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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

State Dept. review completed

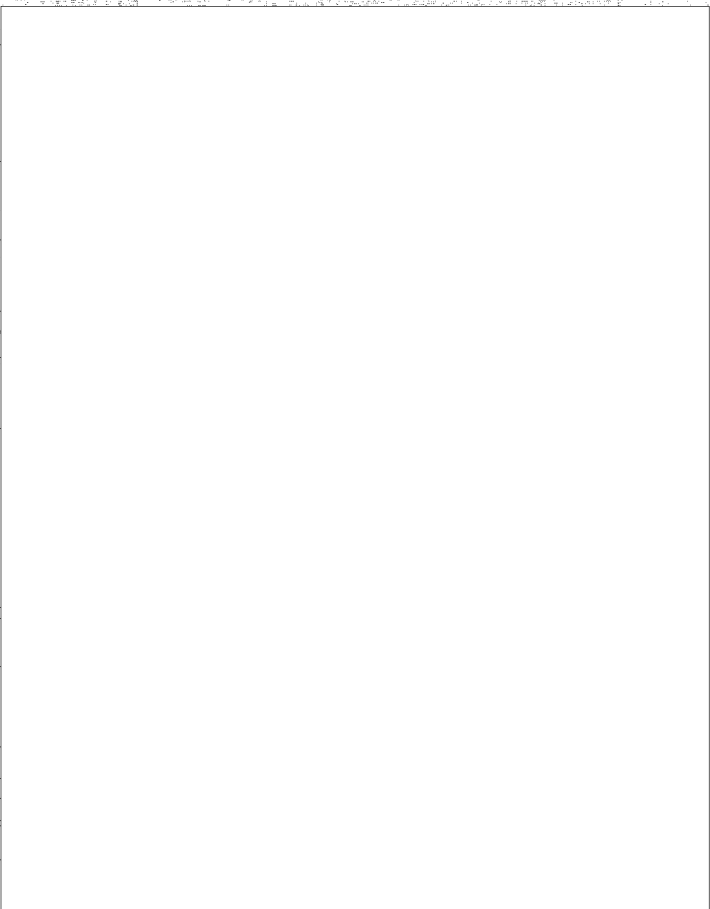
NAVY review  
completed.

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17 March 1972  
No. 0361/72

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment therefore published separately as Special Reports are listed in the contents pages.



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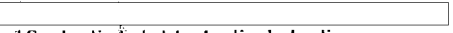


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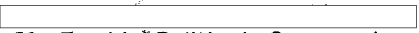
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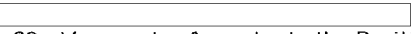


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## Chile: The Fight Sharpens

The seesaw battle between the Allende government and its opponents is taking on a new intensity and may be edging toward violence.

Minister of Economy Pedro Vuskovic is personally handling a new rash of business take-overs and seizures of allegedly hoarded goods. In reply to angry protests, he warned that the government would give no quarter in fighting to destroy opponents of its economic programs. Vuskovic also chose his targets with an eye to public discontent over growing shortages. One aim is to refurbish the Allende administration's claim to represent the underdog. During a rally of officially sponsored "distribution boards" in a slum area, Vuskovic promised that foot-dragging bureaucrats would be weeded out and that fish caught by Soviet trawlers on loan would be distributed free. In addition to their public appeal, these moves would ease problems the government has brought on itself by inefficiency and miscalculation.

The government also is beginning to follow through on its accusations that opposition parties are inciting sedition. The president of the conservative National Party has been formally charged with violation of internal security laws for claiming in a broadcast speech that the government itself is inciting violence by its refusal to crack down on extremist actions. In addition to this and other intimidations, economic reprisals are most often specifically directed against political opponents.

The opposition, too, is active. Some private businessmen reportedly are attempting to persuade workers in firms marked for expropriation to seize them as a means of thwarting the government's intentions. The businessmen fear that the government intends to step up its take-overs of industries before the amendment designed to curb them, recently passed by Congress, goes into effect. This concern was fueled by reports that the Christian Democrats were negotiating for Allende's approval of the amendment in return for

assurance that its provisions would not be retroactive.

Landowners in rural areas are also said to be moving to organize massive seizures by agricultural workers of government agrarian reform centers. Many farm workers oppose Allende's plans to turn the centers into state farms instead of dividing them into peasant-owned parcels. In related moves, at least two large farms that had been taken over by peasants led by *miristas* (members of the Movement of the Revolutionary Left) were retaken for their legal owners by armed groups. The government claims that landowners are reviving a vigilante group called the "White Guards."

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## Guatemala-UK: Who Blinks First

Secret negotiations in Washington last week between Guatemalan Foreign Minister Herrera and British Minister of State Godber failed to take the heat out of the British decision to enlarge their garrison in British Honduras. The Arana government reacted sharply only hours after the meetings ended. In a strongly worded communiqué, it characterized the British decision as an act of aggression and a threat to the hemisphere. It stated that all negotiations with Britain had been suspended and indicated that the government would take the necessary measures to protect the dignity of Guatemala. Since then, however, the government has kept an ominous silence, waiting no doubt for a formal announcement of the British position. If the British proceed with their plans, particularly if they send Gurkha troops, Arana may take steps to strengthen Guatemalan forces along the border and seek to bring the matter before the OAS.

Relations between the two countries have been sour for some time as a result of Guatemala's long-standing claim to British Honduras. Guatemala views with alarm any change in the colony's political status before this claim is satisfied. In 1963, for example, Guatemala broke relations with Britain when a constitution was adopted giving the colony a greater measure of self-government. Formal diplomatic relations have not been resumed, but talks have gone on in an effort to resolve the territorial dispute.

The current difficulties began in late January when press reports trumpeted the arrival of a large British force consisting of a battalion of troops plus a naval task force that included Britain's only active aircraft carrier. Guatemalan President Arana, fearing that this force was designed to provide a shield behind which independence would be granted, placed his 12,000-man army on alert. Tensions eased somewhat when the British withdrew their carrier and denied that independence for the colony was near

at hand. Trouble flared up again in early March when Britain informed Guatemala that the battalion-sized force of Grenadier Guards on maneuvers in the colony would not be reduced as planned to the normal garrison level of 220 men but would be replaced by an equal number of Gurkha infantrymen.

Britain's decision to triple the size of its garrison is apparently rooted in London's deep concern about the possibility of a Guatemalan surprise attack. London harbors suspicions that Guatemalan troops near the British Honduras border were not merely engaged in fighting leftist guerrillas. The Defense Ministry in Whitehall has concluded that the normal garrison does not serve to deter Guatemalan adventurism and would not be capable of providing an adequate defense.

Arana views the issue quite differently. He is sensitive to the domestic political impact that the Gurkhas—long associated with British imperialism—would have. He is enraged that the British have not lived up to previous assurances that the additional troops would be withdrawn upon completion of maneuvers, and he is suspicious that a unilateral move toward independence is still planned.

Foreign Minister Herrera's effort to persuade the British to reconsider was completely unsuccessful. The British refused to compromise. At that point, Arana put the issue on the public record, in effect committing the prestige of his government to an effort to oppose an increased British military presence in the colony. Arana, however, holds few trump cards. Having signaled his concern both to the British and his own constituency, he appears willing to let London make the next move. If the British back down, particularly on sending Gurkhas, the situation may ease. Otherwise, Arana will be forced to respond diplomatically, perhaps militarily. [redacted]

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## Footdragging in Cyprus

President Makarios has formally replied to the Greek demands of 11 February. He has also worked out an arrangement with UN officials on the Czechoslovak arms issue. In both instances, the Archbishop has made a show of compromise, but, in effect, he has not surrendered the arms to the UN forces on Cyprus, reshuffled his government, or resigned—major issues as far as the Greeks are concerned.

On 10 March, Makarios and the UN special representative on Cyprus, Osorio-Tafall, reached an agreement that allows for periodic UN inspection of the Czechoslovak arms. The agreement calls for considerably tighter UN control of the arms than did the 1967 agreement for an earlier shipment of Czechoslovak arms. Nevertheless, the latest set of arms remains in Makarios' custody, and the Turks, who support the Turkish Cypriot demand for a complete turnover of the arms to the UN, are unlikely to accept the arrangement in its present form.

On 14 March, the Cypriot ambassador to Athens handed Makarios' formal reply to Greek Prime Minister Papadopoulos. There is some indication that the Greeks may publicize Makarios' reply, an action that would suggest they are not satisfied with it. Press speculation on the contents of the message indicates that Makarios, while appearing conciliatory on the Greek demands is actually playing for more time to strengthen his domestic position and divide his opponents.

The press in Cyprus has leaked reports that Greece had prior knowledge of the arms delivery. Makarios is no doubt behind these leaks and is using them to try and drive a wedge between Turkey and Greece. The Archbishop's repeated claim that the arms issue is settled probably is

aimed at shifting Athens' attention away from the arms to the other problems. Makarios would be on more solid ground if he were able to do this, but Turkish pressure on Athens is likely to keep the Greeks from bypassing the issue.

Concerning the Greek demand to reshuffle his government, the Archbishop insists that this is a matter for the Cypriot people to decide. In his more compromising moods, however, Makarios has stated that he would keep in mind Greek suggestions, noting that they have been made in the context of promoting harmonious relations between Greece and Cyprus.

The Archbishop has not responded to his bishops' request that he resign as president. There are signs, however, that Makarios will propose to the bishops that he serve out his term, which ends next year, and then let the Cypriot people decide. The religious leaders may accept this in an attempt to head off the growing difficulties between church and state that have resulted from their request. In any event, such an agreement would reduce the opposition of the Greek Cypriot public to the bishops and allow them to resume their normal functions.

The standoff between the Archbishop and Athens should not have a serious effect on the Cypriot economy, which has been growing at an average real rate of about 7.5 percent since 1967. The chronic nature of Cyprus' political instability has inured investors who have come to expect periodic flare-ups. In 1967, the year of the last flare-up, the economy doubled its growth rate over 1966. The only industry likely to suffer is tourism, which accounts for about eight percent of gross domestic product.

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## Malta: Denouement Approaches

In the past several days, Prime Minister Mintoff has put forth several versions of his terms for an agreement, but there are indications he may settle for less. His disorderly casting about contrasts sharply with his past bargaining tactics.

Mintoff told Italian Foreign Minister Moro that he would sign an agreement on the terms offered at the London talks if he receives an additional one-time payment of \$13 million. Rome's efforts to raise this sum in conjunction with Bonn and Washington initially were rebuffed, but the Germans have since shown some flexibility. The Italians, who have stressed Malta's significance to NATO and Italian security in the western Mediterranean, made a unilateral offer to Valletta of \$6.5 million, payable after an accord is signed. Mintoff received Rome's offer warmly, but he still demands the full \$13 million. He has asserted that a settlement should include "something in writing" specifically excluding visits to Malta by the US 6th Fleet as well as providing Malta recourse in the event of a sterling devaluation.



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In the meantime, UK withdrawal operations continue, and time is growing short. Naval communications facilities have been moved aboard a Royal Navy ship in Valletta harbor, and dismantling of the radar complex will begin early next week. Although the British have said privately that there is no "point of no return" in the withdrawal process, they may be unwilling to continue acting as NATO's proxy if an agreement is not reached or in sight by the end of the month.

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## TROUBLED WATERS FOR OIL

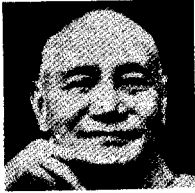
The Arabian American Oil Company, Aramco, agreed in principle to 20 percent Saudi Arabian participation in oil operations within that country, setting the stage for further negotiations, the pace of which may become quite active by midsummer. Saudi Oil Minister Yamani had been talking with Aramco for several weeks. He was seeking to establish a pattern of participation that could be extended to all Persian Gulf members of the Organization of Petroleum Exporting Countries. After reporting last week in Beirut to a plenary session of that organization, he was charged to continue negotiating on behalf of the Persian Gulf members and report the results at the next full session on 26 June.

The ensuing bargaining is certain to be contentious. The companies will seek high compensation and assurances of stability; the countries want a quick settlement at low cost with much flexibility. With the exception of Iran and Iraq, which have been negotiating individually with the oil companies, the remaining Persian Gulf producers are expected to follow Saudi Arabia's lead. Some other members of the Organization of Petroleum Exporting Countries probably will continue to engage in bilateral negotiations on questions involving oil operations within their borders. Libya and Nigeria are expected to demand more than 20 percent initial participation. Algeria and Indonesia already have achieved effective participation in their oil industries, while Venezuela has not yet made known its position on equity participation.

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## Nationalist China: Stop-Gap Measures

In an attempt to gain a little international leverage in the wake of the President's China trip, Taipei has publicly suggested it will adopt a more flexible stance on contacts with the USSR and East Europe. Though the government has also begun to put out information on limited domestic political reforms, the programmed renomination of Chiang Kai-shek for another term as president indicates that significant reorientation is not in the wind.

On 7 March, the Nationalist foreign minister stated that his government is interested in contacts with Communist nations "if they are not puppets of Communist China" and hinted that Taipei would not be averse to eventual establishment of diplomatic relations with them. Two days earlier, the government announced that it would consider allowing foreign companies on Taiwan to export to the USSR and East Europe, at first probably through third parties, and that Taipei would continue to relax restrictions on imports from these countries.

The initiatives are in line with Taipei's efforts to prevent Taiwan's economic and political isolation. Since their ouster from the UN last October, the Nationalists have acted to assure the continued availability of foreign capital and have waged a world-wide trade offensive to preserve and expand access to foreign markets. At the same time, Taipei has attempted to maintain semi-official missions in countries that have formal relations with Peking.

The timing of the announcements was clearly designed to suggest that Taipei has not been boxed in by the Shanghai communiqué and that the Nationalist Government, like its rival in Peking, can conduct diplomacy on the basis that "the enemy of my enemy is my friend." Movement toward contacts with the USSR and East Europe has been in the works for some time.

After Victor Louis' widely publicized visit to Taiwan in 1968, discreet contacts with the Soviets were maintained in several capitals, and there has been significant indirect textile trade with East Europe since 1970. Moscow has cautiously encouraged the Nationalists, believing this would upset Peking. But diplomatic relations, which would involve a formal break with the Chinese Communists, are out of the question.

A few days after these foreign policy moves, Taipei indicated that long-planned domestic political reforms would soon be unveiled. On 9 March, the Kuomintang Central Committee plenum passed resolutions calling for the "reinvigoration" of parliamentary bodies. Precise details were not given

The Central Committee vested the power to design and implement the parliamentary changes in the president, not the parliamentary bodies. This indicates that the regime realizes its plans will not meet popular expectations and that it wishes to avoid legislative pressure for more significant programs.

The Central Committee has also approved proposals to streamline its own structure. The reduction of its subordinate bodies by one fourth is certain to cause much backstage jockeying for power. There have been demands for party reform, but it is likely that this particular reorganization is intended to consolidate and maintain the grip of the Generalissimo and his son on the party machine. Chiang Kai-shek's re-election next week will probably also bring a reshuffle of the government in its wake. The very fact the Generalissimo has chosen to remain in office, however, has clearly reduced the possibility of significant foreign or domestic policy shifts.

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**SECRET****THE DOLLAR RALLIES**

The dollar rallied during the week of 13 March after suffering its severest attack on international exchange markets since the Smithsonian Agreement of mid-December. The Reuters index of major foreign currencies rose from an 0.8 percent premium above their composite central rate on 28 February to 1.90 percent on 9 March, but has since subsided to about 1.40 percent. Nevertheless, the potential for more monetary squalls still exists.

The dollar's recovery is attributed mainly to the European belief that the monetary shock waves of last week have been spent. Moreover, many feel the weakness of the dollar thus far in 1972 will gradually disappear in the coming months. Indications that US interest rates have bottomed and may have started a slow ascent point to a gradual narrowing of the international interest-rate gap. In addition, recent assurances by the chairman of the Board of Governors of the Federal Reserve System at a meeting of central bankers in Basel last weekend that the US soon will be ready to begin negotiations for international monetary reform has had a substantial calming effect on foreign exchange markets.

Although prospects for the dollar on international markets are thus somewhat brighter, spasms could recur from time to time until the US basic balance of payments shows substantial improvement. In the interim, most major foreign governments appear resolved to support the Smithsonian realignment through central bank activity and restrictive controls. 25X1

**CEMA Banks Expand Activities**

The two banks of the Soviet-dominated Council for Mutual Economic Assistance recently have been negotiating at least \$80 million in loans from Western banking consortiums. They are also considering floating a \$25-30 million bond issue in Europe later this year and may cooperate with the Asian Development Bank in financing projects in non-Communist Asia.

Although two banks are involved, they are often referred to as "the CEMA Bank." The International Bank for Economic Cooperation, now seeking new loans from the West, began operations in 1964 to facilitate multilateral trade and payments among CEMA members. This has been done generally by granting short-term credits in transferable rubles to cover current account deficits in intra-CEMA trade.

This bank also has been a convenient, if limited, source of short-term finance for its members' trade with the West, as evidenced by a high annual turnover of hard-currency resources. The

bank has been able to augment its original hard-currency resources both by attracting deposits from and borrowing in the West. The latest credits will enable the bank to maintain and possibly expand its ability to provide short-term finance in hard currency.

The one-year-old International Investment Bank, which now may extend its operations to participate in investment projects in less-developed countries, has been concerned with the long-term financing of investment projects in CEMA countries. According to Soviet press reports, the bank has made loans totaling about \$218 million for 16 industrial projects in East Europe but none in the USSR. The bank's known resources last year stood at \$222 million, \$67 million of which was in hard currency; these resources are, for all practical purposes, fully committed. These funds should be replenished this year by member subscriptions and would be further increased by the proposed issue of bonds in the West. 25X1

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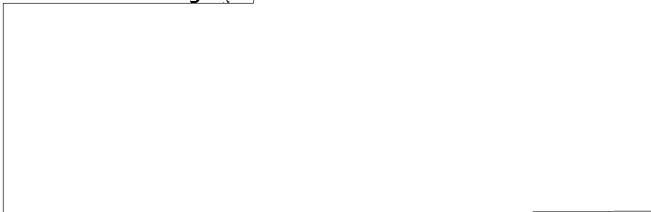


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## Indochina

### VIETNAM: PARTY BUILDING FOR THIEU

Organizers for President Thieu's new political party seem to be working with greater urgency recently, but they are meeting resistance in some key provinces. Until recently, most of the organizational activity for the "Democracy Party" was focused in the northern provinces. Since then, party recruiters have moved into several provinces in the Mekong Delta and the region north of Saigon.



Party recruiters are still concentrating primarily on enlisting military officers and civilian officials in the provinces—elements that Thieu has relied on heavily in recent years for political support. Despite substantial progress, there are indications that some local officials are reluctant to give up their membership in established parties in order to join Thieu's. In one northern province, the top police official and two district chiefs turned down bids from the Democracy Party. All party activity came to a halt in another province in late January when Thieu offered to resign as part of the allied eight-point peace initiative. Moving in these fits and starts, Thieu's party thus still has a long way to go before it can have much of an impact on South Vietnamese politics.

#### Is the Anti-Corruption Drive Serious?

Vice President Huong has been engaged since January in a well-publicized campaign against corruption, which apparently is to be his chief activity in the administration. The widely respected Huong, who has a reputation for integrity, has thus far confined his actions largely to statements calling for action against specific corrupt practices. He sent a directive to high-level civilian and

military officials ordering that they stop the practice of superiors demanding cash or other gifts from their subordinates. Huong also called on Prime Minister Khiem to take action against judges and police officials who extort money from prisoners or their families.

Despite Huong's obvious sincerity, many people undoubtedly will remain skeptical unless decisive action is taken against some of the more prominent officials with reputations for corruption. Adding to these doubts are Huong's uncertain health and the questionable efficiency and honesty of some of his aides.

The extent of President Thieu's support will be another crucial factor in the drive. In the past, the President has been reluctant to challenge well-entrenched practices and powerful individuals, particularly in the military. But in January he replaced several division commanders and province chiefs, who were particularly notorious for corruption. One was his own cousin. Apparently at Huong's urging, Thieu also opened an investigation into charges of corruption by top Defense Ministry officials in the management of a savings fund to which all South Vietnamese military personnel contribute.

Thieu may now feel secure enough in his position to take stronger action. One clue to how far he is willing to go could come in the expected government reorganization. If those replaced include Defense Minister Vy, who has come under a cloud because of the army savings-fund scandal, or presidential aide General Quang, who is widely regarded as corrupt, some of the skeptics might begin to give the President credit for making a serious attack on the problem.

#### OVER THE BORDER

A South Vietnamese operation begun last week against a major Communist base in Cambodia, west of Tay Ninh Province, has uncovered Communist camps and caches but has not yet

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made any significant contact with Communist forces. The South Vietnamese advances were preceded by heavy allied air strikes with generally good results.

Elements of the 4,500-man force have fought several small battles, probably with rear-guard troops covering the withdrawal of larger enemy units. South Vietnamese units killed 30 of the enemy in one brief encounter. Friendly losses have been relatively light throughout the campaign. Last weekend, a Ranger battalion struck a bunker complex used as the headquarters for a Viet Cong subregion.

As the operation has unfolded, it has become clear that the Military Region 3 commander, General Minh, is primarily interested in disrupting one of the main Communist staging areas for attacks into South Vietnam rather than in engaging any part of the Communist three-division force that remains concentrated north of Tay Ninh Province. While this operation may end in a few days, similar operations are likely in the near future.

#### Full Circle in Cambodia

The Cambodian politicians who only a few months ago were urging the ailing Lon Nol to take a vacation, and perhaps even lighten his load by becoming chief of state, must be having rueful second thoughts. Fresh from an extended vacation at Kompong Som, Lon Nol was in Phnom Penh last week showing his sometime critics who is boss.

In a series of moves reminiscent of Sihanouk, the mercurial Lon Nol named himself president, dissolved the constituent assembly, shelved its almost-completed new constitution, and dismissed the cabinet. His actions appear to have been taken after only the most cursory consultation with principal government figures and

with little concern for the impact on those political elements in Phnom Penh already disillusioned over what they consider the betrayal of the promise of more democratic rule after Sihanouk's ouster.

The initial reactions to Lon Nol's changes indicate that he should be able to carry them through without provoking serious political trouble. Prominent politicians are bitter over Lon Nol's roughshod tactics but seem resigned to the fact that there is little they can do. Although grumbling will go on, Lon Nol's opponents are divided and lack a leader around whom they can rally. Any significant opposition would need the backing of the military, but army commanders who were restive in the wake of the Chenla II losses late last year now seem to be strongly behind Lon Nol. They are likely to remain so unless there is some major reversal on the battlefield.

It is possible that Lon Nol's next step will be to make a placating gesture toward his critics by offering some of them positions of ostensible importance in the new government. His most immediate problem, however, concerns Sirik Matak's future political role. Lon Nol apparently still has considerable personal respect for Matak and needs his administrative skills. But by 16 March, it looked as if he was ready to concede that it would be a bad idea to appoint Matak to another key post in the government. Matak has been under continuing fire from student and intellectual elements in the capital who have faulted his interference in academic affairs and who find him a convenient scapegoat for what they regard as the delinquencies of the regime. If Matak is kept out of the government, the students and those Buddhists who have supported them can lay claim to their first significant political victory in recent memory.

#### NEW SIEGE AT LONG TIENG

The long-anticipated second round of the Communist's dry-season offensive in north Laos

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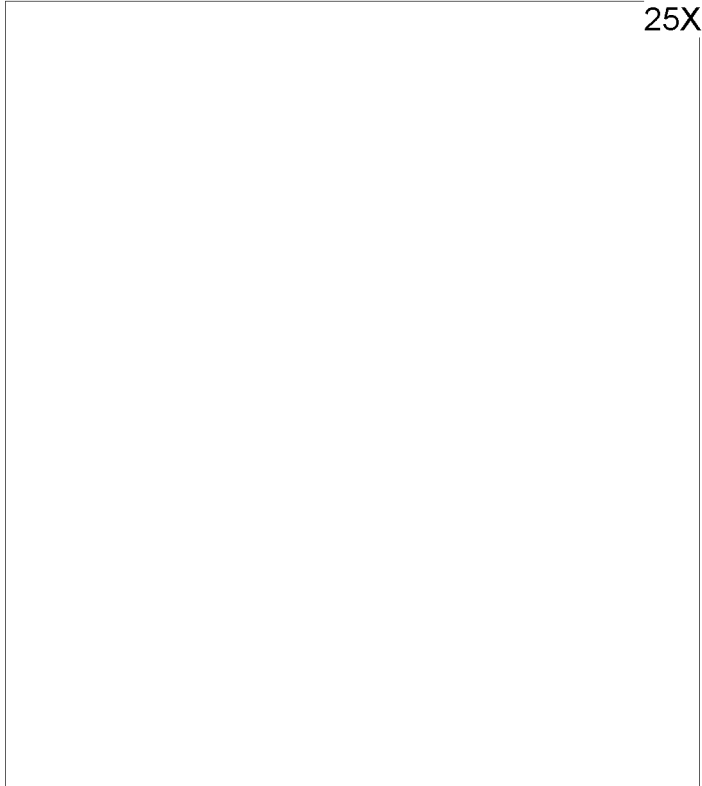
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~~airlifted from areas south of Long Tieng to Bouam Long, north of the Plaine des Jarres. These troops, plus some local units, will move south in the next several days toward objectives on Route 7, the major supply route northeast of the Plaine.~~

East of Long Tieng, an irregular battalion that was attempting to divert Communist forces by moving against Phu Pha Sai, which overlooks the road extending south from the Plaine, has retreated. The battalion was hit hard by several hundred North Vietnamese troops and suffered heavy casualties.

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appears to have begun this week as North Vietnamese units, for the first time in about two months, hit government strongholds in the Long Tieng - Sam Thong area. After sweeping irregulars from most positions at Sam Thong on 11 March, North Vietnamese gunners shelled Long Tieng with mortar and artillery fire. The shelling caused government units to abandon two positions on Skyline Ridge overlooking Long Tieng. The Communists did not take advantage of the gap to launch a major ground assault against the base itself, and the irregulars quickly recaptured one of the positions.

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Despite the upsurge of activity, Vang Pao is still determined to launch operations into the Communist rear in an effort to lessen the pressure against his bases. Over 1,100 troops have been



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## The USSR

### BAD WINTER FOR SUBMARINES

The distress of an H-II ballistic missile submarine in the North Atlantic is the latest and worst in a series of mishaps that have hit the Soviet Northern Fleet submarine force this winter. The H-II was forced to surface about 700 nm. east of Newfoundland on 24 February with its nuclear propulsion plant inoperative. Rescue tugs have had it in tow intermittently for the past week, but they have not succeeded in making significant progress toward home port. By 16 March, the H-II and its escort of some ten naval ships were about 480 nm. west of Ireland. Moreover, the weather in the rescue area has deteriorated to near-gale conditions.

Last November, a Northern Fleet F-class diesel attack submarine operating near Cuba broke the surface at a 45-degree angle—an emergency procedure. The submarine then pulled into Mariel, Cuba, and appeared to undergo repairs for about three weeks.

Another F-class experienced difficulties near the British Isles in late January. It was in a group of five submarines returning en masse to the Northern Fleet following five months in the Mediterranean. After a night adrift, the submarine limped home behind schedule attended by four surface ships.

Also in January, a Northern Fleet J-class diesel cruise-missile submarine on a regular patrol in the Mediterranean apparently suffered damage. It spent time at the regular Soviet Mediterranean anchorage in the Gulf of Sollum and later went into Alexandria, probably for repair work that could not be accomplished at anchor.

Despite this winter's troubles, Soviet submarines still are more venturesome than in the early 1960s. Open ocean patrols at that time were rare and each submarine had a rescue ship in close company.

These incidents this winter have forced the Soviets to divert ships, material, and repair personnel on short notice. They illustrate the hazards of operating submarines after lengthy voyages and highlight the Soviet need for rescue and repair facilities—afloat or ashore—wherever the submarines patrol. Currently, the Soviets station rescue ships in the Mediterranean, Norwegian Sea, and Cuba instead of with each submarine. In the Pacific, the rescue ship stations are in the Philippine Sea and Hawaii areas.

These precautions did not prevent the Soviets' losing an N-class nuclear-powered attack submarine in the North Atlantic in 1970. The earlier tragedy, coupled with this winter's rash of problems, may force the Soviet Navy to re-evaluate submarine maintenance and rescue procedures.

The newer generation of Soviet nuclear submarines—the Y, C, and V classes—have been relatively free of material trouble since they began regular patrol in 1969. There is no insurance against personnel casualties, however, as demonstrated by a Y-class that interrupted its patrol north of Hawaii last summer to transfer a crew member to a rescue ship.



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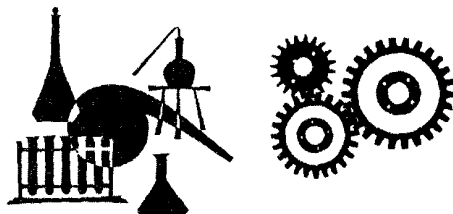
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**INDUSTRIAL ORDERS FAVOR US**

Soviet orders for plant and equipment from the developed West increased sharply to \$850 million last year after a decline in 1969-70. Even more noteworthy was the emergence of the US as the major source, a distinction not held by the US since the completion of Lend-Lease shipments after World War II.

Until last year, the period of strongest growth in Soviet orders from the West was 1966-68, with an average of \$700 million per year; in both 1969 and 1970, orders fell to an average of about \$450 million. The leading categories of orders in terms of industrial groupings since 1968 has changed somewhat. Motor vehicle manufacturing orders have remained most important, and chemical and petrochemical equipment continue high on the Soviet shopping list. But metalworking and metallurgical machinery, oil, gas, and pipeline equipment and electronics have grown substantially during the past three years.

The emergence of the US as the major Western supplier of plant and equipment was rather sudden. Before 1970, the only significant orders signed with US firms were for about \$50 million worth of automotive manufacturing equipment for the Fiat plant. In 1970, Soviet orders from the US rose to \$90 million, more than \$50 million of which was for oil, gas, and pipeline equip-



**Soviet Orders for Plant and Equipment from the Developed West <sup>a/</sup>**

	US\$ million		
	<u>1969</u>	<u>1970</u>	<u>1971</u>
<b>Selected Categories</b>			
Motor vehicle manufacturing	52	70	318
Chemical and petrochemical	83	203	90
Metalworking and metallurgy	30	12	75
Oil, gas, and pipeline	132	85	127
Electronics	22	35	65
<b>Other</b>	<u>85</u>	<u>95</u>	<u>175</u>
<b>Total</b>	<b>404</b>	<b>500</b>	<b>850</b>

*<sup>a/</sup> Excluding Finland, which has a special trading relationship with the USSR.*

ment. The huge jump in orders placed in the US last year to \$228 million emphasized motor vehicle manufacturing (\$109 million); oil, gas, and pipeline equipment (\$53 million); ore mining equipment (\$46 million); and electronics (\$16 million).

Prospects for the US to continue a strong showing in the near future are good because US firms have a near monopoly on much of the advanced technology sought by the USSR. US firms probably will obtain orders for \$300-500 million worth of equipment for the Kama River truck plant. The USSR, moreover, is discussing US participation in liquefied natural gas projects, an additional truck manufacturing facility, as well as computer and electronic component production facilities. These and other projects may well involve substantial orders from the USSR well into the 1970s.

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## **French Communists Fare Well**

Communists and Gaullists, looking toward next year's national parliamentary elections, have reaped political benefits from recent disturbances by militant Maoists and leftists.

From the beginning, the French Communist Party and its powerful trade union ally, the General Confederation of Labor, denounced Maoist-inspired disturbances at a Renault factory that led to the kidnaping of a plant official. The party, correctly assessing that public support for the leftists would be limited, sought by its stance to ensure that the government would not stand out as the sole defender of law and order.

At the same time, the Communists are making a maximum propaganda effort to implicate the government. They have alleged that the recent disorders are part of a government plot to recreate the atmosphere of uncertainty and fear that led to the overwhelming Gaullist electoral victory in 1968. The Communists assert that militant leftist dupes are playing into the government's hands. On the other hand, the party would be free to exploit any future government action against extreme leftists that can be pictured as harming working-class interests.

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## Yugoslavia

### TITO TO VISIT MOSCOW

Tito's attention to foreign affairs is shown in his acceptance of a Soviet invitation to visit the USSR in early May. He is wary about Soviet intentions, but he may hope that face-to-face meetings with Brezhnev will clarify what Belgrade sees as a budding Soviet drive for conformity in Eastern Europe. Tito will also want to impress on Brezhnev that the purge in Croatia has not impaired Yugoslavia's stability nor its determination to chart its own course.

The atmosphere for the visit is not auspicious. Yugoslav media are condemning Soviet attempts to re-establish greater conformity within the Warsaw Pact and CEMA. ~~Soviet Defense Minister Grechko's scheduled visit to Belgrade late this month has many Yugoslavs on edge. Yugoslav officials are concerned that Grechko might embarrass them by associating Soviet attacks on the US-Greek home porting agreement with Belgrade's own objections. They also fear that Grechko will revive proposals for Soviet use of Yugoslav naval facilities and for increased overflight rights for Egypt-bound Soviet aircraft. Grechko could take a more diplomatic course. He may even be prepared to discuss increased Soviet arms sales to Yugoslavia.~~

Tito's trip is ostensibly a return of Brezhnev's visit to Belgrade last September. Soviet emphasis on an early May date suggests that Brezhnev wanted it to precede President Nixon's visit later in the month. The Russians may seek Tito's support on issues such as the Middle East and a European security conference. In addition, of course, Brezhnev wants Tito's visit to be a demonstration of movement toward greater unity in Eastern Europe.

The Soviets probably calculate that by consulting Tito, and ignoring Ceausescu, they may increase Romania's sense of isolation both within and outside the Warsaw Pact. The two Balkan mavericks are on their guard against this and will hold talks themselves at the Iron Gates in mid-May.

One of Tito's major goals in Moscow will be to convince the Soviet leadership that the Croat na-

tionalist crisis of last December did not weaken Yugoslav unity. He knows that past Soviet interference in his country was based in part on miscalculations about the Yugoslav internal situation. He will try to disabuse the Kremlin of any notions it may have now that Yugoslavia is vulnerable to such pressure tactics. [REDACTED]

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### UNEASINESS IN KOSOVO

With the country not yet fully recovered from the Croat nationalist crisis of last December, there are renewed signs of tensions between Albanians and Serbs in the province of Kosovo, a part of the Serbian Republic. [REDACTED]

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During ~~1972~~, the Albanian majority consolidated its hold on the province's political apparatus. This has alarmed the Serb minority that once dominated the local power structure. After Tito crushed the Croat nationalists in January, the Kosovo party leadership began to curb manifestations of nationalism and to suppress Albanian extremists. In late February, however, the Albanian leader of the Kosovo party, Mahmut Bakali, resurfaced many Albanian grievances, warned of Serb nationalism, and implied that there is undue Serb interference in Kosovo. Bakali also warned that stability in Kosovo depends on improvements in the province's poorly developed economy.

Early this month, the Serb party discussed the problem of nationalism at considerable length but failed to arrive at any solution despite the urging of party leader Marko Nikezic. On the crucial issue of financial support to Kosovo, the Serbs indicated that priority would go to development of poor areas in the Serb Republic itself, implying that development of Kosovo was a federal problem.

Local efforts to keep the lid on nationalist tension could fail unless Tito personally intervenes. For the time being, Tito seems preoccupied with foreign affairs, as he was in the early stages of the Croat crisis. [REDACTED]

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## The Arab World

### VISIONS OF "TOGETHERNESS"

Simultaneous meetings in Cairo this week of the leaders of the Arab Confederation and of the Arab League Council were meant to project an image of unified purpose in dealing with Israel. The trappings of unity and solemn consultation did not hide continued Arab contention.

The Egyptian press reported that during the third bi-monthly conclave of the confederation's presidential council, Sadat, Asad, and Qadhafi adopted a number of "secret resolutions" for the struggle with Israel. They were not released. The leaders also held a special session to discuss a request from King Husayn for support of his proposal to establish a Jordanian federation. The three leaders observed that the King's plan required study and said they would seek the views of Yasir Arafat and other fedayeen leaders before responding.

The council's discussion of a proposal from Arafat to end the "military and political impasse" has fed speculation that the confederation leaders may, as a matter of policy, encourage a step-up in the guerrillas' cross-border operations into Israel and Israeli-occupied Sinai. Sadat talked about his trip last week to Kuwait and Saudi Arabia, where he probably sought increased subsidies to support the war effort.

Though it was not on the announced agenda, the council, anticipating Sadat's visit to the Sudan on 15 March, probably took up the frictions in Sudan-Egypt relations brought on by Numayri's refusal to end his feud with Moscow, join the confederation, and ease the strains caused by the ouster of his pro-Egyptian defense minister. The three leaders had to deal with strains among themselves as well. Stories are already circulating in Cairo and Beirut that Qadhafi created difficulties for Sadat and Asad.

The Middle East military situation and diplomatic state of play were also debated in the cumber-

some 18-nation Arab League council. The council gave the green light for member nations to re-establish relations with West Germany. Egypt, one of the ten Arab nations that severed ties with Bonn in 1965 in reaction to West German aid to Israel, is expected to enter into talks with the West Germans within the next few weeks.

While the "solidarity" sessions were going on in Cairo, charges were flying between Sana and Aden over border forays, and Syria and Lebanon were reacting stiffly to slurs cast on them by leftist members of the Kuwaiti National Assembly. The government of Bahrain was implying Iraqi influence in the strikes and demonstrations that closed down the island over the weekend. Egyptian and Lebanese newspapers were featuring the rash of attempted assassinations of exiles—most of them being blamed on Baghdad. The Popular Front for the Liberation of Palestine noisily split into two wings, and practically everyone was denouncing King Husayn's plan as the result of a secret settlement with Israel.

### JORDAN'S KING FLOATS A PLAN

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King Husayn on 15 March made a proposal for West Bank autonomy should a peace settlement with Israel be achieved. Husayn's plan envisions a federated Jordanian-Palestinian kingdom divided into two regions, with a Palestinian state west of the Jordan River. The formula would allow each region to control its internal affairs while a national government, under the King, would direct foreign policy, the military establishment, and other national interests. The new Palestinian state would be open to other areas now occupied by Israel, thus allowing for the inclusion of the Gaza Strip.

The King said he had overwhelming support for the plan from Jordanian and West Bank citizens, but initial Arab reactions were highly critical. Most Arab commentators claimed the plan was part of a secret deal between Jordan and Israel. There are no indications, however, that Husayn is trying to open negotiations with the Israelis at this time or that he anticipates an early settlement. Major obstacles to any Jordanian peace settlement with the Israelis still

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remain, the most important of which is the status of Jerusalem. Husayn's plan would locate the capital of the Palestinian state in East Jerusalem. Israel, on the other hand, has insisted that Jerusalem can never again be divided. Husayn acted to publicize his plan at this time because Israel has scheduled elections in the West Bank areas for next month. The King probably judged that these would tend to perpetuate the status quo. Israeli Prime Minister Golda Meir promptly reiterated this determination, called the King's action "pretentious and one-sided," and said that Israel would rule the occupied territory until peace was achieved "through serious negotiations."

#### SYRIA: NEW TACTICS, OLD PROBLEMS

President Asad last week gave Damascus' belated assent to UN Security Council Resolution 242 of November 1967. Asad based his assent on an interpretation that would provide "for the withdrawal of the enemy from the Arab territory occupied in 1967." This emphasis on Israeli withdrawal, as well as the call for restitution of the rights of the Palestinian people, is the basic provision the Arabs insist must be met before any progress can be made on a negotiated peace settlement. In a further gesture, Asad said in his address that it is the Arabs' duty to follow "all paths" to reach their goal.

The Asad statement does represent the most moderate public stand toward the problem of Israel that any Syrian regime has taken since the resolution was adopted; Syria's Baathists have been among the most negative of the Arabs on the issue of negotiations. Their shift will have little immediate effect on the prospects for peace.

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Asad's more pragmatic style of governing emerged early in his administration, most notably in his relations with other Arab states.

Asad presumably had to move slowly in order to overcome his domestic critics who would have opposed a sudden and sharp change in the

country's approach to what is, after all, its major foreign policy problem.

Asad was influenced by Egyptian President Sadat's "peace initiatives." He stood aside and let Sadat lead the way via diplomacy, despite the dim prospects. The shift is also consistent with the Soviet policy of urging the Arabs not to rule out the possibility of a negotiated peace.

Meanwhile, in an attempt to broaden his political base at home, Asad announced the formation of a National Progressive Front. The front will allow all parties to take part in "political activity" and will have non-Baathist positions in its "central leadership." Asad, however, as the president of the country and secretary general of the Baath Party, is the leader of the front, and other key posts are certain to be heavily weighted with Baathist personalities. The announcement of the plan was a long time coming because of party opposition, and Asad may not have heard the last from his more dogmatic Baathist critics.

#### THE YEMENS SPAR AGAIN

Though statements this week by leaders in Sana and Aden have quelled some of the speculation that war between the two Yemens is imminent, it is likely that cross-border strikes into Aden by Sana-based tribal elements will soon begin.

Yemen (Sana) gave implicit support on 11 March to threats by tribal sheiks to launch attacks against the radical Yemen (Aden) regime in retaliation for a border incident on 21 February in which about 65 tribal members and an important sheik were killed by Aden forces. In a communiqué that showed sympathy with tribal demands for vengeance, Sana was careful to avoid any commitment to direct and official involvement in the dispute at the present time. Sana did blame Aden for a series of provocations, however, and warned that such acts could not be tolerated. Yet, on a tour of Arab capitals to explain his government's position, Prime Minister al-Ayni of the Sana government has tried to dispel the notion that war between the two Yemens is in the offing.

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On the other hand, al-Ayni apparently has succumbed to local political, military, and tribal leaders—as well as to Saudi King Fayal, who wishes to rid the Arabian Peninsula of the Aden radicals. Al-Ayni has agreed to permit his territory to be used as a base from which revengeful tribesmen, Saudi-backed mercenaries, and dissident Adenis can launch forays into Aden. Al-Ayni had sought to resist these demands, both out of fear of Adeni counterstrikes and because he believes that external threats only solidify the Adeni leadership.

Meanwhile, the Aden government has been trumpeting the charge that Saudi Arabia is preparing to launch an effort to overthrow Yemen (Aden). The Aden government has not thus far implicated Sana in such a plot, charging only that tribal mercenaries and “agents of the imperialists” are involved. A member of Aden’s ruling National Front political organization, also on tour of Arab capitals, has stated that his government will not be dragged into war with Sana.

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## Indisputably Indira's India

Provincial elections, concluded on 11 March in 16 of India's 21 states and two of its nine union territories, have made Prime Minister Gandhi's domination of national politics all but total. The Ruling Congress has captured 70 percent of the 2,562 assembly seats counted thus far. With newly acquired majorities in 14 states and one union territory, Mrs. Gandhi's Ruling Congress now heads all but eight of India's 30 political units.

Armed with her new mandate, Mrs. Gandhi now may try to expand and consolidate her power. Particular targets may be the southernmost state of Tamilnadu, where an autonomy-minded regional party heads the government, and Orissa, where the conservative Swatantra party leads a fragile governing coalition. Non-Congress governments and parties are in far too weakened a condition to fend off a Congress onslaught for long. The elections virtually decimated the major conservative parties nationally. With the bulk of the votes counted, the Swatantra had won a mere 16 seats and the Organization Congress, which split from Mrs. Gandhi in 1969, just 88. The Jan Sangh, a major Hindu communal party, won 100

seats, while the socialists and radical Communists have been virtually wiped out in several states. The pro-Moscow Communist Party of India, although it emerged as the second largest party with 103 seats as of 15 March—did poorly in those states where it had not been able to work out an electoral arrangement with the Ruling Congress.

In West Bengal, the radical Communist Party of India/Marxist declared its intention to boycott the state assembly and is expected to carry its fight to upset the Ruling Congress' victory into the streets. With all of the 280 state assembly seats accounted for, the Marxists had only 14 in a state they have dominated since 1967. Mrs. Gandhi's Ruling Congress won 216, a sizable victory that could eventually bring political stability to this troubled state. The Congress and its electoral ally, the more moderate Communist Party of India, have already shown their ability to meet and better the Marxists at political violence. Moreover, Mrs. Gandhi is not likely to hesitate to call in the army or reinstitute "President's Rule" from New Delhi if radical-sponsored violence goes too far. In any event, it is unlikely that Mrs.

### PAKISTAN: DEBT RELIEF

The Western Aid-to-Pakistan consortium has agreed tentatively to provide debt relief to Islamabad. The proposal now being considered by the member governments calls for the deferral of \$234 million due in repayments through 30 June 1973. If approved, this rescheduling would cut Pakistan's debt service obligations by roughly 50 percent during the period. It also would end Pakistan's default status resulting from its partial unilateral moratorium on debt payments. Since last May, Pakistan has withheld approximately \$100 million in payments due on debts to foreign governments.

The Western donors reportedly will make this debt relief contingent on a program of economic reform, including devaluation. The International Monetary Fund, which expects the reforms to be instituted soon, is expected to grant stand-by credits when the reforms are announced. Pakistan also is being encouraged to tighten government spending and simplify foreign trade regulations. It was also hinted that long-term debt relief might also be forthcoming before the short-term agreement expires.

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Gandhi will ever willingly relinquish control of this strategically important state on the border of Bangladesh.

Mrs. Gandhi, with her new triumphs, is in a unique position to force through badly needed reform legislation. She has plans to do this and she will be aided by new, younger, and more "progressive" faces that have been added to the Ruling Congress ranks in state legislative assemblies. But India's economic problems are enormous, and Mrs. Gandhi's leadership abilities will be put to the test. Her campaign rhetoric has aroused popular expectations that will be difficult to satisfy. [redacted]

### Ceylon: Westward Ho

Colombo's new posture of friendliness toward the US was illustrated anew last week on the occasion of Admiral McCain's four-day visit. The Commander in Chief Pacific was cordially received by the Ceylonese, with only the Communist press expressing opposition to his visit. In meetings with the admiral, Prime Minister Bandaranaike and her secretary for defense and foreign affairs voiced appreciation for US military assistance supplied or pledged following the insurrection that broke out in the spring of 1971. They also expressed uneasiness about India's growing ties with the Soviet Union and future Indo-Soviet intentions in the region.

During the past few months, Mrs. Bandaranaike's government has shown a strong interest in bettering relations with the US. The leftist-nationalist governments headed by the Bandaranaike family's Sri Lanka Freedom Party—in power from 1956-65 and again since May 1970—had been cool toward the West in general and the US in particular. The shift to a friendlier posture has been demonstrated by Colombo's

new-found enthusiasm for US naval visits. The government also moved last month to end the anti-US bias in official news broadcasts, particularly on the Indochina issue. In addition, Colombo has decided not to push for implementation of its proposal for a nuclear-free Indian Ocean. The Ceylonese proposal was endorsed last December by the UN General Assembly despite abstentions by 55 countries, including the US and the USSR.

Colombo's change of heart toward Washington is in part a result of its growing awareness that it needs large-scale Western assistance to keep the foundering economy afloat. The Ceylonese also want to make sure that military assistance will continue, particularly in view of reports that the insurgent movement, which almost toppled the government last April, is showing signs of revival.

In addition, the government is concerned about the changed South Asian power balance in the wake of the Indo-Pakistani war last year. Colombo fears that India, no longer preoccupied with the military prowess of a greatly weakened Pakistan, could eventually become more aggressive toward Ceylon, particularly if relations between Ceylon's majority Sinhalese and minority Tamils—who have millions of sympathizers in southern India's Tamil region—were to deteriorate as they have on occasion in the past. At present, there are no indications that New Delhi is contemplating abandonment of its traditionally relaxed policy toward Colombo.

The Ceylonese are also uncomfortable about the growing friendship between India and the Soviet Union. Relations between Colombo and Moscow have been under strain for months, primarily because some high Ceylonese officials believe—despite a lack of concrete evidence—that the Soviets may have had something to do with the Ceylonese insurrection last year. [redacted]

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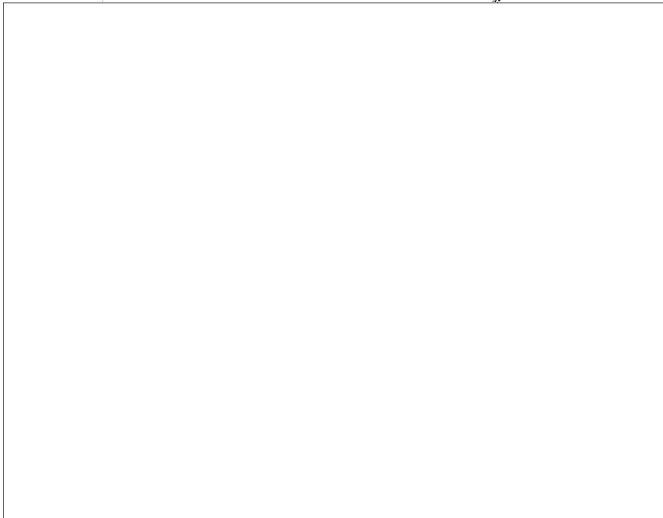
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Zambia can expect little help from its copper industry, which generally has contributed 60 percent of tax revenues and almost all of the nation's foreign exchange earnings. Both prices and production dropped in 1970 and remained depressed throughout 1971. If prices and domestic output fall far below government estimates, Lusaka will be forced to cut back drastically on programs and will lose public support.

Growing criticism of the government's economic management has not yet found any political expression. Indeed it has thus far been limited to a debate on the best means to end the country's economic woes. President Kaunda's political strength and support from other government leaders continues strong, particularly in the wake of his recent highly popular decision to declare one of the nation's opposition parties illegal.

### Zambia: Politics in Command

The government's halting attempts to cope with growing budget and balance of payments deficits are unlikely to alleviate serious economic problems. A series of measures introduced in December and January did little more than restrict remittances abroad and travel allowances, and place some limitations on imports of luxury goods. Politically motivated prohibitions on imports either from South Africa or transported by railroads in white southern Africa were ended in an effort to reduce import costs.

These measures do not attack the root causes of Zambia's financial plight: low copper prices and excessive government expenditures. President Kaunda and his close advisers are not willing to curtail expenditures on expensive, politically motivated domestic programs despite the likelihood of a 1972 budget deficit exceeding \$270 million. Less than half of that deficit is covered by present financing arrangements.



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### Waldheim Visits South-West Africa

The UN secretary general is hopeful that his five-day visit to South Africa and the territory of South-West Africa last week created the basis for further discussions with Pretoria on the future of the territory.

His talks with Prime Minister Vorster and Foreign Minister Muller were amiable, with each side seeking to learn what the other meant by self-determination for the territory's inhabitants. Despite some reported friction over scheduling, Waldheim said he was satisfied that he had seen a cross section of the population of South-West Africa. He met with several prominent leaders of the dissident blacks and in Capetown with Anglican Bishop Winter, who was expelled from the territory recently for his strong opposition to Pretoria's policies.



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## Peron's Political Punch

Juan Peron has once again seized the initiative and demonstrated that he remains the dominant personality in Argentine politics. For the moment at least, he seems to be playing according to President Lanusse's rules by channeling his efforts along the electoral path. As usual, he is playing the game better than anyone else.

Citing the new political front he is attempting to put together, Peron enjoined followers who control organized labor to act with "prudence and wisdom" in seeking wage concessions from the government. The national labor confederation's central committee had been called into session on 13 March to consider what tactics to employ following President Lanusse's recent stern refusal to allow a new wage increase or to permit collective bargaining. Hard-line labor leaders were calling for "active" strikes that could provoke a confrontation with the government, but Peron's call for a calm, reasoned approach cooled the passions of all but the most extreme. As a result the central committee reached no decision on the 13th, and the moderates are expected to control the meeting when the committee reconvenes on 17 March.

The new Civic Front for National Liberation is an attempt by Peron to unite the various po-

litical and economic interests into a broad front similar in many ways to the Grand National Accord advocated by President Lanusse. The response to Lanusse's call for national unity was slight, but Peron's Civic Front seems to have caught the imagination of many political leaders. Peronists have been working with many of their former political opponents in smaller coalitions for more than a year, and Argentines of all political hues are traveling to Madrid, where Peron lives in exile, to consult with the master political tactician.

The growing evidence of Peron's continuing power and possible ambitions has doubtless rekindled fears of Peronist domination and alarmed the old dictator's many implacable opponents in Argentina. In the armed forces, particularly, sentiment is likely to grow for action to block the former dictator. For the moment, there appears to be a stand-off that could work to President Lanusse's advantage. Labor and politicians are wary of taking action that could push the military into ousting Lanusse and canceling elections. On the other hand, the armed forces are reluctant to take action that would mean a continuance of the military in government. The balance is delicate, however, and could easily be tipped in either direction.

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### SOVIETS FLY HIGH IN SOUTH AMERICA

The recently signed civil air agreement with Chile has opened the way for regular Soviet flights to South America, the only continent not yet served by Aeroflot. Moscow has been granted overflight and technical landing rights by Colombia for the route to Chile, and Peru apparently has approved technical landing rights but so far has refused a passenger stop in Lima on a route to Santiago.

Aeroflot service to Chile may begin this spring, most likely as an extension of one of the twice weekly Moscow-Havana flights.

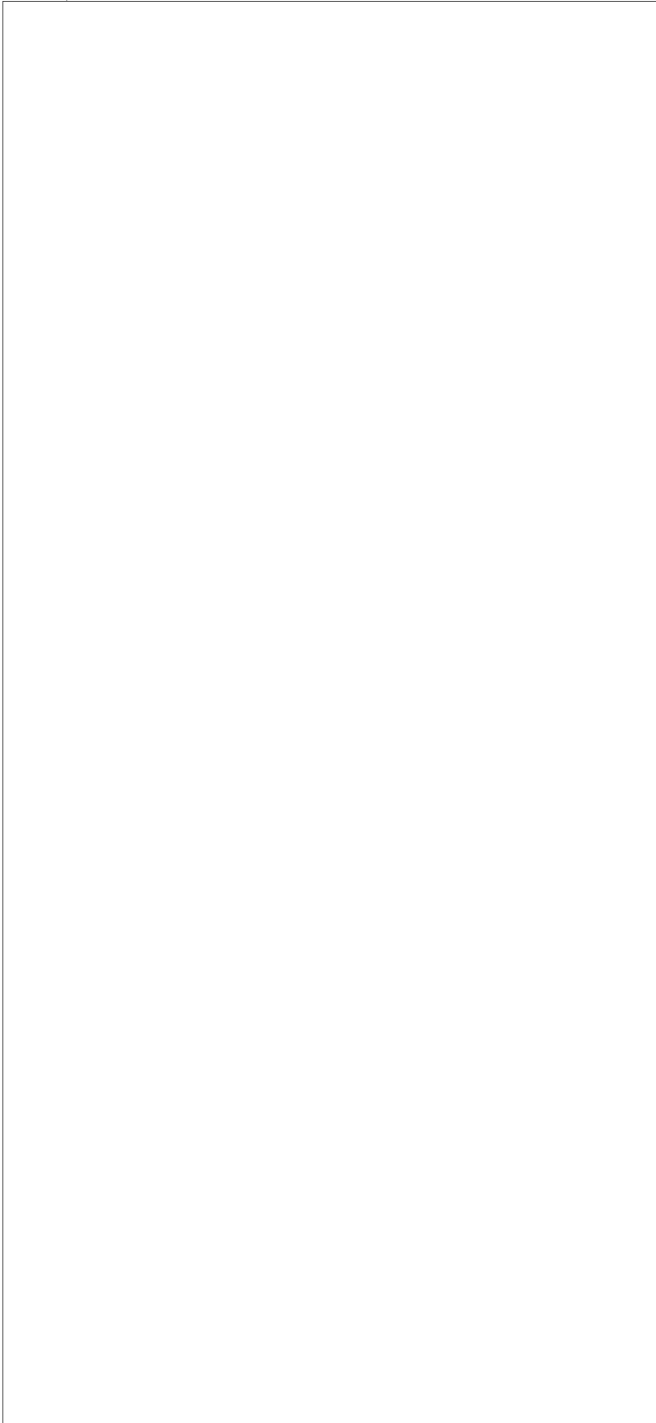
The Soviets are also introducing the YAK-40, a three-jet light transport, to South America. A Yak has been assembled in Colombia with the permission of the government, and it is being demonstrated in at least six countries.

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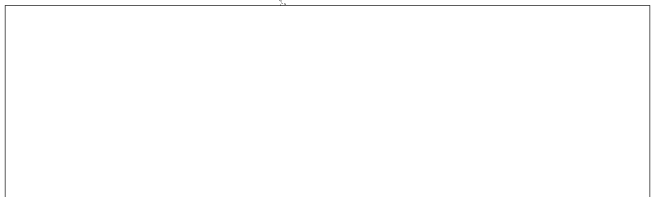


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### Venezuela: Accentuate the Positive

Private and official US overtures to the Venezuelans have had a salutary effect in damping the nationalistic fervor in Caracas. The Ministry of Mines is now considering a waiver of fines that it says the largest US oil firm in Venezuela, Creole, incurred when it severely cut back oil production in defiance of the government's quota system. Creole has announced that its production is on the rise again. Furthermore, President Caldera has agreed to the US suggestion that the two governments should explore possibilities for an agreement on a broad range of matters relating to trade and oil. In his state of the union address last week, Caldera, in contrast to other recent speeches, avoided Yankee baiting. In fact, he declared that no new legislation to control the oil industry is necessary. This moderate tone underlines Caldera's satisfaction that his oil policy is a success and responsible for the US offer to work out some mutually beneficial deal.

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Thus, the danger of a tighter squeeze on US investors has not disappeared, but the present Venezuelan restraint does suggest that there is still room to work out an arrangement on trade and oil.

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## Uruguay: Security Controversy

President Bordaberry is pushing for enactment of a law increasing criminal penalties for subversive actions and giving the military extensive authority to deal with terrorism. He is opposed in this by a congressional majority that has already suspended several of the emergency security measures decreed by former president Pacheco in 1968.

Last week, a coalition of Blanco and Frente Amplio legislators struck down a measure giving the government power to shut down newspapers and prohibit importation of subversive propaganda. Moreover, restrictions on public assemblies and meetings have been ended, and military and police power to arrest and hold suspects without trial is to be terminated on 30 April.

Both the President and the opposition Blanco leaders seek an end to the violence that has persisted for the past two years, but they disagree widely on security measures. During the recent presidential campaign, Bordaberry forces argued that only "hard-line," law-and-order policies could eventually end the growing disorders in Uruguay, while Blanco front-runner Wilson Ferreira argued for the lifting of emergency security measures and stricter enforcement of existing laws.

Bordaberry, trying to avoid a major executive-legislative collision at this early stage of his presidency, has not directly opposed the congressional nullification of the government's emergency powers. Instead, he is working for passage of a security law that would in effect restore some of these powers. Although his draft proposal is of debatable constitutionality and some Blanco legislators have criticized it as a "grab bag," a compromise solution may be reached in the next six weeks.

Meanwhile, the government is promoting an aggressive counter-insurgency effort, which has led to the capture of approximately eighty Tupamaro guerrillas since January. The majority of the arrests have occurred in interior cities, where the authorities reportedly receive more cooperation from the population and the military can operate more freely than in Montevideo.

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## El Salvador: The Latest Returns

Partial and unofficial results of the legislative elections on 12 March indicate that the governing party won about 37 of the 52 seats in the National Assembly, giving the new President the two-thirds majority he will need for the passage of important bills such as the contracting of foreign loans. While this will provide relatively smooth sailing for President Molina's legislative program during the coming two years, he will receive less cooperation than his predecessors from opposition parties, especially the Christian Democrats, because of the manner in which the elections this year were conducted.

Opposition supporters went to the polls on 12 March with the feeling that the cards were stacked against them because of the nullification of some candidacies on technical grounds. In addition, some voters were evidently harassed and intimidated by the security forces. Voters, nevertheless, turned out in larger numbers than for any previous legislative contest—approximately 50 percent of the registered electorate as opposed to about 35 percent in the past. The increasing political awareness on the part of the general public may produce a revitalized opposition for the 1974 contest.

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