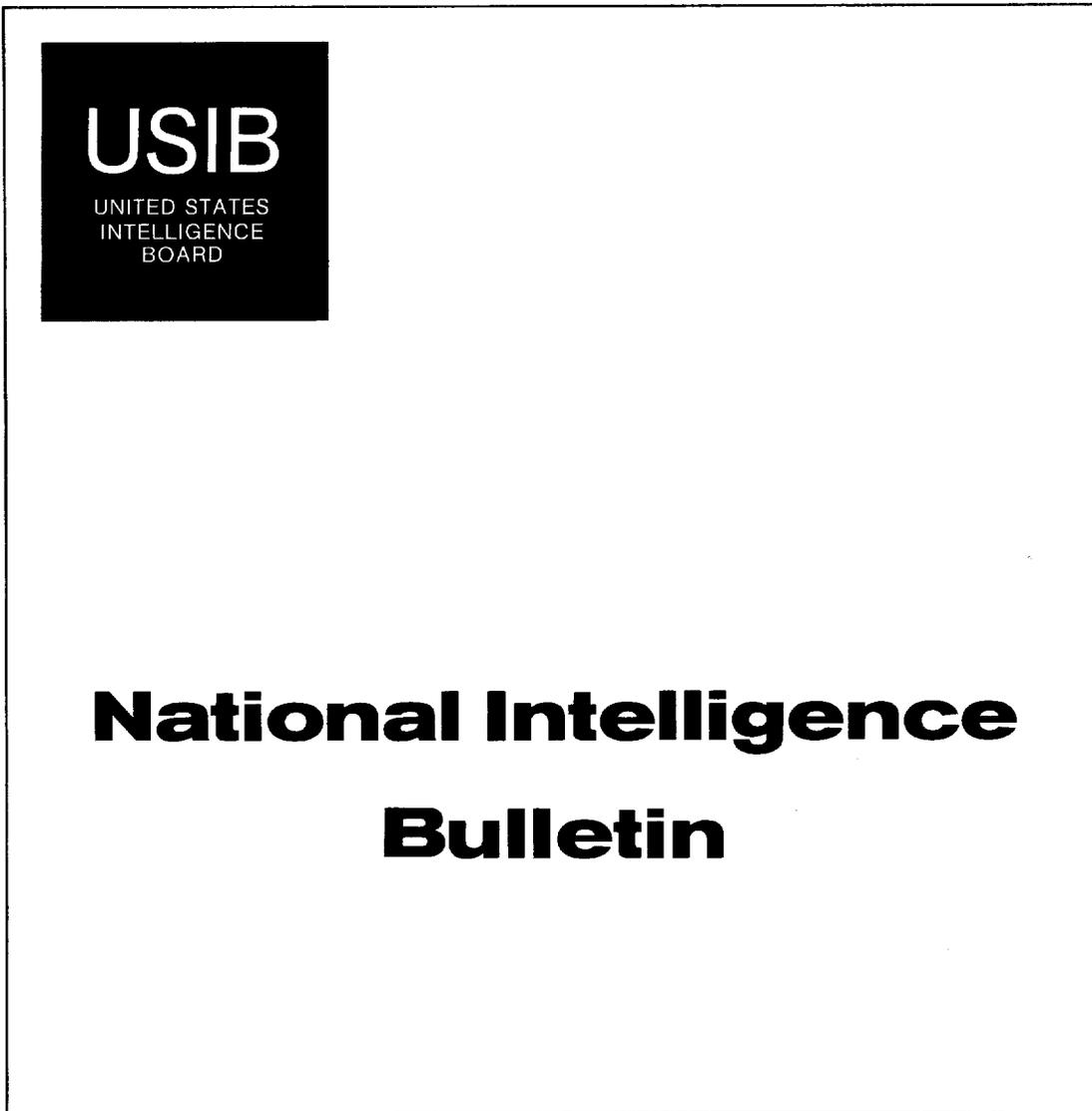


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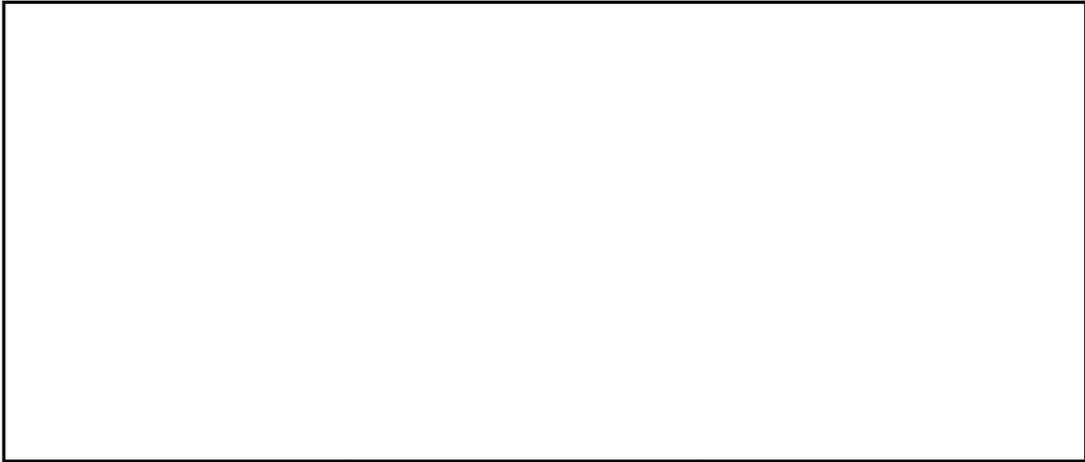
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PORTUGAL

The new Portuguese government, announced yesterday and headed by pro-Communist Prime Minister Vasco Goncalves, is dominated by radical military officers and civilian sympathizers of the Portuguese Communist Party. It is almost certain to alienate large segments of Portugal's already aroused populace; the most immediate threat comes from a dissident group within the Armed Forces Movement.

President Costa Gomes attempted to dilute resentment yesterday by describing the new cabinet as a temporary arrangement that would allow the country a breathing spell in its political strife.

Now that a powerful group of nonradical officers has been moved by Goncalves' tactical triumph to make public their differences with his policies, the two camps appear to be on a collision course. Sensing that arrests or a purge may be imminent, the dissidents—who include a large number of the original leaders of the revolution, as well as the commanders of two of the four Portuguese military regions—are canvassing for support throughout the military and giving their fellow officers four days to choose sides.

A key factor will be the stand taken by General Otelo de Carvalho, the opportunistic head of the security forces. Although he publicly disavowed a document published by the nonradical leaders that calls for an end to the present regime, he reportedly supported it privately and encouraged its dissemination. If he is convinced of the success of the opposition, he will support it.

Even without Carvalho's public support, the opposition group constitutes a formidable threat to the Communists and Movement radicals. Dissident leaders are concerned, however, that the Communists may create a counterrevolution scare or encourage those around former president Spínola to attempt a coup, which would be easily crushed. Such an event would torpedo the chances for success of the opposition's hopes of ousting Goncalves and his supporters.

The dissidents' programmatic document provides a rallying point for nonradical elements outside the military, including the democratic parties. Socialist leader Mario Soares, who yesterday called the new government "crypto-Communist," reportedly has given the document his enthusiastic support. It is likely to have broad appeal also among the clergy and those who have participated in the recent incidents of anti-Communist violence in the north particularly after Goncalves' statement yesterday that his new government would use "repressive measures" to stifle dissent.

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USSR

The effusive Soviet media coverage of Helsinki points to the mutual balanced force reductions talks as the next item on Moscow's European negotiating agenda.

Alexander Bovin, writing in *Izvestiya* and other commentators are saying that the Helsinki summit has created a climate conducive to ongoing disarmament negotiations, including MBFR and SALT. There is no suggestion of any compromise in Soviet positions as a result of CSCE and no evidence that Moscow plans any other major disarmament initiative at this time.

The commentaries have given no hint of what else Moscow has in mind for its European diplomacy. Nor does it appear that the Soviets are going to use CSCE to push any time soon for regional conferences elsewhere.

The Soviets are making their own interpretation of what the Helsinki document means. The Politburo communique blessing CSCE refers to the humanitarian exchanges within the "observance of the law and traditions of each country." This wording had been specifically rejected by the West during the negotiations and is not included in the final document.

The Soviets are also taking the offensive on the noninterference clause of the CSCE document. They used it in *Pravda* on August 7 to excoriate the EC for what Moscow argues is the West's interference in the internal affairs of Portugal. This line is clearly intended to be pre-emptive. Moscow has already shown its sensitivity to allegations that it is materially supporting the Portuguese Communists and the radical elements of the Armed Forces Movement, and it undoubtedly anticipates that the West will sooner or later claim that the Soviets are violating the Helsinki agreements.

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JORDAN

King Husayn is trying to pressure the US Congress to approve the sale of Hawk antiaircraft missiles by threatening to buy Soviet missiles.

In a series of recent press interviews with US newsmen, Husayn has tried to portray the Hawk deal as a test of US support for the more moderate Arab states. Prime Minister Rifai bluntly accused Congress of pushing the Arabs into the communist camp to appease supporters of Israel.

Husayn has repeatedly said he will not compromise on the number of Hawk batteries he has requested. He originally said he would turn to another Western state if the Hawk deal fell through, but on Thursday he told several US correspondents that he would have to go to the Soviet Union because he did not think any of the European states could meet Jordan's air defense requirements. Husayn said he did not want Soviet technicians in Jordan, but that Jordanians might be sent to the Soviet Union or Syria for training if Soviet equipment were bought.

Husayn would prefer US missiles and is trying to pressure Congress to approve the original Hawk package. Because the King has made a public issue of the matter, he may not know what he will do if Congress calls his bluff.

There is strong pressure within the Jordanian military establishment to acquire a modern air defense system. Husayn is convinced he needs such a system to defend Jordan against Israeli air attack. Should the Soviets or Syrians again press him to accept Soviet equipment, Husayn would probably stall in hopes of arranging a face-saving compromise with the US on the Hawk system.

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JAPAN-US

Prime Minister Miki's visit to the US is providing a modest boost to his political position back home.

Reaction within Miki's ruling conservative party has been generally favorable, and the normally anti-government press has been somewhat restrained in its criticism of the visit. The opposition parties predictably have been sharply critical.

In almost all quarters, interest has focused on the issue of Korean security. The press is playing up an apparent difference between Miki's views on this issue and those of Foreign Minister Miyazawa. Miki, in comments during his US visit, avoided explicit reaffirmation of the 1969 Nixon-Sato communique, which stated that the security of South Korea was essential to Japan. Miyazawa and other Foreign Ministry spokesmen, however, have encouraged the press to interpret the Ford-Miki joint communique as a reaffirmation of the 1969 Korea clause.

Public interest in Miki's visit is likely to be shortlived. The media are already turning their attention to the next major political event in Japan—the special Diet session scheduled for early September. Many Japanese are expecting early dissolution of the Diet, followed by elections, possibly in December.

Prime Minister Miki's intentions in this regard are not yet clear. The lagging economy and pressures from ruling party elders argue against early elections, but Miki may still feel it is more important to try to solidify his leadership position by receiving a national mandate through elections as soon as possible.

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TURKEY

The Turkish government yesterday informed the US embassy in Ankara that US base exchanges (PX), commissaries, and officers' clubs outside the common defense installations must be closed immediately. The Army Post Office mail service has been restricted to letter mail; APO package mail will cease on September 15.

The Foreign Ministry has indicated that it is prepared to grant a two- or three-day extension to close down the US facilities at Ankara and Izmir. It said that NATO headquarters in Izmir could have a commissary and PX under a separate NATO agreement, but this must be used by NATO personnel only. The Foreign Ministry has explained that these restrictions are provisional and possibly can be changed when negotiations for new defense arrangements are undertaken.

US C-130 aircraft landing at Diyarbakir and Cigli airports yesterday were assessed landing fees. Turkish officials at Erhac and Samsun airports have said that fees will also be required there. The charges have varied at each airport: C-130s have been charged \$156 at Diyarbakir, \$180 at Cigli, and \$186 at Erzurum.

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TURKEY

Evidence is accumulating that for political and psychological reasons Turkey is unlikely to put its relationship with the US back on its old footing, even if the arms embargo is lifted.

The exclusive control over the installations that the US once enjoyed is unlikely to be restored. Turkish commanders will probably retain the administrative command they now exercise, and it is possible that the Turks may charge the US rent for the installations and/or place them under a "NATO umbrella."

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Foreign Minister Caglayangil, however, this week publicly rejected the possibility of reactivating the bases under some kind of NATO formula. His statement was probably intended to bring pressure on the US Congress to revise its decision on the arms embargo and to blunt opposition criticisms of his policy toward the bases.

Opposition leader Ecevit had earlier said he was opposed to either a rental arrangement or placing the bases under NATO control. In part with an eye on the upcoming senate elections, Ecevit has been accusing the government of not being far-reaching enough or decisive enough in its countermeasures. He has also raised questions about the continued presence of American forces in Turkey. The Congressional decision to retain the embargo has given impetus to those elements in Ecevit's party and in Turkey who advocate a nonaligned or at least a more independent policy for Turkey. It is clear that Ecevit and his Republican People's Party will push for a diminished US role, whether the embargo is lifted or not.

An official of the Republican People's Party has told the US embassy that his party does not at this time advocate either the expulsion of the US troops or the dismantling of US installations. He said that Ecevit's comments on the bases were designed to press the government to clarify its stand—a move that the government has been reluctant to do, preferring to wait out the next Congressional vote on the arms embargo.

Demirel is also having trouble with his coalition partner, Deputy Prime Minister Erbakan, who has been privately critical of Demirel's handling of the retaliatory measures against the US bases; he would have preferred stronger action. The

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deterioration in relations between the two men has reached the point where Demirel can barely bring himself to speak to Erbakan, and the latter—encouraged by the thought that his Salvationist Party might show significant gains in the October election—is less willing to compromise.

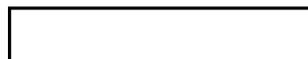
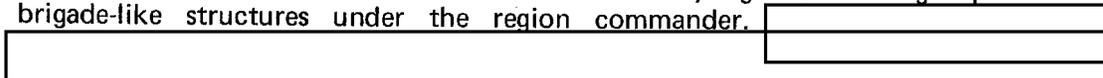


FRANCE

The Council of Ministers has approved Defense Minister Bourges' plan for reorganization of the French army's higher level structure effective on September 1.

The changes are expected to make better use of available funds by reducing overhead, duplication, and nonessential commands and staffs. The reforms should also produce a leaner, more combat-oriented, and tighter army structure by simplifying chain of command and eliminating unnecessary staff functions. President Giscard d'Estaing has expressed the need for a more flexible and mobile capability to support or reinforce the five-division maneuver force. The proposed restructuring is a step toward this goal.

Highlights of the plan include giving most region commanders direct authority over all army elements within their regions, removing military division commanders' control of subordinate territorial units, and creating the position of General Major Regional in each military region to act as principal assistant to the region commander. Furthermore, the 1st Corps at Nancy will become part of the 6th Military Region, and territorial units within a military region will be regrouped into brigade-like structures under the region commander.



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UK

British Chancellor of the Exchequer Healey seems genuinely optimistic about prospects for the Labor government's anti-inflation drive.

Healey has told a US embassy officer that he is confident his economic program will work and that the major unions will cooperate. The chancellor is already more concerned about what to do when the current program expires late next year in order to ensure stabilization of the economy over the next two to three years.

Healey's optimism apparently stems from his victory in a cabinet debate about the need to control public expenditures. He believes the cabinet is firm in its resolve to reduce inflation and increase productivity, even to the point of allowing uncompetitive businesses to fail. On August 5, however, the government announced it would provide a weekly subsidy, payable for a maximum of six months.

Healey will, in fact, be under pressure from union leaders and the party's left wing to reverse the government's economic strategy because the government's anti-inflation program will not produce results until next year at the earliest. The Tribune group of leftist Labor members of Parliament is already preparing a challenge to the government's program of wage restraint, which it plans to present when the party holds its annual conference in October.

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INDIA

A new constitutional amendment will sharply reduce the powers of India's courts and further insulate Prime Minister Gandhi from any possible threat to her power.

The new amendment, approved by parliament late this week, prohibits the courts from taking any action in disputes over election of the prime minister, the figurehead president, the vice president, or the speaker of the lower house of parliament. The amendment explicitly bars the courts from challenging legislation enacted earlier this week that retroactively invalidated the laws under which Gandhi was convicted of illegal campaign practices.

Supreme Court hearings on Gandhi's conviction had been scheduled to begin Monday but now are barred under the new laws.

The amendment also removes several other important pieces of existing legislation from the courts' jurisdiction, including provisions for preventive detention, nationalization, and land reform. Last month, parliament enacted a law prohibiting court challenges to the state of emergency proclaimed by Gandhi's government in June.

By preventing the courts from challenging a wide range of major actions, the new amendment further solidifies Gandhi's control over all aspects of the government. The Indian judiciary has traditionally enjoyed a reputation for independence, and the Supreme Court has made several attempts in the past to block moves by Gandhi's government.

Gandhi has usually circumvented the courts by using her party's overwhelming majority in parliament to enact constitutional amendments. She claims that parliament should enjoy supremacy over the courts because elected legislators represent a majority of the people, while the judiciary, in her view, often speaks for only a privileged minority.

The government is expected to introduce additional measures to further strengthen Gandhi's constitutional powers when a special session of parliament convenes later this month.

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ETHIOPIA

The Eritrean Liberation Front reportedly plans to try the US technicians abducted from Kagnew Station last month on charges of "subversion."

A Front spokesman in Damascus said his group had no intention of releasing the pair unless a revolutionary court clears them. Possible punishment was not mentioned. He indicated that the Front would not make any demands in return for their release. This is the insurgents' second statement on the subject since the abduction of the two men on July 14. On July 21, they indicated the men were in good health, were being well treated, and were being interrogated.

Last week in Khartoum, the head of the Front's Revolutionary Council stated that the two were kidnaped to highlight ties between Washington and Addis Ababa.

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The announcement of an impending trial for the Americans could reflect a further shift in the Front's previous hands-off policy toward US official personnel and could have serious implications for the 50 or so still in Asmara. There is no indication that the rival Popular Liberation Forces plans any shift in its hands-off policy toward Americans.

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HONDURAS

Peasant dissent, landlord resistance to agrarian reform, and reports of armed insurgents have added to the recent leadership problems in Tegucigalpa.

The government has disclosed the findings of a military commission that investigated the recent murder of nine people, including two priests and two lay missionary workers during a pro-agrarian reform march by peasants in Olancho Department east of the capital. Direct responsibility for the murders was assigned to the Olancho army commander, one of his subordinates, and two landowners.

Prior to his death, one of the priests reportedly disclosed the presence of a guerrilla camp in the Nueva Palestina area in the southeast. Security officials contend the settlement is being used as cover by armed peasants whose goal is to seize political power. The nucleus is said to consist of 110 men, including a few Chileans and Nicaraguans. The settlement is said to be sponsored by the Christian Democratic Party, a moderate left organization. Neither the party nor most of the residents are apparently aware of the guerrillas' plans for an eventual uprising.

Allegations from neighboring countries of guerrilla infiltration, camp sites, and activities in Honduras have generally been discounted for lack of evidence, but reports about the Nueva Palestina - based group seem to have more substance.

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Meanwhile, to maintain its credibility, Tegucigalpa will discipline those implicated in the Olancho murders. It also intends to proceed with agrarian-reform plans; heavy opposition from landowners, which helped precipitate the Olancho killings, will continue. These issues will continue to cause instability and may precipitate further repressive action by the military regime. Any insurgents, including the reported Nueva Palestina group, probably have little, if any, chance for survival in the face of the expected security force action.

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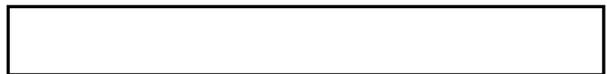
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