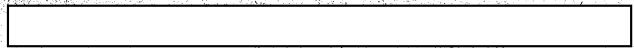
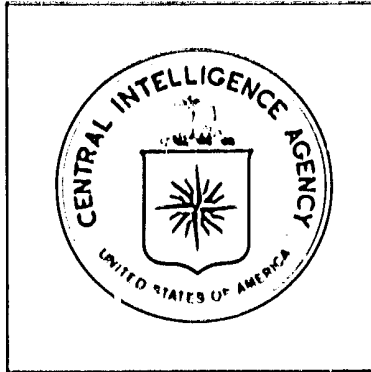


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# STAFF NOTES:

## Soviet Union Eastern Europe

DIA review(s) completed.

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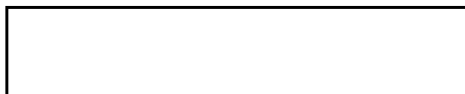
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Soviets Again Express Interest  
in Indian Ocean Arms Control

Moscow is again hinting that it might be willing to engage in bilateral talks on Indian Ocean naval limitations. On October 16, the head of the USA Institute, Georgy Arbatov, told Congressman Vanik that General Secretary Brezhnev personally supported talks on the issue. Arbatov said that last July Brezhnev would have endorsed talks if the subject had come up during the General Secretary's meeting with the congressional delegation led by Senators Humphrey and Scott.

The Senators were in Moscow at the time of the congressional debate on appropriations for the expansion of Diego Garcia, and when the Senators first broached the subject with lower level Soviet officials, the Soviets were evasive. Party secretary and candidate politburo member Ponomarev, for example, responded to the Senators' queries by listing Soviet arms control proposals dating back to 1946 and accusing the US of trying to justify a huge buildup just because the USSR had sailed into the Indian Ocean.

Several days later, however, Arbatov told one of the Senators that the Soviets were "of course" interested in talking to the US about naval limitations in the Indian Ocean. Arbatov gave no indication, however, that he had checked first with Brezhnev.

Despite the view attributed to Brezhnev, Moscow clearly is not pushing to get negotiations started.

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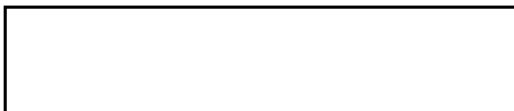
On October 17, two other members of the USA Institute told DIA Director Graham that Soviet policy on this question was "unclear."

The USA officials confirmed, however, that Arbatov's remarks to the US Senators in July had the "highest clearance." They reminded General Graham that the Soviets had taken "small private steps before" toward the US and that the US had not responded. This is probably a reference to an exchange in 1971 when Moscow first broached the idea of a joint understanding limiting naval deployments in the Indian Ocean, but never followed up when the US responded four months later. Moscow's failure to do so suggests that the USSR's arms control advocates encountered considerable bureaucratic resistance.



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The "Other" Soviet Nobel  
Prize Winner Is Praised

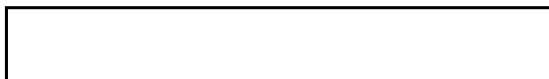
The first Soviet press reaction to the co-award of the Nobel economics prize to academician Leonid Kantorovich indicates that the regime has decided to look kindly at Kantorovich's new prominence even while it continues its campaign against Nobel Peace Prize winner Andrey Sakharov.

On October 22, two days after the chief editor of the writers union weekly *Literary Gazette* blasted Sakharov at a public press conference in Moscow, the journal published a flattering interview with Kantorovich that played up his academic work and implied that the regime approved his Nobel prize. This treatment probably presages approval for Kantorovich to travel to Stockholm for the December 10 award ceremony.

Kantorovich, a reform-minded but officially respected member of the establishment, shares the Nobel award with Dutch-born US economist Koopmans, with whom he cooperated in his work. Kantorovich is quoted in the interview as stressing the continuity of his work since 1939 and the applicability of his concepts of optimum allocation of resources to both capitalist and socialist economies. He made obeisance to the role of the party and to Marxist-Leninist precepts, and noted that the 24th CPSU Congress of 1971 called for the "wider use of economic-mathematical methods" in national economic planning.

The regime's choice of the same vehicle-- *Literary Gazette*--for juxtaposing its praise of Kantorovich with direct attacks on Sakharov emphasizes the sharp difference Moscow sees in the implications of the two Nobel awards. The Kremlin probably believes that decoupling Kantorovich's Nobel prize from

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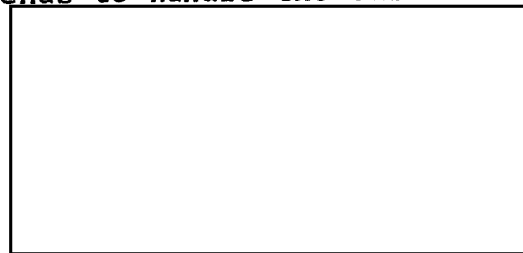




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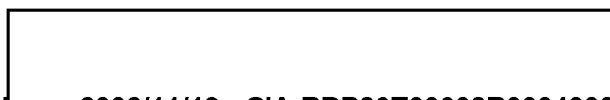
the problem of Sakharov will give it greater leeway in deciding how to resolve the latter issue.

Sakharov, who said last Monday that he has applied for a round-trip visa to the peace prize presentation ceremony in Oslo--also on December 10--is probably now most anxious to see whether his wife will be permitted to return home at the end of the month after eye surgery in Italy. The answer could give a clue as to how Moscow intends to handle the case of the dissident physicist.



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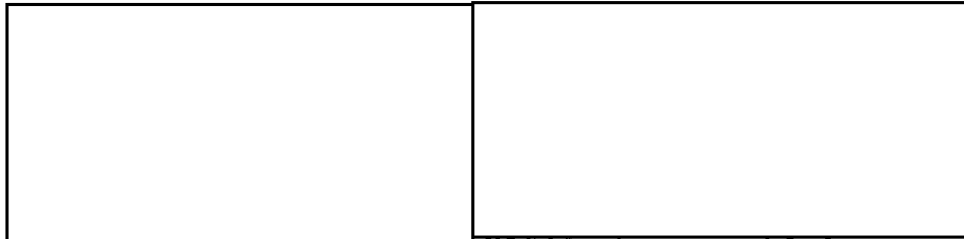


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Soviet Military Aid Feeler to Indonesia

Moscow has broached the subject of military aid with Indonesia for the first time in years. The Soviet bid was rejected, as the Soviets doubtless anticipated it would be, but it is symptomatic of Moscow's desire for better relations.

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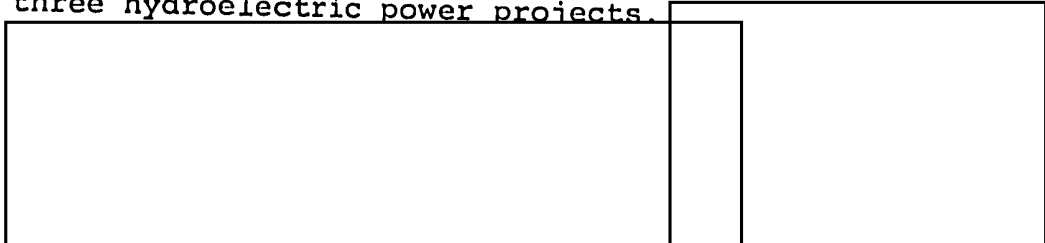


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Moscow has provided no military aid to Indonesia since 1965; Indonesia now gets all of its military assistance from the West.

Moscow may have been encouraged to act because there has been a modest improvement in relations over the past year. Indonesia's Foreign Minister Malik visited Moscow last December and signed a general economic aid agreement--the USSR's first with the Suharto regime. Under the terms of the agreement, the Soviets will provide credits for a number of small Indonesian development projects, and within the next few months the Soviets are expected to sign a contract to build the first of three hydroelectric power projects.

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Poland: Police Act  
Against Black Marketeers

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In an apparent effort to squelch the activities of black marketeers and hoarders, police officials in Katowice last month reportedly raided an open air market and confiscated goods worth 1.5 million zloty. [REDACTED] the police found substantial quantities of stolen goods and arrested "numerous" individuals.

There have been no other reports of police raids in Poland. Local Polish officials will undoubtedly take decisive action against the most blatant, but Polish authorities have long tolerated sub rosa marketing activities and a harsh clampdown would only increase current tension. [REDACTED]

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