

Top Secret 34

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 21 November 1977 CG NIDC 77/270C

[Redacted box]

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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Top Secret 15

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State Dept. review completed

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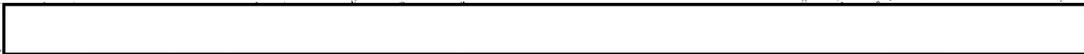
National Intelligence Daily Cable for Monday, 21 November 1977

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

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CONTENTS

MIDDLE EAST: Sadat's Knesset Speech Page 1



25X1

PANAMA: Torrijos' Maneuvers Page 4



25X1

ITALY: Antiviolence Campaign Page 7

VIETNAM-CHINA: Le Duan's Visit Page 8

BRIEFS Page 9

- Uganda
- Greece
- West Germany - Poland



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[REDACTED]

MIDDLE EAST: Sadat's Knesset Speech

25X1 [REDACTED] Egyptian President Sadat's speech to the Israeli Knesset contained no departures from Egypt's terms for a peace settlement, nor did it propose any new specific ways for negotiating a settlement. True his promises before undertaking his historic visit, the Egyptian President delivered a direct, forceful restatement of the primary Arab requirements for a peace agreement, bowing to Israeli sensitivities only in avoiding, when possible, language--such as direct references to the Palestine Liberation Organization--that would have added a contentious tone to the occasion. Attention is now focusing on the private talks between Sadat and Begin and the peace proposals each side is expected to offer.

25X1 [REDACTED] In his speech, Sadat wanted to impress upon both the Israelis and the international audience that the fact of his presence before the Knesset demonstrated his acceptance of Israel and the sincerity of his peace effort; he also wanted to evoke through repeated references to religion and morality the responsibility of both sides to work for peace.

25X1 [REDACTED] These themes were intended not only to break down what Sadat has called the "psychological barriers" to peace, but also to provide justification to other Arabs for his decision to visit Jerusalem. In more direct, political terms, Sadat reminded his Arab critics that Egypt, as the "largest Arab state, which bears the heaviest burden and top responsibility for war and peace," has the right to make such a decision.

25X1 [REDACTED] Although Arab criticism of Sadat has reached a point that would make any public retreat at this time almost impossible, Sadat's message to the Israelis was more blunt than most Arabs probably expected. His statement that the Arabs would never negotiate over the principle of a complete Israeli withdrawal from the Arab territories occupied in 1967, including Arab Jerusalem, and his declaration that Egypt would not conclude a "separate agreement, a partial peace, or a third disengagement" put Sadat firmly on record as supporting his fellow Arabs and the unity of Arab ranks.

25X1 [REDACTED] Sadat's boldest statements, however, affirmed Arab demands that the Palestinians be given a homeland. He not only reminded the Israelis that their "first ally," the US, has come



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to recognize the need to satisfy the Palestinians, but he also charged that Israel--"having found the legal and moral justification to set up a national home on land that did not all belong to Israel"--must understand the insistence of the Palestinians on establishing "once again" a state on their land.

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[] Sadat mixed these very pointed remarks on Arab demands with emotional appeals for a unity of purpose between Arabs and Israelis, which seemed to cushion the sting for his Israeli audience. Nevertheless, his message to his fellow Arabs--that, although he has moved out ahead of them, he still remains totally committed to their cause--was clear and may calm opposition at least from his moderate allies.

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[] In his reply, Israeli Prime Minister Begin acknowledged Sadat's courage and reiterated Israel's standard position on peace talks, including the position that everything is negotiable. Begin indicated his readiness to hold further discussions in Cairo or a neutral place to clarify problems before reconvening the Geneva peace conference, but otherwise his speech contained no surprises or hints of greater Israeli flexibility.

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[] The immediate impact of Begin's speech may be to dampen expectations that a dramatic breakthrough on the negotiating front will result from Sadat's visit. Attention, however, is likely now to focus increasingly on the results of the private talks between Sadat and Begin. At Saturday's special Israeli cabinet meeting, Begin reportedly was authorized to present Sadat with a peace plan, apparently similar to the one he showed President Carter in July. Sadat told US newsmen on his flight to Jerusalem that he also was bringing peace proposals.

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[] Thus far, we have seen only press speculation on the nature of these private discussions. Jerusalem Radio quoted an unidentified Egyptian journalist who accompanied Sadat as saying that the Egyptian President is seeking Israeli recognition of the right of the Palestinians to their own entity, but not one under the leadership of the Palestine Liberation Organization. In return, Sadat is said to be prepared to accept an Israeli defensive presence along the ridgeline of the West Bank.

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[] Two of Israel's most influential hardline daily newspapers today expressed surprisingly strong confidence in Sadat's motives. One prominent correspondent, who is known to be close



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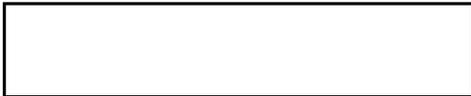
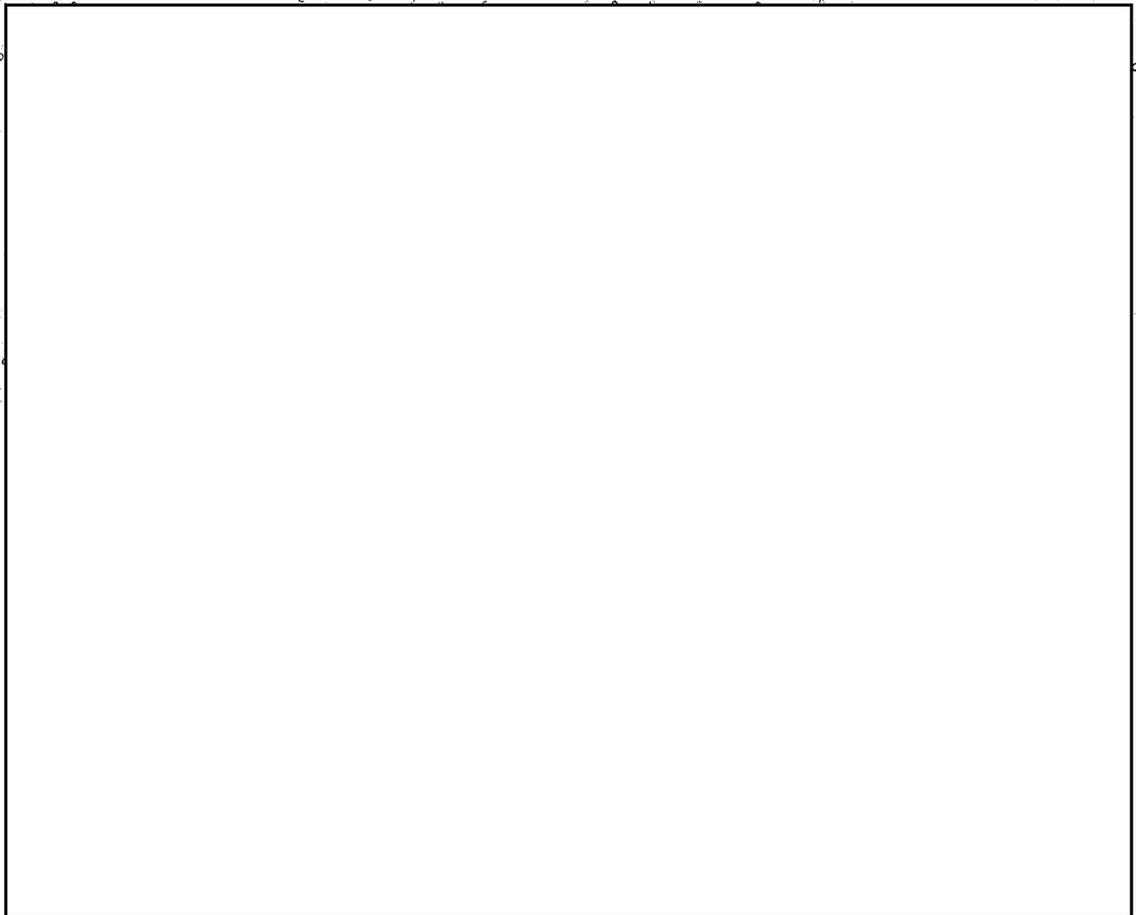


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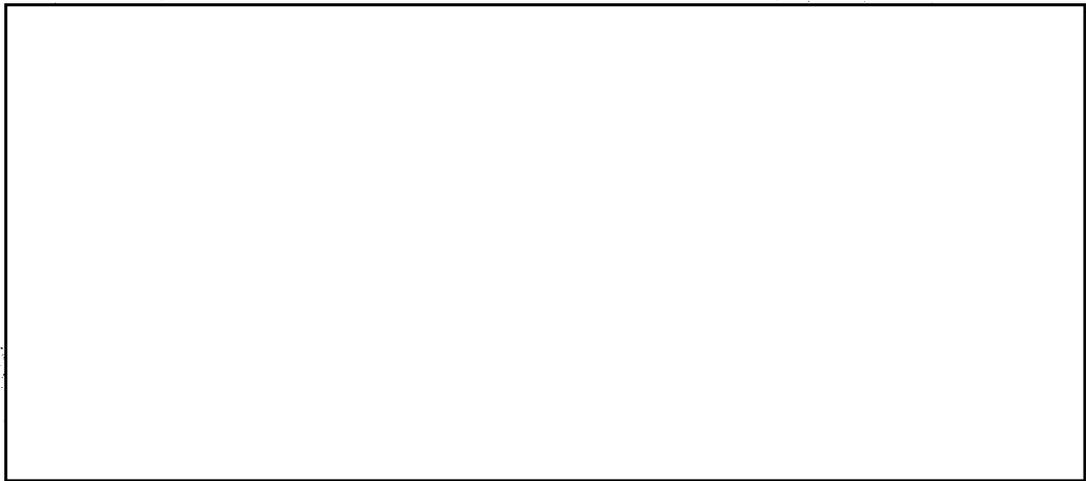
to Prime Minister Begin, indicated that Begin would meet Sadat more than halfway on the Sinai issue and would go beyond what he had promised in his talks with President Carter.

Another well informed, hardline Israeli columnist maintained that Israel would have to consider concessions beyond the Sinai and that if Begin failed to demonstrate flexibility he could undermine his government's domestic standing. The Israeli press in general has been urging the Begin government to match Sadat's gesture.

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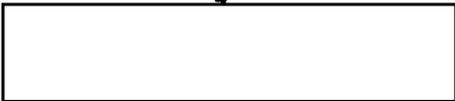


PANAMA: Torrijos' Maneuvers

25X1  Panamanian Chief of Government Torrijos, since the treaty plebiscite in October, has turned his attention to domestic economic complaints and attempts to improve his human rights image, primarily to satisfy US critics.

25X1  On the economic front, despite Torrijos' apparent good intentions, the government's actions smack of hasty measures unlikely to produce a turnaround. Torrijos is now on his best behavior toward the US, but his emerging contention that the lack of a ratified treaty is responsible for Panama's economic stagnation will be made more forcefully if there is delay in US treaty approval next year.

25X1  The criticism of Torrijos for neglect of domestic economic matters during the last three years of near zero growth probably accounted for a significant proportion of the vote against the treaties in urban areas of high unemployment. Torrijos moved early this month to blunt complaints by announcing emergency job programs and self-help measures. Most of the solutions--such as calling upon the unemployed to gather in a stadium for a head count and establishing a cabinet-level "complaints" office--appear to be hurried efforts aimed principally at bolstering Torrijos' image. The Panamanian leader's grasp of economic matters remains quite limited.



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[redacted] Torrijos has linked the lack of a ratified treaty with investor reluctance and Panama's poor economic performance. Although the country's recession has been prolonged partly by political uncertainty surrounding the treaty, the problems are more the result of other external factors and internal structural deficiencies. Nevertheless, if there is no improvement in Panama's economic situation in early 1978--which seems likely--and no US action on the treaty, Torrijos will be increasingly inclined to use the treaty issue to fend off domestic criticism. He has already promised, for example, to lower electricity rates, which the government raised earlier this year, after the US ratifies the treaty.

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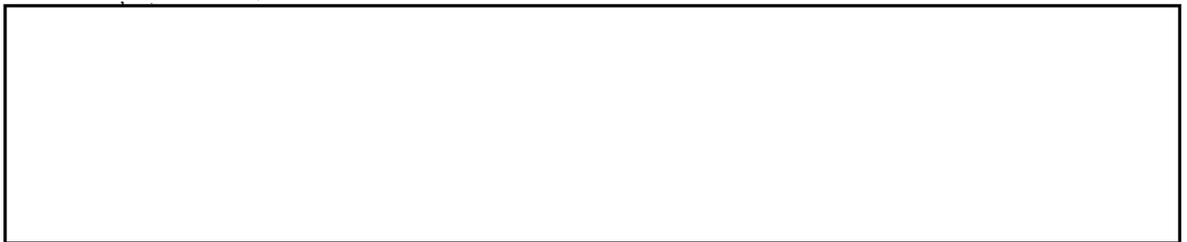
[redacted] Torrijos has relied primarily on ad hoc measures to enforce his political will. The exiling of political opponents in 1976 was in apparent contravention of the constitutional provision prohibiting expatriation. The infrequent cases of prior censorship of the press were set up quietly behind the scenes without legal justification. Most recently, after promising reporters that habeas corpus would be respected in Panama, Torrijos then instructed the head of the Supreme Court to find a technicality to employ to release an imprisoned mayor--because Torrijos feared a corruption scandal.

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[redacted] Torrijos will follow through on reform measures, although the major constraint on his actions remains his effort to make a favorable impression on the US Congress. [redacted]

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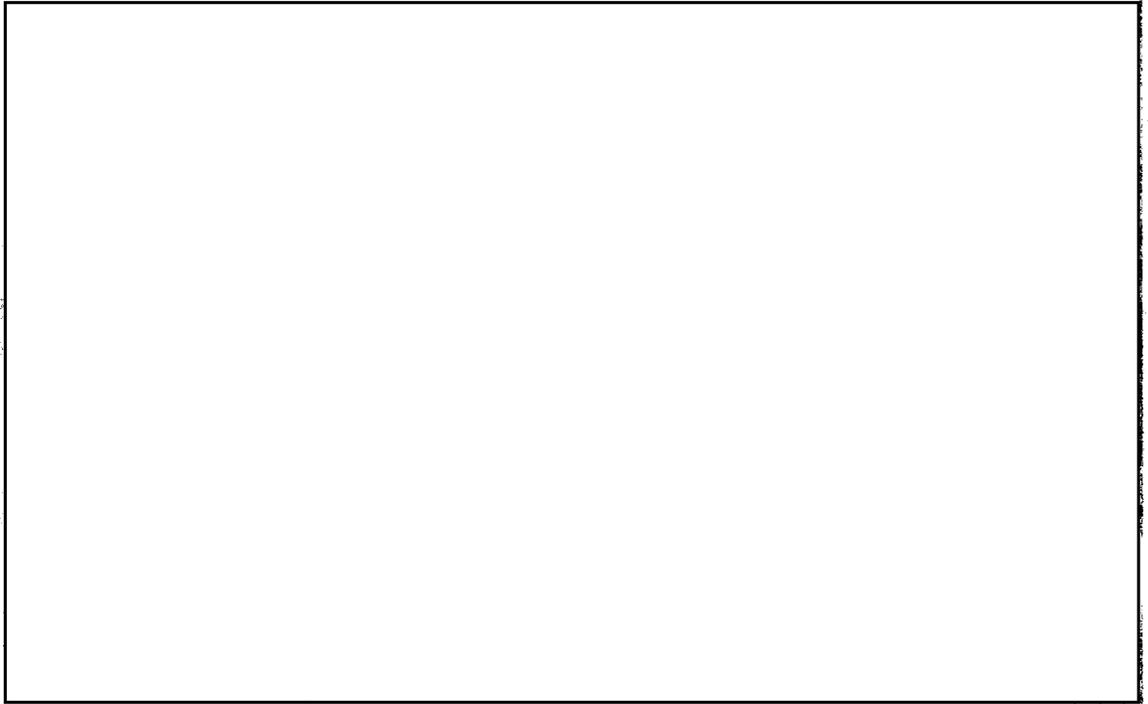
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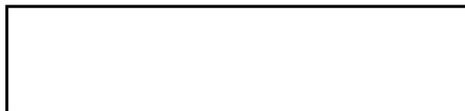
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ITALY: Antiviolence Campaign

 Italian Prime Minister Andreotti has won broad parliamentary backing for a further crackdown on crime and political violence. The Communists and the other five parties indirectly supporting Andreotti through parliamentary abstention joined the Christian Democrats this week in a Senate resolution urging the government to step up its antiviolence campaign and offering the Senate's cooperation in the effort. The heightened concern of political leaders stems primarily from a recent series of attacks by left-wing extremists on prominent journalists and middle-level Christian Democratic officials.

 Italy has been troubled for years by cyclical spurts of political violence, but a steady increase over the last year in shootings, kidnappings, riots, and bomb attacks has made the



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[redacted]

maintenance of public order the government's most pressing domestic problem. The government program agreement that Andreotti negotiated last summer with the Communists and other parties includes numerous recommendations for tougher law-and-order measures. Some of these recommendations have been adopted, and the government has had some modest successes.

25X1 [redacted] The government now seems more capable of coping with angry crowds--a major problem during the wave of urban violence last spring--but it has had little success in curbing random attacks on individuals by small groups of terrorists. The extreme-left Red Brigades group claims responsibility for most of the attacks on journalists and Christian Democratic politicians.

25X1 [redacted] The attack last week on Carlo Casalegno, one of Italy's most widely respected editors, may foreshadow an escalation of the terrorists' tactics. Casalegno was shot in the head; all of the previous press victims were shot in the legs. A recent extreme-left journal advocated "aiming higher."

25X1 [redacted] The Communists appear concerned that a continuation of the attacks could lead to some sort of right-wing reaction that would set back their campaign for eventual membership in the government. As a result, they are likely to cooperate with the government in any further measures directed against the extreme left.

25X1 [redacted] Failure by the government to stem the violence, however, would probably lead to renewed calls from the left for a "government of national emergency" with direct Communist participation. [redacted]

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VIETNAM-CHINA: Le Duan's Visit

25X1 [redacted] Vietnamese Communist Party chief Le Duan's visit to Peking, his first since the end of the war, reflects the gradual warming trend in relations between the two countries. Premier Pham Van Dong and General Giap visited last June. The Chinese are treating the delegation warmly, although with less enthusiasm than they did Cambodian leader Pol Pot two months ago. Chairman Hua Kuo-feng and three other Politburo members greeted Le Duan at the airport.

[redacted] Le Duan's visit follows on the heels of his trip to Moscow for the 60th anniversary of the Bolshevik Revolution, a scheduling practice common during the war, when Hanoi was careful to maintain a balanced association with its two major allies. Since the war, Vietnam's relations with China have deteriorated badly, [redacted] by their emerging competition for influence in the region, by territorial disputes once muted by the war, and by Peking's perception of a Vietnamese tilt toward the Soviets.

[redacted] Neither side has been willing to let a serious rift develop, however, and over the past year there have been signs that Hanoi, at least, was seeking an improvement in relations. In economic terms, Vietnam will no doubt continue to remain closer to the USSR, whose aid has been running roughly double that provided by China. Excessive dependence on Moscow, however, runs the risk of reducing the independence and flexibility the Vietnamese leaders cherish, and they apparently are anxious to restore the political balance they so carefully nurtured during the war.

[redacted] //China's suspicions of Vietnam's relationship with the USSR have apparently lessened. The Chinese continue to give warning, however, [redacted] of Moscow's efforts to insert itself in the region, but they seem less inclined now to view Hanoi as a Soviet cat's paw. This has not reduced Chinese opposition to Vietnamese ambitions to achieve hegemony in Indochina, but it seems to have reduced the emotional intensity of China's displeasure with Vietnam. //

[redacted] While in China, Le Duan is likely to focus on economic issues. Vietnam would undoubtedly welcome agricultural aid to help offset the severe short-fall in grain production caused by bad weather this year. The more contentious issue of the two countries' territorial disputes may be avoided altogether. [redacted]

BRIEFS

Uganda

[redacted] Ugandan President Amin has again accused the US of planning sabotage against his regime and has threatened to retaliate against US citizens in Uganda if harm comes to anyone in a Ugandan mission abroad.

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[redacted] According to Radio Uganda, Amin claimed that there have been threats to bomb Ugandan embassies and said he has been in touch with international terrorist groups to help him defend his country. He ordered his security forces to investigate the more than 200 US citizens, mostly missionaries, currently in Uganda. Amin also charged that the US has stopped delivery on several aircraft Uganda has ordered and that it is expelling Ugandan pilots and engineers training in the US.

[redacted] Amin remains unpredictable, but he has never carried out his frequent threats against foreigners and has always retreated after satiating his desire for publicity and cooling his anger. In this case, Amin is probably unhappy with US Congressional criticism of human rights practices in Uganda and with Congressional calls for a trade embargo and the expulsion of Ugandans training in the US. He is also angered by US Department of State efforts to limit the issuance of visas to Ugandan trainees. [redacted]

Greece

[redacted] Partial returns from yesterday's balloting indicate that Greek Prime Minister Caramanlis' New Democracy Party will remain in power, but with a reduced majority in parliament. Leftist firebrand Andreas Papandreou's Panhellenic Socialist Movement may replace George Mavros' Union of the Democratic Center as the main opposition party. The pro-Soviet Communist Party and the ultraright National Camp apparently did poorly as did the other minor parties.

[redacted] Papandreou's emergence as the main opposition leader would lead to greater polarization in Greek politics. He is deeply disliked by virtually all other political leaders, especially those on the right. It was his bid for power in the mid-1960s that helped provoke the military coup in 1967. Papandreou will doubtless view the apparent electoral verdict as a green light to move for national leadership whenever Caramanlis leaves the scene.

[redacted] //The poor performance of the ultraright could prompt some of its members to resort to coup plotting. Caramanlis, for his part, might be more seriously inclined to form a coalition with Mavros' party to broaden his base and better withstand pressure from Papandreou and the ultraright.// [redacted]

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West Germany - Poland

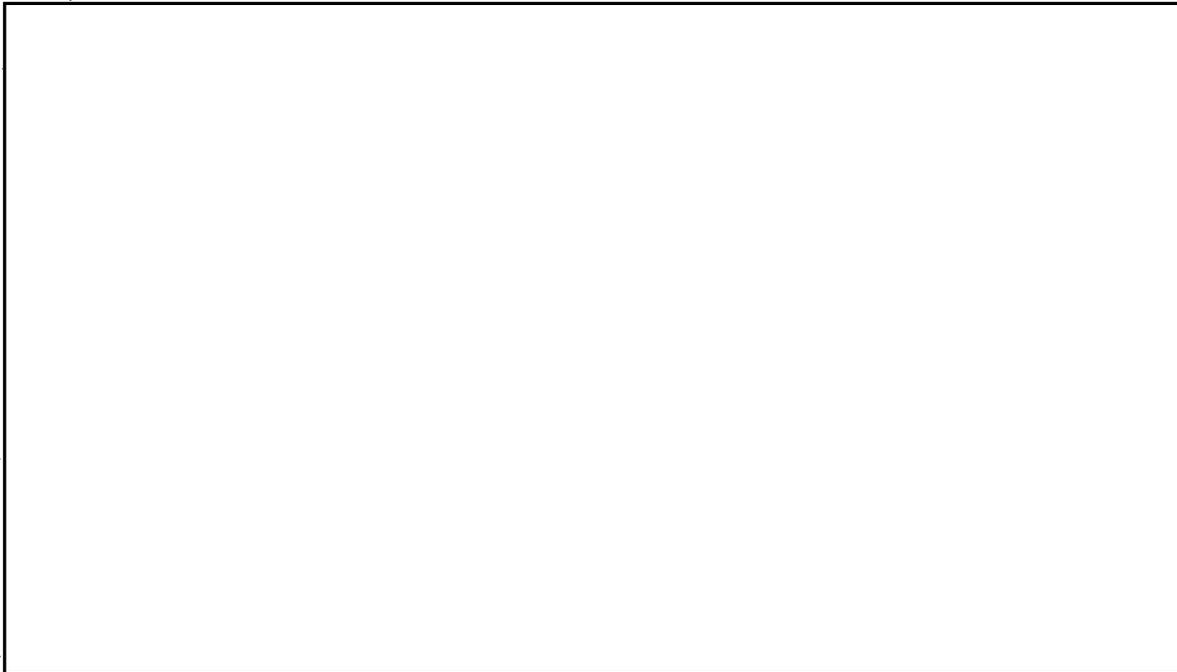
25X1 [redacted] //West German Chancellor Schmidt begins a five-day official visit to Poland today, the first such visit since former Chancellor Brandt restored diplomatic relations in 1972. Schmidt's visit is being billed as a "further normalizing of relations," but neither side expects any significant agreements at this time.//

25X1 [redacted] //Schmidt may want to discuss with Polish leader Gierek the slow rate of ethnic German emigration. Under a bilateral agreement concluded in 1975, 120,000 ethnic Germans were to be permitted to leave Poland over a four-year period. According to Bonn, the number of persons emigrating recently fell some 20 percent below the target rate.//

25X1 [redacted] //On the Polish side, Gierek probably will sound out Schmidt on prospects for increasing Polish exports and may raise the possibility of obtaining a West German loan. Schmidt is unlikely to be receptive to either suggestion in view of current economic difficulties at home. [redacted]

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