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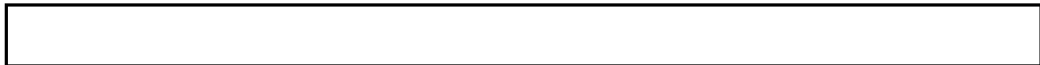
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Controversy in West Germany Over Polish  
Accords

Controversy is growing in West Germany over the bilateral agreements signed with Poland in October. Warsaw, meanwhile, is seeking to influence German opinion in favor of ratifying the accords.

Polish deputy premier Olszewski, while on a visit to Bonn on December 3, announced that Warsaw had granted exit permits to 2,800 ethnic Germans last month. This was the second consecutive month in which Warsaw had allowed more than 2,500 Germans to leave Poland. In contrast, the Poles granted only about 7,800 exit permits during all of 1974.

In one of the agreements signed last October, the Poles agreed to permit about 120,000 ethnic Germans to emigrate over a four-year period. In return, the West Germans agreed to make a one-time payment of about \$500 million to a Polish pension fund and extend a long-term low-interest credit of about \$400 million.

The agreements are not yet in force, and it is obvious that in granting the large number of exit permits, Warsaw is seeking to aid the West German government's efforts to win parliamentary approval of the agreements. The opposition has a one-vote majority in the upper house of parliament and theoretically could block the pension payment pact.

The agreements have become an issue in West Germany's budding electoral campaign. Last week's

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debate in the lower house of parliament quickly developed into an acrimonious exchange between spokesmen for the opposition, including chancellor-candidate Kohl, and Chancellor Schmidt's Social Democratic Party.

The governing coalition parties control the Bundestag and passage of the agreements is assured there. The prospects for passage of the accords by the upper house are now uncertain, particularly if the bitterness between the governing and opposition parties persists.

At issue is whether the Saarland's three delegates to the upper house will vote with their colleagues in the opposition to reject the pension payment. The Christian Democrats govern the Saarland, but, since last spring's election, do not have a majority in the state parliament. The national government hopes to persuade the Saarland government to vote for the Polish accord in return for concessions from the Social Democrats and Free Democrats on the state level.

Some opposition leaders have predicted that the Saarland will vote against ratification, but others claim that the delegates will support the government.

A compromise between the opposition and the national government may be worked out eventually, but it appears that the controversy over the Polish accords will persist for some time.

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Radicals Elect Party President Favored by Giscard

The Radical Socialist Party--a junior member of French President Giscard's governing coalition--elected Gabriel Peronnet party president last week, a move viewed by many as likely to aid Giscard's effort to broaden his political base. Peronnet fought off a last minute challenge by Francoise Giroud, who was backed by the Radical's former president Jean-Jacques Servan-Schreiber. Peronnet had acted as interim president since Servan-Schreiber resigned the post last summer when it became clear that he could no longer control the party.

Both Peronnet and Giroud are Secretaries of State in Giscard's government, respectively responsible for the civil service and women's affairs. Their rivalry tarnished somewhat Peronnet's victory by emphasizing the divisions within the party, but the result will nevertheless still be pleasing to Giscard's political strategists. Peronnet is a stable, experienced politician with impeccable Radical Socialist credentials, but he lacks national stature and is amenable to Giscard's leadership.

Under Servan-Schreiber's eccentric leadership the Radicals had very little relevance to Giscard's scenario for rebuilding the political center, which virtually disappeared with the Fourth Republic. Giscard believes, however, that Peronnet will improve prospects for the party's reunification with the left Radicals and might also attract some right-wing Socialists in a way that Servan-Schreiber and Giroud would, or could not. The left Radicals, who broke away to join the left Alliance with the Communists and Socialists in 1972,

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have recently opened a dialogue with the government that has raised hopes in Giscard's coalition that they can eventually be won back to join a new center coalition focused on the president's Independent Republican party.

In a break from its concentration on personalities, the Radical congress easily agreed that the party favors limited decentralization of government power, application of a capital gains tax, proportional elections for the National Assembly, and a pro-European foreign policy. It was unable to agree on the extent to which its representatives in senior bureaucratic slots should be held accountable for pressing these positions within the government, however. [REDACTED]

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French Government Acts on Military Unrest

The French government has acted firmly and swiftly against radical efforts to organize soldiers' unions in French military units stationed in France and West Germany.

Alleging involvement of West German and Portuguese extremists, as well as support from French opposition parties and labor unions, the government has charged 15 recruits--who face 5 to 10-year sentences if convicted--with violating the law and vowed to persist in its efforts to build a disciplined and responsive military force.

Reaction from the French left has been restrained, but equally firm, insisting on needed reforms as well as discipline and denying any intention to try to unionize the military. Leftist party and union members charge that the government has overreacted to the recruits' often legitimate aspirations to civil liberties, such as greater freedom of expression and association, as well as better grievance procedures already available in other West European armed forces.

The basic issue of whether the accused are guilty of actions "detrimental to the national defense" has been lost in the debate. Confusion of the issues has been compounded by the careless interchange of terms such as "military unions" or "soldiers' committees"--both of which are opposed by most French political parties--and "military consultative commissions," which the opposition and even some government members support.

The government's move may have been in response to mounting concern among senior military men. Defense

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Ministry Secretary of State Bigeard told a US official on 26 November that neither the defense minister nor the president had been very concerned about the recent activity until he and the chief of the general staff threatened to resign if strong action were not taken. Within a week the arrests were made and on 26 November Prime Minister Chirac made a hard-hitting speech to the National Assembly.

Chirac singled out the French Socialists for a special attack, accusing them of trying to undermine military discipline. Two Socialist party members had been arrested for distributing to soldiers pamphlets advocating unionization. The Socialists, who themselves strongly oppose extremist activity among the military and unionization in particular, were caught off-guard by the arrests. According to a senior party official, the two arrested were in the process of being expelled from the party.

Chirac sees the Socialists as a major threat to the Gaullist party which he leads, and his words may have been sharpened by concern over the Socialists' increasing popularity among recruits which reflects a general trend in the society. So far, the clearest result of the government's attack has been to close the fragmented leftist ranks behind their main spokesmen.

While some recruits and outside agitators undoubtedly can be blamed for certain excesses, French military attitudes do not reflect those of the society. Sheltered from most of the currents of change since 1968, the army has resisted modernization while other sectors of society from which the recruits are drawn have changed with the times. Some of the problem can be traced to budgetary constraints, but French soldiers are well aware that it is not greater financial resources that enables many West European armies to grant more personal and political freedoms to draftees than are available in France.

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Communists Suffer Reversals in Portuguese Media

Communist influence in Portugal was dealt another blow yesterday when the government nationalized radio and television stations.

An official announcement said the stations would be combined into a government-regulated nationwide broadcasting service that would no longer be subject to political or economic pressure. Fulfilling a promise made by Prime Minister Azevedo in September, programming will be restructured to guarantee "ideological pluralism." Foreign-owned stations and the Catholic Church's Radio Renascenca were not nationalized.

The nationalization move had been expected since government forces occupied the stations during last week's abortive coup attempt. Although the government has not up to now directly implicated the Communists in the attempt, media under their control have been accused not only of contributing to the general atmosphere that produced the uprising but also of urging support for it once it was under way. An inquiry into the radio's role in the uprising has resulted in the dismissal of seven staff members and the suspension of 34 others.

Last week while the Lisbon area was still under martial law, the Communists' grip on the national press was loosened when administrative and editorial boards of eight major newspapers were summarily dismissed. Top officials in the government news agency, which served as a Communist propaganda vehicle, have also been replaced.

With its once-powerful influence on the media now greatly diminished, the Communist Party's right to a place in the government is being challenged. Although

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Major Ernesto Melo Antunes, head of the dominant group in the military, has said the Communists still have an "essential role" to play, they have come in for severe criticism from the democratic parties, who hold them accountable for last week's uprising.

The center-left Popular Democrats are demanding the immediate dismissal of all Communists from the government, while the Socialists want the Communists to repudiate the rebellion and swear loyalty to the government in exchange for their continued participation in the cabinet.

Both the Antunes faction and the Socialists probably would like the Communists to remain in the government to help ensure labor peace until a measure of stability is restored to the economy. Continued friction between the Popular Democrats and the Communists, however, may force the military to drop the two parties from the government and rule with the Socialists until an election is held next spring. [REDACTED]

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"Hearts and Flowers" Dominate Zhivkov Visit to Bonn

Bulgarian party and state leader Todor Zhivkov's visit to Bonn last week (November 24-28) went better than planned, according to the West German ambassador in Sofia. An unexpectedly "cordial" atmosphere provided an excellent backdrop for the visit which was predictably economic-oriented. The visit continued the up-tempo pace of bilateral contacts since diplomatic relations were established two years ago, but there were no significant political breakthroughs.

The Bulgarian leader met with a host of political personalities, including President Scheel, Chancellor Schmidt, Social Democratic Party leader Brandt, Christian Democratic Union chief Kohl, and Communist Party head Mies. Zhivkov's conversations with Scheel covered a wide range of international topics--Cyprus, the Middle East, and post-CSCE Europe--and the two men declared they share "identical interests" on many issues. They also signed a bland "joint declaration" of principles and a statement of "perspectives" for economic cooperation. The foreign ministers signed a framework cultural accord. It reportedly contains a "Berlin clause"--no text is yet available--but is of limited significance because the two were unable to negotiate an implementing protocol.

The main thrust of the visit, however, revolved around trade. Bonn is by far Sofia's largest Western trade partner--absorbing some 22 percent of Bulgarian trade with the non-communist world. Sofia incurs a sizable deficit--somewhat less than \$400 million in 1974. Zhivkov reportedly raised the sensitive issue of redressing this imbalance, and twice asked for German

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credits on concessionary terms. As expected, Bonn turned down Zhivkov's requests.

Taking time out from his official talks, Zhivkov also visited the factories of Daimler-Benz, Krupp, and Hoechst, where he signed various contracts. He treated all his audiences to the same pep talk, proclaiming that Bulgaria is an "equal and sought-after partner" with an important role to play in bilateral trade.

The Bulgarian leader seemed particularly pleased with the special attention his German hosts lavished upon him. Zhivkov undoubtedly feels all the hoopla helped boost his much sought after image of an international statesman. Bonn reportedly pulled out all the stops with special protocol arrangements, "fantastic" flower displays, and pretty girls at "strategic places." The Bulgarian, moreover, struck up a lively repartee with his hosts, and reportedly "charmed the German leadership" with his peasant humor.

The West German ambassador attributed the unusually warm reception to German "sentimentality" and the traditional ties of friendship between the two peoples. It seems more likely, however, that Bonn is trying to play "catch-up" diplomacy with those East European states that were among the last to renew diplomatic relations. [REDACTED]

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Spanish King May Delay Choice of New  
Prime Minister

King Juan Carlos' success in persuading the Council of the Realm to nominate Fernandez-Miranda for the presidency of the parliament earlier this week may encourage him to negotiate for a more liberal prime minister, but conflicting pressures will probably cause the King to stay his hand for the time being.

Juan Carlos probably hopes to replace Prime Minister Arias in the near future. By choosing a new prime minister with a liberal image, Juan Carlos would emphasize his break with Francoism and notify the leftist opposition that he is serious about liberalizing the Spanish political system.

Adding to the pressures for an early change are reports that the prime minister would like to retire now--his personal loyalties lay with Franco and he would rather end his career as Franco's last prime minister than as Juan Carlos' first. According to various sources, Arias is physically and emotionally worn out from the stresses of Franco's protracted illness.

There are, on the other hand, several reasons for delaying the choice of a new prime minister:

--Rightists, miffed by their failure to secure the retention of Rodriguez de Valcarcel as president of the parliament and fearing that Juan Carlos will appoint a liberal prime minister, have apparently stiffened their resistance to changes in the government and thrown their support behind Arias.

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--Almost any choice Juan Carlos could make would alienate some sector of the political spectrum.

--Disagreements among the 17-man Council of the Realm over nominations for the presidency of the parliament may have caused the King to have second thoughts about the Council's readiness to accept his choice for the more important, and more emotionally charged, appointment of a new prime minister. The Council has the statutory power to refuse to place the King's preference on the slate of three names from which he must choose the new prime minister.

--The tenure of a "transition" prime minister would at best be precarious. It could well last only a few months, until Juan Carlos has had a better chance to gauge the political temperature of the country.

If the King decides to replace Arias now, he will probably wait a week or so until he and Fernandez-Miranda are assured of enough support from the Council of the Realm. Should Juan Carlos decide to retain Arias for several months--according to press reports, the King has asked Arias to stay on "temporarily"--he will almost certainly balance this concession to the far right by carrying out a major cabinet reshuffle, bringing in figures more acceptable to the center-left and the non-Communist opposition.

The left, already impatient with the lack of significant liberalization since Juan Carlos took over, is stepping up its protest activity. The Madrid construction workers' strike which took place on December 3 was relatively unsuccessful--partly due to confusion and poor organization--but more serious strikes and demonstrations are

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scheduled for next week. In Madrid, plans are being made for a Socialist demonstration on December 8, a demonstration by political prisoners in the main prison on December 9, and strikes by construction and metal workers on December 10-11. The strikes will initially be confined to the Madrid area, but if successful will spread to Barcelona and various Basque cities.

The Communist-dominated Workers' Commissions hope to use these local strikes to build support for their long-standing goal of a paralyzing national strike, perhaps in the early new year. [REDACTED]

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### Terrorism in the Netherlands

South Moluccan terrorists that hijacked a Dutch train on Tuesday and occupied the Indonesian consulate in Amsterdam today are believed to be young men, probably born in the Netherlands and outside the control of the two known Moluccan independence groups. One group has already disclaimed responsibility, and the other reportedly opposes violence to achieve its aims. One of the hijackers is said to be a brother of one of the members of the gang that attempted to kidnap Queen Juliana earlier this year. Their sentences come up for appeal today.

The hijacked train is being held by five Moluccan terrorists and one report--thus far unconfirmed--claimed that a hostage was killed earlier today, presumably when a deadline set by the gunmen lapsed. The hijackers reportedly have asked for a plane to take them and some hostages out of the country, but Dutch authorities have refused to allow any hostages to be used in the escape.

The terrorists are part of the more than 35,000 former residents of the island of Ambon in the Indonesian island group known as the South Moluccas. When Indonesia received its independence from the Netherlands in 1950, some Ambonese who had served in the Dutch army and acquired Dutch customs, attempted to gain autonomy from Indonesia. When their uprising failed, about 12,000 Ambonese nationalists opted to emigrate to the Netherlands.

Nearly all of the 70,000 residents who remain in the South Moluccas support union with Indonesia and have little or no interest in the independence movement based in the Netherlands. Even the majority

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of Moluccans living in the Netherlands no longer seek autonomy, but wish merely to return to the islands and live under Indonesian administration. To facilitate their return, The Hague and Jakarta have instituted a program to repatriate some of the Moluccans that have not been identified with the independence movement. For the terrorists, however, there is little hope to return and even less that Jakarta will grant any political concessions.

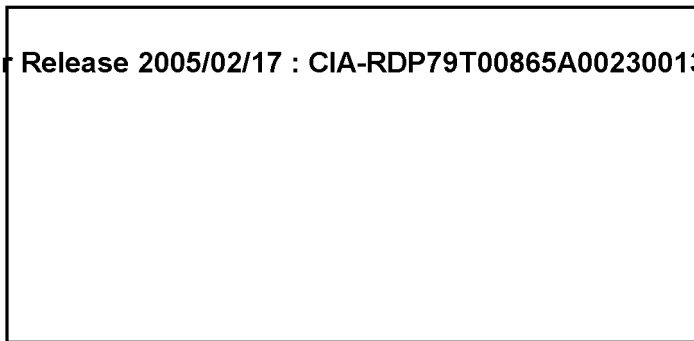
The Dutch government appears to be using a "wait and see" policy similar to that employed by the Irish government last month to secure the release of Dutch industrialist Tiede Herrema who was kidnapped by Irish terrorists. The train hijackers, however, killed two hostages when they took over the train on Tuesday and possibly another one today. Unlike the Herrema affair, where the Irish government could have given into political demands, no such latitude exists in the Moluccan case.



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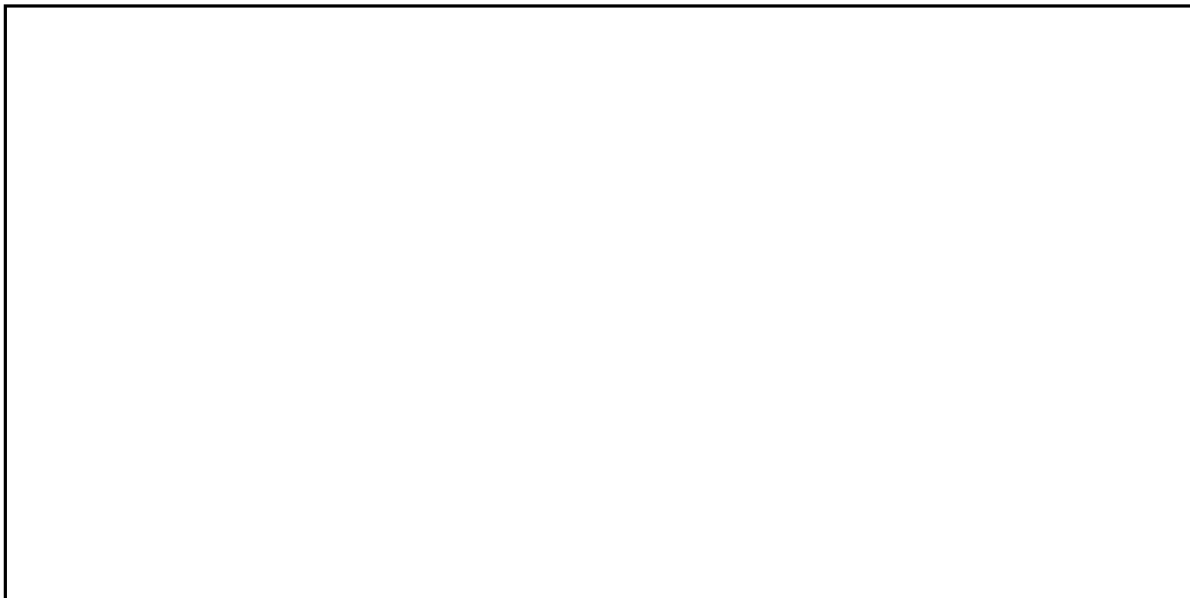


ANNEX

The Rome Summit

The heads of government of the EC Nine, who convened in Rome on December 1-2 for their triannual European Council, resolved a critical dispute with Britain that could spell a net advantage for Community cohesion once the dust settles from the long and sometimes bitter exchanges of the summit. The compromise with the UK in effect marked progress towards a common energy policy that has been stalled for years. Decisions were also reached which signal a long-overdue improvement in the management of EC finances and potentially enhance democratic control of community institutions.

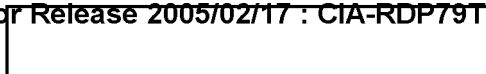
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