

DIRECTORATE OF
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[South Vietnam: The anticipated Communist move against Saigon may have been further delayed.

The third phase of the Communist's second offensive, reportedly already delayed from late June or early July, may have been postponed until August. This is suggested by a captured enemy document of 13 June containing orders for intelligence collection efforts that are to be completed by the first part of August. Prisoners taken during the current intensive allied sweep operations in the capital area have reported increasing personnel and supply problems, which may have forced the Communists to reschedule their timetable.

Ground fighting between allied and Communist forces remained sporadic and scattered in South Vietnam's I and III Corps over the weekend. Most of the clashes developed in reaction to vigorous allied field maneuvers aimed at concentrations of enemy forces and supply areas.

* * * *

President Thieu has taken the first step toward launching a progovernment political organization by hosting an assemblage of political and religious leaders on 29 June. In a keynote address, Thieu described his role as an indirect one of "encouraging" the development of a two-party system that would enable the country eventually to cope with the Communists in the political arena.

There are some indications that the reported release of militant Buddhist Tri Quang, although foreshadowed by statements of Prime Minister Huong, was a price paid by Thieu for the participation of one of the four groups expected to serve as the cornerstones of the new government front.

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[France: The Gaullists' landslide election victory indicates that most Frenchmen still fear the Communists and want public order above all.

For the first time in the ten-year-old Fifth Republic, the orthodox Gaullist party--the Union of Democrats for the Fifth Republic--holds an absolute majority in parliament without the support of the Gaullist-allied Independent Republicans or other parties. The Union and the Independent Republicans together won a total of 355 seats out of a possible 487--about 300 of which went to the orthodox Gaullists. The Independent Republicans have announced that they will remain in the Gaullist majority, although maintaining a "critical approach."

Communist and Federation of the Left losses, which left both parties with only about half of the seats they held in the previous parliament, are certain to exacerbate divisions both within and between the groupings. The results could split the leadership of the Communist Party between the "old guard," which has always been dubious about cooperating with the non-Communist left, and elements within the party who want to associate more closely with students and workers. The federation's poor showing will lead to renewed pressure to move away from the Communists and toward a center-left coalition. The center, which declined still further as an independent political entity, may be forced to turn to the non-Communist left because the Gaullists now have no need of center support.

The massive Gaullist majority could neutralize the legislative arm of the government and make the National Assembly even more of a rubber stamp than in the past. The executive branch under De Gaulle is likely to assume primary responsibility for finding solutions to the grave problems that produced]

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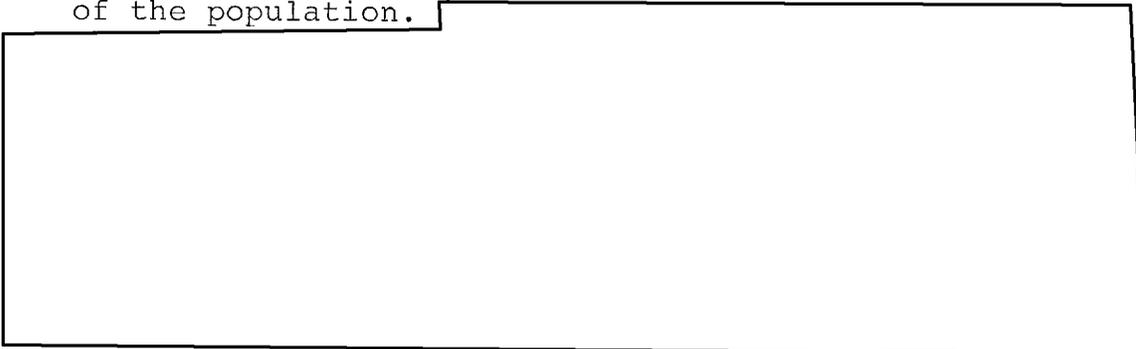
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[the student-labor crisis. The victory could give impetus to a new and meaningful program of reform.

On the other hand, there is some fear that the landslide may lead De Gaulle and his associates to lose sight of the fact that they have not dealt with the grievances of substantial and volatile segments of the population.

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Nonproliferation Treaty: Joint US and Soviet efforts on the nonproliferation treaty (NPT) reach a climax today when at least 45 nations will sign it at ceremonies in Washington, Moscow, and London.

Since the draft treaty was endorsed on 12 June by the UN General Assembly, the US and USSR have worked to assure as many signatures as possible on the opening date. According to its terms, the treaty enters into force after signing and ratification by the governments of the three supporting nuclear powers (US, USSR, and UK) and 40 non-nuclear countries.

As many as 30 or more not signing on 1 July may become signatories by early August. None of the Euratom countries will sign on 1 July because they are awaiting an opinion from the European commission on the compatibility of the NPT with the Euratom treaty. Italy, furthermore, plans to seek some form of parliamentary approval before signing, owing to the tenuousness of its government. Other nations, such as Canada and Sweden, expect to sign later, but government machinery has made it impossible by 1 July.

Neither Communist China nor France, the other two nuclear powers, will sign the treaty. Among important non-nuclear countries not prepared to sign at the moment are Australia, India, Pakistan, Indonesia, Japan, South Africa, Brazil, and Chile.

On 16 July, the Eighteen Nation Disarmament Committee reconvenes in Geneva. This body, under the joint chairmanship of the US and USSR, drafted the NPT. US and Soviet representatives are again expected to work closely together on matters related to arms limitation when the committee reconvenes. One possible topic for consideration is limitations on military uses of the seabeds.

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Poland: The regime is slowly revealing the extent of its countermeasures against students involved in the youth unrest last March.

At a session on 26 June of the parliamentary commission on education and science, Deputy Education Minister Michajlow revealed that "disciplinary procedures" were instituted against 424 students, of whom 111 have been "temporarily" suspended. Disposition of the remainder of the cases is still pending, and probably includes a small number of student leaders whose trials reportedly will come in the near future. The regime probably intends to hold these trials during the summer out of public view.

No totals for arrests and trials have been made public. On 19 March, party boss Gomulka stated that up to that time 1,208 persons had been arrested, only 367 of them being students. The remainder, generally identified as "hooligans" and other "misguided elements," evidently are not included in the currently published information. The data made public by Michajlow also does not take into account the more than 1,600 Warsaw University students who were required to re-register. This screening process so far has resulted in the expulsion of about 73 students.

Measures against the academic staff of higher schools have been rapid. Influential liberal professors and other academicians, many of them Jews, already have been purged. Organizational changes, especially at the universities, are also being considered. It is likely that Warsaw University's philosophy faculty, long viewed by the regime as a hotbed of dissent, will be closed.

The regime also has officially introduced plans for abolishing the traditional system of professional chairs at the universities, which had up to now permitted a significant degree of autonomy to professors

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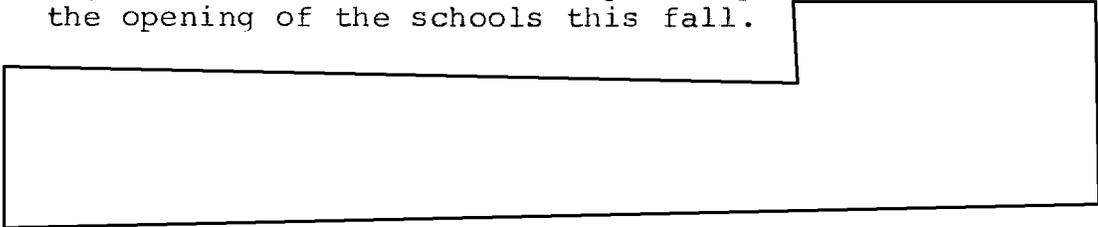
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holding these positions. Despite some recent opposition in the press to this proposal, it and other measures to strengthen centralized control over teaching and the academic staff may be implemented before the opening of the schools this fall.

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Egypt-USSR: During Nasir's visit to Moscow, which begins Thursday, talks will likely center on the continuing stalemate in the Middle East situation. The state of the Jarring mission and possible courses of action in the United Nations will probably be high on the list of topics under discussion between Nasir and Soviet leaders. Nasir's four-day trip, his first visit to the Soviet Union since 1965, will also include a stopover in Belgrade for discussions with Tito. [redacted]

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Philippines: [redacted]

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[redacted] For several years the Huks appeared largely to have abandoned ideological dedication in favor of profitable racketeering.]

[Overt terrorism by the small Huk movement has diminished in recent months, possibly because of the death of several group commanders in clashes with police. The Huks, however, continue to exert considerable political influence in their operations area north of Manila.] [redacted]

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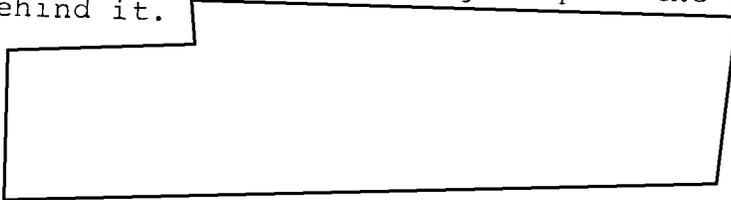
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Uruguay: In an effort to curb the rate of inflation, President Pacheco on Friday decreed rigorous controls on wages and prices. The decree will face many challenges. The Communist labor unions, already engaged in a series of strikes protesting government economic policies, will be even more intransigent. Furthermore, congress might override the President. Late on Thursday, Communists in congress succeeded in sidetracking approval of the state-of-siege decree of 13 June, even though Pacheco had lined up a majority of the legislators behind it.



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