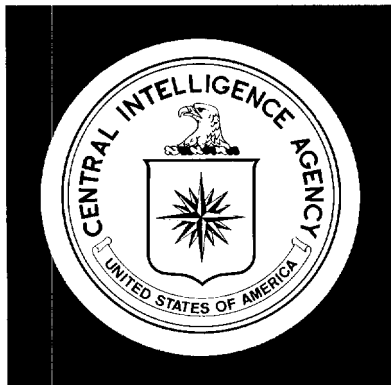


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# Weekly Summary

State Dept. review completed.

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March 4, 1977

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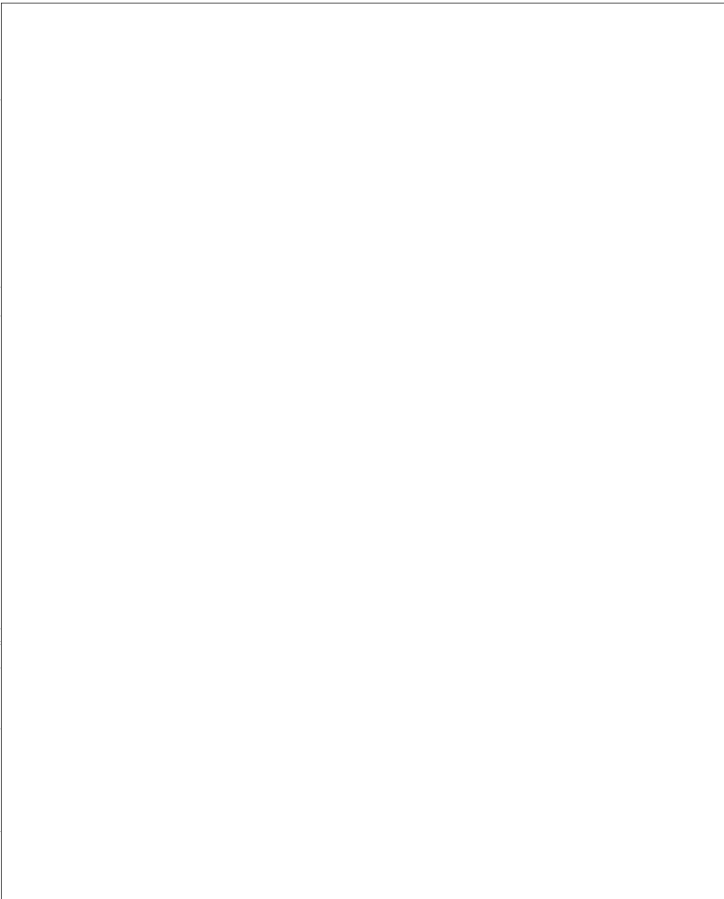
March 4, 1977

The WEEKLY SUMMARY, issued every Friday morning by the Current Reporting Group, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Regional and Political Analysis, the Office of Economic Research, the Office of Strategic Research, the Office of Scientific Intelligence, the Office of Weapons Intelligence, and the Office of Geographic and Cartographic Research.

# CONTENTS

<b>1 Africa</b>	Uganda; Tunisia-Libya; Zaire-Angola	
<b>2 Middle East</b>	Jordan-Palestinians; Lebanon; Sudan-Egypt-Syria	
<b>4 USSR</b>	China Border; US Relations; <input type="text"/>	25X1
<b>5 Europe</b>	France; <input type="text"/> Spain	25X6
<b>7 Asia</b>	Philippines; South Korea	
<b>7 International</b>	OPEC	25X1
<b>8 Lebanon: Reconstruction Prospects</b>		
<b>11 USSR: Decline of the Belorussian Faction</b>		
<b>13 North Korea: Mounting Problems</b>		
<b>15 France: Pushing Solar Energy Technology</b>		
<b>16 Economies of Non-OPEC Developing States</b>		

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Next 2 Page(s) In Document Denied

**Africa**

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**UGANDA**

President Idi Amin's special security forces apparently continued this week to track down suspected tribal enemies of his despotic regime while the publicity-loving President kept the world in suspense with moves that seemed to threaten the safety of US citizens in Uganda.

The chief target of the security forces' campaign, which evidently has been under way in the country for several weeks, continued to be members of the predominantly Christian Acholi and Lango tribal groups. These groups, which were the bulwarks of the regime overthrown in 1971 by Amin, a Muslim, have borne the brunt of the bloodletting that Amin's security forces have conducted periodically since he took power.



President Amin *OUR*

Amin's enemies, especially exiled Acholi dissidents in Kenya and Tanzania, have been plotting against the Ugandan leader for years, but their efforts to overthrow him have come to naught because of poor planning and Amin's pervasive security apparatus.

[Redacted]

Amin's move affecting the approximately 240 resident Americans, mostly missionaries, came on the heels of sharp criticism of his regime in the US and elsewhere because of the deaths last month—almost certainly at the hands of Amin's security forces—of the Anglican archbishop of Uganda and two Christian cabinet ministers. Orders prohibiting the Americans from leaving the country and summoning them to a meeting with Amin were subsequently canceled, but the government radio has continued to charge US involvement in schemes to invade Uganda.

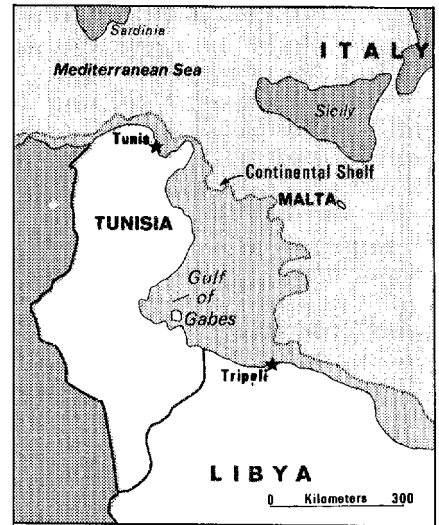
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Cuba may be coming to his aid. The Castro government has shown increasing interest in Uganda since it opened an embassy in Kampala a little over a year ago. The Cubans sent a high-ranking military officer to represent them at the Ugandan regime's sixth anniversary observances in January. There are some indications that the number of Cubans in the country is growing.

**TUNISIA-LIBYA**

15-18

A long-standing dispute between Tunisia and Libya over the continental shelf in the Gulf of Gabes intensified last month when Libya sent an oil drilling rig into disputed waters. Both countries have reportedly sent naval vessels to the area, as have the Italians, who operate the rig.



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When Tunisian patrol boats discovered the drilling rig, they ordered it out of the area. Tunisian Prime Minister Nouira is said to regard the presence of the rig in the gulf as a violation of a tacit understanding between the two countries that neither will drill there until the boundary dispute is settled.

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According to a Tunisian official, Libyan Prime Minister Jallud subsequently warned Tunisia's representative in Tripoli that the Libyans would "open fire" on any Tunisian patrol boats that tried to interfere with the drilling operation. In addition, the Libyans reportedly have threatened the Italian drilling firm with confiscation of its assets in Libya "and worse" if the rig complies with the Tunisian demand that it leave.

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The Libyans' strategy appears to be to bring pressure on Tunisia to accept joint exploration of the shelf—a proposal rejected in the past by the Tunisians, who want to establish a demarcation line and have exclusive rights to their portion.

Both sides will try to avoid an incident at sea, but with tensions running high, an exchange of fire could take place.

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**ZAIRE-ANGOLA**

Angolan President Neto has been un-receptive to recent efforts by Zairian President Mobutu to improve relations between their governments.

Mobutu, who opposed Neto's Marxist-oriented faction during the Angolan civil war, concluded some time ago that he would have to mend fences with the victorious Neto, both for self-protection and to have some influence in southern African affairs. The Zairian leader has taken steps since late last year to reduce support substantially for Angolan insurgent groups fighting Neto's regime, and in January he announced recognition of Neto's government.

So far, Mobutu's gestures have apparently failed to move Neto, who continues to feel strong antipathy to the Zairian. In the past two weeks, both Neto and his foreign minister have again criticized Zaire publicly, claiming it is still permitting "Angola's enemies" to operate from bases in Zaire. The Angolan President also charged his neighbor with receiving US soldiers sent to prepare a military attack on Angola.

Neto is unlikely to be interested in any real improvement in relations with Zaire as long as he is faced with a serious insurgency situation in Angola. Even if Mobutu finally cuts all ties with the guerrillas—and it is by no means certain he intends to do so—Neto would probably continue to suspect him of aiding them. For their part, the various insurgent groups can probably maintain their present levels of activity for some time no matter what Mobutu does.

[Redacted]

**Middle East**

**JORDAN-PALESTINIANS**

Jordan and the Palestine Liberation Organization last week began formal talks in Amman aimed at reconciling their feud in the interest of developing a

[Redacted]

common Arab position and strategy for peace negotiations with Israel. The initial round of the talks, which are likely to continue intermittently for some time, ended inconclusively.

The Jordanian delegation was headed by Prime Minister Badran, and Palestine National Council speaker Khalid al-Fahum, who had visited Amman in January to set up the talks, was chief spokesman for the PLO. The dialogue between the two parties—bitter foes since King Husayn drove most of the Palestinians from Jordan in 1970 and 1971—was promoted by Egypt and Syria, which are hoping to bring about some form of association between Jordan and the PLO that would overcome Israel's objection to dealing directly with the PLO.

During the discussions, the Jordanians rejected PLO requests for financial and military help for West Bank Palestinians—presumably to be channeled through the PLO. Jordan also turned down requests for permission to open additional PLO offices in Jordan and for the release of Palestinians detained by the Jordanians.

The PLO delegation reportedly was pleased to hear from the Jordanians that they would go to a resumed Geneva Conference on the Middle East only as a "confrontation state" and that the PLO, not Jordan, should represent the Palestinians. Husayn indicated thereby that he was continuing to adhere to the decision of the 1974 Arab summit conference designating the PLO as sole spokesman for the Palestinians.

For its part, the PLO maintained its familiar line that it would accept an invitation to Geneva, but would find it difficult to accept one based on an unmodified version of UN Security Council Resolution 242, which deals with the Palestinians in humanitarian rather than political terms. The PLO representatives made no suggestions on the question of future links between Jordan and a possible Palestinian state on the West Bank and the Gaza Strip.

The two parties agreed to meet again to

explore their future relations in greater depth. The delay will allow both the PLO and Jordan an opportunity to obtain a clearer reading of Egyptian and Syrian expectations in the talks.

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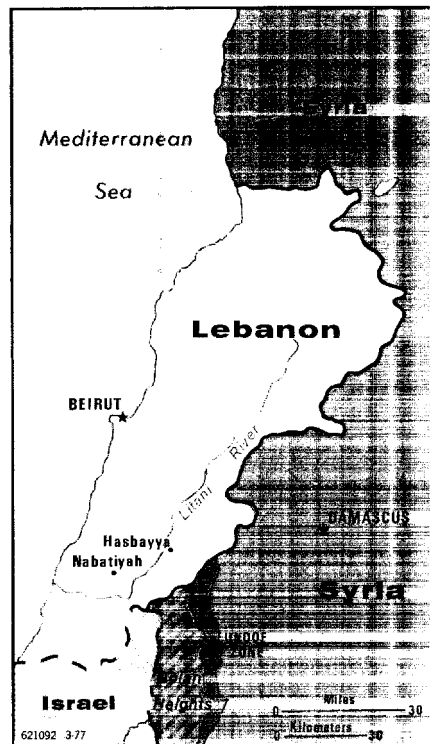
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25-28  
**LEBANON**

Fighting in southern Lebanon between Palestinian-leftist forces and Christian militiamen supported by Israeli artillery fire has continued almost unabated since late January. The Palestinians are getting the worst of it and may lose all access to the border with Israel.

Christian forces initiated the fighting specifically to clear Palestinians and leftists from a "security belt" several kilometers wide along the border, and they clearly are accomplishing their aims. They have the upper hand militarily and



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Presidents Sadat of Egypt (left), Numayri of Sudan (center), and Asad of Syria sign agreement at Khartoum meeting

UPI

have gained control of much of the border area from Hasbaya west to the Mediterranean.

Palestine Liberation Organization leader Yasir Arafat and Christian Phalanges Party leader Pierre Jumayyil reportedly agreed in late February to end the fighting, but the two men have apparently been unable or unwilling as yet to follow through. Fighting, consisting chiefly of artillery duels, has not let up since the agreement.

Law and order is all but nonexistent throughout southern Lebanon. Many towns now under Christian artillery attack, including Nabatiyah, are in the hands of leftist hoodlums, and large numbers of Muslim inhabitants are either evacuating the area or supporting the Christians because of excesses by leftists and radical Palestinians.

The government appears powerless to control the situation. The minister of interior told the US charge recently that his ministry could do nothing, and President Sarkis apparently has no ideas on how to end the fighting. He has reportedly been considering asking the UN for troops to patrol the south, but no formal request has been made.

Lebanon has no regular military forces at all and no security forces numerous or effective enough to restore order. Syrian troops are proscribed from venturing deep

into southern Lebanon by Israeli objections. (An analysis of the damage sustained by Lebanon during the civil war and of President Sarkis' reconstruction plans appears in the feature section of this publication.)

## SUDAN-EGYPT-SYRIA

A meeting of the presidents of Sudan, Egypt, and Syria held in Khartoum on February 27 and 28 underlined the close relations that have developed among their moderate governments. The three presidents plan to get together privately with Saudi Arabia's Crown Prince Fahd when he is in Cairo next week to represent his country—their common benefactor—at the first Afro-Arab summit.

The Khartoum meeting produced little in the way of tangible results. Sudan became a member of the largely symbolic joint political command established by Egypt and Syria last December. The three presidents—who can now claim to head a political "union" containing more than half the population of the Arab world—may hope to use the tripartite arrangement to increase their influence in Arab affairs.

The talks were apparently initiated by Sudanese President Numayri. His main object was to obtain an expression of

wider Arab backing for his government, which he believes is threatened by Ethiopia and Libya. Egyptian President Sadat, long at odds with Libyan President Qadhafi and increasingly concerned about developments in the Horn of Africa, wanted to show support for his friend Numayri. Syrian President Asad sought to improve his ties with Arab moderates, in part because of his continuing problems with Iraq.

Saudi Arabia is likely to welcome cooperation among the three countries as helping both to draw Syria further away from the USSR and to prevent the spread of Soviet influence in the Horn of Africa, an area of growing concern to the Saudis. They believe that the widespread turmoil and increasing leftist orientation in Ethiopia and the extensive irredentist claims of Soviet-backed Somalia provide the USSR with opportunities for further gains.

Among other things, the Saudis are worried about what will happen in the French Territory of the Afars and Issas, which is coveted by both Ethiopia and Somalia, when it becomes independent later this year. They want France to retain a military presence there as a counter to Somali and Soviet ambitions and are ready to support an independent government both politically and economically.

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## CHINA BORDER

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The chief Soviet negotiator at the Sino-Soviet border talks, Deputy Foreign Minister Ilichev, left China for home on February 28, apparently with no results to show for his three-month stay. The USSR had sent Ilichev to Peking soon after Mao Tse-tung's death and the purge of China's leading leftists to probe for any change in Chinese attitudes.

Ilichev's arrival in Peking on November 27 ended an 18-month interruption in the talks, which began in 1969. The Chinese told foreign officials in Peking privately that Ilichev had brought no meaningful new proposals and that China's position on the border issue remained as firm as ever.

Publicly, the Chinese made a point of stressing the continuity of their major foreign policy objectives, one of which is firm opposition to what they characterize as Soviet "expansionism." In January, anti-Soviet propaganda from China, which had dropped off in volume although not in content after Mao's death, increased markedly.

Early last month, a Soviet radio commentary made the first direct criticism of China to be carried by Soviet media since the death of Mao; it lamented that China's new leaders were continuing the "old anti-Soviet line." The commentary was restrained, however, as was a lengthy rebuttal of China's propaganda attacks on the USSR in an authoritative "Observer" article in *Pravda* a few days later, and the Soviets have not resumed all-out propaganda attacks on the Chinese.

Although the Soviets are clearly frustrated over the failure of efforts to start a dialogue with the new Chinese leaders, they may still have some hope for an eventual easing of Sino-Soviet tensions. The Soviets apparently believe the Chinese leadership has yet to stabilize,

and they probably remain encouraged by China's continuing domestic emphasis on the need to purge the leftists' supporters.



## US RELATIONS

41-46  
12

The USSR has taken concrete steps to demonstrate that US actions in support of human rights in the USSR will hamper some aspects of relations between the two countries. Soviet leaders are particularly smarting over US contacts with Soviet dissident leader Andrey Sakharov.

The Soviets gave a cold reception to a US delegation that visited Moscow late last month to arrange a long-term exchange of physicians. The chairman of the USSR-USA Friendship Association, who had extended the invitation to the delegation, refused to meet with it. A deputy minister of health told the chief of the group that US statements on human rights are making bilateral exchanges "difficult to arrange."

In meetings with the delegates, the Soviets harangued them on human rights problems in the US and pointedly refused to discuss future exchanges—the first time the Soviets directly linked any bilateral program to the human rights debate.

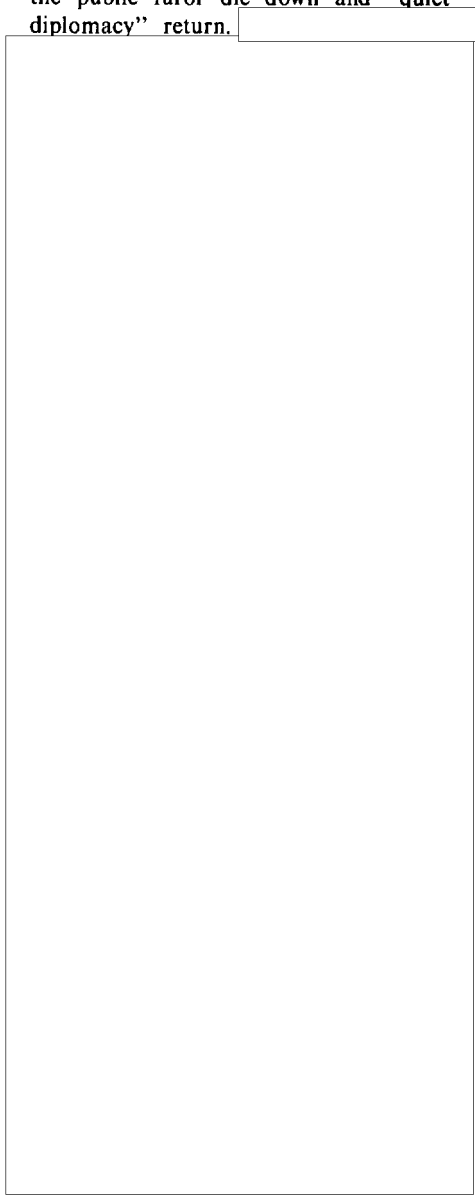
On February 28, Soviet authorities detained for several hours two Soviet Jewish activists who were trying to enter the US embassy, in the company of an embassy officer, to deliver a report on violations in the USSR of the Helsinki human rights agreements. The Soviets had not made arrests in similar circumstances in years.

Moscow has intensified its polemics on human rights following its strongly worded demarche to Washington two weeks ago. Commentaries in *Pravda* and on Moscow radio warned that US statements could adversely affect efforts to improve relations.

On February 20, a *Pravda* commentator, participating in a panel discussion on Moscow domestic radio, decried what he called the US "parallel course" of limiting nuclear arms and interfering in

Soviet internal affairs. This was the most direct Soviet statement so far raising the possibility of linking negotiations on strategic arms to the current controversy over human rights.

Soviet officials and commentators nonetheless have continued to stress Moscow's interest in pursuing arms limitations with the US, particularly a second SALT accord. A Soviet Foreign Ministry official commented privately last week that Moscow would like to see the public furor die down and "quiet diplomacy" return.



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## Europe

## FRANCE 5657

The French municipal elections to be held on March 13, with a run-off a week later, are viewed by all the participating political parties as a national test of strength and a bellwether of the legislative election in 1978, although the campaign is being fought mainly over local issues and personalities.

A recent assessment by the US embassy of the campaign in Paris and the provinces concluded that:

- The left will make substantial gains in the more important cities with

populations over 30,000.

- There appears to be an irresistible tide in favor of the Socialist Party and the United Left in those constituencies where the left has been able to agree on common lists of candidates.

- Former prime minister Chirac's renovation of the Gaullist party and the economic austerity program of Prime Minister Barre will only marginally help candidates of the government majority.

- Prime Minister Barre, who came to office only six months ago, is winning increasing respect from the French public and is becoming a counterweight to the images of President Giscard as indecisive and Chirac as overly activist.

A region-by-region poll last month indicated that 55 percent of the voters in-

tended to vote for the left. If that percentage is maintained in the national election next year, the left will gain a parliamentary majority. Even in former bastions of the centrists and conservatives in eastern and western France, 50 percent of the voters now say they will vote for the left in 1978; candidates of the left polled only 37 percent of the vote in those places in 1973.

The governing coalition's brightest spot this year appears to be Paris, where the center and rightist parties expect to defeat the leftist alliance of the Socialists and Communists. The victory is likely to be tarnished, however, by the spectacle of Giscard's and Chirac's parties running competing lists in the first round and by quarreling among the governing parties over the post of mayor.

After the 109 seats on the city council are filled, the members will meet to elect one of their number mayor. Chirac has declared that he is a candidate for the post, but neither he nor Minister of Industry d'Ornano, Giscard's candidate for mayor, is likely to have the necessary majority. The governing parties will have a strong motivation to work out a compromise, since failure to do so could open the way for a leftist candidate—thus depriving the government of an important springboard for the 1978 parliamentary campaign.



Prime Minister Barre

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*Prime Minister Suarez AP*

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## SPAIN <sup>58</sup>

The Spanish government in the past two weeks has taken its toughest stand against the far right since the death of General Franco 15 months ago. The government's move appears to be a warning that Prime Minister Suarez will attempt to deal as firmly with efforts by the right wing to derail Spain's movement toward democracy as he has with those by the far left.

The crackdown on the right included a raid on a clandestine small arms factory and the arrest of the leader and some 30 members of the Guerrillas of Christ the King. Following these actions, the Anti-Communist Apostolic Alliance—a group that gained prominence by assassinating four Communist lawyers in January—threatened Suarez with death and warned of widespread bloodshed if he goes ahead with plans to hold a national election this spring.

The action against the right may have been in response to public criticism that the police were not being as zealous in curbing right-wing terrorists as they had been in cracking the ultraleft group responsible for the recent kidnappings of two prominent Spanish officials; the officials were rescued last month. Charges of police collusion with extreme rightists, common under Franco, when some rightist groups apparently functioned as the covert arm of the police, have recently increased in the Spanish press.

Suarez may also have hoped that the police action against the right would help placate members of the leftist opposition parties, who were angered when the government turned over to the Supreme Court the question of legalizing the Communist Party. The left will be further upset if the court rules that the party is illegal under current Spanish law.

Whatever the court's decision, the much publicized meeting of the leaders of the Spanish, Italian, and French Communist parties in Madrid this week demonstrates how far political liberalization has come since the death of Franco. Spanish Communist leader Santiago Carrillo clearly sees the meeting with Berlinguer of Italy and Marchais of France as a chance to impress both the court and the voters with the Spanish Communists' nondogmatic, "Eurocommunist" image.

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## Asia

PHILIPPINES *59-63*

Negotiations that have been under way in Libya since early February between the Philippine government and Philippine Muslim rebels are threatened with early collapse as a result of President Marcos' determination to hold a plebiscite in a proposed Muslim autonomous zone in the southern Philippines.

The initial round of the Libyan-sponsored talks in December resulted in a cease-fire and an agreement that the Muslims could have an autonomous zone. The agreement did not call for a plebiscite, but Marcos contends that one was implicit in references to the need to follow Philippine "constitutional processes" in establishing the zone.

The Muslims and their Libyan backers deny that such a vote was part of the December understanding. They know that Marcos intends to limit the size of the zone by generating a negative vote by Christian majorities in 3 of the 13 provinces proposed for inclusion in the zone. Muslim demands regarding an administrative structure and their own armed forces—demands that go well beyond the sense of the December agreement—are also imperiling the negotiations.

Chances for successful talks were further reduced by a cable that Libyan President Qadhafi sent to Marcos on February 27. Qadhafi insisted that all 13 provinces be included in the proposed autonomous region and that the plebiscite be scrapped. He threatened a resumption of hostilities by the rebels if these conditions are not met. Marcos, however, says he has a transcript of a phone conversation in which Qadhafi indicated agreement to a plebiscite.

Marcos has publicly admitted that the negotiations are in a "deep crisis," and his defense secretary has approached US officials regarding expeditious delivery of

US arms in preparation for renewed fighting. As of midweek, however, Marcos was hoping to arrange an early recess without a public show of rancor.

SOUTH KOREA *64-71,113*

South Korea's export-oriented economy benefited handsomely from the worldwide economic upturn in 1976. The country's current-account deficit was slashed from \$1.9 billion in 1975 to a mere \$300 million last year, while its real gross national product grew by 15 percent.

Growth in GNP and exports probably will be less rapid this year, but South Korea's major targets—10-percent real growth and \$10 billion in exports—appear attainable. The country's strengthened

payments position has improved its chances of attracting needed foreign capital.

The sustained growth achieved during the 15 years of President Pak Chong-hui's rule has played a major role in creating the fairly broad public support that the South Korean government enjoys. Pak has taken care to see that all sectors of society have a stake in this growth, paying particular attention to raising rural incomes and setting pay floors for urban blue-collar workers.

Modest welfare programs have been launched and are to be expanded as the economy develops. Abroad, the South Korean "economic miracle" has attracted favorable notice from many third-world countries and has helped Seoul further its goal of strengthening political ties with those countries.

*79* International: OPEC Price War Persists

The two-tier price system of the Organization of Petroleum Exporting Countries may persist through the year. The Saudis are reaffirming their intention not to budge from their present lower prices, and market forces are easing the situation for the OPEC members maintaining the higher price.

Cold weather and the natural gas shortage in the US have caused a rapid draw-down of the large consumer oil stocks built up late last year before the price rises went into effect. Oil demand in noncommunist countries seems likely to exceed 50 million barrels per day in the first half of 1977—more than 5 percent above the comparable period last year.

For OPEC oil, the estimated first-half demand of some 31 million barrels per day is slightly higher than last year. This level of demand will keep sales sufficiently high to satisfy the minimum revenue needs of the 11 OPEC countries maintaining the higher price even if Saudi Arabia meets its production target of 10 million barrels per day for the first quarter.

In that event, the high-price OPEC states would sustain an average sales loss of 6 percent, but this would be more than offset by the 10-percent increase in prices. Although Iran, Iraq, and Kuwait would suffer sales losses greater than the 6-percent average, their monetary reserves and access to world capital markets would allow them to bear the loss without great hardship.

In fact, the outlook for these states is brighter because crude output in Saudi Arabia has been held back by bad weather, and it now seems most unlikely that the Saudis will attain their first-quarter production goal.

Nevertheless, at least the Persian Gulf producers do not want to see the price split maintained indefinitely and remain interested in a compromise that would break the impasse. Some among the 11 have expressed the belief that it can be resolved only by a heads-of-state meeting, but most OPEC leaders will not agree to attend a summit unless they are reasonably sure of its success.

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President Sarkis is banking heavily on the rapid reconstruction of Lebanon as the best hope for restoring stability and reuniting the country.

## ***Lebanon: Reconstruction Prospects***

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The cease-fire in Lebanon has halted the worst phase of the Lebanese civil war. None of the combatants is in a position to resume major hostilities, and most have grudgingly accepted the mandate Syria received from the Arab League to impose a truce.

The truce should provide sufficient security for President Sarkis to begin a serious reconstruction program. Sporadic violence will slow the pace of reconstruction, especially in Beirut and other coastal cities, but the current strength and disposition of Syrian forces should prevent major disruptions in most parts of the country. In the south, tensions remain high between Israeli-backed Christian troops and Palestinian forces.

The broad emergency powers granted him by the Lebanese parliament, coupled with Syrian military backing, have given Sarkis temporary authority to set priorities and policies without being thwarted by sectarian quarreling. Sarkis recognizes that the search for a durable political settlement will be long and arduous, and he is delaying political reform until reconstruction is under way.

In delaying efforts at formal reconciliation, Sarkis' strategy is to protect the substance and progress of his reconstruction program from political bargaining. In the meantime, he intends to create de facto reunification by rebuilding the country.

Sarkis hopes in this way to resolve some of the lesser conflicts that divide Christians and Muslims, to allow the bitterness of war to subside, to strengthen moderate voices in both camps, and thus to improve the chances for successful political negotiations.

If he is to have any chance of carrying out this plan, Sarkis will need continuing cooperation from the Syrians, timely financial and technical assistance from other Arabs and the West, and continued political support from key Arab states. Even with this help, the magnitude and complexity of the task he faces militate against early success.

### **War Losses**

Lebanon suffered huge human losses during the 20 months of civil war. Out of a population of about three million, at least 40,000 were killed and 200,000 wounded.

The prolonged civil strife prompted many individuals to leave Lebanon, primarily foreign workers and Lebanese Christian professionals. Some are returning, but their loss—temporary or permanent—has created a serious impediment to early reconstruction.

As many as 1.5 million persons may have been displaced. Whether the movement of people has significantly changed the balance between the Christian and Muslim populations probably will not be known for some time. Reliable demographic data will not be available for planning reconstruction.

Material destruction was severe. Lebanon apparently suffered at least \$3

billion in physical damage and an additional \$4 billion to \$5 billion in lost income. Beirut's commercial center has been almost totally destroyed, and only some 10 percent of Lebanon's industrial facilities are still in operating order.

Substantial numbers of displaced persons are living in homes and apartments abandoned by others. Although there is no housing shortage at present, one will develop if very many of the estimated 1 million refugees who fled Lebanon return to the country.

Accurate breakdowns of the losses incurred by the various combatants are not available. The Christians appear to have suffered less in terms of material damage than their Muslim adversaries; if so, their economic advantage over the Muslim majority is now even more pronounced.

The port of Beirut should be able to begin operations soon; the harbor sustained only minimal damage. Beirut's international airport also suffered only moderate damage and will be able to accommodate prewar levels of traffic as soon as new navigational equipment is installed. Basic utilities, such as telephone and electric services, survived the fighting with little serious damage.

The central government has emerged from the conflict in sound financial condition. Eighty percent of Lebanon's currency remains backed by gold, and foreign exchange reserves total about \$1.6 billion. The government itself spent next to nothing on the war, which was financed externally and through private fund rais-

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ing. As a result, the Sarkis government should be able to borrow enough in international money markets to help finance reconstruction.

#### **Intangible Damage**

Some of the war damage has been intangible. Lebanon has experienced a de facto partition. The Christians have made battle lines into borders, established their own public administration and services in the predominantly Christian areas, and generally begun preparing permanent partition. The war heightened the Christians' sense of being a beleaguered minority that cannot afford any diminution of its political power.

The civil war undermined the confidence of all Lebanese. The collapse of central authority was a shock to the many Christians and Muslims who believed that their tradition of consensus-building and compromise would stave off full-scale war. The numerous shattered cease-fires attest to both the erosion of the traditional political process and the persistence of those who want to believe in it.

The war has badly damaged the Lebanese people's self-perception as highly cultivated and able to stand aloof from intra-Arab disputes and serve as a model of democracy for neighboring countries and a bridge to the West. This image may have been illusory, but it helped the Lebanese maintain their

neutrality in the region, sustain a delicate religious balance at home, and preserve the principles of restraint and compromise that were the cornerstones of their political process in better times. Many are now left with a sense of lost direction and with a new cynicism that includes a resigned acceptance of violence.

#### **Plans for Reconstruction**

President Sarkis is banking heavily on rapid reconstruction as the best hope for restoring stability and reuniting the country. For the past several months, he has been collaborating closely with a small group of advisers on a detailed plan designed to rectify social and economic dislocations caused by the war and eliminate many of the problems that triggered it. It is a blueprint for restructuring the country in a way that encourages reunification.

The rebuilding and expansion of Beirut is the centerpiece of Sarkis' plan. The hope is to eliminate the previous division of the capital into a middle- and upper-class inner core and a slum-infested outer ring. Efforts will focus on integrating the two parts by improving housing and amenities in the suburbs and establishing a better transit system for the entire region.

Some public housing projects may be started, and Muslim slum areas most affected by the fighting may be razed.

Some industrial facilities may be moved away from Beirut altogether in an effort to establish employment opportunities in Lebanon's poorer rural areas. Plans for the city center include the creation of a new area for commercial development and construction of a new presidential palace, parliament building, and cultural center.

The government has emphasized its intention to reestablish the country's education system in a way that transcends religious and community ties and inculcates a sense of nationalism.

A national superhighway system has also been proposed to link much more closely the various sections of Lebanon and provide additional job opportunities throughout the country.

Expenditures to cover these ambitious programs are slated at \$800 million annually over the next 15 years. The government plans to contribute from its own resources about \$100 million per year. The balance is to be raised abroad, principally in the form of long-term, low-interest loans from bilateral and multilateral sources.

Several Arab and Western governments have expressed their willingness to aid the Lebanese with sizable loans and grants. Arab development banks have already pledged \$342 million toward Lebanese reconstruction.



*President Sarkis (center) and Prime Minister Salim al-Huss (right) discuss reconstruction last month with UN Secretary General Waldheim*

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*Looking east from the war-torn business center of Beirut*

AP

Procuring additional commercial financing should pose no problem, given the basically sound financial condition of the central government.

Almost all aid receipts will be funneled by the Central Bank or the Development Bank through the private banking sector to qualified loan applicants at nominal rates of interest. By reserving a key role for private banking in the reconstruction program, the government has gained the support of the normally conservative and powerful business community.

This close working relationship may come under strain later as reconstruction progresses and economic imperatives become less clearly defined, but at least initially the government can depend on almost total cooperation from the resourceful and skilled business community.

The Lebanese are working to restore Beirut to its prior status as the Middle East's financial and business center. This will be difficult because Bahrain, Dubai, and Amman, among other cities, have begun to become major banking and commercial centers and will continue to vie with the Lebanese capital for regional headquarters of Western financial and business enterprises.

The ultimate success of the reconstruction program will depend on its ability to

initiate sustained growth before the Syrian security umbrella is lifted. If the security situation can be kept generally under control for the next several months, Lebanon's prospects for economic recovery appear good.

#### **The Security Dilemma**

Sarkis' government has formally committed itself to rebuilding the Lebanese military as quickly as possible, but it has done so only in the context of providing the public with assurances of protection against possible Israeli incursions in the south. Indications are that Sarkis will concentrate on the more practical and promising strategy of reconstituting an internal security force loyal to him and will proceed more slowly in rebuilding the regular armed forces.

Sarkis has little reason to believe that a new Lebanese army can be insulated from sectarian antagonism—no matter how careful a balance is struck between Muslims and Christians. The military proved far more vulnerable to the political currents that pushed the country into civil war than did the internal security forces.

Sarkis probably realizes that in the near term he has a far better chance of controlling a paramilitary internal security force—which would be better able to combat the immediate problem of local violence and terrorism than would the

conventionally organized Syrian forces. Equally important, such a Lebanese force would provide a buffer between the approximately 30,000 Syrian troops in the country and an increasingly resentful Lebanese public.

Having established a security force, Sarkis could then coordinate the restoration of the regular armed forces with the disarmament of private militias. This would give him time to solicit assistance from other countries, which could provide a counterweight to Syria.

A Lebanese security force designed expressly to deal with insurgency, terrorism, and subversion—areas that fall between routine police functions and defending the country against an external threat—would have to be largely infantry and highly mobile. The force would need moderate firepower and reliable communications, but not advanced weapons systems.

No Lebanese security force created in the next few years is likely to be able to deal effectively with renewed civil war or a significant external threat. The Syrian-dominated peacekeeping force will probably be needed in Lebanon for at least a year, and Lebanese government cooperation with Syria will be essential even after Syrian troops are withdrawn.

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*The Belorussian faction headed by First Deputy Chairman of the Council of Ministers Mazurov, which came to prominence in the Soviet leadership following the ouster of Khrushchev, appears to be in decline as one of Brezhnev's lieutenants moves up.*

93-99

## USSR: Decline of the Belorussian Faction

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Over the past year, a number of signs have suggested that a shift may be quietly occurring in the balance of power within the Soviet leadership. The shift appears to involve a decline in the political strength of the Belorussian faction. The senior member of this faction, Politburo member Kirill Mazurov, has lost his status as the only first deputy chairman of the USSR Council of Ministers and has simultaneously been reduced in protocol rank. Mazurov had been widely regarded as first in line to succeed Aleksey Kosygin as chairman of the Council of Ministers (premier). His prospects now seem poor.

To a lesser degree, the political position of Mazurov's protege, Petr Masherov, party first secretary in Belorussia and a candidate Politburo member, appears to have slipped as well. Given Mazurov's difficulties, Masherov may also have problems in maintaining his seemingly secure position as head of the party apparatus in the Belorussian republic.

### The Rise of the Belorussians

The prominence of the Belorussian faction dates back to a major political breakthrough it achieved in the months following the ouster in October 1964 of Nikita Khrushchev. Mazurov, who was then party first secretary in the Belorussian republic, was moved to Moscow, promoted to full Politburo status, and made a first deputy to Kosygin. Second Secretary Masherov was made Belorussian party leader and given the candidate Politburo rank that normally attaches to the post.

The effect of these developments was to give the Belorussian faction greater political weight within the national party than its size or previous political importance would merit.

Mazurov and Masherov have been unable to climb further. There is some reason to believe that there may have been friction between them and General Secretary Brezhnev. Mazurov and Masherov appear to have been both politically and personally cool to Brezhnev, and neither has participated in the development of personal adulation of Brezhnev—the so-called Brezhnev cult—to any significant degree.

Both leaders may also have had an early career association with former Politburo member Aleksandr Shelepin, a rival of Brezhnev's during much of his tenure as general secretary. Shelepin was a secretary of the Communist Youth Union (Komsomol) on the national level when Mazurov was picked to head the Belorussian Komsomol in 1946 and when Masherov took over Mazurov's Komsomol position in Belorussia a year later. Mazurov is reported to have participated with Shelepin and Politburo member Mikhail Suslov in an attack on Brezhnev's leadership in 1970.

Despite any reasons Brezhnev might have had to distrust him, Mazurov did not suffer immediately. Although Shelepin's status in the leadership declined dramatically in Brezhnev's ranking of Politburo members at the 24th party congress in April 1971, Mazurov's position improved slightly; he ranked seventh in

the leadership and higher than anyone else in his age group. In 1972 he was chosen to give the traditional speech honoring the anniversary of the October 1917 revolution, although it was not his turn to do so. He had previously given the address in 1968, and both Premier Kosygin and Dmitry Polyansky, who at the time was, along with Mazurov, a first deputy premier, should each have been due for a second appearance before Mazurov.

At the Supreme Soviet sessions in 1973, moreover, Mazurov delivered a major report on education—even though such visibility for Politburo members at these sessions had become infrequent during the Brezhnev era. Finally, Mazurov's main rival to succeed Kosygin, Polyansky, was demoted in February 1973 to minister of agriculture, leaving Mazurov as Kosygin's sole first deputy.

These developments appeared at the time to improve the likelihood that Mazurov would eventually replace Kosygin as chairman of the Council of Ministers. In addition to his obvious qualifications, he had become the logical bureaucratic choice.

### Political Decline

Despite Mazurov's enhanced status, Brezhnev may not have intended to let him benefit from Polyansky's demotion.

Nikolay Tikhonov, a long-time associate of Brezhnev's, was appointed first deputy chairman in September 1976, thus depriving Mazurov of the status of being the only first deputy. Tikhonov has not yet been appointed to the Politburo, but he has appeared with Politburo

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Kirill Mazurov (center left) joins other Soviet leaders in parliamentary vote last October AP

members in pictures published in the press.

In spite of Brezhnev's apparent intention to promote Tikhonov to the Politburo, Tikhonov remains in the somewhat unusual status of having the government post of first deputy chairman without simultaneously holding the party rank of Politburo member. It appears that opposition persists within the leadership to Brezhnev's desire to make personnel changes that would alter the political balance within the Politburo. Kosygin and Mazurov seem likely to have led this opposition, with the probable support of Suslov. Even Brezhnev's limited success last September in promoting Tikhonov to his present government position apparently occurred only when Kosygin was physically incapacitated last August and Mazurov was also apparently absent from duty.

Mazurov did not assume any of Kosygin's responsibilities until a month after Kosygin's accident and a few days after Tikhonov's promotion. Mazurov was also the only Moscow-based Politburo member to miss Marshal Yakubovsky's funeral and the six preliminary birthday award ceremonies for Brezhnev in December.

Whatever the cause of Mazurov's inactivity, Brezhnev appears to have used it to weaken Mazurov and at the same time bolster his own position. Brezhnev now has for the first time a close ally in a senior position within the Council of Ministers. The effort to reduce Mazurov's status, moreover, appears to have accelerated.

Since his reappearance in September, Mazurov has been subjected to a number of protocol slights. Although his formal ranking in leadership name lists has declined only slightly during the year, several pictures of the leadership appearing in *Pravda* have suggested a reduction in his status. More important, the group picture of the leadership at the December 19 birthday award ceremony for Brezhnev placed Mazurov at the far end of the group, next to candidate Politburo member Petr Demichev, another leader who is apparently in political difficulty.

Tikhonov appears to have been given responsibilities in the government that have been exclusively Mazurov's since 1972. It is traditional for the second-ranking government figure to sign decrees of the Council of Ministers in Kosygin's absence. Mazurov performed this function 21 times in the first half of

1976 when he was the only first deputy. Since June 4, however, Mazurov has performed this function only once, on November 25, even though Kosygin was ill and absent from work from August until late October.

By comparison, Tikhonov has acted for Kosygin in this role on 21 occasions since August 3. As Mazurov has been otherwise publicly active since early September, his apparent loss to Tikhonov of most of this responsibility may mean a further decline in his position.

#### Political Prospects

Mazurov has political assets that provide him with some ability to defend his position. He has, in conjunction with others, blunted Tikhonov's advance. He also has recently published an article in *Kommunist*, his first important publication in four years. Finally, he has maintained a secure political base in Belorussia. The leadership of the republic, including the position of first secretary, is dominated by men who held important assignments in the republic or obkom apparatus when he was party boss there.

While there is no firm evidence yet that a serious effort has been made to undermine Mazurov's political connections in

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Belorussia, such a move would not be surprising. The proceedings at the October 1976 plenum of the national party Central Committee have already provided a hint that Masherov, the republic first secretary, may be in some political difficulty. Of all the candidates and full members of the Politburo with provincial responsibilities, only Masherov did not speak at the plenum. His place was taken by Tikhon Kiselev, the chairman of the Belorussian Council of Ministers.

#### Test of Control

The recent death of a senior republic official may provide a test of the control still exercised by Masherov and Mazurov over Belorussian affairs. The vacancy could be used by Moscow to inject an "outsider"

into the Belorussian leadership in order to tighten central control. This practice has been used frequently in non-Slavic republics, but Moscow has not interfered in major personnel appointments in Belorussia in this way over the last 20 years. Such intervention by Moscow would mean a serious political setback for the Mazurov-Masherov faction.

Moscow could, on the other hand, make a slightly less threatening change by realigning the existing Belorussian leadership. A Belorussian official more closely associated with the Brezhnev faction could be promoted. A. A. Smirnov, a Belorussian party secretary with responsibility for industry, is the only leader in the Belorussian party bureau who appears

to have such connections. If he is promoted to a senior position, such as republic party second secretary, as a result of the reassignment of other leading figures, Mazurov's and Masherov's hold on the republic party machine will be damaged.

It remains uncertain whether the Belorussian vacancy will be used as a political lever against the positions of Mazurov and Masherov in Belorussia, or whether Tikhonov will finally achieve Politburo status. Either development, however, would appear to signal a further weakening of the Belorussian group and indicate that its long-term prospects in a Brezhnev-directed transition are not good.

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*Problems facing the North Korean government have apparently led to increased tensions within the regime. Economically, budgetary restraints seem called for; politically, President Kim Il-song has clouded the succession issue by grooming his own son.*

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## North Korea: Mounting Problems

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The North Korean government is faced with a variety of political, diplomatic, and economic problems. There are signs that limited discontent within the regime has been one result.

President Kim Il-song is almost certainly concerned at present about several matters:

- The succession question is clouded by his own decision to push the candidacy of his son.
- The country's prestige abroad has been seriously eroded by its large default on foreign debts—just as the dynamic growth of South Korea's economy gains world attention.
- Despite growing production of conventional land and naval weapons, there have been some rumblings in the

military about the need for sophisticated weaponry to help maintain or strengthen the North's present weapons advantage over the South Korean armed forces.

Kim is sensitive to these domestic problems and seems to be addressing them in an orderly and unhurried way. There is no persuasive evidence that the problems are posing any serious constraints on his ability to cope with the implications for North Korea of future changes in the US presence in the South.

#### Kim and His Son

There is no reason to believe that current tensions have posed a challenge to the President's authority or caused a significant modification of his policies. His inner circle of advisers is composed of long-time associates or persons with fami-

ly ties to him. All major policy initiatives are either introduced personally by Kim or attributed to him.

Kim nevertheless seems haunted by the prospect that his legacy will not long endure after his death. In a move unprecedented in a communist nation, Kim is grooming his 37-year-old son, Kim Chong-il, as his successor. High North Korean officials reportedly have confirmed young Kim's status as heir-apparent to some foreign visitors, but there have been no direct references in the North Korean press to the son's future in any capacity.

The President probably is moving slowly on this matter because he needs time to build his son's political acceptance and legitimacy and also to avoid a lame-duck status for himself.

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The son, for his part, is pushing a campaign to strengthen allegiance to the elder Kim "from generation to generation." Young Kim may be making efforts behind the scenes to move his own allies into influential positions in key institutions—such as the party, the military, and the security forces. Some new faces have emerged, but no wholesale changes are evident.

There probably is some opposition within the party to young Kim's rise, and that opposition may explain in part the somewhat heightened tension within the regime that has recently been reflected in the output of its media. Most senior party leaders are probably loyal to Kim Il-song—he has systematically eliminated his rivals over the years—but they may be less enthusiastic about the younger Kim.

In any case, resistance is likely to remain largely passive as long as Kim senior is around. Although he is overweight and reportedly has a heart problem, for a person nearing his 65th birthday Kim maintains a vigorous schedule of activities.

**Economic Woes**

North Korea's large hard-currency foreign debt—it owes \$1.4 billion to private West European and Japanese creditors—clearly is having an important effect on the country's domestic economy. It has virtually brought to a halt the North's efforts to import increasing amounts of Western machinery and technology, and has seriously jeopardized chances for any new acquisitions from the West of the major plants that are critical to the promotion of rapid industrial growth.

Kim Il-song has little choice but to scale back the ambitious economic development plans associated with the next long-term "prospective plan." He has already designated 1977 a "year of readjustment." There will doubtless be further retrenchments in what was, in any event, an unrealistic set of goals. The regime's need to rethink its economic priorities could have been a major factor forcing a delay in the national party congress that was to convene last year.

The extent to which North Korea's debt

problems have affected the country's economic infrastructure is not clear. There are some reports of industrial slowdowns, power shortages, transportation bottlenecks, and difficulties in the labor force. These have been traditional headaches in a highly centralized economy that operates inefficiently.

Problems of internal allocation and distribution probably have intensified as a result of the greater competition for resources. The basic needs of the population, however, are probably being met,



*Kim Il-song JPC*

and so far the North's heavy industrial sector has shown continued growth.

The foreign debt problem carries with it political as well as economic costs. It undercuts Kim's efforts to broaden North Korea's international contacts and complicates his efforts to isolate South Korea. It also increases North Korea's dependence on China and the USSR at a time when Kim is anxious to maintain his freedom of action. Kim seems to be attempting to minimize this dependence by trying to restore some of the competitive equilibrium in relations with China and the USSR.

**Military Priorities**

In recent months, the long-time controversy among North Korea's military

leaders over the relative importance of "men versus weapons" has taken on a new dimension. Increased attention given to this issue in the media probably reflects renewed concern within the North Korean military hierarchy over the need for sophisticated weaponry to ensure that the North can maintain its present armaments advantage over the forces of South Korea.

North Korea is dependent on outside suppliers for aircraft, missiles, and advanced electronics. China can resupply most of the equipment in the present North Korean inventory, but only the Soviet Union has the capacity technologically to upgrade North Korea's air arm and air defenses.

A North Korean military officer who has publicly identified himself with those emphasizing the importance of "outside support and aid" was included among the officials accompanying North Korean Premier Pak Song-chol on a visit he made to Moscow in late January.

Kim Il-song is determined to maintain his freedom to maneuver, and he has consistently resisted reliance on the Soviets when he perceives the political costs to be too high. Premier Pak's visit produced no new public agreements, and the visit was accorded restrained treatment by both sides. This suggests that the Soviets either expressed little interest in meeting the North's military needs, or attached conditions the North Koreans were unable or unwilling to meet.

The apparent increased political debate within the regime could also mean that the North's economic problems have prompted a reappraisal of the considerable budget allocation accorded the North Korean armed forces and defense industries. A shift of development resources from military to economic uses could result in a leveling out of the steady increase in military production facilities that has continued since the early 1970s. Kim would almost certainly not permit budgetary restraints seriously to hamper the continued modernization of the armed forces or to reduce troop strengths below acceptable levels.

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*The French are heavily committed to developing solar-electric systems and believe they have a head start in an expected race with the US to sell solar power technology to third-world countries.*

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## France: Pushing Solar Energy Technology

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France apparently intends to make a serious effort to become the world's leading exporter of solar energy technology.

This desire probably is behind the timing of the much publicized symbolic link-up in January of the French 64-kilowatt experimental solar power system at Odeillo, in the Pyrenees, with the national electric grid. It coincided with the opening of a solar technology meeting in Nice attended by representatives of 22 Middle Eastern and southern European nations and 4 major international energy agencies.

The conference agenda contained a proposal advocating complete technical and scientific cooperation among the countries of the Mediterranean Basin to harness and utilize solar energy, including creation of a pool of experts who would be available to all member nations.

In an apparent bid to dominate any joint effort, the French government proposed the formation of a permanent joint secretariat under its supervision to coordinate future activities on solar energy. The Italian representative reacted by charging that the conference had degenerated into a French commercial venture. He accused the French of being "neo-colonialist in spirit" in their commercial solar energy operations. The French have nevertheless formed the secretariat and named their minister of industry and energy to head it.

The French believe that linking the facility at Odeillo to the national power grid has given them a head start in what they predict will be a race with the US to sell solar power technology to third-world countries, particularly Arab states. The French director of new sources of energy said his country now has the advantage because it "can already show operational equipment," while the US is only "presenting futuristic projects."

Although the French have scored a first in solar energy use, the connection of the low-power experimental facility at Odeillo to the power grid is basically a ploy to attract potential foreign customers and influence domestic budget deliberations. In the capability to generate commercial solar power on a large scale, France trails Italy; last year, the Italians announced that factory-guaranteed solar power systems of 100-kilowatt and 1-megawatt capacity were available for order, although they could not be delivered for two to three years.

The Odeillo facility has an array of 63 flat heliotracking reflector mirrors, each with a surface area of 45 square meters. These direct sunlight onto a fixed parabolic concentrator that consists of 9,500 small mirrors. The concentrator focuses the radiation on a sealed boiler containing a special heat-carrying fluid that circulates through a heat exchanger, boiling water and creating steam to drive a turbogenerator and produce electricity.

A commercial solar power facility would use the simpler, more efficient

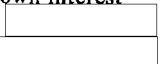
method of focusing individual tracking concentrator mirrors directly on a boiler.

The French say they will experiment with the working-model solar electric station at Odeillo for the next year in order to learn how to manage a solar plant. At the same time, however, they will continue their development program. Test mirrors are being ordered for a \$30-million experimental 10-megawatt solar-thermal power plant to be constructed in southern France beginning in 1979. The French expect to build several more experimental plants before constructing a commercial facility.

### Export Prospects

The French are heavily committed to developing solar electric systems, both solar-thermal and photovoltaic, for the export market. They have contracted to sell 20 1-kilowatt solar water pumps and a 25-kilowatt solar-electric turbine pumping system to Mexico; they also are marketing the smaller pump in black Africa. The government has subsidized three French firms working on prototypes of a 1-kilowatt solar generator to replace diesel generators in remote areas and expects to export a commercial version to developing nations.

The French are developing 100-kilowatt photovoltaic arrays for the Iranian rural electrification program. France also has joint solar energy development agreements with Brazil, Egypt, Algeria, and Saudi Arabia. The United Arab Emirates has shown interest in a similar agreement.

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*Developing countries outside OPEC suffered badly following the oil price increases of 1973 and 1974. The prospects for 1977 are only marginally better, and the US and other developed states will be pressed to review their aid efforts.*

## Economies of Non-OPEC Developing States

Developing countries that are not members of the Organization of Petroleum Exporting Countries have been through some hard times since the sharp oil price increases of 1973 and 1974. Although the continuing boom in their commodity exports softened the blow from OPEC price hikes for a while, their economic growth turned down markedly in 1975, and their current-account deficit rose to an unprecedented \$30 billion, including official transfers.

Efforts by these countries to maintain economic activity and avoid domestic political problems resulted in record net borrowing of \$45 billion from official sources and private capital markets in 1974 and 1975. Despite the vigorous use of restrictive measures in most countries, the average inflation rate for the group as a whole soared from 10 percent in 1972 to 30 percent in 1974 and 1975.

In 1976, these developing countries began to show some improvement. The average growth of their combined gross national product exceeded 5 percent, almost reaching the 1961-1973 average. Export gains directly stimulated growth and also permitted somewhat more expansionary government policies. Preliminary data point to a decline in the current-account deficit to roughly \$20 billion, including official transfers. Foreign exchange reserves recovered to near the equivalent of three months' imports, the ratio that had prevailed in the 1960s.

At the same time, inflation continued at a high rate in these countries, and their governments continued to make heavy use

of private capital markets. The more prosperous developing countries secured an additional \$10 billion to \$12 billion in Eurocurrency loans and other private credits, adding to already sharply increased foreign debt levels.

The pause in economic recovery in the developed countries, the increase in oil prices in January, and stabilization policies in a few of the developing countries will probably cause some current-account deterioration and a slowdown in real growth in 1977.

Slower expansion, coupled with steady improvement in financial management in several key Latin American countries, should mean generally lower inflation. Meanwhile, with debt-service payments sure to rise sharply in 1978, those developing countries with relatively easy access to foreign private capital will try to refinance their debt with longer-term credits.

The immediate outlook is not threatening, but trouble spots could develop in the next 6 to 18 months. **Brazil's** situation has tightened sharply. In the face of a quadrupled oil bill, mixed export prospects, and much higher inflation rates, Brazil until recently has resisted a shift to policies to restrict demand. Because the government now appears determined to come to grips with foreign payments and inflation problems, 1977 will probably be a time of downward adjustment; early projections are for slow growth in GNP after growth of nearly 9 percent in 1976.

**Mexico's** outlook appears brighter at first glance largely because of rising oil production. Economic growth in 1977 will be limited, however, by the need to con-

tain imports through credit, fiscal, and wage controls. Questions being raised among foreign bankers may complicate short-term access to private capital markets, inducing Mexico to turn to the US and other official lenders for help. To improve bankers' confidence in Mexico's repayment capabilities, the government is now beginning to publicize the magnitude of recent oil discoveries.

Countries that depend heavily on continued access to export and capital markets in the West could also be blown off course by protectionism or stiffer competition for private credits. The circumstances of the poorest developing countries—such as **India, Bangladesh, and Kenya**—will continue to depend largely on fluctuations in weather and official aid flows.

### Developed Countries' Role

In this changing international environment, the US and other developed countries will be under pressure to review their aid efforts and consider new instruments. Requests are likely for expanded support of the International Monetary Fund's short- and medium-term financing facilities and for more flexible food aid arrangements.

The most serious problems may arise with respect to the more advanced developing countries. The amount of private money funneled to them through the US and Eurocurrency markets will depend on current banker perceptions of their credit-worthiness and on the level of demand from developed country borrowers. At present, governments in the developed countries have little influence over these flows.

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