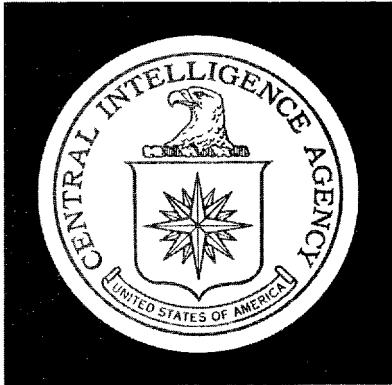


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Central Intelligence Bulletin

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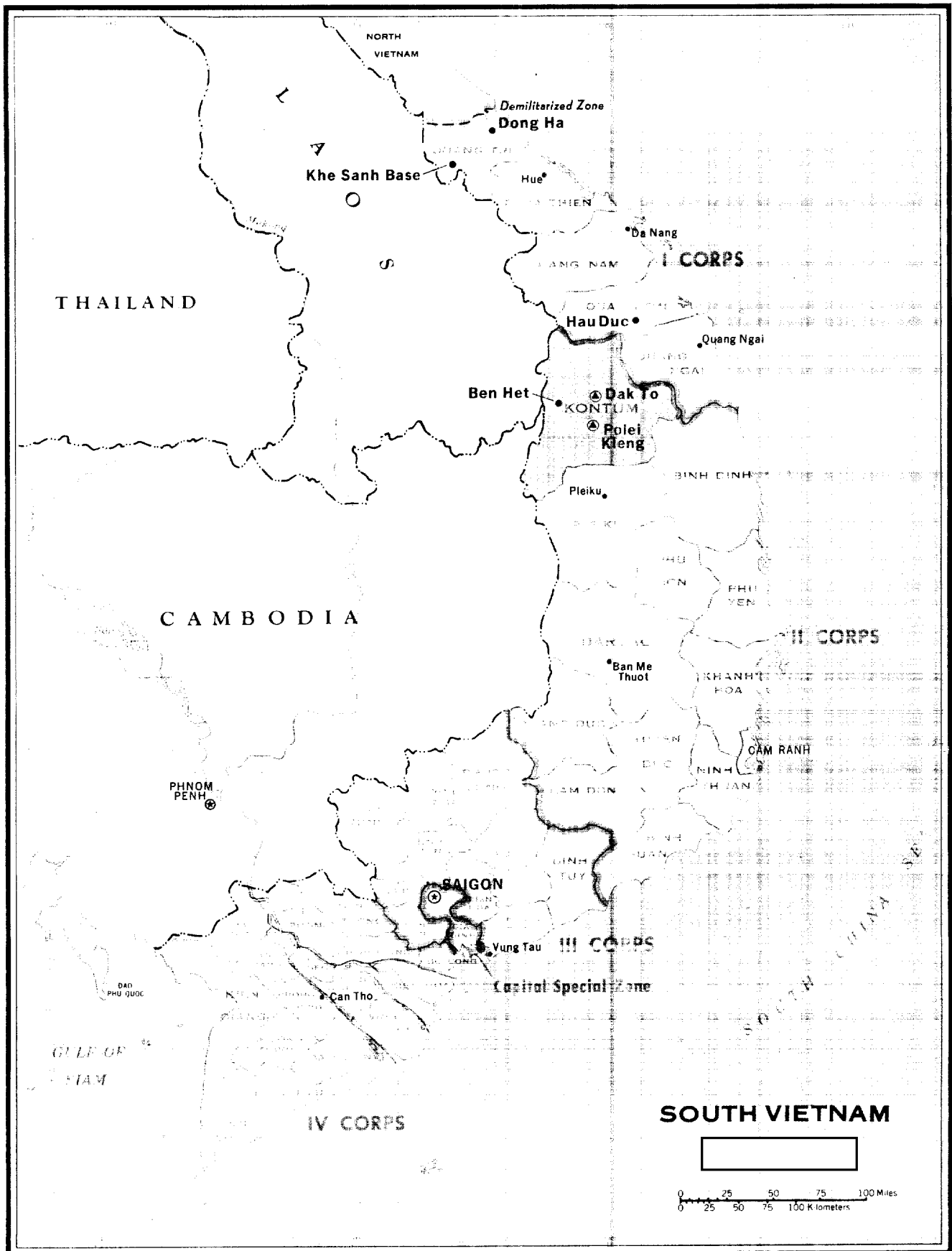
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[South Vietnam: Moderate to heavy Communist pressure was reported yesterday in several areas of the country.

South of the Demilitarized Zone, US Marines fought a series of engagements near Dong Ha, killing 168 North Vietnamese of the 320th Division, which had already suffered heavy losses in this area on 26 May. At Khe Sanh, elements of the enemy 304th Division made two unsuccessful probes of the camp's perimeter. In southern I Corps, a strong enemy force launched a mortar and ground attack on Hau Duc District Headquarters, causing heavy losses to civilian lives and homes.

Enemy activity in the western highlands was limited to shelling in Kontum Province, with the purpose of neutralizing allied support positions around the Ben Het/Dak To complex and the Polei Kleng base.

Further random shelling of Saigon yesterday, together with sharp clashes to the west and north of the city with elements of three enemy regiments, provides further evidence that the Communists intend to maintain forces close to the city in anticipation of a major effort later.

There are indications of mixed public reaction to the recent Communist harassment of the capital. Many citizens have been spurred to greater resistance to the Communists and are requesting arms for self-defense. Others, however, are reportedly displaying fear, confusion, and doubt about allied strength. [redacted] (Map)]

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[France: Student efforts to develop greater solidarity with the workers apparently are succeeding despite opposition by the Communists.

A large number of workers were among the estimated 40,000 in the demonstration called by the National Student Union on 27 May. By participating, dissident militants of the Communist-led General Confederation of Labor (CGT) defied their leadership, which has maintained its distance from the student movement and had specifically ordered its members not to join the manifestation.

Although the CGT and the French Communist Party publicly frame their objections to student actions in terms of a desire to avoid provocations that could jeopardize the interests of the workers, both the party and the CGT apparently still fear a militant movement they cannot control. France's two major non-Communist unions have embraced the student movement, both to prove their own militancy and to increase their appeal to younger workers.

The demonstration itself represented another successful student challenge to the government, which had to back down on its earlier suspension of the right of public assembly. Neither the government's promise to set up a commission of eminent university members to study the educational system nor the resignation of Minister of Education Alain Peyrefitte is likely to appease the students. The acting president of the National Student Union immediately dismissed Peyrefitte's departure as insignificant and made clear that the problem lay with the entire government and not one ministry.

Meanwhile, the nationwide rejection by strikers of the "protocole d'accord" negotiated by union, business, and government leaders has once again forced labor chiefs to scurry to get ahead of the]

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[troops. [redacted]

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[redacted] the CGT, [redacted]

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[redacted] believed it had made a durable deal but had to reverse itself so as not to be outflanked by its militants. All of the unions are now emphasizing that the accord was not a signed contract. The Workers' Force, however, the most progovernment of the major unions, may direct its most dependable leaders to urge negotiations at the local level. The CGT is staging a demonstration today to support the strikers. [redacted]

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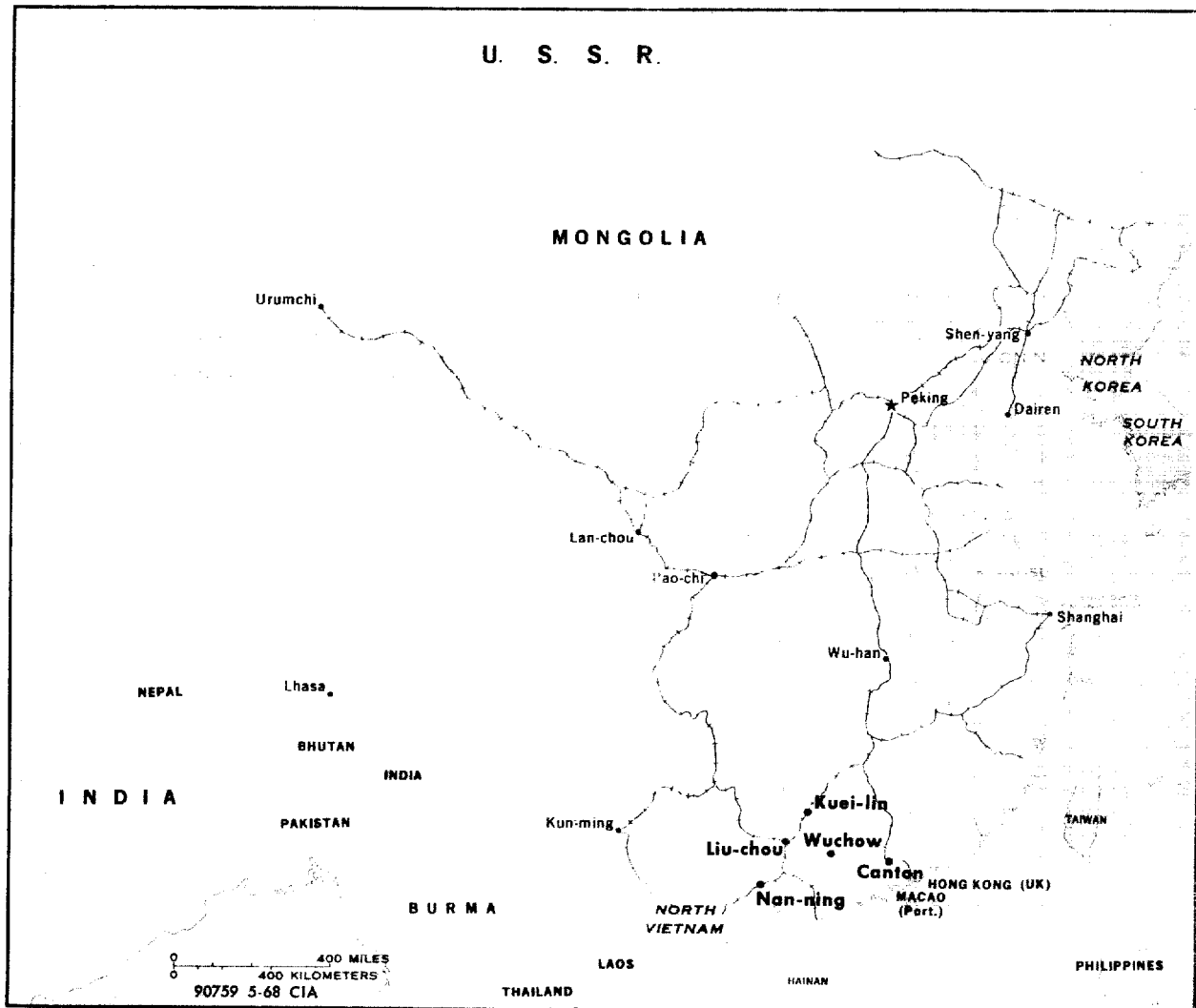
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COMMUNIST CHINA: Areas of Serious Disorder



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Communist China: Quarreling factions are still fighting violently in some hard-core problem areas.

Szechwan continues to be the most troubled province. The list of places plagued with "armed struggle" in the past month covers most of the province. Since at least mid-March, Szechwan leaders have been in Peking with central authorities trying unsuccessfully to settle the Szechwan problem. In Tibet, the two major Red Guard factions have been fighting almost daily in clashes that occasionally embroil military units.

Disorder in Kwangsi Province, which declined during March, appears to have again reached a level of violence comparable to last year's peak. Much of the fighting is taking place in large cities on the main railroad to Vietnam. [REDACTED]

The relative quiet that prevailed in Canton earlier this year has given way to a renewal of open street warfare between "radical" and "conservative" Red Guard factions. [REDACTED]

Harassing of electric workers and bus drivers by "radical" Red Guards has apparently led to curtailment of bus service and the supply of electricity in Canton. Service on one bus line resumed last week only after the army agreed to furnish three guards

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per bus. Nevertheless, much normal business continues to be going on. The heavily guarded international trade fair which ended last week was not disrupted and, while fighting was taking place in one part of the city on 22 and 23 May, routine parades in support of French students were held in another part. (Map)

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Japan: Forthcoming upper house elections will keep the controversy centering on the US nuclear-powered submarine Swordfish an active political issue.

The Japan Socialist Party, in an election campaign gambit, has threatened "to use force" to prevent the entry of any more US nuclear-powered craft. Party spokesmen have also seized upon statements made by the panel of Japanese scientists investigating the alleged radioactive contamination to attack the credibility of US findings. The panel was chaired by a long-time member of the Communist Party. US experts maintain that the Swordfish was not responsible for the abnormal radioactivity readings taken in Sasebo harbor on 6 May.

Distorted press accounts continue to support leftist charges by playing up allegations that US experts have not fully cooperated with the panel of Japanese scientists. Growing popular concern is reflected in resolutions adopted on 28 May by the city governments of Sasebo and Yokosuka calling for a ban on visits by nuclear-powered submarines to their two cities, the sites of US Navy bases.

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Senegal: Students have joined the growing chorus of protest against government policies.

The French-administered University of Dakar has been paralyzed since 27 May by a student strike growing out of a month-long campaign by a leftist student group protesting changes in government scholarship policy. The government's refusal on 26 May to concede to demands of the group sparked a general protest at the university--traditionally a hotbed of leftist turbulence in Senegal--and demonstrations in several lycees. The Dakar students were apparently emboldened by the recent student activity in France.

Thus far, the national labor union, which abandoned its shaky alliance with the government to express its grievances publicly in a May Day demonstration, has refused to support the students, charging that nonstudent elements are involved in the strike. The use of force to quell the student disturbances, however, could cause the union to reverse its position.

Economic difficulties will add to President Senghor's problems in dealing with the growing dissatisfaction. Senegal's peanut crop, the country's major export, was not as large as expected and must be marketed at depressed world prices. This has already been a major strain on the budget and will make labor and student demands hard to meet.

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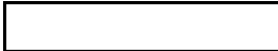
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Surinam: Minister-President Johan Pengel's National Party of Surinam (NPS) has approved a report urging "rapid" independence for Surinam.

The report recommends dominion status, with the Queen of the Netherlands as head of state. The report also says that Surinam should be represented in selected Netherlands embassies, including one in a Soviet-bloc country. Economic independence, however, is not essential, the report continues, and the Dutch can be expected to continue aid to Surinam as long as it is needed.

Pengel has long favored independence, but he has followed a go-slow policy, in part to avoid antagonizing both his partners in the fragile governing coalition and those members of his own party who oppose loosening ties with the Netherlands. The policy adopted by the NPS may further strain the coalition and could force Pengel to call for new elections. It also seems sure to antagonize Surinam's large East Indian population--some two fifths of the 360,000 total--who want no part of an independent Surinam under Pengel's Creole-based rule.



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Czechoslovakia: The factional struggle within the party may move toward a climax during the central committee plenum that begins today. Party liberals, who have continued publicly to call on conservatives to resign and to press for the early convening of an extraordinary party congress, may attempt to force the factional issue at the plenum itself. While the conservatives doubtless will maneuver actively, moderate party leader Dubcek indicated again this week that he will continue his attempt to seek compromise solutions on outstanding issues. Moscow, which has made known it wants Dubcek to rein in outspoken liberals, is likely to determine its next moves on the outcome of the plenum. [REDACTED]

* * * *

Czechoslovakia: The leadership has significantly altered economic plans by reducing emphasis on heavy industry largely in order to benefit the consumer. Recently announced sharp cutbacks in long-range production goals for steel, power, and coal are designed to release more resources for production of food and consumer goods. In announcing the cuts, Premier Cernik explained that investment funds had been used excessively for heavy industry. [REDACTED]

* * * *

Egypt: Cairo recently returned two of its four Skoryy-class destroyers to the USSR, apparently in exchange for two modified Skoryys that arrived in Alexandria on 15 April. The Egyptians have also returned a W-class submarine to the USSR and are expected to receive their sixth R-class submarine in exchange. [REDACTED]

(continued)

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Iceland: Communists and other anti-NATO elements are planning a major propaganda effort that may lead to some violence at the time of the NATO ministerial conference in Reykjavik on 24-26 June. The Communist daily paper has called for demonstrations, and some students at the university where the meeting will be held may stage a sit-in the week before. During a protest on 26 May against the visit to Reykjavik of naval elements assigned to NATO, demonstrators showed an unusual willingness to resort to violence. US officials in Iceland, however, believe the security forces can cope with any likely situation. [redacted]

* * * *

UN-UK-Rhodesia: Britain's UN representative is cautiously optimistic that agreement can be reached this week in the UN Security Council on a new resolution providing for wider sanctions on trade, travel, and investment in Rhodesia. For ten weeks, negotiations have been deadlocked over Afro-Asian insistence that all UN members except the UK withdraw their consular and trade representatives from Rhodesia and sever postal and telecommunication links. The UK representative believes the Afro-Asians may now be ready to accept a compromise calling for the withdrawal of consulates with no mention of telecommunications. [redacted]

* * * *

Peru: [redacted] Mirage aircraft on order from France arrived at Chiclayo Air Force Base [redacted]

[redacted] A team of French technicians, who are to assemble the planes and train Peruvians in their maintenance, is also reportedly at the base, about 400 miles north of Lima, and more technicians are expected soon. Air minister General Gagliardi plans to display the assembled aircraft on 23 July, Peru's Air Force Day. [redacted]

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