6

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET~~-SENSITIVE
CONTAINS CODEWORD

March 17, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Information Items

25X1

OPEC Opts For Status Quo: The strong demand for oil --in large part due to the cold winter in the U.S. -- has enabled Iran to sell 17 percent more oil than in January, even though the Saudis boosted production by 15 percent. Preliminary figures indicate that February oil production for OPEC as a whole was up ten percent from January and five percent from the average for last year. Iran and Kuwait have been so encouraged by this development that they have announced that they will boost their prices another five percent in July as decided at Doha.

~~TOP SECRET~~-SENSITIVE
CONTAINS CODEWORD

25X6

Castro's African Trip: Fidel Castro's extended visit to Africa and the Middle East appears primarily designed to coordinate Cuba's increasingly complex military and technical assistance programs with regional leaders and to presage an expanded Cuban role in the Horn. The reason for the timing of the visit is uncertain, and at least some of the stop-overs seem to have been hastily arranged. One factor may have been Castro's desire to indicate to Washington his determination to pursue an activist policy in Africa regardless of moves to normalize relations with the U.S.

Probably the most significant aspect to date of Castro's trip is his visit to Addis Ababa. The Cubans (and the Soviets) may calculate that they can take advantage of the Ethiopian government's current desire to replace Western military and technical assistance. Regardless of the outcome of the Eritrean rebellion, they may figure that the opportunity to gain influence in Ethiopia is too attractive to let pass -- a strong foothold there would leave Kenya as the only Western-oriented nation in East Africa.

Italian Trade Unions Oppose Government Efforts to Reform Wage System: The Andreotti government lacks the political muscle to carry out a thoroughgoing reform to reduce Italy's inordinately high labor costs. Thus far, the unions have blocked efforts to bring the cost-of-living wage adjustment formula into line with IMF recommendations to stem Italy's vicious wage-price spiral. As an alternative, the government is proposing taxation to finance a portion of the country's extensive social security charges now borne by industrial employers. Even this modest step has encountered trade union resistance. While a watered-down version will no doubt be adopted, the State Department does not believe this will strike at the base of Italy's economic problems.