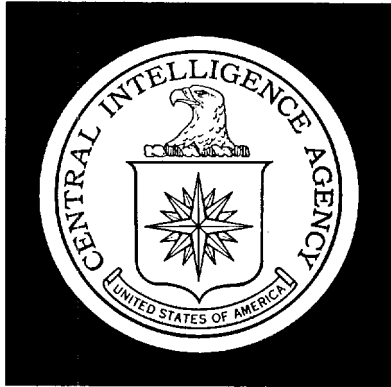


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

State Dept. review completed

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26 November 1971  
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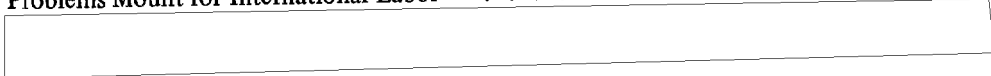
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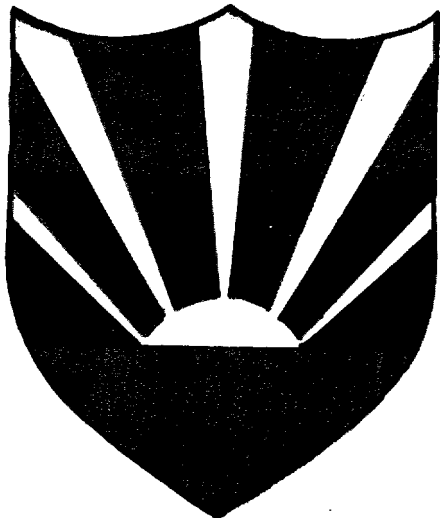
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**SECRET****India-Pakistan: *Fighting in the East***

The largest and most costly military clashes in the eight-month-old Indo-Pakistani conflict erupted inside East Pakistan on 21 November. Mukti Bahini guerrillas, apparently supported by Indian air and ground forces including armor, fought Pakistani troops in a region between the West Bengal/East Pakistan border and Jessore town, some 20 miles inside East Pakistan. Confirmation of widespread Indian military involvement at Jessore is not available, but it is likely that Indian regulars, perhaps up to two 3,000-man brigades, participated in the operation, and that they penetrated some eight miles into East Pakistan.

Indian officials at first maintained that the offensive was solely the action of Bengali insurgents, but on 24 November, an Indian government spokesman admitted that Indian tanks had crossed the border three days earlier in what he described as a defensive action in which 13 Pakistani tanks were destroyed. Also on 24 November, Prime Minister Gandhi told Parliament that Indian troops were instructed not to cross the borders "except in self-defense."



Indian Army  
EASTERN COMMAND

The fighting was heaviest in the Jessore area, but incursions were also reported into the districts of Sylhet, Comilla, and Chittagong, as well as in the Chittagong Hills. Pakistan claims Indian troops were fighting in five places on East Pakistani territory.

In the first report of aerial losses, the Indians claim to have downed three Pakistani F-86s over Indian territory and to have captured two Pakistani pilots. The Pakistanis admit losing two aircraft and claim they downed two Indian fighter jets.

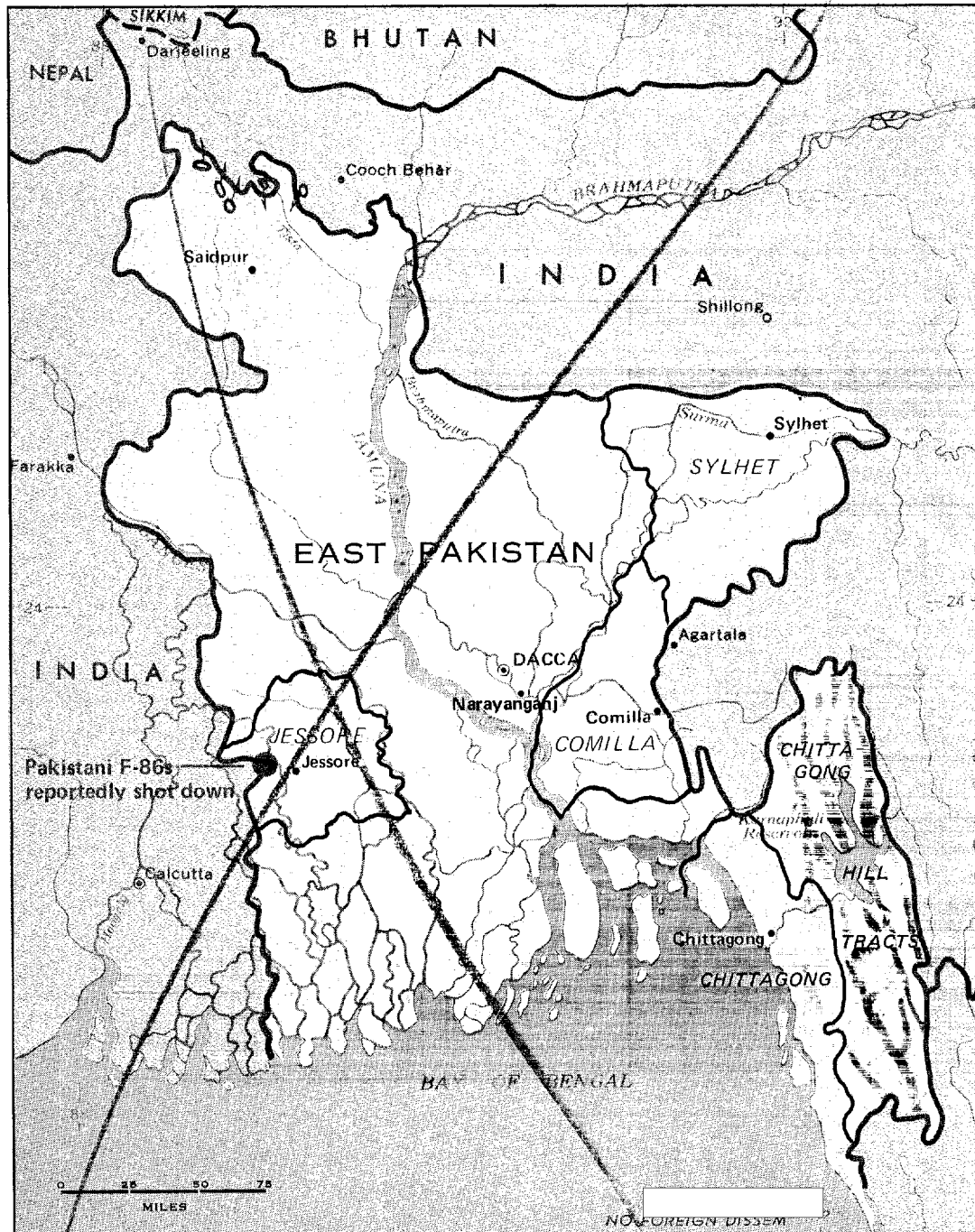
***The View from Islamabad***

Shortly after the fighting broke out, Islamabad accused India of instigating an "all-out offensive" and later threatened to request an emergency meeting of the UN Security Council to consider the alleged Indian incursion. On 23 November, President Yahya Khan declared a state of emergency, citing the "threat of external aggression" as the cause. The next day he called up the Pakistani reserves. These moves were taken primarily to dramatize the situation at home and abroad. In fact, Pakistan has been under martial law since March 1969, and the country has almost no reserve system.

The Jessore clash followed closely on the heels of several conciliatory gestures by the Pakistani President. In his message marking the Muslim holiday last weekend, Yahya offered a "hand of friendship" to India, his most conciliatory language in recent months. The message followed a cordial meeting between Yahya and the newly designated Indian high commissioner to Pakistan, J. K. Atal.

There have also been indications that Yahya is becoming somewhat more receptive to the possibility of negotiating with the disaffected

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Bengalis, as it becomes more apparent that a move in this direction may be the price he will have to pay for preserving the nation. Yahya appears to be trying to gain enough time to transfer power to a civilian government, which according to his plans will be established in early January.

*New Delhi Stands Firm*

Indira Gandhi's negative response to Yahya's holiday message and the escalating border clashes

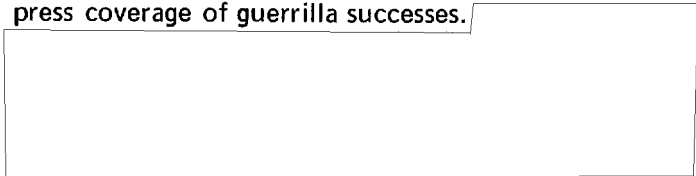


Indian Army  
4TH MOUNTAIN DIVISION

provide little hope for an early political settlement of the crisis. Mrs. Gandhi publicly stated that if Yahya is sincere, he must release Bengali leader Mujibur Rahman, forgo the "farce" of by-elections in East Pakistan next month, and negotiate a political accommodation with the East Bengalis. Moreover, New Delhi still shuns international initiatives which it considers would only delay progress toward establishing virtual independence in East Pakistan. Thus, India appears increasingly willing to risk a major war with Pakistan in order to force Islamabad toward a

political settlement that would enable a substantial number of the 10 million Pakistani refugees to return home.

In addition, India is adding substantially to its support of the Mukti Bahini and broadening its press coverage of guerrilla successes.

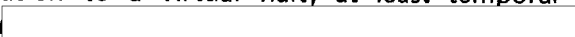


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*The Mukti Bahini—Growing Audacity*

The guerrillas are estimated to be in control of almost a third of rural East Pakistan, and the Pakistani Army and volunteer militia apparently provide little more than a facade of law and order in the remainder of the province. In Dacca, the army's search operation for Mukti Bahini elements last week resulted in some 500 arrests and netted leaflets and a small number of weapons. The continuing wave of incidents in the capital demonstrates that insurgent activity has not been effectively reduced.

There is also evidence that the guerrillas have decided that UN relief efforts will no longer be exempted from sabotage operations. On 23 November, two UN-marked coastal vessels berthed at Narayanganj—about 20 miles from Dacca—were mined. In addition, several UN trucks were reportedly commandeered by the Pakistani Army. The guerrillas have long held that UN operations support the Pakistani military. Fear for the safety of UN personnel led to the evacuation to Bangkok of about 40 nonessential staff and dependents on Tuesday. The accompanying recall of UN workers from outlying posts to Dacca and Chittagong brings the 85-man relief operation to a virtual halt, at least temporarily.



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## Egypt: *More Talk of War*

President Sadat capped the bellicose rhetoric coming out of Cairo recently with two tough speeches last weekend. Speaking to military units, the Egyptian leader declared that "the time for battle has come" because there was no longer any hope for a peaceful solution. He claimed the US does not want serious peace negotiations and charged that Washington's procrastination was designed to give Israel what it could not obtain by fighting in 1967. Sadat said the negotiations Israel had been seeking in the context of Secretary Roger's initiative would have gone on endlessly, allowing Tel Aviv's occupation of the Sinai to become a fait accompli.

Sadat's remarks may have been intended to convey the impression that he had reached the "decision" promised before the end of the year. A decision to resume fighting, however, was very likely not been made. "The order to cross," in Sadat's words, "is still to come and must be preceded by strenuous and fierce training." In any case, Sadat implied further political maneuvering was possible if Israel would respond positively to UN envoy Jarring's initiative of last February and commit itself to complete withdrawal from territories occupied during the June 1967 war.

Sadat doubtless also hoped his remarks would bring an increase in international pressure on Israel. Next week, Egypt is expected to seek a resolution in the UN General Assembly calling on Israel to respond positively to Jarring's initiative. Cairo is also likely to test the atmosphere in New

York toward sanctions and an arms embargo against Tel Aviv.

Meanwhile, public apprehension is growing in Israel, and government officials have accused Sadat of heightening war hysteria and of boxing himself in. Foreign Minister Eban called upon



Sadat to "stop the public bombast" and to negotiate a settlement. Declaring that Israel would not yield to military intimidation or political pressure, Eban said that Tel Aviv must take Sadat's remarks seriously. On Tuesday, military officials conducted the first nationwide air raid warning test in six months.

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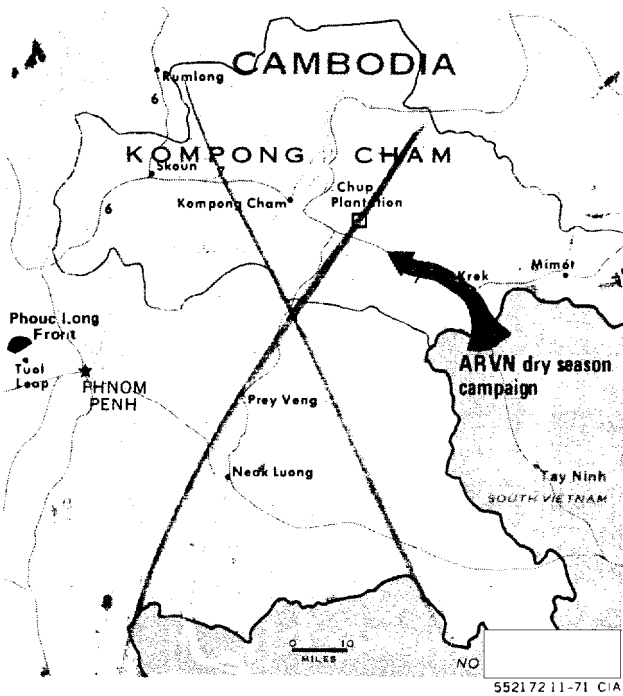
## Indochina

### Cambodia: To the Rescue Again

The South Vietnamese have responded to Cambodian requests for help with a new dry-season campaign against Communist main-force units in eastern Kompong Cham Province. Elements of a large South Vietnamese task force crossed the border on 22 November and have moved virtually unopposed along Route 7 in the initial phase of the operation.

The Cambodians obviously were reluctant to have South Vietnamese troops return, especially in view of their past record of misconduct. Con-

cern over the Communist offensive around Phnom Penh and in the Route 6 area apparently made the possibility of rekindling anti-Vietnamese sentiment worth the risk. It seems doubtful that the movement of South Vietnamese units into eastern Kompong Cham Province will by itself relieve the pressure around the Cambodian capital, since the Communist units there are not responsible for defending the plantations in Kompong Cham. It is possible that the South Vietnamese drive will force the Communists to pull their 9th Division regiments away from operations against Cambodian troops in the Chenla II area along Route 6.



The South Vietnamese also have mixed feelings about incursions into Cambodia. They would like to see Cambodian forces do all the fighting on the Cambodian side of the border, but Saigon recognizes that the Cambodians are no match for Communist main forces and that the continued presence of large enemy units just over the border constitutes a threat. The South Vietnamese see it as in their own interest to carry out limited cross-border operations, but they will ensure that such forays do not cut into defenses at home. This cautious approach stems from earlier dry-season campaigns and is likely to be the basis for South Vietnamese action this year.

### Phnom Penh on Edge

The proximity of the Communists to the capital, following hard on last month's controversial political changes, has made some residents apprehensive about the depth of the government's concern for them and about the army's ability to defend Phnom Penh.

No major attacks have been mounted by the Communists during the past few days, and

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Pochentong Airfield has not been hit by rockets since 17 November.

A government task force, twice reorganized, recaptured the village of Tuol Leap unopposed, but it has made little progress in driving the Communists from this area. Major elements of the enemy's Phuoc Long Front remain within striking distance of the capital. Several additional battalions from the Chenla II area have been airlifted to Phnom Penh by South Vietnamese helicopters and are scheduled to join renewed clearing operations at week's end.

#### South Vietnam: The Opposition Lies Low

The strong political position of the Thieu government is attributable in part to the weakness and division of the opposition. Radical student and veterans groups, which were in the forefront of anti-government demonstrations during the presidential election campaign, have been quiet in recent weeks. Their leaders are complaining privately that they have been unable to get much support for agitation either from their own followers or from other anti-government leaders. One veterans' faction is even said to be looking for ways to cooperate with President Thieu.

Other influential opposition groups also have indicated that they will keep a low profile for the time being. The An Quang Buddhists, the one group capable of posing a serious threat to government stability, apparently will stick to a moderate policy of seeking to improve their position by working within the system. Tri Quang, the leading political voice among the Buddhists, believes that An Quang should accept the fact that they cannot force Thieu out of office. Tri Quang was a motivating force behind An Quang's participation in the recent legislative elections, and he apparently intends to rely heavily on representatives in the National Assembly to advance Buddhist interests. He has no strong challengers for

power within the An Quang movement, and his views probably will predominate. Some other An Quang leaders favor a more active anti-government policy, however, and they will continue to look for opportunities to promote their views.

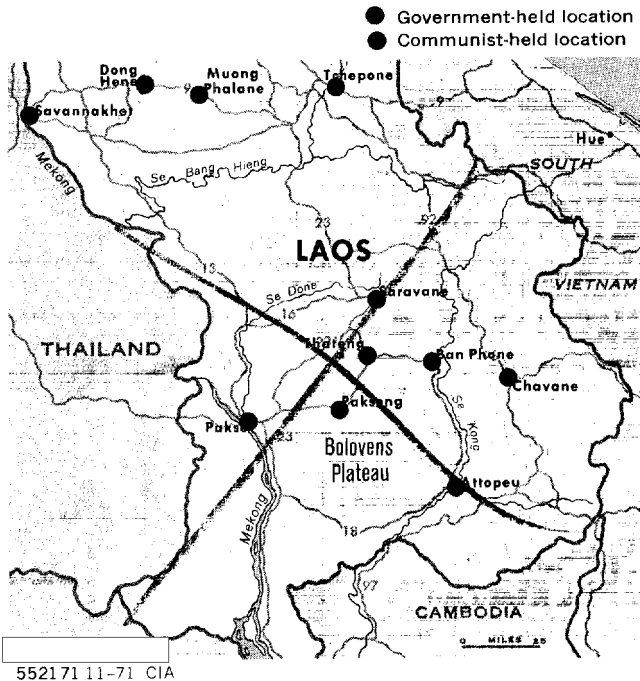
There are indications that the Progressive Nationalist Movement—one of the country's strongest political parties—may abandon its posture of moderate opposition and join the government camp. Some of the party's leaders have been negotiating with presidential aides, but they privately acknowledge that other elements of the party favor a continued opposition posture.

...Even on Economic Reform

Reaction to the economic reform package announced by the government last week has been surprisingly mild thus far. Some critics of the government have attacked the reforms, but their protests have looked pro forma. Many people have adopted a wait-and-see attitude, and if prices continue to rise as a result of the measures, the protests are certain to increase in intensity.

For its part, the government is strengthening its position in the newly elected Lower House, and it now appears to have a majority of the deputies firmly in its camp. At the urging of presidential aides, pro-government deputies are taking a tough line and are refusing to compromise with the opposition. Although these tactics will help assure majority support for the government, they could alienate some independent and moderate opposition deputies whose backing may be needed in the future. In the past, the government has been able to secure passage of high-priority legislation by mustering a two-thirds majority in the Lower House to override less desirable Upper House versions. It now is questionable whether the government's tactics will deliver a consistent two-thirds vote in the new house.

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was airlifted into an area north of Ban Phone, a North Vietnamese logistic center northeast of the Bolovens Plateau. The irregulars captured the village without a fight on 21 November. Three other irregular battalions are moving overland from Saravane to strike at transportation routes at Thateng. Neither of the operations has yet encountered significant enemy resistance, but the Communists presumably will react strongly to these threats to their supply network. The North Vietnamese are known to have six battalions in the northern Bolovens area, most of which have been concentrating on rice collection rather than military operations for the past few weeks.

In the central panhandle, the Communists may be ready for dry season action. After several weeks of relative inactivity, North Vietnamese units attacked government forces near Muong Phalane and drove them back more than 12 miles.

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### Laos: Action in the South

The pace of military activity is increasing as both sides prepare for the North Vietnamese dry-season offensive.

In southern Laos, the government has launched operations to keep Communist forces off balance and to disrupt supply and troop concentrations. A four-battalion irregular task force

### North Vietnam: On the Move

Premier Pham Van Dong arrived in Peking on 20 November for an official visit that has been marked by effusive protestations of Sino - North Vietnamese solidarity.

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JAPAN: The Liberal Democratic Party cleared a major hurdle on 24 November when the Lower House ratified the controversial Okinawa Reversion Agreement. Passed 285-73, the floor vote was boycotted by the Communists and Socialists. The Democratic Socialist and Komeito representatives voted against ratification but were persuaded to take part in the proceedings after the ruling party agreed to support a resolution calling for a nuclear-free Okinawa and a reduction of US bases on the islands. The treaty now goes to the Upper House where approval is a procedural formality.

Shortly after the vote, radical student violence in Tokyo erupted and large-scale labor rallies drew several hundred thousand demonstrators throughout the nation. The protests will continue as the Sato government attempts to push through seven related packages of implementing legislation. There is considerable doubt that these measures will reach a floor vote before the Diet recesses on 24 December, and debate may extend well into the new year.



Labor Demonstration in Tokyo on the 18th

### Thailand: *Tying Up Loose Ends*

It was scarcely a revolution or even a coup, but the military leaders who were quick to apply those labels to the abrogation of the constitution last week have had to make changes in the administrative machinery that rules Thailand. Although not significant in themselves, the changes have given rise to some maneuvering among second and third echelons in the military establishment and have provided some indications about the future fortunes of some of the principal military leaders.

A new 16-man National Executive Council, with Field Marshal Thanom as chairman, will exercise authority for an interim period of three or four months until a new cabinet is set up under a provisional constitution. The day-to-day conduct of affairs will be under the jurisdiction of military and civilian "divisions." The military division is headed by General Praphat, and the civilian by General Prasert. This could be a step up for

Prasert, but it seems likely that Thanom and Praphat will keep him on a short leash. One gainer in the new setup is General Krit who, in addition to being deputy commander of the armed forces, now acts as secretary general of the ruling revolutionary party. There is some speculation in Bangkok that Krit now is the number-three man in the ruling hierarchy.

The principal losers in the shuffle appear to be Thanom's brother, Sanga Kittikachorn, whose assertiveness annoyed the other leaders, and Sawaeng Senanorng, the only top leader who opposed the scuttling of parliament. Former foreign minister Thanat has still not been given a position in the new administrative machinery, but the fact that he was selected to represent Thailand at the ASEAN meeting suggests that he still has a future.

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Thanom has publicly promised a return to constitutional rule, but this is probably for foreign consumption. The ease with which the military leaders have made the change-over is reflected in the commentary in the Bangkok press, which has blamed the "irresponsible" parliament for the demise of Thailand's two-year experiment with government. Now, however, with no parliament to blame for Thailand's difficulties, the burden will fall

squarely on Thanom and Praphat to deal effectively with the country's economic problems, its growing insurgency, and the security menace near its borders. The government's threats to bear down hard on any show of defiance should prevent public displays of disaffection, but Thanom will run into difficulty within the ruling group if his policies prove ineffective or his leadership irresolute.

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### South Korea Charts a New Course

South Korea's leaders have set the country on a more flexible course in foreign affairs in an effort to avoid becoming isolated by changing power relationships in east Asia. The government is making a serious effort to shake off its rigid anti-Communist image and an equally earnest attempt to compete with North Korea for international acceptance.

Officials close to President Pak, including Prime Minister Kim Chong-pil and Central Intelligence Agency Director Yi Hu-rak, have led the development of this new policy. Spurred by uncertainty about the long-term implications of the Nixon doctrine for Korean security, they have sought to develop relations with Eastern Europe and to arrange contacts with the Soviet Union and—unsuccessfully thus far—with Communist China.

The most important development, however, has been the opening of a dialogue with North Korea on the reunification of divided families. This move, more than any other, has reflected the South Korean leadership's sense of confidence that the country has advanced to the point where it is more than a match for the North.

Seoul, sparked by Peking's entry into the UN, has also undertaken a close review of its standing with that international organization. Acknowledging that support for it in the UN vis-a-vis North Korea had slipped somewhat, South Korea was prepared this year to accept some form of UN recognition of the two Koreas. While the issue has not come up for debate in the current General Assembly session, Seoul is anticipating pressure from Peking in the 1972 session for an end of UN support for South Korea and is taking a fresh look at its approach to the whole problem.

China's emergence in the UN and in international affairs generally has also prompted Seoul to lessen its traditional hostility toward Peking. The South Koreans do not anticipate that their attempts to open a dialogue will receive a positive response over the short term, but they feel it useful to demonstrate their reasonableness to the Chinese who, over the longer pull, might be influenced to restrain Pyongyang.

While China looms large in South Korea's future, Seoul's close ties with Japan are a major element in current foreign policy decisions. Japan's economic involvement in recent years has been an important factor in South Korea's growth, but this has not eliminated the deep resentment and distrust of Japan stemming from the Japanese occupation. Although this suspicion militates strongly against any significant Japanese political or military role in the country, Seoul realizes that Japan's economic predominance may perforce bring a greater Japanese security role in the region—a role the South Koreans would like to see balanced by US involvement in some Asian security arrangement.

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In their eagerness to move with the new currents in east Asia, the South Korean leaders recognize that their room for maneuver is limited by a hostile northern neighbor, and they accordingly intend to continue to base their policies on their alliance with the US. Nevertheless, because in their view the role of the US in Asia is diminishing while China and Japan are becoming more important, the South Koreans will attempt to broaden the range of their policy options.

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## Communist China's Educational Policies

Several key elements in Mao Tse-Tung's radical reform of higher education may be modified as China's universities open for their second year of operation since the Cultural Revolution. The treatment given higher education in domestic propaganda suggests that a number of problems remain, but a major article in *Red Flag*, the authoritative party journal, earlier this fall does indicate that a more moderate approach is likely to prevail in many places.

The article reviewed the difficulties involved in "revolutionizing" scientific and technical training at Tsinghua University, China's foremost engineering school. When Tsinghua resumed full-time classes last fall, it introduced several Maoist innovations, but they sparked considerable debate, precipitated serious conflicts over enrollment policy and the curriculum, and damaged teacher morale and student discipline. *Red Flag's* candid description of the problems encountered at Tsinghua probably reflects guidelines formulated at a lengthy national education conference concluded in September in Peking—guidelines which are still apparently being debated at other colleges and universities.

The lengthy delay in developing a program for higher education in China clearly is the result of the inherent difficulties involved in maintaining academic quality while responding to Mao's call in July 1968 to break the intellectuals' stranglehold on the education system. Mao ordered that university schooling be shortened and that curricula be oriented away from theoretical studies toward political and vocational training. Students were to be drawn primarily from among workers, peasants, and soldiers. Former faculty members were to undergo rigorous political re-education, and universities were to be placed under the control of worker-soldier propaganda teams which were to carry some of the instructional load.

While the *Red Flag* article reaffirms these prescriptions, it stresses their negative impact and suggests they should be modified substantially in practice. It argues, for example, that time-consuming political re-education and labor requirements have curbed the enthusiasm of many faculty members and disrupted their "personal



Under the overalls, still a teacher.

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### Communist China: *Shipping Expands*

Although Communist China still depends on foreign ships to handle over 90 percent of its foreign trade, Chinese merchant ships in international service grew by 26 percent last year. The rate of growth has tapered off this year, but Peking continues to purchase new and used tonnage abroad and to produce ocean-going freighters. China's first 20,000-ton dry-cargo ship, the largest ever built in China, was launched in July and should be in service soon. Peking's international merchant fleet, first established in 1961, now consists of 69 ships totaling nearly 800,000 dead-weight tons.

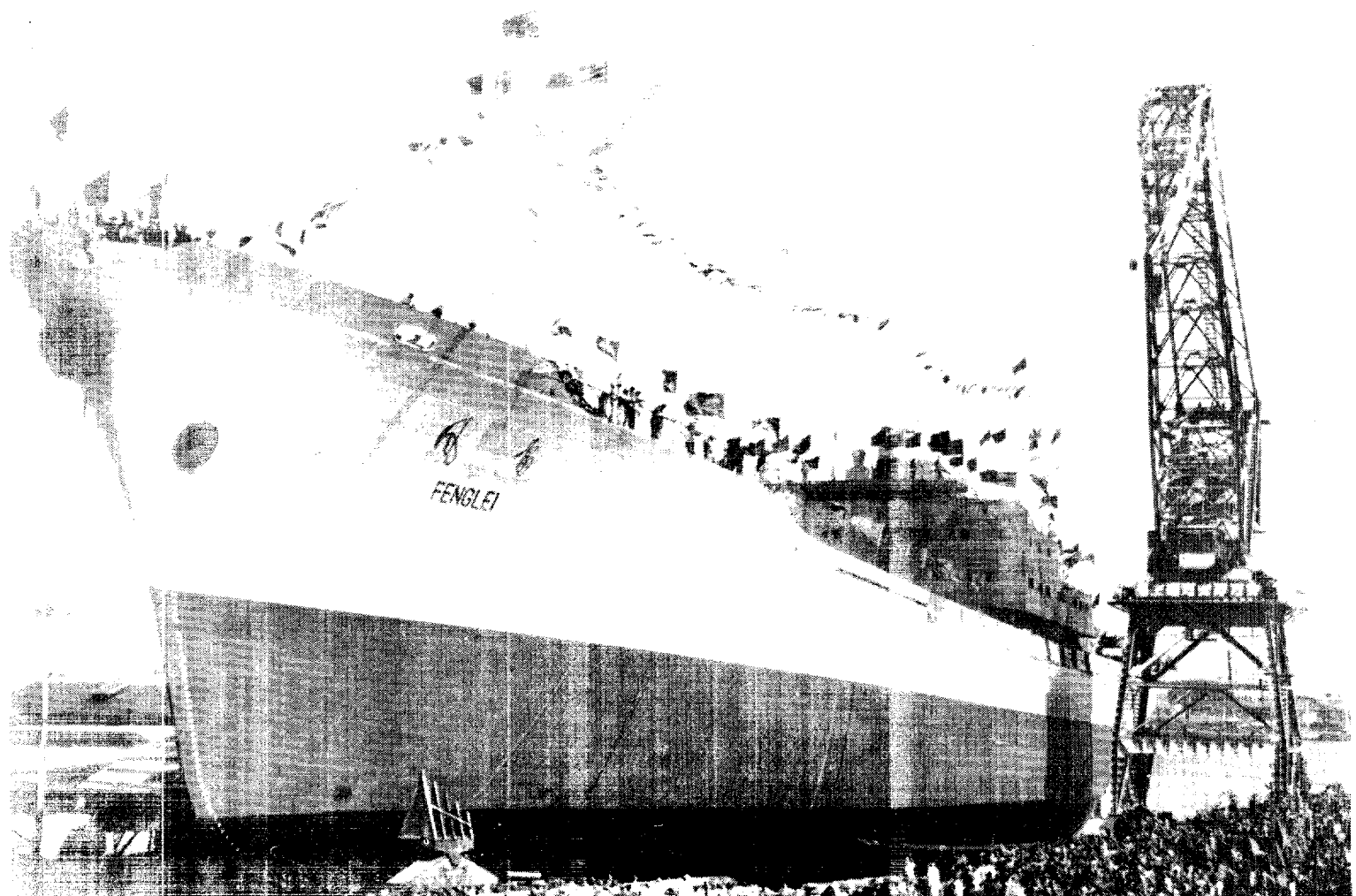
In addition to using ships flying the Chinese flag in international trade, China jointly operates 18 foreign-flag ships. China currently participates in shipping services with Poland, Tanzania, and Albania, and a fourth joint stock company is scheduled to be established with Ceylon in January 1962.

China's international fleet makes up about a quarter of its total merchant fleet, which ranks 20th in the world. As its seaborne foreign trade increases, China probably intends to expand this fleet principally from domestic resources, thus holding down hard-currency outlays for the purchase and charter of foreign ships.

Peking is using its small merchant fleet to show the flag, particularly in developing countries. Newer and larger ships are used on international routes, while older ships are relegated to domestic coastal trade. Chinese Communist-flag merchant ships are calling with increasing frequency at third-world ports, landing at South American ports for the first time this year. Such flag visits contribute to Peking's current activist foreign policy.

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The Launching of the Feng Lei, a 10,000-Ton Freighter



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ease of mind." It recommends they be given more say in determining course content and more time to prepare lectures and engage in professional research, including the "discriminating" study of foreign scientific and technical journals.

The pragmatism of *Red Flag* was also underscored by its proposals for sharp limitations on student power, at its zenith during the Red Guard phase of the Cultural Revolution. According to *Red Flag*, activist students should no longer be allowed to interrupt lectures when they spot political errors, and propaganda teams are to refrain from differing with the teacher's professional judgment. Although these concessions hardly presage complete academic freedom, they attest not only to the renewed concern for the quality of higher education, but also to the tenacious resistance of teachers to the Maoist anti-intellectual bias. Indeed, many have refused to return to teaching because of persistent political intimidation.

*Red Flag* had some critical comments on the program for recruiting worker-peasant-soldier students into the university. Recruits from this group caused serious difficulties when they were thrust into classes alongside more qualified former students who returned to school last year after performing manual labor on farms and in factories since 1968. *Red Flag* admits that attempts to treat all students in the prescribed Maoist egalitarian fashion proved so demoralizing that the worker-peasant-soldier students ultimately had to be given "supplemental" academic work.

The Tsinghua solution suggests that Peking is attempting to return to a more demanding educa-

tional curriculum—a proposal that has been castigated by radicals as an attempt to "dish out a capitalist double-track system." If widely copied, it would mean that programs not currently available on a broad scale would be offered to capable students in an effort to remedy the serious shortcomings caused by the cessation of higher education during the Cultural Revolution.

The moderate thrust of *Red Flag* has been echoed in other articles in recent weeks. These include a frank admission by the directors of one engineering college that they had been remiss in neglecting basic theoretical course work. The admission stands in sharp contrast with a number of articles by other university authorities stressing only practical course content. Sentiment for a change is not only limited to course content, however; controversies also exist over other aspects of the Maoist reforms—the university-sponsored factory system, the attenuated period of schooling at both lower and higher levels, and the banning of a wide range of sociological and technical books formerly used in the schools.

The present debate by no means signals a complete departure from the broader Maoist goal of providing university students a mix of basic formal training and practical labor. Peking, in fact, remains committed to the retention of propaganda teams as permanent ideological watchdogs in the colleges, and to linking advanced theoretical research to the solution of practical agricultural and industrial problems. Nevertheless, the general trend appears to be toward providing a differentiated education for qualified students, particularly those with an aptitude for high-priority technical fields such as science, engineering, medicine, and foreign languages.

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## Meetings in Moscow

The Soviet party central committee met for two days this week in Moscow to review the five-year plan before its final formal adoption by the Supreme Soviet. In addition, the central committee heard a report by General Secretary Brezhnev on the conduct of foreign policy since the 24th Party Congress and made some changes in the composition of the party's ruling bodies. The plenum went only part way in this regard, however, leaving a number of loose ends hanging.

Most importantly, Gennady Voronov retained his seat on the politburo, where he has been a lame duck since July when he lost his job as premier of the Russian Republic and was reassigned to a relatively insignificant post. Mikhail Solomentsev, who replaced Voronov as the Russian premier, was elevated by the plenum only to candidate membership, probably because the plenum failed to remove Voronov. Solomentsev was also released from the party secretariat, but no one was named to assume his responsibilities for heavy industry on that body.



**Voronov: Retained**



**Solomentsev: Elevated**

Voronov may owe his reprieve partly to the efforts of his politburo colleagues to prevent Brezhnev from completely dominating the decision-making process. Over the years, Brezhnev has been able to place a number of supporters in the politburo and secretariat, and has succeeded in maneuvering such critics as Voronov and Shelepin into positions of lesser power. Despite obvious gains in Brezhnev's authority, however, there have been no departures from the politburo since the retirements of Mikoyan and Shvernik in 1966. On outward appearance, Brezhnev dominated the plenum. Not only did he speak on foreign policy, but he summed up the "debate" on the economic plan and budget. The foreign policy address has not been published, but the plenum issued a communiqué approving it.

At the Supreme Soviet, which convened on 24 November, Kosygin took the spotlight by delivering the report on the five-year plan instead of planning chief Baybakov. The Supreme Soviet, which may last through the 27th, is also expected to adopt the annual plan and budget for 1972.

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**Portugal: Terrorist Bombings Trouble Regime**

Prime Minister Caetano has received National Assembly approval of special powers to combat subversion following recent terrorist bombings in the Lisbon area. The police have so far failed to apprehend those responsible, and the government believes special powers are needed because of the difficulty of monitoring and rounding up suspected terrorists.

Police. Although the secret police arrested 29 suspected ARA members last September, the bombing of NATO headquarters a month later showed that the group's leaders are still at large.

Under a new amendment to the constitution, Caetano could have assumed special powers without recourse to the assembly, but he wants to bolster the moderate image of his regime. By moving quickly Caetano will undercut right-wing criticism of police failure to prevent the bombings.

In communiqués to the foreign press, three illegal revolutionary groups have each claimed credit for one of the three recent bombings. The Armed Revolutionary Action, which is suspected of links with the Portuguese Communist Party, took responsibility for the explosion on 27 October at the new headquarters of the NATO Iberian Atlantic Command. This self-proclaimed radical, anti-colonialist, anti-dictatorship organization has been involved in several bombing incidents over the past year. The targets appear to have been chosen to symbolize its opposition to Portugal's ties with the US and NATO, the government's effort to put down the revolts in Portuguese Africa, and the tactics of the Portuguese Secret

Although most political observers have concluded that there is a strong link between the ARA and the orthodox Portuguese Communist Party, their relationship to the revolutionary brigades is difficult to determine. There are differences and similarities in the rhetoric of the ARA and brigade communiqués, but their bombing techniques are identical. Thus, the possibility exists that the orthodox Communists have sponsored the brigades to divert police attention from the ARA. The obvious expertise and superior organization of ARA and the brigades are a striking contrast to the crude efforts of several minor terrorist groups that the police have uncovered and suppressed in the past year.

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ICELAND: Reykjavik's negotiators got nowhere earlier this month when attempting to win British and West German agreement to an extension of Iceland's territorial waters from 12 to 50 miles. Bonn and London did agree to consider conservation measures, and Reykjavik's inability to enforce its will would seem to encourage compromise. In fact, however, the center-left government has little flexibility in its position, which is the major plank of its foreign policy program. Moreover, the fisheries minister, a member of the Communist-dominated labor alliance, remains

determined to abrogate Iceland's agreements with the UK and West Germany by 1 March if diplomacy doesn't carry the day, and to ignore the International Court of Justice if, as seems likely, it is called in. The next round of talks is scheduled for Reykjavik in January, and the longer the jurisdiction fight drags on, the less likely Iceland is to move on to the second of its foreign policy pledges—negotiating a phased withdrawal of the US-manned Icelandic Defense Force.

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## Warsaw Pact Ministers Meet

A meeting of the pact foreign ministers or their deputies is expected to take place in Warsaw on 30 November.

The possibility of the imminent conclusion of the inter-German negotiations on Berlin makes such a gathering timely. ~~The East Germans have~~ acknowledged privately that they are under considerable pressure to wind up the talks, and *Pravda* on 18 November went so far as to misquote East German party chief Honecker to the effect that the German talks "can and must be successfully concluded in November." *Pravda* further argued that it is necessary to begin preparations in the "very nearest future" for a Conference on European Security and Cooperation. The

USSR will probably try to use the expected pact meeting to issue a fresh appeal for such preparations, in the hope of influencing the NATO ministerial scheduled for 9-10 December.

The pact foreign ministers may also take up the question of mutual force reductions, but Moscow has thus far attributed little urgency to this question. There is no sign that the Soviets and their allies have done much work to develop a common position. The specter of Romania hangs over any attempt to come to a common bloc position. Bucharest has frequently been a thorn in the side of its allies at pact conclaves and Ceausescu's views on mutual force reductions are known to be at variance with those of his more orthodox colleagues. [redacted]

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## Yugoslavia: *Unrealistic Planning*

Belgrade's development plan for 1971-75 is designed to promote long-run stability, but attainment of several of its targets is in doubt. The plan envisions a reduction in the growth rate (7.5 percent in real output) and less rapid price and wage increases than in recent years. The republics and the trade unions will inevitably resist slower growth because personal incomes and consumption will be affected, while the proposal to limit price increases to five percent seems optimistic in light of the 14-percent increase so far in 1971. Further efforts to retard an increase in the rate of domestic consumption will be handicapped not only by the indecision of the federal government but also by the new governmental structure that gives the republics more independence.

Planners hope to reduce the balance-of-payments deficit by stimulating the growth of both exports and invisible earnings—particularly from tourism and workers' remittances—while restraining growth in imports. Although the planned increase in exports of 11 to 13 percent is not unreasonable, much of this increase will probably be with CEMA countries, which will not redress the large imbalance with hard-currency countries. The expected increase in imports of 9 to 11 percent is far below increments of the past several years, except for the recessionary period of 1966-67. Meanwhile, continued growth in invisible earnings is dependent upon a prosperous Western Europe inasmuch as an economic downturn there would reduce the flow of worker remittances and tourism. [redacted]

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## Problems Mount for International Labor

The coming enlargement of the European Communities along with movement toward East-West detente and international economic developments are causing considerable ferment in the European and international trade union movements. European affiliates of the International Confederation of Free Trade Unions met in Oslo on 5-6 November and set up a working party to suggest approaches to these problems. The working party will concentrate on how labor should deal with an enlarged EC and the growth of multinational corporations in promoting labor's goals of full employment and a constantly rising standard of living. Working party proposals, if adopted, would be put into force by 1 January 1973.

The Oslo meeting reflects a growing awareness on the part of European trade unions that their response to the development of the EC has so far been grossly inadequate. While the trade unions have long had offices in Brussels, their influence on EC policies has been limited and coordinated collective bargaining on a community-wide basis is a long way off.

There are, nevertheless, tentative signs that some labor unions recognize the problems posed by such developments as the multinational corporation. The auto-producing sector of the International Metalworkers' Federation, in which the American UAW participates, some months ago singled out the Ford Motor Company for common action in extracting benefits on a world-wide scale. The aim is to press for labor contracts that all terminate at the same time so as to enable unions to try to force coordinated collective bar-

gaining with Ford as a whole instead of with its separate enterprises. This procedure, if successful, may serve as a model for dealing with other multinational corporations.

The development of a more effective European labor organization will obviously be a long and arduous process, notably because of the difficulties posed by the continued Communist domination of the larger trade unions in France and Italy. The ICFTU, however, may in the future be more receptive to contacts with the Communist unions. At the Oslo meeting, Nordic delegations pressed for movement in this direction and, subsequently, a Netherlands union reversed 40 years of policy in stating that it now favors increased contacts with the Communists. Meanwhile, in Italy the negotiations toward a merger of Communist and non-Communist unions drag on toward a still elusive accord.

The movement of European unions both toward greater unity on a regional basis and toward a relaxation of their traditional anti-Communist stance will further weaken the over-all structure of ICFTU. Non-European affiliates have stepped up their attacks on the European dominance of ICFTU leadership positions and have called for more equal representation. The possibility of cooperation with the Communists will likely doom any possible reconciliation between the ICFTU and the powerful AFL-CIO. The latter's withdrawal from the ICFTU in 1969 was in part caused by this issue. Thus, as European labor<sup>25X1</sup> addresses its most pressing problems, the status of ICFTU as a global organization will suffer further decline.

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## Burundi: *More Loose Ends*

President Micombero has survived a power play designed to tie his hands and on 28 November celebrates his fifth anniversary in power. The President may use the occasion to make some changes in his government.

Late last month, Micombero established a Supreme Council composed of himself and 27 army officers in order to meet a challenge from a radical faction in the government, which was intent on isolating him and assuming power. The radicals, led by Foreign Minister Simbananiye and



President Micombero

Justice Minister Shibura, managed to discredit their moderate opponents, charging them with plotting against the government and bringing them to trial. The radicals' influence crested in mid-October when Simbananiye brought about a resumption of diplomatic relations with Peking, which had been suspended for six years.

Since the establishment of the Supreme Council, the radicals have been lying low. Led by the army commander and chaired by the President, the council is a throwback to the revolutionary council that supported Micombero when he seized power from Burundi's failing monarchy in 1966. The new council has authority over a broad range of political and administrative matters, including the selection of senior government officials.

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Thus far, Micombero has not moved against the radical leaders themselves. Moreover, the trial of moderate officials is still going on, although the prosecution has failed to come up with persuasive evidence against them and the army is skeptical of the charge. Micombero may take the opportunity of the celebration of his accession to power to announce a cabinet shuffle and perhaps even reinstate the moderates.

Micombero may also announce plans, ~~confided to the US ambassador several weeks ago~~, to draw up a new constitution to replace the one scrapped when he took power and to prepare for national elections. For these tasks, Micombero will probably rely mainly on the Supreme Council rather than on civilian officials, who are badly factionalized and incorrigibly addicted to political intrigue.

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**LIBERIA:** The Tolbert administration is reviewing concession agreements with foreign investors, beginning with the largest iron mining firm in the country, the Liberian-American-Swedish Mining Company. The company has \$275 million invested in Liberia and appears willing to accede to most of the government's demands. It challenges, however, the government's charge that the company has understated profits to avoid taxation. Like the other three firms in the industry, the company pays one half of its net profit in taxes. Nevertheless, government revenue from iron mining profits is only 16 percent of total revenue even though iron ore accounts for 70 percent of export earnings.

Since taking office, President Tolbert has carefully stated that his predecessor's open door investment policy would continue but that investors would have to provide more jobs for Liberians, and Liberia must receive a greater share of profits. Employment opportunities for Liberians have stagnated, and the need for more jobs may be a major motive for Tolbert. He also recognizes that there is considerable scope for increasing government revenue. For the past sev-

eral years, foreigners have repatriated about \$50 million annually in investment income.



**President Tolbert**

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## Political Stirrings in Panama

Now that celebrations marking the third anniversary of the coup which put General Torrijos in power and the 68th anniversary of Panamanian independence are out of the way, the rhetoric and patriotic posturing of October and early November is giving way to a period of reassessment. The focus of government attention remains on the canal negotiations, but the regime is also beginning to work out the mechanics of next year's assembly elections. Various pressure groups are attempting to ascertain the thrust of government policy so as to formulate their own positions. Aside from the Communist Party, however, most groups have scant expectation that they will benefit from any relaxation in the current prohibition on political activity.

Although Panamanian negotiators in Washington last week publicly expressed optimism that work on a new treaty could be completed by the end of the year, at home the government seems to be hedging its bets, utilizing the media to diminish public expectations that agreement can be won quickly or painlessly. The government has not begun to stir up anti-US sentiment or prepare the people for the possibility of demonstrations. But in a press interview, which was not circulated in Panama, Torrijos warned that force might become necessary to recover the Canal Zone.

Panama is making diplomatic efforts to gain support for its negotiating position on the canal, and its election to the UN Security Council will facilitate these efforts. Thus far, the Panamanians have obtained strong public backing from Costa Rica and a promise of support from El Salvador, but efforts to gain dramatic public statements of support from Spain and Mexico have been less

successful. News services in Communist countries have begun to focus on the canal issue and are encouraging Panama to be firm.

On the domestic front, the government once again appears to be experiencing a shortage of funds. Efforts to advance the "revolution" will accordingly rely, at least in the short run, on bureaucratic reforms rather than bold new spending programs. The regime, for example, is getting ready to promulgate a new labor code. It will extend government support for collective bargaining and provide for compulsory union dues check-off. Both labor and business are watching very carefully to see whether the new code will include pay raise provisions. The business community strongly opposes provisions for payment of an extra day's salary each week. Its inclusion would signal Torrijos' readiness to move ahead with rather sweeping social reforms. Its exclusion would indicate a continued interest in wooing the business community.

After three years with virtually no political activity, a good deal of interest is being given to the government's promise of legislative elections next year. Traditional political groups, however, probably will find themselves frozen out of the process. The voting districts are expected to be heavily weighted in favor of small rural constituencies easily controlled by the government, which will probably organize an official party or electoral front. The Communist Party, the only political organization that Torrijos has allowed to function, probably hopes that it can parley its informal relationship with the government into a more open and structured relationship in the new legislature.

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## Honduras: *Cruz' Problems Grow*

The stability of the lackluster Cruz administration is deteriorating because of a lack of leadership and the strain of competing political ambitions. A deepening fiscal crisis may be the final straw, and the government could be toppled, perhaps in a matter of weeks.

Since Cruz took office last June, practically nothing has been done toward implementing even the "minimum plan of government" recommended by business and labor to stimulate investment and foreign commerce and to improve the planning process. Businessmen gave the first major public indication of dissatisfaction by sending a large delegation to Cruz on 11 November to protest his inaction on Honduras' many pressing problems. Cruz, however, claims that he inherited an almost empty treasury and that heavy spending by the outgoing government left him only 30 percent of the budgeted funds to cover seven months of the fiscal year. The deficit in 1971 is expected to reach some \$18 million. The President has asked congress to approve moderate tax increases, but the measure is likely to be watered down.

In addition to the fiscal and economic problems, Cruz, who spent his first six months in office refereeing a scramble for political jobs, now proposes to rock his administrative boat by dismissing three cabinet ministers. One is the minister of labor, and the fairly strong trade union movement is threatening strikes if he goes. Also rumored to be on the way out are the ministers of finance and economy, both initially forced on Cruz by the party machinery. Cruz may decide to follow through on these dismissals as a means of testing his own strength. He is sure to emerge the loser, as he has no power base apart from a waning national commitment to the "unity pact" that placed him in office. His government has also been weakened by the machinations of several would-be successors, notably General Oswaldo Lopez the chief of the armed forces and a former president, and Minister of Government Ricardo Zuniga.

If the Cruz government is not brought down by these domestic problems, it is only a matter of time before the President's intransigence on foreign policy will necessitate his removal. Honduras' most urgent foreign policy need is a settlement with El Salvador, and Cruz has curtly rebuffed several Salvadoran overtures for negotiation. He believes that Honduras has the stronger claim to the disputed territory and has stated categorically that adjudication by the World Court is the only acceptable avenue for settlement.



**President Cruz**

The most obvious successor to Cruz is General Lopez, whose eight years of inaction in office look good only by comparison with Cruz.

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CUBA: The touring Fidel Castro has been successfully demonstrating Cuba's solidarity with Chile and improving his international image.

Although he has been received cautiously by a number of Chileans, particularly the Communists, the Cuban prime minister continues to speak at mass meetings, chat with university students, and meet with local workers. He has been circumspect in his remarks, however, lest he be accused of meddling in Chilean domestic affairs. Castro has repeatedly stressed the importance of unity between Latin American countries and the strengthening of brotherhood and friendship between Cuba and Chile. He was even less bitter than usual about the US base at Guantanamo, saying only that Cuba "one day" would recover it without a shot being fired.



Castro has been so pleased with his sojourn in Chile that he reportedly plans to extend his visit for a few days. His heavy schedule has thus far allowed little time for him to confer with Allende other than on the two-day cruise to Punta Arenas last week. Castro may wish to talk at length with Allende before returning to Cuba, possibly with stops in Peru and Ecuador.

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