

DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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(Information as of noon EST, 12 March 1970)

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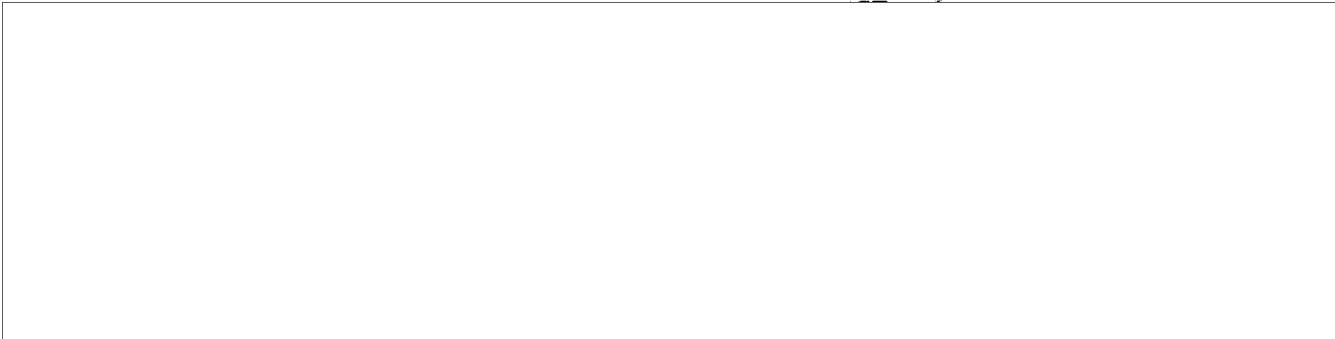
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By setting a careful legislative course, Prime Minister Gandhi has avoided serious challenges to her minority government, but she must still steer around some difficult issues.



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President Makarios now can curb or eliminate his potential rival and postpone or manipulate this year's parliamentary elections. Further attempts on his life remain possible, however, and relations with Greece could deteriorate.

FURTHER UN ACTION AGAINST RHODESIA MAY COME

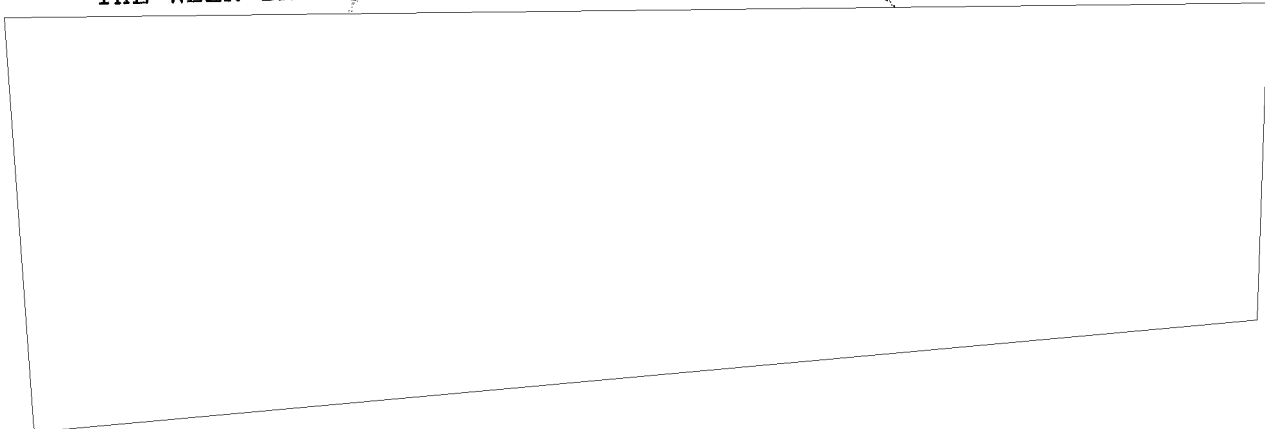
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FAR EAST

Talk of peace negotiations took over the Laotian scene this week. The Lao Communists' proposals broadcast by Hanoi radio on 6 March, though repeating old demands, contained specifics that have prompted the Royal Laotian Government and its allies to consider them seriously. In addition, Pathet Lao head Souphanouvong is sending a message to Souvanna Phouma, Laotian prime minister and half-brother of Souphanouvong, presumably as a follow-up to the peace proposals. There are still, however, numerous impediments to an actual convening of talks aimed at settling the differences between the various participants in the war. Pending this, the fighting goes on, with the North Vietnamese posing an increasingly serious threat to General Pao's headquarters at Long Tieng.

With the obvious prompting of elements in the Cambodian Government, a mob of students and others sacked the Vietnamese Communist embassies in Phnom Penh on 11 March. The demonstrators followed this up the next day by rampaging into Vietnamese sections of the city. These activities have produced the most serious crisis to date between Sihanouk and conservatives in the cabinet led by Deputy Prime Minister Matak. Sihanouk has reacted sharply to this first overt challenge to his long-held domination over the conduct of foreign affairs. About to leave Paris on a swing through several Communist countries, Sihanouk curtailed the trip and is returning ahead of schedule to Phnom Penh to confront the government leaders who have been slowly moving to limit his power.

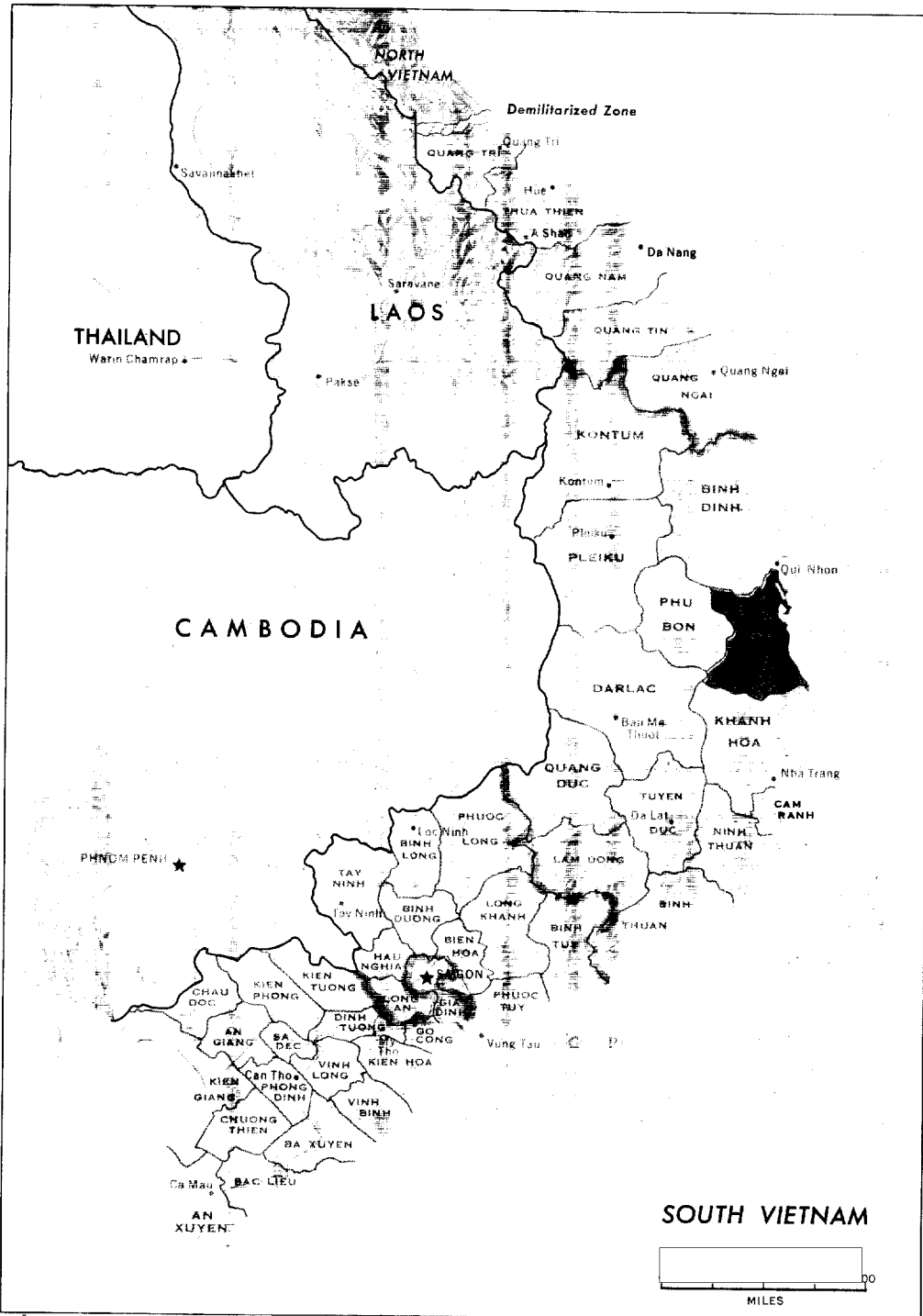
The war in South Vietnam this week continued to be relatively quiet. In one respect, however, the Communists are continuing to make their presence felt. Enemy forces are offering an increasingly stiff challenge to the pacification program in several parts of the country. A number of attacks have caused setbacks in local areas and serve to remind the local populace that the Communists are still around in force.

The leadership in Communist China is continuing to demonstrate its desire to conduct the nation's business out of public view. Mao Tse-tung and Lin Piao have been absent now for five months, and several other top leaders have not appeared publicly for varying periods. Although Mao may well be slowing down, there are no reports that he is sick. Presumably he continues to be active behind the scenes, dealing with various domestic and international problems.

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VIETNAM

The Communists seem to be offering an increasingly stiff challenge to the pacification program in several parts of the country. Enemy forces struck hard at three government outposts on 9-10 March, overrunning one position in Phu Yen Province on the central coast and another near Can Tho in the delta. A second outpost in Phu Yen came under heavy Communist pressure but held out. The government's Territorial Security Forces lost 35 dead and 42 wounded in the actions; there were no reports of any enemy losses. Also last week, a number of other government outposts in the delta and south of Da Nang in I Corps were hit hard.

Attacks such as these cause setbacks to local pacification programs even though the general level of fighting country-wide continues low and most of the enemy's big units remain in rear base areas. The assaults are also calculated to remind a significant part of the rural population that the Communists, despite their many problems, are still a force to reckon with.

The Communists are also continuing to shift combat forces from III Corps to the delta. Prisoners and ralliers captured recently say that three main force sapper battalions, which formerly operated under the Communists' Central Office for South Vietnam northwest of Saigon, now are trying to infiltrate into new

base areas in western IV Corps. The specific missions of these highly trained forces are not known, but they should considerably improve the capabilities of the five enemy regiments and other replacement troops that the Communists have shifted from III to IV Corps since mid-1969.

Mixed Reaction to Chau Case

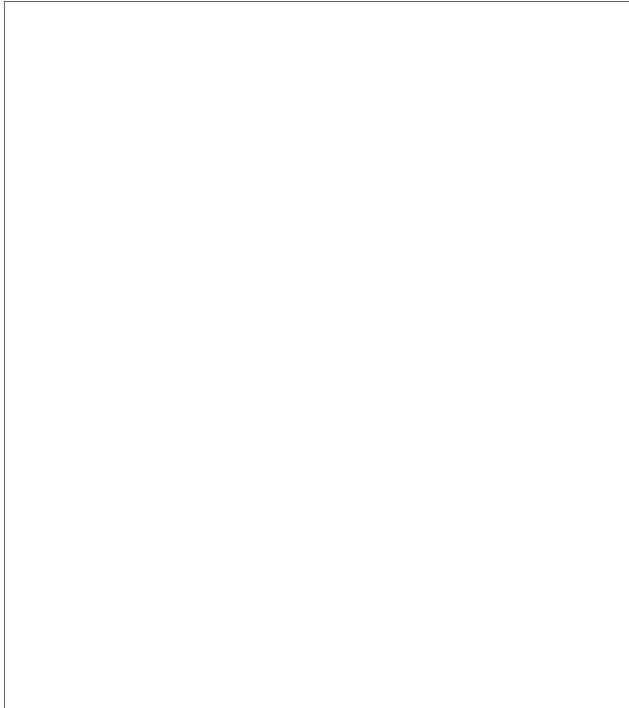
~~In the wake of the Chau case, some of President Thieu's most prominent political opponents appear to be adopting a more cautious position.~~

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Although many members of the National Assembly have denounced the government's handling of the Chau case, it has had little apparent effect on government-backed legislation thus far. The Upper House passed the govern-

ment's high priority land reform bill by a substantial majority last week and sent it back to the Lower House for further action. It will probably still be some time before the program is enacted, although the Lower House is scheduled to take up the bill again next week.

The Saigon press, meanwhile, has not let the recent atmosphere deter it from confronting the government over a matter it considered of vital economic interest: a new tax decree, which among other things, would have doubled the cost of imported newsprint. The press threatened to engage in repeated strikes, reportedly with support from the powerful Vietnamese Confederation of Labor. This caused the government to back down and revise its decree by revoking the controversial tax. The conciliatory action suggests that President Thieu wishes to avoid any further appearance of repression at a time when he has been receiving adverse publicity over the Chau case.

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PHNOM PENH IS SERIOUSLY CHALLENGING SIHANOUK'S POWER

Sihanouk is returning to Cambodia to reassert his authority in the wake of unprecedented attacks against the Vietnamese Communist embassies in Phnom Penh. The sacking of the North Vietnamese and Provisional Revolutionary Government diplomatic installations by thousands of students caps a period of growing anti-Communist sentiment and has produced the most serious crisis to date in Cambodia's relations with Hanoi and the Viet Cong.

There is no doubt that the attacks, which protested the presence of Vietnamese Communist troops on Cambodian territory and the forthcoming visit of North Vietnamese Prime Minister Pham Van Dong, were government inspired. The assaults in the capital were preceded and followed by anti-Viet Cong demonstrations in several provinces, and portions of the Vietnamese community in Phnom Penh also were objects of mob actions. The attacks received the unanimous support of a special session of both houses of the Cambodian legislature, which passed a declaration asking the government to take all measures necessary immediately to solve the problem of Viet Cong infiltration.

The Cambodian chief of state has curtailed his scheduled visits to Prague, Moscow, and Peking and notified the Queen that he is returning to Cambodia to call for a referendum, asking the people and the army to choose between himself and "those personalities" who or-

ganized the sieges on the embassies on 11 March. He threatened to step down if he loses; he has used such threats in the past to quiet domestic criticism.

Sihanouk's decision to return abruptly is a clear sign that he interprets these events as a strong challenge to his authority. Sihanouk and the government have been at odds for some time, but the assaults on the Vietnamese represent the first overt attempt by the government to undermine his foreign policy. Although Sihanouk has led the criticism of Vietnamese Communist activities in Cambodia, he has taken some pains to avoid pressing the Communists too far.

It is still not clear what government leaders hoped to achieve by the attacks. By playing on traditional Cambodian animosity toward the Vietnamese, they may have wanted to confront Sihanouk on an issue on which popular opinion would be against him. They may also, however, have miscalculated Sihanouk's reaction. Until now, the government's strategy has been to limit Sihanouk's power slowly and carefully. They must now decide whether to meet Sihanouk head on or give ground. Much will depend on how hard Sihanouk presses them and whether individuals like Deputy Prime Minister Matak, who has led the anti-Sihanouk forces, calculate that they can count on firm and continuing support from those forces.

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CHINA'S ABSENT LEADERS

Chinese Communist Party Chairman Mao Tse-tung and his designated heir Lin Piao have once again slipped into the shadows. This time they have been publicly inactive for five months. In fact, aside from three ceremonial appearances in October 1969, they have been out of the public eye since last April and May, when they appeared in connection with the Ninth Party Congress.



it appears that infrequent public appearances have become a style of leadership in China. Although Chou En-lai and several other leaders have appeared frequently, about one half of the politburo has failed

to make a public appearance yet this year.

Adding to the impression of aloofness from Mao is the fact that he has entirely stopped turning out "latest instructions," pronouncements which played such an important part in Peking's propaganda during the Cultural Revolution. The last such instruction was originally issued in September as a National Day slogan without attribution to Mao, but later propaganda described it as Mao's own composition.

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Despite his public inactivity, Mao may be very active behind the scenes. He presumably is following the Sino-Soviet border talks closely and he may also be receiving various provincial leaders in private, as he has over the past several years.

CHINA: Public Activity of the Politburo Members (as of 10 March 1970)

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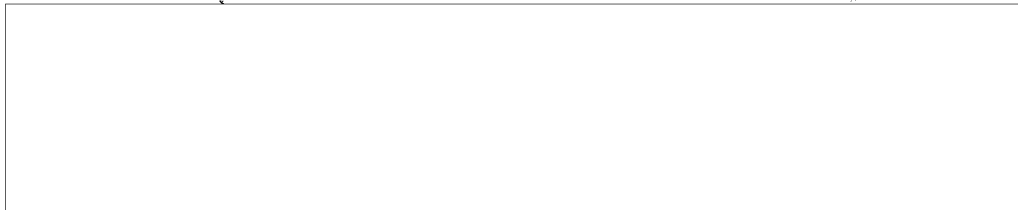
	Currently Active	Out 1 Month	Out 2 Months	Out 4-5 Months
Standing Committee	Chou En-lai	K'ang Sheng	Ch'en Po-ta	Mao Tse-tung Lin Piao
Full Members	Huang Yung-sheng Ch'en Hsi-tien Chang Ch'un-ch'iao Li Hsien-nien Hsieh Fu-chih	Hsü Shih-yu Tung Pi-wu Wu Fa-hsien Ch'iu Hui-tso	Chiang Ch'ing Yao Wen-yüan Li Tso-p'eng	Liu Po-ch'eng Chu Te Yeh Ch'ün Yeh Chien-ying
Alternate Members		Li Te-sheng Chi Teng-k'uei		Li Hsiieh-feng Wang Tung-hsing

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EUROPE

Moscow has published its most authoritative statement on SALT since the end of the Helsinki talks. A Pravda "Observer" article on 7 March emphasized Soviet concern over recent US decisions on defense—particularly the plan to expand Safeguard—but did not tie success at the forthcoming Vienna negotiations to repudiation of these programs. On the same day, Pravda also carried an article that could be read as a sign that SALT has caused disagreement in the Kremlin. The article reminded the military of its subordination to the will of the party.



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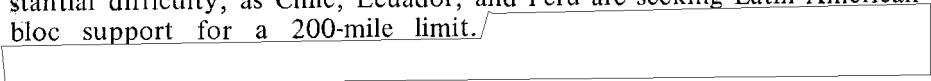
The Poles this week evidenced new interest in their recessed economic negotiations with the West Germans. Foreign Trade Minister Burakiewicz reviewed for the record concessions that Warsaw expects from Bonn before a long-term trade pact is signed. Coming as they did on the eve of the resumed political talks, Burakiewicz's statements suggest that the Poles, despite frequent disclaimers, realize that the political and economic talks are inseparable and are attempting now to convey to Bonn the impression that success depends upon its being more flexible.

Romanian diplomats are inviting all European countries to send foreign ministry representatives to Bucharest soon for a "preliminary" conference on European security. The Romanians probably do not have much hope of pulling this off, and indeed, their proposal has been met with reserve in Vienna and London, but such an initiative keeps alive Bucharest's hope for a conference that would serve to nullify Moscow's claims to a right to intervene in the internal affairs of Warsaw Pact countries. The Russians will probably be annoyed at the Romanian initiative, but will not be able to oppose it publicly.

Spanish Foreign Minister Lopez Bravo will be in Washington on 17 and 18 March for preliminary talks on the future of the US-Spanish bases agreement, which expires next September. He may unveil the Spanish price for a continuation of the agreement.

The USSR has accepted the US request to resume discussions at the expert level next week on the three articles of the draft Law of the Sea convention developed by the superpowers. The meeting will probably be devoted to studying their separate findings of what nations support the draft and to discussing their proposed replies to UN Secretary General Thant's query concerning an early convening of a Law of the Sea conference. The superpowers' call for a 12-mile limit to territorial waters may run into substantial difficulty, as Chile, Ecuador, and Peru are seeking Latin American bloc support for a 200-mile limit.

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EAST GERMANS INTENSIFY INDOCTRINATION OF POPULACE

The East Germans are again displaying concern over the political reliability of the people and are intensifying ideological indoctrination among the masses. Although there is little overt opposition to the regime, Pankow appears concerned over the lack of popular ideological fervor and commitment.

As in the past, East German party (SED) cadres are paying particular attention to the youth whom they accuse of aping Western "pop culture," of refusing to become involved in regime-sponsored programs, and of being influenced by the New Left ideologies. Official warnings are continually made about "Western unculture," which Pankow believes could influence people to oppose party policies. A recent article in a party publication charged that this could lead to "open counter-revolution as, for example, in 1968 in Czechoslovakia."

To counter Western influence, Pankow is vigorously trying to channel young peoples' energies and to curb unrest by making "concessions"

in areas such as music and fashions, while increasing its efforts at ideological indoctrination. The regime is also reducing drastically the amount of free time available to the young by conducting obligatory premilitary training and using "youth brigades" on construction projects. More young SED members are being directed to take over leadership positions in local youth organizations to combat the growing unwillingness of members to participate in regime-approved activities. The SED recently distributed to students a 30-page questionnaire obviously designed to detect "deviationist" tendencies, particularly those concerning Pankow's policy toward Bonn.

Intensified ideological work is also going on in the factories. Here, too, party cadres are encountering apathy and open grumbling. Even the military appear to have encountered problems in their ideological work. Minister of Defense Hoffmann recently called on the armed forces to rid themselves of "illusions concerning the imperialist opponent."

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FANFANI CHOSEN TO TRY TO END ITALY'S CRISIS

Following former premier Aldo Moro's decision on 11 March not to undertake formation of a new government, President Saragat has turned to another former premier, Amintore Fanfani, in yet another attempt to avoid calling early parliamentary elections. Fanfani has accepted "the task of making necessary contacts for the formation of a new government."

In view of the failure of efforts so far to form a four-party center-left coalition, Fanfani is likely to try for an all-Christian Democratic government with support of the other center-left parties. Such a government would allow tempers to cool as each of the parties decides on its future course. It would also presumably permit preparations to go forward for the regional and local elections this spring.

All the issues that have kept the center-left parties apart remain, among them those on which feeling has recently been particularly intense: the Vatican's open challenge of the divorce law now pending in parliament, and the question of defining what support the government may accept from

Communists in parliament on important questions. The two Socialist parties differ on guarantees to be required before forming tactical alliances with the Communists in local governments. Some Christian Democrats prefer an all-Christian Democrat government, which would allow their party more cabinet seats. Their left wing, however, prefers an exclusive two-party coalition with the left-wing Socialist Party. Finally, any leader trying to form a government is hindered by the conflicting leadership ambitions of other politicians who do not want to boost their rival's chances.

Thus the government crisis is prolonged both by the issues and by the political maneuvering of the so-called "political class." Even if parliament were to be dissolved and new elections called--and President Saragat has been determined to avoid this if at all possible--there is no assurance that the electorate would clarify the political scene in ways that would lead to a new more stable center-left coalition. If Fanfani fails to form a government, however, Saragat will have few alternatives but to a call for parliamentary elections.

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STUDENT UNREST IN FRANCE FLARES UP AGAIN

Discontent on France's troubled Nanterre University campus erupted last week into the largest student-police confrontation since the May-June crisis of 1968. Order has been restored and the school reopened, but leaders of the UNEF (National Union of French Students), France's most powerful student union, this week called for "a campaign for a massive and spectacular boycott" of student elections scheduled for next month. Such statements, and the activities of the far-left student groups that sparked last week's conflict, are likely to increase tension both at Nanterre and throughout the French university and secondary school system.

Public opinion in France is especially sensitive to the latest outburst because it was students from Nanterre who launched the 1968 student-labor crisis. In general, most Frenchmen deplore the activities of campus radicals, but among the moderate student majority there is enough sympathy for the dissidents to prevent any concerted action against them.

Ironically, the present chaotic situation in French universities is largely the result of reform efforts initiated by De Gaulle after the 1968 upheaval. De Gaulle's education minister, Edgar Faure, pursued the government's reform program--which was aimed at decentralization and student and faculty participation in uni-

versity affairs--vigorously and won the praise of many students. When Pompidou took office last June, however, Faure was replaced by Olivier Guichard, a man less committed to reform and out of touch with student problems.

The unrest at Nanterre may spread to other campuses in the spring, and this will force the Pompidou government to devote more attention to what is known in France as the "youth problem." The government's first line of defense is a police force with special components trained and specially equipped to confront the students, but any long-range solution to unrest in the universities will require a more vigorous execution of reform legislation already enacted by the National Assembly. The broader problem affecting the government is a widespread feeling, both among students and workers, that the Fifth Republic's system is so inflexible that only direct action tactics bring results.

French history is replete with examples of events repeating themselves and at some point the May-June crisis of 1968 may be replayed. Unless student and labor unrest is deeper than most observers believe, however, no major explosion will disturb France's social peace this spring. Nevertheless, scattered student demonstrations in the spring should not be ruled out.

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HUNGARY REAFFIRMS COMMITMENT TO ECONOMIC REFORM

Premier Fock, in a recent speech to the National Assembly, emphatically affirmed Hungary's determination to continue the economic reform program (NEM) and to link reforms more closely with "democratization" of Hungarian life.

In order to mollify critics of reform, including those from the USSR, he denied that the NEM violates socialist practices and indicated that its tempo will continue to be governed by circumstances. Fock side-stepped certain recent criticisms of the NEM by attributing many difficulties to the weakness of government officials in the bureaucracy. He stated that the regime will not transfer the blame for difficulties in implementing the reform to enterprises nor react by restricting their rights and authority.

A major objective of Hungary's economic policy is improving the standard of living. The goal is to increase real per capita national income at an annual rate of five percent and to increase the availability of consumer goods. Fock criticized the uneconomic use of labor and called for increased discipline as a critical step in raising productivity. At the same time he claimed that a high level of employment will be guaranteed despite the planned closure of inefficient plants and a reduction in construction of new enterprises.

Housing remains a serious problem despite overfulfillment of 1969 construction plans in that area. Budapest still hopes to build one third more dwellings during 1971-75 than in the current five-year period.

Plans to increase trade and other forms of cooperation with both socialist and nonsocialist countries are in the making. Purchases of licenses and formation of joint enterprises with nonsocialist countries are slated to increase. For the first time in several years, Hungary in 1969 had a trade surplus with both socialist and capitalist countries as well as a surplus in its balance of payments.

In line with further implementation of the NEM program, state subsidies will not be given to enterprises deemed inefficient by the regime. The development of industry is to be more selective, with power, chemicals, aluminum processing, and petroleum refining among those to be expanded.

The Hungarian regime has been able to live with its reform program for two years without backing down. It is not yet clear, however, whether the NEM is going to pay off in ways that really count--increased efficiency, economic growth, and a relatively higher standard of living for the average Hungarian.

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EUROPEAN COMMUNITIES PLAN FOR THE FUTURE

The members of the European Communities (EC) have moved forward in their discussions of British entry, strengthened political ties, and monetary union, but have made no progress on agricultural surpluses.

The EC Council, in talks last week on a common EC position for entry negotiations, has tentatively agreed that the length of the transition period for new members--the time to be permitted for adjustment to the EC--should be the same to adapt both agricultural and industrial markets. But the Council said that the period's length could not be fixed without consultation with the applicants. The British will welcome a chance to discuss the length of the period, but want quick access to the EC industrial market and a longer period of time to adjust to the inevitable higher agricultural prices. The Six also agreed that applicants should be informed about any talks on political ties, but that they would not be able to participate in them until later in the accession process.

The foreign ministers' discussion of political cooperation, which would specifically extend to the foreign policy and possibly defense spheres, was reportedly business-like, without the usual clash between "nationalists" and "supranationalists." A working group of high-level foreign ministry officials is to report by late May with a definition of "political unity" and ways to achieve it. The EC members have directed their foreign ministers to report before the end of July on how

to approach political cooperation in the context of enlargement. The report is unlikely to lock the Six into any particular program, but it might reveal their inclinations with regard to future foreign policy and defense cooperation.

Movement toward closer internal policy coordination will be enhanced if the EC members follow up their recent commitment in principle to monetary union with feasible programs--not an easy task. France, the Netherlands, and Luxembourg favor an initial emphasis on monetary policy coordination that would stimulate harmonization of economic policies generally. Germany and Belgium maintain that coordination of such policies is needed in concert with coordination of monetary policies. A committee of experts will study the various approaches and recommend a plan by the end of May.

Time is getting short for the EC to set new price levels for the 1970-71 crop year that could help reduce agricultural surpluses. The agriculture ministers have not been able to agree on the Commission's proposal designed to accomplish this objective. Though all the governments are willing to buy part of the proposal, they have not been able to agree on price decreases for commodities that most affect their own farmers. The agriculture ministers will again attempt to set new price levels next week, and may also discuss the long-term shape of the common agriculture policy.

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AIR SAFETY MEASURES UNRESOLVED

International measures to deal with the problem of civil aviation safety have been the subject of intensive discussion in recent weeks, but wide support for any specific approach is still lacking. Agreement on any kind of comprehensive program is unlikely before a May meeting of the assembly of the 116-member International Civil Aviation Organization (ICAO) or a special international conference that month under ICAO auspices.

This week the executive committee of the International Air Transport Association (IATA), the airlines' organization, called on the airports of the world to provide "all appropriate means" to ensure the physical protection of passengers and aircraft. Under the guidance of IATA Director General Knut Hammarskjold, the committee drafted a "security action program" that will be presented to the May ICAO meeting.

Earlier in the month, the intergovernmental European Civil Aviation Conference took similarly tepid action after two days of debate at an emergency session in Paris. The 19 delegates could only agree to support the convening of the ICAO Assembly and to call on their governments to establish "airport security committees" to counter sabotage and hijacking attempts.

The Swiss and the Austrians have been the primary proponents of both alternatives for an ICAO meeting in May. The ICAO Council may choose one of the alternatives next week. The US has picked up

little support for its call for an urgent convocation of the ICAO's committee on unlawful interference. The May meeting is likely to result in adoption of a resolution urging early and widespread ratification of the 1963 Tokyo Convention--only 21 ICAO members are now parties to it. This convention requires a nation in which a hijacked plane lands to restore control of the plane, passengers, crew, and cargo to the aircraft commander and to facilitate its onward flight. A new convention is being developed within ICAO to make hijacking a punishable offense, and its terms may be extended--under pressure from the IATA and other sources--to include air bombings and to provide for some accord on airport security measures.

Austria has not gained much support for its separate initiative that places the issue on the agenda of the current session of the UN Human Rights Commissions. The Arabs have warned that they would emphasize the Israeli raids on the Abu Zabel metal factory and Beirut airport in any commission deliberation on the subject.

Israel has told the US that it will push to have airlines of countries that either encourage or do not dissociate themselves from crimes against aircraft denied use of international airports. Arab transport workers, in turn, have threatened to refuse to service planes of airlines whose countries adopt measures against Arab aviation companies.

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MIDDLE EAST - AFRICA

The tempo and weight of Israel's military strikes against its Arab neighbors dropped somewhat in the past week. Israel's apparent self-imposed pause included an extended halt in air strikes against targets in Jordan, but even more noticeable was the let-up against Egypt. Although the Israelis broke a lull of several days in air strikes across the Suez on 12 March, they have not hit close to Cairo since 26 February.

Announcements from both Iraqi and Kurdish spokesmen have proclaimed an end to the Kurdish rebellion. Baghdad had been discussing a solution with Kurdish representatives for some time, but the Kurds had been resisting the government's offers. A similar agreement in 1966 proved fragile and broke down completely in 1968.

The political situation in Turkey remains muddled. Although Prime Minister Demirel probably will receive a new vote of confidence this weekend, the narrow margin will not promote strong government. Meanwhile, a new wave of militant anti-Americanism may be forming as young radicals, possibly Maoist-oriented, continue their student rallies to generate more revolutionary fervor.

Ceylonese Prime Minister Senanayake's announcement that Parliament will be dissolved on 25 March has eliminated the need for a scheduled by-election and has created speculation that elections for a new parliament will be held in late May. Senanayake's United National Party now appears to hold a slight lead over the leftist opposition coalition. Elimination of the by-election precludes the risk of his party suffering a psychological blow by losing in what has been a bellwether district.

The sixth conference of Maghreb economic ministers, which was to have opened in Rabat on 10 March, was apparently torpedoed by the Algerians when the Libyan delegation failed to show. The ministers were to have signed a "charter" integrating the economies of the four North African countries. The Libyans have long believed that the others viewed Libyan oil revenues as a means to finance intra-Maghreb economic development. Algeria has committed its own oil revenues to such cooperation and was unwilling to go ahead without Libyan participation.

Jacques Foccart, France's primary operator in African affairs, will arrive in Congo (Kinshasa) on 16 March for discussions with President Mobutu. Mobutu may use the visit to seek support from Paris for his efforts to isolate the radical regime in Brazzaville. Foccart, for his part, may play on Mobutu's fears of Brazzaville in order to extend French presence in Kinshasa.

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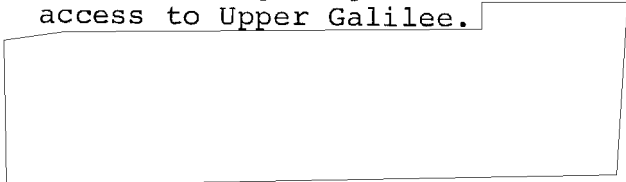
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ISRAEL AND FEDAYEEN PUT SQUEEZE ON LEBANON

Israel is keeping pressure on the Beirut government for new curbs on fedayeen activities across the Lebanese-Israeli border.

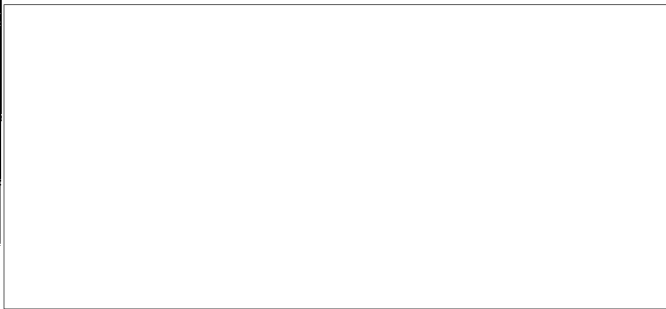


Over the past two months the fedayeen have moved down from the eastern region and permeated the central and western sectors of the border, giving them easier access to Upper Galilee.



To back up their series of warnings to Lebanon--including threats to establish a "no-man's land" in depth in southern Lebanon--Israel carried out a cross-border raid the night of 6-7 March. An Israeli force destroyed seven buildings in the village of Ayta ash Shab and warned the villagers of future reprisals if they continued to assist the fedayeen. Earlier, Israeli forces had clashed with Arab guerrillas in the same gen-

eral area, but on the Israeli side of the border near Shetula. Israel also claims to have killed five fedayeen on 8 March west of the Israeli settlement of Zarit in the central sector.



The fedayeen issue has aggravated the deep divisions within the Lebanese body politic; these splits will become even more serious as the presidential election approaches in late summer. Lines have already been drawn within the cabinet and the electorate between opponents of the fedayeen and their supporters. In general, Lebanese Muslims--who probably constitute more than half the population--support the fedayeen wholeheartedly. The Christians, on the other hand, though strongly anti-Israel, are more concerned about preserving the independence of Lebanon from the rest of the Arab Muslim world. They want to avoid Israeli retaliation against Lebanon, because this could result in the presence of troops from other Arab states on Lebanese soil.

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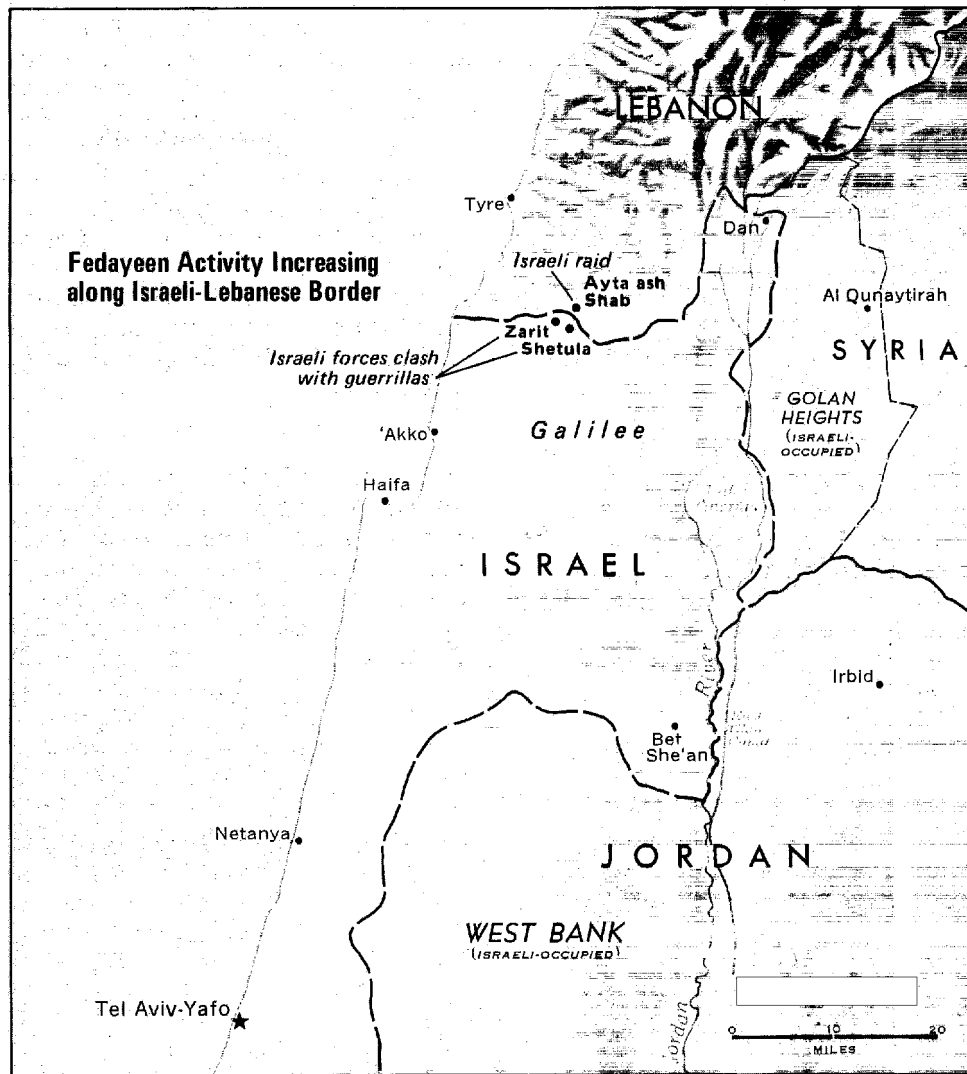
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INDIA'S PARLIAMENT MEETS ON BUDGET

The traditionally acrimonious budget session of the Indian Parliament has gotten off to an unusually mild start. Prime Minister Gandhi, anxious to deprive her political enemies of a strong controversial issue to use against her, has steered a careful legislative course. On the whole, her proposals have been less far reaching than the fanfare attending the creation of her "new and radical" Congress Party last fall had led the conservatives to expect. At the same time, her programs appear "progressive" enough to mollify the "young Turks" in her party who had earlier criticized her for not building socialism fast enough.

The budget for the fiscal year beginning 1 April, which Mrs. Gandhi, as her own finance minister, presented to Parliament on 28 February, was only mildly expansionary. She told the legislators her aim was to "reconcile the imperative of growth with concern for the well-being of the masses." The budget does not really provide much of a stimulus for increased economic growth, however.

Mrs. Gandhi's suggested revenue measures are only marginally different from those accepted last year, but it is possible that Parliament will still balk at approving all of them. Both the government and the legislature will probably be able to reach an agreement because, at this juncture, neither side appears anxious to create conditions that could topple the government and risk the expense and uncertainties of a new election.

The budget session does not adjourn until May, however, and Mrs. Gandhi will need to continue to move cautiously. Elections for one third of the seats in the upper house of Parliament are scheduled for the beginning of next month. Mrs. Gandhi's faction now controls less than half of the state legislatures whose members, in turn, elect the deputies in the upper house. Her faction's strength in that house, therefore, is almost certain to decline. Legislative initiative rests mainly with the lower house of Parliament, but upper house members can block legislation if the lower house is closely divided.

Meanwhile, tensions building on other fronts are likely to put additional strains on the government while Parliament is in session. Violence has been on the increase in the Communist-dominated state of West Bengal and the government there is in danger of collapse. Such an event would put Mrs. Gandhi under pressure to recommend "president's rule" for West Bengal. She has been reluctant to intervene, however, because historically such a move has tended to deflect the public's irritation away from internal state troublemakers toward the central government. Her concern for maintaining potential supporters among Communist legislators in New Delhi is also an inhibiting factor, but she may ultimately opt for a limited form of "president's rule" in the hopes that a cooling-off period might lead to the successful formation of an alternative government.

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MAKARIOS RETAINS CONTROL IN CYPRUS

President Makarios has again emerged as the paramount leader after the unsuccessful assassination attempt against him on 8 March. With thousands of Greek-Cypriots demonstrating support for him in the streets and with messages expressing horror at the attack coming in from all quarters, Makarios has at least temporarily recovered the prestige lost during the months of gradually increasing political fragmentation in the Greek-Cypriot community.

He also now has the opportunity to undercut his only potential political rival on the island, President of the Chamber of Deputies Clerides, whose popularity had been greatly enhanced by his vigorous action against terrorist groups during Makarios' visit in January to Greece and Africa. Without openly connecting Clerides with the attempted assassination, Makarios can move against him indirectly by making use of Clerides' political ties with ousted Interior Minister Georkatzis. Several of the persons arrested after the shooting were associates of Georkatzis

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If Makarios or any of his close advisers move too strongly against the able but touchy Clerides, however, they could bring about the latter's oft-threatened resignation

as Greek-Cypriot spokesman in the long drawn-out intercommunal talks and his withdrawal from political life. This might not be an unwelcome development for Makarios, but it could spell the end of the dialogue between the Greek-Cypriot and Turkish-Cypriot communities, which has at least helped to preserve a shaky truce for many months.

Makarios may also choose to use the leverage the present situation gives him by again deferring parliamentary elections promised for this year in order to avoid the risk they would have of diffusing his own authority. He could also insist on his own arrangement for apportioning parliamentary seats among the several progovernment parties.

Although such moves might gain Makarios temporary political advantages, they will not diminish the danger of future attempts on his life by the several groups of determined and dangerous enemies who now consider him a traitor to the cause of union with Greece (enosis). There are other developments which could grow out of the assassination attempt that would pose long-range problems for Makarios. Any revelations of the complicity in the attempt of mainland Greek officers serving on Cyprus would increase the polarization between pro- and anti-enosis elements on the island,

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and could contribute to the deterioration of relations with Athens.

There was almost certainly no Turkish-Cypriot involvement in the

assassination attempt. Both Turkish and Turkish-Cypriot authorities have deplored the act publicly and have adopted a policy of watchful waiting. [redacted]

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FURTHER UN ACTION AGAINST RHODESIA MAY COME

Black African states may gain approval in the UN Security Council for the mandatory closing of all diplomatic missions in Salisbury and the severing of communication links with the Smith regime. Following Rhodesia's shift to republican status last week, however, most Western countries with consulates have already announced that they will close their missions, following the US lead.

The acceptance of the African proposals will depend on the willingness of the African delegates to moderate their present draft resolution, and of the UK and US to acquiesce in a ban on communications. ~~Because such a ban would include postal service, this poses special problems for the US, which maintains postal service even with North Vietnam.~~

~~The UK has said that the present draft is unacceptable primarily because it condemns the British for refusing to use force to end the Rhodesian rebellion. The UK might support a communication ban, or at least not oppose one, in a more moderate resolution. Twelve other council members have indicated they would probably support such sanctions.~~

Only South Africa and Portugal are expected to keep their missions open no matter what action the UN takes. Prime Minister Ian Smith, however, probably believed, as did the black African states, that the US consulate was the key to Rhodesia's chances of obtaining de facto recognition. Its closure, therefore, is a strong psychological blow to the Smith government.

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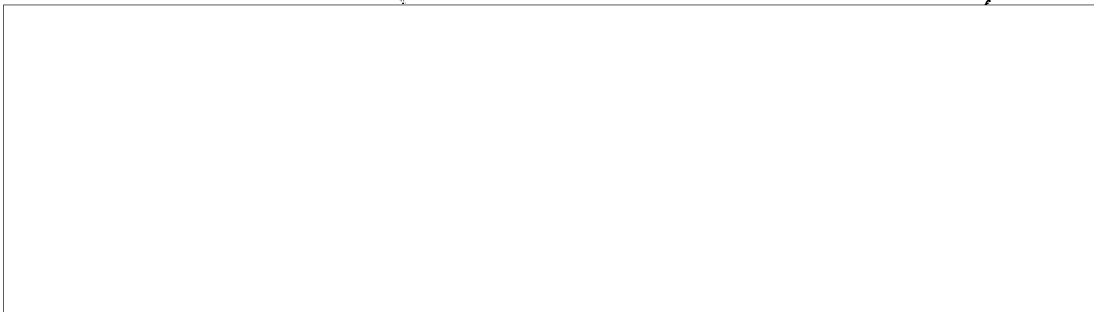
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WESTERN HEMISPHERE

A week of relative political quiet in Latin America was punctuated by sporadic incidents of terrorism and student demonstrations, with the threat that more of the same can be expected. In El Salvador the government party won an unexpected landslide victory in elections last Sunday.



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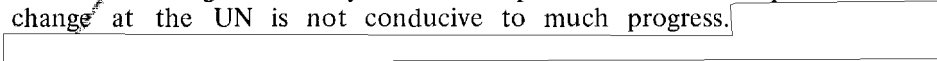
Another government-student clash appears likely in Ecuador unless President Velasco is prepared to work out a compromise on the issue of student premilitary training. Velasco's hard-line stand may make a solution to this thorny problem particularly difficult to achieve. Students are also striking and demonstrating in Colombia to force the government to reopen the National University in Bogota.

Reaction by the press to the Peruvian Government's expropriation of two opposition newspapers continued to be strongly critical of the Velasco regime. The opposition press is now questioning the "revolutionary government's" aims and is charging that Peru is moving "toward a dictatorship."

In Panama, the repercussions of deposed President Arias' unsuccessful plot to overthrow the junta government have begun to affect US-Panamanian relations. Normal police liaison between Canal Zone authorities and the National Guard has already been disrupted as the Panamanians try to press the US to extradite an Arias aide who sought asylum in the Zone after he failed to find support for the coup attempt.

Venezuela and Guyana began direct negotiations on their border problem this week. Both sides hope to work out an agenda for a meeting between the foreign ministers of the two countries, but the atmosphere following last month's exchange of fire by border troops and the heated diplomatic exchange at the UN is not conducive to much progress.

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FORMER DICTATOR MAY WIN UPSET IN COLOMBIAN ELECTIONS

With barely five weeks to go before the general elections on 19 April, former dictator General Rojas Pinilla's chances for an upset victory appear to be increasing.

The government's fear of an upset was heightened recently by a demonstration in Bogota by 10,000 military reservists on behalf of Rojas. Rojas continues to draw large crowds everywhere he goes and can count on the support of a significant segment of the lower classes in large urban areas, such as Bogota and Cali, which could be the key to the election. The campaign of Pastrana, the party's official candidate, on the other hand, remains lackluster and he still comes across as an unexciting bureaucrat.

A Rojas victory would be a serious blow to the National Front, which was created in 1958 following Rojas' overthrow. Under the Front the country's two major parties, the Liberals and Conservatives, were to alternate the presidency until 1974. It is the Conservatives' turn and Rojas, although necessarily running as a Conservative, opposes the concept of the Front. If Rojas is elected, he probably will abrogate many of the present economic and social programs and thereby endanger the country's political stability, so painstakingly built up since his overthrow in 1957.

President Lleras' concern about recent developments is evident. Late last week he broke his commitment not to become involved in the elections and made several blistering attacks against the aging ex-dictator. Other Front leaders, belatedly awakened to the threat of a Rojas victory, have begun an intense campaign against him by recalling his "bloody dictatorship." These attacks are being made in hopes of frightening the upper and middle classes so badly that they will vote for Pastrana.

If these tactics work, and Rojas comes to believe that he will lose the election, it is possible that he will reach an agreement with maverick Conservative candidate Belisario Betancur. Such an alliance probably would assure a Rojas victory. In any event, Rojas is now 70 years old and can be expected to make every effort to achieve the presidency, since this probably will be his last opportunity.

Student rallies and strikes in support of demands to force the government to reopen the National University in Bogota have further clouded the political situation. This type of activity does not bode well for peaceful elections, especially if the government is forced to engage in repressive measures.

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GOVERNMENT WINS VICTORY IN SALVADORAN ELECTIONS

The landslide victory of the official government party in last Sunday's congressional and municipal elections removes the threat of military intervention. Although President Sanchez will have to contend with charges of voting irregularity raised by the opposition Christian Democrats, primary attention will return to the country's development problems and to the festering quarrel with Honduras.

Incomplete returns indicate that the government party has won more than 60 percent of the congressional seats and has control of local governments in 12 of the 14 departments. The "victory" over Honduras last July and the continued border incidents worked in the party's favor, but government pressure on the voters may also have been a factor in the unexpectedly good showing. The Christian Democrats

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will probably try to discredit the government by claiming that it used harassment and coercion to ensure victory. Nevertheless, the orderliness of the election process and the absence of violence will sharply limit the ability of the opposition to embarrass the government.

Both the Christian Democrats and members of the economic elite will be closely monitoring the government's attitude toward land reform and revision of the banking law and labor code. In the pre-election period, the government tentatively accepted the legislative reform program begun last November after the Christian Democrats joined with dissident members of the government party to overthrow the unprogressive assembly leadership. President Sanchez will probably be convinced that there are political advantages

in a continued commitment to reform, but he may wish to moderate the pace.

With elections out of the way, the Salvadoran Government will probably wish to resume bilateral talks with Honduras in an effort to improve relations. Prompt resumption of negotiations, however, may be difficult, because the Hondurans are still upset about a border clash last week and by Salvadoran refusal to return the body of one of their soldiers. Moreover, Honduran acquisition of a squadron of F-86K jet fighters will undoubtedly raise tensions in the area and spur Salvadoran efforts to acquire jet aircraft. One positive factor, however, is the current indirect negotiation to establish a demilitarized zone along the frontier.

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ARGENTINE PRESIDENT MOVES TO FORESTALL LABOR UNREST

The government is maneuvering to prevent a new eruption of labor unrest this month as workers return from summer vacations. Two recent moves appear to be aimed primarily at farm hands and other low-paid workers in the provinces, where social and economic conditions are not good and where local labor leaders have little sympathy for the relationship developing between national labor leaders and the government.

On 27 February the government unexpectedly announced the creation of a social services fund to extend medical benefits to more than six million workers. The money collected, which is expected to be about \$200 million annually, will be controlled and allocated at the na-

tional level by the unions themselves. The government obviously hopes that the decree will blunt expected pressures for an inflationary wage increase and buy additional time for the administration's economic stabilization program. Similarly, the naming of former Peronist Felipe Sapag as governor of the interior province of Neuquen, a post he had held previously, is apparently intended to quiet labor unrest in that province and win the support of Peronist labor leaders for the labor confederation now being created by the Ongania government.

It is questionable, however, whether the government's tactics will succeed. Farm hands, railroad workers, and other minimum-wage

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workers who benefited most from the Ongania government's wage concessions last year will probably be content for the present. Problems could come, however, from the more volatile and better organized industrial workers. Before 1967 they were accustomed to receiving annual wage increases that exceeded 30 percent--a rate that ran ahead of inflation. Real wages fell in 1967-68, but recent hikes have amounted to about 11 percent, just a little more than the cost of living rise. Nevertheless, many workers believe that their wages still are lagging behind cost of living increases, especially since the recent rises

in public transportation fares and basic food prices.

If provincial labor leaders begin agitating for wage increases, national leaders may adopt a more militant stance to preserve their own influence and position with union members. By seizing the initiative, giving labor leaders a large slush fund to administer, Ongania apparently hopes to outmaneuver the more militant labor leaders and bolster the position of those leaders who favor cooperation with the government.

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URUGUAYAN PRESIDENT AND CONGRESS FORM BATTLE LINES

An unsuccessful attempt by the Uruguayan legislature last week to strip the President of his emergency powers augurs for yet another year in which the legislative and executive branches of government will battle to establish their relationship under the Constitution of 1967. This document, which brought back a strengthened executive after 15 years of rule by a nine-man council, is the latest round in Uruguay's struggle in the 20th Century to find a form of government that will provide effective administration while avoiding a dictatorship.

President Pacheco has made free use of the emergency powers of the constitution, both to implement his economic recovery program and to control the widespread adverse reaction from labor to accompanying au-

sterity measures. Congress, under threat of being dissolved by the President, has grudgingly acquiesced in the President's use of these powers.

~~Although Pacheco is determined to carry out his policies and programs, he seems to have little conception of the leadership role of a president in developing support for national policies.~~ Last month he abruptly used the emergency powers to take over the traditionally autonomous secondary and vocational schools, which have been a center of extreme leftist opposition to his government. This move, which the people do not support despite a general acknowledgment that public education is deteriorating, provoked a strong congressional reaction. On 5 March, the permanent commission of

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the now-recessed General Assembly lifted the President's emergency powers, but Pacheco promptly refused to accept the legislators' action.

When the General Assembly convenes in mid-March, the struggle between the executive and legislative branches will resume.

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