

DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY

NAVY review(s) completed.

State Dept. review completed

Secret 44

7 June 1968 No. 0023/68

Approved For Release 2007/03/09 : CIA-RDP79-00927A006500010001-1

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PROSPECTS FOR ECUADOR UNDER VELASCO SEEM UNCERTAIN 28 Although Jose Maria Velasco's presidential victory seems secure, his chances of finishing his term are cast in doubt by the present opposition to him as well as his past history of being ousted. PERU'S NEW CABINET FACES OLD PROBLEMS 29 President Belaunde's cabinet changes last week may be an attempt to deal with Peru's economic problems by altering form rather than substance. CHILEAN STUDENTS DEMAND UNIVERSITY REFORM 30 Students have occupied most buildings at the University of Chile and brought a halt to normal teaching and research functions to enforce their demands for a voice in choosing university authorities.

FAR EAST

The arrival of ranking politburo member Le Duc Tho had no immediate effect on the official position taken by the North Vietnamese delegation in Paris. Hanoi spokesmen are attempting in private, however, to create the impression that the talks will move forward and some concessions might be made if only the US would halt the bombing.

Saigon was the main arena for fighting in Vietnam this week, and there is abundant indication that the Communists intend to sustain their campaign of harassment in and around the city for a prolonged period. Although this new campaign has not been as large scale as the Tet attacks, civilian casualties, destruction of buildings, and the number of refugees may well have surpassed the Tet levels.

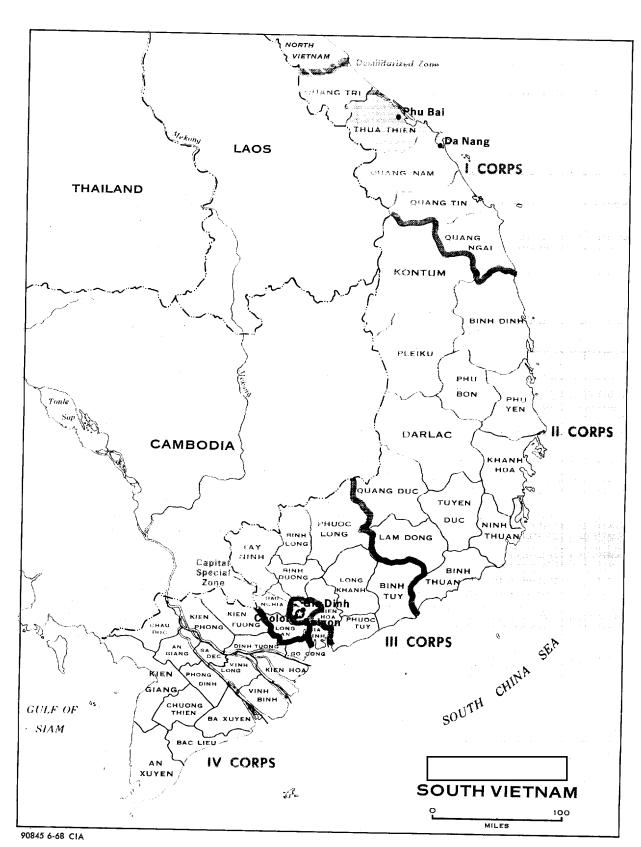
In Peking, the latest turn of the kaleidoscope suggests that the regime's top economist, a subordinate of Chou En-lai, has been downgraded. Another Chou associate, who coordinates the advanced weapons program, has also come under renewed attack. The regime has finally pieced together a Revolutionary Committee to govern troubled Szechwan Province. The new committee may reduce, but probably will not end, the factional fighting there.

South Korean President Pak is confronted with an unprecedented break in the unity of his regime. The sudden resignation last week of government party chairman Kim Chong-pil, for years one of Pak's closest associates, was stimulated by a number of factors, most notably the conflict between Kim's presidential ambitions and Pak's apparent intention to have the constitution amended so that he can run for a third term in 1971. Although Pak has accepted Kim's resignation, the President may find it politic to leave the door open for an eventual reconciliation. Kim still has a substantial following in the party and in the National Assembly.

Australian Prime Minister Gorton appears to have changed his mind and now believes that Australia should maintain a military contingent in Malaysia and Singapore after the British withdrawal in 1971. Prior to his visit to the US last week, Gorton had been inclining toward a "Fortress Australia" concept, partly out of fear of possible American retrenchment in Asia. The precise form of the Australian post-1971 presence may become clearer after the five-nation Commonwealth conference scheduled to begin in Kuala Lumpur on 10 June.

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VIETNAM

Hanoi has significantly strengthened the North Vietnamese delegation in Paris with the arrival of ranking politburo member Le Duc Tho and several specialists, including a legal expert and a propaganda specialist on American affairs. Tho, at least initially, will serve Xuan Thuy as a "special adviser," a somewhat anomalous position in view of Tho's considerably higher rank in the North Vietnamese Communist Party hierarchy.

Although no clear-cut reason is apparent for the dispatch of Tho to the talks, it seems probable that his presence is designed to give the North Vietnamese delegation somewhat greater authority in any on-the-spot decisions that might be necessary in the course of the Paris talks. Tho is one of the most influential politburo members in the Hanoi hierarchy, is considered a leading party theoretician, and has been intimately associated with Vietnamese Communist efforts in South Vietnam for over 20 years. is also possible that Hanoi intends Tho to lead the delegation during any substantive phase of the talks and wanted to see him established and circulating in Paris well in advance.

Meanwhile, the deadlock in the Paris talks continued, with the North Vietnamese still holding officially to the line that no progress could be expected until the US "determines" the cessation of bombing and "all other acts of war." In private, however, the North Vietnamese have been trying to create the impression that there would be movement and some concessions if only the US agreed to a bombing stop. Although the official record is by no means clear, Hanoi also seems to be hinting that an interim period might be possible between an agreement to halt the bombing and its actual implementation in which the talks could move on to substantive matters.

Vice Premier Reports on North Vietnamese Economy

Vice Premier Nguyen Con's economic report to the North Vietnamese National Assembly last week dwelt on many problems that have become chronic in the war economy. Among the problem areas he cited were labor utilization, funds and materials management, market and price control, and the equitable distribution of goods. Although most of these difficulties are endemic to the economy, they have been aggravated by the bombing. Con's speech was devoid of specific prescriptions for dealing with North Vietnam's economic problems, but his claim that the basic needs of the people are being met appears justified.

The food problem, for instance, remains manageable. Crops are still below prebombing averages, but the Soviet Union and China are continuing to provide whatever is necessary to supplement domestic production. Sea

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deliveries of food during the first five months of this year totaled about 285,000 tons, up more than 40 percent over last year's total for the same period and accounting for almost 35 percent of total shipments to Haiphong.

The War in South Vietnam

Fighting during the week centered on the Saigon area as the enemy continued its campaign of harassment in and around the city. In addition to subjecting Saigon to the heaviest rocket barrage of the war, the Communists infiltrated ground units into parts of Cholon and Gia Dinh, forcing allied forces to undertake difficult house-to-house fighting.

These engagements, coupled with supporting air strikes, have resulted in significant new destruction of buildings and houses as well as new civilian casualties, and have added to the government's already heavy burden of refugees. An errant and defective US rocket blew up the police command post in Cholon, wounding Saigon's mayor and killing or wounding virtually the entire top command of the national police force.

Even though the Saigon populace thus far seems to be accommodating itself stoically to this Communist campaign and tends to blame the Communists for its

hardships, captured documents and prisoner interrogations suggest the enemy intends to keep up these tactics indefinitely. To sustain the campaign, the Communists apparently plan to rotate units, bringing in fresh troops from other parts of III and IV corps. Among the units identified by prisoners in the recent fighting have been elements of three Viet Cong main force battalions from IV Corps.

Enemy ground activity slackened in I Corps, perhaps partly because of Communist preoccupation with food procurement. In Thua Thien Province, for example, prisoners from two main force battalions have stated that their battalion's mission was to provide security for rice-harvesting operations. recent operations, allied forces uncovered some 60,000 pounds of rice near Phu Bai and another 12,000 pounds just south of Da Nang. South Vietnamese troops on 3 June captured three North Vietnamese near Phu Bai who said others would surrender if given the chance. Subsequently, loudspeaker aircraft were sent to the scene, and another 50 troops and sympathizers surrendered.

Political Developments in Saigon

Saigon political activity was in low key during the week as Prime Minister Huong divided his time between trying to set his new government in motion and soothing bruised feelings through a series of calls on such figures

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as the leaders of both houses of the assembly and hospitalized General Loan. Huong indicated he had no immediate intention of replacing Loan as security chief.

The new premier's first cabinet meeting on 30 May was reported to have been largely a pro forma affair, with Huong stressing a short-term action program, a streamlining of the government, intensified anticorruption and information programs, and an abolition of

press censorship.
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There are indications that a major role is envisaged for General Khiem as interior minister. He reportedly will be given substantial powers over nonmilitary governmental activities in the provinces. Inasmuch as most provincial governors are military men, interior ministers in South Vietnam have traditionally

found it difficult to assert their administrative authority at the provincial level. To the extent that Khiem attempts to establish his sway, he may soon find himself embroiled with a military establishment already suspicious of President Thieu's intentions in recalling Khiem from the ambassadorship in Taipei.

Thieu has returned the general mobilization bill to the National Assembly with a request for amendments to extend the upper and lower age limits for draftees, eliminate all exemptions for veterans, and increase deferments among police and Revolutionary Development cadres. The restrictions in the present bill were drafted in the Lower House and passed by a two-thirds majority. An Upper House version would have allowed the government wide discretionary power. Should the Lower House stick to its guns, it could easily defeat Thieu's amendments, which require approval by an absolute majority of both houses meeting jointly.

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FIGHTING EASES IN LAOS

The fighting continues to taper off as Communist forces move to a defensive posture.

In the north, the enemy threat to the vital government guerrilla base at Na Khang continues to subside. Villagers report that the enemy sustained a substantial number of casualties from heavy air strikes in the area and was forced to withdraw from the immediate area. Government forces are now planning to attempt to regain positions north of the base lost last month.

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CHINA NORTH VIETNAM BURM HANOI (1) Luang Prabang. Khang Plain of Jarres Paksane ENTIANE Demarcation Muong Tchepo Phalane Savannakhe Ban THAILAND Houei Khong Sedone Valley LAOS Sedone Bolovens Plateau Government-held Attopeu location 75 MILES 75 KILOMETERS CAMBODIA 90843 6-68 CIA

Activity in the Plaine des Jarres and Paksane areas has been light. Government forces have encountered only small enemy patrols. Although intensive air strikes may have discouraged an enemy build-up in the Paksane area, it is possible that an alleged Communist "threat" in the area was exaggerated by the regional military commander, General Kouprasith.

In the south, government forces also moved back into Ban Houei Mun and Muong Phalane, which were lost earlier this year. Although there was little or no Communist resistance, the enemy subsequently retook Muong Phalane. In the Bolovens Plateau area, government forces reoccupied an outpost some nine miles east of Khong Sedone that had been overrun two weeks ago.

Although early rains have not yet become an important military factor, the lessening of Communist activity over the past several weeks suggests the enemy is already digging in for the expected government wet-season coun-There have been no teroffensive. indications so far that North Vietnamese troops are being withdrawn from Laos, as they have in past rainy seasons. The enemy will probably allow the government to retake several minor positions, but they will probably resist efforts to drive them from important areas, such as the Se Done Valley, which they occupied with considerable loss of men and material. 25X1

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SOUTH KOREAN REGIME TORN BY INFIGHTING

The sudden resignation last week of government party chair-man Kim Chong-pil represents an unprecedented break with President Pak Chong-hui's leadership and confronts Pak with the prospect of a dissident faction loyal to Kim.

Kim is reported to have said that he resigned because Pak continually ignored his recommendations for ministerial appointments and because he believed the President had decided to amend the constitution so that he could seek a third term in 1971. Kim is ambitious to succeed Pak and had generally been regarded in Korean political circles as Pak's heir apparent. The timing of the resignation suggests it was triggered when Pak recently expelled one of Kim's leading followers from the party for attempting to organize support for Kim's candidacy.

Kim's action may be calculated to regain political influence he had gradually lost to opponents within the regime. These men owe their positions to Pak and are thus anxious to remove the constitutional bar to a third term for the President.

Pak is reported to have been surprised by Kim's action and apparently attempted to dissuade him. On 4 June, Pak called for party unity and appointed as Kim's successor a long-time party stalwart not aligned with any of the factional groups. With Kim's withdrawal--at least temporarily-from national leadership, Pak may make further personnel changes in an effort to redress the factional imbalance in the regime. In view of Kim's substantial following in the party and the National Assembly, Pak may find it politic to leave the door open for an eventual reconciliation.

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COMMUNIST CHINA'S LEADERSHIP STILL IN FLUX

Shifts in the relative positions of officials attending a major reception on 3 June in Peking indicate that the leadership is still in a state of flux. In the provinces, a revolutionary committee was finally established on 31 May in Szechwan, which has been one of the most troubled areas of China.

Peking

The most significant change disclosed by a listing of officials at a reception in Peking on 3 June was the downgrading of Li Fu-chun, the regime's top economist, a subordinate of Chou En-lai, and until now a member of the elite group around Mao Tse-tung. Li was not listed in his usual spot among standing committee members, but was included among ordinary politburo members.

In another development, Nieh Jung-chen, chairman of the National Defense Scientific and Technological Commission, is again being criticized in wall posters. Nieh, who is in charge of coordinating the advanced weapons program, nevertheless continues to appear publicly in his usual place among politburo members.

The order in which military figures have been listed in the four major turnouts since March records several shifts but, in general, military leaders now ap-

pear to have gained a stronger political position. Military men also continue to dominate the "revolutionary" governments being formed in the provinces. Representatives, mainly military officers, from all five provinces not yet "revolutionized" attended the reception on 3 June. The publicity accorded these men suggests they have been selected to head the new governments scheduled for their provinces.

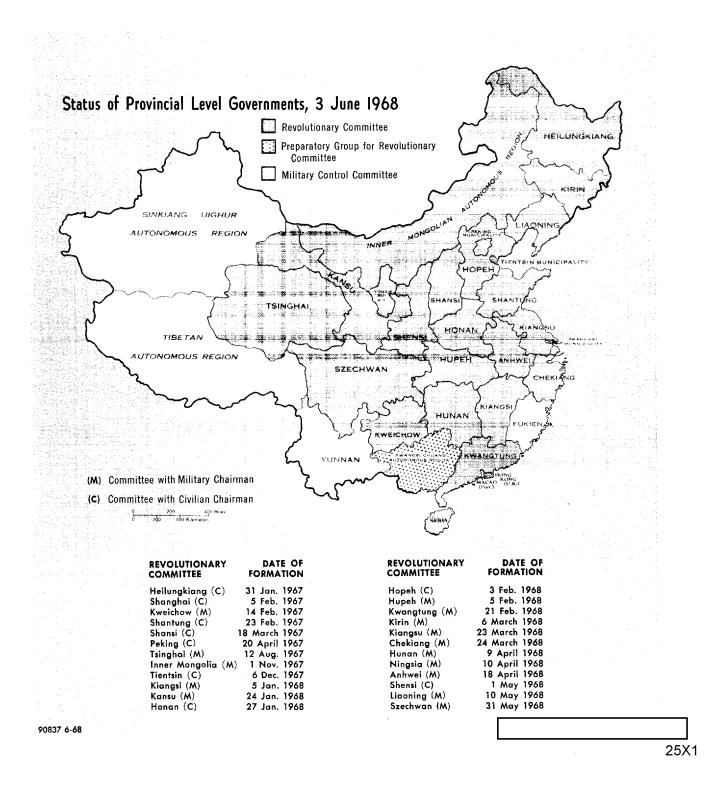
Szechwan

The establishment of a provincial revolutionary committee on 31 May in Szechwan may reduce, but probably will not end, the factional fighting. Appointment of the Szechwan committee came after months of political pulling and hauling in Peking. The membership follows the approved Maoist formula for a "three-way alliance" among representatives of the army, the cadres, and "revolutionary" organizations. The inclusion of members of opposing factions probably will ensure that political friction will continue.

The chairman is Chang Kuo-hua, the ranking military man in southwest China and the choice of "conservative" political forces in Szechwan. The more important of the 15 vice chairmen are Li Tachang, former governor and party secretary; Cheng-tu Military Region commander Liang Hsing-chu, who has been aligned with "conservative"

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forces; two notorious radical figures, Liu Chieh-ting and his wife, who are advocates of a thorough-going purge; and Tien Pao, a Tibetan national also known as Sang-chi-yueh-hsi.

Li Ta-chang went into political limbo after being paraded in disgrace by Red Guards in January 1967. A Cheng-tu broadcast of a "self-criticism" by Li Ta-chang last August and Red Guard material in March 1968 indicated that he

was being "rehabilitated." This material did not suggest, however, that he would end up as number two on the revolutionary committee.

In his inaugural speech, Chang Kuo-hua emphasized that the existence of the revolutionary committee did not mean the "end of class struggle but a starting point for new battles."

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EUROPE

Popular unrest and political turmoil were evident across the continent.

In France, the tensions eased somewhat with De Gaulle's counterattack and the focus shifted to the electoral struggle ahead. The "back to work" movement, however, was not as massive as the government had hoped and militants are trying to prolong the crisis.

The Italian Government resigned on 5 June as Parliament met in its first session since the elections of 19-20 May. The Christian Democrats and the small Republican Party will probably form a minority government with parliamentary support from the Unified Socialists, at least until that party's congress next October.

In Yugoslavia, long considered the most progressive Communist country, student riots broke out in several cities. The regime initially was of a mind to grant what concessions it could to the students, but clearly will take a harder line if they refuse to be mollified. The regime has summarized its position as, "Demands, yes; disorders, no."

The Czechoslovak leadership continued an active political pace in local and foreign affairs. Dubcek's supporters fanned out from Prague to tell the locals about the just-concluded party plenum and to set the stage for an extraordinary party congress in early September. Simultaneously, the very progressive president of the Czechoslovak National Assembly went to Moscow leading a parliamentary delegation for a lengthy visit. This appears to be part of Prague's efforts to keep a dialogue going with the Russian leadership.

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Dubcek and others in their statements concerning foreign policy continued to offer Moscow assurances of loyalty to the Soviet alliance. Nevertheless, Soviet troops remain in place along Czechoslovakia's borders, and Warsaw Pact exercises will be held in Czechoslovakia this month in which small units from the USSR will participate.] 25X

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CRISIS IN FRANCE CONTINUES

After remaining aloof to the first phase of the student-labor crisis, De Gaulle vigorously counterattacked last week. In a broadcast on 30 May, he "postponed" the referendum he had proposed earlier and called for new parliamentary elections. He coupled this with a show of military force and a reorganization of the cabinet. These initiatives appear to have relaxed tension and to have shifted attention from protest demonstrations to the electoral struggle. The government's call for a massive "back to work" movement was not fully heeded, however, and militant opponents of the government are trying to prolong the crisis.

The new government, officially constituted on 1 June, bears the personal imprint of Premier Pompidou. Two of his closest associates were moved to key positions, and a number of persons whose main allegiance was to the President rather than the premier were dropped. Heir-apparent Pompidou thus appears to have acted with a new assertiveness.

The electoral campaign opens on 10 June with voting on the 23rd and again on the 30th in those constituencies where no candidate gets a majority on the first round. The major parties, with few exceptions, will present their former assembly deputies for re-election, but campaign issues will be sharpened by events of the past month. The Gaullists will combine promises of social "renovation" and "participation" with warnings about "totalitarian Communism" and "dictatorship"--

themes De Gaulle emphasized in his speech of 30 May. The left will charge that the Gaullists have ignored basic problems for a decade and are not capable of executing required reforms.

Only one innovation in electoral tactics has emerged. The Gaullist-allied Independent Republicans have decided to run their own candidates on the first ballot in constituencies held by the left. In 1967 this party made an agreement with the Union of Democrats for the Fifth Republic, the orthodox Gaullist party, to present a single candidate on the first ballot to represent Gaullist forces.

Hopes for channeling the protest from the streets to the ballot box may yet be endangered by militants. Even if workers in key industries and public services, encouraged by agreements that go beyond the provisions of the rejected protocole d'accord of 27 May, return to work shortly, holdouts in certain sectors could continue to harass the government.

Moreover, tensions appear to be increasing on the student front. Moderate elements are being outmaneuvered by radicals, an increasing number of whom now demand a revolutionary renovation of so-

ciety. 25X1

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CZECHOSLOVAK LEADERS MAINTAIN ACTIVE POLITICAL PACE

Party leaders this week briefed the rank and file on the results of the central committee plenum and sought support in preparing for the extraordinary party congress scheduled for September.

Party first secretary Dubcek's speech in Brno on 3 June presumably served as a model for the other party leaders. Dubcek's major theme was that the party must continue its revival process" by implementing the action program. He implied that the central committee must be revamped in order to accomplish this.

As in his speech at the plenum on 29 May, Dubcek scored the activities of "extremist elements" outside the party, but he apparently devoted more time in Brno to attacking party "secretarians." For the first time, he publicly lashed out at Novotny and the latter's supporters, explaining that it was necessary to move up the date of the congress because these men would not voluntarily resign.

Dubcek said the party cannot stop "halfway," but must mobilize to create a "socialist democracy." He again appealed for popular support, stressing that the working class is the "principal force" in the country and holding out the possibility that workers will be given a greater voice in the administration of enterprises.

In discussing foreign policy on 29 May, Dubcek reaffirmed that Prague will maintain its alliance

and "good relations" with the USSR and other friendly socialist countries while it pursues an "active and flexible" policy toward all other countries. His remarks on West Germany, however, were more negative than those made recently by some Foreign Ministry officials. He noted that there are differences between Czechoslovakia and its allies, but suggested that Prague's policy will be based on his unique negative version of the "Golden Rule."

Moscow may be somewhat reassured by the moderate tone Dubcek and other leaders have taken during and after the central committee meeting, but it cannot be happy about the scheduling of the special party congress. Nevertheless, the Soviets, apparently as one result of Kosygin's trip to Czechoslovakia, are maintaining the truce in the "press war." Instead of polemical attacks, the Soviet press, as it did before April, is relying on heavy-handed editing of news reports from Czechoslovakia to express Moscow's views on developments there. Moscow also has been giving broad and favorable coverage to the activities of visiting Czechoslovak delegations.

The Soviet forces that moved into positions near the Czechoslo-vak border in early May remain in place. Some Soviet signal units have entered Czechoslovakia in preparation for the Warsaw Pact commandstaff exercise to be held later this month.

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YUGOSLAVIA AND RUMANIA CEMENT RELATIONS

Rumania's Nicolae Ceausescu's visit to Yugoslavia from 27
May to 1 June led to the two
countries drawing together more
closely, in part as the result
of Moscow-directed pressures on
Czechoslovakia. The two leaders
hold similar opinions on most
matters, and the final communiqué pointed the way to expanded
economic cooperation.

Throughout the visit, Tito and Ceausescu were careful to avoid any statements that would have complicated the position of the reformist Czechoslovak regime. The communiqué implicitly supported Prague's independent stance, however, heavily emphasizing the right of each Communist party to determine its own road to socialism without outside interference.

Ceausescu and Tito gave no hint that they had softened their opposition to the world Commu-

nist conference scheduled for next November in Moscow. The two accommodated their oncedivergent views on the Middle East--differences that had accounted for the postponement of Ceausescu's visit to Yugoslavia last June--and called for the withdrawal of Israeli forces from all occupied areas.

Tito apparently did not issue a direct invitation to the Rumanians to attend the "nonaligned" conference he is planning for next year, but he did for the first time elicit Ceausescu's interests in the scheme. communiqué called for wider cooperation among all "progressive" movements, including non-Communist groups, in opposing "imperialism." It also called for further efforts to promote European detente by the Group of Ten, an informal organization of the smaller European states to which both Rumania and Yugoslavia belong.

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USSR STUDIES SUBMARINE ENVIRONMENT IN THE ATLANTIC

Soviet ships and submarines have again conducted special operations in distant Atlantic waters.

Two hydroacoustic research ships--Petr Lebedev and Sergey Vavilov--arrived off the Canary Islands on 11 May, followed by a nuclear-powered E-II - class cruise-missile submarine and a

submarine rescue vessel. The same two research ships have conducted hydroacoustic surveys in the area between the Cape Verde Islands and the Azores almost every year since 1963. Experts in hydroacoustics and noise control on submarines are aboard both ships. The Soviets were probably studying submarine noise

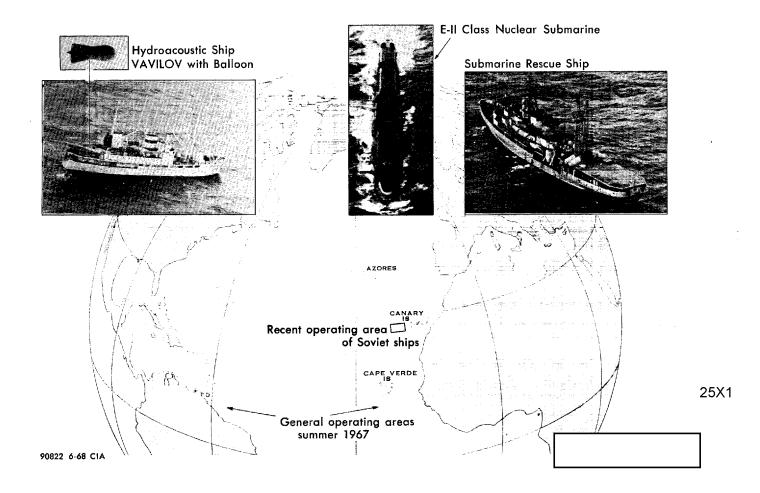
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levels and sound-wave propagation in the waters, where favorable sonar listening conditions exist.

A group of Soviet submarines and submarine-support ships spent six months off Cape Verde and French Guiana last summer in an evaluation of extended submarine deployments to distant waters. Moscow may intend to operate nu-

clear submarines from a mobile support base in the mid-Atlantic, where the submarines would be difficult to locate and in a good position to make an end run on the US through the Caribbean.

The Soviet units dispersed last weekend when US ships and aircraft began to search the Canary Basin for the missing submarine, Scorpion.



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YUGOSLAVIA'S MOUNTING TRADE PROBLEMS WITH THE EEC

Ever since tight restrictions on imports from Western Europe were partially removed early last year, Yugoslavia's trade with members of the European Economic Community (EEC) has been running at a large deficit, and Belgrade may have to reimpose controls.

The pent-up demand for Western goods caused an upsurge of imports last year that resulted in the EEC displacing CEMA as Yugoslavia's principal collective trading partner. Italy edged the USSR as Yugoslavia's leading trade partner, and West Germany drew close to the USSR.

During this period, exports to the EEC have been declining. Intensified EEC restrictions on Yugoslavia's agricultural exports, particularly meat, as well as difficulties in selling its industrial goods, which tend to be of poor quality, have thwarted Yugoslav efforts to increase exports.

A recent EEC proposal to classify Yugoslavia as a "state trading country" in order to apply additional import restrictions has provoked bitter reactions in Belgrade. The measure would affect most of Yugoslavia's agricultural exports, which last year comprised about half of its total exports to the EEC.

Yugoslav concern has been heightened by problems in financing last year's deficit of \$454 million with the Common Market countries. The deficit has been growing so far this year. With only limited hard-currency reserves and no large hard-currency credits in sight, Belgrade probably will have to add to the list of restrictions it reimposed on imports last November.

Belgrade will continue to seek hard-currency credits and may sound out the West Germans when Foreign Minister Brandt is in Yugoslavia next week.

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MIDDLE EAST - AFRICA

The first anniversary of the Arab-Israeli war passed rather quietly in the Arab world, but a major border flare-up between Israel and Jordan took place on 4 June, the day before the anniversary. Support for the terrorists is still strong in the Arab world and further clashes are inevitable.

The Shah of Iran and Saudi King Faysal had a cordial exchange of views on 3 June. Their talks focused mainly on Persian Gulf problems, and the two agreed on the need for Iranian-Saudi cooperation in the gulf-particularly in view of the British withdrawal from the area.

Representatives of the Greek and Turkish communities on Cyprus will begin "full talks" in Nicosia on 24 June. The representatives held preliminary discussions in Beirut this week after weeks of haggling over the site. The meeting marked the first open contact between the two sides since December 1963. The basic problems dividing them are so formidable, however, that the talks will probably not be very productive.

In Turkey, the incumbent Justice Party ran well ahead of all other parties in the senatorial and local elections on 2 June, a further indication that the party will retain power in next year's general elections.

The Nigerian peace talks broke down this week, and the prospects for a negotiated ending of the civil war seem ever more remote. Elsewhere in Africa, President Senghor of Senegal survived a week of strikes and student agitation, but at the cost of losing prestige and confidence for his regime.

In Sierra Leone, militant youths trained in Communist countries are spearheading a virulent anti-US campaign to convince Prime Minister Stevens that elements in the West are conspiring to overthrow his regime.

Zambian President Kaunda, concerned that liberation lighter ating out of Zambia will eventually provoke retaliation by the controlled southern African regimes, is actively seeking defensive a	e white-
He would like Wes	
sistance for his defense needs, but says he will turn to the Co	mmunist
countries if necessary.	25X1

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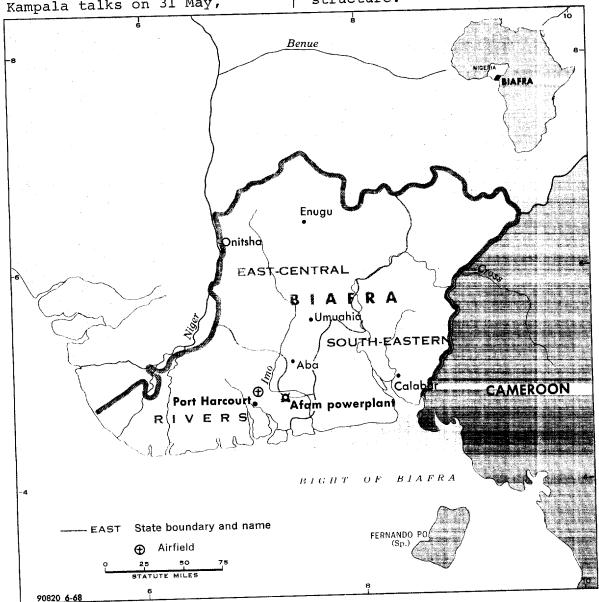
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NIGERIAN PEACE TALKS BREAK OFF

With the breakdown last week of the peace negotiations in Kampala, Uganda, an end to the civil war seems remote. At present, the heaviest fighting continues in the Port Harcourt area as the Biafrans strike back stubbornly.

The Biafrans pulled out of the Kampala talks on 31 May,

claiming the federal negotiators were stalling and were not seriously interested in halting the war. Unable to get Lagos to agree to an immediate cease-fire, the Biafrans refused to yield to the federal demand that they renounce secession and accept their place in Nigeria's 12-state structure.



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The failure of the cease-fire talks may prompt additional recognition of Biafra by African states that consider Lagos' position too unyielding. Senegalese recognition could come at any time because President Senghor reportedly has already been empowered to recognize Biafra. He was awaiting the outcome of the peace talks before acting. Congo (Brazzaville) may also recognize. Tanzania, which accorded Biafra its first recognition in April, is now strongly urging that "Biafra must be helped."

The heads of the Entente states of West Africa--Ivory Coast, Niger, Upper Volta, Togo, and Dahomey--agreed at a meeting in Togo last week to use their influence with each side to help bring about an end to the hostilities. President Diori of Niger, a strong supporter of the Lagos government, may try to arrange a meeting with federal leader Gowon to urge him to soften federal insistence on the 12-state concept. Ivorian leader Houphouet-Boigny, who has already recognized Biafra,

is expected	d to	contact	the	seces-	25X1
sionists.					

Maj. Gen. Gowon, whose military forces have not slackened their effort during the peace talks, has now publicly told the Ibos to accept federal terms or be "pushed to the wall." basic strategy is to occupy Rivers State and complete the isolation of the Ibos in the East-Central The military situation in the Port Harcourt area, however, is somewhat confused. The Biafrans have managed to land troops in the harbor area and are firing homemade rockets at federal planes using the airfield. Biafran troops have also recaptured the Afam powerplant southeast of the city. Lagos probably will manage to find enough reinforcements of men and munitions to assist its hard-pressed 3rd Division. The federal air force has been of little help becaus<u>e</u> of the rains now in progress.

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SENEGAL SHAKEN BY STUDENT AND LABOR AGITATION

Calm has returned to Senegal after a week of student and labor strikes, but the problems underlying public discontent remain. The Senghor government—its confidence shaken by the crisis in France, with which it has close ties, as well as by events in Senegal—has suffered a loss of prestige and may find it more difficult to cope with future challenges.

The strikes that broke out on 27 May at the French-administered University of Dakar--traditionally a hotbed of radicalism--and spread to several lycees were the culmination of a leftistsponsored campaign against recent changes in government scholarship policy. That they were symptomatic of more deep-seated grievances and were actually an indictment of the whole French-structured education system became evident in the refusal of the students to negotiate with the government on the scholarship issue.

Labor leaders, who had broken their shaky alliance with the government to voice their own demands on May Day, were initially reluctant to join in the agitation. After the dispatch of police to the campus on 29 May, however, the major national union called for a general strike on 31 May to protest the government's use of force and to support student demands. President Senghor responded with a radio appeal for support and proclaimed a state of national emergency. He blamed the troubles on "outside forces,"

citing the "Maoist" orientation of his opposition.

Although the strike was never fully effective, intervention by Senegalese troops was required to quell the accompanying looting and rioting. Locally based French troops were deployed to guard strategic facilities in the capital. Senghor was also bolstered when party militants were rushed into Dakar by the conservative Muslim brotherhoods that underpin the regime.

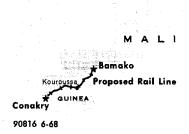
By evening of 31 May, order had been restored in Dakar. Many labor leaders, including several on the national level, had been arrested for fomenting the strike and allegedly plotting a coup. When strikers began drifting back to work over the weekend, the government responded with conciliatory gestures. It declared that the cabinet would consider union demands on 5 June and that a meeting of government, union, and employer representatives would be held on 12 June. On 4 June, the government an-nounced it had agreed to release the jailed union leaders in return for their formal termination of the strike.

Economic difficulties will add to Senghor's problems in dealing with the growing dissatisfaction. The budget has already been strained by a decline in revenues from Senegal's major export, peanuts, and prospects are dim for a revival of the stagnant economy.

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AFRICAN RAIL PROJECTS PUSHED BY COMMUNIST CHINA

The Chinese are moving ahead with plans to construct a 1,000-mile rail link between Zambia and Tanzania, and have signed an agreement to help build a 200-mile railroad between Mali and Guinea. These developments reflect an increased effort by Peking to enlarge Chinese influence



in Africa and are probably part of a larger plan aimed at projecting an image of normality in foreign relations to offset the costly excesses of "Red Guard diplomacy" last year.

The foreign ministers of Guinea and Mali received red carpet treatment in Peking prior to the signing of the tripartite agreement on the construction of the Guinea-Mali link on 24 May. The highlight of their visit was a meeting with Mao and Lin Piao, the first time the Chinese leaders had hosted a nonbloc mission in seven months. President Julius Nyerere of Tanzania is due in Peking later this month, the first visit to China by a head of

state since Mauritania's President Daddah went to Peking last October.

The agreement for the Tan-Zam project was signed last September and the protocols in April 1968. Some 340 technicians arrived in Dar es Salaam in April to begin a detailed engineering survey of the Tanzanian segment. This evidence of Chinese willingness to proceed with the project may already have borne political fruit.

Dar es Salaam has taken a strong stand against the nonproliferation treaty, adamantly opposed by Peking, and led an abortive move at the UN to postpone further consideration of the measure until the next regular session of the



General Assembly. A Tanzanian Foreign Ministry official said that one reason for his government's position was a desire to avoid antagonizing Peking and possibly jeopardizing Chinese aid.

The exact cost of constructing these railroads is not known, but

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the burden on the Africans will be minimal. The Tan-Zam link is to be financed under an interest-free loan that may be repaid, at least partially, in African commodities. Details on the Mali-Guinea railway agreement are lacking, but the financing will probably follow the pattern set by the Tan-Zam agreements.

These railroad projects highlight Peking's long-standing commitments to three of the states involved. Guinea has been receiving a wide range of economic assistance from China since 1959. Mali began receiving economic aid in 1961 and now has the largest Chinese aid mission in Africa, with some 1,400 technicians operating throughout the country. China's assistance to Tanzania began in 1964 and has remained at a high level. Peking's first credits to Zambia were extended in 1967 for the construction of the Lusaka-Mongu highway.

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ANTI-US CAMPAIGN GAINING IN SIERRA LEONE

An anti-Western and especially anti-US campaign is being whipped up by radicals around Prime Minister Siaka Stevens in an effort to convince him that elements in the West are conspiring to overthrow his new regime. The political situation is complicated by a deterioration in security conditions as a result of mounting tensions between Sierra Leone's two major tribes, the northern Temne and the southern Mende.

Leftist militants in Stevens' government and in his northern-based party, dominated by the Temne, are circulating a story that US, UK, and expatriate business firms have been involved in

an antigovernment plot with disaffected indigenous elements. These militants, many of whom are young people trained in Communist countries, may also have instigated the breakup by soldiers of a Peace Corps conference in Freetown on 1 June.

Several other anti-US incidents have occurred, mainly involving minor harassment of US
citizens, and anti-American
editorials have appeared in Freetown's press. Stevens gave a
less than satisfactory response
when the US ambassador informally
protested these incidents. A
youth leader in Stevens' party
claims that demonstrations are

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planned against the US and UK embassies. Meanwhile, security conditions in the north have deteriorated. Supporters of Stevens have been inciting crowds and hoodlums against local chieftains who supported the former Mendedominated government. Extra police units have been dispatched to deal with the violence, but the disorganized police force will be hard pressed to control spreading disorders. Stevens' grip on the reins of power remains very tenuous. His control over the army and police is marginal, and his ability to keep party extremists in line is questionable. Further plotting by Mende troops, who represent the most immediate threat to his regime, is a distinct possibility.

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NEW BORDER FLARE-UP MARKS ARAB-ISRAELI WAR ANNIVERSARY

A major fight along the northern Jordanian-Israeli border took place on the day before the first anniversary of the June 1967 Arab-Israeli war, but the anniversary date itself passed relatively quietly in the Arab world.

Both the Israelis and the Jordanians had been extremely nervous over the possibility of major trouble this week. The Israelis had built up their forces in the northern border area shortly before the anniversary, apparently as a precautionary step. A firefight over the border on 4 June triggered the most serious clash between Israeli and Jordanian forces in over a month. After the first border exchanges, during which the Jordanians fired on several Israeli settlements, the Israelis sent up planes and attacked the Jordanian town of Irbid. Approximately 30 Jordanian civilians were killed during the attacks, and the fight continued during most of the day.

Violence broke out in Jerusalem on 5 June when Arab demonstrators carrying flowers to commemorate the Arab deaths last year were dispersed by Israeli policemen in the Old City. A number of demonstrators were wounded during the incident, as were two Israeli policemen.

In other parts of the Arab world, the day passed calmly. A protest march in Beirut in support of Arab terrorists took place on 5 June without incident, and speeches and demonstrations in other Arab countries were vitriolic but orderly. Nasir made a short speech in Cairo, stressing the rearmament of Arab armies since last June's debacle.

The Israelis were obviously fearful that the Arab terrorist groups would try some major strike into Israeli-occupied territory to mark the occasion. The terrorists, however, confined their anniversary celebration to statements that they are determined to continue the revolution and expressions of mourning for their fallen comrades.

Further border clashes are, however, inevitable. Although King Husayn has recently been trying to curb terrorist activity and has tried to use recent clashes between terrorists and his own security forces as an excuse for a crackdown, sympathy for the terrorists is still strong throughout the Arab world.

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WESTERN HEMISPHERE

Domestic problems overshadowed international affairs in Latin American countries again this week.

In Panama, backers of president-elect Arnulfo Arias are reportedly doing everything in their power to forestall government attempts to cast doubt on the legitimacy of Arias' victory. They fear that any legal shadow over an Arias administration would prevent progress toward conclusion of a canal treaty.

On 2 June, Jose Maria Velasco Ibarra was elected president of Ecuador for the fifth time. The elections were conducted without serious incident, even though some of the more intransigent members of various political groups had earlier threatened to commit acts of terrorism.

In Peru, President Belaunde appointed a new cabinet, but serious economic problems seem all too likely to continue and to create political burdens similar to those Belaunde has faltered under in the past. The President's own party, Popular Action, nominated the leader of the leftist faction as its presidential candidate for next June and adopted a number of leftist planks in its platform.

Students at the University of Chile occupied most of the university buildings, which are scattered throughout Santiago, and brought teaching, research, and administrative functions to a halt. The students seek greater participation in the election of academic and administrative authorities.

Long-smoldering discontent among students in Argentina has tended to become violent. On 29 May, police in downtown Buenos Aires broke up a rowdy demonstration by almost 300 students protesting the lack of academic freedom. The following day, some 700 students staged a demonstration at the University of Buenos Aires and were forcibly removed by police. Leftist labor unions plan to support massive student demonstrations scheduled for 14 June.

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In Bolivia, antigovernment demonstrations connected with an extended teacher's strike have required police to intervene with tear gas. Several bombs have been detonated by terrorists, one on 3 June just a block away from the site of a conference between President Barrientos

and the leaders of the striking teachers.

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PANAMANIAN GOVERNMENT TRYING TO INVALIDATE ARIAS VICTORY

Backers of president-elect Arnulfo Arias reportedly are doing everything in their power to intimidate President Robles and forestall any government action that would cast doubt on the legitimacy of Arias' electoral victory.

On 30 May, immediately after the National Elections Board accredited National Union (NU) leader Arias as the winner of the election on 12 May, the government-controlled Electoral Tribunal issued a decree nullifying all actions by the board. It explained that it was acting because a progovernment appointee was denied permission by the National Guard to function as board president. In addition, the Supreme Court is rumored to be preparing a decision upholding the tribunal ruling.

Although the Robles government would be unable to enforce such rulings without guard support, NU leaders nevertheless fear that a legal shadow over an Arias administration would inhibit the US from concluding a canal treaty.

National Guard commandant Vallarino, and even from some Samudio supporters, Robles has resolutely refused to call off legal machinations against Arias.

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While NU leaders appear optimistic about the

Despite heavy pressure from

Sensationalist news media in both camps--some of them infiltrated by left-wing elements--continue their inflammatory reporting. A pro-Samudio radio station is spearheading a vitri-olic anti-US campaign, highlighted by charges that Arias has made a secret pact with the US to deliver Panamanian consent on the proposed canal treaties.

prospects of removing Robles,

vive political tension.

Vallarino thus far has opposed a move that would probably re-

Arias, for his part, expressed a desire for cordial relations with Washington during a recent meeting with the US ambassador. In discussing US AID programs, the NU leader alluded to a possible need for budgetary support from the US.

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PROSPECTS FOR ECUADOR UNDER VELASCO SEEM UNCERTAIN

In a close three-way race, Jose Maria Velasco was elected president of Ecuador for the fifth time on 2 June. The election was probably the most efficient and honest in the country's history and, despite only a onethird plurality, Velasco's victory seems secure. Nevertheless, the opposition to him from many sectors and his previous three ousters from the presidency indicate that the 75-year-old Velasco's chances of finishing his term, which starts on 1 September, are not assured.



VELASCO

Andres Cordova. Although the vice presidency is an unimportant position, the combination of its loss and an opposition majority in the newly elected congress will contribute to Ecuador's chronic political unrest. Zavala's and Velasco's animosity toward each other has already cropped up in postelection statements.

Some military leaders participated in Carlos Julio Arosemena's ouster of Velasco in 1961, but the present armed forces commanders seem willing to accept his return to power. Their attitude is influenced by his statements that he would not again force the retirement of senior officers, and by reports of broad support in the military ranks. The military leaders will, however, keep wary watch on political developments because they feel a strong responsibility to maintain stability.

Velasco has already made several statements marking the general

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In separate balloting, Velasco's vice-presidential candidate lost to Jorge Zavala Baquerizo, the controversial and dynamic running-mate of center-left candidate

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direction he plans for his new administration. He re-emphasized his interest in opening or expanding trade with any country, including Communist ones, to protect markets for Ecuador's major exports, bananas. On foreign policy, however, he said he would not renew diplomatic relations with the USSR or Cuba because he "would already have enough problems."

He denied charges that he was an enemy of the US, implying that

he could not afford to take such a position. Recently, Velasco criticized Interim President Otto Arosemena's hostile attitude toward the US and his ouster of the US ambassador, saying he would rectify such mistakes. He has also said that he agrees with the concept of cooperative programs as envisioned in the Alliance for Progress, but that he considers it "ponderous and cumbersome."

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PERIL'S NEW CABINET FACES OLD PROBLEMS

President Belaunde's cabinet changes last week may be an attempt to deal with Peru's economic problems by altering form rather than substance.

Preliminary reaction to the new cabinet was mixed. Most opposition newspapers have criticized it, although there is a general feeling that judgment should be reserved until the cabinet's program is known. The US Embassy in Lima comments that the cabinet contains some good elements but does not immediately inspire confidence.

Although the President has met demands by the opposition APRA party for a cabinet of technicians, he has done nothing about its call for specific actions. APRA wants the government to cut expenditures, solve the long-standing dispute with the International Petroleum Company, and refinance the foreign debt before resorting to new taxes. might well encounter difficulties in obtaining relief from foreign debt payments (scheduled to more than double in 1968) and substantial cuts in other expenditures would be very difficult politically.

Wages, social benefits, and military purchases account for the rest of the increase in expenditures budgeted for 1968.

The issue of new taxes has been a major stumbling block to cooperation between the executive and congress, as APRA believes that much of its recent political resurgence is attributable to its stand against additional taxes. Unless this disagreement can be resolved, the new cabinet is unlikely to have more success than the old, and Belaunde will continue to try to muddle through until his term ends in July 1969.

Belaunde faces additional problems from within his own Popular Action Party. The party's national convention has nominated leftist leader Edgardo Seoane as its presidential candidate. Seoane is presently first vice president of Peru and has called for nationalization of the US-owned International Petroleum Company. Further leftward moves by the party could provoke a complete rupture between Belaunde and the Popular Action leadership.

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CHILEAN STUDENTS DEMAND UNIVERSITY REFORM

A dispute over student "co-government"--participation by students in the election of academic and administrative authorities at the University of Chile-has resulted in student occupation of most university buildings and complete cessation of normal teaching, research, and administrative functions.

The problem began on 23 May when the university council voted to reorganize the Marxist-dominated faculty of philosophy and education, which had permitted student participation in the election of the director of the Pedagogical Institute. The Socialist rector of the university, Eugenio Gonzalez, thereupon resigned, and various student groups occupied the university buildings. Gonzalez' replacement probably will be Enrique Silva Cimma, a Radical who heads the Soviet-Chilean Cultural Institute.

On 30 May, President Frei submitted to Congress his higher education bill, designed to govern student participation and the growth of the public system of higher education. The proposal would permit each university to decide how students are to participate in the choice of the highest academic authorities, but students would be permitted no voice in the choice of professors and researchers.

The bill would also allow professors and researchers to participate in key decision-making bodies, thus diluting the effect of student participation. Communist efforts to gain control

over these personnel groups have met with mixed success so far.

Legislative approval of the bill depends on cooperation of the Communists with the Christian Democrats. Such cooperation played a part in the passage of the 1968 wage adjustment bill and the settlement of postal and teachers' strikes.

The recent student disturbances have provided an excellent illustration of the Communist Party's attempts to maneuver between its Socialist allies and the leftist faction of President Frei's Christian Democratic Party (PDC). On 29 May the Communist and Christian Democratic student groups came to an agreement, isolating the more extremist students belonging to the Socialist Youth and the Movement of the Revolutionary Left (MIR). The Communists later withdrew, however, partly because of defections to the MIR and partly to placate the Socialists. The directing group of the University of Chile student federation then gave its Christian Democratic president an overwhelming vote of confidence, thus defeating a Communist proposal for his resignation.

The Communists would like to work out an alliance with the Christian Democratic leftist faction, to which most PDC students belong, but they are unwilling to break completely with the Socialists. This type of maneuvering can be expected to intensify with the approach of the congressional elections in March 1969.

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