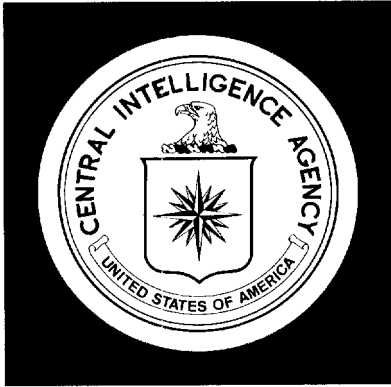


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Navy review
completed.

State Dept. review
completed

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1 December 1972
No. 0398/72

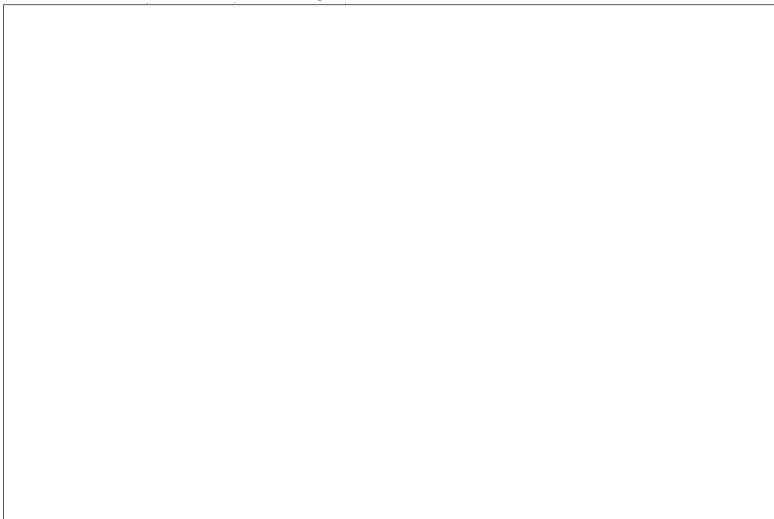
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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of 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.

WARNING

The WEEKLY SUMMARY contains classified information affecting the national security of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

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EUROPEAN SECURITY: FOR OPENERS

An aggressive Romanian delegation got the European security conference preparatory talks in Helsinki off to a dramatic start. Even before the opening speeches, the Romanians managed to provoke a debate over procedure. Moscow had hoped such matters could have been settled informally before the talks began. Extensive press coverage of the "closed" meetings and nearly unanimous Western and neutral support for the Romanians have added to Soviet discomfiture.

The debate on procedure ended with a compromise fashioned by the Romanians and Soviets with French assistance. The Soviets agreed to rules that emphasize the non-bloc nature of the talks, describe the participants as sovereign and equal, and portray the talks as "outside the military alliances." Thus, the Romanians made their point, while Moscow, which managed to keep its other allies in line, was clearly happy to get over that hurdle.

On 29 November, the Soviet delegation sought to recoup with their general opening statement. The Soviets, after lobbying hard to speak first, reiterated familiar Soviet positions. They urged that the security conference itself be held in Helsinki in late June and that it begin with a meeting of foreign ministers and conclude with a summit gathering. They also formally outlined the three general topics they want considered at the conference: principles of relations between

states in Europe; development of economic and cultural ties; and establishment of a permanent body on security and cooperation in Europe.

The Romanian performance has raised questions about relationships within and between the two blocs that will recur as the talks proceed. The French—the Western mavericks—were pleased with the Romanian show of independence. Having shared Moscow's preference for an informal agreement on procedure, they were caught off-guard, but quickly shifted when it became clear that they would be lined up with Moscow and its other pact allies against Romania and everyone else.



The Western allies, meanwhile, were testing their somewhat ad hoc procedures for coordinating the positions of NATO and EC representatives. The French have said that they will not join any formal NATO caucus, but that they will consult with their EC partners. The NATO representatives, therefore, have held no formal meetings, though they have held informal consultations with the French in attendance. At least to this point, the blend of EC and NATO discussions is preserving a cohesive Western front. The cohesion will be more severely tested when the talks get down to substance.

Another procedural issue could cause some problems. A number of NATO countries—including West Germany, Britain, and Italy—want the Helsinki talks to recess prior to the NATO ministerial meetings next week and to reconvene in mid-December. Moscow is not happy with the idea and, at a minimum, will want any recess to be as brief as possible.



CONFERENCE PARTICIPANTS		
NATO:		
1. Belgium	6. Iceland	11. Portugal
2. Canada	7. Italy	12. Turkey
3. Denmark	8. Luxembourg	13. UK
4. France	9. Netherlands	14. US
5. Greece	10. Norway	15. West Germany
WARSAW PACT:		
1. Bulgaria	4. Hungary	6. Romania
2. Czechoslovakia	5. Poland	7. USSR
3. East Germany		
NON-ALIGNED		
1. Austria	5. Lichtenstein	9. Sweden
2. Cyprus	6. Malta	10. Switzerland
3. Finland	7. San Marino	11. Vatican
4. Ireland	8. Spain	12. Yugoslavia

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ARGENTINA: A CRUCIAL DUEL

Like cautious fencers probing their opponent's defenses, Juan Peron and President Lanusse are circling warily, each seeking a clear advantage. After two weeks of feinting and parrying, however, neither man has gained the upper hand and their seconds are beginning to get impatient.

In fact, a stalemate may have been reached. Peron continues to insist on the annulment of the 25 August residency deadline for candidates in the elections next March. Lanusse has consistently rejected this demand although he softened his position somewhat last week when

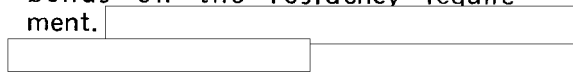
he said he would reconsider if the request were made unanimously by all political groups. Lanusse is likely to resist any temptation to lift the residency requirement as he would risk losing the support of the armed forces if he were to lift this last remaining legal bar to Peron's running for president. It may be just as difficult for Peron, as he would risk a serious loss of face if he were to give in on this point.

Much of this political footwork represents no more than delaying tactics as both Peron and Lanusse hope that divisions in the other's camp will give them the upper hand. Divisions are already visible in the interparty working group organized by Peron to put pressure on Lanusse, indicating that stalling may be a good tactic. Potentially serious differences are also reported to be surfacing among Peron's own coterie of advisers.

On the other hand, differences have also been apparent within the military since Peron set foot on Argentine soil. These have at least temporarily been smoothed over by Lanusse's adroit handling of recent developments and by his regular briefings of military commanders. Nevertheless, the President is under pressure from the top generals to take a firmer stand against Peron, whom the generals blame for the lack of progress in talks with the political parties.

While there are many points of disagreement between Lanusse and Peron, the big sticking point right now is the 25 August deadline. The two seem to agree that a political accord, including an agreement on candidates, is within reach, but neither will be able to test his strength on matters that really count until one or the other bends on the residency requirement.

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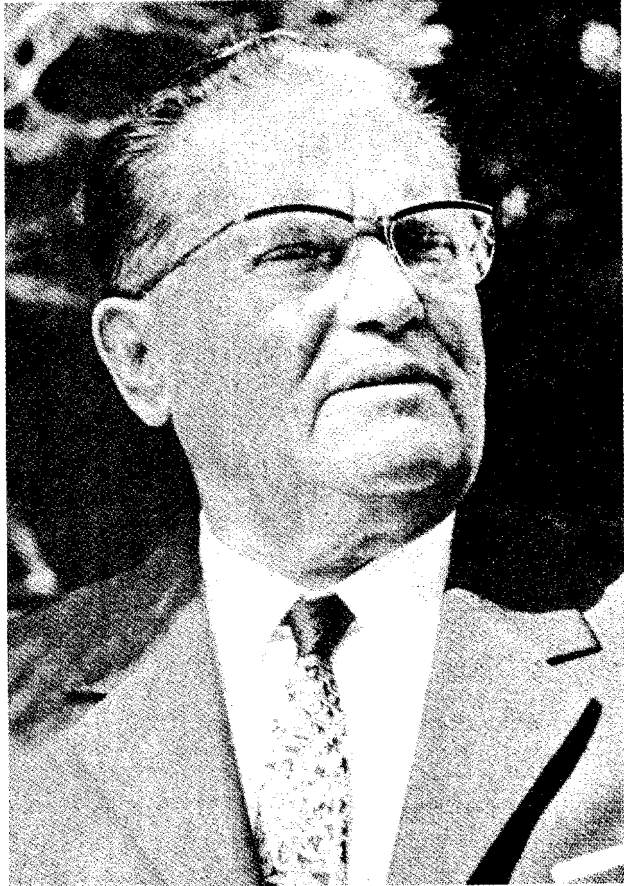
LA POLITICA SALARIAL PANORAMA

Año IX - N° 281 - 27 de abril al 3 de mayo de 1972 - mån. 300.- \$ 3.-



1973: PERÓN Y LA SUCESIÓN PRESIDENCIAL

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YUGOSLAVIA: THE GENERATION GAP

The third party conference on 6-7 December will discuss the whole range of youth policy, but the current atmosphere in the country suggests that Yugoslav youth can expect more stick than carrot.

Party complacency about youth turned into serious concern in November 1971 when a strike by student nationalists in Croatia touched off a major confrontation. Tito demanded corrective action in January and after three postponements—caused by shifts in the party line and a purge this fall—the League of Communists is finally ready to meet. Preparations for the conference suggested that the regime was willing to

balance incentives like more high-level party posts for youth with increased supervision of young people and stricter Marxist standards in education. In the aftermath of the recent purge, however, the incentive side will probably be narrow. It is unlikely that the party will open its doors to any but the most sycophantic members of the new generation.

Participation by young people in the system, from self-managing factory units right on up to federal bodies, has actually declined over the past decade. The younger generation has been frustrated by the firm grip retained by old partisans and functionaries. In addition, the party and Tito himself have made serious mistakes in dealing with youth. After the student riots in Belgrade in 1968, promises were made—including one to reform the university system—that were generally forgotten in the press of other problems. The control of mass youth organizations has been left to hacks and, in the case of the federal student organization, to weak administrators who have failed to control nationalist firebrands.

Bread-and-butter issues are also important irritants, and economic regionalism is becoming particularly virulent among the younger generation. Poor job opportunities, scanty funds for improving the educational system, and the widening gap between rich and poor have undermined the regime's relations with its young. In some cases, the situation is already explosive. In Kosovo, the poorest area in Yugoslavia where the average age is 24, there is already considerable impatience with the slow improvement in the standard of living. In Croatia, over 100,000 young people have been forced to go abroad to find work, and seven of these returned last summer as members of a group of emigre guerrillas intent on starting an armed insurrection.

Tito will, of course, set the tone for the conference, and he seems genuinely concerned that youth will prove to be a destabilizing element after he is gone. He disapproves of young intellectuals who have challenged his authority in the past. He prefers to place his confidence in the working youth, a more inarticulate and, he thinks—perhaps incorrectly, a more self-sacrificing element in Yugoslav society.

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INDOCHINA

HEAVY FIGHTING UP NORTH

The North Vietnamese are offering stiff resistance to government forces trying to advance northward in northern Quang Tri Province. Near the coast, heavy shelling and ground attacks early in the week forced South Vietnamese Marine elements to pull back from forward positions near the Cua Viet River. Fresh government units have since regained the lost territory and are trying to expand their holdings. Heavy rain and flooding at week's end are hampering the combat operations of both sides.

Terrorism Elsewhere

In many sectors of the country, the Communists appear to be relying heavily on terrorist tactics to sustain their position at the grass roots during the current period of uncertainty about a cease-fire. This increased terrorism is carried out by local force and sapper units, and the targets are mostly soldiers, police, and village officials. A

25X1 [redacted] Communist military units in Tay Ninh Province have been told to avoid significant combat with South Vietnamese forces pending new instructions from COSVN but to increase low-level activity, including sabotage and terrorism. These relatively inexpensive actions are likely to increase in the weeks ahead as the Communists seek to rest and refit many of their major combat units.

About a Cease-fire

25X1 The Communists reportedly are holding meetings of senior officials throughout the country to discuss cease-fire preparations and to assess local strengths and weaknesses. A principal aim of the meetings, [redacted] is to explain the reasons behind the postponement of the 31 October cease-fire date and to reassure

cadre that a settlement is in the offing. None of the reports indicates that the Communists are working on a firm timetable, and there are signs that they are no longer sure how much time they will have between an announcement of a cease-fire and its implementation.

[redacted] 25X1 the enemy has worked out a three-phase, cease-fire scenario. First, prior to the cease-fire announcement, senior cadre will be infiltrated into hamlets and villages. Second, when the announcement is made, Communist main and local forces will attempt to seize and hold villages and hamlets. Undercover agents already in place will organize pro-Communist demonstrations in the cities. During the third phase, which allegedly may last several years, the areas under Viet Cong control will be organized and "Liberation Front Committees" set up. [redacted] 25X1

There often is a considerable gap between Communist intentions and capabilities [redacted] 25X1

[redacted] Communist commanders reportedly have criticized local military and political leaders for poor performance and have called for sharp improvement. Some reports have suggested that the period before a cease-fire offers a good opportunity for local Viet Cong units to strengthen their over-all capabilities. 25X1

Throughout these meetings, considerable attention has been given to the role of Viet Cong agents with legal documentation already living in government-controlled areas. There is little reliable information on their strength, but their record does not give an impression of extensive subversive capability.

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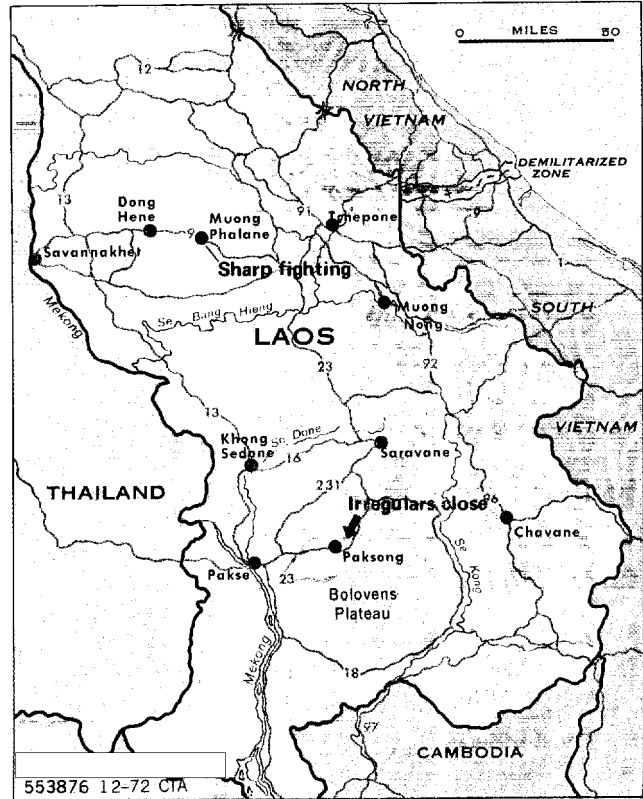
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FIGHTING AND TALKING IN LAOS

No progress was made this week toward a Laos settlement at the peace talks in Vientiane. At the latest session of the formal talks, the senior Communist negotiator in effect rejected the government proposal to begin serious discussions on the basis of the Lao Communists' five-point proposals. He sharply criticized the government's interpretation of certain passages in the Communist proposals while ignoring a number of areas where agreement seems near. This negative stance holds scant promise for constructive dialogue soon and suggests that the Communists are content to mark time pending clarification on the nature and timing of a Vietnam cease-fire.

Hopes that the impasse could be broken by private talks at a higher level were dampened when Communist leader Souphanouvong declined an invitation from Prime Minister Souvanna Phouma to meet at the royal capital in Luang Prabang. In an official interview in Sam Neua, Phoumi Vongvichit, the Lao Communist special adviser to the peace talks, said that Souphanouvong had rejected Souvanna's invitation because the present situation did not warrant such a meeting. Phoumi indicated, however, that Souphanouvong eventually might agree to such a meeting if Souvanna were to adopt a more "positive" attitude. This rebuff will be taken in stride by Souvanna, who still seems convinced that a settlement in Laos will closely follow agreement on Vietnam.

Against this backdrop of stalemate, the government is stepping up its campaign to recapture territory in south Laos. Irregular units in the central panhandle have pushed east from Dong Hene and are now trying to force a North Vietnamese regiment from Muong Phalane, a town on Route 9. The Communists are putting up a strong defense of Muong Phalane to prevent a



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government move toward the Ho Chi Minh trail complex farther east.

To the south, another government force is closing on Paksong, the principal town on the Bolovens Plateau, which the Communists have held for over a year.

Combat in the Plaine des Jarres area has been at a low level for over a week. Enemy trucks have been moving supplies to forward units, but there is no evidence of a major enemy logistic build-up in preparation for any major attack in the Sam Thong - Long Tieng area.

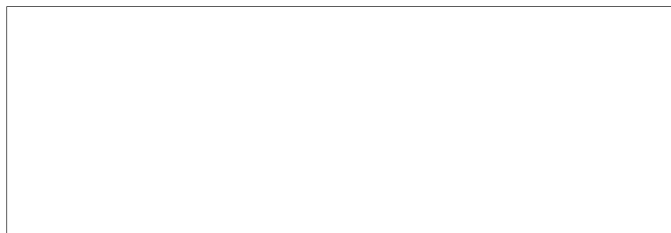
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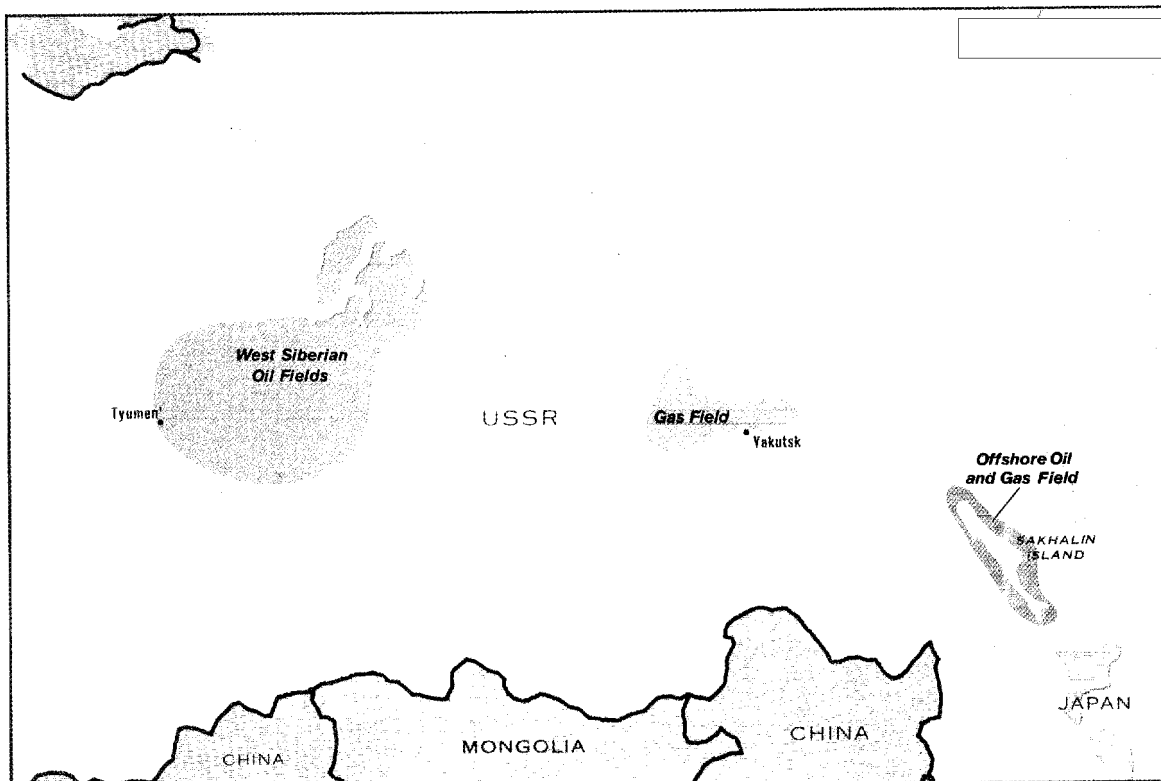
According to the present arrangements, the Japanese consortium will deliver on credit the rigs, equipment, and materials necessary for exploration. The Japanese Government apparently will be asked to extend supplier credits and guarantees of up to \$200 million for this part of the project, but no final decision has yet been made. Gulf Oil Company may participate, providing technical and financial assistance.

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JAPAN-USSR: SIBERIAN OIL AND GAS

After almost a week of talks in Tokyo and nearly a year of discussion, Soviet officials and Japanese business leaders recently agreed in principle to cooperate in prospecting for oil and gas off the coast of Sakhalin Island. The actual decision to begin development work must await the results of exploration, which will take at least two years.

Representatives of other US and Japanese firms are scheduled to meet with the USSR early next year to resume discussions on the \$3-5 billion Yakutsk natural gas and pipeline project. In late October, the USSR disclosed that Yakutsk gas reserves were insufficient for development to proceed and that further exploration, which could result in a two-year delay, would be necessary. Moscow, however, agreed to US participation, without which the Japanese were unwilling to proceed. Progress on the third major Siberian project—development of the Tyumen oil fields—is



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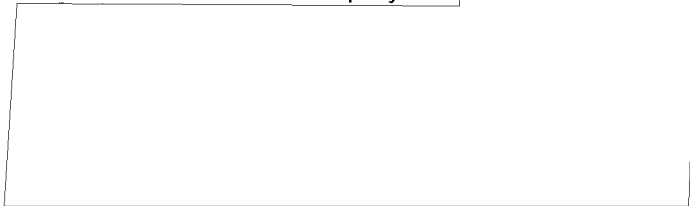
at a standstill. Among other things, the Soviets have failed to offer Tyumen oil to the Japanese at an attractive price, thereby delaying the financing of a projected \$1 billion pipeline.

Japan could fall victim to political problems.



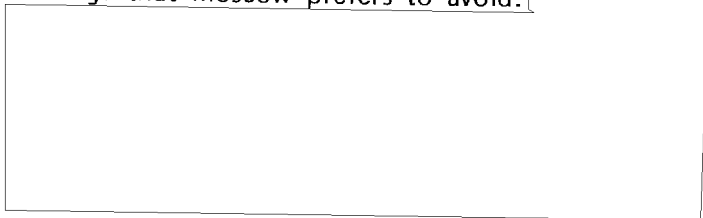
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In spite of the progress made with Japanese businessmen, Moscow has been concerned that Tokyo may be losing interest in providing financial backing for these projects.



The Soviets also are worried that Japanese leaders will see political advantage in making increased economic cooperation contingent upon resolution of the Northern Territories issue—a linkage that Moscow prefers to avoid.

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Soviet restiveness suggests a growing concern that plans for joint Siberian development with



New Prime Minister

NEW ZEALAND: NEW LEADER

The Labor Party has come to power with the largest parliamentary majority of any government in 37 years—some 23 seats. Actual differences with the outgoing National Party government have been relatively minor, and Labor is unlikely to use its comfortable margin in Parliament as a mandate for significant departures in domestic programs.

Foreign policy was not at issue in the campaign, but the new administration will make some changes in order to bring national policy into line with long-standing Labor positions. The Labor Government will probably bring home the small New Zealand training contingent in South Vietnam, establish diplomatic relations with Peking, and work toward eventual withdrawal of New Zealand troops stationed in Singapore and Malaysia under the five-power defense arrangement with Australia and the UK.

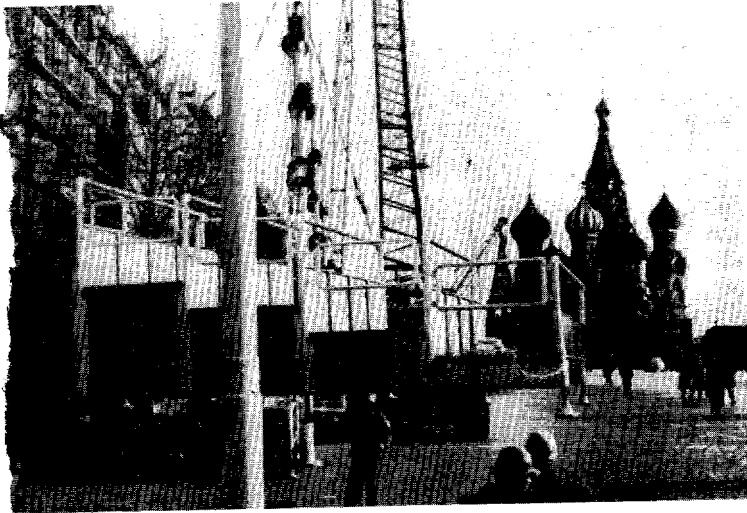
No significant changes in relations with the US are expected. The new prime minister, Norman Kirk, is committed to the ANZUS treaty, and he has made it clear that he regards the US as the guarantor of New Zealand's security.



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USSR: FIFTY BIG ONES

The USSR is preparing to celebrate its 50th anniversary as a federated, multi-national state. Foreign guests reportedly have been invited to attend ceremonies on 21-22 December that will be on the grand scale of those for the golden jubilee of the Bolshevik Revolution in November 1967. Brezhnev will probably use the occasion to deliver the major speech.

According to a Soviet journalist, more than 70 foreign Communist parties and 30 governments have been invited to take part. In addition to their East European allies, the Soviets have extended invitations primarily to governments with which the Soviets have close ties such as India, Finland, Iran, and, reportedly, Iraq and Egypt. Turkey is the only NATO country to have received an invitation thus far. China has not been asked. Given the diverse interests represented and the Soviet desire to focus on their own national accomplishments, it is unlikely that there will be much opportunity to transact practical business during the holiday.

Reports that hotel space in Moscow will be at a premium as early as 10 December suggest

that the Kremlin wants to clear its domestic docket before the celebrations begin. The Central Committee may meet a few days before the Supreme Soviet convenes for its regular winter session on 18 December. The Supreme Soviet will review the economy's performance during the past year and approve the budget and plans for 1973. A Central Committee plenum should precede this meeting to give the party hierarchy an opportunity to pass on these matters and to discuss pending business such as Politburo candidate member Mzhavanadze's retirement or the final preparations for the exchange of party cards during 1973-74.

There has not been a party plenum since May, although party statutes require one every six months. Brezhnev and his colleagues have been careful during the past eight years to keep the party hierarchy happy by holding plenums regularly. Consequently it is likely that they will not limit themselves to festive speeches, but will hold a working session before proceeding with the anniversary toasts. 25X1



Brezhnev at the Rostrum, July 1971.

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BELGIUM: EYSKENS' FINALE

Disputes within the Socialist - Social Christian coalition over Belgium's endless linguistic problem finally forced Prime Minister Eyskens and his cabinet to resign on 22 November. Eyskens has agreed to head a caretaker government, while Jozef de Saeger, the outgoing minister of public works, searches for a workable political combination. In any case, the Belgian position at the various international meetings underway and projected is not likely to be affected.

De Saeger, like Eyskens a Social Christian, faces an arduous task, and his prospects are not good. Prior to Eyskens' resignation, the cabinet tried to no avail for almost a month to draft a legislative program that both French- and Dutch-speaking coalition leaders would accept. The legislation involves cultural and linguistic matters and under the recently revised constitution requires a special, large majority in parliament to be passed. The Socialist - Social Christian coalition, even if restored, would still need the support



Jozef de Saeger

of opposition deputies for passage of any such program.

Some observers believe that the Flemish faction of the badly divided opposition Liberal Party might join the government to give it the extra votes needed to pass its legislation. The predominantly French-speaking Socialists, however, are opposed to the idea, probably because it would mean the addition of more Flemish deputies to the coalition. Most politicians are well aware that new elections would be indecisive. The latest polls indicate that there would be no significant change in parliamentary alignment and that the coalition parties and the Liberals would, in fact, suffer slight losses.

De Saeger will probably take soundings among party leaders in the hope that Eyskens' program can be redrafted. However, de Saeger's close identification with Flemish interests will hinder his efforts to resolve the most contentious issue, the division of the country into three economic regions, Flanders, Wallonia and Brussels. French-speaking leaders of both coalition parties are arguing that if this program is to be implemented, then the economic region envisioned for Brussels must be broader in territory than the linguistic borders set in the constitution. Flemish politicians, including de Saeger himself, are extremely sensitive on this issue and will resist any expansion of the largely French-speaking Brussels enclave.

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WEST GERMANY: WAGE BATTLE

Still savoring its smashing election victory, the Brandt-Scheel coalition faces a critical round of wage negotiations that will profoundly affect the course of the German economy next year. Collective bargaining agreements with unions representing nearly one third of the German labor force in the private and public sector must be ready by 1 January.

The unions include the all-important Metalworkers Union—roughly comparable to the

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German Laborers A Vote to Strike?

United Steel Workers, United Automobile Workers, and International Machinists Union in the US. This union is usually the West German pacesetter in wage negotiations. The outcome of these negotiations is crucial to Bonn's hopes for containing inflation. The outlook is not promising.

Now that the election is over and Brandt's coalition has gained a significant parliamentary majority with the help of labor's votes, the union leadership no longer feels constrained about pushing for large wage increases. The leaders will point to the more than six-percent jump in the cost of living during the past year as justification for their demands. The metalworkers of Lower Saxony fired the first shot in the campaign, demanding an 11 percent average wage increase.

The negotiations with the Public Service and Transport Workers Union, to which most government workers belong, will also test Bonn's ability and determination to fight inflation. Economics and Finance Minister Schmidt has been under strong pressure from both the opposition and the minority members of the coalition to hold down the rapid rise in government spending, widely

regarded as one of the principal sources of inflationary pressures. Leaders of the government workers' union reportedly are demanding wage increases substantially higher than ten percent.

Bonn has not stated what kind of an increase would be acceptable, but the figure would not be much above the 5.5 percent reflected in tentative budget proposals for next year. A larger settlement would boost federal expenditures well beyond the 10.5-percent increase proposed in the tentative budget, or require spending cuts elsewhere. Quite apart from its direct impact on the federal government's finances, Bonn's willingness to resist excessive wage demands would set an example for state and local governments and for private business.

The bargaining in the weeks ahead will be difficult. There were strikes last year to enforce labor's wage demands in the face of a threatening recession and fears of widespread unemployment. With most economic indicators suggesting a renewed upswing in the economy in 1973, the unions can be expected to be even more militant.

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EAST GERMANY: LOOKING WESTWARD

With ratification of the inter-German political treaty assured by West German Chancellor Brandt's re-election, East Germany is stepping up its drive for recognition by Western countries and for membership in international organizations.

Pankow's immediate task is to tidy up its agreements with Bonn. Pankow will receive a high-level West German representative in East Berlin, probably before Christmas. At that time the treaty will be signed and timetables for ratification will be discussed along with the exchange of diplomatic representatives and the application by both Germanies for membership in the UN. Because of West German legislative procedures, ratification is not expected before next April.

Simultaneous applications for full UN membership by the two German states would follow.

Pankow has already requested observer status at the UN. The request was granted by Secretary General Waldheim on 24 November, following East Germany's successful bid to join UNESCO earlier in the week. Membership in a UN specialized agency opens the way for participation in other international organizations. East Germany has also taken a seat—as has Bonn—at the preparatory conference on European security in Helsinki.

Recognition by the Western powers remains a highly desired goal, and Pankow is busily



Representatives of East and West Germany at Helsinki

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encouraging the Allies to hasten the normalization procedures. Several quasi-official delegations—capped this week by a parliamentary delegation—have been sent to Paris to cultivate the French whose interest in East Germany is high. Recognition is expected to follow an exchange of views with the other Allies. Pankow is also angling for British recognition. Deputy Foreign Minister Moldt held informal talks with British Foreign Office officials when he visited London last week to sign East Germany's accession to UNESCO. Pankow hailed the visit as an historic event signaling favorable developments in its relations with Britain.

The East Germans have also launched a broad, but still low-key, campaign to spark US interest. On 22 November, party leader Erich Honecker sought out a US audience by granting his first interview to a Western correspondent to C.L. Sulzberger of the *New York Times*. East German media have treated the interview as a major journalistic event, sort of an opening to a dialogue with the US. Other East German comment has alluded to trade and other advantages that would accrue from the establishment of relations with Washington. One commentator even hinted at Pankow's willingness to settle the potentially sticky problem of post-war US property claims. Widespread coverage is being accorded the current US visit of Deputy Foreign Trade Minister Gerhard Beil, who is speaking with various private businessmen.

Pankow's currying of favor among the Nordic states is beginning to bear fruit. Finland announced its recognition of both German states on 24 November, and Pankow has expressed confidence that the other Nordic countries will soon follow suit. Denmark has announced that it intends to recognize East Germany following signature of the inter-German treaty. The European neutrals, principally Austria, are also considering early recognition.

Pankow is aware that the practical rewards of its blossoming international status, such as broader trade and the acquisition of badly needed Western technology, will not be immediately forthcoming. Like other Eastern European countries, East Germany's economic freedom of maneuver is

severely limited by its membership in CEMA and by its exaggerated fealty to the Soviet Union. General recognition by the West may lessen that fealty by tempting East Germany eventually to be bolder in pursuing its own interests.

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ROMANIA: A UNIFIED PARTY

President Ceausescu made a few personnel changes at the party plenum on 20-21 November. He also won strong support for Bucharest's objectives at the Helsinki preparatory talks for the Conference on Security and Cooperation in Europe and obtained endorsement of an upward revision of the 1973 economic plan.

The most significant change was the long-expected removal of Manea Manescu from the party secretariat. Except for Ceausescu, Romanian leaders do not hold top-level government and party jobs simultaneously. Manescu's tenure on the secretariat came into question when he was appointed chairman of the State Planning Committee last October. Replacing him was Miron Constantinescu, a candidate member of the party Executive Committee and probably the most liberal of Romania's current party elite.

The plenum gave Ceausescu a strong and open expression of support for Romania's insistence that all states represented at Helsinki participate in the talks as equals. In so doing, Romania was underscoring its deep concern that movement toward European detente should not be allowed to formalize the post-war division of Europe into Eastern and Western spheres of influence. Romania's hard-fought gains in freeing itself from Soviet domination would then be jeopardized. Ceausescu received plenum endorsement for his contention that force reductions talks, held separately on a bloc-to-bloc basis, would render meaningless the projected Conference on Security and Cooperation in Europe.

In addition to increasing the goals in the 1973 economic plan, the plenum considered and approved next year's budget, a draft financial bill, and a labor code. Ceausescu scheduled another plenum for January to examine the progress made in the interim.

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UGANDA-LIBYA: BROTHERLY BONDS

President Amin's move into the Arab camp during the past year has been featured by a dramatic increase in the influence of Libya's Qadhafi in Kampala.

Like many of Africa's more radical countries, Libya was unhappy with Amin's overthrow of the left-leaning Milton Obote in January 1971. As time went on, Amin managed to gather some legitimacy and with it acceptance by most African governments. However, Libya, a strong supporter of Obote, remained critical of Amin, especially his close ties to the Israelis and the presence in Uganda of a 50-man Israeli military mission.

The picture began to change early this year when Amin, probably in search of military aid and badly needed economic assistance, started to make overtures to Arab capitals, including Tripoli. Amin, a Muslim, traveled widely in the Arab world, exchanged delegations, set up embassies, and pledged support for the Palestinians. He began to castigate the Israelis, who were demanding payment for construction projects in Uganda. In March, after receiving financial encouragement from some of his new-found Arab friends, notably Libya, Amin broke with Tel Aviv.

Since then, several Arab countries, including Kuwait, Egypt, and Saudi Arabia, have provided various forms of aid, some of it sizable, but Libya's influence with Kampala seems to predominate. Libya has promised to provide both untied financial support and project aid, to buy Ugandan exports, to train troops, and to invest directly in the economy. While Qadhafi has yet to deliver on many of these undertakings, a Libyan-Ugandan bank for foreign trade and development has been opened, school and housing construction projects have reached the planning stage, and Libyan teachers reportedly have been recruited for service in Uganda. Libya's most dramatic gesture was the dispatch of some 400 troops and quantities of military hardware to Uganda following an invasion last September by Tanzanian-based Ugandan exiles, supporters of



Amin and Arab Friends

Obote. The move by Qadhafi strengthened Amin's army and gained for Qadhafi Amin's gratitude.

Qadhafi, who believes in striking the Israelis wherever and whenever possible, doubtless sees Amin as an ally in black Africa for the struggle. Amin now heaps praise on the Arabs, calls for Arab unity against Israel, and stridently condemns the Israelis. He has hosted delegations of Palestinian commandos and has offered the Palestinians the Kampala residence of the expelled Israeli ambassador for their headquarters.

Amin's new-found fervor for the Muslim cause carries over into domestic affairs. The country's Muslim religious leaders rank among his closest advisers. He has recruited large numbers of Muslims into all levels of the armed forces. Muslims reportedly are getting the nod over Christians in government training and jobs, and Amin continues to build Muslim schools and mosques.

This sort of emphasis on Islam is likely to add to Amin's already considerable domestic woes. Muslims make up only about ten percent of the population. Christians, who account for well over half of Uganda's ten million people, are

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beginning to show their resentment. Christian elements in the army are reportedly dissatisfied with Amin's pro-Muslim stance. The presence of Libyan troops caused problems. Some Ugandan troops deeply resent the Libyans, and there reportedly has been at least one incident of fighting between soldiers from the two countries. Ugandan cabinet members and military leaders have urged a complete Libyan withdrawal.

Perhaps in an effort to mute this dissatisfaction, Amin last week reportedly ordered home at least half, or possibly all, of the Libyan troops, but he probably has not been dissuaded from further strengthening ties to Qadhafi and the other Arabs. Indeed there are recent reports that Qadhafi has been urging the erratic Amin to throw all Christian missionaries out of Uganda before Christmas. [redacted]

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POMPIDOU'S THIRD AFRICAN TOUR

The French President, as he moved across Africa, elaborated the flexible policy of cooperation that Paris has adopted to counter rising nationalism in its 14 client states in Black Africa. In Upper Volta and Togo, he emphasized French willingness to accommodate some African demands in order to preserve the special relationship fathered by De Gaulle. Pompidou made it equally clear, however, that France would retain final control in key areas of the relationships.

In line with the new policy's provision for increasing material benefits to the Africans, Pompidou sweetened modest aid increases to both countries by announcing the cancellation of a pre-independence debt of \$195 million owed by the 14 former colonies. This gesture, along with a promise of lower interest rates and longer repayment periods, is presumably designed to show the Africans how much their privileged relationship with France can mean.

Other statements by Pompidou underscore France's renunciation of earlier pretensions to a monopoly on assistance to its African clients. In a press conference in Upper Volta, Pompidou

stated flatly that France sought no such monopoly and would collaborate with multilateral aid efforts. Matching word with deed, Pompidou's party responded to a Voltan request for aid in a manganese project by stating that France would limit its role to that of "catalyst," and would try to encourage American or Japanese investment and World Bank involvement. This increased willingness to encourage other donors—especially the US—stems largely from recognition that African development demands keep rising and that diversification of aid sources is inevitable in any event.

Pompidou has also faced up to the growing African demand for revision of the network of formal ties to Paris. In this connection, he expanded earlier expressions of willingness to revise the 12-year-old cooperation accords that govern each state's relations with France by agreeing to move toward changes in the French-controlled African franc zone to which all the client states belong. Expressing his sympathy with the growing African desire for a larger voice in money management, Pompidou indicated that France was prepared to make more of the zone's foreign exchange reserves available for African economic development. He carefully balanced this promise by making it clear that Paris would retain ultimate control and that only those states that exercised fiscal responsibility—as interpreted by Paris—would be permitted to stay in the restructured zone.

A discordant note was sounded in Togo, where President Eyadema startled Pompidou with a request for the revision of the parity rate between the African franc and the French franc—a change that would force France to pay more for African exports. Eyadema also asked Paris to use its influence with its Common Market partners to assure full convertibility of the African franc into European currencies and the dollar. Pompidou angrily reminded Eyadema that the African franc could not exist without French backing. He further stated that Paris would not consider such a move unless all the African states jointly requested the revision. Eyadema may have been trying to see how far Paris was willing to go in its proclaimed desire for a more flexible, restructured franc zone relationship. [redacted]

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NEPAL: LOOKING TO CHINA

Nepalese Prime Minister K. N. Bista got the red-carpet treatment during his recent ten-day official visit to China. Mao himself received Bista, and Chou En-lai met the Nepalese at the airport, held two rounds of talks with him, and hosted a banquet for the Nepalese party.

Peking for some time has been trying to increase its influence among nonaligned, less-developed states in South Asia, largely with an eye toward New Delhi. Nevertheless, Peking was restrained with Bista. Chou described his discussions with Bista as "sincere and friendly" and as achieving "satisfactory" results—less than effusive formulations—and he specifically linked Chinese aid with Nepal's support for Peking in the UN.

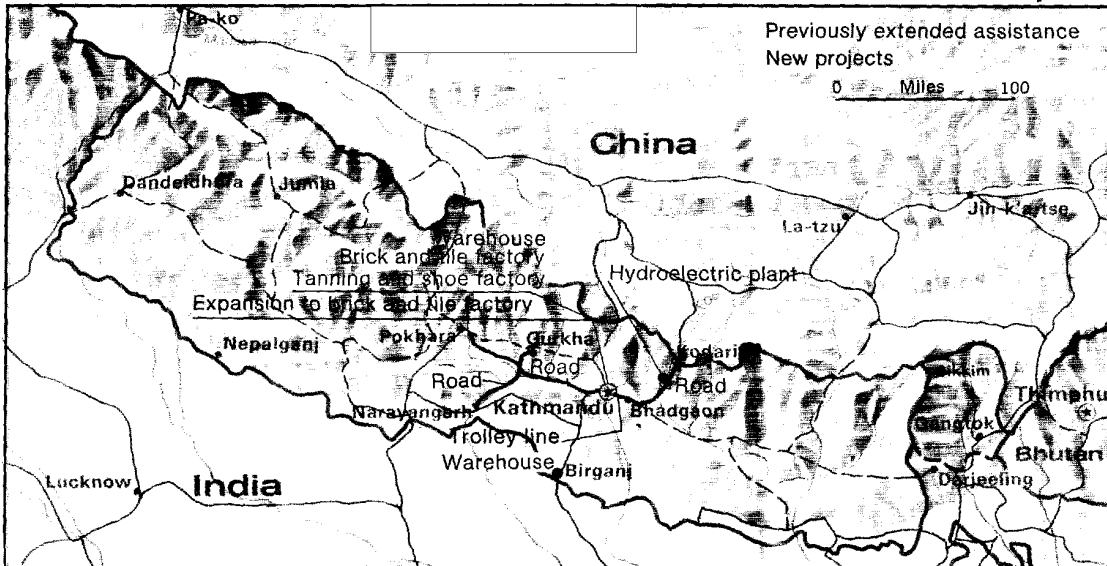
Bista came home with a new aid package as well as with indications of Peking's interest in even better relations with Nepal. The aid agreement, signed in Peking on 18 November, includes construction of a new road and several smaller projects. Peking dispatched a vice minister to Kathmandu two days later, presumably for fol-

low-up discussions on hydroelectric projects that Nepal wants the Chinese to build.

Since 1956, Peking has provided Nepal with \$68 million in grant aid. China finances the local costs of its projects through the sale in Nepal of small, Chinese-made consumer items. Some 500 Chinese workers have been employed on various aid projects, which have included several major roads, small factories, and a hydroelectric dam that was formally inaugurated last week. Military aid from China has been minimal, consisting of small amounts of weapons parts, ammunition, and communications equipment. Cultural exchanges, while on the increase, have yet to attain the level reached before China's Cultural Revolution.

Since assuming the throne last January, young King Birendra has pursued his late father's foreign policy of nonalignment, which permits Kathmandu to look in all directions for aid. While accepting Peking's help, Birendra does not wish to alter Nepal's friendly relations with its giant neighbor to the south. He recognizes that Nepal

Chinese Aid to Nepal



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depends on India for trade and for a major portion of its economic aid, and that the bulk of its military assistance comes from India and Western sources.

Indo-Nepalese relations fluctuate but have warmed considerably over the last year once the bitter and protracted negotiations on a trade and transit agreement were out of the way. The future is clouded, however, by the unfavorable reaction the new Chinese road project will meet in New Delhi. The project would place Chinese technicians close to the Indian border. Nevertheless, Birendra's foremost concern is to hasten the snail's pace of economic development in his backward kingdom, and the need for an expanded road network is crucial. He may be looking for a counteroffer from India.

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Sana
A unified capital

THE YEMENS: THE UNITY GAME

Sana won the first round in the Yemen unity negotiations. Following a summit meeting in Tripoli this week, Sana's President Iryani and Aden's President Ali signed an agreement that designates Sana as the capital of the unified state, to be called the Yemeni Republic. Iryani probably insisted on this concession in order to make unity a more salable item to the numerous opponents of unity back home, and Ali may have concluded that resistance was unwise because the summit was held in the presence of Libyan President Qadhafi, no friend of the Aden regime. Ali may also believe that, having conceded this point, Aden now stands to win concessions from Sana in later negotiations.

The union process now moves into a year-long series of steps—the drafting of a constitution by a joint committee, ratification by the legislatures of the two Yemens, and a popular referendum through both Yemens.

Reconciling Aden's Marxist government with Sana's traditionalist one will be far more difficult

than anything thus far accomplished, and the delicate negotiating process will offer numerous occasions for the collapse of the whole unity concept. Not the least of the complicating factors is the opposition to unity in Sana. Many elements there are still spoiling for a fight, and they fear that unity might take away some of their backers. These elements were recently given an excuse to fight by an incident on the border that resulted in the death, at the hands of Aden-backed tribesmen, of two prominent Sana tribal leaders whose militant followers will now be intent on revenge.

President Ali, in the meantime, will return to Aden with points on both sides of the ledger. On the debit side, he must list the concession to Iryani. On the credit side, his talks in Tripoli were preceded by a four-day visit to Moscow that resulted in an economic and technical aid agreement and a pledge from the Soviets to continue to help Aden strengthen its defenses. Aden undoubtedly views this material and moral support from Moscow as buttressing its position versus Sana, whether or not the unity negotiations go forward. The Soviet-Adeni communique made no mention of Yemen unity, praising only Aden's "efforts...aimed at restoring normal relations between the two parts of Yemen."

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India-Pakistan
DISAPPOINTED AT LAHORE



The three-hour meeting on 28 November in Lahore between the Indian and Pakistani army chiefs was fruitless. It probably marked the final effort to reach an agreement on the Kashmir border through military channels. The mutual decision to refer the matter back to New Delhi and Islamabad demonstrates once again that any breakthrough in negotiations must be made by Prime Minister Gandhi and President Bhutto.

The two generals met at Pakistan's request, but apparently neither came with an authorization to concede claim to the 1.7 square mile piece of land, now in Pakistani hands, that stands in the way of an agreement. This small strip of land is of political rather than strategic importance; Pakistan fears that a concession will weaken its claim that Kashmir is still disputed territory. The disagreement is preventing the mutual withdrawal of troops south of Kashmir.

Disappointment over the meeting is partially offset by the prospect of an imminent exchange of some prisoners of war and other detainees. Wishing to appear reasonable on the eve of the General Assembly's consideration of a resolution favoring UN membership for Bangladesh, both India and Pakistan engaged in a fast-flying series of repatriation offers. The first of December is the date set for repatriating 540 Pakistani soldiers captured on India's western front during the fighting last December and Pakistan's entire lot of 617 Indian prisoners. Pakistan then can claim it no longer holds any prisoners in contrast to the continued retention of over 90,000 Pakistani prisoners in India. Details are still to be worked out on the repatriation of 10,000 Bengali women and children Bhutto is allowing to leave Pakistan, as well as 6,000 Pakistani women and children New Delhi has promised to release.

Despite this short-range progress, the more important question involved the release of the bulk of Pakistani prisoners in India, and their release remains dependent on Islamabad's recognition of Bangladesh. During his just-concluded 11-day tour of Pakistan's Northwest Frontier Province, Bhutto repeatedly spoke in favor of recognition, but never committed himself to a date.

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PANAMA: THE BUSJACKING CAPER

Last week, US-Panamanian relations were strained from a new direction. A labor dispute in the Canal Zone between a US-owned bus company and its Panamanian drivers turned ugly, and 17 of the company's 52 buses were seized, driven into Panama, and turned over to the National Guard. The Torrijos government assured the US Embassy that the vehicles would be returned, but took no steps to discourage further seizures and allowed the matter to drag on. As of 30 November, only seven of the buses had been returned, the government was insisting that no reprisals be taken against the drivers involved, and the US company had agreed to sell out to a Panamanian bus cooperative.

The workers had been demanding coverage under Panamanian social security and payment of the Christmas bonus standard in Panama. In order to give weight to their demands, they staged a pre-dawn raid on a zone parking lot on 21 November, taking 12 buses. Later that day, two more buses were seized, this time at gunpoint. Additional buses were commandeered later in the week.

The government clearly sympathized with the strikers, but adopted a low-key approach, giving relatively little publicity to the incidents. Torrijos' measured response seemed keyed to his differentiation between Panama's relations with the US Government and its dealings with Canal Zone authorities. Torrijos has tried consistently to portray zone officials in the worst possible light in order to demonstrate the need for a new treaty relationship. He was enjoying their present discomfiture, but apparently was not interested in provoking a major diplomatic flap at this time.

The delaying tactics, however, showed government solidarity with the workers and kept pressure on the US bus company.

The Panamanian Foreign Ministry has taken the position that services provided by the bus company have nothing to do with the operation, maintenance, or defense of the canal and are therefore illegal under the 1903 treaty; the government favors a take-over of the bus operation by a Panamanian firm. The US company, for its part, had been interested in selling for some time, but had been unable to attract a buyer. Now a Panamanian offer has been made and, while all of the details have not been settled, the US owner has agreed to sell. Torrijos may insist on some arrangement providing for immunity from prosecution for the drivers before the remaining buses are returned.

At The United Nations

The government's campaign for a Security Council meeting in Panama moved another notch forward this week with the release of a letter from Foreign Minister Tack to Secretary General Waldheim. The letter, which was circulated to all Security Council members and later given wide publicity in Panama, suggested 15-21 March as the appropriate time, and stated that a formal invitation would be presented in December. With the government now publicly committed to the meeting, chances are rather slim that Torrijos can be persuaded to change his mind unless there were a significant breakthrough in the canal negotiations in the next couple of weeks.

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CASTRO REALIGNS HIS GOVERNMENT

Havana announced a sweeping reorganization of the top level of government late last week. The reorganization bears none of the earmarks of a purge and is based on a desire to bring order out of Cuba's administrative chaos. All of the key figures involved have held high posts for some time, and no one seems to have suffered a serious demotion. Although ambiguous initial announcements gave the impression that Raul Castro might have been reduced in power, it now appears that his position as number-two man remains unchanged. Fidel continues to head both the party and government.

The reorganization centered on the Council of Ministers, which was expanded from 22 to 27 cabinet positions. An executive committee was created to simplify the management of the enlarged body. The reorganization brought under one roof the numerous government agencies that had previously been operating independently and grouped them, together with the pertinent ministries, into eight administrative sectors each headed by a vice prime minister. The eight are: Major Ramiro Valdes, construction; Major Guillermo Garcia Frias, transportation and communications; Major Pedro Miret Prieto, basic industries; Major Flavio Bravo Pardo, consumption and services; Major Belarmino Castilla Mas, education, culture, and sciences; Major Diocles Torralba Gonzalez, sugar industry; Carlos Rafael Rodriguez, foreign relations; President Osvaldo Dorticos, economy and administration.

Fidel Castro will exercise personal supervision over the security services and several other agencies that have not been assigned to the eight sectors. A ninth sector is expected to be formed eventually to accommodate those agencies now under Fidel that pertain to livestock and agriculture other than sugar. There was no mention of Raul Castro other than to describe him as first vice prime minister. This places him above the eight sector chiefs—or vice prime ministers—and presumably means that he is second in command of both the country's executive and political apparatus, the Cuban Communist Party.

Administrative structures patterned after the new Council of Ministers will be formed in the six

provinces and in some regions—the administrative level immediately below the province. These provincial and regional councils will have executive committees composed of delegates designated by the respective vice prime ministers in coordination with the local party chiefs. The councils will concern themselves primarily with coordination and will not have the authority to alter directives from above without approval from Havana. This rigid centralization of authority indicates that the Castro regime has decided to ignore a key facet of the criticism of its administration offered in recent years by several technical experts and foreign observers.

On paper, the new system is certainly an improvement over the old particularly in the area of pinpointing responsibility. In practice, however, it may turn out to be merely another bureaucratic nightmare that hinders rather than helps Cuba's economic progress.

SOVIET SHIPS RETURN

The small Soviet naval force that entered Caribbean waters on 26 November will probably arrive in Cienfuegos on 1 December. The ninth such call to Cuba since 1969, it is the first to the island since last spring. The force involves two surface combatants—a Kresta-class cruiser and a Kanin-class destroyer—plus an F-class diesel-attack submarine, a tanker and an intelligence-collection ship.

If the ships follow the earlier pattern, they will visit several other Cuban ports and perhaps conduct anti-submarine operations with Cuban naval units. Previous Soviet naval visits have lasted as long as three months, but most average 15 to 20 days. Two TU-95 naval reconnaissance aircraft landed in Cuba last week. The planes then conducted a reconnaissance of the mid-Atlantic on 28 November before returning to Havana's Jose Marti Airfield. Although these aircraft have flown to Cuba during earlier port calls, they have yet to conduct joint operations with the visiting ships.

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CHILE: NOT JUST A JUNKET

President Allende may use his current trip to argue that Chile is being pushed to the wall by foreign and domestic enemies, leaving him no alternative but closer ties with Communist governments. Flanked by General Prats—who, as interior minister, became chief executive in Allende's absence—Allende told a large farewell rally in Santiago on 28 November that in his speech to the UN General Assembly on 4 December he will protest "unjust aggression" against Chile. The President added that rightists responsible for the extensive economic damages caused by the recent protest shutdown must be punished.

These damages were particularly serious in the already lagging agricultural sector. The new agriculture minister has said that next year Chile will have to import food worth at least \$450 million, up \$50 million from this year. A Chilean official is in the US now seeking to buy substantial quantities of foodgrains. This effort points up Allende's dilemma in counting so heavily on the Soviet aid. He praises that aid publicly as generous, but it has thus far been minimal, cautious, and not keyed to urgent Chilean needs.

While discussing the talks that are to begin this month in Washington over renegotiating the Chilean debt to the US, Foreign Minister Almeyda emphasized that his government wishes to make a determined effort to break out of the present impasse in bilateral relations. Almeyda said that while Allende's UN speech would "address" Chile's complaints against Kennecott and other US corporations, it would distinguish between their actions and those of the US Government.

Regardless of Almeyda's statements, the tone of Allende's speech on 4 December is likely to be less than conciliatory. Much will depend on his estimate of Moscow's reaction to his need for further economic aid and on whether he feels his treatment in the US is commensurate with his position.

PERU: DEALING WITH LABOR

The creation of a new labor confederation by the Velasco regime could be the first in a series of initiatives leading up to the promulgation of a general labor law. The military government wants to eliminate existing labor confederations, both the Communist-dominated one and the group controlled by the military's archenemy, APRA. The plan is to substitute for them a new labor group run by Sinamos, the government-controlled apparatus designed to build an independent base of support for the regime and ensure the "irreversibility" of its programs.

This would be part of the government's move toward its goal of a "social democracy of full participation," a state of affairs in which political parties and labor unions will supposedly be obsolete. It seems inevitable that this will bring increasing conflict with traditional parties and groups, including those that have so far supported the Velasco regime.

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Already, an important regime spokesman has delivered a scathing denunciation of the Communists and the Christian Democrats, both government supporters, while barely mentioning the government's usual whipping boys, APRA and the extreme left. The speech was by the head of Sinamos, General Rodriguez Figueroa. It came in response to a charge by the Christian Democrats that his organization stoops to infiltration and manipulation instead of stimulating, as it is supposed to, genuine popular participation in revolutionary programs. He was also responding to the Communists' announced intention of opposing Sinamos' attempts to undermine labor organizations. Rodriguez, whose speech was cleared at the highest levels, pointedly declared, "The traditional political parties cannot become the political heirs of the revolution."

The government may have been brought to move on the labor scene by the adverse effect of a shift in offshore currents on the fishmeal industry—a vital source of foreign exchange earnings. This heightened the government's awareness of the economic costs of labor unrest in factories and mines. At the same time, government efforts to recruit labor leaders apparently are beginning to pay off. A new pro-government confederation called the Central of Workers of the Peruvian Revolution was created in mid-November. It claims to be independent, but actually is government controlled. The regime reportedly will try to entice the individual unions to cut their ties to other confederations and join the new group.

If this strategy is unsuccessful, a new labor law abolishing the old confederations reportedly will be issued early next year. The timing of the new law's promulgation remains tentative, and efforts at voluntary recruitment may go on well beyond the January deadline. Debate within the regime on the precise role of Sinamos and future policies toward the Communists, APRA, the extreme left, and the Christian Democrats may not be over. The government may not be ready to risk the consequences of announcing so radical a change all at once. The simultaneous alienation of opposition groups and current allies would be dangerous since these elements still have considerable political impact.

VENEZUELA: STUDENT DISORDER

The widespread outbreak of student violence in the past month appears to have been stirred up by leftist political groups.

Reasons for the outbursts vary from city to city and change almost daily: usually the eruptions come over an obscure issue, police react, students are detained and hurt, which in turn becomes the cause for new demonstrations and reactions. The only common theme has been a demand, circulating during the past 60 days, for the release of "political prisoners." This demand has been a favorite theme of leftist political groups and, in particular, has been used with increasing frequency by the Marxist Movement for Socialism, a new party that is attracting widespread support among leftists and students.

Officials of the Caldera administration deny that there are any "political prisoners" in Venezuela and claim that this is a line fabricated to accord respectability to common lawbreakers. A hunger strike by many of those detained by the police during the demonstrations has attracted public attention and resulted in demands from some small leftist parties for a congressional investigation of the situation.

Although ready to counter student violence with equal amounts of police power, the Caldera government is obviously sensitive to the political risks involved in the student unrest and has attempted to defuse student protests before they get started. It has created a special unarmed police brigade, trained to draw students into dialogue and presumably to talk them out of taking to the streets. The first major use of this Special Brigade of Order got off to a bad start when students refused to talk and injured some brigade members. More recently, however, the brigade appears to have had some success in calming students and persuading them to return to classes.

The level of student dissidence so far does not equal that of previous years, but the latest outbreaks demonstrate the susceptibility of this large and volatile segment of the population to political manipulation by extremist political groups.

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EDITOR'S NOTE

On page 10 of the Weekly Summary Special Report, *China: A Touch of Paralysis*, No. 0398/72A, the final sentences of the text should read:

A letter now circulating officially seems designed to show that Mao was opposed to Lin Piao and that *Mao* was less than enamored with "leftists" in general as early as 1966. This hardly seems to conform with the facts.

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

China: A Touch of Paralysis

Secret

No 45

1 December 1972
No. 0398/72A

Page Denied



Interplay

CHINESE COMMUNIST POLITBURO (Elected April 1969)

STANDING COMMITTEE

Mao Tse-tung (78)
Chairman, Central Committee

~~Lin Piao (64)
Vice Chairman, Central Committee; Defense Minister~~

Chou En-lai (74)
Premier

~~Ch'en Po-ta (66)
Chairman, Cultural Revolution Group~~

~~K'ang Sheng (72)
Adviser, Cultural Revolution Group; Internal Security Chief~~

WIVES

Chiang Ch'ing (56)
Wife of Mao; First Deputy Head, Cultural Revolution Group

~~Yeh Ch'un (44)
Wife of Lin Piao; Military Affairs Committee~~

MILITARY LEADERS

~~Huang Yung-sheng (62)
Chief of Staff, Military Affairs Committee~~

~~Ch'iu Hui-tso (56)
Deputy Chief of Staff; Army Logistics Chief, Military Affairs Committee~~

~~Li Tso-p'eng (60)
Deputy Chief of Staff; Political Commissar, Navy; Military Affairs Committee~~

~~Wu Fa-hsien (58)
Deputy Chief of Staff; Commander, Air Force; Military Affairs Committee~~

~~Yeh Chien-ying (72)
Vice Chairman, Military Affairs Committee~~

PROVINCIAL LEADERS

Chi Teng-k'uei (40)*
Vice Chairman, Honan Provincial Revolutionary Committee

Ch'en Hsi-lien (60)
Commander, Shen-yang Military Region; Chairman, Liaoning Provincial Revolutionary Committee

~~Li Hsueh-feng (64)*
Chairman, Hopeh Provincial Revolutionary Committee~~

Chang Ch'un-ch'iao (59)
Chairman, Shanghai Municipal Revolutionary Committee; Second Deputy Head, Cultural Revolution Group

Li Te-sheng (61)*
Commander, Anhwei Military District; Chairman, Anhwei Provincial Revolutionary Committee

Hsu Shih-yu (64)
Vice Minister of Defense; Commander, Nanking Military Region; Chairman, Kiangsu Provincial Revolutionary Committee

Yao Wen-yuan (36)
Vice Chairman, Shanghai Municipal Revolutionary Committee; Member, Cultural Revolution Group

GOVERNMENT LEADERS

~~Hsieh Fu-chih (69)
Public Security Minister; Chairman, Peking Municipal Revolutionary Committee; Vice Premier~~

Li Hsien-nien (66)
Finance Minister

Wang Tung-hsing (age unknown)*
Public Security Vice Minister; Director, General Office, Party Central Committee

HONORARY ELDERS

~~Chu Te (85)
Chairman, National People's Congress~~

~~Liu Po-ch'eng (79)
Vice Chairman, National People's Congress; Military Affairs Committee~~

~~Tung Pi-wu (85)
Vice Chairman, People's Republic of China~~

*Alternate Members

~~Inactive~~

~~Purged or dead~~

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China: A Touch of Paralysis

Despite the outward appearance of order in China, stability has not been fully re-established since the purge a year ago of Lin Piao. The notion that Defense Minister Lin Piao, the man chosen personally by party chairman Mao Tse-tung as designated successor, could turn against the great helmsman has sharply eroded confidence in the country's leadership. The failure to reconstitute the ruling Politburo and replace the military leaders who went down with Lin, together with the general absence of leadership turnouts and authoritative policy pronouncements, leaves a clear impression that tensions exist among the surviving leaders—an impression that is evidently shared by numerous low- and middle-level cadres in China. Moreover, there are signs that a significant number of military men who hold power in the provinces may also be purged—a situation that involves real risks for domestic political order.

During this time of uncertainty and strain, Premier Chou En-lai has played a pivotal role, seeking to diminish the divisive forces at work while guiding China on the road toward political recovery. It is largely through his efforts that the political, military and economic machinery has continued to function. On the question of the fate of the military leaders in the provinces, for example, Chou seems intent on limiting the damage, at least until the wounds of the Lin affair have had time to heal. His efforts at moderation are meeting resistance, however, and further clashes within the Politburo are by no means out of the question. In such a conflict, Mao's role obviously would be a determining factor, and the aging party chairman seems to be keeping his options open.

A Year of Caution

In view of the magnitude of the problem, the regime has achieved notable success in managing the aftermath of the purge of Lin Piao. Basic social order has been maintained. The armed forces have remained stable while the regime moved to re-subordinate them to civilian party control. The trend toward moderation in domestic policies—a trend evident since 1969 and one that has wide popular support—has been even more pronounced since Lin's departure. In the conduct of foreign affairs, Peking has scored a succession of triumphs in 1972, the fruit of a decision several years ago to pursue a more pragmatic and outgoing foreign policy.

Nevertheless, the events of last autumn dramatically shattered the fragile political mosaic

painfully constructed at the party congress in 1969, and the leadership has been extremely cautious in picking up the pieces. The havoc is most evident within the Politburo itself; only 16 of the original 25 members named in 1969 are still mentioned in the official press by name, and of these only a dozen appear to be taking part in the affairs of state in a meaningful way. The delay in reconstituting the Politburo is undoubtedly associated with the question of the military's proper place in that body.

While the regime wrestles with this problem, the armed forces are without designated leaders. Marshal Yeh Chien-ying has been serving as de facto defense minister but has not been officially appointed to this position. Similarly, no one has been named to replace chief of staff Huang Yung-sheng, and the vacancies at the top of the

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air force, navy, and logistics services remain unfilled. This does not mean that the administration of the armed forces has been neglected or that the efficiency of the armed forces has suffered severely; merely that they have been an uncommonly long time without formally designated leaders.

Because Lin was officially designated Mao's successor, Peking must also work out a new formula for succession and rewrite a substantial segment of party history. The idea of a post-Mao "collective leadership" has persisted for at least a year, and it seems likely that it is the composition of this collective, rather than the principle itself, that is still at issue. While Peking vacillates, the leadership grows older: Mao Tse-tung will be 79 this month, and Premier Chou is 74.

Moderates Versus Extremists

The Lin affair and its sequel make it appear that one of the central issues in Peking is civilian versus military control. In fact, the issues at stake are much more complex. Evidence—some of it antedating Lin's demise—indicates that while the institutional problem is a real one, the leadership has long been deeply divided on a much wider range of policy and personnel questions. The Cultural Revolution itself, with its bitter factional disputes and Red Guard mania, clearly added to and intensified personal antipathies, particularly between radical leaders who were identified with its excesses and those of a more moderate persuasion. It is hard to believe that these antipathies have now vanished or that, on any given issue, they no longer cut across institutional lines, including the armed forces.

The actual facts surrounding the demise of Lin Piao in September 1971 may never be known in detail, but, in any event, it has not ended the rivalry between moderate and radical forces at the center. The purge removed the leading spokesman of radical interests in the armed forces, Lin Piao himself. On the other hand, it also claimed as victims high-level military officers who had been at the opposite end of the political spectrum, most notably the former chief of staff, Huang Yung-sheng. Moreover, a campaign against ul-

traleftists—which had begun in late 1969 and evidently was directed by Chou En-lai—has been muted since Lin's fall, even though a number of extreme leftist figures are still prominent and active. For example, Chiang Ching, deputy head of the Cultural Revolution Group, which directed Mao's purge of the old party apparatus, should have been an early target, but as Mao's wife she has thus far been immune. Another prominent leftist, Shanghai party leader Yao Wen-yuan, continues to appear frequently in Peking.

Despite the uneasy political equilibrium within the leadership in Peking, China's policies at home and abroad seem well defined. Rationality and pragmatism seem to be the order of the day, not only in foreign policy but also in such domestic areas dear to Mao's heart as education. Indeed, some of the present educational policies, such as the broadening of the academic curriculum and the special advantages given to talented students, are a virtual repudiation of concepts Mao himself has advocated in the past. From time to time, there are hints in domestic media that the move toward moderation is being challenged on a selective basis, but these challenges have had no visible impact on policy implementation.

Military Under Fire

The protracted effort to repudiate Lin Piao is almost certainly raising political temperatures throughout the country. Since early this year, cadres have been studying a succession of documents spelling out the alleged details of Lin's coup plot. The key item in this series, the so-called "571 document," contains Lin's purported operations plan. The plan lists not only those forces that Lin could count on for support—primarily in the air force—but also a number of other military units he was attempting to enlist in the plot. The implication is strong that there are elements within the armed forces whose loyalty is being questioned in Peking. The most recent document in the anti-Lin series, issued in early July, is more ominous. It suggests that the central authorities may be considering moves against a wide range of military leaders and that the authorities will not in the future wait for written evidence to move against such individuals.

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Some members of the leadership may in fact be exploiting the Lin affair to bring down the military leaders of the provinces. This impression has been reinforced in recent weeks by the failure of a number of provincial military leaders to make public appearances and by reports that some of them have been arrested for their alleged support of Lin. The continuing denunciation of Lin and the accompanying "rectification" movement within the party and the army appear to have Mao's consent. One report claims that immediately after Lin's fall, Mao advocated a purge on the scale now being pursued. Indeed, the chairman himself could well be a prime mover in the reported arrests of the provincial leaders.

If a move against these leaders is under way, even on a selected basis, it risks jeopardizing domestic political order. The Cultural Revolution dismantled the old party and government bureaucracies, leaving the military as the best available unified instrument of control. Efforts have been made to re-establish the civilian party structure and to reassert the party's leading role, but military leaders still hold the balance of power in the party apparatus in many places outside Peking. Thus, a move against these military leaders, particularly if widespread, could conceivably cause a breakdown in control, since no alternative mechanism is available to fill the void. This consideration could help explain why Peking is moving with such caution in this matter.

Paralysis in the Provinces

The political uncertainty generated by the protracted anti-Lin campaign is having a noticeable effect on life in China's provinces. With the memory of past "rectification" campaigns vivid in their minds, officials at the local level are showing a marked tendency to sit tight, procrastinate, or, if forced to go forward, to move with extreme care.

When province leader Han Hsien-chu, a career army official, was called to Peking early this year to explain his relationship to Lin Piao,

other leaders in the province did little more than mark time, waiting to see if he survived. Although Han returned with no visible diminution of authority, lesser officials reportedly remain reluctant to commit themselves for or against him. In other provinces where the top leaders are in danger of removal, it is likely that a similar ambivalence exists.

This political paralysis has apparently also affected industrial enterprises, where at least some factory managers have become reluctant to assert their authority.

cadres in the countryside have been reluctant to implement current agricultural policies, presumably because they recognize that some of these measures, such as the relatively liberal payments system now in force, have been a target of radical criticism in the past. The circumspection being exercised by officials at the lower



Peace at home is an elusive thing.

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Liu Hsing-yuan

levels is likely to continue until the leaders at the center resolve their fundamental policy and personnel problems.

Chou and the Military

Throughout the Cultural Revolution, it was not Lin Piao, the defense minister, but Chou En-lai, with no official military title, who kept the armed forces generally united and loyal during a period of extreme stress. It was Chou who arranged the tenuous, but nonetheless workable, compromise agreements on the leadership in numerous provinces. It was Chou who flew to Canton in April 1967 to reassure a jittery Huang Yung-sheng, then an important regional figure, that he was safe from Red Guard onslaughts. It was Chou who traveled to the embattled city of Wuhan in July 1967 to convince the rebellious commander there to release his high level captives and submit to central authority. In short, Chou became closely identified with the interests of the regional and provincial military leaders. Most of these leaders were of moderate persuasion.

Given this background, it is not surprising to find that in 1972 Chou is again being linked with efforts to protect harassed military administrators in the provinces.

Chou intervened with Mao to limit the military purge on the grounds that a wide-ranging attack on the military establishment would adversely affect both stability at home and China's image abroad.

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An example of how a provincial luminary can be buffeted about is provided by the case of Liu Hsing-yuan, a career military officer who ran Kwangtung Province until March of this year. At that time, reports began to circulate that Liu, a close associate of purged chief of staff Huang Yung-sheng, was being transferred to the top party post in Szechwan Province in southwest China. His transfer to Szechwan would serve two objectives: it would separate him from his south China power base, thus carrying out the logical extension of Huang's purge; at the same time, it would preserve his prestige, because his assignment would be an even more responsible post. Similar stratagems were used by Premier Chou during the Cultural Revolution on the behalf of embattled provincial chiefs, and it is easy to see his hand at work in Liu's case. This assumption is supported by the appearance of Chou in Canton in April at the public installation of Liu's successor in Kwangtung. Liu himself disappeared from the scene, and rumors were about that he was under house arrest in Peking. In Canton, the capital of Kwangtung, the stories of Liu's arrest apparently created unrest; according to one report, someone tried to assassinate his replacement.

After remaining in the shadows for seven months, Liu Hsing-yuan showed up again last week in Szechwan. He was identified only as a "leading member" of the Szechwan hierarchy, but the fact that he gave the major speech for the occasion will be a signal to many that he is or will be the province chief. This sequence of events suggests that Liu's transfer may have been opposed by those seeking to reduce the influence of moderate elements within the military establishment. The length of his absence from view could mean that Chou, if in fact he pushed for

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An Accusatory Finger?



Chou En-lai and Chiang Ching at a National Day musical performance on 1 October this year.

Liu's transfer, had some difficulty getting his way even though he finally prevailed.

Chou, in any event, can be expected to have a realistic view of the dangers inherent in trying to reduce the army's political role too abruptly. He is apt to urge caution at every step along this path. The moderates among the provincial military figures would appear to have nowhere else to turn if they are to make their voices heard in Peking.

The Militant Madame

Many of the fires that Chou has been called upon to put out in the last six years were lit by Mao's wife, Chiang Ching. On at least one occasion, she herself was burned. In July 1967, at the height of the Wuhan confrontation, Chiang Ching urged that her militant Red Guard groups be armed in order to defend themselves against the repressive actions of the conservative military

leaders in the provinces. Chaos ensued, and by September 1967 Madame Mao was obliged to back down and disavow her slogan, "arm the masses."

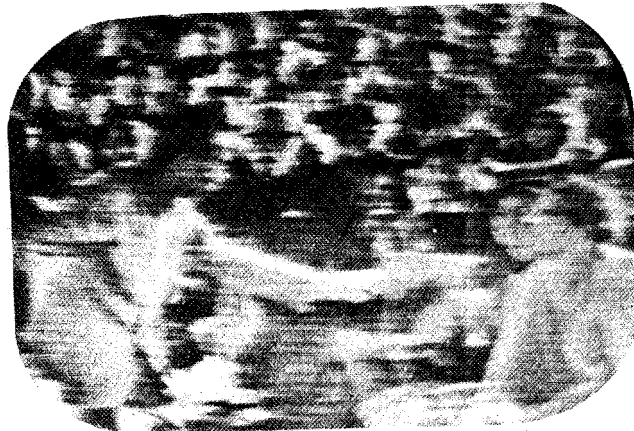
Since 1969, most of the extremist policies associated with the madame and other Cultural Revolution leaders have been discarded, but Chiang Ching continues to be accorded a high place among the party elite, preceded only by Mao and Chou. While there are reports that her activities have been restricted to the cultural sphere, some officials probably see her current exalted political status as a sign that she has the potential to stir things up again. Indeed, there is some reason to believe that Chiang Ching may have tried to pull a political cloud over the fortunes of Liu Hsing-yuan.

On the basis of what is known about their behavior in the Cultural Revolution, Chou and Chiang Ching probably differ sharply today not

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Photos taken from a Canton television broadcast monitored in Hong Kong.

only on the question of the fate of military province chiefs but also on a number of other important personnel and policy matters. Since the Cultural Revolution ground to an end, the two have been able to mask these differences from public view, but on several recent occasions foreign visitors to China have detected what they believed to be considerable impatience and annoyance on the premier's part at Chiang Ching's behavior. The fact that Chou and Madame Mao are poles apart temperamentally as well as politically does not mean that they are in permanent and implacable opposition on every issue; nor does Chiang Ching appear to be in a position to challenge Chou directly. Chou, for his part, is in no position to put the madame down completely as long as she retains Mao's patronage.

Mao's Role

As has been the case at times in the past, Mao's role in China's recent internal affairs is

obscure. In some respects, he has removed himself from the public stage. He has not presided over a major public gathering since the funeral of the late foreign minister Chen I in January 1972 and has not appeared on the rostrum at Tien An Men Square in Peking since May 1971. The chairman's periodic meetings with foreign visitors in his private residence indicate that his mental and physical condition are probably not the reason for his reduced public activity.

The pattern of Mao's recent activities, in fact, is reminiscent of earlier periods in which he engaged in intense behind-the-scenes maneuvering, either to shore up his own position or to plot the next move against real or fancied opponents. It could be, for example, that Mao is personally directing the anti-Lin campaign, viewing it as an opportunity to settle scores with a number of provincial military leaders, primarily those whose opposition to the Red Guard

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movement led to a closing out of the Cultural Revolution before it had accomplished all of Mao's objectives.

On the other hand, the chairman must recognize that his close personal identification with Lin renders him vulnerable in important ways. The 571 document contains unusually harsh words about Mao's leadership. It accuses him of imposing ill-conceived and unpopular domestic programs and characterizes him as a "cruel tyrant." This attack on the chairman is attributed

to Lin, and it has been circulated with Mao's explicit approval. Still, the effect has been to give wide publicity to a list of grievances against Mao with which many officials can identify. Indeed, there are signs that the regime—and perhaps Mao himself—are taking steps to disassociate the chairman from the Cultural Revolution experience. A letter now circulating officially seems designed to show that Mao was opposed to Lin Piao and that Piao was less than enamored with "leftists" in general as early as 1966. This hardly seems to conform with the facts.

The 571 Document on Mao's Leadership, 16 January 1972

(Mao) is the greatest dictator and tyrant in the history of China.

The days of B-52 (this reference is clearly to Mao) are numbered. B-52 has consistently adopted the tactics of "divide and rule"; he is very cunning and treacherous and very rarely leaves his residence.

Nobody has ever been able to work with him from beginning to end. Today you are his guest of honor, but tomorrow you will be his prisoner.

He is a suspicious and cruel maniac.

His several secretaries and some people who were close to him were either killed or locked up and struggled against.

The struggle in the party has come to typify his personal likes and grudges.

The leadership of the ruling group has fallen into corrupt, decadent, ignorant, and inefficient hands.

The troops are under pressure, and dissatisfaction is widespread among cadres of the middle and upper ranks.

Initially the Red Guards were hoodwinked into serving as cannon fodder, but now they are being suppressed, criticized, and repudiated. The sending of intellectual youth to the mountains or the countryside is just another form of labor reform.

Cadres sent to the countryside are just swelling the ranks of the unemployed.

The living standard of workers and peasants is falling; the freezing of the wages of the workers, particularly young workers, has increased dissatisfaction.

The socialist system in China is now being threatened in a serious manner.

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At the same time, there has been a marked de-emphasis in Mao's role as the party's theoretical guide. Propaganda organs in China are reverting to more orthodox ways of justifying policy; namely, invoking the authority of the "party line" rather than citing passages from chairman Mao's works. Mao himself has given personal approval to a general playing down of his "cult," however, and speculation within—and outside—China that Mao is losing his grip and is about to step down is at best premature.

The Coming Months

At this juncture, these domestic headaches seem containable. Provincial military leaders are not being faced, either collectively or individually, with the massive public attacks and orchestrated violence that were a leitmotif of the Cultural Revolution. Premier Chou's concern for the loyalty of the armed forces to the political system is surely as great as his concern for the cohesion of the military establishment. On both

Chairman Mao at the Funeral of the Late Foreign Minister Chen I, 10 January 1972

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scores, he is likely to attempt to limit the damage rather than place himself at the head of a group determined to end the pressures against the military, especially if such a stance would involve open defiance of Mao.

Mao's motives in the present situation are less predictable. He was stung by the army's equivocal role in the Cultural Revolution, and vindictiveness on his part could be a major factor in the current drive to unseat the provincial military. Mao presumably is aware of the disruptive influence of his wife, but he seems unwilling to put a stop to all her activities. On the other hand, the chairman's willingness to support relatively conservative and pragmatic policies at home as well as abroad seems to indicate that he is not preparing for another major political offensive at this time. Mao seems intent on establishing a better balance between competing leftist and conservative forces—and hence enhancing his own maneuverability—by whittling away at the predominantly conservative military leaders in the provinces through a process of linking them, however tenuously, to Lin Piao.

Mao may not be content for long merely to whittle away. His seeming lack of activity and the surface calm in China may again only be the reassuring backdrop an old magician artfully develops before he unveils his next startling trick. A hint as to what it will be may have been provided in appointments recently made in Peking. While most of the new appointees are conservatives who were under attack during the Cultural Revolution, there are two notable exceptions. The elevation of these two leftist veterans of the Cultural Revolution points to the possibility of yet another leftward swing of the political pendulum.

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