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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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FAR EAST

Indochina: *The Pace Quickens*

The Communists are again about to step up military action in many parts of South Vietnam; most of it probably will occur next week during the dark of the moon. Extensive combat preparations have been under way for several weeks near the central and eastern Demilitarized Zone and many enemy units elsewhere are now set for the next flurry.

[redacted] village militia units and territorial security forces are the main targets. Some Communist units in the delta are planning shellings and light ground probes.

The scope and magnitude of this round are not expected to vary much from similar efforts in March and April. Those consisted of shellings and ground probes, coupled with an occasional heavy attack on a remote outpost or refugee center. Nevertheless, the effect of these relatively cheap ventures is to erode the government's position in the countryside, at least temporarily. South Vietnamese control of the population, for example, suffered in the provinces where the greatest enemy effort took place earlier this year, especially in the northern half of the country.

Supplies Move by Land into Cambodia...

The Communists have increased their logistic activity in northeastern Cambodia. Road and river traffic carrying supplies—probably mostly ammunition and some arms—for both Cambodia and South Vietnam moves south from Laos to the main Cambodian transshipment points, the towns of Siem Pang, Stung Treng, and Kratie.

[redacted] moderate to heavy truck traffic has been observed on three roads north and west of Siem Pang, and from there south toward Stung Treng on Route 13. From

Stung Treng, further internal distribution of supplies may be under way via Route 13 south to Kratie. The supplies now reaching Cambodia are probably the result of the Communists' intensive supply effort through the Tchepone area of Laos last March.

...and by Sea into the Mekong Delta

Hanoi also seems to have stepped up the pace of sea infiltration to southern South Vietnam to compensate for the loss of the Sihanoukville supply route. Since 6 May, allied helicopters have destroyed 17 sampans up to 40 feet long off the coast of An Xuyen, South Vietnam's southernmost province. Six of the sampans were offloading supplies near where a 500-ton North Vietnamese infiltration trawler was sunk early last month. Others were in the vicinity of the hulk of a large trawler discovered in late March.

[redacted] the Communists are moving larger quantities of vital supplies by sea. Some of these movements may also represent transfers within the country. A group that coordinated the offloading and transportation of such supplies between 1965 and 1967 was re-established last summer, [redacted]

[redacted] substantial quantities of supplies have been moved to the northern delta provinces from points farther south. Although such supplies could have been sent from existing in-country stockpiles, it is more likely that they represent successful infiltration by sea.

The precise origin and route of travel of these supplies, except for those brought in by the large trawlers that come directly from North Vietnam, are unknown. Some possibly are being sent from stockpiles in southern Cambodia. Others

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could be delivered to outlying islands by larger boats and then transferred to smaller sampans, which are better able to get past South Vietnamese coastal patrols and slip into secluded waterways for movement deeper into the delta.

Sober View of War in Northern Provinces

South Vietnamese officials

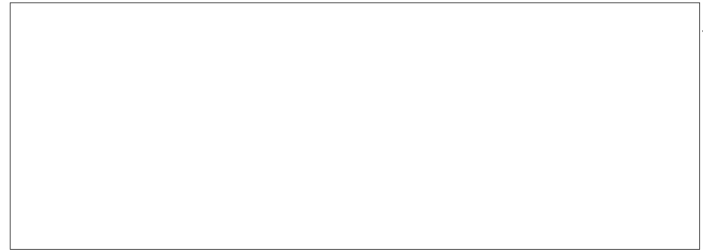
do not discount the real progress that has been made in recent years in pacifying such places as Quang Tri and Thua Thien provinces, but the results of the South Vietnamese campaign in Laos this spring, the sharp increase in enemy attacks in the northern region since then, and the continuation of US troop withdrawals all seem to have impressed upon them that great dangers still exist.

In Quang Tri

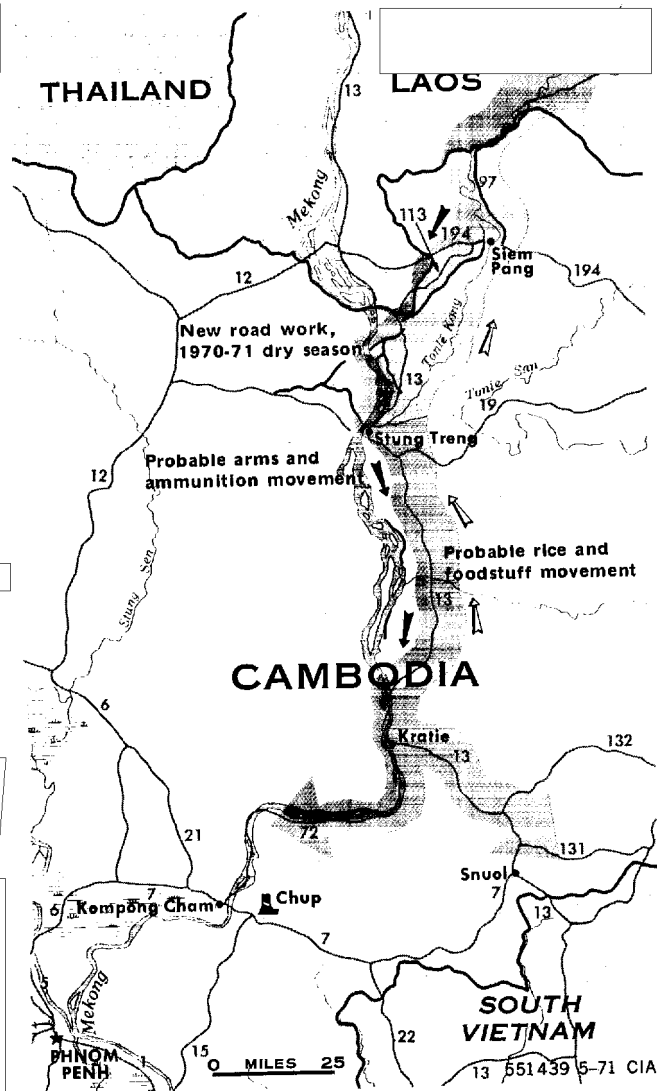
the Communists had not been able to take advantage of the diversion of South Vietnamese units into Laos this spring to attack the province's populated districts.

when the last US brigade is withdrawn from along the DMZ there may be no quick-reaction force to counter the North Vietnamese threat.

the general population is not confident that South Vietnamese forces can replace US troops



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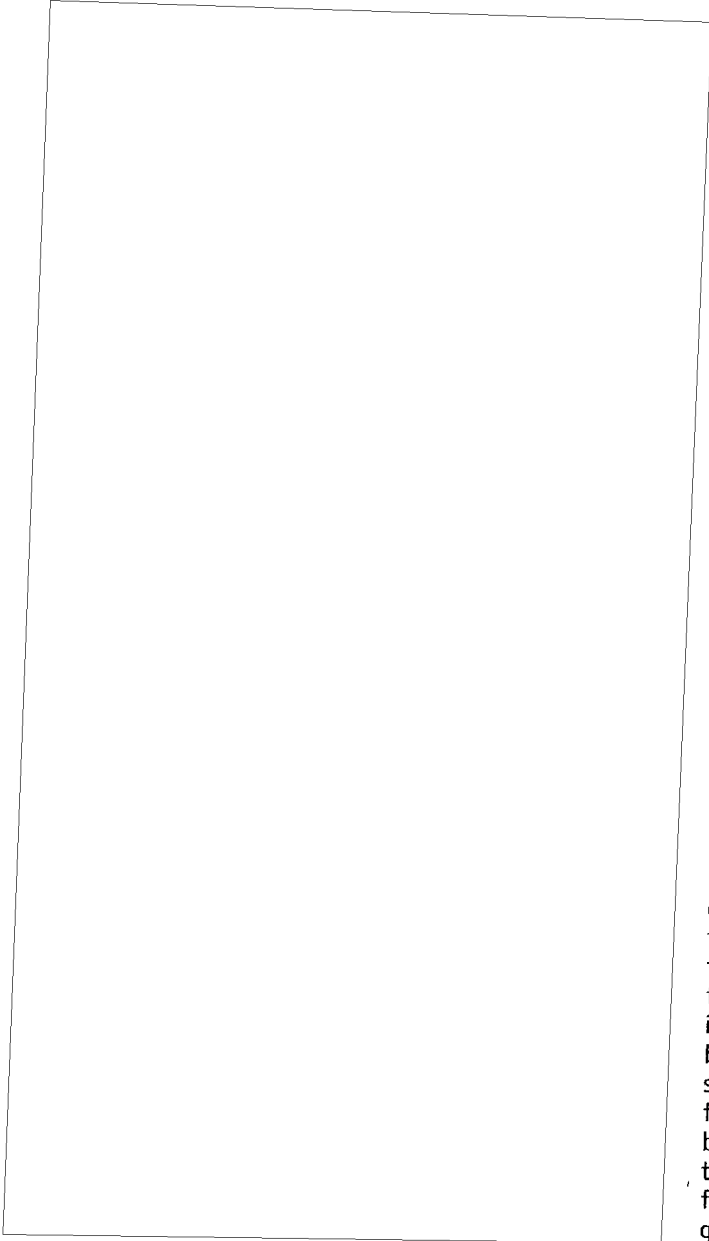
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a coordinated south Laos offensive. In a series of sharp, well-executed attacks on 16 May, the enemy forced the government to abandon a number of strategically located bases in the central Bolovens Plateau. Among the positions lost were Ban Houei Sai, which guarded the northern approaches to the plateau, and Paksong town in the central plateau, the largest population center on the Bolovens. On 19 May the Communists completed their sweep by forcing government defenders out of Ban Houei Kong, the last remaining government position on the plateau.

[redacted] the Communists have been using substantial numbers of heavy machine guns, and [redacted] numerous signs of tracked vehicles, suggest [redacted] that the North Vietnamese are supporting the offensive with armor. The precise strength of the North Vietnamese forces in and around the Bolovens is uncertain but probably totals about 5,000. The 9th Independent NVA Regiment is operating on the plateau as are some six combat battalions under the control of the 968th Front. In addition, at least some elements of the 1st Viet Cong Regiment of the 2nd NVA Division have moved into the area.

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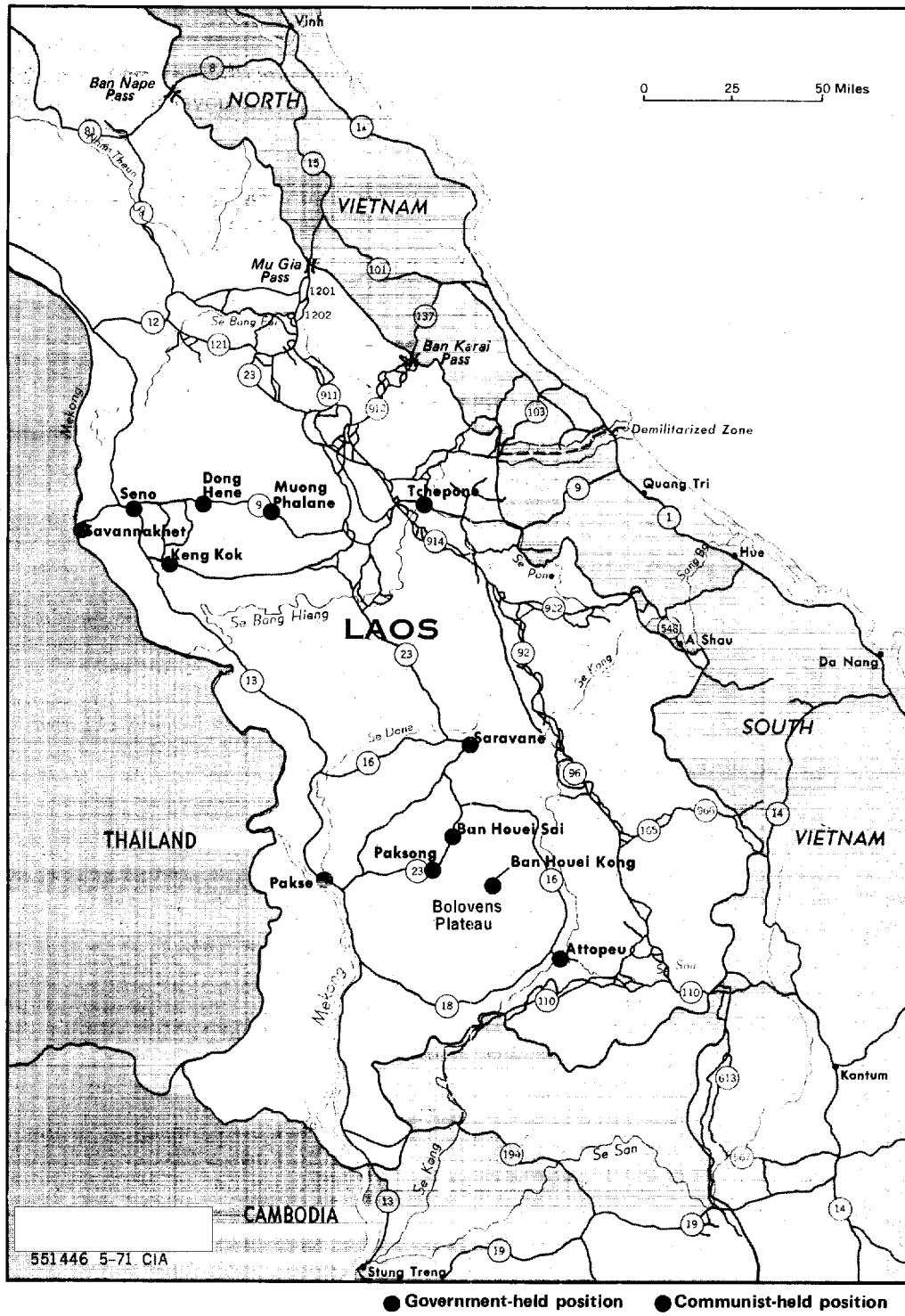
The government has mounted a limited counteroffensive in the central Bolovens hoping to divert the Communists' attention and slow any further westward advances, as well as to buy time for its own presently disorganized and demoralized forces to form new defensive lines. Eight battalions of irregulars—whose 1,200 men constitute virtually the only organized government force left on the plateau—are securing a base area between Ban Houei Kong and Paksong. Two battalions have moved westward toward Paksong; four other battalions are assigned to retake high ground positions northeast of Paksong; and two more battalions will be held in reserve and will provide rear guard security.

In addition, the government has established blocking positions on Route 23 about 20 miles east of Pakse and has organized a receiving station

The Communists Drive on in South Laos

The Communists have inflicted severe setbacks on government forces in what appears to be

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for refugees now streaming off the plateau and headed for Pakse. Nervousness in Pakse itself is also on the rise, and some prominent Lao civilians are moving their families across the Mekong. The US Embassy has evacuated all American dependents in Pakse because of the potential threat to the town, although the embassy believes that an attack on Pakse is unlikely.

At the same time they were making substantial gains in the Bolovens area, the Communists were also pushing west on Route 9 farther north in the panhandle. On 17 May they forced government units out of Dong Hene and nearly destroyed the town with a heavy mortar and rocket attack. Government units attempting to withdraw westward were subsequently ambushed and lost most of their armor and artillery.

This is the farthest the Communists have penetrated westward along Route 9 in large numbers and they are now in a position to threaten the towns of Keng Kok, 20 miles to the south, and Seno, 20 miles to the west. Communist prisoners and ralliers have said that Seno would be a target if Dong Hene fell, and Communist forces have already been sighted in the vicinity of Keng Kok. Enemy forces in the area—elements of at least three North Vietnamese regiments plus support units—are strong enough to permit the continuation of the offensive. If the Communists follow past practice, however, they will undergo a period of consolidation before undertaking major new activity. Moreover, the rainy season is due to begin in earnest in this area, and the Communists may have second thoughts about extending their supply lines much farther at this time. In any event, it will probably be several days, or even weeks, before North Vietnamese intentions become clear.

A number of possible objectives are served by the Communists' current offensive in south Laos. Clearly, they want to tie down government forces near major population centers along the

Mekong River and thus keep them from harassing the western infiltration corridor during the rainy season. The coincidence of the attacks with the recent Communist cease-fire proposal indicates that the southern offensive has political objectives as well. Major territorial gains in the south would clearly strengthen the Communists' position at the bargaining table should Lao peace talks get under way, and they would also increase pressure on the government to negotiate on Communist terms. The short-term effect, however, is likely to be just the opposite. Prime Minister Souvanna will probably respond negatively to the Communists' peace proposal

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No Shortage of Headaches in Cambodia

The new government is slowly settling down to work and has not yet made any important policy decisions. It is becoming clear, however, that the regime intends to devote a good deal of time and attention to finding ways to combat inflation and price problems and to getting an effective pacification program going in the countryside.

It is also clear that progress in meeting these difficult problems is going to be slow. The much-discussed pacification program, for example, has already run into controversy. First Vice Premier In Tam has been seeking to reorganize and reinforce the national police, who are now under military control, and bring them under his command in the Ministry of Interior. He has been maintaining that a revitalized and independent police force is a necessary element for the success of his ambitious plans for expanding the government's influence in the countryside. In Tam has also let it be known that control over the police was a precondition to his entry into the new cabinet. Thus far, however, he appears to have

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run into fairly widespread suspicion that he is trying to organize a "private army" for his own political purposes. [redacted]

The pacification program has also captured the attention of another prominent political personality. Son Ngoc Thanh, who evidently still views himself as a possible successor to Lon Nol, has gone to Sirik Matak with a plan to organize a pacification campaign to help prepare for the elections the government hopes to hold after a new constitution has been adopted.

Thanh has told US officials that under his scheme he will tour extensively through the countryside as a missionary for the pacification effort. This clearly would provide him with an excellent opportunity to do some political proselyting on his own behalf. Thanh has claimed that Matak has agreed to this venture in principle, but stipulated that the ministers concerned must also grant their approval.

Another of the government's major projects, the reduction of corruption in the ranks of the military, apparently also faces serious problems. Many Cambodian Army (FANK) enlisted men reportedly are skeptical that Sirik Matak will make any real headway in his cautious but apparently determined effort to weed out corrupt officers. [redacted] FANK soldiers claim that the effort to cut army payroll padding is not working well because the investigating teams have no means of independently determining the number of troops in a unit if it is in the field.

The soldiers also complained that many of the more corrupt officers are using their high-level contacts to prevent charges being brought against them. Many enlisted men apparently are convinced that corruption can only be curbed by replacing assimilated officers—those who purchased commissions or were granted them through political influence—and by the establishment of clandestine methods of checking the accuracy of unit rosters. [redacted]

SOUTH KOREA: The government is assured of retaining control of South Korea's unicameral National Assembly in the 25 May elections. Because the Assembly will be enlarged from 175 to 204 members, attention is focused on whether the opposition New Democratic Party can increase the 45 seats it now holds. The New Democrats probably can count on doing well in traditional opposition strongholds like Seoul and the populous southwestern provinces. Their prospects have been damaged, however, by public infighting among the party's leaders over the selection of candidates and the allocation of campaign funds.

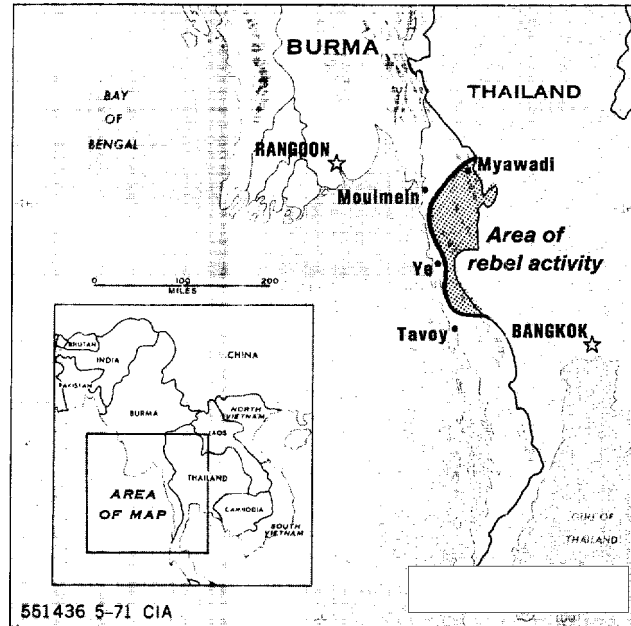
In recent years Assembly elections have been much dirtier than those for the presidency; but

the Pak regime this year seems bent on minimizing public criticism. The issues in the campaign have been largely the same as those in the presidential election won by Pak last month, only with greater emphasis on bread-and-butter issues. Stumping the country on behalf of his party's candidates, Pak says he must have a strong government majority to preserve stability and to ensure the continuing success of his economic policies. The opposition is bearing down hard on such well-worn issues as official corruption and authoritarianism plus the administration's failure to implement the constitution's provision for local self-government. [redacted]

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BURMA: Former prime minister U Nu's rebels are making deeper penetrations into Burma from their Thai bases and are showing a greater willingness to engage the Burmese military. The rebels have expressed satisfaction with a sharp skirmish with Burmese army troops near Moulmein on 5 May, and have called for follow-up "victories." Rebel propaganda and recruiting teams have ranged through the remote border areas of eastern Burma since the first of the year but previously have tried generally to avoid military contact.

Although U Nu's 500-man exile force now may feel ready to open the repeatedly postponed military phase of its operations, its capabilities remain extremely limited, and Nu's dream of "liberating" Burma from the Ne Win regime still appears fanciful. Nevertheless, sustained rebel action around Moulmein, where resentment is still strong over the regime's forceful repression of student disturbances last November, could rekindle quiescent Burmese popular interest in U Nu's resistance movement.



dickering with Communist China will promote pro-Peking sentiments at home. Singapore's Prime Minister Lee recently reminded his people that they are Singaporeans first and Chinese second and he recently cracked down on local newspapers that the Singapore security service believes are getting funds from Peking. Further problems are bound to emerge and, if the Arrangement is ever to get off the ground, it will take far more cooperation and understanding among the participants than exists at the present time.

FIVE-POWER DEFENSE: Preparations for the implementation of the Five-Power Defense Arrangement, consisting of Malaysia, Singapore, Australia, New Zealand, and the UK continue to limp along, as new problems keep cropping up. The three Western members are still willing to stand by their commitment to their small Asian partners, although both the Australians and the New Zealanders have complained about Singapore's demands that they pay rent for facilities on the island. The most serious conflict among the powers remains that between Malaysia and Singapore; Singapore is fearful that Malaysia's current

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EUROPE

MBFR Issue Picks Up Momentum

Recent top-level Soviet statements of interest in mutual and balanced force reductions (MBFR) have enhanced prospects for a more extensive East-West dialogue on force reductions in Central Europe. The Soviets' statements, aimed at retaining the diplomatic initiative and at offering evidence of their desire to reduce tensions in Europe, have come close enough to NATO's MBFR proposals to challenge the West to move the dialogue further along.

Brezhnev, in a speech on 14 May that was later seconded by Kosygin, stressed the Soviet willingness to "start negotiations" on MBFR. In both instances, however, the Soviets continued to be reluctant to furnish substantive details and left it up to the West to take practical steps toward beginning such negotiations.

Following Brezhnev's speech, Ambassador Beam met with Foreign Minister Gromyko in an effort to obtain clarification of Soviet thinking on MBFR. Gromyko kept his options open but he did indicate a preference for negotiating on MBFR independently of a conference on European security (CES). Although this emphasis could be significant, the Warsaw Pact has never specified any particular forum in which to discuss MBFR. The Soviets do not want MBFR, like Berlin, to develop into a precondition for CES. Rather, they may wish to use MBFR as an incentive for parallel movement toward CES, with its anticipated enhancement of Soviet prestige.

Gromyko confirmed that Moscow is prepared to discuss reductions of either foreign or foreign and indigenous forces, although he suggested that there might be fewer complications if foreign troops were considered first. Gromyko also indicated that the "B" in MBFR might be a future source of controversy. He said that the word "balanced," which could imply larger reductions in Warsaw Pact than in NATO forces, put him "on guard."

There has been no official reaction from the other pact members, but public media have generally supported Brezhnev's offer to negotiate. Their failure, however, to explore the implications of MBFR suggests that the East Europeans are hesitant to take a stand on issues involving the superpowers. Most regimes there will clearly follow the Soviet lead, seeing in MBFR a chance to reduce their own defense burdens, as well as to stimulate movement toward a CES and detente in general.

The tenor of these recent Soviet initiatives indicates that, over the short term, they are directed toward the upcoming NATO ministerial meeting in Lisbon. The Soviets have thus gained a temporary diplomatic and propaganda advantage. Beyond this, however, a favorable NATO response will return the burden of the dialogue to the Soviets' side and force them to clarify their intentions on MBFR.

Most of the NATO permanent representatives on 18 May agreed that in light of the publicity given the recent Soviet comments and the favorable US response, the organization cannot afford to appear reluctant to follow up on what has been a NATO initiative. Secretary General Brosio described Moscow's belated response to this initiative as a "moment of truth" for the Alliance.

There was wide disagreement among the representatives, however, on how the new Soviet position should be treated in the ministerial communiqué. Some allies, including the UK, called for coordinated bilateral explorations with Moscow. The Dutch representative, in advocating multilateral explorations, argued, however, that the bilateral approach would allow the Soviets to exploit differences that might occur in statements by the various Allies.

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A number of Allies see pitfalls in too rapid an acceleration of the MBFR dialogue, particularly if the Soviets are now prepared to begin multilateral talks without waiting for Western consent to join in preparations for a CES. The West Germans are especially concerned lest rapid pursuit of MBFR reduce Western leverage in the slow-moving four-power talks on Berlin. Although the West Germans do not propose to make a Berlin agreement a precondition for MBFR talks, they would not want to see East German participation in such talks prior to a successful resolution of the Berlin issue. Bonn fears specifically that East Germany's participation in early MBFR

talks would make it even less willing than now to compromise on Berlin and on other inter-German issues.

The Canadian representative, in an attempt to get around Bonn's difficulties, has suggested that NATO members appoint "a trusted member of the Alliance" to explore MBFR with Moscow. He argued that such explorations could be dressed up to look like negotiations and that NATO could be forthcoming in Lisbon without making any firm commitments while, at the same time, deferring the problem of East Germany.

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UN Secretary General Race Is Wide Open

Austria's UN delegate Kurt Waldheim met earlier this week with Soviet Ambassador Malik to pursue more vigorously his unannounced candidacy to succeed U Thant as secretary general. The Waldheim effort, delayed by his unsuccessful campaign for the Austrian presidency, comes at a time when his chief European rival, Finland's Max Jakobson, appears to be losing ground.

Moscow apparently favors another term for Thant because he is an acceptable, known quantity. The Soviet UN official in Geneva said that if Thant wants another term "he will get the backing of Moscow."

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Waldheim, however, maintains that Thant has been advised by his doctor not to serve another term. Contradictory reports on Thant's availability are likely to continue into the fall, when the Security Council will recommend and the General Assembly will elect a candidate for the next term.

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Other potential successors have yet to obtain even regional backing.

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Romania: Ceausescu Takes His Road Show East

President Ceausescu will travel to Peking, Hanoi, and Pyongyang, probably in early June. Although he visited Communist China once before, this will be his first trip to the Orient as party and state leader.

Ceausescu probably has considered for some time paying a visit to his Chinese benefactors, who extended a sizable, long-term credit to Romania late last year. The trip may have been arranged during the visit of one of the many

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Romanian delegations that has traveled to Peking over the last year or so. Aside from the obvious discussion of ways to continue improving bilateral relations, the most important topics will concern mutual relations with the US and the USSR. The Chinese have long given stout moral support—and are now beginning to add tangible aid—to Bucharest's efforts to maintain political and economic independence from Moscow.

The Romanians are fully aware that Ceausescu's somewhat flamboyant excursion to the Far East will antagonize the Soviets but they apparently are not overly concerned.

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Czechoslovak Communists Prepare for Party Congress

The 14th party congress opening on 25 May shapes up as a victory celebration to mark "consolidation" of the country's return to orthodox Communism and the destruction of all liberal and democratic institutions created in 1968. The congress will also ratify the policies of party first secretary Husak and his administration. On the ideological front, the congress will cap the regime's year-long campaign to replace the heretical ideas of the Dubcek era with the traditional philosophy of the use of power according to Soviet tenets.

The delegates are expected to endorse the strict, though relatively moderate, course that Husak has set for his country's future, and the congress will re-establish Czechoslovakia internationally as a total subordinate of the Soviet Union. Husak will emerge as the recognized head of the party, but the congress is likely to reaffirm that his pre-eminence has been earned at the cost of fundamental policy compromises with his conservative colleagues on the presidium. Husak will be personally applauded for his role in stabilizing the country, but his status is not expected to rise above *primus inter pares*. Nor will he be able to bring under complete control the conservative faction that dogs his steps looking for weaknesses that it can utilize to enhance its own power position.

The proceedings of the subordinate Slovak party congress last week strengthen the view that

no major leadership or policy changes will occur during the Czechoslovak party session. Slovak party boss Lenart's endorsement of the first secretary virtually commits his party to give full support to fellow-Slovak Husak. This is a major achievement because in the process of becoming national party chief Husak alienated many in his old power base in Slovakia. Husak's own performance at the Slovak congress indicates that he has settled his major differences with his native constituency. The first secretary's whittling away at Slovak autonomy under the federal system has been a particularly troublesome issue.

The congress may be more objective in dealing with Czechoslovakia's future than with its past. The draft of the 1971-75 economic plan accurately portrays the sluggish state of the economy and deals forthrightly with specific ills such as the inadequate labor force and irrational investment programs. Both consumer-oriented and CEMA "integration" interests are well represented in the plan, which is clearly aimed at ensuring public tranquility as well as continued good relations with Czechoslovakia's Warsaw Pact allies. The plan falls short, however, of providing an imaginative program that would substantially improve the lethargic economy. The plan will probably receive unanimous approval, testifying to the lack of expertise, or political courage, of the party's planners.

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East European Agriculture: *Problems and Prospects*

Unfavorable agricultural results throughout Eastern Europe last year jeopardized plans of most countries to reduce agricultural imports and to increase supplies of domestic fodder in order to boost livestock production. Instead, they have been forced to allocate more scarce foreign exchange for importing grain, other fodder, and meat.

East European net agricultural production declined for the third consecutive year in 1970. The most significant shortfall was an 11-percent drop in total grain output. There was some improvement in the region's total production of the more important row crops—potatoes, sugar beets, vegetables, and oilseeds—over the bad year of 1969. Excellent harvests of green fodder and lush fall pastures were the brightest feature of crop production in all the countries.

Improved production of poultry and eggs was the major achievement of the livestock sector in 1970. No significant change occurred in milk production, however, and meat production except poultry declined for the second consecutive year.

As unsatisfied demands for livestock products continue to grow with higher incomes, the regimes have assigned number-one priority to boosting livestock production in 1971-75. Nevertheless, the northern countries and Hungary are

continuing to maintain a high level of meat imports during the first half of the year and little improvement can be expected much before late 1971.

The combination of the 11-percent drop in the 1970 grain harvest and government moves to increase meat production will push East European grain imports to an estimated record 9.2 million tons in the present fiscal year, which ends in June. This represents a 30-percent increase over last year. Record Polish imports will account for almost one third of the region's total. Soviet grain will constitute 42 percent of total imports, but free world grain imports—45 percent of which are to be from the US—also will be slightly higher. In addition to grain, most East European countries have expanded their imports of oilseed cake and meal to meet the demands for more and better high-protein feed mixes. This, too, has benefited the US; imports of these two commodities doubled in 1970.

Current prospects for 1971 indicate a substantial improvement in the output of winter grains over last year. If sustained, a good grain harvest will reduce import demand, especially for wheat, but requirements for feed grains will remain strong in 1972. US exports to the region may fall by at least one third in fiscal 1972, largely because of an expected cutback in wheat exports to Romania. Demand for US soybean meal, however, is expected to continue strong in the coming year.

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Poland Appeases the Consumer

Foremost among current Polish economic problems is consumer dissatisfaction. During the past few months the leadership has modified its economic policies and plans to bring about an improvement in living standards.

National income, consumption, and wages in the new 1971 economic plan are all slated to

grow more than originally planned. Imports are to be increased by \$250 million, a move made possible in part by Soviet credits. Most of this increase will be in meat and consumer goods. This same trend is expected to be reflected in the final version of the 1972-75 plan, which is to be discussed at a party plenum next month.

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The regime has made additional concessions to city dwellers since December. These include increases in wages and social allowances for low-income groups, planned construction of additional housing, and a rollback of food prices to their pre-December levels. The draft of the new labor code, which updates labor practices and standardizes labor relations, appears to increase protection of workers' rights.

A number of recommendations adopted at the ninth party plenum last month were calculated to improve conditions for the farmer. Prices paid for some farm products were increased and items for improving production such as feed and fertilizer were reduced in price. Investments in agriculture are slated to rise. Next January the unpopular statute requiring compulsory delivery to the state of grain, slaughter animals, and potatoes by private farmers will be abolished and replaced, at least in part, by increased rural land taxes. The regime hopes that these moves will stimulate livestock production, but a significant improvement cannot be expected before late 1971 or early 1972.

These concessions are expected to add over eight percent to consumer income this year. Steps are being taken to stimulate production of additional goods and services to absorb this purchasing power. Investment outlays in industries concerned with consumer goods have been increased, and other moves to accelerate their production are promised. Increased imports of food and consumer goods as well as utilization of some commodities in reserve stocks will also make additional supplies available. Meanwhile, the government is trying to dampen pressures for new wage increases until more marketable goods can be provided.

Although these reforms have not been in effect long enough to produce significant results, they probably have brought some temporary improvement in the standard of living of the lowest paid Polish workers. Moreover, party chief Gierek seems intent on providing over the long run for increased consumption at the expense of industrial growth. He has warned the populace, however, that dramatic improvements should not be expected in the next few months. The Polish people, in turn, seem to recognize that their best interests require a period of patience while Gierek seeks to improve their lot.

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Norway: *Government's Foreign Policy Program Endorsed*

Prime Minister Bratteli's government gained an overwhelming endorsement of its foreign policy program from his Labor Party at a congress held last week. The size of the vote demonstrates the basic strength of the two-month-old minority regime.

The greatest debate was prompted by the government's decision to continue negotiations for membership in the European Communities (EC). Although opposition within the party was greater than the leadership anticipated, the con-

gress delegates voted by a three-to-one ratio in favor of Bratteli's policy. The congress also supported the government's decision to hold a national referendum on the question of EC membership before parliament makes a final decision.

The prime minister's insistence that Norway's security policy is firmly based on membership in NATO and his reluctance to undermine West Germany's Ostpolitik were also supported by an overwhelming majority of delegates, who soundly defeated resolutions calling for withdrawal from NATO and recognition of East

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Germany. The congress placed the government on notice, however, that special efforts would have to be made in NATO and other international organizations to restore democracy to Greece and Portugal, to end the latter's colonial policy, and to bring arms deliveries to both countries to an end. The congress also went on record in favor of improved trade relations and closer nongovernmental ties with East Germany.

The government's moves toward eventual recognition of North Vietnam were met with general satisfaction, and no demands for speedier action were made. The congress also supported

the convening of a conference on European security, but adhered to the government's reservation that a satisfactory outcome of the Berlin talks would have to precede multilateral preparations for such a conference.

The smooth progress of the Labor Party congress is a great success for Bratteli, particularly its support of his stand on the EC issue. He will probably use the mandate on membership negotiations to keep reluctant Labor legislators in line when parliament debates EC entry later this month. [redacted]

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NETHERLANDS: The lower house failed to select a government formateur on 12 May, thus foreshadowing a lengthy period of negotiation before a new government is formed. The governing four-party coalition composed of the three confessional parties and the Liberal Party has been bargaining with a right-wing socialist party—the Democratic Socialist '70—but the latter's program of strict governmental austerity is anathema

to the prolabor wings of the confessional parties. On 15 May, the Queen entrusted Professor Steenkamp, the intellectual mentor of the Catholic Party, with the task of reconciling the differences, especially over economic policy, in the respective party platforms, but he is skeptical that a compromise can be found. Many observers believe he will be only the first in a series of individuals attempting cabinet formation. [redacted]

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MIDDLE EAST - AFRICA

Egypt: *The End of Collegial Rule*

President Sadat's sweeping disposal of his major critics and potential rivals last week marks the end of collegial rule in post-Nasir Egypt and secures Sadat's personal control over the country's affairs.

Although many of the details of the upheaval are still unclear, the ouster of several powerful figures appears to be mainly a result of Sadat's determination to establish himself as master of his own house. In taking his case to the people on 14 May, Sadat portrayed the dismissal of key ministers as necessary to forestall a coup plot.

tions for Egypt's entry into the FAR provided him the opportunity to act. He was aware that if he retreated on this issue, he could probably expect concerted attacks from his opponents on the far more important questions of his efforts to achieve a peaceful settlement with Israel and of his tentative steps toward rapprochement with the US.

It seems plausible that Sadat used Sabri's dismissal to test official and popular reaction to a more comprehensive purge. When Sabri's sacking proved to be widely popular, Sadat probably felt he could safely complete his housecleaning of the government.

The ouster of Interior Minister Goma and Minister for Presidential Affairs Sharaf had been augured by rumors circulating in government circles, as a result of the dismissal of Vice President Ali Sabri on 2 May.

The boldness with which Sadat reasserted his authority indicates a high degree of confidence in his ability to make the changes stick. In this he appears to have been encouraged by the favorable response to his cultivation of the major military commanders, whose support is crucial to his retention of power. Naming his followers to head the security services re-establishes his personal control over the power centers that were Goma's and Sharaf's domains and are second in importance only to the armed forces.

An intensifying conflict between Sadat and his detractors over the past few months came to a head in late April over the question of Egypt's accession to the Federation of Arab Republics (FAR). A confrontation during meetings of the Arab Socialist Union (ASU) executive and central committees clearly exposed the breadth and boldness of Sadat's opposition, led by Sabri but also including the powerful Goma and the ASU top leadership.

If Sadat is successful over the long term in consolidating his power—which now seems likely—his hand may be strengthened to pursue his policies without hindrance. Despite the fact that his main antagonists have been jailed, however, it is by no means certain that his opposition has been permanently neutralized. To a large extent, therefore, Sadat's ability to maintain his position in the shorter run will hinge on whether he can demonstrate tangible progress toward

Sadat's critics' intemperate questioning of his right to decide on the timing and the condi-

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regaining Egypt's lost territory on terms that do not inflict unacceptable damage to Egyptian dignity and do not open him to telling criticism from his domestic opponents and his Arab allies.

Soviets Play It Cool

The USSR is maintaining a low profile in regard to the recent changes in Cairo. Soviet media are beginning to give a better picture of the recent political upheavals in Cairo, although there still has been no mention of Sadat's allegation of coup plotting. There has been no independent Soviet commentary either, although *al-Ahram* quotes a "responsible official source in Moscow" as saying the USSR considers the changes in Cairo "an internal matter."

Private Soviet commentary, is somewhat more revealing. It also suggests that the USSR is not inclined to overreact, but in addition it betrays genuine concern about the implications for

the USSR of the recent changes in Cairo. [redacted]

The extent to which the Soviets have really been hurt is still not clear, probably not even to the Soviets. There is no evidence to suggest that Moscow encouraged Sabri and company to challenge Sadat. Moscow, in fact, would probably have taken issue with Sabri's opposition to the Arab federation as well as to Sadat's efforts to achieve a peaceful settlement. Moscow has experienced "setbacks" before in Cairo and probably believes it would be imprudent now to react until the situation has sorted itself out. [redacted]

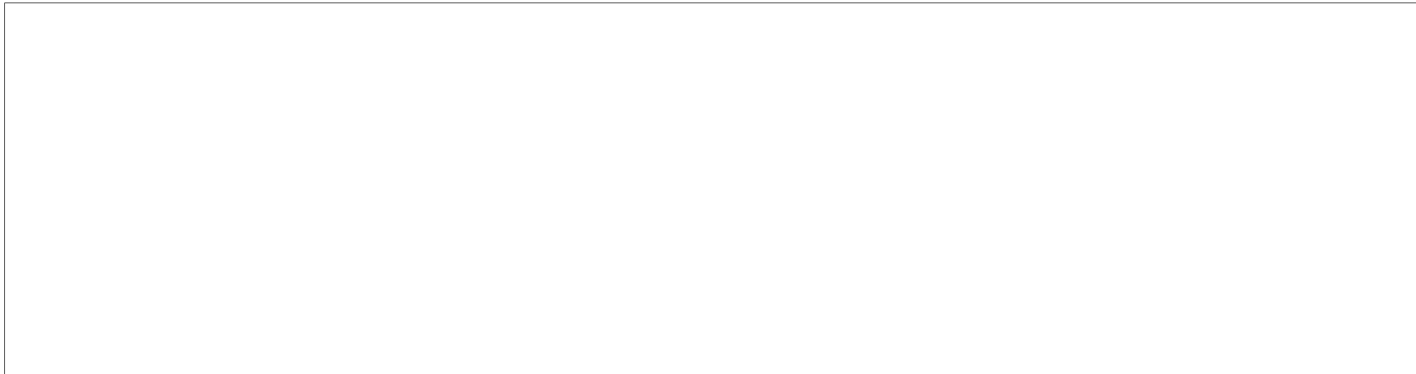
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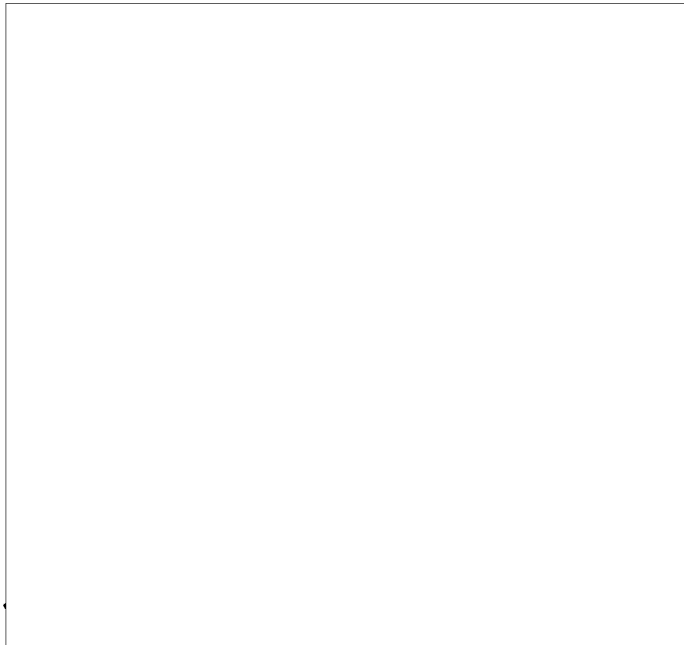
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Saudi Monarch Begins Far Eastern Trip

King Faysal on 16 May embarked on one of his infrequent, good-will journeys abroad, which is expected to extend into the latter part of May at least. After meeting with the Shah of Iran at the airport in Tehran, the King flew to Taiwan before going on to Japan and the US.

As a major exporter of crude oil to the Far East, Saudi Arabia believes that closer bonds of friendship should be encouraged with pro-Western, politically moderate, oriental nations. Nationalist China welcomes such visits as proof of its claim that it enjoys world-wide support, and Japan possesses large investments in the oil industry of Saudi Arabia. A globe-circling voyage might also afford Faysal a chance to pay a short visit to Washington at a time when good relations with the US are gaining favor in the Arab states.



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ZAMBIA: The general conference of the ruling United National Independence Party (UNIP) that met last week resulted in decisions that strengthened President Kaunda's hand in controlling party factionalism. Party unity has been seriously strained by tribal-oriented politicking ever since free elections were held for the UNIP central committee in 1967. To curb this tribalism, the conference ratified a new party constitution requiring party leaders to support a balanced "of-

ficial" slate of candidates. This requirement is designed to ensure that all major party factions are represented within the UNIP leadership.

UNIP leaders later agreed on a slate of 21 central committee nominees, representing all important factions; all were elected by the conferees without opposition. [REDACTED]

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IVORY COAST - SOUTH AFRICA: Ivory Coast President Houphouet-Boigny failed last weekend to get strong backing for his call for an African dialogue with South Africa from his partners in the Council of the Entente, a grouping of five moderate, French-speaking West African states. A communiqué, issued by the Entente following a two-day summit meeting in Upper Volta, confined itself solely to economic and social matters.

During the meeting several hundred Voltan students demonstrated against Houphouet and his policies. In responding to questions from the press, Niger President Diouri—the current president of the Entente and Houphouet's closest ally within it—avoided any endorsement of Houphouet's initiative, but he left the way open so that Houphouet could bring the issue up at the OAU summit scheduled for June. [REDACTED]

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AFGHANISTAN: Prime Minister Etemadi and his cabinet resigned on 16 May in the face of growing dissatisfaction in Parliament with their generally weak performance. Etemadi-led governments have held office since late 1967. Dr. Abdul Zahir, a prominent politician and diplomat who is

a close friend of King Mohammad Zahir Shah, is Etemadi's probable replacement. The King, however, will remain the dominant force, and the new government in all likelihood will continue the country's cautiously reformist domestic program as well as its nonaligned international posture. [REDACTED]

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Pakistan: *Unsettled Situation Continues*

Government troops have continued to consolidate their control of East Pakistan, but Bengali nationalists appear to be resorting to guerrilla warfare. Previously, most of the Bengali military effort has gone into futile efforts to hold territory against the much stronger army. In the most significant operation so far, the Bengalis captured a river steamer along with its 300 passengers, and eight barges carrying about \$400,000 worth of jute. Bengali forces are also able to prevent the regular use of roads and railways in some parts of the province, especially along its eastern border with India. A few progovernment East Pakistanis have been assassinated, and there have been a small number of bombings in Dacca.

[redacted] over three million refugees have fled to India, and Indian officials say they fear the number could eventually reach 10 million. An increasingly large proportion are Hindus—possibly 80 percent of those arriving in recent days—raising speculation that Pakistani authorities are deliberately driving out East Pakistan's large Hindu minority. India's relief capabilities are badly strained; substantial UN aid for the refugees seems assured, although New Delhi regards the proffered amount as inadequate.

Despite the acceptance of Swiss good offices by both New Delhi and Islamabad, the problem of repatriating the diplomats in Dacca and Calcutta has not been solved. The two countries continued to trade charges in the UN Economic and Social Council, but that body does not appear likely to take any action. India has again sounded out the US on taking the East Pakistani issue to the Security Council, claiming the refugee influx undermines international peace and security.

There has been some economic recovery in East Pakistan, but jute mills are operating at only about ten percent of capacity, ports are still functioning far below their normal level, and road, rail, and water transport has been only partially restored.

Pakistani officials estimate that two million tons of food will be required for East Pakistan during the next fiscal year beginning in July. They claim sufficient food is now available in East Pakistan for the next few months but that they need coastal ships and barges to distribute it. Pakistan has indicated that it will accept an international relief effort, but the amount of international supervision that Islamabad will accept has not been resolved. [redacted]

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India: *Parliament to Convene for Hectic Session*

The new parliamentary session, which convenes on 24 May for approximately two and a half months, promises to be busy, bombastic, and bellicose.

Prime Minister Gandhi enters the session strengthened by her triumph in national elections last March, by a well-managed cabinet reorganization this month, and by the toppling of the rival

Organization Congress Party from power in Gujarat State, its last remaining stronghold.

Although Mrs. Gandhi's Ruling Congress Party has a strong majority in parliament, all will not be smooth sailing. The situation in East Pakistan will be up for discussion and "young Turks" in her own party as well as opposition politicians eager to discredit her will denounce the

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government's cautious policy toward Bangla Desh. The refugee problem—over three million refugees by Indian count have entered India since fighting began in East Pakistan on 25 March—will be a particularly emotional issue. India is ill prepared to handle the influx, and some legislators may urge Mrs. Gandhi to “carve out” a refugee sanctuary within East Pakistan if the flow does not cease soon. The Indians have already warned US officials in New Delhi that India is prepared to take unspecified “unilateral action” to stem the flow of refugees. The Bengali cause is a popular one and if the “hawkish” voices are loud enough, and the refugee flow continues unabated Mrs. Gandhi could feel forced to make some gesture—short of recognizing Bangla Desh—to accommodate the critics.

Earlier this month President Giri issued a tough national security ordinance—designed primarily to deal with refugees suspected of being Pakistani agents—that empowers the government to detain individuals for specified periods without trial. Although Mrs. Gandhi may be able to avoid presenting the measure to parliament for approval, opposition groups who fear, with some justification, that she may use the ordinance against them may attempt to use the par-

liamentary forum to castigate the government for its “undemocratic” action.

At the same time she is coping with the problems raised by the Pakistani situation, the prime minister will be attempting to pass legislation implementing her promised “progressive” program. Last year the Supreme Court voided a government decree divesting India's former princely rulers of their constitutionally guaranteed stipends and privileges, and Mrs. Gandhi may again present legislation to put the politically popular measure into effect. In addition to discussing the budget and presenting several administrative reforms, bills to formalize last week's decree nationalizing general insurance companies as well as one to do away with the constitutionally guaranteed privileges enjoyed by members of the Indian civil service are being readied. The service was established by the British before independence, and many Indians have long considered the VIP treatment accorded its members a hangover from colonial times. None of these “showpiece” measures is expected to give the government much trouble because their economic impact will not be great and because they will affect a relatively small number of people with little real political power.

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Turkey Introduces New Economic Program

The new government that took the reins of power two months ago under threat of military take-over is giving high priority to its economic reform program. According to government spokesmen, the reforms will redress economic shortcomings, especially those neglected by the Demirel government.

The program covers several broad areas of policy that affect agriculture, cooperatives, state

economic enterprises, and taxes. Emphasis is being placed on a bureaucratic reorganization, which the government hopes will generate greater efficiency in dealing with economic problems. Moreover, Prime Minister Erim plans to reduce the size of land holdings in the eastern and southeastern parts of Turkey and to spread tax collections over a broader base—especially in the agricultural sector, which has borne only a nominal tax burden. Ankara will exert greater control over

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the agricultural cooperatives, and it will try to streamline the State Economic Enterprises (SEEs), which produce about 50 percent of Turkey's industrial output.

The reform program will undoubtedly meet with staunch resistance from well-entrenched interest groups. Agricultural interests will strongly oppose the government's efforts at land reform, and wider tax levy will be very unpopular. The SEEs are greatly overstaffed and many employees are unsuited for their jobs. Their reorganization has been on the agenda of various governments

throughout the 1960s, and two laws passed in 1964 designed to control them have not been implemented.

The Erim program could well result in changes of form only, unless the government, with military backing, is able to override political pressures and attack the protectionist trade policies that have been largely responsible for the inefficiency of industry. This will not be easily accomplished in the face of Turkey's long history of introspection and xenophobia.

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WESTERN HEMISPHERE

Brazil's New Look Toward Latin America

Foreign Minister Gibson has launched an ambitious program to strengthen Brazil's ties with other Latin American countries. To this end he is carrying out an unprecedented schedule of visits to several South American nations and most of Central America and is inviting many other foreign ministers to come to Brasilia.

One major goal is to give these governments a better understanding of the Medici administration's long-range political and economic objectives, and thus to soften its image as an authoritarian, military regime. Gibson also hopes to explain Brazil's opposition to seeking solutions to some Latin American problems through the traditional mechanisms of the Organization of American States, a forum in which Brazil has recently met some defeats. He is particularly interested in getting other countries to unite behind the 200-mile territorial waters claim in preparation for the world-wide Law of the Sea conference scheduled for 1973. The foreign minister also hopes to organize and articulate a unified Latin American position that might alter US policies on reducing foreign aid and on increasing protectionism.

One of Gibson's additional aims is to isolate Chile from other Latin American nations.

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Gibson hopes that the Marxist trend in Chile will prompt the US to react—as it did after the socialization of Cuba under Fidel Castro—by giving massive aid to Latin America.

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Argentina: *Lanusse and His Problems*

President Lanusse has frustrated, at least temporarily, the plans of his major adversaries in the army by forcing the retirement of seven colonels and disciplining three others. A large body of opposition to Lanusse and his policies remains, however, and the President will face many more problems in implementing his plans for political reform and the eventual return to elected government.

Lanusse moved quickly against the leaders of the so-called "colonels' movement" that was plotting against the government when the recent abortive military uprising in Tucuman Province provided him with a pretext. The Tucuman incident and the activities of retired General Labanca apparently caught the plotting field-grade officers in the Buenos Aires area unprepared, and the President took the opportunity to pick off the leaders of the movement one by one.

Lanusse retained the support of all the top army generals and most of the major troop commanders in putting down the younger challengers to his authority, but the cohesion of the army has been severely strained. There is no consensus on what approach should be taken to deal with Argentina's pressing political and economic problems, so no matter what Lanusse does, he will offend one segment or another. To many, particularly the younger officers, Lanusse is closely identified with the failures of the military government since it seized power in 1966. He is seen as continuing many of the same policies that cost President Ongania and then President Levingston first their prestige and finally their jobs.

Recognizing the danger of just such a breakdown in military unity, Lanusse long has believed that the armed forces must detach themselves from direct involvement in government. He real-

izes, however, that the military's disengagement must be orderly and that a framework for governing that has some chance of achieving stability must first be established. Some observers doubt that this can be done in the three years Lanusse allotted to the process when he took personal control of the government last March.

The political plan detailing how the government will be returned to civilian control will not be released for a few months, but the basic plan includes integrating Peronism—without Peron—into the political system and bringing new and younger leadership to the fore to replace the old politicians who have been discredited by many failures in the past. As a start, the government has initiated discussions with Peronist leaders and is allowing considerable freedom of political action by activists of all stripes.

In carrying out this plan, Lanusse is stirring the fears of staunch anti-Peronists in the military who foresee their archenemy returning to power. He also is threatened by the rising tide of Argentine nationalism, the adherents of which believe that only an authoritarian, military government can carry out a nationalistic revolution similar to that currently in process in Peru.

Lanusse has earned the enmity of the political extremes, both civilian and military and on both ends of the political spectrum. He has sought to pre-empt some of his political opponents by advocating some nationalistic economic policies, but these policies are creating economic problems that will soon begin to hurt him politically. Thus, the President has won the first round by breaking up the plots against him, but he can expect more—and probably more serious—trouble, particularly if the fragmented opposition can rally around one leader or coalesce on a particular issue.

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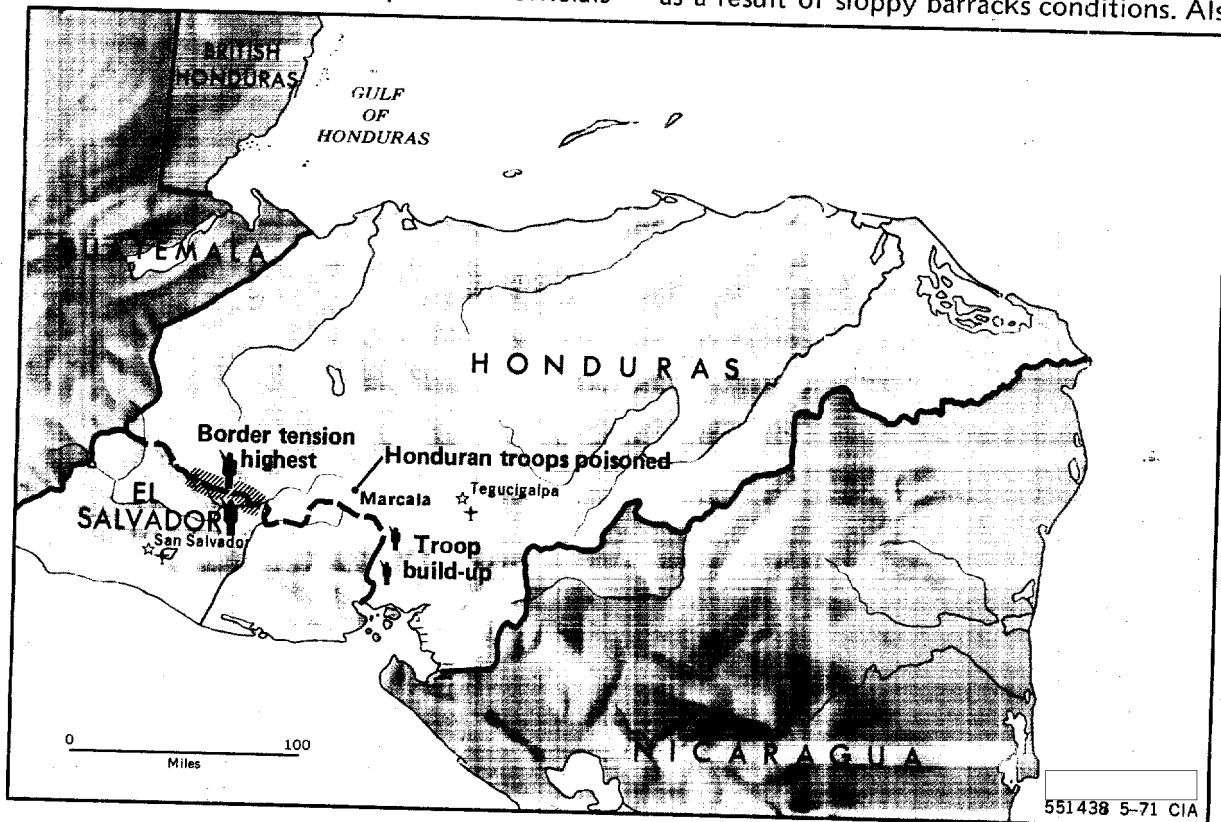
Hondurans and Salvadorans Talk Peace, But Border Is Tense

Although formal peace talks between El Salvador and Honduras opened this week in a less than auspicious atmosphere, the fact that secret negotiation is taking place provides a basis for hope, albeit slim, that some minimal progress toward normal relations can occur. The greatest danger appears to lie in the increasing potential for a serious clash on the border, where some provocative military situations have built up in recent weeks.

General pessimism surrounds the bilateral working group meetings, which were inaugurated on 19 May as arranged at last month's OAS conferences, but even the least optimistic officials

believe that some positive movement is possible from ongoing confidential talks arranged by the Costa Ricans. These talks may lay the groundwork for progress after Honduran president-elect Cruz is installed next month.

Incumbent President Lopez has made clear that he does not intend to work at paving the way for a peace settlement with El Salvador but instead is promoting a propaganda barrage to create public hostility toward it. The Salvadorans are being blamed for the poisoning of a presidential guard unit in Marcala, where 38 soldiers died from pesticides apparently introduced into food as a result of sloppy barracks conditions. Also, to



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divert attention from its inaction in the face of grave damage done by a series of forest fires over the past two months, the Honduran Government inspired the fiction that fifth column Salvadorans out to destroy Honduras' economy were responsible.

Border activity has also heightened tensions, particularly in the Arcatao-Mapulaca region of the undefined frontier, where there are almost daily exchanges of fire. OAS observers have confirmed Salvadoran complaints that Hondurans have increased forces in several areas, terrorized

and deterred Salvadoran campesinos from spring planting, and looted and burned homes. The Salvadoran chief of staff, claiming that the OAS observers are ignoring Honduran violations of the border pacification agreement, now has reinforced his side with additional men and stronger weapons. The OAS observers, who are down to ten and due to phase out entirely by the end of July, have expressed concern that, because the commanders and junior officers on both sides are eager and volatile, the situation is extremely dangerous. [redacted]

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Bolivia: *Political Cauldron Bubbles*

Disjointed opposition activity could soon develop into a challenge to President Torres.

conviction that united action is essential seems to be taking hold, but the level of trust among opposition factions is low. Organization and preparedness, however, are not necessarily prerequisites for action in Bolivia. Torres previously has moved to neutralize threats to his position in their formative stages, and he has proven himself adept at keeping plotters off balance. Even so, the President is aware that an ill-conceived preemptive move might trigger an impulsive coup attempt and precipitate a chain of events beyond his control.

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[redacted]

Related political developments also portend trouble for Torres. Long-standing animosity toward the MNR by high-ranking officers has been reduced by assurances that the military will be preserved and strengthened "when the MNR returns to power." In addition, anti-Torres sentiment among younger army and air force officers is increasing. [redacted]

Torres realizes that he has little active support from any organized sector of Bolivian society and that his regime has survived mainly because of inaction by others rather than because of his own political strength. An attempt to create a base of political support in the hinterlands fell apart last week when worker and student groups in Santa Cruz refused to join a government-sponsored "Popular Revolutionary Alliance." The President may have to accede to leftist demands for "revolutionary" action such as the expulsion of the Peace Corps, currently under fierce attack, if he hopes to secure a commitment from the "popular forces" for the defense of his regime. [redacted]

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The coalescing anti-Torres movement, nevertheless, will be hard pressed to come up with a realistic plan for taking power immediately; the

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Uruguay: *Political Attention Shifts to Elections*

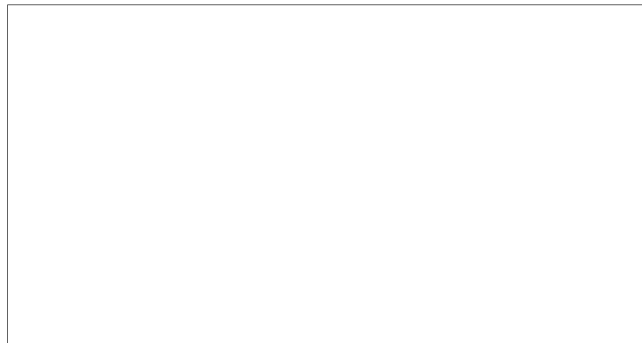
Political activity now is focusing on the presidential election scheduled for the last Sunday in November. This contest gives early promise of being one of the most complicated and critical in recent decades.

President Pacheco is constitutionally barred from a second term, but his backers have been actively seeking support for a constitutional amendment to be placed on the ballot in November. The President touched off a flurry of political comment early this month when he broke his political silence on the election issue to hint at his support of a unity slate from the two major parties. Pacheco's comments were welcomed by his supporters as the opening move in a re-election bid and condemned by other presidential aspirants as an effort to perpetuate an inept administration. Proposed constitutional amendments require 150,000 signatures to be placed on the ballot, and Pacheco's supporters are reported to have more than 400,000 on their petition. As in 1966, when Uruguayans approved a change from a multiple to a single executive system, this would result in two simultaneous elections. For example, Vice President Abdala is a declared presidential candidate, but he also expects to be entered as a vice-presidential nominee with Pacheco on a re-election ticket.

Although several other presidential candidates have emerged in recent weeks, the situation remains extremely fluid. Months of political bargaining lie ahead, because the lists of candidates and coalitions do not have to be finalized until 20 days before the elections. Uruguay's involved electoral system, which combines both a primary and general election and allows factions within the same party to run different slates of candidates, further complicates the situation. In

1966, there were more than 1,300 different lists of candidates for national and departmental offices.

Challenging the traditional two-party system this year is the new Frente Amplio, a coalition of leftists, Communists, and dissidents from the major parties. It opened its campaign in March, well ahead of the Colorado and Blanco parties, and has attracted widespread publicity. Vice President Abdala and others remain confident, however, that the political machines of the two major parties will smother the Frente effort.



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Uruguay's unprecedented terrorism is a product of the Tupamaro organization—a group over which the Soviets have no control and which is ideologically opposed to the Moscow line—and the Pacheco administration's inability to control it has become a major issue. Countermeasures to date offer little prospect of significantly curtailing guerrilla activity in the months ahead. On 14 May, the Tupamaros carried out their eleventh kidnaping since 1968, seizing a former minister of agriculture after an unsuccessful attempt against an industrialist the same day. The Tupamaros now hold four hostages, including the British ambassador kidnaped in early January, and have given no terms for their release.

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