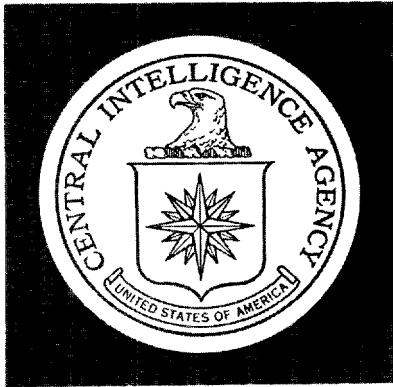


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DIRECTORATE OF
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WEEKLY SUMMARY

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(Information as of noon EDT, 13 June 1968)

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20

A cabinet shift may be in the offing

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26

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CHILEAN COMMUNISTS CONTINUE POLITICAL MANEUVERING

27

The Communist Party has renewed its call for a broad leftist front to contest the 1970 presidential elections, but it hinted that it might abandon its traditional Socialist allies if they continue their present extremist tactics.

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FAR EAST

The North Vietnamese are continuing to take a hard official line on the bombing issue at the Paris talks and elsewhere. There are a number of indications that they plan to intensify propaganda efforts in support of their position, with a particular view toward influencing American public opinion.

The ground war in South Vietnam slackened noticeably during the week, but rocket attacks on Saigon increased. Skirmishing around Khe Sanh continued amid indications that the Communists intend to raise the stakes in that area by augmenting their forces. In the western highlands, Special Forces camps remain likely targets for possibly major enemy attacks.

In Saigon, Vice President Ky has responded to the latest blow to his power position—General Loan's removal as national police chief—by announcing his resignation as director of the People's Self-Defense Force. Seemingly persuaded that President Thieu will bypass him on all matters of importance anyway, Ky appears resigned to staying in the background at least until some issue presents itself on which he might be able to rally the senior generals against Thieu.

In China, the Cultural Revolution has received new impetus from a set of "instructions" by Mao Tse-tung published jointly by People's Daily and the Liberation Army Journal on 2 June. Subsequent exhortations to army officers and veteran party bureaucrats, who now dominate provincial governments, to protect the "masses" and respect their "revolutionary zeal" are adding further fuel to the violent fighting that continues to plague some parts of the country.

Indonesian President Suharto has put together a new cabinet which, while giving a nod to the political parties' persistent calls for greater representation, preserves army control over key security ministries and has more of the technical expertise vital for getting on with the government's first order of business—economic rehabilitation and development.

The Sato government in Japan, which faces upper house elections early next month and is aware of recently emerging, widespread popular concern with the US military presence, has abandoned its usual silence on the delicate issue of US bases. Official statements last week cautiously criticized some aspects of US operations but did not question basic US-Japanese security relationships, which Sato himself has reaffirmed in a campaign speech.

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VIETNAM

No break in the Paris talks developed during the week as North Vietnamese spokesmen continue to portray their position in very hard-line terms. Newly arrived politburo member Le Duc Tho told CBS' Charles Collingwood that no progress in the talks could be expected until the US dropped the reciprocity issue and agreed to an unconditional cessation of the bombing.

On the propaganda front, Hanoi is reported to be undertaking a number of steps to strengthen support for its negotiators in Paris. Among them is a plan to have such Communist-dominated groups as the World Peace Council organize speaking tours of the US. Hanoi is also trying to arrange rallies in Paris and other capitals.

Meanwhile, Vietnamese Communist propagandists are becoming more active in defending the right of all Vietnamese to fight anywhere in their country against the allies. US charges of Hanoi's troop involvement in the South have pushed them into a more openly defensive stance on this issue.

The Communists may also be attempting to pressure the northern populace for even greater sacrifices in support of the war in the South. A Liberation Front statement of 11 June affirmed that the South Vietnamese people, while relying mainly on their own strength, also "have the right to receive assistance in all aspects from their kith and kin northern compatriots." The statement claimed, in addition, that the "South Vietnamese people to date have reserved the right to appeal for and receive assistance in all aspects from their friends in the world, including assistance in weapons and volunteers."

Political Developments in Saigon

President Thieu, in a major move against Vice President Ky and his followers, replaced the still-hospitalized General Loan as chief of the National Police Force on 9 June. Although Loan has long been an obvious target in Thieu's systematic campaign to cut Ky down to size, most observers in Saigon had not expected Loan's ouster to come this soon. Thieu's action may have been spurred in part by the urgings

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of General Khiem, the new interior minister, but its main inspiration was probably a determination by the ever-cautious President that Ky was not as strong as Thieu, had previously supposed. Ky's failure overtly to oppose Thieu's maneuvers in connection with the establishment of the new Huong government may have helped the President to reach this conclusion.

Ky thus far seems to have accepted quietly this latest blow to his political fortunes. On 12 June, he resigned as director of the people's self-defense force [REDACTED]

[REDACTED] Ky will probably bide his time, looking for a clear-cut issue--possibly the peace issue--on which he can rally the senior generals against Thieu. Ky has been careful to avoid direct comment on the Paris talks, but he has on a number of occasions emphasized his opposition to any compromise with the Communists.

Colonel Tran Van Hai, commander of the Vietnamese Rangers, has been named to succeed Loan. Hai is described as an able, apolitical officer [REDACTED]

[REDACTED] The mayor of Saigon, wounded in the accidental attack on the police command headquarters last week, has also been

replaced. In addition, a new commander has been installed for the Capital Military District, a position previously held by General Le Nguyen Khang along with his command of III Corps. Khang has offered Thieu his resignation as III Corps commander, but Thieu has not yet acted on it.

* * *

Saigon civilian politicians are beginning to talk more openly about possible negotiations with the National Liberation Front. Former deputy prime minister Tran Van Tuyen, in a letter to a Saigon paper, has declared that the Front, although an instrument of the North Vietnamese Communist Party, possesses an army, controls part of the country, and must be acknowledged as a political reality. He reiterated proposals, which he and others first put forward some months ago, calling for a military conference between Saigon and the Front to arrange a truce, to be followed by an international political conference to settle the war within a broader framework of peace in Southeast Asia.

Tuyen's statements follow similar remarks made in the US by newly appointed Minister of State Phan Quang Dan, who said he favors talks with the Front aimed toward a cease-fire, if not toward

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an eventual coalition. His comments have caused considerable consternation in Saigon and could cost him his job when he returns unless he revises them to fit the harder government line.

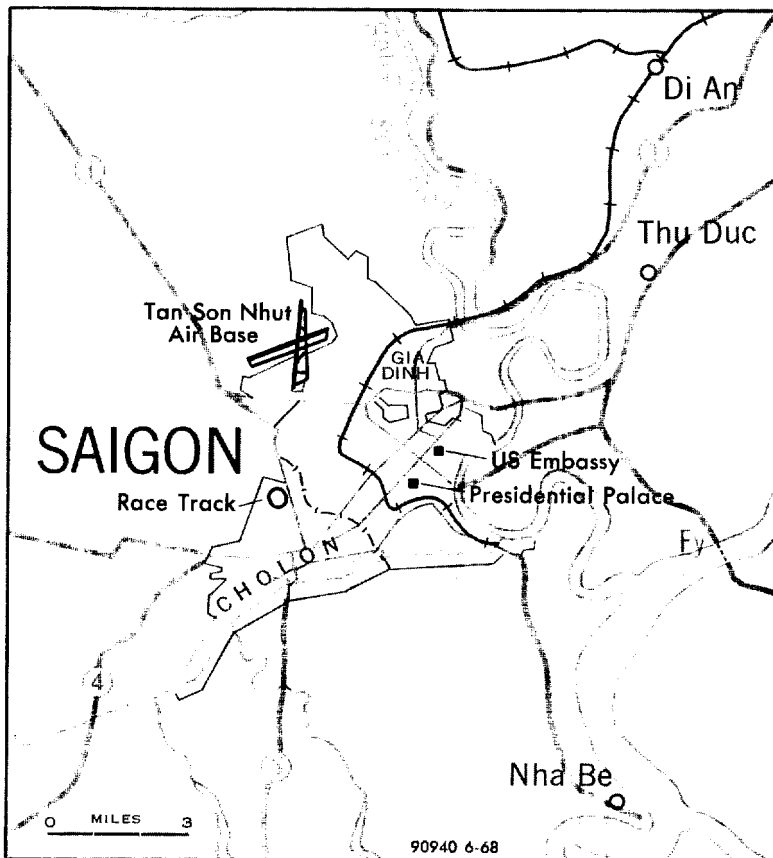
These issues previously were taboo and their open discussion caused some persons to be arrested. One impetus toward a more candid public consideration of talks with the Front is almost certainly the widespread concern over the possible direction of bilateral talks between Washington and Hanoi and

the conviction that the South Vietnamese themselves must be primarily responsible for determining their own future. Another stimulus may be the trend toward a greater civilian voice in the government, which many local politicians have long considered to be the prerequisite for ending the war through negotiations.

The War in South Vietnam

House-to-house fighting in Cholon and Gia Dinh has subsided, but the Communists continue to subject the Saigon area to a heavy rocket bombardment. The rain of rockets, some of which are falling perilously close to key installations in the main government and business part of Saigon, is beginning to excite demands by South Vietnamese politicians for retaliation against Hanoi.

Minor skirmishes with enemy troops continue to be reported on the outskirts of Saigon. These engagements largely involve Viet Cong local and main force units charged with keeping up pressure by mortar and rocket fire and successive ground probes. These troops are being supported by an outer ring of units from the three major Communist divisions in the area, the 5th, 7th, and 9th. Their apparent mission is to conduct harassing attacks against outlying allied bases to screen the flow of munitions,



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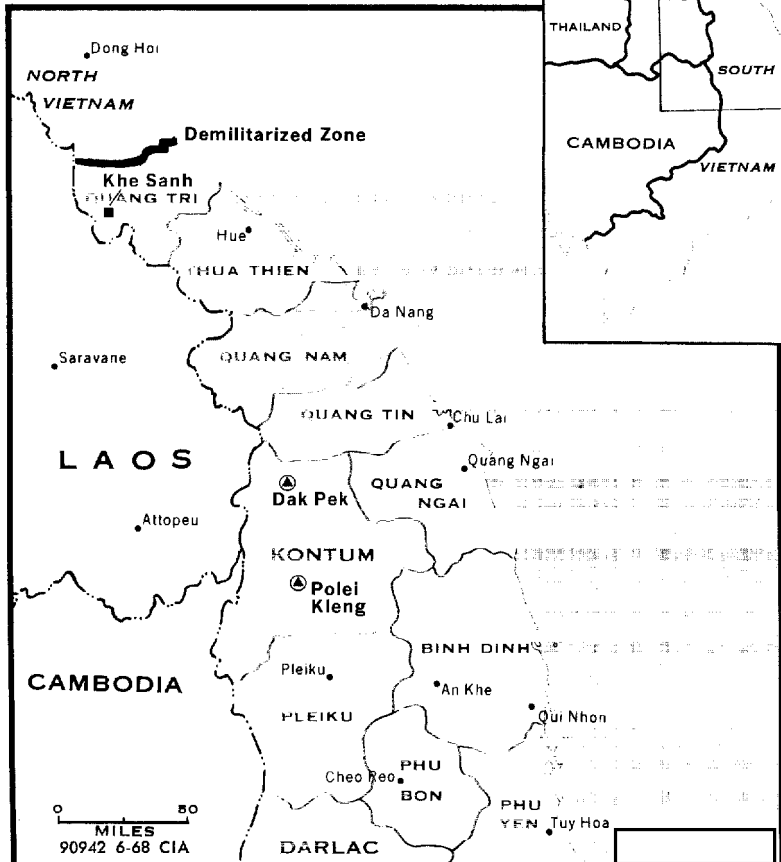
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food, and replacements to the Viet Cong units nearer the city.

From the time this latest Communist campaign of harassment in the Saigon area began on the night of 4-5 May until 10 June, civilian casualties resulting from the shellings and the street fighting have been placed at 433 killed and 3,660 wounded. In addition, the government's refugee burden has been increased by over 160,000. The enemy paid a heavy price, losing an estimated 10,000 killed in the Saigon area during the month of May.

Elsewhere in the country, ground fighting was relatively light during the week. In the Khe Sanh area, however, skirmishing and Communist probing actions continued amid indications that the enemy force structure may be augmented to the equivalent of two divisions. In the western highlands, Communist forces continued their attempt to isolate the US Special Forces camps at Dak Pek and Polei Kleng through harassment of access routes and

SOUTH VIETNAM



allied fire-support bases. In Quang Nam Province, vigorous allied countermeasures during recent weeks appear to have reduced the threat of early and large-scale enemy offensive action.

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MAOISTS RENEW DEMANDS FOR "REVOLUTIONARY STRUGGLE"

The violent fighting that continues to plague some areas of China seems to be fueled by current propaganda exhortations to "arouse the masses" against enemies of the state. This propaganda line stems from a set of "instructions" by Mao Tse-tung published jointly by People's Daily and the Liberation Army Journal on 2 June.

Recent broadcasts from Peking and several provinces insist that the "masses" be given a larger role in the Cultural Revolution. Army officers and veteran party bureaucrats who now dominate provincial governments are being told to protect the "masses" and to respect their "initiative" and "revolutionary zeal." On 7 June, Peking radio even spoke of "organizing and arming the masses."

The new propaganda line has already had an inhibiting effect on efforts by the army to maintain order in some areas, and as a result

feuding Red Guard factions are fighting more openly and violently.

there have been clashes involving large numbers of armed students and workers nearly every day since late May in Canton or nearby cities. Two dormitories at the large Chungshan University have burned down. In nearly every incident the army has taken no action except to prevent bystanders from approaching the trouble zone. A curfew has been imposed in Canton covering the Chungshan campus and other major trouble spots.

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The problem of maintaining order in Canton is complicated by the influx of thousands of refugees from the adjacent province of Kwangsi, where fighting and burning in several large cities have forced residents to flee.

fighting at Kueilin, on the main railroad, has paralyzed transportation.

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NEW INDONESIAN CABINET WILL FOCUS ON ECONOMIC RECOVERY

President Suharto's new cabinet, installed on 10 June, has been charged with developing and executing a five-year economic plan and preparing for general elections in 1971.

In constructing the cabinet, Suharto has balanced the demands of his various critics against his own desire for expertise and has produced a government that is more competent than its predecessor. Suharto reduced the number of military members, slightly increased party representation, and put most technical posts in capable nonparty hands.

The new government, which has thus far drawn little criticism, is composed of six military officers and 17 civilians. Eight of the civilians are party representatives, but four of them hold nonportfolio posts that appear to carry little influence. The army retains the key security posts of defense and internal affairs.

An able member of Suharto's staff of economic advisers has been given the finance portfolio. Newly appointed Trade Minister Sumitro, a political exile during much of the Sukarno era, is also a trained economist. Adam Malik remains as foreign minister.

Suharto and his colleagues believe that visible progress

toward economic recovery is essential for political stability and that further improvement must be achieved by 1971 when elected government is to be reinstituted. They hope to initiate a five-year development plan next year emphasizing increased agricultural production and a rehabilitated and expanded infrastructure.

Work on the five-year plan apparently has already begun under the direction of Widjojo, the head of the National Planning Board. Suharto's appointees to the financial and economic ministries and related bureaus have been working well together for some time and the development plan should go forward relatively unhampered by interdepartmental feuding.

It now appears that Indonesia will not receive all of the \$325 million in economic assistance from non-Communist donors which it had requested for 1968. Western Europe and Japan have been less generous than originally hoped. Suharto and Widjojo, who earlier had reacted with near panic when they realized all requested aid would not be forthcoming, now appear to be adjusting their plans and to be setting their economic sights on 1969--the year to move from stabilization to rehabilitation.

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EUROPE

The seeds of a new Berlin crisis were sown during the week by East Germany. The East German parliament passed a series of laws designed to underscore Pankow's sovereignty and to solidify West Berlin's status as a third political entity. These actions were undoubtedly coordinated in advance with Moscow. Passport and visa requirements for West Germans desiring to enter East Germany also are intended to emphasize that the Federal Republic is a foreign state rather than part of a divided nation. These measures will be viewed in Bonn as a further challenge to West Germany's claim to represent all Germans. They could affect the Allied position in Berlin, which would be weakened in proportion to the degree of authority over access assumed by the East Germans.

President Tito has temporarily defused the student revolt in Yugoslavia, but party factionalism and economic priorities may interfere with his attempts to meet "justified" student demands.

In Belgium, the four-month-old government crisis appears to have been resolved following agreement earlier this week between the Social Christian and Socialist parties on a program for a new coalition government. It is likely to be headed by Gaston Eyskens, a former prime minister and veteran Social Christian leader. The outlook for the new coalition is not bright, however, because of the persistent tensions arising from the unresolved linguistic dispute.

The UN General Assembly overwhelmingly approved on 12 June a resolution endorsing the nonproliferation treaty and requesting that it be open for signature and ratification at the earliest possible date. The US and USSR hope to call a meeting of the Security Council in the next few days to consider security assurances for nonnuclear countries.

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NEW EAST GERMAN CHALLENGE OVER WEST BERLIN

With the introduction of new controls on West German travelers and goods transiting East Germany, the Ulbricht regime has taken its most serious step since the building of the Wall in 1961.

The imposition of passport and visa controls for West Germans and West Berliners is designed further to underscore East German sovereignty and at the same time to enhance the claim that West Berlin is a third political entity.

The new regulations require West Germans and West Berliners to procure East German visas to transit or visit East Germany. After 15 July, West Germans will also be required to produce passports for such travel. These documents may not include any reference to Bonn's claim to represent all Germans. The East Germans began issuing visas on 12 June.

West German Chancellor Kiesinger told Allied ambassadors on 12 June that the situation is serious and that "not just protests but countermeasures are needed." At the same time he said that it is necessary to proceed with caution and realism. The chancellor also noted that his government had not yet decided what countermoves could be taken by West Germany and the Allies.

In light of recent upheavals in Eastern Europe--especially in Czechoslovakia--where important Soviet interests are at stake, the Soviets have been more inclined to back Pankow's assertion of sovereignty at Bonn's expense than they might otherwise have been. Soviet diplomats, in endorsing East Germany's previous moves to increase its control over West German travel, have sought to dampen any suggestion of tension, instead linking the moves to alleged West German "provocations" and emphasizing that Allied access to Berlin will not be affected.

Soviet commentary has soft-pedaled the latest and boldest East German action, characterizing the passport and visa requirement as a "routine" measure "fully in line with the norms of international law and practice." Pravda on 13 June defended the controls as a justified and inevitable response to the pending West German emergency legislation.

The East Germans may have been encouraged when the West failed to make a strong response to earlier bans against travel in East Germany by members of the right-wing National Democratic Party and senior Bonn officials. The extent to which they implement the new regulations may be related to the intensity of Western reaction.

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DISORDER GROWING IN FRANCE

Over 9 million of the 10 million striking workers have returned to their jobs, and the general strike has thus virtually ended. The danger of serious disorders, however, has increased during the past week. The deaths of two workers and a student in clashes with police attempting to clear strike-bound plants have raised tension anew after a period of relative calm.

In the wake of violent demonstrations protesting police "brutality," the government on 12 June banned all public protests until after the parliamentary elections and ordered the dissolution of seven extreme leftist groups under a 1936 law prohibiting the formation of combat groups and private militia. These repressive government moves could make the situation even more explosive.

Instead of trying to conciliate the rebellious students and workers, the government is concentrating on winning the June elections by following a tactic of deliberately polarizing political forces. This increases the possibility of violent confrontations between the right and left, and will make even more difficult the solution of basic social and economic problems. De Gaulle's strong emphasis on the dangers of the "totalitarian enterprise" of Communism together with the government's mobilization of "civic action" committees and the Committee for the Defense of

the Republic--a group of World War II resistance veterans--have given new impetus to right-wing forces.



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the government's agreement to submit a bill to reimburse those whose property in Algeria was nationalized are intended to rally extreme rightists to the regime.

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The French Communist Party (PCF) is giving the Gaullists ammunition for their anti-Communist campaign by reiterating the call for a "popular front" government. The Gaullists contend that the PCF's goal has been to install itself in power and that it has used the crisis to push toward that end. The party, however, initially was largely preoccupied with limited economic and political aims. Only when the crisis mushroomed and De Gaulle appeared unable to control it did the PCF escalate its demands and thus open itself to charges of aiming at revolution.

Now that De Gaulle again appears to be in command, the Communists are being more circumspect. At this juncture, the PCF apparently does not expect the left to win a majority in the elections but it hopes to capture the leadership of the left by obtaining an impressive margin on the first ballot.

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CZECHOSLOVAK-SOVIET RELATIONS REMAIN UNEASY

The fragile "understanding" between Moscow and Prague was jarred this week when the Soviet Foreign Ministry for the first time formally protested an article that had appeared in a Czechoslovak newspaper.

Moscow's note objected to the reprinting of a New York Times article which alleged that Soviet military officials were involved in General Sejna's escape from Czechoslovakia. The note accused the newspaper of reprinting the article with the "one aim" of disturbing friendly relations between the USSR and Czechoslovakia. Virtually demanding the reimposition of censorship controls, the note expressed the "conviction" that the "appropriate Czechoslovak organs will take the necessary measures" to prevent the appearance of similar reports.

The Soviet decision to revive the issue of press freedom at the intergovernmental level indicates Moscow's continuing dissatisfaction with the Dubcek regime's determination to use only informal controls on the press. The Soviet note was delivered almost simultaneously with the arrival in Moscow of a Czechoslovak economic delegation led by Deputy

Premier Strougal to continue negotiations on a large Soviet loan. The fact that the delegation left two days later without a Soviet commitment for immediate aid tends to confirm reports that Moscow is using the prospect of economic assistance to force a retreat on the issue of press freedom as well as to exert influence on the course of other reforms.

As yet, the Soviet press has made no move to resume the war of words that ended during Kosygin's stay in Czechoslovakia. Soviet reporting of developments in Czechoslovakia continues to be biased, but without direct criticism.

The Soviets continue to exert other psychological pressures, however. Preparations may now be complete for a Warsaw Pact command-staff exercise in Czechoslovakia. The exercise was announced three weeks ago. The Czechoslovak Defense Ministry has issued numerous press statements intended to allay domestic fears that the USSR will use the exercise to cover military intervention. These statements stress that only a "minimum" number of Soviet troops will take part and that they will leave Czechoslovakia on conclusion of the exercise, which is to last several days.

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ECONOMIC REFORM LAGS IN CZECHOSLOVAKIA

The Dubcek regime has had to weather the initial phase of the political storm before it could begin to focus on the problems of economic reform.

Dubcek cannot yet afford to identify himself with an economic program that may risk alienation of any of his supporters, however. The Czech political situation has not yet been stabilized, and the economic future is so uncertain that he would be foolish to tie his hands with a detailed program.

Central to Czechoslovak economic plans is the question of the availability of foreign credits. Czechoslovakia continues to seek credits primarily for the purchase of Western technology and for short-term assistance in maintaining the consumers' standard of living. Amid constant reports of credit feelers in the West, Czechoslovak Deputy Premier Lubomir Strougal went to Moscow 10 June for a continuation of talks on long-term Soviet-Czechoslovak economic cooperation. A major topic of discussion probably will be a sizable foreign currency credit that Prague is seeking from Moscow.

Meanwhile, the impatient reformers led by Deputy Premier Ota Sik continue to complain about the slow progress in spelling out a new economic policy. They cite the failure to phase out ineffi-

cient firms and to do away with central control of the economy. The comprehensive study of the economy promised by Dubcek's action program has yet to be published, nor has a progress report been made.

Nevertheless, two major decisions have been made recently, neither of which had been included in the original economic reform of the Novotny regime. The first involves the establishment of workers' councils, which are to manage certain enterprises. The second downgrades the role of the industrial trusts, which had been deemed central to administrative efficiency and the success of the original economic reform. Now, however, enterprises and firms will not be obligated to associate with the trusts.

Other limited measures toward economic reform also have been taken this year. These include the continued closing down of uneconomic mining operations, the introduction of new management principles in agriculture, and the recent cutback in 1980 goals for the production of electric power, steel, and coal. In a related development, labor unions are slated to have "real" power to represent workers' interests: they will elect candidates for political offices and will promote legislation beneficial to workers.

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NEGOTIATIONS CONTINUE FOR NEW ITALIAN GOVERNMENT

Negotiations for renewal of the coalition between the Christian Democrats, Italy's largest party, and the Unified Socialist Party (PSU), which has been the junior partner in recent years, seem likely to be prolonged. Italy may thus be without decisive government for some months at a time of increased internal strains caused by the crisis in neighboring France.

The PSU decided to withdraw from the government after suffering losses in the parliamentary elections of 19-20 May. Both the Christian Democrats, the coalition leaders, and the Communists, the chief opposition party, gained seats. Although the PSU right wing did better than the left wing in the election, the left wing has acquired leverage as a result of threats by some of its leaders to force a party split. These leaders insist they will leave the PSU unless it gets convincing commitments from the Christian Democrats for action on long-promised reforms involving the universities, taxation, and administrative red tape before joining any new coalition.

Christian Democratic Secretary General Mariano Rumor on 11 June failed in what Socialist sources described as his final attempt to persuade the PSU to join a new coalition. A minority

government now may be formed with Rumor or another leading Christian Democrat as premier to govern at least until the PSU congress next October. Such a government would need PSU parliamentary support because the Christian Democrats would find the alternatives of extreme rightist or extreme leftist support politically infeasible. The formation of even a minority government may take some time because the Socialists are likely to seek the maximum possible Christian Democratic commitment to reform before promising their support.

Meanwhile, widespread student agitation, which began last November and has been fostered by the recent unrest in France, is continuing. It is still primarily directed toward reform of the archaic education system, although it has had some political overtones.

The students in Italy, however, unlike those in France, are not likely to find effective allies in economic interest groups. Italy's orthodox Communists, moreover, are generally unwilling to endorse student agitators. Nevertheless, the unrest in the universities could spread to social and political groups if effective reforms are delayed by protracted Christian Democrat - Socialist negotiations.

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TITO ENDS RIOTS, PROMISES REFORMS IN YUGOSLAVIA

Tito's promise on 9 June to satisfy student demands for jobs and social reform probably will cause further party dissension. In order to deliver on his promise, Tito will somehow have to reconcile the competing interests of older, ill-educated party members and the students who want their jobs. A review of existing investment priorities will be necessary and, if student demands for jobs are to be met quickly, a temporary slowdown in the economic reform may result.

The riots of 2 and 3 June broke out following student accusations of police brutality during a minor fracas in Belgrade. By the time the riots stopped, some 60 persons had been injured, some \$120,000 in property damage had occurred, and the students had occupied numerous university premises. Regime efforts to regain control through party organizations and fronts were successfully countered by the students, who set up ad hoc student action committees and vowed to sit in until their demands were met. The regime managed, however, to prevent the students from making common cause with workers harboring economic grievances.

The student demands originally were relatively narrow and included greater participation in administering the university, more financial aid to education, and improved employment prospects after graduation. The protests soon took a political turn, however, and widened to embrace social inequality, the income gap between workers and administrators, the lack of democracy, and the incompetence of

many officials. The rebels also called for the dismissal of those responsible for permitting alleged police brutality.

Tito's speech on 9 June acknowledged the legitimacy of most of the students' grievances and promised that a party program dealing with them as well as current economic problems would soon be forthcoming. Despite his conciliatory approach, however, Tito was firm in stating that no opposition to the new program would be tolerated. His implication that he and other leaders should quit if they could not solve Yugoslavia's problems probably was meant more as a warning to others in the party hierarchy than as a personal threat to resign. Tito also warned the students to beware of efforts to infiltrate their movement by Rankovic conservatives, Djilas liberals, and followers of Mao Tse-tung.

The crisis further dramatized the divisions within the already badly fractured Yugoslav Communist Party. Conservative hard liners, particularly in the Serbian party and police apparatus, adopted a tougher stance toward the students than did the rest of the regime. Tito undoubtedly will intensify efforts to remove some of these hard liners from the middle and lower levels of the party, and the security chiefs in Belgrade and Serbia may be sacrificed to placate the students. Widespread changes in the party and government leaderships probably will await the 9th party congress in December, however.

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MIDDLE EAST - AFRICA

As fighting continues in the Nigerian civil war, domestic pressures are mounting on the UK to halt arms shipments to Lagos. Arms shipments have already been suspended by the Netherlands. The British Government is resisting these pressures while trying to persuade federal and Biafran representatives now in London to reopen peace talks. Lagos, however, has reacted to the possibility of a decreasing availability of arms by stepping up air and sea shipments in an effort to create a large stockpile of munitions and equipment.

Tanzania and Zambia were the only UN members besides Albania and Cuba to vote against the nuclear nonproliferation treaty this week. Their position was undoubtedly affected by Communist China's agreement to construct the Tan-Zam railroad. Tanzania's vote will also ensure a red-carpet reception next week when President Nyerere visits Peking again in search of additional military and economic aid.

Israeli and Jordanian forces continue to exchange shots across the Jordan River almost daily. Jordanian officials are fearful of an Israeli strike against the East Bank and have charged that the Israelis are massing troops along the cease-fire line. There is no evidence to support this charge, but if Jordanian fire kills more Israeli civilians a retaliatory strike could be mounted with little or no warning.

Saudi King Faysal has agreed to finance a \$36-million Jordanian arms purchase from Britain.

The Indian Government, unable to put down the Naga and Mizo tribal insurgency in eastern India, is now being forced to come to terms with demands for local autonomy by the hill tribes of Assam. Concessions in Assam could, however, encourage further tribal and linguistic fractionalization.

In Turkey, some 30,000 students this week launched a strike to demand reforms in the educational system, taking over several university buildings in the process.

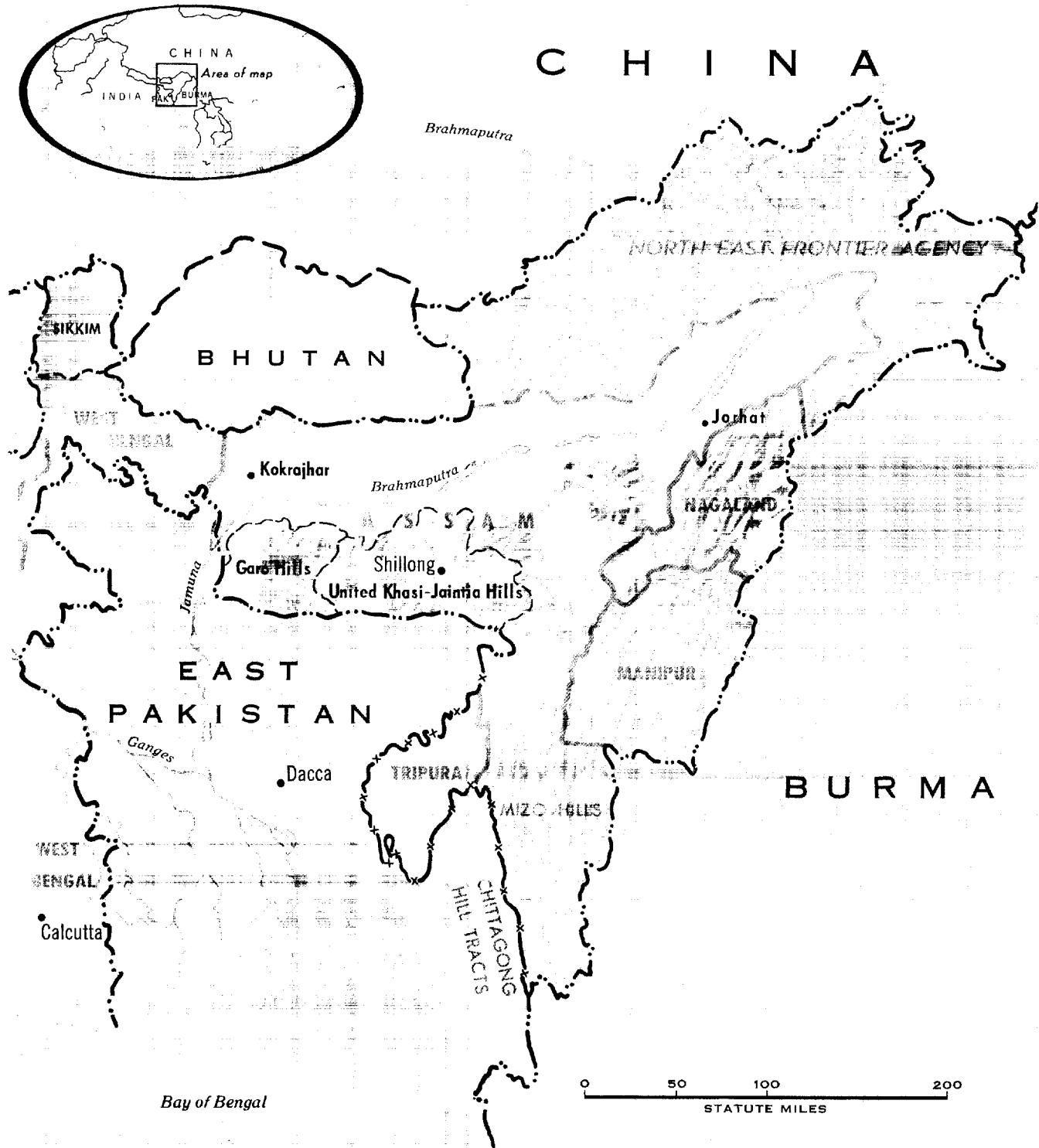
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EASTERN INDIA



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NEW TRIBAL UNREST THREATENS EASTERN INDIA

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After two years of equivocation, the Indian Government is giving urgent attention to the possibility of establishing a largely autonomous hill state within the State of Assam. Further delay in reaching a decision could result in new disorders in the already embattled eastern region.

Pressure for the hill state comes from the moderate-led All Parties Hill Leaders Conference, representing tribes in the Garo and Khasi-Jaintia districts. The tribes resent domination by the Hindu population of the Assam Valley, which largely controls the state government.

Unhappy with the government's continued vacillation, the conference recently withdrew its nine members from the Assam state assembly. It has also threatened to launch a nonviolent action campaign, which could get out of control. More extreme elements, who may be responsible for recent bombings of Assam government buildings in Shillong, threaten to take over the present conference leadership if prompt steps toward autonomy are not forthcoming.

The government can ill afford disorder in the hill districts. The Naga and Mizo rebellions, in the mountains and valleys to the south and east of the Assam Valley, already tie down some 70,000 Indian troops and paramilitary personnel. Despite an occasional hopeful sign, such as recent evidence of division in the Naga underground, there are no prospects for an abatement of these rebellions.

There is thus far no evidence of Chinese help to other tribes, although the Chinese do give propaganda support to both the Naga and Mizo "struggles for independence" and to tribal opposition to Indian domination in the Assam Valley. Several members of the Indian Communist Party (Left) have been arrested in the Jorhat area for working with Nagas in sabotage activity. The Mizos may get some arms assistance and training in East Pakistan, and they depend on the Chittagong Hill Tracts for a sanctuary.

The government must weigh the need to forestall new disruption in the eastern region against the effects of further fractionalizing India's states. Within Assam, the government's willingness to consider autonomy for the hill tribes has encouraged similar aspirations by tribal groups in the plains. Increased unrest among the plains tribes was manifested recently when a mob of 4,000 Boro tribesmen attacked a police post in the Kokrajhar subdivision.

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GREEK "REVOLUTION" PLODS FORWARD

A long-rumored cabinet shift may be the next step in the slow pace of political movement in Athens.

Some 53 persons were released from detention in late May, for good conduct and as a gesture of leniency, but over 2,000 accused Communists still remain in island prisons.

The government has taken some steps in an obvious effort to curry favor with various special groups. A large number of agricultural debts have been canceled, apparently gaining the government some support among the rural population--perhaps to the detriment of future budgets. In addition, there has been a relaxation of the controls on the domestic press, a move that has had a mixed reception. Some editors and publishers seem to prefer imposed guidelines on what they may print rather than risking punishment for articles subsequently deemed uncomplimentary to the regime. Moreover, articles of the 1952 constitution dealing with the right of assembly and association have been reinstated, a move designed to win over both domestic and international labor circles.

The junta may have reaped a windfall from the civil disorders afflicting France, the US, and other countries. Some Greeks appear to be taking comfort and even pride from the conclusion that military rule has spared them similar disorders.

The regime is still frustrated and dissatisfied with its failure to win full restoration of US military aid, but it seems able to view its domestic situation with equanimity as it proceeds stolidly toward the achievement of its design for a new Greece.

The junta government appears capable of moving swiftly to counter any threat to its rule, and had no trouble spotting and apprehending two groups of leftist and centrist plotters. Former premiers Papandreou and Kanellopoulos and other political figures remain under close guard. Arch-opponent Andreas Papandreou's campaign to arouse opposition to the regime abroad has had no observable effect on the domestic scene.

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SOMALIS REFOCUS THEIR ATTENTION ON DJIBOUTI

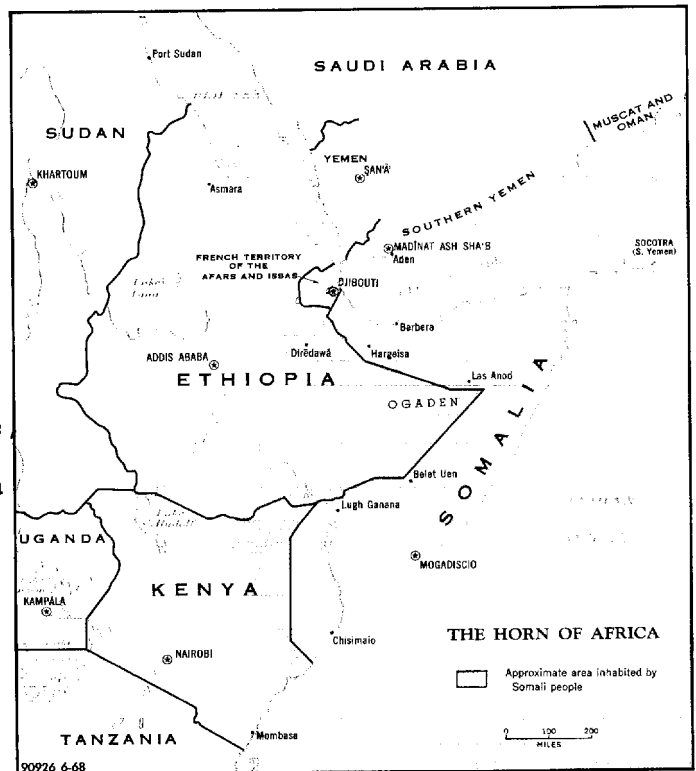
After more than a year of preoccupation with other political problems, the Somali Government seems to be shifting its attention again to the French Territory of the Afars and Issas (FTAI), the former French Somaliland. Somalia is constitutionally committed to bringing the large Somali population of the FTAI--the Issas--into a "greater Somalia." Somali Prime Minister Egal's government has nevertheless largely ignored the territory since the referendum of March 1967 in which the majority Afars "voted" to keep the FTAI under French control.

The political crisis in France, however, has apparently raised fears in Mogadiscio that should the French grip on the FTAI weaken, the dominant Afars--possibly with Ethiopian backing--might take the opportunity to seize political control to the detriment of the territory's Somali inhabitants. Senior government leaders met in Mogadiscio in late May to consider the implications of recent reports of possible "repercussions" of the French crisis in the FTAI.

Although the Somalis' fears seem wholly unjustified by events, they have been reinforced by a report that Emperor Haile Selassie during his brief refueling stop in Djibouti early in May, met with the pro-French Afar leader of the FTAI Government, Ali Aref Bourhan. Although there is no confirmation that such a meeting took place, the fact that Haile Selassie stopped in Djibouti apparently was enough to alarm the Somalis and increase their suspicions of Ethiopian intentions.

The long-standing tensions between Ethiopia and Somalia over the FTAI had largely subsided as a result of Egal's efforts to reach a detente with Ethiopia and Kenya. Although relations with Ethiopia have improved somewhat, the future status of the FTAI and its Somali population, should the French decide to depart, remains one of the most potentially damaging stumbling blocks in Egal's policy.

Unlike his predecessor, Egal has avoided entangling himself with promises to the Somalis of the FTAI. He has preferred the French presence there until relations with Ethiopia reached a firm footing on which some accommodation between the two governments might be worked out. He has been



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criticized in Somalia for ignoring the FTAI in his detente efforts. To counter this criticism, he may have hoped to gain some concessions from President de Gaulle in May, but his trip was postponed because of conditions in Paris.

Egal may have to take on the FTAI problem sooner than he would like. Elections to the Chamber of Deputies in Djibouti are scheduled for November 1968. The Ethiopians

are likely to work behind the scenes to ensure an Afar victory as they did during last year's referendum. This in turn will probably produce an appeal from the Somali population for assistance from Mogadiscio. Egal's response will be carefully watched by his opponents, who will be looking for ammunition to use against him in the Somali parliamentary elections set for March 1969.

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UN INCREASES SANCTIONS AGAINST RHODESIA

On May 29 the UN Security Council unanimously passed a resolution calling for expanded economic sanctions against Rhodesia. The move, prompted by increasing African pressures for actions to bring down the Smith regime, follows more than two and one-half years of selective sanctions that have so far failed to force Salisbury to relinquish its independence.

The resolution's key measure enjoins UN member states, and calls upon nonmember states, to end all trade with Rhodesia except for minor items such as medical supplies and educational materials. The resolution also prohibits UN members from providing investment capital to Rhodesia. Rhodesian passports will no longer be recognized, and states are urged to end all consular relations with Salisbury.

The UN action is unlikely to have a significant impact on Rhodesia's economy and will almost certainly fail to bring down the Smith regime. Earlier sanctions have slowed economic growth but have not caused any major disruptions. Previous embargoes had

already targeted most of Rhodesia's potential exports; the blanket sanctions now imposed will therefore not have much additional effect.

Theoretically, the new measure's greatest impact will be on Rhodesian imports, which until now have been only partially covered by sanctions. Rhodesia should be able to purchase most of its needs, however, because suppliers will probably continue to sell sufficient quantities of goods, either covertly or in open defiance of the Security Council.

The Zambian Government cannot participate fully in the sanctions effort without inviting economic disaster. Without Rhodesian coal, Zambian copper production would have to be cut back drastically. Rhodesia can also retaliate by denying Zambia electric power or transport for its imports and exports, services on which the Zambian economy is dependent. Although the UN resolution calls upon member states to assist Zambia, there is little they can do to supply even minimal needs.

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WESTERN HEMISPHERE

Increasing student unrest and continuing political maneuvering related to recent national elections preoccupied the governments of several Latin American countries last week.

Widespread student strikes and demonstrations are again under way in Brazil. Police and students clashed in Rio de Janeiro on 11 June, resulting in a few minor injuries, and further incidents are likely. In Uruguay, Communist-led labor groups joined with students in protesting alleged "police brutality" in connection with a police-student confrontation on 6 June. More serious disorders are possible, and President Pacheco has imposed a limited state of siege.

Argentine students are also disturbing public order. As is the case elsewhere in Latin America, the Argentine students are mainly protesting what they consider to be antiquated facilities and insufficient provision for student participation in school and university government. These complaints are being used for their own ends by Communists and other leftist extremists. In Chile, for instance, such elements have recently strengthened their bid for influence within the university reform movement by gaining control over a newly formed association of teaching and administrative personnel.

Political restlessness remains high in the aftermath of recent presidential and legislative elections in both Panama and Ecuador. Ballot counting to determine the composition of Panama's 42-member unicameral legislature is slowly going forward amidst an atmosphere of confusion and behind-the-scenes attempts to rig the count. In Ecuador, a delay in officially confirming the outcome of the presidential race has led the apparent victor, Jose Maria Velasco, to warn that "civil war" will result if he is denied the presidency.

In Guatemala, dissension within the Communist Rebel Armed Forces (FAR) over commander Yon Sosa's decision to await the completion of current training and resupply activities before resuming guerrilla warfare operations may provoke their resumption at an early date.

Guerrillas in western Venezuela ambushed an army convoy on 8 June, inflicting heavy casualties. News of the encounter, which was the first major one in over a month, may be especially embarrassing to the Leoni government, which has widely publicized its successes in recent operations against such insurgents.

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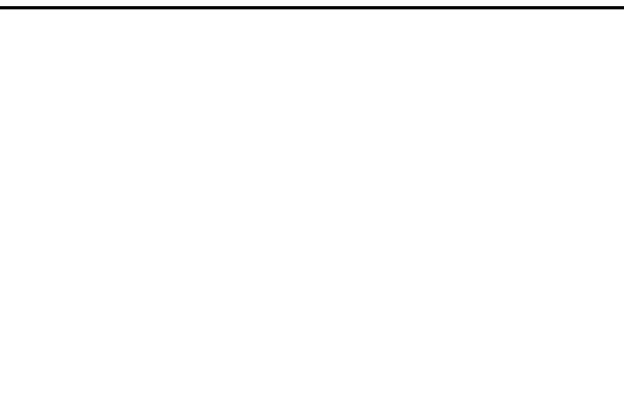
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POLITICAL CRISIS IN COLOMBIA NOT RESOLVED

The Senate's refusal on 12 June to accept President Carlos Lleras' resignation does not end the political upheaval in Colombia.

At issue is Lleras' constitutional reform program, which is designed to provide an orderly transition from control of the government by the closely structured Conservative-Liberal coalition to broader political activity. The coalition was formed in 1958 in an effort to end the political violence that had plagued the country for years. After long discussions on a bill to improve congressional effectiveness, Lleras believed he had convinced coalition senators to vote for the bill with the understanding that changes could be made in the legislation during the new congressional session scheduled to begin on 20 July. Although several coalition senators helped to defeat the bill on 7 June, it was the defection of a number of members of his own Liberal Party that infuriated the President and triggered his resignation.

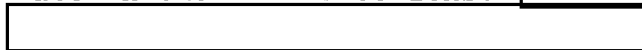


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Lleras strongly believes that the congressional and municipal elections on 17 March renewed the public mandate for his reform program. His desire to accelerate Colombia's return to more open political activity and to force congress into a more responsible role in government are part of a wider reform in all fields. His resignation, however, is resented by many regular politicians as being high-handed, and it could prove counterproductive. Growing differences among Liberal Party factions are being exacerbated by the quarrel. Moreover, the outbreaks of violence in Bogota on 11 June were caused in part by followers of ex-dictator Rojas Pinilla, who hopes to defeat the coalition presidential candidate in the 1970 elections.

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SHOWDOWN TEMPORARILY AVERTED IN BOLIVIA

President Barrientos seems again to have managed to outmaneuver his opposition in the face of serious economic and political problems.

For some time, labor unrest, abetted by chronically dissatisfied students and politicians, has plagued the Bolivian Government. These pressures, which came to a head in early June, coincided with a spate of terrorist attacks in urban centers and reports of coup plotting by disgruntled junior, and perhaps some senior, officers. On the night of 4 June, Barrientos was sufficiently concerned to move a few troops into positions around La Paz.

It is unclear at this point if the current political uneasiness is genuine or is simply an outgrowth of Barrientos' manipulation of political strings.

Unsolved economic problems, compounded by a serious budget deficit and delays in securing economic assistance from the US and other international lending agencies, have fed Bolivian frustrations. The present economic situation has stimulated an outbreak of anti-Americanism, seemingly often condoned by the administration. The press and some politicians have begun to call for punitive taxes against certain large US-owned firms. Although Barrientos has thus far been restrained in his public statements and has consistently advocated self-help measures rather than dependence on foreign assistance, there is no indication that he has exerted pressure to stop these attacks.

The President's recourse to temporary solutions has worked up to now, but it is clear from the increasing tempo of political and economic agitation that he cannot continue this tactic for long. He will soon have to find long-term solutions or risk the possibility of being overthrown.

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CHILEAN COMMUNISTS CONTINUE POLITICAL MANEUVERING

Last week's plenum of the central committee of the Communist Party of Chile (PCCh) provides clues to the direction the party will follow in the congressional elections of March 1969 and the presidential election of September 1970.

The party renewed its call for a broad front of all "progressive" forces, which presumably would include the Socialist Party and the leftist sectors of the Christian Democratic and Radical parties. A major speaker stated unequivocally, however, that the PCCh and any leftist front formed under its aegis would not support Christian Democrat Radomiro Tomic. Tomic, who recently returned to Chile after three years as ambassador in Washington, has supported a leftist front, but he sees himself as the front's presidential candidate and would be reluctant to support a leftist Radical.

The Communists are moving toward a redefinition of their

relationship with the Socialist Party, with whom they cooperate in the Popular Action Front (FRAP). The Communists would like to maintain FRAP--possibly even broaden it informally--but they no longer see this as an overriding goal. Instead, they are willing at least to consider the possibility that FRAP has outlived its usefulness. In a recent newspaper interview, the secretary general of the Communist Party stated that his party might even run its own presidential candidate in 1970 rather than support a Socialist or a Radical.

The Chilean Socialists are more extreme than the Communists, and they have become disillusioned with the Communists' commitment to the "peaceful road" to power. The split in the Socialist Party last summer probably has increased Communist unwillingness to be tied exclusively to them.

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