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NATIONAL INTELLIGENCE DAILY CABLE

Friday June 24, 1977

CG NIDC 77-146C



NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Friday June 24, 1977.

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[Redacted]

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

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NAMIBIA: SWAPO

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[redacted] //The South-West Africa People's Organization has strongly denounced the efforts by five Western powers to negotiate a peaceful transition to independence for Namibia.

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[redacted] SWAPO President Sam Nujoma told French officials this week that SWAPO could not accept the appointment by South Africa of a politically neutral administrator-general in Namibia even if the appointment were followed shortly by the naming of a UN representative to work by his side. In a major concession earlier this month, South Africa agreed to abandon its plans to set up a multiracial interim government and appoint instead an administrator-general, responsible to the South African President, to administer Namibia until a free election can be held for a constituent assembly.

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[redacted] Nujoma also dismissed the Western proposal for a phased withdrawal of South African security forces from Namibia, arguing that the presence of any South African troops, police, or administrators would be incompatible with a free election. He insists that a cease-fire must come first and that South African troops should be replaced by UN forces drawn from other black African nations.

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[redacted] In a speech to the Organization of African Unity's Liberation Committee, which met in Luanda last week, Nujoma reiterated his demand for the complete withdrawal of South African forces and said South Africa must also agree to the unconditional release of all political prisoners before SWAPO would be willing to negotiate a transfer of power from South Africa to the Namibian people under SWAPO leadership.

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[redacted] Nujoma accused the five Western participants in the talks--the US, the UK, France, West Germany, and Canada--of trying to usurp the role of the UN Council for Namibia by initiating contacts with the South Africans outside the framework of the UN. He has also criticized the West for failing to get adequate assurances concerning the removal of discriminatory legislation in Namibia and for not discussing the future of South Africa's Walvis Bay enclave.

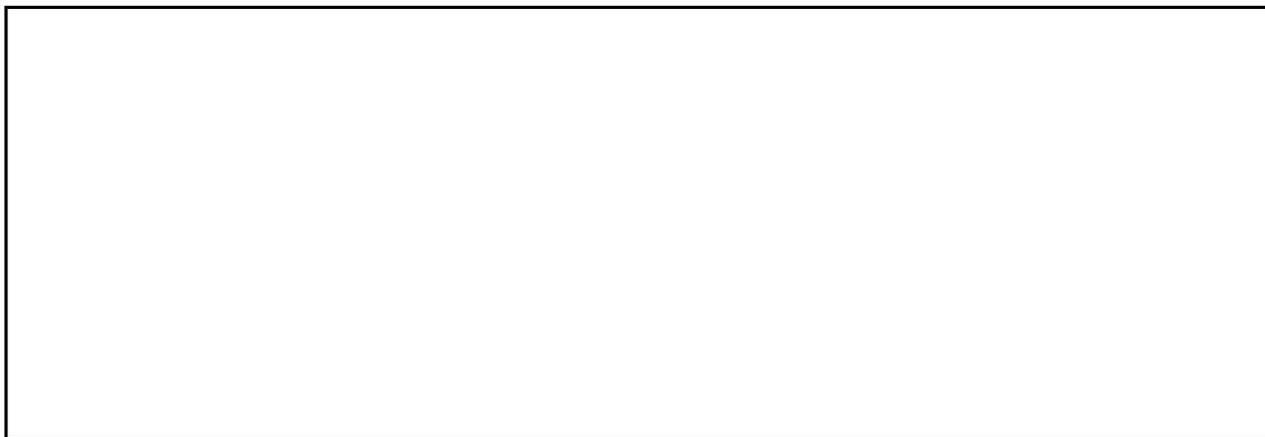
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[redacted] Spokesmen for the internal wing of SWAPO, which had previously taken a more accommodating stand toward the talks, strongly denounced the Western initiative last week. David Tjongarero, leader of SWAPO's internal wing, argued that, by initiating talks with South Africa, the Western powers had lessened international pressure on Prime Minister Vorster's regime and were blocking the UN from taking concerted action to oppose South African control of Namibia.

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[redacted] Tjongarero said SWAPO would support the Western initiative only if it were scrupulously in accord with the most recent UN resolution on Namibia--particularly with those provisions that establish conditions under which UN-supervised and -controlled elections are to be held. If the Western initiative departed in any way from the resolution, SWAPO would refuse to participate.

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[redacted] SWAPO's decision to come down hard on the Western initiative is probably dictated in part by its own political weaknesses. SWAPO would be at a distinct disadvantage if an early election were held because of its internal problems and

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its lack of a strong political apparatus inside Namibia. Both Nujoma and Tjongarero have said that if the election process is to succeed much time will be needed to prepare for the contest.

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 SWAPO probably is also reluctant to become involved in what it believes could easily develop into an extended negotiating process that promises little hope of success, given Vorster's determination to preserve South Africa's basic interests in the territory. Despite the flexibility South Africa has shown in the early stages of the talks, SWAPO believes the South African government will throw up major roadblocks once the negotiations focus on more politically sensitive issues such as the type of electoral system to be used in Namibia and South Africa's continuing responsibilities and presence in the territory.

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[Redacted] Senior officials in Botswana have said their main concern is that all factions in Namibia get an equal chance to participate in a fair election. If SWAPO were to lose such an election, they reason it then would have no basis for complaint. They believe that much of SWAPO's current rhetoric stems from the fear of a possible election defeat.

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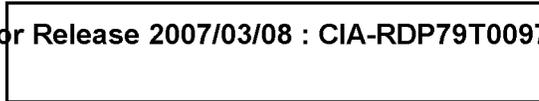
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SPAIN: Internal Situation

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 Differences of opinion within Spanish Prime Minister Suarez' Union of the Democratic Center have delayed the formation of a new cabinet, foreshadowing the difficulties Suarez will face in keeping his disparate alliance in line.

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 The Prime Minister's apparent concern over the unexpectedly strong showing of the Socialist Workers Party has led to an attempt to force the factions in his political alliance to merge into a single party. Suarez undoubtedly expects that by offering cabinet posts to reluctant centrist leaders he will be able to persuade them to unite with him.

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 Throughout the election campaign, leaders of Social Democratic and Christian Democratic factions within the Democratic Center sought to retain the separate identities of their parties. Some of them complained loudly last month when Suarez put large numbers of his own men on the centrist election lists.

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 As the left wing of the centrist alliance, Social Democrats and Christian Democrats fear that the formation of a single center party would dash their efforts to represent themselves as former champions of the moderate opposition to Franco. They believe this would open the center to accusations of being a resurrection of the Francoist National Movement, weakening it as a political force.

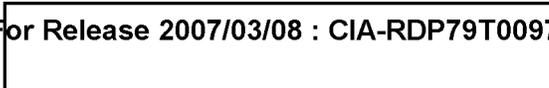
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 Many centrist leaders would probably prefer to work out a pact on parliamentary discipline at this stage, maintaining ostensible independence within the centrist alliance.

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[redacted] The centrists are also haggling over distribution of the cabinet posts [redacted] Some factions insist that the current cabinet should be completely replaced with leaders of the centrist alliance, while Suarez would prefer to retain some of his close followers, like Foreign Minister Oreja and Interior Minister Martin Villa, in key posts.

[redacted] Should Suarez opt to push ahead with forming a single party, there could be defections that would cost him seats in the lower house. He would still command a plurality, however: the example of Ruiz Gimenez and Gil Robles, who refused to join his alliance and won no seats in the election, is fresh in all minds. The defectors, moreover, lacking any better alternative, would almost certainly continue to support his major programs.

[redacted] //Announcement of the new cabinet will probably be delayed until next week and may come after the election returns--held up by various hitches and recounts--have been certified on Tuesday.// [redacted]

USSR-FRANCE: Brezhnev Visit

[redacted] Soviet President Brezhnev's three-day visit to France ended Wednesday without a sign that it had made any significant change in Soviet-French relations, but it did offer the Soviet leader an opportunity to lobby against the human rights policy of the US. Both sides described the visit as a "success," but visible signs of disagreement were at least as prominent as indications of harmony.

[redacted] If the Soviets had hoped that the visit could halt or reverse France's drift toward closer military and political cooperation with its Western allies, they were disappointed. Brezhnev and French President Giscard disagreed openly about the orientation of French defense, which under Giscard has been more openly directed against an enemy from the east than was the case under presidents de Gaulle and Pompidou. The Soviet apparently had no greater success in overcoming French resistance to participation in international disarmament negotiations. The final communique treated this subject only in vague terms.

[redacted] Brezhnev stressed the need to maintain East-West detente, and warned that Western--and especially US--support

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for the cause of political dissidents in Eastern Europe threatened to undermine it. In fact, direct or indirect criticism of the US positions on human rights and on other crucial issues such as SALT was a frequent theme of Brezhnev's remarks. The Soviets may think that one of the main benefits of the visit was the chance it afforded them to express their views on which side bears responsibility for the strains in US-Soviet relations.

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[redacted] Brezhnev's unscheduled visit to Jacques Chirac, the mayor of Paris and Giscard's main rival on the political right, suggests that the Soviets are looking ahead to the French legislative election next year. Their willingness to circumvent Giscard's obvious opposition to the meeting with Chirac suggests that they are intent on establishing contact with one of the potential contenders for Giscard's mantle.

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[redacted] By contrast, Brezhnev did not meet with French Communist leader Georges Marchais, as he has done in the past. Marchais made it clear that he had no desire to compromise his image of independence by meeting with Brezhnev, but the omission is nevertheless an indication of the cool relations between the two communist leaders.

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[redacted] The only specific results of the summit were a joint declaration on multilateral and bilateral issues, two separate declarations on detente and nonproliferation, and several bilateral agreements on economic, scientific, and cultural exchanges. Of these, the economic agreements, which foresee a threefold increase in bilateral trade, were probably the most significant. [redacted]

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POLAND: Dissident Activity

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[redacted] *Polish dissidents are pressing the regime to release nine dissident leaders arrested in mid-May. Jacek Kuron, leader of the Workers Defense Committee, and other members of the group were arrested when they tried to make common cause with students demonstrating over the death of a student activist.*

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[redacted] Committee spokesmen have recently distributed copies of three petitions calling for the release of Kuron and his

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compatriots. The documents, which were probably instigated by the Defense Committee, were signed by students, intellectuals, and over 300 members of a Catholic parish. Several students in the northern city of Gdansk staged a short-lived hunger strike in support of the jailed dissident leaders. This is the first time since the Workers Defense Committee was established last year that it has been directly supported by students and Catholics.

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[redacted] The dissidents have not been charged with any crime, which will make it easier for the government to release them. On the other hand, the government will be reluctant to appear to be responding to dissident pressure.

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[redacted] Another dissident group--the Movement for the Defense of Human and Civil Rights--has begun to show the first appreciable signs of life since its formation in March. The Movement, which was quiet during the student demonstrations in May, has published the second edition of its newsletter "Opinia," which claims to have a circulation of over 2,000. The group has also asked the national legislature to revise laws that conflict with the human and civil rights provisions of the Polish constitution.

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[redacted] Several members of the Rights Movement have told US officials of the political differences between their organization and the rival Workers Defense Committee. They claim that their movement is more democratically inclined than the Workers Defense Committee, and accuse some Committee members of using the protest movement to launch personal political careers. This apparently is a reference to a statement once made by Defense Committee leader Kuron that he would not mind jail because it had been the starting point for a number of Polish political careers.

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[redacted] For its part, the Workers Defense Committee has implied that its rival organization was organized by people with anti-Semitic backgrounds. Despite the antipathy, the two organizations apparently have decided to avoid public disputes which would hurt both sides. [redacted]

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China-Vietnam-Laos: Relations

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[redacted] //Visits to China this month by high-ranking delegations from Vietnam and Laos are additional signs that the two Indochinese countries are diversifying their sources of foreign aid and moving somewhat away from their reliance on the USSR. For its part, China appears to be adopting a more positive approach toward the two countries.//

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[redacted] A number of factors may have prompted Vietnam to try to improve its relations with China, which have been strained by issues such as conflicting claims on islands in the South China Sea. Drought has left Vietnam with a grain shortage, which this year may reach 1.2 million tons. Resumption of the Chinese shipments of food and fuel that apparently were suspended following the earthquake in China last July probably is a high-priority issue for the Vietnamese. The Vietnamese also may be reacting to what they view as Soviet attempts to press Hanoi into following a pro-Soviet foreign policy line.

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[redacted] A military delegation headed by General Vo Nguyen Giap and a group led by Premier Pham Van Dong visited China this month. General Giap, who is a member of the Vietnamese Politburo, a vice premier, and defense minister, was accompanied by at least six other generals. Chinese party chairman Hua Kuo-feng and vice chairman Yeh Chien-ying met Giap's delegation the day it arrived, indicating the importance that the Chinese attributed to the visit. Giap was escorted frequently by Chinese Politburo member General Chen Hsi-lien during the visit, which lasted nearly three weeks.

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[redacted] The director of the Vietnamese army's general logistics department was with Giap's group, which met with senior Chinese military logistics officials, indicating that military shipments to Vietnam may have been discussed.

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[redacted] Premier Dong's delegation stopped over in Peking on its return from a visit to Europe and the Soviet Union. The Premier, like Giap, met with Hua Kuo-feng. The presence of the Vietnamese minister responsible for oil and natural gas and of a Chinese vice minister of agriculture and forestry adds force to rumors in Peking diplomatic circles that Chinese shipments of fuel and food to Vietnam may have been discussed.

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25X1 [redacted] //Following on the heels of the Vietnamese, Kaysone Phomuihan, general secretary and premier of Laos, led a delegation to Peking. The Lao group, which was in China for three days, met with Chairman Hua and was received by Politburo member and Vice Premier Li Hsien-nien.//

25X1, [redacted] //Lao and Chinese military and trade experts conferred; the Laotians may have sought greater Chinese support for programs in addition to the current construction projects in northern Laos. Such a move would fit well with reports that Laos is seeking to expand the base of its foreign support.//

25X1 [redacted] Regardless of what was discussed, the Vietnamese and Lao trips themselves and their high-level treatment by the Chinese show that all sides wish to give the appearance of improving relations.

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UK: Defense Cuts

25X1 [redacted] //The UK has described to NATO officials specifically how it plans to cut \$387 million of the \$459 million reduction in its defense budget for the fiscal year April 1978 through March 1979; the cut was announced in a defense white paper published earlier this year. Although the budget will somewhat impair the UK's ability to support NATO, British defense planners hope to spread the reductions across the entire range of defense expenditures in order to avoid disproportionate damage to Britain's "front-line capability." They expect the UK will still be spending over 5 percent of its gross domestic product on defense, which the British point out is "well above the NATO average and not far behind the US."//

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[redacted] //The UK representative told NATO Secretary General Luns in a letter on June 21 that over 40 percent--some \$163 million--of the proposed cut will be in purchases of equipment for the three services. The Royal Navy appears to have been hit hardest. The equipment consists principally of support systems, though purchases of some major items such as fleet tenders, patrol boats, hovercraft, and certain air defense radars would be deferred. Even with these deferments, the UK would be spending \$2.6 billion, or well over 20 percent of the defense budget, on major equipment.//

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[redacted] //Some \$17 million will be cut from proposed research and development programs. About one third of the new capital programs originally planned for 1978-79 would be deferred.//

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[redacted] //About \$31 million is to be saved by cuts in service and civilian manpower. The Royal Air Force ground officer branch will be reduced and flight training programs will also be diminished. Civilian positions in the defense bureaucracy will not be filled when personnel retire or quit, and the amount of overtime work will decline//

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[redacted] //The British will eliminate some \$100 million from military construction programs in all three services, mainly in projects not directly affecting operations. This will delay plans for improving living and working conditions of military and civilian personnel.//

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[redacted] //A cut of \$76 million is planned in general support and administration. Stocks of fuel will be reduced but will remain consistent with NATO standards. Food stocks for British troops will be reduced below NATO standards, but could quickly be replenished in an emergency. [redacted]

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PORTUGAL: Demonstrations

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[redacted] *More than 50,000 Portuguese workers protested the Socialist government's austerity program in a series of rallies on Wednesday sponsored by the Communist-dominated labor confederation. The Communists do not appear to be trying to bring down the government, but probably hope that by exploiting growing*

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worker unrest they can discourage Socialist efforts to enact legislation that would curb Communist influence in labor and in the implementation of agrarian reform.

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[redacted] The demonstrations were the largest antigovernment rallies since the Soares government assumed office nearly a year ago. An orderly crowd of 45,000 was reported in Lisbon, 5,000 in the second largest city of Porto, and smaller numbers in 35 towns throughout the country. US embassy observers in Lisbon reported that the demonstrators appeared to be a representative cross-section of the labor force and did not include the large number of students who filled out the crowds in Communist rallies on May 1.

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[redacted] Warnings by Labor Minister Gonetha on Tuesday night that such demonstrations could weaken the Socialist government as well as the fragile democratic structure in Portugal did little to dissuade the workers from attending. Labor Minister Gonetha criticized the Communist-run confederation for planning the rallies and announced that the government would break off discussions with confederation representatives on wage and price policies.

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[redacted] The Communists, concerned about Socialist labor and agrarian legislation now before the National Assembly, are probably anxious to prove to the government that they can still bring crowds into the streets.

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[redacted] The Communists can be expected to continue to rail against legislation that threatens their power base and may encourage further worker unrest if it serves their purpose. They will, however, refrain from any action that might bring down the Socialist government because they are too weak to take advantage of a government crisis and would fare poorly under a government run by parties on the right. [redacted]

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