

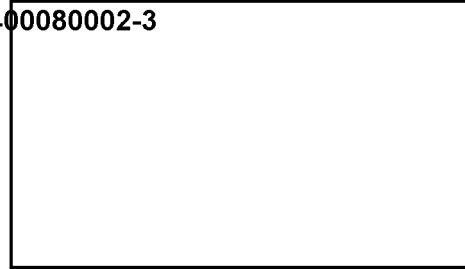


Director of  
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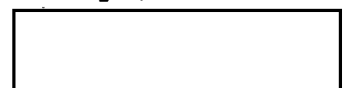
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# National Intelligence Daily (Cable)

9 May 1979

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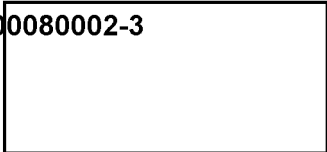
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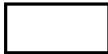
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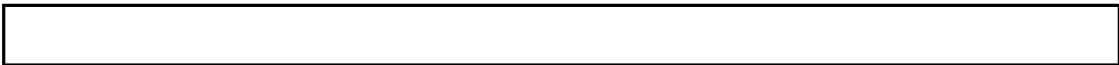
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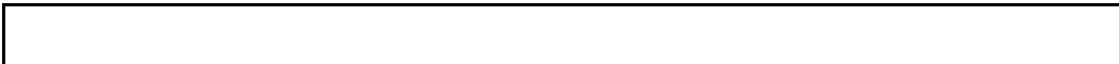
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BRIEFS AND COMMENTS

NAMIBIA: South Africa Rejects UN Truce Plan

*South Africa has rejected Western proposals for strengthening the UN truce plan for Namibia. The South African Foreign Minister's formal reply to the proposals that five Western foreign ministers presented in late March also states that South Africa will reconstitute the Namibian Constituent Assembly as a national assembly with legislative functions. Although South Africa remains willing to implement the UN transitional program if certain truce arrangements are changed, the overall statement suggests that Prime Minister Botha has decided to proceed unilaterally toward setting up an "independent" Namibian government in defiance of the UN.*

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According to the South African statement, an acceptable truce with the South-West Africa People's Organization must provide for effective monitoring of SWAPO forces in neighboring countries and must not allow any guerrillas inside Namibia to keep their arms or set up bases, even under stringent UN monitoring. South Africa asserts that the principal Namibian political groups have rejected the Western proposals for strengthening monitoring arrangements.

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All the principal Namibian groups except SWAPO have stated some apprehensions concerning the UN truce plan. Only the Democratic Turnhalle Alliance, however, wants South Africa to reject the UN program. Centrist political leaders and spokesmen for the major Namibian church bodies have declared that going ahead with the UN program is a better risk than moving toward an internal settlement.

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The Constituent Assembly last week called for a national assembly to be formed by adding 15 representatives of the centrist groups to the 50 members of the existing Assembly, but leaders of the two principal centrist groups have rejected the arrangement. Prime Minister Botha may hope that South Africa's rejection of the UN truce plan will convince the centrist leaders that they have no feasible alternative but to participate in the national assembly. Botha no doubt hopes such centrist participation would lend some international credibility to the new assembly.

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FRANCE: Challenge within Governing Coalition

*Gaullist leader Jacques Chirac may attempt to bring down the government and force a new election sometime after the vote on the European Parliament next month. The European election is regarded by many in France as a prelude to the French presidential race in 1981, and the parties are fighting hard to improve their relative positions. The European election campaign may dissipate the one advantage the governing coalition had over the opposition in the 1978 French legislative election: its capacity to stick together and project a credible governing image.* [REDACTED]

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Chirac, who wants to weaken President Giscard prior to challenging him for the presidency in 1981, has been working to remain in the public eye and mark his divergencies with the government. By so doing, he apparently hopes to benefit from some of the public discontent that would otherwise go to the left. [REDACTED]

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Giscard and Prime Minister Barre keep insisting that the European election has no domestic implications, but Chirac has been saying that it will be more important than last year's national election. Although no party has a chance for a majority, Chirac maintains that failure of Giscard's Union for French Democracy to gain more than the 32 percent the polls are giving it will amount to public disavowal of the President. [REDACTED]

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Chirac seems likely to stop short of a censure motion because of the risk of a leftist victory in a new legislative election and because he might not get enough support from his deputies. Such calculations may be outweighed, however, because Chirac sees his coalition partner--Giscard's Union for French Democracy--growing strong at his expense and fears being dragged along in support of policies of which he does not approve and over which he has no real control. [REDACTED]

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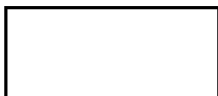
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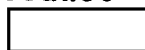
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INDONESIA: Domestic Oil Price Increase

*Indonesians are reacting calmly so far to a government-imposed 40-percent price increase for kerosene that became effective last Wednesday. President Suharto's decision to approve the increase is an indication of his confidence in his economic advisers, who also engineered the 33-percent devaluation of the rupiah last year. Military officials had objected to the price increase because of fears that it would set off public disturbances.*



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The price hike for kerosene--a basic household fuel--will sharply increase living costs for Indonesia's poor and probably trigger further price increases throughout the economy. Inflation has increased at an annual rate of 15 to 20 percent since the rupiah was devalued last

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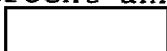
November.



The government raised kerosene prices to reduce its subsidy of domestic fuels, which without a price increase would have reached \$900 million this year compared to \$34 million only two years ago. The large increase in the size of the subsidy was due mainly to a sharp rise in the price for the kerosene and crude oil Indonesia imports. Last year imports covered 30 percent of its kerosene requirements. Jakarta hopes the price hike will help curb the growth of kerosene consumption, which has been rising 15 percent annually--in part because of low

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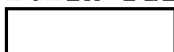
domestic prices.



Indonesia--which imports crude oil from the Middle East while exporting its own high quality crude--is currently facing a tight domestic oil supply situation. Indonesia's traditional suppliers have cut back their sales, raising speculation that Indonesia might reduce its oil exports and divert supplies to the domestic market. The government probably would opt for export cuts only as a last resort if it could not obtain sufficient kerosene

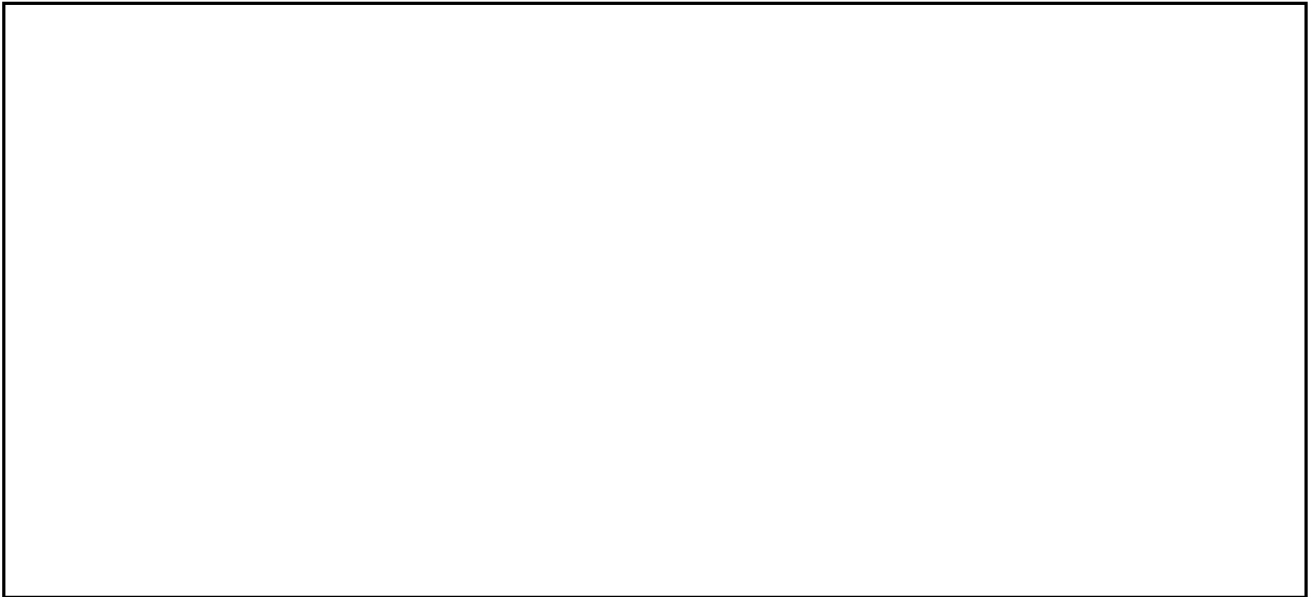
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supplies from other sources.



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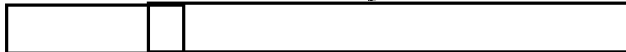




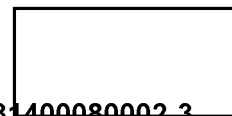
MAURITANIA: Racial Unrest

Clashes yesterday in Nouakchott, Mauritania's capital, between security forces and black students protesting changes in government education policies are the latest manifestation of the basic racial problem that has long bedeviled Mauritania. The blacks--French-speaking ethnic Africans--are angered at recent changes in the public school system favoring Arabic, the language of the politically dominant Moors and the country's official language. The present strife is not directly related to other political or security issues, such as Mauritania's involvement in the war over Western Sahara, but significant civil unrest could seriously threaten the month-old regime of Prime Minister Ahmed Bouceif.

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SPECIAL ANALYSIS

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PORTUGAL: Poor Prospects for Mota Pinto

[REDACTED]

*Portugal's fractious political parties, heretofore inhibited both by popular opinion and by self-interest from challenging independent Prime Minister Mota Pinto, are now ready to take him on. As a result, the days of his nonparty government appear numbered, and an early election--before the one required by the constitution next year--has become more likely. The principal loser from the parties' new assertiveness is likely to be President Eanes, whose influence as a political arbiter may diminish.* [REDACTED]

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A majority of Portuguese legislators has opposed Mota Pinto ever since Eanes named him Prime Minister last October. Until recently, however, the parties were intimidated by public resentment of their incessant bickering and hence tolerated the Prime Minister's increasing abrasiveness. In addition, the largest party--Mario Soares' Socialists--hesitated to risk the early election that Mota Pinto's ouster might bring on. [REDACTED]

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In recent weeks, a split among Social Democratic Party legislators, coupled with the success of the Socialists' own recent party congress, has made Socialist leaders hopeful that they could hold their own in an early election. Moreover, Social Democratic leader Sa Carneiro is eager for an election because it would allow him to oust the legislators who defected from his party this spring and who are trying to put together a new political grouping. [REDACTED]

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At this point, Mota Pinto's confirmed opponents--Communists, Social Democrats, and leftist independents--slightly outnumber his supporters, and it is increasingly possible that the Socialists will switch from abstention to opposition--although they are likely to abstain on the budget vote next week in order to allow conclusion of a new agreement with the International Monetary Fund. Thus,

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while the means of his downfall are not clear--whether by resignation, by confidence vote, or by censure motion--Mota Pinto's ouster appears inevitable. [REDACTED]

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The new assertiveness of the parties raises the prospect of a period of political and economic uncertainty associated with a weak caretaker government and an early election. Even more important, the parties' recovery could challenge the concept of an independent presidency--that is, the idea that the president operates above the parties and acts as a counterweight to them. [REDACTED]

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Since he took office in 1976, Eanes has intervened several times to check party excesses. His interventions culminated last year in his dismissal of the government of Socialist Prime Minister Soares and his naming of Mota Pinto to head a nonparty administration. His actions coincided with growing public sentiment against the parties, which the parties have only recently begun to overcome. [REDACTED]

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Eanes' recent criticisms of the parties, together with his continued public support of Mota Pinto, have deepened the parties' suspicions of the President while at the same time encouraging their desire for increased political and institutional leverage over the presidency. Such leverage would probably weaken Portugal's already delicate political stability; it would reduce the commitment to the political system by groups--such as the military and some major business interests--that distrust the parties and rely on the President to keep them in line. It would also tie the presidency more closely to the uncertainties of party politics. [REDACTED]

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The new lines of cleavage that have developed during the controversy appear to have already reduced Eanes' ability to function as a political arbiter--a role that has been critical in the resolution of several political confrontations in the past. [REDACTED]

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