

TOP SECRET

R 211521Z MAY 78 ZFF-4
FM THE SITUATION ROOM

ZEM

TOP SECRET
SECTION 01 OF 04

CONTAINS CODEWORD WH80783

State Department review completed

SITTO 052

DELIVER TO RALPH SIGLER FOR DR. BRZEZINSKI

MORNING SUMMARY
MAY 21, 1978

NSA review completed

CURRENT REPORTS

1. PERU

A. PUBLIC STATEMENTS ON THE NATIONAL EMERGENCY

B. POLITICAL SITUATION IN PERU CONTINUES TO DETERIORATE

2. DOMINICAN REPUBLIC CALMLY AWAITS ELECTION RESULTS

3. MILITARY SITUATION IN ERITREA

4. PANAMA: TORRIJOS DISCUSSES LATIN AMERICA

5. GISCARD AGENDA FOR MEETING WITH PRESIDENT

6. CHILE: PINOCHET CONSIDERING RESIGNATION

8. ALBANIA: A NEW ROUND OF PURGES?

ANALYSIS

1. SOVIETS CAST DOUBT ON BRZEZINSKI'S MOTIVES IN CHINA TRIP

2. [REDACTED]

3. SOVIETS DEVELOPING REUSABLE SPACE SYSTEMS

4. EGYPT TUNNELING UNDER THE SUEZ CANAL

5. SCHMIDT ON CONFIDENCE-BUILDING MEASURES

EXECUTIVE SECRETARIAT
BUREAU OF INTELLIGENCE AND RESEARCH

CURRENT REPORTS
MAY 21, 1978

1. PERU

A. PUBLIC STATEMENTS ON THE NATIONAL EMERGENCY

EMBASSY LIMA REPORTS THAT PERUVIAN LEADERS HAVE CONVEYED THE IMPRESSION OF UNITY AND CONTROL OF THE SITUATION IN THEIR PUBLIC APPEARANCES SINCE THE NATIONAL EMERGENCY WAS DECLARED MAY 19. THE GOVERNMENT:

--REPORTED 12 PEOPLE WERE KILLED AND 47 WERE INJURED IN ATTACKS AGAINST COMMERCIAL ESTABLISHMENTS AND PUBLIC PROPERTY THROUGHOUT THE COUNTRY OVER THE PAST WEEK; AND

--WARNED THAT THE NATIONAL STRIKE CALLED FOR MAY 22-23 MAY BE DECLARED "ILLEGAL", THUS OPENING THE WAY FOR FIRING STRIKERS. HOWEVER, THE POTENTIAL IMPACT OF THE STRIKE WAS BROADENED YESTERDAY WHEN THE MODERATE LABOR CONFEDERATION, THE CIP, DECLARED TWO DAYS OF NATIONAL MOURNING FOR THE VICTIMS OF VIOLENCE TO COINCIDE WITH THE STRIKE.

EMBASSY COMMENT: WE BELIEVE THAT MORALES BERMUDEZ FIRMLY INTENDS TO HOLD ELECTIONS JUNE 12 IF HE CAN GET THROUGH THE

SOME RANKING NAVY AND AIR FORCE OFFICERS AND SOME ARMY COLONELS AND LIEUTENANT COLONELS NOW FAVOR REMOVING MORALES BERMUDEZ FROM THE PRESIDENCY.

[REDACTED]

[REDACTED]

[REDACTED] LEFTIST GROUPS INTEND TO PROMOTE VIOLENCE DURING THE GENERAL STRIKE SCHEDULED FOR MAY 22-23. THEIR OBJECTIVE IS TO PARALYZE LIMA AND THE PRINCIPAL CITIES OF THE INTERIOR. THESE GROUPS REPORTEDLY NO LONGER CONSIDER THE JUNE 18 CONSTITUENT ASSEMBLY ELECTION ESSENTIAL AND ARE WILLING TO RISK ITS CANCELLATION.

INR COMMENT: WE BELIEVE THAT ARMED FORCES SENTIMENT FOR MORALES BERMUDEZ'S REMOVAL IS GROWING, BUT DOUBT THAT THE THREE SERVICES HAVE AGREED ON A SUCCESSOR. THE PERUVIAN GOVERNMENT HAS CONDEMNED THE GENERAL STRIKE AND IS ARRESTING ITS KEY LEADERS. NEVERTHELESS, WE BELIEVE THAT SOME VIOLENCE IS INEVITABLE AND THAT IT MAY BE SUFFICIENT TO BRING DOWN MORALES BERMUDEZ. (SECRET/NOFORN)

2. DOMINICAN REPUBLIC CALMLY AWAITS ELECTION RESULTS

EMBASSY SANTO DOMINGO REPORTS THAT THE OVERALL SITUATION IN THE COUNTRY HAS STABILIZED SUBSTANTIALLY IN EXPECTATION OF THE FINAL VOTE TALLY ON MONDAY:

--DOMINICAN REVOLUTIONARY PARTY (PRD) SECRETARY GENERAL PENA, CLAIMING VICTORY, LAUDED US ACTIONS DURING THE CRISIS AND WARNED THAT HIS PARTY YET MUST CONTEND WITH "THE GENERALS" BEFORE GUZMAN IS INAUGURATED.

--THE INCUMBENT REFORMIST PARTY (PR) CHARGED THAT THE PRD DEMONSTRATED FRAUD BY INCONSISTENCIES IN THE FIGURES USED TO CLAIM VICTORYS

--NATIONAL POLICE CHIEF NIVAR DECLARED HIS RESPECT FOR THE CONSTITUTION AND THE LAWS OF THE REPUBLIC, AND CONFIRMED THAT BOTH POLICE AND ARMED FORCES HAVE BEEN WITHDRAWN FROM ELECTION BOARDS.

[REDACTED]

EMBASSY COMMENT: THE PRESENT CALM AND AIR OF NORMALITY, 2#8)3 43-), ARE FRAGILE. GIVEN THE DELICATELY BALANCED SITUATION, PENA'S COMMENT ABOUT THE GENERALS, AND HIS PREDICTION THAT GUZMAN WOULD ESTABLISH RELATIONS WITH CUBA WERE UNHELPFUL. (SECRET/NOFORN/NOCONTRACT)

SECTION 02 OF 04

3. MILITARY SITUATION IN ERITREA

TOP SECRET

ACCORDING TO ELF PUBLIC STATEMENTS:

--THE FIGHTING WEST OF ASMARA AND THE ETHIOPIAN AIR AND SEA BOMBARDMENT OF GUERRILLA POSITIONS AROUND MASSAWA WERE CONTINUING AS OF MAY 20.

--ETHIOPIAN FORCES HAVE BEEN EXPELLED FROM A TOWN 10 KILOMETERS WEST OF ASMARA THAT HAD BEEN THE SCENE OF HEAVY FIGHTING SINCE TUESDAY.

--FIGHTING AT BARENTU WAS CONTINUING ON MAY 19, WITH INSURGENTS OCCUPYING PART OF THE TOWN.
(UNCLASSIFIED)

4. PANAMA: TORRIJOS DISCUSSES LATIN AMERICA

AMBASEADOR JORDEN REPORTS FROM PANAMA THAT DURING THE VISIT OF THE WHITE HOUSE PRE-ADVANCE GROUP HE AND BOB PASTOR OF THE NSC MET WITH GENERAL TORRIJOS FOR TWO HOURS OF TALKS. TORRIJOS:

--APPROVED PASTOR'S PROPOSAL FOR A JOINT STATEMENT DEALING WITH ARMS RESTRICTIONS, HUMAN RIGHTS, AND ECONOMIC ISSUES IN LATIN AMERICA, TO BE SIGNED WITH VISITING US, COLOMBIAN, AND VENEZUELAN PRESIDENTS JUNE 17.;

--REQUESTED THE TRANSFER OF LAND FROM THE CANAL ZONE FOR CONSTRUCTION OF A PANAMANIAN CONTAINER PORT;

--SAID HE WOULD NOT HURRY TO ESTABLISH DIPLOMATIC RELATIONS WITH THE SOVIET UNION;

--RECOMMENDED THAT THE US ESTABLISH BETTER CONTACT WITH LATIN AMERICAN DISSIDENT GROUPS FROM BOTH LEFT AND RIGHT;

--EXPRESSED THE OPINION THAT BELIZE WOULD HAVE TO CEDE GUATEMALA AT LEAST A SMALL SLICE OF TERRITORY TO WIN INDEPENDENCE. (CONFIDENTIAL)

5. GISCARD AGENDA FOR MEETING WITH PRESIDENT

--US-SOVIET RELATIONS. GISCARD FEARS THAT THE US IS GIVING AN IMPRESSION OF WEAKNESS IN RESPONSE TO SOVIET PRESSURES, NOT ONLY IN AFRICA, BUT ALSO IN THE SALT CONTEXT.

--NUCLEAR PROLIFERATION. GISCARD HOPES TO OVERCOME PROBLEMS RAISED BY US EXPORT RESTRICTIONS. HE REGARDS THIS ISSUE AS "ESSENTIALLY A DOMESTIC POLITICAL PROBLEM" FOR BOTH THE US AND FRANCE.

--SUPPLIES TO PRC. GISCARD WANTS TO GET THE US REACTION BEFORE PROCEEDING WITH EXPORT OF "SENSITIVE"

1 PRESIDENT PINOCHET BELIEVES THAT THE RESULTS OF THE
1 LETELIER INVESTIGATION MAY MAKE IT NECESSARY FOR HIM
TO STEP DOWN. [REDACTED]

[REDACTED] IF THIS OCCURS, THE PRESIDENT
REPORTEDLY PLANS TO NAME ARMY GENERAL COVARRUBIAS AS
TEMPORARY HEAD OF THE JUNTA. COVARVUBIAS WOULD THEN
APPOINT A NEW CONGRESS, PROMULGATE A NEW CONSTITUTION,
AND HOLD ELECTIONS WITHIN A SHORT PERIOD.

INR COMMENT: THIS IS THE FIRST REPORT THAT PINOCHET
IS CONSIDERING RESIGNATION. TO DATE, THERE IS SPARSE
EVIDENCE TO INDICATE THAT HIS POWER IS BEING SIGNIFICANTLY
ERODED. (SECRET/NOFORN/NOCONTRACT) [REDACTED] 25X1

1 8. ALBANIA: A NEW ROUND OF PURGES?
1 [REDACTED]

1 [REDACTED]
1 REPORTS OF A NEW ROUND OF PURGES IN ALBANIA. [REDACTED]

1 [REDACTED] SPECULATES THAT THOSE PURGED WERE SUPPORTERS
1 OF IMPROVED RELATIONS WITH THE OUTSIDE WORLD. THE INDIVIDUALS
INVOLVED HAVE LOST THEIR JOBS ANT BEEN FORCED TO TAKE POSITIONS
IN UNRELATED FIELDS. DESPITE THESE PURGES, [REDACTED]

BUREAU OF INTELLIGENCE AND RESEARCH

ANALYSIS

MAY 21, 1978

2. SOVIETS CAST DOUBT ON BRZEZINSKI'S MOTIVES IN CHINA TRIP

MOSCOW IS USING DR. BRZEZINSKI'S TRIP TO PEKING AS A PEG
FOR STEPPING UP ITS ANTI-PRC PROPAGANDA AND FOR CASTING DOUBTS
ON HIS MOTIVES AND ON THE PURPOSES OF HIS MISSION. A TASS
COMMENTARY, MAY 19, ON THE LENGTHY NEW YORKER PROFILE OF
BRZEZINSKI BY ELIZABETH DREW ALSO FOCUSES ON HIS ALLEGED
INCLINATIN TO "PLAY THE CHINA CARD" TO GAIN ADVANTAGES FOR THE
US IN THE THREE-WAY SUPER POWER RELATIONSHIP.

SOVIET SUSPICIONS OF DR. BRZEZINSKI HAVE BECOME MORE OPEN
OVER THE PAST YEAR. THE MEDIA HAVE STEREOTYPED HIM AS THE ADVOCATE
OF A TOUGH LINE IN THE ADMINISTRATION'S FOREIGN POLICY BUT REFLECT
UNCERTAINTY OVER THE EXTENT OF HIS INFLUENCE ON THE PRESIDENT.

1 R 211521Z MAY 78 ZFF-4
FM THE SITUATION ROOM

TOP SECRET

1 ZEM
TOP SECRET [REDACTED] CONTAINS CODEWORD WH80783
SECTION 03 OF 04

THE CHINA TRIP CLEARLY HEIGHTENED THESE SUSPICIONS. EMBASSY MOSCOW REPORTS THAT SOVIET ASIAN SPECIALISTS ARE INQUIRING ABOUT THE PURPOSE OF THE VISIT AND SPECULATING ABOUT US INTENTIONS TO MAINTAIN OR DEEPEN THE BAD STATE OF SINO-SOVIET RELATIONS. THEY SPECIFICALLY REMARKED THAT THE PRESENT TRIP MUST HAVE AN ANTI-SOVIET CHARACTER BECAUSE BRZEZINSKI, AND NOT SECRETARY VANCE, IS MAKING IT.

THE TASS COMMENTARY ON THE NEW YORKER PROFILE FERRETS OUT THE REFERENCE TO THE "CHINA CARD" AS A BRZEZINKSI TACTIC MEANT TO GAIN POLITICAL CAPITAL AT MOSCOW'S EXPENSE. IN ITS SELECTIVE REPORTING OF THE ARTICLE, TASS PORTRAYS DR. BRZEZINSKI AS THE EMINENCE GRISE BEHIND THE PRESIDENT.

--HE IS DESCRIBED (CITING THE NEW YORKER) AS THE "TRUE AUTHOR" OF PRESIDENT CARTER'S RECENT STATEMENT THAT THE US IS "PERFECTING AND WILL RETAIN AIR, GROUND, AND NAVAL FORCES INTENDED FOR RAPID REDEPLOYMENT IN ORDER TO ENSURE AMERICAN INTERESTS THROUGHOUT THE GLOBE."

1 --HE IS ALLEGEDLY "EVER MORE OPENLY PREACHING THE DOCTRINE OF RIVALRY BETWEEN TWO GREAT POWERS...WHICH WILL INEVITABLY BRING A CLASH SOMEWHERE." (CONFIDENTIAL)

3

TOP SECRET

(1) R 211521Z MAY 78 ZFF-4
(1) FM THE SITUATION ROOM
(1) [REDACTED]

TOP SECRET

ZEM

(1) T O P S E C R E T [REDACTED]

CONTAINS CODEWORD WH80783

FINAL SECTION OF 04

4. EGYPT TUNNELING UNDER THE SUEZ CANAL

CONSTRUCTION IS WELL UNDER WAY AT THE FIRST OF EGYPT'S THREE PROPOSED TUNNELS UNDER THE SUEZ CANAL. EACH TUNNEL WILL BE WIDE ENOUGH TO ACCOMMODATE TWO TRAFFIC LANES AND A RAILROAD TRACK. WHEN THE TUNNELS ARE COMPLETED--PROBABLY NOT UNTIL 1983 AT THE EARLIEST--EGYPT WILL BE ABLE RAPIDLY TO REINFORCE ITS ARMY IN THE SINAI.

(1) THE TUNNEL SCHEME WAS GENERALLY REGARDED AS BEYOND EGYPT'S CAPABILITIES WHEN IT WAS FIRST PROPOSED IN 1974. HOWEVER, IT WAS INCORPORATED INTO A LARGER PROJECT FOR WIDENING AND DEEPENING THE CANAL AND DEVELOPING THE SUEZ REGION. A BRITISH CONTRACTION FIRM SUBSEQUENTLY TOOK ON THE PROJECT, AND WORK ON THE TUNNELS AND THE CANAL IS PROCEEDING SIMULTANEOUSLY.

[REDACTED]

THE TUNNEL COMPLEXES PROBABLY WILL BE HEAVILY DEFENDED AND HIGHLY RESISTANT TO AIR ATTACK.

EGYPTIAN PUBLIC STATEMENTS HAVE CONCENTRATED ON THE ECONOMIC DEVELOPMENT ON BOTH SIDES OF THE CANAL THAT WOULD FOLLOW COMPLETION OF THE TUNNELS. ISREAL, HOWEVER, IS LIKELY TO FOCUS INCREASINGLY ON THEIR MILITARY SIGNIFIACANCE. (SECRET/NOFORN)

CHANCELLOR SCHMIDT'S GROWING PERSONAL COMMITMENT TO DEVELOPING CSCE CONFIDENCE-BUILDING MEASURES THREATENS TO MAKE IT INCREASINGLY DIFFICULT FOR THE US TO SECURE WEST GERMAN COOPERATION IN PURSUING STABILIZING MEASURES IN MBFR.

DURING BREZHNEV'S VISIT TO BONN EARLIER THIS MONTH, SCHMIDT REPEATEDLY MENTIONED THE IDEA OF ADDITIONAL CSCE STABILIZING MEASURES IN HIS SPEECHES AND INTERVIEWS. IN RETROSPECT, IT SEEMS CLEAR THAT THE GERMANS, NOT THE SOVIETS TOOK THE INITIATIVE IN PUTTING CONFIDENCE-BUILDING MEASURES ON THE AGENDA AND IN HAVING THE JOINT DECLARATION REFER TO THEM.

SCHMIDT MAY BE PLANNING TO SPEAK ABOUT CONFIDENCE-BUILDING MEASURES IN HIS ADDRESS TO THE UN SPECIAL SESSION AND DISARMAMENT THIS WEEK.

SCHMIDT'S STRESS ON CONFIDENCE-BUILDING MEASURES APPEARS TO REFLECT GROWING WEST GERMAN INTEREST IN WORKING ON ARMS-CONTROL MEASURES OUTSIDE THE MBFR FRAMEWORK.

--BONN OFFICIALS HAVE LONG BEEN CONCERNED LEST MBFR PROVISIONS MAKE THE FRG PART OF A SPECIAL ZONE OF ARM REGULATION AND THUS DIMINISH WEST GERMANY'S ROLE IN FUTURE EUROPEAN DEFENSE ARRANGEMENTS.

--LAST OCTOBER, BREZHNEV TOOK UP THE WEST'S 1974 MBFR PROPOSAL FOR LHM

ON THE SIZE OF EXERCISES AND ADVANCED IT AS A SOVIET PROPOSAL IN CSCE; WEST GERMAN OFFICIALS SHOWED SOME INTEREST IN DEALING WITH THE MEASURE IN THE CONTEXT OF A FORUM WHICH WOULD BROADEN ITS AREA OF APPLICATION. LATER, IN A PAPER TO NATO, BONN PROPOSED TO WITHDRAW THE WESTERN PROPOSAL OF 1974.

--ALTHOUGH THE FRG HAS RESERVATIONS ABOUT THE FRENCH INITIATIVE OF JANUARY 19-8 TO REPLACE MBFR WITH AN ALL-EUROPEAN DISARMAMENT FORUM, GERMAN OFFICIALS FIND ATTRACTIVE THE IDEA OF DEALING WITH A WIDER AREA.

TO THE EXTENT THAT SCHMIDT -- WHO HAS BEEN A KEEN ADVOCATE OF MBFR IN THE PAST -- APPEARS TO BE PUTTING HIS PERSONAL STAMP ON A PREFERENCE FOR CONFIDENCE-BUILDING MEASURES, THE FRG'S ALREADY STIFF POSITIONS ON STABILIZING MEASURES IN MBFR SEEM LIKELY TO BECOME EVEN STIFFER. CHANCES OF GETTING ALLIED CONSENSUS ON A STRONG PACKAGE OF ASSOCIATED MEASURES -- SOMETHING WHICH MANY IN THE AMERICAN MBFR COMMUNITY BELIEVE IS IMPORTANT FOR OBTAINING CONGRESSIONAL SUPPORT FOR AN AGREEMENT -- APPEAR TO BE DECLINING. (SECRET/NOFORN/NO CONTRACT/ORCON/EXDIS)

852

#4067

TOP SECRET

NNNN