

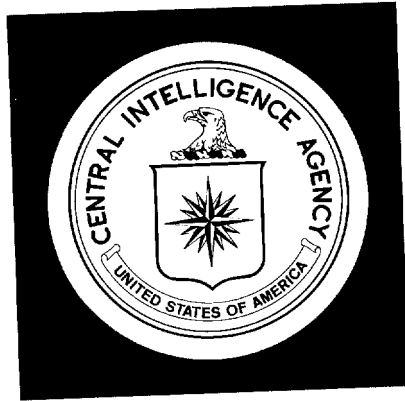
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Weekly Summary

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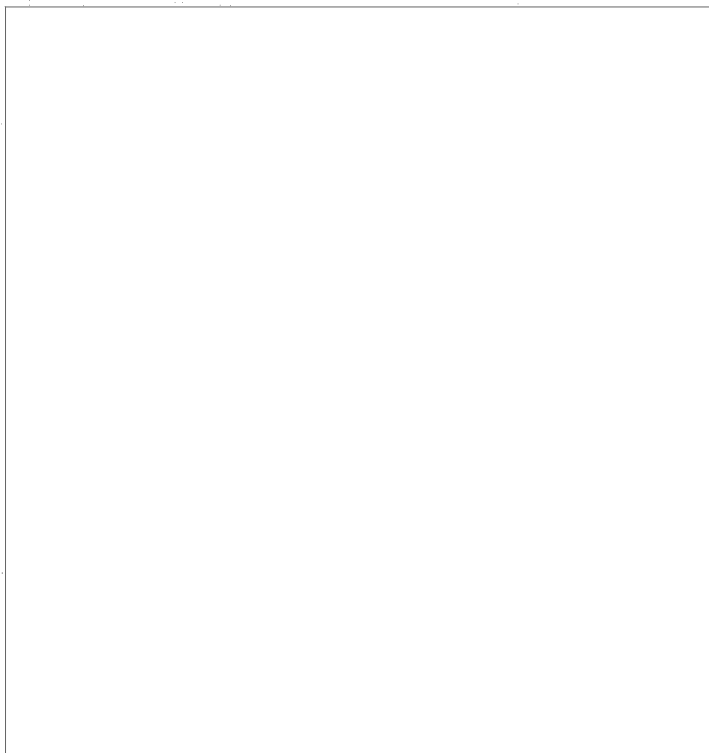
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CONTENTS (February 13, 1976)

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology.

25X1



MIDDLE EAST
AFRICA

- 1 Angola: Movement Onslaught
- 3 USSR-Angola: More Tough Talk
- 4 Lebanon: Inching Ahead
- 4 France-Somalia: Heating Up
- 5 Morocco-Algeria: No Solution

EUROPE

- 7 Italy: Respite But No Solution
- 8 France: Crucial Congress
- 10 USSR: Party Congress
- 11 Spain: Government Initiative
- 12 Iceland: Tensions Increase
- 13 NATO: Arms Cooperation
- 14 Balkan Cooperation
- 14 Albania: State of Paranoia

EAST ASIA
PACIFIC

- 15 China: "Acting" Premier
- 17 Japan: Trade Surplus; Scandal
- 18 Indonesia: Last Act in Timor

WESTERN
HEMISPHERE

- 19 Cuba: Constitutional Referendum
- 19 Guatemala: The Earthquake
- 21 Guyana: Toward a One-Party State
- 21 Argentina: Labor Support Wanes
- 22 Peru: Labor Woes

INTERNATIONAL

- 23 OPEC: New Aid Facility

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

25X1

SECRET

1-10

ANGOLA: MOVEMENT ONSLAUGHT

The Popular Movement, spearheaded by Cuban troops using Soviet-supplied armor, scored major gains this week against the forces of its adversaries, who appear unlikely to be able to wage conventional warfare much longer. With the Movement on the way to occupying the remaining population centers, African states that had resisted the Luanda regime's push for acceptance as the government of Angola at the OAU meeting last month are jumping on the bandwagon. Many African states, including some that came out for the Popular Movement before it established its ascendancy, are looking for ways to promote a political accommodation between the Movement and its two rivals, but so far Movement leader Agostinho Neto has shown no willingness to listen.

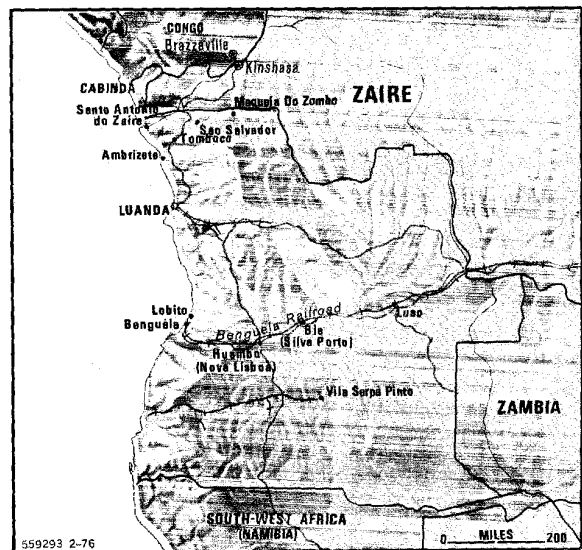
Military Situation

Huambo, Angola's second largest city, was taken early on February 9 by a Popular Movement force that reportedly consisted of several thousand Cubans backed by T-34 tanks, helicopters, and 122-mm. rockets. Huambo had also served as the capital of the nominal joint government proclaimed last November by the National Union and National Front; the few "administrators" in residence evacuated the city in advance of its fall. In acknowledging the loss of Huambo, a spokesman for the southern-based National Union indicated publicly this week that his group would not be able to field a conventional force for long and would have to revert to the guerrilla tactics it had long employed against the Portuguese. He vowed, however, that the Union would fight on. National Union forces that had been defending Huambo withdrew to Bie, the group's main military headquarters. That city fell on February 11, and Union President Savimbi has

withdrawn to the remote southern town of Vila Serpa Pinto.

The Popular Movement's drive into the National Union's tribal territory made progress along the coast, too. On February 10, a Movement force apparently occupied the vital Benguela-Lobito port and rail complex. Union troops in the area were reportedly ordered last weekend to begin withdrawing southward. Neto's forces may next concentrate their main efforts on extending and consolidating their hold over the populous central area and the Benguela Railway lifeline. Luso, in eastern Angola, is sure to be an early target.

In northern Angola, tank-led Cuban and Popular Movement forces advancing from Ambrizete took Tomboco and the coastal port of



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Santo Antonio do Zaire last weekend. The Front has apparently also evacuated Maquela do Zombo and will probably soon abandon Sao Salvador, its last position of any size. Most of the Front's forces have retreated into Zaire.

Political Developments

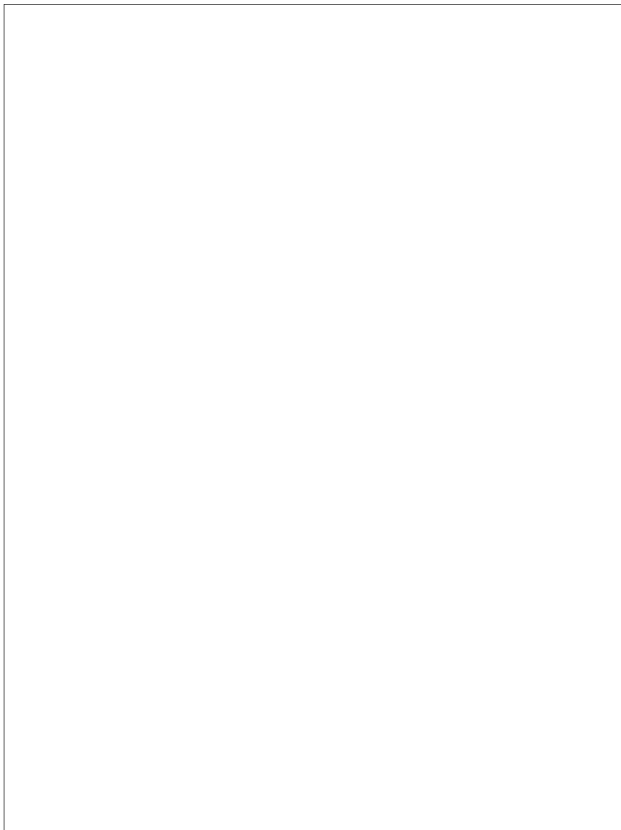
Cameroon extended official recognition to the Luanda regime last week, and Uganda, Togo, Gabon Ivory Coast, and Upper Volta followed suit this week. The Neto regime now has been formally accepted by 30 of the 46 member states of the Organization of African Unity. Most, if not all of the rest, are likely to fall into line before long; even Zairian President Mobutu, Neto's long-time enemy, is apparently trying to work out a modus vivendi with the Popular Movement. In any event, the Movement's new diplomatic gains ended any doubts about whether it would be seated as the government of Angola at the OAU ministerial meeting that is apparently still scheduled for later this month.

Uganda's action gave the Movement a special boost, inasmuch as President Amin had played an important role in his capacity as OAU chairman in the effort to check the Neto group's drive for acceptance as the sole government of Angola. In a telegram to Neto, Amin explained that Uganda was extending recognition because the Popular Movement had been endorsed by a majority of OAU states and thus was "automatically entitled" to full OAU membership.

With the deterioration of its military and political position, the National Union has stepped up its efforts to get talks going with Neto on a possible coalition government for Angola. An approach last month to Kenya to act as go-between got nowhere; Nairobi recently informed Savimbi that Neto was unresponsive to its overtures.

The Union is now looking to Nigeria, which it approached through the British. Although Nigeria recognized the Popular Movement regime last

November and has given it strong diplomatic support, Lagos has continued to favor some kind of accommodation between the warring Angolan groups. According to the British high commissioner in Lagos, the Nigerians agreed last week to relay to Neto a message from Savimbi proposing discussions in Lusaka, Zambia. There are some signs that the Nigerians are becoming increasingly anxious to end the Soviet and Cuban presence in Angola and consider a reconciliation between the Popular Movement and the National Union as a necessary precondition. Neto, however, is apparently still adamantly resisting all efforts to move him toward any coalition arrangement, even one limited to the National Union as a decided junior partner.



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USSR-ANGOLA: MORE TOUGH TALK

Pravda this week published a long, authoritative article on Angola designed in part to refute US criticism of Moscow's role in the former Portuguese territory.

The article—signed "Observer" to indicate top-level Kremlin endorsement—is Moscow's most complete and authoritative statement on Angola to date. Its tone was confident on Angola itself, assertive regarding the rest of Africa, and almost pugnacious in its rejection of the notion that the USSR has anything to apologize for in its Angola policy. It lashed out at Secretary Kissinger's recent speech in San Francisco, saying the Secretary was "obviously out of tune with the facts" and was attempting to "whitewash" long-standing US "overt and covert interference" in Angola. "Observer" emphasized that detente does not signify "freedom of action for aggressors."

Moscow has displayed considerable sensitivity to the Secretary's West Coast remarks and to his testimony on Angola before the Senate, but this is the first time that an authoritative Soviet rebuttal has appeared. Earlier articles had directly criticized both President Ford and Secretary Kissinger for allegedly "distorting" the Soviet and Cuban role in Angola, but they were careful to balance these barbs with positive comments on the accomplishments of detente. *Pravda* did not mention Cuban aid for the Popular Movement nor Soviet naval activity off West Africa, but it did, for the first time, admit openly that the USSR and its allies gave Angola "weapons."

Perhaps by way of additional justification, the "Observer" article went further than the Soviets had gone heretofore in describing the "imperialist opponents" arrayed against the Luanda regime. Thus, it stated specifically that the mercenaries who have fought against the Popular Movement were recruited in the US, West Germany, the UK, and other Western countries in a "well-organized way."

"Observer" also took a swipe at alleged NATO designs on Angola, a theme that has appeared with increasing frequency in recent

Soviet media commentary. "It is no secret," the article noted, that Western "military, strategic, and economic interests" play a considerable role in "neo-colonialist and racist" desires for a "bastion" in southern Africa to confront all the "progressive countries" on the continent. "Observer's" assertion that South African forces have no intention of withdrawing from Angola raised by implication the possibility that Soviet assistance and that of the Cubans will continue. This may also be the underlying meaning behind the assertion that the Angolan people should be "ensured conditions to complete the liberation."

Revolutionary groups elsewhere in sub-Saharan Africa were offered even stronger encouragement than was the case in an *Izvestia* "Observer" article on Angola late last month. *Pravda* emphasized that the consolidation of the Popular Movement's power in Angola will represent a "powerful stimulus" in mounting the liberation struggle against Namibia, Rhodesia, and South Africa itself.

At the same time, however, *Pravda*—like the earlier *Izvestia* article—attempted to balance its hard-hitting prose with a conciliatory gesture. While making no bones about Soviet "moral, political, diplomatic, and other" assistance to the People's Republic of Angola as the "legitimate" government, "Observer" pointed out that Moscow by no means considers the "military way" the only possibility of settling the Angolan question.

The "Observer" article devoted a paragraph to a quote from "President" Neto, saying that he and the Angolan people appreciate all that their "friends" have done. The purpose of this curious testimonial may be to tell the Soviet audience that the Soviets have reason to believe that the Popular Movement will not prove to be a bunch of ingrates.

"Observer" took special note of China's support for the forces opposing the Popular Movement. The treatment may have been in reaction to a recent attack in the *People's Daily* on Soviet policy in Angola.

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LEBANON: INCHING AHEAD

Lebanese President Franjyah made his long-awaited trip to Damascus last weekend. His talks with Syrian President Asad resulted in a public reaffirmation by Damascus of its guarantee that the Palestinians will respect past agreements with the Lebanese government. No announcements were made concerning the political settlement for Lebanon that Syria has been seeking, apparently because Lebanese politicians, while agreeing on the basics of a reform package, continue to argue over specific provisions.

Damascus will probably attempt to honor its pledge to control the fedayeen by continuing to use units of the Syrian-controlled Palestine Liberation Army to patrol areas of Lebanon where the fedayeen and Christian militias most often clash. In addition, Liberation Army forces in Beirut will probably try to restrict armed fedayeen to the refugee camps. These actions will help to preserve the cease-fire and facilitate political negotiations at no long-term cost to the fedayeen military position in Lebanon.

A Lebanese newspaper reported last weekend that Franjyah and Asad also agreed on a comprehensive political settlement for Lebanon that will be made public by Beirut after it is approved by the Lebanese cabinet. The accord reportedly provides for:

- A revised and written Lebanese national charter to replace the existing unwritten national covenant.
- The formation of a new cabinet under Prime Minister Karami.
- The scheduled withdrawal of Palestine Liberation Army troops from Lebanon.

The report remains unconfirmed. Syrian Foreign Minister Khaddam did tell newsmen late last week, however, that Asad and Franjyah, even before their meeting in Damascus, had reached agreement on a political settlement covering "all

aspects" of the Lebanese dispute. An announcement may be made in Beirut following a special cabinet meeting scheduled for February 14.

Franjyah is using the agreement on the Palestinian question in a final attempt to elicit the backing of all Christian factions for a general political settlement. Leaders of some ultra-conservative Maronite groups are still trying to qualify their agreement to basic elements of the reform package by demanding a more detailed agreement that would better protect the Christians' political prerogatives.

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23-24; 28; 32-33

FRANCE-SOMALIA: HEATING UP

Tensions increased markedly in the volatile Horn of Africa last week as a result of a border clash between Somali soldiers and French troops stationed in France's Territory of the Afars and Issas. Both sides reinforced their garrisons, and neighboring Ethiopia placed its armed forces on alert. A wider conflict appears unlikely at this time, but more trouble seems certain as Paris proceeds with plans, which Somalia opposes, for decolonizing the territory.

On February 3, members of a Somali-backed guerrilla group, the Front for the Liberation of the Somali Coast, hijacked a bus carrying French school children in Djibouti, the capital of the French territory. French troops halted the bus near the Somali border and, on the following day, stormed the vehicle, killing the terrorists. During the incident, the troops exchanged fire with a Somali force drawn up to the border. France claims the Somalis fired first; Mogadiscio charges that the French attacked a Somali border town with tanks, armored cars, and artillery.

All French forces in the territory were placed on alert, and Paris flew in about 1,000 riot police.

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The French also arrested the leader of the territory's legal opposition party, which has close ties to Somalia and the terrorist group.

violence. [redacted]

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Unrest had been increasing in the territory for several months. Opponents of the pro-French colonial government have staged several demonstrations, and French authorities have been searching homes for arms caches and expelling ethnic Somalis suspected of being illegal residents. The expulsions, in particular, have angered President Siad's government in Mogadiscio, which claims that France is forcing out legal residents who might vote for pro-Somali candidates in any elections to be held as part of the decolonization process.

France has pledged to guarantee the integrity and security of an independent Afar-Issa state by maintaining a military presence, but Paris is probably unwilling to act as sole peacekeeper in the region. More terrorist acts against French citizens could cause France to reconsider its pledge. [redacted]

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34-57

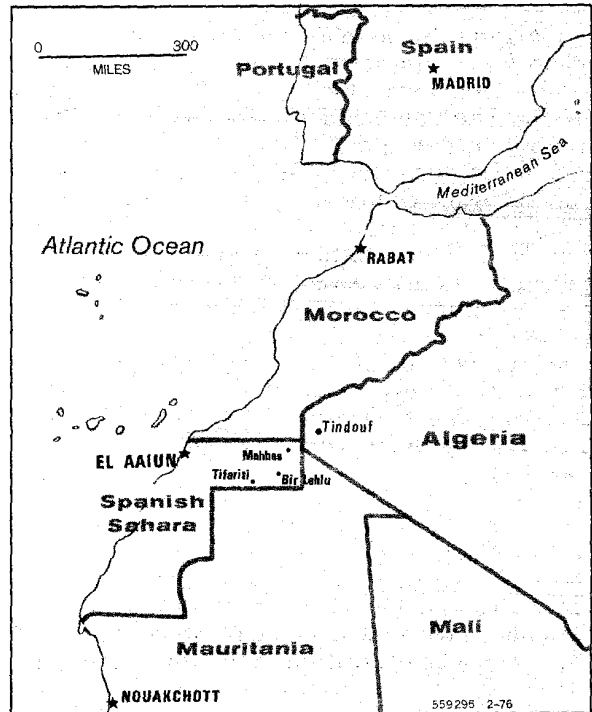
MOROCCO-ALGERIA: NO SOLUTION YET

Since the clash, the border has remained quiet, but Somalia has pressed a vigorous propaganda and diplomatic campaign aimed against France and Ethiopia, which supports Paris' plans for the territory. The campaign apparently is intended in part to deflect attention from Mogadiscio's ties with the terrorists and to further Somalia's efforts to gain a voice in negotiations on decolonizing the territory. Mogadiscio officially supports "unconditional" independence, but its long-range ambition is to annex the territory—and parts of Ethiopia and Kenya as well. President Siad is particularly opposed to France's plans to transfer power to a long-time Somali foe and to keep French troops in the territory after independence.

Arab efforts last week to resolve the dispute between Morocco and Algeria over Spanish Sahara made little progress, although Egyptian and Saudi mediators did succeed in arranging at

On February 5, Mogadiscio asked for a UN Security Council meeting over the incident, but subsequently indicated that it would not press for a meeting until early next week. There are signs that some African delegates, concerned that a debate would reveal more disunity in their ranks, were attempting to get Somalia to withdraw its request. [redacted]

Siad is claiming publicly that France and "certain colonialist forces" have plans to invade Somalia and has sought political support from fellow members of the Arab League. Siad will probably step up pressure against the French by supporting a campaign of subversion and



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least a partial withdrawal of Algerian forces from the disputed territory. The Moroccans have resumed a military sweep against remaining strongholds of the Algerian-backed Polisario guerrillas in the northeastern Sahara. Algiers is continuing to provide the Polisario Front with essential material support for its insurgency, while pushing on the diplomatic level for a referendum on self-determination.

Egyptian Vice President Mubarak returned to Cairo on February 5, having failed to get Morocco and Algeria to compromise on the substance of their dispute. Rabat continues to insist on Algerian recognition of Moroccan sovereignty over the territory before Morocco will accept Egypt's proposal for a meeting of foreign ministers in Cairo. Morocco's position was spelled out by Minister of State for Information Benhima in a press conference on February 10. Rabat's decision to press on with its military sweep in Spanish Sahara while Egyptian mediation efforts were still going on contributed to Mubarak's failure.

Algeria, for its part, refuses to drop its demand for a "free and genuine" referendum on self-determination for the people of Spanish Sahara. The Boumediene government reiterated its position at length on February 6 in a memorandum to UN Secretary General Waldheim. In addition to again condemning the tripartite agreement signed last November by Madrid, Rabat, and Nouakchott turning over control of the Sahara to the Moroccans and Mauritians, the memorandum maintained that Spain is still accountable to the UN as the legitimate administering power of a non-self-governing territory. It also characterized the Moroccan-Mauritanian take-over of the territory as a blatant act of aggression affecting the peace and stability of the region.

The memorandum may be a prelude to an Algerian appeal to the Security Council. Given the inconclusive outcome of the debate in the General Assembly last December—two resolutions were passed, one of which supported the Moroccan position and the other the

Algerian—a request that the Council take up the Sahara issue as a threat to international security is the only move left to the Algerians at the UN.

Waldheim's personal envoy arrived in the Sahara on February 7 after two days of consultations in Madrid. He is expected to return home later this week without visiting Morocco, Mauritania, or Algeria. The envoy—and the Moroccans, who insist that the question of the future of the disputed territory is settled—are carefully portraying the mission as limited to fact-finding. The Moroccans are also using the occasion to play up their claim that Saharans have already been consulted through the territorial assembly, which Rabat says decisively endorsed the tripartite accord. The Algerians are characterizing the envoy's mission as evidence that the "Sahara file remains open" at the UN.

Within the territory, Moroccan military operations in the northeast have proceeded without incident. The Moroccans occupied Tifariti on February 4 and Bir Lehlu four days later, after Egyptian and Saudi mediators arranged a deal with Algeria to withdraw any forces it had in the two towns. By midweek there were unconfirmed reports that Moroccan troops had also occupied Mahbes, some 30 miles from the Algerian border. Loss of Mahbes would deprive the Polisario Front of its last stronghold in the northeastern part of the territory.

Despite Algeria's decision not to confront Moroccan forces occupying these Polisario strongholds, there are no indications that Algiers is changing its strategy of supporting guerrilla harassment of Moroccan and Mauritanian forces, which have now occupied nearly all of the towns and outposts in the Sahara. So long as Algiers continues to provide weapons, training, and supplies, Polisario guerrillas can continue indefinitely their hit-and-run and sabotage attacks. They will probably focus their efforts in those areas where opposition is weak and where they can operate with relative freedom, such as the part of the Sahara under Mauritania's control, or even northern Mauritania itself.

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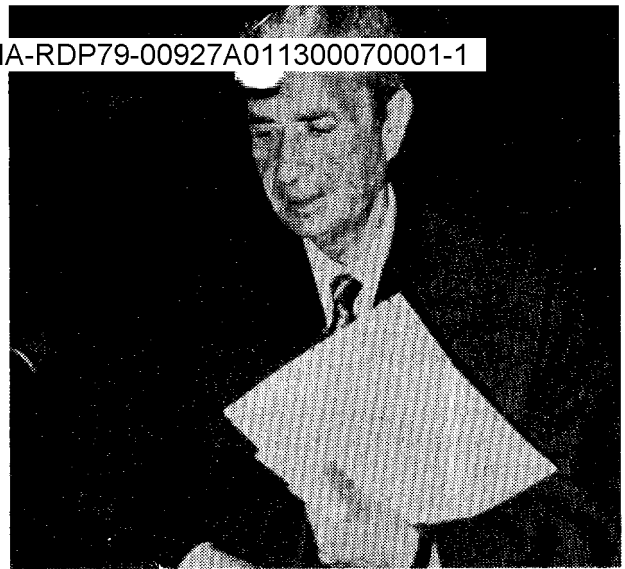
ITALY: RESPITE BUT NO SOLUTION

Aldo Moro's search for a new government ended this week when his Christian Democratic Party reluctantly agreed to form a one-party minority administration on terms that make it the weakest Italian government in years. The government was sworn in yesterday and faces a confidence vote in parliament next week. Moro's cabinet will probably last only a couple of months—just long enough to take some emergency economic measures and to permit the Christian Democrats and Socialists to sort out political options at party congresses in March.

The Christian Democrats' reluctance to form a cabinet on their own—a traditional way of letting the dust settle when other solutions prove elusive—stems from Moro's failure to get more than a limited offer of cooperation from the other center-left parties. Only the small Social Democratic Party will vote with the Christian Democrats in parliament. The Socialists and Republicans, traditionally at loggerheads on economic policy, have agreed to abstain in a parliamentary confidence vote, which will permit a government to be installed. The two parties reserved the right, however, to oppose portions of Moro's economic program.

Moro had considerable difficulty convincing the Christian Democrats to go ahead under these circumstances. Conservatives, such as former party chief Fanfani, argued that such a government would quickly find itself in trouble unless Moro could persuade the Socialists and Republicans to provide actual support in parliament. Neither party budged, although Socialist chief De Martino's public promise of "maximum good will" improved the atmosphere a bit. That, coupled with President Leone's statement of support for Moro early this week, helped Moro and his major ally, Christian Democratic leader Zaccagnini, to circumvent opposition in the party.

None of the governing parties is satisfied with the results of the lengthy maneuvering, least of all the Socialists. They failed to achieve the objectives they sought in bringing down Moro's previous government early last month, which



Aldo Moro

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were a larger role for the Socialists in a new government and more open consultations with the Communists.

The Communists are probably the only gainers. They will point to the continuing political deadlock to bolster their argument that the Communist Party must ultimately be brought into the government. Meanwhile, the Communists retain the option to criticize in public, while working behind the scenes in parliament to put their stamp on economic and other legislation proposed by the new government.

The compromise economic program that enabled Moro to put together his fragile majority judiciously combines spending austerity and a credit squeeze—measures sought by the conservative Republicans—with job-saving provisions desired by the Socialists and the labor unions.

The more important elements of the emergency package include:

- Holding down incomes by a partial wage freeze for the top 10 percent of white collar workers and restraint of blue collar wage demands.
- Increasing revenues by imposing an excess profits tax and tightening up on collection, as well as standby authority to collect \$2.6 billion in new indirect taxes.
- Limiting spending by monitoring state expenditures to reduce the soaring deficit.

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- Creating jobs by establishing an apprenticeship program to employ some 50,000 young people.

The program also reaffirms—without going into potentially contentious details—the government's interest in longer range structural reforms to alleviate Italy's chronic inflation and balance-of-payments problems. These measures include investing \$26 billion over five years in the industrial sector, restructuring the industrial sector, and revising the Southern Development Fund.

While the fiscal and incomes policy measures are relatively weak, the government also implemented a series of helpful monetary and foreign exchange policies. These flanking actions, including increased reserve requirements and a higher discount rate, are designed to cut capital outflows and reduce excess liquidity. The lira, which the government stopped supporting three weeks ago, gained strength from its low point last week, but ebbed slightly in recent days due largely to technical corrections.

The proposed program, still to be approved by parliament and subject to specific changes, should restore a modicum of confidence in the economy. The main thrust of its restrictive policies would be to dampen inflationary pressures and thus promote a more balanced recovery of the economy.

77-96

FRANCE: CRUCIAL CONGRESS

The 22nd French Communist Party congress ended on February 8, after unanimously supporting Secretary General Georges Marchais' announced intention to move the party away from Soviet-style orthodoxy. The new look Marchais hopes to give the party was also reflected in a resolution to remove the term "dictatorship of the proletariat" from party statutes.

Although there was support for this doctrinal change, debate over its implications has not ended within the party, and Marchais must be able to enforce party unity in order to follow through with his policy revisions. Rank-and-file rebellion was responsible, for example, for the removal from the congress' agenda of at least one topic introduced by the party leaders at preparatory meetings. References to the "immorality and sexuality of the masses" distressed many members and resulted in a barrage of letters to the party newspaper *L'Humanite* complaining that this was not a topic suitable for discussion at the congress.

Marchais' call at the congress for a "union of the French people" based on issue-by-issue agreements among "like-minded progressive forces" seems designed to outflank the Socialists on the right and may encourage some orthodox Gaullist deputies to join the Communists in opposing some government proposals. The issue of a popularly elected European Parliament, which is supported by the government and most of the Socialists, is opposed by the Communists and the orthodox Gaullists. At least one orthodox Gaullist has expressed a desire to cooperate with the Communists in a campaign on this issue. Further Communist appeals to those Gaullists could make it difficult for Prime Minister Jacques Chirac to maintain unity in his party.

The Socialists see the new Communist strategy as a political ploy designed to offset Socialist electoral gains, rather than a real decision to reform. Socialist fears have been fed by a recent poll which indicates that, in one section of the country at least, there has been a 4-percent increase in Communist popularity during the last month.

Although Marchais emphasized his desire to cooperate with the Soviets in the "joint struggle against imperialism," he attacked some of the most sensitive points in Soviet doctrine. The French move toward greater liberalism, similar to that of the Italian party, creates the appearance of a trend that the Soviets find profoundly disturbing. The Soviets undoubtedly fear that Marchais'

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moves will further reduce Moscow's influence in the world communist movement and provide renewed temptation for the East Europeans to take a more independent line. The timing of Marchais' "declaration of independence" is particularly upsetting to the Soviet leaders, who have their own party congress coming up and thus can hardly ignore the French challenge.

The Soviet rebuttal began while the French congress was still in progress. Speaking at a rally in a Paris suburb, Politburo member Kirilenko, who led the Soviet delegation to the congress, defended the Soviet way of life as a valid model, as opposed to Marchais' "socialism with French colors." So far the Soviet media have tried, by

selective and incomplete coverage, to conceal the magnitude of the French break with orthodoxy, but the idea that something is amiss cannot be permanently hidden.

The Soviets appear to enjoy considerable grass-roots support in the French party, and there are many issues on which the French and Soviet parties agree. The Soviets will probably continue their dispute with the French party, but will not break off relations entirely. If Marchais fails to unite the party to carry out his new policies, the Soviets may decide to exploit the disarray to try to bring the French party back to the orthodox fold.

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Soviet Politburo member Kirilenko (l) greeted on his arrival in Paris to attend French Communist Party congress

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USSR: 25TH PARTY CONGRESS

General Secretary Brezhnev is expected to dominate the 25th Soviet Communist Party Congress, which opens on February 24 in Moscow, as he did the two previous congresses.

Much of the opening session will be taken up with administrative affairs. President Podgorny, or someone of similar stature, will preside over the opening ceremonies and the election of the congress' governing bodies—the Presidium, the Secretariat, the Editorial Commission, and the Credentials Commission. Candidates for positions on these bodies are elected quickly and un-animously.

After the election Brezhnev will deliver the Central Committee's accountability report. At the 24th congress, Brezhnev's speech was six hours long and was televised live. The report of the chairman of the Auditing Commission, G. F. Sizov, will follow Brezhnev's.

For the next several days, the first secretaries of republics and of other important party organizations will dominate discussion of these reports, with first secretary of the Moscow city party committee Grishin heading the list. If tradition is followed, he will be followed by the first secretaries from the Ukraine, Leningrad, and Kazakhstan. In addition to important party figures, some representatives of the intelligentsia and simple workers may be allowed to take part in the discussion. After six days of turgid debate, full of encomiums for Brezhnev, the congress will adopt a decree on Brezhnev's report and approve the Auditing Commission's report. Full approval of the General Secretary's report is normally deferred until the last day of the congress.

When the discussion of Brezhnev's report is concluded, Chairman of the Council of Ministers Kosygin will present the draft directives for the Five Year Plan. Government officials will dominate discussion of Kosygin's speech. The chairman of the Ukrainian Council of Ministers has in the past initiated the debate, and he will probably be so honored again. Other speakers will include the chairmen from Kazakhstan, Belorussia, and Uzbekistan, and the RSFSR and

USSR Gosplan chairmen. Kosygin's speech will conclude the discussion and be followed by the election of members of the party's ruling bodies.

This election will take place at an afternoon session the day before the close of the congress. The session is open only to voting delegates and those with consultative votes, some 5,000 in all. Once these delegates have elected a new Central Committee, its members meet in plenary session to elect the new Politburo and Secretariat. The stability that has marked pre-congress preparations suggests that there will be no major shake-up in the Central Committee or the Politburo. A small increase in the membership of the Central Committee is possible; this has been the practice at recent CPSU congresses. One or two new faces may appear in the party secretariat.

At the final session of the congress, Brezhnev will probably preside, and the results of the

NOTEWORTHY EVENTS AT RECENT SOVIET PARTY CONGRESSES

CONGRESS	DATE	COMMENT
19th	Oct 5 - 14, 1952	Stalin's last; name of party changed to Communist Party of the Soviet Union; laid groundwork for a generational change in the top leadership.
20th	Feb 14 - 26, 1956	Launched Khrushchev's de-Stalinization campaign.
21st	Jan 27 - Feb 5, 1959	A "special" or extra congress, propaganda triumph for Khrushchev.
22nd	Oct 17 - 31, 1961	Continued de-Stalinization; Stalin's body removed from mausoleum in Red Square; approved visionary party program.
23rd	Mar 29 - Apr 8, 1966	Consolidated position of the group that ousted Khrushchev; swept Stalin issue under the rug.
24th	Mar 30 - Apr 9, 1971	Promised continuity; dull but businesslike atmosphere.

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previous day's election will be officially announced. The order in which Brezhnev reads the names of the newly elected party officials will give some indication of the Politburo's new pecking order. This is one of the few occasions under current practice when names are not presented in alphabetical order. ()

the vagueness of his promises and his unwillingness to commit the government to a specific timetable. Defenders of the government maintain that caution is necessary in the face of strong opposition from the entrenched ultra-right "bunker." The cabinet decisions last week were apparently intended as an earnest of the government's good intentions.

25X1

58-62

SPAIN: GOVERNMENT INITIATIVE

The new Spanish government has acted to implement two of Prime Minister Arias' promises to liberalize the political system, but its efforts fall short of opposition demands and the left continues to press for faster change.

Prominent ministers, in an obvious effort to flesh out the disappointingly bare bones of Arias' policy speech of January 28, have talked of a constitutional referendum this summer, local elections in November, and parliamentary elections by universal suffrage in the first half of 1977. Justice Minister Garrigues has also said that the government is already preparing changes to ease the penal code dealing with illegal association and propaganda—a move that could facilitate release of more political prisoners.

Last week the cabinet repealed some of the harshest portions of Franco's 1975 anti-terrorism law—a major demand of the leftist opposition—but kept enough controversial features to make the changes appear largely cosmetic. Members of the two major terrorist groups in Spain, the Basque Fatherland and Liberty and the radical extremist Antifascist and Patriotic Revolutionary Front, will apparently continue to be tried by military tribunals that severely restrict legal rights. Furthermore, the right of habeas corpus will remain suspended throughout Spain, and police will retain sweeping powers of search without warrant.

The opposition, meanwhile, continues to press for more. Their impatience is most visible in the troubled Basque and Catalan regions where demands for significant autonomy have been largely ignored. Demonstrators in Barcelona defied massive police precautions on February 1 and 8 and managed some of the biggest shows of opposition to the government since Franco's death. Organized by the illegal Assembly of Catalonia—a Communist-manipulated amalgam of regional groups—the demonstration focused on demands for more autonomy for Catalonia and amnesty for all political prisoners.

On the same day, the cabinet also approved a draft law widening the right of assembly. It provides that police authorization will no longer be required for indoor meetings of more than 19 people, although police will still have to be notified in advance. Communists, terrorists, and separatists are excluded, and permission is still required for outdoor meetings and demonstrations. The draft law will be an important test of the conservative parliament's willingness to go along with Arias' cautious reforms.

The assassination of a Basque mayor this week and the killing of another Basque—apparently because he was mistaken for the mayor of his town—appears to be the work of a splinter commando group. The Basque Fatherland and Liberty, which had apparently slackened off in order to regroup after harsh government repression last year, may now try to prove that it can outdo the rival group, initiating a renewed cycle of terrorism in the Basque provinces. The splinter group evidently hopes that continued terrorist acts will provoke more official repression and prevent the government from instituting limited regional autonomy in place of the separate nation that the terrorists want. ()

Arias has been widely criticized by the far left and even by members of the establishment for

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ICELAND: TENSIONS INCREASE

The cod war warmed up again last week as Britain ordered its warships back into Iceland's disputed 200-mile fishing zone and Reykjavik renewed its threat to break relations with London.

The British move on February 5 came after an Icelandic patrol boat cut the trawls of a British fishing boat. Foreign Secretary Callaghan had warned earlier that further Icelandic harassment would automatically trigger the return of the frigates. Prior to his decision to send back the navy, Callaghan outlined to NATO ambassadors the British position in the fishing dispute and asked for support. He said the UK had bent over backwards in search of an agreement, but had met only with intransigence.

The Icelandic cabinet's rejection of the draft fishing agreement worked out by Prime Minister Wilson and Icelandic Prime Minister Hallgrimsson further angered the British. Reykjavik contended that the British request for 28 percent of the total annual catch off Iceland was unacceptable. The British proposal also stipulated that the UK would get a minimum of 65,000 tons of cod this year and an overall catch of 85,000 tons. Reykjavik wants to limit the overall catch to 65,000 tons.

Despite its rejection of the London proposals, the Icelandic cabinet decided on February 6 not to break relations with London at this time. Hallgrimsson was apparently able to convince his cabinet to postpone its decision until NATO Secretary General Luns had another chance to mediate the dispute. The cabinet was also impressed by expressions of concern voiced at two special sessions of the North Atlantic Council.

Luns' chances for success are slim. Although the British have said they will cooperate fully with him, they are privately pessimistic over his chances. London is looking for a face-saving way out of the current impasse, but feels it has already gone as far as it can without any sign of reciprocal flexibility from Reykjavik.

Hallgrimsson's only hope of easing tensions is to revive the Icelandic proposal for a three-month agreement, which was dropped when London sent its frigates back to the disputed zone. The Prime Minister believes he can sell a short-term agreement to his government's coalition partner, the Progressive Party, if the frigates leave the area. He still must convince Progressive Party leader Johannesson, however, who is reluctant to approve such an agreement now that British warships have returned.

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NATO Secretary General Luns

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NATO: ARMS COOPERATION

Last week's meeting in Rome of the 10 members of NATO's Eurogroup and France was a successful first step toward greater European defense cooperation. The goals of the new "Independent European Program Group" are to increase arms industry cooperation—seen as an economic, technical, and political necessity—to strengthen the "European factor" within the Alliance, and to ensure that Western Europe maintains a modern industrial and technological base. Unless the group moves fairly rapidly toward developing specific projects, however, there will be pressure, particularly from Britain and Germany, to move the standardization effort back to a NATO forum.

The group convened outside the Alliance framework largely in order to accommodate French objections to association with NATO's integrated military command. Central to the group's success thus far has been a new willingness by France to cooperate with its allies. Participants have indicated that the French showed an encouraging seriousness and flexibility during the discussions. As a result, the group was able to agree easily on a collaborative work program and on the importance of maintaining the trans-Atlantic link—commitments that in the past might have been expected to elicit French reservations about multilateral forums and military collaboration within the Alliance.

France's cooperativeness is in part due to Paris' realization that, despite French prominence in arms production, the other Europeans could become impatient enough to move ahead without it in the Eurogroup. The French are also apparently increasingly confident of their ability to hold their own among the Europeans and, backed by them, to compete with the US in European arms sales.

Paris has measured well the eagerness of its European partners to have France participate in

the arms effort. The willingness of the allies, for their part, to meet with the French outside the Alliance framework is attributable not only to long-run considerations of assuring a European role in arms production, but also to their perception of improved French-US relations and US interest in getting on with improving Alliance military efficiency.

Within the new European effort, France is committed to preserving "Alliance cohesion," but the French can be expected to continue to be more assertive of the "European vocation" than the others. Despite its advocacy of closer European cooperation in the arms field, France will be wary of submitting ultimately to guidelines that could restrict advantageous bilateral deals with the US. Paris apparently views such deals as a vehicle for broadening its access to American high technology.

The process incorporated by the Rome meeting has, in any case, seemed to reinforce the European awareness that defense cooperation is an essential part of the movement toward political unity. Belgian Prime Minister Tindemans' recent report on the future of "European Union" recommends EC involvement in defense matters and the establishment of an arms procurement organization. This is still a politically difficult step for France, as well as some of its partners, to take, and the Program Group could in fact perform much the same function without raising as much debate.

Arms officials from "The 11" will meet in six weeks to present their initial findings on possible programs of common interest and on how work might be shared among European firms. A meeting at the political level will be held in June; by that time there should be significant evidence by which to gauge the success of last week's agreements in surmounting traditional barriers to common arms efforts

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SECRET**BALKAN COOPERATION: A STEP FORWARD**

Middle-level officials from all the Balkan countries except Albania made modest progress toward economic and technical cooperation at their recent 11-day conference. They also kept the door ajar for similar gatherings in the future.

The participants, who met in Athens from January 26 to February 5, referred 154 non-political proposals to their governments for consideration. These propositions are in the fields of agriculture, commerce, energy, transport, telecommunications, and environment. The communique summarizing the discussions makes clear that a second conference will depend on whether the participating governments decide that multilateral cooperation is "useful and appropriate." Yugoslav press accounts report that "most" participants believe that a second session will be held soon.

The conference was inspired by Greek Prime Minister Caramanlis, who viewed it as an opportunity to apply on the regional level the principles of detente adopted at Helsinki last summer. He also believes it would help secure his country's northern flank against possible adventurist actions by Turkey. Although most delegates evidently tried to avoid politics, there were some reports that Bulgaria, considered a Soviet surrogate by the other participants, clashed with Romania when Bucharest advocated designating the Balkans as a "zone of peace."

Other Warsaw Pact members—possibly at Moscow's behest—may try to attend the next round of talks. An Italian diplomat recently said that the Hungarians had tried unsuccessfully to participate in the Athens meeting. Moreover, a Greek Foreign Ministry official asserts that the Bulgarians, on the eve of the Athens conference, resurrected an earlier suggestion that the Hungarians, Czechoslovaks, and Poles attend the initial meeting.

Belgrade and Bucharest might be willing to support Hungarian participation in a follow-on session, but they would almost certainly view efforts by Prague and Warsaw to gain admission as a

Soviet attempt to pack the meeting. Meanwhile, journalists in Athens say that the Greeks will brief the Albanians on the first conference and then are likely again to propose that Tirana send a delegation to the second round of talks.

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ALBANIA: STATE OF PARANOIA

After a series of top-level purges of the party and government over the past year, Albanian party chief Hoxha is now making a frantic effort to strengthen his country's air and sea defenses.

The Italian ambassador asserts that the normally secretive Albanians are hastily building bomb shelters and antiaircraft bunkers around the capital, and are making no effort to camouflage their activities. They have even requested embassies to build bomb shelters in their compounds. The French ambassador confirms these reports and adds that Albania is in the midst of a "frenzied" attempt to build a chain of bunkers along the Adriatic coast. Both diplomats believe that these efforts reflect genuine concern for the nation's security.

The Italian comments that the country's internal situation has deteriorated so much that Albania resembles a concentration camp. Ordinary citizens fear even to exchange greetings with foreigners.

Tirana's anxiety reflects the leadership's increased sense of insecurity and isolation. The ill health of Hoxha and of Premier Shehu has probably led the leadership to resort to fear tactics—such as the purges—to preserve its position. In addition, Tirana's fear of Moscow has increased sharply since 1974, when pro-Soviet cominformists were discovered in neighboring Yugoslavia. The xenophobic Albanians continue to reject

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74-77

CHINA: AN "ACTING" PREMIER

Chou En-lai's carefully planned succession arrangements, which began with the first signs of his illness in 1972, went awry within weeks after his death. On February 7, Politburo member Hua Kuo-feng was publicly listed as acting premier, raising questions about the status of Chou's hand-picked successor, Teng Hsiao-ping, who had been rescued from the obscurity of a purge victim of the Cultural Revolution and groomed for several years to succeed Chou. Teng had been de facto premier for over a year.

Teng's return to power had had the full endorsement of Chairman Mao Tse-tung, but the party's left wing, which had been responsible for Teng's purge a decade ago, has never accepted him. Leftists launched an indirect attack on Teng in December, criticizing proposed changes in the educational policies adopted during the Cultural Revolution. A more pointed attack on him in *People's Daily* on February 6 indicated his appointment was in trouble. The tone of the attack was reminiscent of leftist assaults on Teng a decade ago. The propaganda onslaught strongly suggests the party's left wing retains something of a veto over major appointments—at least when such controversial persons as Teng are involved.

The possibility that leftist agitation over the education issue, agitation prompted in part by Teng's growing power, might lead to widespread disruption may have persuaded Mao to abandon Teng in the interests of stability. The Chairman may never have been fully comfortable with Teng, with whom he had major differences in the early 1960s. His previous support of Teng, however, leaves the Chairman open to charges that he has backed yet another "wrong horse" should Teng not recover politically.

There is no evidence that Teng has again been purged, but the party's left wing has mounted a vicious and only thinly veiled attack on him. Hua Kuo-feng's designation as "acting" premier—a point he emphasized to a foreign ambassador—suggests the succession to Chou En-lai is not fully settled, leaving an outside possibility



Hoxha

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Soviet overtures for closer bilateral ties. China's relative indifference to Albania's current economic plight may have contributed to the Hoxha regime's sense of isolation.

Meanwhile, Hoxha seems intent on projecting an image of unity within the leadership. In mid-January, the entire hierarchy turned out at the Chinese embassy to offer condolences on the death of Chou En-lai. Since then, there have been no similar appearances by the party elite, but such absences from public view—particularly by Hoxha—are not unusual. Some Western diplomats in Tirana, however, doubt that Hoxha will be on the scene much longer.

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that Teng could eventually get the job, though the chances appear quite slim.

Teng's actions over the past year have not helped his cause and may well have served to antagonize groups other than the left. As army chief of staff, for example, he has moved close associates into key military posts, possibly alienating some powerful regional military commanders. He has also rehabilitated several old-line party officials, which certainly has antagonized the left. The climax may have come last autumn, when directives announced the return of several cultural officials who were the initial victims of the Cultural Revolution and whose rehabilitation was a blow to the left.

Despite Mao's endorsement of their rehabilitation, these men never appeared publicly. In December, a new directive announced that their former boss, the party leader in charge of culture, had been exiled from Peking. This move suggested the left was attempting to redress the balance.

Although the left will take comfort in the current setback to Teng, the appointment of Hua is far from a leftist "victory." Hua was called to Peking after the fall of defense minister Lin Piao—a time when the left was reeling—and leftists attacked him by name in 1974. He is obviously a compromise candidate. He rose to power during the Cultural Revolution, making him more acceptable to the left than Teng, but he was not associated with the excesses of that period, which makes him acceptable to the more conservative party members. His position as a middle-of-the-roader was presumably the primary recommendation for his appointment.

As security minister, the party leader in charge of agriculture, and former province chief, Hua has some experience in domestic affairs. He has been running agriculture for three years and is closely associated with China's current effort to mechanize agriculture as part of a long-term economic modernization program, one with which Teng is also associated. He is not likely to



Hua Kuo-feng

depart from current domestic policies, although the proposed changes in educational policy are presumably in abeyance. ~~AP~~ AP

Hua lacks experience in foreign affairs and is unlikely to initiate any major changes in China's foreign policy, especially while the succession issue remains in doubt. Foreign policy, however, may have played a secondary role in the struggle that led to his appointment.

China's party members will probably be unsettled by Hua's unexpected appointment; most of them expected Teng to succeed Chou without trouble. This new evidence of instability and division in the party leadership will have an adverse affect on morale. Moreover, the fact that Chou's careful preparations for succession to his office so quickly fell apart suggests that Mao's arrangements for his own succession are likely to be equally fragile.

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JAPAN

75-77

TRADE SURPLUS WITH US

Japanese firms are in a strong position to take advantage of a sustained US economic upturn. As a result, we expect Japan's trade surplus with the US to reach \$1.7 billion this year, compared to a \$1.1-billion surplus in 1975. Despite sagging US demand, the Japanese share of US imports of manufactured goods last year increased from 22 to 24 percent of the import volume. Steep cuts in export prices accounted for most of the increase; in dollar terms, prices of goods sold in the US fell an estimated 18 percent last year.

US recovery will probably continue to run ahead of Japan's and cause US imports from Japan to increase faster than Japan's imports from the US. In addition, Japanese businessmen still face substantial inventories, whereas inventory adjustment in the US has been nearly completed.

The upswing in Japanese sales to the US began last September and will continue through 1976. The volume of Japan's exports to the US should grow about 9 percent, to about \$12.8 billion. Shipments of steel will probably run slightly above the 1975 figure of 5 million tons. Shipments of other intermediate products, such as textile materials, chemicals, and plastics, will rise perhaps 3 percent in volume this year.

A substantial increase in Japan's exports of motor vehicles—18 percent of exports to the US—seems assured. Japanese plans call for a 40-percent increase in shipments this year. A strong marketing program and generally competitive prices will help Japanese auto firms maintain their 9-percent share of the US market. Exports of other consumer products will register small gains at best. Sales have stagnated in recent months, despite the revival in US consumer spending, largely because of increased competition from low-cost suppliers such as South Korea, Taiwan, and Hong Kong.

Japanese imports from the US will total about

\$11.1 billion, up 10 percent from the 1975 level. Imports of agricultural products—almost one fourth of the total—should increase 5 percent in volume this year and perhaps 10 percent in value. Larger purchases of feed grain, mainly sorghum, will account for most of the volume growth; imports of wheat and soybeans will be up slightly. Large inventories and the sluggish pace of industrial growth in Japan will restrain raw material imports from the US. Only lumber imports will show a substantial increase.

The slow recovery in fixed investment in Japan will keep a damper on purchases of US machinery and equipment. Imports of these items fell 15 percent in value last year and even more in volume. With almost all Japanese consumer industries still operating well below capacity, any increase in demand for consumer durables will be met domestically.

PAYOFF SCANDAL

50-51

The scandal in Tokyo over alleged payoffs by the Lockheed Aircraft Corporation to Japanese officials has clearly placed the ruling Liberal Democratic Party on the defensive.

In response to vociferous demands by the opposition, Prime Minister Miki has promised a full investigation of the revelations made in US congressional testimony by Lockheed's president late last week. Miki and other conservative party leaders apparently hope that a rapid airing of the issue will curtail the damage to their image. The government has agreed to call a number of businessmen already implicated to testify under oath before the Diet next week.

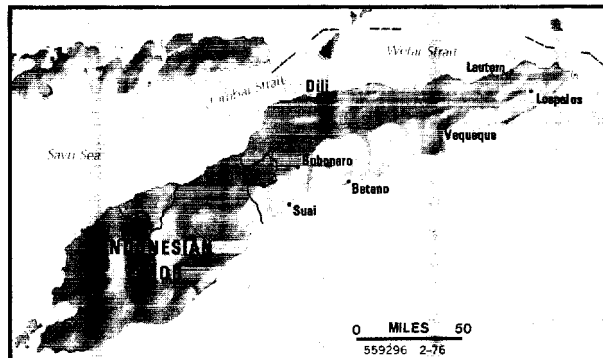
The conservatives have limited the impact of previous scandals by restricting the release of information as well as the scope and pace of official investigations. This time, however, the information is being made public in Washington.

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Miki was almost certainly not involved in the payoffs, but some leading members of the Tanaka, Ohira, and Nakasone factions as well as a number of senior bureaucrats may be implicated. No government officials or party leaders have been named as principals in the affair so far. Those now holding government or party posts would undoubtedly be forced to resign. Conceivably, Miki himself might be compelled to step down if the scandal spreads further within the party, but at this point he seems reasonably confident that a limited number of resignations, combined with the public's relatively short memory of such matters, will suffice to defuse the situation.

Nevertheless, the scandal has already disrupted government and conservative party plans. Defense officials, for example, are reviewing their earlier decision to purchase Lockheed antisubmarine aircraft. Meanwhile, conservative party leaders have begun to play down the prospects for general elections this spring.



from Australia to Fretilin-held areas. The envoy, who last month was treated to a carefully managed tour of Indonesian-controlled areas on the northern coast, left Australia on February 8 for Geneva. UN Secretary General Waldheim, who was visiting in Australia, said he did not consider the representative's mission terminated, but set no timetable for his return, adding that the Security Council now faced a fait accompli.

Jakarta will probably now attempt to delay raising the Timor issue at the UN for as long as possible in the hope that by the time the topic does come up for consideration, they will be in a position to argue that Timor's integration into Indonesia is an accomplished fact and that the UN no longer has a role to play.

Jakarta should be able to establish quickly an adequate civil administration in the towns. In the interior, however, Indonesian commanders are finding it difficult to expand their control. Some units have suffered significant casualties and are having difficulty protecting their supply lines and rear areas. Jakarta has shown a determination to cope with remaining resistance.

Fretilin forces, on the other hand, are gradually disintegrating. Faced with mounting casualties, dwindling supplies, and growing numbers of defections, they are withdrawing into the rugged mountains of the interior.

INDONESIA: THE LAST ACT IN TIMOR

After several months of advancing into eastern Timor at a snail's pace, the Indonesians, spurred by a desire to prevent the UN fact-finding mission from visiting Fretilin areas, in the past two weeks moved quickly to capture most of the remaining towns and all airfields. Marines and paratroopers, with air, armor, and naval support, captured Fretilin strong points at Suai, Lautem, and Lospalos, and infantry units moved into Bobonaro, Vequeque, and Betano.

The Indonesian occupation of the coastal towns and airfields forced the UN envoy to abandon attempts to arrange sea or air transportation

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CUBA: CONSTITUTIONAL REFERENDUM

Cubans go to the polls on February 15 to approve a new constitution. The government has for some months indicated publicly that it considers near unanimous approval of the constitution a foregone conclusion. This confident presumption may be intended as a subtle threat to those who might be tempted to vote "no" to register dissatisfaction with regime policies such as Cuba's increased military role in Angola.

This will be the first time since 1959 that the government has risked its prestige in a national referendum. The risk is admittedly small; the government has spent much of the past ten months publicizing the draft constitution and giving the population ample opportunity to make its sentiments known through the mass organizations. Rigging the vote to give the impression of widespread popular approval will probably be unnecessary.

Part of the new constitution will go into effect by means of a constitutional transition law on February 24, one of Cuba's major political holidays. The remainder will be implemented on December 2—Armed Forces Day—the date set for convening the first National People's Assembly. Some 5.5 million Cubans will be eligible to vote, and the mass organizations will work to ensure a large turnout. Voting is not required by law, but those who want to maintain their political and social standing will be sure to underscore their revolutionary bona fides by appearing at the ballot box.

With the approval of the constitution, the Castro regime will have reached another important milestone in the process of institutionalization that began in 1970. The full implementation of the constitution and the convocation of the National People's Assembly will signify the final consolidation of the Cuban revolution, terminate the provisional nature of the regime's political and administrative apparatus, and establish a for-

mal means of political succession designed to ensure the continuity of the revolution.

Approval of the constitution will also tend to undercut two main lines of criticism leveled at the Castro government from abroad, mainly by Cuban exiles: failure to honor pledges to submit the regime to the test of a vote; and failure to restore the Constitution of 1940 as Castro had promised before he came to power.

The new constitution will replace the out-moded Fundamental Law of February 1959, a hastily concocted document based loosely on the Constitution of 1940 that Castro originally used to give his regime temporary legal underpinning. Although the Fundamental Law is technically still valid, it has in effect been replaced with rule-by-decree by the Council of Ministers. The new constitution will give the Castro government more substantial legalistic window dressing.

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GUATEMALA: THE EARTHQUAKE

The earthquake and aftershocks that struck a broad belt of Guatemala last week, killing thousands and causing widespread destruction, dealt the economy a grievous setback. The disaster came just as the economy was recovering from a mild slump and its future looked bright.

Before the calamity, agricultural exports were increasing and tourism was providing a healthy boost to the economy. Adding to the favorable economic prospects were large amounts of capital for oil exploration and development. Initial reports indicate that the oil exploration region in the Peten area did not suffer, but that tourist, agricultural production, and shipping facilities were hard hit.

Most other sectors of the economy were also dealt heavy blows. Railroads, main highways,

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bridges, power and telecommunications lines, and the port of Puerto Barrios on the Atlantic sustained major damage. The Guatemala City - Puerto Barrios highway has been rendered impassable by over 100 landslides and the collapse of two large bridges. Half the capital's fuel supply and much of its food supply comes over this highway. President Laugerud has asked for a US engineer battalion to help clear the road. The railway from the Atlantic is also out of commission. Three to six months will be needed to reopen it and the highway. The Inter-American highway is also blocked in places.

The main pier at Puerto Barrios, Guatemala's biggest port, was destroyed. The port normally handles nearly all the country's banana and sugar exports and half its coffee shipments. Concern that the quake raised the sea bottom at Puerto Barrios, making the harbor dangerous to ships, is apparently unfounded—one ship with a 28-foot draft docked there on February 6.

The US embassy reports that there is no immediate shortage of basic foodstuffs, particularly in Guatemala City. Over the longer run, agricultural production will suffer greatly since available money will be used to rebuild homes and other buildings rather than to invest in fertilizer and farm machinery. The banana plantations in the eastern part of the country were badly hit and may be slow to recover. Beans, a Guatemalan staple, will be in short supply for some time because the major bean growing region, Chimaltenango, bore the brunt of the quake.

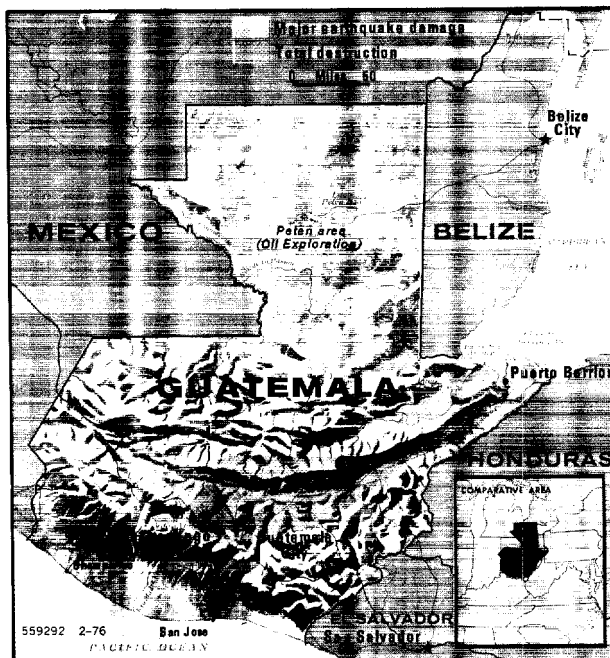
Some 220,000 homes were destroyed and over a million people, one sixth of the population, left homeless. The economy will probably require outside assistance for the massive rebuilding in store.

Guatemala's principal problem in the coming weeks will be to organize and utilize the disaster aid that is flowing in from numerous foreign governments and private donors. The government has established a national emergency committee to cope with the critical task of distributing

food, medical supplies, and equipment, but it has already had a change in leadership because of reported inefficiency. The government has, in effect, turned over to the US government responsibility for relief in the worst hit areas, and the most effective efforts to date have been those of private organizations.

The disaster has brought political activity to a standstill. The talks with the British on Belize, scheduled to begin on February 9, were postponed for at least two weeks. An important meeting on Central American economic integration has been canceled. Certainly, any Guatemalan plans to invade Belize will have to be set aside for some time, if not abandoned. Even so, the government's rejection of British government aid confirms that its attitude on Belize has not wavered. There is no word on whether the disaster will prevent President Laugerud from meeting, along with the other Central American presidents, with Secretary Kissinger in San Jose, Costa Rica, later this month.

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GUYANA: TOWARD A ONE-PARTY STATE

Guyana will celebrate its tenth—and possibly its last—anniversary as a parliamentary democracy this May, if Prime Minister Forbes Burnham has his way. A committee of the ruling People's National Congress is drafting a new constitution that is expected to sweep away the last vestiges of former British rule and transform the country into a de facto one-party socialist state.

The tentative timetable calls for the new constitution to be submitted to parliament around May 26—Independence Day. A plebiscite is to follow within six months. Burnham's control of the political situation is so pervasive that there will be little effective opposition from the majority East Indian population or moderate Afro-Guyanese.

In fact, there is evidence to suggest that Cheddi Jagan's East Indian - based People's Progressive Party plans to end its long-standing opposition to the government and return to parliament under a private agreement reportedly worked out between Jagan and Burnham. Jagan's party protested Burnham's vote-rigging in the 1973 general elections, and party representatives have since refused to take their seats in parliament. Details of the new arrangements are not known, but at a minimum Jagan would have to support the proposed constitutional changes; in return, Burnham might allow Jagan or his representatives some form of participation in the government.

This arrangement would benefit both parties. For Burnham, support of the major opposition party is essential if he should attempt to seek approval for the new constitution through an honest referendum. For Jagan, a return to parliament would end the party's political isolation, satisfy his reported desire to have a say in the new constitution, and assuage his principal bankrollers, the USSR and Cuba, who have been urging Jagan and Burnham to come to terms.

The Jagan party newspaper, the *Mirror*, has apparently received instructions to reflect the new cordiality between the once-bitter antagonists and has toned down its attacks on the government's legitimacy. In turn, the

government's mouthpiece, the *Daily Chronicle*, is reporting activities of the opposition party leaders. An official statement by the People's Progressive Party that it would resist attempts by "imperialist agents" to topple the Burnham government received heavy coverage in the government's press.

The strengthening of ties between the two parties was also apparent last December when representatives of both parties traveled together to Havana to attend the Cuban Communist Party Congress. Jagan later made his first known appearance at a government-sponsored event, one honoring visiting representatives of the Angolan MPLA. If Jagan's support continues through the coming period of constitutional change, Burnham will have little difficulty forging his socialist state. Tentative steps have already been taken in that direction by introducing a quasi-compulsory National Service camp for youths, making political indoctrination mandatory in the schools, and increasingly concentrating economic power in state corporations.

This process will take time even with the political power that Burnham is able to wield. To make the new system work, Burnham must galvanize [redacted] people into a strongly regimented society in the face not only of general public apathy and alienation from the East Indian majority, but lethargy and corruption within the governing party. [redacted]

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ARGENTINA: LABOR SUPPORT WANES

President Maria Estela Peron may be on the verge of losing her only remaining source of significant support, the powerful labor movement that was once synonymous with Peronism. Some labor leaders are now saying that they would be willing to see the army oust her.

Union leaders are angry over their systematic exclusion from government decision making, now the province of a few of Peron's personal advisers. Some suspect that the President's inner circle advised against the last general pay increase,

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and most were upset by the dismissal of the respected economy minister, Antonio Cafiero, a labor favorite.

The latest affront was the President's open bid last week to renew relations with dissident unionist Victorio Calabro, the Buenos Aires provincial governor who was read out of the Peronist movement some months ago. Calabro has long been the most important challenger to labor's two main leaders. Union heads met Monday to discuss how to respond; one proposal calls for all labor representatives in congress and the government to resign simultaneously.

The labor movement's estrangement from the administration would remove a major impediment to a military take-over. For some military leaders, an open break between Peron and labor would be seen as proof of the popular repudiation they feel they need to justify intervention.

One labor leader is said to have confided that workers would raise only symbolic resistance to a military coup. Reluctance to involve troops in clashes with workers has been an important consideration to officers who have so far hesitated to move against the government.

Last year, the administration, at the urging of then strong man Lopez Rega, tried to rescind a wage increase for workers. The result was a general strike that not only restored the wage hike, but also led to the ouster of Lopez Rega. What labor wants now is not higher wages, but to break the presidential inner circle's hold on power. [redacted]

108; 110, 112-115
PERU: BUYING TIME

The Morales Bermudez government has successfully staved off the labor wolves at its door for now, but trade unions are planning new demonstrations to express dissatisfaction with the

austerity program and the lid imposed on wages.

The labor movement and its sympathizers want to capitalize on general discontent over rising prices and food shortages to convince Peruvian leaders that there should be no slowdown in the revolutionary process and, moreover, that a radical change in labor policy is imperative.

The recently formed Unifying Council of Labor Organizations, an umbrella group led by Moscow-oriented unionists, has been planning a mass rally in downtown Lima on February 18, the day of Secretary Kissinger's visit. The government can be expected to ban any such activity, but extremists might try to create enough disorder to force the government to suspend civil guarantees.

Radicals probably hope to force the cancellation of a demonstration set for February 20 by the American Popular Revolutionary Alliance—a long-time enemy of the left. A 48-hour strike sponsored on February 2 by the Aprista labor confederation fizzled, in part because other unions did not cooperate. In addition, the government's timely decision to abrogate a 1913 law restricting rights to strike, and its formation of a tripartite commission (government, labor, and management) to study labor problems helped to dampen the strike attempt. These can be considered little more than stopgap measures. If the government is unable to satisfy workers on the wage question, it is almost certain to face wider—and perhaps more troublesome—work stoppages in the future.

The labor problems confronting the Morales Bermudez government will not be easy to resolve. The government is faced with an urgent need to enforce fiscal austerity measures. Peruvian leaders, fully aware that economic conditions could worsen, hope to defuse the tense labor situation, or at least prevent the unions from better coordinating their actions. This is likely to prove difficult, since many unions that did not join in supporting the recent general strike share opposition to the government's wage policies and seem prepared to step up their demands. [redacted]

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OPEC: NEW AID FACILITY

114-116

The aid facility agreed to at an OPEC finance ministers' meeting during the last week of January falls far short of the expectations of non-oil developing countries. The announcement of the new facility follows almost two years of OPEC debate on whether the oil cartel should handle aid funding. The \$800 million in pledges is short of the \$1 billion annually suggested by an agreement in principle reached late last year. The life of the facility is limited to one year—1976—instead of the five years urged by the co-sponsors, Iran and Venezuela. Intended largely as a political gesture to win support of oil-importing developing countries, the new arrangement will make only a small contribution to aid.

Eleven OPEC members tentatively pledged contributions, which must now be ratified by the national governments. The shortfall in pledges is mainly due to lower than expected commitments by Saudi Arabia, Iraq, and the United Arab Emirates. Indonesia and Ecuador committed no funds, but they were not expected to contribute more than token amounts in any case. The poor response of the three Arab countries stems from a desire for greater control over the choice of recipients, from continued political infighting among cartel countries, particularly Saudi Arabia and Iran, and from disagreements as to the method of determining the size of contributions.

OPEC considered two distinct schemes to apportion donor shares. Iran and Venezuela

Contributions to the OPEC Aid Facility*(Million US \$)*

Iran	210
Saudi Arabia	202
Venezuela	112
Kuwait	72
Nigeria	52
Iraq	40
Libya	40
United Arab Emirates	33
Algeria	20
Qatar	18
Gabon	1
Total	800

proposed tying pledges to a minimum of 10 cents per barrel or about 1 percent of oil export revenue. Algeria and other states with balance-of-payments constraints instead advocated tying contributions to surplus revenues. Unable to agree on a uniform standard, the OPEC countries ended up haphazardly pledging amounts suiting their individual interests.

The formal structure of the facility is still unclear. Iran and Venezuela urged an independent authority to administer the fund; Saudi Arabia argued instead for coordination authority to oversee bilateral disbursements. The final compromise conforms more closely with the Iranian formula in that it establishes a "governing council" to formulate general policy, with voting power weighted by national contributions, but leaves to individual states the actual disbursement of funds. The size of Iran's and Saudi Arabia's contributions gives them veto power in the council. Nevertheless, it is not yet known whether the council will come under the formal OPEC structure, which would require the approval of all 13 OPEC members. The question will probably be decided at the next OPEC conference, scheduled for late spring.

OPEC countries felt they had to come up with an aid package because of increasing pressure from non-oil developing countries for some form of relief from higher oil import bills. OPEC is counting on support from these countries on energy and economic issues in the dialogue with developed countries at the Conference of International Economic Cooperation. Although OPEC members believe that the aid facility will provide useful leverage to assuage developing countries criticism, oil-importing developing countries will probably soon realize that this well publicized program has relatively little substance.

Only a fraction of the \$800 million under the facility will be new aid. Agreement has been reached to make at least part of OPEC country contributions to the International Agricultural Development Fund flow through the facility. The facility may also act as a channel for OPEC country contributions to other multilateral programs, such as the International Development Association or the UN Special Fund.

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