
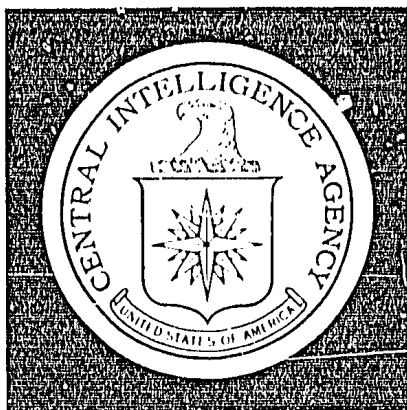


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No. 0223/71
17 September 1971

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PAKISTAN: The food situation remains serious with wheat stocks reportedly low in West Pakistan and distribution problems continuing to plague East Pakistan.

A study conducted by US officials in Dacca has led the US Consulate to conclude that available foodgrains will be just adequate to avert mass starvation next month. Despite at least a ten-percent reduction in population resulting from the outflow of refugees to India, individual consumption is expected to remain at an extremely low level at best. It will depend largely on the internal transport system, which must move the food from ports and surplus areas to deficit areas.

Thus far, however, transport disruptions have continuously hampered foodgrain movements within the province. Moreover, an upsurge in guerrilla activity, which appears likely as additional personnel complete their training in India, could jeopardize food distribution efforts. The flood waters now moving down the Ganges River through India may also hinder transport activity and could pose a threat to the rice crop.

Meanwhile, West Pakistan, with reduced food stocks, is approaching the critical December through April period when food shortages may occur. According to a West Pakistani official, output in Punjab--which normally produces 75 percent of the West wing's wheat--is down 20 percent from last year, and the Punjab government has refused to supply wheat to other provinces. (CONFIDENTIAL)

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PAKISTAN: The actions President Yahya took earlier this month to improve the political situation in East Pakistan have so far had little effect.

On 5 September Islamabad announced an amnesty for all but a few hundred insurgent leaders. Several prominent East Pakistanis ostensibly covered by the amnesty are still in jail, however, and the Bengalis currently are inclined to dismiss amnesty as an empty gesture.

In his first two weeks in office, the new civilian governor for East Pakistan, A. M. Malik, has tried to convince his fellow Bengalis that efforts should be devoted to reconciliation and reconstruction. Although he has promised protection for refugees, Hindus, workers, and students, there has so far been no visible favorable public reaction to his efforts. [REDACTED] friction between the governor and military leaders in the province is likely; [REDACTED]

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UN officials remain highly concerned about the security of their personnel who are directing the international relief operations in East Pakistan. The UN personnel have seldom ventured outside Dacca and are unable to monitor properly the allocation of the assistance. (SECRET NO FOREIGN DISSEM)

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SOUTH VIETNAM: The An Quang Buddhists are taking steps to oppose actively President Thieu's election policy.

The An Quang issued a statement yesterday calling on the Buddhist faithful to boycott the presidential election. Police later broke up a protest meeting at the An Quang pagoda in Saigon organized by a small opposition party that has ties with some An Quang leaders. A small group of students clashed briefly with the police.

Although An Quang leaders still seem unlikely to support violent agitation against the government, their boycott call will doubtless reduce the number of voters who participate. Moreover, the activities of the radicals could add significantly to the already unsettled political situation. (SECRET NO FOREIGN DISSEM)

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COMMUNIST CHINA: Peking is employing high-ranking trade missions abroad in an effort to strengthen economic and political ties with important European and other states.

Minister of Foreign Trade Pai Hsiang-kuo will lead a delegation next month to France, Italy, and Algeria. The visits to Paris and Rome are primarily reciprocal political gestures for the visits to Peking of a French economic minister in July 1970 and an Italian commercial delegation last May. At the same time, the Chinese almost certainly intend to assess more closely the desire frequently expressed by both states to increase their trade with China. In Algiers, one likely item of discussion will concern utilization of a recently concluded Chinese credit to the Boumediene government.

Deputy Foreign Trade Minister Chou Hua-min currently is visiting Finland as part of a widely touted good will tour of all Scandinavian countries. The trip reportedly is to facilitate Chinese meetings with industrial representatives in order to expand trade with these states. Chou recently completed a similar visit to Guyana, where he apparently reinforced Guyanese interest in selling some industrial raw materials to China.

Chinese textile experts are expected to travel to Italy, France, and Switzerland later this month, while the Chinese minister of light industry has been visiting Yugoslavia over the past week in conjunction with Peking's first participation in the Zagreb Trade Fair in over ten years. The latter visit has not come off as successfully as other Chinese initiatives, largely because of the Sino-Yugoslav disagreement over an anti-US Chinese propaganda display.

Peking sees a number of gains in these trade initiatives. The Chinese are attempting to exploit more fully the prospects for an expanding China market in order to win support from these countries

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for Peking's international political position, particularly against the Soviet Union and the US. At the same time, personal contacts with foreign industrialists will help restore the confidence of the international business community in that China was badly damaged during the Cultural Revolution. Wider trade contacts, especially with developed European states, may also enable the Chinese to obtain much needed sophisticated equipment at favorable prices. (SECRET NO FOREIGN DISSEM)

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DENMARK: Leaders of the three coalition parties as well as the opposition Social Democrats (SDP) are doubtful of winning a majority in the quadrennial parliamentary election on 21 September, raising the prospect of an inherently unstable government.

The lack of a clear-cut difference between the programs of Prime Minister Baunsgaard's coalition and former prime minister Krag's SDP is a major reason for widespread public apathy. A contributing factor is the lack of strong, colorful personalities in the major parties.

The decisive but not well-articulated issue is the domestic economy. The election outcome is likely to be determined by how many voters boycott the polls or shift to splinter parties to express their displeasure over the coalition's failure to check inflation or improve markedly the country's balance of payments.

The latest opinion polls give the coalition, which won 54 percent of the vote in 1968, only 47 percent. Coalition leaders are reluctant to form a minority government, and personal as well as policy differences appear to rule out adding a fourth party to the coalition.

The SDP theoretically is willing to form a minority government, but Krag's attitude will probably be determined by the showing of the left-wing Socialist People's Party (SF). Despite personal and doctrinal differences, the SF might give the SDP its tacit support in parliament. The August opinion polls, however, give the SDP only 39 percent of the vote, and the SDP and SF combined 46 to 48 percent.

Foreign policy is not an important factor in the campaign, with the possible exception of Danish entry into the European Communities (EC). Leaders of the SDP, which favors entry, fear some erosion from their left wing to the SF, which is opposed to EC membership. (CONFIDENTIAL)

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CEYLON: A technicians' strike at Ceylon's only oil refinery is creating tensions within Prime Minister Bandaranaike's coalition government and threatening the loss of important trade union support.

The strike began early this month when management at the government-owned refinery near Colombo fired a Communist-backed union leader. After a two-week shutdown, during which the government was forced to spend scarce foreign exchange to import petroleum, the refinery is now back in operation with a skeleton crew. Some 100 technicians remain off the job, however. If the strike does not end soon, the government has plans to import foreign technicians to assist the management team.

Ceylonese trade unionists are critical of government handling of the strike and there is some possibility of sympathy strikes. Relations between Mrs. Bandaranaike and the Communists are already strained--an important faction within the Communist Party would like to leave the three-party coalition government--and tensions are building because the party is strongly supporting the strike.

Mrs. Bandaranaike's Sri Lanka Freedom Party (SLFP) has a majority in the House of Representatives and her government would not necessarily fall if the Communist Party deserts the coalition. However, a split with the Communists could precipitate factional disputes within the SLFP and defections by members of the prime minister's own party. Her government would be significantly weakened should she lose the support of the country's major trade unions. (CONFIDENTIAL)

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MAURITIUS: Prime Minister Ramgoolam's fragile coalition government is again being troubled by serious labor problems.

For the second time in a month, striking dock workers have paralyzed Port Louis, and there is no indication that the dispute will soon be resolved. The strike, which so far has been free of violence, began almost two weeks ago over petty grievances. However, workers associated with the Mauritian Militant Movement (MMM), an important left-wing opposition party, quickly seized the opportunity to press employers for recognition of their union in place of a government-backed organization. MMM official Paul Berenger, a leader in last month's crippling strike of transportation, utility, and dock workers, offered to settle the recognition question with a workers' referendum. The employers accepted the offer but insisted that the strikers first return to work. The strikers rejected the condition and hardened their position with additional demands.

Although the strike has been restricted so far to dock workers, there is a strong possibility of a general work stoppage. Nevertheless, the prime minister has left the country apparently after being assured by Berenger that the strike would not spread to other industries prior to Ramgoolam's return this weekend.

The government has so far played only a minor role in the strike, serving primarily as a channel for messages between employers and strikers. The government has refrained from using the heavy-handed tactics that served to harden the strikers' resolve in last month's crisis.

Regardless of the outcome, the already unpopular and out-of-touch Ramgoolam administration will probably continue to lose public support as the people gradually become polarized between the essentially conservative government and more radical forces such as the MMM and its unions. (SECRET)

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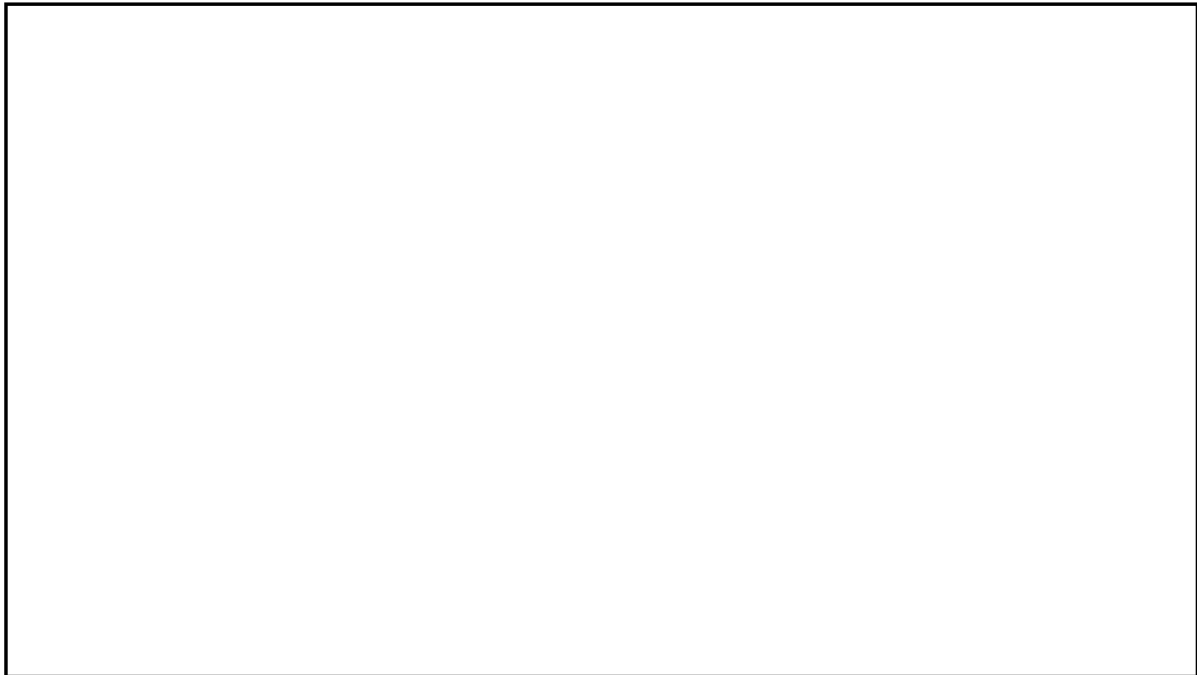
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INDOCHINA: Communist truck movements in the Laotian panhandle are continuing at the low rainy season level, although an increase has been noted in recent weeks. Most of it appears to be related to road repair in the panhandle area and preparations for the start of the dry season supply push. Most roads from the panhandle into South Vietnam and Cambodia are still in need of major repairs. It is unlikely that recent serious floods in northern North Vietnam will delay the start of the dry season supply effort. Initially, supplies probably will be drawn from stockpiles in southern North Vietnam. A Radio Hanoi broadcast on 13 September told transport and communications workers that despite the demands of flood relief work, the transportation plan to "serve the front line" must be carried out. (CONFIDENTIAL)

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PERU: In an apparent attempt to disassociate itself from teachers' union locals still on strike, the Communist-dominated labor confederation (CGTP) has reportedly denounced "the provocateurs who wish to prolong the conflict indefinitely." The CGTP statement came just before the government charged the antiregime American Popular Revolutionary Alliance (APRA) and the "ultra left" with manipulating the strike for their own purposes.

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