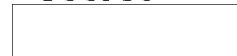




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Weekly Summary

State Dept. review completed.

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CG WS 77-001
January 7, 1977

NGA Review Complete

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January 7, 1977

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,

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AP

Soviet Union

US RELATIONS 1-2

Soviet comments on the incoming US administration are focusing on the strategic aspects of Soviet-US relations. General Secretary Brezhnev's endorsement of a summit meeting, which was reported on December 29 by Tass, implies that the date for such a meeting may depend on when the current impasse in negotiations on strategic arms limitations is broken.

In November and early December, the Soviet media appeared to be cautioning that a new administration in the US would not necessarily mean progress for Soviet-US relations. In a *Pravda* article on December 11, Georgiy Arbatov—the head of the USA Institute—referred to a new skepticism in the US about Soviet policy and concluded that trends evident during the US election campaign could complicate future relations. The institute's journal carried articles in its December issue describing a “considerable shift to the right” in the US away from cooperation with Moscow.

More recently, Arbatov has emphasized optimism about Soviet-US ties, dismissing problems raised during the campaign as “imaginary” and “unessential.” In broadcasts he made in English on December 28, he referred to US public opinion polls showing sentiment strongly in favor of an easing of East-West tensions.

Current Soviet commentary on the incoming administration appears to be less critical of some individuals, particularly Zbigniew Brzezinski, who have previously been attacked. On December 29, *Pravda* cited Brzezinski's support for the strategic arms talks; other Soviet reporting has cited President-elect Carter's pledge to give priority attention to strategic matters. The President-elect's support for a weapons freeze has been

referred to as an example of a “positive attitude” toward negotiations to limit nuclear weapons.

Brezhnev's remarks on future Soviet-US relations emphasized the need for a second agreement at the “earliest possible date” limiting strategic arms. He said President-elect Carter has an “understanding of the urgency” of the problem.

For the moment, Moscow seems bent on conveying the notion that a certain level of amity is essential in Soviet-US relations if only to facilitate communications on issues of strategic importance. [redacted]

MIDDLE EAST NEGOTIATIONS 3-5

The USSR appears concerned that it will be left out of renewed Middle East peace efforts. The Soviets seem particularly anxious that no alternative to a resumption of the Geneva conference be considered.

Since early December, the Soviets have publicly criticized Egyptian media for emphasizing the US role in the effort to bring about an Arab-Israeli settlement. At the same time, the Soviet press has condemned as a “notorious initiative”

Israeli Prime Minister Rabin's proposal for a Helsinki-type Middle East conference.

Rabin's proposal of an alternative forum and the Egyptian focus on the US role presumably evoke Soviet suspicion that Moscow will be cut out of the settlement process. The chief of the Soviet Foreign Ministry's Near East department, in a conversation with a US embassy official in late December, stressed the importance of returning to the Geneva forum and even tried to be flexible on the question of Palestinian participation at the conference.

The Soviet official made no reference, 25X1 for example, to the usual Soviet formula for Palestinian participation in the conference on a “basis of full equality and from the very beginning.” Moscow and Washington should work together, he said, “to find a common language and a common approach on how to proceed as co-chairmen” of the conference.

The official's remarks suggest that Moscow will rely on hints of flexibility to try to encourage the incoming US administration to resume negotiations. In the Soviet view, Geneva remains the only possibility for the USSR to become a major participant in the Middle East negotiating process and a guarantor of any eventual agreement. [redacted] 25X1

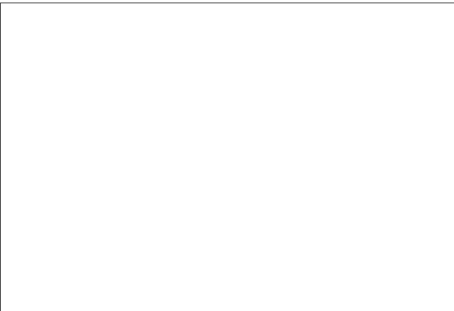
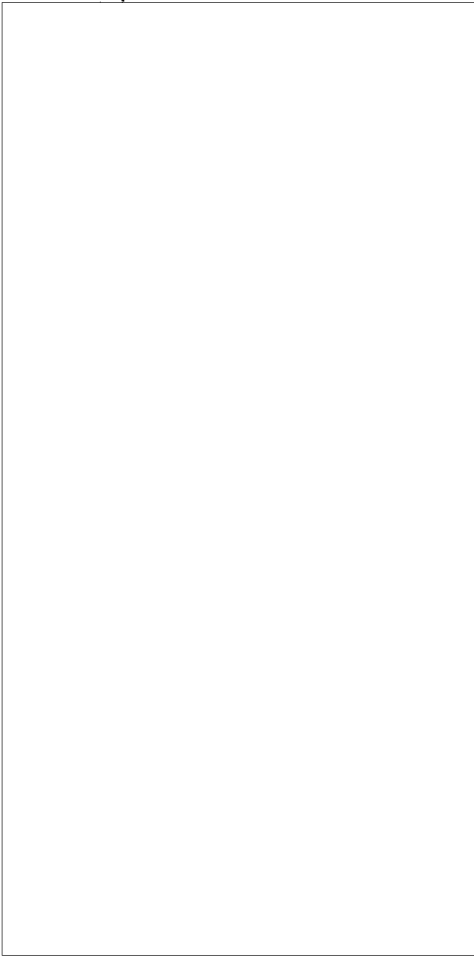
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78-79

HARVEST RESULTS

The USSR announced on January 5 a record grain harvest of 223.8 million metric tons in 1976. Good weather and some improvements in organization of the harvest were largely responsible for the big crop.

The previous record was 222.5 million tons in 1973; the poorest crop in the last decade was the 140 million tons harvested in 1975. As in the past, last year's crop will presumably be subject to some post-harvest losses during transportation, processing, and storage.

The USSR purchased an additional 12.6 million tons of grain in 1976, despite the record harvest. Part of these purchases stem from the poor 1975 crop,

and 6.4 million tons were purchased under the US-USSR long-term grain agreement, which commits the Soviets to buy at least 6 million tons of US grain annually until 1980.

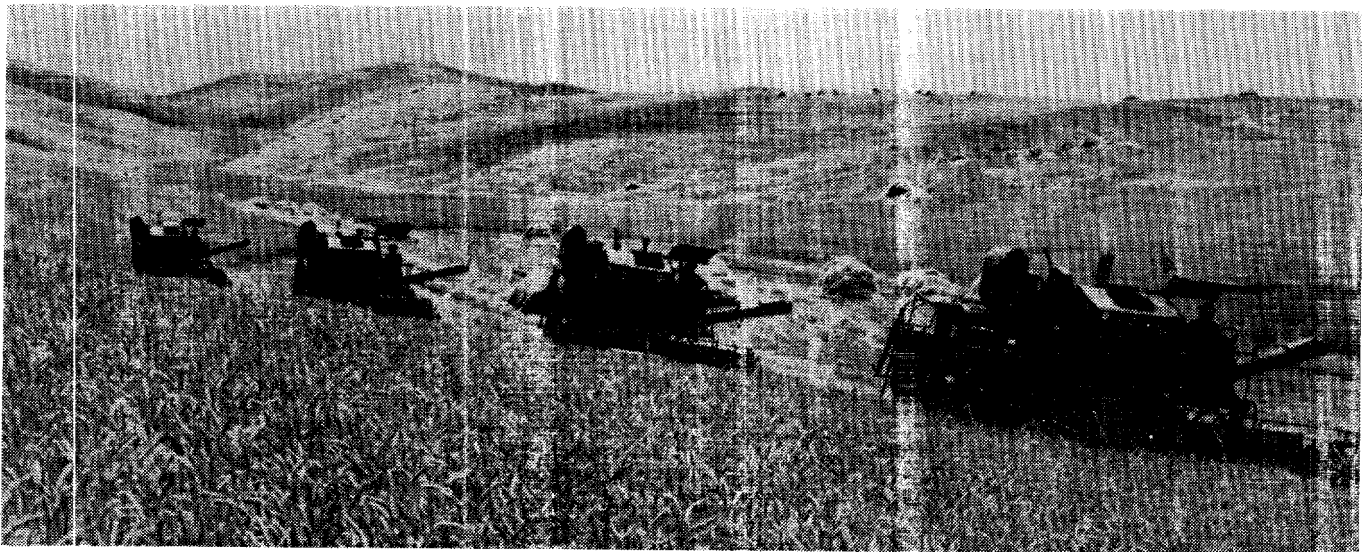
The Soviets expect potato production—their most important non-grain crop—to be slightly more than 85 million tons. Although this is about 5 percent below the average for the past five years, supplies for consumers should be adequate. Potatoes supply nearly one-tenth of per capita daily caloric intake in the USSR and are also important as feed for livestock.

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The Soviets have also announced an 85-million-ton sugar-beet crop, 3.5 million tons below the 1975 harvest. If the sugar content of the beets is average, the crop will fall about one half million tons short of the USSR's plan to produce 9.7 million tons of sugar. The slack will be taken up by imports from Cuba.

The figure announced for the cotton harvest is 8.3 million tons—only 100,000 tons short of the record crop two years ago. Moscow's activity in the world cotton market dropped significantly last year, apparently because of a decline in Soviet cotton output in 1975. Exports probably will rise in 1977 when last year's crop is available.

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Soviet wheat harvest in the Oshskaya region

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EAST FOTO



East German party chief Honecker

Europe

EAST GERMANY

10-14

The East German regime introduced measures last weekend apparently aimed at strengthening its long-maintained claim to full sovereignty over East Berlin.

New visa procedures were imposed on all non-German visitors entering the East German capital from West Berlin. In effect, visitors must now obtain a visa even for one-day visits, valid only until midnight of the day of issuance. Previously, foreigners were permitted an overnight stay in East Berlin without a visa. The new regulation does not apply to West German citizens, permanent residents of West Berlin, or members of the Allied forces.

In addition, the East Germans have removed the border control posts they had maintained at points along the boundary between East Berlin and East Germany. The posts were used primarily to ensure

that visiting Westerners had proper visas for East Germany and, as a practical matter, to prevent Allied vehicles from straying beyond East Berlin. Removal of the posts may be part of the regime's effort to support its contention that East Berlin is an integral part of East Germany.

Propaganda explaining the new procedures has emphasized the line that East Germany has a right to exercise full control over its capital. In his New Year's address, party boss Honecker implicitly echoed this theme and stated again, in strong terms, that Bonn must accept the existence of two independent, sovereign German states as a precondition for cooperation.

East German leaders have been adopting a more strident position toward the West German government. In part, this attitude reflects the leadership's sensitivity over West German media exploitation of East Germany's internal problems, particularly reports about the rising number of applications to leave East Germany. Honecker, in his speech last week, attacked West German "provocations" against the boundaries of East Germany.

He also commented that his regime "has made enough proposals" for normal relations with Bonn—suggesting that no further initiatives can be expected from the East German side at this time.

[Redacted]

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SPAIN

15

The government last week released Spanish Communist leader Santiago Carrillo on bail and abolished the controversial Public Order Court, a political tribunal that had handled his case. The moves should help ease tensions in Spain.

The government also removed terrorist offenses from military jurisdiction. Political and terrorist cases will now be handled by ordinary civilian courts. These judicial reforms had long been demanded by the opposition, which condemned the special courts as instruments of Francoist repression.

The moves will anger rightist diehards but seem likely to give a boost to government negotiations with the opposition. The recent ouster of rightists from five

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GAMMA



Communist Party leader Carrillo



Prime Minister Suarez

UPI

key security positions may also aid the government's effort to persuade the leftist opposition to participate in the political process and will strengthen the government's ability to deal with trouble from the right. One major problem for the government will be protecting Carrillo from being physically attacked by ultrarightists.

Inasmuch as the Communist Party is still banned in Spain, it cannot operate openly as a political party; the government has nevertheless allowed it considerable freedom. Prime Minister Suarez probably hopes that allowing Carrillo freedom of movement until his trial—which probably will not take place until after the legislative election next spring if at all—will accustom the electorate to his presence and facilitate some form of accommodation with the party.

Military resistance to legalization of the party almost certainly remains strong. The question will probably be addressed during negotiations between the government and the opposition concerning the coming election. The negotiations may start soon; they had been delayed by bickering among the opposition parties, by Suarez' apparent refusal to meet with a

team that includes a Communist representative, and most recently by the arrest of Carrillo. *An analysis of the problems facing the Spanish government*

over the increasing demands for greater autonomy for some of Spain's provinces appears in the feature section of this publication.

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20-22 **EC: Nuclear Fusion Program in Jeopardy**

The European Community's thermonuclear fusion program is likely to die because of the clash among member states over the site of the program's joint research facility.

Construction of the facility is already a year behind schedule because of the deadlock over its location. Italy and the EC Commission propose building it in Ispra, Italy, the site of a number of other EC nuclear research projects. The other members favor other sites.

The UK, West Germany, and Italy recently accepted a proposal to decide the issue by majority vote in the EC Research Council, which had been scheduled to meet last month. The vote would probably have favored locating the facility in either the UK or West Germany where research in nuclear fusion has been under way. France refused to go along, and the meeting was canceled.

A high-ranking EC official believes the program still has a slim chance for survival if France can be persuaded to change its position or if the decision on a site is transferred to the Commission. Alternatives may also emerge outside the EC framework, but no EC country has the resources to pursue such a project alone.

The end of the fusion program would destroy Europe's technological lead in fusion research, according to the EC official. The impact on fusion research overall would be uncertain because a variety of methods are being pursued in this field.

Whatever happens to the fusion program, the EC Joint Research Center, which oversees the program and other nuclear research projects, will probably still be funded through 1980. Its budget has been substantially increased.

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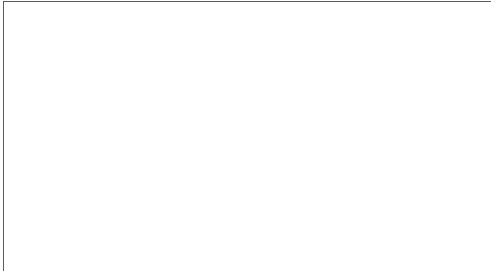
17-19

FRANCE

The Communist-Socialist alliance in France is making steady political gains. The trend is evident in voting patterns, public opinion polls, and recent studies by the Ministry of the Interior.

According to a voter survey in December, the left would win 53 to 56 percent of the vote in a parliamentary election. This is the best showing ever made by the left in a poll and, if translated into votes in the March 1978 balloting, could assure it a majority. French polls are much less reliable, however, in predicting a parliamentary election than a presidential contest.

The Socialists have made strong gains in all of the almost 20 by-elections held since 1973; the Communists have done so in five.



A strong performance by the left in medium-sized and big cities will add to its momentum for the national election in 1978. The governing coalition has been hurt by the steady decline in President Giscard's popularity. A poll last month showed that only 39 percent of the French were satisfied with his performance, an all-time low.

The Socialists and Communists have reached an agreement on common lists in over half of the 220 cities with popula-

tions between 30,000 and 300,000; the Ministry of the Interior believes they will also reach agreements in most of the remainder. The left will probably win about 140 cities in this category and show substantial gains in five of France's larger cities, including Paris.

Because of the alliance, the Communists will place their first members in many city councils now dominated by the Socialists. Socialist-held municipalities that will be opened to the Communists through common lists are much more numerous than Communist bastions that will be opened to the Socialists. The Communists are pressing their Socialist partners for a maximum number of seats on the municipal councils, which is causing some concern to the more moderate Socialists.

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French Socialist Party leader Francois Mitterrand (l) and Communist Party leader Georges Marchais

PICTORIAL PARADE

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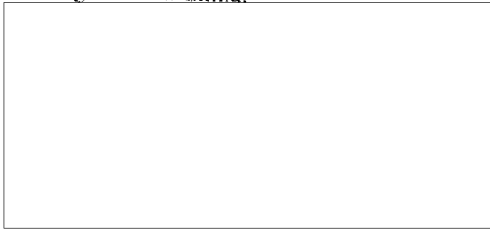
Africa

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BOTSWANA-CHINA

President Khama's moderate government, which is deeply concerned over its weakness in the face of increasing border violations by Rhodesian security forces pursuing nationalist rebels, has apparently received a shipment of arms supplied by China. It is Botswana's first from any communist source.

Two Zambian air force transports carrying arms arrived in Botswana on January 2. Circumstantial evidence left little doubt that the arms shipment originated in China.



Khama recently announced he was expanding and re-equipping the country's 400-man mobile police unit—Botswana's only military force—which is currently trying to patrol the 800-kilometer border with Rhodesia. Botswana has been seeking arms in both the US and the UK but has been reluctant to buy because of the prices asked and the bureaucratic requirements. Even with new weapons and a larger police force, Botswana will not be able to prevent border incursions by the Rhodesians.

In a recent press interview, the Soviet ambassador to Botswana said that the USSR is ready to give Botswana military help to repulse Rhodesian troops. Khama, however, is uneasy over the aggressive role the Soviets have been playing in southern Africa and would prefer to keep their influence to a minimum.

He probably views the Chinese as a more acceptable source of military support. Their aid reportedly is free, and they have kept a low profile in their sizable aid programs in Tanzania and Zambia.

The Chinese undoubtedly are interested in maintaining the good position they have established in Botswana and in minimizing the Soviets' role. They sent an ambassador long before the Soviets, who opened a mission in Gaborone just last September, and they arranged for Khama to visit Peking last summer.



ETHIOPIA

43 45

A reorganization of Ethiopia's ruling military council was announced in Addis Ababa last week. The move was an effort to reaffirm collective leadership and to restore balance to power relationships within the council.

The reorganization is designed particularly to limit the power of First Vice Chairman Mengistu by clearly defining his authority and depriving him of control over some organizations that had been part of his power base. Mengistu remains a key figure, however, because of his new



First Vice Chairman Mengistu

duties as chairman of the Council of Ministers. He will probably use the position to try to regain his previous dominant influence.

The formal positions of General Teferi, the chairman of the military council who has been largely a figurehead, and Second Vice Chairman Atnafu were strengthened by the reorganization, but neither may in fact play a more influential role. Although Teferi has new opportunities to do so, he is not a strong leader and probably will not be any more inclined than previously to exercise his powers. Atnafu was given new responsibilities for security matters, but his actual control of the security forces is unclear.

The US embassy in Addis Ababa believes the changes may improve the regime's performance some and possibly lead to less arbitrary decisions. At the same time, the reorganization suggests that the military is seeking to perpetuate its control of the government rather than to prepare the way for civilian rule. The announcement reaffirmed the regime's intention to follow Marxist-Leninist principles.



President Khama

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LIBYA-USSR

The Libyan navy has taken delivery of its first submarine, a Soviet-built F-class torpedo attack boat.

The diesel-powered submarine, flying a Libyan flag [redacted] arrived in Tripoli on December 27. India is the only other country to which the Soviets have transferred this type of submarine, since they added it to their own fleet in 1957.

The F-class submarine is particularly well suited for confined waters such as the Mediterranean, where the operational limitations imposed by diesel power are

not as significant as they are in the open ocean. The Soviets currently keep about seven F-class units in the Mediterranean.

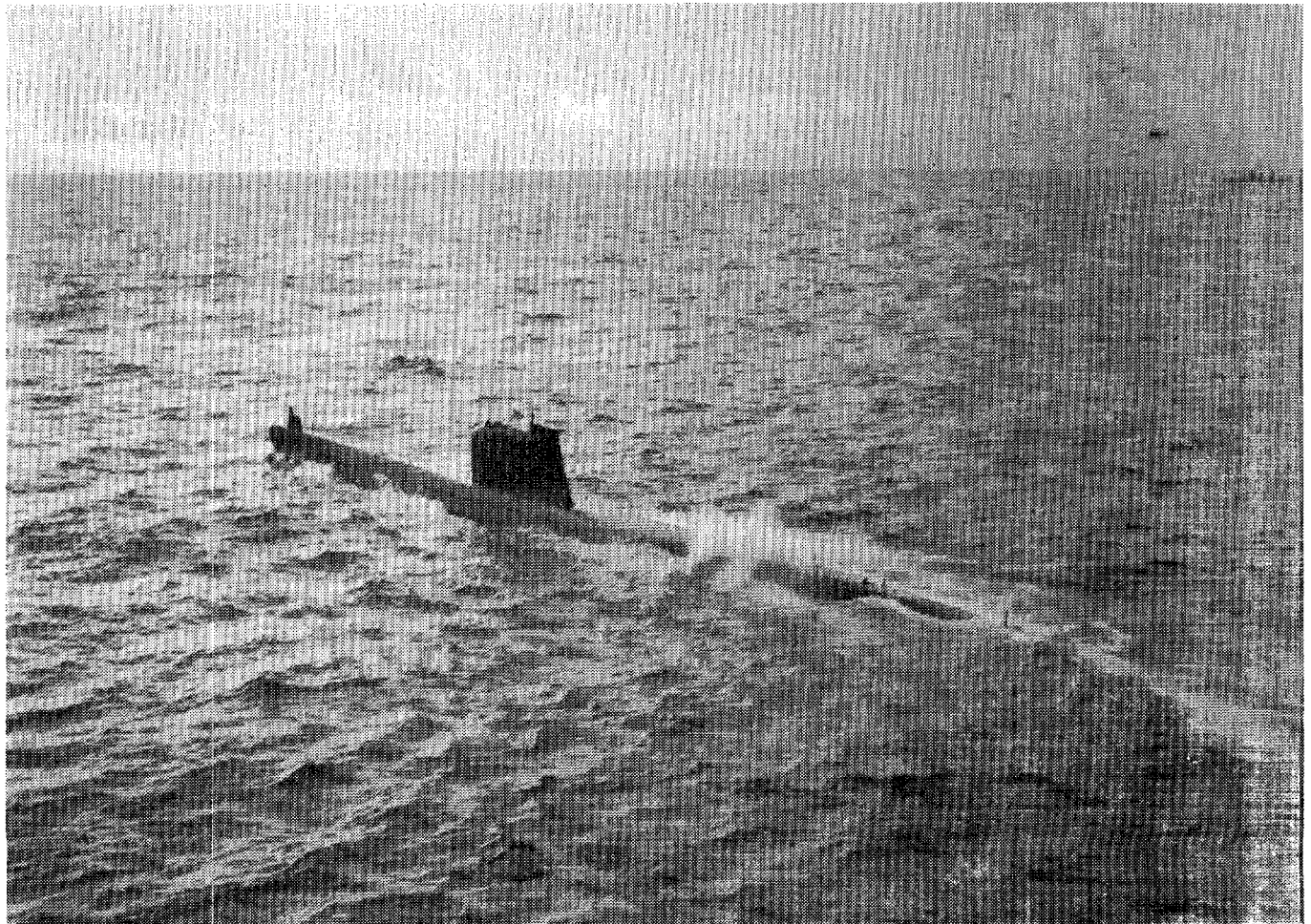
The Libyans probably are not capable at this time of operating the submarine without Soviet personnel on board. Libyan naval personnel have been in the USSR receiving submarine training for about two years, but the Soviets have had problems training them. The Libyans almost certainly will not be able to maintain the submarine without help from the Soviets.

Libya reportedly has at least 24 additional naval ships on order for delivery over the next several years. Planned

purchases include about five more F-class submarines, a number of Soviet Osa-class guided-missile patrol boats, six to ten French-built guided-missile patrol boats, four Italian missile corvettes, and several Spanish-built submarines.

The new ships, when they finally arrive, will probably not improve substantially the Libyan navy's combat capability. Like Libya's other military services, the navy suffers from inadequate training and lacks major support facilities. Moreover, Libya has a shortage of manpower, especially skilled people, and the navy must compete with the other services for the limited supply. [redacted]

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F-class submarine

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Western Hemisphere

53-56

PERU-CHILE-ECUADOR

The governments of Peru, Chile, and Ecuador are attempting to calm tensions stirred recently by rumors of troop movements and by a resurgence of historical animosities over disputed borders. Relations among the three are likely to remain strained, however, in part because of the continuing arms race in the region.

Concern on the part of Peru's neighbors seems certain to be heightened by the departure for Moscow this week of a high-level Peruvian air force delegation. Peruvian President Morales Bermudez announced at a press conference in late December that his country is buying "air materiel" from the Soviets—an apparent confirmation of earlier speculation that a deal has been concluded for SU-22 fighter-bombers.

The Peruvian air force mission may be working out details of the agreement and arranging for delivery of the aircraft. A recent denial of aggressive intentions by Morales Bermudez and his reiteration of earlier assertions that the aircraft

purchase is intended only to replace obsolete equipment will do little to calm fears in Chile or Ecuador.

Efforts to reduce tensions are being made, however. They have included an exchange of New Year messages between the Peruvian President and his counterparts in Santiago and Quito and a recent announcement that Peruvian Prime Minister Arbulu will visit Chile in early March to reciprocate a visit by the Chilean defense minister last October.

Chilean officials are stressing the importance of friendly contacts with Peru in the border area, suggesting that they are trying to avoid further friction.

Ecuador's ambassador in Lima says that communication between his country and Peru has improved substantially since the furor caused by Ecuador's abrupt cancellation last month of a visit by Morales Bermudez just before he was due to arrive in Quito. Reciprocal visits by military commanders are now planned, and invitations for other high-level exchanges are being contemplated.

Nervousness over the possibility of hostilities is likely to abate, but the longer range danger of a military confrontation will not. Although there are some signs that discussions between Peru and Chile



Prime Minister Arbulu

on a proposed corridor to the sea for Bolivia might be revived and that talks between the Chilean and Peruvian presidents could be arranged, the chances for an early resolution of complex regional problems remain slim.

[Redacted]

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LAOS-CUBA

60-68

An "agreement of cooperation" signed recently by Cuba and Laos is another example of the increasingly close relationship that is developing between the two countries.

Visits by high-level delegations have been exchanged for the past several years, and the Cubans have maintained a medical team—the members serve one-year tours—in Laos since 1973.

[Redacted]

[Redacted]

In addition, the Cubans maintain a few language teachers and agricultural technicians in Laos, and they bring some young Laotians to Cuba for technical training, probably in such specialties as electronics.

The Laotians announced last fall that the Cubans had agreed to establish a large cattle-breeding farm, which could well be part of the current agreement. The Cubans' aid activity in Laos is similar to projects they have completed or now have under way in Vietnam. The projects are typical of the assistance Havana provides its closest friends in the name of "international solidarity."

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JAPAN 65-66

The Japanese government has lowered its economic growth target for 1977 because of concern over lagging consumer and capital spending and the likelihood of a sharply reduced current-account surplus this year.



In October, the government projected a 7-percent growth rate.

Japan's Economic Planning Agency, which makes the estimates, apparently believes the measures that have been taken to stimulate the economy will be inadequate to offset both the sluggishness of the recovery from the recent recession and the increased cost of oil. The agency also does not expect spending on private investment and government programs to push the real growth rate during the next fiscal year much above the 5.7-percent rate expected for the current year.

Export growth will be moderate at best. Largely because of an estimated \$2-billion rise in the oil import bill, the Japanese global trade surplus probably will drop from \$9 billion in 1976 to \$6 billion in 1977. Japan's current account probably will show only a small surplus.

Growth in real consumer spending will be relatively slow. Hourly wages probably will rise by 10.4 percent following wage negotiations in the spring, and increased employment and overtime will add somewhat to workers' pay. The increase in total earnings, however, will be partially offset by inflation, expected to run about 8 percent in 1977.

The government is concerned that if it adopts measures designed to push real growth back up to the original 7-percent target, the inflation rate will rise, the anticipated small current-account surplus will be turned into a deficit, and the government debt will be increased beyond acceptable limits.

Some private researchers are even more pessimistic about Japan's economic policy options for the coming year. The

prestigious Japan Economic Research Center projects the growth rate at less than 6 percent, even with all-out stimulative efforts. The influential Keidanren, representing the business community, projects growth at 6.2 percent.

SRI LANKA 71-77

Prime Minister Bandaranaike is having difficulty dealing with labor unrest and public discontent that could damage her prospects in the parliamentary election, which the constitution requires be held by September. Some of her advisers are urging her to postpone the election or to issue more emergency regulations, but she is reluctant to follow either course.

Among the Prime Minister's problems are:

- The refusal of striking port and railway workers to comply with her order this week that they go back to their jobs; some other labor groups are considering a sympathy strike to protest her order.
- An unrelated strike threat by several government unions, and a slowdown by government physicians that has persisted for two months.
- Closure of the universities since a student was killed in November during demonstrations protesting high unemployment.

Bandaranaike's party has lost 10 of 12 by-elections since the last general election in 1970. Although many of the losses were in opposition strongholds, she is well aware that her popularity is slipping. She is also mindful that no incumbent government in Sri Lanka has been re-elected in the past 20 years.

Should labor problems worsen, the Prime Minister might well consider new emergency regulations. She has, however, been gradually rescinding those emergency regulations imposed to deal with leftist insurgency in 1971 and would be hesitant to reimpose them in an election year.

To postpone the election Bandaranaike

would have to amend the constitution, and she probably could not muster the parliamentary votes to do so. She cannot count on the votes of all members of her own coalition—particularly the Communists, who are unhappy with her opposition to the strikers—and even if she had such backing she would need some opposition support as well.

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Prime Minister Bandaranaike

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Demands for regional autonomy, especially in the Basque and Catalan provinces, have grown stronger since Franco's death. The new regime has made some minor concessions, but both it and the various regional groups are looking to the parliament to be elected in the spring to deal effectively with the problem.

Spain: Pressure for Regional Autonomy

Spain's nascent democratic regime is faced with continuing serious unrest in the Basque country and Catalonia where demonstrations, strikes, and terrorist acts attest to the discontent over Madrid's failure to address demands for regional autonomy. Many in these regions are also condemning the police for excessive zeal in controlling public demonstrations and the government for excluding terrorists from the amnesty granted last summer.

The government has made a few concessions to the regions since Franco died in 1975, but Prime Minister Suarez maintains that in the face of strong opposition from the military only a democratically based government can go further. Many military leaders fear that granting a substantial measure of autonomy to the regions would lead to the eventual breakup of the country.

Terrorist acts by separatist groups could spark a reaction from the right that would threaten the government's efforts to move toward political liberalization in the country as a whole. For the moment, however, most of the regional opposition groups appear willing to wait until after a new parliament is elected next spring to see what will be done about their demands for autonomy.

The problem of amnesty for Basques convicted of terrorist acts in support of separatism continues, however, to excite some Basques. There were several demonstrations in the Basque area over

the past weekend demanding amnesty for the remaining political prisoners—about 200—who were not covered by King Juan Carlos' amnesty decree last summer. The Civil Guard was called out to maintain order in Bilbao.

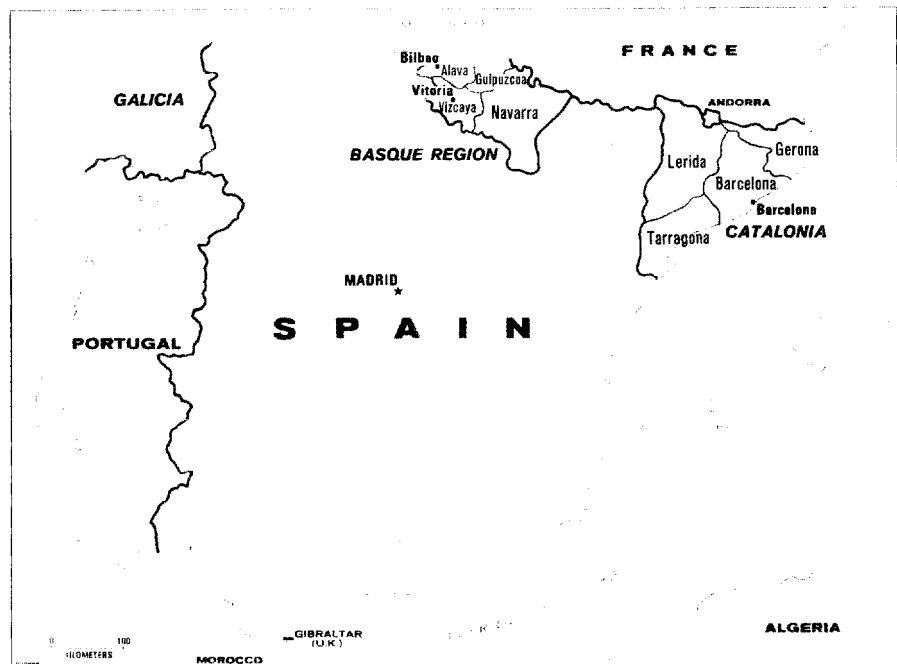
Historic Reasons for Discontent

Regional discontent is strongest in the four Basque provinces in northern Spain, in the four provinces of Catalonia in the northeast, and to a lesser extent in Galicia in the far northwest. Regional loyalty and

distrust of Madrid in these areas date to the forced unification of Castile and Aragon in 1492. The wish to retain historic identity and autonomy has persisted most in the Basque and Catalan areas, where language and culture have remained distinct from the Castilian standard that Madrid tries to impose on all.

Both of these areas resisted domination by Madrid with varying degrees of success until the end of the civil war in 1939. The Basque provinces of Vizcaya and Guipuz-

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coa and all of Catalonia were especially determined in resisting Franco during the civil war. When Franco's side won, these areas not only lost the political autonomy granted them by the Second Republic, under which they enjoyed the rights of separate states in a federal system, but Franco also deprived Vizcaya and Guipuzcoa of the economic autonomy decreed them in 1876.

Demands for regional autonomy have grown stronger since Franco's death, and they present a particularly thorny problem for the Spanish government. The Basque and Catalan regions contain two of Spain's three most important industrial centers and are an important source of revenue for the national government.

Vizcaya and Guipuzcoa—two of the wealthiest provinces in Spain—object that only about 30 percent of the revenue they now send to Madrid is returned. Catalonia, which provides the central administration with approximately 20 percent of its national revenue, gets back only one half of what it contributes.

Both areas also object to having all planning and administration of national funds designated for them being carried out by national officials who have neglected urban planning and public works in their areas.

Basque Separatism

The Basque region presents the most immediate problem; terrorist acts by a radical group, Basque Fatherland and Liberty, have sparked retaliation by rightists. Known by its acronym, ETA, this Basque separatist group is split into several factions with varying degrees of commitment to regional separatism, Marxism, and terrorism.

ETA has killed a number of government officials and police, largely in the Basque area. Its most dramatic act, however, occurred in Madrid in December, 1973, when ETA members murdered the prime minister, Luis Carrero Blanco.

Labor unrest is another threat to security in the Basque area. Strikes have at times provoked police retaliation, which in turn has sparked emotional public out-

bursts. Last March in Vitoria, the worst violence since Juan Carlos became King was set off when police tried to control demonstrators who were participating in a "day of struggle" called by clandestine labor groups to support striking workers. In September, a strike called to protest the fatal shooting of a Basque youth by police and another strike on the anniversary of the execution of three ETA terrorists were highly effective.

Up to now ETA has grabbed the headlines, but its emphasis on terrorism, separatism, and Marxism gives it little appeal among the generally conservative Basques, and political competition began to emerge after the government lifted official restrictions on political meetings.

The Basque Nationalist Party may have the greatest potential. A moderate Christian Democratic party predating the Franco regime, it advocates Basque autonomy in a federalist state. Its strongest competitors appear to be socialist and communist regional groups.

To show disapproval of the Suarez government's slowness in addressing regional autonomy, most of the Basque parties urged abstention in the recent referendum. They had some impact; almost half of the inhabitants of the Basque area abstained from the referendum. In Spain as a whole, 80 percent of the registered voters cast ballots.

Most Basque parties are likely to participate in the legislative election next spring in the hope of carrying their aspirations for autonomy to the new national legislature.

The Catalan Problem

Ever since the marriage of Isabel and Ferdinand in 1469 brought Catalonia under the domination of Madrid, Catalans have resented the tie and have looked to the city of Barcelona, not Madrid, for leadership.

Pressures for regional autonomy are even greater in Catalonia than they are in the Basque provinces, but the immediate problem is less acute because Catalonia has no terrorist counterpart of the Basque ETA. The Catalan push for autonomy may have a stronger cultural basis,

however, than does the Basque. Only a small minority of the Basques speak the native language. More than 80 percent of the 6 million people in the four Catalan provinces speak Catalan. It is the only language spoken in most Catalan homes, especially outside Barcelona.

The Basque cause is based primarily on the ethnic distinction of the Basque people and has thus been weakened by the influx of workers from elsewhere in Spain. The movement of other Spaniards into Catalonia, on the other hand, has not diluted the strong nationalist sentiments of the Catalans. Approximately 60 percent of the present inhabitants of Catalonia were born there, and those born there—even of non-Catalan parents—consider themselves Catalans.

The Catalans' mistrust of national political organizations extends to political parties. Thus the Madrid-based Socialist Workers' Party and the Communist Party have little influence in Catalonia, although the Communists have tried to get around this by establishing a separate party, the Unified Socialist Party of Catalonia.

Twelve Catalan parties from the center to the left, including separatist as well as Communist groups, have formed a Council of Political Forces of Catalonia. The council's basic purpose is to speak to Madrid with a united voice and to push for a strong statute on regional autonomy.

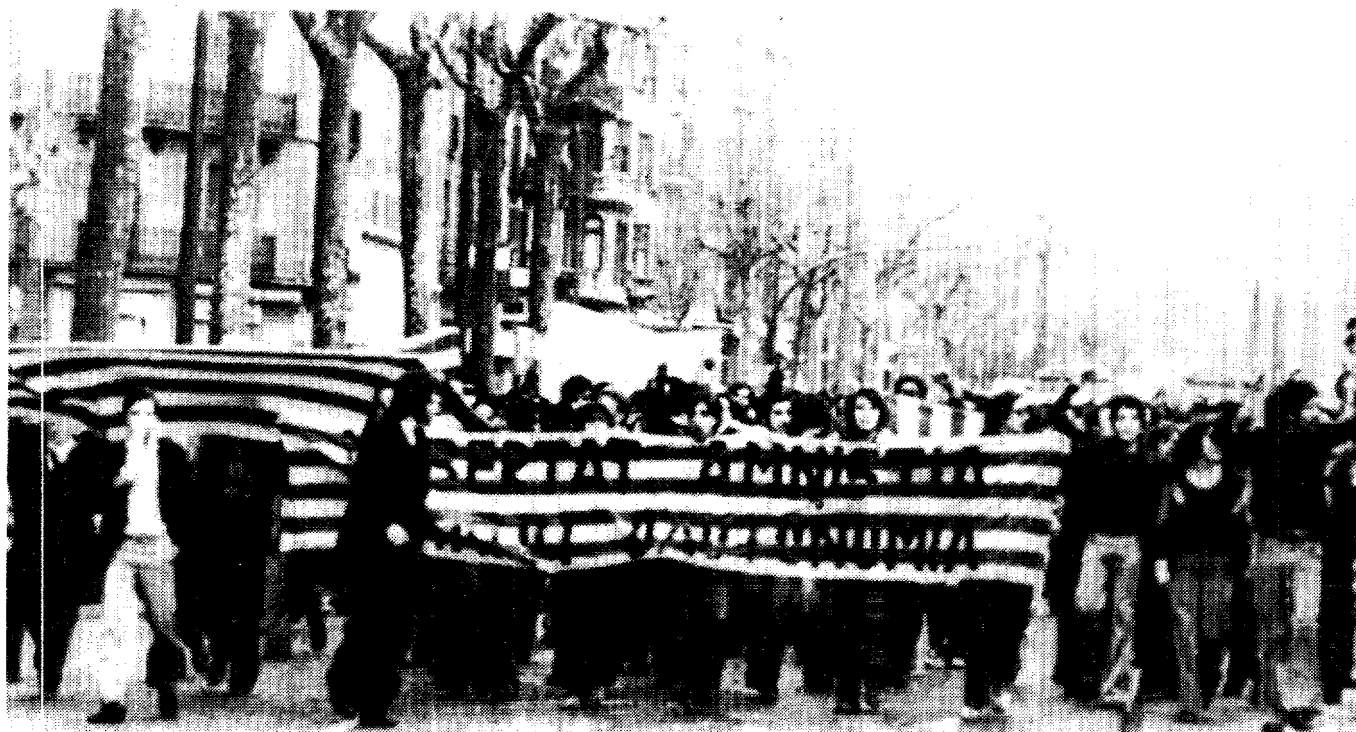
Disagreements between the Marxists and the more moderate members, however, have limited the effectiveness of the group. As a result of an evenly divided vote over whether to join with the opposition in Madrid to formulate a combined position on the recent referendum and the government's reform plan, the council abstained from endorsing the opposition stand; the Marxists voted in favor, and the democratic members against.

The two factions also split on the question of voting in the recent referendum; the democratic parties supported participation and a yes vote. The high level of participation in Catalonia, which contrasts greatly with the low turnout of voters in the Basque provinces, implies

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Marchers demand amnesty for political prisoners and autonomy for Catalonia during demonstrations in Barcelona last February

that most Catalans are eager to take their chances with a new legislature.

Government Action

King Juan Carlos has taken a leading role in government efforts to appear responsive to regional grievances. Since becoming King in November 1975, he and his wife have visited Catalonia and several other regions of Spain. In his speeches, the King has touched upon regional issues but has avoided addressing them directly. Customarily, he salutes each region's contribution to Spain and makes some remarks in the local language, but he always speaks in the context of a united Spain.

In all areas, including Catalonia, King Juan Carlos has evoked an enthusiastic response from the general public. He has

not visited the Basque provinces, however, because of the difficulty in guaranteeing his security.

Prime Minister Suarez has also made special efforts to woo the Catalans. Just before the referendum on December 15, he met with a number of Catalan leaders of the democratic opposition to discuss political reform. The action of these leaders in urging a favorable vote in the referendum and participation in the promised legislative election may stem in part from the rapport established during the meeting.

In a special visit to Barcelona after the referendum, Suarez announced approval of Catalan and Spanish as co-official languages for Catalonia. He also accepted

an official study commission's proposal that a council drawn from Catalan representatives to the legislature to be elected next spring be charged with drawing up a statute of autonomy for Catalonia.

In the Basque area, the government recently made a symbolic gesture of reconciliation by repealing the decree of 1937 by which Franco deprived the provinces of Guipuzcoa and Vizcaya of economic administrative autonomy. This action does not restore economic decision-making to the provinces, however, as a new administrative setup must be created by law. This is likely to await the new legislature.

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Moscow's decision to exchange imprisoned dissident Vladimir Bukovsky for Chilean Communist leader Luis Corvalan has not drawn the hoped-for praise nor has it succeeded in blunting Western press criticism of the Soviets' treatment of dissidents.

92-97 **USSR: Vexed by the Dissident Problem**

[]
Soviet leaders are increasingly troubled by the publicity being given in Western countries to the treatment of Soviet dissidents and appear to have miscalculated the response to the prisoner exchange with Chile last month.

The Soviets may be having second thoughts about their agreement to exchange Soviet political prisoner Vladimir Bukovsky for Chilean Communist leader Luis Corvalan. The exchange of the two men in Zurich on December 18 has never been explicitly acknowledged by the Soviet media; they focused on giving Corvalan a hero's welcome and crediting his release to the pressure of international public opinion.

For Moscow, the unfavorable or at most lukewarm reaction by some Western communist parties to the exchange must have been a disappointment. Instead of hailing the event as evidence of Soviet concern for jailed party leaders abroad, foreign communists have tended to point out that Soviet willingness to go along with the exchange was an admission that both Corvalan and Bukovsky were political prisoners. Moreover, some have reproved Moscow for having dealt with a "fascist" regime.

A propaganda attack on Bukovsky by *Izvestia* on December 25, portraying him as an ordinary criminal, was probably designed to support the Soviet contention that there are no political prisoners in the USSR and that Moscow paid little for Corvalan's release. This propaganda may not help Moscow with foreign com-

munists, however.

Izvestia did not mention Corvalan's name, but the article closed with a vilification of the Chilean government that probably left Soviet readers—already aware of the exchange from Western broadcasts—in little doubt of the Soviet government's sensitivity about the exchange. Foreign communists who were critical of the implicit political equating of Corvalan and Bukovsky could resent even more *Izvestia's* implication that there might be criminal parallels as well.

Western Journalist Admonished

The most recent sign that Western publicity about Soviet internal affairs continues to be a sore point with the USSR was a warning given by the Foreign Ministry in mid-December to US newsman Peter Osnos. The newsman's articles "over the past couple of months," in the words of a Soviet diplomat in Washington, had been "notably negative and had struck sensitive nerves." The warning may have been intended for other Western newsmen as well.

The disruption in Moscow two weeks ago by pre-emptive arrests and other harassment of a planned international symposium on Jewish culture in the USSR was fully reported by Western journalists, however.

The symposium, with a number of foreign participants, was to be a large-scale outgrowth of so-called "Sunday seminars" held by Jewish activists and scientists who had lost their jobs as a result of having applied for emigration. To the Soviets' discomfiture, the Western



Soviet dissident Vladimir Bukovsky

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press gave wide coverage to Soviet public warnings that the symposium would violate Soviet laws, to searches of the organizers' apartments, and to Soviet refusals to allow the entry of several would-be foreign participants and tourists accused of bringing "Zionist" literature into the country.

Provincial Crackdowns

Away from Moscow and its large Western press corps, Soviet authorities continue to attempt to quell increasingly organized and articulate dissident activity in Leningrad, a city whose status as the "cradle of the revolution" is jealously guarded by local party leaders.

Trial of dissident artists and other Leningrad activists, generally on charges of disseminating anti-Soviet materials, are held frequently; currently the police

are gathering additional evidence against several dissidents accused of painting anti-Communist slogans on buildings and buses last spring. This first instance of anti-regime graffiti in years was widely publicized in the West, and the trial, when it is held, is unlikely to escape attention.

In Kiev, Ukrainian police chose December 24 to search the apartments of several members of the local chapter of the unofficial group of Soviet citizens formed last spring in Moscow to monitor the country's compliance with the Helsinki accords.

On January 4, police searched the apartments of leading members of the organization's main chapter in Moscow. Simultaneous Tass allegations that the group has links with Western intelligence services suggest that the authorities will

increase their efforts to curb the organization's activities.

In the uneven contest between the authorities and the dissidents, both sides are aware that foreign publicity often influences events. Dissidents know that the exposure of their plight by Western media is often their only defense against worse persecution, but the authorities often react with a heavier hand if they believe such exposure puts a major principle of policy or doctrine at stake.

As in recent weeks, Soviet officials also sometimes miscalculate the timing and impact of their actions on international opinion, or become seemingly indifferent to it as they seek to demonstrate that external pressure will not be allowed to erode vital domestic controls.

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Prime Minister Barre's apparent determination to confine wage increases this year to the anticipated rate of inflation has raised a sharp outcry from leaders of French unions and the left opposition parties.

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France: Wage Restraint Policy

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French Prime Minister Barre seems determined to resist labor's demands for wage increases in 1977. He has said that such increases would seriously undermine the government's efforts to control inflation.

Barre reportedly hopes to set a precedent for private-sector wage negotiations by taking a hard line with public-sector unions early this year. In recent years, the government has set a bad example for private-sector employers by granting wage increases of over 15 percent to public employees. The public-sector negotiations will probably be delayed un-

til March or April, when the government hopes the rate of inflation will have declined.

Barre has said wage restraint in 1977 is essential to improve corporate profitability—which has not fully recovered from the recession—and thereby boost the still lagging rate of private investment. In effect, one goal of Barre's austerity program is a shift from consumption to investment by temporarily halting the usual rapid increase in real wages.

When Barre announced his austerity program in September, he said wages should be allowed to increase this year only enough to offset inflation, which he anticipated would run around 6.5 percent.

Wages have been a key inflationary factor in recent years, rising at a rate of 15 to 20 percent annually. If prices should rise more than 6.5 percent in 1977, the government presumably would authorize additional compensating wage increases.

Barre's stance negates a clause added in 1971 to some of the collective bargaining agreements in the public sector. That clause guaranteed an automatic minimum 2-percent increase in real wages each year unless either side abrogated the agreements.

President Giscard, in his recent book, cited those collective bargaining agreements as a model for labor-management relations in the "advanced liberal society" he hopes to create in France.

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Consequently, the government may indicate that it hopes to suspend the agreements only for 1977. Paris might also try to mollify the unions by offering a special bonus to workers, to be paid later this year if the wage-price guidelines are adhered to.

Barre's intention will provoke many confrontations between the unions and employers, both public and private, and between the government and left opposition parties. The result may well give no clear advantage to either side in the coming elections. The left would lack a clear target to campaign against, but at the same time the governing parties would be denied the clear economic success that could revive their chances at the polls.

Labor leaders for several weeks have been calling sporadic strikes to protest the wage issue and other elements of the Barre plan. Workers, who are concerned about job security, have not turned out in the numbers anticipated by labor leaders. Strike participation has been greater, however, among the public-sector employees, of whom Barre now hopes to make an example.

The two major labor federations are



Recent demonstration in Paris protesting the government's austerity plan

militantly leftist and believe the Giscard government has shifted the burden of the austerity program and the nation's economic troubles unfairly onto the workers. These unions and the leftist politicians with whom they are in agree-

ment plan to do what they can to emphasize these defects in the government's policies before the municipal elections in March and the legislative elections in 1978. They will not want to appear overly militant in this pre-election period, however.

The government, for its part, hopes to maneuver leftist unions and politicians into activities that will alienate voters. Its efforts in this regard in the public sector are complicated because the Force Ouvriere, a moderate labor federation, is sympathetic to the leftist protests for the first time in several years.

Management, too, is skeptical about the Barre plan—which in fact is not off to a good start. Despite Barre's price controls, inflation continued unabated in October and November at an 11-percent annual rate, and the trade deficit worsened considerably. The recent OPEC oil price increase promises additional problems.

In the face of all this, business optimism has taken an extraordinary plunge since last spring. Businessmen now foresee a production downturn in the next few months and a further decline in their real investment spending in 1977.



Prime Minister Barre

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