

Top Secret

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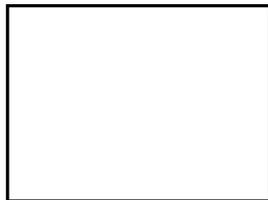
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State Dept. review completed

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 23 December 1977

CG NIDC 77/297C

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National Intelligence Daily Cable for Friday, 23 December 1977.

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

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ISRAEL: Peace Proposals Endorsed

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[redacted] *The Israeli cabinet's unanimous approval yesterday of the peace plan that Prime Minister Begin intends to present to Egyptian President Sadat on Sunday indicates that Begin remains clearly in control of his Likud Party and enjoys strong support from other members of his coalition on key negotiation issues.*

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[redacted] The seven-hour cabinet deliberation, reportedly the longest of Begin's tenure, indicates that some conservative ministers may have asked searching questions. Although he apparently satisfied their queries, Begin is likely to continue to encounter criticism from some hard-liners who believe that he is abandoning cherished rightwing positions, such as annexation of the West Bank.

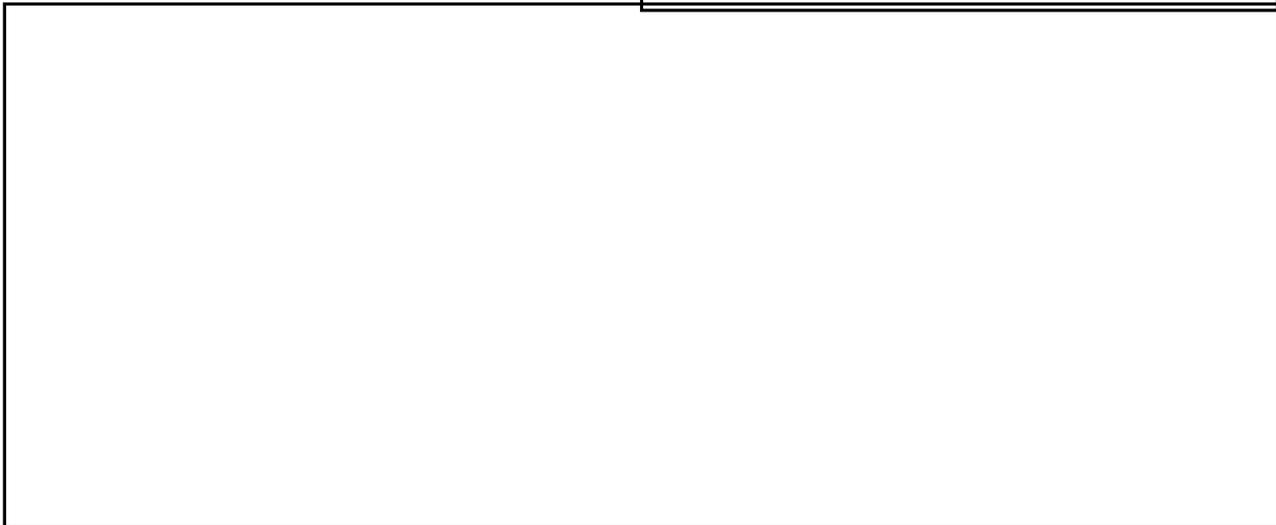
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[redacted] Some leaders of the opposition Labor Party, moreover, want Begin's proposal for West Bank "administrative autonomy" to include a role for Jordan. They fear that Begin's plan could otherwise lead to the establishment of a Palestinian state on the West Bank.

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[redacted] Begin is unlikely to feel that his negotiating capacity is constricted as long as criticism of his peace proposals is at the present limited level. Indeed, the cabinet endorsement he won yesterday in the face of some rightwing opposition is likely to strengthen his credibility as a negotiator and increase his already high domestic popularity.

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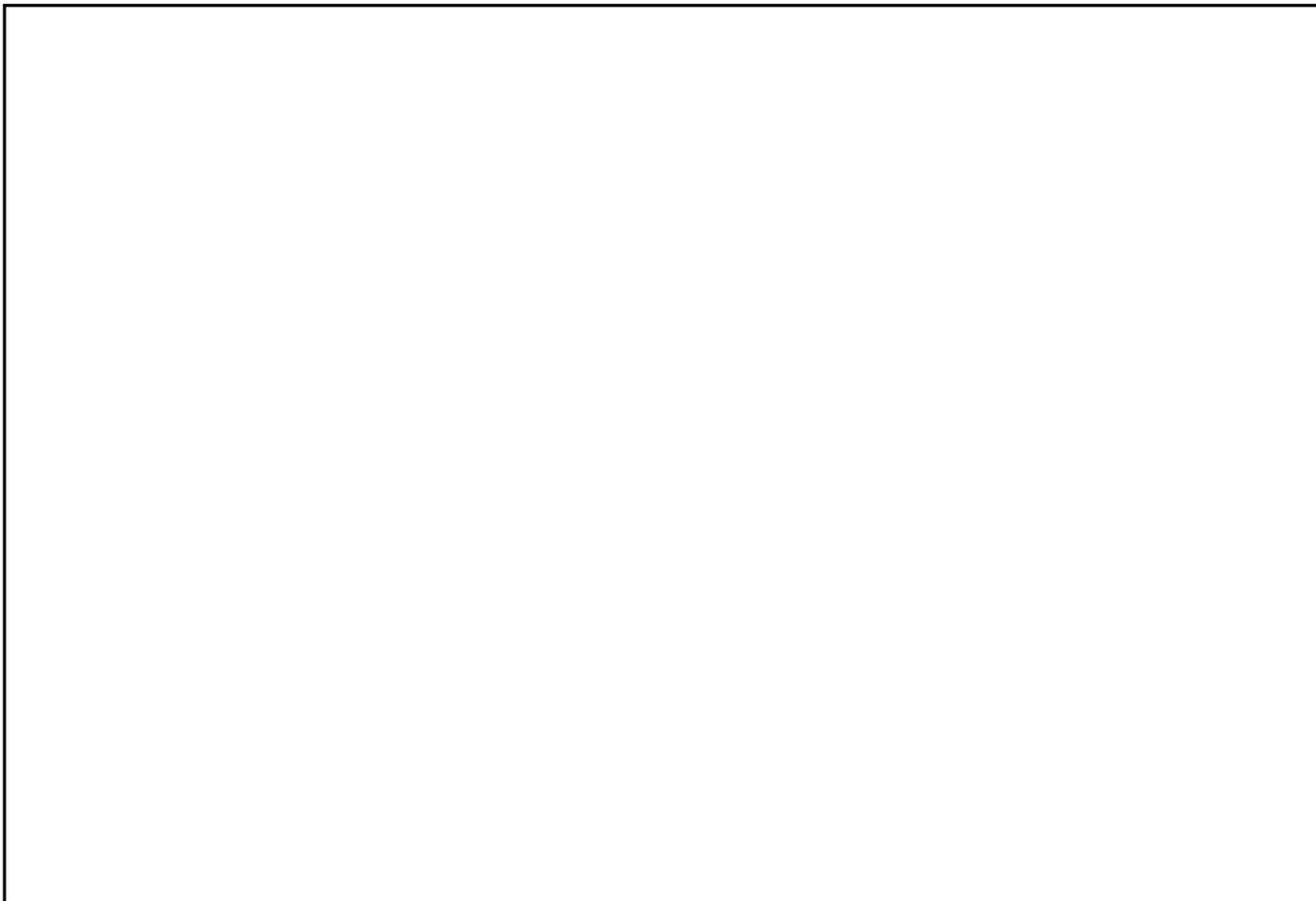
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ETHIOPIA: Sources of Support

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[redacted] *Support for Ethiopia may well be on the agendas during the current visits of Soviet First Deputy Minister of Defense Ogarkov to Libya and Algeria and First Deputy Minister of Defense Sokolov to Angola.*

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[redacted] Both trips involve normal exchange visits but, given the rapid development of events in the Horn of Africa and the fact that both trips are being made at the same time, Ogarkov and Sokolov probably have the added task of discussing ways to help Ethiopia. Ogarkov was scheduled to visit North Africa in

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August, but postponed the trip because of ill health. Sokolov said on his arrival in Luanda that his visit was aimed at improving relations between the Soviet and Angolan armed forces.

25X1 [] The Ethiopians may have requested increased aid from Libya several days ago when a high-level Ethiopian delegation visited Tripoli. The Soviets would undoubtedly approve and probably encourage such support and would probably agree to replace eventually any Libyan stocks of Soviet equipment transferred to Ethiopia. The Soviets might discuss a similar procedure with the Algerians.

25X1 [] This approach would permit more rapid resupply of equipment to Ethiopia and get around the growing problems the Soviets are facing in securing overflight rights for direct deliveries. Making the arming of Ethiopia less direct would also help forestall criticism of the Soviets' involvement in the Horn.

25X1 [] Ogarkov and Sokolov may discuss an alternate air supply route to Ethiopia. The Soviets' current routes, via Aden, have drawn considerable criticism, and the Turks and Pakistanis have questioned the Soviets' apparently unauthorized flights over several Middle East countries.

25X1 [] The Soviet officials may want to line up support for a route in which Soviet planes would travel via Algeria and Angola and overfly Zambia, Tanzania, and Kenya.

DIA Dissent

25X1 [] The Defense Intelligence Agency believes that it is too early to speculate about Soviet use of Libya and Algeria as arms supply proxies or as a source of other means of support for Ethiopia. While one can construe the visits of Ogarkov and of Sokolov as suggestive, it should be noted that Ogarkov is now making a visit which was originally scheduled for August and then canceled due to Ogarkov's health. Sokolov's visit to Angola is part of routine exchange with the Angolans.

25X1 [] If the Soviets were looking for proxies to support Ethiopia, Libya and Algeria appear to be unlikely candidates at this time. Libyan support for Ethiopia has been more related to

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Tripoli's problems with the Sudan rather than support for the Addis Ababa government. Algeria has normally had little interest in developments in the Horn.

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[redacted] While it is possible that the Soviets are trying to arrange Libyan and Algerian support for Ethiopia, DIA believes that the two Arab nations would not be so inclined. Furthermore, specific reporting is necessary before such speculation would be useful. [redacted]

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EAST-WEST GERMANY: Volkswagens

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[redacted] Recent announcements in West German media that the Volkswagen company will deliver 10,000 automobiles to East Germany in exchange for "goods of like value" have provoked a number of adverse responses in East Germany. The chief complaint is that the regime is creating a situation in which needed hard currency will be spent to provide a luxury only few can afford. Beyond its economic impact, the deal will be a highly visible sign of the inroads of West German technology and consumerism.

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[redacted] Industrial workers and farmers in East Germany expect the price of the cars will be far more than they can afford. The West German press has speculated that they will cost 30,000 East German marks--nearly three times the average annual income of workers. East German rumors place the price between 17,000 and 37,000 marks.

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[redacted] //Volkswagen announced the transaction earlier this month; it stated simply that it would deliver 10,000 "Golf" passenger cars--sold in the US as the "Rabbit"--to East Germany

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next year. Volkswagen did not give details concerning the barter compensation, but the company said this was the first major agreement of this kind between a private West German firm and East Germany. The final contract may be signed soon.//

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[redacted] //The automobile firm views the deal as a significant breakthrough into a relatively untapped market for its products and is probably ready to accommodate East Germany's preference for compensation deals. The total value of the automobiles is expected to be about \$38 million. Because Volkswagen will only accept goods from East Germany that it can use in manufacturing vehicles, it will probably receive components such as plastics or synthetics for interiors, headlights or small electronic components, or other items like window glass.//

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[redacted] //The deal would immediately benefit East Germany in two ways--it would provide an outlet in the West for significant new exports and it would help modernize East Germany's automobile industry, now the most backward in Eastern Europe. Beyond this, if East Germany could strike some sort of long-term barter deal with the company, East German industry might eventually compete with Western firms in areas such as the development of sophisticated electronics for automobile ignitions and emission control apparatus.//

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[redacted] //Another reason for the purchase could be the regime's desire to reduce the excess buying power of affluent consumers. East Germany may also be responding to recent tests by Volkswagen showing that the "Golf" engine can burn gasoline with methanol. East Germany has investigated the use of methanol as a fuel extender in an effort to decrease gasoline consumption without angering the driving public.//

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[redacted] //There has been a continuing argument within the East German leadership between those who say that the country's economic problems require doing more business with the West and ideologues who are more concerned about the political consequences of increased economic ties with Western nations. Since the Volkswagen automobiles will be a highly visible sign of West German technology, the barter arrangement may well have an impact beyond its intrinsic economic importance.// [redacted]

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BRIEFS

USSR

25X1 [redacted] TASS yesterday indignantly rejected US and other Western appeals on behalf of jailed Soviet dissident Anatoliy Shcharanskiy. A member of the group monitoring Soviet compliance with the Helsinki accord, Shcharanskiy was arrested last March and could be charged with treason. TASS repeated allegations it had made in June that Shcharanskiy had passed state secrets to Western intelligence agencies. Last week Soviet authorities extended by six months the detention and investigation of Shcharanskiy. The TASS commentary appears to be the first in an expected Soviet propaganda campaign to "correct" the view in the West that the Soviets may have bowed to Western pressure by extending the investigation of Shcharanskiy.



Poland

25X1 [redacted] The Polish Government has increased its efforts to disrupt dissident activities, which had been largely unhindered throughout the fall. The governments relatively mild actions

[redacted]

suggest that the authorities do not want to allow dissident activities to go completely unchecked but also are not prepared for a real crackdown.

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[redacted] In separate events, police recently seized at least four clandestine duplicating machines, one from a dissident who was carrying a portable model on a Warsaw street. The machines were used to publish underground magazines, which now may number as many as 12. The police also confiscated large numbers of these journals. Individuals caught with the duplicating machines were detained but quickly released.

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[redacted] In other incidents, 13 dissidents in five major cities were temporarily held after they distributed a petition endorsing President Carter's stance on human rights. Police also quietly dispersed a crowd of 500 that had gathered in Gdansk for a memorial wreath-laying ceremony in honor of those who died during food riots in December 1970. [redacted]

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USSR

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[redacted] The upsurge of Jewish emigration from the USSR that has taken place during 1977 continues. The Dutch Embassy in Moscow, which handles Israeli interests there, issued 966 entry visas during the first half of December and predicts that by the end of the month more than 2,000 will be issued, the most in a one-month period in more than three years. As of mid-December, the total for 1977 numbers 16,248, about a 20-percent increase over last year's total. [redacted]

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