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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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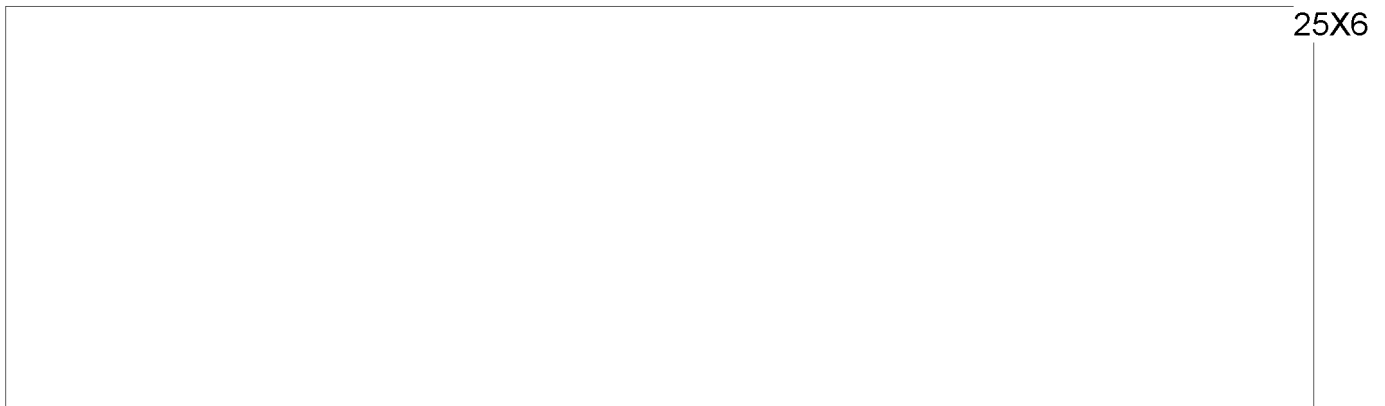
(Information as of noon EDT, 2 October 1969)

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Since the beginning of Egal's second term in June, his government has been relatively inactive and he appears to have lost his momentum.

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FAR EAST

After five months out of public view, both Mao Tse-tung and his heir, Lin Piao, appeared in Peking to mark the 20th anniversary of Communist rule in China. The leadership did not produce any new or distinctive policy guidelines on this important occasion, and the sobriety and restraint of the ceremonies reflected clearly that there was little to celebrate.

One highlight of the almost perfunctory proceedings was the emergence of a considerable thaw in Sino-Vietnamese relations. In marked contrast with last year's National Day, when Vietnam was ignored, Chinese propaganda went to considerable lengths to emphasize solidarity between Peking and Hanoi. Peking may be seeking opportunities to influence Hanoi during the early post-Ho era. The unusually high level of both the North Vietnamese and North Korean delegations to Peking suggests that the Chinese are making renewed efforts to counter Soviet attempts to isolate them.

The first important policy statement from Hanoi since the death of Ho Chi Minh emphasized the necessity of building socialism so that the struggle in the South could be pursued more effectively. In saying this, politburo member Truong Chinh restated a theme that he has advocated for more than a year. No other clues to the composition of the leadership in Hanoi came to light during the past week, but Chinh's remarks strongly suggest that he remains one of the dominant voices.

The Thieu government, apparently concerned over increased nervousness in Saigon regarding US intentions and over the possible impact of renewed antiwar agitation in the US, has been trying to reassure the public about the US commitment and the resolve of the South Vietnamese armed forces.

Japanese student "guerrillas" have opened their campaign against the police in earnest. Hit-and-run attacks with Molotov cocktails have been directed at police facilities in Tokyo, Osaka, and Kyoto during the past week. Major antigovernment demonstrations anticipated on 10 and 21 October are expected to be preludes to violent demonstrations against Prime Minister Sato's visit to the US in November for talks on Okinawa.

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VIETNAM

North Vietnamese
Leadership Developments

Politburo member Truong Chinh last week delivered the post-Ho regime's first important policy statement. Speaking in his capacity as chairman of the National Assembly's standing committee, Chinh restated policies that he has been advocating strongly for more than a year. Once again he seemed to argue that more of North Vietnam's energies should be devoted to "building socialism" and repairing the physical damage and decline in morale caused by the war. The war itself took a secondary place in Chinh's speech, although he maintained that the best way to support the war effort is to make certain that North Vietnam is strong. No other clues to the distribution of power in the current leadership emerged during the week, but Chinh's remarks strongly suggest that he remains one of the dominant voices in Hanoi.

Epidemic in the North

A serious epidemic--probably a debilitating strain of dengue fever--has been in progress in parts of North Vietnam since around early September. It may have been exacerbated by exten-

sive floods along the Red River this summer. According to some reports, most of the victims have been children. There are no reliable indications, however, of how far the epidemic has spread or of how many people have been afflicted. The mortality rate is believed to be in the range of 5 to 20 percent of those afflicted.

South Vietnamese
Political Developments

There is increased nervousness in Saigon over US intentions, some of it taking the form of tougher talk on the issues of war and peace. There is more mumbling about danger from premature US troop withdrawals and more public statements against any further concessions to break the deadlock in the Paris talks. Recent ceasefire proposals emanating from prominent American citizens have been attacked by South Vietnamese spokesmen--some from groups that have themselves advocated a ceasefire in the past--as "meddling," "unacceptable," or as likely to hand victory to the Communists.

The Thieu government, apparently concerned over this domestic uneasiness and over the possible impact of renewed antiwar agitation

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in the US, has been trying to reassure the public about the US commitment and the resolve of the South Vietnamese Armed Forces. In a recent television appearance, Thieu claimed that, while the pace of "Vietnamization" to date has been based on South Vietnam's ability to replace US soldiers, more weight would be given in determining future US withdrawals to two other criteria: the status of the talks in Paris and the level of enemy activity in Vietnam. In a follow-up interview last week, Defense Minister Vy went a step further by declaring that future US troop reductions would depend on favorable progress in Paris and a lessening of enemy activity on the battlefield.

Thieu, meanwhile, has publicly observed that the replacement of all US troops would not be possible by the end of 1970 but would require several years to complete. He also told a gathering of government trainees that substantial additional US forces could be withdrawn if adequate material help were forthcoming, but that South Vietnam would not stop short of victory whatever happened.

Military Developments

The ground war was relatively quiet again this week, maintaining the general pattern of the past three months. Light,

scattered actions took place near the Demilitarized Zone, in the provinces north of Saigon, and in the delta.

The latest battle casualty reports reveal that both allied and enemy losses decreased significantly in the third quarter of this year. During July, August, and September an average of some 150 US personnel were killed each week, compared with an average of some 280 per week in all of 1968 and about 245 per week in the first six months of 1969. For the past three months approximately 230 South Vietnamese military personnel have been killed per week, down from an average of nearly 470 combat deaths per week in 1968 and about 310 per week in the first six months of this year. Current allied casualty rates are generally in line with those of the so-called "lull" periods in the summer and late fall of 1968.

Reported enemy battle losses during the past three months have also dropped off, averaging about 2,500 deaths per week compared with an average of some 3,500 enemy killed per week during all of 1968 and the first half of 1969.

These lower casualty figures reflect changes in enemy tactics this year. Except for late February and March, when the Communists carried out a costly offensive,

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the Communists have concentrated their efforts on brief surges of shellings and limited ground attacks. Moreover, the "highpoints" of enemy activity during the past three months have been considerably less intense than those in May and June.

[Redacted]

[Redacted] The most significant threat is still near the remote Bu Prang outpost in II Corps, where the Communists have assembled a sizable concentration of regular units. Communist regiments have also been noted repositioning themselves near the Cambodian border area north of Saigon, possibly foreshadowing early offensive action there. [Redacted]

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SOVIET-INDONESIAN ECONOMIC RELATIONS TO BE RESUMED

Recent talks in Djakarta have re-established a framework for Soviet-Indonesian economic relations. Further discussion on the important issue of repayment of Indonesia's huge debt to the USSR has been deferred, however, to a later round of talks. These probably will be held following a meeting later this month of Indonesia's Western creditors, who are considering a long-term plan for repayment of Indonesia's debt.

Despite failure to reach final agreement on all issues that existed before or arose following the abortive Communist coup in Indonesia in 1965, significant steps have been made toward reviving economic relations. The USSR agreed to resume aid to some projects held in abeyance since mid-1966, including a steel plant and a superphosphate fertilizer plant. The USSR also indicated its willingness to extend new aid for Indonesian tin and fishing industries and to continue cash sales of spare parts for previously supplied Soviet military equipment.

The month-long talks aired divergent positions on repayment of Indonesia's \$800-million debt, largely incurred from Soviet military aid. Djakarta firmly underscored its inability to repay this debt in accordance with a rescheduling arranged in 1966. Indonesia has failed to make any of the payments--totaling about \$40 million--that have

fallen due under that agreement, claiming they were too stringent for Indonesia's weak economy.

As an alternative, Indonesia proposes that the USSR consider extending much easier repayment terms.

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The Soviets' willingness to resume some economic assistance to Djakarta represents a softening in their attitude and suggests that Moscow now feels it is more in its interest to cultivate the Indonesian Government. For the last three years the Soviets have avoided being identified with the regime because of its persecution of Indonesian Communists.

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HUFFLED DRUMS IN PEKING

The ceremonies commemorating the 20th anniversary of Communist rule could not conceal the fact that there was precious little to celebrate. The sobriety and restraint of the occasion reflected the severe domestic and foreign problems facing the regime. Although Mao Tse-tung and Lin Piao both appeared, reportedly in good health after a five-month absence from public view, they did not produce any new or distinctive

policy guidelines. Lin's brief and nondescript address at the National Day rally and a speech by Chou En-lai at a reception on 30 September gave short shrift to the Cultural Revolution. Both leaders merely reiterated the need to rebuild the party and consolidate local governments--many of which are still bedeviled by factionalism. The fact that these same themes were emphasized at last year's National Day attests

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to Peking's slow progress in repairing the political damage caused by the Cultural Revolution.

Perhaps the most noteworthy aspect in the otherwise drab proceedings was the emergence of a considerable thaw in Sino-Vietnamese relations. The Chinese provided elaborate welcoming ceremonies for the North Vietnamese delegation headed by Premier Pham Van Dong and for the National Liberation Front/Provisional Revolutionary Government delegation. In marked contrast with last year's National Day when the topic of Vietnam was ignored, Chinese propaganda went to considerable lengths to emphasize the solidarity between Peking and Hanoi. A Chinese news agency commentary of 29 September congratulated Hanoi on its "victories over US aggression" and used the analogy of "lips and teeth" in describing the closeness of Sino-Vietnamese relations--language identical to the Chinese line before the advent of negotiations. In Hanoi, the North Vietnamese turned out an impressive display of high-level leaders to celebrate the Chinese anniversary and stress the importance they attach to their alliance with Peking.

Sino-Vietnamese relations have been strained since Hanoi opted for negotiations in mid-1968. Peking, however, undoubtedly has been encouraged by the lack of progress at Paris and now may believe that closer relations with Hanoi will afford it new op-

portunities to influence the post-Ho leadership.

The unusually high level of both the North Korean and North Vietnamese delegations to Peking suggests that Peking is making renewed efforts to counter Soviet attempts to isolate China. The National Day ceremonies also spotlighted Peking's continuing preoccupation with the tense Sino-Soviet frontier. Chinese pronouncements were full of allusions to Soviet efforts at "nuclear blackmail" and attempts to foment "rebellion" in frontier areas. Despite this hostile and defensive posture, however, [redacted]

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[redacted] the Kosygin-Chou meeting of 11 September resulted in an agreement to hold border talks. An authoritative Chinese editorial of 30 September pointedly referred to China's desire to settle border disputes through negotiations. Although this merely reiterates Peking's long-standing public position on the border dispute, its timing may indicate that talks are indeed in prospect.

China's latest atmospheric nuclear test on 29 September has not been mentioned, even in connection with National Day. Normally, the Chinese Communists make a nuclear test the occasion for major propaganda fanfare, but Peking may have decided that it was prudent not to flaunt its nuclear program on the eve of talks with Moscow. [redacted]

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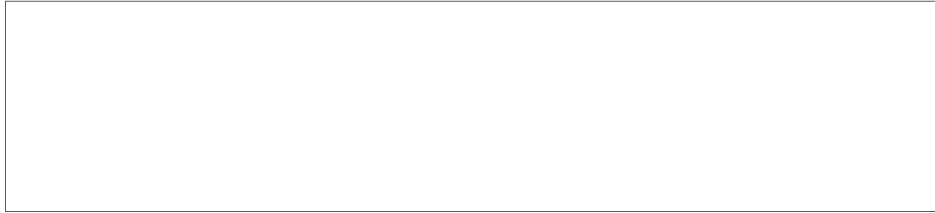
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EUROPE




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Ironically, in Czechoslovakia the ultraconservatives, who are wary of association with the West, increased their strength as a result of the recent central committee plenum. In the purge of the party and government, Dubcek, who last year was considering diplomatic relations with Bonn, lost two of his high posts. Although Husak apparently is still in control of the party, he is hard pressed by the ultras.

Some cooling of the Sino-Soviet border dispute appears in the offing as hints of new negotiations flow from Moscow. There are also signs that the Soviet leaders are engaged in increased politicking at home. Evading the usual practice of silence on unresolved questions, first deputy premier Polyansky has entered the current press discussion of collective farm management with two sharply worded articles signed by his personal assistant. His move suggests a growing intensity in the behind-the-scenes debate on domestic affairs.

The European Community is considering ways to adjust the Common Agricultural Policy (CAP) to the German decision to let the exchange rate of the mark "float." The result is likely to be that the CAP, only recently adjusted to the French devaluation, will be weakened further.

The deadline passed on 1 October for British compliance with the UN General Assembly's resolution requesting London "to terminate the colonial situation in Gibraltar." In retaliation for British inaction, Madrid cut off telephone and telegraph communication between Gibraltar and Spain.

The Swedish Social Democratic Party chose Olof Palme as its new party chairman by acclamation. It is likely that Palme will follow tradition and simultaneously serve as prime minister after Tage Erlander ends his 23-year term in office on 14 October. 

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MORE PURGES ANTICIPATED IN CZECHOSLOVAKIA

The long-awaited plenum of the Czechoslovak party central committee which took place on 25-26 September set the stage for a major purge of party, state, and mass organizations. Party leader Husak emerged from the meeting in apparent control of a still-divided party, but despite his apparent decision to rule in a more authoritarian manner he may face even greater challenges from the archconservatives, whose position was strengthened by the plenum's decisions.

In a hard-hitting speech on 25 September Husak indicated that the plenum's purge of the central committee and the revamping of the federal and the Czech governments was but the beginning of a thoroughgoing purge. Husak emphasized that the most important task will be the ouster of liberal elements from the local party organizations. The party will also concentrate on regaining control of education, science, art, and culture, fields which are still dominated by liberals or moderates. In addition, the trade union organizations will be a major target. Some local party organizations, particularly those in Prague, have already ousted liberals, and the party organizations at several universities have been disbanded. Husak's remarks suggest also that those members of the central committee who were elected at the now-discredited extraordinary 14th party congress may eventually lose their positions on the committee.

Husak also warned that he will not tolerate open opposition, and he threatened legal measures

against "antisocialists" who break the law. He apparently remains opposed to political trials, but some extremists, including Czech party boss Strougal, have already voiced their disappointment that Dubcek and others did not indulge in self-criticism, and already have exerted pressure on Husak to arrest at least some of the 1968 leaders. On 1 October the Federal Assembly lifted the parliamentary immunity of Vaclav Prchlik and agreed to a proposal to prosecute him. Prchlik, who had severely criticized the Soviet Union last year, was expelled both from the central committee and the party last weekend.

Husak devoted the major portion of his speech to describing the alleged mistakes of Dubcek and other leaders and to discussing the events that led up to the invasion. He stopped just short of justifying the invasion, but his speech and the central committee resolution condoning the invasion doubtless were well received in Moscow.

Husak's strong attack against the regime of former party chief Novotny and his statement that "old sectarian tendencies" are still in evidence indicate that he is aware that he still must deal with discontented ultraconservatives. The central committee, the Czech party bureau, the Czech government, and to a lesser extent the federal government are now more conservatively oriented.

Among the long-time hard liners returned to positions of eminence were Karel Hoffmann,

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Oldrich Svestka, Drahomir Kolder, and Antonin Kapek. The individual who gained most from the plenum, however, was the party's moderate-conservative ideologue, Josef Kempny, who replaced Dubcek on the presidium and was selected to be a deputy premier and member of the Czech party bureau.

The Slovak party central committee, which began a plenary

session on 2 October, probably will also make personnel changes that will redound to the advantage of the archconservatives. As the Czechoslovak party prepares in the coming months for a party congress, Husak probably will find it even more difficult to withstand challenges from the more conservative wing of the party.

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New Czechoslovak Federal Government

PREMIER: Oldrich Cernik

DEPUTY PREMIER: Josef Kempny*

DEPUTY PREMIER: Peter Colotka¹

DEPUTY PREMIER AND MINISTER OF FOREIGN TRADE: Frantisek Hamouz*²

DEPUTY PREMIER AND MINISTER OF PLANNING: Vaclav Hula*

DEPUTY PREMIER AND MINISTER-CHAIRMAN OF COMMITTEE FOR TECHNOLOGY AND INVESTMENT

DEVELOPMENT: Miloslav Hruskovic*¹

DEPUTY PREMIER: Karol Laco*¹

MINISTER OF FOREIGN AFFAIRS: Jan Marko¹

MINISTER OF NATIONAL DEFENSE: Col. Gen. Martin Dzur

MINISTER OF THE INTERIOR: Jan Pelnar

MINISTER OF FINANCE: Rudolf Rohlicek*¹

MINISTER OF LABOR AND SOCIAL AFFAIRS: Michal Stancel¹

MINISTER-CHAIRMAN OF THE COMMITTEE FOR PRICES: Ignac Rendek*¹

MINISTER-CHAIRMAN OF THE COMMITTEE FOR INDUSTRY: Josef Krejci

MINISTER-CHAIRMAN OF THE COMMITTEE FOR AGRICULTURE AND FOOD: Koloman Boda¹

MINISTER-CHAIRMAN OF THE COMMITTEE FOR TRANSPORT: Jaroslav Knizka*¹

MINISTER-CHAIRMAN OF THE COMMITTEE FOR POST AND TELECOMMUNICATIONS: Karel Hoffmann*

MINISTER WITHOUT PORTFOLIO: Bohuslav Kucera

MINISTER WITHOUT PORTFOLIO: Jan Pauly*

¹Slovak

²Hamouz had been a deputy premier, but not the Minister for Foreign Trade

*Newly appointed 28 September 1969

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YUGOSLAV REGIME WORRIED OVER BREAKDOWN IN AUTHORITY

The Yugoslav leadership is seriously concerned about the widespread disregard by local officials for central policy directives and is intent on restoring faith in the federation's ability to solve Yugoslavia's many problems. President Tito has sharply condemned lack of discipline among party members at all levels and has threatened a selective purge.

The most flagrant challenge to central authority occurred last July when the Slovenian government bitterly and publicly opposed the decision of the Federal Executive Council (FEC) to exclude Slovenian road projects from a loan financed by the International Reconstruction and Development Bank. Conflicts between Yugoslavia's republics are commonplace, especially over economic matters. The Slovenes introduced a new tactic, however, by mobilizing an unprecedented wave of public protest, and the central regime felt the heat of this unusual political pressure.

Tito interrupted the summer holidays in August and convened the party's executive bureau, which reaffirmed its confidence in the FEC and called for a better performance in getting the true facts on controversial matters before the public. The FEC subsequently rejected Slovenia's request for a reversal of the road decision. The Slovenian government grudgingly accepted the FEC edict, but it is still rankled by the affair and has publicly blamed FEC bungling for the whole problem.

While the Slovene incident is the most celebrated case, nationality excesses have created difficulties in other sections of the country. In a series of toughly worded speeches along the Dalmatian coast in late August, Tito attacked pet economic projects in Croatia and Serbia. He severely chastized local Communists who ignore party directives, and called for more direct contact between party and enterprise officials. Since then many party organizations have met to discuss the "struggle against nationalism," and on 19 September Belgrade's party secretary repeated Tito's warning of a purge of "negative forces" from party ranks.

The stage is now set for debates on regional priorities at a party presidium session scheduled for 14 October and in the Federal Assembly, which convened on 30 September. Tito is eager to tighten the party's control over internal affairs by ensuring discipline from the center, but he does not want to retreat from the liberal course on decentralization that he introduced. One difficulty of party officials is that they are committed to a policy of governmental decentralization that intrinsically undercuts their control. Local officials tend to become regional particularists in order to maintain their power and because they fear political instability if they submit to central administration. Tito and other national leaders understand this, and will proceed with caution in any cleansing of the party's ranks.

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EC TRADE AGREEMENTS CAUSE CONCERN IN GATT

The increasing number of preferential trade agreements negotiated by the European Community (EC) is becoming a growing source of concern in international trade circles. Many of the contracting parties to the General Agreement on Tariffs and Trade (GATT) feel that the arrangements are merely an exchange of discriminatory preferences and do not meet the terms of Article 24 of GATT. This article requires that such agreements must lead to the formation of a genuine free trade area or customs union covering a substantial portion of the trade involved.

The Council of Ministers of the Community formally approved limited association agreements with Morocco and Tunisia last July. While the agreements fell short of the full association with the Community that Morocco and Tunisia had sought, they granted significant preferences to the exports of the two countries. Morocco and Tunisia, in return, agreed to grant preferences to a number of Community products. The Community has submitted these agreements to GATT for consideration, where they have already met with opposition.

Objections are also likely to be raised when the Community considers general trade agreements with Spain and Israel. The resumption of negotiations for a preferential agreement with Spain is apparently near. In 1962, Spain applied for negotiations that would lead to full Community membership, but its accession has been strongly opposed by some

community members on political grounds. The Spanish, therefore, will probably accept for the time being a trade arrangement, although they view it as the first step along the road to membership.

Israel has requested association with the EC, and while agreement seems distant, there have been some signs of movement. France has said that it would be prepared to negotiate with Israel if the principle of negotiating similar agreements with Arab countries were accepted. Germany has said that it has no objections to negotiations with any Arab countries requesting them. Recently, Egypt formally requested negotiations on a preferential trade arrangement with the Community. Meanwhile, the Community has already granted ad hoc preferences to citrus imports from Israel as well as from Spain.

Officials in GATT are now pondering ways to deal with the EC cases while preserving the integrity of GATT. The assistant secretary general has said that something must be done to reconcile the political and economic realities of the EC cases with the provisions of the agreement. GATT is carrying out a general investigation of nontariff barriers to trade, including preferences. Moreover, the Organization for Economic Cooperation and Development and the UN Conference on Trade and Development have been considering ways to generalize preferences. Agreement on these matters seems to be a long way off, however.

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AGRICULTURAL PROSPECTS MIXED IN EASTERN EUROPE

Weather in Eastern Europe has boosted crop yields in southern countries and reduced those in the north compared to those of a year ago. In Poland, Czechoslovakia, and East Germany consumers will continue to find several types of food in short supply this winter.

Official estimates are not yet in, but total grain production in Eastern Europe probably will approximate the 66.7 million metric ton record output of 1968. Unless unforeseen difficulties develop, both Romania and Hungary may set new grain production records. Poland, East Germany, and Czechoslovakia's grain harvests are expected to be the smallest in three years, however, and their harvests of potatoes and forage crops are expected to be down sharply. High prices and shortages of livestock products, especially meat, will prevail for at least the next six to eight months in most East European countries.

Eastern Europe's demand for imported grain is expected to exceed the 6.1 million tons imported last year by 10 to 15 percent. This reflects the increased needs of the northern countries for feed grain.

Most of the increased grain requirements probably will be purchased in the West. [redacted]

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[redacted] The US also is expected to continue its role as a supplier of grain this year, but the size of its deliveries will be dependent on price and credit arrangements in the competitive market created by large free-world grain surpluses.

The USSR, despite its mediocre harvest, will continue to be the major source of imported grain for the deficit countries in Eastern Europe. The southern East European countries (including Yugoslavia) may have exportable surpluses of wheat and corn totaling nearly four million tons. These countries will seek to export their surpluses to Western markets in order to obtain hard currency. [redacted]

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[redacted] Nevertheless, some of the East European surplus grain producers may be willing to sell somewhat larger quantities than usual this year to Poland, Czechoslovakia, and East Germany because of the depressed Western grain market and possible Soviet pressure. [redacted]

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MIDDLE EAST - AFRICA

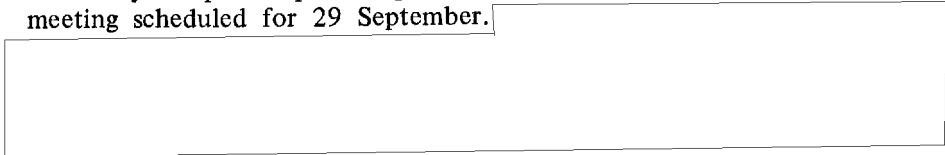
Israeli aircraft are still flying their almost daily air strikes along the cease-fire lines with Egypt and Jordan, particularly against Egyptian forces along the Suez Canal and the Gulf of Suez. The strikes seem to be having only a limited effect on the Egyptians' intentions to maintain their harassment along the canal. A rise in the number of fedayeen-caused clashes on the Israeli-Jordanian cease-fire line may soon induce the Israelis to hit again at the East Ghor Canal, which they had permitted the Jordanians to repair just prior to Prime Minister Golda Meir's trip to the US. Mrs. Meir, who was to end her visit on 6 October, pressed the US for economic and military assistance, but gave no hint of any change in the basic Israeli position of no withdrawal without direct Arab-Israeli peace talks.

The Burundi regime has stopped arresting alleged coup plotters, and outward calm has returned to the capital. President Micombero's strong show of force has probably unnerved his opponents for the present, but underlying tensions between the two major tribes remain.

South Africa's colored people have voted against apartheid in the first election for a "colored parliament" that is intended to handle the affairs of these two million mulattoes. The antisegregation Labor Party captured 26 of the 40 elective seats. Although the proposed council will have little power, the white government is obviously chagrined that pro-apartheid parties did not fare better.

Afro-Asian states may seek a UN General Assembly resolution calling for sanctions against South Africa when it fails to withdraw from South-West Africa by 4 October in accordance with a Security Council resolution. Pretoria, which is not about to pull out, can count on the UK and other major trading countries to oppose sanctions and to ignore a resolution even if it passes.

In East Pakistan this week, troops occupied strategic locations on Dacca University campus to prevent possible demonstrations and a mass student meeting scheduled for 29 September.



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TRIBAL OATHS UNSETTLE KENYA

For the first time since the bloody Mau Mau revolt of the 1950s, Kikuyu leaders are exploiting traditional tribal oaths in swearing their fellow tribesmen to absolute loyalty. The massive resurgence of oath-taking ceremonies has heightened tribal tensions in Kenya.

Although the current pledges do not contain the terrorist overtones of those of the Mau Mau, Kenya's other tribes see the oath-taking as evidence that the Kikuyu are determined to maintain their pre-eminence. These tribes interpret the ceremonies in the context of long-standing intertribal rivalries and also in the light of their suspicions that the assassination last July of Tom Mboya, a Luo, was arranged to ensure Kikuyu domination of the government.

The oath-taking began as a reaction to the violent anti-Kikuyu feeling after Mboya's murder. It has since been organized throughout the Kikuyu areas and has even extended to neighboring tribes. Although President Kenyatta, as the foremost Kikuyu leader, could stop the ceremonies, he has not done so.

As the oathing continues, there is danger that relatively minor tribal clashes--such as a land dispute that flared up last month between Kalenjin and Kikuyu tribesmen--will spark more serious violence. There is also danger of conflict among the Kikuyu themselves, many of whom are being forced to take the oath. One Kikuyu Christian minister was recently beaten to death for refusing.

Some army officers are beginning to worry that the oath-taking may undermine the efficiency of the armed forces by stirring up tribal rivalries within the ranks. The two top army officers, neither of whom is a Kikuyu, are known to be concerned over the government's failure to stop the oathing. In an unprecedented action, they recently attempted to discourage further ceremonies in two areas by moving in troops without prior government clearance.

With Kenya's first general elections due early next year, tribal tensions and the loyalties of the security forces will be of particular concern both to the ruling party and to the persistent but disorganized opposition.

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INDIA'S PRIME MINISTER VISITS TROUBLED NORTHEAST

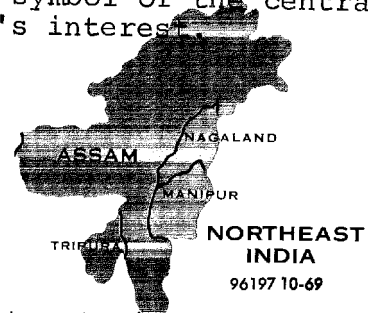
Prime Minister Gandhi encountered discordant notes in strategic northeast India last week as she continued a nationwide tour aimed at capitalizing on her recent political victories. Her problems stemmed mainly from New Delhi's long neglect of the region's economy, and the central government's inability to solve a series of long-standing and complex political problems in the area.

For the most part, the local people reacted with indifference to Mrs. Gandhi's efforts to win support by claiming credit for the central government's recently inaugurated "progressive" policies. Instead, she was pressed for action on a variety of parochial issues. In the union territory of Manipur, she was met with violent demonstrations--six people were killed--demanding full statehood for the area. Although another union territory, Tripura, received her more cordially, she was presented with statehood demands there, too. In both places, she was urged to sort out leadership squabbles among local politicians in her Congress Party; on 24 September, soon after her departure, the weak Congress government of Manipur fell after a no-confidence vote.

In Nagaland, where an insurrection has been under way for more than a decade, state government politicians and the faction of the Naga underground that now eschews violence welcomed her sympathetically, but she was unprepared to meet the Nagas' demand for negotiations leading to independence. She resorted

to an old government demand that militant Nagas, who have accepted help from China and Pakistan, sever all foreign ties before further political concessions would be granted.

A two-day public tour of Assam had to be canceled because of security problems resulting from a mass movement demanding the construction of a government petroleum refinery in the state. The Indian Government believes that the refinery would be uneconomic, but local leaders see it as both a vital development project and a symbol of the central government's interest.



In contrast with Mrs. Gandhi's earlier goodwill visits to other areas of India, the trip to the politically and economically undeveloped northeast was something of a public relations nightmare. She was constantly plagued by the people's lack of interest in "all-India" problems and by their tendency to evaluate the central government's worth by its ability to solve parochial issues. The northeast problem highlights the strong centrifugal forces at work in India--forces that Mrs. Gandhi must deal with as she attempts to revitalize the Congress Party in preparation for the next scheduled general elections in 1972.

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SOMALI PRIME MINISTER EGAL AT TURNING POINT

Somalia's Prime Minister Mohamed Egal, who arrives in the US next week for a short visit, was confirmed for a second stint in office last June. Since then, however, he appears to have lost the momentum that produced a number of significant accomplishments during his first term.

After taking office in 1967, Egal made dramatic progress in areas where his predecessors had been notably unsuccessful. His efforts at detente with Kenya established a firm foundation for relations that previously had been nonexistent. He even managed to improve relations with the deeply suspicious Ethiopians. Within Somalia, Egal exerted a firm hand over the dominant but capricious government political party, the Somali Youth League, and also prevented Somalia's tribal-ridden politics from disrupting his foreign and domestic policies.

Now, however, despite some concessions by both sides, Egal has nearly run out of ways to continue productive discussions with the Ethiopians. The two countries are stalemated over the question of Ethiopia's right to tax the livestock of Somali nomads during seasonal migrations. Two serious clashes this summer in Ethiopia between troops and the migrating nomads had serious repercussions in northern Somalia by undermining Egal's policy of urging restraint on the nomads

while the governments sought a solution.

Egal's performance in the domestic political arena has also begun to falter. His attempts to strengthen the central government by enlarging his authority and forging a one-party state--only one of the 124 parliamentary deputies is now outside his party--have instead heightened traditional Somali distrust of centralized authority. His blatant sanctioning of rigged national elections last March, and the imposition of political controls over the police, Supreme Court, and the press have strengthened his control over the inefficient bureaucracy but have made political enemies. Moreover, the subsistence economy continues stagnant despite some \$400 million that Somalia has received in foreign aid--and sizable additional amounts do not appear in the offing.

Egal is apparently not in serious trouble yet despite grumbling among politicians and occasional rumors of difficulties between him and President Scermarche. Nevertheless, although Egal's party presents a monolithic appearance, his control could be weakened by the 60 percent turnover of deputies that took place in the national elections. There are a number of important party factions and individuals ready to maneuver against him when the unpredictable Somali parliament opens in late October.

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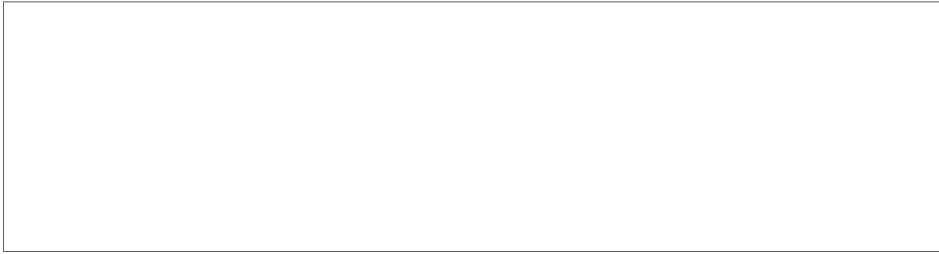
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WESTERN HEMISPHERE

The new Bolivian government, led by General Alfredo Ovando, has already set the tone for the immediate future by emphasizing nationalism. Continued attacks on "US imperialism" can be expected. The military regimes of Brazil, Argentina, and Peru were the first to recognize the new government.

In Brazil, top military commanders, seeking a replacement for President Costa e Silva, appear to have selected General Ernilio Medici, a close personal friend of the President. An announcement of this choice and of the term of office seems imminent.

The cancellation of a proposed 36-hour general strike in Argentina has temporarily headed off a serious clash between President Ongania and the Peronist-dominated General Labor Confederation.



In other developments, the Netherlands Antilles may be forced to call for new elections unless a government can be formed in the near future. Venezuelan guerrillas have staged their most serious attacks in recent months; and the Panamanian Government is beginning to focus more attention on the canal issue. Although a formal request to resume talks with the US has not yet been made, some indication of the government's intentions may come to light in pronouncements during the first anniversary of the military coup on 11 October.

Nationalistic noises will also be made by Peruvian President Velasco on the 3 October anniversary of last year's military coup and on the 9 October anniversary of the take-over of the International Petroleum Company. The Latin American foreign ministers, in New York for the opening of the UN General Assembly session, held two meetings earlier this week in an effort to resolve problems between El Salvador and Honduras but made no progress.



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NEW BOLIVIAN GOVERNMENT EMPHASIZES NATIONALISM

The Ovando government, installed following the coup on 26 September, is seeking to align itself ideologically with Peru, and is combining exaggerated nationalism and anti-US sentiment at least in part in the hope of striking a popular chord with the Bolivian public.

General Alfredo Ovando Candia seized power and was "named" president of the "revolutionary government" by the commanders of the three armed services. He then named a cabinet of ten civilians and five military officers. The civilian component is made up almost entirely of strong critics of the US and is expected to lead the government in a leftist and nationalistic direction.

The early target of the anti-US attacks from those in and close to the government is the US-owned Bolivian Gulf Oil Company, and to a lesser extent, other US business enterprises. Ovando's equivocating statements on the Gulf issue have given encouragement to those who want the company nationalized.

Top
Gulf officials in Bolivia appear optimistic that they can reach a satisfactory agreement with Ovando, but the US Embassy fears that he may have difficulty in selling to the public a settlement that falls short of nationalization.

Anti-US attacks in the last few days have concentrated more

on areas where there is less likelihood of a confrontation with the US that could damage Bolivia's weak economy. On 29 September a major La Paz newspaper, apparently with the approval of the government, charged that the US, through its aid and financing policies, was responsible for the recent crash of a Bolivian airliner which claimed 74 lives.

The exaggerated nationalism and the anti-US sentiment being expressed in La Paz at the present time is reminiscent of what occurred in Peru following the military takeover there a year ago. Indeed, General Ovando has expressed on several occasions his desire to form an "ideological confederation" with the military government of Peru. The Peruvians, however, have taken a very cautious attitude toward the new Bolivian Government.

Peru recognized the new Bolivian Government early, but the foreign minister has made it clear that there are several differences in the Peruvian and Bolivian situations and is quoted as saying that the "Peruvian revolution is not for export."

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POLITICAL PROBLEMS AWAIT NEW BRAZILIAN GOVERNMENT

The administration that replaces President Costa e Silva will face major political problems.

Top military officers continue to work toward selecting Costa e Silva's successor, and General Emilio Medici has been given the nod. The minister of labor and social security, Jarbas Passarinho a 49-year-old retired army colonel, reportedly will be his running mate.

A formal announcement of the schedule for the President's resignation and the transfer of power to his successor is likely to be made very soon. The governing triumvirate that assumed power on 31 August will probably call Congress back into session for the first time since being suspended last December. The triumvirate itself has purged at least nine more federal deputies and one senator. The remaining members probably will not speak out against any of the new administration's measures because they know that if Congress steps out of line the military will not hesitate to close it again.

Political discontent is due to a number of reasons. These include the purge of public officials, the executive's assumption of greater authoritarian powers at the cost of the legislative and judicial branches, the unlikely prospects that the President and state governors will be popularly elected, and the government's limited success in halting serious urban terrorism despite the adoption of ever more drastic punishment.

Discontent appears to be particularly acute in the wealthy state of Sao Paulo and in the underdeveloped northeast. Leading Sao Paulo politicians, including Governor Sodre, are concerned about the deterioration of relations between the government and the public. The consulate general reports that local politicians and journalists are growing "desperate" about the situation, and are convinced that subversion and terrorism will increase as long as the country has a military government that is unable to generate effective public support. The prestigious newspaper O Estado de Sao Paulo has joined the chorus of discontent by severely criticizing the government for "destroying political institutions." It also warned that the military could lead the country into chaos by assuming the role of an electoral body.

The problem in the northeast apparently is due primarily to the efforts of military officers to weed out public officials, rural labor leaders, and clergymen whom they consider corrupt or subversive.

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The governor of Pernambuco State, Nilo Coelho, had hoped to form some kind of loose alliance with other governors in the northeast to resist the military pressure, but they apparently could not agree on a united position.

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CHILEAN MILITARY THINKS IT IS GETTING SHORTCHANGED

Discontent in the Chilean armed forces over low pay is again increasing, and opposition political forces are capitalizing on the issue for their own purposes.

Rumors that unrest in the traditionally apolitical military had reached serious levels culminated last week in television reports that a coup had been quashed during the national independence day celebrations. The late arrival of an army contingent at a ceremonial mass and the subsequent relief of its commanding officer apparently were the basis for the reports. The imposition of stricter security measures in response to reports of extremist plans to attack army installations also helped to spread the rumors.

ways lag substantially behind the country's chronic and presently rapid inflation. An automatic wage increase in September amounted to about \$3 a month for majors. Many officers complain that the efficacy and prestige of the military are declining also because of obsolete and inadequate equipment, reduced recruiting and operational exercises, and alleged general neglect by the Frei government.

The service chiefs are concerned over the unrest, but they have not persuaded the government, which is already hard pressed for wage raises by other groups, to adjust military pay. President Frei's uncompromising attitude may indicate that he wants to bring the issue to a head. He has promised to give special attention to military needs in 1970 pay raises,

Marxist political groups and newspapers are excoriating the government for its inattention to the needs of the military and are publicizing the activities of retired military personnel who are trying to stir up discontent in the active forces. In September, conservative Nationalist Party legislators unsuccessfully introduced a bill to raise military pay 25 percent. Both political extremes undoubtedly will continue efforts to ensure their credit rating with the armed forces.

Pay at all levels of the armed forces is low, and adjustments al-

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VENEZUELA REACTS TO INCREASED INSURGENCY

Since 23 September, Communist guerrillas have ambushed government troops several times and have attacked numerous military and civilian installations. One officer and at least four enlisted men have been killed so far, and several others have been wounded. Most of the incidents have taken place in eastern Venezuela, the traditional operational area of the Castroite Movement of the Revolutionary Left (MIR).

The outbreak of guerrilla activity is the most serious in several months, and may force the Caldera government to revise the pacification program it instituted shortly after taking power last March. The minister of defense announced early this week that the government will have to review the program if it can be proved that guerrillas freed under the program were involved in the recent incidents. Under the pacification program, the government has held counterinsurgency operations to a minimum and has offered amnesty to guerrillas if they lay down their arms. Some guerrillas were also freed under the program. The program has been carried out reluctantly, but many officers believe that only aggressive operations will put an end to the guerrilla problem.

President Caldera stated last week that his government will distinguish between aggressive groups and those with "similar ideologies but which have chosen to struggle within the framework of domestic

institution." The military is greatly disturbed by the upsurge in guerrilla activity, which they attribute partly to the pacification problem. It is unlikely that President Caldera will prevent the military from pursuing the guerrillas, but he will not want to abandon his program entirely.

The recent attacks may be an effort by the guerrillas to force the government to abandon its pacification program because they fear it is eroding their base of support. They probably also want to demonstrate their independence of the national leaders of the MIR and the youth group, both of which seem to be considering accepting the government's offer.

If the guerrillas acted on their own, the leaders of the MIR and the youth group will probably break with them. Although this would deprive the guerrillas of needed logistical support and some of their troops, at least the guerrillas would have demonstrated their determination to continue with the armed struggle.

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GOVERNMENT OF NETHERLANDS ANTILLES STILL IN FLUX

Interim Minister-President Sprockel may be forced to call for new elections unless a government can be formed in the near future.

The deadline of 29 September for the installation of a new administration passed without results. The governor asked former finance minister Petronia to form a government to overcome the impasse that resulted when no party gained a legislative majority in the elections on 5 September.

Petronia is the leader of the Aruba Patriotic Party, which is allied with the Democratic Party. These parties controlled the government prior to the elections, and with 11 of 22 seats,

are still in a strong position to head a new administration. Although the scattered opposition parties might be able to organize a coalition with the help of the Aruba Patriotic Party, if it broke its agreement with the Democrats they probably would not be able to hold the coalition together for very long.

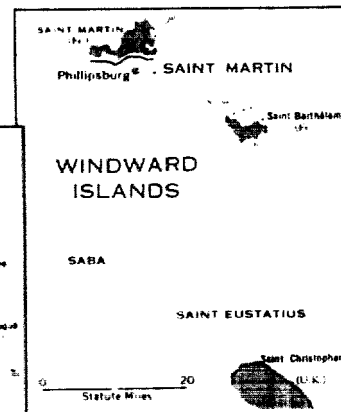
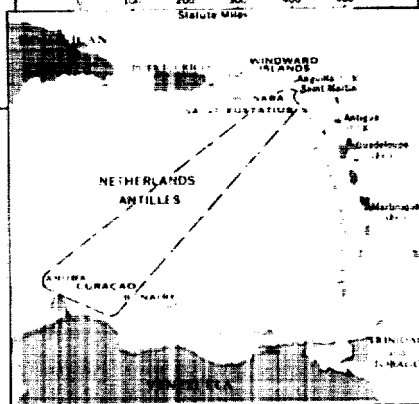
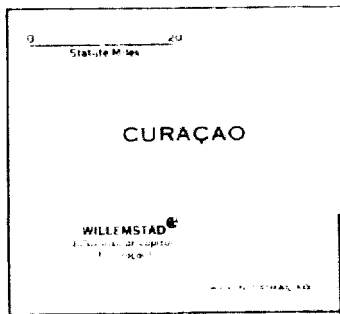
The opposition parties probably would not want new elections because they realize that the Democratic Party and the Aruba Patriotic Party would increase their efforts to secure one more seat. The Workers Front reportedly has been offered two cabinet posts by the Democrats if they join in a coalition. The next few weeks should produce a spate of intensive political maneuvering.

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THE NETHERLANDS ANTILLES

RESULTS OF 5 SEPTEMBER 1969 ELECTIONS

Democratic Party	7	This coalition held 13 seats in the 4 previous government
Aruba Patriotic Party	4	
National Peoples' Party	3	
Workers Front	3	
Aruba Peoples' Party Grouping	4	
United Bonaire Patriotic Party and the Bonaire Workers Party	1	



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