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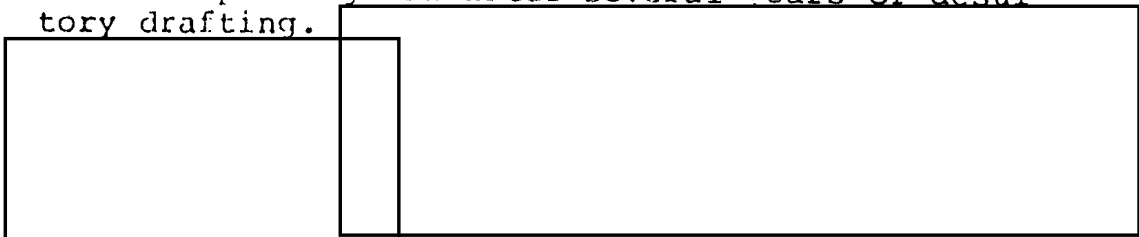
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THAILAND: The reassertion of full power by the Thai military establishment will have no significant effect on the way Thailand is governed or on the country's domestic or foreign policies.

The military announced its complete take-over of the government on 17 November under a new "Revolutionary Party." The 1968 constitution has been annulled, the cabinet dismissed, and martial law has been declared. All ministries will be run, at least for the time being, by undersecretaries under the direct leadership of the Revolutionary Party commander, Field Marshal Thanom. The government announced that there would be no immediate changes in military or police commanders.

These events do not appear to be a direct consequence of arguments within the military over substantive policies, either domestic or foreign. There is no evidence so far that issues of direct interest to the US figured in the considerations that led to the government's moves.

The military has become increasingly exasperated over its difficulties with opposition elements and particularly with parliament, which was abolished with the annulment of the constitution that created it. The military leadership has had serious reservations about the suitability to Thailand of constitutional government ever since the constitution was promulgated after several years of desultory drafting.



The decision to rule by military decree comes at a time of another flurry of restiveness among junior officers within the military establishment

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itself. The suspension of the constitution and parliament will be popular all through the military and will give a sense of decisiveness and direction that has been absent at the top. It will not, however, reduce resentment among younger officers over their poor promotion prospects caused by the failure of top leaders to retire on schedule.

The chances are good that the military will bring off its reassumption of full power with a minimum of difficulty. It seems unlikely that any troop commanders will challenge the leadership, particularly since the immediate targets of the government are civilian elements. There will be considerable grumbling among the Bangkok citizenry, but any demonstrations should be easy to contain. (CONFIDENTIAL)

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INDIA-PAKISTAN: Prime Minister Gandhi apparently plans to continue for the time being to rely on pressure on President Yahya to negotiate an accommodation with East Pakistan.

Mrs. Gandhi has adopted a restrained posture since her return from Western Europe and the US. She told parliament she had found sympathy and appreciation among Western leaders for India's position. She indicated that she still hopes Western countries will be able to bring Islamabad to negotiate with imprisoned Bengali leader Mujibur Rahman. On 15 November she told a meeting of her own party's parliamentarians that India must not act "in haste or anger" but instead should continue to explore all possible avenues to a solution.

Mrs. Gandhi's statements suggest that her government is willing to give Western pressures on Pakistan more time to bear fruit. Islamabad is also under growing pressure from the Mukti Bahini guerrillas who, with Indian support, are making increased inroads in many areas of East Pakistan.

There have been some signs that President Yahya may at least be attempting to test West Pakistani public attitudes toward the idea of releasing Mujibur Rahman. During the past two weeks the government has allowed West Pakistani opposition groups to call publicly for Mujib's release

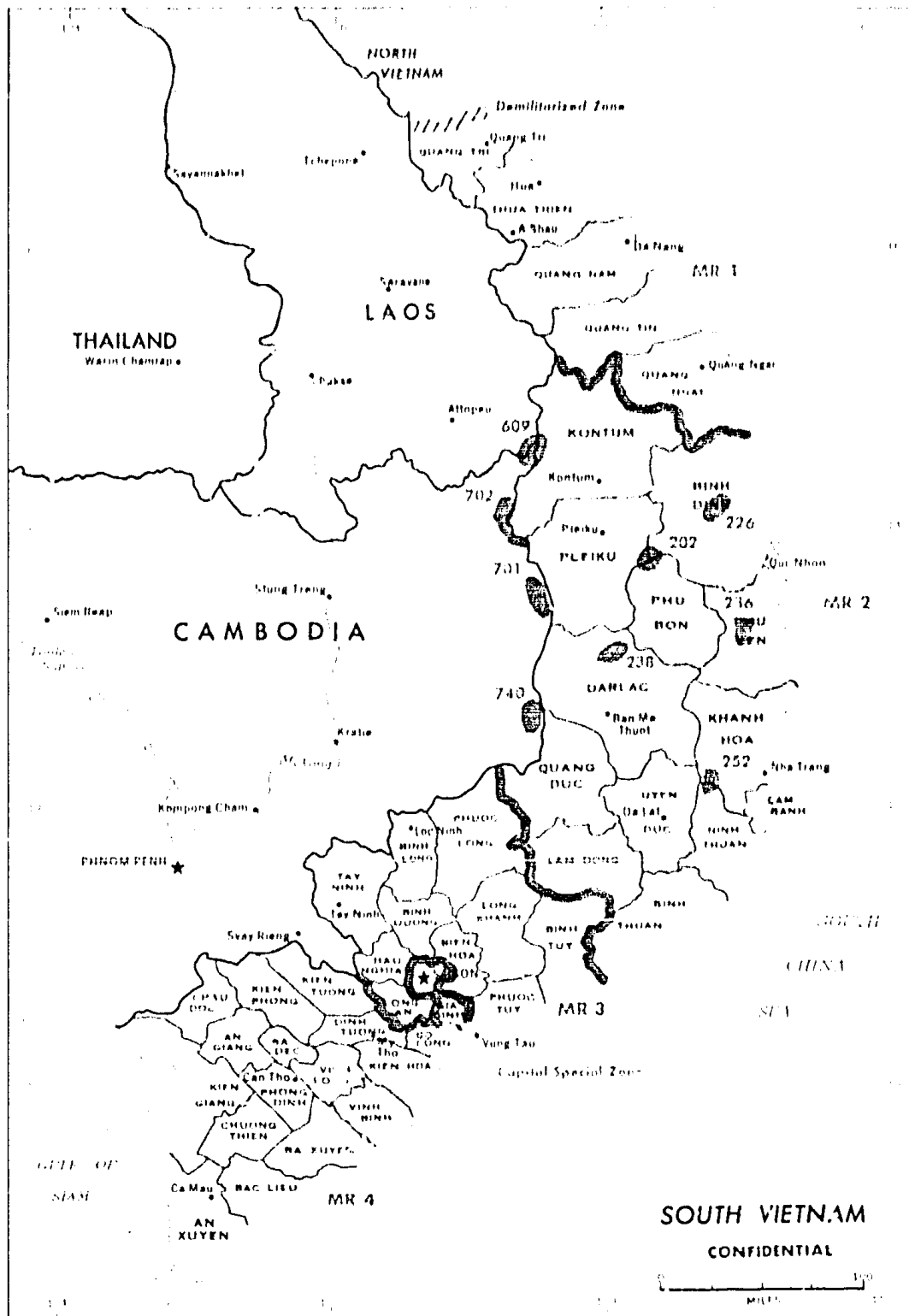
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There remain, however, serious obstacles to any attempt by Yahya to deal with Mujib. The West Pakistani public would probably acquiesce, but the reaction of military leaders is likely to be mixed. Moreover, it is unlikely that either Mujib or Yahya could make significant concessions without seriously jeopardizing his position of leadership. (SECRET NO FOREIGN DISSEM)

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Communist Base Areas In and Near MR-2



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SOUTH VIETNAM: The South Vietnamese plan to strike enemy base areas in hopes of pre-empting anticipated Communist military operations in the central provinces during the coming dry season.

General Ngo Dzu, the commander of Military Region (MR) 2, plans to campaign initially in north-eastern Cambodia near the South Vietnamese border. He plans initial cautious probes, to be followed by the commitment of additional forces if the situation develops satisfactorily. The Communists use bases in Cambodia and the Vietnamese highlands to refit and resupply, and as staging areas for incursions into Kontum and Pleiku provinces during each winter dry season.

Dzu also plans to go after enemy bases nearer the main population centers of MR 2 along the coast. He would use his territorial forces as well as regular units for this purpose, and he also hopes to persuade Korean forces in MR 2 to participate.

Dzu faces a number of operational problems in mounting a pre-emptive offensive that would require considerable mobility and aggressiveness by his forces to keep the enemy off balance. Since the withdrawal of US units from MR 2, Dzu has had to assume responsibility for a larger area, and as a consequence his forces now are spread relatively thin. In addition, high morale, aggressiveness, and mobility have not, at least until recently, been strong points among his units or the South Vietnamese Army as a whole. During the past year there have been substantial improvements in each of these areas, and some of Dzu's units have, in fact, shown considerable initiative in contested areas within MR 2. As a result, they clearly are in a better position now to carry the offensive to the enemy's sanctuaries. (SECRET NO FOREIGN DISSEM)

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COMMUNIST CHINA: The political role of the armed forces is being downplayed in the wake of the leadership upheaval.

There has been a marked change in the treatment accorded the People's Liberation Army (PLA) in domestic propaganda since the fall of Defense Minister Lin Piao and other Chinese military leaders. Previously the armed forces were touted as a model for nationwide emulation, but recent radiobroadcasts have emphasized heavily the necessity for the military to subordinate itself to "collective leadership" under the party. There also has been a corresponding decline in the attention given the PLA performance in the many civil administrative tasks it inherited as a result of the Cultural Revolution. Army units have been warned a number of times to observe strict discipline and obey all orders from the Party center.

Much of the current propaganda reflects Peking's concern about the impact of the top-level purges on regional military commanders--a concern undoubtedly heightened by recognition that local military figures have exhibited some of the same factional tendencies that contributed to the recent ruptures in the ruling politburo. Beyond that, however, there have been indications in propaganda since at least last summer that some in Peking have been arguing for a reduction of the overwhelming influence of the PLA in party and government affairs. Premier Chou En-lai publicly has indicated his concern that China had assumed somewhat the image of a military-bureaucratic dictatorship. He has remarked privately that some of the institutional changes of the Cultural Revolution are likely to be only temporary. This may imply that he foresees some further reduction of military influence in civil party and government organs.

A by-product of the recent military purges may well be the elevation of larger numbers of civilian party cadres to positions in the central organs of

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the party and government. One sign of this is the probable transfer to Peking of the Hunan provincial party boss, a veteran civilian cadre. He is the first major provincial figure to appear publicly in the capital since early September, and his ranking just below the active politburo members in a recent leadership turnout suggests that he is slated for a high post.

The process of rectifying the imbalance between civilian and military authority, however, will take time, and it almost certainly will not result in a broad purge of the present military administrators. There is still no noticeable diminution of the military presence in the middle and lower levels of the central bureaucracy. The military was well represented among the large turnout of party and government figures in Peking last week, and on 13 November a former army political commissar was identified as the new head of the Ministry of Metallurgical Industry. He is the sixth military man in the past year to be named chief of a central ministry. (SECRET)

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USSR: Two recent decrees provide additional evidence that the Soviet leadership is losing interest in pursuing the principles of the economic reform of 1965.

Both decrees reduce the already limited independence of enterprise directors. The first, issued in July, levies additional success indicators--sales and output of new products and annual goals for increases in labor productivity--on enterprises during the current five-year plan. The second decree, issued in October, establishes a new indicator for production of consumer goods in enterprises where such goods are not the main products. Beginning in 1972, these goals will directly affect the size of enterprise incentive funds, because they are tied to the ability of the enterprise to meet and exceed annual plans.

The decrees are directed at two particular problem areas in the Soviet economy--the failure of enterprises to introduce quickly new products and technology and to produce a sufficient amount of high-quality consumer goods. They attempt to correct these problems, however, by substituting administrative fiat for the incentives approach envisaged under the economic reform. The economic reform of 1965 substantially cut the number of success indicators dictated from above, giving the enterprise director more latitude in deciding how and what to produce.

A lack of enthusiasm for the reform was evident at the 24th Party Congress last spring. These decrees are the first official actions since then that further erode the spirit of the 1965 reform by undercutting the importance of such economic levers as prices and profits. (CONFIDENTIAL)

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YUGOSLAVIA: The new government system is facing a major organizational test in a possible preview of what may be in store for the country when Tito is no longer on the scene. Premier Bijedic has appealed to the federal assembly for help, but there may be opposition.

Since the constitutional reforms last August, the Federal Executive Council (FEC)--cabinet--has bogged down in its regulatory responsibilities and in trying to coordinate federal programs with the six republics and two provincial governments. On Monday, Premier Bijedic admitted failure and requested that the assembly add an additional member from each republic to the 22-man council.

Assembly members have been sharply critical of the FEC's failure to take action on proposed economic stabilization laws and to coordinate its actions with parliamentary committees. The assembly leadership is inclined to respond favorably to Bijedic's request but may use the issue as leverage to nudge the executive into paying more attention to its recommendations.

Representatives of the two autonomous provinces may oppose the increased influence Bijedic's scheme would give the republics. The provinces could further complicate the situation by claiming that the increase in republic representation on the FEC will upset the nationality balance so carefully worked out for the executive structure. The provinces may find a few allies in republics like Croatia which are at odds with the economic programs the FEC is pushing. (CONFIDENTIAL)

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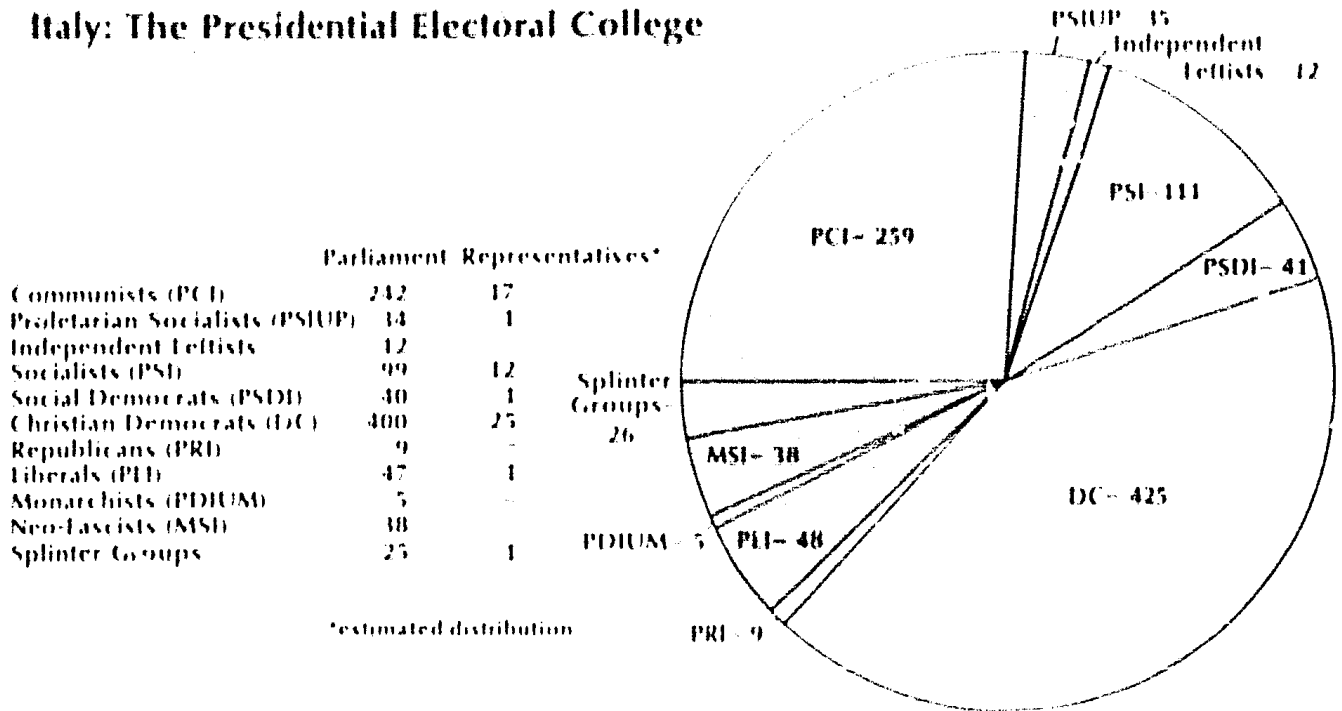
CHILE: Violent incidents in the escalating struggle against imposition of government control over the national university may help the opposition.

Efforts to reform the unwieldy structure of the mushrooming University of Chile have become a major issue between the Allende administration and its opponents. The dispute sharpened several months ago when a confidant of Allende was defeated for the rectorship by the incumbent, a political independent with Christian Democratic ties, while government supporters won a majority on the University Governing Council. The rector and nongovernment forces object to the council's plan to centralize control of the university's numerous and highly autonomous departments. In an attempt to force the council to call a university-wide plebiscite on the issue, the dissidents have occupied several buildings and classes have been disrupted.

University politics are a lively aspect of national political divisions in Chile, and opposition forces have been encouraged by recent victories of their slates in student elections in secondary schools and two prestigious Catholic universities. The battle for control of the national university, however, goes far beyond student politics. Victory for the government would be an important contribution to the consolidation of the Popular Unity's political position. Agreement on this prospect appears to have united the opposition forces more strongly than nearly any issue thus far. (CONFIDENTIAL)

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Italy: The Presidential Electoral College



The College comprises 630 deputies, 321 senators, and 58 representatives of the 20 geographic regions (1 for the small Aosta Valley and 3 each for the other 19 regions) The regions choose their own delegates with a variety of systems but are required to give representation to opposition parties.

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ITALY: Most observers see either early victory for a major Christian Democratic candidate or a protracted session that could last until Christmas in balloting for the presidency that begins on 9 December.

The Christian Democrats have the largest bloc of votes in the electoral college, but so far they have not named a candidate.

Foreign Minister Aldo Moro and Senate President Amintore Fanfani are the best known of the many potential but unannounced candidates. The Italian left wing is inclined to prefer Moro, while Fanfani is more acceptable to the right. Former prime ministers Mariano Rumor and Giovanni Leone and a number of lesser-known Christian Democrats also are in the running, as are three Socialists, one Republican, and the incumbent, Giuseppe Saragat, a Social Democrat.

Fanfani's candidacy is viewed with apprehension, particularly in left-wing circles, because the presidency is a powerful post in Italy. (CONFIDENTIAL)

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PORTUGAL: Prime Minister Caetano has invoked a recently enacted amendment of the constitution which empowers the government to suppress subversive activities without declaring a state of siege.

The government's decision to seek parliamentary support for its invocation of special powers to combat subversion is designed to bolster its image as a moderate regime. Caetano could have acted without legislative assembly approval, since the constitution does not require that the National Assembly sanction the government's use of special police powers unless those powers are to be exercised over a long period. To provide a rationale for going to the assembly now, Caetano cited subversion in the African provinces since 1961, as well as terrorist bombings in the metropole since June.

The government is concerned over renewed terrorism in the past two weeks after a relatively quiet period. The new NATO Iberian Atlantic Command headquarters, a NATO communications center, and a Portuguese antiaircraft battery--all near Lisbon--have been damaged by explosions.

The illegal Armed Revolutionary Action (ARA), reportedly linked to the Portuguese Communist Party, has claimed credit for the headquarters bombing. Two previously unknown Revolutionary Brigades have circulated separate [redacted] communiqués in which each takes responsibility for one of the other bombings. Preliminary indications [redacted] are that these brigades are different from the ARA and resemble earlier Portuguese dissident Communist groups with a Maoist orientation.

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The government believes that the difficulty of monitoring and rounding up such bands requires extra police powers. By moving quickly Caetano will head off right-wing criticism of police failure to control these terrorist groups. (CONFIDENTIAL)

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CHILE: The government appears to be increasing its attention to narcotics traffic and abuse. In recent weeks there have been several well-publicized arrests of people attempting to smuggle cocaine out of Chile to the US. The investigative police apparently are willing to cooperate with American authorities in stopping the transport of heroin and cocaine to the US. The Chileans in turn want to stem the flow of LSD and amphetamines into Chile; they believe that this is their most serious domestic narcotics problem. (CONFIDENTIAL)

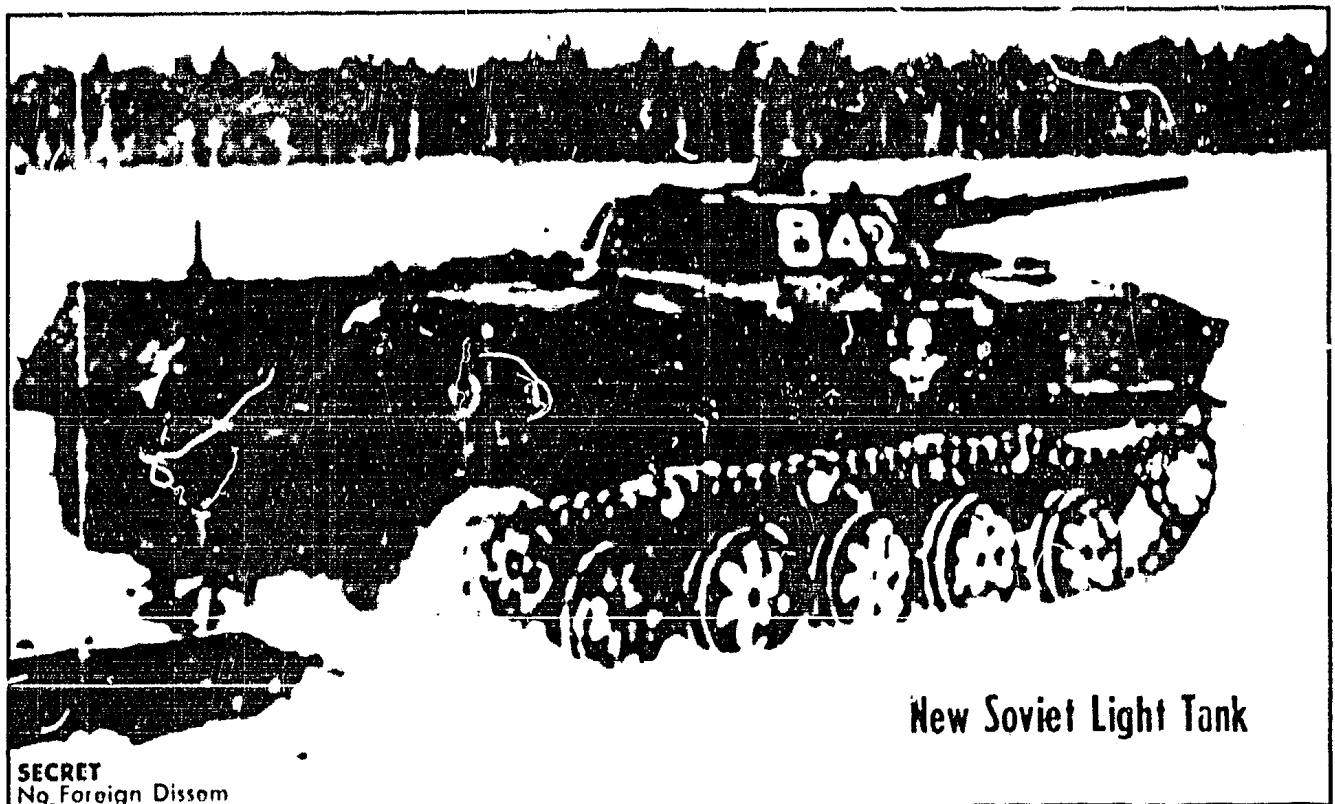
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ICELAND: The UK and West Germany have agreed to consider fishing conservation measures in waters off Iceland, but have refused to agree to Reykjavik's extending its jurisdiction from 12 to 50 miles. Iceland is unable to enforce an extension, but Fisheries Minister Josepsson remains determined to abrogate Iceland's agreements with the UK and West Germany by 1 March, and to ignore any resulting judgment by the International Court of Justice, if the issue is not resolved during the next round of talks in January. Josepsson, a member of the Communist-dominated Labor Alliance, has solid public support for this, the government's position. A protracted fight over the jurisdiction issue would further delay government action on its other major foreign policy pledge--to negotiate a phased withdrawal of the US-manned Icelandic Defense Force. (CONFIDENTIAL NO FOREIGN DISSEM)

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New Soviet Light Tank

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USSR: The Soviets have developed a new light tank, possibly as a replacement for the PT-76, which entered service in 1952. Weighing an estimated seven tons compared with 15 tons for the PT-76, the new tank is amphibious and, unlike the PT-76, evidently can be air-dropped. The tank appears to have a 76-mm. gun and a launcher for the Sagger antitank guided missile, allowing it to engage heavily armored targets out to a range of more than 3,000 yards. The tank was photographed with the insignia of the airborne troops, which up to now have had no weapon with all the features of the new tank. (SECRET NO FOREIGN DISSEM)

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