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Top Secret 217

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday March 23, 1977

CG NIDC 77-067C

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s) completed.

State Dept. review completed

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National Intelligence Daily Cable for Wednesday, March 23, 1977.

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The NID Cable is for the purpose of informing senior US officials.

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CONTENTS

INDIA: Coalition to Govern Page 1

UK: Government's Prospects Improve Page 2

INDIA: Political Page 5

LEBANON: Situation Report Page 6

FRANCE: Municipal Elections Page 6

PERU: SA-3 Missiles Page 10

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INDIA: Coalition to Govern

25X1 [] The Janata Party in India apparently will form a coalition government with the followers of former agriculture minister Ram, who broke early in the election campaign with former prime minister Gandhi who resigned today.

25X1 [] Members of Parliament of Janata and Ram's party will meet in New Delhi on Thursday to choose a prime minister. The prospective Janata led coalition has so far won 286 of the 542 lower house seats. Gandhi's Congress Party has won 146 seats as the country of votes nears an end.

25X1 [] The four ideologically diverse parties that joined to form Janata may have difficulty formulating policies and even in picking a prime minister and cabinet. The Congress Party's defeat on the national level may result in the fall of numerous Congress-led state governments as state legislators scramble to get on the anti-Congress bandwagon. The selection of Janata candidates for state elections will be another problem for Janata's disparate partners.

25X1 [] The four parties that make up Janata are:

--The Organization Congress, a moderate group that broke with Gandhi in 1969. Its leader, Morarji Desai, is the leading candidate for prime minister.

--The Jana Sangh, a Hindu nationalist party that has moderated its radical policies in an effort to broaden its support.

--The Indian Revolutionary Party, a coalition of a number of groups that broke with Congress largely because of disagreements in state politics.

--The Socialists, the most radical of the four, who are prone to splitting over personalities and ideology.

25X1 [] Foreign policy was a minor issue in the campaign and the new government is not likely to initiate any major shifts in India's foreign relations. There may, however, be some difference in approach on several issues in which the US is interested, including relations with Moscow, nuclear weapons and the Indian Ocean.

25X1 [redacted] Although the Indians probably will continue to rely on Soviet economic and military aid, the new government will be more cautious in dealing with Moscow. Several leaders of Janata, including Desai, have been openly critical of the 1971 friendship treaty with the USSR.

25X1 [redacted] The USSR enjoyed close, cordial relations with Gandhi's government and will view her defeat as a setback of major proportions. Moscow will try to maintain good relations with whatever government emerges, but the atmosphere in Soviet-Indian relations could chill noticeably.

25X1 [redacted] Several important Janata leaders have long advocated a nuclear weapons program for India. Although J. P. Narayan, the party's elder statesman, is opposed to all such weapons, the US may find India even less cooperative on nuclear issues.

25X1 [redacted] The new government might take an even stronger stand against foreign military activities in the Indian Ocean--including those of US at Diego Garcia--because of the nationalistic bent of several of its members.

25X1 [redacted] Because India has a huge population and is a leader among the developing nations, the problems Gandhi's government encountered with a vigorous birth control program may have international implications. Gandhi's sterilization program may have been the single most important cause of her defeat. [redacted] 25X1

25X1 [redacted]

UK: Government's Prospects Improve

25X1 [redacted] //The chances that British Prime Minister Callaghan's government will survive today's confidence vote improved yesterday as several minor parties indicated a willingness to reach some accommodation with the government.//

25X1 [redacted] //Callaghan emerged from a meeting with Liberal Party leader Steel in a buoyant mood, indicating that a deal may have been struck. Callaghan refused, however, to reveal any details of their talks.//

25X1 [redacted] //The Liberals, recognizing that their ability to influence the government would be greater now than after an early election, are seeking an accommodation with Labor to last from 12 to 18 months.//

[Redacted]

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[Redacted] //The Liberals reportedly are prepared to support Callaghan if he promises to consult with them on all planned legislation and states publicly that the government will introduce no new "socialist" legislation in this or the next session of Parliament. They are also calling for tax reform and a tougher line on government wage and price policies.//

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[Redacted] //Callaghan would prefer to work out a more informal understanding with the Liberals, since a public pledge to forego further "socialist" measures would alienate key Labor Party and trade union members.//

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[Redacted]

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[Redacted] //Although Labor Party leaders may feel confident the government will survive the confidence vote, victory is not assured, given the poor record of the party leadership in the House of Commons in managing recent votes. Labor's failure to anticipate a major defeat on a motion to limit debate on the bill giving home rule to Scotland and Wales exposed the party's weak position in Parliament, setting the stage for the current challenge.

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INDIA: Political

25X1 [] Three men apparently are in the race to be India's next prime minister.

25X1 [] The Janata Party, to which Morarji Desai and Charan Singh, two of the candidates, belong, and the much smaller party of Jagjivan Ram, the other candidate, have decided to act as a single party in parliament. On Thursday, the members of parliament of both parties will meet to elect their parliamentary leader, who will become the prime minister.

25X1 [] Desai is better known than Charan Singh and presumably has greater support among Janata members. Charan Singh's support is centered in his home state, Uttar Pradesh, but about a quarter of the Janata members of parliament come from that state. Although Ram's party is small, he almost certainly has some support in Janata.

25X1 [] J.P. Narayan, the most respected of those who campaigned against Prime Minister Gandhi, could have considerable influence in the selection of a prime minister, but his poor health precludes his taking an active part in the government.

25X1 [] Desai, 81, was deputy prime minister and a leader of the more conservative faction of the Congress Party when he broke with Prime Minister Gandhi in 1969. He has criticized the 1971 friendship treaty with the USSR and would favor a more balanced foreign policy. He is a capable administrator, but his opponents accuse him of being inflexible and puritanical.

25X1 [] Charan Singh, 75, was chief minister of Uttar Pradesh after his break with Gandhi in 1967. He bases his claim to the prime ministry on the strong showing Gandhi's opponents made in his home state. His opponents say his almost total lack of experience at the national level would make him an ineffective prime minister. The strongest supporter of free enterprise among the three candidates, Singh has been accused of being inflexible and opportunistic.

25X1 [] Jagjivan Ram, 68, sees himself as a compromise and hopes to obtain the blessing of Narayan. Ram, the leader of India's untouchables, was a member of the cabinet and one of

the most important members of the Congress Party when he broke with Gandhi early in the election campaign. He is more sympathetic to socialism than the other two candidates and is less concerned about the closeness of India's relations with the USSR.

LEBANON: Situation Report

The fallout from the assassination last week of Druze and leftist leader Kamal Jumblatt is keeping tensions high in Beirut and the Shuf region of Lebanon. The Syrian-controlled Arab peacekeeping forces appear to have the situation under control for the moment, but the Christians may undertake a campaign of massive killings against the Druze in retaliation for Druze killings of an estimated 150 Christians in the Shuf last week.

Christian leaders have threatened to take action on their own if the Lebanese government or the peacekeeping forces do not arrest by today those responsible for the murders of Christians. Some arrests have been made, but it is not clear if this will be sufficient to head off a Christian reaction.

The US embassy in Beirut notes that Druze attacks on Christian villages have strengthened the arguments for a separate state for Lebanese Christians. In addition, Jumblatt's death, although weakening the left, has removed from the Lebanese political scene a major opponent of separatism. His assassination has also permitted deep-seated religious animosities to come to the surface and has demonstrated the fragility of the present Syrian-imposed truce.

FRANCE: Municipal Elections

Many of the left's gains in the second round of France's nationwide municipal elections on Sunday were made in areas previously considered to be conservative strongholds. The governing coalition managed to keep control of Toulouse, Lyon, Nice, and a number of other important cities, but it failed to take a single large city held before the election by the left. Losses by the forces led by President Giscard exceeded those of the Gaullists.

25X1 [redacted] In the past, the governing coalition has been able to use anti-Communist scare tactics to bring out conservative votes in the second round of voting. Such support did not materialize on Sunday; in fact, some voters abstained in the second round. It also apparently supported the left in the second round. It also appears that voters who backed Jobertist or ecology candidates in the first round either shifted to the left or abstained

25X1 [redacted] Socialist voters for the first time showed as much discipline as their Communist allies and generally backed Communist candidates in the second round in areas where the Communists were leading. Of the 156 cities with populations of more than 30,000 now held by the left, 82 are controlled by the Socialists, 71 by the Communists, and 3 by leftists not affiliated with the United Left.

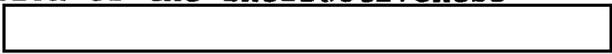
25X1 [redacted] The governing coalition did win a comfortable majority in the Paris council, taking 69 of the 109 seats. Gaullist leader Jacques Chirac's strong showing in Paris reaffirms his power base and prestige within the governing coalition. It is not at all clear, however, that his success was due to his aggressive anti-Communist campaigning, as he claims.

25X1 [redacted] The Paris area has always been a stronghold of the moderates, and population shifts have worked further against the left; in addition, Chirac's lists were headed by well-known personalities who probably helped his candidacy almost as much as he helped theirs. It is questionable whether Chirac's hard-hitting anti-communist tactics can be successfully transferred to the rest of France in the campaign for the parliamentary election that must be held by next March.

25X1 [redacted] Giscard's Independent Republican candidates barely held their own in Paris by retaining 12 seats of the 109 seats on the municipal council. In addition to Minister of Industry d'Ornano, several key Independent Republican figures lost their seats, among them the secretary general of the Independent Republican Party, Jacques Dominati, and the president of the party's parliamentary assembly group. Centrist participation in the Paris council was cut in half; this, coupled with centrist losses elsewhere in France, will put pressure on Giscard to reduce the disproportionate centrist representation in the current cabinet.



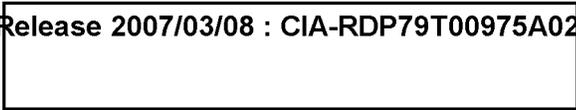
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 In Paris, the centrists and Independent Republicans have so clearly identified themselves with President Giscard that they are at a disadvantage in dealing with the Gaullists, who view their victory as confirmation of the ineffectiveness of Giscard's tactics and policies. 

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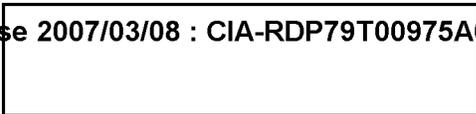
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PERU: SA-3 Missiles

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[redacted] //Some 100 SA-3 missiles, along with associated transporters, arrived by ship in Peru early this month, [redacted]

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The acquisition of the missiles brings Peru closer to having an effective ground-based air defense force. In mid-March some 20 Soviet advisers reportedly arrived to train the Peruvians and to maintain the SA-3 equipment.//

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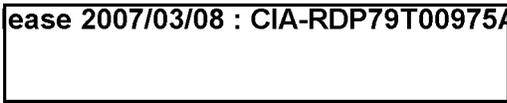
[redacted] //Peru signed an agreement with the USSR in 1975 for an air defense package, of which the SA-3 is the key element. This missile, first introduced in the USSR in 1961, is best suited for use against low-altitude aircraft, as are other weapons in the Peruvian package--the ZSU-23-4 self-propelled antiaircraft artillery gun and the shoulder-fired SA-7 missile. Over 40 ZSU-23-4 guns have been delivered to date, but we cannot yet confirm that the SA-7 is in Peru.//

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[redacted] //These new air defense weapons can adequately counter the Chilean and Ecuadorean air forces, which pose only a modest threat to Peru. Chile has a few US-supplied F-5 fighters and some older B-26 bombers. Ecuador now has five Canberra light bombers and is starting to receive British-made Jaguar fighters; it is searching for another type of fighter aircraft after its unsuccessful attempt to purchase Israeli Kfir jets.//

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[redacted] //The 100 SA-3 missiles are sufficient to supply several firing units initially. Each unit is equipped with radars and consists of four launch positions with either two-rail or four-rail launchers. The first units will probably be set up



around Lima or near the airfield at Pisco, where Peru's new SU-22 fighter-bombers reportedly will be stationed. At most, about a dozen SA-3 sites will probably be established.//

25X1 [redacted] //None of the SA-3 units is likely to be operational for at least another year, pending completion of the Soviet-sponsored training program and the construction of support facilities. The Soviets are unlikely to man Peruvian SA-3 sites in the interim. [redacted]

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Next 1 Page(s) In Document Exempt

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