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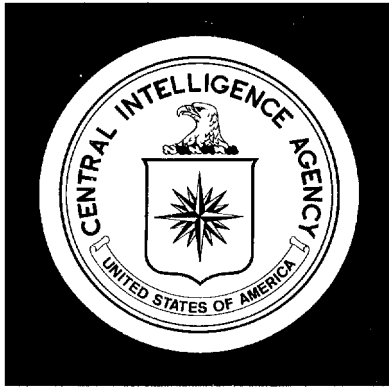
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Weekly Summary

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CI WS 76-050
No. 0050/76
December 10, 1976

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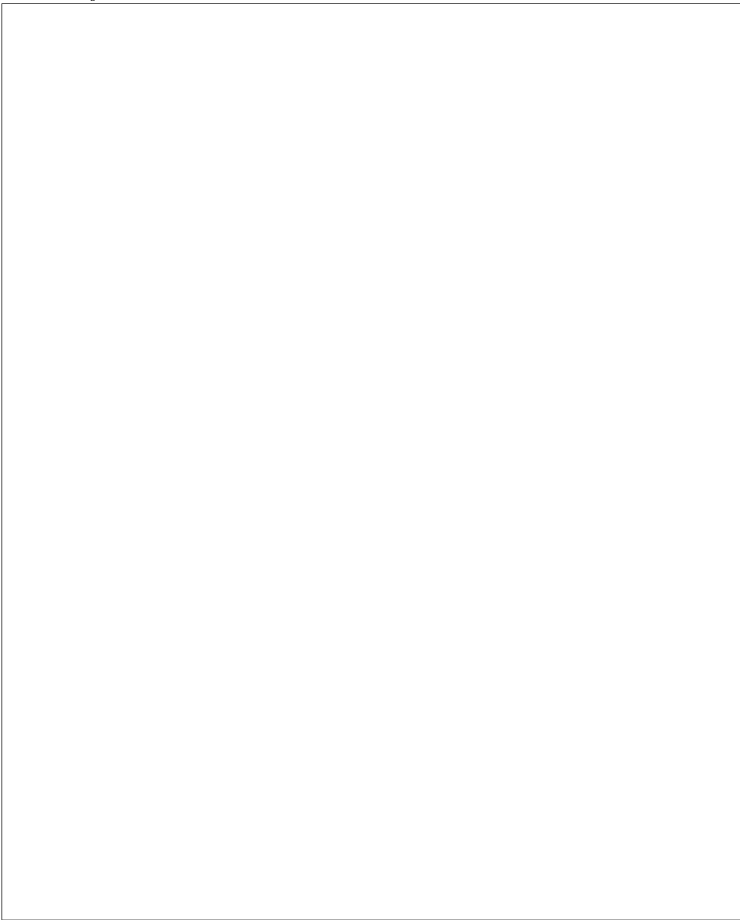
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December 10, 1976

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.



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Middle East

LEBANON

1

President Sarkis named Salim Ahmad al-Huss, a close adviser on economic matters, as Lebanon's prime minister on December 8. The appointment underscores Sarkis' preference for a cabinet composed of loyal technocrats and his determination to remain as free as possible of old-line political factions as he works on the economic reconstruction of Lebanon.

Conservative Muslim and Christian leaders, especially National Liberal Party chief Camille Shamun, have been pressing Sarkis to establish a government containing representatives of all the major religious and political groups, as Lebanese presidents traditionally have done. The Conservative leaders hope to circumscribe the President's freedom of action and protect their own vested interests.

Little headway was made this week in resolving the related questions of the introduction of Syrian peacekeeping forces into southern Lebanon and the collection of heavy weapons from the various Lebanese and Palestinian militias. Sarkis is unlikely to be able to persuade the Christians to give up their arms or to stop stockpiling additional weapons until Arab peacekeeping forces are in a position to cut off the flow of arms still coming into Tyre and to begin rounding up arms in the hands of Palestinian and leftist elements in southern Lebanon.

Israel reportedly remains adamantly opposed to the movement of Syrian troops or any other non-Lebanese force into the south to occupy the Palestinian and leftist strongholds of Tyre and Nabatiyah. The Rabin government may, for reasons of domestic political expediency, consider it necessary to take a tough stand against Syria. The Israelis, moreover, do not want the Syrians to es-

tablish a toehold in southern Lebanon even if the Syrian forces do not represent an immediate threat for fear that they might not withdraw later.

The Israelis may also believe that Syrian control over the south might make the Palestinians too much of a pliable tool of Syrian policy toward Israel. In any event, the Rabin government would clearly prefer to see its Christian allies, or a friendly Lebanese force of some sort, control the border area, even if it means having to contend with occasional terrorist attacks.

Africa

RHODESIA

7; 9

The Geneva conference on Rhodesia continues to focus on the mechanics of setting up an interim government, but there are still sharp differences among the black nationalist delegations, as well as between the nationalists and the Rhodesian government delegation. Rhodesian Prime Minister Smith returned to Geneva this week to resume leadership of the government team.

The Rhodesian guerrilla leaders who arrived in Geneva last week to participate in the settlement talks have been playing a low-key role as part of Robert Mugabe's nationalist delegation.

Despite earlier indications that these men might challenge Mugabe's leadership of the Zimbabwe African National Union delegation, there has been no sign yet of such a move. The US mission in Geneva reports that Mugabe has appeared much more relaxed and confident since the arrival of the military leaders.

Joshua Nkomo has told the US mission that he believes the guerrillas can be more fully controlled now that their leaders are at the conference. He hopes to take advantage of their presence by



Prime Minister Smith

resuming negotiations begun some time ago on military coordination between his own limited forces and the ZANU guerrillas.

Despite the outward harmony, there are continuing reports of disunity within the Mugabe delegation and the ZANU faction. The US mission reports that there may be as many as five basic subgroups within ZANU, and that Mugabe's delegation remains an extremely fragile coalition.

Soviet Union



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YAKUBOVSKY REPLACEMENT

The Soviet leadership will probably not allow the posts of first deputy minister of defense and commander in chief of the Warsaw Pact armed forces to remain vacant very long.

Marshal Yakubovsky, who held those posts, had been ill for some time before his death on November 30, and the Soviet leadership has had several months to consider the problem of replacing him.

The new Warsaw Pact commander in chief will almost certainly be a Soviet military officer, despite occasional Romanian complaints about Soviet domination of the Warsaw Pact command structure. Like Yakubovsky, the new commander will also serve as a first deputy under

Soviet Minister of Defense Ustinov.

In the event of war, the Warsaw Pact commander would hold the highest field command position in the Soviet armed forces and would receive his orders from the Supreme High Command through the General Staff. In peacetime, he is the first deputy who usually fills in for the Soviet minister of defense when the latter is absent.

On a day-to-day basis, however, the chief of the General Staff may play a more important role in deciding policy matters or advising the Soviet minister of defense on various issues. The Warsaw Pact commander is away from Moscow much of the time, visiting the forces under his command in Eastern Europe or engaging in other activities that keep him in the

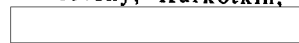
limelight but away from meetings on important defense questions.

Any one of several high-ranking Soviet military leaders could be in the running for Yakubovsky's posts, but the most likely candidate is General Ivanovsky, commander of the Soviet Forces in Germany.

Another name frequently mentioned in Moscow is General Ogarkov, a deputy minister of defense, who we believe to be working on systems analysis of Soviet defense needs.

General Kulikov, chief of the Soviet General Staff, is yet another possibility.

Other candidates for the top post in the Warsaw Pact command include Generals Pavlovsky, Kurkotkin, and Petrov.



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International

CIEC

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The participants in the Conference on International Economic Cooperation have decided to postpone the ministerial review scheduled for December 15. The conference was organized last year to discuss energy issues and development problems.

The conference chairmen, Allan Maceachen of Canada and Manuel Perez Guerrero of Venezuela, agreed last week to a compromise formula for delaying the meeting—a course favored by almost all of the participants—that circumvented attribution of responsibility for the delay. The cochairmen asked the representatives of the 27 countries participating either to acquiesce in or reject explicitly a decision postponing the ministerial meeting.

The industrialized countries, particularly the Europeans, feared that the ministerial meeting might give the OPEC states grist for their arguments favoring the oil price increase that is widely expected later this month. Many of the developing states, although disappointed with the lack of progress in the conference, think they may still obtain some of their demands in later negotiations and were thus not willing to jeopardize the scheduling of future talks.

The change in US administrations and the lack of progress among the EC states on reaching an agreed position have been cited by industrialized and developing states as justifying a delay. Most participants, however, recognized that little substantive progress has in fact been made in the talks and that a ministerial conference would have almost inevitably degenerated into an acrimonious confrontation.

The principal differences between developed and developing countries in the CIEC discussions include:

- The OPEC countries, faced with ob-

jections from all of the industrialized and some of the developing states, seek formal recognition of their right unilaterally to set oil prices.

- The industrialized and developing countries still disagree on how to maintain prices of raw materials while taking inflation into account, although the focus of the debate over this issue has shifted to forums of the UN Conference on Trade and Development.

- The industrialized countries have

refused to meet the developing countries' demands for automatic debt relief. The industrialized countries and those developing countries that depend on private credit advocate a case-by-case consideration of debt problems.

- The developing countries seek a specific timetable for each industrialized country to allocate seven tenths of one percent of its gross national product to development assistance by 1980.

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Europe

PORTUGAL

24-26

The results of the local elections in Portugal on December 12, touted in some quarters as a referendum on Prime Minister Soares' Socialist minority government, are not likely to show a significant shift in the relative strengths of the parties.

The vote, the final step in the establishment of a democratic structure in Portugal, will fill some 50,000 positions in parish and municipal governing bodies. Nationwide results will be tabulated in a variety of ways, and each party will probably be able to find figures it can interpret in a favorable light.

The two-week campaign has aroused little voter interest, and the turnout is likely to be lower than it was in the three elections held during the past 20 months. The lack of interest is due in part to increasing public apathy toward politics, but even more to the shortage of funds available to most of the contending parties and the prohibition of radio and television campaigning.

The Socialists will probably again receive around 35 percent of the vote, as

they did in the legislative assembly election last spring. Disenchantment with the Socialists' temporizing, particularly in the economic field, is growing, but the party can probably use its control of government to offset any defections.

The Socialists benefit from widespread media coverage that comes as a byproduct of their control of the government. Also, the election law was drafted by the Socialists to work in their favor. Local offices will be filled on a proportional basis, thus benefiting the Socialists who are relatively strong throughout the country.

Perhaps the most significant contest is the one between the two parties to the right of the Socialists. Both have stepped up their criticism of the government in an effort to attract disgruntled Socialists. The conservative Social Democratic Center, however, has been more vituperative than the Social Democratic Party, which apparently thinks it may be asked to form a coalition with the Socialists. The showings of the two parties may provide some indication of the extent to which a vigorous antigovernment line is a good campaign tactic.

The Communists will probably score the largest gains, regaining many of the votes lost to the far left last summer when the Communist presidential candidate polled less than 8 percent of the vote. The Communists are still likely to run fourth, however, with around 15 percent of the vote

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SPAIN 27-29

Radicals failed this week in their efforts to move the Spanish Socialist Workers' Party further to the left, but the dilemmas facing the party remain unsolved.

At the Socialist congress on December 5 through 8, Felipe Gonzalez and other party leaders turned back radical demands that the Socialists refuse to support the government's political reforms unless the government meets various tough conditions. The congress instead called for negotiations with the government to ensure that the legislative election next spring is not manipulated by entrenched rightists. The question of socialist participation in the election was left unresolved pending the outcome of the negotiations.

As expected, the congress called for abstention in the referendum to be held on December 15. This is largely a symbolic gesture, however, because the government is widely expected to win a comfortable majority on its reform pro-

posals.

Party radicals may draw some comfort from the congress' pronouncements on foreign policy, although these largely reiterated earlier party positions. The congress called for a US withdrawal from its bases in Spain, denounced US "imperialism" in Latin America, condemned the Spanish retreat from Western Sahara, and rejected both NATO and the Warsaw Pact.

Privately, however, Socialist leaders have shown more flexibility on these issues, implying that the US bases and Spanish membership in NATO could be acceptable if they have the support of the Spanish people.

After the emotional opening ceremonies, which featured distinguished foreign socialist leaders such as Francois Mitterrand, Olof Palme, and Willy Brandt, the congress settled down to the urgent business of patching up differences in the party.

The Socialist Workers' Party has been weakened by internal conflicts in recent

months as it searches for an identity that will distinguish it from the Communists without alienating important support. The rapid growth of the party over the past year has brought in many new members who are more radical than the leadership and also more radical than much of the party's potential constituency—white-collar workers, small businessmen, and blue-collar workers.

Socialist leaders are torn between their principles, which commit them to support moves toward free elections, and their reading of the tactical political situation. They are concerned that their support for the government's program would allow the Communist Party to assert with some credibility that it is the only true representative of the left.

The congress' resolutions indicate that the Socialists have not resolved their dilemmas. The Socialists must come off the fence soon, however, and they are likely to lose potential supporters regardless of the side they choose.

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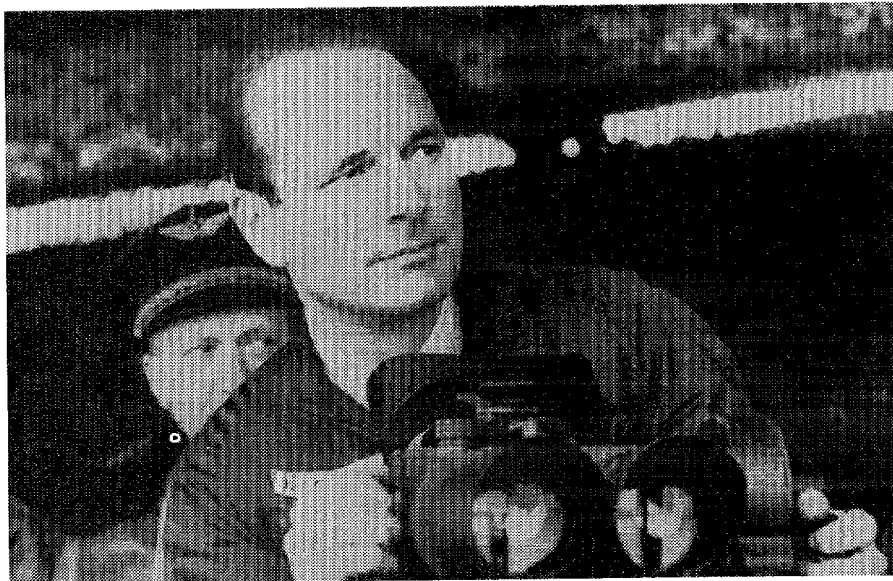


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Spanish Socialist Party leader Felipe Gonzalez (left foreground) meets with Willy Brandt during recent congress

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Jacques Chirac

FRANCE 30-33

Former French prime minister Jacques Chirac consolidated his control over the Gaullist party by pushing through a reorganization, ratified on December 5, that included:

- His election as the party's first president.
- A change in the party's name to Rally for the Republic.
- An overhaul of the party's governing bodies to bring non-Gaullists into some advisory positions.

Chirac's elevation will influence the maneuvering of both right and left for the legislative election in 1978 and introduce a new fluidity into French politics. It will also further stimulate a trend toward polarization of the center-right as both Chirac and President Giscard strive to attract new voters. Giscard's popularity is now lower than that of any president during the Fifth Republic; the Gaullists, elated by their two first-round victories in the legislative by-elections last month, are finding they have less and less in common with his policies.

Giscard reorganized the leadership of his Independent Republican Party on December 2, naming as its president his

close collaborator, Interior Minister Michel Poniatowski. The party has been struggling unsuccessfully to broaden its support in order to become a more effective rival to the Gaullists.

The party's sporadic efforts to merge with the other two members of the governing "presidential majority"—the centrists and the Radical Socialists—were hampered most recently by the weakness that all three showed in the November by-elections. This made the Independent Republicans less attractive as a merger partner and made the other parties more reluctant to submerge their own identities in a larger group.

POLAND 34

The Poles have announced personnel shifts and changes in the five-year plan designed to help the leadership muddle through the next six to nine difficult months. Party chief Gierek and Prime Minister Jaroszewicz disclosed the changes at a Central Committee plenum and at a followup parliamentary session on December 2.

On the policy side, the changes are designed—ultimately—to benefit the con-

sumer. Investment funds are to be diverted from producer to consumer goods. As a result, housing construction, food production and processing, and the manufacture of other consumer goods are to be given increased emphasis.

The regime promised private businessmen a more free and stable institutional environment and increased government assistance. Gierek also sought to attract greater support from private farmers by saying that they will be able to purchase more land.

The leadership did not promise any immediate relief from shortages of consumer goods. It faces the difficult task of trying to convince the population to wait from two to five years for the fulfillment of its hopes. In the meantime, the leadership will have to be particularly careful not to take any action that could provoke riots and strikes as happened last June.

The personnel decisions will strengthen Gierek's hand in the party and the party's control over government technocrats. Although Prime Minister Jaroszewicz remains in power, most Polish and Western observers agree that he will probably be replaced sometime in the next six to nine months.

Two men were promoted to the party secretariat. Stefan Olszowski resigned his position as foreign minister and Alojzy Karkoszka as deputy premier to take up positions in this key political and administrative body. Olszowski, who has returned to the mainstream of party life, will apparently be one of Gierek's key advisers.

The two apparent losers were Jan Szydla and Jozef Kepa, who became deputy premiers.

Gierek has now moved them away from their primary sources of power in the party. Until their new responsibilities in the Council of Ministers become clear, it is not possible to tell how far the two have fallen.

The new foreign minister, Emil Wojtaszek, will be the administrator of the Foreign Ministry. The formulation of foreign policy will go more clearly to party secretary Frelek.

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Western
Hemisphere

MEXICO 38/40-42

Mexico's new government is trying to defuse a potentially dangerous situation by persuading peasants in the northwest state of Sinaloa to accept a promise that their land claims will be accommodated.

According to press reports, some peasants withdrew peacefully on December 6 from the rich crop land they had occupied since last week, but many others refused to disperse. By week's end, police and army units were preparing to dislodge them by force. Peasant leaders and property owners met in Mexico City with government agrarian officials to work out a solution to the land invasions.

An agreement will get President Lopez Portillo off to a good start in his efforts to restore confidence and revive the faltering economy. Businessmen strongly oppose any further land expropriations of the kind decreed by former president Echeverria last month. Lopez Portillo met with representatives from business and industry this week in what was probably the first of a series of meetings aimed at convincing them that the country needs their help and that his administration understands their problems.

Although the new president will have to implement the massive expropriation of 100,000 hectares carried out by Echeverria in the state of Sonora, he reportedly wants to avoid such radical measures in the future.

Reaction to Lopez Portillo's inauguration address from bankers and businessmen has been generally favorable. They welcomed his promises to streamline the complex federal bureaucracy, cut government spending, and reduce foreign borrowing. Lopez Portillo acted quickly to secure the support of business leaders by announcing that he would authorize private investments in the country's basic industries, such as petrochemical and iron and steel. These

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industries are now almost completely controlled by the state. Labor union officials, perceiving a less populist cast to the new administration, have received the promised changes coolly. They plan to press for large wage increases next month.

The peaceful and orderly transfer of power from the ambitious and provocative Echeverria to Lopez Portillo has in itself contributed to dispelling the atmosphere of crisis surrounding the inauguration. The beleaguered peso responded to the changeover by rising to 20.50 to the US dollar at the start of this week—its best level since late October.

Lopez Portillo's honeymoon will probably continue until early in the new year. Although the President has said that he will need time to deal with pressing economic and social problems, disillusionment is bound to set in when he does not perform miracles and when his administration's programs begin to im-

pinge on the vital interests of important groups.

CUBA

47-98

The basic power structure in Cuba remains virtually unaltered despite the far-reaching institutional changes the government has undergone in the past week. Fidel Castro—Cuba's new president—is in supreme command, and his younger brother Raul is the unchallenged number-two man in the regime.

Osvaldo Dorticos was removed not only from the presidency, which he had held since 1959, but also from his post as chief of the Central Planning Board. The board is now headed by a young Soviet-trained protege of Raul Castro's. Dor-

ticos remains on the 31-member Council of State and is a vice president of the newly appointed Council of Ministers. Health problems, rather than political difficulties, are the probable explanation for his less prominent standing.

One significant change is the removal of Raul Roa as foreign minister in favor of Isidoro Malmierca Peoli. Roa's age—he will be 70 in April—and health were probably factors in the change. Malmierca is 46, has traveled extensively abroad, speaks English, and was a member of the pre-Castro communist party. If the Cuban regime intends to try to improve relations with the US, it might find Malmierca a more appropriate negotiator than the acerbic, bitterly anti-US Roa.

The rest of the leaders continue to be those who have been close to Castro for years. All of the members of the party's Political Bureau, for example, are members of the governing Council of State.

The chiefs of the various mass organizations were also made members of the Council of State, but this is merely a formalization of the close relationship they previously had with the regime leadership. The second- and third-ranking officials of the Armed Forces Ministry, both of whom served in Angola, have seats on the Council of State.

Veteran Communist Blas Roca and Raul Roa were "elected" president and vice president, respectively, of the National People's Assembly, which was in session on December 2 and 3. The short duration of the Assembly's session, in spite of the amount of business at hand, indicates that real authority lies with the Council of State, even though the Assembly is theoretically the senior of the two bodies.

The Council of State, of which Fidel Castro is president, functions as the supreme organ of government when the National People's Assembly is not in session. Castro clearly has no intention of allowing the 481-member Assembly to play a major role in day-to-day governing.

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Brazil: Geisel's Image Enhanced

The returns from Brazil's nationwide municipal elections, held November 15, have enhanced President Geisel's image. Tensions among conservative military leaders critical of Geisel's gradual moves toward political liberalization have been reduced by the strong support won by the pro-government party. The President now can claim an election mandate for his innovative approach to major policy issues.

In the past, the local contests for approximately 4,000 municipal council seats and nearly as many mayorships have been politically insignificant. Early this year, however, Geisel elevated them to national importance by proclaiming them a "plebiscite" on his administration. He also broke a 12-year tradition of presidential noninvolvement in civilian politics and—despite his reserved manner—proved to be an adept campaigner.

There is no doubt that the President views the election returns as a national vote of confidence in his leadership; his buoyant mood has had a calming effect on the country. A rash of bombings—at-

tributed to right-wing extremists who opposed Geisel's political activism—subsidized with the elections, and military criticism of the administration has softened noticeably in recent weeks.

It now seems unlikely that Geisel will revamp the political party system or make major cabinet changes in the near future, as many observers have predicted. Instead, he has been focusing his attention on more pressing economic issues and military personnel shifts. In both areas, he has moved forcefully, making major cuts in public investment and promoting officers on the basis of seniority and professional competence to the highest ranks.

The respite from criticism and disruptive political maneuvering by dissidents will almost certainly be temporary. Continuing economic problems and the likelihood of a mild recession next year make it even more likely that, after a short breathing period, military hard liners and leading industrialists will renew their complaints

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Former deputy prime minister Fukuda campaigning

Asia

JAPAN 49-51

The sharp setback suffered by Japan's Liberal Democrats at the polls on December 5 did not cost them control of the government, but apparently it did end Prime Minister Miki's tenure in office.

The party's officially endorsed candidates fell seven seats short of winning a majority—256 seats—in the Diet's lower house. Nine conservative independents who won seats have already joined the Liberal Democratic Party, ensuring that it will maintain its majority in the Diet. Six more independents will join or vote with the ruling party.

Even so, the Liberal Democrats will still fall short of the 271 needed to maintain effective control over all the committees in the lower house. The party will now have to bargain and compromise

with a group of young dissidents who bolted the Liberal Democratic Party earlier this year—or with the Democratic Socialists, the most moderate of the opposition parties.

Despite the Liberal Democratic losses, the election returns do not indicate any change in the basically conservative sentiment of most Japanese voters. The share of the popular vote won by conservative candidates rose to 51 percent, slightly above the 1972 level. Younger and more independent candidates did somewhat better, however.

The voters also rejected militant opposition candidates in favor of the middle-of-the-road parties. The Communists won only 17 seats compared to 39 in 1972, once more becoming the smallest opposition party in the lower house.

Miki is expected to announce his intention to resign as prime minister fairly soon, and consultations are already under way among ruling party leaders to select a successor. Former deputy prime minister Fukuda is the front-runner. He was endorsed by a solid majority of Liberal

Democratic members of the Diet before the election. Despite some efforts by Miki's supporters to put part of the blame on Fukuda for the party's poor showing, he apparently retains the backing of much of the rank and file.

Perhaps more important, Finance Minister Ohira, Fukuda's leading ally in the party, has reportedly reconfirmed his support for Fukuda. If so, the chance of any significant opposition to Fukuda arising within the party is slim.

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CHINA 52-53

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A brief session of the standing committee of the National People's Congress, China's legislature, ended on December 2 with the announcement of only one major personnel appointment. Former Chinese ambassador to the UN, Huang Hua, who played an important role in the early stages of China's opening to the US, is the new foreign minister. His appointment

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suggests that Peking does not plan any major departures from its current foreign policy line.

The position of premier is still held by party chairman Hua Kuo-feng. Supporters of ousted vice premier Teng Hsiao-ping may be advocating that the job be kept in Hua's hands until Teng can be "rehabilitated" and step into it. These Teng supporters may include Defense Minister Yeh Chien-ying, the second most powerful man in China. Teng's rehabilitation does not seem likely soon but is a strong possibility over the longer term.

There was no announcement of a new chairman of the National People's Congress, a position equivalent to head of state. Filling this post could be a contentious issue. There are signs that some in the leadership would like Yeh Chien-ying to move up to that job, thus leaving the defense portfolio to ambitious military man Chen Hsi-lien. Yeh probably does not want to relinquish his control over the army. He and some others in the leadership probably would prefer that the chairmanship go to Wu Te, a civilian and leading candidate for the job. Wu, however, is still a vice chairman.

Chairman Hua and Yeh Chien-ying were treated by the media as separate from others attending the meeting and were put on an almost equal footing. This is an indication of Yeh's importance and suggests that Hua shares some power with him. The considerable adulation expressed at the meeting, however, was reserved exclusively for Hua.

54-56
MALAYSIA-THAILAND

Malaysian Prime Minister Hussein and Thai Prime Minister Thanin met last week and agreed to cooperate more closely in operations against communist insurgents in the Thai-Malaysian border area.

Lower level officials of the two governments have been negotiating the problem since early November, trying to get formal border talks resumed and joint

counterinsurgency operations restored. The Thai agreed to station additional troops in southern Thailand, to expand joint maritime patrols along the east coast, and to allow Malaysian police and intelligence units to engage in hot pursuit into southern Thailand.

The Malaysians also appear to have allayed Thai suspicions that the Malaysian government is secretly supporting the large Muslim population in southern Thailand that wants to become part of Malaysia. The Thai had insisted—as a condition for joint military actions against communist insurgents—that the Malaysians also participate in joint operations against the Muslim separatists. The Thai have now dropped this demand and unconditionally agreed to restore joint operations on the insurgency problem.

The joint border operations are particularly important to the Malaysians. The insurgents seek sanctuary across the border in Thailand, and without



Prime Minister Hussein

Bangkok's approval the Malaysians cannot engage in hot pursuit. Earlier agreements broke down last April when the Malaysians bombed Thai territory without permission.

With the conservatives in Malaysia's ruling party pressing Prime Minister Hussein to take a tougher attitude toward communists in general, Hussein will find it politically useful to point to improved border cooperation with the Thai.

[Redacted]

INDIA 57-58

India is harvesting a bumper grain crop for the second consecutive year.

Food grain production reached a record 118 million tons for the crop year ending in June 1976 and should range from 107 million to 112 million tons this crop year. Output averaged only 102 million tons annually during the preceding four years.

Good weather has been primarily responsible for the larger harvests, although increased use of fertilizer and better seeds has helped.

Grain import orders were suspended last spring and are not likely to be resumed anytime soon. Barring a poor spring crop, which appears unlikely, no new import commitments are likely before mid-1977.

Two good harvests in a row are severely straining India's food storage capacity. Buffer stocks now total 17 million tons and are likely to increase further. India has permanent facilities for some 12 million tons; much of the remainder has been stored in the open.

The upturn in agriculture—and in the overall economy—is largely responsible for the calm political atmosphere that has prevailed since Prime Minister Gandhi tightened her hold over the government in mid-1975. The absence of significant public discontent has enabled her to concentrate on restructuring the government along authoritarian lines and to postpone the national election for a second year, until 1978.

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The cease-fire in Lebanon has left Syria with considerably enhanced influence in Middle East affairs. Syria is now bent on doing all it can to push for resumption of serious Arab-Israeli peace negotiations.

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Syria: Foreign Policy Beyond Lebanon

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Syrian President Asad's position at home and abroad has strengthened significantly since the Arab heads of state endorsed the Lebanese cease-fire in late October.

The halt in fighting—even without progress toward a political settlement among the Lebanese—has eliminated most public expressions of discontent within Syria, stopped effective pressure from Egypt and the USSR, and ended any possibility of conventional military moves by Iraq.

The improvement in Asad's political position has already opened the way for him to focus on foreign policy concerns beyond Lebanon, and is likely to make him push harder for progress in Arab-Israeli peace negotiations. It will not, however, make Asad any more willing to offer significant concessions to Israel.

Syria's strategy now is to marshal as much Arab and international support as possible to press the US and Israel to resume serious peace negotiations. To minimize the political risks and to avoid the appearance that he is making concessions, Asad probably will work through Arab states with close ties to the US, particularly Jordan and Egypt.

The Jordan Strategy

Asad's immediate aim is to strengthen further his close ties to Jordan. During his visit to Amman this week, he persuaded King Husayn to join him in an announcement of their intention to create—some time in the future—a federation or confederation of the two countries.

The Syrians doubtless believe that such

a demonstration of Jordan's support and confidence—following Syria's victory in Lebanon—will remind the US, Israel, and Asad's Arab critics that Syria is in an increasingly powerful position in the region, and that its views on Lebanese and Middle East peace negotiations must be accommodated.

Syrian leaders presumably believe also that a forceful public reminder of Syria's powerful position will have a salutary effect on Egyptian President Sadat, whom Asad plans to visit in Cairo on December 11. Despite the recent rapprochement between Syria and Egypt, the Syrians are not yet confident about dealing with Egypt and will want to underscore their ability and determination to play a major part in forming future Arab policy.

Jordanian leaders value their close association with Syria because it keeps them involved in broad Middle East issues. Despite the urgings of powerful private advisers to enter into a federation with Syria, however, Husayn and other Jordanian officials are inclined to allow only a modest expansion of existing military and economic arrangements.

King Husayn probably will endorse the principle of closer political cooperation. He will delay indefinitely, however, implementing any scheme that would cede to others significant influence over Jordan's internal security or foreign and military policy.

Coordination with Egypt

Asad is now willing to put aside his public criticism of the second Sinai accord while he attempts to work through Sadat to make gains in negotiations.

The Syrians have long believed that the

Egyptians are inclined to make unnecessary early concessions in peace negotiations, but they nevertheless prefer that Sadat take the lead in arranging a new round of talks. Asad recognizes that Egypt has more experience than Syria in dealing with the US and also prefers that Egypt suffer the public criticism that would accompany a failure to get talks going again.

Working with Egypt also helps Syria in its relations with the other Arabs. It particularly pleases the Saudis, who provide budget support to Syria, fund the predominantly Syrian Arab peacekeeping force in Lebanon, and control use of the Arab oil weapon.

The rapprochement between Syria and Egypt also helps undercut Asad's radical Arab critics. The Palestinians and the Iraqis succeeded in delaying the establishment of a Syrian-backed peace in Lebanon when they had active backing from Egypt, but without Egyptian support they have had to acquiesce in the Syrian presence. Several hundred Iraqi troops have already withdrawn from Lebanon.

Politically, the Palestinians will find it much more difficult to play the Syrians and Egyptians off against one another as long as the Syrian-Egyptian rapprochement holds.

This will reduce the chances that the Palestinians will be able to veto any formula the Syrians and Egyptians may arrange for an Arab delegation to return to Geneva, or to use a future meeting of the Palestinian National Council—the Palestinian parliament—to reduce Syria's military or political control of the fedayeen.

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SECRET*President Asad*

Syria for months has equivocated publicly about the utility of reconvening the Geneva conference, but there is no doubt that it will be willing to return to the conference if it believes there can be significant progress in peace negotiations.

Syria's renewal last month of the mandate of the UN observer force on the Golan Heights without significant political wrangling reflects in part Syria's interest in avoiding an obstructionist image at a time when the Arabs are pushing for a resumption of serious negotiations.

Asad is not likely to abandon his position that the Palestinians must be represented at Geneva from the start of any new round of talks. If he perceives that progress may be possible on substantive issues, however, he might agree to the formation of a joint Arab delegation—which Egypt would support—that would include Palestine Liberation Organization representatives but not have the PLO present as an organization.

This would have the advantage, from Syria's point of view, of facilitating control of the PLO by the moderate Arab states. It would also have the advantage of putting both the PLO and Israel on the defensive. Neither would like such a formula, but both would be concerned about the possible political costs of rejecting it.

On substantive matters, Syria in the coming months will press for negotiations aiming at the return of the Arab territories occupied by Israel in exchange for an end to "all forms of aggression."

Asad is already attempting to bolster his case internationally by arguing that Israel's demands that diplomatic, commercial, economic, and cultural exchanges be included in a final peace settlement are only obstacles raised to ensure that no progress is made.

Israel and Lebanon

Asad's successful pursuit of his Lebanon policy against the wishes of the Soviets, Palestinians, and several Arab governments almost certainly has reinforced his conviction that perseverance pays off. We anticipate that the net effect of the Lebanese involvement, therefore,

will be to make Asad more confident and more determined than ever to maintain heavy pressure on the Israelis, and to give them no excuse to refuse to participate in negotiations or to turn to military action.

Syria will continue, for example, to reaffirm its support for the creation of a Palestinian state. This serves also to disarm Asad's fedayeen critics, who argue that his Lebanese policy was directed against the Palestinians.

Troops in Lebanon

The 25,000 to 30,000 Syrian troops in Lebanon constitute an implicit threat to Israel, even though they are dispersed throughout the country and pose no immediate threat to Israel's security. This military presence probably will remain for many months even if the Lebanese cease-fire holds, and will tend to create new political problems between Israel and Syria.

Syria has begun to rebuild the Syrian-controlled Saiqa fedayeen group in Lebanon, and has moved small units of the Syrian-dominated Palestine Liberation Army into the Arqub region of southern Lebanon. These actions are not directed at Israel, but, because they expand Syrian control in Lebanon, will also raise Israeli concern.

The Syrians have indicated in the Damascus news media their desire to move their forces into the southern Lebanese port of Tyre to eliminate the last important source of resupply for the Palestinians and leftists, but have delayed doing so in the face of Israel's stated opposition to such a move.

If the Syrians conclude they cannot risk a move into Tyre, they are likely to decide that continued tension and occasional skirmishing between the fedayeen and Lebanese Christian and Israeli forces in the border area—despite the adverse impact on Lebanese stability—serve Syria's interests in dealing with Israel.

Continued tension, the Syrians might calculate, would oblige the Israelis to choose between a Syrian presence in the border area and continued insecurity with low-level fedayeen cross-border terrorism.

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The Italian political situation remains complex, but most factors in the equation seem likely to drive the Christian Democrats and the Communists closer together rather than further apart.

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Italy: Andreotti's Problems

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Prime Minister Andreotti is grappling with the most difficult combination of economic and political problems to confront an Italian government leader in years.

The essence of Andreotti's dilemma is that his Christian Democratic minority government must rely on Communist cooperation to implement an urgently needed economic stabilization program, while at the same time the leadership is searching for ways to revive a non-Communist governing coalition.

Unable to muster support for such a coalition among their traditional allies following last June's election, the Christian Democrats have been forced to bargain for Communist abstention in parliament in order to install Andreotti's government and enact austerity measures to halt the spiraling inflation and a large balance-of-payments deficit.

In return for their abstention—and for keeping labor protest within manageable limits—the Communists have received key parliamentary posts previously denied them, along with a broader more overt

consultative role in government policy making.

Thus the dominant feature of the period since the election has been an uneasy but growing cooperative relationship between the Communists and Christian Democrats.

It is clear that this arrangement cannot go on indefinitely. Eventually, the two parties must move toward closer, more formal collaboration or revert to a semblance of the old order, the central feature of which was a much clearer distinction between the Christian



Prime Minister Andreotti sits alone during recent parliamentary debate on austerity measures

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Thousands of workers demonstrate last month at the Colosseum to protest austerity measures

Democratic - led governing majority and the Communist opposition. Both parties face difficult choices but, on balance, the Christian Democrats appear to have the more complicated and risk-laden task.

Communist Goals

The Communists' goals are relatively clear-cut. Cooperation with Andreotti is designed to provide simple political leverage, but also something much more far-reaching. Communist leaders appear convinced that unless they work with the Christian Democrats and demonstrate a responsible attitude toward Italy's pressing problems, they cannot achieve membership in the government without triggering unacceptable levels of domestic and international uncertainty.

The major risk for the Communists is that their traditional working-class base will become alienated by the party's acquiescence in austerity measures that will hit hard at lower income groups. There has already been considerable evidence of restlessness among the Communist rank and file, particularly in the labor sector; at one point in October, for example, Communist cadres had to fan out into the northern industrial centers to quell a rash of wildcat strikes and explain the party's

support for the government to the workers.

The risk of weakening Communist strength among the workers is offset somewhat by the failure so far of the other leftist parties to present themselves as credible alternatives or to develop the kind of organizations necessary to compete with the Communists' vote-gathering machinery.

For example, the Socialist Party—the Communists' most substantial rival on the left—is mired in internal disputes that prevent it from projecting an image clearly distinct from that of the Communists. Even as they proclaim their autonomy from the Communists, the Socialists say that they will not join the Christian Democrats in another coalition unless it is a broadly based emergency government that includes the Communists.

In these circumstances the Communists probably will be able to hold most of their hard-core supporters, while working to neutralize anti-Communist sentiment among other voters by appearing to be the most important ally of a government beset by massive economic problems.

The longer the de facto partnership between the Communists and Christian

Democrats continues, the more likely it becomes that Italians will view any governmental success as a by-product of collaboration between the two parties. This, in turn, would tend to make Communist chief Berlinguer's three-year-old offer of an "historic compromise" with the Christian Democrats look less and less threatening.

The Christian Democrats

While the Communists are playing a risky game, the Christian Democrats face a more acute dilemma as they weigh the probable consequences of closer collaboration with the Communists against the implications of an attempt to put together a government more insulated from Communist influence.

Perhaps the greatest limit on the Christian Democrats' freedom of maneuver stems from their long-time emphasis on anti-communism, which had made party strategy to some extent a captive of that issue. While Berlinguer has for at least three years been preparing the Communist rank and file for closer relations between the two traditional rivals, the Christian Democrats have been proclaiming for decades that they would never go as far as they have since June toward an

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accommodation with the Communists.

The Christian Democrats managed to retain their plurality in the June election by draining right-wing support from the smaller parties—such as the neo-fascists—with a tough anti-communist campaign. Thus, any move toward formal collaboration with the Communists would seriously jeopardize the Christian Democrats' base of support among anti-communist voters.

Leadership Strained

It would also severely strain the cohesion of the Christian Democratic leadership. While Christian Democratic leaders are generally united behind Andreotti's economic program, many of them are nervous about his government's dependence on the Communists.

Divisions among Christian Democrats over the communism issue are reflected in recent developments in the key northern industrial region of Lombardy. The Christian Democratic-led regional government there has entered into a formal "legislative accord" with the local Communists that goes well beyond the ad hoc consultative arrangement at the national level. The regional party leader has recommended that Andreotti consider applying the Lombardy model at the national level—as a way of assuring continued Communist support without admitting the party to the government.

Right-wing Christian Democrats in Lombardy have revolted, however, and taken over the party organization in Milan, the regional capital. Their leader, Massimo De Carolis, recently provoked considerable controversy by asserting that the present drift toward cooperation with the Communists should be cut short by returning to a policy of confrontation with them, even if that involves another election.

There are signs that these competing points of view are being debated in the party's national leadership, although Andreotti's tactics appear to have the backing or acquiescence of most influential Christian Democrats not because they favor an accommodation with the Communists but because they believe the alter-

natives to the present course are even less attractive.

Closer relations with the Communists would create serious internal problems for the Christian Democrats but, as they look to the future, the Christian Democrats can draw little comfort from the fact that a noncommunist majority still exists in parliament. The Christian Democrats' former allies might eventually be persuaded to rejoin them in the government, but any attempt by the Christian Democrats to push the Communists to the sidelines would risk incurring the kind of Communist opposition that would make Italy even harder to govern.

Even before the June election, Christian Democratic-led governments found it difficult to enact programs opposed by the Communists; with the strength the Communists gained in June, it is clear that any government that excludes the Communists will still need their benevolence to secure approval of key bills, particularly in the economic area.

The Socialists

The Socialists, whose support the Christian Democrats must have to form a noncommunist government, would not be likely to go along unless the Christian Democrats were willing at least to seek Communist support for government programs. The Socialists want to ensure that the Communists share some responsibility for government decisions rather than being left free to criticize from the opposition.

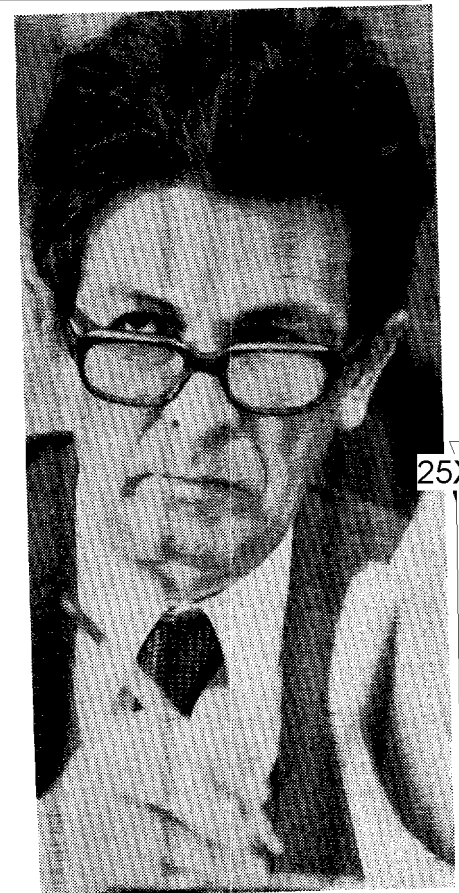
Apart from that, however, the Socialists have probably concluded from their experiences in a succession of center-left coalitions between 1963 and 1974 that Communist abstention or support in parliament might frequently be necessary to offset Christian Democratic defections during votes on controversial social and economic programs.

The Christian Democrats thus face unpalatable choices whether they move toward more formal collaboration with the Communists or try to put more distance between themselves and Berlinguer's party. Sooner or later, they will have to choose one sort of alliance,

except in the highly unlikely event that they elect to go into opposition.

Neither the Communists nor the Christian Democrats want to force the issue now, and uneasy rapprochement probably will continue for at least several more months. Given the usual caution of Italian political leaders, it may well take some decisive event—perhaps another election or an economic deterioration sharp enough to subordinate political differences—to force a further qualitative change in relations between the two parties any time soon. While it is too soon to sketch in the details of the relationship's next phase, most factors in the Italian political equation seem likely to drive the Communists and Christian Democrats closer together rather than further apart.

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Communist Party chief Berlinguer

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The coming months may be difficult for the East German leaders as they grapple with a complexity of political and economic challenges.

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East Germany: The Regime's Problems

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Since mid-August a number of problems have appeared on the East German domestic scene, and all of them have contributed to political malaise and public discontent. Economic problems, too, have come to the fore, and informed observers appear to agree that economic issues were behind the leadership reshuffle in October.

In all likelihood a Central Committee plenum will meet to review several critical problems, including the economic situation. Some personnel shifts may occur, although there have been no strong indications pointing in this direction. Party chief Honecker may follow up the top-level shifts in the government that were made in late October with other moves to strengthen the party's control over the government's administrative and economic machinery.

The Leadership

It has not been an easy autumn for East German leaders, and in many respects the coming months could turn out to be a "winter of discontent" for the government and the population. East German authorities seem uneasy about issues that could provoke public displeasure. According to some observers, the public is more critical and outspoken than it has been at any time in recent years. In short, the potential for collision between critics of the regime and the insecure, oversensitive authorities is rising.

The regime's ability to monitor the public mood and ensure that adequate

security precautions are taken is well proven. The authorities are subject, however, to miscalculation and overreaction—particularly when West German media enter the picture—and in recent months have done more to aggravate some situations than to ease them.

To what degree the problems that have come to the surface have provoked controversy and differences of opinion within the Politburo is difficult to determine. There seems to be a consensus on broad issues, but recriminations are doubtless made when developments take an unexpected or adverse turn.

Overriding all other considerations is the importance to the USSR of a stable, secure East German regime. This is crucial to the Soviet ability to deal with West Germany and Europe in general. The USSR will stop at nothing to maintain stability in East Germany and continue its ultimate control over events there.

For the East German regime, and especially for Honecker, the critical question is to ensure Soviet support on a wide range of inter-German issues. To this end, the East German party chief enthusiastically pursues all measures leading to stronger bilateral ties with the USSR.

Honecker realizes that his position as party leader and preservation of the limited autonomy that the regime has in domestic affairs depend almost completely on his ability to ensure internal order. He has a well-deserved reputation for

painstaking attention to detail and has a firm hold on the party organizational machinery.

Taken individually, none of the problems confronting Honecker is intractable. At least for the moment, he seems to have them under control. Taken together, the challenges to the authority of the state are pervasive and interlocking. They will require prudent and discriminating attention by the leadership. A harsh ideological crackdown would risk a serious public backlash.

The Problems

First of all, the incidents of last summer in Berlin and along the East-West German border focused attention on the question of travel and contacts between the two Germanies.

Church-state relations then became aggravated—tensions remain high, and East German officials are still chafing over the defiant boycott by some of the church hierarchy of the parliamentary election in October. Official displeasure over youth problems is more pronounced, economic problems continue, and the regime has now embarked on a crackdown on the country's more outspoken, dissident intellectuals. All of these issues take on an added air of uncertainty when viewed through the prism of inter-German relations.

One of the chief concerns of leading party and government officials at the moment is the rise in emigration applications. Such applications are reported to number in the hundreds of

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thousands, and the congenitally suspicious communist leaders may see the challenge as something amounting to a national conspiracy.

Inter-German relations unquestionably pose the most vexing problem for East German policy makers. It is also the one area where there are probably differences of opinion among them. Indeed, mixed signals on this subject from both East and West Germany are the norm rather than the exception.

For example, with virtually the entire Politburo backing him up, Honecker held a widely publicized press conference at the Leipzig Fair on September 5 during which he took a fairly conciliatory position on the subject of Western travel. In essence, he tied increased travel to the West to improvements in the regime's hard-currency deficit.

Since the West German election, however, East Berlin has been taking a tougher line toward Bonn. The change may reflect the regime's concern over the increasingly open, sympathetic attitude of East German church and youth groups toward dissident East German artists. The tougher line could also be a reaction to the West German media's exploitation of the situation in East Germany.

It is too soon to tell whether East Germany intends to carry out a full-scale cultural crackdown; tentative indications point in the opposite direction.

Bilateral talks between East and West German negotiators on "human contacts" continue. The East Germans may be seriously considering some action to ease the regime's restrictive travel policies. If so, the current hard line being taken against what amounts to the "expendable" fringe element of East German society will serve as a stern warning for the average East German who visits the West.

Outlook

The assumption of the chairmanship of the Council of State by the 64-year-old Honecker in October brings him to the summit of his power—he now holds the same positions previously held by his predecessor, Walter Ulbricht. The govern-

ment changes have certainly been aimed at enhancing the party's role in society, and there may be some additional shifts in this direction in the near future.

As the past months have indicated, however, there are forces at work within East German society that will sorely test Honecker's capacity for leadership.

The regime's determination to pursue its distinct economic interests may carry it to the point of agreeing to further improvement in East-West travel arrangements in return for credits from

West Germany. This could create further political opportunities for West Germany and might even pose complications in East German relations with the USSR.

In short, the pressures on the Honecker regime can only mount as moves toward further relaxation of controls over inter-German contacts conflict with the unbending effort of the regime to impose on its own population a distinctly separate, communist sense of identity.

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Party Chief Erich Honecker

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