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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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**PEKING'S DRIVE TO OFFSET SOVIET AND US INFLUENCE IN EUROPE**

(Published separately as Special Report No. 0387/71A)

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## FAR EAST

### Indochina

#### Vietnam: Saigon Government on the Defensive

An increasing number of political elements seem to have concluded that the Thieu government has been hurt as a result of the recent turn of events. The opposition still appears highly fragmented and incapable of effective, coordinated action, but many opposition leaders and some rejected political suitors clearly believe that now is a good time to get in a few blows against the government. Even the usually proadministration Saigon newspaper, *Chinh Luan*, has commented that Thieu has damaged his ability to lead the people. So far, antagonism against the regime does not seem particularly intense among the people, and there have only been a few small demonstrations that have been easily contained. Antiregime sentiment, however, may well gather more momentum during the remaining three weeks before the presidential election—or referendum—on 3 October.

#### *Ky for Coup?*

Vice President Ky's efforts to change President Thieu's plans for the presidential election and to capture the leadership of the opposition are taking the spotlight for the moment. Ky's threats in his remarks to foreign newsmen last week went considerably beyond his earlier attacks on the President. Ky, possibly prompted by the realization that his threats might force Thieu to take countermeasures, later issued a denial that he had said he would destroy Thieu. Nevertheless, Ky allowed an impression to remain that a coup is a real possibility, in the apparent belief that this will win him some points in the opposition groups.

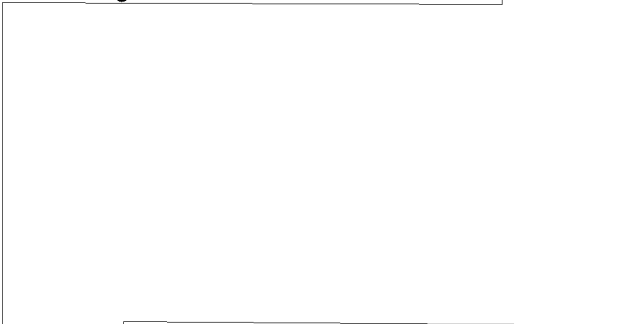


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Ky's camp probably has encouraged some of the recent protests by militant disabled veterans. The vice president may have had prior knowledge of plans for a protest suicide attempt in Nha Trang last weekend. He arrived shortly before it occurred and has received considerable publicity because of his presence at this incident.

Some militant students and other political factions are also protesting Thieu's election policy. Although the President has remained unmoved by pressure for a postponement of the presidential election, there are signs that he is becoming nervous about the situation.

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Thieu appears uncertain about how to handle the inflammatory Ky, but any steps against the vice president almost certainly would make the situation worse.



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*Flooding in Hanoi*

Hanoi faces a major clean-up job in the wake of serious flooding, but assistance from China and the USSR will replace agricultural losses. North Vietnamese weather broadcasts indicate that rainfall in 1971 has been generally double the amount of last year, ranking with the highest ever recorded. Aerial photography [redacted] shows extensive flooding in the delta surrounding Hanoi. The heaviest rainfall in the Red River Delta, the country's principal population and agricultural region, took place during 13 to 19 August. Higher than average rains in the extreme northwest increased the flow down the Black, Clear, and Red rivers, adding to the delta's flood stage at Viet Tri, where the three rivers converge some 30 miles northwest of Hanoi. North Vietnamese papers report that many locations in the delta were "submerged for several weeks" and that dikes and dams which had been improved and strengthened in recent years were "greatly damaged."

Premier Pham Van Dong's statement that the current floods are worse than in 1945, when hundreds of thousands died in an ensuing famine, suggests that there has been considerable human suffering, although Hanoi has not yet released casualty figures. Presumably reserves of food and other daily necessities have been drawn down to provide relief to flood victims. Looters and speculators seeking to profit from disorder are being given stern warnings of prosecution.

Agriculture will suffer severely from the flood. The tenth-month rice crop, usually producing about 2.5 million tons, already had been planted. Losses, however, are expected to be made up by increased food shipments from China and the USSR. Both Peking and Moscow have pledged relief assistance.

The main rail lines between Hanoi and China, the port of Haiphong and the North Viet-

nam panhandle have been cut by flooding; but logistics preparations under way in the southern provinces for the movement of supplies and men through the Laos panhandle during the coming dry season probably have been affected only marginally.

**Laos: One Step Backward in the South**

The Communists on 4 September inflicted another setback on government forces attempting to recapture Paksong on the Bolovens Plateau. The North Vietnamese used a coordinated ground and mortar attack to drive three Lao Army battalions from positions on Route 23 west of the town. The government front line is now held by irregular battalions at Ban Phak Kout, six miles from Paksong.

Although there is no evidence of the extent of North Vietnamese casualties, the enemy was subjected to heavy air strikes and artillery shellings in the Paksong area. Nonetheless, they have thwarted every government attempt to recapture the town. Lao Army battalions, despite relatively heavy casualties, have fought their way through heavily fortified enemy positions, once to within two miles of their objective, only to be driven back by counterattacks. The Communists have quickly shifted their forces to meet government thrusts from the northwest, the south, and the west. The 9th NVA Regiment, with a total strength of about 1,400, is responsible for the security of Paksong. Although the 9th has probably suffered significant casualties, it presumably continues to maintain a tactical capability because of a steady stream of replacements.

On the northwest edge of the Plateau, the four-battalion irregular task force that occupied Ban Lao Ngam on 2 September continues to be the target of Communist shelling attacks and

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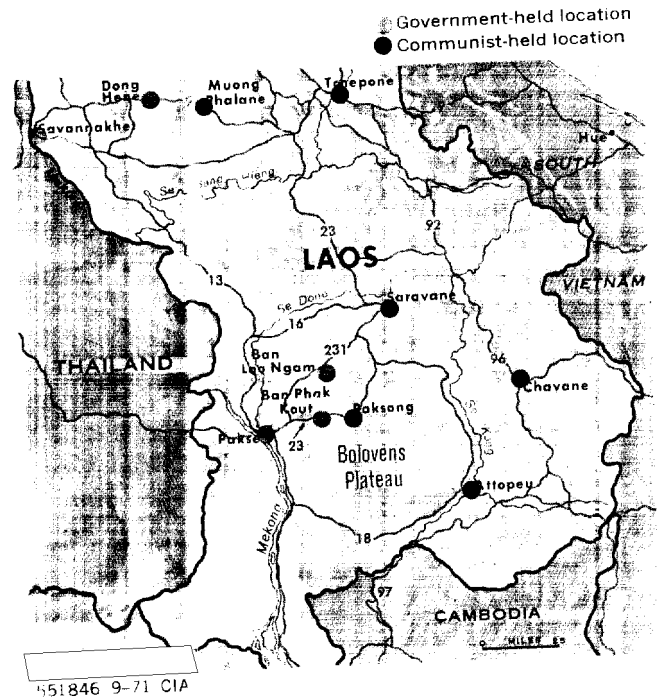
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probes. This task force is patrolling in the area to locate enemy positions and supply caches as targets for air strikes.

Since the beginning of the government's south Laos offensive on 28 July, the Communists have shown more determination to defend the Bolovens Plateau itself than the area to the north. A government task force recaptured Saravane town on 28 July without a fight, and the one government battalion occupying the town has since been subjected to only minor harassing attacks. Other government units searching for supply storage areas west and southwest of Saravane have encountered only light enemy resistance. These searches did not turn up many large supply caches, suggesting that the enemy either did not have as many storage sites in the area as had been believed or that the stores had been moved or concealed.

*Some Action in the North*

In north Laos, the Communists continue to concentrate on defending the hills on the



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northern and eastern edges of the Plaine des Jarres. Vang Pao's irregulars last week were forced to abandon outposts northeast and southeast of the Plaine, although no major positions changed hands. The North Vietnamese used shelling attacks and ground probes to harass other government positions.

**Cambodia: Artful Political Dodging**

After some delicate negotiations, the government appears to have worked its way around a potential confrontation with the National Assembly. Although the uneasy truce with the Assembly could break down in short order, the government apparently has persuaded the legislature to postpone its interpellation of Finance Minister Sok Chhong until the Assembly approves the regime's projected economic reforms and the multinational Exchange Support Fund (ESF) is established. The latter is likely to take some time, and Chhong could have a lengthy grace period.

Chief of State Cheng Heng was largely responsible for bringing the Assembly around, as Lon Nol and Sirik Matak evidently prevailed upon the harassed Chhong to pigeonhole his oft-tendered resignation. In doing so, they probably have also calmed down some members of the cabinet who were vowing to quit if Chhong fell victim to the Assembly or if his resignation was accepted. It is likely that the leadership's efforts were helped along considerably by a general recognition in the capital that a serious political crisis could discourage foreign backing for the ESF and could also endanger the possibility of obtaining additional economic assistance from Washington.

*Little Military Movement*

Communist forces continue to lay low throughout the country, leaving the military initiative to the government. Cambodian Army (FANK) units in clearing operations along Route 6 in Kompong Thom Province met only light enemy resistance during the week and continued to consolidate their positions around Kompong Thmar. Despite the relative ease with which FANK troops have moved up Route 6, Prime Minister Lon Nol apparently has decided that the drive will not be extended any farther north along the highway toward Kompong Thom town.

The Cambodians reportedly are considering a push southeastward from Kompong Thmar along Route 21, however, aimed at clearing crack Communist forces from their strongholds in the rubber plantations that line that highway. But for the moment, FANK troops on Route 6 are to concentrate on pacification operations from Tang Kouk to Kompong Thmar. In line with this, First Deputy Prime Minister In Tam has visited recently liberated villagers in areas between those two towns to assure them that they can count on the continuing protection of FANK.

Two FANK battalions from Kompong Thom have begun a second clearing operation along Route 6, south of that town. The small size of this operation suggests that it is primarily local in nature, and that it is not destined to link up with the FANK units at Kompong Thmar. Although elements of the Communist VC/KC 201st Regiment apparently are located within striking distance of the battalions, they have not yet seriously challenged the slow and cautious FANK advance.

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Japan: *The China Problem*

Some leaders of the ruling Liberal Democratic Party (LDP) have dissociated themselves from Prime Minister Sato on the China representation issue. These leaders—including former defense chief Yasuhiro Nakasone, who otherwise supports Sato—are opposing a decision to co-sponsor US-proposed resolutions on the issue, although the government has promised to support them. Two major party leaders—former foreign ministers Miki and Ohira—have publicly objected even to supporting the resolutions, advocating instead all possible encouragement for Peking's admission. Ohira's stand has been seconded by Justice Minister Maeo and Agriculture Minister Akagi. At a weekend meeting of the top ruling party leaders, no consensus on the question of cosponsorship could be reached on the eve of Foreign Minister Fukuda's departure to head Japan's delegation to the joint economic conference in Washington on 9-10 September.



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ARMS CONTROL: The USSR has submitted a proposal for the provisional agenda of the upcoming UN General Assembly calling for a world disarmament conference. Although the proposal indicated that the conference could consider both nuclear and conventional weapons, it stressed the nuclear aspect. Support for a world conference was contained in Brezhnev's "peace program" last March but had not been pushed by the Soviets prior to this week. China's recent torpedoing of Moscow's proposed Five Power Nuclear Con-

ference as well as Moscow's desire to dramatize its present peace program probably contributed to the Soviet initiative. In refusing to consider the Five Power plan Peking reiterated its support for a world conference to discuss abolition of nuclear weapons. The Soviets may intend their initiative to place Moscow firmly on record as supporting—even championing—a world conference, and at the same time to put China on the spot by testing Peking's willingness to respond to the proposal.

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## Communist China: *Leftists Down, But Are They Out?*

The appearance in domestic propaganda last week of the first open denunciation of the extremist May 16 Corps further attests to the growing strength of moderate forces in China's leadership coalition. The criticism was a brief allegation that May 16 elements were behind factional disorders at one of Peking's leading universities in 1968. The article in Red Flag, the authoritative party journal, called for more moderation in educational reform. Its publication, as well as several other recent articles by foreign journalists—officially inspired—discussing the "May 16 plot," suggests that moderate elements in the regime are cautiously laying the groundwork for an open repudiation of the more extreme phases of the Cultural Revolution. Eventually, there may also be some public explanation of the kaleidoscopic changes that have been precipitated within the leadership by the investigation, which began nearly two years ago, into the activities of the May 16 extremists and their high-level backers.

Although the full ramifications of the investigation are by no means clear, it apparently was meant to counter the efforts of Cultural Revolution Group (CRG) leaders on the politburo to broaden their influence in regime councils, apparently at the expense of Premier Chou En-lai. Ultimately, the investigation led to the purge of CRG head Chen Po-ta—who was charged with organizing the May 16 Corps—and has cast a pall over the political future of Chen's closest colleagues, Madame Mao and Kang Sheng. Chou's personal position correspondingly appears to have been strengthened, and the ascendancy of Chou and his more moderate colleagues has been further affirmed by the latest Red Flag article. Given wide dissemination on 3 September, the article apparently is intended to signal that efforts are now under way to curb further the residual influence of ultraleftist politburo members in the educational sphere, where their influence had

been considerable owing to Mao Tse-tung's determination to radicalize the university system.

Despite the continuing setbacks to the leftist forces, the May 16 investigation does not appear to have reached its climax, nor has the political pendulum in Peking swung completely to the right. The regime has yet to take the final step of publicly denouncing Chen Po-ta, even though it is widely known among party cadres that the numerous press articles that have appeared since last May excoriating "sham Marxists" and "political swindlers" have been directed implicitly at Chen. Furthermore, Peking city party chief Hsieh Fu-chih, who seems to have cast his lot with the moderates

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[redacted], has appeared publicly only once in the past 18 months and apparently has been dropped from his post as public security minister.

There also are tenuous indications that the wholesale turnover among top military and civilian leaders in the sensitive Peking Military Region is in some way associated with the infighting within the politburo over the May 16 investigation. During the past year, the commanders of the Peking garrisons and the Peking Military Region, as well as the regional political commissar, have dropped from public view. No explanation has been offered for their disappearance and no replacements have been named, but both regional commander Cheng Wei-shan and political commissar Li Hsueh-feng, an alternate politburo member, were directly criticized by CRG leaders during the Cultural Revolution. Because they dropped from view at a time when Chen Po-ta's case was coming to a head, their apparent ouster probably means that the influence leftist forces at the top have exercised over important personnel assignments has not been entirely vitiated.

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## EUROPE

### Soviet Smiles for Washington, Brickbats for Peking

Soviet reaction to the recent movement in Sino-US relations has followed very different courses toward China and the US respectively. Moscow has intensified its hostile attitude toward Peking, but has provided a moderate and balanced public assessment of US motives. It has also taken actions designed to underscore the necessity and importance of US-Soviet relations and negotiations. In many respects, the Sino-US activity seems to have given added impetus to Moscow's desire for productive dealings with the US, while it has encouraged the Soviets to take an unyielding line toward the Chinese with whom they have little fruitful contact and who they feel are meddling in their East European empire.

#### *Moscow Flails Peking...*

Triggered by the invitation to President Nixon, Moscow on 4 September made its sharpest authoritative attack on China in more than a year. The lengthy *Pravda* article by "I. Alexandrov"—a pseudonym indicating high-level party endorsement—minced no words that Moscow sees malicious intent in Peking's invitation. The bid to the President was placed in the context of Peking's new, more flexible foreign policy, which *Pravda* branded as primarily motivated by "anti-Sovietism."

The article appeared to rationalize recent Soviet calls for greater Communist unity in the face of improving Chinese-American relations. It attacked Chinese efforts to undermine Soviet influence in Eastern Europe, warning that Peking would be pleased "by a crack, if only a small one" in relations between socialist countries.

The article restated Soviet intentions to seek better relations with China, but unlike some pronouncements prior to word of the President's impending visit, it contained no conciliatory passages. Terming as "mythical" China's contention that it faces "a threat from the North," *Pravda* did not level some of the emotional charges that the Soviets have made against the Chinese in the past. Indeed, the tone of recent Soviet comments public and private suggests that Moscow, while deeply disturbed by the implications of improving Chinese-American relations, does not want Sino-Soviet relations to slip back to the nadir of the 1969 border fighting.

#### *...And Maintains Moderate Stance Toward US*

Alexandrov's treatment of China stands in marked contrast to recent Soviet handling of US reasons for improving relations with China. A lengthy *Pravda* article on 10 August presented an unusually balanced assessment of US motivation and reserved final judgment on the US-Soviet implications of the coming presidential visit until events develop further.

Most recently, *Pravda* on 2 September presented a relatively balanced account of Secretary Rogers' speech to the American Legion, specifically noting his assurance that Washington's China policy does not mean any lessening of interest in serious negotiations with the USSR. The Alexandrov article appeared the same day as Soviet publication of the new agreement on Berlin, thus implicitly contrasting Moscow's ability to deal with the West with the intractable differences with China. This treatment

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suggests that not only does Moscow want to avoid damage to its wide-ranging contacts with Washington through harsh polemics, but at the same time may be employing the China problem to justify internally its pursuit of detente tactics in Europe.

*Soviets Intensify Bilateral Contacts*

In addition, the Soviets have moved recently to intensify their bilateral relations with the US. This has been particularly noticeable in the area of cultural exchange, a field in which Soviet performance has generally tended to be somewhat perfunctory.

On 24 August, the chief of the Cultural Relations Division of the Soviet Ministry of Foreign Affairs, Sofinsky, expressed interest in negotiating a new cultural exchange agreement before expiration of the current one, which covers 1970-71. If the Soviets follow through, it would mark the first time since 1959 that they have agreed to negotiate a new agreement before expiration of the old one.

In a visit to Soviet Minister of Culture Furtseva on 3 September, the US ambassador found her attitude much more forthcoming than usual as she stressed the importance of cultural relations in paving the way for better political relations. Sofinsky told a new US cultural counselor on the same day that he "was lucky to arrive at a time when his work was going to be much easier than had been the case in the past." Both Sofinsky and Furtseva offered assurances that sev-

eral problems in current cultural exchange programs would be ironed out.

In addition, a high official of the Soviet Chamber of Commerce recently made a plea for closer cooperation with the US Embassy. In a meeting requested with some urgency, he urged greater US participation in Soviet exhibitions next year, and even suggested a comprehensive exhibit of US products, lamenting that the last such US exhibit in Moscow was in 1957. The comments of these Soviet officials mark a striking change in tone and attitude and suggest that they have received their marching orders to encourage more active and visible US contacts. Moscow may hope to demonstrate to Washington that it is more profitable to deal with Moscow than with the "intractable" Chinese, and may also wish to counter the publicity being given to Sino-US developments. In addition, the Soviets doubtless want reassurance that US interest in bilateral contacts has not waned.

The newest round of US-Soviet bilateral talks will get under way in Moscow on 12 October, dealing with US-Soviet naval incidents. In addition Ambassador Dobrynin has informed Secretary Rogers that Moscow is prepared to begin talks on outstanding bilateral maritime issues this fall—a move which was preceded by US relaxation of port restrictions against Soviet vessels. It would not be surprising if Moscow should also seek additional discussions on such subjects as bilateral trade. This would be consistent with Premier Kosygin's comments to US representatives to the "Dartmouth Conference" in Kiev in July, when he lamented the low level of US-Soviet commerce.

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## International Economic Developments

Four weeks after President Nixon's announcements the international financial markets have settled into a relatively stable, although temporary, pattern that is unlikely to be altered before the IMF meeting in late September.

Tokyo remains determined to minimize the yen's revaluation. New restrictions have been placed on capital flows and on the freedom of Japanese banks to buy and sell foreign currencies. Moreover, the Bank of Japan has been intervening directly in the market. As a result, the yen has floated in a relatively narrow band at about six percent above parity.

European currencies are fluctuating within a narrow band, established soon after the 23 August reopening of currency markets. The markets have remained relatively inactive, as many speculators apparently are remaining on the sidelines. The pound has appreciated about 2.5 percent against the dollar, while the mark's value has deviated about one percentage point from its pre-15 August value—eight percent above nominal parity. The French "financial" franc has appreciated by four percent, while the "commercial" franc has hovered near its ceiling, at times requiring official intervention.

French and German differences are still preventing the establishment of a common EC position. In a number of bilateral meetings, in the EC

monetary committee meeting at Brussels, and in a Group of Ten deputy finance ministers meeting at Paris, the major European countries, except France, agreed that a realignment of their currencies is necessary. Nevertheless, there is uncertainty over ultimate US objectives and considerable resentment of US methods.

European discussions of a possible dollar devaluation—primarily as a concession to France—reversed the earlier decline in gold prices. Between the President's 15 August speech and 1 September, gold prices on the London market fell from \$43.00 per fine ounce to \$40.65. This drop reflected the apparent acceptance by speculators that the official price of gold would not be increased. In reaction to the recent suggestions that the dollar be devalued, however, the price of gold rose to \$41.40 by 8 September.

Canada is especially concerned about the impact of the import surcharge, and is the first country to take special measures to assist industries that would be hurt. Early economic indicators show the Canadian economy to be experiencing an upturn, and Ottawa fears that the surcharge would dampen the recovery. On 7 September, legislation designed to maintain employment in industries affected by the surcharge was introduced. In doing so, the Trudeau government rejected actions that could lead to a trade war. [redacted]

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INTERNATIONAL AVIATION: Delegates from around the world gathered in Montreal this week to begin drafting the "unlawful interference" convention that probably will call for the suspension of air services to nations that tolerate air piracy. This drafting session may also be capped by the entry into force of the complementary "unlawful

seizure" convention opened for signature last December. That document, inspired by the US and Canada, has already achieved nearly the requisite ten ratifications. It would require adhering states in which a hijacked plane lands either to extradite or prosecute the aerial pirates. [redacted]

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## NATO Plans Closer Look at Mutual Force Reductions

The Western allies are in the midst of preparations for a special high-level session of the North Atlantic Council (NAC) on 5-6 October. This meeting will decide how to move beyond the bilateral soundings that have been taken with the Warsaw Pact allies this summer regarding mutual and balanced force reductions (MBFR). The preparations to date have been marked by the cautious and skeptical approach of the European allies, based on their feeling that American support for MBFR is dictated essentially by domestic US pressures.

The Europeans are fretting—in private conversations with US officials as well as in the press—about the dependability of the US commitment to the defense of Europe over the long term. Despite reassurances from the US, the convergence of recent events—particularly those associated with the financial crisis—has fed suspicions that MBFR could turn out to be mainly a cover for the large reductions in US forces.

The NAC session in October will probably designate retiring Secretary General Brosio to explore, in talks with Moscow and its Warsaw Pact allies, the prospects for MBFR negotiations. In recent discussions at NATO, the West Germans have reiterated their support for MBFR but have continued to urge a slow, orderly approach, recommending initially limited and verifiable reductions in order to build confidence in the

good intentions of both sides. Although the UK still doubts that any reductions would be compatible with Western security, both Bonn and London are prepared to begin a long and difficult negotiating process. The French, however, remain opposed to MBFR talks. Paris believes that the West should make no cuts in its military forces in Europe until the East-West political climate has vastly improved.

Some of the smaller allies are now assessing more thoroughly the potential impact of MBFR on their interests. A coalition of southern allies—Greece, Turkey, Italy, and Portugal—is emerging, in opposition to any expansion of the geographical coverage of MBFR to include their territory. Their concern is not so much that their forces would be included, but that limitations might be placed on the US presence in the Mediterranean. Norway and Denmark, on the other hand, apparently are not opposed to an eventual extension of MBFR coverage to include their territory.

The allies are likely to continue to look to the US for leadership on NATO's MBFR position. In spite of their hopes for detente and their support for a Conference on European Security, however, the allies will continue to be tormented with uncertainty about how Western Europe's defense would be managed with a reduced US presence.

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## Romania Solicits Diplomatic Backing

Although Soviet-inspired criticism of Romania and Yugoslavia in bloc media has significantly subsided in the last few weeks, covert pressure on Bucharest apparently still continues. The Ceausescu regime has recently made diplomatic demarches in Paris, London, and Wash-

ington to obtain support, but it has not conveyed any urgent concern. Meantime, Ceausescu used recent trips to Romania by high-level representatives of the Japanese and Spanish Communist parties to enlarge on his adherence to an independent course

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The three Romanian demarches were made in Paris on 30 August, in London on 1 September, and in Washington on 3 September. The approaches had a common theme: Soviet pressure on Bucharest is incompatible with major trends toward detente as exemplified by Sino-US rapprochement, the Berlin draft agreement, and widespread interest in a conference on European security.

In each instance, however, the Romanian diplomats did not contribute much in the way of specifics about Soviet pressure tactics. Instead, they cited official anti-Romanian utterances in Soviet bloc media which have included fabrications about an "anti-Soviet axis" in the Balkans under Chinese sponsorship. Speaking with Secretary of State Rogers in Washington, Ambassador Bogdan also claimed that Moscow had exerted economic pressure, but he added that this has been "subtle and difficult to distinguish from hard bargaining."

Bucharest undoubtedly is experiencing pressure from Moscow and its allies. This could easily occur in the economic sector; the Romanians have obstructed Soviet aims but are dependent on the USSR for some key raw materials. At the

same time, however, Bogdan invited Secretary Rogers to visit Romania in the spring of 1972, an indication that Soviet pressure is not yet intolerable. Indeed, Bogdan described the demarches as reflecting his government's view that not enough has been done to make other governments aware not only of Soviet pressure on Romania but also of the threat such pressure poses to detente in general.

The communiqué summarizing the visit of the Japanese party delegation amplified the theme of a new Communist unity in which "there is no need for any center of leadership in the Communist movement in any part of the world." Similarly, the Romanian-Japanese and the Romanian-Spanish communiqués denounced meddling in the affairs of another party, "including support of factions of another party."

Each of these formulations could be construed as being implicitly critical of Moscow and to a lesser extent of Peking. Ceausescu, however, probably sees them as serving to strengthen Romania's claims that its policy toward the Communist movement is impartial, aimed at real socialist unity, and based on correct relations between all parties.

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### Yugoslavs Dig in for Brezhnev Visit

This week Tito took his case for national solidarity to the people in preparation for Soviet leader Brezhnev's visit in late September. Stumping Croatia and Bosnia-Hercegovina, he made impassioned pleas for unity and the rejection of nationalist excesses. Tito clearly wants to produce a convincing display of domestic cohesion as a base for his negotiations with the Soviets, and from first indications, he is succeeding.

Tito's success in past dealings with Soviet leaders has been closely linked to his reliance on firm domestic support against both implied and actual Soviet threats. The internal upheaval caused by the current political reform and con-

tinuing economic problems, however, might appear to Moscow as a rare opportunity to increase Soviet influence in Yugoslavia. This summer Tito has been unflinching in his resistance to subtle Soviet pressures, but Brezhnev's presence in Belgrade will place a premium on domestic order and unity.

Croatia presents the greatest potential for embarrassment; nationalism flared there early last spring. Tito, recognizing the possibility of a revival, arrived in Zagreb last Monday to a tumultuous—and carefully arranged—welcome. He conducted an energetic round of personal politics in the republic, bestowing his favor on moderates

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like Vladimir Bakaric and Mrs. Savka Dabcevic-Kucar, and ignoring Croat leaders who waver in facing down nationalist demands. Tito's strategy seems to be aimed at encouraging the moderate wing to take even stronger measures in defense of Belgrade's policies.

Prior to visiting Croatia, the President stopped off in Bosnia-Herzegovina, which has also been troubled by nationalist agitation within its Croatian minority. In speeches there, Tito stressed the theme of national cooperation in the partisan war against the Germans and condemned

those Yugoslavs who in the past cooperated with foreign enemies because of national animosities.

Meanwhile, Belgrade's media have been laying down a steady barrage of complaints regarding Soviet pressures against the Balkan mavericks. The latest salvo was directed against the *Pravda* Alexandrov article's criticism of China's improved relations in the Balkans. Belgrade is, in effect, warning Brezhnev not to come in expectation of Yugoslav concessions, and reassuring the Yugoslavs that the regime is willing to reject any Soviet pressures. [REDACTED]

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### Mixed Prospects for East European Harvests

Eastern Europe's total grain harvest has rebounded from a 1970 setback and may nearly equal the record of 1969. This, however, is in sharp contrast to the unfavorable prospects for most other crops in the northern countries and in Hungary. East Germany is in the worst position of all the East European countries and for the third straight year may have to increase imports of all agricultural products.

Grain production for this year is estimated to be 12 percent above 1970, and in all countries except East Germany almost certainly will exceed the 1966-70 average level. Production of bread grains is expected to increase 19 percent. The picture is less clear for grains for livestock feed; coarse grain (barley, oats, and corn) may increase as much as six percent. However, the full impact of unfavorable weather conditions on yields, especially in East Germany, Poland and Hungary, is not yet known.

Nongrain crops have not fared as well—except in Bulgaria and Romania—because of poor planting conditions and a summer drought. Important fall-harvest crops like potatoes, sugar beets, late vegetables, and hay are expected to fall below the 1966-70 average level of production. East Germany and Poland will have an especially acute shortage of roughage for feeding livestock

this winter. The only major nongrain crops for which a good harvest is forecast for all countries is oilseed.

East Europe's demand for imported grain through June of next year will drop an estimated 1.5 million tons below the record level of 9.1 million tons imported last year. Good bread grain harvests in the northern countries will lessen import requirements for milling-quality wheat, but a shortage of fodder supplies will increase the demand there for feed grain imports.

If the USSR agrees to provide as much grain to the deficit northern area as the estimated 5.5 million tons delivered in the year which ended last June, imports of free world grain by the northern countries are unlikely to exceed two million tons this year. Western sales of grain to southern East Europe are unlikely, unless Hungary's corn crop turns out to be smaller than currently forecast.

In fact, southern countries may improve their export earnings from agricultural products over the next 12 months. Romania and Bulgaria will be net exporters of grain. In Romania and Hungary increased exports of nongrain crops should more than offset the effects of lower world market prices for grain. [REDACTED]

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## MIDDLE EAST - AFRICA

### Pakistan: *An Excess of Problems*

The Bengali rebels are seriously disrupting key sectors of East Pakistan's economy. Their main impact is on jute, the mainstay of the East wing's foreign trade. Bombings in mills and threats to millworkers apparently resulted in a 15-percent drop in jute goods production in August, with current output only about 25 to 35 percent of normal. Large quantities of raw jute have been destroyed by the rebels and transportation disruptions apparently are preventing re-supply. Exports of jute manufactures from the East wing remain well below prehostility levels, and with the prospects for raw jute exports also poor, foreign consumers may increasingly turn to substitute materials.

Elsewhere the picture is as dismal. Famine remains a possibility in the coming months as movement of food into East wing ports and food distribution within the province fall far short of requirements. Retail sales in Dacca are running only 25 to 50 percent of normal, and few new supplies are arriving from West Pakistan or foreign countries. Worker attendance in Dacca is off 50 percent. Despite an easing of credit, banks are unable to find low-risk borrowers. Recent flood damage to crops and transportation adds to the miseries in the East wing.

The West Pakistani economy, on the other hand, shows viability, especially in the export sector. Foreign sales in the period March-May were 30 percent higher than in the same period last year, and rapid growth apparently continues. Increased sales of cotton products and high-quality rice have accounted for most of the export growth and have helped offset greatly reduced exports to East Pakistan. At the same time, foreign imports have been held well below 1970 levels. Other factors which have helped maintain the West's economy are the use of the large reservoir of foreign aid still in the pipeline,

monetary measures that reduced inflationary pressures, and possibly aid from friendly Arab nations. The burden on foreign exchange reserves also has been temporarily eased by a unilateral six-month moratorium on official foreign debt repayments.

Nevertheless, the West wing faces serious economic problems. Prices of essential commodities reportedly have increased sharply, and unemployment apparently is rising rapidly. Unless import restrictions are eased, industries operating on inventories of raw materials built up from earlier heavy imports may face serious shortages next year. The outlook for new large foreign aid extensions is bleak and foreign debt must be renegotiated. Even Peking reportedly has been "dragging its feet" over more economic support. Military considerations outweigh development financing and planning. Finally, agricultural production in the West wing is expected to decline significantly this year because of drought and insect damage in several areas.

#### *On the Political Scene*

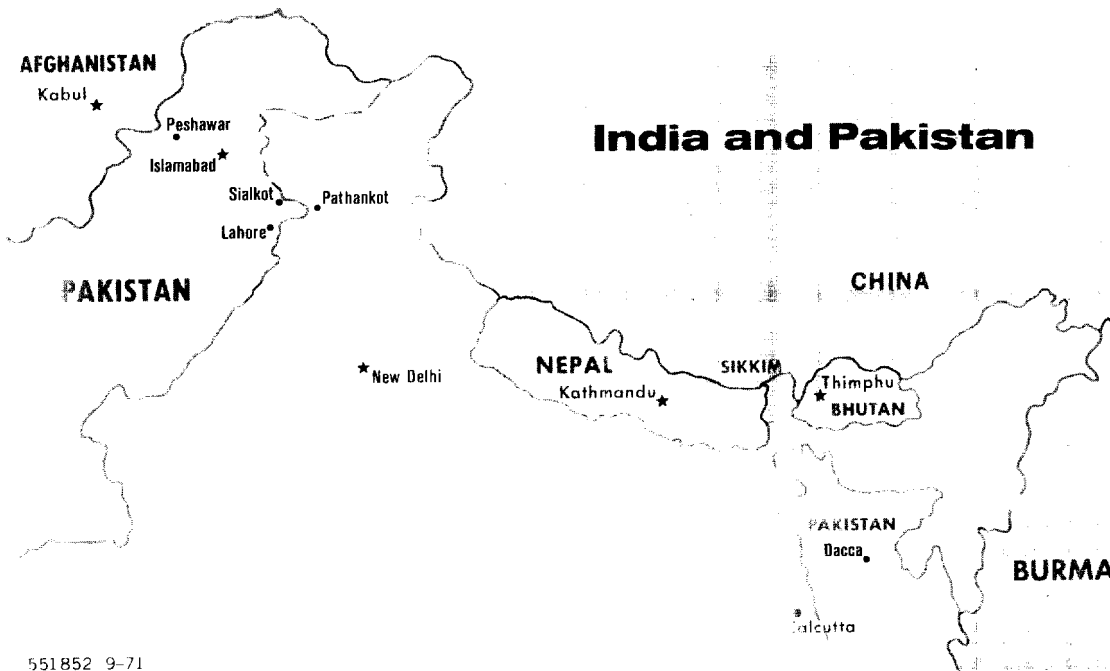
Meanwhile, President Yahya continues his efforts to restore normal political conditions, but he may have concluded that power cannot be transferred to civilians by October, the date he set last June.

The government has extended the time limit for by-elections to fill vacant national and provincial assembly seats from three weeks to four months. Under the new rules, over half the East Pakistani seats might remain empty until January, and it is unlikely that Yahya would attempt to transfer power in such circumstances.

Yahya probably thought he could not keep to his original timetable because of the difficulty of holding elections in East Pakistan. He may also

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have concluded that more time would help in the continuing effort to organize a progovernment party in both East and West Pakistan.

Yahya has issued a general amnesty that apparently applies to all insurgents except those leaders who have already been charged with crimes. It appears unlikely, however, that the amnesty will have much influence on either the guerrilla movement or on Bengali unwillingness to cooperate with military authorities.

*Preparations for Hostilities*

Both Pakistan and India continue to view each other's military intentions with apprehension and are preparing for contingency operations. If hostilities should occur, they probably would start in East Pakistan and quickly spread to the Indian - West Pakistani border area.

According to the US defense attachés in Islamabad and New Delhi, there are several situations that could precipitate hostilities. West Pakistan might be compelled to retaliate against guerrilla safe havens in India if the Bengali insurgents' sabotage campaign becomes more effective. Hostilities could also break out if the guerrillas—either independently or with Indian support—seize some East Pakistan territory, or if India recognizes Bangla Desh and decides to give more overt support to the guerrilla cause. In addition, either India or Pakistan could decide to launch a pre-emptive strike in order to protect its position.

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Pakistan currently has about 200,000 troops along the Indian - West Pakistani border. [redacted] two Pakistani infantry divisions have moved from their cantonment area in Lahore toward the border and they

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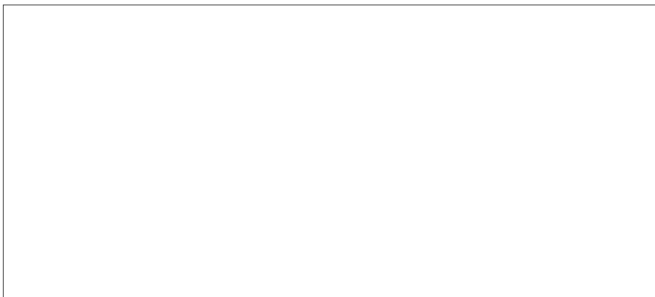
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reportedly have been in position since April. In July, Islamabad moved one infantry battalion from its garrison in Peshawar to Sialkot where it will provide additional support to Pakistani forces along the Pakistan-Kashmir border. Moreover, there is some evidence that Pakistan has begun calling up its reserves and that two new infantry divisions are being formed to replace the two divisions sent to East Pakistan in March.

The Indian Army currently has about 200,000 troops in Kashmir and the Punjab and has been reinforcing them. At least one infantry brigade and one armored brigade have been moved closer to the West Pakistan border. To date, however, there is no evidence that India's only armored division has left its garrison in north central India to move closer to the West Pakistan border.

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The Pakistan Army currently has about 70,000 troops assigned to East Pakistan. In addition, the air force has one overstrength squadron of F-86s at Dacca. In the event of hostilities, these forces would have only limited capabilities, because West Pakistan would have problems reinforcing and resupplying these forces.

The Indian Army has about 100,000 troops assigned to the India - East Pakistan border area. The air force has four fighter squadrons and three fighter bomber squadrons—about 100 aircraft—in the area.

In the event of hostilities, neither Communist China nor the Soviet Union is likely to intervene militarily. Both, however, may undertake threatening moves and will continue to provide arms and equipment to their respective clients.

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CYPRUS: The return early this week of retired Greek General Grivas to Cyprus will probably further unsettle the situation there. Grivas, the military leader of the 1964-1967 struggle for "enosis"—union of Cyprus with Greece—escaped surveillance in Athens and arrived clandestinely on the island. Since his 1967 banishment from Cyprus, Grivas has continually accused Makarios of giving up the struggle for enosis and has called for the President's replacement.

There are some rumors that Makarios believes Grivas went to Cyprus with Greek approval. So far, there has been no serious reaction by either the Turkish Cypriots or Ankara, probably because both are baffled over the implications of Grivas' return. They are unable to determine Greek motives, if indeed Athens is behind Grivas' appearance on the island, or even why Makarios would meet with his archrival. In any event, his presence in Cyprus will almost certainly raise the level of tension between Greek and Turkish Cypriots and endanger relations between Athens and Ankara.

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Makarios has met with Grivas somewhere on the island.



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## Persian Gulf Developments

Clashes between police and demonstrators occurred last week in Oman. At least one thousand workers, including many oil company employees, marched from the port town of Matrah toward nearby Muscat demanding to see Sultan Qabus, the ruler of Oman. The demonstrators, who reportedly looted shops and overturned cars en route, complained of low wages, the high cost of living, and of foreigners—especially Indians—holding the best jobs in the oil industry. Police and security forces used clubs and tear gas to disperse the crowd; one fatality was reported. Although the situation now is quiet, a curfew was imposed for several days and the airport was closed. In an effort to quell the discontent, Sultan Qabus has established a committee to investigate the workers' grievances.

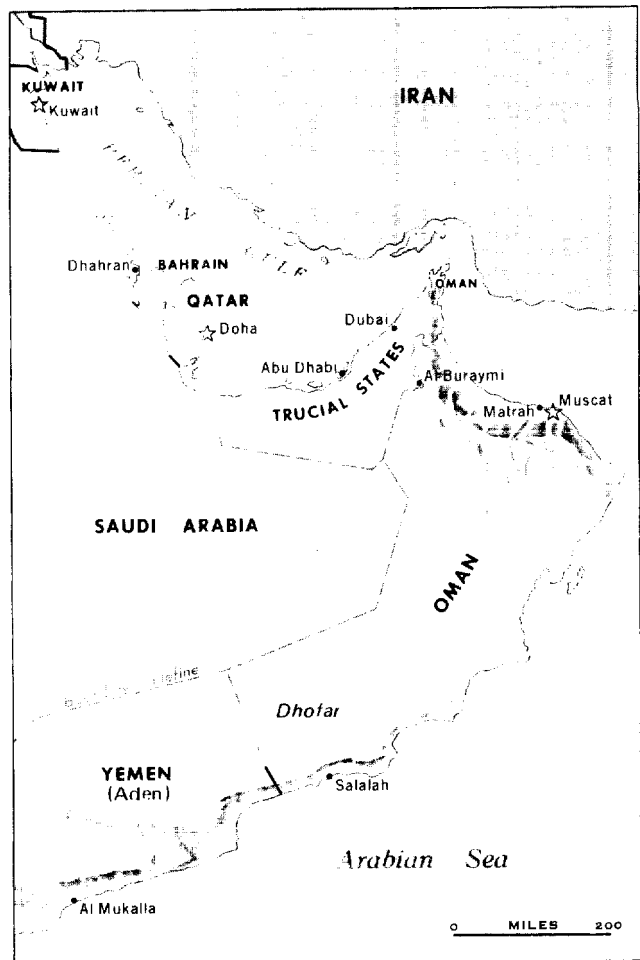
Sultan Qabus took power in Oman 14 months ago in a palace coup against his autocratic father and has been introducing overdue political and social reforms. The complaints of the oil workers are valid, but at this stage of the country's development there is no alternative but to employ large numbers of skilled foreign workers. The Omani regime is already hard pressed by the protracted leftist guerrilla activity under way in Dhofar Province and would be further weakened if urban labor disturbances become more widespread.

In Qatar, the ruler has terminated the special treaty relationship with Britain, dating from 1916, and declared the sheikdom's independence. Qatar has already applied for membership in the Arab League and admission to the UN. It is expected that Hassan Kamal, the Egyptian-born legal adviser to the ruler of Qatar, will be named permanent representative to the UN.

Qatar's action, following a similar course in mid-August by the nearby island sheikdom of Bahrain, ends any hope that a nine-member union of the small Arab amirates can be formed in the Persian Gulf. Qatar, Bahrain, and the seven Tru-

cial States have discussed the creation of a federation since early 1968, when the United Kingdom announced its intention to withdraw militarily and politically from the gulf. The negotiations floundered because of a plethora of traditional rivalries and Bahrain's insistence upon certain constitutional features. Six of the Trucial States have reached tentative agreement on the creation of a union, but Saudi Arabian and Iranian reservations cloud its future.

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## WESTERN HEMISPHERE

LATIN AMERICA: Representatives of all the major Latin American nations declared in Buenos Aires last weekend that it was unjust that they should bear the burden of measures to correct the US balance-of-payments deficit—namely the ten-percent import surcharge—when they were in no way responsible for the deficit. Although only a relatively small percentage of their total exports are affected, the Latin Americans assert that the new US measures penalize the industries with the greatest potential for stimulating economic development. The ninth meeting of the Special Commission for Latin American Coordination (CECLA) at the ministerial level, held at Argentine initiative, resolved to call for the immediate waiver of the surcharge as applied to

developing countries and to seek a firm US commitment on the establishment of a system of generalized preferences for less developed countries by January 1972. The CECLA members agreed to pursue a common strategy in other international organizations and to insist on a greater voice for the developing countries in any international meetings on new monetary arrangements. These unanimous conclusions were introduced as resolutions at the 6 September meeting of the UN Conference on Trade and Development in Geneva. They were accompanied by hard-hitting statements by the Argentine and Chilean representatives that will probably be echoed in other international forums in coming weeks.

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## Halcons Haunt Mexican Government

The government is under increasing pressure to own up to the events of 10 June, when government-sponsored goon squads, "halcones," beat student demonstrators and killed an undetermined number.

President Echeverria has so far managed to keep critics at bay with fast political footwork. He first promised a full investigation of the affair and ousted some top-level politicians, including the regent of the federal district, Alfonso Martinez Dominguez, whose political power was second only to the President's. Over the past month the government has arrested dozens of "porristas," young toughs who had been used by universities and government officials to keep leftist students in line. The effort to control these groups has taken some of the heat off the administration on the halcones issue. Echeverria's promise of a full investigation and assurances to students that they would be allowed to express dissent publicly had a very positive effect on public attitudes toward him and his administration.

The ranks of the skeptics have since grown steadily, especially since the former attorney general issued progress reports claiming to find no official basis for the halcones. Much of the credit Echeverria had gained has now dissipated. Exten-

sive advertising of Echeverria's state of the union address as the "voice without secrets" revived public expectation of forthrightness in his speech on 1 September. The President, however, alluded only delicately to the incidents of 10 June. He left it to Attorney General Pedro Ojeda to state later that the investigation is being accelerated and that a report will follow "soon." Ojeda took office only three weeks ago, when his predecessor became the most recent political victim of the June events. Student leaders have presented Ojeda with their own report that they claim proves a link between the halcones and the federal district government. Most dailies have been prodding the government and the bitterly antigovernment weekly, *Por Que?*, ran a series of photos allegedly showing armed halcones beating and firing on students. Last week the magazine attacked the government in unusually strong terms and predicted uprisings if those responsible go unpunished.

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ECUADOR: The government is beginning to take a more active interest in controlling both drug abuse within Ecuador and the smuggling of narcotics through it to the US. One year ago a stronger and more comprehensive law dealing with drug control was put into effect, and since that time the newly established National Department of Narcotics Control has begun to improve the system of accounting for legal drugs and the public education program. Despite these initial

steps, however, serious problems remain. Because enforcement is a responsibility of the National Police rather than the Narcotics Control, inter-agency rivalry hampers effective enforcement. In addition, the police, especially at the border, are riddled with graft and corruption. President Velasco has taken a personal interest in the anti-narcotics campaign, but he would have to bring the full weight of his office to bear before more than a token improvement could be effected.

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Uruguay: *The Great Escape*

The Tupamaros' spectacular mass prison break on 6 September was a serious political setback for the Pacheco government. The administration's reaction has yet to suggest any new initiatives that might begin to restore the public's now badly undermined confidence in the government.

A total of 111 prisoners, including 106 Tupamaros, tunneled their way to freedom in a characteristically adept terrorist operation. [redacted]

[redacted] stolen vehicles were used to transport the escapees after the nine-hour operation was completed. Almost all of the top leaders of the Tupamaros escaped; some had been in prison for several years.

The government's inability to operate an effective detention system has been obvious for some time. In March of 1970, 13 female Tupamaros were freed. The transfer of responsibility for the prisons from the lax Ministry of Culture to Interior has had little practical effect. A Tupamaro tunneling effort in January was washed out by rains; a simple ruse sufficed to free a Tupamaro leader in July, and later that month 37 female Tupamaros escaped.

The latest breakout left security forces in a state of shock and dismay. In contrast to the reaction to earlier spectacular operations by the terror-

ists, few countermeasures were apparent after this jailbreak. Main roads were not controlled, roadblocks in the capital were not in evidence, and there was little indication of any intensive search efforts. The press has reported government arrests in the wake of the escape, but the administration has not claimed to have recaptured any of the escapees. The resignations of the ministers of interior and defense, and that of the director of prisons, have been offered and at least the latter seems likely to be accepted.

The government's public response has been pro forma. Official communiqués have re-emphasized the Pacheco administration's determination to hold the general elections scheduled for 28 November, and reiterated its commitment to maintain internal security. The measures set forth include a more active role for the armed forces, the banning of all but government-approved political demonstrations, and a warning to all citizens to carry identification at all times. Most of these controls, however, were being implemented prior to the escape.

The latest government bungle comes just after President Pacheco had announced his intention to run for re-election via a constitutional amendment permitting a second term. This episode all but destroys his prospects for a successful bid. [redacted]

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BOLIVIA: Government harassment has thus far succeeded in keeping extreme leftist opposition groups off balance and demoralized. After initiating sweeping campaigns against the National Liberation Army (ELN) and labor leaders involved in "conspiracy and political activity," President Banzer coupled a conditioned guarantee of freedom of action for all political parties with a warning that individuals who attempt to create chaos and anarchy "will be pursued and imprisoned." Political prisoners considered too dangerous for release or exile are being isolated at remote work camps.

[redacted] The Communist parties' role in the recently announced Revolutionary Resistance Front, which has called for an armed struggle, is unclear. The Banzer regime seems determined to take effective pre-emptive measures against those it fears might initiate an urban terrorist campaign. [redacted]

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### Chile: *Allende's Tour de Force*

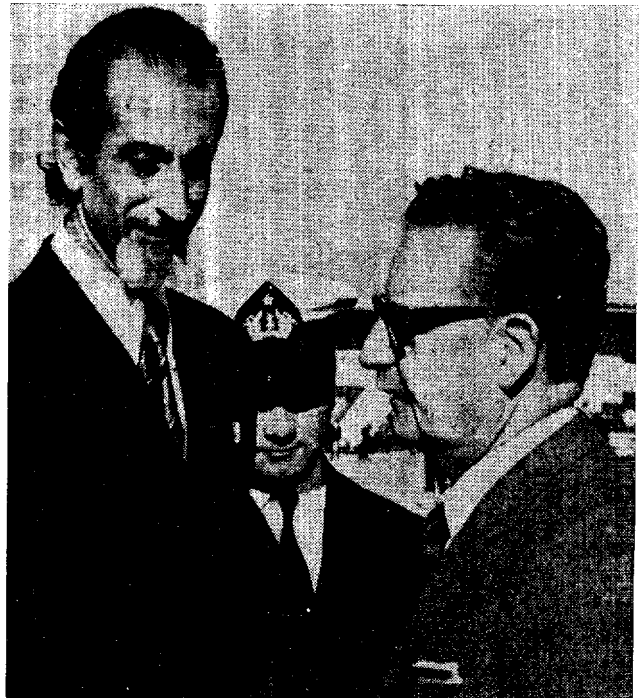
President Salvador Allende's official visit to Ecuador, Colombia, and Peru has amply illustrated his command of diplomatic wit and political finesse both at home and abroad. As Allende was alternately charming and alarming in conservatively governed Ecuador and Colombia—between state and social functions he met privately with opposition leaders in those countries—his vice president at home was hard lining as Allende had never dared to be. In leftward-leaning Peru, Allende sensed an incipient community of interest and restricted himself to official meetings and joint statements.

Ecuador's populist President Velasco Ibarra, every inch a gentleman of the old school, overcame his irritation at Allende's pointedly socialist rejection of formal dress, but was clearly dismayed that strategically placed crowds cheered Allende more enthusiastically than they cheered their own President. The Ecuadorean Government was further distressed to see leaders of the country's most troublesome opposition group, the Federation of Ecuadorean University Students, parade into the Chilean ambassador's residence for what the press described as a "secret meeting" with Allende. By the time Allende had reached Guayaquil for his final day in Ecuador, his hosts had prevailed upon him to cancel a potentially explosive visit to the university, and he complied, claiming illness.

It was in Colombia that the Chilean president was at his divisive best. The leadership of the Conservative Party, which had failed in a half-hearted attempt to get President Pastrana's invitation to Allende withdrawn, virtually boycotted the visit. Many leaders of both wings of the Liberal Party, which participates in the ruling coalition with the Conservatives, also stayed away. Pastrana's passable, if restrained, welcome for Allende endured throughout the visit's five days, although Allende managed to meet with National Popular Alliance (ANAPO) mentor and principal opposition leader Gustavo Rojas Pinilla,

as well as with former ANAPO maverick Jose Ignacio Vives and representatives of Colombian labor. Allende also managed to antagonize Colombian church leaders by serving as godfather at the baptism in Bogota of two children named Raul and Fidel Castro. All told, Pastrana and his government in general have been left off balance by Allende, with opposition leaders Rojas and Vives both claiming to have received the official visitor's blessing.

As Allende was enjoying a remarkably low-key welcome from Peruvian President Velasco Alvarado—a cautious Andean friend—and attending state functions in Lima, Vice President Jose Toha was railing against US economic policy and a variety of other foreign and domestic measures



Interior Minister Jose Toha (left), who serves as vice president during the absence or incapacitation of the chief of state, sees President Allende off on his Andean junket.

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that he charged were hindering Chilean development. In a much more reserved tone, Allende and Velasco took up the same theme in a carefully worded joint declaration issued in Lima. The government of Peru, unlike the governments of Ecuador and Colombia, appeared to derive some benefit from Allende's visit, largely in terms of strengthening its emerging Third World posture.

On his slow return to Santiago, during which he whistle-stopped and banqueted his way half the length of Chile, Allende felt sufficiently emboldened by his enthusiastic reception home to blame changes that had occurred during his absence on US economic dominance. Celebrating both his trip and the first anniversary of his

election to the presidency, Allende mused lengthily on the crumbling of ideological frontiers, heaping effusive praise on Peru's Velasco and recalling his recent meeting with Argentina's Lanusse as well. The boost in Allende's prestige that his trip gave him on the home front was probably a boon for the Communist Party (PCCh) in its intracoalition struggle with the Socialist Party (PS). Throughout his visit, Allende adhered closely to the moderate PCCh line, at no time betraying his origins in the more radical PS. On the whole, Allende solidified his Marxist credentials and improved his international standing in anticipation of the long-delayed visit to Chile of Cuba's isolated Fidel Castro.

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Violence Threatens Honduran Government

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The escalation of violence on the part of leftist students and teachers, despite substantial concessions from the government, indicates that the demonstrators are being used by forces who hope to weaken the "unity government" or even provoke a military take-over. The degree of violence and sustained disruption far outstrips the combined capability of the weak, fragmented Communist movement, the embryonic Christian Democratic group, and students whose members make up most of the demonstrators.

It is becoming increasingly clear that continued violence may lead to a military take-over.

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Furthermore, demonstrators could have seized on the concessions granted by the government to claim a victory and cease operation, if that were truly the aim of the instigators. The demonstrators stand to gain little more of their ostensible aims, yet to their original demand for the complete cancellation of the US-sponsored educational assistance contract, they have added other demands that would in effect give radical elements control of the educational system.

The persons to benefit most from such a turn of events would be General Lopez and the group that surrounded him during his term as president, especially the present minister of government, Ricardo Zuniga, the *eminence grise* of the Lopez regime.

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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Peking's Drive to Offset Soviet and US Influence in Europe*

**Secret**

**№ 43**

10 September 1971  
No. 0387/71A

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## PEKING'S DRIVE TO OFFSET SOVIET AND US INFLUENCE IN EUROPE

As part of Peking's ongoing competition with Moscow and Washington, the Chinese over the past decade have attempted to exploit changing international developments in order to improve China's relatively weak standing abroad. Throughout the early sixties Peking devoted considerable attention to the Afro-Asian third world, where the emergence of newly independent states raised Chinese hopes that these states might be inclined to lean toward China and away from Washington and Moscow. Although maintaining a continuing interest in the Afro-Asian world, the Chinese have noticeably shifted attention to the economically and politically more powerful states of West and East Europe during the past two years. Most significantly, Peking has taken an increasingly positive attitude toward what it sees as more assertive and independent policies developing among many European states against the dominant influence of America and Russia on the continent. Seeing a common interest with these states against the superpowers, the Chinese have focused particularly on wooing the more important, independent-minded governments, notably France, Romania, and Yugoslavia, while also making significant gains with long alienated, but potentially friendly states, such as Great Britain.

The Chinese appear to believe that this new posture will not only enhance their general international leverage and reinforce their long-standing claim to be a major world power, but will also outflank the Soviet Union and the United States in Europe. Peking calculates that both powers consequently will be forced to devote increased attention to their own positions in Europe and more importantly, will presumably be less able to maintain or increase their continuing diplomatic effort against, and military encirclement of, China.

The Chinese, of course, recognize that geography, as well as their comparative lack of political and economic resources, precludes any major catalytic or leadership role for China in directing European nations away from Washington or Moscow. Peking nevertheless plans to expand its discreet but growing position on the continent. The positive results of Chinese efforts over the past two years, together with the likely growth over the long term of the desire and potential of European states to be free from great power influence, seem to augur well for further Chinese progress.

### *Peking's Perspective on Europe*

China's recent active approach to Europe stands in sharp contrast to its unenthusiastic and sparse effort there over the past two decades. For many years, Peking's European policy remained

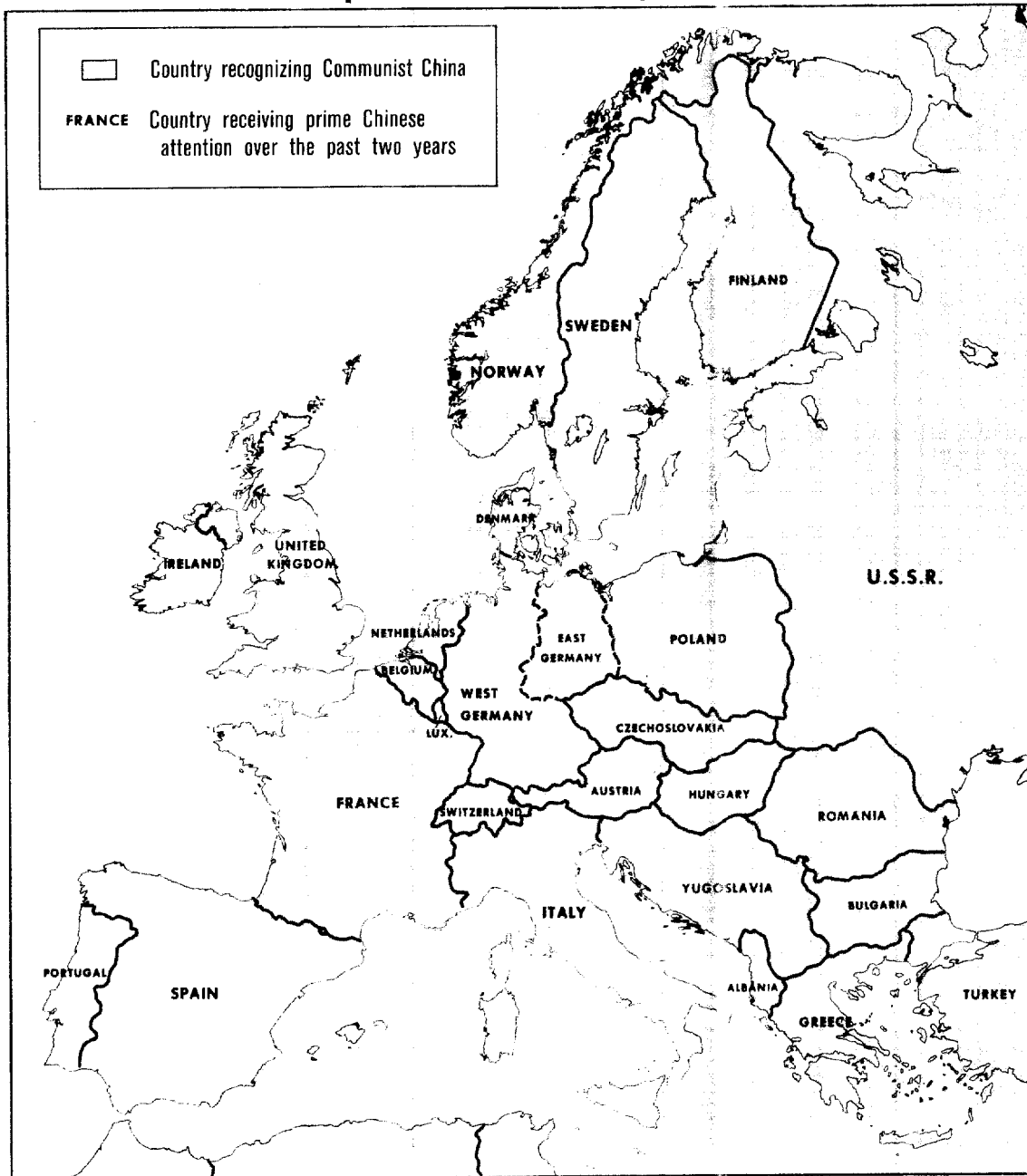
strictly constrained by a lack of common interest between China and the countries of Europe and by the wide divergence of Peking's ideological views from those of most European states. By and large, Peking remained preoccupied with its national survival and developments in Asia and

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### Chinese Communist Representation in Europe



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devoted overwhelming attention to events there. Ideologically, Peking generally viewed Western Europe as a bastion of capitalist states aligned closely with China's chief enemy, the United States. Eastern Europe, on the other hand, was seen at first as a private Soviet domain; later, as the Sino-Soviet dispute developed, it was regarded for the most part as a collection of lackluster regimes obediently following the lead of Kremlin "revisionists." Although there were some noteworthy instances of Chinese attention to European affairs, such as Peking's brief efforts to cultivate East European regimes following the Polish and Hungarian uprisings in the mid-fifties and its attempt to entice diplomatic recognition from France in the early sixties, China generally viewed the continent as an area of low priority.

By the mid-sixties, China's European interests were confined chiefly to small footholds in East and West Europe. Among Communist states, China remained on close terms only with Albania. Peking's increasingly heavy-handed posture in the Sino-Soviet dispute rapidly undermined all but a facade of good relations with the fence-sitting Ceausescu government of Romania. In Western Europe, Peking focused chiefly on maintaining correct diplomatic ties with a few chosen states, notably the Scandinavian countries and France, while gradually developing commercial ties with economically more important states such as West Germany and Great Britain.

This selective but weak position was further undermined and disrupted as China retreated into an isolated and rigidly ideological shell during the Cultural Revolution. All Chinese ambassadors in Europe were recalled, and diplomatic activity in Peking and abroad came to a virtual halt, removing even the thin veneer of diplomatic courtesy that had previously covered Peking's strong differences with most European states. More important, shrill Chinese protests and violent demonstrations in China seriously tarred Peking's international image and resulted in severe strains with a number of important European states. British officials, for example, were driven out of

their chancery in Peking, and the building was sacked and burned in August 1971 by a Chinese mob protesting British policy in Hong Kong. The



**Red Guard Diplomacy: Chinese demonstrators in front of British chancery; interior of chancery after it was burned by demonstrators in August 1967.**



following year, sharp Chinese attacks against the De Gaulle government because of its suppression of antigovernment disturbances all but destroyed previous efforts by Paris to keep a cordial face on Sino-French relations.

In East Europe, Peking's increasingly strident position vis-a-vis the USSR made it extremely difficult for any bloc state to maintain a working relationship with the Chinese; the independent Tito regime remained alienated because

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of persistent Chinese diatribes against Yugoslav "revisionism." Consequently, it was hardly surprising that tentative plans by states such as Italy and West Germany to establish more effective trade ties or formal diplomatic relations with Peking did not get much beyond the planning stage.

*Toward a New Policy*

This implacable and almost completely unproductive Chinese posture changed abruptly following the Soviet invasion of Czechoslovakia in August 1968. Peking, concerned over possible similar Soviet action against China, adopted an increasingly pragmatic and conventional foreign policy approach to deal with what it now saw as menacing Russian pressure directed against it. Although the prime portion of China's new effort was diverted to parrying Soviet military and political pressures in Asia, Peking also began to take some small but significant steps to improve its position in Europe. Peking voiced particular concern at the time that the USSR and the US were about to achieve a political detente in Europe that not only would exclude China's influence from the continent, but also would free both powers to devote greater attention to their mutual adversary, China.

To forestall this, Peking acted quickly to restore its strained relations with key European states. Specifically, the Chinese strove to develop what they now considered an important common cause with European states that were similarly attempting to protect their interests against Soviet or US might. Immediately following the Czechoslovak crisis, for example, high-ranking Chinese officials publicly reassured the Romanian Government—another target of Soviet pressure—of China's continued political support. At the same time, China began the first step of what was to become an unprecedented improvement in Sino-Yugoslav state relations by ceasing its long-standing vituperative attacks against the Tito government. In West Europe, the Chinese backed away from their hard position against the De Gaulle government and started to publicize

favorably the French President's criticism of US and Soviet pressure on European states.

In the following months, Peking underlined its support for Romania by sending an emissary—the first high-ranking official to travel abroad since the start of the Cultural Revolution—on a well-publicized visit to Bucharest. Peking then warmly received a visiting Yugoslav trade delegation and signed its first formal trade agreement with the Tito government in ten years. Elsewhere in East Europe, Peking resorted chiefly to well-timed and relatively sophisticated propaganda criticizing Moscow's heavy-handed policy, hoping to capitalize on anti-Soviet feeling following the Czechoslovak crisis. Meanwhile, Peking began a cosmetic restoration of its diplomatic ties with West European states, and started to return ambassadors to diplomatic posts there.

China's policy initiatives toward Europe truly accelerated after the start of Sino-Soviet border talks in Peking and the Sino-US ambassadorial discussions in Warsaw in late 1969. In undertaking these talks, Peking apparently judged that it must first reduce its dangerous frontier problem with Moscow and assess the seeming rapid change in US intentions vis-a-vis China's critical interests in Asia before devoting large-scale attention to a less immediately important area such as Europe. Apparently reassured, following the start of these discussions, Peking began to increase the pace and scope of its new European approach.

*Recent Gains in West Europe*

Perhaps the most significant departures in Chinese policy have been made toward the economically and politically powerful states in West Europe. Most notably, the Chinese have greatly expanded their diplomatic contacts with France; they gave a warm reception to a visiting French cabinet minister in July last year, and later received former foreign minister Couve de Murville. As a reciprocal visit, the Chinese this July announced that they would send a high-ranking

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official delegation to Paris later this year. More recently, there has been speculation in France that President Pompidou may visit China in late 1972 or 1973.

Peking also has increasingly muted its previous unproductive support for noisy Maoist political groups in France and elsewhere in West Europe in an apparent attempt to improve further its image with the ruling governments. While some signs of French discontent with China remain, particularly over the continuing meagerness of Sino-French trade, Peking continues to give a top priority to enhancing and publicizing its cordial political ties with the Paris government.

More surprisingly, over the past year the Chinese have shown an unprecedented interest in improving their long-cool relationship with Great Britain. Late last year the two sides began a series of high-level diplomatic discussions designed to remove outstanding disagreements and open the way to raising their diplomatic relations to the ambassadorial level. Although some bilateral problems remain, considerable progress has been achieved in eliminating ill feeling caused when the British detained Chinese Communist agitators in Hong Kong in recent years. London, for its part, now appears to be willing to close its consulate on Taiwan and adopt a pro-Peking posture in the United Nations—two preconditions China has long demanded before the establishment of ambassadorial relations. The Chinese press has muted many of its previous allegations that the British blindly follow Washington's lead in international affairs. With increasing frequency it now casts London in the role of an independent European power, safeguarding the interests of the continent against US pressure. In line with this, Peking has dropped its previous public ideological opposition to the Common Market, and has hailed British efforts to join the European Community, citing this as a further step in the development of a European force capable of asserting independence from the US and USSR.

Elsewhere, the Chinese have attempted to strike a forthcoming posture in order to pick up

additional diplomatic recognition and advance their international interests, particularly in the UN. Peking's compromise on a recognition formula with Canada last year was widely hailed in Europe. Italy, Austria, and Turkey have subsequently recognized Peking; Belgium and perhaps other states are moving in China's direction. Aside from the recognition angle, Peking is also interested in trade with certain European states. This summer the Chinese welcomed a large Italian economic and trade delegation for talks in Peking.

In contrast to its policy toward the majority of the larger states in West Europe, China's relations with its most important European trading partner, West Germany, remain frozen. Although China almost certainly sees the West German Government as a potentially useful friend in its search for international leverage, the Chinese have not substantially abandoned their previous distaste for official relations with Bonn. In fact, Peking over the past year has occasionally criticized the Soviet Union in strong terms for its attempts to come to terms with the West Germans. The Chinese apparently hope thereby to generate anti-Soviet feeling in East Europe, particularly in Pankow. Ostpolitik remains a sensitive subject for the Chinese; they see in it a way for the Soviet Union to consolidate—and expand—its position in Europe, and there is little chance Peking will attempt to woo Bonn while the opening to the east remains the centerpiece of West German foreign policy. Nonetheless, China's chief current interest in West Germany is trade, and Peking has not let the lack of formal relations with Bonn interfere with the large Sino-German trade flow.

#### *Slower Advance in the East*

In East Europe, Chinese progress in building its influence has been less rapid, largely as a result of the firm control Moscow exerts on the foreign policy of most of these states. Last year, diplomats in Peking reported that China was attempting to cultivate the East German and Polish governments, but these initiatives subsequently withered on the vine. More recently, China has shown interest in the Kadar regime's quiet quest

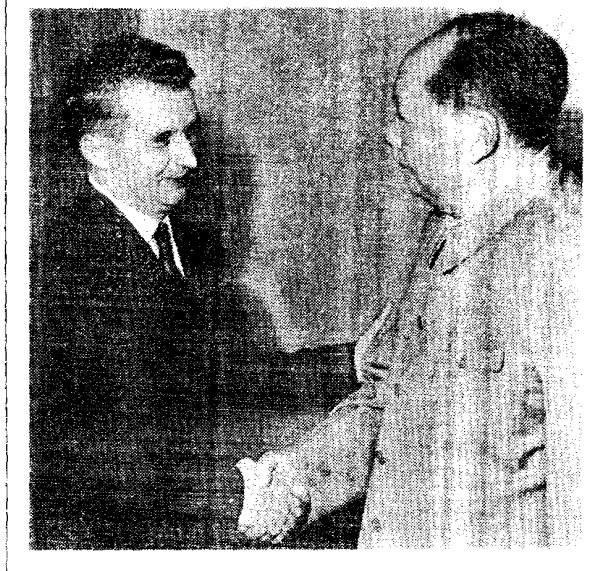
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Mao greeting former French premier Couve de Murville (above) and Romanian President Ceausescu (below)



for increased freedom for maneuver, but Moscow in the past month has intervened directly to warn

Budapest against overly friendly ties with Peking, leading to the cancellation of a projected trip by a Hungarian minister to China. As a result of Soviet obstruction, Peking generally has had to content itself with consolidating relations with the more independent-minded governments of Romania and Yugoslavia, together with China's long-time ally, Albania. Late last year, Peking signed a large aid package with Bucharest,

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marking China's first formal aid to a Warsaw Pact state since 1957. This spring, President Ceausescu received unusually lavish treatment during an eight-day tour of China, including an extraordinary personal escort by Chou En-lai. Chinese statements during the visit not only underlined close government ties with Romania, but publicly recognized Bucharest as a true Marxist-Leninist state—an extraordinary display of Chinese ideological flexibility because Peking privately still regards the Romanians as "revisionists."

On the heels of the Romanian visit, a Yugoslav delegation led by Belgrade's foreign secretary arrived in Peking for a well-publicized visit. This meeting consolidated state and economic relations between the two countries, although the Chinese earlier drew an ideological line by ignoring Yugoslav suggestions aimed toward re-establishing party ties. The Chinese, nonetheless, have shown considerable flexibility even on this score by scrupulously avoiding any public reference that might offend the Yugoslavs' view of themselves as responsible Communists.

With respect to Albania, the Chinese have continued their large-scale economic and military assistance program, including the provision of MIG-21 fighters. The Chinese also have encouraged Tirana's efforts over the past year to expand its diplomatic ties among neighboring Communist states and in West Europe. In fact, a number of reports since the turn of the year have stated that Peking was actively encouraging closer ties among Tirana, Bucharest and Belgrade. Although the Chinese almost certainly are well aware that the governments concerned are chary

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about forming such a grouping, which for one thing could easily be construed as an anti-Soviet minibloc, Peking clearly hopes that improved ties among the three will help increase China's interests in the area.

*China's Goal—"Europe for the Europeans"*

Frequently in the past, Peking has been remarkably secretive regarding its foreign policy plans, but recent Chinese press commentary and private remarks by Chinese officials have clearly delineated China's intentions concerning its new, positive posture in Europe. For one thing, the Chinese say they are increasing contacts with West European states in order to expand trading opportunities and, accordingly, to allow China more readily to obtain hard-to-get sophisticated industrial products at more favorable prices. At the same time, widened diplomatic contacts in Europe significantly improve China's general international image, strengthen its claim to be a major world power and, particularly, reinforce the present trend in favor of Peking's terms for admission to the UN.

Aside from these obvious goals, the Chinese have shown that the prime thrust of their policy is to encourage European states to develop and expand a self-interested, independent posture, free of the dominant influence of the US and the Soviet Union. Recent favorable Chinese commentary on the proposed expansion of the Common Market and Peking's encouragement of closer ties among maverick Communist states in the Balkans suggest that China wants European states to work more closely with each other, and presumably also with China, in order to assert an independent policy more effectively. As if to back up the commentary and encourage greater independence, the Chinese sent out queries earlier this year concerning the possibility of establishing their own formal relations with the Common Market in Brussels.

In forming its appeal to the states of both Eastern and Western Europe, Peking has empha-

sized repeatedly that it is not a superpower, and that China has a common interest with the European countries in fending off pressures from both Washington and Moscow. This is an appeal tailored to gain a response from Europe rather than the underdeveloped areas of the world, and it has undoubtedly struck a responsive chord, especially in France and Romania. Nevertheless, Peking's attention to the independence and national interest of European states does not derive from any altruistic concern for the rights of current governments there—it still regards most of them as unsavory bourgeois or revisionist regimes—but stems from the practical benefits China hopes to derive.

The Chinese, of course, fully realize that they have little to offer in the way of economic enticements or political guarantees that would, by themselves, encourage any European government toward an independent posture. As a result, the efforts of wooing the Europeans to date have been oriented to the argument that the future of Europe should be decided by the Europeans themselves. This does not mean, however, that Peking intends to stand on the sidelines. On the contrary, Peking clearly intends to continue to strive for an influential but discreet role by encouraging the recent growth of European assertiveness and by inserting itself whenever possible into the changing and potentially fluid political situation on the continent. The success of this policy depends primarily on the internal development of independent policies by European states, but it also will be based on the skill with which China can curry their favor. Thus far, the Chinese track record in this regard has been good. If Peking plays its cards right, it may well make further gains and eventually achieve a considerably more influential position on the continent, even though the geographic and economic facts of life ultimately seem likely to prove a naturally limiting factor on this expansion of influence.

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