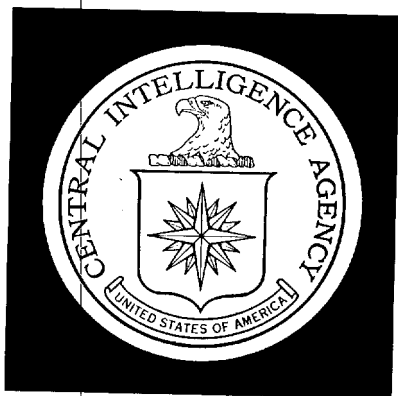


Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

NAVY review
completed.
State Dept. review
completed

Secret

45

11 September 1970
No. 0387/70

Page Denied

SECRET

CONTENTS

(Information as noon EDT, 10 September 1970)

	Page
The UN: 25th General Assembly to Open	1
UN: Soviets Oppose "Two Chinas" Plan	1

FAR EAST

Vietnam: Military Flare-up Subsides	2
The Thai Insurgency: A Mixed Bag	5
Cambodia: Phnom Penh Launches an Offensive	6
Communist China: New Watchdog for the Military	8

EUROPE

Competition for Eastern Trade Within EC	9
Soviet Improvement Plans for Comsat Network	10
Hungary: Liberal Domestic Policy Outlines for the 70s	11

BELGIUM SEEKS CONSTITUTIONAL REVISION



MIDDLE EAST - AFRICA

Middle East: Fedayeen Hijackings Cap Week of Drama	14
Libya: Oil Agreement; Soviet Arms	15

SECRET

25X1

SECRET

MIDDLE EAST - AFRICA (continued)

Israel-Egypt: The Cease-Fire Falters 16
India: Political Problems and Maharajahs 17
OAU: Seventh Annual Meeting Concludes in Addis Ababa 18

WESTERN HEMISPHERE

Salvador Allende Moves Toward the Chilean Presidency 19
Colombia: Government Reacts to Guerrilla Ambush 21
Bolivia-Gulf Settlement Near 22
Guyana: Danger of Setback in 1970 Sugar Crop 23
NOTES: Communist China; Romania-Bulgaria; NATO-Greece; USSR;
Nonaligned Summit; Uruguay; USSR-Caribbean; Guyana-USSR

25X1

SECRET

The UN: 25th General Assembly To Open

The silver anniversary UN General Assembly meeting opening on 15 September will be a major diplomatic event, highlighted by the presence of at least 80 heads of government at a special commemorative session in mid-October. In addition to considering such perennial issues as the Middle East conflict, Chinese representation, and colonialism and racism, the delegates will probably concentrate on recent developments in arms control areas and on various proposals intended to revitalize the UN's institutional machinery.

Assembly debate on the Arab-Israeli imbroglio is likely to be acerbic, especially if the 90-day cease-fire breaks down or ends before negotiations under the auspices of Gunnar Jarring, Secretary General Thant's Middle East envoy, succeed. A potential casualty of the debate is the UN Relief and Works Agency (UNRWA), which desperately needs Assembly assistance in overcoming its estimated \$9-million deficit for 1969-70 welfare services in the Middle East refugee camps.

Preliminary estimates of the voting pattern on Chinese representation indicate that the traditional Albanian resolution to seat Peking and expel Taiwan will once again be considered an Important Question requiring a two-thirds vote and subsequently will fail to obtain even a straight majority. The usual surfeit of African-sponsored proposals on Rhodesia, the Portuguese territories, and South Africa apparently will be offered, and sensitivities may be inflamed should the British

Government make a final decision to sell maritime defense equipment to Pretoria.

Recent changes in the US-USSR draft seabeds treaty designed to bolster its verification provisions appear likely to win an Assembly endorsement of the document. Caught in the vortex of Assembly debate, however, may be the vexing problem of chemical and biological warfare. Last year the Assembly challenged, by an 82-3 vote, the US contention that the Geneva Protocol of 1925 does not ban the use of tear gas and herbicides in war. Concurrent with this year's Assembly session the US Senate will consider the White House request for endorsement of the Protocol with the understanding that it does not ban such usage. International critics of the US position may attempt to prevent Senate endorsement by applying pressure through the Assembly. Both superpowers could also come under fire from the less advanced countries as a result of the indeterminate nature of the first two rounds of SALT.

Colombia has succeeded in having review of the UN Charter, a dormant subject for several years, placed on this year's agenda, but major power opposition probably will prevent any substantive accomplishments on this issue. More likely to achieve some meaningful reforms is the Canadian initiative on methods to upgrade the efficiency of Assembly committees. The less advanced countries may press hard to gain greater powers and allocations for UN agencies dispensing economic assistance.

UN: Soviets Oppose "Two Chinas" Plan

The Soviets are pressing the Belgians not to advance their "two Chinas" draft resolution at the coming session of the General Assembly. The Belgian proposal would give Taiwan's seat on the Security Council to Peking while allowing the Nationalists to remain in the Assembly. The So-

viets have told Brussels they would be "embarrassed" by Peking's presence on the Security Council and have threatened to work against Belgium's candidacy for a Council seat should it persist with its proposal.

SECRET

SECRET

Moscow's strong-arm tactics represent a change from the soft sell it has been using for the last few years to make known its opposition to Peking's admission. Last year, for example, the Soviets voted for the Albanian resolution, which calls for Taiwan's ouster from the UN, but for the

first time did not speak in favor of Peking's admission.

The Belgian initiative has not garnered widespread support and may not even be formally introduced. Moscow appears concerned over its possible appeal, however, and probably wants to ensure that it is not tabled. [redacted]

25X1

FAR EAST

Vietnam: *Military Flare-up Subsides*

The flurry of Communist military activity which began in late August apparently now is slacking off. There are indications, however, that enemy units in South Vietnam's northern provinces and in scattered locations elsewhere in the country may be preparing to launch another round before the end of the month.

Although the widespread shellings of outposts and some district towns started to taper off after the first 48 hours, they nevertheless continued at a higher than normal level through the early part of this week. On several occasions between 4 and 8 September, such shellings were followed by small but sharp guerrilla and sapper raids; these inflicted substantial government and civilian casualties at negligible or no known cost to enemy troops. Particularly hard hit were a district headquarters and nearby Ranger camp in the north, a civilian self-defense training center along the central coast, a Popular Forces training center in the highlands and some Territorial Security Forces outposts in the lower delta.

There is some evidence that the recent upsurge signaled the start of the Communists' "autumn-winter campaign" and is to be followed by a second phase in a few weeks. [redacted]

The character and targets of the enemy's actions in the recent phase suggest that the Communists are still trying to find ways to reverse the government's progress in pacification over the past year without departing from their own present economy of force tactics. The emphasis on guerrilla and local force activity [redacted]

[redacted] probably foreshadows more of the same low-keyed, staggered types of actions in coming weeks, perhaps with increased political as well as military harassment of those elements that serve as the backbone of the government's pacification effort.

25X1

Government Gets Tough on Urban Disorders

Increasing violence in the protest activities of disabled veterans has forced the government to abandon its restraint in dealing with them for a more severe crackdown. The Thieu government has been reluctant to take forceful measures against the veterans because of sympathy for their plight within the armed forces, but public sympathy has been somewhat blunted by the extortion and opportunism practiced by some of the veterans. The increasing lawlessness of the more militant agitators erupted in two armed clashes on 3 September, in which several veterans and police were wounded, as well as three American MPs.

25X1

SECRET

SECRET

The prime minister had ordered the police and Capital District military commanders to take any measures necessary to put down the disorders, a policy publicly reaffirmed on TV by the director general of National Police on 4 September. Similar orders now have been given to province chiefs and mayors.

As part of the government crackdown, police and military units have torn down several hundred illegally built shacks in various parts of Saigon. The government, however, plans to try to meet legitimate housing needs of the veterans by the end of the year.

The government's harsher tactics appear to have dampened the situation, at least for the moment. New disorders may emerge, however, from the demands of former members of paramilitary units, some of whom have recently gathered in Saigon complaining of their exclusion from veterans' benefits now extended to the regular armed forces.

To add to the government's problems, student unrest also continues to simmer. Most of the students arrested during a demonstration on 30 August have since been released except for several leaders, including controversial Saigon Student Union chairman Huynh Tan Mam, who will be brought to trial. Mam was previously convicted of Communist activities by a military court last March, but released when the Supreme Court declared his trial unconstitutional; his rearrest could provide a source of new agitation.

Police Problems

Meanwhile, a number of serious problems plaguing the South Vietnamese police were aired at a recent meeting in Saigon. The police have been heavily burdened by new responsibilities be-

ing thrust on them while they are still critically short of personnel and hampered in attracting new recruits. The National Police originally had hoped to expand to 122,000 by the end of the year, but they will have difficulty reaching even 105,000.

In addition, the lack of coordination between the police and other security forces has continued to undercut the pacification program. In the effort to combat the Viet Cong infrastructure, the army generally has ignored the police, while the Special Police generally have ignored the government committees tasked with over-all coordination. Morale has suffered under low pay and rising living costs, which in turn have stimulated police corruption. The police have also chafed under the restrictions that were placed on their handling of demonstrations, but their morale should get a boost from the new guidelines that permit them to take any necessary measures.

The Talks: Old Faces, Old Tunes

North Vietnam's chief delegate to the Paris talks, Xuan Thuy, was back at the table last week for the first time in eight months; his deputy, Ha Van Lau, and the top Viet Cong negotiator, Madame Binh, may soon follow. It was clear from Thuy's remarks in Paris, nonetheless, that the Communist position is as hard as ever.

He told newsmen at a reception on 2 September that the Communists were standing pat and awaiting allied initiatives to move the conference along. When asked about private talks, for instance, Thuy said that the US must call for them and then he would "consider the matter." He turned aside a proposal made by a group of US Senators for a standstill cease-fire in Vietnam, saying that "fundamental issues" would have to be settled before the Communists would accept a

SECRET

SECRET

stand down. Thuy claimed that this was spelled out in the Viet Cong ten-point proposal, but in fact the ten points are ambiguous about the timing for a cease-fire. Thuy is not apt to make such formulations lightly, particularly since ranking Communist spokesmen rarely are so specific about cease-fire prospects. He may have adopted a hard-line posture in public to underscore the toughness of Hanoi's terms.

Thuy told a Western diplomat that Lau would return to Paris, but he did not say when. Lau left the talks last spring presumably as part of

Hanoi's effort to protest the US failure to replace Ambassador Lodge. He was quite active in diplomatic contacts outside the conference room, but it is hard to read anything into his return at this point. Madame Binh, meanwhile, stopped off in Lusaka to lobby for full representation for the Provisional Revolutionary Government (PRG) at the Nonaligned Conference, but without notable success. Like Sihanouk's government-in-exile, the PRG was finessed into "observer" status. Her next stop probably will be Paris, although Communist spokesmen have not yet announced her arrival date. [REDACTED]

25X1

COMMUNIST CHINA: The bland communique issued at the close of the plenum of the party central committee last week failed to propose any new policy guidelines, strongly suggesting that behind-the-scenes disagreements still pose a serious obstacle to governmental reconstruction. The plenum, which met from 23 August to 6 September, was addressed by both Mao Tse-tung and heir-designate Lin Piao, but neither their remarks nor much of the plenum agenda were revealed. One major topic of consideration apparently was the convening of the Fourth National People's Congress. Although affirming the regime's desire to hold a congress, however, the communique was pointedly vague on a timetable even though pre-congress preparations have been

under way at the local level for some months. In all likelihood, the plenum grappled with the various controversial issues requiring approval by the rubber stamp congress, such as revising the state constitution, selecting a new chief of state, and formally restaffing the various central government ministries and bureaus. But the communique was notably silent on these points, and it left other questions unanswered such as current political standing of the 23 central committee members who failed to attend the plenum. For example, it remains unclear whether public security minister and politburo member Hsieh Fu-chih—out of sight since 19 March—was present and whether his status was an issue at the session. [REDACTED]

25X1

SECRET

The Thai Insurgency: *A Mixed Bag*

Bangkok has struck hard at the insurgency in the north. In one of the most successful counter-insurgency operations ever waged by government forces, a 450-man Thai Army task force conducted a series of raids in late August against the principal insurgent stronghold area in northern Nan Province along the Thai-Lao border. The well-coordinated and executed operation, which involved night movement with helicopter support.

[redacted] took the insurgents completely by surprise. Fourteen enemy cadre were captured and several others killed without significant loss to government forces.

The operation should help boost Thai morale in an area where the insurgents had enjoyed consistent tactical success—which they had begun to exploit politically—and where the government has been at a loss to develop a coherent strategy. The insurgency in the north continues to spread, however. Small enemy units have recently been spotted farther from the Lao border than heretofore, and it will take a good deal more than one success to rectify the situation.

In the northeast, on the other hand, the insurgent movement is continuing to rebound from the setbacks it suffered during 1967-68. The Communists there have maintained a level of activity markedly higher this rainy season than last. Most of this increased activity has been organizational rather than military, with the Communists seeking to strengthen their support base and extend their writ into new areas of the interior. In contrast to their focus this spring on Nakhon Phanom and Sakhon Nakhon provinces, insurgent activity now affects portions of at least eight northeastern provinces.

Bangkok's growing preoccupation with developments in Cambodia may be contributing to rising insurgent fortunes in the northeast. In an effort to counter the potential threat to its border posed by recent Communist advances in northern and western Cambodia, the government has reas-

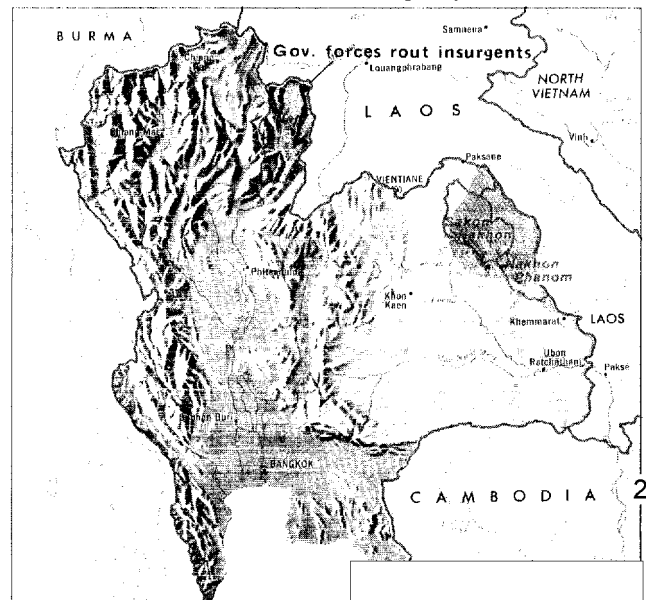
signed seven of the 15 Thai Army companies normally committed to counterinsurgency tasks in the northeast to security missions along the Cambodian frontier. This evidently has contributed to a winding down of government pressure against the insurgents in the northeast.

The fundamental problem, however, is the top Thai leaders' continued discounting of the insurgent threat in the northeast. Based on the experience of 1967-68—when the overextended insurgents were forced to retrench in the face of government pressure—and the continuing weakness of insurgent leadership and appeal, the Thai are convinced that they can keep the insurgency in the northeast within manageable proportions. For their part, the insurgents can profitably use an extended period free from serious harassment, which is likely if they choose to avoid the kind of flamboyant actions that force the government to take countermeasures. [redacted]

25X1

25X1

Northern Thailand: Areas of Insurgency



99938 9-70 CIA

25X1

SECRET

SECRET

Cambodia: Phnom Penh Launches an Offensive

The government's most ambitious military operation of the war attained initial success when a government amphibious relief convoy reached Kompong Thom this week. Advance elements of a second Cambodian Army task force headed north from Skoun on Route 6 in a parallel effort to reinforce and resupply the embattled defenders of Kompong Thom city. This task force is spearheaded by six infantry battalions recently returned from retraining in South Vietnam. Five other battalions are moving westward from Kompong Cham to provide route security behind the advance elements. The government's advance has been slowed by destroyed bridges along Route 6 and the numerous obstacles placed across it by the enemy. The Communists have so far offered only token resistance.

The major area of Communist military activity shifted during the last week from east of Phnom Penh to areas south of the capital. Government forces recaptured Srang, 25 miles southwest of Phnom Penh, when the enemy withdrew after holding the town for five days. The Cambodian Army, however, continues to report sizable enemy troop concentrations nearby and in areas around the nearby towns of Tram Khnar and Saang to the east, both of which came under repeated enemy harassing attacks.

Elsewhere, the Communists launched light harassing attacks near several provincial capitals in the south and southeast. In the northwest, the enemy increased its harassment of government defensive positions at isolated Siem Reap city. Cambodian troops clashed with Communist units north and west of the city, and in one encounter

13 Cambodian soldiers were killed by Communists wearing uniforms similar to those of Cambodian paratroop units.

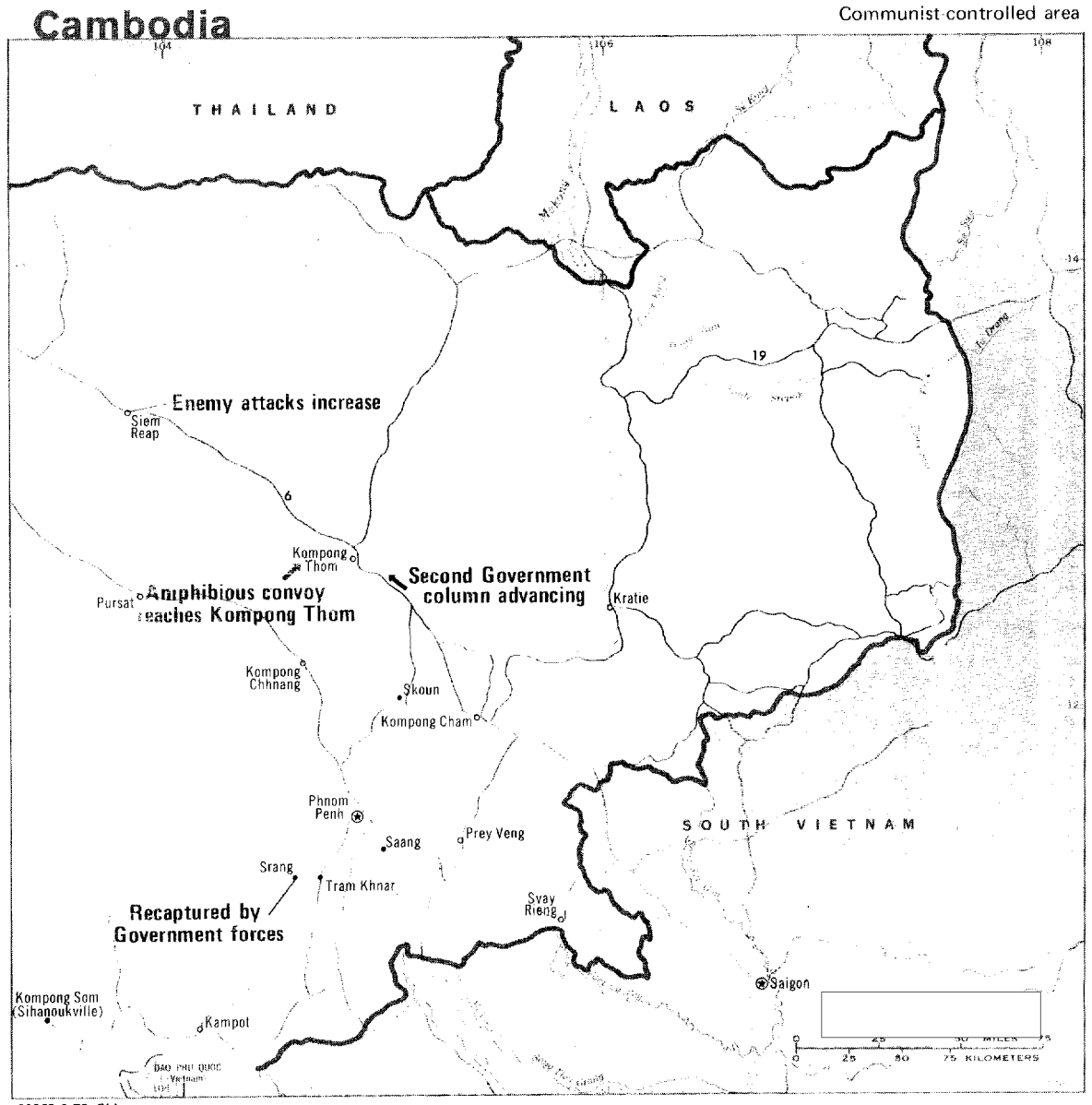
Status of Communist Supply Routes

Recent aerial photography [redacted] provide no evidence of major logistic activity in enemy-controlled provinces in northern and northeastern Cambodia. Several of the major routes are impassable for trucks because of destroyed bridges and deteriorated roads, with few signs of repair activity in evidence. Route 19, the main road from northeastern Cambodia into South Vietnam, is in good condition but little traffic or other logistics activity was observed [redacted] in mid-August. Little or no significant enemy activity was observed on the major rivers in the area during late August. 25X1

Vacancy at Lusaka

The Nonaligned Conference formally opened on 8 September, and as anticipated neither the Lon Nol nor the Sihanouk delegation was seated. [redacted] more delegations supported Sihanouk than Lon Nol at the preparatory foreign ministers' conference on 6 and 7 September. The majority, however, favored seating neither, and believed that Cambodia should remain a member of the conference without official representation in attendance. This ministerial compromise was apparently accepted by the full conference. [redacted] 25X1

SECRET



25X1

SECRET

Communist China: *New Watchdog for the Military*

Peking's decision to fill the long-vacant post of chief political commissar for the armed forces marks the final step in normalizing China's military high command in the wake of the Cultural Revolution. At a reception in Peking last week, alternate politburo member Li Te-sheng was identified as the director of the General Political Department, once the top watchdog of the army's fealty to the Chinese Communist Party. During the Cultural Revolution, the department had become a battleground for forces seeking to purge high military officers, and it has not functioned normally since 1967.

Li Te-sheng's appointment reinforces other recent indications that the General Political Department is beginning to resume at least some of its pre-Cultural Revolution duties, which included overseeing the armed forces' party committees as well as political control over all military personnel. Representatives of the department appeared at important regional military conferences last week.

Li's appointment also comes at a time when

there are fresh signs of dissatisfaction in Peking with the performance of many of the military officers who dominate the present administrative machinery in China's provinces. Such discontent is implicit in the current campaign to re-study two past resolutions authored respectively by Mao Tse-tung and Lin Piao which dealt with army-civilian rela-

tions, military indiscipline, and deficiencies in party work within the army. More openly, wide publicity has been given to recent speeches by local army men decrying indications in their ranks of irresponsibility toward the party's cause and weak political indoctrination.

These strictures reinforce the notion that an intense debate over the military's role in day-to-day politics is far from resolved. The issues are complex, ranging from Peking's desire to ensure centralized control over its most viable governing instrument to concern over the fitness of some officers for holding party posts within the army and by extension, on nascent civilian party committees. Such unusual public criticism suggests that the new director of the General Political Department may come under considerable pressure from forces within the top leadership who are at odds over the extent of the army's future responsibilities in provincial administration.

Relatively little is known of Li Te-sheng's personal political inclinations but he may be a skilled opportunist who was deemed a suitable compromise candidate for his sensitive new post. Nevertheless, as both a military district commander and head of the government of Anhwei Province, Li's acceptability to China's powerful provincial military figures was probably an important consideration in his appointment. His background as a tactical commander rather than a political officer and his record of opposing Cultural Revolution excesses in his bailiwick also suggest that his appointment does not signal an increased radicalization of the General Political Department. [REDACTED]



Li Te-sheng
Watching the army

25X1

SECRET

EUROPE

Competition for Eastern Trade Within EC

Concern over a possible commercial agreement between Bonn and Moscow in the wake of the recently signed nonaggression treaty may be spurring increasing competition among the European Community countries for such bilateral agreements. Belgian officials, for example, last week cited the possibility of a West German - USSR trade agreement, as well as recent Soviet bilateral agreements with France and Italy, as obliging the Benelux states to "protect their own interests." Belgium will head a Benelux negotiating team visit to Moscow in October.

The EC Council decided last year that bilateral negotiations between Community members and East European states could be authorized through 1972. The Belgians fear, however, that, although the original delays in establishing a common EC commercial policy resulted primarily from a French desire for bilateral deals with Eastern Europe, other countries will now develop vested interests in the existing situation, thus making a common policy even more difficult to work out.

Most European officials and businessmen probably do not have exaggerated hopes for the immediate prospects of trade with Eastern Europe. One Belgian official doubted that a Benelux-Soviet treaty—which, as envisaged, would specify most-favored-nation treatment and raise import quotas for some Soviet products—would make much difference to Belgian trade with the USSR. The competition among Western countries stems in part, however, from their interest in

longer term prospects as consumer goods exports to Eastern Europe increase. In the absence of a comprehensive common commercial policy and as trade grows between the EC and Eastern Europe, Western competition increasingly takes the form of "outbidding" on credit terms for exports.

Increasing headaches are also being caused by the exceptional status granted trade between the Federal Republic and East Germany. Since such trade is considered "inner-German," East German products—or third-country goods imported through East Germany—can enter the entire Common Market duty-free through West Germany.

Bonn seems well aware of the need to avoid engendering the fears of its EC partners that it seeks a special position in trade with the East. West German industrialists, for example, want to enlarge to at least Community scale the German part of a prospective truck-manufacturing agreement between Daimler-Benz and the USSR. It remains to be seen, however, whether Bonn will attempt to use Moscow's apparent desire for increased economic cooperation not only to further German Ostpolitik but also to encourage Soviet recognition of the EC as a whole as a valid interlocutor on trade matters. Bonn's partners will be watching Economic Minister Schiller's trip to Moscow on 24 September for signs of West German intentions toward a bilateral trade pact with the Soviet Union.

♦ ♦ ♦

SECRET

Soviet Improvement Plans for Comsat Network

The Soviets are engaged in a program to develop new satellites and ground stations that could substantially improve their communications satellite (comsat) network within the next year or two. For six years, their comsat program has been dependent upon "first generation" technology, which lagged significantly behind that of the Western-based Intelsat consortium.

Fourteen Molniya-1 satellites have been successfully orbited since April 1965. They have been used mainly to relay one TV channel from Moscow to all parts of the country, creating the world's only domestic satellite TV distribution system. The highly elliptical orbit of Molniya-1 provides excellent coverage of the northern latitudes. It requires at least two satellites in orbit simultaneously to provide continual coverage of the Soviet Union, however, and has contributed to the short operational lifetime of the satellites, increasing the costs of the Soviet program.

The USSR plans to launch two new types of satellites—Molniya-2 and Statsionar—that will operate with an expanded potential channel capacity and will allow the simultaneous relay of both TV and multichannel voice transmission. Moreover, the Statsionar will have a geostationary orbit, which parks it over the point of the globe. This should increase its lifetime and thereby reduce long-run system costs.

Two types of Soviet ground stations presently operate with Molniya-1. The Orbita stations, of which there are 29 with eight more under construction, are capable only of receiving one channel of TV. The Molniya stations, in Mos-

cow and Vladivostok, can both transmit and receive, and are used for relaying telephone and telegraph traffic as well as TV between the two cities. The Soviets apparently plan to modify 18 of the present Orbita stations and build three new stations for operation with Molniya-2 and Statsionar. All Orbita stations probably will be modified to operate in the internationally recommended frequency range and selected Orbita stations will be equipped for both transmission and reception of multichannel telephone and telegraph traffic.

Through mid-1970, total monetary outlays for the Molniya-1 program are estimated to have been about \$700-750 million. The plans for Molniya-2 and Statsionar, as well as continued expansion of the ground segment and maintenance of the system during the next two years, probably will require \$300-350 million more. Even so, the system has brought TV to remote parts of the country at a fraction of the cost that would have been required by conventional cable and/or microwave radio relay lines.

Intersputnik, the Soviet-sponsored international comsat organization, has remained essentially a "paper tiger" since its announced formation in 1967. Its membership has never increased beyond the original eight signatories—all Communist countries—and of late its existence is only infrequently mentioned. It is possible that Soviet authorities are reluctant to undertake major initiatives in this direction until their new generation satellites have been successfully tried, or they may be holding Intersputnik as a bargaining point in future dealings with Intel-

25X1

◆ ◆ ◆
SECRET

SECRET

Hungary: *Liberal Domestic Policy Outlines for the 70s*

The Hungarian party's outline for the party congress later this year calls for a "grand social program" aimed at widening popular support by granting cautious political reforms and extending the liberal economic policies of the 60s.

The outline, published as the "guiding principles of the tenth party congress," ushers in a new political phase in Kadar's attempt to make socialism workable in Hungary. The program offers new opportunities for Hungarians to take part in local political life and tangible financial incentives to active supporters of the regime. At the same time, the document insists on the inviolability of party prerogatives in setting national goals and interfering directly in any "politically important matters."

The incentives offered are multifaceted but probably too limited in scope to have any immediate effect on the quality of political life. A more liberal electoral system, greater independence of local government, and final institutionalization, via constitutional reform, of the post-Stalinist era are the more important general changes. There are also specific concessions to the nation's youth—more appointments to leading positions (including party membership at 18 years of age)—and to those intellectuals willing to become "active champions of socialism." While the document warns sternly against "reactionary, nationalist and idealist views," it clearly does not contradict Kadar's past disavowal of "administrative measures" as tools in cultural policy.

The party leadership also intends to give the organization's image a face-lifting. Amendments to the party statutes attack its most visible failures, such as local demagoguery, protected corruption, and general abuse of power, and orders closer attention to public opinion, via a comprehensive system of polling. Internally, the new statutes promise the rank and file more authority to criticize bureaucratic abuses.

The new approach includes some potentially disruptive issues, not the least of which will be the intellectuals' reaction to the new "socialist champion" criteria. The party has already denied that Kadar's eight-year-old alliance policy, "he who is not against us is with us," has been changed. There has also been a sensitive reaction to charges that Kadar is introducing "a Hungarian way to Communism," so it is likely that Stalinists at home, and possibly in more conservative Pact regimes, are unhappy with the concessions to "bourgeoisie parliamentarianism."

It is highly unlikely that Kadar will leave himself open to serious charges from any side. He is too realistic to risk the current stability in overly ambitious liberalization schemes or adventurous ideological purification programs having no chance of success. Behind the increased rhetoric idealizing socialist morals, he will almost certainly continue to use well-proven material incentives as the core of his program for gradually uniting the party and the nation.

In the economic sphere, Hungary's fourth five-year plan will be even more flexible than previous plans. Under the economic reform (NEM), which was introduced in 1968, enterprises are free for the most part from centrally imposed targets, and stated goals are labeled "indicators" as distinct from previous "directives." One indication of the change in planning is the apparent provision for a larger than usual reserve of unallocated output. Consumption and investment are planned to grow at a slower rate than output—giving the government a hedge against excessive increases in demand.

The keynotes of the new plan are increased quality of output and greater efficiency, as elsewhere in Eastern Europe. Moreover, there will be added stress on increasing the standard of living. The projected 6-7 percent annual gain in industrial output is to come more from modernization

SECRET

SECRET

than from large new projects. Labor productivity is expected to account for 75-80 percent of the increase in national income. The people will welcome the fact that consumption is planned to grow at the same rate as national income (5.4-5.7 percent); it had declined as a share of national income during most of the previous plan period. In addition, sharp increases are planned for investments in housing and in public services.

Continued prevention of inflation and unemployment is needed for success in implementing the NEM, and the regime will therefore move slowly in freeing controls on prices and

imports. Progress is expected, however, in improving incentives by modifying the system of profit taxation and wage regulation, and in removing some subsidies to enterprises.

In foreign trade, key problems will continue to be those of increasing exports to the West and stabilizing Hungary's hard currency balance of payments. Hungary, already the leader within CEMA in promoting cooperation agreements and licensing with Western firms, intends to break new ground by attempting to attract limited Western investment. [redacted]

25X1

♦ ♦ ♦

ROMANIA-BULGARIA: Romanian leader Ceausescu's meetings on 11 and 12 September with Bulgarian party chief Zhivkov will be the first in years. Neither the location nor the exact purpose of the exchange has been publicized, but the two leaders probably will devote their main attention to putting finishing touches on a new treaty of friendship, cooperation, and mutual assistance, replacing the one that expired in 1968. Bucha-

rest's renewal of such treaties with its Warsaw Pact allies apparently awaited signature of the Soviet-Romanian treaty. Since that event in early July the Poles and the Romanians have initialed a revised treaty that probably will be formally signed within the next month or so, and renewal of a Hungarian-Romanian treaty also should follow soon. [redacted]

25X1

♦ ♦ ♦

NATO-GREECE: The impasse over the report recommending Alliance support for the strengthening of Greek forces was apparently broken this week. Danish Prime Minister Baunsgaard told US Ambassador Dudley that his government will make only an oral statement when the Defense Planning Committee reviews the

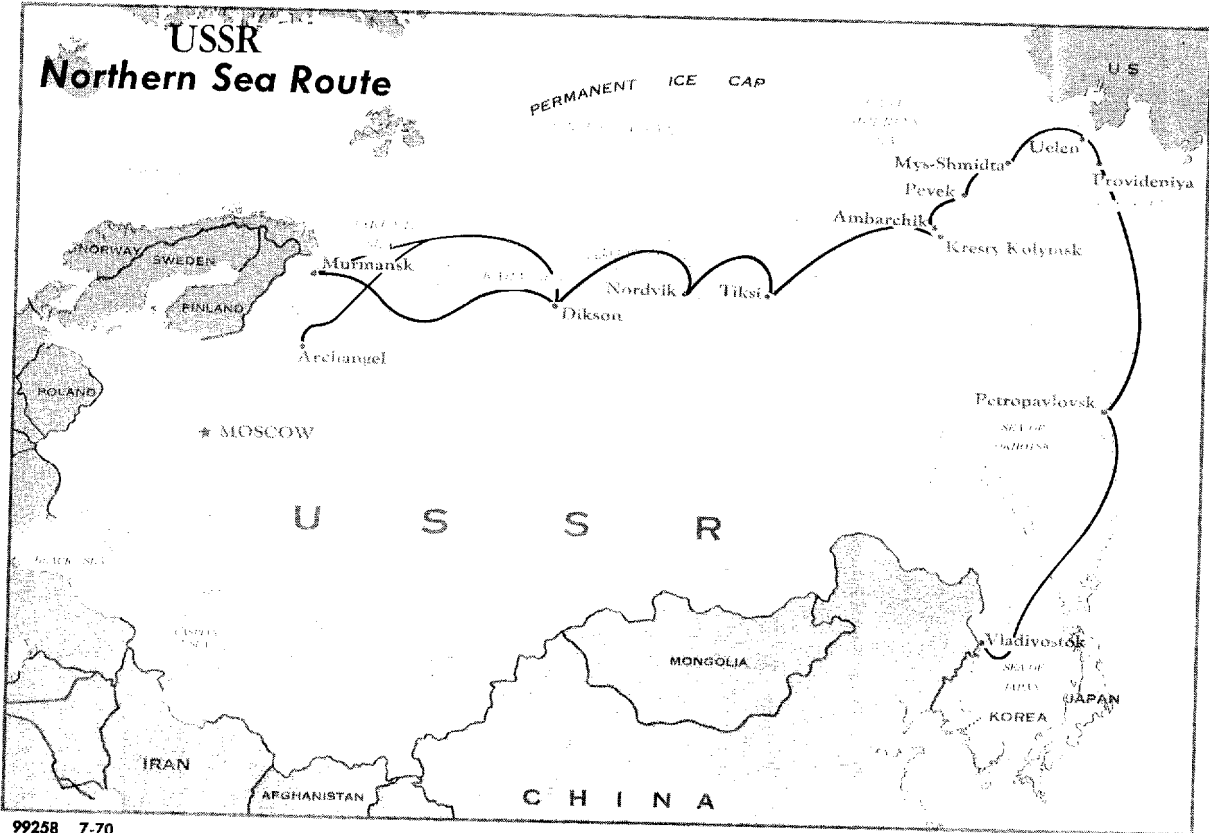
report next week. Presumably none of the NATO members will pose objections to its adoption. Persistent Scandinavian opposition to the Greek regime had hamstrung the report for five months and threatened to provoke a serious dispute within the Alliance. [redacted]

25X1

♦ ♦ ♦

SECRET

SECRET



USSR: The Soviets are completing their annual transfer of naval units across the Northern Sea Route to the Pacific Fleet.

Since 1968, most of the surface combatants that have been transferred from the western fleets to the Pacific—including a guided missile cruiser, two guided missile destroyers, and two large landing ships—have gone via the Indian Ocean. Although this southern route is considerably longer, it provides the opportunity for politically profitable port calls and several months of warm water operational experience en route.

25X1

25X1

SECRET

SECRET

MIDDLE EAST-AFRICA

Middle East: *Fedayeen Hijackings Cap Week of Drama*

Five aircraft hijacking attempts, four of them successful, by the radical Popular Front for the Liberation of Palestine (PFLP) headed by George Habbash highlighted another week of feverish activity in the Middle East.

Acting almost simultaneously on 6 September, PFLP terrorists captured Pan Am, TWA, and Swissair flights over Europe. A fourth attempt that day was thwarted by the crew of an Israeli El Al plane; one of the hijackers was killed and his female associate, who had participated in the successful hijacking of a TWA plane to Damascus last September, was arrested by British authorities when the aircraft landed in London.

All three planes hijacked on the 6th were originally diverted to Beirut. The Pan Am flight

then went on to Cairo, where the passengers barely managed to get out before the terrorists blew up the plane. The TWA and Swiss planes were flown to Dawson's Landing, a remote airstrip north of Amman, Jordan. Some 120 of the passengers and crew—all non-Jewish women and children—were evacuated to a hotel in Amman. Some 180 others—males and Jewish women and children—were still being held captive at the airstrip as of noon 10 September.

The fifth hijacking came on 9 September when a British BOAC airliner was grabbed after leaving Bahrain. It too was flown temporarily to Beirut and then went on to the so-called "Revolution Airport" where the other two aircraft were held. Some passengers of this plane were still being held at Dawson's Landing at latest report; 22 "non-Westerners" were taken to Amman early on 10 September.

As its price for freeing the captive aircraft and passengers, the PFLP has demanded the release of commandos in prison in Switzerland, West Germany, and Israel, and the woman being held by British authorities. The fedayeen set an original deadline of 2200 EDT 9 September, but have since extended this for 72 hours while negotiations continue. The US is attempting to work through the International Committee of the Red Cross with Swiss, German, Israeli, and British officials to arrange for the release of the passengers and aircraft.

Within the Palestinian terrorist movement, the PFLP's extreme actions appear to have again taken the ball away from Fatah, the more moderate group led by Yasir Arafat. Although the PFLP espouses the same objectives as Fatah—the eradication of Israel and the restoration of Palestine as an Arab state—it has generally taken a more violent course and has carried out international activities. Early in its existence, the group had ties to Egypt, but after the 1967 war it



George Habbash
PFLP Leader

SECRET

SECRET

branded President Nasir a reactionary. Since then, Iraq has afforded both financial and logistical support, although the PFLP has not become Baghdad's puppet. The group can be expected to carry out additional violent acts in the future, including kidnappings, bombings and even assassinations.

For Jordan's King Husayn, meanwhile, the hijackings have brought little but further trouble. Already knee-deep in problems created by the fedayeen, Husayn this week saw Amman all but come under the control of the Palestinian commandos. Several attempts to ease the situation through agreements between the security forces and the fedayeen leaders were quickly overtaken by the outbreak of new fighting. Early in the

week Husayn tried to work through the cabinet, but by Wednesday he had granted full authority to his military chief of staff to end the crisis.

The possibility of bringing any real order to the situation—particularly in Amman, where the fedayeen hold the upper hand—is questionable. The army is known to be impatient to deal with the fedayeen, and there are indications that discipline is breaking down as some units attempt to take matters into their own hands. Husayn is obviously reluctant to authorize the kind of bloody fighting necessary to drive the fedayeen out of Amman, but if skirmishing continues, he may be forced to accede to the wishes of the army—if only to keep some kind of control over their actions

25X1

♦ ♦ ♦

Libya: *Oil Agreement; Soviet Arms*

Premier Qaddafi's speech in Benghazi on 4 September raised the ante on Libya's relationship with the oil companies. He announced an agreement with Occidental to raise the posted price by 30 cents per barrel to \$2.53. In addition, the posted price will rise by two cents per barrel annually until it reaches \$2.63. In return, Occidental will be permitted to produce up to 700,000 barrels per day, about twice the current rate and somewhat less than its peak production last April. Occidental's agreement will have a significant impact on the negotiations of the other companies, although they have not yet indicated just how much.

Qaddafi's other remarks generally followed the line of his coup anniversary speech on 1 September. He boasted about the nationalization of Italian property, and came down heavily on his

favorite theme: that complete Arab unity is the main goal of the republic. In achieving this goal, he noted, the Arabs' dependence on imports of Soviet arms does not make anyone feel tranquil. He emphasized this point by saying that Egypt was training Libyans to use Soviet-made weapons because, "We reject the presence of foreigners inside our army."

Meanwhile, a substantial quantity of Soviet military aid, limited thus far to ground forces equipment, has arrived in Libya.

25X1

SECRET

Israel-Egypt: *The Cease-Fire Falters*

The Israeli cabinet announced on 6 September its decision to suspend participation in the Jarring talks until after a rollback of the Egyptian missiles that the Israelis allege were moved into the standstill zone since the cease-fire began. The action effectively stalled the US effort to restore some movement to the process of achieving a political settlement in the Middle East. Statements to the press by Prime Minister Meir, Foreign Minister Eban, and Defense Minister Dayan left open the possibility that Israel might seek to "rectify" the Egyptian violations by unilateral action, but the general impression was left that Israel would wait to see if diplomatic action could restore the bargaining advantages it held when the cease-fire began.

The move appears to have been a compromise reached mainly to propitiate Defense Minister Dayan. Dayan may well have been pressing for even stronger measures, such as a formal statement that Israel no longer considers itself bound by the cease-fire. In any event, the defense minister has profited politically as a result of the decision; both Dayan's supporters and the local press are portraying him to the public as the one man who stood firm and saved Israel from being forced into concessions dangerous to its security.

Egypt, meanwhile, continues to deny the Israeli charges that it is expanding its missile system in the area near the canal. Cairo's UN representative in New York described the Israeli allegations as a feeble pretext for boycotting the peace contacts. Following an Egyptian cabinet meeting on 7 September, Cairo radio reported that the ministers heard "definite information showing that the Israeli claims are lies spread by Israel and supported by the United States." The Israeli accusations were premeditated, the radio continued, and were intended to pave the way for more arms for Israel and to serve "as advance justification for any action Israel may carry out." This view will probably be trumpeted as proven correct by news reports on Wednesday that the US has agreed to sell Israel additional Phantom fighter-bombers.

The Egyptians are not likely to agree to any rollback of surface-to-air missiles under any conditions, even if the peace initiative appears to be in danger of foundering completely. Although Cairo would like the US initiative to succeed in arranging for a political solution to the Middle East impasse, the Egyptians apparently consider a stronger defensive posture along the Suez Canal as a more immediate and overriding necessity at the moment.

SECRET

SECRET

India: Political Problems and Maharajahs

Government action to abolish the annual payments made to former rulers of princely states and remove the rajahs' traditional privileges has become the latest point of contention between Prime Minister Gandhi and her political opponents. A constitutional amendment to eliminate the payments and privileges passed the lower house of the Indian parliament last week, but failed by one vote to win the two thirds approval required in the upper house. Mrs. Gandhi, who has staked her prestige on the issue, immediately arranged for President Giri to withdraw official recognition from all 320 rajahs. The government asserts that this automatically ends any claims by the princes to their traditional allowances and privileges. For their part, the rajahs are preparing a court challenge to the legality of the President's action.

Because the Indian constitution gives the President authority to recognize a prince, the government argues that he also has the right to withdraw that recognition. Constitutional power to withdraw recognition is a carryover from the British authority to remove unsuitable native rulers; its use in individual instances has been upheld by Indian courts. Giri chose to "derecognize" each prince separately, but in effect he "dethroned" the entire lot and his right to do so remains open to question. Since Giri also acted in defiance of parliament, the government is taking special care to plug all the legal loopholes.

With the approach of national elections, which must be called by February 1972, Mrs. Gandhi has found it increasingly difficult to re-

tain the support of other parties for her minority government. The issue of the princes' subsidies has an emotional appeal for the country's numerous poor, and Mrs. Gandhi had hoped to use it to draw into her camp all politicians not wishing to be tarred as "reactionaries." These tactics drew some outside support, and also provoked a certain amount of dissension within opposition parties, some of whose members were loath to take a stand against a popular issue simply to thwart the prime minister. Conversely, however, Mrs. Gandhi angered conservative supporters in her ruling Congress Party.

It is important now that her party do well in local elections to vindicate her stand and to retain her political momentum. The first test will come on 17 September, when the southwestern state of Kerala goes to the polls. Local issues are likely to prove more important there than national ideological wrangles, but the election may still give some indication of her success in developing an issue with a vote-getting, all-India appeal.

Parliament is in recess now for about two months, and Mrs. Gandhi has a breathing space in which to woo new supporters and placate disgruntled old ones. India's politicians are very much aware that national elections may be called early, however, and are anxious to spot the victory bandwagon. In this atmosphere, even a minor political setback, such as a local election defeat or an adverse court verdict, could have a damaging effect on Mrs. Gandhi's future.

25X1

SECRET

SECRET

OAU: Seventh Annual Meeting Concludes in Addis Ababa

The yearly meeting of the Organization of African Unity (OAU) ended ahead of schedule in Addis Ababa last week. In contrast to past divisive sessions, this year's gathering ran quickly and efficiently as the heads of state approved virtually without change the resolutions prepared for them at the pre-summit foreign ministers' meetings.

A major event at this seventh annual session was the highly publicized reconciliation of Nigeria with the four African governments—Tanzania, Zambia, Gabon, and Ivory Coast—that supported Biafra during the civil war. Much of the preliminary diplomatic spadework for the reconciliation was accomplished by the Kenyans, who also played an unusually active role at Addis Ababa.

Nigeria intends to establish diplomatic relations soon with Zambia, and probably also with Tanzania. Nigerian-Gabonese diplomatic ties will probably not be established until the two governments can agree on arrangements for the repatriation of Biafran children evacuated to Gabon during the war. It will probably also be some time before formal ties are restored with Ivory Coast, where former secessionist leader Ojukwu is now living.

On the issue of actual or intended arms sales to South Africa, a major item on the agenda, the heads of state specifically condemned the UK, France, and West Germany. This resolution—also the work of the Kenyans—was approved by the OAU leaders despite intense lobbying by Paris with help from some Francophone African delegations.

The OAU plans to follow up its condemnation by mounting a campaign to deter these countries from dealing with South Africa. It authorized Zambian President Kaunda to head a delegation to approach the governments concerned. Kaunda has appointed the foreign ministers of Kenya, Mali, Algeria, and Cameroon as members. The OAU also hopes to assist the African liberation movements in Angola and Mozambique by applying pressure on those countries that sell arms to Portugal, including possibly the US because of its NATO ties with Lisbon. The delegation plans tentatively to travel to Bonn, Paris, and London in mid-October, but this effort appears unlikely to bear significant results. [redacted]

25X1

NONALIGNED SUMMIT: Preliminary reports indicate that the Lusaka meeting, which ended on 10 September, went much as expected, concentrating on those issues upon which all the delegations could agree—anticolonialism from whatever source, criticism of big-power politics, strengthening the UN, economic cooperation among the nonaligned states and the complete withdrawal of US troops from Indochina. The foreign ministers met on 6 and 7 September and, although apparently deciding to recommend seating neither Cambodian delegation, reached a compromise giving the Provisional Revolutionary

Government of South Vietnam observer status. President Kaunda of Zambia set the tone for the gathering, which included heads of state, on 8 September when he warned that the nonaligned nations of the world can only find security through collective action. Kaunda called for a new effort to revitalize the UN and to give new substance to all aspects of nonalignment—political, economic, and technical cooperation. Diversity of interests among the participants makes it unlikely that practical steps in this direction can be agreed upon. The summit probably took no action that might jeopardize the Middle East peace initiative. [redacted]

25X1

SECRET

SECRET

WESTERN HEMISPHERE

Salvador Allende Moves Toward the Chilean Presidency

Marxist Salvador Allende is already assuming the role of Chilean president-elect, although he won a plurality of only 36.3 percent in the election on 4 September. His opponents, who view his coming to power as a disaster, are wallowing in indecision.

Allende is moving quickly and assertively to consolidate his slim 1.4-percent lead over conservative former president Jorge Alessandri and thus ensure his choice in the congressional runoff between the two on 24 October. In a major press conference on 5 September Allende

reiterated his intention to make far-reaching changes in Chilean economic, political, and social systems. Simultaneously he emphasized the political variations of his key advisers within the Communist-led Popular Union coalition which nominated him. Allende also visited President Frei to demand immediate measures to control bank withdrawals and flight of capital. Frei concurred and also agreed to accept an economic liaison representative from Allende; he refused a similar political arrangement.

Political opposition to congressional validation of Allende's claim to the presidency is not yet either cohesive or effective. Alessandri's backers were overcome by his unexpected defeat and seem panicked, particularly over economic prospects. Alessandri has not conceded. On 9 September he announced that if he were elected by the Congress he would resign in order to bring about new elections, in which he would not run. Meanwhile, his partisans must present proof of their claim of electoral fraud to the National Electoral Court by 14 September.

President Frei's deep aversion to the implications of an Allende government has long been apparent. Nonetheless, he has been reluctant to become the rallying point or even a participant in schemes to head it off. Efforts by moderate lead-

ers of his Christian Democratic Party to block Allende's approval by Congress have begun, but will require discipline unusual in the PDC. Meanwhile, defeated candidate Radomiro Tomic and a few leftist Christian Democrats virtually joined Allende, raising only minimal bargaining points for their cooperation. Some reportedly will join his cabinet with the almost certainly unfounded idea that they could prevent the disciplined Communist Party from dominating Allende's administration.

25X1

25X1

The pre-election assessment by Communist leaders that key troop commanders in the Santiago area would not act against a constitutionally chosen government appears to be accurate.

25X1

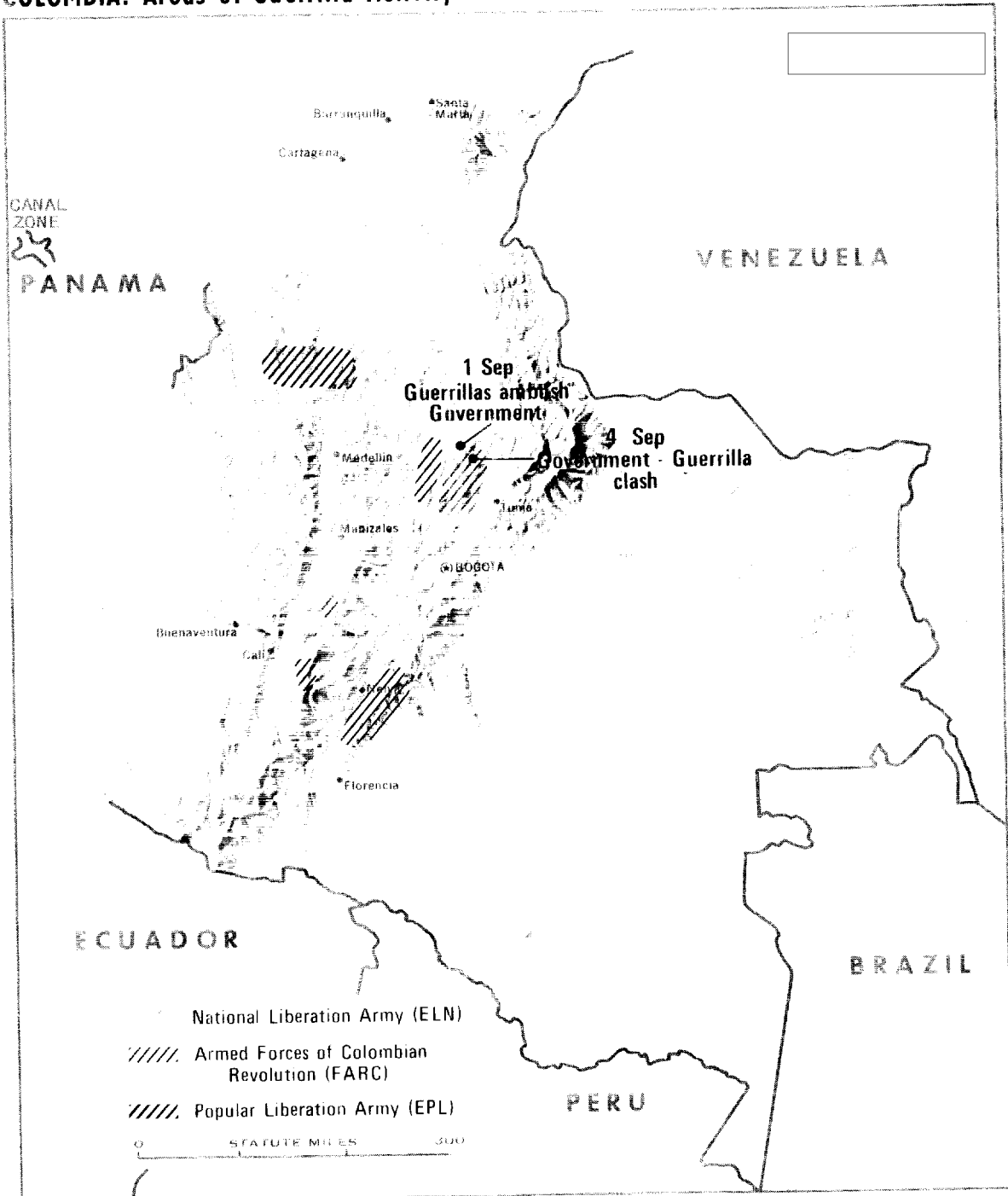


Salvador Allende
Winner of slim plurality in Chilean election

SECRET

SECRET

COLOMBIA: Areas of Guerrilla Activity



25X1

99953 9-70 CIA

SECRET

Colombia: Government Reacts to Guerrilla Ambush

The military's quick response to a guerrilla ambush that left seven soldiers dead and eight wounded may discourage further guerrilla attacks, at least for the time being. Communist forces remain capable of causing high local tensions, however. The insurgents have been generally quiet, and the action on 1 September apparently was the most serious in more than a year. The guerrillas may have been testing the mettle of the newly inaugurated Pastrana government.

policy since late 1968 has been to avoid provoking the government for fear that any guerrilla activity would reflect on the Soviet diplomatic presence in the country. Some small clashes have taken place with military forces from time to time, however

25X1

The 135-man pro-Cuban National Liberation Army (ELN), which gained prominence through the death of its most prestigious recruit, priest Camilo Torres in 1966, is believed to have been responsible for the ambush. Military action on 4 September resulted in the capture of several guerrillas, including Salvador Afanador, who is reported to be one of the most important leaders of the organization; 35 peasants were also detained. The ELN, which consists of four groups, suffers from internal splits and defections. Its urban support apparatus in Bogota is reported to be in disarray. ELN policy in the past has been to avoid action with large groups of soldiers while attacking small patrols or outposts. It is too early to tell whether the recent action represents a change in tactics. The ELN appears to be dedicated to improving its knowledge of the area where it operates and making friends with the local peasants. Relations with Cuba remain close.

The guerrilla arm of the splinter Colombian Communist Party/Marxist-Leninist—the Popular Liberation Army (EPL)—has also engaged in low-level activity recently.

25X1

While avoiding clashes with superior army or police forces, the EPL has raided small towns, ranches and police posts. The recent series of attacks by EPL groups is believed to have come about because of weakness—the need for publicity and food.

25X1

Despite their small numbers, the various guerrilla groups are able to cause considerable trouble through kidnapings and robberies. Security forces often have difficulty in reacting to raids in the remote areas of guerrilla operations. Following the latest incidents Minister of Government Vallejo stated that the four-month-old state of siege would remain in effect as long as guerrilla attacks continued.

25X1

25X1

UNCLASSIFIED

SECRET

Bolivia-Gulf Settlement Near

In a press conference on 7 September President Ovando explained the principal provisions of the settlement negotiated for Gulf Oil Company's property that was expropriated last October. He said that the remaining details would be worked out in the next 15 days. Gulf's chief negotiator told the US Embassy that he was pleased with the arrangements and confident that the government would follow through with the settlement.

The negotiated settlement calls for Gulf to receive about \$78.7 million in compensation for its lost property, plus an additional \$14-15 million in repayment of debts owed the company. The compensation is acceptable to Gulf, although it is some \$20 million less than the approximately \$101 million calculated value of Gulf's investment in Bolivia. Gulf will receive a percentage of proceeds from petroleum exports until the \$78.7 million is paid, but the method of repaying the debt has not yet been determined.

President Ovando indicated in his press conference that the sticky problem of the Spanish state oil company's role in the settlement had also been settled. The Spanish company, under the

name of CAMBA, was originally brought into the negotiations as an intermediary for the company and the government when dealing directly with Gulf seemed politically impossible for the Ovando government. CAMBA was to receive a 20-year contract to operate the expropriated fields and market Bolivian petroleum. When the settlement seemed near, however, the Bolivian Government sought to exclude CAMBA altogether. A compromise apparently now has been reached wherein CAMBA will provide technical assistance for three years and marketing assistance for five years. It will receive \$400,000 for the first three years and a reduced rate later.

President Ovando and members of the negotiating commission appear prepared to face up to the political difficulty and public criticism the settlement is expected to arouse. Extensive public objection to the settlement, however, could cause further delays in the final agreement. Gulf already has consented to a decrease of \$800,000 in the total compensation so that the government could avoid paying for a concession that was sure to raise public question because of legal doubts about the validity of the title. [REDACTED]

25X1

25X1

SECRET

Guyana: *Danger of Setback in 1970 Sugar Crop*

Prime Minister Burnham faces political obstacles in efforts to avoid a serious shortfall in the important sugar harvest. Labor strife and prolonged bad weather threaten the 1970 sugar harvest, already behind schedule.

A struggle between the two leading sugar workers unions—the Communist-led Guyana Agricultural Workers Union (GAWU) and the Manpower Citizens Association (MPCA)—over sugar worker representation may cause additional delays in the current harvest, which is approximately half over. Sugar last year accounted for US \$41.3 million in export earnings and is of vital importance to the Guyanese economy.

Cheddi Jagan, Communist leader of the People's Progressive Party, which controls GAWU, is taking advantage of the situation and his union's increased strength and better discipline to make a strong bid for government recognition. Jagan, whose popularity has been in decline, apparently believes that he has found an area in which to regain some of his lost status.

The government, in an apparent effort to save the harvest, has shown willingness to give

GAWU "unofficial recognition." This would enable the Ministry of Labor to negotiate with GAWU "workers' representatives," but Jagan apparently is not willing to accept anything short of full "recognition." The government may be willing to accord full recognition if it is the only way to avoid losing the 1970 crop.

The only officially recognized sugar workers union, the MPCA, which represents about 58 percent of the workers has reacted strongly to the government's proposal. Although the MPCA has lost considerable ground in the past year, it could precipitate a fight for control and is strong enough to cause a serious loss of production if it calls a strike.

Prime Minister Burnham is thus faced with the risk of heavy economic losses if the sugar industry is disrupted by widespread labor struggles. In addition, there is the incipient threat that the Communist-led GAWU may dominate the sugar industry and be responsive to Jagan's control. Burnham may gamble, however, that he can exercise effective influence over the GAWU leaders and eventually wean control of the union away from Jagan. [redacted]

25X1

----- ♦ ♦ ♦ -----

URUGUAY: The Tupamaros appear to be in the process of modifying their ransom demands for the American agronomist and the Brazilian diplomat they have held for more than five weeks. The Tupamaros reportedly have no intentions of gratuitously releasing the hostages. From their initial demand for the release of all imprisoned guerrillas, the Tupamaros may now be willing to settle for a package containing all or some of the following conditions: the release of 50 Brazilian prisoners, the publication of the Tupamaros mani-

festo, and a million dollars. Although the Tupamaros have made no additional kidnap attempts since the abduction of the American agronomist on 7 August, they have carried out a number of bombings, shootings, and robberies in Montevideo. On 8 September the Tupamaros stole 180 pounds of plastic dynamite, [redacted]

25X1

----- ♦ ♦ ♦ -----

SECRET

SECRET

USSR-CARIBBEAN: The seven Soviet ships currently making a visit to Cienfuegos, Cuba, mark the third time in the past 16 months that the Soviet Navy has operated in Caribbean waters. The latest naval group, comprising two guided missile ships, an amphibious landing ship, and four support vessels, arrived at Cienfuegos on 9

September. Antisubmarine operations during the latter part of the ships' Atlantic transit indicate that a nuclear submarine was with the task force. Following the visit, the Soviet ships will probably conduct further operations and possibly visit other ports in the Caribbean area. [redacted]

25X1



GUYANA-USSR: Guyana and the Soviet Union have announced an agreement "in principle" to establish "non-resident" diplomatic relations. It is expected that their ambassadors at the United Nations will handle diplomatic affairs, but details of the agreement are to be "worked out later." The Soviets have been seeking full diplomatic ties with Guyana since last spring, but the Guyanese

apparently were concerned that resident status would present them with unnecessary "security problems." Guyana's Prime Minister Burnham had been pushing for early approval of the agreement, believing that his third-world posture would be enhanced during his presence at the Nonaligned Nations Conference at Lusaka. [redacted]

25X1



SECRET

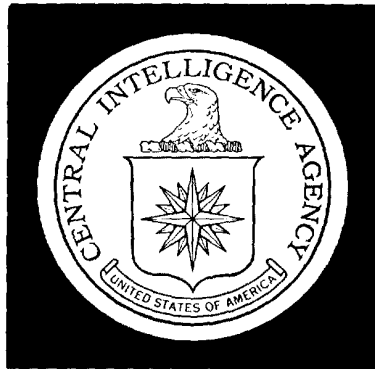
Page Denied

Secret

Secret

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY
Special Report

Belgium Seeks Constitutional Revision

Secret

No. 45

11 September 1970
No. 0387/70A

Page Denied

CONFIDENTIAL

BELGIUM SEEKS CONSTITUTIONAL REVISION

An oft-quoted cabinet minister's complaint around the turn of the century—"The Belgians, they do not exist"—reflects a political problem that has been assuming ever greater importance over the last generation. When the great powers created Belgium in 1830, they threw together two populations with differing cultural backgrounds, the Dutch-speaking Flemings and the French-speaking Walloons. With the awakening of Flemish cultural consciousness, the now more numerous Flemings have been demanding equal status within the state, a demand ultimately requiring that the old constitution be revised. In May and June of this year, Prime Minister Gaston Eyskens came closer than any other Belgian prime minister to achieving this elusive goal. He probably will continue the quest during the coming legislative year, though he has not revealed the tactics he intends to pursue when parliament reconvenes next month.



Tempers flare during Flemish demonstration in Brussels in 1962.

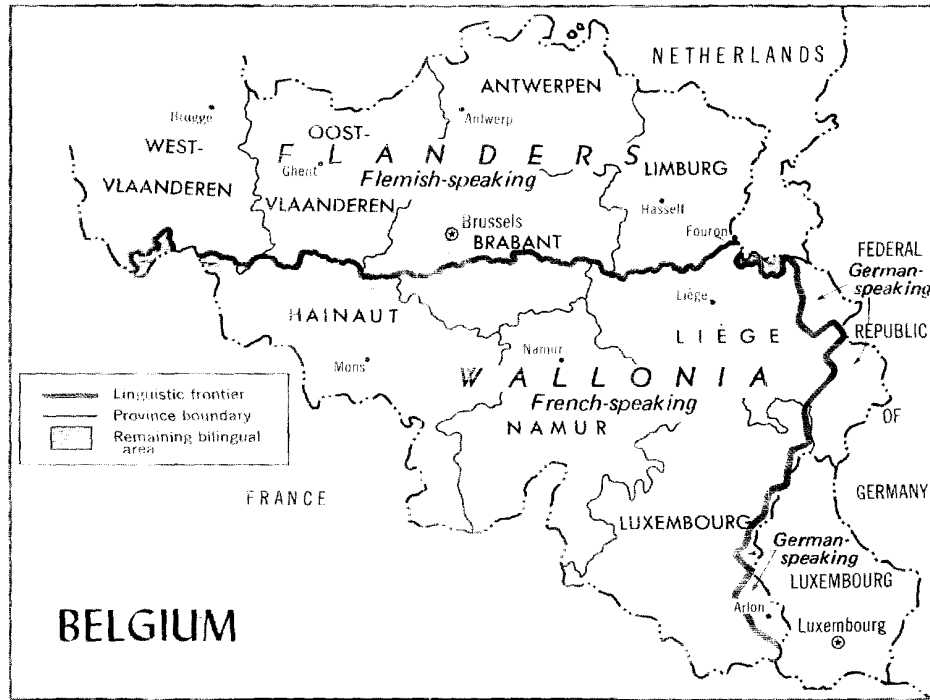
Flemish Walloon Rivalry

Although the French- and Dutch-speaking populations within the boundaries of modern Belgium have coexisted since ancient times, it was not until the end of the 19th Century that a Flemish cultural consciousness began to develop in earnest. In large part its emergence was a reaction to the political, economic, and cultural domination of the French-speaking population, the

Walloons, and the Frenchified Flemish upper class, since the creation of the Belgian state.

The Flemish struggle for equality was a slow process during the first half of this century. The Linguistic Law of 1932 for the first time established the use of Dutch in Flanders and French in Wallonia as the official languages of government administration. Compulsory education in the second national language was also required for the

CONFIDENTIAL



99922 9-70

first time that year. Dutch was raised to equal status in the judiciary and military as well in the late 1930s. The possibility that population shifts could alter the primary language in any locale was finally eliminated in 1963, when a series of four Linguistic Laws drew a definitive boundary across Belgium.

Demographic and economic changes have complicated the drive for parity between the two major communities. Because of a greater birth rate, Flemings have outnumbered French-speaking Belgians since the turn of the century, and now account for about five of every eight citizens. In contrast to the gradual decline of the Walloon iron and steel industries, the basis of Belgium's economic strength in the 19th Century, Flemish commerce and industry have been prospering and now provide the bulk of the national economic wealth. For these reasons, the Francophones have increasingly come to regard the

Flemish bid for equality as a drive to dominate, and a militant Francophone movement has emerged demanding protection for Walloon interests.

Given the depth of the division between the two major communities, it is perhaps surprising that there has been relatively little civil strife. There have been only a few riots associated with the problem, and numerous mass demonstrations did not lead to violence. But the potential for civic disorder has always been present, and many moderates believe this potential has increased in the last decade with the emergence and growth of militant political parties in both camps.

The struggle to accommodate the conflicting cultural, economic, and political interests of the two communities, once the postwar reconstruction was completed in the 1950s, became the dominating political issue of the 1960s. This

CONFIDENTIAL

accommodation could only be accomplished through revision of the constitution, a process requiring the approval of two thirds of the two houses of parliament. This approval has so far been impossible to obtain because of the division of the electorate into three major parties and a host of minor ones, most of which cut across ethnic lines. A succession of governments through the 1960s could not find the required majority in parliament for any reform package.

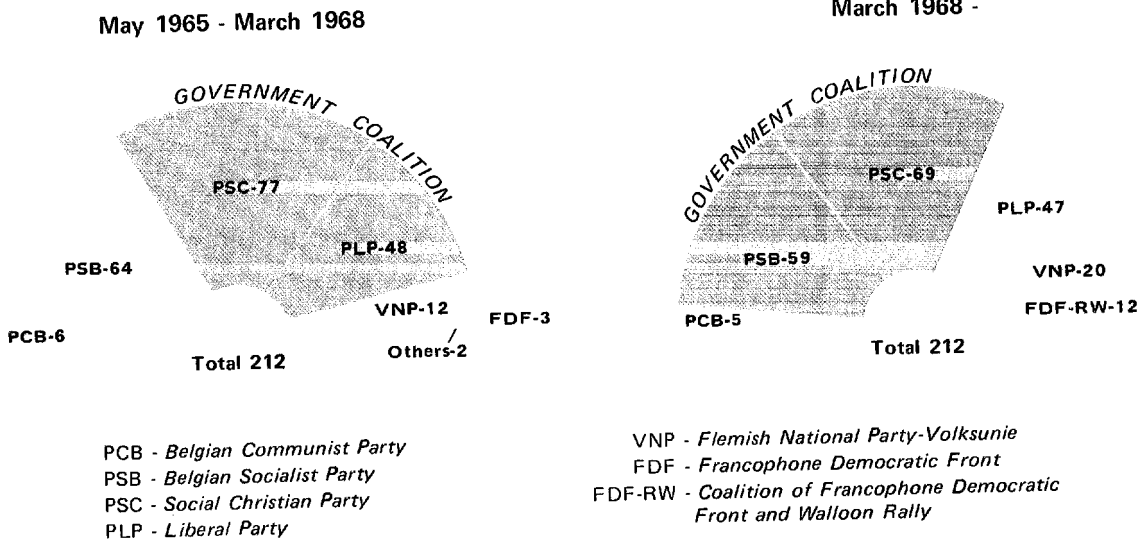
Stability Through Reform

The first major reform effort in the 1960s came shortly after passage of the 1963 Linguistic Laws, themselves an important achievement. Bickering in parliament finally led the leaders of the three largest parties in early 1965 to discuss the issues outside of parliament in a series of

"Round Table" meetings. Substantial agreement was reached on many issues, but the meetings foundered when the conservative, Brussels-based Liberals, the smallest of the three parties, withdrew because of disagreements over the future of the Brussels region.

In 1966 a new government emerged, a coalition of Social Christians (Catholics) and Liberals, led by Social Christian leader Pierre Vanden Boeynants, and a respite from linguistic quarreling followed in the form of a two-year truce subscribed to by all major parties. This fragile agreement broke down, however, in the face of demonstrations by militant Flemish students at the prestigious University of Louvain in January 1968. The government resigned the following month when it was unable to agree on handling student demands that a beginning be made on

The Belgian Parliament Before and After the Elections of March, 1968



99934 9-70

CONFIDENTIAL

relocating the university's French-speaking departments on a site in Wallonia.

The parliamentary election campaign in February and March was dominated by the linguistic issue. The small, militant nationalistic parties—the Flemish Volksunie and its Francophone counterparts, the Walloon Rally and the Francophone Democratic Front—trumpeted regional autonomy within a new federal state structure; the three major parties continued to uphold the principle of seeking reform within the present unitary state system. The major parties were obviously on the defensive, however, and it quickly became apparent as the campaign unfolded that their internal unity was fragile.

To the surprise of few, the election on 28 March 1968 showed a remarkable growth in strength of the militant national parties. The Flemish and Walloon militants cornered 15.7 percent of the popular vote, as compared with only 8.9 percent in the 1965 election. More importantly, these parties increased their seats in the 212-seat Chamber of Representatives from 15 to 32. These gains came at the expense of the major parties; the Social Christians lost eight seats, the Socialists five, and the Liberals one.

Although the elections left the major parties in their traditional position of strength, their leaders were gloomy. The Social Christians emerged from the contest with their Flemish and Walloon wings functioning as separate entities having only a tenuous loyalty to their national headquarters. Regional centrifugalism in the other two parties, although less strong than in the Social Christian Party, inhibited incisive leadership. At the same time, the major party leaders saw the elections as evidence of an increasing polarization of the electorate which could benefit only the small militant parties. This feeling led to the conclusion that, as indecisive as the March elections had been, an effort to win a clearer mandate from the people in a new election would lead only to further gains by the minor parties.

The only chance at this point to achieve constitutional reform lay in the formation of a grand coalition of the three major parties, for any combination of only two big parties would not command the 142 seats in the Chamber—two-thirds of the total—required for constitutional amendments. Even a grand coalition was of doubtful efficacy, for most observers were skeptical that the leaders could enforce discipline, given the ugly mood of recriminations prevailing in the parties. In any event, the grand coalition was never put to the test, for the Socialists decided that they were too doctrinally opposed to the Liberals to participate in any coalition with them.

The Eyskens Era

The signs pointed, therefore, to the creation of a weak caretaker government, which, while formally charged with seeking constitutional reform, would in fact undertake no major initiatives



Gaston Eyskens
Belgian Prime Minister

CONFIDENTIAL

toward this end. Still, the search for a viable combination of forces proved quite protracted. It was not until the end of June 1968—after the longest interregnum in Belgian history—that Gaston Eyskens, a moderate Social Christian, was able to patch together a coalition with the Socialists. With 128 deputies, this coalition enjoyed a majority, but lacked 14 seats of a two-thirds majority.

By October, nevertheless, the Eyskens coalition had drawn up a legislative program encompassing constitutional revision that was destined to remain largely unchanged up to the present. One major provision called for recognition in the constitution that the country is composed of four linguistic regions, the Dutch (Flanders), the French (Wallonia), the bilingual Brussels area, and the tiny German-language region in eastern Belgium. The first two regions were also to be granted "cultural autonomy," including such fields as education, arts and letters, museums and libraries, radio and television cultural activities for youth, cultural relations between the communities, and, with certain restrictions, cultural relations with foreign countries.

The second major provision of the reform package called for the creation of Dutch-speaking and French-speaking linguistic groups in each house of parliament. These groups were to have the power to suspend parliamentary action on any bill if three quarters of either group decided the bill would be detrimental to the interests of its community.

Along with constitutional reform, the Eyskens government also drafted a program to decentralize decision-making in economic development. This program provided for the creation of Flemish, Walloon, and Brussels sections in the national Economic Planning Bureau, the creation of an Economic Council for Brabant (which includes Brussels) alongside of the existing economic councils for Flanders and Wallonia, and the creation of regional development corporations.

This economic decentralization program was intended by the government as a concession to the Walloons, who had long believed something of this nature was required to combat their region's economic decay. The government hoped that Walloon members of parliament would support passage of the constitutional reforms, in which the Flemings were greatly interested, in exchange for Flemish support for economic decentralization.

Progress toward enactment of all these measures was glacial. They were subjected to the scrutiny of special parliamentary committees for months, while behind the scenes the power blocks worked out new concessions and refinements. A major stumbling block was the status of Brussels. Historically and geographically a Flemish city, Brussels in fact is heavily Francophone because of its national role since 1830. Under the Linguistic Laws of 1963, bilingual Brussels is defined as comprising 19 urban central communes, while the surrounding suburban communes remain legally Flemish. As more and more Francophones moved to the suburbs, they brought with them their French language and culture, creating pressure to expand the officially bilingual area of the capital to include these communes. At the same time, holding the line of the "French island" of Brussels at 19 urban communes became a rallying cry and a test for Flemings of all political stripes.

A second major problem involved the mechanics of passage. The economic decentralization program could be passed in each house of parliament by a simple majority, which the coalition in theory possessed, because such a program did not require amending the constitution. But Flemish deputies in both coalition parties refused to enact the program until the way was clear for action on the constitutional reform package.

The prospects of achieving a two-thirds majority on the constitutional reforms seemed as remote as ever. The Liberals, left out of the government at the Socialists' insistence and refused even an unofficial role in drafting the

legislation, threatened to boycott parliamentary consideration of the package, an action that would have denied the coalition a quorum. The militant Flemish and Francophone deputies, on the other hand, were certain to vote against the package because each group felt the other had been granted too many concessions. Finally, coalition deputies from Brussels, particularly the Brussels Socialists, might break party discipline to vote against the bills because Brussels' plight was overlooked.

By Easter 1969, several constitutional reform measures were reported out of the special committees, where a simple majority sufficed. But, rather than force a showdown on the floor of either chamber, the government procrastinated until the approach of the summer recess, thereby reducing the politicians' appetite for protracted haggling or their willingness to force the government out of office.

By mid-June, the government increased pressure on the Senate to act on constitutional revision by demanding that it remain in session through August if necessary. In the Chamber, meanwhile, it decided to move ahead on economic decentralization. On 19 June, the decentralization bill was passed after Eyskens promised publicly not to submit the bill to the Senate until that body had made progress on constitutional reform. No amount of pressure, however, could force the Senate to take action, and it too adjourned in mid-July.

Back on an Old Tack

By the time parliament resumed in the fall, it was clear to Eyskens that he had reached an impasse: he could not convince the opposition parties to give their blessing to proposals on constitutional reform in which they had been refused any hand in drafting. Although the Socialists had earlier refused to permit the opposition Liberals to participate in the drafting process, Eyskens was able to cajole his coalition partners by early September into accepting a series of extraparliamentary discussions among representatives of five

parties—the two coalition partners, the opposition Liberals, and the two important militant parties. These discussions, close in spirit to the Round Table talks of 1964-65, would hopefully lead to a compromise package of constitutional reforms to which all parties would be committed.

The Committee of 28, popularly dubbed the Eyskens Committee, began meeting in September. It consisted of Eyskens, the two ministers for community relations, and parliamentarians from the five parties. On 30 October, to no one's surprise, the three Volksunie representatives walked out of the committee, arguing that their party remained opposed to any constitutional limitation on the rule of the Flemish majority. On 12 November, the remainder of the committee had completed its final report. It was a statement of agreement on principles, most of which had been spelled out before, but it did not point clearly toward detailed legislation. Most importantly, it failed to reflect any agreement on the status of Brussels.

The problem of Brussels was then handed over to a special commission, with largely the same membership as the Committee of 28, amid a rising tide of public debate. Some Belgians argued that parliament should enact those compromises already in sight; others believed that parliament should enact a series of principles, leaving the details to a later period when agreement might be easier to reach. But the Volksunie and Liberals reiterated their threats to deny a parliamentary quorum on any legislation on the subject unless a package covering all aspects—a "global" solution—were submitted. Several Francophone Social Christian leaders demanded in mid-December that Eyskens draft such a solution for presentation to parliament as the price for their continued participation in the government. Although the special commission considered several compromise suggestions on the Brussels problem, it broke up shortly before Christmas after 15 sessions without reaching agreement.

The cabinet was diverted in January of this year by other issues, chief of which was a wildcat

strike in the Limburg coal mines, but Eyskens continued his patient efforts, first to obtain agreement in the cabinet on a global solution, and then to obtain a two-thirds quorum in parliament. He was spurred on by his Francophone colleagues, who refined their threats to leave the cabinet by demanding cabinet agreement on a global solution by 31 January and submission to parliament no later than 15 February. He missed the January deadline, but on 15 February announced to a surprised nation that the cabinet had unanimously agreed on a community relations program.

The program turned out to be a broad-brush formula that parliament would have to flesh out. The keystone was to be Francophone agreement to only minor changes in the Brussels situation in exchange for Flemish agreement to ample protection of minority (Francophone) interests in the government, including parity in the distribution of ministerial portfolios and the right of either linguistic group in parliament to block legislation. The package would not please the Brussels Francophones, but the cabinet may have calculated that the opposition Liberals would not dare to oppose such important legislation, which the majority of Belgians, supported. The Liberal leaders had just announced abandonment of their parliamentary boycott, a decision many assumed was taken with an eye toward communal elections upcoming in the fall of 1970.

Parliament did not begin to act until May. On the 15th, Eyskens announced that he was submitting to the Senate the economic decentralization bill passed by the Chamber the previous June. At the same time, he was submitting a new bill defining the geographic scope of the new regional economic councils, a task left undone the year before because of disagreement on Brussels. The new bill would ensure that the six suburban communes around Brussels would remain under Flemish jurisdiction.

On 28 May, the Senate passed three of four critical constitutional amendments, one estab-

lishing the linguistic groups in both houses of parliament, one prescribing parity in ministerial portfolios, and a minor bill on subministerial cabinet posts. The important fourth amendment failed because of Liberal opposition. This amendment would have specified the size of the majority in either linguistic bloc in parliament that would be required to block proposed legislation. The Liberals wanted a two-thirds majority, which would give them virtual veto power. When the Liberal proposal was rejected in favor of a simple majority, the Liberals voted against the entire bill and threatened to resume their boycott of future consideration of legislation on constitutional revision.

Eyskens' fortunes seemed to take a sudden turn for the better when, on 9 June, the Senate



French-speaking Walloons taunt Flemish demonstrator in Brussels.

approved the basic amendment creating the Flemish, French, and German unilingual regions, and a bilingual Brussels area limited to the 19 urban communes. Not only did the government parties exhibit a heretofore unknown unity—only five Socialist senators from Brussels voted against the amendment—but the solid front of the promised Liberal opposition failed to materialize. All but one Flemish Liberal senator voted for the government amendment. If the government parties



Demonstrators follow the Flemish banner in 1962.

could continue to maintain discipline, and if Flemish Liberals would support them, the remainder of the amendments could pass the Senate and the entire program could pass the Chamber.

The limiting of Brussels to the 19 urban communes evoked a quick response from the capital's Francophone community. On 25 June, a hastily constituted "Committee of Public Safety," including leaders from several political parties, conducted a protest demonstration in the center of the city. Attended by about 12,000 people, the demonstration demanded "liberty" for Brussels and denounced "the iron collar" imposed by the political settlement. There was no violence.

Shipwreck within Sight of Port

Eyskens was to be denied his success in parliament. On 25 June, when the Senate was passing the 13th and final amendment having substantive importance for community relations, the government fell two deputies short of a quorum in the Chamber on an amendment concerning the organization of the Brussels metropolitan government. This lack of a quorum resulted from a boycott of the proceedings by the 20 Volksunie deputies, who felt too many concessions had been made to the Francophones, and by 45 Francophone deputies. These politicians in-

cluded the Communists, the Walloon militants, the five Brussels Socialists, and several Francophone Liberals. The fate of the economic decentralization bill in the Senate, which had been introduced in May and was then nearing a final vote, was also endangered, for the Social Christian senators threatened to vote it down in return for the persisting Socialist defections on constitutional amendments.

The decentralization bill finally passed the Senate by a narrow margin on 2 July after the Social Christian threat evaporated in a cloud of bitter verbiage. The next day the bill went back to the Chamber for final vote. The government again failed to raise a quorum in the Chamber for considering any of the constitutional amendments, and these bills currently are in limbo as a consequence. The government was able, however, to muster enough votes to pass the decentralization bill with a last-minute change. Ironically, this change involved deleting the definition of the geographical boundaries of Brussels. The definition will now be accomplished by a royal decree; the king presumably will decide according to the advice of the prime minister and what he believes to be the majority opinion in the nation. This will likely be to limit Brussels to the 19 urban communes, as the Senate had defined it in May.

The Future for Revision

Criticized by friend and foe alike, compared unfavorably with other Belgian politicians past and present, and frustrated repeatedly in his legislative efforts, Eyskens has had ample justification and opportunity to resign. His failure to step aside suggests that he has much more courage than most people have given him credit for. Coming as close to success as he did near the end of the last parliamentary session has enhanced the stature of his Fabian efforts to compromise the irreconcilable. Chances are that Eyskens hopes to last out his government's mandate until 1972, and that he intends to press onward with constitutional revision.

Eyskens has not revealed his tactics for the future, and he apparently has more than one option open. With parliament due to convene shortly after the communal elections in October, he may resume the battle over revision where it left off in July, using as leverage a threat to precipitate parliamentary elections by resigning. Because the militant nationalist parties are expected to do well in the communal elections at the expense of the large parties, most observers believe that cumulative and reciprocal damage to the large parties would be the greater the closer communal and parliamentary elections are to each other. The threat of early parliamentary elections, therefore, might goad the leaders of the larger parties into greater pliability.

Eyskens could also choose, however, to let the dust settle for some months, meanwhile patiently striving for new compromises behind the scenes. He may well find himself forced into marking time, for there is no guarantee that his jury-rigged scaffolding of political support for the revision and decentralization plans will not collapse at any time. If his political framework holds up, he may still opt to divert the nation's attention for a while to other pressing problems before returning to revision. Chief among such problems is the means of financing the country's dual systems of public and Catholic schools.

This issue was a major domestic political problem from the time of Belgian independence until 1958, when the three major parties arrived at a 12-year pact under which both systems receive state financial support. The pact expires this year, and will most likely simply be renewed. The pact has not generated much public attention so far, and Belgian reaction to the religious-based civil strife in Northern Ireland suggests the Belgian public today has little stomach for such controversy. Yet pact renewal could conceivably provoke a new crisis of sorts between strong Catholics, mostly in the Social Christian Party, and the anticlericalists in the Socialist and Liberal parties.

If and when Eyskens returns to the battle over revision, one of the first decisions he will have to make will be whether to push for a new compromise over Brussels—the point of contention which wrecked his plans earlier this year—or to try anew to enlist Liberal support for his old plans. These two alternatives need not be mutually exclusive, but either by itself might suffice to give his program the necessary support in parliament.

The Brussels question at this point appears insoluble, and whatever compromise is most palatable in parliament is likely to be the one adopted and pursued by the government. In the past year there has been no dearth of Brussels plans floated by individuals in and out of public life, and the Belgians' proverbial preference for compromise should continue to generate other schemes.

The quest to line up Liberal support for revision and decentralization depends largely on the extent of the party's unity. If it emerges from the communal elections with its current tenuous degree of unity, coalition strategists may conclude that the government bills can hope to pick up support in parliament from dissident Liberal elements, even though this strategy did not give the government victory last spring. In the unlikely event the Liberal image is improved by the elections, and its unity strengthened, Social Christians would have to face again the task of trying to convince their Socialist partners to admit the Liberals into a tripartite coalition or, at least, work with the Liberals in another Round Table conference.

Some Belgian political commentators, despairing of any solution at this time, believe that constitutional revision is a task for future generations. If it should prove elusive in the near future, the government and parties will have to continue making such ad hoc adjustments in the country's political, economic, and social structure as they have been doing over the past few years. The

CONFIDENTIAL

gradual trend toward federalism will therefore continue, regardless of what happens in parliament. The trend has already resulted in burdensome and wasteful duplication of public institu-

tions and services. Deplorable as this is to many thoughtful Belgians, they profess to see no other way to accommodate the mutually antagonistic Flemish and Francophone communities.

25X1

* * *

CONFIDENTIAL

Secret

Secret

Page Denied

Next 31 Page(s) In Document Denied