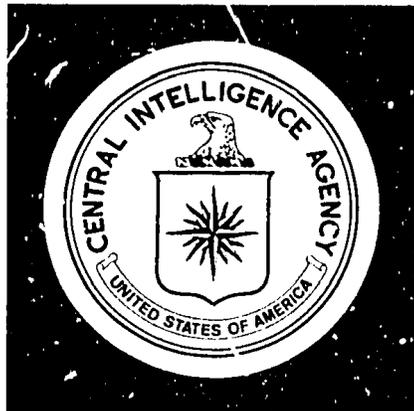


Declassified in Part - 25X1
Sanitized Copy Approved for
Release 2012/02/23 :
CIA-RDP85T00875R001000080

Declassified in Part -
Sanitized Copy Approved for
Release 2012/02/23 :
CIA-RDP85T00875R001000080

Top Secret



Weekly Review



Top Secret

October 10, 1975

25X1
25X1

Copy **N^o 666**



CONTENTS (October 10, 1975)

EUROPE

The WEEKLY REVIEW, 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. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

25X1

- 1 USSR: Harvest Prospects Lower
- 2 USSR-US: Mixed Signals [redacted]
- 5 Canada: Nationalist Influence
- 6 USSR - East Germany: Treaty
- 6 USSR - West Germany: A Little Help [redacted] 25X6
- 8 Portugal: Military Dissidence
- 9 USSR-Portugal: Costa Gomes' Visit
- 9 Austria: Socialist Majority
- 10 Greece-Turkey: Reaction
- 11 Effects of OPEC Price Hike 25X1

**MIDDLE EAST
AFRICA**

- 12 Lebanon: Truce Shattered
- 12 Spanish Sahara: Moroccan Plans
- 15 Syria: Stiffening Posture
- 15 Angola: Getting Ready
- 16 Egypt: Student Critics
- 17 Bangladesh: Progress Report
- 18 Nigeria: Promises, Promises

**WESTERN
HEMISPHERE**

- 19 Uruguay: The Presidency
- 20 Argentina: Peron's Return [redacted] 25X1
- 22 Latin America - US Relations
- 23 Surinam: Toward Independence

**EAST ASIA
PACIFIC**

- 24 Philippines: Heads Could Roll [redacted] 25X1
- 25 Australia: Election Prospects [redacted]

25X1

Comments and queries on the contents of this publication are welcome. They may be directed to the editor of the Weekly Review, [redacted]

25X1

USSR: HARVEST PROSPECTS LOWER

Widespread use of unripened grain for forage, abandonment of low-yielding acreage, and lower than expected yields in the European USSR have sharply lowered prospects for the 1975 Soviet grain crop. Production will probably be only 155 to 165 million tons, even worse than the poor harvest of 168.2 million tons in 1972. Moscow over the next year will be searching world markets for large quantities of both grain and meat.

With the harvest nearly completed, more than 15 million hectares of the total sown area of 131 million hectares probably will not be harvested as mature grain. The loss of pasture and forage crops because of drought apparently led the Soviets to cut a large area of immature grain for green feed or to use the area for grazing livestock. The wide range in estimated production of 155 to 165 million tons reflects uncertainty about yields on this acreage.

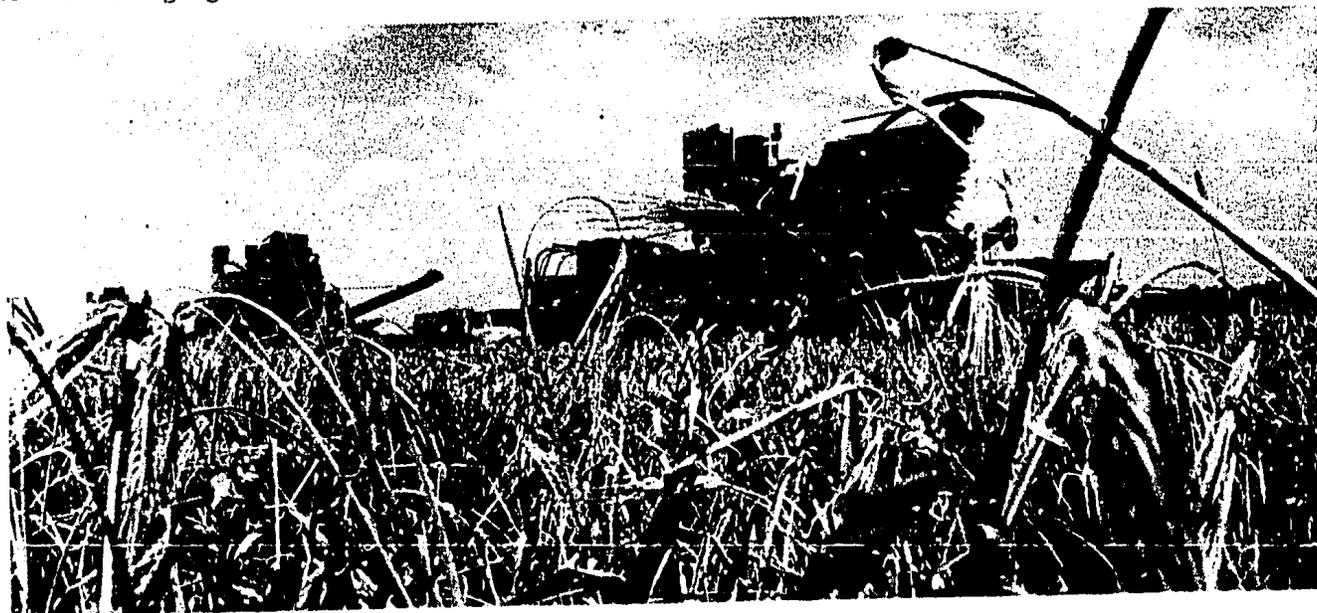
Reduced prospects for the crop worsen the already serious situation in both grain and meat. Moscow has so far purchased about 20 million tons of foreign grain. A crop of 160 million tons,

for example, would still leave the USSR more than 30 million tons below requirements for this marketing year, ending June 30, even if the Soviets draw from their grain stocks.

Moscow cannot find this much additional grain in the international market and is taking steps at home to cope with the shortfall. Official data indicate that slaughtering of livestock has begun, with inventories of hogs, sheep, and poultry falling noticeably. Although this action will yield a short-term benefit for the consumer, it will have undesirable consequences.

- Because meat processing capacity and storage are limited and the distribution system is antiquated, substantial waste and spoilage will result.
- To meet long-term plans, herds will have to be rebuilt next year, jeopardizing 1976-77 consumption goals.

Moscow almost certainly will contract for large amounts of foreign meat next year. Ample supplies will be available from Argentina,



Non-US Grain Available to the USSR *		
Argentina	Wheat	300-400
	Corn	500
	Sorghum	500
Australia	Wheat	200
	Barley	250
Brazil	Corn	100-150
Canada	Wheat	200-300
	Barley	200
EC	Wheat	200
	Barley	200
Other	Feed grains	400
TOTAL		3,050-3,300
<i>*Thousands of tons</i>		

Australia, and the EC. Purchases of 1 million tons—double the 1974 level—would cost the Soviets an estimated \$1 billion in foreign exchange and would provide a 7-percent boost to Soviet domestic supplies.

The amount of uncommitted non-US grain that the Soviets can still purchase for delivery by July 1, 1976 is only 3 to 3.3 million tons. This assumes that traditional trade patterns are not altered and current crop production forecasts hold. The extent to which foreign exporters oversell to the Soviets will reduce availability to traditional customers. These customers would seek to make up the shortfall by purchasing US grain.

Of the total available supplies, only about one third, or 1 million tons, is wheat and the remainder, feed grains. The single most important supplier is Argentina, with 1.3 to 1.4 million tons. The Soviets and Argentines reportedly are

negotiating a new grain purchase. Supplies available for shipment by July 1 from other origins are more limited.

By October 1, the Soviets had purchased some 20 million tons of grain—10.4 million tons of US grain and 9.85 million tons from other sources. In future negotiations the USSR will likely find itself competing with East European countries for the same supplies.

25X1

USSR-US: MIXED SIGNALS

Recent comments by Premier Kosygin and Foreign Minister Gromyko reflect a frequently observed ambivalence in Soviet statements about the state of and prospects for US-Soviet relations. In talks with visiting Americans Sargent Shriver and presidential science adviser Dr. Guyford Stever, Kosygin gave a generally favorable assessment of bilateral cooperation and urged acceleration of economic, scientific, and technical ties. Gromyko, writing in the current issue of the party theoretical journal *Kommunist*, tempered his praise of the pursuit of improved relations with pointed reminders of the obstacles to be overcome.

Much of the disparity in tone of the two men derives from their differing institutional perspectives and from the nature of the audiences addressed. The foreign minister's article, probably a warmup for the party congress next year, is directed primarily at the party. It is a pledge of continued vigilance and ideological steadfastness in dealing with the US, as well as a defense of Gromyko's and the regime's detente policy in the face of several embarrassing setbacks. Kosygin, lobbying privately with prominent Americans for sorely needed economic and technical assistance, mirrors his major responsibility as head of the state administrative apparatus.

25X1

In his article, Gromyko touches on most aspects of relations with the US and refers approvingly to General Secretary Brezhnev's coming visit to Washington. He points out, however, that US-Soviet trade relations are still not normal and expresses uncertainty about whether US policy-making "circles" will be able to get them squared away. Gromyko also notes that US-Soviet relations are being complicated by "notorious" US actions in "some" parts of the world and writes that while the USSR will continue to try to improve Soviet-US relations, it will waive neither its own legitimate interests nor those of its allies and friends.

Taking a more amiable tack, Kosygin expressed willingness to make 5- 10- or 15-year trade agreements with the US on both grain and oil, although he called linkage between the two commodities "outmoded" barter. He said the USSR is interested in obtaining \$3 billion in Eurodollar credits over the next five years to finance expansion of oil and gas production. Kosygin spoke favorably of progress being made toward strategic arms limitation. In a reference to SALT, he reportedly assured Shriver that "we will sign something."

Kosygin endorsed an increase in scientific and technological exchanges and stressed that the time had come to proceed to specific joint research and development programs. He suggested that the US and USSR select two or three large projects to demonstrate the tangible benefits of bilateral cooperation.

Kosygin told Stever that the Soviet government would be willing to allocate the necessary resources and observed that a few such projects would be useful in building trust between the two nations. He proposed joint construction of hospitals and advanced metallurgical plants and the joint solution of a transportation problem in each country.

Kosygin has frequently spoken on behalf of greater East-West economic cooperation. By

emphasizing this theme at this time, he throws his weight behind a foreign policy that promotes expanded scientific, technical, and economic cooperation with the US despite a variety of political problems.

25X1

25X1

25X1

25X1

Page Denied

CANADA: NATIONALIST INFLUENCE

Prime Minister Trudeau's cabinet shakeup late last month strengthened the influence of staunch nationalists. The new cabinet has also demonstrated it will deal more concretely with domestic economic problems, especially inflation.

The most important shift was the appointment of Donald Macdonald as finance minister. His nationalist sentiments have been made amply clear. He has shown a willingness to be very tough, in fact abrasive, in past negotiations with Washington. The US embassy in Ottawa concludes that his appointment could signal hard times ahead for Canadian-US economic relations.

Alastair Gillespie, formerly minister for trade, industry, and commerce, moves over to Macdonald's previous job as energy, mines, and resources minister. Gillespie is likely to:

- push hard for increased processing of natural resources prior to exporting them;
- accelerate efforts to reduce Canadian dependence on US coal; and
- uphold Macdonald's opposition to any course of action that smacks of a continental energy policy.

John Turner, whose unexpected resignation last month as finance minister triggered the cabinet changes, was an influential advocate of close consultation and cooperation with Washington. Despite the loss of Turner's moderating influence, there are still important checks on extreme nationalist behavior. Trudeau will not hesitate to rein in nationalist-minded ministers whenever he believes that their actions could, on balance, harm Canada's economic well-being. He recognizes that Canadians enjoy a high standard of living in large part as a result of American investment. His political sense tells him that Canadian voters would not support measures that could seriously impair relations with the US and thus jeopardize incomes and jobs.

The nationalistic outlook of the cabinet has

intensified in recent years, but anti-Americanism per se has played only a minor role in this development. In fact, it is still largely confined to academia and some elements of the media. Nonetheless, there is a clear link between nationalist sentiments and Canada's perception of the US. The feeling has grown that the "American dream" is no longer a valid model. Nationalism is based primarily on the premise that Canada is a distinct entity and not merely a look-alike junior partner of the US.

Macdonald, Trudeau's chief troubleshooter, will have primary responsibility for domestic economic policy. The government's lack of action in this area has been heavily criticized in many quarters.

With Macdonald in charge, Ottawa has already begun to concentrate on curbing inflation. Earlier this week, the federal government drafted a proposal for a review board to monitor wages and a companion board with the power to roll back excessive price increases. The proposal will be subject to federal-provincial consultations before any control mechanism is put into effect. Consumer and wholesale prices have risen 12 percent and 8 percent, respectively, so far this year.

Macdonald will also have to cope with rising unemployment. The jobless rate hit a 14-year high of 7.3 percent in August. Although most indicators suggest the recession is at or near bottom, a significant upturn in employment is probably several months away. Trudeau, despite increasing political pressures, would like to avoid stimulating the economy until the US recovery gains momentum.

In formulating new economic policies, Macdonald must take into consideration Canada's current-account deficit, which is expected to reach \$5 billion this year—the largest of any industrial country. The deficit is up from \$1.6 billion in 1974 because the recession in other countries has reduced Canadian exports more than the domestic slump has cut imports. In addition, large wage increases during the past several years have sharply reduced Canada's international competitiveness.

25X1

25X1

USSR - EAST GERMANY: TREATY

The 25-year friendship treaty signed by the Soviet Union and East Germany on Tuesday is another attempt by Moscow to legitimize the division of Germany and to justify Soviet hegemony in Eastern Europe. It may serve as a model for the future revision of corresponding treaties with other East European states.

The new agreement replaces a 20-year accord signed in 1964 that was to remain in effect unless a German peace treaty was signed or Germany was reunited. The Soviets clearly believe that the Helsinki agreement is a surrogate for a German peace treaty. Moreover, both the new friendship treaty and Brezhnev's remarks preceding its signature make plain that the European status quo is now considered frozen and that any possibility for German reunification, peaceful or otherwise, is out of the question. References in the treaty to East Germany as a "sovereign independent state" reflect both sides' desire that East Germany's enhanced status be internationally recognized.

The treaty also includes language that asserts the responsibility of all socialist countries to support, strengthen, and defend "socialist gains." This language was used to justify the Soviet-led invasion of Czechoslovakia and has come to be known as the "Brezhnev doctrine." By their selection of these words, the Soviets are telling the East Europeans that there will be no fundamental change in their relationship with the USSR as a consequence of Helsinki.

The Soviets may also have been trying to reassure the East Germans that they need not fear the consequences of progress at the Vienna force reduction talks. The Vienna talks were discussed when Soviet Foreign Minister Gromyko visited Prague and East Berlin in late September, and East Berlin's coolness to force reductions was evident from its failure to follow Prague in specifically endorsing Soviet efforts. Differences also cropped up during Soviet Defense Minister Grechko's talks with his East German counterpart in Moscow immediately after the Gromyko trip. The East German insisted that until "military detente" is

reached, the socialist community's military strength must be increased. Recognition of East Germany's security needs was also stressed by party chief Honecker and his fellow travelers in Moscow, although Honecker did let slip a qualified endorsement of the limitation, but not reduction, of military forces in Central Europe.

At the same time, the citation of the Brezhnev doctrine and the great stress on across-the-board cooperation in the treaty may be intended by Brezhnev to quiet fears within the Soviet leadership that the Helsinki agreement and the Vienna force reduction talks will undermine Moscow's grip on Eastern Europe. In an article in *Kommunist* released on the eve of the Honecker visit, Soviet Foreign Minister Gromyko clearly stated that Moscow will raise the degree of its cohesion with Eastern Europe to still higher levels. If the new treaty with East Germany is intended as a vehicle for reaching this goal, invitations to the Czechoslovaks, Poles, and other East Europeans to sign similar accords may be in the of-

25X1

USSR - WEST GERMANY: A LITTLE HELP

If one wants to be the West German chancellor, he has to show people that he can deal with the Russians. That essentially was what Helmut Kohl, leader of the opposition Christian Democratic Union, was up to during his recent trip to the Soviet Union. By most accounts from West Germany, Kohl seems to have achieved his purpose—with a little help, probably inadvertent, from the Soviets.

In the middle of the trip, *Pravda* published an article severely criticizing Christian Social Union leader Franz Josef Strauss, who was then being feted in China. Kohl demonstrated his displeasure

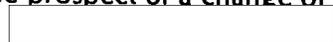
25X1



over the attack on his nominal political ally by canceling his appointments for the following day, but did not scuttle the trip. This earned him a good press back home.

The Soviets claimed to be nonplussed by Kohl's reaction, but it is not beyond them to have intentionally run the article to test Kohl's mettle. At the same time, they wanted to express their antipathy to Strauss' political views. Indeed, Premier Kosygin told Kohl that he agreed with the anti-Strauss article 100 percent and would have worded it even more strongly.

Kohl and other CDU members who accompanied him described his conversation with Kosygin as frank, open, and constructive. Kohl and Kosygin discussed Berlin and East-West German relations, CSCE, MBFR, bilateral trade and economic cooperation, family reunification, and ethnic German emigration from the Soviet Union. Kohl had not expected any breakthroughs, and none was achieved. Indeed, the day after Kohl left, *Pravda* published an article reiterating customary Soviet opposition to West German ties with West Berlin, and the Soviets are likely to remain cool to the prospect of a change of government in Bonn.



PORTUGAL: MILITARY DISSIDENCE

The survival of Prime Minister Azevedo's government, formed only three weeks ago, will depend on whether the nation's leaders can curb growing dissidence in the military rank and file. Rebellious leftist units do not appear ready to give in easily, and Azevedo may not receive enough support from other government leaders to force the necessary confrontation.

Military unrest has been centered in the urban areas of Lisbon and Porto, where the influence of the far left is strongest although by no means dominant. In Porto, radical left-wing soldiers took over a heavy artillery regiment early this week in retaliation for the disbandment of their unit last weekend by the chief of the northern military region. The unit was broken up after enlisted men voted to resist the transfer of several leftist soldiers.

Units in the northern region are considered to be generally conservative. The situation in the Lisbon region, however, is more serious; government officials fear that leftist troops could take over the capital if they wished because there are not enough loyal troops to prevent it.

Leftist activity in Lisbon has been spearheaded by a radical light artillery regiment which placed armed guards around its barracks—allegedly to protect itself from a government move to “annihilate” it. The unit commander, known to have ties to the extreme left, has accused the Socialists of trying to set up a rightist government.

The radical soldiers have banded together nationally in such pressure groups as “Soldiers United Will Win” and “Revolutionary Action of Army Enlisted Men.” Several sources claim that these groups are controlled by former prime minister Goncalves and his pro-Communist followers who hope to bring down the Azevedo government through civil disorders. The military groups have received solid support from various far left fringe groups who probably have donned uniforms to give the impression of greater military support in demonstrations.

The Communists kept a low profile during the occupation late last month of radio and television stations that was ordered by Azevedo in an attempt to limit leftist influence in the media. At that time, Azevedo's willingness to take decisive action forced the Communists to either stand by silently or risk breaking with the government. The Communists now probably feel that the government is losing strength, and party leaders are trying to mend broken fences with the far left.

The Communists, therefore, are letting the extreme left take the lead in challenging the government, but the party is also clearly considering withdrawing all support from the present government. In a statement last week, the party said that order will return to the armed forces only when all “reactionaries” are removed from command positions. The Communists have also contributed to current military unrest by joining the protests of the light artillery regiment in Lisbon and throwing their support behind the steelworkers during their strike last Monday.

Azevedo's efforts to restore discipline in the armed forces appear to be hampered because of the President's lack of support. President Costa Gomes—on his return from Moscow on October 5—appealed to the military to follow their commanders and not political leaders. He has not backed up his rhetoric with any action, however, and may privately be counseling Azevedo to avoid a confrontation.

The rebellious soldiers will not back down easily, and only a firm crackdown on dissident elements—including the detention of key radical leaders—appears likely to prevent the downfall of the government. The extreme leftists have learned over the past year and a half that if they hold fast, their opponents will eventually back down in order to avoid a conflict. The Communists, who tend to side with whoever appears strongest hope to benefit from the extremists' strategy. Azevedo will need to show equal determination if he is to overcome this challenge to the government's authority.

25X1

25X1

USSR-PORTUGAL: COSTA GOMES' VISIT

Moscow treated the four-day visit of Portuguese President Costa Gomes as a major event and thereby demonstrated its desire to cultivate ties with the Lisbon government. The Soviets' ceremonious reception of Costa Gomes inevitably conveyed a degree of approval of the Portuguese government, despite recent setbacks for the Portuguese Communists; and it was this aspect, rather than any tangible accomplishment, that imparted some importance to the trip.

Costa Gomes met for two hours with General Secretary Brezhnev and with several other Soviet leaders, including President Podgorny, Foreign Minister Gromyko, Defense Minister Grechko, and Foreign Trade Minister Patolichev. The results of the visit, primarily political, were reflected in a joint communique and in a separate declaration signed on October 3.

The declaration attaches "special importance" to the principles of national self-determination and noninterference in the internal affairs of sovereign states, reflecting Soviet criticism of Western "meddling" in Portugal. The declaration, however, specifically notes that its provisions do not affect existing international obligations, presumably including Portugal's NATO commitments.

Both parties pledged to hold regular consultations to develop Soviet-Portuguese relations on political, economic, scientific, and cultural matters. A reported agreement on long-term economic cooperation may be the culmination of year-long negotiations for Soviet economic assistance to Portugal, but it appears unlikely that Moscow has pledged substantial aid for any specific projects. The Soviets evidently promised to buy modest amounts of agricultural products from the Portuguese. Poland—where Costa Gomes had visited before going on to the Soviet Union—may give some work to the under-used Portuguese shipyards.

While the visit to the USSR and related agreements create the potential for a further expansion of Soviet-Portuguese relations, they also

tend to stabilize the relationship by creating formal institutions and procedures much like those the Soviets now have with other Western nations. The Soviets probably think that this kind of evolution will give them entree into Lisbon without aggravating concern in the West over Soviet advances in Western Europe. [redacted]

25X1

AUSTRIA: SOCIALIST MAJORITY

The Socialists in Sunday's election polled just over 50 percent and won 93 seats in the 183-seat Austrian lower house. The main challenger, the Austrian People's Party, got 80 seats and the small Liberal Party took 10 seats. The breakdown is exactly the same as in the old parliament.

The Socialists and the People's Party, however, can claim a victory of sorts because the redistricting of several seats prior to the election had been expected to favor the tiny Liberal Party. The Liberals' failure to register marked gains, in fact, constitutes a major setback for them. It is also at least a psychological blow to the People's Party, which had hoped to break Socialist dominance of the government.

The majority won by the Socialists clearly shows that the electorate retains confidence in Chancellor Kreisky's moderate policies, which it views as the best guarantee of political stability and economic well-being.

Immediately following the election Kreisky said that he would not form a coalition with either opposition party, nor would he make any changes in his cabinet before next year. The "new" government will be sworn in later this month and parliament is expected to convene on November 4. [redacted]

25X1

25X1

GREECE-TURKEY: REACTION

Greeks and Turks have reacted in a fairly subdued way to the partial lifting last week of the eight-month embargo of US arms to Turkey. Turkish Prime Minister Demirel may now feel freer to deal with the Greeks on a Cyprus settlement—especially if his party holds its own in senatorial elections this Sunday.

Greek and Cypriot officials expressed regret over the resumption of arms shipments, but acknowledged that supporters of the move believe it will facilitate progress toward a Cyprus agreement. Greek—and perhaps some Cypriot—government officials also may be coming around to believing that the US action may increase international pressure on Ankara to move toward a solution of the Cyprus problem or, at least, reveal Turkish inflexibility.

The press in both Athens and Nicosia was critical of the move, but no significant anti-US demonstrations took place. Tight security measures were in force in Nicosia. Riot police set up barbed wire barricades around the US embassy in Nicosia in anticipation of violence, and government officials reportedly threatened to expel students who participated in any demonstrations.

Turkish Foreign Minister Caglayangil characterized the lifting of the embargo as a positive development but ruled out any immediate change in the status of the deactivated US installations. Such action will apparently hinge on the as yet unscheduled negotiations for a new US-Turkish defense cooperation agreement.

Ankara undoubtedly still hopes that the embargo will be entirely lifted. Meanwhile, General Staff Chief Sançar has expressed the military's pleasure over even the partial move. The Demirel government's cautious reaction is probably a tactic intended to avoid overplaying its hand prior to negotiations with Washington.

With an eye to the partial senatorial elections, Demirel was no doubt also wary of appearing to "kowtow to the Americans," although he probably hopes that even the partial relaxation of the embargo will be viewed as a foreign policy

success. Opposition leader Ecevit, speaking at a campaign rally, was extremely critical of the US action, especially the US congressional provision for joint consultation on opium poppy controls.

Turkey's senate election campaign so far has produced little in the way of a meaningful national debate on vital issues. The politicians—apparently fearing that firm commitments on such issues will only lose them votes—have resorted to mudslinging, overblown rhetoric and occasional violence to overcome traditional popular apathy toward interim elections.

The absence of debate contrasts sharply with the importance leading politicians attach to the elections. Although the vote will have no direct bearing on control of the all-important National Assembly, it could give a psychological lift to the winners as they approach the parliamentary elections which appear increasingly likely next year.

The US embassy in Ankara believes that both Demirel's Justice Party and Ecevit's Republican People's Party will improve on their performance over the 1973 parliamentary elections, when Ecevit's party won a small plurality. If such gains for Turkey's two largest parties materialize, it will be at the expense of the smaller parties, some of which are on the verge of extinction.

Demirel has been under attack not only from Ecevit but also from his coalition partner, National Salvation Party leader Erbakan. The latter's recent failure to cooperate within the government, and his largely anti-Demirel campaign—designed to project an independent identity for his Muslim fundamentalists—will, according to the embassy, probably attract about the same percentage of the vote as the party won in 1973.

Demirel's party is risking an inordinately high proportion of the seats at stake next Sunday—31 of 54; consequently, the outcome—as projected by the US embassy—would be of primary benefit to Ecevit. His party need only duplicate its 1973 performance to win 25 of the seats; these were last contested almost 10 years ago when the

relative strength of the principal parties was much different.

If Demirel's party equals or betters its 1973 performance, his hand in the coalition government will be strengthened, and chances for movement toward a Cyprus settlement would thereby improve. If his party should falter, his ability to promote a settlement will be further limited. [redacted]

OPEC PRICE HIKE

The 10-percent price increase decreed by the Organization of Petroleum Exporting Countries will considerably boost the payments deficits of several major foreign industrialized countries. To all of the major industrialized countries, the price increase is one more obstacle to economic recovery, although the direct impact on economic growth and inflation will not be great. An abnormally cold winter, of course, would trigger higher oil imports and magnify the effects of the price hike.

A Moderate Recovery

The latest increase in the cost of oil should not prevent the six major foreign industrialized countries as a group—France, West Germany, Italy, the UK, Canada, and Japan—from staging a moderate recovery in real economic growth in 1976. The real gross national product of the six is expected to increase at an annual rate of 3 percent in the first half of next year. The higher oil prices will drain more than \$5 billion in purchasing power annually from the six, equivalent to .3 percent of their expected gross national product for 1976.

With a price increase of about 10 percent in the wind for months, Tokyo, Paris, and Rome have had time to factor it into their expansionary programs. London has also taken it into account, as did Bonn when deciding to retreat from stimulative policies for next year. Canada is largely self-sufficient in oil, so Ottawa's policies and Canadian real growth will not be much affected

by the price change. The price increase will add about .5 percent to overall wholesale prices in coming months. Japan, Italy, and West Germany will feel the hike most because of their greater dependence on imported petroleum.

Oil import costs for the six had already been rising because of the appreciation of the US dollar, the currency in which oil prices are quoted. This has added about .2 percent to overall wholesale prices since June. The OPEC members agreed in principle three months ago to switch to pricing in special drawing rights; subsequent strengthening of the dollar has influenced them to put off any such action until December.

Oil Bills

The price hike will raise the oil import bill of the six by less than \$1 billion in the second half of 1975. It will affect only about one third of the oil imported in the period because of late implementation and the time lag on deliveries.

In the first half of next year, the price increase will raise oil bills by \$2.5 to \$3 billion. The impact will contribute substantially to current-account deficits in France, the UK, and Italy. In Japan, it will mean the difference between black ink and red. In Canada, it will add slightly to an already sizable current-account deficit. The rise in oil costs is not likely to cause importers to cut back the volume of purchases appreciably.

Impact on Developing Countries

The price hike, while causing some difficulties, will not seriously affect the developing countries that are net oil importers. Their oil import bill next year is expected to be \$15.7 billion instead of \$14.5 billion. Three of the more advanced countries—Brazil, South Korea, and India—will absorb 40 percent of the total increase.

The impact on inflation in developing countries will be slight; domestic factors have much more influence on price trends than the price of imports. Exceptions will be some of the more industrialized states with few trade barriers, like Hong Kong, where the oil-induced price rise will about equal the inflationary impact in the developed countries. [redacted]

LEBANON: TRUCE SHATTERED

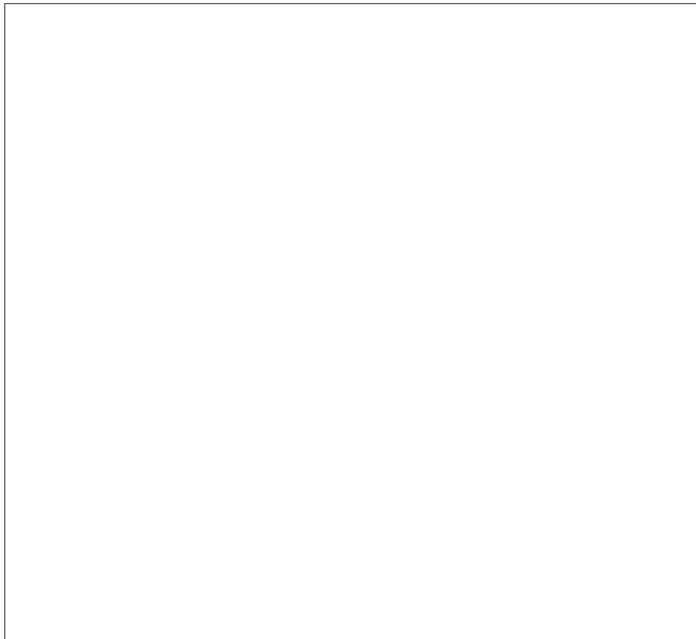
The truce arranged through Syrian mediation last month collapsed this week when major fighting between Christian militiamen and Muslim and leftist elements flared again in Beirut and in northern Lebanon. The latest outbreak increases the possibility that the major fedayeen groups, which so far have not taken part in the fighting despite their sympathy for the Muslims, may be drawn in.

Heavy fighting erupted in Beirut on the night of October 7 after five days of relative calm. The next day fighting also broke out again in the Tripoli-Zagharta area where the army has been trying to maintain a buffer zone between the opposing forces. Lebanese authorities announced on October 8 that all sides had agreed to yet another cease-fire, but rocket, machine-gun, and mortar exchanges as well as small arms firing continued.

Once again the government has turned to Syria for aid in restoring internal peace. Prime Minister Karami conferred with Syrian President Asad in Damascus on October 9, probably appealing to the Syrian leader to attempt a new mediatory effort. Syrian Foreign Minister Khaddam, who spent over a week in Lebanon last month, may be asked to return to Beirut.

As the trouble drags on, Christian President Franjijah's prospects for remaining in office until the end of his term next year are becoming increasingly uncertain. Last week Christian leader Raymond Edde and Muslim leader Saeb Salam, members of a centrist bloc in the Lebanese parliament, threatened to resign from the 20-member national reconciliation committee in what appeared to be an effort to force Franjijah's resignation. They have not yet followed through on the threat, but the pressure on the President to leave office is expected to increase. Most Muslims would like to see Franjijah replaced at least by a Christian who is less identified with the right-wing Phalanges Party. Many Christians now believe that the removal of the President is necessary to pave the way for a compromise that would grant the Muslims a greater share of political power.

Prospects for any early solution to Lebanon's basic problems are very poor. Most Lebanese are inclined to blame external forces for their country's troubles rather than to see them as stemming from years of failure to address pressing social, economic, and political problems. The national reconciliation committee met again on October 9 after a five-day break for the Muslim holiday concluding Ramadan, but the new fighting forced the committee to focus its attention on security problems rather than the root causes of the turmoil.



25X1 25X1

SPANISH SAHARA: MOROCCAN PLANS 25X1

King Hassan reiterated this week that he will wait for an advisory opinion by the International Court of Justice before resorting to force in Spanish Sahara. Morocco has taken unusual and apparently related military measures,



- All military leave has been canceled and troops are confined to barracks.

25X1 25X1



25X1

25X1
25X1
25X1
25X1

- The movement of police forces has been restricted.

- All army units and provincial governors were ordered to stockpile several staples by October 8.

King Hassan is also devoting more attention to his armed forces to build up their morale and confidence.

Morocco may be trying to exploit what it perceives as a moment of Spanish weakness in the wake of widespread international criticism of Madrid's campaign against terrorism. Hassan may provoke a direct confrontation with Spanish forces in an attempt to generate international pressure for mediation that he hopes would lead to a Spanish withdrawal and Moroccan acquisition of at least part of Spanish Sahara. Most Moroccans have supported Hassan on Spanish Sahara,

Initially Hassan may limit military action to forays against Spanish border posts, but with the Spanish military still in the Sahara serious fighting could develop. He has also demanded the return of the Spanish enclaves of Ceuta and Melilla in northern Morocco, and they may become involved as well. There is also potential for drawing Algeria into the conflict. Mauritania, the other interested party, probably will avoid any military involvement.

Hassan reiterated his intention last August to acquire Spanish Sahara by the end of the year, with force if necessary. Although he promised then to await an advisory opinion from the International Court of Justice on Moroccan-Mauritanian claims to the territory, he may have concluded that he has little time left to exercise his military option. The court's decision may be ambiguous or unfavorable to Morocco, and the report of a fact-finding mission of the UN Committee on Decolonization is expected to favor independence for the territory. The Moroccans also fear that collusion between Spain and Algeria could generate irreversible momentum in support of independence.

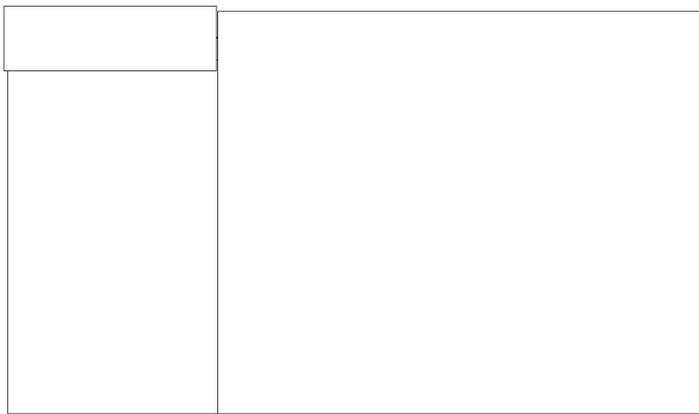
Madrid has taken limited precautionary measures to increase its capabilities to fend off a Moroccan incursion into the Spanish Sahara. Spain increased slightly the number of its airborne forces in the Sahara in mid-September and has dispatched six F-5 tactical fighters and reportedly some naval forces to the Canary Islands.



25X1

25X1

25X1



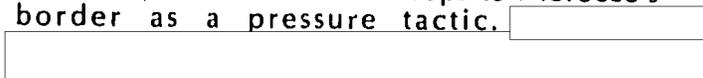
25X11

Prolonged fighting, however, would create another divisive issue in Madrid. The military would eventually disagree over the merits of fighting for a territory the government has already decided to give up.

25X1

Algeria continues to support independence for Spanish Sahara and is backing the POLISARIO Front a pro-independence Saharan group. Algiers has never advanced a territorial claim and would probably stop short of direct military intervention in the event of Moroccan aggression. The Algerians would, however, create as many problems for Morocco as possible. They could support a sustained insurgency effort in the Sahara, mount an intensive diplomatic effort to denounce Morocco, renew support to Moroccan dissidents, and move more troops to Morocco's border as a pressure tactic.

Although Madrid does not want to remain in Spanish Sahara or fight a colonial war, Spanish troops in the Sahara would resist a forcible eviction. At the same time Madrid would appeal to the UN to restore peace and ask Washington for its support. Initially an armed conflict with Morocco would unite most Spaniards and provide a diversion from internal problems.



25X1

25X1

THE BALANCE OF FORCES

Morocco has kept approximately one fourth of its more than 55,000-man army in southern Morocco since mid-1974. We estimate that most of the 12,000 to 15,000 Moroccan personnel in the southern zone are tactical infantry troops with some armor, artillery, and air defense forces in support. Although the army has established a command-and-support structure in the south, the Moroccans would nonetheless face considerable obstacles in launching and sustaining a major offensive against either Spanish or Algerian forces.

fighter-bombers and trainers, which can carry limited armaments, plus two squadrons of F-5 tactical fighter-bombers and four squadrons of Mirage III and F-4C interceptors from the air defense command in reserve.

Moroccan air power is limited to some 20 F-5s and another 20 or so Fouga Magister jet trainers. Rabat could only muster about half of these for combat missions because of maintenance problems and a shortage of qualified aircraft crews.

Spain, with its 200,000-man army, can muster enough force to defeat a Moroccan invasion of Spanish Sahara. Madrid already has some 16,000 army and air force personnel in the Sahara, with 20,000 more located nearby in the Canary Islands. The Spanish have 51 medium tanks and 35 armored cars for immediate armored support.

Algeria's ground forces are about the same size as Morocco's, but are better trained and equipped. Algiers has the smallest number of troops in the immediate area of potential conflict—only some 4,000 to 6,000 troops in southwestern Algeria. The Algerian air force, consisting of some 200 Soviet-built light bombers, fighter-bombers, and interceptors, could be brought to bear quickly and could well play a decisive role in support of Algeria's ground forces.

Spanish forces are better equipped and trained than the Moroccan army. Madrid has immediately available more than 60 subsonic



25X1



25X1

25X1

SYRIA: STIFFENING POSTURE

The Syrians continued to lash out publicly at Egypt and the Sinai accord this week. President Asad took the lead in a televised address marking the anniversary of the 1973 war. Asad also stated bluntly that Syria would not engage in talks looking toward another Syrian-Israeli accord unless concurrent negotiations are held with the Palestine Liberation Organization.

A stiffening of Damascus' public position on the Sinai accord has become increasingly evident over the past few weeks, but this is the first time Asad has insisted publicly on a direct link between Syrian-Israeli negotiations and the Palestinian problem. Some influential Syrians recently have been hinting in private that Syria could see little value at present in pressing only for the recovery of more of the Golan Heights and would need something as well for the Palestinians in order for an agreement to be politically acceptable. Only a few weeks ago the Syrians were saying privately that they considered the Sinai accord a necessary step to keep the momentum of negotiations going, that official Syrian propaganda was largely a smokescreen meant for domestic consumption, and that they expected and wanted the US to move as quickly as possible to promote negotiations between Syria and Israel.

By now insisting in public on some kind of linkage, Asad may not be ruling out the possibility of a strictly military disengagement agreement. But he apparently did intend to indicate as forcefully as he could that Syria is not prepared to make the kind of political concessions Egypt did unless Israel or the US is also ready to offer a political quid pro quo by extending recognition to the PLO as a legitimate party to the peace negotiations.

By taking this tack, Asad appears to have restricted his room for maneuver, but the Syrians are already so pessimistic about the prospects of obtaining anything substantial from the Israelis that they probably believe they have nothing to lose by assuming an uncompromising public posture.

The Asad regime may now be trying to put pressure on the US and Egypt to demonstrate that they have not abandoned their efforts to work for peace in the rest of the area. In the meantime, the Syrians are unlikely to slacken their criticism of the Sinai agreement or of the US and Sadat.

At the same time, Damascus is likely to try to create as much confusion and uncertainty as it can about Syrian intentions as the time nears to renew the mandate of the UN forces on the Golan Heights on November 30. Asad's remarks last month to *Newsweek* about the possibility of Syria resuming hostilities and the recent movement of Syrian armored units back toward the Golan Heights may have been intended to plant seeds of doubt about Syrian military intentions. For the time being, Asad probably sees no better alternative than to see whether these pressure tactics produce results.

ANGOLA: GETTING READY

After a brief standdown to build up their supplies, Angola's three warring liberation groups seem to be about to begin a fresh round of fighting. The Portuguese high commissioner in Luanda is still trying to find a political accommodation that will spare Portugal having to transfer sovereignty on November 11 to the Soviet-backed Popular Movement for the Liberation of Angola alone.

In the north, the National Front for the Liberation of Angola has begun to probe outlying defense perimeters established by the Popular Movement following the Front's recapture last month of Caxito, some 40 miles northeast of

Luanda. Portuguese military officials believe the Front is preparing a major offensive with the objective of surrounding the capital city in the hope that a siege will induce the Popular Movement to accept the Front as a partner in a post-independence government.

Central Angola may soon become the scene of heavy fighting. Forces of the Popular Movement are moving toward Nova Lisboa, the headquarters of the National Union for the Total Independence of Angola. Clashes between the two groups apparently have taken place west of the city, although neither side has made significant gains.

Heretofore, both groups have refrained from military operations in Nova Lisboa in order not to impede the evacuation of refugees from the city. The evacuation effort there ended on October 4. It will continue in Luanda and several small ports along the central and southern coast. Officials in Lisbon estimate that 140,000 whites have been removed from the territory since the program got under way in early August; another 140,000 refugees are still waiting.

Last weekend the Popular Movement stated publicly again that it regards itself as the only legitimate representative of the Angolan people and that it has no intention of negotiating with the other liberation groups. At a rally in Luanda, Movement president Agostinho Neto said his organization intends to assume sovereignty on November 11.

In a desperate attempt to cut some ground out from under the Popular Movement, the Portuguese high commissioner on the same day announced that he was re-establishing the former transitional government. He then appointed as co-premiers the same three senior representatives of the liberation groups that had formerly served in the defunct transitional government. The high commissioner's gesture was meaningless, inasmuch as the representatives of the National Front and National Union do not reside in Luanda and the Popular Movement, which is the real power in the city, will not allow them to return.

EGYPT: STUDENT CRITICS

Students at a Cairo university used the occasion of a "Nasirist Thought Conference," timed to coincide with the anniversary of Nasir's death on September 28, to level broad criticism at the Sadat regime and to call for a return to Nasirism. In the midst of the conference, some students staged the first public protest in Egypt against the second Sinai disengagement agreement. Government officials are concerned that student discontent will become more troublesome when the school year opens next week and that the emotional appeal of Nasirism could be used to fuel further criticism of the government.

The student conference was not primarily concerned with the disengagement agreement, and the demonstrations against it were only a side show. The students' target was broader: they spent several days attacking government policies across the board and lamenting Egypt's turn away from Nasirism. To exploit this theme, the organizers arranged for three of Nasir's children to attend and for his son-in-law to deliver a speech. Other speakers warned against the alleged dangers of the government's efforts to liberalize the economy and thus to overturn Nasir's socialism, and they decried corruption and the rise of "nouveau riche capitalists." Egypt's sole political party was denounced for its rightward, "reactionary" drift.

The government has suppressed virtually all news of the conference in order not to fuel further protests, and security forces are alert to the possibility of, and probably capable of handling, disturbances that might accompany the opening of the universities. Nonetheless, the students and leftist politicians inclined to manipulate them have a real potential for causing trouble.

There are legitimate economic grievances that leftists will probably attempt to exploit, particularly if the government does not move quickly to use the respite brought by the disengagement to bring tangible economic benefits to the people. Moreover, leftists could use the amorphous concept of Nasirism to undermine the still

25X1

widespread support within Egypt for the disengagement agreement.

Because the disengagement has pulled the underpinnings from the position of Arab leadership that Nasir built up for Egypt, Sadat is now more vulnerable to emotional charges that he is destroying the legacy left by Nasir. Such charges could have an impact even on those who do not oppose the disengagement agreement but who could be made to believe that things had somehow been better under Nasir.

Undoubtedly in an effort to foment discontent in Egypt on precisely these grounds, both Soviet and Syrian propagandists invoked Nasir's memory extensively in commentaries on the anniversary of his death. This is not unusual for Moscow, but Damascus has not previously taken note of the anniversary, and the Syrians were at loggerheads with Nasir during most of his rule.

BANGLADESH: PROGRESS REPORT

The government is attempting to project an image of a decisive, honest regime with a concern for civil liberties. It has clearly placed limits, however, on how far it will go for now in liberalizing political controls. In foreign affairs, the new leaders have scored some diplomatic successes in recent weeks.

Last week President Mushtaque made further efforts to distinguish his government from the late Mujibur Rahman's regime, which had become highly authoritarian prior to its fall in the coup last August. Mushtaque announced that 1,000 political prisoners had been released and that a high-level committee will review the charges against other political detainees. He also announced that the ban on political activity imposed after the coup will be lifted next August and that general elections will be held in February 1977.

Despite these measures, the government is apparently still enforcing its tough martial law regulations. New arrests have been made in the campaign to confiscate the large number of weapons illegally held throughout the country. According to official statements, since the program began in mid-September over 1,500 people have been arrested, and many could face a death sentence. The government also apparently is still holding some of Mujib's close associates, who were rounded up after the coup.

These measures reflect the government's concern over internal security. A post-coup leadership dispute in the officer corps appears to have eased at least temporarily, but there are other problems. In addition to the persistent threat of terrorism by extremist groups, the regime is concerned about reports that armed supporters of Mujib are seeking revenge for the coup. The government probably also realizes that unless it shows some progress in dealing with the country's economic and social problems public disenchantment is inevitable.

This month Dacca concluded agreements with Islamabad and Peking to establish full diplomatic relations—steps that Mushtaque hopes will lead to economic assistance and increased trade. Following the coup, Pakistan and China were among the first nations to recognize the new government. China had never recognized the Mujib regime, and progress toward formal ties between Pakistan and Bangladesh had bogged down over Mujib's demand that Islamabad first accept more refugees and agree to a sharing of undivided Pakistan's assets. Mushtaque, it is clear, agreed to drop the resolution of these issues as a precondition to a diplomatic exchange.

The Bengalees will be careful not to overplay the importance of their new relations with Pakistan and China in order to avoid provoking a strong reaction from India, which is already concerned about the orientation of the new government. Mushtaque apparently is nervous over Indian intentions in Bangladesh and has made repeated attempts to reassure India as well as the Soviet Union.

NIGERIA: PROMISES, PROMISES

Nigeria's new military regime last week unveiled a five-step political program aimed at restoring civilian rule within four years. The program is an effort to respond to demands for a timetable from important civilian groups that have been unhappy since General Gowon's government reneged last year on its promise to hand over power by 1976.

Brigadier Muhammed, who replaced Gowon as head of state in a coup last July, outlined the program in a speech on October 1 marking the 15th anniversary of Nigerian independence. It sets a series of target dates for the completion of steps designed to culminate in a turnover of the government to elected civilian representatives:

- By late 1976, a new federal constitution is to be drafted and new states within Nigeria's federal system may be created.
- By 1978, local government is to be reorganized and nonpartisan local elections held. A constituent assembly will then be chosen to approve the draft constitution.
- In October 1978, the ban on political activities is to be lifted and political parties will be allowed to organize.
- By October 1979, state and federal legislative elections will have been held so that power can be transferred to the elected government.

Muhammed did not address the question of the participation of Nigeria's ex-politicians in a new civilian regime. This omission, along with the new four-year timetable and accompanying extension of the nine year ban on political activities for at least three more years, no doubt has reinforced the skepticism of former politicians and their followers that the military will honor its latest promise to return to the barracks. Muhammed also gave no hint about the shape of future political institutions or the role the military envisions for itself under a civilian government.

It is unclear what the military has in mind for Nigeria's old-line politicians who still aspire to power and whose cut-throat politics led to two military coups in 1966 and a civil war a year later. None of these politicians has support transcending a narrow tribal or sectional base. If the regime is serious about restoring civilian rule, it may well try to encourage the emergence of a younger and more nationalistic group of political leaders.

Although Muhammed declared that the military would not stay in office a day longer than necessary, the present rulers clearly intend to control the pace and direction of their program. Muhammed and the Supreme Military Council have served notice that their overriding concern is the preservation of Nigerian unity and stability. Should Nigeria's deep-seated tribal and regional animosities become seriously inflamed as the program is implemented, the regime probably would not hesitate to scrap the new timetable and extend military rule indefinitely.



Brigadier Muhammed

25X1

25X1

25X1



President Bordaberry

URUGUAY: THE PRESIDENCY

Despite frequent clashes with military leaders over who makes policy, President Bordaberry has managed to exercise a large measure of control over major decisions. His performance is dispelling fears that he would be restricted to a ceremonial role by the high command's decision in June 1973 to abolish traditional politics in Uruguay. It now seems certain that national elections will not be held as scheduled in November 1976, and Bordaberry will probably continue in office beyond the expiration of his current term in March 1977.

Since the military first became directly involved in running the government, Bordaberry's

position has often appeared tenuous. Some armed forces officers still want the military to assume full control, but are hampered by their own lack of unity and limited expertise in several crucial areas of government operations.

In recent months Bordaberry has become more willing to confront the military high command on key issues, particularly agriculture and economic policy. Because compromises have allowed civilian technocrats to retain authority in economic planning, Bordaberry has received considerable public praise. This acclaim has engendered a new public confidence in Bordaberry and given him greater maneuverability. Not only does he insist on directing economic policy, but he has also taken some significant foreign policy initiatives. In recent months Bordaberry has met with the chief executives of Bolivia, Paraguay, Brazil, and Chile for the purpose of fostering improved economic and political ties among the anti-Communist countries of the southern cone. Through these meetings, and their resulting bilateral agreements, the Uruguayan President hopes that the region's economic infrastructure will be substantially upgraded and that the countries involved will join together to counteract what he views as an international Marxist-inspired propaganda campaign against them.

As his popularity and sense of independence have increased, Bordaberry has indicated that the scheduled 1976 presidential election must be canceled to avoid returning to the "old politics." Such a move would satisfy most of the military high command because it would legitimize their continued direct role in the government.

This emerging system runs counter to Uruguay's tradition of democratic participation, but because of recent political violence and economic stagnation, most Uruguayans seem to be willing to go along with things as they are. The violence and political turmoil in neighboring Argentina undoubtedly are added incentives. A recent survey showed that the vast majority of Uruguayans view economic growth and domestic tranquility as greater priorities than a return to political normalcy.

25X1

25X1

ARGENTINA: PERON'S RETURN

The relative political lull during President Maria Estela Peron's absence from the capital has given way to growing controversy centering on her prospective return, scheduled for next week. While Peron herself has lost effective power and is unlikely to gain it back, the question of who will assume it permanently is of vital concern to all significant political sectors.

Presidential spokesmen have said that Peron is well and plans to return to Buenos Aires on October 17 to address a mass rally marking Juan Peron's rise to power. Some observers fear the possibility of violence if dissident Peronists—including the terrorist Montoneros—should seek to disrupt the event.

The eventual disposition of effective power will affect most directly the current governing team led by Acting President Luder, Interior Minister Robledo, and Economy Minister Cafiero. These three have managed to restore a measure of confidence in the government's ability to function and carry out day-to-day administrative tasks. All three realize that unless there is a satisfactory solution to the political problem of Peron's status, their ability to continue functioning will diminish steadily.

Their concern is complicated by the fact that all three are potential contenders in the presidential election, scheduled for 1977. For this reason, each has his own preferred solution to the problem. Luder, for example, who is chief among those who favor Peron's continued absence, hopes to continue exercising presidential authority and build a case for his eventual election to a full term. Robledo, on the other hand, is said to favor restoring Peron to the presidency, at least as a figurehead, and thus removing Luder from the scene. Cafiero, who so far has deftly avoided being identified with either side, would nonetheless benefit from Luder's departure; he would thus have one less man to contend with.

The military, whose unity and behind-the-scenes influence on politics have increased greatly in recent months, are eyeing the

situation with concern. Anxious to prolong the relative effectiveness of the Luder team—particularly its efforts to centralize the anti-terrorist struggle—the high command is dismayed at the resurging debate over Peron's role. Most of its members probably favor her continued absence, but would accept her return in a ceremonial role. Though the officers still favor a constitutional solution, they are more likely than before to intervene openly should political struggles once again paralyze the government.

Top labor leaders also have an important stake in the resolution of the President's status. Peronist union chief Lorenzo Miguel is chief among those favoring her retention in the presidency. He has been challenged, however, by another leading unionist, Buenos Aires province governor Calabro, who is increasingly considered a presidential contender. Calabro, who has tested the political waters by calling openly for Peron's ouster, has contributed to a major split within labor.

There is considerable sentiment within the main political parties either for the President's indefinite absence, or her definitive departure. Indeed, the action of her own party some months ago in choosing Luder as Senate president, thus placing him next in line of succession, constituted an early and important expression of antagonism to her. The chief opposition party, the Radical Civic Union, has proposed advancing the date of the presidential election by some six months. The Radicals clearly hope to capitalize on popular disgust with the Peron administration and feel that unless elections are held soon the chances of a military coup will increase.

Much will depend on Peron herself. She appears determined, at least for the moment, to retain some role. Both Robledo and Luder visited the President this week, the former probably urging her to accept a ceremonial role and the latter recommending a longer rest. If she feels compelled to assert herself to comply with a sense of duty, her attitude could go a long way toward provoking the military.

Page Denied

LATIN AMERICA - US RELATIONS

Latin American governments, especially those of the more advanced countries, in various ways are revealing the tentative nature of their recent moratorium on criticizing the US.

Latin response to the improved negotiating climate at the UN and in other arenas of the rich-poor debate reflects both relief at the break in tension and deep skepticism of Washington's intent to follow through on proposals and principles it has enunciated. Most Latin Americans agree that Washington's presentations at the UN this fall have opened the way to negotiation. But while they wish to exploit fully any "give" in the US position, they seem to regard new frictions as inevitable.

Official and media commentary reflects Latin doubt about Washington's "political will" to make any real sacrifices in the process of assisting the have-not and developing nations. Reactions have varied in detail, but certain common themes reflect the Latins' reluctance to move out on a limb of optimism. They remain chagrined over their experience two years ago when they overenthusiastically greeted the offer of a new dialogue within the hemisphere and then had to wait in line while Washington dealt with more pressing concerns elsewhere. Gains in their dealings with the US will have to be tangible before they begin to accept new US offers as sincere.

Brazil's Foreign Minister Azeredo da Silveira, who made some proposals of his own at the UN, returned to Brasilia criticizing the US proposals as "cosmetic" and suggesting that the US still fails to comprehend the seriousness of the world's economic disequilibrium. He also offered some "advice" to the US in its relationship with Africa, warning Washington against recreating there the frustration and bitterness felt in Latin America because of unfulfilled US promises.

Silveira appears to distrust the offer of a renewed producer-consumer dialogue, claiming that the problem is not raw materials but the protection of all products of the developing countries, whether primary or manufactured goods. He complains that the US and other developed countries have the wherewithal to

protect themselves both as producers and consumers and that the existing framework serves only the wealthy nations. Trade, he says, is the centerpiece for meaningful negotiations, and new rules must demand legal, not merely moral, obligations toward the poor and aspirant countries. The Brazilians continue to feel stung by what they regard as protectionist US attitudes in trade matters. Brazil feels, for example, that its shoe industry, now that it has become competitive with the US, has been "punished" by US trade regulations.

Venezuelan officials have cited US proposals as positive but expressed suspicion about certain "contradictions" and annoyance with US criticism of oil producers. The Venezuelans object to the number of new organizations envisioned to implement proposals, suspecting that they are advanced as a delaying tactic. They resent Washington's insistence that codes of conduct of transnational companies must be met by standards of behavior for the governments hosting such enterprises. They question the principle of expanding raw material resources in the lesser developed countries, pointing to the conflict with their own conservationist efforts. The Venezuelans speak openly of their doubt that the US has the determination to come to grips with the many difficult issues involved in adjusting the world economy.

Venezuela, Brazil, Argentina, and Uruguay have in varying ways expressed Latin America's concern that this region, more advanced than most of the "Third World," can be the loser in the current international focus on the need to help the poorest countries. Slowly but deliberately, they are formulating the needs of "middle-income" nations. Uruguay has recommended, for example, the establishment of special standards for loans and funding to medium- and high-income nations.

While the Latin Americans will probably be more inclined than some other regional groups to go along with and even assist US initiatives that they see as positive, they will look closely at every detail that might affect them adversely.

SURINAM: TOWARD INDEPENDENCE

With Surinam's independence still scheduled for November 25, preparations have been delayed for over a month by a deadlocked parliament, and neither the government nor the opposition seems ready to make concessions.

The Progressive Reform Party, Surinam's major opposition group, has been on the defensive since its surprise electoral defeat in November 1973. It represents the large East Indian community, which fears that under the present leadership Surinam is becoming dominated by the creoles (blacks). Faced with losing Dutch protection following independence, the East Indians have become even more apprehensive.

The balance of power has shifted in recent weeks, however, following the defection of three non-creoles from the predominantly black ruling coalition. The three have joined with the Progressive Reform Party's 17 legislators to give the opposition a majority in the 39-member Staten (parliament).

Jagernath Lachmon, the leader of the opposition, now is heading a delegation in the Netherlands, where the Dutch Parliament is attempting to resolve a few remaining bilateral issues before Surinam becomes independent. He

will use his party's new position of strength to try to secure Dutch support for a Surinamese constitution that would protect the rights of the East Indians.

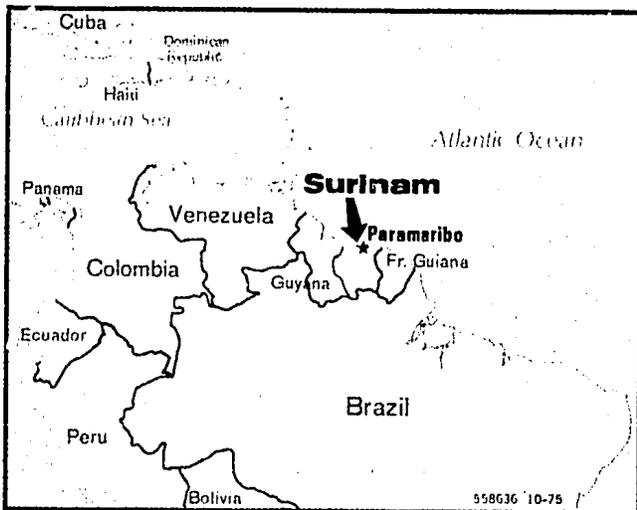
If Lachmon fails, he reportedly will continue to promote confrontation with the government. By withholding a quorum in the Staten, he has been able to prevent action on necessary legislation such as the adoption of a new constitution. This delaying tactic will undoubtedly continue, and Lachmon may even try to force a vote of no confidence that would make it necessary to hold new elections. The party will accompany its parliamentary activities with public demonstrations, and some members are reportedly even willing to resort to violence.

25X1

Lachmon may be overplaying his hand. His one-vote majority depends on the continued support of the three defectors, one of whom is vacillating.

25X1

Recent efforts aimed at working out a compromise have failed because of intransigence on both sides.



It is still possible that a settlement can be reached that would allow a peaceful transition to independence, but prospects have diminished over the past month, and it appears increasingly unlikely that the present schedule can actually be met.

25X1

PHILIPPINES: HEADS COULD ROLL

When President Marcos decided to celebrate the third anniversary of martial law with a dramatic purge of civilian and military bureaucracies, he hoped the shakeup would reinvigorate his New Society programs. The manner in which he carried it out has created considerable uncertainty among his subordinates and has led to intense political lobbying that may ultimately cause more problems than he anticipated.

Some of those allegedly fired for corruption or malfeasance in office were apparently the victims of high-level political infighting and not really wrongdoers. Others, who were justly named, may ultimately get the decision reversed because they have protectors in important positions in the palace circle. This has caused a general air of confusion and a case of nerves within the government as jittery functionaries try to figure out where they stand with the President and his confidants.

In addition to the wide-ranging civilian purge already under way, Marcos also plans to weed out some military officers. He is expected to announce soon a dismissal list that will include not only malefactors, but also those who should have retired long ago.

Several motives may have been behind Marcos' original action. Although he is under no strong domestic pressure to move against corruption, he is sensitive to criticism both at home and abroad that the New Society differs little from previous regimes in either its actions or its cast of characters. Marcos may also have seen a chance to increase his personal authority over the civilian and military bureaucracies and to remind his close associates that their positions depend on him personally.

Despite the accompanying ballyhoo, the final outcome of the great housecleaning may be largely cosmetic. Some of the big fish who are removed may well remain powers behind the



President Marcos

scene, suffering only the loss of their titles, and others will probably receive lucrative sinecures.

Marcos will have to move soon to counteract the image that his purge is creating of an indiscriminate and unplanned shakeup. The apparent ineptness is already leading to criticism of the President's leadership. Moreover, Marcos will want to reassure his followers, particularly in the military, that their vital interests will not be threatened by his reforms. He depends on the military to remain in power, and if the present uproar creates serious doubts in their minds about his continued willingness to repay their loyalty, it could over time erode his power base.

25X1

25X1

25X1

25X1

AUSTRALIA: ELECTION PROSPECTS

The likelihood of early national elections has receded as a result of the opposition's unwillingness to use its parliamentary advantage to force the government to the polls. Many Australians had speculated that the opposition would use its control of the Senate to force elections before the end of the year by voting down the budget. Liberal Party leader Fraser, however, has so far been unwilling to throw down the gauntlet, despite the Labor government's record low public standing and prodding by his own party deputy and by the National Country Party, the junior partner in the opposition coalition.

The opposition has scored a series of landslide wins in local contests this year, but Fraser is probably not convinced that his party is sufficiently unified to take on the responsibilities of governing. The divisions from the leadership struggle last spring that put Fraser in as party chief have not been closed. Fraser probably also believes that—to avoid being saddled with Australia's deep economic problems—his party should wait until the economic picture begins to brighten a bit. The leaders of the two largest state Liberal organizations agree that elections should be held off.

Fraser also shares the Australian feeling that—even in the context of the country's turbulent politics—it simply is not proper to bring down a government by rejecting a national budget and denying the funds needed to provide public services. It has never been done, and opposition consideration of this move last year was sufficient to provoke Prime Minister Whitlam into calling national elections which kept Labor in power. Fraser may in fact not be certain that he could maintain discipline in a budget challenge. Several Liberal senators have indicated that they would bolt and vote with the government.

The Labor government appears buoyed by this opposition indecision. Prime Minister Whitlam, mocking the opposition for "dithering" on the elections question, has expressed confidence that there will be no national contest this year.

25X1

25X1

Page Denied

Next 1 Page(s) In Document Denied