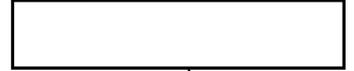


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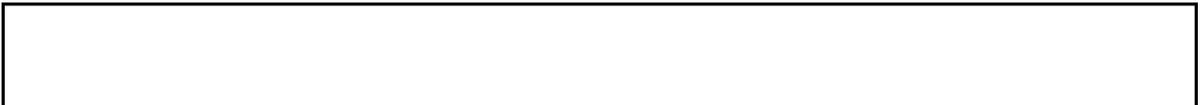
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State Dept. review completed
DIA review(s) completed.

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National Intelligence Bulletin

February 17, 1976

CONTENTS

MOROCCO-ALGERIA: Apparent
clash in Sahara over weekend 1

CHINA: Criticism
of Teng spreading 2

NIGERIA: Lagos returning to
normal after abortive coup 4

ETHIOPIA: Undercurrents
of uneasiness 5

ARGENTINA: Peron
moves against enemies 8

USSR: Soyuz-20 deorbited 9

ICELAND: General strike
putting pressure on government 10

FOR THE RECORD 11

ANNEX: Implications of the Lebanese Settlement



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National Intelligence Bulletin

February 17, 1976

MOROCCO-ALGERIA

Moroccan and Algerian troops may have clashed again over the weekend in Spanish Sahara.

[redacted] an estimated regiment-sized Algerian force, supported by armor and artillery, conducted a hit-and-run attack on Amgala last Saturday, overrunning the Moroccan infantry company defending the oasis. [redacted] the Algerians wanted to avenge their defeat last month by Moroccans at Amgala. The Moroccan minister of information later told the US ambassador that 32 Moroccan soldiers were killed and a number captured by the Algerians.

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Morocco's King Hassan sent a message to Algerian President Boumediene on Sunday accusing Boumediene of again breaking promises he had made last summer not to use Algerian troops in Sahara to fight the Moroccans. The King, according to a Moroccan broadcast, challenged Boumediene to make known his intentions about Spanish Sahara by either accepting an internationally guaranteed peace or openly declaring war on Morocco.

The Moroccan version may be accurate, though we cannot confirm that Algerian troops conducted the attack. [redacted]

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An Algerian broadcast has denied the Moroccan charge; it suggested that the Polisario Front was responsible. The radio commentary emphasized that Algeria will continue to support the Front fully in its struggle for independence for Spanish Sahara.

The Algerian reaction suggests Boumediene still wants to avoid an open clash with Morocco but that he will continue to support the Polisario Front's struggle against the Moroccan and Mauritanian take-over of the disputed territory. [redacted]

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National Intelligence Bulletin

February 17, 1976

CHINA

Criticism of Teng Hsiao-ping in wall posters apparently has spread to many areas throughout China. The posters are confined mainly to institutes of higher learning but have appeared in the streets of Shanghai and apparently one other city as well.

The poster campaign reportedly was endorsed over the weekend by the party's official newspaper, which asserted that criticism through posters "terrifies only the guilty."

Teng Hsiao-ping's political status seems still unresolved. Most Chinese officials abroad have expressed confidence that he will retain important party and military posts—an indication that they have received no official word that Teng is finished. A Foreign Ministry official has said Teng is still a vice premier in the government. The relatively few public appearances of Chinese leaders in recent weeks suggest that the party's ruling Politburo is meeting, perhaps to decide Teng's future among other issues.



A Chinese official reportedly has said that Mao designated Hua Kuo-feng as acting premier because the time is not "ripe" for a permanent premier and that there is "no appropriate person" for the job. If true, this statement would indicate that Mao has indeed withdrawn his previous endorsement of Teng as Chou En-lai's successor. Several Chinese officials stationed abroad have said recently that Chou's successor may not be chosen for some time.

The party's leaders would set a dangerous precedent should they decide to send Teng back to political obscurity. Teng is the highest ranking of hundreds—perhaps thousands—of officials who were purged in the mid-1960s and have since been reinstated. These rehabilitated officials occupy positions at almost every level of the Chinese hierarchy. Teng's ouster would be an invitation for party leftists to attack these officials; the result could be widespread disruption throughout most of China's provinces.

National Intelligence Bulletin

February 17, 1976

Such attacks may in fact have already begun. The party leader of Hunan Province, a rehabilitated official, reportedly is under attack in wall posters that have appeared in the streets of the provincial capital.

Most Chinese officials who have expressed a view see the balance of power in the leadership as clearly in favor of the pragmatists associated with Teng. Although they may not have access to inside information and may be basing their judgment on Teng's strong showing throughout 1975—and on the fact that many of his supporters are now in important posts—it is perhaps significant that they are for the most part optimistic about Teng's future and do not expect either foreign or domestic policy to swing to the left as a result of the current situation.

If Teng's future party role is now at issue, as seems the case, and the party leadership cannot agree on whether to allow him to remain as de facto number-two man in the party—another of Chou En-lai's positions that Teng assumed last year—a prudent course might be to demote him slightly.

A similar situation occurred in 1974, when a party vice chairman was under widespread attack in posters throughout the country. His demotion in January 1975 to that of an ordinary member of the Politburo apparently silenced his critics.

In any case, Teng's current troubles, which almost certainly are being orchestrated by some important party officials in Peking, have probably caused the party's leaders to reassess the leadership alignment. Regardless of where Teng comes out, there are bound to be some changes in the pecking order, and should Teng emerge with his party position intact, his current detractors may find themselves in hot water.

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National Intelligence Bulletin

February 17, 1976

NIGERIA

Lagos appears to have returned to normal following last Friday's abortive coup attempt, which resulted in the slaying of head of state General Muhammed. Borders and airports remain closed to international travel and a dusk-to-dawn curfew continues.

Reports indicate the coup attempt was initiated by a handful of dissident soldiers. The willingness and ability of the armed forces to quash the rebellion has met with widespread approval, indicating that the coup plotters acted without broad support.

Following a meeting of the ruling Supreme Military Council on Saturday, armed forces chief of staff Obasanjo was named head of state. He is the first member of the influential Yoruba tribe to hold this position. The former commissioner of transport, Lieutenant Colonel Yar'Adua, was promoted to general and will assume the portfolio of armed forces chief of staff.

Obasanjo has vowed to continue Muhammed's policies, which will undoubtedly include a strong stance against minority rule in South Africa and support for the Soviet-backed Popular Movement for the Liberation of Angola. In a speech last month, Obasanjo bore down hard on Angola and implied that the importance of oil as a political weapon should not be ignored.

Although there are rumors that the US was implicated in the coup attempt, no official accusation has been made. Nevertheless, the Nigerian news media, which have become increasingly controlled by the government, have hit hard at US operations overseas. Last month, the government ordered that the US Foreign Broadcast Information Center at Kaduna be shut down without offering justification. The Nigerian press, however, alleged that the center is controlled by the CIA.

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National Intelligence Bulletin

February 17, 1976

ETHIOPIA

Two prominent figures from the Haile Selassie regime were killed over the weekend, allegedly while resisting arrest. Numerous others were arrested.

Addis Ababa radio provided little explanation, announcing only that the government had taken action against "opponents of the Ethiopian revolution." Those killed and arrested may have been suspected of collaborating with the Ethiopian Democratic Union, an organization led by other well-known members of Ethiopia's former aristocracy. The Democratic Union has been conducting guerrilla operations in western Ethiopia and is believed to have a number of supporters in other parts of the country.

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[redacted] some members of the ruling military council have become increasingly concerned that the Democratic Union is gaining popularity in the provinces. They believe the Union's advocacy of a return to private ownership of land has a strong appeal among a wide variety of people who oppose the council's nationalization program.

The council members are concerned that the Union, by winning over large numbers of farmers, will be able to cut the flow of food supplies to Addis Ababa. Some farmers have recently protested the council's socialist policies, especially the price controls on their products. In some instances they have burned their crops rather than sell them at the government price.

The council members believe the Union does not now pose a military threat to the government. Before the arrests and killings were announced, the US embassy reported that there was a marked undercurrent of uneasiness and a general expectation of disorder in Addis Ababa. For the first time in months, rumors of a possible coup are again circulating. The uneasiness is partly attributable to the disappearance of staple foods from the markets.

Increasing student and worker unrest have added to the malaise. Large numbers of deserters from the government's rural work program have returned to Addis Ababa. Students and workers in the capital have staged several demonstrations in recent weeks. Buses have been stoned and burned in other towns.

The growing malaise is also being fed by:

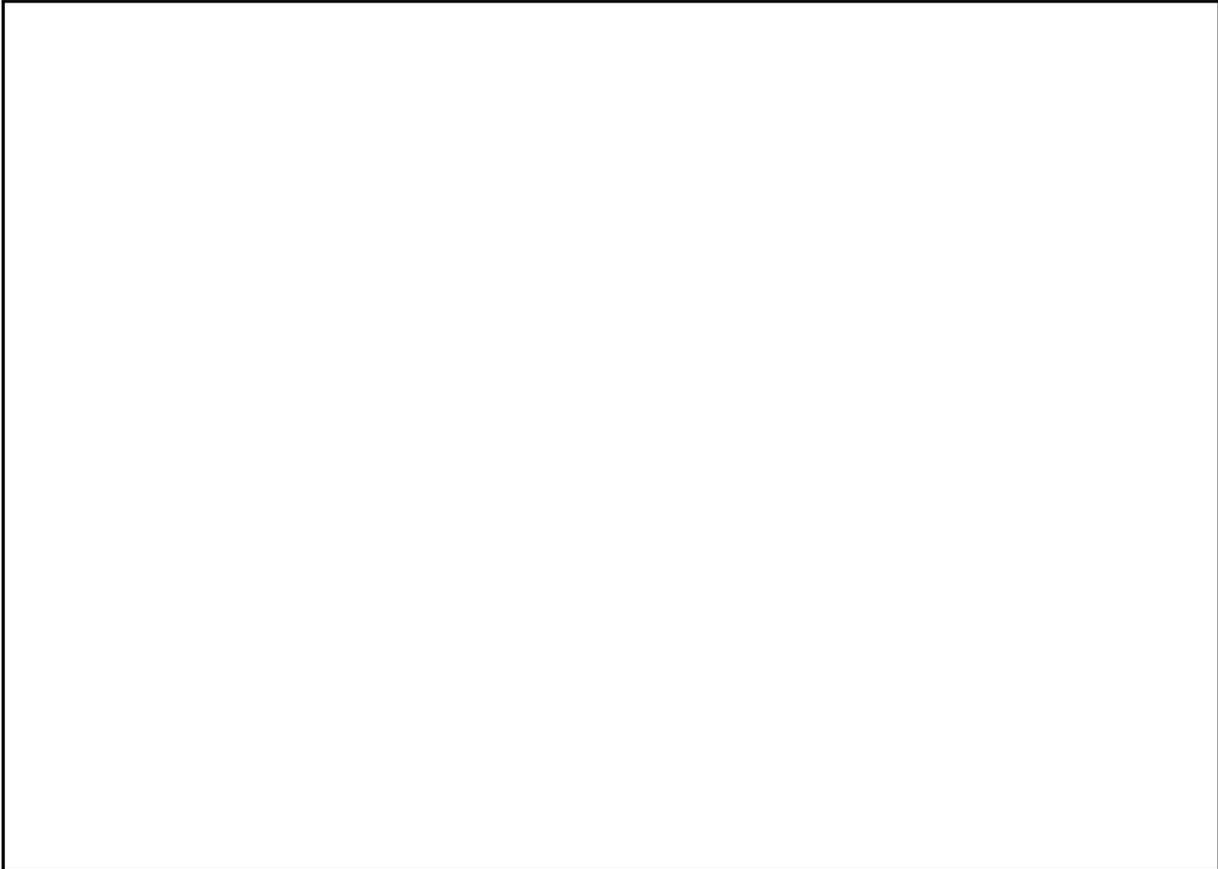
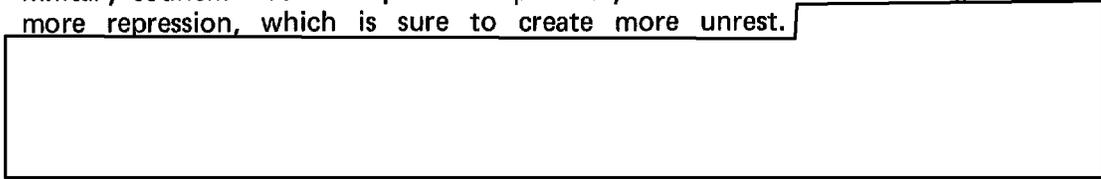
--The government's continuing difficulties in dealing with insurgencies in Eritrea and other provinces,

National Intelligence Bulletin

February 17, 1976

--rising tensions on the border with Somalia, Ethiopia's traditional enemy, stemming from a recent clash between French and Somali forces on the border between Somalia and the French Territory of Afars and Issas.

The arrests and killings this weekend will further erode public confidence in the military council. Most Ethiopians will probably view the events as the beginning of more repression, which is sure to create more unrest.



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National Intelligence Bulletin

February 17, 1976

ARGENTINA

President Maria Estela Peron has taken the offensive against her enemies, calling for constitutional reform and temporarily closing a prominent newspaper that has become one of her harshest critics.

Her most recent move was to adjourn congress last night—an obvious bid to thwart a renewed attempt at impeachment.

Late last week, Peron called for a constituent assembly to rewrite the constitution before the next national election. Her public statement did not spell out the changes she wants, but the move may be related to the controversy over the date for the next national election.

The constitution now provides that the election be held within six months prior to inauguration day, May 25, 1977. Major opposition parties have strongly protested against the date previously set—next October 17—on the grounds that it is an important Peronist holiday; the date, of course, also does not fall within the six-month period called for in the constitution.

Peron has also condemned an amendment enacted in 1972 by the former military government, which reduced the president's term from six to four years. She may conceivably be seeking to reinstitute the six-year term and, perhaps, even make it applicable to her present stay in office.

President Peron frequently insists that as Juan Peron's chosen successor, she intends to finish out her term. Her defiance in the face of growing adversity has served to confuse her opponents in the past, but her closure of congress could force the military to intervene. Until now, the military has publicly shunned this course by insisting that the politicians should remove her by legal means.

Peron has lost almost all of her former allies, including much of organized labor, but the latest protest against her administration, a call for a "strike" by business leaders yesterday, was only partially successful.

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National Intelligence Bulletin

February 17, 1976

USSR

The Soviets' unmanned Soyuz-20 spacecraft yesterday separated from the Salyut-4 space station and returned to the USSR after 91 days in orbit. We believe this mission was a prelude to the launch of a manned spacecraft that will probably attempt to establish a new record for manned space flights.

The Soyuz-20 was launched on November 17 and docked with the space station two days later. There is no indication that new systems or operational techniques were tested, but Moscow has announced that biological experiments with different plants and living organisms were conducted.

[Redacted]

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The longest Soviet manned space mission to date was conducted last year when the Soyuz-18 crew remained in orbit for 63 days. No major problems developed during that flight,

[Redacted]

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In view of the apparent success of the Soyuz-20 mission, the Soviets will probably attempt to launch a manned spacecraft within the next few months. That mission will probably last about 90 days and thus set a new record for manned space flights. The US Skylab-3 crew was in orbit for 84 days in 1974.

[Redacted]

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[Redacted]

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National Intelligence Bulletin

February 17, 1976

ICELAND

The general strike that began in Iceland today is putting additional political pressure on Prime Minister Hallgrimsson, who is already concerned that his coalition government may break up unless the fishing dispute with the UK is settled soon.

Union and management negotiators have been meeting with a government mediator in marathon sessions for the past two weeks, but the two sides are still far apart on the issue of wages. Progress has been hampered by the inability of government leaders to take a major part in the talks because of their preoccupation with the cod war.

The main union goal is to tie wages to the cost-of-living index, a link that the Hallgrimsson government suspended last year. The annual rate of inflation is currently about 60 percent.

Hallgrimsson might pressure the employers' association to make additional concessions. Most union leaders are taking a hard line on the cod war, and the Prime Minister's room for maneuver in restarting talks with London would be restricted further if he resists union demands for higher wages.

If the strike call is fully heeded, some 40,000 persons will stay away from their jobs. State employees are not involved in the dispute, so essential utility services will not be affected. The last general strike in Iceland was two years ago and lasted six days.

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National Intelligence Bulletin

February 17, 1976

FOR THE RECORD

EC-ANGOLA: The EC Nine are moving toward diplomatic recognition of the Popular Movement as the sole government of Angola. The subject was surely discussed at the EC political directors' meeting in Luxembourg that began yesterday. Some reports indicate that the political directors are working out final arrangements and that the announcement will be made this week. The EC agreed late last year to act simultaneously on Angolan recognition. The Nine have apparently decided to act at this time because of the Popular Movement's military successes and because most members of the Organization of African Unity now recognize the Movement, making certain that it will win OAU recognition.

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National Intelligence Bulletin

February 17, 1976

ANNEX

Implications of the Lebanese Settlement

The political reforms announced by President Franjiah on Saturday meet most of the demands of Lebanon's old-line Muslim leaders, yet they preserve the most important prerogatives of the country's Christian minority.

The reforms do not include the fundamental political changes sought by the radical leftists and some Muslim religious leaders, but they may lead to greater leftist representation in parliament, and they promise a variety of lesser concessions in the form of social and economic measures.

If the reforms are implemented soon, Lebanon may win a period of peace that could last several months or even a few years. If Christian leaders attempt to delay implementation of the changes or to introduce qualifications while their promises are being translated into laws, the fighting probably will resume. This might prompt Syria and the mainline fedayeen groups to withdraw their support for the political compromise, and could lead ultimately to still more fundamental changes in Lebanon's system of government.

In his speech outlining the reform package, Franjiah sought to balance concessions for the Muslims with reassurances for the Christians. He promised the Muslims that Lebanon's constitution will continue to "evolve by experience" to accommodate needed changes in the political system, that the government is committed to social justice, and that the country will never abandon its "Arab character."

At the same time, the President assured the Christians that the 1943 national covenant will be preserved, that the Palestinians will be expected to adhere to their past agreements with the Lebanese government, and that Lebanon will retain its "sovereignty."

The Approved Document

Franjiah said that the reforms are outlined in a written document that has been approved by the Lebanese cabinet and will soon be presented to parliament. There is little chance that parliament will fail to approve a political settlement that has been approved by leaders of the country's principal political groups, but there is a chance that politicians on both sides will use the time before parliament acts to raise new political demands or objections.

National Intelligence Bulletin

February 17, 1976

Once it is approved by parliament, the new document, which Franjiyah termed "a declaration of a course for national action," apparently will augment rather than supplant the unwritten national covenant and the existing constitution as the basis of Lebanon's political system.

As outlined by Franjiyah, the most important points of the reform package provide for:

- Continuing the existing system of distributing the top political posts: the president will be a Maronite Christian, the prime minister a Sunni Muslim, and the speaker of parliament a Shia Muslim.
- Providing equal representation to Christians and Muslims in parliament, and revising of the election law to provide for the proportional representation of sects within each major religion.
- Electing the prime minister by parliament, instead of his being selected by the president.
- Changing the procedures to be followed by parliament: certain "issues of destiny" will require a two-thirds majority. The parliament will continue to elect the president, but it will now require 55 percent of the votes if the candidate fails to receive a majority on the first ballot.
- Transferring some power from the president to the prime minister; all decrees and bills will be issued jointly.
- Decentralizing and establishing a merit system in the civil service.
- Drafting a new defense policy and strengthening the army.
- Establishing an administrative body to plan economic development and committing the government to "universal social justice" through economic and social reform.

25X1 [REDACTED] a new cabinet will be formed soon, and that all parties to the political settlement have agreed that some action to implement each of the specific reforms will be taken within one month after a more representative government is installed.

Muslim Positions

Lebanon's old-line Muslim leaders, including Prime Minister Karami, are in an awkward position as a result of the Christians' approval of the reform package. The Muslims' political prestige rests on early implementation of the reforms, yet strict adherence to the terms of the accord would increase the political power of the disadvantaged Muslim and leftist groups that threaten the political positions of the old-liners.

National Intelligence Bulletin

February 17, 1976

The good will of the traditional Muslim leaders will be tested with the issue that must be faced first: reallocation of the seats in parliament. Unless the membership of parliament is expanded, the Muslims will gain only five seats. This number would be insufficient to satisfy the six or seven Muslim blocs that are already in parliament, and would, if the reform provisions are implemented equitably, be given primarily to Shia Muslim and leftist groups rather than to the already influential Sunni Muslims.

The Sunni Muslims may decide to endure criticism from their leftist and Shia associates by tacitly cooperating with the Christians in delaying reconstitution of the parliament or by pushing ahead with the recent plans to extend the life of the present parliament and allow it to elect a new president late this summer.

The old-line Muslims are likely to conclude that the increased representation they have won for Muslims in parliament is insignificant. Their major gain is in the increased power of the prime minister relative to that of the president. Because the Sunnis control the post of prime minister, they will seek to build up the post further and probably will not attempt to make parliament significantly more powerful than it has been in the past.

Karami, a Sunni Muslim and a strong prime minister, gains most from the new agreement.

The Lebanese leftists and some radical Muslim religious leaders received no satisfaction of their fundamental demands: that the Maronite Christians give up the presidency and that the religious basis of Lebanon's government be abandoned. Nevertheless, they are not likely to attempt to spark new hostilities until they see whether or not the government implements the promised economic and social reforms. Some of the leftists will be satisfied with limited measures; others will be cowed by the overwhelming military presence in Lebanon of the Syrian-controlled Palestine Liberation Army and by the decision of the major fedayeen groups to cooperate with the Liberation Army in enforcing the cease-fire.

The only leftist who has promoted a coherent set of political demands over the past several months has been Socialist leader Kamal Jumblatt. His party platform calls for extensive education and social welfare programs, a merit system in the civil service, proportional representation in parliament, an independent judiciary, reform of the election system, and some reduction in the powers of the president.

Although Jumblatt probably will complain that the reforms announced by Franjiyah promise only part of what he has been recommending, he may conclude—if the reforms are actually implemented—that he has won as much as he could reasonably expect. If his party, which has the largest leftist militia, is satisfied and counsels respect for the cease-fire, the other leftists almost certainly will be unable to upset it.

National Intelligence Bulletin

February 17, 1976

Christian Attitudes

Leaders of the large Christian political parties presumably decided that they could accept the reform package because it perpetuates Christian control of the presidency and—theoretically, at least—leaves in force the 30-year-old national covenant. In addition, the Christians, even before endorsing the final version of the reform package, received a reaffirmation of Syria's commitment to guarantee Palestinian respect for past agreements limiting fedayeen activities in Lebanon.

According to one report, leaders of the right-wing Christian militias are confident that the Syrians will withdraw the Palestine Liberation Army from Lebanon eventually, and hope that Damascus in the meantime will force the fedayeen back into the refugee camps.

The Christians reportedly believe that even if the political settlement falls apart and the fighting resumes after the Syrian-controlled troops leave, they will at least have won an opportunity to regroup and rearm.

If the cease-fire holds and the reforms are implemented, the Christians, in theory, will be left with much less power to initiate public policy because the president will be forced to share his authority to issue decrees with the prime minister. In practice this will not change much; the fragility of Lebanon's political system over the past several months has obliged the president to secure approval of the prime minister before taking any important step.

However the reforms are implemented, the Christians will retain a veto since the president can withhold approval of proposals backed by the prime minister. This is likely to become important as the Christians attempt to restrain the more powerful prime ministers, including the assertive Karami, who probably will push for extensive government programs in education, health, and housing.

Several of the provisions in the reform package will work to protect the political position of Christian leaders.

--The provision that parliament must approve important issues by a two-thirds vote will ensure that Muslim deputies cannot recruit a small number of dissident Christians and pass measures harmful to conservative Christian interests.

--The provision for the election of a president by a 55-percent majority after the first ballot makes it unlikely that Muslim members would be able to use a similar strategy to elect a president from one of the small Christian liberal parties despite right-wing Christian opposition.

National Intelligence Bulletin

February 17, 1976

The Civil Service

The reforms dealing with the civil service and the army are not designed to protect the Christians' position, but they appear unlikely to strengthen the Muslims either. Equal representation is guaranteed in the top civil service jobs, and the Christians for the foreseeable future will be better able to compete for those positions to be covered by a merit system.

To the extent that the administrative offices of the government are decentralized, it will only increase the capabilities of the Christians to establish a truncated Christian state if they should ever conclude that partition is necessary.

Christians and Muslims will attempt to interpret the provision providing for a new defense policy and a strengthened army to their own advantage. In the past, the leftists and some Muslim leaders have favored enlarging the army and arming it in a way that it can better defend against Israeli attacks; the Christians have favored arming the force so that it can better preserve internal security.

Because the army is now partially disarmed and wholly demoralized, it is unlikely that it will be able to play a forceful role in internal security for several months, and it is certain that the army will not provide a deterrent to Israel for years, if ever.

Continued peace in Lebanon, therefore, will depend on the continued willingness of Syria and the large Palestinian groups to control the Lebanese and fedayeen radicals, and on the willingness of the leaders of Lebanon's private militias to cooperate in implementing the current political agreement.

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