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# National Intelligence Bulletin

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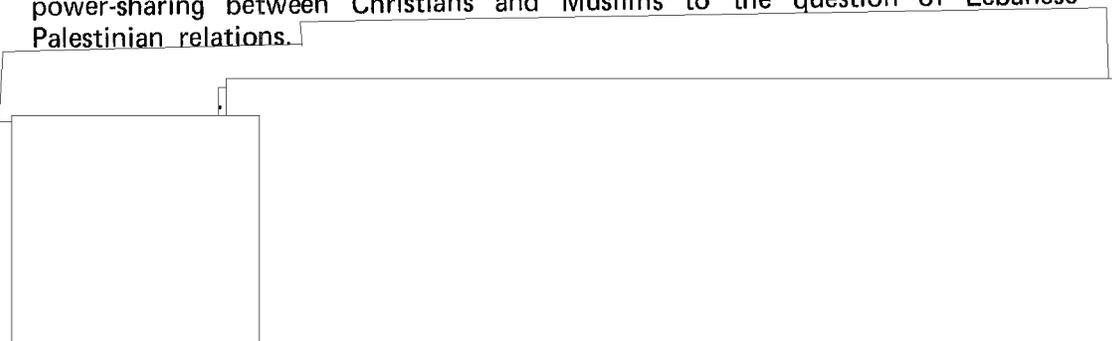
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## LEBANON

The serious clashes on Tuesday night between Muslim and Christian militiamen in the eastern suburbs of Beirut broke out when Palestinians in a refugee camp under the control of "rejectionist" fedayeen fired antiaircraft batteries at an adjoining Christian community. Some of the rounds fell on a nearby Armenian quarter, threatening to bring Armenians into the conflict for the first time this year.

The fighting tapered off by midday yesterday, but banks and most shops remained closed all day. Tripoli was reported to be calm.

The Phalangists are attempting to shift attention away from the question of power-sharing between Christians and Muslims to the question of Lebanese-Palestinian relations.

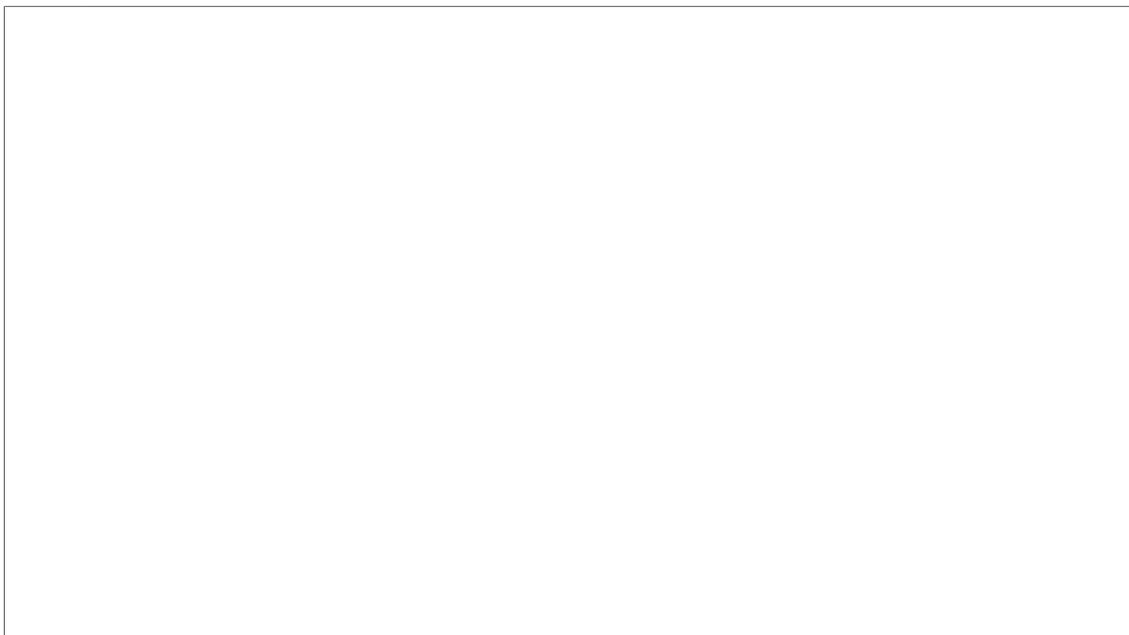


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The Palestinians are clearly becoming much stronger. since the latest fighting flared in August, the Palestinians' armed strength in Lebanon has increased significantly. Fatah has moved almost all of its forces into the country and plans to keep them there. Saiqa has reinforced its forces in Tripoli and Beirut. Many of the Saiqa troops are reported to be Syrian regulars of Palestinian origin.

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### PORTUGAL

The concessions granted by army chief General Fabiao to dissident troops in Porto on Tuesday may encourage further rebellion in the military and other sectors of society.

The rebels, who occupied an artillery garrison for over a week in defiance of the regional commander, have already announced that they will meet next week to "study ways of continuing the struggle." Many of the soldiers involved in the mutiny are said to be members of the "Soldiers United Will Win," a radical organization that issued a statement last weekend denouncing the "bourgeois army" and advocating the creation of a "popular revolutionary army."

Other rebellious activity sponsored by this organization includes a rally of factory workers on Tuesday, at which a spokesman for the workers indicated they would not back away from a civil war if the government attempted to stop the far-left offensive. There was another rally last night in southern Portugal in support of a recent declaration by rural workers for "total paralyzation" if the government does not implement agrarian reform.

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## ICELAND

Iceland's unilaterally declared 200-mile fishing zone went into effect yesterday, and its minuscule coast guard has been moved into the area.

Iceland's fishing agreement with the British, which permits restricted fishing in the old 50-mile zone, expires on November 13. Negotiations with Bonn broke off last year with no agreement.

The first round of talks with London on a new agreement last month was inconclusive. Opposition leftists in the meantime have stirred up public opinion against granting the British fishing concessions in the new zone; the second round of negotiations has not been scheduled. The UK ambassador in Reykjavik, however, has said that he hopes talks will resume in London next week.

The Icelanders' tough stance toward the West Germans also has not eased, and chances for renewed negotiations are slim.



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Iceland's extension of the fishing limits and its hard-line negotiating position have increased prospects for a resumption of the "cod war." Its coast guard has reportedly already escorted two West German fishing vessels out of the area. Bonn has said it will ignore the new limit until an agreement has been reached. Iceland may also detain British boats fishing between 50 and 200 miles offshore.

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### USSR

Recent comments by senior Soviet military officers to US attaches in Moscow provide a view into the Soviet armed forces' interpretation of the Helsinki agreement and the MBFR talks in Vienna.

Army General Yepishev, chief of the Army and Navy Main Political Directorate, late last week dismissed as irrelevant the Helsinki agreement's confidence-building measures regarding notification and the presence of foreign observers at military maneuvers held by signatory nations. Yepishev said observers were unnecessary, since both sides knew of the other's activities, and he claimed that exercises above division level violated the "spirit" of Helsinki.

Earlier, General Kulikov, chief of the General Staff and first deputy minister of defense, had made a similar argument, claiming that trust rather than prior notification and observers was the basic ingredient for improved relations.

The remarks by both officers are similar to two signed articles which recently appeared in the Soviet press on NATO maneuvers. The Soviet press has criticized NATO exercises as violating the Helsinki atmosphere. The Warsaw Pact, however, has thus far not accepted invitations to observe NATO exercises in West Germany, and the Pact countries have yet to announce plans for holding a military exercise above the 25,000-troop notification level for major military maneuvers. While Pact forces have held a number of sizable exercises since the conclusion of the CSCE agreement on August 1, none is known to have exceeded this level.

Regarding the MBFR talks in Vienna, Yepishev argued that the West was grossly exaggerating Soviet troop figures for political purposes. Numbers alone, he maintained, were insignificant, because wartime mobilization could change the troop figures overnight. At this point Yepishev made the unusual admission that Moscow enjoys a geographical advantage, particularly since US plans to reinforce Europe by air would not be so easy to accomplish in wartime. This is a significant departure from the usual Soviet contention that modern transport has given the US and the USSR equivalent reinforcement capabilities.

Yepishev, in reply to comments regarding the growing size of the Soviet armed forces and their continuing stress on ideological warfare, said that the US-USSR struggle was waged not by military action but by ideological, cultural, and economic means. In this regard, he described as "anti-Soviet" the US Congress' efforts to seek political concessions in return for permitting the USSR to purchase large quantities of US grain, and he said Moscow would not make such concessions.

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**ROMANIA**

Romanian President Ceausescu abruptly canceled his state visit to Yugoslavia, slated to begin Tuesday. Neither Bucharest nor Belgrade has publicly commented on the cancellation.

In a statement that probably reflects his own lack of information rather than the facts, a Yugoslav diplomat in Bucharest told the US embassy on Tuesday that Belgrade is "mystified" by the Romanian decision. The Yugoslav added he had been told to attribute the cancellation to "technical and protocol reasons."

Ceausescu is said to have insisted that President Tito meet him at the airport, a unique courtesy that the Yugoslav leader has extended to President Ford. Tito reportedly refused, despite the Romanian contention that Ceausescu is Tito's "closest ally."

The Yugoslav also claimed that the two sides could not agree on a joint declaration of principles proposed by the Romanians and on two suggested economic cooperation agreements. Meanwhile, the Belgrade correspondent for the Middle East News Agency reports well-informed sources as saying the visit is not likely to be rescheduled soon.

Strains in the relations both countries have with Moscow are more likely to have caused the cancellation than the alleged bilateral difficulties. The Soviets are undoubtedly annoyed that Belgrade and Bucharest are working to improve their relations with Peking. The Romanians, who are the more vulnerable to Soviet pressure, probably decided to play it safe rather than risk further friction with the Kremlin.

Unlike the Yugoslavs, the Romanians, who are members of the Soviet alliance system, may have felt it more prudent not to flaunt their increasingly close ties with nonaligned Yugoslavia. Moreover, within the month the Romanians must consider how to thwart Soviet efforts at the CEMA summit to gain greater integration of the members' economies; Bucharest must also conclude difficult negotiations on new five-year economic cooperation agreements with the Soviets.

The cancellation may stem directly from two visits to Bucharest earlier this month—one by Soviet party secretary Katushev, the other by Stane Dolanc, Tito's chief representative for party affairs. Both men met with essentially the same high-ranking Romanians, including Ceausescu. The level of Romanian participation at these meetings suggests that major items under discussion included differences with Moscow over the proposed conference of European Communist parties, the CEMA summit, and Romanian-Chinese relations.

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A Central Committee staffer of the Romanian party said early this month that Bucharest's good relations with Peking are by far Bucharest's chief problem with Moscow. The unprecedentedly large number of Romanian officials—including party, state, military, and intelligence personnel—visiting China last month has undoubtedly added to Soviet-Romanian strains.

The Dolanc-Ceausescu discussions, which received plaudits in the Romanian press, may have served as a substitute for a Romanian-Yugoslav summit until both sides feel circumstances are more opportune for a Ceausescu-Tito meeting. Dolanc, as Tito's chief lieutenant, is eminently qualified to discuss major issues in bilateral relations. At Tito's behest, Dolanc also met Ceausescu in late January. Now as then, there is no evidence of policy differences between Belgrade and Bucharest that would be sufficiently pronounced to have caused the cancellation of Ceausescu's talks with Tito.

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### AUSTRALIA

A decision by the opposition to force a new election could bring on serious political trouble in Australia.

Malcolm Fraser, leader of the Liberal-Country opposition coalition, told a news conference yesterday that his party plans to force Prime Minister Whitlam to call for general elections. Fraser said his party would use its control of the Senate to vote down Whitlam's 1975-1976 budget. By custom, the government is expected to dissolve Parliament and schedule new elections if its budget is defeated.

Whitlam, however, has indicated that he will instead ask the governor general to schedule elections only for those senators—half of the Senate—whose terms expire next year. Whitlam asserted that Australian political tradition requires new general elections only if budget bills are defeated in the lower house; his Labor Party has a majority there.

Both sides are uncertain exactly where they are headed or how the issue will be resolved.

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**LAOS**

The celebrations commemorating the 30th anniversary of the Lao independence movement demonstrated that Prime Minister Souvanna Phouma no longer has a meaningful role in the government of Laos.

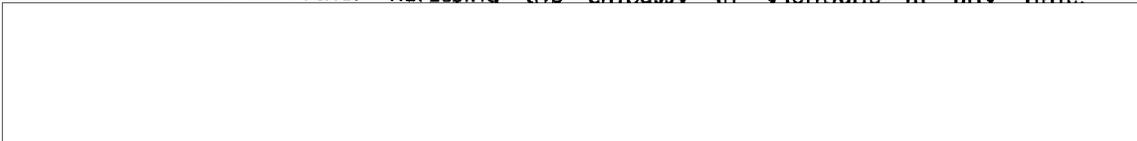
The communists hustled Souvanna—a founding member of the original Lao independence movement in 1945—out of Vientiane to Luang Prabang to prevent him from participating in the mass celebration in Vientiane. His only part in the festival was a short radio address read by an announcer that reviewed, in a disjointed fashion, the communists' "30-year liberation struggle."

Pathet Lao leaders will probably make sure that Souvanna spends most of his time in Luang Prabang until after the elections scheduled for next April, when he will formally retire. Preparations for these elections, which will ratify the communist take-over and end the facade of a coalition, are well under way.

Independence Day speeches and commentaries in the Pathet Lao media emphasized that the communist party—the Lao People's Revolutionary Party—will now govern Laos. Although Kaysone Phomvihane was not explicitly identified as the top man in the party, the fact that he delivered the keynote address in Sam Neua is a clear indication that he occupies the senior position.

In his speech, Kaysone said that the communists are willing to maintain diplomatic relations with Washington if the US respects the sovereignty and independence of Laos, does not interfere in the internal affairs of Laos, ceases support for the Lao rightists, and keeps its promise to "help heal the wounds of war"—a catch phrase for new aid.

The inclusion of the aid provision gives the communists a pretext for breaking relations or for further harassing the embassy in Vientiane at any time.



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**THAILAND**

Khukrit Pramot's coalition government overcame a significant political hurdle last week with the passage of the government's budget bill in the National Assembly. When he took office six months ago, the Prime Minister did not give his shaky seven-party coalition much of a chance of surviving such a test.

Khukrit has now turned his attention to consolidating his control over the ruling coalition. A reshuffling of the cabinet is clearly in the works, and Khukrit may also attempt a realignment of the coalition. While his plans are not yet final, the Prime Minister has offered former army commander Krit Siwara a deputy prime ministership in a new government. While Krit would prefer to become minister of defense, where he can maintain his influence over the army, he is leaning toward accepting Khukrit's offer in order to resume a position of influence in the government.

Khukrit's most difficult problem at the moment is whether to keep Praman Adireksan, his deputy prime minister and minister of defense, in the coalition. In recent weeks, Praman has emerged as a man who will use his defense post to build a political following in the army. The longer Praman stays in such a key post, the stronger his political base will become and the greater his ability to challenge Khukrit for the prime ministership. Khukrit may be prepared to drop Praman from the cabinet if he can gain the support of at least two additional political parties in putting together a new coalition.

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### THAILAND-LAOS

Incidents between Thai and Lao forces along their mutual border have increased in the past week and could lead to more serious clashes.

Lao troops recently have fired on several Thai river patrol craft, and Lao patrol craft have fired into Thai positions ashore. Clashes between forces of the two countries have spread along the entire Mekong River boundary.

Royal Thai aircraft are now flying armed escort missions for the river craft. On October 12, they attacked Lao gun positions some 40 miles south of Savannakhet—the first such Thai action since the communist take-over in Vientiane.

Thus far the border clashes have not been serious enough to warrant large-scale retaliation by either side. Bangkok is likely to continue to reply to further incidents with a show of force.

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