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NONALIGNED MEETING HAS ONLY LIMITED OBJECTIVES

Representatives from 51 self-styled nonaligned countries showed up in Belgrade on 8 July for a long-planned and much-delayed consultative meeting. Their purpose is to salvage as much cooperation from among the less developed countries of Africa, Asia, and Latin America as the widely divergent national interests of the countries will permit.

To avoid open disagreement, the meeting, which will continue through 11 July, will attempt only to reaffirm the basic principles of nonalignment, promote economic cooperation, and approve future gatherings that some participants hope will lead to a full-scale conference such as those held in Belgrade in 1961 and Cairo in 1964. Prospects are dim, however, for firm commitments from the delegates to convene such a meeting in the near future.

The meeting is the culmination of 18 months of intensive effort and careful planning on the part of the Yugoslavs. Tito has taken pains to keep the more controversial issues such as Vietnam and the invasion of Czechoslovakia off the agenda and to ensure that the meeting does not turn into a platform for polemics on the part of the more radical representatives.

Discussion of the Middle East question [redacted]

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[redacted] could yet prove the catalyst for such a polemic, however, as there are representatives who will attempt to exploit this issue. Various other radical groups will also want to air their grievances from the stage the meeting provides.

The Yugoslavs have calculated the damage that failure to control the meeting would have for their own policies and prestige, and are attempting to stage a low-key, well-managed affair. Tito recognizes that nonalignment has lost most of its appeal because of changing circumstances, but the concept remains central to Yugoslavia's foreign policy. Thus Tito is constrained to continue his efforts to provide leadership to a group of "uncommitted" states that individually wish to avoid aligning themselves with the larger power blocs.

Even Tito realizes, however, that this objective has only limited possibilities, and that the dream he once had of a large non-aligned group able through its cohesive effort to exert influence in the world arena is no longer a practical expectation.

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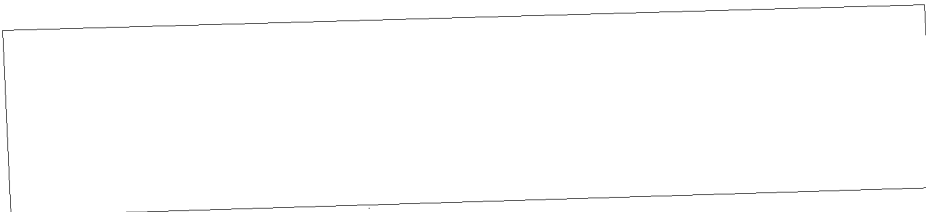
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MIDDLE EAST - AFRICA

Israel is adopting a tougher line toward the Arab states on both the military and diplomatic fronts. Israel seems to have set its course on a "no budge, hit hard" policy to demonstrate to the Arabs and the Big Powers that it will not accept an unsatisfactory settlement.

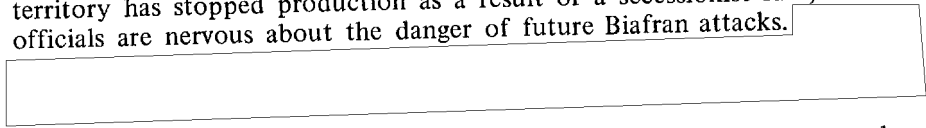
Fedayeen concern over the recent changes in the Jordanian government, army, and security forces has increased the chances of a confrontation between Amman and the terrorist organizations. Fearful that the new appointments signal a government offensive against them, the fedayeen have called a general alert and have given orders to avoid at all costs provoking members of the Jordanian armed forces.



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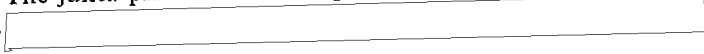
A new labor policy announced in Pakistan on 5 July promotes trade unionism, legalizes strikes, and increases minimum wages. Although some labor leaders are dissatisfied with certain measures, initial over-all reaction by labor has been favorable. Meanwhile, a new policy to revamp the entire education system that will arouse considerable controversy has been proposed by the government.

The Nigerian civil war remains stalemated, although heavy fighting has continued along the southern front. One federal oilfield near Biafran-held territory has stopped production as a result of a secessionist raid, and oil officials are nervous about the danger of future Biafran attacks.



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The military-police junta in Ghana has taken another step toward a return to civilian rule by setting national parliamentary elections for 29 August. Party elections for parliamentary candidates are under way throughout the country. The junta plans to transfer power to the new government on 30 September.



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NEW NOTE OF BELLIGERENCE SOUNDED IN MIDDLE EAST

A series of air clashes in which 13 Arab aircraft are claimed to have been downed by Israel over the past two weeks highlight the increasing belligerency of the opposing forces in the Middle East.

Tel Aviv, which is usually fairly reliable in its military claims, reported the downing of four Egyptian aircraft on 1 July and two more on 7 July. In the largest air battle with Syria since the 1967 war, Israel on 8 July claimed to have shot down seven out of an estimated total inventory of 58 Syrian MIG-21s. Tel Aviv denied losing any aircraft during these encounters.

Ground fighting has died down along the Jordan River in recent days, but the Suez Canal continues to be the scene of heavy daily fire-fights.

Cairo's initiation of most of the fighting along the canal apparently reflects its need to satisfy domestic critics, to belie the permanency of the cease-fire line, and to keep attention focused on the volatile nature of the Middle East situation.

Israel is increasingly taking a more active posture on the military front and one of open defiance on the diplomatic front. The rougher over-all position seems to reflect Israeli frustrations growing out of the never-ending harassment by Arab fedayeen and regu-

lar forces despite Israeli retaliation, and the Arabs' continuing refusal to come to the peace table.

The heightened Israeli toughness has come in the wake of the recent Soviet-Egyptian talks in Cairo, which the Israelis seem to regard as indicating a continuation of Arab inflexibility and hostility. Israeli leaders have defended the new ferocity as necessary to prove to the Arabs that they cannot move Israel from the cease-fire lines without a peace agreement.

On the diplomatic front, Israel expressed its defiance in the UN Security Council by ostentatiously moving its police headquarters into East Jerusalem. After Tel Aviv was censured by the Council for its annexationist design on Jerusalem, the Foreign Ministry issued a statement indicating that Israel would continue its annexation and that Jerusalem would remain united and the capital.

Dayan and other cabinet ministers have this past week also made their designs on the occupied territories a little clearer. Two cabinet ministers indicated that the Gaza Strip would remain in Israeli hands, an issue that the Israelis have previously left fuzzy. Dayan publicly annexed the Golan Heights by his proposal that they should be treated as part of Israel and not as occupied territory. He also publicly stated that Israel needed "major changes" on the West Bank and would hang on to Sharm ash Sheikh.

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ISRAEL MAINTAINS AIR SUPERIORITY IN MIDDLE EAST

The downing of a number of Egyptian fighters in recent air clashes with the Israelis underscores the fact that, although Egypt has a larger inventory of planes, the Israelis still control Middle East skies.

The Egyptians have done much to protect their aircraft by building dispersal airfields and concrete shelters, but they still lack proficient pilots. Unless Egypt acquires more planes and trained pilots by this fall, the air balance will swing even more in Israel's favor as the first of 50 F-4 Phantom jets arrive from the US.

In early June, Egypt had about 330 fighter aircraft compared with Israel's some 280, a numerical advantage that is more than offset by the superior quality of Israeli pilots and ground crews.

The capability of the Egyptian Air Force currently is limited in part by a shortage of trained pilots.

A number of Egyptians are currently receiving pilot training in the USSR, but it will take several months before they can be considered combat-ready.

Soviet ships continue to make military deliveries to Alexandria, but the USSR has not delivered any fighter aircraft to Egypt in the last six months.

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The introduction of Phantoms into the Israeli inventory will significantly augment the Israeli Air Force. The first of these aircraft will be delivered in September and all but six reconnaissance versions are to be in Israel by mid-1970. Israel also now has about half of the 100 A-4 Skyhawks purchased from the US. Each month three more A-4s are turned over to the Israelis. The status of the 50 French-built Mirage 5s embargoed by President de Gaulle is still in doubt.

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KENYA FACES POLITICAL ADJUSTMENTS

The assassination of Tom Mboya has eliminated much of the uncertainty about who will succeed President Jomo Kenyatta, but it has embittered those who suspect that the murder was politically motivated.

Mboya's death ends a long struggle within the ruling Kenya Africa National Union (KANU) between the President's closest advisers--who are commonly called the Kikuyu Establishment and who would lose their positions of power if a non-Kikuyu became president--and the followers of Mboya who are offended by heavy-handed Kikuyu tactics. Neither side was able to gain a decisive advantage, but Mboya's death should ensure that the Establishment candidate, Vice President Daniel arap Moi, a member of a minor tribe who is amenable to Kikuyu wishes, will prevail.

The Kikuyu Establishment, nevertheless, is still faced with serious problems. The most immediate is to keep order in the face of the belief by Mboya's fellow Luo tribesmen that the assassination is a part of their continuing political struggle with the dominant Kikuyu. The police, well trained and equipped, are the main defense against violence, and they dealt effectively with disturbances in Nairobi during Mboya's funeral. There is no indication that the 1.5 million Luo--14 percent of the population--will attempt a

united uprising, but if a revolt should occur the security forces would be severely taxed.

The assassination brings other problems. Mboya was Kenya's most able minister, and there is no one with his administrative skill to assume the crucial Ministry of Economic Development. Finding a replacement for his post as KANU secretary-general will be an equally difficult problem.

Mboya was an outstanding political organizer and was given much of the responsibility for planning party activities against the opposition Kenya People's Union (KPU), a party based primarily on the Luo tribe

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The KPU has been steadily losing ground to KANU; their parliamentary representation has been reduced to 8 out of 158 seats. The KPU did, however, win a recent by-election when Mboya refused to participate for KANU, and the Establishment demonstrated its ineptness at electoral activities. The Kikuyu must now face efforts by the KPU to capitalize on the bitterness and suspicions engendered by the assassination. If the KPU leadership is able to form an alliance with Mboya's former non-Kikuyu allies, KANU and the Establishment will face a tough political fight. [REDACTED] 25X1

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INDIAN INTEREST IN SOUTHEAST ASIA STEPPED UP

New Delhi continues to seek an expanded Indian role in Southeast Asia, but its recent efforts indicate little real progress. On 3 July Prime Minister Indira Gandhi concluded a 12-day official trip to Japan and Indonesia during which regional economic cooperation--India's favorite means for strengthening Southeast Asia--was an important topic of discussion.

In Tokyo the Indians succeeded in obtaining an agreement for the resumption of Japanese project aid to India, which had been halted in 1966. They failed, however, to convince the Japanese that India can contribute toward the economic development of Southeast Asia. Japan has strongly opposed India's participation in existing regional economic organizations because India is seen as a potential drain rather than a significant donor, and possibly as a future competitor to rising Japanese inroads in the area. The Indians were rebuffed with the usual line that they should concentrate efforts on their own multifold domestic problems before trying to assist their eastern neighbors.

India's reaction to Moscow's recent loosely defined proposal for an Asian "collective security" arrangement has been negative. Throughout her trip Mrs. Gandhi denied New Delhi has any detailed information regarding it. She maintained, however, that the Soviets have no desire to establish a military presence in Asia, and that the proposal is probably

designed to check the powers of Communist China and the US in the area. In line with India's traditional aversion to military alliances, Mrs. Gandhi insisted New Delhi is unwilling to participate in any kind of regional military pact, because such a scheme would only exacerbate regional tensions and provoke Communist China.

In the Indian view, any power vacuum resulting from the withdrawal of the British from Malaysia and Singapore by 1971 and the eventual termination of US involvement in Vietnam should be filled by Asian nations alone. Mrs. Gandhi's repeated disavowal of interest in a new Soviet-dominated pact was probably aimed at dispelling possible apprehensions among some Asians that India, in its bid for more influence in Southeast Asia, might be acting as a broker for Soviet interests.

The Brezhnev proposal, which appears to have taken New Delhi by surprise, is also unappealing to India because of its distinct anti-Chinese character. Any seemingly anti-Chinese move on India's part would undermine its attempts to keep the lines open to Peking in hopes of an eventual Sino-Indian rapprochement. It could further strain Indo-Pakistani relations and jeopardize chances for meaningful Pakistani participation in the overland trade transit conference proposed by Soviet Premier Kosygin in late May as a means of fostering subcontinental economic cooperation.

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WESTERN HEMISPHERE

Latin America's attention was focused this week on the continuing dispute between El Salvador and Honduras. Efforts by the Central American mediators to dampen the crisis have not yet been successful. Honduras has thus far taken a moderate, conciliatory tone. Strong pressures in El Salvador for a tough policy toward Honduras are still, however, impeding efforts to resolve the conflict, and there is growing fear that Salvador might attempt to invade Honduras.

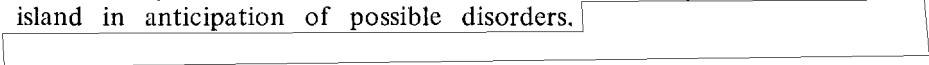
In South America, representatives of Chile, Ecuador, and Peru at a meeting in Lima approved a US proposal for a fisheries conference for all four nations. This conference will open in Buenos Aires on 30 July and may contribute to easing the tension over west coast fishing rights. The South American nations involved, however, have already gone on record that there will not be any discussion of their jurisdiction over 200 miles of adjacent seas.

In Uruguay, President Pacheco has placed the nation's police forces under military control in an effort to stem subversion and violence. The President's decree followed the fatal shooting on 7 July of a Montevideo policeman by the Tupamaros, Uruguay's most active terrorist group. Under the new rule, civilian police will remain under the overt control of the Minister of the Interior, but they will not be responsible for their acts under civil law. The police are thus freed from liability in the event "shoot-to-kill" orders to control violence are carried out.



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Tightened British immigration controls appear to be holding down attendance at Bermuda's four-day Regional Black Power Conference which ends Sunday. The British have also stationed 100 Royal Marines on the island in anticipation of possible disorders.



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LIMITED RETURN TO POLITICAL NORMALITY IN BRAZIL OPPOSED

President Costa e Silva and some moderates in the government are working to restore a more normal political life to Brazil, but these efforts are opposed by many military and civilian hard liners.

In his meetings in June with Governor Rockefeller, Costa e Silva made his firmest commitment yet to re-establish a degree of normal political activity in Brazil. He declared that Congress--suspended last December--would be reopened within two months; that a new constitution would be presented shortly afterward to Congress for approval; and that congressional, state, and municipal elections would be held in 1970. Costa e Silva added that the presidential election would be held on schedule in 1971 and that under no circumstances would he stand for re-election.

The government has already taken steps toward a limited return to constitutionalism without sacrificing what it considers its security needs. Vice President Aleixo and collaborators have been preparing a draft of extensive amendments to the 1967 constitution, or possibly a complete new one, and on 6 July a five-member commission was created to put the proposed changes in final form for presentation to the President around 17 July.

The most important reforms probably will mean another increase of the powers of the executive branch at the expense of the legislative, and the establishment of stringent new regulations concerning political parties, elections, and eligibility for public office.

There remain powerful civilian and military groups that seriously doubt the wisdom of even limited liberalization at this time. These hard liners believe that only a start has been made in carrying out the goals of the 1964 revolution. They demand that the process of eliminating elements they consider corrupt, subversive, or otherwise undesirable from the government and public institutions be continued.

The periodic meetings of the National Security Council to announce new punitive measures against public officials are probably a result of the hard-line pressure on the President. At its most recent session on 1 July, some 81 state deputies and lower officials lost their political rights for ten years, and six other persons were forcibly retired.

Leaders of the opposition Brazilian Democratic Movement--whose members have been the principal targets of the penalties--claim that the continuing purges

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and other forms of harassment are seriously hampering their attempts to comply with a government order that the country's two parties hold municipal, state, and national conventions by November. They charge that the government's actions violate specific guarantees regarding freedom of political association made by Justice Minister Gama e Silva in June.

Some of the hard liners, such as Gama e Silva, appear to have accepted the fact that some normalization will take place, and are attempting to get into positions where they can shape the degree and way in which it occurs. Several hard-line generals on active duty are joining the government's political party, and may intend to run for major offices under its banner. This move could further discourage civilians who hope for a less restrictive political environment.

Other military extreme hard-liners have maintained staunch opposition to any liberalization, and some have openly attacked Costa e Silva as the spokesman of the moderates. The government recently has cracked down on some of the most intransigent military men.

A hard-line colonel--and brother of the Interior Minister--was forcibly retired in May, and on 1 July the National Security Council removed General Moniz de Aragao from his post as director-general of army supply and from the service high command. The general had made speeches to his subordinates denouncing the President for allegedly engaging in nepotism and tolerating corruption among his advisers, and had presented the charges in a letter to the army minister. Although the vote of the high command for removing Moniz de Aragao was unanimous, and there apparently have not been any serious repercussions from the action, his accusations are accepted as true by a number of younger officers of the rank of colonel.

Although the President's move toward liberalization indicates that he is reasonably confident of his position, his actions in this direction and his sanctions against the hard liners serve to increase their hostility toward him. As the timing for the reopening of Congress and the holding of elections becomes more firm, the gulf between moderates and hard liners is likely to widen.

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ANTI-US SENTIMENT WANING IN PERU

The announcement by the US on 3 July that it was lifting the ban on military sales to Peru and Ecuador has generated a much more favorable attitude toward the US from both the Peruvian press and government officials.

As an immediate result of lifting the ban, Peru, Ecuador, and Chile have agreed to meet with the US on the problem of fishing rights in waters claimed by the three countries. All three claim jurisdiction over waters out to 200 miles from their coasts. This has often resulted in strained relations with the US, particularly when Peru and Ecuador have seized and fined US fishing boats operating within the claimed 200-mile limit.

As a further result of the easing of tensions, Peru's Foreign Minister Mercado says his country is now ready to renew discussions with the US on problems arising from the expropriations last October of the US-owned

International Petroleum Company (IPC). There are indications that the Peruvian Government genuinely wants to find a solution to this problem, although there is still no assurance that it is prepared to compensate IPC adequately for the expropriated property.

One of Peru's primary motives in its new effort to get along with the US is probably the military government's desire to solve as many of its outstanding problems as it can before it becomes completely involved in implementing the far-reaching domestic reforms, most of which are still in the planning stage. A continuing inflow of foreign capital is important to the effective implementation of the government's reform program, including the recently promulgated agrarian reforms. A resolution of the country's difficulties with the US would help ensure this inflow.

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