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DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

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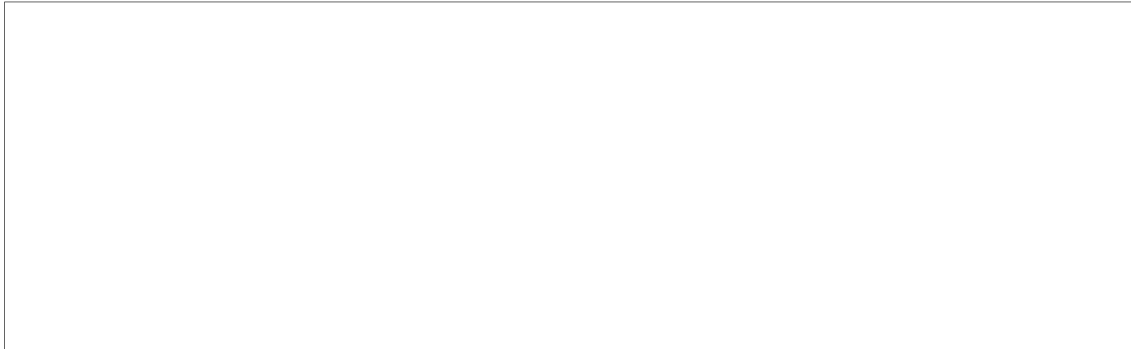


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**FAR EAST**

The formation of a new "Provisional Revolutionary Government of South Vietnam" appears to be aimed primarily at upgrading the National Liberation Front to a position of formal equality with the Saigon government. The Communists presumably believe this move will facilitate their efforts to isolate and discredit the Thieu government and to promote their scheme for creating a provisional coalition government as the first step toward a political settlement. The "program of action" issued by the provisional government offered to begin talks with other "political forces" in the South with a view to setting up a coalition government.

The leading positions in the new revolutionary government have been filled by veteran, hard-core Communists, reflecting a failure to attract any figures with genuine appeal to non-Communist opponents of the Saigon regime.

Although the Communists probably hoped the announcement of the new "government" would draw a violent reaction from President Thieu, possibly including a refusal to continue the Paris talks, he instead ridiculed the new government and declared that it would have no effect on the negotiations. Thieu indicated that Saigon would continue to regard the talks as two-sided negotiations, even though "some people on the other side have changed their names."

Immediately after his return from the Midway conference, Thieu reassured his countrymen that the US is not initiating a precipitous withdrawal of troops. He warned his critics that loose talk about US withdrawals or advocacy of a coalition government would be severely punished.

The Chinese Communists apparently are now ready for a more outgoing and effective foreign approach. [redacted] disruptions in the Foreign Ministry caused by the Cultural Revolution have all but ended and that most sections are now better organized and functioning more effectively.

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VIETNAM

The Communists announced a new "provisional revolutionary government" on 10 June to reinforce their claims to political power in South Vietnam. In doing so, they did not produce any new personalities or other assets to justify these claims. Communist broadcasts have simply described a series of organizational meetings in which a "representative assembly" of leftists rubber-stamped a slate of officials drawn from leaders of the two Communist fronts (the Liberation Front and the Alliance).

The main personalities named to the provisional government include the hard core of the Communist professionals who were in the Front. Many of the hangers-on who have been the nominal leaders in the two front organizations were relegated to an "advisory council." Their lack of real power is more obvious than ever.

The decision to form a "government," although not specifically forecast in earlier Viet Cong pronouncements, is in line with other elements in Hanoi's emerging strategy for moving toward a political settlement of the war. The provisional government probably sprang from policy meetings in Hanoi in March and April when the leadership mapped out several new political moves. The first of these came on 8 May when the Front announced its new ten-point program.

The provisional government poses a new kind of challenge to the South Vietnamese Govern-

ment and for a time the Communists probably will use it mainly in an attempt to pressure Saigon and to isolate the Thieu government. The formation of the government does not, however, close out any Communist options at this stage. The provisional government could be used to negotiate with other leftist political groups for the "provisional coalition" called for in the ten points or it could eventually offer to bargain with the Saigon government. It could also be used as a device to assert control over territory and people in a period between a cease-fire and new general elections.

The Communists lost no time in injecting their government into the Paris negotiations. The Front delegation to the talks was immediately redesignated as the Provisional Revolutionary Government delegation and some members of the Front team were called home to serve in the new body. The Front's Madame Binh, with the new title of "foreign minister" of the provisional government, was left in charge in Paris.

Foreign recognition of the new "government" has already begun as a result of groundwork the Communists have been laying recently. On 11 June, Algeria became the first to announce such recognition and a number of Communist countries probably will recognize the provisional government shortly.

Developments in Saigon

President Thieu has taken the announcement of the Communists'

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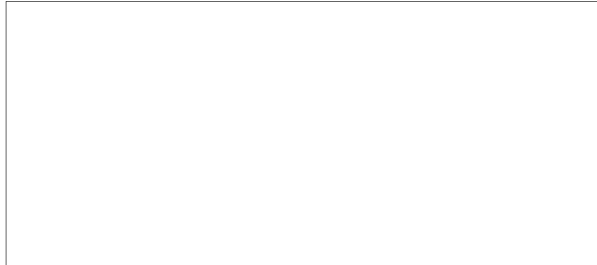
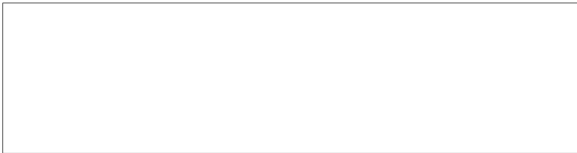


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"government" in stride. He quickly dismissed it as another Communist ploy aimed at destroying his government, Thieu pointed out that the leaders of the new "government" are all "familiar faces" from the Communist camp and said the development would not affect the Paris talks, which would remain two-sided as before.

Following the midway meeting, Thieu moved quickly to calm any fears his countrymen might have that the US is initiating a precipitous pullout. He also warned his critics that loose talk about US troop withdrawals or the advocacy of a coalition government would be severely punished. Thieu told a news conference in Saigon that he had proposed the replacement of 25,000 US troops because South Vietnamese forces were capable of taking over a larger share of the fighting.

Although emphasizing that in relation to arranging elections, "everything is negotiable," Thieu ruled out a coalition government. He promised harsh consequences to anyone, even members of the administration or the legislature, who advocates such a proposition. He also specified that the timing and form of possible future extraconstitutional elections were not even discussed with President Nixon, on the grounds that elections are a matter for the South Vietnamese to decide.



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Thieu's strong warning against misinterpreting the Midway meeting probably tempered criticism in South Vietnam of the results of the meeting. Public reaction so far generally has been one of calm acceptance. Several prominent members of the National Assembly have expressed confidence that South Vietnamese forces can replace US troops and indicated that they believe the decision to send some US forces home will be well received by the American public.

#### The Military Situation

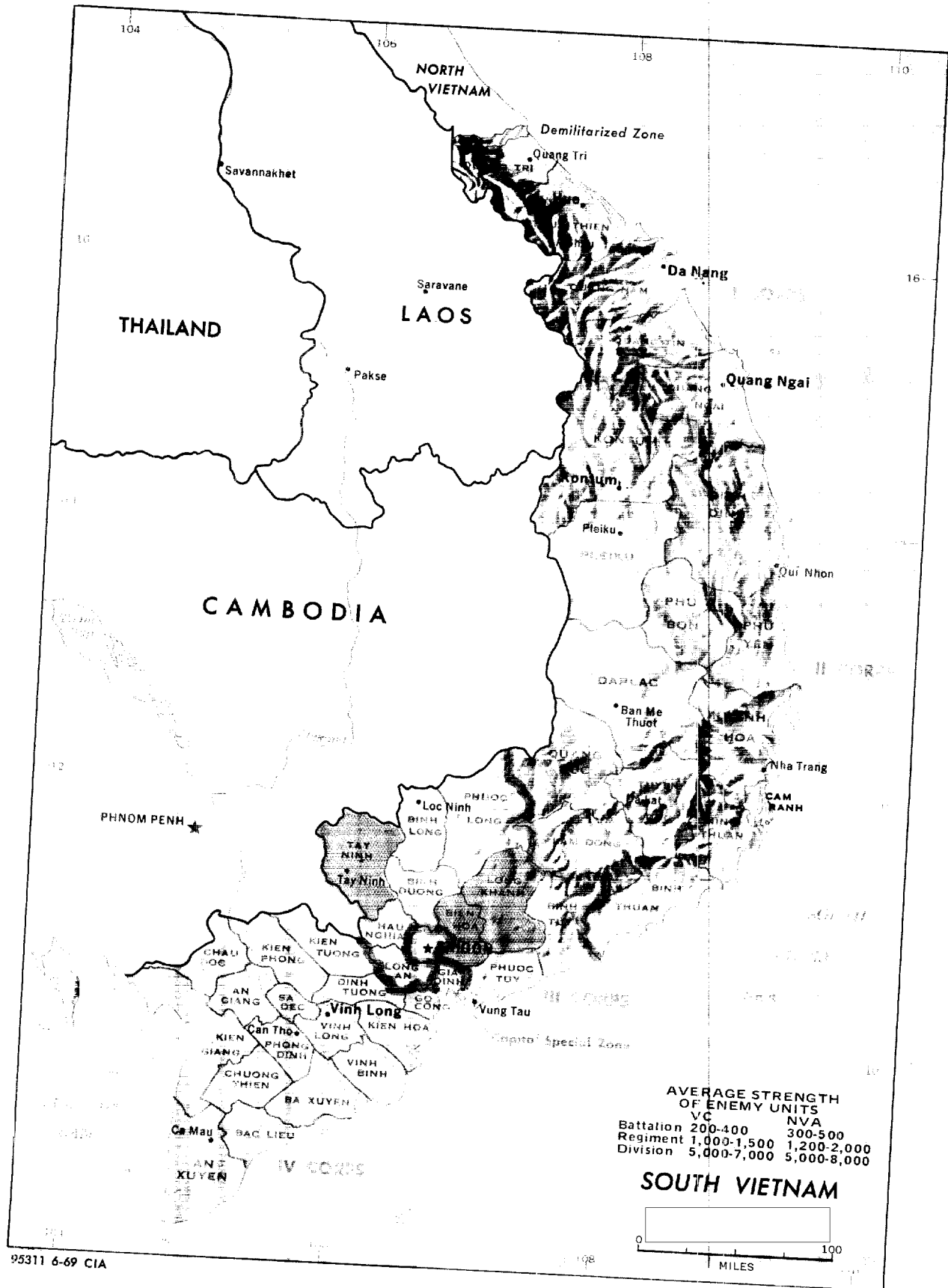
Communist forces launched their so-called "June Action Phase" during the night of 5-6 June. They shelled some 100 towns and military bases and attacked several allied positions with infantry and sapper units. Following three days of stepped-up activity, the pace of attacks fell off to a moderate level early this week. By midweek, only widely scattered and sporadic enemy-initiated action had occurred. Abundant evidence suggests, however, that another "highpoint" is likely to come soon.

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The latest phase of the enemy's "summer" campaign was less intense than the upsurge of

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Communist attacks in mid-May, but it followed a similar pattern. There were over 325 shellings and ground attacks during 6-8 June compared with more than 400-enemy attacks on 12-13 May. The Communists this time placed more emphasis on striking South Vietnamese military units. Casualty figures for the latest three-day flare-up show that some 300 South Vietnamese and 111 US troops were killed. During the same period more than 2,650 of the enemy were killed.

Most enemy ground action during 6-8 June was focused in northwestern III Corps. The largest enemy effort took place in Tay Ninh Province where a regiment of the Communist 9th Division lost almost 400 troops in an abortive attempt to overrun a well-defended US artillery base.

Last weekend the Communists also made short-duration penetrations into the provincial capitals of Tay Ninh and Quang Ngai and shelled Kontum and Vinh Long cities. These attacks accounted for at least 37 civilians killed and more than 150 wounded.

There are fresh signs of impending enemy attacks in a number of areas.

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Major elements of the Communist 1st, 7th, and 9th divisions are holding positions in northwestern III Corps while the 5th Division is deployed to the east of Saigon where it threatens the capital of Long Khanh Province as well as allied military installations in adjacent Bien Hoa Province.

The major cities of Saigon, Da Nang, and Hue are not immediately threatened by major Communist main force combat units, but rocket sapper, and terrorist attacks could accompany the next round of enemy offensive activity.

By exploiting a number of varied battlefield tactics, most Communist forces have the capacity to continue to mount substantial--and in some cases prolonged--attacks against allied forces and selected urban areas.

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## PEKING GIVES INCREASED ATTENTION TO FOREIGN AFFAIRS

Peking is quickening the pace of its diplomatic activity in the aftermath of the ninth party congress. The return of Chinese ambassadors abroad, the resumption of more conventional diplomatic behavior in Peking, and the recent sophisticated and well-timed propaganda exploitation of Moscow's difficulties within the Communist movement all suggest that the Chinese may at last be ready for a more outgoing and effective foreign approach.

In the past month, Peking has begun to return ambassadors to states that remained on relatively good terms with China during the Cultural Revolution. The Chinese have already filled posts in Albania, France, North Vietnam, Pakistan and Cambodia. Ambassadors were recalled for political indoctrination in early 1967 and only the ambassador in Cairo remained at his post.

All the newly appointed envoys are senior diplomatic personnel with wide experience abroad --an indication that the Foreign Ministry is once more on a firm professional footing.

the disruption caused by the Cultural Revolution within the ministry has all but ended and that most sections are now functioning more efficiently.

Other recent signs also point to renewed interest in foreign af-

fairs and the improvement of Peking's international image. During May Day ceremonies in Peking, Chairman Mao and Vice Chairman Lin Biao greeted eight new foreign ambassadors to China--the first such high-level diplomatic reception in several years. More recently, restrictions on foreign diplomatic travel in China reportedly were rescinded, and the foreign diplomatic tour of China, canceled for the past two years, is expected to take place this fall. This normalization of Chinese treatment of diplomats in Peking is expected to be accompanied by a more active diplomatic posture abroad. Last week Chinese representatives attended Indian receptions in Afghanistan and Nepal for the first time in several years.

Peking's concerted effort to play on Moscow's current difficulties within the Communist movement reflects a more attentive and professional approach to foreign affairs. During the past week Peking has publicly alleged a Soviet nuclear buildup along the Sino-Soviet frontier, detailed a series of "continuing" Soviet provocations along the border, and agreed to hold a border river navigation meeting with the Russians on 18 June--actions clearly timed to undercut Moscow's anti-Chinese position at its world Communist conference.

Such exploitation of border issues always has been the major

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element of China's effort, in the aftermath of Czechoslovakia, to portray the USSR as an aggressive and unreliable ally. Peking, moreover, is missing few other opportunities to turn the disaffection of other Communist nations with Moscow to its own advantage. The Chinese recently sent National Day greetings to Czechoslovakia for the first time in three years and followed by reprinting an Albanian editorial which voiced strong support for Romania's in-

dependent stand against Moscow. In an obvious move to embarrass the Russians, Peking arranged to have a Chinese trade delegation visit Romania, Czechoslovakia and Poland during the Moscow conference. According to Romanian press reports, the Chinese delegation was received "in a cordial atmosphere" by Romanian Premier Maurer on 6 June-- the date of the first full session of the Communist meeting.

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### COMMUNIST CHINA'S SPRING TRADE FAIR A FAILURE

This year's spring trade fair in Canton failed to measure up to past performances and did little to improve Communist China's foreign trade prospects in 1969. Contracts concluded at the fair reportedly were well below the levels reached at both the spring and fall fairs of 1968.

Chinese doubts about the stability of certain Western currencies also contributed to the poor showing of the month-long fair. At times the Chinese restricted the use of both the French franc and the British pound, delaying contract negotiations and frustrating traders. Negotiations also were disrupted by the closing of the ninth party congress in Peking, which interrupted discussions for several days.

25X1 [redacted] the quantities of almost all the Chinese textiles, foods, and other agricultural products usually sold at the Canton fairs were inadequate to meet foreign demand. Fewer Chinese goods were offered for export than in the past, while the free world demand for certain Chinese goods had increased; some items in scarce supply were reportedly priced as much as 60 percent higher than at last fall's fair. The Chinese, moreover, insisted on stricter payment terms than previously.

China purchased only a small amount of free world goods during the fair. Contracts for machinery and equipment continued to be restricted, and purchases of steel dropped sharply from the level of last fall's fair. Peking did, however, sign agreements for large amounts of chemicals.

Trade deals concluded with Japan, China's leading trade partner, were especially low.

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Sino-Japanese contracts reportedly amounted to only \$70 million, almost 50 percent below the level signed at each of last year's fairs. Negotiations during the fair, however, subsequently led to Japanese sales of almost \$40 million of steel.

In addition to the purchase of Japanese steel, the only sizable contracts signed by China this year have been for roughly 4.5 million tons of Western wheat--an amount slightly more than last year. China currently is negotiating contracts for fer-

tilizers with its major suppliers in Japan. Total Chinese fertilizer purchases from Japan and Western Europe will probably fall below last year's purchase of about \$265 million.

China's trade in 1968 continued to decline, falling to about \$3.6 billion, or approximately ten percent below the level of 1967. The failure to conclude any major contracts at the fair will not help China's trade prospects this year.

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### MALAYSIA REMAINS QUIET BUT TENSE

Despite a sharp reduction in racial incidents in the past two weeks, tension remains high, especially in the Kuala Lumpur area, and the possibility of further outbreaks cannot be discounted.

Incidents have been noted for the first time in Sarawak state, in East Malaysia. These incidents, consisting of three cases of arson in the capital city of Kuching on 6 June were apparently Communist-instigated and aimed at stirring up racial discord. Although the situation in Sarawak is potentially inflammable there have been as yet no signs of significant trouble. In addition, the recent flurry of incidents in Singapore, where the situation now appears to have returned to normal, has reportedly

resulted in a rise in tensions in the neighboring Malaysian state of Johore, which up to now has been peaceful.

Meanwhile, key figures in the Malay-dominated emergency government are beginning to talk about resuming some political dialogue with Chinese opposition elements within the fairly near future. These leaders now concede that their earlier charges that external and domestic Communist support was responsible for the success of the opposition Chinese parties in the election on 10 May, as well as for the subsequent racial violence, were overdrawn, and that Malay "hotheads" were responsible for some of the worst excesses.

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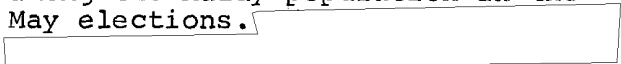
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The government's effort so far to encourage the restoration of racial harmony on the local level has been directed primarily through nonparty multiracial "goodwill" committees. The de-

gree of success of these committees is highly problematical because they presumably exclude the more significant local political leaders.

Influential chauvinistic elements within the emergency administration and the Malay component of the government's tri-party Alliance coalition will continue to make difficult any progress toward meaningful cooperation with the Chinese opposition elements. Moreover, the National Operations Council will necessarily have to keep in mind the Pan Malayan Islamic Party, the racist opposition group which made large inroads among the Malay population in the May elections.



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**EUROPE**

The subject of China was much on Soviet minds this week. Speaking at the international Communist conference, Brezhnev accused Peking of splitting the Communist movement and planning to wage conventional and even nuclear war against the USSR.

Brezhnev also described Soviet policy in other areas. He endorsed the principle of peaceful coexistence—apart from ideological struggle—and the settlement of international problems at the negotiating table. He also reasserted Russia's readiness to seek negotiated limitations on strategic armaments.

The controversies at the conference in Moscow over China and the invasion of Czechoslovakia have led to a greater polarization of views and open criticism among the Eastern European parties. Each Eastern European party leader addressed these issues in terms of national interest and clearly felt himself caught between conflicting interests—maintaining his position at home and maintaining his relationships with the Soviets.

At one extreme, Ceausescu insisted on Romania's right to dissent and to independence from Moscow, and hinted he might not be able to sign the final document. At the other extreme, Czechoslovakia's Husak was unable to reply adequately to the criticism of the invasion last August without alienating further his population or ceding more of his shaky sovereignty to Moscow.

At home, Husak has pretty well met Russian requirements for "normalization." Party control has been reasserted, internal calm re-established and the outspoken elements of the mass media silenced. Significant steps have also been taken to improve relations with Czechoslovakia's Eastern European neighbors.

The French polls give Pompidou a wide margin over Poher in the run-off presidential election on 15 June. Pompidou's statements on foreign policy show considerable affinity with De Gaulle's policies, but with a new element of flexibility.



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## DIFFERENCES AIRED AT WORLD COMMUNIST CONFERENCE

Soviet Party Chief Brezhnev's speech of 7 June placed Moscow's anger with China clearly on the conference record. His charges have been endorsed by the majority of speakers at the conference and, by opening the floodgates of criticism of China, he has overshadowed criticism of Soviet behavior in Czechoslovakia. Dissident parties continue to challenge Soviet positions, however, and they have had considerable success in drawing attention to their arguments even in the Soviet press.

Even before Brezhnev's speech, the Paraguayan party opened the China issue. Romania's party chief Ceausescu admonished delegates not to condemn parties present or not present. The Australian representative leveled a thinly disguised rebuke to the Soviet Union over the invasion of Czechoslovakia and declared he would not sign the conference document as it stood.

In Romania's formal presentation on 9 June, Ceausescu cited several negative aspects of the conference and insisted on every party's right to be independent. He said that his delegation, after consulting the Romanian central committee, elected to remain at the conference "to make an active contribution to the positive course of its work," but hinted that he might not be able to sign the final document. According to Western press reports, the Norwegian, Swiss and Spanish parties are also balking at signing the main document.

The Italian party representative, speaking on the morning of 11 June when Czechoslovak party chief Husak was chairing the session, criticized the Warsaw Five's invasion of Czechoslovakia and said his delegation was not willing to sign the conference document in its present form. He was also critical of anti-Chinese pronouncements on the conference floor and urged the need for China's support against imperialism. Later in the day, Husak spoke and in effect rebuked other party chiefs who condemned the invasion.

The conference mustered its only display of unity thus far by adopting a resolution of support to the Arab peoples in the Middle East, and by issuing a "call" for a just settlement of the Vietnamese problem.

After a week marked by the expression of divergent views in separate speeches, the conference now turns to the difficult matter of formulating the final document. Reportedly, much work still remains to be done on the wording of the document and no decision has been reached as to whether delegations must approve it in toto or will be allowed to approve separate sections. This task may draw out the conference for another two weeks. Unless Moscow forces the inclusion of controversial formulations on China, however, nearly all parties appear likely to sign.

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## SOVIET DISSIDENTS DEFY REPRESSIVE POLICY

Soviet dissidents have renewed their public protests at a time when they can cause maximum embarrassment to officials hosting the international Communist conference in Moscow. The revived protest activity makes it evident that the leadership's policy of selective repression to quell open dissent has failed.

Dissident groups have addressed two petitions to conference delegations. Historian Petr Yakir and nine others appealed to the delegates to work against "the rebirth of Stalinist methods" in the USSR, a process they identified with the period since Khrushchev's fall and with the invasion of Czechoslovakia. They decried the use of harassment, dismissal from jobs, confinement to psychiatric hospitals, and prison terms to suppress freedom of expression.

A group of Crimean Tartars called on the delegates to consider also the restoration of the Tartars' national rights. On 6 June, five of their number and Irina Yakir, daughter of Petr, displayed banners in a public square in Moscow inscribed: "Communists, return the Tartars to the Crimea." Police took the demonstrators into custody after five minutes, but friends said they have been released.

In late May, 55 Soviet citizens addressed an appeal to the UN Human Rights Commission to investigate violations in the USSR

of the Universal Declaration of Human Rights guarantee of the freedom to hold and express independent beliefs. Six underground writers imprisoned for such expression, including Yuly Daniel, Aleksandr Ginsburg, and Yury Galanskov, have sent a letter to the Supreme Soviet calling for reform of miserable conditions in the labor camps.

The policy of selective repression has been specifically aimed at preventing public protest. Since the spate of them surrounding the trial of Ginsburg and Galanskov in January 1968, repressive measures had kept protests to a minimum and had disrupted the dissidents' organization. For example, in early May authorities arrested one of the movement's most colorful leaders, the former major-general Petr Grigorenko, who was in Tashkent to aid a group of Tartars on trial.

The policy has been accompanied by a rehabilitation of Stalin in all respects except the period of mass terror in the late 1930s. An article in the conservative newspaper Sovetskaya Rossiya recently invoked Lenin to support repressive measures selectively applied. The author quoted Lenin to the effect that "the lash" can be used against individual intellectuals who take part in counter-revolutionary activity but not against a whole class.

The revival of public protests indicates, however, that

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these measures will not completely still dissent and that the Soviet leadership must resign itself to periodic embarrassment. The leadership would probably be divided

over the adoption of the two obvious alternatives to selective repression, a wider use of terror or a more accommodating approach to disaffection.

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### POMPIDOU MAKES MAJOR FOREIGN POLICY STATEMENT

With the polls showing a wide margin in his favor, former prime minister Pompidou appears confident of victory and is already speaking like an elected head of state. He kicked off his second ballot campaign with a long prepared address which is the most definitive statement to date of his intentions in the area of foreign policy.

Although Pompidou's tone was one of openness to change, the speech showed a considerable degree of continuity with many of De Gaulle's past policies. Pompidou restated his commitment to an independent and active role for France in European and world affairs. He also spoke of the dangers of a "policy of blocs," called for continued efforts for a rapprochement with the Communist world, and sounded the familiar Gaullist note of France's special role in the underdeveloped world, especially Africa.

Pompidou staked out a position on the future of Europe which seems similar to that of De Gaulle. His language was vague, but he offered little hope that France would soon accept the goal of a united supranational Europe. Instead, he proposed a regularization of meetings among the chiefs

and governments of member states in the European Communities, a plan reminiscent of the De Gaulle-backed Fouchet scheme for a "Europe of States."

Pompidou gave the appearance of more flexibility than his predecessor by expressing a positive attitude toward enlarging the Communities. He said that he considered enlargement "desirable," but at the same time argued that candidate states such as the UK must "respect the rules of the club," and also accept "commercial arrangements" in preparation for future adherence to the Communities.

The address indicated a slight shift away from previous French policy toward West Germany. Rather than speaking of a "privileged" Franco-German relationship as De Gaulle has done, Pompidou called for future cooperation that would be an example for France's relations with other European countries.

On relations with the US, Pompidou sought to accelerate a warming trend already evident in the last year of De Gaulle's rule. The prospect of peace in Vietnam, Pompidou argued, would allow France and the US to "develop our relations in the spirit of comprehension

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and warm friendship which governed the last meetings between President Nixon and President de Gaulle."

The tone of Pompidou's address differed sharply from a recent article published by Foreign Min-

ister Debre which was replete with the barbs and sharp edges that characterized many of De Gaulle's speeches. This divergence in style will probably feed speculation that Pompidou intends to drop Debre or shift him to a less sensitive post after election day.

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### CZECHOSLOVAK FACTIONAL ALLIANCE SPEEDS NORMALIZATION

The Czechoslovaks have fulfilled virtually all Soviet demands for normalization. The conservative-moderate coalition that is shaping the policies, however, is unstable, and factional maneuvering may precipitate another crisis.

Party leader Husak has met key Soviet requirements by reasserting party control, promoting internal calm, and silencing the outspoken mass media. In addition, he has taken significant steps to improve Prague's relations with its Eastern European neighbors.

Husak told the international Communist conference in Moscow this week that the Czechoslovak party controls the domestic situation, and that Prague is now prepared to strengthen its commitments to the socialist camp. Husak refrained, however, from condoning the invasion, or admitting that "counterrevolution" had existed before the intervention.

The Poles have openly endorsed Husak and appear to be trying to help bolster his position vis-a-vis his conservative

opponents. Polish Premier Cyrankiewicz arrived in Prague on 9 June, apparently on a fence-mending mission designed to facilitate key bilateral agreements. The Polish press, reflecting Warsaw's desire for closer relations, has drawn biographic parallels between Polish party boss Gomulka and Husak.

Czechoslovak conservatives, meanwhile, have continued to strengthen their position at the expense of the moderates. The two remaining liberal-moderate strongholds--the East and West Bohemian regional party committees--are now supporting the Husak leadership in order to head off demands for personnel shifts that would undoubtedly benefit the hard liners.

In addition, the conservatives, who now control foreign policy, appear to be planning a reorganization of the foreign ministry and extensive reshuffling of personnel in diplomatic posts abroad. Diplomats who were most outspoken in opposing the Soviet invasion--including as many as 20 ambassadors--reportedly will be recalled and retired. Hard

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liners who were exiled to diplomatic posts probably will come home to assume party and government positions. This reorganization, however, may complicate the nationalities problem. The Slo-

vaks will expect to move into most of the vacant posts in order to gain equality with the Czechs in a federalized foreign service.

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### EAST GERMANY SUCCEEDING IN "RECOGNITION" CAMPAIGN

East Germany's efforts to obtain international recognition were again rewarded when Syria, on 5 June, became the fourth non-Communist state to establish relations.

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Foreign Minister Otto Winzer visited Damascus early this month to formalize what presumably had been a prearranged agreement to establish diplomatic relations. Winzer said on 5 June that he was optimistic that other countries, including some not in the Arab world, would also recognize East Germany. He then visited Cairo between 6 and 9 June

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Both the East and West Germans regard Egypt as the key to Pankow's success in getting wider recognition.

A West German official said that Bonn believes that Southern

Yemen may recognize East Germany even before Egypt acts. The government in Aden, however, is reportedly divided on the issue. If the East Germans were to offer economic aid to Southern Yemen, they presumably would undercut the position of those in Aden who argue that nothing tangible would result for South Yemen should it recognize Pankow.

The East Germans have already offered other Arab countries economic assistance. A high-level East German delegation that visited the Sudan in early June to formalize the establishment of relations probably offered some economic assistance

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the East Germans continue to offer strong propaganda support for the Arabs vis-a-vis Israel, a factor which probably influenced Iraq, Syria, and the Sudan to recognize Pankow.

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### SOVIETS DISPLAY ONLY ONE NEW AIRCRAFT AT PARIS

A tri-jet passenger transport similar to the Boeing 727 was the only new aircraft in the Soviet exhibit at the ten-day Paris Air Show that closed last week.

It was rumored that the Soviets would show their TU-144 supersonic transport and possibly the giant MI-12 helicopter as part of what they termed a "surprise" exhibit.

The new transport, the TU-154, is the only one known to exist and is still in the testing phase. It first flew last October and is intended as a replacement for several older medium-range transports.

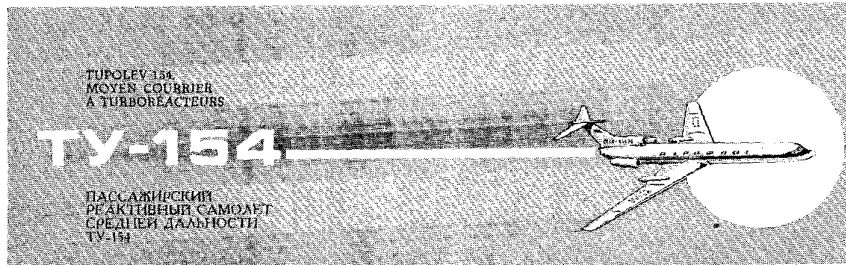
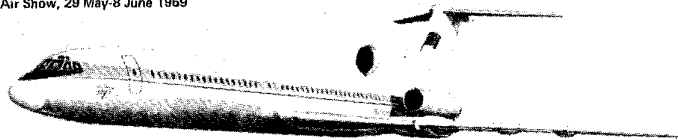
Soviet officials at the show said the supersonic transport was not displayed because of a desire not to interrupt the aircraft's test program. A more likely reason is a lack of confidence in

the flight to Paris because of the relatively limited amount of flight testing to date.

The Soviets did display the TU-144 to foreign officials at an airfield near Moscow on 21 May. Also, during the last days of the show in Paris they claimed that it had made its first supersonic flight on 5 June. These measures probably were taken to offset the loss of prestige resulting from the failure to show the aircraft in Paris.

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TU-154 as depicted on cover of Soviet pamphlet handout at Paris Air Show, 29 May-8 June 1969



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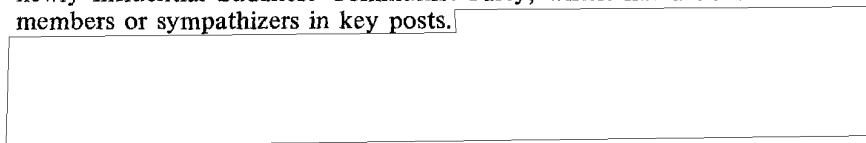
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**MIDDLE EAST - AFRICA**

Sudan's three-week-old military government seems firmly in control, but the regime's strongly leftist label is causing internal problems for the newly influential Sudanese Communist Party, which has a dozen or more members or sympathizers in key posts.



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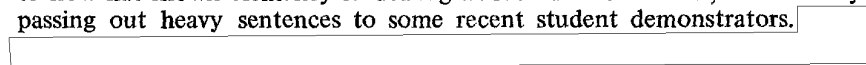
In Senegal, President Senghor has declared a state of emergency and has moved decisively to head off a general strike called by the national trade union. The current trouble reflects the country's continuing political and economic malaise, which since last year has spawned sporadic strikes by students and labor. Senghor's decision to take a hard line probably came at the urging of the military and has already led to a 48-hour postponement of the general strike.

As the Nigerian civil war drags on, the federal air force is having some success in its stepped-up effort to stop the airlift to Biafra. Arms flights to the secessionists have been reduced somewhat, and most relief planes have been grounded since 5 June, when a federal MIG-17 shot down a Red Cross aircraft.

Student unrest has again erupted in Turkey following nearly two months of relative calm. In Istanbul, a student attempt to occupy buildings and disrupt examinations led to bloody clashes with the police during which nearly 100 persons were injured, some seriously. During a related demonstration in downtown Ankara, a leftist-led group attacked the US military headquarters building with Molotov cocktails, causing some damage but no injuries.

Although the Greek Government appears as firmly entrenched as ever, there are growing signs of opposition within some elements of the military. In recent weeks, over 30 retired officers have been arrested and accused of approaching active-duty officers in attempts to enlist them in resistance activities. There is no indication, however, that key active-duty officers are willing to oppose the regime.

In Pakistan, handbills attacking the martial law administration were reportedly passed out by Karachi-area students. The government, which up to now has shown clemency in dealing with student dissidents, retaliated by passing out heavy sentences to some recent student demonstrators.



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SUDAN'S NEW REGIME ASSUMES "BUSINESS AS USUAL" STANCE

The three-week-old Sudanese military regime, a conglomerate of Communist, pro-Egyptian, and Arab Socialist elements, seems firmly in control. Apparently confident of its position of power, the government is busy explaining the aims of its "May revolution" and is seeking international support.

Two of the regime's first moves have been the recognition of East Germany and the announcement that a Sudanese military delegation will soon visit Moscow and Prague. The visit to Moscow is probably designed to help speed up delivery of military aid promised in an agreement of January 1968, but could also be to seek additional assistance.

At home, there has been almost no serious adverse reaction to the coup, which its makers allege was intended to eliminate the venality and corruptness of the old civilian establishment. Many of the previous political leaders are imprisoned and seem sure to stand trial. Sadiq al-Mahdi, a leader of the Ansar sect--which, along with other religious and tribal groups, comprises a large majority of the country's mostly rural population--was arrested this week, probably for his group's refusal to endorse the government. Although the Ansar ultimately could become a source of antigovernment resistance, at the moment its leadership is in disarray and is lying low at the Ansar stronghold in central Sudan.

In another move to stabilize its rule, the regime has "resolved" to grant regional autonomy to the rebellious south. The prerequisite

of building a "broad socialist democratic movement" in the south suggests, however, that the day is still a long way off before the culturally and ethnically different southerners will be permitted to run their own affairs.

Meanwhile, the government's strongly leftist label is causing internal problems for the now influential Sudanese Communist Party, which has a dozen or more of its members or sympathizers in key posts in the regime.

Although the present regime now seems firmly established, the problems of deriving a modern society from Sudan's basically tribal and tradition-bound structure are many. It will not be accomplished without considerable difficulty--and possible new upheaval--by this or any succeeding regime.

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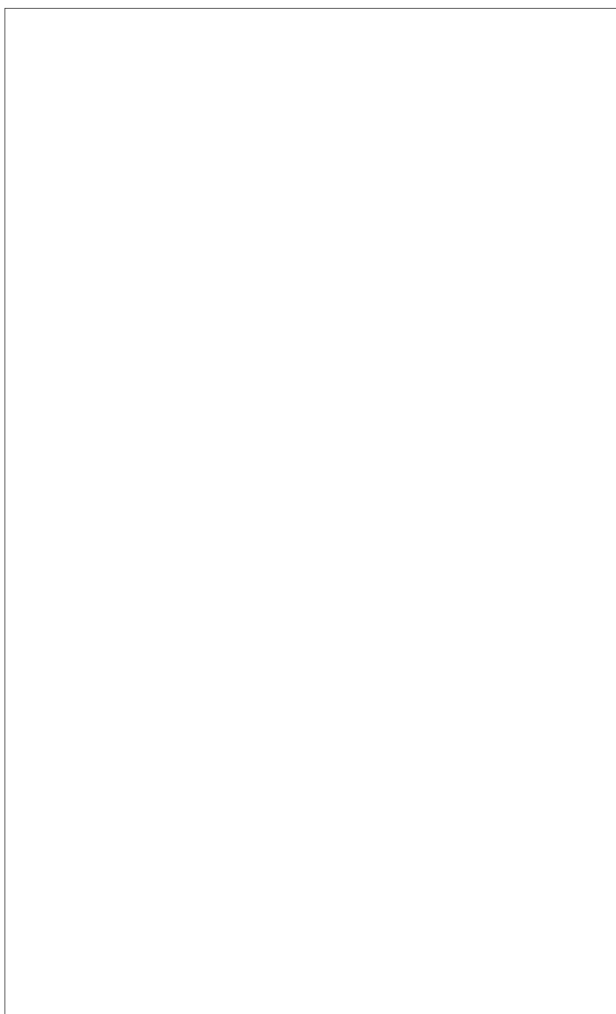
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### CONGO (KINSHASA) ARMY DEVELOPS BAD CASE OF NERVES

Events of the past several weeks coupled with traditional nervousness at this time of year have produced an elevated state of tension within the Congolese National Army.

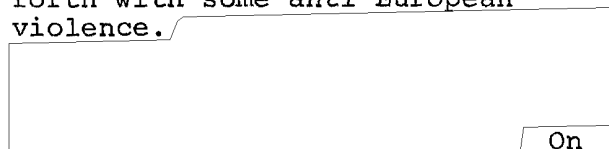


Completely unaware of the heightened tension, student leaders at

Lovanium University near Kinshasa went ahead with plans for a campus strike to back their demands for increased government stipends.

When the students marched into town on the morning of 4 June, intending to take over several government buildings, they were met by army and police units under instructions to "clobber" the students. The army fired into the crowds, killing about a dozen students and wounding 20 or 30 more; about 400 arrests were made. Student sympathy strikes in Lubumbashi were held in a strained atmosphere, but the students, university and provincial officials, and security units all stayed within acceptable limits and no major incidents occurred.

Nevertheless, as the army gets wound tighter, the risk becomes greater that one unit may spring forth with some anti-European violence.



On the other hand, nervousness leading up to independence day celebrations on 30 June has become nearly traditional in the Congo--primarily because several previous crises began about that time. So far this year, Mobutu and other leading officials have remained calm and are trying to reduce rather than inflame tensions.



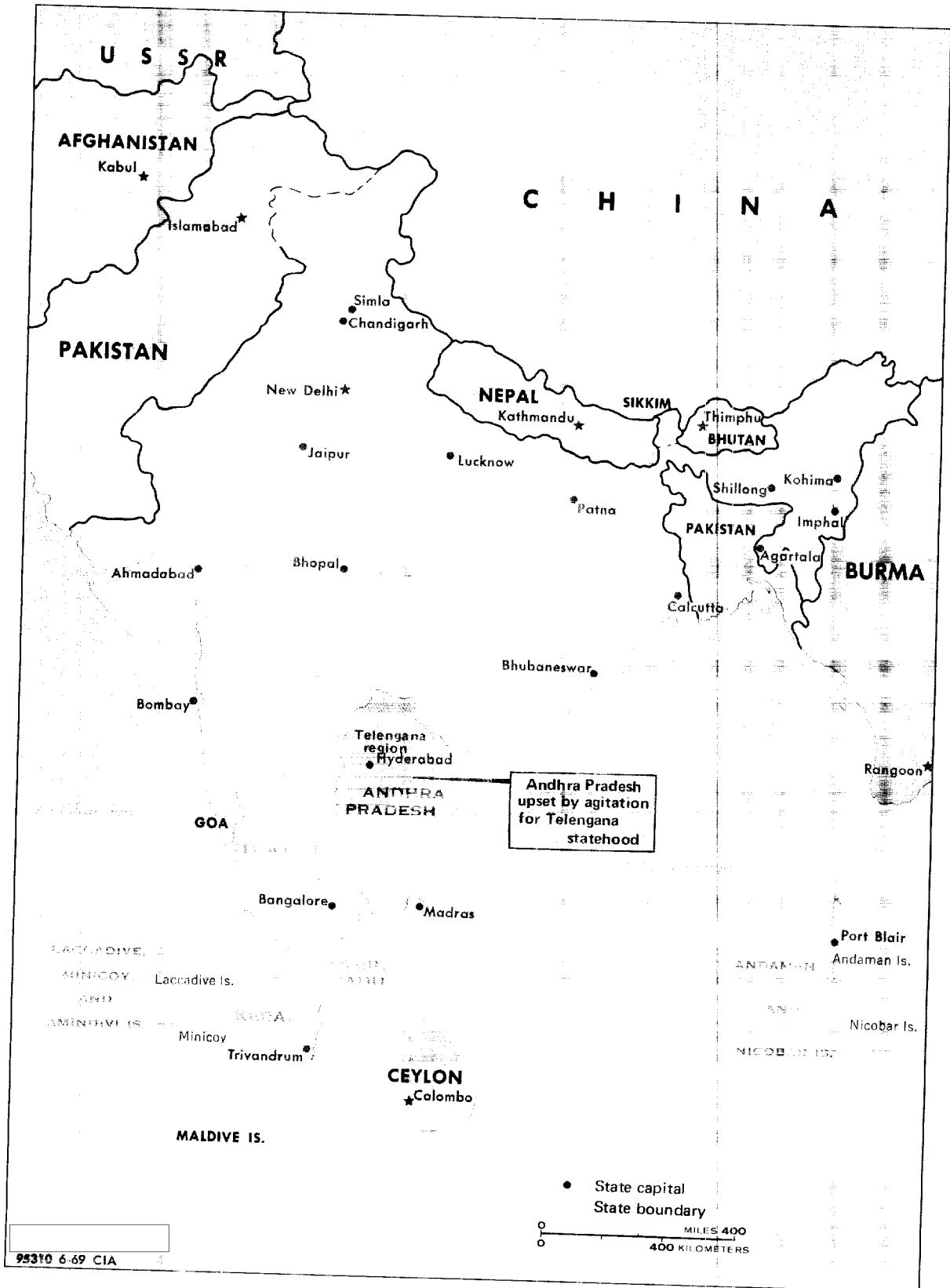
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## INDIA FACES NEW ROUND OF AGITATION FOR SEPARATE STATES

New Delhi may face a new threat of fragmentation within India's states as a result of five months of agitation demanding separate statehood for the Telengana region of Andhra Pradesh. Major violence erupted there last week when some 20 people died as police and army troops tried to put down rioting in Hyderabad, the state capital.

Telengana separatists are divided into several groups, but all reflect the deep discontent in their backward region. They especially resent the neglect of the state government and the domination of their region by the more advanced coastal part of the state. The Telengana sections of most political parties in the state now support the agitation, including some prominent members of the state's governing Congress Party. In addition to a separate state, all groups demand the immediate resignation of state Chief Minister Brahmananda Reddi, a coastal Andhran who symbolizes the state government's failure to satisfy Telengana's long-standing grievances.

New Delhi has thus far offered only limited concessions, designed mainly to reduce economic inequities between Telengana and the coastal region. Prime Minister Gandhi and Home Minister Chavan made separate visits to Hyderabad last week in an attempt to defuse the situation, but before their trips the central gov-

ernment reaffirmed its refusal to countenance a separate state.

New Delhi hopes to avoid concessions that will encourage separatist agitation among discontented groups in India's other 16 states. As a result of previous agitation, most recently in the mid-1960s, India's original state boundaries are now drawn largely along linguistic lines. New Delhi fears another round of boundary juggling, forced this time by local economic or political discontent, such as in Telengana.

The government could be forced to impose "President's Rule"--direct control by New Delhi--if serious disorders persist in Andhra Pradesh, but this would displace a state Congress government at a time when the party's fortunes are declining in many other Indian states. Congress won a solid majority in Andhra Pradesh in the 1967 elections and until the present disorders the party provided uncommonly stable government in the state.

Agitation calmed somewhat after Chavan's visit on 7-9 June, but it is likely to intensify again unless clear concessions are made by New Delhi. Clashes occurred between separatist and pro-unity groups in the latest riots, and these too may increase in frequency and violence, accentuating the tension between Telengana and coastal Andhra.

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**WESTERN HEMISPHERE**

Governor Rockefeller's visits, to be resumed next week, continue to be the major topic of conversation in Latin America. Leftist extremists in most countries yet to be visited are making plans to embarrass both the Rockefeller mission and the local governments. Some violence is expected in a few of the countries.

In South America, guerrilla attacks on two towns in western Venezuela may presage increased guerrilla activity in that country. If this is the case, President Caldera may be under more pressure from the military to abandon his attempts to reach a cease-fire accord with the rebels. In Chile, agitation for the nationalization of the copper mines is continuing as the government gets down to hard bargaining with Anaconda. The Communist-led labor confederation in Uruguay on 11 June carried out its most successful general strike to date.

The Caribbean Black Power Conference scheduled for 10-13 July in Bermuda is already causing government officials concern. Current labor troubles on the British island and the unofficial endorsement of the conference by the political opposition have probably increased the anxiety of the predominantly white, ruling Bermuda Party. In Curacao, the scene of widespread disorders on 30-31 May, the government's decision to resign and call early elections has calmed the island. Increased political agitation, exacerbated by the economic problems stemming from the rioting is likely to occur, however, during the election campaign.

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## ECUADOREAN OPPOSITION MOUNTING EFFORTS AGAINST VELASCO

The erosion of confidence in the Velasco government has been quickening in recent weeks, and perennial enemies of the President are working from all sides toward his overthrow. The most obvious threat to stability is the widespread disruption in Ecuadorean cities by students whose extremist leaders are determined to bring down the government. Military and police officials are chafing to take stronger counteractions and may soon make some decisive move.

Vice President Zavala reiterated charges this week that the government is systematically undercutting the constitution, congress, political parties, autonomous executive institutions, and his own position as a prelude to Velasco's assuming dictatorial powers. Zavala warned that Velasco has always envisioned himself as above the law and believes that he can rule "with the people and the army" and "without the constitution." Although Zavala is controversial and suspect even within his own Radical Liberal party, many Ecuadoreans agree with him. His open break is likely to give impetus to plans of the many groups from far left to far right whose acute desire to oust Velasco for the fourth time has been whetted in recent weeks.

Such disparate groups as industrialists, erstwhile political collaborators, and extremist students apparently have concluded that the government now is weak enough to make worthwhile some

bolder moves against it. Powerful economic interests on 5 June publicly criticized the government as hostile and obstructive toward the private sector and unable to maintain public order and confidence. The Radical Liberal party has moved from legislative cooperation to criticism of Velasco

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The most visible and disruptive factor in Velasco's inability to govern effectively is student agitation, which has kept Quito, Guayaquil, and other cities in a turmoil for weeks. Combined efforts of military and police forces against the agitators have been



President Velasco

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erratic, sometimes brutal and fatal, frequently ineffective, and generally unpopular. The militant and extreme leftist student leaders are probably receiving help, possibly including arms and explosives, from various

sources interested in creating discord and ousting Velasco by any means. As the student terrorists grow bolder, there is an increasing likelihood of strong military reaction.

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### CAMPAIGNING BEGINS IN SURINAM AMID LABOR UNREST

The leaders of Surinam's numerous political parties have already begun to campaign actively for elections, which they expect to take place this year, although the three-month-old "working" government of Minister-President Arthur May has yet to announce a date.

May, a retired civil servant was named to head a caretaker gov-

ernment last March by the Dutch governor following the resignation of Johan Pengel, Surinam's long-time political leader. Pengel's regime had been characterized by corruption, fiscal mismanagement and, in its later days, by labor strife. May is finding the task of putting Surinam's house in order a bigger job than he had anticipated, and he may have to stay in office into the 1970s.

Pengel, however, is pressing for early elections. His political stock is low, but he probably believes time is working against him, especially as the May government is preparing a "white paper" exposing the corruption of his regime.

The multiplicity of political parties in Surinam has made it impossible for any one group to obtain an absolute majority. It appears at the moment that no one will form a coalition with Pengel--as of now, all political forces have denounced him. The leader of the largest Hindustani party is negotiating with one of Pengel's chief rivals among the Creole parties, and the two have tentatively agreed to form a coalition that would exclude Pengel if they receive enough votes in the next election to form a government.



Ex - Minister President Pengel

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May has had some success in reducing the budget deficit, updating voter lists, ridding the government of corruption, and liberalizing the use of communications media. He has not been as successful in coping with labor agitation.

Strikes, accompanied in several cases by violence, have occurred frequently. Workers led by Eddie Bruma, the leftist leader of a small but fast-growing political party, have achieved broad concessions from management. Other

workers are now eagerly soliciting Bruma's services. Many political observers believe that in the next elections Bruma will be able to capitalize on his labor support and that his party will win seats in the legislature for the first time.

Some middle class Surinamers fear violence during the coming electoral campaign, and all sectors have expressed apprehension regarding the months ahead.

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### POLITICAL UNCERTAINTIES AND SOCIAL UNREST IN URUGUAY

President Pacheco has suffered a major defeat in a hard-fought battle with congress over his policies of economic austerity, and growing discontent among workers and students makes him vulnerable to further setbacks.

Last week a key faction within Pacheco's own Colorado party voted with antiadministration forces to censure a cabinet minister responsible for implementing a major aspect of the austerity program. According to a complex series of constitutional provisions, Pacheco would have been able to dissolve congress and call new elections if the minister had been censured by less than a three-fifths majority. The opposition forces were unable by themselves to muster the three fifths, but Colorado politicians who feared new elections voted with the opposition, thereby censuring the minister by an overwhelming majority. They rational-

ized that by avoiding elections they "saved the country from a profound political struggle at a dangerous time." They say they will back the President on all future occasions.

Discontent with the President's austerity measures has been mounting steadily in recent months. Striking workers and demonstrating students have clashed with police almost every day for the last two weeks. The Communist-dominated national workers' confederation held a successful 24-hour general strike on 11 June.

President Pacheco's political opponents may well see this as an ideal time to press their battle. The President has declared that he will continue his programs, but key factions within his party may again find it expedient to go along with the popular and congressional opposition.

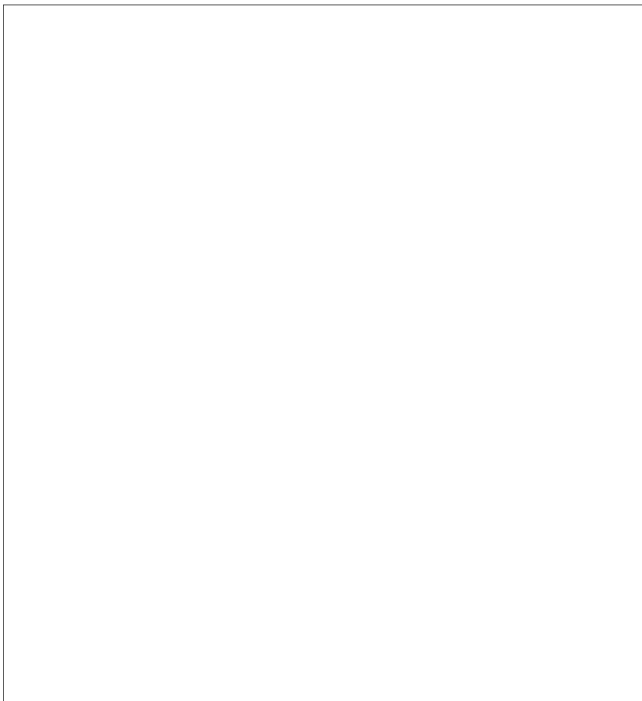
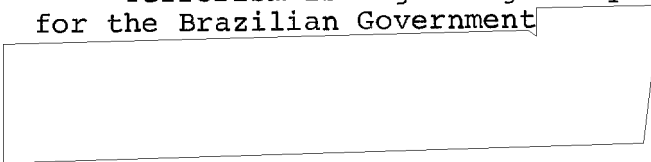
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## TERRORISM ON THE RISE IN BRAZIL

Terrorism is a growing worry  
for the Brazilian Government



a crackdown on "subversives."  
The escapees are professional organizers and revolutionaries whose abilities will presumably be put to use by urban terrorist groups. They are capable of launching a series of terrorist acts, and they could represent a threat to the security of the Rockefeller mission.

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Urban terrorism has become increasingly frequent in Brazil. For example, since 1967 Sao Paulo has experienced a dramatic increase in bank robberies, terrorist assaults, and assassinations carried out by the right-wing extremists of the so-called Death Squad and by leftist radicals allied with dissident Communist Carlos Marighella.

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Security authorities are  
greatly concerned over the escape last week of nine prisoners, six of whom are ex-military men sentenced for their subversive activities during the Goulart administration. Their escape was carefully engineered and had outside assistance--facts which especially worry the military and could generate new pressures for

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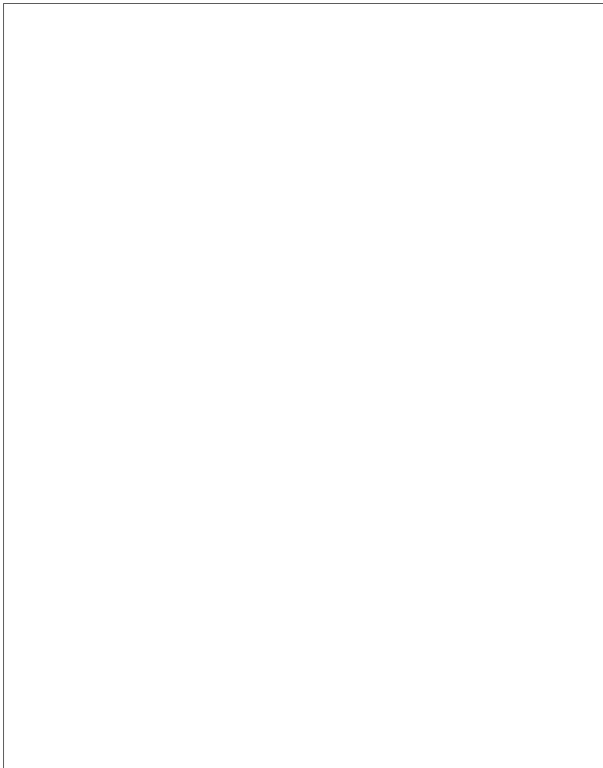
### HARD LINERS MAINTAIN UPPER HAND IN PERU

Disagreements on how to deal with Peru's growing economic and political problems are causing increasing frictions within the military government. Price controls on food, delays in signing some foreign investment contracts, and methods of dealing with the growing criticism of the government have all reportedly generated heated arguments [redacted]

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[redacted] with those favoring a hard-line approach carrying the day in each instance.



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The recent decree law calling for price controls on basic foodstuffs apparently stimulated similar disagreements. [redacted]



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Rising food prices had been largely responsible for the increase in the cost of living in recent months, but had begun to decline in May following the spring harvest and the clearing of landslides that had blocked the main highway into Lima since February. The controls are opposed by most of the influential economic groups in Peru.

The hard-line group, including President Velasco, had held the balance of power in the government since the October coup, although the moderates have retained some influence. The dispute with the US over the IPC issue and Peru's claim to a 200-mile territorial sea have enabled Velasco to wrap himself in the flag and call upon all Peruvians to support the government in this time of crisis. This in turn has forced Velasco's opponents to follow his lead or appear unpatriotic.

Opposition is beginning to appear in most sectors of the population, however, as the military tightens its grip. This growing opposition could strengthen the hand of the moderates in the military or it could lead to even more repressive measures by the government and a hardening of divisions within the country. [redacted]

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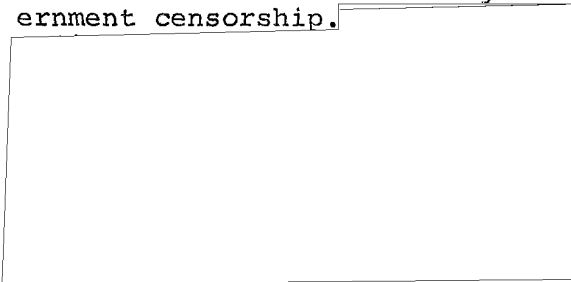
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### PANAMANIAN MILITARY SEEKS TO CONTROL PROPAGANDA CHANNELS

The military government is attempting to bolster support of its policies by acquiring control of some privately held communication facilities.

The junta recently concluded a deal with former presidential candidate Samudio to take over operation of the printing plant of El Mundo, a leading daily which ceased operations in January when Samudio decided to shut down rather than submit to government censorship.

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The government also moved recently to end the virtual monopoly of television channels by two of the country's most prominent families. This action has been widely interpreted as a step toward installation of a government-controlled television network. Plans to inaugurate a nationwide "educational" television system might, in turn, lead to creation of politically oriented broadcasting facilities, perhaps in anticipation of elections scheduled next year. Panamanian election campaigns have traditionally relied heavily on public information media, which until recently

have been firmly in the hands of the ruling oligarchy.

A tentative decision to cancel the operating permit of a Panamanian commercial airline--largely owned by the influential Eleta family--brought an allegation from one member of the family that the government also plans to operate its own national air carrier. It is possible that these maneuvers are primarily designed to dispel any suspicions that the National Guard is moving toward an accommodation with the oligarchy.

Meanwhile, preparations are under way to reopen the University of Panama, which had been a center of antigovernment agitation before the military coup. The government has appointed a new rector to preside over the restructured governing body and is counting on tighter administrative controls and such security devices as a perimeter fence to keep the students in line.

These and other plans of the junta government will not be affected by the illness of President Jose Pinilla, who suffered a serious heart attack on 10 June and was hospitalized in Panama City. Pinilla and his deputy Bolivar Urrutia are the figurehead junta leaders, but real power still rests with National Guard Commandant Torrijos.

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### HAITI SURVIVES EXILE INVASION SCARE

Haiti is calm following the abortive "bombing" raid on Port-au-Prince on 4 June but the government remains vigilant.

The incident--which caused little damage--was apparently related to plans by exile leader Rene Leon to land an exile force. This scheme has probably been squelched by Leon's detention and subsequent transfer to Miami after the aircraft used in the raid was grounded in the Bahamas.

Haiti's initial claim that Cuba was involved will probably be dropped in the face of growing evidence to the contrary. It

was probably another of Haiti's many recent efforts to gain US support by building up the Communist threat.

President Duvalier reacted to the incident with his first public activity since early May. In an address to the nation, broadcast the day following the attack, Duvalier assured his audience that his government was still in complete control. The speech, and the publicity it received, were probably designed to squash persistent reports that he is gravely ill, which he felt might encourage better organized attempts against his rule.

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