

Top Secret

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Monday September 13, 1976

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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DIA review(s) completed.

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National Intelligence Daily Cable for Monday, September 13, 1976.

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [] Syrian officials held further discussions in Damascus this weekend with Lebanese and other Arab emissaries. The ongoing talks are intended to facilitate the transfer of power to Lebanese president-elect Sarkis on September 23 and to prepare for an Arab summit on Lebanon that is scheduled for late October.

25X1 [] Lebanese Prime Minister Karami arrived in Damascus yesterday, presumably to learn Syria's views of his future role once Sarkis is inaugurated. Retention of Karami as prime minister would be strongly opposed by right-wing Christian leaders such as President Franjiyah and Interior Minister Shamun.

25X1 [] Although the Syrians probably would prefer that Karami stay on, they may not want to risk undermining efforts by Sarkis to secure the cooperation of the more extreme Christian leaders.

25X1 [] Karami is also likely to discuss Muslim views on how to resolve the Lebanese crisis. He is a prominent leader of the National Unity Front, a grouping of traditional Muslim and Christian leaders formed last June to strengthen the hand of old-line Lebanese politicians in future peace negotiations.

25X1 [] Arab League mediator Hassan Sabri al-Khuli, who was expected to return to Beirut on Saturday, remained in Damascus until yesterday.

25X1 [] Various press reports have speculated that al-Khuli returned from consultations in Cairo with new proposals to end the fighting when Sarkis takes office. His immediate concern, however, probably is preventing further attacks by the various warring factions against Arab League troops stationed in Lebanon.

25X1 [] Other Arab envoys were in Damascus this weekend to discuss preparations for the Arab summit on Lebanon. Tunisian Foreign Minister Chatti, the current chairman of the Arab League Council, conferred with Syrian Foreign Minister Khaddam on Saturday; yesterday, Saudi Foreign Minister Prince Saud held talks with Syrian President Asad.

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Fighting remained at a low level throughout Lebanon this weekend. Sporadic shelling occurred in Beirut and its suburbs and in central and northern Lebanon

JAPAN: Political Compromise

Prime Minister Miki and his opponents in the ruling Liberal Democratic Party averted a showdown Saturday when the cabinet agreed to convene an extraordinary Diet session this Thursday.

The decision followed a day of intensive bargaining which resulted in a three-point compromise. It essentially involves:

--Miki's appearance before a party caucus tomorrow, at which the Prime Minister will publicly pledge not to dissolve the Diet precipitously and call a general election.

--Convening the Diet on Thursday to pass a number of pending fiscal bills.

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--Calling a special party convention in October at which Miki almost certainly will be removed as party president.

25X1 [] Both sides gave ground in working out the compromise. Miki won his opponent's agreement to drop their demand for his resignation prior to the opening of the Diet.

25X1 [] To do so, he apparently threatened Saturday to replace the dissenting Cabinet ministers with his own loyalists, convene the Diet, and then dissolve it and call elections if the impasse continued. His opponents clearly preferred to make some concessions to the Prime Minister rather than provoke an open party split.

25X1 [] Even so, the compromise has significantly limited Miki's room for maneuver by requiring him to publicly state that he will not suddenly dissolve the Diet and call general elections. Miki's rivals will certainly publicize his pledge tomorrow to help ensure against any dissolution before the convention is held.

25X1 [] Meanwhile--as another part of the deal--Miki is reportedly preparing to reshuffle cabinet and party posts, possibly sometime this week.

25X1 [] Notwithstanding the party's attention to legislative business, Miki's respite is likely to be brief. His opponents will almost certainly press for rapid action on the pending bills, and with elections now only three months away, for holding the party convention--and replacing Miki--earlier rather than later next month.

25X1 [] In another weekend development, the Soviets seized three small Japanese fishing boats off the disputed, Soviet-held islands near Hokkaido. Although such seizures are routine, the Japanese press is noting that these took place at about the same time that Foreign Minister Miyazawa was on an inspection cruise near the islands. []

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ANGOLA: Neto's Status

25X1 [] Angolan President Agostinho Neto appears to have made gains in his power struggle with radical groups within the ruling Popular Movement.

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25X1 [redacted] In the months immediately following the Popular Movement's military victory, Neto and other mulatto political leaders have been restricted in their efforts to establish national policies by black radicals within the party's military hierarchy. Flushed with victory and backed by the Cuban and Soviet presence, these radical military leaders opposed broadening Angola's economic and political ties, reconciling with former rivals, and establishing a multiracial state.

25X1 [redacted] Neto is on record in favor of nonalignment and a multiracial state. [redacted] he also favors a reconciliation with the two rival nationalist groups that would allow their members--but not their top leaders--to participate in the new Angolan government.

25X1 [redacted] During recent months, Neto has been considerably more visible and vocal than he was earlier in the year. He has given many speeches and interviews in which he has stressed multiracialism, denounced party disunity, and supported nonalignment.

25X1 [redacted] Within the past two weeks, Neto has moved to broaden Angola's foreign ties, suggesting that his authority within the Popular Movement has been strengthened. He recently accepted an ambassador from Sweden and is pushing to resume relations with Lisbon. He apparently hopes that ties with Portugal will help build bridges to other Western European countries and facilitate Angola's admission to the United Nations.

25X1 [redacted] Portuguese Socialist Party officials who recently visited Luanda--at Neto's invitation--came away with the impression that Neto's political strength and personal self-confidence are growing.

25X1 [redacted] Since the end of the civil war, Angola has been almost totally dependent on Cuban and Soviet assistance. The Cubans are helping government counterinsurgency operations, rebuilding transportation facilities, providing social services, and training the Angolan army. The Soviets have provided some military advisers and civilian technical assistants.

25X1 [redacted] Angola's economy needs Western technology and markets, however, if it is to revive quickly. The country's lucrative

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commercial agriculture and diamond mining operations, for example, need access to the West before they can return to normal operations.

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[redacted] Efforts by Neto to put some distance between his government and Moscow and Havana will not go unchallenged by the military radicals of the Popular Movement who owe their strength to Communist assistance. [redacted]

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CHINA: Mourning Ceremonies

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[redacted] All active members of the Chinese Politburo, including those based in the provinces, have stood vigil over the body of Mao Tse-tung in the official mourning ceremonies that began Saturday. The leaders were listed in order of political rank, revealing no changes thus far in the pecking order.

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[redacted] The official news agency made special mention of a wreath from Mao's wife, Chiang Ching, signed also by other members of his family. The wreath was given pride of place beside the bier. Despite her general lack of political popularity, Chiang Ching will evidently be accorded all the honors due the widow of the chairman, at least during the mourning period.

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[redacted] Leaders from 15 of China's 21 provinces have also been present during the lying-in-state ceremonies, including several province chiefs linked to the ousted Teng Hsiao-ping who have appeared infrequently. Missing from the group, however, are three government officials also associated with Teng.

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[redacted] Peking has published condolence messages from 10 provinces and from five of China's 11 military regions. The most important of these during the succession period is the Peking Military Region, which sent a long message pledging loyalty to the party Central Committee.

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CHILE: Anniversary

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[redacted] The Pinochet government, which marked its third anniversary on Saturday, shows no signs of moderating its tough internal security practices or making any substantial concessions in the area of human rights.

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[redacted] In his anniversary speech, President Pinochet reiterated the regime's hard-line views and indicated that new decrees would soon be issued further restricting political activity. The crackdown is aimed at the Christian Democrats and the church--the government's principal domestic critics.

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[redacted] The junta's promulgation of several acts to be included in a new constitution apparently will institutionalize the authoritarian practices now being followed. The expansive guarantees of human rights promised by Pinochet at the OAS meeting in Santiago last June are still largely being ignored by the security forces. The Interior Ministry has announced that 205 political prisoners were being released, but the state-of-siege has been extended for another six months.

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[redacted] Pinochet gave no hint on Saturday that changes in economic policies are planned, [redacted]

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[redacted] Despite some improvements in economic conditions, there has been no overall recovery, according to the US embassy. [redacted]

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SOUTH AFRICA: Rioting

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[redacted] Rioting by "coloreds" in the Cape Town area peaked late last week and has now generally subsided. The death toll reached more than 30, and in several instances the rioting spilled over into adjacent white communities with much property damage.

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[redacted] The recent disturbances in Cape Town have apparently generated a confrontation psychology on the part of the whites, who are reported to be rapidly arming themselves. In two separate incidents around Cape Town, white civilians shot and killed two "coloreds" and wounded several others--the first recorded incidents of this nature since the rioting began last

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June. Recurrences are likely because whites and "coloreds" still live side by side in some residential sections of Cape Town.

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[redacted] Elsewhere in the country, there was a minor riot in a black township near Pretoria on Saturday. Although there have been no major riots since last Thursday, continuing outbreaks of sporadic violence in widely separated parts of the country make it difficult to predict where and when disturbances may next occur.

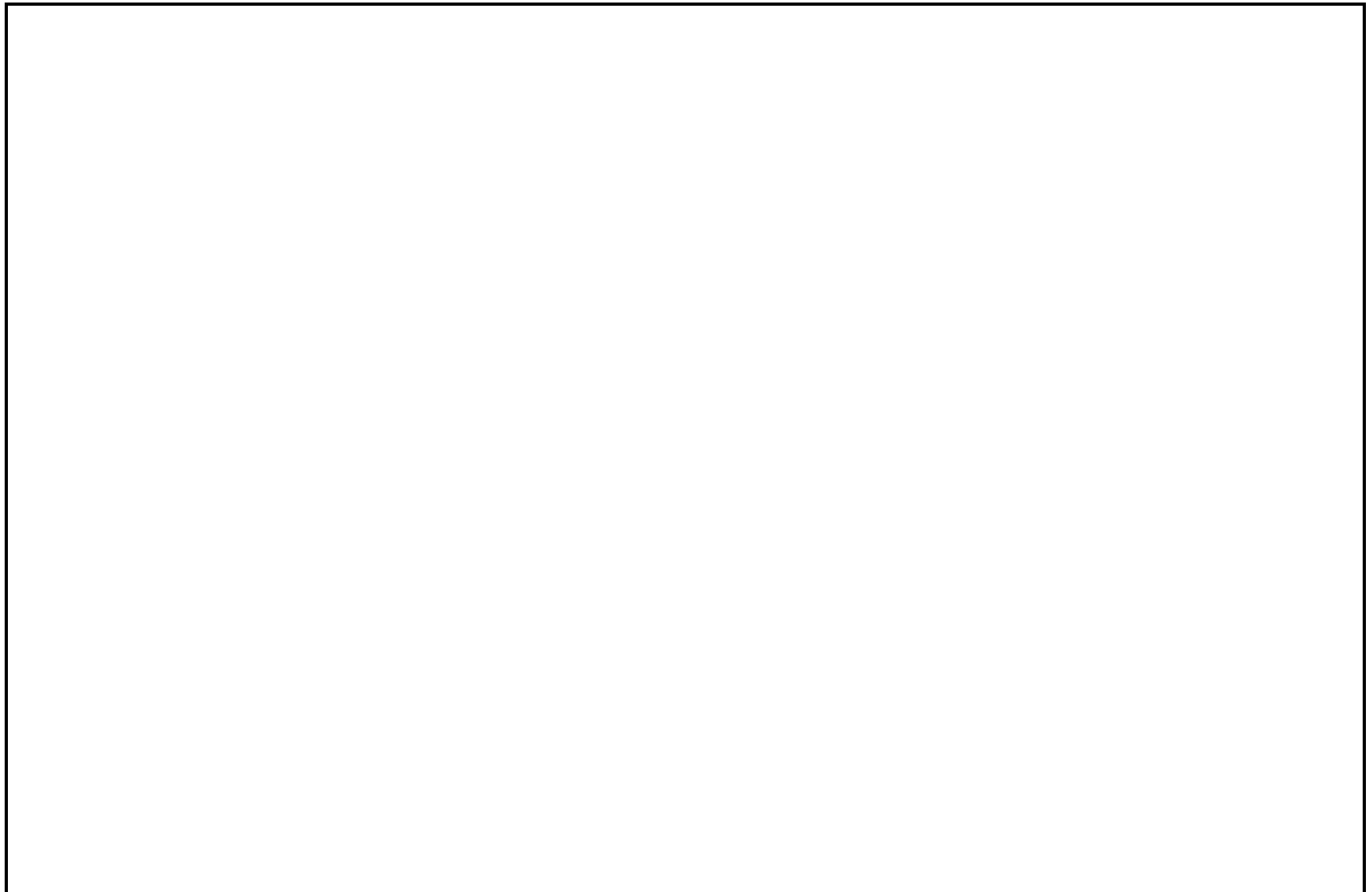
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[redacted] Rhodesian Prime Minister Ian Smith and two cabinet ministers reportedly were to arrive in Pretoria yesterday for talks with Prime Minister Vorster. [redacted]

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USSR: Promotions

25X1 [redacted] KGB Chairman Yury Andropov and Minister of Internal Affairs Nikolay Shchelokov have each been promoted one grade to the rank of General of the Army, according to a decree of the Supreme Soviet.

25X1 [redacted] In both cases, the promotions mean that the political figure heading the government agency is now one grade higher than the professional soldier commanding the militarized units subordinate to that agency.

25X1 [redacted] Andropov, a Politburo member, now outranks Colonel General V. A. Matrosov, chief of the KGB's Border Troops, as well as all other KGB officials. Shchelokov, a full member of

the Central Committee, similarly outranks Colonel General I. K. Yakovlev, Chief of the MVD's Internal Troops, and all other MVD officials.

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[redacted] The promotions for Andropov and Shchelokov are the first for any Soviet leaders since late July, when Defense Minister Dmitry Ustinov became a Marshal of the Soviet Union. Coming on the heels of Ustinov's promotion and the earlier elevation of General Secretary Brezhnev to Marshal of the Soviet Union, they may produce some agitation from the professional military for promotions for themselves if they are not already in train.

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[redacted] It is conceivable that military promotions are being saved for a major announcement in early November at the ceremonies marking the anniversary of the Bolshevik Revolution.

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GREECE-TURKEY: Aegean

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[redacted] The rejection by the International Court of Justice on Saturday of the Greek appeal for a temporary ban on Turkish oil exploration in disputed Aegean waters will probably cause the Greeks to negotiate seriously with the Turks.

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[redacted] The Court also rejected the Turkish request to drop the case altogether, but the Turks may now feel confident enough to stick to their maximum demands. This would limit the prospects for progress if the meeting between the Greek and Turkish foreign ministers takes place as scheduled in New York later this month.

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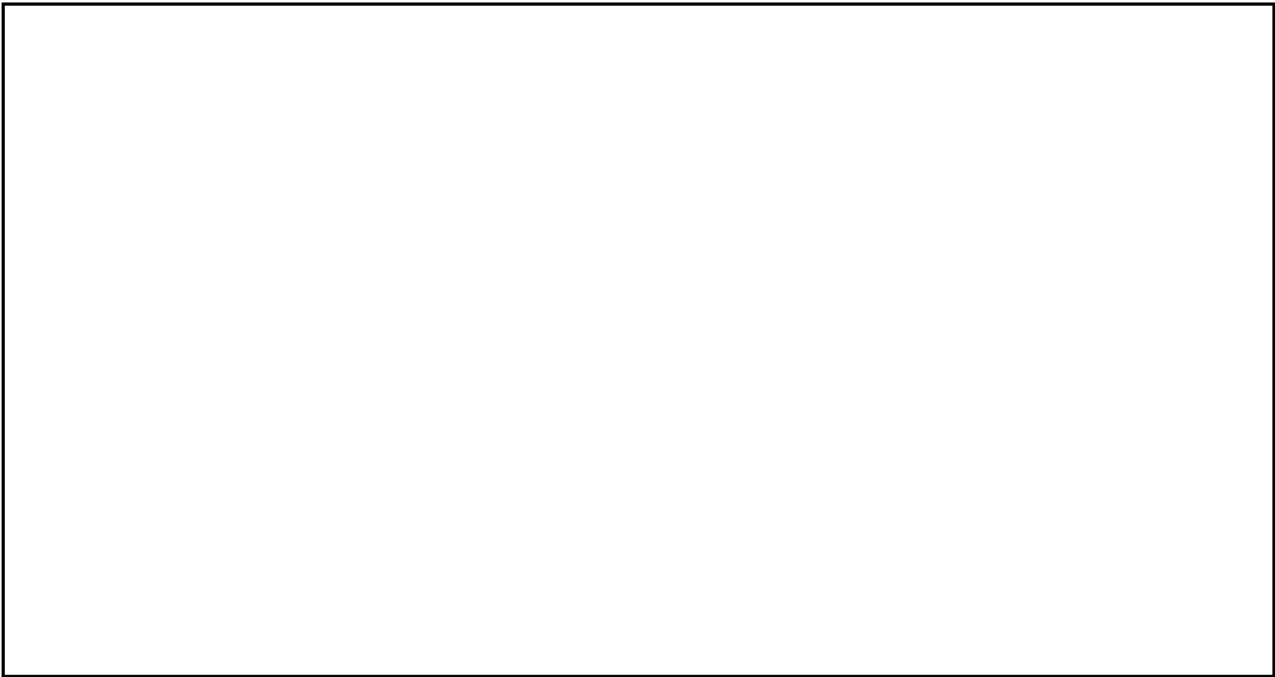
[redacted] The Greek government has tried to put the best face on the Court's decision. The government-run television service quoted unnamed "legal circles" on Saturday as saying that the decision had been expected in light of the earlier UN Security Council resolution urging restraint and bilateral talks before resorting to the Court.

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[redacted] As "positive" points, the unspecified sources noted that the Court's action leaves open the possibility of a ruling

on the substance of the dispute and that Turkey is now bound by its statement that its oil exploration does not prejudice Greek rights.

25X1 [redacted] The Caramanlis government doubtless is concerned that its policy of countering Turkish moves only by diplomatic and other peaceful means will prompt more criticism from parts of the opposition and the military as well as the public. Caramanlis doubtless will be hoping that the Turks will not be emboldened by the Court's decision to test Greek resolve further.



25X1 EC: IMF Gold Sales

25X1 [redacted] The EC monetary committee agreed Friday to back Italy's proposal to seek a change in International Monetary Fund gold sales policy, but refused to ask for a postponement of the auction scheduled for September 15.

25X1 [redacted] IMF directors from EC countries will ask the Fund executive committee to consider possibilities for "being more flexible in techniques of selling gold." Changes might involve

delaying the scheduling of future auctions, increasing the time between auctions, or reducing the amount of gold offered per auction.

25X1 [redacted] //Italy, which still has relatively large gold reserves, confirmed on Thursday that it is asking the IMF to hold gold auctions less frequently because of the depressing effects they have on world gold prices. The Italians have just completed a renegotiation of their gold-backed loan from West Germany and, because of past declines in the price of gold, took the option of reducing the amount of their loan rather than increasing their gold collateral.//

25X1 [redacted] //Changes in the gold price could necessitate either a further alteration of the credit or an increase in the amount of gold pledged as collateral.//

25X1 [redacted] //France, with the second largest gold reserve in the EC, and the UK were Italy's strongest supporters at the committee meeting. West Germany, which has the largest gold holdings in Europe, has expressed little concern about the fall in gold prices.//

25X1 [redacted] //The gold issue will be discussed at the IMF meeting in Manila early next month. If the EC receives support from some industrial and developing countries, it will increase the pressure on the US to agree to a more flexible scheduling of future IMF gold sales.//

25X1 [redacted] The EC monetary committee announcement had an almost immediate effect on the price of gold. The London afternoon fixing was \$115.70 per ounce, up from \$114.00 on Friday morning. [redacted]

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SOUTH KOREA - INDONESIA: Arms Agreement

25X1 [redacted] Indonesia concluded a \$35-million military sales agreement with South Korea early this month. According to the US defense attache in Seoul, South Korea has agreed to construct four guided-missile patrol boats for the Indonesian navy at a shipyard near Pusan. South Korea extended credit to the Indonesians to close the deal, and the first patrol boat is scheduled for delivery in three years.

25X1 [redacted] Under the terms of the arms agreement--the first between the two countries--South Korea will build the ships and Indonesia will provide the weapons and surveillance systems.

25X1 [redacted] //The Indonesian Ministry of Defense has been seeking to diversify and upgrade the navy's inventory. The South Korean boat will give the Indonesians the fast patrol boat that they have wanted to improve the navy's capability to monitor ships entering Indonesian waters.// [redacted]

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