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National Intelligence Bulletin

January 17, 1976

CONTENTS

LEBANON: Attempts to negotiate cease-fire stalled 1

JAPAN-CHINA: Miki pushing for peace treaty with Peking 2

USSR-CHINA: *Pravda* takes tough stand on Peking 3



25X1

GUYANA: Government to recognize Angola's Popular Movement 7

PANAMA-CUBA: Torrijos' visit demonstrated concern for US sensitivities 8



25X1

ITALY: No progress on forming new government 11

PORTUGAL: Communists supporting antigovernment activities 12

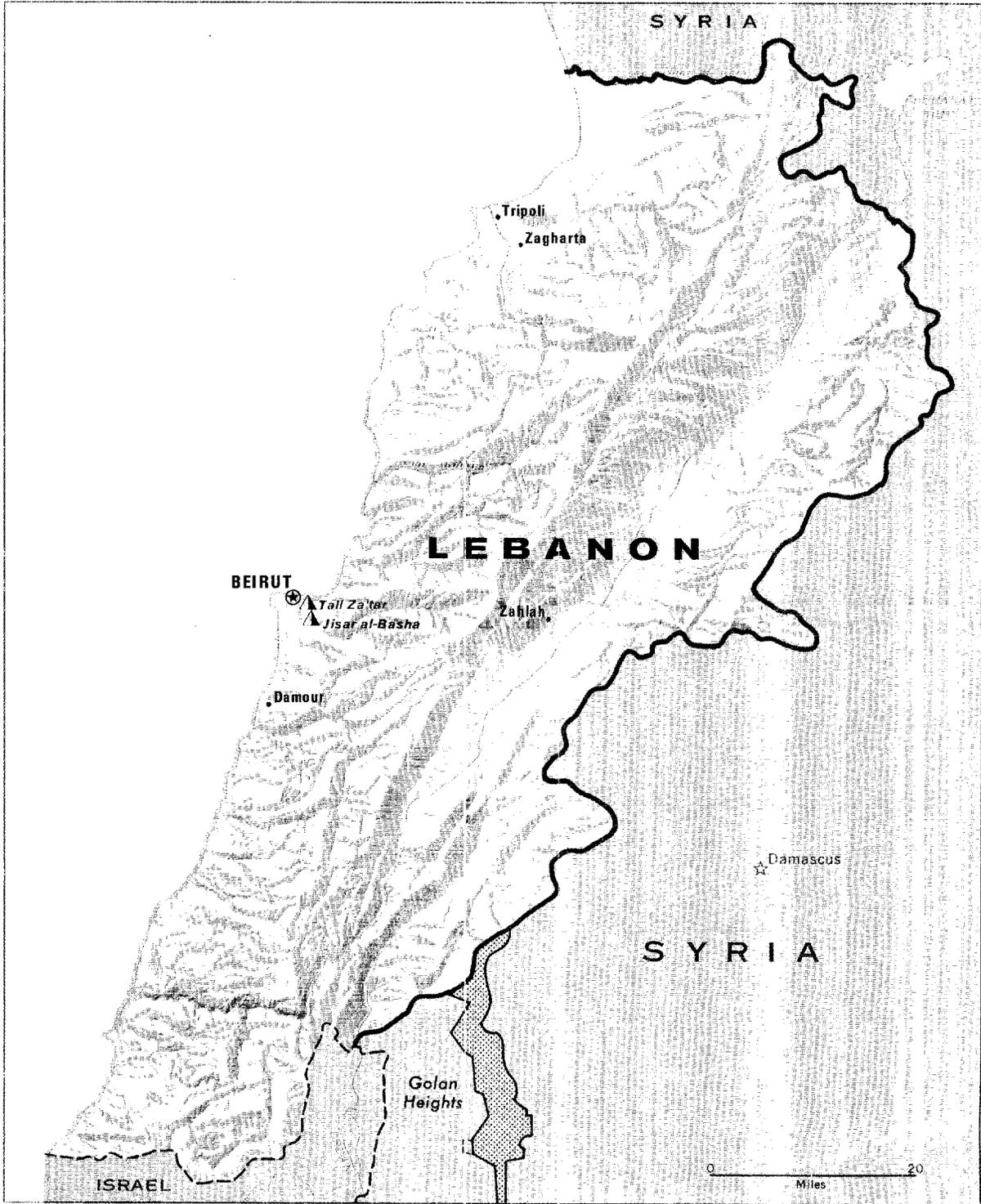


25X1

ANNEX: Meeting of West European Socialist Leaders



Palestinian Refugee Camps



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National Intelligence Bulletin

January 17, 1976

LEBANON

The meeting between the Lebanese and Syrian presidents originally set for today has been put off, apparently by mutual agreement, until steps have been taken to reduce the fighting. To underscore the Syrians' sense of urgency, President Asad sent his chief of staff to Beirut yesterday to bolster Prime Minister Karami's efforts to arrange another cease-fire.

The Christians are insisting on a reduction in the fighting before opening new negotiations, but this may be largely an effort to delay negotiations while they seek to consolidate their military gains in the area of the refugee camps. President Franjiyah's consultations with Maronite, Greek Orthodox, and Greek Catholic leaders suggest that when the two presidents do meet, Franjiyah will insist on discussing the Palestinian problem rather than Muslim demands for political and economic reforms.

Pragmatists on both sides, as well as the Syrians, recognize the urgent need to defuse the present situation because of the larger, more open involvement of both the Palestinians and Lebanese armed forces. Late yesterday the commanders of the two forces agreed to a cease-fire.

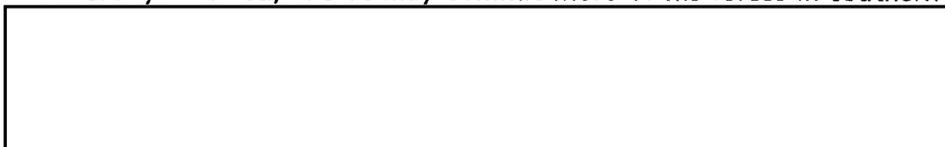
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There was no letup in the fighting around Tripoli, Zagharta, or Zahlah yesterday. In the capital, Christian positions in the commercial and hotel districts were weakening in the face of combined leftist-Palestinian counterattacks. The Palestinians are trying to relieve the pressure on two besieged refugee camps, Tall Zatar and Jisar al-Basha.

The chief of the Palestine Liberation Organization, Yasir Arafat, is very likely under pressure to commit more of his forces to avert a repetition of the Palestinian rout in Jordan. A large portion of the Palestinian forces in northern and central Lebanon are probably already involved in the fighting. Despite his reluctance to become more heavily involved, Arafat may commit more of his forces in southern Lebanon.

25X1



National Intelligence Bulletin

January 17, 1976

JAPAN-CHINA

Prime Minister Miki is seeking to use Foreign Minister Gromyko's unyielding position on the Northern Territories issue to justify early movement toward concluding a peace treaty with Peking. Miki presumably calculates that the negative impression created by Gromyko's visit will help him overcome objections from his party's right wing to moving ahead with Peking.

Tokyo has publicized in considerable detail Gromyko's talks with Miki and Foreign Minister Miyazawa, portraying the USSR as rigid and insensitive to Japanese interests. Indicating his desire to move ahead on the Sino-Japanese treaty despite Soviet displeasure, Miki himself publicly rejected the idea of Japanese "equidistance" between the USSR and China. He termed the concept a myth and added that it is unrealistic to keep a "perfect balance between the two countries."

[Redacted]

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Miki has long desired to preside over the final step to full normalization of relations between Tokyo and Peking. There is, however, a clear gap between Miki's aspirations and his ability to move his party beyond publicly adopted positions.

Miki continues to have a very narrow base of personal political support and so far has largely depended on his party's right wing, the element most opposed to additional concessions to China. He appears to believe, however, that China's current position on the treaty will permit a bridging of previous Sino-Japanese differences without provoking a major battle in his party.

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National Intelligence Bulletin

January 17, 1976

USSR-CHINA

Pravda yesterday ran an article on China under the authoritative byline I. Aleksandrov. This is the first article on China by Aleksandrov in almost a year; its timing strongly suggests it was prompted by the release of the Soviet helicopter crew and by the death of Chou En-lai.

The full text is not yet available in Washington, but judging from the summary presented by Tass, the commentary is very tough on Mao and his "henchmen," perhaps in part a reaction to the vitriolic comments on General Secretary Brezhnev in China's New Year's statement. The article says that it is Mao and his supporters who stand in the way of better relations between the two countries. This is not a new theme in Soviet commentary, and, as in the past, the Aleksandrov article goes on to state that the Chinese "people" will one day overcome "Maoist ravings."

The article also mentions Chinese "patriots" who oppose Mao's policies. This is an unusually explicit reference to the possible existence of individuals or factions within the Chinese governing apparatus who advocate less hostile relations with the USSR. The "patriots" seem to be presented in such a way as to suggest that Mao is on the defensive.

The article seems studiously to avoid any conciliatory note, omitting even a perfunctory reference to Moscow's desire for normal relations with China. There is a specific reference to the number of anti-Soviet articles that have appeared in the Chinese press in the past two weeks. In addition to reflecting Moscow's own skeptical attitude, the purpose of the reference may be to tell the Soviet audience not to jump to any conclusions on the basis of the release of the helicopter crew that China's policy toward the Soviet Union is changing. It could also be intended to put the Chinese on notice that they will have to tone down their rhetoric before they can expect a reciprocal gesture from the Soviets.

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Next 2 Page(s) In Document Exempt

Approved For Release 2007/03/08 : CIA-RDP79T00975A028500010028-5

National Intelligence Bulletin

January 17, 1976

GUYANA

Prime Minister Burnham's government will soon recognize the Soviet-backed Popular Movement for the Liberation of Angola as the official government of Angola.

Foreign Minister Wills told the US ambassador on Thursday that an announcement will be made this week. Wills claimed the decision was based on the government's long-standing policy of supporting any force or nation opposed to South Africa. He said this was the "gut" issue of his government's foreign policy and "if the devil were opposed to South Africa, we would ally ourselves with the devil."

A visiting Popular Movement delegation early this month received red-carpet treatment from Burnham and other government and party officials. In a radio broadcast on January 10, Burnham pledged "full support" for the Popular Movement and observed that his government already had supplied it with rice, sugar, and other food supplies.

25X1

National Intelligence Bulletin

January 17, 1976

PANAMA-CUBA

Panamanian leader General Torrijos' behavior during his visit to Cuba from January 10 to 15 and the mildly worded final communique demonstrated considerable concern for US sensitivities and the prospects for eventual ratification of a new canal treaty.

The communique skirted delicate topics with general statements supporting self-determination, territorial integrity, and anti-colonialism. Torrijos did receive enthusiastic support from Castro for Panama's effort to reassert sovereignty over the canal. The Cuban leader, in return, obtained Panamanian endorsement of the need for a new international economic order, the Latin American Economic System, and the Caribbean merchant shipping enterprise. There are no specific references to either Angolan or Puerto Rican independence.

In speeches during the visit, both leaders stressed the need for Panama to negotiate calmly with the US, and both noted the differences between the Panamanian and Cuban experiences. Possibly reflecting Torrijos' concern with US reaction, Castro held his news conference—at which Angola and US relations were raised—after Torrijos' plane departed.

Torrijos appears to have accomplished his purposes of publicizing Panama's cause and refurbishing his own revolutionary credentials at minimal cost. Only one point in the communique—consideration of economic, technical, and scientific cooperation—seems likely to raise concern among Panamanian conservatives. More specific details on such cooperation were sidestepped by agreement to establish a commission to spell out the forms of cooperation. If eventual exchanges of personnel are involved, this may lead Panamanian rightists to charge that Cuban influence in Panama has been expanded.

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Next 1 Page(s) In Document Exempt

Approved For Release 2007/03/08 : CIA-RDP79T00975A028500010028-5

National Intelligence Bulletin

January 17, 1976

ITALY

Aldo Moro's initial round of consultations with party leaders on forming a new government produced no progress.

The Christian Democrats reiterated their opposition to any arrangement that would blur the distinction between the government and the Communist opposition.

Socialist leader De Martino stood by his demand that the Communist Party be "associated" in some way with the governing majority. De Martino insisted that the economic plan developed late last year be abandoned in favor of one based on Socialist proposals and that the government seek Communist support for such a program. Moro is studying the Socialists' economic proposals in hopes of finding a compromise that might help break the deadlock when negotiations resume next Tuesday.

The details of the Socialists' economic proposals are not yet available, but what we do have suggests that compromise will be difficult. The Socialists' criticism of the former government's industrial development plan centers on the assertion that the plan gave industry too free a hand with public funds and failed to deal adequately with unemployment.

The Socialist suggestion that government funding of companies be contingent on the willingness of the companies to create more jobs is likely to draw sharp fire from centrists and conservatives in the governing parties as well as from businessmen. Republican Party leader La Malfa and industrialist Giovanni Agnelli, for example, maintain that the Socialist approach would wipe out recent progress in slowing the inflation rate and, ultimately, work against lasting economic recovery.

On balance, the latest Socialist moves do not seem likely to enable the party to break out of the isolation created by its decision to bring down the government before Socialist or other political leaders were prepared to cope with the consequences. The Communist Party has shown no interest in the Socialist scheme for indirect Communist involvement in the government. Even labor, which likes the Socialists' ideas on attacking unemployment, argues that the party should have tried to amend the economic plan in parliament before pulling down the government.

There are signs that the Christian Democrats' resolve is hardening in the face of the Socialists' isolation. While the Christian Democrats are not anxious to resort to an early parliamentary election, they appear increasingly willing to take that risk rather than compromise positions around which party members now seem united.



National Intelligence Bulletin

January 17, 1976

PORTUGAL

The Portuguese Communist Party is supporting several anti-government manifestations this weekend to protest the new austerity program and to serve notice that the Communists still have the strength to cause trouble in the labor sector.

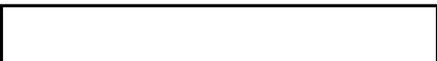
The high point of these activities will be a rally in Lisbon today sponsored by 13 Communist-controlled unions. The workers will protest rising prices and the government's suspension of all labor contract negotiations. No leftist mass demonstrations have been held in Portugal since the abortive military rebellion in November.

Communist Party leader Alvaro Cunhal, who has been attacking the government's economic program and demanding that it continue nationalization and land-reform measures, addressed a Communist rally last night in Porto. He is scheduled to speak again tomorrow in the southern town of Beja. Communist-controlled construction workers called a two-hour strike in Lisbon yesterday, and the Communist-dominated trade union confederation has called a plenary meeting this weekend to discuss the political situation.

The Communists apparently are hoping to divert attention from themselves and to begin to reverse a series of setbacks suffered since the ouster in September of pro-Communist former prime minister Vasco Goncalves. In addition to the widescale purge of Communists and their sympathizers from government posts, the military, and the news media, the Communists are beginning to be successfully challenged by the Socialists for key union posts.

The Communists are again coming under heavy fire in the north. A series of bombings has been directed against them in recent weeks, and northern farmers are leading a frontal assault on the Communist-supported land-reform program.

In the past, the Communists have enjoyed marked success in orchestrating worker protests over "bread and butter" issues, and a large turnout is expected at today's rally. Because of recent reverses, however, they will probably be careful not to overplay their hand.



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Next 1 Page(s) In Document Exempt

Approved For Release 2007/03/08 : CIA-RDP79T00975A028500010028-5

National Intelligence Bulletin

January 17, 1976

ANNEX

Meeting of West European Socialist Leaders

West European Socialist leaders will meet tomorrow and Monday in Helsingor, Denmark. The meeting may see a sharp debate on future Socialist strategy between party leaders from northern and southern Europe.

The leaders from the northern countries will be aiming to strengthen the coordination of Socialist action in volatile political situations. They will point to the success of such coordinated action in helping the Portuguese party over the past 20 months as an example of what can be accomplished.

The southern leaders, led by France's Mitterrand, are beginning to see themselves as something of a breed apart from the tamer northern variety. They will be pushing for a policy of Socialist-Communist alliances in national politics, at least in the Mediterranean countries.

Bids to Helsingor

The instigators of the Helsingor meeting were West Germany's Brandt and Sweden's Palme, who asked Danish Socialist Prime Minister Jorgensen to convene West European Socialists for an informal exchange of views on broad problems. Last year West European Socialist leaders met in Berlin, Stockholm, London, and Mannheim in an effort to coordinate action in international affairs.

Almost all heads of European Socialist parties have agreed to be at Helsingor. Among the 60 to 65 participants will be West German Chancellor Schmidt and party leader Brandt, Britain's Prime Minister Wilson and Foreign Minister Callaghan, French Socialist leader Mitterrand, Portuguese Socialist leader Soares, Spanish Socialist Workers Party chief Gonzalez, Swedish Prime Minister Palme, Dutch Prime Minister den Uyl, Austrian Chancellor Kreisky, and Finnish Foreign Minister Sorsa.

The agenda for the two-day sessions is extensive and calls for:

--Socialists from the EC states to discuss the Tindemans report on the status of the EC, and a Socialist platform for direct elections to the European Parliament;

--Brandt to speak on cooperation with parties outside Europe and outside the Socialist International;

National Intelligence Bulletin

January 17, 1976

- Danish Foreign Economics Affairs Minister Norgaard to review "cooperation between industrial and developing countries";
- Spanish and Portuguese Socialist leaders Gonzalez and Soares to report on the situations in Spain and Portugal;
- Schmidt and former Norwegian prime minister Bratteli to discuss "EC cooperation with European countries outside the EC";
- Wilson and Palme to assess European economic prospects;
- Mitterrand to report on "development of the Socialist parties in southern Europe and their relations with the Communist parties."

The Spanish Problem

Some of the conferees see the Socialists' situation in Spain as parallel to their situation in Portugal. They hope that help to Spanish Socialists will contribute to democratic evolution there, as it did in Portugal. Sweden has already trained a number of Spanish Socialists in the conduct of an election campaign.

Most West European Socialists are aware that the situation of the Spanish Socialists today is markedly different from the situation that faced the Portuguese Socialists immediately after the coup in 1974. Portuguese leader Soares was far better known at the time of the coup than any Spanish Socialist is today. In addition, Portuguese Socialists were a single party and they entered the government right after the coup; in contrast, there are several Spanish Socialist parties, all of which are illegal.

The Spanish Socialist Workers Party, led by Felipe Gonzalez since 1972, is the principal Socialist group. Last fall it won recognition as a legitimate Socialist party from the Socialist International.

The International in the end did not endorse Gonzalez or his party's orientation. Gonzalez took over the party in 1972 on a platform critical of the former leadership's hard anti-Communist line, but he is opposed to joining the Communist-dominated Democratic Junta. He favors legalization of the Communists because he feels that Socialists can compete better with a legal party. Soares believes that the 33-year-old Gonzalez is too young and inexperienced to be the national leader of Spanish socialism.

Another Socialist, Tierno Galvan, is close to a number of figures in the new Spanish government—particularly Interior Minister Fraga—and this may enable him to win legalization of the eight Socialist factions he has united in a confederation. So

National Intelligence Bulletin

January 17, 1976

far, Gonzalez has shown no inclination to join. Tierno has indicated that he is prepared to work with Spain's Communists. Other significant Spanish Socialist groups include a staunchly anti-Communist faction and the Spanish Social Democratic Party, which has good contacts in military and government circles.

Communist Orientation

The small, pro-Soviet Portuguese Communist Party evokes no comradely feelings among European Socialists. The Spanish Communists, in contrast, have had bitter experience with the Soviets and have pursued an increasingly independent course over the past decade. They have even withstood a strong Soviet drive to establish a rival Spanish Communist party responsive to Moscow.

When the Socialist International looks for ways to aid the Spanish Socialists, it will face the problem of what attitude it wants Spain's Socialists to take toward the Spanish Communists. This has become a divisive factor in Socialist deliberations over the past year, largely because of Francois Mitterrand's success in France.

The Mitterrand Factor

Mitterrand's maneuvering in international as well as domestic politics has accentuated the differences among Socialists over relations with the Communist parties. Mitterrand, a late-comer to the inner circle of international socialism, insists that the Socialist parties in West Germany, Austria, the UK, and Scandinavia have different interests from those of the Socialist parties of southern Europe.

The northern Socialists, he maintains, already have the allegiance of the majority of workers and have nothing to gain from alliances with the Communist parties. Consequently, northern Socialists oppose alliances with the Communists, even for the southern Socialists. Mitterrand believes that his tactics in France show that a Socialist party can gain strength from an alliance with the Communists and can then proceed to challenge Communist claims to speak for the left.

Mitterrand organized a conference of southern Socialists last May. Representatives of Greek and Belgian, as well as Italian, Spanish, and Portuguese, parties attended. He wanted to preach his views; to enhance his claim to leadership in the Mediterranean, which he sees as increasingly central to international concerns; and to develop a counterweight to the northern faction in the Socialist International.

Only the Socialists in France and Tierno's Spanish faction are in alliance with Communists, but they all share the problem of dealing with a Communist party in national politics. They look on Mitterrand as a winner. Italy's De Martino, for example, hopes to emulate the French Socialists in their successful competition with the Communists.

National Intelligence Bulletin

January 17, 1976

Mitterrand is planning a second meeting of the southern Socialists in Paris immediately after the Helsingor conclave. Representatives of the Italian, Spanish, Portuguese, and Belgian parties are expected to attend; one of the principal topics will be the coordination of various forces on the left.

In preparation for Helsingor and Paris, Mitterrand led a study group of southern European Socialists to Spain. The visit was designed to encourage further political liberalization there.

In the background calculations of both the northern and southern Socialist leaders is a possible conference of Communist and Socialist leaders from Italy, France, Spain, and Portugal. Portuguese Socialist leader Soares first proposed the conference last summer. He sees it as a way to highlight the contrast between the apparent flexibility of the Spanish and Italian parties and the intransigence of Alvaro Cunhal, leader of the Portuguese Communists. Cunhal opposes the conference, but French Communist leader Marchais' growing sympathy for the interest of Italian and Spanish Communists in regional West European Communist cooperation has increased the likelihood that the meeting may nevertheless be held in the next several months.



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25X1

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