

SECRET

EXCISE
67, 25

SECRETARY'S MORNING SUMMARY FOR JUNE 7, 1989

1. CHINA

A. TENSE STANDOFF CONTINUES

DESPITE NUMEROUS REPORTS ALLEGING OR PREDICTING CLASHES BETWEEN MILITARY UNITS IN BEIJING, AVAILABLE EVIDENCE SUGGESTS THAT FEW--IF ANY--SIGNIFICANT ENGAGEMENTS HAVE OCCURRED. [EMBASSY BEIJING REPORTS SPORADIC ARTILLERY FIRE BETWEEN 2000 AND 2100 HOURS BEIJING TIME YESTERDAY IN THE VICINITY OF THE NAYUAN AIRFIELD SOUTH OF THE CITY.] A 49-TRUCK, ARMOR-ESCORTED CONVOY RETURNED TO TIANANMEN SQUARE TODAY WITH FRESH SUPPLIES AND TROOPS SIX HOURS AFTER IT HEADED EAST OUT OF THE SQUARE, ACCORDING TO PRESS REPORTS. TROOPS PASSING JIANGUOMENWAI DIPLOMATIC COMPOUND FIRED IN THE DIRECTION OF THE BUILDINGS, DESTROYING WINDOWS IN THREE APARTMENTS OF US EMBASSY PERSONNEL, BUT INJURING NO ONE, ACCORDING TO EMBASSY BEIJING. TROOPS ALSO TEMPORARILY SEALED OFF THE RESIDENTIAL AREA OF THE DIPLOMATIC COMPOUND.

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THE FIRST HINT THAT A COMPROMISE MAY BE IMMINENT WAS A BEIJING RADIO BROADCAST EARLIER TODAY REPORTING THAT THE SUPREME PEOPLE'S COURT HAD SENT A TELEGRAM TO "COMRADE QIAO SHI AND THE STANDING COMMITTEE OF THE POLITBURO TO EXPRESS SUPPORT FOR THE ACTIONS TO SUPPRESS COUNTER-REVOLUTIONARY RIOTS." THE TELEGRAM COULD INDICATE

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WIDESPREAD RUMORS AND LEAKS TO HONG KONG MEDIA SUGGEST THAT AT LEAST SOME LEADERS MAY HAVE ENVISIONED AN OUTCOME THAT WOULD BLAME MOST ATROCITIES ON THE 27TH ARMY, RELIEVE ITS TOP COMMANDERS, AND REMOVE SENIOR OFFICIALS WHO ORDERED ARMED ACTION AGAINST CIVILIANS.

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DENG'S HEALTH REMAINS A SUBJECT OF SPECULATION AND CONCERN IN CHINA. RUMORS THAT HE IS DEAD OR DYING DO NOT APPEAR TO BE TRUE;

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THAT DENG IS IN REASONABLY GOOD HEALTH AND IS STILL MAKING THE MAJOR DECISIONS. BEIJING RADIO AND TELEVISION TOOK THE UNUSUAL STEP OF INTERRUPTING REGULAR PROGRAMMING YESTERDAY TO REFUTE THE RUMOR THAT DENG HAD DIED.

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B. ASIA SPEAKS SOFTLY

JAPANESE OFFICIALS INDICATED YESTERDAY THAT TOKYO WOULD NOT IMPOSE SANCTIONS AGAINST CHINA "AT THIS TIME" BUT MIGHT SUSPEND ECONOMIC ASSISTANCE, ACCORDING TO PRESS REPORTS. REACTION IN SEOUL AND BANGKOK HAS BEEN RESTRAINED. THAI LEADERS ARE WORRIED THAT VIETNAM WILL TAKE ADVANTAGE OF A DISTRACTED CHINA IN CAMBODIA NEGOTIATIONS. THAI, SOUTH KOREAN AND JAPANESE OFFICIALS ALL PREDICT A SLOWDOWN OF ECONOMIC RELATIONS BECAUSE OF INVESTOR CAUTION. THE HONG KONG GOVERNMENT HAS INCREASED THE MONEY SUPPLY TO END A RUN ON CHINESE BANKS.

COMMENT: CHINA'S NEIGHBORS HAVE BEEN PROMPTED TO REACT CAUTIOUSLY BY THE UNCERTAIN SITUATION IN BEIJING, THEIR RELUCTANCE TO INTERFERE IN CHINA'S DOMESTIC CRISIS, AND THEIR CONCERN THAT SANCTIONS COULD INCREASE INSTABILITY.

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