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Laos: The government's response to the Lao Communist peace proposal is toughly worded but leaves the door open for talks.

The government statement, which came out of several weeks of consultations between Prime Minister Souvanna and prominent Lao politicians, was delivered to Pathet Lao representative Soth Phetrasy in Vientiane yesterday following final cabinet approval.

In essence, the government's response amounts to a counterproposal to the Neo Lao Hak Sat's statement of 6 March. Sidestepping the Communist demand for an unconditional bombing halt before negotiations or an end to the fighting, the text calls for a total cease-fire and immediate withdrawal of "foreign forces," supervised by the International Control Commission. It also calls for a meeting of "interested parties" in order to seek an equitable solution.

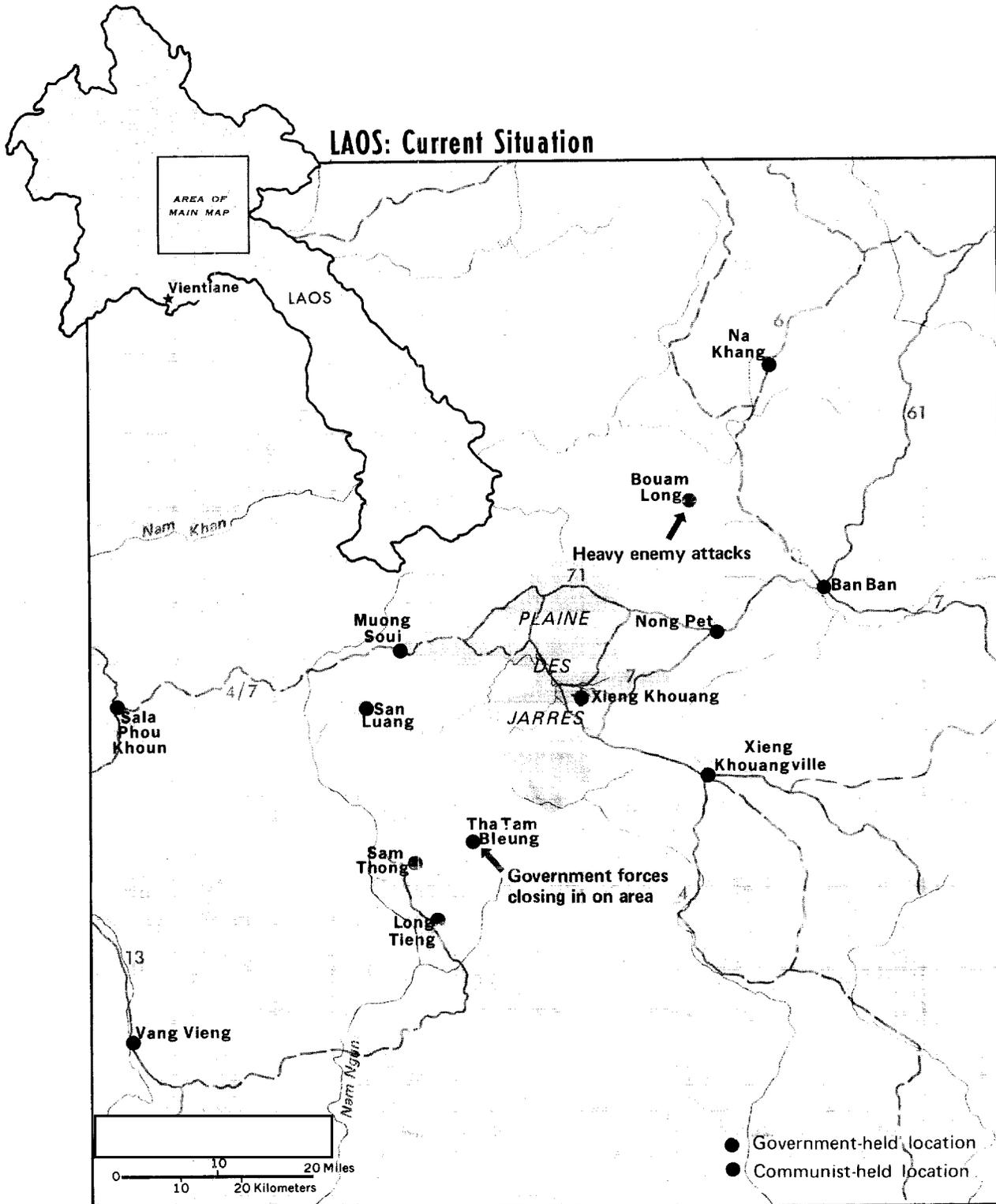
The message is replete with references to North Vietnamese aggression in Laos and makes it clear that this is at the heart of the country's difficulties. It does not, however, pose the withdrawal of North Vietnamese troops as a precondition to a cease-fire or talks. The reference to a cease-fire in "all zones without exception," which presumably would include the Ho Chi Minh trail area, may have been designed to appeal specifically to Hanoi. Government leaders probably realize, however, that the Communists would almost certainly reject meaningful supervision of their "liberated areas."

* * * *

Heavy fighting has again broken out near Bouam Long, the government's most important base north of the Plaine des Jarres. On the night of 8-9 April, several hundred North Vietnamese troops attacked four outposts commanding the southern approaches to the base. Guerrilla defenders successfully repulsed

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all of the attacks, but large numbers of enemy troops--probably from the North Vietnamese 312th Division--continue to maneuver throughout the area. Bouam Long itself remains under sporadic artillery fire. The Communist actions have already neutralized several of the government's heavy weapons in the area, and the situation is described as serious.

South of the Plaine, government forces are continuing to close in on the key enemy position at Tha Tam Bleung.

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North Vietnam: Le Duc Tho, the real power in North Vietnam's delegation at the Paris talks, is returning to Hanoi.

North Vietnamese officials have announced in Paris that he leaves today. Tho returned to Paris in late January, after a seven-month absence, ostensibly for the French Communist Party Congress. Why he stayed on for some two months after the congress has never been made clear.

His trip probably is connected with a new round of decision-making in Hanoi, possibly involving the situation in Cambodia and last week's proposals by France for international consultations on Indochina. Hanoi so far has met these developments by temporizing--with a mixture of rhetoric and measured muscle in Cambodia--and by sidestepping the French idea.

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[Redacted] As a politburo member and as the regime's man in Paris, Tho probably would have a voice in any decisions that are to be made. His departures from Paris in the past have seemed to signal the start of over-all policy reviews.

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South Vietnam: President Thieu's plan to seek legislation giving him special decree powers is likely to meet considerable resistance in the National Assembly.

Prime Minister Khiem did not indicate how the government would use such powers, which he described as a "general program" law directed at solving economic problems, when he disclosed Thieu's intention to the Upper House on 8 April. South Vietnamese officials have told US Embassy officers that Thieu seeks such powers so that he can attack a wide range of problems, including taxation, exchange rates, and the budget. They acknowledge, however, that this authority might be used to deal with more specific problems, such as the grievances of disabled veterans.

The regime is already under heavy criticism for relying on extraconstitutional devices like the military field court, which was functioning even before the constitution came into force and which only recently convicted Assemblyman Tran Ngoc Chau. Moreover, the Assembly is jealous of what it regards as its prerogatives, particularly in the economic field, and would probably be reluctant to grant Thieu very extensive authority. Thieu's imposition of austerity taxes by decree last fall raised a storm of protest both within the Assembly and throughout the country and is still a cause of widespread discontent.



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Communist China: The first anniversary of the Chinese Communist Party's ninth congress has received only lackluster treatment in the regime's authoritative party journal.

The anniversary article appearing in the latest issue of Red Flag is largely a practical discussion of moderate themes that the regime has stressed from time to time over the last several months. In language designed to convey an impression that the excesses of the Cultural Revolution are over, the article reiterates the importance of reinstating veteran administrators and technical specialists, of strengthening organizational discipline, and of improving the effectiveness of local governing organs.

The article devotes relatively little attention to the specifics of party rebuilding beyond repeatedly emphasizing the leading role Peking expects party committees to play vis-a-vis other administrative units. In this connection, however, it strongly reaffirms the regime's condemnation of militant factionalists who have been resisting the authority of newly formed party committees in a number of localities.

Although increasing publicity has been given this year to the formation of party committees at the county level and below, not a single party committee at the provincial level has been established since the ninth party congress. Red Flag's limited treatment of the congress anniversary reflects Peking's awareness that it has little cause for self-congratulation over the slow pace of reconstruction, and it also suggests that the regime is by no means ready, or able, to press for a rapid completion of the process.

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Poland: Warsaw will face increasing labor problems over the next few years.

Plans call for more workers to enter the labor force during the 1971-75 plan period than at any time since the mid-1950s. As a result, unemployment, which is now slight, may increase. Moreover, a basic revision of wage incentives is being considered. If accepted, it would be unpopular because wages would become less equal and bonuses less automatic.

The government already is reducing the labor force. The main impact thus far has been on administrative staffs, with few lay-offs of blue-collar workers. For this reason there has been little labor unrest. The government, however, has severely curtailed the number of additional workers who can join the work force this year, a move that could promote unrest.

Other austerity measures promised by the regime also will be unpopular. The 1969 curbs on investment and construction, which affect housing and employment, are to be extended and more rigidly enforced this year. The per capita availability of housing, consumer goods, and services will not be increased appreciably this year, so that the Polish consumer will continue to be shortchanged.

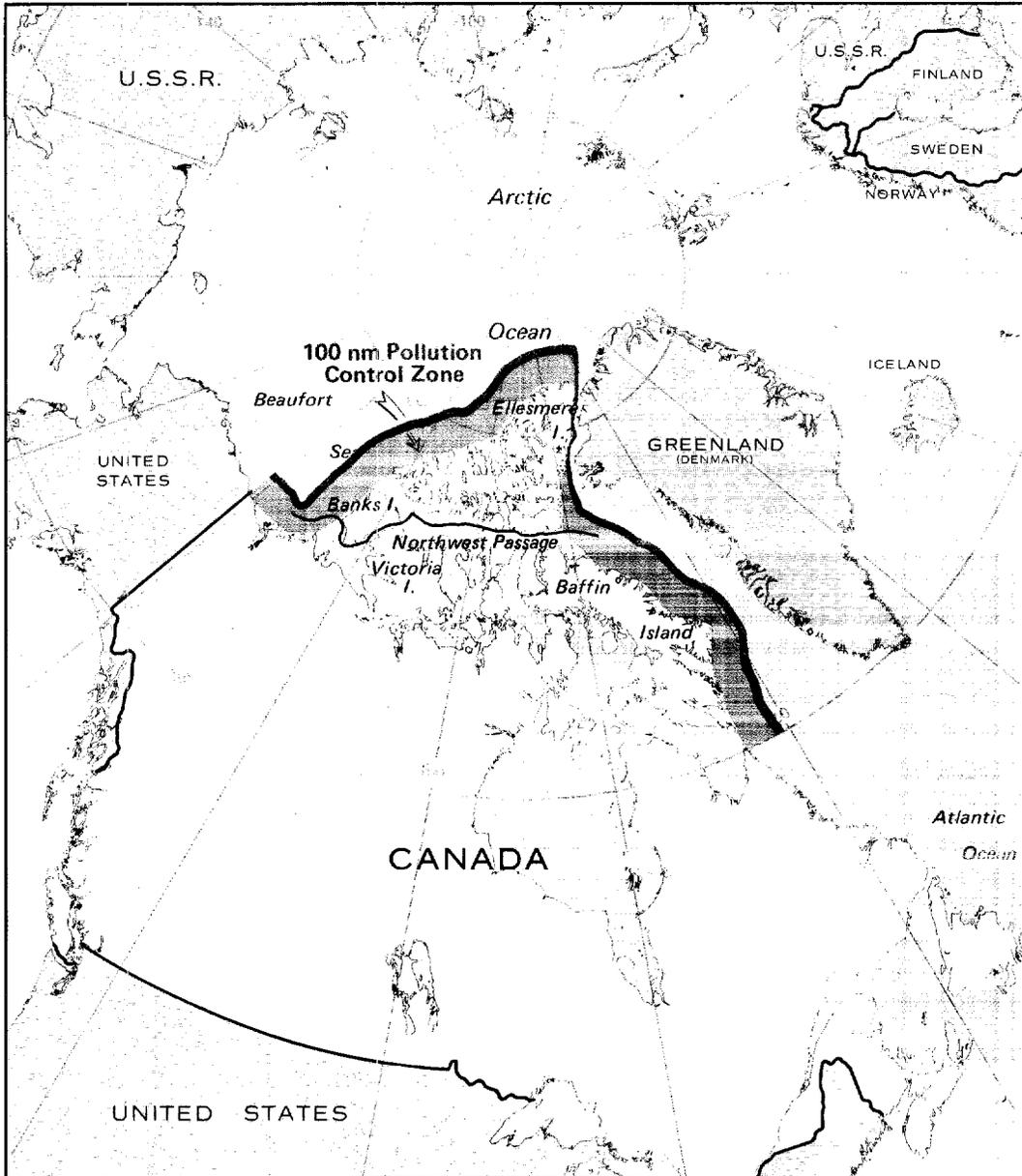


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Canada Moves to Prevent Pollution of Arctic Waters



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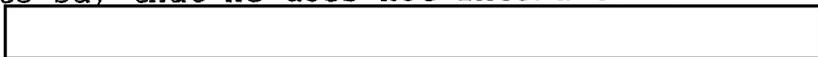
Canada: The government's draft legislation to prevent pollution of the Arctic waters avoids an outright claim to sovereignty over these waters but in effect would grant Canada full control over the archipelago.

The measure, which was introduced in Parliament on 8 April, provides that ships that wish to use the Northwest Passage will have to comply with stringent Canadian regulations. A government background statement for the press stressed, however, that Ottawa intends to permit use of the Northwest Passage as a waterway by ships of all states under the new rules.

Prime Minister Trudeau also tabled legislation extending Canada's territorial seas to 12 miles and announced that he had informed the UN Secretary General that Canada was submitting a new reservation to its acceptance of the compulsory jurisdiction of the International Court of Justice (ICJ). This reservation, Trudeau stated, is intended to guard against any possible litigation over the new laws.

Opposition party leaders for the past several months have been goading the government to take a strong position on Arctic matters in view of the activities of the US-owned icebreaker-tanker Manhattan in the Northwest Passage. They have not yet commented on the draft bills.

They did, however, immediately denounce Trudeau as a "double-talking hypocrite" for his statement on the ICJ. The deputy leader of the New Democratic Party said that it was "nonsense" for Trudeau to say that Canada strongly supports the rule of law in international affairs and in the next breath to say that he does not intend to be bound by it.



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Dominican Republic: Negotiations to end the impasse between President Balaguer and the opposition are under way, but the capital is under tight military control.

The seven opposition parties are still threatening to boycott the elections next month and are pressing demands that Balaguer will find unacceptable. Talks have begun with the President's intermediaries, however, and the opposition is not expected to insist on all of its requirements for participating in the election.



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The military chiefs have backed Balaguer's hard stand against disorders by imposing strict security control over the national university while raiding and occupying the headquarters of some of the principal leftist labor unions. The US Embassy reports Santo Domingo is under an undeclared curfew.

The note of cautious optimism occasioned by the start of negotiations is somewhat tempered by the announcement of the Dominican Revolutionary Party (PRD) that former president and PRD leader Juan Bosch will end his self-imposed exile and return to the country next week. Although Bosch, overthrown by the military in 1963, has repeatedly reneged on such plans in the past, the fact that the announcement was made by his party suggests his return may be more likely this time. Bosch's appearance on the scene would generate further uneasiness and harden the military's distrust of the PRD.



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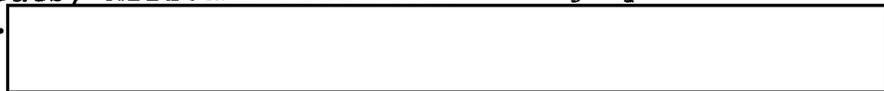
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Rhodesia: The governing Rhodesian Front party will easily win today's general election.

The Front is certain to win most, if not all, of the 50 seats allotted to whites in parliament. It is opposed by the Centre Party, which supports a modified form of multiracialism, and the Republican Alliance, which advocates complete racial segregation. Ironically, the diametrically opposed positions of its two opponents have enabled the Front to pose as middle-of-the-road, even though it is the architect of the recently implemented republican constitution that institutionalized white supremacy rule.

The Front's opponents are contesting only the few constituencies where they have a fair chance of winning--the Centre Party in the prosperous white suburbs, and the Republican Alliance in some rural and working class areas. Between them, they may win one or two seats. A couple of independents could also win seats in rural areas where white farmers are disgruntled with the government's agricultural policy.

The Centre Party is also competing against four small, all-black parties for the eight elective seats allotted to Africans. Another eight African representatives will be chosen by tribal chiefs and members of rural councils; all of these men are agents of the Salisbury government. Out of a total African population of over 4.8 million, only about 8,300 are registered voters, and probably no more than one or two thousand will even bother to go to the polls. Consequently, no matter who wins the contested seats, Africans will remain largely un-

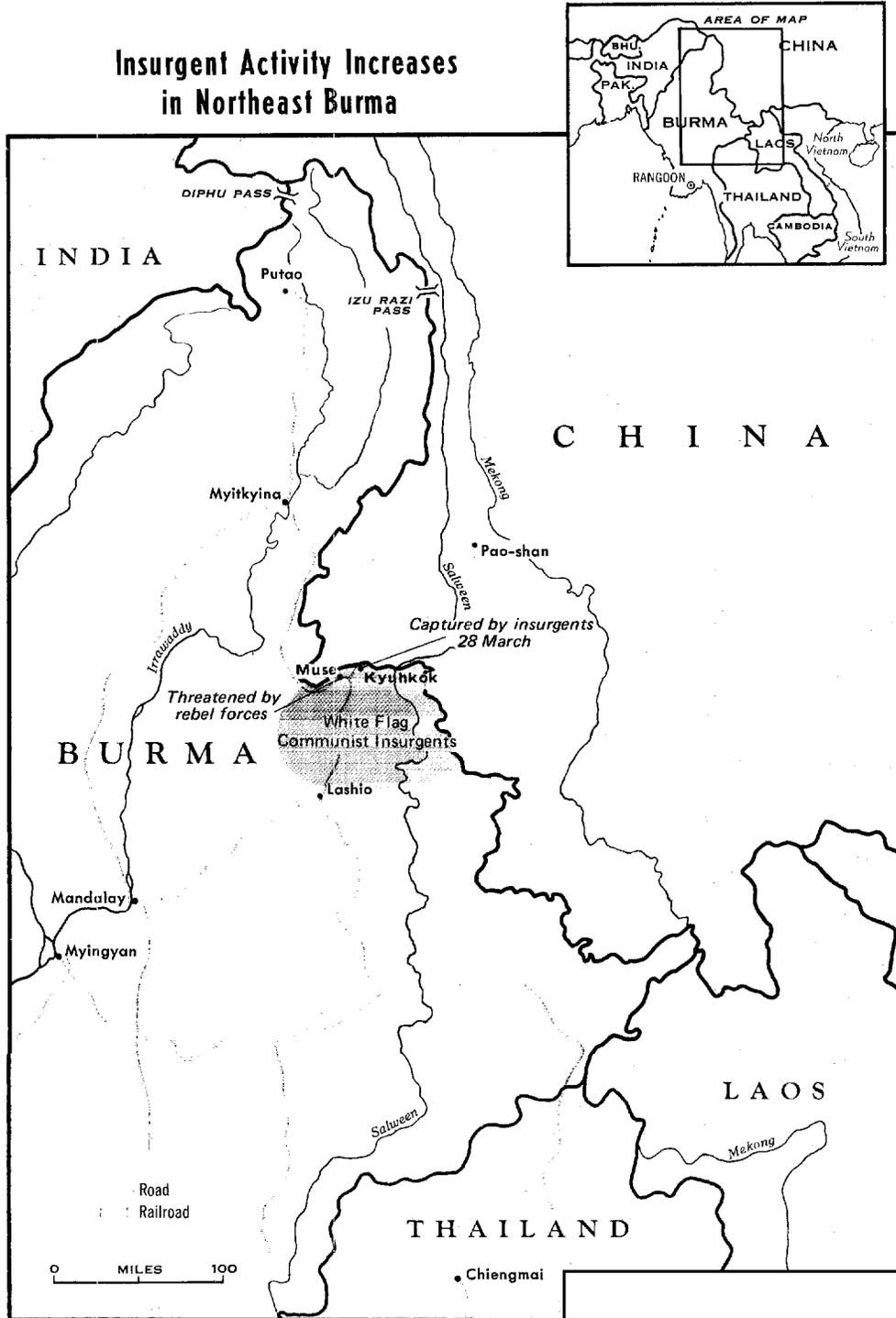


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Insurgent Activity Increases in Northeast Burma



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USSR:

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[Redacted] the party central committee may meet today to discuss plans for the Lenin Centennial on 22 April.

[Redacted] the plenum will pave the way for an "eventual" reshuffle of the Soviet leadership.

[Redacted] the meeting might be delayed, pending the recovery of four ailing top leaders--President Podgorny, Premier Kosygin, and politburo members Suslov and Shelepin.

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Burma: The security situation has deteriorated further in northeast Burma, where White Flag Communist insurgents have been slowly increasing their activity since February.

[Redacted] insurgents captured the town of Kyuhkok on the Chinese border on 28 March.

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[Redacted] a rebel force is being assembled on the Chinese side of the border, evidently to be used to force the withdrawal of government units from the town of Muse. Kyuhkok, a community of about 1,000, is the largest town the government has abandoned in 20 years.

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[Redacted]

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Lesotho: Prime Minister Jonathan and leaders of the major opposition parties have agreed to hold discussions aimed at solving the current political crisis. Since he seized power last January during parliamentary elections, Jonathan has annulled the election results, abolished the constitution, and jailed the opposition leaders. These actions prompted Britain, which supplied over half of the government's operating funds, to curtail aid until the political situation was "normalized." Jonathan presumably sought the talks as a facesaving means to comply with British demands.

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