



DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret

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23 September 1969

State Dept. review completed

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Approved For Release 2004/03/11 : CIA-RDP79T00975A014600040001-5

Approved For Release 2004/03/11 : CIA-RDP79T00975A014600040001-5

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No. 0228/69
23 September 1969

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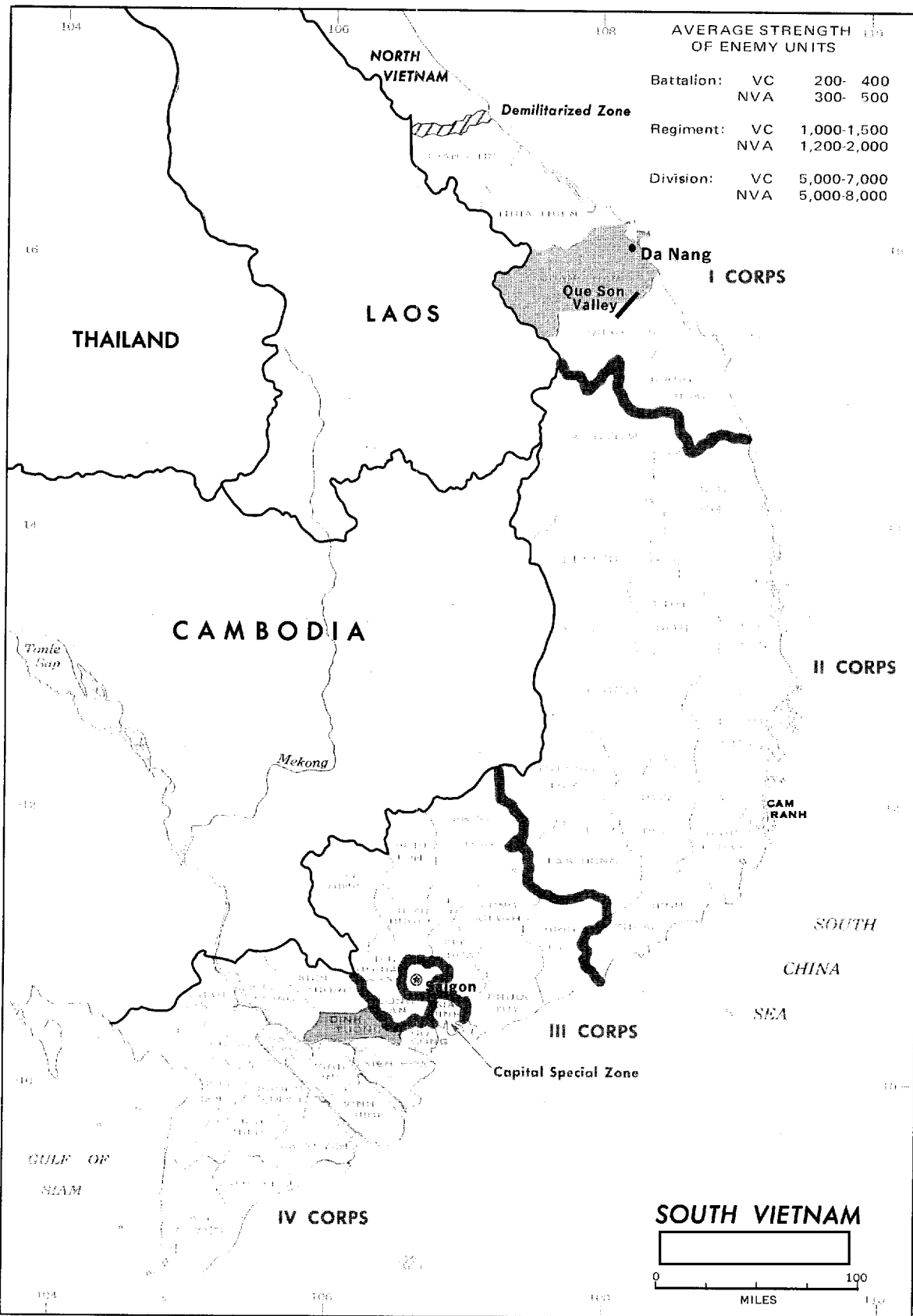
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[South Vietnam: There was little military action of significance yesterday, except in the Que Son Valley, south of Da Nang.

In the Que Son fighting, enemy ground fire downed three helicopters during an assault by elements of the US Army's Americal Division against North Vietnamese regulars entrenched in the hills ringing the valley.

* * * *

Recent reports from scattered locations in South Vietnam suggest that friction between North Vietnamese troops and local Viet Cong personnel is becoming more serious. A North Vietnamese defector

25X1 [redacted] reports that ridicule by southerners led to fist fights before he deserted. Similar incidents have been reported by North Vietnamese prisoners captured in IV Corps. According to a document captured in Dinh Tuong Province, the Communist leaders are aware of this dissension and have recommended measures to improve north-south relations among their forces. [redacted] 25X1

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Communist China: The Chinese are trying to counter rumors out of Moscow that Mao Tse-tung is in critical condition.

A Chinese Embassy spokesman in Moscow scoffed at such rumors and Peking radio on 20 September announced that Mao signed a recent order granting awards to members of the army who had fought the Soviets along the border.

Despite Peking's efforts to undercut the Soviet-inspired rumors of Mao's incapacity, several recent developments tend to support reports that he is not well. Mao failed to show up at the North Vietnamese Embassy to offer condolences on the death of Ho Chi Minh and he has not appeared in public since 19 May. This is his longest absence since 1966. Preparations for the celebration of Communist China's 20th anniversary on 1 October indicate that it will be unusually low-keyed, whereas such an historic occasion normally would produce a major celebration.

Moreover, the slogan "long life to Chairman Mao," which formerly led off every official domestic news wire dispatch, was dropped in July.

Explanations other than illness are possible for each of these events, however. Mao has been absent for long periods before and has reappeared to confound speculation about his health. A better reading on the state of Mao's health ought to come on 1 October. Mao has not missed the anniversary show in 20 years.

If Mao has been incapacitated by a stroke, the Chinese Communist leadership faces an extraordinarily strained situation. Should there be any chance of Mao recovering, the other leaders would be reluctant to take any major initiative for fear of reprisals once he returns to action. Yet, the Kosygin

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initiative in meeting with Chou En-lai would already have forced the other leaders to deal with a major policy decision. If Mao is permanently incapacitated, a brief period of collective leadership with Lin Piao as at least nominal chief would probably result.

Lin Piao is Mao's designated successor but he is also believed to be in poor health and, like Mao, has not appeared since 19 May. Even were Lin able to step into Mao's shoes, the bitter personal and ideological rivalries which divide the leadership would make renewed infighting very likely within the near future. Lin in no way carries the same weight as Mao and he would be far more restricted than Mao in dealing with contention among his colleagues.

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USSR - Arms Control: The Soviet draft convention on chemical and biological weapons (CBW) ensures a hot debate on this subject at the UN General Assembly.

Moscow's proposal would prohibit the development, production, and stockpiling of CBW agents. Parties to the convention would be required to destroy existing stocks or divert them to peaceful uses. No provision for verification of compliance is made. The proposal also refers with approval to the sections of the Geneva Protocol of 1925 concerning the nonuse of CBW but avoids the especially contentious issue of whether use of tear gas in war is covered under existing international law.

A number of other proposals for UN General Assembly resolutions on CBW have been presented at the Geneva disarmament talks. The most prominent is the Swedish initiative, which cites "a customary rule of international law" prohibiting the usage in war of CBW, including tear gas and other nonlethal substances. Canada has made little headway at Geneva with a similar draft, probably because it also supports a British initiative which deals only with biological warfare. Most of the Geneva conferees are disturbed by any implication that chemical weapons might be separated from biological ones for arms control purposes.

The outlook is that the Soviet initiative will gain considerable support. There will, however, be criticism of its lack of inspection arrangements. There may also be extended debate on terms of the Geneva Protocol, especially regarding its applicability to nonuse of tear gas. Recent CBW incidents will certainly be raised.

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Jordan: The internal security situation is deteriorating.

The US Embassy in Amman reports that fedayeen cockiness and disrespect for authority are increasing. The police, most of whom are Palestinians, are unwilling to confront the fedayeen. Over the past few weeks, the police have refused to take action in at least two cases where fedayeen killed prominent members of the Christian and Circassian communities. The police also would not intervene in the kidnaping of a newspaper editor or in a youth riot at a downtown movie theater and hotel. Moreover, storekeepers have begun to complain that the fedayeen are taking advantage of the situation to extort greater contributions.

To meet the growing demands for police protection, the government is relying more and more on bedouin security forces. Many ordinary citizens, worried over the lack of normal security measures, reportedly are arming themselves and some are setting up their own vigilante units. A number of army officers also are becoming critical of the government's ineffectiveness. The embassy believes that the government must soon take firm action to establish its authority or lose the backing of its traditional elements of support.

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Cuba: Havana's new and much publicized antihi-jacking law contains no important concessions.

The law, ostensibly Cuba's answer to growing international criticism of those countries harboring hijackers, contains stipulations that preclude an easy solution to the hijacking problem. Extradition of offenders would take place only on the basis of reciprocal bilateral treaties that would still preserve Havana's right to offer asylum.

Among the Western Hemisphere countries that have been victimized by air piracy, only Mexico has relations with Cuba. Havana's call for bilateral anti-hijacking treaties is heavily larded with anti-US propaganda and is directed at the other Latin American nations and their policy of keeping Cuba in diplomatic isolation. Cuba and Mexico had been close to signing a hijacking agreement when relations between them suddenly chilled, partly over the issue of asylum to air pirates.

Colombian Foreign Minister Lopez Michelson has indicated that the Latin American missions at the UN will study the Cuban proposal. He rejected the possibility that his government would sign an agreement with Cuba on air piracy.

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Brazil: Urban terrorism is continuing to be a major problem for the government.

The terrorists' latest target was the Brazilian police security unit that protects the US consulate general in Sao Paulo. Last Friday six young men wounded two of the three policemen on duty and fire-bombed their car. The men fled the scene without leaving behind any of the pamphlets that characterize most other terrorist attacks.

The triumvirate has taken several measures to try to halt the terrorism. A draft law that may already have gone into effect provides that persons who are accused of revolutionary or subversive activity will be tried by a special "council of justice." If found guilty, they may be subject to execution by firing squad.

Security forces in Rio de Janeiro have arrested at least three suspects in the kidnaping of US Ambassador Elbrick [redacted]

[redacted]

Further stern measures against terrorism are likely, particularly because of pressure from military officers who were angered by the government's release of 15 of their prize prisoners in exchange for Ambassador Elbrick. [redacted]

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El Salvador - Honduras: In both countries, domestic considerations are further impairing prospects for compromise.

Salvadoran President Sanchez reportedly is preoccupied with the congressional elections scheduled for March and is afraid to adopt a conciliatory policy toward Honduras that might damage his or his party's popular standing. Honduran President Lopez also is worried about his popular image. As a result of internal political pressures, he has been unwilling to restore commercial relations with El Salvador or to use his prestige to end discrimination against Salvadoran residents.

The drift toward politics as usual in both countries has resulted, in part, from the wide gulf between government and opposition concepts of national unity. In Honduras, for example, ruling National Party spokesmen tend to interpret national unity in terms of absolute and unquestioned loyalty to the Lopez administration. Opposition elements are demanding substantial reform in domestic policy and in government personnel policies as the price for continued collaboration. As a result, President Lopez is currently pessimistic about the chances of forming a "conciliation government".

The national unity movement is in even greater disarray in El Salvador. The important Christian Democratic opposition party, irritated by its inability to influence government policy, has already ended its collaboration with the government.

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El Salvador: The government has taken action to conserve foreign exchange reserves depleted by the war with Honduras.

El Salvador last week reimposed measures to reduce imports and other demands on foreign exchange. Prior deposits of 100 percent are again required on many imports, and sales of foreign exchange to tourists and to students and other citizens living abroad are to be halved.

The measures were prompted by reduced exports and plans for arms purchases. Exports to Nicaragua and Costa Rica are only 25-30 percent of normal because Honduras has closed the Pan American Highway. Exports to Honduras have ceased entirely. The increased arms imports are foreshadowed by a \$12-million public bond issue. Even with controls, foreign exchange is expected to fall to about \$23 million by December compared with \$48 million before the fighting began last June. Because the projected December reserves equal only one month's imports, further government action will probably be needed.



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[Bolivia: Armed forces commander General Ovando's resignation yesterday following charges that his presidential campaign is being financed by US oil companies could be the forerunner of a military coup.

Ovando took a strong anti-US position at the press conference in which he announced his resignation and named the armed forces chief of staff, General Ruiz, as his replacement. An opposition deputy charged in congress last Friday that Ovando had received \$600,000 from Gulf Oil and another company to finance his campaign for the presidency in the elections next May. In his defense, General Ovando and his supporters claimed that the charge is a US plot to discredit him. Ovando said at the press conference that the "imperialists do not favor my candidacy because of my nationalist position" and that he would "unmask the enemies of the nation who...serve the foreign occupation."

Ovando's new strongly anti-American line may generate the popular support that he has thus far failed to attract, while the charges against him that probably cannot be proved may provide the pretext for a coup that would install a government more favorable to Ovando's candidacy.

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India: The army is making progress toward restoring order after three days of violent Hindu-Muslim rioting in Ahmadabad and neighboring towns in western India. The number of deaths and injuries is high even by Indian standards, but the cause appears to have been the same as for most such communal clashes: a spontaneous local dispute between poor sections of the communities. Authorities in Bombay, 300 miles to the south, are taking measures to prevent any clashes there tomorrow at the conclusion of a local Hindu religious festival. There are no signs yet, however, that the violence will spread to other areas of the country.

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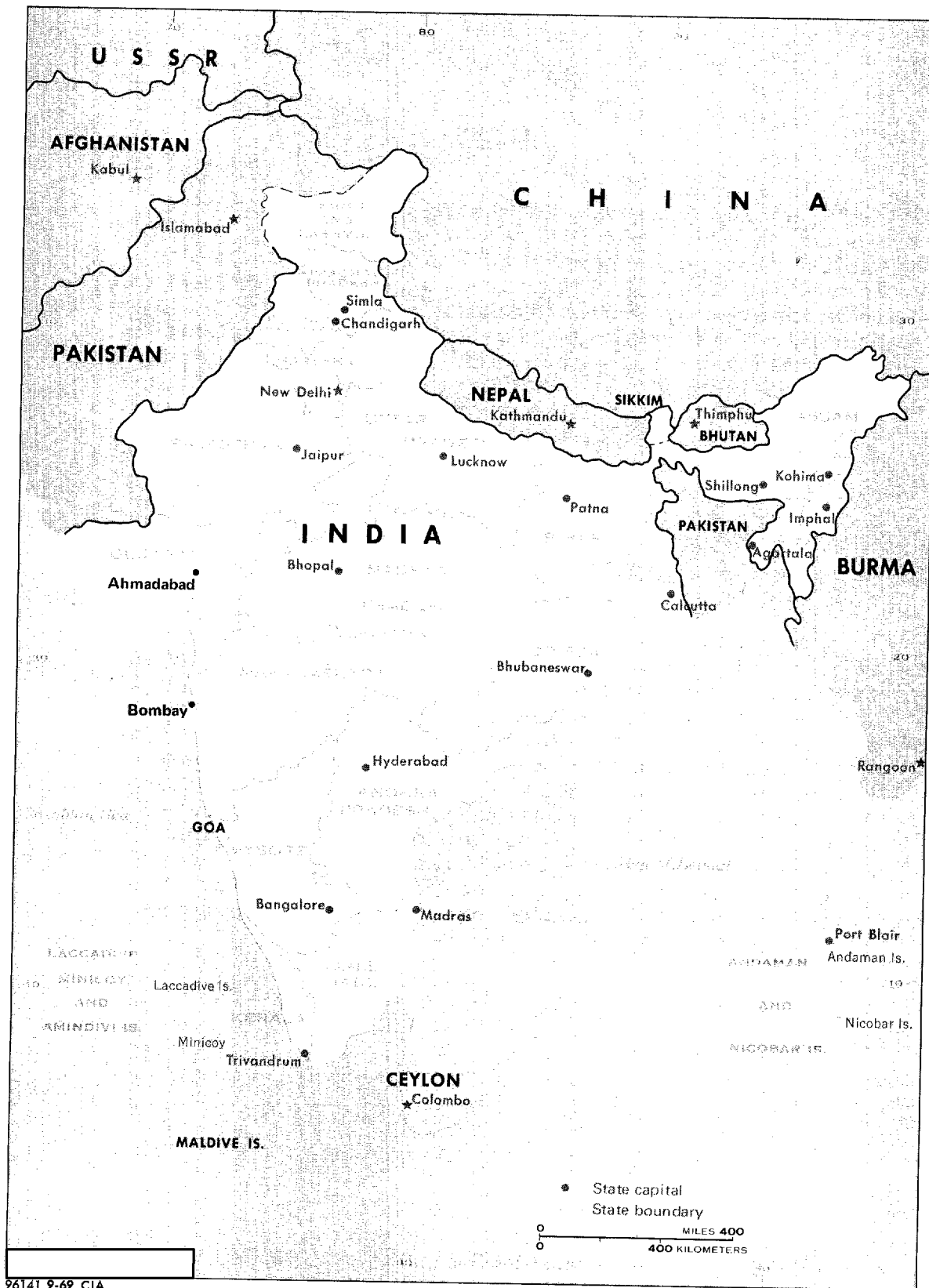
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Morocco: Communist leader Ali Yata, who was arrested last month on charges of reconstituting a legally dissolved association, has been found guilty and sentenced to ten months' imprisonment. The court ruled that Ali Yata's new Party of Liberation and Socialism, which had been legally sanctioned 15 months ago, was "only an emanation" of the Moroccan Communist Party that was ordered to dissolve in 1960. The dissolution of the new party and the seizure of its assets were also directed by the court because its objectives were contrary to public order and "the sacred principles of the country."

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