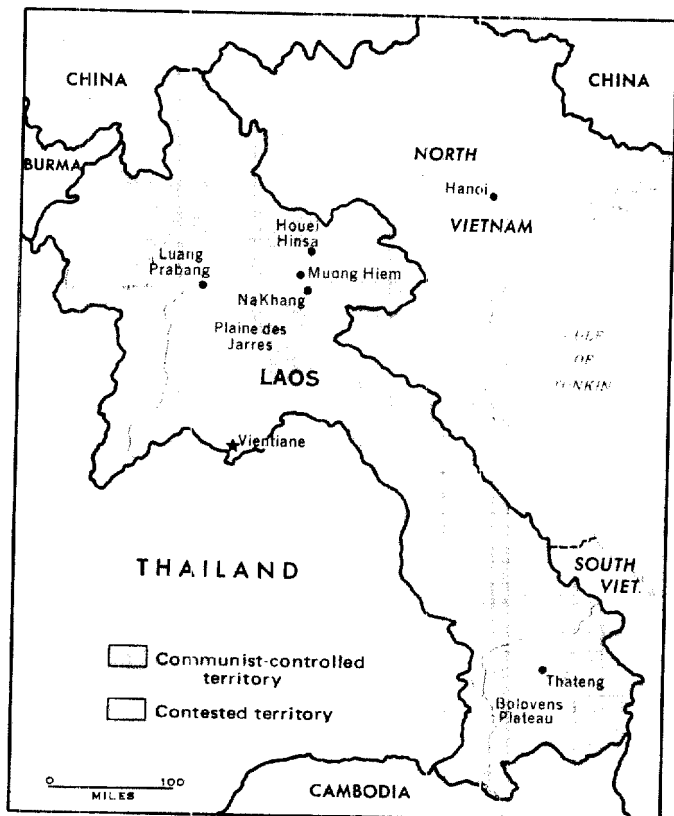
In the area north of Na Khang, North Vietnamese troops have moved back into Houei Hinsa, a guerrilla stronghold captured during the government's summer offensive last year. There are also reports of an increased

enemy threat against Muong Hiem and a number of bases immediately north of the Plaine des Jarres. Government military leaders hope to use these positions to anchor a new defensive line.

Efforts to blunt the North Vietnamese thrust are being seriously hampered by large numbers of tribal refugees who are flocking into the bases still under government control. In addition, government personnel and equipment losses in the recent fighting appear to be high.

Farther west, a small enemy force attacked the Luang Prabang Airfield on 12 March, destroying one observation plane, damaging several T-28 fighters, and inflicting light casualties on the base's defenders. This is the third such attack in as many years.

In south Laos, meanwhile, Communist forces continue to apply pressure against government positions west of the Bolovens Plateau. The movement of fresh enemy troops and supplies into the Thateng area suggests that a new round in the three-month-old offensive against that government outpost may be in the offing.



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## MALAYSIA EXPANDS ECONOMIC TIES WITH COMMUNIST COUNTRIES

Malaysia is widening its economic relations with Communist countries in a search for markets for its increasing production of rubber. Kuala Lumpur recently agreed to a Soviet delegation's proposals to expand trade, and is presently negotiating with several East European countries. In addition, trade with Communist China continues to grow.

The USSR suggested that Malaysia establish private agencies to promote the sale of Soviet goods in Malaysia. The Soviets look toward eventually setting up a network of outlets to handle their machinery and equipment. The Soviet delegation also indicated that Moscow is prepared to extend long-term commercial credits to finance these sales.

Moscow's trade promotion efforts reflect in part its adverse trade balance with Malaysia. The USSR has been the leading buyer of Malaysian rubber since 1965--about \$70 million worth annually--while Malaysian purchases of Soviet goods have been less than \$2 million a year. Moscow used its position as the largest single purchaser of Malaysian rubber to establish a diplomatic presence in November 1967, and the current trade promotional effort should probably be viewed as an attempt to extend Soviet influence further.

The USSR also has urged Kuala Lumpur to accept economic aid for

several projects proposed under Malaysia's current five-year plan (1966-70). An agreement now under negotiation calls for the delivery of \$10 million worth of Soviet agricultural machinery with repayment over 15 years at four percent interest. Kuala Lumpur also is considering a Soviet proposal to assist in the construction of a major highway. The USSR offered to supply military aircraft, but was turned down.

Malaysia's economic relations with Eastern Europe center on the Balkan countries. Last October, a Bulgarian delegation discussed joint ventures involving timber and food processing and pharmaceutical manufacturing. Sofia's purchases of Malaysian rubber are to reach \$7 million this year, half again as large as in 1968. In addition, a Rumanian delegation is now in Kuala Lumpur to sign a trade agreement.

Malaysia's trade with Communist China, its leading Communist trading partner, increased again last year. China was the third leading buyer of Malaysian rubber in 1967, when direct contracts and purchases through Singapore totaled \$20 million. Malaysian imports from China, some of which are purchased in Singapore, consist largely of foodstuffs and inexpensive consumer goods. These purchases amounted to \$87 million in 1967,

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giving China a trade surplus of about \$60 million as Malaysia remained a substantial source of foreign exchange for Peking. The opening of two new Chinese empo-

riums at Malacca and Penang, in addition to the present one at Kuala Lumpur, will increase the sale of Chinese goods in Malaysia.

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### JAPANESE GOVERNMENT MOVES TO CURB STUDENTS

The Sato government is seriously considering pushing emergency legislation to control student disorders. If such legislation encounters stiff opposition in the Diet, as is expected, Prime Minister Sato may revise his political timetable and call for general elections this spring.

Many government leaders apparently are now convinced that it is politically imperative to act soon to resolve the crisis in higher education. Recent political soundings by ruling Liberal Democratic Party Diet members indicate that popular support for curbing student excesses is strong and widespread, transcending even the Okinawan reversion issue. A recent upsurge of violence at Kyoto University has added to the public concern.

The government, moreover, is concerned that de facto cooperation between weak university administrators and Communist student organizations for joint defense against the rampaging ultra-leftists can only enhance the

Japan Communist Party's influence at the university level. Sato has probably concluded that if he does not soon respond to the school challenge, intra-party rivals may exploit the crisis to undermine his leadership.

Sato's timetable up to this point has envisaged national elections late this year, following his projected visit to Washington to arrange the details of Okinawan reversion. Sato expected the successful outcome of his visit to enhance the prospects of his Liberal Democratic Party in the elections. There are indications now, however, that Sato may not be adverse to early elections precipitated by the school crisis. In addition to exploiting the general disarray of the main opposition Japan Socialist Party, Sato may also estimate that government efforts to restore order in the schools in the face of legislative obstructionism by the Socialists and Communists would have wide electoral appeal.

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## PEKING AND MOSCOW CONTINUE PROPAGANDA OVER BORDER CLASH

The propaganda exchange between Peking and Moscow over the border clash on 2 March is continuing, with both sides apparently unwilling to abandon the field to the other. There has been no indication that either side intends to go beyond the level of polemics, but further incidents along the border cannot be ruled out.

Although Moscow was quick to publicize the clash, Soviet leaders may have been undecided over their next step. They apparently became convinced, however, of the need to respond to Peking's extensive exploitation of the issue, and on 7 March began a major campaign to emphasize Russian innocence. Moscow has presented considerable detail on its version of the incident, claiming that 31 Soviet border guards were killed and 14 were wounded in a Chinese ambush and that reserves had to be brought up to drive the Chinese off Soviet territory. The Soviets have also fitted the incident into their efforts to discredit the Chinese leadership prior to the convening of both China's ninth party congress and the coming world conference of Communist parties.

The Soviets coordinated the opening of their propaganda offensive with large demonstrations in front of the Chinese Embassy in Moscow on 7 and 8 March, obviously in retaliation for earlier anti-Soviet demonstrations in Peking. This led to the resumption of tightly controlled counter-demonstrations in the Chinese capital on 11 March.

In contrast to Moscow's propaganda focus on Chinese responsibility for this incident, Peking has used it to revive its claim to extensive territories in Siberia. On 10 March, a lengthy and carefully constructed Chinese Foreign Ministry statement rehearsed the series of "unequal treaties" imposed by imperial Russia and charged Moscow with having "sabotaged" the Sino-Soviet border discussions held in 1964.

Peking is also exploiting the border clash for domestic purposes by staging a series of massive anti-Soviet rallies that are still under way throughout China. This chauvinistic campaign is probably intended in part to provide a properly militant backdrop for the ninth party congress, which will probably be convened soon.

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## EUROPE

The propaganda battle over the clash on the Sino-Soviet border rages on, with Moscow supplying most of the gory details but giving no indication that it desires to go beyond polemics.

Meanwhile, there is considerable activity and uncertainty concerning two potentially significant negotiating sessions set to begin next week on opposite sides of the continent. In Moscow, at least sixty Communist parties are expected to make final plans for the long-scheduled "world Communist conference" that the Soviets hope to stage in May. Early reports of disagreement among the planners suggest that decisions about the agenda and even the date of the world conference will not come easily.

In Geneva, the Eighteen Nation Disarmament Committee resumes its negotiations. The agenda is open and the prospects for major initiatives unclear, but interest is high in seeing the superpowers follow the Non-Proliferation Treaty with progress on other outstanding disarmament issues.

Moscow also still seems to be trying to lay the groundwork for a high-level Communist economic meeting. Top-level economic delegations from five Eastern European countries have been in Moscow within the last two weeks. Numerous rumored dates continue to be bandied about in Eastern Europe concerning an economic summit and an attendant Warsaw Pact summit. None is firm, and important differences still must be resolved before the meeting can take place.

Otherwise, attention in Eastern Europe this week focused on the Sino-Soviet border thriller, on the Yugoslav party congress, and on political reforms in Czechoslovakia and Hungary.

In France, with workers back on the job after the 24-hour general strike, De Gaulle appears to have at least temporarily averted another economic crisis.

[REDACTED]

[REDACTED]

[REDACTED] The East Germans this week on several occasions refused to permit the transport of goods—claimed by them to be military materials—between West Berlin and the Federal Republic. Pankow probably will continue this type of harassment, perhaps hoping to influence Bonn to negotiate. [REDACTED]

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## FRENCH LABOR SCENE REMAINS TROUBLED

France's labor unions and the government remain locked in a dispute over wages, thus raising the prospect of continued social unrest. Both sides have expressed a willingness to reopen the talks that collapsed last week, but there is a wide gap between what the government is willing to grant and what labor leaders are demanding. The key question is to what extent the rank and file are willing to back the demands of their leaders.

A general strike, called on 11 March by all three labor federations to reinforce their position, won massive support and succeeded in slowing French economic life to a walk. There were no major disorders during the strike, primarily because both union and student leaders were on hand to keep their own in line. The continued hostility between workers and students was underlined by officials of the Communist-led General Confederation of Labor (CGT), who were particularly active in trying to ensure that left-wing students did not spoil the orderly and disciplined show. Their effort was aided by firm police action against students who tried to disrupt the demonstrations. The CGT, making energetic efforts to refurbish its militant image, dominated the protest march in Paris of over 100,000 people.

De Gaulle's speech on the same day returned to the themes that he used in combatting the tumult of last May. He castigated

labor for allegedly attempting to wreck the nation, the economy, and the franc--and thus further enraged labor leaders. All of the unions responded harshly to the President's charges, particularly the implication that striking workers were part of a "totalitarian" plot. Last June, De Gaulle raised the specter of a Communist take-over in his successful effort to convince voters to support the government in parliamentary elections. Union officials were highly critical of his failure now to offer any solutions other than those that have already drawn either indifference or outright hostility from the workers.

De Gaulle's harsh words were taken as further evidence that the government would not deviate greatly from its position that wage increases of over four percent would be inflationary and would threaten the stability of the franc. Government leaders appear to be betting that the unions' demand for wage increases of about 12 percent reflects more the fear of union leaders that they will be overtaken by the rank and file than deep-rooted worker dissatisfaction.

Pressure on the government eased when selling prices for gold, which had risen to new highs as labor unrest mounted, dropped by mid-week. De Gaulle's clear intention to defend the troubled franc and resist any inflationary wage settlement probably helped stabilize the gold market.

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### FRANCE'S NUCLEAR STRIKE FORCE BEING MODIFIED

France is modifying the Mirage IV bombers of its strategic air force to achieve a low-level penetration capability.

The force consists of 58 Mirage IV medium jet bombers, of which 36 are deployed at all times, and 12 Boeing KC-135 tanker aircraft. The other 22 bombers are spares, electronic countermeasure carriers, or trainers.

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25X1 [Redacted]

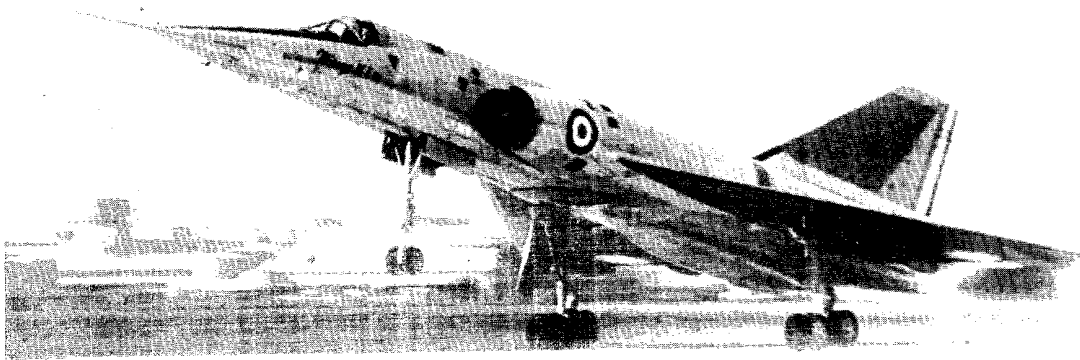
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The modification of the Mirage IVs will improve their capability to penetrate fighter and missile defenses in the USSR and Eastern Europe. The force, however, still will pose only a limited threat to the Soviet Union. At high altitudes, the bombers have an unrefueled radius that would enable them to penetrate just inside the western Soviet border. At low altitudes, where they would be less vulnerable, the bombers could not reach the Soviet Union without refueling.

The modifications, nevertheless, will serve to prolong the useful life of the Mirage IVs to about 1975. During the interim, French strategic attack capabilities will be gradually augmented by up to 27 land-based missiles equipped with nuclear warheads and the nuclear-powered ballistic-missile submarines. The French Government does not plan to re-equip the bomber force with improved nuclear delivery aircraft prior to 1975.

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FRANCE'S MIRAGE IV BOMBER

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## SUBSTANTIAL PROGRESS UNCERTAIN AT NEW ENDC SESSION

On 18 March, the Eighteen Nation Disarmament Committee (ENDC) will meet in Geneva. Many smaller countries, now considering whether or not to accede to the Non-Proliferation Treaty (NPT) will be watching the session for any signs that the nuclear powers intend to fulfill their NPT commitment to negotiate toward further disarmament measures. Although the climate for disarmament may have improved since the Czechoslovak crisis, the stage does not appear set for substantial immediate progress on any of the issues expected to receive attention.

High on the agenda is a comprehensive nuclear test ban. The sticking point in the past--acceptable verification procedures--promises to stymie the negotiators again. Several ENDC members, notably Sweden and Italy, are expected to suggest verification procedures based on voluntary bilateral exchange of seismographic data or on the creation of a new international organization to monitor and inspect compliance.

Having publicized their readiness to make progress on disarmament issues, the Soviets probably consider themselves obliged to put forth some kind of proposal at Geneva. In doing so, Moscow would hope at a minimum to provide a public, multi-

lateral forum as a balance to the private arms talks it seeks with the US, and to show forward movement to those states that have yet to ratify the NPT.

There is also considerable interest among ENDC members in the possibility of a cutoff of production of fissionable materials for weapons purposes, and in an arms control measure applying to the seabed. As yet, however, no concrete proposals with broad support have materialized. Of the two, the seabed proposal appears to have the better chance for agreement between the ENDC's cochairman, the US and the Soviet Union, who tend to dominate the committee.

With the growing interest in disarmament among smaller countries, the issue of enlarging the ENDC may well arise at the plenary session. The Soviets have not yet responded officially to a US "package" proposal last month to admit Japan and at the same time preserve a balance of East, West, and non-aligned members by also adding Mongolia, West Germany, Hungary, Pakistan, Yugoslavia, Argentina, and Tunisia. Because Moscow can be expected to oppose membership for Bonn, however, the Geneva conference seems certain to open with this question still no nearer solution.

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## HUNGARY REINVIGORATES REFORM POLICIES

Hungary has drawn up a charter for domestic political reform and, to help assure the success of its economic reform, has applied public pressure on its bloc partners to modernize and improve certain operations of the Council for Mutual Economic Assistance (CEMA).

After an unusual joint meeting on 5-6 March, top-level party and government leaders issued a communiqué calling for concentrated efforts toward long-awaited political reforms, which have been in limbo since the Soviet intervention in Czechoslovakia. The carefully worded statement on "socialist democracy" called for expanded rule of law, constitutional revision, further election reforms, regional autonomy, and an increased role for mass and state organizations. Some of these are the logical extensions of the economic reform inaugurated in 1968. It is still too early, however, to judge how great an effect any political changes will have on the largely apolitical Hungarians.

The communiqué makes clear the party's resolve to maintain control. Although party organizations will have to cede some authority to youth groups, local government, and industrial enterprises, these groups will not be granted independence. To avoid repetition of Czechoslovak developments last year, the program makes no changes in censorship, police controls, or the single-party system. Judging by past reform activities, the Hungarians will move carefully but resolutely to enact the new program.

The party has taken several steps to emphasize its primacy and its resolve to see the political reform through. The ailing head of its agitprop committee, which will be primarily responsible for pushing the new reforms, has been replaced by Gyorgy Aczel, a hard-nosed Kadar man who won his political spurs in the field of cultural affairs. The day after the communiqué was issued, the party ostentatiously demonstrated its commitment to reform and its rejection of Stalinism by honoring Laszlo Rajk, a chief victim of the Stalinist terror and a symbol of liberalization in 1956.

Kadar probably discussed these moves with the Soviets during his visit to Moscow in early February, but Soviet reaction to the communiqué has been noncommittal. Moscow barely mentioned it in domestic reporting, and the more detailed TASS international account contained distortions and deletions. Although Budapest may have Moscow's general approval, this type of slanted press coverage--not uncommon for the Soviet press--will probably create uneasiness.

The communiqué also called for an "all-round view" of CEMA economic relations, backed a scheme for economic integration, hinted at the need for standardization of prices, and pushed for currency convertibility. Hungarian planners fear that, with Hungary's great dependence on foreign trade, economic reform cannot succeed without some accommodation by its bloc partners. The Hungarians therefore want to press their views publicly before the issues are settled.

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## YUGOSLAV CONGRESS ADDS TO COMMUNIST DISSENSION

Proceedings at the Yugoslav party congress, which opened on 11 March, reflect the growing attraction of Yugoslavia's independent brand of Communism and underscore the basic nature of the rift in the international movement. Tito set the tone in his opening address to the congress when he reviewed the history of Soviet interference in Yugoslav affairs and reaffirmed all of Belgrade's unorthodox policies.

Even though the Soviet Union and all its Warsaw Pact allies except Rumania are boycot-

ting the congress, a record number of foreign delegations are present. Except for the eighth congress in December 1964, the Soviet and Eastern European parties have not officially attended any Yugoslav congress since World War II. This time, however, in addition to Rumania, the more important Western Communist and Socialist parties are taking part despite pressure on the Communist parties to do nothing but send messages. Prague's decision not to attend reportedly has met with popular disfavor. Tito's speech treated the absence of the Warsaw Pact parties more in sorrow than in anger.

### YUGOSLAV-SOVIET TENSIONS DURING PREVIOUS PARTY CONGRESSES

FIFTH CONGRESS	July 1948: Three weeks after Yugoslavia had been expelled from the Cominform
SIXTH CONGRESS	November 1952: At the height of Stalin's anti-Yugoslav campaign
SEVENTH CONGRESS	April 1953: Under the impact of a renewed break between Moscow and Belgrade
EIGHTH CONGRESS	December 1964: In the midst of tense uncertainty that followed Khrushchev's ouster two months earlier
NINTH CONGRESS	March 1969: In a new era of distrust following the invasion of Czechoslovakia

Soviet pressure also failed to persuade the Yugoslavs to soften their criticism of the invasion of Czechoslovakia, or to lay off other issues disagreeable to Moscow. Tito's refusal to subjugate Yugoslav interests to those of the USSR has been at the core of the Belgrade-Moscow dispute for over twenty years. The program adopted by the congress is certain to aggravate this feud because it will further challenge Moscow's claim to be the sole authorized interpreter of Marxism-Leninism.

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## BULGARIAN-YUGOSLAV DISPUTE OVER MACEDONIA FLARES ANEW

Recent Bulgarian assertions that Macedonians in Yugoslavia are really Bulgarians have touched off a new outburst in this long-standing dispute, further aggravating bad relations between Sofia and Belgrade. Published in an inflammatory pamphlet--apparently circulated clandestinely in Yugoslavia over the past few months--the claims provoked acrimonious rebuttals from Belgrade and finally, on 12 February, an official protest.

The Yugoslavs blame the Bulgarians for the steady deterioration of relations since late 1967 when the Bulgarians vociferously celebrated the 90th anniversary of the San Stefano Treaty. This short-lived treaty created a greater Bulgarian state that included present-day Yugoslav Macedonia, and is the basis for Bulgarian irredentist claims today. More disturbing for the Yugoslavs, however, are the charges in the pamphlet that the main problem is not Macedonia but the "question of cooperation in the building of socialism." Belgrade resents this as an attempt to apply the recently expounded theory of "limited sovereignty" of socialist countries.

Since publishing the pamphlet, Sofia has maintained a low-key approach. The press has refrained from answering Yugoslav polemics directly, and officially Sofia still proclaims its interest in neighborly relations with all Balkan states. The Bulgarians finally answered the Yugoslav

protest note on 4 March, but the text was not made public.

The Bulgarian regime is nevertheless subtly keeping the pressure on Belgrade--possibly at the instigation of the Soviets, as the Yugoslavs charge. More likely, however, the Bulgarian campaign is also aimed at suppressing nationalist sentiments among its own Macedonian minority. Sofia is also probably trying to distract public attention from other internal problems, such as economic dissatisfaction and disillusionment over Bulgaria's participation in the invasion of Czechoslovakia.

The Bulgarians, aware that the hypersensitive Yugoslavs can easily be prodded into overreacting, will probably continue to press their academic claims to Macedonia and ignore Belgrade's outraged charges of "territorial aspirations."

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### MACEDONIA



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MIDDLE EAST - AFRICA

Tension in the Middle East has been highest along the Suez Canal, with exchanges of artillery fire over the weekend. Incidents have also occurred on the Jordanian-Israeli border, but the Lebanese-Israeli border remains relatively quiet.

25X1 Moscow continues to supply military equipment to Southern Yemen. A Soviet freighter [redacted] unloaded two helicopters, artillery, small arms, and ammunition. The USSR has already delivered at least eight MIG-17s, trucks, and small arms.

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In Nigeria, the Soviet naval visit to Lagos from 5 to 11 March, the first such visit of its kind, ended on a sour note when Soviet officials offended the Nigerians by their clumsy tactics in getting the release of a Soviet seaman who jumped ship. Nigeria returned the deserter, but the incident probably antagonized federal leaders, some of whom opposed the visit in the first place. Meanwhile, the civil war remains stalemated.

Guinea is in ferment over reports of a plot against President Toure's radical regime. Several persons—including army officers—reportedly will be tried before a revolutionary tribunal in connection with the plot, and committees are being set up throughout the country for the "defense of the revolution." These actions could presage a purge of the army, a move that would serve to divert public attention from the harsh realities of Guinean life.

In India, the Congress Party appears to be stumbling as it tries to adjust to its disappointing showing in the recent mid-term elections in four northern states. Open squabbling among senior party leaders is occurring again, and former food minister Subramanjam has resigned from the Congress working committee in protest against party opportunism in aligning with a corrupt group of former congressmen in an attempt to establish a Congress-led coalition government in Bihar State. [redacted]

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## PAKISTANI OPPOSITION REACHES PARTIAL AGREEMENT

The government-opposition round table conference concluded in Rawalpindi this week with agreement on adult franchise and a federal parliamentary system. A new wave of unrest provided the backdrop for the talks.

The agreement focuses on only two of many basic issues to be settled. Although opposition leaders held a series of meetings in preparation for the talks, the two proposals seemed to be the only areas where they could agree. They remained badly divided on other important issues such as the future relationship between East and West Pakistan and the basis of representation in parliament--population or provincial parity. In announcing the conference agreement, Ayub indicated that he would now ask the National Assembly to put into effect the the agreed-upon constitutional changes and leave the unresolved questions to the new representatives to be elected.

It seems unlikely that the agreement will end the unrest in the country, because it falls far short of the agitators' demands. The period between now and the elections--which have not been set--will be one of intense political activity and jockeying for position among the disparate opposition groups. Tensions between conservative and leftist forces have already produced serious violence.

Various developments, unleashed by Ayub's decision to

step down, have further complicated the political picture in recent weeks. Latent agitation for the break-up of West Pakistan into its former autonomous provinces has surfaced in the Karachi district as well as the northwest frontier area. Daily violence continues in East Pakistan, where the provincial government has abdicated authority to the students. Labor agitation is growing in the face of the inability of government and industry to resist union pressures. A serious port strike in Karachi and a number of other labor disputes have now been settled, but the clear union victories have emboldened other groups to press for redress of grievances.

The protracted unrest has resulted in serious economic dislocations throughout the country. Telecommunications, postal services, and commercial activity have been widely disrupted. Critical food shortages are reportedly developing in East Pakistan and could play into the hands of political extremists who continue to disparage compromise and advocate violence.

As always, the army remains in the background--the one stable element that might be able to restore order. Rumors of impending martial law continue to circulate. It seems likely, however, that the army would only intervene if it felt that the popular outcry against internal chaos and anarchy demanded such action.

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## EQUATORIAL GUINEA'S TROUBLES PERSIST

Tensions in Equatorial Guinea have eased somewhat since the attempted coup last week against the Macias government, but further incidents are possible. Although prospects for resolving differences with Spain appear to have improved slightly, the effects on the economy of the continuing exodus of Spanish residents are already evident.

The unsuccessful coup attempt on 5 March was led by Foreign Minister Atanasio Ndongo and UN representative Saturnino Ibongo. Both men were moderates and former political opponents who had joined President Macias' coalition government at independence last October. Although details of the coup attempt and the fate of the participants are unclear, their advocacy of negotiations with Spain may have led the two officials to attempt to wrest power from the more militant and anti-Spanish President.

Although new anti-Spanish incidents and factional infighting that erupted in the wake of the coup report have apparently subsided, emergency controls were still in effect as of 13 March. Spain's special envoys and the personal representative sent by UN Secretary General Thant reportedly have made some progress in calming the emotional and erratic President, and both Macias

and Madrid now appear prepared to conclude quickly basic bilateral cooperation agreements. Spain, whose decolonization of Equatorial Guinea was motivated largely by the desire to secure African support on the Gibraltar issue, has a continuing stake in preserving Guinean stability, and therefore may offer further aid.

The Spanish, however, have announced that they will withdraw their forces when evacuation of all Spanish nationals wishing to leave is completed, and have rebuffed Guinean proposals for a new defense agreement providing for the stationing in Guinea of Spanish troops "without a colonialist mentality." Spanish military withdrawal, if accomplished, will leave Macias with an 800- to 1,000-man security force whose loyalty to him is uncertain.

In any event, prospects for stability remain poor. Macias' recent constructive approach to his problems could dissolve at any time. Meanwhile, the mass Spanish exodus will jeopardize the normal functioning of the government and many public institutions as well as virtually all commercial and industrial facilities. The important lumber industry is already on the verge of collapse and a significant decline in the key cocoa crop is anticipated.

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### SOVIET NAVY CRUISES ALONG WEST AFRICAN COAST

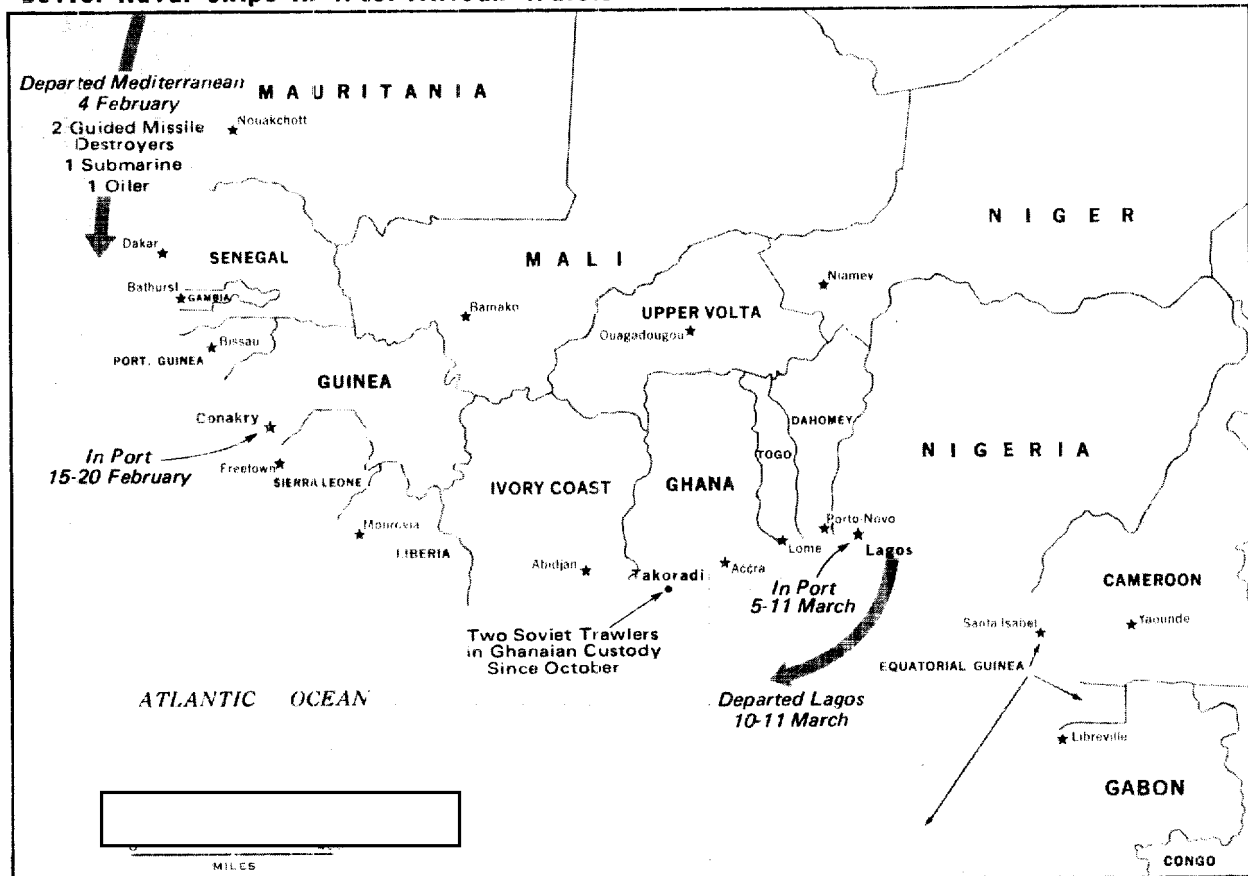
Recent Soviet ship visits to Guinea and Nigeria have highlighted continuing efforts by the USSR to promote its interests abroad through the use of naval forces.

Two guided-missile destroyers, a diesel submarine, and an oiler have been traveling slowly along the west coast of Africa since leaving the Mediterranean

on 4 February. The ships may return home soon following calls at Conakry in mid-February and at Lagos early this month.

Although this unprecedented visit by Soviet ships to West African waters probably was planned as a good will gesture it also was related to Ghana's prolonged detention of two Soviet trawlers seized last October

### Soviet Naval Ships in West African Waters



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for violating Ghanaian territorial waters. It coincided with intensive Soviet pressures on Ghana, including a stiff note from Soviet President Podgorny, to secure release of the trawlers. The presence of the warships off Takoradi during the closing stages of the trial of the trawler captains probably contributed to the decision of the Ghanaian leaders to release the trawlers on 4 March.

The cruise appears to have yielded mixed results for the Soviets. Guinean President Toure, whose regime has been under considerable strain since the overthrow last fall of fellow socialist Modibo Keita in neighboring Mali, almost certainly welcomed this gesture of Moscow's support for his government. The Nigerian stop, on the other hand, may have been a net loss for the Soviets.

Federal leader Gowon, who only reluctantly agreed to the visit, reportedly was angered by the Soviets' aggressive methods in obtaining the return of a disgruntled seaman who had deserted. That incident, which delayed for a day the departure from Lagos of two of the ships, probably detracted from the public relations impact of the visit as well.

The current cruise is part of expanding maritime operations by the Soviet Navy. Soviet warships began operating in the Mediterranean on a regular basis four years ago, and there has been a Soviet naval presence in the Indian Ocean for over a year. Cruises to the South Atlantic may become more frequent, but the establishment of a permanent naval force there is unlikely.

[Redacted]

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### OBJECTIVES OF SUEZ CANAL DUELS APPEAR LIMITED

The serious outbreaks of fighting along the Suez Canal this week highlight the uneasy nature of the Arab-Israeli cease-fire lines, but the fighting is not expected to expand dramatically in scope.

The extended exchanges of artillery and small-arms fire on 8 and 9 March resulted in numerous casualties on both sides and aerial engagements accounted for one Egyptian fighter. The Egyptian oil refinery complex at the southern end of the canal was hit for the third time since the

war in June 1967. The extent of damage is not yet known.

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Egypt's rationale for initiating the weekend shooting is not yet entirely clear. Cairo may have believed that it must demonstrate to the other Arab states, as well as to the more militant elements at home, that Egypt is doing its share in the confrontation with Israel. Some of the earlier sniping may have been initiated by restless elements

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of the various military contingents stationed along the waterway. The renewed shelling on 11 March probably stemmed from the increased tensions created in the area by the earlier exchanges of fire and the death of Egyptian Chief of Staff Abdul Munim Riad.

Nasir will probably have some difficulty finding a suitable replacement for Riad, who was considered a highly competent soldier and a political moderate, even though he may have differed with Nasir on some policies.

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## WESTERN HEMISPHERE

Rafael Caldera was inaugurated president of Venezuela on 11 March, with a great deal of fanfare but none of the attendant violence promised by leftist extremists. His inauguration marks 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.

In his inauguration address, Caldera pledged to abandon the Betancourt doctrine of nonrecognition of military governments and to establish relations with "all countries"—except Cuba—irrespective of ideology. Regarding neighboring Guyana, Caldera expressed a desire to cooperate with the Burnham government, but reiterated Venezuela's determination to press its claim to the Essequibo region.

Clashes between Chilean police and illegal squatters outside the southern city of Puerto Montt early this week resulted in the death of eight persons and numerous injuries. The incident has developed into a major political issue, with the conservatives supporting the government and the Communists and Socialists condemning government "repression." President Frei's Christian Democratic Party is badly divided over the issue, and some leftists within the party may use it as an excuse to bring long-simmering differences to a head.

Ecuador signed its first trade agreement with the USSR on 10 March. The Soviets reportedly tried to make the agreement contingent on permission to set up a trade mission with diplomatic status as well as a commitment by Ecuador to establish diplomatic relations with the USSR within six months, but it is not yet clear whether these conditions were agreed to by Ecuador.

There has been an upsurge of violence against US and other foreigners in Jamaica in the past few weeks. Two Americans have been shot by unknown assailants and the wife of an important British official has been severely beaten. The life of the US ambassador has also been threatened. It is not clear whether white foreigners are deliberate targets, as at least two recent attacks involved prominent Jamaicans. "Black power" and racist groups have become increasingly active in the past year, however, and they have probably contributed to the rise in antiwhite sentiment on the island.

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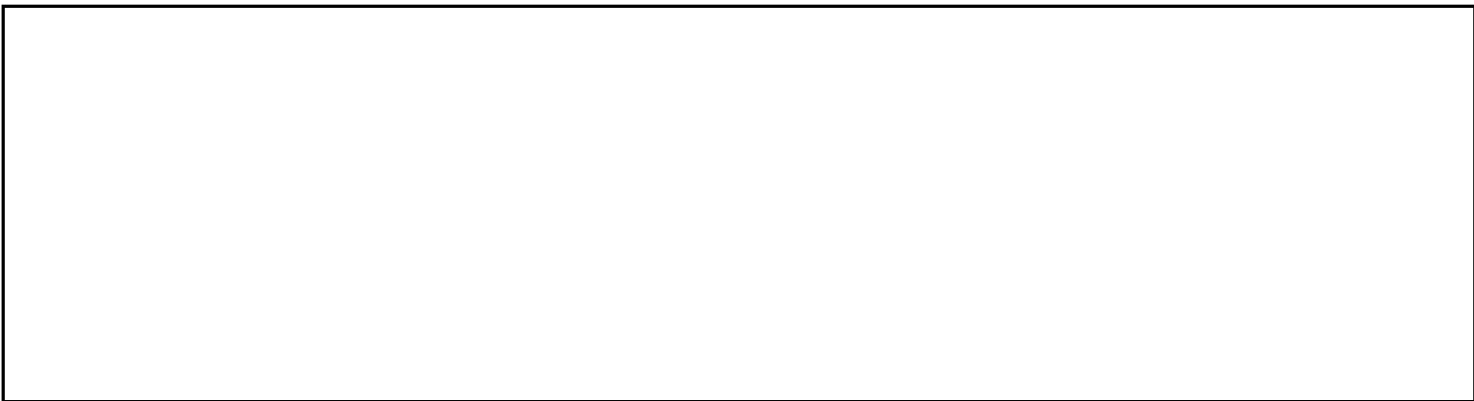
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### USSR EXPANDS TRADE TIES WITH LATIN AMERICA

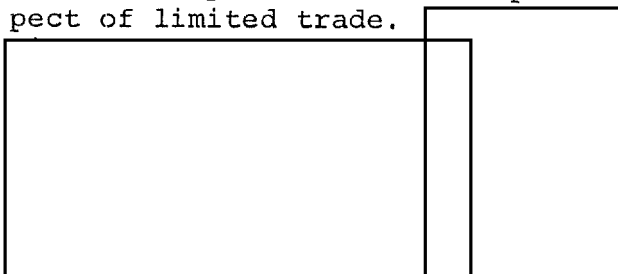
The USSR is applying realistic criteria in negotiations to expand its economic contacts with Latin America. In negotiating recent agreements with Peru, Ecuador, and Uruguay, Moscow acknowledged the difficulties of expanding mutual trade while indicating a willingness to explore possibilities for eventual growth.

Although seeking to dilute US influence in Latin America, Moscow increasingly measures the short-term political impact of its foreign economic dealings in this area against the long-term costs and prospects. This was clearly evident in the USSR's recent negotiations with Peru and Ecuador.

Soviet proposals to Peru covered only the reasonable prospect of limited trade.

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Lima's suspicions of Soviet motives were evident during the talks. The Peruvians reacted unfavorably to Soviet insistence that imports of its machinery be accompanied by installation and maintenance technicians. This Soviet action was an effort to rectify the bad reputation much of its manufactures have in Latin America because of improper maintenance by poorly trained native personnel.

In Ecuador, a Soviet mission was responsive to Quito's desire to formalize trade relations, but the Soviet negotiators quickly quashed press reports that they would absorb Ecuador's large banana surplus. As in the Soviet-Peruvian agreement, the USSR's pact with Ecuador provides for

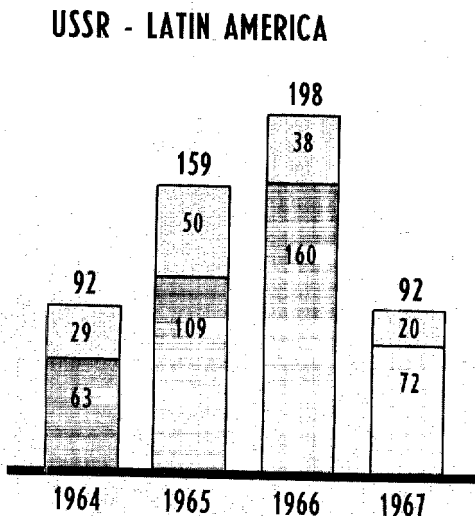
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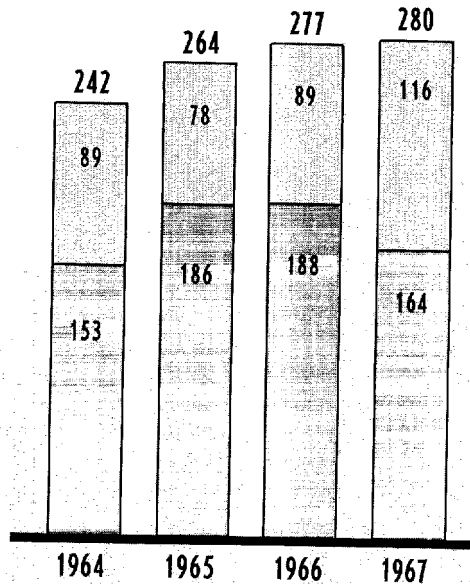
## USSR AND EASTERN EUROPEAN TRADE WITH LATIN AMERICA

MILLIONS US DOLLARS

EXPORTS  
IMPORTS



### EASTERN EUROPE - LATIN AMERICA



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most-favored-nation treatment except for trade privileges extended by Quito to neighboring countries or special treatment received by any regional economic organization that Ecuador might join. The agreement also calls for payment in convertible currencies, but specifies no quantities or values of commodities.

Following several years negotiations, the USSR has just concluded a modest credit arrangement with Uruguay. As trade has been limited primarily to Soviet purchases, Moscow presumably hopes that its \$20 million credit will help widen the Uruguayan market for Soviet goods.

Latin American countries probably will continue to turn to the USSR in an effort to expand their trade with Communist countries. The USSR can absorb significant quantities of the continent's leading export items, and the Soviet Union is especially attractive when political factors motivate a shift to new markets. The past trade experience of Latin America with Communist countries, however, indicates that the East European states are a more probable market for sustained sales. Eastern Europe normally carries on about three times as much trade with Latin America as the USSR, and is out-ranked by Moscow only during periods of emergency Soviet grain purchases.

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## CHILEAN LEFT ASSESSES IMPACT OF CONGRESSIONAL ELECTIONS

Chilean political parties are beginning to analyze in some depth the results of the congressional elections held on 2 March. The Communists are somewhat less pleased with the results than are the Socialists, but both parties are gratified by the drop in the vote of President Frei's Christian Democratic Party.

The Communist Party ran a hard, well-organized campaign, but is very disappointed that its vote did not increase as much as it had hoped. Its share of the vote did increase, however, from 12 percent in the congressional elections in 1965 to nearly 16 percent this year. The party gained six seats in the Chamber of Deputies for a total of 24 out of 150, and one in the Senate for 6 out of 50. The Communists are particularly perturbed by the strength shown by the conservative National Party in the urban districts of Santiago. They believe that much of this strength is due to support for former president Jorge Alessandri, who may run for president in 1970. The Communists fear that Alessandri's candidacy might cut into traditional leftist support in the presidential elections.

The Socialist Party is pleased with the fact that it was able to overcome the defection of a faction that split off and ran as the Popular Socialist Union (USP). The Socialists' vote

total was slightly lower than in 1965 and 1967, but the USP did not elect a deputy or a senator and will probably disappear from the political scene. Pro-Castro Socialist Salvador Allende ran very strongly, earning the highest vote total in his senatorial district. This performance has strengthened the likelihood that he will receive Communist support for the presidential nomination.

The Communists are emphasizing unity with the Socialists, but they also are trying to maintain the option of including part of the Christian Democratic or the Radical Party in a leftist front. The Radical Party is presently led by a group that wants to cooperate with the Communists and Socialists and had hoped for their support for a Radical presidential candidate. The Radicals dropped from second place to fourth, however, and probably will not be able to pull Communist support away from Allende. The Radical Party may even execute one of its many flip-flops and move to support Alessandri, who has always been popular with many moderate Radicals.

Several political parties will hold national conventions during the next few months. As the relative influence of the factions within the parties becomes evident, a clearer picture of the prospects for the presidential campaign may emerge. 25X1

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## CUBA RESTRUCTURES TOP LEVEL OF ARMED FORCES MINISTRY

Recent changes at the vice ministerial level of Cuba's Armed Forces Ministry (MINFAR) reflect the expanding role of the military establishment in all aspects of Cuban life. The reorganization underlines MINFAR's increasing involvement in activities such as education and ideological guidance that are normally considered outside the military area of responsibility.

The number of vice ministers has been raised from four to six with the creation of slots for political work and for military technological training. In addition, the chief of the General Staff now clearly ranks a step above his fellow vice ministers and is third behind Majors Raul Castro and Pedro Miret in the chain of command in the ministry.

The former chief of MINFAR's political directorate, Antonio "Tony" Perez Herrera, has been upgraded to vice minister for political work and promoted to the rank of major. His star has been rising since early 1968 when the ministry began to assume the role of guardian of revolutionary ideology. Under his guidance, it has advanced deeply into a field usually considered the private domain of the Cuban Communist Party.

The appointment of former chief of the General Staff Major Belarmino Castilla Mas as the new vice minister for military technological training appears at first glance to be a demotion but

a closer inspection reveals the post to be one of major importance. The incumbent will presumably have responsibility for converting the armed forces from the present system of obligatory military service to a new system based on Cuba's senior high schools and technological institutes.

All such institutions are gradually being transformed into "military training centers" where the students, both male and female, will receive extensive training in the handling of weapons and other military subjects in addition to their academic studies. When a new law establishing compulsory education up to the university level is enacted--probably late this year or in early 1970--all Cuban youth will be subject to military training. The draft system currently in effect will then be discarded and students in the military training centers will form the rank and file of the armed forces under the command of a permanent cadre of officers and non-coms. Although the plan sounds simple, the new vice minister will need all his skill and experience to put it smoothly into operation.

Although the vice ministers for instruction and for services have not yet been announced, it is safe to assume that they have been selected from Fidel Castro's coterie of old "comrades-in-arms." The veterans of the Sierra Maestra campaign of 1957-58 continue to hold all key positions in MINFAR as well as in other branches of the government.

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### AGITATION INCREASING IN DOMINICAN REPUBLIC

A recent rise in Communist and student agitation in the Dominican Republic, combined with President Balaguer's hints that he will run for re-election in 1970, may signal the beginning of an extended period of unrest.

Student demands for increased funds for the government-controlled budget of the Autonomous University of Santo Domingo have prompted five weeks of demonstrations both in the capital and the interior; one student has been killed. In an attempt to enlist wider support for the recurrent budget struggle, leaders of some Communist parties and other leftist groups reportedly met with labor and university officials last week. In addition, some factions of the badly splintered Communist movement, probably planning to exploit the university issue, reportedly hope to establish an antigovernment front. The Balaguer administration, however, has shown no inclination to compromise, and open Communist or labor support would increase the chances of disorder.

Elements of the extreme left appear increasingly willing to engage in violent agitation, including assassinations, and to risk military reprisals in order to create an unstable atmosphere. The Dominican Popular Movement, one of the more important Communist factions, publicly claimed credit for the murder of a former Trujillo henchman last December and barely missed killing a police

captain in February.

The President's announcement on 27 February that he might stand for re-election if "the people will it" has heightened tensions. Re-election is not prohibited by the constitution, but "continuismo" (extended one-man rule) is a heated public issue, stirring memories of Trujillo's hated 31-year dictatorship. If the President does run, the major opposition Dominican Revolutionary Party, which has displayed an increasingly radical bent, may well boycott the elections, as it did the municipal voting last May. The leftist Revolutionary Social Christian Party, the only party of any size to compete against the government in 1968, has also condemned the principle of re-election and has hinted it might support a coup.

Balaguer, still personally popular, would nevertheless probably win an election under present conditions. His renomination, however, not only would raise the possibility that few, if any, legitimate political parties would contest the 1970 elections, but could prompt elements of the opposition to make common cause in an effort to topple the government. In turn, the prospect of militant action by the left could induce Balaguer to rely increasingly upon the military to bolster his position.

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