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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 19 April 1978 CG NIDC 78/091C

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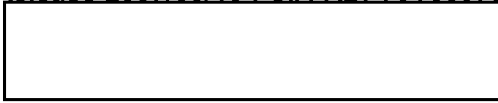
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National Intelligence Daily Cable for Wednesday, 19 April 1978

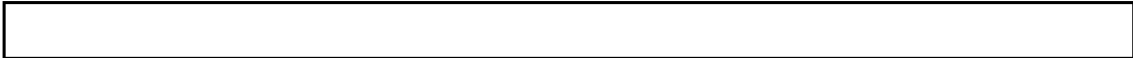
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The NID Cable is for the purpose of informing senior US officials.

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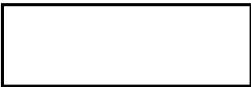
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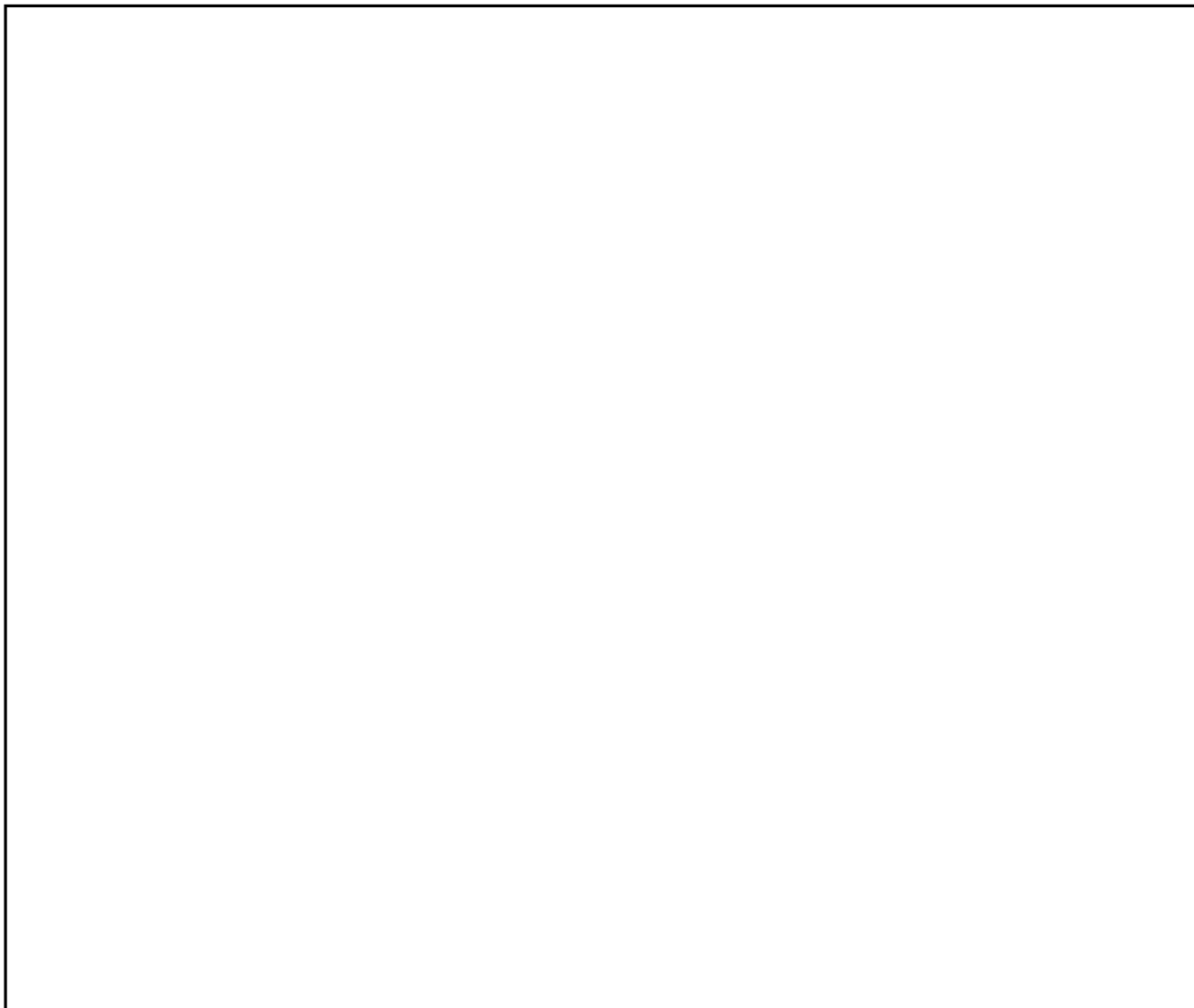
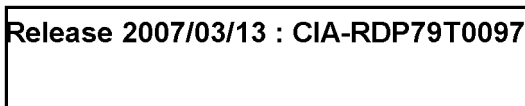
China

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SPAIN: Communist Party Congress

 The Spanish Communist Party Congress that opens today in Madrid promises to be a watershed in the history of the party. During the next five days some 1,500 delegates from all over Spain will debate new statutes proposed by Secretary General Santiago Carrillo that would do away with some major ideological shibboleths and assert the party's commitment to



democratic pluralism. Debate will be open and heated, but Carrillo's proposals will almost certainly be accepted.

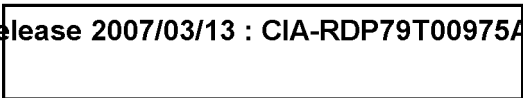
25X1 [] Carrillo's proposal to drop the term "Leninist"--with all its symbolic overtones--from the party label, and his rejection of other outmoded Leninist tenets such as the dictatorship of the proletariat and the validity of armed revolution in industrialized democracies have drawn heavy fire from orthodox party members.

25X1 [] This uproar has tended to obscure other changes that may be more significant. The loosening up of "democratic centralism" within the party and the defining of both world blocs as equally hegemonic have farreaching implications and will be particularly upsetting to Moscow. Moreover, the specific commitment to pluralistic democracy--including the concept of peaceful change in government--though old hat to Eurocommunists, has never before been stated so explicitly in a Communist party program.

25X1 [] The clear rejection of the Leninist model of a rigidly disciplined national party closely tied to a centralized international movement is also likely to disturb the Soviets. Other articles of the statutes press for Spanish membership in the EC, while opposing entry into NATO in favor of non-alignment.

25X1 [] In pressing for these changes, Carrillo is attempting in part to enhance his party's standing with the Spanish electorate--the Communists obtained only 9.4 percent of the vote in the parliamentary election last December. The proposed revisions also reflect his own longstanding beliefs--beliefs that triggered a Soviet effort to oust him from the party leadership in the early 1970s and that have since fueled a running controversy between him and Moscow.

25X1 [] The provincial-level meetings held to prepare for the congress have shown a revealing mixture of ferment and discipline. Debate has been open and virulent; the party's Catalan branch even voted--in Carrillo's presence--to retain Leninism. At the same time, although new procedures such as the election of all officers by secret ballot have been introduced, the old leadership has maintained an inconspicuous but firm control--especially in the closed sessions devoted to drawing up election lists for delegates to the congress.

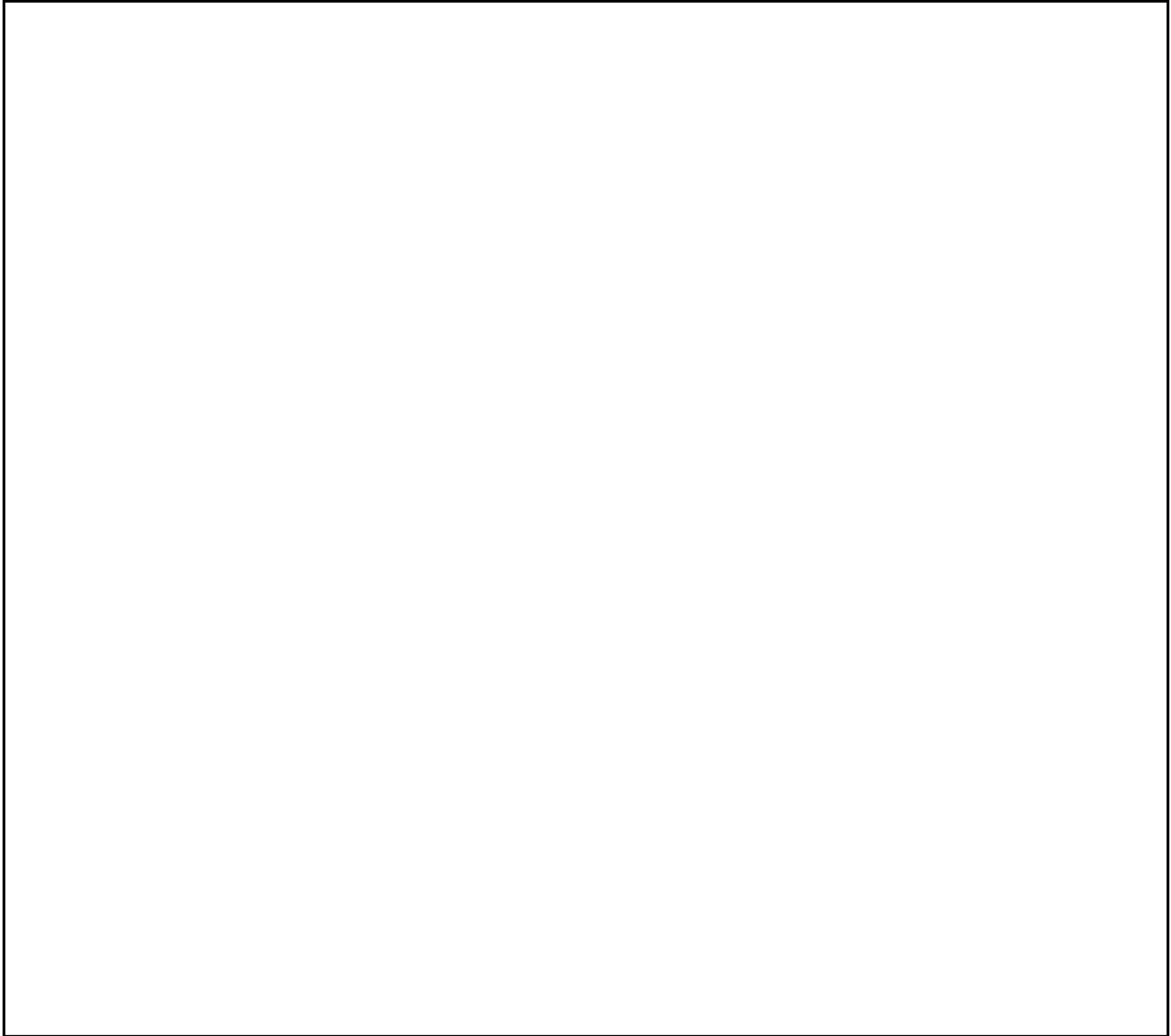


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[redacted] Carrillo has made it clear that he has no intention of permitting any challenge to his own position, or that of the party leadership, and he will not hesitate to use the considerable power at his disposal to get his own way. He can almost certainly count on the eventual acquiescence of the bulk of the rank and file. [redacted]

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POLAND-USSR: Gierek's Visit

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 Polish party leader Gierek arrived in Moscow on Monday for a previously unannounced visit. Gierek was met at the airport by President Brezhnev and, according to a brief TASS report, held talks with him yesterday.

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[redacted] Gierek's previous trips to the Soviet Union were not brief working visits and were announced well in advance. Moreover, Brezhnev's busy schedule--which includes a forthcoming trip to West Germany and a probable Central Committee plenum--as well as limitations imposed on his activities for health reasons suggest that he would meet with the Polish leader only if it were deemed essential.

[redacted] The initiative for the visit probably came from Gierek. We are aware of no Polish internal matters of crucial concern to Moscow or strictly bilateral issues that would lead the Soviet leader to ask for a meeting at this time.

[redacted] Poland, on the other hand, faces intractable economic problems, and Gierek may be seeking substantial new Soviet economic assistance. As another possibility, Gierek may be considering some significant new policy initiatives or high-level personnel changes and would want Soviet approval--or at least acquiescence--before proceeding.

[redacted] In the presence of the Soviet party leadership, Brezhnev presented Gierek with the Order of the October Revolution and was effusive in his praise of the Polish leader.

INTERNATIONAL: Oil Consumption

[redacted] *The growth of oil consumption in the major developed countries as a group slowed last year, reflecting mainly sluggish economic activity. The expanded use of alternative energy sources and conservation efforts also contributed to the slowdown.*

[redacted] Oil use in the US, Canada, Japan, UK, West Germany, France, and Italy, which together account for three-fourths of Free World oil consumption, rose only 3 percent in 1977 compared with a 6-percent gain in 1976. From 1968 to 1973, oil consumption in these countries had grown at an average annual rate of 7 percent.

[redacted] Oil consumption showed widely divergent trends among individual countries. The US registered the sharpest increase with consumption climbing 5 percent in 1977. Strong economic

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[redacted]

growth, a reduction in hydropower production, cold weather, and the substitution of fuel oil for natural gas by industrial users boosted US oil demand.

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[redacted] Oil use in the other six countries combined increased only 1 percent last year. The four major West European countries as a group reduced oil use by 2 percent. France registered the sharpest decline--5 percent--partly because of intensified conservation efforts. Smaller declines occurred in Italy and West Germany. Oil consumption in Japan rose 4.5 percent, only slightly less than in 1976. In Canada, the growth in oil consumption slowed to about half the 3.5-percent advance of 1976, largely because of the country's poor economic performance.

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[redacted] Sales of gasoline, light fuel oil, and heavy fuel oil in the seven countries as a group grew 2 percent each in 1977. Diesel fuel sales advanced 6 percent. The increase in gasoline sales was well below the pre-embargo rate of 5.5 percent in all countries except West Germany, where consumption had increased 6 percent.

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[redacted] A sharp increase in US fuel oil consumption offset a decline in light and heavy fuel oil use in the other six countries combined. In Western Europe, natural gas substitution and increases in hydroelectric power production were primarily responsible for declines in light and heavy fuel oil use.

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[redacted]

INTERNATIONAL: Common Fund Talks

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[redacted] //The final communique of the Commonwealth ministerial on the Common Fund held in London last week reflects a degree of compromise by the four industrialized-nation participants--the UK, Canada, New Zealand, and Australia--on the proposals of the developing nations. The results of the discussions between these four nations and 28 developing countries should facilitate the resumption of negotiations on the Common Fund, under the auspices of the UN Conference on Trade and Development.//

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[redacted] //As a result of mounting pressure from the developing-nation participants, the UK and Canada agreed to consider favorably, at the appropriate stage in the UNCTAD negotiations

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[redacted]

on a Common Fund, proposals for both direct government contributions and indirect resource pooling from international commodity agreements. The final communique also mentions the possibility of the Common Fund financing such "other measures" as export diversification, market promotion, and productivity improvement.//

25X1 [redacted] //Australia, which had already shifted closer to the G-77 position, tacitly backed the LDCs at last week's meeting. New Zealand softened its position on the provision for "other measures." Only the UK and Canada originally attempted to maintain the inflexible approach adopted by the Organization for Economic Cooperation and Development. The UK, however, has been under pressure from some other members of the European Community and its acquiescence in the compromise language of the communique therefore is not surprising.//

25X1 [redacted] //The UK now will have to argue hard for its interpretation that the communique is not a commitment but rather a hint of flexibility. Even so, the communique will be interpreted by developing countries and by those OECD members favoring compromise as an important policy shift and as a lever for pressing the US for concessions. [redacted]

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PORTUGAL: Uncertainty on the Right

25X1 [redacted] *Portugal's opposition Social Democratic Party has called on Francisco Sa Carneiro to resume the party presidency he vacated after a dispute with party moderates late last year. The erratic Sa Carneiro has not announced his intentions and may decide that his influence will be greater if he turns down the job. The party's governing political committee resigned last weekend and for the time being leadership rests with a committee composed mostly of Sa Carneiro's supporters. A permanent split between party moderates and rightists could undercut Prime Minister Soares' efforts to gain broad support for his economic recovery program.*

25X1 [redacted] Moderates still control a majority of the party's legislative delegation and some key positions in the party's bureaucracy, and they will look for ways to reassert themselves before the national congress, which is to be held within 90 days. If rural conservatives succeed in forcing the party further to the right, however, urban-based moderates could bolt, taking with them as much as 20 percent of the party's voting strength.

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[redacted] Ironically, the splintering of Portugal's largest opposition party could increase rather than decrease the dangers to Prime Minister Soares' struggling centrist regime. Moderate Social Democrats had been trying--against Sa Carneiro's wishes--to steer the party toward an accommodation with the government on economic policy. Soares' chances of enlisting essential northern support for his economic recovery programs--never very great--will decline further in the absence of the moderates' tempering influence.

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[redacted] As the most influential politician on the right, Sa Carneiro holds the key to the party's future. He seems to enjoy operating as a rogue politician, and he could resist efforts to reinstall him as party president. Regardless of his formal status, however, he will remain the party's dominant force and will probably push it into a policy of systematic opposition to the government. [redacted]

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ARGENTINA-BOLIVIA: Nuclear Accord

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[redacted] *The agreement for nuclear cooperation between Argentina and Bolivia, which was signed last week in La Paz, serves several Argentine interests--diplomatic and technical.*

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[redacted] The accord enhances Argentina's rapidly growing reputation both as a major supplier of nuclear technology and material to Latin America and as the leading South American nuclear power. In the past year, Argentina has also signed nuclear cooperation agreements with Peru and Ecuador and negotiations are under way with Uruguay. This means that within the next few years Argentina will acquire major influence over four foreign nuclear programs and will probably gain access to new uranium reserves.

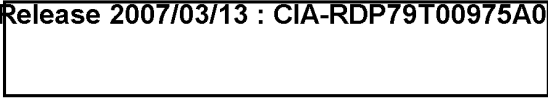
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[redacted] The new agreement, similar to the Argentine-Peruvian nuclear accord reached in 1977, includes the supply of a research reactor, the training of Bolivian personnel at Argentina's Bariloche Research Center, and cooperation on developing Bolivia's uranium reserves. Additionally, the two parties are studying the possibility of developing a nuclear power installation sometime in the future.

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[redacted] The deal also appears to be part of a broader diplomatic campaign to solidify Argentina's friendship with Chile's

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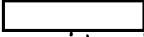


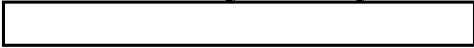
neighbors at a time when Buenos Aires is trying to resolve a longstanding dispute with Santiago over the Beagle Channel and territorial waters in the South Atlantic. 

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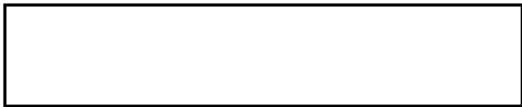
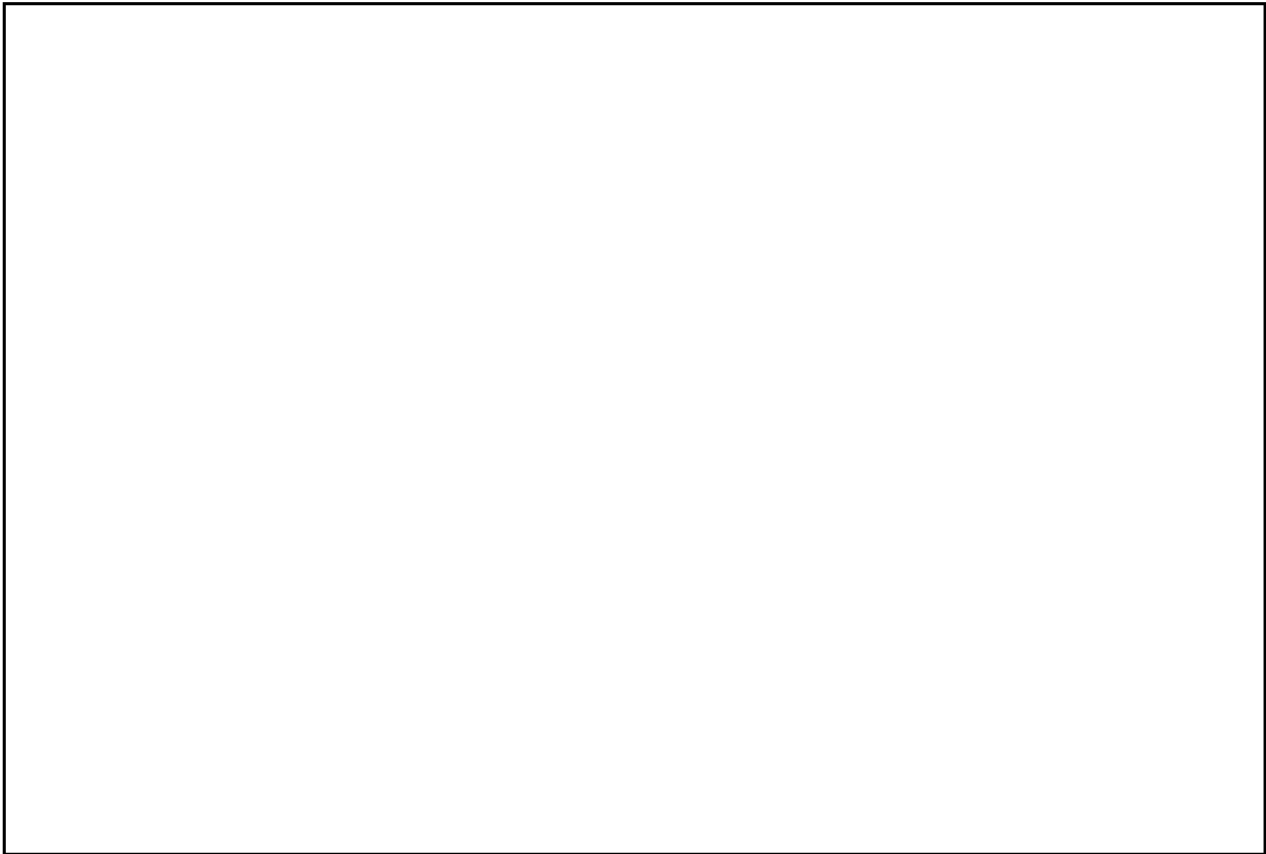
BRIEFS

China

 Chinese fishing vessels reappeared yesterday in the territorial waters that Japan claims around the Senkaku Islands. According to press reports, the Japanese Foreign Ministry will protest the violations and ask for the results of an investigation promised earlier by the Chinese. Tokyo will continue to rely on diplomatic means to deal with the incursions.



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