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Weekly Summary

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

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TASS



Delegates vote for the resolution on the report of General Secretary Brezhnev

THE CPSU CONGRESS

Spotlight on Brezhnev

(Not Sourced)

The spotlight continued to be on General Secretary Brezhnev as party congress speakers discussed his report delivered on February 24. His pre-eminence was emphasized by the speakers' lavish praise of his leadership abilities and personal characteristics and by his own banter with the speakers, which was reminiscent of Khrushchev. Soviet delegates did not make any new proposals in the domestic area. Many criticized various economic bureaucracies in Moscow, and some seemed to second Brezhnev's call for reorganizing economic management.

Soviet speakers were, as expected, content to follow Brezhnev's lead on international issues, drawing what comments they made from the

foreign policy themes outlined by the General Secretary last week. Brezhnev's two Politburo colleagues with heavy responsibility for Soviet relations with the outside world, Foreign Minister Gromyko and Defense Minister Grechko, did not speak at the congress.

Brezhnev's call for a continuation of his "peace program" was endorsed routinely by subsequent Soviet speakers, most often in general terms with little discussion of US-Soviet relations. Some, however, including Leningrad party boss Romanov, warned of imperialist machinations and Western attempts to fan dissent, and reminded their listeners that detente entails heightened ideological confrontation. Others, notably Premier Kosygin, laid stress on Soviet plans to expand ties with "all countries," even as they

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gloated over the economic troubles in the capitalist world.

China remained the object of the most heated abuse. Maoism appeared to have the edge over imperialism as the Soviets' number-one foreign policy concern.

The East Europeans

Opponents of Soviet hegemony in the Marxist world were not bashful about making their case in Moscow. As expected, the Romanian and Yugoslav representatives diverged sharply from their fellow East Europeans in maintaining the right of each party and state to develop its political line independently and in a "creative" manner.

Having made this point, Romanian party leader Ceausescu, in a show of independence, returned for a few days to Bucharest. His reappearance in Moscow on Wednesday coincided with rumors circulating in the Soviet capital that the bloc party leaders and heads of government attending the congress will meet in an informal summit as they did in 1971.

The West European Parties

An analysis of the speeches given by West European delegates to the Soviet party congress underlines the growing tendency of the major Western parties to dissociate themselves from Moscow's style of communist rule. More orthodox statements by some of the smaller West European parties failed to right the balance in favor of fidelity to the Soviet line.

The major West European parties stressed their national identities and the need to form alliances with non-communist forces. They played down the international aspects of communism and the Soviet leadership role.

The Italians were the most heretical. Party leader Enrico Berlinguer emphasized that his party's autonomy was the reason it had captured the support of an increasing number of Italian voters.

The congratulations Berlinguer offered to the Soviets for their progress on East-West issues were marred by his failure to express full "solidarity" with the Soviet party, as he did at the last Soviet congress in 1971.

He also implied that his own party's acceptance of certain features of Italian foreign policy—including membership in NATO—had contributed toward better East-West relations. The same passage suggested that Italy's "international alliances" help protect the Italian people from "foreign interference." By not specifically mentioning the US in this regard, Berlinguer was ambiguous enough for his audience to conclude that he was talking about both the US and the USSR.

In an apparent attempt to improve the atmosphere between the two parties, General Secretary Brezhnev met with Berlinguer on Monday. The two leaders issued a joint statement recognizing the need for international cooperation and mutual respect for each party's autonomy. The full statement is not available, but an Italian spokesman said differences of opinion were evident in the talks.

The French Communist Party reinforced the independent line taken at its own congress last month by not sending party chief Georges Marchais to Moscow. It was the first time the leader of the party has not attended a Soviet congress.

His substitute, French Politburo member Gaston Plissonnier, did not, as Marchais did last month, accuse the Soviets of abusing human rights, but he called for guarantees for individual and collective freedom and defended "French-style socialism."

Plissonnier criticized the Soviets for being too lenient on Giscard's foreign policy, which the French Communists see as being more Atlanticist than that of his Gaullist predecessors. By raising this issue, the French party is again indicating that

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it expects Moscow to halt what it sees as interference in French politics designed to bolster the French left's opponents.

Plissonnier made clear that while the French Communists are aiming for more independence in their domestic activities, they are not renouncing cooperation with Moscow on foreign policy issues. He pointed out, however, that "proletarian internationalism" no longer means that the Soviets can expect acceptance of their interests as the common good at the expense of the interests of the other parties.

Spanish party leader Santiago Carrillo attended a meeting of Spanish and Italian leftists in Rome rather than the Moscow conclave. Dolores Ibarruri, who has been in exile in Moscow as honorary president of the Spanish Communist Party, delivered the Spanish address to the congress. She gave only a lukewarm endorsement of the Soviet party in contrast to her laudatory remarks in 1971, when she praised it as the "vanguard in the world's advance toward socialism."

Portugal's party chief Cunhal gave a more orthodox performance. He pledged the eternal friendship of the Portuguese party and insisted that Moscow's leadership is essential for the world communist movement. Anticipating his continued loyalty, the Soviets scheduled Cunhal as the first West European speaker on the second day of the congress. In 1971, Cunhal spoke on the tenth day.

The addresses given by some of the smaller West European parties—the West German, Austrian, and Greek, for example—were also in line with what Moscow likes to hear. The leader of the West Berlin splinter group, for example, launched one of the most vigorous attacks against anti-Sovietism, while Austrian Communist chief Muhri declared that solidarity with Moscow served the national interests of Austria.

With the possible exception of the West German party, however, the tone of the speeches given by the smaller parties was not uniformly subservient. The Austrian party leader said, for example, that socialism meant "broad freedoms" and advocated cooperation between communists and socialists.



Fidel Castro talks with President Husak of Czechoslovakia at the Congress

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Among the smaller parties, the Belgians appeared to take the most independent line, mentioning neither Brezhnev, the Chinese, nor proletarian internationalism and noting that it was sometimes necessary to take a "different approach" than Moscow in developing socialism.

Castro's Address

4-5

Fidel Castro's address to the 25th congress of the Communist Party of the Soviet Union on February 25 in Moscow was a careful mixture of adulation, confidence, and ostensible humility intended to defend Moscow from its ideological antagonists and to assure the Soviets of Cuba's loyalty. By his selection of words, Castro demonstrated that the issues that had strained Cuban-Soviet relations so severely nine years ago are no longer even minor irritants. Cuban submission has been complete. The brash young Caribbean rebel of the mid-1960s has been replaced by the mature, responsible, self-critical member of the team; as a result, bilateral relations have never been better.

Castro's new discipline and "humility" showed in the brevity of his speech and in his admission that "there is very little that the Cuban communists can teach and much that we must learn in a gathering such as this." The same firebrand who years ago had not hesitated to challenge Moscow on virtually any ideological tenet last week extolled the Soviet communists who "have been extraordinary fountains of experience and teaching for all the revolutionaries of the world."

The faithful Castro, to prolonged applause, continued Havana's anti-Chinese invective by describing the "Maoists" as reactionaries, slanderers, intriguers, or traitors, and predicted that they would be swept aside by history. Apparently willing to sweep aside his own condemnation of the USSR as late as 1972 for allegedly failing to give adequate support to the Vietnamese, he defended the Soviets from charges that they had abandoned revolutionaries out of expediency. Instead, he claimed, "since the

Soviet state was founded, wherever people fought for their liberation—as in our homeland—in Europe, Asia, Africa, or in Latin America, the support and solidarity of Soviet communists was never lacking." He described the USSR as "an indestructible shield checking the aggressive impetus of imperialism against small and powerless nations."

The confident Castro, buoyed no doubt by the success of his military forces in Angola, hinted that other Angolas would take place. "Changes in the world will not stop," he said; "the future belongs entirely to socialism and communism without anyone being able to export revolution, nor impose it by means of war, nor prevent the peoples from making it." Sensitive, as always, to charges that he is a Soviet puppet, or that he sent Cuban troops to Angola at Soviet behest, he affirmed: "Never has the Soviet Union—which has given such decisive aid to our people—approached us to demand anything from us, to set forth a condition, to tell us what we must do."

Castro is clearly pleased with the trend of recent events, with his relations with Moscow, with the prestige his troops in Angola have earned for him, and with the opportunity to rub elbows with other dignitaries visiting Moscow for the congress. Some minor frictions may develop between him and his hosts in other countries after he leaves Moscow and begins stopping off in Eastern Europe and elsewhere, but there is nothing on the horizon that would seem a serious threat to the optimism he has displayed so far on this trip.

* * *

Brezhnev did not attend the session on March 1, at which Kosygin presented the five-year economic plan (1976-80). His absence gave the appearance of a snub, and a decline in Kosygin's status since the last congress was apparent in other ways. Kosygin gave a largely uncritical recital of economic accomplishments of the past five years and added no new details to the present plan. After debate on Kosygin's report, the congress met on March 4 to elect the new Central Committee, which, in turn, elects the Politburo.

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President Costa Gomes (l) and Prime Minister Azevedo (second from left) watch as Socialist leader Soares signs the agreement

PORTUGAL

6-12

MILITARY ROLE REDUCED

Portuguese political parties and military leaders signed an agreement last week giving civilian politicians a greater role in running the government during a four-year transition to civilian rule. The military still has the means to intervene or override unsatisfactory legislation if it desires, but the parties hope early legislative and presidential elections will give them the political legitimacy necessary to assert their dominance.

The pact substantially reduces the direct role of the armed forces in Portugal's political process, assigning most policy functions to the legislative assembly, the president, and the cabinet. The all-military Revolutionary Council, which has been the major decision making body for nearly a year, will remain the ultimate authority in military

matters, but will be reduced to serving primarily as an advisory council to the president on political affairs.

The council will, however, retain significant powers and will serve as a check on the president. With the council's authorization, the president can declare war or invoke emergency powers. The council also may remove the president by declaring him physically incapacitated. The council will also have an impact on the legislative process through its power to require the president to veto any bill it considers unconstitutional. The legislature can override such a veto by a two-thirds majority.

Most importantly, the military council retains the right to intervene in politics by virtue of its recognized role as the "guarantor of democratic

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institutions" and protector of the constitution and the goals of the revolution. The armed forces may also continue to influence the political process through the presidency because one of its members is expected to be elected to the post. Most political parties see little chance of electing a civilian president and are seeking to agree on a military candidate, like Prime Minister Azevedo or army chief of staff Eanes.

The final agreement is a victory for the non-Communist political parties, which last spring had to sign a pact that certified military dominance for at least three years. The democratic parties wanted to force the armed forces to admit that things have changed in the past year, but they did not want a complete military withdrawal from politics at this transitional stage. These parties recognize that military backing will ensure the stability needed to govern.

The centrist Popular Democrats were most vocal in demanding concessions from the military. Talks stalled for weeks over the party's contention that presidential elections should be held as close to legislative elections as possible in order to prevent President Costa Gomes from molding the next government. A date has not yet been established for presidential elections, but they are expected to take place in late June, about two months after the legislative elections on April 25. The Popular Democrats settled for a two-month hiatus in exchange for an amendment to the pact specifying that its provisions will not become operational until a president is elected. Consequently, the Azevedo cabinet will remain in office until a new president is sworn in.

An elected government in Lisbon will have no easier job than that of previous military-controlled governments. The left is still using the deteriorating economy and rising unemployment to justify anti-government demonstrations and limited strikes, which may become more frequent if the cabinet does not complete a new wage policy to replace the wage freeze that expired earlier this week.

Right-wing farmers are incensed by the agrarian reform policies of the earlier leftist military governments and have threatened to cut off food supplies to Lisbon this week if their demands are not met. Similar threats by the farmers in recent months were not carried out.

The left is warning of the danger of a right-wing coup by such disenchanted conservatives as the farmers or groups of Angolan refugees. Abortive coups have affected the political balance in Portugal twice during the past year, and the left may be trying to incite the right to premature action before elections in hopes of mounting a counter coup.

SETTLING THE ECONOMY

13-38

The Sixth Provisional Government under Prime Minister Azevedo has taken a number of steps to restore order to Portugal's chaotic economy. To stave off a foreign payments crisis, Lisbon has lined up substantial Western financial assistance and enacted measures to bolster the current account. At home, the government has made tentative moves to stimulate private economic activity and to invigorate the large nationalized sector. Azevedo is giving top priority to restoration of civil order and worker discipline. More lasting solutions to Portugal's deep-seated economic problems will have to await a return to political stability following parliamentary and presidential elections.

Recent borrowing, progress in other loan negotiations, and new measures to improve the balance of payments indicate that substantial gold sales can be delayed at least until midyear. Foreign reserves fell roughly \$1 billion in 1975, to about \$1.4 billion at the end of the year.

Largely because of its swing toward less radical policies, Lisbon has recently been more successful in its quest for credits. The West German central bank has agreed to lend \$250 million against gold collateral for a period of six months to two years. Switzerland has loaned \$50 million

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on similar terms. Lisbon has borrowed \$85 million from the International Monetary Fund's Oil Facility, and negotiations for loans from the Bank of France and from the Bank for International Settlements have been reported.

In January, a team from the European Investment Bank tentatively accepted proposals from Lisbon for a dozen projects to be financed by the \$175 million in concessionary loans the European Community authorized for Portugal last year. Disbursements could begin before the end of April. In addition, the Community agreed in principle to expand Portugal's regular borrowing rights by nearly \$60 million and is studying several possible food aid arrangements. Negotiations are now in progress to expand the preferential treatment of Portuguese exports to the EC and broaden Portuguese access to EC technology. Lisbon has obtained little help from the Communist world, notwithstanding numerous official visits and cultural exchanges, an increase in trade, and a variety of new accords.

The Azevedo government has enacted a number of wide-ranging measures aimed at improving the balance of payments.

- To cut imports, it has boosted gasoline prices to the highest levels in Western Europe and extended temporary surcharges on non-oil imports through the first quarter.
- To promote foreign sales, it has offered exporters insurance against exchange rate fluctuations and production cost increases.
- To revive emigrant remittances, it has authorized banks to set up special foreign exchange accounts.
- To raise tourist receipts, it has set up an Institute for Tourism Development.
- To attract foreign capital, it has enacted a code of rules for foreign investment.

The government has imposed tax and wage measures to discourage consumption so that imports can be reduced and resources freed for export or domestic investment. Wage rates were frozen through February, and on March 5 the Council of Ministers is to consider a draft decree that would establish a longer term wage policy. An attempt to suspend food subsidies and to free prices aborted because of adverse popular reaction encouraged by leftist parties.

Azevedo has budgeted more than \$1 billion—a 90-percent increase over 1975—for public works, housing, and other investments. After months of neglect, the government has finally moved to organize the direction of nationalized industrial and financial enterprises and is reportedly planning to return to private owners some 300 small- and medium-sized businesses that were taken over by their employees. To stabilize the agricultural situation, the government has promised not to expropriate land north of the Tagus River or farms under 75 acres elsewhere. Most land remains in private hands, with nearly 40 percent of total acreage in units of 50 acres or less.

The new measures are no cure for Portugal's economic problems. The encouragement so far offered to private businessmen and foreign investors, for example, may have little impact. The guarantees and incentives are undermined by inadequacies in the foreign investment code and fuzzy links between the public and private sectors. Western financial assistance should, however, permit the country to avoid a major devaluation, large gold sales, or a domestic economic crisis in the next few months.

Restoration of labor discipline and civil calm appears to be the key to success at this time. Thus, Lisbon may be justified in putting off a sharp devaluation that would help the payments situation because it could carry heavy costs in terms of worker discipline and the popularity of non-Communist governing parties.

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replacing two other surface vessels scheduled to depart in March.

The French have the largest Western naval force in the Indian Ocean. France currently has 18 ships assigned to its flotilla there, including a helicopter carrier, two submarines, a destroyer, three destroyer escorts, and a number of patrol and support craft. Most of these are now in the Djibouti area. [REDACTED]

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45-47

USSR: FIRST NAVAL VISIT TO TURKEY

The first known visit by Soviet naval ships to a Turkish port occurred last week. Two Moma-class naval hydrographic research ships arrived at Antalya in southern Turkey on February 23 and remained until February 28, when they resumed operations in the Mediterranean. US and other NATO military attaches in Turkey were apparently given no advance word of the port call.

The visit underscores the Soviet navy's policy of showing the flag wherever possible around the Mediterranean. Soviet sailors aboard the two ships were not given shore leave, probably to avoid any incidents that would mar the port call.

The visit of the Soviet ships appears to be part of a larger exchange between the USSR and Turkey. The port call followed by two months Soviet Premier Kosygin's trip to Turkey. Turkish officers—in accordance with the European security agreement signed in Helsinki—were invited to attend Soviet military maneuvers in the Caucasus earlier in February.

Since late 1975 the Soviets have engaged in low-key efforts to exploit Turkish-US frictions. The Turks have been receptive to the Soviet overtures, partly because of the growing acceptability of detente and partly because of a desire to remind the US that it cannot take Turkey for granted. [REDACTED]

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FRANCE: MORE SHIPS TO DJIBOUTI

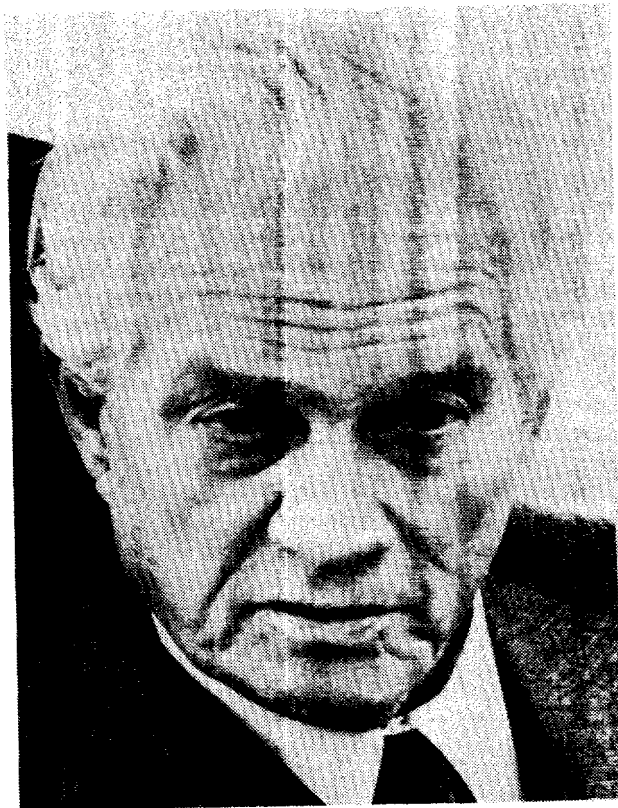
France is sending two more surface warships—a destroyer and a destroyer escort—to Djibouti, its naval base in the French Territory of the Afars and Issas. Although these ship movements appear to be part of a regular rotation of forces, and were almost certainly scheduled before the border incident last month between French and Somali troops, the French government has not discouraged reports that the transfers may be related to current tension in the area. Paris probably views the move as a convenient way to underscore its determination to protect its interests there.

The destroyer escort, now in the Red Sea, is scheduled to arrive in Djibouti late next week. It will reportedly replace another destroyer escort now in the area and will probably remain in the Indian Ocean for at least six months. The destroyer, according to French naval officers, will leave France later this month and should reach Djibouti in early April. This ship will probably become part of France's Indian Ocean task force,

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Interior Minister Shamun

66-67

LEBANON: STILL SQUABBLING

Lebanon's top political leaders have been unable to agree on a new cabinet to carry out the package of political reforms announced last month, despite two weeks of intense bargaining and strong pressure from Syrian mediators. The stalemate on the political front and relatively minor but persistent security problems have convinced Damascus that it cannot withdraw Syrian-controlled Palestinian troops in Lebanon as early as originally planned.

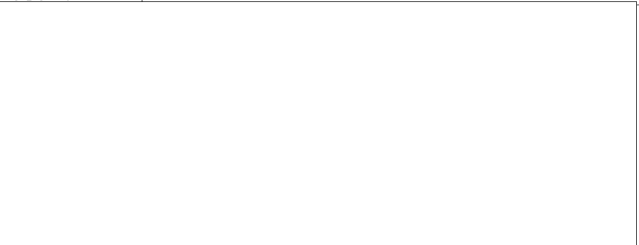
The extent of leftist participation in the new cabinet appears to be the major sticking point in the negotiations. Socialist leader Kamal Jumblatt, whose leftist coalition emerged from the recent fighting with new popular support, has been demanding that his more militant colleagues be included in the cabinet. Jumblatt apparently has received support for his position from Palestinian leaders, who would like to see their Lebanese allies gain a stronger voice in the government.

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The Christians, for their part, are deeply suspicious of the close ties between the Palestinians and the Lebanese far left and are concerned that Syria will eventually relax its efforts to keep both groups under control. The Christian position, spearheaded by Interior Minister Shamun, has been that agreements governing Palestinian activities in Lebanon must be implemented before a new government is formed.

The Syrians, increasingly frustrated by the seemingly boundless capacity of the Lebanese politicians to quarrel among themselves, are apparently determined to break the stalemate. After several stormy meetings in Damascus last week, Syria's chief negotiator, Foreign Minister Khaddam, reportedly pushed Jumblatt into a tentative agreement to serve on the cabinet and to scale down his demands on behalf of other leftist leaders. The Syrian mediator returned to Beirut on March 4, presumably to apply similar pressure to Christian Phalanges chief Pierre Jumayyil. Jumayyil and Jumblatt are leaders of the two strongest militias, and their participation in a coalition cabinet is considered crucial to the success of the recent peace settlement.

Damascus seems less certain of how to stop a wave of kidnappings and other terrorist actions that has begun to undermine confidence in the cease-fire.



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In any event, the Syrians have decided that they cannot risk withdrawing Palestinian troops later this month as originally planned. Damascus apparently now sees the continued presence of these forces as the only way of keeping pressure on Christian and Muslim leaders to resolve their differences and of at least containing militant and lawless elements.

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ISRAEL: RABIN UNDER FIRE

Dissatisfaction with Prime Minister Rabin's leadership of the country and the dominant Labor Party appears to be growing in Israel. In recent weeks, Rabin has drawn sharp criticism from both the conservatives and the moderates for his alleged mishandling of a number of issues. Still, his government does not appear to be in imminent danger of falling, primarily because there is no clearly perceived or acceptable alternative.

Rabin's leadership in economic affairs has come under repeated attack. Two key Finance Ministry officials recently resigned, charging that the government was giving inadequate support to measures to combat inflation and reduce the present balance-of-payments deficit. Their actions have heightened uncertainty and concern among Israelis over the government's ability to deal with the country's economic problems.

Rabin faces another serious leadership problem in a political dispute stemming from an attempt by an Israeli group to establish an illegal Jewish settlement at Sebastia on the occupied West Bank last December. At that time, Rabin sought to avert violence by avoiding a final decision on the settlement and by allowing some settlers to stay at a nearby army camp. He now faces a dilemma because the leftist Mapam, an important member of the ruling Labor Alignment, is insisting that the settlers be removed from the West Bank. Hard liners from the National Religious Party, a member of the government coalition, and other conservative groups are equally determined to establish a permanent settlement at Sebastia.

Mutual wariness and underlying tension mar Rabin's relationship with Defense Minister Peres, the Prime Minister's strongest potential rival. A statement by Rabin during a background briefing for the press when he was in Washington last January that Israel's arms requests to the US government were "exaggerated" was interpreted by many in Israel as criticism of Peres. The episode inspired renewed speculation that Peres would resign and team up with the opposition Likud grouping to form an alternative coalition government.

Peres, however, characterized this speculation as unfounded. He occupies a central position in deliberations on foreign policy and security decisions and as the leading cabinet conservative has the power to block developments he opposes. For the time being, he probably sees his political future as best served by remaining within and not disrupting the Labor Party.

In foreign policy, the cabinet's recent decision to explore the prospects for agreements with Egypt, Jordan, and Syria on "terminating the state of war" has also focused new heat on Rabin. In addition to predictable criticism from right-wing factions, a number of moderate leaders of the ruling Labor Alignment, led by former foreign minister Abba Eban, strongly criticized the cabinet's move. These critics insisted that the next step in peace negotiations, particularly with Jordan, should be to obtain full-scale peace agreements. So far, however, Rabin has retained the support or at least acquiescence of almost the entire cabinet to explore the new negotiating option.

Rabin's relations within his Labor Party—the senior partner in the Labor Alignment—have also become increasingly troubled. He has been persistently criticized for failing to include the party in the decision-making process. The resignation last month of Meir Zarmi as the party's secretary general reflected frustration within the party's hierarchy over the failure of Rabin and other leaders in the government to coordinate and consult more fully with the party.

Despite the drop in confidence in Rabin, the consensus in Labor Party circles remains that there is no present alternative to his leadership. Moreover, a leadership fight at this time might require elections before their scheduled date in late 1977, and few party leaders—certainly not Rabin—want that. The party is still recovering from the leadership crisis brought on by the 1973 Arab-Israeli war. Rabin probably will attempt to defer the moment of reckoning within the party and between the Labor Alignment and Likud until 1977.

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MOROCCO-ALGERIA: SAHARA DISPUTE

Control of Western Sahara passed to Morocco and Mauritania last week in accordance with the tripartite accord signed by Madrid, Rabat, and Nouakchott last November. Algeria, which continues to dispute the turnover by Madrid, did not challenge the event militarily. The Algerian-backed Polisario Front, which is waging a guerrilla conflict, countered politically by proclaiming the territory an independent Saharan "state."

Algerian media have given major play to the Polisario proclamation on February 27 of a "Democratic Saharan Arab Republic." Polisario leaders claim to have made their declaration before a group of journalists and several thousand Saharans near a town in northeastern Sahara. The Front controls few if any towns and little other territory, however, and its "state" is in effect a government in exile.

The Polisario move may have been in part a counter to Morocco's action the preceding day in engineering a vote by Sahara's territorial assembly endorsing the division of the territory between Morocco and Mauritania. Both Spain and the UN have rejected Morocco's claim that the assembly session constitutes the "consultations" with the Saharan people called for in the tripartite agreement and in the Moroccan-supported resolution on the issue adopted by the UN General Assembly last December. The Spanish and UN attitudes may have given Algeria hope that it could advance its case for a UN-supervised referendum in Sahara by backing proclamation of a Polisario "state."

Morocco initially betrayed some worry about the possible political repercussions of the Polisario move, but so far only two countries have formally recognized the new "state." This week the council of ministers of the 47-member Organization of African Unity [redacted] failed to recognize the Polisario as either a government or a liberation movement, although an informal count indicated that 16 states favored recognition. Without taking a formal vote, the council decided that recognition should be left up to the individual states. The

failure of the council to endorse the Polisario Front will be a disappointment to the Algerians, who had invested considerable political capital in an effort to gain it the trappings of legitimacy.

Despite Moroccan nervousness about the possibility of increased Algerian and Polisario military activity following Spain's withdrawal from Sahara, only a few minor incidents have been noted. The US defense attache in Rabat believes, however, that the Moroccans may soon begin a new phase of military clean-up operations against the Polisario Front. Rabat hopes to eliminate the large number of guerrillas it believes are located in the Zemmour mountains around Guelta in Sahara and in the area north of Bir Moghrein in Mauritania. The Moroccans reportedly also are planning to clean out small pockets of guerrillas in southern Morocco as far east as the Algerian border. [redacted]

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RHODESIA: BLEAK PROSPECTS

Prospects for a settlement between Rhodesia's black nationalists and Ian Smith's white regime remain bleak. Despite some optimistic press reports from Salisbury this week, the constitutional talks that have been going on since December apparently are going nowhere. Meanwhile, the nationalists' insurgency is growing.

Mozambique's President Machel announced on March 3 that he was imposing sanctions against the Smith regime by closing his country's border with Rhodesia. Machel said he was acting in response to attacks on Mozambique's territory by Rhodesian forces.

Cross-border infiltrations by Rhodesian guerrillas based in Mozambique and insurgent

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activity in Rhodesia have been increasing in recent weeks. The insurgents still appear divided and probably are not ready for major operations in Rhodesia. There are indications, however, that they have begun moving into areas of southeast Rhodesia where they have not previously operated. Rhodesian security forces have reacted by pursuing guerrillas back into their sanctuaries in Mozambique; several minor clashes between Rhodesian and regular Mozambican forces apparently occurred recently.

Although Machel may now step up his support for the Rhodesian insurgents, he will probably avoid any direct role for his own armed forces. His government is already plagued with economic problems and tribal tensions, and the loss of revenue, unemployment, and food shortages in some areas that will follow the end of economic relations with Rhodesia will be a further blow to Mozambique's economy. Until this week, Machel had refused to impose sanctions on Rhodesia because he feared the economic consequences for Mozambique. He may believe the revenue loss can be made up through increased economic aid from outside donors, particularly Commonwealth countries, which last year promised to support him financially if he imposed sanctions.

Machel probably hopes his action will put enough pressure on Smith to force the latter to reach a negotiated settlement with the nationalists. Up to half of Rhodesia's foreign trade had been passing through Mozambique. The Rhodesians will try to make up as much of the loss as they can by channeling more of their trade through South Africa.

Smith's talks with nationalist leader Joshua Nkomo have reached an impasse because Smith has rejected all proposals that would lead to black majority rule. The talks are continuing because neither side wants to be the one to break them off. Smith has consistently appeared to be chiefly interested in trying to buy time and keep the nationalists divided, in hopes of staving off a full-scale resumption of the guerrilla war and

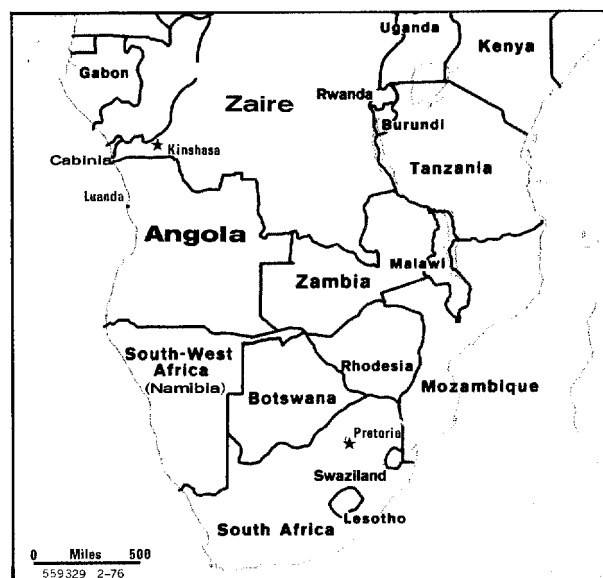
convincing South Africa of the need to support him. A high-level British envoy who visited Salisbury last week—before Machel's announcement—found no evidence that Smith was ready to change his position.

Zambia's President Kaunda, whose prestige is largely tied to the effort to reach a peaceful settlement of the Rhodesian problem, is becoming increasingly apprehensive about the Rhodesian situation. He is especially concerned about a possible future Cuban role in support of the nationalists.

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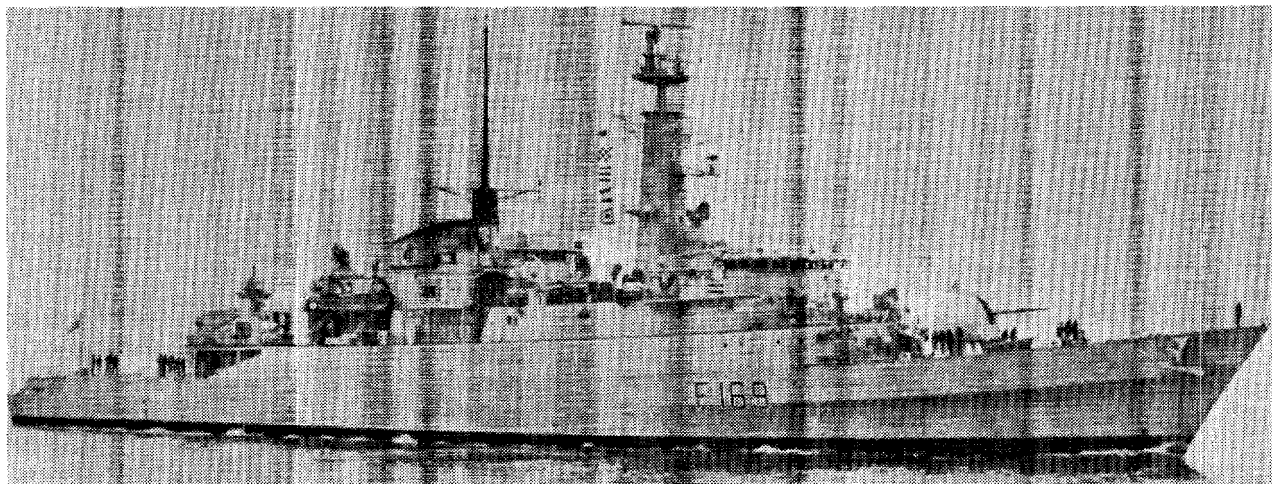
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At this time, any Cuban assistance to the Rhodesian guerrillas would probably be limited to providing arms and training.

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British-built frigate of the type the Egyptians may purchase

EGYPT SETS NAVAL PRIORITIES

85-87

Egypt's naval modernization program calls for the acquisition of missile patrol boats, submarines, and frigates.

The UK probably will be the primary source for the new naval craft. 25X1 DIA

The Egyptian navy considers missile boats its top priority purchase, reflecting lessons learned during the war of October 1973. At that time, Israeli Saar-class boats equipped with Gabriel antiship missiles inflicted heavy losses on the Egyptians and Syrians. Cairo's current plans call for the purchase of nine boats with British-built hulls and French-Italian Otomat antiship missiles. These units will be equipped with advanced sensors, communications, and electronics equipment.

Submarines are Cairo's second priority. Three attack submarines and three smaller boats designed for special forces operations are expected to be purchased from the UK. Egypt is also negotiating for four new British multipurpose frigates with antisubmarine, air defense, and helicopter capabilities. Cairo would also like the British to re-equip six of Egypt's indigenously produced patrol boats.

Cairo is already boosting its antisubmarine capability. The first flight crews have completed training on newly acquired Sea King antisubmarine warfare helicopters from the UK. Because the navy does not have an air arm, these aircraft will be land based and attached to the air force. Cairo also plans to procure frigates that will carry helicopters; these helicopters too will be flown by air force pilots. Past difficulties between the navy and air force suggest that Cairo may have difficulty obtaining the most effective use of the helicopters.

All ship procurements appear to have been delayed by the need for a third-country payment guarantee. Funding for the naval craft will probably have to come from Arab states, particularly Saudi Arabia.

The Soviets have not signed a military agreement with Cairo since 1973. Major Soviet equipment deliveries to Egypt were suspended in mid-1975. The stalemate with Moscow has accelerated Cairo's contacts with Western sources for air, ground, and naval equipment. The transition from communist to a mix of communist and Western military inventories will continue to impair Egypt's military readiness.

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88-89

LATIN AMERICA: KISSINGER VISIT

Secretary Kissinger's trip to Brazil, Venezuela, Peru, Colombia, and Central America was clearly gratifying to the leaders and the people of the countries visited. Journalists and commentators, however, made the trip the occasion for an uninhibited display of their analytical and rhetorical talents. Critics took the opportunity to rattle the skeletons from a closetful of real or imagined US sins against the area. Interpretations of what was actually said and done during the trip ranged from the very positive to the sinister. The highly developed skepticism toward US policy of Latins in general and Latin journalists in particular was revealed in the broad tendency to read between lines and to seek out the "real" meaning of what had occurred.

Commentary weighed most heavily on two specific topics, the Cuba-Angola question and the US-Brazil accords. In general, however, the focus varied from country to country according to special interest and concern.

Brazilian commentators savored their country's enhanced status but worried about the effect on relations with other South American nations, which tend to be fearful of Brazil's strength. The press also issued warnings to the US that the trade imbalance must be corrected to remove serious bilateral frictions and that the US is not Brazil's only "option." Argentina, way behind in its competition with Brazil, reviewed in painful detail its internal problems and the diplomatic defeat it was dealt by Brazil's privileged partnership with the US. Venezuelan columnists generally deplored the Brazil-US "axis," but the premier business-oriented editorialist urged that "we other countries develop as much as Brazil." The Mexican press was clearly resentful and sometimes vitriolic in its attack on Brazil's preferred treatment.

Numerous observers thought the key reason for the trip was to drum up Latin support for US punitive actions against Cuba for its role in Africa. This idea led in several directions, including the observation that the US "comes to get, not to give." Others took the stereotype of an

interventionist US and drew irony from Washington's concern over Cuban interference in other countries. Another common criticism related to Latin America's hard-won solidarity, which the US allegedly was trying to break up by emphasizing bilateral over multilateral relations.

The anti-communist editorialists had a special slant. They exemplified the cynicism with which many Latins greeted US promises not to be indifferent about Cuban and communist advances. They expressed disillusion with Washington's leadership of the free world and with US exports of grain and technology to the USSR. Uruguay's leading daily commented that the US in its third century can become a paper tiger or assume its role as "guardian of the best values of humanity."

The media notwithstanding, the countries visited were obviously pleased with a symbol of direct US attention. Commentary on the trip, while often critical, was heavily larded with exhortation that the US "follow through" with deeds. In this connection, the Costa Rican foreign minister announced that Latin America will ask the US for commercial treatment that would create special tariff preferences for the region.

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CANADA: NEW LEADER FOR TORIES

The leadership of the opposition Progressive Conservative Party has been taken over by Joe Clark, member of Parliament from Alberta.

A dark horse during most of the leadership campaign, Clark emerged as a real contender as the compromise candidate at the annual convention last month when two of the front-running candidates faltered. A former journalist and professor of political science, Clark has been in Parliament only three years. At 36, he is the youngest leader of a modern national party in Canada and the first bilingual Tory leader. He was

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former Tory leader Robert Stanfield's executive assistant from 1967 to 1970.

Clark is opposed to capital punishment, supports the idea of bilingualism, and advocates a limited reform of the abortion laws. On the economic front he favors wage and price controls, but only on a temporary basis; curtailment of government spending, with welfare geared more stringently to need; limitation of the right of essential civil servants to strike; and decentralization of industry.

Clark may be in good position to challenge Trudeau in the next elections, tentatively schedul-



Joe Clark and wife celebrate victory

ed for 1978. Standing to the left of past Tory leaders, Clark can compete more effectively for the middle-of-the-road vote. [] several ranking Liberals acknowledge that Clark is a most dangerous opponent.

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The first test of Clark's leadership abilities will come shortly, as he grapples with political and cultural divisions within the party. The Tories are split between the rightist Diefenbaker-led Conservatives, who have dominated the party since the 1974 debacle, and the so-called "Red Tories," of whom Clark is a member. The party has been unable to establish itself securely in Quebec.

Clark received a cool reception after his convention victory from some of his rightist opponents. Defeated candidate Paul Hellyer, for example, did not appear on stage for Clark's swearing-in ceremony. The majority of supporters of the Francophone candidate, Claude Wagner, left the convention hall before Clark gave his acceptance speech. Caught up in French resentment of Wagner's loss, the editor of the influential *Le Devoir* suggested that the two Quebec candidates were not given a fair chance.

Even so, there are indications that the Tories may be ready to unite behind Clark. Several members of Parliament who opposed Clark, later indicated that they were ready to cooperate. A poll at the convention showed, moreover, that only 7 percent of the delegates felt there was an irreconcilable split in the party. Even the outspoken editor of *Le Devoir* finally recanted and announced that Clark might be an acceptable representative of French interests after all.

Clark appears to have the political acumen to mend the Tory wounds. Energetic and engaging, Clark is a brilliant organizer. He has already begun the task of reconciliation, offering archrival Jack Horner a senior position in his shadow cabinet. Clark also appears sympathetic to the French cause, although this will not suffice to enable him to make inroads in Quebec.

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ARGENTINA: PERON PERSISTS

The Peron administration's last-ditch efforts to win back disaffected labor and stave off a military coup appear to be having a measure of success.

The government's recent announcement of a new economic package, including a three-month price freeze and a wage hike to offset the effects of rampaging inflation, has appeased at least some of President Peron's labor supporters, who only a few days ago were prepared to abandon the beleaguered President.

for an "eventual" joint session was still under study.

The effect of these developments on the armed forces' preparations to take over the government is problematical. The generals' slim hopes that congress would spare them the necessity of moving against Peron cannot have been strengthened by Luder's temporizing, but some of them, at least, will seize on the prospect of a labor-dictated cabinet shuffle to counsel postponement of military intervention.

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JAMAICA: GLOOMY ECONOMIC PICTURE

Jamaica has been particularly hard hit by the world-wide recession. While export and service revenues declined in 1975, imports were up sharply, resulting in a record \$245-million current-account deficit. Unable to arrange complete financing, Kingston had to draw on its foreign reserves, which fell by \$88 million to \$63 million net at the end of the year. Unemployment rose to about 23 percent and prices increased 18 percent. Despite a large increase in public expenditures aimed at taking up the slack in the economy, real gross national product declined by at least 1 percent for the year.

As a price for continued support, labor leaders will demand a cabinet shuffle and the dismissal of the small entourage of advisers around the President who have increasingly excluded labor from government decision-making.

Presidential press secretary Julio Gonzalez, who has replaced Lopez Rega as the palace eminence grise, may be labor's chief target. Peron will probably agree to make cabinet changes because such action has bought her time before. The removal of Gonzalez is another matter.

The President appears incapable of functioning without a close adviser. Gonzalez, as a former protege of Lopez Rega, undoubtedly provides her the psychological strength she needs to hold on to the presidency. If his departure is the price she must pay for labor's backing, she may find that backing not worth the price.

In the meantime, efforts by several legislators to convoke a special joint session of congress to declare Peron unfit for office have bogged down in legal and constitutional red tape. At midweek Senate President Luder announced that the call

Sagging world demand, increasing labor problems, and the adverse effects of the new bauxite tax caused bauxite and alumina export earnings—normally accounting for three quarters of exports—to fall by about 20 percent last year. The bauxite levy, established in mid-1974, requires the Jamaican producers to pay Kingston 8 percent of the final sales price of aluminum ingots. The regulation also requires the companies to pay the tax based on installed capacity in 1973, regardless of the level of production. Revere's alumina plant has been closed since September because of a dispute over the levy.

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Prime Minister Manley

Tourism, long Jamaica's second most important source of foreign exchange, fell by more than 10 percent in 1975, causing a large number of hotel closures. The current-account deficit would have been much worse had not sugar earnings doubled under the impetus of high world prices and a good harvest.

To stem the decline in production and employment, the government used the proceeds of the bauxite levy, which totaled \$170 million in 1975, to finance urban public works. The program helped to bolster consumer incomes; it also nearly exhausted government financial resources and was only marginally effective in reducing unemployment. Moreover, by stimulating migration to the cities, the program helped to intensify urban congestion.

The economic outlook this year is hardly less bleak. Lower world sugar prices and an 8-percent drought-induced drop in production will reduce sugar earnings by at least 50 percent. The outlook for recovery of bauxite and alumina sales is cloud-

ed by deteriorating labor relations, political strife, and continued low world demand.

Earnings from tourism will fall again by 10 percent or more. Violence in Kingston at the time of the International Monetary Fund World Conference in January caused widespread tourist cancellations. In fact, Pan American Airways has requested permission to suspend air service to Jamaica for 21 months beginning in March because it expects continued weak demand from American tourists.

Kingston will probably devalue the Jamaican dollar in the next few months to stimulate exports, but little improvement in the trade and payments situation can be expected until the US economic recovery picks up later in the year. Foreign payments problems will preclude improvement in the domestic economic situation. Investor uncertainty will continue to deter an upswing in private investment. Although Kingston is expected to maintain expenditures for public works, unemployment will likely rise further and income will continue to fall.

Although Prime Minister Manley intends to continue the policy of Jamaicanization, financial constraints will slow extension of Jamaican control over key foreign-owned economic entities this year. In the bauxite industry, Kingston reached preliminary agreements for new operating contracts with three of Jamaica's six international aluminum companies in early 1975. These agreements included the companies' acceptance in principle of both the new bauxite tax and eventual purchase by the government of a 51-percent equity. Signing of the agreements has been stalled by labor strife and disputes over the size of company tax liabilities in the wake of the production cutbacks. Strained government finances this year will prevent government purchase of even a small share in the \$1-billion bauxite industry, and Manley will almost certainly avoid expropriation since it would have harsh effects on exports and the availability of foreign financing. This year, Kingston will have its hands full in merely collecting the new tax.

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President Pinochet

112-118; 120; 122
CHILE: REASSESSING OPTIONS

Recent reverses, internationally and domestically, are causing the Pinochet government to reappraise its policies.

Another strongly worded condemnation by the UN Human Rights Commission in Geneva and US Senate action to cut off military sales and deliveries have apparently caused Chile's ruling generals to examine what steps can be taken to alleviate their political and economic difficulties.

Some presidential advisers believe that recently announced decrees spelling out rules for treatment of political prisoners will correct the most flagrant violations.

Some junta members and government advisers are urging Pinochet to set a date for the termination of military rule, but this is unlikely. At most, Pinochet will probably press for early completion of the new constitution that is now being drafted. This would presumably give him a chance to hold a referendum and possibly point to it as evidence of a popular mandate.

There are pressures from some officials for substantial changes in the economic austerity program, but the most likely outlook is for a few minor modifications. The junta's basic policies will probably remain intact, which strongly suggests that Chileans will face more sacrifices and hardships as winter approaches. The prospect of continued depressed prices for copper also dims the chances for a change in the junta's economic fortunes.

The most urgent problem facing the regime is to correct some of the causes of foreign criticism of human rights practices, since this has slowed the flow of funds needed for economic recovery. Too often in the past the government has declared its intention to move toward less repressive rule only to have its guidelines ignored by security forces. If Pinochet has now decided that stricter restraints and compliance with existing regulations must be enforced, there may be a gradual improvement of internal security procedures.

An overriding factor in the minds of President Pinochet and his junta colleagues in considering a modification of present policies is the impact that US action on military aid will have on relations with Peru, which is militarily stronger. The termination of all US assistance to the Chilean armed forces would deepen the generals' fears that Peru is ready to take advantage of its neighbor's weakened position.

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Students at Tsinghua University in Peking read wall posters

CHINA: MOUNTING ATTACKS ON TENG

The attacks on Teng Hsiao-ping continue to escalate and, after a slow start in the provinces, have gathered momentum throughout the country. The campaign has thus far stopped short of its final step—a call for and subsequent announcement of his ouster. This would suggest that Teng's removal is at least as divisive an issue as was his return from political disgrace nearly three years ago. Nevertheless, more moderate elements in the leadership have not been able to slow the attacks on him, mute public criticism of him, or mount a public defense of Teng and his policies.

Teng is the only member of the Politburo's elite Standing Committee who has not appeared in public since Chou En-lai's funeral in mid-January. No one in the leadership has appeared regularly, but the party's left wing, which is leading the attack on Teng, has monopolized the public limelight. Those leaders who are most likely to support Teng and his policies have made few or no public appearances.

Chinese officials have made conflicting statements as to whether Teng still holds his important party, government, and military positions. A Chinese official responded on March 3 with a "no comment" when asked to confirm rumors that Teng had resigned. Even if Teng retains his titles, there is no evidence that he has exercised

any authority since January 24, well before the current round of attacks on him began. If the moderates fail to defend Teng publicly in the face of the strong leftist attack, he probably ultimately will have to give up his highest-ranking positions as party vice chairman and member of the Politburo Standing Committee. Should his opposition fall short of purging him, it is probable that at best Teng could hang on as an ordinary member of the Politburo. Teng's position as PLA chief of staff is also in doubt.

The criticism of Teng became more pointed when *People's Daily* ran an article on February 29 attacking an individual "capitalist roader" and citing one of Teng's well-known statements, thus leaving no doubt who the target is. This formulation has been picked up by several provincial radios. Wall posters attacking Teng by name have appeared in factories and schools in Peking and are on public display in the streets in some provinces. Posters on the streets of Peking do not use Teng's name, and one observer who visited several other cities saw no sign of poster activity, indicating that the poster attack is not yet universal. One Chinese official noted that Kwangtung Province is following Peking's instructions on the criticism campaign "but very slowly." The head of that province is an associate of Teng's and reportedly is maintaining a neutral stance.

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The media attacks on Teng have become increasingly harsh, criticizing his behavior before, during, and since the Cultural Revolution. An article in the current issue of *Red Flag*, the party theoretical journal, accuses Teng of refusing to watch performances of the "model" plays produced under the guidance of Mao's wife, Chiang Ching. The article was written by Chu Lan, a pseudonym for someone who is either Chiang Ching or a spokesman for her. This indicates that Chiang Ching, who was in relative eclipse last year, is once again on the political offensive and an active member of the group working to oust Teng.

A particularly hard-hitting article in *People's Daily* on March 3, implying that Teng has never in fact been a communist, read as though it were calling for his ouster—until the final paragraph. It ended on a strangely mild note, saying he should get "another hard slap and see how he will behave in the future." This leaves open the possibility that both sides could claim victory through some form of recantation on Teng's part.

As an indication of how controversial a public call for Teng's ouster is at the moment, the article quoted a statement from the Cultural Revolution—"No matter how high a position he is in...we should overthrow him"—but pointedly substituted "criticize" for the word "overthrow." The political left clearly intends to have Teng ousted, but backstage conflict within the leadership has thus far prevented the left from publicly stating its intention. [redacted]

ing a pro-Arab position on foreign policy questions. Whitlam admits meeting the Iraqis but denies that he discussed money. Labor Party officials [redacted] admit, however, that the newspaper stories are essentially correct.

Whitlam was reconfirmed as party leader in late January, in spite of efforts to make him a scapegoat for Labor's disastrous defeat in the December elections. Many who backed Whitlam in his leadership fight in January now believe he is guilty of wrongdoing in the contributions episode.

Most leftists relish the opportunity to dump the former prime minister. A few, from the party's fractious Victoria state organization that normally opposes Whitlam, are backing him only because they invited the Iraqis to Australia. The leftists' standing in party councils was strengthened by the defeat of any middle-of-the-roaders in the December elections.

Facing the prospect that Whitlam may be sacked by the Labor Party's executive council on March 5, some Laborites have become concerned over the lack of a replacement of adequate stature. One rumored successor is Kim Beazley, a respected middle-of-the-roader who has taken positions in recent weeks to the liking of the leftists. His accession to office would probably give new impetus to a leftward drift in the party at least initially. Another possibility, William Hayden, is seen by some of his colleagues as not sufficiently self-confident for the demanding leadership position, and his chances have been hurt by Whitlam's endorsement. Thomas Uren, a third possibility, is probably too closely identified with the party's left wing to be accepted by the entire membership. The charges about the contributions have added to strains within Labor ranks caused by the party's election rout, and any new leader would face increased difficulties in holding Labor's parliamentary group together.

The scandals that cropped up during the Labor government's three-year tenure contributed to its defeat in December. Whitlam's removal for malfeasance would further reduce the party's chances of making a comeback in coming state elections. [redacted]

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AUSTRALIA: LABOR PARTY SCANDAL

Former prime minister Whitlam's efforts to get foreign contributions for the Labor Party campaign in last December's elections may cost him his leadership of the party.

The Australian press has charged that Whitlam and the party secretary met with two Iraqi diplomats just before the elections to discuss a \$500,000 contribution in return for Labor's tak-

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