



**Director of  
Central  
Intelligence**

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# National Intelligence Daily

*Friday  
29 August 1980*

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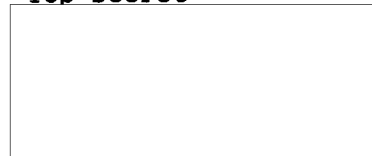
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SITUATION REPORTS

POLAND

*Negotiations between the government and strikers in Gdansk are deadlocked on the key issue of free trade unions, and posturing by the two sides appears to be taking them back toward confrontation.* 25X1



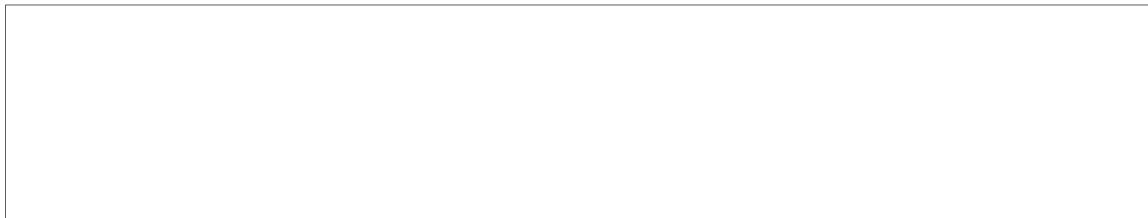
Each side has tried to pressure the other into giving ground by setting deadlines. Strike leader Lech Walesa yesterday urged his fellow countrymen not to go on strike for "three or four days" for the good of the country and to allow the regime time to meet the strikers' demands. His statement--which apparently was not carried on state radio or television as had been rumored--seems a veiled threat that the strike leaders are prepared to call for a nationwide general strike if their demands are not met soon. 25X1



Some strike leaders may be ready to follow through on this threat. Although Walesa has previously said that a general strike would not aid the cause of the Gdansk strikers, he may not have the deciding voice. 25X1



In Warsaw, regime spokesman Miroslaw Wojciechowski made one of the government's sharpest attacks yet on the strike leaders, specifically labeling them "anti-socialist and extremist." He also said that the present situation is "very serious" and "cannot go on much longer." 25X1



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Church Backing Off

The Church, meanwhile, appears to be backing away slightly from earlier statements by Cardinal Wyszynski in which he seemed to side with the regime's call for a quick return to work. A statement issued by an extraordinary meeting of the Episcopate's Main Council, broadcast

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yesterday on Vatican Radio, said that the dialogue between the strikers and government should find solutions acceptable to both sides. [redacted]

Church accusations that the regime had broadcast only an "incomplete and unauthorized" version of Wyszynski's sermon on Tuesday soured the atmosphere of yesterday's negotiations in Gdansk. These actions by the Church appear to reflect its concern over popular criticism that the Church was too closely identifying itself with the regime and against the strikers. [redacted]

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Pressure on Gierek

The flurry of rumors in Warsaw that party first secretary Gierek would soon be ousted--rumors denied by the Polish News Service--suggests that there has been considerable pressure on Gierek to step down. [redacted]

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Gierek may, in fact, have come close to being forced out. A Polish Foreign Ministry official Wednesday evening flatly asserted to a US diplomat that Gierek had been replaced by Stefan Olszowski at a central committee plenum earlier in the day. Although the evening news failed to announce the change, the Polish official stuck to his story. [redacted]

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The failure of the change to materialize could mean that the Polish party leadership concluded that Gierek's resignation without accompanying policy changes would not break the impasse in Gdansk. The removal of Gierek, moreover, would reduce the number of options available to the Polish regime. The Soviets also may have resisted Gierek's dismissal at this time. [redacted]

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If those pressuring for a clean sweep prevail, however, the most likely candidate to succeed Gierek appears to be Olszowski. He is reputed to be a good administrator who favors far-reaching reforms of Poland's inefficient economy and who apparently has some good connections in Moscow. Gierek himself indirectly boosted Olszowski's claim to be party leader during his speech on Sunday. [redacted]

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Olszowski is not, however, a new face in the Polish leadership and, as party secretary for the economy from 1976 to 1980, must carry some of the blame for Poland's

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current economic problems. The Polish leadership might decide that a totally new face--possibly one of the provincial party leaders--is needed if the party is to project successfully a new image. Pursuing this option would cause Moscow the most concern because the Soviet leaders presumably would not be as familiar with such an individual as they would like.

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Comments of Soviet Officials

The highest ranking Soviet official to discuss Poland's problems with Westerners described the situation as "bad" but claimed that Moscow is not anxious. Speaking to the US Ambassador in East Berlin, Soviet Ambassador Pyotr Abrasimov, Ambassador to Poland in the late 1950s, conveyed an impression of business as usual in Moscow. He asserted that the Soviet leaders viewed the events in Poland "calmly," pointing to President Brezhnev's current visit to the southwestern part of the Soviet Union as supporting evidence.

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In contrast to Abrasimov's low-key demeanor, a ranking Soviet trade union official recently told a West German diplomat that the Polish strikers' demand for a "second trade union system" would be "totally unacceptable" in a socialist society. His remarks undoubtedly represent the prevailing, though still unpublicized, view in Moscow.

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Romanian Reaction

The Romanian leadership yesterday betrayed its anxiety over the Polish crisis in an editorial in the party daily *Scinteia* that forcefully defended Poland's "inalienable right" to deal with its "internal problems" without "outside interference," but also asserted that "strikes" are not the way to solve economic difficulties. The statement appears to reflect Bucharest's concern that Moscow may eventually decide to intervene in Poland and lays the groundwork for Romania's refusal to participate in such an action. The editorial also seems an argument to Romanian workers, who are clearly unhappy about rising prices and shortages of food and other consumer goods, not to use strikes to press their grievances.

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BRIEFS AND COMMENTS

WESTERN EUROPE: Communist Parties on Events in Poland

*The major Communist parties in Western Europe have reacted forthrightly to the unrest in Poland, while West European governments have studiously avoided provocative statements.* [Redacted]

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The Italian, French, and Spanish parties have voiced very different attitudes toward the Gierek regime, reflecting their differences in domestic and international political orientation. At the same time, however, each is trying to deflect domestic criticism of Communism. Moreover, they all have an underlying fear that the Polish disturbances may end in violence, a development that would divide their parties and seriously reduce their domestic support. [Redacted]

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The Italian Communist Party has been the most outspoken in identifying political problems in Poland. An editorial in the Communist newspaper *L'Unita* called the Polish political system "monstrous" and "suffocating" and noted the need for a truly democratic socialism. As a solution to the crisis, the Italian Communists have proposed the "Eurocommunist option"--a more open, creative, and participatory system. [Redacted]

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Spanish Communist Party Secretary General Carrillo also emphasized the need for a serious reform of the Polish economic and political systems. In accordance with the party's customary emphasis on "indigenous" socialism, he noted that Poland required a socialist system more closely tied to the nature of the Polish people. [Redacted]

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Commentators for the French Communist Party, which is aligned more closely with the USSR, have compared the "democratic" and "tolerant" responses of the Polish authorities with the refusal of President Giscard to satisfy the demands of striking French fishermen. On the other hand, an article in *L'Humanite* noted that the French party had opposed the Soviet invasion of Czechoslovakia in 1968--an implication that its position would be the same on Poland. The use of force in Poland would be particularly traumatic for the party because of its ties to Moscow and strong support of the Gierek regime. [Redacted]

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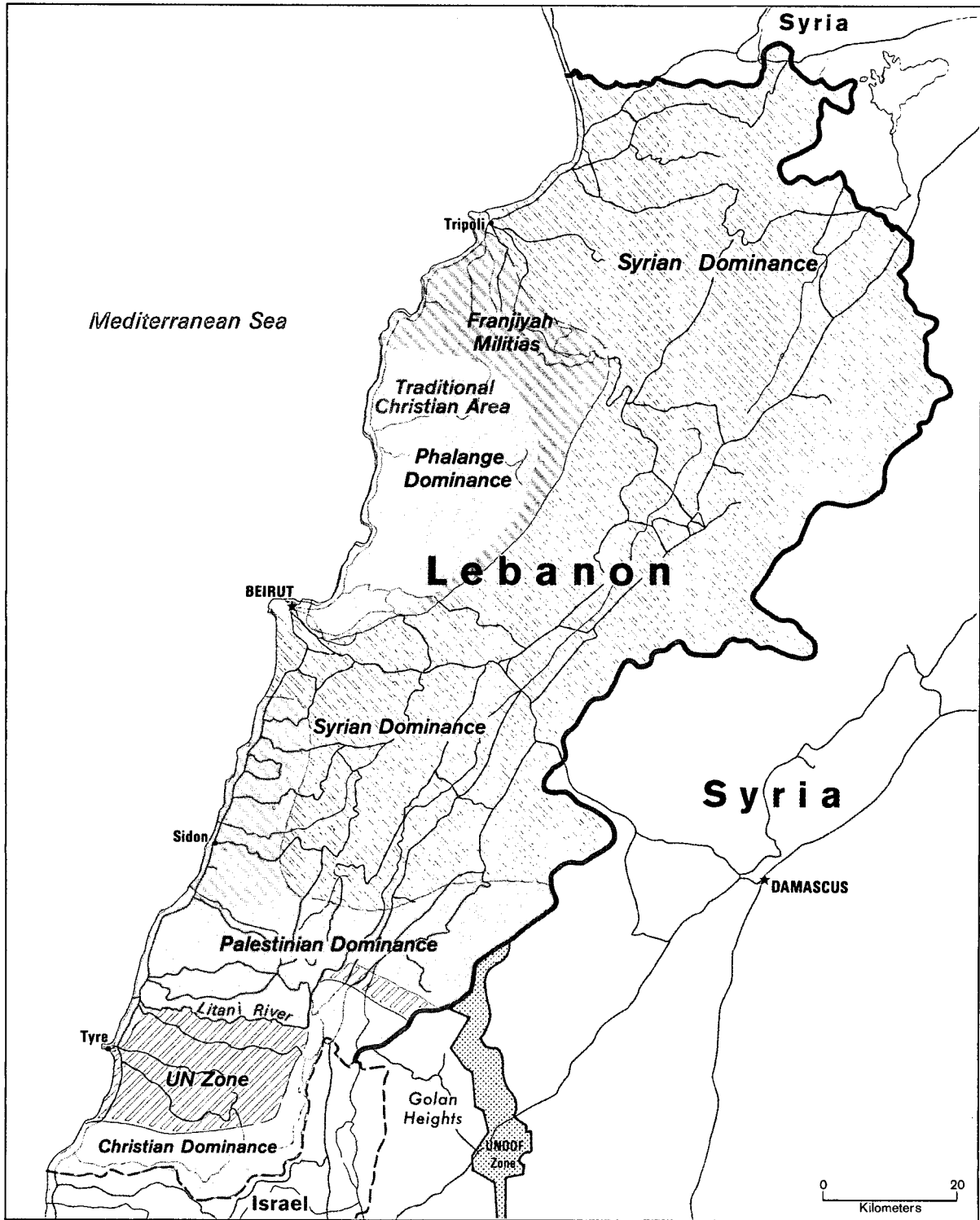
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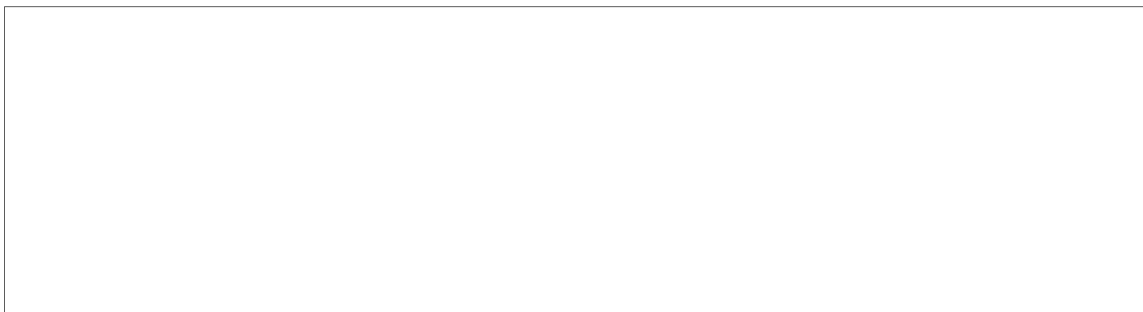
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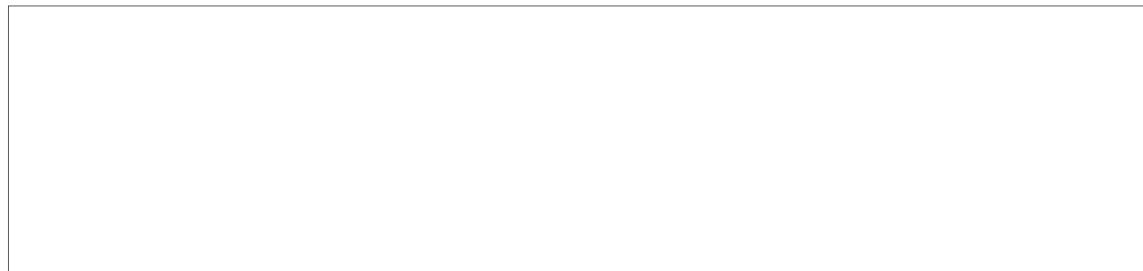
LEBANON: Tension Continues

*Tension in Lebanon remains at a high level, fed by fears that the rightwing Phalange still intends to attack former President Franjiah's Christian group in the north and, together with Israel, move against the Palestinians in the south.*

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The Syrians are making a major effort to build up Franjiah to counter the Phalange. High-level Syrian officials have made well-publicized visits to Franjiah's stronghold in recent weeks



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The Syrian attack on Israeli reconnaissance planes over southern Lebanon last weekend, although unsuccessful, also may be a warning to the Phalange and to Israel that Syria remains determined to protect its interests in Lebanon despite unrest at home.



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a result of the Israeli policy of conducting preemptive strikes against PLO bases, however, the Phalange could be tempted to probe Palestinian defenses near the areas it controls.



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IRAN: External Financial Outlook

*Although Iran now has an estimated \$11 billion in liquid foreign assets, its balance-of-payments surplus declined in the second quarter of this year and is expected to become a deficit for the third quarter.* [Redacted]

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The Iranians have the technical ability to increase oil exports from 850,000 barrels per day currently to over 2 million barrels per day, which would stem the drain on assets. To sell the extra amount on the currently soft oil market, Iran would have to reduce its prices well below the \$35 per barrel that it is now asking, at least until demand picks up or other OPEC countries trim production. If oil exports should again fall because of sabotage, reduced demand, or for political reasons, Iran would have to draw heavily on its exchange reserves. [Redacted]

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If, for example, Japan and the Western countries were to stop their purchases from Iran, thereby reducing oil exports to just 540,000 barrels per day, oil revenues would be cut by \$600-700 million a month within two months. Iran's liquid assets could last a year even under these extreme conditions, but the consumption of liquid reserves might cause the international banking community to take a tougher stance against Tehran. [Redacted]

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CHILE: Opposition to Plebiscite

*Opposition in Chile to a plebiscite on a new constitution is increasing, indicating that the vote may be a focal point for rising discontent.* [Redacted]

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Tens of thousands of Chileans--moderates and Marxists--staged a rally on Wednesday to protest the proposed constitution and the procedures for the plebiscite scheduled for 11 September. It was the largest opposition gathering in the military regime's seven-year history. [Redacted]

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The crowd strongly backed former President Frei's demands for a transition government leading to civilian rule. The proposed constitution calls for continued direct military rule until 1989. [Redacted]

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When President Pinochet announced the plebiscite two weeks ago, he probably expected that the long-dormant opposition would be unable to organize itself in time to marshal significant support for a "no" vote. He had hoped that the plebiscite, by publicly reaffirming his rule, would give the government greater legitimacy both at home and abroad. This was the case in 1978, when Chileans rejected UN criticism of the government by a three-to-one margin. [Redacted]

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The opposition, however, has coalesced more rapidly than Pinochet had anticipated. Politicians who were reluctant to side with foreign critics in 1978 now are more willing to campaign against a constitution that would have a negative effect on domestic politics for years to come. [Redacted]

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Pinochet probably will attempt to play on Chilean fears that rejecting the constitution would lead to a return to the chaos of the Allende years. He is unlikely to cancel the plebiscite because his personal prestige is committed to it. If its opponents appear to be gaining momentum, however, the government may clamp down on their public meetings and access to the media. [Redacted]

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ETHIOPIA-SOMALIA: Status of Military Activity

The situation along Somalia's northern border with Ethiopia was quiet yesterday, and [Redacted] fighting had tapered off late Wednesday night. The extent of the action is still unclear, but it now appears to have been largely a probing attack by an Ethiopian-based Somali guerrilla group that has engaged in a number of cross-border operations during the past year. The Somalis claimed yesterday to have repulsed the attacks, and the French Ambassador in Djibouti told the US Charge there that the area is calm. [Redacted]

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JORDAN: New Cabinet

Prime Minister Badran, who will head the new Jordanian Government announced yesterday, is likely to devote most of his time to domestic affairs. He previously served as Prime Minister from 1976 to late 1979. Badran's cabinet consists largely of holdovers, but the return of Palestinian activist Adnan Abu Awdah-- a key adviser on Palestinian affairs to King Hussein in past cabinets--as Minister of Information and the creation of a Ministry of Occupied Lands Affairs could indicate that Amman plans a more active role in the West Bank. [Redacted]

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INDIA: Proposed Constitutional Amendment

Prime Minister Gandhi's government reportedly has decided to seek a constitutional amendment that would permit the dispatch of federal troops to "disturbed areas" and the establishment of special courts in the states to expedite trials of people charged with disrupting law and order. The proposed amendment probably is offered in response to mounting criticism that the government has failed to deal effectively with recent civil unrest. With the parliament out of session, formal consideration of the measure cannot begin until the two houses reconvene later this year.

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