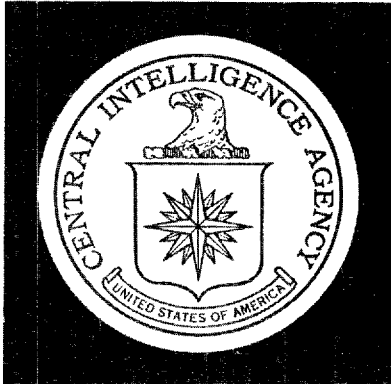


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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19 January 1968
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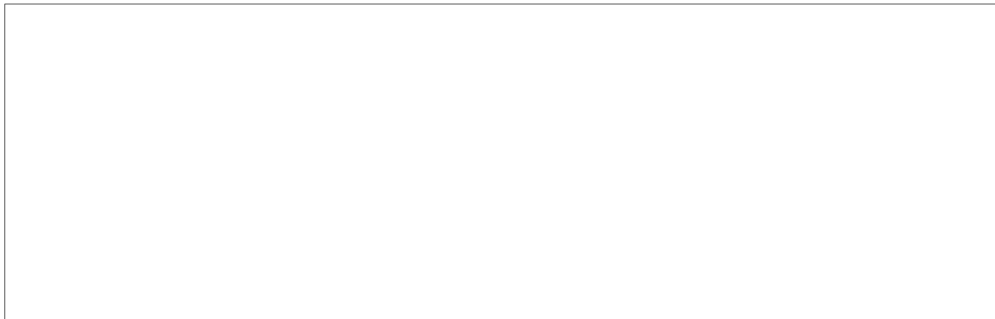
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The **WEEKLY SUMMARY**, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office 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 pages.

W A R N I N G

The **WEEKLY SUMMARY** contains classified information affecting the national security of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.



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C O N T E N T S

(Information as of noon EST, 18 January 1968)

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Enemy aggressiveness has continued to increase during the first weeks of the year. The government in Saigon settled the electrical workers strike, but its heavy-handed tactics created widespread popular resentment. Hanoi, meanwhile, is trying to maintain the political initiative by stressing the favorable impact of its latest gesture on talks with the US.	
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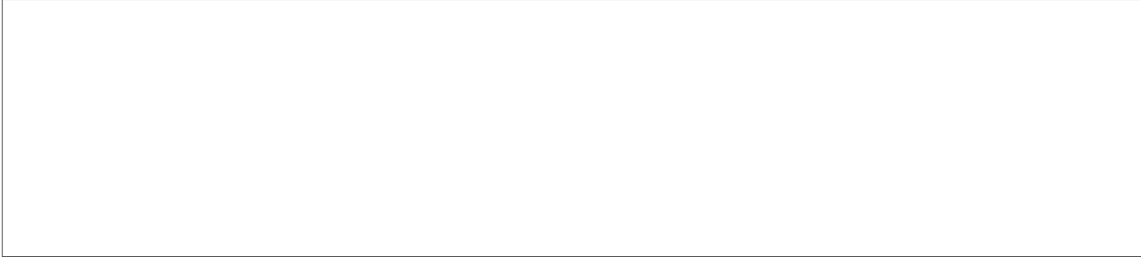
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- ISRAEL TO REVAMP ITS NAVY 19
 Because of a longer coastline and the sinking of the Eilat, Israeli defense officials are reshaping naval strategy around two new submarines, amphibious landing craft, and missile-equipped patrol craft.

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ARAB-ISRAELI IMPASSE CONTINUES 19
 No progress has been made in negotiating Arab-Israeli differences, and exchanges of fire continue along the Israeli-Jordanian border.



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 Although Congolese motives in breaking diplomatic relations with Rwanda remain unclear, the action may be a subtle attempt by Mobutu to disengage his regime from the problem of the mercenaries interned in Rwanda.

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 Economic stagnation and political tension are increasing after four years of Communist aid and advice and Zanzibari mismanagement.

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HAVANA CULTURAL CONGRESS CLOSES 26
 The conference delegates endorsed all anti-US resolutions and applauded Fidel Castro's bitter attack on "US imperialism."

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ECUADOREAN PRESIDENTIAL CAMPAIGN FINALLY IGNITES

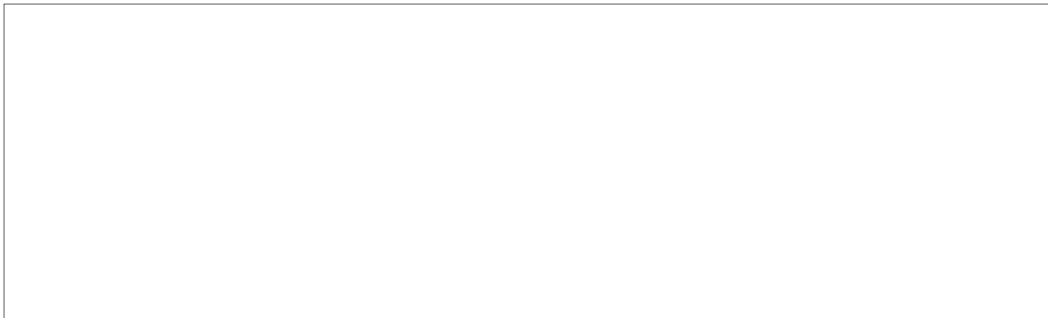
29

The campaign for presidential elections on 2 June has been thrown into turmoil by ex-president Carlos Julio Arosemena's announcement that he supports the man he ousted from the presidency in 1961, Jose Maria Velasco.

GUYANA-SURINAM BORDER TROUBLES FLARE UP

30

The sudden rekindling of an old dispute is disrupting the usually tranquil relations between Guyana and Surinam.



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INCREASED VIOLENCE BREAKS OUT IN GUATEMALA

32

Two US military officers were killed and two were wounded in an outbreak of Communist terrorism on 16 January that has caused the Guatemalan Government to declare a 30-day "state of alarm."

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FAR EAST

Hanoi's latest statement on talks with the US continues to dominate the political stage. North Vietnamese propaganda claims that Foreign Minister Trinh's statement of 30 December has become the "focus of world public opinion." Hanoi is trying to sustain the momentum of this political offensive by insisting that the ball is now in Washington's court and pointing out that the US so far has not responded to Trinh's gesture.

In Saigon, President Thieu has attempted to counter Hanoi's move and to reassure South Vietnamese who have shown growing uneasiness over the possibility of unilateral US peace initiatives. In a major speech on 15 January, Thieu attempted to gain greater leverage on US decisions by insisting that South Vietnam should have the "central role" in any peace moves. Thieu also reaffirmed the right to pursue Communist forces if they continue to use staging areas in Cambodia.

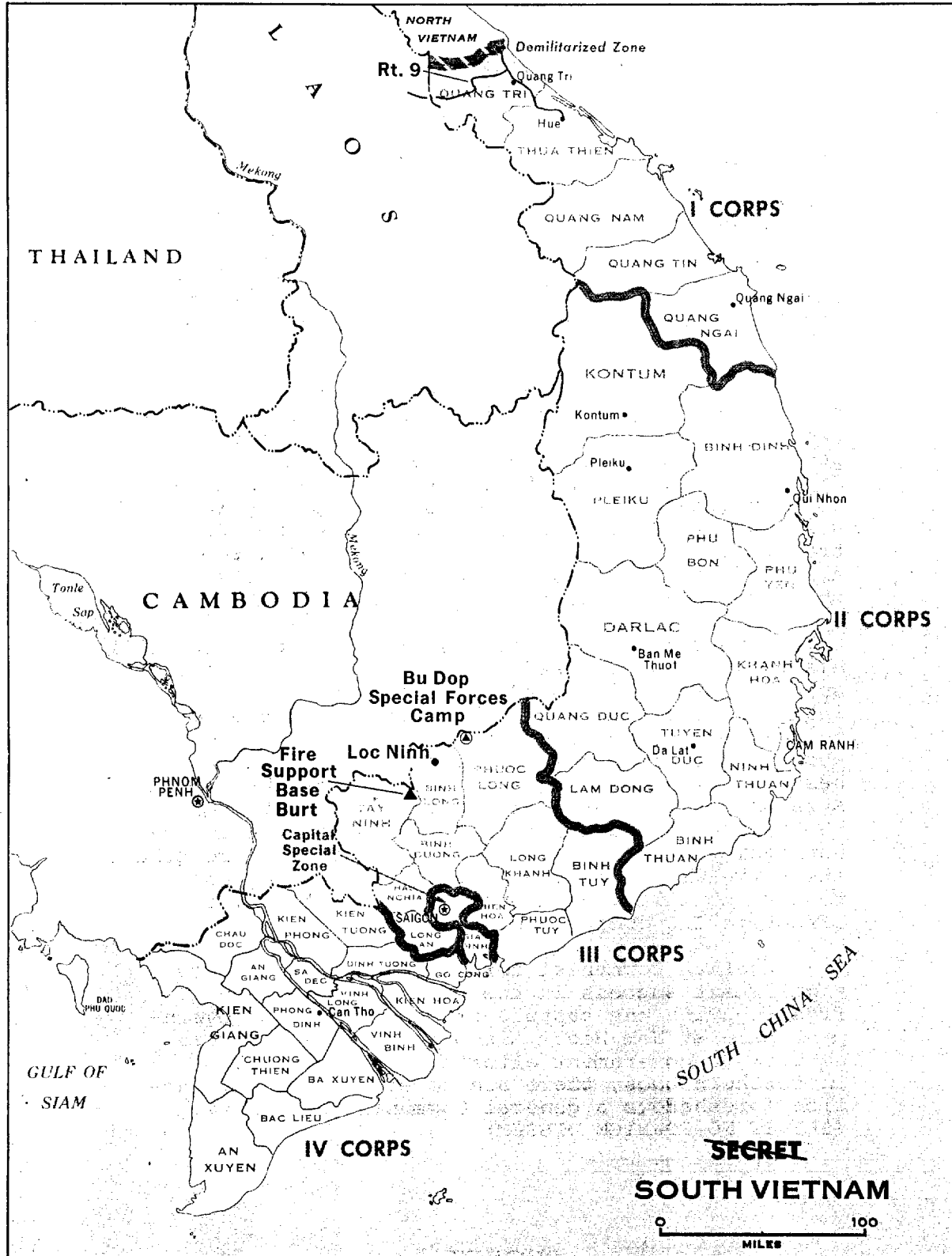
Sihanouk, meanwhile, has tried to represent his talks with Ambassador Bowles as an "enormous success" over "US hawks" advocating hot pursuit into Cambodia. He has emphasized the US pledge in the communiqué to do everything possible to avoid "acts of aggression" against Cambodia and has criticized Washington's move to set the record straight on the issue of hot pursuit. Although the Cambodians sent a formal request to the International Control Commission (ICC) that it strengthen its surveillance of the border, Sihanouk appears to have no illusions about the prospect of more effective ICC operations.

Laotian Communist forces achieved their most significant success in the current dry-season fighting with the capture of the important government base at Nam Bac. Although this is a severe setback to government efforts to expand control in northern Laos, there are no signs that this action foreshadows a general Communist offensive.

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VIETNAM

Military Situation
In South Vietnam

The tempo of Communist military activity in South Vietnam has increased markedly in the first weeks of 1968. The activity, moreover, has been widespread, with heavy pressure against both South Vietnamese and US units. This pressure has included mortar and rocket attacks--often followed by ground assaults--and increased ambushes of patrols and convoys.

The increased enemy aggressiveness is also reflected in key statistical indicators. Enemy personnel losses reportedly reached nearly 5,100 during the first two weeks of this year--a sharp increase over the 1,700-man weekly average for 1967. The number of attacks in the first weeks is already higher than any monthly total in nearly two years, with nine battalion-size Communist assaults having occurred so far.

Some of the heaviest fighting occurred in Quang Tri Province last weekend when a US Marine convoy was ambushed while traveling along Route 9. American casualties totaled 89 in the

can casualties totaled 89 in the ensuing five-hour battle.

Early in the week, main force subordinates of the Communist B-3 Front in the highlands of II Corps staged two ambushes against US supply convoys. In addition, both B-3 Front elements and local force Viet Cong units launched numerous small-scale attacks.

In South Vietnam's III Corps, there appears to be a distinct chronological pattern in the enemy's current winter-spring campaign. The major attacks--against Loc Ninh, Bu Dop, and fire-support base Burt--have occurred at approximately one-month intervals. If this pattern continues, coordinated attacks--spearheaded by elements of the Viet Cong 5th, 9th, or North Vietnamese 7th divisions--could occur before the Tet holiday that begins in late January.

Hanoi Maintains
Political Initiative

The North Vietnamese seem determined to keep their "will talk" statement in the news and to maintain the impression that

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they have taken a significant initiative in trying to bring about negotiations with the US. On 16 January, Mai Van Bo, the DRV representative in Paris and one of Hanoi's most authoritative spokesmen, attempted to heighten world interest in the statement by commenting on the timing of talks as well as their possible substance. He said negotiations could start "after a suitable time" and indicated that both the level of talks and the agenda were negotiable. Although Hanoi officials have taken this line in private conversations in the past, this is the first time they have discussed it in public. Bo's phraseology, however, still carefully preserves considerable flexibility for Hanoi in deciding on the actual timing and substance of any contacts.

Political Problems
In Saigon

On 15 January the government succeeded in wiring together a temporary settlement of the five-day-old electrical workers' strike, but not before its tactics had sparked widespread resentment from labor and criticism from informed Vietnamese. The government at first resisted the demands of the workers, arrested some of their leaders, and applied pressure for a return to work. Walkouts by sym-

pathetic workers in other fields, however, raised the threat of an extensive economic paralysis in Saigon and elsewhere, forcing the government to accede at least partially to demands for a pay increase. All workers returned to their jobs on 17 January. The six arrested leaders have since been released, but there is some possibility that at least one will still have to face trial by a military court.

Although the settlement will probably damp down labor agitation temporarily, the government's inept handling of the dispute impaired popular confidence in the regime. Some elements of organized labor may now become more willing to make common cause with Buddhists, students, and other disaffected groups in pressing grievances against the government.

Meanwhile, criticism of the government's do-nothing attitude toward the country's critical problems has continued. So far, however, President Thieu appears unmoved.

Part of Thieu's difficulties spring from his continuing poor relations with Vice President Ky, but he is also clearly

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unwilling to tangle with entrenched military circles unless or until he feels strong enough to outmaneuver potential enemies. For his part, Ky continues to disparage Thieu and to predict that the government will have to turn increasingly to himself for direction.

In an effort to strengthen his image and to dispel a growing uneasiness in Saigon that his government may be pressured into an unfavorable compromise with the Communists, President Thieu delivered a hard-hitting speech on 15 January reiterating his previous insistence that Saigon be a primary party in any negotiations with Hanoi. He also rejected any coalition with the

National Liberation Front. Arguing forcefully that South Vietnam was a victim of North Vietnamese aggression, he declared that if Hanoi continued to reject reasonable proposals for a settlement of the war, military pressure should be increased.

Meanwhile, the government appears to have scored a victory in the National Assembly, with the election on 17 January of Nguyen Ba Luong as the chairman of the Lower House. Luong's election appears to represent the first successful cooperative effort by that body's progovernment Democratic Bloc, of which he is the nominal head, and the predominantly Catholic Independence Bloc. [REDACTED]

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CAMBODIA'S SIHANOUK CLAIMS VICTORY IN TALKS WITH US

Cambodian Chief of State Sihanouk was clearly pleased with the cordial atmosphere and the outcome of last week's discussions with Ambassador Bowles.

His public statements portraying the talks as an important victory for Cambodia are designed to support his boasts that his diplomatic skills would

keep the war from spreading to Cambodia and are therefore in part designed for his domestic audience. Sihanouk apparently also believes, however, that the talks not only served their primary purpose of forestalling any immediate move across the Cambodian border by allied forces, but also provided some important political advantages for Phnom Penh.

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Sihanouk moved with alacrity, for example, in claiming publicly that the US had renounced the right of "hot pursuit" in the talks. He then quickly condemned Washington's effort to set the record straight as double-dealing. Sihanouk also attempted to exploit statements in the joint communiqué that the US had no "intention to violate Cambodian territory" and will do "everything possible" to avoid "acts of aggression" if the US takes action against Communist troops in Cambodia. Therefore, without specifically disavowing them, he has now largely blunted the impact of his earlier public statements that Cambodia would not oppose US military activities in certain "isolated" border areas.

Sihanouk's concessions to the US, at least as far as the public record goes, do not appear to depart significantly from previously established positions. Cambodia has again formally asked the International Control Commission (ICC) to strengthen its supervisory functions in Cambodia, but since Phnom Penh has made similar requests in the past, Sihanouk is under no illusion about the prospects for an effective ICC in the face of Soviet opposition. Sihanouk did go somewhat further than he has in the past in admitting that the Communists use Cambodian territory, but he did so only by implication. At any rate, he undoubtedly viewed this as a small price to pay for the "assurances" he received from Ambassador Bowles.

Sihanouk's public statement that Cambodia would be willing to send its troops or the ICC to areas where the US has information on Communist activity is a significant departure from his past refusal to cooperate directly with the US in any way on the sanctuary problem. It is not clear whether Sihanouk will carry through, however, and the joint communiqué did not include this provision.

Sihanouk apparently views the Phnom Penh talks as more than a device to deal with an immediate problem. His efforts to get a satisfactory border declaration from the US in return for the re-establishment of diplomatic relations may not only reflect a desire to sign up the only important power that has not yet done so, but also a genuine effort to explore the possibility of improving relations with the US. Phnom Penh expressed its willingness in the joint communiqué to participate in further meetings with the US.

Sihanouk apparently has not changed his estimate that the Communists will ultimately prevail in South Vietnam, but he has not lost sight of the short-term advantages of an opening to the west. His disparaging references to Hanoi and Peking over the past week indicate once again that he draws little comfort from their "support" in meeting Cambodia's principal objective of keeping the war from its territory.

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COMMUNISTS STEP UP MILITARY OFFENSIVE IN LAOS

The Communists are maintaining pressure on government forces in north Laos. The capture of Nam Bac is the most significant success in their current dry-season offensive.

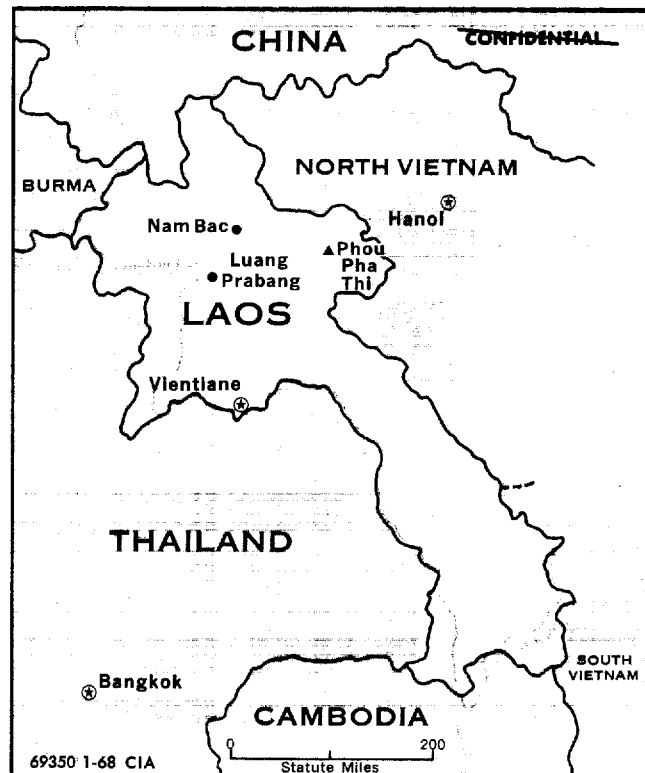
The collapse of this important government position culminated a ten-month Communist campaign to reoccupy an area they had controlled for nearly ten years before losing it in August 1966. The local commander ordered evacuation of the defense perimeter in the face of well-coordinated enemy thrusts. The government is now attempting to rally its forces along a new defensive line 20 miles to the south. There are no reports as yet of casualties resulting from the engagement.

The Communists also have shelled the Luang Prabang Airfield, 60 miles south of Nam Bac, probably hoping to forestall air support for the beleaguered government forces to the north. The Communists have continued to harass this important staging base, but there is no indication that they intend to enlarge their efforts and attack the town itself.

The loss of Nam Bac is more a reflection of the lack of decisive leadership within the Royal Army than an indication that the Communists have embarked on a larger offensive role in Laos. Although the defeat is a severe blow to government plans to ex-

pand its control in the area, it will not, by itself, greatly alter the strategic situation in northern Laos.

The debacle may have a longer range effect on the hard-won confidence and increased capability that the armed forces have acquired in recent years. In addition, the loss of Nam Bac will almost certainly have some political repercussions in Vientiane. This may precipitate a new round of political maneuvering within the army's top command, since commander in chief General Ouan Rathikoun was closely associated with the Nam Bac operation.

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The most unique aspect of the current enemy military push in northern Laos was the unprecedented aerial attack carried out by four North Vietnamese light transport aircraft (AN-2s) on 12 January against the important government outpost at Phou Pha Thi, close to the North Vietnamese border.

[Redacted]

[Redacted] The base is on a high plateau, and would be a difficult target for a ground assault. Two of the North Vietnamese aircraft were downed in the raid, however, while negligible damage was done to the base. It is thus likely that Hanoi may conclude that the use of such slow, vulnerable planes in an attack role is not worth the expenditure of men and machines. [Redacted]

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Phou Pha Thi has long been a thorn in the side of the Communists because it provides an advanced staging base for friendly guerrilla operations [Redacted]

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FACTIONAL SPLITS DEEPEN IN COMMUNIST CHINA

Although the factional fighting taking place throughout China continues to be ignored by Peking propaganda media, provincial radio stations have begun to broadcast shrill denunciations of factional "chieftains" who are said to be fomenting the disorder and to be engaging in other "criminal" activities. Nowhere are opposition leaders identified, but the description of them makes it clear that they are at the head of powerful, militant "revolutionary" organizations.

that the effort to discredit them is coordinated. Presumably, a major aim of these broadcasts is to put pressure on Peking to stop equivocating, give unqualified support to local leaders, and repudiate the radicals. Thus far, however, leaders in Peking--apparently sharply divided--have been unwilling to do this. There are no signs, either, that provincial leaders are following through on their broadcast threats to "smash" their opponents if they do not mend their ways.

The charges leveled against these militant Maoists are similar in each province, suggesting

The nationally prominent Shanghai newspaper, Wen Hui Pao, has been especially outspoken in

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its denunciation of "factionalism." The fact that the head of the Shanghai Revolutionary Committee concurrently holds a senior position in Peking lends authority to the Shanghai media. Although Wen Hui Pao promoted the Cultural Revolution during its early phases, in recent months it has been a strong proponent of a moderate line on rebuilding the party apparatus and restoring political stability.

On 10 January, Wen Hui Pao and two other Shanghai papers jointly published a detailed account of "civil wars" said to be currently sweeping Kiangsu, Chekiang, and Anhwei provinces. The chief instigators were said to be former party officials who now call themselves "veteran revolutionaries," a description implying that they are regarded as turncoats who have joined the ultraleftists to save themselves. The account admitted that these opposition leaders have had considerable success in recruiting and arming followers, and said they had made an unsuccessful bid to "occupy" southern Kiangsu and take over the Shanghai-Nanking railroad.

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On 12 January, Wen Hui Pao published a hard-hitting editorial listing the "ten big crimes of factionalism." Unlike complaints broadcast by other provinces, this made no reference to local conditions and gave the impression it was dealing with a nationwide problem. At several points, Wen Hui Pao indicated it was denouncing leaders who currently hold responsible positions. It said that one "crime" of "factionalists" is to be affable and agreeable in public, while engaging in "vicious backstabbing" in private.

This is probably a fair description of the situation in Peking, where top leaders often appear together in public, seemingly in accord. There are recurrent rumors in Peking, however, of a falling out between the militant leaders Lin Piao and Chen Po-ta, and of rivalry between Premier Chou En-lai and the radical Kang Sheng.

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SINGAPORE AND MALAYSIA REACT TO BRITISH WITHDRAWAL PLAN

Singapore and Malaysia, supported by Australia and New Zealand, have reacted sharply to Britain's decision to withdraw all its military forces from Southeast Asia by the end of 1971.

Singapore has been particularly outspoken in its opposition to the accelerated withdrawal plan, charging British perfidy and, in desperation, even threatening economic reprisals. Prime Minister Lee Kuan Yew flew to London in an unsuccessful, last-minute effort to delay the withdrawal until 1973, the minimum time he believes is required for Singapore to make the necessary adjustments.

Lee's alarm is prompted both by the economic impact of the UK withdrawal and its security implications for Singapore. The British military facilities on the island account for an estimated 20 percent of the national income and employ about 40,000 workers. Moreover, Lee recognizes that financial resources needed for industrial development will have to be diverted to meet added defense requirements. Singapore officials reportedly foresee a rapid build-up of Singapore's armed forces, now restricted to a 3,500-man army and several paramilitary organizations, and the development of a limited air and naval capability.

Malaysian leaders privately expressed keen dismay and disappointment with London, but have

made restrained public statements and chided Lee for his emotional response, which they regard as an exercise in futility. The UK decision is viewed as a virtual abrogation of the Anglo-Malayan Mutual Security Agreement of 1957; the Malaysians are especially upset at being left without significant air and sea defenses. They are also concerned at the impact of British withdrawal on their ability to contain Communist subversion, particularly in rural East Malaysia, where the Peking-oriented Sarawak Communist Organization is active among the local Chinese population. Although the withdrawal will create some unemployment, the economic impact will be much less severe than in neighboring Singapore.

Leaders of Australia and New Zealand gave strong moral support to Lee but declined to join in a representation to London and appeared resigned to the revised British timetable. They agree with Lee and Malaysian Prime Minister Rahman that the longer term security of Malaysia and Singapore requires some regional defensive agreement among the four countries. Neither Canberra nor Wellington, however, is prepared to increase substantially its defense commitment in the area. For the present, both countries will probably maintain their limited military presence and will reluctantly make some small augmentations after the British pull out.

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EUROPE

The USSR's three ranking leaders last week flew first to Warsaw and then to East Berlin for talks with their Polish and East German counterparts. The visits clearly were more than routine. The leaders of the three Communist states undoubtedly had the recent political changes in Czechoslovakia much in mind. The Russians may also have wanted to reconnoiter the situation within the Polish leadership itself, which has lately been the subject of speculation in the Warsaw rumor market.

The Soviet leaders, now back in Moscow, will be preparing for a meeting of the party central committee, reportedly scheduled to begin on 25 January.

Reactions in Eastern Europe to the political changes in Prague have been guarded. The East German press has been curt to the point of rudeness, probably reflecting concern at high levels. Bulgarian media have not dwelled on Prague's new division of responsibility between the top party and government posts, Zhivkov being one of the two remaining Eastern European leaders who hold both. Yugoslav commentary has had an "I told you so" flavor, and the Rumanians seem to recognize that their endorsement at this time would not be beneficial.

The US and the USSR reached agreement on a new draft of a nonproliferation treaty in time for the reopening this week of the disarmament conference in Geneva.

The heavy budget cuts that Prime Minister Wilson announced to Parliament fell hardest on defense spending, but did not spare such sacred socialist programs as free medical prescriptions, education, and housing. With a time lag in their impact and without more restraints on consumer spending, even these Draconian measures may not be enough to solve Britain's balance of payments problem. [REDACTED]

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HIGH-LEVEL SOVIET CONSULTATION IN EASTERN EUROPE

Brezhnev, Kosygin, and Podgorny took an unusual although not unprecedented trip to Eastern Europe this week, visiting both Warsaw and East Berlin. That all three top leaders made the trip is evidence of its importance.

The visits fit a pattern of close consultations between the three northernmost Communist states on European developments of special interest to them. In this instance, it was most probably related to the potential impact of the political changes in Czechoslovakia. The East Germans in particular would be anxious lest these changes lead to better relations between Czechoslovakia and West Germany. The changes in Prague could also have made Moscow uneasy about Warsaw, where there has been a spate of rumors of a possible shake-up in the offing.

Relations with Bonn almost certainly figured in the consul-

tations in each capital. Soviet charges earlier this month of the Federal Republic's encroachments in West Berlin may have been a related development intended to reassure the East Germans and Poles that Moscow was protecting their interests vis-a-vis Bonn. Moscow's views on the alleged FRG encroachments in West Berlin may have been reiterated on 18 January when West Berlin's mayor met in East Berlin with the Soviet ambassador to East Germany.

There were tenuous indications that the Soviet leaders postponed other business in order to make the trip. In any event, the fact that the three top men decided to go together left the impression that, whatever the Soviets learned and whatever advice they dispensed, they believed it expedient to have each member of the troika equally engaged.

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PARTY PURGE UNDER WAY IN YUGOSLAVIA

The dismissal of 400 Belgrade city party members was the first step by supporters of Tito's reform program to eliminate their opponents in the party before its ninth congress convenes next December.

These expulsions, announced by the Belgrade press on 13 January, and others that will follow, are intended to rid the party organization of conservative ex-partisans and minor bureaucrats who have opposed political and economic reforms. President Tito's call for a cleansing of the party in a television interview on 29 December seems to have been the signal for action.

The regime's leaders apparently intend to replace those ousted with younger, more liberally inclined party members. These changes, along with a planned reorganization of the local party bodies will enable the regime to pack both the republic and national party congresses later this year with supporters of its reforms.

The purge was begun in Serbia because of the turmoil in the party there since vice president Rankovic was removed in 1966. His political demise left the large conservative wing of the party leaderless, but his supporters have been able by their inaction to obstruct progress on the reforms. The result has been a widening gap between the top

Serbian officials and the rank and file, with growing apathy and confusion.

In an attempt to reverse this trend, the regime has taken the unprecedented step of appointing a Montenegrin, Veljko Vlahovic, to head the Belgrade city party organization. The regime expects Vlahovic, a member of the party's policy-making presidium, to provide the firm direction that has been lacking since Rankovic's fall.

The purge, which probably will be gradual and without many arrests, will aggravate Yugoslavia's difficult nationality problem. With the liberals already in control in the republics of Croatia, Slovenia, and Macedonia, Serbia is the major remaining arena of conservative-liberal factionalism. Many Serbian party members fear their careers will be damaged and Serbia's economic interests and national influence harmed.

Some extreme liberals may also be purged. This would fit in with Tito's penchant for balancing between the two party extremes. Tito will be careful to keep the purge under control and the party responsive to his leadership, however, and any major changes in its leading bodies--the presidium and the executive and central committees--probably will await the December congress.

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US AND USSR REACH AGREEMENT ON NPT TEXT

The US and USSR, after 11th-hour negotiations in Geneva, placed a nonproliferation treaty text before the disarmament conference that reconvened there this week. Agreement on the draft came after Moscow accepted the US version of Article III--on safeguards--the main sticking point and a provision left blank in earlier drafts. The Soviets had previously insisted, against US wishes, that Article III should provide for the application of only International Atomic Energy Agency (IAEA) safeguards to nonnuclear states. If the Soviets had held to this position, an arrangement that would allow IAEA to work out a mutually acceptable safeguards system with EURATOM would have been ruled out.

The joint draft represents several other US-Soviet compromises, including agreement reached this week on provisions covering the duration of the treaty (25 years, after which a conference will decide its future) and the method for amending it (by a majority of its signers, which must include those who have nuclear weapons now and countries represented on the IAEA board of governors at the time of amendment). Additional concessions probably will be sought by some of the nonnuclear states at Geneva, but a majority of the delegates at the conference is expected to approve submission of the document to the UN General Assembly in March.

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MIDDLE EAST - AFRICA

Some problems in the area were reduced to peaceful political maneuvering for influence on future policy, but elsewhere new tensions appeared and the Arab-Israeli dispute continued to be volatile.

Extremists within the Greek junta are pressing Premier Papadopoulos to adopt a less conciliatory attitude toward the exiled King and toward certain domestic issues, and they are growing impatient with the failure of their NATO allies to grant diplomatic recognition to the regime.

Cypriot President Makarios assumed a new, more moderate posture toward a settlement with the island's Turkish minority, but the move may be only an attempt to strengthen his role in any future initiatives on the problem which the US and others are considering.

Kinshasa's break in relations with neighboring Rwanda may have been a ploy by President Mobutu to extricate himself from his insistence that Rwanda return the white mercenaries to the Congo for trial. This could open the way to get them out of Africa and back to Europe.

Arab-Israeli negotiations remain stymied on the issue of direct talks between the belligerents, and recently increased terrorism may well lead to further Israeli retaliation against Jordan.

In Iraq, student demonstrations at the University of Baghdad broke out again, reportedly causing some deaths. General discontent has been growing in the country since the Arab-Israeli war because of the government's attitudes. The prime minister tried to placate the students by announcing that some of their demands had been met and others were being studied; no students were under detention.

A coup rumor in Ceylon, which was started by the opposition party, set off a chain of events that have seriously strained the never-ideal relations between Prime Minister Senanayake and his invaluable associate, Minister of State Jayewardene.

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MAKARIOS SEEMS TO MODERATE STANCE ON CYPRUS DISPUTE

President Makarios' sudden decision to stand for re-election next month brought with it a departure from his public stance on the Cyprus problem. In addition to seeking a new mandate from the Greek Cypriot community, the President seemed to be advising them that enosis--union with Greece--is unrealistic at present, although still a desirable objective.

In apparently conciliatory gestures toward the Turkish minority on the island, he referred for the first time to the "Turkish community" rather than to the "Cypriot minority" and spoke of new guarantees for it. He also seemed to be opening the door for possible direct talks between the leaders of the island's two ethnic communities.

Reaction from Ankara and the Turkish Cypriots so far has been mild. Both express some

concern over the question of elections, but neither presumably will object strongly if voting is administered under the present constitution which prescribes separate communal elections. This appears to be Makarios' intention.

Although his action can be interpreted as a step toward eventual resolution of the problem, Makarios' motives are unclear. Aware that the UN, the US, and others are considering new initiatives, he probably is trying to strengthen his role in any settlement.

Meanwhile, the withdrawal of the Greek "illegal" troops has continued. Another 2,200 troops departed on 16 January, bringing the total withdrawn to about 7,000--still considerably below the 12,000 that Ankara insists were on the island.

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GREEK REGIME TROUBLED BY DOMESTIC AND FOREIGN PROBLEMS

Premier Papadopoulos appears to be under increasing pressure from junta extremists because of his "conciliatory" attitude toward King Constantine and what some of them see as his "fawning" for Western support. Papadopoulos views the intrajunta struggle with concern, but is confident that he can put down the younger officers either by making those who want to stay in their ministerial posts resign their commissions, or by returning them to powerless positions in the military.

King Constantine's abortive counter coup last December and his subsequent departure from Greece are still troubling the junta's already cool relations with the country's allies. The King's absence complicates recognition of a government whose head of state is in exile. The junta is obviously sensitive to this situation, but so far has avoided a diplomatic confrontation over the question. Some reports, however, state that Papadopoulos may be forced to adopt a more "independent" stance if relations with Greece's friends are not formalized soon. Most of the criticism appears to be focused on the US.

King Constantine's future still is very much in doubt. The junta apparently wants him to stay in exile at least until after the planned referendum on the new constitution. Regime spokesmen indicate that the referendum will be held by 15 September 1968. No definite date has been announced yet for possible general elections.

The draft constitution as it now stands shows little basic change from the 1952 version, which was suspended after the coup in April 1967. The King's power is downgraded somewhat, a new constitutional court has been proposed, and freedom of the press, assembly, association, and other civil rights are more strictly defined. The power of the executive was not strengthened to the degree expected by some observers. Members of the government presently are commenting on the draft.

Andreas Papandreou, the regime's most prominent detainee before his release on Christmas eve, is now in Europe. The junta did not oppose his departure from Greece, probably hoping to undercut foreign criticism of his detention.

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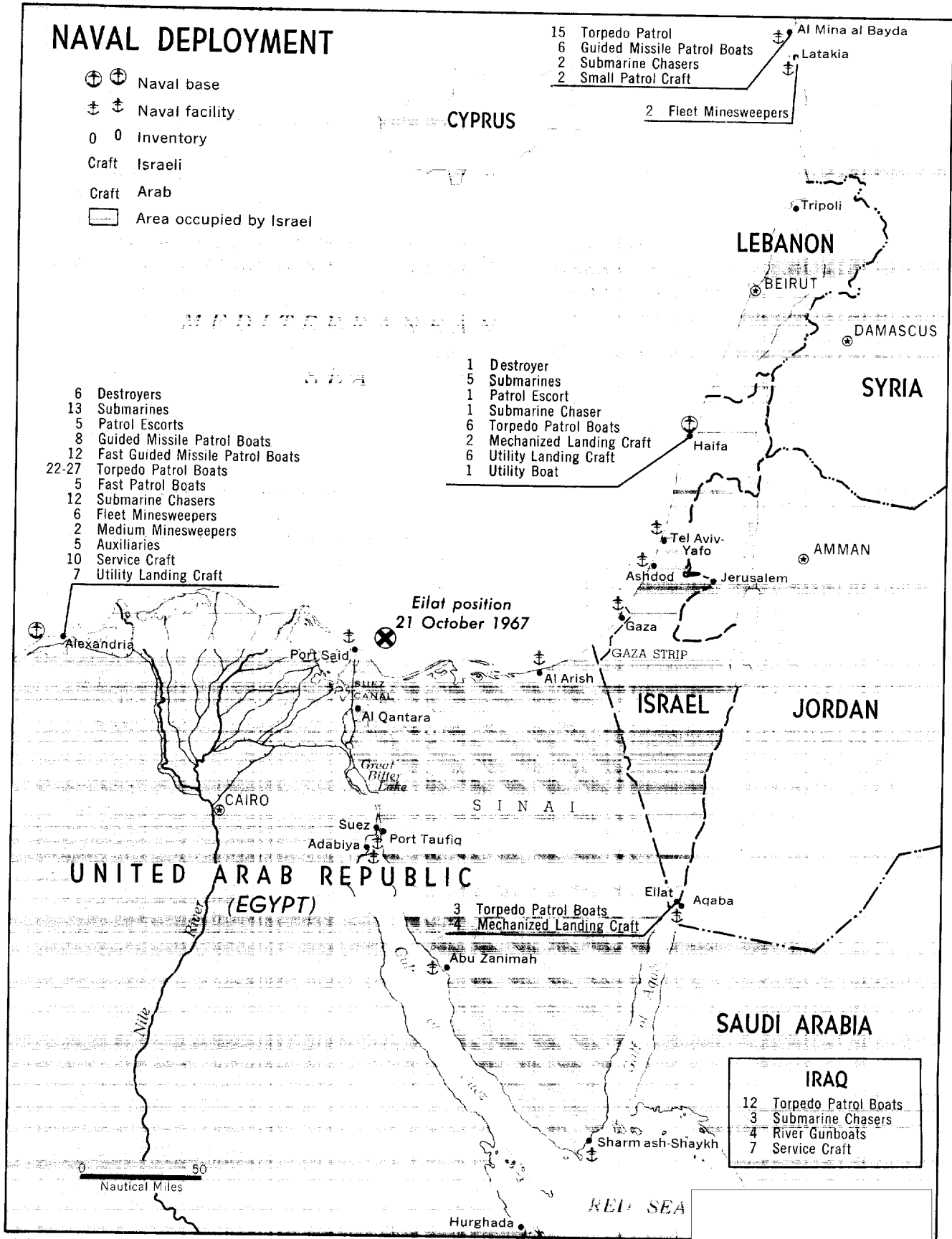
NAVAL DEPLOYMENT

- ⊕ ⊕ Naval base
- ⚓ ⚓ Naval facility
- 0 0 Inventory
- Craft Israeli
- Craft Arab
- ▭ Area occupied by Israel

- 6 Destroyers
- 13 Submarines
- 5 Patrol Escorts
- 8 Guided Missile Patrol Boats
- 12 Fast Guided Missile Patrol Boats
- 22-27 Torpedo Patrol Boats
- 5 Fast Patrol Boats
- 12 Submarine Chasers
- 6 Fleet Minesweepers
- 2 Medium Minesweepers
- 5 Auxiliaries
- 10 Service Craft
- 7 Utility Landing Craft

- 1 Destroyer
- 5 Submarines
- 1 Patrol Escort
- 1 Submarine Chaser
- 6 Torpedo Patrol Boats
- 2 Mechanized Landing Craft
- 6 Utility Landing Craft
- 1 Utility Boat

- 15 Torpedo Patrol
- 6 Guided Missile Patrol Boats
- 2 Submarine Chasers
- 2 Small Patrol Craft
- 2 Fleet Minesweepers



- IRAQ**
- 12 Torpedo Patrol Boats
 - 3 Submarine Chasers
 - 4 River Gunboats
 - 7 Service Craft

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ISRAEL TO REVAMP ITS NAVY

Israeli defense officials are rethinking Israel's naval strategy in the light of the longer coastline seized in the June war and the sinking of the destroyer Eilat. Israel's present inventory of ships is poorly suited to patrol the areas now requiring defense against Arab infiltrators and to counter the threat of coast bombardment.

The sinking of the Eilat, the fleet flagship, by Egyptian Komar-class guided missile patrol boats demonstrated the Israeli Navy's inappropriate equipment and inferior capabilities.

Israel already has received one of the six or seven patrol boats being built in France. These boats are being armed with the Israeli-developed Gabriel

surface-to-surface missile having a range of up to 20 kilometers.

They are about 150 feet long, have a cruising range of 1,300 kilometers, and a top speed claimed to be 45 knots. They carry a crew of 20. Additional armament includes two 21-inch torpedo tubes and 40-mm. antiaircraft guns.

The Israeli patrol boat does not appear to be as formidable a weapon system as the Soviet Komar-Styx system. On the other hand, the Israelis have demonstrated that through training and tactics they can obtain maximum effectiveness from their equipment, and this system will enhance their capabilities.

By the spring of 1968, Israeli naval strength will center around two T-class submarines recently acquired from the UK, a nucleus of modern amphibious landing craft, and the new missile-equipped patrol craft.

ARAB-ISRAELI IMPASSE CONTINUES

No progress has been made in negotiating Arab-Israeli differences, and exchanges of fire continue along the Israeli-Jordanian border.

Arab leaders are becoming more deeply depressed over the absence of "progress" in nego-

tiation of Arab-Israeli issues. UN special representative Gunnar Jarring so far has listened to each side state its maximum positions, but has offered no proposals of his own. This is especially frustrating to the Arabs, who continue to maintain that direct talks are impossible

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and hope to work through Jarring. The Israelis, on the other hand, contend that direct talks are the key to peace.

The Arabs still assert that Israel's withdrawal from the occupied territory is the essential issue, but they now may be willing to modify their insistence that a complete withdrawal take precedence over other questions. The Jordanians may suggest to Jarring that if the Israelis would withdraw from the West Bank, Jordan would agree to maintain the area as a demilitarized zone until final agreements are reached. Israel, however, almost certainly would reject such a proposal.

Meanwhile, exchanges of fire continue between Israeli and Jordanian forces along the cease-fire line. Eventually the Israelis probably will feel compelled to undertake reprisal raids. Each side claims that the other began any particular exchange, but the Israelis may have initiated at least some of the recent exchanges in reprisal for the spate of terrorist infiltrations into the West Bank and Israel proper. In an exchange on 8 January, the Israelis demonstrated again that they will escalate to the use of aircraft when they cannot hit their targets with artillery.

In addition, terrorists are operating at a rate of more than

one strike per day. The terrorists' target area evidently now includes southern Israel. Since the new year began, there have been a number of incidents south of the Dead Sea--the most serious on 13 January when an oil tank near the Israeli port of Eilat was set afire.

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On 15 January, the Israelis brought the border situation to the attention of the UN Security Council. They are presumably building a record to justify counteraction.

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IMPROVED PROSPECT FOR MODERATION IN CONGO (BRAZZAVILLE)

Last week's cabinet shake-up in Brazzaville was a significant gain for relatively moderate President Massamba-Debat, who has worked with growing force and determination to keep the Congo on a course acceptable to France, the country's largest aid donor.

Massamba's accelerated drive against extremism has been evident since last April, when he publicly ridiculed demands for nationalization of the economy. He has since urged the people to accept hard work and discipline in place of the class struggle demanded by the extremist press. Last July, he was able to head off a party congress he could not control and also replaced the extremist who headed the party's youth organization.

The most important change in the cabinet was the ouster of Prime Minister Noumazalay, who came to power in May 1966 during a period of extremist ascendancy. His departure and the assumption of his functions by Massamba is a blow to those elements of the Congo's confused political structure that have clamored for instant socialism. Another major change was the replacement of Agriculture Minister Da Costa once thought to be a moderate but recently reported to be a major figure among the extremists.

The five new cabinet members appear to be either personal supporters of Massamba and his pro-French policies or technicians. Lt. Poignet, now in charge of the Defense Ministry under Massamba's aegis, has been rated as a capable officer and a strong francophile. His appointment could signal an enhanced status for the regular military forces at the expense of the heretofore favored paramilitary groups that are dominated by the country's most extremist elements.

The changes probably do not portend an early moderation of the radical regime's strident anti-Americanism. The new interior minister, Michel Bindi, a relative of Massamba, [redacted] was personally responsible for a series of incidents in 1965 that involved harassment of US officials and led to the closure of the US Embassy. In addition, there is no reason to believe that the changes will result in any early reduction of the large Communist presence in Brazzaville, although the influence of the Chinese, who had close contacts with Noumazalay, may decline somewhat.

The reaction of the extremists, who still predominate in the political bureau of the

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regime's single party, may take any number of forms, including direct attempts to oust Massamba. Massamba took the initiative this week, however, by publicly denouncing radical youth elements

and "power hungry" administrators and politicians who he said wanted to overthrow his government. [REDACTED]

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CONGO (KINSHASA) BREAKS DIPLOMATIC RELATIONS WITH RWANDA

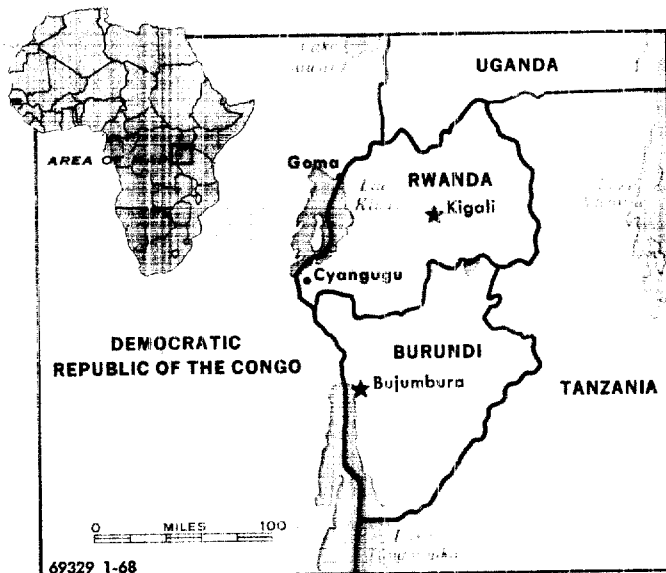
The reasoning behind Kinshasa's decision last week to break diplomatic relations with Rwanda remains unclear. Mobutu may have acted to rid himself

of responsibility for the European mercenaries who have been in Rwanda since early November and thus give Rwanda the freedom to repatriate them.

The first hints that Mobutu was backing down from his demand that the mercenaries be extradited to the Congo were heard in early January. There were rumors [REDACTED] Mobutu was weary of the mercenary problem and was anxious to find a face-saving way out. These rumors were confirmed when, on 9 January, Mobutu said to the US ambassador that he was recommending to the head of the OAU special subcommittee on mercenaries that most of the mercenaries be permitted to depart for Europe.

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This conciliatory mood was not reflected in the government's

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public pronouncements, which suddenly became sharply condemnatory of Rwanda. Mobutu, however, seems more interested in disengaging himself from the controversy behind a screen of vituperation than in actually punishing Rwanda. For instance, he said that the Congo refused to recognize Rwanda's existence and that the mercenaries are no longer a Congolese problem. This broad hint--which Rwanda may eventually pick up--suggests that if Rwanda acts unilaterally to repatriate the mercenaries, the Congo will not interfere.

Good relations between the Congo and Rwanda in the past have been advantageous to both coun-

tries, but they can manage independently. Each country can harass the other in minor ways that could make life more difficult for those living in the border area. The Congolese, for example, could shut off the electricity for the Rwandan village of Cyangugu. In retaliation, Rwanda could deny the Congolese town of Goma access to potable water and electricity. Additionally, there are many Rwandan Tutsi exiles in refugee camps on the Congolese side of the border. If Congolese authorities were to grant permission, these refugee groups could cause some border scuffles, although their military threat to Rwanda is marginal. [REDACTED]

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POLITICAL UNREST RISING IN ZANZIBAR

The Zanzibar region of Tanzania faces economic stagnation and unprecedented political unrest following four years of Communist aid and economic advice. If the situation continues to deteriorate, the mainland Tanzanian Government may have to intervene more strongly than it has in the past.

The main causes of public grievance are long queues at food shops, rising prices despite government controls, and acute shortages of sugar, flour, meat, and tea. Unrest has been further stimulated in rural areas by heavy-handed implementation of land distribution, resettlement, and forced-labor schemes.

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Zanzibaris increasingly blame the island's president, Abeid Karume, for the chaotic state of retail trade and rising unemployment. The state shops, which replaced those confiscated from Asian traders, offer no credit and have not brought lower prices as promised. The state corporation that controls all import trade has lost a million dollars in the past three years through corruption and gross mismanagement. Since 1 December when Zanzibar reluctantly joined the East African Community, disagreement over import procedures has kept the custom house closed, with piles of goods awaiting clearance.

The regime's efforts to make scapegoats out of Asian merchants and corrupt officials are no longer effective, and sub rosa criticism has taken an increasingly political turn. The ruling Revolutionary Council (REVCO), which has never sought a formal mandate, now is facing demands for elections.

Karume has reacted to this dissidence by tightening security and railing about "plotters" who are sabotaging the economy. For the first time, his suspicions are clearly directed against Africans rather than Arabs and Asians on the island. Although arbitrary arrests and dismissals from government posts

have fanned rumors of a conspiracy to overthrow the regime, it seems more probable that the current chaos will produce either a shift in the balance of power within REVCO or direct intervention by Tanzanian President Nyerere.

Heretofore, army support and Karume's popularity with the Africans have enabled him to balance the various factions within REVCO. His grip is obviously slipping, however, and last month he had a falling out with the army commander over a division of the spoils. Although virtually every REVCO member is in the pay of one or more Communist countries, any internal power shift would probably benefit the Chinese. Over the past year, their influence has continued to grow at the expense of the East Germans and Soviets.

The mainland government has been gradually asserting more control over recalcitrant Zanzibar's foreign relations and military forces, but Nyerere always has been reluctant to intervene in the island's internal affairs. He is becoming increasingly critical of Karume's leadership, however, and the island population, in a marked reversal of attitude toward the union, is looking to Nyerere for a solution.

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WESTERN HEMISPHERE

Political campaigning is beginning to take the spotlight in some of the seven Latin American countries holding national elections this year.

In Panama's bitter presidential contest, government-backed candidate David Samudio has begun a mud-slinging propaganda campaign to portray his opponent, Arnulfo Arias, as racist and totalitarian. So far, Arias' statements have been more moderate than Samudio's.

In Ecuador, the surprising reconciliation between ex-presidents Jose Maria Velasco and Carlos Julio Arosemena has raised talk of an anti-Velasco alliance behind conservative-backed ex-president Camilo Ponce. Lack of strong political organizations will tend to make the election a personal confrontation between the country's traditional strong men, Velasco and Ponce.

The legislative election campaign in El Salvador officially opened amid a flurry of coalition rumors.

Continuing diplomatic maneuvering in the three-way race for secretary general of the Organization of American States (OAS) has not improved the prospects for a solution of the impasse. The polemical speech of Panamanian candidate Ritter before the council on 8 January may have undermined his chances and somewhat enhanced those of the Venezuelan contender. Support for the Ecuadorean, Galo Plaza, appears far short of the needed majority.

Because of the nationalistic resentments arising from the embittered campaign, it is questionable whether any of the three present contenders could cultivate the strong support necessary for effective leadership. Furthermore, the election of yet another South American to the post could create frustrations in Central America, Panama, and Mexico that might affect cooperation within the OAS.

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SOVIET MILITARY AID TO CUBA CONTINUES AT HIGH LEVEL

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Despite the apparent friction between the two countries, the USSR's military aid to Cuba has continued at the increased rate that began in the fall of 1966. The equipment has enabled Cuba to modernize and expand its military inventories as well as to replace worn out and destroyed materiel. It has not, however, provided Cuba with an offensive capability.

Two Soviet freighters, the Khimik Zelinskij and the Fredrick Zhilio Kyuri, which recently arrived in Cuba, appear to be carrying military cargoes. These would be the first in 1968 and would bring to 30 the number of military deliveries since September 1966.

This equipment is being delivered under an arms agreement probably concluded in the spring of 1966 that apparently covered anticipated Cuban armed forces needs into the late 1960s.

Just before the Cuban missile crisis of October, 1962, massive shipments of Soviet military equipment--some 250,000 tons aboard 125 ships--arrived in Cuba. These deliveries included the bomber aircraft and offensive missiles that were removed when Soviet forces withdrew. They also included large stocks of spare parts, maintenance equipment, and ammunition that were used to meet Cuban needs up to late 1966. From January 1963 through mid-September 1966 small amounts of additional military equipment were delivered.

Since the departure of their military forces from Cuba in 1963, the Soviets have maintained an estimated 2,000 military advisers, technicians, and maintenance personnel in Cuba.

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HAVANA CULTURAL CONGRESS CLOSES

The Cuban hosts stage-managed last week's Cultural Congress in Havana with the smoothness of a well-tooled publicity machine. The "intellectuals," who gathered from around the

world, were entertained in the best Cuban tradition and probably left the island with new admiration for the achievements of the Cuban revolution.

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As expected, the delegates adopted all Cuban-sponsored resolutions. Some disagreement was voiced by less militant delegates on the applicability of "armed struggle" to the liberation of artistic and creative work in the underdeveloped world. The Cuban line prevailed, however, and "an armed revolutionary process which meets the exploiter's violence with the revolutionary action of the exploited" was endorsed as the only method to achieve true "national liberation."

Ernesto "Che" Guevara was cited as the personification of revolutionary leadership in the nonliberated nations." Intellectuals were asked to turn down invitations and scholarships offered by "imperialist agencies." Scientists were requested to abstain from participation in research aimed at "imperialist genocide." All mass communications media were urged to condemn "US aggression" and to denounce the US economic and cultural blockade of Cuba.

Castro underscored the conference resolutions during his closing speech. He bitterly compared the "Yankee imperialist policy" with the "acts of barbarity of the Nazis." He expressed special annoyance with the US economic denial program, and said that the US is "sabotaging" Cuban efforts to make trade deals in Western

Europe. He also launched a rather lengthy personal attack on Secretary Rusk, calling him an "imperialist gray eminence."

Responding to Bolivia's well-publicized "offer" to exchange Regis Debray for Huber Matos, a high-ranking Cuban political prisoner, Castro said that Debray, because of his courage and spirit, would never agree to such an exchange. Castro's reluctance to accept the "offer," however, may result from a personal belief that Debray, by his conduct after being captured, may have been partly responsible for Guevara's death and the guerrillas' annihilation. Consequently, his offer to trade 100 Cuban political prisoners for Guevara's corpse--which Bolivia has already rejected--suggests that Castro prefers to let Debray stay in a Bolivian jail.

Finally, returning to his theme of last summer, Castro made some stinging remarks about Communists who are lacking in revolutionary vigor. He implied that Marxism as a revolutionary doctrine needs to be revamped and "conduct itself like a revolutionary force; not like a pseudo-revolutionary church." Undoubtedly referring to the pro-Moscow parties in Latin America, Castro said that those not supporting the doctrine of "armed struggle" are in the "rear guard in the struggle against imperialism."

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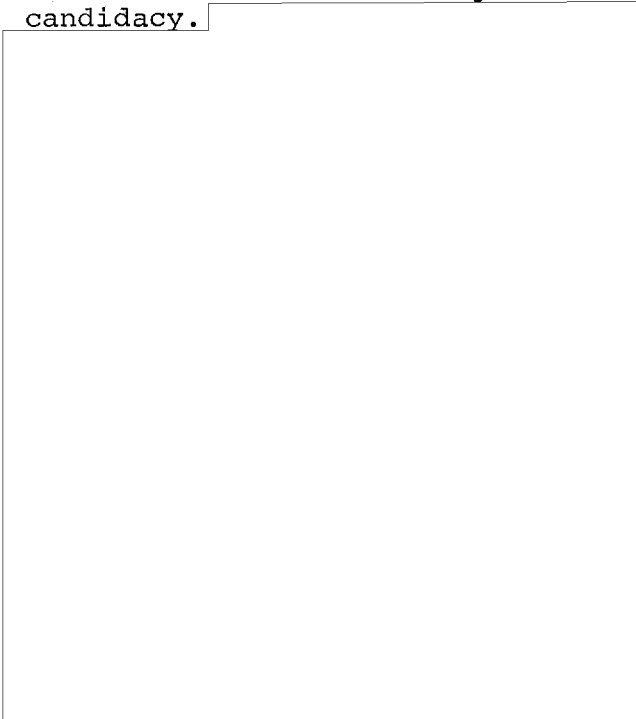
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ECUADOREAN PRESIDENTIAL CAMPAIGN FINALLY IGNITES

The campaign for presidential elections on 2 June has been thrown into turmoil by ex-president Carlos Julio Arosemena's announcement that he supports the man he ousted from the presidency in 1961, Jose Maria Velasco.

Velasco, who completed only one of his four previous presidential terms, is generally considered a sure winner if he runs. So far, however, he has stayed in voluntary political exile in Argentina and insisted that he must have commitments of support from groups outside his own political movement before announcing his candidacy.

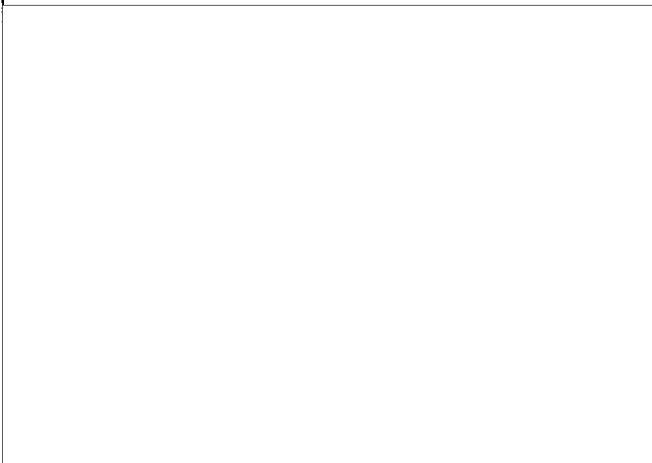


The new coalition will greatly influence party conven-

tions to be held in the next few weeks to choose presidential candidates. Some observers believe that Velasco could be defeated only if liberal groups were to support former president Camilo Ponce, the candidate of the Social Christian and Conservative parties. This will be difficult to achieve, however.

The Ecuadorean military has been wary of political activity since the overthrow of the 1963-1966 junta. It had seemed resigned to Velasco's return to the presidency, but the deal with Arosemena, who has campaigned vindictively against the armed forces since his ouster by them in 1963, may cause military leaders to reconsider. There is conjecture in Guayaquil that the military might stage a coup to retain Interim President Otto Arosemena in office.

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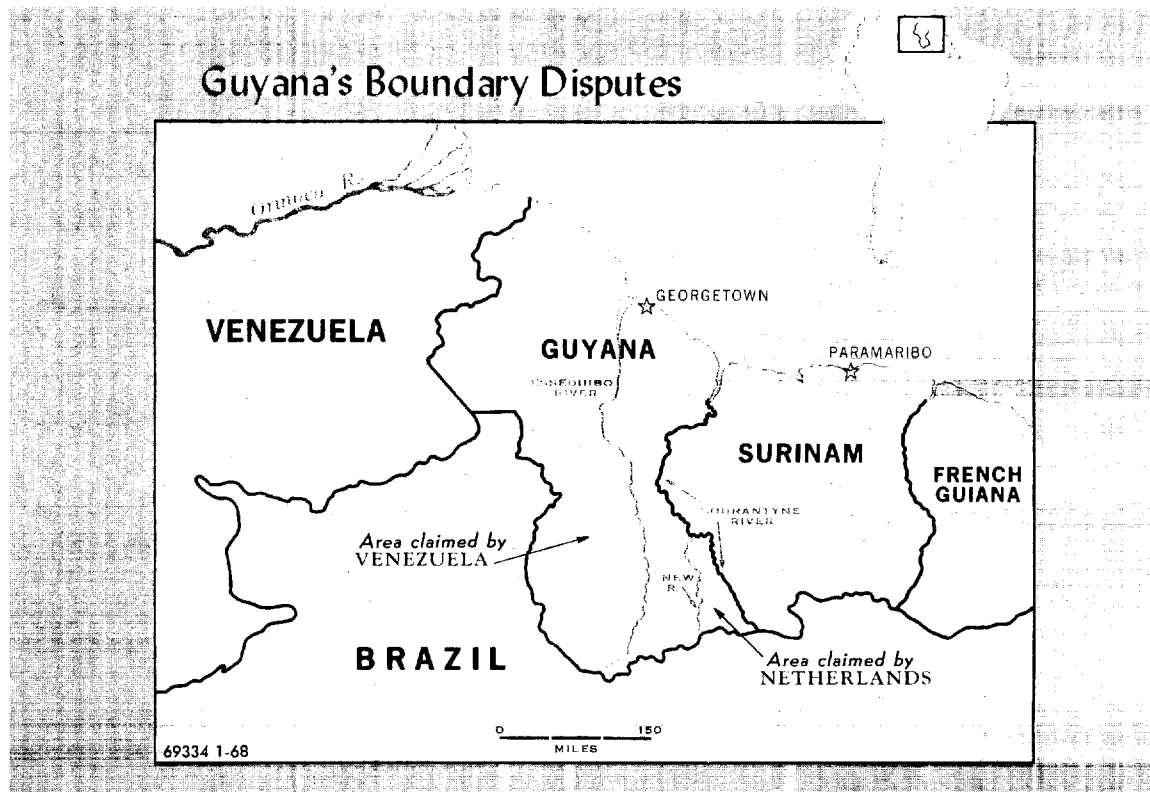
GUYANA-SURINAM BORDER TROUBLES FLARE UP

Provocative statements by Surinam's Minister-President Johan Pengel regarding his country's long-standing boundary dispute with Guyana are increasing tension between the two countries.

A 1916 agreement states that the boundary should be the Courantyne River, but the river's exact location was never established in the jungle area south of its confluence with the New River.

The issue had been quiet for some time but it flared

up again last month when the Guyanese police removed from "Guyanese territory" five Surinamers who were conducting hydrographic studies of the disputed New River. The ouster came shortly after Pengel's recent diplomatic visit to Caracas, which may have looked to Guyana like a demonstration of support for Venezuela's claims to a large part of Guyanese territory. Guyana may have wanted to underscore its claims of "established presence" in the area, but probably had no intention of touching off another time-consuming and politically sensitive boundary problem.

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Pengel's reaction was vigorous. He stated that "the Dutch will guarantee the integrity of Surinam's territory, and, if necessary, armed force will have to be used." On 12 January, he quietly sent a small group of civilian workers back to the disputed area. He also announced that all Guyanese would have to leave Surinam "within a period to be set by the government," and that he would ask for volunteers with military training, presumably to go to the disputed area.

Publicly, the Guyanese have responded with moderation, but they have decided to increase air surveillance over the area. As soon as possible, they plan to send in supplies and a platoon of the Guyana Defense Force to augment the detachment of 14 police and 24 soldiers already there.

Two members of Surinam's leftist revolutionary party arrived in Georgetown to consult with Guyana's pro-Communist opposition leader Cheddi Jagan on the border issue. Jagan would probably like to exploit

the issue by suggesting that the government is not acting strongly enough to protect Guyana's interests. He does not want to antagonize Surinam's left, however, and therefore has fallen in with Burnham's call for diplomatic talks to resolve the problem. The Surinam leftists are hoping to involve the Tri-Continental Conference organization in Cuba, and reportedly have requested that it convene a meeting of the political and economic committee to discuss the issue.

Despite their hard words, the Surinamers have left room for diplomatic maneuvering, and no major military action is likely. The Dutch blame Guyana for the initial escalation but want the dispute settled peacefully, preferably by direct negotiations between Surinam and Guyana. The Dutch forces in Surinam have been instructed to stay clear of the dispute and, except for provoking a scuffle at the border, little can be done by the Surinamers. The British officers who lead the Guyanese are also unlikely to get involved.

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INCREASED VIOLENCE BREAKS OUT IN GUATEMALA

An outbreak of Communist terrorism on 16 January has caused the Guatemalan Government to declare a 30-day "state of alarm."

The commander of the US military group and the chief of the navy section were killed and two other members of the group were wounded in one attack. Elsewhere in the city, Communist terrorists attacked the homes of two high-ranking Guatemalan officers in charge of the government's clandestine anti-Communist terrorist squads, and a rightist politician, Manuel Villacorta Vielmann.

The Communist Rebel Armed Forces (FAR) have claimed responsibility for the murder of the two US officials and has said that the shooting was to avenge murders by clandestine right-wing organizations. Their leaflet reiterates the FAR propaganda thesis that "Yankee imperialists"

are the real enemy and that the US military are the intellectual authors of the Guatemalan Government's counterinsurgency effort. Members of the military mission as well as other US Embassy personnel have been threatened and followed by Communist terrorists in the past, and in February 1965 the chief of the US Army mission was fired on.

Minister of Defense Colonel Arriaga has personally taken over the investigation of the attack on US officers. Arriaga plans to react forcibly and in kind to the Communist terror. [REDACTED]

[REDACTED] Although security officials have voiced confidence in their ability to maintain order, there is a distinct danger that the desire for vengeance on both sides will result in increased violence. [REDACTED]

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