



National
Assessment
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Western Europe Review

20 September 1978

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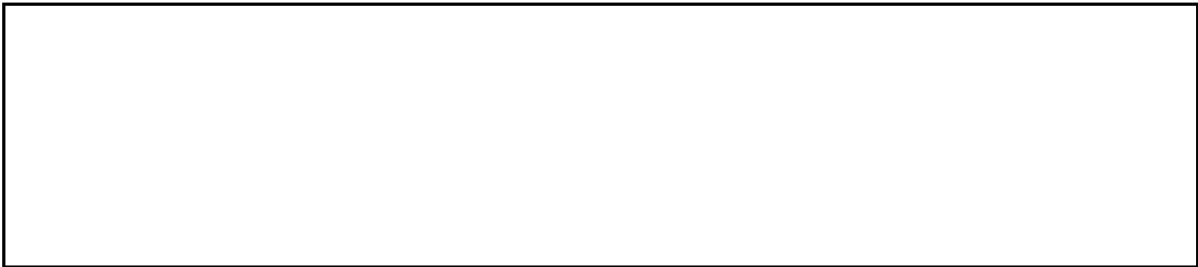
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WESTERN EUROPE REVIEW

20 September 1978

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UK-Rhodesia: Charges of Sanction-Busting

The political fallout from the release on 19 September of the Bingham report--an inquiry into British oil company violations of UN sanctions against trade with Rhodesia--is expected to be minimal because both the Labor and Conservative Parties were in office when the infractions occurred. But the rhetoric--especially from Labor's left wing--is expected to be considerable and will continue at least through the debate scheduled for November on continuing adherence to the sanctions. Although African leaders probably will condemn the violations, the report should have little effect on British relations with Africa since most leaders already suspected that London was ignoring the violations.

According to press accounts of the commission's findings, oil has been reaching Rhodesia via both Mozambique and South Africa ever since sanctions were imposed in 1966. Elaborate systems of bonding were employed to obscure sources and destinations. During part of the time a swap arrangement with the French company Total was in effect to further hide the involvement of British companies. British Petroleum and Shell consistently asserted that they could not be held responsible for the activities of their southern African subsidiaries. Company assertions that sanctions were not being violated went unchallenged by the British Government until Foreign Secretary Owen commissioned Thomas Bingham 18 months ago to investigate compliance.

Hypocrisy in High Places

Press reports of the commission's findings put into question the good faith of three successive British governments in pursuit of their Rhodesia policy. The government has consistently defended sanctions, and indeed it has encouraged the prosecution of minor offenders. Moreover, substantial sums of money were spent to maintain a blockade of the Mozambican port of Beira to prevent oil from getting to the Rhodesian pipeline.

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Only a full investigation will show where the biggest gap was: whether embarrassing facts were kept from the directors of British Petroleum, especially from the two government-appointed directors; whether the government directors concealed facts from government ministers; or whether the ministers knew what was going on but chose not to act.

Impact on Domestic and Foreign Policy

There may be a bipartisan move to minimize the damage done by the release of the Bingham report. Moderate members of both parties believe that little can be gained from the revelations, except to reassure voters that nothing is being covered up. The left wing of the Labor Party will probably press the hardest for a full investigation.

What effect the scandal will have on the voting to renew sanctions is hard to predict. The Tories remain divided on the issue. The Tory right, strong supporters of the Smith-backed internal settlement, will try to break any momentum generated by the report for renewing the sanctions. While not condoning breaking the law, they may argue that lifting sanctions is the more realistic course to follow. The party leadership, however, supports the view of shadow Foreign Secretary Davies that the time is not yet ripe for the party to press the issue. In any case, the party must be unified and must win the support of the undecided smaller opposition parties to gain parliamentary approval for lifting sanctions.

It does not appear that this affair will have much impact on British relations with Rhodesia or the African Frontline states. The Patriotic Front and the Frontline Presidents will regard the report as a confirmation of their long-held suspicions that violations were occurring. Owen's credibility with the Africans could be enhanced if the report generates widespread publicity and his role as the official who commissioned it becomes well-known. So far Rhodesia's transitional government has not reacted publicly to the revelations, largely because other matters weigh more heavily. Sanctions or no, Rhodesia has been able to obtain oil, as various countries abetted by South Africa have demonstrated their willingness to do business with the white-dominated regime.

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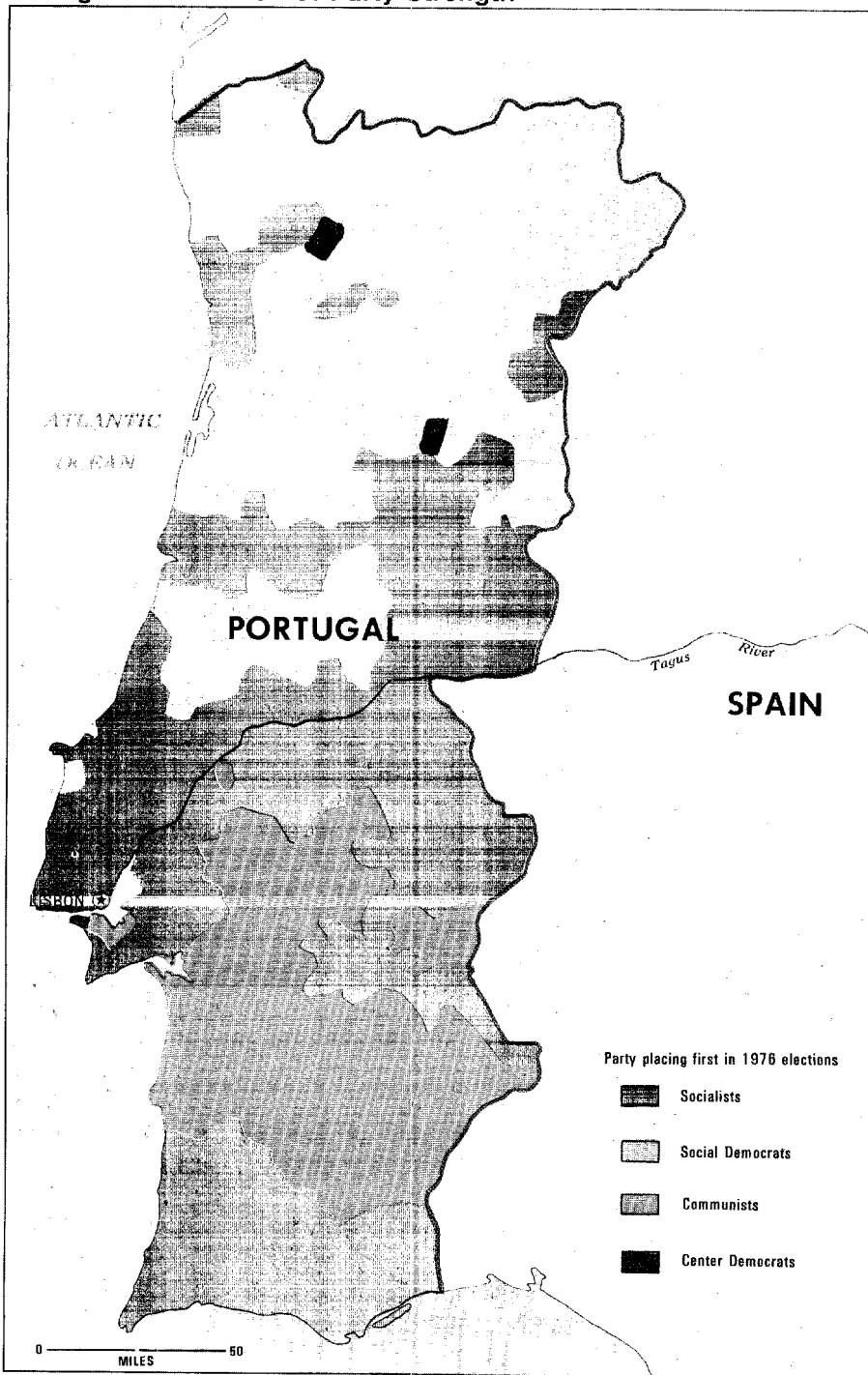
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Portugal: Distribution of Party Strength



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Government Instability in Divided Portugal

Portugal's political and institutional crisis--in some respects the gravest yet faced by the young democracy--has deepened. The independent government of Prime Minister Nobre da Costa, named only three weeks ago, failed to obtain legislative support for its program last Thursday. Intense maneuvering by the political parties, aggravated by a continuing power struggle between President Eanes and Socialist leader Soares, will complicate the search for a successor, and Nobre da Costa could continue as caretaker for weeks and even months.

The prospect of Nobre da Costa's joining the procession of ineffective postrevolutionary governments--nine since 1974--makes government stability rather than government policy the burning question in Lisbon these days. Without stability, questions about policy seem irrelevant. After the failure of three constitutionally sanctioned formulations--minority government, a centrist alliance, and nonparty rule--it is perhaps understandable that Portuguese disillusionment with democratic institutions is growing.

The problem of instability is not made easier by the tendency of Portuguese politicians to look at it in terms of superficial political and institutional factors--contrasting leadership styles, personal ambitions and intrigue, the deficiencies of the constitution, and the ambiguities in the division of power between the President and the legislature. This approach implies that the problem can be solved by a few adjustments in political style and a little tinkering with the political machinery.

Fundamental Problems

In fact, Portugal's instability is traceable to much more fundamental causes that are beyond easy polit-

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ical manipulation. The most significant of these is a deep and seemingly unbridgeable gap between right and left.

Despite its leftist thrust, the 1974 revolution left Portugal almost evenly split between left and right. The Socialists and Communists moved quickly to fill the vacuum left by overthrown Salazarist powerbrokers in Lisbon and the south. After a brief retreat, the Social Democratic and Center Democratic parties established conservative strongholds in the center and north of the country. This distribution reflects historic, geographic, economic, and cultural factors that deepen and stabilize the left-right cleavage.

In the north, the Communists and Socialists have found it almost impossible to buck the conservative influences of Catholicism and an economic structure based on medium and small private businesses and a network of tiny independent farms. Politically, the northerners experienced a development different from that in the south even before the 1974 revolution. Consequently, they were able to play a moderating role during the revolution and are now spearheading a general resurgence of Portuguese conservatism under the revealing rubric of "democratic polarization."

The left is similarly well entrenched, embracing a heterogeneous array of politicians, intellectuals, junior officers, and urban and rural workers who were disfranchised under Salazar. Arising en masse in the revolution, they are now flourishing in areas where Salazarist institutions were not well established or were decaying--the cities and the south, which have long served as seedbeds for leftist sentiment.

Numerically, the two sides are almost evenly matched. The left may hold a slight edge, but the right is gaining ground. The marginal superiority of either right or left, however, does not translate into decisive political dominance. Any government based on a leftist or rightist bloc faces resistance from nearly half the country, and opposition can be expressed in ways that go far beyond actual voter turnout. A narrowly victorious conservative regime would collide head-on with Communist-dominated labor and agricultural forces that could frustrate implementation of conservative economic and political

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policies. Such a regime would be similarly challenged by a highly influential Socialist political elite that comprises the country's only truly national representation and dominates certain sectors of its largest public and private enterprises.

Leftists, on the other hand, lack control over critical northern agriculture and industry as well as the major portion of the country's managerial class. They are also strongly resisted by the senior military command--including President Eanes--and by the Catholic church, certain financial sectors, and the small but significant populations in the Azores and Madeira.

The near parity of left and right, both in terms of voting strength and stability, predisposes Portugal to political stalemates. The economy reflects this condition in its stagnation and decline.

No Centrist Solution

In response to economic exigencies and strong presidential prodding, the Socialists and Center Democrats formed an uneasy left-right alliance last February. The hope was that by forging a political compromise at the center, a stable legislative majority would emerge to provide steady support for critical economic programs.

For a while it worked. Within five months the able Socialist Finance Minister Vitor Constancio negotiated \$1.3 billion in short- and medium-term financing for Portugal's large balance-of-payments deficit and capital projects. As part of the economic recovery process, he pushed through an austerity budget and other programs recommended by the International Monetary Fund.

On the international front, Center Democratic Foreign Minister Sa Machado arranged for Portugal's entry into the Common Market and normalized relations with the country's former African colonies, whose raw materials and ability to absorb excess Portuguese labor could assist recovery.

In July, however, the alliance unraveled with astonishing rapidity, the victim of its own deep internal contradictions. Center Democratic leader Freitas Do Amaral

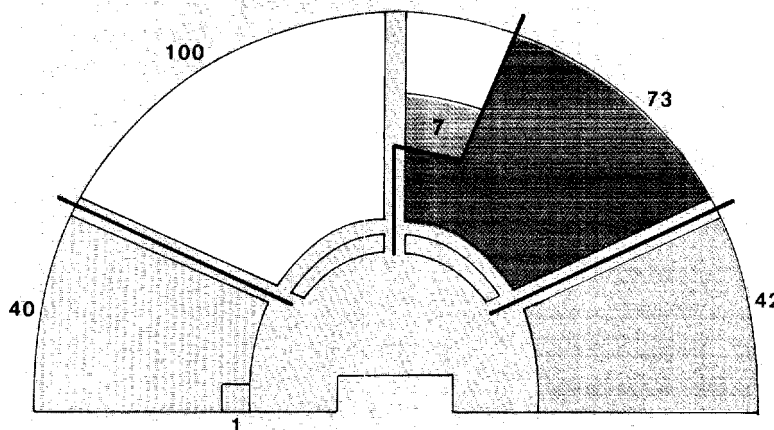
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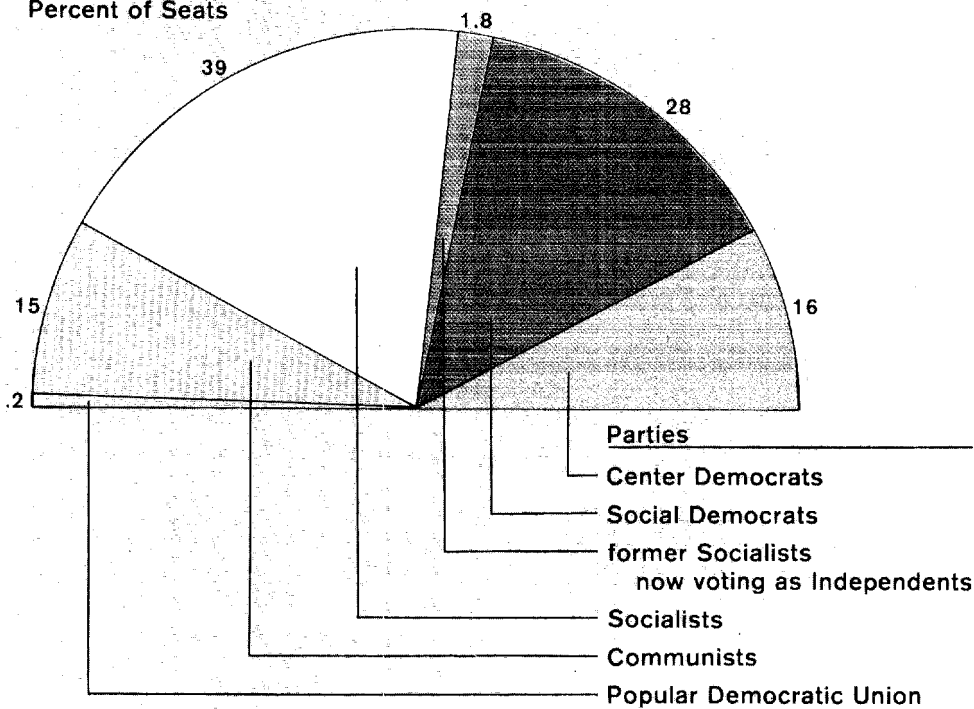
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Portugal: Party Strength in National Assembly

Number of Seats



Percent of Seats



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accepted immediate responsibility for the break, citing a grass-roots rebellion in his party against "unconscionable" leftist stances being taken by ministers supposedly committed to centrist rule. Loudest among the objecting voices were the powerful conservative agrarian lobbies that were bitter about the virtual monopoly over agricultural credit held by some 450 Communist-managed collectives in the south. Compensation for lands confiscated by leftists during the revolution, the promotion of socialized medicine, and controversial education programs were also at issue.

The Center Democratic rebellion against the party's participation in the government was reinforced by church pronouncements against the "atheistic ideologies that rule our Christian land" and public criticisms of the government's performance from President Eanes, an erstwhile supporter of Center Democrats' entry into the alliance.

Another decisive factor promoting left-right polarization was the opportunistic competition between the dominant parties within each bloc. Since there is little, if any, chance of significant movement of Portuguese voters between right and left, the most critical shifts in voter support occur within the left and right voting blocs. Any party that moves toward the center, and particularly one that joins an ideologically inharmonious alliance, risks being outflanked by its like-minded rival. Recent gains by Social Democrats and Communists at the expense of Socialists and Center Democrats in the Mirandela County election are probably attributable to this phenomenon.

Mirandela County Election Results
(Percentages)

Party	1976	1978*
Social Democrats	30	51
Center Democrats	32	15
Socialists	27	14
Communist	7.5	14
Other Parties	3.5	6

*The shift from left (Socialists, Communists) to right (Social Democrats, Center Democrats) is accentuated by the rise in the abstention rate from 42 to 59 percent. Voter participation traditionally is higher among supporters of parties on the right.

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The absence of a significant and visible centrist constituency that could compensate for the loss of traditional support, is critical. When Portugal's revolutionary left exploded on the scene in 1974, no political force emerged to mediate between it and the old opposition to Salazar. That opposition, while liberal for its day, was far more conservative than the leftist revolutionaries who won and held supremacy until late 1975. Because there is little to be gained in electoral terms from centrist policies, party leaders of either right or left have little incentive to moderate their political line.

Intense intrabloc rivalries impinge on government stability in two major ways. First, they inhibit far-reaching political compromises that could lead to genuine centrist government and make all political commitments extremely tentative. Second, they restrain cooperation within the blocs and encourage the articulation of defensive and reactive party strategies. Lacking a tradition of cooperation and compromise, even a more ideologically unified government would be vulnerable to constant inter-party disputes.

Other Possibilities and Future Prospects

President Eanes' ill-fated installation of Nobre da Costa as an independent prime minister heading a nonparty government was an emergency effort to achieve stability by divorcing government actions from the vagaries of party politics. It was doomed to failure not only because the parties were not about to surrender their government prerogatives--though this was the institutional core of the crisis--but also because the impact of government policies on party constituencies would have eventually given rise to general opposition. At best such a government would be reduced to the status of a minority regime, unable to follow a coherent policy because of the need to seek party support from different quarters on a case-by-case basis.

Proposals for some form of grand coalition including all four major parties--or perhaps excluding the Communists--are a nonstarter. Such an arrangement would enable the parties to protect their flanks by drawing intrabloc

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rivals into partnership, but in practice it would merely transfer the forum for party disputes from the legislature to the cabinet, where constitutional machinery for settling differences does not exist.

In view of this dilemma, it is not surprising that Portuguese leaders are increasingly speaking in terms of reformulating the constitutional basis of political institutions rather than simply reorganizing the government. The most significant proposals involve changes designed to minimize the destabilizing effects of the polarized political structure.

Some involve giving the president more executive powers, on the theory that his electoral majority presumably cuts across party loyalties. Such an arrangement, however, would increase the parties' stake in presidential elections and could eventually reduce the president's independence. Other proposals call for a redesign of the electoral system to produce legislative majorities. Most parties are leery of such an artificially concocted majority, however, because it would not represent the plurality of interests in the country.

Certain-long term trends may help to erode the underlying bases of instability. One possibility is that continued economic decline will eventually raise social frustrations to the point where politicians are forced to make far-reaching compromises in order to unify the country's productive forces to achieve a solid recovery. But the political costs associated with a left-right compromise will remain high and there is growing fear that politicians will let the economic situation get out of hand before they feel constrained to come to terms.

In the absence of workable short-term solutions, government instability will probably be a prominent feature of Portuguese politics for the foreseeable future. Almost as likely is that the Portuguese will find a way to live with this instability. At a minimum, however, they must develop stopgap solutions to their most pressing economic problems while controlling popular unrest and fending off radical proposals.

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Sweden's Nuclear Decision

Sweden's three-party government is locked in heated debate over the startup of two new nuclear power reactors in anticipation of a self-imposed 21 September deadline for a decision. Rumors of the coalition's collapse over the issue have already reached the wire services. The startup was postponed earlier this year, ostensibly to allow time for the government to study a special commission report on waste disposal safety. The real issue is not technology, however, but differing views within Prime Minister Falldin's coalition government--which have threatened the coalition since its formation--on the safety of and need for nuclear energy.

The opposition Social Democrats, who launched the extensive nuclear energy program in 1975, have not been effective in their criticism of the government on the nuclear energy issue and are not prepared for elections based on this question. Most observers in Stockholm reject the possibility of early elections, and agree that if the government folds, a minority government headed by Liberal Party leader Ullsten would be permitted to fill the gap until the regularly scheduled elections next fall.

Falldin's Center Party, which had expanded beyond its traditional agrarian roots to include the emerging environmentalist movement, promised the eventual dismantling of the nuclear power industry during its successful 1976 election campaign. Its coalition partners--the Moderate and Liberal parties--support nuclear power production so long as strong safety precautions are taken.

A coalition agreement negotiated at the time the government was formed provided that plants already operating or ready to operate would not be affected by government action until after studies were completed on safety, power needs, and alternate energy sources, but that those still in the planning stage would be subject to constraints. Six months after taking office, the

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government won passage of legislation--the Conditions Act--requiring the nuclear industry to guarantee final safe storage of all nuclear waste, with or without re-processing. Plants close to or in operation were given a period of grace during which they could use designated temporary storage, but the timetable for starting up new reactors was delayed.

The power companies owning the two reactors scheduled to come on line earlier this year have completed reprocessing contracts with a French firm that they and nuclear power supporters believe are in accord with the Conditions Act. The government has not yet indicated whether it will accept or reject these contracts, but will announce its decision this month. Falldin and his supporters believe there is still a question of safety, but they are faced with the political impossibility of pressing the issue without the backing of their coalition partners.

Time required to find alternative energy sources and changing economic conditions are arguments used by government officials to support flexible decisions on nuclear power. Research and development on alternative energy sources received heavy funding for the first time this year and will need time to bear fruit. The Swedes are also exploring the use of commercial agreements that would trade the country's technological resources for oil. Closing down shipyards and steel mills in a program to restructure Swedish industry has reduced energy consumption, but has added to the unemployment problem. Some officials believe closing down nuclear power plants or nuclear construction projects in the coming months would be politically unwise because of rising unemployment. At any rate, most experts agree that the government need not rush the nuclear program. The projections of energy needs on which the Social Democrats based their program of 13 reactors have been revised downward, and the program could be reduced or stretched out without causing power shortages.

In traditional Swedish fashion, hints on the outline of a compromise have appeared in the press in recent weeks as the decision deadline approaches. Public statements by various members of the coalition imply the development

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of a schedule to charge both reactors--possibly with some delay. The waste would be put in storage facilities already planned to serve six presently operating plants.

This solution would allow Falldin to tell the environmentalists that he had succeeded in freezing the risk because overall nuclear operations would be limited by existing storage space, while the pronuclear members of the coalition could point to the increased number of operating reactors. Safe final storage could be studied further, and questions concerning reprocessing would also be postponed. Such a solution to the government's nuclear power dilemma would greatly reduce the value of this issue to the opposition Social Democrats in the campaign leading up to the 1979 parliamentary elections.

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