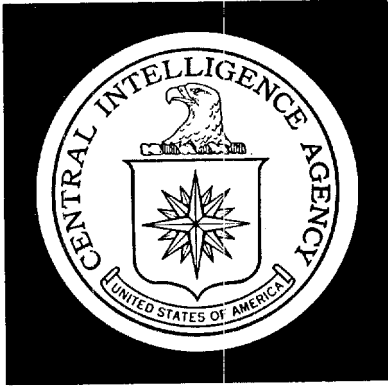


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

ARMY review(s) completed.

State Dept. review  
completed

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## Vietnam

### *Hanoi Treats Talks with Benign Neglect*

The Communists are unenthusiastic about President Nixon's call for serious negotiations. Hanoi put out a flood of propaganda this week, berating the appeal for new efforts to get the Paris talks off dead center as a "peace hoax." As usual, the North Vietnamese insisted that only new US concessions could improve the prospects in Paris. They belittled the appointment of Ambassador Bruce to head the US delegation as an attempt by President Nixon to appease his domestic critics.

These responses may probably be a fairly accurate gauge of the current mood in Hanoi. The Communists will certainly try to avoid any sign in the next few weeks that might suggest a willingness to respond positively. Hanoi has been calling for the appointment of a new chief of the US delegation for months, however, and it probably will send Xuan Thuy, the head of its delegation, back to Paris both for appearance's sake and to probe the substance of Ambassador Bruce's instructions.

Hanoi was supported by both Moscow and Peking, with Peking especially indignant at all the talk of negotiations. The Chinese failed to take note of the appointment of a new head to the US delegation and issued a series of propaganda lectures to Hanoi touting the wisdom of protracted fighting on all three fronts in Indochina.

### *Saigon Has Guard Up*

Reaction in Saigon to President Nixon's recent statements on Indochina reflects some concern that the US might attempt a peace initiative

that would be inimical to South Vietnam's interests. Some Saigon papers have linked President Nixon's remarks on a political settlement, his suggestion of supervised cease-fires, and the appointment of Ambassador Bruce as evidence that the US is launching a peace offensive, now that the Cambodian operations have been concluded.

Official apprehension over such a move was reflected in the government's seizure of copies of ten Saigon newspapers this week for carrying a Western wire service report of remarks by Secretary of State Rogers suggesting that the Communists might negotiate a settlement based on proportional representation. President Thieu and his colleagues have been quite content to see the talks on dead center. In their view, real negotiations can only hurt the present government and undercut the anti-Communist effort in South Vietnam.

### *Tensions Rising Again in Saigon*

More agitation pegged to peace and anti-US themes are again being planned in South Vietnam despite a new government crackdown on demonstrators. Militant students hope to foment disorders that will call for an end to the war.



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These militants have had little success to date in mobilizing large numbers of student protesters, but their growing emphasis on violence, and on antiwar, anti-US slogans constitutes a threat the government hopes to neutralize as soon

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as possible. One of the main dangers is that student agitators may join forces with other anti-regime elements who do not fully support Saigon's staunch anti-Communist policies. South Vietnamese officials are said to be concerned by recent reports that disabled veterans plan to take up the peace issue, and there continue to be indications that some militant Buddhist leaders hope to launch a new peace campaign.

Responding to the danger of further agitation, President Thieu issued a blunt statement last weekend promising firm government action, including the use of military force if necessary, against any demonstrators who threaten public order. Thieu made it clear that he was drawing the line on any activities that might undercut the war effort. Although his main target was student militants, Thieu also has ordered stronger measures designed to end protests by disabled veterans. Police have torn down some squatter shacks built by the veterans in Saigon, but the government probably will continue to act cautiously in dealing with this group because their problems presumably are viewed sympathetically by the South Vietnamese Army.

Meanwhile, overt anti-Americanism appears to be gathering momentum in Saigon. Some politicians and newspapers apparently agree with antigovernment students that appeals to this widely felt prejudice are becoming increasingly effective. A substantial number of members of the National Assembly reportedly believe an anti-American stance will enhance their re-election prospects and they have begun to criticize the US openly on the Assembly floor. A similar trend has developed in the Saigon press.

*Thieu Looks at Cambodia*

President Thieu foresees a long war in Cambodia, with the Communists pursuing an insurgency in the countryside and harassing Phnom Penh to keep the government off balance. He told Ambassador Bunker last week that for the immediate future South Vietnam intends to keep the Communists out of their former sanctuaries along the border and that South Vietnamese troops may set up bases near the Parrot's Beak and Fishhook areas. In order to facilitate the continued repatriation of Vietnamese refugees, another base will be maintained at the Neak Luong Ferry, where the main Phnom Penh - Saigon highway crosses the Mekong River.

In an obvious pitch for more US assistance, Thieu said that one of the most troublesome problems the South Vietnamese forces have to contend with is that of providing the Cambodians with helicopters and other air support.

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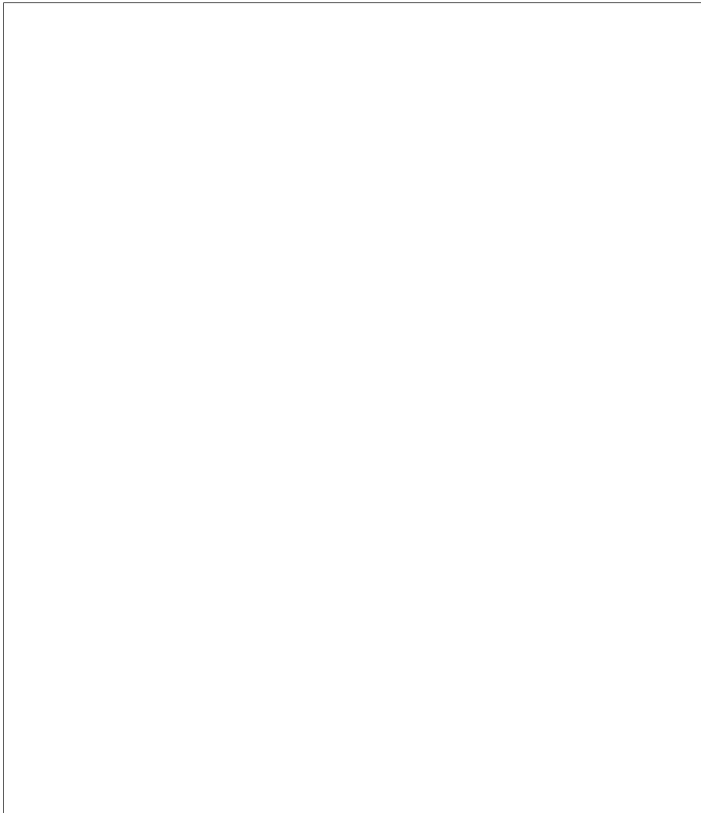
*A Long, Hard Road Ahead*

During the winter and spring of 1969-70 blunt references to Communist doubts about the war appeared frequently in captured enemy documents. These indicated that the enemy leadership was greatly concerned about morale and was making strenuous efforts to prepare the rank and file for much more hard fighting in the future.

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[redacted] Stepped-up Communist activity has blunted pacification progress and has created greater insecurity in some areas, but there has not been an across-the-board change in the situation in the countryside. Developments in Cambodia have presented the Communists with a new set of problems and opportunities in Indochina as a whole, but the results may not be apparent for a long time. Moreover, the immediate impact of allied operations in Cambodia will increase the challenges facing Communist forces, and thus compound long-standing morale problems among the rank and file. [redacted]

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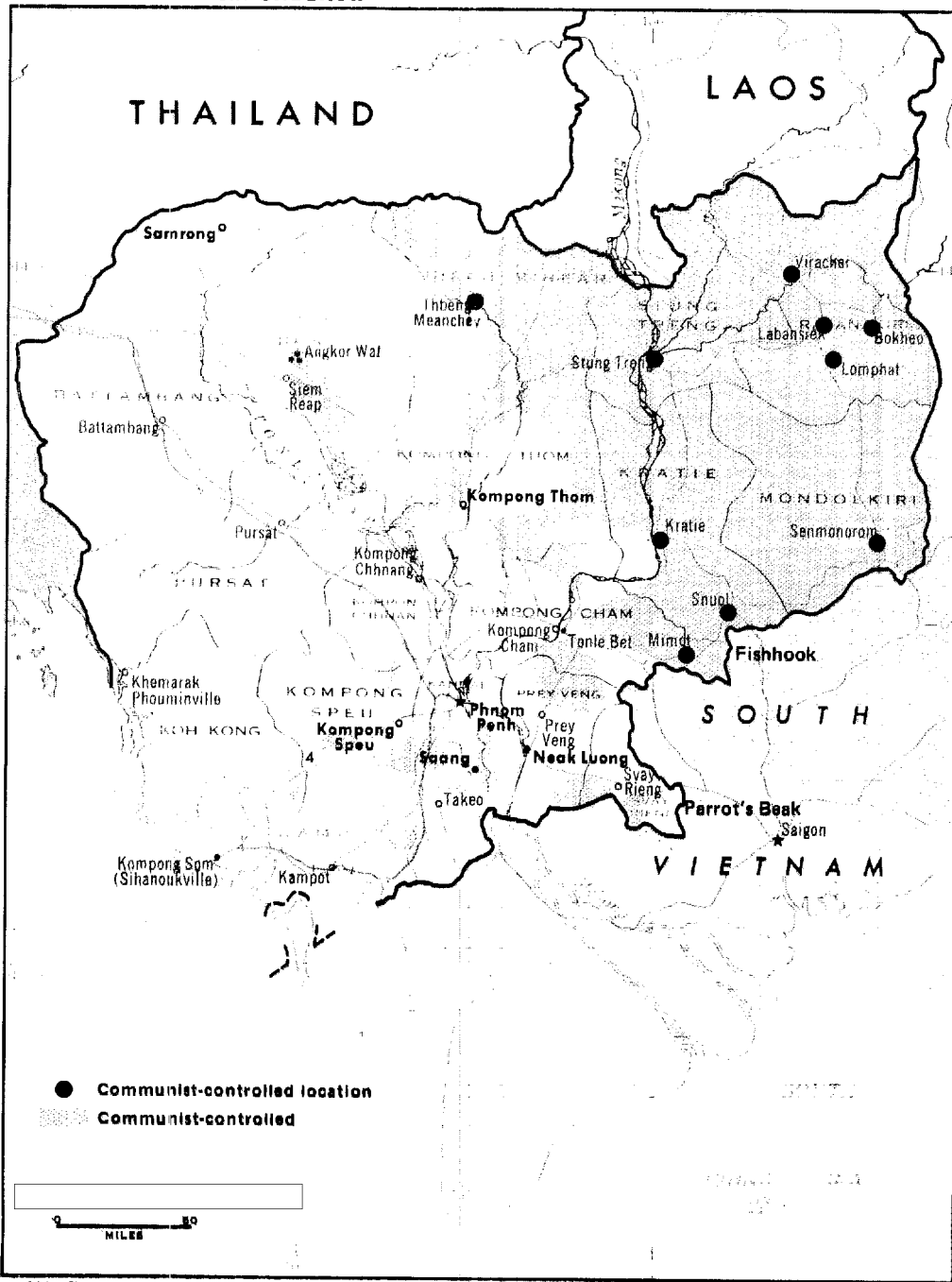
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Cambodia: Current Situation



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Cambodia: *Major Communist Forces on the Move*

The Communists have stepped up their activities in a number of eastern provinces of the country after a 10-day lull in major fighting. In the most significant action, the enemy on 5 July launched a large-scale attack against the district capital of Saang, 20 miles south of Phnom Penh, briefly occupying a section of the town. Government reinforcements rushed from Phnom Penh, accompanied by heavy South Vietnamese air support, helped break the attack. Large concentrations of enemy troops remain in the vicinity, however.

Little fighting is reported elsewhere but the enemy may be preparing to launch major attacks against several provincial capitals. East of Phnom Penh, sizable enemy forces are reported in Svay Rieng Province near the provincial capital. To the north, the government continues to report that large enemy formations are moving toward Kompong Thom city, the gateway to the northern provinces of Preah Vihear, Siem Reap, and Oddar Meanchey. Heavy South Vietnamese air strikes in the vicinity may be setting back enemy plans to launch an attack, however. The provincial governor, nevertheless, claims his subordinates are near the "breaking point" as a result of prolonged enemy pressure.

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A government spokesman, [Redacted] claimed that the threat of an attack on the city has been greatly reduced and most major highways into the capital are open. The last of 4,000 South Vietnamese troops that were rushed in more than a week ago to help defend Phnom Penh have been withdrawn.

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On the political front, Lon Nol on 1 July announced his first major cabinet reshuffle since Sihanouk's ouster in mid-March. The cabinet changes were in part dictated by recent National Assembly criticism of the regime's shortcomings, and by recognition that too many heavy responsibilities were concentrated in the hands of three or four of Lon Nol's most trusted subordinates. The Cambodian leader remains prime minister and minister of defense. Sirik Matak continues as his number one deputy and vice president of the council of ministers.

Several other influential Cambodian leaders, however, appear to have lost some political ground. Yem Sambaur, generally regarded as the number three man in the country, lost his position as foreign minister. He remains minister of justice and in charge of the regime's vital liaison with the National Assembly. Trinh Hoanh was dropped as minister of information. A number of fresh faces have been brought into the government, and this infusion of new blood may help mollify some of the regime's more outspoken critics. [Redacted]

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## Communist China: *In Search of a Party*

Peking's difficulty in accelerating the pace of its campaign to reconstruct the shattered Chinese Communist party apparatus was affirmed by the low key celebration of the party's 49th anniversary last week. The major pronouncement marking the event failed to cite even the modest progress achieved since the ninth party congress in April 1969 and pointedly avoided outlining future goals. Over the past year, the regime has clarified its intent to restore the party to its leading role, but deep-seated political problems stemming from the Cultural Revolution continue to mar the performance of the relatively small number of party committees formed to date. There are signs that top provincial authorities are taking a more active role in the protracted campaign, but neither they nor Peking appear close to solving key personnel and organizational problems.

In recent weeks, local media have been giving increasing attention to the activities of the so-called provincial party core groups, the precursors of the party committees that are eventually to be formed for each province. Within the past month the number of provinces that have officially acknowledged the existence of such core groups has doubled. Moreover, top provincial figures are being openly identified with these core groups, and the groups themselves now are being portrayed as taking an active part in forming party organs at the lower levels. As the rebuilding campaign enters its second year, however, not a single provincial level committee appears ready to be formed, a lag made all the more apparent by Peking's reluctance to publicize the existence of the core groups in national media.

At this stage, the ability of the core groups to take the lead in party rebuilding is questionable. Such problems as persistent quarreling over membership by former Cultural Revolution activists, the reluctance of party veterans to assert leadership, factional infighting, and bitter personal rivalries are not amenable to rapid solutions.

The approach of the provincial core groups to many of these dilemmas appears largely confined to appeals for discipline and to sponsoring innumerable political "re-education" sessions dealing with the role of the party and the duties of its members. There is also some evidence that even where party committees have been formed, they are having difficulty in establishing their authority.

Communist China: Party Units Announced Since Ninth Party Congress, April 1969

Province:	"Core Group" (Month Announced)	Number of County- Level Committees
Anhwei		1
Chekiang		3
Heilungkiang	February 1970	6
Hunan		8
Hupei	July 1970	2
Inner Mongolia	January 1970	-
Kansu		1
Kiangsu		1
Kirin	June 1970	1
Kwangsi	July 1970	1
Kwangtung	February 1970	3
Liaoning	July 1970	-
Shantung	February 1970	-
Shensi	June 1970	-

\*NOTE: Shansi and Tsinghai provinces and Shanghai city established core groups in 1967. Of these three, only the Tsinghai core group is currently being referred to in radiobroadcasts. The other 12 provincial-level units in China have not yet announced either a core group or county-level party committee.

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Ultimately, the ability of the provincial authorities to quicken the pace of party rebuilding is likely to hinge on the role played by local military officials. It is increasingly evident that many of the officers currently holding civil administrative posts are slated to assume important positions on the new party committees. Four of the five leaders identified on the Shantung provincial core group, for example, are military men. In Kirin Province, the head of the

provincial revolutionary committee—a professional army commissar—has recently been noted as a leading member of the province's core group. Thus far, however, Peking has been remarkably silent on army-party relationships, possibly because in many locales the military officials involved in party rebuilding may have been drawn into the same personnel and policy quarrels as their civilian counterparts. [REDACTED]

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### Sino-Soviet Relations

The sudden departure from Peking on 30 June of the chief Soviet negotiator, Deputy Foreign Minister Kuznetsov, has raised some question about the future status of the deadlocked Sino-Soviet border negotiations. To avoid the appearance of a deliberate attempt to disrupt the negotiations, the Soviets say Kuznetsov departed because of illness and that Chinese doctors were consulted before he left. Nevertheless, there has been no specific indication that Moscow plans to send Kuznetsov back to Peking. One Soviet official would say only that the negotiator's illness was relatively minor and that he would be "back to work soon."

been made in the negotiations, they have good reason for wanting the diplomatic dialogue to continue at some level. They must find some satisfaction in the absence of major border clashes since the talks got under way and they may retain some hope that protracted negotiations may lead to a limited accord on the border. In addition, the Soviets want to maintain the appearance of stability in their relations with China that the negotiating process itself tends to foster. Moscow's apprehensiveness that the appearance of preoccupation with its "China problem" will weaken its position elsewhere was recently underscored by Politburo member Polyansky [REDACTED]

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At the time of Kuznetsov's departure from Peking, Soviet sources also began insinuating that the Chinese had finally granted agreement to ambassador-designate Vladimir Stepanov. A Soviet official subsequently has said that there has been only "some development" regarding the nomination. There has, moreover, been no confirmation of Stepanov's alleged accreditation from the Chinese. They have heretofore refused to accept him primarily because they fear Moscow would use his appointment to downgrade the negotiations to the ambassadorial level.

For its part, Peking also values continuing the discussions, both as a means to obtain a close reading of Moscow's intentions toward China and as a possible deterrent against Soviet military pressure along the border. Nevertheless, the Chinese have been unwilling to pursue the discussions during Kuznetsov's past absences, and may be reluctant to reconvene the sessions unless he returns or is replaced by an equally prominent envoy. [REDACTED]

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Although the top Soviet leaders have publicly admitted that "no appreciable progress" has

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USSR: *Second Brezhnev Program for Agriculture Launched*

Party chief Brezhnev introduced a moderately ambitious program for the agricultural sector in 1971-75 at the two-day party plenum last week. This was the first part of the next five-year plan to be announced, and reflects the leadership's concern for this sector. It does not, however, indicate a major shift in resource allocations in favor of agriculture. The question of how much to invest caused sharp debate within the leadership this spring and has been a major factor in the long delay in completing the next five-year plan. Brezhnev indicated that work on the plan is still in progress.

nounced that purchase prices for milk, meat, and wool will be raised to encourage greater production but that retail prices will remain unchanged.

Even though the new output goals are substantially higher than those set for the present five-year plan period, the rates of growth required to fulfill these targets are about the same or even lower. These goals seem reasonably attainable if the planned deliveries of materials and machinery from the industrial sector are fulfilled.

Brezhnev promises a substantial injection of capital investment, including increased deliveries of machinery from the industrial sector, a large increase in grain output, greater use of chemical fertilizers and more land reclamation. He an-

Investment in agriculture over the next five years is scheduled to grow at a more modest pace than proposed for or even achieved in the current five-year period. It appears likely, however, that agriculture's share of total investment is continuing its slow growth. Many of the material input goals, although essentially the same as those

AGRICULTURAL GUIDELINES FOR 1971-75 <sup>a</sup>

		(annual averages except as noted)			
		1961 - 65 Actual	1966 - 70 Plan: First Brezhnev Program - 1965	1966 - 70 Actual <sup>b</sup>	1971 - 75 Guidelines: Second Brezhnev Program - 1970
<b>HIGHLIGHTS OF 1971 - 75 PLAN</b>					
<b>I. AGRICULTURAL OUTPUT</b>					
<i>Goals Moderately Ambitious</i>					
Grain (million metric tons)		130.3	167.0	164.7	195.0
(% increase over previous 5-year period)		7	28	26	18
Meat (million metric tons)		9.3	11.0	11.5	14.1
(% increase over previous 5-year period)		18	18	24	23
<b>II. INVESTMENT IN AGRICULTURE</b>					
<i>Proposed growth considerably slower than in 1965 Brezhnev Program; only slightly slower than 1966-70 performance</i>					
Gross fixed investment in agriculture, including rural housing and services (% increase over previous 5-year period)		58	99	67	62
Agricultural investment as percentage share of total investment		19	26	23	26 <sup>c</sup>
<b>III. RESOURCES ALLOCATED TO AGRICULTURE</b>					
<i>Fertilizer to increase rapidly</i>					
Deliveries from industry:					
Mineral fertilizers (million metric tons in terminal years)		27	55	48	75
<i>Tractor and truck goals almost same as 1965 Program</i>					
Tractors (thousand units)		219	358	294	340
Trucks (thousand units)		84	220	144	220
<i>Agricultural machinery goal much higher</i>					
Agricultural machinery (million rubles)		1,284	2,040	1,698	2,700 <sup>d</sup>
<i>Hopes continue to outrun performance in land reclamation</i>					
Gross additions of reclaimed land (million acres)		2.2	4.2 - 4.7	2.8	4.0

<sup>a</sup> Based on official Soviet figures  
<sup>b</sup> Data for 1970 are based on Soviet plans  
<sup>c</sup> Estimated; not specified in Brezhnev Report  
<sup>d</sup> Estimated in old prices; Brezhnev 1970 Report implies 3,000 in new prices

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for 1966-70, represent increases over actual deliveries in the current period.

The new program is similar in scope to the so-called "Brezhnev program" promulgated in 1965. That program was designed to move agriculture out of the doldrums of the early 1960s by rapidly increasing the supply of materials and machinery, better cropping practices, and a variety of incentives for farmers. Much of the 1965 program is now behind schedule. One Soviet economist claimed that military priorities were largely responsible for this lag. This problem—poaching on the agricultural sector—is likely to

continue in the second phase of the Brezhnev program.

Brezhnev's agricultural report was apparently the only item on the agenda of the plenum. The failure of the meeting to take up other pressing business, such as the scheduling of the 24th Party Congress, suggests that the central committee will be called back into session soon. Furthermore, the newly elected Supreme Soviet holds its organizing session on Tuesday, 14 July, and it has been the practice in the past for the central committee to preview the decisions of such a meeting. Another plenum as early as Monday is therefore possible.

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### USSR-Romania: *Relations Still Cool*

Protocol snubs exchanged between the Soviets and Romanians during the visit of a Soviet delegation in Bucharest on 6-8 July were a more accurate reflection of the state of relations between their countries than the terms of the newly signed friendship agreement. The possibility that the visit and the treaty signing would help improve relations between the two countries was eliminated last week when the Soviets announced that Premier Kosygin would lead their delegation in place of party chief Brezhnev. Moscow claimed Brezhnev had a "catarrhal ailment," but his public appearance at a soccer game in Moscow on the same day he was expected in Bucharest seemed designed to underscore Moscow's continued unhappiness with Romania's political and ideological "neutrality."

The Romanians responded in kind. The Soviet delegation—Kosygin, Politburo member Suslov, and a number of other Soviet officials—was greeted at the airport by Premier Maurer rather than party leader Ceausescu. Ceausescu met with the Soviet delegation only once, thus making clear Bucharest's displeasure with Soviet tactics. Ceausescu's behavior on this occasion contrasted sharply with his well-publicized meeting with an official of the independent-minded Italian

Communist Party. There were also reports that the Romanians acted quickly to reduce the scale of the public welcome after learning of the Soviet decision to downgrade the visit.

Despite a two-year delay in signing the new treaty—which had been initialed in 1968—there reportedly have been no changes in the original text. However, Moscow's worsened relations with Peking allow portions of the 1968 draft to more accurately reflect Soviet interests now.

The new treaty, which replaces a 20-year pact signed in 1948, contains an open-ended commitment to joint defense against attack from "any state or group of states." This clause appears in treaties which Moscow has signed since 1967 with Hungary, Bulgaria, and Czechoslovakia, and could be interpreted by the Soviets to involve the Romanians in a Sino-Soviet confrontation. When this phrasing was approved in 1968, Bucharest considered it better than that in the original treaty, in which Germany was specified as the potential enemy. Bucharest, although not particularly happy with this language, obviously judged it unwise to throw open the new treaty for renegotiation.

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Predictably, there are certain sharp differences between this treaty and the Soviet-Czechoslovak friendship pact signed earlier this year. The Romanian document makes no reference to the "common internationalist duty" of the signatory powers to defend socialism, as does the preamble of the Soviet-Czechoslovak treaty.

This phrase is at the heart of the "Brezhnev doctrine," which the Soviets have used to defend their right to intervene in the affairs of their allies in the event of a threat to "socialist gains." Bucharest considers this language directly contrary to the Romanian concept of national sovereignty. [redacted]

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### Romania: *Flood Damage Less Serious Than Anticipated*

The severe floods of May and June caused localized damage to the Romanian economy, amounting to perhaps only one to two percent of the national product. Losses in exports and the need for supplemental imports of industrial equipment, however, will adversely affect Romania's balance-of-payments situation vis-a-vis Western Europe.

Damage to agriculture was greater than to any other sector. Nearly six percent of total arable land was flooded and crops were destroyed on about half of that area. Production of most crops, however, will depend in large part on how soon and how much of the flooded land can be planted, and on growing conditions through September. Livestock losses were relatively small, but the loss of fodder, inundation of pastures, and destruction of livestock housing will adversely affect the productivity of a large number of animals.

The Romanian diet is likely to be affected, but food supplies have been supplemented to some extent by emergency relief shipments from other countries. Although many people in the most heavily flooded areas are without housing, the total number of dwelling units damaged or destroyed—roughly 40,000—represents less than one percent of the total housing stock in Romania and about one fourth the number of units built in a year.

Rebuilding flood damaged structures has reduced stocks of lumber, causing the Romanians some concern over the recovery of their timber processing industry, which appears to have been

hardest hit of all industries. For the over-all industry picture, less than one percent of fixed assets were damaged or destroyed and loss of industrial materials is believed not to be serious.

The effects of the floods on Romania's balance of payments may be significant. The damage will create requirements for some supplemental imports, perhaps even including wheat, and will adversely affect Romania's ability to export agricultural and timber products. The balance of trade with Western countries will be adversely affected, because the West, which is the usual main market for Romanian sales of corn, meat, other animal products and wood, will also be the probable source of supplementary imports. The Romanians will not be able to achieve an export surplus in total trade for the first time since 1965, as they had hoped, or to reduce sharply the usual trade deficit with the free world.

The floods probably strengthened the solidarity of the Romanian people behind the leaders' policy of national independence, especially vis-a-vis the USSR. Because the floods do not appear to have seriously affected the Romanian economy, they have not given the Soviets any additional leverage against the Romanians. The Romanians probably will not look for help from the Soviets—who did not even provide much emergency relief—but will instead turn mainly to Western Europe for increased imports on credit and for assistance in easing additional strain on Romania's balance of payments. West Germany already has agreed to a partial postponement of debt repayments. [redacted]

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POLAND - WEST GERMANY: A West German Foreign Ministry team arrived in Warsaw this week to begin scheduled negotiations designed to accord de facto consular functions to the trade missions of both countries. Agreement to initiate these discussions was reached in late June while negotiations were being completed on a new five-year economic pact. Both sides now appear optimistic that the current trade mission talks will be equally successful, and will further enhance

chances for significant progress on the crucial border issue during the next round of the political talks slated for Warsaw the week of 20 July. The Poles have made it clear that establishment of formal diplomatic ties lies at the end of a process of "normalization" following any border accord. Meanwhile, the expansion in the functions of the respective trade missions would be an important step forward.

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### Italy: *Renewed Search for Cabinet Equilibrium*

The resignation of Premier Mariano Rumor and his cabinet on 6 July forces the center-left parties into new negotiations for an agreement on economic policy and on the limits of acceptable cooperation with the Communists. This cabinet crisis, Italy's fifth since the national parliamentary elections of May 1968, promises to be long and difficult.

The cabinet dissolution came as a surprise to Italian political leaders; key Christian Democratic leader Aldo Moro was even absent from the country on a brief official trip. The premier apparently believed that intracoalition bickering made it impossible for the government to continue for long and preferred a crisis now to an arduous effort to keep the coalition together a few weeks longer.

By resigning on the eve of a threatened general strike, Rumor hoped to force the Socialists and the left-wing of his own Christian Democratic

party to accept a hard line on labor agitation and to frustrate the strikers' demands for fast government action on expensive reform legislation. He may also have hoped to reverse the long-standing Socialist decision to support Communist-dominated governments in Umbria and Tuscany, two regions of central Italy where the center-left parties are a minority.

As during the cabinet crisis last February and March, the present political negotiations will have as a major element in the background the threat of early general elections if agreement on a new cabinet cannot be reached. No party would be likely to have a significant enough gain in new elections to obviate the need for a coalition and hence for interparty negotiation and agreement. Thus the Socialists in particular may now be more open to compromise. They are likely to fear a continuation of the political shift from the right-wing Monarchist and Liberal parties to the Socialists' rivals within the center-left, a marked feature of the regional and local elections last month. [REDACTED]

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USSR - OUTER SPACE: Agreement is no closer on the space liability treaty, on which a subcommittee of the UN General Assembly has completed deliberations in Geneva. The Soviets continue to hold out on two key issues: they oppose arbitration as a method of settlement, and they

want the law of the launching state to serve as the basis for claims arising from damage caused by errant space vehicles. The Soviets have privately indicated to the US that they could accept language designed to fuzz these issues, but a breakthrough before autumn is doubtful. [REDACTED]

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### Western Europe: *Space Cooperation*

The West Europeans have been forced to take another close look at their own national and cooperative space ventures as a result of the US suggestion last spring that they participate in NASA's post-Apollo program. In response to the US request for ideas on how Europe might play a part in such projects as the proposed space shuttle and platform, a number of discussions have since been held, and a ministerial-level meeting of the European Space Conference is scheduled later this month. How the Europeans will finally respond to the US offer remains unclear, however, and there is some doubt that they will carry out a much-needed reorganization of the European space effort.

At a session of the European Space Conference last month, France proposed an ambitious European program tied to an early start of negotiations with the US. The European program would concentrate on "applications satellites"—for such uses as communications, meteorology, and navigation—and would include the ability to launch them. The "conditions" which the French would set for talks with the US, however, are designed to ensure that US launchers will be available until a European launcher has been developed. They want a written statement assuring the availability of US launchers and, as added insurance, European participation at a high enough

level to be indispensable to the post-Apollo effort.

The French proposal is more an extension of an old argument than an acceptable response to the US suggestion. It reflects in particular the long-standing French belief that Europe should have an independent launcher capability. Certain other countries, however, would not be bothered by their dependence on the US for launchers and would be happy to abandon the expensive European effort in this area. The secretary general of the European Space Conference has been investigating for some time under what terms US launchers might be available in the future.

While the French proposal is therefore unlikely to be accepted in its entirety by the other European countries, it does contain the two probable components of any future European space effort: some sort of cooperation with the US, combined with a more-or-less autonomous European program. If the Europeans can agree among themselves on what they want, and if they are satisfied that the US is interested in real collaboration, then prospects are reasonably favorable for eventual agreement on a US-European program of mutually beneficial cooperation. For many reasons, political and economic as well as scientific,

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the US would much prefer this over cooperation with individual nations. From the European point of view, it would pave the way for a revamping of existing European space programs which have long been plagued by technical and budgetary problems.

On the other hand, past differences, both among the Europeans and between them and the US, could prevent this outcome. The disagreements over priorities, the shortages of funds, and the insistence on identifiable national advantage

from national inputs—which have kept the European Launcher Development Organization in a state of continuous crisis since it was founded—are not problems which will disappear overnight. Nor are the Europeans likely to agree readily to tie into a joint program with the US if they are not convinced they will have a “fair share” of the direction and returns. The difficulty of striking this sort of bargain has already been amply demonstrated by the prolonged and still unsettled struggle over the future management of INTEL-SAT and the role which the US-controlled firm, COMSAT, should have in it.

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### Jordan: *Government versus Fedayeen*

The government-fedayeen agreement issued by the four-state mediating committee contains substantial concessions by the government and may fail to win the King's approval.

The agreement treats the Central Committee of the Palestine Liberation Organization (PLO) as

the controlling body for all fedayeen organizations; the government is to contact the Central Committee on all matters relating to the fedayeen—a provision which virtually recognizes the autonomy of the fedayeen in Jordan.

The government, in addition, agrees to withdraw all military reinforcements from around the

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towns involved in the clashes, although it is not specified whether this is to take place before or after the fedayeen have withdrawn from or dismantled their own defenses. Finally, the government is to dissolve any "armed or unarmed organization" whose objectives conflict with those of the fedayeen, and depose "any elements proven hostile" to the fedayeen. This is almost certainly intended to refer to the army's special forces, an elite paratroop group whose clashes with the fedayeen played a key role in touching off last month's crisis. As phrased, however, the agreement is a virtual carte blanche giving the fedayeen power to dispose of any governmental institution or member.

For their part, the fedayeen are to submit to certain restraints on their activities—fewer restraints than the King had intended to impose in his abortive law-and-order decrees last February, however. They are not allowed to carry arms in public places, hold armed military demonstrations or maneuvers with live ammunition in populated areas, nor establish military bases and cache arms

in towns. Even assuming that the agreement is in fact endorsed by both sides, it is far from certain whether the Central Committee could impose this kind of discipline on members of the more radical fedayeen. The agreement almost certainly intends that enforcement is to be left to the fedayeen themselves, although it does specify that fedayeen violating Jordanian law are to be handed over to the civil authorities.

The King would have difficulty disguising the fact that the agreement falls just short of recognizing the fedayeen as being a state within a state. Although the King and his chief of staff have apparently succeeded so far in calming the army's anger at his previous concessions, the dissolution of the special forces would be particularly hard for the army to swallow. Army leaders could well refuse to budge from their positions around Amman until the fedayeen have dismantled their strongholds within the city, and the extremist fedayeen groups are likely to balk at even the modest concessions demanded from them.

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YEMEN: A period of severe drought in some sections of the country has caused serious food shortages. Near famine conditions are reportedly hreatening as many as one million people out of a total population of some five million. The most severe conditions are said to exist in the coastal plain area where about one third of those affected live. The head of the US interests section in Sana reports that there are dead and dying animals in some areas and that the inhabitants of certain locales are now subsisting on vegetation normally

used for fodder. Food supplies have been requested from a number of friendly governments and agencies, including the UN and the Catholic Relief Services which sent a representative to survey the situation. Some favorable responses have been made, including a \$1 million cash grant from Libya, but even if adequate quantities of food are obtained, distribution problems will hamper the government's efforts to relieve famine conditions.

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### Bolivia: *Political Crisis Abates*

President Ovando has yielded to military pressure and agreed to remove the left-leaning commander of the armed forces, General Juan Jose Torres. The President tried to remove him with little public fanfare, but Torres refused to accept his ouster quietly, thus touching off a new political crisis in La Paz.

Ovando agreed to remove General Torres by having his post as armed forces commander abolished in a "military reorganization," but only after determining that army commander General Miranda had the full support of unit commanders for the demand. General Torres was to be removed quietly and given a post abroad, but on 7 July he lashed out at the military high command and the government in a press interview. Torres echoed recent charges made by former minister of mines Quiroga that Ovando was abandoning the revolution under pressure from the military and called on General Miranda to resign.

Faced with Torres' apparent decision to fight his ouster with appeals to the public, the military high command on 8 July placed troops in the capital area on alert and met to consider its next move. This action spurred a flurry of rumors that General Torres and Quiroga had been

arrested and exiled, and that an overthrow of the government was imminent. At least some rumors were put to rest when President Ovando and General Miranda appeared in public together.

Torres' fate is still not certain, but it is likely that his removal will be accomplished, and he may already have been sent into exile in one of Bolivia's neighboring countries. General Miranda, with the full support of the army, apparently is prepared to back up with force his demands that radicals be removed from the government. Ovando is aware that he has lost the test of strength with Miranda, but this wily old master of Bolivian intrigue appears to have side-stepped his rivals once again and probably retains some flexibility of action.

The Ovando government probably will continue its move toward moderation, and the four radical civilian cabinet ministers who are anathema to the military may well be removed in the traditional cabinet shuffle on 6 August. President Ovando, however, while seeking to move fast enough to avoid further antagonizing the military, will undoubtedly continue trying to balance his moves with appeals to the left.

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CUBA: Castro has made the first changes in his cabinet in some time. His choices of an engineer to be the new minister of the sugar industry and of an army officer as minister of education reflect the regime's increased use of technicians and military men to fill civilian administrative positions.

There have been rumors that a high-level shake-up was imminent ever since Castro announced on 20 May that the sugar harvest would not reach its goal. Other changes may be in the offing, if only to help remove some of the responsibility for this failure from Castro's shoulders. [REDACTED]

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BRAZIL: President Medici has authorized the reopening of the last three state legislatures that were closed following the executive's assumption of greatly increased powers in December 1968. Four municipal councils were also reopened as of

15 July; these are probably among the few councils that have remained suspended. The President's actions represent one step forward in his deliberate program of a limited reactivation of the country's political institutions. [REDACTED]

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USSR-Peru: *Relief Airlift Commences*

The Soviet airlift now in progress is the largest disaster relief operation of its kind that Moscow has undertaken outside the USSR. As such it will help to overshadow Moscow's failure to respond earlier to the earthquake of 31 May. Despite the impressiveness of the airlift, the amount of aid is modest compared to that from Western donors.

The 61 AN-12 and four AN-22 transports are capable of delivering a total of 700 tons of cargo. Flights during July will be made in groups of six to ten aircraft via Iceland, Newfoundland, Nova Scotia, Cuba and Colombia.

25X1 [redacted] deliveries will include 100 prefabricated houses, construction material, road-building equipment, and a fully equipped 200-bed hospital. The hospital will be served by 75 doctors and medical technicians who, according to Soviet press reports, may remain in Peru up to two months. Moscow also will supply several helicopters to assist the medical teams.

The aid is estimated to be worth about \$1 million, but it is modest compared to the \$20-30 million in aid that has already been committed to

Peru, primarily by some 20 free world countries. The US has been the major aid donor providing over \$10 million. Lima probably also views the Soviet aid as a lure for further Western assistance for reconstruction of devastated areas.

The use of an airlift instead of a sea delivery, which is cheaper and less complicated, probably is intended to attract considerable attention in Peru and elsewhere in Latin America. It undoubtedly has improved the Soviet image, which was somewhat tarnished by Moscow's initial failure to provide assistance. Nevertheless, the impact will not be sufficient to counteract the improvement in Peru's attitude toward the US that resulted from the prompt and large-scale US response to the Peruvian disaster.

The demonstrative nature of the Soviet action probably is intended among other things as a countergesture to recent US assistance to flood-stricken Romania. The decision also reflects a gradual change in Soviet attitudes toward military regimes. Over the past year, Moscow has regarded Peru in particular as being the first in a potential series of opportunities to work with military regimes that take a leftist or "progressive" stance in their policies. [redacted]

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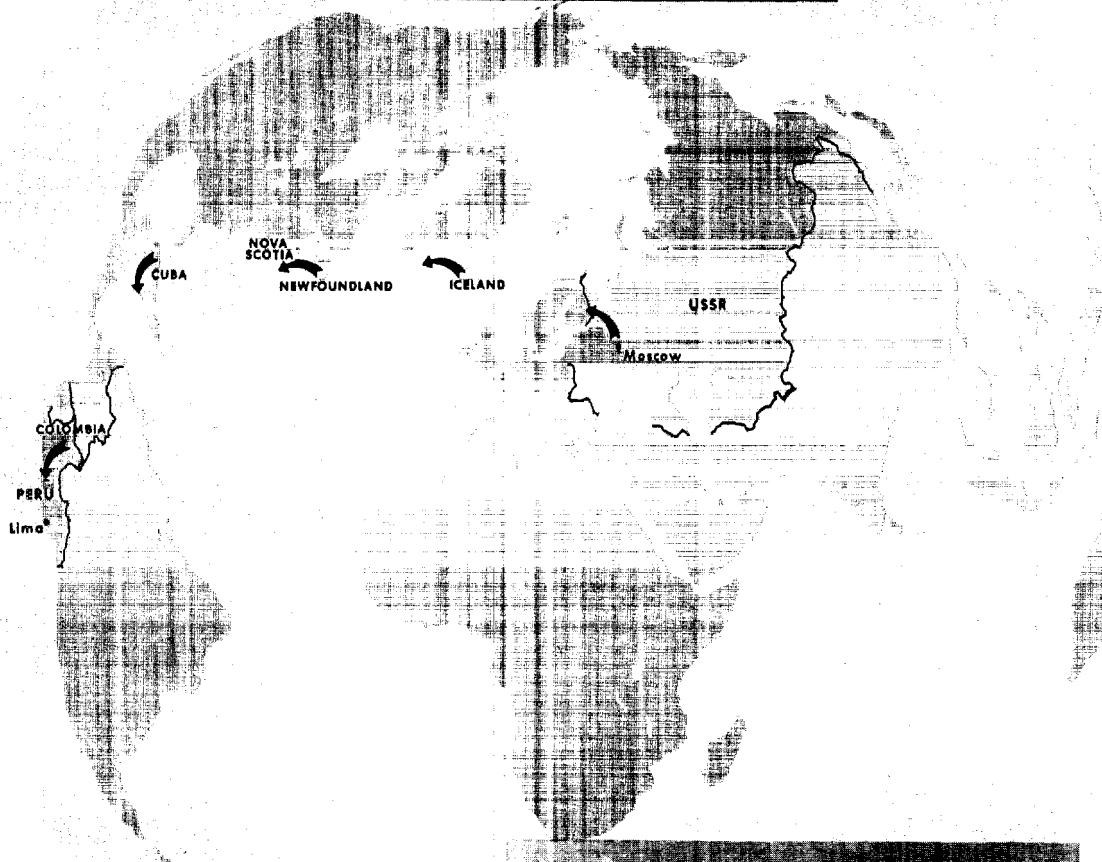
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### Soviets Begin Airlift to Quake-Stricken Peru



AN-22

Length 186 ft  
Payload 99,000-  
176,000 lbs



AN-12  
Length 109 ft  
Payload 17,000-44,000 lbs



99150 7-70 CIA

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Dominican Republic: *Crackdown on Terrorism*

The Dominican Government has taken special security measures to cope with the recent increase of violence in Santo Domingo, and official sources indicate that the government is also attempting to silence leftist opposition. In addition, President Balaguer has stiffened the penalties for kidnaping and other major crimes.

During the past week special military and police patrols were instituted in Santo Domingo, and President Balaguer named his chief military aide, General Elio Perdomo, as the new head of the national police. The selection of Perdomo, a determined and dedicated officer, underscores Balaguer's recently announced intentions to take the "most drastic measures" against terrorists and to clamp down hard, particularly as the presidential inauguration draws nearer. Since late June at least eleven killings have occurred, seven of which have political overtones.

Last week two members of opposition leader Juan Bosch's Dominican Revolutionary Party (PRD) were shot, one fatally. Bosch has publicly condemned the attack, and another PRD spokesman accused the government of irresponsibility. US military sources indicate that the attack represents the beginning of a military-police campaign to eliminate extreme leftists and to scare Bosch into leaving the country.

The government's tactics may already be achieving a measure of success.

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In March the government released 20 prisoners in exchange for the US air attaché, who had been abducted by a leftist group.

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CHILE: The strong role long played in Chilean politics by Communists and leftists has not averted the development of extremist groups there.

The orthodox Communist Party considers violence as poten-

tially damaging to Marxist Salvador Allende's good chance of being elected president on 4 September and as directly defiant of their leadership of the Chilean left. The Communists can hardly ignore the growing proof that their closest but uneasiest political partners, the more radical Socialists, are supporting the revolutionaries and egging them on.

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CARIBBEAN: A special committee appointed by the Caribbean Free Trade Association (CARIFTA) has presented a plan that could result in government control over many foreign-owned firms. The plan proposes that the governments seek equity participation in banking and basic industries—bauxite and oil—and local capital participation of at least 50 percent in manufacturing

within the next five years. The proponents of the plan stress the need to adopt a regional approach to the problem of achieving greater control over national economies. Although political cooperation on a regional basis has been largely unsuccessful, economic cooperation has greater appeal to the member governments, many of whom have already imposed limited controls on foreign investment.

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OAS: The first General Assembly of the Organization of American States (OAS) ended this week after two weeks of sessions. Terrorism was one of the main topics of discussion, and the delegates unanimously approved a resolution branding political terrorism a "crime against humanity...and a common crime." The Inter-American Juridical Committee was ordered to meet within 60 days to draft proposals to deal with terrorism, especially kidnapping diplomats, and report its findings to the OAS Permanent Council within four months.

Galo Plaza and Miguel Rafael Urquia were re-elected secretary general and assistant secretary general respectively for new five-year terms beginning immediately. The Assembly also dealt with a host of procedural and administrative problems brought about by the entry into force of the revised OAS Charter. The General Assembly, the OAS' highest body, was the first such ministerial-level conference under the new charter. The next one has been scheduled for April 1971.

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