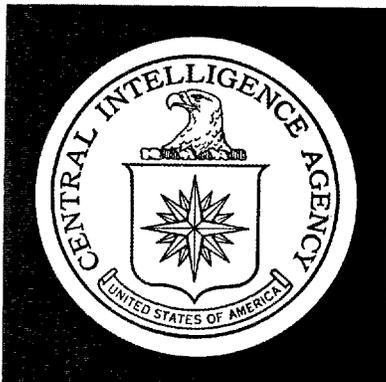


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South Vietnam: Relatively little enemy-initiated activity was reported on 7 April.

Sporadic shellings and minor ground actions occurred in several sections of South Vietnam, but most enemy units seemed to have reverted to activities characteristic of the pre-offensive period.

Terrorist incidents continue to be reported from widely scattered areas of the country, suggesting that the Communists may persist in this form of warfare despite the current stand-down in regular military operations. Bombings and assassinations have occurred in several urban centers in recent days, the most recent being the shooting death of a Saigon hospital director on 7 April.

* * * *

President Thieu's speech to the National Assembly on 7 April is yet another step to prepare his countrymen for postwar political competition with the Communists.

Thieu told the legislators that he intends to head a new "broad based" political organization which is to include all individuals and groups in the non-Communist camp. He emphasized the need for such political unification in order to meet the Communist challenge.

The President's speech included a six-point program for ending the fighting; this is a follow-up to his announcement of 25 March that Saigon was willing to hold secret talks with the National Liberation Front. Thieu asserted that the government can afford to advance these "positive initiatives... without harming our basic stand" because its position with the people and on the battlefield has become strong.]

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[In private talks with high-level US officials, Thieu repeated his optimistic assessment of the military situation and his confidence that progovernment factions can be organized for political competition with the Communists. He predicted that after another offensive effort early this summer the Communists will move toward serious negotiations, reaching a settlement after about six months.

The President remarked that before this "culmination point" is reached the government must take important steps to be ready to compete with the National Liberation Front in postwar politics. Thieu doubts that the Communists will be a serious threat at the national level, but he foresees that they will attempt to control the administration of hamlets, villages, and districts on a wide scale. To counter this effort the President said that the government must expand its cadre force, improve local administration, and attempt to raise the standard of living in rural areas.

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Czechoslovakia: The split between party liberals and conservatives has widened as a result of the recent anti-Soviet demonstrations, but there appears to be a new sense of unity within the top party leadership.

Pro-Soviet conservatives cite the disturbances as proof that the Dubcek leadership is either unwilling or unable to control the situation. They are pushing for severe restrictive measures that would increase their influence. The liberals, for their part, are hinting that the conservatives staged a provocation, using members of pro-Russian youth groups to turn a peaceful hockey victory celebration into violent anti-Soviet demonstrations which threatened to topple the Dubcek leadership.

Recent reports indicate that a major factor in the leadership's stability during the recent crisis is that it received support from an unexpected source. Slovak party chief Gustav Husak, a "realist" who at times has been highly critical of the national leadership, is said to have supported Dubcek in the aftermath of the demonstrations. He thereby stiffened the backs of wavering moderate and progressive party leaders, who seemed willing at first to accede to Soviet demands for a harsh crackdown.

Husak's shift may in part stem from a reported dispute with Czech party chief Strougal over the fate of the party's rehabilitation program. Husak, who spent most of the 1950s in prison as a Slovak "bourgeois nationalist," has sided with the progressives who want to publicize a review of the "illegal" trials of Czechoslovakia's Stalinist era. If the report is released, Strougal, who served as interior minister under former hard-line party boss Novotny, and many of the central committee's older members as well as the Soviets will be implicated.

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Finland: The Finnish Communist Party was fully taken over by its liberal wing at the 15th congress which closed on 6 April.

The liberals, with a majority of the delegates, were able to enact their version of the party program calling for a "peaceful transition to socialism" and a multiparty system. A dispute over the selection of the new committee precipitated a walkout of the conservatives; in their absence the liberals swept out the more objectionable conservatives in the leadership.

The new 12-member politburo is weighted 9-3 in the liberals' favor. Party secretary Ville Pessi resigned after 25 years in office and was replaced by the relatively unknown liberal Arvo Aalto.

An open split could change the political balance in Finland. The Finnish Communist Party, operating through the People's Democratic League, usually gets about 20 percent of the vote and since 1966 has been a member of the center-left coalition government.

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Bulgaria: Sofia has apparently decided to try to improve its image abroad and counteract Yugoslav charges that Bulgaria is a trouble maker in the Balkans.

In a major foreign policy address on 4 April, Foreign Minister Bashev linked Bulgaria's peaceful intentions in the Balkans to the Budapest appeal for cooperation among European nations. He promised that Sofia would give the "greatest attention" to any proposals for cooperation from Bulgaria's neighbors.

Bashev disclaimed Bulgarian responsibility for the deterioration of relations with Yugoslavia which has resulted from squabbling over the Macedonian issue during the last year and a half. He denounced assertions that Bulgaria has territorial claims on Yugoslav Macedonia and hinted that his government would like high-level discussions on the issue.

Bashev also turned a friendly face toward Turkey, Rumania, and Greece, noting that relations with them were progressing favorably; he even expressed hope for a normalization of relations with Albania.

One of Bulgaria's motives is apparently to counter the ill effects of its hard-line support of Soviet policies in Eastern Europe, especially regarding Czechoslovakia. Bashev's speech serves as an appropriate prelude to party boss Zhivkov's trip to Austria next week, his first visit to Western Europe since the invasion of Czechoslovakia.

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NATO: The desire to promote detente in Europe appears on the rise as the alliance prepares for the ministerial meeting this week.

The recent Budapest appeal for a European security conference has sharpened West European interest in detente, with the Belgians and the Italians taking the lead. Some NATO members believe that Moscow's problems with China may influence the USSR to make genuine compromises in Europe; others think it would be poor politics to appear unresponsive, although some are skeptical that the Russians are in earnest. Most NATO foreign ministers apparently want an exchange of views on the subject.

Several other matters will also receive attention during the ministerial sessions. Among them are the upgrading of force contributions which were promised by several members in the wake of the Czechoslovak crisis but have not yet been undertaken. Criticism of the character of the Greek regime could sour the atmosphere if that subject should be explicitly raised.

The ministers are still wary of a recent proposal to expand NATO discussions to include consultations on social and environmental problems. There is a strong desire to avoid duplicating the efforts of the OECD and UN agencies in these fields. [redacted]

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Nepal: A cabinet shuffle announced yesterday reflects King Mahendra's customary method of dealing with governmental problems; significant policy changes are unlikely.

The principal victim of the shuffle is Prime Minister S. B. Thapa, who has been succeeded by a former deputy prime minister, K. N. Bista. Thapa, a member of numerous cabinets for more than eight years, apparently failed to retain the King's confidence after acquiring enhanced power from the last cabinet shuffle only six months ago. The King presumably sanctioned sharp parliamentary criticism directed at Thapa in March, and thus set the stage for the prime minister's resignation. In effect, Thapa was the King's scapegoat for public discontent over official corruption, rising living costs, and the government's inept handling of student disorders.

The new cabinet under Bista represents a variety of viewpoints, but is typically lacking in color and dynamism. It is composed of men closely identified with the prevailing partyless system of government, who lack a political base of their own and are willing to acquiesce in the King's nearly absolute exercise of power. It appears Bista may have even less room for maneuver than his predecessor.

Bista is reportedly anti-Indian and has resisted the recent trend toward some liberalization in Nepal's domestic politics, which has been encouraged by New Delhi. His appointment may indicate that the King has decided not to grant further significant concessions in the near future to his former political opponents who are seeking to re-establish themselves as a political force in Nepal. Maintenance of the status quo, however, is likely to be at the expense of governmental efficiency and unlikely to elicit the more active support of educated Nepalese. The majority of this elite, although loyal to the Crown, would prefer a more liberal political system. [redacted]

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