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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Director of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

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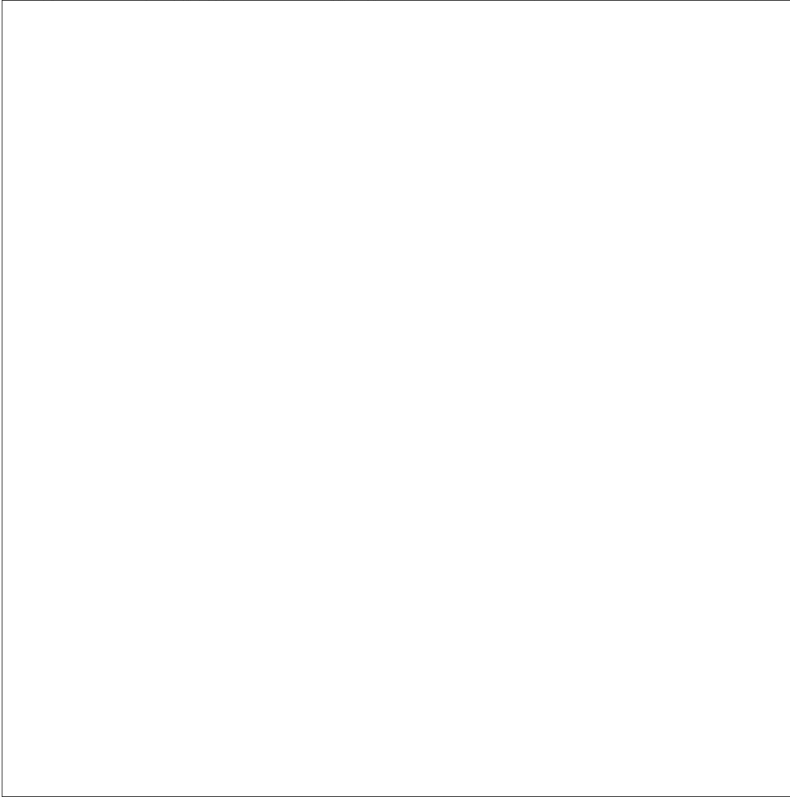
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## USSR: WORRYING ABOUT THE HARVEST



In a highly visible display of concern over harvest prospects, General Secretary Brezhnev last week flew out to the Virgin Lands grain-growing area for a round of conferences with local farm officials. He was undoubtedly seeking to put the full weight of his personal authority behind the current campaign for a maximum effort to bring in the crops.

Brezhnev arrived in Kokchetav in the northern Kazakh Republic on 26 August to address a meeting of local agricultural authorities. He then flew to Barnaul, Krasnoyarsk, and Novosibirsk for

similar meetings. His speeches have not been published, but Kazakh party boss Kunayev states that while in Kokchetav Brezhnev emphasized the need to take all measures to deliver as much grain as possible.

Much is riding on the Virgin Lands this year. Adverse weather conditions have severely damaged the crops in the other major grain-growing areas of the country, but the Virgin Lands have produced an above-average stand of wheat. The situation is precarious, however, because the crop is over a week late in ripening and is in serious

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1 danger of being hit by early frosts, which could come any time now. In addition, harvesting efforts are being hampered by prolonged cool and rainy weather, and losses are expected to be higher than average. }

1 { In another sign of concern over the harvest, Soviet leaders have launched a nationwide campaign to save bread. This drive, reminiscent of 1963 when the country suffered from a dismal grain crop, began in early August in the Ukraine—one of the most severely affected areas. Since then, some Moscow papers and the regional press have begun to urge consumers to economize on the use of bread. }

2) { The campaign, together with recent news that the potato crop has been damaged in a 40,000-square-mile area around Moscow, may have sparked food hoarding. There are reports of food shortages and rising prices on open markets in Moscow. The shortages may also stem in part from a breakdown in a delivery system strained by the emergency support being given to agriculture this summer. }

with a demand that the mixed Austro-Soviet commission on economic, scientific, and technical cooperation convene to redress any "unequal conditions" that might result from closer relations with the EC. }

Vienna has agreed to a commission meeting on 25 September, with preliminary discussions set for next week. }

the USSR will ask for compensation for those Soviet exports affected. }

3 { The Soviets also sent copies of the aide-memoire to all signatories of the 1955 Austrian peace treaty and specifically asked Austria to confirm its understanding of the obligations of a neutral state. They presumably hope the Austrians will demonstrate an even-handed policy by making 'similar' arrangements with CEMA, thus bolstering the status of that organization. *Pravda* trumpeted this theme on 25 August, pointing out that both the EC and CEMA were "realities of our time." }

3 { When Finnish President Kekkonen met with the Soviet leadership during his week-long visit in mid-August, the sensitive EC issue was one of the key subjects discussed. As in the case of the Austrian aide-memoire, the joint communique at the end of the visit emphasized the economic aspects of Finno-Soviet relations, even giving them pride of place over the endorsement of a Conference on European Security—a subject dear to both Finnish and Soviet hearts. The focus on reciprocity emerged clearly in the pledge that "the Finnish side will strive for Soviet-Finnish cooperation in every field, trade and economic relations included." Finland is thus likely to go ahead with plans to sign a free trade agreement with the EC sometime this fall. }

3 { Despite these signs of a more positive—or at least more realistic—attitude, the political implications of an expanding European Community continue to trouble Moscow. The USSR would like to see entry into the Community defeated in one of the Scandinavian referenda on accession, and Soviet propaganda is zeroing in on the close Norwegian contest. }

### USSR: EASING UP ON THE EC

3 { Moscow has accepted—at least tacitly—free trade arrangements between the expanding Common Market and two of the principal European neutral states. In the past, such arrangements, whether accomplished or contemplated, have generally evoked considerable criticism from the Soviets. On 18 August, however, Moscow acknowledged Austria's agreement with the EC and implied that it would not oppose a similar arrangement for Finland. }

3 { In an aide-memoire to Vienna, which signed the accord with the Common Market in July, Moscow linked acceptance of the arrangement

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**Egypt-Israel  
ON THE DIPLOMATIC FRONT**

38 <Cairo's efforts to generate movement in the deadlock with Tel Aviv will be concentrated in the diplomatic field prior to the UN General Assembly in mid-September.>

will serve to divert attention from Egypt's basic dilemma for long.)

40 <Israeli leaders, in the wake of the Soviet military exodus from Egypt, [redacted]

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[redacted]

press reports from Cairo have served to confirm that Sadat has in mind a diplomatic offensive. Delegations will apparently be sent to a number of European capitals seeking support for new initiatives on the Middle East. Some of the visits will reportedly precede the meeting of the foreign ministers of the ten European Common Market states on 11 September. In addition, Egyptian Foreign Minister Ghalib has scheduled a swing through Rome, London, Brussels, Madrid, and, possibly, Bonn.)

39 <Although some of this activity is doubtless related to Cairo's search for broader relations with the nations of Western Europe following the loosening of ties with Moscow, the Egyptian visitors will be laying the groundwork for favorable action by the General Assembly on the Arab-Israeli problem. Egyptian officials may hope that the expulsion of the Soviets from Egypt will somehow renew international interest in resolving the Arab-Israeli dispute. In any case, they will be doing what they can to generate new international pressure on Tel Aviv, perhaps through Washington, to offer settlement terms acceptable to the Arabs.>



[redacted]

have publicly expressed the hope that Cairo now would move toward negotiations, particularly on an interim agreement along the Suez cease-fire line. Although the Israelis see Egypt without the Soviet prop as militarily weaker, they are as skeptical as ever that Sadat wants to make any real concessions and suspect his aim is designed instead to increase international pressures on Israel for concessions. [redacted]

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INDOCHINA

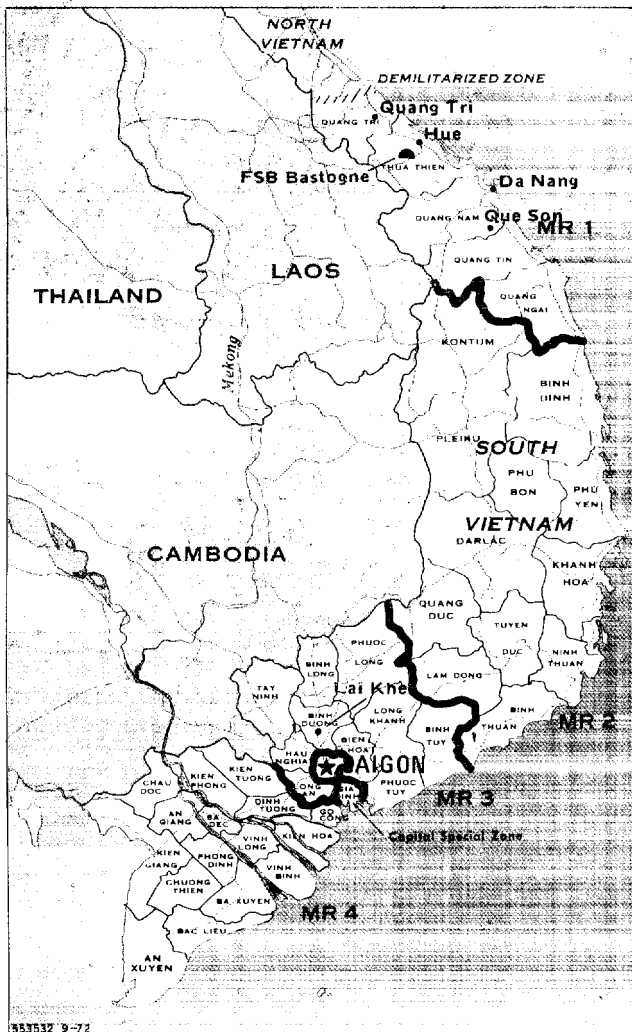
VIETNAM: LITTLE ACTION

11 <The fighting was sporadic in many parts of  
 ↓ South Vietnam during the week as each side  
 12 parried thrusts and counter-thrusts.>

11 <Communist gunners continued to pump  
 ↓ thousands of artillery and mortar rounds into  
 12 government positions in and near Quang Tri City.  
 Ground fighting varied in intensity from day to

day. Communist units are rotating in and out of the battle area; the South Vietnamese Marines and Airborne troops are showing signs of weariness.>

11 <South Vietnamese forces west and south of  
 ↓ Hue reported little contact despite a number of  
 12 sweeps in the hills near Fire Base Bastogne. Government forces apparently disrupted enemy plans to bombard Da Nang, but made little progress in their efforts to recapture the Que Son Valley. Parts of the South Vietnamese 2nd Division, which were driven out of the valley last week, were confronted with new enemy attacks just to the south on the coastal plains of northern Quang Tin Province.>



11 <There was little fighting in the central provinces  
 ↓ during the week. The South Vietnamese 22nd Division, whose goal it is to retake the northern three districts of Binh Dinh Province, 12 made scant progress. The North Vietnamese 3rd Division has moved south in the province, possibly in an effort to counter the 22nd. Communist forces in the central highlands seem content with low-cost attacks against minor targets in Pleiku and Kontum provinces.>

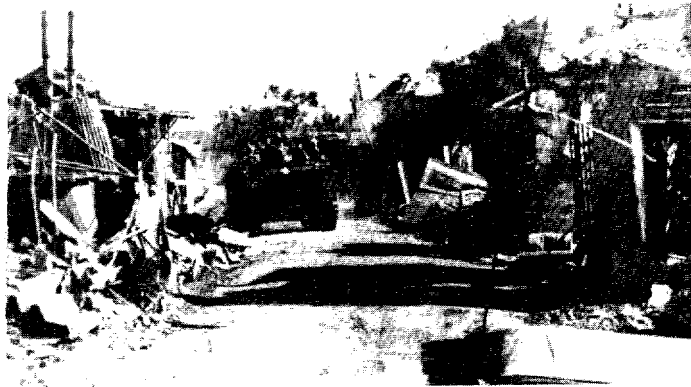
11 <In the Saigon area, the Communists de-  
 ↓ stroyed a major bridge and cut Highway 1 at  
 12 several points northeast and northwest of the capital. The actions, which were conducted largely by sapper and local force units, prompted the South Vietnamese to form a special task force to strengthen security around Saigon. Most of Hanoi's big units are still well to the north and appear to have their eye on government positions north of Lai Khe.>

HANOI: TOP TRIO REAPPEARS

13 <The three top politburo members have ap-  
 ↓ peared together in public for the first time in four  
 months. According to Radio Hanoi, party first

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#### Sporadic action continued in the fight for Quang Tri.

secretary Le Duan, National Assembly President Truong Chinh, and Premier Pham Van Dong all attended the funeral of an elderly Viet Cong militant in Hanoi on 23 August.

Neither Le Duan nor Pham Van Dong has put in many individual appearances since the start of the offensive. The premier was mentioned by the media only once between early May and mid-August. His absence was widely attributed to illness, although this was never confirmed. Le Duan has been almost as inaccessible as Dong; unlike the premier, however, he did turn up for Soviet President Podgorny's visit in mid-June. Only Truong Chinh has kept to a relatively routine schedule, greeting visiting dignitaries and chairing meetings of the National Assembly Standing Committee.

Nguyen Duy Trinh, Hanoi's foreign minister and the man mentioned by some as a possible successor to Pham Van Dong, was selected to deliver the oration at the funeral. The list of mourners did not include General Giap, who has been conspicuously out of the limelight almost since the start of the offensive. Giap was not on the lists of those who met with Podgorny, and only very recently has he resumed some of the ceremonial duties that used to thrust him frequently into public view.

Public appearances are not necessarily a measure of a man's standing in the North Viet-

namese hierarchy, but they are a key to the kind of image the North Vietnamese are trying to project to the world. The sudden reappearance of Hanoi's durable trio suggests that the politburo at this point is trying to convey an appearance of top-level solidarity and collective responsibility.

#### CAMBODIA: VOTING TIME AGAIN

Another election is to be held in Cambodia on 3 September, the third time this year that the country's voters have been sent to the polls. Having approved a new constitution in April and chosen Lon Nol as president in June, the Cambodians will now elect a new National Assembly. Voting for the smaller upper house of the legislature, the Senate, is scheduled for 17 September. With the re-establishment of the two houses, Lon Nol will have completed his ostensible return to constitutional rule.

The impending elections have created little public interest because there is no real opposition. Opposition leaders Sirik Matak and In Tam, whose Republican and Democratic parties withdrew in protest from the elections early in the month, have since tried in vain to persuade Lon Nol to postpone the voting and revise the electoral law. Once the elections are over, the President may engage in some political fence-mending—perhaps through the formation of a coalition government that would include key oppositionists.

#### The Military Front

The Communists have kept several key lines of communications closed. Enemy forces strengthened their hold over a 14-mile segment of Route 5 on 29 August when they occupied a government position at Ponley, some 20 miles northwest of Kompong Chhnang City. Government efforts thus far to reopen the road have made no appreciable progress. About 12 battalions are assigned to the operation, but they appear to be receiving no effective direction from Phnom Penh. Elsewhere in the northwest,

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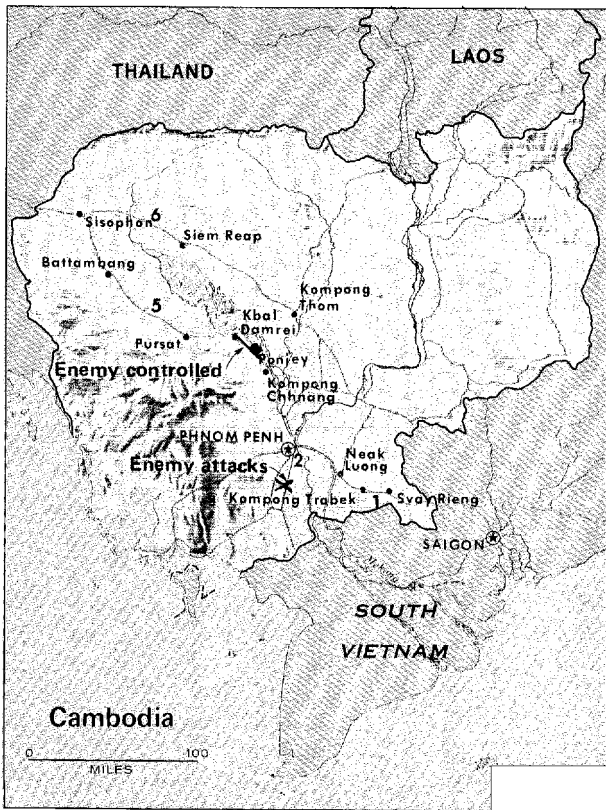
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16 Cambodian troops continued repairing enemy damage to Route 6, which is still closed between Sisophon and Siem Reap.)

16 In the southeast, Communist attacks early in the week against several minor Cambodian positions along Route 2 caused the closure of that highway north and south of the town of Takeo. Six government battalions from Phnom Penh have begun clearing operations along the road south of the capital. Local forces reportedly were able to clear the road below Takeo.)

Farther east, some minor enemy harassing actions were reported along Route 1, but the highway remained open between Neak Luong and the recently retaken town of Kompong Trabek.)

14 The indications are that additional clearing operations on Route 1 eastward to Svay Rieng City are not in the offing.)



### More on Rice

17 The government reportedly has purchased 10,000 tons of rice from Thailand to replenish Phnom Penh's dwindling reserves. The delivery of the Thai rice in early September should temporarily reduce the threat of serious shortages in the capital, which has arisen in part because of the closure of Route 5. Despite this purchase, the US Embassy estimates that the government will need to import an additional 15,000 tons of rice before the next harvest late this year in order to meet normal consumption requirements in the capital.)

### LAOS: MORE WAR IN THE NORTH

22 After two weeks of generally token resistance, the Communists are offering somewhat stiffer opposition to the government's offensive against the Plaine Des Jarres. Increased shelling and clashes on the Plaine's periphery prevented three of General Vang Pao's five task forces from advancing appreciably during the week.)

22 An irregular task force that had been stalled southeast of the Plaine by poor weather and stubborn enemy forces was forced on 26 August to fall back from two positions overlooking the Plaine. These irregulars are now regrouping east of Khang Kho. On the western edge of the Plaine, the strategic high point at Phou Then changed hands several times—but at last report was held by the irregulars. Action also picked up east of Sam Thong, where another task force clashed repeatedly with the Communists.)

20 Irregulars north of the Plaine ran into even more determined resistance. Vang Pao on 25 August sent three additional battalions to join a task force stalled for several days near Phou Keng by poor morale and inexperienced leadership. After Vang Pao assumed personal direction of the enlarged task force, it began moving toward the hills on the Plain's northern edge. A late and unconfirmed report indicates that a midweek the task force was under heavy attack, including artillery fire, and that one of its two headquarters had

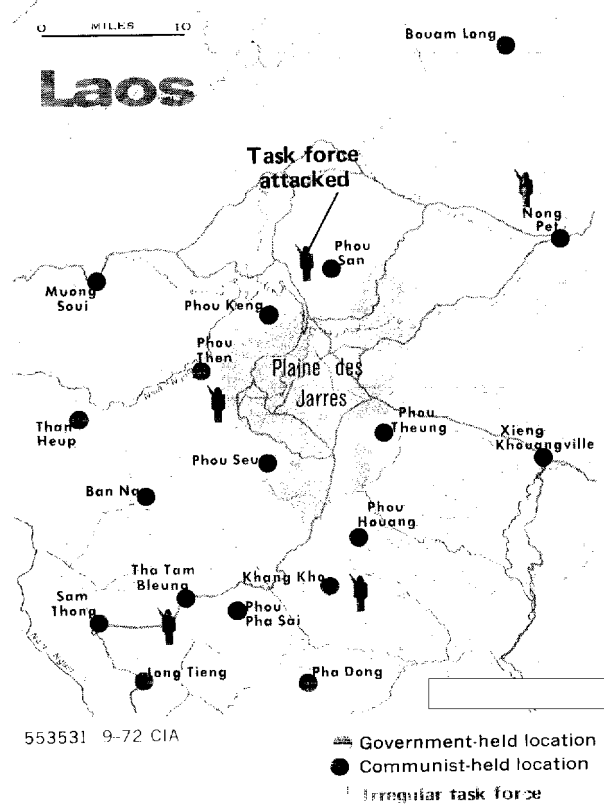
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been overrun. Another task force moved south from Bouam Long against only light opposition and reached a hill overlooking the village of Nong Pet, which is astride Communist supply lines leading into the Plaine.)

**No Negotiations in Sight**

(The prospects for possible peace talks are dim. In his response to Prime Minister Souvanna's conciliatory letter of 24 July, Lao Communist leader Souphanouvong last week once again insisted that there must be a total and uncondi-



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tional US bombing halt throughout Laos before there can be serious discussions. Souphanouvong's message also denounced Souvanna's s proposal for a separation of military and political questions. Aside from these points, the message was chiefly an anti-US propaganda harangue.)

(The Lao Communist special envoy in Vientiane, Souk Vongsak, is preparing to return to Pathet Lao headquarters in Sam Neua for consultations with Souphanouvong.)

Soek will carry a reply from Prime Minister Souvanna which states that there will be no halt to US bombing in Laos until the North Vietnamese withdraw their forces.

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Representatives of North (r) and South Korea exchange agreement at Panmunjom Meeting on 11 August.

#### KOREA: TALKS BEGIN AT LAST

34 <After nearly a year of wrangling over the agenda and other procedural matters, North and South Korean Red Cross representatives have finally begun formal talks aimed at reuniting divided families. A 34-man South Korean delegation arrived in Pyongyang on 29 August for the first in a series of four-day meetings. The North Korean Red Cross will send a delegation to Seoul on 13 September for the next four-day session.>

57 <Neither side expects much to come from these initial sessions, but both hope these direct contacts will pay dividends internationally, demonstrating new Korean flexibility and a willingness to explore the possibility of settling differences by themselves.> <Seoul is exploiting the talks to buttress its case for postponing UN consideration of the Korean question, arguing that acrimonious debate in New York this fall could not but jeopardize the delicate and already established dialogue. Pyongyang, on the other hand, is using the North-South discussions in pressing its case for UN consideration. It wants a reduction in

UN involvement in Korea and an unconditional invitation to the UN debate.>

58 <An expansion of the dialogue to include broader political issues will not be taken up in the Red Cross forum but in later meetings of the so-called Coordinating Committee that was agreed to in the 4-July communique. In the preliminary sparring over the composition and operation of this committee, wide differences in approach have already emerged. Pyongyang has urged rapid movement toward full-scale political negotiations with the participation of cabinet members on both sides.>

59 <The South Koreans, in keeping with their cautious, step-by-step approach to North-South contacts, do not seem in any particular hurry to solve these problems.> <They do not expect any significant progress in setting up the Coordinating Committee until after the second session of the Red Cross talks in Seoul in mid-September, and are clearly waiting to see how Pyongyang behaves in the meeting now under way.>

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## USSR-CHINA: SLINGING MUD AGAIN

27 Moscow has resumed its verbal attacks on the Chinese and has recalled its chief negotiator at the border talks in Peking. These moves indicate that there has been no fundamental improvement in the Sino-Soviet relationship despite a projected trade increase this year and recent agreements regarding POL and food shipments to North Vietnam.

29 Moscow muted its public attacks on the Chinese last spring as part of a campaign to put a better face on relations with Peking prior to the Soviet-US summit. The Soviets had evidently hoped to put themselves in a stronger bargaining position vis-a-vis the US, and may also have been interested in probing for any signs of moderation in China's attitude toward the USSR after the President's visit to Peking. The Soviet negotiator, Ilichev, absent from the talks for four months, returned to Peking in April carrying a new set of negotiating proposals that included some minor modifications of the Soviet position on the thorny problem of the border. According to one diplomat, he also carried "concrete suggestions" for movement in other areas of Sino-Soviet relations.

29 Moscow's conciliatory tack proved to be short-lived. After Congressmen Boggs and Ford returned from Peking in mid-July saying that China hoped for a continued US presence in Asia, *Pravda* weighed in with an article by "I. Alexandrov"—a pseudonym indicating high-level endorsement—which attacked the Chinese for play-

ing into the hands of the "US military-industrial complex." Moscow also resumed its criticism of China's European policies, particularly its invitation to West German shadow foreign minister Schroeder in mid-July and its attitude toward the Common Market.

27 In early August, the Soviets used China's publication of a new atlas to set forth a tough position on most of the questions at issue in the border talks. This strongly suggested that these negotiations, which have dragged on for three years, were still at impasse. On 23 August, a Chinese Embassy officer in Moscow acknowledged that Ilichev had returned to the USSR.

27 For their part, the Chinese have denied that the remarks attributed to them by Boggs and Ford accurately reflect Chinese policy. They have attacked the SALT agreements as signaling, not the end of the arms race, but the beginning of a new one. But the first real Chinese contribution to the new round of polemics came in a *People's Daily* editorial early this week. This editorial, the most bitter excoriation of the Soviets that China has issued since last winter, accused the Soviets of acting like a "superpower," and justified China's decision to veto Bangladesh membership in the UN on grounds it was necessary to curb the USSR's "aggressive and expansionist" aims.

29 Peking suspects that the Soviets used their influence to force an early UN vote on Bangladesh in order to sour the prospects for improved

## INTERNATIONAL MONETARY DEVELOPMENTS

3 The US dollar has in recent weeks been stronger in world foreign-exchange markets than at any time since the pound sterling was floated during June of this year. Nevertheless, the Smithsonian accords are likely to be tested again during the second half of 1972. For example, revised forecasts point to a US trade deficit this year in excess of \$6 billion. A deficit of this size will almost certainly fuel speculative pressures and could lead to an-

other run on the dollar. Foreign financial powers, however, generally appear to agree that current exchange rates should be maintained. The magnitude of the central bank interventions in June and July, and the stringency of the new capital controls introduced on top of existing controls, testify to a deep aversion to further upheavals.

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Chinese relations with India and Bangladesh. Although the Soviets were primarily interested in vindicating their support of India and Bangladesh at the UN last year, they probably are not in the least disturbed that the vote is going to hurt China on the subcontinent.

Further attempts to align positions will be made during talks in London by German Economics and Finance Minister Schmidt on 7 September and during the Pompidou-Brandt meeting in Munich on the 9th.

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Pompidou has reportedly taken a "we shall see" attitude about the summit, pegging his final decision to the results of the foreign ministers' preparatory meeting in Rome on 11-12 September. He could keep the pressure on and delay announcing his decision until a press conference scheduled for 21 September.

FRANCE-EC: DOUBTS ABOUT SUMMIT

The French are raising doubts about the wisdom of holding the EC summit in October in an effort to extract from their community partners prior agreements, primarily on monetary issues. Foreign Minister Schumann made whirlwind visits to Bonn and London on 23-24 August seeking consensus on details of the proposed European Monetary Fund, raising the price of gold in reserve bank settlements within the EC, and locating an EC political secretariat in Paris. Neither these trips nor subsequent briefings of Benelux ambassadors by a Quai official stimulated any greater acceptance of French views.

Paris would, of course, welcome any sign of European agreement on monetary matters prior to the IMF meetings in Washington later in September. Domestic political considerations also play a large role in French tactics. Pompidou wants agreements reflecting French positions and he wants a successful summit to help bolster his image before legislative elections that must be held by next spring. *Le Monde* and *Figaro* editorials, however, have lambasted him for forcing the UK and Germany into a closer relationship that could be detrimental to French interests in the EC.

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Schumann (I) visits Brandt in Bonn

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**LIBYA: THE QADHAFI CRUSADE**

38 Since Colonel Qadhafi's call for a popular crusade against Israel on 11 June, there has been a steady rise in the number of Arabs volunteering to join the Palestinian resistance movement against Israel. Libyan embassies in Arab capitals have been processing applicants to be sent to Libya for training and equipping; the first such group of 300 began training in July near Tripoli at Gamal abd-al-Nasir camp—Qadhafi is a great admirer of the former Egyptian leader. On 27 August, Fatah leader Yasir Arafat claimed that 8,000 Arab volunteers were in Libya, which may be close to the mark.

43 The motivation of the volunteers is mixed. Those from Lebanon are mostly unemployed Syrians who welcome any opportunity to earn a living, especially the \$150 a month that reportedly is being paid each recruit. Those from the Persian Gulf are mainly Palestinian refugees whose residence permits are expiring and who the local governments would just as soon see out of the area. Those from the conservative Arab countries such as Yemen (Sana) and Saudi Arabia are motivated by the pan-Arab dream of defeating the "Zionist invaders."

44 Aside from a desire to assume the late Nasir's mantle as a leader of progressive Arabs, Qadhafi is motivated by a very deep commitment to the Arab struggle against Israel. Increasingly pessimistic about the prospects for Arab unity in the struggle, the Libyan leader apparently is convinced that if it is to continue Libya must appeal to the Arab masses over the heads of leaders who seek a peaceful solution. Despite their annoyance, most Arab leaders find it expedient publicly to support the Libyan initiative rather than risk censure for being soft on Israel. They probably are doubtful about the crusade's chances for success.

44 The Libyan program could breathe new life into a movement that is all but out of action. If so, the problem of introducing the fedayeen into Israel will generate new problems. None of the states bordering on Israel would want them, but Lebanon might be the least able to keep them out. In the past, the Israelis have launched strikes



Qadhafi and Arafat, April 1971

44 against the fedayeen whenever fedayeen incursions had reached intolerable levels. Recently, Israeli officials stated they would hit fedayeen concentrations with pre-emptive strikes. Clashes have also erupted between the Lebanese Army and the fedayeen when attempts were made to restrict commando activities.

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is being written, and the process is likely to aggravate the ideological and sectarian cleavages among the island nation's more than 200,000 people.

The ruler, Amir Isa ibn Salman al-Khalifa, announced in June that a constitution was even then being drafted and that constituent assembly elections would be held on 1 December. The Khalifa family, which has been pre-eminent for nearly 200 years, has been under pressure to share its power with elected representatives. Although the Amir's decree promised a parliament, his use of the phrase "consultative rule" indicated that the Khalifas intend to retain their control over national policy. In addition, only 22 of the 44 members of the constituent assembly—which will have six months to review the constitution—will be elected; the other 22 will be cabinet members and government appointees.

Opponents of the Khalifas are already organizing for the elections. Shia Muslims, who probably make up more than half the population, have their sights set on winning a majority of the elective seats in the assembly. Shias now hold a few important government posts, but they have complained about what they consider their second-class citizenship. Leftists among the Sunni Muslim population are also actively preparing for the elections. The Sunni leftists are divided, however, into nationalist and Baathist factions. The Baathists are identified with the regime in Iraq. The two Sunni groups share an antipathy toward the Khalifas and a dislike of the Shias, some of whom they regard as being more Iranian than Bahraini. Both Sunni leftist groups are expected to run full slates of candidates.

Bahrain's ruling family—never very popular—has come under attack by local underground groups and other radical Arabs for its agreement to lease facilities for use by the small US naval detachment in the Persian Gulf. In addition, although Saudi Arabian pressure was successful in causing Bahrain not to exchange diplomatic representatives with the Soviet Union, Bahrain has had overtures from several East European countries anxious to establish trade offices.

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### BAHRAIN: POLITICKING BEGINS

Independent since August 1971, when the UK ended its century-old treaty of protection, Bahrain faces a period of intensified political activity. Elections are coming and a constitution

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**UGANDA: SLIPPING INTO CHAOS**

The 19-month-old government of General Amin continues to be marked by violence and bloodshed. According to the US Embassy, a new wave of killings has broken out. The killings are largely the work of a special army and police unit set up to quell an epidemic of armed robbery. There is evidence, however, that the opportunity is being seized to settle personal grievances and tribal animosities.

intertribal fighting has resumed in the unruly army. A number of prominent persons, including some who had fallen into disfavor with Amin, have been killed or have disappeared.

The embassy estimates that between 4,000 and 6,000 have been killed or are missing since Amin seized power in January 1971. The majority of these losses occurred from July to October 1971 when bloody inter-tribal clashes in the army were at their peak. Most of the casualties were from the northern Nilotic tribes, who made up the bulk of the experienced officer and noncommissioned officer corps. They have been replaced largely by Amin's fellow Kakwas and by Sudanic tribes from the President's West Nile district.

Non-Ugandans and foreign governments have been the object of the President's erratic policies. Following the order expelling approximately 65,000 non-citizen Asians, Amin encouraged black Ugandans to buy European as well as Asian-owned businesses whether the owners "like it or not." He has expelled British citizens, including a high-ranking expatriate government official and a journalist who has written unflattering articles about the regime. Last summer, two Americans were killed by army troops; more recently, some American tourists and a US diplomat and his family were roughed up by Ugandan soldiers at the border.

Since coming to power, Amin has been at odds with almost all his neighbors. Relations with Sudan and Somalia have been patched up, but



General Amin

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67 Amin has made little progress with Tanzanian President Nyerere, who refuses to recognize the military government. Amin, in fact, lashed out at Nyerere following the Tanzanian President's charge of racism against Amin for his order expelling Asians with Ugandan citizenship.

of the country's liberal investment code. He has already decreed that no more than 15 percent of Zaire's imports may come from any one country and that all exports must be shipped on Zairian vessels.)

61 Amin also has begun to threaten Rwanda. He recently charged that guerrillas, presumably supporters of ex-president Obote, have moved to Rwanda, where they are being trained by Israelis for subversion against Uganda. There apparently is no substance to Amin's allegations. Nevertheless, Amin confronted the Rwandan ambassador and warned that Uganda would destroy the Rwandan capital if Rwanda continues to encourage the guerrillas. Last week, Amin staged military maneuvers on the border and left units there at the conclusion of the exercise.

65 If Mobutu follows through on his threats, Belgian trade would be sharply curtailed and Zaire's economy would be severely hurt. Belgium is Zaire's largest foreign supplier, accounting for one fourth of imports. Zaire would find it difficult to replace Belgium as a supplier because other recent regulations reduce the profitability of sales to Zaire. Exports, the source of most of the government's revenue, could decline by as much as one half because of a shortage of domestic shipping capacity.)

61 The climate of violence is likely to continue. With the economy deteriorating rapidly, Amin is badly in need of scapegoats. His continually impulsive exercise of power will aggravate conditions. Nevertheless, no effective challenge to the President is on the horizon. Moreover, as long as Amin retains the support of key military units that were responsible for his coup, he probably will be able to hold on to power. Should these units be torn apart by tribal unrest or slip from Amin's grasp, however, he would have difficulty keeping control.

66 Kinshasa has been running a balance-of-payments deficit for almost two years, largely as a result of the drop in the price of copper, its principal export. The price decline—from a high of \$.80 per pound early in 1970 to the current \$.47 per pound—occurred during a period of record imports. Spending overseas has exceeded receipts by more than \$200 million since the beginning of 1971. Prospects are not good for an improvement in copper prices or for a significant increase in Zaire's production of the metal before 1975.)

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69 Mobutu thus could easily overplay his hand. Brussels would be only slightly discomfited by a cutoff in trade. Only one percent of Belgium's foreign sales go to Zaire. Brussels could cancel both a \$15-million credit made available earlier this year and an aid program that provides Zaire with \$25 million annually in valuable technical assistance for agriculture and education.)

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**ZAIRE-BELGIUM: ECONOMIC STRAINS**

63 In recent months, Zaire's President Mobutu Sese Seko has threatened to cut off all imports from Belgium because Brussels has been using the black-market—rather than the official—rate of exchange and thus raised the price of its exports to Zaire. Mobutu has also threatened to halt the repatriation of income earned by Belgians residing in Zaire and to deny Belgian investors the benefits

64 Mobutu may, therefore, seek to compromise with Brussels. The Belgians, for their part, have moved to stop using the black-market exchange rate. The prospects for full agreement, however, are complicated by Mobutu's insistence that Brussels extradite a former Zairian Army officer against whom he holds a personal grudge.

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### INDIA-PAKISTAN: MORE TALKS

70 {High-level negotiations in New Delhi have bought more time for working out differences between the two countries, but the negotiators probably made no significant progress on the basic issues.}

70 {The negotiators finessed one major problem by extending the deadline for mutual troop withdrawals to 15 September. Under the Simla agreement reached in July, troops were to be withdrawn from the occupied territories south of Kashmir by 4 September. The Indians, however, had decided against withdrawing because of alleged Pakistani backsliding on other commitments made at Simla. The withdrawals would have been

to Pakistan's advantage. The Indians hold a much larger area, and the Pakistanis presumably agreed to a postponement because they have no way of forcing India to comply with the original deadline.}

71 {One instance of Pakistani backsliding the Indians cited was the occupation, in violation of the Simla agreement, of posts in Kashmir on the Indian side of the line of control established by the cease-fire last December. The Pakistanis argue that these posts are on their side of the line, which has never been fixed. The negotiators in New Delhi agreed to solve this problem by having

China Bars Bangladesh from UN



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7/ military negotiators decide by 4 September where the line of control really runs.)

7/ Other differences over Kashmir remain unsolved. The Pakistanis still reject the Indian contention that the 1971 cease-fire eliminates the need for UN observers there and that the UN no longer has responsibility for the problem. Of course, no progress has been made on the basic question of the future status of the disputed state.)

7/ (The Indians also cited as a problem preventing withdrawal the future safety of Pakistani Hindus who fled to India or remained in the occupied territories. The Pakistanis agreed to guarantee the safety of the Hindus, but maintain that this was never a problem.)

7/ (Neither the Simla agreement nor the official joint statement that ended the New Delhi negotiations mentioned the problem of Pakistani recognition of Bangladesh. The Indians, however, believe that Bhutto's failure to recognize the new nation—in violation of what they believe was a private commitment to do so—is the major instance of Pakistani backsliding. The Indians also believe that Bhutto shares the responsibility for China's veto of Bangladesh's application for admission to the UN. Bhutto would have great difficulty in granting recognition without the repatriation of Pakistani prisoners of war—another problem the negotiators failed to mention in their joint statement. These two issues, which are primarily responsible for the latest impasse, could well continue to block progress toward further agreement. [redacted])

## IRAN: DEALING WITH JAPAN

7/ Japan is stepping up its economic involvement in Iran. Tokyo's effort, in part, reflects an over-all policy of consolidating economic ties with a major crude oil supplier and, in part, a

desire to boost direct investment abroad. The Iranians welcome Japan's growing involvement in the economy, so the process is likely to continue.)

7/ (Iran's record of political stability and its large quantities of oil, natural gas, and mineral resources make the country a prime candidate for Japanese investment. Indeed, Japan is already among the leading foreign investors in Iran, and projects now under consideration by the Japanese would involve investments totaling some \$550 million.)

7/ In addition, the Japanese are becoming more important to Iran's foreign trade. Japan is the country's major overseas market by far and, in recent years, has accounted for about two thirds of Iran's export growth. The largest single export by far is crude oil to help meet Japan's rapidly growing requirements. Over the next several years, exports of liquefied natural gas and of copper and iron ore are expected to jump sharply as a result of development projects involving the Japanese.)

7/ (Japan is also emerging as a major supplier to the Iranian market. Japanese exports to Iran jumped 25 percent annually in recent years and, with large new investments and supplier credits going to the Iranians, the sales curve is expected to rise. Indeed, Japan is now vying with the US and West Germany for the role of leading supplier.)

7/ The process is likely to continue. Iran sees Japan as a counterbalance to the large US and West European economic presence there, as well as a potential offset to Soviet economic influence in the Middle East. The Shah is always anxious to find additional investment funds and wants to sell Iran's oil directly, thereby skirting the Western consortium that now handles most oil sales.)

7/ From Japan's standpoint, Iran remains a critically important source of crude oil, supplying about 40 percent of its import needs. Tokyo is anxious to secure a steady flow of crude from the region while at the same time making further inroads in Iran's large and growing import market. [redacted]

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## ARGENTINA: LANUSSE CRACKS DOWN

77 President Lanusse's determination to maintain control in the face of mounting difficulties was demonstrated when he renewed his pledge to hold elections next March and cracked down on terrorists. This show of strength appears to have improved Lanusse's position with the military, and the President may try to reinforce this gain with a tough reaction to Chilean President Allende's refusal to return the Argentine terrorists who hijacked an airliner to Chile.

71 Whether Lanusse's harder line will be followed through with regard to President Allende's action in giving asylum to the Argentine terrorists and then sending them on to Cuba is not certain. The Argentines immediately sent a note of protest to the Chilean Government expressing "deep displeasure" and recalled their ambassador.

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30 In a speech on 24 August, Lanusse promised that the elections next year would be completely fair and that neither he nor the other two service commanders would be in the government that would take power on 25 May. He proclaimed his respect for those who accept Peronist doctrine, but claimed that Juan Peron had excluded himself from the election by failing to return to Argentina by the 25 August deadline and thereby demonstrated both cowardice and lack of interest in the political normalization of the country.

9 it seems unlikely that economically hard-pressed Argentina would cut itself off from an important market for its meat and grain. Relations between the two countries will undoubtedly cool, and Lanusse's policy of lowering "ideological barriers" has suffered a setback, but projects that are beneficial to both nations are not likely to be sacrificed.

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10 The President also announced constitutional changes that provide for the direct election of the president and reduce the presidential term from six to four years. Opposition to military tinkering with the constitution is almost universal among civilian politicians, but Lanusse apparently believes his changes are necessary if stability is to be achieved. The new changes are only provisional, however, and must be ratified by the elected congress if they are to remain in effect.

## CHILE: VIOLENCE AS A TOOL

8 Disturbances, many of them violent, are becoming more frequent as spring approaches. Some result from the usual resentments, while others are caused by the dislocations occasioned by Allende's attempts to transform a structured society and economy. But in every case, extremist factions of the far left and far right are doing all they can to provoke the clashes and to exploit them. Neither faction hides its conviction that violence serves its interests. Increasingly, they are involving more cautious groups in both government and opposition camps. They are also better prepared to exploit the growing tension and are doubtless aiming at a major showdown that will break the political stalemate of the past year.

87 Lanusse signaled the crackdown on terrorists in his speech when he justified the action of guards at Trelew in gunning down terrorists trying to escape. The President told the Argentine people that those who reject dialogue and seek to impose their will through the force of arms will feel the full "force of our weapons." Protestors who took to the streets over what they called the "Trelew massacre" were dealt with swiftly and effectively by the army and police. To prevent the protestors from getting out of hand, several towns in the interior were temporarily put under direct military control.

93 President Allende resents pressures that force him to take decisive action; he particularly dislikes the need to call out police or impose stronger security measures. He prefers to offer prospects of accommodation and negotiation to his opponents, convinced that this is the most

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effective way to divide and weaken them as well as to maintain control over the hotheads who are increasingly vocal among his own forces.)

There is no evidence yet that the security forces, major opposition leaders, or the Communist Party are any more apt than is Allende to conclude that violence will solve Chile's mounting problems to their satisfaction. Allende does, however, need to make some move to get back the initiative. He has indicated this could come in the major speech at the 4 September rally celebrating the second anniversary of his election, when he will present plans for a new constitution.

[Redacted]



New Finance Minister Luis Bedregal

**BOLIVIA: SHIFTS AT THE TOP**

The government reorganization season closed this week with only a minor cabinet shuffle, but there has been a significant reassignment in the military.

President Banzer, evidently anxious not to shake his coalition too much after the recent set-to between elements of the army and the Nationalist Revolutionary Movement, let both Independence Day and the anniversary of his overthrow of the Torres regime pass without a cabinet shake-up. On 24 August, however, the government did announce the resignation of Finance Minister Edwin Rodriguez and his replacement by Luis Bedregal, a fellow member of the Nationalist Revolutionary Movement. Raul Lema and Guillermo Fortun, both in their mid-30s, were named ministers of mines and of information, respectively, and this should especially please disgruntled younger members of the National Revolutionary Movement and the important group of middle-ranking military officers commanding key units in and around La Paz.

[Redacted]

Most of the influential La Paz area troop commanders are probably pleased to see the Ayoroa clan in trouble, but they are probably less than impressed by Banzer's less than decisive handling of a sensitive political-military situation.

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## COLOMBIA: THE POLITICAL POT

107 (Image-building is the order of the day as the forces of President Pastrana set their sights on two high-priority goals—control of the Conservative Party and retention of the presidency in 1974. Pastrana's majority wing of the Conservatives has been shaken by the self-declared presidential candidacy of Alvaro Gomez Hurtado, who is widely disliked. Pastrana, who is legally prevented from serving two consecutive terms, appears to be working to find a more attractive candidate and one friendlier toward the President himself.)

being retained only by keeping secret a budgetary deficit of from \$200 to \$350 million.)

101 (The President is pulling out all stops in the name of public relations. The military's largely successful dismantling of the National Liberation Army's urban support network is giving the government good mileage now that details of the eight-week-old, anti-guerrilla campaign are being made public. In a press conference, Pastrana's army commander was persuasive with evidence of the government's competent and determined fight against insurgency. At the same time, the Conservative administration is apparently planning to retire or post abroad military officers with Liberal Party connections. The government's generally deserved reputation for fiscal responsibility is

104 (The Liberal Party—the only major opposition to the Conservatives—remains deeply divided, although the leaders of its major factions, former president Carlos Lleras Restrepo and Julio Cesar Turbay, have agreed to seek unity through regional party conventions on 1 October and a national convention on 15 October.) (The strength shown by candidates of the Lleras Restrepo faction in local and regional elections in April and again in an internal party canvass in late August would appear to presage his return to party leadership and possible emergence as presidential nominee of a unified Liberal Party. The way will not be all that easy, since the widely respected Liberal elder statesman, Alberto Lleras Camargo, is adamantly opposed to Lleras Restrepo, virtually assuring a difficult convention.)

106 (The relatively small National Popular Alliance (ANAPO) of course profits from all this Liberal and Conservative in-fighting. The inability of the two major parties to overcome internal party dissensions permitted the minority ANAPO

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105 to win the first vice presidencies of the Senate and the Bogota City Council recently. Nevertheless, ANAPO is not all that unified itself following election defeats last April. Many of its leaders have defected, and the leadership of former dictator Gustavo Rojas Pinilla has been challenged. The defectors, who may be forming a new party, have fled what they consider a sinking ship. Of the remaining ANAPO leaders, some feel that the party's collapse can be prevented only by turning to new leadership. In any event, whoever its leader may be in 1974, ANAPO anticipates claiming the political spoils when the Liberals and Conservatives do battle.

[Redacted]

111 <Venezuela's attempt to forge a Latin American consensus on petroleum, however, has fallen short of expectations. Last week, a Latin petroleum conference met in Caracas under the auspices and guiding hand of Venezuela's petroleum minister, Perez La Salvia. In calling the conference, the first of its kind, the Caldera government had several objectives in mind: to seek a common position on petroleum and other energy matters, to obtain hemispheric support for the government's nationalistic oil policies, and to induce Latin American importers of oil to buy more from Venezuela as a matter of hemispheric solidarity.>

112 <Measured against these objectives, the conference was probably a disappointment for Caldera. It achieved nothing more important than to agree to meet again in Quito six months hence. Some of the Venezuelan proposals met strong opposition from importing nations; other controversial proposals, such as Cuban participation in future meetings and approval for Chilean copper nationalization, were set aside for further study.>

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**VENEZUELA: OIL AND POLITICS**

114 <Venezuela's search for a new oil policy, at home and abroad, has met with some success, but a final resolution of this nettlesome issue will have to await the outcome of next year's presidential election.>

113 <At home, leaders of the two major political parties have agreed to avoid raising the oil issue during the election campaign. Although complete details have not been worked out, both parties have also agreed that foreign capital and technology are necessary for economic and social development, and that relations with the foreign-owned oil companies must be "sensible." The detente reportedly also covers other controversial matters such as petroleum prices and relations with the oil companies up to and after 1983 when the reversion of foreign oil concessions begins. Complete abstention from this useful issue during the heat of the campaign is apt to prove difficult for both parties.>

112 <The Caldera government may have managed to defuse a potentially dangerous campaign issue. At the same time, the government will seek to make political capital out of the recently concluded conference, citing it as further recognition of the country's leadership in hemispheric affairs. Certainly, Caldera will gloss over the slim results and emphasize the success of his "oil diplomacy" at home and abroad.

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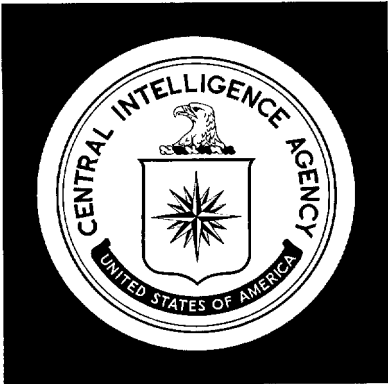


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Marcos Decides to Stay*

**Secret**

**№ 47**

1 September 1972  
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# ***Marcos Decides to Stay***

President Ferdinand Marcos is running hard to hold on to political power after the expiration of his second—and constitutionally his last—term in December 1973. In an effort to outwit and undo his opposition, he is exploring three options for staying on: changing the constitution, ruling by proxy, or declaring martial law. At the same time, he is trying to improve his popular standing and divert public attention from the shortcomings of his administration and from his own political intrigues. For, if the current level of public disillusionment with the Marcos regime continues, the President will find it difficult to govern regardless of which option he chooses.)

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## THE PRESIDENT'S OPTIONS

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## 1. Change the Rules

(The main arena for Marcos' maneuvering just now is the Constitutional Convention, elected in 1970 to draft a "Philippine" constitution to replace the "American" document adopted in 1946. In session for over a year already, the convention has had difficulty reaching any important decisions, largely because the delegates did not like to commit themselves until Marcos made his own desires known.)

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) (The logjam broke on 7 July. The convention voted to accept a draft article for the new constitution that would establish a parliamentary government having a figurehead president and investing real power in a prime minister selected by a unicameral 180-member national assembly. The decision was an important political victory for President Marcos. Such a constitution, if adopted, would enable him to circumvent the two-term limitation. He could retain stewardship by becoming prime minister; Marcos believes that it would be easier for him to be elected prime minister by

a parliament than to win another national presidential contest.)

(The large margin of victory on the crucial vote, and the relative ease with which administration forces beat back subsequent opposition efforts to include a provision banning both the President and his wife from public office, indicate that Marcos still controls the convention. As recently as May, that control had seemed in doubt as a result of sensational charges that both President and Mrs. Marcos were buying convention delegates. Marcos feared that the resulting public outrage might give his opponents enough strength to stymie his maneuvers in the convention. One Marcos appointee—convention president Diosdado Macapagal, who preceded Marcos as president of the Philippines—did indeed publicly defect from the Marcos camp, and the President was very concerned that the scandal would alienate others of his allies.)

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(This Marcos success at the convention, however, does not solve all of his problems. He still faces the task of holding together his delegate strength for two more crucial votes before the

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new draft is finally approved. The final version must then be ratified in a national referendum, and many Philippine observers believe that the population at large is suspicious of the parliamentary idea because they treasure their right to vote directly for the national executive. Straw polls recently published in Manila newspapers indicate significant resistance to the parliamentary concept. More important, Marcos' popularity is fading even in his former rural strongholds, and this could result in the rejection of the constitution if the electorate interprets a "yes" vote as a vote for continued Marcos rule. Thus, the more pressure Marcos brings to get the convention to write a constitution to his taste, the more likely it becomes that the voters will reject it. >

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<Even if the referendum were to succeed, Marcos' wilting appeal could still blight the chances of his Nacionalista Party's winning a majority in the new assembly. The party lost six out of eight contested senate seats to the opposition Liberal Party last November. Marcos blames the defeat on party complacency, but it is just as likely that the results reflected widespread popular disillusionment with him personally. >

<The anti-Marcos convention forces do not have enough delegate votes to prevent Marcos from getting the kind of document he wants, but they have not given up. They have decided that Macapagal should use his office as convention president to delay proceedings with procedural moves and endless debates. If completion of the new constitution is delayed until about March of next year, there probably would not be enough time to hold a referendum and reorganize the government before the national elections scheduled for November 1973. The elections would then take place under the present constitution and Marcos would have to step down. Marcos would probably seek to counter such a move, however, by adding a provision in the new constitution that would postpone the 1973 elections until the parliamentary system could take effect. An attempt by the anti-Marcos faction to delay the convention finale past the 1973 elections would probably backfire. The public is already irritated at the convention's shilly-shallying. >

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<Changing the constitution is Marcos' most feasible option for retaining power. Most of his public and private machinations over the next

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[redacted] year will be directed at maintaining his control of convention delegates and building public favor for both himself and parliamentary government.)

## 2. Substitute A Pawn

[redacted] (If Marcos' efforts to change the constitution fail, he has indicated he will try to rule through a proxy, probably his wife Imelda, an ambitious woman who enjoys a small independent power base of her own. Marcos entertains doubts about how much influence he could really wield over his wife, but the two usually act alike politically and they normally work effectively as a team. Another possible proxy is Vice President Fernando Lopez, who would dearly love to be president. He is a weak man and his career has been masterminded by a clever and powerful elder brother, Eugenio. Eugenio, however, is suffering from cancer and, as his health deteriorates, Marcos may well believe he can supplant the brother as the vice president's master.)

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[redacted] or to become prime minister. With these contingencies in mind, he has been actively mending fences in his own party for several months. In May, Marcos managed a reconciliation with the Lopez' family after 18 months of bitter feuding. The feud had not only estranged Marcos from his vice president, but had also exposed the President to the wrath of the family's extensive media chain. Columnists in the Lopez newspaper, the well-respected *Manila Chronicle*, have been particularly snide, questioning the motive behind every move the President and his wife made and constantly reminding the public of presidential peccadillos. Since the reconciliation, however, the *Chronicle* has toned down its criticism and its most anti-Marcos columnist has left the paper. Marcos will have to continue to nurture his relations with the Lopez family, for if they decide that he looks like a loser, they will quickly turn on him again.)

## 3. Change The Game

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[redacted] ( Marcos will need strong party support, especially from the powerful political machine of the Lopez family, either to rule through a proxy

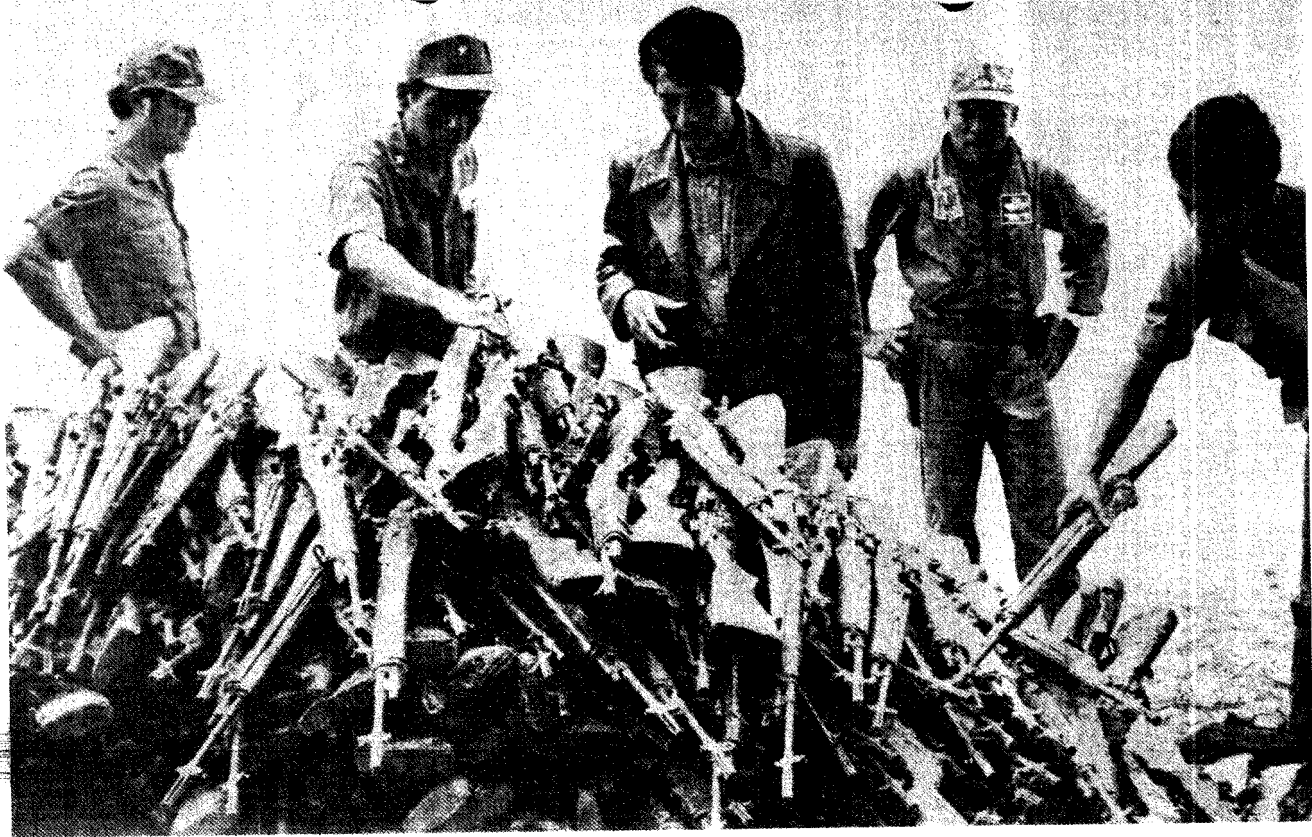
[redacted] (If all else fails, Marcos is pondering a third course—rule by martial law. Although he does not seem to have a detailed plan in mind, Marcos

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could postpone the elections scheduled for November 1973 by suspending the constitution and continuing to rule through some quasi-legal formula. Marcos appears to be laying the groundwork should he have to choose this extreme course. Over the past months, he has been appointing his own men to top military positions, and he apparently intends to retire the entire present high command by mid-1973, replacing them with generals he believes would be amenable to a declaration of martial law.

tomed to active participation in government and would be vociferous in their dissent; the army is neither large enough nor efficient enough to govern successfully in the face of a hostile populace.

### THE PRESIDENT'S PROBLEMS

#### Regilding A Tarnished Image

If Marcos decides on martial law, he will probably use the rural Communist insurgency or urban student unrest as the excuse. The administration may have begun to make ready for such a contingency by publicizing its counter-insurgency efforts, in particular a July operation against an alleged New People's Army gun-running operation in northern Luzon; Marcos asserts this incident proves the New People's Army is supplied by foreign powers.

Whatever Marcos decides to do, he needs more popular support. The setbacks he experienced in the Senate elections last November reflect widespread disillusionment with his leadership. In recent months, domestic economic problems have further damaged his government's standing. The massive flooding of central Luzon in July and August, which has brought serious economic troubles, is of particular political importance to Marcos since those most immediately afflicted by flood losses are the farmers who are regarded as his personal constituency.

Marcos is not apt to resort to rule by martial law, however, unless he fails to extend his mandate by political maneuvers. Filipinos are accus-

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The Manila Times



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One tactic that Marcos and Philippine politicians before him have found to be good politics is talking tough to the Americans. In June, when the constitutional convention bribery scandal threatened to destroy his credibility, Marcos grabbed headlines by calling for a renegotiation of all US-Philippine military and economic agreements. He effectively used a Philippine National Security Council recommendation that the US should up its ante when base agreements are renegotiated. The specifics included charging the US rent for the bases, limiting any base agreement to a five-year period, and giving the Filipinos more jurisdiction over base activities and personnel.)

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Marcos can probably score points whenever he needs them by using the issue of the US military in the Philippines. Many political and business leaders believe the Philippines should get better terms from the US and have been pressing the issue harder in recent months. In addition to wanting more money for the use of the bases, Philippine leaders claim that the bases are not contributing significantly to their country's security and are not necessarily good evidence of the

US commitment to defend the islands. Many Filipinos view recent US moves toward Peking and Moscow as foreshadowing a US withdrawal from Asia. Some argue that in these circumstances Manila must adopt a more independent foreign policy; others favor doing what they can to firm up the US commitment to the defense of the Philippines.)

Marcos has also begun to focus public attention on the US economic presence in the Philippines. The underpinning for these relations, the Laurel-Langley Agreement of 1956 and an article in the Philippine constitution, provides special rights for US investors, who have, for example, the opportunity to invest in natural resources and operate public utilities that are otherwise restricted to Philippine nationals. These privileges expire in 1974, and native economic interests are already busy trying to figure out ways to buy into profitable US-owned business at cut-rate prices. The stakes are high. Such concessions have encouraged US investment to the tune of about \$1 billion and many local politicians are eager to redesign the legislation to provide economic windfalls to influential Filipino investors. The

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The Manila Times



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Philippine Supreme Court has given even greater impetus to the issue by a new ruling that all American vested rights acquired as far back as 1946 will expire in 1974. The wording of the decision is very vague, leaving the timing and procedures for the dissolution of US interests to be worked out in the constitutional convention, where some delegates are already on record as favoring a clause limiting foreign ownership of Philippine firms to 40 percent.)

vested rights, and he will doubtless use concessions in this area to bargain for better terms from the US in other areas. The President apparently does in fact expect to be able to work on popular sentiment against the US military presence, while leaving the security relationship with the US virtually unchanged. Among domestic audiences, however, he will find himself under a great deal more pressure to deliver on his public promises than he has in the past.

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⌄ Economic issues, being less fraught with emotion, provide fewer opportunities for political manipulation than the US military presence. At the same time, these issues do impinge on the vital interests of the Philippine elite whose support Marcos must have. Many Philippine businessmen, for example, are prepared to allow investment concessions in return for continued preferential treatment for Philippine products in US markets, and Marcos will have to keep these interests in mind when he goes to the mat with the US. With his proven ability to control the constitutional convention, Marcos can probably get some continuation of favorable terms on

### Making Hay While The Rains Fall

⌄ The worst floods in Philippine history, which hit central Luzon in July and early August, have temporarily diverted the attention of both the public and the politicians from domestic scandals and foreign affairs. President and Mrs. Marcos have sought to make political capital from the disaster by highly visible mercy missions to the flooded countryside. Marcos has conducted televised cabinet sessions devoted to the relief and rehabilitation of flood victims, and Mrs. Marcos turned a hall in the presidential palace into a

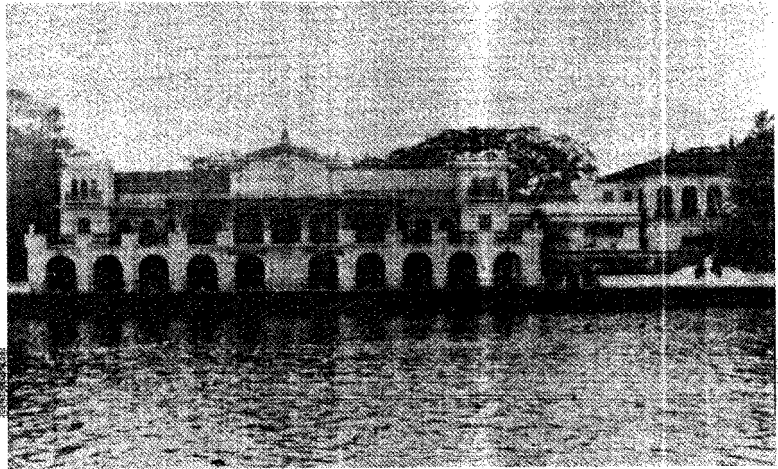
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Presidential Palace



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[redacted] well-publicized emergency hospital ward. But the short-term advantages may not be enough to offset the charges being voiced in the newspapers that administration policies contributed to the disaster in the first place. }

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[redacted] a way designed to give him the credit. But if the rehabilitation effort boqs down—and past experience suggests this will probably be the case—then he will have to be agile indeed to avoid the blame. Thus far, the momentum of foreign and domestic relief efforts has helped prevent the public from zeroing in on administration shortcomings. }

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[redacted] <As the floodwaters recede, the press has turned its attention to stories about corrupt administration officials who contributed to the disaster by allowing lumber companies, in violation of government regulations, to overharvest trees on the hillsides encircling the Luzon plain. Editorials have reviewed administration promises to construct flood control projects, charging that the projects were never finished because the funds were diverted to political payoffs. The initial slow response by government departments to the disaster, as well as allegations that squabbles between local and national officials hindered relief operations, will increase public resentment against the administration. }

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**As for the Future**

[redacted] <Chances are good that if President Marcos can keep up his nimble political footwork, he will be able to maintain himself in power beyond the 1973 deadline. His biggest problem will be recapturing public favor, for without it he will have trouble getting the new constitution approved. With his opponents both inside politics and out eager to exploit any misstep, the next 16 months are bound to be a time of considerable turmoil. If the Philippine scene becomes too roiled, or if it appears that Marcos might lose the referendum, he may well try to ensure its passage by invoking martial law and running the referendum under tight executive control. [redacted]

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[redacted] <Marcos has taken direct control of the agencies most immediately involved in disaster relief and rehabilitation, and he will doubtless try to supervise the distribution of funds and supplies in [redacted]

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