

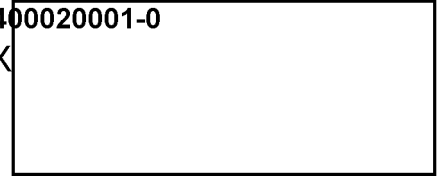


Director of  
Central  
Intelligence

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**Top Secret**

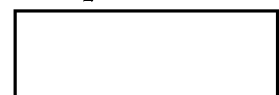
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# National Intelligence Daily (Cable)

2 May 1979

**Top Secret**



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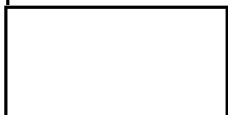
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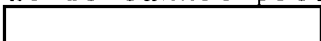


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IRAN: Assassination

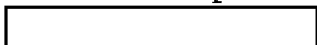
*The backlash against the Iranian Islamic Revolution may have entered a new phase last night with the assassination in Tehran of Ayatollah Morteza Motahari, a member of Ayatollah Khomeini's immediate entourage. The government will see the killing as part of a plot and is likely to react strongly, but we cannot predict which groups will be its target.*

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A spokesman for the Forghan Group, which claimed credit last week for killing former armed forces Chief of Staff Qarani because of his tough attitude toward Kurdish dissidents, said the group had also killed Motahari. He asserted that Motahari had been the head of the Islamic Revolutionary Council--whose membership has never been revealed--that is responsible for Iran's "parallel government."

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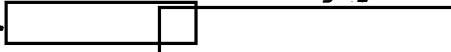
//Motahari may, however, have been the victim of leftists, rightists, or the group of relatives of executed former officials which reportedly has been killing members of Khomeini's Revolutionary Guard on night patrols in urban areas.//

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Motahari was the most respected modern theorist among the Iranian Shia Muslim clergy. His influence with Khomeini probably was based on an ability to combine his traditional Islamic tenets with leftist concepts of a modern secular Iranian philosopher who had strongly influenced the anti-Shah movement.

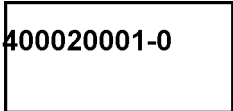
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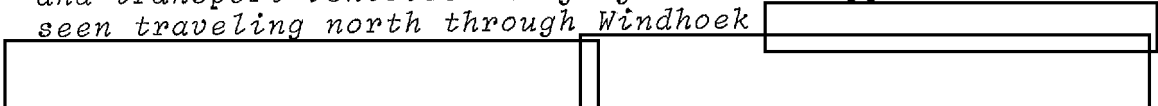
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NAMIBIA: South African Troop Movements

*//An unusually high number of South African military movements to the Namibian-Angolan border area apparently took place late last month. Large convoys of armored and transport vehicles carrying men and supplies were seen traveling north through Windhoek*

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*//South Africa may be augmenting its forces in Namibia, [redacted] or it may only be replacing personnel who have finished their tours of duty. If the South Africans are augmenting their forces, they may be anticipating increased guerrilla activity or preparing to attack guerrilla bases of the South-West Africa People's Organization in southern Angola and southwestern Zambia.//*

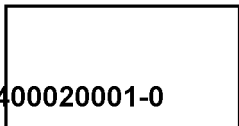
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*//We have no indication that the South African Government is planning further cross-border strikes, but Prime Minister Botha recently asserted that South Africa will again respond forcibly to any significant increase in guerrilla infiltrations from Angola or Zambia. The South Africans no doubt hope that a discernible buildup of their forces in frontier areas will not only deter SWAPO infiltrations but will also strengthen South Africa's influence on the Namibian political groups that oppose SWAPO.//*



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JAMAICA: Manley Moves Further Left

*//Prime Minister Manley is continuing to move Jamaica closer to the USSR and Cuba, despite his apparent disappointment over the meager results of his five-day visit to the USSR last month. Manley--whose local political stock is now at its lowest point since he came to power--is intent on shoring up his relations with Jamaican radicals who have become increasingly critical of his leadership. While the shift in policy will probably rally the left, it will further alienate the moderate groups that are needed to restore Jamaica's faltering economy.//*

[REDACTED]

*//Publicly, Manley has called his visit last month a major breakthrough in Soviet-Jamaican relations, but few Jamaicans believe him. The chief outcome was an agreement for the sale of Jamaican alumina that even Manley's wife has reportedly conceded will not yield significant foreign exchange for Jamaica.//*

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*//The Prime Minister, nevertheless, has continued to bring his country closer in line with Cuba and the USSR. A Jamaican-Cuban communique issued on 21 April backs Soviet-Cuban positions on Puerto Rican independence, the Camp David agreements, the US Naval Base at Guantanamo Bay, and the recent actions of the Chinese in Asia.*

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[REDACTED]

Manley will probably succeed in regaining lost ground with Jamaican leftists. Although some leading radicals were said to be disappointed in Manley's performance in the USSR, the Jamaican-Cuban communique has undoubtedly eased their concern. Manley's ideological shift, however, has worsened his already tense relations with Jamaica's moderate majority and greatly decreased chances of economic recovery under his government.

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[REDACTED]

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USSR: Improved Trade Outlook

*Preliminary data indicate that the USSR registered a \$3.3 billion hard currency trade deficit in 1978, up slightly from the \$3.1 billion deficit of 1977. Large gold sales, however, enabled the USSR to achieve a surplus of roughly \$750 million in its current account. Barring a poor harvest, the Soviets may be able to eliminate their trade deficit this year and show a current account surplus for the third consecutive year as higher oil prices more than offset a probable decline in the volume of oil shipments to the West.*

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Imports, which increased 12 percent in dollar value last year, were led by increased grain purchases of 21 million tons costing \$2.3 billion. Imports of large-diameter pipe and other steel products grew about 15 to 20 percent in value. According to data from Western suppliers, equipment imports apparently were close to 1977 levels.

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The value of exports rose 14 percent, mostly on the strength of higher prices for raw materials. Oil exports were estimated at the 1977 volume of 1.1 million barrels per day. With prices about the same, oil revenue probably approximated the \$5.6 billion earned in 1977 when oil accounted for nearly half of hard currency exports. Gas revenues probably rose substantially. Sales of chemicals, particularly to West Germany, increased markedly.

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The USSR's hard currency trade may be in balance this year. Imports are likely to decline and export earnings to increase--largely in the energy field. Recent oil price hikes will allow the Soviets to increase revenues even with a slight drop in volume. Despite the prospect of reduced gold sales, increased earnings from arms sales, tourism, and shipping--along with the improved trade balance--should result in a current account surplus and permit the USSR reduce further its debt to the West.

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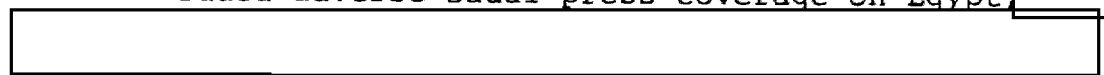


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EGYPT: Criticism of Saudi Arabia

President Sadat's harsh public attack on Saudi Arabia yesterday reflects his growing irritation over recent anti-Egyptian actions by his former ally. During his May Day speech, Sadat described Saudi behavior as "shameful" and accused the Saudis of encouraging or paying other Arab states to break diplomatic relations with Egypt. Sadat probably believes that the Saudis have gone further than necessary in support of the anti-Egyptian sanctions being implemented by the Arab states. Recent irritants have included adverse Saudi press coverage on Egypt.

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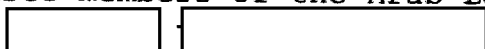


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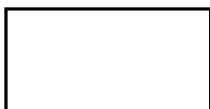
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and the Saudi severance of diplomatic relations on 23 April. Egypt now has diplomatic relations with only three members of the Arab League--Oman, Sudan, and Somalia.

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SPECIAL ANALYSIS

UK: The General Election

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*//The general election tomorrow is being advertised by both Conservative and Labor Party leaders as the first one in many years that will give Britons "a real choice." Although some of this is campaign rhetoric, British voters will in fact be able to choose between two different philosophies of government. The outcome will turn primarily on the issues, but perceptions of how Labor Party leader James Callaghan and Conservative Party leader Margaret Thatcher would perform as Prime Minister may be more important than usual. The winner will have to grapple with a rising inflation rate, recalcitrant trade unions, the troublesome EC connection, and several major defense decisions.//*

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*//Support--and votes--for the parties will depend less than in the past on loyalty to party stemming from class or other traditional ties. Neither the Conservatives nor Labor can any longer assume that most sympathizers will vote automatically for them. In the two general elections in 1974, more voters than at any time in many years exercised the option of the protest vote.//*

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*//The healthy lead given the Conservatives in early public opinion polls has steadily narrowed, and some polls in the closing days of the campaign suggest that the results could be very close. When the dust settles, Britain could again find itself with a minority government.//*

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*//The chances that either party can achieve a majority will depend on the size of the vote for the small parties, and, more importantly, on how the two major parties do in almost 100 key marginal constituencies. A uniform swing in the vote to the Conservatives of only 4 to 6 percent, compared with October 1974, would give them a comfortable majority.//*

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If Labor Wins

//A new Labor government would continue many of its domestic and foreign policies, but Callaghan might be freer to move more boldly on several important issues-- provided he is able to form a majority government. His first task would be to tackle the country's main economic problems--rising inflation, unemployment, and a sluggish economy.//

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//Callaghan would try to work out agreements on an incomes policy and wage restraints as weapons against inflation based on the "concordat" drawn up between union leaders and the government several months ago. Callaghan is aware, however, that agreements with union leaders may not have the backing of the rank and file and may not prevent crippling labor actions. Although he would move slowly, Callaghan probably would eventually introduce legislation to curb union abuses and to enforce an incomes policy.//

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//Although the issue of Scottish devolution was instrumental in bringing down his government, Callaghan probably would not suggest any new initiatives for that region. On Northern Ireland, he probably would review efforts to find a compromise on power sharing, but he would need a strong majority government not dependent on the Ulster Unionists before he could proceed with any new initiatives.//

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//On defense issues, Callaghan would have to take into account the opposition of Labor's left wing to a continuation of the country's nuclear role as the government faces a decision--due within the next year--on a nuclear successor weapon to the Polaris. Callaghan would look for approval of SALT II and progress on SALT III to help bring the left wing along.//

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//Callaghan would expect to maintain his working relationship with US officials and West European leaders, especially West German Chancellor Schmidt, a fellow Social Democrat. Opposition to EC membership from important elements of the Labor Party, combined with widespread popular skepticism about the value of membership, would make Callaghan move carefully to protect the UK's interests; he would bring Britain into the European Monetary System only if convinced such a move would improve the economy.//

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//Callaghan's other important foreign policy concern, at least in the near term, would be how to react to the outcome of the recent election in Rhodesia. He would want to try to stay in step with the US administration, but would be hard pressed to do so if Congress were to remove economic sanctions.//

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If the Conservatives Win

//Thatcher would primarily appoint party moderates to her cabinet and would retain her close rightwing advisers. She would listen to both groups before reaching a decision. Like Callaghan, she would quickly have to address the country's economic problems. To curb inflation, the Tories would tighten the money supply and restrain government subsidies. To stimulate economic growth, they would cut income taxes and use some oil revenues for industrial modernization.//

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//Thatcher would not act hastily with the trade unions. She would have to dispel the belief that a Tory government would engage in "union-bashing." She would attempt--through party moderates--to cooperate with union leaders. She is convinced, however, of the need for change in union practices and would introduce legislation to limit or outlaw secondary picketing, ban strikes in a few essential public services, and provide government financing for secret balloting in strike votes and union elections. Thatcher favors free collective bargaining, but a Conservative government probably would have to introduce some type of wage controls when the new round of contract negotiations begins in the fall.//

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//On regional issues, the Tories did not favor Scottish devolution and, although they have promised to examine the question of "regionalism" countrywide, there would probably not be any concrete moves toward devolution. On Northern Ireland, Thatcher and her advisers support the link between Ulster and the rest of the UK as long as a majority in the province favors it. Consequently, Ulster Catholics and the government in Dublin see the Conservatives as too strongly linked to the Protestant cause, and progress toward a settlement could be even more difficult than under Labor.//

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//The Conservatives are not convinced that detente is working to the West's advantage and fear that dangerous concessions have been and will continue to be made to the Soviets in arms control negotiations. Thatcher would not try to undermine SALT II, but she would want to be consulted extensively in advance on SALT III. She would watch carefully to ensure that none of the arms control negotiations reduce Britain's future defense options--including a nuclear follow-on--or damage the West's capabilities. The Tories would try to allocate more funds for defense but, as other British governments have discovered, economic constraints would preclude substantial increases.// [REDACTED]

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//The Tories have long favored closer ties with Europe than does Labor. Thatcher would try to strengthen the connection, but initially she would have some difficulty in establishing close relationships with the other European leaders. She would be no less protective of Britain's agricultural, fishing, and financial interests than would a Labor government. A Tory government probably would be more positive than Labor on participation in the European Monetary System, but it too would have to be convinced that joining would serve British interests.// [REDACTED]

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//Outside Europe, Tory foreign policy would be colored by an overriding concern about the spread of Soviet power and influence. Almost every issue is seen at least partially in this light: China, SALT, the Middle East, southern Africa, as well as relations with the US.// [REDACTED]

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//The Tory leader probably would not immediately change the present British policy toward Rhodesia. Thatcher, like Callaghan, would not want to make any moves, at least initially, that would damage the Anglo-American cooperation. She would be under considerable pressure from within the party, however, to recognize the internal settlement and lift economic sanctions. A change would be possible in November when the sanctions come up for renewal, but it could come sooner.// [REDACTED]

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