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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review completed.

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45

27 June 1969
No. 0376/69

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(Information as of noon EDT, 26 June 1969)

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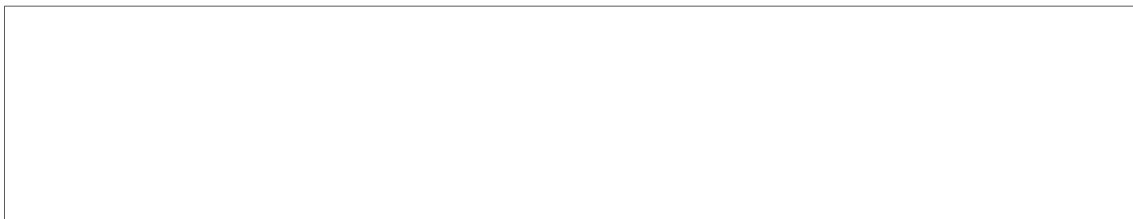
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The reunification of the Conservative Party will strongly influence the choice of the National Front Coalition's presidential candidate for next year's election and reduces the chance of a split in the coalition that might enable ex-dictator Rojas Pinilla to win the presidency.

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FAR EAST

Hanoi, by rejecting any compromise arrangements short of a provisional coalition government, is trying to intensify pressures on the Thieu government. Le Duc Tho, Hanoi's top man in Paris publicly dismissed a suggestion that the Communists might join South Vietnamese Government representatives on an electoral commission. He also flatly ruled out international supervision of elections.

On the military side, the major Communist thrust during their sporadic summer campaign has been aimed at western Kontum Province, where South Vietnamese troops have recently assumed the major ground combat role. In particular, the Communists apparently are trying to impose a local defeat on South Vietnamese irregular forces at the isolated outpost of Ben Het in hopes of demoralizing the Saigon government and the armed forces. The enemy, despite substantial losses, has been repeatedly attacking the camp since early May.

Communist forces in Laos have launched a series of ground attacks against government positions near the Plaine des Jarres. The ability of North Vietnamese troops to move rapidly into position around Muong Soui demonstrates the vulnerability of the neutralist headquarters there to enemy forces situated directly east on the Plaine. It is also fresh evidence that the North Vietnamese can deploy troops into Xieng Khouang Province with little or no warning. The attack may have been intended as a response commensurate with the government's occupation for six weeks this spring of the once inviolate Communist base at Xieng Khouangville.

Communist insurgents are consolidating their control over tribal elements in north and north-central Thailand, while in the northeast they are trying to improve their assets. The guerrillas have continued to avoid armed encounters with superior government security forces, although periodic Thai operations have resulted in some small-unit clashes.

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VIETNAM

The Communist summer campaign remains confined to sporadic surges of offensive military activity. The second June "high-point" materialized, for the most part, only to the northwest of Saigon. The enemy's two-day offensive thrust in Tay Ninh Province, which included a penetration into the provincial capital, cost the Communists more than 320 killed late last week.

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[redacted] slippage in the enemy's timetable was caused by allied pre-emptive operations. Nevertheless, current enemy activities strongly suggest that preparations for future offensives are under way.

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Meanwhile, Communist forces are maintaining pressure against the Ben Het Civilian Irregular Defense Group Camp in western Kontum Province. Elements of three North Vietnamese regiments pose a substantial threat to the Ben Het - Dak To area. These units have been active throughout western Kontum Province for nearly two months. The camp and surrounding defensive positions have been the target of almost daily

artillery and mortar bombardments--totaling some 5,000 rounds--since early May. South Vietnamese patrols and reconnaissance forces have fought numerous engagements against enemy troops in the vicinity of the remote allied outpost.

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[redacted] The Communists may believe a decisive victory over South Vietnamese troops who recently assumed the major ground combat role in Kontum Province would have considerable impact on the South Vietnamese Government and its army. Furthermore, if Ben Het should fall, it could be a major stepping stone for an enemy thrust against the South Vietnamese strongpoint at Dak To.

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Despite the heavy losses suffered by the UNCODEDst 9th Division in its attacks on Tay Ninh on 18-19 June, [redacted]

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[redacted] elements of the division continue to plan for coordinated attacks against allied targets in the province.

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The extent of the continuing Communist effort in Tay Ninh suggests that this province plays an

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important role in longer term enemy plans. Tay Ninh has been an important factor in the Communists' strategy for years. The headquarters of the Vietnam Worker's Party in South Vietnam, called COSVN, is located in the vast and rugged jungle area of War Zone "C," which runs from the northern part of the province across the Cambodian border. Geographically, the province offers the Communists a strategically advantageous position. More than half of it borders on Cambodia and the area to the east of its borders is relatively sparsely populated. Moreover, the writ of the Saigon government has never run strong there as local control is in the hands of the Cao Dai religious sect.

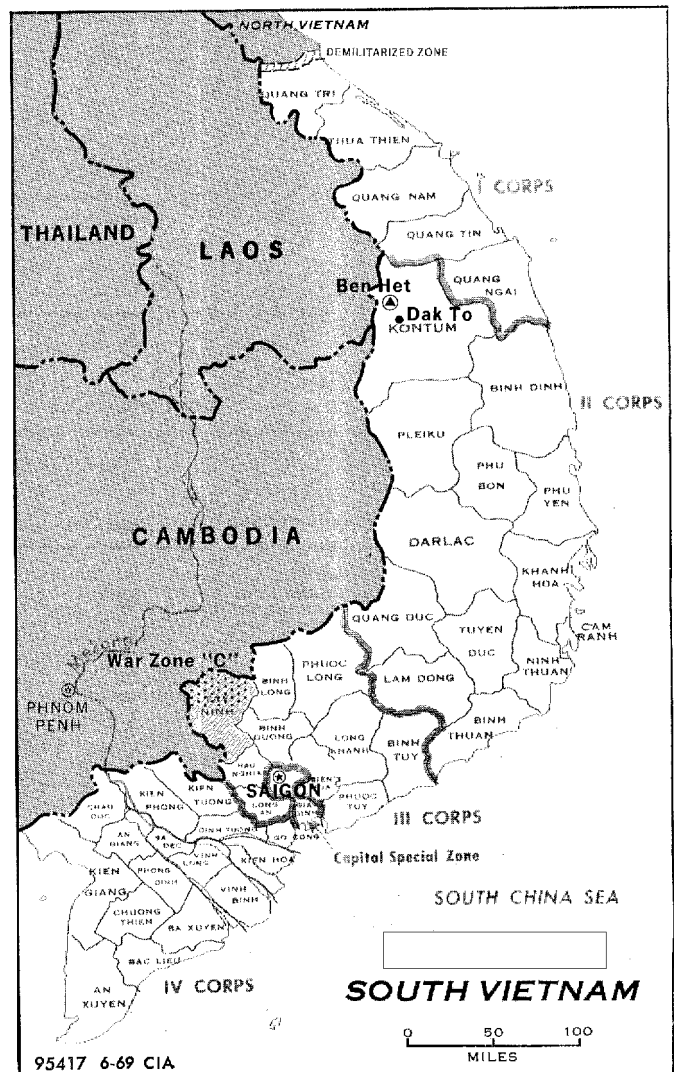
The Communists may well be looking toward a period when a cease-fire and arrangements for a settlement lead to a head-on political confrontation with South Vietnamese authorities for control of the province. Tay Ninh is one of the areas where the Communists recently set up a provincial-level "revolutionary committee." Therefore, it is likely that the Communists will maintain their military and political emphasis on Tay Ninh for some time.

Communist Diplomatic Tactics

The Vietnamese Communists are taking a tougher line on the negotiations, especially regarding a role for the Saigon government. Hanoi's top man in Paris, politburo member Le Duc Tho, reflected these tactics in an interview with the Washington Post this week.

Tho dismissed a suggestion that the Communists might join South Vietnamese Government representatives on an electoral commission and he flatly ruled out international supervision of elections.

Tho probably was trying to blunt the impact of any allied statements incorporating such proposals and to head off any



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impression that there is room for compromise in the Communist ten-point program. Hanoi clearly is not going to agree to such arrangements soon, but Tho's remarks are by no means Hanoi's final words.

The Communists seem convinced that by not giving an inch on substance now and by concentrating their fire on the Saigon government, they will help fan American antiwar sentiment and eventually force the US to move to break the deadlock in Paris.

Political Infighting Continues
in Saigon

Despite the widely acknowledged need to prepare for political competition with the Communists, both the South Vietnamese Government and the opposition are having difficulty organizing support among the country's fractious politicians. Many political leaders appear to be most concerned with promoting their own personal interests, and it is clear that Thieu's goal of a unified pro-government organization and a single "loyal opposition" will not be achieved soon.

Meanwhile, opposition groups that have been discussing the formation of an organization to counter Thieu's front are also facing differences among their leaders. Although some of the groups apparently want to proceed with the early establishment of a publicly proclaimed opposition front, the influential National Progressive Movement reportedly opposes this. The leader of the movement, Nguyen Ngoc Huy, has

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indicated that the function of his group in the opposition will be to moderate the extreme views held by some of the other groups and that his group may yet join Thieu's front. Opposition leaders have agreed to invite prominent Senator Dang Van Sung to join their discussions, but Sung also has indicated that he intends to keep open his lines to the government.

More militant opponents of the Thieu government, meanwhile,

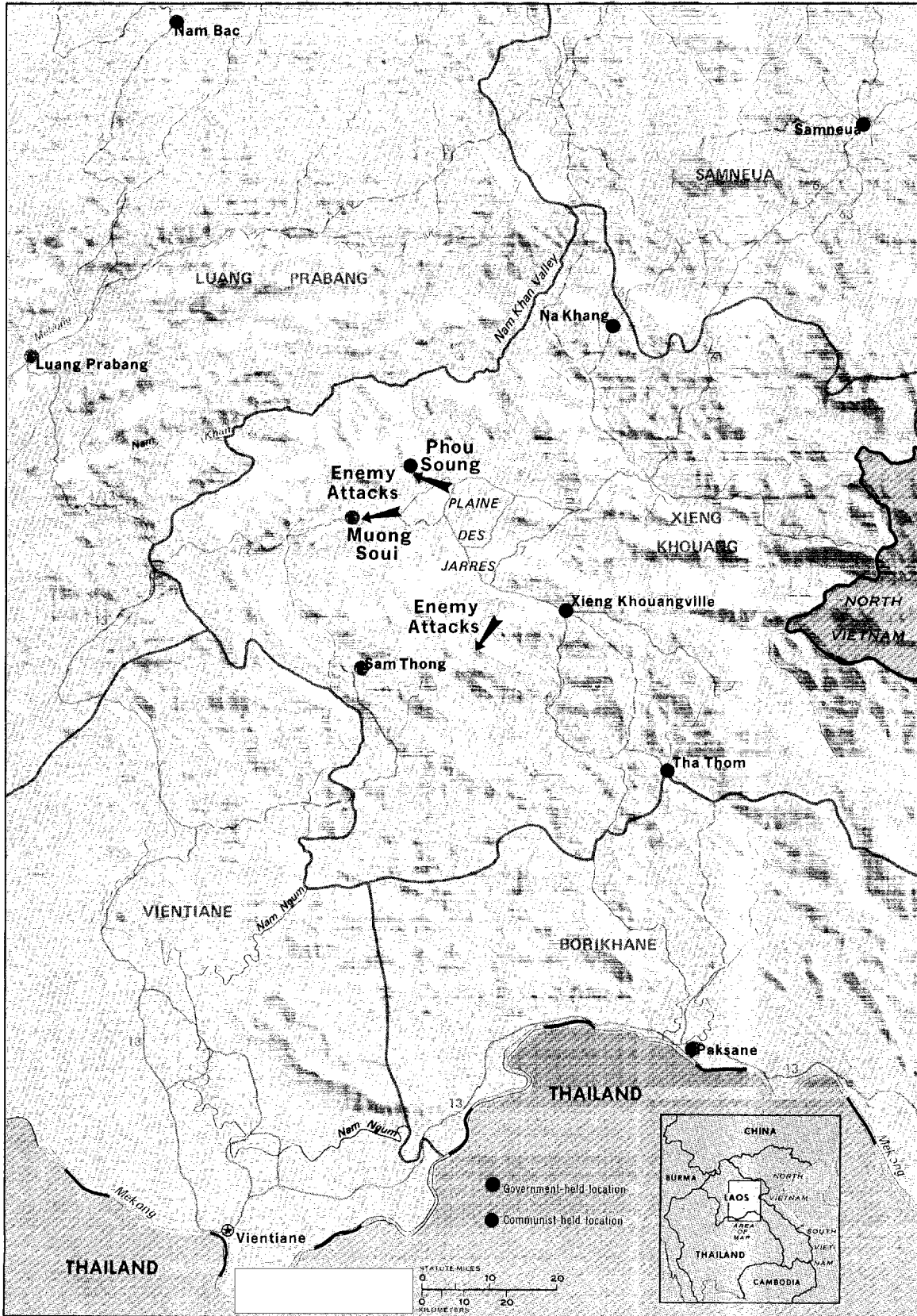
are also divided. Militant Buddhist leader Thich Tri Quang has indicated that he has rejected overtures from Tran Ngoc Lieng for the Buddhists to join Lieng's new opposition group.

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Communists Launch Ground Attacks Near the Plaine des Jarres



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COMMUNISTS RENEW FIGHTING IN LAOS

Communist forces have launched a series of ground attacks against government positions near the Plaine des Jarres in north Laos.

The action was highlighted by a sharp attack on 24 June against the neutralist headquarters at Muong Soui. At least two battalions of North Vietnamese troops supported by tanks overran a number of the base's outlying defense positions and inflicted light casualties on government defenders. The airstrip, however, remained in government hands.

[REDACTED]

The ability of the North Vietnamese to move their forces rapidly into position around Muong Soui demonstrates the vulnerability of the neutralist headquarters to enemy forces situated directly east on the Plaine. It also is fresh evidence that the North Vietnamese can deploy troops into Xieng Khouang Province with little warning or chance of detection.

In apparently related moves, the Communists drove government troops from Phou Soung, a recently won position north of the Plaine, and hit government guerrilla outposts on the southern rim. These actions are almost certainly in response to General Vang Pao's recent effort to re-establish a government presence on the Plaine.

The attack against Muong Soui is the first major action against that position in five years. It may have been intended as a commensurate response to the government's occupation for six weeks this spring of the once inviolate Communist base of Xieng Khouangville. The attack may also have been launched for political reasons. In recent weeks the Communists have made a concerted effort to portray Communist "patriotic neutralist" elements as the "true representatives" of the neutralist faction. Such pretensions presumably would be furthered by the capture of the neutralist headquarters at Muong Soui. [REDACTED]

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COMMUNIST GUERRILLAS ACTIVE IN THAILAND

Communist insurgents continue to make headway in the north while they try to improve their assets in the northeast.

In the north and north-central provinces, the Communists are consolidating their control over tribal areas.

The guerrillas continue to harass government security forces, but incidents have become less frequent because several army units have been pulled out of the area for security duty in adjacent lowlands. Bangkok has assigned a new military commander to the north who has a reputation for being aggressive. Nevertheless, the leadership still appears to be divided on the best course to follow in combatting the tribal insurgency.

In the northeast, the guerrillas are apparently carrying out plans drawn up last December to pare down and improve their organization.

The guerrillas also continue to avoid armed encounters with superior security forces, although periodic Thai Army operations have resulted in some small unit clashes.

There are some indications that the Communists intend to increase their military assets in the northeast.

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EUROPE

The Sino-Soviet commissions dealing with border river navigation began meetings as scheduled in Khabarovsk on 18 June. Neither side has issued any progress report.

The Soviet Union continued its diplomatic efforts to isolate China.

[redacted] A central committee plenum opened in Moscow yesterday. So far the only announced business was a report by General Secretary Brezhnev on the results of the recently concluded international Communist conference.

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Brezhnev may make his oft-rumored visit to Romania in July, although the precise date has not yet been fixed. Most observers expect him to sign a new treaty of friendship and mutual assistance; the old one expired in February 1968.

Hungary is proceeding cautiously with its reforms. The party is encouraging trade unions to defend worker interests, but it has reacted harshly to a suggestion in the official government newspaper that the time has come for a "free exchange of ideas" in Hungary.

The wide publicity West Berlin Mayor Schuetz received during his visit to Poland overshadowed the separate visits at the same time of West German economic officials.

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[redacted]

The Husak regime is drafting new measures designed to energize the flagging Czechoslovak economy, and to bring under control recalcitrant students, intellectuals, and army officers. The restrictive aspects of these moves have set off new popular dissension.

French President Pompidou has named Gaullists, Independent Republicans, and centrists to his government. The most striking appointment is that of Maurice Schumann, known as a believer in European cooperation, to the Foreign Ministry.

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NEW GOVERNMENT TAKES OVER IN FRANCE

President Pompidou has put together a carefully balanced government that reflects both the continuity and the change he stressed during his electoral campaign. The new team, which is less homogeneous and doctrinaire than its predecessor, includes not only orthodox and left-wing Gaullists but also Independent Republicans and centrists. Of the nearly 40 ministers and state secretaries in the government, about 13 are personal associates of Pompidou.

The most striking appointment was that of Maurice Schumann as foreign minister. Schumann brings to the Quai d'Orsay the reputation of a believer in European cooperation whose Gaullism is more senti-

mental than doctrinaire. He is much more flexible than his predecessors, and probably will prove in practice to be the loyal executor of policy lines laid down by Pompidou. The man he replaces, Michel Debre, was installed as minister of state for national defense, a newly created position that formally ranks directly below Prime Minister Jacques Chaban-Delmas. The post was "upgraded" more in appearance than in substance, primarily in an effort to provide Debre with a suitable portfolio after removing him from the prestigious Foreign Ministry job.

On the crucial social front, Pompidou selected a group of ministers with an over-all reputation

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for moderation and open-mindedness. Olivier Guichard, presiding over the confused and potentially still explosive educational scene, is known to be an able administrator and is a very close associate of Pompidou. For the first time since World War II, no information minister was named. This omission probably reflects Pompidou's sensitivity to charges during the election campaign that the communications media under De Gaulle were merely tools of the state.

The most urgent problems the government faces are in the economic and social sphere, and the new ministerial team's "honeymoon" promises to be brief. Chaban-Delmas is meeting with the labor union next week to discuss demands for wage increases, and he has already announced that the parliament will be called into special session in September to examine urgent domestic legislation.

Although France can be expected in many ways to turn inward now, Pompidou's ministerial changes also indicate a concern with foreign policy, especially European issues. The appointment of Schumann and other ministers, such as Rene Plevin and Valery Giscard d'Estaing, with known pro-European sentiments indicates the government will be giving Common Market problems and the question of British entry careful attention.

No major changes are expected in the realm of defense. Debre's appointment may slow down improved de facto cooperation with the US and NATO, but progress in this area was expected to be slow in any case. Over-all, both foreign and domestic problems are likely to be dealt with in a pragmatic fashion.

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POLES INTERESTED IN WEST GERMAN TRADE

Warsaw used the recent separate visits to Poland of West Berlin Mayor Schuetz and West German economic officials not only to exhibit a more relaxed political attitude toward Bonn, but also to show its interest in a significant expansion of commercial re-

lations with West Germany, West Berlin, and the West in general.

The Poles are determined to upgrade the technological level of their industry through increased acquisition of Western know-how, especially that of West

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Germany. The Polish leadership also probably hopes that its economic overtures will induce West German economic interests to press Bonn for progress on political issues.

West Berlin Mayor Schuetz was in Poland from 14 to 16 June for a widely publicized visit that had political implications. During the same period but with considerably less publicity, the West German Economics Ministry state secretary, Klaus Dieter Arndt, and the chairman of the Bundestag Economic and Foreign Trade Committee, W. A. Menne, visited the Poznan international trade fair. Both men held private talks with ranking Polish officials and subsequently made statements favoring closer Polish - West German cooperation in economy, technology, and research.

The head of the West German trade mission in Warsaw, Heinrich Boex, said later that, during the talks, Arndt and Menne were struck by the strong Polish interest in increased trade, credits, and further joint industrial endeavors with West German firms.

The West Germans claim that the Polish economic overtures reflect a basic decision by Warsaw to bring its economy to the level of East Germany and Czechoslovakia. To advance this aim, the Poles are clearly determined to seek Western economic help, not to the detriment of their commitment to CEMA, but in order to enable them to swing more weight within the organization.

For the time being, both sides continue their sparring on the political front. Despite a mutual desire to improve relations, few new initiatives are likely soon. The Poles are clearly stalling pending the outcome of the elections in West Germany this fall. Warsaw may believe that a Social Democratic victory there, together with the mutual interest in expanded trade, could contribute to a break-through in political relations. One Polish economic official has already hinted that establishment of diplomatic relations would greatly facilitate trade and, especially, credits.

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CZECHOSLOVAKS DRAFT NEW DOMESTIC POLICIES

Husak and his colleagues are drafting new measures that they hope will minimize the country's political and social ills. Several of the draft policies that have been publicized are restrictive, however, and have generated popular dissension.

In an effort to revivify an ailing economy, the regime intends to announce a series of short-term steps, including wage controls and another round of retail price hikes, to curb inflation. These plans may cause serious trouble with the rank-and-file workers, who are incensed by the growing conservatism of the Husak leadership and who have warned that they will not tolerate a rise in prices without concomitant increases in wages.

Workers in some plants already have slowed production to a virtual standstill, and some of their unions have been disseminating appeals and printed materials without prior clearance from the proregime central trade union council.

The leadership, as part of an extensive personnel reshuffle in the armed forces, has ordered security investigations of all military officers to determine their loyalty to the Husak regime. Czechoslovak officials reportedly believe that about 6,000, many of whom have remained steadfastly anti-Soviet in political

outlook will be dropped from the officer corps. Defense minister Dzur, a moderate holdover from the Dubcek leadership in 1968, may get the axe in the process. The Soviets will undoubtedly be pleased with the personnel changes, inasmuch as they are said to have some reservations about the reliability of the Czechoslovak Army.

The regime has also let it be known that it will not tolerate student defiance. The Interior Ministry has banned the union of Czech university students because it refused to obey the party dictum that all sociopolitical groups must join the Communist-controlled National Front or cease to exist. Some of the students, with more "realistic" or conservative political



Czech Students Vote Against Joining Communist-Controlled National Front

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views, have set up a preparatory committee to pave the way for the formation of their own Czech students' union, which will affiliate with the Front.

Disaffected intellectuals probably will support the dissident students. The Czech writers' and journalists' unions--despite their expressed willingness to cooperate with the regime--continue to be dominated by liberals, who appear to have strengthened their position in those bodies as a result of recent elections.

On the other side of the coin, however, hard liner Bohuslav Chnoupek, who last August, was alleged to be a "collaborator," has been installed as head of Czechoslovak radio. This change demonstrates the regime's desire to clamp down on liberals and moderates who continue to air their views via radio.

Meanwhile, the government, over the objection of the conservatives, has decided to reinstate the former liberal leadership's policy of issuing tourist visas at the border. This is primarily an economic move designed to replenish the country's dwindling hard-currency reserves. Nevertheless, it may be another source of friction between the Husak leadership and the hard liners because the policy was originally introduced by Dubcek in 1968. This policy led to charges by both the Soviets and the conservatives that Czechoslovakia was becoming a playground for Western spies.

More of Husak's new measures--including personnel shifts previously approved by the party presidium but as yet unannounced--may come to light at a nationwide conference of regional and district party and government officials, which opened on 26 June.

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MIDDLE EAST - AFRICA

The tempo of Arab terrorist incidents and Israeli reprisals has risen over the past few weeks. Daily artillery duels across the Suez Canal have resumed after a comparative lull last month, and Egyptian commando raids across the canal have also been renewed. Along the Israeli-Jordanian cease-fire lines, the number of incidents has increased greatly following a cooling-off period in early June. Meanwhile, the USSR is maintaining the rate of military deliveries to its arms clients in the Middle East—principally Egypt, Syria, and Iraq—at close to last year's levels, despite Arab complaints about receiving aging and insufficient equipment too late.

Southern Yemen's ruling National Liberation Front ousted President al-Shaabi on 22 June and installed a five-man presidential council and a new cabinet. The move appears to represent a victory for the extreme leftist faction of the Front. The army—whose support is crucial—has been displeased in the past when Front leaders exhibited tendencies that were too far to the left, and its position in the current power struggle is still uncertain.

Britain severed all formal ties with Rhodesia this week after the Rhodesian electorate voted overwhelmingly on 20 June in favor of declaring Rhodesia a republic and adopting a new constitution that will institutionalize white minority rule. Prime Minister Ian Smith will probably not put the new constitution into effect until early next year, although he may declare a republic before that, perhaps on 11 November—the fourth anniversary of Rhodesia's unilateral declaration of independence.

In the civil war in Nigeria, the Biafrans held their own in all sectors this week, and federal troops have been unable to clear secessionist commandos from an area west of the Niger River where they still threaten oil fields in the Midwestern State. No significant amount of relief supplies was flown into Biafra for the second consecutive week, but both sides continue to receive more arms supplies.

Tanzanian President Julius Nyerere has hinted very broadly that he would like to call on President Nixon this fall when he visits the United Nations. In seeking such an invitation, Nyerere apparently desires not only to cultivate better relations with the US, but also to re-emphasize his nonaligned position at a time when Communist China's presence in Tanzania appears paramount.

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BRITAIN SEVERS FINAL TIES WITH RHODESIA

As a result of the decisive mandate that the Smith government won in referenda held on 20 June, Britain this week announced the severance of all remaining formal ties with Rhodesia. At the UN, an Afro-Asian resolution condemning the Rhodesian regime and calling for stronger punitive measures was narrowly defeated.

Pre-referenda indicators had suggested that the ruling Rhodesian Front's controversial constitutional proposals might win by only a small plurality and that many voters might abstain. In fact, however, not only was there a large voter turnout but the proposals, aimed at institutionalizing white minority rule, were approved by a wide margin.

Nearly 83 percent of the predominantly white electorate voted, and final returns showed 81 percent in favor of declaring Rhodesia a republic and only 19 percent opposed. Even the constitutional proposals were endorsed by 73 percent of those voting.

Had the vote been closer, London probably would have kept its representatives in Salisbury--partly as a sign to Rhodesians that a settlement was still possible, although not with the Front. After the massive Smith victory, however, London announced

the resignation of its governor and the closing of its mission, thus removing from Salisbury the last visible symbols of Britain's sovereignty over Rhodesia.

Prime Minister Smith, meanwhile, has not announced when he will declare Rhodesia a republic or implement his constitutional proposals. Because the full text has yet to be drafted and electoral districts will have to be redrawn, the new constitution may not be put into effect until early next year. Smith may declare a republic before that, however, perhaps on 11 November--the fourth anniversary of Rhodesia's unilateral declaration of independence.

In the UN Security Council, an Afro-Asian resolution calling on the British to use force against the regime and extending economic sanctions to South Africa and the Portuguese territory of Mozambique fell one vote short of passage. Spain, which found itself in a key position, was constrained from casting the deciding affirmative vote because of its unwillingness to approve sanctions against a Portuguese colony. The African countries, however, can be expected to continue, both in the Security Council and at the next General Assembly, to push for stronger UN action against the Smith regime.

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MIDDLE EAST INCIDENTS INCREASE

The tempo of terrorist incidents and Israeli reprisals has risen over the past few weeks. Daily artillery duels across the Suez Canal have resumed after a comparative lull last month. Egyptian commando raids across the canal have also been renewed. Along the Israeli-Jordanian ceasefire lines, the number of incidents has increased greatly following a cooling-off period in early June.

The fighting along the Suez Canal may have been initiated by the Egyptians, both to placate the more militant elements in Egypt and to impress the Big Four with the need for an early settlement. Heightened tension along the Jordan River was signaled by the death of an American tourist on 17 June as the result of shelling by an Iraqi unit stationed in Jordan.

The Israelis have adopted an even tougher retaliation policy. They have been particularly irked by the increasing aggressiveness of regular Jordanian forces. Last week, the Israelis mounted heavy air attacks against Jordanian positions and on 23 June they blew up a water conduit in the East Ghor Canal, a major irrigation facility.

Although the Israelis have been somewhat more relaxed about Egyptian shelling across the Suez Canal, the resumption of cross-canal attacks by the Egyptians has already prompted one reprisal attack by the Israelis and seems sure to provoke others. The fedayeen attack on 24 June on the Israeli pipeline just outside of Haifa is certain to further irritate the Israelis and to bring new reprisals against terrorist bases in Jordan and Lebanon.

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POWER STRUGGLE ERUPTS IN SOUTHERN YEMEN

The ouster of President Qahtan al-Shaabi and the formation of a five-man presidential council and a new cabinet appear to represent a further shift to the left in Southern Yemen. The new regime's ability to gain the support of the army remains in doubt, however.

President al-Shaabi was removed from office on 22 June by the 40-man General Command of the ruling National Liberation Front (NLF) party. His dismissal apparently stemmed from the General Command's unhappiness with his increasingly personal rule, and most immediately from his removal of the interior minister without prior consultation with other members of the NLF ruling body. Aden has remained quiet since the change in command, and the new presidential council appears to be in effective control for the moment.

The new cabinet announced on 23 June, along with the new Presidential Council, apparently is a victory for the extremist faction of the NLF. The local

professional class has greeted the new government with dismay, and has characterized some of the new faces as "Communists." Although this may be an exaggeration, there is little doubt that the number of extreme leftists in prominent positions has increased.

The support of the army remains critical to the position of the NLF. The army previously has shown displeasure when NLF leaders exhibited tendencies that were too far to the left, but the inclusion in the new cabinet of two figures popular with the army may help win the support of the armed forces.

The army's position in the current power struggle is still uncertain, however, and there have been reports that some army units were on the move. The new government appears to have attempted to neutralize any threat from the military by reorganizing the police command to ensure its loyalty to the new NLF ruling group.

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WESTERN HEMISPHERE

Governor Rockefeller begins the last of his four fact-finding trips to Latin America on 29 June. The Governor and his party will probably encounter demonstrations of some type in Argentina, the first stop; in the Dominican Republic; and possibly in Jamaica and Guyana. Haiti and Barbados are expected to be quiet.

Argentine authorities are bracing for a new round of student and labor unrest. Members of the leftist-oriented Argentine University Federation are planning demonstrations for the third anniversary, on 28 June, of the coup that brought President Ongania to power, and for the arrival of Governor Rockefeller on 29 June. Their plans reportedly include using Molotov cocktails against some US-owned businesses. Several supermarkets of a chain operated by a firm in which the Rockefeller family has an interest were hit by firebombs on 25 June.

Haitian President Duvalier is preparing a large welcome for the Governor. The President appeared in public last weekend for the first time since his illness in early May, suggesting that he is still in firm control of the country.

Peru's new agrarian reform law will probably meet strong opposition and will disrupt agricultural production. President Velasco's announcement of the new law came after a 20-hour cabinet meeting, indicating that there is opposition to the measure even within the military government. The sweeping reforms strike at the heart of the political and economic power of the traditional oligarchy by calling for the seizure and redistribution of all major land holdings, particularly those under absentee ownership.

Uruguayan President Pacheco imposed a limited state of siege on 24 June to combat a mounting labor and political crisis. Terrorist incidents have been increasing for the last few weeks, and numerous strikes are in progress. In addition, Pacheco faces a challenge from power forces within his own party and among the opposition, who hope to discredit him and force abandonment of his unpopular economic austerity programs.

El Salvador and Honduras are engaged in an imbroglio as a result of an emotional outburst by Salvadoran soccer fans last week. Reports of harassment of the Honduran team and mistreatment of Honduran tourists by Salvadorans touched off anti-Salvadoran demonstrations in Honduras. Thousands of itinerant Salvadoran workers have now fled Honduras, and although both governments have attempted to quiet the situation, nationalistic passions have been aroused and positions appear to be hardening.

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SWEEPING LAND REFORMS ANNOUNCED IN PERU

President Velasco announced on 24 June the promulgation of an agrarian reform law that provides for the expropriation and redistribution of all major land holdings in the country, including those owned by US companies. The reforms strike at the heart of the political and economic power of the traditional oligarchy in Peru and could arouse strong opposition to the Velasco government.

The principal provisions of the new law establish limitations on ownership of land, doing away with both the large land holdings of the wealthy and the extremely small plots worked by the peasants. Uneconomical farms of less than eight acres are to be consolidated. The maximum size for privately owned irrigated lands ranges from about 75 acres in the mountain and jungle regions to approximately 370 acres in the coastal areas, and up to 3,700 acres for natural pasture lands. The size of all these holdings can be increased providing the land is improved and profits are shared with the workers. Excess lands will be sold to individuals and to peasant communities, with payments ranging over a 20-year period.

The large "agro-industries," which include US-owned sugar plantations, are to be expropriated and operated as cooperatives. In order to avoid serious disruptions in production, they will continue to operate as single units. Industries that are directly tied to agriculture will be expropriated and ownership assumed by the state.

The government has promised compensation for all the expropriated property in a form that is intended to promote industrialization. Payments will be made partially in cash, with the remainder in nontransferable government bonds. These bonds may be exchanged at face value for shares in new industrial investments, provided that shares of equal value are purchased for cash.

Velasco noted in announcing the new law that the government expects opposition from the wealthy land owners, but stated that the military government would take all necessary steps to prevent the disruption of an orderly implementation of the reforms. No definite time limit was given for completing implementation. Action apparently will begin immediately, however, and some land owners will be given as much as one year to divest themselves of excess lands.

The Velasco government's first major step toward its announced goal of "economic and social transformation of the country" will indeed meet some opposition from the traditional oligarchy. Moreover, announced plans to devise new regulations for the fishing industry and the formation of a committee to draft a new law on worker participation in the profits of private companies could swing additional support to those opposed to the agrarian reforms. It is doubtful, however, that these opponents will be able to find sufficient backing, even from disgruntled army officers, to confront Velasco and his supporters.

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COLOMBIAN ELECTION CAMPAIGN GETTING UNDER WAY

The reunification last week of the two factions of the Conservative Party is the first major development in the campaign for the national elections to be held next year. The move will strongly influence the choice of the National Front coalition's presidential candidate and reduces the danger of a split in the coalition that might enable ex-dictator Rojas Pinilla to win the presidency.

Under the National Front, the long-dominant Liberal and Conservative parties--seeking to end political violence after the ouster of Rojas Pinilla--in 1957 agreed to govern together. The plan included alternation of the presidency from 1958 to 1974 and the equal sharing of other top government positions, including membership in congress. It is the Conservatives' turn to choose the coalition candidate for the 1970-74 presidential term and, as the minority partners, they plan to use the period to strengthen and broaden their political influence before the return to open political competition in 1974. The Liberal party must approve the candidate, however, and Liberal President Carlos Lleras is determined that his successor will carry out the much-needed reform programs he has launched.

Disagreement several years ago over the extent of cooperation

with the Liberals caused the defection of a group of Conservatives led by Alvaro Gomez. Autocratic former president Mariano Ospina heads the larger faction, which has continued to work closely with President Lleras even when there were marked differences of opinion. Gomez had indicated that he supported the already announced presidential candidacy of maverick Conservative Belisario Betancur, and Conservative leaders feared that if the party fielded two candidates, the Liberals might support neither and Rojas Pinilla could be elected.

Discussions were opened in an intensive effort to solve the long-standing differences. On 18 June a declaration of reunification was signed by Ospina, Gomez, and other Conservative leaders. The agreement provides for a broad-based party convention to be held this fall to choose a single Conservative candidate.

The effect of the reunification on the prospects of President Lleras' preferred candidate, Ambassador to the US Misael Pastrana, is not yet clear. The reunification will weaken Betancur's prospects, but he may persist with the support of labor, student and church groups who are seeking a voice to combat the closed system of old-line party politics.

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