

Approved For Release 2005/07/28 : CIA-RDP79T00975A030600010006-5

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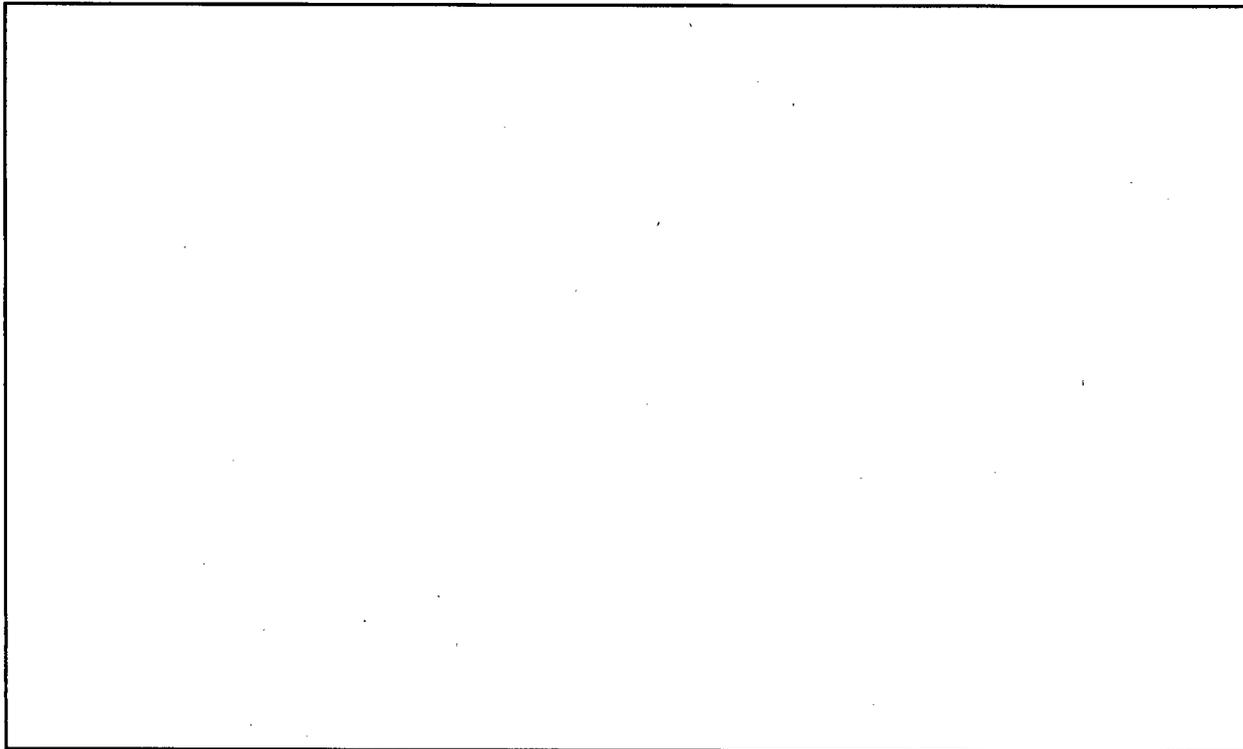
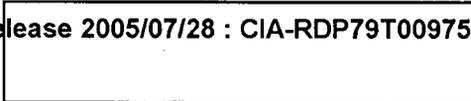
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Friday 3 March 1978 CG NIDC 78/051C

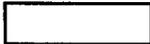
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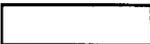
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ISRAEL: Rising Labor Unrest

 The Israeli Government faces rising labor unrest that could place additional strains on the ruling coalition. Prime Minister Begin probably will soon be forced to devote more attention to domestic problems in order to avoid a further erosion in the unity and prestige of his government.

 Since assuming office in June, the Begin government has enjoyed relative calm at home, thanks largely to the disarray within the opposition Labor Party and the public's preoccupation with peace negotiations. Domestic tranquility, however, is near an end with the increasing signs of labor unrest.

 A merchant seamen's strike is now in its sixth week, and this week bus drivers and airport maintenance workers staged work stoppages. Other key public service and professional



[] groups are threatening to take similar strike action when new contract talks open in April. Angered by recent price increases, they are demanding huge pay raises to offset inflation that is expected to exceed 40 percent this year.

[] Leaders of the Histadrut labor federation, although nominally allied with the opposition Labor Party, hope to avert a confrontation with the government. They fear that a test of strength would provoke legislation aimed at curtailing the Histadrut's power and would expose weaknesses in their ability to control the increasingly independent member unions. As a result, the Histadrut executive has proposed a relatively moderate package for wage increases on an order of 10 to 15 percent in an effort to bridge the gap between union militants and the government.

[] Finance Minister Ehrlich, the head of the Liberal faction of Likud, seems bent on rejecting large wage increases that would undercut the economic reform program he launched last fall. He has shown little interest so far in a compromise on this point and has even let it be known privately that the government is prepared for a protracted struggle with the unions.

[] It is questionable, however, that the government has the political will to adhere to a rigid line in the face of threats of serious dislocations in the economy. It has already weakened its position by granting large pay increases to senior government officials, including cabinet ministers and Knesset members. Begin, moreover, is likely to come under increasing pressure from members of his Herut faction of Likud to accommodate the interests of the faction's largely working-class constituents.

[] Herut trade union leaders and members of parliament have sharply criticized Ehrlich's economic policies and have even criticized Begin for neglecting their concerns. Begin thus faces the dilemma of reconciling the widely divergent interests of the Liberal and Herut factions without undermining the credibility of the government's economic policies.

[] The Labor Party, which is just beginning to show signs of revival, seems to sense the government's vulnerability on social and economic issues. Should the cabinet mismanage

negotiations with the labor unions, Labor Party leaders will almost certainly try to capitalize on popular dissatisfaction to put the Begin government on the defensive. [REDACTED]

[REDACTED]

ZAIRE-ANGOLA: Easing Relations

[REDACTED] A new exchange of public messages between Angolan President Neto and Zairian President Mobutu may lead to a resumption of talks on easing strained relations. Neither leader, however, appears ready to alter policies unacceptable to the other.

[REDACTED] Last week Neto sent Mobutu a "Dear Brother" letter similar to messages that culminated in an inconclusive meeting in January between their representatives in Brazzaville, Congo. Neto's letter pledged that Angola would not start hostilities and reaffirmed a desire for an early solution to bilateral problems. Mobutu responded in kind, although he added that border problems fostered by Angola prejudiced their relations.

[REDACTED] The exchange may at least stem the escalation of propaganda between the two countries. Each side blamed the other in January for the lack of progress toward normalization then, and both armies took defensive measures along the common border.

[REDACTED] The two sides are likely to meet again before long, but it remains doubtful that they can make accommodations that would produce good relations.

[REDACTED] Mobutu, if his survival depended on it, could do what Neto wants him to--turn his back on the Angolan factions that continue to deny the legitimacy of the Soviet- and Cuban-backed Neto government. He would be reluctant, however, to antagonize the anti-Communist governments that support both Zaire and the principal Angolan insurgent group. He fears, moreover, that the subversion of Zaire would only be hastened if the Angolan insurgents collapse.

[REDACTED] Similarly, Neto could try to expel or disarm the Katangans, who continue occasional forays into Zaire's Shaba Region from their sanctuary in Angola. To do so, however, would