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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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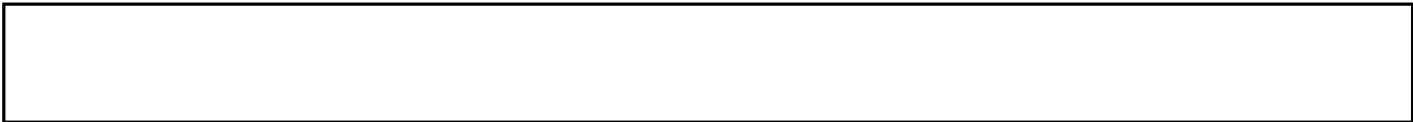
(Information as of noon EST, 21 December 1967)

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FAR EAST

Communist military activity in South Vietnam remained at a relatively low level but there was further evidence of plans for a major Communist offensive in the heavily populated coastal area of central South Vietnam. The National Liberation Front's seventh anniversary was the occasion for renewed assurances of Viet Cong and North Vietnamese resolve to continue fighting until "final victory." Premier Chou En-lai publicly promised "more effective" Chinese support but confined himself to the standard description of China's role as a "dependable rear" for the Vietnamese people's struggle.

Communist forces in Laos have launched their annual dry-season offensive, with some signs of a more sustained and wide-ranging campaign this year. Unconfirmed reports tell of North Vietnamese troops moving into northern Laos. In reaction to an attack by Pathet Lao and North Vietnamese forces on a government base in southern Laos, Premier Souvanna Phouma again denounced the presence of the North Vietnamese as a flagrant violation of the Geneva accords.

In China, there were further indications of the success of militant Maoists in frustrating efforts by the moderates to restore order and begin rebuilding the shattered party apparatus. Measures announced last fall to reopen schools, which had been closed since June 1966, have largely broken down. There seems to be little prospect that clashes between rival student factions can be ended as long as the conflict within the top leadership remains unresolved.

Australian leaders have given public and private assurances that Prime Minister Holt's death will not affect the government's commitment in Vietnam. With no clear "heir apparent," however, the present competition for the premiership will not be settled until a Liberal Party caucus chooses a new leader on 9 January.

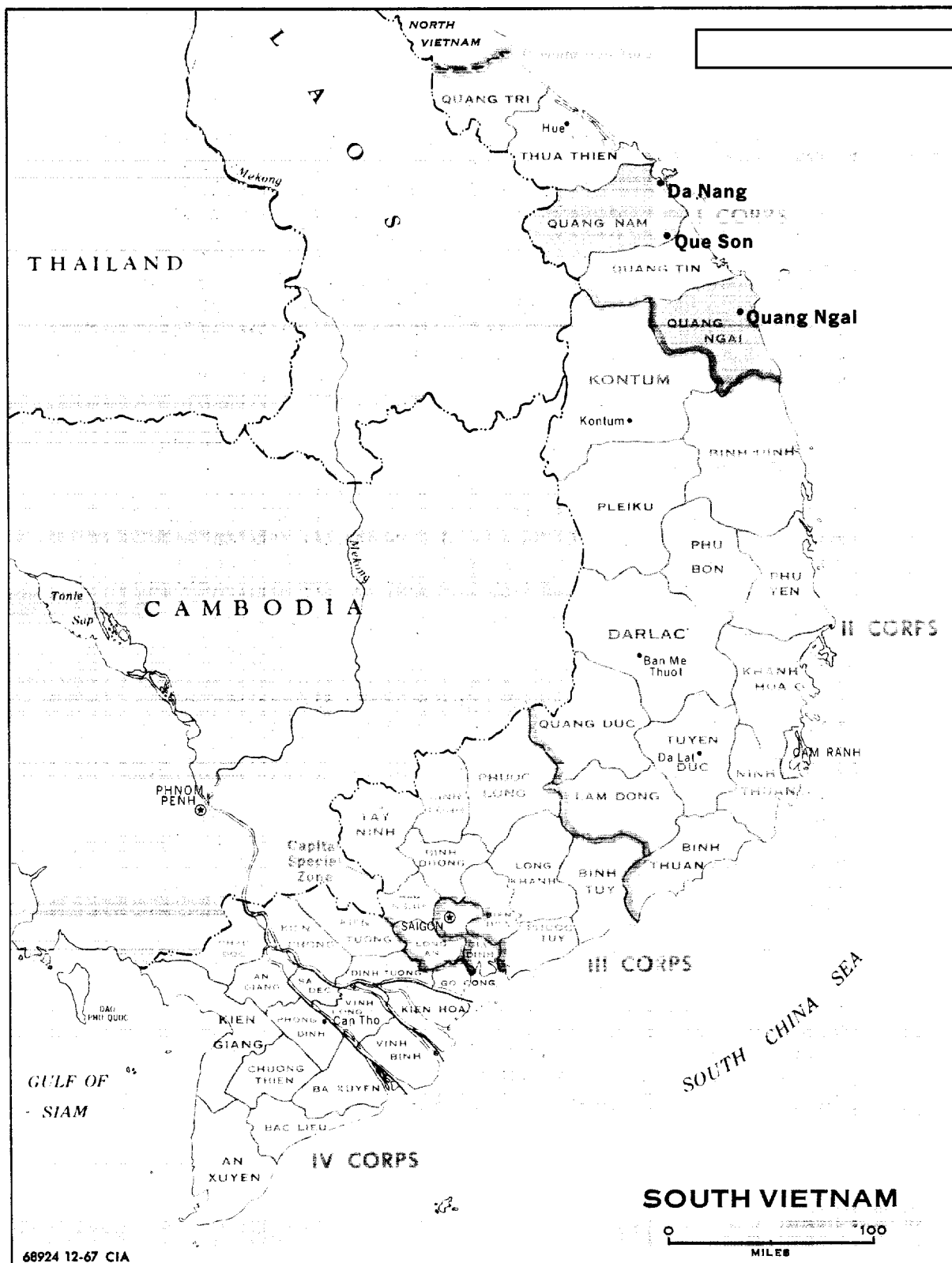
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VIETNAM

Communist-initiated military activity remained at a relatively low level throughout South Vietnam during the past week. The few significant encounters in recent days resulted mainly from US and South Vietnamese sweep operations, some of which penetrated deep into sensitive Communist base areas and caused a considerable number of enemy casualties.

Despite the low level of activity, there are new indications that the Communists are planning to intensify their military efforts in various sections of the country. Extensive repositioning and maneuvering of enemy combat units point to a renewal of offensive activity in the near future.

Documents recently captured in Quang Nam Province outlined a plan in which one regiment of the North Vietnamese 2nd Division would conduct a diversionary attack near Que Son to draw allied reaction forces into the area from nearby strongpoints. This regiment would then withdraw and join forces with the division's other two subordinate regiments to attack the remaining allied forces to the south. Because of the heavy casualties suffered by the 2nd Division in recent months, however, there is some doubt this plan can be put into effect.

In Quang Ngai Province, an

[redacted] suggest that the province and its capital city may

be focal points of impending attacks.

Political Developments in South Vietnam

In its first test of strength with the National Assembly, the Thieu government failed to get approval of its partial mobilization decree. On 18 December, Defense Minister Nguyen Van Vy went before each house of the assembly to defend the decree. Although Vy's presentation was well received, according to several senators, the Upper House the following day resoundingly rebuffed the government, largely on the basis of allegations that the decree is unconstitutional.

The Lower House also may not approve Vy's defense of the mobilization decree. Because of the generally progovernment Democratic Bloc, however, the government has more leverage in the Lower House and could stave off a rejection.

In any case, the Thieu administration apparently plans to implement its decree on 1 January with or without National Assembly approval, thus risking further difficulties in its relations with the legislature. Vy indicated during the interpellation, however, that if the assembly passed a mobilization law of its own, the government would carry it out.

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On 19 December, the government brought to trial in a military court 26 persons involved in the 1966 Buddhist "struggle" movement, which was centered in I Corps. Prominent among the defendants are the former mayor of Da Nang, Dr. Nguyen Van Man, and a former area commander, Colonel Dam Quang Yeu. Conviction and heavy sentences may bring about another confrontation between the government and the militant Buddhists. There are also indications that the Viet Cong are formulating plans to exploit the issue by attempting to stimulate mass protests.

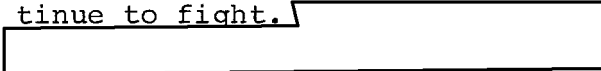
President Thieu has indicated that if the "strugglers" are convicted, he may exercise clemency. Sentiment against the trial is running high in the National Assembly, however, and both houses have formed committees to look into the matter of amnesty for political prisoners.

Bui Quang San, a member of the Lower House from Quang Nam Province, was assassinated by two unknown persons on 15 December. Government spokesmen have claimed that the Viet Cong were responsible for San's death, but there is some possibility that he was killed as the result of his involvement in a political squabble within the Vietnamese Nationalist Party (VNQDD).

NFLSV Anniversary Celebrated

The Liberation Front's pretension of being the sole representative of the South Vietnamese people received strong endorsement from its Communist allies this week in propaganda accompanying the celebration of the Front's seventh anniversary on 20 December. The North Vietnamese stressed their own and the Front's resolve to struggle until "final victory," pointing to the success already achieved in the current winter-spring campaign as evidence that the Communists have the military initiative.

In their propaganda on the anniversary, Moscow and Peking stressed the significance of the Front's new political program but, in doing so also pointed up their differing views on the conflict. Soviet statements took Moscow's usual line that the program will be particularly important in solving the Vietnamese problem. The Chinese, on the other hand, only rarely refer to the program and this time chose to emphasize that portion having a militant and uncompromising tone. In its over-all treatment of the anniversary, Peking repeated its strong but carefully worded offers of encouragement and support to the Vietnamese as long as they continue to fight.



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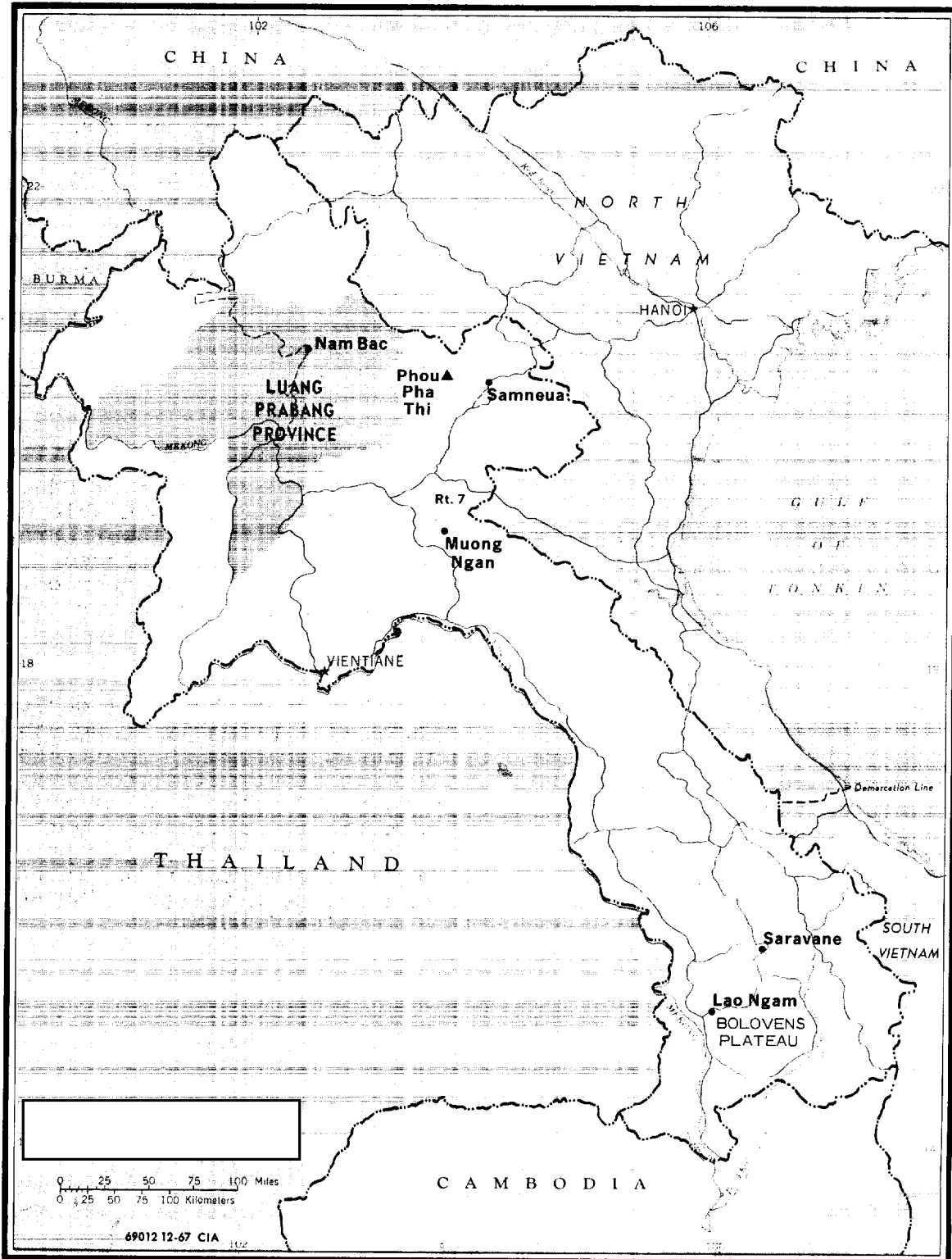
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COMMUNISTS STEP UP MILITARY ACTIVITY IN LAOS

The Communists have launched their annual dry-season offensive in Laos, and there are tenuous signs that a more wide-ranging effort may be made this year.

The most significant Communist activity has occurred near the northern edge of the Bolovens Plateau in southern Laos. On 11 December, two battalions of Pathet Lao and North Vietnamese troops overran a government base camp at Lao Ngam, inflicting heavy casualties on the camp's defenders. The following day, an important government guerrilla outpost a few miles to the north was captured by the enemy. Although Lao Ngam was subsequently reoccupied, the attack represents an important setback to the government's long-range security and development programs in this rich, rice-growing area.

The Communists are now threatening the provincial capital of Saravane, [REDACTED]

[REDACTED] Saravane is only lightly defended by government troops, and its tactical importance is minimal, but its loss would be a severe psychological blow to the government.

The recent enemy actions appear to be a resumption of the campaign launched in late July to counter the government's increased presence around the rim of the Bolovens. The Communists

are almost certainly aware that stepped-up intelligence and harassment operations are being mounted from some of these advanced bases, and their attacks are designed to thwart government encroachment into the infiltration corridor. The Communists also want to push government troops from the Bolovens, but it is unlikely they are willing to sustain the losses such an undertaking would entail.

At any rate, the region's military commander will probably try to use the Communist threat to the plateau to persuade the general staff in Vientiane that the recent deployment of southern-based troops to northern Laos has left the south in a precarious military position.

In the north, the Communists are continuing their campaign against government-supported guerrilla outposts south and west of Samneua. They may be planning to isolate Phou Pha Thi, an important staging base for government guerrilla and air operations in the area. Such bases have frequently changed hands during past offensives, and it is unlikely that the Communists can hold any of them for long in the face of air support for government troops.

This season, the Communists will probably also attempt to counter recent government gains

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in the north, and there are unconfirmed reports that as many as 3,000 North Vietnamese troops are moving into Laos along Route 7. A likely spot for a Communist thrust would be in the Muong Ngan Valley, an important rice-producing area recently brought under government control. A continued government presence in this area

would weaken the enemy's southern defense of the Plaine des Jarres. The Communists are also continuing to move troops and supplies into northern Luang Prabang Province, suggesting that another push against government positions at Nam Bac may be in the offing.

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TENTATIVE STEPS TOWARD REBUILDING CHINESE COMMUNIST PARTY

Moderate leaders in Peking appear to be cautiously pushing measures to restore the battered party apparatus, but the rising level of political tension throughout China suggests that these attempts are being hotly opposed by Red Guards and their radical backers in Peking.

indicate that militants are still suspicious of former party officials and will try to block any effort to reinstate a majority in positions of authority. Despite the facade of unity displayed by leaders in Peking since September, it is likely that they are deeply split over the same issue.

Recent speeches by moderate party leaders have stated that a party congress will be held next summer to reconstitute the central committee. If held, this would be a major step toward stabilizing the political structure. Broadcasts from Peking and several provincial radios have been stressing the need to rebuild and streamline the party along lines suggested by Mao Tse-tung. Several broadcasts have urged militant "revolutionaries" to minimize attacks on party cadres, presumably to facilitate the rebuilding process.

Until the leaders in Peking can resolve their own disagreements, it is unlikely that much progress will be made toward restoring order and stability anywhere. Since September, a variety of moderate programs have been pushed but all have run into trouble. For example, the regime's efforts last fall to reopen schools--closed since June 1966--have largely broken down.

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This program, however, may be more an expression of the hopes of the moderate members of the regime than a blueprint for action. Peking faces enormous problems in re-establishing the party organization, which has been all but dismantled during the Cultural Revolution. In many provinces there is evidence that political factions are clashing over the question of who is to exercise authority. Red Guard newspapers

Outside of the schools, the civil disorders created by the Cultural Revolution remain at a high level almost everywhere and are growing worse in several provinces.

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EUROPE

A reorganization of the USSR's cultural and propaganda apparatus appears likely to erode further the second-level support of politburo member Alexander Shelepin. It was rumored in Moscow that the positions of a number of high-level officials may ultimately be affected.

Meanwhile, the Soviet security and intelligence organization, the KGB, celebrated its 50th anniversary with a meeting in Moscow of top security officials from all of the Communist countries except China and Albania. The anniversary articles and speeches have been heavily weighted on the domestic security side of the KGB's function.

The Soviets and their East European allies followed up their recent series of bilateral meetings with a gathering of foreign ministers or their deputies in Warsaw this week. [REDACTED]

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[REDACTED] The Soviets probably arranged this session to buck up some of the reluctant supporters of the Arab cause and to brief their friends on the Soviet role in Yemen.

The East European regimes' differences on the scope and purposes of an international Communist conference have become evident in the past week. In clarifying their positions before the consultative meeting to be held in Budapest in February, Hungarian and Czechoslovak party papers have suggested that each party should have the right to decide for itself whether conference decisions would be adopted as national policies. The East Germans, on the other hand, contend that decisions taken at an international conference must be binding on all participants. [REDACTED]

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USSR REVAMPS CULTURAL ADMINISTRATION

A reorganization of governmental committees concerned with culture and propaganda is apparently under way in Moscow. Rumors suggest that the positions of a number of high-level officials may ultimately be affected, and associates of politburo member Shelepin appear to be the prime targets.

The committee for cultural relations with foreign countries, headed by Romanovsky, is being abolished and its functions distributed among the ministries of culture, higher education, and foreign affairs. Soviet officials claim that this reorganization is the cause of the current delay in the negotiations for an extension of the exchange program with the US and that a formal announcement on the committee's abolition is expected shortly. At least three other committees--those for publishing, radio-television, and cinematography--may also be dissolved. According to one report, however, the radio-television committee is to be split rather than abolished.

According to Soviet officials, the proposed changes are intended to enhance efficiency and reduce costs. An at least equally important motive, however, appears to be the determination of the

politburo majority to break up the group of second-level officials linked with Shelepin. Romanovsky and Mesyatsev, head of the radio-television committee, as well as Mikhailov, chief of the publishing committee, were all at one time closely associated with Shelepin in the Komsomol (youth) organization.

There have also been hints that the shake-up in the cultural and ideological field will reach the top ranks of the party. One report cites unspecified Soviet sources to the effect that Demichev, a former Khrushchev protege, may lose his post on the secretariat where he is responsible for party supervision of propaganda, education, and the arts. According to these sources, he will be named to head the expanded Ministry of Culture--a significant step down. Demichev is a candidate member of the politburo and has been cited by Soviet sources as a Shelepin supporter.

The removal of these supporters of Shelepin, who has generally been thought to favor a hard line on cultural matters, does not seem to mean any easing of policy in this area. In fact, two groups of young intellectuals in Moscow and Leningrad reportedly have been or will soon be brought to trial.

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RUMANIAN-SOVIET DIFFERENCES REMAIN UNRESOLVED

Little if any progress toward lessening Rumanian-Soviet frictions flowed from the official visit of Rumania's party boss and chief of state Nicolae Ceausescu, to Moscow on 14 and 15 December.

The Rumanians' refusal to commit themselves wholly to support the Soviet positions on Vietnam and West Germany was apparent from the communiqué. It omitted mention of other issues on which Bucharest and Moscow differ, such as the Middle East situation and the Communist parties' consultative meeting scheduled for next February in Budapest.

In accepting the Soviet invitation to visit Moscow, Ceausescu presumably sought to gain acceptance for Rumania's position on the implementation of bilateral economic agreements, one of the major issues believed to be dividing Bucharest and Moscow. The communiqué noted, however, that each side merely "exchanged opinions" on this matter, an indication that no agreement was reached.

Bucharest and Moscow could only agree on one point: to send a Soviet party and government delegation on an official visit to Rumania in 1968. Although the timing of the visit was not specified, it may come about soon

inasmuch as February is the deadline for negotiating a new Soviet-Rumanian friendship treaty unless the present one is automatically renewed. It is also the month of the Budapest consultative meeting, which the Rumanians have not yet decided whether or not to attend.

Ceausescu went to the USSR with the Rumanian party's full endorsement for his independent policies. A few days earlier, he had had himself named chief of state. Other elements in the pre-Moscow build-up of Ceausescu included important party and parliamentary sessions and a meeting with chiefs of Rumanian diplomatic missions. At all of these gatherings, Ceausescu set forth the basic principles of Rumania's foreign policy, which he was later to act upon with the Russians.

The party and parliamentary meetings approved internal reforms designed to improve the operation of the Rumanian economy and hence strengthen its independent position in the Communist world. The regime also approved a realignment of territorial administrations, which it claims is designed to enhance efficiency. It will, in addition, strengthen Ceausescu's hold over middle and lower party and state echelons.

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TURKS HINDER SOVIET BLACK SEA FLEET

Soviet naval ships have recently been testing Ankara's resolve to enforce the regulations governing passage through the Turkish straits. Moscow--or any of the other signatories--can denounce the 1936 Montreux Convention governing the passage of warships through the Bosphorus and Dardanelles if it believes Ankara is not properly carrying out its duties. Turkey has been very careful in its administration of the straits and has overlooked some recent Soviet infringements.

Soviet naval operations in the Mediterranean are being hindered by stricter Turkish enforcement of the provisions of the convention. The prospect of having to force the straits in time of war in order to get the Black Sea Fleet into the Mediterranean has led Soviet planners to base most of their first-line units, such as ballistic missile and nuclear submarines, in the Northern Fleet, from where they can move unimpeded to operating areas.

The Soviet Navy has been able to deploy 20 to 30 warships to the Mediterranean during the past seven months by drawing submarines and a large number of warships from the Northern and Baltic fleets. Black Sea - based auxiliary vessels, however, provide oil, provisions, and repairs to the Soviet Mediterranean squadron.

The USSR and other maritime nations considered revising some of the more limiting provisions of the convention just after World War II. Moscow sought joint Soviet-Turkish defense of the straits; the Western powers wanted a guarantee that there would be no suspension of innocent passage for ships of any flag. In the end, however, Ankara's NATO allies decided to maintain the status quo, which, while restricting their own naval operations, also severely limits the passage of Soviet Black Sea Fleet warships through the straits.

Three provisions in the Montreux Convention are most troublesome to the Soviet Navy. Article 12 sharply limits the transit of Soviet submarines. Units built or purchased outside the Black Sea may enter only "for the purpose of rejoining their base." Black Sea - based submarines cannot exit unless they are going to a shipyard in another area for repairs. Under Article 13, Ankara must be given at least eight days notice before a warship enters the straits. Finally, all submarines must transit during daylight, and all other warships must start their transit before dark.

The Soviets have adhered in principle to these restrictions. The few Black Sea - based submarines that have operated in the Mediterranean subsequently

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entered the Baltic--ostensibly for repairs--and then made a second short deployment in the Mediterranean before re-entering the Black Sea.

Moscow recently tested Ankara's resolve by attempting to send two submarines through the straits at night. The Turks permitted the first unit to pass but threatened to halt the second at Istanbul.

Prior to this time, several Soviet warships that have made illegal night transits were not challenged by the Turks.

Moscow continues to whittle away at the restriction on prior notification. On several occasions, Ankara has apparently received information through diplomatic channels only a couple of days before the date of transit. Turkey could call the Soviets on this violation at any time, refusing transit to the Soviet ship until the stipulated eight-day period has elapsed, but it has not yet done so. Moscow has used the ploy--at least during the Middle East crisis last summer--of every week or so declaring its intention to send out a cruiser and two destroyers; the ships were not sent, but could have been if the USSR had needed to augment the Mediterranean squadron on short notice.

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STRIFE-TORN CZECHOSLOVAK PARTY MEETS

The Czechoslovak Communist Party central committee met this week to deal with the recently intensified confrontation between liberals and conservatives in the party leadership.

No reliable reports are available yet on the proceedings of this meeting which was reportedly set originally for 13 December. The postponement followed Brezhnev's sudden visit to Prague on 8 and 9 December, and had led

to speculation concerning possible high-level personnel changes affecting even party boss Novotny.

suggested, however, that the central committee meeting would produce an accommodation of views rather than any basic changes. In the past, this sort of inconclusive compromise has enabled the regime to muddle through.

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DENMARK FACES NEW ELECTIONS

Prime Minister Krag's political future and the fortunes of his Social Democratic Party are at stake in special elections set for 23 January. The government was brought down last week when it lost a vote on a measure to freeze wages following Denmark's recent devaluation.

The Social Democrats, a minority in Parliament, had depended on the support of the leftist Socialist People's Party (SPP) on domestic issues. SPP chairman Aksel Larsen, a staunch advocate of cooperation with the Social Democrats, lost control of an extreme left-wing group in his party's parliamentary delegation and these negative votes were responsible for toppling the government.

After a special party congress on 16 and 17 December, the six SPP rebels broke away and formed a new party--the Leftist Socialist--which will compete in the forthcoming election if it can secure the 16,000 signatures necessary to get on the ballot. With the small Communist Party also in the race, the vote on the left will be split among four parties, while five non-Socialist parties will be competing

for votes in the center and the right.

Public opinion polls taken before the government fell indicate that the non-Socialist parties stand a good chance to gain a majority of the 179 seats in Parliament. They will have difficulty, however, in agreeing among themselves on a government program.

The new government will have to deal with Denmark's increasing economic difficulties in the wake of devaluation. Inflationary pressures have intensified, further threatening Denmark's competitive position in world markets. At the same time, export demand in Denmark's major markets is stagnant, a problem over which Denmark has no control.

In view of the difficulties facing the country, there is likely to be considerable sentiment among the Social Democrats in favor of going into opposition in order to allow the party a respite from the responsibility of governing. In this event, Krag might relinquish the party leadership to parliamentary spokesman Per Haekkerup, a leader of the Social Democratic right wing. 25X1

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EAST GERMANS SEEK REASSURANCES FROM THEIR ALLIES

East German Foreign Minister Otto Winzer visited three Eastern European countries last week, apparently to seek renewed pledges of support for his regime's hard-line policy toward West Germany.

Winzer first visited Yugoslavia, arriving on 11 December. Although the East Germans presumably did not think they could dissuade Belgrade from resuming relations with Bonn, they may have sought reassurances that East Germany's interests would not suffer as a result.

When he returned to Berlin, Winzer told a news conference only that his talks with Yugoslav leaders on questions of bilateral relations and European security had been conducted in the spirit of "firm, friendly relations."

On 13 December, Winzer flew to Budapest for talks with Hungary's foreign minister. Again here, questions of European security were discussed, with Winzer probably pointing out that such security is partly contingent on Hungary's continuing to resist Bonn's enticements. In Prague the next day, Winzer conferred with the Czechoslovak foreign minister and apparently repeated his Budapest performance.

While Winzer was thus occupied, party boss Walter Ulbricht headed a high-level delegation to Moscow which stopped briefly in Warsaw on 10 December and again on the way home three days later. The Moscow communiqué endorsed East German intransigence toward Bonn and an even stronger reaffirmation was issued in an article by the Polish deputy foreign minister. There is nothing to indicate, however, that such a commitment was obtained from either Budapest or Prague.

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FRANCE BLOCKS EUROPEAN COMMUNITY NEGOTIATIONS WITH BRITISH

At this week's Council of Ministers meeting, French Foreign Minister Couve de Murville killed prospects for early Community negotiations with Britain on its bid for full membership. In doing so, he outraged not only the Five, but European public opinion generally. Whether or not such sentiment will be translated into effective pressure on Paris depends in large part on the outcome of domestic debates within each of the Five. Basically, they must choose between going forward with Community programs or sacrificing such progress for the sake of dramatizing the larger questions at stake for Europe's future in accepting the French veto.

The seven-point communiqué issued after the Council session puts the Five on record as favoring immediate negotiations with Britain; the French held that enlargement "would deeply modify the nature and methods of operation of the Communities" and that the UK's economic recovery "must be completed in order for the British application to be considered." The agreement to disagree, however, explicitly leaves the membership requests of the UK, Denmark, Ireland, and Norway on the Council's agenda--thus permitting Britain to continue to press the Community as opportunities arise.

As if to underline this point, Foreign Secretary Brown

proposed in Parliament on 20 December that Britain now "enter consultations with the five Community members who support the Commission's view that negotiations should be started at an early stage." He said that the links between Britain and these countries should be forged "as strongly as possible." London apparently intends to capitalize on the Five's resentment of what Brown termed Paris' "false views of the future of our continent of Europe." London may try to undertake with each or several of the Five various "integrating" technological projects. At the same time, however, the British will have to guard themselves against allegations that such stop-gap proposals run counter to the spirit of the Community treaties. Domestically, the British Government's problem is to prevent a sense of frustration from undercutting its tactic of maintaining the offensive.

Commission president Rey has deplored the present situation, and during the Council session on 19 December he warned of the possibility of a standstill in Community activity, with each member blocking proposals it did not like. Following the Council meeting, the agricultural ministers of the Netherlands and Luxembourg--in reprisal for the French stand on the UK question--called for a suspension of an agricultural

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meeting that had been running concurrently. Subsequently, Belgian and Dutch representatives announced they would attend a meeting of social affairs ministers only as "silent partners."

The French are taking the line that the stagnation in community affairs resulting from such tactics will only be temporary. Nevertheless, it is the kind of situation that could still develop into a serious

split. Foreign Minister Luns has told the Dutch Parliament that the Five, "individually and jointly," would begin consultations with Britain. Whether this implies a specific commitment from others of the Five--in particular, Bonn--is not yet known. In the present atmosphere, however, Bonn might be subjected to considerable pressures from its partners to at least avoid appearing too eager to smooth things over with De Gaulle.

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MIDDLE EAST - AFRICA

Coups, countercoups, and rumors of impending coups dominated the area this week.

King Constantine of Greece remains in Rome where he fled after the failure of his countercoup. His recent statement to the press leaves the question of his return to Athens up in the air, although the junta has left open the possibility of an eventual compromise.

Rumors of an officer-inspired coup in Sudan are cropping up. It is too early at this stage to predict its success or even its eventuality.

In Algeria, forces loyal to Boumediene have put down an attempted revolt of dissident army units. Boumediene's success in crushing the revolt may encourage him to move with more confidence against other disgruntled elements.

In Dahomey, the eight-man military regime that replaced President Soglo on 17 December is weak and unstable. It faces continuing labor unrest and a serious financial crisis.

Political instability still troubles several of India's states. In West Bengal, the ousted united front coalition is winding up a week-long civil disobedience campaign that has failed to arouse mass support. The non-Congress coalitions of Bihar and Uttar Pradesh moved ever closer to the brink of collapse.



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FUTURE OF GREEK MONARCHY IN DOUBT

Continuing efforts to bring about some agreement that would allow King Constantine to return to his throne had failed as of 21 December.

Ever since the King arrived in Rome late last week following his abortive attempt to oust the military junta, emissaries have shuttled between the parties. The junta, apparently mindful of the adverse foreign reaction and the need for an aura of legitimacy, says the throne is still Constantine's if he wants to return. Constantine's statement on 20 December set forth only one condition--a firm timetable for re-establishment of parliamentary democracy--and may be acceptable to junta moderates. His reference to "deviations" by the junta following the coup on 21 April, however, will not sit well in Athens, especially with junta extremists who reportedly would be pleased if he stayed in exile.

In Athens, the circumstances surrounding the failure of the King's coup attempt appear to have left the populace in a state of confusion and bewilderment. It is probable, however, that the people are fully aware of the extent of the junta's control and are resigned to a long period of rule by the colonels.

The junta, meanwhile, has reaffirmed its intention to carry out its revolution, to continue

its alliance with the West, to move toward resumption of constitutional government, and to preserve the institution of the monarchy. It has seized upon the King's withdrawal to extend its control of government operations. The regime has also removed or retired government officials and military officers it believed were in sympathy with the King, and additional purges may continue after completion of the "investigation" of those involved with the King. Apparently confident of their positions, coup leaders Papadopoulos, Pattakos, and Makarezos also have resigned their military commissions to become civilian ministers.

Events in Greece have so far had no noticeable effect on the Cyprus situation. The withdrawal of the Greek troops apparently is continuing, and there has been no reaction from Ankara that would indicate it expected any substantive change in its agreement with Athens over the removal of the troops. The Turkish Air Force has nearly returned to its pre-crisis status, but there have been no indications of any significant standdown in the ground forces. Debate in the UN Security Council over the proposed extension of the UN peace force mandate has been postponed twice since its originally scheduled date of 15 December. Some action will be necessary by 26 December, however, when the current mandate expires.

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ALGERIAN COUP ATTEMPT FAILS

Boumediene's swift crushing of an attempted revolt, followed by widespread pledges of support for his regime, seem likely to prop him up for the time being, but prevailing dissatisfaction with his rule could spawn new coup attempts.

On 14 December, Chief of Staff Tahar Z'Biri attempted to lead several armored units toward the capital from a base about 150 miles southwest of Algiers. Police and gendarmerie reportedly bore the brunt of responsibility for stopping the advance, but armored cars, and possibly some tanks, were strafed by the Algerian Air Force, with a substantial number of military and civilian casualties. Some paratroops may also have been engaged. Press reports that 4,000 dissidents were involved are not substantiated. Z'Biri and his subordinate commanders--all relatives--are said to have withdrawn to the snow-bound mountains south of Algiers.

Z'Biri, whose main following was believed to be centered in eastern Algeria, apparently counted on the support of Major Said Abid, commander of the First Military Region, in whose jurisdiction he launched his attempt and whose headquarters separated the armored column from its objective. Abid shared many of Z'Biri's parochial views and his loyalty to Boumediene was questionable, but he had reportedly been attempting to negotiate the differences between Boumediene and Z'Biri. Abid, however, is credited

by the regime with tipping off Boumediene that Z'Biri had launched a revolt. Abid's death at his headquarters on 15 December--officially labeled a suicide by the regime--leaves his true role in doubt.

Although Z'Biri had been disgruntled over his declining influence, his revolt attempt probably was sparked by Boumediene's action earlier this month in dismissing the five-member secretariat controlling the country's only party, the National Liberation Front (FLN)--at least two of the five were Z'Biri's cronies. Boumediene chose Ahmed Kaid, the energetic minister of finance and one of his closest supporters, to revamp completely the stagnating FLN.

When addressing party cadre on 12 December, Boumediene had indicated that the thorough housecleaning of the party was the essential base for an extensive reorganization throughout all governmental levels, implying that this could also include the general staff. This was a direct threat to the position of Z'Biri and those who shared his suspicion of the French-trained officers and the educated elite who have become prominent within the administration.

In abandoning the principle of consensus--which apparently was Z'Biri's chief complaint--and in moving ruthlessly to quash Z'Biri and his supporters, Boumediene is resorting to the tactics employed by Ben Bella, tactics that were Boumediene's justification for carrying out his 1965 coup.

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CONFLICT IN YEMEN DRAGS ON

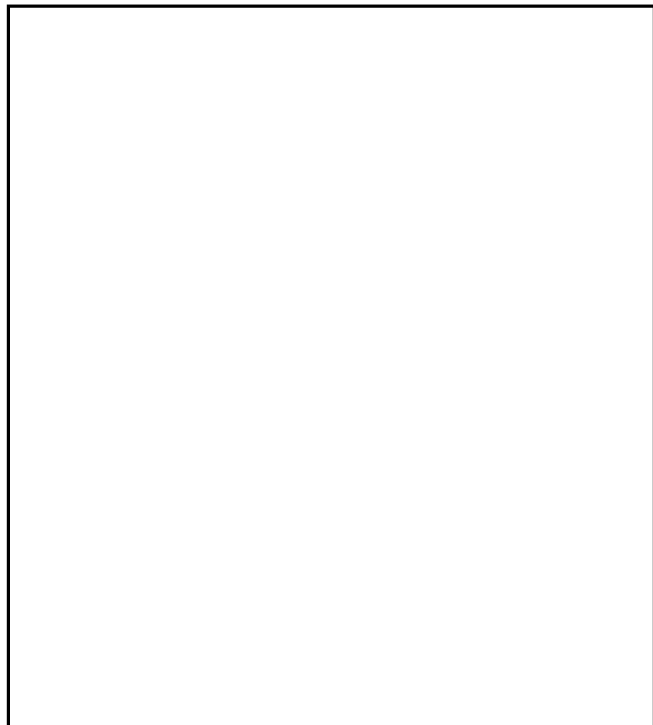
The royalist pressure around Sana appears to have slackened.



After the setback to their attack last week on the capital city of Sana, the royalist forces do not yet appear to have regained their original momentum. The republicans reportedly have gained control over the two airfields outside Sana, and daily flights of supplies are once more coming in. Sana is occasionally harassed by mortar rounds and bazooka explosions, but control of the important heights overlooking the city now appears to be in republican hands.

Elsewhere in the country, it is difficult to assess any given area as being dominated by either the royalists or the republicans.

Nonpartisan tribal rivalries undoubtedly may be blamed for some of the fighting.

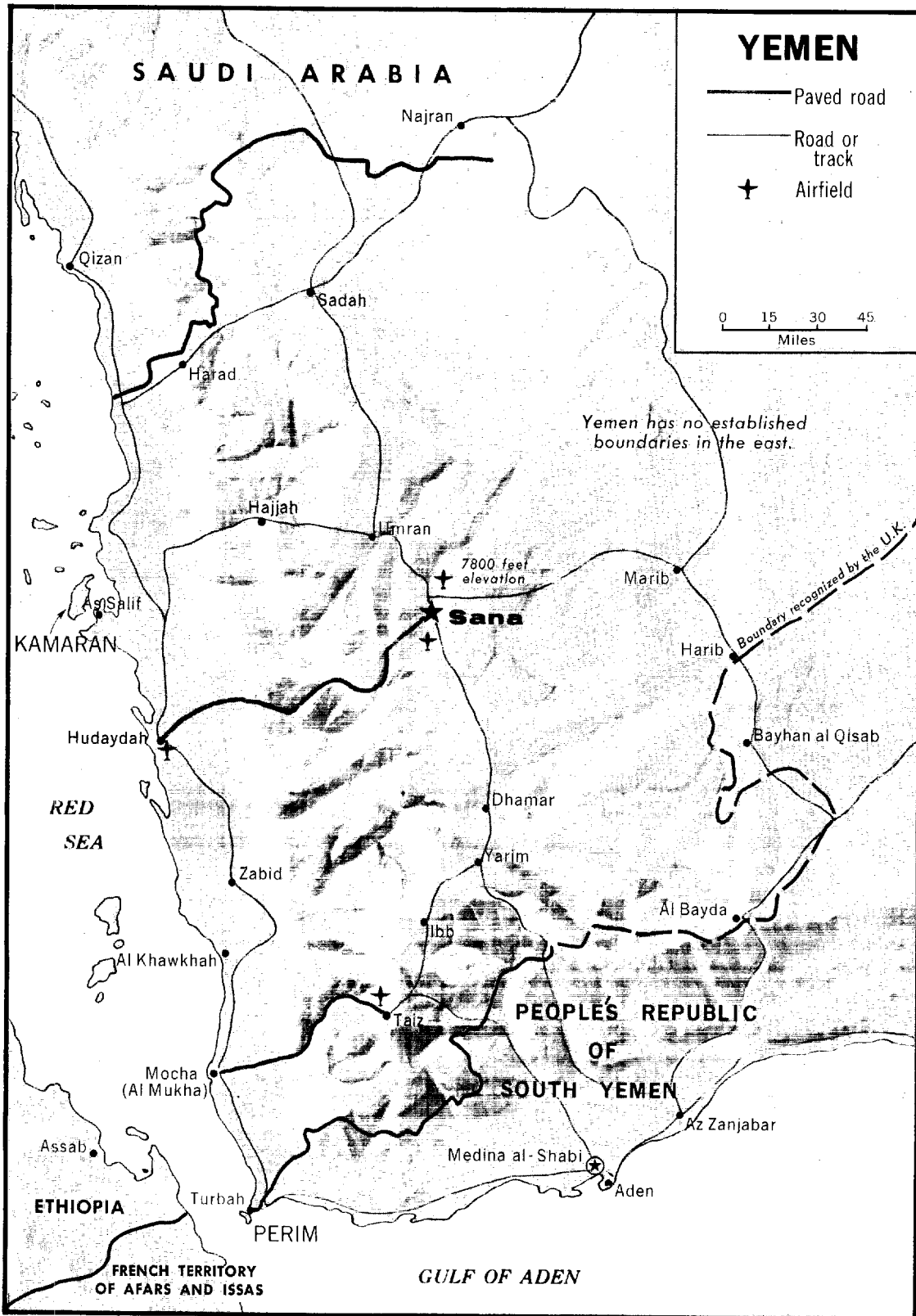


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NEW DAHOMEY MILITARY REGIME TO FACE EARLY TESTS

Dahomey's new government, formed by young officers who ousted the two-year-old regime of General Soglo, is likely to be weak and unstable. Its first tests will come soon, as continuing labor problems and a desperate financial crisis demand solution.

Key army elements, ordered into Cotonou last week because a paralyzing strike was in progress, placed Soglo and other senior officers under house arrest on 17 December, just as the labor troubles appeared to be easing. A hastily created Revolutionary Military Committee, dominated by little-known junior officers, named a new government and promised a new constitution and a return to civilian rule within six months. Major Maurice Kouandete, a general staff officer who emerged as a central figure in the coup, has been named head of government and minister of defense, foreign affairs, and information.

None of the eight young officers in the new government has had previous political experience or a particularly distinguished military career. The refusal of the widely respected Emile Zinsou to continue as foreign minister handed the new regime its first setback and left the cabinet with only one, rather undistinguished, civilian member. In addition, regional differences that lie be-

neath the surface seem bound to cause tension within the new government.

Among the serious problems facing the new regime is continuing labor dissatisfaction. A threatened strike, evidently backed by leftist elements, has been at least temporarily averted by the institution of study commissions to examine ways to meet labor demands. The government will be hard pressed to find alternate sources of revenue, however, if the workers' demand for the rescinding of the 25-percent tax on wages is met.

The regime already faces an early financial crisis. The treasury is depleted, and unless France remits funds promised to Soglo during his state visit to Paris last month, the government will soon be in dire financial straits. France was clearly displeased by the ouster of Soglo at this time and is withholding recognition of the new regime.

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WESTERN HEMISPHERE

Political and economic activity has slowed to a virtual halt in most Latin American capitals as the holiday season approaches.

The council of the OAS, in a closed meeting in mid-December, decided to wait until 12 February to hold the fifth ballot in the deadlocked election for a new secretary general. A preliminary meeting is scheduled for the end of January, when the council presumably will attempt to determine whether any of the three contenders can muster a 12-vote majority. If not, it will consider alternative solutions to break the protracted impasse. The election maneuvering, plus four recent incidents of questionable conduct on the part of staff members, has lowered the prestige of the OAS.

Political waters in the Dominican Republic and Haiti continued to be roiled last week. The chief of the Dominican armed forces is once again threatening to resign because of the efforts of inveterate intriguer Colonel Neit Nivar Seijas to extend his personal influence. In Santo Domingo, an attempted march on the presidential palace by disgruntled city employees was broken up by police, but not before sporadic shooting broke out. In neighboring Haiti, the attempted assassination of a high-level regime official on 7 December is expected to provoke harsh retaliation against those whom President Duvalier considers responsible--or has chosen as scapegoats.

In Panama City on 16 December, Arnulfo Arias accepted the nomination of the opposition National Union (NU) coalition as its presidential candidate next May. In his acceptance speech, the twice-deposed former president made it clear that, if elected, he will try to put his personal stamp on a canal settlement.

The Salvadoran-Honduran border dispute moved to center stage on the diplomatic front this week. A prisoner exchange before the Christmas holiday would mark the first substantial progress toward solution of this long-standing border dispute.

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POSSIBLE RENEWAL OF GUERRILLA TERRORISM IN GUATEMALA

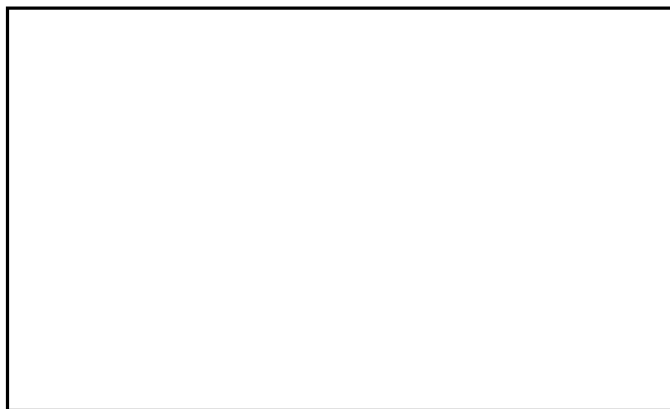
Recent terrorist incidents attributed to the Communist Rebel Armed Forces (FAR) may presage a renewal of Communist terrorism after several months of relative quiet.

On the evening of 14 December, two large fires started almost simultaneously in the downtown section of Guatemala City. Although there is no proof that the fires were set by the FAR, a series of false alarms in other sections of the city point to the possibility that the perpetrators were trying to confuse security forces. An incendiary bomb was discovered at a third store. Total damage from the fires has been estimated at \$3 million.

The next day, two trains of the International Railways of Central America (IRCA) were derailed near Tecun Uman on the western border. Although IRCA has experienced labor problems recently, believes that the derailings were part of a sabotage plan in conjunction with the arson in the capital.

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CHILEAN SENATORIAL BY-ELECTION STILL UNDECIDED

A recount will be necessary to determine the result of the senatorial by-election held on 17 December in a south-central agricultural district of Chile. The closeness of the election, however, indicates a protest vote against the Frei government in a district that suffers from high unemployment and low agricultural prices.

The preliminary count showed Christian Democratic (PDC) candidate Jorge Lavandero a winner by 11 votes. A later count, however, gave the Communist-supported Alberto Baltra 58,225 votes to Lavandero's 58,205; Huerta, the candidate of the conservative National Party (PN), received 36,102. The votes will be recounted, and the electoral tribunal will determine whether more than 2,000 votes should have been declared invalid. Final certified results may not be available until February.

The PN made a surprisingly strong showing, increasing its total by nearly 40 percent over the municipal elections last April. The PN's success brings into question the assumption by many politicians that the Chilean electorate is moving inexorably

to the left. Small businessmen and independent farmers, disenchanted with the government but leary of the leftist Baltra, appear to have voted heavily in favor of the PN.

Baltra is a member of the Radical Party, which last summer came under the control of a leftist group committed to cooperation with the Communists and Socialists. The Communists played a very important role in Baltra's campaign, and his strong showing will encourage closer cooperation between the two parties. The Socialists, much less enthusiastic about the Radicals, apparently were successful in getting their members to abstain.

The PDC ran an unenthusiastic and disorganized campaign. The leftist leadership of the party may, in fact, have hoped for a large Baltra victory to strengthen their position in pushing President Frei to increase state intervention in the economy. Frei himself, preoccupied with his legislative program, may have thought that a mid-term by-election simply did not warrant extensive involvement on his part.

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NEW REGIME IN URUGUAY

Newly installed President Jorge Pacheco Areco is exercising firm and active leadership. He has already announced his intention to continue his predecessor's austere economic policies, and he has moved forcefully to curtail the disruptive activities of the extreme left.

His way is being made less difficult by the active support of Jorge Batlle, the leader of the largest faction of the divided, ruling Colorado Party. Batlle and Pacheco generally share the same political outlook. Batlle is a firm advocate of economic reform and has been closely coordinating his ideas with the International Monetary Fund (IMF) representatives who are in Uruguay to negotiate a standby agreement.

He can be expected to support Pacheco as the President struggles to implement the kind of belt-tightening measures the IMF will require.

Batlle's support, although dictated in part by conviction, may also be designed to further his own presidential ambitions. Pacheco cannot legally succeed himself, but an endorsement from him in 1971 might improve Batlle's prospects.

Even with Batlle's support, the Colorado Party's legislative majority is slim. If other restive factions defect, Pacheco will have to look for votes among members of the opposition Blanco Party. Uruguayan legislators have frequently crossed party lines in past votes, however, and this pattern is likely to continue.

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ASSASSINATION ATTEMPT SPARKS RUMORS IN HAITI

Relative political calm prevails in Haiti despite the attempted assassination of a high-level government official.

Elois Maitre, second in command of President Duvalier's notorious Ton Ton Macoutes, was tommygunned by unknown assailants on the evening on 7 December while awaiting an incoming flight at the airport. Following the attack, speculation has been rife in Port-au-Prince, with most Haitians viewing the shooting as a result of a conflict between elements within the Duvalier regime and perhaps indicative of a potential anti-government plot.

The shooting, which also could have resulted from a grudge by some of Maitre's many enemies, is the first in several years involving a trusted Duval-

ier associate and is the first public incident of consequence since late September when peasants in northern Haiti took part in antigovernment demonstrations.

In view of Maitre's prominence, Duvalier is expected to move soon against those whom he considers responsible--or has chosen as scapegoats. His uncharacteristic silence since the attack has led some Haitians to believe the report that "palace insiders" may have been involved.

Rumor-conscious Haitians are always quick to construe any incident as signaling the imminent demise of the Duvalier regime. Available information suggests, however, that Duvalier is as firmly in control as ever.



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