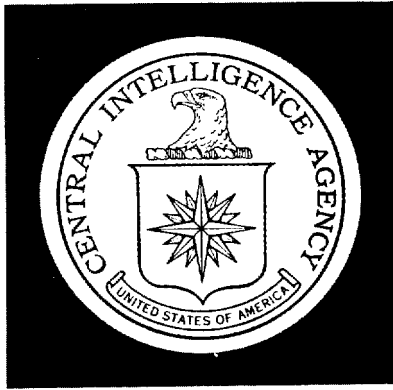


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DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

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43

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(Information as of noon EDT, 3 October 1968)

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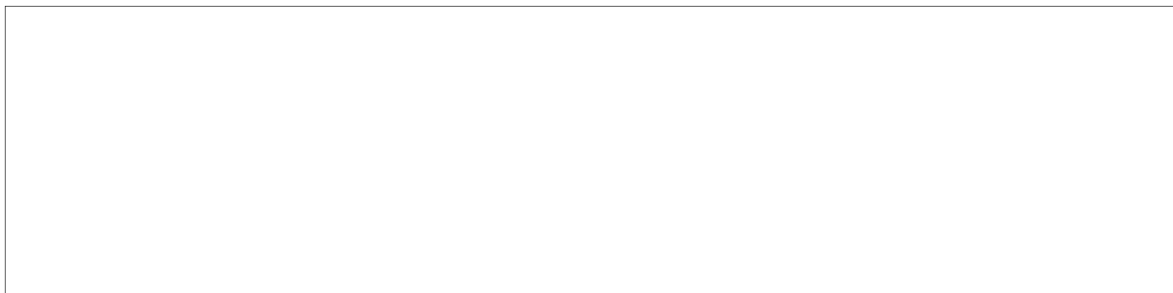
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## EUROPE

Nearly all notable events of the week were related to the occupation of Czechoslovakia.

On 3 October, a delegation of the Czechoslovak Central Committee went to Moscow presumably for more discussions on the relationship between the Czechoslovak authorities and the occupying power. The delegation was led by Dubcek, Prime Minister Cernik, and Slovak party leader Husak.

Soviet officials have been indicating that Dubcek must eventually be removed, but no visible crack has yet appeared in the top Czechoslovak leadership.

The Warsaw Pact commander, Soviet Marshal Yakubovsky, completed his tour of the capitals of Pact members, leaving Bucharest on 29 September. The Rumanian press omitted the standard terms such as "friendly" or "comradely" in describing the discussions Yakubovsky had in Bucharest.

The Albanians have lately ceased their polemics against Yugoslavia and have sounded out Belgrade on the prospects of improved relations. Tirana, whose defense minister is heading a delegation visiting Peking, has apparently decided that it would be safer to have some friends nearer home.

In Poland, a number of shifts involving high-ranking officers in the Defense Ministry were reported. Some 25 new generals were to be appointed, presumably to replace others judged unreliable and who are leaving the ministry for "less exposed" positions.

A meeting of leaders of 58 Communist parties in Budapest adjourned after only two brief sessions. The group decided to reconvene on 17 November to discuss a new date for an international conference. Scheduling of the conference has obviously been complicated by the Russian move into Czechoslovakia.

The North Atlantic Council, recognizing the need for a show of solidarity, met in Bonn with all members, including France, present. The discussions were on what specific steps need be taken to strengthen the Alliance.

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## CZECHOSLOVAK LEADERS GO TO MOSCOW FOR TALKS

Three liberal Czechoslovak leaders, Alexander Dubcek, Slovak party chief Gustav Husak, and Premier Oldrich Cernik, went to the USSR on 3 October for discussions with Soviet leaders on fulfilling the Moscow agreement. The meeting in Moscow had been scheduled earlier, but was reportedly postponed because first Dubcek and then Brezhnev were ill.

Contention between Prague and Moscow over the composition of the delegation also apparently contributed to the postponement. President Svoboda did not go along. Dubcek undoubtedly is aware that the Soviets consider him a lame duck, to be replaced at the first opportune moment.

The Czechoslovaks have provided barracks and apartments in Bohemia and Moravia for those occupation troops remaining indefinitely. Prague is also bowing to Soviet pressures to thin out the corps of foreign correspondents in Czechoslovakia.

Czechoslovak officials have also cautioned students returning to school to refrain from activities that might offend the occupation powers. The newly recognized students' union has pledged its support to the Dubcek regime, but its interpretation of "support" may not include blind submissiveness.

Soviet emissary Kuznetsov returned to Moscow on 26 September after three weeks of consultations with Czechoslovak leaders. There has been no official announcement on the results of his fact-finding mission, although he is reported to have found the situation in Prague less disturbing than he had thought before his arrival. One Czechoslovak official was optimistic, characterizing the results of Kuznetsov's stay as "positive" from Prague's point of view.

The Soviet leadership--still seemingly debating its future moves--is nevertheless dissatisfied with the Dubcek regime's performance since the signing of the Moscow accord. TASS has charged that "armed terrorist groups" are being organized by the banned Club 231--an association of former political prisoners--in collusion with "imperialist intelligence services."

In addition, Soviet officials are still saying that Dubcek eventually must be removed from power. A Soviet diplomat has predicted that both Dubcek and National Assembly President Smrkovsky will be sacked, but President Svoboda and Premier Cernik will remain in office.

There is no indication, however, that the Soviets will push

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for Dubcek's ouster soon, nor that the unity of Czechoslovak leaders, who have pledged to stand or fall together, has been broken.

Czechoslovak conservatives, meanwhile, may be attempting a comeback. A group of conservative parliamentary deputies have stated publicly that they and other officials who were dismissed after Dubcek took over should be given appropriate new appointments based on "ability, education, and political reliability." This group, probably

encouraged by the return to Prague from Moscow of pro-Soviet conservative Alois Indra, may be trying to sell itself to the Soviets as the nucleus of a new regime.

Soviet Marshal Yakubovsky, chief of the Warsaw Pact forces, was in Prague on 27 September, probably to discuss terms for the withdrawal of some occupation troops, and possibly the outline of a status-of-forces agreement pertaining to the troops to be stationed indefinitely in the country.

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## DE GAULLE - KIESINGER TALKS ACCOMPLISH LITTLE

The semiannual talks between President de Gaulle and Chancellor Kiesinger on 27 and 28 September were friendly in tone, but led to no agreements on major problems.

Neither side, in fact, had expected much to result from the meeting in Bonn. In recent weeks, French officials have shown little willingness to agree with German views on European security or Common Market problems. Kiesinger, a strong proponent of Franco-German amity, evidently was resolved not to annoy De Gaulle, despite a growing disenchantment in Bonn with France's attitude toward these problems.

On the security question, De Gaulle sought to reassure the Germans with broad statements of support. He condemned the invasion of Czechoslovakia and rejected Moscow's claim of a right to intervene in West German affairs. The Germans, however, could not have been reassured by his frequent observation that it was "natural" that Germany and France should see the Czechoslovak affair differently. His promise that Paris would be at Bonn's side in the event of aggression was something less than the firm pledge of support Bonn wanted.

De Gaulle was as unyielding as ever on Britain's entry into the Common Market. He told the Germans that France would withdraw if the other members persisted in pushing this issue. He also implicitly warned against excluding France from any Common Market activities.

In an apparent concession, Kiesinger reportedly promised not to join in any action by the Common Market countries from which France was excluded. Sentiment has been increasing in Bonn to push ahead without Paris, if necessary. At about the same time the two leaders were meeting, the French in the European Council were vetoing the German proposal of Common Market commercial arrangements with Britain. In view of this situation, Italy and the Benelux states will probably go ahead and make their own proposals for arrangements with Britain in areas not covered by the Common Market treaties, hoping at the same time to bring Bonn with them.

Although a German participant concluded from De Gaulle's intransigence that he now is concerned only with domestic affairs, it seems more likely that he is still reassessing his foreign policies in light of the occupation of Czechoslovakia.

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## SOVIET HELICOPTER CARRIER PERFORMS IN ASW ROLE

Recent activity of the Soviet helicopter carrier Moskva supports earlier indications that the ship will contribute significantly to Soviet antisubmarine capabilities.

The Moskva, which entered the Mediterranean two weeks ago, carries the latest Soviet ASW systems. Some of these--a missile system which almost certainly is for use against submarines, and a dipping sonar on the new Hormone ASW helicopter--have never been seen before by Western observers. The new missile system is even larger than the US ASROC, which can fire a homing torpedo or a depth charge up to five miles. In addition to the new ASW helicopters, the Moskva is equipped with ASW rocket launchers, torpedoes, a recently developed variable depth sonar, and, probably, a high-powered sonar near the bow.

The Moskva also is well equipped for air defense. [redacted]

[redacted] Two launchers for a new type of surface-to-air missile system are located forward of the bridge; the missile for the new system may have a range of about 30 miles.

On its arrival in the Mediterranean, the Moskva and two

Kashin-class guided-missile frigates formed a small ASW task group. The group has been practicing ASW tactics against Soviet submarines in the central Mediterranean. Helicopters patrolling up to ten miles from the carrier have been observed lowering dipping sonars and dropping sonobuoys. Night-time flying gives testimony to the advancement of Soviet helicopter technology and to the skill already acquired by the Moskva's pilots.

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The Moskva and its sistership, the Leningrad [redacted]

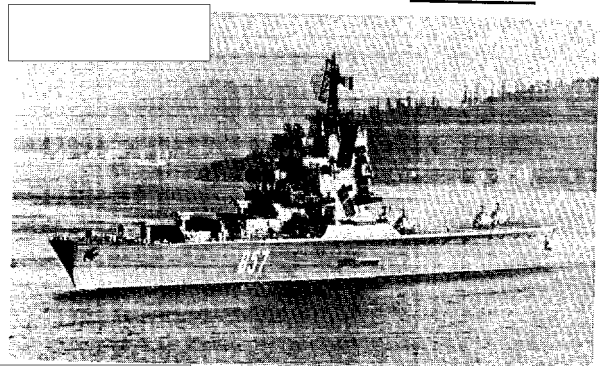
[redacted] probably will serve as the flagships for future Soviet ASW task groups in the Mediterranean. [redacted]

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### Soviet Helicopter Carrier Moskva



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## SUPERSONIC CONCORDE'S FLIGHT DATE REMAINS SPECULATIVE

The builders of the supersonic Concorde airliner--British Aircraft Corporation (BAC) and SUD Aviation-France--now are predicting that flight tests of Concorde 001 will begin this month or next. The second Concorde, 002, reportedly will begin flying in early 1969.

Sales and publicity officials of BAC and SUD are optimistic about meeting the present timetable for Concorde 001, even though several postponements have occurred since the original date, 28 February 1968, was canceled. Engineers responsible for the plane's construction report, however, that the first flight date has slipped to February 1969. They are not optimistic that even this schedule can be met.

The Concorde has been plagued by technical difficulties, not the least of which is its growing weight problem. The increasing weight is due largely to unanticipated structural and equipment modifications and additions, problems traditionally faced in the development of aircraft incorporating new technology. As the weight of the plane has increased so also have its noise level and fuel consumption. SUD and BAC are trying to bypass some of the difficulties by asking certification agencies and governments around the world to permit a reduction of the fuel-reserve safety factor, thus enabling either range or payload to be increased.

The eventual cost of the Concorde program is still uncertain. In early 1968 the developers estimated that research and development would run to nearly \$1.4 billion, or about three times their original estimates. Higher wages and increases in equipment prices resulting from the May political crisis in France probably will force further increases in the costs. BAC officials say the price per plane is now pegged at about \$19.5 million. Both SUD and BAC apparently intend to hold to this price until deliveries begin, but reserve the right to adjust the figure. The price probably is too low, and substantial increases are likely.

There is at present no major sales campaign planned for the Concorde, even though competition is expected eventually from both the USSR and the US. The Soviet supersonic aircraft, the TU-144, probably will take its first test flight before the end of 1968. The American SST is still on the drawing boards and is not programmed for test flights until 1972 at the earliest. The British and the French contend that the Concorde does not need publicity and that as soon as the plane becomes airborne, airline companies will flock to buy it. Concorde officials are maintaining that the venture should have little difficulty selling 300 to 400 planes. So far, however, only 16 airlines have taken options--for a total of 74 aircraft.

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FAR EAST

Communist main force elements in South Vietnam left most of the fighting this week to smaller, local units and artillery specialists. There were a few larger-scale attacks, most notably against a US Special Forces camp southwest of Da Nang, but enemy activity for the most part centered on widely scattered small-scale actions, terrorism, and rocket and mortar attacks.

This pattern strengthens a growing impression that the Communists are once again settling down for the long pull, husbanding their forces for quick exploitation of such targets of opportunity as may develop. They also may hope to wear down US and South Vietnamese morale and spread allied forces out by creating large-unit diversionary threats in outlying areas.

In Peking, Chinese leaders used the annual National Day celebrations to make a show of unity and to reaffirm the policies of stabilization which have emerged since July. Portions of speeches dealing with foreign policy were notable for the almost total neglect of the Vietnam war, which last year was a dominant theme.

The Laotian Communists are indicating that they would drive a hard bargain in any future political negotiations for their return to the Vientiane government. Pathet Lao spokesmen, although affirming that any new modus vivendi would be worked out within the framework of the Geneva Accords on Laos, cite changed political circumstances and increased Communist territorial holdings as reasons why the tripartite arrangements made by the three principal Laotian factions at Zurich in 1961 and 1962 are no longer valid.

Prospects for any easing of Malaysian-Philippines tensions over Sabah appear remote, now that President Marcos is exploiting the issue to advance his prospects of re-election next year.

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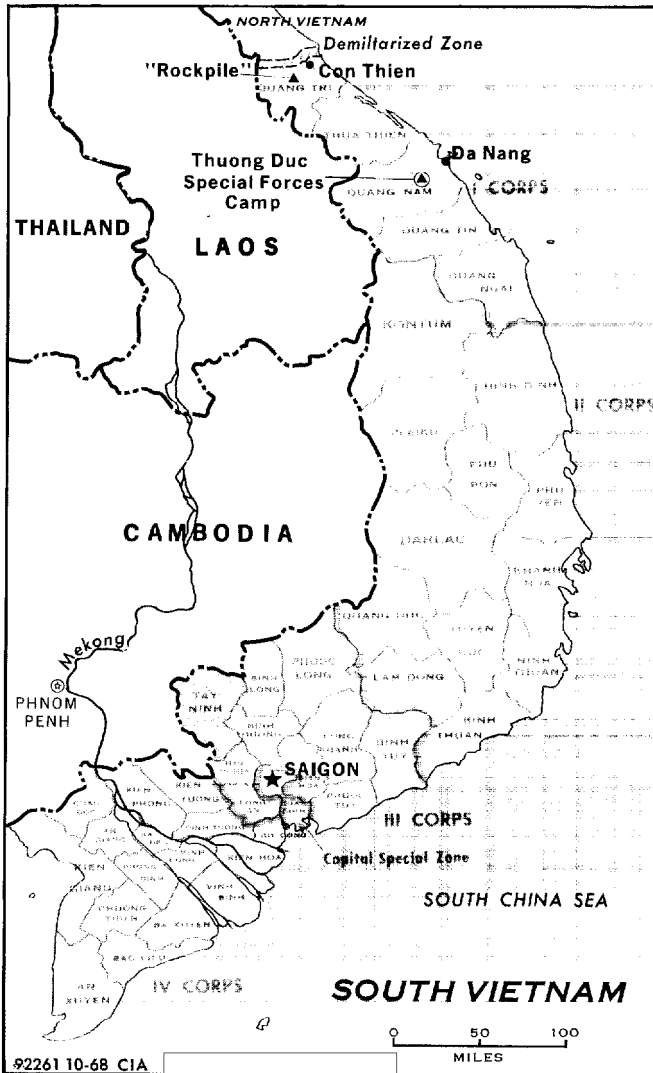
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VIETNAM

The Communists continued to use economy-of-force tactics during the week, as they have throughout much of the current offensive phase which began on 18 August. The enemy mounted battalion-sized attacks only against the Thuong

Duc Special Forces camp on the southwestern approaches to Da Nang and against two allied outposts in Tay Ninh Province northwest of Saigon. Except for these unsuccessful assaults, in which some 380 Communists were reported killed, main force units generally avoided heavy fighting. Smaller Communist units continued to be active in the countryside, however, and Viet Cong terrorist actions increased in coastal II Corps and III Corps.



The enemy's effort to evade allied ground operations is particularly evident in the northernmost part of the country. US infantry sweeps within and just south of the Demilitarized Zone between the Rockpile and Con Thien have met only light sporadic resistance as major elements of the 320th North Vietnamese Division apparently have pulled back to the north and west.

In southern I Corps, Communist Front IV forces near Da Nang and the 2nd and 3rd North Vietnamese divisions farther down the coast continue to menace allied positions. Additional sharp fighting is expected at the Thuong Duc camp southwest of Da Nang where elements of three North Vietnamese regiments have been identified but there is little evidence that new attacks

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there will be accompanied by other large-scale assaults in the region.

[redacted] prisoner interrogation reports persistently point to Saigon as a primary Communist target. The reports indicate that enemy plans to launch at least limited ground probes in the capital area have been postponed a number of times since mid-August. These delays have probably been caused by the general lack of success of Communist diversionary attacks in northwest III Corps, the enemy's inability to move sufficient troops and supplies through the extensive allied defenses around the city, and his desire to avoid excessive losses by launching attacks with incomplete combat preparations.

In general, Communist tactics now appear to be aimed at wearing down US and South Vietnamese morale and spreading allied forces out by creating large-unit diversionary threats in a number of outlying areas. The Communists are also re-emphasizing guerrilla warfare tactics, particularly in the rural areas. In their propaganda, the Communists are stressing the important role of guerrillas in recent fighting. During the past month, the enemy has successfully carried out intensive harassments, shellings, and hit-and-run guerrilla raids against a number of government resettlement centers and hamlet complexes, mainly in the southern

half of I Corps, along the northern and western approaches to Saigon, and in the delta.

The enemy probably hopes that such steady pressure will develop new openings for future Communist attacks against major allied targets. Use of these tactics will also enable the Communists to conserve their main force strength and thus maintain a capability to prolong the war.

North Vietnamese Propaganda  
Commentary

The Communists continue to give every sign of marking time in Paris. Both the negotiators in Paris and the propaganda commentary from Hanoi took strong exception to continuing US insistence on reciprocal restraint in response to a full US bombing halt. Le Duc Tho, the most authoritative North Vietnamese spokesman in Paris, dismissed Vice President Humphrey's emphasis on restoring the DMZ as "the same demand for reciprocity." Radio propaganda from Hanoi issued a scathing attack on the Saigon regime this week in an attempt to underscore their public opposition to Saigon's participation in any future negotiations for a settlement.

In addition, one of Hanoi's top leaders, politburo member Truong Ching, recently outlined a program for the take-over of

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South Vietnam which implied a long drawn out process of increased political and military pressure designed to bring down the Saigon government. Chinh gave no indication of Hanoi's readiness to compromise on anything short of a coalition government in which the Communists command full control. He also admitted that the Communists intend to use the period prior to the US elections to promote anti-war sentiment in the US, in the hope of "taking advantage of the contradictions between the doves and the hawks."

South Vietnamese Political Developments

President Thieu is trying to assure that the return of popular General "Big" Minh from exile in Bangkok will help unify South Vietnam behind the government rather than threaten it with a more potent opposition.

Although Thieu has stated publicly that Minh would have all the rights of any citizen and could form a political party if he wished, the South Vietnamese president clearly would not welcome such a development. Accordingly, he sent the minister of interior, General Khiem, to Bangkok last weekend to negotiate the conditions for Minh's return. The government has publicly indicated that it prefers Minh to return on 1 November, South Vietnam's National Day, and hopes to use the occasion to help unite

various factions behind the regime.

"Big" Minh, however, appears intent on demonstrating his independence of Thieu. He reportedly plans to disregard Thieu's wishes on timing and may return within the next few days. Moreover, he has reportedly still not decided to accept Thieu's offer of a presidential advisory post. If this accurately reflects Minh's attitude, Thieu is likely to have even greater difficulty in achieving an acceptable understanding once Minh is back in the country.

In order better to monitor intrigues against him, Thieu has decided to take over direct control of the various South Vietnamese intelligence organizations himself, although he will have a personal intelligence adviser responsible for levying requirements and producing finished intelligence.

Saigon has taken steps to discredit and supplant the leftist leadership of the principal student organization, the anti-government Saigon Student Union (SSU), which irritated the regime last June by advocating a compromise peace settlement. Two days after police closed the SSU headquarters building, a new Provisional Student Standing Committee, presumably with government backing, announced that it was taking over the SSU.

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## PEKING PRESENTS FACADE OF UNITY

Peking's National Day celebrations this week were used to project a facade of unity and reaffirm the policies of stabilization that have emerged since July. In some provinces, however, there are continuing signs of factional struggle, which probably in part are caused by deep-seated divisions at the center. As a result, progress in the regime's efforts to consolidate and rebuild the shattered party organization--which Peking says is the next order of business--are likely to be halting and uneven.

A short speech by Vice Chairman Lin Piao at the major rally and another by Premier Chou En-lai at a banquet the evening before were notable mainly for the slight attention given to Vietnam, a major theme last year. On domestic affairs, both leaders gave short shrift to the Red Guards and asserted again that the leading role in society henceforth will be taken by industrial workers backed by the army. As in the past, the celebrations were an occasion for a show of unity within the leadership. Every leader of importance appeared in the published lists of those who attended National Day events.

The only change in ranking was economic planner Li Fu-chun, whose name was placed with the ordinary politburo rather than with the elite group of people in Mao's inner circle. Li has been re-

latively inactive during the Cultural Revolution but is symbolic of pragmatic policies associated with Chou En-lai. Any shift at this level, however slight, is significant because it presumably reflects jockeying behind the scenes.

The need to "consolidate and rebuild the party"--that is, to re-establish and strengthen lines of governing authority--was given a further boost by a joint National Day editorial in People's Daily, Red Flag, and Liberation Army Journal. In the most explicit national statement on the subject to date, the editorial specified that new party members are to be recruited from the ranks of industrial workers.

### Instability in the Provinces

Political infighting is seriously undercutting Peking's timetable for reconstituting local government authority in certain long-troubled areas, as well as in some previously more stable regions.

In the southwestern province of Yunnan, Peking's choice to head the military-dominated government set up in August is having considerable difficulty establishing his authority. Recent provincial broadcasts complain that Yunnan government leader Tan Fu-jen's instructions to lower level units are regularly being distorted or blocked.

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In turn, subordinate administrations allegedly send him false reports on their activities or, in some cases, no reports at all. Furthermore, unnamed but obviously powerful persons are charged with attempting to set up an alternative center of authority within the province. Yunnan broadcasts have been denouncing so-called "sham revolutionary committees," which presumably were set up by Tan's opponents without his authorization.

Similar charges have appeared in recent broadcasts from hitherto quiet Ninghsia in northwest China. Government leaders there are also vigorously protesting attempts to set up organizations opposed to the incumbent regional revolutionary committee. Additional complaints about increasing resistance to the authority of the approved provincial leadership have been noted recently in at least seven other provinces.

In southeastern China, provincial authorities in Chekiang have been thwarted for many months in their attempts to establish control over the southern coastal area. [redacted] provincial broadcasts indicate that a major dissident force continued active there through September. The persistence of this mysterious partisan movement, centered at the important port of Wenchow, and the obvious reluctance of provincial authorities to use force against it suggest that it is receiving

powerful backing from supporters outside of Chekiang.

Last week a broadcast from Hunan in central China charged in strong terms that "counter-revolutionary" elements had infiltrated the local provincial leadership. This is the first sign of serious opposition in Hunan since that province was placed under the control of the 47th Army in August 1967. It may mean that the position of the army commander, Li Yuan, has been weakened. One possible source of his difficulty is [redacted]

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[redacted] that one of his division commanders has been demoted and publicly reprimanded by Chou En-lai for contributing to the early summer violence in Kwangsi by supporting a radical Red Guard faction.

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A number of officers, mainly in east and south China, have been censured or dismissed recently on similar charges. Most were probably acting under orders and believed at the time that they were loyally serving Mao Tse-tung. There probably are many other officers who supported Red Guard factions in their provinces during periods of radical resurgence. The removal of these officers, if attempted on a large scale, would seriously hurt morale and undermine the regime's efforts to restore authority in the provinces. [redacted]

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## CHINA HAS POOR AGRICULTURAL YEAR

A mediocre performance by the agricultural sector during 1968 may leave China in short supply of foodstuffs well into 1969.

The 1968 grain crop will not match the excellent 1967 crop of almost 200 million tons. Unfavorable weather, harried rural leadership, and diminished support from industry resulted in a relatively poor spring crop. The weather for the autumn grain crop--now being harvested--improved, but this crop nevertheless is likely to be only average.

The regime has been apprehensive over agricultural prospects all through the year. In February and again in April, Chou En-lai said in talks with Red Guards that food production was being imperiled by disruptions in the distribution of chemical fertilizers and machinery to the farms. He also cited the continued demoralization of rural cadres, who are the only group large enough and qualified to supervise farm work.

Peking has reacted to this situation by buying more chemical fertilizers from the free world.

Contracts have been signed with Japan and the European consortium Nitrex for a record seven million tons costing about 245 million dollars. Most of this fertilizer, however, will arrive too late to use on this year's main crop.

Peking may also increase its grain imports, although it appears to be deferring contracts at the present time in hopes of getting better prices. So far in 1968, only 3.6 million tons have been contracted for, compared with 4.1 million tons delivered in 1967. Negotiations have been held with Australia for a reported two million tons for 1969 delivery. Talks with Canada--which also has a large grain surplus this year--reportedly will follow after negotiations are completed with Australia.

With food supplies tightening, Peking is faced with a more difficult problem than usual in providing for food deficit regions over the winter. The press and radio are calling deliveries to the state "patriotic grain," and "marks of loyalty to Chairman Mao," an indication that greater pressure is being put on peasants and collective farms to deliver grain.

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## BURMESE MILITARY REGIME MAY EASE REINS SLIGHTLY

General Ne Win may be considering more civilian participation in his military regime and limited economic changes, but he apparently plans no dramatic departures from present policies.

In three major but somewhat oracular policy speeches over the past two weeks, Ne Win called for "national unity," laid heavy stress on the transitional nature of his military dictatorship, and seemed to indicate that the process of moving toward more "normal" rule was about to begin. Ne Win virtually extended an open invitation to civilian politicians long out of power to join him in the effort.

This is the first time in his six years' rule that Ne Win has even implicitly offered the prospect of broadening his regime. His apparent willingness to contemplate civilian participation may reflect the cumulative effect of a generally unsuccessful stewardship under which the Burmese economy has suffered a disastrous decline.

The vagueness of Ne Win's speeches, however, leaves his op-

tions open on cabinet changes and on the speed with which to proceed. Much will depend on his negotiations with civilians who might be willing to participate in his regime.

Ne Win clearly has no intention of veering very far from his "Burmese Way to Socialism." He took some pains to disabuse politicians of any idea that the prospect of their sharing in the government foreshadowed any early ideological retrenchment or dilution of military predominance.

Ne Win indicated in his speeches that marketing cooperatives would eventually replace state-run stores, but otherwise, he envisions no drastic policy changes in the economic sphere. In particular, he made no promises of higher prices to farmers, whose refusal to sell rice to the state has cut rice exports, Burma's major foreign exchange earner, to the lowest level since World War II. Accusing farmers of ingratitude, Ne Win said harsh measures would be taken against those who created obstacles to grain collection.

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MIDDLE EAST - AFRICA

The focus of the Middle East dispute shifted last week to New York, where UN special representative Jarring began another round of talks with Arab and Israeli foreign ministers. Meanwhile, daily exchanges of fire continued along the Israeli-Jordanian frontier, and three more Israeli soldiers were killed in a mine incident in the Negev.

Indian Prime Minister Gandhi continues her good-will tour of South America while Deputy Prime Minister Desai is in Washington attending meetings of the World Bank. Latest reports from India, meanwhile, indicate a growing concern over the inadequate rainfall during the summer monsoon and a resultant downward revision in predictions for this year's foodgrain production.

In other parts of South Asia, the reshuffling of cabinet portfolios by Nepal's King Mahendra presumably will have little effect on government policies. Afghanistan's ailing Prime Minister Etemadi has returned from medical treatment in Paris in apparently good health, which could end rumors that he is about to be replaced by King Zahir.

Greek voters had little choice but to endorse the military government's draft constitution in the referendum on 29 September, but the junta has chosen to regard the vote as a solid endorsement of its rule.

In the Nigerian civil war, the intensity of fighting has sharply increased. The Biafran Army has received sizable quantities of munitions and is mounting damaging counterattacks in several areas. The federal forces, nevertheless, continue to push toward the Biafran capital. Perhaps because of their fresh supplies, the Biafrans last week renewed their mandate to Ojukwu to continue the fight, thus apparently dashing the hopes for an early peace recently expressed by a group of influential Biafrans.

Congolese President Mobutu has abrogated the amnesty granted by his foreign minister to rebel leader Pierre Mulele and announced his intention to bring Mulele to trial. His action should quell the bitter resentment in Kinshasa over Mulele's triumphant return last weekend. [redacted]

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## COMMUNISTS ARE CAUTIOUS ABOUT AID TO SOUTHERN YEMEN

The Communist countries, deterred by the chaotic political and economic situation in Southern Yemen during its first year of independence, are moving cautiously in making aid commitments there. Communist China, in an apparent move to pre-empt a significant Soviet presence, last week promised its first economic assistance. Moscow, however, continues to hold back on economic aid requested in early 1968, preferring to confine itself at this time to limited military assistance.

Some small development credits may come from Eastern Europe. As a result of discussions held several months ago, Hungary, Rumania, and Bulgaria recently have sent experts to Aden to survey potential aid projects. Assistance for the construction of agricultural processing plants as well as for the development of agriculture, mineral resources, and the fishing industry have been mentioned.

China's \$12 million interest-free credit is not linked to any particular project and bears the earmarks of a move designed for its political impact. The credit probably will be allocated eventually for land reclamation and

for the construction of roads, airports and airfields. Peking's refusal to provide budgetary support obviously disappointed the Southern Yemenis, who probably viewed the Chinese as their most promising source of cash assistance.

Thus far, the USSR has made only one shipment of arms. This consisted of trucks, small arms and ammunition under the military aid agreement announced in August. A military delegation from Southern Yemen reportedly will go to Moscow soon to discuss types and amounts of equipment still to be provided. Southern Yemen is believed to be interested in obtaining more infantry weapons and vehicles as well as tanks and jet fighters, but Moscow probably will continue to be reluctant to assume any extensive aid commitments.

The USSR may hope to avoid the dilemma it faces in the neighboring country of Yemen where the Republican Government, despite substantial Soviet military aid, remains locked in a military stalemate with royalist forces. Moscow, however, continues to fulfill its commitment there. Moscow is currently hosting a Yemeni delegation led by the prime minister seeking additional military and economic aid.

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### OBOTE KEEPS UGANDA COOL

As Uganda prepares to celebrate its sixth anniversary of independence on 9 October, President Milton Obote remains in firm control. The air is, however, tainted with the usual rumors of impending coups.

Rumors of coup plotting gain credence because Obote enjoys only minimal personal popularity and the country is divided by bitter regional and tribal rivalries. Obote, however, has shown himself to be a clever politician in balancing conflicting forces and has used the army and police to thwart plotters in the past. The army is dominated by Obote's fellow northerners, and the officers, more interested in pay than politics, are apparently loyal to the government. The police force is effective and apolitical.

Uganda appears to be evolving into a nominal one-party state; Obote's Uganda People's Congress (UPC) holds all but 12 of 92 parliamentary seats. The UPC, however, is loosely organized and riddled with tribal jealousies and personal animosities, and Obote depends more on his wits than on the party.

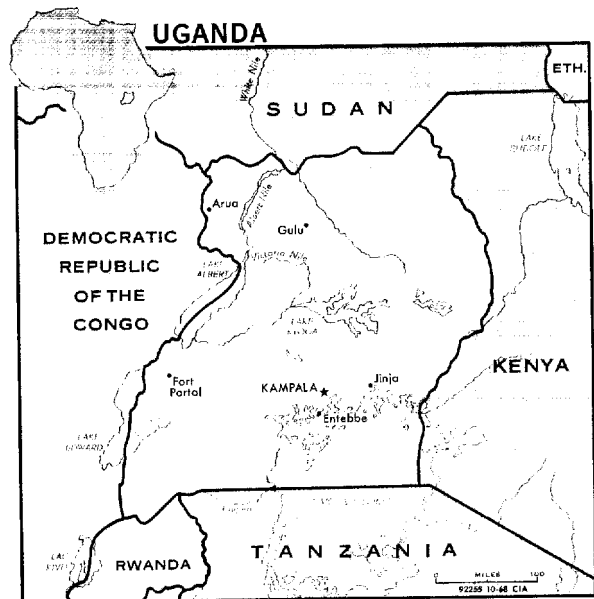
Opposition elements have been unable to organize effectively in the face of Obote's personal resolution. The only formal opposition is provided by the Democratic Party, whose support has divided to the point where it now

holds only six seats in Parliament. In 1966 organized opposition in the separatist Kingdom of Buganda was crushed by force and the Bagandan political party has subsequently melted away.

Obote has not sought to play a prominent role outside East Africa. His main concerns have been to ensure the security of Uganda's borders and to obtain economic and military assistance. He has successfully promoted military assistance from several countries, including jet fighters from Israel, Czechoslovakia and the Soviet Union. Distrusting all foreigners, Obote has been careful not to allow any country to gain pre-eminent influence in Uganda.



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## YEMEN'S WARRING LEADERS GROPE FOR TRUCE

Both republicans and royalists have instituted moves toward reconciliation, but resistance to peace is strong among the ranks on both sides.

After the unsuccessful left-wing revolt of late August, the republican government moved to consolidate the victory of "moderate" forces by appointing a cabinet of nonentities loyal to the premier, General al-Amri.

The premier, once a leftist hard liner, has been moving steadily toward the center as his fortunes have gone downhill. It is believed that he is already in touch with both the royalists and the Saudis through republican moderate exiles. His appointment of the new cabinet and his plans to set up a tame 45-man republican council from among traditional local leaders further suggest that al-Amri is setting the stage for truce negotiations with the royalists. On 30 September the premier left Yemen for Moscow, where it was expected that he would press Kosygin for still more aid, believing perhaps that even if he failed to get a substantial response, he would at least be causing Saudi Arabia some moments of worry.

Al-Amri may be misjudging Saudi Arabia's interest in Yemen

as well as its capacity for swift reaction. King Faysal warned the royalists last summer that he would give them just one more chance--to win the war or to settle the peace. Faysal's brother recently repeated the same theme to a meeting of tribal sheiks, accusing them of being "nothing but a lot of mercenaries." The sheiks bridled at this accusation, and one of the more outspoken complained that it was the fault of the Saudis who had offered them the gold in the first place.

The Imam al-Badr, who is fighting to maintain his position as head of the royalist movement, indicated to the Saudis in mid-September that he was returning to Yemen in order to effect a reconciliation among tribal leaders, fighting only those who insist upon it. Doubtless he has been stimulated by the Saudi insistence on achieving some concrete result from the war. The Saudis believe that the new cabinet improves the chances for peace.

For all these indicators of a trend toward peace, Yemen remains a bitterly divided country, the power rests with the tribes, and there are many on both sides who profit from the war. Given even the best intentions, peace still seems rather distant.

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### WESTERN HEMISPHERE

The military coup in Peru and continued student violence in Mexico were the most dramatic events in Latin America this week.

The Peruvian armed forces, led by army General Juan Velasco, deposed President Belaunde early on 3 October. Velasco reportedly will head the military junta which will govern the country for "at least ten years." This is the first military coup in Latin America since the Argentine military ousted President Illia in June 1966.

In Mexico, student violence during the week reached a level that raises doubt about the government's capability to keep the Olympic events and foreign visitors insulated from its domestic crisis. The bloody clashes between students and army troops on the night of 2 October that left many dead and hundreds wounded more than doubled the previous casualties in the two-month student campaign.

In Panama, Arnulfo Arias was inaugurated president on 1 October for the third time. With his formidable majority in the unicameral legislature, Arias will have enough votes to ensure virtual rubber-stamp approval of his initial programs. His cabinet was chosen as much for loyalty as for competence.

The actions of Ecuadorean President Velasco during his first month in office give some reason to believe that he has learned from past mistakes. He has sacked a few of the key government officials who have dubious political backgrounds, and has corrected other hasty initial moves which reflected adversely on his government. Velasco also appears to be determined to press ahead with programs designed to broaden social and economic benefits despite the strong reaction of powerful economic and political opponents.

In the Dominican Republic, the opposition Dominican Revolutionary Party is trying to exploit a wave of labor unrest stemming from the refusal of the newly elected mayor of Santo Domingo to pay hundreds of city employees fired when he took office. The opposition party reportedly has ordered its members to promote civil disorders throughout the capital, and some extreme leftists are planning to instigate other terrorist acts, including attacks against US personnel. Increased agitation will present a challenge to President Balaguer, whose administration has shown signs of losing the initiative in recent weeks.

Terrorist attacks against US personnel and installations are likely to occur in several Latin American countries next week in connection with the anniversary on 9 October of the death of Che Guevara. [REDACTED]

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## MILITARY COUP IN PERU

The Peruvian armed forces, led by army commander General Juan Velasco, ousted President Belaunde and took over the reins of government on 3 October.

Operating under a long-established contingency plan, the army moved into key points in Lima in the early morning hours. Military units occupied the National Palace, the Ministry of Government, various police headquarters, the legislative palace, and the central exchange of the telephone company. President Belaunde was forcibly arrested and later put on a plane for Argentina. Leaders of the air force and navy who were reported to have had differences with General Velasco have reportedly been placed under house arrest.

Leaders of the opposition APRA party, which has long been at odds with the military, were caught by surprise. Within hours of the coup, however, a top APRA leader exhorted party members "to defend constitutional order." Later in the morning student groups reportedly clashed with troops in Lima.

Military leaders have frequently expressed misgivings about the Belaunde administration. Their latest disagreement with the President arose over the government's settlement with the US-owned International Petroleum Company (IPC). Although armed forces leaders approved nationalization of IPC holdings in

the La Brea and Parinas oil fields, they apparently believed that the government handled the negotiations badly and should have insisted on some financial settlement as well. Civilian political opposition to the agreement had greatly increased political tensions, leading to a split in Belaunde's party and finally resulting in the naming of a new cabinet on 2 October.

A military junta led by General Velasco will rule the country, [redacted] and all ministerial positions will be filled by military officers. General Angel Valdivia, a capable military financial manager, has reportedly been named finance minister, but no other details of the new government are known. The armed forces, which based their plan of action on the Argentine model, apparently intend to continue following Ongania's example by not relinquishing control of the government to civilians for "at least ten years," [redacted]

A military communiqué states that the "revolutionary government" will honor all international treaties and commitments and will guarantee all foreign investment that respects Peruvian laws. General Velasco is generally pro-US and the armed forces are reportedly anxious to establish good relations with the US government as soon as possible. [redacted]

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## NEW GOVERNMENT INSTALLED IN PANAMA

President Arnulfo Arias began his third term Tuesday with a formidable legislative majority and a cabinet chosen as much for loyalty as for competence.

Arias shared the inaugural reviewing stand with National Guard Commandant Vallarino only a few days after a flurry of coup-plotting among dissident senior guard officers threatened to bar Arias from the presidency. Although reports that Arias planned drastic changes in the guard had angered Vallarino and many key subordinates, the differences were papered over--at least temporarily--in a face-to-face meeting between Arias and the general last Friday.

Vallarino reportedly agreed to step down during October and accept an assignment in Washington as military adviser to Panama's canal treaty negotiating team. Second Commandant Pinilla then would succeed to the top post for a short period before retiring and turning over command to Third Commandant Urrutia, Arias' original choice for the job.

Meanwhile, Arias and Vallarino will "work together" on internal changes within the guard--a process that may well lead to new strains. Some guard officers are still suspicious of Arias' intentions, and any move that appears to threaten their interests will probably result in renewed conspiracies.

### Panama Leadership



PRESIDENT  
Arnulfo Arias



1st VICE PRESIDENT  
Raul Arango



2nd VICE PRESIDENT  
Jose D. Bazan

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The deputy vote count finally ended on the eve of the inauguration, in time for the new National Assembly to convene for the swearing-in of Arias and election of its officers. Of the 42 assembly deputies, Arias' coalition has 30 and appears likely to receive four more who will probably replace four opposition deputies whose credentials have been retracted. Arias' overwhelming majority assures him virtual rubber-stamp approval of his initial programs.

Arias appointed a former foreign minister, Galileo Solis, to the important foreign affairs portfolio. Solis, a long time Arias supporter and a respected lawyer, is considered friendly to the US. Appointment of [redacted] Norberto Zurita to head the Min-

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istry of Government, which has jurisdiction over the National Guard, can only be regarded as a reward for his staunch loyalty to Arias. Zurita is likely to serve as a willing instrument in Arias' plans to extend his control over the guard.

In his inaugural address, Arias stressed unity and the need to "look to the future" after overcoming "conditions of tragic fiscal bankruptcy" inherited from the Robles government. Although he did not mention the US-Panamanian treaty drafts in his remarks, the emphasis on giving first priority to putting "our house in order" tends to confirm earlier reports that he does not intend to reopen serious treaty negotiations at least until after the US elections. [redacted] UNCODED [redacted]

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### GUYANA'S ELECTION DATE SECRETLY SET

Prime Minister Forbes Burnham is planning to hold Guyana's first national election as an independent country on 16 December. So far, however, he is keeping the election schedule secret in order to give his People's National Congress an opportunity to organize its campaign ahead of the other political parties. He also probably believes that a short campaign will minimize the possibilities of violence.

In the last elections, in December 1964, Burnham defeated pro-Communist Cheddi Jagan's People's Progressive Party by forming a coalition with the small conservative United Force. This arrangement put a damper on Burnham's own liberal politics, and this year he will try to win on his own.

In Guyana, however, voting is almost entirely on racial lines. Jagan's East Indian followers

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outnumber Burnham's Negro supporters, and Burnham has sought to increase his party's votes by registering Guyanese--mostly Negroes--living abroad.

Both the United Force and the People's Progressive Party are already claiming that there have been many irregularities connected with the overseas registration. They charge, among other things, that the registrars were biased and that inscription was far easier for a Negro than for someone of another race. The government, of course, has denied all such allegations but it will be relatively easy to tinker with the overseas vote and Burnham is quite capable of doing so.

Even if Burnham should get a clear majority he would still like to form a coalition with the United Force. Such an arrangement would be mainly window dressing because Burnham plans to give the United Force little say in policy matters. A coalition would appear to have widespread multiracial support and, because the leader of the United Force is Guyana's foremost businessman, would lend an aura of financial stability to Burnham's regime. It would also enhance

Burnham's international image. There is a danger, however, that relations between Burnham and the United Force will deteriorate during the campaign and another coalition offer would be refused.

Jagan privately admits that he does not have a chance. It appears that his party will contest the elections in order to keep up morale and to make the going as difficult as possible for Burnham. Tactics are still being discussed, however, and the party could yet decide to boycott the election. Jagan is actually looking beyond this election and has decided to prepare his party for a long period in opposition by converting it from an essentially racially based, mass organization into a tightly knit Communist party.

At present Jagan has no plans to provoke violence, as he did in 1964, in an attempt to force a postponement of the election. Racial tensions will increase as the political campaigns get under way, however, and incidents are certain to occur. The security forces could probably deal with violence on a small scale but would have trouble should an incident touch off disorders which become geographically widespread.

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## CASTRO ACKNOWLEDGES INCREASING OPPOSITION IN CUBA

Fidel Castro has stated that sabotage and other acts of opposition to the regime have increased since last March. In a speech on 28 September, Castro may have been attempting in part to encourage greater vigilance and zealotry among his followers, but his remarks were also his most elaborate acknowledgement of anti-regime activity in recent years.

Castro's speech commemorating the founding of the Committees for the Defense of the Revolution--Cuba's neighborhood security forces--was an unusual commentary on "counterrevolution." He said that more than 36 schools have been burned by opponents of the regime and that more than 40 acts of sabotage--mainly against industrial and agricultural installations--have been committed in the past six months.

The turning point was apparently Castro's harsh "revolutionary offensive" of radical reforms in March. Since then, there have been increasing rumors of anti-regime graffiti and slogans appearing in public places, of small-scale disturbances on food lines, and of acts of sabotage, complemented in recent weeks by widely circulating and unsubstantiated rumors of the beginning of armed resistance in Oriente Province.

[redacted] opposition to Castro is more manifest than it has been in about five years.

Castro, however, apparently does not see any serious challenge

to his position. He did not announce new security controls or suggest that there would be mass arrests or purges. He apparently feels that his security forces will be able to prevent organized opposition from developing. In addition, Castro did not suggest that any measures would be taken to reduce the considerable strains on workers and consumers. He made it clear that he will not trade his development programs for a better standard of living. He declared that "the revolution will be drastic, implacable, and inflexible."

This firm commitment to harsh programs and tactics may reflect a conviction by Castro that the revolution has lost vigor and that in order to restore it, mass mobilizations and other projects of total moral and physical commitment are necessary. He has demanded greater sacrifice and participation from the populace and has granted nothing in return but his promise for economic uplift after 1970. He has unequivocally placed his prestige behind the goal to produce 10 million tons of sugar in 1970.

By acknowledging the growing discontent and antirevolutionary activity Castro has dramatized the magnitude of the problems that hinder economic progress. Thus, he may be attempting to create a climate of conspiracy in order to increase the zeal of his supporters or to provide an excuse against the increasing probability that his 1970 goals will not be fulfilled.

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### A RENEWED VIOLENCE IN MEXICO

Violence this week reached a level that raises doubt about the Mexican Government's capability to keep the Olympic events and the many foreign visitors insulated from its domestic crisis. The long firefight between students and army troops on the night of 2 October left many dead and hundreds wounded, at least doubling the previous casualties in the two-month student campaign.

[redacted] the encounter was a premeditated provocation by the students, who apparently were well armed. Student strike leaders, perhaps believing they had already won a significant victory in their reoccupation of the national university after the troops withdrew, pledged to continue the campaign against the government and broadened their demands. They now appear determined to try to force cancellation of the Olympics, which they recognize

as of the utmost importance to the government.

The government, for its part, is so determined to prevent disruption of the games and to protect the visitors that security forces are likely to overreact against student provocations. The potential for further violent incidents is therefore high.

The "martyrs" created during the past week will probably provide a new rallying point for university students in the provinces, where several demonstrations have been staged in support of the Mexico City strikers. All military zone commanders now have authority to move against disorderly students in the provinces without checking with the capital. One student demonstrator was killed by police this week in the state of Veracruz, and further trouble is expected in other states as well as in the capital city. [redacted]

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