

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday 17 August 1978

CG NIDC 78/192

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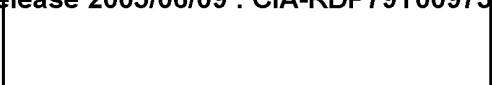
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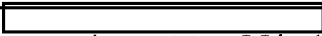
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National Intelligence Daily Cable for Thursday, 17 August 1978.

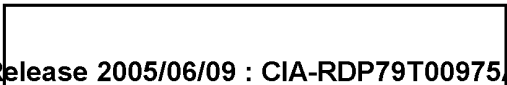


 The NID Cable is for the purpose of informing senior US officials.

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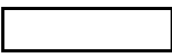


MOROCCO-ALGERIA: Peace Talks

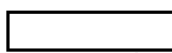
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 French-sponsored talks in early August between Morocco and Algeria on their dispute over Western Sahara apparently made little progress. All parties to the dispute--including Mauritania and the Algerian-backed Polisario Front--recognize, however, that a military solution is unlikely, and they will probably continue a dialogue. Over time, domestic support for a peace settlement is likely to grow in Morocco, Algeria, and Mauritania, and this may encourage consideration of concessions previously regarded as politically unacceptable.

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 A French official has expressed disappointment with the meager results of the talks, but he did not provide details. He cited Algerian intransigence as the principal obstacle and speculated that Morocco might accept a compromise concerning the Mauritanian portion of Western Sahara.

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 Both Algeria and Morocco may eventually show greater flexibility as a result of domestic pressures for a peace settlement. The Polisario Front's cause is not popular in Algeria, and Algerian President Boumediene may come under greater pressure to accept a face-saving compromise.

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25X1 [redacted] Mauritania clearly wants a settlement and probably is willing to grant autonomy to its portion of Western Sahara or to withdraw from the area. The Mauritians cannot opt for a unilateral settlement in the near term because of the presence of a 9,000-man Moroccan military force in their country.

25X1 [redacted] Mauritania may be cautiously trying to gain greater freedom of action in the event joint negotiating efforts with Morocco fail. Senior emissaries continue to visit Libya, probably to talk with Algerian and Polisario representatives, as well as to seek Libyan financial assistance. The Mauritians have also won Morocco's grudging agreement to move one of its battalions farther to the north, an agreement that Mauritania may later find useful in seeking withdrawal of some Moroccan units. [redacted]

ICELAND: Coalition Failure

25X1 [redacted] //Icelandic President Eldjarn yesterday asked Ludvik Josefsson, leader of the Communist-oriented People's Alliance Party, to try to form a new government following the failure of the other major parties to put together a coalition. Josefsson's prospects do not appear promising; his only likely coalition partner, the Social Democrats, do not have enough seats to give such a government a majority. The two parties, moreover, disagree on solutions to the country's economic problems.//

25X1 [redacted] //Josefsson has said that he will invite the Social Democrats and the right-of-center Progressive Party to join the People's Alliance in a government, but the Progressives almost certainly will refuse. Josefsson might then attempt to form a minority government with the Social Democrats, but earlier talks between the People's Alliance and the Social Democrats broke down over disagreements on possible solutions to Iceland's economic morass--the key issue facing any new government.//

25X1 [redacted] //In addition, many of the Social Democrats elected to parliament for the first time in June are on the right wing of the party, and they have voiced objections to working with the "Communists" of the People's Alliance.//

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[redacted] //Should Josefsson convince the Social Democrats to join in a minority government, he would still have to enlist the tacit support of the two conservative parties to govern. One of the conservative parties earlier indicated that it might abstain from voting in parliament if the People's Alliance and Social Democrats formed a government, but the other flatly rejected any form of cooperation.//

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[redacted] //While it is conceivable that a leftist minority government would be able to stay in power for some time, any attempts to institute controversial economic programs or to raise sensitive security issues such as the US base at Keflavik would surely provoke strong opposition.//

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[redacted] //Should Josefsson fail in his effort to form a minority government, the Icelandic President will probably ask the Social Democrats to try again to form a government. [redacted]

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EGYPT: New Political Party

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[redacted] *Egyptian President Sadat is continuing his effort to impose his own stamp on Egypt's domestic political structure, but Egyptians are skeptical that his reforms will seriously affect the manner in or effectiveness with which the country is governed.*

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[redacted] On Monday Sadat told the committee charged with organizing his new National Democratic Party and developing its platform that party goals were to help solve food and housing problems and to restore Egypt's traditional "village values." He ordered committee members into the countryside to determine the needs of the populace and announced that he would tour all 25 provinces next month on behalf of the party.

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[redacted] Several Egyptian observers believe that Sadat intends to dump some of the politicians now on the scene and select new people to run the party. They cite as evidence Sadat's remark that Prime Minister Salim's centrist party had "done all it could," along with the fact that prominent politicians did not attend the meeting of the committee.

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25X1 [redacted] //Even if Sadat does shake up the leadership,
the rank and file of the new party will apparently come from
25X1 Salim's old centrist party. An estimated 230 members of parlia-
ment--most from Salim's party--have applied for membership in
the National Democratic Party. [redacted]

25X1 [redacted] Professional and labor organizations have also rushed
to the new party's banner. Like the politicians, their immediate
concern is to protect their special interests in the new situa-
tion.

25X1 [redacted] Although few politicians are willing to identify with
opposition parties openly, efforts are under way to organize at
least two new parties. No opposition party is likely to have
wide appeal.

25X1 [redacted] Sadat's political restructuring has not taken final
form, and many questions remain unanswered. At this point, how-
ever, the "new" system bears close resemblance to the "old" and
no amount of grassroots organizational effort will mask the fact
that Sadat's new party is imposed from the top. [redacted]

BRIEFS

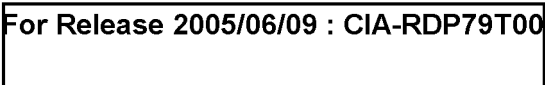
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Zaire-Angola

25X1 [redacted] Angolan President Neto will visit Zaire on Saturday
at the invitation of Zairian President Mobutu. A series of
meetings between lower level officials that began last month
in Brazzaville has already resulted in a significant lessening
of tensions between Zaire and Angola. The two countries appear
to be on the verge of establishing full diplomatic relations.
The meeting between the two Presidents--longtime ideological
enemies--seems intended to show that relations between their
countries are improving, but the basic mutual distrust between
them probably will remain. [redacted]

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China-Vietnam

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[Redacted] The first two rounds of talks in Hanoi between the Chinese and the Vietnamese Vice Foreign Ministers proved to be acrimonious repetitions of last month's talks at the consular level, and the attitude of both parties makes it highly unlikely that there will be any progress soon.

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[Redacted] Both China and Vietnam have made clear by publishing their presentations that they intend to use the talks primarily for propaganda purposes. Neither side has offered concrete or new proposals. Since the talks began on 8 August, the Chinese and the Vietnamese have accused each other of poisoning the atmosphere by provoking incidents among the thousands of ethnic Chinese stranded at the border since Peking tightened entry requirements in mid-July.

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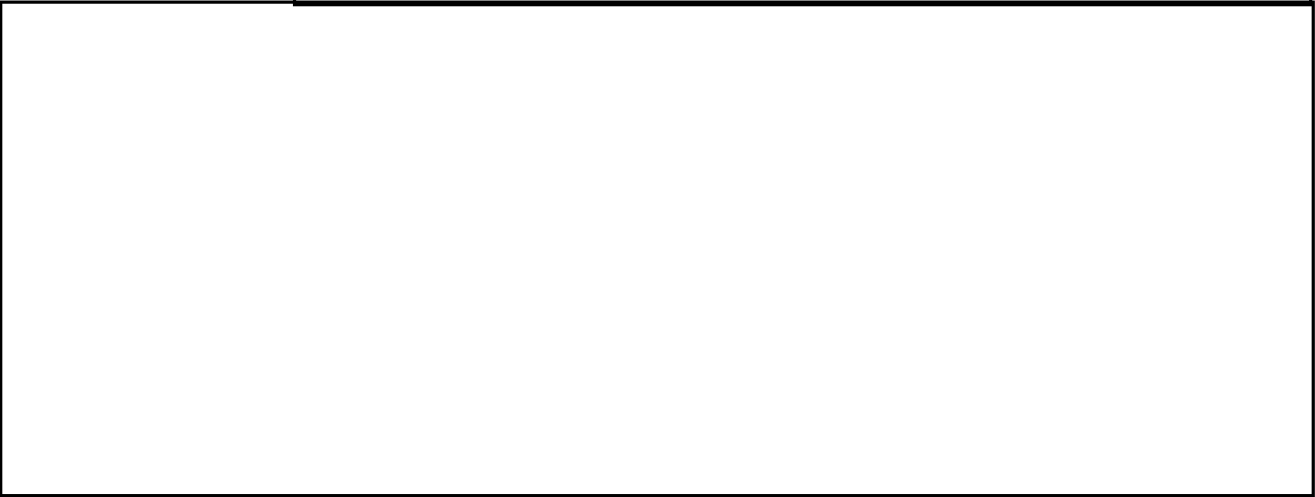


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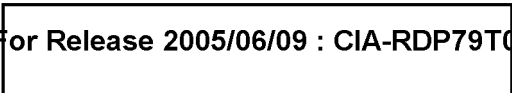
[Redacted] China's Ambassador to Thailand also held out little hope for the talks' he stated last week that Peking does not expect the negotiations to succeed unless the Vietnamese change their attitude, which he judged to be unlikely.// [Redacted]

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