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CYPRUS: President Makarios appears to be orchestrating a carefully thought-out plan aimed at ensuring Greek acceptance of his reply to Athens' demands.

The US Embassy in Nicosia has reported that Makarios is telling diplomatic callers that the controversial Czechoslovak arms delivery to Cyprus was made on the advice of Athens. The Greeks, Makarios reportedly added, asked that the purchase be represented as a Cypriot initiative in an attempt to avoid Turkish criticism. Reports of Makarios' remarks have been leaked to the press, in an apparent effort to arouse Turkish suspicions of Athens. Turkish Cypriot reaction already reflects a growing anxiety, but Ankara officials have not exhibited undue concern so far. Makarios is probably hoping that this information will eventually erode Turkish confidence in Greece.

At the same time, Makarios undoubtedly is behind the mounting opposition to the Bishops' request for his resignation as president. Greek Cypriots in one of the districts are calling for a referendum demanding the replacement of the Bishop of Paphos. Although this procedure is not legal in the eyes of the church, it could prevent the Bishop from returning to his seat and substantially lessen the net effect of the three Bishops' united pressure on the Archbishop.

While all of these campaigns are going on, Makarios has sequestered himself to prepare a formal reply which is estimated to be a strong effort to seek a compromise with the Greeks. Makarios is probably calculating that Greece will be more receptive to his reply later in the week when his press campaigns have had time to take effect. The US Embassy in Nicosia suspects that Makarios is on the offensive and, depending on Athens' reactions, stability on the island may face yet another challenge this week. (SECRET)

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CAMBODIA: Lon Nol's erratic performance over the past few days underlines his continuing drift toward authoritarian one-man rule.

In a series of moves reminiscent of the years when Sihanouk was running Cambodia, Lon Nol this weekend dissolved the constituent assembly, suspended work on a new constitution, dismissed the cabinet, and assumed the title of president under a still to be defined new government setup. The measures appear to have been taken with only the most cursory consultation with principal figures within the government, and with little consideration of the impact on those political elements in Phnom Penh already restive at what they consider to be the betrayal of the promise of more democratic government after Sihanouk's ouster.

It seems likely that Lon Nol's next move will be to make some gesture toward broadening the base of his government, perhaps by offering someone like In Tam a position of ostensible importance. He also has to decide what to do with Sirik Matak, whose administrative skills are much needed and for whom Lon Nol apparently still has considerable personal respect. (SECRET NO FOREIGN DISSEM)

CHILE: Government difficulties with the private sector are likely to increase within the next few weeks.

Business leaders who oppose government efforts to nationalize industry are attempting to persuade workers in firms marked for expropriation to seize the firms, hoping thereby to thwart government plans. Private sector leaders are also concerned that the large farms expropriated under the government's agrarian reform program will be turned into state farms rather than divided into smaller tracts for private campesino ownership. They are attempting, therefore, to organize a massive seizure by agricultural workers of government agrarian reform centers in southern Chile. Business leaders are reportedly collecting food, vehicles, and weapons for the seizures that they hope can begin shortly before the third UN Conference of Trade and Development opens in Santiago on 13 April.

Organizing and coordinating worker action is likely to be difficult. Many Chilean workers in both agriculture and industry have become apprehensive about the effect of government take-overs on their salary and independence and may be in a mood to cooperate. Nevertheless, the government is probably aware of the danger and President Allende, a consummate politician, may be able to take steps which would undermine the businessmen's efforts. (SECRET NO FOREIGN DISSEM)

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URUGUAY: President Bordaberry is pushing for enactment of a permanent law giving the military extensive authority to deal with terrorism and increasing criminal penalties for subversives.

The government has been promoting an aggressive counter-insurgency effort and has captured about 100 Tupamaro guerrillas since January. The administration has been upset, however, by congressional suspension of several emergency security measures which had been decreed by former president Pacheco in 1968.

An opposition coalition has struck down government power to shut down newspapers and prohibit importation of subversive propaganda and has ended restrictions on public assemblies and meetings. Moreover, military and police power to arrest and hold suspects without trial is to be terminated on 30 April.

Bordaberry, seeking to avoid a major executivelegislative collision, has not directly opposed congressional action and is seeking instead a new congressionally enacted security law restoring the government's previous powers. The opposition is unhappy with the tough measures proposed by the government, but a compromise solution may be possible. (CONFIDENTIAL)

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MAURITIUS: The government has decided to curtail further the activities of the opposition Mauritian Militant Movement (MMM) by ordering the arrest of its leaders.

Prime Minister Ramgoolam ordered the arrests after receiving information that the MMM had tentatively decided to carry out at least one act of sabotage just before the arrival of Queen Elizabeth on a royal visit scheduled for 24-26 March. Security authorities have already arrested nine MMM members, including party leader Paul Berenger. Approximately 20 other key party militants reportedly will be detained.

The arrests were made under emergency powers, in force since mid-December, that authorize detentions without formal charges. The majority of those arrested will be released after the royal visit, but the top MMM leaders may be kept in jail for six months, the maximum allowed by law. The government has already used the powers, originally invoked to end a general strike among MMM unions, to place the MMM under severe restrictions that have virtually ended overt political activity on the island. Prior to the invocation of the powers, the MMM had mounted an increasingly serious challenge to the coalition government.

The arrests seem likely to provoke little reaction from rank-and-file MMM members. The party has enjoyed widespread popular support, but its members have proven less willing than its leaders to provoke confrontations with the government. However, MMM members from the Moslem community, the most volatile element of the island's population, might proceed with some act of terrorism even without the guidance of the party's leaders. (SECRET NO FOREIGN DISSEM)

<u>DAHOMEY</u>: Justin Ahomadegbe, who is slated to succeed Hubert Maga as head of the ruling civilian triumvirate in May, is moving to forestall another coup attempt by his opponents.

In the wake of the coup attempt on 23 February by a group of dissident military officers, Ahomadegbe and his supporters have taken steps to neutralize their opponents and to secure Ahomadegbe's succession. An inquiry commission set up after the coup attempt reportedly is made up largely of pro-Ahomadegbe gendarmerie officers. The commission has apparently brought about at least the temporary detention of Lt. Col. Kouandete, who probably masterminded the coup attempt but was not arrested along with lower-ranking participants. Kouandete, who is opposed to Ahomadegbe, is being held for questioning while the commission strives to develop concrete evidence of his involvement in the coup plot.

Meanwhile, Ahomadegbe supporters are trying to build up public pressure on Maga to take a hard line with the suspects. The major newspaper and Cotonou radio, both of which are under the aegis of a cabinet minister who is an Ahomadegbe man, have been demanding severe punishment of all coup plctters to demonstrate the cohesion of the three-man Presidential Council. Late last week some 1,500 demonstrators, apparently mostly Ahomadegbe adherents, marched to Maga's residence with similar demands.

Although Ahomadegbe and his cohorts now seem to have the initiative, the political scene remains unsettled and Ahomadegbe's succession in May is by no means assured. Even if the government succeeds in keeping Kouandete in check, there are other military officers who are apprehensive about their possible fate under Ahomadegbe's rule and might be tempted to make a move. (CONFIDENTIAL)

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USSR: Apparent shortages of large-diameter pipe and compressors have forced the Soviets to make significant changes in their construction plans for natural gas pipelines during 1972-75.

A Soviet petroleum journal reported that two major gas pipelines currently under construction from central Asia and west Siberia to the European USSR will use a large-diameter pipe for about half the distance and two smaller-diameter lines for the remainder, with a corresponding reduction in pressure. These revisions will increase the total cost of the projects by requiring more steel and a greater number of compressors. They also mean that the pipeline system will be less efficient than the one originally planned.

The simultaneous construction of pipeline projects in west Siberia and central Asia probably is aggravating the chronic shortage of large-diameter pipe and compressors in the USSR. The Soviets have agreed to deliver large quantities of natural gas to Austria, West Germany, and Italy over an extended period of time in exchange for about 2.5 million tons of large-diameter pipe. The Soviets also are negotiating for additional pipe deliveries from these countries as well as France in return for increased gas exports. (CONFIDENTIAL)

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NOTES

YEMEN (SANA) - YEMEN (ADEN): The Yemen (Sana) cabinet in emergency meeting on 12 March accused the radical Yemen (Aden) regime of acts of provocation which "could lead to the most dangerous results." The government's warning is apparently meant to support a threat by tribal leaders to retaliate against Aden for its killing of 65 tribal members in a crossborder incident in late February. Yemen (Sana) Prime Minister al-\yni has gone to Syria to consult with President Iryani, who is convalescing there. political and military leaders in Sana who have been eager to permit dissidents and mercenaries to use Sana territory in their efforts to harass Aden have apparently been able to overcome al-Ayni's opposition. (SECRET)

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The conclusion last week of arrange-BOTSWANA: ments to finance a \$200 million copper-nickel mining project at Shashi is a milestone in Botswana's efforts to achieve economic viability. Feasibility studies and complicated financial negotiations have been in progress for approximately six years, involving private firms, foreign aid organizations, and the International Bank for Reconstruction and Development. Construction will start soon, and mining operations are planned to begin next year. Revenues from the Shashi project will help free Botswana from dependence on British budgetary subsidies and reduce the country's reliance on income from a customs union dominated by South Africa. (CONFIDENTIAL)

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