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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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2 March 1973  
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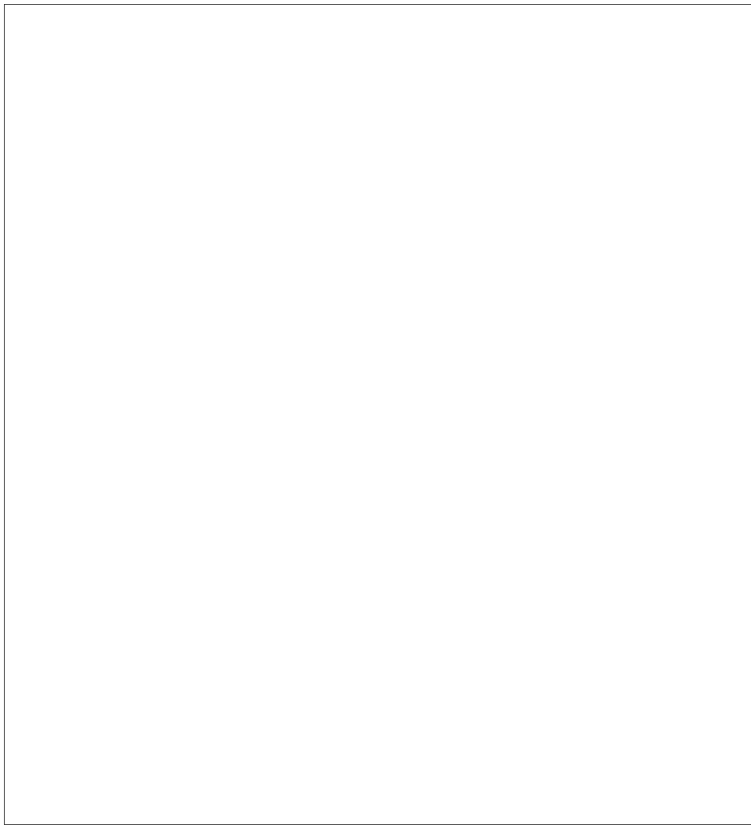
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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate 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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**SPECIAL  
REPORT**

(Published separately)

Bangladesh: Elections in  
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Comments and queries on the contents of this publication are welcome.

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## INDOCHINA

### The Political Struggle Is On

7 [With military activity now at a low level throughout South Vietnam, both sides are focusing attention on the political struggle. The Communists are busy organizing politically at the grass-roots level.]

[Redacted]

10 [The Viet Cong are establishing administrative offices and people's hamlet committees throughout the country.] [Redacted] a North Vietnamese unit occupied several hamlets a few miles northwest of Hue for the purpose of setting up a local "provisional revolutionary government."

11 [The Viet Cong in Quang Ngai are working through a "farmers' united association" to try to persuade refugees to return to their abandoned land in Communist-held areas. The Communists are using newly constructed houses, loans, and other material incentives as the primary inducement for the returnees. In trying to stress the benefits awaiting people who shift to areas controlled by the Viet Cong, the Communists are telling relatives and friends that, if they return, they will not be discriminated against and will be accorded the same privileges as those who never left Communist-held hamlets and villages.]

12 [The Communists are not forsaking their more usual subversion techniques. The Viet Cong in one province near Saigon have been instructed to send agents into government-held hamlets and villages to scout for individuals willing to work with the Communists.] [The Communists were never very good at political organization in areas of contested control while the war was underway, and it is not at all clear that they will be any better in the climate of peace, but they certainly are trying harder now.]

13 [On the government side, President Thieu last week publicly inaugurated his "Popular Front," designed to rally South Vietnam's disparate and frequently bickering political and religious groups

to his banner. Although many important groups have agreed to throw in with his front, the An Quang Buddhists are holding back. Some pro-government elements see the front mainly as a vehicle for showing popular support of the government rather than a means of sharing power.]

13 [Although the front is a visible non-Communist effort, the real task of political mobilization will be carried out by semi-clandestine "political struggle committees" being formed by the government in every province and autonomous city. Composed of key members of the administrative apparatus, the committees will direct local security and intelligence efforts against the Viet Cong and handle information and propaganda activities among the people. They will keep a direct government rein on the political competition with the Communists in all areas of the country and at all levels.]

13 [President Thieu's Democracy Party will also be important in his over-all scheme.] [Redacted] the party will play a role in the Popular Front somewhat akin to that of the Communist Peoples Revolutionary Party within the Viet Cong's National Liberation Front. [Redacted] Thieu intends the Democracy Party—mostly governmental officials—to keep the Popular Front and struggle committees in lock step. Success depends not only on the ability of the Democracy Party to perform the role but also on Thieu's ability to keep the oppositionists in the front.]

### Big Minh Again

14 [Many of Thieu's old opponents see new opportunities in the changing political climate. Speaking out for the first time since the ceasefire, Big Minh this week addressed an "open letter" to the participants in the Paris conference, implying that he represents a majority third force

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14 in South Vietnam. Minh also played host at a reception for a number of prominent opposition legislators and the press, during which he took exception to Saigon and the Viet Cong each choosing half of the National Council for Reconciliation and Concord. He and his followers, he said, could never win a place in the council under such a formula. Despite rumors that Minh would take the occasion to announce a rival front to Thieu's new organization, he did not. Minh stuck to his usual cautious strategy—signaling his availability while avoiding direct action.]

### The Prisoner Nettle

7 [Despite their well publicized efforts to exploit the POW issue to pressure the US and Saigon on a host of other problems, the Communists did not let the issue of returning US prisoners impede progress for long. The Communists were probably eager to see how much they could get out of this leverage over the short term, but then backed off when the US and Saigon displayed little give on any issue except the security of the truce teams.]

Joint Military Commission Members and Observers



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The Communists suddenly announced on 27 February that until certain "serious problems" in the implementation of the agreement were taken care of, they would release no more prisoners. The statements indicated that they had in mind the treatment of Communist delegations in South Vietnam, Saigon's handling of the prisoners it holds, and the pace of US minesweeping operations in North Vietnam. The next day, however, the Communists began to modify their position, uncoupling the prisoner release from unresolved "serious problems." They said a new group of prisoners would indeed be released soon, and that issues such as security did not have to be resolved now, but should be discussed in a "spirit of goodwill."

Nothing in the agreement connects prisoner releases with the issues the Communists were raising, but the Vietnamese Communists clearly believed that it was worth testing US reaction on this sensitive matter.

### The Lao Cease-fire Sinks In

As the Lao cease-fire enters its second week, the fighting is beginning to wane. The only major violations have occurred in the south. In the Bolovens Plateau area, the Communists took Paksong shortly after the deadline on 22 February. The Communists have also been attacking irregular units near Thateng. Both sides have been guilty of initiating ground clashes and shellings elsewhere in the country, but by midweek these scattered actions began to taper off, and Communist and government troops in several areas started to work out informal cease-fire rules in face-to-face meetings.

Prime Minister Souvanna Phouma, who last week requested US air strikes against Communist units that retook Paksong, is now taking a more relaxed view of the military situation. In a press interview on 27 February, Souvanna said that—despite the cease-fire violations—he was "confident of the future." He claimed that North Vietnam "will stop its intervention in Laos" because it will have to turn its attention to "recon-



Souvanna Phouma

struction." Souvanna also expressed hope that the Paris conference would provide the basis for a real peace.

### Creaky Peace Machinery

In Vientiane neither the mixed military commission to help implement the cease-fire nor the committee charged with working out a new political arrangement has made much progress. Both commissions met for the first time on 28 February, but only a few minor procedural issues were resolved. This kind of dallying suggests that decisions on matters of major importance will have to await meetings between Prime Minister Souvanna or his chief negotiator, Pheng Phongsavan, and high-ranking Communist representatives. Unfortunately, most of the important Communists left Vientiane on 23 February for consultations in Sam Neua and Hanoi.

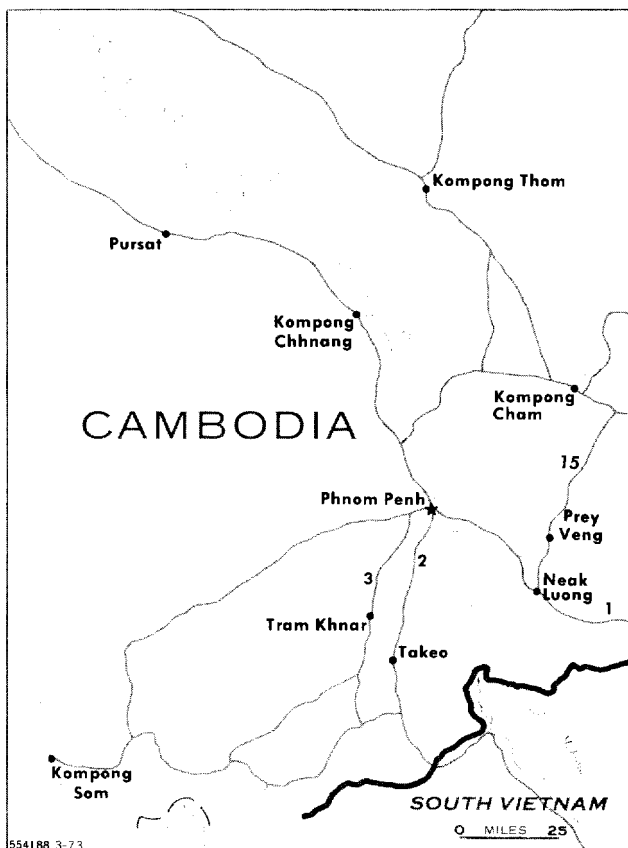
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## THE CAMBODIAN FIGHTING GOES ON

23] The sagging fortunes of the dispirited Cambodian Army have improved recently as government forces retrieved some of the military initiative from the Khmer insurgents. Reinforced government units finally managed to reopen a short section of Route 1 between Phnom Penh and the Mekong River after more than two weeks of sporadic combat, and they followed this up by moving back into the village of Banam near Neak Luong on the river's east bank. US air strikes helped in both operations. Although the insurgents kept up some pressure on government outposts south and north of Neak Luong, a regular Mekong resupply envoy from South Vietnam made it up the river to Phnom Penh without running into heavy attacks.]

24] The government also reopened sections of Route 2 between Phnom Penh and the provincial



capital of Takeo. Farther to the south, however, other government troops had to abandon defensive positions along the highway between Takeo and the South Vietnamese border. To the west, Cambodian paratroops succeeded in driving insurgent elements away from their positions along Route 3 near the town of Tram Khmar.]

## In Backs Out

24] [Lon Nol's efforts to broaden his government suffered a setback this week when former Democratic Party leader In Tam rejected the President's recent offer to make him a special counselor for "national reunification." In Tam put all the blame on Lon Nol, claiming that the President had refused to spell out the precise responsibilities and authority attached to the proffered post. In Tam's refusal was also based on his reluctance to be placed in a position subordinate to Lon Nol's younger brother, Brigadier General Lon Non.] With In Tam on the sidelines, Lon Nol's hopes for significant opposition participation in the government now rest on bringing Republican Party chief Sirik Matak on board as his vice-president. There are some signs, however, that Matak's foes—particularly Lon Non—are still working hard to block Matak's appointment.]

## Economic Tremors

24] The government has economic headaches to go with its military and political problems. The recent sharp increases in the prices of petroleum products and other goods have prompted Phnom Penh's teachers to strike for higher salaries. Most of the city's students sympathize with their instructors and have also gone on strike. In addition to demanding that the price hikes be rolled back, the strikers have called for a government crackdown on the extensive corruption within its ranks. Some students have publicly blamed Lon Nol for the present situation. Thus far, the government has displayed little interest in meeting the strikers' demands and has indicated it may get tough with the leaders of the agitation.

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SOUTH KOREA: AS PROGRAMMED

(26 + 27)

The government reorganization underway in South Korea since last October completed its final phase on 27 February with the election of a new National Assembly. Conducted under such rigid restrictions that some prominent opposition politicians could not participate, the election assured President Pak Chong-hui of control over the legislative process and capped his efforts to strengthen and consolidate his personal power. Sensitive to domestic and international criticism, Pak tried to use the election to show that democracy was still alive in his country. He permitted limited campaign criticism of his policies and put forward only 80 government candidates for the 146 contested seats.

icism of government policies through the ballot box. Still, the opposition managed to win only 54 seats. Independents, many of whom will probably join ranks with the 73 government candidates elected, gained a surprising 19 seats.

The heavy popular turnout and the significant number of votes for the opposition, particularly in urban districts, demonstrated popular interest in the election as well as a willingness of the more sophisticated city dwellers to voice crit-

Opposition legislators will find it next to impossible to change or moderate current government policies. Pak has sharply restricted assembly activity and given himself authority to appoint an additional 73 assemblymen, thus assuring a commanding majority in the new legislature. Under these circumstances the assembly will be nothing more than a rubber stamp. When it begins to function on 5 March, however, the rough and tumble of Korean politics makes it likely that the opposition will occasionally irritate the President. He will tolerate the irritations so long as they serve the purpose of venting domestic criticism and preserving the facade of democracy.

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Papua New Guinea  
RELUCTANT TO LEAVE THE WOMB

Nationhood is a goal eagerly sought by most people, but the inhabitants of Papua New Guinea are showing little enthusiasm over independence from Australia. Despite the territory's misgivings about cutting its ties to Canberra, however, the Australian Labor government is still insisting on a timetable that calls for internal self-government by the end of this year, with full independence in a year or two.

pendence by remarking "you have nothing to fear from independence."

Although prepared to accept Canberra's deadline on self-government, Papua New Guinean Chief Minister Michael Somare contends that the Australians are rushing his people into an independence they neither fully understand nor accept. Far from offering reassurances, Prime Minister Whitlam has implied that Australia will, if necessary, unilaterally set the territory free. During a visit to Papua New Guinea last week, he dismissed a petition calling for a delay in inde-

Somare seems to have come full circle on the independence issue. He was a leading agitator for immediate independence before he became chief minister of the new territorial cabinet last year. Since then, the responsibilities of office seem to have opened his eyes to the possible consequences of independence, such as the emergence of separatist tendencies and a cutback in Australian economic aid. He now argues that more time is needed to forge a sense of nationhood among the diverse and often mutually antagonistic tribes that make up the population. The Papua New Guineans are unconvinced by Australian promises to stand by the fledgling nation, suspecting instead that the Labor government is more concerned about ingratiating itself with the anti-colonialist bloc in the UN than about creating the proper conditions for independence.

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### PHILIPPINES: LAND REFORM STALLED

Not surprisingly, little progress has been made in implementing the sweeping land-reform program proposed by President Marcos six months ago. Manila needs to obtain large amounts of foreign financial assistance and demonstrate a deeper commitment to reform than it has shown so far if a meaningful program is ever to be carried out.

The most recent version of the land-reform program calls for turning over to the tenants the rice and corn land they work. This would involve an estimated 2 million hectares—approximately 75 percent of which is in rice. A total of 5.7 million hectares was under the two crops in 1972. The remaining land is occupied by the owner. Under Marcos' scheme, as many as one million tenant families would receive title to land for which they would have to pay the former owners 25 percent of the harvest over the next 15 years. In addition, the government apparently will make large payments to former landowners.

Little has been done, and the lack of action reflects Marcos' unwillingness to alienate the smaller landowners, many of whom are civil servants and military officers who purchased the land as an investment. This group constitutes an estimated 80 percent of the 350,000 landowners who would be affected by the program. They are seeking a lump-sum cash payment in addition to the annual installments. Large landlords, by contrast, apparently are willing to accept long-term leases on undeveloped land or negotiable land-bank bonds as a form of payment.

Since so many small landowners would be affected and since the costs of implementing land reform would be high, Manila has been forced to seek assistance abroad. Establishment of a Land Reform Fund is being considered to cover the anticipated cash payments and capital improve-

(65-67)



ments intended to make the reform more than just a land-title transfer scheme. Manila probably will try to obtain \$200 million in loans from Japan, the US, and other countries to help finance the program.

Even if funds were made available, Marcos would still face political problems and bureaucratic inertia in implementing the measures. These difficulties doomed past efforts at land reform, and the government bureaucracy probably is no more capable of handling land reform now than it was earlier. Moreover, the government already is facing attempts by many landlords to force out tenants who might one day claim the land. If there is to be a program, the government will have to prevent such actions.  25X1



President Marcos

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<p style="text-align: center;">КОМУНИСТИЧЕСКАЯ ПАРТИЯ СОВЕТСКОГО СОЮЗА</p> <p style="text-align: center;"><b>ПАРТИЙНЫЙ БИЛЕТ</b> №11080050 *</p> <p>Фамилия <u>Бутикис</u></p> <p>Имя и отчество <u>Антанас-Зигмас Йона</u></p> <p>Год рождения <u>1937</u></p> <p>Время вступления в партию <u>сентябрь 1962</u></p> <p>Наименование организации, выдавшей билет <u>Удмуртский рай-ком ЦК КПСС</u></p>  <p>Время выдачи партийного билета <u>26-го сентября 1962</u></p>	<p style="text-align: center;">Visų sąlygų proletarai, vienykitės!</p> <p style="text-align: center;">ETUVOS KOMUNISTŲ PARTIJA</p> <p style="text-align: center;"><b>PARTINIS BILIETAS</b> №11080050 *</p> <p>Pavarė <u>Butikis</u></p> <p>Vardas ir tėvo vardas <u>Antanas-Zigmas Jona</u></p> <p>Gimimo metai <u>1937</u></p> <p>Istojimo į partiją laikas <u>1962 spalio</u></p> <p>Bilietą išdavusios organizacijos pavadinimas <u>Lietuvos K.P. Kaimo žemės ūkio komitetas</u></p>  <p>Partijos bilieto išdavimo laikas <u>26 m. spalio 1962 d.</u></p>	<table border="1"> <tr> <th colspan="4">NARIO MOKĖJIMO SUMOKĖJIMAS 19.72 m. UPLATA KŪKŲ VŽNOSOB</th> </tr> <tr> <th>Mėnuo / Mesias</th> <th>Uždariusis / Месачный заработок</th> <th>Nario mėnesis / Членский взнос</th> <th>Sekretoriaus parašas / Подпись секретаря</th> </tr> <tr> <td>Sausis / Январь</td> <td>2.40</td> <td>4.80</td> <td rowspan="12"></td> </tr> <tr> <td>Vasaris / Февраль</td> <td>2.40</td> <td>4.80</td> </tr> <tr> <td>Kovas / Март</td> <td>2.40</td> <td>4.80</td> </tr> <tr> <td>Balandis / Апрель</td> <td>2.40</td> <td>4.80</td> </tr> <tr> <td>Gegužės / Май</td> <td>2.40</td> <td>4.80</td> </tr> <tr> <td>Birželis / Июнь</td> <td></td> <td></td> </tr> <tr> <td>Liepos / Июль</td> <td></td> <td></td> </tr> <tr> <td>Rugpjūtis / Август</td> <td></td> <td></td> </tr> <tr> <td>Rugsėjis / Сентябрь</td> <td></td> <td></td> </tr> <tr> <td>Spalis / Октябрь</td> <td></td> <td></td> </tr> <tr> <td>Lapkritis / Ноябрь</td> <td></td> <td></td> </tr> <tr> <td>Gruodis / Декабрь</td> <td></td> <td></td> </tr> </table> <p style="text-align: center;">SECRET NO FOREIGN DISSEM</p>	NARIO MOKĖJIMO SUMOKĖJIMAS 19.72 m. UPLATA KŪKŲ VŽNOSOB				Mėnuo / Mesias	Uždariusis / Месачный заработок	Nario mėnesis / Членский взнос	Sekretoriaus parašas / Подпись секретаря	Sausis / Январь	2.40	4.80		Vasaris / Февраль	2.40	4.80	Kovas / Март	2.40	4.80	Balandis / Апрель	2.40	4.80	Gegužės / Май	2.40	4.80	Birželis / Июнь			Liepos / Июль			Rugpjūtis / Август			Rugsėjis / Сентябрь			Spalis / Октябрь			Lapkritis / Ноябрь			Gruodis / Декабрь		
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Party card of a Soviet defector, who entered the party in 1962, paid dues to May 1972, and defected in June 1972.

USSR: THE BIG EXCHANGE

The first exchange of party documents in almost 20 years began on 1 March. This will usher in an anxious period for party members who will have to give an accounting of their behavior before they get new documents. The hierarchy probably is still divided over how many and what sort of party members should be expelled as the project is carried out over the next two years.

The Central Committee resolution on 18 February that announced the starting date for the exchange also emphasized that it should be conducted "gradually, without haste"—as have the preparations for the project since the 24th Party Congress approved it nearly two years ago. A *Pravda* editorial on 19 February reaffirmed that the exchange would go no further than was necessary to tighten party discipline. Although *Pravda* suggested that members who continue to behave improperly might ultimately be expelled and noted that local party organizations "are becoming more resolute" in ridding their ranks of persons bringing disrepute to the party, it also said that the current exchange is not a purge. The paper implied that most of the party's 14.7 million members would receive new cards after they had given a satisfactory accounting of their behavior.

Other recent discussions, such as an essay in *Kommunist* in late January by one of Politburo member Grishin's lieutenants, have put a good deal more emphasis on the need to ensure that the party's unworthy members are ousted during the exchange. Although the article also denied

that the current exchange constitutes a purge, it took pains to justify the previous purges and emphasized the necessity of ridding the party of undesirables. Moreover, *Kommunist's* remarks about how higher-ups will supervise the local units in completing the project suggested that the weeding out will be substantial for the Moscow city organization, if not for most regional party commands.

An article in the armed forces' daily on 11 January took an even harder line. It pointed out that the party is strengthened "by purging itself of those who violate its program and rules as well as party and state discipline, and perpetrate other actions that compromise the high calling of communism." Similar sentiments had been expressed in a Central Committee journal in December and in other articles last fall.

Some provincial leaders have suggested in print that the exchange should occasion a broad review of each member's activities, his deviations from policy, and his ideological commitments, and not just weed out corrupt, scandalous, or lackadaisical members. The provincial officials may favor pushing the card exchange in this direction because they want to use it to conduct personal vendettas within their own organizations. The more cautious attitude expressed by higher level party officials in Moscow may be prompted by an awareness that such witch hunts could get out of hand and be used against their supporters, if not against themselves.

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**SECRET****USSR: NAVAL SHIPBUILDING**

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During the past decade, the dynamic growth in Soviet naval operations world-wide, plus the introduction of several new weapons systems, has given the impression of a greatly expanded naval shipbuilding effort. In reality, the over-all rate of expansion in naval shipbuilding has been modest—much less than US expansion during the same period.

In most cases—submarines being the main exception—the Soviet Union continues to lag behind the US. Although the Soviets built about twice as many ships in the past five years, for example, the US produced over twice the total tonnage.

As a result of the emphasis upon ballistic submarine construction, the Soviets built over three times the submarine tonnage the US built during the past five years. The tonnage for attack submarines built during the same period shows little difference. A comparison of tonnages built in other categories of ships shows that the US maintains a lead in major surface combatants, amphibious ships, and major auxiliaries. Although the Soviets are ahead in the construction of minor combatants, these ships make up only a small portion of the over-all effort. If the major and minor combatant categories are combined, the US still has a lead.

The data also show the US effort on general purpose ships more than doubled in the last ten years, while the Soviet effort decreased by approximately 15 percent. In the 1963-67 period the USSR built approximately 84 percent as much general purpose tonnage as the US. In the 1968-72 period Soviet construction fell to about 34 percent of the US level.

The fact that the USSR has devoted less effort to naval ship construction does not mean that the Soviet program has not contributed to Soviet naval capabilities. The construction of a series of modern missile-armed surface ships and submarines, for example, has significantly increased the effectiveness of Soviet naval forces. Nevertheless, the USSR remains well behind the US in the over-all effort given to naval shipbuilding.

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Total Tonnage by Categories of Ships* (thousands of tons)					
	=	US	USSR	Ratio US:USSR	% Soviet/US
Ballistic Missile Submarines					
1963-67		235	---	---	0%
1968-72		---	218	---	0%
Attack Submarines					
1963-67		57	254	1:4.5	448%
1968-72		112	126	1:1.1	112%
Major Surface Combatants					
1963-67		306	128	1:0.4	42%
1968-72		283	152	1:0.5	54%
Minor Surface Combatants					
1963-67		9	72	1:8	805%
1968-72		11	69	1:6	616%
Major Amphibious Ships					
1963-67		167	45	1:0.3	27%
1968-72		512	56	1:0.1	11%
Major Naval Auxiliaries					
1963-67		240	105	1:0.4	44%
1968-72		595	108	1:0.2	18%
TOTAL					
1963-67**		1,014	604		
1968-72**		1,513	729		

\*The figures cover all types of submarines, surface combatants over 100 tons displacement, and the major types of amphibious ships and naval auxiliaries.  
\*\*Based on full-load displacement for surface ships and surface displacement for submarines.

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EUROPE: FORCE REDUCTION TALKS

76 [Four weeks after the initial half-hour session of the preliminary talks on force reduction in Europe, the delegates in Vienna have yet to agree to hold another plenary meeting. The two sides have reached agreement or are close to agreement on most procedural matters, but the talks remain stalled on the issue of Hungarian participation.]

76 [When the invitations from the NATO countries to discuss force reduction were accepted, it was expected that Hungary would be a full participant; that is, its territory would be included in the zone of reductions. Early last month, however, the Soviets took the position that Hungary should have observer status only or, if it were to be a full participant, Italy would also have to be shifted to that category.]

76 [Dozens of informal East-West discussions have failed to bring the two sides closer. In fact, the Soviet position has seemed to harden. In early February Soviet officials in Vienna had given indications that they could accept a formula that would leave Hungary's status in abeyance; they have since made it plain that they want a definite decision before going ahead with the next plenary session, and have rejected a Western proposal on Hungary designed essentially to provide them a way to back down gracefully.]

76 [The current Soviet attitude makes it unlikely that they will accept a proposal, originally put forth by the US, that would specify the status of all other participants, but leave that of Hungary unresolved. If this approach fails, NATO probably would accept a fallback position that would list Hungary as only a consultative participant.] Several NATO countries regard this as a premature and unnecessary capitulation. The British, in particular, are urging less haste and have suggested an approach that would leave the status of all 19 participants unresolved at this time. This concept, which resembles the original Soviet position, is

unacceptable to the NATO flank states, which do not want to risk being included in the area of reductions.]

77 [The Soviet position on Hungary, which Soviet diplomats have attributed to "the military," is based on the principle that the talks should not endanger the security of any participant. Moscow argues that the inclusion of Hungary would mean that all Soviet forces in Eastern Europe would be included in the force reduction zone, while some US forces in Europe would be excluded.] Some NATO countries fear that if Hungary were excluded it would be a potential regrouping area for Soviet forces withdrawn elsewhere. The Dutch in particular want Hungary to be included in the area of constraints—where for instance, limits could be put on Soviet troop movements—even if it is not in the area of reductions.

DEFENSE CUTS IN SCANDINAVIA

77 [The military forces of Norway, Denmark, and Sweden are facing reductions in the coming year. Although the proposed 1973-74 defense budgets of these countries are larger than last year, pay raises, rapidly increasing equipment costs, and continuing inflation will more than offset increases in the budget.]

77 [The result will be to exacerbate a number of major problems already being faced by the armed forces of all three countries. There is a shortage of junior officers and career non-commissioned officers, training periods for conscripts are too short, and reserve and home-guard forces do not receive adequate training.] As a consequence, the morale of the military has been lowered. This is particularly true in Sweden where there has been

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87 an increase in minor sabotage throughout the military organization. Last November, conscripts in a Swedish infantry regiment went on strike for three days in an attempt to obtain overnight passes as a matter of routine.

[Redacted]

over time probably will degrade the capability of Sweden's armed forces.]

82. [In Denmark, the military was spared extensive cuts when the ruling party and three opposition parties reached a compromise on defense matters. The military budget is to be increased slightly over the next four years, but the increases may not keep pace with anticipated inflation. As a result, the conscription period is to be pared from the present 12 months to nine, and the standing army is to be cut from 13,000 to about 8,500 men. The 4,500 men thus removed will be transferred to a standby reserve force. Combat readiness and equipment procurement are to be sustained as much as possible, but planned budget restrictions over the next four years will inevitably aggravate long-standing problems of inadequate manning, insufficient non-commissioned officers, slow replacement of obsolescent equipment, and poor reserve training.]

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77 [The Swedish armed forces have been the hardest hit. Stockholm has adopted a five-year defense plan for 1973-78 that will cut Swedish military forces about in half. The number of infantry brigades will drop from 24 to 12, fighter squadrons from 20 to about 10, submarines from 22 to about 11. The plan has predictably brought cries of anguish from Sweden's military leaders. The commander of the armed forces has stated that, if the program is carried through, the military "will not have the capability to defend the whole of Sweden."] The defense minister has countered with the government argument that fiscal need and a decreasing risk of war in Europe called for abandonment of the traditional "total defense" philosophy in favor of a "tenacious defense" of certain vital areas.]

75 [The Swedish defense industry is facing an uncertain future. Backed by an excellent research and development organization, the defense industry now produces nearly all equipment required by the armed forces. Within the next several years, the industry will be pared—if present plans are carried through—to the point where it will no longer be able to support a number of military requirements.] At the same time, the construction of such high cost items as the Viggen fighter-bomber, which absorbs nearly half of the air force's equipment procurement money, will further drain resources from the production of general defense equipment. In addition, the training of recruits is being reduced, as is advanced individual and unit training. These reductions

82. [The Norwegian armed forces are the least affected by the current round of budget cutting. But the budget, while slightly larger than last year, will not offset rising personnel costs and inflation. As a result, less money will be available for training and equipment procurement. The inspector of infantry of the Norwegian Army last fall observed that the army was "ineffective and outdated and that the home guard is not properly equipped and trained." The new budget will not help.]

90 [NATO planners are aware that the proposed budgets in Norway and Denmark represent the results of intense competition for money between 25X1 military and civilian sectors in these countries and 25X1 that there is little NATO can do to influence the Scandinavian military budgets. [Redacted]

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## EC: ANTI-TRUST CRACKDOWN

91 The decision last week in a case between the EC Commission and the US-based Continental Can Company has implications for the EC's political development, its economic policies, and the legal parameters within which businesses will operate throughout the Community. The Commission had levied a fine on Continental Can for acquiring its major European rival, a Dutch firm. The Commission charged the company had violated Article 86 of the EC treaty, which prohibits companies from abusing a dominant market position. Continental Can appealed to the European Court, the supreme arbiter in all legal questions falling within the scope of the Treaty of Rome. Although the court refused to uphold the specific allegation made against the company or the fine, it affirmed—for the first time—the Commission's authority to restrict such mergers.]

92 The court's finding is a landmark, similar to the historic anti-trust decisions reached by the US Supreme Court. Under Article 85 of the EC treaty, the Commission can take action against various kinds of restrictive business practices, and in recent months, in particular, it has been slapping heavy fines on offending companies—several of them American-owned. As a result of the Continental Can case and the sustaining of its legal position under Article 86, the Commission has achieved an important step on its way to a regulatory power that is federal in character.]

93 The Commission's victory has set the stage both for a more rigorous and comprehensive anti-trust policy and for a more serious debate on its implications for other Community objectives. The Commission has already begun to prepare draft regulations which must be approved by the Council. The regulations would set standards for acceptable mergers and give the Commission the power to approve or disapprove of them before they occur. The director general for competition, Dr. Willy Schlieder, has claimed that these anti-trust efforts will have "absolute priority" even when they conflict with other industrial policies.]

94 Other Community authorities, however, will have reservations about this order of priorities. There is substantial opinion among them that European businesses still are a long way from having adapted to the larger market that the Com-

munity has created, that many of them are still operating at less than an optimum size, that the Community's enlargement will require still more combinations rather than fewer, and that the Europeans have lagged considerably behind their American competitors in effecting such combinations within the Common Market. It is largely for the latter reason that the EC's anti-trust measures have so far hit so frequently at American firms. [REDACTED]

## CZECHOSLOVAKIA: SILVER ANNIVERSARY

94 Soviet party leader Leonid Brezhnev, in Prague last week for celebrations of the 25th anniversary of the Communist coup in 1948, gave his Czechoslovak counterpart, Gustav Husak, a most unequivocal endorsement. Brezhnev praised Husak for returning Czechoslovakia to normalcy following the aberrations of 1968.] His reference to Husak's success at "building up the authority and influence of Czechoslovakia abroad" was a pat on the back for Prague's becoming one of the loudest advocates of a "coordinated" foreign policy for the socialist camp.]

94 Less flowery but more significant were the references to West Germany. While both Brezhnev and Husak gave high priority to normalization of relations between Prague and Bonn, neither mentioned the demand that the 1938 Munich Agreement be declared invalid ab initio, i.e., from the beginning. The ab initio issue has deadlocked the negotiations since last summer. Brezhnev merely stated that Moscow supports the "just demand of the Czechoslovak people that the Munich Diktat be recognized as invalid and illegal," a formulation that later found its way into the official communique.]

98 At a two-day Central Committee plenum earlier last week, Husak had noted with interest West German Chancellor Brandt's recent statement expressing a readiness for relations with Czechoslovakia. Husak went on to describe the Munich Agreement as an "unlawful act."] Given the history of conflicting signals from Prague on the ab initio question, the West Germans were

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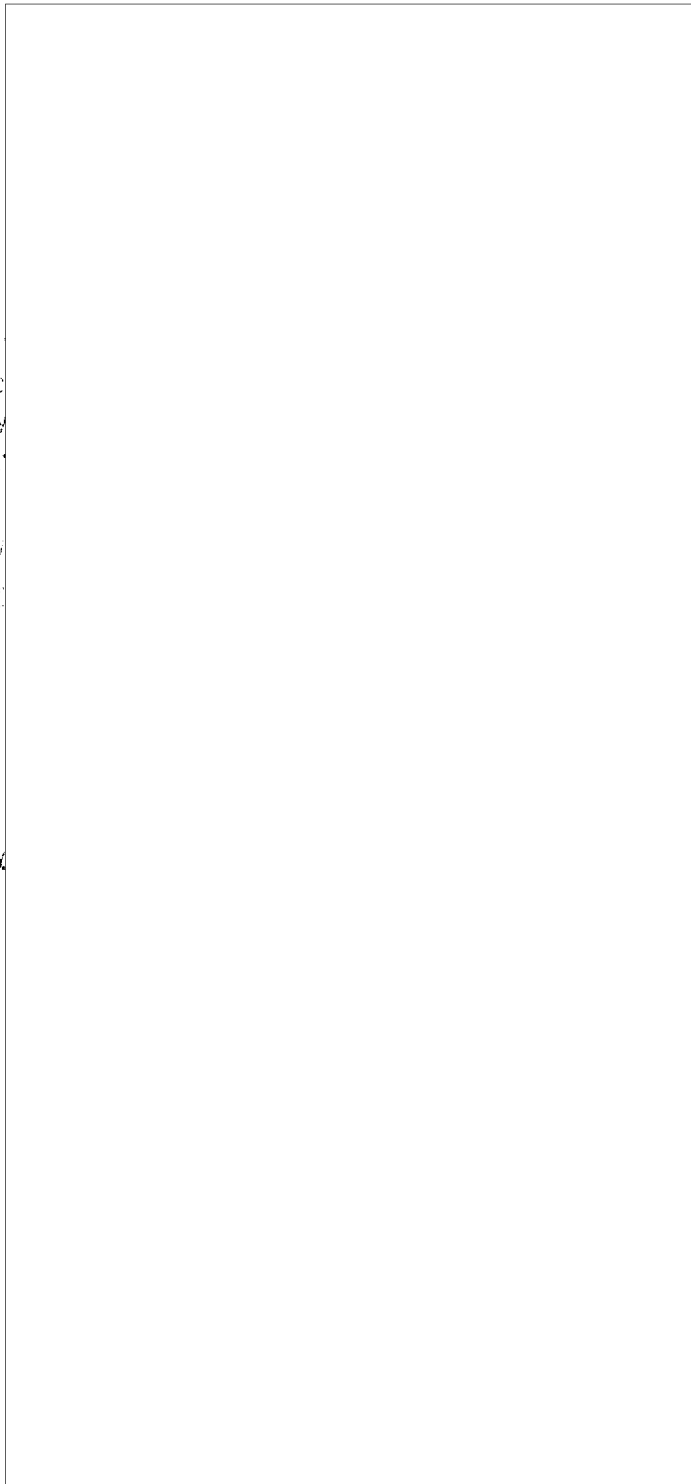
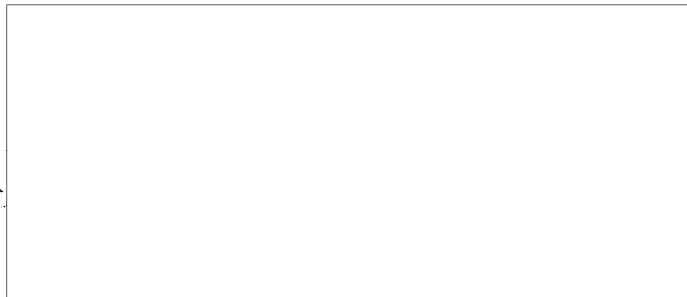
**Husak, Brezhnev and Svoboda at Reception**

justifiably skeptical over the Husak statement; the joint communique, however, represents a stronger indication that Prague is interested in a compromise.]

96 One sidelight of the anniversary celebration was President Svoboda's announcement of a wide-ranging amnesty for Czechoslovak citizens sentenced to prison terms, corrective measures, and fines for offenses punishable by up to five years in prison. The amnesty excludes persons sentenced for "sedition, jeopardizing state secrets, or causing damage to the interests of Czechoslovakia abroad." It does not affect any of the 46 persons convicted for political offenses during last summer's trials. It does, however, extend to emigres who have not done anything to damage the interests of the Czechoslovak regime abroad. Under the amnesty, they can return home forgiven of their "illegal emigration," if they do so by the end of this year. [redacted]

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### CANADA: TRUDEAU ROCKS ALONG

Prime Minister Trudeau's willingness to compromise on selected policy issues reflects less a change in political philosophy than a desire to retain power. He is seeking to mitigate charges that his arrogance and refusal to confront campaign issues contributed heavily to the Liberal losses in the election last fall and to put his party in a better position to face the electorate. Another setback at the polls probably would knock him out of the party leadership so he must work hard to avoid an early election.

The Liberals have survived two months as a minority government by virtue of the informal support of the socialist New Democratic Party, which holds the balance of power in parliament. The New Democrats' influence on Liberal programs and policies is clearly demonstrated in the government's budget, which is populist in nature, as well as in a new bill to regulate foreign investment, which in Canada means largely US investment. The new bill is stronger than the draft the Liberals introduced, but did not pass, last year. The unanimous passage in early January of a government-sponsored resolution calling for an end to the hostilities in Vietnam and deploring US bombing of population centers reflected in part New Democratic pressure. In the future, New Democratic influence probably will be felt in such areas as consumer affairs and environmental policy.

New Democratic leader David Lewis' announcement that his party would support the Liberals' budget removes the most immediate threat to the government's survival. The New Democrats judge that they would suffer substantial losses in an early election. They reason that many voters, wishing to end the parliamentary stalemate, would be likely to support one of the two leading parties, not the New Democrats. While Trudeau and the Liberals want to hang on long enough to regain lost ground, the Conservatives sense a trend running against the

Liberals and are eager for another election. They will try hard to bring Trudeau down but, barring a break in New Democratic discipline or some other pitfall, probably cannot do so over the next few months.

The Conservatives can, however, probably keep Trudeau in a position where he is struggling to keep his head above water. His subsequent maneuvering will emphasize the weakness of his minority government, and may well make Ottawa more difficult in its relations with Washington, especially with Canadian economic nationalism on the rise. For example, while Ottawa's recent restrictions on crude oil exports to the US were triggered by short-run domestic considerations, the action probably is a precursor of more comprehensive controls justified as necessary to ensure adequate petroleum supplies to Canadian consumers. While, privately, Canadian officials express concern that Washington not misinterpret the restriction as an unfriendly move, the act does serve to remind the US that Canada—with its vast Arctic oil and gas potential—has some leverage in future bilateral trade and energy talks.

The Liberal government's minority status will also affect its policy on Canadian participation in the International Commission for Control and Supervision in Vietnam. Canadian representatives to the commission recently told US diplomats in Saigon that the sentiments of Canadian political parties would be crucial to the government's decision on continuing its role as a cease-fire observer after the initial 60-day period. Canadians of all political persuasions have grown skeptical of Ottawa's long-time policy of being in the forefront of UN peacekeeping missions. The Trudeau government, lacking a clear mandate, will be hesitant to make a firm, long-term commitment to an Indochina observer force, especially if it concludes it does not have an effective role.

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**SECRET****GUINEA: MINERAL VENTURES FLOURISH**

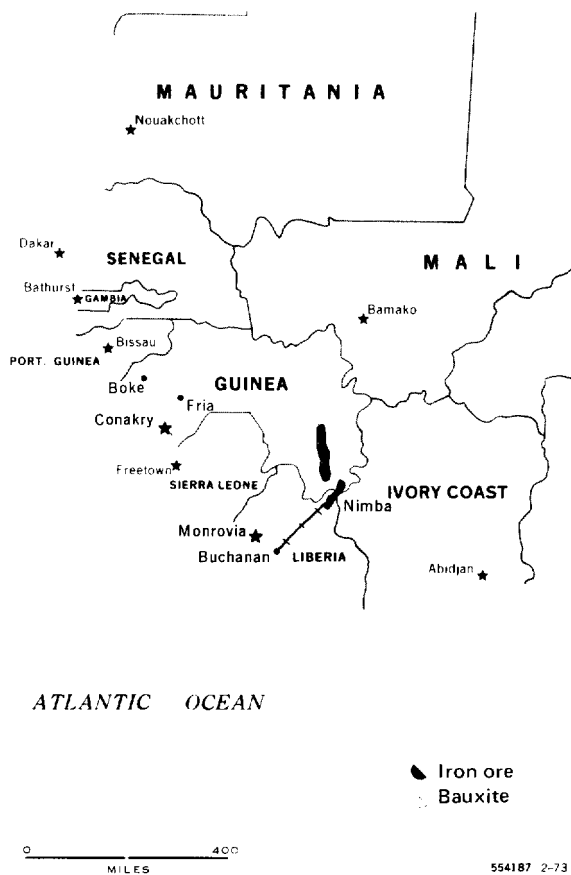
121 After a decade of effort, socialist Guinea last month moved closer to the actual development of its rich iron ore deposits by private foreign companies. Conakry also negotiated part ownership of an established foreign-owned alumina project and settled several issues with its foreign partners in a major bauxite enterprise.

121 Early in February, a consortium of private companies representing interests in Japan, Belgium, Spain, Sweden, and the US signed a series of preliminary agreements concerning mining and exporting an estimated 300 million tons of iron ore from the Mount Nimba deposits in southeastern Guinea. The participants agreed in principle to develop deposits more than twice the size at a site 100 miles north of Nimba. Ownership of the mixed company that is to mine Nimba is divided equally between Guinea and foreign participants. Annual ore exports are projected at 10-15 million tons. Final signing of the agreements by all concerned is to take place in Tokyo on 5 April.

121 The Nimba lode constitutes the Guinean portion of the rich iron ore deposits that straddle the border with Liberia. The Liberian side is already being mined by a Liberian-Western consortium. Since Nimba is only 19 miles from the railhead used by this consortium, an economic route for Guinean ore exports can be laid out via the Liberian port of Buchanan 165 miles away. Guinea had pushed for the Nimba investors to build a 420-mile railroad across Guinea, but the companies balked at so costly a project. Although Guinea dropped its insistence on this point, the Guineans will want the railroad to be built at some time.

122 Guinean officials are making much of the participation of four African countries—Zaire, Algeria, Liberia, and Nigeria—whose ambassadors to Guinea initialed the Nimba agreements. Zaire and Nigeria reportedly want to buy some of the Guinean ore, and Liberia will profit from the transport arrangements. Algeria's interest seems to spring mainly from its general desire to strengthen economic and political ties in sub-Saharan Africa.

122 Meanwhile, Guinea has negotiated a partnership agreement with the consortium of US and European firms whose Fria alumina complex has since 1958 been the source of over two thirds of Guinea's foreign exchange earnings. The agreement, which was reached quickly and amicably, provides for 49-percent ownership by the Guinean Government. The lack of government participation in Fria has been politically embarrassing for the socialist government, and Conakry's desire for participation came as no surprise to Fria. For their part, the private investors hope the Toure government will now cooperate in an effort to lower operating costs, particularly for labor. Fria also promised to reduce the number of expatriate personnel to 30 by 1974.

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128 The Toure regime is pinning great hopes on a new bauxite operation at Boke where activity preliminary to production is almost complete. A ceremonial inauguration is set to coincide with political party celebrations in mid-May, although production is not likely to begin until next August. Administrative and financial agreements were initialed in Conakry in February, including provision for a subsidiary of the Canadian National Railways to run the mine-to-port railroad and, like the Fria agreement, for more rapid Africanization of the work force.



Diawara

*Elusive Extremist*

CONGO: MORE TURMOIL

124 President Nguabi has discovered yet another plot against his northern-based military regime by ex-politbureau member Ange Diawara, an extremist from the south who attempted a coup in February 1972. Diawara is still at large, tribal tensions are running high and uncertainty reigns within the party, military, and civil service.

mounted a campaign of violence, and tribal clashes have escalated in recent months.

125 At a mass rally late last week, Nguabi said he had arrested some 30 plotters, including two members of the party central committee—one a former prime minister, the information minister, five French school teachers and a handful of Diawara guerrillas, army personnel, and secondary students. The French ambassador left the rally in protest. The President charged unnamed authorities in neighboring Zaire with receiving Diawara last month during President Mobutu Sese Seko's visit to China. Diawara may in fact have crossed the river to Zaire in January. Nguabi confirmed that the national police force is being disbanded for allowing Diawara free movement.

127 Nguabi's treatment of the teachers from France risks antagonizing France on which Congo is still heavily dependent. Punishment of the accused French nationals could stall the revision of the Franco-Congolese cooperation accords now under way. A new crisis with Zaire appears to have been averted for the moment by a firm disclaimer from Mobutu of involvement with Diawara and assurances of full support for Nguabi.

126 In evading capture for over a year, Diawara has had the help of southern tribesmen on whose grievances he has capitalized. The south's voice was sharply reduced in the purges that followed the coup attempt a year ago. Diawara has

125 Meanwhile, frenzied security measures are sowing confusion. The army, praised during the current upheaval as the bulwark of the regime, is to be reorganized radically. Civil servants, who are possible financial sources or intermediaries for Diawara have been forbidden to engage in lucrative business sidelines or to use government vehicles, and the populace has been admonished to report bureaucrats who are not hard at work. Unless Nguabi acts soon to defuse the situation, he may generate fresh challenges from within the military.

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**MIDDLE EAST: AFTERMATH OF A CRASH**

112 [The flight recorder, found in the wreckage of the Libyan Boeing 727, told virtually the same tragic story this week that the Cairo control tower tape did last week. The French pilot, flying in bad weather, his instruments on the blink, strayed over Israeli-occupied Sinai without realizing it. Believing until the last minute that the F-4 Phantoms that intercepted his plane were Egyptian MIGs, the pilot misunderstood or ignored their repeated warnings to land. The mistake resulted in the death of 106 of the passengers and crew, including the pilot. Only seven of those aboard the plane are still alive.]

would abandon the Palestinian cause in exchange for a peace settlement. The Libyan leader also deeply resents continuing US support for Tel Aviv. Given the public mood in Tripoli and Qadhafi's hatred of Israel, he may well believe that he must respond in some dramatic way.

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116 [The downing of the airliner on 21 February aroused passions throughout the Arab world. Demands for revenge were particularly urgent in Libya. Reports that Libyan fighters would stalk El Al aircraft have not been borne out, but the Israelis continue to reroute their Mediterranean flights.]

115 [While admitting they share part of the blame for the tragedy, Israeli leaders continue to maintain that they acted in strict accordance with international law. To assuage world opinion, Tel Aviv has offered compensation to the victims' families and agreed to a full and impartial investigation of the incident. Defense Minister Dayan suggested that a hot line between Israel and its Arab neighbors be established to avert similar catastrophes in the future. The idea was rejected by Cairo.]

**Soviet Reaction**

113 [President Qadhafi reportedly blames the Egyptians as much as the Israelis for the disaster] For some time, Qadhafi has suspected that Sadat

118 [Moscow has thus far reacted with restraint to the downing of the Libyan airliner and to Israel's earlier raid on Lebanese fedayeen camps. The Soviet press has carried news service reports of the incidents and commentaries from various Arab papers condemning "Tel Aviv's crimes," but has made no authoritative comment of its own. Moscow appears reluctant to put itself in a position where it might be accused of encouraging Arab retaliation.]

#116



Protesters Demanding Revenge

119 [Meanwhile, the Egyptian war minister, General Ismail Ali, went to Moscow. There have been unconfirmed reports that Egyptian Foreign Minister Zayyat will visit Moscow soon and that Soviet Foreign Minister Gromyko will visit Cairo. A summit meeting in Cairo is, however, likely to be delayed for some time.]

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**TURKEY: NO HAT IN THE RING**

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With less than two weeks to go before more than 600 Turkish legislators meet to elect a new head of state, there is as yet no announced candidate for the job. President Cevdet Sunay is not eligible for re-election; efforts by some of his supporters to get parliament to extend his seven-year term by amending the constitution have apparently been abandoned.

Whoever is the next occupant of the "Pink Palace"—Turkey's equivalent of the White House—the balance of power in the country will almost certainly require that he be the product of a bargain between the military hierarchy and Suleyman Demirel, whose Justice Party holds about half the seats in parliament. Thus far, the two are at odds, but chances are still good that agreement on a candidate can be reached before election day on 13 March.

General Faruk Gurler, chief of the General Staff, is a front runner, although he is apparently not the choice of that part of the military which

wishes to get the army back to the barracks. Before Gurler can become a presidential contender he must be appointed to parliament by the president.

The politicians would like to see a civilian elevated to the job, and Demirel has publicly demanded that parliament be afforded the freedom to select the president without military interference. The names of several legislators have been floated, without much public response.

Demirel's stance, and his current opposition to Gurler, could of course be designed to win concessions from the generals and the next president. Some of the generals are opposed to permitting Demirel to become prime minister again should, as is likely, the Justice Party win the parliamentary elections in the fall. Demirel may thus be seeking to trade off the necessary Justice Party votes on the presidency for the right to form a cabinet after the elections.

The quarrel over the presidency has added to the tension between the generals and politicians. The conservative majority in parliament has already irritated the military by declining to bend to its wishes on socio-economic reform proposals. The troubled relations between these two key factors in Turkish political life were highlighted again last week when the Supreme Command Council issued a communique highly critical of parliament. The communique rapped the legislature for its foot-dragging on reforms sought since the military forced Demirel out of office in March 1971.



The Pink Palace

**Yemen (Sana)  
NEW GOVERNMENT PARTY**

The political pot in Sana has been bubbling ever since the unity agreement with Yemen (Aden) in October 1972. Leftists who see some advantage in unity with Aden's Marxist regime are more visible in Sana; conservatives who fear unity

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and distrust the leftists have attempted to buttress their position. The latter group has the upper hand for the present. The conservatives took the reins of government from a liberal prime minister who was unhorsed after signing the unity agreement.

130 Their government is vulnerable to pressure from the left, however, and in an attempt to counter such pressure, the government has formed a political party very much on the model of Aden's ruling National Front. The political coloration is, of course, markedly different. 134 Dubbed the Yemeni Union, the new party is apparently intended to assume an executive role in Sana. The 58-member body, which is organizing the party, was selected by the government and will eventually, when the party is organized nationally, serve as its central committee. A 13-member political bureau is to supplant the government's ruling three-man Republican Council as the country's governing body. 134 The political bureau includes President Iryani and Prime Minister al-Hajri—both members of the Republican Council—several government ministers, and Sana's two leading military men.

132 This new-found unity may muffle much of the political bickering among conservative elements, but it is unlikely to remove the root causes of the disagreements. Nor will it silence the leftists.

### SRI LANKA: NEW PRESS CURBS

135 The legislature in Colombo has approved a government-sponsored bill that promises substantial new restrictions on the Ceylonese press. 135 The measure, originally introduced last August, has been strongly opposed by civic groups, the media, and a number of politicians, including a few government backbenchers. Despite the removal of some controversial provisions—particularly a 135 clause that would have enabled the government to make journalists divulge their sources—the criticism has not eased. The bill passed last week

provides for establishment of a government-dominated Press Council that reportedly will be empowered to prevent the publication of news on many aspects of cabinet deliberations, as well as on military operations and economic and financial moves planned by the government.

137 The Ceylonese press already was subject to some restrictions, mainly limitations on publication of news concerning subversive groups and the security forces. 137 High duties on newsprint and selective allocation of government advertising funds have hindered the press in recent years. The new law represents a significant addition to these restraints. A government attempt to pass similar legislation helped trigger the parliamentary defections that toppled Prime Minister Bandaranaike's previous government in 1964, but Mrs. Bandaranaike's legislative majority is much larger this time and she does not appear to be in any danger. 137 The controversy over the bill came close to forcing the government to start taking advantage of authoritarian options contained in Sri Lanka's new constitution. These options include provisions that permit the government to delay national elections, pass retroactive laws, and—with the concurrence of two thirds of the legislature—enact laws that have been declared unconstitutional by the judiciary. The press bill was the first measure since the new constitution came into force nine months ago to be challenged in the courts on constitutional grounds. 137 Last week the judicial authorities decided that the bill was constitutional. Had they ruled otherwise, 137 the government probably would have used its steamroller majority in the legislature to enact the measure anyway.

137 Mrs. Bandaranaike's left-of-center coalition has long complained, and with some justification, that the Ceylonese press has been dominated by her opponents and has often behaved irresponsibly. 137 The government's next move could be the long-expected nationalization of a large publishing chain that was once strongly critical of the Bandaranaike coalition and also has been accused of financial irregularities and attempts to bribe legislators.

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ARGENTINA

Only nine days remain before the election, and the campaign has moved into high gear. The army is intensifying its effort to uncover a clear link between the Peronists and the rising level of terrorism. The Peronist and the Radical candidates are still favored to finish one-two, but a third, Francisco Manrique, appears to be in position for a strong closing rush.

The government is still trying to place enough obstacles in the path of the Peronist candidate, Hector Campora, to prevent him from winning the election with a majority in the first round. The government has established travel regulations that will prevent Juan Peron from returning to give his followers a last-minute boost. Its criminal case against Campora and the Peronists for incitement to violence is pending and is likely to be used to smear the Peronists.

The government is not relying on these efforts alone. It has instituted a series of raids on Peronist headquarters and candidate homes, claiming that it has reports of weapons, explosives, and other articles that would tie the Peronists to the terrorist movement. The government apparently believes that such allegations will cut into the party's strength at the polls, primarily by influencing the women's vote. If enough evidence of Peronist subversion can be uncovered, President Lanusse may yet be able to convince his top officers that proscription of the Peronists is the best course.

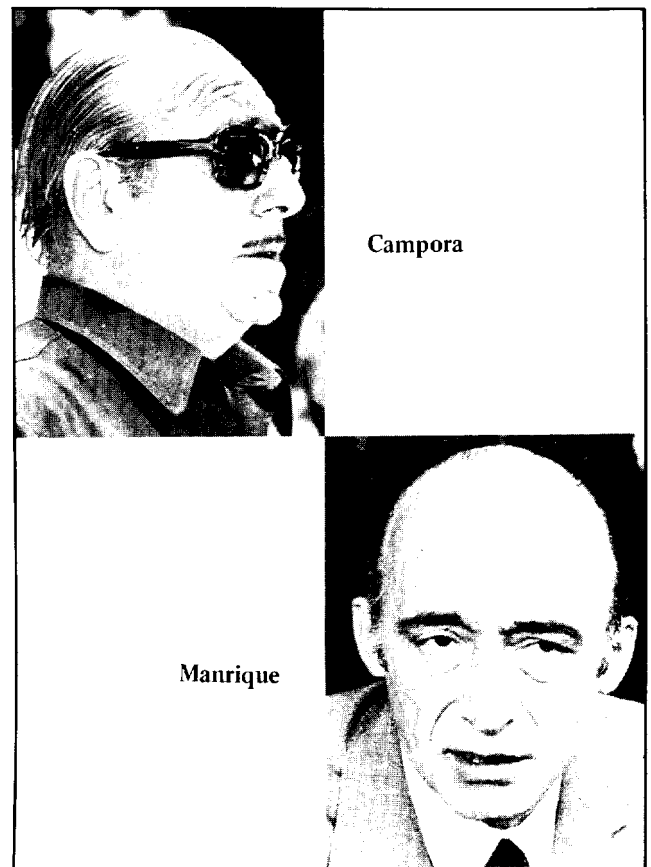
Francisco Manrique, Lanusse's former welfare minister and the candidate generally regarded as running third, is so confident that he is gaining ground that he is imploring the military not to interfere by barring the Peronists.

Although Manrique has had a falling out with President Lanusse, he has many supporters in the military, including army chief of staff General Lopez Aufranc. Manrique's argument is likely to strengthen the resolve of the majority of top officers to see the first round through. Whether this resolve will extend through the second round is another matter. Lopez Aufranc is already preparing for an outburst of violence from Peronist youth

If such violence occurs or if Campora does well enough to assure a victory in the second round, there will be strong pressure within the military to proscribe the Peronists or to call off the runoff.

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**SECRET****CUBA: CHANGES IN THE PARTY**

147 Havana announced quietly last month that the Communist Party Secretariat had been expanded from six to ten members "to strengthen its activities." Although the change does not seem to have large political overtones, it is yet another reflection of the gradual institutional changes that have been in progress within the Castro regime since late 1970. There was a sweeping reorganization of the government's Council of Ministers last November, and the expansion of the secretariat suggests that it is now the party's turn and that the revamping may be equally extensive. The expansion also suggests that a party congress—Cuba's first—is in the works, possibly late this year or early next.

148 The membership of both the secretariat and the all-powerful, eight-man political bureau had remained unchanged since the party was formally constituted in late 1965. Even the 100-member central committee, theoretically the party's governing body, has been stable except for the deaths and purges that have claimed seven members. A conglomeration of new commissions and subcommittees have been attached to the central committee since 1970, but these have been staffed by relative unknowns and seem primarily an outgrowth of Cuba's seemingly uncontrollable tendency toward even larger bureaucracies. These new committees serve as communications links between the party and the government, whereas

the secretariat is tasked with the day-to-day administration of party business and is a fundamental part of the party structure.

147 (The new secretariat members are: Minister of Labor Jorge Risquet, Armed Forces Vice Minister for Political Work Major Antonio Perez Herrero, Deputy Director of the National Fishing Institute Isidoro Malmierca Peoli, and Ambassador to Moscow Raul Garcia Pelaez.) All four are members of the central committee. They will join Fidel and Raul Castro, President Osvaldo Dorticos, Carlos Rafael Rodriguez, Blas Roca, and Faure Chomon, who were appointed to the secretariat when it was formed in 1965. Malmierca was a member of the pre-Castro Communist party; Garcia Pelaez fought in Fidel's guerrilla column during the revolution, and Risquet and Perez Herrero served in Raul's command.

148 (The appointment of Dorticos and Rodriguez to the newly formed Executive Committee of the Council of Ministers last November, the assignment of Chomon to political duties in eastern Cuba, and the preoccupation of Roca with the reorganization of the country's legal system probably necessitated the expansion of the secretariat. The scheduling of a party congress, however, would demand the attention of high-ranking political figures over a period of time and is probably the main reason for the addition of new blood.  25X1



Antonio Perez Herrero



Raul Garcia Pelaez

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CHILE: NO SOLUTIONS

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The congressional elections in Chile on Sunday will have a bearing on whether President Allende speeds up or slows down the pace of socialization. The elections will not ease the animosities within the government Popular Unity coalition or between it and the now unified opposition.

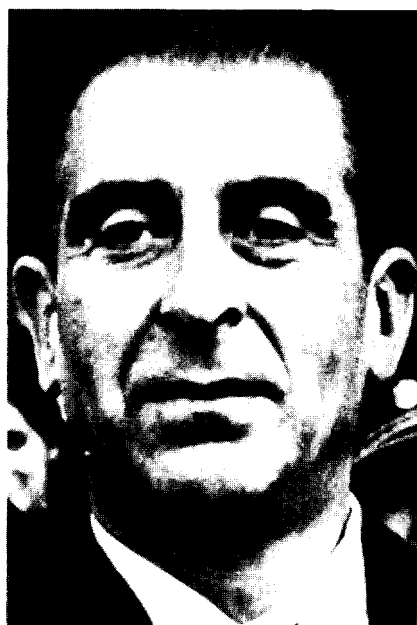
There is little question that the opposition will win a majority of the vote; the questions pertain to the size of its margin and how it is interpreted by the parties and other interest groups.

The President takes the public position that success would be any vote above the plurality (36.3 percent) he won in 1970. If candidates associated with him get over 40 percent, as he and the Communist Party anticipate, he will claim a mandate for more rapid socialization. As a precaution, however, he is formulating plans to adapt his tactics to a return as low as 33 percent.

Members of the opposition coalition, led by the Christian Democratic and National parties, are encouraged by the widespread economic discontent and hope to get over 60 percent of the vote. They would portray this as repudiation of Allende. In fact, they need that much of the vote to maintain their present simple majority in congress and are unlikely to win enough seats for the two-thirds majority necessary to override presidential vetoes.

Regardless of the outcome, Allende will try to broaden his power base for the remaining three and a half years of his term and thus reduce his dependence on his quarreling coalition. He has benefited by bringing the military into his cabinet and will probably seek to prolong the arrangement. The military, particularly Interior Minister General Prats, is likely to see continued involvement as a means of ensuring political order and perhaps reducing economic dislocations.

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Opposition leaders Eduardo Frei (Christian Democrat) and Sergio Jarpa (National Party); Carlos Altamirano of the Socialist Party, a key faction in Allende's Popular Unity coalition.

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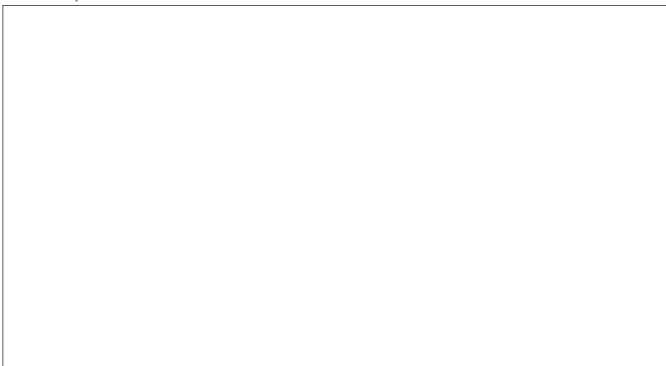
PERU: VELASCO MENDING

The more prosaic concerns of government in Peru were suddenly overshadowed last Friday when President Velasco underwent emergency surgery for an abdominal aneurysm. The military government showed institutional maturity in a solid show of support for the stricken president and the matter of course way in which Prime Minister Mercado stepped in to provide leadership. Velasco is now on the mend.

almost certainly be named president by the three armed service chiefs. Mercado probably is more amenable to moderating influences than Velasco, and there undoubtedly would be changes in the pace, style, and emphasis of government programs, especially of domestic reforms. A number of high-level military men and civilians probably would be eased out of their key posts, and the recent contacts between Mercado and major civilian opposition groups might even develop into an eventual accommodation. Despite all this, the armed forces' basic commitment to social and economic change and to a staunchly independent foreign policy would remain essentially undiluted.

These questions may not, however, arise. Late medical bulletins indicate that Velasco is making excellent progress.

Velasco might consider retiring. On the other hand, the close brush with death could make him more determined than ever to carry on with what he sees as the vital task of making the military's revolution irreversible.



Should Velasco die or be forced into an unplanned retirement, Mercado, who also serves as minister of war and army commander, would



President Velasco



Prime Minister Mercado

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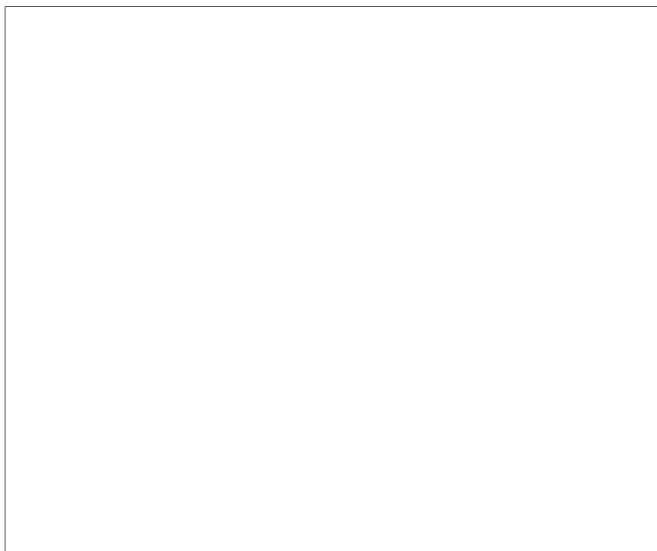
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INTERNATIONAL MONEY

(154-159)

On 1 March the dollar came under a massive new attack in European currency markets. The Bundesbank said it purchased \$2.7-\$2.8 billion to support the dollar, by far the largest daily intervention the bank has ever reported. The Dutch central bank bought some \$600 million, with smaller interventions reported in Belgium, France, Austria, Denmark, and Spain. Foreign interventions in the period immediately preceding the last dollar devaluation totaled \$8 billion. The dollar closed on 1 March below its floor against the West German and Dutch currencies in unofficial trading. Later in the day Bonn announced that West German foreign exchange markets would be closed on 2 March. Other major currency markets were expected to follow suit.

the Swiss current account, which showed only a \$70 million surplus in 1972. It took large tourist revenues to offset a sizable trade deficit.



The dollar's weakness is attributable to uncertainty about the permanence of the February exchange-rate agreement. Reports of a joint float of European currencies in the event of another run on the dollar have had an unsettling effect as have the wild fluctuations in the gold market. With the massive interventions required yesterday, a broader float of European currencies clearly has become more likely than ever.

In contrast with its weakness in Europe, the dollar strengthened against the floating yen in Japan through 1 March. The yen's revaluation against its old central dollar rate decreased from 16.7 percent to 15.6 percent; at one point, it went as low as 11.6 percent. The improved dollar showing came about when commercial banks bought dollars to bring their holdings in line with end-of-the-month central bank minimum requirements. The European situation, together with the Japanese trade surplus, undoubtedly will produce new pressures for a further yen appreciation.

The precipitous rise of the floating Swiss franc, which has reached a level about 22 percent above the old dollar central rate, probably has been another factor producing upward pressure on European currencies. The Swiss franc rose sharply in the last week despite large dollar purchases by the Swiss central bank. Bern announced on Monday that its interventions on 21 and 22 February had amounted to over \$700 million, far above previous estimates. The floating Swiss franc apparently has been a haven for speculators betting on a substantial repegging relative to the old central rate. Some money probably has come from France, where elections, due 4 and 11 March have unsettled the market. The strength of the Swiss franc is not supported by strength in

Gold closed in London on 1 March at \$85, down sharply from the high last week of \$95, but 24 percent above the price before the dollar was devalued. The price has risen despite increased South African gold sales. Pretoria sold all of its weekly gold output for the first time since last spring. (



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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

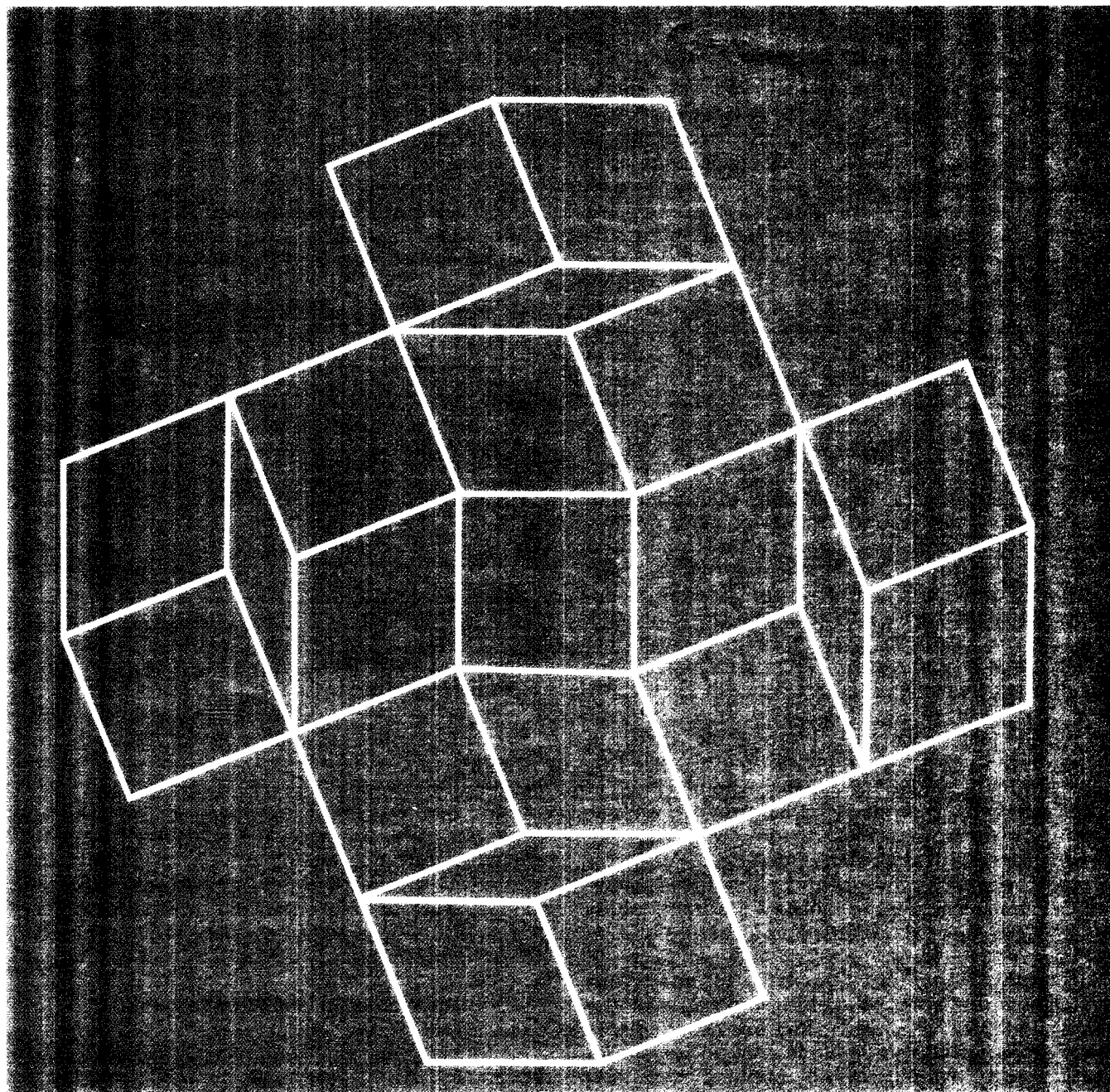
*Bangladesh: Elections in a New Country*

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№ 42

2 March 1973  
No. 0359/73A

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# **BANGLADESH**

elections in a new country



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(NO SOURCES)

The ruling Awami League will very likely win the national parliamentary elections on 7 March by a sizable majority. Economic problems and governmental shortcomings appear to have tarnished the ruling party's image during the past year, but its leader, Prime Minister Mujib, remains widely revered. No other Bangladesh politician enjoys comparable popularity. The main opposition parties, all leftist-oriented, have not worked together and are incapable of matching either the Awami League's organization or its resources. With an Awami League victory, no major shifts in government policy appear likely after the elections.

**Background**

Bangladesh, the world's eighth most populous nation and second largest Muslim country, goes to the polls on 7 March 1973 for its first national elections as an independent state. Some 1,080 candidates are running for 300 parliamentary seats; later a vote is to be taken among the elected legislators in order to fill 15 additional seats set aside for women. The parliament's term of office is five years.

The last elections there took place in December 1970, when present-day Bangladesh was still a province of Pakistan. The elections at that time were intended as a step toward a transfer of power from a military to a civilian government for all of Pakistan. The East Pakistanis voted for both a national and a provincial assembly. The Awami League ran on a platform calling for a large measure of autonomy for the eastern wing. Public opinion was strongly in favor of autonomy; many East Pakistanis regarded West Pakistani rule over the eastern wing as exploitation, and their resentment had been sharpened a month earlier when a cyclone ravaged the southern coast, killing several hundred thousand people. Many East Pakistanis felt that the government, dominated as it was by West Pakistanis, had failed to respond to the catastrophe with a sufficient sense of urgency.

The Awami League entered the 1970 election campaign with many advantages. It, alone of East Pakistani parties, was autonomy-minded as

well as large and well-organized. Additionally, the party had an active student wing campaigning in the countryside. Perhaps most important, the Awami League was led by Sheikh Mujib, a well-known and popular politician with solid credentials as a Bengali nationalist. Mujib had long been calling for provincial autonomy and had frequently been jailed by Pakistan's military rulers.

The Awami League swept the elections, winning 167 of East Pakistan's 169 seats in the national assembly and 288 of the 300 seats in the provincial assembly. In the national assembly election the Awami League received 72.6 percent of the popular vote. The landslide gave the league—which had virtually no support in West Pakistan—an absolute majority of seats in the national assembly, confronting the Pakistani Government with a real problem. The months following the elections saw a hardening of attitudes of both Awami League and West Pakistani leaders concerning who was to assume power in Pakistan and what was to be the relationship between the eastern and western wings. In March 1971 the Pakistan Army cracked down in the east, touching off nine months of civil strife and international war and culminating in the establishment of independent Bangladesh in December 1971.



**Prime Minister  
Mujibur Rahman**

**Independence and New Elections**

Mujib returned triumphantly to Bangladesh in January. His leadership in the weeks preceding the Pakistani crackdown, followed by his arrest and incarceration in West Pakistan for over nine months amid widespread fears that he would be executed, had elevated him from his position as the country's most popular politician to a higher status as a father figure. Meanwhile, right-wing parties that had opposed the Awami League in 1970 had been outlawed on charges of

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collaboration with Pakistan. Their leaders were dead, exiled, in jail, or lying low. The Awami League's only remaining competitors were weak leftist parties: the tiny Communist Party of Bangladesh, which had been illegal and underground until independence; and the two wings of the national Awami Party, one of them with little support among the rural masses and the other lacking in organization and discredited by its former association with Islamabad's Chinese allies. A new legislative body was set up composed of those who had been elected from East Pakistan in 1970 to the national and provincial assemblies and had survived the turmoil of 1971. Virtually all of the members were Awami Leaguers.

Mujib's popularity and the weakness of the opposition would probably have permitted him to continue ruling for several years without holding elections. However, his apparent determination to establish his—and the country's—democratic credentials led to the promulgation in December 1972 of a new constitution that provided for a parliamentary system of government. Parliamentary elections were scheduled for March 1973. Mujib's decision in favor of early elections may have been motivated in part by a realization that the country's all-but-intractable economic and social problems were likely over time to erode the ruling party's strength and bolster the opposition. There had already been signs that the Awami League's popularity was starting to slip.

### **The Ruling Party**

That the Awami League's prestige would suffer some damage during 1972 was all but inevitable. The newly independent nation faced staggering problems. The area had long been desperately poor and periodically ravaged by natural calamities and epidemics. A population density of nearly 1,400 per square mile made Bangladesh one of the world's most crowded countries. The civil and international wars of 1971 had devastated the economy; transportation and distribution systems had been particularly hard hit. Many basic commodities were scarce and unemployment was widespread. Much of the country's agricultural equipment and support structure had been destroyed. There was a shortage of the skills

needed for running the civil administration and the modest industrial sector; many experienced personnel were dead or had been discredited and in some cases jailed for allegedly having collaborated with Islamabad. Finally, with independence already attained, the autonomy issue was no longer available as a rallying cry.

As 1972 wore on, the euphoria surrounding the achievement of independence began to dissipate. Commodity shortages persisted and prices rose substantially. Awami Leaguers were widely accused of profiteering and corruption. Millions of Bengalis, including some who had been active in the independence struggle, remained jobless. New, leftist-oriented groups opposed to the Awami League sprang up in the tiny urban labor movement and—more importantly—among university students, who are usually in the vanguard of important Bengali political movements.

The ruling party also appears to have been tarnished somewhat by its close ties with the country's Indian liberators. New Delhi gave prompt and extensive economic aid to the newly independent country—only the US has contributed more—and made a strong effort to maintain low visibility there. The people of Muslim Bangladesh, however, have long feared and disliked the Hindu traders from India who dominated Bengali commercial affairs before the partition of the subcontinent in 1947. Also, there have been allegations that the Indians have foisted shoddy goods on the Bangladesh market, that the Indians have not done enough to halt smuggling of scarce Bangladesh goods into India, and that Indian troops engaged in looting before their withdrawal from Bangladesh last March. The rise in anti-Indian sentiment has hurt the ruling party, which has remained strongly pro-Indian because of gratitude for New Delhi's role in the independence struggle and its subsequent aid contributions.

The 14 months of Awami League rule have also witnessed some important achievements. The government has managed to establish itself as a more or less accepted and functioning institution throughout the country. Enough food has arrived and been distributed to avert famine—largely due to the efforts of foreign donors. Much of the

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all-important water transport system has been restored. Most villagers—including the millions who fled to India in 1971 and returned last year—have rebuilt their modest homes and resumed farming. The production and export of jute, the country's chief export commodity, have reached about 80 percent of pre-1971 levels, although other exports have been disappointing.

Political and criminal violence, chronic to the region, has continued, but the widespread breakdown in law and order anticipated by some observers a year ago has been forestalled by a buildup of the security services, the avoidance of famine, and Mujib's exhortations against violence and indiscipline. Nor has there been serious violence between Muslims and Hindus—the latter make up about one sixth of the population—or between the majority Bengalis and the small Bihari Muslim minority, despite strong Bengali resentment of the Biharis' past cooperation with the Pakistanis.

Several other factors have helped the Awami League remain strong. The party's organizational machine is still far superior to that of the other parties. Mujib's continuing domination over the party and its monopoly on patronage so far have prevented it from fragmenting, even though its membership embraces a variety of leftists, moderates, and opportunists. Mujib, moreover, is still widely loved or at least highly regarded. He has been campaigning actively in most parts of the country. Opposition leaders have on a few occasions personally criticized him in public, but they do not appear to have met with much public sympathy. Finally, the opposition parties themselves have remained small and divided.

Only the Awami League is running candidates in all 300 election contests. Awami Leaguers are running without opposition in 11 constituencies. Mujib himself is assured of re-election; he is running in four constituencies, including two in which there is no opposition



Mujib: Popular Campaigner

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candidate. Candidates who win more than one seat will be required to vacate all but one. The vacated seats presumably will be filled through by-elections.

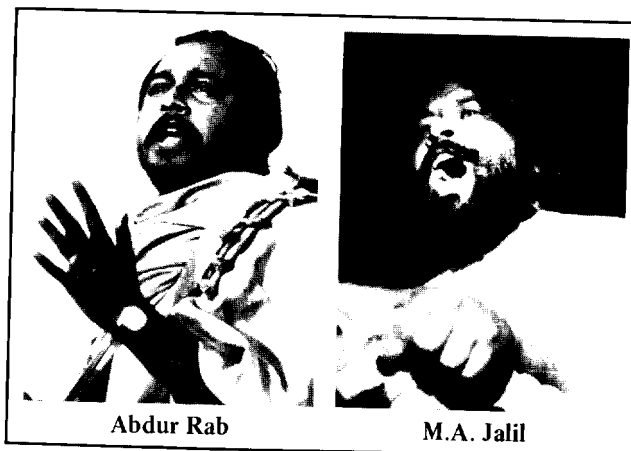
### The Opposition

All of the groups challenging the Awami League this year are leftist-oriented; in the 1970 elections most of the party's opponents were on its right. This time around, the opposition parties are accusing the league of failing to come to grips with the problems of economic privation, corruption, and lawlessness. They also hold that the ruling party has sought to harass and intimidate its opponents through the use of strong-arm tactics and the misuse of special powers granted last year for the purpose of facilitating action against persons who collaborated with Pakistan. Two of the main opposition groups have also sought to capitalize on rising anti-Indian sentiment.

Although precise figures are lacking, each of the three principal opposition groups appears to be running for between 190 and 240 seats. The sharp upsurge in violence between Awami League and opposition groups that was widely feared when the campaign began has not materialized, probably because the opposition parties realize they would be outnumbered and outgunned in any major violent confrontation with the Awami League. There remains a possibility, however, that one or more of the opposition parties will decide during the final days of the campaign that an Awami League sweep is inevitable and that their interests are best served by withdrawing from the elections and turning to disruptive violence.

### Opposition Groups

*National Socialist Party (Jatiyo Samajtantrik Dal-JSD):* This party was created last fall by two young leftists, Abdur Rab and M. A. Jalil. Jalil became the party's president and Rab the general secretary. Rab was the leader of a leftist group within the Students' League, the Awami League's student wing. He broke with the Awami League last May, reportedly taking with him more than half the membership of the Students' League. Jalil was a fairly well-known guerrilla fighter in



Abdur Rab

M.A. Jalil

the independence struggle. He was highly critical of the Indian Army's conduct in Bangladesh last year and was jailed by the Bangladesh Government after reportedly leading a unit that killed several Indian soldiers found looting a jute mill. Rab and Jalil argue that the government has been inept, corrupt, and insufficiently socialistic.

The party will probably attract some support among students, urban youth, and the small organized labor movement, but it does not appear likely to make major inroads in rural areas, where more than 80 percent of the population lives. Of the three main opposition groups, the National Socialist Party has been the one most frequently rumored to be considering withdrawal from the elections. The party claims that it tried to run candidates in all 300 races but was physically barred by Awami League supporters from filing in a number of constituencies. Rab is not a candidate, but Jalil has entered several races, including one in which Prime Minister Mujib is also a contestant.

*National Awami Party/Muzaffar (NAP/M):* This group, led by Professor Muzaffar Ahmed, was established in 1967-68 as the East Pakistan branch of the National Awami Party/Requisitionist, a leftist, pro-Moscow organization. Muzaffar's party was generally regarded as a front for the Moscow-oriented Communist Party of Bangladesh. (The Communist Party, which still maintains close ties with the Muzaffar party, was illegal until independence, remains very small, and is

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Muzaffar Ahmed

contesting only four seats on its own.) Muzaffar's party, both in 1971 and immediately after independence, was sometimes critical of the Awami League but generally supported it. Last summer, however, Muzaffar moved firmly into opposition, sharply attacking the government for incompetence and corruption.

The party's student supporters played a leading role in frequently bloody anti-government and anti-US demonstrations earlier this winter. Violent clashes between Muzaffar's followers and Awami League groups reached a peak in January. The Muzaffar group apparently got the worst of those clashes, and it has been quieter in recent weeks. Some Awami Leaguers have claimed that Moscow supported the Muzaffar party's agitation, but there is no independent evidence of Soviet involvement. The party appears well-organized and has support among students, but Muzaffar lacks wide personal popularity, and his party is tainted in many people's eyes by its pro-Indian stance and its sizable Hindu component. In 1970 the party won one seat in the provincial assembly and none in the national assembly. Muzaffar himself was defeated in his national assembly race by the same Awami Leaguer he is facing this time.

*All-Party Action Committee (APCC):* This is a hodgepodge of the National Awami Party/Left, the Bangladesh National League, and five tiny left-wing splinter groups. The National Awami Party/Left, originally established in 1957, is led by a colorful octogenarian peasant leader, Maulana Bhashani. Bhashani is a radical leftist and an outspoken critic of India. For years Bha-



Maulana Bhashani

shani was respected by impoverished rural Bengalis, but his long-time pro-Peking orientation may have hurt him during the past two years. The Chinese are unpopular in Bangladesh because of their support for Pakistan.

Beside Bhashani, the coalition has one other well-known leader, Bangladesh National League chief Aaur Rahman Khan, a one-time chief minister of East Pakistan. Except for the National Awami Party/Left, the coalition parties are very small. Bhashani's party itself lacks organization and in reality appears to be more an amorphous movement than a political party. Bhashani's party ran for only a few seats in the 1970 elections, winning none, and the National League withdrew from the few contests it had entered. Bhashani himself is not a candidate.

#### After the Elections

A victorious Awami League regime under Prime Minister Mujib is not likely to make major changes in either domestic or foreign policy. At home, the government will continue to give top priority to the prevention of famine and to economic reconstruction within a socialist framework. Internationally, it will pursue continued good relations with New Delhi and Moscow, but will remain committed to the concept of non-alignment. Mujib will probably continue to restrain leading Awami Leaguers from being overly critical of the US, the country's leading source of economic assistance.

With the elections out of the way, Mujib would have less reason to worry that a shift to a more flexible policy toward Pakistan might have adverse domestic political consequences. Some well-informed Indians believe that New Delhi may urge him after the elections to be more forthcoming on the issue that is of most immediate concern to Islamabad, the disposition of the 90,000 Pakistani war prisoners India is holding.

Nevertheless, Mujib has not yet given any indication that he will stop insisting that Pakistan must recognize Bangladesh before there can be a release of prisoners. New Delhi, for its part, says it will not release them without Dacca's consent.

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Mujib also will probably keep insisting on Bangladesh's right to try at least a token number of these prisoners on charges of having committed war crimes in 1971. He has declared that he will be willing—once Islamabad has recognized his government—to discuss all outstanding issues with the Pakistanis, including prisoner repatriations, resumption of trade, and the division of the debts

and assets of the formerly united Pakistan. He has also said that he wants to improve Bangladesh's relations with the People's Republic of China, 25X1 which has been supporting Pakistan, does not 25X1 recognize Bangladesh, and last fall vetoed Dacca's application for admission to the UN. [redacted]

[redacted]

Comments and queries regarding this publication are welcome. [redacted]

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