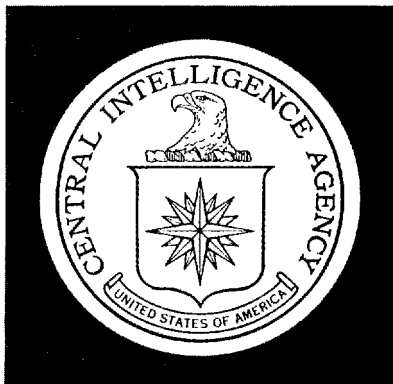


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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42

21 March 1969

No. 0362/69

State Dept. review completed

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(Information as of noon EST, 20 March 1969)

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FAR EAST

The Communists continue to limit the scope of their four-week-old offensive in South Vietnam. The pattern set early in the offensive—rocket and mortar attacks along with occasional ground probes and terrorism against a few key areas—has not been significantly altered. The III Corps area remains the focal point but targets throughout the country also are being hit. There are indications that the enemy may soon try to step up the tempo and strength of their attacks. Meanwhile, the negotiators in Paris continue to mark time.

The Chinese Communists have not indicated when their ninth party congress will get under way in the wake of the border clashes with the USSR, but it is likely to be soon. Prior to events on the border and the massive propaganda demonstrations that have been staged throughout China, the populace was being prepared for the almost immediate convening of the congress.

In Laos, Communist military pressure against government positions in the north has eased somewhat, but the enemy may be preparing for another round. The Communists' failure to move quickly to take advantage of the government forces' disarray after the fall of Na Khang suggests that the enemy's current military objectives continue to be limited. The Communists apparently still hope, however, that continued shelling of the government base at Thateng will cause the base to be evacuated, thereby obviating another costly ground assault.

The South Korean Government has begun a program to upgrade its counterinsurgency effort. Despite last year's generally successful security operations, the government's performance was hampered by poor coordination, lack of equipment, and insufficient personnel. Most proposed changes are still in their initial stages and it will take considerable time before they will produce a significant improvement in operational performance.

There were no major changes in the new Thai cabinet proclaimed by the King this week, the final step in forming the government specified by the new constitution. Some younger, professional administrators joined the cabinet but the leadership refrained from restructuring the often overlapping ministerial functions that have plagued so many of Thailand's domestic programs in the past.

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VIETNAM

The Communist offensive, now in its fourth week, continued to focus on maintaining pressure on a few key areas through mortar and rocket attacks, commando raids, terrorism, and probing actions. It also included limited infantry

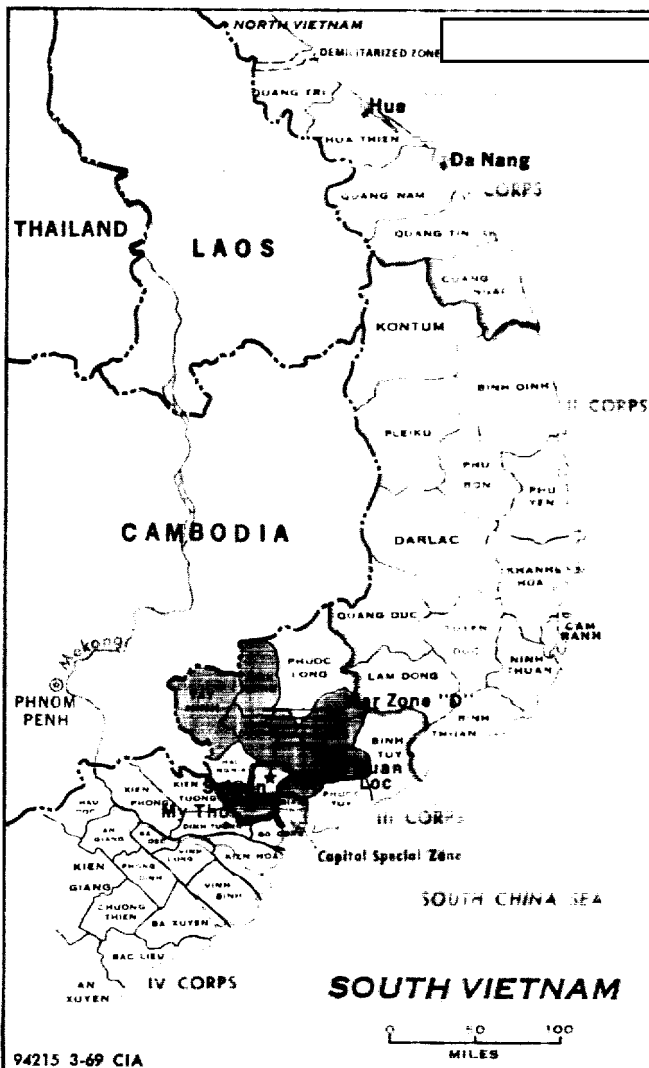
assaults and threatening maneuvers by main force units.

The North Vietnamese 5th Division resumed its campaign in the Bien Hoa - Long Khanh area and struck several points around the Xuan Loc Province town and the lower reaches of War Zone "D." Losses on both sides were heavy in four days of sharp fighting. These actions may have temporarily deflected the 5th from deeper thrusts into the complex of allied fortifications along Saigon's northeastern tier.

The Communists somewhat slackened their pace in northwestern III Corps, but continued sporadic strikes in Tay Ninh, Binh Duong and Binh Long provinces. In Long An Province, the enemy continued to shell and probe along the southwestern approach corridor to Saigon.

There were no other concerted Communist drives elsewhere in South Vietnam. In the Mekong Delta, the Viet Cong briefly harassed province towns with shellings and stepped-up terrorism. Most action was centered in the My Tho area.

In the northern provinces, activity flared up just below the eastern end of the Demilitarized Zone early in the week and then shifted to the lower three provinces of I Corps. North Vietnamese regulars launched a brief



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rocket attack and several stiff ground assaults within a few miles of the zone.

The Communists once more launched light rocket attacks against South Vietnam's three principal cities: Hue on the 14th, Saigon a day later, and Da Nang on 19 March.

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Meanwhile, there are indications that the offensive has fallen short of Communist expectations, particularly in the Saigon area. [redacted]

[redacted] the enemy is dismayed because stringent government security measures in the capital city area have interfered with their ability to collect intelligence, reduced their urban guerrilla force, and hindered their efforts to infiltrate weapons in the city. The Communists are continuing to maintain pressure on Saigon's outskirts, however, and are trying to increase the level of terrorism and agitation in the city. Enemy forces throughout the country also may well be awaiting instructions to open another phase of the offensive.

Political Developments In South Vietnam

The government is trying to handle the case of Buddhist monk Thich Thien Minh in a way that will reduce his prestige as a militant Buddhist peace agitator but not make him a martyr. So far, the Buddhists have responded cautiously, with well-controlled anger, but the militants may be planning to rekindle Buddhist-Catholic frictions.

Although the government's evidence against the Buddhist youth leader was overwhelming, the 10-year sentence for sheltering Viet Cong personnel has led both clerical and lay Buddhist leaders to

question the motives of the government.

The government is apparently confident that it can keep the lid on antigovernment dissent designed to threaten its stability. The militant Buddhists represent the leading source of such dissent, and the government is anxious to demonstrate a stern attitude in the hopes of discouraging other antigovernment elements.

President Thieu has gone to some lengths to avoid making a martyr of Thien Minh. After publicizing the evidence against the bonze, Thieu announced that Thien Minh would receive preferential treatment, despite the stringent sentence. Thieu has also let it be known that if there is no provocative Buddhist reaction, the prisoner could be released early. At the same time, the government is keeping close track of militant Buddhist reactions around the country, to make sure that they do not nurture a serious challenge to the regime.

The militant Buddhists, under the direction of Thich Tri Quang, may attempt to exploit the case to generate new Buddhist-Catholic friction. Although Tri Quang has remained fairly cautious so far, he has supported the Buddhists' charge that President Thieu and the Americans are using the affair to "destroy" Buddhism. This statement bracketed the "fervent Catholic" Thieu with former President Diem, thereby raising the specter of Catholic oppression of Buddhism. The Buddhists hope to get good international press coverage for a series of country-wide protest prayer meetings.

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Tri Quang is clearly testing the prevailing political winds to see if a successful antigovernment campaign can be developed by reviving anti-Catholic sentiments. The militants' peace cam-

paign has failed to gain much momentum, and Tri Quang may have decided that the theme of religious persecution may be more successful.

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NEW THAI GOVERNMENT IS FORMED

There were no major changes in the new 28-man cabinet proclaimed by the King on 11 March, the final step in forming the government specified by the new constitution.

There were some shifts among the leadership but the key posts remained unchanged: Thanom retained the Ministry of Defense, Praphat continued as deputy prime minister and minister of the interior, and Thanat remained minister of foreign affairs.

Pote Sarasin, the regime's top civilian, was also named a deputy prime minister, presumably to help offset the government's military cast. The army's role in the cabinet was, nevertheless, substantially increased by the inclusion of three additional generals.

In addition to providing political continuity, the new cabinet may provide somewhat better government; several aging members of the old cabinet were replaced with younger, professional administrators. The leadership, however, refrained from restructuring the often overlapping ministerial functions that have plagued so many domestic programs in the past. It also missed an opportunity to broaden its political base by failing to include opposition elements in the cabinet.

Earlier this month the government cleared its only potential obstacle in succeeding itself when its candidate was elected speaker of the popularly elected lower house. With the support of independent members, whose candidate the government in turn helped elect as deputy speaker, the regime demonstrated that even with its mere plurality, it could muster a working majority. Although the outcome was never in serious doubt, the election indicated that the independents, some of whom had been sounding out the possibility of working with the opposition Democrats, would side with the government on important issues. At the same time, however, several independents have made it increasingly clear that they intend to exploit their pivotal position between the government and the Democrats.

The strength of the opposition and the tactics it will pursue may become clearer when the government presents its major policy positions to the legislature next week. The government is not expected to make any substantial shifts in these policies, although such issues as relations with the US and the government's stand on corruption may spark some lively discussion both in the legislature and the press.

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COMMUNISTS EASE PRESSURE ON LAO GOVERNMENT POSITIONS

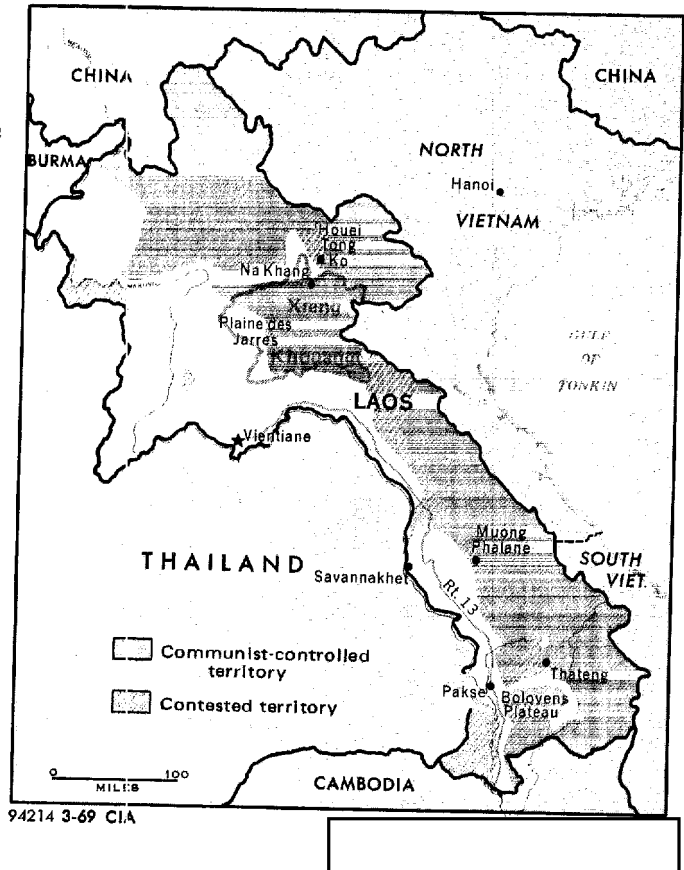
Communist pressure against government positions in the north has eased somewhat over the past week, but the enemy may be preparing for another round in their dry season offensive there.

tion of the Bolovens Plateau, the Communists apparently still hope that the continued shelling of Thateng, combined with the low morale of the defenders, will cause the base to be evacuated, thereby obviating another costly ground assault.

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The Communists have not followed up their capture of Na Khang on 1 March with a major effort against the remaining government positions in Xieng Khouang Province. A number of small, isolated government outposts have been evacuated or have fallen in the face of relatively light enemy attacks but the resolve of government forces appears to have stiffened as a result of their successful defense of the refugee center at Houei Tong Ko. The Communists' failure to move quickly to take advantage of the government forces' disarray after the fall of Na Khang suggests that the enemy's current military objectives continue to be limited.

No new major fighting has developed in the south although enemy activity has picked up in the long-contested Muong Phalane area and the Communists have been harassing traffic on Route 13 between Savannakhet and Pakse. Along the eastern por-



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SOUTH KOREAN COUNTERINSURGENCY BEING IMPROVED

The South Korean Government has begun a program to upgrade its counterinsurgency effort.

Last year's generally successful security operations were nonetheless hampered by poor coordination, lack of equipment, and insufficient personnel.

A unified security command encompassing all rear area military, police, and militia units is being planned to overcome coordination problems, many of which were attributed to inadequate equipment, overlapping jurisdictions, and interservice jealousies. Subordinate special sector military commands are apparently being planned for strategically important areas or areas considered particularly vulnerable to guerrilla infiltration. Activation of the new command structure is, however, heavily dependent on the availability of improved communications and equipment.

Prior to the large-scale North Korean infiltration of the east coast last fall, South Korean forces had only eight helicopters for transporting quick reaction troops. The US assistance program will add 15 more to the inventory by June, and the Seoul government hopes to buy another 17 by the end of the year with funds being collected through public voluntary donations.

Equipment shortages have been particularly evident in the local militia forces organized under the national police last year. The militia, which currently has more than two million personnel, mostly veterans, made a good showing in security

operations last year despite the lack of enthusiasm shown by many of its involuntary members and the heavily armed North Korean agents it had to face. Weapons and small amounts of ammunition are now available for only 22 percent of the militia, but the government hopes to have it completely armed by the end of the year.

Personnel are to be added to the 4,000-man well-armed combat police force, and 18 new battalions are planned for the army's special forces units to be used as a counterinsurgency mobile reserve.

[redacted] Ministry of National Defense has issued instructions to give antiguerrilla training to all military personnel.

A resident registration program is also under way to make it difficult for North Korean agents to move through the country. To date, 75 percent of the population over 18 years old has been registered. The government plans to resettle an estimated 12,000 to 13,000 families who now live in remote areas into small tactical hamlets with a communications link to nearby towns. This would make population control easier for security authorities but is almost certain to antagonize most of the farmers involved.

Most of these changes in the counterinsurgency program are still in their initial stages and it will be some time before a significant improvement in operational performance is realized.

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EUROPE

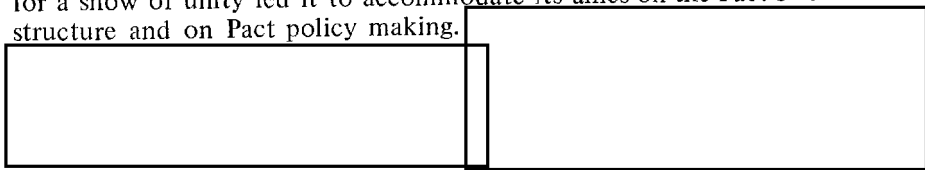
A Pravda article of 20 March, commenting on the US decision on ABMs, accused the "military-industrial complex" in the US of "striving to unleash" a new round in the arms race. As with earlier Soviet comments, however, the article avoided direct criticism of the President and any implication that strategic arms limitation talks might be affected.

In response to a US protest of a TU-95 bomber's overflight last week of Shemya Island in the Aleutians, the Soviets admitted that through navigational error the plane may have come "somewhat closer" to Shemya than intended and said that they will take measures "designed to prevent undesirable incidents."

Since the major clash over Damansky Island on the Sino-Soviet border last weekend, both sides have lobbed mortar shells at each other on an almost nightly basis. There is no sign that border clashes have occurred elsewhere.

The long-heralded Warsaw Pact meeting was finally held in Budapest this week. It appears to have been a pallid affair. Evidently Moscow's desire for a show of unity led it to accommodate its allies on the Pact's command structure and on Pact policy making.

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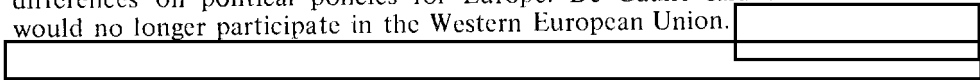
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The Yugoslavs, at their party congress, took long strides toward revitalizing the leadership and liberalizing political, economic and social policies. The more conservative leaderships of the ruling Communist parties will see Belgrade's injection of new ideas into its unique Communist system as a further threat to stability in the Communist world.

East German harassment and interference with West German travel to and from West Berlin has ceased, possibly at Moscow's insistence.

Last week's meeting in the regularly scheduled series between President de Gaulle and Chancellor Kiesinger appears to have improved the climate of Franco-German relations somewhat. Nonetheless, there was no narrowing of differences on political policies for Europe. De Gaulle said that France would no longer participate in the Western European Union.

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SINO-SOVIET BORDER REMAINS UNEASY

Neither Moscow nor Peking appears ready to back down on the issue of the disputed island in the Ussuri River. An engagement on 15 March may have involved more men than the initial clash but was not as bloody. There have been artillery exchanges since, with casualties, if any, unreported. Both sides have probably moved reinforcements to the immediate area of the island. There is no evidence, however, that either is planning to escalate the level of conflict or to widen it to other disputed areas.

Although the circumstances around the dispute remain unclear, it appears from available evidence that the Chinese triggered the initial clash. Peking may have chosen a site to which it believes its legal claim is strong. Chinese propaganda since the encounters last weekend has emphasized Peking's contention that the island is "Chinese territory according to international law," because it lies on China's side of the river's main channel. The Chinese have chided Moscow for its failure to disclose fully its legal claim. Moscow has claimed that maps appended to the treaty of 1860, which set the present boundaries, show the island as Soviet territory, but has not yet produced such maps. Peking has published a map which seems to back its claim.

The Soviets have apparently controlled--or at least strongly patrolled--the island since the initial clash. The engagement

on 15 March was probably a Chinese effort to contest that presence. The island is likely to remain a scene of conflict until both sides retire from it and leave it unoccupied--apparently the normal state of numerous disputed islands in the Amur and Ussuri Rivers. The Soviets, however, have charged that the Chinese had occupied the island in preparation for the incident on 2 March, and they may believe that it is now necessary to maintain a show of strength in the island area to demonstrate that they cannot be intimidated. When the ice breaks in the spring thaw, normally about mid-April, the matter of control may become academic. Most of the island will probably be under water.

Reports emanating unofficially from Soviet Foreign Trade Ministry sources on 14 March that the Chinese had halted all Soviet aid shipments to Vietnam have not been confirmed. The Soviets probably exaggerated instances of Chinese obstructions at border crossing points for several days following the incident.

Soviet ambassadors made a concerted effort to buttress Moscow's version of the original incident by calling on government and foreign ministry heads around the world between 10 and 13 March. This effort was apparently an attempt to emphasize the gravity Moscow attributed to the affair

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and to stress Russian innocence. By charging the Chinese with irresponsibility and expansionism, Moscow may also have hoped to deter

the recognition or expanded relations with China that several of the governments have been contemplating.

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EUROPEAN REACTION TO THE ABM SYSTEM RESTRAINED

Press reaction in Moscow to the ABM system remains restrained, with Soviet commentaries pointedly paraphrasing US congressional and intellectual critics of the decision. Ever since breaking its silence in 1968 on the subject of arms talks, Moscow has stressed its readiness to engage in a "serious exchange of opinions" with the US. Therefore, the Soviets may have decided to forgo a propaganda attack on the ABM in order not to compromise the possibilities for such talks. Also, Soviet disarmament adviser Roshchin's remarks in Geneva suggest that Moscow will not use the US decision to proceed with an ABM system to delay ratification of the nonproliferation treaty.

Eastern European reaction to the US ABM decision has been generally limited to factual reporting, albeit with mildly critical overtones. Available comment is not unanimous, and ranges from Sofia's statement that the ABM decision is an "unsuitable prelude" to the resumed Geneva disarmament talks, to Polish charges that it reflects the "extremely aggressive intentions of the US" and runs contrary to the spirit of the nonproliferation treaty. Some Eastern European media, including the Polish, already have welcomed US ratification of the treaty.

The President's announcement has received widespread and generally favorable coverage in the media of most West European countries. Official comment is meager, however.

A West German NATO affairs specialist believed the decision strengthened the alliance. Another official emphasized the US should explain the decision carefully to the Soviets. Public media generally viewed the decision as a compromise which would tend to avoid an acceleration of the arms race.

Madrid is examining the decision for clues on how the US may decide renewal of the Spanish bases agreement. The influential ABC commented that "militarily, the logic of the situation which guided the President's decision should lead to the maintenance of the Spanish bases."

The Scandinavian press has generally taken a negative line. It has stressed the possible damage to the nonproliferation treaty and is apprehensive that it might cause the Soviets to escalate the arms race. The Norwegian defense minister, speaking as a private individual, stated that he believes that ABM deployment may increase insecurity and worsen east-west relations.

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British press comment lacked strong views one way or the other. The principal papers stressed the necessity for Soviet-American consultations on military matters and expressed a belief that the Soviets are much more likely now to accept realistic negotiations. The Guardian, however, thought that the arms race might be accelerated.

Canadian press comment, long critical of ABM deployment, has viewed the President's decision as better than previous proposals but still not desirable. Prime Minister Trudeau has said that he intends to discuss the subject with the President next week, but doubts that Ottawa will have a "finite" position on the matter by then. [REDACTED]

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HARASSMENT OF BERLIN TRAFFIC CEASES

The East Germans have stopped their interference with freight shipments to and from West Berlin as of 17 March.

The East German interzonal trade negotiator reportedly informed his West German counterpart in early March that interference would cease after the current East German propaganda campaign had run its course. A large manufacturing firm in West Berlin also was informed this week that there would be no further harassment. East German propaganda on the alleged manufacture of military goods and other "militaristic activities" in West Berlin has also stopped.

Some West Berlin officials believe that the Soviets put pressure on the East Germans to end the harassment and propaganda campaign. Whether this is the

case cannot be established, but there have been indications of a lack of coordination between Moscow and Pankow recently. The East Germans may have been too quick to apply against Berlin traffic restrictive measures which the Soviets had urged them only to "consider."

Moscow, meanwhile, has attempted to "correct" the record on the diplomatic maneuvering which occurred before the West German Federal Assembly met in Berlin. The Soviet Embassy in Bonn released a press statement on 14 March which blamed the West Germans for scuttling the talks between the East and West Germans on a compromise solution to this issue. Soviet diplomats then repeated this explanation in several Western capitals. [REDACTED]

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WARSAW PACT MEETING A PALLID AFFAIR

The top leaders of the Warsaw Pact states met in Budapest for two and a half hours 17 March and produced a brief communiqué and an anodyne "appeal" for a European security conference. The most significant accomplishment of the meeting, the first such since the invasion of Czechoslovakia, may have been reaching an "understanding" on the pact's structure and command which was acceptable to the Rumanians while at the same time allowing at least a sense of greater participation among the other members. Moscow evidently felt the need for a show of unity with its allies outweighed its urge to secure significant changes in the Warsaw Pact structure.

Most of the hard business apparently was transacted in a series of bilateral and trilateral meetings just before the formal session. [REDACTED]

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[REDACTED] the Soviets wanted to include in the communiqué a condemnation of China, approval of the concept of "limited sovereignty," and statements on the Middle East and Vietnam. The Rumanians opposed all these ideas and they were therefore dropped, according to Rumanian press sources. This account may be overdrawn, but there is probably some truth to it.

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Regarding the organization and structure of the pact, there clearly seems to have been some horse trading, probably largely worked out by Warsaw Pact military officials the last few months.

The language of the communiqué seems to say that the Eastern European states accepted fuller integration of the Warsaw Pact national commands in return for a somewhat larger voice in military policy-making. Inasmuch as the changes had to be acceptable to the Rumanians, it remains to be seen if they will have any real meaning. In sum, Moscow apparently decided to accommodate to reality and settle for relatively mild statements so as not to create more friction before the world Communist conference in May.

In Moscow, meanwhile, representatives of 67 Communist parties gathered on 18 March for what is described as the final, full-dress preparatory meeting before that conference. Absent are those governing parties that have consistently refused to participate in a world conference--China, Albania, North Korea, North Vietnam, Yugoslavia, and Cuba.

The major tasks of the present session are to set the date for the conference, approve draft documents on the main anti-imperialist plank as well as on a peace appeal and a Vietnam resolution, and to decide on a suitable tribute to the 100th anniversary of Lenin's birth. The Soviets, who nursed the conference through five preliminary meetings in 1968 despite the ill effects of their intervention in Czechoslovakia, have shown a willingness to seek out the lowest common denominators on major issues in order to keep attendance high, and to obtain at least a superficial show of "unity." [REDACTED]

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CZECHOSLOVAK FACTIONAL STRUGGLES SPREAD TO NONPARTY GROUPS

The liberal-conservative split within the Czechoslovak party is spreading to special interest groups outside the party as liberal elements move to institutionalize the gains they made before the occupation.

The trade unions, which split into separate Czech and Slovak movements when federalization went into effect early this year, have formed a federal organization in support of the Dubcek leadership and its democratic reforms. The Czech Intellectuals Association and other groups have offered to join the trade unions in efforts to preserve the liberal gains made in 1968.

Liberal, semi-independent youth groups have also formed a federal body, which has prompted conservatives to try to create a rival youth organization to support their views. The alliance between progressive students

and the workers has already proved to be a significant political force.

The students groups, however, are divided on how far to press for change. The militant students in Prague, for example, failed to convince students from other districts to join them in a nationwide coalition of political activists.

Mergers of liberal nonparty groups has led to an upsurge of conservative activity. Husak, the Slovak party chief, with the support of conservative Czech party leader Strougal, has proclaimed a new, tough line asserting that the party has exclusive political primacy and emphasizing that the ultraliberals--as well as the conservatives--must be brought under control. Since then, some Slovak organizations have been reluctant to unite with their Czech counterparts to seek reforms.

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MIDDLE EAST - AFRICA

Military action continued in the Middle East this week as Israeli aircraft bombed terrorist bases in Jordan four times, and firing across the Suez Canal occurred sporadically. Mrs. Golda Meir, confirmed by the Israeli Knesset on 17 March, reaffirmed Israeli opposition to any imposed settlement in the Middle East. A well-informed Israeli journalist this week printed that the government will reject the latest US proposals on the Middle East.

In Yemen, the government may soon attempt to form a new coalition which would include tribal leaders formerly supporting the royalists. A conference has been scheduled for this month, and the increasing number of tribal defections from the royalists has increased the chance for success.

British Prime Minister Wilson's visit to Nigeria, now scheduled for 27 March to 1 April, appears designed mainly to acquire a softening of the federal government's war policy and thereby counteract strong UK domestic criticism of British arms sales to Nigeria. Federal leader Gowon may oblige Wilson with helpful public statements on federal bombing and relief policies, but he is unlikely to change his basic position that a cease-fire can come only after Biafra renounces secession. The war, meanwhile, remains stalemated.

Calm has returned to Equatorial Guinea, and emergency controls have been relaxed. Negotiations with the Spanish on emergency financial aid went smoothly this week but, given the unpredictability of Guinean President Macias, arrangements could break down at any time. Internal economic and political problems persist and could lead to further instability.

In Guinea, arrests of both civilians and army personnel, including the deputy chief of staff of the armed forces, continue to occur in connection with an alleged foreign-inspired plot. Unrest in the army has mounted considerably in recent weeks, as President Toure attempts to tighten party control over the military.

Most of the dissident Ethiopian university students have complied with the government's order that they reregister, but many have not returned to classes and the university is not functioning at full capacity. [redacted] 25X1

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PAKISTANI OPPOSITION LEADERS STEP UP ACTIVITY

Opposition leaders are stepping up their efforts to build support after last week's conference with the government, which failed to stem continuing chaos throughout the country. The conference appears to have satisfied President Ayub and the conservative forces, but opposition leaders vitally concerned with provincial issues and regional relationships are extremely unhappy.

Popular East Pakistani leader Mujibur Rahman denounced the discussions as a complete failure. Mujib received a rousing welcome upon his return to East Pakistan, and he is now trying to increase his widespread support there. In a press conference on 14 March, Mujib blasted other politicians from his province for not pressing hard enough on regional concessions. He is now in the uncomfortable position of contesting the elections under the new system worked out at the conference, while fending off leftist criticism that he knuckled under to Ayub. Mujib reportedly plans to present his own program to the National Assembly.

The coalition that negotiated with Ayub dissolved itself shortly after the agreement was announced, and its eight component parties are now going their separate ways in preparation for the elections. Ex - air force chief Asghar Khan finally made his move by announcing the formation of a new party, which will probably attract conservative and moderate West Paki-

stani elements as well as many supporters of Ayub's disintegrating Pakistan Muslim League.

Meanwhile, labor and student protests continue throughout the country. A peaceful general strike on 17 March was only marginally effective in West Pakistan but was completely successful in the East, where pro-Peking leftists called for a general work-stoppage following an attack on their leader by "rightists" in West Pakistan. Confrontations between orthodox Muslims and leftists are continuing, particularly in the West, while increasing violence in rural East Pakistan is moving that province closer to complete anarchy.

In an effort to placate moderate opposition forces in West Pakistan, Ayub has appointed a well-known Karachi opposition politician and newspaper publisher to replace the provincial governor. East Pakistan's governor--widely criticized for his inept handling of the civil strife--has fled his province and is expected to be replaced soon, but Ayub may be having trouble finding a willing candidate.

Rumors of impending martial law persist, with military officers talking openly about contingency planning. Troop movements from West to East Pakistan have been reported, and the government has issued a stern warning that the current trend toward anarchy will not be permitted to continue.

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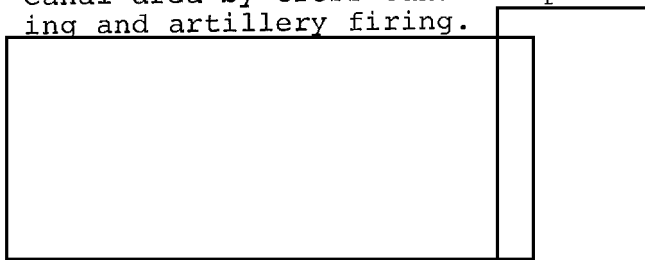
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INCIDENTS CONTINUE ALONG THE ARAB-ISRAELI FRONTIERS

Military action continues along the Arab-Israeli frontiers. Israeli aircraft bombarded terrorist bases in Jordan four times this week, and sporadic shooting took place across the Suez Canal.

Israeli forces may still make a stronger response if Egypt continues its deliberate policy of "heating up" the Suez Canal area by cross-canal sniping and artillery firing.

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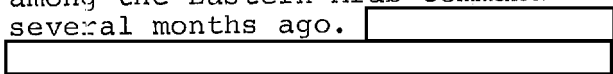
The Israeli Knesset on 17 March confirmed Mrs. Golda Meir's government by a vote of 84 to 12 with one abstention. She had planned to present her cabinet a few days earlier, but ran into minor snags with some of the parties on the right and left. In her policy speech, Mrs. Meir, with a wary eye on the upcoming Four-Power talks on the Middle East, reaffirmed Israeli opposition to any imposed solution, reiterated Israeli insistence on direct Arab-Israeli negotiations to establish a "true peace" and supported retention of the occu-

ried Arab territories until a viable peace was achieved. Except for Mrs. Meir, there were no cabinet changes.

In Syria, recently emerged strongman Hafiz Asad seems to have successfully consolidated his position. Opposition to his control of the country, possibly violent, is still possible, but Asad is apparently confident of his position and of his control over the military. He called for a meeting of the Syrian Baath Party command this week, indicating his confidence that he could ramrod his own candidates for party leadership through the conference elections.

Approximately 6,000 Iraqi troops have now moved into Syria from Jordan. Some observers believe the move indicates that Iraq is prepared to help Asad militarily should he meet with violent domestic opposition. It seems more likely, however, part of Asad's determination is to remove Syria from its isolation from the Arab world. Iraqi troops were to be stationed in Syria as well as in Jordan as part of an agreement concluded among the Eastern Arab Command several months ago.

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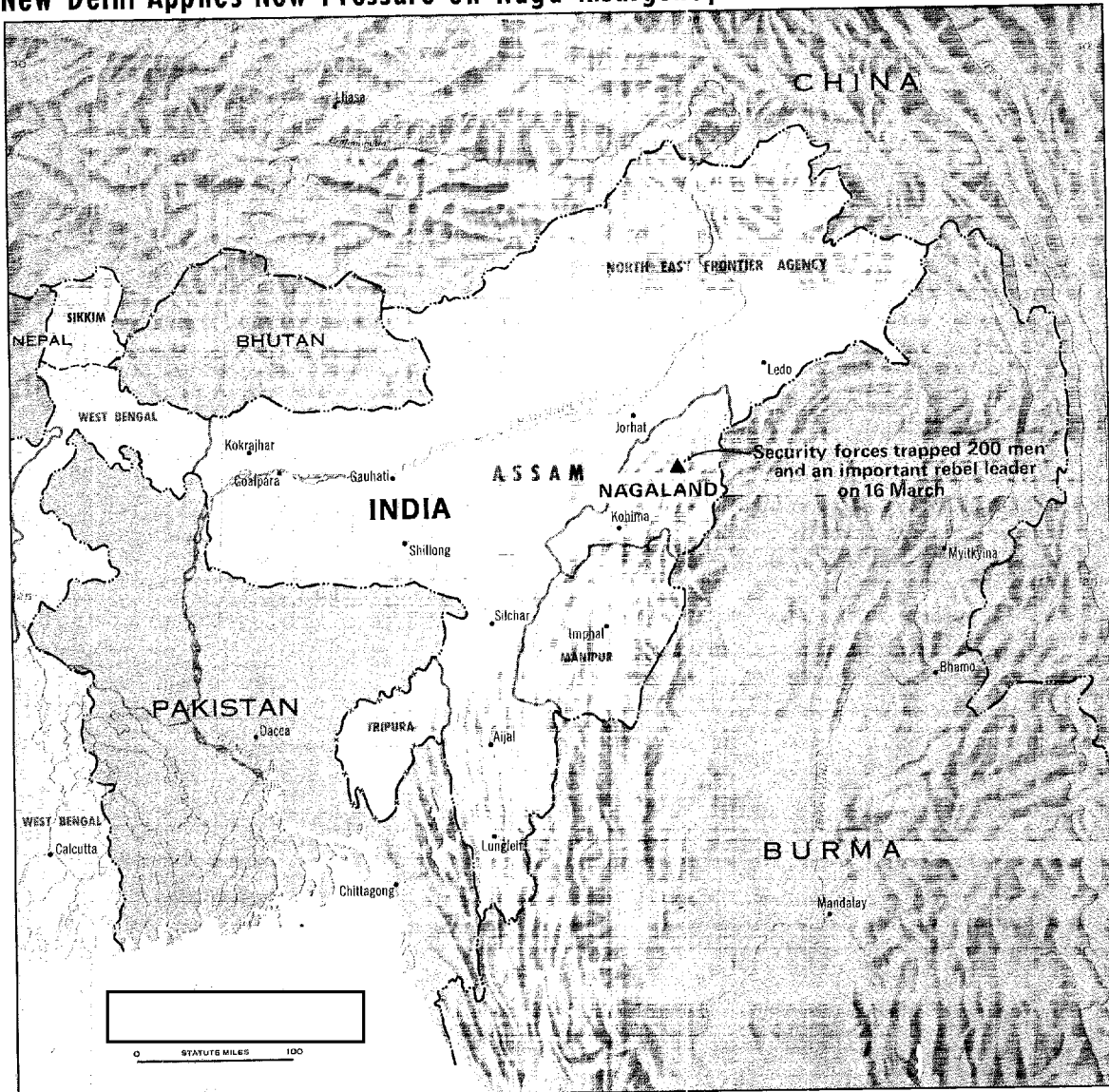


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New Delhi Applies New Pressure on Naga Insurgency



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NAGA THREAT RECEDES IN EASTERN INDIA

New Delhi may at last be making progress in its effort to put down protracted tribal insurgency in Nagaland. It is getting good results from a dual policy of dealing firmly with the Chinese-aided faction of the Naga underground while building up the status of the loyal state government.

Indian security forces in Nagaland--now numbering about 65,000--have been effective thus far in closing off the border between Burma and India, where the Indians claim between 800 and 1,200 Chinese-armed Nagas are trying to cross back into Nagaland. The security forces dealt the militant Nagas a serious setback on 16 March when they not only trapped a 200-man contingent which had just crossed the border but also captured the rebel leader most responsible for Naga contacts with China. This success bolstered the confidence of the Indian military in the area and may have badly undermined the morale of the militants.

Meanwhile, Nagaland's state legislative assembly elections in February gave a solid majority to candidates who oppose rebellion and who have cooperated with New Delhi in running the Nagaland State government. The Naga National Organization (NNO), whose leaders negotiated the present separate state arrangement with New Delhi in 1962, has formed the state government with support from 41 of 52 of the new legislators.

New Delhi attributes the NNO victory and the orderly

election to the increased impact of its economic aid program--by far the largest per capita for any state in India--and to its policy of strengthening the position of loyal Nagas by working solely with the state government. New Delhi has terminated the drawn-out and unsuccessful negotiations with the underground, which had undermined the position of loyal state officials.

At the same time that the state government has increased in stature, divisions have split the once-united underground into at least two groups--one opposing and one accepting help from China. Tribal antagonisms have hurt the movement and have been probably more important than the China-aid issue in producing a succession of coups, kidnappings, and at least one assassination in the last year.

Militant Nagas are still capable of making trouble, but a period of relative quiet is likely now in Nagaland. If the threat of disorder decreases, however, there may be new complications for New Delhi. Moderate underground leaders, who oppose aid from China and have come to eschew violence, may try to press the state government to urge new negotiations on New Delhi in the hope of winning increased autonomy for the state. New Delhi is likely to oppose such talks, but state government leaders may be influenced by the close tribal ties which many of them have with the moderate faction of the underground.

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OBSTACLES IN EAST EUROPEAN OIL ARRANGEMENTS WITH IRAN

Efforts by East European countries to reduce their dependence on the USSR for petroleum supplies--31 million tons last year--moved ahead last week with a Czechoslovak-Iranian agreement. Prague is to import Iranian oil in return for providing Tehran with \$200 million in credits for the purchase of Czechoslovak industrial equipment and machinery. Specific details were not publicized, but earlier information indicated that shipments of Iranian crude would total an estimated 15-20 million tons between 1970 and 1980.

Since 1967 Bulgaria, Hungary and Rumania have concluded similar arrangements with Iran. Implementation, however, has been impeded, in part, by increased transport costs caused by the closure of the Suez Canal. Only Rumania, which had to supplement its domestic crude, has taken delivery of oil from Iran.

Last autumn Bucharest arranged for the delivery of Iranian oil through the Israeli pipeline to Haifa for onward shipment to Rumania. By the end of 1968 an estimated 250,000 tons of Iranian crude had moved through the pipeline for Rumania, and shipments thus far this year have totaled about 130,000 tons. Under the terms of the agreement, Bucharest is scheduled to take a total of 3.5 million tons of crude oil by the end of 1970.

Iranian oil carried by the Israeli pipeline and then on to

Mediterranean and Black Sea ports is cheaper than delivery by sea around Africa and possibly even through the canal. Nevertheless, other East European countries apparently have ruled out use of the Israeli pipeline to avoid complicating their relations with the Arab states. A Czechoslovak official recently intimated the use of Israel's pipeline is "closed" to Prague "for political reasons."

For Czechoslovakia and Hungary, the problems of transporting Iranian oil are compounded because their land-locked location may result in prohibitive costs that may militate against implementation of their agreements with Tehran. Interest in obtaining crude oil from Iran, however, has revived long standing proposals to extend an oil pipeline currently under construction in Yugoslavia to Hungary and Czechoslovakia.

Intermittent discussions on this project were held last year, and financing for the proposed 360-mile line reportedly has been allocated among the interested participants. Approximately \$43 million is to be raised by Yugoslavia, \$17 million by East European sources, and \$5 million from the free world--presumably Iran, which earlier had expressed an interest in investing in the project. The project still is in the negotiating stage, however, and many problems remain to be worked out.

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SOMALI PARLIAMENTARY ELECTION SCHEDULED FOR 26 MARCH

The second parliamentary election since the Somali Republic gained independence is unlikely to result in any significant political change.

Unlike most of Africa where one party governments are the rule, a host of parties and candidates are running for the 123 elected seats in the unicameral parliament. Final figures published in February listed some 69 parties registered to run in the 48 electoral districts. All but a few are one or two man parties, however, and are a political outgrowth of Somalia's many competitive tribal groups. These candidates generally represent local tribal groups whose only hope depends on gathering sufficient votes to qualify under Somalia's complicated system of proportional representation. If elected, they frequently cross over to the majority party. As is usual in Somalia, tribalism, personalities, and money, have played a larger role in the campaign than party programs or ideology.

The Somali Youth League (SYL) party is expected to retain control of the government. The SYL, since its founding in 1943, has dominated Somali politics and has controlled the government since independence in 1960. Although the SYL may lose some seats, estimates of its final tally range from 59 to 79 seats. The party now holds approximately

80 seats in parliament. A coalition of minority parties could emerge to challenge the SYL if the SYL slips badly, but such a development is unlikely. The SYL may in fact increase its majority by defections from other parties if it makes a strong showing.

The Democratic Action Party (DAP), formed in October 1968 by former prime minister Abdirazak and a small group of breakaway SYL deputies, does not seem to have hurt the SYL as many expected. There apparently have been no additional defectors. Abdirazak's principal charge, that Prime Minister Egal's detente with Ethiopia and Kenya constitutes a sellout of the Somali inhabitants of those countries, apparently has not stimulated much popular support for the DAP.

The nomination of a new government by President Scermarche after the election is a separate question. Prime Minister Egal appears likely to be reappointed, although there may be new faces in the cabinet. At the moment there appears to be no politician of stature or acceptable tribal background to replace him, and Egal and the president have developed a good working relationship. Scermarche has backed him solidly in his detente policy, and Egal, unlike his predecessors, has been remarkably effective in controlling parliament's frequently unpredictable deputies.

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SECRET**WESTERN HEMISPHERE**

Brazil's military government is pushing its campaign to cleanse the country of alleged subversive elements. On 13 March three more federal deputies, 92 state deputies, and one mayor were removed from office and deprived of their political rights for ten years. Although some probably were involved to some extent in corruption, others appear to have been guilty only of being too vocal in their opposition to the government. Five of the 66 federal senators and 79 of the 409 federal deputies have now been removed from office.

The British ended Anguilla's brief period of independence this week by using military force to install a senior British official as commissioner of the tiny Caribbean island. Although this new arrangement may last for several years, the Anguillans will not be forced to rejoin the Associated State of St. Kitts - Nevis - Anguilla which they broke away from almost two years ago.

Negotiations between the US and Peru on the problems of the expropriation of the International Petroleum Company and Peru's claim to a 200-mile limit to its territorial waters have been complicated by the seizure and subsequent fining of two US tuna boats on 19 March. Many Peruvian officials, however, hope that the talks will be successful and President Velasco said the incident was "not provoked by the US and we believe that it will not hamper [US negotiator] Irwin's visit."

Ecuador's national association of law schools is planning to sponsor a series of lectures on contemporary thought in the near future. Among those who apparently will be invited as guest lecturers are: Herbert Marcuse, Stokely Carmichael, Rudi Dutschke, Daniel Cohn-Bendit, and Jean Paul Sartre. The Ecuadorean Government has already presented the sponsors with about \$2,000 to help finance the affair.

The Central American Common Market crisis has not yet been resolved, but significant progress was made when El Salvador and Honduras deposited a number of outstanding protocols on 14 March. Costa Rica, however, has not yet ratified an important agreement designed to increase government revenues nor has Nicaragua rescinded its recent restrictions on intraregional trade. Negotiations are continuing this weekend at a meeting of the Central American Economic Council composed of the five ministers of economy.

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PERU HOPEFUL IN NEGOTIATIONS WITH US

The Peruvian Government seems anxious to keep the fishing boat incident on 19 March from jeopardizing the talks which have just begun with the special US emissary. Most Peruvians seem optimistic that the negotiations will avert a direct US-Peruvian confrontation over the expropriation of the International Petroleum Company, and there are a few indications that the Velasco government may be prepared to soften its position on the matter of compensation.

The seizure of two US fishing boats beyond the 12-mile limit, however, is sure to complicate the talks. The vessels were promptly released but only after paying fines and license fees of nearly \$26,000. The foreign minister informed the US ambassador that four other US tuna clippers had been sighted about 30 miles off the coast, but that the navy had strict orders not to patrol beyond 12 miles. He said this restraint was being used "in order to preserve a harmonious atmosphere for the Irwin mission."

Ambassador Irwin's arrival was given favorable treatment in the Peruvian press, which expressed the general belief that a means would be found to avoid a confrontation with the US. University students who used the occasion of the ambassador's arrival to stage a demonstration at the US Embassy were quickly

dispersed by police. More demonstrations will probably occur as the Communist Party is planning public meetings to oppose the Irwin mission.

There has also been a change in tone in statements by government officials. The IPC expropriation is still regarded as a closed issue, but the matter of compensation no longer seems quite so certain. One Lima newspaper recently carried a quote attributed to President Velasco that the IPC's \$690-million "debt" to the state "could be modified."

These favorable trends, however, are somewhat offset by such things as President Velasco's statement to a Brazilian journalist that what remains open for discussion is the Hickenlooper amendment and US actions, not IPC and its compensation. There are also efforts under way to establish new claims against IPC based on the government's allegation that the company completed illegal foreign exchange transfers following the expropriation.

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POLITICAL UNCERTAINTIES CONTINUE IN PANAMA

The lack of substance to the growing rhetoric of the "October Revolution" and the apparent priority accorded military affairs have added to public skepticism that elections will be held next year as promised.

Several businessmen have already expressed to the US Embassy their impressions that National Guard (GN) Commandant Omar Torrijos is laying the groundwork for a long-term dictatorship. Last week Torrijos emphasized his personal control in Panama by assuming the rank of brigadier general. In a press interview the same day, he made references to the guard's resistance to political pressure to return to the "old, corrupt" system--remarks widely interpreted as a retraction of electoral plans. Torrijos has not yet "clarified" his press statements, although two members of the electoral tribunal have submitted their resignations in protest.



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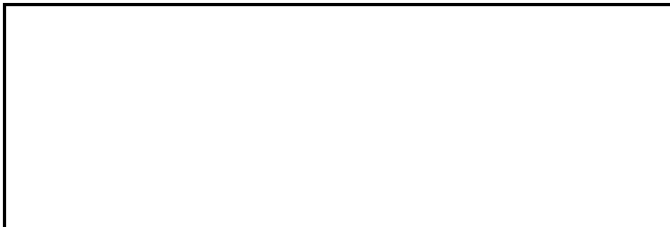
Most of the politicians, excluded from their traditional spheres of influence and perhaps uncertain as to the ultimate power center within the GN seem to have adopted a wait-and-see attitude.

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The political calm, enforced by censorship and the shutdown of trouble spots such as the schools, may break down next month when Panama's most important secondary school, the National Institute, is scheduled to reopen. Its students have been denied credit for last year's work because they staged protests against the military take-over and their reaction could take the form of further disturbances.

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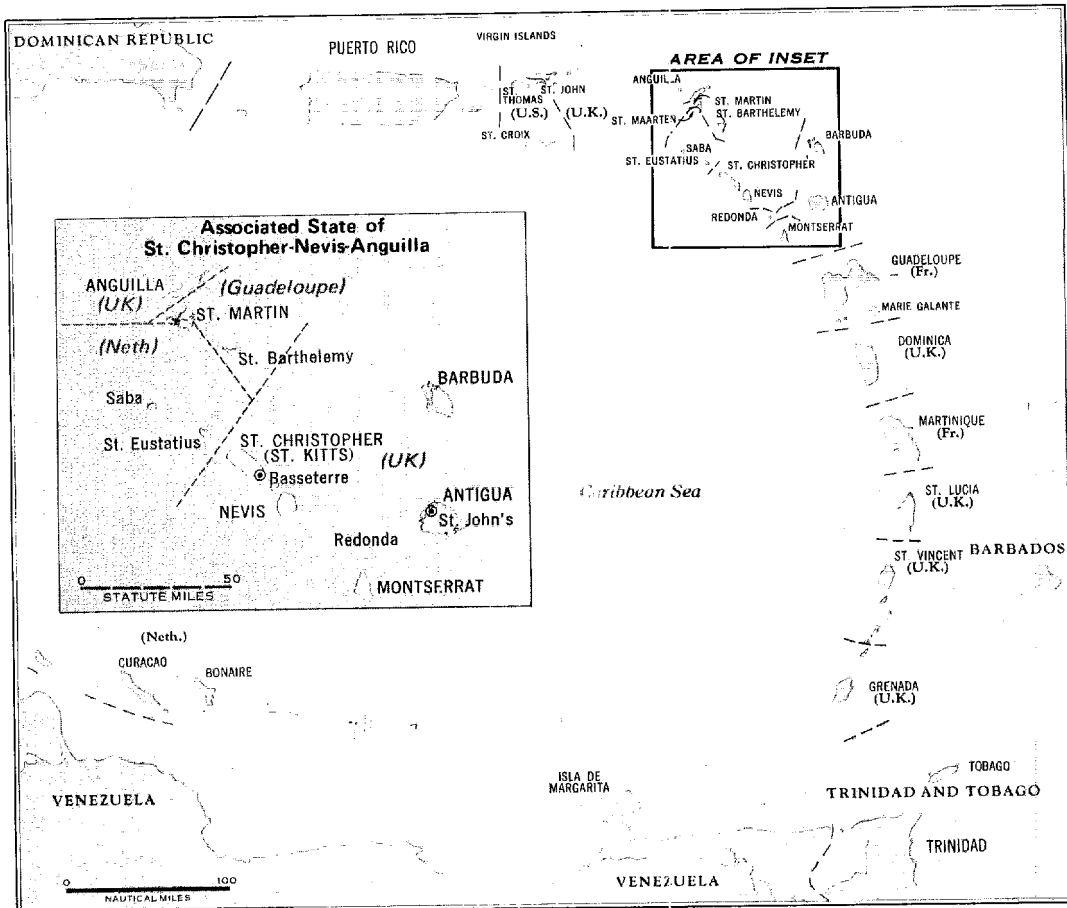


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THE BRITISH END ANGUILLAN INDEPENDENCE

Anguilla's brief independence ended this week, when the British used military force to install a senior British official, Anthony Lee, as commissioner of Anguilla.

Anguilla had broken away from the British Associated State of St. Kitts - Nevis - Anguilla in May 1967, soon after the federation was formed, claiming it had been denied equal representation by Premier Bradshaw of St. Kitts. This was the Anguillans' third attempt to separate themselves from St. Kitts, with which they had been associated for purposes of colonial administration for more than 150 years.

The situation had drifted since 1967 until early this year when Anguilla council leader Ronald Webster stated that Anguilla would declare total independence and threatened to expel Britain's

only official representative on the island unless London formally recognized Anguilla's secession. The British recalled their representative and cut off all economic aid, although they apparently doubted that Webster, who had declared himself "President," represented public sentiment. The decision to install a commissioner was precipitated by Webster's forcible eviction last week of the British undersecretary of state for foreign affairs, who had come to the island to work out a new constitutional arrangement.

The Anguillans will probably acquiesce to the British especially if Webster is out of the picture, while demanding increased financial support for development projects. Most of the Caribbean members of the Commonwealth are likely to endorse the British intervention.

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STRAINS INCREASE IN CHILE'S CHRISTIAN DEMOCRATIC PARTY

President Frei's Christian Democratic Party (PDC) has in recent years seen the emergence of a leftist rebel group that often takes positions closer to those of the Communist Party than of the government. This division within the PDC has been crystallized by the way the government handled the police attack on squatters invading land at Puerto Montt on 9 March, and the tensions now present could lead to a formal split within the party before the presidential election in September 1970.

The government has backed Minister of the Interior Perez Zujovic in his support of the police action, in which eight persons were killed and scores wounded. Perez has long been a favorite target of the PDC rebels, however, and they hastened to attack his action. The Christian Democratic Youth group issued a statement echoing the condemnation of the government by the Socialist and Communist parties. The PDC then suspended the youth leaders. At the same time a group of PDC leftists published a statement that supported the youth group and criticized the government's action, saying that the party has always "condemned popular repression." The leftists took the opportunity to renew

their call for "unity of popular forces"--an allusion to the possibility of PDC cooperation with the Communists in 1970.

President Frei has mobilized his influence behind Perez and has received support from the cabinet and from the PDC leadership. The party council agreed this week, however, to hold a meeting of the party's National Commission on 1 May. This larger body will give the rebels a better forum for airing their views.

The meeting of the National Commission will be enlivened as a result of a declaration this week by Radomiro Tomic, who long has been regarded as Frei's heir apparent within the party. Tomic said that he would not run for president unless he had the support of the Chilean left, i.e., the Communists and the Socialists. Tomic has long called for a unity of "popular forces," but never before has he been so firm. The Communists, however, so far have rejected Tomic as a presidential candidate and seem unlikely at this point to change their position. Should PDC hotheads decide to leave the party, they probably will find themselves playing a minor role in any leftist electoral front.

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