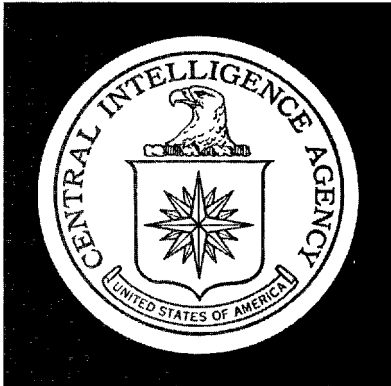


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DIRECTORATE OF  
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Vietnam:

South Vietnam: The pace of enemy military action tapered off during the past 24 hours, but there were continued signs of Communist intent to launch significant new attacks over the next few weeks.

The bulk of the incidents reported on 24 July consisted of harassing attacks concentrated in southern I Corps and in the provinces surrounding Saigon. There were few allied military casualties and damage to installations was light.

Captured enemy documents from the area south-east of Saigon indicate that enemy forces in this area had been ordered to conduct a "third climaxing phase" of attacks in early August. The documents outlined tactical plans for the assaults which suggest that a large-scale push against the capital itself was involved.

Although the documents failed to reveal it, the attack plans may now have been modified. The bulk of the enemy main forces do not appear in position to hit the city during early August, and the Communists would probably be limited to harassing assaults conducted by local elements.

North Vietnam: Hanoi is apparently making a vigorous bid to strengthen its SAM defenses against any renewal of US air attacks above the 20th parallel.

Recent photography of the Hanoi-Haiphong area shows a record number of at least 29 SA-2 sites simultaneously occupied in this area. These sites, plus those detected occupied in southern North Vietnam, raise the estimated number of North Vietnamese SAM battalions by at least five to a total of 35-40 units. This rise has occurred for the most part since the end of June, although there were signs of a gradual increase in SAM units prior to that time.

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[USSR-Czechoslovakia: A movement of Soviet troops which began in East Germany yesterday may be another device for putting pressure on the Czechoslovaks, even though it is possibly part of a regular exercise.

Visual sightings on 25 July indicate that elements of possibly three Soviet divisions have been moving south from the Berlin area. Large areas south and west of Berlin, and along the Czechoslovak border, have been temporarily closed to allied military mission travel. The Soviet units could be deploying into any of these areas for what may be previously scheduled exercises. News reports of the activity would nonetheless cause further anxiety in Czechoslovakia.

\* \* \* \*

A Pravda article yesterday contained the strongest and broadest attack Moscow has yet leveled against the leadership of the Czechoslovak party. Pravda charged that the counterrevolutionary "platform" of Czechoslovak "revisionists" has found "firm supporters in the ranks of the party and among some of its leading representatives." The article also linked the Czechoslovak and Chinese heresies, charging them with "having in common their striving to substitute national variants for Leninism." The implication would seem to be that both are beyond the pale of the orthodox movement.

Czechoslovakia's party presidium met yesterday in anticipation of its confrontation with the Soviet politburo. The presidium issued a communiqué which reaffirmed its determination to carry out its democratization program, but which also stressed friendship with the Soviet Union as the cornerstone of its ]

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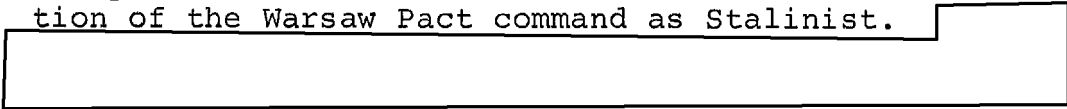
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[foreign policy. The session reportedly became stormy before reaching a decision to abolish the department for military-security affairs of the party central committee and to return its head, Lt. Gen. Vaclav Prchlik, to duty in the army. This move appears to be a concession to the Soviets, whose press has bitterly assailed Prchlik for his recent characterization of the Warsaw Pact command as Stalinist.

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Communist China: Authorities in Peking may have authorized a nationwide crackdown on unruly Red Guards by the military.

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the recent forceful military action against factionalists in the southern provinces of Kwangtung and Kwangsi reflects a new mandate to restore order throughout China. Other evidence indicates that the army is continuing to use force against unruly Red Guards who have kept Kwangtung in turmoil for over three months and that a number of factional leaders have been arrested.

Although there are as yet no reports of military action against factionalists in other troubled parts of China, in the past few days there have been indications that nationally disseminated propaganda is beginning once again to attack "anarchism"--a euphemism for uncontrolled Red Guard activities. This theme was prominent last autumn, when the army was also ordered to bring Red Guard disturbances under control. Some provincial broadcasts have been taking this line since the middle of the month.

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Ceylon: Prime Minister Senanayake is moving to reduce unemployment among youth in an effort to strengthen his election prospects in 1970.

Senanayake plans to set up a "National Youth Council" to relieve unemployment by sponsoring a variety of local public works projects. The program, which would cost over \$10 million during the fiscal year beginning in October, aims to provide at least part-time employment for 125,000 to 150,000 young people. Primary emphasis is to be on agricultural development.

Ceylon's unemployed youth account for about one third of the entire unemployed working-age group. If the program can furnish jobs for most of these youths, the prime minister would greatly improve his chances of winning the elections in 1970. Unemployed youth make up over 25 percent of the registered voters and probably were an important factor in defeating the opposition Sri Lanka Freedom Party in the 1965 elections.

The major drawback to the scheme is the burden it will place on the government's deficit budget. Senanayake hopes, however, that savings from the reduction of food imports, made possible by the agricultural development program, will ease the financing problems. He also hopes there can be offsetting reductions in expenditures by regular government ministries on land, public works, and agriculture projects. Administrative costs presumably would be low because existing government channels could be used.

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USSR - Middle East: The second round of Soviet-Arab arms negotiations since last year's Middle East war is in full swing.

A military delegation headed by Syria's chief of staff arrived in the USSR on 23 July, and an Iraqi military group is scheduled to go to Moscow later this month. The Egyptians have already exchanged military delegations with the Soviets. Marshal Grechko's visit to Algeria last week probably reflects renewed interest in the Soviet military aid program to that country.

These visits may lead to a new series of arms agreements. Moscow is not expected to deliver to the Middle East any equipment more sophisticated than the types now on order. The Soviets probably will, however, continue their active participation in the stepped-up training program for the armed forces of Arab states.

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Dahomey: Newly inaugurated President Zinsou, who was appointed President by the army, is now trying to win a popular mandate.

Zinsou is stumping the countryside in order to win a referendum on 28 July which is to confirm his appointment as head of state. With ballot rigging and ample military backing, Zinsou should garner a majority of the votes cast.

Zinsou's primary opponents are the country's three exiled political kingpins, who from neighboring Togo and Niger have been urging their respective followers to vote against him. Some trade unionists--a group instrumental in provoking the military coup last December--also oppose Zinsou.

Ultimately, however, it is not how the votes are cast, but who counts them that will determine the election outcome. Nevertheless, the dramatic return to Dahomey in defiance of the military authorities by one or all of the exiled politicians--as former president Maga has threatened to do--could upset Zinsou's carefully laid plans.

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Central America: Prospects for early ratification of the Central American Common Market tariff surcharge are improving.

The furor over Nicaragua's early passage of the 30-percent surcharge on imports from outside the market and over President Somoza's pressure against the other four members of the market has subsided since the summit meeting in San Salvador, and the governments have been pressing their legislatures for approval. In Guatemala, independents joined government deputies to push the measure through on 23 July. The Honduran legislature, which was waiting only for Guatemalan action, should now proceed to ratify. The agreement will take effect in these three countries after Honduras acts.

In Costa Rica, where Nicaragua's moves had stiffened potential opposition, formal hearings on the measure have begun. The US Embassy in San Jose comments that a special assembly session will probably be called in August and there is a good chance of ratification by mid-September at the latest. These moves will bring increasing pressures on the remaining member, El Salvador. The Salvadoran Government will probably work out some arrangement with the opposition Christian Democrats, who are resisting the bill as a tactic to gain concessions on other matters.

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Panama: Resolution of a legal conflict over control of the electoral tribunal paves the way for the electoral board to resume vote counting to determine the composition of the new National Assembly.

The national guard intervened on 23 July to ensure the seating of a newly appointed tribunal member who supports President-elect Arias; this ended a two-month-old legal deadlock that had halted the count.

The tribunal, which has the final word in disputed elections, now presumably will rule in favor of Arias and his National Union in contested assembly races. Although Arias already has a simple majority of the assembly seats, he is trying to arrange the "election" of a two-thirds majority and thereby assure passage of his legislative proposals and possibly a new canal accord.

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Chile: The leadership of President Frei's Christian Democratic Party has temporarily brought under control its rebellious youth group.

The recently elected president of the Christian Democratic Youth, Enrique Correa, made a number of statements calling for cooperation with leftist parties and repudiating the present policies of the government. He was then suspended from his privileges and called before the party's national council, which was to confirm his election. Correa was forced to make a declaration of loyalty to the party and to agree to act in accordance with its statutes. Any breach of these regulations in the future could lead to swift disciplinary action against him.

The moderates presently in control of the Christian Democrats have indicated that they will enforce party discipline more strictly than in the past. They are unlikely to permit Correa or others of the "rebel" group to get too far out of line as the party prepares its campaign for the congressional elections next March.

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Turkey: Clashes between Istanbul security forces and students are continuing. Approximately 50 more students have been arrested and several police have been injured. Police have again entered the students' dormitories in Istanbul University. Civilian and military police yesterday surrounded the university campus and tried to prevent students from leaving. Ankara has reportedly ordered that no student marches be permitted today. Student leaders have offered to negotiate with the military but have presented demands which are not likely to be accepted. [REDACTED]

\* \* \* \*

Cuba: About 200 West German and Italian youths may soon join the international youth camp in western Cuba. Several hundred other youths--mainly students from France and Sweden--are already participating in Fidel Castro's summer program of volunteer agricultural work and political study. Havana has made no public announcement about the camp, but Castro is likely to discuss themes of youth and revolution when he speaks today in Santa Clara to mark the 15th anniversary of the beginning of his revolution. [REDACTED]

\* \* \* \*

Zambia: Copper production may soon be cut back because of a decline in coal deliveries. Since early June, coal shipments to the copperbelt have supplied less than two thirds of the copper industry's needs, and full copper production was maintained only by drawing heavily on existing fuel supplies. Unless coal shipments increase markedly, copper production will have to be reduced by late August or early September. The shortfall in fuel deliveries results mainly from the poor performance of Zambia's railways. The system has deteriorated considerably over the past year or so primarily because of the departure of experienced white expatriate railway workers. [REDACTED]

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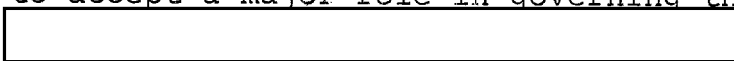
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[ Bolivia: President Barrientos' cabinet resigned yesterday after a week of political tension stimulated by the "Che" Guevara diary scandal. Barrientos had the support of the military in declaring a state of siege earlier this week to suppress the attempts of political opponents to arouse the public against his rule. In reorganizing his cabinet, the President may try to include members of the military, despite their earlier reluctance to accept a major role in governing the country.



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