

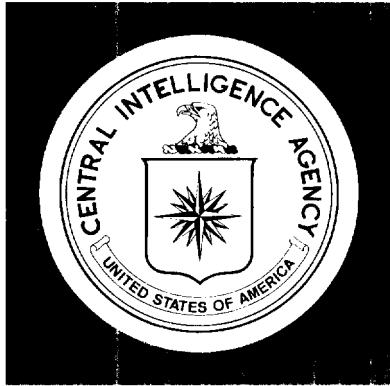
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Weekly Summary

Secret

16 November 1973
No. 0396/73

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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.

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Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Summary, [redacted]

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The Middle East

The cease-fire was looking stronger this week and hopes for peace were picking up after the signing by Egypt and Israel on 11 November of a six-point stabilization accord arranged by Secretary Kissinger. This turned the situation around, reducing though not eliminating the possibility of new hostilities and perhaps opening wider the door to negotiations on basic issues. New hassling between the adversaries over the interpretation of the latest accord underscored once again that the road to a settlement would be tortuous and require frequent maintenance and repair. Clearly, the role of repairman would, more often than not, devolve upon the US.

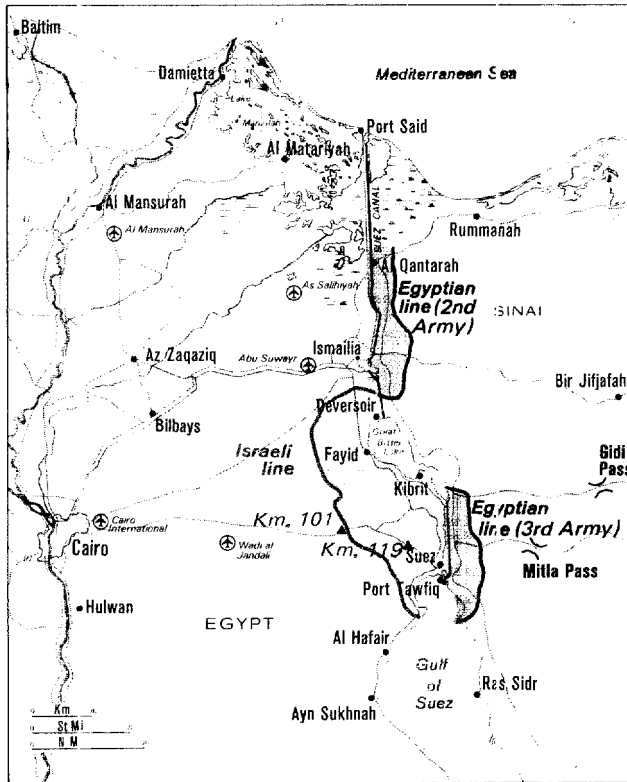
ON THE SCENE

The number and magnitude of reported violations of the cease-fire dropped this week, and the positions of the various forces remained essentially unchanged. There was still a good bit of

artillery and small arms fire along the Suez Canal, and minor skirmishing on the Syrian front. Throughout the week the Egyptians flew occasional defensive patrols, and the Israelis mounted several reconnaissance missions; the latter drew some fire from Egyptian surface-to-air missiles.

The substitution of UN for Israeli checkpoints on the Cairo-Suez road—a prerequisite to implementation of the prisoner exchange pushed by Tel Aviv—was delayed for several days as a result of differences between the UN and Israeli interpretations of their respective roles. The commander of the UN force, Siilasvuo, maintained that his mandate required him to replace all Israeli roadblocks and to exercise primary control over the flow of supplies to Suez city and the encircled Egyptian Third Army across the canal. Israel insisted on its right to exercise “military control” of the road and to monitor the flow of

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SECRET**NO SOURCES****Suez Canal Zone**

Army and to allow daily provisioning of Suez with food and water. The UN will provide drivers for the resupply operation, as they did for the restricted program Israel had permitted earlier. The Israelis again will have the right to examine the trucks.

The new agreement appears to clear the way for implementation of most of the accord of 11 November, but new disputes and delays can be expected. The checkpoint issue, for one, could still cause trouble. Tel Aviv interprets the arrangement as providing for continued Israeli control of the Cairo-Suez road, while a UN spokesman in Cairo has said Israel should now "leave the task of controlling the road" to the UN force. The Israelis continued to reinforce their positions along the road throughout the week.

Moreover, virtually no progress has been made toward implementing the commitment the Egyptians and Israelis made on 11 November to "settle the question of the return to the positions" of 22 October, in a way that will disengage and separate the opposing forces. This continues to be a central aim of Egypt's President Sadat, although he has so far not pressed this objective, putting priority instead on opening lines for essential non-military supplies to the Third Army.

Israeli Prime Minister Meir informed the Knesset on 13 November that Israel is not prepared to withdraw its forces from their present positions to the "imaginary and fictitious line" of 22 October. Despite this flat refusal to withdraw, she did note that Israel has no intention of holding the territory it occupies on the west bank of the canal. She repeated her earlier proposal for a mutual pullback of both Egyptian and Israeli forces to opposite sides of the waterway.

The sensitive question of the Bab al-Mandab Strait was ignored in the mid-week agreement, as it was in the text of the 11 November accord. Israeli spokesmen have, nonetheless, continued to stress that the cease-fire is not complete without an end to hostile acts at sea as well as on land. Transport Minister Peres announced on 12 November that Israel would test claims that Egypt had quietly lifted its undeclared blockade by

supplies. On 12 November the Israelis dismantled a UN checkpoint at Kilometer 119 near Suez.

On Wednesday, following several meetings between senior Egyptian and Israeli officers, the two sides reached a new agreement on implementation of points three through six of the 11 November accord. Israel agreed to turn over the key checkpoints at Kilometers 101 and 119 to the UN force, and Cairo turned over a list of Israeli war prisoners. An Israeli military spokesman subsequently called the list "complete," though it had some 100 fewer names than Tel Aviv had indicated earlier it believed were in Egyptian hands. The first Red Cross flight, carrying home 26 wounded Israelis, left Cairo on Thursday morning with a complementary flight carrying Egyptian prisoners from Israel. The exchange is to be completed within eight days.

The Israelis also agreed not to impede the movement of non-military supplies to the Third

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Text of the Egyptian-Israeli Agreement Signed on 11 November 1973

1. Egypt and Israel agree to observe scrupulously the cease-fire called for by the UN Security Council.
2. Both sides agree that discussions between them will begin immediately to settle the question of the return to the 22 October positions in the framework of agreement on the disengagement and separation of forces under the auspices of the UN.
3. The town of Suez will receive daily supplies of food, water and medicine. All wounded civilians in the town of Suez will be evacuated.
4. There shall be no impediment to the movement of non-military supplies to the East Bank.
5. The Israeli checkpoints on the Cairo-Suez road will be replaced by UN checkpoints. At the Suez end of the road Israeli officers can participate with the UN to supervise the non-military nature of the cargo at the bank of the canal.
6. As soon as the UN checkpoints are established on the Cairo-Suez road, there will be an exchange of all prisoners of war, including wounded.

sending ships through the strait "the minute they are ready."

Troop commitments to the UN force for the Egyptian front grew to approximately 3,000 during the week. By Wednesday about 2,100 of these troops were in the Middle East. The effectiveness of the force was still being curtailed by supply and logistic problems. Proposals for a joint Canadian-Polish logistic unit came to nothing when Ottawa and Warsaw failed to agree on a division of responsibilities. Funds needed for the force remain the big problem, despite a second appeal by Secretary General Waldheim.

THE ARAB WORLD

With the agreement on 14 November, President Sadat appeared to have secured the minimal requirements needed to preserve his domestic political position. He must surely be keeping his fingers crossed, however, especially in the light of reports that many Egyptians are grumbling about

too many concessions to the Israelis. Sadat will certainly start raising the pressure for an Israeli pull-back on the west bank of the canal, though he does not seem disposed to insist on the precise lines that existed on 22 October. He knows there is little chance of getting agreement on the positions then held by the two armies.

Cairo will insist on some genuine disengagement, presumably one that will finally free Suez city and the Third Army from the clutch of the Israelis.

Syria's President Asad, who has been on the sidelines since the cease-fire, faces unhappiness both at home and abroad over his acceptance of the cease-fire. Leaders of the Sunni Muslim sect and the left wing of the Syrian Baath Party oppose Asad, but reportedly have shelved—at least for a time—any plans to move against the President.

Jordan's King Husayn, largely out of pique at being ignored by Arab leaders who have been

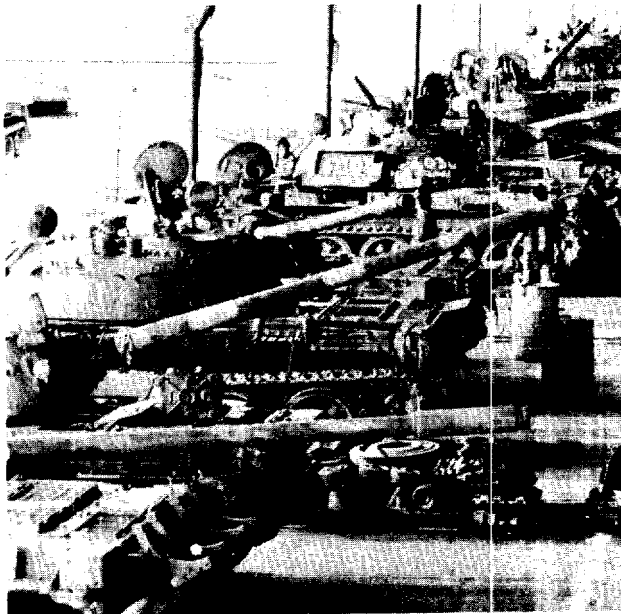
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traveling about and conferring with one another, recently made two whirlwind tours himself. He called on the leaders of several small Persian Gulf states, Saudi Arabia, and Syria. Most of these states are said to have urged Husayn to press Jordan's claim to the West Bank. In an effort to do that and to undermine fedayeen claims to represent the West Bank, the King publicly has placed heavy emphasis on UN Resolution 242—which calls for Israeli withdrawal but ignores the question of a Palestinian state. Husayn revealed that he was not at present considering resurrecting his own controversial plan for a United Arab Kingdom, which would give Palestinians a semi-autonomous area, including the West Bank. Husayn insisted, nevertheless, that Israel's withdrawal from the West Bank was for him the first order of business.

Libyan President Qadhafi, angered by Cairo's acceptance of the cease-fire, is actively campaigning against the six-point accord. Breaking his long silence early this week, Qadhafi told interviewers that Great Power intervention to halt the Arab-Israeli conflict was to be condemned.



Captured tanks being repaired by Israelis

ARAB OIL INCOME RISES

Arab oil revenues will reach a record \$4.3 billion in the first quarter of 1974, even if production is cut back 5 percent a month. While output during the first three months of 1974 will be only two thirds of the 1973 level, revenues will be some 70 percent more than last year.

Price increases during 1973 have in most cases more than doubled the revenues per barrel reaching the Arab governments. The October price increase alone more than compensates for lost production. Arab oil revenues for 1973 are expected to exceed last year's income by 54 percent. Oil exports will average 1 million barrels per day more than in 1972, a 7-percent increase despite the cut-backs.

Although the Libyan leader stopped short of publicly denouncing Egypt's handling of the war and its aftermath, his remarks betrayed a deepening rift with Sadat and an unwillingness to cooperate in future peace talks.

Fedayeen leader Yasir Arafat is still struggling to unify factious Palestinian organizations behind a program of participating in a future peace conference and backing the creation of an independent Palestinian state. Arafat and some of his associates are convinced of the desirability of participation, but have been unable to gain the support of the leaders of several radical groups.

Arafat reportedly was to have led a high-ranking delegation that included the heads of all significant fedayeen organizations to Moscow early this week, but fedayeen unity failed and the trip was postponed at the last minute. Moscow is eager that the fedayeen present a united front and make the trip, if only to augment Soviet bargaining power in any future negotiations.

Saudi Arabia's King Faysal is also trying to foster fedayeen unity, primarily out of a desire to see Palestinians brought under a relatively

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moderate leadership. He reportedly has threatened to cut off the critically important financial support he provides if the fedayeen fail to attend a peace conference.

Arab foreign ministers are scheduled to meet in Cairo at the end of next week to prepare for a summit meeting in Algiers this month. Several important Arab leaders, including Sadat and Faysal, have reservations about the usefulness of such a meeting, but they may now feel that the tender bud of Arab unity would be seriously threatened should they push ahead on their present course without at least appearing to solicit the advice of other Arab leaders.

OAU foreign ministers will meet early next week in Addis Ababa to try to cash in on the action of many black African governments in breaking relations with Israel. They want assurances that oil supplies to OAU members will not be disrupted and that the Arabs will mount an effective oil boycott of the white regimes of southern Africa.

STRONG WORDS IN ISRAEL

Mrs. Meir's domestic political foes increased the intensity of their criticism of her government this week, belaboring it both for alleged unpreparedness and for the conduct of the war and what came after. Last weekend leaders of a right-wing opposition group came out against the six-point agreement. Among other criticisms, the group contended the agreement in effect lifted the siege of Egypt's Third Army.

Particularly damaging criticism came from a leader of the group, General Sharon, who led the Israeli breakthrough on the west bank. Sharon has charged that his superiors failed to reinforce his troops and enable them to exploit the advantage they had achieved. Sharon, a popular figure, had retired from the army earlier this year to enter politics.



Israeli troops inspect supplies for Egyptian Third Army

These political attacks have included the argument that the present government has no mandate to negotiate for Israel since the government's term of office formally ended on 28 October. Elections, postponed by the war, are scheduled for 31 December.

In response, Deputy Prime Minister Allon conceded that, although Israel wanted to negotiate a settlement of basic issues with the Arabs, substantive talks could not be held before the elections. He added, however, that no opportunity should be missed for beginning the talks, even before a new Israeli government is elected.

Notwithstanding the bitter words and opposition demands that the government resign at once, Mrs. Meir is safe enough until the elections. Her ruling Labor Alignment has a heavy majority in the Knesset, and there are no signs of significant defections from its ranks. The main opposition force has but 31 of the 120 seats, and its leaders are clearly hoping to capitalize on the government's present predicament.

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[redacted] and Damascus, that it was important for Washington and Moscow to cooperate.

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[redacted] The cabinet announced last Sunday that the Prime Minister had proposed a full investigation into the circumstances surrounding the war. Mrs. Meir pledged that an investigation would be conducted "without fear or favor." A separate inquiry by the army was also announced.

Moscow may also step up its dealings with Arab leaders other than Sadat. Syrian President Asad, discomfited by Sadat's recent action, wants to visit Moscow soon to seek Soviet assurances that Damascus will be kept abreast of moves toward a peace settlement and to request a continued flow of Soviet military equipment. Moscow is showing renewed interest in the Palestinians. There are even rumors that Moscow will re-establish diplomatic ties with Tel Aviv.

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Meanwhile, the TASS representative in Cairo has acknowledged to US officials that Moscow, under Egyptian pressure, sent "a limited number" of surface-to-surface missiles to Egypt in mid-October. The Soviet claimed that the missiles are under exclusive Soviet control and are manned by Soviet crews. SCUD short-range missiles are indeed in Egypt, but reports on who controls them are conflicting.

THE SOVIET ANGLE

The Soviets have reacted to the latest agreement with coolness, probably reflecting irritation that US activity in the Middle East has overshadowed the Soviet role. The perfunctory treatment accorded the restoration of US-Egyptian relations also suggests that Moscow is concerned that, despite Soviet military aid, Cairo is looking to Washington for a Middle East settlement.

To counter this, the USSR is almost certainly searching for a way to recoup. First Deputy Foreign Minister Kuznetsov told US Embassy officials last week following his return from Cairo

Moscow's military resupply effort to the Arabs declined again last week. Sea shipments are running approximately at pre-war rates.

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Brezhnev Weathers the Crisis

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The weeks since the outbreak of hostilities in the Middle East have handed Brezhnev and his colleagues a series of difficult choices, requiring them to weigh Soviet equities in the Middle East against detente with the US. The results of the balancing act are, of course, not yet in, but the present reading is that Brezhnev's internal political standing is sound.

During the summer and early fall, detente, trade initiatives, and European security talks had come into conflict with internal security priorities. Official Soviet handling of emigration, dissidence, and freer movement matters was uneven, and Soviet media treated these issues in such a way as to suggest differences in the party and government. Brezhnev himself was notably defensive about the achievements of his detente policies in his last speech before the Middle East war.



Initial Soviet handling of the Middle East crisis seemed designed to give Moscow maximum credit in the socialist and developing world. This approach, in effect, foreclosed sniping by those Soviets who are skeptical of detente and concerned about its competition with other foreign policy objectives.

As the tension eases, Brezhnev's grasp of power seems firmer than ever. He has apparently been able to preserve the essence of his detente policies while maintaining other Soviet interests in the world and answering to political considerations at home. The October Revolution celebrations on 6-7 November were the occasion for another surge in his personality cult. His unofficial party deputy, Andrey Kirilenko, paid his boss effusive tribute in the customary holiday speech, always a highly coordinated leadership product. Furthermore, this year's record harvest will work to his political advantage.

Brezhnev's very pre-eminence underlines his ultimate responsibility for Soviet policy setbacks. He had maintained a relatively low profile on Soviet policy in the Middle East, but his hand was more apparent this time around. For the Soviets, the balance sheet in the area is mixed. Once again, the USSR engaged in a crisis involving direct political and military risk. Arab gratitude for this continues to be highly dubious, as do the Soviet Union's prospects for increasing its influence in the area. More important for Brezhnev, however, is the fact that Soviet-US detente has been strained. In the past, he has derived considerable political capital from his strong personal identification with improved Soviet-US relations, and much will now depend on his ability to come up with concrete new achievements in detente.

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EC Buys Time on Middle East

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The embarrassment—and even shame—with which many Western Europeans reacted to the EC's pro-Arab declaration on the Middle East last week is being tempered to some extent by arguments that, after all, the stand was intended not as a moral statement but as a safeguard for essential economic interests. A feeling prevails that if the declaration "works"—that is, if it results in a relaxation of Arab oil restrictions or in an Arab willingness to overlook unpublicized oil sharing with the embargoed Dutch—much of the uneasiness over the community's Arab-leaning position will be assuaged.

Much of the criticism of the Nine's Middle East stand focused less on substance—which is, after all, much the same as earlier EC statements or UN resolutions—but on its timing, which placed the community at odds with the US. Critics point to Europe's "schizophrenia" in distancing itself from the US while depending on Washington to provide a settlement that would get Europe off the hook. This contradiction was evident in French Foreign Minister Jobert's speech before the National Assembly this week and will continue to be apparent in the US-European discussions about Atlantic declarations in the EC and NATO forums.

The declaration has allowed the Nine to claim a new-found unity on a crucial foreign policy issue, however, although there is still great concern that tensions among and within EC member states will eventually destroy this facade. European oil reserves are apparently sufficient for immediate needs, but the greater the pinch, the greater will be community pressures for equalizing available supplies. On the other hand, domestic pressures will rise in the relatively well off states—France and Britain, for example—to preserve their favored position vis-a-vis the Arab suppliers.

These problems have been shunted aside for the moment by the EC's wait-and-see attitude, representing, in effect, EC agreement to let Paris and London use their "influence" with the Arabs. One consequence of this attitude is general confusion in Brussels as to what, if anything, the community and its institutions should do about the energy crisis. The Europeans hope that the political declaration will ward off an increase in Arab demands, but they also fear that too much overt activity on the oil front might provoke the Arabs to further cutbacks.

Although the Arabs have generally been pleased with the EC declaration, they seem, on balance, still to be enjoying the apparent "reverse colonialism" they are applying to Europe. Thus far, they have shown little concern over mild EC hints that economic and trading arrangements under consideration with the Mediterranean states might suffer if the "oil weapon" continues to be used.

The energy situation has meanwhile contributed urgency to a search for compromises in other EC areas. Pompidou's call for summit meetings was one such attempt to take advantage of the Middle East conflict in order to assure a showing of unity. The French are also pushing for EC action against inflation, in large part in order to provide cover for unpopular domestic measures. Moreover, Paris has suggested some apparent concessions in order to move to the so-called second stage of economic and monetary union next year. Germany, meanwhile, has said it is prepared to proceed with establishment of a regional fund—although only at a token level—which is a major interest of the UK, Ireland, and Italy. None of these measures is likely to have a significant economic impact, however, and any momentum in these areas could end abruptly if community solidarity on energy proves unattainable.

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INDOCHINA

SUPPLIES FOR SOUTH VIETNAM

7 ¶ The Communists, having strengthened their logistic network, appear ready to start their 1973-74 dry season supply effort through Laos 7

7 ¶ The Communists have already built a large supply network in South Vietnam and adjacent areas. They have large stockpiles of military equipment and munitions on hand. Some shortages of foodstuffs, especially rice, exist in parts of South Vietnam, and the Communists will be using the next few weeks to alleviate shortages and build up stocks. 7

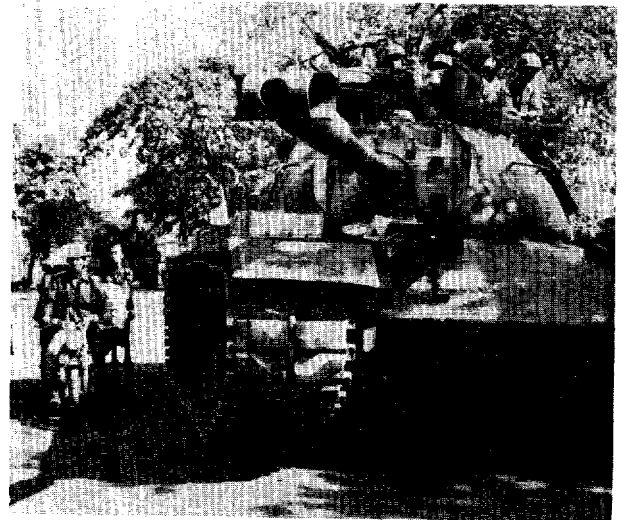
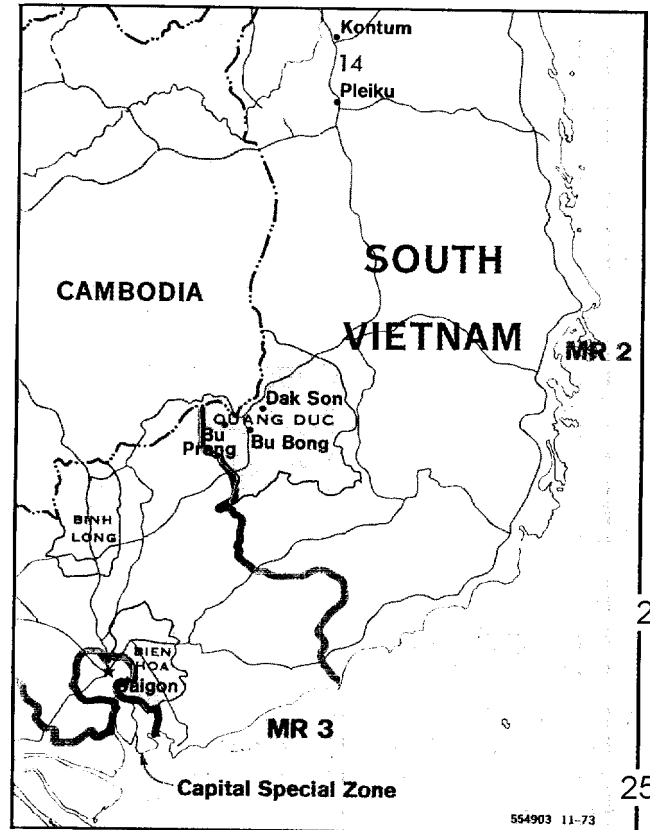
Saigon and the Initiative



8 ¶ [redacted] Apparently with Thieu's blessing 7 ¶ Thuan has now ordered infantry and air units to take more aggressive action against the Communists 7

8 ¶ [redacted] Thuan informed his subordinates on 9 November that he had ordered:

- refitting and strengthening of all government main and territorial forces in the region;
- surprise ground attacks against Communist positions;
- maximum use of air and artillery strikes, especially against Communist rear-service areas;
- an increase in the number of fighter aircraft on strip alert and observation aircraft over enemy-held areas 7



South Vietnamese tank guards highway

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8 } removal of all restrictions on bombing and shelling Communist-held areas;

- construction of tank barricades in high-threat areas;

- a general improvement of armored tactics?

10 } There are no reliable indications that the Communists are readying a major attack against Saigon. Fighting has increased in the region during the past few weeks, partly as a result of Communist efforts to gain better access to the rice harvest. This kind of action is likely to continue and may occasionally become fairly extensive. If Thuan moves as forcefully as he has intimated, he probably will touch off an equally forceful Communist response.

Hollow Gains?

11 } Ground fighting in the Quang Duc area, now moderate, will probably increase over the next few days as both sides reinforce their combat units. The South Vietnamese are conducting heavy air and artillery strikes in an effort to keep Communist units off balance. They are also bringing in armored units, apparently for a major effort to reopen Route 14 and retake the three outposts lost last week. For their part, the Communists appear to be moving in another regiment, and there is some concern that they may be preparing to attack remote towns both in the province and in Phuoc Long?

12 } Possibly the most significant feature of the earlier attacks in Quang Duc is the Communists' improved use of armored units to support their infantry. The relative ease with which they captured the positions is in marked contrast with their poor performance during the Easter offensive last year. In addition, the attacks served notice on Saigon that the Communists will not sit idly by while government artillery and ground probes are launched from these outposts?

13 } Some South Vietnamese commanders are claiming that the loss of the outposts is only

temporary and that they will soon be retaken. The commanders rationalize the losses by saying that none of the government's better units was involved in the fighting, and that since the losses came in a remote area away from major population centers, they are essentially meaningless anyhow?

Le Duan In Laos

16 } Le Duan was in Laos from 2-6 November, probably to put Hanoi's stamp of approval on the Lao peace accord. The visit, the first ever by such a North Vietnamese luminary to Communist-controlled territory in Laos, evoked mutually complimentary speeches with no evidence of any disagreement?

15 } The Pathet Lao delegation chief in Vientiane, Phoun Sipraseuth, commented to US officials that Hanoi had not expressed any opposition to the Lao settlement and that the Pathet Lao remained committed to the early formation of the coalition government. The joint communique issued after the visit was especially flowery, describing the Lao Communists and North Vietnamese as having a "model relationship rarely seen so far"—perhaps a veiled reference to Hanoi's apparent troubles with the Khmer Communists. The favorable references to the Vietnam and Lao peace agreements may have been Hanoi's way of saying "try it, you'll like it" to the Khmer?

CAMBODIA: A "GOVERNMENT" GOES SOUTH

17 } Sihanouk's fragile relations with the Khmer Communists have taken another turn. On 9 November, the Prince announced that—with the exception of the Foreign Ministry—all portfolios of his Peking-based "Royal Government of National Union" will be transferred to insurgents within Cambodia. Until the ailing "prime minister" Penn Nouth is able to go to Cambodia, Sihanouk's "defense minister," Khieu Samphan, will serve as "acting prime minister." All that apparently will remain of Sihanouk's Peking operation will be a small "mission," which will receive foreign dignitaries and diplomats?

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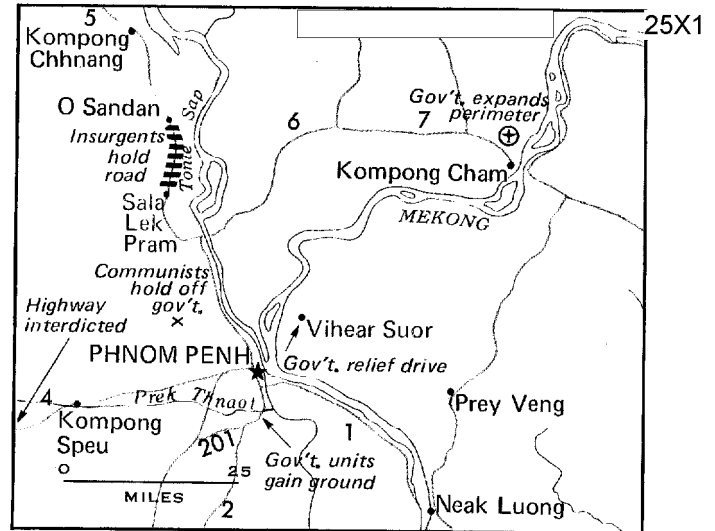
18 Sihanouk first surfaced this idea last month, stating that it would help remove the exile stigma from his "government." At the time, he indicated that the initiative had come from him, not from the Khmer Communists, and that it had been accompanied by his offer to step aside in favor of a Khmer Communist leader. Sihanouk apparently has bluffed out the Communists; at least, he is remaining as "chief of state." But whether Sihanouk has gained ground with the Khmer Communists on the question of negotiations is far from certain.

18 On the same day that Sihanouk made his announcement, Ieng Sary, the Khmer Communists' watchdog over Sihanouk in Peking for the past two years, left the Chinese capital for Cambodia via Hanoi. Although Sihanouk and Sary managed to maintain overtly correct relations, there was considerable ill will between the two men. Sihanouk's failure to attend any of the farewell functions for Sary in Peking was another sign of the tension between the Prince and the Khmer Communists.

17 The political distance between Sihanouk and the Communists was increased three days later when the Prince canceled a planned visit to the "liberated zone" of Cambodia in 1974 as well as several scheduled foreign trips. In making his announcement, Sihanouk reportedly emphasized that since he was "a head of state who does not govern," he was not needed within Cambodia. Earlier this year, Sihanouk had mentioned plans for a return to Cambodia, but there had been no mention of such a trip recently. For the time being, he evidently will stay in Canton with his mother, Queen Kossamak.

* * *

19 In Cambodia, meanwhile, Communist forces have again cut Route 4 several miles west of



Kompong Speu. Reports of impending attacks closer to the capital have kept the high command from committing reinforcements to help reopen the highway. In the northwest, Communist units are keeping pressure on government positions at either end of the insurgent-held section of Route 5 between Sala Lek Pram and O Sandan. Elsewhere, well-entrenched Communists are holding off elements of the army's 7th Division in an area ten miles northwest of Phnom Penh.

19 The government is not completely on the defensive. Army units at Kompong Cham continue to expand the defensive perimeter around the city's airfield, which has been closed since early September. In the Phnom Penh region, the army's 1st Division registered slight gains in its effort to regain ground along the capital's southern front. To the east, over 1,300 government troops launched a fresh drive to relieve Vihear Suor, an isolated market town.

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CHINA: A NATIONAL PASTIME

24 Politics seems to intervene every time Chinese leaders work up to a National People's Congress, China's rubber-stamp parliament. In 1970, a drive against ultraleftists forced postponement, and in 1971 it was shelved because of the fall of Lin Piao. Although the Chinese were apparently going to try again, a meeting this year is threatened by what looks like the most serious domestic conflict since the Lin Piao affair.]

24 Squabbling party leaders called a temporary truce last summer to enable a party congress to be held, but the contention has now returned with even greater intensity. At the center of the controversy is a serious debate over where China is going and how it should get there, questions that take on greater urgency as the leadership contemplates the succession problem. Signs of personal animosity among China's leaders, especially between urbane Premier Chou En-lai and Mao's radical wife, Chiang Ching, are multiplying.]

25 A successful challenge last summer to the use of university entrance examinations set the stage for the latest policy debates. Secondary school students in Shanghai, a center of leftist sentiment, demanded the right to copy from each other during tests. Some called this "cheating," but the debate has reportedly spread to one of China's most prestigious universities, Tsinghua, where teachers and students are still split on the issue.]

29 Other signs of conflict have shown up in factories, where workers have been urged to criticize their bosses for "rightist conservatism"; at the same time the party has been demanding strict obedience from the trade unions.]

28 Symptomatic of the conflict mentality that grips the nation was this warning from Tsinghai Province, noted for its leftist propaganda. "Nothing is more dangerous now than to act as moderates rather than as revolutionaries."] 2

25 A campaign to criticize the sage Confucius is being pushed throughout the country. Confucius has been attacked for a number of crimes that have relevance now, and it seems clear that the campaign is directed at someone in the current



Chou En-lai and Chiang Ching

leadership. Chou En-lai seems to have his nemesis, Madame Mao, on the defensive, and she could well be the target.] She has not been idle, however, and a play produced under her tutelage portrays one leading figure who appears to be Chou in unflattering terms while painting an impressive picture of the first lady.] Chinese officials are not betting on the outcome of these typically indirect assaults. They would only say to a Western correspondent that a "serious debate" was in progress, but that it was too early to predict the results.]

27 People's Daily has contributed its bit. It reopened old wounds by suggesting that some who repeat the official charges against Lin Piao do so merely to slander others and are in fact no better than those they condemn.] Moreover, the long-standing controversy—whether to fill the post of head of state or abolish it—has intensified.]

[Redacted]
[Redacted] This month, the party theoretical journal, *Red Flag*, called on party members to speak out against those who hold grudges, perhaps a reference to the uncompromising Chiang Ching. While some of this is murky indeed, tension has heightened in China and sniping at policies and party leaders has become almost a national pastime. [Redacted]
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HONG KONG: IMMIGRATION STRAIN

(31 + 32)
China apparently has acceded, at least temporarily, to a British request to limit the number of Chinese entering Hong Kong. Colonial officials had become alarmed about the largest influx of legal immigrants into the colony in many years. The strain on economic and social resources prompted the colonial government to risk a set-to with Peking in order to stem the tide.

gration post at Lowu 100 yards up to the Chinese border, where it was located prior to 1967, and where immigrants could be examined before they entered the colony.

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During the first week in November, 3,000 Chinese immigrants entered, bringing the total for 1973 to well over 46,000. If the trend had continued, 60,000 would have entered the colony legally this year, compared with approximately 20,000 in 1972 and only 2,000 in 1971. The figures exclude the 15,000 or so illegal entrants—"freedom swimmers"—who come ashore each year. Between 11 and 14 November, however, daily immigration dropped from over 600 to under 100.

THE PHILIPPINES: MARCOS AND OIL

33 [Manila rumor mills were busy last week cranking out stories that President Marcos plans to convene the Interim National Assembly. Similar reports have circulated in the past, and some Manila cynics suspect the latest batch is no more than a palace effort to divert attention from serious domestic problems—particularly an impending oil crisis. Marcos may well back down again, but he is concerned about the constitutional basis of his rule.]

The increase resulted from a liberalization of Peking's policy on exit permits. Most of the new permits had gone to Overseas Chinese who came back to China but were disillusioned with life there, or to wives and dependents of Chinese living abroad. Theoretically, those receiving permits were expected to be in Hong Kong only a short time before moving on. In fact, the majority remained. Most of the new immigrants lacked economic or professional skills. Peking has engaged in such economic sifting operations before. In 1956 some 56,000 Chinese entered Hong Kong; in 1962 about 60,000 more squeezed in, causing grave problems.

25 [The 1973 constitution, which provides for an Interim National Assembly, has never been fully implemented, although Marcos insists that it has been in force since its ratification in a national referendum last January. Even though close fidelity to constitutional niceties is not the basis of his political power, Marcos is a cautious politician who leaves little to chance.]
33 [According to the latest stories, Marcos is thinking of calling the assembly into session just long enough to name him prime minister and not long enough for his opponents to use it as a platform. This would bridge the "constitutional gap" that will begin on 30 December when his present term as president expires. Marcos reportedly may also ask the assembly to name a deputy prime minister or to establish a legal procedure for picking his successor in case of his death.]

Hong Kong authorities asked the Chinese Government to reduce the number of immigrants entering the colony without the documentation necessary for onward travel and publicized the problem to bring pressure on Peking, and perhaps on a reluctant London. The Hong Kong authorities also reportedly considered moving their immi-

34 [Marcos' desire to head off potential domestic opposition is probably spurred by the prospect

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of a serious oil shortage. Manila is dependent for its oil imports on major American companies, which have suffered severe cutbacks as the result of the Middle East war. Marcos has kept retail prices artificially low to prevent urban discontent, and the oil companies, already losing money, will be loath to share what little they get with Manila?

35 [Marcos has been carefully preparing the public for the worst by publicizing the world-wide petroleum crisis and emphasizing his own efforts to make direct deals with Arab producers. Even if the oil shortage does not cripple Manila's economy, it may delay industrial expansion designed to cope with the growing problem of urban unemployment. Marcos has few friends among the lower- and middle-class urban dwellers who will suffer most. Even though he is not directly at fault for the oil crisis, he will receive the lion's share of the blame.

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SECRET**USSR-CHINA: BORDER TALKS DEADLOCK**

(39-42)
 After more than three years at the head of Moscow's team at the Sino-Soviet border talks in Peking, Deputy Foreign Minister Ilichev has taken up regular duties in the Foreign Ministry in Moscow. No date has been set for his return to China; indeed, he may not return at all.

Ilichev has not been in Peking since 18 July, the longest absence by any Soviet chief negotiator since the talks began more than four years ago. The publicity given in Moscow for his meetings with the Ethiopian Emperor, the North Vietnamese Prime Minister, and the ambassador of Burundi suggests that Moscow is signaling a change in its representation at the border talks. On 6 November, Deputy Foreign Minister Firyubin said there is no need for a high-level diplomat to lead the talks for the Soviets. A week later, however, another official said that Ilichev is still head of the Soviet delegation, but the timing of his return to Peking is indefinite. If Moscow does downgrade its representation at the border talks, the Chinese, who have been sensitive on this score in the past, are likely to react negatively.

The present impasse apparently sprang up when Moscow failed to receive a response to a proposal calling on both sides "not to threaten... an attack." Ilichev left Peking a month after the Soviets made the proposal, which Soviet party chief Brezhnev later revealed in a speech on 24 September. Brezhnev claimed that the Chinese leaders "did not even take the trouble of answering this absolutely concrete proposal" and instead chose to make propaganda about a mythical "Soviet threat."

The proposal was one of a series Moscow has made over the past two years. By publicizing it, Brezhnev was certainly trying to strike a conciliatory Soviet posture. More important, he was able to contrast his successful efforts to conclude a clutch of treaties with the US—particularly the treaty to prevent nuclear war—with the total blank on the Chinese side of the ledger.

As long as Ilichev is absent or not replaced there is little chance for progress. A former Soviet

negotiator at the border talks remarked recently, "there is no progress at all.... The Chinese don't want it resolved; they need an enemy." He said that the Chinese continue to insist that Soviet troops must be withdrawn from the border area prior to any genuine discussion of the problem. For their part, Chinese officials have admitted privately that various Soviet proposals regarding non-aggression and non-use of force must be a part of an over-all border settlement, but they appear to be in no hurry to accommodate Moscow on a settlement.

Although the prospects for the border talks appear as bleak as ever, neither side wishes to see them broken off. The factors that led the two sides to enter negotiations in 1969 are still operative in 1973. At the least, the talks provide one of the few remaining channels of regular private communication between Moscow and Peking.

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WEST GERMANY**IMPASSE IN PRAGUE**

43 [Last-minute objections by Czechoslovakia have clouded prospects for early signature of the so-called "reconciliation" treaty between Bonn and Prague and for the establishment of diplomatic relations. Both moves appeared just around the corner late last week after the Czechs agreed in principle to a West German compromise for handling legal affairs of West Berlin institutions. After further consideration, however, the Czechs told the West Germans on 11 November that the plan was unacceptable.]

45 [The legal compromise called for direct court-to-court dealings on West German as well as West Berlin matters. This was a marked retreat from Bonn's insistence this summer that its embassies in East Europe act as intermediaries. Foreign Minister Scheel officially floated the scheme in

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Moscow before it was presented to Prague; the Soviet response, while equivocal, had left Bonn optimistic.7

43 ¶ The Czechoslovaks explained their about-face on the grounds that Bonn had deviated from the Moscow formula by requiring Prague, through an exchange of letters, to give more than tacit assent. Prague suggested postponing the issue until diplomatic ties were established. Bonn rejected this suggestion for fear of losing leverage on securing equal treatment for West Berlin.7

43 ¶ The Czechoslovaks want, as apparently do the Soviets, a solution to the West Berlin legal aid question to be as informal as possible and to differentiate between West Berlin and West Germany in legal matters. Beyond these considerations, the East Germans probably have urged Moscow and Prague to move slowly so as not to prejudice the outcome of East Germany's incipient talks with Bonn on inter-German legal relations.7

45 ¶ The next move is up to Bonn. The Brandt coalition would like to establish normal relations with Czechoslovakia quickly and push on to establish relations with Bulgaria and Hungary.

43 There are conflicting signs of how vital Bonn considers equal treatment for West Germany and West Berlin in legal matters. In any case, Bonn has the option of seeking a new compromise, or waiting until Brandt visits Moscow early next year to take up the cudgels where it counts most.7

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FRANCE: POMPIDOU'S GAINS AND LOSSES

(46-49)
President Pompidou has had some success of late in reversing two unfavorable domestic developments, but he is still harassed by economic problems and is coming under increasing fire from members of his own coalition. His vigorous performance at a press conference not too long ago helped put rumors about his ill health to rest, if only for a time. And he has been able to exploit the Middle East crisis by raising questions about the US-Soviet relationship, which has been making the French uncomfortably aware of their ineffectiveness in world affairs.

In a speech on 12 November, Foreign Minister Jobert repeated Pompidou's earlier criticisms of the handling of the Middle East crisis by the US and USSR. By strongly reiterating French dissatisfaction, the government probably hopes to distract domestic critics of France's role. The ploy was at least a partial success. One of its severest critics, center opposition leader Jean Lecanuet, quickly praised Pompidou's European initiative.

French politicians have a great interest in foreign policy, but—like the average citizen—they react more strongly to government actions affecting the economy. Pompidou's call on 31 October for EC economic and financial discussions came when a sharp rise in the cost of living—and the



Pompidou

likelihood of even steeper increases in the following months—has deepened the already acute concern over inflation, now running at 10 percent annually. French labor and business suspect the government may hope to exploit the EC meetings to justify new economic controls at home.

Last week, labor leaders made clear to the government that an attempt to institute wage controls would be met with united opposition and a general strike. Price controls imposed early this month have provoked a strike that has emptied many stores of fresh fruit and vegetables and shut down many service industries.

Members of the governing coalition—including Gaullist leaders—have also expressed dissatisfaction with Pompidou's leadership. He has never been accepted as a true Gaullist by some members of the party.

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For the first time, leading Gaullists publicly opposed Pompidou when they failed to support his proposed constitutional reform to reduce the presidential term from seven to five years. Many Gaullists are highly sensitive to Pompidou's hints that he regards Economic and Finance Minister Giscard d'Estaing as a possible successor. They have publicly indicated their opposition to Giscard's becoming president and are very critical of his present management of the economy.

YUGOSLAV PARTY ADMITS FAILURES

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50 Yugoslav Communists are now admitting
+ that their year-long efforts to reinvigorate the
52 party have met with only limited success. Last
week, Executive Bureau member Kiro Gligorov
+ listed the party's shortcomings for the presidium.
53 He complained that 7

51 + large segments of the rank and file are
+ not active either in the party or in the social
organizations to which they belong;

52

• the party had failed to attract workers or youth;

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- two thirds of the party organizations had failed to recruit any new members at all in the last year;

- the purge of liberals had resulted in a dangerous upsurge of "dogmatists."

52 The presidium responded by restating the demands made in Tito's famous letter of a year ago. The fervent campaign that resulted from the letter came close to exhausting the party, however, and it is doubtful that similar fervor can be rekindled.

52 The presidium appointed Tito's right-hand man, Stane Dolanc, to head a commission that will prepare for a party congress next May. This will further strengthen Dolanc's position as the leading contender for Tito's party post. Dolanc now will have direct control over the election of delegates to the congress. The new job will also give him added leverage in shaping intra-party policy, but this may be hard to implement given the party bureaucracy's current preoccupations.

Icelandic team negotiating the future of the US-manned NATO base. The Communist leadership, realizing that the Progressives would reject that idea and wanting to remain in the government at all costs, forced the recalcitrant minister to back down.

55 Iceland's settlement with Britain probably will lead to a similar agreement with West Germany. The last meeting in Bonn was marred by the refusal of the Communist fisheries minister to discuss the use of factory ships, which make up the bulk of the German fishing fleet. The possibility that resolving the fishing disputes will lead Bonn and London to drop their reservations about Iceland's draft free-trade agreement with the EC could make Reykjavik more amenable to compromise on the types of German vessels.

55 Another by-product of the settlement may be a slackening in anti-NATO sentiment, which was largely generated by the fishing troubles with Iceland's two alliance partners. This is likely to create a favorable atmosphere for US-Icelandic base negotiations, despite renewed efforts by the Communists to stir things up. At the present time, it appears that the government feels confident enough to ignore leftist protests.

ICELAND-UK: PEACEFUL WATERS

54 The Icelandic parliament ratified the fishing agreement with the UK on 13 November, and the two-year accord became effective immediately. The agreement reduces the UK's annual fish catch, but gives Iceland only limited jurisdiction over British vessels inside the 50-mile fishing limit. Violations will still occur, as they did after the first Cod War settlement in 1961, but there is now a mechanism to settle these quietly and without the use of force.

55 The Communists, one of the three coalition parties, finally agreed to support the draft agreement after four weeks of foot-dragging. It took a determined effort on the part of Prime Minister Johannesson, who threatened to bring down the government and call new elections if the Communists did not approve the agreement. Even then, one of the two Communist ministers balked and insisted that his party be represented on the



Icelandic fishing boats

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WEST EUROPEAN COMMUNISTS TO MEET

57 [One obstacle facing West European communists as they plan for a series of party conferences is the reluctance of some to follow the Italian lead toward greater autonomy.]

British Communists have lined up solidly behind the Italians. The French Communist position is complex. The French are not totally opposed to closer working relations among West European communists and have recently shown more willingness to back a coordinated strategy toward European economic and social issues. They now support a united stand on labor affairs and the development of a mechanism for exerting pressure on the EC. The French party, however, remains reluctant to stand up on issues that Moscow finds more sensitive.

59 [The French would oppose any action that might challenge Moscow's pre-eminence in the international movement.] For example, they are dragging their heels on the question of intellectual freedom in Western Europe. At the West European conference, the Italians want to turn this discussion into a review of Soviet policy toward dissidents in an effort to make clear the differences between West European communists and Moscow.

59 [The Italian Communists, the main organizers of the West European meeting, claim to be involved in planning for the other two conferences. Although they do not call for a complete break with the Soviets, the Italians are asking the participants to take positions on European issues independent of Moscow. They hope that such action will change the public image of these parties. In particular, they hope to enhance their own acceptability in Italy without alienating followers who insist on maintaining ties to Moscow.]

58 [The West German and Austrian communist parties, which are heavily dependent on the Soviets, are resisting the Italian arguments. The

58 [The Italian and French parties have agreed to help organize an all-European conference next spring, but they are at odds over the purpose and agenda of the meeting. The Italians want the conference to tackle such questions as relations between the East and West European parties and measures to increase their effectiveness. The French do not want to antagonize the Soviets and are trying to limit the agenda to non-controversial matters.]

58 [Both parties reportedly have agreed to a Soviet proposal to follow the all-European meeting with an international Communist conference, presumably in late 1974. The Italians have misgivings about such a conference, suspecting that Moscow means to exploit the conference for anti-China purposes. The Soviets reportedly have assured the Italians that the world meeting will not center on the Chinese issue but will deal with the opportunities created by detente. Not reassured, the Italians are trying to organize opposition to any anti-Chinese moves or to Moscow's using the meeting to confirm its right to dominate the other fraternal parties.]



Italian Communist leader
Enrico Berlinguer

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Denmark

FALL OF A GOVERNMENT

(60-64)

The collapse of the Social Democratic government last week will lead to further fragmentation of Danish political life. An election has been set for 4 December, but it is unlikely to produce a clear-cut winner. The newly formed anti-tax party and the conservative splinter faction of the Social Democratic Party are likely to profit most.

The Social Democrats, with the cooperation of the extreme left Socialist People's Party, had managed to stay in power for two years with only a one-vote majority in parliament. Other parties hesitated to force new elections during the period because of the popularity of the anti-tax party, which still gets five to ten percent of the votes in recent polls.

The fall of Prime Minister Jorgensen's government was precipitated when Social Democratic parliamentarian Erhard Jakobsen resigned from the party on 6 November, ending the Prime Minister's one-vote margin. Jakobsen, long dissatisfied with the leftist orientation of the party, has formed a new political organization—the Democratic Center Party—to reflect the views of conservative, middle-class Social Democrats. He has persuaded a number of prominent party members to join him in the new party, which expects to run a full slate of candidates in the coming election.

Domestic questions will dominate the campaign, especially taxes, inflation, and Socialist proposals for greater government control of business. Foreign policy, including NATO ties, is not expected to be an issue. Although Denmark's expanded role in European integration may be debated, present policy toward the EC probably will not change as a result of the election. Despite Jorgensen's caretaker status, a government spokesman has claimed that Denmark intends to honor its EC obligations and play host to an EC



Prime Minister Jorgensen (leaning on table) confers with government members

foreign ministers' meeting on 20 November and an EC summit meeting on 14-15 December.

Recent polls indicate that the Social Democrats may lose as many as 20 of their 70 seats, with the new Democratic Center Party—assuming it qualifies—gaining most of these. Although the Social Democrats probably will remain the largest party, they seem likely to fall short of a majority in the next parliament, even with the cooperation of the Socialist People's Party. The Danish parties of the center-right will probably be unable to realize a majority because of votes lost to Mogens Glistrup's anti-tax party.

At this time, a minority government appears the most likely possibility. It could be either a socialist or a non-socialist minority; neither holds much promise of providing a stable government.

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ETHIOPIA-SOMALIA: BORDER WATCH

Both Addis Ababa and Mogadiscio are shoring up military positions along their contested border. No major clashes have occurred in recent months, but the two antagonists clearly continue to fear each other's intentions.

Somalia, which claims Ethiopia's Ogaden area, has recently augmented the military forces it sent to border areas earlier this year, and Ethiopia is preparing to do the same.

At least the Somalis, and very likely both sides, are probably guilty of violating a 1964 agreement that permits police units to patrol close to the border but requires army units to remain six or more miles back. Both countries have stepped up on-the-scene training and have periodically placed units on alert. Ethiopia has begun to construct bunkers near the border to stockpile ammunition and is improving resupply efforts to scattered units in the Ogaden. Somalia has established several forward fuel depots.

None of these moves appear to have changed the basic military relationship between the two sides. Somalia may have some military advantages—for example, in armor—but Ethiopia as of now seems to retain the over-all edge.

Minor border incidents continue, and some officials on both sides are spoiling for a fight. Both Emperor Haile Selassie and Somali President Siad appear anxious to avoid open warfare.

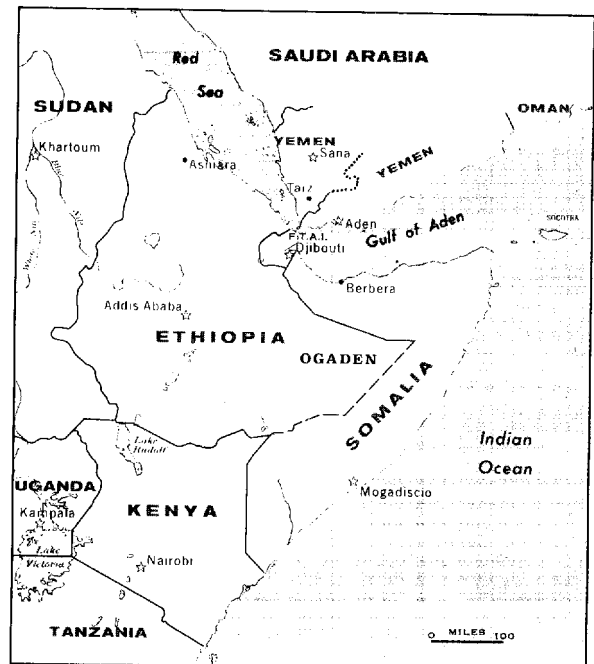
Siad, however, may be preparing to take some action on his country's territorial claims in both Ethiopia and parts of northeast Kenya by renewing insurgent activity such as Mogadiscio sponsored in the early 1960s. For some time, about 1,000 ethnic Somalis from Ethiopia and Kenya have been receiving guerrilla training in Somalia; some guerrillas reportedly have been trained in North Korea.

So far, Siad has re-

frained from using the guerrillas, largely because of his concern that Ethiopia could retaliate by exploiting chronic unrest in northern Somalia.

Meanwhile, both Ethiopia and Somalia are continuing to press their respective cases diplomatically. During his visit to Moscow late last month, Haile Selassie expressed his doubt over Somali intentions and his concern over continued Soviet military deliveries to Somalia. In the weeks ahead, the Ethiopians may focus their efforts on Arab states, urging them to make good on reported promises that Arab support for Somalia—as well as for the rebels in Eritrea—would diminish once Ethiopia broke relations with Israel. Addis Ababa took that step last month.

Somalia, for its part, has already dispatched special missions apparently to seek reaffirmations of Arab support. Should Mogadiscio conclude that it can no longer count on that backing, it might be more inclined to use the guerrillas.



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THE YEMENS: LIVE AND LET LIVE

69 The presidents of the two Yemens met in North Yemen late last week for talks following up discussions they had, at the prompting of other Arab leaders, at the non-aligned conference in Algiers. The September meeting was their first since they signed an agreement in November 1972 looking toward a union of their two countries. It has been abundantly clear that neither president really wants that agreement implemented. 7

69 Their latest talks may have been prompted in part by minor border clashes between elements of their respective armies over the past few weeks. Both leaders seem anxious to avoid more of the serious fighting that occurred before their accord last year. 7

70 According to the US Embassy in Sana, President Iryani went into the talks looking for an agreement that neither side would sanction terrorist operations against the other. In an effort to prevent provocative incidents, he refused last month to allow anti-Adeni guerrillas based in his country to establish camps along the border. 69 Aden-sponsored saboteurs and terrorists were

active in the north earlier this year, but there have been few subversive incidents since the two Yemeni leaders met in Algiers. 7

72 The communique following last week's meeting contained the usual cliches about unity, but nothing to suggest any real progress in improving relations. Indeed, the atmospherics surrounding the talks were not conducive to calming tensions. President Ali brought with him from Aden a full battalion of troops. Moreover, plans for Ali to visit Sana after the talks in Taiz were canceled. [REDACTED]

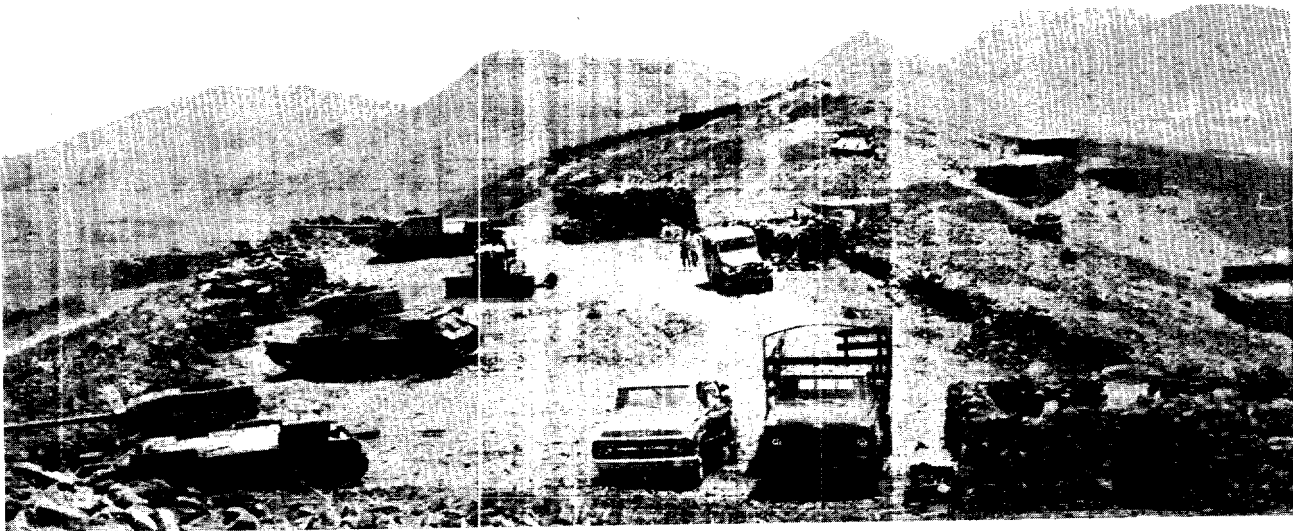
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69 The talks in Taiz took place against a backdrop of political change in Aden. Some of Ali's main rivals, including National Front Secretary General Ismail whose position has been slipping for some time, reportedly are to be removed shortly. Ismail, particularly, has been identified with an aggressive policy against Sana, and President Iryani is known to have pressed Ali during the recent talks to hasten Ismail's departure. [REDACTED]

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Yemen (Sana) outpost on Adeni border

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INDIA: BETTER DAYS FOR MRS. G.

(73+74+75)
[As Prime Minister Gandhi prepares for the visit of Soviet party chief Brezhnev, scheduled for 26-30 November, her political stock at home appears to be rising after a sharp drop earlier this year. To some extent, she has engineered her own comeback, but the weather probably deserves the major credit.

The big differences between this fall and last are:

- plentiful summer rain that helped produce an excellent rice crop;
- predictions of a record grain harvest of some 110 million tons in the current crop year;
- the arrival of the first shipments of wheat under a 2-million-ton Soviet grain loan;
- the release of stocks by hoarders responding to a market in which supplies are growing.

The result is a general sense of relief that the extremely tight food situation of a few months ago has eased significantly.

Nevertheless, widespread disenchantment with Mrs. Gandhi's economic management continues, along with a general conviction that her colleagues in the administration and the leaders of the Ruling Congress Party are basically corrupt. At present, she is under mounting pressure because of the high cost of living; over the past year, wholesale prices have gone up 20 percent. Recently, demonstrators in several cities protested New Delhi's decision to almost double the price of gasoline. The government's unpopular move is an effort to curb consumption and the outflow of foreign exchange in anticipation of further price hikes in crude oil imports from the Middle East.

So far, opposition parties have not been able to translate any of this discontent into a serious political challenge. Mrs. Gandhi has moved decisively in recent months to control her party and retain her pre-eminent position. Earlier this year,



More rice to thresh this year

for example, she came down hard on two contentious party organizations, dissolving both when this quarrel threatened to split the party. To keep her personal opponents within the Ruling Congress in line, she has openly raised the possibility of a reconciliation with some leaders of the Organization Congress Party, which split with her group in 1969.

A national election is more than two years away, but several state elections are due early next year. By far the most important for her is Uttar Pradesh, Mrs. Gandhi's home state. It is India's most heavily populated state and has been a Congress stronghold for 40 years. A Ruling Congress defeat there would be seen as a major setback. Mrs. Gandhi began campaigning there last spring, attempting to woo an electorate that includes a sizable and restive Muslim minority. Her job has been made somewhat easier by the improving food situation and a lack of attractive political alternatives.

In foreign affairs, Mrs. Gandhi's government has been mending fences with some countries that are of major importance to India. Relations with the US are growing more cordial as shown by the restrained public treatment of the recent arrival in the Indian Ocean of a US naval task force. New Delhi's relations with Islamabad remain cool but the exchange of Pakistani prisoners of war continues as scheduled. The government apparently does not intend to let Pakistani Prime Minister Bhutto's recent calls for self-determination for Kashmir affect the return of the prisoners.

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SOUTH AFRICA: BANTUSTAN SOLIDARITY

Leaders of South Africa's autonomous tribal homelands issued a strongly worded manifesto last week, dramatically demonstrating that the Bantustan program—an important feature of the government policy of separate development for the country's racial groups—is not producing the intended cast of docile vassals. Although Bantustan leaders lack the resources for serious resistance, their act will at least stir up the chronic doubts within the governing National Party concerning the utility of the Bantustan approach, to which South Africa's rulers are so deeply attached.

Prime ministers from six of the eight autonomous tribal homelands met at Umtata, capital of Transkei, for two days of confidential discussions, their first such conference. At the end, they unanimously agreed that:

- a federation of all the homelands was their long-range policy;
- sufficient land must be provided for each Bantustan;
- they would not accept territorial consolidation schemes drawn up by Pretoria that did not provide sufficient land;
- they must have full control over Bantustan administrative structures;
- they had the right to negotiate directly with foreign governments for economic aid;
- the pass laws, which severely restrict residence and activities of Africans outside their Bantustans, must be repealed.

Such aspirations had been expressed previously by the more outspoken Bantustan leaders, especially Chief Buthelezi of Kwa-Zulu. The Umtata resolutions are typical of Buthelezi's rhetoric. Vorster cannot simply denounce the resolutions as subversive since they are not inconsistent with the apartheid doctrines of the ruling National Party. Nor can he muzzle the Bantustan leaders without depicting the self-government offered by the Bantustan program as a hoax.

Nevertheless, Vorster must reject the Umtata resolutions, because genuine fulfillment would get him in immediate trouble with his Afrikaner constituents. In particular, granting sufficient land to make the Bantustans economically practical would be too costly. The announced consolidation plans for Kwa-Zulu and other homelands have already drawn considerable opposition from local white farmers, even though full implementation would return only 13 percent of South Africa's total land area to the homelands.

The Vorster government has granted self-government to five tribal homelands during the past year or so because their leaders were expected to be more easily manipulated than Chief Buthelezi or Chief Matanzima of Transkei, the first homeland to receive self-government. Both Buthelezi and Matanzima have refused to accept any further evolution in the nominal political status of their territories without more land, and both have persuaded their legislative assemblies to support their stand. The Umtata resolution shatters whatever illusion Pretoria may have had that it can play off the newly elevated Bantustan leaders against Buthelezi and Matanzima.

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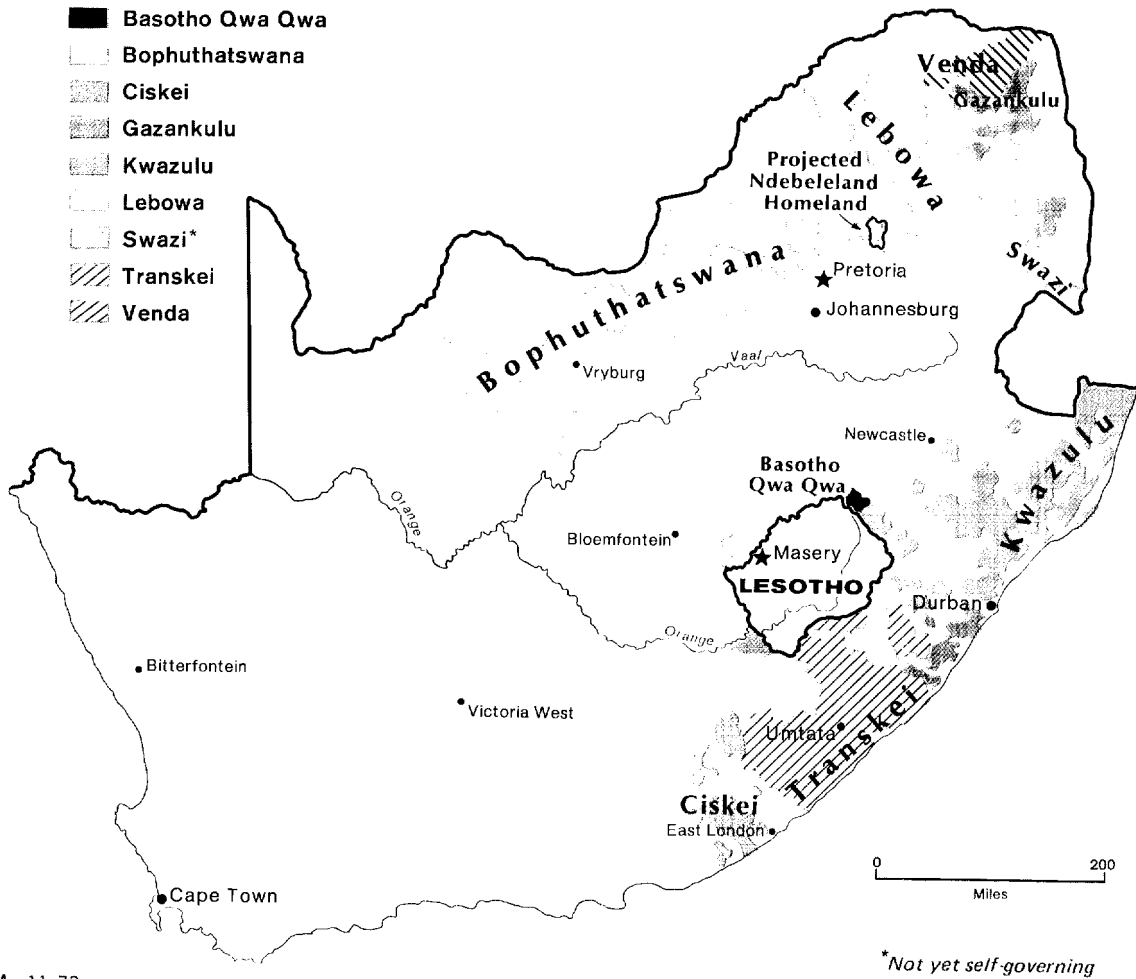
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South Africa: Bantustans



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CHILE: UNKEPT PROMISES

25X1 80 Although the junta was willing to let the anniversary of its second month in power pass with little fanfare, some of its opponents apparently were of a different mind. 71 A 15-man squad attacked an armory in the southern city of Temuco. The government claims that seven of the attackers were killed and two captured, while the army suffered no casualties. 7

caught harboring a fugitive. There is some positive incentive to surrender, in that prompt appearance of the wanted individual may be considered an extenuating circumstance and used in his defense. 7

82 The three men who head the "most wanted" list—Socialist Party leader Carlos Altamirano, Movement of the Revolutionary Left chief Miguel Enriquez, and Unitary Popular Action Movement head Oscar Garreton—are unlikely to be swayed by this possibility. They have already ignored the government's call to come forward and defend themselves against charges that they tried to promote rebellion among navy enlisted men before the coup. 7

77 In a related development, the regime recently decreed stiff penalties for fugitives who fail to surrender, apparently to apply without reference to the individual's guilt or innocence. The new rules apply to Chileans abroad as well as to those in hiding within the country and to anyone 82

79 The junta's concentration on forestalling organized violence from the left may help explain the government's slowness in delivering on its promises to the working class. A shortage of trained administrators and a lack of effective coordination may also be to blame. At any rate,



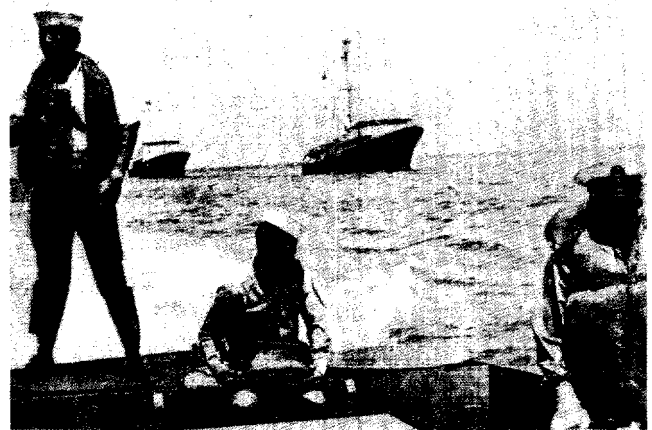
Interior minister Bonilla hears workers' complaints

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many workers earning less than the new monthly minimum apparently are not receiving authorized income supplements, and the official October price index for food was up some 82 percent over the previous month. The US Embassy in Santiago finds no evidence of a coordinated government effort to give jobs to the unemployed, whose ranks have been swelled by wholesale dismissals from public offices.

The technocrats who designed the government's economic recovery program want to stick to the plan despite the risk that steeply higher prices could restrict demand to the point of inhibiting rather than stimulating production. A struggle could develop between the technocrats and other economic advisers who are less committed to certain features of the recovery plan.



US tuna boats detained by Ecuador

Grumbling over the wage-price squeeze is as yet neither very public nor very loud. Discontent does appear to be on the rise, and workers are generally suspicious of the government's economic policies. The gap between promise and performance could negate the government's efforts to convince the workers that the recovery program is, in the long run, in their interest, too.

catch, and gave Ecuadorean boats preference over foreign vessels. That decree's emphasis on conservation has added a new complication to the territorial seas debate as well as to the discussions between Quito and Washington.

Another complication is the question of US reimbursement of fines and other charges. In compliance with a 1972 amendment to the Fisherman's Protective Act, the US last August notified Ecuador that owners of the US fishing boats had been compensated for fines and other charges levied against them. If Quito fails to reimburse the US for these payments by mid-December, aid funds for Ecuador will be reduced by an equal amount unless the provision is waived because of national security considerations. Also at issue are military sales, which have been restricted since 1971 after US vessels were seized.

ECUADOR: NEW RULES ON TUNA

The tuna season is fast approaching, and Ecuador is preparing to levy stiffer penalties on unlicensed fishing seiners operating within its claimed 200-mile coastal zone.

During the last season, Ecuador seized 22 US-owned vessels and levied fines totaling some \$1.6 million. Now it is considering a decree that would dramatically increase both the charges for licenses and the fines on unlicensed boats. In addition, the draft law would require confiscation of tuna on board such boats. This decree would follow one issued last September that set the basis for eventually excluding all foreign fishermen from Ecuadorean waters. It authorized the government to impose a ceiling on the total tuna

If, as the new regulations envisage, an increasing share of the tuna catch is to go to Ecuadorean fishermen, Quito will need substantial outside assistance to expand both its tuna fleet and processing capability. Under these circumstances, Ecuador may be more willing to compromise. In the short run, however, the prospects are for further seizures of US boats and further trouble in US-Ecuadorean relations.

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ARGENTINA: PERON AS STATESMAN

(96-99)
 Juan Peron is still trying to establish himself as a leading spokesman for Latin America. He has decided to speak at the UN in early December and, according to the Argentine press, expects to meet with President Nixon. Foreign Minister Vignes is strongly advocating such a meeting as a follow-up to Vignes' talks at the UN last month with Secretary Kissinger. The Foreign Minister considers that these talks set the stage for reducing strains between the two countries.

The recent appointment of a new and well-qualified ambassador to Washington suggests that Peron does wish to improve relations. Nevertheless, while Buenos Aires has made a serious effort to minimize differences with the US, there are several potentially troublesome issues, like the pending foreign investment laws and pressure on US subsidiaries in Argentina to sell to Cuba. It is unlikely that Peron regards these questions as major obstacles to a meeting with the President.

Peron also is moving to forge closer ties with other Latin leaders. He has invited Bolivian President Banzer and Panamanian strong man Torrijos to make state visits to Buenos Aires this month, and he reportedly wants to go to Paraguay at the end of November to sign a new energy treaty with President Stroessner. The overtures to Bolivia and Paraguay appear calculated to reduce the influence of Argentina's arch-rival, Brazil. Peron probably views the meeting with Torrijos as an opportunity to associate himself with the Panamanian leader's outspoken nationalism.

This flurry of diplomatic activity does not signal any major changes in Argentina's foreign policy. It is reminiscent of Peron's efforts during the late 1940s to become the major spokesman for "third-bloc" nations and to forge an economic union with Paraguay, Bolivia, and Chile. Peron's current moves are probably designed to present him as elder statesman and hemisphere leader as well as to divert public attention from pressing domestic problems.

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**Nicolae
Ceașescu**

**NICOLAE
CEAUȘESCU**



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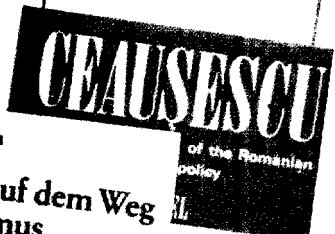
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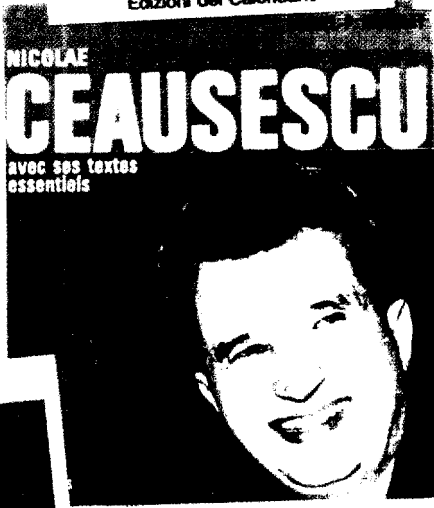


of the Romanian
policy

NICOLAE CEAUȘESCU

POLITICA DE PAZ

COOPERACION
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**NICOLAE
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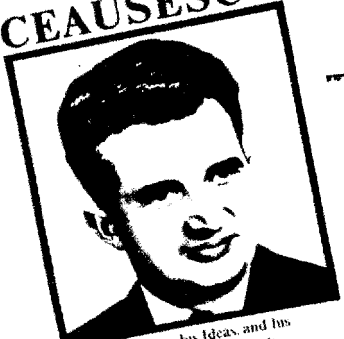


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ROMANIA: THE CEAUSESCU STYLE

Summary

Since Romania decided in 1964 to pursue a basically independent foreign policy, it has moved quietly away from Moscow. Despite its continued membership in the Warsaw Pact, Romania:

- is receiving economic and political support from Peking;
- has developed close ties to West Germany, the EC, and much of Western Europe;
- was the first East European nation to be visited by an American president;
- has persistently sought closer ties with the nonaligned world.

Nicolae Ceausescu, president and party chief, has been primarily responsible for the political discipline, economic sacrifice, and nationalistic self-assertion that has been the hallmark of Romania in the early 1970s. The road toward independence has not been easy, however, and Bucharest still has a long way to travel. Romania's ties to the Soviets still constitute a major restraint on Ceausescu's maneuverability. Still, he is undoubtedly the most free-wheeling leader in the Warsaw Pact and a unique figure among the East Europeans.

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Foreign Policy

Ceausescu's foreign policy is a blend of defiance and conformity, but the over-all goal is to maintain—and even increase—the surprising degree of independence that has been won from Moscow. In foreign affairs, Ceausescu and Romania have gained international prominence out of proportion to the country's relatively small size and power base. Nevertheless, Romania remains a member of the Soviet military and economic system in Eastern Europe, and the leaders in Bucharest clearly recognize that these ties bind.

Ceausescu's skill lies in his ability to tailor his foreign policy initiatives to the levels of Soviet tolerance. Scrupulously careful not to push Moscow too far, he balances defiance in one area with cooperation in another. Ceausescu's trip to Peking in 1971 was a rare miscalculation but, in the face of Moscow's anger, he restored the balance with several concessions in the economic field. Similarly, following an independent stance in Vienna and Helsinki, Ceausescu earlier this year made a conciliatory gesture to Moscow by accepting a visit from Soviet Defense Minister Grechko. It was the first time a Soviet defense minister was allowed in Bucharest since the Soviet invasion of Czechoslovakia.

Such concessions have not compromised the basic principles of Romania's independent course. Romania maintains relations with the full spectrum of the communist world—Moscow, Peking, Belgrade, and even Tirana—as well as with the leading West European parties. Under Ceausescu, the government has solidified its ties to Western Europe and has even attempted to identify with the nonaligned world. Romania is the only East European nation to maintain full diplomatic ties with both Israel and its principal antagonists in the Arab world.

Ceausescu and the Soviets

Bucharest has since 1958 refused to allow Warsaw Pact exercises on its territory. The Romanians defied Khrushchev's scheme for supranational economic integration. Ceausescu has repeatedly attempted to loosen his country's ties to

Special Report



Nicolae Ceausescu

Born in 1918, Nicolae Ceausescu is today the youngest party leader in Eastern Europe. He is one of ten children born in a small village in the foothills of the Carpathian Mountains about 90 miles northwest of Bucharest.

Ceausescu has almost model credentials for a Communist leader. Of humble peasant origin, he was forced to leave home at an early age to find work. Making his way to Bucharest, Ceausescu was soon swept up in the worker unrest of the depression era. At 15 he joined the Communist-sponsored national anti-fascist front. He was imprisoned by the pro-Nazi Romanian regime during World War II and tortured for his activities. After the Soviet occupation of Romania, Ceausescu resumed his work in the party, rising through the ranks to the number two slot behind Gheorghe Gheorghiu-Dej. When Dej died in 1965 Ceausescu succeeded to the party leadership. Ceausescu has combined hard work, talent, and no small measure of egotism to push himself and his country to the fore in the international arena.

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Ceausescu greeted by Brezhnev
in Moscow, August 1970

the Warsaw Pact, and was the only pact leader who openly criticized the Soviet-led occupation of Czechoslovakia.

More recently, Ceausescu has carried his defiance of Moscow into the multilateral negotiations on European security. Underlying his moves is a deep-seated, almost obsessive, fear that the talks on security and force reductions will result in a de facto division of Europe into two spheres of influence dominated by the super powers. Ceausescu apparently believes that this would leave Romania exposed to arbitrary pressure from the Kremlin without any hope of moderating leverage from the West.

Ceausescu laid down the guidelines for Romanian activism at the European security talks last November. He stressed that a tough line was necessary on procedural questions because the initial talks, then about to begin, would set precedents that would become binding. The Romanians have insisted that all nations participate in the talks as equal, independent states, irrespective of their membership in military alliances. Romania's strenuous efforts along these lines drew sharp criticism from Moscow and several of its East European allies. Undaunted, Ceausescu sent a strong delegation to the current security talks this fall. It is expected that the Romanians will present proposals that are out of step with the East Europeans and thus will likely draw more criticism from the Soviets.

The gap separating Moscow and Bucharest was reportedly widened during the Crimea summit in late July. Among other things, the two countries are at odds over the issue of frontiers. Moscow told the summit meeting that it favored the inviolability of existing frontiers. Bucharest favors a formula that would rule out the use of force to change them, but leave open the possibility of future adjustments by mutual consent. This approach is designed to avoid permanent foreclosure of Bucharest's claim to northern Bukovina and Bessarabia, which are now part of the USSR.

Disagreement over China also flared at Crimea. Several Romanian diplomats subsequently asserted that only Ceausescu's presence at the summit gathering prevented condemnation of Peking in the final communique. Ceausescu also sent effusive congratulations to Mao Tse-tung on his re-election as party chairman.

Bucharest's determination to resist Soviet pressure to join the anti-Chinese chorus was underscored in early September by the visit to Peking of Emil Bodnaras, a long-time Ceausescu adviser. Bodnaras undoubtedly used the occasion to discuss Moscow's anti-China campaign with his hosts, and he may also have raised the possibility that Moscow would convene an international communist conference with the aim of drumming China out of the world movement.

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Ceausescu and Chairman Mao



Ceausescu and Tito

Ceausescu has observed and learned from the policies of his neighbor, Yugoslav President Tito, although Ceausescu modifies the lessons to suit his own style. Romanian-Yugoslav cooperation predates 1968, but the Soviet occupation of Czechoslovakia pushed the two Balkan leaders closer together. Now, some five years after the Kremlin's move against the Czech spring, the sense of anxiety and urgency has waned. Ceausescu and Tito were in frequent contact until the recent Middle East war, when Yugoslavia's extravagant support of the Arabs ran up against Romania's ties to Israel.

Both Ceausescu and Tito are committed to non-interference in the affairs of other states, united in their fear of Soviet hegemony in Eastern Europe, and wedded to the principle that every Communist party and every nation is not only equal but master of its own house.

Ceausescu recognizes, however, that his freedom of maneuver is much more limited than Yugoslavia's. An 830-mile border with the Soviet Union is enough by itself to curb Bucharest's activities. Romania is still part of the Soviet defense and economic system in Eastern Europe. Nevertheless, Ceausescu has learned from Tito the

merits of carrying his country's case into international forums, and he has developed a feeling for just how far he can go without provoking the Soviets into a strong reaction.

Ceausescu has led his country into wide cooperation with the Yugoslavs.

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Romania's new defense law is another example of Ceausescu's willingness to borrow and adopt from the Yugoslavs. Adopted in December 1971, the law provides for the wartime mobilization of all adults—male and female and is based on a similar act in Yugoslavia.

Ceausescu has also borrowed from Tito in moving Romania closer to the third world. The Romanian leader has played host to a seemingly endless parade of third-world leaders. In the spring of 1972, Ceausescu visited eight African countries and a little over a year later he traveled to six Latin American nations, trips clearly intended to strengthen Bucharest's international

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**Tito and Ceausescu**

position as well as to promote trade. A more subtle objective is to involve Romania more deeply with nations that may share its sensitivity to real or imagined manipulation by big-power blocs. More recently, Romanian media gave a great deal of favorable publicity to the fourth nonaligned summit in Algiers in early September. The Romanian press bent over backward to draw parallels between Romanian policies and those of the nonaligned movement.

Looking Westward

Ceausescu has sought closer ties to the West, not only to demonstrate his independence from Moscow but also for the economic benefits he expects will accrue. He is eager to gain access to Western credits and technology, recognizing that reduced economic dependence on the Soviet Union is a major factor in consolidating Romania's hard-won independence in other fields. He

has encouraged Western investment and cooperative ventures in Romania, seeing in these a Western stake in his nation and a vote of confidence in its future.

Ceausescu has made a major effort to court Western Europe. In the first half of 1972 he visited Italy and West Germany. His four-day sojourn in the Federal Republic was the first by a Romanian chief of state to West Germany. During these and previous visits to Western Europe, Ceausescu asked his hosts to join him in signing a ten-point declaration of "solemn principles" governing relations between states. These principles stress the equality, independence, and territorial integrity of all states as a cornerstone for the future.

Romanian-US relations play an important part in Ceausescu's thinking. In the process of building better ties with Washington, Ceausescu has put special emphasis on improving trade and on industrial, scientific, and technological cooperation. He has also sought to improve relations by developing personal ties with presidents Johnson and Nixon. Early in 1973, Romania became the first Warsaw Pact country to buy US commercial aircraft, concluding a contract with Boeing for three 707s. More recently, Bucharest has expressed interest in a US project that would guarantee Romania much-needed coking coal over the next five years, the Soviet Union has heretofore been the main supplier.

These openings to the West have clearly annoyed the Soviets. There are reports that just prior to recent agreements by US, Italian, and West German firms for joint enterprises in Romania, Moscow was telling the other East Europeans that the Romanian policy had not paid off.

Ceausescu and the Middle East

Ceausescu's style is perhaps most apparent in his policy toward the Middle East, for Romania is the only Warsaw Pact state to maintain full diplomatic relations with both Israel and the major Arab nations. These ties to Israel are a bone of contention with Moscow and prevent the Kremlin from presenting a united Warsaw Pact front

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Romania's Ten Solemn Principles

1. The inalienable right of all people to decide their own fate.
2. The sacred right of every state to freedom, national independence and sovereignty.
3. The equality of all states regardless of size or political and economic system.
4. The right of every state to participate on an equal footing in the solving of international disputes.
5. Noninterference, under any form or pretext, in the internal or external affairs of other states.
6. Respect for the inviolability of state frontiers and for the territorial integrity of states.
7. The obligation of states to refrain, in their international relations, from military, political, or economic coercion.
8. The obligation to refrain from the threat or use of force under any circumstances.
9. The settlement of disputes among states by peaceful means.
10. The renunciation of the use of threat or force against another state under any pretext.

behind the Arab cause. On the other hand, Ceausescu's relations with Tel Aviv are a major policy difference between himself and Tito, who puts Belgrade firmly on the Arab side.

The latest Middle East war did not alter Ceausescu's determination to maintain this balance toward the antagonists. Romanian press coverage of the hostilities was even-handed, drawing on Israeli as well as Egyptian and Syrian press releases. The Soviet stand that Israel was to blame has been rejected, although in two recent speeches, Ceausescu did assert that Israel's continued occupation of Arab territories was an important factor in the resumption of fighting. He condemned the Israeli bombing of Damascus.

Not content to stand on the sidelines during the crisis, Ceausescu proposed a somewhat naive peace plan that called for an international peace conference of all interested parties and urged

small and medium-sized nations to join in strengthening the UN as a forum for maintaining peace. Undaunted when the Israelis, the Arabs, the US, and the Soviet Union all ignored the initiative, the Romanians invited Israeli and Arab representatives to meet in Bucharest. Tel Aviv responded by sending Foreign Minister Abba Eban, but no Arabs showed up; Eban himself admitted that he was sent as a gesture of appreciation for Romanian neutrality.

Over the long run, Ceausescu's initiative will serve to further isolate him from the Pact and aggravate Soviet-Romanian relations, but Ceausescu is prepared to absorb this sort of criticism from Romania's Pact partners as well as from the Arabs.

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Romanian diplomats have adopted a low profile, although they continue to emphasize the primacy of the UN.

If the war were to become protracted, the Romanians almost certainly would find their room for maneuver seriously reduced, and might go so far as to sacrifice their relations with Israel.

Over the short term, Ceausescu's neutralism in the Middle East has had mixed results. Israeli-Romanian relations may have prospered, but Bucharest has gained little influence over Tel Aviv's behavior. On the other hand, most Arab countries have broken diplomatic ties with Romania, and some even put an embargo on trade, a sanction clearly felt by the Romanians, who already had more than enough problems in finding markets.

Ceausescu at Home

Ceausescu's success abroad derives in large measure from his insistence on maintaining a rigid, orthodox communist system at home. His control of the country is almost complete. Most Romanians are cut off from almost all Western cultural and political contacts. Indeed, the average citizen finds it difficult to obtain an exit visa even to visit neighboring Yugoslavia. Ceausescu keeps a tight grip on the levers of power in order to forestall Soviet charges of deviation—an accusation that proved fatal in Dubcek's Czechoslovakia. He also keeps close tabs on his subordinates and makes sure they have little capacity to challenge his authority.

Since he came to power in 1955 after the death of Gheorghiu-Dej, Ceausescu has slowly but firmly rebuilt the party and state apparatus to his liking. He has done this by cleaning house and filling key jobs with men who owe their advancement to him personally. He has rotated people in and out of office in a constant search for individuals who are not only loyal but have expertise and experience. Willingness to shift subordinates arbitrarily has become a trademark of the Ceausescu style.

Ceausescu has pulled together a personal staff of advisers, who form a brain trust of political, economic, and administrative experts. Without parallel in the communist world, this "kitchen cabinet" is designed to provide a capable staff for formulating policy and solving problems. The appointment of Nicoleta Ecobescu as counselor to the President earlier this year exemplifies this technique. One of Romania's leading experts on European security, Ecobescu now has direct and frequent contact with Ceausescu and will accompany him on his travels.

Ceausescu has also streamlined the party machinery. Power is wielded from three small executive bodies—the secretariat, the permanent presidium, and the executive committee—all dominated by Ceausescu personally. The three are even more closely knit due to overlapping memberships made up of Ceausescu appointees.

On the government side the story is the same. Ceausescu reigns supreme. The major components of government are the National Assembly, the Council of State, and the Council of Ministers. The Council of State has become most important since Ceausescu became its president in late 1967. The system of interlocking membership in the party bodies extends into the executive levels of the state as well.

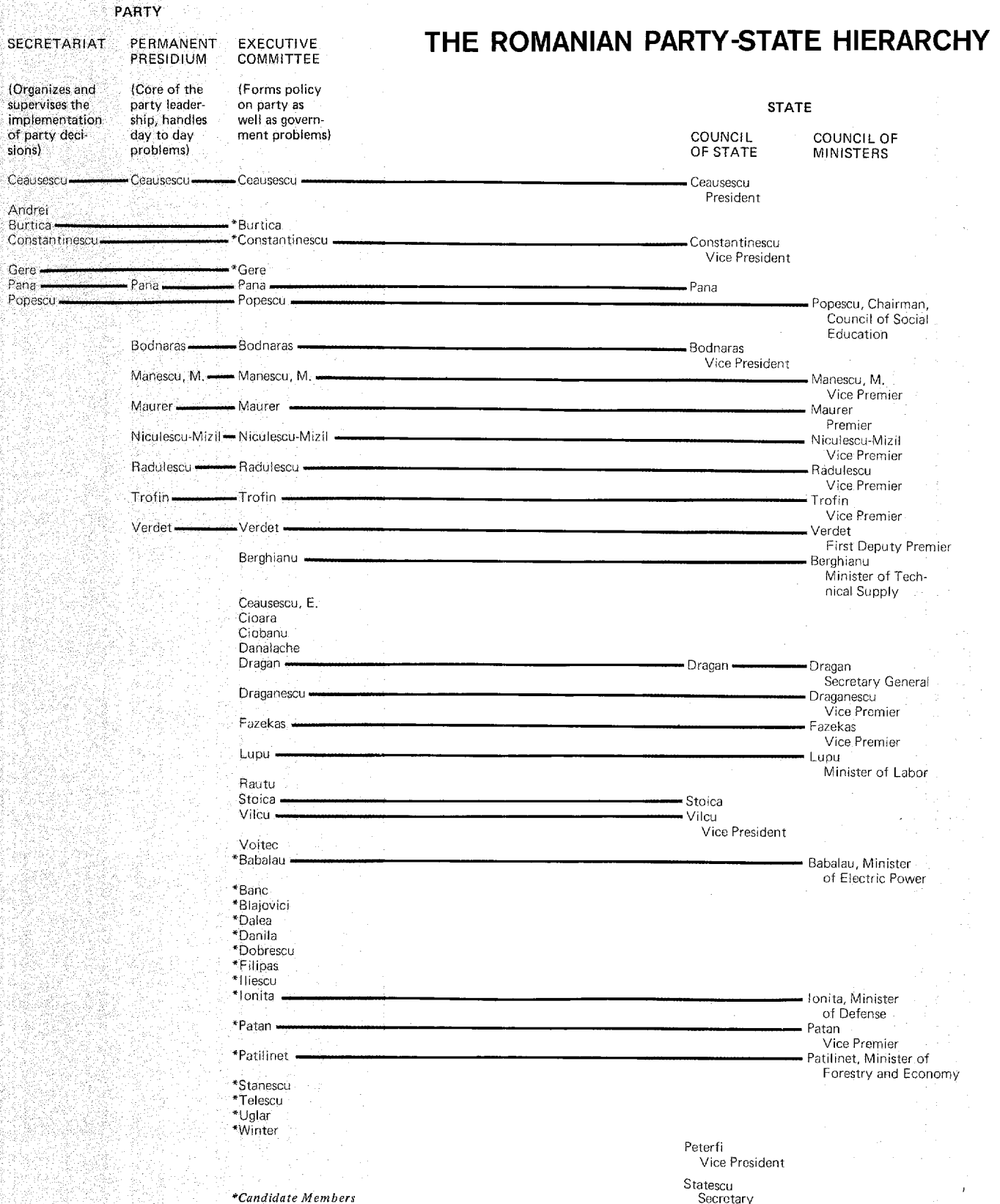
The power that has gravitated to Ceausescu, coupled with adulation heaped on him by the media, has raised eyebrows at home and abroad. He is either unable or unwilling to resist being put forward as a national hero, and his own actions have contributed to growing concern about the "cult of Ceausescu."

The "cult" was dramatized last January when Ceausescu's 55th birthday was the occasion for a week of fawning tribute. Several prominent leaders, including Premier Maurer and Deputy Premier Bodnarus, reportedly counseled Ceausescu against encouraging this sort of hero worship. To this point, their words have been to no avail. Ceausescu is vain, and shows no inclination to share the spotlight with anyone.

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Ceausescu and wife join folk dancers
in celebrating his 55th birthday

Despite the cult that surrounds him, Ceausescu does have a claim to genuine popular support. His open denunciations of the Soviet invasion of Czechoslovakia electrified the Romanians, and for the first time in the postwar period pulled them together behind the regime in a common struggle against Moscow. Ceausescu thus achieved something that no other postwar Romanian communist leader had been able to do. Moreover, there is a general awareness of and pride in his ability to read the Soviets. The people admire his ability to probe pressure points, to test Moscow, Washington, and Peking—and thus to exploit the rivalry to further Romanian national interests.

The Economy

Under Ceausescu's guidance, Romania has achieved one of the highest rates of economic growth in the world. Gross National Product has grown at an average annual rate of nine percent since 1970. Rapid industrialization, however, has been achieved mainly by massive imports of Western machinery and equipment, mostly purchased on credit. As a result, Romania's hard-currency indebtedness—and the burden of servicing that debt—has become an immense headache. Romania is caught in a vicious circle—to repay the hard-currency debt, Ceausescu presses for greater economic self-sufficiency, but in order to sustain

rapid growth and increase efficiency, Romania needs greater access to Western technology and credits.

Although Ceausescu has long been fully in charge of economic, as well as political, affairs, he took steps last May which have resulted in his accepting to a degree uncommon in communist states personal responsibility for curing the nation's economic ills. He thus made himself more vulnerable to criticism in the event that the economy deteriorates.

Behind Ceausescu's economic policies is the recurrent question of decentralization versus centralization of economic management. Ceausescu seeks rapid industrialization, economic self-sufficiency, and closer trading links with the West as a means of underscoring his political independence of Moscow. He has chosen to stick with a centralized economy. Ceausescu has seen economic reform carried out elsewhere in East Europe, and some reports say he has concluded such experimentation is alien to his style. In this respect, his brand of communism is more orthodox than that of the Soviets. The inherent problems, weaknesses, and contradictions are obvious. Ceausescu urges greater efficiency, but is unwilling to take the necessary steps to achieve his goals by allowing greater individual responsibility.

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Even with his insistence on a rigid Soviet-styled system, Ceausescu has been able to strike a reasonably independent economic position between East and West. He has been able gradually to reduce the share of his country's trade with CEMA and the USSR. As a result, he has reduced Romanian vulnerability to economic sanctions designed to force him to conform to Moscow's policies. Mindful of Khrushchev's schemes of the early 1960s, Ceausescu also is particularly wary of being drawn into any supranational economic or political plans or bodies that would infringe on his nation's independence.

Under Ceausescu's leadership, Bucharest has also sought new ways to promote hard-currency exports. Romania was the first Warsaw Pact country to allow Western equity participation—up to 49 percent—in selected industries.

Despite success in some areas, the economy will be a major problem for Ceausescu. Interest on debt service payments already amounts to 40 percent of Romania's exports to the West. The Romanians are being asked to tighten already tight belts in the name of greater efficiency and higher production. While Ceausescu keeps a firm grip on the situation, he is not yet willing to decentralize and allow market forces to come into play in order to produce the results he seeks. But his hands may be tied. The successes he has been able to achieve in other fields rest to a great extent on his insistence on an orthodox communist economy. Ceausescu is aware that the

slightest hint that the party is losing control over economic matters could produce an adverse Soviet response.

Outlook

Ceausescu's relative youth, his powerful drive, and his single-minded pursuit of goals have enabled Romania to make significant strides in removing itself from Soviet domination. Although Ceausescu has not resisted having himself put forward as a national hero, he has not become drunk with power and he is not corrupt. He has dealt magnanimously with his political opponents.

His extensive foreign travels and his harping on greater economic efficiency have produced some criticism within the upper reaches of the hierarchy. The muttering is muted and does not constitute any serious threat to his rule. To the average Romanian, Ceausescu's accomplishments and achievements are well known, and they far outweigh his shortcomings. He has given the country international prestige and importance it had never before enjoyed.

Ceausescu has proved capable of guiding Romania in a multipolar world. He has traded on real and potential Soviet, Chinese, and American rivalries to expand his nation's independence. He also has seized upon the climate of detente to draw attention to his claim that Romania is an independent state. Ceausescu will doubtless continue to press his nation's independence from the Soviet Union whenever possible, but in doing this he will be careful to stay within the limits of Soviet tolerance.

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Ceausescu in Disneyland

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