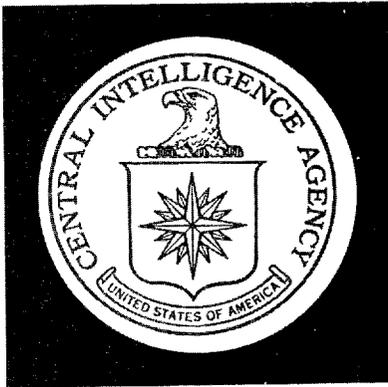


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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15 March 1968
No. 0011/68

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(Information as of noon EST, 14 March 1968)

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National elections set for 2 June offer no alternatives to the personalistic politics that have given Ecuador the Latin American record for unconstitutional changes of government in the past 30 years.

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FAR EAST

The Communist winter-spring campaign in South Vietnam remains in a phase of regrouping, recruiting, and refitting in preparation for the next round of large-scale attacks. The few significant engagements last week mainly resulted from renewed allied sweep operations. Communist initiatives were mostly limited to rocket and mortar attacks on allied positions and facilities.

[redacted] the Communists have gained in consolidating their grip on the countryside since the Tet offensive. The threat posed by the presence of substantial Communist forces near urban areas, combined with sporadic shelling and harassment, has depressed public morale and reduced confidence in the South Vietnamese Government.

In Saigon, the anti-Communist "National Salvation Front" was formally inaugurated, but its effectiveness as a vehicle for rallying public support probably will be limited by the abstention of several prominent political figures and by widespread suspicion that the front was contrived to advance the ambitions of Vice President Ky and its main sponsor, Senator Tran Van Don.

Communist forces in Laos are maintaining pressure on government positions in widely scattered areas. They captured the important guerrilla base and radar site at Phou Pha Thi in northeastern Laos on 11 March and then quickly overran several small outposts in the area. They have also made small-scale attacks south of the Plaine des Jarres and are poised for another coordinated offensive in southern Laos, with the government base at Lao Ngam as the probable main objective.

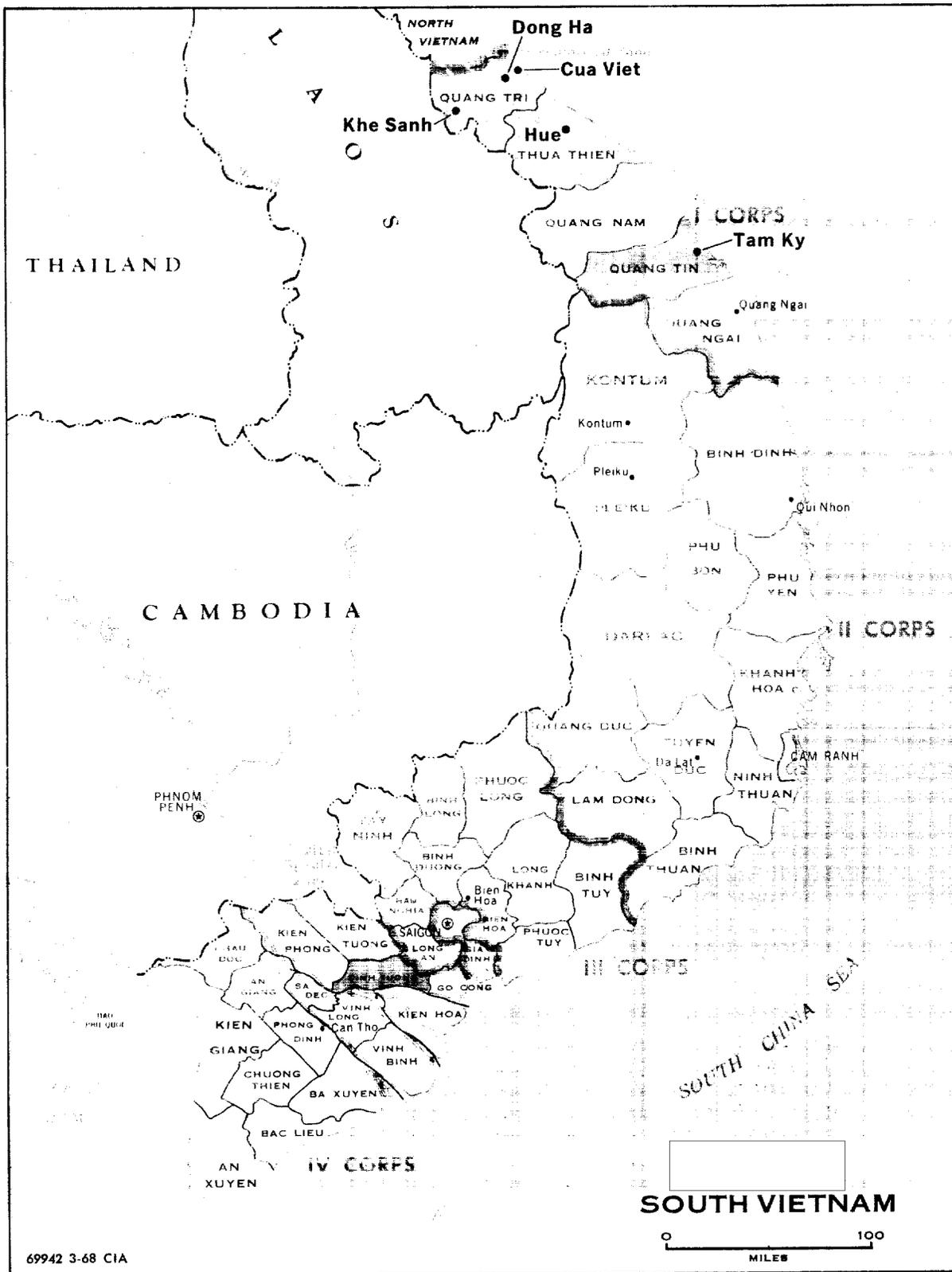
North Korea has renewed its threat to bring the Pueblo crew to trial if the US refuses to make a formal apology. An authoritative article in the party newspaper stated that the incident could be settled "somewhat leniently" if the US would apologize, but warned that Pyongyang will take "some other measure" against the crew if the US position remains unchanged.

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VIETNAM

Allied forces in several areas of South Vietnam are beginning to move out from defensive positions held since the Communist Tet offensive and to take the initiative with renewed sweeps against enemy main force units. Most of the major ground engagements this week were initiated by the allies while the enemy sought generally to disperse into small units and avoid large-scale confrontations. The Communists have, however increased pressure in the northern provinces with stepped-up shelling and vigorous logistical efforts.

The Communists' strategy in the present phase of their winter-spring campaign is to evade large-scale allied offensive operations in the field while at the same time keeping military, economic, and psychological pressure on population centers. These objectives, as set forth in captured documents and other intelligence reports, call for emphasis on economy-of-force tactics, including continued bombardments of both towns and allied military installations and harassment of lines of communication in order to isolate and intimidate the population in the key urban areas.

At the same time, extensive enemy battle preparations are being made in certain strategic areas of the country, most notably

in the northern provinces of Quang Tri and Thua Thien. Here, the Communists appear to be planning a sustained campaign to obtain control.

Intensified artillery, rocket, and mortar barrages were directed against allied positions from Khe Sanh to the US Navy supply complex at Cua Viet. In this region, the enemy is evidently preparing to take on US and South Vietnamese troops in somewhat more conventional style of warfare, utilizing main force units, heavier firepower and even armored vehicles.

Increased allied search-and-destroy activities resulted in intense fighting during the week between allied and Communist forces in two strategic areas-- in Quang Tri Province near Dong Ha and in Quang Tin north and west of the provincial capital of Tam Ky. The encounters near Dong Ha involved elements of the North Vietnamese 320th Division, which may have been preparing offensive moves after its recent shift from the central DMZ area to eastern Quang Tri Province. The division may also have accepted battle in an effort to mask infiltration of additional enemy units along the coastal corridor. In the fighting near Tam Ky, the US Americal Division scored two impressive

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victories against elements of the North Vietnamese 2nd Division.

Meanwhile, to the south, joint US - South Vietnamese forces have begun several multibattalion operations to seek out and destroy concentrations of enemy forces. One of these is a concerted drive in the area surrounding the capital, while another is under way in the Mekong Delta province of Dinh Tuong.

Political Developments
In South Vietnam

The Thieu government continued to move ahead this week with its long-promised administrative reforms. On 11 March, eight province chiefs were replaced, six of them for corruption or inefficiency. Some of the changes had been long planned, two were necessitated by death or injury, while the rest were directly linked to ineffective performance during the Tet offensive.

The government is also moving to break up the strong power of the corps commanders by stripping them of their civil authority. It plans to appoint civilian "delegates" to the various regions to oversee the performance of province chiefs in non-military matters. [redacted]

[redacted] six such "delegates" who will report directly to the interior minister in Saigon are expected to be named by 1 April. Some corps commanders are already voicing doubts about the workability of the plan, and at least one has implied that it represents a scheme of President Thieu to build a political party apparatus in the countryside.

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General Le Nguyen Khang, III Corps commander, has reportedly complained that popular support for the present government is deteriorating. Khang asserts that there is widespread dissatisfaction at all levels of the officer corps over Thieu's failure to mobilize the anti-Communist sentiment of the public in the wake of the Tet offensive. Khang said that he knew of no coup planning by the military, but that certain supporters of Vice President Ky were pushing the idea of a constitutional amendment that would permit Ky to step in as prime minister. [redacted]

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Efforts to solidify the country behind the anti-Communist struggle took a step forward [redacted] 3.3(h)(2)

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on 10 March with the formal launching of the People's Front for National Salvation, under the chairmanship of Senator Tran Van Don. Although the front has attracted a broad range of the country's political and religious groups, several prominent politicians and militant Buddhists have apparently withdrawn active

support. Moreover, the front has not received effective backing from President Thieu and his supporters--who are apparently organizing rival groups. Thus the prospects are dim that Don's organization will play a significant role in rallying forces against the Communists. [redacted]

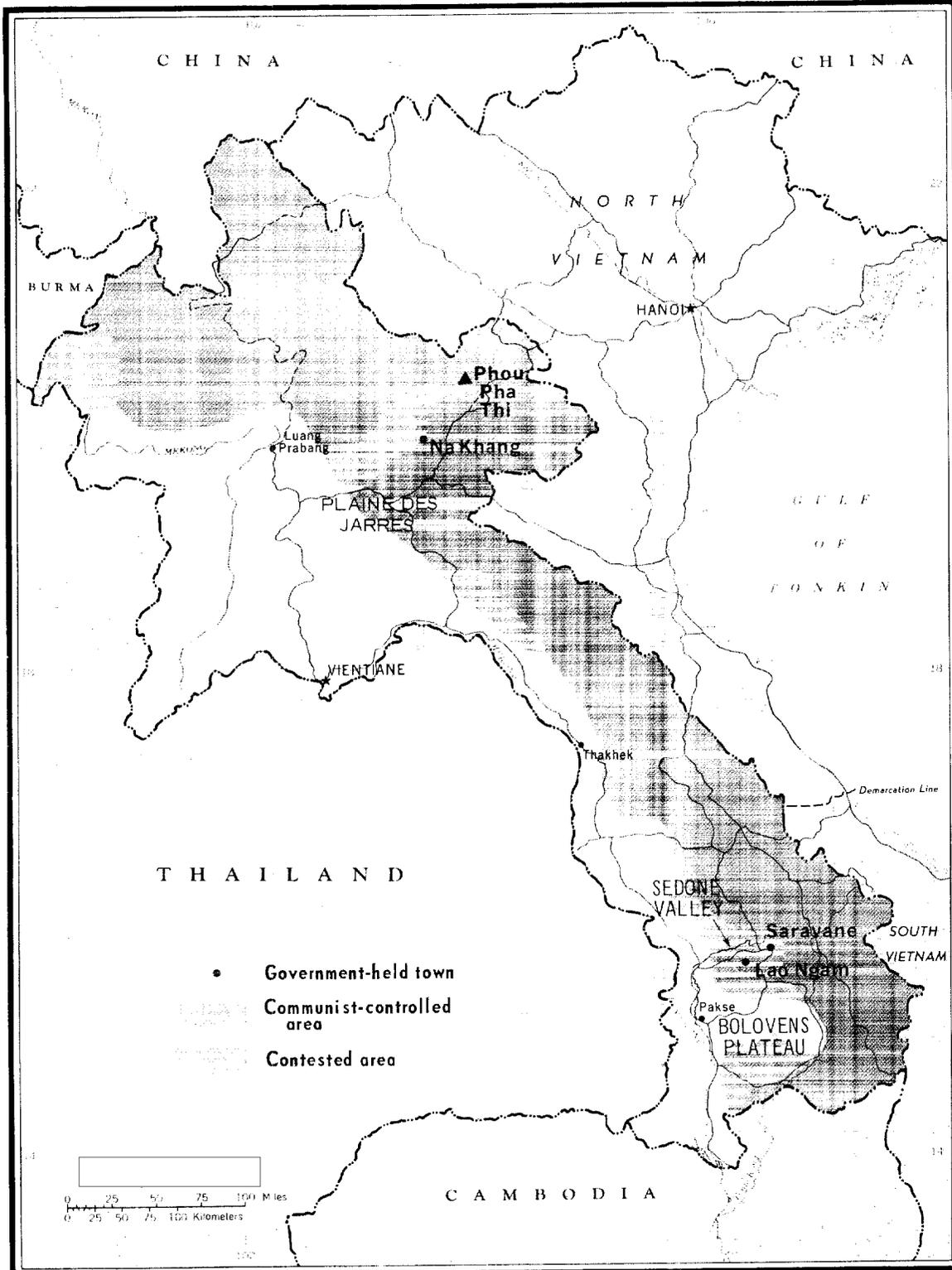
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LAOS



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COMMUNIST DRIVE CONTINUES IN LAOS

The Communists are continuing to make progress in their annual dry season offensive.

In the northeast, the Communists succeeded in overrunning the important government base at Phou Pha Thi on 11 March, inflicting 12 US casualties. The loss of this base is a severe setback for friendly guerrilla forces in the area and is the second US tactical navigation installation to be taken this year.

The Communists have followed up their success at Phou Pha Thi with the capture of a number of small outlying bases in an attempt to clear the area of guerrilla forces. The next thrust may be at the important government base at Na Khang, some 40 miles to the south.

Although this base has been overrun in past years, given the recent setbacks in the Phou Pha Thi area, its loss would seriously impair the government's ability

to observe and harass the enemy's lines of communication in the northeast.

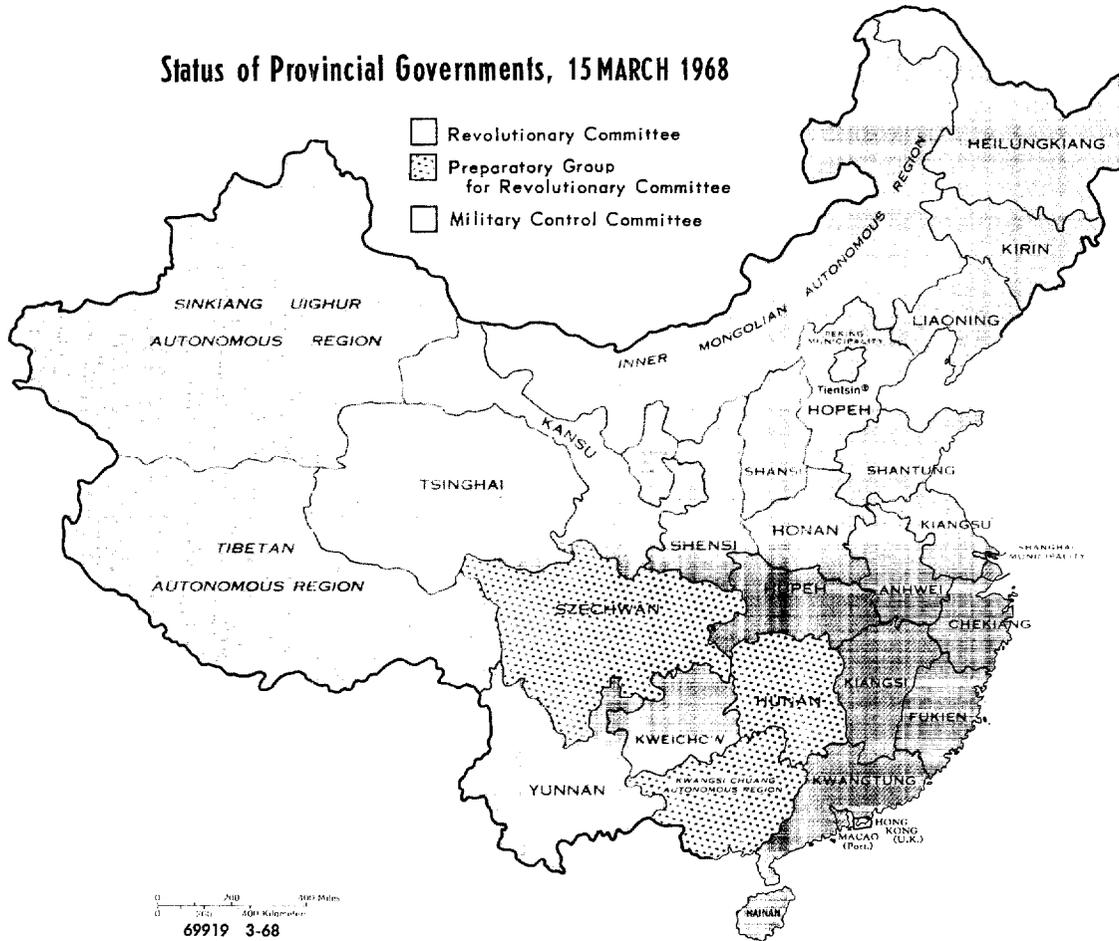
There are also signs that a new round of Communist attacks in southern Laos may be in the offing. A significant enemy build-up in the Bolovens Plateau area appears to be under way. At least four armored cars, in addition to supplies and replacement troops, were recently observed moving into the Sedone Valley.

These reinforcements appear to be targeted against the government regimental base at Lao Ngam, which came under heavy attack on 23 February. The enemy has launched numerous probing and mortar attacks against outlying defensive positions in recent days, suggesting that an assault on the base itself is imminent. Although Lao Ngam appears to be the enemy's primary objective, an attack against the provincial capital of Saravane itself cannot be ruled out.

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Status of Provincial Governments, 15 MARCH 1968



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VIOLENCE DECLINES IN COMMUNIST CHINA

The tide continues to turn against militant Maoists, both in Peking and the provinces, and the level of disorders seems to be dropping from the high point reached in January and February. New governing authorities called "Revolutionary Committees" are being established in province after province. They are staffed mainly by veteran military and party cadres--bureaucratic types who would not be expected to have much enthusiasm for "revolution." Some appointees, who have been heavily attacked by Red Guards, were presumably named over militants' objections.

Sixteen provincial-level committees have now been formed; 13 provinces still remain under provisional military rule. The makeup of the latest committee--formed in Kirin on 6 March--is typical. Its chairman is a local general. Two vice chairmen are military men, and the other two are former party secretaries. One has often been denounced by Red Guards as an agent of Liu Shao-chi.

Political tensions remain high, however. There are signs that maneuvering continues among leaders in Peking, that militant forces in the provinces retain considerable capability to create disorder, and that political problems persist in the military.

Numerous posters attacking two second-level officials have been displayed in Peking in the past month. Apparently officially inspired, the posters accuse these individuals of working against Premier Chou En-lai. Chou continues to be the most active and hardest-working member of the top leadership. Japanese trade delegates who met him on 6 March say the 69-year-old premier never looked so exhausted and for the first time seemed to be a tired old man. Chou has probably overworked in trying to push his moderate policies in Peking and force agreements in the provinces.

In a speech on 17 January, Chou had indicated that his efforts to keep the Cultural Revolution from disrupting military weapons programs had been less than successful. He told representatives of defense-related factories and schools that military industries were especially faction-ridden. He said that factions had been fighting for a year and a half, and had damaged equipment in some factories, and he "implored" them to stop. He singled out the ministry believed to be responsible for producing missiles, and said its management was particularly chaotic. Work has, in fact, continued in the advanced program and in defense industries, but it is increasingly clear that disruptions have occurred in the past year. [redacted]

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EUROPE

Events in Eastern Europe took a dramatic turn during the week.

Student demonstrations in Poland have spread. The regime has so far been able to prevent overt support from the industrial workers. The hard-line faction in the Polish party appears to be attempting to use the student demonstrations to advance its interests and influence in the party to the detriment of Gomulka.

The struggle between liberals and conservatives in the Czechoslovak party has become sharper. New party first secretary Dubcek has still not consolidated his position. The public, apparently hopeful that the liberals win out, has been cautious, and students and workers have refrained from demonstrations despite the example of Poland.

Pankow is apprehensive about the possible impact in East Germany of events in both Poland and Czechoslovakia.

Moscow is saying little publicly about events in Czechoslovakia and has maintained total silence on the Polish demonstrations but is clearly watching developments intently.

Soviet preoccupation with problems of the Communist world and especially of Eastern Europe, had already been amply demonstrated. In recent weeks, Soviet leaders made a round of visits to East European capitals. The party hierarchy is now back in Moscow, however, and the long heralded meeting of the central committee to deal with an accumulation of domestic questions may be impending.

In Western Europe, unprecedented speculative demand for gold sent markets reeling this week and posed a new threat to the international monetary system.

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USSR PROTESTS BONN'S TIES WITH BERLIN

Moscow publicly and privately recorded its disapproval of last week's West German parliamentary committee meetings in West Berlin, but did not reinforce these remonstrances by conducting harassing operations. Despite some Soviet preparations pointing toward harassment, possibly in the form of jet "buzzings" of the Western sectors, the Russians did not react. Although unfavorable weather was an inhibiting factor, it may be that the Soviets were content to let the preparations themselves make the point that they objected to Bonn's "provocation."

In a statement issued as the Bundestag "work week" began on 4 March, the Soviet ambassador to East Germany warned that the event was "sharpening tensions" in Berlin and inviting "undesired consequences." Similar language was used in other recent complaints, suggesting greater Soviet sensitivity to such conspicuous displays of Bonn-Berlin ties. Pravda alleged that these displays were taking on "an increasingly challenging character." Indeed, the Soviets' warnings were more urgent and their protests more numerous than was the case last October when a previous "work week" took place.

Some of last week's preparations were reminiscent of those that preceded a harassment campaign at the time of the last plenary session of the Bundestag in Berlin in April 1965. The present "work week" of committees, however, was not expected to evoke a reaction on a par with the 1965 event, which had ended a seven-year abstention from plenary sessions in the city.

To a far greater extent than the meetings of parliamentary committees, which have occurred periodically, the 1965 session challenged the Soviet position that West Berlin is a separate entity from the "two Germanies." Soviet Embassy officials reportedly reminded members of the West Berlin Senate last week that a Bundestag plenary session exceeds the USSR's "tolerance boundary," and that Moscow would have been forced to act if one had been convened last week. Russian diplomats were at pains, however, to disavow any desire to precipitate difficulties over Berlin. There was no suggestion that the Soviets intended to mount a crisis, but it was made clear that Moscow was taking the meetings seriously and was monitoring them closely.

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SOVIET MILITARY AID TO EGYPT AND YEMEN

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The USSR has stepped up its training effort in Egypt and is continuing its extensive re-equipment of the UAR armed forces. Moscow also continues to provide military aid to the Yemeni Republic Army.

Concerned over the poor showing of the Arabs last June, the Soviets probably wish to assure themselves that the Egyptians' ability to use Soviet equipment is improving. The Soviets thus appear to be placing special emphasis on their training programs in Egypt. It is estimated that as many as 1,500 Soviet advisers and technicians are now there, double the number present a year ago. Since November, the Russians have taken particular interest in Egypt's air defense training.

Military aid deliveries, consisting largely of transport equipment, continue to arrive in Egypt. More replacement equip-

ment is expected as the year progresses.

Moscow has replaced Egypt as Yemen's chief supplier of military equipment, and since last November has furnished a basic stock of weapons by airlift.

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CZECHOSLOVAKIA IN TURMOIL

The struggle between conservatives and liberals in the Czechoslovak Communist Party is coming to a head, with more calls being heard for the immediate ouster of former party boss Novotny from the presidency and the party presidium.

Press reports on the recently completed annual party election meetings in 66 districts throughout the nation have brought the struggle more into the open and reveal much about the feelings of the party rank and file. Despite opposition, virtually all of the district party organizations have endorsed the removal last January of Novotny from his post as party first secretary, and have called for open and critical discussions of problems in party forums. They are pressing the party leadership for details of the central committee and presidium proceedings concerning the ouster of Novotny, particularly wishing to know who was opposed and on what grounds. They demand to be completely informed about the current power struggle and the details of the controversial Dubcek "action program," which has been billed as sharply reducing the influence of the party.

A majority of the district organizations for the first time elected their new officers and delegates to forthcoming regional conferences by secret ballot. Many joined with the main party daily, Rude Pravo, in calling for the secret ballot to be mandatory in the future. There is disagreement in many districts concerning the advisability of allowing the media to wash dirty party linen in public. Conservatives are charging

that the press is too one-sided in favor of the liberals. This echoes the argument that has emerged at the party center, where the leadership is casting about to establish some palatable limits on the nearly chaotic flow of public proposals for changes.

In the meantime, party members in the armed forces, the interior ministry, the procurator's office and other ministries have called on their respective leaders to take an open stand on the issues currently confronting the regime. In addition, they have called on their bosses, as well as Novotny, satisfactorily to explain their roles in the defection to the US of Maj. Gen. Jan Sejna, or to resign.

The Soviets and Poles, who are no doubt watching these developments anxiously, have attempted to put the best face possible on their limited news coverage of these events. The East Germans are now becoming critical. In the meantime, Prague students have sent a resolution of support to rioting Polish students in their "struggle for democracy."

Czechoslovak press commentaries are increasingly calling for a re-evaluation of Czechoslovakia's relations with the Soviet Union. They put great stress on their alliance with Moscow, but make clear that Czechoslovakia should also exert its options to establish better relations with Western Europe and the rest of the world. The Russians have clearly decided that, for the moment, the less said by them the better.

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POLISH REGIME SHAKEN BY PUBLIC UNREST

Repressive measures taken so far by the regime have failed to curb the spread throughout the country of student demonstrations or to prevent the students from organizing to present antiregime demands. At the same time, the unrest has intensified factional struggles within the party which may be weakening party leader Gomulka's position.

For the moment, the party seems to have forestalled a student-worker coalition by employing heavy-handed propaganda with an anti-Semitic and anti-intellectual slant. At numerous workers' meetings staged throughout the country, the party pushed through resolutions avowing loyalty to the regime and condemning the demonstrators. Few Poles, however, will accept the party's anti-Semitic interpretation of the riots. Moreover, the workers, many of them parents of the youths involved, reportedly are increasingly sympathetic to the student cause.

The students have rejected regime charges that "Zionists" instigated "teenage toughs" to riot, stating that those involved were persons "whose primary aim is socialism and democracy." Student demands now center on the release of arrested demonstrators, condemnation of police brutality, an end to biased official reporting on the unrest, and a general democratization of student-regime relations. The reported willingness of some school authorities in Warsaw to transmit this platform to the government, and this might give the regime an opening to begin a dialogue with the students.

The focus of the crisis, however has moved to inner party councils. The open appeal to chronic Polish anti-Semitism seems to signal a major effort by Interior Minister Moczar's hard-line, nationalistic, and anti-Semitic faction to rid the party of its Jewish segment. The ouster of those Jews who are pro-Gomulka moderates would strengthen Moczar's hand in factional infighting.

The official veterans' organization, one of Moczar's political bases, has blamed "Zionists" for the unrest, and called for their punishment "irrespective of the posts they hold." Three lesser-ranking Jewish officials already have been fired, and there are rumors that some Jewish members of the central committee have also been ousted. More dismissals probably are imminent.

It does not appear as yet that Moczar is using the unrest in an attempt to unseat Gomulka immediately. At a minimum, however, his faction will seek to exploit the recent developments in hopes of swinging to its views delegates to the party congress scheduled for later this year.

Gomulka has failed to provide visible leadership during the current crisis, while most of the harsh antistudent propaganda is being disseminated in his name. He may still succeed in turning the crisis against those who are exploiting it, but continued public unrest could lead to a major power struggle even before the party congress.

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WARSAW PACT SUMMIT MEETING ENDS IN DISAGREEMENT

The Warsaw Pact's Political Consultative Committee (PCC) adjourned its 6-7 March meeting in Sofia in open disagreement. Rumania's refusal to endorse the Soviet position on the nonproliferation treaty (NPT and the failure of the final communiqué to deal with other divisive issues, notably the German question, once more exposed the weakness of the pact as a politically unifying mechanism. Discord within the committee has never before been so openly registered.

The communiqué issued by the PCC, which is composed of party and state leaders of the seven active Warsaw Pact countries, suggests this meeting was the least productive in the 13-year history of the pact. It did reiterate the bloc's unanimous support for the Vietnamese Communists, but on the NPT it noted only that each delegation expressed its own position. Rumania's refusal to join its allies in signing a statement endorsing the NPT was the first time the PCC has publicized a failure to reach agreement on one of its agenda items. References to European security and other topical issues normally covered at these conferences were omitted from the communiqué, pointing to disagreement on these issues as well.

It is not entirely clear whether the meeting was called

by Rumania or by the USSR, but there is little doubt that Moscow was eager to have its Warsaw Pact allies speak in unison on the NPT question. The Russians' failure to achieve this on the eve of the Geneva conference deadline for reporting the draft treaty to the UN is an embarrassment to them, and will be even more costly if the Rumanian dissent contributes to a loss of momentum in bringing the NPT to a conclusion.

Failing unanimity at Sofia, the Soviets evidently decided that a statement from six of the seven participants was better than no statement at all. As at the meeting of Communist parties at Budapest a week earlier, the Soviets chose not to accept the lowest common denominator by making concessions to the dissenting Rumanians.

The Rumanian position is that the draft treaty would divide the nuclear "haves" and "have nots" of the world. Bucharest also apparently views the treaty as yet another example of impingement on the national sovereignty of small nations by great powers. This position is also self-serving, however, as the Rumanians are using NPT to point up their resolute independence of Moscow and their growing identification with the non-Communist world.

Bucharest, nevertheless, is expected eventually to sign the

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treaty, reportedly on the grounds that it is better than none at all. Presumably the Rumanians hope to profit from what prestige there may be in finally signing up at the General Assembly, whose president at that time will be their foreign minister.

The political cohesiveness of the Warsaw Pact was undermined

to a degree at the last PCC meeting in July 1966, when Rumania successfully challenged Soviet efforts to impose stricter controls over the organization. The failure at Sofia now calls into question the value of convening the PCC in the future. 3.5(c)

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COMMON MARKET LOOKS AT PREFERENTIAL TRADE OFFERS TO BRITAIN

Debate within the European Community (EC) on Britain's bid for membership has been diverted, for the moment at least, to the possibility of a purely commercial "arrangement" with Britain.

The possibility of a commercial arrangement was suggested by De Gaulle as long ago as 1963. He reiterated it last November and on the occasion of Kiesinger's visit to Paris last month. It has subsequently been taken up by Bonn. The Germans had originally held that any arrangement ought to be consistent with the community treaty's provisions for admitting new members. When the Council of Ministers met on 9 March, they had apparently come around to the French view that a commercial relationship would be possible. Bonn main-

tains that such a setup, however, should not be considered a substitute for membership.

As a result the commission has also had to shift ground, although it is unclear whether this is permanent. At the council session on 29 February, it had rejected a deal based on commercial provisions (Article 111) of the Rome Treaty because it ignored the applicants' pending membership bids. Last week, however, commission president Rey stated that although the commission had always opposed a free trade area, it would examine the possibility of a preferential trading area under Article 111. The Italians and Dutch reminded the council that this would run counter to GATT obligations, but both the Germans and French

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argue that this is not necessarily so.

The French, in fact, are suspicious that Bonn's proposals aim at a comprehensive free trade zone. Paris favors bilateral, rather than multilateral, negotiation of commercial preferences. Couve de Murville did, however, reverse a previous French position by admitting on 9 March that tariff reductions could be either general (linear--as the Germans wish) or product by product (sectoral). In all probability, Paris would ultimately agree to exchanging no more than limited trade preferences with European nonmembers of the EC. At the moment, the French are guided mainly by the desire to divert attention from the Benelux and Italian proposals for establishing consultations between the community and the British. Consideration of commercial schemes might, they would hope, promote this diversion.

Benelux insistence on community cooperation with the Brit-

ish, particularly on technology, produced an impasse with the French on 9 March which resulted in deferring further debate until a commission opinion is submitted on the German, Benelux, and Italian proposals on 5 April. Belgium's presentation suggested that the Benelux proposal was now, however, a condition for considering the German proposals. The object of the French, presumably, is to head off the Benelux-Italian approach while preventing the Germans from becoming enamored of free trade as a solution to the community stalemate.

The Italians, Dutch, and Belgians on 9 March deplored that the membership issue was absent from the German paper. As long as the Five as a whole are reluctant to stand up to the French on this central question, however, there will be a tendency to seek a lower common denominator in preferential arrangements, despite the problems they raise.

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MIDDLE EAST - AFRICA

Egyptian President Nasir's answer to recent antiregime demonstrations and to the apparent failure of the Jarring mission has been a series of militant speeches to army units, in which he expressed pessimism about a political solution of the Arab-Israeli impasse and called for increased Arab military preparedness.

The National Liberation Front government of Southern Yemen has unequivocally and vociferously aligned itself with the socialist world, espousing liberation struggles throughout the Persian Gulf - Arabian Peninsula area.

The Shah of Iran has returned to Tehran in an uneasy frame of mind as he faced the annual US-Iranian military consultations, a possible showdown session with the Western oil consortium, and suspected plotting by ex-premier Amini.

The Rhodesian regime, apparently seeking to underscore its "sovereignty," has executed two more African murderers, but has commuted the death sentences of 44 other condemned men whose clemency appeals had been addressed to the rebel-appointed "governor" rather than to Queen Elizabeth. In various African capitals, anti-British demonstrations were sparked by the executions, and appeals for UN action are in the offing.

Cyprus President Makarios has taken the first of his promised "initiatives" toward easing intercommunal tensions, lifting the four-year-old ban on Turkish Cypriot movements and economic activity.

In the Nigerian civil war, the federal offensive has made little progress lately. Through Ghana's General Ankrah, the Organization of African Unity has again been trying to find a common framework within which negotiations could begin. Neither General Gowon nor Colonel Ojukwu, however, has made any moves toward compromising his rigidly held position.

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JARRING MISSION NEARS FAILURE

United Nations special representative Jarring will soon have to report that he has been unable to bring together the warring parties in the Arab-Israeli dispute, and the issue seems fated for reconsideration by the US Security Council.

Jarring has seemingly failed in his attempts to get the Arab states and Israel to agree on any kind of talks on how to implement the Security Council resolution on the Middle East. Egypt had apparently hoped that the clauses of the resolution could be imposed on the parties concerned, thereby avoiding any direct contact between the Arab states and Israel. This was reflected in a recent Egyptian editorial which suggested that Jarring was not a mediator, but was "charged with implementing the resolution." Israel's position, according to a statement attributed to Foreign Minister Eban, has been that "the final frontiers will be settled in the course of direct and peaceful negotiations."

Although there was some momentary speculation that the Arabs might agree to send a delegation to Cyprus for indirect talks under Jarring's auspices, Egypt has now completely rejected this idea. According to Cairo radio, in a recent address to Egyptian mili-

tary units Nasir accused the US of working with Israel to "humiliate the Arabs," and vowed that they will not bow to this pressure and "will never negotiate."

A number of factors have apparently played a role in causing Egypt to adopt a tougher stand. Recent Israeli actions in the occupied territories, possibly pointing toward annexation, have convinced the Arabs that Tel Aviv plans to keep at least some of the territory it now holds. Egypt's internal problems may also have contributed to the stiffening attitude in Cairo. The recent unrest, stemming partly from the frustrations of the continued Israeli occupation of Arab territory, have worried the Nasir regime, and apparently have caused it to recoil from any actions that could be construed as bowing to Israeli pressure.

Egyptian press reports are now anticipating an early return of the Arab-Israeli issue to the Security Council, and are also presenting Cairo's view that further efforts to find a solution "must be preceded by an Israeli declaration of preparedness to implement the Security Council resolution on the Middle East."

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PRESIDENT MAKARIOS WOOS TURK CYPRIOTS

President Makarios late last week issued the first of his promised "initiatives" by removing all economic and travel restrictions on the Turkish Cypriot community, including those on the Turkish enclave around Nicosia. Restrictions on movement in other sectors of the island had been lifted earlier.

The removal of the ban on intercommunal contact could generate an atmosphere conducive to useful talks on the island's problems, but Turkish Cypriot officials have responded to it warily and with restraint. Although a number of Turkish Cypriots have been observed in places barred to them since the outbreak of trouble in December 1963, they must still obtain permits from their own officials before leaving Turkish enclaves. Turkish Cypriot authorities have yet to remove limitations on Greek Cypriot movement in Turkish areas.

Unfettered intermingling of Turkish and Greek Cypriots could weaken the rigid control exercised over the Turkish community by its leaders and thereby degrade its bargaining position with the rival community. Consequently, it seems likely that the Turkish Cypriot leaders, with the advice of Ankara, will attempt to limit the degree of intercommunal contact.

Not included in the "normalization" was Makarios' earlier ban on foreign ambassadorial contact with Turkish Cypriot Vice President Kucuk.

Initial reports on Makarios' constitutional proposals likewise indicate that he made no reference to a Turkish Cypriot vice president. This omission seems sure to draw an unqualified Turkish Cypriot rejection of the proposals. Also missing is any reference to the handling of police powers, sure to be a sticky point in any negotiations and a factor in the tensions leading up to the fighting in December 1963.

Secretary General Thant recommended on 11 March that the UN peace force (UNFICYP) mandate, due to expire 26 March, be extended until 26 June. He applauded Makarios' normalization efforts, called on the Turkish Cypriots to make similar gestures, and announced his intention to call for intercommunal discussions focused on Makarios' pending constitutional proposals. Although Ankara and the Turkish Cypriot leaders probably will not do much to rock the boat before approval of the UNFICYP extension, their distrust of U Thant will probably bar any intercommunal talks under UN auspices.

The rotation of a portion of the Turkish mainland troop contingent scheduled for 29 March is not expected to produce the kind of haggling that has occurred over some past rotations. Permanent removal of all foreign troops except the UNFICYP, however, remains one of Makarios' long-term objectives.

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EXECUTIONS EMPHASIZE RHODESIAN "INDEPENDENCE"

The rebel white minority regime in Rhodesia executed two more Africans this week, but it commuted the sentences of 44 others to life imprisonment, apparently in a two-handed attempt both to reassert its sovereignty and to assuage hostile world reaction to the executions.

The Rhodesian regime claims that the execution within the last two weeks of five Africans convicted of murder was a proper responsibility of Prime Minister Smith's de facto government. Nonetheless, the government had privately recognized the particularly provocative nature of this step, the most emotion-ridden of its two-year series of acts of defiance of British legal authority.

The government apparently made a deliberate decision that the added difficulty to negotiating a settlement with Britain, which would hostility to the executions would bring, was outweighed by the need to reassert Rhodesia's "independence." Extremist members of the ruling Rhodesian Front (RF), who have been pressing for a total break with London, reportedly put strong pressure on Smith during a six-hour cabinet meeting. As many as one third of the RF members of parliament are said to have threatened revolt against Smith if at least some of the executions were not carried out.

Smith's government doubtless views its decision this week to commute the death sentences of some

Africans as a symbol of the regime's strength, especially since the Africans had appealed for mercy to the RF-appointed "Governor" and not to the British Queen, as did those executed last week. The regime must soon decide the fate of 40-odd Africans remaining under death sentence. This decision may cause additional conflict within the RF. Unlike the Africans recently executed, many of those under sentence were convicted under laws passed by the rebel regime after it broke with Britain. Some of them were convicted under a controversial "anti-guerrilla" law that decrees the death penalty for anyone entering the country bearing unspecified "weapons of war."

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There is little more that can be done with sanctions, however, without directing them toward Rhodesia's trade routes through South Africa and Mozambique--a move Britain has specifically ruled out.

Meanwhile, several African and other states are pressing for a special meeting of the UN Security Council to take up the Rhodesia situation. Some African representatives, however, are pessimistic about getting significant UN action.

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WESTERN HEMISPHERE

Domestic political activity increased in Latin America this week.

In Panama, the opposition timetable calls for completion of impeachment proceedings against President Robles by the end of this month.

Campaigning for the national elections in Ecuador on 2 June has caused several clashes, and all concerned expect further violence, a usual accompaniment to Ecuadorean political activity.

Colombia will elect another congress on Sunday, but pre-election apathy suggests no significant changes in the political life of the country.

In Uruguay, rumors of impending cabinet changes persist. President Pacheco needs the help of as many political factions as possible if he is to succeed in pushing vital economic legislation through congress.

The governing coalition of Venezuela may soon end its boycott of the senate. Considerable residual ill-will may color future debates, but the pre-election image-consciousness of all parties will enforce at least superficial cooperation.

In El Salvador, the leading opposition party made strong gains in the legislative and municipal elections on 10 March. The results will hamper implementation of the Sanchez administration's reform program.

Insurgency and terrorism continued in at least three Latin American countries. Five Colombian soldiers were killed on 7 March by Communist guerrillas, who were probably reacting to aggressive army patrolling. Terrorist activity in Guatemala City has been stepped up,

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PANAMANIAN ASSEMBLY MOVING AHEAD WITH IMPEACHMENT

Activity surrounding Panama's three-week-old political crisis is focused on the impeachment of President Robles by the opposition-controlled National Assembly, but a showdown probably will not come until late this month.

On 11 March, Arnulfo Arias' National Union (NU) bloc in the assembly initiated formal impeachment proceedings against President Robles for interference in the electoral process. After hearing the pro-Arias investigating commission's recommendations that the charges against the President be accepted, government deputies requested that all documentary evidence be read into the record. This, and other parliamentary blocking tactics, have been delaying a vote to impeach Robles.

The news media of the NU have publicized a timetable calling for a trial beginning on 22 March and a guilty verdict by 26 March.

[redacted] The opposition [redacted] prefers to await the final verdict, at which time the assembly would issue orders to National Guard Commandant Bolivar Vallarino to replace Robles with the pro-Arias first vice president.

The National Guard has been on the alert to prevent violence.

Despite sensationalized press coverage, however, the public has generally remained apathetic throughout the crisis. Many Panamanians are disgusted with the situation, which they see as just another power struggle among the families who have controlled the country since independence. Business leaders are concerned, however, and some believe that a take-over by the National Guard is the only way out of the crisis. All efforts at compromise appear to have collapsed because of the hardening attitude of both sides. Arias is reportedly intent upon pushing the impeachment all the way. He no doubt recalls that deputy Marco Robles--now the President--voted to impeach him in 1951.

General Vallarino and the National Guard will decide the outcome. If Vallarino refuses to enforce an assembly decision to remove Robles, Arias and his followers may stage street demonstrations and possibly a general strike. On the other hand, respecting the assembly's orders could bring government supporters into the streets against the Guard. There are increasing indications that Vallarino believes he can evade the dilemma by installing himself as head of a provisional regime--an action that might cause postponement of the elections scheduled for 12 May.

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CUBA PUSHES TRADE WITH THE FREE WORLD

Cuba's efforts to match last year's 10-percent increase in trade with the free world are being hampered by the prospect of a poor sugar harvest. More than the usual number of contracts are currently under discussion with non-Communist suppliers, and imports, partly on credit, may continue to grow. Cuban export earnings in free world currencies will probably decline unless sugar delivery commitments to Communist countries are reduced.

Cuba apparently will receive another substantial increase in credits from the free world in 1968, but mounting repayments obligations may hold net borrowing this year close to the 1967 level. Cuba's debt to free world suppliers probably increased by about \$50 million last year, reaching an estimated total of \$150 million. Exports have been adequate to service these credits and keep repayments on schedule. Although Cuba's credit standing is fairly good, it may be weakened somewhat by poor prospects for the sugar crop and the rising evidence of strain in its relations with the USSR. Credits available to Cuba from Soviet-controlled banks in Western Europe have been tightened, and some free world creditors fear that general Soviet support to the Cuban economy may be cut back.

Cuban trade with free world countries now accounts for nearly one quarter of Cuba's total trade. Exports to the free world in 1967, principally sugar, were valued at

some \$150 million, and imports reached \$240 million.

Imports from France last year rose by more than \$40 million; Italy, Japan, and West Germany also significantly increased deliveries. The increase was largely accounted for by machinery and equipment, including construction and transportation equipment, and fertilizer. The only sizable decline in imports was from Spain, where purchases fell by about \$55 million following completion of delivery of ships and other industrial equipment under large credits extended several years ago.

Contract negotiations so far this year cover a broad range of items. Cuba has approached most West European countries, as well as Japan, seeking to purchase on credit a large number of shrimp trawlers and refrigerated fish vessels. Cuba also is negotiating for other industrial and transportation equipment in Western Europe.

Cuban trade prospects with the free world in 1968 will be influenced to a large degree by the outcome of trade talks with the USSR, which have been under way in Moscow since October and are more difficult than usual. There is no sign yet, however, that tensions have become so severe as to cause the USSR to cut off hard currency payments to Cuba or to refuse to agree to another cutback in its sugar allocation.

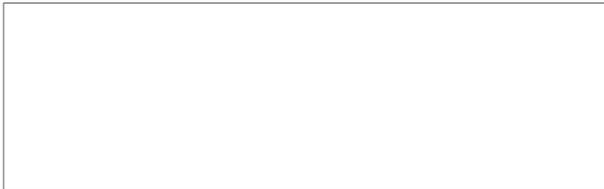
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COMMUNIST TERRORISM IN GUATEMALA

Terrorist activity undertaken by the Communist Rebel Armed Forces (FAR) during the past week continues in Guatemala City, adding further evidence that the FAR may be gearing up for a new revolutionary phase.



The organization has the necessary men and weapons for an extensive, although perhaps not a sustained, campaign of violence in the capital. Recently separated from the Moscow-oriented Guatemalan Communist Party (PGT), the FAR reportedly now has the assistance of Cuban guerrilla instructors working in Guatemala.

The residence of the US Marine guards was bombed on the evening of 12 March, but no one was injured. Last week, three bombs exploded in the capital near police headquarters, and a military base on the outskirts of the city was brought under bazooka fire on the night of 7 March. Two soldiers were killed and 25 wounded in the attack. The previous night the driver of a payroll truck was killed in an armed robbery that netted the attackers about \$11,000,

and bus garages were bombed on 4 March. The FAR has claimed responsibility for the bombing and probably was involved in the other actions. 3.3(h)(2)

There may be further confusion in the insurgency movement, which is already complicated by the division between the FAR and PGT and by continued factionalism within each group. The Maryknoll missionaries--the Melville group--expelled by the government for collaboration with the insurgents are organizing their own "revolutionary movement." Now based in Mexico near the Guatemalan border, and accompanied by 25 students from well-to-do families, they apparently plan to arm themselves and re-enter Guatemala.

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ELECTORAL REPLAY IN ECUADOR

National elections set for 2 June offer no alternatives to the personalistic politics that have given Ecuador the Latin American record for unconstitutional changes of government in the past 30 years.

Of three former presidents in the race, charismatic 75-year-old Jose Maria Velasco Ibarra has been considered almost certain to win although he lacks any real program and has served out only one of the four terms to which he has been elected in the past. Camilo Ponce is the candidate of conservative forces, and Andres Cordoba represents the center left. Jose Crespo Toral, a far rightist, boasts that he is the only non-ex-president running.

Some violence usually accompanies Ecuador's elections, and government officials fear that lack of sufficient equipment may hamper the ability of the security forces to handle outbreaks. Supporters of Ponce and Velasco have already clashed several times, even before Velasco returned from abroad on 9 March to begin his campaign. His homecoming, however, was uneventful, and the welcoming crowd fell so far below expectations--both in numbers and in enthusiasm--that observers are reassessing his chances of election.

The evident apathy toward choosing among the same old candidates may encourage the maneuvering of two younger men, cousins whose short presidential terms have whetted their taste for power. Both would like to profit

from Velasco's popular appeal to broaden their own political bases. Velasco, however, has spurned offers of support from one, Interim President Otto Arosemena, and even charged his government with planning electoral fraud. The President claims to be maintaining "savage neutrality," apparently in the hope that he can retain his office if violence upsets the election schedule.

Surprisingly, Velasco accepted support from the other cousin, Carlos Julio Arosemena, who maneuvered him out of office in 1961 and was himself ousted by the military in 1963. Completely discredited at that time, Arosemena had regained enough political influence by 1967 to be elected to the Constituent Assembly. He made his comeback by engineering alliances with labor unions, students, and extremist groups--many of them hard-line Communists--who see him as a useful front. He is counting on Velasco's influence to secure the election of a group of legislators whom he can lead in passing an extremist program and later use to restore himself to power when Velasco's age or a repetition of his past excesses leads to his removal.

Meanwhile, the generally unstable atmosphere of the pre-electoral period may be heightened by a Latin American Communist labor conference scheduled to be held soon in Quito with President Arosemena's approval.

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