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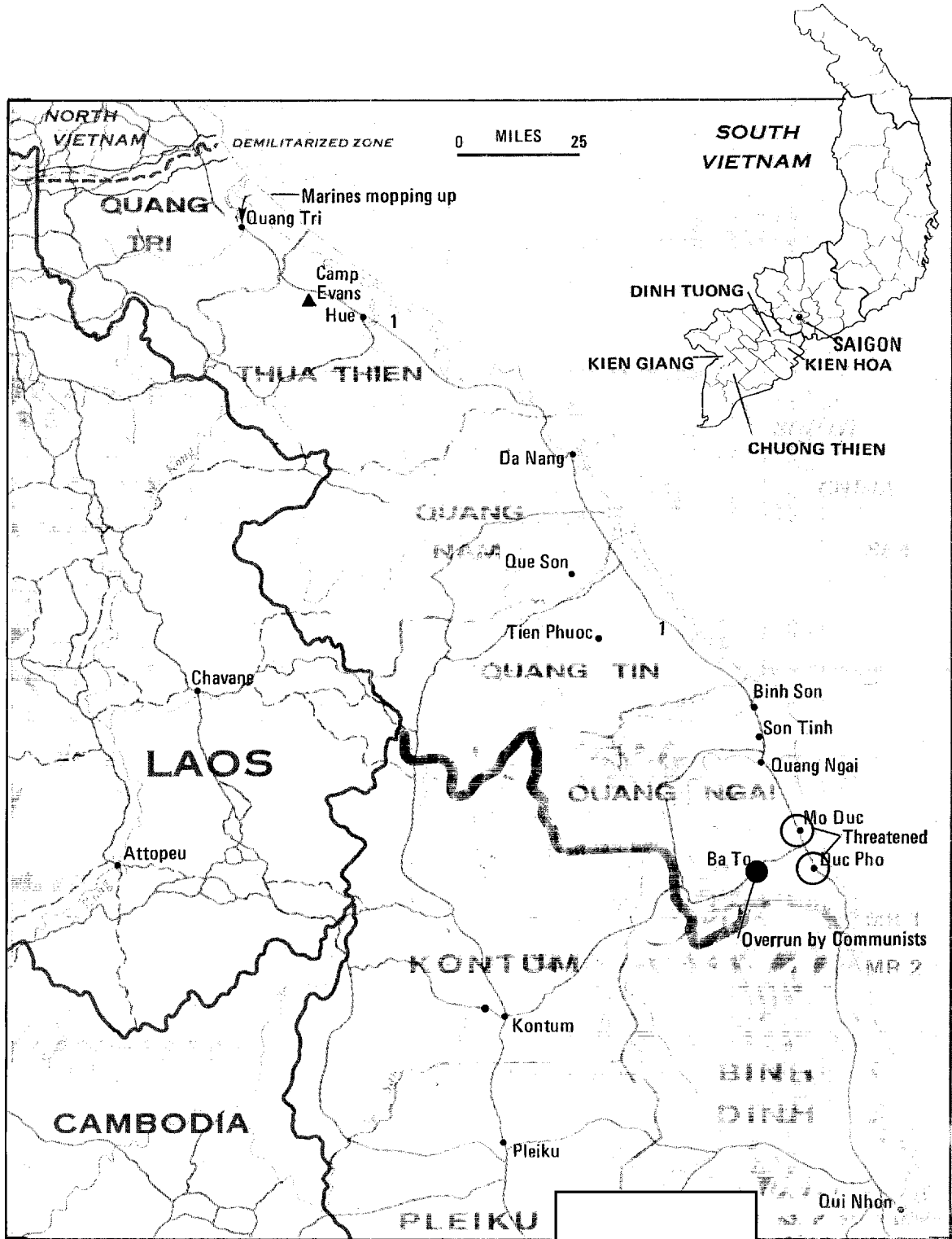
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VIETNAM: Enemy troops have overrun the district capital of Ba To in Quang Ngai Province. They also are threatening two more district seats--Mo Duc and Duc Pho--and are readying additional forces farther north for attacks in Son Tinh and Binh Son districts. The Communist attacks are being conducted by units from the enemy's 2nd Division which was brought into the area from the central highlands in late June.

South Vietnamese 2nd Division troops so far have had little success slowing the enemy's advance. General Truong, the government's commander for Military Region 1, reportedly considers the situation critical and is planning to send reinforcements if further setbacks occur.

In Quang Tri Province, South Vietnamese Marines continue their efforts to eliminate remaining pockets of enemy resistance in the citadel. Fighting was moderate in the provincial capital, where South Vietnamese ranger and airborne troops reportedly have captured several tons of Communist weapons and ammunition.

There are additional indications that the Communists may be planning to attack government positions in Thua Thien Province in an effort to divert South Vietnamese units from the Quang Tri area.

In the delta, Communist units kept up their pressure against government outposts, hitting several of them in Dinh Tuong and Kien Hoa provinces and farther south in Chuong Thien and Kien Giang. Many of the other small unit attacks were aimed at transportation routes.

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LEBANON: The country's delicate and complex political structure could once again be shaken, if a clash between the fedayeen and the army is not averted.

Meetings between representatives of the fedayeen and the Lebanese Government, led by Yasir Arafat and Prime Minister Salam respectively, have been taking place since Sunday, and both sides have made conciliatory statements. The information office of the Palestine Liberation Organization in Beirut has stated that the army's "request" to the fedayeen to evacuate their strongholds in the south was not cast in the form of an ultimatum. Nevertheless, incidents between army units and fedayeen could easily occur and very possibly jeopardize any deal reached between Arafat and Salam.

Moreover, since Lebanon's two main political groups--the Sunni Muslims and the Maronite Christians--are sharply divided over fedayeen activities, a direct clash between the army and the fedayeen could precipitate the collapse of the government and perhaps even civil war. Radical Sunni Muslims and leftists in Parliament are now calling for complete freedom of action for the fedayeen in Lebanon, and this theme has been echoed in Palestinian, Egyptian, and Syrian propaganda directed to Lebanon. On the other hand, the Christians and the Shia Muslims of the south, who have borne the brunt of Israeli retaliation, are supporting the army's efforts to keep the fedayeen out of populated areas near the border. Serious disturbances occurred in 1969 and 1970 as a result of government efforts to curb the fedayeen, and the country was without a formal government for seven months during 1969.

Meanwhile, Arab fears that Syria might be the next Israeli target were reflected in an announcement issued yesterday by the council of ministers

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of the Confederation of Arab Republics (CAR), which includes Syria, Libya, and Egypt. The CAR's communiqué stated that any aggression against one of its member states would be considered as an attack on the entire confederation. The announcement is largely rhetorical, and there is no doubt that Egypt is reluctant to become involved in any military action with Israel. Nonetheless, if a large-scale attack against Syria were mounted by Israel, Cairo might be forced to make some kind of token move in support of Damascus.

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CHINA: Peking apparently has sharply reduced the scope of its rustication program in response to popular and political pressures.

The official Chinese news agency (NCNA) announced on 10 September that 400,000 young people have been sent to the countryside this year. This figure represents a significant decline. During the three preceding years, it is estimated that well over three million youths were assigned each year to live and work in rural areas. NCNA's figure probably is close to the total for this year, because the announcement was timed to include assignments of recent high school graduates this past summer. Indeed, travelers from the south China city of Canton reported that only 30 percent of these students received rural assignments while 70 percent have been assigned to work in factories in the city. In the past these percentages have been reversed.

The cutback probably results from a directive issued last February by the party central committee liberalizing the rustication regulations. [redacted]

[redacted] the directive stipulates that young people may be reassigned to the cities if they are ill, if they have good work records in the rural areas, or if they are the only child in the family.

Originally conceived as a means to spur development in the backward rural areas, rustication in recent years has been used to punish recalcitrant Red Guards, maintain discipline over other rambunctious youths, and alleviate urban unemployment. The program has created more problems than it has solved, however. Disgruntled young people, unaccustomed to the rigors of primitive rural life, have returned to the cities illegally and in unmanageable numbers and have resorted to crime to

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support themselves. Their presence in Canton contributed to a security breakdown in that city this summer. Rural authorities responsible for controlling rusticated young people have in some cases refused to accept any more assignees.

The rustication policy has been attacked at the highest levels of the Chinese leadership. A document circulated last spring as part of the effort to denigrate former defense minister Lin Piao condemns the program as labor reform. The regime's decision to relax the unpopular program is probably based in part on a desire to defuse further criticism. [REDACTED]

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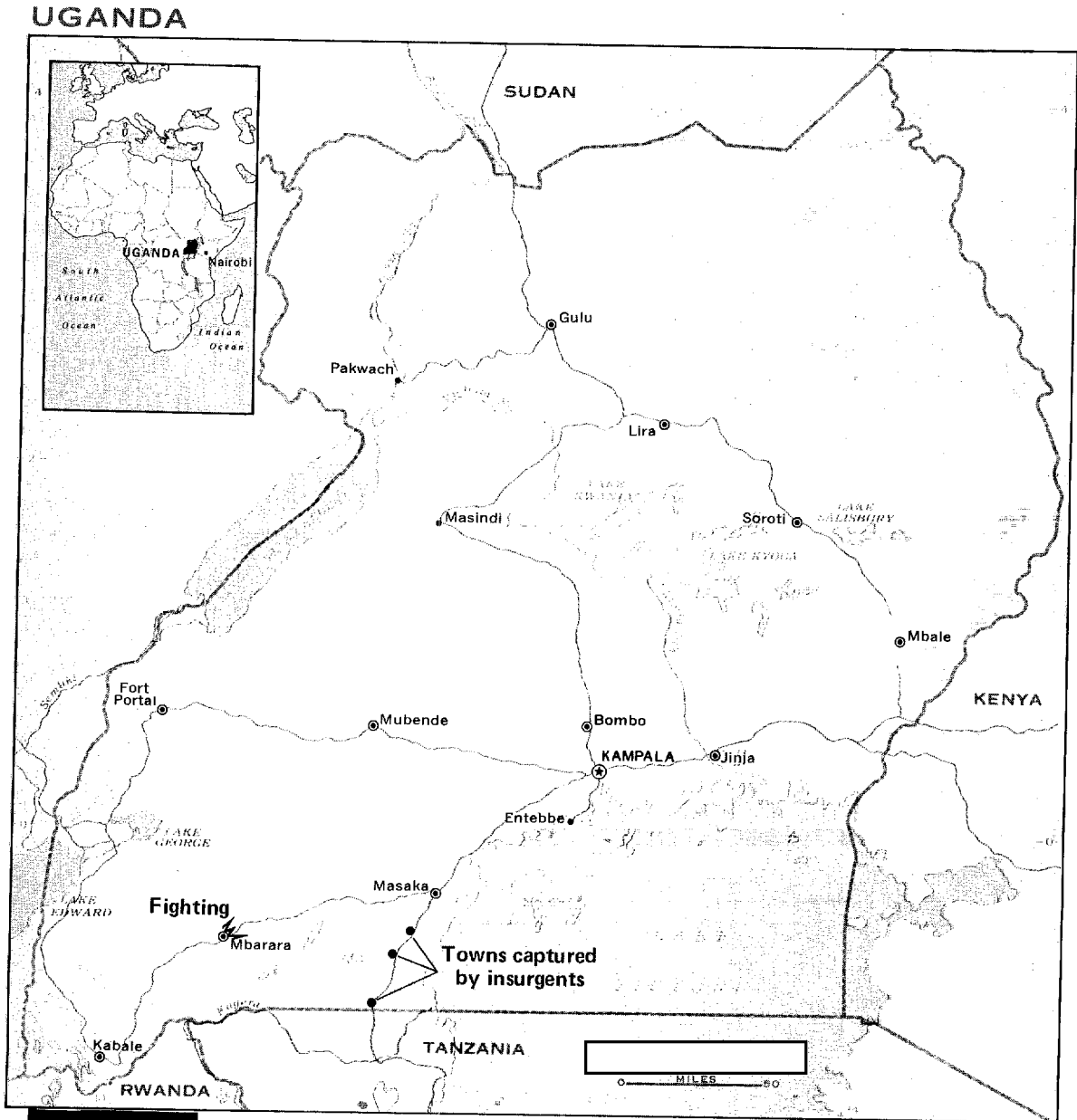
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UGANDA: The army appears to have checked the attack by Ugandan dissidents from Tanzania, but the situation remains confused.

The Uganda radio claims that government troops have repulsed an attack on the military garrison at Mbarara and are moving to recapture three towns seized by the rebel force. The insurgents may well have hoped they would set off a popular uprising that would allow the return to power of former president Milton Obote.

Tanzania has moved additional troops to the border with instructions not to provoke any incidents or cross into Uganda. This movement, however, increases the possibility of clashes along the border should Ugandan troops run the invaders back out of the country.

Kampala is reported quiet, but tense. About 80 Europeans and eight Americans have been arrested, most on charges of lacking proper identification. A government spokesman has indicated they may soon be released. No attacks on foreigners have been reported, but Amin's accusation of British and Israeli complicity in the invasion will increase the danger to British and Jewish citizens.

Amin will continue to face considerable problems even if the attack is repulsed. His policies have produced a stagnating economy and a seriously deteriorated security situation. Army officers opposed to Amin could yet take advantage of the current crisis and attempt to oust him. If Amin stays, reprisals are likely to be carried out within Uganda against members of the tribal groups that made up the bulk of the insurgents, and there is likely to be more intertribal fighting within the army.

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CHILE: The long Independence Day weekend so far has passed quietly, despite rumors and press speculation that a coup would take place.

Government spokesmen have publicized what they label the "September Plan," allegedly a scheme hatched by opposition politicians and private businessmen to overthrow President Allende. The plan reportedly calls for generating enough violence in the streets of Santiago to force the military to intervene to restore order--and then retain power.

Political violence has been on the rise in past weeks, and the Chilean plotters mentioned in the "September Plan" have been behind at least some of it. Opponents of the government have raised political tensions by exploiting the country's economic problems. As a result, the restraints on military intervention have eroded in recent months, and talk of a coup strikes a responsive chord among more military officers than previously. Despite these problems, the government retains important factors in its favor, such as the continued reluctance of the senior army commanders to move and the lack of any effective anti-Allende military leader around whom critics can gather.

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BAHAMAS: Today's election is likely to be close, although Prime Minister Pindling's Progressive Liberal Party (PLP) appears to have a slight edge.

Clearly defined issues are lacking, but there are conflicting views among the parties about the timing of independence from Britain and the need for greater compensation from the US for its defense installations. The PLP has promised to press for early independence, even though there appears to be little public enthusiasm for such a move. The opposition Free National Movement (FNM) led by Cecil Wallace-Whitfield favors independence, but would concentrate first on improving the deteriorating economic situation. In the case of the US bases, the opposition would be less likely than the PLP to make new demands.

The PLP has been campaigning largely on traditional nationalist themes with racial overtones. The opposition is running white candidates in seven of the 38 districts, while the PLP is appealing primarily to the 80 percent of the population that is black. A 19-to-19 split in the legislature is a distinct possibility. In that event, the British governor-general would name the person to form the next government.

Both parties have been threatening violence if they lose, and a tie or close vote would increase the likelihood of disturbances. In the unlikely event of widespread disorders, the Bahamas' small security force would be hard pressed and would probably have to seek British assistance. [REDACTED]

[REDACTED]

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CHINA-GHANA: Agreements signed on 14 September represent the first formal resumption of aid to Ghana by any Communist country since Nkrumah's ouster in 1966. It is also the first new aid commitment from any source to Ghana since the National Redemption Council seized power last January. Peking and Accra, in reaching a new trade and payments agreement, also decided to resume aid under agreements signed in 1961 and 1964. The Ghanaians had drawn only \$3.5 million of total credits of \$42 million when the Chinese were forced to close their embassy in Accra in 1966. The new agreements cover some additional projects, possibly on more liberal terms. Implementation will be gradual, with Chinese surveys scheduled before negotiations take place on specific projects. [REDACTED]

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USSR-UN: Moscow's proposal that the General Assembly consider an "urgent item" on non-use of force in international relations and a ban on the use of nuclear weapons is intended in part to preempt the Chinese in the annual disarmament debate. Last year Peking sought to counter the Soviets' call for a world disarmament conference by advocating prior agreement on no-first-use of nuclear weapons. The formal USSR request is for Assembly adoption of a resolution "strengthening international security." [REDACTED]

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AUSTRIA-EC: Parliamentary approval next month of the Austrian-EC industrial free trade arrangement is assured by an understanding between the Socialist government majority and the opposition People's party. The government has agreed to implement a number of investment programs and financial subsidies to cushion possible adverse effects of the agreement on some economic interests. Soviet concern that the EC arrangement would create unfavorable conditions for the USSR in Austrian markets probably was assuaged by the signing of a ten-year Soviet-Austrian trade pact last week.

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