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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

Executive Registry

76-6688/4

National Intelligence Officers

20 February 1976

MEMORANDUM FOR: SA/DCI
Assistant to the DCI

SUBJECT: Background for the Director's Appearance
on Meet The Press

1. Should the press suggest that CIA failed in its responsibilities by not predicting the recent shake up in the Chinese leadership as is indicated in the attached article in The Star, I suggest the Director can make a case that we anticipated to some degree the current struggle in China by citing the following two OCI articles. Both of these OCI articles were published before the announcement of Hua Kuo-feng as acting premier.

2. The first article written in December 1975 suggests that the Chinese leftists attacks on the Chinese schools was in fact an attack on Teng. The article suggests there were severe strains between Teng and the left wing of the Party.

3. But even more important, the second OCI article which was published just before the announcement of Hua as acting premier specifically states that "the Party's left wing appears to be making a determined effort to forestall the formal designation of Teng Hsiao-ping as premier."

Pub Affs

[Redacted Signature Box]

James R. Lilley
National Intelligence Officer
for China

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Attachment:
Article dated 19 Feb 1976
Article dated 11 Dec 1975
Article dated 7 Feb 1976

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MEMORANDUM FOR: SA/DCI
Assistant to the DCI

SUBJECT: Background for the Director's Appearance
on Meet The Press
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20 February 1976

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CIA OPERATIONS CENTER

NEWS SERVICE

Date. 19 Feb
Item No. 7
Ref. No. _____

DISTRIBUTION II

The attached are from today's Star.

Future Trends Remain Unclear

Political Shakeup in China Surprised the CIA, Bush Says

By Norman Kempster
Washington Star Staff Writer

The political shakeup in China in which a relative unknown, Hua Kuo-feng, became acting prime minister took the U.S. intelligence community completely by surprise, CIA Director George Bush said today.

Bush, who was U.S. envoy in Peking prior to his selection to head the CIA, said he does not even know Hua.

Asked at a breakfast meeting with a group of reporters whether the CIA predicted the shift, which downgraded President Ford's Peking host, Teng Hsiao-ping, Bush said, "There was a major surprise factor in those developments."

Bush added that it is not yet clear what future developments will bring in China.

ON OTHER topics, Bush conceded there is nothing in President Ford's intelligence reforms that would prevent a future Watergate scandal.

"That is a question of trust," Bush said. "I don't think someone can draw legislation in a way to make sure that these things won't happen."

Bush conceded that Ford's new restrictions on present and former government employees and employees of government contractors to prevent disclosure of classified information might make it more difficult for the public to learn of Watergate-type abuses.

But he insisted that Ford's plan to strengthen the CIA's inspector general would give an employee "some place to go to blow the whistle" on abuses.

BUSH SAID HE is determined to prevent as much as possible disclosure of classified information.

He said he would attempt to obtain a court order to prevent publication of secrets in newspapers or magazines if he learned of the disclosure prior to the publication time.

The executive order Ford issued yesterday authorizes injunctions against government employees, former employees or employees of contractors disclosing classified material. But it does not authorize injunctions directly against publications.

Bush said his new job places him in an "adversary relationship" with the press concerning information about classified material.

Bush said that Ford's reorganization plans provide no new guidelines to govern CIA efforts to manipulate the governments of other nations.

"I don't think you need special written guidelines for covert activity," he said.

HE ADDED that there were no secret restrictions on CIA efforts to manipulate politics overseas except for a prohibition on efforts to assassinate foreign leaders.

Covert activity, which can run the gamut from secret wars to bribery of politicians, will be approved on an "ad hoc" basis by the new cabinet-level special operations group created by Ford's executive order.

Bush repeatedly refused to be drawn into the debate over the sort of committee Congress should establish to supervise intelligence activities.

He indicated he personally favors Ford's proposal for a joint Senate-House committee to reduce the number of congressmen who must be informed. But Bush said he could "work with whatever the Congress sets up."

The intelligence committees of both the Senate and House have each recommended individual committees for each house.

THE EXECUTIVE order Ford issued yesterday authorizes Bush to expand the scope of a secrecy oath which all employees of the government and its contractors will be required to sign in order to obtain access to classified material.

Bush said he plans to seek legal advice on the exercise of that authority, but he indicated he expected to issue the order expanding the coverage of the oath from information relating to intelligence sources and methods to all classified information.

"I disapprove of the idea that a government employee can divulge classified information," Bush said.

Under the terms of the order, if an employee discloses classified information in violation of an agreement to keep it secret,

he would be subject to civil court action filed by the Justice Department and to discipline from his department or agency.

THE PENALTIES probably would be less severe than the five years in prison Ford is proposing in legislation to make it a crime to reveal intelligence sources and methods.

But the criminal statute requires action by Congress, and approval is far from certain. Ford was able to impose the secrecy pledge under his own authority.

In the words of the executive order: "In order to improve the protection of sources and methods of intelligence, all members of the executive branch and its contractors given access to information containing sources or methods of intelligence shall, as a condition of obtaining access, sign an agreement that they will not disclose that information to persons not authorized to receive it."

The order authorizes the attorney general to obtain an injunction prohibiting unauthorized disclosure if he learns in advance of an impending leak.

The government obtained just such an order against former CIA official Victor Marchetti, prohibiting him from publishing his "CIA and the Cult of Intelligence" without official censorship. The book was published with gaps marking the passages that had been removed. It was the first time a book was censored officially before publication in this country.

The courts upheld the injunction against Marchetti on the grounds that he had relinquished his 1st Amendment rights voluntarily by signing the CIA's secrecy contract.

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MEMORANDUM FOR:

Angus Thuermer

Angus,
Attached is the last piece
for the DCI's background use
re: "Meet the Press."

DPAS
DD/OCI

Date

FORM 101 USE PREVIOUS
5-75 EDITIONS

Paul G. Jones

USSR: Military Costing

The Washington Star carried several stories this week claiming that CIA has been grossly underestimating Soviet defense spending and that new information has caused CIA to double its estimates. Would you please comment on these allegations?

- The man who wrote the stories has obviously talked to a number of people in Washington about the problem. As is often the case in such matters he got some things right, some things partly right and some things wrong.
- It is true that CIA is engaged in a review of a large new body of evidence bearing on our estimates of Soviet ruble defense spending. Preliminary indications are that our estimates of the number of rubles the Soviet spend for defense will be substantially higher than in the past. It is important to note, however, that this review is not yet complete.
- It is even more important not to misconstrue the implications of this reassessment. If the forthcoming estimates do indeed show defense activities cost more rubles than we had believed:
 - it would mean that we have been crediting Soviet defense industries with being more efficient than they are;
 - it would mean that the Soviets have been willing to bear a greater burden for defense than we had believed;
 - on the other hand, it would not mean the Soviets have recently engaged in a more rapid buildup of their forces than previously believed,
 - it would not mean that the physical size of Soviet forces--as measured in dollars--were any larger than we have believed. These estimates are based on direct observation of their forces, not on ruble costs.
 - Nor would it mean that the capabilities of Soviet forces are any greater. A different body of force related data, including technical characteristics, must be considered for such judgments.

PRIORITY

Executive Registry
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Remarks:

DCI

Here are briefing notes from OCI for possible use before Meet The Press.

OCI would like to know Friday whether they should have -- in addition to these notes-- their people standing by to add orally to these notes at 11:15 a.m. ~~Satx~~ Saturday.

AMT AA

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FROM: NAME, ADDRESS AND PHONE NO.	DATE
AA DCI	19 FEB 1976

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Pres.

MEMORANDUM FOR: Angus Thuermer

Attached are background pieces on:

- The Spanish Sahara Situation
- Angola
- Recent Political Developments in China
- The Soviet Party Congress
- Economic Intelligence

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The military costing item will be along later.

I hope to hear from you some time tomorrow.

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STAT

[Redacted]

Deputy Director
Current Intelligence

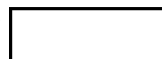
Date 19 February 1976

S E C R E T

The Spanish Sahara Situation

- Arab mediation efforts have failed to get Morocco and Algeria to compromise. Arab League Secretary General Riad's current effort has little chance of success.
- Morocco continues to insist on Algerian recognition of Moroccan sovereignty over the Sahara before entering into meaningful negotiations.
- Algeria refused to drop its demand for a referendum on self determination for the people of Spanish Sahara. Algiers maintains that the Moroccan-Mauritanian takeover is illegal and that Spain is still accountable to the UN as the administering power of a non-self governing territory.
- Morocco should be able to contain--but not eliminate--the Polisario Front's insurgency in Spanish Sahara so long as the conflict remains an insurgency with only limited Algerian support.
- An escalation of the fighting short of all-out war would most likely produce a repetition of the inconclusive border war of 1963 between Morocco and Algeria.
- In the unlikely event of a full-scale war, Algeria should win because of the numerical superiority of its air and armored forces.

S E C R E T



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S E C R E T

ANGOLA

- After more than six months of fighting, the conventional aspect of the war in Angola is over.
- In the north, the National Front has retreated into Zaire and is finished as a political and military force. Zairian President Mobutu, the National Front's long-time backer, is now attempting to reach an accommodation with the Luanda regime of Agostinho Neto. Neto's prime minister is scheduled to travel to Kinshasa this weekend for discussions with Mobutu.
- As a result of the Popular Movement's overwhelming military superiority, National Union leader Jonas Savimbi's forces are now confined to remote areas of southeastern Angola.
- Savimbi claims he will continue fighting a guerrilla war. Some local skirmishing is going on, but in the long term we doubt Savimbi can maintain an effective insurgency.
- Thus far, the Popular Movement and Cuban forces in the south have made no move against the South African forces still in southern Angola. The South Africans are approximately 30 miles inside Angola while the Popular Movement is still some 100 miles away from the South African lines.
- The OAU has officially endorsed the Neto regime as the Peoples Republic of Angola and only six OAU members have not yet recognized the Luanda government. Major European governments, led by France and Great Britain, are extending recognition.
- The Neto government faces formidable tasks in extending its political control throughout Angola and in restoring Angola's potentially rich but shattered economy. The Popular Movement will need extensive technical and financial support from the Cubans and Soviets for some time to come.

S E C R E T

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Recent Political Developments in China

The present political infighting in China looks both backward and forward. It grows out of personal and political quarrels of the past decade. At stake is the shape of the succession to Chou En-lai and Mao Tse-tung.

- The central issue is whether or not the Cultural Revolution was really legitimate.
- As a major victim of the Cultural Revolution, the "rehabilitated" Teng Hsiao-ping is a very controversial figure. If he were premier the Cultural Revolution would be in effect repudiated; the party's left wing also feared he would take revenge against them.
- The left wing has not yet reversed recent political trends.
- Acting premier Hua Kuo-feng is a compromise candidate. Politically he is closer to Teng than to the leftists. He will probably eventually be confirmed as permanent premier.
- The left is now attempting to eliminate Teng again from political life. The returns on this struggle are not yet in. Teng has many powerful friends.
- Although a major political struggle is under way, it does not appear that China is in for another Cultural Revolution.
- There is as yet no sign that major foreign policy changes are contemplated. Chinese officials have been insisting that there will be no changes in this area.
- China's invitation to former President Nixon indicates that Peking does not intend to abandon its connection with Washington. Propaganda attacks on the Soviet Union are continuing.

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The Soviet Party Congress

The 25th Soviet Party Congress opens on Tuesday, February 24. We expect the following results:

- Brezhnev and the core of top leaders will be reconfirmed in office.
- Some leadership changes are likely at the secondary level; if a top leader should depart, Premier Kosygin seems the most likely.
- Shifts among second-echelon leaders may offer some clues about how the succession problem will develop in the post-Congress period.
- The basic outlines of present policies will be reaffirmed, but account will be taken of policy disappointments and difficulties.
- Brezhnev will come out for a new SALT agreement and for getting detente with the US back on the tracks--while noting the increasing activity of "anti-detente forces" in the US.
- He will emphasize Soviet leadership of the world communist movement as well as support for national liberation movements.
- Concerning the economy, the leadership will try to gloss over the worst aspects and will stress improving quality and efficiency at this stage rather than quantitative growth.

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Economic Intelligence

Why does the Agency, rather than Commerce or some other agency, conduct economic analysis? Why doesn't the Agency just address political and military intelligence?

Answer

International economics is now an inseparable part of foreign policy. Moreover, international economic matters impact heavily on US domestic policy. The high prices of oil, meat, and bread are largely due to events abroad. Economic interdependence has created a multitude of friction points with both the Third World and our traditional allies. And it is still necessary to our national security to know the war-making potential of the Soviet and Chinese economies.

There is widespread acceptance of CIA's unique role:

- We can provide an independent assessment of economic issues. CIA has no stake in any particular policy or course of action.
- We provide analysis based on all kinds of sources.
- We can provide integrated analysis of the relevant political and military factors that bear on economic issues.
- And we have the ability to respond quickly and flexibly to the needs of policy officials.

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