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Central Intelligence **Top Secret**



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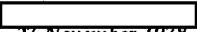
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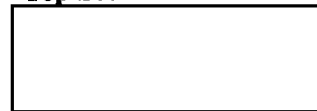


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IRAN: Violence and General Strike

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//The Shah's religious opponents yesterday again demonstrated their power by effectively implementing a general strike in Iran. The strike was accompanied by intensified violence in the provinces. Efforts at starting a dialogue between the Shah and some members of the opposition National Front continue at a glacial pace.//

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The religious leaders called for a day of mourning to protest the shooting of several demonstrators by soldiers who apparently entered an important religious shrine in Mashhad a week ago. Most shops were closed in Tehran yesterday, and scattered power outages contributed to an atmosphere of paralysis.

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The US Consul in Esfahan reports that demonstrators set ablaze several buildings and bombed an apartment house in which several American families live. Terrorists also fire-bombed four more American owned vehicles. No US citizens suffered injuries in any of the incidents. According to press reports, large demonstrations occurred in several other cities.

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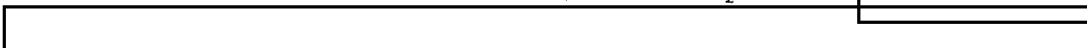
//Former Prime Ministers Sharif-Emami and Ali-Amini and others who are working to find a compromise solution have made almost no progress. On Friday members of the National Front only repeated their familiar proposals that are unacceptable to the Shah. The National Front continues to call for a regency council that would replace the Shah and pass authority for the formation of a national coalition government to a vaguely defined group that would hold elections.//

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The moderates clearly are concerned about the dangers of grave violence during the Moharram mourning period that begins Saturday, but neither they nor the Shah seem to know how to solve the impasse.

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ARGENTINA-CHILE: Beagle Channel

[REDACTED] *The impasse in diplomatic negotiations between Argentina and Chile sustains our concern that Argentina will resort to military action in defense of its territorial claims in the Beagle Channel.*

[REDACTED] In the latest procedural move, Argentina has agreed in principle to a proposal from Chile that the two countries' foreign ministers meet to select a mediator. Argentina insists, however, on discussing substantive issues at that meeting, a condition Chile so far has been unwilling to accept.

[REDACTED] Last week Argentine President Videla publicly sought to portray his country as the conciliatory party in the dispute but gave clear warning that his government will defend any threatened Argentine interests. At the same time, the Argentine media and various Argentine officials are expressing continuing frustration over Chile's inflexibility. [REDACTED]

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[Redacted]

ZAIRE: Current Status of Army

[Redacted] //Zaire's Army, six months after its dismal performance during the invasion of Shaba Region by insurgents of the Congolese National Liberation Front, still suffers from inefficiency, corruption, and indiscipline despite ambitious Zairian and European plans to create a capable security force.//

[Redacted] //The Moroccan commander of the Inter-African Force in Shaba, Colonel Loubaris, recently told US officials that he is becoming more pessimistic about the ability of the Zairian Army to provide security for the region during the foreseeable future. He believes Shaba will face another period of anarchy after his Moroccan and West African soldiers leave, probably by next summer.//

[Redacted] //In a recent experiment to test Zairian forces, Moroccan units temporarily withdrew from several key towns they normally occupy, leaving them under Zairian Army control. Criminal acts and Army harassment of civilians quickly increased, and Zairian commanders urged the Moroccans to return to restore order.//

[Redacted] //The French and Belgian training of new Zairian airborne and infantry brigades is behind schedule; recruits and equipment have been scarce. Zairian officers have also complained that French military advisers abuse their authority, take training equipment for their personal use, and do not allow Zairian officers to assume important command positions. For their part, the French openly acknowledge their low opinion of the Zairian officer corps.//

[Redacted] //Although their prospects of reversing the situation do not appear good, Zaire and its allies apparently still have time to do so. Zairian rebels continue to occupy camps in Angola and Zambia and occasionally infiltrate a few men into Shaba, but they apparently have no immediate plans for a new major incursion. [Redacted]

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[Redacted]

BRIEF

New Zealand

25X1 [redacted] Prime Minister Muldoon apparently won another term in New Zealand's general election on Saturday but with a reduced majority that appears to reflect voter dissatisfaction with his management of the economy.//

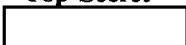
25X1 [redacted] //Preliminary election returns indicate Muldoon's National Party won 49 seats in the parliament. The Labor Party apparently will increase its seats by 10 and will have 42 members in parliament while the Social Credit Party will retain its one seat. The National Party's share of the popular vote dropped 7 percent from its previous showing, and the party was actually outpolled by the Labor Party. The New Zealand economy was troubled throughout Muldoon's first term by high inflation, trade deficits, and unemployment.// [redacted]

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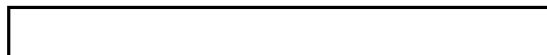
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FEATURE ARTICLE

CHINA: Situation Report

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Wallposter attacks in Peking on Mao Tse-tung and some current political leaders became increasingly strident yesterday. The Chinese, however, have maintained official silence on the nature and results of the high-level meeting that the party leadership apparently held last week to discuss issues reflected in the posters. Teng Hsiao-ping, the only top leader to have made a public appearance in several days, reportedly told a visiting Japanese delegation yesterday that the Politburo decisions made in April 1976--stripping him of all posts and elevating Hua Kuo-feng to the post of First Vice-Chairman of the Central Committee--were "wrong" and "must be corrected." Although Teng exonerated Hua from responsibility for the decisions, some observers in Hong Kong speculate that Hua will cede the Premiership to Teng--a move that would consolidate Teng's expanded authority. Wang Tung-hsing, fifth-ranking member of the Politburo Standing Committee, appears to be in serious trouble, and posters have demanded his expulsion from the Politburo. An announcement from the party leadership is expected today.

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Teng, in his interview with the Japanese delegation, gave his approval to the current rash of posters, but characterized some of the criticism of Mao as "unfair." He said that, at the time of the "Tienanmen Incident" of April 1976, Mao's health was so poor that he was "unable to make judgments." Chairman Hua, at that time, was not permitted to see Mao, according to Teng, and so was not a part of the decisionmaking process. Teng said that the "Gang of Four" was responsible for the decisions taken at that time, and the time is now "ripe" to correct those decisions.

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Teng's version of events leaves many questions unanswered, such as the state of Mao's health nearly two months later, when, according to the official report, he told Hua "with you in charge, I'm at ease." Hua used this statement to consolidate his authority after Mao's death. Teng also skipped over the fact that the April 1976 decisions were made "unanimously," and that other

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members of the Politburo would presumably have to account for their actions if a reassessment of the decisions were to be made. The Party will probably soon make an official statement on the issue, but the announcement is unlikely to end the controversy over the succession.

25X1 [] Wang Tung-hsing has now become a direct target of the poster writers. At least two prominently displayed posters have criticized him for opposing Teng and demanded his expulsion from the Politburo. Wang, a former bodyguard of Mao, is believed to have consistently opposed Teng and has never been a popular figure in China. Teng would clearly like to diminish further Wang's authority and perhaps even to eliminate him as a political force.

25X1 [] According to several reports, one outcome of the current situation may be that Hua will cede the post of Premier to Teng, as he was expected to do last March at the National People's Congress. While such an action would consolidate Teng's authority as the head of the governmental decisionmaking process, it would tend to institutionalize tension between Teng and Hua--who presumably would retain his party chairmanship--and might lead to a future "succession crisis" when the 74-year-old Teng's health begins to fail.

25X1 [] If Teng was unable to have his way at the party meeting, the implications for Chinese policies may be great. Chinese officials in Peking and the provinces could conclude that Teng's sweeping modernization program lacks full support at the top and that they need not implement it with the speed that Teng has ordered. China's aggressive pursuit of foreign cooperation in the modernization effort might also be slowed if Teng cannot demonstrate his authority by neutralizing presumed critics at the highest levels.

25X1 [] The recent poster activity raises deep issues about the legitimacy of the regime. Some posters have bitterly denounced the "feudal fascist dictatorship" that existed under Mao and lamented that it is no longer possible to tell what constitutes "genuine" Marxism. Others have pointed to the US, and even to Taiwan, as models for a modern economy.

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[REDACTED]

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[REDACTED] While the ideas contained in these posters do not yet go as far as those of the famous "Hundred Flowers" campaign of 1956, which the party eventually had to suppress, they do indicate a considerable amount of dissent and dissatisfaction with the overall performance of the regime. Teng appears thus far to be using that dissent to his own advantage. Other party leaders, however, may have reason to fear any real "mass participation" in politics and may move to suppress it. [REDACTED]

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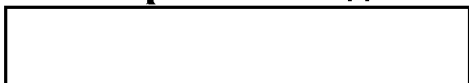
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