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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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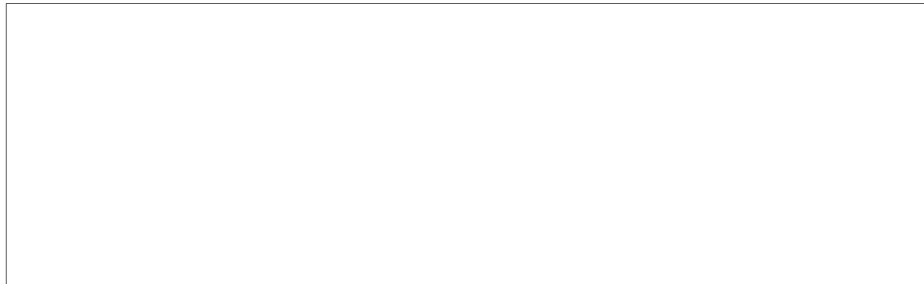
31 July 1970
No. 0381/70

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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 pages.

W A R N I N G

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(Information as of noon EDT, 30 July 1970)

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Laos: Pace Slows as Vientiane Awaits Envoy

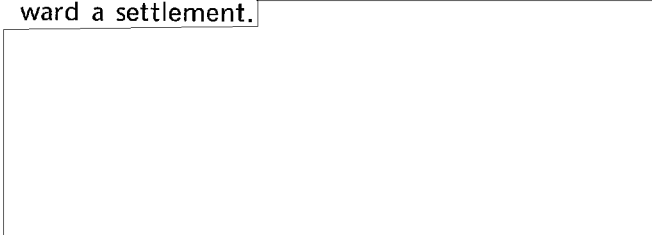
The military situation has remained essentially unchanged during the past week as attention has been focused on the anticipated arrival of a negotiating team from Communist leader Souphanouvong. Although an increasing number of reports had claimed that enemy forces would attack key points in southern Laos on the supply routes leading to Cambodia, no major action has developed. There has been more sharp fighting in the central panhandle this week as Communist units responded to the government's continuing efforts to harass enemy supply lines. In the north, heavy rains have curtailed ground and air activity.

Soth Pethrasy, the senior Pathet Lao representative in Vientiane, has told Prime Minister Souvanna Phouma that the delegation from Souphanouvong will arrive on the International Control Commission flight from Hanoi on 31 July. He also confirmed earlier reports that the team will be led by Souk Vongsak, whose position as a minister in the coalition government until 1964 makes him the highest ranking envoy yet sent to Vientiane by the Pathet Lao.

Despite these and earlier indications that the Communists might be preparing some substantial new initiative toward a settlement, Pathet Lao spokesmen in a number of capitals during the past

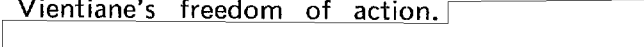
week have been taking a rather negative position in referring to prospects for any substantial talks. The Laotian Communist delegate in Hanoi on 23 July, for example, characterized Souk's trip to Vientiane as only a "good-will gesture" and dismissed the idea that there has been any change in the Pathet Lao negotiating position.

Soviet press accounts of interviews with Pathet Lao officials in Paris and Vientiane have reiterated the usual line that a halt in all US bombing in Laos is a "necessary first step" toward a settlement.



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Such suggestions of inflexibility in the Communist attitude may be only an effort to stake out a position from which the bargaining can begin. On the other hand, Hanoi may have no intention of entering into genuine negotiations at this time, and may only be seeking to stage extended discussions that will serve to restrict Vientiane's freedom of action.



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Cambodia: Government Still on the Defensive

The Communists have continued to concentrate primarily on small-scale attacks against isolated government positions and lines of communication. In the week's heaviest fighting, Communist troops again drove government forces out of the southwestern resort town of Kirirom. Enemy forces initially occupied the town in early

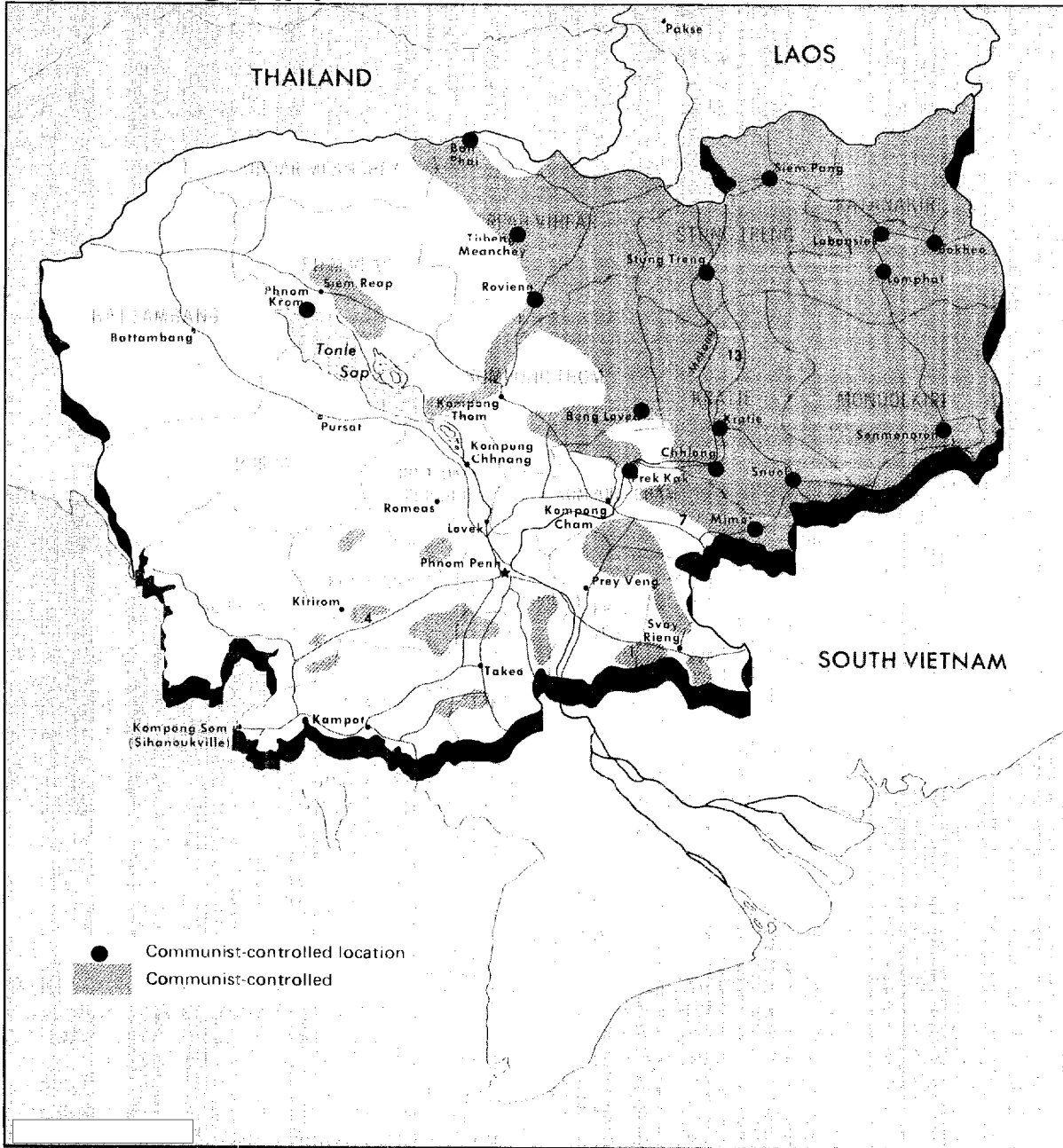
July and held it for a week before government troops recaptured it. Steady enemy pressure and supply problems combined to force the latest government withdrawal from the town.

Farther south, in Kampot Province, the Communists attacked and briefly occupied a

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cement factory northeast of Kampot city before being forced to retreat by Cambodian and South Vietnamese troops. The Communists also continued to harass traffic and government positions along Route 4. No new enemy attacks, however, were launched against the military training center at Romeas, or against the Lovek ordnance depot.

In the east, the provincial capitals of Prey Veng and Svay Rieng provinces were the targets of minor enemy harassing attacks. South Vietnamese units conducted clearing operations along Route 1 in Svay Rieng, and along Route 7 in Kompong Cham Province, but made only infrequent contact with enemy elements.

In the northeast, [redacted] Communist forces are receiving supplies purchased for them in southern Laos via the Route 13/Mekong River transportation corridor. The source of these supplies appears to be Pakse, the major town and military headquarters for south-

ern Laos. North Vietnamese Army representatives receive the supply shipments from Laotian intermediaries near the Cambodian border and forward them by boat to Stung Treng. [redacted] three boatloads of supplies have reached Stung Treng daily since late last month. It is likely that some Laotian officials are tacitly cooperating in this traffic.

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Vietnam

The Communists have stepped up military action in the northern provinces of South Vietnam, and stronger attacks are in prospect. The North Vietnamese 304th Division has moved eastward into Quang Tri Province and soon could pose a threat to allied military installations in the coastal lowlands and even to the provincial capital. In Thua Thien Province, where last week US forces withdrew from one forward base under pressure from elements of the North Vietnamese 324B Division, enemy units are preparing to attack other allied outposts.

Documents captured recently in Quang Tri Province discuss enemy tactics against the screen of US and South Vietnamese forward fire support

bases set up in the mountains of western Quang Tri and Thua Thien provinces. The documents indicate, for example, that the mission of the 304th Division is to draw in and tie down allied forces in those areas as a means of supporting Viet Cong forces operating in the populated districts to the east.

Enemy Feels the Pinch

More evidence of Communist supply shortages is turning up in southern South Vietnam. Some of these shortages can be linked directly to allied operations. [redacted] Communist forces in III Region (formerly "III Corps") anticipate significantly reduced logistical

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support during the remainder of 1970, and that "allied expansion of the war to Cambodia" had created financial difficulties and a disruption in rear service activities.

Supply shortages among enemy units have not been uncommon in southern South Vietnam in the past, but since 30 April Communist forces clearly have become more apprehensive over the future availability of supplies. Conservation ap-

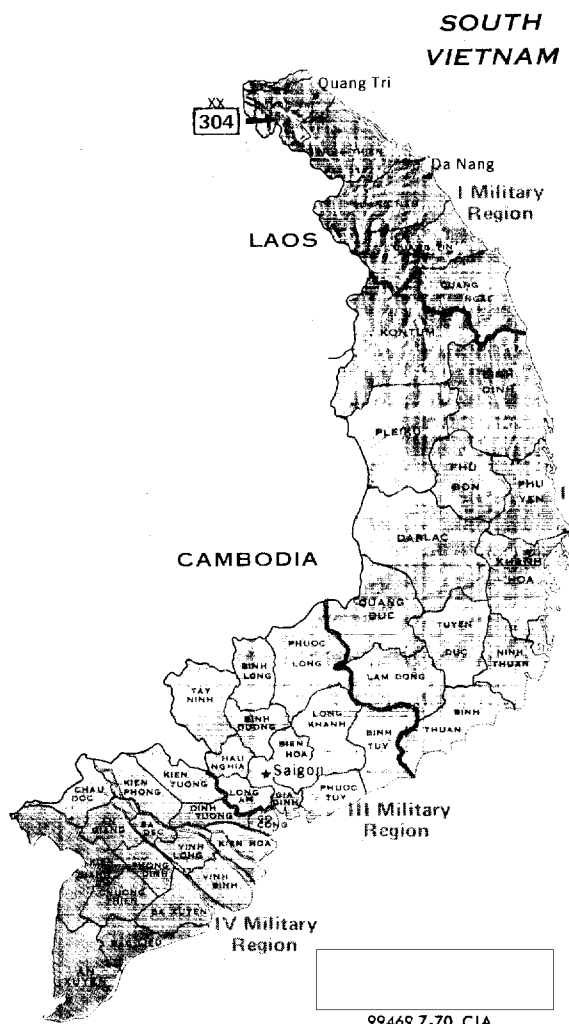
pears to be their current watchword, and this probably means Communist military activities in this part of South Vietnam will be limited for some months.

Magnitude of Communist Losses in Cambodia

Allied operations against base areas in Cambodia resulted in the capture of more than 7,000 tons of foodstuffs, more than 20,000 individual arms, 2,500 crew-served weapons, about 15.7 million rounds of rifle and machine-gun ammunition, and 142,000 rounds of rocket, mortar, and recoilless rifle ammunition. The foodstuffs could have fed all enemy combat battalions in southern South Vietnam (the area relying on Cambodian base areas for logistic support) for about ten months.

Weapons captured would have been sufficient to equip 53 battalions with individual arms and 38 battalions with crew-served arms. The losses of small arms and heavy machine-gun ammunition are equivalent, at 1969 force levels and combat rates, to 16 months' requirements; losses of large rocket, mortar, and recoilless rifle rounds are equivalent to nine and a half months' requirements. These losses exceeded food and ammunition losses sustained by the Communists in South Vietnam during all of 1969.

Communist food losses, mainly rice, are the least significant because they can be replaced from South Vietnam or Cambodian sources. The Communists' weapons losses should not seriously impair their combat capability. Only 35 percent of the identified small arms are relatively new models of the type currently used by the Communists. Hanoi could make up these losses fairly quickly by having infiltrators carry their own arms; in 1968 and 1969 most infiltrators were not issued weapons until they arrived in base areas along the South Vietnamese border.



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Ammunition losses probably will cut into Communist combat capabilities for some time. Even before the allied move into Cambodia, many Communist units reported periodic shortages of ammunition as a result of in-country supply distribution problems. The capture of large quantities of ammunition and the dispersal of border stocks will compound the enemy's resupply difficulties, particularly in III and IV Military Regions.

Thieu on a Cease-fire

President Thieu has elaborated South Vietnam's public position on a cease-fire, apparently to demonstrate again that Saigon is more flexible and forthcoming than Hanoi. Thieu told the press last week that South Vietnam now is willing to accept an immediate cease-fire that could be followed by negotiations for a political settlement. This is the first time he has publicly suggested a "standstill" cease-fire, or that an end to the fighting could precede political negotiations.

Although such a cease-fire would entail high risks for the government, Thieu probably is confident that the Communists will reject his suggestion as they did his proposal for elections a year ago. In any event, he asserted that the Communists would have to stop infiltration and terrorism and accept international supervision. He said he doubted that the Communists would accept such a cease-fire because they control so little territory. This comment also reflects confidence that the government is in a relatively strong position in most of the countryside despite a resurgence by the Communists in some areas.

Thieu's gesture probably was prompted by renewed interest in the negotiations occasioned

by Ambassador Bruce's appointment as the chief US delegate at the Paris talks. He has little enthusiasm for any real movement in Paris because this might hamstring South Vietnam's efforts against the Communists and could jeopardize the present ruling apparatus. Thieu's real attitudes are probably much better reflected in his periodic free-swinging attacks on neutralists and advocates of coalition government in South Vietnam.

Thieu-Ky Friction

The rift between President Thieu and Vice President Ky is widening. Ky's attacks on the government, begun in early June, have become increasingly shrill and suggest he is acting with an eye on the 1971 presidential elections. He has publicly accused some cabinet members and some of Thieu's advisers of corruption, and he recently condemned the whole national leadership for easy living and for being incapable of giving the country social justice.

Thieu usually has not responded in public to Ky's periodic attempts to capture the limelight and embarrass the government. This time, however, the President counterattacked by publicly describing the 1967 election with Ky as a "forced marriage" and in effect calling the vice president a liar.

Ky is well known for his undiplomatic utterances, but he usually does not sustain his outbursts for very long. Now, however, he probably calculates that attention-getting statements will help him if he decides to run in the 1971 elections. Thieu's reaction suggests Ky is hitting where it hurts, and this may encourage the vice president to attempt to remain in the public eye as next year's election approaches.

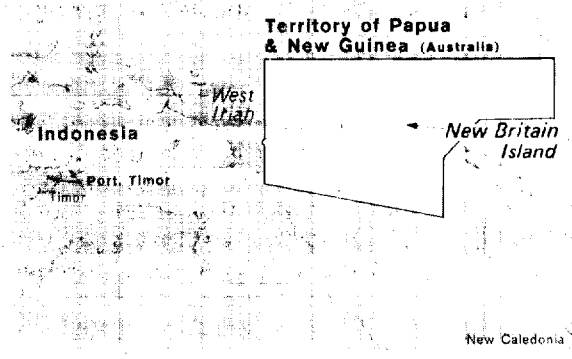
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Senior government and military officers reportedly agree that the affair is hurting the standing of both the president and vice president. Officials have privately commented that there now is a good deal of tension in government circles and that neither man has helped himself

for the 1971 presidential elections. The Saigon press is following developments closely and has tried to get generals formerly associated with Thieu and Ky to comment, but so far they are keeping quiet and trying to stay neutral in the dispute.

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AUSTRALIA: Australian officials expect increased unrest in the territory of Papua - New Guinea, which they are trying to prepare for self-government by 1972 and independence possibly by 1976. Recent dissidence on New Britain Island, where major violence was narrowly averted last week, is only part of the total problem. The territory's population of about 2.5 million includes mutually antagonistic tribes that speak some 700 different languages and dialects and have no sense of national identity. Among Australia's principal concerns are the probability of further politically motivated violence deriving from both intertribal hostilities and antiwhite sentiment; the continued development of at least three separatist movements; and the increased polarization of views between conservative highlanders who oppose early self-government and the more advanced coastal and island peoples who favor more rapid political change.

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Communist China: *Reopening the Red Schoolhouse*

After two years of debate and experimentation, Peking has opted for a moderate approach in implementing the Maoist formula for "revolutionizing" Chinese scientific and technical training. This course was outlined last week in an article in the party theoretical journal *Red Flag* that described the resumption of regular operations at Tsinghua University—China's foremost engineering school and a one-time bastion of Cultural Revolution radicalism. Indirectly admitting that the cessation of higher education since 1966 has hampered industrial development and production, the article suggested that the Tsinghua experience is to serve as a guide for China's other technical schools and colleges in rationalizing future academic and political requirements.

The *Red Flag* article is the first authoritative pronouncement on higher education since Mao Tse-tung's call in July 1968 for a radical revamping of China's pre-Cultural Revolution university system. Mao declared that the intellectuals' "stranglehold" on education must be broken and that colleges must provide a melding of basic formal training and practical labor. He ordered that university schooling be shortened, that the curricula be drastically revised in favor of more political and vocational training, and that students be drawn from among workers and peasants. Universities were to be placed under the control of workers and soldiers who were to carry some of the instructional load, and former faculty members were to undergo political "re-education."

The lengthy delay in working out a specific program for reformed technical education and discussions of the Maoist prescriptions in public media, however, suggest that they occasioned bitter divisions over the future of higher education. In particular, the *Red Flag* article dis-

closed that the pilot reform program begun at Tsinghua in 1969 was bedeviled by stubborn faculty resistance, poor student aptitude, difficulties in textbook revision, and political quarreling. The result was a compromise in which some Maoist innovations were introduced while significant concessions were made to accommodate the need for higher level academic training.

Thus, the *Red Flag* article revealed that Tsinghua has adopted a more conciliatory attitude toward former professors, a curriculum that reserves an important place for advanced theoretical work, and a period of schooling that, for some students, goes beyond the time frame set by Mao. Moreover, the article suggests that Tsinghua intends to admit more students with better academic qualifications and lays heavy stress on improving scientific research and "professional training."

Despite the go-ahead by *Red Flag*, the restoration of higher education throughout China is likely to be a protracted process, and the efforts to duplicate the Tsinghua program may stir anew some of the personal and policy quarrels that wracked Chinese campuses during the Cultural Revolution. Furthermore, the future prospects of the nearly three quarter million former college students who have been sent to labor in the countryside still appear dim. Although *Red Flag* hinted that some may be readmitted to school, the majority are likely to continue their rustication. Some of this year's crop of middle-school graduates, however, may enjoy a better fate: [redacted]

[redacted] some localities are now holding examinations to find the best academically qualified graduates for university admission. [redacted]

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EUROPE

Geneva Trade Talks to be Tough

Senior officials of the US, the European Communities (EC), Britain, and Japan are holding a two-day meeting in Geneva this weekend to consider issues that in recent weeks have threatened to develop into an international trade crisis.

The main interest of the other three participants at the meeting—being held under the auspices of the General Agreement on Tariffs and Trade (GATT)—will be the outlook for trade legislation now pending in the US Congress. Although the Europeans have been encouraged by the President's promise last week to veto the Mills Bill if it imposes restrictions on items other than textiles, they continue to worry about the sort of trade legislation that will eventually emerge. More than the direct damage that might be done to their own textile exports, the Europeans fear that textile quotas might have the effect of diverting Japanese textiles from American to European markets. They are also afraid that similar restrictions might be enacted on more significant European exports to the US, especially shoes.

In general, the Europeans are apprehensive about what they perceive to be a growing protectionist tendency in the US. They believe that restrictive measures of the type now being considered might be the beginning of a pattern of retaliation and counterretaliation which, as a Dutch official said recently, "could lead to a deterioration of the entire US-EC relationship." The new president of the EC Commission, Franco Malfatti, has similarly stated that a general resort to import quotas would undermine the entire world trading system.

EC officials, therefore, are reportedly developing a "tough line" for presentation at the Geneva talks. They may well repeat the warning that if the US enacts restrictive trade legislation,

the EC will consider retaliatory measures against items imported from the US, perhaps even major ones like soybeans.

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GATT Director Long hopes that, in addition to the issues cited, a number of others will be discussed. He thinks the EC's policy of granting preferences to its associated states and other nations should be re-examined. Just last week, the EC Commission was authorized to begin negotiating two new preferential agreements—with Lebanon and Egypt. The US and EC have been trying in recent months to bring into harmony their proposals for a generalized, world-wide preferences scheme that might ultimately replace such regional agreements, but they have been unable to agree on the status of reverse preferences—those granted to the EC by less developed countries.

Long also suggests that agricultural policies could be dealt with, and that the future of GATT negotiations on tariffs and nontariff barriers (NTBs) might be considered. The American Selling Price, an NTB that the US promised to eliminate during the Kennedy round but not mentioned in the pending US trade legislation, will no doubt be attacked again by the Europeans and Japanese.

Long hopes that similar meetings will follow the current one, but none of these sessions constitutes negotiations and the most they can be expected to do is to improve the atmosphere among the four and to "stop the rot" of increasing trade difficulties, as one official put it.

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West Germany: Soviet and Polish Talks Proceed

Foreign Minister Walter Scheel flew to Moscow early this week in quest of a renunciation-of-force agreement. His mission was generally regarded as crucial to the success of Bonn's Ostpolitik. An accord with the Soviets presumably would lay the basis for similar agreements with other East European states and also could lead to an arrangement between the two Germanies. In the Brandt government's view, these agreements are necessary preludes to an eventual movement toward German unification.

sion. Their evident purpose is to cast off a growing image of extreme partisanship.

The Soviets seem willing to listen to Scheel despite earlier public warnings against any attempt to change the existing draft. They apparently have been unyielding in the early sessions, however.

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Scheel has gone to Moscow with certain reservations about an earlier draft worked out between the two countries. These reservations—which generally are intended to convey a tougher German stance—apparently represent a concerted effort by the Brandt coalition, with its slim 12-vote majority, to broaden its base of support on Ostpolitik and to improve chances for ratification of a Moscow accord. The opposition Christian Democrats, for their part, have declared a moratorium on disruptive acts during the Scheel mis-

On a second front, West German negotiator Georg Ferdinand Duckwitz spent 23-25 July in Warsaw attempting to pound out the text of a reconciliation agreement with the Poles. He announced that progress had been made, but

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differences remained on the key issue of West German acceptance of the Oder-Neisse line. According to an official communiqué, talks will resume in Bonn in early September, following the traditional August vacation period.

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UK-EEC: Britain and the European Communities (EC) have gotten their negotiations off to a good start by agreeing on how to proceed on substantive issues this fall. A significant decision was made at the first working session of the negotiations on 21 July to give the EC Commission a fact-finding role on several negotiating topics. The most crucial of these is Britain's contribution to the financing of the EC's Common Agricultural Policy (CAP). Although the British continue to hope that adjustments will be made to ease their

financial burden, UK negotiator Barber's reiteration at the meeting that Britain would accept the CAP seemed to reassure the EC somewhat. The Commission will try to complete preliminary studies on agricultural and other issues in time for the next ministerial-level negotiating session in October, the first meeting at which the UK's new negotiator, Geoffrey Rippon, will be present. The ministers will meet twice quarterly after that, with their deputies convening every two weeks.

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Soviet Relief Effort to Peru Bogs Down

Moscow continues to experience difficulties in carrying out its relief airlift to Peru. These have been well publicized and, along with the tardiness of the Soviet response—coming more than a month after the disaster—have robbed the Soviet effort of much of its political impact.

Political cartoons in the Lima press have depicted the Soviet airlift as a comedy of errors and even the leftist press has found little in the airlift to play up. One leftist weekly praises the Cuban relief effort but notes that the Soviet announcement of relief for Peru did not come until after Mrs. Nixon's highly successful trip to the devastated areas.

The worst setback has been the loss of an AN-22 over the Labrador Sea on 18 July. The Soviet ambassador to Peru said the aircraft was

carrying one of the two hospitals Moscow is supplying and estimated that it could not be replaced for about a month. This would delay aid plans because many of the medical personnel already sent to Peru cannot work in affected areas without the hospital.

The one-week pause in flights that occurred after the AN-22 was lost as well as previous equipment failures and apparent bureaucratic mix-ups has caused Moscow to fall far short of its original goal of sending 65 relief flights to Peru in less than two weeks. Since flights were renewed on 25 July, six AN-12s have made the trip, bringing the total number of completed flights to 22:17 AN-12s, 4 AN-22s, and one IL-62 carrying a medical team.

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ITALY: An increasing number of Communist-Socialist alliances in local governments highlight Premier-designate Colombo's key problem in trying to reconstitute on the national level a center-left coalition to include the Christian Democrats, the Socialists, the Unitary Socialists, and the Republicans. The Unitary Socialists insist that the orthodox Socialists must choose between leaving the national center-left coalition and breaking

with the Communists on the local level. This insistence caused the failure earlier this month of Giulio Andreotti's efforts to form a center-left government. Socialist-Communist cooperation is nevertheless going ahead in the governments of Italy's central regions—Tuscany and Umbria. Communist-Socialist coalitions have, moreover, sharply increased in municipal governments since the June elections.

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PORTUGAL: The death this week of former premier Salazar removes a restraining shadow under which Premier Caetano's cautious reform program has been operating. Ultrarightists will still try to slow down his plans to modernize the

economy and the educational system, however. The rightists object especially to moves to link Portugal with the European Communities because they believe this would weaken Lisbon's ties with its African provinces.

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The Soviet Economy at Midyear

During the first six months of 1970, the Soviet economy posted a good recovery from its poor performance of a year ago. Because economic activities were hampered by unusually bad weather in the first quarter of 1969, the subsequent increase in production contains a large element of rebound. Production this year has been stimulated to some degree by efforts to tighten labor discipline and by campaigns to boost production to commemorate the Lenin centenary and complete the 1966-70 plan period with a flourish.

According to US estimates, civilian industrial production was 7.5 percent greater in the first six months of this year than in the comparable portion of 1969. A year earlier, an estimated increase of only 5.1 percent was posted. Even if Soviet industry maintains the 7.5-percent growth rate for the remainder of this year, however, production will not reach the level it would have attained by steady growth at rates achieved prior to 1968. The calculated growth of civilian machinery output and the officially reported growth in production of all machinery both slipped from the rates achieved a year ago. It appears that output of military-space hardware continues at a high level, growing at roughly the same rate as last year.

Although investment in plant and equipment failed to reach the planned level, commissionings of state centralized investment projects increased 17 percent. Soviet builders appear to be carrying out a policy that concentrates effort on important projects. In the past, there was a tendency for the number of projects to burgeon, diffusing effort and immobilizing capital in uncompleted construction.

Industrial support for the agricultural sector was mixed. The midyear increase in production of agricultural machinery slipped from ten percent a year ago to seven percent in 1970. Production of spare parts for tractors and other agricultural machines, which chronically are in short supply, showed an absolute decline from last year's level. The output of mineral fertilizers, however, increased 14 percent.

The agricultural situation is considerably better than a year ago. Winter crops suffered far less weather damage than last year, the spring sowing plan was fulfilled, and harvesting of winter crops is progressing satisfactorily. On state and collective farms, cattle herds are at an all-time seasonal high, and hog numbers have reached their highest midyear level since 1963. Private livestock holdings, which account for over a third of total meat output, probably increased little, however.

Consumer well-being improved moderately in the first half of 1970. About 12 percent more housing was completed by building organizations than in the first half of 1969. The volume of retail sales was up eight percent. Sales of quality foods other than meat showed good increases from the depressed levels of last year as the upward trend in diet quality apparently resumed. Money income continued to rise faster than planned. The value of personal savings accounts rose at an annual rate of 28 percent during the half year, indicating a further increase in the pent-up demand of consumers. (b)(3)

Maritime Issues: *Superpowers at Bay*

A melange of maritime issues will be raised at meetings next week of several Latin American states in Lima and of the UN General Assembly's seabeds committee in Geneva. Common to both these discussions, however, are likely to be the

fears of the less developed countries that the superpowers seek to secure for themselves a predominant position in the future exploitation of ocean resources.

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A primary topic on the agenda of the seabeds committee will be the US initiative of last May on peaceful uses of the ocean floor. Under its terms coastal nations would renounce claims to sovereignty over the seabeds beyond a water depth of 200 meters, but act as trustees in an intermediate zone between that depth and the end of the continental margin. The margin includes the continental shelf and the slope from it down to the deep seabeds. An international agency to regulate exploitation of the deep seabeds and to apportion the royalties it will receive both from that area and from the intermediate zone would be created. A number of states find very appealing the prospect of an international source of revenues for development, but the Soviets continue to oppose the creation of any international machinery. Countries with oil-rich deposits in the intermediate zone have also expressed reluctance.

The US and the USSR, with some help from the UK, France, and Japan, are pushing for a Law of the Sea conference confined to three subjects: a 12-mile limit on claims of territorial waters; free passage through international straits; and fishing rights. A majority of the UN members opposed this limited approach last fall. They favored a broader conference, including seabeds issues, which would presumably enhance the bargaining

power of the less developed states. Many members of the seabeds committee remain inclined toward a broader conference.

The Latin American states with narrow continental margins and highly productive fishing grounds—Chile, Ecuador, and Peru—are especially upset over the US seabeds initiative and the proposed 12-mile limit, and Argentina and Brazil are also strongly opposed. Chile, Ecuador, and Peru are the primary backers of the Lima meeting, which is likely to produce a statement endorsing a 200-mile limit for territorial waters and the underlying seabeds. Broad Latin American support for such claims would bolster their position in scheduled talks with the US in September on fishing rights.

A US call for a conference on Arctic issues may also receive an airing at the Lima and Geneva sessions. Most countries queried to date favor the convening of such a conference, although they emphasize the need for adequate time to develop positions on the complex subjects to be considered. They are eager to deal both with potential pollution problems and with the recent Canadian legislation prohibiting international fishing in certain areas.

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NPT: Within the coming month most of the non-nuclear-weapon states that have ratified the Non-proliferation Treaty (NPT) are expected to open negotiations with the International Atomic Energy Agency (IAEA) on safeguards arrangements to prevent the diversion of fissionable material from peaceful uses. The substantial progress made by the IAEA's safeguards committee at its

recently completed session has enhanced prospects that these negotiations will proceed more smoothly than some observers had expected. Particularly noteworthy at the committee meeting were the lack of Soviet attacks on EURATOM and the latter's conciliatory attitude toward a safeguards agreement equally acceptable to single states and regional groupings.

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MIDDLE EAST-AFRICA

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President Nasir in his speech of 23 July commemorating the 18th anniversary of the Egyptian revolution, touched upon three main themes: the economic achievements of the regime—probably exaggerated—the military situation vis-a-vis Israel, and Soviet support.

The Egyptian leader began his address by announcing the completion of the Aswan High Dam that day and noted that the decision to build the dam started a chain of events that eventually resulted in the 1956 war. Nasir claimed electrical output in the country had risen 1,200 percent since 1952. Turning to agriculture the President concentrated on the rice, cotton, and sugar-cane crops but said that total agricultural production had risen 15 percent since the 1967 war. In the industrial sector he claimed that there had been an actual increase of 32 percent in output over the figures for 1966-67.

Warning the Egyptians that they must be prepared for further battles, sacrifices, and plots, Nasir briefed his audience on the current military situation along the Suez Canal. He said that the army, rather than collapsing as Israel thought it would, has been rebuilding and is now ready to return to battle with the Israelis. The Egyptian leader noted, however, that the struggle would not center on the ground but rather would take

place in the air as Cairo moved to destroy Tel Aviv's air superiority. He stated that the Israelis in the past have had an advantage over the Egyptians in air warfare because of US supplies of electronic countermeasure equipment to Israel.

Nasir credited the Soviet Union with playing a major role in helping Egypt to achieve its present state of preparedness. He said that immediately after the June 1967 war, Moscow had offered to help rebuild the Egyptian Army. More recently, after his secret visit to Moscow on 22 January, Egypt began receiving a Soviet air defense system that forced Israel to end its deep penetration raids into Egypt. He also said US deliveries of highly sophisticated electronics equipment had been matched by Moscow's supply of comparable materiel to the Egyptian Air Force.

The rest of Nasir's speech was a discussion of the "state of the nation" in the Arab world. In retracing developments of the past years, Nasir touched upon the coups in Libya and the Sudan. He noted that the revolutionary regimes in both countries had offered their support to Egypt in its struggle against Israel and the US. Regarding the Persian Gulf he warned the UK not to renege on its promise to withdraw from the area.

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Middle East: *Peace Efforts*

Arab Reaction

Both Egypt and Jordan have accepted the US peace proposal "without conditions" but have seized the opportunity to set forth their own positions on any possible settlement.

In his speech on 23 July announcing his acceptance of the US initiative, Nasir took pains to point out that it contained "nothing new." Nasir said it merely provided for the implementation of the Security Council resolution of November 1967, which Cairo had already accepted. He reiterated the usual Arab view that the resolution calls for Israel's total withdrawal from all occupied Arab territories and for giving the Palestinians their rights in accordance with other UN resolutions. Nasir categorized the plan as "no more than a procedural process," which will "arrive at nothing new because of Israel's frivolous stand." He castigated the US for abetting Israeli aggressiveness but declared that he is willing to see if political action can break the present stalemate.

The Jordanian Government's reply—described by the foreign minister as "unanimous, positive, and consistent with the reply of the United Arab Republic"—followed three days later, apparently after a stormy debate within the Jordanian cabinet. Although Amman's acceptance implicitly entails adherence to a cease-fire along the Israeli border, the government is in no position to guarantee that the fedayeen within the country will follow suit. An attempt to interdict fedayeen cross-border activity would meet with stubborn commando resistance and could reignite the near - civil war that raged for a week in early June.

Even before Jordanian acceptance was announced, the fedayeen newspaper *Fatah* published a text of an earlier US plan—which it claimed to be the current version—and denounced it as a "charter of slavery." It warned that "the

banner of the revolution will wave until it flies over every inch of Palestine." On 27 July, the central committee of the Palestine Liberation Organization, meeting under Yasir Arafat, rejected both the UN resolution and the US peace proposal and decided to send delegates to various Arab capitals to lobby against them. Demonstrations to protest Egypt's acquiescence in the plan have already taken place in Amman.

The Egyptian-Jordanian acceptance of the peace plan has split the Arab world. The Iraqi Government took the lead in denouncing both the plan and the resolution, and Radio Damascus soon chimed in.

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Lebanon, Kuwait, and the Sudan have endorsed the peace move. Saudi Arabia—which does not want to get involved—has refrained from public comment.

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Israeli Footdragging

The Israeli Government is delaying its response to the US proposals, apparently both for domestic political and for tactical diplomatic reasons. Peace proposals always bring to the surface the differences among the several parties comprising the national unity coalition, and the US proposals—although essentially procedural rather than substantive—have apparently had this effect, particularly in the right-wing Gahal party. On the diplomatic front, Israel had expected the Arabs to oppose the US proposals, thus obviating the need to reveal its own inclination to reject them. Tactically, the Israelis' delay appears designed to take advantage of the recriminations among some Arab states over Nasir's and King Husayn's acceptance and to try to obtain as many

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"guarantees" as possible from the US in return for a positive response.

Israel has problems with two of the three main parts of the US initiative to "stop shooting and start talking." Tel Aviv, already inhibited in its actions on the Suez front by the extension of the Soviet-Egyptian air defense system, fears that the defense complex will be extended further during the 90-day cease-fire. Israeli leaders are therefore pressing for some guarantees to block such a Soviet-Egyptian move. The Israelis would also probably try to obtain Arab guarantees to get the fedayeen to obey a cease-fire, if only to stall and to embarrass the Arab states.

Secondly, the Israelis have always avoided flatly announcing their willingness to implement the UN resolution; Tel Aviv insists that the key phrase in the resolution is not withdrawal alone but withdrawal to "secure and recognized borders" established by negotiations. The Israelis claim that to announce implementation of the resolution—even if they could do so without a domestic political crisis—would be taken by the Arabs as a commitment to full withdrawal, something the Israelis insist they cannot do. Israeli leaders say that the present cease-fire lines are not the "final borders," but at the same time are adamant that Israel will never return to the pre-June 1967 borders and that there can be no withdrawal prior to an agreed peace settlement. For the Israelis, the resolution is not a directive to be implemented but a set of principles on which to negotiate. It is on the third point that Israel agrees "to start talking." It accepts indirect talks via Ambassador Jarring, although, as always, it insists that at some time Arab-Israeli talks must be direct.

The Israeli's answer to the US proposals will be heavily qualified, even though they may tout it

as a "positive response." Tel Aviv's leaders feel obliged to make a positive reply to avoid diplomatic isolation and to maintain some diplomatic maneuverability. At the same time, no one in Tel Aviv is convinced that Nasir seriously wants peace; the Israelis therefore believe there is no need, at least at this time, for a knock-down, drag-out domestic political battle. The right-wing Gahal is apparently giving Mrs. Meir some trouble, but it will probably come around because its leaders know that she can form a governing coalition without them if she has to.

Tel Aviv can be expected to bargain hard with the US, to try to show up Nasir's acceptance as fraudulent, to extract every advantage from Arab differences, and to move very slowly in making any deviation from its long-standing principles on a settlement. At base, the Israelis' foot-dragging stems from sharp differences with the US over what their "secure and recognized borders" should be and their fears that the stepped-up Soviet involvement in Egypt combined with US pressures is the beginning of a big-power move to impose a settlement.

UN Still Trying

At the UN, plans for resuming the mission of Gunnar Jarring, Secretary General Thant's Middle East envoy, appear to be taking shape. The Swedish ambassador to the USSR is currently on home leave but will be available on short notice should the Big Four reach agreement on a new set of instructions for him to use in making contact with the Arabs and Israelis.

[redacted] In another move, Thant has called the head of the UN Truce Supervision Organization (UNTSO) to New York to determine what additional efforts UNTSO may be able to make in policing compliance with any cease-fire arrangement. [redacted]

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Libya: *Soviet Arms Deliveries*

The USSR apparently delivered its first direct shipment of arms to Libya on 18 July in two Soviet freighters. Ever since the coup of September 1969 the Soviets have been offering arms to the new Libyan regime, whose present arms inventories were received almost entirely from the US and the UK. In early 1970 Libya made a deal with France for some 100 Mirage jet aircraft and later received some Soviet-made equipment, probably from Egypt. The direct delivery of Soviet arms probably means that the Soviets will become one of the major arms suppliers of ground forces equipment to the Libyan military, which numbers fewer than 20,000 men.

The reason for this new Libyan policy is not clear. The US and the UK, however, have both had political problems with the new Libyan Government because of their relationship with Israel. Until 1970 the UK was the chief arms supplier for Libya; British dealings involved over \$40-million worth of tanks, armored vehicles, artillery, small arms, and naval ships. Several million dollars in additional equipment may still be delivered, and the UK is at present locked in a dispute with Libya over the sale of Chieftain tanks.

The US began its aid to Libya in 1957 with a grant and sent a Military Assistance Advisory Group (MAAG) to administer it. Up to 1970 this aid totaled about \$35 million in small arms, telecommunications equipment, and aircraft. The mission was reduced to five men in June 1970 when Wheelus Air Base was handed over to the Libyans. The US is still involved in negotiations

with Libya for F-5 and C-130 aircraft. The political difficulties arising out of Libyan sensitivity about the US relationship with Israel, however, have made the outcome of these deals uncertain.

The French entered the competition in January 1970 when they concluded a contract covering Mirage aircraft as well as economic and training agreements totaling possibly as high as \$400 million. From the beginning, however, the Libyans have proved to be difficult customers, and the arrangement may not work out as well as it appeared it might initially.

In July two Soviet freighters unloaded in Tripoli at least 57 T-54/55 tanks as well as artillery and other ground forces equipment. The ships later stopped in Benghazi to unload other equipment.

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Prime Minister Qaddafi, however, told the press that Libya intends to purchase arms from all quarters "so that it will be indebted to no one." It seems probable, therefore, that Libya will continue to buy a certain amount of arms from the Soviet Union while still continuing to maintain its agreements with France, and perhaps the US and UK as well.

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Muscat and Oman: *Palace Coup*

The son of Sultan Said has seized power in Muscat and Oman, [Redacted] Said took over the country in 1932 when the British ousted his father. Since that time, he had ruled in a conservative and autocratic manner, not letting the country de-

velop with the times. Even after oil was discovered and state income increased tremendously, the sultan refused to use the new revenues to modernize public facilities or to alleviate the wretched poverty that stifles most of the population.

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The British, who have a special treaty relationship with Muscat and supply it with British officers and arms, had become increasingly irked by the sultan's refusal to develop his country. Most of the population shared this sentiment, including the sultan's own family, and there had been several abortive attempts to dislodge him. On 23-24 July, the sultan's son Qabus, with the assistance of armed retainers and the support of other members of the family, seized the sultan, who was wounded in the legs during the fray. The army apparently took no part but has accepted the new sultan, who has promised to use the oil wealth to improve the lot of the people. The

British, who flew the former sultan to London for medical attention, recognized the new regime this week.

The British probably hope, because Sultan Qabus was educated in England and trained at Sandhurst that he will be able to combine the influence of his background with the modernity of his education to lead Muscat slowly into the twentieth century. But without trained personnel, an educated population, or any tradition of public service, it will be a difficult task to mold the primitive and sprawling sultanate into a modern state.

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India: *Prime Minister Faces New Parliamentary Session*

Prime Minister Gandhi's efforts to balance progressive and conservative forces and to strengthen the often sputtering but politically important bandwagon psychology that her administration has created will continue during the current session of parliament that opened this week.

The cabinet shake-up in June, in which Mrs. Gandhi reshuffled portfolios held by senior party leaders, proved her dominance within her ruling Congress Party. She also tightened her rein on governmental functions by removing key departments, with responsibility for such matters as personnel and intelligence, from ministerial control and shifting them to her own cabinet secretariat. These actions have led to some grumbling within the party about Mrs. Gandhi's alleged dictatorial tendencies, but with national elections scheduled to take place by February 1972, she apparently concluded she must ensure her ability to take a firm hand in preparation for the coming campaign. There are reports that she also plans to replace Congress Party President Jagjivan Ram with an individual who will be even more amenable to her control and better able to organize the party at the grass roots.

Mrs. Gandhi is continuing to try to project an image of a progressive socialist fighting a reactionary establishment. However, she has had to walk a political tightrope, carefully balancing progressive and conservative supporters so as not to rend completely the delicate fabric of unity of her party. The present session of Parliament will probably see a continuation of this balancing act. The most radical kind of action her government is likely to take is the abolition of the annual subsidies paid to former princely rulers or the nationalization of general insurance companies—"socialist" moves that have long been anticipated and are likely to antagonize the fewest people.

Mrs. Gandhi will also use the current session to further her attack against ideological extremists. Communal parties, such as the Hindu nationalist Jan Sangh, have been seeking alliances against her. The prime minister is attempting to block their efforts by tarring these opponents with an "extremist" brush, thereby making them unacceptable as political allies. Even so, an ad hoc arrangement between the Sangh, the rival Organization Congress, and the conservative Swatantra party—with a total of 133

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seats—appears to be shaping up. Such a development could be troublesome even though Mrs. Gandhi's party, with 221 seats in the 522-member house, can usually count on a regional party, at least one of the two Communist parties, and like-minded independents for support on crucial votes. Her party easily defeated a "no confidence" motion at the opening of the session. The more extreme of the two Communist parties voted against her but the motion's defeat was anticipated from the outset and the Communists

had a safe issue with which to demonstrate their independence.

Leftist extremists, especially the Naxalite terrorists, will also come in for condemnation by the prime minister, but she is likely to save her harshest words for the communal parties, whose alliance-making efforts represent a more serious challenge to the present stability and future prospects of her government.

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South Africa: *Vorster to Pursue Pragmatic Policies*

The newly elected South African Parliament is now in session, and the ruling National Party is expected to concentrate on foreign relations, partly to deflect opposition criticism of domestic problems. The basis for this approach probably will be Prime Minister Vorster's recent trips to Malawi and Rhodesia and his contacts while on vacation in Europe. Prospects for improving relations with the UK will also be a matter of special interest.

The National Party holds 118 of the 166 seats in Parliament, down slightly from the 123 seats it had before the election. The opposition United Party has 47 seats (an increase of nine) and the Progressive Party has one. The National Party leadership has interpreted the election results as indicating that the challenge from ultra-conservative Afrikaner elements has been crushed, and that the party had erred in concentrating on the ultraconservatives while neglecting the United Party.

Vorster, who had never fought an election as prime minister, apparently now believes he has a

mandate from the people, and that he is in a stronger position to follow his own moderate policies. Part of his increased self-confidence comes from the success of his recent trips. Prior to his official visit to Malawi in May, he had been outside of South Africa only once. Within two months, he had become the most widely traveled South African prime minister in history. While in Europe, he met with high-level Portuguese officials, paid a courtesy call on General Franco, and also visited France and Switzerland.

Although no concrete benefits resulted from the trip, Vorster served notice that he will continue to experiment with his "outward movement" in foreign policy in an effort to break South Africa out of its isolation. He probably hopes eventually to have contact with leaders of even more powerful countries, such as the UK. South African leaders are greatly encouraged by the Conservative victory in the UK and the prospects for improving relations with and possibly obtaining arms from the British.

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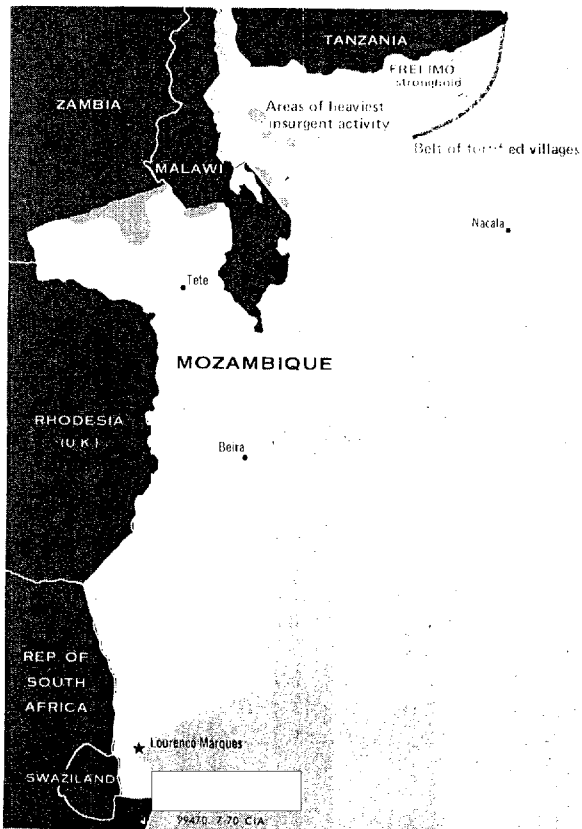
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Mozambique: *New Counterinsurgency Campaign*

An unusually strong counterinsurgency campaign by Portuguese military forces in northeastern Mozambique has seriously set back the guerrilla operations of the Mozambique Liberation Front (FRELIMO). In the future, FRELIMO may face substantially greater obstacles in waging guerrilla warfare, but it is likely to retain the bulk of its popular support and political influence in its areas of activity.

Since mid-June, Portuguese forces have conducted their first comprehensive and sustained search-and-destroy campaign. They also have used for the first time tactical air support and helicopters on a large scale in assaulting the northeast stronghold. As a result, the Portuguese have overrun many FRELIMO bases and have captured large quantities of armament and supplies. In addition, the Portuguese have built at least one base along the Tanzanian border from which government troops can operate against FRELIMO supply routes.



The northeast has been FRELIMO's main stronghold and the scene of the heaviest fighting since the insurgency began in 1964. The region is the homeland of the Makonde, whose tribal structure has been the basis of the FRELIMO organization in the area and whose men constitute about 80 percent of FRELIMO's guerrilla forces. Despite occasional raids on FRELIMO bases in the northeast, Portuguese forces for a long time were content to concede the remote, mountainous terrain to the guerrillas and to contain the organization largely by establishing a belt of government-controlled fortified villages.

Ultimately, a substantial reduction of FRELIMO influence in the northeast probably depends on the forcible resettling of the Makonde in government-controlled villages. The independent-minded Makonde have tenaciously resisted Portuguese propaganda campaigns designed to win them over to the government. The Portuguese have begun another of these campaigns, but apparently they are not planning to engage in an extensive population control program.

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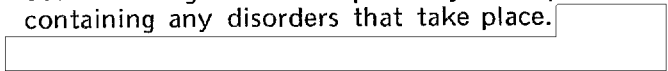
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COLOMBIA - DOMINICAN REPUBLIC: Presidential inaugurations in Colombia on 7 August and the Dominican Republic on 16 August could provide the fuel for violence. In Colombia partisans of ANAPO believe that Pastrana won the election by fraud and that their candidate, former dictator Gustavo Rojas Pinilla, is the rightful

president. In the Dominican Republic the major opposition party probably will limit its activities to demonstrations against President Balaguer, but some terrorism sparked by the extreme left could occur. Both governments probably are capable of containing any disorders that take place.



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Guatemala: *Politics and Terrorism*

President Arana, alarmed by continuing terrorist threats and by increasing violence in the countryside, is pressing for increased US material and advisory assistance.

Communists are divided over antigovernment strategy, and mutual suspicion between the two major subversive organizations—the orthodox Communist Party (PGT) and the Cuban-oriented Rebel Armed Forces (FAR)—has kept cooperative activity to a minimum. The FAR's intent to continue violence is at odds with the PGT's efforts to infiltrate legitimate political groups.

The PGT has made significant gains in quasi-legal activities. The party has penetrations in the Christian Democratic Party as well as the secret collaboration of the mayor of Guatemala City. PGT leaders have kept the information from the rank and file, however, and the party is meeting increasing discontent among its own activist members. Hard liners are resisting the PGT policy to limit violence until the new government's weaknesses can be identified. The PGT's line is difficult to sell to those who realize that they will be targets when the government responds to FAR terrorism.

The FAR lately has concentrated on rural activity, probably for a combination of reasons. The terrorists want to keep the government off balance and may also believe that retribution from rightist counterterrorists is less likely to be effective in the hinterland.

[Redacted]

Despite these problems, terrorist action has continued, particularly in the western department of San Marcos, where more than a dozen assassinations have occurred.

The army chief of staff last week referred to the Mexican border area and the south coast as the greatest immediate security threat, where terrorist bands are systematically robbing and murdering at will. In response, the army is forming a provisional battalion in the area and reportedly is coordinating operations with Mexican officials. Both President Arana and Minister of Defense Vassaux have expressed concern that Cuba may be preparing new assistance to the terrorists. They are pleading against any cutback in US material assistance that might occur because of US commitments elsewhere.

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Cuba: *High-level Personnel and Structural Changes Coming*

This year's 26 July speech by Fidel Castro was remarkable for its somber tone and candid discussion of Cuba's troubled economic plight. Castro admitted that his government has been unable to cope successfully with the country's complex economic problems and promised major structural and personnel changes in the Cuban Communist Party and in the administration. His

stated willingness to adopt measures to improve the situation may have been stimulated in part by Soviet urging. Despite his promises, however, he is unlikely to surrender a significant amount of power to anyone—Cuban or foreign—and presumably will continue to play the major role in deciding Cuba's economic path.

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Castro carefully avoided giving the impression that personnel changes would be in the form of a purge. He explained that many leaders were "exhausted" by their efforts in the sugar harvest this year, and he thus paved the way for their replacement without prejudice. The most likely candidates for removal seem to be Major Faure Chomon, minister of transport; "old Communist" Manuel Luzardo, minister of domestic trade; and Major Guillermo Garcia, Oriente Province party chief and member of the central committee's political bureau. Chomon and Luzardo have been unable to overcome the problems that have constantly plagued their ministries, and Garcia's poor performance in the harvest apparently caused Castro considerable disappointment. By avoiding any implication of disgrace in the removals, Castro probably hopes to prevent the alienation of those who are replaced and to escape the embarrassment of having appointed incompetents to high positions. Most of his new appointees will probably be capable military officers and experienced technocrats.

The most outstanding innovation announced by Castro is the creation of the bureau of social

production to coordinate all economic activity and to develop realistic plans for the economy. The bureau apparently will replace the present central planning board and the central committee's economic commission. Although no appointments have yet been announced, minister without portfolio Carlos Rafael Rodriguez is a likely choice to head the bureau if Castro does not take the job himself. Rodriguez is an "old Communist" and an experienced economist who enjoys the respect of both Moscow and Castro. If he gets the post, he will eclipse Cuban President Osvaldo Dorticos, one of Castro's key economic advisers and currently head of both the economic commission and the central planning board.

The trend toward domestic policies more in line with Soviet thinking coincides with a similar improvement in relations with some Latin American Communist parties. The psychological impact of failing to meet this year's harvest goal despite an all-out effort seems to have brought home to Castro the magnitude of Cuba's economic problems, and he apparently has become more willing to listen to Soviet advice on both the domestic and international fronts.

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Mexico Outraged Over Hijacking

The Mexicans are outraged by the latest airplane hijacking by asylees and are putting pressure on Cuba to extradite the hijackers.

Three Dominicans who had been granted asylum in May and one Mexican hijacked a Mexican airliner to Cuba on 25 July. The public media have demanded extradition of the air pirates, and one widely circulated conservative paper observed the irony of maintaining diplomatic relations with a country "which has demonstrated profound contempt for Mexico"—a reference to Cuba's habitually ignoring Mexican requests for extradition.

Mexico's indignation is aggravated by its pride in its role as a haven for the politically

oppressed and as a bridge between Cuba and the other American republics. The government probably will draw a strong distinction between political asylees and common criminals in the future and is tightening control over asylees still in the country. It has refused to give asylum to Bolivian guerrillas now in Chile.

Mexico immediately indicated its displeasure by refusing to permit a Cuban airliner in Mexico City to take off until the hijacked Mexican plane was returned. To increase pressure on Cuba to extradite the hijackers, Mexico quickly announced that it was terminating the bilateral air convention in force since 1954, noting that the convention is anachronistic. The pact provides that either party can inform the other of the

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desire to terminate, and if no reply is received within 14 days, the agreement is automatically dissolved one year later. Thus the convention will continue in effect until 11 August 1971. Mexico left the door open to renew the pact with certain changes. It is widely speculated that prominent in a new convention would be a provision requiring extradition of hijackers or other measures aimed at halting the piracy fad.

Cuba is unlikely to return the hijackers to Mexico, where the attorney general is charging

them with everything in the book, including air piracy, bearing arms, damage to another's property, and injuries and threats. Bad blood between Mexico and Cuba on the extradition issue is of long standing, and a similar hijacking incident last summer torpedoed a bilateral hijacking agreement that was ready for ratification. Although Mexico will not break diplomatic relations with Cuba, the Mexicans now have made clear that they will get tough when circumstances permit. [REDACTED]

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COSTA RICA - EASTERN EUROPE: Costa Rican President Figueres' open door policy toward the Communist countries in Europe may be dissipating the traditional Central American aloofness toward the bloc. Salvadoran coffee growers reportedly now have requested Figueres' assistance in promoting trade negotiations between El Salvador and the USSR. The Guatemalan for-

eign minister recently indicated that his government is considering establishing commercial relations with some socialist countries to sell surplus coffee. Central Americans previously have sold surpluses to Eastern Europe through middlemen, but Figueres' open bargaining with the Communist countries has probably served to accelerate a departure from the old cold-shoulder policy. [REDACTED]

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Bolivia: *Crisis and Confusion*

The conflict between leftists and moderates within the Bolivian Government and the military reached new levels of intensity this week. President Ovando appeared to be accepting the military's approach to solving the student problem in La Paz, but at the last moment he reversed and backed the leftists. This act seemed momentarily to ease the tension that was rapidly intensifying in student and labor circles, but it put Ovando in direct opposition to his military leaders.

Students belonging to the conservative Bolivian Socialist Falange (FSB) occupied the main university building in La Paz last week and ousted the leftist radicals who had been in charge

since April. The FSB group apparently had the support of the military, who hoped to use this group to remove leftists from control of the university and end its use as a center for subversion. The FSB students were supplied with arms and the stage was set for a confrontation as both the right and left made plans for gaining complete control of the university.

[REDACTED] the President initiated a mediation effort that resulted in FSB students' giving up the building on

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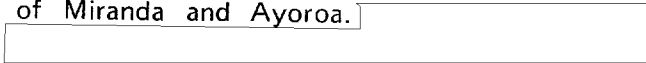
29 July amidst feelings that they had been betrayed by the government. The agreement, worked out through mediation efforts involving students, faculty, members of the clergy, and government officials, calls for student elections on 14 August but returns control in the meantime to the leftist Revolutionary Council.

Tied to Ovando's wheeling and dealing over the student crisis was the apparently rigged resignation of leftist Information Minister Bailey on 27 July. In announcing his resignation, Bailey took the military to task for opposing the "revolution," making statements that in retrospect appear to have been designed to undercut the position of the military high command. The following day Ovando refused to accept Bailey's resignation and the minister resumed his post.

There is no indication that Ovando coordinated his moves with any member of the

military high command before resolving the student conflict and reinstating Bailey. Both are actions directly opposed to the stated desires of military leaders. In view of their current preoccupation with searching for guerrillas, Ovando may believe he can act with impunity. In addition, the President may have gained endorsements for his actions from second-echelon commanders, thus outflanking the high command.

The differences between Ovando and the military now appear to have become so serious that a final reckoning cannot be far off. If army commander General Miranda and Interior Minister Ayoroa have sufficient support within the military, they are likely to force a confrontation with the President in the near future. If Ovando has picked up sufficient military backing in recent weeks, however, he is likely to seek the removal of Miranda and Ayoroa.



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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Colombia: A New President and a New Political Spectrum

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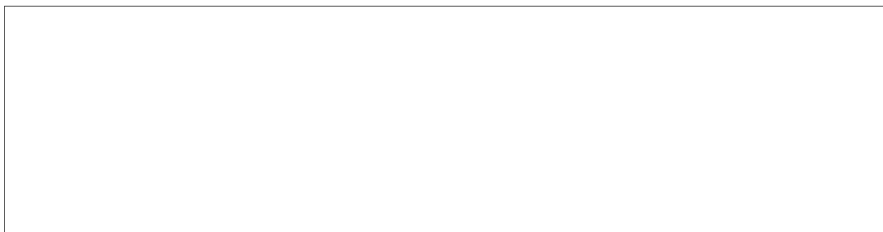
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COLOMBIA: A NEW PRESIDENT AND A NEW POLITICAL SPECTRUM

Misael Pastrana Borrero will be inaugurated on 7 August as the fourth and last president under Colombia's unique National Front system of government. The Front was established in 1957 following the overthrow of General Rojas Pinilla and was designed to end the bloody political strife that had wracked the nation for ten years. The major provision of the Front was for the Liberal and Conservative parties to alternate the presidency and to retain parity in Congress between them until 1974.* Last April's election did not evolve as the Front's founders envisioned. There was widespread opposition within the Conservative Party—whose turn it was to provide a president—to the imposition of Pastrana as the official candidate by Conservative former president Ospina. Another factor affecting his candidacy was his close identification with Liberal President Carlos Lleras. As a consequence, two other Conservatives, Belisario Betancur and Evaristo Sourdis, joined the contest, thereby further splitting the Conservative Party. Former dictator Rojas Pinilla also ran as a nominal Conservative.



Rojas Pinilla's Daughter Being Evicted From First Session of Congress on 20 July

**Constitutional amendments passed in 1968 specify that parity at cabinet level and in other high positions will remain in effect until 1978.*

Pastrana's small plurality—63,557 votes*—attests to the Front's narrow survival. The runner-up, Rojas Pinilla, would have overturned the Front and possibly plunged the nation into chaos and renewed strife reminiscent of that which caused his overthrow in 1957. Rojas' followers, led by his politically astute daughter, Senator Maria Eugenia Rojas de Moreno, and his political movement, the National Popular Alliance (ANAPO), have charged that Rojas has been denied the presidency through fraud and claim that he is the rightful president. Since 18 July, Mrs. Rojas de Moreno has made inflammatory statements emphasizing that her party does not recognize Pastrana's victory and predicting that "blood will flow in the streets." On 20 July, when the new Congress convened, she accused President Lleras of responsibility in the assassination attempt against activist ANAPO Senator Ignacio Vives.

To counter any possible violence, President Lleras declared a state of siege that remains in effect at this time. Even though there are extensive security precautions in Bogota, new violence could erupt during the inauguration. General Rojas Pinilla has been recuperating from a serious heart ailment in the United States, and it is doubtful that he will resume active leadership of the movement. He is, nevertheless, expected to return before 7 August and probably will hold private "inaugural ceremonies" in the hope of causing violence or at least embarrassing the new administration. The armed forces are capable of containing any disorders that may occur.

Although ANAPO-sponsored demonstrations would be embarrassing to the newly inaugurated President and serve to cloud the political atmosphere, they probably would be the least of Pastrana's problems.

The Setting

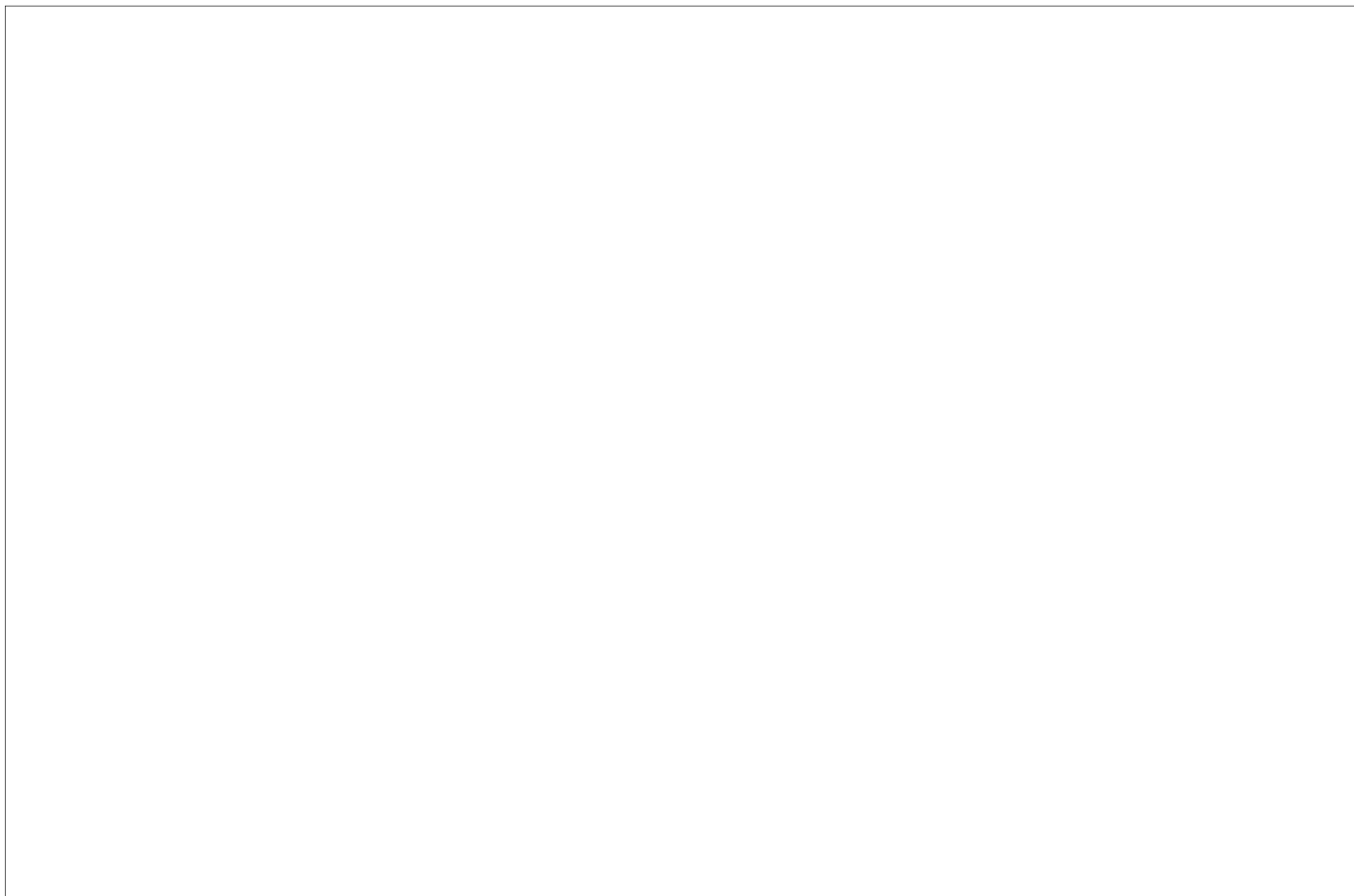
The elections on 19 April signaled the end of an era: the Liberal and Conservative parties are no longer pre-eminent, and a third party, the National Popular Alliance (ANAPO), has become a major contender on the political scene. Lower class voters, who had traditionally opted for one or the other of the major parties, instead succumbed to Rojas Pinilla's demagoguery, and many voted for him.

The election was a greater blow to the Liberals than to the Conservatives, who already knew that their party was fragmented. The Liberal Party complacently believed it had the support of

the majority of the electorate, particularly in the cities, and was certain that, whatever happened to Pastrana, it would continue to be the largest party in Colombia. Instead, voters in the larger cities and departmental capitals, where Liberalism had been strong, overwhelmingly supported Rojas. The leaders of both parties appear convinced that drastic changes are necessary in the internal structure and tactics of the parties comprising the National Front if they are successfully to meet the ANAPO challenge and regain their pre-eminence.

The loss of effectiveness by the Liberals and Conservatives, Rojas Pinilla's charisma, the excellent organization and campaign by ANAPO, and

*Pastrana—1,625,025; Rojas Pinilla—1,561,468; Betancur—471,350; Sourdis—336,286.

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the protest against the "establishment" as represented by the National Front, all contributed to the Front's near defeat. Pastrana's poor tactics and his lackluster bureaucratic image also contributed to his poor showing.

As a result, the two major parties are seriously factionalized and political alignments will not be clear until after Pastrana takes office. The outcome could be determined for the most part by the course that ANAPO chooses to follow and whether the party can hold together when Rojas Pinilla is no longer politically active. He is now 70 years old and not physically capable of arduous

activity. ANAPO must decide who will succeed to the leadership of the party and who will be the presidential candidate in 1974. At the same time, the process of uniting the movement into a fully operational third party is not an easy task, and it could lead to the splintering of the heterogeneous forces comprising ANAPO.

Whether the ANAPO bloc in Congress will remain united is debatable; individual members now may be more willing than before to follow a course of action that will benefit them personally. ANAPO is expected to organize itself into a strong opposition in Congress. In that case it

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Supporters of ex-dictator Rojas Pinilla demonstrating in downtown Bogota the day following the 1970 presidential elections.

would be in an excellent position to harass the new administration and solidify support for itself by posing as the real defender of the people against the oligarchy. Outside Congress, ANAPO will be able to organize demonstrations against the government, incite dissident groups to oppose the administration, and act as a rallying point for the forces in Colombian society that are seeking a mass-based political movement capable of being the real opposition to the "establishment."

Pastrana's Problems

President-elect Pastrana faces great domestic difficulties when he takes office on 7 August. Although his victory was legitimate, his plurality was slim and many persons believe he was elected by fraud. This situation will deprive him of true public acceptance and recognition of his legitimacy. He will not only be considered president of a minority in the country as a whole, but he also

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will lead a minority in his own fragmented Conservative Party. Even the Liberal Party, where he has his strongest support, is expected to factionalize further as the realities of the competitive political situation for 1974 begin to emerge more clearly. Pastrana will have to utilize all the powers of his office in a forceful manner if he is to establish himself as president in fact as well as in name. His greatest difficulty may come when he attempts to free himself from the patronizing influence of his mentors, ex-presidents Carlos Lleras and Mariano Ospina.

Pastrana's actions during the campaign did not show him to be a strong leader, and he has done little to counter that impression. Moreover, Pastrana lacks definable political support. He will have to develop rapidly some kind of political machinery on which he can depend during the next four years.

The decisions that will be made by defeated Conservative candidates Betancur and Sourdis will be important to Pastrana's power base. Betancur has publicly stated that he will not oppose Pastrana merely for the sake of opposition, but evidence suggests that he intends to adopt a hard line toward the new administration. Sourdis has not yet made a firm decision: much will depend on what he is able to obtain in the way of government posts from the Pastrana administration and whether the individuals under his banner remain united. Some members of both camps probably will collaborate with Pastrana even though Betancur and Sourdis remain in opposition. Support from individual defectors may give the Pastrana forces a majority in Congress. In any event, ANAPO has more than one third of the seats in the Chamber of Deputies and can block any legislation requiring a two-thirds vote.

SENATE				
	<u>Liberals</u>	<u>Liberal Independent</u>	<u>Conservatives</u>	<u>TOTAL</u>
Pastrana	37	2	18	57
Rojas	12		26	38
Betancur	3		9	12
Sourdis	5		6	11
				<u>118</u>
CHAMBER OF REPRESENTATIVES				
Pastrana	59	4	31	94
Rojas	28		44	72
Betancur	6		18	24
Sourdis	8		12	20
				<u>210</u>
<i>Pastrana lacks three votes in 118-member Senate to achieve 50% plus one. In 210-member chamber he lacks 12 votes for 50% plus one.</i>				

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Pastrana's relations with the armed forces are important for the stability of the government and the maintenance of public order. He has military support at present but he cannot afford to be complacent. Pastrana will have to be decisive; his greatest danger would come from showing uncertainty in the face of a political, security, or economic crisis. Although the Colombian military traditionally has been apolitical, it still considers itself the ultimate defender of the state and the constitution. It probably would act in the face of an imminent threat of chaos or anarchy.

Colombia's rapid rate of urbanization is out-running the capacity of industry to absorb migrants and the young coming into the labor market, and the ability of government to supply desired public services. The new administration must satisfy, or give the appearance of satisfying, the aspirations of those who consider themselves suppressed, deprived, or alienated.

In this sense Pastrana probably will be at a disadvantage as the heir of the "establishment" against which the protest vote was in part directed. The new government will have to decide the extent to which it will sacrifice economic goals for the sake of political expediency, in its efforts to gain support among the masses. Pastrana probably will not be able to continue the remarkable progress made toward economic recovery and the restructuring of the government undertaken by President Lleras.

The Prospects

Pastrana's personality and his apparent weakness, added to his lack of political experience, do not augur well for the new administration. Nevertheless, he possesses several important assets. He will inherit an improved economy from President Lleras, who probably will support him, at least initially, to ensure that the programs he began are continued. Although Pastrana cannot count on a clear and independent majority in Congress, he will be able to dispense patronage to those who support him. Properly

used, this could be the most important factor in his favor. In addition, the current high price of coffee and its positive effect on the economy will reflect favorably on the President-elect.

Pastrana has made a point of meeting with representatives of lower income groups to discuss their problems since the election. He has called for cooperation from followers of the other candidates in a way that suggests that this is not merely an empty gesture but a genuine effort to gain favor with those individuals whose desire has been to support a program of social change. He has made public statements on the need for social change to include action in the fields of employment, housing, health, education, and urban problems.

Pastrana will be compelled to develop programs, some of them already under way, to reduce unemployment and improve the standard of living if he hopes to create mass support for his administration. There is a danger, however, that the government will overreact to the ANAPO threat and initiate or acquiesce in unwise measures and programs that could undermine the economic and thus the political stability of the country. Pastrana's reaction to problems that come to the fore soon will give a clue as to the nature and possibly the success or failure of his administration. His initial tests will come when he chooses his ministers and senior officials and seeks to implement legislation. At that time, because of his lack of a majority in Congress, he will have to present an attractive program that will receive such broad public support that members of the Congress will be forced to follow him. Should he be unable to rule with a hostile Congress, however, Pastrana can call on a time-tested Colombian solution—he can declare a state of siege and rule by decree.

All the evidence thus far suggests that there will be few surprises after Pastrana takes office, but Colombia's progress during the next four years probably will be slower than that under President Lleras.

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