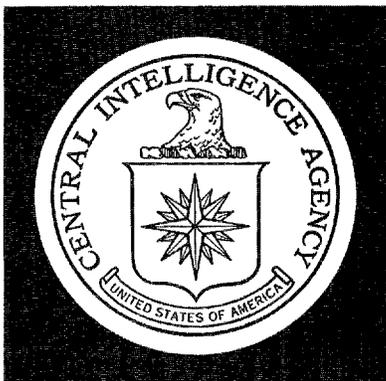


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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

State Dept. review completed

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[ Vietnam: A surge in Communist military activity occurred in the southern half of the country on 11 April.

Heavy enemy action in III and IV Corps again consisted of widespread shellings with no significant ground follow-up. At least 20 separate rocket and mortar attacks occurred in III Corps, with allied positions near the provincial capital of Tay Ninh among the hardest hit. Particularly heavy damage and casualties to allied personnel were caused by Communist shellings of a major base near Tay Ninh city.

Enemy activity also increased markedly in IV Corps, where four provincial capitals and at least eight district towns were shelled. The heaviest civilian casualties occurred in Vinh Long city when Communist mortar rounds hit a central market area.



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Czechoslovakia-USSR: The Soviets are keeping up pressure on the leadership in Prague in anticipation of the opening of a party plenum there on 17 April.

The presence in Prague of Soviet Deputy Foreign Minister Semenov, may be intended to emphasize that the Soviets are unwilling to tolerate the Dubcek leadership's procrastination in carrying out their demands. He probably is prodding the leadership to make certain that the central committee endorses literally Moscow's demands to ensure control of the situation. At the plenum, the central committee will debate the measures--some reportedly still secret--and presumably will endorse them, particularly since they already have been accepted by the presidium.

The Soviets seem to be playing a role in the precautions taken by the Czechoslovaks to avert strikes that have been threatened over several issues. Semenov met with trade union chief Polacek yesterday, probably in an attempt to figure out the position of the liberal unions in respect to new restrictive domestic measures. If the workers stage a general strike when planned price hikes are announced, the students and other sectors of the population might join them. One Soviet objective may be to coordinate security measures with the Czechoslovaks in case the situation should get out of hand.

Meanwhile, the Dubcek leadership may have worked out a compromise that will avert a strike which students in Prague threatened to call because of press

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ensorship. The students have announced that they will hold only a relatively harmless one-day "teach-in"--a solution that may be acceptable to the Russians.

There are widespread rumors that some top party leaders, including Dubcek and the popular progressive, Josef Smrkovsky, will be ousted at the forthcoming plenum. The Russians allegedly are pressing for Smrkovsky's removal, even though they are aware that this action, as well as other retrogressive measures, could generate a new crisis.

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Rumania: Party and government chief Ceausescu appears to be tightening his direct control and supervision of the economy.

Last month the government's Economic Council was elevated to the level of a quasi-superministry reporting directly to Ceausescu and the newly strengthened State Council. The Economic Council evidently will have broad authority to oversee party and government policies in the economic sphere.

Rumania's leaders have stressed that although the economy does not need basic structural reform, it does require administrative and organizational streamlining to increase efficiency. In 1967 Rumania embarked on a program of limited experimentation with an expanded role for managers in selected industrial enterprises. The results, however, have been mixed and generally negative, which may have caused Ceausescu and other officials to re-evaluate their economic policies.

The program outlined in 1967 also included a proposal for the creation of "industrial centrals," or amalgamations of enterprises within a given industry or within a specific geographic area. It now appears that industrial centrals will be created on a gradual and experimental basis.

It was hoped that the centrals would be better able to supervise industrial operations. The just-published statutes for guiding the centrals' operations indicate, however, that they will act mainly as a watchdog for central government ministries.



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USSR: The Soviet merchant fleet is continuing to expand, but it does not pose a serious challenge to Free World shipping in the near future.

According to Soviet Merchant Marine Minister Bakayev, the USSR's maritime fleet is expected to grow by more than 50 percent between 1970 and 1975. Although the fleet's tonnage has tripled during the past decade, its rate of growth has slowed from an annual rate of increase of 21 percent in 1964 to 7 percent last year. The fleet now totals 10.5 to 11 million deadweight tons.

The USSR probably will not reach its Five-Year Plan (1966-70) goal of a fleet of 13 million deadweight tons unless deliveries from domestic shipyards and purchases from the Free World and Eastern Europe increase considerably this year and next. At the present rate of deliveries, achievement of Bakayev's 1975 target--at least 17 million deadweight tons--is unlikely.

Even if this goal should be attained, the USSR would move only from seventh to sixth or fifth position in the rank of national fleets, displacing Greece and possibly the US, whose fleet tonnage is declining. The leading Free World fleets, including the Japanese, Norwegian and Liberian--a flag of convenience for US and other Free World owners--are growing faster than that of the USSR.

The ability of the Soviet fleet to compete with Free World shipping is limited by the USSR's lack of supertankers, large bulk carriers and container ships. The Soviet fleet is designed primarily to meet Soviet port conditions and to carry Soviet trade. Close to 50 percent of the USSR's seaborne foreign trade has moved on foreign carriers since 1964. By 1970 this figure may decline to 40 percent.



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Nationalist China: [President Chiang's recent moves to revitalize the leading organ of the Kuomintang appear designed both to strengthen the party's policymaking machinery and to prepare the way for his chosen successor.]

[At the Kuomintang's recent tenth congress, Chiang named six new members to the central standing committee, the party's senior policymaking body. Most of them are young, economist-oriented technocrats. The virtual exclusion of such experts in the past contributed to a gradual decline in the committee's importance and reinforced the government's emphasis on military priorities at the expense of economic investment and growth.]

[Chiang's action may reflect a recognition that his son and chosen successor, Defense Minister Chiang Ching-kuo, will not be able to command the unchallenged authority that the Generalissimo possesses. President Chiang apparently believes the presence of a group of energetic and competent officials in top policymaking positions will help balance the influence of old-line Kuomintang hierarchs and enhance the regime's ability to deal with pressing economic problems.]

[The President also used the party congress to announce his decision to abolish the post of party deputy director-general, which many members had assumed would go to his son. Chiang probably wished to avoid not only the "dynastic" implications of appointing his son to this post but also the potential risk of creating a challenger to an orderly succession if someone else had to be named. The President, in any event, appears confident that Chiang Ching-kuo already has sufficient control of the party, military, and security apparatus to assure a smooth transition.]

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South Korea - Okinawa: [Seoul is showing concern that the reversion of Okinawa to Japanese control may impair the usefulness of US bases there for the defense of Korea.]

[President Pak's government has formally requested that it be fully consulted by the US regarding any change in the present status of the Ryukyuan Island chain, of which Okinawa is a part. An aide memoire handed to the US ambassador on 8 April asserts that the island's "indispensable" role in the defense of the area makes its disposition a matter of concern to more than just the US and Japan.]

[The South Koreans have made a similar representation to the Japanese Government. An aide memoire handed the Japanese ambassador on 10 April did not refer directly to the reversion problem but stressed the hope that nothing would be done to reduce the strategic value of the Okinawa bases. Subsequently the foreign minister suggested to the Chinese Nationalists that Seoul and Taipei along with other concerned governments work out a joint approach to the Japanese.]

[The Tokyo government understands the Koreans' strategic interest in Okinawa. Prime Minister Sato, however, is not likely to be greatly influenced by South Korean representations although the Foreign Ministry probably will quietly try to soothe Korean fears. Sato will continue to respond primarily to the considerable internal political pressures on the Okinawa issue as well as to Japanese security interests.]



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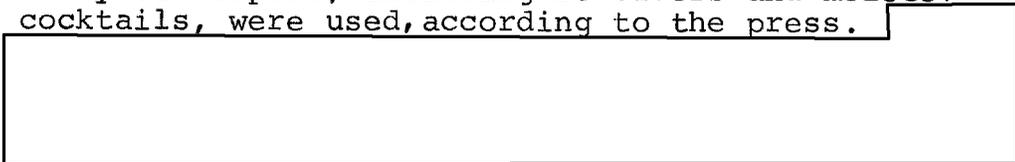
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Turkey: The rash of student strikes spreading across Turkey may herald a new wave of student unrest and violence.

Although the strikes appear to be prompted by the slow pace of academic reform since the student strikes of last spring, leftist youth leaders have been quick to exploit the situation to revitalize their anti-American campaign. Some striking students appear to be weakening, however, in the face of an ultimatum that at least one university will be closed unless the students end their occupation of university buildings by tomorrow.

As the campaign for the national elections next fall gets under way, the tone of student action will almost certainly become more antiregime with anti-American overtones. Several clashes between student extremist groups have occurred, during which a variety of weapons, including revolvers and molotov cocktails, were used, according to the press.

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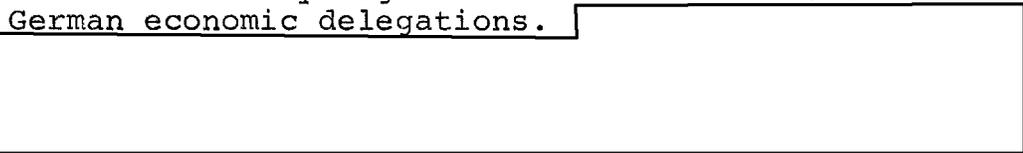
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Morocco-USSR: Moscow may derive some potential benefits from President Podgorny's recent visit to Rabat, but Moroccan officials appear to have balanced the effects of his tour with pro-Western gestures.

Most Western diplomats in Rabat believe that the Podgorny visit improved the popular image of the Soviet Union and even of Communism, which has had little reality for most Moroccans. For his part, King Hassan may have received no immediate tangible benefits, but there is at least a possibility for increased Soviet economic aid, and even military aid. Speculation that new major economic projects were discussed cannot be confirmed.

Podgorny's open appeal to the Moroccan people over the head of the monarchy may have deepened the government's suspicions regarding Soviet intentions. The Soviet counselor reportedly has protested the Moroccan press' handling of the visit. Also, the basic pro-Western preferences of the King and his government were pointed up by Morocco's signing an accord for associate membership with the EEC on the eve of Podgorny's arrival, and by recent visits by high-level Italian and West German economic delegations.

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USSR-Rumania: Three days of meetings in Moscow between Soviet leaders and Rumanian Foreign Minister Manescu ended on 9 April with only a barebones statement regarding the outcome. TASS characterized Manescu's discussions with Brezhnev, Kosygin and Foreign Minister Gromyko as a "useful exchange of opinions,"--a phrase usually used to indicate lack of agreement. Yugoslav and Western press services have reported that the Russian leaders accepted Manescu's invitation to visit Bucharest to sign a new friendship treaty--presumably a prime topic of the discussions. Formal announcements from Moscow and Bucharest, however, failed to mention either a visit or the treaty, stating only that bilateral relations, European security, and "topical international problems" were discussed.

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Chile: Radomiro Tomic has withdrawn "irrevocably" from the contest for the presidential nomination of President Frei's Christian Democratic Party. Tomic, who resigned as ambassador to the United States a year ago to return to Chilean political life, has generally been considered Frei's heir apparent in the election scheduled for September 1970. He said recently, however, that he would not run unless he received support from the forces of the left, meaning the Communist and Socialist parties, which have now rebuffed his overtures. He may be raising the ploy of an "irrevocable" withdrawal to rally support for his candidacy.

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