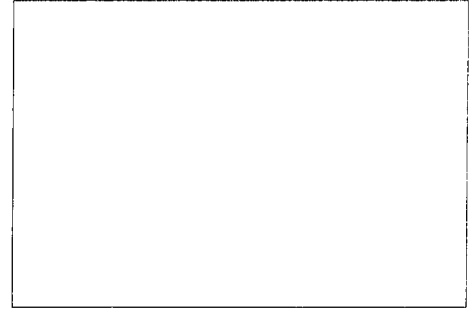


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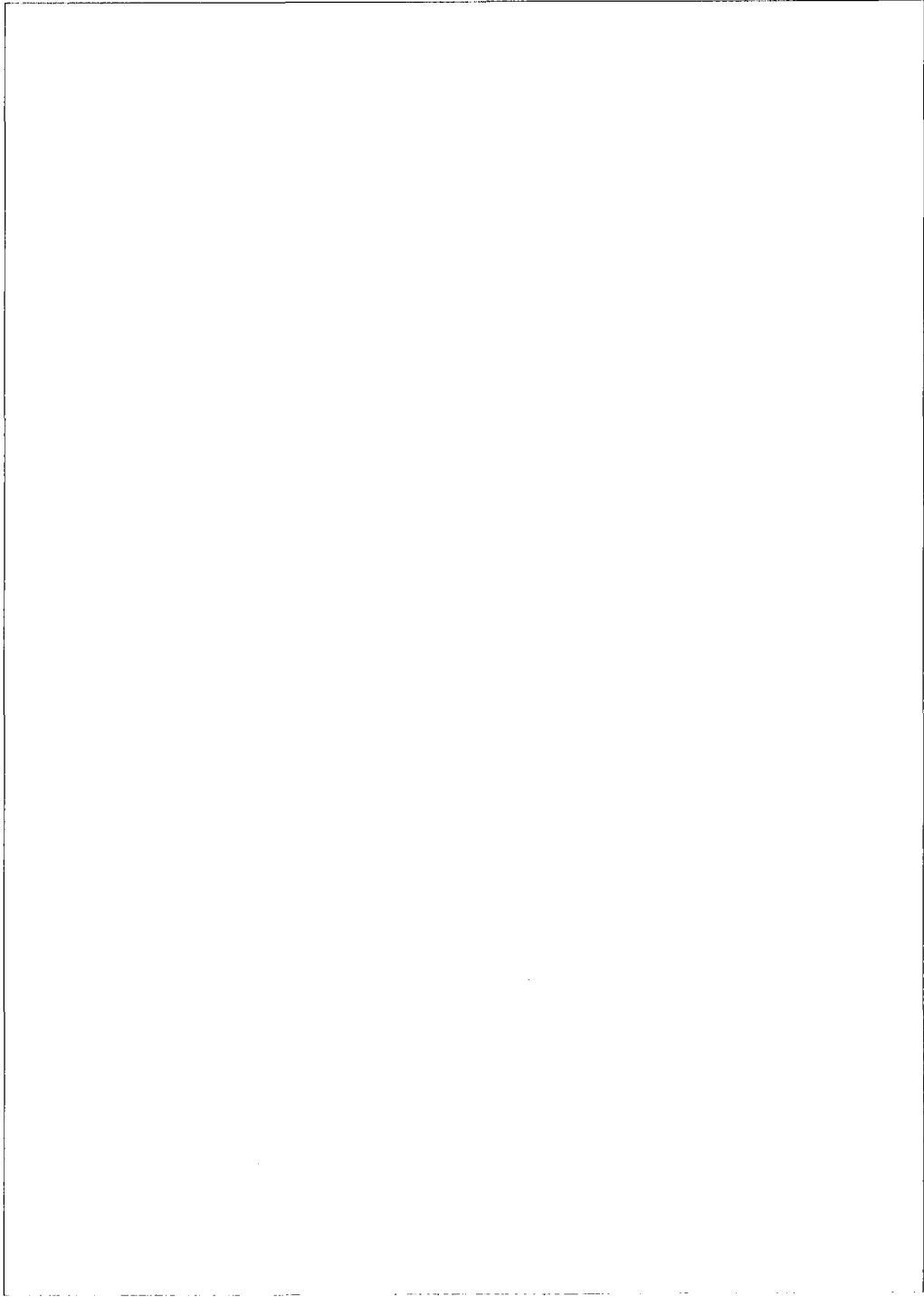
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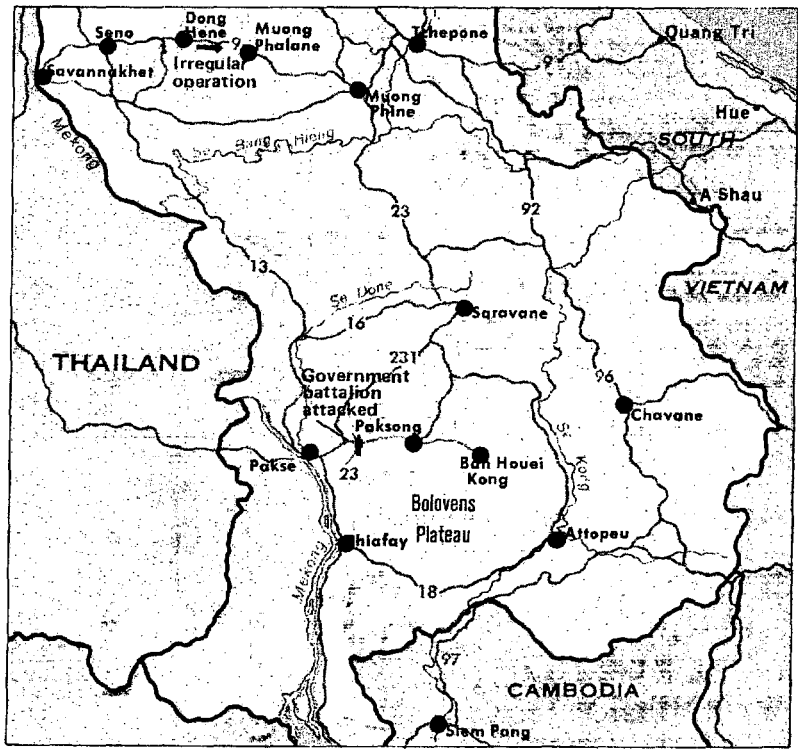
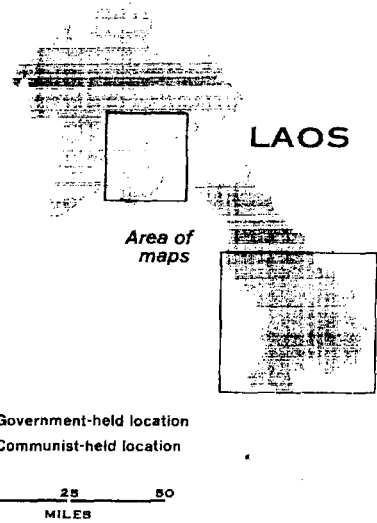
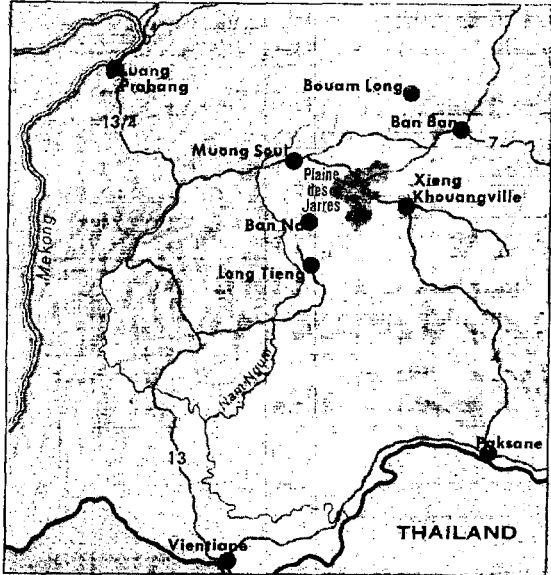
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LAOS: The Communists have renewed pressure on Lao Army units on the western Bolovens Plateau, but elsewhere in Laos action has been relatively light.

North Vietnamese Army forces, estimated at two to three companies, yesterday attacked a Lao Army battalion five miles east of the junction of Routes 23 and 231. Government troops were forced to pull back from their outlying positions, but the battalion command post stood its ground and, with support from gunships and artillery, inflicted heavy casualties on the enemy. To the east, irregular battalions are still operating south of Paksong but have had little contact with the enemy.

As of 14 June, the government estimated that 465 of its nearly 1,600 troops committed to the abortive operation to retake Paksong were still missing as a result of the North Vietnamese counterattack last week. In addition, at least 175 soldiers and irregulars were wounded and 26 irregulars were killed. There are no definitive estimates of North Vietnamese casualties, but air observers and army commanders on the ground believe that as many as 500-600 enemy were killed or wounded by air and artillery attacks.

To the north, irregular units have entered the abandoned town of Dong Hene and occupied some enemy positions east of the town. The irregulars have so far encountered little enemy resistance, tending to confirm reports that enemy units have pulled back toward Muong Phalane. The irregular task force plans to sweep toward Muong Phalane in the next few days.

In northern Laos, action consisted principally of small-unit clashes and shelling attacks on irregular positions near Bouam Long and on the southern and western edges of the Plaine des Jarres. No major Communist attack has been launched in either location.

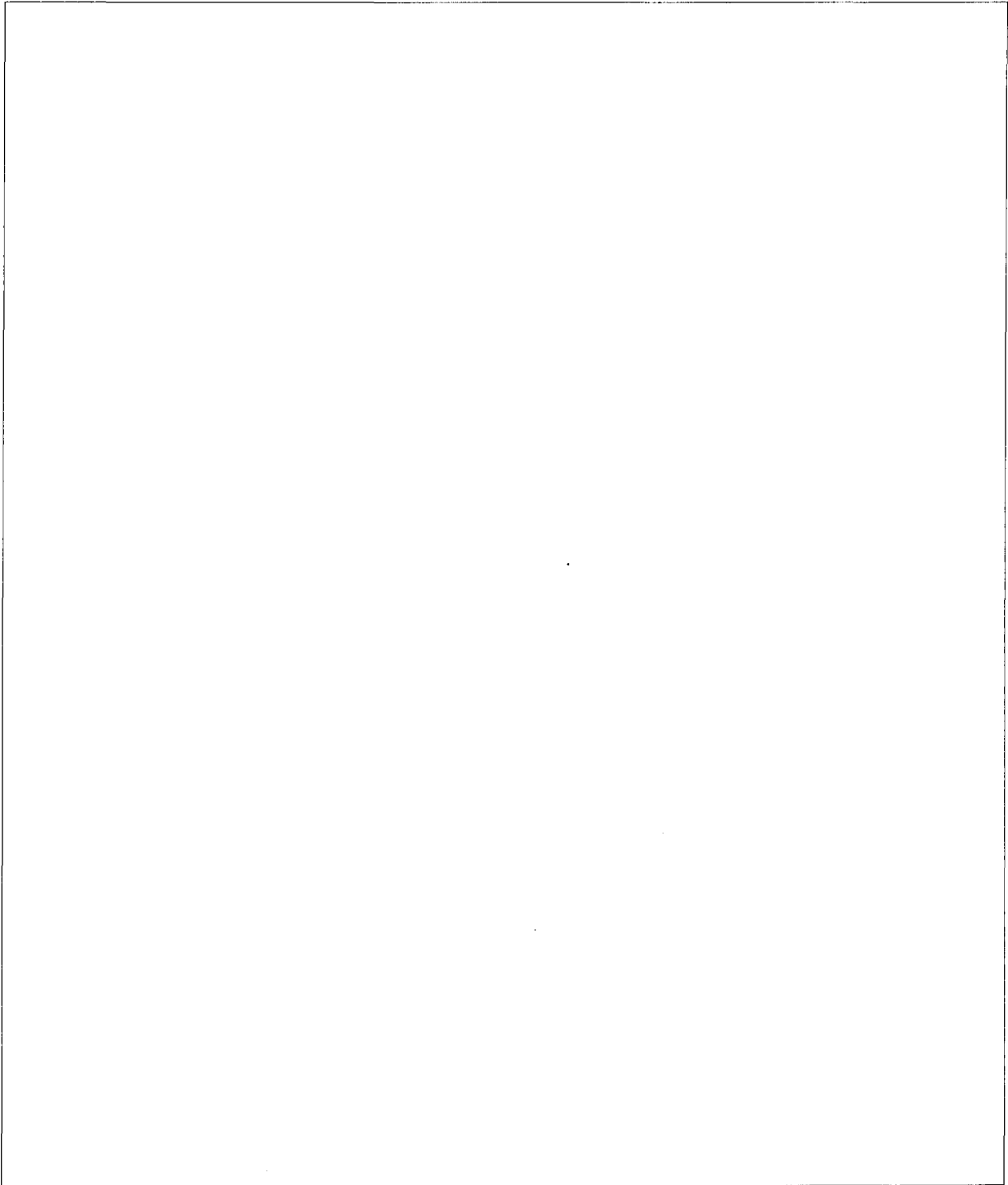
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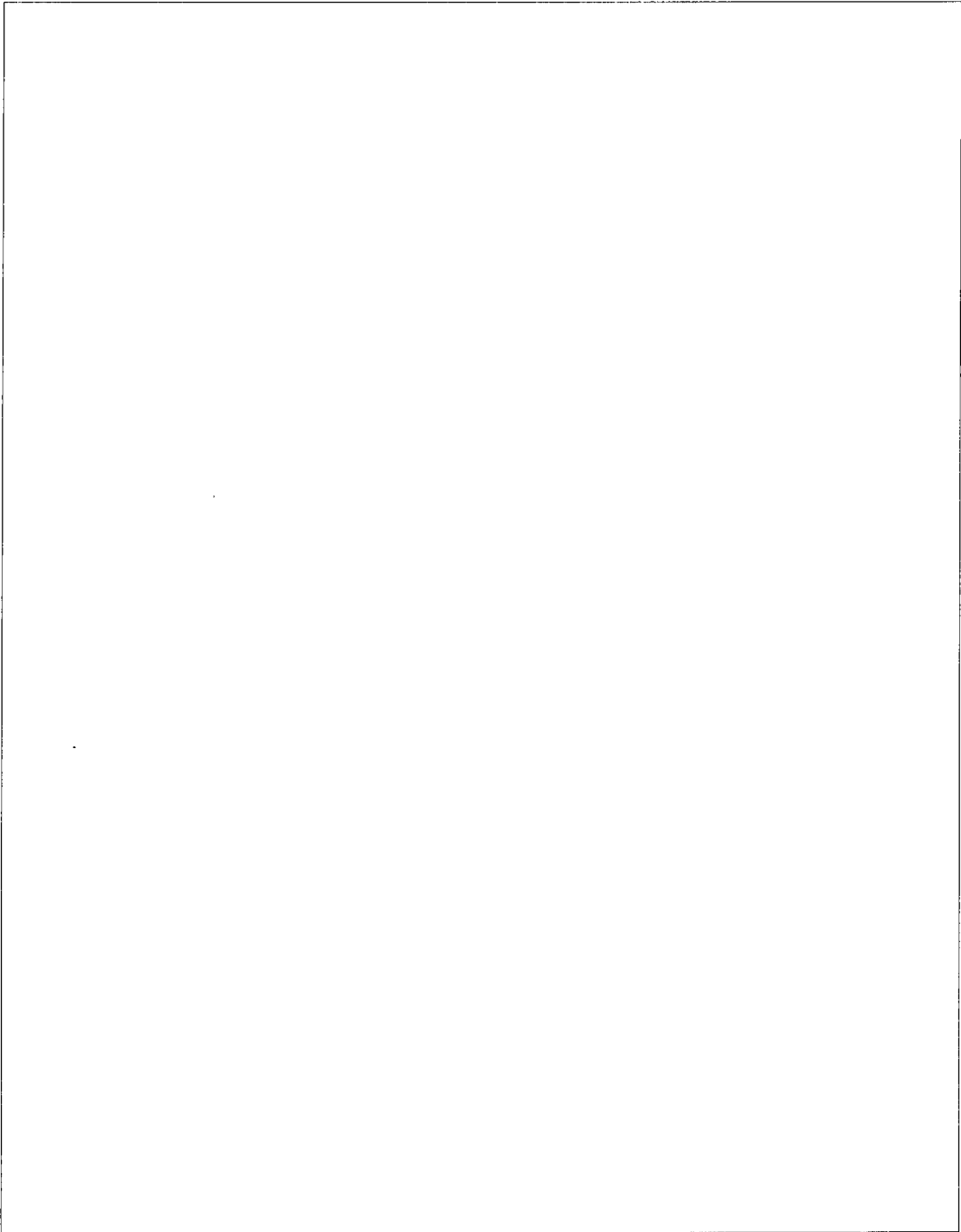
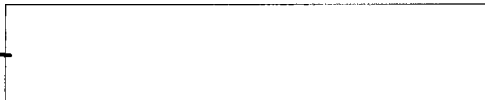
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ITALY: Losses for the Christian Democrats in the elections of 13-14 June may cause interparty tensions in Prime Minister Colombo's coalition but do not appear to threaten the formula for national government by a center-left alliance.

In local and regional contests involving about one fourth of the national electorate, the Christian Democrats lost ground almost everywhere. The losses were particularly sharp in Sicily, but in mainland Italy their average loss was between one and two percent. Nevertheless, the center-left alliance of Christian Democrats, Socialists, Social Democrats, and Republicans remained the predominant force in most of the assemblies and councils that were elected. A further factor for stability of center-left government on the national level is the beginning on 28 June of the so-called "white semester," a six-month period preceding the presidential election next December during which the President cannot dissolve Parliament.

Election successes for the neofascist Italian Social Movement (MSI) are a particular victory for Giorgio Almirante, who has headed the party since 1969. Almirante, who often criticized his predecessor for being too moderate, has himself enforced extremism as the party line. [REDACTED]

[REDACTED] The MSI increased its vote from seven to 16 percent of the total in Sicily and improved its showing elsewhere as well.

The Italian Communist Party and its ally, the Proletarian Socialists, lost about two percent on the average. [REDACTED]

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WEST GERMANY: A new conservative political party has hopes of tipping the electoral balance of power away from the Social Democratic - Free Democratic (SPD-FDP) coalition.

The Deutsche Union (DU), which held its founding congress on 12 June, is directing its appeal to nationalistic sentiment in the Federal Republic. The party has announced its opposition to ratification of the Moscow and Warsaw treaties and has formulated a moderately conservative domestic program. Led by Siegfried Zoglmann, a Bundestag deputy who defected from the FDP last October, the party hopes to recruit other Free Democrats who are disgruntled with their party's liberal stance, as well as those rightists who lack strong political ties.

DU leaders, recognizing that their party by itself cannot meet the five-percent requirement for parliamentary representation, hope to form an electoral alliance with the Christian Democratic Union (CDU). They profess to hold out the prospect of providing sufficient additional strength to give the CDU a Bundestag majority in the 1973 national election. At the same time, they claim the DU will reduce the Free Democratic vote to below five percent and thereby eliminate the FDP as a governing partner of the SPD.

At present, the prospects for the realization of the new party's aims are problematical. CDU leaders apparently view the DU more as a rival than as an ally and are generally cool to its proposals. In addition, many prospective supporters of such a party, who at one time may have been FDP voters, have already shifted their allegiance to the CDU. Lacking strong leadership, firm financing, and a solid electoral base, the DU may well follow the path of other small parties and fall victim to the trend toward a two-party system.

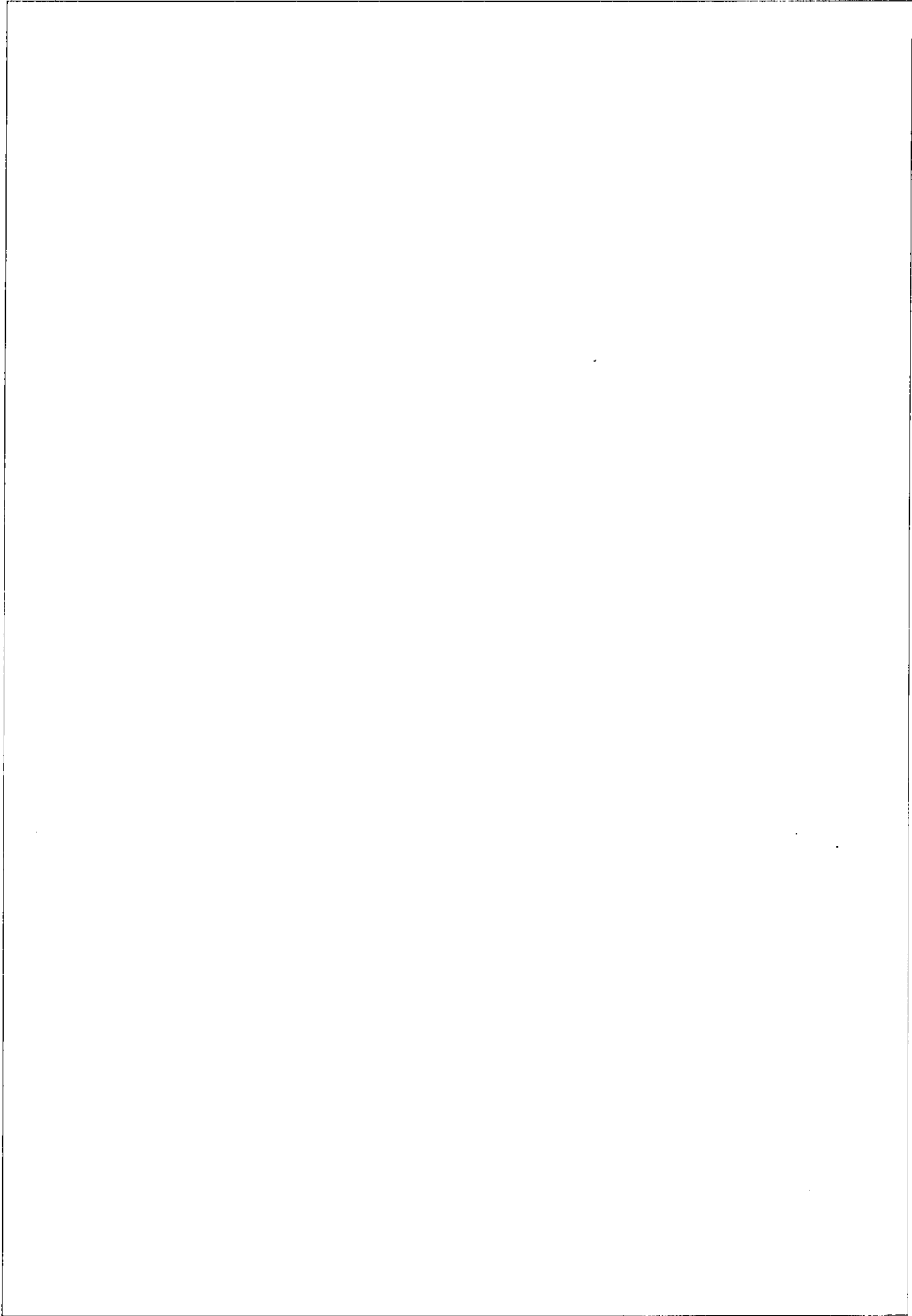
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JAPAN: Pressure for yen revaluation is likely to increase as a result of the continuing massive flow of dollars into Japan. Japan's foreign exchange reserves now stand at nearly \$8 billion and are third behind those of the US and West Germany. Japan ranked sixth in June 1970. The dollar inflow last week reached the second highest level since early May, even though Tokyo had been able to reduce gradually the inflow through the first week in June. Japanese monetary authorities have admitted difficulties in curbing hedging by Japanese businessmen against yen revaluation. They believe, however, they have been able to stem the speculative dollar influx that began in earnest following the West European currency turmoil in May.

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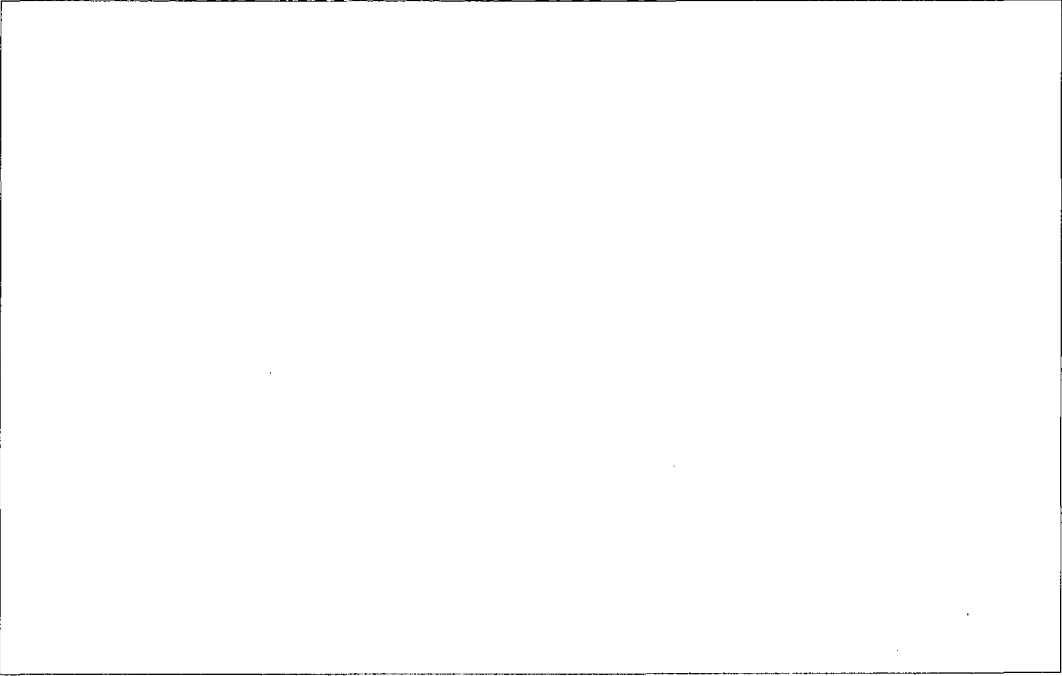
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CUBA-US: Havana announced yesterday that five US citizens had been fined \$20,000 apiece for violating Cuban territorial waters. This is the latest step taken by the Cuban Government in response to the sentencing of four Cubans convicted last week of fishing within 12 miles of Dry Tortugas. The four were sentenced to six months in jail and fined \$10,000 each. Eight crew members of another US boat are also being detained, pending an "investigation"; they may also be tried if the four Cubans are not released soon. The prison sentence received by the four Cubans placed Castro in a position where he felt obliged to make a strong response or suffer an apparent defeat in the eyes of the Cuban people.



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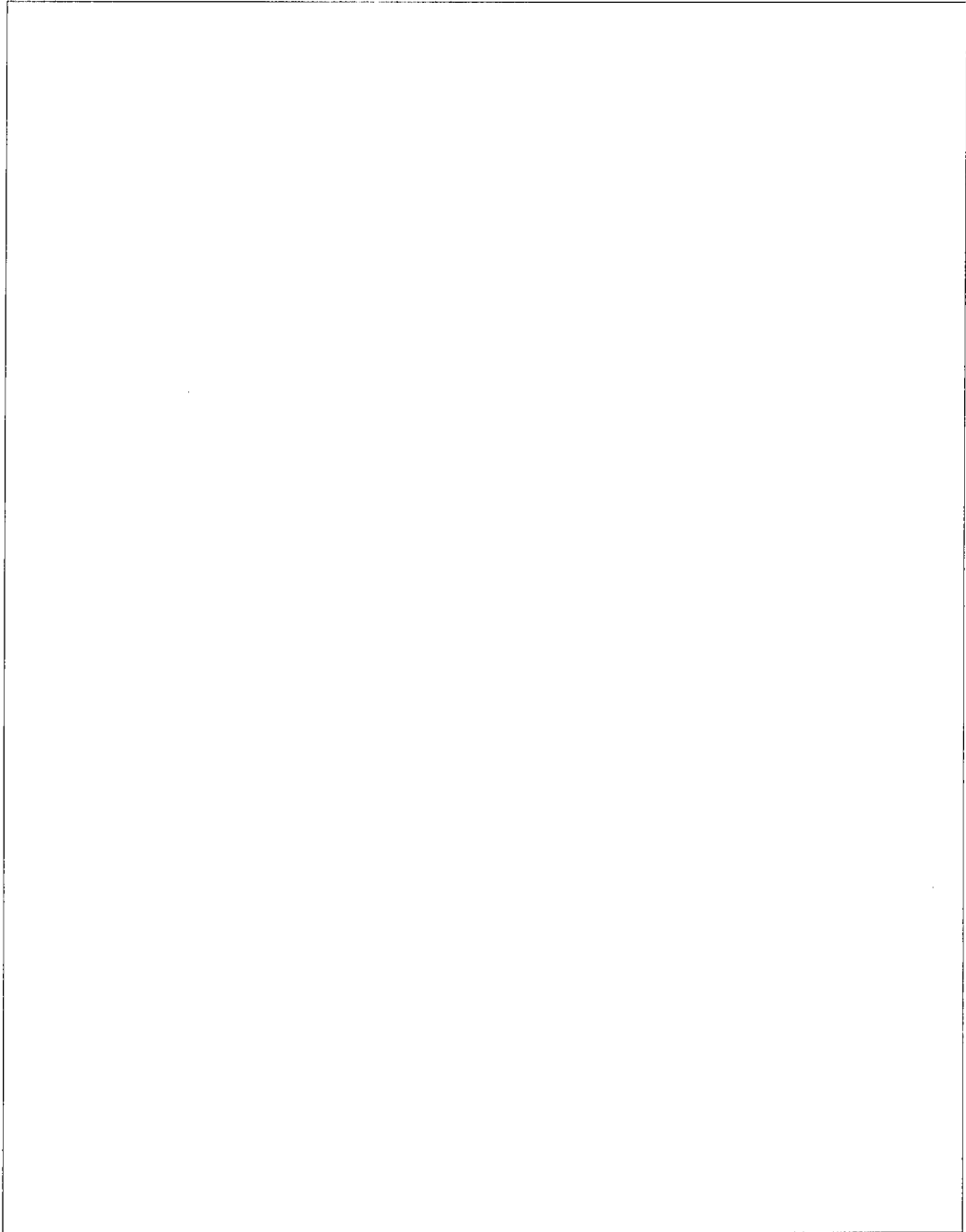
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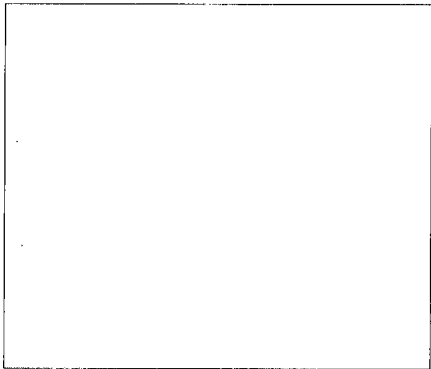
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