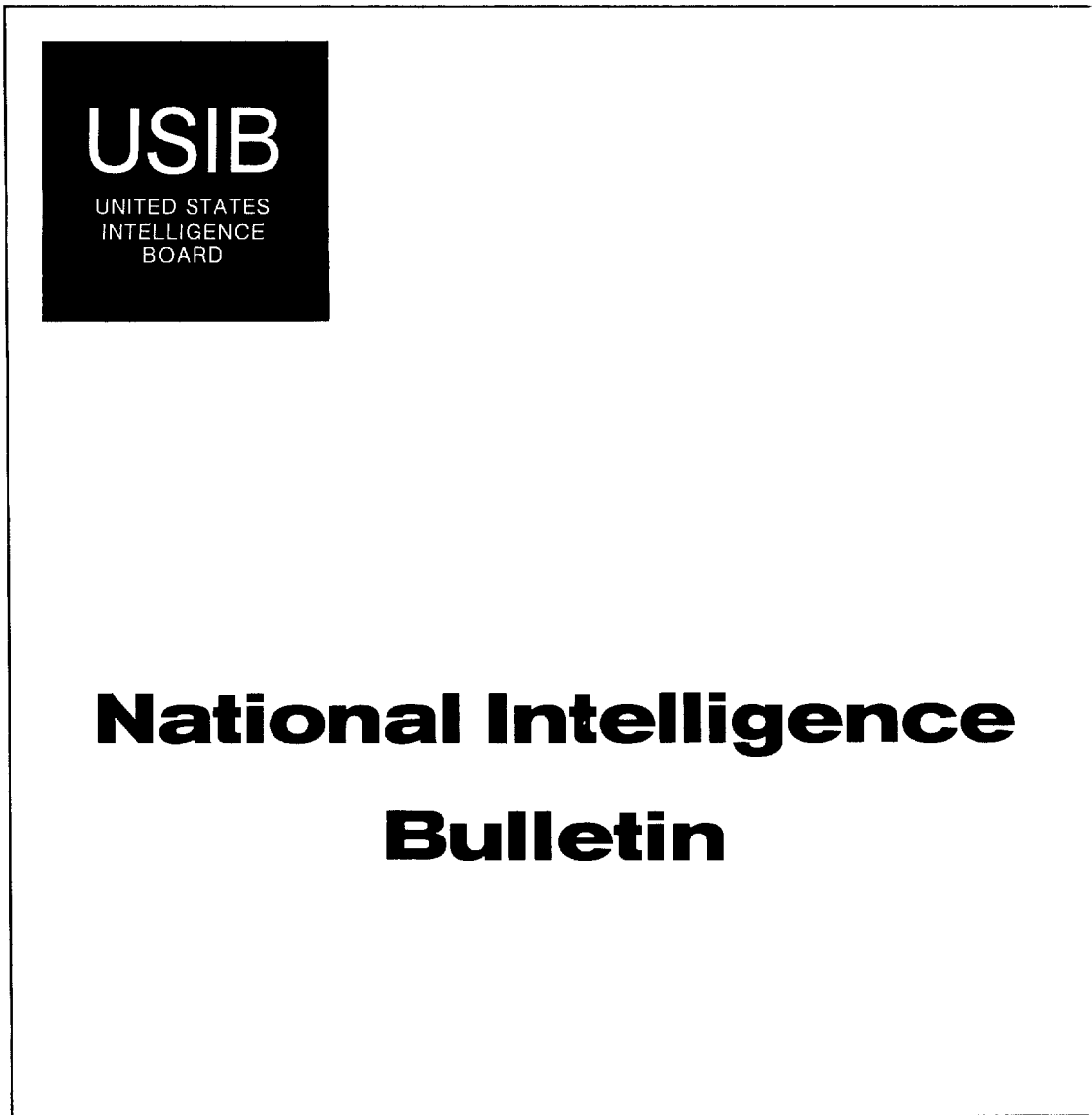


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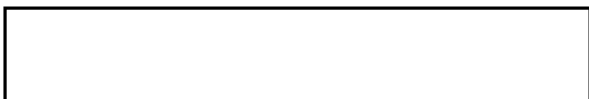


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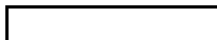
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ITALY

With 95 percent of the votes counted, the Italian regional elections have revealed a decisive shift to the left, marked by unprecedented gains for the Communist Party. The Christian Democrats remain number one, but just barely.

Only sketchy returns are available from provincial and municipal contests but they point in the same direction.

The parties of the left, the Communists, Socialists, and a small party to the left of the Communists obtained over 47 percent of the vote, a gain of approximately 6 percent over the 1972 parliamentary election and the regional elections of 1970.

The lion's share went to the Communists, who achieved an all time high of 33.7 percent, more than 5 percent over their 1972 performance and nearly 6 percent above their vote in 1970. Yesterday's advances by the Communists exceed any they have registered since World War II. Even in their most optimistic projections, the Communists had not expected to win more than 30 percent, a figure that assumed immense symbolic importance for them, because they never had achieved it in local elections since 1951.

In addition to their regional gains, early municipal returns suggest that the Communists have become the plurality party in some major cities including Rome, Milan, and Turin.

Unless the remaining returns increase the Christian Democrat's tally a notch, the party's total of 35.2 percent will have matched its postwar low in the 1946 constituent assembly election. Although the Christian Democratic losses—close to 3 percent compared with 1970 and over 3 percent against 1972—are a major blow, they are not in the range expected by pessimists in the party who feared a loss of around 5 percent.

The fact that the Communists appear to be drawing almost as many votes as the Christian Democrats, however, will overshadow that.

The Socialist Party, at 12 percent, picked up about 2 percent over their 1972 and 1970 totals. The impact of the Socialist's increase will be magnified by the fact that they are the only party in the center-left governing majority that advanced.

The losers were the parties of the right, with the Conservative Liberals (2.5 percent) continuing their steady decline and the Neo-Fascists (6.4 percent) dropping back closer to their postwar average of about 5 percent.

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The left will interpret the vote as a call for change; that was the common thread in the Socialist and Communist campaigns. At the minimum, the outcome is likely to:

--Build more pressure behind Communist chief Berlinguer's proposal for an "historic compromise" designed to bring his party into the government.

--Give the Socialists a strong hand to play in their push for treatment as political equals by the Christian Democrats in the center-left coalition. The Socialists will now appear more than ever to be the only barrier to entry into the government by the Communists. Moreover, the Socialists appear to be in a position to determine whether one or possibly two additional regions, Liguria and Marche, join the red belt or remain in the center-left column.

Both the Communists and Socialists have until now opposed an early national election. Pressures will probably increase in both parties to try to bring about such an election, however, in the hope of transplanting the regional gains to parliament.

The immediate problem for party leaders is whether to leave the two-party Moro government in place until next fall, when the Christian Democrats and Socialists have scheduled party congresses. Just prior to the balloting there seemed to be a consensus in favor of avoiding a government crisis now.

Party leaders, particularly the Socialists, now will be rethinking the matter. When the government crisis does come, it could be among the most difficult and protracted of the postwar period.

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PORTUGAL

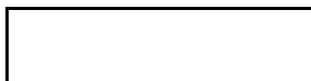
The dispute has been renewed over the Socialist Party newspaper *Republica*, which was closed by the government after Communist printers took it over nearly four weeks ago.

Republica was to have been turned back to the Socialists yesterday. Last-minute conditions levied by the Socialists to head off more trouble from the printers, according to press reports, prompted the internal security officer in charge of the building to hand the keys over to representatives of a Communist-dominated workers' committee. He also gave keys to *Republica's* Socialist editor, who has refused to reenter the building as long as Socialist control of the paper remains in doubt. Giving keys to both sides does not appear to fit with the decision of the press council, which is responsible for enforcing the press law, that the printers were at fault.

If the government permits the workers to assume control of *Republica*, the Socialists may feel compelled to pull out of the government, as they had threatened if the Armed Forces Movement did not give the paper back to them. Security forces armed with tear gas formed a cordon around the *Republica* building last night, but the predominantly Socialist crowd gave them no trouble. The security forces barred both management and labor from the building overnight. It is to be opened at 8 a.m. today.



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TURKEY

The Turkish National Security Council issued a brief communique following yesterday's extraordinary session. It stated only that the council had made its recommendation to the government concerning the "priorities for the necessary reciprocal measures" to be taken because of the US arms embargo. The Council noted that it had reached the unanimous conclusion that, with the embargo, the US had unilaterally abrogated bilateral agreements and made it necessary for Turkey to review its commitments. Prime Minister Demirel, following a cabinet meeting last night to review the security council's recommendations, said that Foreign Minister Caglayangil would make an extensive announcement on the subject this morning. One press report said that the security council had drawn up a timetable for phasing out US military installations in Turkey.

Prime Minister Demirel has portrayed Turkish countermeasures as a result of new indications that the arms embargo will not be lifted and as a response to pressures in Turkey. In fact, we have no evidence of an increase in pressure on Demirel, either from the general public or from the military. Even his political opposition, led by former prime minister Ecevit, has refrained from inflammatory statements.

Demirel, rather, appears to have seized the issue as a chance to strengthen his own political position. He may well have reasoned that he could only gain from bringing matters to a head. If the embargo were lifted, he would be credited with forcing the US to back down; if the embargo were maintained, he would only have anticipated the development and begun the steps he would have been forced to take anyway.

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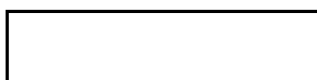
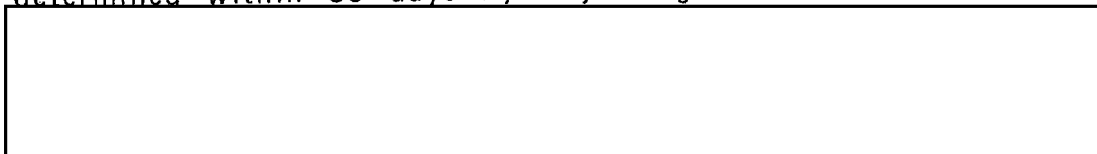
ARGENTINA

An agreement worked out on June 14 has defused the serious confrontation between the government and organized labor.

The compromise should alleviate the immediate fears of military officers concerned with public turmoil and should also put an end to the nearly two weeks of work stoppages and demonstrations that had plagued several cities. The success in overcoming the immediate problem, however, will not diminish the military's deep concern with the general trend in the nation's politics and economy.

The agreement involved the issuance of a government decree that set new minimum wage levels, regulated the method of determining wage increases, and arranged for an automatic wage readjustment system. The new wage system will be determined within 30 days by a joint government-labor commission.

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PORTUGAL

The problems experienced by Portugal in sending troops to the Azores and Angola have clearly illustrated the poor state of discipline in Lisbon's armed forces.

Earlier this month, two military police companies were alerted for movement to the Azores. Most of the troops refused to obey orders, and only a small detachment was eventually sent. The recalcitrant troops were detained for questioning and "clarification of their mission," but went unpunished. On June 8, an officer and 75 enlisted men balked when their rifle company was ordered to Angola. According to the Lisbon press, the unit finally departed for the African province after being detained in a military prison overnight.

Following increased fighting in Angola, a 1,000-man commando regiment was placed on six-hour alert last Wednesday for airlifting to the province. The possible movement of this elite Continental Operations Command unit—an estimated one fourth of the only troops that can be counted on to act effectively in the event of internal disorder—is another indication of the seriousness with which Lisbon views the situation in Angola. More important, it reflects Portugal's recognition that regular army troops cannot be relied upon to obey unpopular orders. The ruling Armed Forces Movement apparently is trying to avoid further public disclosure of declining morale in the military establishment.

The current unreliability of the military is an outgrowth of developments within the armed forces since the overthrow of the Caetano government in April 1974 and, especially, subsequent to the abortive rightist coup on March 11. The Movement has tried to democratize the services and instill leftist ideals among the troops by creating numerous junior officer and enlisted men's councils. These politically oriented groups, however, have nearly destroyed the traditional chain of command and discipline. Any order that may originate from the Continental Operations Command, the military region headquarters, the service chief, or the Council of Revolution calling for a unit to move or act is frequently subject to approval by the various Movement councils prior to execution.

Political reliability—adherence to the beliefs of the ruling leftists—rather than professionalism has become the principal criterion for promotion and assignment to key command positions. Former air force chief of staff General Mendes Dias reportedly was dismissed in May because he opposed this situation and wanted to restore professionalism and the chain of command. Promotions, including the selection of battalion and regimental commanders, are often determined in elections by subordinate officers and enlisted men.

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Portugal's inability to deploy disciplined troops could have a major adverse impact in the event of serious internal disorder or further reverses in Angola.



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