



Director of
Intelligence

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National Intelligence Daily (Cable)

13 April 1979

OSD REVIEW COMPLETED

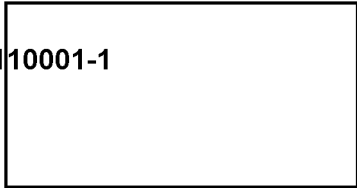
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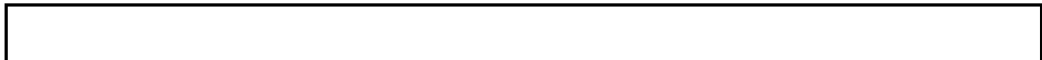
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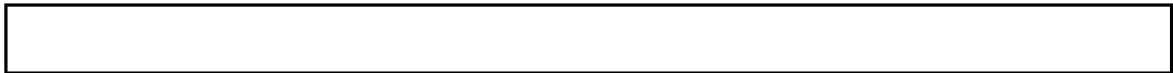
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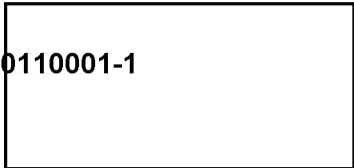
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BRIEFS AND COMMENTS

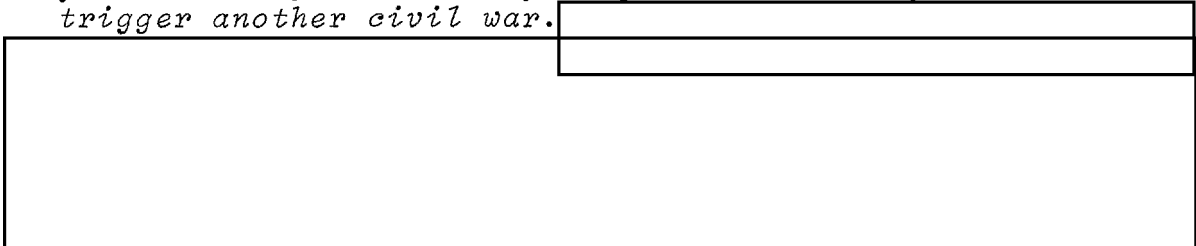
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SYRIA-LEBANON: Possible Troop Reduction


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 Syria is considering substantially reducing its military role in Lebanon. The Syrians would be unlikely to reduce their forces there, however, if they believed doing so would trigger another civil war.

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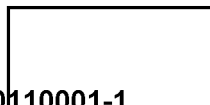


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//The degree of Arab support for Syria's role in Lebanon will be an important consideration for Syrian President Assad in reaching a decision. The Arab League mandate, under which Syria receives \$15 million each month for its forces in Lebanon, was renewed a few weeks ago for three instead of the usual six months. The reduction probably reflects growing Arab dissatisfaction with the lack of progress toward a political settlement in Lebanon.// 

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USSR: Reaction to US Nuclear Accident

Soviet officials initially had little public comment on the Three Mile Island nuclear accident. They have, however, begun emphasizing the safety and importance of the Soviet nuclear power program in order to avoid public opposition. The Soviets stress the absolute safety of their nuclear power reactors and their advantages over conventional thermal power stations, while charging that the profit motive of US companies leads to evasion of safety measures and regulations. [REDACTED]

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Igor Morokhov, First Deputy Chairman of the State Committee for Utilization of Atomic Energy, claims that Soviet safety standards rule out the possibility of any accident that would lead to radioactive leaks. The Soviet designers believe they employ a conservative design philosophy, but their safety measures are not as rigorous as those in the US. In addition, Soviet compliance with recognized safety standards is at best haphazard, although no serious accident involving the reactor itself has been reported at a nuclear power station. An accident at a Soviet nuclear power station would probably have severe results; none of the Soviet reactors now in operation has the secondary containment vessel or emergency core-cooling system included in all US nuclear power stations.

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[REDACTED]

The Soviets are firmly committed to a major nuclear power program in the European USSR, where 80 percent of total electric power is consumed and conventional power plants are in short supply. The program, however, is proceeding slowly because the Soviets have only a limited capacity to produce nuclear reactor components and plant equipment.

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[REDACTED]

The 10 Soviet nuclear power stations in operation last year provided only 3.5 percent of total power output in contrast with 12.6 percent in the US. The Soviets are constructing seven new nuclear power stations and enlarging almost all existing stations. Construction on 17 more stations is to begin in the next five years. By the year 2000, the Soviet Ministry of Electric Power expects nuclear energy to meet 20 percent of the total demand for electric power.

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CHINA: Setbacks for Deng's Policies

//Vice Premier Deng Xiaoping has been set back in his efforts to push several policies important to him. Although Deng himself called for postponement of a reappraisal of Mao Zedong and the Cultural Revolution and also for the recent crackdown on "democratic" activity, it seems likely that he has been forced to beat a retreat. The current economic "retrenchment," on the other hand, seems motivated primarily by economic concerns and does not appear to be an issue being used against Deng.//

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Deng's efforts to generate a reevaluation of Mao and the events of the recent past stopped abruptly late last month when an attempt to condemn all of Mao's policies since 1958 gave way to calls in the media to halt attacks on Mao. Media discussion of some of the more explosive incidents of the Cultural Revolution met with propaganda diatribes against "imprudently" reaching conclusions about the recent past before the time is "ripe."

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Party Chairman Hua Guofeng and other beneficiaries of the Cultural Revolution undoubtedly are championing the current official view that these difficult and divisive issues cannot be resolved for many years. They see Deng's effort to condemn the past as a direct threat to themselves. Their thwarting of Deng seems largely a defensive move and does not in itself seriously erode his political power. Deng, who has been stymied on these issues before, is not likely to let them die.

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Potentially more damaging to Deng is the crackdown on "democracy." The excesses of this movement, which is closely identified with Deng, probably have alarmed many besides Hua and Cultural Revolution holdovers. Even Deng was doubtless disturbed by a breakdown in social order that reportedly has resulted in traffic disruptions, attempts forcibly to enter government buildings, and behavior that is immoral in Chinese eyes. It is a severe blow to Deng's prestige, if only because it raises questions about his judgments, that his efforts to provide a sense of popular participation in politics and an avenue to express public grievances have proved disruptive.

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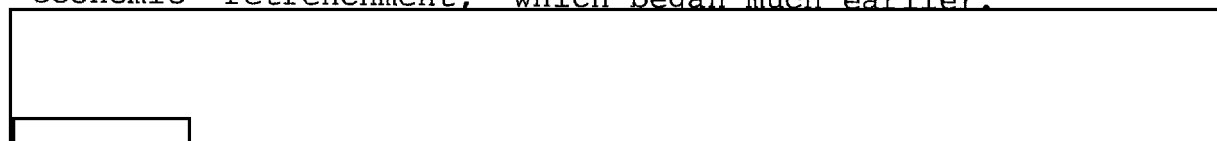


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//Deng's problems in these areas are relatively recent phenomena and do not appear to be related to the economic "retrenchment," which began much earlier.

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It probably was largely through Deng's efforts that economic specialist Chen Yun, who is a prime mover in the economic readjustment, was restored last year to the party vice chairmanship he lost during the Cultural Revolution.//

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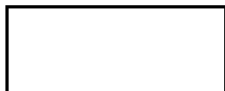
Leading economic specialists like Chen Yun probably persuaded Deng that goals had to be scaled down lest the modernization program fold before it got off the ground. Deng no doubt places rational economic planning ahead of whatever political fallout this might entail for him.

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Despite Deng's recent problems, his opponents are not prospering. Some aspects of the economic reassessment appear to be indirect efforts to embarrass Chairman Hua, Deng's other Politburo adversaries continue to maintain a low profile, and recent personnel decisions have favored supporters of Deng.

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TURKEY: Killing of US Serviceman

The killing yesterday of a US Air Force serviceman in Izmir and the wounding of another follow a series of less serious anti-American incidents in Turkey in recent weeks. The attack may force Prime Minister Ecevit's government to institute a more harsh variety of martial law where it is in force--and also extend it to Izmir--in order to stop the street violence still plaguing Turkey.

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The shootings--the first of foreign servicemen since the early 1970s--is a clear departure from recent acts of violence in which leftists and rightists generally attacked each other or government officials. The kidnappings of four US servicemen in 1971 were an important catalyst of the military "coup by memorandum" of that year. In yesterday's attack, the assailants fired from a passing, stolen vehicle. They remain at large. As is customary in Turkey, no organization has claimed responsibility for the action.

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Izmir has long been a leftist stronghold, and the assailants could be leftists intent upon embarrassing the government and its relationship with NATO and the US. The upsurge in anti-American incidents in recent weeks--particularly in Izmir--may have been part of an annual commemoration of the deaths of leftists in the late 1960s and early 1970s. US and NATO facilities are highly visible targets symbolizing "imperialism" within Turkey, and attacks on these installations and private property of Americans ensure media coverage of leftist exploits.

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Rightist extremist groups would also have a motive for killing an American. The right has long appealed to the government to institute a more draconian form of martial law. The previous martial law period between 1971 and 1973 resulted in near decimation of the extreme left.

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SOUTH AFRICA: Expulsion of US Officials

The South African expulsion yesterday of three members of the US defense attache's office in Pretoria for alleged espionage reflects a growing anti-US mood in Pretoria. We expect the South Africans to continue to lash out at the US to vent their frustrations over the pressure being put on them to change their social policies.

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[REDACTED]

This increased resentment of the US involves several policy elements. First is Prime Minister Botha's belief that his country was deceived in the development of the UN Secretary General's recent report on Namibia. This belief, though it is probably sincere, may provide a convenient excuse for further stalling on the Namibian negotiations. [REDACTED]

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Botha may also be trying to represent the US as an enemy as part of his attempt to heal the internal rifts caused by the recent Information Department scandal. He can justify some of South Africa's more underhanded dealings in the US as necessary evils. [REDACTED]

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South African officials feel increasingly that because of their successful management of the current oil crisis and their evasion of the arms embargo, international economic sanctions are no longer as dreaded as before. The South Africans also believe that their country has a wide and sympathetic audience in the US whose opinions are not reflected in current US policy.

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PHILIPPINES: Growing Concern over Inflation

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//President Marcos is concerned that the opposition may use current economic problems to foment political unrest.

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[REDACTED]

Marcos is apprehensive that rising prices will increase the susceptibility of urban and rural workers to Communists and other dissidents.

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The price increases affect basic goods and services under government price controls. The Marcos government raised prices 10 to 30 percent for petroleum products, rental housing, public transportation, and electricity. It also lifted price controls on items such as sugar, milk, and textiles. The increases resulted in part from the government's policy of passing on to the consumer the higher cost of imported oil. Pressure from domestic manufacturers to raise prices on their goods was also a factor in Marcos' decision.

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//Marcos set the stage for the price hikes last month when he announced a 20- to 29-percent increase in minimum wages and cost of living allowances. Only a third of the Philippines' 15.5 million workers are eligible for higher wages, however, because of an array of exemptions and loopholes in the wage law.

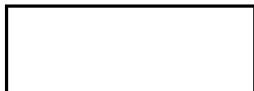
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Until now, Manila has been able to keep prices under control. The inflation rate has been less than 10 percent annually since 1974. Although the government is forecasting a 10-percent inflation rate in 1979, unofficial estimates suggest that inflation will reach 15 to 20 percent this year.

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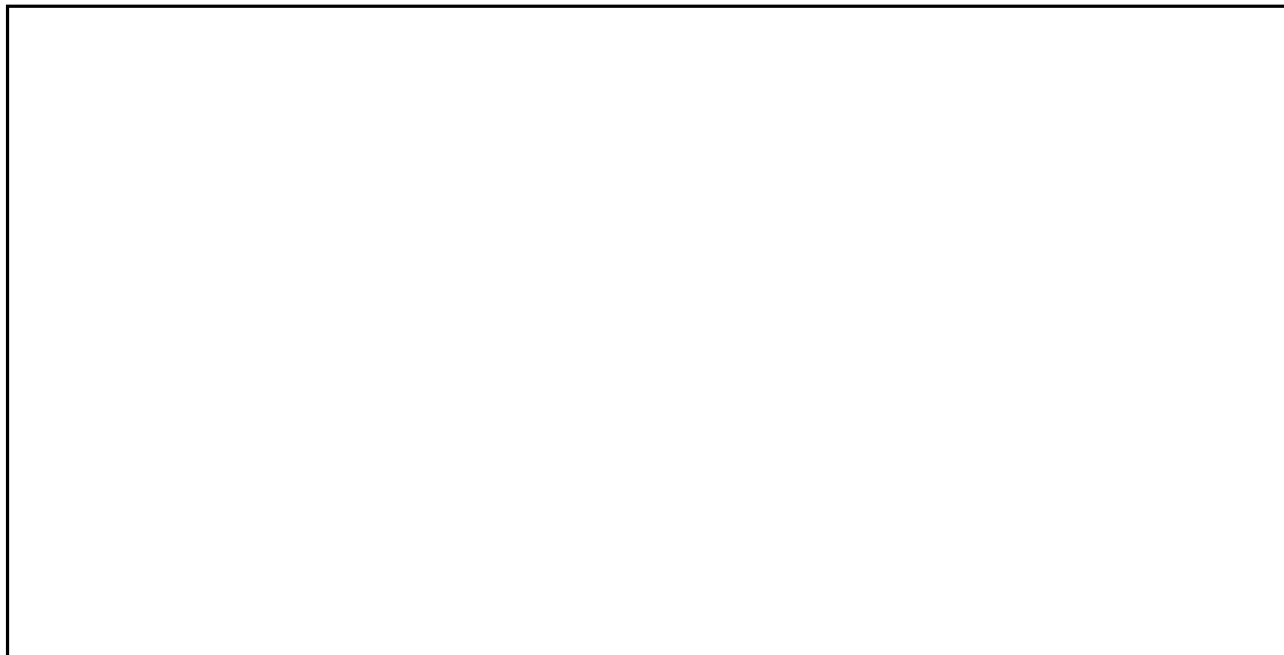
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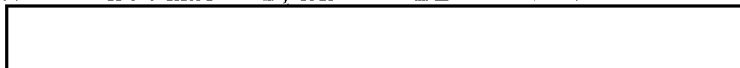
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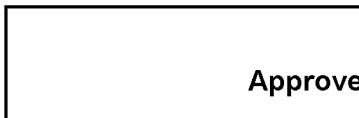
SAUDI ARABIA - EGYPT: F-5 Purchase

Saudi Arabian Defense Minister Prince Sultan has confirmed Saudi willingness to follow through on its \$525-million commitment to finance Egypt's purchase of the F-5 jet fighter aircraft from the US. During a meeting Wednesday in Riyadh with a US Assistant Secretary of Defense, the Prince raised no objections to the arrangement, although he asked the US and Egypt to withhold publicity surrounding the deal so as not unduly to arouse the radical Arab states. Sultan also emphasized the F-5s would be financed over a six-year period. The \$108-million Egyptian order for US support vehicles, which Saudi Arabia agreed to pay for last year, was not mentioned but we assume Riyadh will finance that contract as well.

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CHAD: No Political Settlement

Representatives of Chad's recently installed provisional government adjourned their 10-day meeting in Nigeria on Wednesday without agreeing on a timetable for electing a civilian government. Principal sticking points stem from personal rivalries among the various Muslim leaders--who seem to agree only on their opposition to a return to southern political domination--and efforts by the southerners to carve out a strong position in the new regime. As a face-saving device, the participants agreed to send a factfinding mission to Chad and to convene again to hear the mission's conclusions. The inability to come up with a viable political settlement increases the possibility of renewed fighting and a de facto partition of Chad along regional and religious lines.

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SPECIAL ANALYSIS

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ISRAEL: Moves Affecting West Bank and Gaza

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With the approach of negotiations to establish a self-governing authority for the West Bank and Gaza Strip, the Israeli Government and unauthorized groups of Israelis are strengthening their positions in both areas. Israeli authorities have established Jewish regional councils to control existing West Bank settlements. Political pressure is building to establish new settlements on the West Bank and in Gaza. At the same time, Israeli troops on the West Bank have adopted a tough, new security posture and resorted to heavyhanded tactics to suppress recent Arab demonstrations. Vigilante actions by Jewish religious extremists and settlers--to which Israeli officials have reacted equivocally--are further fueling local Arab resentment.

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The Israeli military government last month established four Jewish regional councils to control almost all of Israel's more than 50 settlements on the West Bank. The military regime reportedly plans to establish similar arrangements for the half-dozen settlements in the Gaza Strip. [REDACTED]

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The councils, which will remain under the control of the Israeli military indefinitely, appear designed to ensure that the settlers will be subject only to Israeli law and administration. The councils apparently will function much like municipal bodies in Israel proper. They are authorized to sign contracts, impose local taxes, distribute government aid, and manage water, electricity, and other services. [REDACTED]

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Agriculture Minister Arik Sharon, who has long pushed for more Jewish communities in the occupied territories, and leading hardliners in the National Religious Party--Prime Minister Begin's key coalition ally--want quickly to establish new settlements and expand existing ones in the densely Arab-inhabited "heartland" of the northern West Bank. They also want to push ahead

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with new settlements in the southern Gaza Strip to establish a buffer between what will become Egyptian-controlled Sinai and Gaza's large Palestinian population. [redacted]

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Begin knows that granting the hardliners' demands would antagonize Egypt and compound Sadat's problems in the Arab world. Foreign Minister Dayan is pressing that consideration; in a recent briefing of Israeli Foreign Ministry officials, he stressed that moderation in a settlements policy is necessary to avoid undermining relations with Egypt. Financial and manpower constraints could also restrain new settlement activity. [redacted]

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The radical Gush Emunim organization, which is in the forefront of the campaign for more Jewish settlements, may try to lay symbolic cornerstones for 10 new ones on the West Bank during the current Passover holidays. Gush leaders hope that the government will not interfere because of Begin's sympathetic ideological views and to avoid alienating important Gush supporters in Begin's Likud bloc and the National Religious Party. Gush leaders probably would then redouble their efforts to generate pressure within the governing coalition to approve the settlements. [redacted]

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The harsh suppression in recent weeks of new anti-Israeli demonstrations by restive West Bank Arabs also reflects the government's state of mind. New security measures included the imposition of temporary curfews in particularly troublesome areas--one at Hahlul north of Hebron lasted two weeks--and lengthy closings of all universities and many high schools. Enforcement of these measures led to the deaths of two Arabs and the wounding of several others. The government may be seeking in part to demonstrate to local Palestinians that the peace treaty with Egypt and the coming autonomy negotiations have not weakened Israel's resolve to maintain control. [redacted]

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Even more inflammatory have been recent vigilante actions by Jewish extremists both in Jerusalem and on the West Bank. Last month, followers of extremist Rabbi Meir Kahane ransacked the office of the Supreme Islamic Council near the Temple Mount in East Jerusalem, a site sacred to both Jews and Muslims. Kahane has since begun organizing an armed "guard." Groups of Jewish religious

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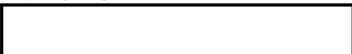
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students also have attempted to pray on the Temple Mount in violation of a government prohibition, and have thereby sparked Arab rallies to preserve the religious status quo. 

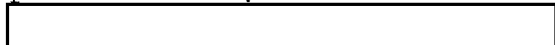
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On the West Bank, Gush Emunim settlers last month entered Ram Allah, forced Arabs at gunpoint to clear roadblocks, and "arrested" one Arab youth. Apparently encouraged by the lack of a firm official reprimand, settlers at some of the largest West Bank settlements have since established self-defense organizations. They reportedly intend to use arms in confrontations with local Arabs if they judge it necessary. 

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Occupation authorities so far have been unwilling to clamp down on such vigilante actions. Defense Minister Weizman and police authorities have issued warnings, but they have not taken disciplinary actions. They undoubtedly want to avoid ugly confrontations with fellow Israelis, and they may also be influenced by a desire not to weaken local Jewish defense capacities. This restraint, if maintained in the face of continuing Jewish provocations, could lead to serious Arab counterefforts.

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