



Director of
Central
Intelligence

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National Intelligence Daily (Cable)

14 April 1979

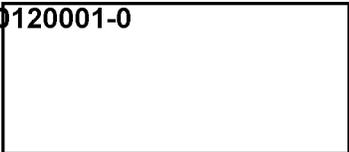
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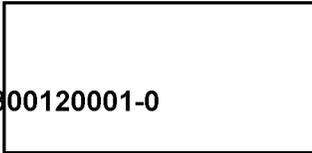


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BRIEFS AND COMMENTS

ZAMBIA: Impact of Rhodesian Raid

Although the Rhodesian attack yesterday on Zimbabwe African People's Union facilities in Lusaka will further aggravate tensions between the guerrillas and the Zambians, President Kaunda is not likely to waver in his support of ZAPU. [REDACTED]

A small Rhodesian ground force yesterday destroyed the Lusaka office and residence of ZAPU leader Joshua Nkomo and did major damage to a building near the city center, where all the major southern African liberation groups have offices. According to Nkomo, the Rhodesians entered the town in six or seven Zambian Army trucks; 10 guerrillas and three Rhodesian soldiers were reported killed in the fighting. [REDACTED]

The raid was a dramatic demonstration of Rhodesia's ability to strike anywhere in Zambia, and it almost certainly will provoke further popular criticism of the government's support for the guerrillas. The accuracy of the recent raids is likely to cause black Zambians to become increasingly suspicious of the whites, whom they suspect of spying for the Rhodesians, and this could lead to serious race problems. Although the raid doubtless will also bring more pressure on Kaunda to seek additional Soviet and Cuban assistance, he probably will continue to resist any major augmentation of Soviet and Cuban personnel in his country. [REDACTED]

Despite the mounting problems caused by the substantial ZAPU presence in Zambia, Kaunda has little choice but to continue to back ZAPU fully. ZAPU forces now are larger than, and at least as well equipped as, the Zambian Army, and the Soviets probably would strongly resist any movement by Kaunda away from ZAPU. Most important, Kaunda appears convinced that Nkomo eventually will emerge on top in a military struggle for dominance of Rhodesia, and he is determined to maintain his support for the guerrilla leader despite the immediate problems this causes. In the meantime, however, Kaunda probably will continue to urge Nkomo to infiltrate as many guerrillas as possible into Rhodesia and to place ZAPU's guerrilla camps as far from urban centers--particularly Lusaka--as possible. [REDACTED]

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USSR: Jewish Emigration

Jewish emigration from the USSR has reached record levels. If the current rate continues, the 1979 total of emigres will reach 48,000--an increase of nearly 55 percent over last year. The 1978 total was more than double that of the previous year.

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Soviet authorities presumably have permitted this increase to occur at least partly in hopes of improving the Soviet-US relationship and influencing attitudes in Congress toward such matters as most-favored-nation status and ratification of a SALT II agreement. Emigration has now reached such levels, however, that the Soviets apparently are trying to stem the tide, while at the same time avoiding the negative reactions that any restrictions on the issuance of visas might provoke.

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The spectacle of long lines of Jewish citizens applying for exit visas is an embarrassment to the Soviet leadership that could prove politically troubling if emigration demands spread to other minority groups. Restricting visas, however, would both increase Jewish dissidence and provoke an adverse reaction in the US Congress at a time when the Soviets are already expressing concern about the coming ratification battle over the SALT II agreement. As an alternative, the Soviets apparently have launched a propaganda campaign to discourage prospective Jewish emigrants from taking the first step of applying for a visa.

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The latest effort in this campaign is *White Book*--a collection of articles on emigration and the alleged connection between international Zionism and Western intelligence services. Issued by the Soviet Ministry of Justice, the publication provides a catalogue of alleged injustices--unemployment, racism, and oppression--that it says a Soviet emigrant should expect in the West.

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White Book also details contacts between US Embassy officers and the Jewish community and contains copies of documents said to be obtained from Soviet dissidents who were supposed agents of the CIA. The Association of

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Soviet Lawyers (headed by the chairman of the Soviet Supreme Court) supposedly compiled *White Book*; it was given a rather large initial printing and favorably reviewed in the Soviet press--all of which suggest that it received some high-level endorsement. [redacted]

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The effectiveness of this kind of propaganda in discouraging potential applicants is doubtful. As a result of an efficient Jewish grapevine in the USSR and correspondence with an ever increasing number of friends and relatives abroad, Soviet Jews are generally well informed about what they can expect in the West. [redacted]

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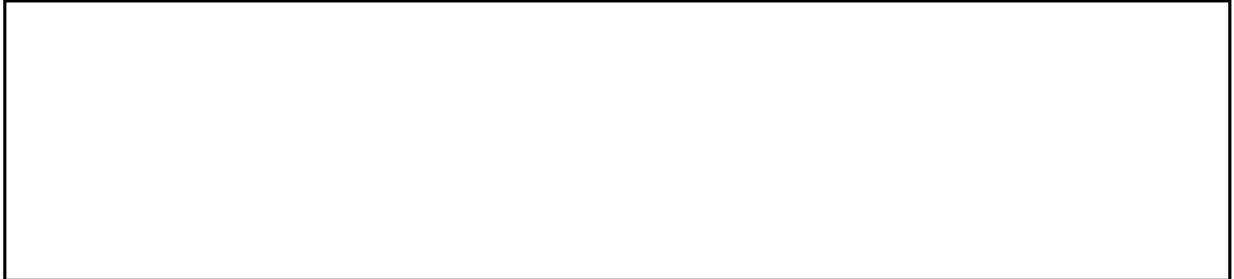
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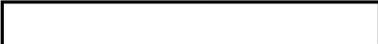
CHINA: Reduced Foreign Reserves

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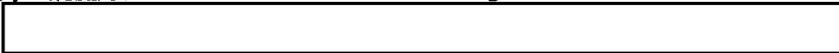


The reserve crunch is the result of sharply increased imports and downpayments of \$600 million on plants ordered in the second half of 1978. China responded to the foreign exchange shortage in mid-February by suspending \$2.6 billion worth of Japanese plant contracts that would have required large initial payments and by sharply reducing new commitments. Beijing is negotiating untied foreign credits to alleviate its short-term financial constraints. The Bank of China is close to agreement with the Japanese for a \$6-billion, six-month revolving credit, and China appears ready to reinstate some of the suspended contracts. The Chinese are also negotiating large general purpose credits with Canadian and Arab banks. 

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In order to strengthen control over foreign exchange expenditures, Beijing has appointed a high-level committee to review and approve capital purchases and has established a foreign exchange control board. The Bank of China has also been elevated to a position directly under the State Council. 

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Western bankers still consider China a good credit risk, and it is not having difficulty arranging long-term credit. China has already made arrangements with France, Great Britain, and Italy for \$13 billion in long-term credits, which will be tied to specific development projects. 

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WESTERN EUROPE: Nuclear Planning Group

//The Dutch Government wants to replace the rotational membership system of the NATO Nuclear Planning Group with permanent seats for all members. The Dutch will propose this at the group's ministerial meeting on 24 and 25 April. All of the planning group's nonpermanent members have come out in favor of such a move. Three of the permanent members--the US, UK, and Italy--have not.//

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//Under the present system, these three countries and West Germany hold permanent seats, and the other seven participating allies rotate their membership at 18-month intervals. Iceland, Luxembourg, and possibly Portugal would be eligible for membership under the Dutch plan but probably would not take part. France, which is not part of the integrated military command, would remain out of the group.//

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//The West Germans, who now support the change, originally were concerned that exchanges might become less candid as a result of enlargement. They now have concluded that opposing the change could cause resentment by the smaller allies and possibly hinder the theater nuclear force modernization program. Bonn also reasons that bilateral contacts could compensate for any cutback in the amount of information obtained through the Nuclear Planning Group and also allow for informal exchanges among the principal members of the Alliance.//

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//The current debate on theater nuclear forces has heightened allied interest in some effective consultative mechanisms in the Alliance. The High-Level Group to discuss theater nuclear modernization and the Special Group to consider theater nuclear arms control are reflections of this concern. Making nuclear Planning Group membership permanent should ensure broader participation when NATO's theater nuclear posture is fitted into its overall strategy.//

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BOLIVIA: Economic Problems

Bolivia's economic situation is deteriorating rapidly because President Padilla's government has refused to take any restrictive economic measures before the election scheduled for July. Difficulty in paying debt service obligations in recent months is threatening to destroy an already shaky credit rating with private banking institutions. Prospects for improvement look bleak unless Bolivia can secure international loans, increase sales of natural gas to Argentina and Brazil, curb its use of petroleum, limit spending in the public sector, and impose other overdue domestic austerity measures.

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Recent declines in production of tin, oil, and other minerals and sharp rises in imports have combined to weaken the economy. It is doubtful that Bolivia will have sufficient foreign exchange to cover its debt service and normal foreign exchange transactions during the next four months. By mid-year, Bolivia's economic situation will probably make private financing unavailable, so any new government will be forced to come to terms with the International Monetary Fund or face economic collapse.

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//President Padilla--who ousted his predecessor just as a major economic austerity program was to be implemented--is unlikely to take any significant economic measures because he is committed to removing the military from politics and fears another coup.

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Although Padilla is trying to obtain an IMF standby agreement, no such agreement is likely before the July election. Padilla has made no attempt to limit public expenditures in Bolivia's proposed 1979 budget--as the IMF wants.

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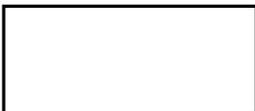
LIBERIA: Urban Demonstration

//University students and other groups plan to demonstrate in Monrovia today against a proposed 25- to 35-percent increase in the cost of rice--an urban dietary staple. The protest, the first since 1955, is likely to attract widespread support among the capital's lower income groups, who are already unhappy about record prices for housing and other essential goods. President Tolbert's government probably will be able to counter any security threat posed by the demonstrators by tightening security forces in the capital, but it will thereby increase the chances for a stormy confrontation.//

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