

Secret

25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review
completed

Secret

44

2 July 1970
No. 0377/70

Page Denied

SECRET

CONTENTS

(Information as of noon EDT, 1 July 1970)

Page

FAR EAST

Vietnam 1



25X6

Communist China: Flaying the Imperialists 3

Cambodia: Keeping the Heat on the Government 5

Laos: The Threat to the South 6

EUROPE

Czechoslovakia: Party Moderates Win a Round 8



25X6

Warsaw Pact: New Proposal Designed to Attract NATO 9

Yugoslavia-USSR: Ribicic-Kosygin Talks Prove a Standoff 11

International Labor: Still Split over Eastern Contacts 11

MIDDLE EAST - AFRICA

Jordan: Further Concessions to Fedayeen 13

Arab States - Israel: Battle Joined? 15

India: A Major Cabinet Reshuffle 16

SECRET

SECRET

WESTERN HEMISPHERE

Argentina: New Chief Executive Discusses Goals 16

Violence Enters Chilean Electoral Campaign 17

Cuba: Contacts Expanding in Latin America 18

Guyana's Border Difficulties 20

25X1

SECRET

SECRET

Vietnam

Settling Down for the Long Haul

Hanoi's wholesale recall of its diplomats is the latest sign that the Vietnamese Communist leaders have recently completed a major review of war strategy and are ready to brief the envoys on North Vietnam's future course in Indochina. The last such recall took place in May 1969, soon after the politburo had finished a similar review.

Broad guidelines developed during the latest round of decision-making in Hanoi already are filtering down to Communist units in South Vietnam. A recently captured document, for example, contains indoctrination themes based on a new politburo resolution that probably was issued sometime in April. It reflects a sober Communist view of the situation following Sihanouk's ouster in Cambodia. Like other recent Communist statements, it also suggests that Hanoi foresees more hard fighting and hence more use of North Vietnamese troops as a result of the widened war in Indochina.

Thieu Issues Cambodian Guidelines

In a televised speech on 27 June in Saigon, President Thieu elaborated on the fairly cautious military policy toward Cambodia that he has been developing. He avoided committing the South Vietnamese Army to open-ended operations in defense of Cambodia, and promised only that each request for help from Phnom Penh would be studied individually. Thieu clearly believes that the main burden of Cambodia's defense must rest with the Cambodians themselves and that outside assistance must be provided by other non-Communist countries as well as by South Vietnam.

Thieu is alert to the danger that South Vietnamese forces will become overextended in Cambodia, and he emphasized that South Vietnam's capabilities to help are modest. He prom-

ised continuing assistance in disrupting Communist supply systems, however, and he expressed a determination to prevent the Communists from re-establishing secure bases in Cambodian territory bordering South Vietnam.

The President said that "minimum forces" would be temporarily stationed at specific places in Cambodia for the purpose of facilitating the repatriation of Vietnamese refugees. His formulation serves a dual purpose; it helps to allay domestic criticism that Saigon is doing too little to assist Vietnamese who have been mistreated by the Cambodians; and it may also help to disabuse Phnom Penh of any notion that Saigon is planning to undertake more extensive operations in defense of Cambodia.

25X1

SECRET

SECRET

25X1

exploiting their discussions to give the impression that his brand of opposition is politically acceptable to Thieu. The senator is claiming that he and Thieu agreed that misunderstandings between them had been created by Thieu's aides. Moreover, Don alleges that Thieu agreed with him that an opposition bloc is necessary and that the President even advised him to stand for his Senate seat again in the elections in August.

All Quiet on the Political Front

The Thieu government appears to be making some progress in its efforts to calm agitation in Saigon. During a Buddhist funeral procession last weekend, Saigon police quickly dispersed two different groups of antigovernment militants before they could start demonstrations. Some extremist Buddhist and student leaders reportedly had been making plans for a large-scale demonstration during the funeral, and they probably hoped to provoke a violent clash with police. As on several similar occasions in recent weeks, however, the extremists apparently were unable to mobilize large numbers of protesters.

Meanwhile, Senator Don, one of the most prominent antigovernment political leaders, may be taking steps to rejoin the "loyal opposition." Don arranged for a private meeting with President Thieu recently, and he now seems to be

Don's effort to identify himself with Thieu probably reflects his realization that his attempts to gain US support for a bid to replace Thieu have failed, and that he may not even be re-elected to the Senate if the government strongly opposes him. Thieu, however, may not be receptive to a bid by Don to rejoin the "loyal opposition." The President continues to denounce politicians such as Don who have promoted "defeatist" third-force movements.

Large turnouts reported in elections for provincial and municipal councils throughout South Vietnam last Sunday probably reflect an extensive effort by the government's administrative apparatus to get out the vote. Election day passed quietly in most of the 44 provinces and six cities, as the Communists made only a few scattered attempts to disrupt the voting.

25X1

25X6

SECRET

SECRET

25X6

Communist China: *Flaying the Imperialists*

The Chinese last weekend made use of the occasion of the twin anniversaries of the Korean War and the US "occupation" of Taiwan for a grandiose appeal for Asian solidarity. Widespread celebrations were held in China for the first time since 1966. Peking gave lavish treatment to a visiting North Korean delegation and sent a high-powered delegation of its own, led by Army Chief of Staff Huang Yung-sheng, to take part in the celebrations in Pyongyang. This is the highest ranking Chinese delegation ever to participate in festivities connected with the Korean War.

The rounds of diplomatic activity, speeches, and commentary on the occasion suggest that Peking has in mind something more than a simple display of its improved relations with Pyongyang. Rather, the Chinese staged the celebrations in the context of over-all Asian unity against "aggression" by the US, Japan, and the USSR. An authoritative editorial on 24 June, for example, called on all peoples of Asia to unite and drive the US out of Asia and to resist the expanding influence of the US-backed Japanese "militarists." The article claimed further that the Soviets are "collaborating" with the US and "fraternizing" with

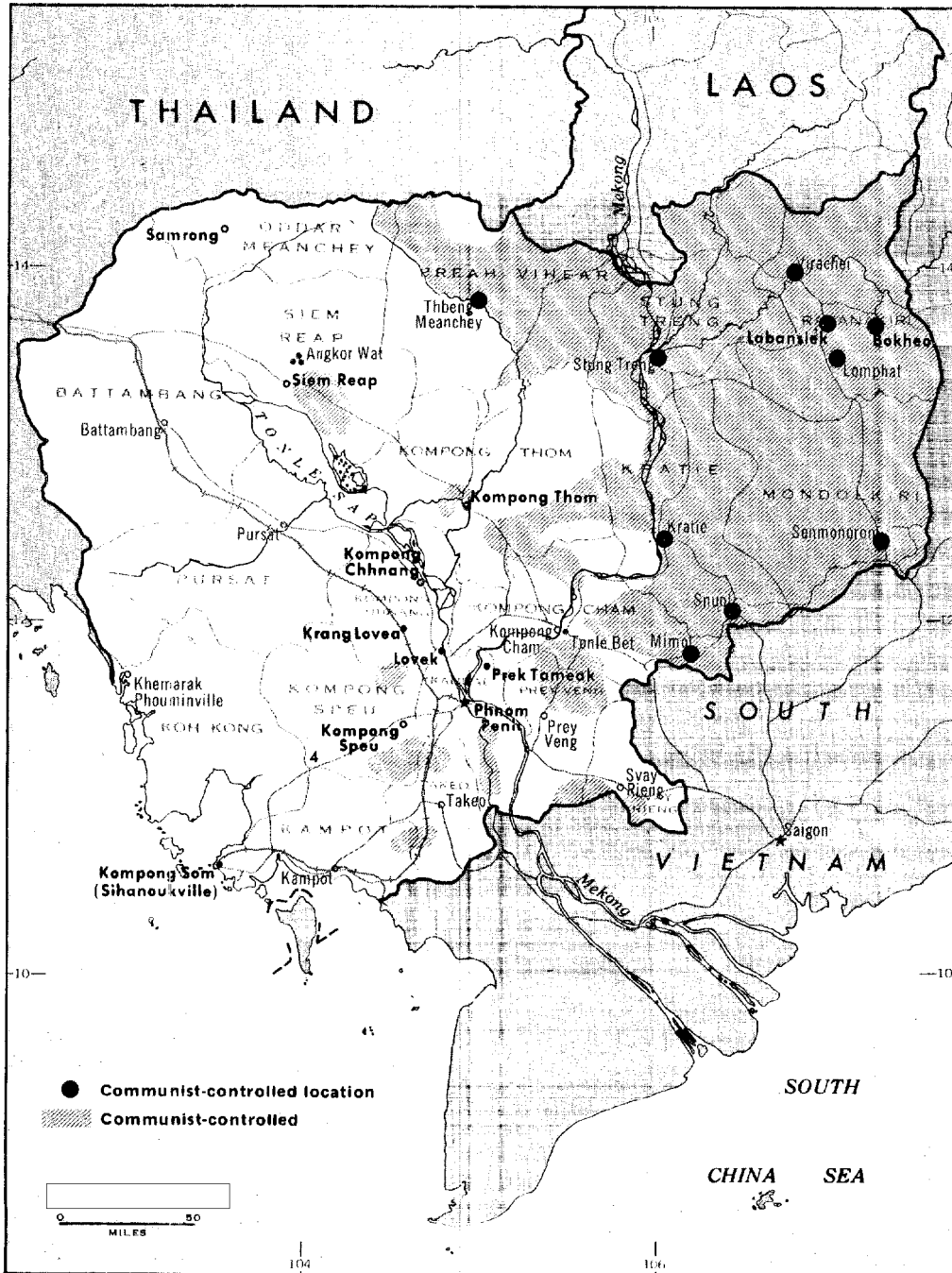
Japan even as the Asian peoples are engaged in a "fierce struggle" against them.

Against the theme of US "aggression and occupation" of South Korea, Peking also loudly voiced its indignation over the US presence on Taiwan. Commentaries attacked Washington's defense treaty with Taipei, alleged that the US supports nationalist raids on the mainland, and denounced intrusions into Chinese air and sea space by US military forces—all sensitive bilateral issues that Peking had been playing down since the resumption of the Warsaw talks last January. Referring to these talks, Huang Yung-sheng on 27 June emphasized—for the first time in over a year—that a relaxation in Sino-US relations is at present "out of the question." Peking also criticized the renewal of the US-Japan Security Treaty from the broader aspect of its threat to all of Asia, accusing Japan of blindly supporting US activities in Asia and blaming Tokyo for interfering in Indochinese affairs.

These harsh harangues appear to be primarily an attempt to exploit Moscow's cautious and reticent approach to developments in

SECRET

Cambodia: Current Situation



99076 7-70 CIA

25X1

SECRET

SECRET

Indochina by playing on anti-US themes, which are well received in both Hanoi and Pyongyang. Nevertheless, Peking's neighbors show no sign of agreeing with its charges against Moscow. The Chinese, for their part, still are not prepared to commit themselves to a direct role in Indochina, nor are they likely to encourage North Korean "adventurism" in South Korea. Throughout the celebrations, for example, Peking never made reference to the Sino - North Korean Defense Treaty.

Although the erection of an Asian Communist "united front" appears to be in the vanguard of Chinese considerations, Peking additionally

may have concluded that Washington, preoccupied with events in Indochina, has put the question of Sino-US relations on the back burner. Moreover, the US incursion into Cambodia may have strengthened the hand of those elements in the Chinese leadership who have argued against negotiations with the "imperialists." The Chinese are well aware, however, that basic power realities in the Moscow-Peking-Washington triangle remain unchanged. Chou En-lai, for example, recently told [redacted] that the Warsaw talks have been only "temporarily" postponed because the situation in Cambodia makes discussions with the US impolitic at this time. [redacted]

25X1

25X1

Cambodia: *Keeping the Heat on the Government*

Lon Nol has evacuated Labansiek and Bokheo, the last two government outposts in the northeast. Samrong, provincial capital of Oddar Meanchey in the northwest, is reported to be surrounded by Communist forces, and government units in the rest of the province and in neighboring Preah Vihear Province are withdrawing toward Thailand. The capital of Preah Vihear was abandoned on 20 June.

The Communists also continue to attack scattered government positions in the provinces around Phnom Penh. A joint South Vietnamese - Cambodian Army task force succeeded in reaching the government's main supply depot at Lovek, in Kompong Chhnang Province, which had been surrounded and attacked by enemy troops for almost a week. South Vietnamese troops regained Krang Lovea, thereby reducing enemy pressure on the only rail link between Phnom Penh and Thailand.

To the west of the Cambodian capital, some Communist forces remain positioned along Na-

tional Route 4 leading to the important seaport of Kompong Som (Sihanoukville). Kompong Speu, the provincial capital straddling Route 4, was hit by a series of enemy attacks. Meanwhile, northeast of Phnom Penh, a combined Cambodian - South Vietnamese force recaptured the Mekong River village of Prek Tameak, 15 miles from the Cambodian capital. Two battalions of South Vietnamese Marines have moved to new positions east of the Mekong as close as six miles to Phnom Penh to thwart any plans to attack the city from the east.

In the political arena, the government has decreed a general mobilization of all citizens between 18 and 60 years of age, who are required to join either the military or auxiliary defense organizations. This move apparently was a psychological ploy to impress the population that Cambodia is fighting for its survival. Concurrently it announced the take-over of all economic resources "necessary" for national defense in an apparent effort to shore up the sagging economy and to allow for a more efficient allocation of the

SECRET

SECRET

country's dwindling resources. These steps will help to patch up the government's relations with dissident National Assembly deputies who have blamed it for the deteriorating military and eco-

nomie situation and who have criticized the government for failing to take more strenuous measures to overcome its problems.

25X1

Laos: *The Threat to the South*

The military situation remained largely unchanged this week as the Communists confined most of their activity to harassing fire. Aided by extremely poor weather, enemy units hit government positions at Long Tieng and nearby areas with rocket and artillery fire on 27 and 28 June, but did no serious damage. The Communists employed similar tactics on the Bolovens Plateau and continued to tighten their grip in the vicinity of Saravane. A few outposts changed hands during the week, but these had little effect on the relatively stable situation in the north or on the erosion of the government's position in the south.

Communist military intentions in the months just ahead remain unclear, but the most likely area for significant action is still the far south. This is the area through which the North Vietnamese presumably will be moving an increased quantity of supplies and men to support their new operations in Cambodia. Hanoi may also regard the south as the most convenient place to put pressure on Vientiane to negotiate on terms favorable to the Communists.

[Redacted]

25X1

[Redacted] the Communists are striving to control the Route 13 - Mekong River transportation corridor. Among the centers they allegedly will attack are Khong Sedone, Souvannakhili, Champassak, Ban Soukhouma, and Khong. In the Thai border areas west of these towns, Pathet Lao units reportedly have been told to gain control of villages, harass government outposts, and be prepared to interdict Route 10, which runs between the border and Pakse.

25X1

The city of Pakse, which lies at the confluence of the Mekong and Se Done rivers, has also been mentioned as a Communist target. Rather than taking Pakse, however, the enemy may attempt to isolate it and to control the Route 13 and 23 junction east of the town.

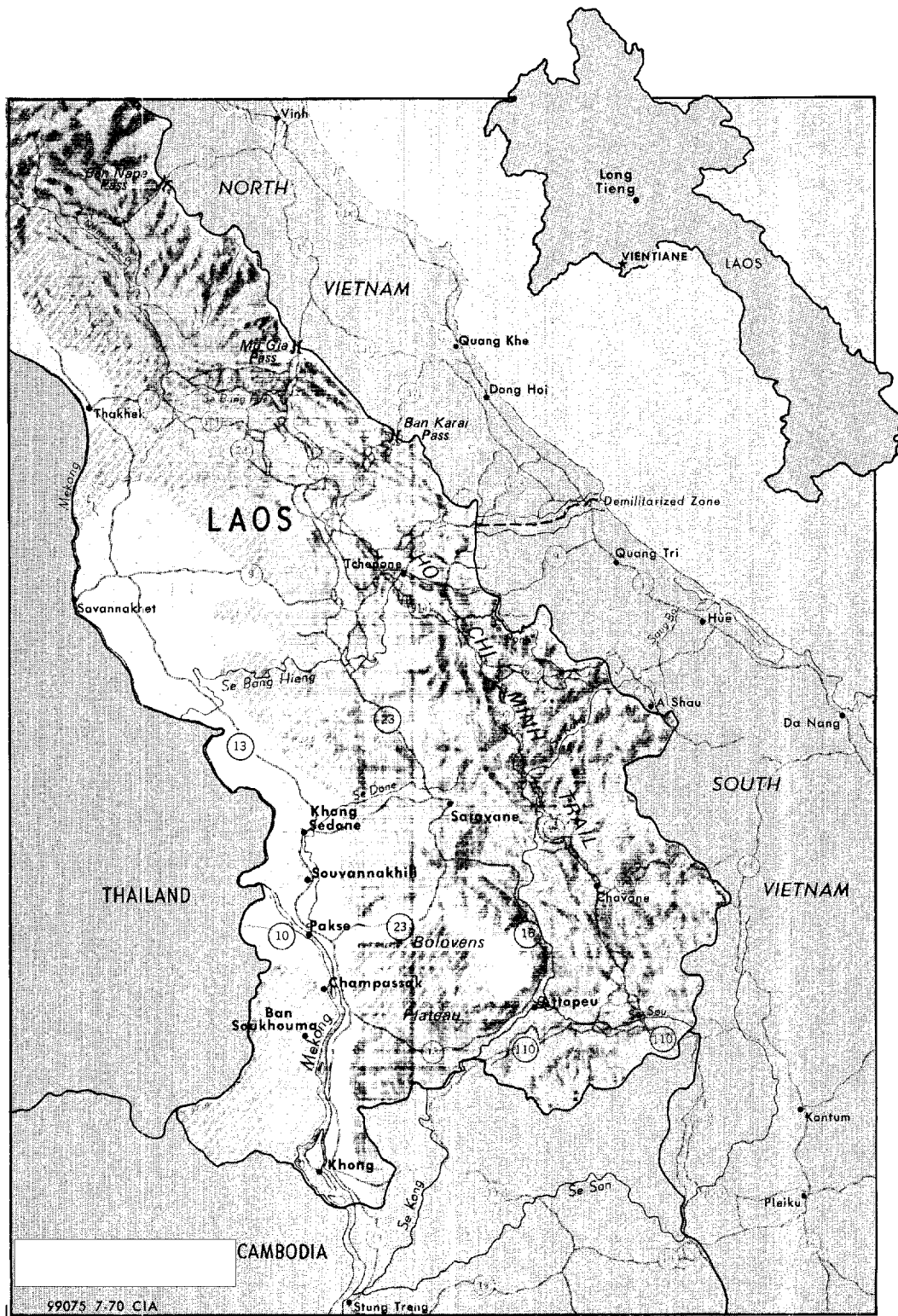
Whether the Communists need to control all of southern Laos—which would be the result if they undertook the kind of offensive the reports suggest—to support their Cambodian operations is by no means clear. They already have an underused supply system along the Route 16/110 - Se Kong River axis, and preparations are under way to make greater use of at least this waterway during the rainy season.

25X1

[Redacted]

25X1

SECRET



25X1

Communist-controlled territory Contested territory

SECRET

SECRET

Czechoslovakia: *Party Moderates Win a Round*

On balance, party leader Husak appears to have strengthened his position during last week's central committee plenum. His strong defense of party policies and his energetic appeal for party unity seem to have deflated his conservative opponents and won him majority support in the leadership.

In his keynote speech, Husak emphasized the success the party has had in re-establishing its control over the country's affairs. He claimed that any deviation from present policies would jeopardize further progress toward "normalization." In a direct attack on his conservative critics, Husak described their opposition to his selective purge campaign as an obstacle in the common struggle against the nonconformists. He stressed that only through tighter discipline could the leadership complete the party reorganization, a prerequisite to dealing with the country's pressing economic and social problems.

Although on the offensive, Husak is fully aware that he remains vulnerable to his critics. The expulsion from the party, prior to the plenum, of Alexander Dubcek, apparently over Husak's opposition, was a strong reminder of the influence the conservatives can bring to bear. His calls for continued, although measured, scrutiny

of recalcitrant liberals indicate his sensitivity to charges of laxity.

Husak gave no ground on matters he considers critical to his moderate programs. He denounced conservative demands for rigged mass political trials and indicated he would put a time limit on the party purge program. The qualifiers he felt obliged to make about political trials, however, suggest there may yet be some. Husak also reiterated his leniency toward ex-liberals who are willing to atone for their mistakes and toe the party line.

Husak's main message was that the time has come to phase out the political infighting and devote the party's energies to substantive problems of "reconstruction." By focusing attention on such constructive pursuits as the solving of chronic labor inefficiencies and inflationary pressures, he has probably succeeded in blunting temporarily the thrust of his political opponents. The latter also are targets of popular resentment because of the faltering economy. Such a strategy is not without its perils, however, as these issues have proved virtually insoluble in the past. Nevertheless, as depression and apathy take hold of the population, continued poor economic performance is not likely to lead to unmanageable political problems for several years.

25X1

SECRET

SECRET

25X6



Warsaw Pact: *New Proposal Designed to Attract NATO*

The Warsaw Pact proposals on European security, released on 26 June, seem tailored to promote the twin objectives of taking the initiative on East-West issues away from NATO and of

countering opposition to Soviet proposals for a conference on European security (CES). The proposals were contained in three documents adopted by a meeting of Pact foreign ministers in

SECRET

SECRET

Budapest on 21-22 June. Along with a rehash of the proposals made at the Prague ministerial meeting in late 1969, the documents contain several innovations.

The most interesting new element was a guarded offer to discuss the reduction of "foreign armed forces" in Europe in a body that would be established at a CES or in "any other" acceptable forum. The offer is the first, albeit indirect, Pact response to the most recent NATO proposals on mutual and balanced force reductions (MBFR). Although the Pact formulation is vague and does not mean a commitment to talks with NATO, it will probably be received favorably by a number of NATO members.

Other features of the documents also seem aimed at outflanking opposition to an early CES. The call for creating a permanent organ to deal with problems of European security is a twist to a British proposal to establish a standing committee on East-West relations. Other features of the Pact initiative, including a suggestion that cultural relations and environmental issues are proper subjects for inclusion on a CES agenda, are also designed to maximize the proposals' appeal in the West.

The latest approach probably will be sufficient to rebut, for the time being, criticism from some Western quarters that the bloc is unwilling

to discuss specific problems at a CES. This argument had been used by some NATO members to support a "go slow" approach.

The Eastern European members of the Pact apparently believe that the document will provide impetus to the East-West dialogue on European security issues and are pleased with the change of emphasis to a discussion of real issues and the stress on proceeding in a manner "acceptable to all."

The Poles feel that the tone of the memorandum complements their initiatives on European security and leaves room for talks about their specific proposals, such as regional disarmament, at a later stage. The Hungarians welcome the potential benefits accruing from their prominent role both in preparing the Pact proposal and coordinating future Western responses. The Romanians regard the document's flexibility in dealing with different points of view as an important victory, although they remain wary lest any country try to turn a CES into bloc-to-bloc negotiations that might ignore the interests of smaller European states. Pankow probably is pleased with the document's treatment of East Germany and West Germany as coequals but may be worried about the prospect that discussions might lead to a reduced Soviet military presence in Eastern Europe. [redacted]

25X1



ROMANIA - WEST GERMANY: Romanian Premier Maurer visited Bonn last week—the first time since 1945 that a Communist head of government has done so. He appears to have received much of what he wanted, including a partial rescheduling of Romania's debts and an agreement to talk about facilitating more West German investment in Romania. Both of these will help alleviate pressures on Romania's flood-stricken economy.

The two sides also agreed to cooperate in economic ventures in third countries. The details of Maurer's private talks with Chancellor Brandt are not known, but apparently there were no major political surprises; the main topics were European security and Ostpolitik. Both Brandt and President Heinemann accepted invitations to visit Romania. [redacted]

25X1

SECRET

SECRET

Yugoslavia-USSR: *Ribicic-Kosygin Talks Prove a Standoff*

The communiqué issued at the conclusion of Yugoslav Premier Ribicic's June trip to the USSR expresses hope for improved relations between Belgrade and Moscow but gives no indication that progress was made in settling their differences.

The 1955 Belgrade declaration proclaiming respect for sovereignty and noninterference in each other's affairs as the basis for Yugoslav-Soviet relations was again reaffirmed. Although Soviet Foreign Minister Gromyko had acknowledged the declaration last September while in Belgrade, Yugoslav-Soviet relations deteriorated sharply in the first half of this year.

The US Embassy in Moscow reported that the political talks soured when Kosygin expressed Moscow's right and obligation to "defend the gains of socialism" and Ribicic rejected this concept. For his part, Ribicic needled his host with an account of the successes of Yugoslav economic and social reforms and reiterated Belgrade's resolve to defend the country and its national Communist system against all adversaries.

Similarly, there was no spirit of compromise in the initial phase of the economic talks. Soviet

Gosplan Chairman Baybakov reportedly demanded that Yugoslavia imitate other Eastern European states and invest in Soviet raw material production if it wants additional shipments of Soviet oil and other raw materials. Ribicic said that Yugoslavia has no "extra" investment capital and that, in any case, oil is available elsewhere.

Despite this exchange, Ribicic declared that Yugoslavia remains interested in industrial and technological cooperation, and working-level talks were held on the subject of long-term economic cooperation and trade promotion. More to the point, Yugoslavia still is concerned with clearing up the \$34-million Soviet debt in the bilateral clearing account, and will probably try again to arrange for settlement of trade debts in convertible currency.

As yet there is no information on whether or not Ribicic concluded an arms deal. The previous Yugoslav-Soviet arms agreement expired in June, and there are indications that the two have been exploring the possibilities for a new agreement.

25X1

International Labor: *Still Split over Eastern Contacts*

At a meeting in Geneva last week, an AFL-CIO delegation reaffirmed the US federation's intention not to seek reaffiliation with the International Confederation of Free Trade Unions (ICFTU). This group—the leading international organization of non-Communist unions since World War II—now presumably will have to come to grips with the financial, organizational, and programing problems left by the AFL-CIO pull-out, and face up as well to the contentious problem of East-West labor exchanges.

The AFL-CIO withdrew from the ICFTU in 1969 in a controversy over the latter's handling of

a request for affiliation from the United Automobile Workers (UAW) following the UAW's withdrawal from the AFL-CIO. The basic irritant in AFL-CIO/ICFTU relations, however, has been the US federation's opposition to growing contacts between labor unions in Western and Eastern Europe. A number of ICFTU members, particularly unions in the European Communities, have lately been under internal pressure to step up such contacts. On the other hand, dismay over the erosion—in fact, if not yet in principle—of the traditional ICFTU policy against fraternization with the East has led several of the more conservative members to lobby fervently but unsuccessfully for the return of the AFL-CIO.

SECRET

SECRET

André Bergeron, the leader of France's Workers' Force who has been in the vanguard of the lobbyists, and others obviously fear that further discussion of the issue will either result in sanctioning the East-West efforts of the German and Italian unions in particular or will weaken Western solidarity in the trade union movement. Whether in fact a return of the AFL-CIO would in itself shift the tide away from the traditional ICFTU position is open to serious doubt, however. The US Embassy in Bonn notes, for example, that the German Trade Union Federation's (DGB) joint activities with Communist labor organizations, having become an integral part of Bonn's over-all effort at rapprochement with Eastern Europe, may be expected to continue.

Despite the desire of federations such as the DGB to pursue contacts with the East, there does not seem to be much enthusiasm, even on the part of Communist-dominated unions in Western Europe, for a recent Soviet proposal that an all-

European trade union conference be convened. For the moment, at least, the Communist-dominated unions in Italy and, to a lesser extent, France seem more interested in strengthening their influence within Western European labor councils. Whether or not the continued absence of AFL-CIO influence at the international level will hasten a fusion of non-Communist and Communist unions in Western Europe is difficult to say. This trend, which has moved in fits and starts for several years, is probably more closely related to progress in industrial integration within the Common Market and political balances within its member countries than to pressure from the US federation.

In any case, it seems likely that the ICFTU, without the AFL-CIO, will become more Europe-oriented, and that the ICFTU's regional organizations in other areas will become even weaker than they are now.

25X1

USSR: A recently issued joint party and government decree authorizes the transfer of men and machinery to agriculture at the expense of other branches of the economy in order to ensure a successful 1970 harvest. It also provides for special wages and bonuses to those participating in harvest and transport work. A similar decree

issued last June resulted from official concern over crop prospects after an unusually severe winter, but the outlook for this year's crop appears more favorable. It is possible that the current decree reflects a desire to achieve an exceptional harvest in this, the last year of the five-year plan.

25X1

EGYPT-USSR: President Nasir arrived in Moscow on 29 June for a visit that had been rumored for weeks. He was accompanied by his foreign minister, war minister, and several other officials. He was also reportedly joined on 30 June by Foreign Ministry negotiator Muhammad Riad, who flew directly from New York to the Soviet Union.

The meetings in Moscow will probably include talks with Brezhnev, Podgorny, Kosygin, Gromyko, Grechko, and others. Topics discussed will probably include the recent protracted series of Israeli bombing attacks against Egyptian military targets along the Suez Canal, as well as the latest US political initiative, which is under consideration in Cairo. Nasir may also take advantage of the trip to undergo a physical examination by his Soviet doctors.

25X1

SECRET

SECRET

Jordan: *Further Concessions to Fedayeen*

The composition of the new cabinet and the dissolution of the army's special branch are clear indications that King Husayn is going to great lengths to conciliate the fedayeen—even at the risk of further alienating the army.

The new prime minister, Abd al-Munim al-Rifai, was deputy premier and foreign minister in the last cabinet. A weak and unassertive administrator given to compromise rather than action, Rifai has been functioning as the regime's chief apologist and negotiator in dealing with the fedayeen. Fatah chief Yasir Arafat is thought to have acquiesced in the choice of Rifai—who is a dove on the fedayeen question—and in most if not all of the King's cabinet selections. Five of the new ministers are profedayeen or strong advocates of Palestinian rights. The remainder of the 17-man cabinet consists of technicians, conservatives, and apolitical personalities.

The cabinet's first act on taking office was to establish a ministerial committee under the prime minister to work with the four-nation mediation group formed at the Tripoli summit conference. Significantly, four of the five committee members are strong supporters of the

fedayeen—almost guaranteeing that any negotiated settlement emerging from the recent crisis is not likely to impose effective controls on fedayeen action.

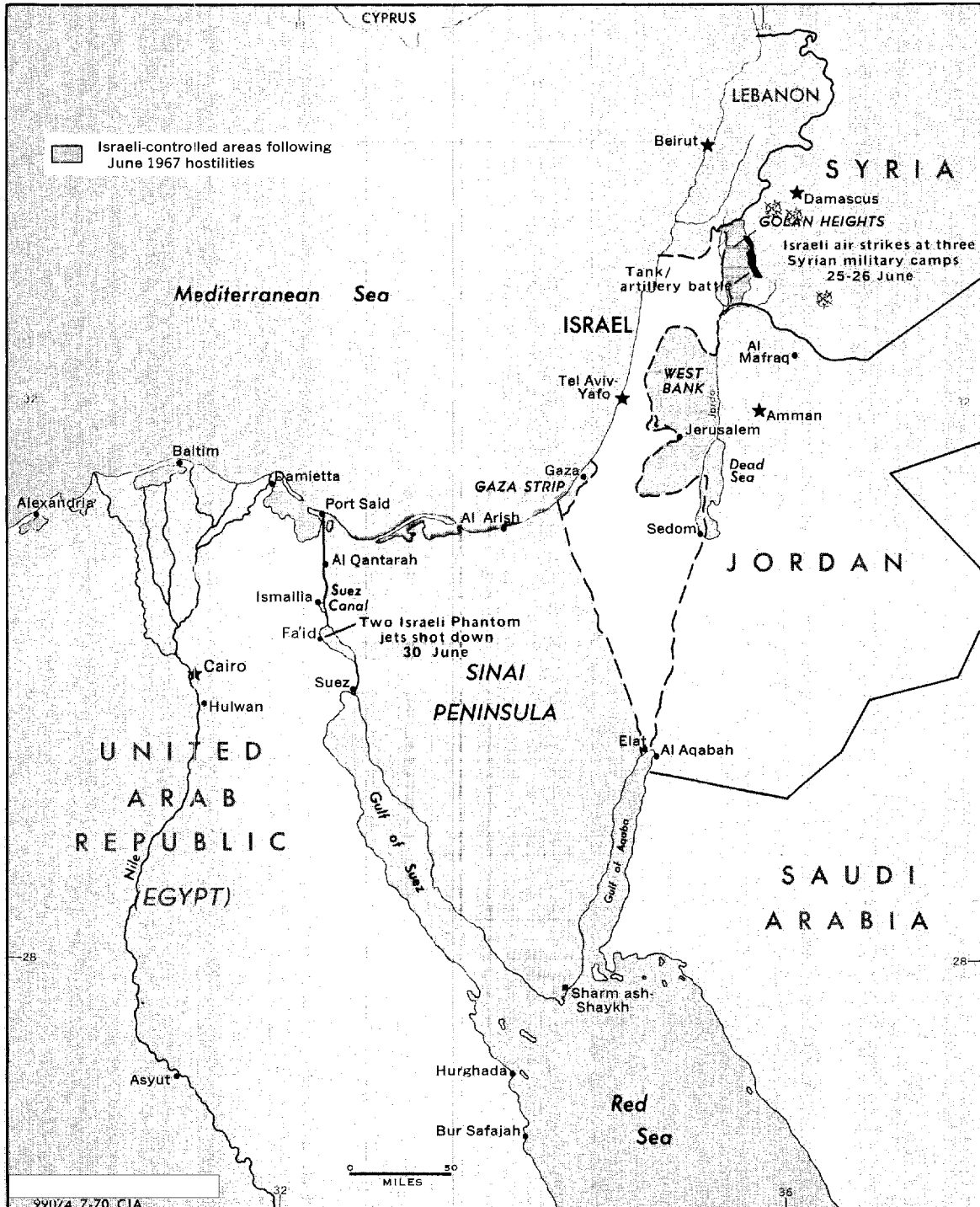
The army, which no doubt has been viewing these developments with considerable concern, must have become more apprehensive following the announcement on 29 June that the army's special branch had been dissolved and its chief arrested. The special branch—a staff section with an internal security function—has been a particular target of fedayeen suspicion and hostility. Last April the Popular Front for the Liberation of Palestine (PFLP) announced that it had uncovered a conspiracy involving the organization in which former army chief Sharif Nasir planned to assassinate both PFLP leader George Habbash and Yasir Arafat; the special branch, it was alleged, had been set up specifically to carry out the plot.

King Husayn presumably believes that his recent efforts to rally the loyalty of the army have been successful. A series of concessions to the fedayeen, however, is likely to make the army increasingly difficult to restrain. 25X1

CYPRUS: Voters in both Greek and Turkish communities go to the polls on 5 July in Cyprus' first parliamentary election in ten years. Five political parties, plus a number of independents, are presenting 141 candidates for the Greek-Cypriot community's 35 parliamentary seats. Two center parties, the United Party and the Progressive Movement, are expected to capture nearly all the seats allotted to the Greek-Cypriots, although their failure to agree on a plan to pool their representation gives the Greek-Cypriot, Moscow-lining AKEL party a chance to seat several of its nine candidates.

The Turkish Cypriot community is fielding 43 candidates for 15 parliamentary seats and is also holding an election for its Communal Chamber. All candidates support the policies of the Turkish-Cypriot spokesman in the intercommunal talks, Rauf Denktash. No political parties, as such, are represented. When formed, the Turkish-Cypriot parliamentary bloc can be expected to continue its boycott of the national parliament while awaiting developments in the intercommunal talks that could lead to a resumption of joint sessions. 25X1

SECRET



25X1

SECRET

SECRET

Arab States - Israel: *Battle Joined?*

Arab-Israeli military activity continued high on all fronts as the US began new efforts to try to get the Arabs and Israelis to "stop shooting and start talking." For a time, in fact, Arab-Israeli battles all but obscured the launching of the new peace initiative. The Syrians in particular demonstrated unusual ferocity in making an intensive assault on Israeli forces in the occupied Golan Heights—at one time, they even sent some tanks into Israeli-held territory.

continued Israeli occupation of—and the growing settlements on—the Golan Heights. Syria has consistently rejected all peace efforts, but in this military action Damascus appears to be saying that the Golan Heights problem cannot be avoided in any future settlement, a point Nasir made during his public appearance with al-Atasi in Benghazi.

The Syrians make occasional military forays designed to prove that they are carrying their share of the Arab fight against Israel, but their thrusts are limited so as to avoid a major Israeli reprisal. With Damascus only 30 miles from the cease-fire line and the Syrian forces unable to pose any real challenge to Tel Aviv, Syrian leaders have had to be cautious. This time, however, a Syrian assault on 25 June evolved into a three-day battle, drawing repeated Israeli air strikes near Damascus, and an Israeli armored force of 30 tanks crossed the cease-fire line to silence Syrian artillery. Israeli Chief of Staff General Bar-Lev said the purpose of the Israeli strike was to "deal a serious blow" to teach the Syrians that they would be in major trouble if they attempted to emulate Nasir and start a war of attrition on the Syrian front. Israeli sources claim their forces captured six Syrian positions, killed 50 to 100 Syrians, took 38 prisoners, destroyed 20 tanks, and shot down five Syrian MIGs. Israel admitted to 12 dead, 38 wounded, and the loss of one Mirage aircraft.

Syrian President al-Atasi told newsmen that the Syrians' attack was part of the "great Arab battle to liberate their land." Atasi may have been trying to remind Israel, the Arab States, and the big powers that Damascus does not accept the

On the diplomatic front, Israeli leaders are making no official public response to the new US initiative.

25X6

25X6

SECRET

SECRET

India: *A Major Cabinet Reshuffle*

Prime Minister Gandhi has again demonstrated her control over her Congress Party, this time by reorganizing her cabinet, a move that affected key senior cabinet members and left little doubt about her domination of the government.

Mrs. Gandhi had been operating with a cabinet chosen largely before the Congress Party split last November. She herself held the important Finance Ministry portfolio, and throughout the early part of this year she was preoccupied with preparing the national budget. She also was busy consolidating her party's position in the various states and forming the ad hoc political alliances necessary to keep her minority government in power.

Strains had been developing within the cabinet, however, and Mrs. Gandhi was particularly displeased with Dinesh Singh, the anti-American, opportunistic external affairs minister, who was once her protégé. Rumors of an impending cabinet reshuffle increased after the close of the budget session of Parliament in late May, but the prime minister did not act until 25 June, when Singh suddenly resigned in a fit of pique after apparently being asked to take on the much less prestigious Ministry of Steel and Heavy Engineering. Mrs. Gandhi then announced on 27 June the full-scale cabinet reorganization. In order to preserve party unity to the extent possible, she refrained from easing out any major figure in the former cabinet. In the end, Dinesh Singh stayed

on and accepted demotion to the Industrial Development Ministry.

With campaigning for the next national elections—which must occur no later than 1972—increasingly on her mind, Mrs. Gandhi is taking a keener interest in domestic affairs. Perhaps the most significant cabinet change was her assumption of the key Home Ministry portfolio. This ministry bears heavy responsibility for communal relations and for law-and-order problems, both of which are growing in political sensitivity as violence increases in many of India's states. Former Home Minister Chavan—one of the most powerful figures in her party—was shifted to the politically less hazardous finance post.

The new external affairs minister is former defense minister Swaran Singh, who was unimpressive but noncontroversial when he held the portfolio in 1964-1966. Congress Party President Jagjivan Ram, a leader of the "untouchables," was promoted from food and agriculture to defense, but his lack of experience in defense matters will probably limit his impact on his new ministry. Generally, Mrs. Gandhi appears to have put together a cabinet whose members offer few challenges to her leadership. Potential rivals, such as Chavan and Ram, now are in important but less prominent positions. Mrs. Gandhi is gambling on her ability to discharge successfully the responsibilities of the risky Home Ministry, but she has shown clearly for now that she leads the government.

25X1

Argentina: *New Chief Executive Discusses Goals*

President Levingston is attempting to widen the base of popular support for his military-dominated government. In a nationwide address on 23 June, he spelled out some of the policy goals of his administration with particular emphasis on labor, agriculture, and small business.

He acknowledged the "contributions and sacrifices" made already by labor and agricultural workers to the economic stabilization programs but reaffirmed his administration's intention to continue the Ongania government's wage-price policy. The President renewed a pledge to work

SECRET

SECRET

for a transition to representative democracy and promised that the people eventually would exercise full political sovereignty. Levingston warned, however, that the goals of the 1966 revolution must first be fulfilled and that this process might be lengthy. Although emphasizing that the military as a group could not pass on national issues, he stated that the military's views would be represented by the junta, which shares powers with him.

The US Embassy comments that Levingston's speech was "an impressive first appearance" before a nation that had hardly heard of him before his selection. He said all the right things in a general way and made a number of vague promises to the Argentine people. Levingston's speech was more political in tone and content than those of his predecessors, possibly because he, unlike former President Ongania, is aware of his dependence on a consensus for continuing in office.

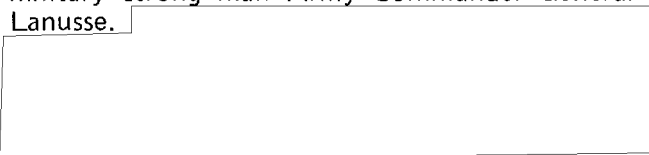
Initial reaction to the President's speech has been favorable. The major newspapers expressed pleasure over the lack of inflated rhetoric, which characterized former President Ongania's speeches, and with its content. Except for a few politicians, there was little disappointment over the lack of a timetable for elections. In fact,

several papers cautioned against setting a definite political schedule at this early stage.

Levingston's problem now is to ensure the goodwill of those specific sectors singled out in his speech by moving rapidly to deliver on his vague promises. He may spell out more of his government's program at an annual armed forces dinner on 7 July.

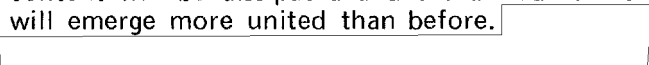
Levingston will probably also use this occasion to quiet discontent within the armed forces over actions he and his administration have taken thus far. Some colonels are criticizing him for being too "liberal" and too indebted to the junta military strong man Army Commander General Lanusse.

25X1



Levingston and the army general staff are aware of this opposition but appear unconcerned at present. They expect that once the government's program and especially its political plan are announced to the country, most of the discontent will be dissipated and the armed forces will emerge more united than before.

25X1



Violence Enters Chilean Electoral Campaign

Violence has suddenly become an important issue in the campaign for the presidential elections set for 4 September.

The Frei government has imposed a six-month state of emergency in Santiago and the northern provinces. The secondary schools, which had become a focal point of disturbance, were closed three weeks early for winter vacation. Chilean military and security forces have set up a coordinating intelligence center, but they are un-

accustomed and unprepared to deal with sustained or widespread violence. The deaths of two students in clashes with police last weekend shocked Chileans, who dislike violence. Ranking military officers fear that more deaths may result if the army has to be called in to assist the better trained and more appropriately equipped national police, the carabineros. The government's presidential candidate, Radomiro Tomic, has not improved the situation by his television comments that the carabineros' response to student stonings and attacks was excessive.

SECRET

SECRET

The leftist extremist groups responsible for the trouble are small and probably operate independently. The marked increase in their activities, however, as well as in the discovery of training camps and their penetration of some armed forces units indicates that they are becoming more effective. Thus far, the powerful Chilean Communist Party, which dominates the leftist-Communist Popular Union coalition, has

opposed violence as counterproductive to its effort to elect Marxist Salvador Allende in September. With "martyrs" to exploit and security forces nervous, however, the extremist groups are likely to ignore the more orthodox Communists and to push their own tactics of provoking government crackdowns that are sure to be unpopular. [REDACTED]

25X1

◆ ◆ ◆
Cuba: *Contacts Expanding in Latin America*

Cuban interest in establishing informal contacts with other Latin American countries appears to be on the upswing. The latest evidence of this trend appeared last week when Prensa Latina, Havana's official news agency and an arm of its intelligence service, succeeded in stationing a correspondent in Quito, Ecuador. Permission apparently was granted by Ecuador's minister of government in return for Havana's implicit promise not to publish items embarrassing to the Velasco administration. This same method was used to establish a permanent Prensa Latina mission in Lima, Peru, following the seizure of power by the military junta in 1968.

[REDACTED]

25X1

In addition to their press duties, Prensa Latina newsmen usually perform other functions to further Cuban interests. The most recent example of the organization's extracurricular activities was its handling in Lima of the arrangements for the Cuban airlift and other forms of disaster relief for the Peruvian earthquake victims. Havana's aid to date has included at least 23 flights, one 78-ton shipload of supplies, and more than 200 relief workers. Havana has also appealed to various international organizations for contributions to Peru and has announced its own intention to contribute \$1 million in freely convertible currency.



FIDEL MAKING PERSONAL DONATION TO PERUVIANS

From Cuba's point of view, the success of its aid program to Peru may have prompted Havana to consider expanding its opportunities for contacts elsewhere in the hemisphere. The Peruvian aid effort, spearheaded by Castro's personal involvement, should reap excellent propaganda for Fidel and may help him partially to shed the disreputable image he has in several Latin American countries. Also, some delegates to the first General Assembly of the Organization of American States (OAS) presently in session in Washington reportedly may be speculating on the merits of opening a dialogue with Castro. Fidel has stated that he would reject any overture from the

SECRET

SECRET

OAS until the US is thrown out, but a new image could help him undermine OAS sanctions and improve his chances of re-establishing bilateral commercial ties—and possibly diplomatic relations—with some of his neighbors. During the past few months Chile has agreed to send \$11 million worth of foodstuffs to Cuba. In addition, a Cuban trawler is in a Chilean port reportedly to load a shipment of wine.

Castro is still in the business of exporting revolution, but on a much more selective basis. Until the earthquake disaster, Fidel maintained that his unfavorable reputation could have caused problems for the Velasco administration and therefore prevented him from openly approaching the Peruvian Government. He apparently is attempting to complement his "export of revolution" policy with a more respectable stance in order to exploit any opportunities that may arise. [redacted]

25X1

OAS: The General Assembly of the Organization of American States (OAS) has approved a condemnatory resolution declaring kidnaping and acts of terrorism to be common crimes. The juridical committee now will look into ways to enforce the resolution without impinging on Latin

America's sacred principle of political and territorial asylum. Some delegates to the General Assembly believe that too much time has already been spent on the topic and that the OAS should discuss the "real" problems of the hemisphere, such as economic development. [redacted]

25X1

GUATEMALA: President Carlos Arana took office on 1 July. There is fear that Communist terrorists will try to challenge the new government soon and that Arana's response to such a challenge will bring on serious bloodletting. There was a lull in terrorist activity by both political extremes during the final weeks of the Mendez administration. The new President's strong anti-

Communist background makes him and his official family targets for assassination by the Communists, however. Arana delayed announcing his exclusively rightist cabinet until the end of June because of security problems. The Communists hope to discredit Arana and may begin a campaign of bombings, kidnapings, and/or assassinations in the next few days. [redacted]

25X1

ECUADOR: President Velasco has moved ahead in his personalistic manner since assuming extraconstitutional powers on 22 June. He announced this week that, after some revision by a handpicked commission, the 1946 constitution would be submitted to a plebiscite. He added that, after its approval, a new congress to be

convoked in 1972 would have to accept this constitution as an expression of national sovereignty.

Although military leaders are still supporting Velasco, moves such as his government's acceptance of a correspondent of Prensa Latina, the Cuban official news service with intelligence functions, may arouse old military misgivings about the President. [redacted]

25X1

SECRET

SECRET

25X1

Guyana's Border Difficulties

During a meeting last week, Surinam's Minister-President Sedney and Guyana's Prime Minister Burnham agreed to shelve their long-standing border dispute and to promote better relations. The border dispute, which has been a major source of friction between the two countries, involves Surinam's claim to 5,800 square miles of Guyanese territory in the southeast and dates back to 1799. Tensions peaked last August when a Guyanese patrol routed a small Surinamese police detachment from the disputed area.

Although no permanent solution was reached, both governments agreed to the "immediate demilitarization" of the disputed territory and to the establishment of a special commission to find a peaceful solution to the border problem. No formal agreement or timetable for the "moratorium" was arranged, and neither government has abandoned its territorial claim. Guyana, however, will continue to exercise administrative control over the contested area, thereby retaining an advantage.

SECRET

GUYANA: Foreign Territorial Claims



99078 7-70

SECRET

SECRET

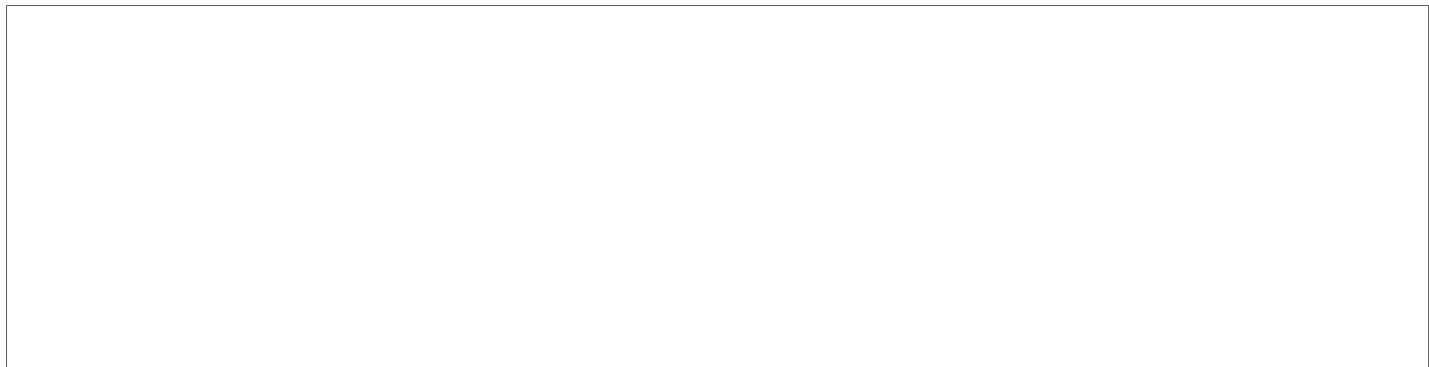
In addition to the border settlement, the countries agreed to improve economic and cultural relations. Surinam will open a consulate general in Georgetown in the near future.

Guyana and Venezuela have entered into a similar agreement on their border dispute. Theirs, however, is a formal protocol establishing a twelve-year "moratorium," during which time efforts aimed at reaching a peaceful settlement will be sought. The dispute involves Venezuela's claim to 53,000 square miles of Guyana west of the Essequibo River and dates back to 1899. The protocol was initially received with mixed emotions in both countries, but was seen by many as

a constructive effort to reduce tensions. Earlier this week, however, Prime Minister Burnham announced that Guyana was not inhibited in any way from developing the disputed region. This is contrary to published statements of Venezuelan President Caldera that there will be no development of the disputed region during the 12-year life of the protocol. This conflicting interpretation of the agreement may make reaching any lasting settlement difficult.

Guyana's legislature has ratified the protocol. Considerable opposition has arisen in Venezuela, however, from political and military groups, and congressional approval of the protocol is by no means certain.

25X1



25X1

SECRET

Page Denied

Secret

Secret

Page Denied

Next 18 Page(s) In Document Denied