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13 February 1978

MEMORANDUM FOR: Director of Central Intelligence
FROM : Deputy Director, National Foreign Assessment
SUBJECT : Review of Trends

The purpose of this memorandum is to alert you in succinct terms to potential developments that could in the next few months become matters of concern. I should caution, however, that it is not an estimate that these developments are likely to occur; rather, it is an attempt to single out clouds on the intelligence officer's horizon.

1. Italy. The outcome of the current political crisis is likely to involve some increase in Communist influence. None of the parties wants early elections, but the price of avoiding them will be concessions to the Communists-- closer collaboration at the regional government level, cabinet-level "technicians" acceptable to the Communists, and/or firm programmatic commitments from a new government. In the event of elections, the outcome will likely leave the Christian Democrats and Communists still confronting each other with no alternative to cooperation of some sort in running the country.

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3. Poland. The economic dilemma and growing malaise cited in the last Warning Report have now been strongly underlined in recent [redacted]

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[redacted] one eventual outcome could be widescale rioting, possibly leading even to Soviet intervention. While this pessimistic outlook is supported by [redacted] it is not the view of all observers; [redacted] while recognizing the seriousness of the Polish economic position, has concluded that the outlook is far from desperate. [redacted]

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4. Morocco. A series of disturbing events has increased our concern for the stability of the monarchy: more leftist activity (students and labor); continued poor economic performance; its solitary position on the Western Sahara; and deteriorating morale in the army, which is bogged down in the Western Sahara and is seeking revenge for the recent Polisario attack on the southern Moroccan town of Tan-Tan. In light of events in Iran, it is worth noting that there exists a certain degree of contagion in the overthrow of monarchies. [redacted]

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5. Egypt. As in Morocco, there are some disturbing signs about internal stability: the rise in consumer prices; a resurgence of the Muslim Brotherhood; clashes between Copts and Muslims; and the stalled peace negotiations with Israel (which are causing some Egyptians to question Sadat's policy, even though Sadat apparently feels the delay is working to his advantage). In light of events in Iran, Sadat sees himself as the new policeman in the region--witness his decision to send 200 tanks to Somalia and his lengthy request for new military equipment from the US. Sadat is good at balancing problems but he may be getting close to the point when he has too many balls in the air. The regional role he perceives for himself may blind him to internal developments. [redacted]

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6. Lebanon. Signs in the south are ominous again, and the north is marked by procrastination. With the return of good weather in March and April, we expect to see hostilities being renewed as the Christians again try to get rid of the Syrians. Sarkis' inability to establish himself as a leader and attract support during the current lull in fighting means another wasted opportunity for some sort of solution. [redacted]

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7. Nigeria. Analysts believe that the military are now more likely to intervene to derail the process of transition to civilian rule in the coming months. General Obasanjo is trying to keep political agitation and violence within bounds, but his chances are problematic. Nigerian oil production is up, for financial reasons as well as Iran, but the Nigerians may still be tempted at some point to try to find in their oil political leverage over US policies re southern Africa.

8. Rhodesia. We see no change in the pattern of the armed guerrilla struggle, but possibly an increase in the intensity, although we expect Smith will be able to conduct elections in April as per his timetable. Absent some further settlement, we still think that we will see some degree of increased participation by Cubans in the Rhodesian situation, especially in the defense of the Zimbabwe guerrilla base areas outside Rhodesia. An extension of the warfare into Botswana, or even possibly Tanzania, is a continuing threat.

9. Zaire. The longer term threat to Shaba remains serious, despite the current disorganization of the ex-Katangan grouping and the cooperation between Mobutu and Neto in Angola. Danger in Shaba could be especially acute after June, if the inter-African force withdraws. The food, medical, and general economic situation in Kinshasa itself is deteriorating, and we cannot predict when or if rioting might occur against Mobutu's security forces there. Exile elements evidently are trying to take advantage of these circumstances.

10. Romania. The Soviets have not yet found an effective response to Ceausescu's spectacular acts of public defiance. By publicly airing sensitive questions of Warsaw Pact expenditures and command and control, Ceausescu had gone beyond previously established limits of his challenge to Soviet authority and this time approached more closely the threshold of Soviet tolerance. For the time being, he appears to have gotten away with it, in the sense that we have no evidence that the Soviets have yet decided to risk the costs associated with measures drastic enough to bring Ceausescu to heel. Moreover, the Romanians have not repeated their rebuke of the Vietnamese over Kampuchea, and Foreign Minister Andrei's visit to Moscow suggests an agreement to disagree.

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Robert R. Bowie

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