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# National Intelligence Bulletin

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### PORTUGAL

Admiral Azevedo was sworn in as Portugal's new prime minister last night, along with a cabinet dominated by anti-Communist military officers and representatives of the democratic parties.

The new government, the sixth since the military coup last year, includes four Socialists, two Popular Democrats, and only one Communist—roughly corresponding to the results of the election last April. The anti-Communist faction of Major Antunes obtained three of the five positions that went to military officers. Civilian technocrats hold the three remaining portfolios.

The appointees are, by and large, experienced in government affairs. Seven have held cabinet rank at one time or another since the military take-over, and three others have served at the subcabinet level.

Azevedo has described his cabinet as a "government of unity," but the Socialists will most likely be held responsible for its actions. Although Socialist Party head Soares stayed out of the cabinet:

[redacted] leading Socialists Zenha and Campinos will occupy the finance and foreign trade positions, respectively. The Socialists will further increase their influence by the appointment of former Soares aide Sa Machado to the Prime Minister's staff.

The Socialists will also benefit by the appointment of their candidates to the ministries of labor and information, which were hotly contested by the Communists. Army Captain Tomas Rosa, an Antunes supporter, was appointed to the labor post, despite his worries earlier this week that a Communist-backed candidate would win out. Doctor Almeida Santos, an independent but a close personal friend of Soares, was given the Information Ministry. This ministry will have the difficult task of carrying out Azevedo's earlier promise to bring "democratic pluralism" to the Communist-dominated media.

The restructuring of the Revolutionary Council, which was announced late Thursday night, could result in a freer hand for the cabinet. The Council was reduced in size to 17 members by eliminating many of former prime minister Goncalves' pro-Communist supporters. Nine of the 17 are identified with Antunes' anti-Communist faction; only two are considered to be Communist sympathizers. The remaining six Council members are more difficult to pin down—such as President Costa Gomes, Prime Minister Azevedo, and internal security chief Carvalho.

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The anti-Communists control a majority, but unless the Council moves away from weak compromises and consensus rule, it will be no more effective than its predecessors. An early test for the restructured Council will be its determination to re-establish discipline in the Portuguese armed forces.

The Council has already made a play for public support by abolishing the unpopular press law—passed earlier this month—limiting the information on political activity in the military that could appear in the media. The law has been attacked and largely ignored by both the Communist and non-Communist press.

With this shift in the balance of power in the Revolutionary Council and the government, the Communist Party appears to have been put in a position similar to that of the Socialists under Goncalves. And, like the Socialists before them, the Communists could decide later to pull out of the government.



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## LEBANON

Intense fighting continued in Beirut yesterday and at least 33 persons were reported killed. All roads into and out of the city remained blocked. The government has ordered a dusk-to-dawn curfew in the commercial areas of the city, where damage has been extensive.

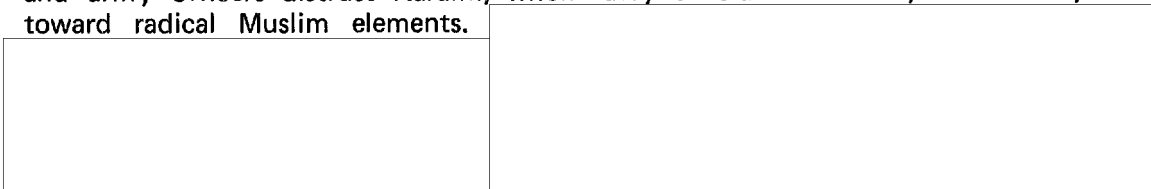
The Lebanese army has not yet been brought into the conflict. The less radical fedayeen organizations, Fatah and Saiqa, have also stayed out. They have continued to assist Lebanese security authorities.



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For the first time in this latest round of fighting, the Syrians are actively involved in efforts to end the conflict. Syrian Foreign Minister Khaddam arrived in Beirut yesterday to confer with President Franjyah. Khaddam visited Lebanon in June to help negotiate an end to the fighting then as well as the appointment of Rashid Karami as prime minister.

Karami met yesterday with Franjyah and Interior Minister Shamun in an effort to prolong his mandate to continue conciliation efforts. Many Christian politicians and army officers distrust Karami, whom they consider needlessly conciliatory toward radical Muslim elements.



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PANAMA

Expressions of discouragement in Panama over the canal treaty talks could endanger the negotiations, despite the government's apparent commitment to continue them.

Remarks this week by Secretary Kissinger and other US officials, including Ambassador Bunker, have been attacked by the government-controlled Panamanian press as indicating an unyielding US position.

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The official Foreign Ministry communique, citing "very little progress" at the conclusion of the current negotiating round on Wednesday, reflected a marked turnabout from the considerable optimism Panamanian spokesmen expressed prior to Ambassador Bunker's arrival.

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According to press reports, Torrijos has ordered a "public account of the talks" published by today, despite the US desire for secrecy. In December 1972, Panama risked endangering the talks by releasing the then-secret negotiating positions; it could again take this risk.

At present, Panama will probably seek to continue negotiating and try to rally public opinion to the government's position. Torrijos almost certainly believes that a well-orchestrated show of domestic and international public opinion favoring Panama will induce the US to be more forthcoming. The gradual escalation of his campaign, however, combined with official disclosures and a more lenient attitude toward student demonstrations, which have been peaceful so far, carries the danger not only of stalling the talks but also of unplanned violence.

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**OPEC**

The Shah announced in an interview Thursday that Iran would not press for an OPEC price increase higher than 15 percent. The same day, Iranian Ambassador Zahedi, guest speaker at a Washington luncheon, stated that his country would support a modest oil price increase of only 5 to 10 percent. He disassociated Tehran from "extremists" on the price issue.

These statements, however, may tell only part of the story and probably do not signify any radical departure from the position heretofore held by Iran. The Shah has been openly pushing other OPEC members to accede to an increase in the range of 15 to 20 percent, but privately adopted a fallback position last month. He indicated Iran would agree to implement the price rise in stages—10 percent in the fourth quarter of 1975 and an additional jump in early 1976. Iran, however, will not initiate such an alternative proposal within OPEC.

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Zahedi may have surfaced Iran's fallback position in his recent comments. His speech placing Iran in the camp of the price moderates leads us to suspect that an OPEC compromise is near. In any case, we see little to cause us to change our estimate that the OPEC price increase will be in the range of 10 to 15 percent, perhaps taken in stages.

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### INDIA

A move by the Indian Supreme Court yesterday means that the court is unlikely to reach decisions on Prime Minister Gandhi's current legal battles for several more weeks.

The court announced it was broadening the scope of its hearings on the legality of the constitutional amendment, pushed through Parliament last month, that nullified Gandhi's conviction by a lower court in June for election law violations in her 1971 campaign.

The court said it would not rule on the amendment until after it had heard arguments from lawyers for Gandhi and her opponents on her appeal of the lower court's verdict and on other legislation enacted last month to protect the Prime Minister's position. The court's move apparently is designed to let it hold hearings on all aspects of Gandhi's legal battles before issuing any decisions.

Information available so far on yesterday's action suggests that it does not give any important advantages to either Gandhi or her opponents. Earlier this week, the US embassy in New Delhi had reported it was possible—but not likely—that the Supreme Court would rule against Gandhi by invalidating the amendment. An adverse ruling probably would not pose any immediate threat to Gandhi's political position, but it would weaken the chances for any major early relaxation of the authoritarian controls she imposed in June.

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**INTERNATIONAL TERRORISM**

There are recent indications that various terrorist organizations are increasing surveillance of US bases and personnel in several countries in Western Europe. The incidents could be coincidental, but the unusual number of reports could also signify preparations for a widespread terrorist campaign against Americans.

--In the UK, a person using a special Irish Republican Army authentication code normally reserved for bomb threats informed a British ministry on September 14 that the IRA would attempt an attack on an unspecified US installation. On September 13, security guards at Upper Heyford air base, where US air force personnel are stationed, noted that the installation was apparently under surveillance.

--In Belgium, US army military police on September 16 chased an automobile whose occupants were watching the residence of a high-ranking US officer. The automobile was later identified as belonging to a member of a Belgian Maoist organization.

--In Spain, a group of six to eight activists of the Patriotic Anti-fascist Revolutionary Front—a radical dissident communist group—reportedly has been keeping tabs on US military personnel assigned to the air base in Zaragoza.

--In Italy, a high-ranking Italian police official informed a US security officer in Naples on September 18 of threats of terrorist activity against US, Israeli, and Egyptian embassies, consulates, commercial firms, and unspecified military objectives.

Agents belonging to the Palestinian guerrillas and the Japanese Red Army are active in Europe. The Palestinians oppose the Israeli-Egyptian Sinai accord and the US role in arranging it. The Japanese Red Army would like to disrupt Emperor Hirohito's visit to the US, scheduled to begin September 30. Either of these organizations could arrange for European-based terrorists to conduct simultaneous anti-US activity.

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FRANCE

The French have indefinitely postponed construction of the second prototype of the multipurpose aircraft they call the combat airplane of the future, apparently because of budgetary pressures.

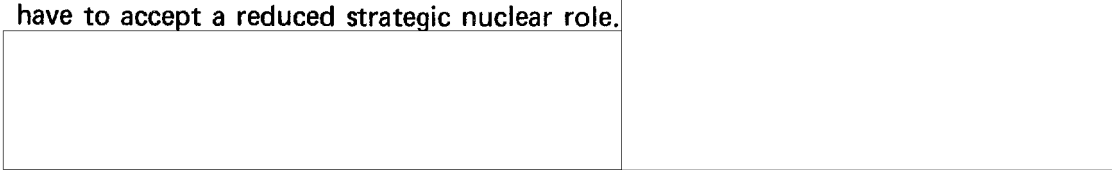
The aircraft was originally designed as a front-line fighter for use in air intercept, reconnaissance, and air-to-ground strike-attack roles and as a replacement for the Mirage IV strategic bomber.



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A decision to drop production of the strategic penetration version of the aircraft would mean that no replacement for the Mirage IV is in sight. France would either have to look elsewhere to replace its Mirage IV aircraft, or the air force would have to accept a reduced strategic nuclear role.



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### PHILIPPINES

President Marcos yesterday announced a sweeping purge of officials and a reorganization of the government designed to reinvigorate his national development program.

In a speech, Marcos said the purged officials had sought personal gain and had eroded his reform program. Most of the changes involve agency heads and lower level functionaries who have been with the government since before martial law. The President resurfaced the populist and revolutionary themes of the early martial law days, and he stressed the need to carry reform beyond the economic and political recovery achieved over the past three years.

The civilian shakeup may be followed by a shuffle of top military commanders. Military corruption has reached embarrassing proportions, and there have been no changes in the top service positions since before martial law. Both of these factors have sparked low-level military discontent. The commanders of the air force and navy and the chief of staff of the armed forces are among those overdue to retire.



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TAIWAN: Madame Chiang Kai-shek, the widow of the late Chinese Nationalist president, arrived in New York yesterday for what has been billed as a "short visit" for medical treatment. The betting in Taipei, however, is that she will not return to Taiwan. She has never seen eye-to-eye with Premier Chiang Ching-kuo, Chiang Kai-shek's oldest son, and she has had little influence on Nationalist political affairs for nearly a decade.

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