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MEMORANDUM

THE WHITE HOUSE  
WASHINGTON23SECRET

May 4, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Daily Report

Information

**Thatcher Wins UK Elections:** With most of the votes counted in yesterday's election, Margaret **Thatcher** has taken a solid lead over James Callaghan and appears assured of victory. The Conservatives now hold 258 seats to Labors 245 in the 635 seat House of Commons, with the seats still outstanding concentrated in rural, traditionally conservative, areas. Although computer projections give the Conservatives a 45 seat majority, **Thatcher** and Callaghan have ruled out formal announcements on the election until a definite majority count exists. Final election returns will probably not be known until late this afternoon. (U)

Current Foreign Secretary David Owen retained his seat by a slim majority, while former Liberal Party leader Jeremy Thorpe, scheduled to go on trial next Tuesday, lost. Labor did well only in Scotland and ousted Conservative Teddy Taylor from his Glasgow seat. Taylor was due to take the post as secretary of state for Scotland in a **Thatcher** cabinet. (U)

If the trend continues, Callaghan will hand his seals of office to Queen Elizabeth today. The Queen will then summon Mrs. **Thatcher** and ask her to form a new government. (U)

Soviet Crime and the Penal System: The first major study by CIA of the Soviet penal system since 1972 concludes that crime is a growing problem in the USSR. Probably more than 8 million Soviet citizens are now undergoing some form of penal correction, several times the figure 20 years ago.

State Dept. review completed

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Persons convicted of "crimes against the state" receive the harshest punishment; the number of people being punished for such crimes is probably less than 10,000. The gamut of legal punishments ranges from public censure and small fines to death by shooting. About half of all sentences involve confinement, and probably more than 90 percent involve forced labor. (S)

Probably more than 7 million people are now in the forced labor system. About 2.1 million of them are confined, some 400,000 in prisons and the rest in forced labor camps, while up to 5 million are doing forced labor outside confinement, most at construction sites far from their homes. (S)

Rhodesian Emigration and Casualties: White emigration from Rhodesia increased dramatically in March, according to official Rhodesian figures, with a net loss of 1,251. More than 9,000 whites have permanently departed Rhodesia in the past six months, and emigration is continuing at near-record levels. A Reuter report quoting "military communiques" indicates that war fatalities reached their highest level ever in April with over 750 persons killed, more than 600 of them allegedly "guerrillas and their collaborators." The previous record was in March when approximately 700 were killed. More than 15,000 people reportedly have been killed inside Rhodesia since the war began in 1972. (U)

Economic Problems Spur GDR Search For Improved Relations with U.S.: GDR Deputy Foreign Minister Nier's visit to the U.S. comes at a time when the East German leadership is attempting to deal with the GDR's pervasive economic problems by giving priority to reducing external deficits and improving consumer living standards. The GDR's interest in improved relations with the U.S. is a small part of this strategy. But the GDR's economic growth likely will slow markedly in the 1980s, undermining the Honecker regime's ability to satisfy consumer needs and thus jeopardizing its public support. (S)

The GDR wants to improve U.S./GDR relations to help bolster its international prestige and pave the way for possible MFN tariff treatment. MFN and a better business climate would expand somewhat the U.S. market for GDR goods, which are particularly sensitive to MFN restrictions. The GDR exported only \$35 million to the U.S. last year. State believes that despite its mounting problems, the GDR faces no immediate economic crisis. (S)