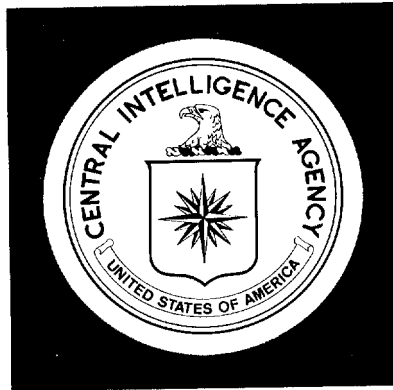


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Weekly Summary

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

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WARNING

The WEEKLY SUMMARY contains classified information affecting the national security of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

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SALT Resumes

The US-Soviet negotiations on strategic arms limitations have entered a crucial phase. With the talks set to resume on February 19, both sides have made public commitments to reach a permanent agreement on offensive weapons this year. If even a partial agreement is to be achieved by the time of President Nixon's planned trip to Moscow in early summer, the negotiators will be under considerable pressure to find areas of accommodation at this session.

The problem facing the negotiators is both technical and political. They must find a formula to deal with existing strategic asymmetries in a way that preserves the national security interests of both sides. At the same time, the agreement must also be so constructed as to enable both to deal effectively with potential domestic critics. Thus far, the two sides have taken sharply divergent approaches to achieving their common objective.

The US wants to renegotiate the terms of the existing five-year agreement, adding strategic bombers to the inventory of weapons to be limited and setting equal numerical limits on the central strategic systems for both sides. Washington also wants to place limits on the throw-weight of ICBMs, constrain qualitative improvements—e.g., MIRVs—and begin a program of active reductions in strategic weapons.

The Soviets would like to retain the numerical and throw-weight advantages they have under the interim agreement, although they have

^(NO SOURCES) expressed readiness to include heavy bombers in the systems to be limited. They justify their present advantages by arguing that what was equitable for the near term is also equitable over the longer haul, particularly if the US is unwilling to count its own forward-based nuclear systems and those of its allies as strategic weapons.

The negotiations have been further complicated by the vigorous pace of the Soviet arms buildup over the past year. The Soviets have begun testing new-generation ICBMs with greater accuracies and demonstrated MIRV capabilities. They have tested submarine-launched ballistic missiles to extended ranges and have continued to add to their submarine force. These and other less dramatic developments are consonant with the provisions of the interim agreement, but they have cast doubt on Soviet intentions at SALT nevertheless.

Meanwhile, there is growing concern over the possibility that advances in weapons technology may overtake efforts to impose political controls over weapons development. Whether or not the Soviets share the US concern on this score, they have continued, at least in public, to voice optimism about SALT's prospects. Writing in the latest issue of the journal *USA*, prominent Soviet military theoretician G. A. Trofimenko avowed that mutually satisfactory formulas could be found that would ensure the security of both sides, while taking into account existing asymmetries in the strategic relationship.

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The Energy Conference

2. [The outcome of the Washington energy conference clearly highlighted France's isolated position and suggests some shift in the power relationships within the EC.]

2. [Many of the proposed objectives of international cooperation that the conference endorsed were in the position paper approved by the EC Nine prior to the Washington meeting and were accepted by the French. France reserved its positions on financial measures, however, and refused to accept the establishment of a coordinating group of senior officials to carry out energy programs within existing bodies—a move endorsed by all other participants.]

2. [Although ostensibly a procedural matter, the French maintained that these points raised the broad question of Europe's future relations with the US. They chose to stick to the view that acceptance of a coordinating group composed of conference participants amounted to another European capitulation to Washington's "domination"—a charge to which many Europeans on occasion are sympathetic. In this instance, the French were unable to carry the other EC members with them, due in part to the Europeans' lack of confidence in their ability to cope with the energy crisis without US cooperation.]

2. [The conference outcome also made clear that, with the EC's enlargement, Paris cannot in every instance call the tune. The Germans, who are in a strong position because they hold the presidency of the EC Council, would not go along with the French, particularly since Britain and the other EC members were not prepared to allow Paris to frustrate the goals of the conference.]

2. [Initial press reaction in Europe stressed concern over the effect that the evident disarray of the EC Nine would have on European unity. A representative story in the Italian press criticized French intransigence and noted that, one by one, the EC countries were aligning themselves with the Germans. One conservative paper commented that the European countries were torn between their desire to preserve European solidarity and

the allure—which was simultaneously a threat—of the US invitation for cooperation. The prestigious *Frankfurter Allgemeine* commented that the meeting showed that the EC is "deeply ruptured" and that "France was prepared to allow unification of the Nine only on its own terms, the price of which would be a permanent conflict between Europe and America."]

2. [A spokesman for the Organization of Petroleum Exporting Countries picked up the French theme. He accused the US of attempting "to re-establish hegemony over Europe," adding that this was precisely why France objected to the US-initiated move.]

1,2 [The immediate problems the community now faces are difficult. The EC governments have postponed two foreign ministers' meetings:

- One, scheduled for February 15, was to discuss the European-US declaration of principles; the governments had also planned to announce after the meeting a wide-ranging offer of cooperation with the Arab states;

- The second, scheduled for February 18, was to have focused on regional policy.

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The French team
Emphatic views

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The Middle East

Algiers Meeting

3, [The leaders of Egypt, Syria, Saudi Arabia, and Algeria met in Algiers this week to discuss 4, Syrian-Israeli disengagement and to consider ac- 5- tion on the oil embargo against the US. The ruler of Kuwait, who was invited but did not attend, indicated he would support the conference's decisions. The meeting was apparently promoted jointly by the Egyptians and the Saudis.]

4, [Cairo press accounts noted that the conferees would discuss the possible separation of 5 Syrian and Israeli forces, as well as "a unified formula for a plan of Arab activity in the coming stage." These vague formulations may, in fact, have covered a determination to persuade Syria's President Asad to begin disengagement negotiations with Israel. Asad's reluctance to open talks 6 is not due to his own hesitation, however, but to opposition within the Syrian Army and Baath party. The other heads of state apparently hoped that pressing Asad directly and en masse would reinforce his own inclinations and strengthen his hand in dealing with doubters at home.]

6 [Each of the participants has urgent reasons for wanting movement on the Syrian front. Egypt's President Sadat, to prove that he is not negotiating a unilateral settlement with Israel, has publicly pledged that he will not move further until Syria also has a disengagement agreement. The longer Syria delays, the greater the danger that Sadat will be faced with discontent at home over lack of further progress.]

6 [Sadat has also been urging that the oil embargo against the US be lifted, and Saudi Arabia and Algeria—for political reasons in the first case, economic in the other—would like to oblige. For the same reasons that hold Sadat back on further negotiations, however, neither King Faysal nor President Boumediene can afford to ease oil restrictions until those restrictions have produced the same benefits for Syria that they appear to have yielded for Egypt.]

On the Fronts

3 [Disengagement on the Egyptian front, meanwhile, is proceeding smoothly. On February 12, Israeli forces completed stage three of their four-stage withdrawal from the west bank of the Suez Canal. They now retain only the northern third of their west bank salient and are scheduled to withdraw from that portion by February 21. Disengagement is to be completed by March 5.]

3 [Along the Syrian front, by contrast, tension remained high throughout the week. Beginning on February 10, Syrian artillery shelled Israeli positions for three consecutive days. The Israeli press claims that the three-hour Syrian barrage along the entire front on February 11 was the heaviest since the October war and that for the first time it included Israeli civilian settlements. Two civilians reportedly were killed.]

9 [The February 11 attacks, according to the US Embassy in Tel Aviv, violated a tacit Syrian-Israeli understanding that the Israelis would refrain from retaliatory air strikes so long as the Syrians limited their attacks to military targets.] 7 [Despite this alleged violation, the Israelis are, for the present, inclined to avoid heavy retaliation that could upset current diplomatic efforts to launch Israeli-Syrian negotiations. According to Israeli Foreign Minister Eban, Tel Aviv feels that the Syrian attacks reflect Damascus' political frustrations rather than a desire for renewed hostilities.]

3 [Israeli forces did step up their shelling of southern Lebanon early this week in retaliation for two recent cross-border attacks by the fedayeen. One Israeli soldier and one civilian were killed in the attacks. Lebanese Government spokesmen have been unusually candid in acknowledging that fedayeen initiatives have prompted the Israeli shellings, but the Lebanese Army has only a limited ability to control fedayeen activities in the border area.]

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USSR

ACQUIRING US TECHNOLOGY

Moscow's interest in Western, especially US, technology has flourished over the past five years or so. In pursuing trade deals, cooperation agreements, and bilateral technological contacts, the USSR has been more aggressive than at any time since the 1920s. Soviet leaders recognize that rapid economic growth can be achieved once again only by accelerating technological progress. The USSR has been relatively inefficient in developing and applying new technology, however, forcing Moscow to turn increasingly to the West for assistance.

The revival of Soviet interest in US products and technology is partly political, but it is also in line with the traditional policy of acquiring the most advanced technology available. In some areas, such as oil field equipment for Arctic exploration, US firms are the only source in the eyes of the Soviets. US companies also are the preferred sources of automotive equipment, computer hardware and software, and civilian aircraft technology. If contracts cannot be reached with US companies, however, the Soviets recognize that other countries often can provide technology that is as good or almost so. The USSR has, for example, bought computer hardware and some kinds of automotive equipment and machine tools from Western Europe and Japan.

The onset of detente has lowered some of the traditional obstacles to Soviet acquisition of US technology. The extension of medium- and long-term credits by the US after May 1972 resulted in a large increase in Soviet imports of US equipment and technology. Relaxation of US export controls has also contributed to the rise in imports, although controls continue to limit access to very specialized and sophisticated technology.

The major means of acquiring technology from abroad is the outright purchase of machinery and equipment. Other channels used by the

(No sources) Soviets have included the acquisition of technical data, contacts with Western firms and scientists, and formal arrangements for joint research and exchange of scientific and technical information. None of these has lived up to Soviet expectations, however. Western equipment frequently is not as productive under Soviet conditions, and attempts to exploit foreign technical data or to copy foreign machinery have had mixed success.

Because machinery imports—especially “turn-key” plants—are expensive, the Soviet leadership is trying to hold down the cost of acquiring foreign technology in this manner. The most prominent innovation is a push for cooperative economic ventures that provide for the export to the USSR of equipment and technology on long-term credits, which are repaid by deliveries of the goods produced by the venture.

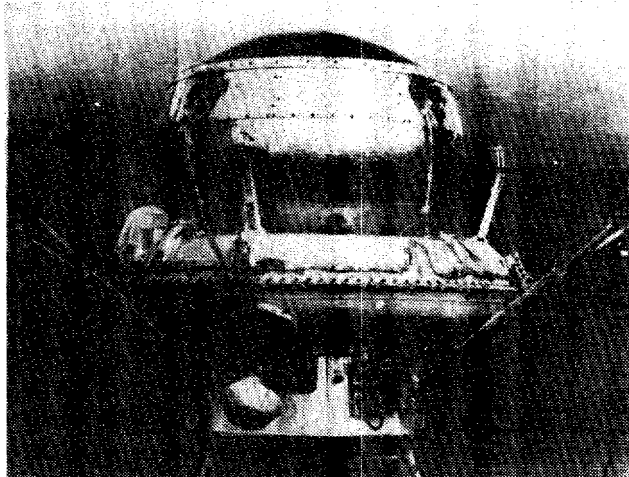
As an alternative means of acquiring technology, the USSR is also pressing strongly for increased cooperative research with private firms. More than 20 such agreements have already been concluded with US firms. Most hold out the promise of tangible technological gains for the USSR, while Western companies hope to enhance their sales prospects in the USSR.

There is little prospect that transferring technology from the US to the USSR will have a substantial influence on Soviet economic development. Although machinery imports and the acquisition of technical data from the West will continue, they are likely to be too small in scale to have a substantial impact on Soviet economic and technical development. The sum total of technology acquired from the industrial west will be more impressive, but the influence of such transfers depends above all on how rapidly they can be assimilated and duplicated. Ultimately, the USSR must depend on its own applied research and development sector to close the technological gap with the West and to boost its own economic growth.

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Mars 3 instrument capsule landed on Mars-December 1971

USSR

SPACE PROBES REACH RED PLANET

(15, 16, 17) Two of four Soviet space probes launched last summer have arrived in the vicinity of Mars. According to a Tass announcement, Mars 4 passed within about 1,200 nautical miles of the planet's surface on February 10 but failed to orbit Mars as planned due to a malfunction. Mars 5 went into orbit around the planet two days later.

The other space probes—Mars 6 and 7—are still en route to the planet. They should arrive in early March and are expected to release small instrument packages in an effort to obtain data and pictures from the planet's surface. The Soviets landed a capsule from Mars 3 on the planet in December 1971.

improved relations with Eastern Europe. In each instance, the Vatican's actions also appear intended to signal a more pragmatic approach to church-state relations in the communist-governed countries.

26 [With apparent approval from Moscow, the East European regimes with large Roman Catholic populations are responding in kind. The Soviets probably feel that in an era of detente, with East-West contacts increasing, it is well to neutralize a potential source of internal discord.]

25 [The 81-year-old Mindszenty, all but officially retired since his departure from the US Embassy in Budapest in late 1971, has continued to be a symbol of resistance to the Hungarian Communist regime.] Although his removal opens the way for improved church-state relations in Hungary, any real amelioration in the church's plight will come slowly. In conjunction with Mindszenty's dismissal, the Vatican was able to fill an archbishopric that has been vacant for two years and to appoint a temporary administrator for Esztergom, the archbishopric that includes Budapest. A permanent successor to both of Mindszenty's positions will probably not be selected until the Cardinal dies.

26 [The removal of Mindszenty on February 5 followed by one day Casaroli's arrival in Warsaw. The coincidence of the two events may have been intended to remind Poland's primate, the conservative Cardinal Wyszynski, that he also may eventually have to show more flexibility toward the state in order to permit formal Vatican-Polish ties.]

In the long run, Wyszynski may not be able to prevent an accord but, for the time being, Casaroli and his official hosts could only agree to discuss the specific issue of diplomatic relations in Rome at some future date. They did, however, compliment each other on their devotion to detente.

Eastern Europe - The Vatican
GESTURES TOWARD ACCOMMODATION

25 [The enforced retirement of Jozsef Cardinal Mindszenty as primate of Hungary and Archbishop of Esztergom, together with the visit of Vatican "foreign minister" Casaroli to Poland last week, demonstrate the Vatican's interest in

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ROMANIA: MIDDLE EAST TOUR

42 President Ceausescu's current swing through four Arab capitals marks a high point in his drive to justify Romania's neutralist Middle East policy and to head off Arab plans to boycott Romanian exports. Ceausescu will also use the tour to nurture the impression at home and abroad that Romanian diplomacy is facilitating the Arab-Israeli peace negotiations. Ceausescu's delegation spent February 12-13 in Tripoli, will be in Beirut until February 17, and will visit Damascus and Baghdad before returning to Bucharest on February 21.

39 The Romanian press buildup for the trip suggests that Ceausescu will offer limited political and economic concessions, but will not bow to Arab demands that Romania break diplomatic relations with Israel. The Syrian and Iraqi visits could prove especially trying as the Romanians will face Arab leaders who have been particularly vociferous advocates of a boycott of Romanian goods. A preliminary recommendation for economic sanctions against Romania already awaits action by the Arab League. The Romanian President's personal efforts to avert a boycott will probably feature attractive offers of Romanian oil-extraction equipment and technology as well as selective political support for Arab goals. In addition, Ceausescu will probably try to get more Arab oil to continue Romania's lucrative and growing exports of refined petroleum products.

42 The Romanians endured an Arab boycott after the 1967 Middle East war, though without serious privations, and appear determined to do so again rather than allow third parties to compromise their bilateral relations. Moreover, a refusal to break ties with Israel would probably help, as it did during the 1967 boycott, to expand Bucharest's profitable trade with Tel Aviv and West European capitals. Even if Ceausescu fails to head off economic sanctions, he hopes that his tour will still serve Romanian national interests. Bucharest was frustrated in its attempt to participate in the UN Emergency Force last November, and Ceausescu can be counted on to use his current trip to show that Romania cannot be

excluded from playing a role in the Middle East. Bucharest will also find ways to drive home this message in Moscow and Belgrade, which bitterly opposed its earlier UN initiative.

YUGOSLAVIA: EXTREMISM UNDER FIRE

46 Yugoslav party leaders are stepping up preparations for republic and federal party congresses this spring to include a drive against extremists. These efforts to achieve ideological "purification" have increasingly shifted away from attacks on liberals and nationalists, however, to focus on the threat posed by "neo-Stalinists."

43 The most striking example of this shift occurred during a meeting last week of the Croat party central committee, during which veteran party leader Vladimir Bakaric leveled a blast at what he called a "centralist faction." He charged that this faction is vigorously pressing for large-scale personnel changes, for a radical restructuring of the party along Soviet lines, and for the total domination of society by the party. He also charged that the group is undermining Yugoslavia's own form of socialism. Other Croat leaders have since joined the fray, labeling the faction "Stalinist" and warning that other republics face the same danger.

46 Other republic party organizations are echoing these warnings. In Serbia, where there have been strong pressures for further purges of liberals, party leaders are now cautioning against new witchhunts and against ideological fanaticism that can do more harm than good. Stane Dolanc, secretary of the party's powerful executive bureau, has also consistently pointed to the danger from "Stalinists."

47 This change of focus will cause confusion in the party, particularly among middle- and low-level functionaries who will find it difficult to shift their attention suddenly from liberal to conservative extremism. Generally, however, the party leaders' new tack may induce zealots of all

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stripes to lie low. As a result, intra-party factionalism may be muted, thus permitting the leadership to claim that all deviationist elements have been eliminated.

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BERLIN: BACK IN THE NEWS

5-1 [Berlin has re-emerged as a problem in recent weeks, confounding hopes that the 1971 Quadripartite Agreement would remove it as a source of East-West contention. The current controversy centers on West Germany's decision to open a federal environmental office in West Berlin, a move the Soviets strongly oppose.]

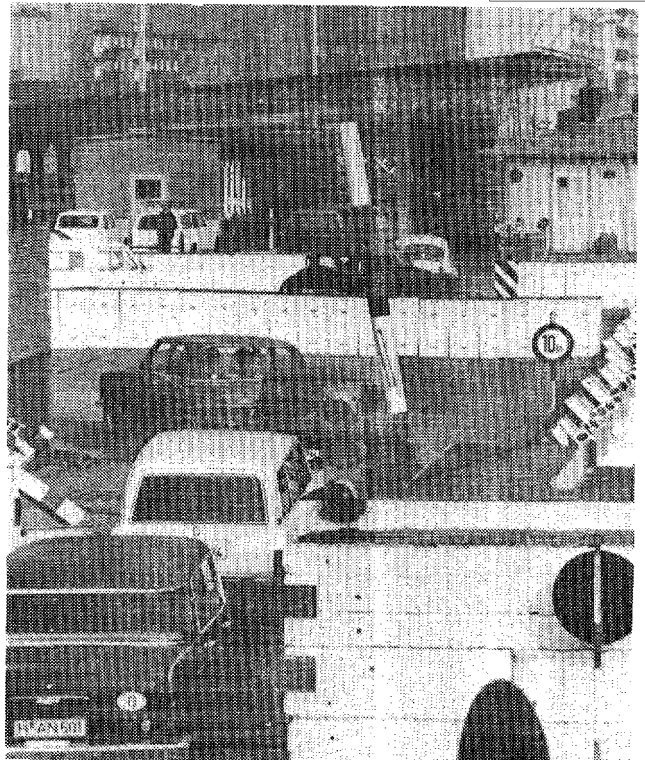
48 [Soviet Foreign Minister Gromyko took a hard line on the subject during his recent visit to Washington. In Berlin itself, French Ambassador Sauvagnargues came away from a meeting with Soviet Ambassador Yefremov on January 30 impressed by the latter's "firmness." Yefremov repeatedly stated that Moscow "will not accept an increase in the federal presence and there will be a corresponding reaction." Soviet radio broadcasts to West Germany have reiterated the threat.]

57 [The seeds of the dispute over the environmental office were planted at the time the Quadripartite Agreement was negotiated, because neither side changed its fundamental approach to Berlin matters. As a result, contradictory concepts—and ample room for contrary interpretations—were incorporated in the agreement. It was inevitable that a long process of testing and definition would take place. The Soviets have persistently fought for a narrow interpretation of West German - West Berlin ties while seeking to expand their own presence in the Western sectors. They apparently regard the environmental office as a qualitative jump in Bonn's efforts to tighten its links with West Berlin and, therefore, as a potentially dangerous precedent.]

5) [Despite their vociferous objections, the Soviets have so far taken no concrete action. In any event, their options are limited. They could insti-

gate some form of unilateral East German action to change the status of East Berlin, but this might weaken the Soviet rationale for a continuing four-power administration in the Western sectors. Traffic to West Berlin might be restricted—the East Germans did, in fact, impose special traffic controls on January 26, possibly as a demonstration of what could happen. The East Germans were careful, however, to explain that the measures were taken in connection with a "search for wanted criminals." Selective action against environmental office staffers, threatened earlier, also remains a possibility.]

51 [This kind of interference, however, if carried too far, could upset Soviet - West German relations at a time when Moscow is interested in obtaining economic assistance from Bonn. Moscow may also be hesitant to take strong countermeasures for fear of souring the atmosphere for Brandt's projected trip to the USSR, which will probably take place this spring.]



Limits on traffic

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Communist candidates for cabinet positions in the new government, but a constitutional hassle over the coalition's investiture appears to be brewing.

64 } Phoun, who returned to Vientiane on February 9 following three weeks of "consultations" at the Lao Communist headquarters in Sam Neua, has reportedly only presented Souvanna with a new letter from his half-brother, Pathet Lao leader Prince Souphanouvong. Souvanna has intimated to a US Embassy official that the "letter" deals with the procedures required to invest the new government.

64 } The Communists, according to Souvanna, remain strongly opposed to submitting the members of the new coalition to the existing National Assembly for approval. They apparently also object to his scheme of merely "notifying" the assembly of the new government's composition. The Lao Communists do not recognize the authority or legitimacy of the National Assembly. They would prefer to bypass it completely and submit the new government directly to the King for approval. The King, however, is a strict constitutionalist and has consistently maintained that assembly ratification must precede royal investiture.

65 } Souvanna himself is reluctant to face the assembly on this matter because it is dominated by his rightist political opponents. They have expressed frequent misgivings over his handling of negotiations with the Communists, and they will almost certainly insist on having some say in the new government's formation.

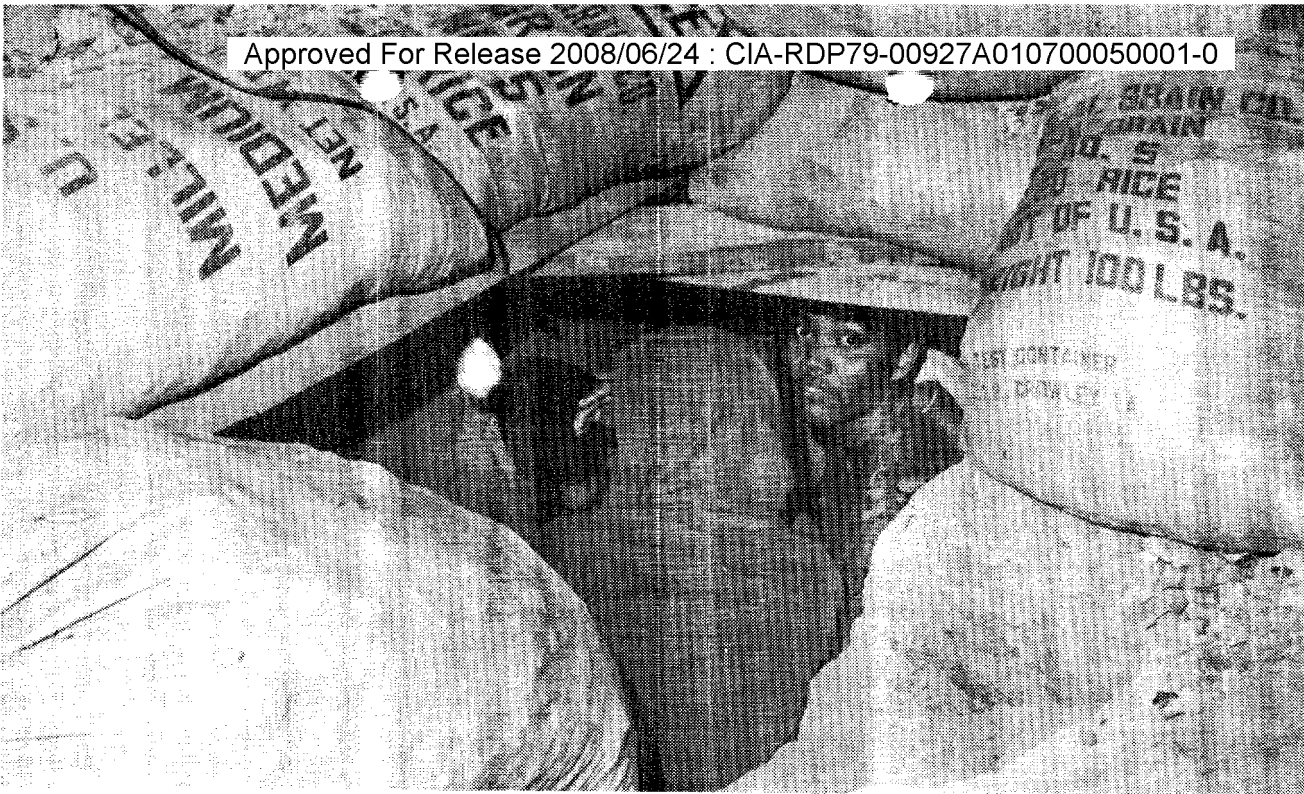
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LAOS: OBSTACLES TO A COALITION

63 } Prime Minister Souvanna still hopes to form, or at least name, a new coalition government by February 21, the first anniversary of the Laos peace agreement, but his self-imposed deadline may not be met. Although neutralization of the twin capitals of Vientiane and Luang Prabang is progressing smoothly and restive students have for the most part returned to classes, difficult political problems remain.

64 } Not only has the chief Pathet Lao political negotiator, Phoun Sipraseuth, failed to give Souvanna a promised list of Lao

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Safe at home

CAMBODIA: SHELL SHOCKED

66 [After ten days of relative calm, Khmer Communist artillery hit Phnom Penh hard early this week, killing 139, wounding many others, and causing fires that left thousands without shelter. The shellings again came from captured 105-mm. howitzers positioned south of the city, where the front lines at one point are still within four miles of the outskirts. The Communists have kept artillery in this area even though Cambodian Army units have restored part of the government defense line south of the Prek Thnaot River.]

Reviving the Draft

67 [In an effort to offset its heavy battlefield casualties, the government is attempting to breathe new life into its four-month-old campaign to recruit and conscript 25,000 new troops for the army's general reserve. National police in Phnom Penh have begun a census aimed at enlarging the rolls of draft-eligible males, and have also started trying to pick up draft-dodgers and deserters. Dislocations caused by the shellings are hampering the police, who are unenthusiastic about their unpopular new duties anyway.]

66 [Elsewhere along the southern defense line, Communist resistance has continued to blunt government initiatives. In one area along the Prek Thnaot, government units found the bodies of several Communist troops chained to trees, presumably to prevent withdrawal.]

66 [Southeast of the capital, government troops have broken through stiff opposition and moved into the low-lying area along the Bassac River opposite the southern suburb of Takhmau. The insurgents have taken heavy losses both in this fighting and in the steady but inconclusive combat along Phnom Penh's northwestern defenses.]

67 [Although the new measures may provide additional troops in Phnom Penh, the government must obtain more recruits in the provinces if manpower reserves are to reach the desired level. Thus far, only some 5,000 of the 18,000 new troops obtained since last October have come from provincial centers, where there are still large numbers of draft-eligible males. Provincial officials, however, have made it clear to Phnom Penh that they want to retain local recruits for military service in the provincial areas.]

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PHILIPPINES: MUSLIM BACKLASH

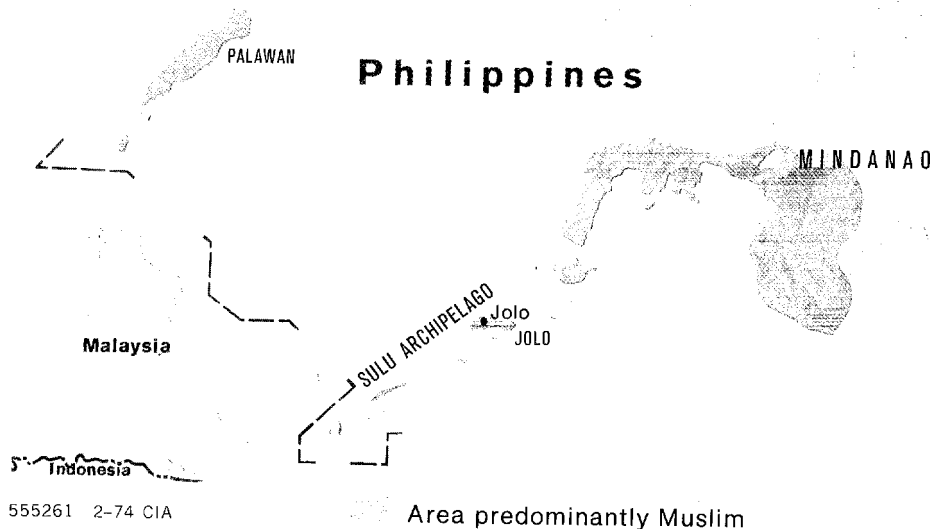
69 Armed conflict between hard core Muslim dissidents and government forces in the southern Philippines increased last week when the Philippine Armed Forces launched a campaign against Muslim strongholds on Jolo Island. This military action may set back government efforts to reduce the level of Muslim dissidence in the area generally. The armed forces offensive on February 4 triggered a Muslim counterattack against the island's capital, Jolo City. The aggressiveness of the Muslims and the ineffectiveness of the Philippine Armed Forces allowed the insurgents to overrun the airport and much of the city before being turned back. Large areas of Jolo were reduced to ruin and thousands of residents fled to neighboring islands. 7

70 President Marcos authorized the military action in late January after deciding that efforts to open negotiations with radical Muslim leaders 71

based in the Sulu Archipelago had little chance for success. Some less radical groups accepted promises of amnesty, but the hard liners would not consider government offers. 7

71 The situation on Jolo points up President Marcos' continuing dilemma in coping with the Muslim insurgency. Neither negotiations nor military force has produced satisfactory results. Some Muslims—generally those under the influence of traditional political leaders—have responded to offers of accommodation with the central government. Others—those controlled by young radicals—reject negotiations because they believe a peaceful settlement would only strengthen traditional leaders whom they want to supplant. 7

71 In deciding to launch a major offensive against the Jolo rebels, the government was taking



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a real risk. Similar moves in the past have occasioned widespread Muslim counterattacks, often by reputedly moderate leaders who seize the chance to strike while government attention is focused elsewhere. Any major military operation raises doubts in Muslim minds about the government's desire for a peaceful solution. Many Muslims believe that every Christian regime in Manila plans only one solution to the Muslim "problem"—dissolution of Islamic society and total assimilation on Christian terms.]

77] Military campaigns against the Muslims also risk international complications for Marcos. Last summer, a world Muslim forum publicly criticized Philippine treatment of the Muslims. Marcos does not want the issue to come up again at the Islamic Summit Conference convening in Lahore next week. In addition to the diplomatic ramifications of international Muslim censure, Marcos fears that the Arab states might cut Filipino oil supplies. [redacted]

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AUSTRALIA: WHITLAM SCORES

77] Prime Minister Whitlam rather successfully sold his Labor government's policy—to play a "constructive" role in the region—to the leaders



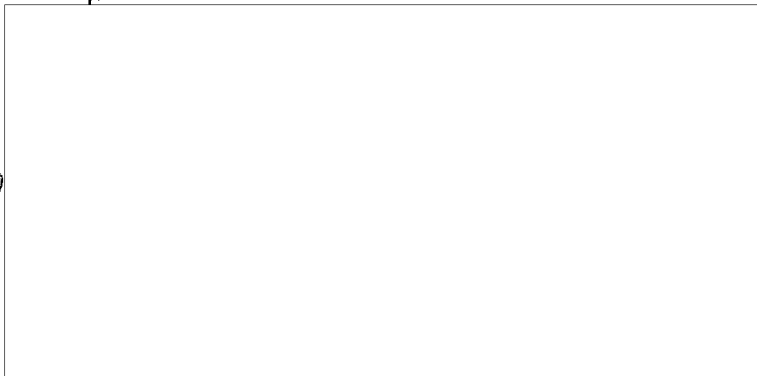
Whitlam

of six Southeast Asian nations he visited for 17 days ending February 13. Having scrapped Australia's 77] "whites only" immigration policy, Whitlam already had won 75] some favor with most of his hosts. Meeting them as equals strengthened his credibility 7

77] Whitlam's restraint in promoting 77] his concept of a wide

East Asian political forum went over well with his hosts. The members of the Association of Southeast Asian Nations—Malaysia, Indonesia, Singapore, Thailand, and the Philippines—had bridled at earlier hard-sell tactics and were assuaged by his assurances that he did not mean to belittle their organization. He agreed that they themselves must decide when a larger grouping was desirable. 7

77] Whitlam's open-ended commitment to the defense of Malaysia and Singapore did much to allay their doubts. He assured them that Australia remained ready to react promptly to any threat, despite having withdrawn its ground contingent from Singapore. He promised to keep the Australian air wing in Malaysia for the foreseeable future. 7



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76] Whitlam's efforts to make a good impression paid off. The Malaysians said he "never stood taller" in their estimation. His predisposition in favor of the new Thai leadership made for easy rapport in Bangkok. In Laos, Whitlam emphasized Australia's impartiality by meeting with both government and Communist officials. And in Rangoon, the normally reclusive Ne Win accorded him time and attention almost unprecedented for a foreign visitor. Whitlam hit it off well with the Philippines' Marcos too, despite the Australian 74] aversion to Marcos' authoritarianism. Even Singapore's Lee Kuan Yew, who had previously clashed 77] publicly with Whitlam, made an unusual admission that his earlier judgment had been too negative. [redacted]

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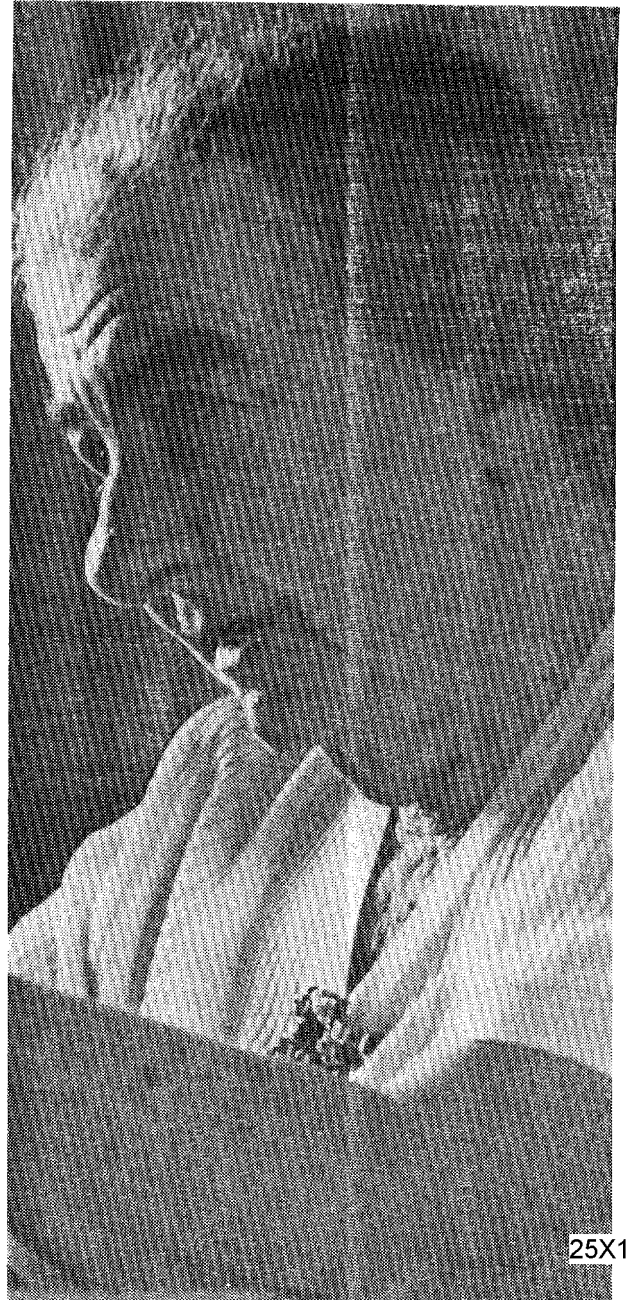
ISRAEL: A NARROW COALITION

79 Prime Minister Meir's Labor Alignment is threatening to form a narrow coalition government without the National Religious Party, its major partner in the old government. Leaders of the two groups have been unable to come to an agreement, and the National Religious Party has apparently withdrawn at least temporarily from coalition talks.

78 Foreign Minister Eban told the US ambassador on February 12 that unless the religious party abandoned for now its demands for restrictive legislation on conversion to Judaism, the Alignment would form a coalition with only the Independent Liberal Party and the new Civil Rights Party. Eban said two cabinet seats would be held open for the National Religious Party in the expectation that it would eventually join the government.

78, 79 A coalition without the National Religious Party would give the new government only a one-vote margin in the Knesset, which Eban admitted would be "uncomfortable." He claimed, however, that the Alignment has secured the tacit agreement of another religious grouping, with five seats, to support the government on national security issues and votes would give support on peace issues.

79 The Alignment may not carry through on its threat to go ahead without the National Religious Party. Mrs. Meir probably still thinks that she needs the party's ten Knesset votes if she is to govern effectively, and she may well make another effort to reach an agreement. Should that effort fail, she might call for new elections in the hope of restoring Labor's strength.



Mrs. Meir

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JORDAN: HUSAYN RESTORES ORDER

83 The mutiny in the Jordanian Army quickly subsided last week after King Husayn intervened personally to ease the soldiers' economic plight. The King may have new army problems on his hands before long, however, if he does not alleviate the root causes of the military unrest.

83 Husayn refused the dissidents' demands for the dismissal of Prime Minister Rifai and army chief of staff Bin Shakir, but prudently acceded to calls for an army pay increase. In addition, the King cut the prices of sugar and rice and temporarily banned the export of fruits and food staples to ease commodity shortages. Inflation has become rampant in Jordan, with prices soaring an average of 18.5 percent over the past year. Food costs alone have gone up by 25 percent since early December.



Bedouin support
Will it last

84 Before the disorders, the King had largely ignored the resentment that had been building for months within his Bedouin army over corruption in the government and the armed forces and over royal favoritism—real and imagined—toward Jordan's large Palestinian population and such privileged groups as the officer corps. Because of their high style of living, alleged graft-taking, and inattention to economic conditions in the army, Rifai and Bin Shakir had become the focus of much of this hostility.

84 Bedouin tribal chiefs—the ultimate source of royal legitimacy—are now blaming the King for Jordan's domestic malaise. Many of them have never been reconciled to Husayn's marriage to a Palestinian, and they have complained with increasing bitterness about being ignored in favor of the Palestinians as Husayn concentrates on the future of the Israeli-occupied West Bank. The sheikhs would like nothing better than to see the King dismiss Rifai and Bin Shakir and drop his claims to the West Bank. Some, fearing that Bedouin soldiers will be punished for airing their grievances, have threatened to back the troops if they rebel again.

85 To try to keep the army pacified, Husayn reportedly intends to step up his visits to army units, to wipe out the debts of enlisted men as well as officers, and to establish a special royal secretariat to handle army complaints. At the same time,

83 however, Husayn appears convinced—despite the lack of evidence—that the disorders were the work of disloyal conspirators, and he seems determined to punish those responsible. If he deals harshly with the enlisted ringleaders of the mutiny, his relations with the army and tribal chiefs could seriously deteriorate again.

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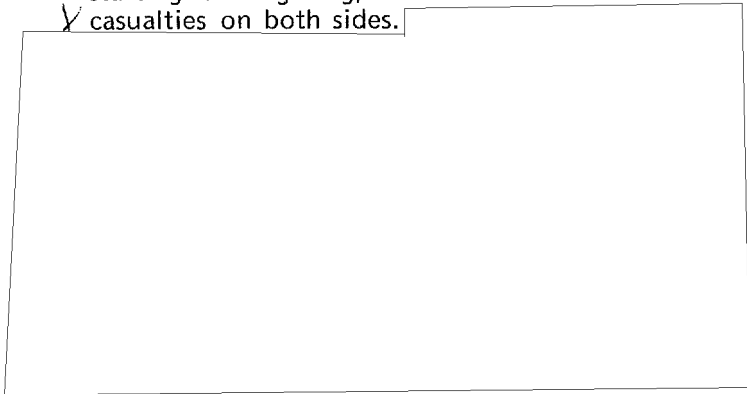
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IRAN-IRAQ: UNNEIGHBORLY NEIGHBORS

90 [Relations between Iran and Iraq appear to have reverted to their former level of antagonism. The fierce border fighting that broke out last weekend was the most serious clash since the two neighbors agreed to relax tensions and to re-establish relations last October. Iraq's call for the UN Security Council to take up the issue is likely to damage further the limited diplomatic progress Tehran and Baghdad had made.]

90 [Minor border clashes have occurred periodically for years along the frontier, parts of which are poorly demarcated or are claimed by both countries. At the outbreak of the Middle East war last October, Baghdad and Tehran agreed to avoid border frictions so that Iraqi troops could concentrate on aiding Syria. Both governments also agreed to resume diplomatic ties after a two-year hiatus.]

87 [Each country has accused the other of starting the fighting, which claimed substantial casualties on both sides.]

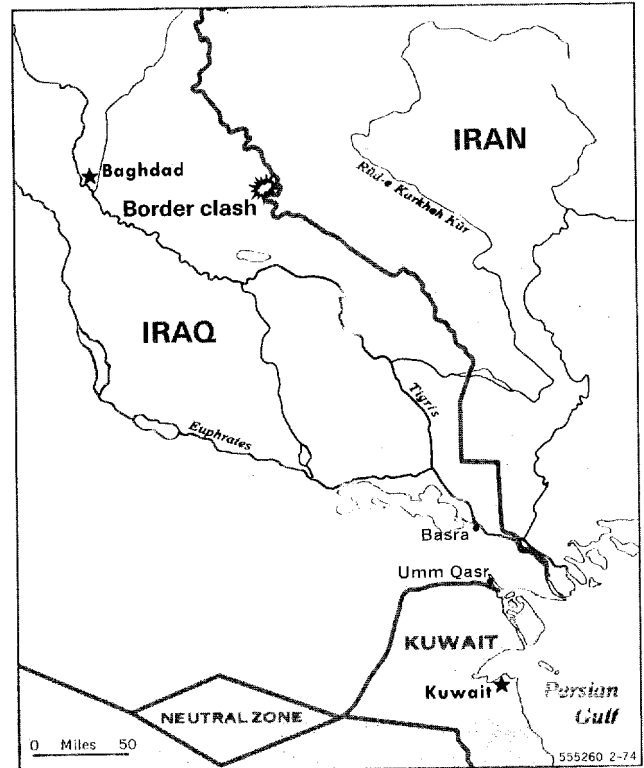


90 [After the cease-fire with Israel, however, the situation between Tehran and Baghdad deteriorated, further frustrating efforts to bring about normal relations. Now the Shah will probably show his displeasure by refusing to accept 25X1 credentials of the newly arrived Iraqi ambassador. The Iranian ambassador has not even left for Baghdad.]

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THE FIERCE FIGHTING LAST WEEK WAS THE MOST SERIOUS IN THE LONG HISTORY OF PERIODIC BORDER CLASHES.

88
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90 [The Shah's instructions to his troops to hold the territory they had gained may have prompted Iraq to call for the Security Council meeting as an alternative to another attempt to retake the area by force. As a non-permanent member of the 15-nation council, Iraq will be granted its request automatically unless Baghdad and Tehran agree to some alternate approach, such as mediation by an impartial observer or bilateral negotiations.]



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ARAB FUNDS SHIFT

(NO SOURCE)
 Saudi Arabia is continuing to reduce its investments in the US at the same time as those of Kuwait are being increased.

Since the October Arab-Israeli war, the Saudis have withdrawn about \$1 billion from US banks for re-deposit in the UK, France, and Switzerland—countries the Saudis feel are less likely to freeze foreign assets. In addition, some medium- and long-term assets, which had been held in the US but recently matured, have not been renewed, but have been shifted to Europe instead. Riyadh is also negotiating the withdrawal of about 80 tons of gold that it has on deposit with the Federal Reserve Bank in New York. According to Deputy Oil Minister Prince Saud, a son of King Faysal, the Saudis are extremely apprehensive about statements by private interests in the US calling on Washington to encourage Arab investment here so there would be substantial assets available for nationalization if the Arabs again use oil as a political weapon.

Kuwait, on the other hand, appears to be significantly increasing its investments in the US. Since the October war, three additional US banks have begun assisting the Kuwaitis with their foreign investments, including:

- Negotiation for, or purchase of, substantial real estate, including an island off South Carolina that is to be developed as a recreational facility at a total cost of about \$100 million;
- Offering, with Lebanese interests, up to \$250 million for the purchase of real estate through a Louisville, Kentucky, firm;
- Purchase of "large amounts" of US common stocks and bonds;
- Negotiation of loans totaling over \$200 million to US firms.

Kuwait has long been among the most sophisticated Arab investors. Despite political differences with the US, the Kuwaitis are seeking to take advantage of the dollar's favorable long-term pros-

pects as well as the growth potential and financial security of the US capital market.

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CYPRUS: AFTER GRIVAS

94 [The enosis movement, which aims at the union of Cyprus with Greece, is in disarray following the death last month of its principal champion, General George Grivas. A leadership struggle and a split over strategy and tactics are reportedly taking place within both the military and political arms of the movement.]

91 [One group of Grivas' followers believes that the guerrilla force he assembled should be disbanded and enosis pursued only through political means. Others insist that the terrorist campaign against President Makarios' government should resume. The majority apparently would prefer to emphasize political action and confine paramilitary activity to occasional support of political initiatives.]

91 [Retired Greek Army Major Georgios Karoussos, chief of operations under Grivas, reportedly has been chosen to lead the guerrilla force, but some militants are continuing to press for a Greek Cypriot. The general amnesty announced by Makarios in late January and the ensuing release from detention of all suspected terrorists—including Stavros Stavrou, Grivas' one time second-in-command—are sure to prolong the leadership crisis.]

92 [The movement's future depends partly on the attitude of its supporters on the Greek mainland. Hostile to Makarios and emotionally tied to enosis, these supporters now appear undecided as to how they should try to steer the movement.]

93 [Right-of-center political forces in Cyprus, meanwhile, have begun vying to fill the vacuum left by Grivas' departure. At this time, Glafkos Clerides and his United Party appear to be taking the lead, moving toward the right, espousing a more nationalist posture, and exhorting Greek Cypriots to work with Athens in order to preserve "Cyprus' Hellenism."]

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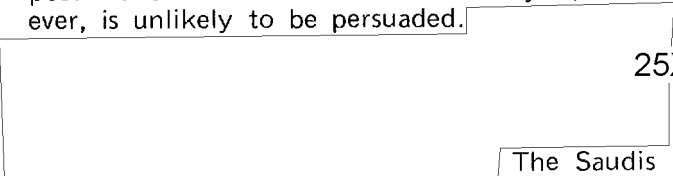
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NORTH YEMEN: OUT WITH THE OLD

95 President Iryani's ouster of pro-Saudi Prime Minister Hajri on February 10 is likely to lead to a period of intense political maneuvering in Sana and possibly a harsh reaction from Riyadh. At the same time, Iryani must deal with a new wave of terrorism launched last month by militants from Marxist-oriented South Yemen.

government in Sana headed by al-Ayni would pose no threat to Saudi interests. Faysal, however, is unlikely to be persuaded.



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95 Deputy Prime Minister Makki will head a caretaker government while Iryani makes yet another attempt to overcome the objections of Saudi Arabia, North Yemen's major financial benefactor, to the return of former prime minister al-Ayni. Iryani, however, probably will be forced to settle on a less controversial figure.

The Saudis fear that al-Ayni's return to power would undermine North Yemen's status as a moderate buffer between Saudi Arabia and Marxist-oriented South Yemen.

95 During his official visit to Riyadh next week, Iryani will try to convince King Faysal that a

96 Faysal is no doubt unhappy about the dismissal, even though Hajri remains a member of the three-man ruling Republican Council. The Saudis, however, will probably take some time appraising the new political scene in Sana, before making any response.



Makki

96 For his part, Iryani probably acted to assert a measure of independence from the Saudis as well as to placate ministers who resented Hajri's "medieval" style of governing. Perhaps more important, Iryani wanted to remove an obstacle to reducing tensions with the South Yemenis, who regard Hajri as a reactionary Saudi agent and an obstacle to the extension of their influence into North Yemen.

96 The new outbreak of terrorism in areas bordering South Yemen may possibly have been designed to stampede Iryani into installing a less conservative government. It is equally plausible, however, that this latest flareup, after several months of relative calm, is the work of South Yemeni extremists who want to sabotage the efforts of Iryani and South Yemen's President Ali to arrange a detente between the two Yemens. In any case, it is doubtful that the recent rash of Adeni-directed terrorist incidents was an important consideration in Iryani's decision, as he had been contemplating the dismissal for some time.



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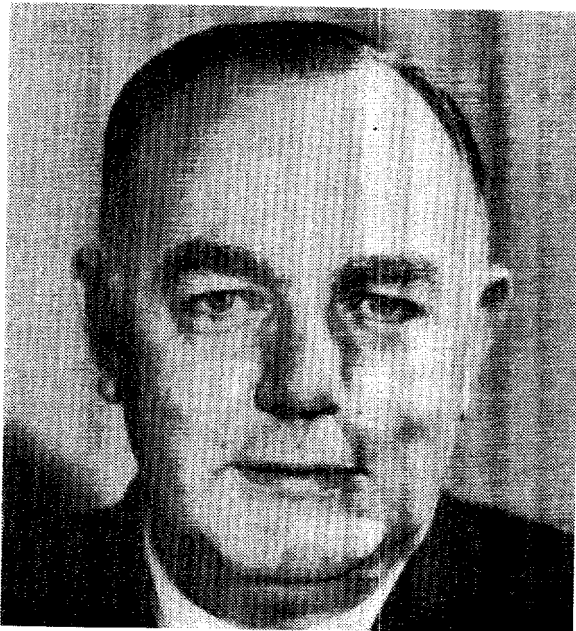
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SOUTH AFRICA: SEEKING A NEW MANDATE

97 Prime Minister Vorster's call for a general election on April 24, a full year before required, enables the ruling National Party to exploit fully the current disarray in the opposition United Party. Vorster, whose party has been in power since 1948 and currently holds 118 of the 166 seats in the National Assembly, wants a fresh mandate from the all-white electorate to strengthen his hand in dealing with basic economic and social problems.]

98 Vorster can claim credit for a full year of solid economic growth. He will doubtless assert that the Arab oil embargo vindicates his party's long-time policy of striving for self-sufficiency in strategic materials. Indeed, the government's success in implementing this policy has averted serious economic disruption, at least for a few months.]

98 The Prime Minister is well aware, however, that secondary effects of the international oil crisis will soon intensify chronic inflationary pressures that are contributing to social unrest. The rising cost of living, for example, was a root cause



Vorster

of the many illegal strikes among black industrial workers in the Durban area last year. Although Pretoria urged employers to raise wages, Vorster is still rebuffing recommendations from prominent industrialists that black unions be legally recognized, a move that might help deter spontaneous strikes.]

100 Labor codes that reserve skilled industrial jobs for whites are basic impediments to economic growth. Last year, Pretoria initiated technical training programs to upgrade some hundreds of black workers. Vorster, however, has not yet publicly recognized the eventual necessity of drastically revising the job-reservation laws.]

100 The Prime Minister's commitment to a program of transforming at least some of the tribal homelands into independent Bantustans within the present decade will be an election issue. A plan for partial consolidation of scattered lands belonging to six Bantustans was pushed through Parliament last June, despite bitter opposition from white farmers who face resettlement. The plan will still leave the Bantustans with only 13 percent of South Africa's territory; Bantustan leaders say they will refuse independence with such a meager economic base.]

99 Vorster recently received a political windfall from a spokesman for the liberals in the United Party who joined with Bantustan leader Buthelezi in a call for a gradual transformation of the white-ruled republic into a loose, multi-racial federation. Vorster can now confidently ask white voters to choose between his Bantustan program and the opposition's federation scheme.]

97 An election campaign stressing the National Party's steadfast support of white supremacy could deepen the ideological rifts in the United Party and induce many of its English-speaking constituents to vote Nationalist. A big victory for the National Party, however, would not long allay the already discernible strains between a government that must somehow cope with changing conditions and the bulk of the party's Afrikaner members, who oppose any breach in the traditional white ramparts. []

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INDIA: VIOLENCE AND VOTES

(10)
When the Ruling Congress Party government in the western Indian state of Gujarat fell last week, it was a further indication of growing public dissatisfaction with Prime Minister Gandhi's party. In January, the party lost several by-elections in neighboring Maharashtra State that it had been expected to win, and it faces major tests this month in several state assembly elections. Criticism of the government's economic policies—especially its failure to make food available at reasonable prices—has been mounting throughout the country.

The government in Gujarat fell when the chief minister resigned on the advice of New Delhi, after a month of rioting and growing accusations that his mismanagement was responsible for food shortages and high prices. Rule from New Delhi has been imposed, but Mrs. Gandhi has not yet decided on the next step. A new Ruling Congress government under a different chief minister might well face continued civil disorder; new elections could result in a defeat for the party. She may decide that the best course is to wait for Gujarat to calm down before doing anything; that, however, will depend on the central government's ability to deal with the food shortage.

The most important of the elections later this month will be in Uttar Pradesh, India's most populous state with 90 million people. There, the Ruling Congress faces a challenge from several sides, with all parties attempting to win the votes of two large dissatisfied minorities—Muslims and untouchables.

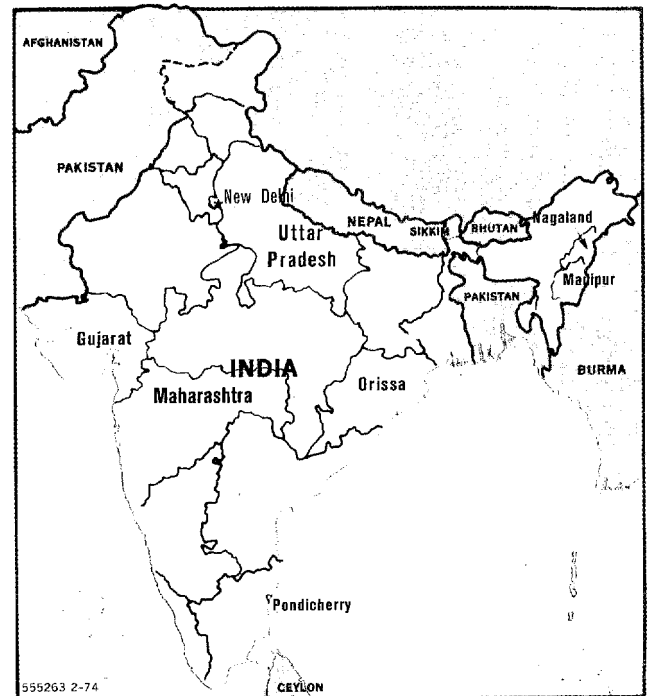
In the last Uttar Pradesh state election—1969—when Congress was also in trouble, it just missed winning a majority of the seats, and a series of unstable governments followed. Even if Mrs. Gandhi's party does better this year, the returns are still likely to mark an ebbing of the "Indira Wave" that swept Congress to electoral victory throughout most of India in 1971 and 1972. A setback in Uttar Pradesh would strike another blow at Mrs. Gandhi's prestige. Moreover,

without a solid Congress majority, political instability is bound to continue in the state.

The only other important contest is in Orissa in eastern India. Chronic political instability there led to a special election in 1971, but the results were inconclusive and two more governments have since fallen. Another indecisive result, generally expected, will not reflect adversely on Mrs. Gandhi; a solid victory would, of course, be a boost for her.

The other three contests are of little significance. In remote Nagaland, none of the major national parties is contesting. In equally remote Manipur, Congress faces a hard fight in a three-way race, but control of Manipur counts for little nationally. In the small union territory of Pondicherry, interest is focused on what the results will mean for two factions of a south Indian regional party rather than for the Ruling Congress.

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AMERICAN FOREIGN MINISTERS TO MEET

A majority of the Latin American and Caribbean countries will be joined against the US on a number of important issues during the foreign ministers conference in Mexico City from February 21 through 23. A brooding mood of economic nationalism has spread as a unifying force that has brought the region into a greater harmony than ever before. The Latin Americans have been drawn together by the urge to dispute US influence and to find new, more equitable relationships. Yet they disagree profoundly over the details and priorities of the issues and on the manner in which they should be presented to the US...or to Secretary Kissinger.

Most of the eight items entered on the agenda reflect the Latin Americans' desire for concessions from the US that will enhance their own views of their sovereignty. A majority wants the US to eschew the use of "coercive" economic sanctions and to endorse "codes of conduct" that would regulate the activities of multinational companies and the terms of US development assistance. They want preferential trade arrangements as well as guarantees against unstable markets, monetary fluctuations, and energy shortages. They seek greater access to US technology and markets, and reforms in the inter-American system that would reduce US influence. Some are aware, however, that many of these objectives would necessitate even more elaborate ties with the US.

The Latins have been rapidly moving toward this ambivalent but assertive posture since the late 1960s. Their perception of recent US policy as one of benevolent neglect and the cumulative leftward pull by Castro, Allende, and various populist leaders have fueled the rising nationalism. The new Latin consciousness finds expression in the popular slogan of "ideological pluralism," which reflects the desire of a majority of governments to become independent of the US and more a part of the new world of the 1970s.

Although they have displayed an unprecedented degree of unity on sovereignty-related

NO SOURCES

issues, the Latin American governments face a formidable array of problems that will reduce their leverage. There is no evidence that they have worked out joint positions on the specifics of what they want from the US or what they would be willing to concede in return. Some, especially the Peruvians, believe that they already have conceded too much, but these countries will be outnumbered by others—Brazil, Chile, Bolivia, Uruguay, and most of Central America—that want to formulate reciprocal guarantees for foreign investors.

Virtually all of the Latin delegations expect the US to assume an energetic stance at center stage. From the outset, they will be looking for signs of US flexibility while awaiting the dramatic announcements that some believe are inevitable. Most of them probably would welcome US proposals for revitalizing the inter-American system as long as they are given a larger role. They would be enthusiastic if the US moved decisively to reaffirm a preferred status for Latin America in its foreign policy, and would consider a tour of the region by the Secretary as confirmation of renewed US interest. US concessions to Panama already have created a positive balance to charges of US interventionism, and further announcements of progress in the canal talks probably would create some pro-US momentum.

Cuba is not included on the agenda, but its exclusion from the inter-American system is likely to intrude on the proceedings. Many Latin American leaders suspect that the US will announce a major shift in its Cuba policy at the conference, and rumors to this effect are multiplying. A majority oppose the continuation of mandatory sanctions against Castro and would endorse any unilateral moves by the US that would give them freedom of action to deal with Havana. Some, particularly Brazil and Chile, are opposed to easing the sanctions, but most leaders are convinced that Castro has abandoned the use of violent methods in his foreign policy, and they are not concerned about his ties to the USSR.

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ARGENTINA: PERON AND YOUTH

102 } Leftist youth leaders continue to be alienated and disturbed by President Peron's criticism of their "revolutionary tendency," but so far they seem to realize that an open break with the Justicialist movement could cost them their political voice and leave them vulnerable to violent repression. Although several of the leftist youth leaders recently refused to meet with Peron, they subsequently held a press conference to explain that they stayed away only because they objected to some of the other participants.

103 } Organized youth have long been a significant factor in Argentine politics and played an important role in Peron's return to power. They are well represented in the lower chamber of congress, where they occupy at least 10 percent of the Peronist seats.

102 } Preoccupied with problems of extremist violence, Peron has told the Marxist-oriented youth—whom he previously courted—to leave his movement. A recent congress of Peronists, how-

ever, did no more than issue a statement condemning terrorism and demanding party discipline. Despite these warnings, the youth have indicated that they have no intention of leaving the movement or of muting their criticism of the government. Last week, the editor of the semi-official magazine of the youth sector responded to a recent presidential attack on "foreign ideologies and doctrines" by claiming that the "revolutionary tendency" was an expression of the people's right to dissent.

103 } There are certainly those in the left wing who are attempting to use Peron. For example, the leaders of the Peronist guerrilla organization, the Montoneros, have not shown any true loyalty to the President. In all their public statements, they profess allegiance to him and save their criticism for his closest advisers or other government officials. It is likely, however, that they actually view the Justicialist movement as merely a way to gain popular support and that they hope to gain power when Peron dies.



Peron

102 } Meanwhile, Peron, despite his impassioned rhetoric, wants to retain some influence with the youth. He continues to allow leftists to exercise authority within the University of Buenos Aires. He has not backed up an order of his education minister firing two leftist professors, who remain at their posts two months after they were officially dismissed. A university reform bill, which is being prepared, is also said to favor the left by allowing courses in political indoctrination, permitting student representation on the university council, and empowering the rector to appoint faculty deans—previously a responsibility of the President.

102 } This attitude of tolerance, however, has provoked mounting criticism, both from the rightist opposition and from conservatives among Peron's own supporters. This, plus continuing terrorist violence—including the alleged assassination plot against Presidents Peron and Bordaberry—could force Peron into taking a harder line that would drive the more militant youth into further conflict with the government.

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COLOMBIA: ELECTION AND BEYOND

104 [Colombians are squaring off for the first presidential election since the termination of the artificial National Front coalition arrangement between the powerful Liberal and Conservative parties that kept the political peace since 1958. The country's only other major party, the National Popular Alliance of former dictator Gustavo Rojas Pinilla, is gradually fragmenting, but it hopes that its candidate, Rojas' daughter Maria Eugenia, will poll well enough to permit meaningful bargaining for a cabinet post or two.]



Lopez

104 [Liberal candidate Alfonso Lopez Michelsen will probably win. His election would be assured by a larger margin if former Liberal president Carlos Lleras Restrepo were not remaining aloof from the campaign. The Liberals also suffer from a persistent internal division that surfaced at the party congress and nominating convention last year. Nevertheless, Lopez is a popular and effective campaigner. He has been particularly effective in attacking government economic policies and administrative corruption. Justifiably confident, Lopez has already begun to discuss cabinet appointments.]

104 [Alvaro Gomez Hurtado, the Conservative candidate, is running hard, grandly promising prosperity and increased productivity, and capitalizing on every Liberal weakness that presents itself. Thus far, however, he has refrained from an outright personal assault on Lopez. Gomez is counting on the voter turnout in the predominantly Liberal cities being normally low, and on the more extreme Liberals casting their votes for the National Popular Alliance.]

106 [The Alliance appears to be well beyond its political prime, however. It served dissenting orthodox politicians as a useful alternative during the National Front period, but the resumption of all-out politics has encouraged former Conservatives and Liberals to leave the Alliance and return to their original parties.]

108 [Colombians have long political memories and strong party loyalties. In the first legislative election during the phase-out of the National Front, held in 1972, the Liberals won 46 percent, the Conservatives 31 percent, and the National Popular Alliance 19 percent. The Alliance's percentage will be markedly lower this year, but the proportion between the Liberal and Conservative votes can be expected to remain about the same. With a Liberal victory generally conceded, the principal unknown becomes the extent of the Conservatives' reaction—both to the election loss and to the end of the Front. Colombians remember vividly the widespread violence that characterized politics during the 1940s and 1950s. Relative tranquillity was restored only by the contrivance of the National Front, and its termination now may give rise to considerable apprehension about the future.]

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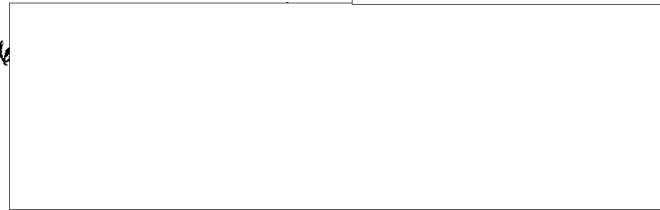
CHILE: OUT IN THE OPEN

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117 [Relations between the Christian Democratic Party and the government have plummeted to a new low because of the leak of a strongly worded letter written by party leaders to the junta.]

117 [The Christian Democratic leadership already seems resigned to up to five years of military rule, however, and there may still be room for compromise between the party and the government. The party feels that an outright break with the military would rebound against the Christian Democrats' long-term interests. The leaked letter was frank, but it was also respectful in tone, and it reiterated the party's wish to cooperate constructively with the junta.]

112 [The New York Times last week published excerpts from the letter, which was sent to junta President Pinochet on January 18. In it, the Christian Democrats criticized the junta for deeds that amount to a "denial of justice and grave violation of human rights." Specifically mentioned are "the use of moral or physical pressures to obtain confessions" from accused persons. The letter also takes sharp issue with the government's economic policies and denounces an alleged "malicious campaign" against the Christian Democrats.]



110 [Pinochet apparently was annoyed over the leak. In commenting on the letter's substance, however, he claimed that the party was trying to take credit for plans and actions already undertaken by the junta. Prior to receipt of the letter, in fact, he had issued an order prohibiting the use of torture in prisoner interrogations. Pinochet also is reported to be considering changes in the economic recovery program that would ease hardships on the poor.]

117 [The Christian Democrats and the junta are now barely on speaking terms but the leak could lead to a more open dialogue, helping reduce suspicion and animosity and improving the climate for cooperation.]

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115 [There is a strong current of opinion within the military that the Christian Democrats, despite their opposition to the Allende government, are latent opponents rather than potential allies. The party's great interest in a return to civilian rule has helped feed the military's suspicion that the Christian Democrats are in league with the outlawed Marxists.]



National Congress building

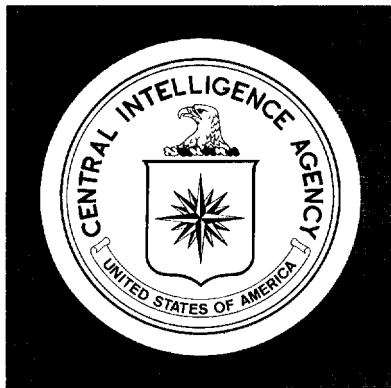
111 [Leading government spokesmen, including Pinochet himself, have recently made a point of emphasizing the military's determination to remain in power as long as is necessary to "reconstruct" the nation. In his most explicit statement yet, Pinochet last week told a group of miners that they had to "get it out of their heads that there will be elections in four or five more years."] 117

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Weekly Summary Special Report

Afghanistan: President Daoud's First Six Months

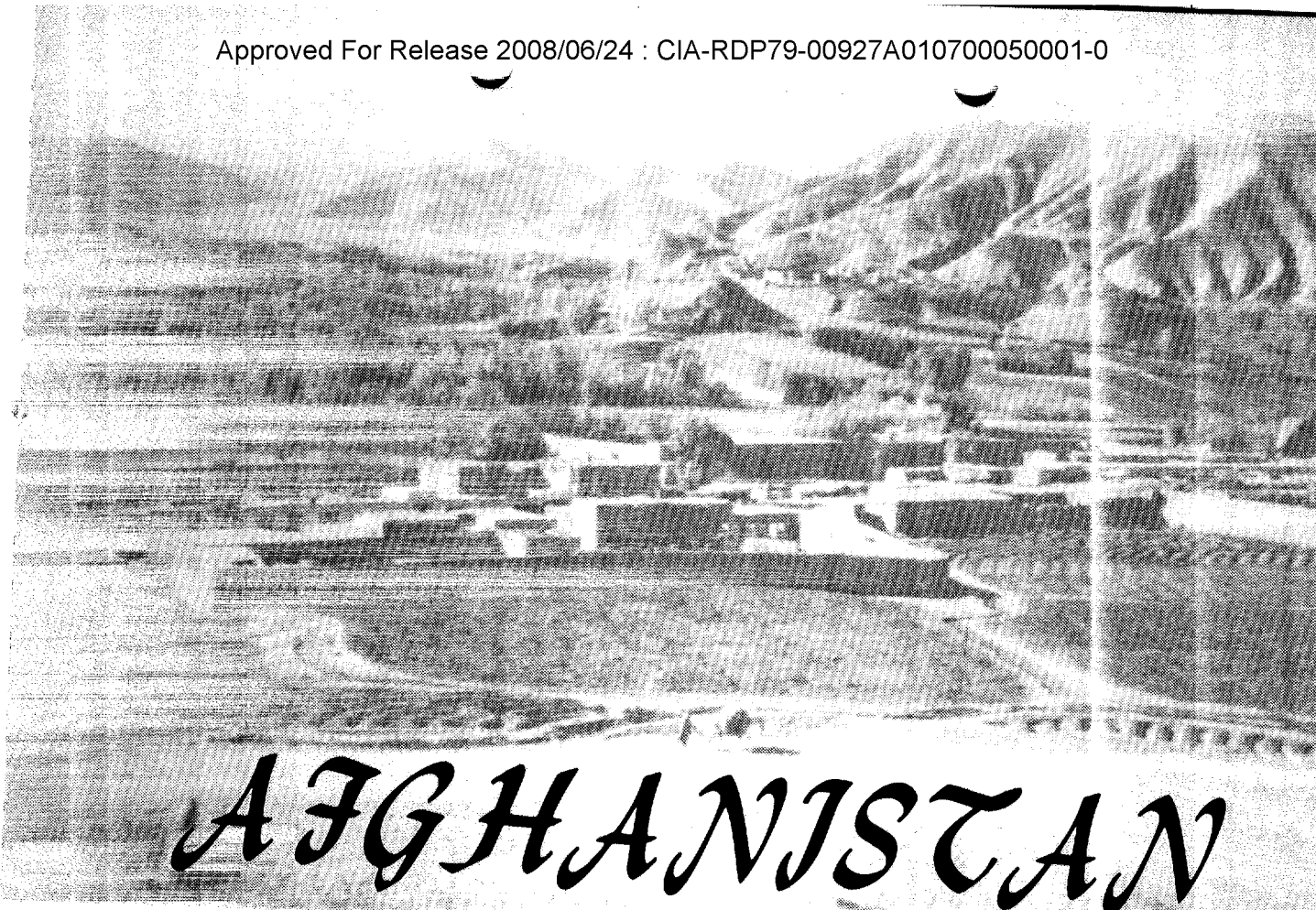
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AFGHANISTAN

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President Daoud's First Six Months

On July 17, 1973, a decade after the King dismissed him as prime minister, Mohammad Daoud Khan returned to power in a daring military coup staged by a small group of predominantly junior officers. Since then, Daoud has devoted his efforts to securing his power at home and to the pursuit of a foreign policy that has significantly worsened relations with Pakistan. Although Daoud now appears to have gained the upper hand over his rivals, either the dangers inherent in his Pakistan policy or failure to deal with basic political and economic problems could ultimately bring about his downfall.

Special Report

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The Consolidation of Power

Last July, it was unclear whether Daoud, who as prime minister had been virtual dictator from 1953 to 1963, would be able to regain his former unchallenged power. Despite conflicting reports as to his role in the coup, the bulk of the evidence suggests that the young officers who overthrew the monarchy and established a republic acted largely on their own with little—if any—direction from Daoud.

In the earliest days of the new republic, Daoud, the young military officers and a few others seem to have shared power in the Central Committee they established as the supreme governing authority. There was probably considerable disagreement among them as to even the general direction the country should take, and none apparently had any thought-out program. It took the committee nine days to issue even general outlines of how the government would operate, and another week to decide on a cabinet.

The distribution of portfolios was the first good indication of Daoud's progress in asserting his authority. He retained all of the offices he had assumed a few days after the coup, which included those of president, prime minister, defense minister and foreign minister. In addition, long-

time associates of his were named as deputy prime minister and as the heads of some lesser ministries. The junior officers and their friends received the interior and four other portfolios in an arrangement that was a compromise but clearly favored Daoud.

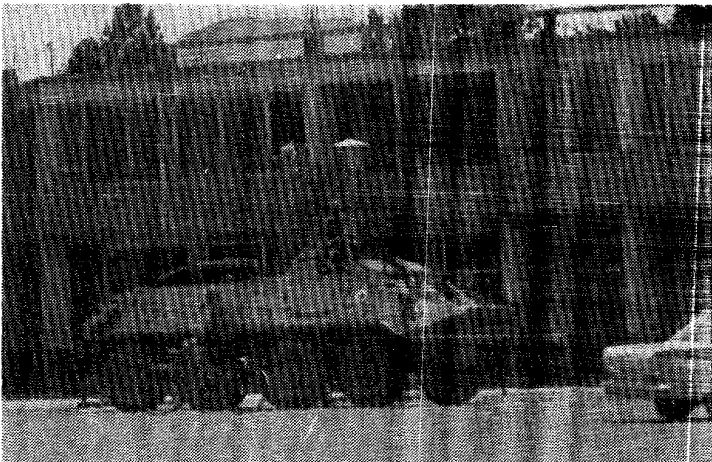
Since then, the junior officers, inexperienced and in some cases incompetent, have generally performed poorly both as administrators and in the backstage maneuvering for power. Daoud may even be keeping some in office to demonstrate their lack of ability and thus neutralize them. In any case, as Daoud's authority has grown, that of the Central Committee has diminished.

At present Daoud appears to make the major decisions in Afghanistan, assisted by men he knows and trusts. His most important adviser and confidant is Mohammed Naim, who has no official position but is Daoud's brother and served as foreign minister when Daoud was prime minister. Deputy Prime Minister Sharq, once Daoud's private secretary, is also important, despite some reports of tension between him and Daoud. Wahid Abdullah, a long-time confidant, apparently plays an influential role in formulating foreign policy.

Even so, Daoud has not triumphed completely over the young officers. Although their power has clearly been waning, the President probably still cannot act without taking their wishes into account. Most of these officers are Soviet-trained and many lean far more to the left than Daoud. They have helped put a number of pro-Soviet officials in high positions in several ministries. Even should Daoud continue to gain power at the expense of the rest of the Central Committee, the leftists—some of them members of Parcham, the pro-Soviet Communist Party—in the bureaucracy will continue to influence the government's policies.

The Military

Daoud has made a major effort to gain control of the military. Well over 20 generals and, [redacted] as many as 1,400 other



The army in Kabul during the coup, July 1973

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officers, have been retired. The new army commander, General Mustagni, is a long-time friend of Daoud, who managed to survive in the army even when Daoud was in eclipse. In an attempt to ensure the loyalty of the lower ranks, all non-commissioned officers were promoted to third lieutenant. The young military officers who staged the coup have also garnered some rewards as any of them or their friends who could claim even peripheral involvement were promoted at least two grades.

In September, the government announced it had uncovered a major coup plot headed by a former prime minister, Mohammad Hashim Maiwandwal. Among those accused of being involved were retired air force commander Razak, who had actively supported Daoud shortly after the coup, and Lieutenant General Khan Mohammad Khan, who for a few days after the coup thought Daoud had named him defense minister.

It is still not clear exactly who was behind these arrests. At the time, it appeared that Daoud might have been out-manuevered by other members of the Central Committee, but this now seems unlikely because the end result was to remove a number of Daoud's potential rivals. Maiwandwal allegedly committed "suicide"; Razak is now serving a life sentence; Khan Mohammad Khan was executed. Other officers, more junior, were accused of plotting another coup in December, and in mid-January arrests were still being made.

Although this alleged plotting probably reflects some actual opposition to the new regime, the government may be overreacting. In any event, Daoud is not likely to take chances with the military. The events of last summer made it clear both to him and to any dissatisfied group in the military that an Afghan government can be overthrown rather easily.

The Politicians

During the ten years Daoud was out of office, King Zahir had tried a limited "experiment in democracy." A sometimes irresponsible parliament gained steadily in power. Prime ministers—



Mohammad Daoud Khan

despite the frustration of having the responsibility for governing while Zahir retained ultimate authority—became important national figures. And political parties, although never legalized, began to develop.

None of the politicians had a strong power base, however, and Daoud has successfully cowed, won over, or destroyed potential rivals among them. Ex - prime minister Shafiq, who was turned out by Daoud's coup, had little opportunity to develop a following, but he remains in jail anyhow. Probably the most successful at building a personal following was former prime minister Maiwandwal, who served from 1965 to 1967. Daoud reportedly tried to win his support with the offer of a high post in the new government; if so, Maiwandwal refused. In September, he was arrested and accused of organizing a foreign-backed coup attempt; after a week of questioning, the Afghan press reported he had confessed and then committed suicide.

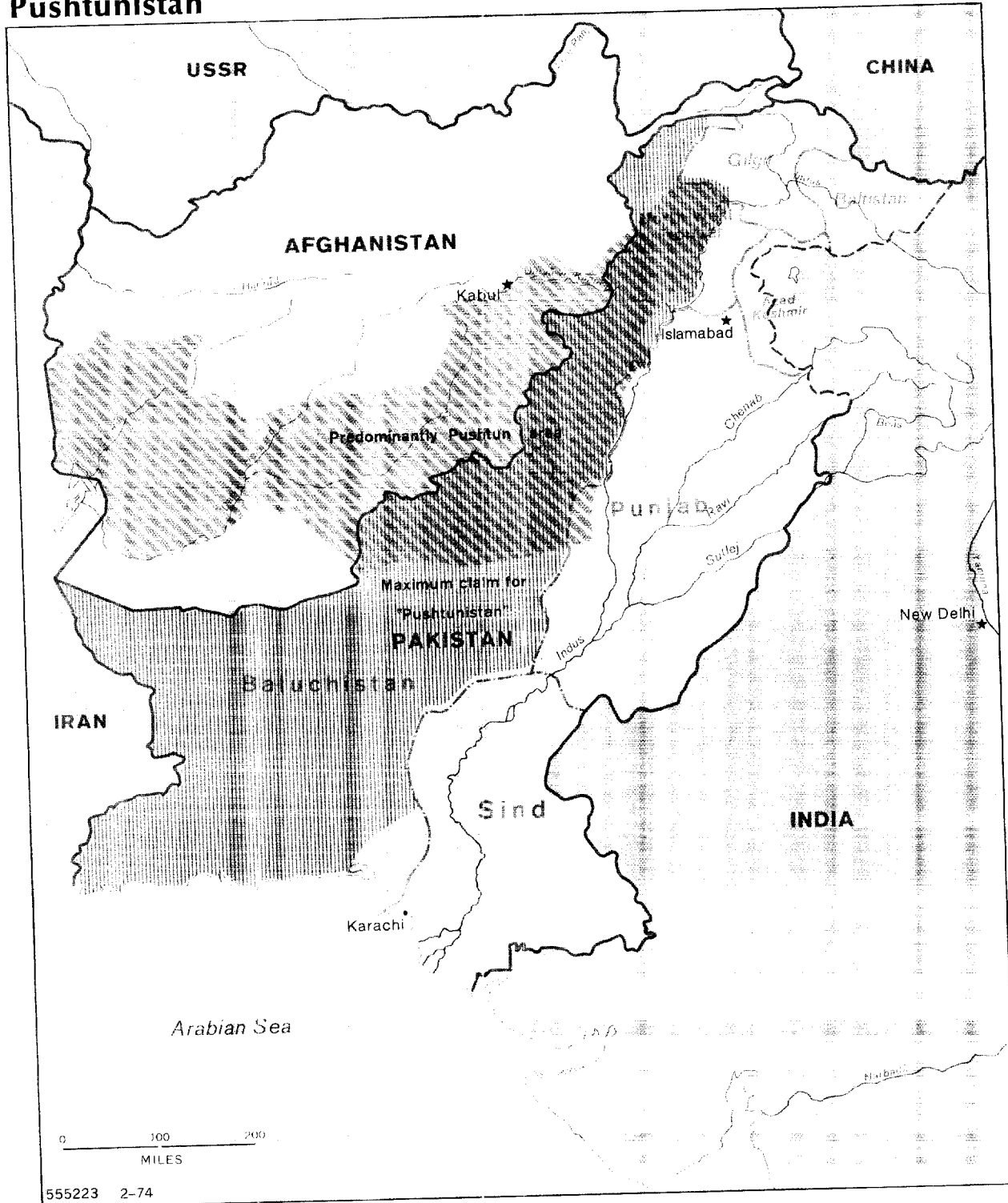
Some other politicians have fared better. Two members of Shafiq's cabinet are now in Daoud's. Former prime minister Etemadi is Daoud's new ambassador in Moscow. Daoud has

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named a few members of the disbanded parliament to important positions, such as provincial governorships, but for the most part they are maintaining a very low profile.

The close associates of deposed King Zahir have been no problem for Daoud, probably because the politically apathetic Afghan people had little love for Zahir. In addition, Daoud's close relationship to the King—his cousin and brother-in-law—gives his succession some legitimacy.

Zahir, who was in Italy at the time of the coup, quickly abdicated and recognized the republic, perhaps as the price for getting his immediate family to Rome. Prince Abdul Wali, another cousin of the King, and regarded as the second most important man in the country in pre-coup days, is being tried for treason.

The Traditional Society

The religious conservatives—who protest often and sometimes violently against such things as communism, unveiled women, mini-skirts and motion pictures—attribute many of the changes in Afghan society that they deplore to Daoud's earlier period in power. Their influence has eroded steadily for several decades, however, and many urban, educated Afghans are content with the pro-forma assertions of loyalty to Islam expected of all leaders. Nevertheless, the religious leaders are still capable of stirring up short-lived local disorders, and Daoud has cracked down. In September, a few were sent to jail for organizing demonstrations, and as many as 900 may have been arrested for their part in the alleged military coup plot exposed in December. Even so, some are still preaching against Daoud.

Afghanistan's Pushtun tribes have acquiesced in the change in government. Almost half of the country's people are Pushtuns, and even though only about a tenth of the population still leads a nomadic life, tribal loyalties remain a basic factor in Afghan politics and society. Daoud kept up his contacts with tribal leaders when he was out of power; as President, he has tended to give the impression that his is a Pushtun administration. His policy toward Pakistan, on which much of his

attention has been focused, is probably designed partly with the tribes in mind.

Daoud's Foreign Policy

Pushtunistan Again

Daoud has increased tensions with Islamabad, but the normally cool relations between Pakistan and Afghanistan had been growing colder for several months before he came to power. The immediate cause was Kabul's disapproval of the way the Bhutto government was treating its political opposition in Pakistan's two frontier provinces—in effect, a revival of the "Pushtunistan issue."

Pushtunistan has been a major irritant since Pakistan became independent in 1947. The Pushtuns (who are called Pathans in Pakistan) are the dominant ethnic group in both Afghanistan and Pakistan's North-West Frontier Province; they also predominate in the northern part of Pakistan's Baluchistan Province. In the past, few Afghans have openly advocated the annexation of the Pushtu-speaking areas of Pakistan to Afghanistan, but Kabul has long supported their formation into an independent (or at least semi-autonomous) state called Pushtunistan. The Afghans have usually included all of Baluchistan Province in the proposed Pushtunistan, although the Baluchi tribesmen who predominate in the southern part of the province are neither Pushtuns nor Pushtu-speakers.

In the early 1960s, Pakistan and Afghanistan almost went to war when Daoud, attempting to force creation of Pushtunistan, tried to stir up tribal rebellion in Pakistan. Daoud's policy resulted in economic problems for Afghanistan, however, and his subsequent decline in prestige helped furnish the King with an opportunity to dismiss him from office.

When Daoud gained control again in Kabul last July the Pakistanis immediately became apprehensive that Pushtunistan would become once more a major problem between the two countries. Daoud did nothing to reassure them by noting in

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his first speech that the question of Pushtunistan was Afghanistan's only dispute with a foreign country.

In the months that followed, the Afghans have greatly stepped up their propaganda on Pushtunistan. The Pakistanis have replied with denunciations of the government in Kabul and with warnings against meddling in Pakistan's internal affairs. Both countries have increased the strength of their forces along the border, although neither has so far made the preparations that would be expected for full-scale war.

Domestic politics in Pakistan complicate the problem. The strongest single party in both frontier provinces—the National Awami Party—advocates much greater provincial autonomy. Many in the frontier provinces see Afghanistan as a natural ally in this domestic dispute, although, at least until recently, most did not seem willing to go beyond trying to extract concessions from Prime Minister Bhutto by pointing to the possibility that they might turn to Kabul.

Bhutto, for his part, has long been suspicious that National Awami Party leader Wali Khan and

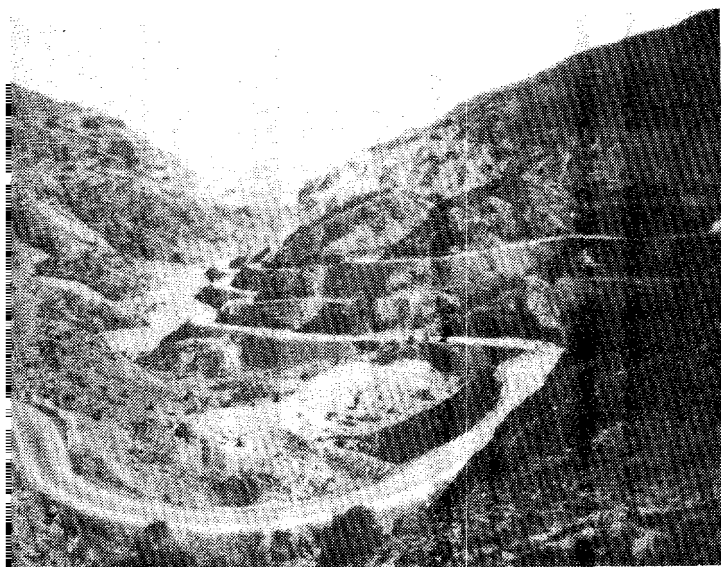
other opposition figures are intent on secession. He has responded with a mixture of repressive measures and efforts to reach a compromise. As his suspicions have grown, he has also taken a progressively harder line toward Kabul.

The Afghans see Bhutto's actions as further evidence of his oppression of Pushtuns and Baluchis. Daoud, long personally inclined toward intervention, has come under increasing pressure from his associates, the military, and politically aware Pushtuns to do something to help the "oppressed brethren."

Despite the pressures and mutual suspicions, at this time none of the parties appears to want a violent confrontation. Relations at the moment, in fact, appear to be improving, at least superficially. Bhutto does not want his country torn by civil war, particularly in view of the large number of Pushtuns in the Pakistan Army. Most National Awami Party leaders apparently believe that they stand little chance of success in gaining greater autonomy through force so long as Bhutto retains control of the armed forces and of the government. Bhutto and the opposition have appeared to be on a collision course a number of times, but have always reached at least a temporary compromise, usually at what seemed to be the last minute.

The Pakistanis are concerned that India, the USSR, or both might intervene to assist Kabul if it should come to war between Islamabad and Kabul. Daoud apparently is aware that he cannot count on outside help, however, and that his army and air force are no match for the larger, better-trained Pakistani forces. There have been several incidents that either side could have pushed to a major crisis, but neither did.

In October, for example, a five-man Pakistani paramilitary unit was captured after it entered Afghanistan allegedly in pursuit of smugglers. Tensions rose, but the Afghans released the Pakistanis quietly. A month later, the Pakistanis threatened to enforce restrictions—such as requiring passports—on tribesmen during their annual migration from Afghanistan. Such a policy could have led to clashes along the border had the tribes



The Khyber Pass

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decided to migrate anyway, or would have saddled Kabul with caring for the tribes had they stayed in Afghanistan. Despite the threat, the Pakistanis do not appear to have made a serious effort to enforce the restrictions—which would have come too late to affect many of the migrants this season—and last month decided to drop the issue.

In coming months, Bhutto, Daoud, and the National Awami Party will all continue to try to enhance their positions. In the process, any or all could easily make miscalculations that would bring unsought violence closer; they might even decide that force offers the best prospect for success.

A misreading in Kabul of the point at which conditions in Pakistan would make intervention profitable could be particularly dangerous.

[REDACTED]

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there is increasing evidence that Daoud is turning from advocating autonomy for Pushtunistan to seeking the incorporation of Pakistan's frontier provinces into a greater Afghanistan, which may well have always been his ultimate goal. If this is indeed now his objective, it could reflect a serious mis-estimation of the state of affairs across the border.

Other Foreign Relations

Traditionally, the basis of Kabul's relations with the Great Powers has been an effort to ensure Afghan independence by playing one outsider off against another. Daoud also subscribes to this policy, although his version of Afghan nationalism may give Pushtunistan even greater priority. For relations with most countries, such a shift in emphasis makes little difference.

Daoud wants good relations with the US, although it is not clear whether his main purpose

is to offset Soviet influence or to limit US support for Pakistan. Relations may, in fact, be marginally better than under his somewhat pro-Western predecessor, because Daoud does not have to stand up to Washington to prove his independence.

The Pushtunistan policy and Afghan military weakness have, however, pushed Kabul somewhat closer to the USSR. Moscow may have speeded up arms shipments, which should eventually improve the quality of the Afghan inventory. It is not known whether any new arms agreements have been signed since the coup, but Soviet military delegations have visited Kabul, there may be a few more Soviet military advisers in the country, and more Afghans are being trained in the USSR. The Pakistanis—and their friends, the Iranians—see these developments as further evidence of a grand Soviet design to extend Moscow's influence in the entire area, with Pakistan and 25X1 Iran as major targets.

Neither the change in government nor the current oil crisis has had much effect on trade with the USSR, Afghanistan's largest trading partner. With no commercially exploitable oil resources and no refinery facilities, Afghanistan relies heavily on the USSR to meet its petroleum needs. For political reasons, Moscow is unlikely to reduce petroleum shipments especially since the amounts are so small. Further, the USSR would not want to jeopardize its imports of Afghan natural gas, which are over twice as valuable as its petroleum exports to Afghanistan. Prices of traded commodities are set at annual bilateral negotiations, the next session to begin this month.

Daoud has also tried to improve relations with India, a potential ally against Pakistan. Kabul apparently will receive limited economic and military aid. At this time, however, the Indians almost certainly do not believe that a further breakup of Pakistan is in New Delhi's best interests.

The Chinese, who support Pakistan, had for several years been trying to establish a modest influence in Kabul, largely through economic aid.

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Relations have cooled since the coup, however, and although they remain ostensibly correct, the Chinese say no new aid projects are planned.

Political and Economic Problems

Daoud's preoccupation with the Pushtunistan issue and with his potential domestic rivals has left little time for dealing with the country's basic political and economic problems.

He took power with a promise to "establish a real and reasonable democracy" and may well be planning to promulgate a constitution later this year. If he should do so, the government would still be under his control and would be unlikely to provide the kind of democracy favored by many in the small, modern sector of the society. It would, in fact, probably guarantee no greater institutional stability than the 64-year-old President can provide personally.

At the time of the coup, Daoud also promised land and fiscal reform, greater industrialization, and an end to Afghanistan's "economic paralysis." By early November, however, the US Embassy was reporting that the economy was drifting toward complete stagnation. Commercial activity was at a standstill, and the new regime was neither developing new economic plans nor acting on the programs and plans of the previous government. Moreover, an overvalued currency was damaging the export trade.

Since then, there has been some improvement, and commercial activity has picked up.

Daoud finally approved the establishment of an internationally supported industrial development bank and the acceptance of several foreign loans. In December, he established a High Economic Council, with a mandate to review the country's economic policies.

Whatever he does, Daoud will be unable to deliver all he has promised. The basic problem, of course, is that Afghanistan is a very poor country, with few known natural resources and an unskilled population. It can hardly expect the sort of prosperity its rulers have been promising for years.

Outlook

Most Afghans will probably be willing to be ruled by Daoud even if he is unable to effect the reforms he has promised and even if the country continues to be poor. The central government does not usually touch their lives directly, and so they do not give it either the credit or the blame for much that happens. They are probably as indifferent to Daoud as they were to Zahir.

The potential threat to Daoud comes rather from the small, better-educated, more-urbanized part of the society, particularly the officer corps and the leftists in the bureaucracy. In time, they may well take action if Daoud does not appear to be making progress in the economic field, or if his Pushtunistan policy again fails. For the time being, however, Daoud appears to be winning the struggle for dominance.

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