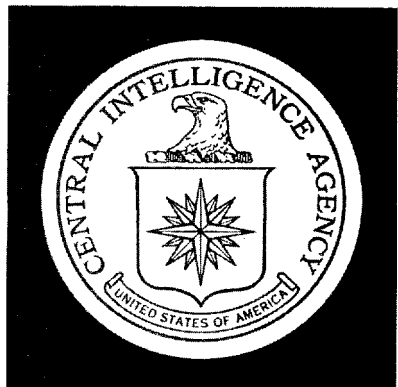


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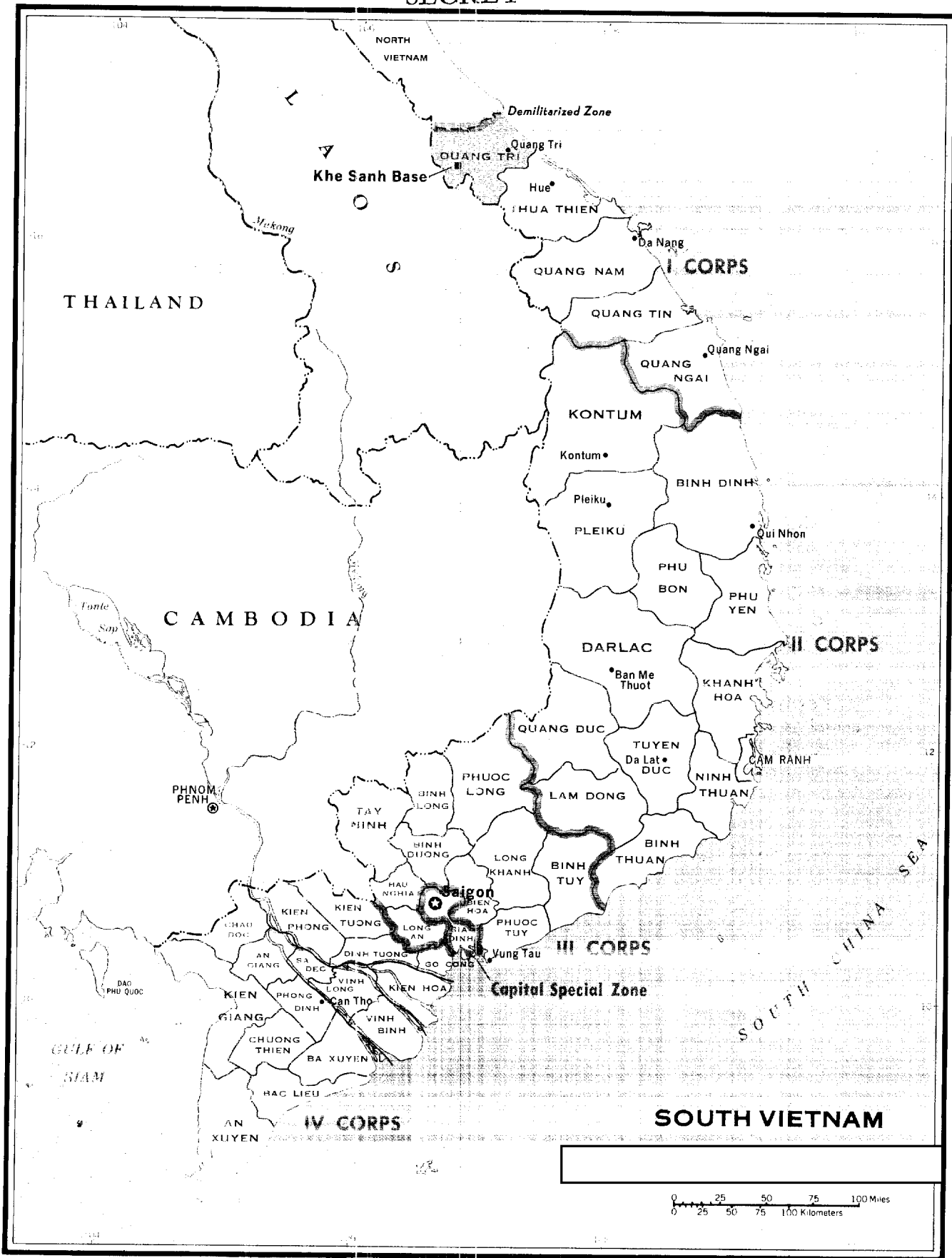
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South Vietnam: Reaction in Saigon to the replacement of National Police director Loan and of Saigon Mayor Cua has been mild so far.

President Thieu relieved these two supporters of his chief rival, Vice President Ky, on 7 June, making the action public on 8 June. Thieu had removed another Ky supporter, Prime Minister Loc, on 18 May, appointing Tran Van Huong in his place. Ky has also lost other associates killed in the recent fighting in Saigon.

The vice president has not yet commented on the latest changes, but his reaction could be affected by Loan's next assignment. In addition, President Thieu could try to soften the recent blows to Ky's sensibilities by rejecting the resignation proffered by yet another Ky associate--Lieutenant General Khang--as III Corps commander.

Loan's replacement, Colonel Tran Van Hai, has a reputation as a capable military officer and administrator, cautious in political affairs. Some police officers have privately suggested that the service may become more professional under new leadership.

* * * *

North Vietnamese strength in the Khe Sanh area may be growing. Prisoners and captured documents suggest at least one regiment of the 308th North Vietnamese Division probably has infiltrated into northwestern Quang Tri Province to join the 304th Division.

Although Communist military activity in Saigon has diminished, there are several indications of enemy plans to maintain pressure on the capital]

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[city. Communist gunners again shelled parts of Saigon over the weekend.

Elsewhere in South Vietnam, enemy military activity continued at a relatively low level during the weekend.



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Japan: Growing public concern regarding the US military presence apparently is prompting government leaders to reappraise their position on US bases.

Several highly publicized incidents this year involving US forces have put the Sato government on the defensive. These include the recent crash of a US jet in Fukuoka and the alleged radioactive contamination of Sasebo harbor by the nuclear-powered submarine Swordfish in early May. In response to rising antibase sentiment and increasing pressures from the left, Japanese leaders evidently are considering asking the US to impose restrictions on the use of US military facilities in Japan.

Cabinet Secretary Kimura, for example, announced at a press conference on 5 June that the government will ask the US to cease night training flights. Later the same day, he publicly stated that a reduction or removal of US bases was "basically desirable," if possible without endangering national security. He hastened to add, however, that Japan has no intention of requesting withdrawal of US bases.

Militant leftist students mounted demonstrations every day last week against US diplomatic posts and military facilities throughout Japan. Thus far, the police have been able to keep these demonstrations under control.

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Colombia: President Carlos Lleras' decision on 7 June to resign probably will be rejected by the Senate tomorrow but may have lasting political repercussions.

The move appears to have been an overreaction and is being widely interpreted as a political ploy by Lleras to force congressional cooperation with his constitutional reform program. The President's resentment appears to be strongest against a dissident group of senators from his own Liberal Party who helped to defeat one part of the enabling legislation.



Lleras has wide latitude, however, to act without legislative approval. Moreover, his efforts to instill a sense of responsibility into the chronically dilatory congress apparently had begun to bear fruit. Thus his precipitate action may prove counterproductive, weakening the governing Liberal-Conservative coalition and seriously damaging Lleras' relationship with important leaders of his own party.



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Uruguay: Student violence is highlighting public dissatisfaction with the political and economic malaise in Uruguay.

On 6 June Montevideo police wounded four demonstrators and arrested several others when approximately 500 students demonstrated for more radical government measures to deal with Uruguay's continuing economic crisis. The following day police arrested 98 more persons when renewed demonstrations resulted in property destruction.

This is the second time in recent months that violence in Uruguay has reached major proportions. On May Day, crowds roamed through Montevideo, throwing rocks at the US Embassy and breaking store windows. Police used tear gas to break up crowds.

Communist-oriented student organizations played a key role in organizing the student protest on 6 June, but there is no evidence that the Communists had a guiding hand in the ensuing violence. Recently Communist Party leaders expressed concern over reports that the government might impose a limited state of siege, which would curb Communist agitation.

In spite of increasing unrest, neither President Pacheco nor the minister of interior, responsible for police activities, has authorized emergency security measures. At present there is no indication that the government intends to take a hard line.

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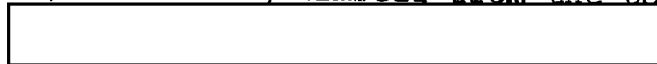
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Bolivia: Anti-US sentiment is being stimulated by delays in US approval of economic assistance, according to the US Embassy in La Paz.

One newspaper claimed that the US-imposed criteria aim at creating conditions for "antigovernment violence" and stimulating the appearance of "new political forces." Economic frustrations have caused some politicians to call for punitive taxes on Gulf Oil holdings in Bolivia.

President Barrientos so far has been restrained in his public statements and has consistently advocated self-reliance rather than dependence on foreign assistance. There is some possibility that increasing political and economic pressure might cause him to align himself with growing nationalistic trends, alienating himself from the US in the process.



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