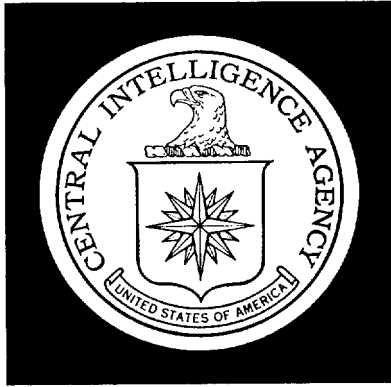


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

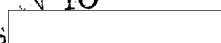
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10 October 1969
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(Information as of noon EDT, 9 October 1969)

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<p>Hanoi's leadership is trying hard to present a picture of confidence and to avoid any suggestion that Ho's death will change anything. The military lull in the South was broken briefly last week by a brief flurry of activity that may be a prelude to increased pressure on the delta, where South Vietnamese troops have already begun to take on a greater role in the war. President Thieu has warned the South to expect to assume more of the war burden, but has also expressed his concern that the US not withdraw troops too rapidly.</p>		
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<p>China's announcement on 7 October that it would enter talks with the USSR marks the first concrete result of the Kosygin-Chou meeting last month, and reflects recent efforts by both sides to reduce tensions along the border. The proposed talks appear to be only a tactical move, however, and will not resolve fundamental differences dividing the two states.</p>		
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<p>Peking's release of a British correspondent has removed an irritant in Sino-British relations.</p>		

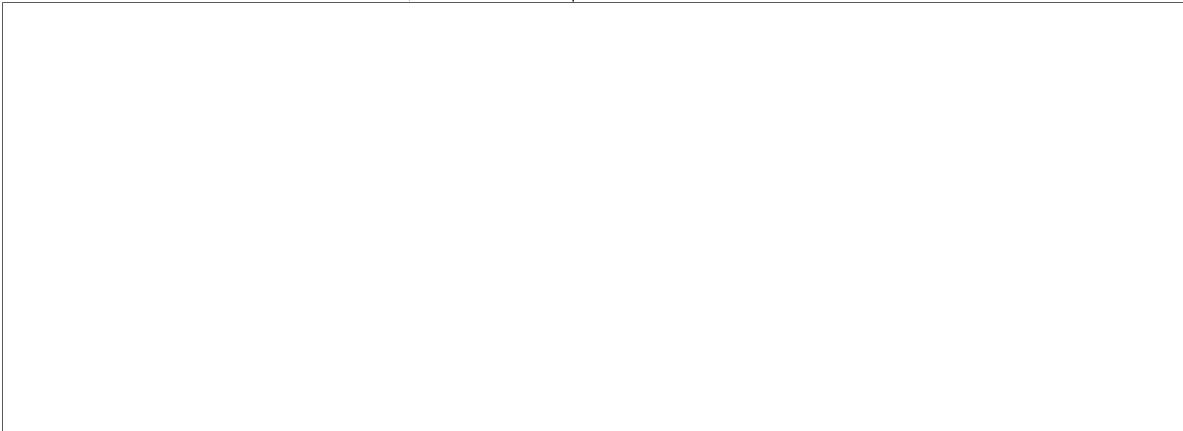
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STRAINS IN RULING OKINAWAN LEFTIST COALITION

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The weak administration of Okinawa's Chief Executive is beginning to lead to strains within the leftist coalition government. Militant leftists may as a result be freer to raise more of a fuss over the issues of US base rights, reversion to Japan, and nuclear weapons.



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THE WEEK IN PERSPECTIVE

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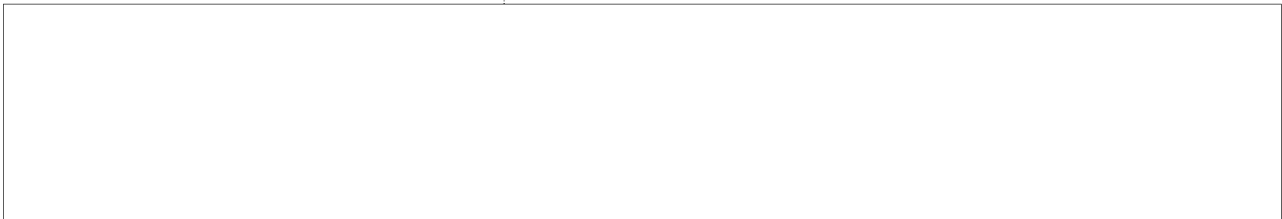


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The US and the USSR have presented their draft seabeds treaty at the Geneva arms control conference, where enthusiasm for a substantive UN General Assembly resolution on chemical and biological warfare appears to be diminishing.



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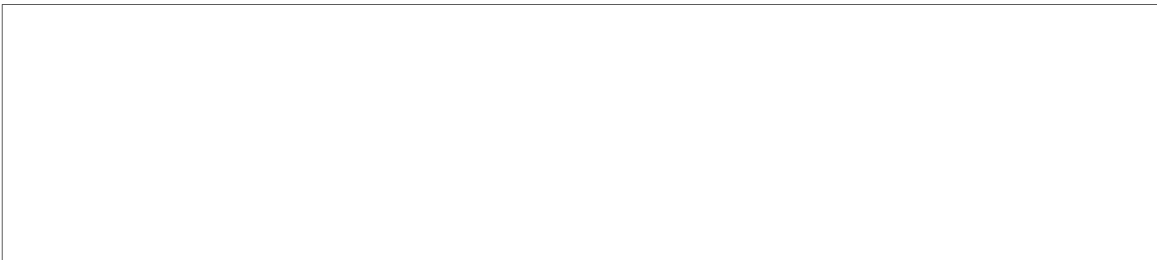
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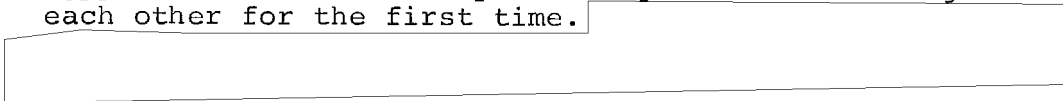
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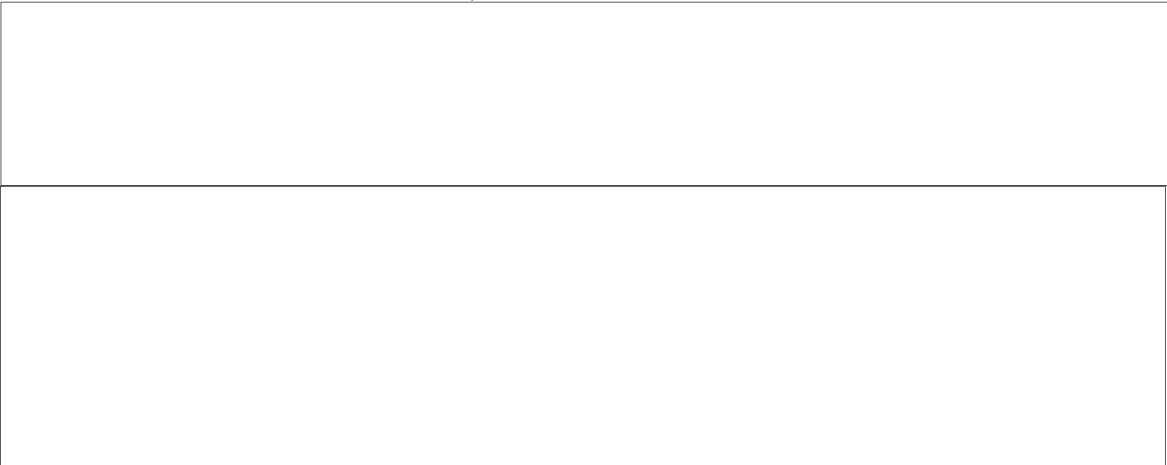
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FAR EAST

Peking and Moscow have agreed to reopen talks aimed at easing tensions along their 4,000-mile border. The Chinese announcement displayed a more flexible approach toward the border issue, reflecting Peking's awareness of the preponderance of Soviet power and its unwillingness to get further embroiled with its northern neighbor while domestic troubles remain unsolved. The border talks will be just that, however, and fundamental differences between the two Communist powers will remain.

Peking, in a less dramatic but still important aspect of its foreign relations, has moved to restore more correct relations with the UK by releasing Reuters correspondent Anthony Grey, who had spent 807 days under house arrest in Peking. The Chinese action was prompted by the British release of the last of 13 journalists jailed during the 1967 disturbances in Hong Kong.

The leadership in North Vietnam is trying to show it is confidently maintaining the policies of the late Ho Chi Minh. Hanoi appears especially eager to avoid any suggestion that Ho's death will produce a break in the Paris talks. Prosecution of the war in the south is continuing at the same reduced pace set before Ho's demise, but with many indications that increasing pressure will be brought to bear on South Vietnamese troops that have been replacing US forces. President Thieu is telling the South to expect to assume more of the burden of the war, but has warned that the US must not withdraw its troops too rapidly.

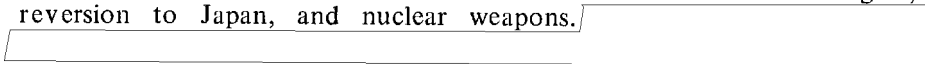


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The weak administration of Okinawan Chief Executive Yara is eroding his authority in the leftist coalition government. Militant leftists may as a result be freer to raise more of a ruckus over the issues of US base rights, reversion to Japan, and nuclear weapons.



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VIETNAM

Post-Ho Picture Still Murky

Hanoi's new leaders are striking a pose of business as usual. Foreign Communists returning from Ho Chi Minh's funeral claim the North Vietnamese are trying hard to stop speculation that Ho's death will lead either to significant policy changes or to a crisis of indecision and disagreement.

The picture of confidence emanating from the north was reinforced this week by the further travels abroad of two important politburo members. Premier Pham Van Dong and Le Thanh Nghi, sent to Peking last week for China's national day celebrations, have moved on to East Berlin for similar festivities. This attempt to cultivate European Communist support suggests that the North Vietnamese will continue to carry out Ho's balancing act in the Sino-Soviet conflict, without going too far into either camp.

The North Vietnamese appear to be especially eager to avoid any suggestion that Ho's death will produce a break in their hard-line stance in the Paris talks. In all forums the Vietnamese Communists are sticking to their demands for an unconditional US troop withdrawal and the formation of a coalition government as their price for progress in Paris.

Hanoi's representatives in Paris this week demonstrated spe-

cial sensitivity to rumors of a break in this position. Within hours of press reports that the Communists would agree to elections while US troops were still in South Vietnam, a formal denial was issued.

In North Vietnam, however, the image of unity and continuity shows some signs of tarnish. On 4 October the politburo launched an indoctrination campaign designed to use Ho's prestige to consolidate the new regime's control and to muster support for its programs. The announcement of the new campaign strongly suggests that the new leadership has some doubts about the quality of support from both the party and the army.

Thieu on Vietnamization

During the past week President Thieu has been coming to grips with the realities of Vietnamization. He has been preparing the public for further reductions of US forces and is trying to impress upon the government and the armed forces that they must now do more themselves to carry the battle. Thieu sought to give an impression of confidence that South Vietnam is strong enough to shoulder the increasing burdens but he has also warned against too rapid a rate of withdrawal by US forces.

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Thieu played the theme that by the end of 1970 a large number of US combat troops will have been withdrawn and that South Vietnamese will replace them. At the same time he was quick to assure both audiences that the US would not abandon South Vietnam, especially while North Vietnamese troops remain in the South. Thieu evidently views with some alarm the renewal of antiwar agitation in the US and he may believe that by emphasizing his support for Vietnamization he can help dampen criticism of the war in the US. Thieu betrayed some apprehension over the US withdrawals to the cabinet, however, saying that it might become necessary for Saigon to "set limits" on additional US force reductions.

Thieu and his policy advisers apparently have decided to take a similar positive approach to the idea of a cease-fire, indicating that they are willing to discuss preconditions with the enemy while rejecting any idea of an unconditional cease-fire. Thieu told the Assembly that such discussions could be undertaken because of government successes on the battlefield and in the pacification program.

Thieu's recent statements underline Saigon's deep concern and recurrent fear that the US

might eventually decide to press for the establishment of a coalition government. In his speech to the Assembly, he strongly reiterated South Vietnam's determination never to agree to a coalition government.

[REDACTED]

Military Developments in South Vietnam

Communist forces briefly broke the prolonged lull in military action last weekend with a spate of shellings and occasional ground attacks. Most of these took place in the southern half of the country, with more than half in the delta provinces. Although two provincial capitals were hit by light bombardments, the principal targets were South Vietnamese military positions, particularly Regional Force (RF) positions. Casualties were generally light.

This latest flurry of attacks may be a prelude to increased enemy pressure against South Vietnamese military forces that have recently assumed greater responsibility for the defense of IV Corps. Following the introduction of large numbers of North Vietnamese military personnel into the delta--which has been virtually concurrent with the withdrawal of US combat forces--the number of clashes between small enemy units

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and South Vietnamese forces has picked up in recent weeks. This activity may be designed to test South Vietnamese defense capabilities in preparation for a larger scale offensive in the delta provinces soon.

Additional indicators of enemy preparations for offensive activity continue to crop up in various strategic areas of South Vietnam.

The Communists in Tay Ninh Province hope to kick off a number of attacks during October,

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This October phase will be a period of testing and the Communist military hierarchy will probably base its planning for the forthcoming winter-spring campaign partly on the performance and accomplishments of the enemy forces during this phase.

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Casualty figures for the week ending 4 October further exemplify the relatively low level of combat throughout South Vietnam. During that week, 64 Americans were killed, the lowest weekly total since November 1966. South Vietnamese casualties were also down considerably, as were enemy losses, which stood at some 1,900 for the week.

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PEKING AND MOSCOW TO HOLD BORDER TALKS

China's announcement on 7 October that it would enter talks with the USSR is the first fruit of the Kosygin-Chou meeting last month and reflects recent efforts by both sides to reduce tensions along the border. The two sides have agreed on a meeting of deputy ministers in Peking, and Western news reports, quoting Soviet sources, state that the talks will begin later this month. This has not been officially confirmed, however.

The Chinese announcement, while it obviously attempted to enhance China's case in the

dispute with Moscow, represented a noticeable retreat from Peking's border statement last May. At that time the Chinese indicated that discussions to ease the border conflict would require Moscow's prior recognition that the present boundary is based on "unequal treaties," and the negotiation of a new comprehensive settlement. Peking's announcement of 7 October, however, omitted this demand and stated that the "status quo" along the frontier would be acceptable for the time being.

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China's more flexible approach was dictated by Peking's concern over the current border crisis. The Chinese statement pointed to what it termed "nuclear war threats" by Moscow and disavowed any Chinese intention to launch an atomic attack. China's anxiety over the dangerous frontier situation is evident from pointed references in recent Chinese propaganda to "surprise nuclear attack," as well as indications that Peking is preparing contingency plans for extended conflict with Moscow.

The Soviet Union has been pressing China to hold border talks for some time, and the two may have already reached a limited understanding regarding steps to quiet the border before Peking released its statement.

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[redacted] during the Kosygin-Chou meeting both sides reached a tentative agreement to talk on border problems and have since had several contacts on an official level. China's announcement on 7 October mentioned two earlier Chinese communications to Moscow--on 18 September and 6 October.

Both sides have already taken limited steps to lessen outward signs of hostility apparently in anticipation of the negotiations. Although Peking at first did not reciprocate Moscow's near halt on anti-Chinese propaganda following the Kosygin-Chou meeting, the Chi-

nese softened their polemics against the USSR during national day ceremonies and reduced domestic anti-Soviet propaganda. The Soviets sent unusually cordial anniversary greetings to China this year, and Soviet ambassadors attended Chinese National day receptions in a number of foreign capitals for the first time in several years.

Nevertheless, the Chinese statement clearly implies that the proposed border talks will be only a tactical move designed to ease border tensions and will not resolve fundamental differences between the two states. A lengthy Chinese release of 8 October refuted in detail the USSR's most recent major statement on the border conflict and indicated Peking's intention to continue debate on its fundamental differences with Moscow. It also contained a five-point plan that established China's stand for the upcoming talks. Apparently to mask its retreat on the question of border talks with the Russians, Peking maintained that a final over-all settlement will still require Moscow to recognize the "unequal" treaties and conclude a new "equal" treaty with China. The statement emphasized, however, that pending such a development, both sides should maintain the status quo along the border and take steps, including troop withdrawals from disputed areas, to avert further conflict along the frontier. [redacted]

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HOSTAGE RELEASE EASES SINO-BRITISH TENSIONS

The release of Reuters correspondent Anthony Grey on 4 October after 807 days of house arrest has removed a long-standing irritant in Sino-British relations and demonstrates Peking's willingness to move, on a quid pro quo basis, toward more correct Sino-British relations. The Chinese action was prompted by the British release on 3 October of the last of 13 leftist journalists jailed during the 1967 disturbances in Hong Kong. Grey was placed under house arrest in July 1967 in retaliation for the detention of the newsmen, and Peking from the beginning had linked his freedom to the release of the journalists.

The case of Grey and the Chinese newsmen illustrates the complicating role Hong Kong plays in Sino-British relations. The Chinese have taken the position that their anti-British actions during the Cultural Revolution were in response to the "oppression of patriotic Chinese" in Hong Kong. The British, however, maintain that Hong Kong colonial affairs should not become involved in bilateral relations between Peking and London. Thus, Hong Kong officials were reluctant to meet Peking's demand and release the leftist newsmen prematurely, fearing that this might encourage future Communist blackmail tactics against the colony. Nevertheless, mounting

pressure in London to do something for the unfortunate Grey eventually led to the review and reduction of the journalists' sentences early this year, as well as the rescission of many of the colony's 1967 emergency laws limiting antigovernment political activities.

During the past year, Hong Kong Communists retreated from their policy of "confrontation" and presently are under orders from Peking to concentrate on low-key and long-term efforts such as organizing labor and exploiting economic and social grievances. The Chinese have also returned to more normal diplomatic procedures in their dealings with British representatives in both London and Peking. Nevertheless, a full return to a pre - Cultural Revolution status in Sino-British relations appears unlikely in the near future. There is nothing in Grey's release to suggest any movement in the cases of 12 other British subjects under detention in China. In addition, there is no indication that the British consulate in Shanghai, closed in 1967, will be allowed to reopen or that the Chinese will pay for British property damaged or destroyed by Red Guards during the same period.

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STRAINS IN RULING OKINAWAN LEFTIST COALITION

Okinawa's first popularly elected Chief Executive, Chobyō Yara, who was swept into office last November on a broad leftist coalition ticket calling for immediate reversion of the island to Japan, has proved to be a useful buffer between the US administration in the

Ryukyus and the local populace. Despite his leftist trappings and dogmatic espousal of revisionist aims, Yara generally has treated bilateral issues with restraint and moderation. It is becoming doubtful, however, that Yara can continue to restrain extremist elements

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in the coalition from adopting militant tactics against US interests.

That Yara, a former teacher with no formal political background, has provided weak administrative leadership is becoming painfully clear as the Okinawan government becomes increasingly enmeshed in negotiations with both US and Japanese government officials on complicated aspects of the projected reversion in 1972.

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Although Yara is still popular with the masses, the gap between the moderates and extremists in the coalition has steadily widened over the past year to a point where his over-all control is threatened. The small but obstreperous radical Socialist and Communist groups in his coalition were disturbed when Yara recently persuaded labor leaders to cancel a general strike against the presence of B-52s in Okinawa. Last

month, he was further isolated from his radical supporters when he refused to oppose Prime Minister Sato's trip to the US in November for negotiations on the Okinawa issue. Okinawan radicals criticized Sato's "subservience" for not insisting on immediate reversion and withdrawal of US bases from the Ryukyus.

Yara's acquiescence in the official Japanese position has encouraged the radical Socialists and the Communists to take a more aggressive line. Militant labor unions and front organizations allied with the reformist coalition now may feel that they have a freer hand to stage strikes and violent demonstrations against US bases. The developing campaign in Japan by militant opponents of Japanese-US security ties is also likely to stir the Okinawan extremists to similar activities.

Although long unhappy over visits of US nuclear submarines to Okinawa, Yara last week for the first time officially requested the US to stop these port calls. He cited as a pretext an unsubstantiated report by Okinawan technicians of abnormally high radioactivity in a local port following a recent submarine visit. Yara's demarche may be an attempt to stave off further deterioration in his position and could lead to a harder line in his dealings with US officials over base issues.

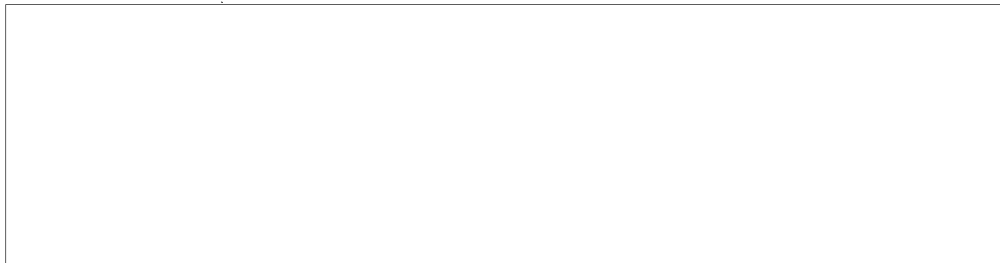
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EUROPE

Moscow presumably is preparing for the prospective border talks with China, but it has given out no official information regarding the next step. There is speculation that First Deputy Foreign Minister Kuznetsov will head the Soviet delegation when negotiations begin, possibly later this month. Since Kuznetsov has also been considered the likely leader of the Soviet team in the long-expected discussions with the US on strategic arms limitations (SALT), his preoccupation with China could mean a further delay in getting SALT under way. On the Arab-Israeli dispute, Moscow news media have taken a decidedly pessimistic view of the results of the Gromyko-Rogers exchanges, accusing the US of "bad faith" for entertaining Israeli Prime Minister Meir while the negotiations were in progress.

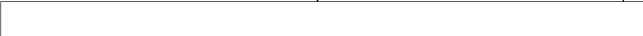


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A compromise between West Germany and the European Community (EC) has resolved the question of protecting German farmers from the effects of the floating mark. Further difficulties can be expected, however, when Bonn finally pegs the mark and requests longer term exceptions to the Common Agricultural Policy.

The EC Commission has recommended that membership negotiations with the UK, Ireland, Denmark, and Norway be opened "as soon as possible," indicating that the members are taking a significantly more favorable attitude toward enlargement.

Recent meetings of wheat exporting nations have raised expectations that the international wheat market can regain stability. The increased participation of the EC and Argentina has been particularly encouraging.

Delegations from 84 countries, including all Communist states except China and Albania, attended the 20th anniversary of the East German regime. Yugoslavia was represented only by a parliamentarian and Romania by a deputy premier, however, reflecting both their poor relations with Pankow and their good relations with Bonn. East Germany's nearest neighbors all sent their top leaders, Gomulka of Poland, Husak of Czechoslovakia, and Kadar of Hungary. 

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ARMS CONTROL PROGRESS IS UNEVEN

The US and the USSR presented at the Geneva arms control talks this week their draft of a treaty limiting the use of seabeds for military purposes. In another arms control field, chemical and biological warfare (CBW), enthusiasm for a substantive UN General Assembly resolution appears to be diminishing even though interest in the subject is likely to remain high.

Culminating several months of bilateral negotiation, the treaty would ban the emplacement on the

seabeds of weapons of mass destruction and facilities "specifically designed for storing, testing, or using such weapons." Nations that adhere to the treaty would continue to enjoy freedom of action within a 12-mile coastal zone as defined in the 1958 Geneva Convention on the Territorial Sea "and in accordance with international law." This phraseology represents a compromise designed to blur a contentious issue: whether certain marginal seas of the USSR--regarded by Moscow as internal waters--fall within the scope of treaty prohibitions.

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NATO disarmament experts expressed a wide range of objections to the proposed treaty at a recent Alliance meeting. The Belgian representative made the most comprehensive attack on the draft, stating that he did not see "how Belgium could support it." Brussels favors a more complete demilitarization of the seabeds and, along with several other NATO members, is deeply concerned over the lack of a provision for international verification of compliance with the treaty. Ottawa's representative stated that the treaty does not meet the Canadian security requirement of a larger coastal zone for national freedom of action. The Italian disarmament expert noted his government's opposition to the provision giving the nuclear powers a veto over amendments to the treaty. These objections are indicative of the continuing sensitivity of the NATO membership concerning full consultation on matters affecting the Alliance.

The Geneva conferees had shown increasing impatience and dissatisfaction during the course of the bilateral negotiations, and time is growing short for adequate consultations there before the UN General Assembly tackles the subject, probably in November. NATO members represented in the Geneva talks are expected again to stress their problems with the draft treaty, and several non-NATO Geneva conferees also appear to have serious reservations. If agreement on a text is not achieved during the arms control

talks, the unhappy parties will certainly raise their grievances in the General Assembly, a development that would adversely affect the treaty's prospects.

Meanwhile, participants in the Geneva talks appear to be losing some of their ardor for a substantive CBW resolution that would have the effect of barring the use of tear gas. Sweden now doubts that its proposal--which cites "a customary rule of international law" prohibiting CBW use, including tear gas and other non-lethal substances, in international wars--can obtain consensus backing at the General Assembly. There is some sentiment that after Assembly consideration of the subject, the various CBW proposals should be referred to Geneva for review along with the report of Secretary General Thant on CBW. He wants a UN resolution clearly affirming that the Geneva Protocol of 1925 already prohibits the use of CBW agents, including tear gas, in war.

Moscow is continuing to push its draft convention banning the development, production, and stockpiling of CBW agents for consideration by the Assembly. Parties to the convention would be required to destroy existing stocks or divert them to peaceful uses. The Soviets have been able to secure Assembly review of their initiative apart from those--such as the Swedish one--offered at the Geneva talks.

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POLICY TOWARD BONN DOMINATED EAST GERMAN ANNIVERSARY

Delegations from 84 countries gathered in East Berlin to pay homage to East Germany on its 20th anniversary on 7 October. Speeches by Soviet leader Brezhnev and East German boss Ulbricht, however, served to pinpoint strains caused by differences in their attitude toward West Germany.

Brezhnev avoided strident condemnation of Bonn, probably with an eye toward influencing the prospective left-of-center coalition government in West Germany. Moreover, he left the door open for improved relations by declaring his readiness to "respond accordingly" should the Federal Republic develop a more "realistic" foreign policy.

Ulbricht, on the other hand, made no such gesture and his speech was spiced with the usual polemics. While neither leader demanded Bonn's full diplomatic recognition of East Germany nor mentioned the status of Berlin, Ulbricht attached a great many preconditions for improved relations with West Germany. Perhaps reflecting Pankow's dissatisfaction with Brezhnev's remarks, the East German media

did not carry his speech until late in the day after reporting the speeches of other delegations.

The East Germans had previously felt that the Soviets were too forthcoming in their dialogue with Bonn. Brezhnev's speech will not allay Pankow's fears that rapprochement between Moscow and Bonn may eventually lead to its isolation. Nevertheless, the East Germans may not have much choice. When the Soviets responded last month to the Allied demarche calling for talks on Berlin and support for East - West German talks on topics of mutual interest, for example, the East Germans, presumably at Soviet urging, met with Bonn officials on postal and transportation matters.

Several incidents marred the celebrations. During a final rally in Alexanderplatz on 7 October, youths in a large crowd responded to the appearance of Czechoslovak leader Husak with shouts of "Dubcek! Dubcek! Liberalization in Prague." Police moved in quickly and silenced the dissidents. Similar incidents occurred on Unter-den-Linden and near the Wall.

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PARTY FACTION CLASH IMMINENT IN CZECHOSLOVAKIA

Party leader Husak's "realist" faction and rival pro-Soviet group in an attempt to strengthen their respective positions, are both trying to substitute their own people for

those of Dubcek's reformers who still hold responsible positions in the party, government, and mass organizations. Consequently, clashes between the two factions appear imminent. Husak must

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break the power of the opposition group before the hard liners can shift the balance of power in their favor.

Personnel changes within the Slovak party hierarchy last week indicate that Husak's power base in Bratislava is still intact. Reformists removed from the Slovak party presidium were replaced by moderates who will probably support him. However, Vasil Bilak--long a Husak adversary--was returned to the Slovak central committee, where a conservative resurgence appears to have begun. [redacted]

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[redacted] Bilak ultimately hopes to undermine Husak's authority and regain control of the Slovak party himself.

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On another front, the conservatives are intent on testing Husak's resolve that no trials of liberals will be staged. They are demanding a "show trial" of General Prchlik, an ultraprogressive who allegedly revealed military secrets in a speech last year. Aware that this would open the floodgate for legal proceedings against other reformists, Husak must act now to squelch the affair or to force the conservatives and the courts to treat the indictment as an isolated case.

Husak has also been unable to prevent his opposition from getting influential government and party posts. An ultraconservative, Mamula, who had been in disgrace for backing former party boss Novotny when he attempted to use military force to sustain his power in early

1968, has been exonerated. Manula probably will be returned to a key post in the security apparatus, a development that could give additional impetus to the conservative drive to hold show trials.

The population at large has become increasingly apathetic toward domestic political developments. Regime ultraconservatives probably will benefit most from this trend and may become more open and daring in their efforts to gain control of the regime. Public indifference toward the regime, moreover, appears to have increased markedly since popular leaders--primarily Dubcek and Josef Smrkovsky--were dismissed from the top leadership, and because Husak himself has played a key role in eliminating the reforms of 1968. The primary reason for popular apathy is the realization that the Husak government will deal harshly with any anti-regime or anti-Soviet demonstrations.

Moscow's show of satisfaction with Husak's performance reflects Soviet approval of the policies he has introduced thus far. Husak's inflexibility on issues such as his refusal to give an outright endorsement of the Soviet invasion, however, has deterred the Russians from wholeheartedly supporting the Czechoslovak party leader. Domestic conservatives--apparently encouraged by this anomalous situation--seem to be trying to establish a strong, unified alternative to the Husak regime.

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SWEDISH SOCIAL DEMOCRATS ELECT NEW LEADER

The Swedish Social Democratic Party has elected Olof Palme to succeed retiring party chairman Tage Erlander. It is likely that he will also be named Prime Minister when Erlander retires from that office on 14 October.

The 42-year-old Palme, an Erlander protégé for 15 years and member of the government for six, has long been identified with the party's left wing. Prior to the 1968 parliamentary elections he was one of the leading spokesmen against US involvement in the Vietnam war. His participation alongside a North Vietnamese diplomat, in a demonstration in February 1968 led to the recall of the US ambassador. Subsequent government actions favorable to the North Vietnamese and the National Liberation Front, which were intended to curry favor with the left Social Democrats, further contributed to the cooling of Swedish-American relations. As a result Washington has delayed naming a new ambassador to Stockholm.

Since his party's sweeping victory in the 1968 parliamentary elections, Palme has cultivated a more moderate image. He took this step to improve his maneuverability once he became party and government leader and to make himself acceptable to the more conservative trade union and middle-class members of the party. The success of this tactic can be seen in his election to the chairmanship, by unanimous consent of the party congress, and the frequently repeated observation in the Swedish press that seldom has a man

risen to such high office without revealing his own political beliefs.

The first statement made by Palme following his election stressed the themes of greater social equality in domestic affairs and a firm and consistent neutrality in foreign affairs. The domestic reforms recommended are not dramatic and include such measures as shortening the work week to 40 hours, lowering the retirement age to 65, and adjusting the tax structure to benefit lower income groups.

In foreign policy, Palme has stated his desire for good relations with the great powers and active Swedish participation in the cause of peace and progress. This aim is complicated by the party's concurrent approval of increased aid to North Vietnam and Cuba. The Social Democrats' penchant for making such gestures to the left has affected adversely Stockholm's relations with the United States, and to a lesser extent the other Nordic countries.

Palme presumably will avoid controversy while the party prepares for the next parliamentary elections, scheduled for September 1970 and may also attempt to improve relations with the US. He has already made several statements implying a desire to do this. Should he succeed in demonstrating skill as a statesman while maintaining his party's growing popularity, Palme can probably look forward to a term comparable to Erlander's 23 years in office.

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USSR SEEKS TO EXPAND HEAVY TRUCK PRODUCTION

The Soviet Government has exhibited an urgent desire for more trucks by stepping up production goals and announcing plans to build a large new complex to produce heavy trucks. During the past year, high Soviet officials have made several probes to determine the availability of American, Japanese, and Western European truck manufacturing technology. In July, officials revealed that the projected complex, when completed in 1974, is to be capable of producing annually 150,000 diesel-powered trucks of 8- to 11-ton capacity. Heavy truck production now totals about 40,000--less than 10 percent of annual truck output.

Soviet officials acknowledge the need for foreign technological assistance, but none of the Western firms is responding to Soviet overtures with much enthusiasm. The preferred source of technology is the American truck building industry, as Kosygin has made clear in bidding for official US cooperation. Soviet prospects for securing American assistance are doubtful, however, because of US export controls. It is likely that Italy's FIAT--which already is participating in the construction of a large passenger-car plant in the USSR--eventually will play a major role in the truck

project, perhaps in collaboration with France's Berliet truck firm. Top officials of FIAT reportedly have discussed this subject with Soviet officials in Moscow recently. Earlier this year, Soviet officials held discussions with representatives of Berliet and two other French firms.

The minister of the Soviet motor vehicle industry, who boasts that vehicle manufacturing has a status enjoyed by no other Soviet industry, is under heavy pressure to speed the expansion of truck production of all types. The 1970 plan target has been raised from 600,000 to 750,000, and a recent decree by the Council of Ministers calls for rapid completion of major expansion programs at the biggest truck producing plants.

To accomplish the high goals set for the motor vehicle industry, the government has allocated an unprecedented amount of investment for 1969--1,260 million rubles--a sum equaling the total amount invested in the industry from 1965 through 1968. A program to increase capacity for passenger cars is nearing completion, freeing the motor vehicle industry to devote a larger portion of its funds and attention to truck building.

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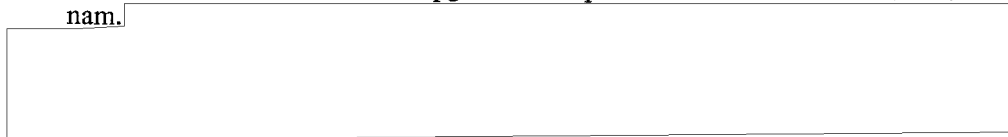
MIDDLE EAST - AFRICA

Clashes continued to occur almost daily along the Arab-Israeli cease-fire lines this past week. On 6 October Egyptian aircraft struck Israeli positions in the Sinai, losing three planes in the action. Israel, meanwhile, continued its own air attacks on Egyptian positions along the Suez Canal and the Gulf of Suez. In other recent actions, Israeli ground forces raided areas in southern Lebanon on the weekend of 4 October, and Israeli jets attacked suspected fedayeen camps in Jordan on 7 October.



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Indian External Affairs Minister Dinesh Singh, following his return from the UN, told the press on 8 October that he had discussed with US officials India's intention to upgrade its diplomatic mission in North Vietnam.



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African members of the Universal Postal Union are pushing for South Africa's expulsion from the organization. If their tactic is successful, similar moves to expel Pretoria from other UN-related agencies would be bolstered.

Emperor Haile Selassie is undertaking a new initiative to get peace talks under way between Biafra and the federal government of Nigeria, but prospects for an early meeting are not bright. The over-all military situation remains stalemated



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Dahomey's former army chief of staff and acting president for seven months in 1968, Alphonse Alley, has been given a ten-year jail sentence for his part in an antigovernment plot last July that included an attempt on the life of the current chief of staff. Few Dahomeans seem concerned over the fate of Alley, and no public protest is expected.

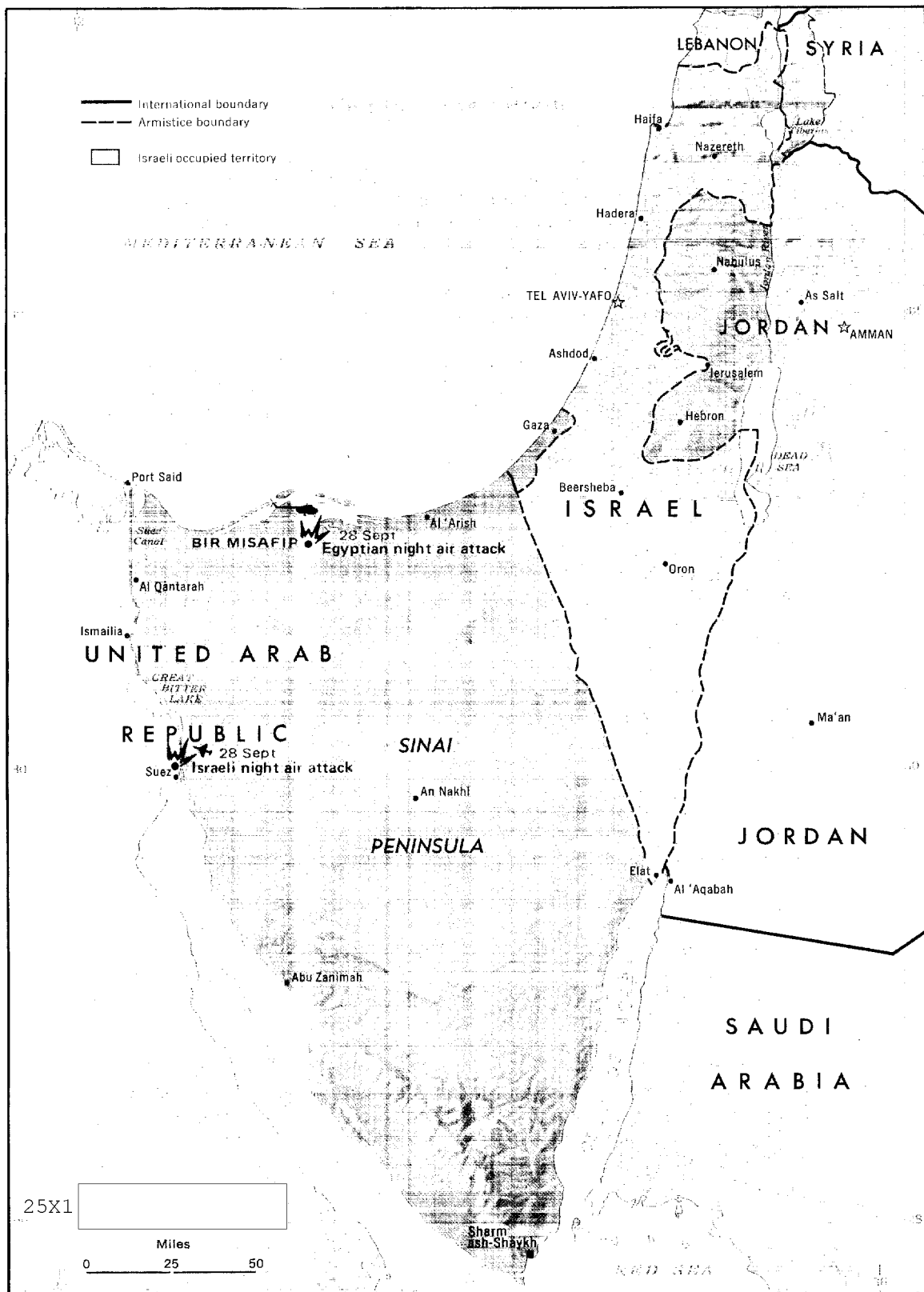
In Tunisia, former defense minister Ahmed Mestiri, who resigned early in 1968 in protest over the government's agricultural cooperative program, has made an unprecedented bid for political power by calling for the postponement of presidential and parliamentary elections scheduled for 2 November. Mestiri also announced he would seek election to the National Assembly.



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Egypt and Israel Initiate Night Air Strikes



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ARAB-ISRAELI SKIRMISHES CONTINUE APACE

Israel has kept steady pressure on Egypt by almost daily air strikes along the Suez Canal, where both sides recently used the tactic of night air attacks for the first time.

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On 28 September the Egyptians carried out a night attack in Israeli-held Sinai. Under cover of darkness helicopters swept in from the Mediterranean and launched a rocket attack in the Bir Misafir area. The Egyptians, however, apparently missed their intended target, Nahal Yam.

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The Egyptians are probably encouraged by the fact that they were able successfully to launch air-to-surface rockets against Israeli positions without being immediately intercepted by Israeli fighters.

On the same night, the Israelis carried out an hour-long air attack at night against Egyptian targets at the southern end of the Suez Canal.

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Although the results of this raid are not known, it is likely to be a prelude to further night air strikes.

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ANTIFOREIGN VIOLENCE ERUPTS IN IVORY COAST

Violence has flared again in Abidjan between unemployed Ivorians and resident foreign workers, who make up more than a third of the city's population. Ivorian police and army troops have reacted swiftly and brutally, returning an uneasy calm to the city.

Ivory Coast has one of the fastest growing economies in Africa, and its cities have attracted increasing numbers of jobless migrants, both foreign and Ivorian. As competition for jobs and housing has intensified, local citizens have become particularly resentful of the numerous Mossi tribesmen who have come from poverty-stricken Upper Volta to work for the lowest of wages. Antiforeign sentiment has also been fed by slowly emerging nationalist feelings and ancient tribal animosities.

The latest incidents--the most serious antiforeign manifestations in a decade--included organized protest marches, a large rally of unemployed Ivorians, and harassment of foreigners throughout the city by rioting youths. Troops and police used considerable force to break up the protests; more than 1,500 Ivorians were imprisoned.

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[redacted]

the government has warned it will use any force required to thwart further demonstrations or violence. Houphouet may attempt to ease the situation by deporting some Voltans, but at the cost of straining relations with Upper

Volta. Voltans in Abidjan thus far have relied on diplomatic representations from their own government for protection, but now may be arming themselves.

Houphouet's difficulties are compounded by a number of other problems. A conflict with students last spring that resulted in the closing of Abidjan University remains unresolved despite extensive efforts to cajole students into accepting absolute government control of their organizations. Also, discontent in the ranks of organized labor remains thinly papered over following a national congress a year ago in which labor proved much more aggressive than the regime had expected. In addition, resentment over the large and exploitive French presence, directed especially at the contingent of French combat troops stationed near Abidjan, is growing in all segments of the population.

Partly in an effort to demonstrate sensitivity to the country's social problems, the government is publicizing a program of "dialogue" with "all social strata" in the coming weeks. These meetings will be used to remind the various groups involved what is expected of them, with Houphouet typically mixing veiled threats with vague promises. Ultimately, the President will rely on the use of force, including French troops if necessary, to maintain control. Although further clashes with discontented elements seem inevitable, Houphouet's "system" will probably keep matters within bounds for the foreseeable future.

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SUDAN DISCUSSES AID WITH USSR AND WORLD BANK

Sudan may have the option of turning to the USSR for assistance on a large-scale irrigation scheme if the International Bank for Reconstruction and Development (IBRD) does not provide financing for the project.

[redacted] the Soviet economic delegation that recently visited the Sudan plans to recommend that the USSR provide \$108 million for the Rahad irrigation scheme if Khartoum's current negotiations with the IBRD are unsuccessful. This irrigation scheme, devised by the previous Sudanese regime, is being pushed by the present government, which would like to succeed where its predecessor failed by implementing significant economic development projects that had previously lain dormant.

Since the coup of 25 May 1969, the Sudanese Government has sought and accepted economic assistance from the USSR and several East European countries. East Germany, Czechoslovakia, Bulgaria, Hungary, and Poland have agreed, at least in principle, to supply such things as machinery and equipment. Khartoum has given unwarranted publicity to these agreements, apparently to demonstrate a policy shift away from the West. For example, after Minister of Economics and Foreign Trade Abdal Karim al-Mirghani returned from a visit to Eastern Europe in Au-

gust, he held a series of press conferences to report "extensive" aid for economic development. The East European representatives in Khartoum were said to be amazed at his statements, because only preliminary trade and credit agreements had been signed.

Talks with the USSR on both trade and aid have taken place during the past two months. The recent Soviet economic delegation reportedly told the Sudanese that Moscow was mainly interested in agricultural development and was unlikely to assist in the country's industrial development. A second Soviet delegation, however, is scheduled to spend six months making a comprehensive survey of economic development projects, probably including the Rahad scheme.

The Sudan, probably preferring to have the important Rahad scheme financed by an international agency rather than by any single nation, is continuing its discussions with the IBRD. A bank representative visited Sudan in July and on 22 September the Sudanese minister of planning went to Washington to make a final appeal to bank officials for funds for Rahad. The IBRD, however, is hesitant to provide financing unless the Sudan promises to put its economy in order. Government overspending and accompanying inflation have become worse during the past few years, and balance-of-payments deficits have been a persistent problem. [redacted]

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WESTERN HEMISPHERE

Guerrilla and terrorist activity was quite widespread in Latin America this week, perhaps in part to commemorate the second anniversary of the death of Ernesto "Che" Guevara.

The largest rural guerrilla action in Guatemala in at least two years occurred on 4 and 5 October. A well-disciplined group of 40 men attacked three sulphur exploration sites in an unpopulated area near the Mexican border that previously had had no history of guerrilla activity. The guerrillas systematically stripped the camps of supplies and painted Rebel Armed Forces' slogans on the buildings.

On 7 October guerrillas and troops of the Panamanian National Guard clashed near the town of Chepo, where skirmishes had occurred in August. According to one report, eight soldiers were wounded.

In South America, five Colombian Army battalions are searching for the kidnaped son of the Swiss Consul in Cali and a Swiss Embassy employee from Bogota. Both were abducted on 5 October. Swiss officials have received a ransom note demanding \$290,000. Other guerrilla incidents have been reported from Colombia, and minor violence is continuing in Venezuela. Near Montevideo, Uruguay, a force of approximately 500 soldiers and policemen fought a pitched gun battle with the pro-Castro urban terrorist group called the Tupamaros. At least two of the raiders were killed and 15 arrested. An undetermined number escaped, however, leaving leaflets saying that "Che" Guevara's death was not in vain. Argentine terrorists also had a busy week as they detonated 22 bombs throughout the country. Observers believe that these attacks were aimed at marking the death of Guevara, who was born in Argentina, and at protesting the government's economic policies. Commercial airliners from Argentina and Brazil were hijacked on 8 October and forced to fly to Cuba.

[REDACTED]

[REDACTED] Peruvian President Velasco, during ceremonies celebrating one year in office, gave highly nationalistic speeches in Lima and at Talara, where IPC had its major oil installations. [REDACTED]

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NEW BOLIVIAN GOVERNMENT MOVING SLOWLY

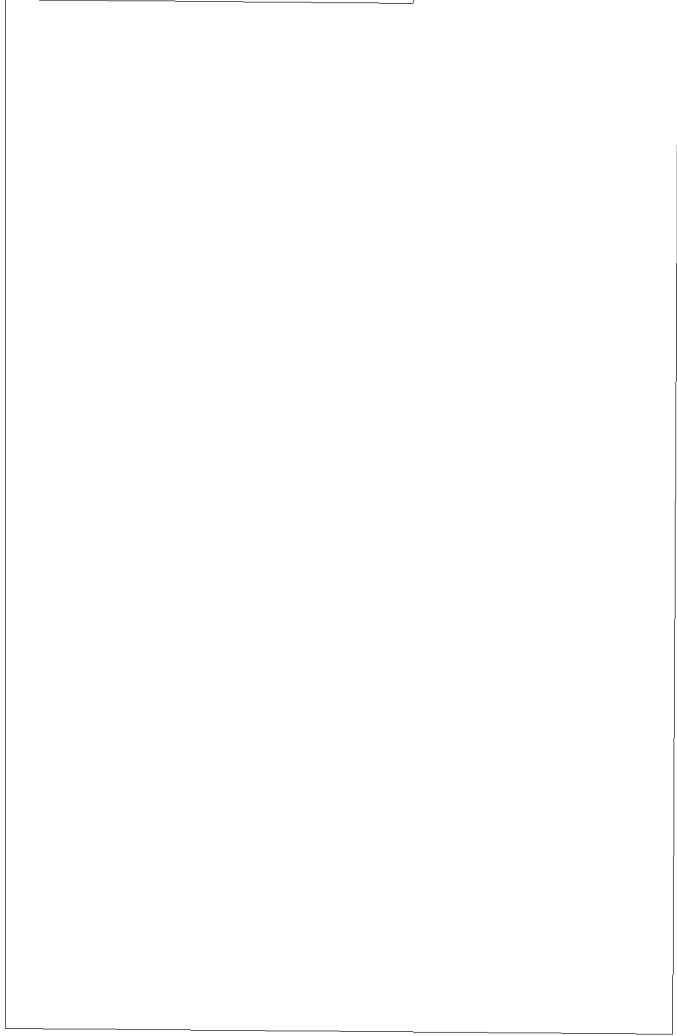
General Ovando's two-week-old government has consolidated its position but has not yet taken any significant steps toward redirecting government policy. "Revolution" has become a catch-word for the new government as it has elsewhere in Latin America, but it remains to be seen how far Ovando can go in carrying out his promise to transform Bolivian society.

Ovando and his new government, which is dominated by outspoken nationalists, have mouthed popular phrases and attacked US imperialism in an effort to validate their revolutionary credentials. So far, however, they have not backed up their rhetoric with action. In fact, there are few options open to them in internal politics or in the international sphere. Agrarian reform was to a great extent accomplished by earlier administrations, and the tin mines have been state owned for more than a decade. Rumors have abounded that the US-owned Gulf Oil Company will be nationalized and Ovando has done little to discourage such rumors in his public statements on the matter. He is aware, however, that Bolivia is heavily dependent on US investment and financial assistance

draw from the country.

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The appointment of the moderate General Ruiz Velarde as foreign minister may have been in reaction to the military's expressed concern about leftist cabinet members. Bolivia may try to improve its relations with the Soviet Union and Eastern Europe, but the Ovando government has for now specifically ruled out diplomatic relations with Cuba or Communist China.

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The anti-US rhetoric will likely continue for some time, however, and Ovando will continue to search for an issue that will allow him to take some action against the US without provoking a costly confrontation. The Peace Corps is one US target already under attack, and it may be requested to with-

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GENERAL EMILIO MEDICI TO BE BRAZIL'S NEW PRESIDENT

The armed services joint high command on 6 October named General Emilio Medici to succeed President Costa e Silva. The announcement of the choice of Medici climaxed the military's drawn-out process of selecting the man whom they believe could best ensure unity in the armed force.

The 63-year-old Medici is a firm supporter and close friend of Costa e Silva, and, as head of the National Intelligence Service, was a key adviser during the President's first two years in office. The President-designate is a well-regarded career military man who has received all of his promotions on merit. He strongly backed the executive's assumption of increased authoritarian powers last December, but apparently did not oppose Costa e Silva's more recent intention to permit a very limited move toward political normality.

Medici told a nationwide television audience on 7 October that he hopes to restore democracy to Brazil before the end of his term and that this will require "free universities, free parties, free unions, free press, and a free church." At the same time, however, he warned that anyone who attempts to disturb public tranquility and the national security will receive severe punishment.

Although Medici is likely to follow the same general policy guidelines as his predecessor, he probably will carry out a major overhaul of the cabinet in order

to have firm supporters in the key ministries. Medici reportedly intends to focus particularly on reforms in the areas of education, economic development, and land reform.

No official announcement has as yet been made on the name of the man he will appoint to the vice presidency, or when the heavily purged Congress will be called into session to ratify his selection as chief executive. These decisions are likely to be made soon, however.

The governing triumvirate's long delay in finding a successor caused considerable criticism in military circles. Many officers believed that some ambitious individuals were using the delay to create a political climate of uncertainty and doubt. The officers placed much of the blame



General Emilio Medici

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on the President's wife, who reportedly tried to persuade him not to resign, and on a handful of his close advisers who have been fearful of losing their jobs.

The officers also have been concerned about the maneuvering of General Albuquerque Lima, who carried on the most extensive campaign to become Costa e Silva's successor. The General has sent at least two vehement letters to the army minister protesting what

he considers the service high command's failure to give due consideration to his candidacy. Some of the younger officers who support Albuquerque Lima have promoted similar criticism in the barracks

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PRESIDENTIAL CAMPAIGNING BEGINS IN COLOMBIA

Political campaigning by Conservative Party presidential hopefuls has temporarily taken the political spotlight.

Under the ruling National Front's arrangements between the Liberal and Conservative parties, the two will support a Conservative in the election next year. Liberal President Lleras' choice for president is former ambassador to the US Misael Pastrana, who is committed to Lleras' economic and political reform programs. Pastrana's candidacy has been weakened among Liberals, however, because of adverse reaction to a speech he made on returning to the country in mid-September in which he implied that he would make some changes in the Front's reform program after taking office.

Several respected Liberal newspapers, which had previously favored Pastrana's candidacy, immediately editorialized over the need to continue Lleras' work. The President

also pointedly announced that he would not permit his programs to be slighted or forgotten. Although Pastrana has made clear his determination to continue the administration's major policies, other aspirants will take advantage of the situation. So far, there are seven candidates for the presidency and more can be expected before the Conservative Party convention meets on 11 November to ratify the decision that almost certainly will have been predetermined.

The Liberal and Conservative directorates met recently to decide on procedures for selecting the presidential candidate for April 1970 and to recommend a legislative program. Proposed legislation covered numerous issues but did not include the tax reforms desired by Lleras. He subsequently withdrew the tax proposals but will insist on retaining a strong voice in other National Front decisions until the end of his term.

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MILITARY AND POLITICAL PRESSURES PROLIFERATING IN CHILE

Interest groups jockeying for economic benefits and political advantage in a pre-election year are pressing President Frei on many issues.

Frei is most affected at the present time by growing pressure from army officers for higher salaries, more modern equipment, and a general improvement in the role of the armed forces. His fear that the military might take some drastic action has caused him to back down from his refusal to consider a military pay raise before the end of the year. Following this week's annual meeting of army commanders, the President will probably also replace the minister of defense and some generals who are resented because they are political appointees who do not effectively represent the men under them.

A pay raise at this time, although justified at many levels, would set off a serious chain reaction among others suffering from the inflation that has increased by more than 30 percent since September 1968. This would be useful to the opposition.

The Communist Party is pushing for the military pay raise, and the Radicals are plumping for quick increases for all government workers. Both say that the cost

should be underwritten by taking funds from banks and US copper companies. Hard-line Socialists advised copper workers to hold out for more than a 45-percent wage increase at a large mine that is half-owned by the Chilean Government. Conservative politicians who hope to re-elect former President Jorge Alessandri next September see an advantage in stepped-up inflation, which would surely be triggered by wage hikes.

Many of Frei's own poorly disciplined Christian Democratic Party members, including presidential candidate Radomiro Tomic, are more concerned with improving their declining political position than with carrying out his policies, inasmuch as he cannot run in the next election. Leaders of the maverick youth arm of the party recently berated the government publicly for not implementing party decisions designed to move it noticeably leftward.

Frei is even criticized for entering a joint mining venture company with the Romanians on 6 October on the grounds that he will use it, and perhaps similar arrangements with Hungary and Yugoslavia, to justify government participation in such ventures with US copper companies.

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