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DIRECTORATE OF  
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CYPRUS: Archbishop Makarios probably will reject the demand of the Cypriot Bishops that he resign as president. The Bishops' action is causing renewed fears of civil disturbance.

In response to the three Bishops' demand, which reportedly was made under the influence of Athens, Makarios asked for time to consider their request and has called an emergency meeting of his cabinet. A special meeting of the House of Representatives is also scheduled for today.

If the three Bishops remain united, under Canon law they could theoretically strip Makarios of his ecclesiastical functions should he refuse to resign as president. However, in past confrontations with the Bishops, Makarios has had no trouble in dividing and outmaneuvering them. Makarios will probably first attempt a public campaign against the Bishops, and mass demonstrations are planned in support of the Archbishop in Nicosia today. If the campaign fails and civil disturbances threaten Cypriot stability, Makarios might resign and call for a plebiscite. At present, all indications are that the majority of Greek Cypriots would support the Archbishop.

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EUROPEAN COMMUNITIES: Commission President Malfatti's resignation, announced yesterday, may impair both the prestige and the effectiveness of the community's executive.

Malfatti has requested a leave of absence starting 22 March to campaign in the Italian parliamentary elections in May, with his formal resignation effective at the end of the campaign. No other Commission president ever has resigned to seek national office.

Malfatti's departure comes at a time when the Commission is heavily engaged in important monetary, agricultural, and trade negotiations, and is preparing both for the summit meeting of the Ten scheduled for October and the accession of four new members in 1973. Malfatti's resignation, especially if it is followed, as rumored, by the retirement of several other Commissioners at the end of this year, would abet French efforts to minimize the role of the Commission.

Malfatti's resignation reflects the dilemma Commission members face. With no political constituency, the Commission holds little attraction for ambitious national politicians. If the Commissioners leave, even temporarily, to campaign at home and thereby maintain their local political credentials--as Malfatti will argue is necessary for him to do--the Commission's independence and integrity will suffer.

Malfatti's present deputy--Germany's Wilhelm Haferkamp--will be acting president until Malfatti formally resigns. The Six will have to decide who will complete the presidential term, which expires at the end of the year. It is possible that Rome may, meanwhile, try to persuade another Italian to fill Malfatti's place on the Commission. Whether the enlarged Commission to be appointed next January--with a Frenchman scheduled to assume

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[the presidency--will result in any upgrading of the body may well depend on the caliber of London's appointees. The French presumably would be under some pressure to nominate an able man if the British were to propose Commissioners with political stature.



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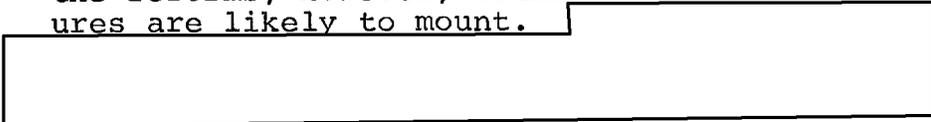
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PAKISTAN: President Bhutto's land reform apparently will affect only a limited number of landowners and a small amount of land.

Bhutto has reduced the ceilings on individual land ownership by 70 percent. Land holdings in excess of the new ceilings will be taken over by the government and transferred at no charge to landless farmers and small plot owners. The program, which will be implemented under martial law regulations, also calls for increased assistance to small farmers and restrictions on holdings by government servants. The land transfers reportedly will amount to up to one million acres, about two percent of all cultivated land.

Because ceilings apply to individuals rather than families--a qualification that Bhutto justifies by referring to Islamic law--many large family holdings probably will go untouched. There were many transfers of ownership to relatives over the past two years in anticipation of future ceilings. Moreover, even if a million acres were distributed, the program would do little for most small farmers. A Pakistani estimate places the number of landless farmers at three to five million. Finally, administration of the reforms, including decisions on priority of transfer, legal ownership, and distribution by land quality, undoubtedly will produce prolonged delays and disputes.

Bhutto probably will reap much short-term popular approval from the ostensibly radical move against the large landholders. The landholders are unlikely to raise strenuous objections because they will realize they stand to lose relatively little. These factors probably will mitigate the disruptions to production that more radical reforms would incur. When tenant farmers realize the limited nature of the reforms, however, demands for more radical measures are likely to mount.



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SUDAN-USSR: President Numayri continues to resist reconciliation with Moscow.

In a newspaper interview published yesterday, Numayri said that Soviet-Sudanese relations have been "very bad" since the Communist-supported coup attempt against him last July. The interview indicated that Egyptian efforts to mediate had failed.

Numayri said that Soviet arms aid was not a gift and that Sudan had paid for it all. In answer to a question, he added that he would scrap the arms if the Soviets refused to supply spare parts.

[REDACTED]

[REDACTED] Soviet military deliveries have ceased since July.

TASS announced on 10 February that a new Soviet ambassador--the previous one had left last fall--had been appointed, implying that he would soon arrive on the scene. There has been no announcement that he has taken up his post.

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UGANDA-ISRAEL: President Amin's recent overtures to several Arab countries have resulted in a serious rift with Tel Aviv.

During the past few months, Amin, a Muslim, has tried to strengthen relations with the Arabs through trips to Egypt, Saudi Arabia, and Libya. In Tripoli Amin signed a joint communiqué in which he gave his assurances of "support for the Arab people and their struggle against Zionism and imperialism and for the liberation of confiscated lands..." He has made efforts to improve relations with Sudan and plans to visit Khartoum this month. Amin also reportedly will meet soon with Egyptian, Syrian, and Libyan leaders.

The Israelis, whose close ties to Amin predate his successful coup of January 1971, are now disillusioned with the President and have expressed their dissatisfaction. The Israeli ambassador in Kampala told a US Embassy official that Tel Aviv's commitments to Uganda, which include military advisers and equipment, might be curtailed and new assistance

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Amin, who has described his overtures as a reaffirmation of Uganda's non-aligned position, has countered Tel Aviv's protests with a threat to "close" the Israeli Embassy. He has publicly linked the Israelis to ex-president Obote and claimed that Israeli air force advisers have stopped training Ugandan personnel.

Although Amin remains unpredictable, he probably is not prepared to sever his ties with the Israelis completely. Tel Aviv has been a source of considerable technical assistance and one of Kampala's principal sources of military equipment.

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MOROCCO: The opposition National Front coalition has ridiculed the overwhelming affirmative vote in the constitutional referendum on Wednesday.

The Front immediately denounced the referendum results as "the great national joke." Editorials in the opposition press, however, suggest that the Front has no real quarrel with the constitutional changes, as far as they go, and is ready to assist in tackling the country's basic problems of administration, social, educational and agricultural reforms. The Front had officially abstained in the referendum but had not ordered the rank and file of its member organizations to stay away from the polls. A Front leader told a US official that the Front is ready to renew discussions with the King that began last November.

Just before the referendum, the palace made several conciliatory gestures toward the opposition. US officials also report indications from the pro-government press and other sources that the present parliament will soon be dissolved. The next step is expected to be the appointment of a new government--presumably with Front participation--to supervise parliamentary elections.

The official return--a 98.7 percent affirmative vote by 92.9 percent of the registered voters--is almost identical to the 98.8 percent tallied in the 1970 constitutional referendum and probably reflects a similar manipulation of the voting. According to the official figures, only some 350,000 of the 4.9 million registered voters stayed away from the polls; the opposition charges that voting was minimal countrywide. No effort was made before the hastily scheduled referendum to revise or update voting lists, which remain little altered from those initially compiled in 1962. Nearly two million Moroccans of voting age were, therefore, disenfranchised. Most of these were in the 20-30 age group which has the highest literacy rate and would be the most critical of the regime. [redacted]

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COSTA RICA: The government is very nervous about rightist coup plotting.

Rumors persist of an "invasion" by some 500-600 Guatemalan irregulars timed to coincide with an anti-Communist parade in Cartago on 12 March. President Figueres is upset by the plotting, and has submitted a rush order to the US for ammunition and field equipment for use by public security reserves currently engaged in emergency field training. The government is also awaiting immediate delivery on 175 machine guns bought from a US arms factory last month.

Right-wing coup plotting is nothing new in Costa Rica, especially since Figueres took office two years ago. Of all the schemes, however, the current one, which stems from rightist opposition to the presence of a Soviet Embassy in San Jose, seems to have the government most concerned. Political observers on the scene agree that key Guatemalan officials, including the president of the congress, Mario Sandoval, have from time to time given aid to right-wing plotters in Costa Rica. Both Sandoval and President Arana, who undoubtedly is aware of the plotting, have denied this, however.

Although success is improbable, the plotters may attempt a coup if they believe they have sufficient backing from Guatemala and enough support in Costa Rica.

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BOLIVIA: Victor Paz Estenssoro again has reaffirmed his leadership of the Nationalist Revolutionary Movement (MNR), but his domination of the party's recent convention may turn out to be a Pyrrhic victory.

Paz had controlled the selection of delegates, and there was no real impediment to his steamroller. Realizing that they had no hope of getting their campaigns for party offices off the ground, dissident MNR elements that earlier appeared to have a good chance of pushing through some reforms largely boycotted the convention and denounced its proceedings. During the sessions, Paz was able to project an image of personal strength, internal party cohesion, and undiluted support for the party's role in the coalition government.

The dissidents' next move will depend on whether their frustration is great enough to offset the realization that it is Paz who distributes the patronage finally available after almost seven years out of power. Self-exiled leftist party sub-chief Hernan Siles Zuazo was completely ignored at the convention and lost his post to unpopular Guillermo Bedregal. Should Siles Zuazo become convinced that members of a more leftist persuasion are sufficiently dissatisfied to break with the party, he might declare himself head of an MNR in exile. A major splintering of party factions could signal a return to the recent era of rival feuding groups, each claiming to be the "real" MNR.

President Banzer, who reportedly has expressed his dissatisfaction with the MNR's continuing self-serving attitude, reiterated directly to the convention delegates his desire to foster the emergence of a single, broad-based, pro-government political entity. Banzer knows that submergence of the MNR's identity is anathema to Paz, and Paz' ostentatious attempt to convince Banzer of the MNR's commitment to cooperation with the armed forces and the Falange is unlikely to satisfy the President for long.

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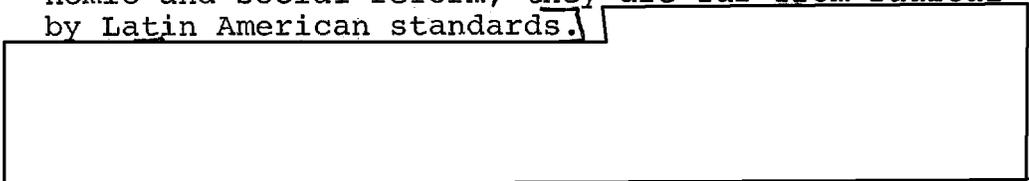
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DOMINICAN REPUBLIC: President Balaguer has outlined a program to benefit the rural and urban poor that, if acted upon, would give a progressive, reformist aspect to his government.

In his independence day speech on 27 February, the President warned that violent civil convulsion is inevitable if profound reforms are not made. He touched briefly on the achievements of his government to date, emphasized their inadequacy to right the social and economic wrongs that wrack the peasant masses, and announced that he had submitted to the legislature a series of bills that are "small but positive steps" to meet the needs of the urban and rural poor.

The opposition, both left and right, will interpret his proposals as a cynical move to make more palatable a bid for re-election in 1974. The majority of leftist groups will be chagrined at the President's appropriation of their principal points of opposition. Political calculation undoubtedly plays a part in the President's proposals, but a real intention to alter an unjust social and economic system in favor of the politically impotent poor also seems to be a real motive.

The legislation submitted to congress is aimed at accelerating agricultural reform efforts to improve the conditions of the rural poor. The proposals include expropriation, with compensation, of all rice land irrigated by government-built canals--accounting for less than two percent of the cultivated land--and all land not being used productively. Additionally, estates will be limited to no more than 7,770 acres. Although the proposals represent greater emphasis by the Balaguer government on economic and social reform, they are far from radical by Latin American standards.



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AUSTRALIA-EC: Canberra is seeking closer economic ties with the EC, and preliminary talks on a non-preferential commercial agreement may begin next week. This move follows a concentrated effort by a government-sponsored Australian trade mission to promote sales of Australian manufactured goods in Western Europe and to encourage investment and joint venture projects in Australia. Canberra is anxious to develop new markets for its products to offset declining sales to the UK and to lessen its dependence on Japan. Sales of Australian goods to the EC have increased slowly during the past decade; the Communities' share of total Australian exports fell to less than ten percent last year. At the same time, EC countries have had difficulty exporting their products to Australia because of Canberra's highly restrictive import policies. [REDACTED]

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UK-SPAIN: Foreign Secretary Douglas-Home's talks with Spanish Foreign Minister Lopez Bravo and other top officials in Madrid this week focused on Gibraltar but amounted only to an exposition of the standard Spanish and British views. The Spaniards repeated their claim of sovereignty over the peninsula fortress and gave no hint they are disposed to relax restrictions on communication with the Rock. Douglas-Home made it clear that there was no question of London giving up Gibraltar against the wishes of the inhabitants. Nevertheless, he found the visit "positive" in the sense of initiating a dialogue that would foster a climate conducive to an eventual settlement. Further talks will be held when Lopez Bravo goes to London in July. The visit served to enhance Lopez Bravo's domestic position by giving the public the impression that he is pressing the British for movement on the Gibraltar problem. [REDACTED]

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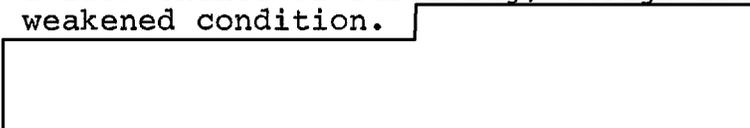
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THE NETHERLANDS: The center-right coalition of Prime Minister Biesheuvel, beset by a faltering anti-inflationary program, faces new trouble. On 1 March, the Second Chamber of parliament--ringed by the most extensive security measures of recent years--decisively rejected a government plan to pardon the last three Nazi war criminals serving life sentences. Biesheuvel and his cabinet meet today to seek a face-saving way out of their predicament. If Justice Minister van Agt has his way and the pardons are granted, the government risks both a no-confidence motion and the resignation of its Liberal ministers. If, as appears likely, Biesheuvel backs down, the young and somewhat inexperienced van Agt may have to leave the cabinet, despite the potential displeasure of his Catholic party colleagues. The coalition then would stand a fair chance of surviving, though likely in a weakened condition.



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NATIONAL INTELLIGENCE ESTIMATES

The United States Intelligence Board on 2 March 1972 approved the following national intelligence estimates:

[Redacted]

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NIE 11-4-72 "Issues and Options in Soviet Military Policy" [Redacted]

[Redacted]

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