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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review completed

Secret

11 June 1971
No. 0374/71

Copy No 0050

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(Information as of noon EDT, 10 June 1971)

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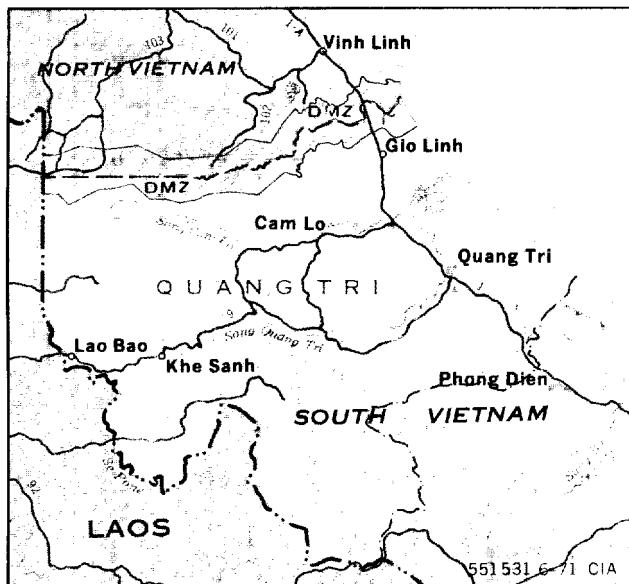
FAR EAST

Indochina: *A New Threat in the North*

North Vietnamese units in northernmost Quang Tri Province kept up heavy shellings of allied positions last week and also began a series of ground attacks against isolated field positions. Allied counterattacks and air strikes have reportedly inflicted heavy casualties on the attackers.

Most of the ground attacks were directed at South Vietnamese Marines participating in Lam Son 810—a search-and-clear operation against enemy units operating in the central and western sectors of the province. more than 260 Communists were killed as against government losses of 31 killed and 32 wounded.

Ground fighting has abated somewhat in the central highlands, but the current respite will probably last only as long as it takes for enemy units to regroup for new attacks on South Vietnamese artillery bases and other targets in western Kontum and southern Pleiku Provinces.



Election Stirs Controversy in Saigon

The breach between Thieu and Ky is continuing to widen; they have begun to hurl accusations at each other in public, making it most unlikely that either would consider renewing their political marriage of convenience for the election. Thieu has suggested that Ky resign the vice presidency, but Ky rejected this, charging that the President is a "tyrant" who relies on fraud, threats, and pressure to gag the opposition.

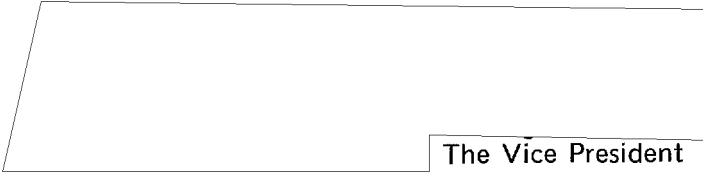
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President Thieu's tactics in persuading the Lower House to pass the presidential election bill last week have provoked considerable private criticism in Saigon. The President's main objective—to ensure inclusion of a restrictive nomination clause in the bill—is widely viewed as an effort to keep Vice President Ky out of the presidential race. The clause requires candidates to be endorsed by either 40 of the nearly 200 National Assembly members or 100 of the 550 members of provincial councils. Several independent and pro-government deputies have complained privately that members of the government exerted heavy pressure on them to vote for the bill. At least half of the deputies are generally believed to have accepted bribes from a presidential aide in exchange for their votes. One prominent deputy claims that, although he was not offered any money, he was warned that his campaign for re-election in this summer's Lower House elections would suffer if he failed to vote for the nomination clause.

In the past, similar controversies stirred up by Thieu's methods of dealing with the National Assembly have blown over fairly soon. Although in this case Thieu's leading rivals for the presidency may keep the matter in the spotlight for some time, it seems likely that they will continue to focus mainly on the contents of the election bill rather than on Thieu's tactics in getting it passed.

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The Vice President hopes Minh, who seems certain to get the necessary endorsement of Assembly members, will persuade provincial councillors sympathetic to him to endorse Ky. Minh might be receptive to this suggestion, realizing that his own chances would be improved if Ky runs because the Vice President would draw support away from Thieu. Minh might, however, have difficulty persuading provincial councillors to endorse Ky if Thieu appeared to be the likely victor, as the councillors might be reluctant to go on public record against the President.

Opposition Deputy Released

The release of prominent opposition deputy Ngo Cong Duc last week after four days of confinement will help calm the furor over his detention. Duc was released shortly after the Lower House voted by a wide margin to order the executive branch to free him. As a result of the affair, the government's image may have suffered in Duc's home province in the Mekong Delta, where many of the people apparently believe the deputy's claim that the incident leading to his arrest was part of a government plot to have him disqualified as a candidate in this summer's Lower House elections.

A Militant Note from Hanoi

An article in the January-February issue of an authoritative North Vietnamese party journal, only recently available in Washington, contains the clearest signs to date that a fundamental change in Hanoi's war strategy took place around the turn of the year. The article strongly suggests that the Communists are now taking a different

approach on two basic issues: the relative priorities to be attached to prosecuting the war and developing the home front in North Vietnam; and the kinds of military tactics that now are suitable for Communist forces, especially in South Vietnam. 25X1

These questions have periodically been topics of debate in North Vietnam as the nature of the war has changed over the past decade. Since 1968 the line has been that the war and the home front have roughly equal priority and that a long, drawn-out, low-key struggle is in prospect in the South. The newly available article, on the other hand, asserts categorically that the war is North Vietnam's first order of business and that intense, large-scale fighting involving conventional forces is called for on the battle front.

On the first point, the article makes no attempt to argue that a balance of some kind should be maintained in the allocation of resources to development at home and to the war effort. In one remarkably candid passage illuminating Hanoi's manpower mobilization effort of the past few months, the article states: "As the great rear area of the three theaters (Vietnam, Laos, and Cambodia), North Vietnam has the primary duty at the present time to seek to mobilize manpower and material in order to meet fully and promptly all the requirements of the front line.... Irrespective of the situation, North Vietnam must fully and promptly meet all requirements for reinforcements for the various theaters."

In discussing military tactics, the article acknowledges that fighting a so-called protracted war is basic Vietnamese Communist policy, but it points out that "protracted fighting is not protracted guerrilla fighting"—i.e., that stand-up battles by conventional forces have an important role. The article calls for "sudden leap-like

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developments" aimed at quickly changing the balance of forces, citing the Communist offensives of 1968 and the spring of 1965 as examples. And just to make clear that the examples are applicable to today's war, the article asserts that the "total defeat of the 'Vietnamization' of the war...also involves large leaps to change the balance of forces to the point where the enemy will not be able to continue the war."

These ideas probably were formalized as Communist policy at the party central committee's 19th plenary session held around the turn of the year. Their appearance in a study journal intended primarily for Communist cadre indicates that they are part of the party line. More than any other evidence available to date, the article indicates that North Vietnam is bent on raising the level of fighting in Indochina in the months ahead, and that it is prepared to put much more manpower into the war than has appeared in the infiltration network so far this year.

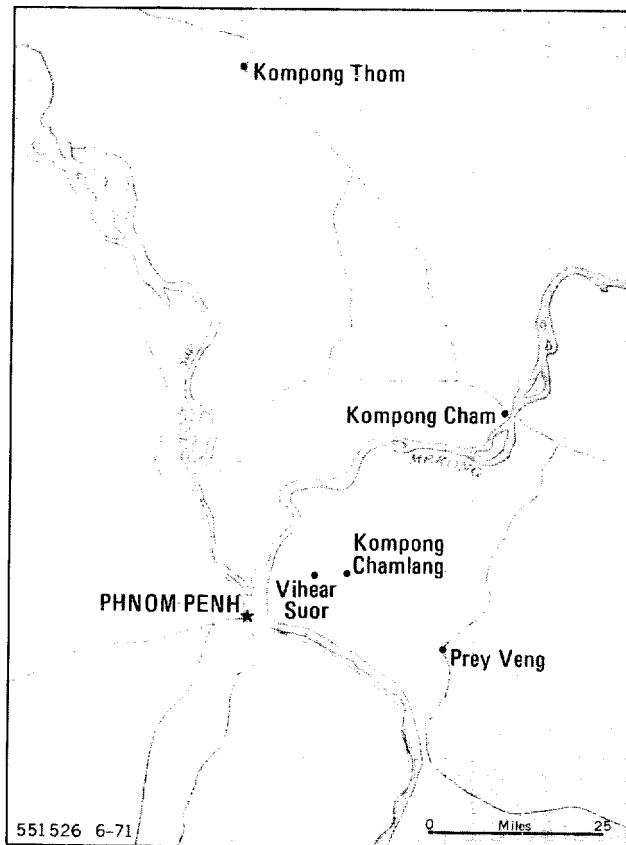
Cambodia: War on the Doorstep

During the week Communist forces continued to offer strong opposition to government efforts to dislodge them from an area just 15 miles northeast of Phnom Penh. In some of the sharpest action in recent months, the enemy attacked and broke up a Cambodian Army task force that was attempting to reach two embattled government positions east of the Mekong River.

The task force, which consisted primarily of elite Khmer Krom units, was trapped by the enemy on 8 June after it moved out of the village of Vihear Suor and headed east toward one of the isolated positions at Kompong Chamlang. The Communists first brought the eight-battalion column to a halt by attacking it with intense small-arms fire, and then followed up with a concentrated mortar and rocket barrage. Although

the task force was thrown into temporary disarray, most of its elements managed to fight their way through encircling enemy troops and return to Vihear Suor. Preliminary casualty reports indicated that 26 government soldiers were killed and another 166 wounded. Communist losses reportedly totaled at least 85 killed.

Although the Communists' objectives in holding this area are not yet clear, they may be trying to provide a screen for an infiltration route from the north that conceivably could be used once the area between the Mekong and Prey Veng town becomes inundated. Whatever the case, the

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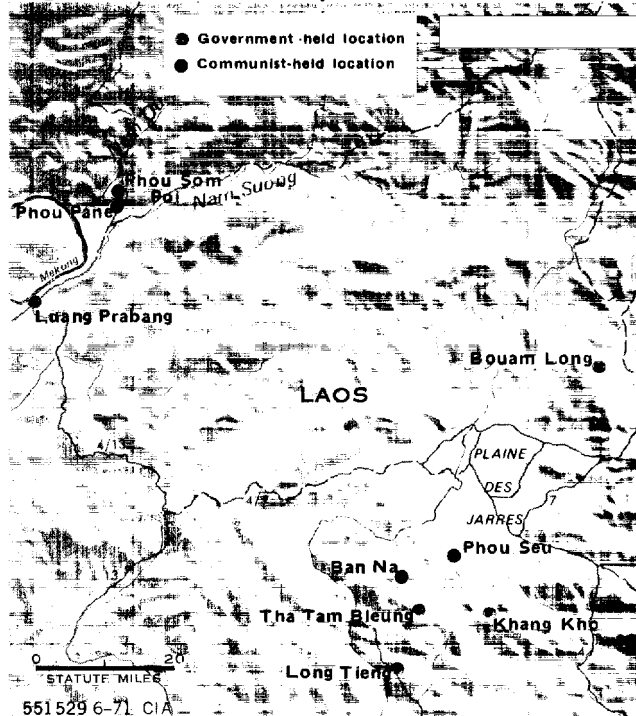
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government evidently is determined to keep trying to clear this area once its forces there have been regrouped and reinforced.

Petroleum and Politics Do Mix

Phnom Penh also suffered through another petroleum crisis during the week. Reserve stocks of diesel fuel for vehicles and for the city's industrial plants were exhausted, forcing a number of the latter to shut down while one of the capital's two power plants was running dangerously low on fuel. The anticipated arrival of another petroleum convoy up the Mekong was expected to improve the situation, but only temporarily, because the government has persistently mismanaged such deliveries.

The fuel shortage has raised both the price of gasoline and the temperature in the National



Assembly. The president of that body informed the government that the Assembly will dissolve itself if the recent increase in the cost of gasoline is not rescinded. A majority of the assemblymen reportedly are opposed to the new price because it imposes a heavy burden on the poorer segments of society, and because they believe the government acted unconstitutionally in raising the price without consulting the National Assembly.

In responding to the Assembly's demand, the minister of finance stated that a combination of transportation difficulties and the requirement for additional government revenue had necessitated the price rise and, therefore, its revocation would be "economically disastrous." He also indicated, however, that he was asking the minister of commerce to work directly with the Assembly in order to find a mutually satisfactory solution to the question of prices in general. This conciliatory response evidently placated the aroused deputies, who viewed it as a sign that the government is willing to consult with them before initiating similar policy changes in the future.

Laos: The Military Situation

After several weeks of relative inactivity in the Luang Prabang area, North Vietnamese forces on 6 June overran government high-ground positions at Phou Som Poi and Phou Pane, about 18 miles northeast of the royal capital. Elements of the two battalions of government irregulars involved are now regrouping, and so far report casualties of 10 killed, 25 wounded, and 100 missing. Some Lao political and military officials have warned that the rapid return to their home military regions by Lao Army and irregular units that had been defending Luang Prabang has left some gaps in the city's defensive perimeter. Smaller government units are being moved into key positions, however, and no major new Communist thrust toward Luang Prabang seems in prospect.

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The Communists kept up their shelling attacks and small-unit probes around the irregular base at Bouam Long, north of the Plaine des Jarres. Only limited casualties resulted, however, and no important positions have fallen to the Communists. On the southern edge of the Plaine, three battalions of irregulars so far have encountered little enemy resistance to their sweep operation northeastward from Khang Kho.

The tempo of the war slowed somewhat in southern Laos. No new Communist attacks developed in the Route 9 area of the western panhandle. The only major action on the Bolovens Plateau occurred on 3 June when a North Vietnamese battalion attacked an irregular command post five miles east of Paksong. Government losses were high—27 killed, 59 wounded, and 64 missing—but the irregulars have regrouped and have reported little further enemy contact.

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South Korea: *Return of the Prodigal Son*

Last week Pak Chong-hui appointed Kim Chong-pil prime minister, marking the full return to public life of one of South Korea's most dynamic and controversial politicians. As chief architect of the near-bloodless coup that elevated Pak to power in 1961 and as founder of the government party, Kim was at the center of much of the factional strife that characterized the regime's early years. As head of the Korean CIA, he built a personal empire that made him both feared and powerful. In 1968, Kim was forced to the political sidelines when his own presidential ambitions almost brought him into open conflict with Pak. Kim's gradual re-emergence as a political force has been strongly resisted by his factional opponents, who have benefited from his political eclipse.

political heir, but his room for maneuver will depend almost entirely on the President. Although Kim has considerable political appeal in his own right, control of the new administration remains firmly in the hands of Pak. Kim's cause could be helped by additional changes Pak may make among his top lieutenants. At present, the government party machinery is in the hands of Kim's enemies, but they are under fire from the party rank and file because of the party's relatively poor showing in the recent National Assembly elections. Pak's selection of officers to head the new Assembly could also affect Kim's political prospects.

Kim's appointment appears to be a reward for his strong efforts on behalf of Pak and the government slate in the recent general elections. Kim's political rehabilitation was also helped by the fact that he has long been personally close to the President and is married to Pak's favorite niece.

Other cabinet changes announced along with Kim's appointment were largely routine and primarily designed to start Pak's third term with a fresh image. The new foreign minister, Kim Yong-sik, is an experienced diplomat who briefly held the same position in 1963. Significantly, Pak retained the key economic ministers, including the deputy prime minister, who has over-all responsibility for economic planning. The incumbents are identified with Pak's successful economic policies, the continuation of which he claimed depended on his re-election.

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Kim undoubtedly will seek to use the premiership to strengthen his claim to be Pak's

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Communist China: *Present, But Not All Accounted For*

Two long-absent politburo members—Kang Sheng and Hsieh Fu-chih—suddenly resurfaced last week during Romanian party chief Ceausescu's visit to Peking. Their absence almost certainly was due to political troubles, but it is not yet clear that either man has regained his previous stature or that the jockeying for position within China's uneasy ruling coalition has ended. Indeed, the press treatment accorded the brief reappearance of both men, who appear to represent opposite ends of the political spectrum on the politburo, seemed an unusually contrived attempt by their supporters to demonstrate that neither side has permanently lost ground in the complex behind-the-scenes struggle in Peking between ultraleftists and putative moderate leaders. The actual power of both Kang and Hsieh has diminished considerably over the past year and it is possible that neither man has won full political rehabilitation. In any case, continued rumors that Chen Po-ta—Mao's long-time secretary and China's fourth ranked politburo member—has been purged, the conspicuous absence last week of some other key figures associated with the ultraleftist or more conservative forces, and numerous reports of crackdowns on extremist elements all suggest that a number of crosscurrents are roiling the waters in Peking.

Kang Sheng, who ranks fifth in the party hierarchy and who was a leading figure on the extremist side during the Cultural Revolution, was present at a major reception for Ceausescu on 3 June attended by Mao Tse-tung and Lin Piao. Kang was listed in his customary place among the regime's top leaders, indicating that he formally retains his position on the elite politburo standing committee. Nevertheless, he failed to participate in substantive talks with the Romanians and did not appear with his colleagues at subsequent receptions.

Also on 3 June, but well after the report that Kang had reappeared, the Chinese press released a remarkable article featuring the call made later that day on the Romanian delegation by Hsieh Fu-chih, his first recorded public appearance in over a year. The article accorded Hsieh all his usual titles, except that of public security minister, and by simply noting that other dignitaries such as Chou En-lai and Madame Mao were also "present on the occasion" gave what amounted to extraordinary billing for Hsieh. Because Hsieh's visit had the appearance of having been hastily contrived and Kang's re-emergence was clearly ceremonial in nature, the whole exercise had the effect of projecting both men as representatives of opposing forces within the elite rather than as powerful figures in their own right. Despite his impressive list of party and governmental positions, for example, Hsieh does not appear to be actually performing any of his varied duties at present.

In a broad sense, much of the maneuvering within the politburo since it was formed two years ago has stemmed from the efforts of ultraleftist ideologues long close to Mao to strengthen their political positions in the face of countervailing moderate pressures. In recent months the political seesaw in Peking has appeared to tip in favor of the moderates, and a concerted effort appears to have been made to thrust one ultraleftist leader, Chen Po-ta, to the political sidelines. Similar efforts have been made since last fall to circumscribe the authority of his colleague Kang Sheng, but he now appears to have gained some sort of reprieve which may be intended by Mao himself to demonstrate that the political seesaw has been tipping too far and that the voices of the left in regime councils are not to be completely silenced.

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In any event, Peking's failure to account for Kang's temporary eclipse and its curious handling of the question of Hsieh Fu-chih's political status attest to the fluidity within the present leadership. Indeed, whether or not the balance of forces

is still shifting rightward or is again in uneasy equilibrium may not be apparent until the leadership again turns out during the celebration of the Chinese Communist party's fiftieth anniversary next month. [redacted]

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PHILIPPINES: The proceedings to date of the recently convened constitutional convention are discouraging to the many Filipinos who had looked on it as a promising vehicle for reform of the Philippine political process. The decision to conduct the vote for convention officers by secret ballot has been bitterly attacked on grounds that

the electorate is entitled to know how its delegates vote. The secrecy is undoubtedly a smokescreen for the immense amount of vote buying and chicanery that has been going on in the ostensibly nonpartisan assemblage. The Marcoses have been busily buying delegates, despite their efforts to appear uninvolved. [redacted]

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EUROPE

Ceausescu Raises Soviet Hackles While in Peking

Tensions in Soviet-Romanian relations have surfaced again in the past ten days as a result of Romanian leader Ceausescu's nine-day official visit to Peking. Given a tumultuous reception there by Premier Chou En-lai and other Chinese luminaries, Ceausescu later met with Chairman Mao prior to embarking on an unprecedented tour of south China escorted by Chou.

The warmth of the Chinese leg of Ceausescu's trip to the Far East—later stops will be Pyongyang, Hanoi, and Ulan Bator—was evident in statements by Chinese leaders and articles in the Chinese press. The communiqué issued on the Romanian's departure followed predictable lines in restating Peking's and Bucharest's favorite and often self-serving formulas, albeit in low key. The communiqué's omission of extreme Chinese formulations on ideological and foreign policy issues underscored Ceausescu's insistence on maintaining a balanced and independent posture.

Meanwhile, political winds from Moscow obviously were intended to cast a chill over the visit.

Already nervous over China's "ping pong diplomacy" and other moves to improve Sino-US relations, Radio Moscow and the Soviet army newspaper, *Red Star*, came down hard on Ceausescu's trip even as the Romanian delegation was en route to Peking. Moscow used a Romanian-language broadcast to remind Bucharest pointedly of the harm China has done to socialist unity, and one Moscow commentator even cited the Soviet-Romanian treaty of July 1970 and the Warsaw Pact charter to stress the importance that socialist countries attach to "coordinating their foreign and domestic policies."

The Romanians recognized from the outset that Ceausescu's trip would antagonize Moscow but they apparently are not overly concerned. Moscow's expected lectures will thus be noted with equanimity. Ceausescu's statements in China welcoming closer ties with Peking make clear to all concerned that Bucharest intends to maintain and even flaunt in the Communist and non-Communist worlds its unique freedom of maneuver. [redacted]

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USSR - OUTER SPACE: The Soviets this week asked that their draft treaty on peaceful utilization of the moon be placed on the agenda of the fall session of the UN General Assembly. The text appears to cover much the same ground as the 1966 Outer Space Treaty, with no substantive departures from the phraseology of that document. Moscow for some time has balked at com-

pletion of the space liability convention, not wishing to accept binding arbitration as the ultimate recourse in disputes over damage caused by errant space vehicles. It may hope by introducing the draft moon treaty to divert attention from the convention, now being considered by a UN subcommittee in Geneva. [REDACTED]

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Yugoslav Party Moves to Control Decentralization

The search for national unity, the main theme of the 18th session of the party presidium last week, was spurred on by recommendations that party and defense organs take the lead in making this a reality. To ensure that the planned government decentralization does not weaken the federation, the presidium proposed increased party assertiveness in safeguarding federal interests and more extensive popular involvement in national defense.

Presidium chairman Veljko Vlahovic's tough keynote speech to the 52-member body charged that "uncontrolled spontaneous development" in society had gone far enough and that the party itself was guilty of "unprincipled compromises," defensiveness, and passivity, all of which contributed to the recent political crisis. Vlahovic referred to the presidium's previous session in late April at Brioni, which dealt behind closed doors with disturbing nationalist tendencies. He concluded that the party must assert its proper role of controlling the pace and scope of the governmental reorganization.

Vlahovic indicated that the top party leadership is to be restructured, in keeping with Tito's reform plans. Vlahovic stressed that the party presidium would become the "center" of all major political, social, and economic decision-making. The 15-member executive bureau would then be charged with implementing the presidium's decisions.

He also urged the party to tighten its unity with the workers and excoriated party members' participation in unseemly "market-place-type discussions" and "bourgeois-chauvinist confrontations." Vlahovic pointed out that the recent self-managers' conference had shown the workers to be considerably ahead of the party in advocating new social programs, and he ordered closer identification by the party with the self-managers' goals.

The general thrust of the numerous decisions reached on defense policy is to create a closer working relationship between the army, the territorial defense (paramilitary) organs, and the population at large. An innovation in defense planning was surfaced in the presidium's announced intention to supplement conventional and guerrilla defense plans with a scheme for "unarmed struggle," probably passive resistance similar to that employed by the Czechoslovaks during the Warsaw Pact invasion in 1968.

Tito probably intends the extended all-people's defense program to become part of a regular, comprehensive defense system that would reinforce the Yugoslavs' strong inclination to rally in the face of external danger. At the same time, the defense system's permeation of the very roots of society would give the party leadership an important direct channel for mobilizing the nation on any issue it chooses. [REDACTED]

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NATO After Lisbon

The discussions of the foreign ministers last week reflected the different views within the Alliance on how to promote detente while preserving Western security. The European allies were cautious about exploring Soviet overtures on mutual and balanced force reductions (MBFR), but at the same time they were prepared to acknowledge progress in the Berlin talks and to soften the tone of NATO's insistence on a Berlin agreement before beginning multilateral preparations for a Conference on European Security (CES).

The procedures approved by the allies for initially probing Soviet attitudes on MBFR—continued bilateral explorations followed by a meeting of the NATO deputy foreign ministers—were those advocated by the US. The idea of eventually appointing an emissary or emissaries from the Alliance to prepare for MBFR negotiations was adopted at Canadian urging. Although the European allies, except France, were willing to go as far as the combined US-Canadian approach, they remain suspicious of Soviet intentions. The West Germans, for example, are probably still concerned despite recent public expressions to the contrary, that early multilateral talks on force reductions would undercut Western leverage in the Berlin talks.

Paris did not associate itself with the MBFR decisions, but its urging of allied caution on MBFR has brought it closer to involvement in NATO consideration of force reductions than at any time in the last two years. The French say they are concerned—as are the British and some other allies—that force reductions on terms acceptable to the Soviets would weaken West European security. Foreign Minister Schumann has emphasized that Moscow may hope through

MBFR negotiations to win concessions on forward based nuclear-capable systems in Western Europe that they have not been able to get in SALT.

Schumann exhorted his European colleagues at the ministerial to face up to the prospect of reductions of US troops by increasing national defense efforts instead of hoping for MBFR. The inclination, however, of many of the European allies—including the French—will be to seek increased security in the context of a broader detente instead of through domestically difficult increases in their defense budgets. This inclination translates into considerable latent support for an eventual CES, which, in spite of its standing as a Soviet proposal, is considered by many of the allies of potential advantage to the West. This attitude was reflected in the desire of most of the allies to modify the wording of the Berlin-CES linkage to make it less offensive to the Soviets.

Early commentaries by the Soviets on the NATO meeting attributed what they called the "purposely vague expressions" of the NATO communiqué to disagreement among the allies. The Soviets' own position on the relationship between MBFR and CES has hardly been a model of clarity. In a flurry of visits to Western capitals before the NATO meeting, Soviet diplomats, including Deputy Foreign Minister Tsarapkin, created confusion with their vague presentations on the timing of MBFR talks relative to a CES and on the question of whether force reduction talks could deal with foreign or indigenous forces, or both. It is, indeed, uncertain how far Moscow's own planning has progressed. According to Romanian Deputy Foreign Minister Gliga, there has been no Warsaw Pact study of MBFR.

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Local Elections to Test Italian Political Trends

Much of the campaigning for the off-year elections of 13-14 June is being waged on national issues, although local questions will also

have impact. Party leaders will analyze the outcome for clues to the popular evaluation of their political activities since the last election. These

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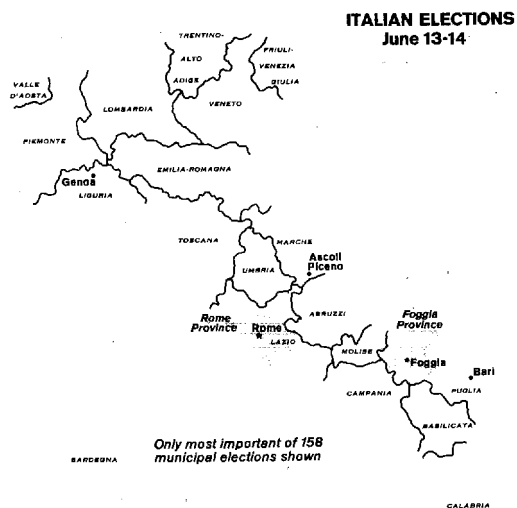
signs may provoke either the retention of or changes in the coalition government of Prime Minister Emilio Colombo, which now includes Christian Democrats, Socialists, and Social Democrats.

Immediately before recessing for the elections, the government stepped up parliamentary activity on social and economic reforms to enhance its parties' prospects in the contest, which will renew the regional assembly of Sicily, the provincial councils of Rome and Foggia, and 158 municipal councils. Three major reforms on which progress was made concern housing, the universities, and taxes.

The Christian Democrats are on the defensive in the election campaigns, particularly in Sicily, Genoa, and Rome. In these areas they face voter reaction against poor administration, unsatisfactory economic conditions, and several recent spectacular crimes. They are running scared but are maintaining their usual electoral unity, and are warning that neo-Fascist gains would ultimately help the Communists. Both the Socialists and the Social Democrats are emphasizing the need for reforms, but the latter are more strongly opposed to legislative cooperation with the Communists for this purpose.

The neo-Fascists of the Italian Social Movement (MSI) are campaigning more aggressively, confidently, and expensively than in the past, appealing to conservatives' fears of a leftward drift, as well as to growing popular nostalgia for a more ordered society. The MSI, which polled five percent in nationwide elections last year, is expected to improve its position, taking votes at least from the right-wing Liberals and Monarchists and perhaps from the government parties as well.

The Italian Communist Party (PCI) is also emphasizing law and order and devoting particular attention to Sicily, where it has strengthened its forces with 48 activists sent from the mainland for propaganda and organizational work. In the last Sicilian election in 1967, the Communist vote



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dropped from 24 to 21 percent, but the Proletarian Socialists, then newly organized and supported by Moscow, more than made up for the difference by polling five percent. This year the two parties are running together in a number of contests, and the Communists are likely to show an improved standing.

The Colombo government has been in power for ten months, a relatively long time for Italian governments in recent years. In each of the past three years, moreover, a serious cabinet crisis has occurred in June or July. The government may nevertheless hope that political maneuvering linked to the presidential election next December will help it to survive if the voting indicates no major shift against the coalition parties in this month's elections.

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Iceland: *Parliamentary Election Outcome Cloudy*

After a two-month-long, dull and desultory campaign, Icelanders go to the polls on 13 June to elect a new parliament. Confronted with the largest electorate on record because the voting age was lowered from 21 to 20 and with increasing fragmentation at the left end of the political spectrum, Icelandic politicians are reluctant to predict the outcome of the election.

The present coalition, consisting of the conservative Independence Party and the Social Democrats, has been in power since 1959 and bears the onus for the nation's record of sustained economic maladjustment, marked by rapid inflation and repeated devaluations of the krona. At the same time, the country's principal economic asset—its herring fisheries—went from boom to bust between 1965 and 1970, and Iceland has had to readjust its fish processing and marketing to turn a profit from other varieties of fish, such as cod and capelin.

Intensive overfishing by British, German, and East European fleets has been blamed for the disappearance of the herring from its traditional grounds off Iceland. To protect the nation's maritime resources, all parties agree that Iceland's fishing limits should be considerably extended from their present 12-mile line, but the government and opposition are sharply divided as to how far and how fast to extend them. The government's proposal, adopted on the eve of parliament's dissolution and the opening of the campaign, calls for the appointment of a committee to draft legislation setting a 50-mile fisheries limit, but it does not commit itself to any timetable. The defeated opposition proposal called for the unilateral establishment of a 50-mile fisheries limit and a 100-mile antipollution zone by 1 September 1972.

While presiding over the transformation of the nation's fisheries, the government has begun to take timid steps toward diversifying Iceland's economic base. Despite opposition cries that it is promoting pollution and a foreign economic take-over, the coalition has encouraged new industries financed by outside capital and based on Iceland's abundant power resources. After many years of hesitation, the government also finally brought the country into the European Free Trade Association (EFTA) in 1970. The subsequent efforts of major EFTA members to obtain membership in the European Communities (EC) has been greeted with malicious satisfaction by the opposition, especially as the government has been obliged to begin treating with the EC without evidence to present to the xenophobic public that the decision to enter EFTA was a wise one.

All but ignored in the campaign have been Iceland's foreign policy, its membership in NATO, and the continuance of the US-Iceland Defense Agreement, with its provision for the presence of 3,000 alien forces, with 2,000 dependents, sitting on the doorstep of the capital and controlling the country's only international air gateway. Only the Communist-dominated People's Alliance has raised these issues, and then just for the record.

ICELANDIC ELECTIONS, 1967-1969

	Parliamentary Elections, 1967		Municipal Elections, 1969	
	% of vote	Seats	% of vote	
Independence Party	37.5	23	41.8	
Progressive Party	28.1	18	19.4	
Social Democratic Party	15.7	9	13.4	
Liberal Left Party	3.7	2	6.2	
People's Alliance	13.9	8	14.3	
Other	1.1	--	4.9	
Total	100.0	60	100.0	

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The situation within the respective political parties presents no key to the outcome of the election. The Independence Party and the agrarian Progressive Party have only recently patched up a number of internal disputes, and neither group's leaders have the full confidence of their rank and file. On the left, the emergence of the Liberal Left Party, after a long gestation, has drawn off support from both the Social Democrats and the People's Alliance. Numerous internal splits in the new party in the course of the campaign, however, have placed its viability in question. At the same time, a small group of Moscow-oriented Icelandic Communists, unhappy with the 1968 amalgamation of its party with the People's Alliance, has banded together in the Reykjavik Socialist Society and announced its refusal to support People's Alliance candidates. Between the People's Alliance and the Reykjavik Socialist Society stands the Brigade, a group based on a one-time Communist youth organization, which is offering its support to the

People's Alliance on a candidate-by-candidate basis. Ideologically unclassifiable is the newly created Candidature Party, a youth group whose sole program is protest, yet its few candidates could take enough votes from the established parties to upset close contests.

With only a two-seat majority in parliament and facing the prospect that they will lose just enough to push them out of power, the two parties in the governing coalition are looking for suitable partners to broaden their parliamentary base. The most likely candidate is the Liberal Left Party, if it can survive the elections with at least a few seats and its internal organization intact. If this alternative fails and the coalition parties lose their majority, there is some sentiment among members in the Independence Party to dump their long-time Social Democratic partners and replace them with the conservatives' old adversaries, the Progressive Party.

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UN-USSR: Secretary General Thant will meet with Soviet officials in Moscow on 23-24 June during a lengthy trip that will include stops in Ethiopia, Mongolia, Poland, and Geneva—the site of the UN's European headquarters. The Soviet Union is believed still to favor another term for Thant and probably will seek to dissuade him from his oft-repeated intention not to serve again.

velop and, for the first time, indicated he would return to Burma upon retirement.

Thant's latest statement—delivered at a press conference on 3 June—was a bit more categorical than previous ones in that he expressed doubt that an impasse over the succession would de-

There has been a considerable proliferation of candidacies, announced and unannounced, in recent weeks, and this trend is likely to continue given the rising presumption that Thant may not be available. Helsinki is pushing hard for its UN delegate, Max Jakobson, despite supposed Arab opposition based on his Jewish background. The Finn's supporters claim that their soundings have uncovered no firm Arab position.

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MIDDLE EAST - AFRICA

Israel-Egypt: *Both Sides Still Far Apart on Suez Agreement*

Policy statements this week in both Israel and Egypt detailed the large areas of disagreement that stand in the way of any interim agreement on the opening of the Suez Canal.

In a major foreign policy speech to the Knesset on 9 June, Prime Minister Golda Meir reiterated Israel's basic terms for an interim Middle East accord that would include the reopening of the Suez Canal. Mrs. Meir listed nine conditions that her government is demanding:

- fighting on the canal must not be renewed;
- Egypt must clear and operate the waterway;
- free passage must be assured for all shipping, including Israeli vessels;
- no Egyptian or other armies can cross the canal;
- effective and agreed supervision procedures must be provided for the agreement;
- there must be adequate means to deter any violations;
- the evacuation of Israeli forces from the canal would not lead to a further withdrawal before a final peace;
- the new line held by Israeli forces would not be considered the permanent boundary;
- a permanent boundary would be determined in a peace treaty.

The Israeli prime minister commented that the prospects for reopening the canal have suffered as a result of the Soviet-Egyptian treaty and recent pronouncements by Egyptian President Sadat. She also appealed to the US to supply

Israel with new weapons, especially aircraft, to rectify what she termed the unequal arms balance caused by Soviet supplies to Egypt.

In a speech on 8 June to troops along the Suez Canal, Egyptian President Sadat renewed his offer of 4 February to open the canal "if the Israelis are ready to withdraw in the first stage as part of the total withdrawal." Sadat listed three conditions for Egyptian agreement to an interim accord on the clearing of the canal:

- Egyptian forces must be allowed to cross to the East Bank;
- the cease-fire would be limited to six months; if a final settlement is not reached and total withdrawal not achieved in that time, Egyptian forces would have the right to complete the liberation of their territory;
- Cairo would not concede any territory, either through "lease" or through bargaining; the Egyptians consider the border the recognized international boundary with Palestine.

Addressing himself to the US, Sadat said, "If the US supports Israel in the occupation of our land, I will treat the US as Israel's partner." In an obvious appeal for greater US pressure on Israel, Sadat noted that the US had not yet defined its final stand and had asked for more time. He said that he was giving the US this time but that if it were not used appropriately, "then we will wage the battle." 25X1

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USSR-Egypt: Military Aid Relations

President Anwar Sadat's recent remarks on the Soviet-Egyptian Treaty of Friendship and Cooperation suggest that military aid agreements between the two countries are likely to revert to longer term commitments emphasizing a balanced approach in building Egyptian forces into a self-reliant organization.

Sadat's objective appears to be to create a well-trained Egyptian armed force capable of repelling an Israeli attack and over the longer term to develop an offensive capability. At the same time he appears to desire a lessening of the current level of dependence on Soviet military forces in Egypt.

Such long-term goals, if they are to be realized, would shift the focus of the Soviet military aid program. Since the June 1967 war there has been a patchwork of pacts to re-equip and train the Egyptians on materiel similar to that lost in the war and to meet immediate threats from Israel. There appears to have been little attention paid to planning for an independent Egyptian military establishment that could, for example, assume those control functions in the hands of the USSR since 1970. Such a goal was implicit in the extensive preparations for arms agreements prior to mid-1967. Negotiations along those lines

were under way when hostilities broke out in June of that year, but have never been resumed.

Future agreements probably will encompass training in Egypt on the more modern types of equipment received since early 1970. Progression to later models probably also will be sought, such as the replacement of the MIG-21 jet interceptor by the swing-wing Flogger, which Moscow apparently is producing for export.

A major effort over the next several years will be to raise the technical ability of Egyptian forces to use increasingly sophisticated Soviet materiel effectively. Egyptian forces over the next several years probably will take control of a majority of the SA-3 surface-to-air missiles, the ZSU-23/4 self-propelled anti-aircraft artillery, and a variety of electronic detection, jamming, and communications equipment now manned by the USSR. The Soviets are likely to maintain control of the advanced equipment of special importance to them, such as the SA-6 surface-to-air missile system and the new supersonic jet interceptors that arrived early this year in Egypt. The presence of Soviet military units in Egypt is assured for some years to come to protect vital Soviet installations there.

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Jordan: *The Noose Tightens*

The army is closing in its cordon around the remaining fedayeen enclaves in the north. Various incidents, usually involving artillery fire against fedayeen positions, have occurred daily since 29 May. In the Ajlun area, the army controls most of the commanding heights and has concentrated a number of artillery and armored units around the town. As many as 18 armored, mechanized, and infantry battalions are positioned on the fringes of the wooded commando redoubt between Jarash and Ajlun. Army and militia units control

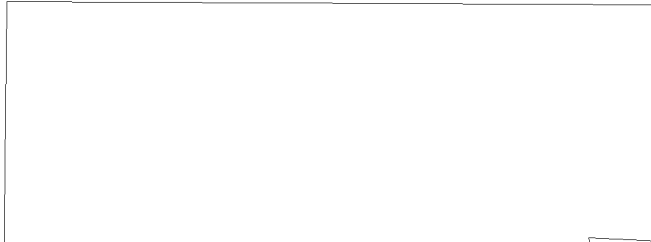
all the towns in the area, additional checkpoints have been set up to restrict fedayeen movement, and armored units have been drawn up above two of the refugee camps. After a siege of several days, troops entered the Gaza refugee camp on the afternoon of 7 June and searched its inhabitants.

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Despite the build-up, however, the army is more likely to reduce fedayeen strongholds gradually in a series of limited attacks than to launch an all-out offensive—thus hopefully muting the outcries of “massacre” that can be expected from all quarters of the Arab world.

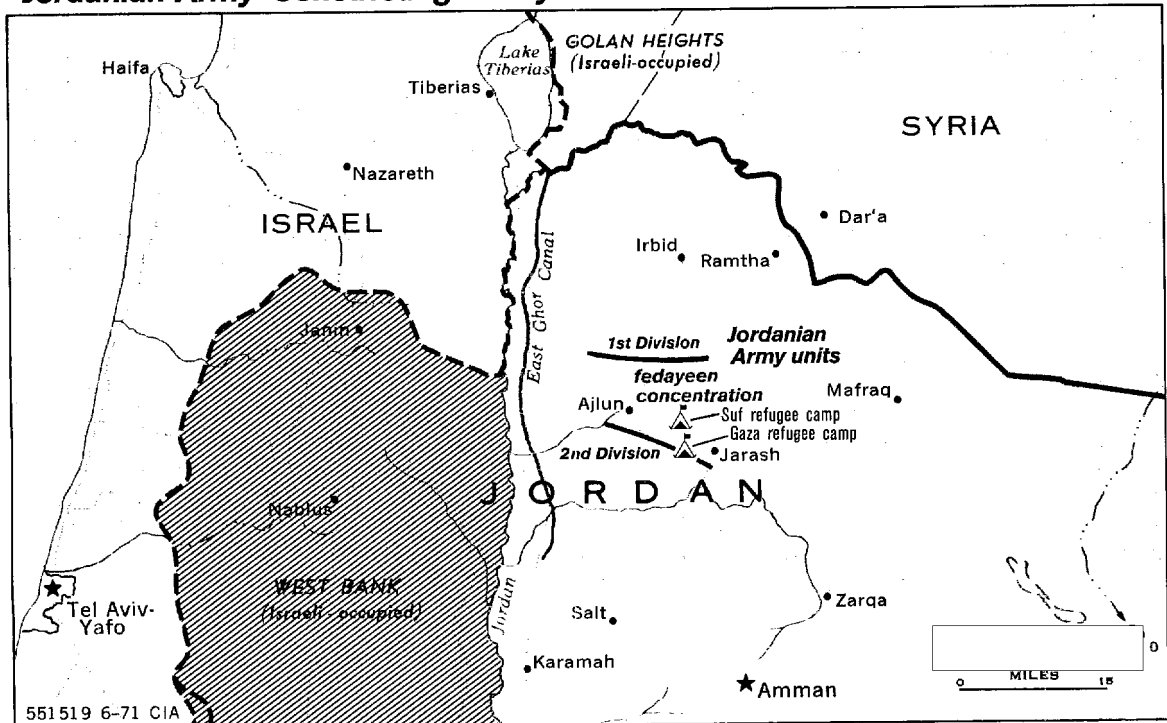
In the meantime, the government is negotiating with the fedayeen in an effort to reduce their area of activity.



The Syrians, too, claim to be cooperating; they have apparently moved army units into the border area, reassuring the Jordanian Government that the concentration is intended solely to control fedayeen activity.

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Jordanian Army Constricting Fedayeen Enclaves



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Libya: *Money Isn't Everything*

The tremendous profits from oil have not yet enabled Libya to deal with its major domestic problems, despite the fact that its per capita income is higher than Israel's. Inadequate health facilities and a lack of modern housing have yet to be tackled, and Premier Qadhafi himself stressed in a recent speech that quick solutions to these problems cannot be expected. Complicating the problem of social reform are poor government planning and the inability of the revolutionary regime to retain the services of experienced Libyan civil servants.

The premier aired some startling statistics about social conditions even as he promised new hospitals and housing. He noted that 35,000 Libyans suffering from tuberculosis are walking the streets and that others are afflicted with scores of endemic diseases for which they are unable to obtain any medical treatment. "How can we run tens of hospitals with only 47 doctors?" Qadhafi asked, pointing out that even nurses are lacking. Plans for an improvement of health facilities appear to be moving ahead slowly; the health minister stated that bids had been let for two 1,000-bed hospitals, one of which will serve as the nucleus for a medical school. Staffing arrangements—the crux of the problem—were not spelled out.

Qadhafi also scored the lack of housing, noting that Libya was a nation "living in huts or old houses," with some 35,000 persons completely homeless. He noted that the country lacked contractors who could build houses or pave roads. The government must build 10,000 houses annually for the next five or six years, he said, in order to demonstrate the "greatness" of the revolution.

In 1969, the new government inherited three major sources of skilled labor from the royal regime: former Italian colonists, largely expatriate oil workers, and a rudimentary civil service that had attracted the bulk of Libya's few literate citizens. The Italians were expelled en masse last summer and the number of foreign oil workers has been reduced by nationalistic pressures.

As for the civil service, poor administration by the army officers who took power after the revolution has been gradually driving officials into early retirement and causing widespread discontent among those who remain. The government, feeling the pinch, has even sought to re-enlist former civil servants whom it forced out after the revolution, but it has had little success thus far. The result is that an even heavier workload must be borne by the government workers who are sticking it out.

The Libyan police have become particularly discontented over the treatment they have received. As professionals, they resent the lack of trust shown them because of their pre-revolution service, and they are bitter about playing second fiddle to a generally inept army in terms of equipment and pay. An earlier government attempt to retire them has recently been reversed because of an urgent need to retain their services, but moves to win them over seem to have failed.

As a result of these various basic problems, the young Libyan leaders will soon be faced with a decision on whether to use Libya's vast funds to employ foreign personnel in needed domestic reforms or to hew to their xenophobic policy of wasting money on unrealizable projects.

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Pakistan: *Situation Report*

Refugees from East Pakistan continue to swarm into India, only to be confronted by sickness—especially cholera—and hunger. The Indian Government estimates that the refugees now number more than five million, and health officials indicate that the death toll from cholera and other diseases is probably well over 5,000. Moscow has joined India in calling for urgent measures to end the flow of refugees, including greater efforts to create conditions of security in East Pakistan so refugees would be willing to return.

Indian relief facilities have been severely overtaxed by the refugees who, according to some estimates, are arriving at a rate of about 100,000 per day. The land used for refugee camps is located mostly in low-lying areas. These sites are now subject to monsoon flooding, and cholera, which is largely confined to refugee areas, could spread. The local economy in border areas is also suffering, as prices have risen while wages for unskilled labor, normally not much above the subsistence level, have plunged dramatically. Although Islamabad recently agreed to set up camps on the East Pakistani side of the border to receive returning refugees, no facilities have yet been constructed.

International relief is being coordinated by the UN High Commission for Refugees. Pledges of money and relief supplies including \$17.5 million from the US have been received from a host of countries. The US, as well as the USSR, is preparing to assist in the massive movement of refugees to less populated areas. In a special effort to control cholera, vaccines and rehydration fluids are to be airlifted to India for at least the next eight to ten weeks. India can provide foodgrains for the refugees from its foodgrain stockpile, but it already is critically short of dry milk, oil, and pulses. Moreover, any foodgrains diverted from India's stockpile of about 5.8 million tons will have to be replaced by imports.

In East Pakistan food remains the key problem. Starvation may already be occurring in some

regions in the south hit by the cyclone last November. A World Bank team now touring the East wing reported that populated areas in the north-west also are critically short of food and that the harvesting and planting of rice are being neglected. The head of the team in graphically describing the over-all economic situation, has commented that "if Jesus Christ were put in charge it would take 18 months to put the pieces together." Islamabad is finally showing signs of being responsive to international offers of aid for East Pakistan, but the real test of Pakistani intentions will come when UN personnel arrive for duty in the East.

Economic activity in the eastern province remains well below normal and the US consul in Dacca reports that economic recovery seems to have reached a plateau. Prices of most commodities in the capital are not much above pre-hostility levels, but inflation has probably been held in check by a 50-percent reduction in the population. Production of jute goods—the East's major industry—was only five to ten percent of normal in May, and production in June is not expected to be much higher. Businessmen stress that no progress is possible until a political solution is found and a sense of security restored to the community.

The economic news from West Pakistan remains generally grim. Although foreign-exchange holdings rose in May for the first time in over a year, the increase largely reflects the unilateral moratorium on foreign debt. A sobering note is the stated intention of several factories in the Punjab to lay off workers. Some factories in Karachi already are operating one shift instead of three. Finally, in a move to penalize tax evaders and those Bengalis and West Pakistanis who looted East Pakistani banks, Islamabad has recalled its highest currency denominations. These denominations account for 60 percent of the value of outstanding currency.

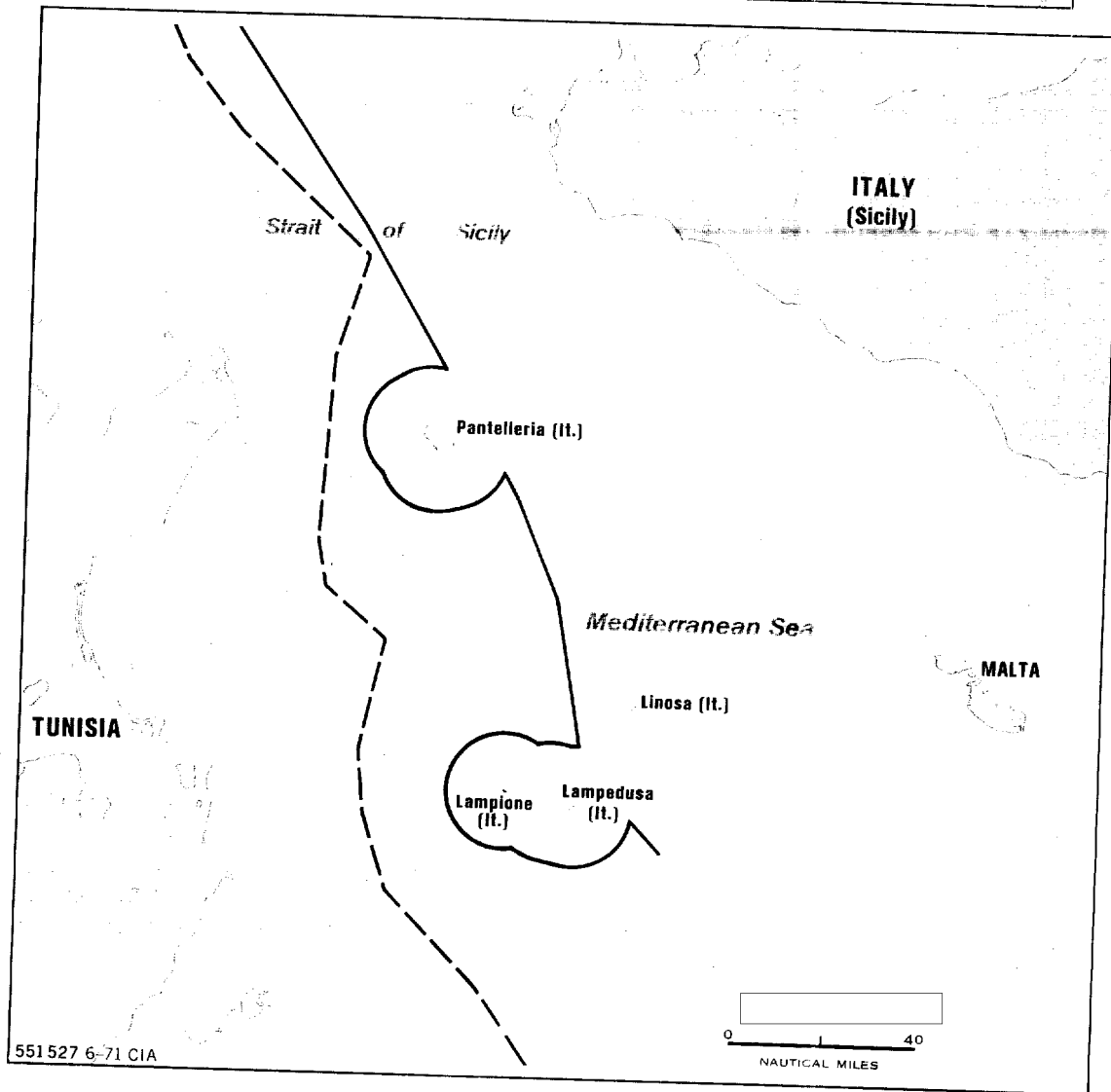
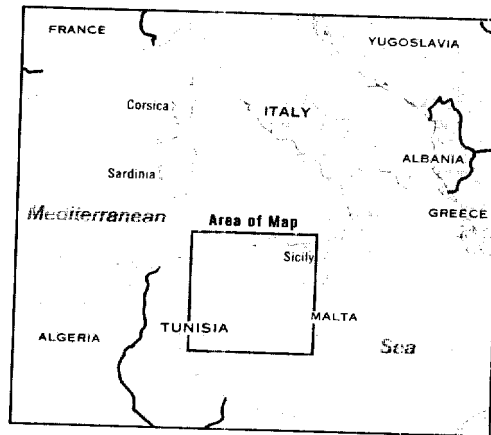
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Italy and Tunisia Dispute Seabed Boundary

Seabed Boundary Claims

- Italian
- Tunisian



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Tunisia-Italy: *Seabed Boundary Dispute*

Potential Mediterranean oil deposits and a disputed international seabed boundary are troubling relations between Italy and Tunisia. The controversy, which has led to the postponement of the signing of agreements on fishing rights and economic aid, focuses on the tiny Italian islands of Pantelleria, Linosa, Lampedusa, and Lampione, which lie between Sicily and Tunisia and on the role these islands should play in the demarcation of a seabed boundary.

The Tunisians claim that the boundary line should be equidistant from the Sicilian and Tunisian coasts with the islands entitled only to a seabed boundary corresponding to their 12-nautical-mile territorial sea limit. The Italians, on the other hand, maintain that the boundary should lie halfway between the islands and the Tunisian coast, an arrangement that would give Italy a large part of the seabed that extends eastward from Tunisia.

Italy's state-owned oil company, ENI, has recently conducted seismic studies in the Mediterranean, including the disputed seabed, but Italy refuses to share these findings with Tunisia. An Italian Foreign Ministry official has admitted, however, that the survey has made the area in question "most interesting." Other Italian officials maintain that the oil potential has been exaggerated and that a friendly settlement is still possible, perhaps modeled after treaties between Italy and Yugoslavia and between Italy and Malta. The Tunisians, nevertheless, are unwilling to con-

sider any compromise until they have access to the seismic studies. The dispute is exacerbated by the recent polarization between the international oil companies and the producing states and by the fact that Tunisia's neighbors—oil-rich Algeria and Libya—have seized greater control over their petroleum resources.

From the viewpoint of international law the Tunisians appear to have the stronger claim. The 1958 Geneva Convention on the Continental Shelf states that, in the absence of an agreement, the boundary will follow the median line between opposite coastal states unless another boundary is justified by "special circumstances." The International Court in adjudicating the North Sea Case ruled that, in using equidistance or other methods in dividing up the shelf, equitable principles should be applied. The practice thus far has been to ignore small islands situated near the center of a semienclosed sea and to award to those islands only that portion of the seabed that lies beneath their territorial seas. The Italians have already suggested referring the dispute to international arbitration, which would delay exploitation of resources for some time.

The issue portends many other seabed boundary problems as technology permits ever deeper sea-floor exploitation. It comes at a time when the UN is laying the groundwork to solve seabed sovereignty problems, among other Law of the Sea issues, at an international conference in 1973. 25X1

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WESTERN HEMISPHERE

Violence Becomes an Issue in Chile

The murder on 8 June of conservative Christian Democratic leader Edmundo Perez Zujovic will enable President Allende to enhance his newly self-proclaimed role as protector of law and order and to carry out his threat to crack down hard on extremists of both the left and right.

His most likely target now is the political right.

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President Allende has also publicly implied rightist involvement by linking Perez' murder to that of General Schneider last October. Senior military officers, however, reportedly have discounted rightist involvement. Leaders of the Christian Democratic Party (PDC) have demanded that military intelligence services be allowed to share in the investigation of the murder.

The VOP, which describes itself as a "socialist and revolutionary organization of the armed proletariat," broke off from the better known leftist extremist Movement of the Revolutionary Left (MIR) about two years ago. The US Embassy says that the VOP now appears to be a mixture of extremists and common criminals.

Only recently Allende authorized a crack-down by security forces on the MIR. Early in his administration he tried to co-opt the MIR by giving some of its members responsibility for his

personal security and excusing their excesses on the grounds that he shared their ideals. On 26 May, however, he called in the two top MIR leaders to warn them that they were threatening his programs by their incitement of violence and issued an ultimatum that they must support his government or suffer the consequences. About the same time, Allende's nephew and the chief of his bodyguard withdrew from the MIR at his behest, and Socialist Party leaders forced many of their own members to drop their ties with the group.

When Allende and an official group appeared at the University of Concepcion, headquarters of the MIR, on 29 May, a student leader challenged the President to his face by calling for armed violence, and the students booed Allende's outraged response. He excoriated the MIR's concept of revolution and its tactics and said that revolutions rest on the proletariat, not students.

Allende's new stance may reassure the great majority of Chileans, perhaps most importantly the armed forces and police. The widespread acceptance of his program and administration by Chileans was tempered initially by concern over his tolerance of the MIR and the violence it bred. Having proven his stand for order by acting against the left, Allende can with impunity seek to pin the Perez murder on rightist extremists.

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Peru: *Velasco's Downfall Widely Rumored*

In a press conference on 2 June President Velasco attempted to put to rest the widespread rumors that he would soon step down voluntarily or be overthrown by dissident army officers. The rumors continue, however,

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Most of the rumors of a pending confrontation have revolved around General Artola, who

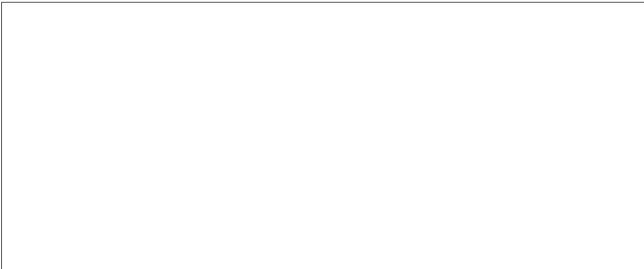
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was removed from his post as interior minister last month. Artola's arrest of a bishop was the immediate cause of his departure from the cabinet, but there is some evidence that Velasco was beginning to fear the general as a potential challenger. General Artola lacks a strong power base within the military, however, and now has been appointed military attache to France. In the meantime he is being closely watched because Velasco fears that he may try to organize a move based on his popular support in Lima's slum areas and the contacts he made while chief of the intelligence and security services.

The more serious challenge to Velasco comes from the growing ranks of military officers dissatisfied with the policies of the government.



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Fear of provoking a serious split in the military apparently has played a major role in preventing a confrontation between Velasco and his military opponents during the past two and a half years. The President's prestige has slipped in recent months, however, and discontented officers may now believe that the repercussions of his removal would not be too serious.

The President, however, has survived many periods when his imminent removal was widely rumored, proving himself to be a capable political operator. His basic strength lies in the fact that, more than any of his potential successors, he has been acceptable to all factions within the military. His role in government councils has often been to balance the demands of the radical reformers in his cabinet against the wishes of the moderates. It is possible, however, that the President's health, or the strains of two-and-a-half years of being in the center of a political tug of war, could cause Velasco to step down voluntarily. Likewise, the scales may have tipped far enough in favor of the moderates to allow them finally to mount a successful challenge.

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Uruguay: *The Government Leans Further to the Right*

President Pacheco seems intent on pressing an aggressive line against leftist elements despite significant domestic opposition.

His hard-line policies brought on another clash with the legislature on 2 June when it passed an education reform bill by a near unanimous vote despite the threat of presidential noncompliance. The bill would establish a new governing council for the strife-torn secondary schools, which have been administered by the government since last year. The strong congressional action has given the President some pause, and he has delayed action on the bill.

There is no doubt, however, that Pacheco is determined to respond strongly to the general

violence and Tupamaro terrorism. He replaced the minister of education, who resigned last week apparently because of a disagreement with the President over how to deal with student violence, with Pedro Cersosimo, a hard-lining, pro-Pacheco congressional deputy. Also indicative of the sentiment in government have been recent statements of administration spokesmen touting a new, violence-prone rightist youth group that has organized resistance to the take-over of secondary schools by radicals. There are already allegations that the government is directly supporting the group.

Pacheco apparently believes—probably correctly—that the military would support his use of harsh measures. It is this military support and

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Congress's awareness of it that have helped Pacheco win several battles with the legislature despite his lack of political finesse.

The resignation of the education minister was accompanied by several other ministerial changes, bringing total cabinet changes to nearly 70 during Pacheco's tenure. The net result has been a more obvious law-and-order slant to the administration, with the most recent appointees chiefly distinguishable for this attitude and their loyalty to the President.

The President's increasingly aggressive policy was also demonstrated by his recent warning to the Soviet ambassador to cease interfering in Uruguayan affairs by funding the left's political campaign and by police harassment of the Cuban news agency in Montevideo. If the new leftist coalition appears to be gaining public support as

the November elections approach, Pacheco will be sorely tempted to expel officials from the Soviet mission or from the Cuban news staff in order to divert some domestic criticism and sully the reputation of the left by linking it with foreign elements. Mexico's recent expulsion of Soviet officials probably would make it easier for Uruguay to follow suit.

Pacheco may now be inclined to use an expulsion for possible political gain in view of the fact that Uruguay's high hopes for increased trade with the USSR were dashed by the disappointing results of a recent trade mission to Moscow. In addition, the Communist-controlled labor sector promises to be a growing problem in months ahead, and past expulsions of Soviets have been followed by a slackening of labor agitation.

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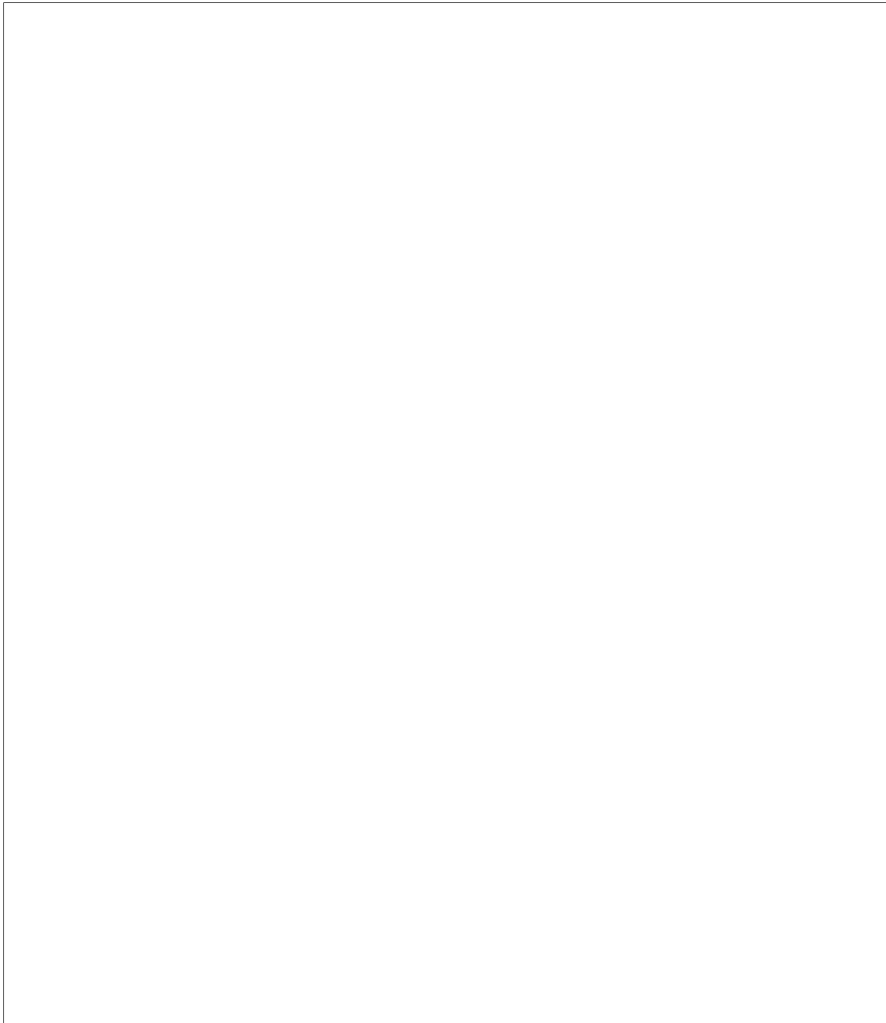
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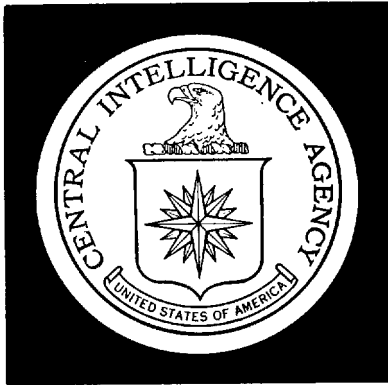
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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY
Special Report

Constitutional Revision in the Philippines

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№ 40

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CONSTITUTIONAL REVISION IN THE PHILIPPINES

The constitutional convention that convened in Manila on 1 June is the culmination of years of growing Philippine sentiment favoring constitutional revision. The present constitution, drafted in 1935 by an assembly very much susceptible to the "guidance" of American authority, was subject to final approval by President Roosevelt. Following World War II, the constitution was amended at US insistence in the context of a complicated economic, transitional arrangement to include provisions favoring American investment. Many Filipinos understandably regard this constitution as a colonial document and, in their minds, this alone necessitates the present constitutional convention.

There is, however, another factor far more important to the background of this convention—popular disenchantment with the domestic political status quo. Since congress in March 1967 first put the machinery for constitutional revision in motion, the prospect of a convention has generated considerable enthusiasm and interest among moderate students, the liberal activist wing of the Roman Catholic Church, the urban intelligentsia and, in general, the Filipino middle class. These reformist-minded elements see the convention as a chance at long last to attack the corruption and blatant abuse of power that has always typified Philippine government.

Such introspection and critical self-examination hopefully mark the start of a real step away from the emotional Philippine conviction that the country's problems and weakness derive from its colonial legacy and from its continuing "imperialistic" exploitation—a colonial mentality that has hindered Filipino political development. Nevertheless, the enthusiasm that has built up around the constitutional convention appears to be largely naive and misplaced. There seems to be a widespread expectation within reformist circles that the convention will prove to have an almost mystical cathartic effect on Philippine politics—an idea that by replacing one constitution with another the many flaws of the political system can be erased.

In actuality, the failures of the system are not rooted in the existing constitution but rather in the ingrained characteristics of Philippine society. Although the Philippines has the trappings of democracy—free elections and the regular constitutional transfer of power—the Filipino society and economy remain largely under the control of wealthy families, both long pre-eminent and newly rich. With its deep roots in Philippine society, this oligarchical establishment has nearly monopolized political life. Politicians are preoccupied with ensuring that the benefits of office accrue to themselves and their families. Nepotism and the abuses associated with it are condoned if not demanded by social mores. Corruption is a way of life. Everything about the system acts to negate a sense of responsibility as regards the national interest and the general welfare, and it is this, rather than a constitutional problem, that is the basic obstacle to good government in the Philippines.

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Although the convention will serve as a sounding board for reformist views, the last word on important decisions will be had by the political establishment and President Marcos himself. The conservative, entrenched oligarchy will not stubbornly resist and defeat all efforts at reform during the convention. On the contrary, constitutional reform has become fashionable, and everyone is for it, including the establishment, although to different extents and for different reasons. The convention may enact legal and technical reforms by the score. It remains to be seen, however, how much constitutional reform can do to alter long-standing political patterns.

When Filipino reformers talk of change and reform, what they really want is the development of a new breed of political leadership—politicians with a sense of integrity and social conscience who will either transform or destroy the traditional political system. This new leadership is not presently in sight, and will emerge more from an evolutionary process than from constitution writing.

There are, of course, positive aspects to the convention. Within certain limits it is a serious effort at self-correction. The process of revision, however, could be far more important than the end product. Throughout the discussion and debate that has already taken place and will continue on the convention floor, Philippine leaders hopefully will gain a better understanding of the social and political pressures building within Philippine society and perhaps develop the beginnings of a social conscience.

It is difficult, however, to escape the conclusion that the exercise in constitutional reform could result in more harm than good. In the enthusiasm surrounding the convention, it has become common to hear public figures proclaim that the convention represents the last opportunity for peaceful evolutionary change in the Philippines. Regardless of how ideal a constitution the convention produces, however, Philippine politics are not going to be transformed. The unrealistic hopes and expectations being generated by the convention could turn into a backlash of disillusionment and a loss of faith in the system's capacity for self-reform. In particular, if President Marcos' actions confirm suspicions that he intends to manipulate the constitutional convention into extending his term of office, popular reaction will be sharp. Just how serious a backlash develops, however, will depend in large part on what the convention does with regard to the future political ambitions of President Marcos and his wife.

*The Principal Issues:
Marcos and the Presidency*

Presidential reform is the most publicized issue the convention will tackle. It is also certain to be the most politically significant and controversial item, because sentiment for presidential

reform is inextricably bound up in the current wave of popular revulsion against the Marcos administration and the President's apparent determination to continue in power.

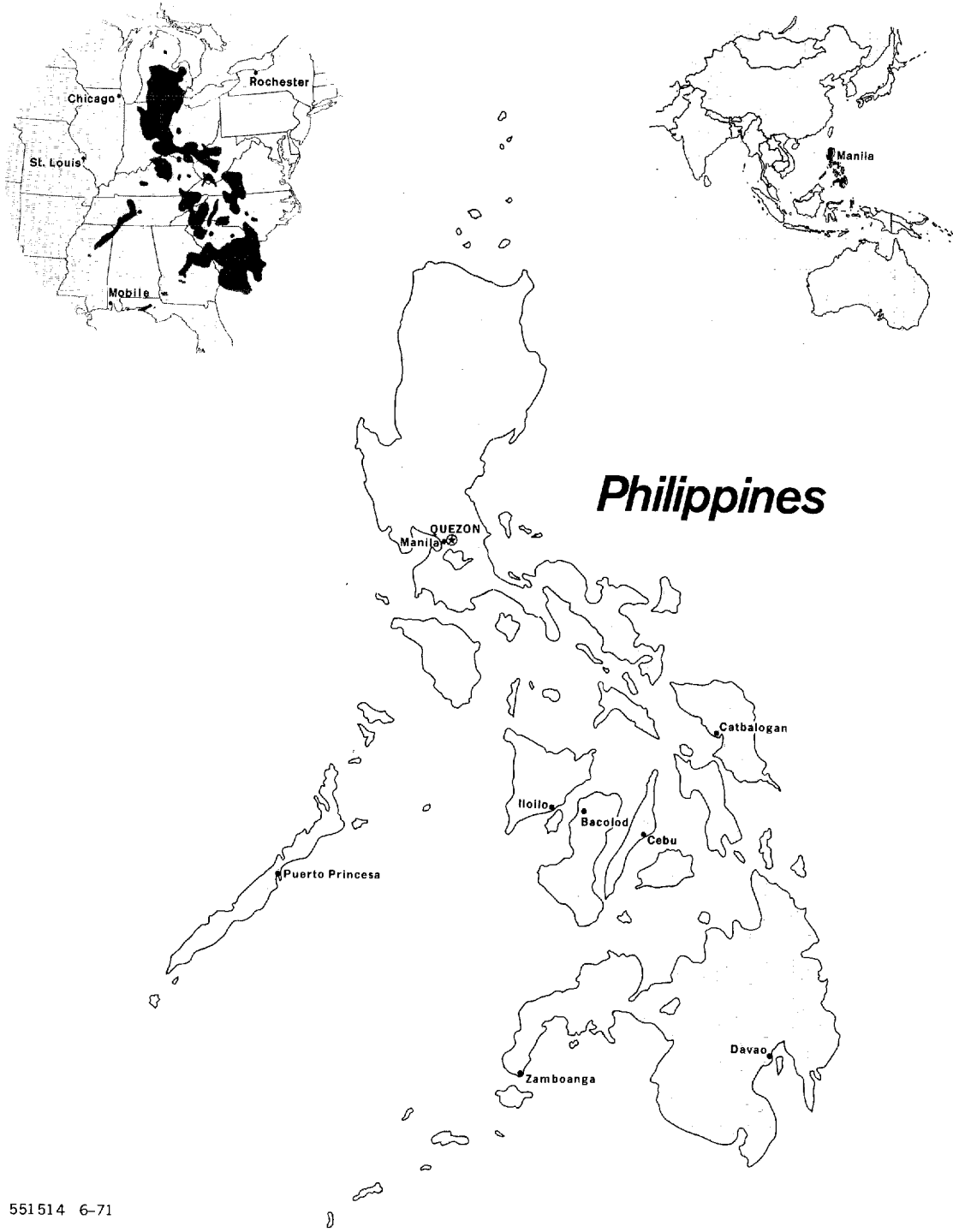
Anti-Marcos feeling has been rising sharply since the 1969 presidential elections. In becoming

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the first Philippine president to win a second term, Marcos resorted to coercion and corruption on a grand scale. The landslide proportion of his victory was not credible to the most naive observer, and the misuse of public funds on his behalf was a significant factor in bringing the Philippine Government to the verge of bankruptcy. This revelation of the enormous powers that can be wielded by an incumbent president acted as a catalyst on the reform movement and greatly increased the impetus for constitutional change. Since then, Marcos' cynical and insensitive handling of student protest, the nation's continuing economic difficulties, and his generally defensive and uncertain leadership have further lessened his reputation. Recently Marcos has attempted to improve his image by calling for a "democratic revolution" and declaring war against "pressure groups" and "oligarchies." This has been embarrassingly unconvincing. In regard to the reform movement Marcos is suffering from what, in popular terms, can only be called a monumental credibility gap.

Much of the anti-Marcos feeling is being generated not within the reform movement but within the Philippine political establishment. In Manila the crescendo of anti-Marcos vituperation in the establishment-controlled press is intense. Marcos is finding himself increasingly a target as he moves further into what is his final term under the present constitution and as his opponents redouble their efforts to prepare the way for future victory for themselves. The Liberal Party, enfeebled by infighting and eclipsed by the powerful political machine Marcos has developed over the past six years, now is making every effort to construct new coalitions against the President. Many of the senior members of his own Nacionalista Party are themselves in open opposition or engaged in secret conspiracies with the Liberals. In response Marcos is now completing a purge of the Nacionalista leadership designed to remove or neutralize all those not totally loyal, and especially those who might have presidential aspirations of their own. In a country where party affiliation has never meant much, the political

establishment now seems to be split into two general groups—those who support Marcos and those, regardless of party label, who oppose him.

All of this has been enough to forge an obvious if somewhat fragile common interest between reformers and politicians out of power. They are agreed that the power of the presidency has become too strong and could be leading to the perpetuation of a Marcos "dynasty." In the ongoing public debate on presidential reform, a broad consensus appears to have been reached favoring a single six-year term without re-election, as opposed to the present four-year term with possible re-election to a second term. The anti-Marcos opposition is insisting that the single-term stipulation should apply to Marcos, thus making him ineligible for re-election in the first presidential race under the new constitution. Aside from getting rid of Marcos, reformists hope that a single-term presidency in the future will limit the attractiveness of the presidency, or at least the damage an unscrupulous incumbent could do. There is also a measure of public support for barring close relatives of an incumbent president from running for the office. This is patently aimed at the first lady, Mrs. Imelda Marcos, an ambitious, strong-willed woman, who, many Filipinos fear, harbors ambitions to follow her husband in the presidency.

What started out as a nagging suspicion among anti-Marcos forces that the President would attempt to tailor the presidential clause of the new constitution to his own advantage has turned into something approaching sullen certainty. Despite public denials of any interest in the presidency following the expiration of his term in 1973, Marcos, in private word and deed, has made it clear that he is not reconciled to a lame-duck role. Instead of seeing the constitutional convention as the capstone of his career, he appears to see it as an opportunity to gain further time in office. In talks with convention delegates and confidants, Marcos has expressed his approval and support for the six-year single term.

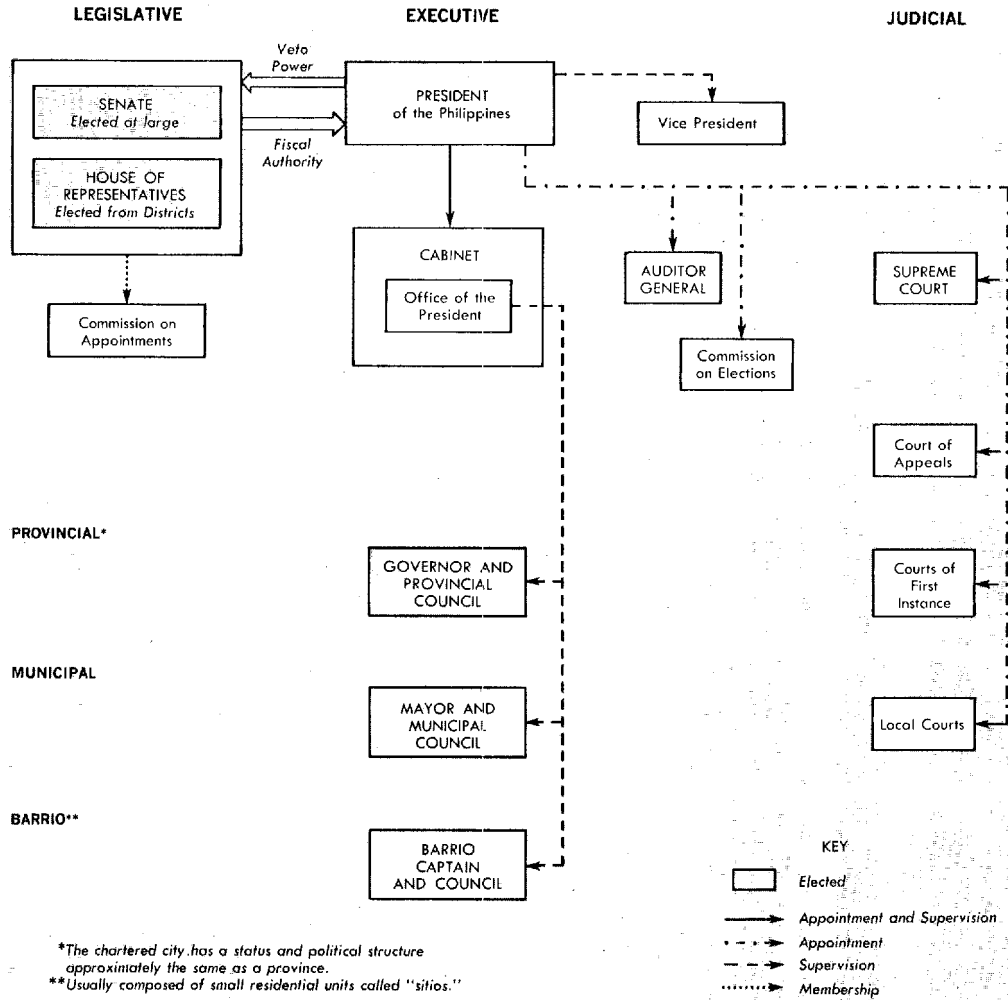
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Structure of the Philippine Government



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Despite his efforts to line up convention delegates, however, it is by no means certain that Marcos has decided on how hard to push his preference to stay in office. He has not yet been able to get a clear picture of how serious the opposition to an extension of his tenure would be. His decision may not be reached until he assesses the showing of the candidates he backs in next November's congressional elections.

Aside from the central question of presidential term, widespread public support has developed for limiting or removing some of the specific powers of the executive. Under the present constitution, a president of the Philippines, less encumbered by effective checks and balances than is a US president, can in many instances act more arbitrarily. Without concurrence by congress, he can suspend the writ of habeas corpus, declare martial law, and in times of national emergency exercise legislative power. Reformers would like to remove or weaken such powers. The president now has sweeping powers of appointment at the national level. Reformers would like to limit his authority in this area, especially in regard to the judiciary, which in the past has been subject to political control. The financial powers of the presidency are another major target. Under the present system, the president personally controls and releases all public funds. This has given the president enormous coercive influence and has encouraged the misdirection and juggling of public funds that has always plagued the Philippine Government. The convention could act in this area by making certain appropriations, like those for the courts and congress, automatic and by strengthening the authority and autonomy of the auditor-general.

Finally, the convention is going to spend a great deal of time discussing the question of

decentralization. The Philippines is a unitary state; jurisdiction over areas such as appointments and licensing, even at the local level, is ultimately exercised by the national executive. For some time there has been strong reformist sentiment to decentralize by allocating more authority and responsibilities to provincial and local governments. After years of debate, discussion, and some grandiose proposals, there are a few signs that some of this enthusiasm is diminishing. An awareness is growing that the delegation of power to lower levels of government that are, in many cases, controlled by provincial political machines and vested interests would not necessarily be such a progressive move. Although the convention will probably institute some measure of decentralization, it is unlikely to go so far as to move to a federal or semifederal system.

President Marcos has not shown his hand on these and other proposals to limit executive power. He certainly is not against all of them and could probably live with them all. His only obvious and immediate interest is the adoption of a provision that will give him the opportunity to stay in office.

Possible Structural Change: The Legislature

During the past several years civic and university groups, scholars, politicians, and armchair constitutional lawyers have been enthusiastically engaged in studying and rewriting the Philippine constitution. Filipinos have been inundated with books and pamphlets suggesting drastic overhaul of the governmental structure. The principal effect of all this debate and examination seems to have been growing respect for the present constitution, which is patterned basically on the US model, and some realization of the dangers of change for change's sake. The public consensus for change now seems to have jelled along fairly conservative lines, favoring fewer rather than many sweeping changes. There is, however, one substantial and rather questionable structural alteration that the convention may well make—a move to a unicameral legislature. Early on, broad

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support developed among reformist elements in favor of junking the Senate and creating a unitary national assembly. The Senate's well-deserved public reputation as a corrupt, rich-man's club, even though one shared with the House, no doubt has a lot to do with sentiment for its abolition. Also, a lot of chic has been attached to unicameralism as a more efficient and "progressive system," especially within academic circles. Nevertheless, a move to unicameralism remains a dubious reform. The Senate, for all its corruption, has occasionally served as a useful check on the presidency; its abolition would clearly make life easier for the executive.

Ironically, some of the strongest proponents of unicameralism are also bitter enemies of Marcos and advocates of a weakened presidency. The fact that the President and his wife are now actively lobbying for unicameralism and the abolition of the Senate will occasion second thoughts on the part of many reformists. Given the broad support unicameralism presently enjoys among convention delegates, however, its adoption must be considered a strong probability. There is also some talk about giving a unitary national assembly the right to elect the president. This is being put forward by some reformists as the "final solution" to traditionally corrupt Philippine presidential elections. A number of delegates have also suggested having the presidential cabinet drawn from the ranks of the National Assembly. Marcos himself is said to be interested in such a mixed presidential-parliamentary system because of the opportunities it would offer to perpetuate himself in power. It now appears that such a scheme will be his fallback position if he encounters too much opposition to his efforts to maintain a grip on the present presidential office. On balance, it seems unlikely that either reformists or politicians would dare to disenfranchise the Filipino people by abolishing direct election of the president. Marcos' interest in the possibilities of such a system, however, means that an attempt toward this scheme can by no means be ruled out.

The Welfare State

One general topic sure to get a lot of publicity and take up a large amount of the convention's time is the question of how much and what kind of social reform will be written into the new constitution. For several years now there has been widespread agitation for the incorporation of a comprehensive social program in the new constitution. Such a program would include universal free education, health care, land reform, minimum guaranteed wages—in short the entire repertoire of the fully developed social welfare state. A number of reformers and politicians, most notably former president Macapagal, are riding this horse for all it is worth. It would be difficult to find anyone opposed to such politically appealing programs and even more difficult to find the money to pay for them. There is some realization, however, that a constitutional document is not the medium for formulating specific social programs. Even the most sincere and altruistic constitutional convention could come up with little more than a statement of principle vaguely committing the Philippines to eventual achievement of certain social objectives. Such a commitment may be temporarily gratifying but could eventually add to discontent by raising expectations that cannot be met.

The Role of Nationalism: US Interests Directly at Stake

Although the bulk of the convention's attention will be directed at the domestic issues discussed above, anti-US nationalism is still a force in the Philippines and makes for good politics. The convention could move in a number of areas to complicate relations further between Manila and Washington.

On the frequently troublesome issue of US base rights, the outlook currently seems hopeful. At present the question of the US military presence is attracting very little popular attention, although this could change overnight given a new

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incident involving a US serviceman. Recent opinion polls have put the base issue near the bottom of the list of topics the people want the convention to tackle—another reflection of the new, critical public focus on domestic politics. Some convention delegates may generate considerable sound and fury on the base issue, and there will, in all likelihood, be proposals ranging from immediate termination of US base rights to demands for greater Philippine representation in command arrangements and more favorable terms in areas of criminal custody and jurisdiction. Nevertheless, to what extent the convention interjects itself into base questions will largely be up to President Marcos, who appears to want to keep the issue out of the convention. Negotiations between Manila and Washington for revision of the base arrangement have been under way for several months and are proceeding smoothly. Marcos, who has never made any bones about his desire to see the bases remain, now seems to want an agreement concluded quickly in order to prevent or discourage the convention from meddling in this emotional and potentially explosive area.

A much greater problem appears to be shaping up in regard to possible convention decisions on economic policy and especially the question of US "parity" rights. In 1946 the Philippine constitution—under US prompting—was amended to allow Americans to acquire and engage in the exploitation of natural resources and the operation of public utilities until 1974—privileges originally restricted to Philippine nationals. "Parity" has persisted as a symbol of "US economic imperialism" and has been a major fuel for the fire of anti-US nationalism. Convention delegates are now "courageously" demanding that parity be written out of the constitution and not extended beyond 1974. Despite such nationalistic rhetoric designed for public consumption, this has not been a real issue since at least 1965 when the US officially went on record as not favoring an extension of parity rights. Parity, itself, seems destined to die a natural death in 1974, thus depriving Filipino nationalists of one of their favorite whipping boys.

Very much at question, however, is what happens to the assets and operations acquired by Americans in the parity area between 1946 and 1974. The US has taken the position that such "vested rights" do not terminate in 1974. The Philippine Government has taken the opposite position. Before 1974, it says, US investors will have to reduce their equity share to 40 percent; the balance will have to be sold to Filipinos. The constitutional convention could, if it chose to do so, have the last word. In addition to the central question of vested parity rights, the convention also will consider other measures that could jeopardize American investments outside the parity area. There is considerable popular demand that the new constitution incorporate an economic policy of "Filipinization," i.e., mandatory increased participation of Filipinos in the management, employment, or ownership of firms now controlled by foreign interests. "Filipinization" is primarily favored as a means of reducing Chinese involvement in areas such as wholesale and retail trade and credit, but it could conceivably affect all foreign business operations. A measure of support has also been expressed for the nationalization of entire industries such as oil and telecommunications, both areas where there has been considerable US investment.

The threat to US investment aside, such a program of economic nationalism is bound to have a damaging effect on an already shaky Philippine economy. US commercial investment in the Philippines, although small in proportion to total US overseas investment, is significant within the Philippine economy. If the convention does act to eliminate vested parity rights, a considerable chunk of available domestic capital will probably be spent to buy already operating productive facilities rather than invested in new areas. Greater production and new jobs desperately needed in the Philippines will be sacrificed, and chances of new foreign investment will be further dimmed.

How far this fact will go in tempering the convention's decision remains to be seen. For

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President Marcos, who has not yet shown his hand, economic nationalism represents a real problem. Given the sobering experience of the current Philippine balance-of-payments problem, his administration is in no mood to rock the economic boat. Nevertheless, it cannot be automatically assumed that the convention will be swayed by such rational and pragmatic factors. Even those politicians and convention delegates fully aware of and concerned over the dangers of moving against foreign investment will find it difficult to take a public stand against prevailing nationalist sentiment. More to the real point, Filipino economic nationalism has been and remains, to a large degree, a very convenient invention and tool of the Philippine establishment. Wealthy Filipinos now are very much aware of the buyer's market and fire-sale prices that will no doubt result if American investment is forced out: US divestiture is in their individual interest over the short term, whether or not it is in the national economic interest. Unfortunately, short-term, individual interest is all too often the basis for political decision in the Philippines.

Rising Philippine nationalism quickly spills over into the realm of foreign policy. Although there is relatively little support for neutralism, the appearance of a more independent foreign posture would be welcomed by many Filipinos. There is also growing general interest in the development of diplomatic ties with Communist states. The recent round of "ping-pong diplomacy" in particular raised Philippine fears that Manila, with its hitherto firm anti-Communist line, is being left at the gate. As a result the convention may well adopt a constitutional commitment to peaceful relations with "all states"—a harmless enough measure that should please nearly everyone. There has also been a lot of talk favoring the new constitution redefining Philippine national territory to include Sabah, thus reiterating Manila's claim to the Malaysian state. Given the improving relations between Kuala Lumpur and Manila, it seems likely that President Marcos will finesse this potentially disruptive topic. Also in regard to Philippine national ter-

ritory, Washington and Manila may be on another at least minor collision course. The Philippine Government appears determined to insert into the new constitution its "archipelago theory." This would define as territorial waters all the sea area bounded by the archipelago's outermost islands. This claim, which would restrict or prohibit non-Filipino navigation, fishing, and seabed exploitation in this extensive area, runs directly counter to the US position on law of the sea.

The currently untroubled state of US-Philippine relations could change abruptly. Philippine nationalism, a genuine force in itself, is still subject to manipulation by the elite for political ends. During the Manila student demonstrations in early 1970, for example, President Marcos proved himself perfectly capable of using "red-herring" nationalism to divert dissatisfaction with him to the United States. Through overuse, however, it has become increasingly difficult for Marcos to get away with this tactic. Also, given the embattled political and economic position of the administration, the President is presently strongly inclined to seek and ensure himself of US support. Nevertheless, a deliberate escalation of nationalistic, anti-US rhetoric and action within the convention is possible if Marcos or other establishment elements come to believe that by such means their own self-serving objectives and interests can be obscured.

The Convention Itself: Politics as Usual

The tack the convention will take in handling the issues discussed above and the many others it may take up cannot be divined at this point. The convention will move slowly, running probably nine months to a year. The first weeks are likely to be confined entirely to procedural and organizational work. In preconvention meetings and seminars, the delegates generally showed a lack of concern in attending to organizational work. Little was accomplished, not even the selection of a convention chairman. The preoccupation of Philippine political parties with the November congressional elections suggests the

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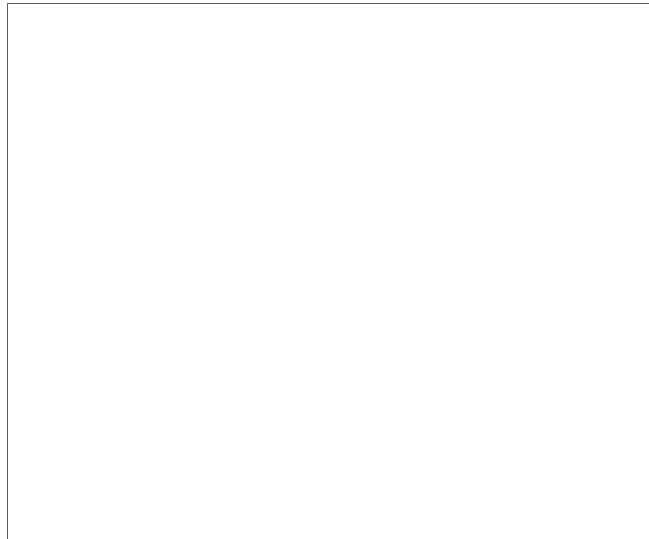
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convention will not get down to business for some months. There will be plenty of time for opposing forces to test the water and play things by ear. One thing seems clear, however; during the lengthy convention, the traditional rules of rough and tumble Philippine politics will apply. Convention delegates, mostly from rural provincial areas, will be subjected to the persuasive talents of competing lobbies and interest groups, coerced, tempted with offers of money and position and, in general, plied with wine, women, and song. Many issues are likely to be settled in Manila hotel rooms rather than on the convention floor.

Despite the hopes of many advocates of constitutional reform, the convention fell into the patterns of traditional Philippine politics when its 320 delegates were elected last November. Given the special nature of the election and the bad taste lingering from the 1969 irregularities, the campaign was heavily supervised and ostensibly nonpartisan. Inevitably the election did not quite live up to its billing. In the rural barrios, name was far more important than constitutional issue, and the "personal" endorsement of the local political boss determined many races. Most successful candidates were linked to the political parties and vested interests of the establishment. The largest bloc of winners, perhaps an outright majority, was associated one way or another with the Marcos machine. The President, however, did not engage in overkill along the lines of 1969. Enough genuine reformers, independents, and political opponents of Marcos were elected to qualify this election as reasonably honest by recent standards. All in all, the convention make-up mirrors the existing political situation. It reflects not only the great strength of the Marcos machine but also the growing unrest of students, intelligentsia, and other reform elements—a vocal minority that will make the convention something more than a Marcos puppet show.

Since the elections last November, the President has maintained a low public posture, denying any intention to intervene in the convention.



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Although Marcos has been actively trying to influence the selection of a pliable convention chairman, real power could lie in the convention's working committees—the level where Marcos' numerical advantage is bound to pay off. In any case, clear indications of the extent of Marcos' control should emerge after the convention's organizational structure develops and rules of procedure are adopted.

The pace of the convention will probably depend primarily on Marcos' strategy in regard to next November's senatorial and provincial elections. Marcos is attaching considerable importance to these elections and may even be tempted to engineer a margin of victory along 1969 lines. A big win for his slate would keep his political machine strong and intact. More importantly, it could be used by Marcos as a popular mandate justifying his desire to remain in office. Right now, however, the President is having some difficulty in putting together a strong senatorial slate. His purge of Nacionalista ranks has diminished the number of attractive potential candidates and those that remain are understandably reluctant to run for an office that may very well be abolished by the new constitution. It seems a good possibility that Marcos will attempt to put

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off the convention's resolution of the presidency issue and other important items until after the November elections.

How effective the anti-Marcos opposition can be in countering presidential manipulation of the convention remains to be seen. Real cooperation between opportunistic politicians, reformers, and the several genuine radicals among the delegates will be difficult to achieve and even harder to maintain. Aware that Marcos is eager to avoid the impression of steam-rolling the convention, the anti-Marcos forces will miss no opportunity to accuse him of precisely that. Public charges of presidential intervention, some based on fact, others probably fabricated, are already a daily occurrence in Manila. The anti-Marcos delegates will no doubt attempt to orchestrate their efforts on the convention floor with outside protest demonstrations. Orchestration or not, there will probably be plenty of action in the streets of Manila during the coming year on the part of both radical groups seeking to disrupt the convention and moderates lobbying for reform.

Aside from simply embarrassing Marcos, the opposition forces also hope to sway enough of his support to turn events in their favor. The anti-Marcos forces, who hail primarily from Manila and other urban areas, as a group will comprise the most skilled and sophisticated parliamentarians in the convention. By contrast, many of the pro-Marcos delegates are inexperienced politicians from the provinces. Their vulnerability to articulate argument, parliamentary finesse, and outside protests and pressure could conceivably weaken Marcos' control. Most realistic observers, however, believe that the President will nevertheless have the votes to control the convention—at least on the issues he considers vital. How determined Marcos is to use these votes to extend himself in office, regardless of the public uproar it would cause, is a question he has not yet answered himself.

The Stakes Involved

The real significance of the convention lies in the effect it will have on the future development of the Philippines as a stable and democratic nation. In recent years the traditional Philippine political process has come under criticism, and the strains are beginning to show. Some establishment members now accuse President Marcos of threatening the system by his very success in playing the game and by his refusal to share wealth and power by stepping down gracefully. This jealous complaint is somewhat justified, but the real challenge to the traditional political system comes from a new dynamic of change and unrest in Philippine society. Disaffection is currently centered in the student movement but is also beginning to run through the liberal wing of the church, the intelligentsia, and the educated middle class in general.

This new mood is still largely confined to Manila and other urban areas. The traditional system still works smoothly in the barrios where apathy abounds and a vote can still be bought cheaply. What is happening in Manila—the political, educational, and cultural center of the Philippines—is, however, far more pertinent than the status quo situation that exists in much of the rest of the country. The city has all the ingredients for unrest and rebellion—tremendous and growing disparity between rich and poor, an economically depressed and dissatisfied labor force, and the general air of urban crisis shared by many great cities. Most importantly, it has a university student population of over 300,000, who believe they are economically exploited (higher education in the Philippines is largely private and profitable). The current trend toward mass action and confrontation politics, so alien to Philippine tradition, is unlikely to be reversed. It has already shaken the establishment, and future Philippine Governments will have increasing difficulty in coming to terms with Manila and its new assertiveness. Marcos is the first president of the Philippines to run into the fact that building a

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powerful political machine and the ability to control national elections are no longer enough to govern comfortably and effectively.

In planning his moves in regard to the convention, Marcos will have to evaluate their effect on the student/reformist movement and the situation in Manila. Exactly how he assesses this problem and the constraints it places on him is unclear, but there are disturbing signs that the President, increasingly isolated and surrounded by "yes" men, does not have a good appreciation of the depth and nature of the popular disenchantment with him. In the past, Marcos has sought to dismiss the student movement as simply a Communist plot and, in traditional style, has attempted to manipulate it, buy it off, and split it up. In the final analysis he seems to have interpreted it mainly as a personal affront. There is certainly little in his past record or current plans to indicate that he sees growing student and reformist activism as expressive of sincere and potentially dangerous public dissatisfaction with his and previous Philippine administrations.

even though there is an air of rebellion in Manila, a revolutionary situation does not exist. The student movement, for all of its troublemaking potential, remains immature, fractious, and ideologically divided. Although an extended period of running confrontation in the streets might well result, the government should be able to maintain control of the situation. In the aftermath, however, a far greater security problem might exist in Manila than hitherto. Martial law and/or the suspension of the convention would almost certainly further radicalize the student movement, broaden the base of violent opposition, and, in general, present a golden opportunity to Communist agitators and organizers.

Marcos might still decide against pushing his ambitions to the point of provoking a period of turmoil. He still has his options open, and there is still time to display statesmanship by abandoning his efforts to retain power. He might yet decide that the presidency is not worth having under the anticipated grim circumstances. Conversely, it is by no means certain that the students and other reform elements have the strength and determination to challenge effectively presidential manipulation of the convention or make it necessary for Marcos to resort to repression.

Whatever the case, this much seems clear: at a time when anti-Marcos feeling and popular demand for reform are coalescing and reaching a peak, the President is at the moment planning to tailor the new constitution to his personal political ambitions. If he successfully follows through with these plans, there are bound to be adverse implications for future Philippine political development. Such a shabby ending to years of enthusiasm for constitutional revision would go far toward destroying moderate faith in the system's capacity for self-reform, place further strains on the traditional Philippine political process, and in all likelihood usher in a new and uncertain period of sharpened popular disaffection.

Marcos is determined to get what he wants from the convention and is taking the steps necessary to deal with anticipated demonstrations in Manila. Reaction to a power play by Marcos would be one of outrage, but,

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