



Director of  
Central  
Intelligence



25X1

# National Intelligence Daily

*Thursday*  
*25 January 1979*

**Top Secret** <sup>25X1</sup>

*CO NID 79-021IX*

*25 January 1979*

Copy **392**

25X1

**Page Denied**

25X1

Top Secret



Contents

Situation Reports

|                                   |   |
|-----------------------------------|---|
| Iran . . . . .                    | 1 |
| China-Vietnam-Kampuchea . . . . . | 3 |

Briefs and Comments

|  |           |
|--|-----------|
| West Germany: <i>The Disarmament Issue</i> . . . . . | 6<br>25X1 |
| Yugoslavia: <i>Continuing Rivalries</i> . . . . .    | 7         |



|  |           |
|--|-----------|
| Zaire: <i>Inter-African Force Withdrawal</i> . . . . . | 9<br>25X1 |
| Malta: <i>Aid</i> . . . . .                            | 10        |



|  |    |
|--|----|
| USSR: <i>Reaction to State of Union Message</i> . . . . .    | 11 |
| India: <i>Janata Party Unity</i> . . . . .                   | 12 |
| Palestinians: <i>Council Adjournment</i> . . . . .           | 12 |
| Argentina-Chile: <i>Vatican Mediation</i> . . . . .          | 12 |
| Poland: <i>Defense Spending</i> . . . . .                    | 13 |
| France: <i>Ballistic Missile Submarine Program</i> . . . . . | 13 |
| European Monetary System: <i>Dispute</i> . . . . .           | 14 |

Special Analysis

|   |    |
|---|----|
| Syria-Iraq: <i>A Temporary Alliance</i> . . . . . | 15 |
|---|----|

|                             |    |
|-----------------------------|----|
| Overnight Reports . . . . . | 18 |
|-----------------------------|----|

25X1



Top Secret



25X1

Top Secret



SITUATION REPORTS

IRAN

The military governor of Tehran announced last night that all Iranian airports will be closed until Sunday. The decision to close the airports indicates that negotiations between the military and the opposition have broken down. [redacted] 25X1 25X1

25X1

[redacted] Prime Minister Bakhtiar met with Liberation Movement of Iran leader Mehdi Bazargan earlier this week to discuss Ayatollah Khomeini's return. The confusion yesterday over whether the airport in Tehran would be opened probably indicates that further negotiations were in progress during the day but reached no result. [redacted] 25X1 25X1

Bakhtiar and the military may be trying to press Khomeini into accepting some power-sharing arrangement before he returns to the country. It is unlikely that Khomeini will change his position, and his entourage continues to insist that he will try to go to Iran on Friday. [redacted] 25X1

If the military and Bakhtiar decide to stick by their decision and prevent Khomeini's return, we expect the opposition to respond with more demonstrations and strikes to force the government's downfall. Large demonstrations had already been planned for Friday to celebrate Khomeini's homecoming. [redacted] 25X1

Bakhtiar continues to insist that he will not turn power over to Khomeini. The closure of the airports is likely to identify the Prime Minister further with the military and the Shah and reduce what little popular appeal Bakhtiar has. [redacted] 25X1

25X1

--continued



Top Secret

25X1

25X1

**Top Secret**

[Redacted]

25X1

[Redacted] Bakhtiar's efforts to organize progovernment demonstrations have so far met with little success. Fewer than 5,000 demonstrators turned out for a progovernment march yesterday. [Redacted]

[Redacted]

25X1

25X1

25X1

**Top Secret**

[Redacted]

**Top Secret** 25X1

CHINA-VIETNAM-KAMPUCHEA

25X1

*Chinese officials are talking in tougher and more uniform terms about the prospects for a "swift and major" military strike along the Vietnam-China border.*

In comments apparently designed to reach the US that appear to reflect recent guidance, one official noted that such a strike would assist in deterring Vietnam from extending its influence to other neighboring countries and might ease Vietnamese pressure on Pol Pot's forces in Kampuchea. The same official had previously described Chinese military activity along the Vietnamese border as purely defensive and had said that China was restrained by the possibility of Soviet retaliation. Another official suggested that Vice Premier Deng Xiaoping (Teng Hsiao-ping) plans to explain China's strong "resolve" concerning the border situation during his coming talks in Washington.

Despite this sterner approach, the officials continue to link China's actions with Vietnam's "encroachments" on Chinese territory. Thus, the Chinese are continuing to develop a rationale for a border strike while maintaining the option to take action at a time and place of their choosing.

The Chinese officials acknowledge the potential costs involved in an escalation of China's conflict with Vietnam, including political damage in Southeast Asia and delay of China's domestic modernization plans. The officials implied that China can keep these costs at manageable levels.

More important, the Chinese officials appear to be minimizing the possibility that the USSR would react with force to any Chinese strike against Vietnam. The officials asserted that China believes the USSR would not retaliate against China in such an event.

--continued

**Top Secret**

25X1

25X1

**Page Denied**

Next 2 Page(s) In Document Denied

Top Secret

25X1

BRIEFS AND COMMENTS

WEST GERMANY: The Disarmament Issue

*Chancellor Schmidt's Social Democratic Party will face a defense policy debate in the Bundestag within a few weeks, and it has not yet reached agreement on the priority to accord disarmament. All West German parties place high priority on national security, so the internal debate will not weaken Bonn's adherence to the Western alliance. Yet key party advocates of disarmament hold views not fully consistent with Schmidt's policy, and the press now seems to be magnifying this difference.*

Leading the disarmament advocates are party Chairman Willy Brandt and parliamentary leader Herbert Wehner, whose public statement on the coming debate is being interpreted as giving higher priority to disarmament than to accepting weapons to offset Soviet theater nuclear forces. In fact, the relevant comment by Wehner is aimed at the opposition and is not a clear policy declaration.

25X1

Wehner is also playing up Schmidt's concern that West Germany not be the only West European country to upgrade nuclear-capable forces as a counter to the Soviet medium-range threat. Wehner quotes selectively from the Chancellor's public statements, furthermore, to indicate that the "gap" between NATO and Warsaw Pact military forces might be acceptable because the overall strategic balance can incorporate certain military imbalances. At Guadeloupe, however, Schmidt agreed that the allies must deal with this gap.

25X1

Schmidt, who must take account of the prominent disarmament advocates to ensure party harmony, has entrusted Defense Minister Apel with a policy review, in effect a search for a concept that makes progress in disarmament a central objective. Apel will probably recommend a policy that emphasizes disarmament and force limitations--such as MBFR--as one road to parity but clearly maintains the option to improve NATO forces if the Soviets continue to be evasive on theater balance.

25X1

Top Secret

25X1





Stane Dolanc



Vladimir Bakaric

624601 1-79

25X1

Top Secret

25X1

YUGOSLAVIA: Continuing Rivalries

25X1

[redacted] personal rivalries in the leadership remain acute and aspects of the collective rule system introduced by President Tito last October are in contention. The main protagonists--Stane Dolanc, secretary of the Presidium, and Vladimir Bakaric, the senior Croat in President Tito's inner circle--also differ on some basic policy issues. [redacted]

25X1

At the party congress in June, Tito tapped Dolanc to run the ruling Presidium, thus strengthening Dolanc's succession claim by elevating him to first among equals. Bakaric led the opposition to Dolanc's effort to establish himself as the preeminent candidate to succeed Tito in the party. The conflict led Tito to introduce the collective leadership scheme in the Presidium and to argue for its adoption throughout the party. Under the collective scheme, Tito appointed Branko Mikulic, an ally of Bakaric, to head the Presidium in a rotational position as chairman for one year. [redacted]

25X1

Since the first of the year, Dolanc has made several speeches that emphasize a moderate approach to internal political dissent and directly contravene Bakaric's position. Dolanc's failure to refer publicly to the new collective leadership principle may well mean he is playing to a reported wave of unhappiness in the regional parties over Tito's order to introduce collective forums at that level as well. [redacted]

25X1

While Tito is still in charge, there is little chance of a decisive resolution of the test of wills between Bakaric and Dolanc. Tito's ruling style is to keep his potential successors uncertain of their status and counterbalanced against each other. [redacted]

25X1

Top Secret

25X1

25X1

**Page Denied**

Top Secret

25X1

**ZAIRE: Inter-African Force Withdrawal**

*Zaire has informed the Moroccan commander of the Inter-African Force in Shaba Region that the Zairian Army will assume full responsibility for the security of Shaba in March and that the IAF should plan to withdraw soon thereafter. The Moroccan contingent, which accounts for most of the 2,400-man force, is awaiting specific instructions from Rabat; the 600-man Senegalese contingent tentatively plans to leave in mid-March.*

25X1

President Mobutu's decision to have Zairian troops assume the responsibility of the IAF probably reflects his recognition that the threat to Shaba from rebels of the Congolese National Liberation Front has significantly lessened during the past six months. He may also have been influenced by recent incidents between IAF and Zairian soldiers as well as by calls from countries represented in the IAF for an early disbandment of the force.

25X1

The Zairian Army probably will not be able to perform its mission effectively for the foreseeable future, and the absence of the IAF probably will lead to a resumption of army depredations against the Shaban population. France and Belgium each are training a Zairian brigade to take over eventually in Shaba, but the training is months behind schedule and European military advisers are pessimistic about Zaire's long-range prospects for developing a competent security force.

25X1

Fortunately for Mobutu, rebels now in Zambia and Angola are largely disorganized and lack significant foreign support, circumstances that make it unlikely they will be able to launch another major incursion in the months ahead.

25X1

Top Secret

25X1

25X1

Top Secret

MALTA: Aid

*Libya, France, and Italy so far have failed to formulate a joint response to Malta's demand for economic aid after the scheduled British military withdrawal on 31 March. Meanwhile, the USSR again has indicated a strong desire to establish a presence in Malta.* [redacted] 25X1

Italy, in particular, fears that continued lack of progress on a European aid package will encourage closer bilateral relations between Malta and Libya. Maltese Prime Minister Mintoff claims to have concluded "defense arrangements" with Libya. There is no evidence to support his claim--despite his frequent assertions that Libya is ready to come to his rescue. The US Embassy in Valletta, however, believes that negotiations may be in progress. [redacted] 25X1

During a recent meeting with French and Italian officials, Libyan officials reiterated their government's willingness to help Malta--through both project assistance and direct budgetary grants--and requested the Europeans to match this assistance. French law, however, forbids giving cash aid, and Italy can grant such aid only with parliamentary consent. [redacted] 25X1

The Soviets hope to expand access to port facilities on the strategically located island, but Mintoff's demands, including stringent controls on Soviet activity, have always been too high a price to pay. Earlier this month, a Soviet delegation visited Malta to discuss bunkering rights for Soviet commercial ships and landing rights for Aeroflot aircraft as well as opening Malta to Soviet tourism, but the talks reportedly were inconclusive. Soviet access to Malta would be highly unpopular with the Maltese population and a public setback to Mintoff's much touted neutrality policy. [redacted] 25X1

25X1

25X1

Top Secret

25X1

**Page Denied**

25X1


**Top Secret**



25X1



USSR: Reaction to State of Union Message

Initial Soviet media reaction to President Carter's State of the Union message mixes a largely straightforward and positive account of his remarks on the importance of US-Soviet cooperation and the necessity of SALT with familiar criticism of alleged US reliance on military force. TASS carried a relatively upbeat summary of the President's comments about SALT--consistent with other recent optimistic Soviet public assessments--but criticized his statement that he would not sign an agreement unless national security were thereby strengthened and US deterrent forces remain extremely strong. 

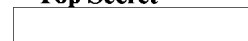


25X1

25X1

25X1

**Top Secret**



Top Secret

25X1

INDIA: Janata Party Unity

The appointment yesterday of former Home Minister Charan Singh as finance minister and deputy prime minister--a newly created post--reduces the threat of a split in the ruling Janata Party. Singh's open criticism of Prime Minister Desai's leadership had resulted in his ouster from the cabinet last June. Desai may have secured Singh's agreement to return to the cabinet by assuring him that the government will move ahead with plans to prosecute former Prime Minister Gandhi for excesses during her emergency rule. Singh had been highly critical of Desai's cautious approach toward Gandhi.

25X1

PALESTINIANS: Council Adjournment

The Palestine National Council, unable to decide on a formula for expanding radical representation on the Executive Committee of the Palestine Liberation Organization, adjourned yesterday without naming new leaders. The present Executive Committee, dominated by moderates, will remain in office, but radicals may again raise their demands for increased representation once the PLO's investigation of the assassination on Monday of a key Fatah official is completed. The assassination disrupted the Council's deliberations, and radical demands for a greater voice in the organization's finances and military apparently were never fully considered.

25X1

25X1

ARGENTINA-CHILE: Vatican Mediation

A Vatican spokesman announced yesterday that the Holy See has agreed to mediate the Beagle Channel dispute between Argentina and Chile that last month nearly led to armed hostilities. No venue has been selected, and a mediator is yet to be named. Antonio Cardinal Samore, whose shuttle diplomacy paved the way for Vatican mediation, appears to be the most likely candidate.

25X1

Top Secret

25X1



25X1

**Top Secret**

POLAND: Defense Spending

The official Polish budget for 1979 shows an increase in defense expenditures of 5 percent over the 1978 budget. The budget for the armed forces probably will increase by 4.4 percent, with the remainder going for investments in defense industries. This contradicts a Western press report earlier this month that indicated the Poles planned to increase defense spending in 1979 by only 2.6 percent, slightly above Poland's current inflation rate.

25X1

FRANCE: Ballistic Missile Submarine Program

The fifth French ballistic missile submarine will go on sea trials this spring. Completion of a sixth unit, which was postponed in 1976, plus research and development on a new class of submarines, were authorized last fall by the National Assembly as part of the French program to upgrade naval and tactical nuclear forces. The sixth unit and the new class of ballistic missile submarine will be designed to accommodate the new, multiple warhead M-4 missile, which is under development. The M-4 missile will provide a several-fold increase in French capabilities against Soviet targets. France also plans to retrofit the M-4 into the other five submarines, which now carry 16 single-warhead missiles. When the sixth unit becomes operational in about 1986, France will be able for the first time to keep two ballistic missile submarines continuously on patrol.

25X1

**Top Secret**

25X1

**Top Secret**

25X1

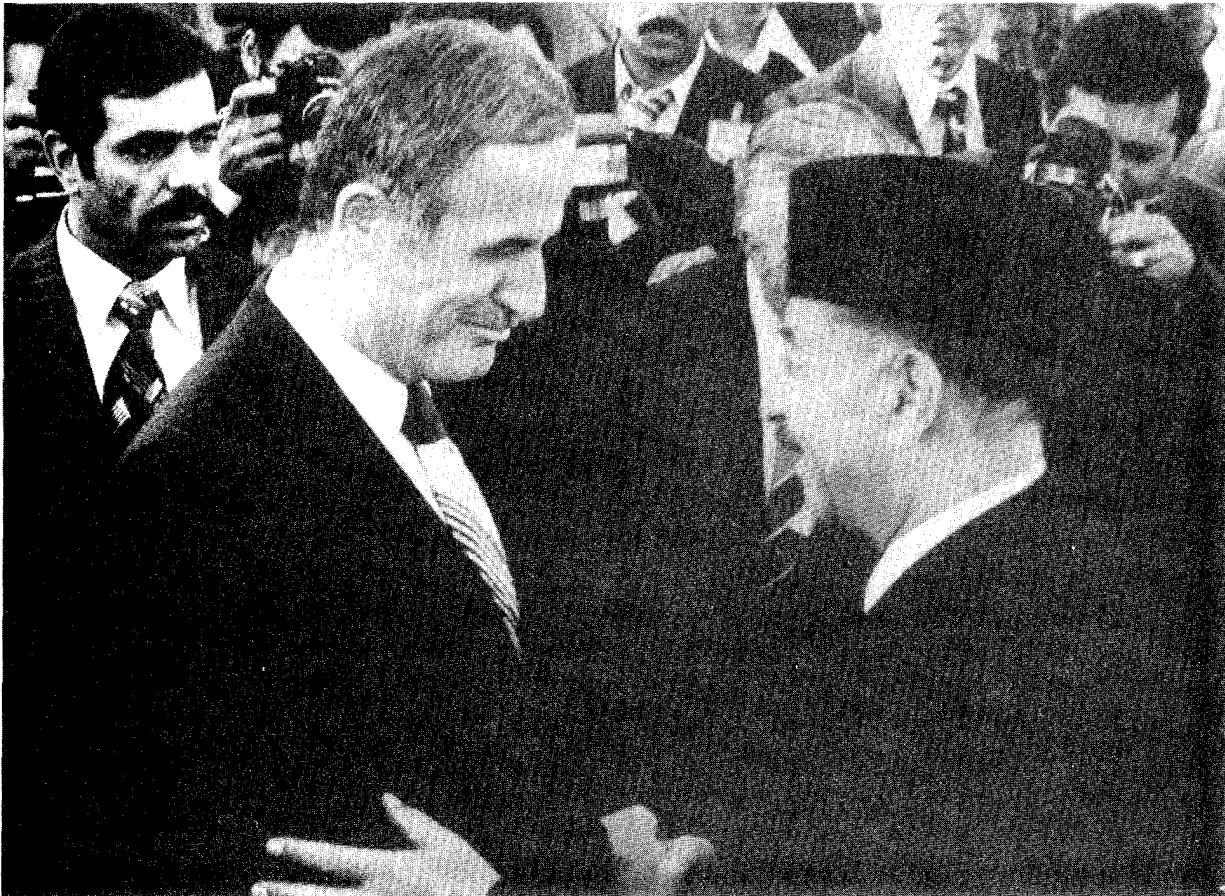
EUROPEAN MONETARY SYSTEM: Dispute

Implementation of the European Monetary System, originally scheduled for 1 January, remains stalled by a dispute over agricultural pricing policy. Although active consultations are continuing and there are some signs of compromise between France and West Germany, there have been few indications of movement toward even an interim solution. The UK has complicated the picture by calling for a fundamental reform of EC agricultural policy rather than the inflationary half-measures now in prospect. Most of the potential compromises reported in the press would postpone any basic decisions and probably would include some increase in EC-wide farm prices.

25X1

**Top Secret**

25X1



Iraqi President Bakr (right) welcoming Syrian President Assad to Baghdad last fall.

624607 1-79

Top Secret

25X1

SPECIAL ANALYSIS

SYRIA-IRAQ: A Temporary Alliance

25X1

*The three-month-old rapprochement between Syria and Iraq is the product of mutual concern over the Israeli-Egyptian peace process and the upheaval in Iran, as well as the narrow tactical considerations of each side. Although a "unity" scheme between these two traditional rivals may come soon, it will be fragile and superficial. Both governments are deeply suspicious of each other and have rival pretensions for leadership in the eastern Arab world.*

25X1

Limited political, economic, and military cooperation between the two is nonetheless likely as long as their short-term objectives outweigh their permanent national ambitions. Syrian President Assad and Iraqi President Bakr may announce agreement in principle to "unite" their two countries at a summit meeting in Damascus later this month. Jordan and the Palestine Liberation Organization may be invited to the final session or to an immediate postsummit conclave to make more credible Syria's military threat on Israel's eastern front.

25X1

Ancient Rivals

There is little chance of a real integration of the two countries. Arab groups in Syria and Iraq have been rivals since the seventh century. Their long-standing inability to agree on sharing waters of the Euphrates River, for example, reflects their geopolitical difficulties.

25X1

Religious sectarianism also works against unity; a Sunni Muslim minority rules in Baghdad and an Alawite minority regime governs in Damascus. Many Syrians, including Assad's influential brother Rifaat, oppose

--continued

Top Secret

25X1

Top Secret

25X1

a real rapprochement because they fear the Iraqis will support a bid for power by a Sunni or even a rival Alawite faction. [redacted] 25X1

Since Syria achieved independence in 1946, its foremost foreign policy concern has been to preserve national independence against threats from its neighbors. Syria has supported the idea of Arab unity but largely as a matter of its Baath Party's pan-Arab ideology. Iraq and Egypt have tried to exploit this tendency in order to dominate the Syrians. Syria joined the United Arab Republic with Egypt in 1958, signed a never-implemented federation agreement with Egypt and Iraq in 1963, and joined the Confederation of Arab Republics initiated by Egypt and Libya in 1971. None stood the test of time.

[redacted] 25X1

Prospects for Cooperation

The Camp David accords and developments in Iran are the most important, but not the only, current sources of affinity between Syria and Iraq. The Syrians are also attracted by Iraq's oil wealth and view Iraq's armed forces as a possible reserve that could enhance Syria's military credibility and its ability to obtain concessions from Israel in future negotiations. Iraq sees ties with Syria as the first step toward playing a stronger role in Arab affairs and toward minimizing Soviet and domestic Communist influence in the region. Iraq also is concerned about unrest spilling over from Iran. [redacted] 25X1

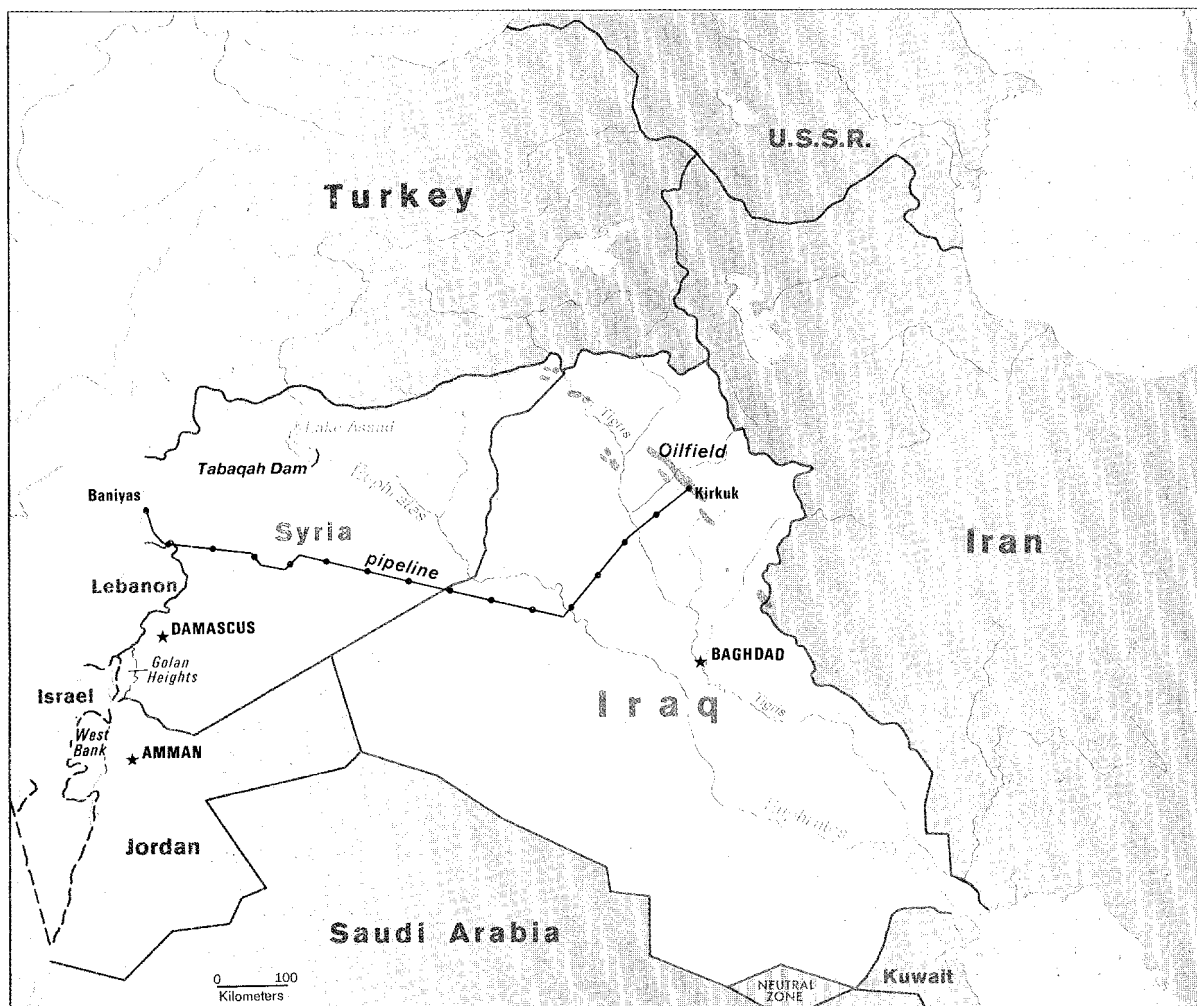
The various joint committees created in the past two months to pave the way for unity apparently have made little progress in the key areas of party, military, intelligence, and security matters. Both sides want Israel to feel increased military pressure and thus are likely to hammer out some arrangement for closer military coordination. The possibilities include:

- The formation, at least on paper, of a joint military command.

--continued

Top Secret

[redacted] 25X1



624587 1-79

**Top Secret**

25X1

-- A token Iraqi military presence in Syria, possibly on the Golan Heights.

-- Contingency planning for deployment of an Iraqi force to Syria. [redacted] 25X1

The economic results of the rapprochement to date have been mixed. Transportation services have been resumed, restrictions on border crossing lifted, and new commercial and trade contracts signed. Disagreement over distributing waters controlled by Syria through the Tabaqah Dam on the Euphrates River, however, may continue to block the reopening of the Iraq Petroleum Company pipeline that runs through Syria to the Mediterranean. [redacted] 25X1

Despite their congruent views toward Camp David, the two countries have made little apparent progress in the area of political cooperation. The two international wings of the Baath Party could be reunited in a scheme to stress Arab solidarity at the coming summit meeting, but the depth of the personal antagonisms and ideological differences between the two sides would make such a move only cosmetic. The national leaders of Iraq and Syria will, in any event, retain ultimate control of all political activity in their respective countries. [redacted]

25X1

25X1

**Top Secret**

Top Secret

[Redacted]

25X1

OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Iran

25X1

Tehran's international airport reportedly was re-opened at midnight EST. [Redacted]

25X1

Egyptian President Sadat confirmed to Ambassador Eilts last night that he has invited the Shah to return to Egypt and that the Shah plans to do so. Sadat understands that the Shah will arrive in a day or two. [Redacted]

25X1

We cannot confirm press reports that Prime Minister Bakhtiar has requested Ayatollah Khomeini to delay his return to Iran and that Khomeini has agreed. [Redacted]

25X1

Italy

According to press reports, Communist chief Berlinguer and Christian Democratic Party Secretary Zaccagnini agreed yesterday to call a meeting later this week of the five parties that support the Andreotti government in order to discuss the government's future. [Redacted]

25X1 25X1

Comment: [Redacted]

*[Redacted] Berlinguer may use the occasion to launch a new attack against the Christian Democratic government and announce that his party is withdrawing its parliamentary support. [Redacted]*

25X1

--continued

Top Secret

[Redacted]

25X1



**Top Secret**

25X1

South Korea - North Korea

The US Embassy in Seoul reported yesterday that the South Korean Government apparently has decided to accept the first three conditions the North Koreans posed for a meeting of representatives of political parties and mass organizations. The South Koreans will propose a meeting of governmental authorities by 1 February or earlier. The Embassy noted that the South Koreans have narrowly defined the North's condition concerning a cessation of military activities to mean a cessation of such activities along the Demilitarized Zone. It pointed out that this position impinges on the authority of the commander of the UN Command. The Embassy also commented that the South Korean timetable suggests that the government will only advise and not consult the US. [redacted]

25X1

UK

The US Embassy in London reports that Prime Minister Callaghan, faced with general labor unrest and required to submit a budget in April implementing the Labor Party's economic strategy, will probably call a general election sometime before mid-April. The Embassy notes that in the meantime Callaghan must strive to avoid a confrontation with the unions and maintain the cohesion of his party, despite his diminished credibility and popularity. [redacted]

25X1

According to press reports, Home Secretary Rees suggested in Parliament last night that the government might soon have to intervene directly in the labor strikes by calling out the armed forces. Layoffs caused by the truckers' strike continue to mount, and railroad workers will stage another 24-hour strike today. [redacted]

25X1

--continued

**Top Secret**

25X1

Top Secret

25X1

Mexico

The US Embassy in Mexico City reports that President Lopez Portillo hopes President Carter's visit early next month will result in greater US appreciation of Mexico's importance and increased US attention to the Mexican view of policies that affect both countries. Lopez Portillo is particularly interested in establishing agreement for more meaningful consultation on key issues.

25X1

On specific issues, the Embassy believes Lopez Portillo will:

25X1

-- Express hope that the US will not alter significantly the flow of Mexican workers to the US in the next several years.

25X1

-- Say that Mexico would be doing the US a favor if it were to assure energy supplies at prevailing current prices.

25X1

-- Seek a commitment to liberalize policies on US imports from Mexico.

25X1

-- Point to Mexico's contribution to successful efforts to stem narcotics traffic and imply that the effort merits US concessions in other areas.

25X1

Turkey

According to the US Embassy, Prime Minister Ecevit has refused to accept the resignation of Justice Minister Can. The minister attempted to resign on Tuesday after many in his party criticized him for his handling of recent prison escapes and rioting last fall. The Embassy comments that this latest incident has rekindled rumors of an impending cabinet shuffle, possibly in March.

25X1

Top Secret

25X1

**Top Secret**

25X1

**Top Secret**