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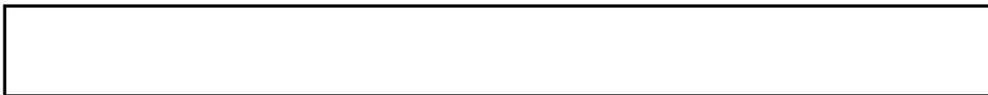
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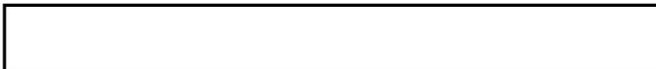
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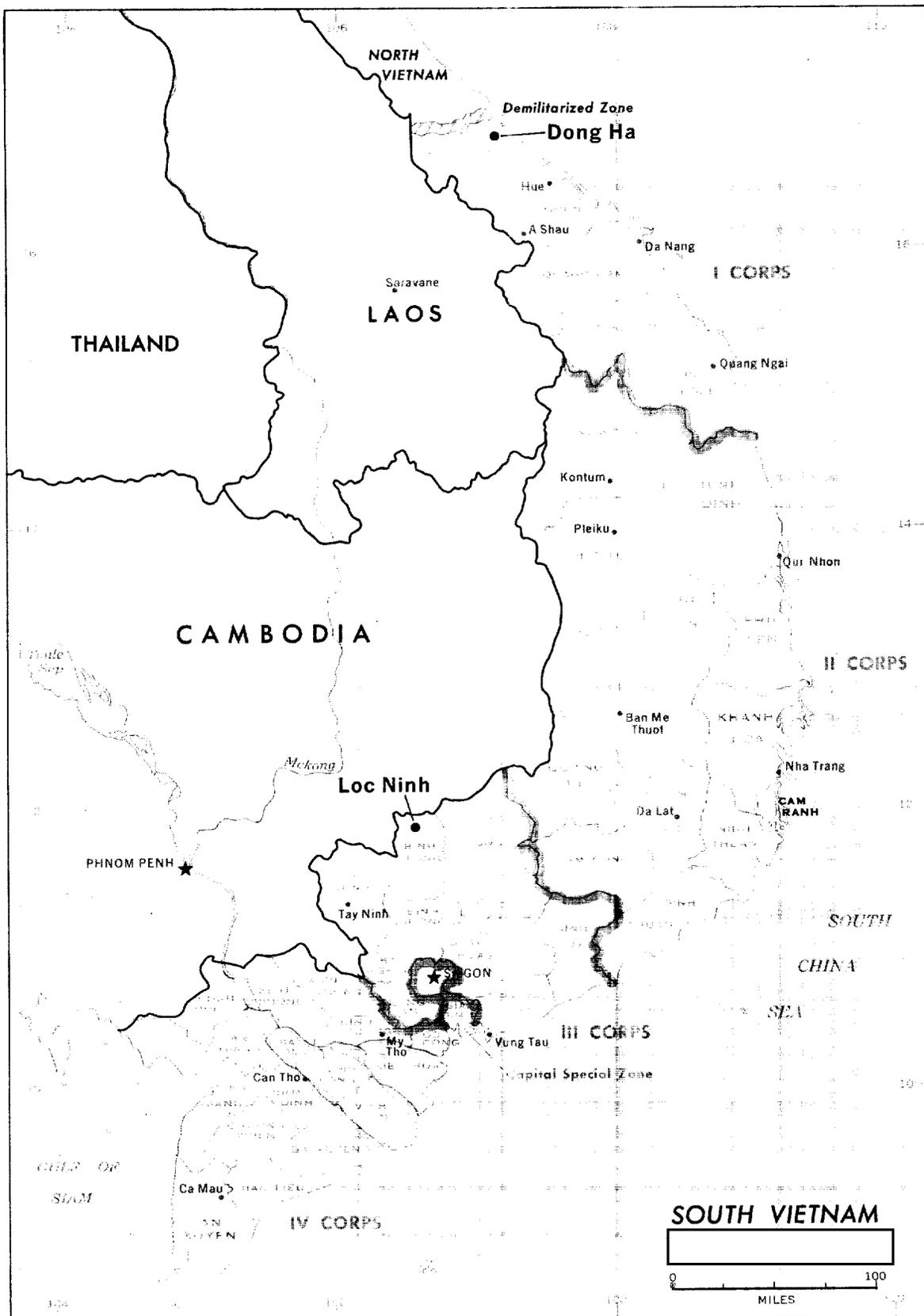
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Vietnam: Communist military activity has picked up in several areas.

Scattered shellings of allied military positions occurred in the provinces near Saigon on 5-6 December; the Communists also launched several ground attacks in III Corps and the delta. In one instance, a village south of Loc Ninh was subjected to 25 rounds of mortar fire followed by a company-sized ground attack. Some 16 of the South Vietnamese defenders were killed, another 22 wounded, and many buildings and public records destroyed.

In the Demilitarized Zone area, there were no reports of significant Communist activity within the zone, but several significant enemy offensive actions have been launched just to the south. Press reports indicate that the big allied base at Dong Ha was probed by Communist ground forces on the night of 6 December. On the previous night, enemy troops put some 43 mortar rounds on US Marine positions south of the zone, killing one American and wounding four.

* * * *

The Communists meanwhile have called on their forces in the South to step up their efforts, with special emphasis on political tactics. A communiqué from the Liberation Front's top leadership on 6 December contained the usual exhortations to maintain military efforts, but stressed "political struggle," probably with a view toward improving the Communist position for a negotiated settlement. The Front statement called, in particular, for further developing the Communists' quasi-governmental administrative apparatus in South Vietnam in order to consolidate their control over people and territory.

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Burma: Ne Win has formalized the dialogue he recently reopened with Burmese civilian leaders by establishing a civilian advisory council, but he clearly intends to keep power in his own hands for some time to come.

A government proclamation on 4 December set up the 33-member "Union of Burma Internal Unity Advisory Body" and authorized it to deliberate until about 31 May 1969. The group is to submit ideas for a constitution "to be drafted in the future" and suggestions for attaining a national unity that would benefit the people "politically, economically, socially, and ethnically." A second proclamation on 5 December invited similar ideas and suggestions from the general public.

Burmese civilian leaders, whose hope for liberalization is strongly tinged with skepticism, expect that at best there will be an extended transition period before any significant change is achieved. Nevertheless, the group, which includes representatives of three former parties and those leaders of five minority ethnic groups who are still loyal to the government, is at least offered an opportunity for free discussion and for the exertion of some influence, even if marginal, on government policy--an opportunity denied the civilians for the past six and a half years.

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Rumania - Warsaw Pact: An upcoming summit meeting of the Warsaw Pact will reportedly try to work out the details of joint maneuvers planned for sometime next year in Rumania.

Rumanian First Deputy Foreign Minister Macovescu told a Western diplomat on 3 December that the meeting would "settle" the matter of Pact exercises. He added that no decisions about the proposed maneuvers were made at the meeting of Pact staff officers in Bucharest on 26-29 November. According to rumors current in Budapest, the summit meeting will be held there, possibly within the next few days.

Rumania has differences with its Pact allies over changes within the Pact structure and over the site of whatever maneuvers may be held in Rumania. Macovescu claimed that at the November meeting the Rumanians had again demanded that the Pact adopt the principle that its high command would rotate among its member countries. Bucharest has pushed for this change since 1965. The Rumanians probably raised the issue again in anticipation of Soviet efforts at the summit to bring about closer integration of Pact forces.

Another Rumanian diplomat said on 3 December that the Rumanians had resisted Russian pressures at the November meeting to have the exercises held near Rumania's border with Yugoslavia. Instead, the Rumanians countered with a proposal to hold them in the Dobrudzha, which borders on the Black Sea. These are bargaining positions; in practical terms Bucharest has only limited leverage against the USSR.

Macovescu observed, probably with a touch of bravado, that Ceausescu's highly nationalistic speech on the final day of the Pact's conclave was necessary because the "Russians have to be warned on what are our intimate feelings." He added that Rumania would resist if attacked, but said Rumania's defense would be "political," not "romantic." Some Rumanian officials have evidently had second thoughts about the idea of military resistance.

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France: The government's austerity program has provided a fresh cause for both labor and students, and unrest is growing in the ranks of the two groups.

The Communist-led General Confederation of Labor (CGT), France's largest union, took the lead in labor's attacks against the government's austerity measures. It also played a key role, along with two other major unions, in organizing the token strikes during the past week in six government-owned Renault plants. At the root of labor discontent is the fear that economic gains made as a result of last May's general strike will be wiped out.

Communist labor leaders are evidently adopting aggressive positions in order to regain ground lost by their cautious tactics during the May crisis. Labor militancy in general may well increase as the leaders seek to recruit new members by taking full advantage of the union rights law passed by parliament on 5 December.

Meanwhile, France's largest student organization, the National Union of French Students (UNEF), has taken the lead in the student movement, and the organization is developing a new degree of cohesion and militancy. This, together with recent incidents in universities and high schools, suggests that the government's educational reform program, which became law last month, has not significantly banked the fires of student radicalism.

The UNEF also wants to capitalize on the labor unrest. UNEF leader Jacques Sauvageot hopes that labor's opposition to the austerity measures will compel the government to use force against workers. This might give students a chance to rally to the workers' side and break out of their present political isolation. UNEF leaders met on 4 December with CGT officials in an effort to revive the abortive student-labor alliance of last May and to seek "new

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forms of action" against the government. Close worker-student cooperation nevertheless remains unlikely in the immediate future. The government continues to mix tolerance and firmness in dealing with student problems, and few observers believe that students could again spark a major new upheaval.

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Italy: Negotiations for a new center-left government are making progress.

Christian Democratic and Socialist leaders have been having difficulty in coming to terms over diverse problems, particularly the financing of an agreed increase in workers' pensions. The US Embassy in Rome believes that coalition negotiations are not likely to fail at this stage, however.

Any new government will be faced with the problems of unrest in Italian labor and student circles. Work stoppages and student demonstrations took on an added dimension of protest this week when two workers were killed in a labor-police clash. Some of the students who had concentrated their pressure on a search for educational reform have broadened their target to include the government. The danger from labor agitation, on the other hand, has been reduced by decisions of the Communist, Christian Democratic, and Socialist labor confederations to leave the demonstrations in the hands of local labor authorities.

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NATO-Berlin: NATO Secretary General Brosio probably will postpone a planned visit to West Berlin because of concern over recent French objections.

Paris has called the trip "inopportune" and has warned that French officials in Berlin would boycott it if necessary. Brosio had intended to travel to Berlin on 13 December as a guest of the West German Government, but he is willing to postpone the trip until Paris feels conditions are more appropriate.

France's permanent representative to NATO has intimated, however, that his government may oppose such a mission at any time. This possibility has led to considerable worried discussion in NATO quarters over whether individual member governments can dictate the movements of allied officials. Because of the far-reaching implications, the other allied governments responsible for West Berlin are urging the French not to press for total cancellation of the Brosio visit.

In the past, although the French have not attempted to bar NATO secretaries general from West Berlin, they have been reluctant to support initiatives that might overemphasize Bonn's ties with the divided city.

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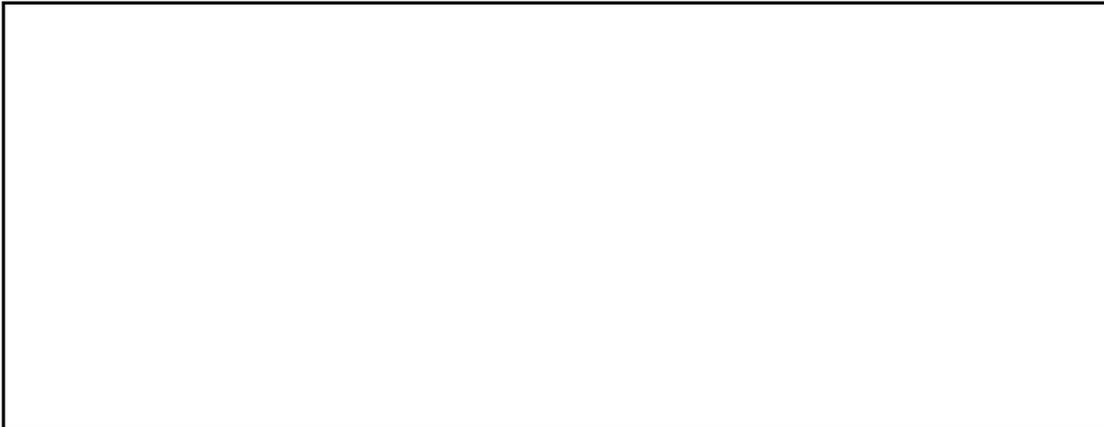
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Peru: President Velasco's intense nationalism and intransigent attitude toward the expropriation of US oil properties were exhibited in a speech on 4 December. He told the graduating class of the Peruvian equivalent of the US National War College that before the military take-over on 3 October, Peru had been humiliated and had received only "the crumbs from its own table" by allowing "the existence of another state within its own frontiers." He added that the nationalization of the oil properties was not just a pretext for the military to obtain power, but involved "the very sovereignty of Peru." Velasco pledged that the military government would follow through on programs aimed at achieving the development of Peru "no matter what the cost."

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