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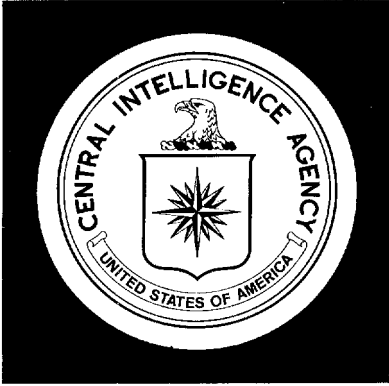
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# Weekly Summary

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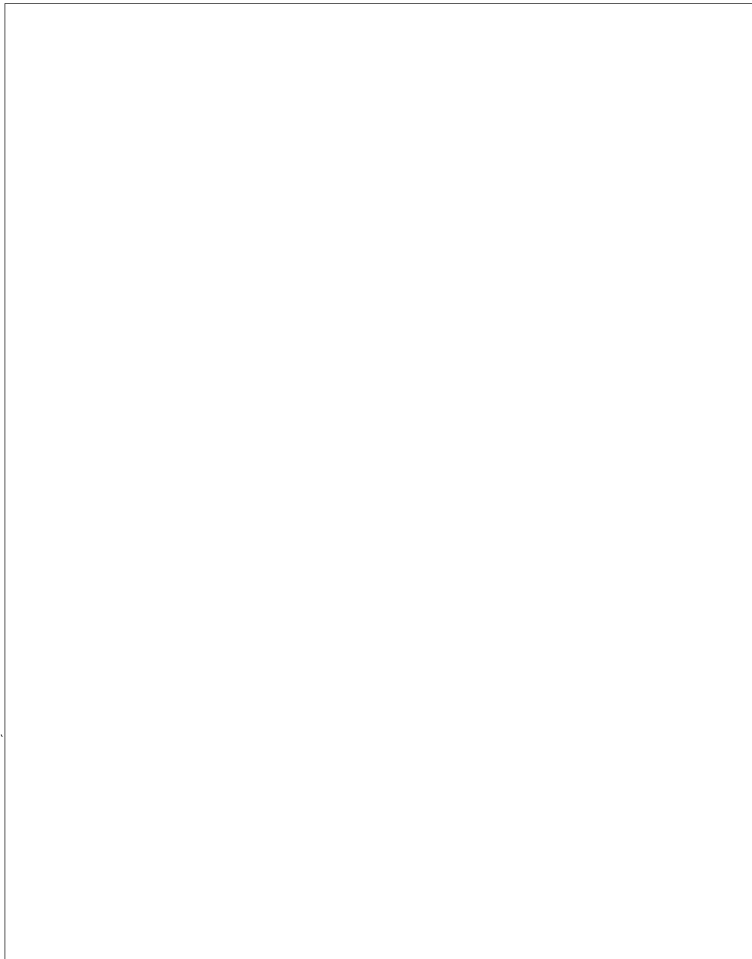
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December 30, 1976

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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\* Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly,  25X1  
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Asia

CHINA

1-2

The Chinese agricultural conference that closed on December 27 served—in the absence of a functioning party Central Committee—as a forum in which national leaders addressed major political and economic issues. The conference, which began on December 10, brought to Peking over 5,000 agricultural specialists and local party leaders.

Party Chairman Hua Kuo-feng's speech dealt primarily with political goals that have apparently been set for 1977. Foremost among these—apart from continued criticism of the four purged leftists—is the plan to conduct a rectification campaign of local leadership bodies. Hua announced this campaign in 1975, but it encountered stiff opposition from leftist leaders and was the focus of many local disputes this year.

The revived campaign—which will review the qualifications of local leaders and accordingly re-educate, reassign, or fire them—is likely to take into account the political affiliation of local officials and party members. Hua's announcement that local people's congresses will be held next year to reconstitute local revolutionary committees—local government organizations—suggests that changes will be numerous throughout China.

The revolutionary committees have not been systematically reorganized since they were created at the end of the Cultural Revolution; they include many leftists. Hua's charge, in his conference speech, that the leftists recruited party members lacking proper qualifications implies that even the lowest levels of party organization will be affected. Changes in local party organization will in turn serve as an important preliminary to the reorganization of the party Central Committee.



*Chen Yung-kuei at the plenary session of the agricultural conference*

Other conference speakers, led by Vice Premier Chen Yung-kuei, reaffirmed key elements of the program for modernizing agriculture announced in late 1975. These include plans to expand model agricultural areas, increase farmland capital construction, and complete mechanization of agriculture by 1980.

The attention given the conference suggests that China's leaders are counting on a successful agricultural program as a spur to other key sectors of the economy.

#### Balkan Relations 3-4

Chi Peng-fei, a high-ranking member of China's National People's Congress and a former foreign minister, last week completed a trip to Romania and Yugoslavia that underlined again the importance Peking attaches to good relations with the two independent-minded Balkan countries. The trip followed by less than a month a visit by Soviet party chief Brezhnev to both countries.

Chinese press treatment of the Romanian stop was unusually detailed and positive. Talks between Chi and the Romanians were described as "warm and cordial." In a banquet speech, Chi noted China's admiration for Romania's "revolutionary spirit of defying brute force," a phrase he had first used in 1974 to characterize Peking's enthusiasm for

Romanian attempts to resist Soviet domination.

A high-level Romanian delegation that visited China at the same time was given exceptionally warm treatment by the Chinese, including a meeting with Chairman Hua Kuo-feng. Vice Foreign Minister Yu Chan took time off from his tasks as Peking's chief negotiator at the Sino-Soviet border talks to accompany the visiting Romanians on a two-day tour.

Chi's visit to Yugoslavia was handled by the Chinese in lower key, and there were signs of disagreement on some issues, notably over Belgrade's apparent endorsement of US-Soviet "detente." Nonetheless, the disagreements were not serious enough to prevent generally positive press treatment of Sino-Yugoslav relations.

In a banquet speech, Chi praised Yugoslavia for "nonalignment" and for its vigilance against "hegemonism," a slap at the Soviets. As if to underscore these points, Chinese media quoted from a recent statement by the Yugoslav defense minister calling for strengthened defenses in the event of "new conditions" in the region, implying China's approval for what it interprets as increased Yugoslav concern about Soviet intentions.

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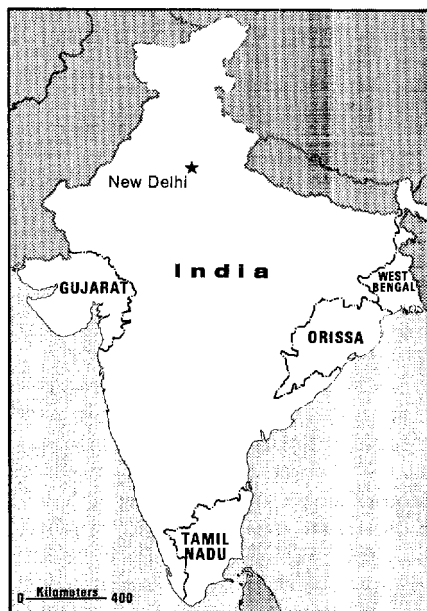
INDIA *14-16*

The installation of new governments in the Indian states of Gujarat and Orissa reflects the success of Prime Minister Gandhi and her son Sanjay in gaining control over state politics in most of the country.

New Delhi had relatively limited control over state politics in the past. Local politicians not only were able to modify central government actions in their states, but could use their local power to influence central decision-making in general.

Last week, a state government headed by one of the Prime Minister's followers was formed in Gujarat, ending nine months of direct central rule there. The previous government—a coalition that did not include her Congress Party—fell because of defections induced by the Prime Minister's party. Gandhi kept the state under central rule until her henchmen were able to organize enough support to form a viable government.

In Orissa, a new government is to be installed next week under a chief minister who may be closer to the Prime Minister's son than to her. The last government,



headed by a chief minister who had once been a protege of the Prime Minister, fell earlier this month under pressure from Sanjay Gandhi's followers.

The Gandhis still face problems in two important states. In Tamil Nadu, a local party probably remains stronger than the Congress Party, and the Prime Minister continues to keep the state under direct central rule.

In West Bengal, the chief minister, although a Congress Party member, is at odds with the Gandhis. He appears to have survived an attempt to oust him, presumably because the Prime Minister concluded that blatant interference in the state's politics would create too many problems, including possible rioting. The US embassy nonetheless believes the chief minister's days in office are numbered.

PHILIPPINES *10; 12-13*

Despite a tentative agreement in principle reached in Libya last week between President Marcos' government and the rebel Moro National Liberation Front, a final solution to the four-year-old Muslim insurgency in the southern Philippines may prove as elusive as ever.

The government has ordered a cease-fire, but it is not clear to what extent either side has complied. Details of the settlement plan, moreover, remain to be worked out at a follow-up meeting in February. Efforts to flesh out the agreement are likely to be contentious, and the cease-fire could come unraveled in the process.

The basic problems underlying the insurgency are extremely difficult to resolve. Cultural and religious differences created simmering unrest in the Muslim areas long before martial law was declared four years ago. Tensions were significantly raised in the late 1960s and early 1970s by growing pressure from land-hungry Christian Filipinos for access to land traditionally held by Muslims. Christian incursions were abetted by the

government and by sympathetic courts not inclined to honor Muslim claims to the land.

Disunity and the absence of strong leadership in the Muslim community have been further impediments to an accommodation. The Muslim leaders who participated in the Libyan talks are the most radical and vocal of several groups and do not necessarily speak for the whole Muslim community. At the same time, the more conservative traditional leaders, who might accept a fairly moderate settlement, are no longer accepted by the younger and more militant Muslim activists.

Marcos' tentative concessions apparently were forced by threats from Libyan President Qadhafi to renew his support of the Moro National Liberation Front as well as to cancel his visit to Manila originally scheduled for next month. The visit has now been announced for April and is keyed to the signing of a final agreement.

Middle East-Africa

LEBANON *32-34*

The Lebanese parliament, meeting for the first time since the cease-fire took effect in October, voted unanimously on December 24 to grant Prime Minister Salim al-Huss broad emergency powers to rule by decree for six months. In his address to parliament before the vote, al-Huss called for rebuilding the army and security forces and announced that he will establish a council for economic reconstruction and development.

The Prime Minister is likely to use his new authority to suspend the right of assembly and to impose press censorship. According to one report, the local press association has already moved to impose self-censorship in an effort to persuade the Syrians to allow Lebanese newspapers recently closed down for being critical of

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the Syrian presence in Lebanon to publish again.

Syrian Foreign Minister Khaddam told the US ambassador in Damascus late last week that Syria believed Lebanese President Sarkis is not pushing hard enough to collect heavy weapons from the factions involved in the civil war as stipulated in the truce agreement. Pressure by the Syrians has apparently resulted in some movement on the problem, however. A compromise agreement was reportedly reached at a meeting last week of the quadripartite committee—representatives of Syria, Egypt, Saudi Arabia, and Kuwait—charged with overseeing the truce.

The Palestinians are said to have agreed to gather their heavy weapons in specified collection areas in the south. According to some reports, the Palestinians would retain actual control of the weapons, and the Arab peacekeeping force—consisting mainly of Syrian troops—would guard the areas where the arms are to be stored.

On December 27, a Palestine Liberation Organization official publicly acknowledged the existence of an arms surrender agreement. He stated, however, that while the Palestinians' leftist allies would store their weapons near Sidon where they would be jointly guarded by the leftists and soldiers of the Arab force, the Palestinians would store theirs near the Israeli border. This location would preclude the presence of the Arab peacekeeping force at the storage points since the Israelis have repeatedly stated they will not tolerate the presence of any troops in the area along the border other than regular Lebanese army forces.

The Lebanese Christians, for their part, seem sure to balk at surrendering their weapons while the Palestinians are allowed to retain unsupervised stockpiles of arms.

Sporadic fighting between Palestinian and Christian forces continued in the south during the week. New clashes also occurred between rival pro-Syrian and pro-Iraqi Palestinian groups in refugee camps near Beirut. [redacted]



Prime Minister Ramgoolam

MAURITIUS

N.S.

Prime Minister Ramgoolam's principal opposition, the radical Mauritian Militant Movement, came within 2 votes of gaining a majority in its first general election test on December 20. Ramgoolam apparently will be able to form a coalition government with another party, but his prospects for long tenure of office are clearly not bright.

The Militant Movement, which was established since the last election in 1967, won 34 of the 70 parliamentary seats, while Ramgoolam's Independence Party dropped from 45 to 28. The right-of-center Social Democratic Party took 8 seats, a loss of 7.

Ramgoolam and the Social Democrats, who were aligned in a coalition from 1969 to 1973, apparently have agreed to team up again to keep the Movement out of power. Together the two parties will command a 1-vote majority. Government leaders and others with a stake in the preservation of the political and economic status quo are especially concerned about

the Militant Movement's Marxist orientation, its appeal among restive youth and labor unions, and its promises to nationalize, on gaining power, large portions of the industrial sector.

The Militant Movement was better organized for the campaign than its opponents and succeeded in exploiting the general hostility against those in power that has been building in the Indian Ocean island country. Almost half the incumbents, including a number of cabinet ministers, were turned out. The Movement also charged the government, which ran a lackluster campaign, with failing to deal with unemployment and other economic problems.

The radical party apparently scored heavily among members of its two main constituencies—the labor unions and the approximately 40 percent of the electorate that is under 30. Both groups have been attracted to the party's promises of change and its tendency to identify with third world issues and anti-Western sentiment. Movement campaigners sharply criticized the US military installation on the island of Diego Garcia, which was separated from Mauritius by the UK before independence in 1968.

Leaders of the Movement, who have maneuvered since the election in an attempt to come to power, clearly intend to keep the prospective new government under pressure, perhaps with a view to forcing a new vote soon. They have already denounced Ramgoolam's decision to postpone until March the opening of parliament—and thus any tests on no-confidence motions the Movement will probably introduce at the first opportunity. [redacted]

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SOUTH AFRICA

30-31

Rioting and clashes between blacks that occurred in black townships near Cape Town over the Christmas weekend followed patterns set in earlier outbreaks of violence in South Africa.

Students in two townships outside Cape

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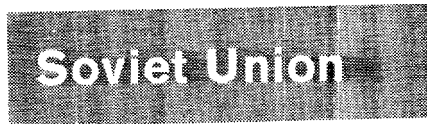
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Town had called on blacks to forgo traditional Christmas observances in favor of a period of mourning for those who died in the riots in South Africa earlier this year. Attempts by the students to enforce their call, especially on a group of migrant black workers from Transkei, resulted in violent clashes that left 26 dead and about 100 wounded, according to official accounts. Some of the casualties may have resulted from police action to restore order.

Last August, student actions to enforce a work boycott in Soweto, a large black township near Johannesburg, resulted in violence that spread to many other localities. Some of the worst clashes were between students and migrant workers, especially Zulus. In a subsequent work stoppage in September, the Soweto students were better organized and able to achieve their immediate objectives largely without violence.

Last weekend's demonstration apparently was less well organized. The police swept through the townships early to pick up student leaders and then intervened in strength.

The students in the Cape Town area clearly are emulating those in Soweto. There may have been contact between the two groups, although South Africa's pass laws probably keep these to a minimum. Further outbreaks caused by student action seem sure to occur not only in the Cape Town area, but also in other black townships around South Africa's major white population centers.



FISHING ZONE

44-47

The adoption by the Soviets of a 200-nautical-mile offshore fishing zone on December 10 is causing concern in Western Europe and Japan. The Soviet

move makes more urgent an accommodation between the Soviets and the European Community, which will establish a 200-nautical-mile fishing zone in the North Atlantic and North Sea effective on January 1.

West Europeans fish both the Baltic and Barents seas—areas included in the Soviet zone. Fishermen on the Danish island of Bornholm alone would lose an annual catch worth \$2.5 million if excluded from the Soviet zone, according to Prime Minister Joergensen. Countries fishing the Baltic already have met in Warsaw and agreed to 1977 catch quotas; the USSR has not ratified the agreement.

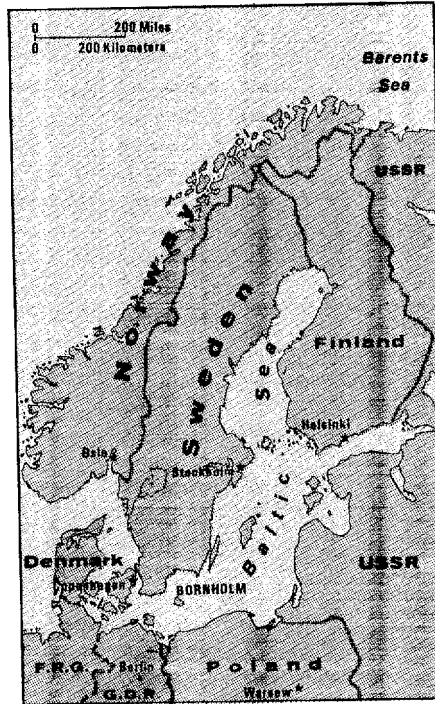
The EC foreign ministers have stated that the Soviets may continue fishing off EC members' coastlines until March 31. The Soviets' catch, however, will be limited to 40 percent of their average catch for the last 10 years.

The EC and the USSR will have difficulty working out an agreement during the three-month grace period. The USSR does not recognize the EC, but Community rules now require members to negotiate

economic agreements as a unit. The UK, which is to assume the EC presidency on January 1, would like to see the Soviet catch in EC waters reduced in a few years from the 600,000 tons of 1975 to 60,000 tons annually. This would bring the Soviet catch into line with what EC countries take from Soviet waters.

Japan, which takes about 10 percent of its total catch from waters now in the Soviet zone in the Far East, protested the Soviet move and was subsequently promised early bilateral negotiations. The Soviet declaration could help convince the Japanese public that the country must adjust to a world in which the 200-mile fishing zone is the norm.

So far, the Japanese government has had a hard time selling the concept at home. Japan's fishing industry is the world's biggest, and the Japanese people depend heavily on protein from the sea.



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Europe

GERMANY 48,49

Inter-German relations have reached a low ebb with Communist leaders in East Berlin clearly concerned over West German media focus on East Germany's internal problems.

On December 22, East Berlin party officials expelled a West German correspondent—the second time this year they have taken such drastic action. The correspondent, Loethar Lowe, was a television commentator stationed in East Berlin. His recent coverage of the Honecker regime's cultural crackdown—on a program that is widely seen in East Germany—undoubtedly was particularly galling to leadership sensitivities.

Lowe's expulsion followed a broadcast in which he attacked an authoritative article in the East German party daily and was caustically critical of East German border guards. The article in question was one of the more strongly worded pieces on East-West German relations for some time. It criticized West German Chancellor Schmidt and assailed remarks made by Schmidt in his policy statement to the West German parliament on December 16. East German policy makers were reportedly "enraged" by Schmidt's reference in the statement to the "border running through the middle of Germany."

The article's criticism of Bonn's refusal to accept the common border between the two countries as having been recognized in international law is a standard theme in East German press commentary. The personal attack against Schmidt is a departure from customary practice, however, as was the failure to mention East Germany's interest in promoting a normalization of relations between the two German states.



Santiago Carrillo appears in Rome recently with Dolores Ibarruri, president of the Spanish Communist Party

SPAIN 51-53

The arrest last week of Spanish Communist leader Santiago Carrillo, who returned to the country clandestinely early this year after almost 40 years in exile, has again focused public attention on the sensitive question of legalizing the Communist Party. The government would almost certainly like to shelve the legalization issue until after the parliamentary election next spring and may be able to do so by releasing Carrillo on bond—an action apparently under consideration.

The 62-year-old Carrillo, who is still officially banned from entering Spain, made his arrest inevitable earlier this month when he defied the government by holding a press conference in Madrid. At the time of his arrest on December 22, he appeared to be leaving a meeting of the party Central Committee. Seven other party officials were detained with him.

The arrests triggered scores of protests from both communist and democratic parties in other countries. At home, they sparked three days of leftist street demonstrations and threats of further civil unrest until Carrillo is released.

The Court of Public Order, a political tribunal, has charged Carrillo and the others with belonging to "an illegal association," a charge that will require the court to render a definitive ruling on the party's legal status. Political insiders now say that the detainees will be given a "provisional" release in the next few days and that the trial could be delayed indefinitely.

Meanwhile, five top-ranking police officials have been reassigned, apparently because of government dissatisfaction with its control over the public security forces. The chiefs of the paramilitary civil guard and the armed police—a special urban security force—as well as the civilian chief of security were sacked on December 23. Two more dismissals of high-ranking officers followed on December 27. The government also has formed a commission to review the organization of the security forces and the military services, with the apparent aim of eventually establishing a single unified command structure.

The transferred police officers evidently have been replaced by men more willing to work with the government; there have been hints that King Juan Carlos was personally involved in the shifts.

PORTUGAL 54-56

Prime Minister Mario Soares' minority Socialist government passed its toughest test to date this week by gaining parliamentary approval of both its new economic plan and its relatively austere 1977 budget.

The Socialist Party's own parliamentary strength carried the day as the third and fourth largest parties—the conservative Social Democratic Center and the Communists—abstained in the two votes on December 29.

Soares had warned the opposition at

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the end of the parliamentary debate that unless both bills were passed, his government would be forced to resign. A negative vote not only would mean a defeat for Portugal's fledgling democracy, he said, but would also harm delicate negotiations presently under way to obtain badly needed international credits.

Although the Socialists appeared to win handily in the assembly balloting, the outcome had remained in doubt for several

weeks as opposition leaders, particularly the second-ranking Social Democrats, harshly attacked the economic measures. On December 28, Social Democratic Center Secretary General Basilio Horta assured US embassy officials privately that his party was prepared to support the government should its votes be necessary.

With the parliamentary vote behind it, the government can now go forward with

its efforts to stabilize Portugal's faltering economy. The economic plan focuses on increasing national production, which has declined considerably since the April 1974 coup, and reducing dependence both on imports and foreign financing. Specific targets are a 5-percent increase in gross national product next year, the creation of 125,000 new jobs, and a halving of the present high inflation rate.

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### Western Hemisphere

#### CUBA

59

Persistent drought probably will hold down Cuban sugar production this year despite improved efficiency by processors. Production will total about 6 million tons, roughly equal to last year's level.

For the third consecutive year, there was below-normal rainfall in the important cane-growing regions in eastern Cuba. Milling yields could improve, however, because of reduced cane burning and a planned increase in mechanical harvesting of the crop from 33 percent of total volume harvested in 1976 to 42 percent next year.

Stagnation of sugar output in 1977, together with prospective low world market sugar prices at least through midyear, may force Cuba to curtail imports further from noncommunist countries, already down by a third this year. Cuban hard-currency earnings in 1977 are unlikely to exceed this year's estimated \$800 million, an amount equal to only about two thirds of 1976 imports from noncommunist countries.

Cuba is reluctant to expand its hard-currency debt substantially beyond the current estimated \$1.3 billion because debt service obligations, estimated at \$400 million in 1977, are already burdensome.

Imports from the USSR and other

communist countries will probably be increased slightly again next year. Cuba will not feel a new financial constraint on imports from the communist countries because they will continue to pay 19 to 30 cents a pound for Cuban sugar compared with the likely free market price of 7 to 9 cents.

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