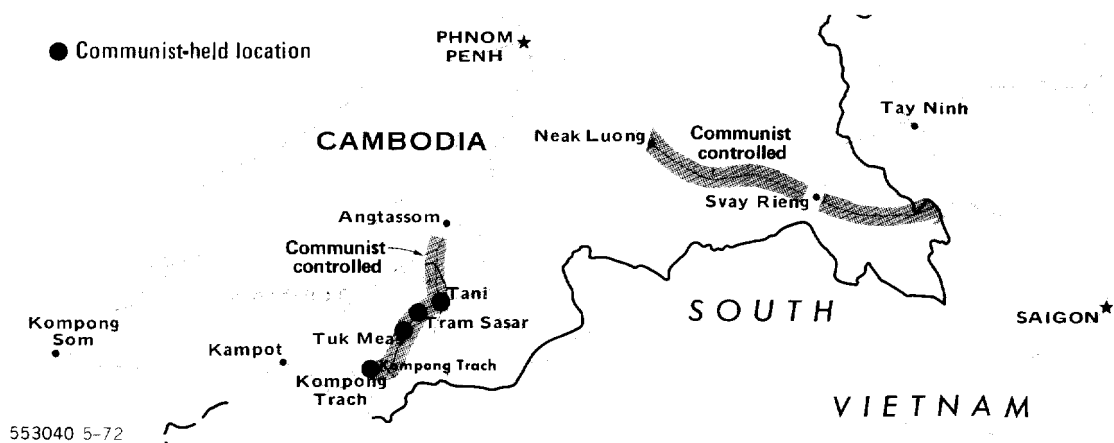


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CAMBODIA: PHNOM PENH HIT AGAIN

Phnom Penh's vulnerability to hit-and-run Communist raids was demonstrated anew on 6 May when a number of government installations were shelled or attacked by small sapper teams. The Communists did relatively little damage to their principal targets, the Monivong bridge and the Ministry of Defense building, but civilian casualties were higher than in previous attacks on the city. It is likely that the attackers were mainly Vietnamese Communists from the 44th Sapper and 96th Artillery regiments, aided by some local Khmer Communist troops.

The scope of the raids and their proximity to the heart of the city were cause for fresh concern in Phnom Penh, and additional steps have been taken to reorganize the capital's defenses. The attacks may have been designed to erode public confidence in the Lon Nol government and to keep large numbers of government troops tied down in the capital region. If so, the Communists have achieved some success, because the government subsequently recalled several battalions from areas west of the city and a brigade that had been assigned to the operation to reopen Route 1 from Neak Luong eastward to Svay Rieng town. That operation was stalled in its opening phase by the Communists, and the Cambodians reportedly have no plans to resume it. For the time being, they apparently are content to carry out limited

clearing operations near Neak Luong and to cling to Svay Rieng, their only remaining outpost on the highway.

With little prospect of regaining control of the principal land route to South Vietnam, the Cambodians are now also losing ground farther south in Kampot Province. The Communists there followed up their recent capture of Kompong Trach by taking a 35-mile stretch of Route 16, and by 9 May had driven the Cambodians out of the small towns of Tuk Meas, Tram Sasar, and Tani. These actions were probably undertaken in order to facilitate the movement of supplies southward to the South Vietnam border.

As is the case on Route 1, the government to date has shown no disposition to try to regain the initiative in Kampot. Indeed, since the Chenla II operation on Route 6 was smashed by the Communists late last year, the Cambodian Army leadership seems to have adopted an increasingly defensive strategy. This timidity can clearly be seen in the Cambodians' failure to take advantage of the movement of a number of Vietnamese Communist main force units into South Vietnam by launching operations into contested areas of the countryside.

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CHINA: INDUSTRY MOVES AHEAD

China in 1972 seems headed for a third consecutive year of rapid growth of industrial production, featured by large increases in armaments and other heavy industrial output. The rate of over-all advance will be slower than in 1970 and 1971, because the slack in many industries created by the Cultural Revolution has by now been taken up and the demand for raw materials cannot be easily satisfied. Peking's claims of vigorous industrial gains in the first quarter of 1972 seem generally credible; these gains indicate that Chinese economic growth has not been signifi-

cantly impeded by the continuing political struggle within the top leadership.

In the last two weeks, Peking has announced percentage increases in the gross value of industrial production for the first three months of 1972 compared with the same period in 1971 for 17 of China's 29 provincial-level administrative units—comprising most of the major industrial areas. In most cases, the increases claimed for the first five months of 1971 are much greater than the claims for early 1972.

Province	Percentage Increase	
	Jan-Mar 72 over Jan-Mar 71	Jan-May 71 over Jan-May 70
	Heilungkiang	6.1
Kirin	13.5	15.7
Liaoning	11.1	15.4
Hopeh	10.5	n.r.
Hunan	8	14
Shansi	13	15.7*
Shantung	15+	n.r.
Chekiang	12.6	15.6
Kiangsi	16+	n.r.
Kwangsi	18.42	20.8
Szechwan	20	30+
Yunnan	22.9	n.r.
Shensi	26.1	18
Kansu	14.9	n.r.
City		
Shanghai	6	18.7
Peking	9.7	25
Tientsin	14.4	11.4
n.r. - not reported		
*Jan-Jun 71 over Jan-Jun 70		

Relatively moderate increases were claimed for established industrial areas—Heilungkiang, Kirin, and Liaoning provinces in the northeast and the three special municipalities of Peking, Tientsin, and Shanghai. In contrast, high growth rates were claimed for Szechwan, Yunnan, and Shensi provinces—inland areas that are receiving large allocations of capital investment for industrial and armaments production.

In addition to these provincial claims, Peking has released percentages for nationwide output in one key branch of industry—steel. Output of iron ore was said to be up 13.5 percent in the first quarter; pig iron, 18.5 percent; crude steel, 15.6 percent; and rolled steel, 19 percent. Here again, the rate of advance, while substantial, is generally lower than suggested by last year's claims for steel. The generally smaller gains in 1972 may reflect a slowdown in local iron and steel plant programs and possibly production difficulties at the Wu-han and Pao-t'ou iron and steel plants—the only large plants not singled out for fulfilling output plans. The relatively large increase in rolled steel output narrows the gap between the output of crude steel and more finished products.

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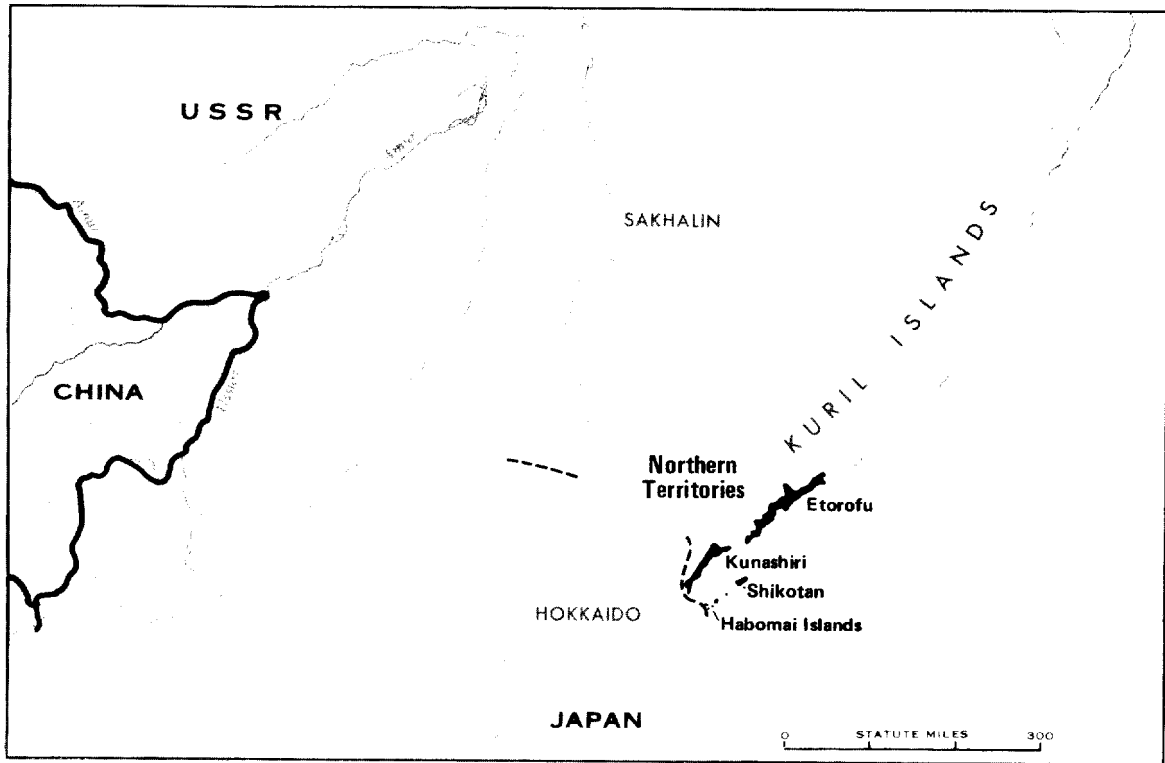
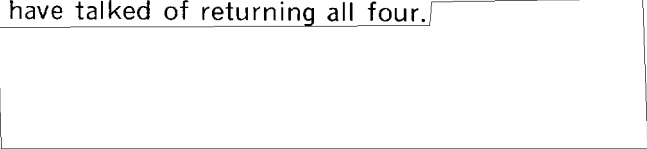
JAPAN-USSR: SIGNS OF FLEXIBILITY

The Soviets have begun suggesting to the Japanese that Moscow is prepared to make concessions on the "Northern Territories," the islands seized by the USSR at the end of World War II. The Japanese want them back as a condition for signing a peace treaty. The Kremlin now appears to be seriously considering settlement of the dispute, although a final decision has not been reached.

In Tokyo last January, Foreign Minister Gromyko avoided serious discussion of the territorial issue. He merely acknowledged that it was "one of the problems" involved in negotiating a peace treaty. Subsequently, Soviet officials have

gone further, saying that the subject is under discussion in Moscow or that a compromise is possible. Although the Soviet media have been silent on the issue, lecturers have been telling the Soviet public that the issue will be discussed in peace treaty talks.

Some Russians have hinted that Moscow might renew an old offer to return the two minor islands, Habomai and Shikotan. Other Russians have talked of returning all four.



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Soviet signs of flexibility on this key issue are in part designed to create a positive atmosphere for peace treaty talks, which are likely to begin later in the year. Moscow may also want to encourage Japan to think of reciprocal concessions. Foreign Minister Fukuda has already suggested that Japan would consider demilitarization of the islands. In settling the dispute, Moscow will doubtless try to drive a hard bargain; it would probably like an agreement to include a demilitarization provision as well as additional Japanese concessions such as a firm financial commitment to Siberian development.

Meanwhile, Moscow's hesitant flirtation with Japan has been proceeding in other areas. A Japanese technical team is now in the USSR to examine the feasibility of a billion-dollar investment in the Tyumen oil pipeline across Siberia. Although this is the first time Moscow has permitted the Japanese access to the Tyumen oil field, the ever-suspicious Soviets have talked of confining the "inspection" to a helicopter overflight. Moscow and Tokyo last month completed their annual discussions on fishery problems. The USSR took a tough stand, and the contentious question of Japanese fishing rights in Soviet waters was not resolved. Such dealings indicate that Moscow's drive for better relations with Tokyo has yet to be translated into significant economic concessions. [REDACTED]

INDONESIA'S SECOND CHANCE

Western aid donors, impressed by Indonesia's continued economic progress, have pledged a record amount of aid this year. About \$725 million in loans and grants, \$97 million more than last year and \$55 million more than

Djakarta had originally requested, has been committed for the fiscal year that began on 1 April.

The US will remain the major donor, promising \$203 million, followed by Japan with \$185 million, and the World Bank group with about \$145 million. These three together account for almost three fourths of the total aid committed. In contrast to previous years, the major part of the assistance—about \$400 million—is for project aid, with the remainder slated for food, commodities, and other non-project items.

Djakarta's success in stabilizing the economy is largely the result of foreign aid and the policies pursued by the government. Inflation is now under control: prices rose by less than three percent during 1971 compared with about 650 percent in 1966, when inflation was at its worst.

Aid commitments of more than \$2.5 billion since 1966 (excluding the recent pledges), declining trade deficits, and the rescheduling of foreign debts have brought about significant improvement in the balance of payments. New foreign investment totals more than \$1.5 billion since 1967, and all indications point to a continued favorable investment climate. The rapid development of the country's petroleum resources has been a particularly bright spot. Oil now accounts for more than 60 percent of Indonesia's export earnings, and this portion is expected to increase.

Problems remain, particularly in agriculture, which still is the most important segment of the economy. Agricultural production has stagnated during the past decade, and, as a result, the country's per capita gross national product remains one of the world's lowest. The exceedingly high population density of Java, the largest island, has continued to cause social and economic problems. [REDACTED]

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GERMAN ECONOMY TURNS THE CORNER

Business and banking circles in West Germany are persuaded that the economic downswing has bottomed out and that an earlier-than-anticipated revival is under way. The leading economic research institutes now project a 2.5 percent rise this year in real gross national product, compared with their forecast last fall of no more than one percent. The revised estimate is roughly in line with the official government estimate.

The upward revision reflects positive signs in a number of key activities. Industrial production and construction were stronger than expected during the first quarter of 1972. Their relatively good showing is attributable in part to the unusually mild winter and to the resumption of production in the important metal-working industries following highly disruptive strikes last November and December. A renewed rise in the index of new orders booked by industry suggests, however, that the improvement is more basic. Especially encouraging to German businessmen is the growth in export orders, which provides some reassurance that the competitive strength of German goods has not seriously deteriorated in the wake of last year's revaluation of the mark.

With business activity during the first quarter of 1972 holding up better than expected, unemployment has remained far below the level reached during the 1966-67 recession. The number of jobless declined from a high of 375,000 in January to 231,000 in April, or less than one percent of the labor force. During the same period, the number of foreign workers increased by about 100,000 to a near record of more than 2.2 million.

Despite some recent easing, inflationary pressures remain strong. A continued rise in the cost of services has partly offset a substantial

deceleration in the price rise of industrial goods. As a result, the cost-of-living index last month was still up 5.1 percent from April 1971. This compares with the 5.8 percent increase for the year between December 1970 and 1971.

Ironically, the improved business outlook is likely to aggravate, rather than ease Bonn's domestic political problems. Economics and Finance Minister Schiller had counted on continued slack in private demand to reduce inflationary pressures further and, equally important, to justify implementation of his con-



tingency budget. But the contingency budget, which would have permitted realization of at least some of the government's long-promised social and economic reforms, already has fallen victim to rising private demand. Moreover, Schiller's regular budget proposals for 1972 have been attacked as fueling inflationary fires. In fact, it was a vote on the budget that brought Brandt his first parliamentary defeat as chancellor. Once the treaty issue is resolved satisfactorily, inflation and the government's alleged mismanagement of the economy are certain to become the principal issues in the next parliamentary election campaign.

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ICELAND: THE BASE ISSUE

After less than a year in office, Icelandic leaders appear to have retreated from their pre-election advocacy of complete withdrawal of all US forces from the Keflavik NATO base. The present, more moderate attitude is due largely to US efforts to acquaint them with the important role the base plays in Western defense strategy.

During Secretary Rogers' visit to Reykjavik last week, Foreign Minister Agustsson implied that his government's position had modified a great deal. He stopped short, however, of guaranteeing that all troops could remain. Agustsson said that Iceland would remain in NATO and honor its commitment, which includes the base at Keflavik. Nevertheless, Agustsson added, Iceland had joined NATO with the condition that no foreign troops be stationed in Iceland during times of peace. Admitting that it was difficult to define "times of peace," the foreign minister said

his government was studying the question. It would not, in any case, be able to undertake negotiations on bases until the fishing-limits issue is out of the way. Iceland intends to extend its fishing limits to 50 miles offshore on 1 September.

The present center-left coalition has only a two-vote margin, and this severely limits how far it can go on the base issue. Its acceptance of US funds to build a crosswind runway at Keflavik, for example, nearly caused the coalition to break up when the Communist Labor Alliance, a coalition partner, objected to the US assistance. The Labor Alliance can be expected to stand against any subsequent bilateral agreement on the base that falls short of complete withdrawal. Despite the deep division on the runway issue, the Alliance declined to pull out of the government, claiming that its position regarding the runway



Foreign Minister Agustsson greets Secretary Rogers.

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funding was well known before the coalition was formed. The Communists could use the same excuse for staying in after losing a decision on the base, but they would seriously damage their credibility.

The Progressive Party could offer concessions to keep the Labor Alliance from defecting. Recognition of Hanoi, which would place Iceland in step with the other Scandinavian countries, and support for East Germany in world organizations might temper Communist reaction to a decision to let US troops stay. If the government were to collapse as a result of a decision keeping US troops on the base, the most likely successor would be a more pro-American coalition including the right-wing Independent Party and the Social Democrats. [redacted]

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INTERNATIONAL OIL DEVELOPMENTS

Representatives of OPEC and Western oil companies this week held a second round of negotiations on participation by OPEC's members in the companies' operations within the members' borders. Even though OPEC's hand may have been strengthened by reports that Japan intends to negotiate with that organization for the direct purchase of oil, the complexity of the participation issue makes it unlikely that even a framework for an agreement can be reached before the next scheduled OPEC ministerial meeting in June. Libya and Nigeria, which have recently accepted settlements to offset losses caused by devaluation of the US dollar, are only now turning their full attention to the participation issue.

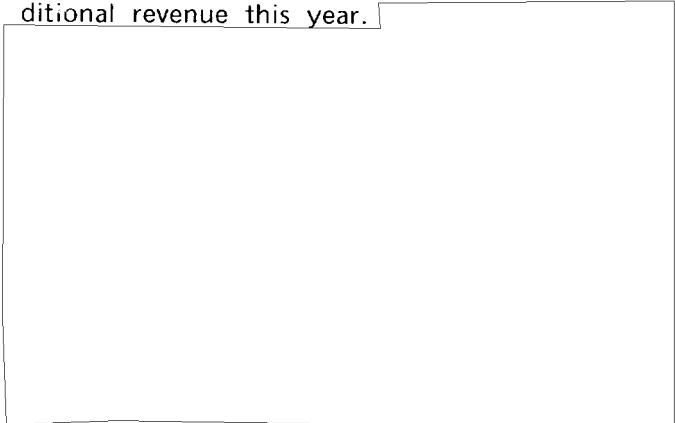
Saudi oil minister Yamani is representing the Persian Gulf members of OPEC in this round of discussions. The talks have centered on the timing of 20-percent participation by OPEC members and on the method of determining compensation for the companies' assets. Since individual country-company agreements will have to be ham-

pered out after a general framework is established, it is unlikely that any participation will be implemented before the beginning of next year.

Japan's proposal to buy directly from OPEC probably will be submitted to that organization later this month. Although the plan would give Japan more control over its oil supplies, Tokyo in turn would be required to develop research organizations and finance the construction of new oil facilities, roads, and harbors in OPEC countries. Even if Japan is able to bypass the Western oil companies, which will be difficult because of their deep involvement in Japan's oil industry, Tokyo initially will purchase only a small part of its petroleum needs directly.

The agreements Libya and Nigeria reached with the oil companies for an 8.49-percent increase in the posted price of crude oil to offset dollar devaluation is the same settlement reached in January by the Persian Gulf members of OPEC. Libya's agreement, which is retroactive to 20 January, should yield about \$170 million in additional revenue this year. [redacted]

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In Venezuela, meanwhile, government concern over a potential revenue shortfall resulting from the depressed level of oil production evidently is deepening now that the general election campaign is in its early stages. To avoid the political embarrassment of budget stringencies, the government has been urging the oil companies to accelerate tax payments. [redacted]

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SADAT: A WHIRL WITH THE MAGHREB

President Sadat's tour of North African states from 4 to 10 May produced little beyond continuation of his efforts to solidify the Arab front.

During a joint three-day visit to Algeria with Libya's President Qadhafi, the rhetoric was standard. The main themes were Arab unity and the Palestinian cause. Even on these emotional



issues, however, the public remarks of Sadat and Boumediene were relatively restrained and probably disappointed the more fiery Qadhafi. The final communique was muted; the usual Arab issues were raised, the promises of action were limited and vague. Moreover, specific criticism of the US was restricted to passing remarks about American "aggression" in Indochina.

Sadat did manage to become the first Egyptian chief of state to visit Tunisia. While there, he was exposed to a strong dose of Bourguiba's "logic and realism" regarding the Arab-Israeli conflict. The Tunisian President registered his skepticism concerning the "efficacy of conventional warfare to solve problems," a remark, according to the US Embassy, that took some of the wind out of Sadat's sails. Nevertheless, the Egyptian chief of state quickly returned to familiar themes regarding the inevitability of war and the unhelpful US role in the Middle East. The final communiqué in Tunis was dominated by Tunisia's moderate views. It included an appeal, launched by Bourguiba and accepted by Sadat, calling for US-USSR intervention in the Middle East before the situation deteriorates further.

Following a stop in Libya, Sadat returned to Cairo with little to show his people. The fact that Egyptian military leaders accompanied Sadat has raised some speculation that closer military cooperation was one of the topics discussed in private, and the Cairo media can be expected to play up this vision. The swing through North Africa was the peripatetic Sadat's latest move in a wide-ranging effort to create the impression of greater Arab solidarity in the face of continued Israeli "aggression." Sadat's peregrinations are also intended in part to provide a divertissement for the Egyptian people, who are becoming a bit displeased over his failure to produce any movement at all in the Arab-Israeli stalemate.

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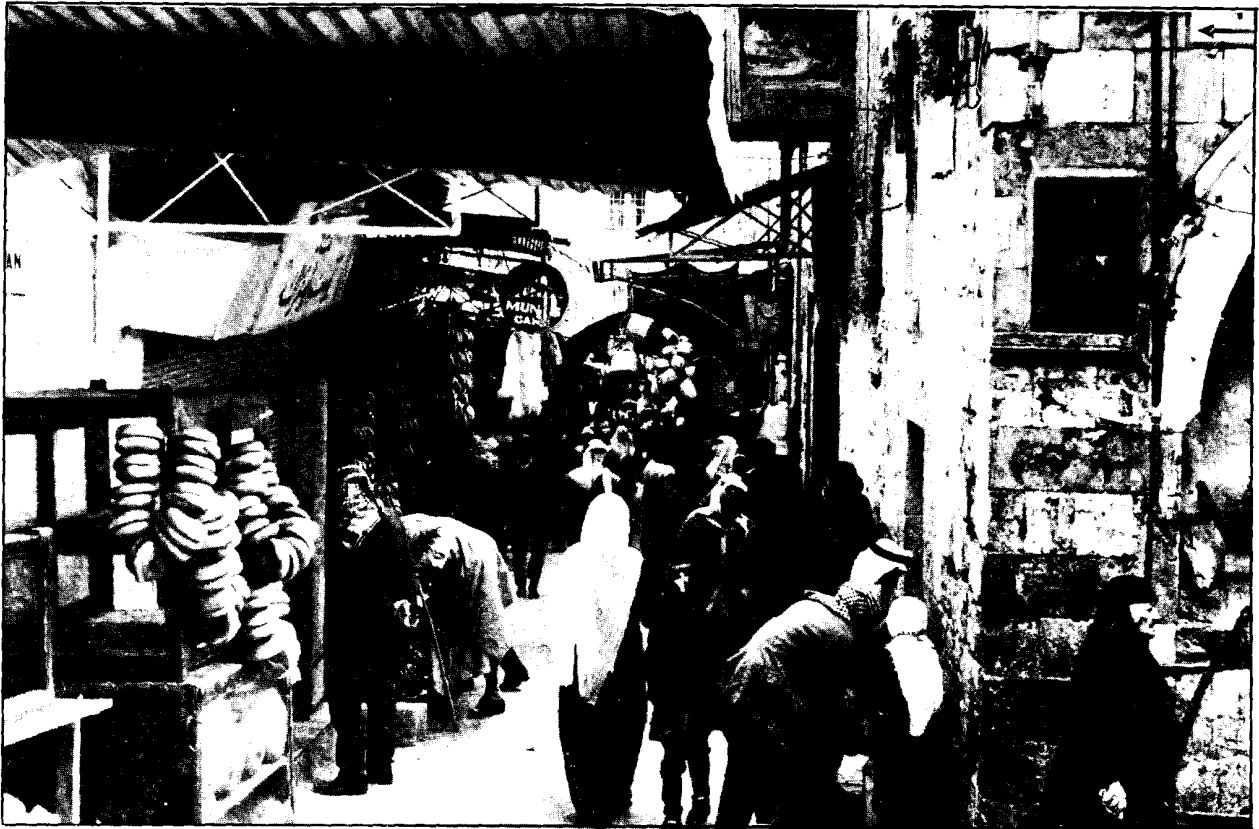
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AT THE UN

The flurry of activity at the UN regarding the Middle East situation ended abruptly last week, and special envoy Gunnar Jarring returned to his duties as Swedish ambassador to the USSR. His mission remains at an impasse, and neither he nor Secretary General Waldheim expects any movement until after the Moscow summit. Waldheim, however, now appears more inclined to push his own concept of a Middle East peace conference under UN auspices. He claims that neither side has reacted in a negative fashion to his proposal and that he expects more formal responses. The Israelis have told the US that they view this initiative as a non-starter and that they can, in any case, hardly respond because of the vagueness of the bid.

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“Business as Usual” in the Old City of Jerusalem

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THE YEMENS: MORE MACHINATIONS

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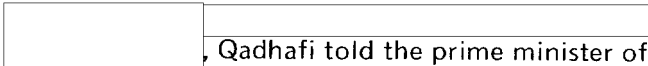
Sana, has been touted for leadership in the exiles' National Unity Front organization or as a participant in a government-in-exile.

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The newest wrinkle in the tortuous affair is the growing involvement of Libya's Prime Minister Qadhafi.

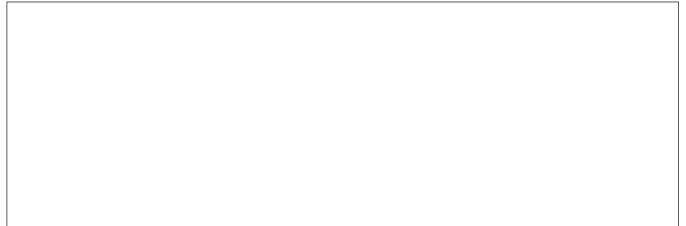
Prime Minister Qadhafi's offer of aid to Sana and his alleged sponsorship of Makkawi are probably motivated by a desire to eliminate what he considers the Communist-atheist government in Aden, reduce Saudi influence in Sana, and encourage his own brand of Islamic socialism in the two Yemens. Saudi Arabia has not yet reacted, but King Faysal is not apt to look with favor on a Libyan role in peninsular affairs.

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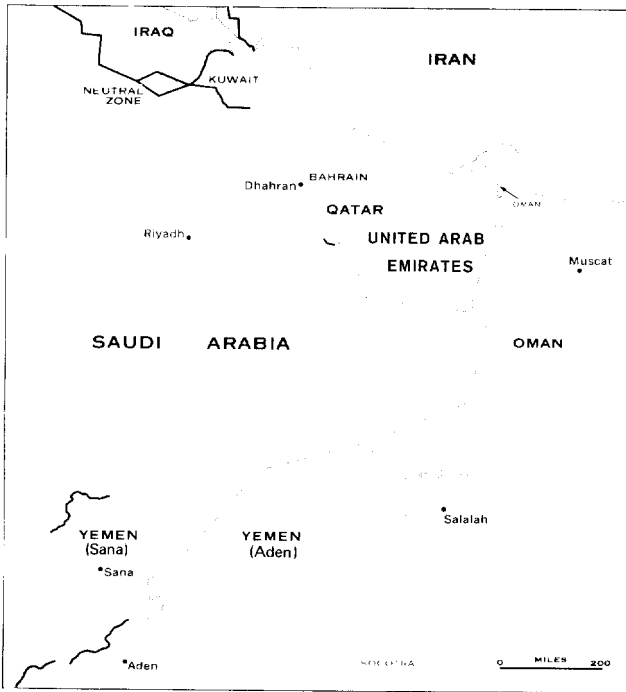


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Qadhafi told the prime minister of Sana that he was prepared to support Sana against Aden with arms and money—which, incidentally, have not yet materialized. The only condition laid down by Qadhafi was that Abd al-Qawi Makkawi, an exiled Adeni political figure, be given an active role in anti-Adeni planning. Makkawi, now in



25X6



The task of welding the ideologically diverse and chronically disputatious exiles into a unified military and political organization will be difficult, if not impossible. Efforts have been under way in the past several weeks in Sana to refurbish the National Unity Front—the nearly impotent umbrella organization of exiles—and to select an over-all political leader. Despite threats by the Saudis to withhold funds, conservative tribal elements in the National Unity Front have refused thus far to cooperate with what they describe as the “political” component of the Front—largely defectors from the ruling political organization in Yemen (Aden).

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LEBANON: FEW ELECTION SURPRISES

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In the parliamentary elections completed last week, the traditional politicians, who have dominated parliament and whose success depends on regional, clan, and religious ties, were returned in large numbers. A few leftists were elected, and the relatively large leftist vote should serve as a warning that public patience with the system's inability to cope with economic and social problems is wearing thin.

Lebanon's most prominent leftist, Kamal Jumblatt, was re-elected along with many of his supporters. They had the undivided support of the Druze religious community. In parliament, he will continue to serve as the rallying point for anti-regime criticism, especially if, as in the past, the traditional politicians are unable to submerge their personal rivalries long enough to enact needed reforms.

At the same time, the center bloc of deputies, the main source of President Franjyah's support in parliament, has been greatly strengthened as a result of the elections. Consequently, the government should find it much easier to push its programs through parliament. Temporarily, at least, nearly all factions will cooperate with the government in the hope of getting some representation in the new post-election cabinet.

The biggest losers in the elections were the right-wing Maronite Christians, in general, and former president Chamoun, in particular. Although he himself was re-elected, all but one of his running mates were soundly defeated by Jumblatt's supporters.

The elections were no more violent than in the past and were for the first time almost totally free from government interference. Foreign interference was also considerably less than in the past, primarily because the new leaders of Egypt and Syria seem less inclined to use Lebanon as an arena for pan-Arab ideological struggles. The

fedayeen, apparently fearing government reprisals, generally remained aloof. [redacted]

TURKEY: STILL UNCERTAIN

Prime Minister - designate Suat Urguplu has not yet named his government, and there is no indication when he will be able to do so. Designated on 29 April to form a new government, Urguplu ran into problems almost immediately when he tried to tie the timing of national elections to the implementation of reforms. Urguplu may also wait for the leadership and policy direction of the Republic Peoples Party to be re-established following the power struggle now under way between the leftists and moderates in the party. The chief of the party, Ismet Inonu, resigned on 8 May after suffering a sharp defeat at the hands of the party's leftist faction. The party, which had been led by Inonu for 34 years, was left in disarray.

Meanwhile, the caretaker government, headed by Minister of Defense and acting Prime Minister Ferit Melen, is carrying on the daily business of government. Parliament is meeting as usual and passing legislation, including a law intended to discourage members of the armed forces from involving themselves in politics. The new land reform bill, introduced by Melen shortly after he became acting prime minister, is under committee consideration.

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The acts of violence that surrounded the execution on 6 May of three terrorist leaders appear to have subsided for the time being. [redacted]

[redacted] Should terrorism increase again and Urguplu remain unable to form a government, the military's sufferance of a civilian-run government may come to an end. [redacted]

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BURUNDI: ALL OVER, BUT—

The government has bloodily suppressed a terrorist insurrection in southern Burundi after two weeks of intense fighting although isolated pockets of resistance remain. Chances for an early return to political stability are slim, however.

The insurrection involved about 1,000 Hutu dissidents; some of them took part in an abortive attempt to overthrow the Tutsi-dominated government in 1965. The dissidents, armed mainly with machetes and mystical powers, laid waste large areas of southern Burundi before being overcome by the army and local militia. As many as 15,000 refugees are reported to be in Tanzania

and several thousand more may have fled to Zaire. An international relief effort is under way, but so far has been unable to meet the refugees' needs.

Through widespread arrests among Hutu government officials, the government has accumulated what it considers irrefutable evidence that the insurrection was a planned attempt to spark a general uprising by the Hutu majority against the Tutsi-run government. The US Embassy estimates that better than 100 of these officials have now been executed. Although the government has not captured all the rebel leaders, it suspects a former

BANGLADESH: AID LAG



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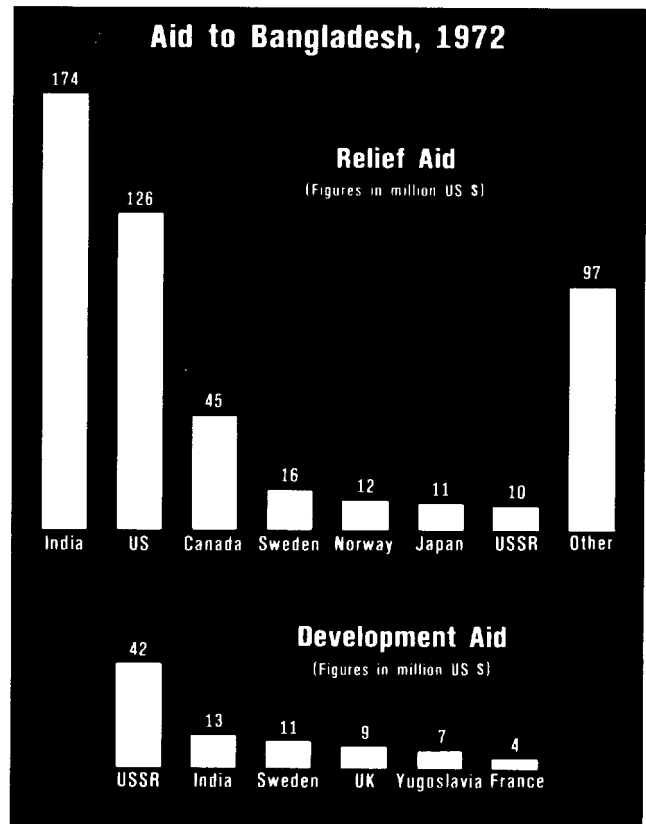
commandant of the gendarmerie who fled to Rwanda in 1965 of being a major figure. Another suspect, a former economics minister relieved of his portfolio in a cabinet shuffle early last year, has been killed, according to the army. President Micombero is convinced that the dissidents were supported and trained by Chinese and North Korean agents in Tanzania. We have no evidence that this is so, and the Chinese almost certainly have had no hand in the affair.

Political recovery from the violence is likely to be slow. Micombero still has not formed a new cabinet to replace the one he hastily dismissed on

29 April, at the time the violence broke out. The main targets in the cabinet dismissals were the powerful ministers of justice, foreign affairs, and information, whose growing influence Micombero was moving to curb. These ministers—leaders of a radical faction within the government—have consistently advocated a harsh stand against the Hutus. The violence of the past weeks may generate wide support for their position. In any case, Micombero faces an extended period of factional infighting within the governing Tutsi oligarchy before he can form a cohesive cabinet and return a degree of political stability to the country.

Only about 20 percent of the \$500 million in emergency relief pledged to the Bangladesh Government for this year has been delivered. So far, about 600,000 tons of food have arrived—well below the UN target. Clogged limited ports, harbor facilities, a lack of storage space, and inadequate internal transport have impeded distribution. Receipts of food and other supplies may increase as the ports return to normal, but torrential rains this month and into the fall will make distribution difficult. Relief commitments continue to grow and are only about \$60 million short of the UN goal for 1972. India and the US have assumed the major share, and most of the current supplies come from these two sources. Most of the USSR's \$10 million in relief—about 2 percent of the total—has already been delivered.

In spite of Moscow's poor showing in relief, it leads in offering development assistance. Some \$42 million for industrial installations and geologic exploration have been re-allocated from credits extended to Pakistan before the creation of Bangladesh. The Soviet commitment accounts for about half the total. Development assistance cannot be implemented on any large scale, however, until emergency assistance becomes more effective and transport problems ease.



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BRAZIL: CHURCH-STATE FRICTIONS

Diverging interpretations of the proper role of the church in society have led to further trouble between the Catholic hierarchy and the military-backed government. Bishop Lorscheiter, the secretary general of the National Council of Brazilian Bishops, reportedly believes that the administration, with the specific approval of President Medici, is waging a systematic campaign to prevent the church from conducting any of the civic or pastoral functions called for under recent papal directives. The bishop believes that the current difficulties of a French-born priest, Father Francois Jentel, will convince many prelates that this is so.

The Brazilian press reported in early March that 50 settlers, led by Father Jentel, had attacked and wounded several policemen in a village in largely undeveloped Mato Grosso State. The priest denied participating in the battle and placed responsibility for the incident on a government-sponsored land development company that was trying to evict the settlers from their land. He accused the local police of corruption and of aiding the land company to invade properties and burn homes. The cleric also charged that powerful economic interests had bought off federal officials who came to investigate the situation. He said the only solution to the problem was a thoroughgoing agrarian reform program, which the government has the capability—but not the will—to carry out.

Government and military officials, on the other hand, view Father Jentel as a dangerous agitator. On 19 April, a federal police official told Bishop Lorscheiter that the government intended to expel the priest from Brazil. Many of Father Jentel's colleagues would regard such a move as totally unjustified; his immediate superior has warned the press that the police are hunting down the cleric to expel him "for his heroic service to

Indians and settlers." Father Jentel apparently has gone underground, probably with the assistance of other Catholic clergymen.

Even before this issue came up, church-state relations were at a low point. Among the other current sources of friction are the four to eight months' delay before the government grants visas to foreign missionaries, and the outright refusal to permit the entry of some foreign clergymen. A series of discussions between certain government officials and Catholic prelates and laymen have



yielded nothing. Indeed, the meetings reportedly have deteriorated into acrimonious exchanges of charge and counter-charge between the two sides.

Although both the administration and the Catholic hierarchy would really like to avoid confrontation, the Jentel case shows how a seemingly minor incident can grow into a serious problem. Each new incident tests the restraint of the two sides, and the time may come when those counseling moderation will not prevail.

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URUGUAY: BORDABERRY UNDER FIRE

Despite reports that President Bordaberry enjoys the full cooperation of major opposition leader Wilson Ferreira, Bordaberry may be losing the legislative initiative to the Blanco chief.

Senator Ferreira, whose coalition controls two thirds of the Blanco congressional seats, has supported the government's state of internal war, which is due to expire on 15 May. Ferreira has indicated that his continued cooperation depends on Bordaberry's moving against rightist terrorist groups. To underline the point, Ferreira sided with the leftist Frente Amplio to suspend several of the President's emergency powers in the last two months. Although Bordaberry received congressional approval for a temporary suspension of some constitutional guarantees to deal with terrorist violence, the government was forced to release approximately 150 prisoners last week in compliance with a legislative ruling on how long suspects may be held. Again, Ferreira sided with the Frente.

Ferreira's ability to play the pivotal role in major issues has prevented the Frente Amplio from moving effectively to discredit the administration and the Blancos. While individual Frente Amplio senators have succeeded in occasionally embarrassing the administration on the issue of counter-terrorism, the leftist coalition has been unable to develop a unified strategy. This failure can be attributed in part to internal dissension produced by the efforts of non-Communist leaders such as Zelmar Michelini and Enrique Erro to form their own blocs within the Frente. In addition, Frente spokesmen are divided regarding continued association with the Tupamaros. While the coalition has avoided defining its stand on the terrorist issue, since the recent violence several Frente leaders, including defeated presidential candidate Liber Seregni, have sought to dissociate themselves from the Tupamaros by publicly denouncing terrorism. Because of these splits within the organization, Frente spokesmen have

not been as forceful critics of the administration as Ferreira.

Although Bordaberry is showing more political skill than many expected, he will have to move decisively and skillfully if he is not to lose out completely in policy matters to Ferreira—especially if the senator agrees to come into the administration. Ferreira rejected an earlier presidential offer to participate in the administration. Bordaberry has continued to press for Blanco cooperation, and Ferreira may change his mind.

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VENEZUELA: DICTATOR TO RETURN

Former dictator Marcos Perez Jimenez is emerging slowly but steadily as a serious presidential candidate for 1973. Despite a widespread belief that he is too much the coward to leave golden exile in Madrid and face the security hazards of a personal campaign, Perez says he will do so and plans to travel to Caracas later this month to sign the electoral register. His failure to attend to this technicality laid the basis for the Supreme Court annulment in 1969 of his election to the senate.

Late last month, over 400 supporters from the myriad political groups claiming to be "his" party met with Perez to seek unity and set the groundwork for a coordinated campaign. Wily as ever, Perez encouraged all but made no real commitments.

In Venezuela, which Perez ruled for ten years until his ouster in 1958, his unsavory record seems largely forgotten—one of many signs that the electorate is disenchanted with things as they are. Recent surveys confirm indications that large

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blocs of votes are there for the taking by a new face or someone from outside the establishment. Only 11 percent of a group polled early this year claimed to belong to a party, and these affiliations were diffused among many groups. The high portion of uncommitted voters clearly is fertile political ground for Perez, whose supporters have already used to good effect the slogan, "Thirteen years of democracy: Had enough?"

With a showman's timing, Perez plans to be in Venezuela on 22 May, his mother's birthday, to visit her grave and remind the Perez-watchers that she died while he was in prison and that the then-governing Democratic Action party denied him a visit during her last days. Moreover, he may arrive in the country about the same time as his archenemy, Democratic Action leader and former president Romulo Betancourt, who himself is returning from voluntary exile to take political soundings for 1973. [REDACTED]

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BRITISH HONDURAS: THE HEAT'S OFF

The findings of the observer sent by the OAS to British Honduras this week will mark the closing episode of the recent flare-up involving Guatemala's territorial claim to the colony. The territorial dispute has not, of course, been solved, but an unspoken moratorium on the issue seems likely to maintain the peace.

Fear of a military incident arising from the build-up of troops by the Guatemalans in the Peten region adjacent to the colony and by the British across the border had all but dissolved by the end of April as the antagonists concentrated on the OAS. An OAS observer was finally dispatched to determine the number of British troops now in the colony. The Guatemalans had

claimed the British had moved in twice the 600 actually in British Honduras.

The Guatemalans, who judge they did well in the confrontation, will try to give the impression that the lower troop count resulted from their initiative. They have already painted the OAS vote to send an observer as a show of solidarity with them against the few English-speaking Caribbean states openly advocating self-determination for British Honduras. In truth, the vote was in the long OAS tradition of useful ambiguity with only four states fully supporting Guatemala's position that territorial integrity supersedes self-determination, the rest groping for some way to get the adversaries back to the negotiating table. For all their ostensible faith in the Hispanic fraternity, the Guatemalans probably have come to recognize that their territorial aspirations will never be realized through the OAS mechanism.

All sides have expressed hope that talks can be reinstated, but negotiations are likely to be more symbolic than serious. The threat of a military engagement brought a clearer appreciation of the territorial situation to the three parties, and a fresh standoff has been achieved. Both the British and the British Hondurans know more certainly that peace for an independent British Honduras requires some arrangement with Guatemala. The Guatemalans have at the very least secured tacit assurance from the British that independence will not be granted soon. Although a few Guatemalan hawks undoubtedly had hoped that the incumbent right-wing government in Guatemala would be the one finally to oust the British from Guatemala's "lost territory," President Arana clearly wishes, like his predecessors, to pass the problem along.

Minor strains continue because the Guatemalan Army is still holding exercises in the Peten region, but the seasonal rains this month should remove this last obstacle to tranquility. [REDACTED]

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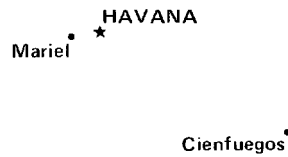
CUBA

Soviet Submarine Leaves

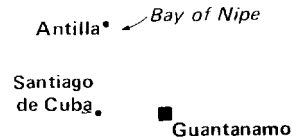
The Soviet ballistic missile submarine has left the Bay of Nipe following a week-long visit to Cuba. Accompanied by a Soviet destroyer that has been in Cuba since 5 March, the G-II - class diesel submarine entered the Atlantic early last weekend, apparently en route to home waters. During the entire time it was in Cuba, this submarine—the first ballistic missile unit to visit

any foreign port—remained moored alongside a Soviet submarine tender in the Bay of Nipe.

The destroyer and the submarine were on a northeasterly heading northeast of the Dominican Republic on 11 May. Their departure reduces the number of Soviet combatants in Cuba to one, an F-class diesel attack submarine in Mariel. The submarine tender moved to Santiago on Cuba's southern shore after the G-II left the Bay of Nipe.



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Castro In Africa

Fidel Castro was warmly received in Guinea, Sierra Leone, and Algeria, the first stops on an extensive barnstorming tour that will take him to most of Eastern Europe and eventually the USSR.

Castro arrived in Guinea, the center of Havana's activities in sub-Saharan Africa, on 3 May and promptly launched into a speech aimed at developing the parallel between Cuba and Guinea as young, revolutionary, and anti-imperialist nations. The Cuban leader assured a mesmerized audience that the Guinean people

could count unconditionally on Cuban support. Following a side trip to call on President Stevens of Sierra Leone, with which Cuba recently established diplomatic relations, Castro arrived in Algeria on 8 May for a ten-day stay. The Algerian Government shares much of Cuba's political ideology, especially concerning liberation movements, but there is no evidence of joint support to any subversive group.

So far, Castro has been circumspect in his remarks, but this could change if he sees his visit being upstaged by events elsewhere.

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