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NATIONAL INTELLIGENCE DAILY CABLE

Friday 21 October 1977 CG NIDC 77/245C



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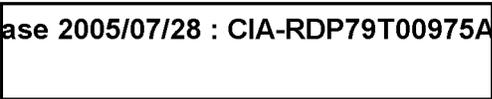
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National Intelligence Daily Cable for Friday, 21 October 1977



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

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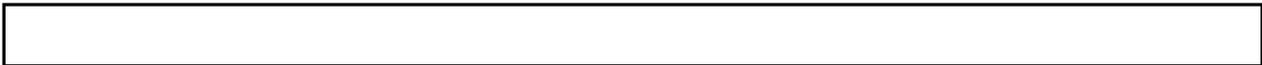
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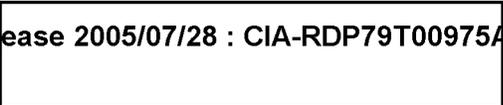
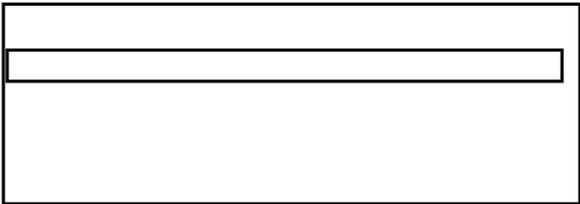
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ISRAEL: Government Coalition

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The inclusion of Israel's moderate, reformist Democratic Movement for Change in the government should in the short run strengthen the ability of Prime Minister Begin and Foreign Minister Dayan to control Israel's tactical approach to peace negotiations. It is also likely, however, to intensify friction within Begin's Likud Party and the coalition, which will require Begin's strong hand to control.

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Some members of Likud--itself a disparate coalition of parties--are clearly unhappy over the loss of cabinet seats and patronage to the Democratic Movement. Hardliners, especially within Begin's own Herut faction, probably are also disturbed over the strengthening of the more moderate forces in the cabinet. They believe Begin and Dayan have already skirted dangerously close to compromising on vital substantive issues in accepting the US-Israeli working paper.

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Although Democratic Movement leader Yigael Yadin is more flexible than Begin and Dayan on the question of territorial concessions on the West Bank, he reportedly returned from his visit this week to the US deeply impressed by Dayan's handling of negotiations with the US Government and convinced that Dayan has adopted the right approach to peace issues.

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Begin's willingness to accept Dayan's advice may also have encouraged Yadin to believe he can exert a greater moderating influence on Begin than is likely to be the case. Indeed, we believe Begin's performance thus far on procedural matters is designed to buy time and put off a possible confrontation with the US over substantive issues that are much more difficult to resolve.

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Certainly one of the most important considerations in Yadin's decision to join the cabinet is Begin's continuing health problems. Under the coalition agreement, Yadin becomes deputy prime minister and probably expects to serve as acting prime minister in Begin's absence. If Begin died or became seriously incapacitated, Yadin could temporarily become interim prime minister--at least until Likud chose a successor. He may even calculate that he might stand an outside chance of succeeding Begin if Likud is unable to choose a successor from its own members.

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[redacted] At a minimum, Yadin probably intends to use his newly acquired prestige of office and patronage to strengthen the Democratic Movement's ability to challenge Likud in the next election. If Begin died, it is uncertain whether Likud could hold together. Over the long run, Yadin probably hopes to split off the Liberal faction of Likud, thereby enhancing his own long-run prospects of becoming prime minister after the next election, if not before. [redacted]

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THAILAND: Election Next Year

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[redacted] Thai Admiral Sa-ngat, chairman of the military council that took over the government yesterday, has announced that a general election will be held next year, but it is not yet clear whether the military will retain direct control of the government in the interim or will appoint a caretaker civilian regime. Earlier reporting indicated that Sa-ngat expected to lead a provisional government for about six months while the military council chose a civilian regime of technocrats and experienced administrators.

[redacted]

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If civilians are brought into the government, they will undoubtedly take care not to challenge the military's underlying power.//

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[redacted] //Within the military leadership, General Kriangsak, the driving force behind the takeover, has probably emerged with enhanced influence. He clearly has been the primary architect of policy, especially foreign policy, in the past year.//

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[redacted] //Kriangsak has promoted Thailand's policy of accommodation with China and Vietnam while carefully nurturing a close relationship with the US.

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[redacted]

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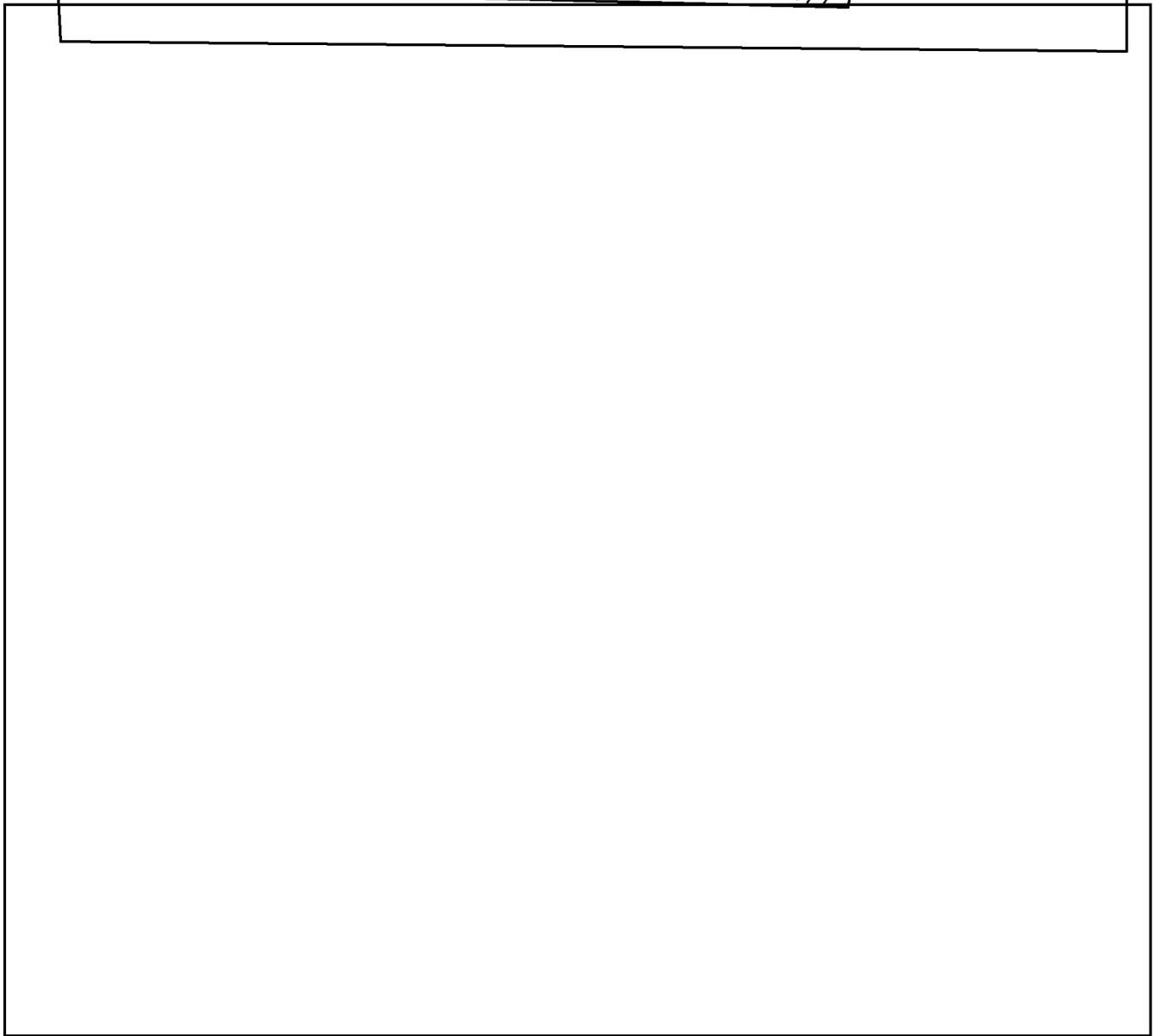
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[redacted] //His views are generally shared by his military colleagues, who found Thanin's reactionary qualities an affront to their more moderate conservatism. Thanin's political demise, along with that of Interior Minister Samak, removes Kriangsak's principal obstructionists. A collegial military leadership appears to be in power at the moment, however, with no one figure clearly dominant over the rest.// [redacted]

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PANAMA: Election Tactics

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[redacted] //The Panamanian Government has effectively pushed opposition propaganda almost completely out of the press as the administration heads for a comfortable victory in Sunday's plebiscite on the canal treaties. Less than a 70-percent vote of approval would be a disappointment to Chief of Government Torrijos. Most officials continue to avoid commenting on the Panama-US interpretation of sensitive treaty provisions--save for a carefully worded press conference by chief negotiator Escobar--but a recent interview with a Foreign Ministry functionary points up the possibility that officials may continue to make controversial statements.//

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[redacted] //The government permitted two student demonstrations against the treaty on Wednesday and a critical two-hour television program the day before, but the administration is now monopolizing newspaper space to help build a bandwagon effect. Opposition complaints of a tightening government rein on access to the media--in contrast to the unprecedented open debate of the past month--appear justified and are likely to culminate in charges of a fraudulent vote on Sunday. We do not believe, however, that there will be substantial ballot manipulation. The government is confident of victory [redacted]

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[redacted] Former President Arnulfo Arias--whose Panamenista Party government was overthrown by Torrijos in 1968--has come out strongly against the treaties, but his plea for a "no" vote has apparently been drowned out by the government's well-orchestrated pro-treaty statements. The other major pre-1968 political party, the Liberals, came out in support of the treaties late Wednesday.

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[redacted] Chief negotiator Escobar provided the first official Panamanian comments on the clarification of the neutrality and expeditious-passage issues in a press conference on Tuesday. Escobar noted that Panama and the US each had the right to

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defend the canal, but he stressed that the treaty had not been altered and emphasized the recognition by the US that it had no right to intervene in Panama's internal affairs.

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[redacted] As part of his justification of the agreed-upon definition of expeditious passage--conferring "head of the line" rights to the US in an emergency--Escobar noted that there was no international objection to the provision.

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[redacted] //Despite Escobar's unusually deft handling of his press conference, the controversy may not have been permanently laid to rest. On Friday--the day the clarification was issued and perhaps before he received official word--treaty negotiator Lopez Guevara reportedly made a speech in Venezuela denying that any preferential treatment for US warships was intended in the treaty. On Monday, during a radio program in Panama, a Foreign Ministry functionary stated that after the year 2000, Panama would have to agree to US participation in defense of the canal on a case-by-case basis.//

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[redacted] //Torrijos will rein in such statements over the near term but, given the strongly held views of several officials on any sovereignty-related issue, other controversial statements remain a distinct possibility in the future. [redacted]

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VENEZUELA: Lame Duck President

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[redacted] *Venezuelan President Perez is finding that his freedom of action is seriously curtailed and that, in effect, he is already considered a "lame duck," although he has 17 months remaining in his term of office.*

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[redacted] Many high-level politicians have not agreed with Perez' policies and regard his active international role as self-defeating. As a consequence, a more inward-looking administration is likely to follow his, one that is concerned with economic development, a rational application of oil revenues, and social reforms that will narrow the present disparity between rich and poor.

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[redacted] A number of issues have combined to weaken further the President's position:

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[Redacted]

- The governing Democratic Action Party and the opposition Social Christians have already nominated their presidential candidates, and they have begun active, if unofficial, campaigns for the presidency.
- As Luis Pinerua Ordaz, the Democratic Action candidate, begins his campaign, government personnel and time will be shifted to support his candidacy.
- Deep-seated policy differences have surfaced between Perez and his party's founder and leader, former President Romulo Betancourt. Once closely allied, the two men have become increasingly estranged as a result of the President's aloofness from the party's traditional bases of support--labor and the peasants.

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[Redacted] Criticism of the President is increasing as economic problems multiply. Inflation, sporadic food shortages, a decline in essential public services, and corruption are now being blamed on Perez and his administration. Leaders of the governing party are resentful that their candidate will bear the brunt of this disfavor. Perez' decline in party favor has been particularly noticeable at recent party meetings, where his performance has been subjected to withering criticism and demands that government policies be changed.

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[Redacted] In the coming months, Perez will attempt to improve his standing by emphasizing the benefits that he believes are accruing to Venezuela from its ties to the US and particularly from his close relationship with the US President. President Carter's visit next month will be used to solidify Perez' claim to the eventual leadership of the party. [Redacted]

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USSR: Fuel Supply Problems

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[Redacted] //Fuel shortages in some regions of the USSR indicate that Moscow is pursuing stringent fuel allocation policies. This is somewhat surprising in view of the fact that, with the exception of coal, other energy output targets are being fulfilled or only marginally underfulfilled. In part, the shortages may be due to Moscow's desire to export increasing amounts of oil to the West for hard currency. [Redacted]

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[Redacted] Soviet leaders are becoming increasingly concerned about possible tighter energy supplies.//

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[Redacted]

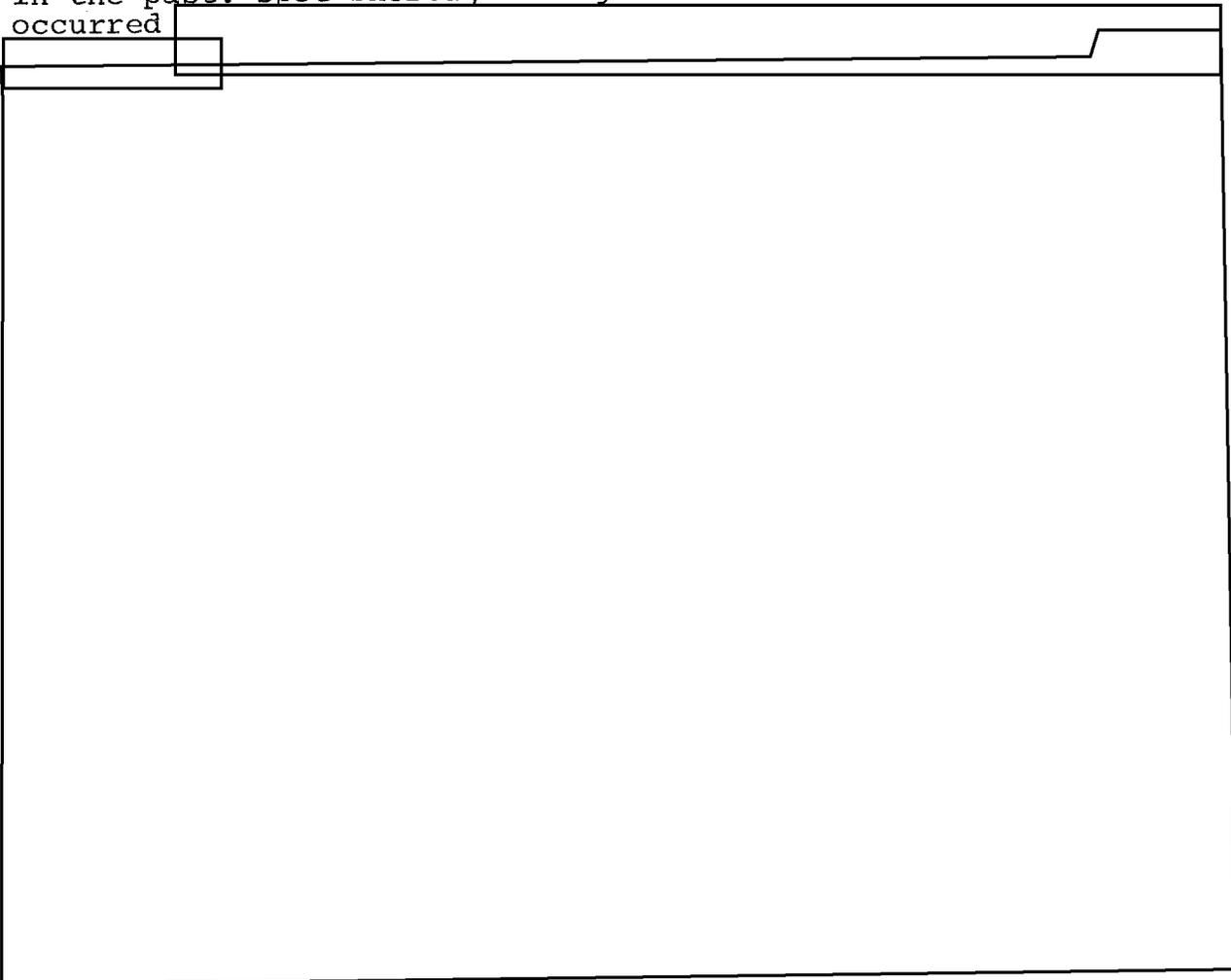
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[redacted] Although fuel and other raw materials shortages are endemic in the Soviet economy, they now appear more severe than in the past. Spot shortages of gasoline and other fuels have occurred

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[redacted] Concern over the possibility of future energy supplies is also reflected in a recent decision to make the USSR Committee for People's Control responsible for monitoring fuel consumption in various industries. This assignment is in keeping with the role that "people's control" units have played in recent years.

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[redacted] The new Soviet constitution transfers the Committee for People's Control from the Council of Ministers to the Supreme Soviet. The committee can now be used by Brezhnev to

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spotlight bureaucratic foot-dragging. Each of the union republics has been ordered to report to the committee next January on measures they have adopted to conserve fuel.

HUNGARY: Computer Technology

Hungary appears to have become a leading Communist developer of advanced computer numerical controls for machine tools. Licensing and technical cooperation agreements with Western firms have been major factors in achieving this status. Prototype control units recently exhibited at the Hanover Fair indicate that Hungary has had access to embargoed components.

Hungary demonstrated two new computer numerical control units at the fair that are more advanced than any previously observed in Communist countries. Using microprocessor technology, the units are capable of contouring machining operations in three axes simultaneously and have aerospace and military applications.

The USSR and Czechoslovakia also exhibited three-axis contouring units, but these were hard-wired units, not based on microprocessor technology. Also, they lacked the flexibility of the Hungarian controllers.

Hungary appears to have achieved its advanced status as a developer of numerical controllers on the basis of licensing and technical cooperation agreements with Western firms, particularly San Giorgio of Italy and Ratier-Forest of France.

The microprocessor used in the Hungarian computer control units were manufactured in the US. They are embargoed and apparently were acquired through illegal channels. The Hungarian units have the same basic on-line computational capabilities and on-line program editing features found in Western computer control units.

The models exhibited at the Hanover Fair are prototypes. The Hungarians claim to have about five prototypes in operation and plan to begin series production next year, when fewer than 100 are scheduled to be produced.

GREECE: Election Campaign

25X1 [] *The dissolution of the Greek Parliament today will mark the formal opening of the campaign for the parliamentary election on 20 November. Politicking has been under way for well over a month in what is shaping up as an effort by the opposition parties to force Prime Minister Caramanlis into a coalition.*

25X1 [] Caramanlis called the election a year ahead of schedule to secure a renewed mandate for dealing with thorny foreign policy issues, such as relations with Turkey and the US and negotiations with the EC and NATO. Under the Greek system of proportional representation, in which a party can win 41 percent of the vote and still secure a majority of seats, Caramanlis' ruling New Democracy Party has little fear of being ousted from power or compelled to form a coalition government. In 1974, his party won 54 percent of the vote and 220 of the 300 seats.

25X1 [] The election will be more interesting for the light it will shed on the strength of the ultra-right and of leftist maverick Andreas Papandreou. A strong showing by either could set the stage for greater polarization in the country's politics.

25X1 [] The ultra-right consists of junta sympathizers and some monarchists who recently formed the Nationalist Camp under the leadership of the aging Stephanos Stephanopoulos, a former prime minister. Any support they receive will be at Caramanlis' expense.

25X1 [] Another new party, the Neo-Liberal, led by Cretan politician Constantine Mitsotakis, will also try to cut into Caramanlis' following while simultaneously wooing the supporters of George Mavros' Union of the Democratic Center, the principal opposition party. The Union will also be buffeted on the left by Papandreou's Panhellenic Socialist Movement and will have to work hard to retain its role as the main opposition party.

25X1 [] Papandreou, in turn, must contend with a small but possibly troublesome coalition of five Communist and socialist parties called the Alliance of Progressive and Leftist Forces, as well as with the more formidable pro-Soviet Communist party which is running its own candidates.

25X1 [] Foreign policy questions have loomed large thus far in the campaign and will continue to have equal billing with domestic issues. The ultra-right has criticized Caramanlis for loosening Greece's ties with the West while allegedly coddling Communists and pursuing "socialist" policies domestically. The parties to the left of Caramanlis have charged him with being too accommodating to Greece's allies and to the EC and with pursuing reactionary policies at home.

25X1 [] Caramanlis is running on his record of having restored democracy, improved the economy, achieved a balance between liberty and order, and brought Greece back from international isolation.

25X1 [] The government has taken a number of measures to ensure an honest and impartial election: the appointment of nonpolitical personalities to crucial ministerial posts and to head the radio and television network, the disarming of national defense battalions except for those in border areas, a public warning that any official who uses his position to influence voting will face prosecution, and the formation of a multiparty committee to oversee the election. []

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NORWAY-USSR: Fishing Agreement

25X1 [] *Norway's Labor government will soon ask parliament to ratify a controversial Barents Sea fishing agreement reached last June with the USSR. With last month's election now behind him, Prime Minister Nordli feels he can move to improve strained relations with the USSR. Norway probably will ask for some superficial changes in the agreement, but it regards the document as better than having none.*

25X1 [] The main purpose of the agreement is to regulate fishing in the so-called "gray zone," a disputed area falling between the boundary claims of both countries. The concession by Norway of a large area of undisputed Norwegian waters to joint Norwegian-Soviet regulation under the agreement aroused considerable Norwegian opposition last summer. The Soviets conceded a much smaller area to joint control. Though the agreement stipulates that current boundary claims will not be altered, many Norwegians fear that a dangerous precedent has been set.

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[redacted] Another new aspect of the pact is that it allows each country to board and inspect third-country vessels fishing anywhere in the treaty area.

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[redacted] Nordli has good reason to push for ratification now. He is under pressure from Norway's powerful fishing industry, and there are signs that the Soviets are impatient with Norway and will unilaterally regulate fishing in the area if the agreement is not completed. [redacted]

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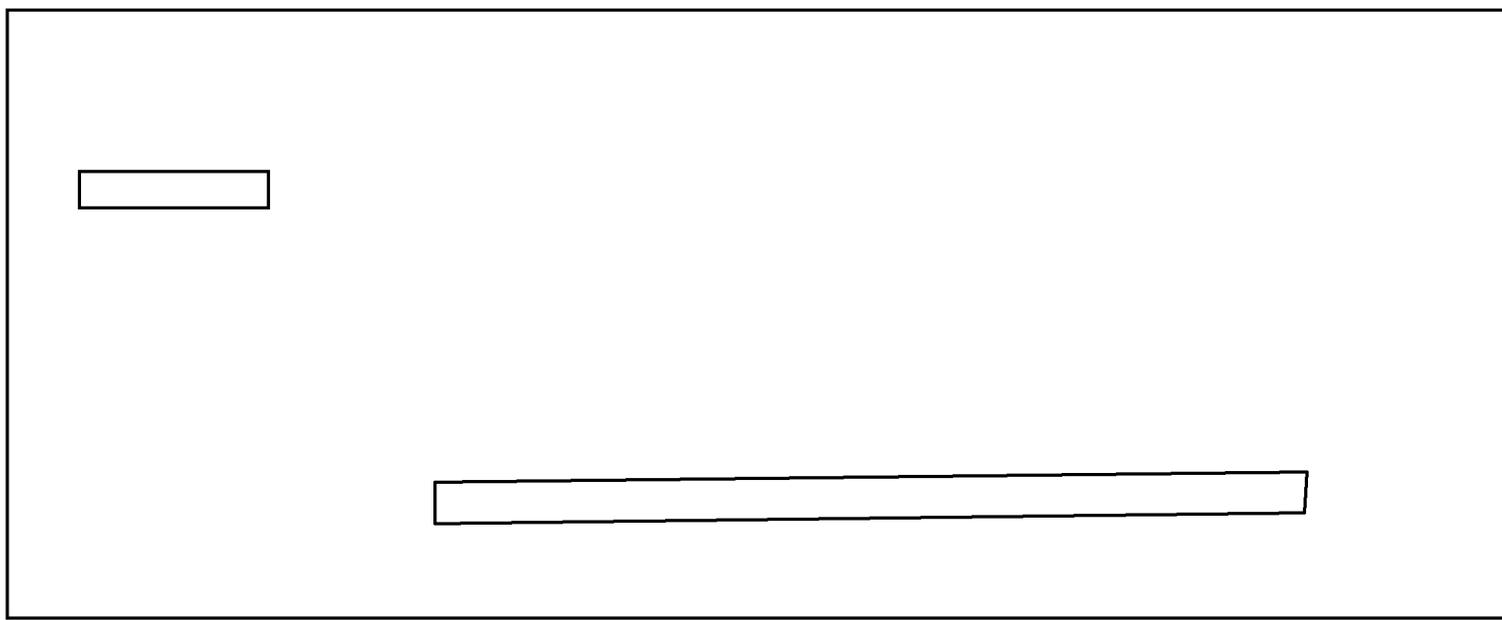
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Rhodesia

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[Redacted] Rhodesian nationalist leader Robert Mugabe indicated to the press yesterday that the meeting in Lusaka between representatives of his guerrilla group and that of Joshua Nkomo on Monday and Tuesday made little headway in strengthening the Patriotic Front formed by the two groups. Mugabe said that despite Zambian President Kaunda's attempt to reassure him, his Zimbabwe African National Union remains deeply suspicious of Kaunda's meeting last month with Rhodesian Prime Minister Smith.

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[Redacted] Admitting divisions within ZANU, Mugabe implied that his followers must still be persuaded that the Kaunda-Smith meeting was not designed to put Nkomo in power in Rhodesia. Mugabe said another unity meeting would be held after Nkomo returns at the end of the month from a trip to Canada and the US.

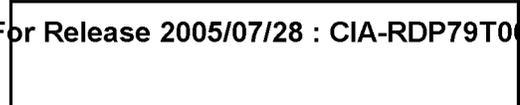
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USSR

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[redacted] A newly published volume of the Great Soviet Encyclopedia indicates that Soviet Defense Minister Ustinov was released from the party secretariat last year, undoubtedly as a result of his being named to the ministry. Party Central Committee action releasing him has long been expected; with the exception of President Brezhnev, who is also General Secretary of the party, Soviet leaders do not customarily hold two full-time executive positions simultaneously.

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[redacted] In the case of Ustinov's appointment, it is curious that there was no formal Central Committee announcement concerning his release from his party post. The Central Committee plenum in October 1976 or either of the two plenums held since then would have been appropriate forums for such an announcement. It is, as far as we know, an omission unprecedented in the post-Stalin years. [redacted]

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Ethiopia

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[redacted] Two of the three major Eritrean insurgent groups--the Eritrean Liberation Front and the Popular Front for the Liberation of Eritrea--signed a unification agreement last night in Khartoum, where unity discussions under Sudanese auspices had resumed early this month. The agreement provides for a "joint higher political command" to plan a unified organization based on a formula to be drawn up at a meeting on 20 November. The third major insurgent group, the Marxist-oriented Eritrean Popular Liberation Forces, participated in the unity discussions but did not sign the agreement. [redacted]

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[redacted] The accord reached last night does not necessarily mean that the groups' wide political differences have been narrowed very much and is unlikely in any event to have much effect on insurgent military efforts. They have been making steady gains despite only limited military cooperation. [redacted]

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