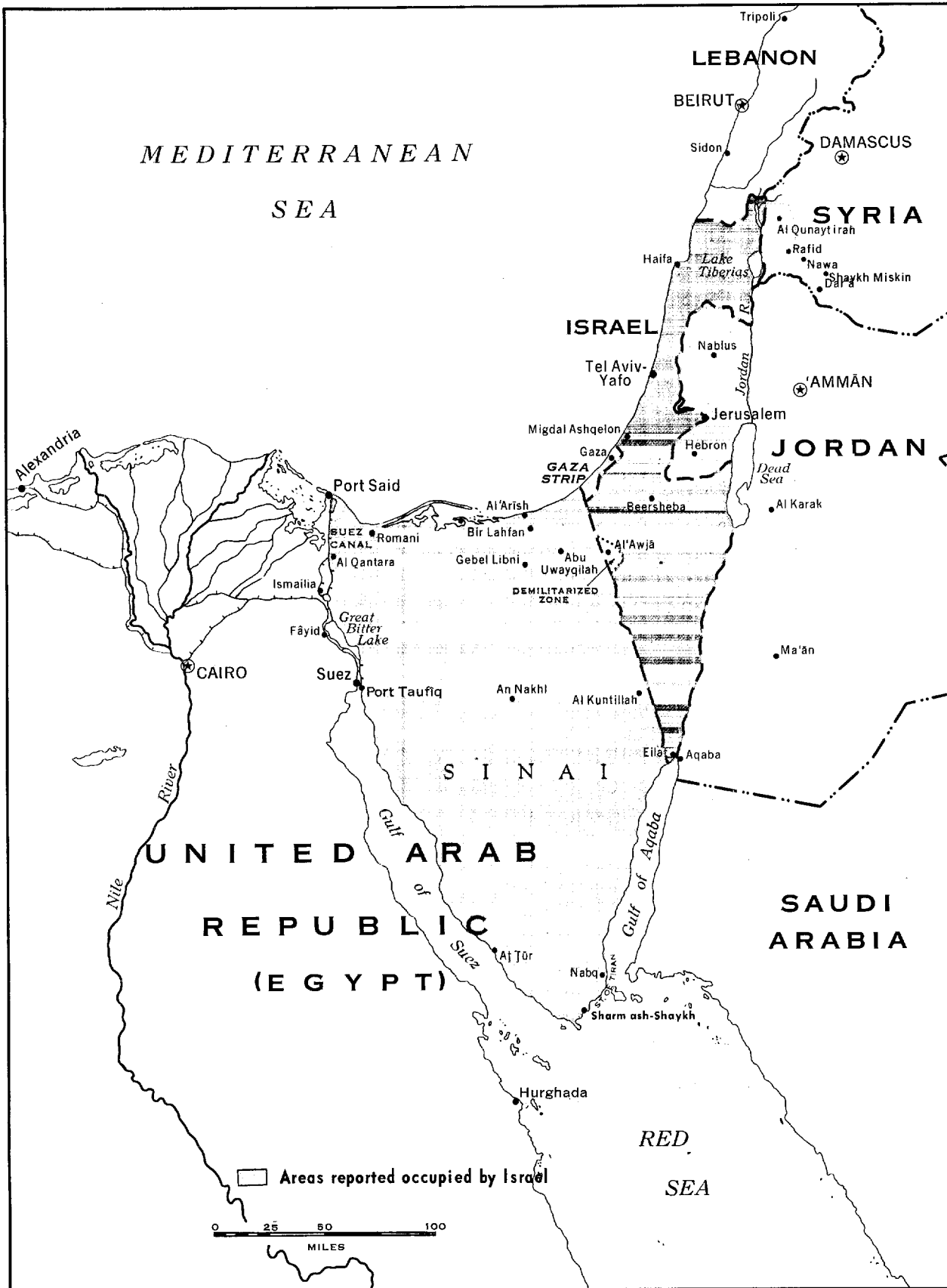


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Jordan's King Husayn, the top moderate until he betook himself for protection into the Nasirist camp on the eve of hostilities, has come through the ordeal so far in much better shape than expected. The "heroic" stand of the small Jordanian Army compares favorably with the ineptitude demonstrated by the Egyptians, and Husayn currently has at least a ripple of popularity going for him.

From Lebanon, however, tensions between Christians and Muslims are reported so acute that the government dares not make any significant move for fear of a new civil war. In Saudi Arabia, King Faysal's government is trying to ride out a strong current of basic xenophobia/

(For oil developments in Saudi Arabia and elsewhere in the Middle East, see next article.)

Some regimes almost certainly see themselves threatened with more or less imminent overthrow. In Libya, where, in the crisis atmosphere, the civilian government in effect handed over authority to the security forces, there is a question whether it can get it back or control the situation even if it does. The Sudan's internal situation, uneasy before hostilities, has become more so as the general area tensions have sharpened.

The radical states, of course, are not immune to these problems, but they have been better so far at concealing them from outside observation. Recriminations over the defeat must be rumbling around the Egyptian politico-military structure. Both Marshal Amir, second to Nasir in the hierarchy, and War Minister Shams ad-din Badran have been retired or withdrawn from the scene, and a new army commander appointed. It remains to be seen, however, whether significant fissures or merely repairable cracks appear in the Egyptian military. No dissident leadership can be expected from the civilian National Assembly, which faithfully called on Nasir to withdraw his "decision" to go back to the "ranks of the public."

The Syrian Government's situation is even more obscure. It may be that government administration in Syria at the moment is largely ad hoc. The Baath military regime, however, remains formally in charge of the apparatus and evidently controls the propaganda machinery.

Another, although at this stage considerably less significant, factor in the Arabs' calculations is their military posture. At the moment, however, the Arabs are in no condition to continue the struggle militarily, whatever the popular sentiment or the exhortations of the Algerians. They depend utterly on the USSR for re-equipment and additional spares.

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Israel's Situation

Israel's problems are just beginning, too. Tel Aviv has started to administer the occupied territories--a good deal of propoganda has already begun on how friendly Israeli troops are helping repair damage to Arab buildings in West Jordan, for example--and to take stock of captured military equipment. The regular Israeli national weather forecasts now include Sinai, and Sharm ash-Shaykh is reportedly referred to as "Solomon's Bay."

More seriously, the basic Israeli contention that the Arabs must now recognize Israel's existence is being put forward in a variety of diplomatic and propoganda forms. Prime Minister Eshkol told the Israeli parliament on 12 June that his government would not agree "to revert to the situation which existed until a week ago." Predictably, defense minister General Dayan has taken a harder, more specific line in his press interviews than have other top members of the government.

A clearer picture of what the Israelis expect or really want to get out of the situation may emerge when the full nature of the international pressure and

the real occupation costs to Israel are known.

Other Asian Attitudes

The postwar situation also continues to be the focus of attention among governments more or less intimately involved with one side or the other in the past. The Iranian Government is trying to strike a balance among its hatred of Nasir, its ties with Israel, and its desire to avoid alienating the moderate Arab States. The Iranian press blasts Nasir for the debacle

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At the same time, Tehran has sent medical aid to Jordan and Iraq.

The Indian Government, in public statements and in maneuvering at the UN, has strongly supported the Arab cause. Even within the Congress Party, however, there is mounting opposition to what is termed Mrs. Gandhi's "bankrupt diplomacy" on the issue. New Delhi's official attitude has been heavily influenced by its hope to retain Arab goodwill in the face of India's perennial dispute with Muslim Pakistan over Kashmir, by its traditional ties with the UAR, and, in all probability, by its reliance on the USSR--the Arab champion of the moment--for military equipment.

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## THE MIDDLE EAST OIL SITUATION

Some order is being re-stored in Middle East Oil production and distribution, but threats of sabotage, the refusal by Arab countries to supply British or American consumers, and closure of the Suez Canal and Arab pipelines hamper early normalization of oil trade.

The principal Arab oil-producing countries have resumed at least limited operations. Saudi Arabia and Kuwait are producing and shipping to destinations other than the US and UK. Other Arab producers in the Persian Gulf sheikdoms are also shipping oil. Iraq's fields remain closed down. Labor dissidence keeps Libyan fields closed. Iran, the major non-Arab producer, did not interrupt production, but its output has been reduced by technical difficulties occasioned by factors not related to the war.

Uncertainty over these developments, unwillingness to risk being added to the Arab embargo list, or being committed this early to cooperative ventures, seem to have influenced the OECD's oil committee to delay instituting any emergency programs. There have been no serious efforts to invest quickly in

alternate oil sources. West European consumers may also be awaiting the outcome of legal moves in the US which would permit formulation of emergency supply procedures.

It remains uncertain when the Suez Canal will be reopened.

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Arab consumers also have some problems.

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Jordan has not yet indicated any shortage, although its supplies are delivered via the tapline from Saudi Arabia, which remains closed. Most of Egypt's domestic production comes from areas of the Sinai now under Israeli control.

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## POLITICAL UNREST THREATENS IN SENEGAL

Senegalese President Senghor's political position appears to be weakening. Senghor, a pro-French, Catholic intellectual, has ruled Senegal's overwhelmingly Muslim population since before independence in 1960. He has done so by astutely balancing a multitude of locally based traditional political factions, by cultivating important Muslim leaders, and by manipulating the dominant party, the Senegalese Progressive Union (UPS). Over the years, however, he has made so many enemies that he may no longer be able to count on sure support from any quarter.

Signals of serious political unrest have recently become increasingly conspicuous. There was a near-successful assassination attempt on Senghor on 22 March.

On the local level, political feuds have erupted into violence, with some loss of life, in at least three scattered areas as the traditional factions jockey for position in the selection of UPS candidates for the national elections scheduled for next February. The tensions are unusually severe because of the 1966 merger into the UPS--at Senghor's insistence--of the leading opposition

party, whose supporters now must be accommodated at the local level.

Even more important is the unhappiness of powerful Muslim economic interests. A proposed urban renewal program in Dakar recently caused a lengthy and bitter confrontation between Muslim landlords and Senghor, who eventually had to back down considerably. The general decline of the country's economy, last year's drought, and the upcoming end of the French peanut subsidy (which must be suspended under Common Market regulations) have combined to reduce the income of the powerful Muslim brotherhoods and their peasant followers. Government mismanagement of peanut marketing arrangements and of price controls on food staples has aggravated the Muslim discontent.

For the first time, the leader of one of the two largest brotherhoods this year omitted a traditional holiday speech in favor of the government. This spring, prayers for Senghor's demise were regularly offered in Senegalese mosques. The President's position of strict neutrality in the recent Middle East crisis will probably further alienate his Muslim constituents.

Under the circumstances, there could be a move against Senghor either by fanatic individuals or by dissident groups

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## NEW PRESIDENT IN SOMALI REPUBLIC

Former prime minister Abdirascid Ali Schermarke, generally considered a slight underdog in Somalia's second presidential election, showed unexpected strength in the National Assembly and was chosen on the third ballot for a six-year term over incumbent Aden Abdullah Osman. Tribal splits, opportunism on the part of individual deputies, and a reported last-minute switch of allegiance by two government figures apparently were the key factors in Abdirascid's victory. Another was the inability of President Aden's supporters to unite his dominant but faction-ridden party, the Somali Youth League (SYL), behind him.

The long-term implications of Abdirascid's victory are not yet clear, but his election may presage an anti-Western trend in Somalia. As prime minister, Abdirascid in the early years of his regime was considered pro-Western, but he subsequently paid court to Communist countries and received covert financial support from them. In 1963 he was instrumental in Somalia's acceptance of a sizable Soviet economic and military assistance program which has en-

abled the USSR to gain substantial influence in the country.

Abdirascid's tenure as president may also portend new tensions and troubles for the Horn of Africa. In and out of office he was a militant supporter of Somalia's irredentist claims on Somali-inhabited territories in neighboring Kenya, Ethiopia, and French Somaliland.

Mohamed Haji Ibrahim Egal, a northern politician who was instrumental in lining up parliamentary support for Abdirascid, is expected to be named prime minister after Abdirascid assumes office on 7 July. Egal is considered conservative and pro-Western, and he may lend some balance to the new government. Egal, however, faces a difficult chore in putting together a cabinet acceptable to the National Assembly. The position of the new prime minister and the direction in which his government moves will also depend on whether Abdirascid chooses to remain above partisan politics, as President Aden did, or to assume a more direct role in formulating government policy.

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## WESTERN HEMISPHERE

The Middle East crisis remained the principal preoccupation of most countries of the Western Hemisphere last week. Local Communist propaganda efforts and talks with Brazilian and Argentine authorities by a special UAR envoy notwithstanding, sentiment continues overwhelmingly favorable to Israel.

Brazil is taking the lead among those Latin American governments urging that peace be restored and has proposed that a special international conference be called to work out a permanent settlement of the conflict. Brazil's ambitious Foreign Minister Magalhaes Pinto evidently sees such a conference--in which Brazil wants to participate--as a boost both for his country's great-power aspirations and for his own presidential hopes.

In Bolivia, a state of siege declared on 7 June continues in force in the wake of agitation by the country's volatile tin miners and students and of general political unrest stemming from the unsolved guerrilla problem.

Most of Bolivia's neighbors, including Peru, Brazil, Argentina, and Paraguay, are increasingly concerned over Bolivia's guerrilla problem, and military leaders of the latter three have even been discussing creation of a joint antiguerrilla command.

Last week's execution of 19 military officers in Haiti was probably another of Duvalier's periodic object lessons to those who might be tempted to conspire against him. The move could backfire, however, if some of his previously loyal military aides begin to have doubts about their own security. Elsewhere in the Caribbean, political unrest worsened in the British-associated state of St. Kitts - Nevis - Anguilla and martial law was declared on St. Kitts on 12 June because of turmoil over Anguilla's desire to break politically with the central government and return to direct British rule.

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### THE GUERRILLA SITUATION IN COLOMBIA

The sporadic nature of guerrilla activity in Colombia appears to stem [redacted] from organizational weaknesses [redacted]

[redacted] Government victories in several recent clashes have not so far seriously weakened the guerrilla movement and government officials warn that any expansion of guerrilla activities could create a serious security threat.

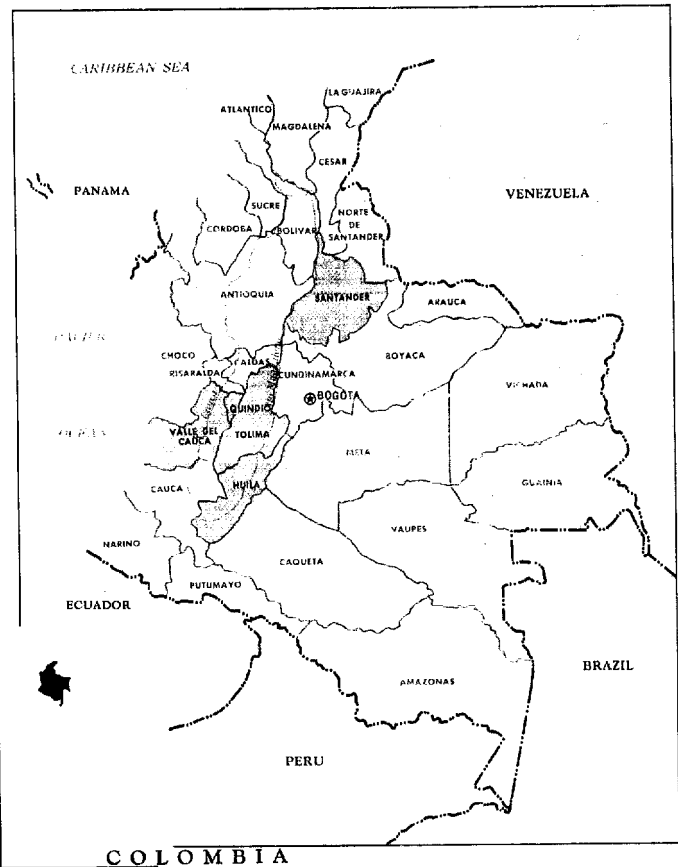
Guerrillas of the Army of National Liberation (ELN), an independent pro-Castro movement, operate in two fronts in the Department of Santander. Units of the Revolutionary Armed Forces of Colombia (FARC), which is connected with the Communist Party of Colombia (PCC), operate principally in the departments of Quindio, Valle del Cauca, Tolima, and Huila. The ELN has a force of about 200 men, and there are about 500 in the FARC.

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[redacted] the guerrillas seem to be hampered [redacted] by their own weaknesses. There is little coordination between the two guerrilla organizations because of ideological and personality differences. PCC control of the

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guerrillas is apparently loose and weak. Many PCC leaders are not wholeheartedly in favor of guerrilla war, and the FARC guerrillas sometimes appear to be more interested in controlling small "enclaves" than in offensive operations aimed at overthrowing the government. Neither guerrilla organization seems to be capable of forming a strategic plan or program or of organizing a sophisticated military campaign. Both, however, have been highly effective in individual operations.

The present insurgency must be distinguished from traditional banditry and non-Communist guerrilla warfare which have plagued the Colombian countryside since 1948. The latter have diminished in recent years, but insurgency has increased in scope and seriousness. If the guerrillas overcome their organizational weaknesses they could pose serious problems of government control of the countryside, put a severe drain on the government's limited financial resources, and weaken public confidence in the government.

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## ARGENTINE GOVERNMENT SWAYING TOWARD LIBERALIZATION

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The successes of Economy Minister Krieger Vasena's stabilization and denationalization programs appear to be swaying Argentine President Ongania toward more liberal policies. In reaction to this trend three conservative cabinet officers resigned last week after an unsuccessful struggle to defeat the new petroleum law, which will grant exploitation concessions to foreign oil firms.

Among the "nationalist" ministers who resigned was the secretary of the National Development Council (CONADE), Isidoro Marin.

The vacant posts have been filled by men more sympathetic to Krieger Vasena's ideas, but several other important cabinet posts are still held by conservatives. Some military officers also continue to oppose the economy minister on grounds of national security. It is unlikely, however, that they will be able to reverse the new economic plans, which have won increasing approval from foreign investors and may return Argentina to self-sufficiency in oil production for the first time since 1962.

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## ECUADOR: ELECTIONS AND CABINET CHANGES

Provincial and municipal elections were held throughout Ecuador on 11 June for the first time since 1962. Nearly one million voters turned out to elect the mayors and the provincial and municipal councils that will govern for the next four years. Incomplete returns indicate general support for center-left candidates.

In the important contest for mayor of Guayaquil, Ecuador's largest city, Assad Bucaram was victorious in a field of five, as expected. He received nearly 60 percent of the total vote, more than twice that of his closest rival, Pedro Menendez Gilbert of the National Velasquista Federation (FNV). Bucaram was the candidate of a coalition comprising the Concentration of Popular Forces (CFP)--his own highly personalistic political party--and the Ecuadorean Liberal Party (PL). The CFP-PL coalition also won five of the eleven seats on the Guayaquil municipal council, and at least four of the nine vacancies on the Guayas (Guayaquil) Provincial council.

Bucaram's margin of victory is impressive in light of the number of candidates running against him, and he will probably be pushed by his followers to seek the presidency in the general elections scheduled for next June. He has been severely critical of Interim President Otto Arosemena, and his victory presages a period of strained relations between Guayaquil and the national government.

In Quito, Jaime Del Castillo, a political independent but backed by the FNV, won the mayoralty race in an upset over his Conservative Party opponent. Castillo waged an energetic last-minute campaign appealing primarily to the lower classes. The Conservatives, however, appear to have captured a majority of the seats on the Quito municipal council.

In other developments, all cabinet members submitted their resignations on 10 June to allow Arosemena to reorganize his government now that the constituent assembly has finished its work on the new constitution and has adjourned. Arosemena has rejected the resignations of all but three.

Julio Prado Vallejo, a journalist for one of Ecuador's leading newspapers, has been appointed minister of foreign relations.

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His newspaper column has contained frequent attacks on the United States, US investments, and the Alliance for Progress. [REDACTED] 25X1

In the other two appointments, Aurelio Davila Cajas, director of the Conservative Party, has

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been designated minister of public health, and Rafael Franco, a nonentity, has been given the agriculture portfolio. The cabinet is now composed mostly of rightists, a change Arosemena

agreed to make some months ago in exchange for support of a bill extending his term of office until September 1968.

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### BRAZILIAN ECONOMIC POLICY CAUSES CONCERN

The new Brazilian Government's tendency to evade difficult economic decisions appears to be leading to some relaxation of the stabilization program.

President Costa e Silva has apparently bowed to pressure from powerful coffee interests in formulating Brazil's coffee policy for the 1967-68 crop year. Coffee last year accounted for 44 percent of Brazil's total exports of \$1.7 billion, and the coffee policy is a key factor in the over-all government economic program.

Growers have been urging the government to increase the basic coffee support price, which has been held down in recent years in an effort to discourage production and encourage diversification into other crops. The newly announced program increases support prices 28 percent immediately and 11.5 percent more on 1 January 1968. In making this decision, the President apparently overrode the advice of his economic ministers and technicians who had called for one 15-percent increase for the entire year.

The support price increase will have repercussions throughout the Brazilian economy. It seems sure to halt the program of reducing coffee production and diversifying crops, and to bring windfall profits to exporters who have withheld stock from past crops. Also, there will probably be reduction of the export price of Brazilian coffee. As no demand increase is expected and Brazil was already competitive in the world coffee market, this will probably not increase sales significantly and may well result in reduced foreign exchange earnings. In the long term reduced Brazilian prices can have a significant impact on the world market, driving down the price received by all coffee producing countries.

Several other important economic policy decisions are expected in the near future. If Costa e Silva continues to take the line of least resistance and bows again to other powerful pressure groups, the entire stabilization program could be slowed down significantly.

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