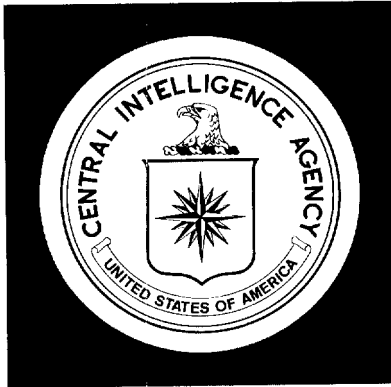


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

State Dept. review
completed

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29 September 1972

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Romania: A Maverick Marches On

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THE PHILIPPINES: MARCOS GOES FOR BROKE

1 <President Marcos played a trump card in his
2 bid to keep power when he declared martial law
3 on 23 September. As part of the well organized
4 and executed maneuver, constabulary forces
5 closed all newspaper and broadcasting offices,
6 imposed travel restrictions, and arrested prom-
7 inent anti-Marcos critics—including newsmen,
8 politicians, students, and some elected officials.>

1 <The President announced that the move was
2 necessary to prevent a Communist conspiracy
3 from overthrowing the government; as proof he
4 cited a recent rash of bombings and an abortive
5 assassination attempt last week on his defense
6 secretary. There is circumstantial evidence to sug-

Philippine ROTC cadets whitewash over
anti-Marcos slogans.



gest that the assassination attempt and some of
the bombings were staged in order to justify the
subsequent martial law declaration. Moreover,
many of those arrested can not by any stretch of
the imagination be regarded as leftists or
sympathizers.>

1 <It seems likely that Marcos plans to use
2 martial law to rebuild his shattered public image
3 and increase his political support in the country
4 at large. The President apparently believes that
5 most of his political troubles are caused by bu-
6 reaucratic ineptitude and that firm personal con-
7 trol and some showy reforms are necessary if he is
8 to regain public confidence. Marcos has directed
9 the constitutional convention to continue its
10 deliberations, which indicates that he still plans to
11 oversee the manufacture of a constitution that
12 will allow his election as prime minister within a
13 parliamentary system.>

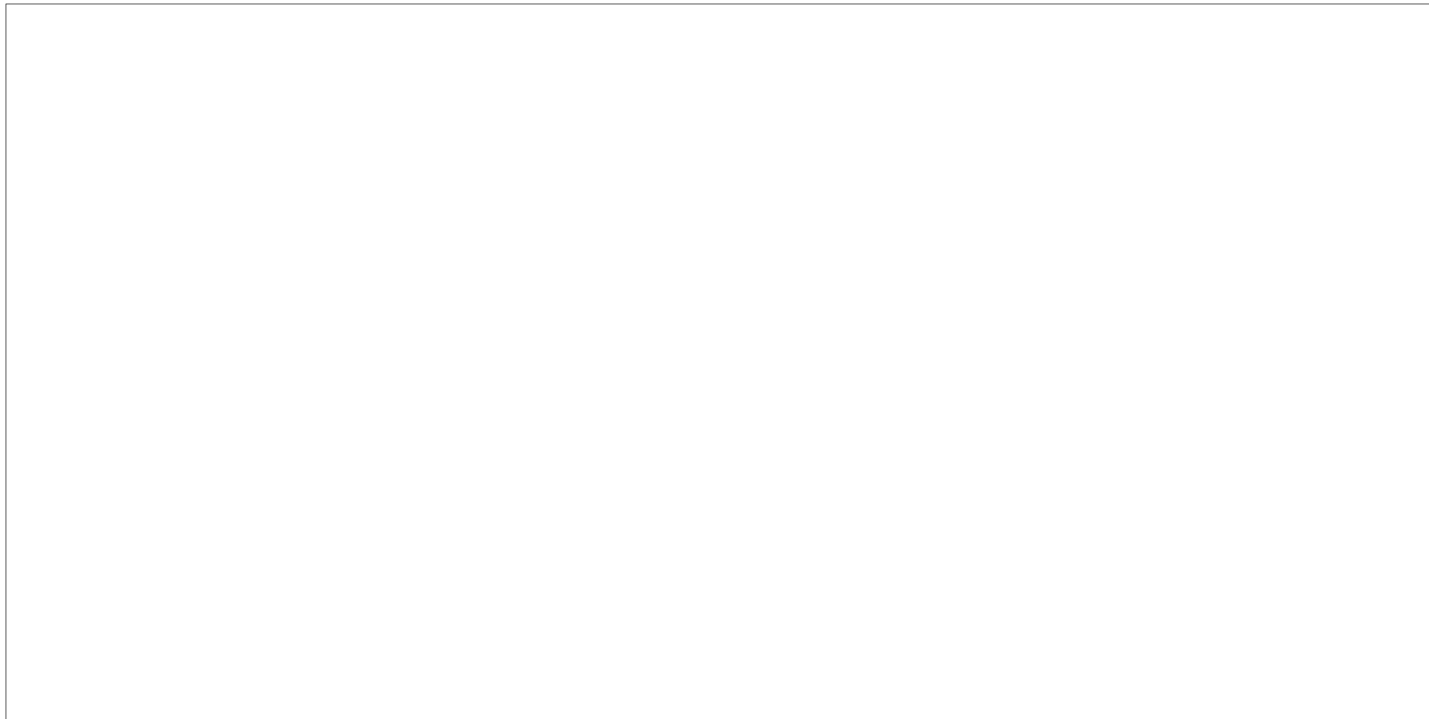
1 <In the meantime, Marcos is using his new
2 powers to decree legislation. He is streamlining
3 the bureaucracy and has announced a widespread
4 land reform program. It will take more than
5 administrative measures like this if he is really to
6 correct the fundamental social and economic
7 imbalances plaguing the Philippines. An all-out
8 attack would entail challenging the vital interests
9 of the nation's entrenched oligarchy, and might
10 provoke more opposition than Marcos and the
11 Philippines' small security forces could handle.
12 Thus far most Filipinos have acquiesced quietly
13 to the new situation, preferring to reserve judg-
14 ment until they see exactly what Marcos is up to
15 and whether he has the muscle to achieve it.

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THE GRAIN SCENE

US GRAIN WINDOW OPENS FOR PEKING

12 <China's first purchase of US wheat is related primarily to disruption of deliveries from Canada caused by the recent dock strike, and secondarily to a modest shortfall in the harvest in north China. Reports that Peking now is in the market for large quantities of wheat are normal for the time of the year. During the past decade Peking has imported from 3 to 6 million tons of grain annually to supplement grain rations in north China cities. Negotiations for these purchases usually get under way about now, and just this week Australia announced the sale of one million tons of wheat for delivery in 1973.>

12 <Grain deliveries to China this year are expected to total some 4.5 million tons, including about four million from Canada. Although the Canadian dock strike has been settled, Canada may not be able to fulfill its delivery commitment this year, and China apparently is making sure that its needs will be met by additional purchases. The American wheat was not bought directly. The 408,000-ton purchase was arranged by a French grain broker. [redacted]

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SECRET**SOVIET OUTLOOK GETS DIMMER**

15 Since the last major round of Soviet grain purchases in early August, harvest prospects have gone on deteriorating. We now estimate that the 1972 crop of usable grain will be roughly 128 million tons—down 20 million tons from 1971. 16 Recent reports of negotiations for more wheat from West Germany and Romania may reflect a reassessment of the country's immediate needs, particularly for milling quality wheat.>

18 The continuation of hot, dry weather during August and into September damaged the potato crop, a vital staple in the Soviet diet. Potato output this year will be at least ten percent below the 1971 crop. Rumors of a serious shortage of potatoes resulted in some hoarding in the Moscow area, prompting official assurances that supplies during the winter will be adequate. The forage crop has also been badly hurt, another blow to the Brezhnev livestock program. Lack of forage will require more feed grain, already in short supply.>

17 The grain harvest is behind schedule, particularly in the important spring wheat belt of Siberia and Kazakhstan, threatening the loss of grain on which much had depended. As of 18 September, the harvest nationwide was about two weeks late; only 76 percent had been threshed compared with about 90 percent in an average year. Cool rainy weather earlier in the summer delayed ripening and the current poor weather has complicated harvest operations.>

15 If this slow pace is maintained, the harvest will extend well into October when conditions rapidly deteriorate. In 1969, for example, the harvest was late and snow buried several million hectares of grain. Moreover, the onset of freezing temperatures, while the grain is still wet, could cause sizable reductions in quality. Although most of the grain would generally be salvageable, a large portion would not be of milling quality and could only be used for livestock feed.>

18 By early August, the poor outlook for grain production had led to record Soviet purchases of over 25 million tons of grain. Since then, additional contracts have boosted total confirmed purchases to about 27 million tons worth over \$1.6 billion, of which about 18 million tons is wheat. Continued bad weather could well push the Soviets into the world market again, both for food and feed grains. [redacted] 25X1

JAPAN AS A RICE SUPPLIER

19 A world-wide shortage of rice has focused attention on Japan's surplus. Tokyo is reluctant to reduce its surplus, citing its own long-term needs, and has already turned down requests to buy Japanese rice. Small amounts might be made available, but they would probably fall short of deficit countries' needs.>

20 Poor crops have occurred in Indonesia and other countries that usually import some rice, increasing their import requirements. A few countries such as the Philippines, which had extensive flood damage last spring, require imports at record levels. Because of the tight world supply, several of these countries are looking to Japan as a possible source.>

17 During the late 1960s, Japan accumulated large rice stocks. Production rose sharply, but domestic demand declined as the increasingly prosperous Japanese substituted wheat for rice in their diets. By 1970, the country had some 6.6 million tons of rice stockpiled, an amount equal to about 80 percent of world trade in rice that year. To bring rice production into balance with domestic demand, Tokyo encouraged farmers to plant other grains. Accumulated surpluses were made available for other uses, such as animal feed and for export. Exports were limited, in part because Japan did not want to depress world prices and undercut traditional rice-exporting countries, such as Burma and Thailand.>

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19 Tokyo now claims it is in no position to boost exports. The once huge stockpile has already been cut in half; by October 1973, Tokyo expects it to be down to about 1.3 million tons.
20 This would be about two months' domestic supply, roughly the same amount held for other grains.

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INDOCHINA

NEGOTIATING NUANCES

22 Enough propaganda has emanated from Hanoi since the issuance of the Viet Cong's 11 September statement to provide some indications of which aspects of that statement the Communists want to emphasize. It appears that their basic objective is to portray the statement as evidence that they do not demand a post-hostilities political arrangement that would impose a Communist-dominated government on South Vietnam. This, of course, is primarily aimed at countering US claims that the Communist political proposals, if accepted, would lead to Communist domination.

22 Some other threads can be discerned in Hanoi's handling of the 11 September statement. One is the increasing evidence that the Vietnamese Communists are ready to reach agreement with the US that neither side would dominate a coalition and that guarantees could be put in effect preventing reprisals against adherents of either side. Although Hanoi has long professed a desire to see a "neutral" government established through a coalition in South Vietnam, this is the first time the Communists have suggested with any consistency that they might be willing to sign formal agreements to this end.

21 An authoritative "Commentator" article in the party daily of 25 September lays out the North Vietnamese position in the clearest terms

yet seen in Communist propaganda. Denouncing as "absurd" Dr. Kissinger's statement on 16 September that the US rejected any move that would "impose a particular form of government" on South Vietnam, Commentator claims that if the US negotiates "seriously" the parties could "agree on effective measures to discard" these American fears. Such measures, Commentator asserts, would be "aimed at ensuring that neither side is allowed to dominate the political life in South Vietnam."

21 The Commentator article is notable for its straightforward presentation of the North Vietnamese negotiating position on the political aspects of a settlement. Terming the "question of power" the key issue in the negotiations with the US, Commentator sets forth the Vietnamese Communist stand against the President's 8 May proposal for a peace settlement. Hanoi cannot accept the US terms, according to Commentator, because they require that the Communist side become "merely members" of the other "political forces" who would be "allowed to nominate their people to join an independent election organization." All this would be done while the Saigon government apparatus was still intact, he charges, and the result would inevitably be to "legalize" the Saigon government.

21 The US cannot expect the Communists to accept a settlement, says Commentator, which seeks to achieve through diplomacy what the "US

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21 has failed to achieve with so many military strategies through four presidential terms." He asserts it would be much better for the US to acknowledge the Communist position as now enunciated, which states that two "armies and administrations" exist in South Vietnam—i.e., that neither side can force its position militarily on the other, and then to agree to a three-sided coalition which reflects the power "realities" in South Vietnam. >

The War Slows Down

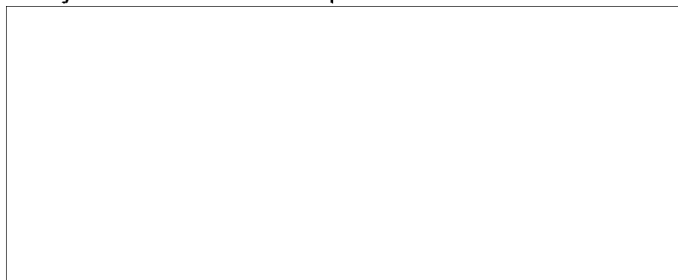
22 < Fighting subsided last week as South Vietnamese troops wound up their operation to secure Quang Tri City, and Communist forces slowed the pace of their attacks in Quang Ngai Province. Government forces in Quang Tri Province apparently are planning to consolidate their current hold and to conduct only limited further operations to recapture territory elsewhere in the province. President Thieu stated recently that government forces would maintain defensive positions around Quang Tri City and would begin to tighten security between the city and Hue. > The Marine commander said recently that his troops and Airborne units would periodically conduct raids north of the city and would attempt to recapture some fire support bases to the west. He confirmed that large-scale operations north to the DMZ are not in the cards. >



at Quan Loi north of An Loc, the Binh Long provincial capital. Resistance by Communist 9th Division units has slowed the advance and apparently forced both sides to slacken the pace. By the end of the week, government troops had recaptured about half the airfield. >

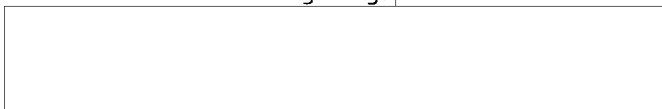
23 < After two weeks of heavy attacks by the Communist 2nd Division, action in Quang Ngai Province has tapered off to skirmishing by smaller units. The Communists control parts of Route 1 along the coast from the Song Ve River south to the district capital of Mo Duc as well as some former government positions on a ridge around Mo Duc itself. Two other district capitals—Ba To and Duc Pho—have come under heavy ground and artillery attack, but government troops have maintained control of both towns. > Further action can be expected in Quang Ngai Province, as the Communist forces show no signs of leaving the area, but appear to be regrouping and resupplying. >

24 < Fighting in the delta also quieted considerably after a two-week period of intense action.



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24 < A sharp country-wide drop in Communist military action has in the past often preceded the initiation of heavier fighting. >

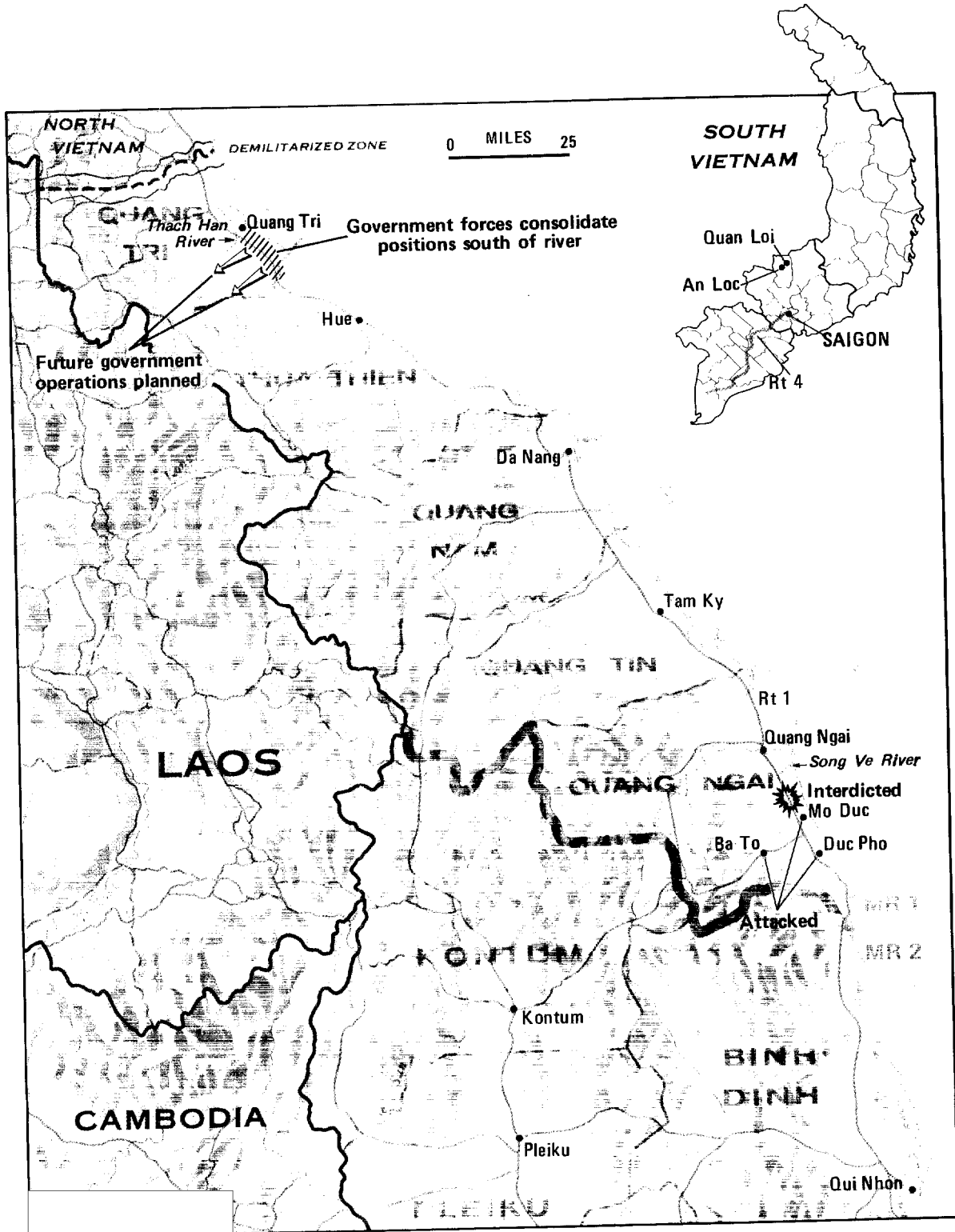


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Thieu's Opponents Win Senate Vote

27 <Opposition forces in the Senate passed a resolution last weekend declaring the provisions of the Emergency Powers Law enacted last June to be null and void. The measure passed easily because a number of the pro-government senators, who constitute about half of the Upper House, were absent. The vote followed a stormy session during which President Thieu's press decree came under sharp attack.>

28 <The Senate resolution has no legal effect, since both houses of the National Assembly must approve such a measure, and Thieu has a firm majority in the Lower House. The vote represents the first successful ploy by the opposition in many months, however, and indicates the difficulties Thieu still faces in gaining majority support in the Senate. This could be important after his emergency decree powers lapse in December; the President has stated he will not seek an extension of the measure.>

The ICC Dispute

28 <The Indian delegation to the International Control Commission is departing South Vietnam for Hanoi this week following the refusal of the South Vietnamese to renew its visas. Saigon has been annoyed with India since New Delhi upgraded its relations with North Vietnam last January and maintains that India can no longer serve as ICC chairman because it is not neutral. The Indians plan to set up the ICC headquarters in Hanoi, while the Canadian and Polish delegations remain in Saigon.>

CAMBODIA: KHMER COMMUNISTS IMPROVE

30 <One of the more significant military developments in Cambodia during the present rainy season has been the improved combat capability displayed by Khmer Communist units. Previously, Khmer Communist troops had largely been used to support tactical operations of the Vietnamese

Communist main force units. Following the commitment of many of the main force units to the current Communist offensive in South Vietnam, however, the Khmer Communists have had to handle more of the fighting against the Cambodian Army, and their performance in the field indicates they have come a long way militarily since March 1970.>

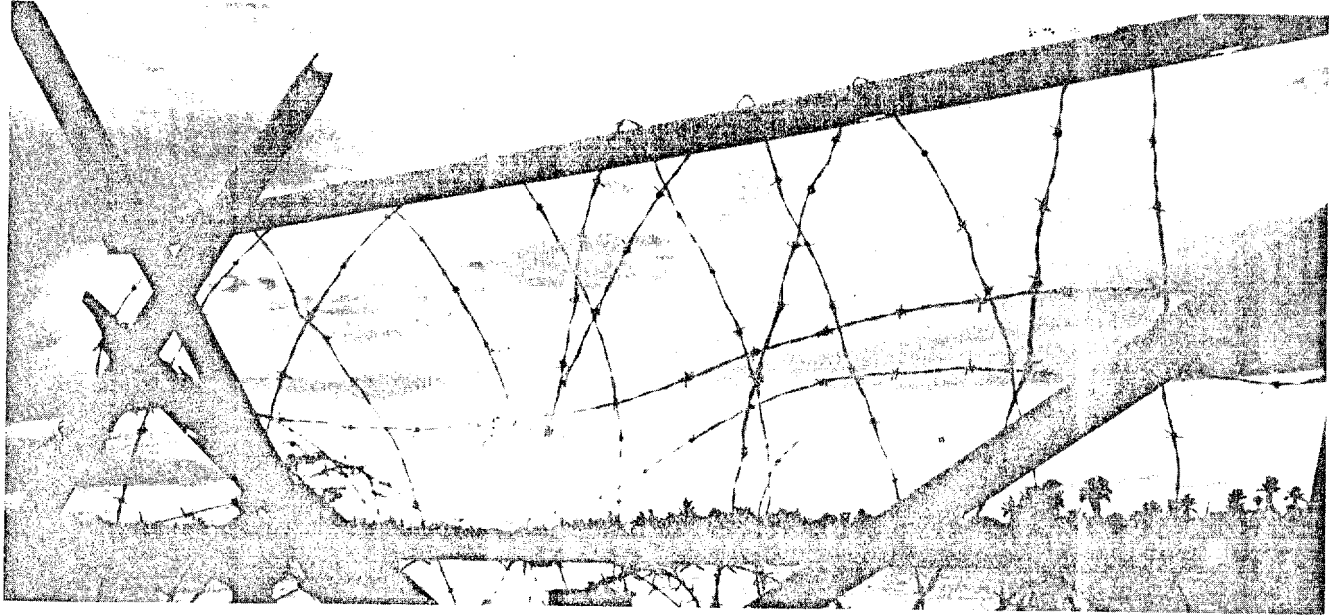
30 <In the past two months, they have exerted effective pressure against several key roads. They succeeded in keeping Route 5 closed to through traffic for almost four weeks, thereby contributing to Phnom Penh's recent rice supply problems. Khmer Communist harassing attacks also resulted in the closure of Route 2 for 11 days in late August and early September. Late last week, they again went on the attack along that same highway, cutting several other stretches between Phnom Penh and Takeo.>

30 <The Cambodian Government now estimates that there may be as many as 40,000 Khmer Communist troops. Operating on their own, they probably are still no match for the government on a unit-by-unit basis. Nevertheless, their growing ability to plan and coordinate tactical operations over larger areas seems certain to make them a more difficult problem for the government whose own forces remain largely on the defensive as they try to cope with both Vietnamese and Khmer Communists.>

LAOS: NO BREAKTHROUGH YET

34 <The government offensive in the north made limited headway this week. Under the personal direction of General Vang Pao, elements of one task force have moved onto the southern tip of the Plaine des Jarres, severing the Communists' main supply line to their forces farther southwest. Government troops found several caches of enemy ammunition, the first significant supplies captured during this year's offensive. North of the Plaine, elements of another task force have advanced from Bouam Long to within three miles of Route 71, another important enemy supply route.>

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33 <Vang Pao's other task forces are faring less well. Elements of the force on the western edge of the Plaine abandoned their fire support base and positions on a nearby mountain after being hit by coordinated infantry and artillery attacks on 26 September. Other units of this task force came under similar enemy pressure, but managed to hold their ground.>

Toward More Talk About Talks

37 <Preliminary discussions on peace talks apparently will resume soon in Vientiane. Lao Communist leader Souphanouvong on 27 September appointed Soth Phetrasy, the Pathet Lao permanent representative in Vientiane, to "hold discussions and exchange views." Prime Minister Souvanna, who is obviously anxious to get the

discussions started again, quickly approved Soth's appointment.>

35 <The Communists had ended the last round of discussions on 3 September when their special representative left Vientiane for the Communist headquarters at Sam Neua protesting the government's current offensive in the north. That offensive has failed to shake Communist control of the Plaine, however, and the Communists evidently see some merit in resuming the talks about talks.> <The Communists have offered few hints on what tack they will take now, but in his letter proposing the resumption Souphanouvong took a tough line strongly condemning "US intervention and aggression in Laos." >

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MALAYSIAN MISSION TO MOSCOW

38 Malaysian Prime Minister Razak arrives in Moscow on 29 September for a brief visit that will produce a few modest agreements but little real movement in the political field. For the Soviets the visit represents the culmination of a four-year effort at wooing Malaysia. For the Malaysians, it is a demonstration of the new non-aligned look in their foreign policy.

Malaysia's allies in the Association of Southeast Asian nations and in the Five-Power Defense group

38 Political discussions are likely to include exchanges but no real movement on such topics as Razak's scheme for the "neutralization" of Southeast Asia and Brezhnev's proposal for a "collective security system" in Asia. Moscow is likely to argue that the two proposals are compatible. The Russians will attempt to learn more about Malaysian relations with China, the US, and the UK, and will try to nudge Malaysia away from its position that the coastal states may exercise jurisdiction over passage in the Straits of Malacca. Razak, however, is not likely to bend on the Straits question.

38 The most tangible accomplishment will be the signing of Malaysia's first economic cooperation agreement with the USSR. The agreement, initialed last June in Kuala Lumpur, sets forth general terms under which the USSR will provide aid. The first venture under the agreement is likely to be the Tembeling hydroelectric project in the prime minister's home state of Pahang.

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42 The two sides probably will announce their willingness to increase bilateral trade. A Malaysian delegation has been in the USSR since 18 September discussing ways of increasing Soviet exports to Malaysia. Much of Moscow's interest in providing aid to Kuala Lumpur stems from its lopsided trade balance with Malaysia. The USSR has bought an average of \$105 million worth of Malaysian rubber and tin annually, while Malaysian purchases, mainly of Soviet machinery, have averaged only \$1 million a year. Malaysia is willing to buy more from the USSR than heretofore, but not enough to even things up.

EC: NORWAY SAYS NO

43 West European integration received a jolt this week when Norway rejected EC membership. The Danish vote on entry scheduled for 2 October could go either way.

44

45 In the Norwegian vote, conservative fishermen and farmers with help from the extreme left and youth combined to thwart Norwegian entry. The vote was non-partisan and all parties split on the vote. It served notice on future Norwegian governments that an electorate that has traditionally resented guidance from Oslo emphatically spurns the idea of directives from Brussels.

40 A broader cultural agreement will be signed, but prospects seem dim that the Soviets will interest Malaysia in military aid. Malaysia has relatively little trouble securing arms in the West; it recently signed an agreement with the US for two combat squadrons of F-5s valued at \$35 million. Moreover, an arms accord would not go down well with Malaysia's neighbor Indonesia or with

The Norwegians must now sort themselves out politically. First, they must produce a successor to the minority Labor government of Prime Minister Trygve Bratteli, who responded to the vote by promising to resign on 6 October. The

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constitution does not permit the early dissolution of parliament. King Olav, therefore, will have to ask a political leader to form an interim government until regular elections in September 1973. One of several possibilities is that former prime minister Per Borten of the Center Party may be asked to try to revive the old four-party coalition—Conservative, Liberal, Center, and Christian Peoples parties.



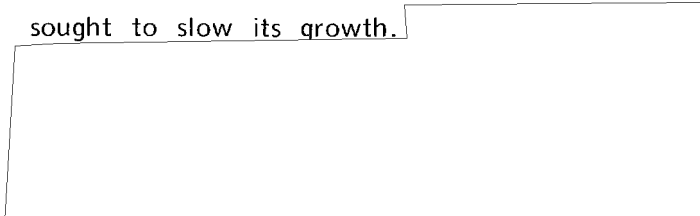
Norwegian Prime Minister Bratteli votes in EC referendum.

Any new government will have to face up to providing a viable alternative to EC membership. Several possibilities exist. The most promising would be a free trade agreement with the EC similar to those negotiated by Sweden and Finland—an arrangement that would subject Norway to some EC influence while giving it little voice in the communities policies. The EC is committed to come up with arrangements for all of the former EFTA members, and, regardless of their irritation with Oslo, most EC members realize that they cannot afford to cut Norway adrift.

The Norwegian vote will have little immediate effect on the EC, although it will necessitate some adjustments in the treaties by which the other candidates are joining. It has also lent a note of urgency to the 20-21 October summit at which the old and new members hope to give a new sense of direction to the integration movement. The other European countries will also be worried whether the Norwegian vote signals a drift in Oslo toward a more neutral foreign political alignment. While Oslo's commitment to NATO remains intact, its position outside the EC makes it more vulnerable to attraction by neutralists such as Sweden and Finland.

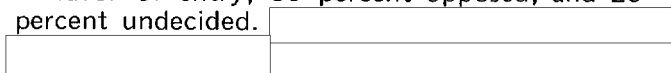
Moscow undoubtedly will be pleased with the referendum results. The Soviets have grudgingly accepted the existence of the EC, but have

sought to slow its growth.



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A public opinion pollster last week asked the Danes how they would vote on EC entry if Norway rejected membership. The results: 44 percent in favor of entry, 36 percent opposed, and 20 percent undecided.



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ITALY: PROBLEMS FOR ANDREOTTI

576 <When Parliament reconvenes on Monday, the key question will be the prospects for the centrist government of Prime Minister Giulio Andreotti. An answer probably will not be forthcoming until the Socialist and Christian Democrat party congresses in November and January, but vigorous clashes in Parliament could split the narrow coalition at any time.>



48 <In the pre-parliamentary maneuvering, Andreotti has seemed determined to short-circuit leftist criticism that could lead to defections from his government. The government, for example, terminated the controversial dual experimentation with the French SECAM and German PAL color TV systems after the Olympic games and before the originally scheduled 60 days of testing were up. It was announced that the date for the introduction of color TV would be determined "in relation to the economic plan." The decision seemed designed to mollify critics on the left who regard color TV as economically frivolous and suspect that the experiments with SECAM were part of a bargain Andreotti struck with Pompidou in July.

577 <Although Andreotti has in this way managed to steer clear of confrontations, he must now deal with at least three contentious issues. The one with the most immediate explosive potential is the renewal of labor contracts involving 4.5 million workers. The last renewal led to the "hot autumn" of 1969. The rapid settlement of the rail strike on 12 September, however, lends support to other evidence that labor, management, and government, faced with a severe and lingering recession, are showing more restraint than at times in the past. A second test for Andreotti will be administrative elections involving 3.2 million voters scheduled for 26 November. As in the past, these elections will be a gauge of public reaction to the government in power. Finally, although the referendum on the repeal of the bill permitting divorce has been rescheduled for May 1973, it is possible that this issue could explode before then. Sponsors of the referendum, who now have a majority in both houses, may attempt to change the divorce law in Parliament.

578 <Although any of these issues could furnish the fuel for an early outburst, the Socialist and Christian Democratic congresses hold the key to the longer term shape of the government. The Socialists, scheduled to meet on 9 November, are united in rejecting participation in a coalition with the Liberals, but divided on the advisability of reviving the center-left formula. The Christian Democrats, planning to meet in January 1973, have not yet set the conditions under which they would agree to the re-entry of the Socialist Party into the government.

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MOSCOW AND BELGRADE DRAW CLOSER

579 <Yugoslav-Soviet relations have improved significantly since Brezhnev visited Belgrade a year ago. His trip signaled an end to the bitter polemics that followed the occupation of Czechoslovakia. During the last year the two countries

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have exchanged ten high-level party and government delegations and numerous lesser visits.)

57 <Nowhere is the improved relationship more dramatically illustrated than in Belgrade's success in obtaining \$1.3 billion in Soviet investment credits. Final touches are expected to be put on the deal next month when a Yugoslav delegation journeys to Moscow. Yugoslavia sought the Soviet credits because of its unfavorable balance of trade with the West and partially to satisfy demands for development capital from the economically depressed republics.)

57 <In return, however, the Yugoslavs gave Moscow direct access to local enterprises. The Soviets thus join the West in being allowed to bypass federal authorities and bargain directly with the enterprises themselves. The Kremlin's forthcoming attitude reflects both its interest in projecting an image of unity in Eastern Europe and in maneuvering for positions in post-Tito Yugoslavia.)

57 <The risk of such an agreement to Yugoslav political independence is negligible over the near term. At the moment, 65 percent of Belgrade's trade is with the non-Communist world. In recent years, it has sought and obtained some \$2.5 billion in credits from the West. Over the long run, however, Moscow will gain valuable local contacts and possible leverage to be exploited for future periods of stress—particularly after Tito goes.

NETHERLANDS: MUDDLING ALONG

63 <Elections are just two months off, and Prime Minister Biesheuvel's lame-duck coalition will not be able before then to cure the political and economic malaise troubling the Dutch. Still, no one party appears able to turn government weakness to decisive electoral advantage.)

60 <Since its formation in August, the present minority government has been severely handicapped by the intense maneuvering for position in

HIGH-LEVEL YUGOSLAV-SOVIET EXCHANGE VISITS	
September 1971 - September 1972	
22-25 Sep 71	Soviet party boss Brezhnev visits Yugoslavia
23 Feb 72	Marjan Rozic, secretary of the Yugoslav Federation of Trade Unions, arrives in Moscow for seven-day visit
13-16 Mar 72	Jure Bilic, Croatian member of party executive bureau visits USSR
30 Mar 72	Soviet Defense Minister Grechko in Yugoslavia on official visit, calls on President Tito
5-10 Jun 72	President Tito visits Soviet Union
13 Jul 72	Premier Kosygin receives Yugoslav Premier Bijedic, who is in Moscow to attend a CEMA meeting
24 Aug 72	Yugoslav Defense Minister Nikola Ljubcic arrives in Moscow for private holiday
25 Aug - 6 Sep 72	Yugoslav Deputy Premier Sirotkovic visits Soviet Union as head of high-level economic delegation
2 Sep 72	Brezhnev's unofficial deputy, politburo member Andrey Kirilenko, interrupts vacation in Yugoslavia to meet with Tito
8-19 Sep 72	Chairman of the Yugoslav assembly's Chamber of Nationalities, Mika Spilijak, visits Soviet Union

the post-election political realignments. The three confessional parties, in particular, have been reluctant to get too cosy with their conservative coalition partner, the Liberal Party. The three parties hope thereby to preserve their chances for eventual collaboration with the powerful Labor Party. The confessionals have consequently barred direct government restraints on wages and prices, even though control of inflation is what most concerns voters. Similarly, the government has tiptoed around the sensitive unemployment situation, most recently by its failure to take a coherent position on the seizure by Dutch workers of a factory facing layoffs and closure. In

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effect, the Biesheuvel administration has been restricted to a caretaker role as the opposition had demanded last month. >

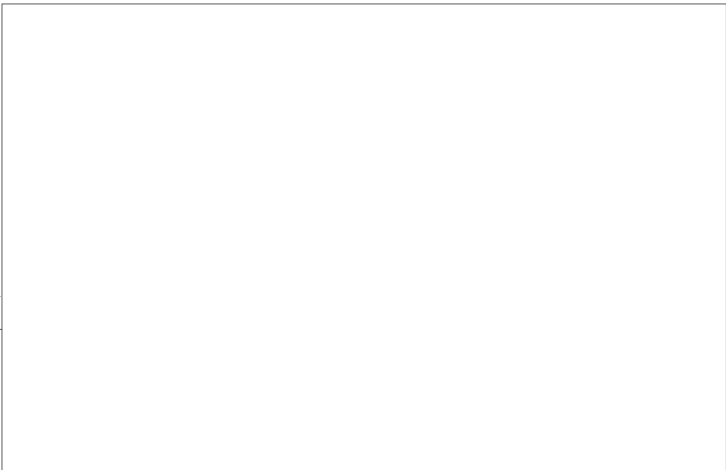
The most probable outcome of the government's debility is a turn by the electorate to the left. Nevertheless, the electorate will probably not turn far enough so that the several parties of the left do sufficiently well in November to enable them to form a majority coalition on their own.

In any event, the Netherlands appears to be entering an era of political instability as the center-right governments of the past 14 years give way to an as yet uncertain successor. Should a center-left government eventually emerge, Dutch foreign policy probably would not change much. A center-left government would, however, be more inclined to support such causes of the European left as aid to African insurgents. Also, defense expenditures would almost certainly decline. [redacted]

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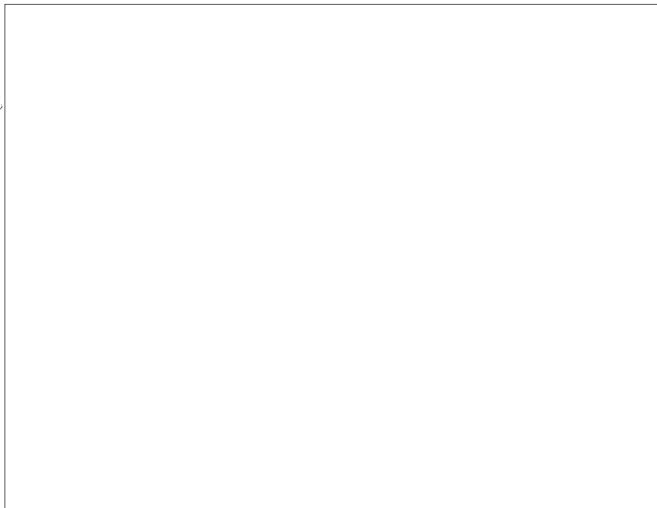
MIDDLE EAST: ON AND ON IT GOES

Tel Aviv has not attacked the fedayeen or their Arab hosts since the ground operation into southern Lebanon on 16-17 September. Tel Aviv seems to be awaiting evidence that Beirut and Damascus took previous Israeli strikes to heart and will indeed put curbs on the fedayeen. As a matter of fact, no incidents were reported as originating from either country since last weekend, but this inactivity is unlikely to last. >



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Moscow and the Arabs

A destroyer and destroyer escort from the Soviet Mediterranean squadron, accompanied by three amphibious ships, apparently entered the Syrian harbor at Tartus on 27 September. An amphibious exercise may take place in the near future. [redacted]

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72 A Soviet airlift to Syria probably involves the delivery of air defense equipment ordered by Damascus under agreements concluded with the USSR in early 1971 and May 1972, and possibly some new equipment outside these agreements.



72 There is no hard evidence yet that additional Soviet technicians or advisers have accompanied the airlifted equipment, although the US Embassy in Beirut has received a report that 100 Soviet technicians were due in Damascus on 26 September. There were an estimated 800 Soviet advisers in Syria at the beginning of this year.

66 The airlift and the arrival of the Soviet combatants at Tartus provide highly visible demonstrations of Moscow's support for the Arab cause. According to an Italian Foreign Ministry official, four or five of the military transports landed at Damascus International Airport. This unusual use of a civilian airport by military aircraft was probably intended by both sides to increase the visibility of Soviet assistance.

68 Further developments in the Soviet-Syrian relationship may be in the offing. Syrian President Asad visited Moscow in July, and on 30 August Soviet Deputy Foreign Minister Kozyrev went to Damascus to deliver a special message to the Syrian President from Brezhnev, Podgorny, and Kosygin.

72 The Soviets have also been busy in Lebanon. In addition to the "defense" package offered to President Franjyah last week, the Soviets have flown emergency medical supplies to the Lebanese Red Cross and Palestinian Red Crescent, ostensibly for the use of Palestinians injured in the Israeli raids.

72 The Soviets and Egyptians are also taking steps to patch up their problems. A Soviet Foreign Ministry official has stated that a Soviet-Egyptian summit will probably take place in about two months.

Lebanon and the Fedayeen

73 Cairo radio announced on 25 September that a "complete understanding" had been reached between the Lebanese Government and the fedayeen. Despite this show of amity, the details are yet to be worked out. The army is controlling fedayeen movement in the south by means of roving patrols and many checkpoints, and a few fedayeen have been wounded when they refused to submit to army searches. Although the major fedayeen groups have acquiesced for the present to this control, splinter groups probably will not, and further incidents could occur.

73 The number of fedayeen in southern Lebanon has been reduced, but some remain. This could provide an excuse for Israel to launch another attack aimed at ridding the area of all fedayeen.

73 So far criticism of Beirut's policies toward the fedayeen has been restricted to a minority within the Lebanese Parliament.



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UGANDA-TANZANIA: A BRIEF RESPITE

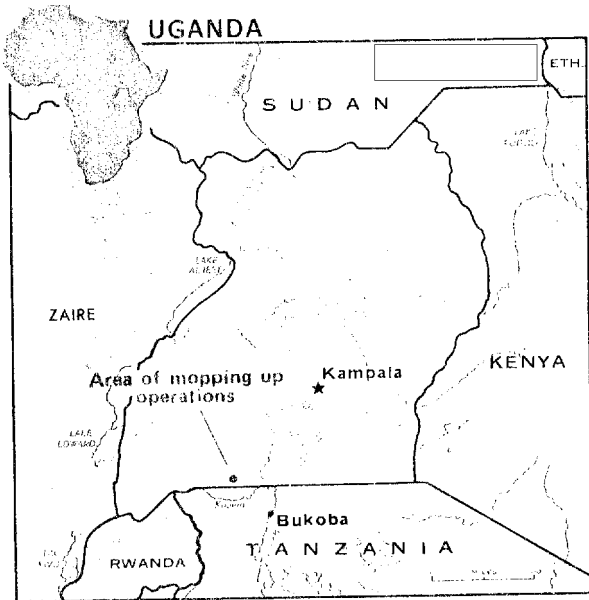
81 Tensions between Uganda and Tanzania have eased a bit, and remnants of the guerrilla force that invaded Uganda on 17 September appear to have been contained on the border by Ugandan troops. Ugandan President Amin, however, continues to threaten new hostilities by accusing Tanzania of preparing for a fresh attack.

"completely routed," but by week's end military activity was restricted to mopping-up operations by Ugandan troops.

84 Early this week Somali Foreign Minister Arteh, who had been shuttling between Kampala and Dar es Salaam, announced that both sides had accepted a Somali peace proposal. Arteh said, however, that some issues still were unresolved.

89 The military situation between Uganda and Tanzania has been quiet since Uganda bombed a Tanzanian village over a week ago. Tanzanian President Nyerere clearly wants to arrange a cease-fire.

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83 Nevertheless, President Amin continues to charge that Tanzania is moving troops to the border for an attack. Amin could be seeking justification for further raids on Tanzania, or for calls for more military support from Arab benefactors. Libya already has provided Amin with about 200 ground troops.

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87 Amin's charges against Tanzania and other inflammatory statements coming out of Kampala probably were primarily intended to sustain popular excitement and divert attention from the country's considerable domestic problems. During the week, Amin increased pressure on the Asians, the British, and Ugandan Africans suspected of opposing the regime. Some Asians were killed and more were roughed up by security forces. The government announced measures to speed up the evacuation of expelled Asians and ordered those permitted to stay to purchase identity cards within a week. Amin continued to implicate the British in the guerrilla invasion and charged that the UK is hampering the Asian exodus. The Ugandan Government also ordered a British diplomat to leave the country.

81 These issues, which will be difficult to settle, probably include the details of a mutual withdrawal from the border and the presence in Tanzania of Uganda's ex-president Obote and his followers. The Ugandan and Tanzanian foreign ministers are scheduled to discuss the proposal late this week in Mogadiscio with Arteh.

85 Ugandan troops appear to have checked the remainder of the invading force. Small clashes reportedly occurred early this week after Kampala announced that the guerrillas had been

96 Ugandan troops are using the turmoil to settle tribal scores with other Ugandan Africans, many of whom have been detained, beaten, or killed. Some prominent Baganda tribesmen, including the chief justice, have been detained or

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Ugandan President Amin meets captured invaders—a cabinet minister for ex-president Obote and Obote's cousin.

87 < Amin very likely took advantage of the unsettled conditions to neutralize potential opposition figures or take revenge on the Acholi and Lango, the tribes that made up almost all of the invading force. >

31 < All US citizens detained when the guerrilla invasion began have been released, and there have been no known incidents involving Americans since then. The security situation remains precarious, and it could worsen without warning. >

87
90 < Almost 400 US citizens have left, leaving approximately 600 in the country. All Peace Corps volunteers are being assembled in Kampala for evacuation. >

92 < Anxious to play down the incident, the Sudanese have rebutted Egyptian and Libyan criticism in a balanced manner. A Foreign Ministry statement last weekend took issue with Qadhafi's view that the Ugandan-Tanzanian spat was really a quarrel between Kampala and "British imperialism." >

92 < Throughout the episode, Numayri has acted the part of an African leader and demonstrated that he would not buckle under Arab pressure. He feared that any Sudanese support of Amin would jeopardize his policy of developing good relations with all of Sudan's black African neighbors. Since defeating the coup attempt of July 1971, Numayri has concentrated on domestic problems, particularly on rehabilitating the south, and he wants to avoid entanglements beyond his borders. >

91 < Qadhafi views Sudan's interference as final proof of Numayri's betrayal of pan-Arab solidarity. Numayri first angered the temperamental Libyan leader by refusing to bring Sudan into the Confederation of Arab Republics in 1971. Since then, Libyan aid to Sudan has dwindled, and Qadhafi has periodically lashed out at Khartoum for failing to back his relentless efforts to marshal the Arab world. After the aircraft were detained, Libyan media claimed that the Sudanese people—particularly the army—were deeply shocked by their President's decision to thwart Libyan assistance to a fellow Muslim leader. Although Libya has little muscle to use against Sudan, Qadhafi will probably continue this sort of propaganda assault. >

93 < Although there was no official Egyptian reaction, the government-controlled media responded to Numayri's action with a broadside >

SUDAN: NUMAYRI CHOOSES AFRICA

91 < Sudan's refusal to permit Libyan aircraft carrying help for Uganda to overfly its territory is in keeping with President Numayri's new African orientation and his alienation from Libya and Egypt. >

91 < Numayri has no desire to exacerbate already poor relations with his neighbors to the north, but he found it necessary to rebuff Libyan President Qadhafi if he was to avoid taking sides in the Ugandan-Tanzanian dust-up. Numayri was well aware of Qadhafi's public commitment to Uganda's President Amin, and his decision to turn back the Libyan aircraft was, therefore, all the more difficult. >

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against the Sudanese President. Muhammad Haykal, editor of the semi-official newspaper *al-Ahram*, appealed to the Arabism of the Sudan in an article entitled "What Have You Done to Your Brother?" The most obvious reason for the Egyptian reaction was Libyan influence. Cairo has worked hard in recent months to maintain access to Libya's oil riches, and its reaction in this instance was probably designed to harmonize with Tripoli's.

Toure, traumatized by the Portuguese-led attack on Conakry in November 1970, has publicly ordered his followers to respond to any new aggression by instantly killing the nationals of any foreign country "implicated." The President further declared that normal diplomatic rules would be set aside once the predicted attack occurs. He hopes by these threats to forestall the sort of cooperation that occurred in 1970 between Portugal and dissident exile Guineans.

All the same, relations between Egypt and Sudan have soured over the past year as Numayri, increasingly independent, has frequently disregarded the sensitivities not only of his Egyptian neighbors but of other Arab states as well. Cairo has reportedly attempted to increase its influence in Khartoum in more ways than just propaganda. Numayri privately told the US charge on 16 September that Egypt was flooding his country with agents and was attempting to influence the forthcoming elections to the constituent assembly.

Toure offered little evidence to support his latest claim. There are no signs that such plans are afoot. There are unconfirmed reports that some sort of clash between Guinea and Portuguese forces occurred in mid-September. Toure's continuing jitteriness about foreign plotting was heightened in early August when Guinean forces shot down a small privately owned South African plane that overflew Guinean territory, apparently by mistake, and later when three foreign fishing boats were seized in Guinean waters.

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GUINEA: TOURE'S THREATS

President Toure is holding Guinea's foreign population hostage against a new foreign-backed invasion he claims his enemies are preparing.

The President's ominous statements have serious implications for Westerners living in Guinea. The major Western powers were accused of complicity in the 1970 attack, and they would automatically be held responsible for any new aggression regardless of its origin. There are about 75 Americans living in Guinea.

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STANDSTILL IN SOUTH ASIA

No progress toward resolving basic Indo-Pakistani differences has been made since the high-level meeting in New Delhi late last month. Pakistan and Bangladesh remain locked into mutually antagonistic positions regarding the recognition issue: President Bhutto says he cannot recognize Bangladesh until he meets with Prime Minister Mujib; Mujib says recognition must come first. India

and Pakistan have promised to withdraw their troops from territory occupied during the war, but India has tied withdrawal to the successful delineation of a line of control in Kashmir. Because Bhutto is withholding recognition of Bangladesh, India is stalling on the delineation process. No one has yet found the way to untie the Gordian knot.

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**Colombia-Nicaragua
THE QUITA SUENO DISPUTE**

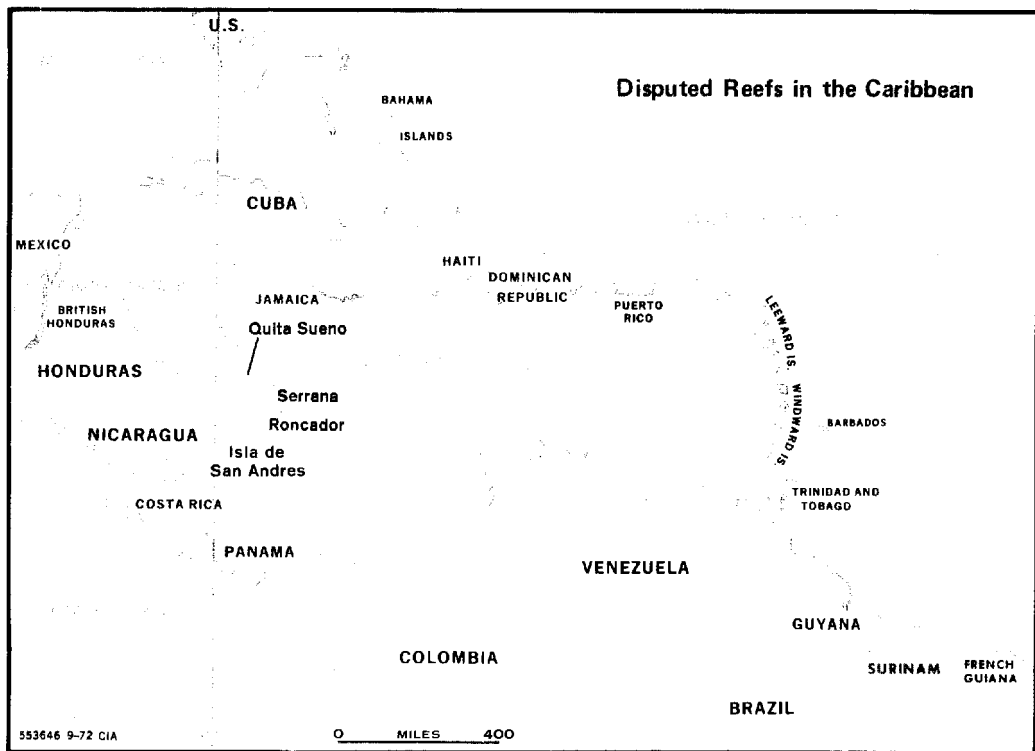
112 The Colombian Government is moving to solidify its claim to three uninhabited spots of land in the Caribbean Sea about 200 miles east of Nicaragua, which also claims them. Both countries have become more interested in the three—Quita Sueno, Serrana, and Roncador—in recent years in the belief that there are oil reserves in the area. Quita Sueno, the largest of the three and the one in which Nicaragua has shown the most interest, measures about one square mile at low tide and is completely submerged at high tide. The other two are always above water.

106 Since 1928, Colombia and the United States have exercised joint sovereignty over the three, despite Nicaragua's claim that its territory includes "adjacent islands...the continental shelf [and] the underwater banks." On 8 September, lengthy negotiations between Colombia and the United States concluded with the signing of a treaty in which the United States renounced all claims of sovereignty. The US view is that Serrana and Roncador now return to the sole sovereignty of Colombia, but that Quita Sueno, because it is

submerged part of the time, is in international waters and not subject to any nation's sovereignty. The treaty grants ownership of navigational aids on all three to Colombia. The treaty has yet to be ratified by the US and Colombian congresses.

107 Colombia does not agree that Quita Sueno is in international waters. It takes the position that the only effect of the recent treaty has been to remove the United States from the picture. As far as Nicaragua's claim is concerned, Colombia maintains that a 1928 protocol between the two countries grants to Colombia all parts of the archipelago of San Andres east of the 82nd meridian—which includes the areas in question. In support of its view, the Colombian Government has announced that naval units will routinely patrol there. This week naval vessels carrying the minister of defense, high-ranking officers of the three armed services, and a number of civilian officials cruised through the archipelago.

111 Ignoring the 1928 protocol with Colombia, the Nicaraguan Government insists that it will



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10 defend its sovereign rights by all means at its disposal. Because Colombia refuses even to acknowledge the existence of a problem, Nicaragua has been unsuccessful in efforts to discuss the matter and is now preparing to turn to the Organization of American States or the United Nations. [redacted]

opposition party said that only dictators such as Stalin, Mussolini, and Salazar had feared to permit debate about the selection of their successors. Although Brazilian media were prevented from reporting these statements, foreign correspondents filed stories based on them.

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BRAZIL: CENSORSHIP MISHANDLED

11 The Medici administration has drastically increased its press censorship to silence public discussion of the sensitive presidential succession issue. Although some officials now believe the action was a mistake, they are not sure whether—or how—they should back off. Severe criticism of the censorship by the owners of the prestigious newspaper *O Estado de Sao Paulo* and by some opposition politicians could harden the government's attitude.

12 The episode seems to demonstrate a breakdown in communications within the administration, as well as misjudgment of *O Estado's* owners. [redacted] some administration officials are now convinced that the heavy-handed measures have only worsened the problem. They think the government should back off, but are not united on how to do so without appearing to give in to *O Estado*. One line tried out, with little success, was that the censorship order was never issued, but was really a fabrication by *O Estado*. Two members of the pro-government party have told the press that the order was issued without Medici's approval or knowledge. Even these statements have been quickly censored, possibly on orders from officials who want no retreat.

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13 For several weeks, *O Estado* evaded the government's initial ban, issued in August, on reporting on the succession due in 1974. It continued to publish columns and interviews by civilians and retired senior military officers lauding the regime of Humberto Castello Branco—the first president after the 1964 military coup—and calling upon Medici to consult with people outside the administration on important issues, including the succession.

14 Although *O Estado* has challenged the government and then backed down, the owners say they do not intend to back down this time. They apparently do not seek any drastic change in the Brazilian political system, but would like to see other people in charge. The conservative journal welcomed the 1964 "revolution" and has generally supported the economic policies adopted by the military-controlled government, although it has at times criticized some of its political actions as violations of human rights. [redacted]

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15 The government, stung by *O Estado's* refusal to drop the subject and its effort to promote the candidacy of Castello Branco's adviser, retired General Ernesto Geisel, added new restrictions on the media in mid-September. The new prohibitions forbid any reporting on the possibility of political liberalization, on the chances that those who have lost their political rights will get them back, and on any economic troubles, including the current low level of the stock market. Censorship itself was added to the list of forbidden topics.

16 Both the owners of *O Estado* and the politicians are aware of the danger of pushing the government too hard. The Medici administration has demonstrated by past performance that it is willing to go quite far to achieve its aims, and, in its eyes, the press and Congress are on strict probation. [redacted]

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SECRET**ARGENTINA: POLITICAL MANEUVERS**

125 Political bargaining has begun in earnest as most politicians have been convinced that elections will be held as scheduled next March. In the coming weeks the leading political parties and politicians will be engaged in negotiations and political infighting aimed at putting together alliances and presidential tickets that will bring victory at the polls, or at least guarantee an important role in the new government. >

125 So far there are only two declared candidates; Francisco Manrique, who resigned as social welfare minister last month, and Juan Peron, who was nominated when the Peronists met in June. Manrique is a strong political personality who is popular with the working class, but so far he is backed only by a small splinter party. Manrique, who is already in the streets campaigning, has the jump on other presidential aspirants, but unless he can find substantial organizational backing his chances of being the eventual winner are slim. >

125 Juan Peron, although he is now 76 and has been out of the country for 17 years, is still the most popular political figure in Argentina. His candidacy is barred, however, by a law that established 25 August as the deadline for all candidates for public office to be in the country. His nomination was probably never intended as more than a holding action designed to keep the Peronist movement together, and the search is now under way for a replacement. > Always careful not to create a challenger to his leadership of the movement, Peron is likely to look outside Peronist ranks for a candidate. >

123 Ricardo Balbin, leader of the Radical Party, is reported to have made overtures to Peron, but his offers of collaboration have apparently been rejected. A working alliance of Argentina's two largest parties—the Peronists and the Radicals—could create a strong stable government, but neither is willing to play second fiddle to the other. > In fact, Balbin's professed willingness to

**Francisco
Manrique****Ricardo
Balbin****SECRET**

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122 cooperate with the Peronists or with the Lanusse government is an issue being used against Balbin by his rival for the Radical presidential nomination, Raul Alfonsin. Balbin is expected to defeat his younger challenger at the Radical convention in November, but Radical strength—already on the decline according to some recent polls—could be seriously undercut by the battle.

last week, demonstrating students tried unsuccessfully to attack the US Consulate. They were stopped by police tear gas, but not before they threw a few Molotov cocktails and stoned several cars.

123 The military will, of course, play a major role in the maneuvering; the military will continue to hold the balance of power no matter who is ultimately elected. Peron is said to favor a military man as an alternative to his own candidacy, and there are some indications that the military would find this an attractive option.

127 Secondary school strikes and demonstrations are generally caused by minor, parochial issues, but leftist elements, particularly the Communist-controlled Federation of Ecuadorean University Students, are quick to exploit the students to disrupt public order and confront the government.

126 General Rodriguez' government appears to be convinced that leftist conspirators are responsible for the current wave of disturbances, but has not yet felt it necessary to move firmly to halt the unrest. If the situation worsens, the regime may be forced to move, directly or indirectly, against those leftist groups whose support it has been trying to enlist during the past seven months.

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125 The Encuentro Nacional, a leftist political front led by the illegal Communist Party, will also field a candidate, but the real battle next March is expected to be between the Peronists and the Radicals with Manrique possibly making it a three-way fight. All three will be trying to line up support and there will be considerable wheeling and dealing in smoke-filled rooms.

URUGUAY: AMNESTY AND ECONOMICS

130 President Bordaberry's energies appear to be tied up with the terrorist issue while major economic and social problems receive scant attention.

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ECUADOR: STUDENT UNREST

126 Student unrest, endemic in Ecuador, is at a higher level than usual as the school year approaches its final quarter. Several large secondary schools in major cities have been closed because of student violence and strikes, precipitating sporadic clashes with local police. In Guayaquil

131 Some Frente leaders, including former presidential candidate Liber Seregni, earlier had indicated a willingness to talk with the

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government and to dissociate themselves from the Tupamaros. Other Frente figures, however, have continued to represent the Tupamaros in Congress and to oppose Bordaberry on all issues. While the Frente has not split openly and has not formally ousted the Tupamaros or their political arm, the 26th of March Movement, the Frente no longer functions as a coordinated opposition to administration policies.>

security matters, it has been stymied by labor opposition to its economic stabilization program and has been unable to streamline the government bureaucracy or promote educational reform. Bordaberry's plan to bring some extremists back into normal Uruguayan life makes good political sense, but the basic factors that have fostered political violence in Uruguay continue unresolved.

129 <Despite the government's unprecedented
success in securing widespread cooperation on
130

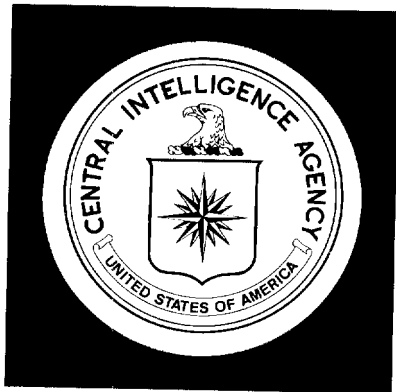
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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Romania: A Maverick Marches On

Secret

№ 46

29 September 1972
No. 0389/72A

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**ROMANIA:
A Maverick Marches On**

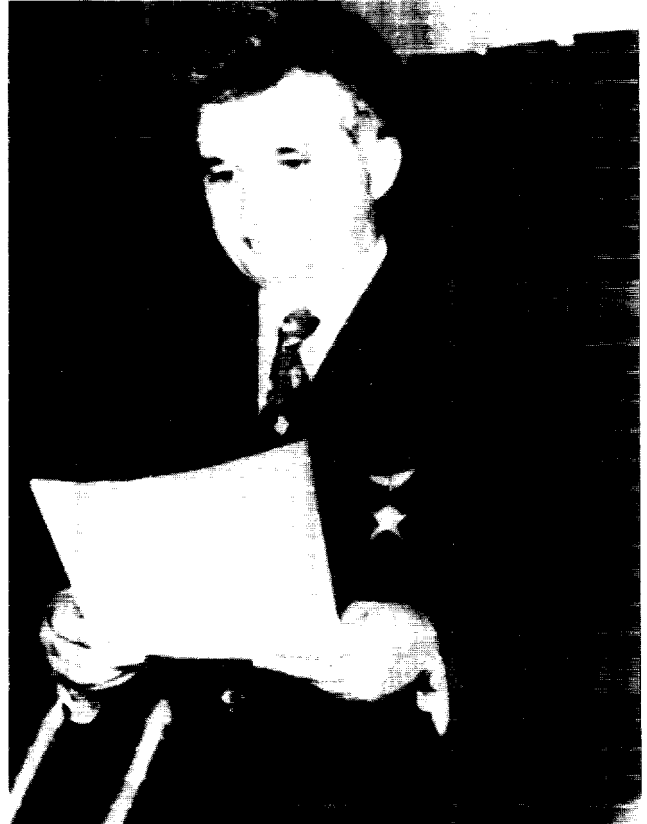


2 (Romanian party and state chief Nicolae Ceausescu gives every indication that he is in firm control of the country. Despite a flurry of vague reports that he faced serious problems earlier this year, Ceausescu emerged from a national party conference in July stronger than ever. There is no evidence that he is under challenge by any cohesive group, and it is indeed doubtful that anyone could present a viable alternative to his leadership at this time.

2 Ceausescu, who in the summer of 1971 angered his Warsaw Pact allies by a trip to China and who is confronted with foreign trade problems, has softened the tone and style of Romanian foreign policy. He has become more openly cooperative with his allies, particularly the Russians, though not at the price of compromising the basic principles of his regime's independent course in world affairs. Even when he has seemed to bend most, he has either gained satisfactory safeguards or has balanced his stance with actions calculated to displease Moscow.

2 As he approaches his eighth anniversary as party secretary general, Ceausescu is not without his points of potential vulnerability. Romania's economic situation, and particularly its indebtedness to the West, already seems to be affecting his freedom for maneuver. He has tried to buy time by promising that the country will have achieved a more favorable foreign exchange position by 1974, and he has tried to create the managerial efficiency he will need to achieve this by "recycling" personnel between the party and the state in an effort to arrive at a correct mix of political and economic expertise. His vulnerability will, of course, be increased if he fails in either of these immense tasks. Another point of potential vulnerability is the personality cult that is growing up around him.

2 As Ceausescu looks to the future, he projects confidence. He is convinced that he has Romania on the correct domestic and foreign courses and that he personally controls all the major levers of power. Although this carries with it a high degree of personal accountability—a fact increasingly stressed within party and state ranks—Ceausescu appears to believe he and the Romanians have the answer.



Ceausescu

The Party Leadership

2 The policy differences that have long troubled Romanian-Soviet relations were dramatized during the late summer and early fall of 1971, when Romania found itself caught in a sudden crossfire of criticism from its Warsaw Pact allies. Not only had Ceausescu gone off to Peking in June, but while there he had failed to defend Moscow against Premier Chou's slashing attacks on the Soviet Union. Bucharest aroused additional ire in Moscow by refusing to participate in joint maneuvers of Warsaw Pact forces in Bulgaria.

2 By late September, however, charges of a looming "anti-Soviet, pro-Peking" axis in the Balkans had all but died out, and the Warsaw Pact maneuvers had degenerated into a Bulgarian national exercise. Brezhnev's subsequent visit to

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Belgrade seemed to signal the gradual adoption by the pact of a more forthcoming stance toward both Bucharest and Belgrade. For their part, the Romanians pulled in their horns a bit, but the shifts were more in style than in substance.

2 At this time, reports of differences in the Romanian hierarchy began to make the rounds. The reports were vague and contradictory and there is no evidence of any cohesive or identifiable faction challenging Ceausescu's firm control. Indeed, the Romanian party hierarchy has not been troubled by factionalism since 1957.

3 While top party and government leaders may now express more differences of opinion than in the past, these are not crucial, but rather seem to reflect conflicting judgments on tactics and timing with respect to various problems. Moreover, individuals who express dissenting opinions vary from issue to issue. To the extent that differences exist, they probably limit Ceausescu's maneuverability on economic questions more than on foreign policy.

2 The cult of personality gathering around Ceausescu has been cited as prompting differences within the leadership. Though not now of serious dimension, the cult could become an explosive issue.

Ceausescu is, on the evidence, unwilling or unable to resist having himself put forward as the "fairest of them all." With the possible exception of the Western-educated and highly able Premier Maurer and the politically shrewd deputy premier, Niculescu-Mizil, Ceausescu towers over all other members of the leadership. In some respects, he resembles Michael the Brave, a Wallachian prince of the 16th century widely remembered for his political and military acumen.

2 There have been a number of personnel reshuffles in recent years and this has added fuel to speculation about disunity at the top.

2 When he came to power in March 1965, Ceausescu was, at 47, the youngest party first secretary in Eastern Europe, and he still is. The leadership he inherited from his predecessor, Gheorghiu-Dej, was composed not only of men

nearly ten years older than Ceausescu, but one that he had had only a slight role in selecting.

2 Since then, Ceausescu has gradually but insistently been consolidating his power. He has retained a few officials such as Maurer who although nearly 70 and close to retirement remains Bucharest's most effective and knowledgeable specialist in foreign affairs. He has also kept on 68 year-old Emil Bodnaras, knowledgeable in military affairs, a trouble shooter, and a liaison man with parties as dissimilar as the Chinese and the Yugoslav. Otherwise, the composition of the hierarchy has changed considerably since the party congress of July 1965, Ceausescu's first as top man. Of the nine-member party secretariat elected at that time, only Manea Manescu remains, while Bodnaras and Maurer are the sole holdovers on the nine-man Permanent Presidium (Politburo). Only seven of 25 original full members remain on the Executive Committee established by the 1965 congress.

2 If any pattern is discernible from these personnel shifts, it is that they reflect Ceausescu's desire to control the levers of power and to be surrounded by people of his own choice. At the same time he is looking for the best "mix" of political and economic expertise. Last April, he advised: "The comrades should go through different offices. In this way, leading cadres will take shape who are able to understand and solve the more and more complex problems raised by life and by the government of today's society."

2 This view—repeated at the recent party conference—is in part an effort to keep his colleagues off balance, but it is considerably more than that. Ceausescu has managed to "recycle" personnel between party and state agencies without incurring visible resentment. He has succeeded mainly by easing older comrades out of their posts, a practice he is expected to continue. In their places, he has generally appointed younger, better educated individuals who have technical skills but little political clout.

The Five-Year Plan

3 Prior to the party conference, Ceausescu called for completion of the current five-year

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3 plan in "four and one-half years." Speculation about disunity, however, emerged when his conference address hedged his position by calling for fulfillment of the current plan "in less than five years." Some claim that this semantic variation was a concession to strong internal opposition, but available evidence suggests that external rather than internal considerations were influential. >

11 <Both the British and American embassies in Bucharest have commented that Moscow believed Ceausescu's desire to fulfill the plan in four and one-half years would have a disruptive effect on CEMA and the plans of CEMA members. The British ambassador reported in early July that Soviet diplomats were saying they found it difficult to understand how the Romanians would be able to fulfill their plan ahead of schedule in view of their dependence on Soviet iron ore and coke. The Soviets pointed out that they saw no reason to succumb to Romanian pressure to deliver five years' supply in four and one-half years—something they could only accomplish by reducing supplies to other CEMA members or by disrupting their own production schedule. >

4 <After the CEMA session in Moscow in early July, the American Embassy in Bucharest heard reports that the other CEMA members had severely criticized Bucharest's proposal to revise its plan. They pointed out that all plans are coordinated and that Romania could not expect its CEMA suppliers to accelerate their production requirements to satisfy shifting Romanian raw material needs. >

Economic Problems

5 <It was against this background that the national party conference—the most important political event since the party congress in August 1969—met in Bucharest on 19-21 July. The conference confirmed such Ceausescu policies as rapid industrialization, economic self-sufficiency, and closer trading links with the West. The conference approved his program for socio-economic development for the next two decades.

5~ Nothing in the program is new, except for structural changes in several party and state economic bodies, but Ceausescu did call for a number of economic measures—such as higher pensions, modest salary increases, and expanded consumer services—suggesting that he is sensitive to the irritants behind Gomulka's demise and interested in broadening his base of popular support. These measures were balanced by emphasis on increasing productivity and exports. >

2 <When he stressed the need to increase exports so that Romania can achieve "foreign exchange equilibrium at least by 1974," Ceausescu addressed a problem that is not only serious for the country but one that gives Moscow leverage on Bucharest. Ceausescu's freedom of maneuver in domestic and foreign affairs already appears to have been affected, as he has begun to feel the pinch of growing hard-currency indebtedness. That indebtedness, about \$900 million in 1970, exceeds that of any other Eastern European country. Servicing of the debt—in repayments and interest—already eats up a large share of Romanian exports to the industrial West (about two fifths of the total during 1968-70).

2 Ceausescu has not been happy about the performance of the economy since the first of the year and has fired a few officials accused of corruption. Despite his attacks on inefficiency, one important contradiction remains: more efficiency would seem to require more individual responsibility; this in turn demands greater power and freedom of action—which in a planned economy conflicts with the party's over-all control. If anything, the recent party conference called for an even greater party role. >

An "Unreformed" Economic System

2 <Unlike its Eastern European allies, Romania has not promulgated an economic reform, largely because Ceausescu is alive to the political connotations of these "reforms." He has preferred to operate through a set of directives for the "perfection" of management and planning. These directives, first approved in 1969, tried to grapple

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Romania: Changes in Leading Party Bodies Since Ninth Party Congress, July 1965

Permanent Presidium (Established July 1965)

July 1965		September 1972		Date elected	Estimated career status
Age		Age			
47	CEAUSESCU, N., Chmn.	54	CEAUSESCU, N.	7-65	
52	APOSTOL, G.	43	PANA, G.	8-69	
54	BIRLADEANU, A.	58	RADULESCU, G.	8-69	
61	BODNARAS, E.	68	BODNARAS, E.	7-65	
52	DRAGHICI, A.	46	TROFIN, V.	4-68	
63	MAURER, I.G.	70	MAURER, I.G.	7-65	
57	STOICA, C.	51	VERDET, I.	6-66	
		49	NICULESCU-MIZIL, P.	6-66	
		56	MANESCU, M.	2-71	

Secretariat

47	CEAUSESCU, N., Gen. Sec	54	CEAUSESCU, N.	7-65	
48	DALEA, M.	41	ANDREI, S.	4-72	
52	DRAGHICI, A.	46	BANC, I.	4-72	
49	MANESCU, M.	60	MANESCU, M.	7-65	
51	MOGHIOROS, A.	41	BURTICA, C.	2-72	
42	NICULESCU-MIZIL, P.	50	DINCA, I.	4-72	
40	PATILINET, V.	52	GERE, M.	6-66	
55	RAUTU, L.	43	PANA, G.	8-69	
39	TROFIN, V.	44	POPESCU, D.	12-68	

Executive Committee (Established July 1965)

Full members

47	CEAUSESCU, N.	54	CEAUSESCU, N.	7-65	
52	APOSTOL, G.	54	BERGHIANU, M.	6-66	
59	BORILA, P.	68	BODNARAS, E.	7-65	
61	BODNARAS, E.	47	CIOARA, G.	4-72	
52	DRAGHICI, A.	55	DANALACHE, F.	12-67	
43	DRAGAN, C.	50	DRAGAN, C.	7-65	
54	BIRLADEANU, A.	54	DRAGANESCU, E.	8-69	
51	MOGHIOROS, A.	46	FAZEKAS, J.	12-67	
50	SALAJAN, L.	50	LUPU, P.	12-68	
63	MAURER, I.G.	56	MANESCU, M.	12-68	
42	NICULESCU-MIZIL, P.	70	MAURER, I.G.	7-65	
55	RADULESCU, G.	49	NICULESCU-MIZIL, P.	7-65	
55	RAUTU, L.	43	PANA, G.	8-69	
57	STOICA, C.	44	POPESCU, D.	8-69	
65	VOITEC, S.	58	RADULESCU, G.	7-65	
		62	RAUTU, L.	7-65	
		72	STOICA, G.	12-68	
		46	TROFIN, V.	4-68	
		51	VERDET, I.	6-66	
		62	VILCU, V.	10-66	
		72	VOITEC, S.	7-65	

Alternates

39	BANC, I.	48*	BABALAU, C.	2-71	
42	BLAJOVICI, P.	46	BANC, I.	7-65	
58	COLIU, D.	50	BLAJOVICI, P.	7-65	
43	BERGHIANU, M.	41	BURTICA, C.	4-72	
44	GERE, M.	55	CONSTANTINESCU, M.	3-70	
50	DANALACHE, F.	52	GERE, M.	7-65	
39	FAZEKAS, J.	55	DALEA, M.	3-70	
43	LUPU, P.	48*	DOBRESCU, M.	8-69	
40	VERDET, I.	49	DUCA, A.	8-69	
55	VILCU, V.	42	ILLIESCU, I.	8-69	
		48	IONITA, I.	8-69	
		46	PATAN, I.	4-72	
		47	PATILINET, V.	8-69	
		43	STANESCU, I.	8-69	
		52*	TELESCU, M.	2-71	
		60*	UGLAR, I.	2-71	
		45*	WINTER, R.	2-71	

*Estimated

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2 with not only the excessive centralism of the planning system but also the old patterns of industrial organization and investment as well as price and wage formation. Specifically, they called for some decentralization and a carefully spelled out fusion of some party and state managerial functions.

2 The directives have not worked well because of three fundamental dichotomies they introduced into Romania's economic development:

- a. Central authorities and decentralized decision-making.
- b. Central economic planning and the use of open-market forces in price formation.
- c. Emphasis on heavy industry and insistence on consumer goods.

2 These dichotomies are compounded by Ceausescu's style of leadership. He is reluctant to delegate responsibility. He intervenes directly with the lower levels of the administration. He operates without having set up channels for the flow of accurate information. Above all, he insists on primacy of the party. All of this has complicated the execution of a coherent policy of decentralization.)

3 (Nonetheless, the party conference in August 1972 decided to keep trying. The "perfection" program is to be kept going until 1973. The extension followed Ceausescu's strong complaint about excessive centralization in the work of the economic ministries. But he also spoke of "the ever more powerful affirmation of the leading role of the party" in "perfecting the management and planning of the whole society.")

A Common Problem

2 (In important respects, Ceausescu's problem is fundamental to all Eastern European regimes: How can economic power be redistributed without weakening the party's monopoly of control? For all its merits, decentralization has meant tremendous headaches for the Yugoslav leaders, yet Ceausescu is also mindful that too much stultifying centralism, as in Gomulka's Poland, is as bad or worse.)

2 (Reform of the power structure is one of the most delicate and dangerous moves for a Communist leadership to undertake. The object of the "reform" exercise in Eastern Europe is to try and establish who is responsible for what, and then give them sufficient power to carry out decisions. Hungary and Yugoslavia have tried to do this by separating the party from the government and limiting the party's interference in the economy. Ceausescu has tried to clarify lines of responsibility by combining party and state jobs. Neither effort has been wholly successful.

2 Against this background, two other economic policy issues are likely to cause differing opinions within the leadership: Should efforts to accelerate the development of heavy industry be continued by seeking increased Western technology and credits? Should Bucharest cooperate more closely with CEMA? Ceausescu himself clearly favors the development of heavy industry, with a small increase in consumer goods, and, of necessity, small increases in trade and cooperation with CEMA members, particularly the USSR.

2 These stands reflect a maxim central to Ceausescu's over-all policy, namely, that maneuverability in foreign and domestic affairs hinges heavily on reduced economic dependence on the Soviet Union. Because of growing hard-currency indebtedness, however, Ceausescu may sometimes find it difficult to maintain his maneuverability at home and abroad. For example, Bucharest's relative inability to put its trade with the West on a firmer footing probably increases the pressure to cooperate more closely with CEMA and to redirect more of Romania's trade back to CEMA (read the USSR).

2 Still, his is the pre-eminent voice, and the more positive tone he has struck in conversations with high-level Western visitors confirms this. The more positive tone may also reflect a belief that as long as the Western countries are competing to promote trade with Eastern Europe, they will continue to grant larger credits—and probably some refinancing—to Romania. To the extent that the West pursues this line, Ceausescu gains time for further economic development. He can disarm

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2 his critics by selective increases in trade with
CEMA and "all socialist countries," often a Ro-
manian euphemism for China.>

2 <The acquisition of needed Western expertise
and equipment is made more difficult by the size
of the debt he has already run up in the West.
Ceausescu's references to achieving financial
equilibrium by 1974 suggest that he recognizes he
needs time to resolve Romania's economic prob-
lems and disarm his critics at home and abroad. In
making personnel shifts and in calling for new
legislation, he seems intent on broadening his
popular support by rooting out corruption on one
hand and by stressing accountability on the other.
In setting out a new "Law on Social and Eco-
nomic Development," "unanimously" approved
at the party conference, he is underscoring Ro-
mania's inalienable right to work out its own
national plans and its opposition to "supra-
national economic integration" within CEMA. Be-
cause the law established a Supreme Council for
Economic and Social Development with
Ceausescu as its chairman, it also accentuates the
"presidential" character of the regime and the
personality cult around Ceausescu.>

Foreign Policy

2 <For nearly a decade, Romania's major for-
eign policy objective has been to assert and to
demonstrate that it is an independent sovereign
state with the right to conduct its domestic and
foreign affairs free of outside interference. Be-
cause Romania has an 830-mile-long border with
the USSR and is a member in the Soviet alliance
system, Bucharest has had to tailor its independ-
ence course to levels of Soviet tolerance as it has
perceived them.>

2 <Although this has involved taking risks that
could have affected the unity of the leadership,
the Romanians appear to have passed such tests
with a minimum of trouble. There is no evidence
that any of his principal colleagues oppose Ceau-
escu on foreign policy, including China. His most
conciliatory stance toward Moscow since the first
of the year suggests Ceausescu's belief that his
trip to Peking had come dangerously close to
provoking an irrational reaction from Moscow.>

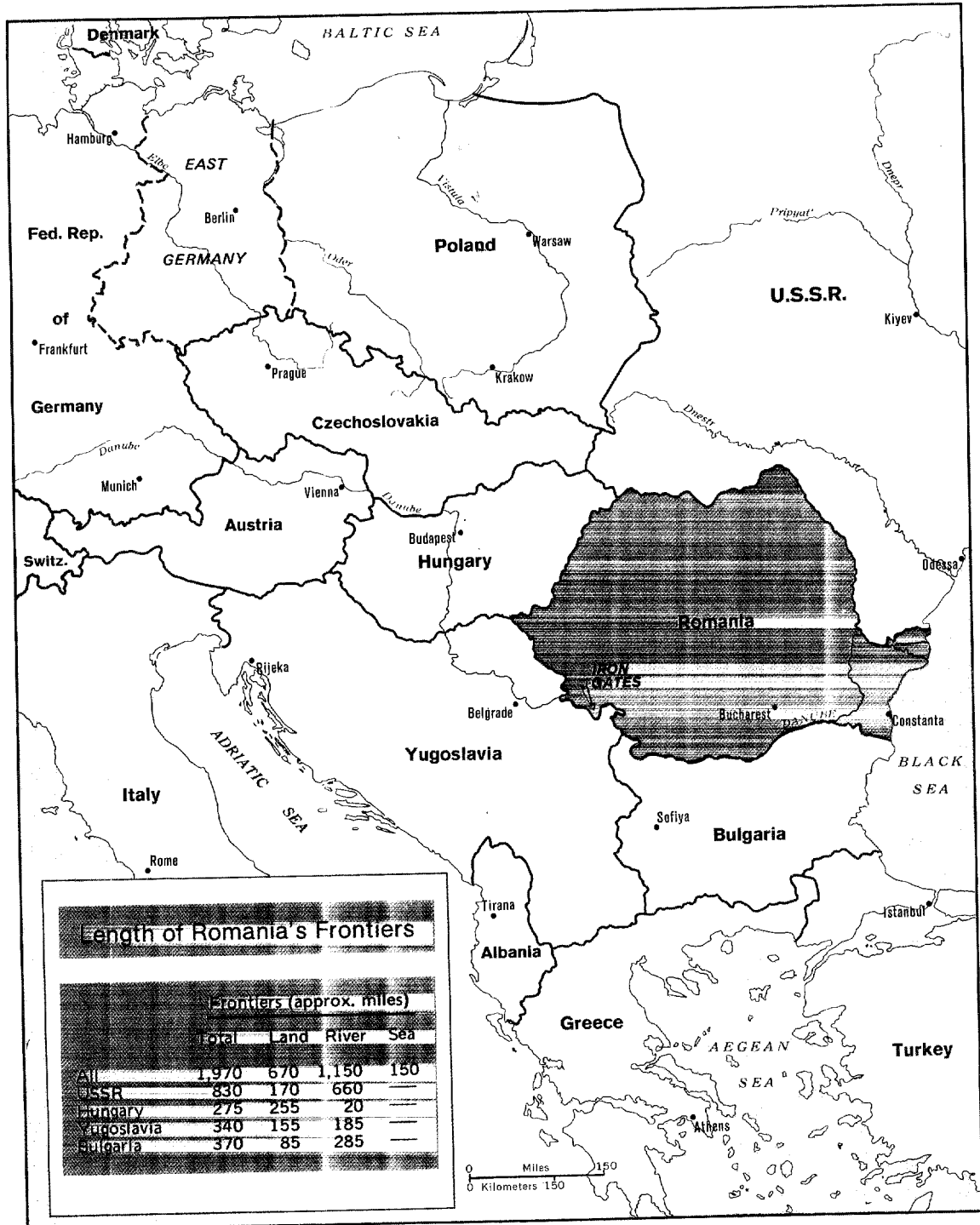
4 On the other hand, in his long foreign policy
report to the party conference, as well as other
recent actions, he upheld all the major tenets of
the Romanian course.>

2 <Ceausescu appears more interested than ever
in pursuing that course. In recent months he has
put on a greater show of responsiveness to the
Soviets and the Warsaw Pact. This has included
permission for a small convoy of Soviet non-
combatant vehicles to cross Romania in March
and somewhat closer relations with CEMA. Ceau-
escu evidently reasons that by making controlled
concessions on the least thorny issues, he can
undercut any potential domestic or Soviet pres-
sure for increased give on more important mili-
tary, political, or economic questions.>

2 <Bucharest's closer cooperation with the bloc
institutions, Ceausescu's participation in this
year's Crimean summit, and his later private talks
with Soviet party chief Brezhnev point to a meas-
ured improvement in Romanian-Soviet relations.
These also convey at least a qualified endorse-
ment of the Romanian leader's policies by the
Kremlin. Such actions may, therefore, have the
added effect of buttressing Ceausescu's position
against domestic critics.>

2 <Although Bucharest's interest in the Euro-
pean Communities and the International Mone-
tary Fund does not please Moscow, the Roma-
nians apparently continue to believe that these
many-sided foreign policy initiatives best serve
their interests. Indeed, their preoccupation with
the establishment of a permanent secretariat
during the early phases of a Conference on Euro-
pean Security reflects their search both for insti-
tutional security and legitimacy. There is, how-
ever, a real and immediate reason for the Roma-
nian opening to the West. They need Western
knowledge and Western money. Indeed, in recent
months the Romanians have sometimes seemed
almost feverish in their search for more Western
credits. Although they are quite capable of crying
wolf, they have displayed increasingly serious and
genuine concern about the need for expanded
Western credits.>

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Visiting in Moscow, 1967: Kosygin, Brezhnev, Maurer, Ceausescu

maneuver against internal critics and Moscow alike. The alternative would be closer ties to CEMA, with the potential restraints they could pose to Romanian independence. >

2 <The improvement in Romanian-Soviet ties has led to better relations with the other Warsaw Pact countries. Kadar's trip to Bucharest in February, Honecker's visit in May, and Zhivkov's talks with Ceausescu this summer did not resolve all bilateral differences, but they did contribute to an improved atmosphere. By so doing, these visits complemented Soviet policy, which finds it useful—if only for cosmetic purposes—to demonstrate unity as preparations for a European security conference go forward. Despite his show of cooperation with his allies, Ceausescu is still spirited in his defense of the ideology behind his nationalist policies and of his interpretation of the proper relationship between Communist parties. A new proposal, that all socialist countries should join Romania in redefining the principles which should govern their mutual relations, will not be welcome in Moscow. It does, however, have unanimous appeal within the Romanian hierarchy. >

2 <For their part, the Soviets may be waiting for the Romanians to trip themselves on their own economic rope. Several reports suggest that Moscow is purveying the line to some of its Romanian contacts that Bucharest's "opening to the West" has not paid off. The implicit message has seemed to be that some of those around Ceausescu should enlighten him on the advantages of closer cooperation with CEMA. The Soviet Embassy's political counselor has repeatedly sounded out US diplomats about the Romanian economy and Romanian requests to the US for medium- and long-term credits. Soviet news media, which customarily show little or no interest in Ceausescu's foreign travels, promptly pounced on the cancellation in May of a visit to West Germany, one of Romania's major creditors. >

1 <Ceausescu's relations with his Balkan neighbors, especially Yugoslavia, are being developed with Moscow in mind. He would like to see closer cooperation among all Balkan countries, and he has called for a meeting of Balkan countries to discuss not only a Balkan zone of peace, but future political and economic cooperation, including "joint production." At this point, Yugoslavia is Romania's closest Balkan ally. Romanian-Yugoslav relations, which look at times like an "alliance of convenience," have as their driving force a mutual fear of Moscow's hegemonistic tendencies. Tito and Ceausescu share a further conviction that all Communist parties are equal and that every nation is the master of its own house. >

2 <Ceausescu's decision to postpone trips to West Germany and to Japan may have been the result of a gamble that he took and lost. Economic aspects probably played the key role in the cancellations. Ceausescu evidently made the visits contingent on successful pre-trip negotiations for increased credits and debt rescheduling from Bonn and for a \$200-million loan from Tokyo. These and subsequent negotiations failed, but past Romanian practice suggests that Ceausescu calculated he was no worse off for having made the try. If he had won, he would have both additional credits and increased freedom of

2 <Frequent consultations between Tito and Ceausescu and their representatives—Premier Maurer, for example, met in September in Belgrade with Premier Bijedic—underscore this close cooperation. In addition, trade between the two countries increased more than fourfold during

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1960-70, and prospects through 1975 are even brighter. The two countries also have an agreement on small-arms manufacture, the joint production of jet fighter aircraft, and future joint production of light weapons.>

Even so, Bucharest has generally taken moderate positions on such sensitive topics as the US role in Vietnam.>

The Outlook

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4
The Romanians have also made a concerted effort to develop political leverage from improved relations with the West. Thus, Ceausescu gives the impression of counting on good relations with Western Europe, and especially with the US, to provide him psychological insurance against Soviet designs. He hopes that these efforts have progressed to the point where Moscow would find it too costly to launch any radical punitive action against his regime. He is probably right that the exchange of presidential visits between Romania and the US, and indeed all high-level Romanian-US exchanges, have helped to strengthen Romania's position vis-a-vis the USSR. Ceausescu recognizes the political realities of Romania's membership in Soviet-dominated institutions, one of which is that there is much more give in his ties with Washington than in those with Moscow.

2
Throughout his career as party chief, Ceausescu has demonstrated that he is a skilled, tough, and resourceful politician who is constantly looking toward the future. Although prudent by nature and necessity, he has repeatedly shown a facility for sensing when it is necessary to take risks. Despite Romania's economic problems, which are troublesome but not critical, Ceausescu's recent actions clearly suggest that he faces the future with confidence.

2
On balance, Ceausescu can be expected to remain firmly committed to the nationalistic "catch-up" economic philosophy laid down in 1962-63 by Gheorghiu-Dej. The intent of this philosophy is to insert Romania as much as possible into the mainstream of Western Europe and to reduce the East-West economic gap by

Tito arrives in Romania, November 1971



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2 importing Western technology. The essential task facing Ceausescu's leadership thus seems to be the steadfastness of Romania's present generation of Communist leaders. Perseverance must embody the capacity to keep the economy moving ahead while resisting the corrosive effect on ideology posed by increased contacts with the West. These

2 tasks will genuinely challenge the political and economic team that Ceausescu is assembling, but the odds are that the Romanians will confound those who doubt their capacity for innovation and measured success within the Soviet alliance system.

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Ceausescu with Mao in Peking



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