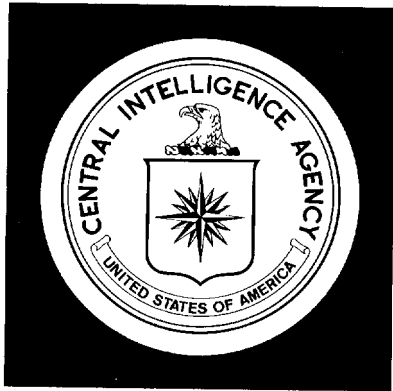


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Weekly Summary

State Dept. review completed

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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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Syria-Israel

President Asad and Soviet leaders at airport

MAKING ASAD HAPPY IN MOSCOW

- 3 [The Soviets rolled out the red carpet for Syrian President Asad and opened the Kremlin's coffers a little wider in a less than subtle attempt to cement bilateral relations at a time when Moscow is having trouble elsewhere in the Arab world.]
- 3 [Asad's five-day stay in the USSR coincided with the arrival in Washington of the Syrian delegation to discuss disengagement and with strong anti-Soviet remarks by Egyptian President Sadat. With this backdrop, the Soviets had more reason than ever to use the visit to reiterate that Moscow must be a party to any negotiations leading to a viable Middle East settlement.]
- 3 [Moscow also went out of its way, apparently with some success, to keep Asad from following Sadat's path away from the USSR and toward the US. The final communique expressed the resolve of both sides to "rebuff" any attempts to damage Soviet-Syrian friendship. This was probably a muted warning to the US, but more importantly it implied that Syria will not follow Egypt's example of improving relations with the US at the USSR's expense.]
- 3 [The Soviets were somewhat less reticent than before in publicly criticizing US-Egyptian bilateral negotiations.] Brezhnev referred to "ersatz-plans," concocted by "the aggressor and its patrons," to substitute partial agreements for an over-all settlement. He again stressed that the Geneva conference, where Moscow has a voice, is the authoritative international forum where a settlement must be worked out.]
- 2 [The USSR has repeatedly failed to persuade Asad to by-pass or at least de-emphasize the Washington bilateral negotiations in favor of Geneva, and it seems to have had no better luck this time.] Asad's comment that "our points of view on the main questions coincide" suggests that there were areas of disagreement, probably including the disengagement talks. The final communique fails to mention Geneva and merely repeats the language used in the one issued following Gromyko's trip to Damascus last month—that disengagement is a partial step that must be tied to an over-all settlement, and that Moscow's participation in all the stages and spheres of a settlement is important.]
- 3 [Asad, who probably viewed the visit as necessary to assuage Soviet sensitivities over being excluded from the disengagement talks, was very generous throughout in his praise of Soviet support for Syria. He characterized the Moscow talks in general as having consolidated ties of friendship and cooperation, but he was very bland and non-committal concerning Soviet warnings against dealing with "imperialist and reactionary" forces.]

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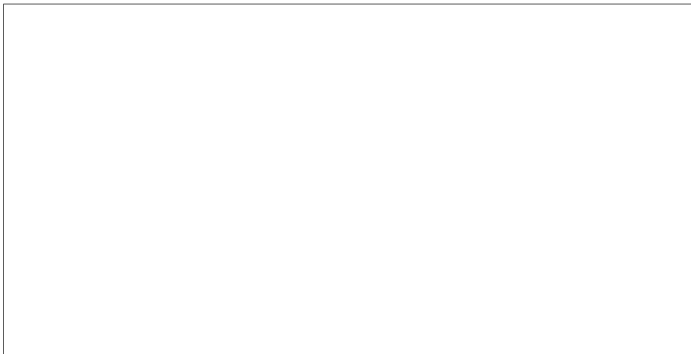
[In light of Moscow's recent set-back in its relations with Cairo, Asad may have sensed an opportunity to obtain generous aid commitments from the Soviets.] [Details are not yet available on the economic, scientific, and cultural agreements that Asad signed in Moscow, but it seems likely that they are indeed favorable to the Syrians.]

[The communique did not mention any agreement on military aid, but did say that the two sides had "outlined steps" for the further strengthening of the Syrian armed forces. It seems likely that the Soviets will be generous in this area as well. The communique reiterated an earlier formula that Syria has the right to use all "effective means" for the liberation of its occupied lands, but it did not use the Golan fighting as an occasion for sabre rattling.]

SHARP CLASHES ON THE MOUNTAIN

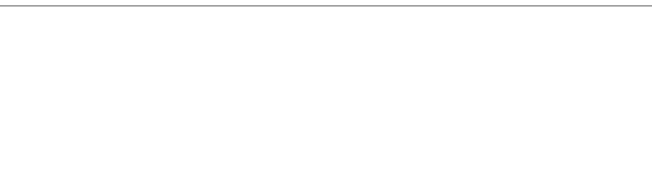
25X1 [Over the weekend of April 13-14, Israeli and Syrian forces fought their sharpest battles since 25X1 the war last October.]

25X1 [the Syrians apparently drove the Israelis off the crest of Mount Hermon on April 13. By early the next morning, however, Israeli forces—using air strikes—had regained the summit. The level of fighting generally decreased early this week, but on April 17 and 18 Israeli aircraft again struck at Syrian ground targets in the Mount Hermon area.]



Israeli aircraft flew a large number of sorties in the Golan Heights area over the weekend—particularly on April 14, the day the Israelis counterattacked on Mount Hermon. According to Tel Aviv, Syrian air defense units fired surface-to-

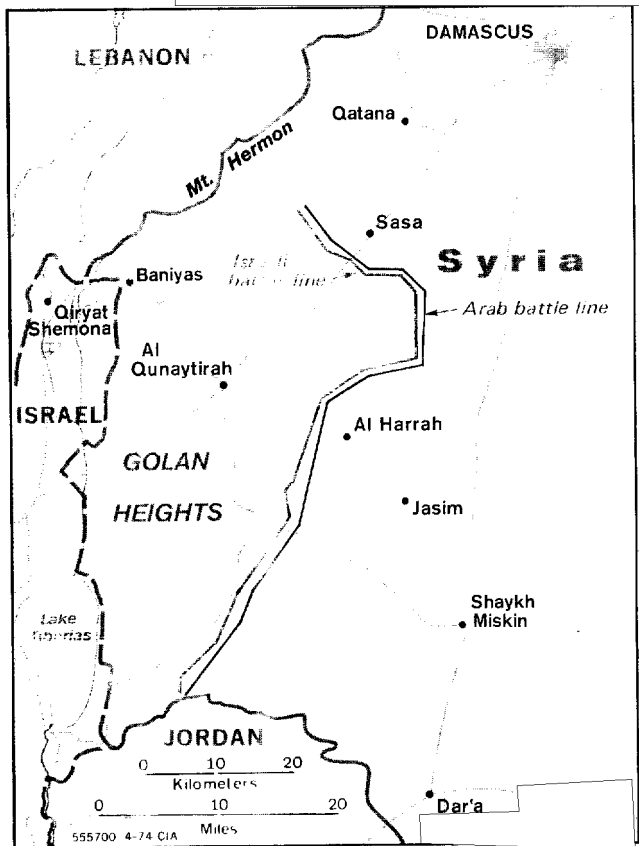
air missiles of all types at the Israeli planes, but Israel reported no aircraft losses.



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[An Israeli force also struck into Lebanon on April 12 in retaliation for the fedayeen attack on the Israeli village of Qiryat Shemona. This force withdrew after a few hours, but not before taking several captives and destroying a number of houses reportedly belonging to fedayeen sympathizers. Despite the death of two Lebanese civilians, the attack was not as harsh as Beirut expected. Tel Aviv presumably avoided larger scale retaliation because of its concern over the fate of two Israeli pilots held in Lebanon as well as the effect more serious attacks might have on peace negotiations.]

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SOUTH VIETNAM: FIGHTING PICKS UP

15 After two days of heavy fighting in the central highlands, the Communists on April 16 forced government Rangers to withdraw from a fire support base about 25 miles southwest of Pleiku City. The South Vietnamese have moved two regiments from elsewhere in the highlands to the area and are maneuvering them into position against the North Vietnamese forces.

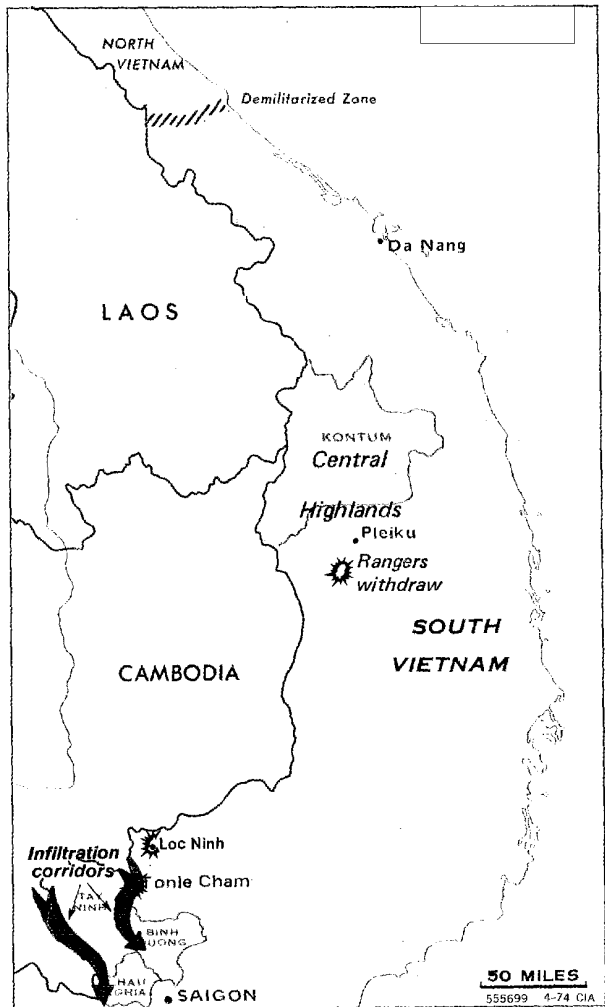
gon and the delta. Some senior government officials also see the pressure as an attempt to isolate Tay Ninh Province.

16 To counter the Communists, the government 25X1 has reinforced its units northwest of Saigon, and the outlook is for more sharp fighting in this 20 sector.

14 In Military Region 3 the government's Ranger base at Tonle Cham on the border of Tay Ninh and Binh Long provinces finally fell to the Communists late last week after being under siege for over a year. The base was the last government outpost within a major infiltration route northwest of Saigon. The impact of its loss has been primarily political, however, as the South Vietnamese announced on April 16 that they were indefinitely suspending the Paris talks with the Viet Cong. They cited the fall of Tonle Cham, continuing Communist pressure against other government positions northwest of Saigon, and new attacks in the central highlands as reasons for the suspension.

14 As a military retaliation for the fall of Tonle Cham, the government directed air strikes against the Communist administration center at Loc Ninh in southern South Vietnam and against other nearby targets. Meanwhile, almost all troops of the base's former garrison have managed to withdraw safely to An Loc. The ease with which the Rangers withdrew supports speculation that the base commander, in apparent violation of orders, abandoned the base in return for a Communist guarantee of safe passage.

14 Communist pressure in the area northwest of Saigon is aimed at strengthening their position in the border areas of Binh Duong, Hau Nghia, and Tay Ninh provinces. A recent shifting of North Vietnamese main force elements in Military Region 3 has put the Communists in position to protect major infiltration corridors leading to Sai-

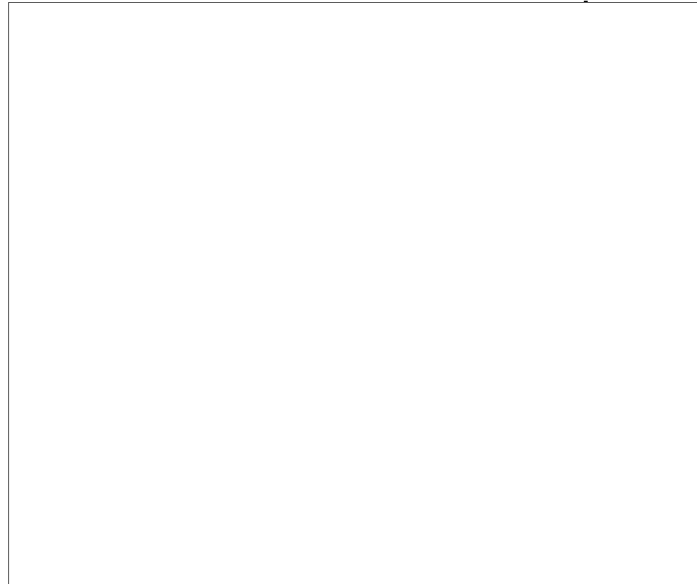
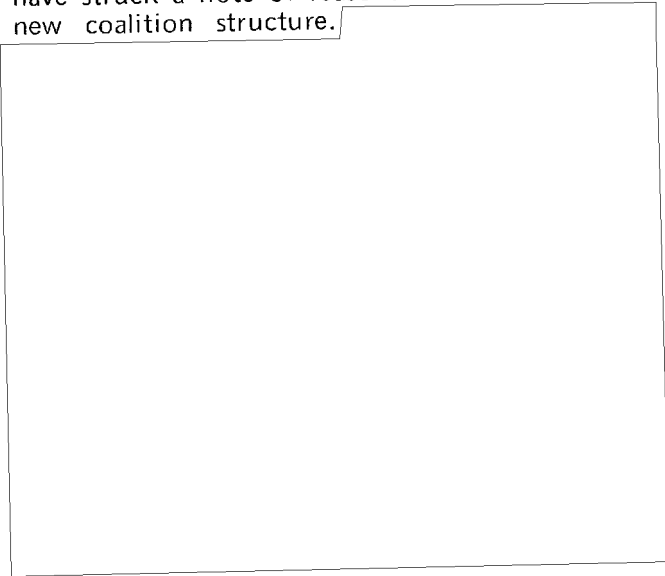


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LAOS: THE PATHET LAO HOLD FORTH

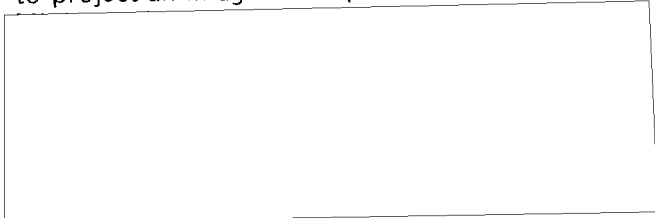
25X1 The Lao Communists, wasting little time in establishing their political and military priorities, have struck a note of reasonableness within the new coalition structure.



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Phoumi also dwelled on the Pathet Lao's interests in a frank and highly cordial meeting with the US ambassador, who assessed Phoumi as an individual willing to discuss serious matters in a non-polemical manner. Besides indicating that the Communists want to maintain good relations with the US, Phoumi tried to play down apprehensions of a Pathet Lao take-over in Laos by stressing that the two sides should work calmly and amicably toward reconciling their opposing political viewpoints. Phoumi also stated again that it was essential for all foreign soldiers to leave Laos, and he hinted that the Pathet Lao may request aid for refugee resettlement.

25X1 Other Lao Communist members of the new coalition government have also been working hard to project an image of cooperation and cordiality.



Phoumi Vongvichit

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CAMBODIA

Some Unwelcome Fireworks

The Khmer Communists dampened Buddhist New Year celebrations in Phnom Penh this week with their first sustained rocket attacks in over a month. Fifteen rockets fell on the capital between April 13 and 15—most of them near the presidential residence—killing and wounding over 30 civilians. At the same time, a flurry of Communist ground attacks forced government troops to abandon outposts along Route 5 some ten miles north of the city and along the Bassac River just below Phnom Penh. Skirmishing continued in both areas late in the week as Cambodian Army units tried to retake the lost positions.]

[In the countryside, the Communists are still blockading Kampot's outlet to the sea and are shelling the southwestern coastal city sporadically. Ground pressure has slackened, however, and government reinforcements are having little trouble working their way overland from the

coast. The Communists have kept Kampot under siege for over a month, and they may soon begin to experience shortages of ammunition and other supplies. Moreover, many insurgent units presently at Kampot saw action on other fronts earlier in the dry season and may be tiring.]

Some Welcome Attention

[Prince Sihanouk, who recently has been taking a back seat to his touring "defense minister," Khieu Samphan, began his annual visit to Pyongyang late last week. In his major address in North Korea, Sihanouk acknowledged Samphan's growing political prominence by describing him as the "authentic representative of our people." Although Sihanouk was pessimistic about the prospects for a Khmer Communist military victory this dry season, he again ruled out any negotiations with the Lon Nol government or with any third force. He did not mention the possibility of direct talks with Washington—a theme he revived last month during his visit to Laos.]

Cambodian mortar crew takes a hit

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SECRET**CHINA: RESTORING THE OLD**

The rehabilitation of veteran civilians who were ousted during the Cultural Revolution has long been a sensitive political issue in China. The struggle between those who favor bringing back former leaders and those who oppose the idea has been complicated by the related question of replacing military men in top party and government posts with civilians. It appears to be easier for feuding central leaders to agree on removing soldiers than on who should replace them, but the recent appointment of a new provincial leader demonstrates that progress is being made.

On April 15, a Peking broadcast describing the opening of the Spring Canton Trade Fair identified Chao Tzu-yang as the new party and government leader in Kwangtung Province. Chao headed the Kwangtung party committee prior to the Cultural Revolution, but was ousted after attacks by leftist Red Guards in 1967.

His tortuous return to power has been typical of others who have been rehabilitated. Chao's initial post - Cultural Revolution provincial appointment was in Inner Mongolia. He then reappeared in Kwangtung in April 1972, but was not named a secretary until January 1973. When the late-December rotation of military region commanders vacated the top Kwangtung party and government posts, there were several candidates for the positions, including politburo member Hsu Shih-yu, the new Canton Military Region commander. Chao was elevated over two other Kwangtung secretaries who outranked him.

Chao is the first appointee to a top provincial party post previously held by one of the rotated regional commanders. The displacement of provincial military men has increased markedly in the last few months, and many soldiers are now targets of critical wall posters. It seems clear that civilians will fill most of the slots vacated by military men.

The rehabilitation controversy continues to be hard-fought at both the central and provincial levels. Last December, Teng Hsiao-ping, the second highest ranking victim of the Cultural Revolution,

was restored to the Politburo. Teng's elevation apparently took place in the face of strong opposition, as did his return to public view in April 1973. Several other high-ranking cadres who were purged or demoted during the Cultural Revolution have also returned to official favor, but reports suggest that others who were candidates for rehabilitation, such as former Central South Bureau leader Tao Chu, have been successfully blocked.

The rehabilitation question is clearly part of the anti-Lin, anti-Confucius campaign, and the issue appears to have been addressed by both sides. Depending on the context in which they are presented, media articles criticizing Confucius for wishing to "restore the old" can be read as thinly veiled attacks on either: pre - Cultural Revolution civilian officials, such as Teng or Chao, and those who wish to rehabilitate them; or those who wish to bring back people brought down in the later stages of the Cultural Revolution, most of whom were leftists. The trend in favor of the rehabilitated veterans is a favorable sign for Premier Chou, who has led the effort to bring them back.



Chao Tzu-yang

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TAIWAN STANDS FIRM ON AIR PACT

25 [Taipei last week underscored its tough stand on the impending China-Japan civil air agreement and put muscle into its threat to close Taiwan's airspace to Japanese planes by putting the Nationalist Air Force on alert.]

line personnel in Japan and the conditions for maintaining necessary ground and business services there for Taiwan's airline; and Japanese handling of the name of Taiwan's airline. On the face of it, both points would appear open to discussion.]

27 [A few days before the alert, Foreign Minister Shen publicly repeated Taiwan's demand that the present civil air agreement between Taipei and Tokyo be maintained. He warned that Taiwan would give up air links to Japan and refuse permission for Japanese aircraft to enter the Taipei Flight Information Region and Air Defense Zone if the Japanese unilaterally altered the existing agreement in order to secure a civil air pact with Peking.]

25 [In the present turbulent atmosphere, however, Taipei may lose sight of the long-run necessity of maintaining good political and economic relations with Japan. It might precipitate a rupture that will embitter Nationalist-Japanese relations in general, and make future working arrangements more difficult.]

20 [Premier Chiang Ching-kuo is hoping that by cooperating on the air issue with the right-wing Seirankai group of Japan's ruling Liberal Democratic Party, he can help damage politically Prime Minister Tanaka and Foreign Minister Ohira.]
Chiang long ago wrote off both men as too pro-Peking and would prefer a more conservative cabinet in Tokyo. [Chiang's estimate of the situation within the party clearly overstates the strength of Seirankai as well as his own influence on events in Tokyo.]

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20 [A by-product of Chiang's course of action has been an increase in anti-Japanese feeling on Taiwan. This atmosphere, which stems from the Nationalists' sense of grievance against Japanese "perfidy," makes eventual compromise more difficult.]

25 [Despite his adamant public stand, which has aroused misgivings among his advisers, Chiang has not completely closed the door to negotiation, nor has he specified the exact conditions that would trigger a rupture in air service. The points at issue in retaining air links with Japan have been reduced to two: the presence of Nationalist air-

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UK-FRANCE: CONCORDE TROUBLES

27 [The British Government is seriously considering canceling its participation in the Concorde supersonic airliner. Britain's secretary of state for industry, Anthony Benn, presented a strong economic case to Parliament last month for ending the program, despite the fact he personally favors continuing development of the aircraft. Recent press reports indicate that several government officials have made private comments suggesting that the new Labor government has embarked on a course that could bring the project to an end.]

26 [A final decision, however, may not be made for several months. Cancellation of the project will be difficult because the Labor government is under great pressure from the British aerospace industry, trade unions, and civic groups to continue development of the Concorde. London also faces the possibility of having to pay huge cancellation costs to its French partner should Paris decide to continue the project alone. The issue of cancellation costs could be the most influential factor in the UK's final decision.]

28 [In his calculations, Benn has argued that the British and French would continue to suffer losses even if more Concorde are sold. This is because the aircraft would have to be sold at a competitive international price, which is well below its production cost. Benn estimates that this loss in revenue, plus the cost to manufacturers of maintaining the spares and support facilities that the airlines would demand, would result in a loss of about \$33 million per aircraft.]

29 [France has been pressing the British in recent months to agree to the addition of a fuel tank to the Concorde to increase its 3,500-nautical mile range by 200-250 nautical miles. The French apparently believe this modest increase would make the aircraft more attractive to the airlines because it would give the Concorde the capability to carry about 100 passengers plus baggage non-stop from many West European cities to the eastern US. The Concorde currently has only a marginal capability to make this run. An earlier plan to increase the Concorde's range and payload, which would have required redesigning the wings as well as major engine modification, was dropped because of the high costs involved and the additional delay to a project that was already six years behind schedule.]

30 [Some British experts believe that no amount of modification or extra refinement will ever turn the Concorde into a commercially acceptable aircraft. They are of the opinion that the plane's payload and range are too limited to be attractive to the world's airlines. The advantages of the Concorde have been almost offset by the wide-bodied jets, which carry up to five times as many passengers. Although the Concorde can fly twice as fast as any wide-bodied jet, its flight time is nowhere near twice as fast on routes where it is necessary to stop and refuel. Concorde flights on long routes could in fact be slower than those of the larger, long-range subsonic jets because the Concorde would require two refueling stops.]

25X1 [According to estimates by Benn, it would cost the UK an additional \$944 million to finish and put into service its share—eight aircraft—of the 16 Concorde now under construction. This amount would be in addition to the \$956 million that the British have already spent on development—money they acknowledge is beyond recovery.]

Only a few Concorde are still under sales contracts. British Airways has ordered five and Air France has agreed to purchase four. When the Concorde was still in the early stages of development, major world airlines had options to buy 74 of the planes. China and Iran also signed letters of intent to purchase three and two Concorde, re-

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CHINA-USSR: MORE TROUBLE

32 ¶ Peking may bring charges of espionage against the Soviet helicopter crew that was captured in northwestern China last month. The Chinese ambassador in Moscow told his colleagues a trial was "possible," and Vice Foreign Minister Chiao Kuan-hua labeled the crew "spies." Such a trial would heat up the Sino-Soviet polemic. Chinese exploitation of the incident has thus far been measured, and Moscow's reaction has been mainly low key.

30 ¶ There have been hints that the Soviets pressed Peking to release the crew. Soviet helicopters apparently overflew Sinkiang in early April, and some Soviet diplomats reportedly dropped hints of trouble along the frontier. A strong anti-Soviet stand is politically important in China at this juncture, however, and there is no sign the Chinese plan to give up the crew soon. Rallies in Sinkiang, where the helicopter landed, have linked the incident with the anti-Confucius, anti-Lin campaign. Peking also has tied the helicopter to an alleged Soviet espionage case last January, in order to develop a pattern of Soviet misbehavior regarding China.

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31 ¶ Should a trial be held, it is likely that the Chinese will give heavy publicity to this additional "indication" of Soviet meddling in Chinese affairs. There were a number of indications that

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Peking contemplated linking important individuals in China with Soviet espionage even before the helicopter incident. It is uncertain, however, whether Peking would jail or repatriate the crew following a trial.

The Soviets are privately spreading the line that there will be a trial of the helicopter crew. They were the first to publicize the helicopter incident in an apparent effort to pre-empt a massive Chinese publicity campaign. Now they seem resigned to the prospect of a trial, but intent on limiting the damage such a trial might have on the Western—primarily US—appreciation of Sino-Soviet relations.

Moscow would probably be restrained in its treatment of any trial unless Peking forces its hand by staging massive public demonstrations. This would be in line with current efforts to keep Sino-Soviet affairs in a low key.

YUGOSLAVIA: FINISHING TOUCHES

Tito's program to re-establish the Communist Party as the country's most powerful unifying force will take a giant step toward completion at the tenth party congress next month. The party's authority to make national policy and to exercise closer institutional control over the rank-and-file will be sharply increased.

The last touches are now being applied to the report that will guide party policy for the next four years, and proposed changes in the party statutes are also under final scrutiny. Much of this was probably accomplished last week when party secretary Stane Dolanc, who is chairman of the congress' preparatory commission, and Edvard Kardelj, the country's top ideologist, held several days of discussions with Tito. Kardelj subsequently indicated that substantial changes in the central party machinery are in the works.

One of the key changes would abolish the largely advisory Permanent Conference and re-establish a full-fledged central committee—which

was dissolved in 1969—as the main repository of party authority between congresses. In the absence of a central committee, Tito has sometimes found the presidium, the party's top policy-making body, to be insufficiently responsive to changing policy needs. Re-establishment of the central committee, which will probably have around 165 members selected from regional parties and the military, appears mainly intended to bolster the party's control, stability, and confidence.

There also is a proposal to enlarge the nine-man executive bureau, which has strongly supported Tito's plans to recentralize the party. With increased staffing, the bureau will be in an even better position to oversee and direct the activities of the party rank-and-file. In addition, the new party statutes enhance prospects for increased party control by abandoning the efforts, initiated in 1969, to create autonomous parties in Yugoslavia's constituent republics. Regional party congresses—now almost over—have already re-organized local party units to dovetail more closely with the functional subdivisions of the central party apparatus.

The party remains very tight-lipped on the subject of personnel "rotation," which normally accompanies congresses. The key question centers on Stane Dolanc, the current head of the party's executive bureau, who by statute cannot succeed himself. This theoretical obstacle can easily be circumvented, of course, but the way this problem is worked out could provide valuable clues to Tito's wishes regarding the still-unsettled question of party succession.

Tito's reassertion of party dominance and Soviet-Yugoslav rapprochement have, in fact, helped to strengthen his potential successors against both foreign and domestic pressures. Underlying Tito's efforts is also a strong national rededication to Yugoslavia's unique form of socialism and independent foreign policy. This in itself speaks against any major shifts in the country's traditional policies.

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USSR: SAKHAROV'S REJOINDER

43 [Academician Andrey Sakharov, in a retort
 44 on April 3 to exiled novelist Aleksandr Solzhenitsyn, moved away from total confrontation with
 the regime. He now supports Soviet detente
 policy while still dissenting on the lack of
 democratization of the Soviet Union. His new
 position provides a badly needed focal point for
 reformist forces in Soviet society and finds partial
 common ground with the "modernizers" in the
 regime itself.]



Sakharov

43 [The full text of Sakharov's statement, issued
 in response to Solzhenitsyn's September "letter
 to the Soviet leaders," is not yet available in
 Washington. Excerpts, however, show it to be an
 44 elaboration of the dialogue developing in dissident
 ranks, which differentiates the inward-
 looking orthodox nationalists (Solzhenitsyn)
 from the outward-looking modernists (Sakharov,
 Roy Medvedev, et al). This dialogue reflects the
 divergence in Soviet society between the West-
 ward-looking modernizers at one end of the spec-
 trum, and the conservative, isolationist national-
 ists at the other end.]

43 [These two strains of thought can also be
 found in the different attitudes of Soviet leaders
 and in the contradictions of Soviet policy. Thus,
 the regime is encouraging Western-style modern-
 44 ization through detente, while trying to maintain
 all barriers against democratization. Sakharov
 adopted a very dangerous strategy last year when
 he divorced himself from all aspects of the re-
 gime's policy by arguing against trade with the
 West unless it was accompanied by democ-
 44 ratization. Now, in supporting detente—albeit
 ultimately for reasons of democ-
 ratization—Sakharov moves back closer to official
 opinion, and his words gain added weight.]

43 [Sakharov has provided a strong and balanced
 counter-argument to Solzhenitsyn's views on the
 future development of Soviet—and, for Solzhenit-
 44 syn, principally Russian—society. While Solzhenit-
 syn disdains scientific progress and favors a simple
 authoritarian society based on Russian national-
 ism and the Russian Orthodox Church, Sakharov
 rejects mysticism and overemphasis on ideology.
 He argues in practical terms for the harnessing of
 science to serve and better the lot of mankind and

for the expansion of contacts between the Soviet
 Union and the West.]

43 [Sakharov sees no absolute good in Russian
 traditional values, in contrast to Solzhenitsyn's
 mystical belief in them, and argues that Soviet
 democratic activists should be equally concerned
 about the suppression of non-Russian peoples in
 the Soviet Union. He takes Solzhenitsyn to task
 for his view that an authoritarian system based on
 the benevolent patriarchy of the church would be
 most suitable and healthy for the country. Sakh-
 arov states his belief that only in a democratic
 system can national and human character be fully
 developed. He sees no insurmountable barriers to
 the possibilities for democratic development,
 either in Russian history or in the Russian
 character.]

43 [Sakharov is particularly hard on Solzhenit-
 syn for arguing that Russia needs to pull away
 from the evil influence of the West and to develop
 itself in "splendid and simple" isolation. He rea-
 44 sons that the world's problems are so immense
 that one nation cannot solve them alone. He
 mentions a variety of issues, ranging from disarm-
 ament to environmental protection, in which in-
 ternational cooperation is essential.]

43 [Sakharov makes a strong case, in this re-
 spect, for expanded trade, scientific and cultural
 exchanges, free travel into and outside the coun-
 try, and the free movement of people and ideas
 across national boundaries. He relates this to the
 development of a more democratic system in the
 Soviet Union, and brings in his theory of conver-
 gence to argue that both voluntary measures and
 outside pressures can act as catalysts for benefi-
 cial change.]

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NIGERIA: SLOW MOTION

49 [With only two years still to go before the target date it set in 1970 for returning Nigeria to civilian rule, General Gowon's military government has made little headway in laying the groundwork for a transfer of power. The key to more rapid progress is the availability in the near future of census figures, and Gowon's handling of this politically sensitive matter will shed light on how serious the military is about returning to the barracks.]

47 [The preliminary results of the census that was completed last December have not yet been released, although in January Gowon promised the figures would be ready by the end of March. 49 If the delay is due mainly to tardy processing, the results probably will be released shortly. If, however, the figures are in fact available but, as some suspect, are regarded by key leaders as unacceptable because they are disadvantageous to one or another of Nigeria's three major ethnic groups, the delay will continue until a consensus solution—such as a time-consuming recount—is thrashed out. Controversy over the results of the 1963 census heightened ethnic tensions and was a major factor in the political breakdown that produced two military coups in 1966 and a civil war a year later.]

44 [The census is one part of a nine-point program of political and economic changes that Gowon outlined four years ago for the military to accomplish by 1976. So far, Gowon has moved forward on only two other points: launching a development plan, and reorganizing the military. Some of the remaining six tasks can be glossed over, but three of them—writing a constitution, establishing national political parties, and holding elections—must be completed before power can be transferred. Final census figures are essential to proceeding with these critical items. Meanwhile, public debate over the shape of future political institutions is growing.]

49 [It is apparent that Gowon and his colleagues have not yet decided on what actions they will take to fulfill their program. The military has generally insisted that it intends to step aside for civilians, and some spokesmen have stressed the need to honor the target date. Others, however,



President Gowon

seem to hedge by emphasizing the importance of first putting the nine points fully into effect. For his part, Gowon appears to be striving to get a major military re-equipment program—including purchases from both Communist and Western sources—well under way in advance of 1976.]

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47 [Many Nigerians suspect Gowon will not complete his program by 1976 and will use this as an excuse for delaying a full return to civilian rule. They speculate that Gowon may mark the occasion by putting on civilian garb as head of an interim government of soldiers and civilians, thereby stretching out the process of transferring power.]

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NIGER: THE MILITARY TAKE OVER

55 Lieutenant Colonel Kountche, Niger's armed forces commander and leader of the coup on April 15 that ousted President Hamani Diori, has formed a new government composed entirely of army officers. Kountche, who heads a 12-man Provisional Supreme Military Council, has stated that he is not considering changing Niger's close relations with France.

Kountche's decision to move against Diori, who had led the country since it became independent in 1960, was probably motivated in large part by dissatisfaction with the government's inability to overcome impoverished Niger's chronic economic stagnation. The country's plight has been compounded in recent years by the serious drought that has spread throughout much of western Africa. The new regime, however, does not appear at this time to be any more capable of coming to grips with Niger's serious economic problems than was Diori's government.

55 There is no sign of any internal opposition to the new regime. A number of student groups, which had long been critical of Diori's leadership, have staged marches to demonstrate their support for the military leaders.

56 Some of Niger's neighbors in west Africa may be slow to accept the new regime. Nigeria's General Gowon and Ivory Coast President Houphouet-Boigny both had close ties with the deposed leader.

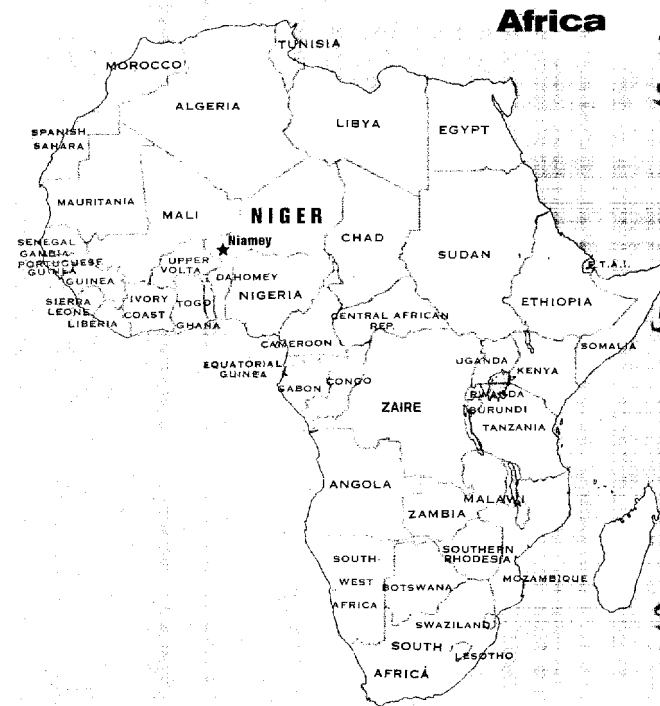
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ETHIOPIA: TURMOIL CONTINUES

56 Widespread unrest continues among the military and other groups despite the government's promise of far-reaching social, economic, and political reforms. So far, there is no concerted effort to force out the Endalkatchew cabinet, but the unrest is straining government administration.

56 In a policy statement issued on April 8, the government addressed many of the demands of dissident groups, particularly the crucial issues of land reform and corruption. The government proposes to prohibit any one person from holding more land than he can reasonably be expected to develop and to abolish public land grants to people who do not work on the land. New laws are promised to regulate, "on an equitable basis," the relationship between tenants and landlords.

57 These proposals, if carried out, will disrupt Ethiopia's traditional land-tenure system and ultimately change the fabric of society. The measures will require the break-up of the estates that have provided the base of the economic and political position of the nobles and landlords, who have been powerful conservative forces. The Coptic



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Church and the imperial family, two of the larger landowners, probably command enough prestige to ensure their continuing influence. Abolishing public land grants, however, will deny Haile Selassie one of his most valuable methods of rewarding loyal followers.]

Local noblemen and landlords are likely to use all the influence they can muster to delay and deflect the reforms. Their anger at what amounts to a revolution in their relations with the peasants will probably be matched by the peasants' impatience to have their own farms.]

The government proposes to deal with corruption by requiring officials to declare their property holdings, including land acquired while in office. Ministers' personal finances will also be subject to scrutiny. Meanwhile, demands for the prosecution of officials already charged with corruption and for the dismissal of additional senior officials continue to pose a problem for the government.]

The policy statement also provides for reforms in government administration, education, development, wages and prices, and taxes. So far, however, it has had no perceptible effect on widespread labor unrest. Municipal employees in Addis Ababa went on strike for several days, forcing the resignation of the capital's mayor, whom they accused of corruption. A strike by railway workers has virtually ended traffic on the link between Addis Ababa and the Red Sea port of Djibouti, Ethiopia's life-line for vital exports to world markets. Customs and Finance Ministry employees conducted a four-day strike and forced the removal of three senior ministry officials. Bus and taxi drivers are also on strike in Addis Ababa; workers in four provincial capitals have conducted short strikes.]

The strikers, encouraged by government concessions to other workers last month, mainly

want higher wages or the redress of other particular grievances, such as the right to form their own union or the removal of unpopular administrators. Few of the groups say they have lost confidence in the government's willingness to fulfill promises to improve workers' economic conditions. They are simply impatient to gain as many concrete benefits as possible while the government's bargaining position is weak.]

Reformist military elements, meanwhile, are keeping up pressure on the government. Junior and non-commissioned officers of the Tenth Mechanized Brigade, the army's most prestigious unit, took over the city of Jijiga in eastern Ethiopia for four days last week. They arrested several senior officers and some customs officials for alleged corruption. The troops returned to their barracks after the government reportedly promised to curb rising grain prices. A few days earlier, troops of the Third Division succeeded in forcing the removal of the deputy chief of staff of the Ethiopian Army. Police units in several areas, having grievances similar to those of the soldiers, also registered their complaints by jailing their officers until their demands were met.]

Haile Selassie stated on April 14 that his 21-year-old grandson, Zara Yacob, was in the line of succession, which may take some of the heat out of at least one potentially divisive issue. It reduces the chances of a struggle—and possible civil strife—among other claimants who might have stepped forward if Haile Selassie became incapacitated and Crown Prince Asfa Wossen were unable to assume the emperor's duties.

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The added legitimacy given Zara Yacob's position has set the stage for Asfa Wossen to be eased completely out of the line of succession on the grounds of poor health.

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SECRET**UN: RESOURCES AND DEVELOPMENT**

(6-1, 15, 66 & 67)
 The first phase of the UN's General Assembly on raw materials and development, which opened on April 9, will end on April 23 after the last addresses to plenary meetings of the assembly. The second, working phase, however, has already begun with the establishment earlier this week of an open-ended, ad hoc committee and a working group to review drafts of a declaration of principles and an action program prepared by the nonaligned and developing states. These states, under Algerian leadership, have been the driving force behind the UN session. Work in both the ad hoc committee and its working group has been slow, and there is some doubt that the committee will complete its work by April 29 when the special session is expected to adjourn.

The paragraph-by-paragraph examination of the draft declaration has revealed several difficult issues, the most contentious being "permanent sovereignty over natural resources." This call for the right of states to nationalize their natural resources and be the sole judges of compensation, which has been a central theme of the developing states' program, is opposed by the developed states. To date, most differences in negotiating the declaration have occurred between the developed states—including the USSR—and the developing states—to which China claims membership. This split is reflected even on those points of the declaration on which some progress has been made:

- improving terms of trade for developing states;
- reform of the international monetary system to favor developing states; and
- granting developing states preferential access for their goods to the markets of developed states without reciprocal preferences for the developed states.

Real differences, however, also exist among the developing states. The poor oil-importing states have been the most adversely affected by the increase in oil prices and have looked to the

oil producers for relief. The solidarity of the nonaligned and developing group could well depend on resolution of this issue. As many as ten different proposals have been made—ranging from multi-tier oil pricing to outright grants and low-interest, long-term loans from oil earnings recycled through the International Monetary Fund—but few commitments have been received on funding. The oil-importing states, perhaps still hopeful of receiving direct bilateral aid from Arab oil producers if multilateral aid is not forthcoming, have generally refrained from sharp criticism of the oil producers. Many of their speeches have noted the example set for suppliers of other raw materials by the oil producers with their embargo and price increase. They could, however, still break the ranks of the nonaligned and developing group if they see no support coming from their more fortunate brethren.

While the proposal of the Organization of Petroleum Exporting Countries to establish an aid fund has not caught fire, support may be increasing for an internationally administered aid program to be financed, in part, by excess Arab oil revenues. The managing director of the International Monetary Fund expressed qualified optimism about this approach after his recent tour of several Arab states, including Saudi Arabia.

The UN session itself will clearly not resolve the very real conflicts of interest inherent in trade in raw materials and its relation to the larger and longer term question of economic development. The generally restrained tone of the session and the raising of several proposals for global approaches to the development problem may nevertheless serve as a springboard for future examination of specific issues in forums more suited to the particular problem.

Moreover, although the nonaligned - developing country group commands enough votes in the UN to force a resolution endorsing its program, the possibility of a confrontation is mitigated somewhat by awareness that the industrialized states might retaliate by withholding aid to the least developed of the poor countries.

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The complex political and economic cross-currents were, of course, reflected in the speeches to the session. Algerian President Boumediene, who called for the UN meeting last January, set a more business-like tone for the session than many observers had expected. While he avoided inflammatory and provocative rhetoric, Boumediene nevertheless was uncompromising in his call for a new world economic order and his condemnation of existing economic disparities between developing and developed states.



Bank of Italy officials were optimistic that capital outflows from their country can be controlled, but this view was not shared by the other bankers. Administrative measures aimed at curbing these outflows have not been effective in the past. In addition, the central bankers feel that Rome will have to end its costly defense of the lira, even though a decline in its value probably would provoke further speculative outflows of funds.

Soviet Foreign Minister Gromyko expressed solidarity with the developing states and rejected attempts to polarize the world into camps of rich and poor countries—where the socialist states would be lumped together with the West's developed economies. Chinese Vice Premier Teng Hsiao-ping, on the other hand, called for the third world to overthrow super power control and viciously attacked the Soviet Union as being an especially exploitative, neo-colonialist plunderer.

The Bank of Italy has used the proceeds of recent massive Eurodollar loans to support the lira. Market intervention in the first quarter cost about \$3 billion, or twice the present foreign-exchange reserves. Because indebtedness now exceeds \$10 billion, Italy will find further borrowing more difficult and expensive.

Secretary Kissinger's speech was generally well received, with most countries expressing satisfaction with his call for recognition of worldwide interdependence and endorsing the US proposals for liberalized trade, sharing of food-producing technology, and increased aid for the poorest developing states. Iran, however, criticized the speech as a "gross misrepresentation" of the causes of high oil prices, repeating Tehran's standard argument that the main reasons for high retail prices are excessive oil company profits and high taxes levied by consumer countries. Tehran alleged that the Secretary was calling for consumer nations to band together to prevent further action by producer cartels—an idea Iran labeled a "hollow threat."

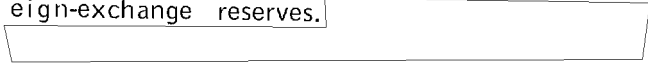
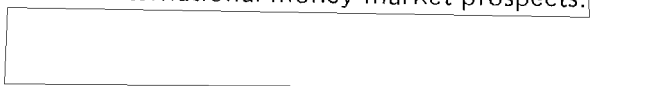
The franc is much stronger than the lira because of France's relatively healthier balance of payments, but it is weaker than the mark and vulnerable to speculative capital movements. The central bankers apparently believe that fears of an election victory by Socialist candidate Francois Mitterrand could lead to sizable capital movements from France. Similar fears during the last presidential election intensified market pressure on the franc.

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Investors already are seeking safer havens for their funds, and large capital outflows to London and Switzerland have been reported. If the trend continues, Paris will have only two major options: to accept a weaker franc, at least until after the election; or to intervene in the foreign-exchange market, which would further deplete France's foreign-exchange reserves.

INTERNATIONAL MONEY

(68)
Central bankers are increasingly uneasy about international money market prospects.



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SECRET**COLOMBIA TO ELECT A PRESIDENT**

61 [Colombia's first authentic presidential election in 24 years will take place on April 21, with Liberal Party candidate Alfonso Lopez Michelsen, a slightly left-of-center reformer, the overwhelming favorite. The new president will be inaugurated on August 7.]

61 [For the past 16 years, Colombian politics have been dominated by the National Front, an artificial coalition of Liberal and Conservative parties that is now ending. It was established as a means of assuring political peace after the ouster of dictator Gustavo Rojas Pinilla in 1957. The last presidential election before Rojas' take-over was in 1950.]

61 [Lopez' principal opponent is Alvaro Gomez Hurtado, a moderate Conservative whose efforts to divorce himself from the image of his extremist father, the monumentally unpopular president who was deposed by Rojas, have been unsuccessful. Gomez is likely to win about 35 percent of the vote, to Lopez' 45 - 50 percent.]

61 [Also in the running is Maria Eugenia Rojas de Moreno, Rojas' daughter and hopeful recipient of the populist vote among the millions of poor who once supported her father and the party he founded, The National Popular Alliance (ANAPO). Changing times, the advanced age and ill health of her father, the slow but sure collapse of ANAPO, and resistance to the idea of voting for a woman have conspired against Mrs. Moreno's political ambitions. She is not likely to receive more than 12 or 13 percent of the vote. Two minor candidates can be expected to share less than 6 percent.]

61 [The campaigning candidates have emphasized economic issues, in general refraining from personal attacks. Lopez has assailed the inflation, food shortages, and budget deficits that have plagued the incumbent Conservative administration of President Pastrana. Gomez has been vague and defensive, championing generalized economic development. Mrs. Moreno has promoted herself as an alternative to the Liberal-Conservative establishment and has appealed to



Lopez

the lower classes with a promise of "Colombian socialism."]

61 [Scattered acts of violence have marred the campaign, but this has come as no surprise in a country which experienced open political warfare between Liberals and Conservatives during the 1940s and early 1950s. President Pastrana, whose assiduous aloofness from the campaign has outraged some of his Conservative colleagues, can be expected to control this sporadic electoral violence.]

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BRAZIL: RESTLESS STUDENTS

71 [Student unrest has led to large demonstrations and other forms of political activity, which,

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if they continue or intensify, could lead the administration to reinstitute repressive measures against the dissidents.]

71 [For some time, University of Sao Paulo students have been dissatisfied with a number of administrative policies at the school. The latest outbreak, however, was sparked by the arrest of some 30 of their colleagues suspected of trying to organize a subversive student movement. Security officials charge that some of those arrested have links with outlawed revolutionary groups.]

71 [Another cause of the increased student activism may have been the arrest of seven Sao Paulo union leaders whose activities had aroused government suspicions. The seven were accused of being subversives, or at least of being under the influence of alleged subversive elements within a church-connected social organization working with them.]

71 [The university students have organized a "Committee for the Defense of Political Prisoners," whose purpose is to aid those detained by the government. The committee also calls for freedom of assembly and speech, and other forms of liberalization. Other student groups are seeking the support of workers, churchmen, and opposition politicians in their quest for a variety of political aims.]

71 [Throughout the ten-year history of the military regime, significant opposition—to the extent that there has been any—has come from students, liberal clergy, and some labor groups. The administration is undoubtedly concerned that these groups may have misinterpreted its intention to seek a limited easing of political controls and are taking liberties. That possibility is likely to give weight to the argument of security officials that firm action is needed now to prevent the spread of dissidence.]

PERON AND THE TERRORISTS

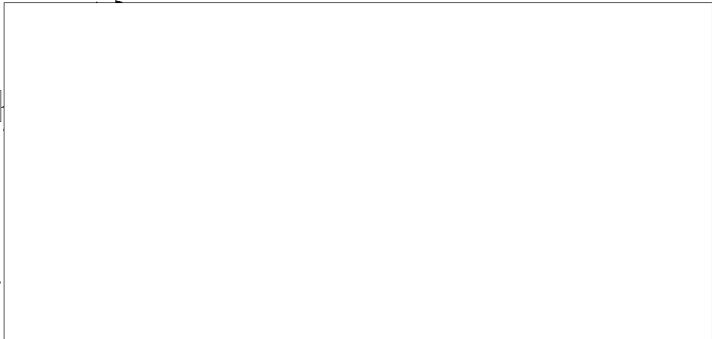
78 [The shooting and kidnaping of a USIS representative in Cordoba by Marxist terrorists

apparently signals a shift in tactics to include attacks on US Government officials in Argentina. The Peron government, viewing the accelerating tempo of violence with a mounting sense of alarm, is urgently seeking a dramatic breakthrough in its campaign to stamp out terrorism. As the level of confrontation edges up a notch, however, a fresh wave of violence seems inevitable.]

72 [The ubiquitous terrorists have been undaunted by the government's proclaimed intention to crack down on them. The best organized of the groups, the Marxist People's Revolutionary Army, has shown little inclination to let up its pressure, and its hand is evident in many of the bombings, kidnapings, and political assassinations that have become a part of everyday life in the country. The Marxist group, which has now targeted members of the US mission in Argentina, was probably responsible for recent telephone threats against military officers assigned to the US Embassy in Buenos Aires. Although these terrorists are not likely to eschew attacks against foreign businessmen, their change of focus is probably attributable to the swelling exodus of alien executives and the staggering success of their earlier ransom and extortion efforts.]

78 [By taking a new tack, the Marxist group may hope to obtain additional publicity for its announced aim of attacking "imperialism." Moreover, abductions of US officials could be used in attempts to force the release of imprisoned terrorists or to create a further source of embarrassment for the Peron government.]

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Meanwhile, Peron is attempting to inject new blood into the government's counterterrorist program and is urging more aggressive action. Another shuffle was made in the federal police hierarchy after it became clear that the President was dissatisfied with its failure to produce results. Ironically, these frequent command changes, together with internal dissension and poor morale,

seem to be contributing to police ineffectiveness. As a result, a dramatic victory against the extremists continues to elude the security forces. While Peron is taking steps to eliminate extremist influence from government ministries and the universities, there are still no signs that he will be able to reverse the tide of terrorism in the near future.

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