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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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*(Information as of noon EST, 28 January 1971)*

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## FAR EAST

### Laos: *The Tempo Quickens*

Military action has picked up in southern Laos. The long-expected Communist attack on Muong Phalane in the central panhandle has dispersed the battalion of government defenders stationed there. The battalion withdrew under heavy rocket attack, and other government units in the area are apprehensive that they will be hit soon. Although the loss of Muong Phalane is not critical, the setback moves the Communist area of dominance another notch to the west. Government forces, however, are planning a drive to recapture the town.

Farther east in the panhandle, government irregulars operating against the new bypass road south of Muong Nong report increasing contact with enemy forces.

Four government battalions are now aligned along the road from about seven to 12 miles south of Muong Nong.

In the Bolovens Plateau region, an enemy force on 24 January routed government irregulars from a small base at Site 23 on the southern rim of the plateau. Other action in the area has con-

sisted largely of probing attacks and small unit clashes.

Military activity in the north has been limited, although a number of skirmishes have been reported with Communist forces west of Ban Na and near Sam Thong.

On the political front, Communist special envoy Souk Vongsak has departed for consultations in Samneua, saying he hoped to return soon. He carried with him Prime Minister Souvanna Phouma's latest proposal to get the Lao peace talks under way—a bid for changing the site of the talks from Khang Khay in Communist-held territory in the Plaine to the royal capital at Luang Prabang. Souvanna probably made the suggestion to avoid giving the impression that he was stalling. He may also want to buy time to formulate a response to the Communists' recently scaled-down proposal for a "de-escalation" of bombing activity in Xieng Khouang Province—an overture that seemed to raise the possibility of negotiating a de facto cease-fire in that area.

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### Vietnam: *A Matter of Priorities*

The Tet cease-fire period passed quietly. Sizable Communist main-force units in the northern sector and along the Cambodian frontier in Military Region 3 are stirring a bit, but they are unlikely to attempt much action before the spring, if then. Most enemy forces in the South will continue to harass the government's pacification effort and try to divert ARVN from large operations in Cambodia.

#### *Guarding the Trails*

The low level of fighting stems in part from the enemy's concentration on moving supplies to the front lines in Laos, Cambodia, and South

Vietnam during the current dry season. This task is now one of Hanoi's top priorities and it is moving even more forces into positions where they can help secure the supply lines through southern North Vietnam and Laos against allied air and ground interdiction operations.

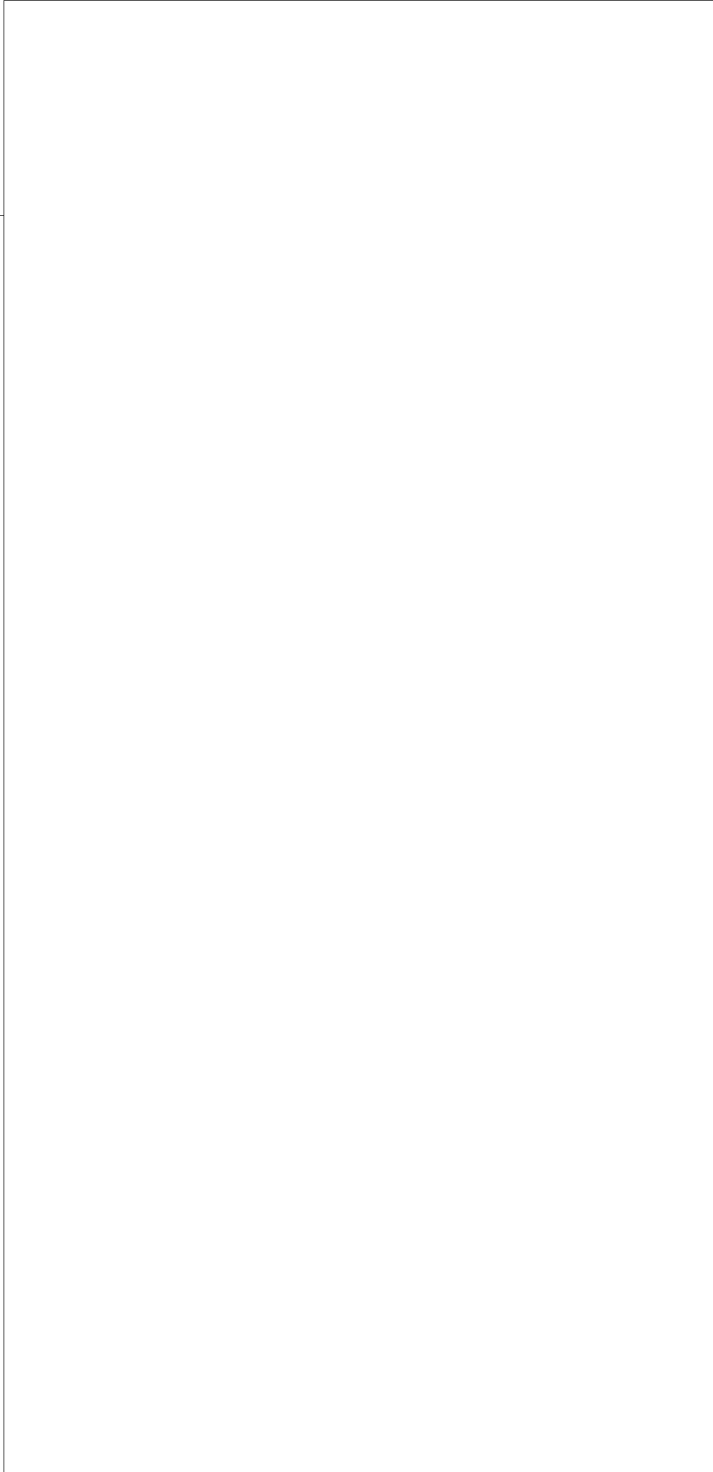
#### *Remedial Measures in the Delta*

Far from the main overland supply routes through southern Laos, the Communists reportedly are moving small amounts of supplies by sea into southern South Vietnam and nearby Cambodian territory. The last deliveries from Kompong Som (Sihanoukville) to South Vietnam's

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Mekong Delta were made in January 1970; since the allied cross-border operations last spring, there have been many indications that ammunition is short in this area, and the Communists may be trying to ease the problem by bringing in some supplies by small craft.



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### Cambodia: *The War at Phnom Penh's Door*

The atmosphere in Phnom Penh remained tense following the dramatic Communist attacks on its airfield and a flurry of terrorist acts inside the city. The government has moved quickly to increase the capital's defenses and to conduct military clearing operations in its environs.

There were still no signs during the week that the Communists were in a position to move on Phnom Penh in force.

A somber Lon Nol has ordered a number of Cambodian Army (FANK) battalions back to

Phnom Penh from outlying provinces, and the forces garrisoned in the city reportedly will soon total some 25,000 men. Despite the arrival of these reinforcements, it seems unlikely that the inexperienced Cambodians will be able to guarantee the safety of such vulnerable installations as petroleum storage depots.

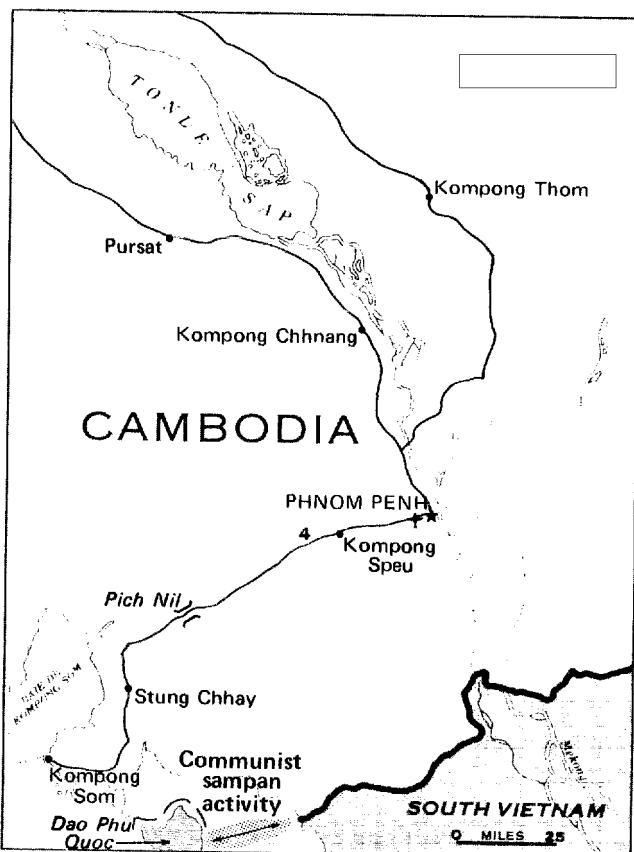
The Communists can make things even tougher for Phnom Penh if they are determined to shake the resolve of the Cambodian leadership. For the moment, however, there is no evidence that the pressure on the capital has unnerved the leaders. Although the attacks have served to make the city's population more apprehensive about the war, there has been no discernible weakening of the public resolve to stand up to the enemy.

#### *Pich Nil Pass Operation*

South Vietnamese forces completed their withdrawal from the Route 4 operation, returning the responsibility for the reopened highway's security to some 30 FANK battalions deployed between Kompong Speu city and the seaport at Kompong Som. Communist troops were still in positions enabling them to renew their attacks against Route 4, however.

#### *Stronger Ties with Saigon*

Phnom Penh's increasingly important relations with Saigon apparently were improved as a result of recent discussions between Lon Nol and President Thieu in the South Vietnamese capital. Military matters figured prominently in the talks, with the South Vietnamese indicating willingness to aid in training FANK troops in Cambodia, in addition to continuing the training of FANK troops in South Vietnam. On the delicate subject



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of the misbehavior of ARVN soldiers in Cambodia, the two governments evidently agreed to set up ad hoc joint investigation teams to handle specific incidents allegedly involving ARVN forces. As for Saigon's controversial request that Cambodia foot the costs of ARVN operations in Cambodia, Lon Nol told the press that the subject was not discussed and will be taken up later.

During Lon Nol's visit, five agreements governing such matters as navigation on the Mekong

and border customs were formally signed.

however, no attempt was made to resolve several of the more difficult problems between the two countries. The establishment of a mutually acceptable exchange rate and the disposition of frozen Cambodian assets in the Bank of Indochina apparently will be discussed during future bilateral meetings at the working level.

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### Thailand: *Army Restiveness*

Bangkok is facing another round of backstage political bickering and maneuvering as various factions attempt to gain advantage before changes in the top leadership occur.

Nepotism and corruption in government have also come in for a large share of criticism.

ment of foreign policy changes recommended by Foreign Minister Thanat suggests he may be staking out a position independent of Praphat, one designed to encourage greater efforts on his behalf by his supporters.

There is no evidence that any significant organized opposition to the government has in fact developed among the Thai military, but a sense of restiveness apparently is percolating to the upper ranks of the government.

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Krit is a figure of growing importance in Thai politics—he was recently made deputy minister of defense—and he has been mentioned as a possible dark-horse choice over General Praphat as successor to Prime Minister Thanom. Although he has been identified as a close supporter of Praphat, Krit's recent endorse-

ment of foreign policy changes recommended by Foreign Minister Thanat suggests he may be staking out a position independent of Praphat, one designed to encourage greater efforts on his behalf by his supporters.

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## EUROPE

### Poland: *Gierek Gains Time with Worker-to-Worker Approach*

The regime is taking further steps to conciliate the workers but at the same time to demonstrate its control of the situation. This has been characteristic of the evolving new style of rule, where renunciation of force appears to be coupled with a decision to allow the public airing of grievances and to correct past inequities. New preparations are under way for a landmark central committee plenum, which may come as early as next week.

The personal intervention of the leadership in Szczecin and Gdansk, which had been plagued by strikes and slowdowns for several weeks, has quieted labor unrest on the coast. The security apparatus continues to maintain a low profile throughout the country, as it has since 22 December. Party leader Gierek and Premier Jaroszewicz were accompanied on their visits by Defense Minister Jaruzelski and newly named Interior Minister Szlachcic, both of whom also spoke to the workers. This suggests that the leaders' marathon and frank discussions went beyond bread-and-butter issues to deal with bitterness over the ruthless measures employed against the rioters in December.

The ouster of the former interior minister also indicates that the first scapegoats for the deaths and other casualties on the coast last month have been sacrificed, even though the switch does not go as far as the politburo changes that some of the workers have been demanding.

Changes at the top are expected at the forthcoming plenum; if only for psychological reasons, however, they may not involve the persons singled out by the workers.

The new willingness of the workers to wait and see is in part a result of measures such as Premier Jaroszewicz's letter to enterprise managers ordering them to reassume their responsibility for labor discipline but also charging them with heeding and remedying the workers' just grievances. The subsequent government decision to put off for a year the controversial wage incentive system, which had contributed to the start of riots last month, also may help to mollify the workers.

The government also announced this week its intention to grant the Roman Catholic Church legal title to former German church lands, now formally under regime control. Together with simultaneous assurances by Gierek to the peasantry that private ownership of land would continue, these steps indicate the regime's need and desire to enlist the support of wide strata of the population. Indeed, one theme of the wide-ranging discussion in the public media has been the need to overcome popular disbelief in the efficacy of influencing regime policy making through public debate. Such official encouragement suggests confidence that the dialogue with the people will not get out of control but will remain within the bounds of the system.

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## Yugoslavia Devalues Its Currency

The government's move to devalue the dinar by 20 percent was made in the hope that it would reduce burgeoning imports and make Yugoslav exports and tourism more attractive. This devaluation, to 15 dinars per US dollar, is the second one in five years. In July 1965 the dinar was devalued by two thirds as part of that year's stabilization and reform program.

In 1970 Yugoslavia ran a \$1.2-billion trade deficit, of which \$1.1 billion was with the hard currency area. Hard currency imports rose by 45 percent, swamping a 13-percent gain in exports as well as continued increases in tourism and remittances from Yugoslav workers abroad. The government attributes much of the huge increase in imports to the rapid rise in Yugoslav prices relative to Western prices in the last year or so. To prevent further price increases, the government will maintain, at least through April, the rigid controls on prices and consumer credit imposed in October 1970. Moreover, in an effort to restrain consumer expenditures, devaluation has been accompanied by increased interest payments on existing savings deposits.

Speculation on devaluation, which has been rumored since at least the fall of 1970, has contributed significantly to the trade deficit. Devaluation was not included in the initial stabilization package adopted in October 1970. This fact caused the resignation of Vice Premier Nikola

Miljanic and brought to light an internal government debate on the question. Public statements by Premier Ribicic and Tito himself that devaluation would come eventually undoubtedly encouraged a Yugoslav buying spree in the West. Foreign importers apparently adopted a wait-and-see attitude, judging from a slackening of Yugoslav exports late in 1970.

In the short run, devaluation, together with the other stabilization measures, may help to restrain imports of nonessential consumer goods and cause some shift in purchases of essential products to domestic suppliers. It also may lead to some increase in exports of agricultural products and industrial materials already salable in the West. The more favorable exchange rate could induce larger remittances from workers abroad, and it could benefit tourism. Tourists, however, now may be spending less per day in terms of dollars, and the capacity of Yugoslav tourist accommodations may be a limiting factor in the summer of 1971.

Based on the short-lived effects of the 1965 experience, the current devaluation at best can only provide a breathing space. It is not a basic solution to the long-term problems of increasing Yugoslav competitiveness in Western markets or of increasing the ability of domestic producers to compete freely at home against imports from the West.

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## Soviets Look to Future in Yugoslavia

Moscow, evidently looking ahead to a Yugoslavia without Tito, is trying hard to develop its influence there. The Soviets have moved both within and—on occasion—beyond the limits of diplomatic propriety in pursuit of this objective.

According to a Yugoslav diplomat, the Soviets recently responded to Belgrade's proposal

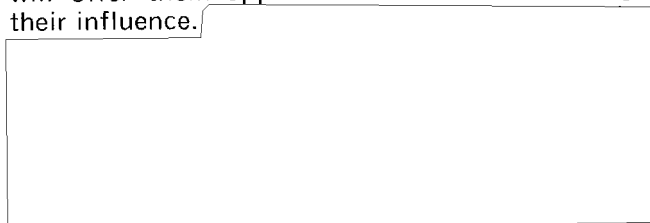
that a channel at the level of deputy foreign minister be created for a regular exchange of views on foreign policy by suggesting instead that links be established at the ministerial level. The Yugoslavs apparently have not yet replied, probably because this arrangement would lead to a degree of political commitment that Belgrade has resisted in the past.

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Meanwhile, Soviet officials have actively continued their efforts to develop contacts in Yugoslavia. The latest move was made by members of a Soviet party delegation who arrived in Belgrade on 20 January and who the Yugoslavs claim were uninvited. In addition to visitors from the USSR, Belgrade has been acutely sensitive to attempts of Soviet diplomats to develop quietly direct contacts with officials at the republic and at even lower levels.

instance. The Soviets are quite aware of the central role Tito has played in bridging over national animosities and rivalries that have threatened the unity of the Yugoslav state. They presumably believe that his inevitable departure from the scene and current steps toward decentralization will offer them opportunities for re-establishing their influence.



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Belgrade's fears are often overdrawn, but there are good reasons for its concern in this

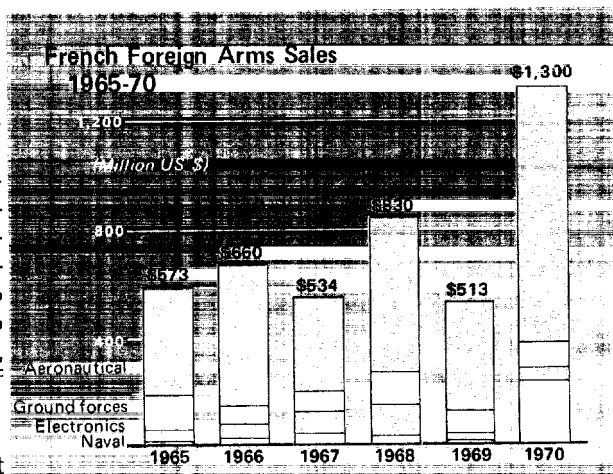
### French Arms Sales Rose Sharply in 1970

A large increase in foreign sales of military equipment carried France well over the \$1-billion level in 1970. The director of international affairs for France's arms sales office recently announced preliminary figures indicating sales of about \$1.3 billion to foreign countries. By comparison, arms sales in 1969 amounted to approximately \$513 million and in 1968 reached a previous record of \$830 million. According to the announcement, arms exports in 1970 accounted for almost 25 percent of all French equipment sold to foreign customers. These figures reflect the value of contracts actually concluded during 1970, but delivery may not be completed for several years.

with the 1969 figure of only \$8 million. The sale of 20 guided-missile patrol boats to Germany and about a half dozen more to Malaysia presumably accounts for this sharp increase. These boats will be equipped with French Exocet antishipping missiles, the cost of which is probably reflected in the "aeronautical" sales figures.

The remaining French arms sales include about \$100 million in ground forces equipment and some \$50 million in electronic equipment.

The sale of aeronautical equipment, including aircraft and missiles of all types, accounted for \$940 million—nearly three fourths of the total. About 15 percent of this amount, however, was equipment such as helicopters and aviation electronics that could also be used for non-military purposes. The \$940-million figure probably includes some \$100 million in Mirage sales to Spain, \$80 million for the 317 helicopters sold to foreign clients (a 17-percent increase over 1969), and may also reflect, at least in part, the sale of 110 Mirages to Libya.



The sale of naval equipment came to about \$220 million—17 percent of the total—compared

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These figures probably include basic army equipment such as rifles, ammunition, and grenades, as well as tanks and radars.

The increase in arms sales results more from concerted French sales efforts than from the development of new equipment. The French have expanded sales in Europe, Latin America, and North Africa and are trying to penetrate former British markets in the Far East and Africa. Furthermore, new French military equipment is being designed with the export market in mind as well as for domestic needs. The French have also succeeded in presenting themselves as a major nonbloc arms supplier, which enables smaller countries to avoid military entanglements with either the US or the USSR.

Paris has taken other steps to facilitate arms exports. Credit for these exports—underwritten by the French Government—is readily available at relatively low interest rates (6 to 8 percent) with

extended repayment provisions. In addition to this aid, the government by law can finance research and development and construction costs for those arms programs with export potential. The government also has emphasized increased industrial efficiency and profitability through the reorganization and merging of several state-owned industries during 1970.

Defense Minister Debre recently ordered the reorganization of France's largest state-owned aircraft engine company to enable it to expand and participate more in joint international engine projects. Several new tactical missile systems, two new fighter aircraft, and at least one new helicopter—all with good export potential—are scheduled to enter series production during 1971. These new products, combined with older but still popular military equipment, make 1971 a promising year for French arms sales. [redacted]

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AUSTRIA: Chancellor Kreisky's army reform plan, keyed to a reduction of compulsory service to six months, has become possibly the most divisive national issue of the last decade. The two opposition parties, which have a majority in parliament, the military establishment, and most of the press are opposed to Kreisky's bill. The Swiss Government and possibly others have unofficially registered their concern that the plan might de-

stroy the Austrian Army's credibility. Aroused by the vehemence of the opposition, Kreisky inflamed public opinion last month with some unflattering comments about the army's record. The bill's fate rests with the three-party Federal Defense Committee, where Kreisky's intransigence has blocked compromise efforts extending from last October through the committee's latest meeting on 14 January. [redacted]

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ICJ - SOUTH AFRICA: The International Court of Justice (ICJ) will soon begin hearings on the UN Security Council's request for an advisory opinion on problems stemming from Pretoria's retention of control over South-West Africa in defiance of UN resolutions. South Africa, which has generally avoided taking cognizance of international community concern over this issue, has surprised many observers by opting to fight the

case before the ICJ. It asked unsuccessfully for the disqualification of three of the fifteen judges and has filed a 700-page brief challenging ICJ jurisdiction. The case has attracted considerable attention because it represents both an attempt to revitalize the ICJ—along lines proposed by the US—and, in the Africans' view, a test of Western sincerity in dealing with Pretoria's intransigence. [redacted]

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## MIDDLE EAST - AFRICA

### Arabs and Israelis Prepare for End of Cease-fire

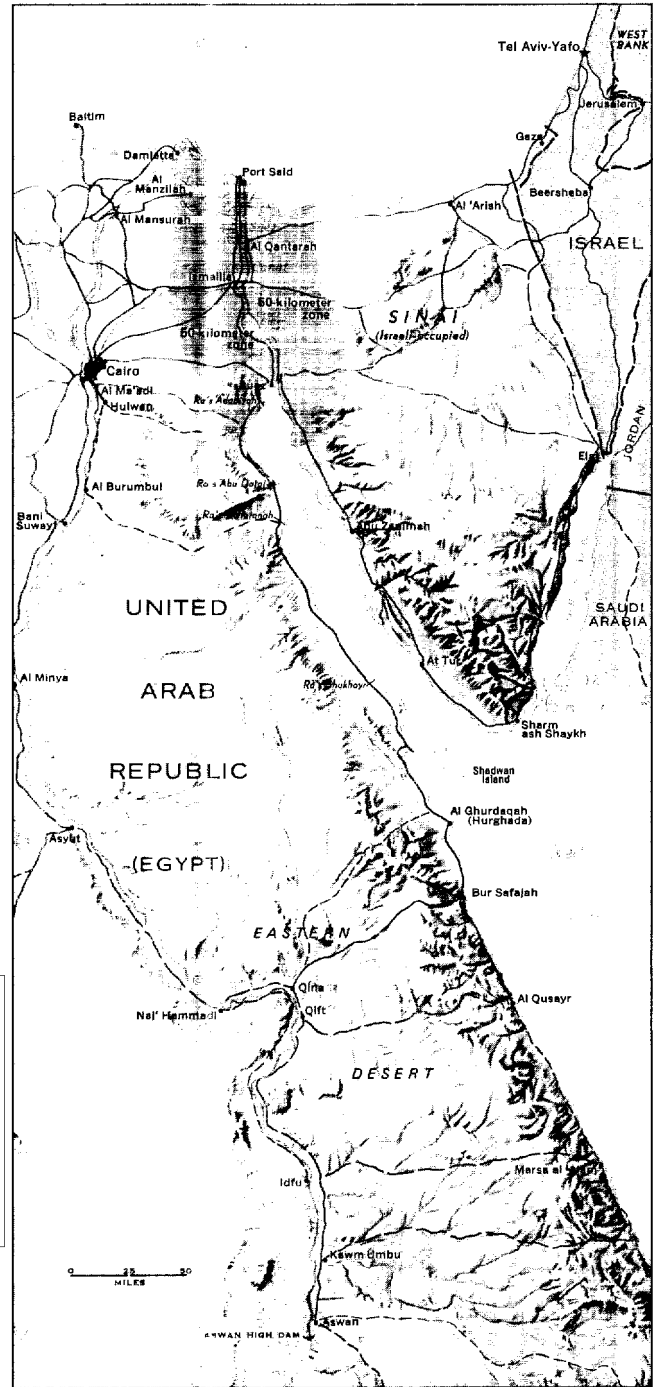
During the six-month cease-fire period ending on 5 February, both Israel and Egypt have improved their military capabilities significantly and the number and sophistication of arms available to them have increased substantially. There is no evidence, however, that either side is redeploying or mobilizing forces to initiate a resumption of hostilities. The present military situation appears to have developed into a strategic standoff with neither Israel nor Egypt having the military capability to impose its will decisively on the other. Should an all-out shooting war start again, the Israelis will probably defeat the Arabs, but another round is almost certain to be more costly, violent, and destructive.

Each side has become wary of the other's intentions. Reconnaissance flights are being increased in the Canal area and each side has occasionally overflowed the other's positions. Israeli reconnaissance flights also have been stepped up over Syria, Jordan, and Lebanon.

Taking advantage of the cease-fire, the Egyptians—with Soviet assistance—doubled the number of operational SAM units within 50 kilometers of the Canal. About half of the 60 to 70 operational SAMs in this zone are SA-3s. The total number of firing positions in the 50-kilometer zone is now about 150 and all of these positions are revetted and bunkered.

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The Israelis have also taken advantage of the cease-fire and have completely rebuilt and



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strengthened their fortifications along the Suez Canal. The so-called Bar Lev Line is now said to be able to withstand any Egyptian artillery bombardment.



On the ground, both sides have introduced new weapons. The Egyptians have recently acquired FROG-7 surface-to-surface rockets from the USSR. This 31-foot weapon has a range of some 35 to 40 nautical miles. The Israelis are

receiving improved, longer range artillery from the US. Both armies also have more bridging equipment and frequently conduct amphibious exercises.

The most significant military change in the last year, however, is the increased Soviet military commitment to the Egyptian armed forces. The presence of some 10,000 Soviet advisers and combat troops has forced the Israelis to moderate their tactics against Egypt and will continue to be an inhibiting factor in Tel Aviv's planning.



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ARAB STATES: The quadripartite summit meeting of Egypt, Libya, Sudan, and Syria ended in Cairo on 22 January with a remarkably bland communique. The announcement contained only the usual rhetoric on the evils of Israeli expansionist policy as supported by the US. Mention was made of strengthening the eastern military front facing Israel, but the follow-up to this will probably be no more successful than past efforts.

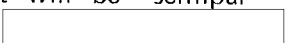
The full-scale Arab summit meeting called for earlier by Libyan strong man Qadhafi was not mentioned. Subsequent reporting on this gathering, which was initially to have been held in Kuwait this week, indicates that the reluctance of some leaders may delay or postpone it indefinitely. Algeria has expressed its readiness to attend such a meeting and reportedly has also indicated its willingness to play host. Qadhafi, however, has since said that unless all the Arab leaders attend there is no point in holding a summit conference.



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LEBANON: President Franjiyyah's experiment in running Lebanon with an extraparliamentary cabinet of technocrats may soon be coming to an end. In a country where possession of political office is an important prerequisite for obtaining wealth and a following, the Lebanese leader has

been subjected to increasing pressure from political groups for ministerial portfolios. Franjiyyah has indicated he will make an effort to appoint a new cabinet that will be "semiparliamentary" in its makeup.



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### Middle East: *The Deadline Draws Near*

Israel and Egypt continue to exchange proposals through Ambassador Jarring as the 5 February expiration date of the cease-fire approaches.

Following a cabinet meeting on 23 January, Israel announced that it would continue to participate in the exchanges despite its displeasure over the publication of the Egyptian response to the original Israeli proposals. An official communiqué noted that Prime Minister Meir and Foreign Minister Eban would draft Israel's reply to the Egyptian note. Details of the Israeli response, which was delivered to Jarring on 27 January, were not made public. The foreign minister was quoted, however, as saying that the latest Egyptian document failed to respond to principal points in Israel's original peace proposals submitted to Jarring in early January.

The Egyptians have continued to complain that Jarring has made little progress in his talks with the parties. Cairo's main objection has been that Israel keeps avoiding any commitment on withdrawal or on the refugee question. The Egyptians have deferred, at least for the time being, a decision to call for a Security Council meeting, but their impatience over the lack of

progress could lead them to change their minds again.

Meanwhile, efforts to obtain an extension of the cease-fire beyond 5 February continue. Press sources in Israel state that the government expects Jarring or UN Secretary General Thant to issue a public call for both sides to continue negotiations and to extend the cease-fire. The Israeli [redacted] hope that Egypt will utilize Jarring's appeal to justify an extension of the cease-fire. The Israelis, who regard negotiating under a deadline as unpalatable, favor as long an extension as possible. The Egyptians, on the other hand, apparently prefer the deadline concept; even if it has not wrung concessions from the Israelis, it has given the Arabs a number of opportunities to depict themselves as aggrieved parties in UN forums.

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Whether or not a formal extension of the cease-fire is achieved, Arab concern over Israel's intentions toward the occupied territories is likely to be expressed more and more publicly and in increasingly harsher terms. At the moment, the prospect of the Arabs and the Israelis sitting down to conduct meaningful negotiations with the object of achieving a settlement seems as remote as ever. [redacted]

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### Palestinian Intellectuals Stirring

Independent Palestinians are becoming increasingly vocal in their criticism of fedayeen leaders. In a conference held in Lebanon during the first week of January, Yasir Arafat and other Fatah leaders met with Palestinian intellectuals to review the state of the resistance movement. The commandos were quickly criticized for doing nothing to achieve the unification of the various guerrilla organizations and for jeopardizing the movement's position in Jordan by permitting it to degenerate to a point where its members amounted to armed mobs. The wide discrepancy

between fedayeen battle claims and their actual accomplishments against Israel was also pointed out by the intellectuals.

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intellectuals are convinced that a solution of the Palestine problem can never be achieved by the fedayeen and they hope to play an influential role if Palestinians participate in any future peace negotiations.

This nascent group does not offer a challenge to the fedayeen position of primacy among

the Palestinians, nor—at the present—does it intend to. If the position of the fedayeen continues to decline, however, and if the ferment in and among the many guerrilla organizations continues, the intellectuals could find themselves with an increasingly important role in the Palestinian community.

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## International Oil

The key issue between the oil companies and the Organization of Petroleum Exporting Countries (OPEC) of the applicability of any arrangements agreed to in current talks still was unresolved as substantive negotiations began in Tehran on 28 January. The oil companies continue to insist on an OPEC-wide settlement to be guaranteed for five years, while OPEC has not changed its position of wanting negotiations on a regional basis, i.e., Persian Gulf, Mediterranean, etc. The oil companies have attempted to circumvent the issue by initiating "parallel" talks in Libya, which they view as part of an over-all settlement with OPEC. Libyan officials, although agreeing to meet with the oil company representatives, have made it clear that Libya considers any negotiations separate from those in Tehran.

Iranian officials, who have played the major role of representing OPEC in discussions thus far, hope that sufficient progress will emerge from the Tehran talks to influence other moderate members of OPEC to forestall efforts by the more radical oil producing countries to take over at the general meeting of OPEC scheduled for 3 February.

The major oil consuming governments are following the situation closely and most of them openly support the oil industry proposals at this time. A divergence between consumer and company positions will tend to emerge, however, if a

settlement leads to significant price increases in the consuming countries. The members of the European Community (EC) met on 27 January to review how a common energy policy might protect their interests in situations such as the present one. Italian officials, in particular, feel that Italy's consumer interests and potential supply problems can probably be best protected in the long run through closer coordination with its EC partners.

The demands of OPEC could hike oil revenues to the producer countries by at least \$2 billion this year, a 25-percent increase over 1970. This comes on top of a \$700-million expansion in oil income derived from tax increases last year. For those countries with relatively small populations such as Libya, Kuwait, and the Persian Gulf sheikdoms, the added income would be more than they probably would spend and the bulk in all likelihood would be held as foreign exchange reserves. The other recipients would be able to expand imports from the developed countries.

Costs to the major consuming countries—Japan purchases virtually all of its oil from OPEC members, Western Europe about 90 percent, and the US some 17 percent—could be absorbed without economic disruption. Increased oil prices resulting from oil-producing countries' demands, in the range now being discussed, would raise by only about one percent the over-all value of

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imports in consuming countries. Furthermore, part of the increased import cost would be offset when the oil-producing countries either spend the

new revenues or deposit them in their foreign-exchange reserves maintained in oil-consuming countries.

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### Uganda: *General Amin Takes Over*

General Idi Amin, Uganda's ranking military officer, has succeeded in ousting the government of President Milton Obote. After some initial fighting on 25 January, relative calm has returned to the capital city of Kampala and there are no signs of resistance elsewhere in the country. From sanctuary in Tanzania, Obote has been making brave statements about returning, but a counter-coup in his behalf seems increasingly unlikely.

Although Amin had been intimately involved with Obote when the latter seized power in 1966, their relationship had often been strained, and Amin blamed Obote, a Lango, for recent moves to curtail his authority. Since last September, Amin had been nursing grievances because of Obote's reshuffle of the top army leadership, which isolated Amin from direct command of troops.

Thus far, Amin appears to be feeling his way cautiously, and has revealed his intentions only in broad terms. He has promised that political parties—including Obote's Uganda Peoples Congress—will be allowed to function, that open national elections will be held and a civilian administration installed, and that corruption and mismanagement will be eliminated from the government. He has also tried to reassure neighboring Tanzania and Kenya, but both governments—and especially Tanzanian President Nyerere—are likely to view Amin with suspicion for some time to come.

The degree of popular support for Amin, who has been attempting to enhance his own personal image for some time, remains unclear. There has been a substantial show of public enthusiasm for the coup, but this seems to be more a sign of approval for Obote's ouster than of Amin's popularity. In fact, most of those celebrating are southerners from Uganda's largest tribe—the Baganda—whose political influence had been all but eliminated by Obote. Several statements by Amin, who is from a small northern tribe, suggest he is trying to enlist Baganda support.

Prospects for Amin's regime are not particularly bright. Obote's skill as a politician had been a key factor in keeping Uganda's serious internal problems under control, and Amin will be severely tested in his effort to maintain national unity. Much depends on the army itself, a notoriously ill-disciplined force dominated by northerners but shot through with personal and tribal factionalism.

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Senegal: *Antiregime Activity on the Increase*

President Senghor's oft-troubled moderate regime again faces growing domestic unrest, marked by some violence. This latest of many political tests comes at a time when Senegal is also caught up in a serious economic crisis.



The heightened tensions evidently caused the abrupt cancellation of an African cultural festival that was to have opened on 25 January. Senegalese authorities are especially anxious at this time about keeping the lid on because of a scheduled visit to Dakar next week of French President Pompidou.

The recent upsurge of antiregime activity has been highlighted by several fire bombings in Dakar. One incident in mid-January caused extensive damage to two government buildings and to the French cultural center. In addition, tracts critical of the regime and of pervasive French influence have been circulating in Dakar, and new disturbances were reported last month in a traditionally restive southern province.

Meanwhile, Senegal's basically weak economy has been dealt a severe blow by a drastic drop in the peanut harvest. Drought and the resistance of growers to low, government-set prices have combined to reduce the 1970-71 crop to a mere 300,000 tons, about one third the average since 1965. Normally, peanuts provide up to 80 percent of Senegal's export earnings. In an apparent effort to alleviate the situation, President Senghor has called an emergency meeting of the West African Groundnut Council for March to study short- and long-term prospects for peanut cultivation. Another complicating factor is an acute food shortage, particularly in Dakar, where shops reportedly are almost out of rice. The government already has applied to an international relief agency for 40,000 tons of foodstuffs, but this would provide only temporary relief at best, and the situation seems certain to lead to further unrest.

Dakar's reaction has been swift and harsh. Shortly after the fire bombings, the government announced the arrest of several alleged militants, including the head of the radical Senegalese Teachers' Union, to which the authorities attribute much of the recent tension. The arrests touched off a partially successful 24-hour sympathy strike on 20 January by antiregime students and teachers in several Senegalese cities, including Dakar, but an immediate show of force by the authorities has discouraged further action for the time being. The government has formally charged four fire bombing suspects



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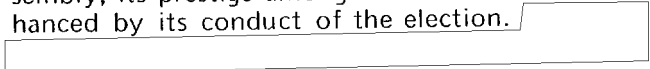
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KUWAIT: The third quadrennial election for the 50-member National Assembly was held on 23 January in an atmosphere of calm, with apparently no meddling by the government. Results of the balloting indicate that 13 opposition candidates have been elected. Five moderate reformers and eight candidates supported by the Marxist Arab Nationalist Movement, including the leader of the organization, were chosen in what were described as very close contests. Over 180 candidates had been nominated for the National As-

sembly, which will hold its first session on 9 February.

The ruling al-Sabah family's willingness to permit relatively free elections this time is in contrast with the blatant election fraud that the regime perpetrated in 1967. Although the govern-25X1 ment will have greater opposition within the assembly, its prestige among Kuwaitis has been enhanced by its conduct of the election.



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GUINEA: Four Guineans, all former high-ranking government officials, were hanged on 25 January for their part in the armed attacks on Guinea last November. The executions, which followed sentencing by only one day, drew sharp criticism from abroad. Another 54 condemned prisoners await execution, and 33 others have been condemned to death in absentia. Sixty-eight persons now under detention—including nine Europeans and six Lebanese—received life sentences.

operated from Dakar has seriously strained relations between the two countries. Dakar responded to a sharp verbal attack by Toure on 22 January by recalling its ambassador in Conakry and by expelling the Guinean ambassador. Senegalese President Senghor also accused Guinea of espionage activity in Senegal.

Neighboring Senegal's reported refusal to accede to President Toure's request for the extradition of condemned Guineans who have long

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Guatemala: *Stirrings in the Opposition Camp*

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unification attempts. The Communists may seek to exploit their connection with the legitimate opposition by linking the common front to the implication by some government officials that "a state of civil war" exists.

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Fear of the government and distrust between the would-be anti-Arana allies, however, are likely to preclude early realization of an effective opposition. Nevertheless, should the violence be sustained at the prevailing level for much longer, opposition to the administration—which had promised pacification—would become general.

Although it has made few political points in the past few weeks, the government appears to have scored perhaps its greatest successes to date against the subversives.

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All of the leftist groups in Guatemala, both legal and illegal, have felt the weight of the government's vigorous counterinsurgency effort launched in November. The assassinations of prominent leftists in recent weeks probably have motivated the

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**SECRET***Cuba: Ideological Backtracking*

Evidence that the Castro regime has shifted from a strict interpretation of moral incentives is now conclusive. This modification of a policy he has promoted since 1967 suggests that Castro realizes he has tried to advance too far too soon and that the average Cuban has not yet achieved a degree of political sophistication whereby only moral incentives constitute a satisfactory motivational force. The reintroduction of material inducements—only one of several measures adopted after the disappointment of the 1970 sugar harvest—was probably urged on Castro both by foreign and domestic advisers. Cuban workers, however, will probably be unimpressed; domestic production of goods to be used for incentives falls far short of the quantity needed to influence output significantly, and there is no present sign that imports will be increased in sufficient quantity to fill the gap.

Although Che Guevara was the leading exponent of the superiority of moral over material incentives in the early days of the revolutionary government, the regime vacillated on the question for years. As late as the 1967 sugar harvest, for example, the Armed Forces Ministry offered its personnel involved in agricultural work a series of rewards ranging from homes and automobiles to items of clothing and domestic appliances based on individual productivity. By mid-1967, however, the decision had been made to rely wholly on moral pressures as a means of motivating the worker to produce more. Cars and refrigerators were replaced by pins and emblems awarded to pace-setting teams or individuals, and pennants and banners graced the flagpoles of factories and mills that fulfilled or surpassed production goals. Statements by a host of government leaders, including Castro himself, reinforced regularly the correctness of moral incentives; material inducements for sparking production increases were denounced as a corrupt and undesirable remnant of the capitalist era. Even tips for services were “voluntarily” relinquished under strong government pressure.

The first hint that the policy on incentives was being relaxed appeared in mid-1970 during the pe-

riod of economic reassessment in the wake of the failure to achieve the harvest goal. On 26 July Castro hinted that scarce consumer goods might be distributed through the factories or work centers to those who had met their production quotas and had good attendance records. Labor Minister Jorge Risquet paid mild lip service to moral incentives in a television interview on 30 July, but he reiterated Castro's remarks about such things as houses and vacations for outstanding workers.

Cuban Communist Party (PCC) central committee member Fabio Grobart made the policy shift official in an interview while attending the tenth congress of the Hungarian Communist Party in early December. He said, “We have approached the problem of economic and moral incentives from a new point of view” in the light of “recent experiences.” In referring to Cuba's household appliance manufacturing plant, Grobart said, “We are now planning to provide incentives for utilization of its capacity, at Castro's suggestion, by granting priority for the purchase of a refrigerator to those workers who produce the most. In our circumstances, we can call this material incentive.”

The Domestic Trade Ministry formally presented the new plan to the public on 2 January, announcing that refrigerators, television sets, radios, bicycles, watches, and other appliances would henceforth be distributed through work centers by trade union committees on the basis of need. In order to qualify, the needy workers must not have a record of absenteeism and must have fulfilled work norms both quantitatively and qualitatively.

Castro probably believes he has little to lose in softening his position on incentives. If the change results in an increase in productivity, his economic problems are relieved somewhat. If, however, no measurable improvement is experienced, he has a weapon with which to belabor his critics who for years scoffed at his insistence on moral inducements.

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### Costa Rica: *Unrest*

The general state of unrest permeating the Costa Rican political scene may have settled in for the duration of the Figueres government. Figueres' moves to the left since his inauguration last May for a four-year term have led to a continuing cycle of heavy criticism from the opposition and to defensive overreaction on the administration's part. Most recently, a spate of rumors of arms landings, impending coups, and other antigovernment actions has developed.

President Figueres' establishment of relations with various Communist countries and his lack of honesty regarding a Russian presence in San Jose have alarmed both Costa Ricans and neighboring governments, who foresee a significant upswing in Communist subversive operations in the region. Both the President and his foreign minister repeatedly have made misleading statements regarding the method of implementing a diplomatic exchange with the Russians, usually suggesting that he was not considering the exchange of ambassadors.

The very influential daily *La Nacion* has been in the forefront of spokesmen who oppose a Russian mission, and a leading opposition figure recently delivered a televised denunciation of Figueres' foreign policy.

On the domestic scene, Figueres' open support for Communist labor organizers—who over the past several months have gained control of the

workers in one of the country's most important industries—has also alarmed conservative and moderate circles. Figueres, moreover, appears to have some devious dealings with the local Communist Party, which technically is illegal but which is operating with increasing openness. The party seems to be having some success in moving its people into key government agencies, possibly with Figueres' connivance. In San Jose there is talk that the President is "turning the country over to the Communists."

Figueres and his supporters themselves may be concerned that they have moved too far too fast. Several members of the government party have attacked the conservative minister of security for disloyalty to the president and have insinuated that the minister is involved in a right-wing coup plot. The succession of unfounded coup rumors followed by inconsistent "explanations" by government spokesmen suggests that at least some in Figueres' entourage wish to keep alive the issue of a right-wing threat.

Figueres' motivations in pressing an unpopular political view and in unnecessarily provoking the opposition remain unclear. His tactics, however, have cost him some support in his own camp and have built up a climate of suspicion and unrest in the country. Unless he works to undo the growing skepticism over his policies, Figueres is likely to inspire serious plotting against his government.

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HAITI: President Duvalier has scheduled a referendum on 31 January to approve the designation of his son Jean-Claude Duvalier as the next President-for-Life of Haiti. His decision to appoint his son has not been challenged in Haiti and is not expected to be during the President's lifetime. Duvalier's death, however, will free potential presidential aspirants to pursue their ambitions. If

Jean-Claude succeeds as planned, or if the contest for power is brief and confined to a few rivals within the establishment, chaos and violence and an attendant power vacuum are not anticipated. Duvalier's succession arrangement increases somewhat the probability of antigovernment adventures, but a successful coup or exile invasion during his lifetime seems unlikely.

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## Ecuador's "Tuna War" Shifts to the Diplomatic Front

President Velasco has decided to extract maximum political mileage from the seizures of US tuna vessels by formally presenting his case to the OAS. He has successfully depicted Ecuador as the aggrieved but still defiant victim of "US economic coercion" and the "tuna war" has received predictable domestic and international support.

Since 11 January Ecuador has apprehended 17 US fishing boats and collected fines totaling approximately \$750,000.

Ecuador and several other Latin nations have seized US vessels in the past, but such a large number is unprecedented. In an attempt to settle the problem the US has been involved in quadripartite discussions with Peru, Ecuador, and Chile since 1969, but the talks have made limited headway. A Latin conclave on maritime rights earlier this month strongly reaffirmed claims to a 200-mile limit on territorial seas.

There is no proof that Velasco specifically ordered the initial seizures, but he must have given at least tacit approval. The continued seizure of boats after the US announced a one-year suspension of arms sales on 18 January made it obvious that Velasco had decided he could turn the issue to his political advantage.

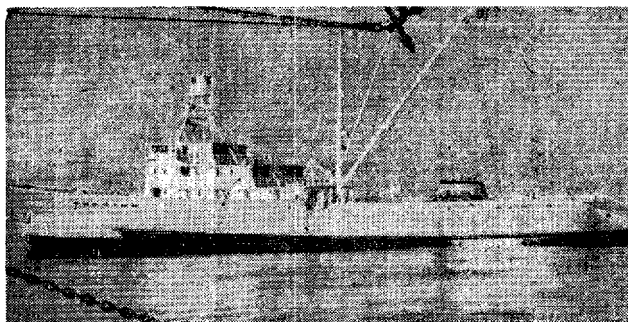
Three of the president's five terms have been interrupted by military coups, and he has curried the armed forces' favor since his assumption of dictatorial powers last June; this opportunity to flex military muscles may help consolidate his support. In addition, public sentiment toward the Velasco government has ranged from latent hostility to relative indifference; the nationalistic fishing-rights issue thus is tailor-made for arousing support. All public media and numerous civil and political groups have supported Velasco's position. Anti-US student demonstrations have been

very mild, however, apparently in large part because schools are not in session.

Ecuador has received international support for its defiant stand from its Latin neighbors, and from Cuba and China as well. At this point, the Ecuadorean Government probably feels that sympathies are running strongly in its favor. Several fishing boats have now voluntarily taken out licenses in accord with Ecuadorean law and others reportedly have left the coastal area, but Velasco is apparently not willing to allow the issue to subside. Three boats were seized as recently as 27 January and the administration apparently intends to fine every boat within its claimed waters.

The OAS meeting on terrorism presently under way in Washington has afforded the Velasco administration a convenient forum for publicizing its view. Ecuador's request to convoke a special meeting of foreign ministers to consider its charge that the US is guilty of "economic coercion" because of its suspension of military sales was approved by a vote of 22-0. Most Latin American countries probably recognize that the conference will accomplish little, but they have little choice except to back Ecuador on such a nationalistic issue.

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The Tuna Ship Apollo, the largest in the world, seized by Ecuador on 17 January.

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### Colombia-Venezuela Boundary



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### Colombia-Venezuela: *Relations Worsening*

Relations between Colombia and Venezuela are continuing to deteriorate. Last week Venezuela made public its claim to the Gulf of Venezuela, carried out a mass expulsion of illegal Colombian residents, alerted its military forces, and reinforced military units in the border area.

Venezuela's claim to the Gulf of Venezuela would leave to Colombia only the water directly off the latter's coast, reserving virtually all the gulf—believed to be rich in oil deposits—to Venezuela. The claim is not new, but by taking it out of the realm of secret diplomacy into the public arena Venezuela has added a new element to the dispute that can only increase the strain between the two neighbors.

Further friction has also been caused by reports of the forcible expulsion of 73 undocumented Colombians from Maracaibo. Venezuelan officials assert that Colombians illegally there are crowding hospitals, creating slums, and engaging in criminal activities. According to Venezuelan statistics 35,000 Colombians have been expelled recently.

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The expulsions have been accompanied by many abuses, which have served to raise the political temperature in Colombia. Aside from human and nationalistic concern for their compatriots, Colombian officials are aware that any large-scale influx of their nationals from Venezuela would have far-reaching economic and social consequences because unemployment already is dangerously high and fiscal resources strained.

Reacting to reports that Colombia had sent an infantry battalion to the border, Venezuela has ordered reinforcements to the western part of the country and positioned troops along the border. Colombia has been quietly improving its military position on the peninsula since last August but this is the first time that the Venezuelans, who already have a preponderant military advantage in the area, have reacted with a buildup of their own. The Venezuelan response was prompted in part by an exaggerated estimate of Colombian strength, by reports of Colombian overflights of the area, and by a general increase in tension.

Long-standing mistrust is being fed by sensationalist press campaigns now being waged by both countries, and efforts by these two states to modernize their armed forces are being interpreted widely on both sides as an arms race.

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### Uruguay: *New Efforts to Fight Terrorists*

The administration's recent efforts to press the fight against terrorism are being somewhat undercut by its own political bungling. In an attempt to combat subversion more effectively, President Pacheco decided last week to revamp his Interior Ministry, which controls the police, and fired the police chief. At the same time, Pacheco took a step toward reforming the inefficiently run prison system—which has allegedly allowed terrorists to direct operations from jail—by transferring responsibility for its operation from the lax Ministry of Culture to Interior.

President Pacheco's new choice for Interior Minister lasted for only 24 hours and was replaced with a lackluster political crony. The President transferred the subsecretary of Interior, who had been reconfirmed in his post only a day earlier, and appointed a new police chief who reportedly has no previous public security experience.

Pacheco's haste in turning to second rate individuals after his first choices declined posi-

tions has left key posts in the hands of untried, and probably inefficient, bureaucrats. As a result, meaningful reform may depend largely on the President's personal initiative and direction.

In spite of the confusing political shuffle, police raids were increased this week under the limited state of siege now in effect. Although the raids have not yet uncovered a clue to the whereabouts of the three hostages held by the Tupamaros, the increased police activities may have prompted Tupamaro Communiqué Number 15 warning that the prisoners' lives will be in danger if police approach the area where they are confined. The Tupamaros reiterated their earlier withdrawal of a truce proposal, re-emphasizing that the initiative for any further negotiations rests with the government. In further noting that their hostages "guarantee the physical integrity" of Tupamaro prisoners held by the government, the terrorists again have indicated that they plan to hold onto their kidnap victims indefinitely. [redacted]

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### Chile: *Agrarian Unrest*

Illegal take-overs of farms are spreading from southern Cautin Province and are causing increasing problems for the Popular Unity coalition. The extremist Movement of the Revolutionary Left (MIR), which is closely associated with President Allende although not a member of the coalition, is boasting of its role as instigator of the recent seizures. Although the Communist Party opposes the tactic, some local Communist officials are becoming involved because of pressure from the MIR. The minister of interior was recently forced to dismiss the Communist governor of Lontue Department for fomenting take-overs in his area.

The Radical Party, which draws much of its traditional support from rural areas, finds itself in

an extremely difficult position as part of the government coalition. Radical deputies have called upon the party leadership to take a clear stand on the immunity from expropriation of farms smaller than the present legal limit of about 200 acres—a limit that the government has hinted might be scrapped. Even members of the left wing of the party are expressing discontent with the invasions. It seems unlikely that the MIR, which now is being given key positions in the agrarian reform corporation, will cease its agitation, as the land seizures give it an excellent opportunity to expand its influence in the countryside. [redacted]

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