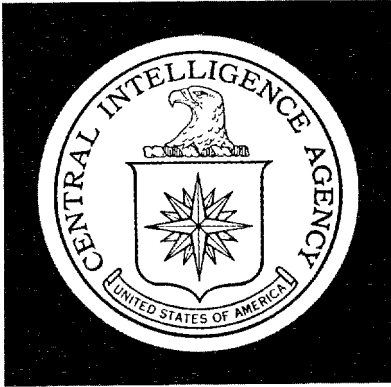


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

State Dept. review completed.

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3 July 1969  
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(Information as of noon EDT, 2 July 1969)

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ETHIOPIA: PROBLEMS OF A FADING DYNASTY  
Emperor Haile Selassie will arrive in the US on 7 July for his fourth official visit. The Emperor's highly personalized style of rule has enabled him to remain firmly in power since he became emperor in 1930, but the 76-year-old monarch has failed to prepare anyone to succeed him. The reforms he has introduced have set in motion forces he is no longer able to control. Student unrest is intensifying, discontent is strong among the educated elite, and the government is being hurt financially by the rising costs of economic development and of combating insurgency. (Published separately as Special Report No. 0377/69B)

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**FAR EAST**

Xuan Thuy, North Vietnam's chief negotiator, is returning to Paris after a month-long stay in Hanoi. Presumably the North Vietnamese leadership has sorted out the implications of President Nixon's recent pronouncements on Vietnam and the first steps toward "Vietnamizing" the war. There have been no indications that Xuan Thuy's return presages any shift in the Communist stance at the peace talks.

In South Vietnam, the Communists have begun to disengage some of their forces. At the same time, however, certain enemy units are continuing to prepare for battle, and the focal point of heavy fighting may shift from the central highlands to northwestern III Corps. This would allow the enemy to maintain tactical momentum as well as to present an appearance of strength by sustaining military action.

Leaders of President Thieu's National Social Democratic Front continue to struggle with organizational details and have yet even to work out the relationship among component parties at the provincial and local levels. One factor accounting for the slow progress is Thieu's own inability to push the development of the front while performing more urgent tasks of national leadership.

Lao regional commander Vang Pao has taken steps to retake the politically important neutralist base at Muong Soui, west of the Plaine des Jarres, which was evacuated last week, but the Communists may be difficult to dislodge. They may be preparing to make a case that the pro-Communist "patriotic neutralist" forces, not the troops identified with Souvanna Phouma, represent the genuine neutralist faction in the tripartite government called for in the Geneva Accords.

Cambodia's Prince Sihanouk has been reluctantly meeting with the head of the South Vietnamese Communists' Provisional Revolutionary Government. Sihanouk's main gambit in the talks appears to be to try to gain some solid assurances from the Communists that they will limit their activities on Cambodian territory before he agrees to permit supply shipments to the Viet Cong to resume.



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VIETNAM

A general regroupment of Communist main force units is apparently under way in certain key sectors of South Vietnam. Prisoner and rallier interrogations, as well as the general lack of contact with the enemy's major combat units, suggest that a limited disengagement of Communist forces has begun. This maneuver is typical of past enemy operations. In previous periods, such respites have been used to develop new tactical plans and to brief cadres before the next offensive thrusts, which are expected later this month.

Some of the enemy units involved have probably withdrawn to traditional in-country base areas, while others may have sought refuge in Cambodian safehavens. Included in the latter groups may be elements of the three regiments that have been involved on the Ben Het battlefield since early May and which are apparently retreating back to Cambodian sanctuary.

For the most part, the current widespread withdrawals from primary combat zones probably represent seasonal refitting and retraining. Last summer, there was a prolonged lull in large-scale offensive activity between the pushes in May and August.

There are some indications that certain other enemy units are continuing to prepare for battle.

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The Communists could be planning to shift the focal point of heavy fighting from the central highlands to northwestern III Corps, in order to maintain their tactical momentum as well as to present an appearance of strength by sustaining military action in at least one key sector of the country.

In addition to a possible step-up in fighting to the north and northwest of Saigon, sapper units and local force units will probably continue small-scale actions throughout the country. These could include forays against remote allied positions as well as an increased level of terrorism in Saigon and other major cities. These efforts would tend to take up the slack in enemy offensive activity as preparations for the July phase of the Communist "summer" campaign are completed.

Available evidence [REDACTED]

[REDACTED] suggests that enemy military action during July will closely parallel that of May and June during which several so-called "highpoints" were staged.

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indicators point to some increase in enemy action in early July, but efforts of greater magnitude will probably not begin until later in the month.

Meanwhile, a recent speech by North Vietnamese Defense Minister Vo Nguyen Giap provides additional clues on current North Vietnamese military strategy. Giap reaffirmed his long-standing view that, using the right military tactics, the Communists can fight on as long as necessary to demonstrate that the war is stalemated and can be resolved only through negotiations and allied concessions. He counsels a strategy of small-scale but persistent military operations designed to maintain steady pressure on the allies and preserve a strong Communist army.

Political Developments

North Vietnam's chief negotiator, Xuan Thuy, is en route back to the Paris talks and should arrive within the next few days after brief stopovers in Peking and Moscow.

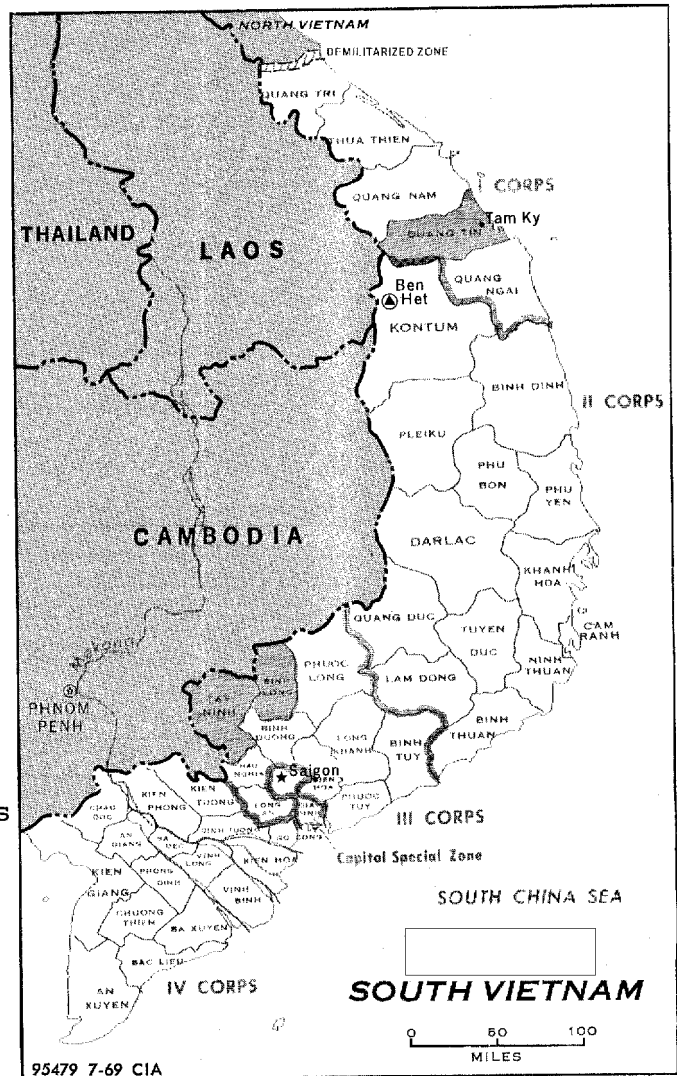
During Thuy's month-long stay in Hanoi, the leadership presumably has sorted out the implications of President's Nixon's Vietnam speech, his latest press conference, and the first steps toward "Vietnamizing" the war.

The South Vietnamese political scene was relatively quiet this week. Leaders of the pro-government National Social Demo-

cratic Front remain bogged down with organizational details, and opposition leaders have also been making only marginal progress toward establishing a common front.

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The political leaders brought together by President Thieu to work out the specifics of his front



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organization are having difficulty agreeing on the organizational structure at the national level, and they have yet to work out the relationship among the component political parties outside Saigon, at the provincial and local levels. These leaders seem to be operating on a business-as-usual basis, maneuvering for position rather than readying themselves and their followers for future political struggles with the Communists.

One important reason for this lack of a sense of urgency and purpose seems to be Thieu's inability to remain fully engaged

for extended periods in the formation of his front while at the same time trying as president to keep on top of developments in all other fields of vital concern to the South Vietnamese Government. Because the power and prestige of the presidency are not being brought to bear directly from day to day, little psychological momentum seems to have been built up among those people who are expected to run the progovernment front. Accordingly, the new organization has a long way to go before it can become an effective rallying point for the non-Communists of South Vietnam.

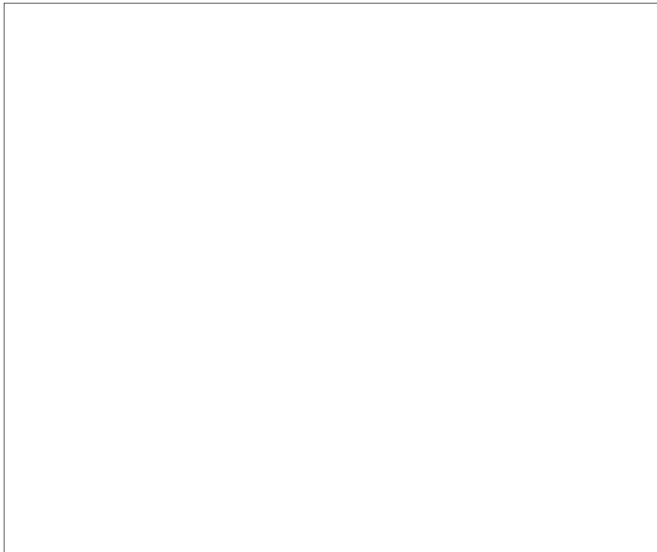
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## VIETNAMESE COMMUNISTS PRESS CAMBODIA FOR CONCESSIONS

Circumstances surrounding the visit of the head of the South Vietnamese Communist Provisional Revolutionary Government to Cambodia suggest that several important problems between Sihanouk and the Vietnamese Communists have yet to be resolved.



The recent admission by the provisional government's ambassador in Phnom Penh that Communist troops are located on Cambodian soil, and the "promise" that they would leave "as soon as possible," may have been part of the price

Sihanouk exacted for agreeing to Phat's visit.

The Communists presumably now will push Sihanouk for a firm commitment on the supply issue.



Phat may have other questions relating to the Vietnam war that he wants to discuss with Sihanouk at this juncture, including a reduction of Cambodian military pressures against Communist forces in Cambodia.

Press reports from Phnom Penh indicate that Sihanouk is likely to drive a hard bargain with Phat. The reluctance with which he agreed to the visit, however, and reports that the Vietnamese themselves are taking a tough line suggest that the Communists are attempting to pressure Sihanouk into concessions on matters of vital importance to them. A joint communiqué that reportedly will be issued on 4 July could provide some indication of the outcome of the talks.



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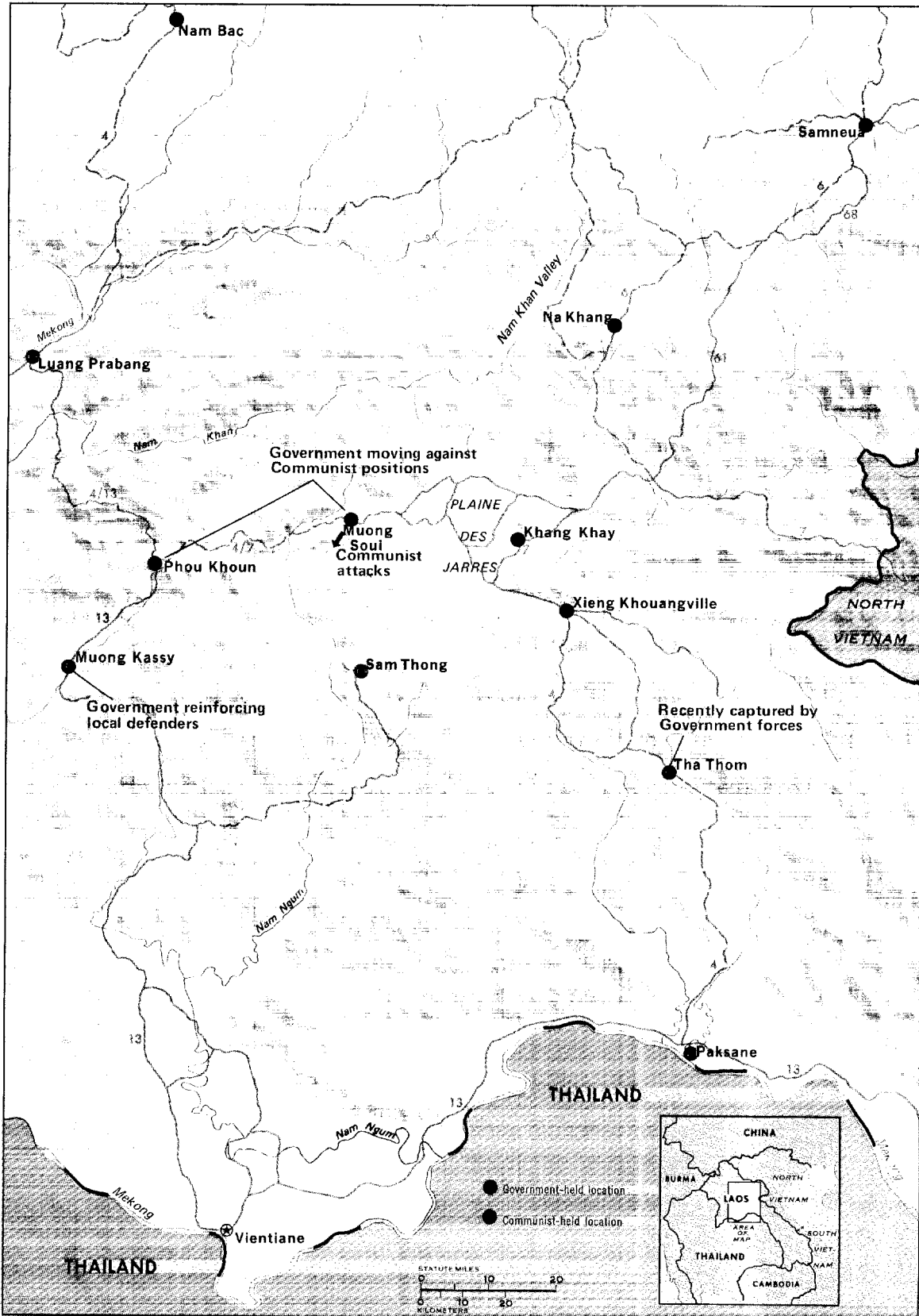
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### LAOS: Current Situation



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## LAO GOVERNMENT MOVES TO COUNTER COMMUNIST GAINS

The government is taking steps to blunt recent Communist gains west of the Plaine des Jarres.

Regional military commander Vang Pao has drawn up plans to retake the politically important neutralist base at Muong Soui, which was abandoned by the government on 27 June in the face of the wholesale desertion of the neutralist defenders.

Some 2,000 neutralist, regular army, and Meo guerrilla troops are scheduled to launch a counter-attack within the next week. Efforts to regroup scattered neutralist forces have gone slowly, however, and this may disrupt the government's timing. In addition, Communist forces, possibly anticipating a government countermove, have probed a number of the government's forward staging bases southwest of Muong Soui.

To the west of Muong Soui the government is moving to clear

Communist forces dug in near Phou Khoun, a strategic highpoint overlooking the Route 7/13 road junction. In addition, government units fresh from the capture of the Communist position at Tha Thom are reinforcing government defenders at Muong Kassy.

The Lao Communist radio has termed the recent fighting a defensive operation designed to regain one of the "important strategic positions" the Communists held at the time the 1962 Geneva Accords were signed. The Communists will probably trumpet the capture of Muong Soui as "proof" that the pro-Communist "patriotic neutralist" forces, not Souvanna Phouma and his neutralist troops, represent the genuine neutralist faction in the tripartite Laotian government called for by the Geneva Accords. The Lao Communists no doubt believe their recent gains will strengthen their bargaining position with the Souvanna government.

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**EUROPE**

Surprised East Europeans reacted hesitantly to the announcement of President Nixon's visit to Romania. All except the Romanians and Yugoslavs, who are pleased at the prospect, are obviously awaiting an authoritative lead from Moscow. Unofficially, Moscow has made its displeasure clear. The usual "well-informed Soviet sources" have been busy passing the word to Western correspondents that Moscow was not informed and that the trip jeopardizes both Soviet-Romanian and Soviet-American relations.

There is some apprehension in Bucharest that Brezhnev and Kosygin may postpone their scheduled visit to Romania in July in pique over President Nixon's visit, but on balance, it appears that the Romanians still expect the Soviet leaders to come and sign a new treaty of friendship and mutual assistance.

Brezhnev has been quick to capitalize on the international Communist conference on the home front. He gave a report to a central committee plenum last week and won the "unanimous" approval of its members for the results of the conference. The plenum resolution conveniently glossed over the fact that the conference documents contained no criticism of Communist China. All members of the politburo have now fanned out across the country to address local party meetings on the conference.

East Germany was recognized by Southern Yemen on 30 June. It is the fifth non-Communist state to take this step.

The North Atlantic Council began discussions this week on the proposal that the US enter into strategic arms limitation talks with the Soviet Union. Some NATO members will seek US assurance that there will be full consultation on any issues arising at the talks that touch on European military or political interests, but Allied endorsement is expected.

Talks on disarmament will begin again in Geneva on 3 July, with Japan and Mongolia participating for the first time. As a first order of business, the negotiators will probably try to reach a compromise between the Soviet and US drafts of a seabed arms control treaty.

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## NEW FRENCH GOVERNMENT GETS OFF TO GOOD START

A change in both style and mood is apparent in France in the early weeks of Pompidou's term as president.

After 14 months of hectic political activity that included a major social upheaval, a financial crisis, a referendum resulting in De Gaulle's resignation and both parliamentary and presidential elections, Frenchmen are viewing the current political scene with satisfaction. One veteran parliamentarian has been quoted as saying that the atmosphere in the legislature is better than at any time since the end of the first world war.

Both Pompidou and Prime Minister Chaban-Delmas, in maiden messages to parliament, stressed that the new government would be one of reconciliation. Pompidou said once again in effect that he wanted to be president of all the French--an invitation for those who had worked against him to join in a common program of action. Signaling a desire to cooperate more fully with the parliament, he charged it with seeing that the state neither overwhelmed the country nor became dangerously weak.

The applause accorded the speech by deputies of both the Communist and the non-Communist left seems to indicate that the new president's message of reconciliation thus far has been taken at face value.

Chaban-Delmas, reflecting the change in style, has paid courtesy calls on the presidents of the Senate and of the Economic and Social Council, bodies which De Gaulle pointedly ignored and tried to legislate out of existence in the April referendum. Pompidou has greeted photographers in the Elysee gardens and drastically reduced the security forces in the vicinity of the presidential palace. Such gestures are welcome departures from De Gaulle's austere style. The General himself plans to remain at Colombey through the summer.

There have, however, been some sour notes, such as the re-appointment of Jacques Foccart--associated in the public's mind with unsavory and illegal activities--as Secretary General for African Affairs. In addition, it will take some time for certain members of the new government to settle down to functions that in many cases have not been clearly defined.

All key members of the government will be devoting their summer to preparing the detailed "program for action" that Chaban-Delmas announced. The government clearly is aware that an impressive number of problems must be dealt with, and that reconciliation must be followed by action to avoid a recurrence of the problems of the past year or so.

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## USSR PREPARES FOR AUTOMOBILE AGE

The Soviets are in the midst of an expansion program to quadruple the output of their passenger car industry by 1975. Even if this goal is achieved, however, the USSR will still have only about one tenth as many cars per 1,000 persons as Sweden or Canada had in 1967. The prospects of individual car ownership for the average Soviet citizen is clearly decades away.

In 1968 the USSR produced about 280,000 cars and the total inventory of automobiles at the end of the year was about 1.4 million--or about 5 per 1,000 persons. The Soviets plan to expand output to about 1.2 million units in 1975, which will raise the total stock to about 4.8 million cars, or 19 per 1,000 persons.

The key to the Soviet program to enter the automobile age is the construction of a new plant at Tol'yatti under a contract with Fiat of Italy. Work on this plant is about six months behind schedule, however, largely because of the unusually severe winters of the past two years, supply difficulties, and bureaucratic tie-ups.

The first Soviet Fiat is scheduled to roll off the assembly line in April 1970, the centennial of Lenin's birth, instead of late in 1969 as originally planned. Barring further setbacks, the plant probably will reach its capacity output of 600,000 cars in 1974 rather than in 1972 as scheduled originally.

Work is also under way on expanding the capacities of three of the USSR's existing automobile plants--the Moskvich plants in Moscow and Izhevsk, and the Zaporozhets

plant in Zaporozhye. A small increase in production of the Volga car is also planned at the Gorkiy plant.

Although moderately ambitious plans were announced last year to build more roads, garages, gas stations, motels, and other service facilities, little progress has been realized thus far. At present there are only about 200 repair garages and 2,000 filling stations along the roughly 300,000 miles of hard-surfaced and graveled roads in the entire country. A chronic shortage of spare parts, moreover, typically keeps nearly one fifth of the USSR's automobile inventory out of service at any given time.

The USSR allocates about half the cars it produces each year to the government; exports about one quarter (mainly to Eastern Europe); and sells the remainder to the public. Government inventory and export requirements probably will continue to have first claim on annual production, but by 1975 as many as 600,000 cars may be available for public sale.

The price of the cheapest Soviet car is currently equivalent to more than twice the annual earnings of an average Soviet worker. Increased incomes and a rise in savings deposits are anticipated during the next few years, but cars will still remain beyond the reach of the vast majority of Soviet citizens if high prices are maintained and installment purchase is not allowed. By 1975, however, Soviet families that have managed to accumulate the necessary cash probably will not have to wait to buy a car, as is the current practice.

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## ROMANIA APPARENTLY EXPECTS NEW PRESSURES

Romania's determination to maintain its maneuverability in the face of anticipated pressures for conformity from its Warsaw Pact allies probably underlies its recent intensification of contacts with some of its neighbors. These contacts have included an exchange of high-level border guard delegations with Yugoslavia, and a visit by a Hungarian military delegation.

There has also been increased activity on the part of the Romanian armed forces, which may reflect some apprehension in Bucharest.

While the international Communist conference was in progress in Moscow, Romanian Deputy Foreign Minister Sandru, who deals with Warsaw Pact and European security matters, spent several days in Tirana, the first Romanian high-level visit there in some time.

He later moved on to Belgrade for talks with Yugoslav Foreign Ministry officials. On 20 June, the Romanian ambassador in Belgrade talked with a Yugoslav expert on interparty relations. The same day a Yugoslav Border Guard delegation began a six-day visit to Bucharest, ostensibly in return for an earlier visit to Yugoslavia by a similar Romanian group.

Capping these intensive Romanian-Yugoslav contacts was

the trip to Belgrade and Brioni, from 26 to 28 June, of Paul Niculescu-Mizil, the Romanian party's leading ideologue, who talked with President Tito.

The Romanians next hosted a high-level Hungarian delegation led by Minister of Defense Czinege. Arriving in Bucharest on 27 June, the delegation received red-carpet treatment and even met with Ceausescu for talks which, according to the Romanian news agency, were held in a "warm, comradely atmosphere."

There is as yet no clear indication of the purpose of the Hungarian visit, or indeed of this spate of activity that thus far conspicuously omits contacts with Bulgaria, with whom Bucharest's relations are cool.

The impression emerges, however, that the Romanians, rightly or wrongly, sense a buildup of pressure against them in the wake of the international Communist conference. Under such circumstances, it may be that Hungary's Czinege, the most liberal of the Pact's defense ministers, is acting more as a Pact emissary than in a national capacity. In putting out these apparent anchors to windward, however, the Romanians still exhibit no inclination to veer away from their national Communist course.

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## SHIFTS IN POLISH GOVERNMENT ARE ECONOMICALLY ORIENTED

The appointments of three new deputy premiers and three economic ministers were approved by the Polish parliament on 28 June in a session called to reconstitute the government following the national elections on 1 June. Both Premier Cyrankiewicz and Chief of State Spychalski were re-elected.

With the new appointments, four of the five deputy premiers are specialists in economics, industry, trade, and finance. Most of those promoted are younger and professionally more qualified than their predecessors. This is in line with the pattern set at last year's party congress, which stressed the need for improving the flexibility and efficiency of the economy.

In his speech to parliament Cyrankiewicz called for a "new look" in the next five-year plan--for 1971-75--and implied that further changes in economic administration would follow. The first of these apparently was the establishment on 30 June of the Presidium of the Council of Ministers, an inner executive body entrusted with the coordination of economic policy. The long-dormant Economic Committee attached to the Council was simultaneously abolished.

For the first time, Poland's deputy premierships are officially ranked by number. The first in the pecking order of five is veteran Deputy Premier Piotr Jaroszewicz, and the second is Deputy Premier Eugeniusz Szyr, who is also the only Jew in the party leadership. Szyr's designation as second deputy premier may be another indication that Gomulka wants to erase the regime's unsavory anti-Semitic image that emerged as a result of last year's factional warfare.

None of the shifts appears to have deep political implications, with the possible exception of party secretary Moczar's election to the Council of State. This body, Poland's collective presidency, is headed by Spychalski. Some Poles view this promotion for Moczar, Gomulka's long-time political rival who mounted a significant challenge last year, as the first step in Moczar's semiretirement, but this judgment appears premature.

The Defense and Foreign ministries were not affected, although the death on 27 June of Deputy Foreign Minister Kruczkowski, appointed only last year and responsible for bloc affairs, may give new impetus to shifts already under way in the Foreign Ministry's middle and lower echelons.

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## PROSPECTS REMAIN BLEAK FOR MOSCOW IN SUB-SAHARA

Recent setbacks suffered by Moscow in a number of Black African countries point up the continuing suspicion of the USSR in much of this area. These setbacks have occurred in capitals where the So-

viet position was admittedly already weak rather than in established Soviet footholds such as Guinea and Congo (Brazzaville) or in potential ones like Nigeria and Somalia. Nevertheless, they indicate the problems

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the USSR faces in trying to expand its position in the area.

The USSR's most serious trouble has been with the Ivory Coast. President Houphouet-Boigny had long been unhappy about Soviet contacts with Ivorian students and about highly critical articles in the Soviet press. He broke relations in late May following student unrest amid reports that some Ivorian officials suspected Soviet involvement. The US Embassy in Abidjan reports, however, that the student dissidence was an internal phenomenon in which the Soviets were probably blameless.

Elsewhere in Africa, President Ahidjo of Cameroon was recently on the verge of expelling the Soviet ambassador in connection with the dissemination of Soviet propaganda to members of the Cameroonian armed forces. Dissuaded from this step by his advisers, Ahidjo insisted that the ambassador be given a stiff warning.

In Chad, President Tombalbaye appears convinced that the Soviets are behind the rebels in his country and that they are also active among youth. Tombalbaye has said that if he could get solid evidence of Soviet interference, he would give the embassy 24 hours to get out. US observers, believe however, that reports of Soviet involvement should be taken with reserve.

President Lamizana of Upper Volta is uneasy over the large Soviet presence there and concerned about Communist propaganda aimed at Voltan youth. Lamizana

reportedly has decided to reduce the Soviet delegation, but he has not yet acted.

Moscow is also under suspicion for fomenting student disorders in Congo (Kinshasa). Lacking evidence that might justify more dramatic action, the government has so far been content to warn the Soviets about disseminating propaganda and interfering with students.

In East Africa, Kenya expelled two Soviets last March for alleged intelligence activities.

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even the Kenyan police admitted that the government's case was not strong. On the other hand, Ethiopia apparently had good evidence when it declared three Russians persona non grata in mid-March for fomenting student unrest.

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Moscow's current troubles, deriving from its long record of subversive and otherwise undiplomatic behavior, make it a prime foreign suspect wherever there is a challenge to the more conservative African regimes. In many cases, the suspicion is justified. Nevertheless, the Soviet Union is not completely culpable--and in a few instances may be altogether innocent--in the current spate of labor and student unrest.

Events of the past four months, however, provide further evidence of the fragility of mutual trust between Moscow and most sub-Saharan countries--and how quickly it can be shattered.

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**MIDDLE EAST - AFRICA**

The pace of incidents has stepped up almost everywhere along the cease-fire lines between Israel and the bordering Arab states this week, and matters were no better on the diplomatic front. Cairo's Al-Ahram published a slashing attack on recent US proposals for a peace settlement, and Israeli Foreign Minister Eban responded with oblique but equally biting charges against the USSR and Egypt. The UN Security Council discussion of the emotional Jerusalem issue seems likely only to exacerbate Arab-Israeli tensions further.

Morocco's King Hassan and a large delegation of high officials are visiting Madrid. The apparently hastily arranged trip, together with the King's long meeting with General Franco, aroused speculation that the future status of the remaining Spanish-controlled areas in Africa was under discussion. The Spanish enclave of Ifni was transferred quietly to Morocco on 30 June, under the terms of an earlier agreement.

The Nigerian civil war enters its third year next week with the situation essentially stalemated. Although federal forces have counterattacked in several areas in response to recent Biafran gains, it is unlikely that this latest "major offensive" will quickly reduce the size of Biafran-held territory. Both sides continue to acquire more arms, while relief shipments to Biafra remain at a trickle.

The South African Government has enacted another repressive law that further strengthens the secret police. The new measure not only makes the Bureau of State Security legally unanswerable to the courts, but can also be used to prevent an accused person from testifying even in his own defense. Passage of the law, which has evoked strong public criticism even from Afrikaner sources, reflects the determination of the Vorster regime to maintain rigid internal controls despite its slightly more flexible approach in foreign policy.

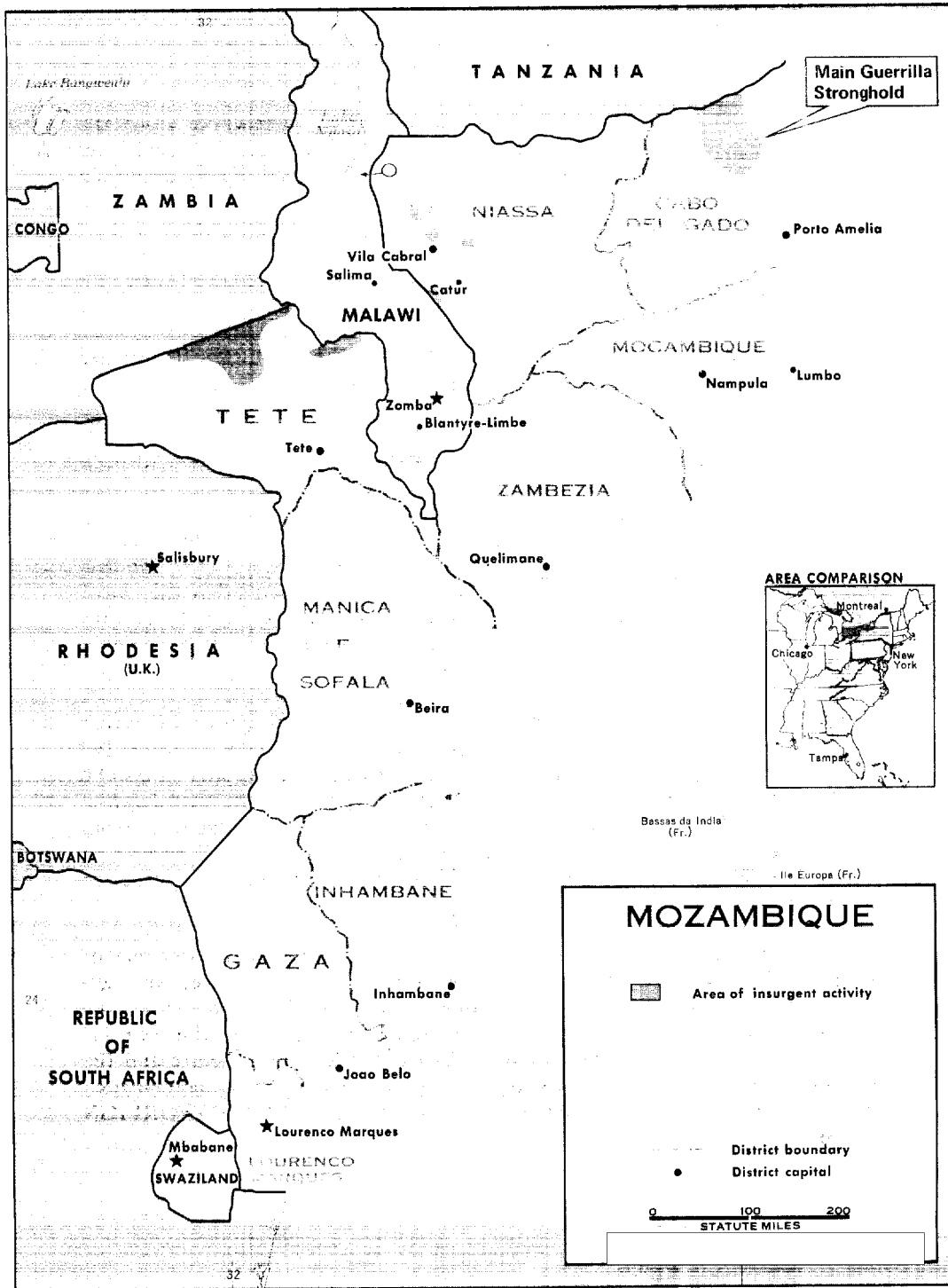
The effort to reduce Pakistan's plethora of political parties—one of President Yahya Khan's prerequisites for holding elections—received a setback last week when a recent merger of four small parties came apart at the seams. The President, meanwhile, was off on his second tour of the country, during which he noted that he would discuss the Kashmir dispute and the Farakka Barrage—a controversial dam being built by India on the Ganges—when President Nixon visits Pakistan on 1 August.

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## MOZAMBIQUE INSURGENTS OVERCOME ORGANIZATIONAL STRESSES

The insurgent Mozambique Liberation Front (FRELIMO) has remained organizationally intact despite the assassination of its former president and the defection of a key tribal leader. The Front's guerrilla campaign, however, is still feeling the effects of these setbacks.

FRELIMO, the African nationalist group directing insurgency against the Portuguese in Mozambique, installed a three-man Council of the Presidency in April, two months after the death of Eduardo Mondlane. This council has apparently taken over the administration of FRELIMO smoothly. Military chief Samora Machel, perhaps supported by the intellectual, Marcellino dos Santos, may be emerging as the principal figure. In any event, there are no signs of serious dissension between these two and Uriah Simango, the third member of the triumvirate and an alleged leader of a second group of Front figures; there have been reports of some factional maneuvering, however.

The Front also has weathered the defection to the Portuguese in March of Lazaro Nkavandame, the highest ranking FRELIMO leader belonging to the principal tribal element in the organization. Nkavandame has subsequently cooperated with a determined Portuguese effort to win over his fellow tribesmen in northeastern Mozambique--the one region where FRELIMO has remained relatively strong. Despite an airdrop of up to 80,000 pamphlets, prepared tapes broadcast by plane, and some 250 tribal "emissaries"

sent into the bush, however, there are no signs of significant defections by armed guerrillas.

The campaign, nevertheless, has had minor success in alienating certain fears among the population, and several hundred bush villagers have decided to settle in government fortified villages. Also, some guerrillas are now willing to surrender when surrounded by Portuguese forces rather than fight to the death.

FRELIMO's uneven guerrilla record since February indicates that its insurgent effort is still feeling the disruptive effects of Mondlane's death, Nkavandame's defection, and earlier military setbacks. The movement has had to reduce insurgent action in the northeast to concentrate on countering the Portuguese defection campaign. FRELIMO's principal military actions in the region through mid-June consisted of three spectacular--but ineffectual--assaults against Portuguese installations and fortified villages. Portugal's casualties were light, however, and its confidence has not been shaken.

Elsewhere, FRELIMO is making a concerted effort to retake areas lost to the Portuguese in the Niassa district and to expand activity in western Tete. There has been little insurgent progress, however, particularly in Niassa, and the effort is diverting resources from established insurgent areas, particularly in the northeast, where they could be put to better use.

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## VIOLENCE AGAIN ERUPTS IN INDIA'S TELENGANA REGION

Violence is flaring again in the Telengana region of Andhra Pradesh as the police appear to be taking more repressive action against the fierce local separatist movement.

After severe rioting in early June abated, the mounting agitation for a separate Telengana state within the Indian Union had been characterized by large, Gandhian-type, peaceful protest demonstrations. Recently, however, the level of violence has again increased, following the arrest of prominent separatist leaders and a police crackdown on disruptive mass demonstrations.

The government is trying to avoid concessions in Telengana that might precipitate similar separatist agitation in other states. If serious disorders persist, however, New Delhi could be forced to impose direct rule on Andhra Pradesh even though

this would displace a Congress Party state government. Or the state's chief minister, Brahmananda Reddi, who has become the symbolic focus for Telengana hostility, could be dumped as a temporary expedient. Reddi and his cabinet have already submitted their resignations and reportedly are awaiting the decision of the Congress Party high command.

Even if the Telengana agitation is contained by police and military action, the accumulated bitterness may make the effective functioning of the state government very difficult. The almost six-month-old Telengana separatist movement has gained a broad base of support in the local population, particularly among university students, middle-class professionals, businessmen, Muslims, and urban workers. [redacted]

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## MILITARY AND DIPLOMATIC ACTIVITY INCREASES IN MIDDLE EAST

The pace of incidents along the cease-fire lines is stepping up, and hard-line statements coming out of Tel Aviv and Cairo suggest that progress on a peace settlement will be slow, at best. Discussion of the emotional Jerusalem issue in the UN Security Council seems likely only to exacerbate Arab-Israeli animosities further.

All cease-fire lines except the one on the Lebanese-Israeli border continue to be the scene of several clashes a day with no sign of any intention by either the Israelis or Arabs to back off. The Jordanian and Egyptian "fronts" remain the hottest, although clashes between the Syrians and the Israelis are also occurring more frequently now.

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Notable this past week was Israel's harassment of Jordanians trying to repair the East Ghor irrigation canal, which the Israelis blew up last week. The full extent of the damage is not yet known, but the canal supplies water to important citrus and banana orchards in the Jordan valley. The implication is that the Israelis were again aiming to inflict economic as well as military damage.

The situation along the Suez Canal also continues active with daily artillery barrages, snipings, and cross-canal commando attacks. Israel has followed up last week's attack on an Egyptian radar station with a helicopter-commando raid deep into Egypt to cut power lines again. Although an Israeli general described these attacks as "beautiful professional performances," they seem to be having little effect on Egyptian activities along the canal.

The fedayeen, smarting from Arab criticism of their attack on the Tapline oil pipeline, retrieved their position by a follow-up attack on the Haifa refinery products pipeline and a new bombing incident in Tel Aviv proper. Four of the suspects in the refinery pipeline attack were reported to be Israeli Arabs--a new and possibly dangerous factor for Israel, indicating that the fedayeen have been recruiting some of the 400,000 reputedly "tame" Arabs in Is-

rael. Prime Minister Golda Meir, in the wake of the Tel Aviv bombing, threatened "seven-fold" retaliation, and Minister of Defense Dayan was talking of having to call up more reserves.

Things are no better on the diplomatic front. Nasir's confidant-publisher Heykal has made a slashing attack in Al-Ahram on recent US proposals for a peace settlement, charging that the US is seeking to divide the Arabs and is trying to impose a US-Israeli - designed settlement. Israeli Foreign Minister Eban, in a press conference in Tel Aviv after Soviet Foreign Minister Gromyko's visit to Cairo, made an oblique but equally biting attack on the Soviet Union and Egypt, maintaining they have no intention of moving toward a viable peace settlement. With hopeful irony, he alleged that the Soviet-Egyptian talks indicate that the USSR and the US are still as far apart as ever on a Middle East settlement.

Meanwhile, Jordan's call for a UN Security Council discussion of the Israeli take-over and administration of Jerusalem seems designed to put pressure on the US to prove its more "even-handed" policy in the Middle East, and to try diplomatically at least to get Israel out of the Holy City. Although the debate serves to let off steam, it can only push a settlement further and further off.

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**WESTERN HEMISPHERE**

Governor Rockefeller began his fourth and final fact-finding trip to Latin America this week. While he visited Argentina, a countrywide state of siege and a crackdown on student and labor leaders took some steam out of the disorders aimed at the Ongania government for the past two months. The Governor received a rousing welcome in Haiti on 1 July, and the following afternoon arrived in Santo Domingo under heavy security precautions. On 3 July, Rockefeller's party flies to Jamaica and will wind up his trips with visits to Guyana on 4 July and Barbados on 5 July.

In Chile, the progressive nationalization agreement with the Anaconda Company has already come under strong attack by leftist political groups, especially the Communists. Both the Socialist and Radical parties have announced their intention to press hard for bills now in Congress to nationalize Anaconda immediately with little compensation. These proposals would fare poorly—even if passed—because of the difficulty of overriding Frei's inevitable veto.

Several developments in Ecuador, including the signing of a new contract with a major US oil consortium, the release of a US tuna boat detained for over a week, and a lull in student agitation, have brought an upturn in relations with the US and should also allay some immediate pressures on the Velasco government.

A semblance of normality returned to Uruguay this week when the state of siege imposed by President Pacheco in late June gradually brought an end to a series of strikes and terrorist incidents. The Communist-dominated labor confederation is still threatening a general strike, but heavy security patrols have somewhat dampened the party's enthusiasm.

In neighboring Paraguay, President Stroessner has backed off from his long-standing move toward political liberalization by issuing a decree banning publication of news or pictures that might "directly or indirectly contribute to prolonging or aggravating" student disturbances. The students are protesting the brutality of security forces during Governor Rockefeller's mid-June visit and opposition parties are becoming increasingly vociferous in attacking the government's tactics.



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## SETTLEMENT OF EL SALVADOR - HONDURAS DISPUTE CLOUDED

Efforts by Nicaragua, Guatemala, and Costa Rica to heal the breach in diplomatic and commercial relations between El Salvador and Honduras have thus far had only limited success. Both countries have agreed in principle to mediation, but an understanding on procedures has not yet been reached.

The Salvadoran Government, which initiated the break on 26 June, has set five conditions for accepting mediation. These include the immediate cessation of the persecution and expulsion of Salvadorans in Honduras; the investigation of crimes against Salvadorans and the prosecution of those responsible; and the payment of reparations. Salvador has refused to drop its charge of genocide and has demanded that all

Salvadorans who fled Honduras and wish to return be reinstated in their homes, businesses, and jobs.

The Honduran Government has particularly resented the genocide charge that El Salvador brought before the OAS Human Rights Commission. The government has denied responsibility for the departure--which appears to have been voluntary--of approximately 10,000 of the more than 250,000 Salvadorans who live in Honduras. It also maintains that it acted promptly to prevent reprisals after the abusive treatment of Hondurans in Salvador during a soccer match between the two countries there on 15 June had aroused popular feeling in Honduras.

Many of the Salvadorans who fled apparently had been in the neighboring country illegally and it is unlikely that Honduras can be persuaded to readmit them all. Indeed, Honduras is suspicious that many of the remaining Salvadorans entered illegally, and has ordered that all resident Salvadorans must register within one month or be expelled.

The break in diplomatic relations and Salvador's victory in last Sunday's play-off soccer match in Mexico City



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appear to have relieved some of the pressure on Salvadoran President Sanchez to take decisive action against Honduras.

The President was forced to adopt a hard line for fear of being overthrown, and has only limited room for maneuver. He is un-

likely to compromise at this time on the issue of reparation or the return of the refugees. Rapid settlement of the dispute, therefore, will be difficult, and a prolongation of the situation can be expected to cause serious economic dislocations within the Central American Common Market.

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### PERU BEGINS TO IMPLEMENT NEW AGRARIAN REFORM LAW

Only two days after President Velasco announced his sweeping land reform program on 24 June, Peru's military government began to take over the eight largest sugar plantations in the country. As yet, no significant opposition to the reform law has developed.

The expropriation of the large sugar plantations with the intention of forming them into cooperatives was probably motivated primarily by domestic political considerations. US-owned properties that will be affected by the agrarian reforms are almost entirely in the sugar industry. By moving against them first, the military government probably sought to generate additional support for its program, which is primarily aimed at Peruvian landholders.

Government officials have emphasized that the land reform program is directed at the entire agricultural sector, and not at US interests alone. Officials of the US-owned W. R. Grace & Company have been assured that they will be compensated fairly for their expropriated property and that their other industrial operations

will not be affected. In return, Grace has announced its support for the government's planned reforms.

Peruvian landowners have not been as quick to back the government's plan, but opposition to the reform has been subdued. As yet, no organized group has come out totally against the reforms, but various newspapers and agrarian associations have criticized the government for moving against the efficiently run coastal agricultural industries rather than against uncultivated lands.

Part of the oligarchy's hesitancy to oppose the government actively on this issue is due to their lack of support within the military and to their desire to retain their holdings that are not affected by the new measures. Government statements that there soon will be reforms in other sectors of the economy, including more control of the fishing industry and plans for profit sharing in private enterprises, could, however, still arouse some open opposition.

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### ARGENTINA IMPOSES STATE OF SIEGE

President Ongania's government on 30 June demonstrated its determination to end student and labor unrest by imposing a state of siege for the first time in its three years in office. The administration announced that the measure was necessary to end the threat to law and order posed by a "perfectly organized subversive plan."

Renewed violence had resulted from the efforts of leftist student and labor groups to demonstrate their opposition to Ongania and to Governor Rockefeller's visit. The main participants in the unrest were militants of the Argentine University Federation and members of unions belonging to the leftist bloc within the General Labor Confederation headed by Raimundo Ongaro.

On 25 June, 14 supermarkets operated by a firm partly owned by the Rockefeller family were hit by incendiary time bombs, causing nearly \$3-million damage. The Federation had included attacks on these stores and other US-owned firms in its anti-Rockefeller plans. On 27 June, a policeman was wounded and a pro-Chinese labor figure was killed in clashes in Buenos Aires between police, students, and workers. Other demonstrations and attacks on some US-owned establishments occurred in Rosario, Tucuman, and La Plata from 27 to 29 June.

The Ongaro bloc's planning for antigovernment activity involved a call for a "march of silence" on 30 June and a 24-hour general strike on 1 July. These proposals were opposed, however, by the large union bloc headed by Augusto Vandor, Argentina's

most powerful labor leader. Vandor, claiming he was acting under orders from Juan Peron to re-unify and reorganize the labor movement, attempted to persuade union leaders to avoid an open challenge to the government. He also tried to get several unions to leave the Ongaro bloc. These efforts earned him the enmity of leftist labor leaders, who accused him of selling out to the government and to foreign business interests. On 30 June, Vandor was killed by several men armed with machine guns who invaded his office.

The state of siege provides the government with the authority to prohibit public assemblies, censor communications media, make arrests without warrants, and hold persons for an indefinite period of time. Police rapidly rounded up Ongaro and many of the leaders of his bloc, probably in order to prevent an internecine battle within the labor movement and to stop the increasingly hostile political activities of the leftist unions. The government also took over four of the Ongaro-associated unions and closed the blocs headquarters. The police now have widened their net to include members of some of the political parties dissolved in 1966.

The Ongaro bloc nevertheless did go ahead with the strike on 1 July which was fairly successful in Tucuman and Cordoba provinces and in the industrial belt around Buenos Aires. Scattered terrorist bombings occurred despite rigid security measures. Vandor's bloc did not take part in this strike, but his metalworkers' union has called for a 24-hour strike of mourning on 2 July.

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