

~~Top Secret~~

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 2 March 1978

CG NIDC 78/050C

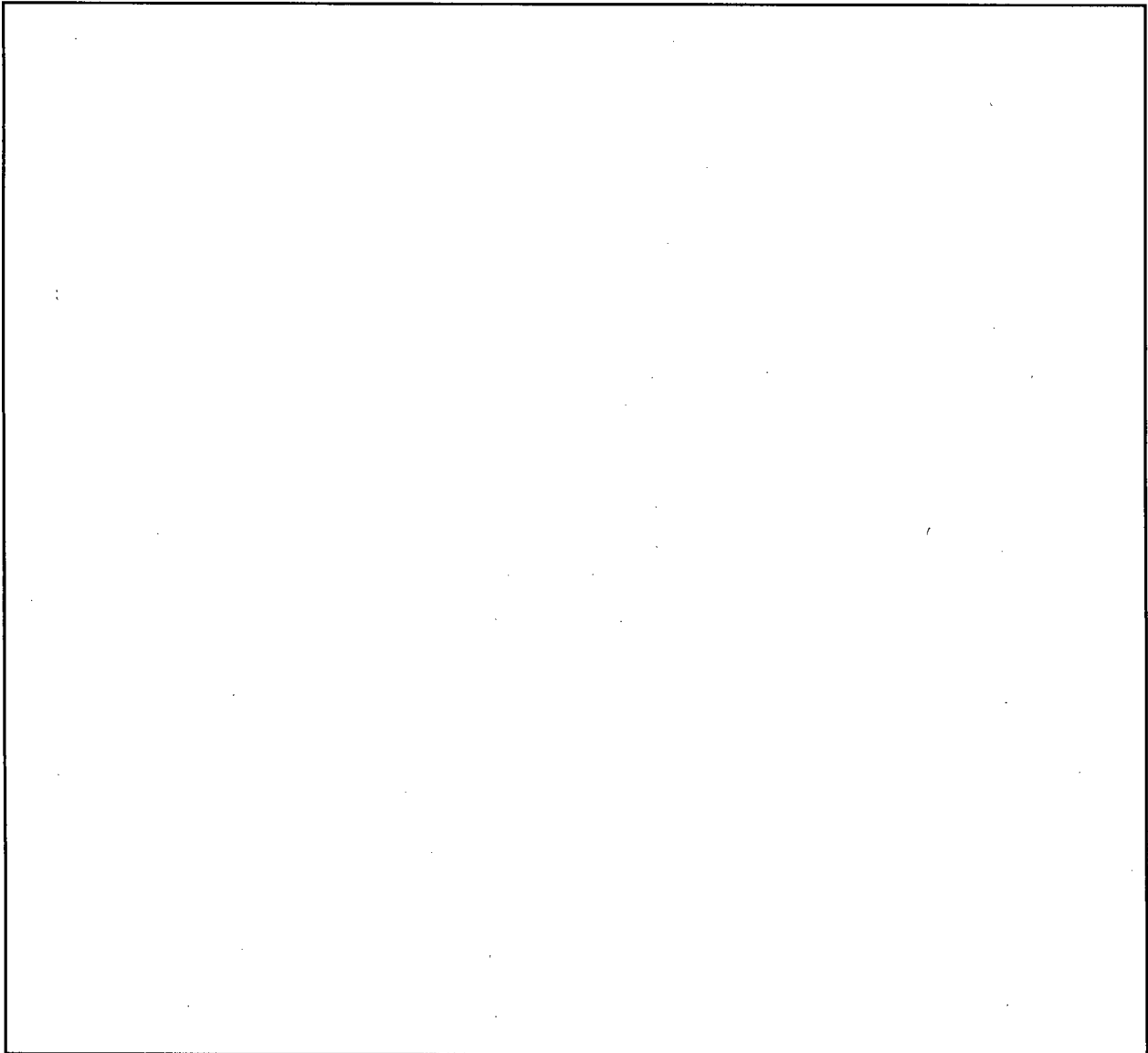
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NATIONAL SECURITY INFORMATION


Unauthorized Disclosure Subject to Criminal Sanctions

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PALESTINIANS: Terrorism Increase

 //Palestinians of various political stripes apparently have attempted to increase the level of their terrorist operations on the West Bank and in Israel during the past three months. A substantial number of incidents have occurred

since early December, including the assassination of at least three Palestinians accused of "collaborating" with Israel. Israeli antiterrorist measures often are successful but cannot prevent all Palestinian operations.//

[REDACTED]

[REDACTED] Small-scale bombings have occurred fairly regularly. One of the most serious took place on 14 February when a bus exploded in Jerusalem; the explosion killed two persons and injured some 43.//

[REDACTED] //While generally forswearing international terrorism in recent years, even moderate Palestinian leaders continue to maintain that terrorism in the occupied territories is an integral and justifiable part of their struggle. Such operations are designed not only to discourage collaboration but also to demonstrate that the PLO is a force to be reckoned with and that it can operate despite Israeli security measures.//

[REDACTED] //Security is tight in Israel, the West Bank, and the Gaza Strip, and in recent weeks several groups of suspected terrorists have been arrested. They have included alleged members of Fatah and Saiqa, as well as more radical organizations such as the Popular Front for the Liberation of Palestine.//

[REDACTED]

[REDACTED]

is a growing conviction among West Bank residents that Sadat's peace initiative will founder, and that despair over prospects for a settlement is tending to strengthen support for radicals in the PLO. [REDACTED]

#### USSR: Price Changes Announced

[REDACTED] *The USSR's sharp increases in retail prices for gasoline and a variety of luxury goods yesterday point up Moscow's concern for oil conservation, repressed inflation, and the shortage of high quality consumer goods. The Soviets simultaneously cut prices on some manufactured goods in hopes of improving their sales.*

[REDACTED] Spot shortages of gasoline and other fuels have occurred throughout the USSR during the past two years, and Moscow is signaling the serious nature of its efforts to reduce the growth of energy consumption.

[REDACTED] The price increases, however, could have only a small impact on oil consumption. Private gasoline consumption accounts for only about 1 percent of total oil use in the USSR, compared to roughly 33 percent in the US and some 10 percent in Western Europe. To some extent, Moscow probably is counting on the price increases to sop up excess consumer purchasing power and provide an additional source of revenue for investment spending.

[REDACTED] Retail prices of gasoline for both state and private consumers were doubled, to 85 cents per gallon for low-grade and \$1.02 and \$1.10 per gallon for premium grades.

[REDACTED] Prices of gold and platinum jewelry went up by 60 percent. This is the third known increase in such prices since 1969. The decision to raise these prices reflects Moscow's intent to cut domestic use of these metals in order to increase the amount available for export. Gold and platinum are major sources of hard currency earnings, and brought in about \$1.6 billion in 1976, roughly 16 percent of Soviet hard-currency exports in that year.

[REDACTED] Chairman of the State Committee on Prices Glushkov blamed the more than 300-percent increase in the price of coffee, as well as unspecified increases in the prices of cocoa