



DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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State Department review completed

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\*CHINA-US: Peking's leaders have underlined for the Chinese people their endorsement of President Nixon's visit.

A crowd of 5,000 people was on hand at Peking airport to greet Chou En-lai on his return from Shanghai--a highly unusual turnout for such an occasion. The official account of this greeting sets the scene firmly in an atmosphere of unity: virtually all active members of the politburo resident in Peking were on hand, and the account stressed the point that "commanders and fighters of the People's Liberation Army" were present. The account also made the unusual point that all members of the politburo--including Mao's wife and ideologist Yao Wen-yuan, who were deeply involved in Red Guard excesses during the Cultural Revolution--"warmly" shook hands with Chou and his party.

The account additionally stressed that all present "expressed warm support for Chairman Mao's revolutionary line in foreign affairs and their resolve to carry it out" and quoted slogans to this effect, as well as others singling out Chou for special welcome. It notes that, when the premier appeared, the airport "became a scene of jubilation," with people beating drums and gongs and waving bouquets.

Such unusual treatment of what would normally be a routine domestic flight on the part of the premier back to the capital after seeing off a foreign dignitary in Shanghai serves several purposes: to make it clear that the Chinese leaders are generally pleased with the presidential visit as a whole, to endorse the terms of the joint communiqué, and to add obliquely the approval of the military establishment and of Mao himself to that of the government officials who were involved in the actual negotiations, and to underline the strong position of Chou En-lai

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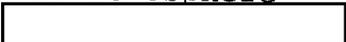
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in the present structure of power in Peking. In-  
deed, it is quite possible that Chou's hand has been  
strengthened by the generally favorable atmosphere  
produced by the President's visit.



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\*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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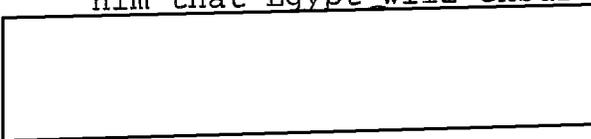
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**LEBANON-ISRAEL:** A crisis is looming on the domestic Lebanese political scene in the wake of the massive Israeli raids.

According to the US Embassy in Beirut, President Franjiah is moving to curtail severely fedayeen activity within Lebanon. The president is said to have the support of the army and cabinet and has either convinced all major politicians of the necessity of his action or has neutralized them. Franjiah reportedly warned the politicians that there was a serious possibility that Israel would permanently occupy Lebanese territory unless Beirut acts against the fedayeen. As part of Franjiah's action the Lebanese Army moved into the Mt. Hermon area during the evening of 28 February and began setting up road blocks.

Although the fedayeen publicly acquiesced in Franjiah's initial move, they are organizing popular demonstrations against the government to forestall further limitations on their activities. The first occurred yesterday evening when a crowd, estimated at 15,000 people, participated in a funeral service for seven fedayeen killed in the clashes with the Israelis. A massive demonstration organized by Lebanese leftists and the fedayeen was scheduled for today in Beirut to protest any watering down of the Cairo Agreement of 1969, which allows the fedayeen to operate freely in the Mt. Hermon area; demonstrations have also been planned in other cities.

Egyptian President Sadat has sent Deputy War Minister Hasan to Beirut with a personal message for Franjiah. According to a Cairo newspaper, Sadat is appealing to Franjiah not to take oppressive measures against the fedayeen and has assured him that Egypt will ensure the safety of Lebanon.



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IRELAND: There are signs of improving relations with the USSR and of some gain in local Communist influence as well.

The factors that have served to retard relations with the bloc and to inhibit Communist influence--conservative tradition, politically influential clergy, economic dependence on Britain and ties to the Irish-American community--continue to operate. Nonetheless, some increase in Soviet influence seems inevitable.

Ireland expects to open diplomatic relations with the Soviet Union this year and looks for some increase in trade with the bloc. An eight-man Soviet delegation, headed by Deputy Minister for Foreign Trade Manzhulo and including two Foreign Ministry officials, began a week-long visit to Dublin on 28 February.

Prime Minister Lynch and other Irish leaders have hinted that in the absence of tangible support from more traditional allies Ireland may look east for help in the Ulster dispute. Soviet media have been sympathetic to the Irish position. TASS' correspondent in Dublin has been closely associated with the Irish Republican Army's "Official" faction that favors selective violence as a tactic, as opposed to the indiscriminate terrorist tactics of the "Provisionals."

25X1  report that the Northern Ireland Civil Rights Association (CRA) was taken over by Communists and members of the Communist-influenced Official faction of the IRA in recent elections for officers. The CRA was formed in February 1967 to support Catholic minority rights and later undertook--in conjunction with a student group led by Bernadette Devlin--to sponsor public demonstrations such as the "bloody Sunday" march in Londonderry on 30 January 1972.

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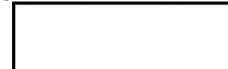
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Heretofore, the CRA's leadership had been considered relatively free of Communist and IRA control. Although its base of support apparently is narrower than that of some other nationalist groups such as the moderate Social Democratic Labor Party, the CRA is strong in Londonderry and might well be active in the administration of that city in the event of a political settlement.

For the present, the shift in CRA leadership raises the possibility that the Communist Party of Ireland, a negligible political force, will attempt to use the CRA as a vehicle for promoting its program of a Socialist Republic of 32 counties friendly to the USSR and opposed to the EC. The Communists will face formidable difficulties. The growth of Communist influence in the IRA was a major cause of the bifurcation of that organization into Provisional and Official factions. The anti-Marxist Provisionals now are representative of the IRA majority.



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USSR-BANGLADESH: Prime Minister Mujibur Rahman's visit to Moscow is likely to result in the first Soviet aid agreements with Bangladesh.

A ten-man Soviet economic delegation has been in Dacca since 15 February exploring the possibility of assistance in development, reconstruction, and water control. The Soviets are interested in resuming work on aid projects interrupted by the recent Indo-Pakistani war. Prior to independence, they had allocated an estimated \$70 million for projects in East Pakistan. Most of these projects still are unfinished.

Another Soviet delegation has been exploring the feasibility of assistance to Bangladesh's fledgling national airline, hence it is possible that a civil aviation agreement also will be announced during Mujib's visit. In early February, the two sides signed a short-term barter agreement for the exchange of about \$14 million worth of goods.

The Soviets have been working hard to capitalize on their favorable position in Bangladesh. New Delhi's displeasure with the degree to which the Soviets have cultivated Dacca reportedly lies behind Indian policy planning chief Dhar's current visit to Moscow. Dhar is attempting to secure better Soviet-Indian coordination of relations with Bangladesh.

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USSR: Soviet industrial production got off to a weak start in January because of severe winter weather, the aftereffects of last year's disappointing harvest, and continuing problems in the management of investment programs.

Moscow announced that industrial output grew by six percent last month compared with January 1971, the lowest January results since monthly data were first released in the mid-1960s. By Western calculations, civilian industrial production actually rose by only 4.3 percent, compared with 5.5 percent in January 1971 and 6.1 percent in January 1970.

Some of the coldest weather in years curbed production in the extractive industries. The oil, gas, timber and wood processing, construction materials and fishing ministries failed even to meet their January plan targets. The growth in the output of processed foods was small as a result of a poor harvest of sugar beets and sunflower seeds last fall and a decline in the production of whole milk products. The official report claimed that the failure to bring new capacity into operation on schedule had caused some plan underfulfillment, notably in the output of several consumer goods. Industrial support for agriculture also faltered in comparison with recent years.

In a few areas, however, the January record was good. The production of civilian machinery increased by 8.4 percent, and electric power rose by 11 percent.

Soviet industrial ministries are holding inquiries to determine the reasons for the poor January showing, and the press warned that corrective measures must be carried out quickly. In 1969 industrial production got off to a poor start in icy weather and finished the year with one of the lowest rates of growth since World War II.

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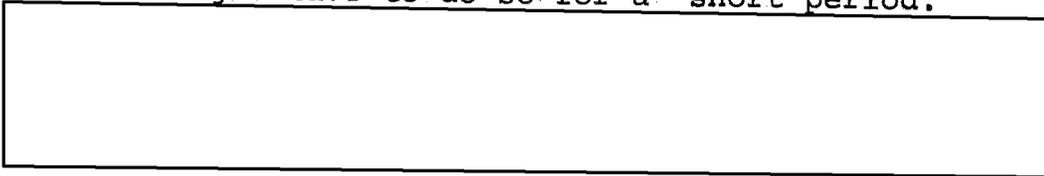
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HONDURAS: An outbreak of violence in connection with the land reform program has prompted a resurgence of interest in replacing President Cruz.

In a conversation with the US ambassador, Chief of the Armed Forces General Lopez blamed Cruz' incompetence and mismanagement for recent violence in the remote department of Olancho where six peasants and one police sergeant were killed. The violence resulted from police and army efforts to expel some 100 peasants who had settled on private land. Lopez considers Cruz ultimately at fault for placing an incompetent official in charge of the National Agrarian Institute. His opinion is in part substantiated by Colonel Melgar, the new chief of police, who is personally investigating the killings. Melgar says the peasants were innocent, having settled on land they had paid for in good faith.

Lopez cited other examples of Cruz' inability to govern, including his alienation of the business sector by mismanagement of tax and import concession matters, his inability to control student disturbances, and his lack of influence even within his own party. Unsettled conditions in the country have had the rumor mill buzzing for months, and this latest violence has apparently placed Lopez under great pressure to act. Lopez still professes that he has no desire to resume the presidency but admits that he might have to do so for a "short period."



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JAPAN-CHINA: Tokyo's decision on 29 February to grant across-the-board approval for Export-Import Bank financing of sales to China enables the Japanese Government to demonstrate its desire for a normalization of relations with Peking without making any significant political concessions. President Nixon's visit to the mainland has refocused public attention on relations with China, and the action yesterday in reversing the Japanese Government's policy of denying long-term credits to Peking was timed to head off opposition party criticism of Prime Minister Sato's China policies. The move is unlikely to have a major impact on Sino-Japanese trade in the near future because of Peking's reluctance to incur foreign debts.

MALTA-UK-NATO: The NATO allies appear willing to go along with London's wait-and-see approach to the negotiations. The British told the North Atlantic Council on 28 February that they do not plan to reply to Prime Minister Mintoff's latest proposal for a meeting with Prime Minister Heath and believe that the allies should stand firm in the hope that Mintoff will come around "in a week or two." Secretary-General Luns summed up the bleak outlook when he told the Council that NATO should face up to the possibility that there may not be a Malta-UK accord. In two speeches this past week-end, Mintoff assured his audiences that he has a favorable alternative--unspecified--to a continued British presence. He also kept open his options for a settlement with the UK. In the meantime, about 50 percent of the British garrison, including some essential flight safety personnel, have left the island; local labor contracts will be terminated on 31 March.

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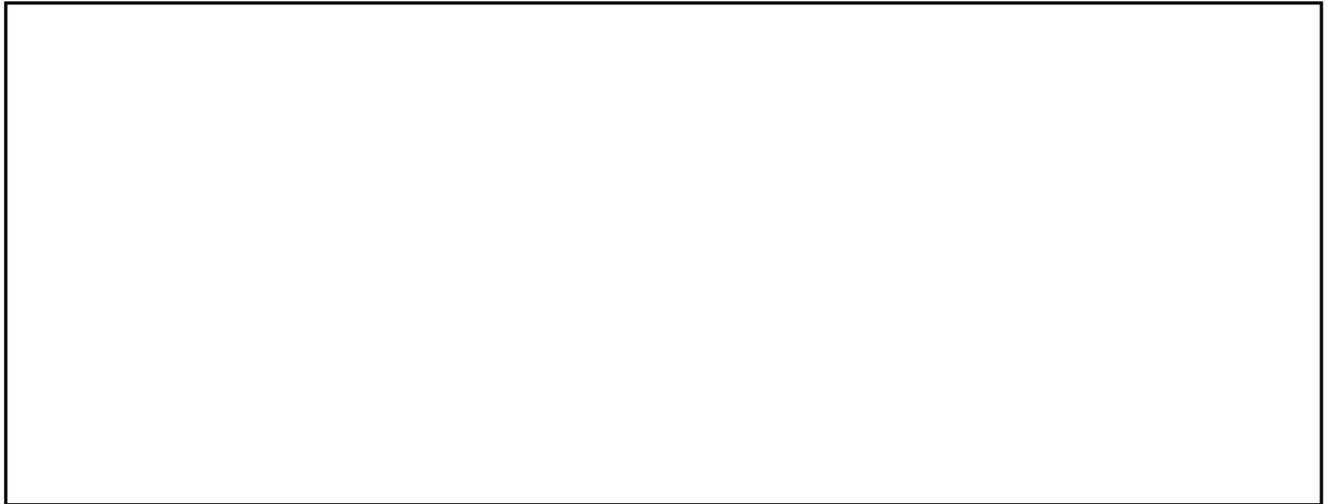
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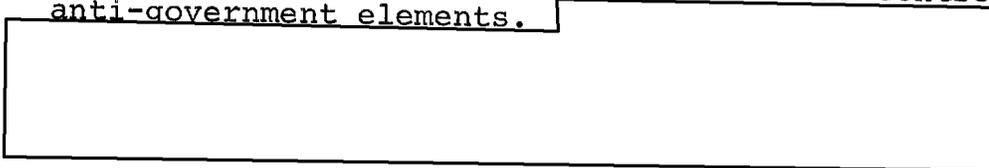
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IRAN: Terrorists yesterday disrupted a government-directed mass rally in Tehran with three explosions which killed one person and injured five others. The rally was part of a countrywide day of demonstrations held to protest an alleged campaign of sabotage and terrorism by "domestic and foreign" enemies of Iran, particularly Iraq. The major explosion, apparently from a home-made bomb, went off among demonstrators in Tehran's main square. The government, concerned over increased terrorist activity, had intended to use these demonstrations as a warning to dissidents that they cannot count on public sympathy for anti-regime activities. As a result of yesterday's incident, the Shah will no doubt redouble his efforts to weed out and control anti-government elements.



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GRENADA: The ruling Grenada United Labor Party (GULP) led by Premier Eric Gairy was swept back into office for another five-year term. The GULP, which has held office for a total of 12 years since 1951, won 13 of the 15 seats in the House of Assembly. Gairy's wife was one of three women to capture house seats. Gairy will view his landslide victory as a mandate to carry out his pre-election promise to ask the British to grant the island independence at the earliest opportunity.

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SWEDEN: Housewives in a number of Swedish communities demonstrated against food prices last week. Prime Minister Palme accepted a petition on 28 February but failed to dampen the protest movement. Milk strikes, meat boycotts, and other types of protests are scheduled for this week. The demonstrations, which appeared spontaneous, may develop a political orientation if the government fails to assuage consumer complaints. Food price increases scheduled to go into effect today will exacerbate the problem.

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JAMAICA: The opposition People's National Party (PNP), led by Michael Manley, won the right to form the next government after defeating the incumbent Jamaica Labor Party in the 29 February general election. The PNP won 27 of the 53 House of Representatives seats in the early returns for a majority and was leading in nine other constituencies. Although minor violence has grown at a steady rate since general elections were announced on 31 January, the campaign has been notable for the overall prevalence of law and order. Post-election violence by disgruntled losers is likely, but, as a former British colony, Jamaica has a long tradition of respect for law and order, and any disorders are likely to be short-lived. Local security forces should be capable of maintaining control. It is unlikely that the Manley government will alter significantly the domestic and foreign policies of the country.

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