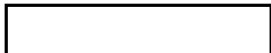


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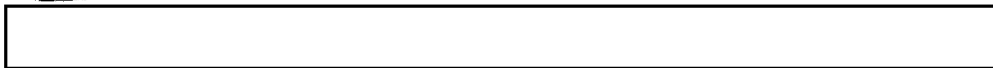
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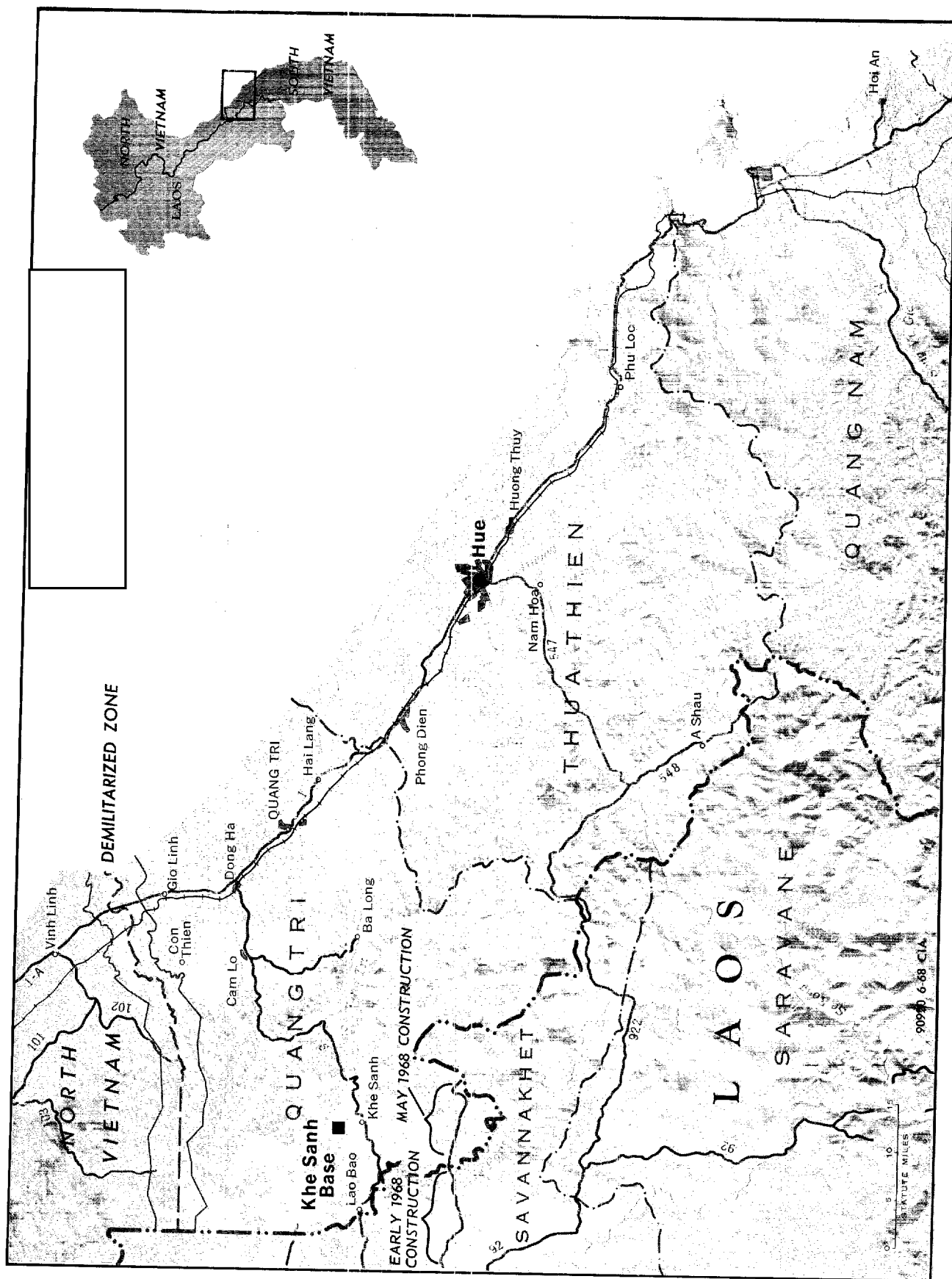


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[South Vietnam: Deteriorating relations between President Thieu and Vice President Ky broke into the open on 12 June when Ky resigned as director of the People's Self Defense Force.

Ky apparently made his announcement public before consulting Thieu, a departure from past efforts of both men to play down their differences in public. The job is not a significant one, and Ky's letter of resignation showed no pique.

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[redacted]

Ky does not intend to resign as vice president, but he has said he will confine himself to the relatively innocuous duties of the vice-presidency assigned by the constitution.

The new premier meanwhile is still having trouble with Phan Quang Dan. During a speaking tour in the US, the loquacious minister of state has continued to advocate negotiations with the Liberation Front, refusing to recant or to return to Saigon under Huong's orders. If Dan continues to embarrass Huong, he may find himself without a job.

* * * *

Communist forces on 11-12 June launched a sharp ground attack against US Marine positions near Khe Sanh for the third time this week. The Marines were in night positions seven miles southeast of Khe Sanh when they were attacked by a Communist force supported by mortars.

In addition to the reported enemy troop buildup in the Khe Sanh area, prisoners say that the Communists have moved in a 2,500-man engineer regiment to build roads and improve trails in northwestern]

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[Quang Tri Province. The prisoners claim that the engineers have been told to build a road from the Laos - Quang Tri border to the city of Hue by 30 July. This sounds overly ambitious, but photography of 11 May shows that a branch of Route 9 in Laos which was started early this year has now been extended ten miles southeast of Khe Sanh.

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[France: The government's response to the latest violence is designed to prevent disruption of scheduled parliamentary elections.

After renewed student rioting and the deaths of three protestors in a 48-hour period, the government yesterday outlawed all public demonstrations for the duration of the electoral campaign. The decision to disperse demonstrations "pitilessly" at their inception and to arrest and prosecute offenders suggests that the government does not intend to back down as it did in May, when a similar ban was proclaimed. Following the announcement, demonstrations planned for Paris were canceled, but the ban was ignored in a number of provincial cities and violence flared again between students and police.

The government also approved a decree proposed by the Ministry of Interior which provides for the dissolution of a number of extremist groups, including "new-left" leader Daniel Cohn-Bendit's "Movement of 22 March." The earlier policy of delaying a confrontation with dissident students until after the elections probably was abandoned in face of increasing evidence that extremist groups plan to disrupt the electoral process. During the most recent Latin Quarter demonstrations, students chanted "elections are treason."

Any effort to enforce the order dissolving extremist movements probably will lead to more violence. Some officials say that the government will make large-scale arrests and then move forcibly to reoccupy the Sorbonne, at which point numerous deaths are anticipated.

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[Berlin: West Germany has yet to reach a final decision on its response to the new East German controls on Berlin access.

Chancellor Kiesinger told the US, British, and French ambassadors in Bonn yesterday that the situation is serious and that "not just protests but countermeasures are needed." At the same time, he said that it is necessary to proceed with caution and realism with Berlin problems.

In response to questioning, Kiesinger said that his government had not yet considered what moves can appropriately be taken by West Germany and the Allies, but he promised written papers detailing Bonn's position.

The Chancellor said he would welcome having the three Western foreign ministers express serious concern over Berlin to the Soviet ambassadors in their respective capitals. Kiesinger doubted that he would approach the Soviet ambassador to Bonn at this time, since "it was a four-power agreement which has been violated."

In the Chancellor's view, the Soviet Union stands behind the East German moves and is seeking to isolate West Germany and divide it from its allies. Nevertheless, he does not believe that the Soviets want a real Berlin crisis or that travel to Berlin will be immediately affected.

The East Germans have yet to apply the passport and visa requirements announced on 11 June.

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Colombia: Senate rejection of President Lleras' resignation has not resolved the latest crisis.

If dissident senators of Lleras' Liberal Party carry out their threat to help defeat the constitutional reform bill, up for another vote soon, the President has indicated that he will resign again, [redacted] Senate rejection of the bill, which is designed to improve congressional effectiveness, triggered Lleras' resignation on 8 June.

Lleras appears determined not to be hamstrung in the execution of the reform program. He believes it has broad public approval, but his tactics have already given rise to disorder and political disruption, and further pressure by him may prove counterproductive. [redacted]

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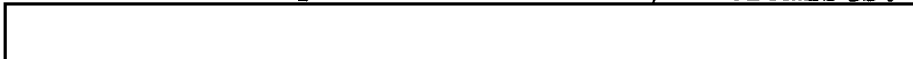
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Argentina: Large-scale student demonstrations are scheduled tomorrow on the 50th anniversary of university reform.

There has been student agitation in Buenos Aires and other major cities since 29 May, but no major confrontations with government officials have developed. The protests, instigated primarily by leftist student leaders, have been against government control of the national universities.

The majority of students throughout Argentina reportedly are not sympathetic to plans of Communists and leftist groups which will provoke government retaliation. Dissident students have attempted to attract the participation of opposition labor leaders and former political leaders, including ex-president Illia, but the success of their efforts is not known.

Student unrest apparently is not sufficient to create serious disorders, but the government is prepared for any trouble caused by extremists.



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Peru: The new prime minister's proposals for dealing with Peru's economic crisis contain no new ideas.

On 10 June Prime Minister Herculles presented to Congress a program which calls for reduced public expenditures, tax reforms, and refinancing the foreign debt. He was deliberately vague on the question of new taxes, probably because congressional approval would be difficult to obtain. Most of the proposals have been considered or partially attempted before without success.

Herculles described the country as suffering a "grave and dangerous financial crisis," and asked for special powers for 60 days. He ended his presentation with a reference to defense expenditures, declaring that Peru would decide its own defense needs and rejecting the "meddling of certain North American legislators in our national defense."

Herculles' proposals follow closely those suggested by the opposition American Popular Revolutionary Alliance (APRA). Although APRA will probably support much of Herculles' program, it may be unwilling to agree to his request for special powers.

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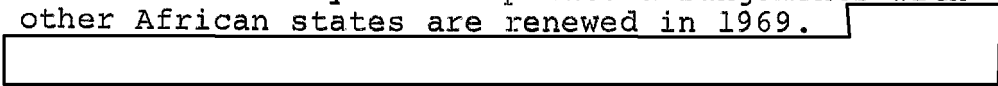


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East Africa: After years of negotiations, Kenya, Tanzania, and Uganda have reached agreement in principle with the European Economic Community on the terms of association with the community. The East Africans accepted the draft only after the French lowered their demands for reciprocal tariff reductions.

The agreement, which probably will be signed next month, is not likely to go into effect because the process of ratification is apt to extend beyond the expiration date of 31 May 1969. The agreement, however, does lay the basis for the negotiation of a five-year association accord between East Africa and the community when separate arrangements with other African states are renewed in 1969.



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Turkey: An estimated 30,000 Turkish students are on strike. Those at the University of Ankara have seized control of several buildings and are demanding reforms in the educational system, especially in examination regulations and in fees. They are also calling for the resignation of at least one university official.

Leftist influence is strong among both students and faculty in Turkey, and the Marxist Turkish Labor Party may try to exploit the student strike for political purposes. The police have demonstrated an ability to quell student demonstrations, but the government probably is reluctant to resort to police action now. As the end of the academic year is near, the authorities may decide to let the strike run its course unless it takes on serious political overtones. 

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25X1 Panama: The outcome of voting for deputies to the 42-member unicameral National Assembly has not been resolved. Confusion, delays in counting, and charges and countercharges are preventing determination of the winners. Additional postponement can be expected since both the government and President-elect Arias are trying to manipulate the results. [REDACTED]

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25X1 Brazil: Student disturbances are continuing in many Brazilian cities. Students clashed with police in Rio de Janeiro on 11 June, and additional incidents are possible. The government has not yet acceded to most student demands, and extremist leaders are attempting to unite the students for new protests. [REDACTED]

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25X1 Chile: President Frei reportedly is concerned about the large number of Marxists and other extreme leftists, particularly of Chilean nationality, on the staff of the UN Economic Commission for Latin America headquartered in Santiago. The organization's executive secretary, Carlos Quintana, is said also to be worried about the alleged political activities of these people. There have been other indications of high-level Latin American concern about the political activities of commission staff members. [REDACTED]

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