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DIRECTORATE OF
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WEEKLY SUMMARY

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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 and therefore published separately as Special Reports are listed in the contents pages.

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EGYPT-USSR: WITHDRAWAL SYMPTOMS

1, 3 On 24 July, President Sadat made clear that his call for the withdrawal of Soviet forces marked the end of a phase of expanding Soviet military involvement in Egypt and the beginning of an uncertain new era in relations with Moscow.

1, 2 The USSR, anxious to limit the damage to its prestige and to discourage potential emulators of Sadat's action, is portraying the withdrawal as a joint decision taken after thorough consultations. The Israelis see Sadat's move as a diversionary tactic to damp down domestic frustrations by demonstrating Egypt's independence from its superpower ally.

Sadat's Explanation

1, 2 President Sadat this week gave a further version of events leading to the scaling down of the Soviet presence in Egypt. In a lengthy foreign policy statement to the Arab Socialist Union national congress on Monday, Sadat laid the blame for the current state of Egyptian-Soviet relations on Moscow's failure to honor commitments to Egypt. He tried to soothe Soviet feelings, however, by saddling the US with the responsibility for the Middle East impasse.

1, 2 Sadat said differences of view became apparent during his Moscow talks in March 1971, but he thought these were disagreements that could be resolved between friends. According to

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Sadat, the Soviets, during President Podgorny's trip to Cairo in May 1971 to sign the treaty of friendship, promised to bridge the differences within a week. The Egyptian President complained, however, that a year passed—his self-proclaimed "year of decision"—and the disagreements continued feeding his frustrations, culminating in his move against the Soviets.

President Sadat did not specify the exact nature of the differences; to do so, he said, would play into the hands of enemies. But they clearly had to do with the provision of Soviet military equipment and its use. The speech was replete with references to pledges of US military, political, and economic aid to Israel, which he said have been implemented "automatically, enthusiastically, and violently," in obvious contrast to Soviet aid to Cairo.

The Soviet Reaction

Once Sadat asked for the Soviet withdrawal, Soviet propaganda quickly sought to put the best possible face on a humiliating situation. Though probably taken a bit by surprise and obviously miffed, the Soviets have adopted a generally conciliatory tone in an effort to minimize the damage to their prestige and to salvage what they can. Still, there have been barbed references to "reactionary forces" in Egypt seeking to disrupt Soviet-Egyptian friendship.

Moscow has been anxious to limit the impact of Sadat's dramatic decision in other Arab countries. Although the Soviets probably have been alarmed by rumors that Damascus and Baghdad would expel their Russian advisers, so far neither has moved to follow Egypt's example. Indeed, Iraqi Foreign Minister Al-Baqi arrived in Moscow the day after Sadat's speech for the exchange of documents bringing the Soviet-Iraqi Friendship Treaty into effect. The Soviet Union cannot, of course, be confident that its woes in the Arab world have peaked, and attempts to shore up the Soviet position with other Arab governments will be forthcoming.]

Tel Aviv's View

Prime Minister Golda Meir, speaking to the Knesset on 26 July, reiterated Israeli willingness to negotiate on the cease-fire lines. She made it clear, however, that a complete Israeli withdrawal from the occupied territories, demanded by the Egyptians, remains out of the question. The prime minister indicated she would welcome interim moves, such as the Egyptian proposal of February 1971 for the reopening of the Suez Canal, but that Israel would regard such a settlement as temporary—a step toward peace. In her speech, Mrs. Meir called for direct negotiations, which the Egyptians have consistently rejected. Israel will probably attempt to minimize the importance of the changes occurring in Egypt in an effort to sustain domestic vigilance and foreign support.

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JAPAN: THE ROAD TO PEKING

11 [Tokyo is moving to regularize its official contacts with Peking. Foreign Minister Ohira on 22 July met with two Chinese officials in the most significant Sino-Japanese move toward Peking to date. Ohira announced no specific plans to meet again with the head of the Chinese Trade Office in Tokyo or the official accompanying a visiting Shanghai ballet troupe, but he did say that Foreign Ministry representatives might have further direct contacts with the trade mission. This sets the stage for preliminary discussions which could lead to official negotiations and replace the current pattern of communication via private visitors.]

12 [Ohira's discussions were followed by the formal inauguration on 24 July of a ruling Liberal Democratic Party council to foster a party consensus on normalization. Prime Minister Tanaka presented to the council a ten-point statement of principles for relations with Peking, including Japan's recognition of China's "five principles of peace" and "full understanding" of Peking's principles for normalization. Tokyo's interest in expediting improved relations with the mainland

was underscored last week by an offer to have Japanese commercial air carriers return the dance company directly to Shanghai. If the offer is accepted by Peking, it could be a step toward regularized commercial flights and additional exchanges of personnel between the two countries.]

13 [Exchange between the two countries have been increasingly warm since Tanaka assumed office on 6 July. The new government has conveyed its determination to improve relations rapidly, and Peking's response has been prompt and positive. Chou En-lai has welcomed the Tanaka cabinet, and both privately and publicly has extended an invitation for Tanaka to visit the mainland. No date has been set for such a summit meeting, but Tanaka would undoubtedly like to show some specific progress toward normalization before he calls general elections in late 1972 or early 1973. The prime minister's meeting with President Nixon in August and the ruling party's desire to reach a consensus on normalization by 10 September could pave the way for a trip to China early this fall.]

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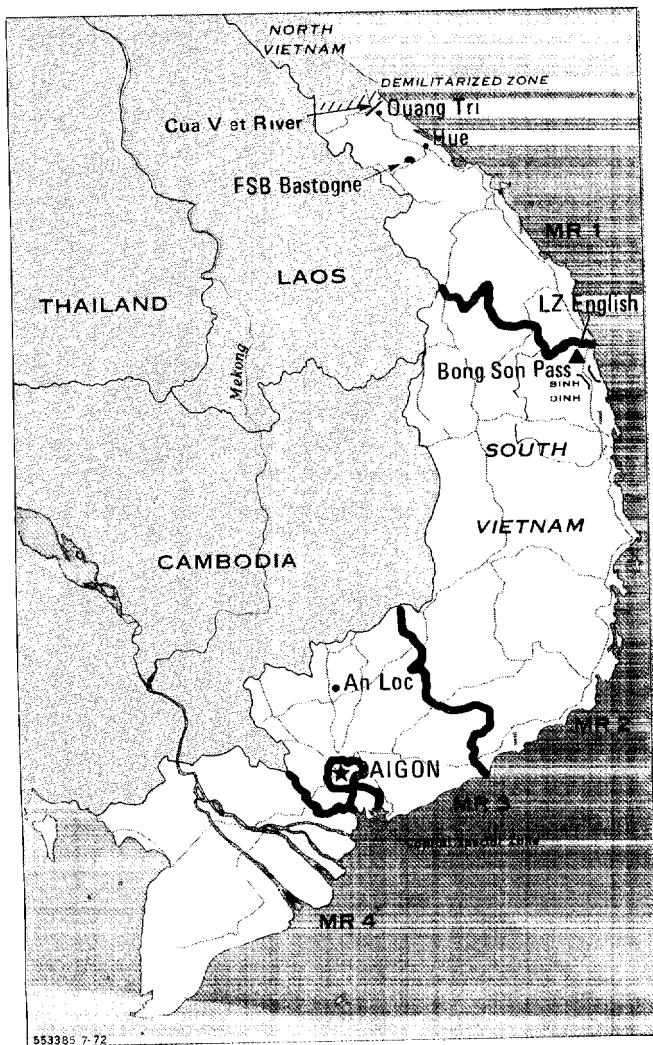
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INDOCHINA

FIGHTING FOR QUANG TRI

13, Heavy fighting took place in and around Quang Tri City during the week. The South Vietnamese effort to wrest the citadel—the key to control of the provincial capital—from the Com-

munists is not yet complete. The Communists, with well-entrenched soldiers and heavy weapons, are making the government advance difficult. Some enemy units have been ordered to remain close to the South Vietnamese battle lines—a tactic to reduce the effectiveness of allied air and artillery. The loss of Quang Tri City would be a major psychological setback to the Communists and a major tactical victory for the government.



Hue Defense and Binh Dinh Offense

13 Action elsewhere in the northern provinces remains fairly lively. Communist gunners fired nearly 10,000 artillery and mortar rounds at South Vietnamese positions south and west of Hue during the week and shelled the Hue citadel on several occasions. Some sharp ground battles took place as Communist forces continued to probe the string of strongpoints manned by the South Vietnamese 1st Division along the western approaches to the ancient imperial capital. Government forces on 27 July pulled back from one of these strongpoints, Fire Support Base Bastogne.

14 In the government counter-offensive in coastal Binh Dinh Province, elements of the South Vietnamese 22nd Division, supported by rangers and territorial forces, have recaptured two of the three enemy-held district towns in the northern sector, and have also retaken the former military base known as Landing Zone English. In addition, at least company-sized units have been in all three of the Communist-held districts. Thus far, the Communists have offered only moderate resistance as most enemy forces appear to have pulled back from the coastal areas into the mountains.

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The Fight for Quang Tri

Communist Near-Term Tactics

Reports of renewed large-scale enemy attacks in the coming months are cropping up with increasing frequency. The Communists may actually be planning a number of smaller preparatory actions prior to attempting any major new offensive. They may, for instance, take action soon against some of the extended lines of communication linking advancing South Vietnamese forces with their rear areas, or against areas that

have been left less protected by the use of government forces in these operations.]

Thus, the Communists may try to bring pressure along Route 1 south of Quang Tri City in order to hamper overland resupply and reinforcement for the government units fighting in and around the provincial capital. The enemy might make a similar attempt in Binh Dinh Province to close the road at the Bong Son Pass or at some other chokepoint.

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Nearer Saigon, the Communists could renew ground action around An Loc to take advantage of the return of some South Vietnamese to the delta. The Communists might hope, by initiating such limited attacks in as many areas as possible, to stretch further the remaining government reserves and to compound the problem of reinforcing several fighting fronts simultaneously.

THE ECONOMY IN NORTH VIETNAM

17 North Vietnamese press articles on the economy are mixing blunt exhortation with high praise. An article in the 18 July edition of the army newspaper, for instance, pointed with satisfaction to the results of the early rice harvest. It claimed that there has been a slight drop in food and other prices since April. By contrast, another commentary, published almost simultaneously, cautioned production units "not to contribute to boosting prices on the free market" and warned transportation workers against overcharging for their services.

Although the first article explicitly played down the prospects of inflation, the second left the impression that some people were profiteering and forcing up the prices on some goods. The article, in fact, provides a hint of the scope of current blackmarket activities, saying that "free and illegal markets" selling goods normally controlled by the state such as raw materials, technical equipment, consumer goods, and ration cards must be eliminated entirely along with speculation and smuggling. It did have a kind word for government authorities in some areas who were reportedly exceeding established quotas in channeling grain into state coffers. It also applauded the tightening of control over food markets recently set up to service evacuees to the countryside from Hanoi.

Both the praise and the warnings are aimed at bolstering popular morale and ensuring con-

tinued effort. At the same time, however, the regime clearly is determined to alert the people to the problems profiteering poses in hopes of mobilizing popular sentiment against the guilty.

Some of the government's pronouncements may also be aimed at girding the people for additional burdens and economic pressures they have yet to face. For example, the fifth-month rice crop—which accounts for only one third of total annual rice output—was planted some months in advance of the offensive, and the marketing and labor procedures needed to service it were worked out before the current strains began to be felt. The vital tenth-month rice crop will thus be the first to be planted, harvested, and marketed under the full weight of current wartime conditions.

Although there is no evidence that the country will be facing a food shortage before then, the labor force will be encountering additional tasks and burdens that have not had to be contended with since the US bombing halt of 1968. There are few recent precedents to help the regime work out marketing and managerial procedures under such circumstances. The new exhortations about the need for greater effort in the economic sphere will be pressed with as much vigor as the regime can muster.

All Hail The Secret Police

18 The North Vietnamese press has begun to praise the exploits of the country's secret police in combatting US "psychological warfare tactics and espionage activities." A newspaper editorial, replayed by Radio Hanoi last weekend, acknowledged a recent step-up in such allied operations, but asserted that the "deceitful nature" of US tactics has been exposed and that order has been maintained because of the contributions of the public security forces. The article applauded the

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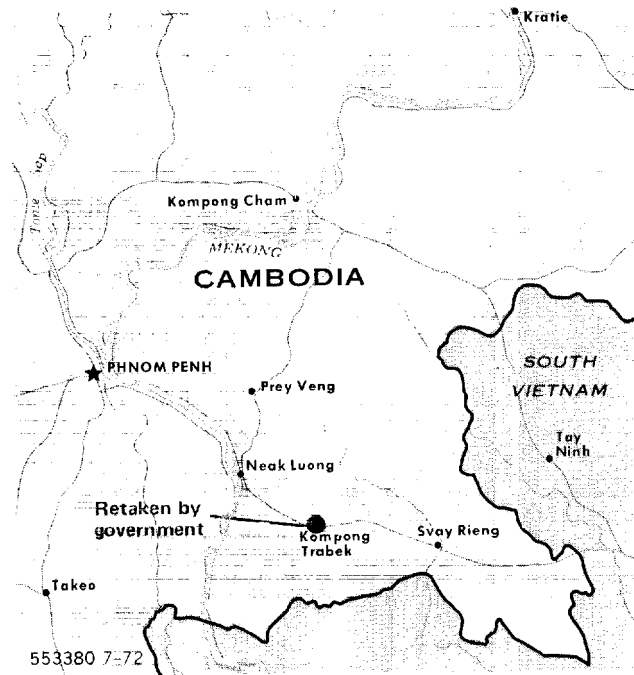
secret police for motivating the people and commended them for alerting local cadres to the need for "strong political order" and discipline.

Seldom has the regime made the super-secret security apparatus the focus of so much public attention. The new openness may simply mean that the security forces, under the recent strains, have become so prominent and visible to the average North Vietnamese that their activities warrant open coverage. The regime may feel that, by praising the police and acknowledging their expanded role, it can induce the people more readily to accept the exigencies of tighter security. While the propaganda references to US "psychological warfare tactics and espionage activities" may be, to some extent, simply a way to justify a tightening of security, they may also reflect some real concern. It is doubtful that the regime would risk dignifying such activities with open comment, for whatever reason, if it were not convinced the people needed to be made aware of the danger.]

CAMBODIA: ELECTION POLITICS

18] Preparations for the election of a legislature on 3 September dominated the Cambodian political scene for most of the week. Members of President Lon Nol's Socio-Republican Party were busy setting up party offices and organizing support in the countryside, where the President ran well in the recent presidential contest. So were the two leading opposition parties.

Some 800 members of Sirik Matak's Republican Party met in convention on 23 July and named him party chief. The same day, the Democrats met to select candidates to run in the 3 September races, quieting for the time rumors that they would boycott the elections to protest the government's recently announced assembly law. This law has continued to attract wide criti-



cism for favoring government candidates, but the promulgation last week of another law to regulate the elections of 17 September for the senate went virtually unchallenged by regime opponents. The upper house will have only 40 members compared with the assembly's 125, and will be the weaker of the two chambers. Special representation in the senate for the bureaucracy and the military has been provided under a system in which 32 members will be elected by geographic region—24 representing the general public and eight representing the bureaucracy. The other eight senators are to be selected by a committee of the armed forces.]

Some Progress in the War

19] Activity on the battlefield during the week was dominated by the recapture of Kompong Trabek, after three months of enemy occupation. Cambodian and South Vietnamese troops, seeking

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to reopen Route 1 southeast of the Mekong River base at Neak Luong, entered the town on 23 July. By noon the following day, the last Communist troops had withdrawn toward the north, where the Cambodians fear they may join up with other enemy forces for a counterattack. Friendly casualties in the three-week-old operation reportedly are 37 killed and 344 wounded. The Cambodians estimate that 342 enemy soldiers were killed, but this figure is probably inflated. After securing the town, the Cambodians and 20 South Vietnamese hope to continue south along the highway toward the encircled provincial capital of Svay Rieng and join up with the government garrison there.]

LAOS: CHALLENGE FROM THE RIGHT

21 [The struggle between Souvanna and the rightists over the shape of Souvanna's cabinet continues. An earlier compromise between Souvanna and his critics broke down when the King refused to invest the prime minister's government until it had received a vote of confidence in the new national assembly. The rightists, led by the powerful Sananikone family, are interpreting the King's action as support for their position that, under the Lao constitution, the Souvanna government must resign and present a new cabinet to the assembly elected last January. The Sananikones hope to force Souvanna to reshuffle his

cabinet in a manner more favorable to their interests, specifically to divest his cabinet of finance minister Sisouk.]

21 [Souvanna insists that his "coalition" government was invested by the 1962 Geneva Accords, and he is taking a hard line against the challenge from the rightists. He has withdrawn an earlier commitment to reshuffle the cabinet and has 22 made it clear that under no circumstances will he disrupt the continuity of the government by resigning. The burden of terminating the government will thus fall on the assembly, and Souvanna appears confident that the Sananikones lack the punch to win there.]

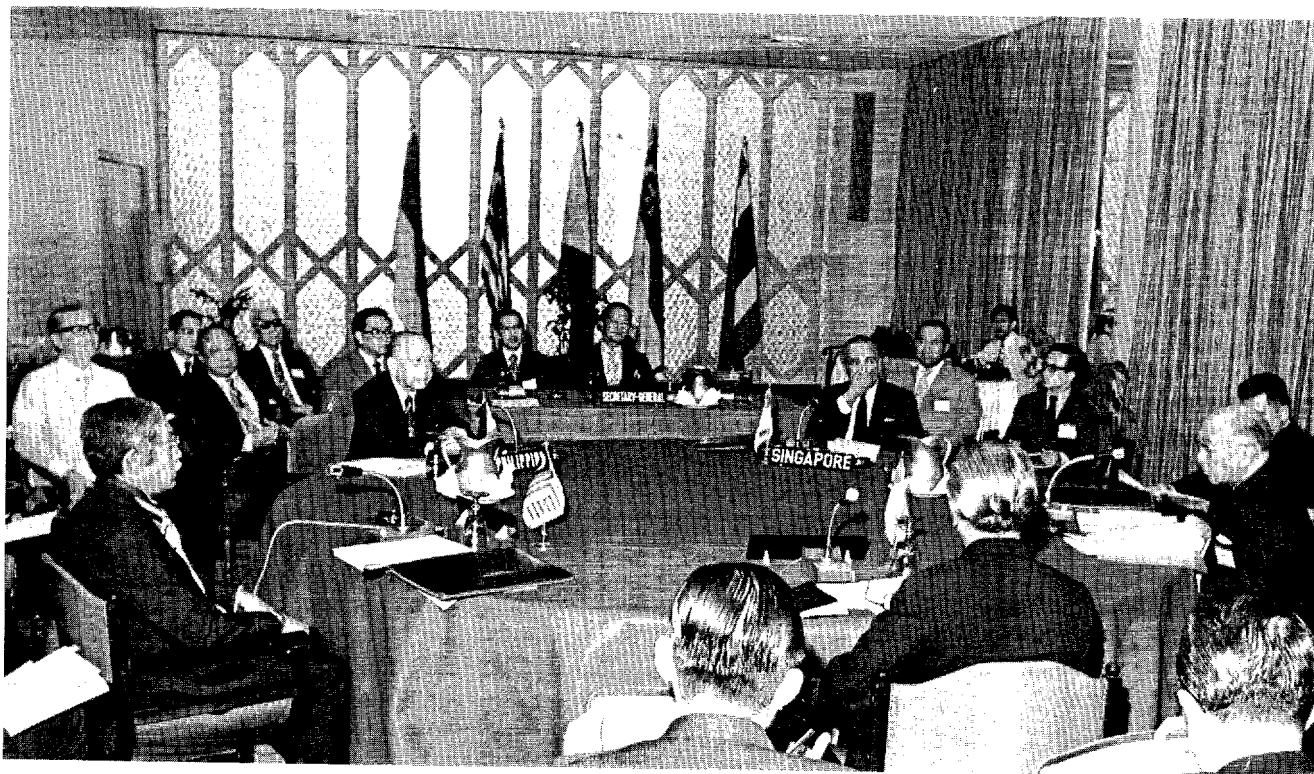
21 [Souvanna has been moving to line up support. He reportedly has gained the strong backing of top military leaders, and all his prominent supporters are lobbying with assembly deputies on his behalf. The timing of the prime minister's next move will depend on how this effort goes. He has indicated that he may simply outwait the Sananikones but, if the proselytizers do well, he could move soon to present his cabinet for the assembly's approval. In the unlikely event that Souvanna were to lose such a vote, the King would probably dismiss the assembly and call for new elections.]

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ASEAN: FOREIGN MINISTERS MEET

- 26 The "informal" session of the Association of Southeast Asian Nations foreign ministers, which ended 14 July, produced no concrete decisions although it was the first meeting specifically devoted to political matters.
- 28 After several years of stagnation, ASEAN gained new life last year when its members—Indonesia, Singapore, Malaysia, Thailand, and the Philippines—began to see some advantage in a regional approach to changing international currents. The agenda at the recent Manila meeting reflected this interest; it included such items as future relations with Communist China, the conflict in Indochina, neutralization of Southeast Asia, and the law of the sea.
- 26 The foreign ministers, however, made little progress toward a common stance on any of these questions. The most heated discussions centered on Malaysia's neutralization ideas and on Philippine desires for an ASEAN summit meeting. A concluding joint statement pays lip service to neutralization, but the Malaysian concept again ran into strong opposition, particularly from the Thais, who are reluctant to support anything that might encourage a US withdrawal from Thai bases. The Philippines offered to host a heads-of-state meeting in Manila but no decision was taken.
- 28 The recent discussions covered much the same ground as a session last November, when the foreign ministers first began to think collectively about regional political problems. But the atmosphere has changed in the past eight months. In November, a sense of urgency generated by uncertainty about great-power intentions in Southeast Asia impelled the members to seek refuge in



ASEAN Foreign Ministers Meet

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a united front and actively look for areas of agreement. In the intervening months, they have relaxed and have apparently concluded that inter-Asian relationships are not going to change over night. At the Manila meeting, when the members tried to come to grips with the specifics of political issues, parochial national interests overshadowed the search for regional unity.

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THAILAND: STILL THANOM

27,32 Field Marshal Thanom's extension as supreme commander of the armed forces will delay significant changes in the top leadership and postpone adjustments in internal and foreign policies.

32 The extension is the second granted Thanom since he reached the retirement age of 60 last year; it presumably also applies to his position as chairman of the ruling National Executive Council. General Praphat, commander in chief of the army and deputy chairman of the council, engineered the move. Praphat has been Thanom's deputy for nine years and would like to move into the top position himself, but apparently lacked the strength to do so at this time. Although he is a more forceful person than Thanom and appears to have support within the council's bureaucracy and the army, he lacks personal popularity. He is the de facto policy maker of the council and has been increasing his power in recent years at Thanom's expense.

27 32 The major issue between Thanom and Praphat has been the regularization of the government. Parliament was dissolved and the constitution suspended last November, and Thanom has lately been urging that the extra-constitutional council be abolished and the country returned to cabinet rule under a new provisional constitution. Praphat has successfully opposed such a change-over and seems likely to continue to do so. In announcing Thanom's extension, Praphat parried reporters' questions on the subject.

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Praphat and Thanom

The intense rivalry between the supporters of Thanom and Praphat tends to have an immobilizing effect on government operations. This will probably continue. Military officers are likely to be concerned that Thanom's extension will limit their own promotion opportunities. The government may alleviate some of the dissatisfaction in this quarter by retiring 25 general-grade officers and 100 lower ranking officers in September. Some top military leaders like deputy army chief General Krit, however, would still find their way to promotion blocked. Thanom's extension is also likely to increase frustration among less-conservative elements in the army and the bureaucracy who believe that Thailand has failed to come to grips with important problems under Thanom's benign but unimaginative direction.

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USSR

THE ECONOMY AT MID-YEAR

3334 Soviet economic growth sagged during the first half of 1972 although industry was still on the 1971-75 plan schedule. Reflecting both the severe winter weather and the fact that the plan goals for 1972 were generally less demanding than those for the remainder of the five-year plan, industrial production is estimated to have grown by 5 percent over the level attained in the first six months of 1971, the lowest mid-year rate since 1969. As in 1969, agricultural problems threaten the achievement of five-year plan goals.

Production of most industrial materials—particularly chemicals and construction materials—grew at lower rates than a year ago. The growth of machinery output (excluding military-space hardware) also slipped from the rate achieved in the first half of 1971. Production of some items in the machinery category soared—passenger cars, computer equipment, and instruments—but the growth in output of other consumer durables—television sets, radios, and washing machines—fell below recent levels. In some cases, this decrease in production was dictated by mounting inventories caused by a lack of

consumer interest in the available quality and assortment of products.

Not only was the performance in consumer durables unimpressive, but the heralded emphasis on consumer goods also was not evident in the output of soft goods and processed foods. The production of fabrics and knitwear failed to advance much beyond last year's level, and the output of shoes declined. A modest rise in the production of processed foods was largely due to a substantial increase in meat production.

State capital investment rose by 6 percent compared with the 8-percent increase registered in the first half of 1971. The value of new construction projects completed increased by only 2.5 percent. On the consumer side, completions of new housing actually dropped from last year's mid-year level.

Still, the major problem this year is agriculture. Figures in the mid-year report on sown area imply that one third of the winter bread-grain acreage had been lost to winterkill or used for spring forage. The spring sowing campaign was designed to make good the losses, but insufficient

	SOVIET INDUSTRIAL GROWTH			
	<i>(Annual percentage rate at mid-year)</i>			
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
Over-all Industrial Production*	5.1	7.5	6.7	5.0
Industrial materials	3.4	6.9	6.6	5.0
Machinery	10.8	9.6	8.8	7.4
Consumer non-durables	3.0	6.7	5.0	1.9

*Excludes military-space production.



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soil moisture in some of the major grain regions threatens to reduce the grain crop for the second year in a row. Brezhnev's livestock program requires a grain harvest substantially higher than in 1971. Meanwhile, rates of growth of livestock inventories fell far short of the gains made in 1970-71 because of the severe winter and last year's slump in the availability of feed.

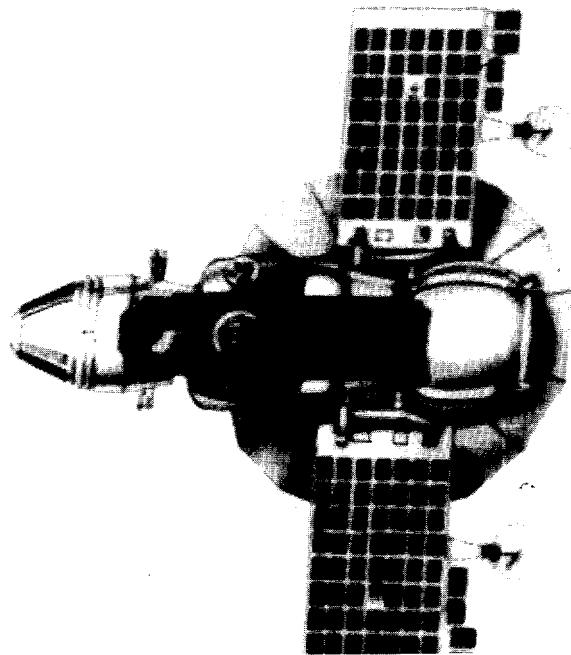
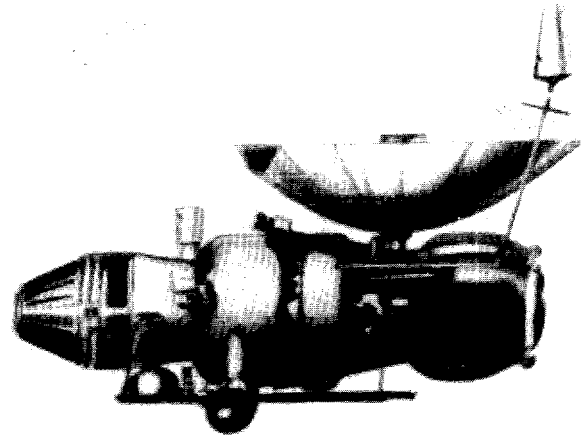
The Council of Ministers discussed the mid-year report several days before it was published. In 1969, a similar session was held to consider a disappointing industrial performance and the effect of a hard winter on agricultural prospects. This year's meeting appealed for support of the harvest, searched for ways of speeding up the completion of new production facilities needed to meet five-year plan targets, and made plans for stockpiling fuel to avoid the shortages that put a crimp in the economy last winter.

VENUS PROBE A SUCCESS

30 The latest unmanned Soviet space probe—Venus 8—soft-landed on 22 July. It was the first Soviet Venus probe since 1961 to succeed in sending back a wide variety of data about conditions on the surface of the planet. Its durability compared with past Venus probes apparently resulted from the use of an active cooling system and some modifications to the probe itself. The only other Soviet probe to make a successful soft-landing on the planet was Venus 7 in December 1970, but a telemetry malfunction limited its collection effort to temperature measurements.

35 Venus 8 transmitted from the planet's surface for about 42 minutes before succumbing to the intense heat and pressure of the Venusian atmosphere.

36 TASS claimed that the experiments aboard Venus 8 to measure atmospheric brightness and the composition of the surface of the planet were successful, but this has not yet been verified.



Venus 8

35 A second Soviet Venus probe was launched earlier this year, but failed to eject from earth orbit. The Soviets did not identify the true purpose of this probe.

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THE SPACE SUIT GAP

37 The Soviets are trying to improve their space suit technology in anticipation of further manned missions. They will require space suits like the ones used on US Apollo flights, and they are actively trying to obtain US suits for technical exploitation.

Soviet development of space suits has lagged considerably behind the US. Since the start of their manned space program, the Soviets have introduced only two types of pressurized space suits—both in the early 1960s. These suits were cumbersome and, when inflated, greatly restricted the movements of the cosmonauts.]

37 At a recent meeting of the joint US-USSR working group in space biology and medicine, Soviet participants showed great interest in the space suits used in the US lunar-landing program. They referred to a pending request to the National Aeronautical and Space Administration to buy several suits from the US manufacturer.

USA In comparison with Soviet models, US space suits are relatively compact and flexible, allowing the astronauts considerable freedom of movement. The advanced technology of US suits would help the Soviets in designing better suits. A US-type suit would be essential for a Soviet lunar landing, where mobility would be a critical factor. Such a landing attempt is not likely for at least several years.

The Soviets have not used pressurized suits on manned space flights since 1969 when two crew members transferred from one spacecraft to another. In the six subsequent manned flights, the cosmonauts have worn only flight suits, apparently because the Soviets do not believe that pressurized suits are necessary for mis-



Soyuz-11 Cosmonauts in Soviet Spacecraft

sions involving no activity outside the spacecraft. The Soyuz-11 cosmonauts who died during re-entry last year probably would have survived the sudden depressurization of their capsule if they had been wearing pressurized suits. The couches in the Soyuz re-entry capsule, however, could not have accommodated three cosmonauts wearing the bulky Soviet suits.

Changes in the Soyuz spacecraft probably were made as a result of the Soyuz-11 accident and presumably were tested earlier this month during the flight of Cosmos 496—an unmanned Soyuz vehicle. As a safety precaution, the Soviets may also introduce a new space suit or a modified version of an older model during their next space mission.

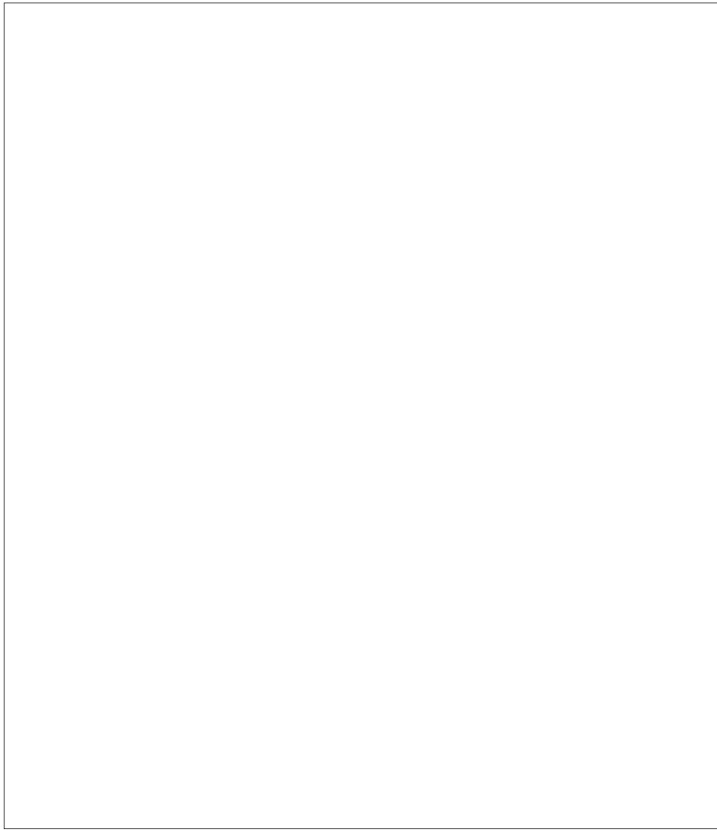
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tionwide labor contracts have to be renegotiated this year, and there are fears of a repetition, perhaps on a smaller-scale, of the "hot autumn" of 1969. On 24 July, the major Communist and non-Communist unions joined formally in a loose federation to coordinate policy. Managers of both government and private industry are concerned about meeting any new labor demands because Italy's economic growth rate has been exceptionally low last year and this.

ITALY: SUMMER LULL

The new government of Giulio Andreotti, which squeaked past its parliamentary confirmation earlier this month, now looks likely to last until fall. The Socialists would like to replace the right-of-center Liberals in the government, but are not agreed on how to go about it.

Labor unrest and a slow rate of economic growth pose hazards for the government. Doctors, building workers, journalists, and stone masons have already been on strike this summer, and railroad unions have announced a 24-hour walk-out for early August. Italy's key three-year na-

There is little prospect of a viable alternative to the present government until October, after the Socialist Party holds its congress. Christian Democrats have urged the Socialists to move a little toward the center. The Socialists may be more willing to abandon the left-leaning emphasis of their parliamentary election campaign last spring now that it is clear they have picked up only minimal support from the far-left Proletarian Socialists. The Socialist campaign had been designed in part to attract a substantial faction of that dying party. Instead, when the Proletarian Socialists decided to dissolve this month, only eight percent voted to merge with the Socialists.

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POLAND: SPREADING OUT

58 [Warsaw is trying to stake out a larger role for itself in European and East-West affairs. The Poles consider President Nixon's visit to have been a milestone in this effort.]

57 [The regime last week published a speech in which Premier Jaroszewicz summarized Poland's foreign policy objectives. Jaroszewicz claimed that the President's talks in Moscow and in Warsaw had confirmed the constructive change in the "international balance of forces" brought on by US "recognition of the irreversibility" of European borders, particularly the Oder-Neisse line. Jaroszewicz said he hoped the Conference on Security and Cooperation in Europe would further confirm the European status quo. He added that Poland intended to play a role in the conference to attain such an end and that it would pursue to the fullest extent its own "national" interests.]

57 [Jaroszewicz went on to say that Poland should conduct an aggressive foreign trade campaign. While paying due respect to trade with its Warsaw Pact allies, Jaroszewicz stressed the need for increased trade with the capitalist world. He added that Poland would continue to conclude bilateral trade pacts with Common Market coun-

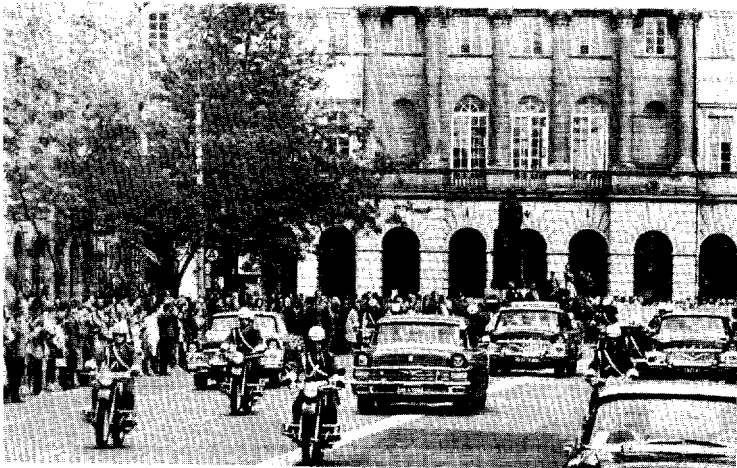
tries. He expressed satisfaction with the progress made on US-Polish economic and scientific cooperation, but added that US restrictions still hinder trade.]

55 [Foreign Minister Stefan Olszowski has also traveled extensively in both East and West, expounding Polish views on European detente and Warsaw's role in it. He has visited Austria, Norway, Romania, Bulgaria and the USSR, and this fall plans trips to Bonn, Stockholm, and the UN General Assembly. In addition, he will accompany party chief Gierek to Paris.]

56 [Warsaw also received dignitaries from abroad. President Tito's visit in June was the high-water mark in Poland's post-war relations with Yugoslavia. It established Warsaw as a leading advocate of productive relations between bloc countries and the one-time socialist outcast. The visit of UN Secretary General Waldheim in early July permitted Warsaw to underline its interest in the UN and other international organizations. Vice Minister of Foreign Affairs Trepczynski, for example, will be the president of the General Assembly this year. In addition, the Poles received President Nixon's scientific adviser, Dr. Edward E. David, in an effort to maintain the momentum in US-Polish cooperation.]

57 [Olszowski recently told Ambassador Stoessel that President Nixon's visit underlined Warsaw's "independence." The visit, he said, showed that Poland was the biggest and most important country in the socialist camp after the USSR. Poland, he added, has a role "of its own" to play in Europe. He admitted that some people in Poland and other socialist countries looked askance at the Nixon visit because of the Vietnam war and ideological reasons. While this was important, Olszowski stated, it was not central to the "national interest" of Poland.]

58 [Despite their talk about "independence," however, the Poles realize that they must tailor their initiatives to over-all Soviet interests. They often reiterate their allegiance to the socialist



Nixon Cavalcade

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camp and Soviet leadership of it. Thus, their diplomatic activities reflect, in addition to a sense of Poland's growing importance, Gierek's feeling that Moscow has confidence in his ability to speak responsibly on issues of concern to both Poland and the USSR. [REDACTED]

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CEAUSESCU CALLS THE SHOTS

7-4) To the surprise of no one, Nicolae Ceausescu dominated the national conference of the Romanian Communist Party in Bucharest last week. Ceausescu's strength was apparent from the moment he opened the conclave with a six-hour speech until the final gavel. As the cacaphony of three day's speeches subsided, the delegates unanimously adopted the ten basic theses of his keynote speech, leaving the regime's domestic and foreign policies essentially unchanged.

On the domestic side, the call for a nine- to ten-percent annual rate of economic development and fulfillment of the current economic plan in "less than five years" put Ceausescu's personal imprint on the conference more than anything else. Endorsement of these goals and of his ambitious call for achieving foreign-exchange equilibrium by 1974 gave the lie to pre-conference reports that Ceausescu might have to ask for less.

Ceausescu strengthened his position in the party central committee by causing it to be expanded by 40 members. Nineteen of the new members are women, including Mrs. Ceausescu, and most of the others are industrial workers. The conference also called for the "periodic rotation of activists in various party and state functions"—just what Ceausescu has been doing—and for the establishment of several new agencies. Chief among the new organs is the Supreme Council of Economic and Social Development, with Ceausescu as chairman. Its functions are vaguely defined, and the responsibilities of other new agencies, such as a Finance and Bank Coun-



Ceausescu Addressing National Conference

cil, are even less clear. Plenary sessions of the party central committee and Council of State can be expected soon to breathe life into the new bodies.

Ceausescu tailored his foreign policy remarks to avoid direct offense to Moscow. He made some, for him, warm statements about the USSR, but tended to neutralize their content by calling for a "new set of norms" to govern relations among "all socialist countries" and by steadfastly defending Romanian interests. Moreover, he condemned the Vienna "diktat" of 1940, by which Romania lost Transylvania to Hungary and the southern Dobrudja to Bulgaria. No Romanian needed to be reminded that the country had also lost two other territories in 1940—Bessarabia and northern Bukovina—both of which were annexed by the USSR. [REDACTED]

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FINLAND

...AND THE GERMANIES

64 [Helsinki's pursuit of full diplomatic relations with both Germanies has picked up momentum. Although Bonn still seems inclined to wait for an inter-German treaty, the Finns planned exploratory talks with the ever-anxious East Germans this week or next.]

The Finns first proposed recognition of the two Germanies last September, shortly after the conclusion of the Four-Power agreement on Berlin, by offering identical treaties to both capitals. The treaties would have stipulated that the signatories must agree to recognize Finnish neutrality, renounce the use of force, and pay reparations for Nazi war damage to Finland. The Finns provided Bonn an easy out by further stipulating that Helsinki would only negotiate with both German governments simultaneously. The West Germans scotched things at that time by simply declining.]

63 [Helsinki tried again following West German ratification of treaties with the USSR and Poland. On 10 July, the Finns called in the chiefs of the East and West German trade missions to "explore the possibilities of diplomatic recognition in the near future." This time, Helsinki, dropping the previous stipulations regarding Finnish neutrality, renunciation of force, and reparations, aimed solely at diplomatic relations within "a month or so."]

64 [Bonn's attitude toward the new Finnish initiative was in the beginning only mildly negative. Indeed, the Finns may even have been encouraged by Chancellor Brandt's mild reaction when Finnish Foreign Minister Sorsa broached the recognition issue with him at the Socialist International meeting in Vienna in June. At the North Atlantic Council meeting on 24 July, however, Bonn underscored its objections to Helsinki's initiative and found unexpectedly wide support from other council members. The West Germans are scheduled to discuss the recognition issue at a cabinet meeting on 9 August. Should Bonn reject the Finnish offer, the carefully nurtured parallelism

that seemed basic to Helsinki's neutrality would suffer if negotiations were already under way with Pankow.]

64 [It does not seem too likely that Finland will jeopardize its neutrality simply to become the first West European nation to recognize East Germany. Nevertheless, the issue could become a pawn in Finland's carefully balanced "friendly" relations with the Soviet Union. Helsinki recently came within an ace of signing a much-needed free trade agreement with the EC, something Moscow has been reluctant to approve. The Soviets may feel that such an arrangement would create an imbalance in Finnish neutrality. While Finland's chances for eventually signing the agreement remain good, they might be greatly improved if Helsinki recognized Pankow, regardless of Bonn's response.]

...AND THE GOVERNMENT

67 [The minority Social Democratic government resigned on 19 July, ostensibly to avoid signing a free-trade agreement with the European Communities. The outgoing prime minister, Rafael Paasio, declared that "only a majority government" should take such a controversial action. The government's decision undoubtedly pleases the Soviets, who remain bothered about any Finnish-EC arrangement.]

66 [The EC question was only one of several thorny problems facing Finland. Others include the financing of a large pension bill recently passed by parliament over government objections, recognition of the two Germanies, the hosting of the preparatory talks for a European security conference, and agricultural unrest. President Kekkonen may even have prompted Paasio's resignation in order to clear the way for a majority coalition before he visits the Soviet Union on 12 August or before parliament reconvenes. Coalition talks began on 24 July, but experience indicates that it could be some time before agreement can be reached.]

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THE RED SEA: NEW CONTENTION

64 Interest in the Red Sea was revived last week when fresh charges were levied that Israel had occupied islands at the waterway's southern end. 75 The charges appeared a few days after Yemen (Sana) announced the capture of an alleged Israeli spy who reportedly was running a network collecting information on the lower Red Sea. 77

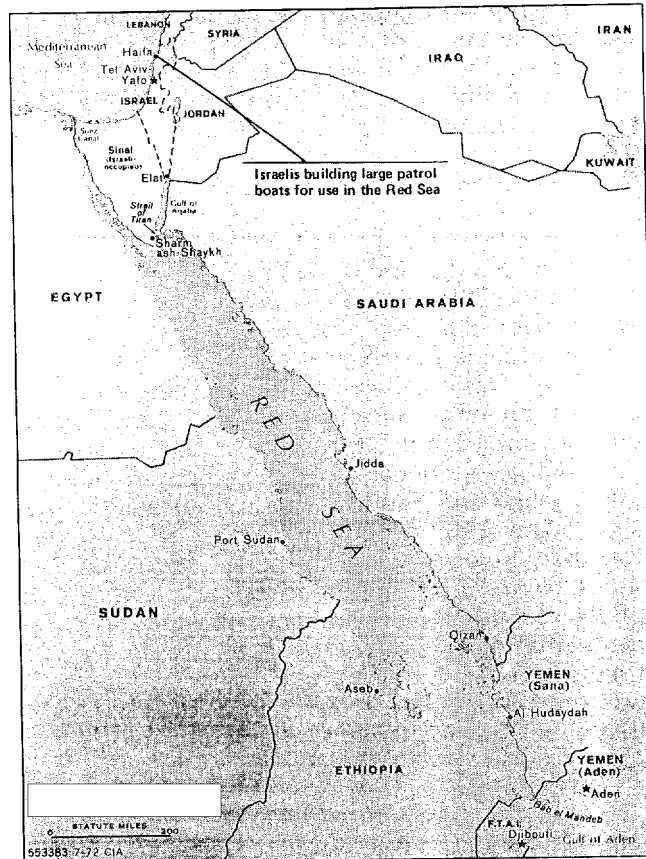
64 On 19 July, the Iraqi News Agency reported that Sana's minister of interior had claimed that Israel—with the connivance of Ethiopia—had recently taken possession of several barren islands within Sana's territorial waters. Though Sana has since denied the Iraqi report, such charges from the radical Arabs are not new. A leftist Kuwaiti magazine, for example, has asserted that Israeli and Ethiopian naval craft are carrying out joint patrols in the area and using the islands as anchorages. 70

[Redacted]

73 Israel [Redacted] is determined to preserve access to the Red Sea and the safety of its shipping as it passes through the Bab el Mandeb. 74

[Redacted] Israeli concern on this score was doubtless stimulated by the attack in June 1971 on an Israeli-chartered tanker, the *Coral Sea*, near the Bab el Mandeb. 77

73 Although Sana may not have raised the current hue and cry about the Red Sea islands, it has indicated an interest in some of them. Sovereignty over the islands has long been in doubt, and there are no known claims to them. They are occasionally used by Ethiopian fishermen, and on this basis Addis Ababa could make a strong claim to ownership. 73



77 Representatives of Saudi Arabia, Egypt, Sudan, Ethiopia, and Yemen (Sana) met in Jidda in mid-July to discuss exploitation of the natural resources of the Red Sea. Of greatest concern are the potentially conflicting territorial claims by the littoral countries and the exploitation of the rich mineral concentrations in the waterway's trench. Another meeting is scheduled for November. Whether Israel and Ethiopia are active in the area, Sana could be laying the groundwork for a claim to the islands. [Redacted]

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Saudi Arabia - Egypt

AN ERA OF GOOD FEELING

25 [Nearly 40 Egyptian Air Force personnel, including seven pilots, air controllers, and technicians, are in Saudi Arabia being trained to operate and maintain British-produced Lightning jet fighters. The Saudi-Egyptian training arrangement is the latest manifestation of the improved ties that have been forged since Nasir's death.] thousand were expelled during the Yemen civil war.]

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44 [The Saudis and Egyptians became antagonists in the 1950s when a wave of Arab radicalism swept over the area and the conservative Saudi regime became pariah to the Arab socialist world. President Nasir called for the overthrow of the Saudi monarchy, and Radio Cairo heaped abuse on the ruling family. Egypt's involvement on the side of the republicans in the Yemen civil war in 1962 galled the Saudis, who supported the royalists.] The 1967 war drew Arabs of all stripes together, however, and the hefty Khartoum subsidies from King Faysal and Egypt's termination of its role in Yemen prepared the ground for a reconciliation. Relations between the two countries improved between 1967 and 1970, but it was only after Nasir's death in September 1970 that a real rapprochement became possible.]

77 [redacted] Saudi-Egyptian ties can be expected to grow, especially in view of the wave of satisfaction that swept over Saudi Arabia following the Egyptian dismissal of the Soviets.]

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77 [The policies of President Sadat have been warmly received by the Saudis. Even before Sadat's decision last week to terminate the services of Soviet advisers, the King was convinced that the Egyptian President would be a bulwark against Communist influence in the Middle East.]



Sadat and Faysal

27 [Saudi payments to Egypt, scheduled to last until the "effects of the Israel aggression are erased," amount to nearly \$100 million annually. In addition, the Saudis are recruiting large numbers of Egyptians—teachers, medical personnel, and other skilled workers—to fill vacancies in the perennially manpower-short Saudi economy. The King has reservations about employing large numbers of Egyptians, however, remembering the dislocation that occurred in 1962-63 when several

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KENYA: TRIBAL UNREST IN ARMY

82 Tribal animosities in the army and elsewhere are likely to grow as a result of a recently concluded sedition trial and President Kenyatta's approval of a military reorganization proposal. A Kenyan Air Force pilot, recently extradited from Tanzania, has been convicted for his role in an abortive coup plot in 1971. He has implicated in the plot the former chief of the defense staff, the former chief justice, an assistant minister, and several army and air force officers; all are from the minority Kamba and Luo tribes. A number of lesser figures were tried and sentenced last year in connection with the coup plot.

84 85 The trial was Kenyatta's way of warning would-be plotters, but tribal bitterness that contributed to coup rumors late last May still is high, and the trial outcome could whip up further tension. It also may lead to the arrests of the former defense staff chief and the former chief justice, both of whom were implicated in last year's plot and forced to resign.

82 nated the army and are upset over the growing influence of the aggressive Kikuyu, who now control virtually all other instruments of power in the country. The reorganization places a Kikuyu directly in line to succeed the present army commander, a Kamba, who is scheduled to retire in a few years.

85 Kenyatta is aware of the tribal consequences of the military reorganization. The government reportedly hopes to blunt tribal resentment by shifting various battalions, beginning with those units in which tribal feelings are highest. The government also plans to keep troops busy with maneuvers near the Somali border.

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GHANA: DEBT NEGOTIATIONS

84 85 Faced with a deteriorating economy in Ghana, Accra's creditors may be moving toward more generous relief than was granted in the three previous debt-rescheduling exercises since Nkrumah's ouster in 1966.

84 85 Meanwhile, Kenyatta has agreed to a military reorganization proposal that abolishes the position of chief of the defense staff. The reorganization provides for the transfer and promotion to brigadier of the army's two senior colonels. One of these, a member of Kenyatta's Kikuyu tribe, has been named the deputy commander of the army. The other, a member of the rival Kamba tribe, has been removed as deputy commander of the army and given a senior staff position in the Defense Ministry.

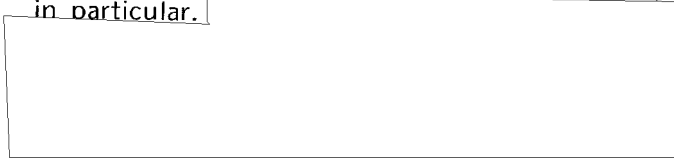
85 The reorganization could easily increase resentment among the Kamba. They once domi-

84 85 Representatives of the creditor countries met last week in London and agreed to a 13-point statement of principle for dealing with Ghana's debt. They recommend that their governments be more sympathetic to the Ghanaian point of view. Last February, Accra justified its unilateral alteration of debt servicing arrangements and cancellation of some \$94 million of its \$300-million, medium-term debt by asserting that it could not pay without crippling its economic development. The new proposal suggests that creditors lower the interest rate on existing debt and offer a grace period on repayment. The London statement calls for a settlement that takes into account Ghana's capacity to service its large debt, its need for an adequate growth rate, and continued foreign aid.

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8/28/72 The shift followed an important change of attitude by the British, Ghana's major creditor, resulting in part from a new interest by Prime Minister Heath in helping less-developed countries in general and Ghana, a Commonwealth member, in particular.



productive discussion of the debt problem with Accra. The London group of creditors has tentatively agreed to meet again in mid-September to arrive at definitive positions on terms and conditions for debt rescheduling. Strong French objection to several points could be a stumbling block to consensus at that time.

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PAKISTAN: A NO-CONFIDENCE VOTE

8/28/72 The governments have yet to decide on the recommendations. Ghana, with the help of the World Bank, is preparing an economic program to bring its balance of payments under control and to set out development objectives. The creditor countries regard such a program as essential for a

8/28/72 Concern over President Bhutto's reforms, particularly the nationalization of industry, is constraining investment and eroding businessmen's confidence in the economy. US bankers in Karachi paint a pessimistic picture of the investment climate well into 1973. They report that Pakistani businessmen are not seeking loans for new investment or expansion in manufacturing and that a number of them are even trying to divest themselves of their major manufacturing holdings. The assessment is shared by US petroleum officials, who also are planning no new investments.



This general pessimism will clearly continue to hold back economic performance. Despite a relatively impressive showing in agriculture and exports, industrial output—which dropped almost six percent in the year that ended on 30 June—will not easily recover from the loss of markets in Bangladesh. Moreover, engineering and construction activity will remain slack because of weak investment demand. Investor confidence was shaken earlier this year by Bhutto's partial takeover of several industries, and the government has done little to allay businessmen's fears since then.

Bhutto's economic policies have been significantly influenced by the need to avoid trouble with the left wing of his party. In June, for example, the government initially took repressive measures against strikers in Karachi, but after party leftists reacted strongly, Bhutto forced the industrialists to agree to a settlement favorable to labor.

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BHUTAN: NEW MONARCH



91 On 24 July 1972, the Year of the Water Rat in Bhutan, 16-year-old Jigme Singhi Wangchuk was enthroned, the fourth member of the Wangchuk dynasty to rule over Bhutan. The new monarch succeeds his father, 44-year-old Jigme Dorji Wangchuk, who died on 22 July, reportedly of a heart attack, in Nairobi, where he was undergoing treatment for a heart ailment. Over the last decade, he has had numerous health problems and occasionally journeyed to Europe for medical attention. As recently as mid-May, he was healthy enough to participate at the festivities in which his only legitimate son was designated heir apparent. The new King completed his

secondary education in England and had just begun a governmental apprenticeship under his father's tutelegé.

92 Serious challenge to the new King's accession is not expected, but his youth and inexperience could revive the old rivalry between the families of his father—the Wangchuks—and his mother—the Dorjis. The late monarch's half-brother, Namgyal Wangchuk, who served as chief adviser and is one of the government's most capable officials, probably will assume a key role in

running the kingdom, at least until the King reaches his twenty-first birthday.

The Dorjis have been in eclipse since the mid-1960s when they were involved in an unsuccessful attempt to enhance their power. They may seize the moment to try and reassert themselves. The mother of the new monarch has moved her entourage back to Bhutan's capital, and the induction of the two eldest princesses—as well as the crown prince—into government positions earlier this year, contributed to a partial rapprochement between the estranged royal parents.

93 The tiny Himalayan kingdom is almost totally dependent on Indian economic and military assistance and is required by treaty to be "guided" by Indian advice in foreign affairs. With Indian support, it is cautiously entering the international arena. It became a UN member last September and has since received an unprecedented, albeit modest, stream of foreign visitors. To cope with these new responsibilities, the Bhutanese bureaucracy has expanded to include a full-time foreign minister and a protocol officer—the country's first female civil servant.



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CHILE: FIRST THE BAD NEWS

The cold Chilean winter is being warmed by rhetoric and scandal. In two major speeches this week, President Allende blasted the US while disclosing some hard economic realities to the people. The momentum of his economic initiatives, however, has been slowed somewhat by a growing political scandal involving criminal activity by members of the President's own Socialist Party.

In a radio address on Monday, Allende left little doubt that the consumer boom of the past 18 months was over and that the time for building a new Chile had begun. Consumer goods distribution will be placed under stricter controls, a condition that will give a boost to Santiago's already burgeoning black market. While wages and pensions are to be raised in October to reflect inflationary trends, excess funds will be siphoned off through obligatory savings plans and higher taxes. Imported consumer goods will be severely limited, and most new investment will go into import-substitution industries to reduce dependence on foreign sources of supply.

Agriculture will receive considerable attention. To encourage Chile's remaining small private farmers, guarantees against expropriation were offered to owners of up to 100 irrigated acres who worked the land as their sole occupation. This is only half the legal maximum size, implying that the reform cycle is not yet over. Small businessmen were assured of a place in the economy. Lest the workers feel that austerity might fall too hard on them, Allende promised them free vacations and life insurance policies and spoke of adjusting prices so that higher income groups would pay more for their goods. While specifics remain vague, Allende's measures do not appear as severe as many expected.

The following night, the President delivered a highly partisan speech to a massive rally of workers; in effect, it was the keynote address for the 1973 election campaign. He told his listeners that next year they must win in order to eliminate opposition control of congress. Allende suggested that a key to victory might be the registration and organization of the recently franchised illiterates, and held up the recent Coquimbo by-election victory as an example to follow.

Referring to congress, the President mused that its members might now have more important things to do than play at impeaching cabinet ministers; he has presented a series of bills for their approval, covering the establishment of autonomous enterprises, worker management, protection of rights of small farmers and businessmen, and economic activity reserved for the government. While saying he did not intend to provoke problems with congress, he again held up the threat of a plebiscite as a means of overcoming opposition obstructionism. For the second night in a row Allende repeated his charge that the US is leading an economic blockade against Chile by denying loans and credits. While Allende believes the charge to be legitimate he has not chosen to belabor the point.

As a backdrop, a situation potentially embarrassing to the President is developing. The police have arrested a number of "common criminals" alleged to have perpetrated a series of assaults on banks, private businesses, and government installations. Some of these particular "common criminals" are—or were—members of Allende's own Socialist Party, including at least one of prominence. The Socialist Party has announced that those arrested had been expelled from the party a few weeks prior to their

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incarceration, but this lame excuse, even if true, is convincing to few. Now that the opposition press has gotten wind of the incident, they can be expected to make the most of it.

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Enrique Magnani

URUGUAY: ARMY FLEXES ITS MUSCLE

7/27/72 } Responding to pressure from top army officers, President Bordaberry has fired his defense minister and named a civilian to replace him. The dismissed minister, Enrique Magnani, had been under strong criticism by military leaders for providing the Senate with information concerning the death of a suspected terrorist during military interrogation. Bordaberry had rebuffed previous efforts to remove the defense minister. He apparently acted only after the commanders of Uruguay's four military regions and the chief of the Joint Staff bypassed the commander in chief last week and warned that they would retire en masse if Magnani were kept on.



Augusto Legnani

7/27/72 } The military leaders probably were encouraged in this unusual flexing of political muscle by the prestige and public confidence they gained with their recent successes against the Tupamaros. In addition, Magnani's performance as defense minister had dissipated much of his initial popularity with the military. As a general, he had been competent and highly respected. In the cabinet, his aggressive leadership raised charges that he was acting more like a commander in chief than a minister and was meddling in internal army affairs. His replacement, Augusto Legnani, has been Uruguay's permanent representative to the United Nations. He is one of the nation's most respected politicians and diplomats,

but most officers consider him too soft to withstand congressional and press criticisms for very long.

7/27/72 } Although military leaders insist that they want a tough politician as defense minister, they want to retain control of military operations. It is significant that the clique of senior officers who moved against Magnani included four of the most respected generals in the army. They have shown they can exert sufficient pressure to get their own way.

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VENEZUELA: A GIANT RETIRES

101 Romulo Betancourt, the most prominent figure in the Democratic Action Party, has announced that he will not be a candidate for president in the 1973 election. The decision will undoubtedly cheer the governing Christian Democratic Party, whose colorless candidate, Lorenzo Fernandez, would have looked even paler beside Betancourt. But the greatest gains will accrue to the various groups supporting Venezuela's other political giant, Marcos Perez Jimenez. The former dictator has not yet announced that he will run, but his stock has risen markedly in recent months and he is believed to have considerable appeal among the large bloc of uncommitted voters.]

102/103 The 64-year-old Betancourt, who has headed the government twice, said that he was taking himself out of the running to give other party leaders a chance. Poor health may have been a factor. At least four potential nominees had been waiting for Betancourt's decision, and the party convention, which begins 18 August, could now turn into a real battle. The person most likely to emerge as the standard bearer is the party secretary general, former interior minister Carlos Andres Perez.]

104 The withdrawal of Betancourt may reduce the bitterness of the coming campaign. It was Perez Jimenez who overthrew the first Democratic Action government, following which Betancourt spent many years in hiding or in exile. Betancourt and many of his political friends were persecuted by the dictator; some were tortured and some were killed. Ten years later Betancourt and his followers were involved in the overthrow of Perez Jimenez, and they successfully spearheaded a movement to have him extradited to face charges. Following his imprisonment and exile, they have prevented his return to Venezuela, except for a visit, and have thus far kept him out of public office. Because of the emotions

aroused by the careers of these two strong personalities, hardly anyone in Venezuela is neutral or indifferent to them.]

104 The appeal of Perez Jimenez reflects the disillusionment with parties of the center and the growing polarization of the electorate. Brutal as his dictatorship was, many Venezuelans, remember him as having provided jobs along with law and order. The uncommitted voters may prove more susceptible to Perez Jimenez' demagoguery without Betancourt in the front lines to remind them that there were thorns among the roses.]

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GUYANA: A NON-ALIGNED EXERCISE

105 The annual conference of the foreign ministers of non-aligned nations is to be held in Georgetown, Guyana, from 8 to 11 August. The conferees will have a difficult time finding issues upon which to focus, and the idea of a larger non-aligned role in world affairs will be further eroded.]

106 The stated purpose of the conference is to formulate a strategy for the 27th UN General Assembly and to lay the groundwork for a non-aligned summit provided an issue can be found and enough interest stimulated. A preparatory meeting in Kuala Lumpur last May set an agenda for the foreign ministers; included are:

- the significance for non-aligned states of moves toward detente between the super powers;
- disarmament;
- a European Security Conference;

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- colonialism and apartheid in Africa;
- conflicts in the Middle East and Vietnam;
- the creation of "zones of peace" in various parts of the world;
- the Law of the Sea

explanation of the need for continued close ties with the USSR. The Cuban leader also discussed the resumption of diplomatic relations with Peru but, despite the presence of the Viet Cong's Madame Binh, spent little time on the subject of Vietnam.

5 [The US ambassador in Georgetown anticipates a spate of anti-US and anti-imperialist rhetoric during the conference, and the Cubans, especially, are expected to be active in protesting US involvement in Vietnam.]

After some brief remarks on his recent trip to Africa and Eastern Europe, Castro heaped considerable praise on the Soviet Union, particularly for the support it has given Cuba in the past. Castro asserted that Cuba's continued existence in the face of "imperialism's blockade" was primarily due to this support.]

106 [The Guyanese originally claimed that they expected 500 participants from some 70 nations, including 40 to 50 foreign ministers. So far, only eight foreign ministers have said they will come; most countries will be represented by lesser officials. A variety of liberation movements will be represented as well as the Organization of African Unity and the Arab League. Conference organizers are anticipating the arrival of competing delegations from Cambodia and Vietnam, but it is likely that, as in Lusaka in 1970, none will be seated.]

108 [Castro's remarks reflected his awareness that Cuba is economically and militarily dependent upon Moscow and therefore has no real alternative to cooperation with the Soviets.] Fidel told his audience that economic and political integration with Latin America could solve many of Cuba's problems but that this would not be possible for many years. Castro also went to great lengths to explain why the only other option, resumption of ties with the US, was completely impossible under present circumstances.]

106 [Prime Minister Burnham believes that a successful conference would enhance the stature of his nation and of himself as a leader. He—like the probable chairman, Minister of State Ramphal—sees a large attendance as a measure of success. It may be that Burnham, like the non-aligned movement itself, is behind the times. He may be too late to capitalize on membership in the third world.]

105/107 [Castro's solution was economic integration with the socialist bloc, an obvious reference to Havana's recent admission to the Soviet-led Council for Mutual Economic Assistance. He pointed out that this was a temporary measure until integration with the nations of Latin America was possible.]

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CUBA: CASTRO SPEAKS

107 [Fidel Castro's annual 26th of July speech provided the Cuban people with an elaborate

108 [Castro's speech did not express any obvious displeasure with Soviet policies. Cuban dissatisfaction was strongly implied, however, in last week's resolution by the central committee of the Cuban Communist Party. The resolution made Castro's reservations clear to the Soviet leadership, but the speech demonstrated that he did not intend to alter this relationship.]

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