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Director  
Central  
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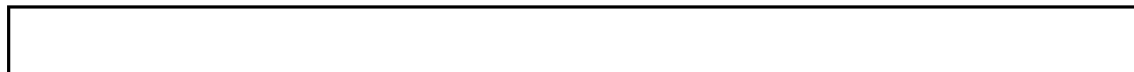
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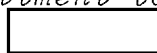


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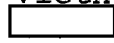


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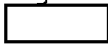
USSR-AFGHANISTAN: Treaty

*The Soviet-Afghan Treaty of Friendship, Good Neighborliness and Cooperation signed yesterday in Moscow obliges the two sides to consult and take appropriate measures to ensure the security, independence and territorial integrity of each and to continue developing cooperation in the military field, but there is no mutual defense agreement. A Soviet-Afghan treaty signed in 1931, however, prohibits Afghanistan from allowing its territory to be used for actions inimical to the USSR, and the two sides yesterday reaffirmed their commitment to the "aims and principles" of the 1931 treaty.* 

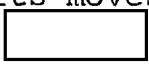
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The treaty is somewhat unusual because it contains a clause specifically endorsing Afghan nonalignment and because it does not call for closer political cooperation. The recent Soviet treaties with "socialist" Ethiopia and Communist Vietnam contained clauses calling for such cooperation. 

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The treaty also differs from the USSR's treaties with other Asian states in that it contains a clause calling for joint efforts to facilitate creation of an effective Asian security system. Although the previous Afghan Government had already gone further than any other Asian country except Mongolia in endorsing Soviet President Brezhnev's proposal in 1969 for an Asian collective security system, Kabul's neighbors will almost certainly interpret this clause as additional evidence that Afghanistan has fallen irretrievably under Soviet sway. 

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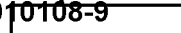
Both countries clearly see advantages in having such a political document as the basis of their relationship. The Afghans may have been more anxious to conclude it at this time in hope that it will serve as a deterrent to both domestic and foreign opponents. The USSR shares Afghan concerns about both Pakistan's and Iran's capabilities to "destabilize" the new government, but its interests in Afghanistan were already protected by the existing treaties, and Moscow is probably concerned that the treaty not give India additional cause to accelerate its moves to improve relations with China and the West. 

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The treaty, like the recently concluded Soviet-Vietnamese treaty, however, is valuable to Moscow in countering recent Chinese diplomatic successes in Asia.

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USSR-ROMANIA: Brezhnev Comments

*In his first public remarks about Romania's refusal to go along with increases in Warsaw Pact defense spending, Soviet President Brezhnev last night said that the socialist states would not weaken their defenses in the face of "imperialism's" growing military strength no matter what "demagogic arguments" are used. Brezhnev made his remarks at a dinner for visiting Afghan President Taraki.*

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Brezhnev's formulation was clearly a rebuke to Romanian President Ceausescu, who made five public speeches last week arguing against the need for increasing Pact defense spending. The description of the speeches by the leader of another Pact country as "demagogic" is unusually harsh, but Brezhnev refrained from mentioning Ceausescu by name and did not threaten any retaliatory measures against Romania.

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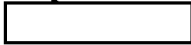
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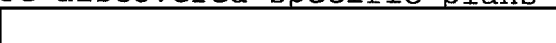


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SPAIN: Atmosphere Tense

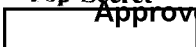
*//The atmosphere in Spain was tense last night as extremists continued their bid to disrupt the referendum. Three policemen were shot to death yesterday in the Basque region, presumably by the Basque Fatherland and Liberty terrorist organization--ETA--which apparently hopes that the steady demoralization of the security forces will provoke the government to impose martial law. Spanish security officials have received reports that ETA is threatening to kill Basques who turn out to vote and to blow up polling stations; many polling officials have reportedly refused to show up today.//* 

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*//There are also some reports that the ultraright will attempt to disrupt the referendum in Madrid, but security officials have not discovered specific plans about such operations.//* 

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ZAMBIA: Concern Over Attacks

*Zambian President Kaunda warned on Monday that Rhodesian and South African forces are planning to attack Zambia before the end of the week in order to disrupt the presidential election next week. Kaunda is reacting partly out of longstanding fears of such an invasion and partly for domestic political reasons.* [redacted]

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Zambia's failure to respond to past Rhodesian incursions has surpassed the country's shaky economy as the main issue in the campaign. Kaunda, who was in southern Zambia, designed his remarks to deflect criticism from the population of that area--the hardest hit by the Rhodesians. He stated that his government is bolstering its defenses and would not let further incursions go unchallenged. [redacted]

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Yesterday, the acting Zambian Foreign Minister informed Western ambassadors that South African Prime Minister Botha had warned Kaunda that Pretoria is aware that guerrillas of the South-West Africa People's Organization are concentrating in southwestern Zambia for attacks into Namibia to disrupt the elections now under way there. Botha hinted that South Africa might take measures to offset any such attacks. [redacted]

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We have no information that either Rhodesia or South Africa is preparing any raids into Zambia anytime in the near future. Either country--particularly Rhodesia--would be tempted individually to attack if it saw a favorable military opportunity, but neither would make raids in order to disrupt Zambia's election. Although Botha hopes to induce Kaunda to restrain Namibian guerrilla infiltrations from Zambia, his message may also have been intended to divert international attention from the arrest of SWAPO leaders in Namibia last weekend.

[redacted]

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[redacted]

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GUATEMALA-UK-BELIZE: Stalemate

*//The public airing last week of British-Guatemalan differences over the future of Belize has made the negotiating process even more difficult.//* [Redacted]

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*//The British revealed their proposals* [Redacted]

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[Redacted] to demonstrate to the UN General Assembly's committee on decolonization that the UK had kept its promise to work for the "early independence" of Belize. As we reported earlier, the UK is offering the Guatemalans an economic development package and a modest reconfiguring of territorial waters but no cession of Belizean territory--far short of Guatemala's expectations. The move reflects London's determination to resolve the issue as soon as possible and its view that Commonwealth nations and most nonaligned states would not oppose the refusal to cede land.// [Redacted]

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Guatemalan Foreign Minister Castillo Valdez responded to the disclosure in a vitriolic speech that include a direct attack on UK Foreign Secretary Owen. Although Castillo Valdez categorically rejected the British proposals, he did note that his government is willing to continue negotiations with the UK and--in a new gambit--to have direct talks "with the people of Belize." [Redacted]

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[Redacted]

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Short of a precipitate, unilateral British move to grant independence to Belize, the Guatemalans--in part because of their preoccupation with events in Nicaragua--are likely to avoid taking steps toward any major confrontation.// [Redacted]

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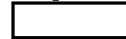
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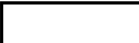
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BRIEFS

North Yemen - Saudi Arabia

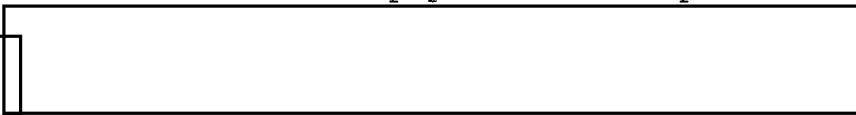
North Yemeni President Salih arrived in Saudi Arabia yesterday amid signs that Saudi confidence in him is waning. North Yemeni officials have noted the changes in Saudi attitude and are likely to seek renewed pledges of political support. They probably will also urge speedier delivery of military items being obtained through the joint US-Saudi-North Yemeni military program. Foreign Minister Asnaj, who is accompanying Salih, has indicated he plans to raise with Saudi officials the possibility of a regional defense pact to include Oman and the United Arab Emirates, as well as North Yemen and Saudi Arabia. 

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Saudi Defense Minister Prince Sultan, who bears the primary responsibility for his country's relations with the two Yemens, will probably question Salih closely about the continuing unrest in North Yemen and about recent personnel changes in the cabinet that displeased Saudi leaders. The Saudis and North Yemenis will also closely review their current policies toward South Yemen. 

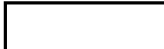
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China

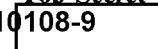
//A recent statement by Chinese Vice Premier Teng Hsiao-ping confirms that China's population has passed one billion. 

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The government hopes to lower the annual population growth rate substantially by the mid-1980s. The 10-year economic plan approved at the Fifth National People's Congress early this year stipulates that population growth be reduced to 0.9 percent by 1985. Chairman Hua Kuo-feng stated at the same Congress that China should strive to lower the annual rate of growth to less than one percent within three years. Either goal is significantly more optimistic than the current US estimate that the rate of growth will only decline to 1.3 percent by 1985. 

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FEATURE ARTICLE

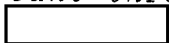
SPAIN: Constitutional Referendum

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*The Spanish electorate is almost certain to approve the country's new constitution by a wide margin in the referendum today. Approval will culminate a peaceful transition from authoritarian to democratic institutions by a process of political consensus that is unique in Spanish history. As one Spanish politician noted, this is the first Spanish constitution that has not been rammed down the throat of one-half of Spain by the other half. Only one issue--Basque demands for special autonomy rights--proved impervious to consensus. The Basque issue is so contentious that it could in the long run pose a significant threat to Spain's hard-won democratic institutions.*

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Prime Minister Suarez' decision to let the entire parliament--the Cortes--participate in drafting the new constitution in part reflected the fact that his Democratic Center Union did not have a majority in the Cortes, but subsequent events make it clear that Suarez was consistently willing to compromise in order to improve the prospects for acceptance of the new charter.

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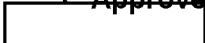
King Juan Carlos played an important role during the early months of drafting, which began in August of last year. His success in projecting himself as a moderating influence and symbol of unity, as well as the popularity he developed among the people, helped confirm the notion that important decisions should be reached by consensus. Perhaps even more important was the part he played in reconciling rightists, particularly in the military to the need for democratic change.

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The constitutional committee in the lower house proceeded slowly at first, largely because Suarez' reliance on votes from the rightist Popular Alliance triggered confrontations with the parties of the left. In late May, however, Democratic Center Union and Socialist party

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leaders struck a pact that opened the way for compromise language on such controversial points as regional autonomy, the role of the Church, labor relations, divorce, abortion, and education.

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The reasons behind the pact between Spain's two largest parties are complex. Suarez saw advantage in enhancing his left-of-center credentials by moving away from the Popular Alliance, and Socialist leader Gonzalez was looking for a way to break in on the cozy tactical arrangement that had developed between Suarez and Communist leader Santiago Carrillo. Both Suarez and Gonzalez share a belief that consensus is essential if democracy is to take root.

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With a few important exceptions, the pact held firm for the remainder of the constitutional committee's deliberations and during the subsequent consideration of the draft constitution by both houses of the Cortes. When the leaders could not agree on a particular matter, they compromised by a general statement that left the details to future enabling legislation or judicial interpretation.

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Under the new constitution, executive power is centered in the prime minister. He chooses his ministers, and they are responsible to him; he in turn is responsible to the Congress of Deputies--the lower house of the legislature. The prime minister serves a four-year legislative term unless he loses a vote of confidence or censure, or decides for tactical reasons to dissolve the legislature early. The Congress' ability to remove a government is sharply circumscribed.

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The lower house of the legislature is elected according to a modified system of proportional representation; most of the Senate--the upper house--is directly elected. The assemblies in autonomous communities appoint several Senators.

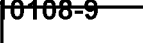
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The King remains Chief of State but his main functions will be consultative and ceremonial; all of his important acts are subject to countersignature. Juan Carlos' influence, however, is likely to be important, and with the military it could be critical.

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Reflecting demands for greater self-government from the Basques and from other "nationalities," the new constitution provides that those of the 50 Spanish

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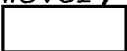


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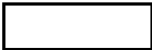
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provinces that so desire may form autonomous "communities" and allocates certain powers to these "communities." All major powers, however, are initially reserved to the central government. 

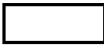
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Basque demands for special status under the autonomy provisions could yet undo the carefully built democratic structure. Even the relatively moderate Basque Nationalists, who represent the majority of ethnic Basques, insisted on constitutional language that in essence would put their region's "historic rights" outside the constitution. For various reasons--but primarily because the military would not tolerate such a potential threat to national unity--the government could not accept the Basque demands. 

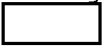
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The Basque Nationalists abstained on the final vote in both houses and are urging abstention in the referendum. The constitution is still likely to win approval in the Basque provinces, but a high rate of abstention--possibly 50 percent in two of them--is probable. 


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Nationwide, the government would consider approval by 70 percent of those casting ballots a victory. Opinion polls forecast a national abstention rate of 25 percent with 5 to 10 percent of those voting coming out against the constitution. 

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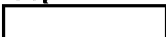
Until recently, it had seemed that promulgation of the constitution would signal the end of the consensus era as the parties turned toward the next national election and pressures of partisan politics asserted themselves. The major parties, however, have had second thoughts about the advantage of holding an early election and the resolution of significant remaining problems--the economy and the growing Basque problem--still seems to require consensus. 

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Confronted with these challenges and faced with the prospect of tough legislative battles over enabling legislation for the constitution, Spain's politicians may decide to prolong their consensus approach. If the tension persists, Suarez' Centrists and Gonzalez' Socialists may join in a coalition government. Even such a coalition, however, would have trouble coping with the challenges looming beyond the referendum. 

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FEATURE ARTICLE

IRAQ: New Regional Role

[redacted]

*The Baathist regime in Iraq, after 10 years of self-imposed isolation, is now projecting the image of a responsible party ready to play a positive role in Arab councils. Whether the change is basic or tactical, Iraq will almost certainly assume a more significant place in regional affairs in the next few years. Its emergence as a regional power is a reflection of its own political stability as well as its growing economic and military strength, and of the likely decline in influence of two other regional powers, Egypt and Iran.* [redacted]

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To Iraqi leaders, Egyptian President Sadat's peace initiatives and the Camp David accords probably mean that Egypt--an old competitor--is opting out of Arab politics and turning its attention to domestic affairs and toward Africa and Libya. The Iraqis see an opportunity to develop a major leadership role for themselves. This may explain their reconciliation with Syria in October, their moves to strengthen ties with Jordan, and their decision to cool their feud with the Palestine Liberation Organization. [redacted]

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The Iraqi initiative for reconciliation with Syria this fall followed a decade of hostility between the rival Baathist regimes. This time, the Iraqis did not demand, as they had in the past, that Syria abandon its acceptance of UN Security Council Resolution 242 and join the rejectionists. In late October, the two regimes signed their reconciliation agreement, the National Charter for Joint Action. [redacted]

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It is too soon to tell how far reconciliation will go, but it clearly does have some momentum. Iraqi President Bakr and perhaps Deputy Chairman Saddam Husayn, the regime strongman, are scheduled to visit Syrian President Assad in Damascus early this month to review the work of the joint committees formed in October to enhance bilateral cooperation. Iraqi and Syrian leaders were reported to be planning then to meet Soviet leaders in Moscow, but that trip now seems uncertain. [redacted]

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[redacted]


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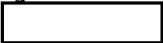
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Thus far, there has been little of the woolly rhetoric that Arab leaders often use to mask the absence of real progress in their endeavors. Spokesmen for both sides are taking a positive view of reconciliation, although the Syrian attitude seems a shade more reserved. The Iraqis stress that the new relationship with Syria should be a "unionist" one; the Syrians tend to emphasize dealing with easier bilateral problems before moving on to difficult ones. 

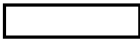
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A new Iraqi posture was also evident during the Baghdad summit early last month. Not only did Iraq play a restrained role, but it also signed a communique containing a reference to conditions for a "just peace" with Israel. Iraqi officials deny that they have made a policy shift, but only a year ago the Iraqi delegate stormed out of a meeting of the Arab "Steadfastness Front" because Syria and the other hardliners would not renounce the goal of a comprehensive settlement in the Middle East. 


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The troubles this year in Iran--Iraq's longtime rival for predominance in the Persian Gulf--probably have sparked conflicting reactions in Baghdad. On the one hand, the Iraqi regime fears that the reactionary sectarian resurgence in Iran could infect its own Shia Muslims, who make up about half of the Iraqi population. Relations with Iran have been good since 1975 when Iran stopped supporting Iraq's rebellious Kurdish minority. Iraqi leaders probably would be content to see the Shah remain in power and bring the disorders to an end. 

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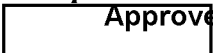
At the same time, Iraqi leaders probably see the possibility of benefiting from Iran's problems. Iraq has long wanted to be the major player in Persian Gulf affairs. In the past, it has tried to spread its influence--without much success--by military threats, subversion, and aid to local radicals. A corollary has been Iraq's desire to exclude Iranian influence and military power from the Arab side of the Gulf. 

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Although Saudi Arabia has been an Iraqi rival for paramount place among the Gulf Arabs, it has been the more powerful and aggressive Iran that has been Iraq's strongest competitor in the area. 

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25X1 The regime in Baghdad probably has concluded that, for the foreseeable future, Iran will be forced to look inward and focus on the socioeconomic problems made manifest by the unrest this year. Iraq may now feel that it has the opportunity to gain in the Persian Gulf, and it would not be surprising to see Iraq revive proposals for a Persian Gulf security pact among the Arab states of the area. That goal would require a cooperative approach and would probably deter Iraq in the near term from returning to the heavyhanded tactics it has tried in the past. [redacted]

Some Syrian officials who are skeptical of the sincerity of Iraq's professions of interest in reconciliation believe the Iraqis are motivated mainly by concern over Soviet intentions in the region. These Syrians suggest that Iraq feels threatened by recent Soviet gains in Afghanistan, South Yemen, and elsewhere. They believe that the troubles in Iran this year tipped the balance, and led the Iraqis to end their isolation and seek better relations with their neighbors. [redacted]

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25X1 The "new look" in Iraq's foreign posture is motivated by a variety of factors, and concern about the USSR is undoubtedly one of them. The Iraqis are in fact nervous about Soviet intentions in Iran--despite their own arms and technical assistance relationship with the USSR. Iraq would not want Iran to become another Soviet client. The USSR might then be able to play off Iranian and Iraqi ambitions to further its own strategic ambitions in the Gulf. [redacted]

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