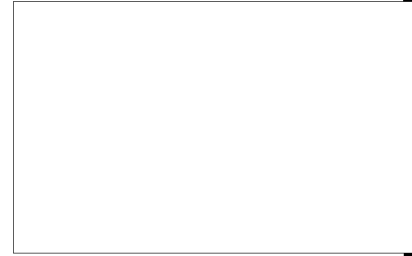




**Director of
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Intelligence**

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National Intelligence Daily

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*Saturday
1 November 1980*

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CIA LATE UPDATE

POLAND: Outcome of Negotiations

After 15 hours of bargaining with Premier Pinkowski, union leader Walesa stated early this morning that the union had won a "victory." Walesa said Pinkowski agreed to seek a reversal of last week's court decision limiting the union's independence from the Communist Party and restricting its right to strike. The union also won the right to address the nation in an uncensored television broadcast. The negotiators failed to agree on the language of a communique, but Walesa said the two sides "understood each other quite well."



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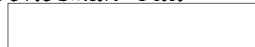


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SITUATION REPORTS

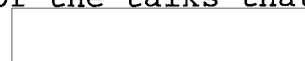
POLAND

Tentative progress reportedly is being made in the negotiations between Solidarity and the regime, but a union spokesman cautioned against optimism until the talks are concluded.



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According to Western news reports, the two sides held seven hours of "tough" negotiations yesterday in an atmosphere that was described by a Solidarity spokesman as "businesslike and friendly." Neither side, however, was willing to discuss the details of the talks that apparently will be continued today.



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The reports indicate that a compromise on the most sensitive issue, recognition by Solidarity in its charter of the leading role of the party, may have been worked out. A union representative said that the Supreme Court will make the final decision on this issue by 8 November, but the court presumably would follow any agreement made during these talks. The reports also suggest the regime may be prepared to give the new unions some additional access to the media.

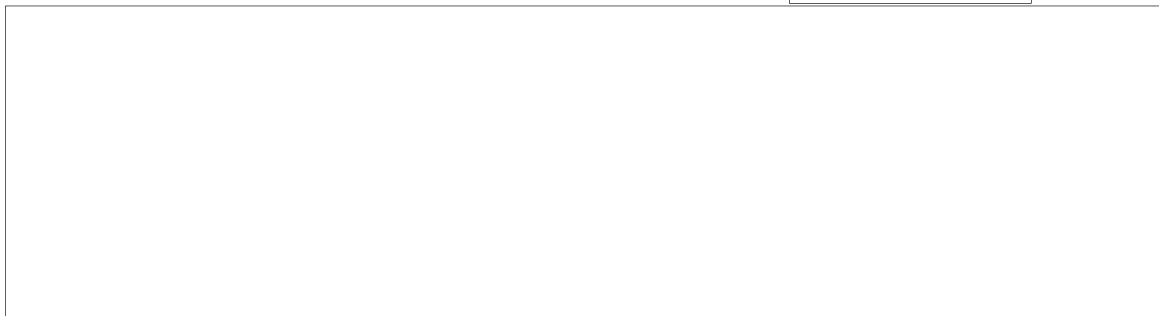


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The speed with which the regime moved to meet at least some of the workers' concerns indicates that, at a minimum, party leader Kania did not receive instructions in Moscow to stand firm on all issues.



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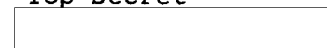
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USSR-AFGHANISTAN

There have been no further raids by Afghan helicopters into Pakistan since 24 October, but tension is likely to remain high in the border area because the Pakistanis have decided to react strongly to attacks. [Redacted]

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The latest reporting indicates that a Pakistani tribal village and an Afghan refugee camp near Miram Shah were attacked. At least three Pakistani tribesmen were injured. [Redacted]

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Additional incidents could result from the pursuit by the Soviets and Afghans of insurgents fleeing into Pakistan. The Soviets are likely to continue operations this winter against resistance fighters in Afghanistan's border provinces, although perhaps at a reduced level. [Redacted]

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President Zia appears determined to resist border incursions even though he is aware of the difficulty of reacting to shallow penetrations of Pakistani airspace. [Redacted]

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[Redacted]

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[Redacted] Zia wants to appear resolute in dealing with the incursions so as to preempt any efforts by his opposition to exploit them. [Redacted]

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[Redacted]

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Coup Attempt

Recent information indicates that Soviet units in the Kabul area thwarted a coup attempt by two armored units in mid-October. The organizers of the coup reportedly were officers of the Khalq faction of the ruling party, who have been feuding with President Babrak's Parchamists. [Redacted]

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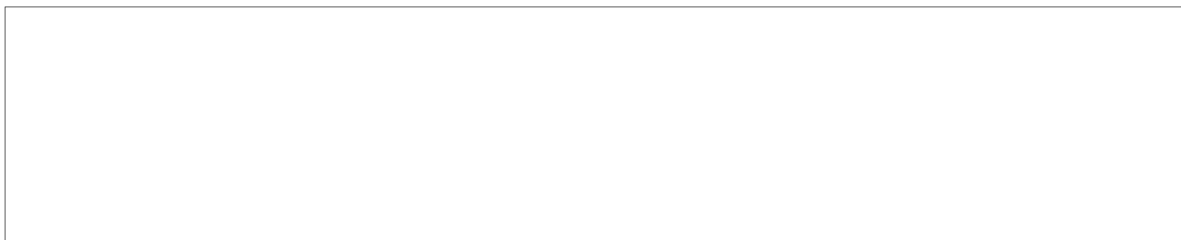
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The coup attempt was the second by Khalqi officers since Babrak was installed last December and again underlines Moscow's inability to get the warring factions to work together. The Khalqi move may have been prompted by the recent purge of a number of senior Khalqi military officers and their replacement by Parchamists.

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Babrak Still in the USSR

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The Afghan President remains in the USSR for a rest and medical examination, according to official statements. He has had a difficult year and could need a rest, but the Soviets probably also want to have additional consultations with him. The initial part of his trip was so taken up with public appearances that there was little time allotted for serious discussions. Among other things, the Soviets are likely to press Babrak to take steps to reduce the political infighting in Kabul.

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Afghan Pilgrims Seek Asylum

The pilgrimage to Mecca of 4,000 Muslim Afghans may develop into an embarrassing situation for Kabul. The Saudi Charge in Kabul told the US Embassy that only 125 are willing to return home. The Charge added that his government would try to persuade the others to return but in the end probably would grant political asylum to many of them.

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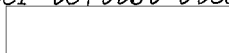


BRIEFS AND COMMENTS

JAMAICA: Prime Minister Seaga

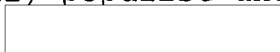
Prime Minister Edward Seaga's overwhelming victory on Thursday is largely a result of his widely respected reputation for economic analysis and management, but he also is a strong nationalist who has moved gradually from earlier leftist views toward a more pragmatic approach to government.

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In recent years, former Prime Minister Manley's party has exploited Seaga's lack of personal magnetism and has portrayed him as an unscrupulous rightwinger whose party would abandon Manley's social objectives and undercut the country's burgeoning nationalist movement. This greatly overstates the distance between Jamaica's two equally populist and historically centrist major parties.

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Despite his conservative image today, the 50-year-old Seaga was an economic nationalist and an acknowledged leader of the Jamaica Labor Party's left wing in the early 1960s. Although he was never a hardcore radical, he encouraged his conservative colleagues to take a more sympathetic view of Cuba and toward nationalist economic policies that were then considered "leftist."

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As a government minister, he pushed through measures to tax the upper income brackets heavily, backed the country's first program to redistribute unused agricultural lands, and advocated increased levies on US and Canadian bauxite companies. For 18 years Seaga has been the representative of one of Jamaica's poorest and blackest constituencies, and he has long been an enthusiastic promoter of the country's African heritage.

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Seaga, who is assuming power with more experience in government than any previous Jamaican Prime Minister, has become a sharp critic of many of his earlier socialist views. He will draw heavily on the private sector to form his moderate cabinet and will try hard to lure home technocrats from the Jamaican community abroad. He nevertheless will remain strongly nationalist while taking a seasoned and pragmatic approach to government.

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CANADA: Opposition to Reform

Prime Minister Trudeau's constitutional reform plan faces increased opposition as a result of the federal budget presented on Tuesday, and it could face a more serious obstacle in the growing British reluctance to get embroiled in the controversy.

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Trudeau is trying to avoid the traditional requirement for unanimous provincial approval for constitutional reform by getting a limited reform package through both houses of Parliament--where opponents are in the minority--by the end of this year. He would then send the package to the British Parliament to exercise for the last time its residual amending power over the Canadian constitution. At that point, the constitution--the British North America Act--would come under purely Canadian control.

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The new budget, however, is undermining federal attempts to reduce hostility in the western provinces. The main thrust of the budget is to shift the balance of control over energy decisionmaking and revenues from the western energy-producing provinces to Ottawa.

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Premier Lougheed of Alberta led the counterattack on Thursday, announcing a gradual cutback in oil production. He had already joined forces with five other premiers to fight Trudeau's constitutional plan in the courts.

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The controversy in Canada is having repercussions in the UK. The British would gladly be rid of this last vestige of control over Canada, and until recently British parliamentary approval was considered certain. Prime Minister Thatcher has now indicated, however, that she might stall Trudeau's package, unless he can demonstrate Canadian consensus support for his proposals.

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To get broad support, Trudeau might have to remove the more controversial reforms--the amending formula and the bill of rights--but he would then face the same impasse over amendments that has plagued Canada for 50 years. It would also prevent him from promoting francophone rights outside Quebec, which is one of his long-term objectives.

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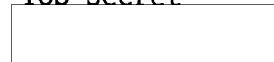
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CHILE: Opposition Leader's Return Denied

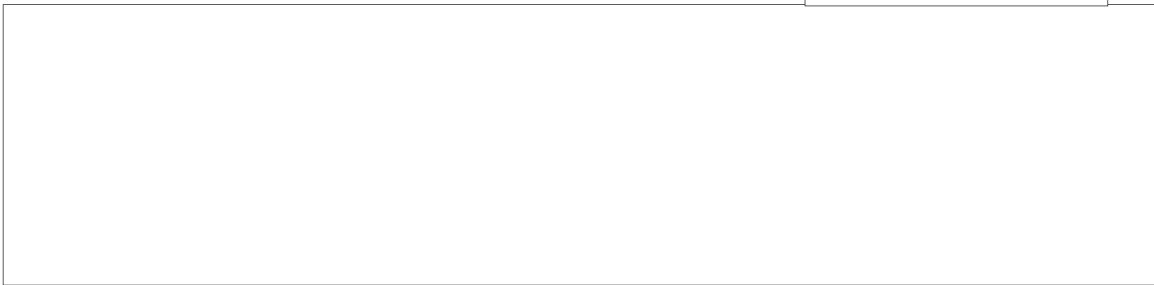
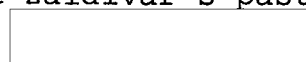
The regime's ban on Christian Democratic Party leader Zaldivar's return to Chile is typical of President Pinochet's increased aggressiveness toward critics since his victory in the constitutional plebiscite in September.

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In October, the regime accused Zaldivar of making seditious remarks in an interview with a Mexican newspaper. The paper later retracted the misquotations, but Chile maintained the ban, claiming that Zaldivar's past "provocative" statements justified it.

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In maintaining the ban on Zaldivar, Pinochet demonstrates his determination to muffle his domestic critics even at the risk of damaging Chile's international interests.

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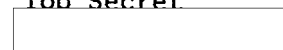
If the ban continues, it will further demoralize the Christian Democrats, who already are deeply discouraged by the plebiscite results. Some younger members believe the party's leaders should protest the ban more strongly.

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[Redacted]

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UGANDA: Looking for Security Assistance

The Ugandan Government, unable to deal with internal security problems and faced with Tanzania's desire to reduce its troop presence, has been seeking assistance from China, Cuba, and Ethiopia.

[Redacted]

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Seven Chinese military advisers reportedly arrived in Kampala last week. The advisers--the first Chinese military personnel sent to Uganda since at least 1972--probably will help train Ugandan recruits on small arms provided by Beijing earlier this month.

[Redacted]

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China may be attempting to capitalize on Moscow's reluctance to establish close military ties with Kampala until after the Ugandan national elections scheduled for 10 December. Beijing also may be trying to gain greater favor with Tanzanian President Nyerere, whose 11,000 troops in Uganda presently provide what little security there is.

[Redacted]

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The head of Uganda's ruling Military Commission, Paulo Muwanga, evidently expressed interest in establishing closer military ties with Cuba during talks there in late September. Havana has been training Ugandan security personnel and has offered to provide military advisers, but there is no evidence thus far to confirm recent rumors that Cuban troops will be sent to Kampala soon.

[Redacted]

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Muwanga also visited Ethiopia recently to ask for arms and military training.

[Redacted]

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[Redacted]

With Tanzania hoping to start withdrawing its troops from Uganda after the elections there, Muwanga is anxious to line up new sources of help as soon as possible. Kampala is unable to cope on its own with the threat of further armed incursions by exiled dissidents, continuing tribal unrest, and chronic urban violence.

[Redacted]

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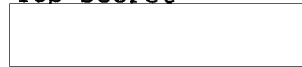
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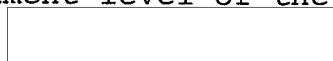
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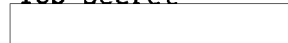
USSR-LIBYA: Nuclear Fuel

Soviet plans to reduce the enrichment level of nuclear fuel destined for Libya should prevent the Libyans from stockpiling significant quantities of weapons-usable uranium in the form of spent fuel elements. While reaffirming their intent to let Libya keep the spent fuel, the Soviets recently indicated that the enrichment level planned for the fresh fuel has been reduced from 80 percent to between 40 and 50 percent. The even lower enrichment of the spent fuel--probably between 29 and 37 percent--will constitute an effective technical barrier to any Libyan efforts to use the material in an explosive device. The Soviets have informed US officials that additional reductions in the enrichment level of the fresh fuel are likely in the future.



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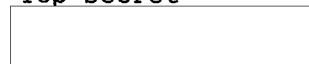


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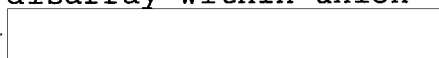
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UK: Record Unemployment

The record jump this month in unemployment in the UK to 7.8 percent has put increased pressure on the Thatcher government's austerity program just as inflation appears to be moderating. Unemployment is particularly high in the auto, textile, and steel sectors where 142,000 jobs have been lost this year. The government will stand firm against demands to abandon its anti-inflation program and increase trade protectionism because of wage negotiations now under way and because of disarray within union and political opposition circles.

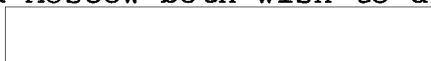
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WEST GERMANY - CZECHOSLOVAKIA: Status of Relations

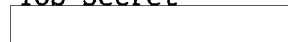
The announcement of West German Foreign Minister Genscher's official visit to Czechoslovakia on 18 and 19 December indicates that both countries are interested in continuing normal relations. The visit had been postponed twice in the past year due to disagreement over Czechoslovak treatment of dissidents and the Soviet invasion of Afghanistan. Moscow also may see an advantage in having the Czechoslovaks host Genscher. Despite setbacks in East German - West German relations and recent Czechoslovak charges of Western interference in Poland, Prague and Moscow both wish to demonstrate interest in detente.

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ZIMBABWE: The Tekere Case

The murder trial beginning on Monday of Minister of Manpower Tekere, who also is Secretary General of the ruling Zimbabwe African National Union, poses a serious political problem for Prime Minister Mugabe. Tekere and seven of his bodyguards have been indicted for murder because of their role in an armed raid on a farm in August in which a white farm manager was killed. Although the legal case against them seems overwhelming, Mugabe cannot simply write off Tekere, who has many sympathizers within ZANU. Mugabe probably is concerned that his own political position would become tenuous if he lost the backing of Tekere and his followers.

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If Tekere is convicted and sentenced to death, Mugabe will almost certainly seek to have his sentence commuted. Tekere is likely to be convicted of at least manslaughter and be stripped of his party and government offices. In the unlikely event Tekere is cleared, Mugabe would face the difficult task of reassuring both whites and blacks that the case had created no license for future acts of violence.

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TANZANIA: Election Results

Tanzania announced yesterday that President Nyerere and Vice President Jumbe won last Sunday's elections with about 93 percent of the popular vote. Over half of the incumbent members of parliament were ousted, a reflection of popular discontent over the government's handling of the economy. Dissatisfaction with Nyerere will probably increase in the near future in both civilian and military circles, if--as is likely--Nyerere fails to halt the country's economic decline.

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LEBANON: New Christian Factional Fighting

The Phalange Party earlier this week strengthened its position as Lebanon's dominant Christian faction in sharp fighting in a suburb of Beirut with the rival National Liberal Party. The Phalange victory also is a setback for the new Lebanese Government of Prime Minister Shafiq Wazzan, whose authority was ignored, and further erodes the credibility of the Lebanese armed forces. Government forces made no attempt to intervene to stop the fighting, although they clashed yesterday with Phalange militiamen in another suburb of the capital. The new gains by the Phalange over the National Liberal Party will increase the confidence of Phalange militia leader Bashir Jumayyil. They also strengthen the likelihood that he will move against the last two strongholds of the National Liberal Party in the Beirut area and perhaps against the militia of the Beirut Armenian community.

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SPECIAL ANALYSIS

IRAN-IRAQ: Prospects for a Settlement

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After six weeks of war, the outline of a mutually acceptable basis for a settlement has yet to emerge. With the war proving more difficult than expected, Baghdad already appears to be redefining victory in more modest terms to demonstrate flexibility and stimulate a settlement that could still plausibly be termed an Iraqi success. At this point, however, there is no sign of Iraqi give on the basic objective of control over the Shatt al Arab. From Baghdad's perspective, this will determine victory or defeat.

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For Ayatollah Khomeini, a dialogue with Iraq is impossible as long as Iraqi President Saddam Hussein and the Baath Party rule in Baghdad. During his 14 years in Iraq, Khomeini developed a deep-seated animosity for the Baathists, whom he sees both as Sunni Arab oppressors of the country's majority Shias and as secular modernists with the same weaknesses as the Shah.

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Iranian intransigence also is directly linked to the domestic political struggle for control of the revolution. The clerics have seized on the war--just as they have used the US hostages--to radicalize the revolution further and direct it against their opponents. Under the circumstances, President Bani-Sadr and others more inclined to look for a compromise will be reluctant to assume the "dove" role.

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The long-term prospects for a settlement thus are likely to hinge on the continued ability of Khomeini and the clerics to capitalize on the strong national and religious sentiment aroused by the Iraqi invasion. Offsetting this will be the deprivations that the Iranian people will face if Iraq continues to disrupt most of the oil supplies to domestic refineries and a sizable percentage of Iran's normal port operations. We believe the Iranian capacity to endure hardship is considerable, however, and thus far there is little indication that Khomeini is being blamed for the war and its effects.

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Saddam's Weakening Position

Iraq's failure to wrap up a quick military victory seriously threatens Saddam's hopes for regional leadership.

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He has not won solid Arab backing and has instead deepened the split among the Arab countries arrayed against Egypt and the Camp David accords. [redacted]

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Arabs in both camps see "Saddam's war" as hurting the Palestinian cause. Many of Iraq's conservative supporters do not want an Iraqi victory as much as simply an end to the fighting. [redacted]

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The war, meanwhile, has stimulated greater US presence in the Gulf and greater willingness of Gulf monarchies to accept a US security role, developments that prewar Iraqi policy sought to combat. [redacted]

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The domestic implications of a prolonged war are just as grim. The economy will suffer, and Sunni-Shia tension will mount. Plotting against Saddam is likely and, at a minimum, would bring about a more repressive period. [redacted]

Saddam has two tactical approaches by which he can try to bring Iran around to renegotiating the Iran-Iraq border, especially the Shatt al Arab. He could soften his terms for settlement, or he could intensify the war in an effort to ensure maximum economic cost to Iran. A softening appears already under way. Intensification of the military effort is not now evident, but it is possible for Iraq to pursue both options simultaneously. [redacted]

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Minimum Demands

The war was intended to correct, at Iran's expense, Iraq's fundamental strategic deficiency--the lack of reliable and defensible maritime access to the Gulf. Iraq is not likely to negotiate seriously until it takes control of Khorramshahr and Abadan and, thereby, of the Shatt al Arab. When this occurs, a diplomatic peace offensive stressing an offer to trade Iraq's withdrawal for acknowledgment of its control of the Shatt is likely. [redacted]

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We cannot be certain if "control" in Iraq's eyes requires continued occupation of a border strip along the Shatt that includes Khorramshahr and Abadan. Virtually all the remaining territory seized by Iraq probably could be used as bargaining chips. [redacted]

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Saddam might consider withdrawal from the area along the Shatt if the international situation were to turn against him, and if Iran were to agree to return the border in the Shatt to the low watermark on the Iranian side. He also could ask for UN supervision of a buffer zone.

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Such a compromise would not solve Iraq's strategic problem because it would not significantly enlarge Iraq's land access to the Gulf and the Shatt would remain highly vulnerable to Iranian interdiction.

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The Search for Iranian Flexibility

At this point, Iran probably would reject even the minimum Iraqi terms. Tehran has refused to discuss the Shatt dispute and demands a full Iraqi withdrawal from Khuzestan before there can be any talk of a cease-fire or possible mediation.

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The Iraqi invasion nevertheless has had a sobering effect on Tehran. The clerics have accepted the return to duty of previously purged Army and Air Force officers and generally appear to have a better appreciation of the dangers of Iran's international isolation.

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On the other hand, the war has not ended the infighting between the clerics and the more moderate secularists. In fact, Bani-Sadr probably further increased his political vulnerability by recently raising the possibility of Iranian territorial concessions. The creation of a Supreme Defense Council, although nominally headed by Bani-Sadr, was almost certainly an effort to circumscribe both his and the military's role in war policy.

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Further military setbacks in Khuzestan, however, could cause problems for the clerics. Bani-Sadr already has charged that their purges of the military and the insertion of clerical committees in all units of the armed forces have weakened Iran's ability to resist.

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The outlook is for continued Iranian intransigence and a protracted "people's war." The dire economic consequences of this policy could eventually induce Tehran to reconsider. For the time being, however, Khomeini and the clerics appear determined and able to continue the war in order to destroy Saddam and consolidate the revolution.

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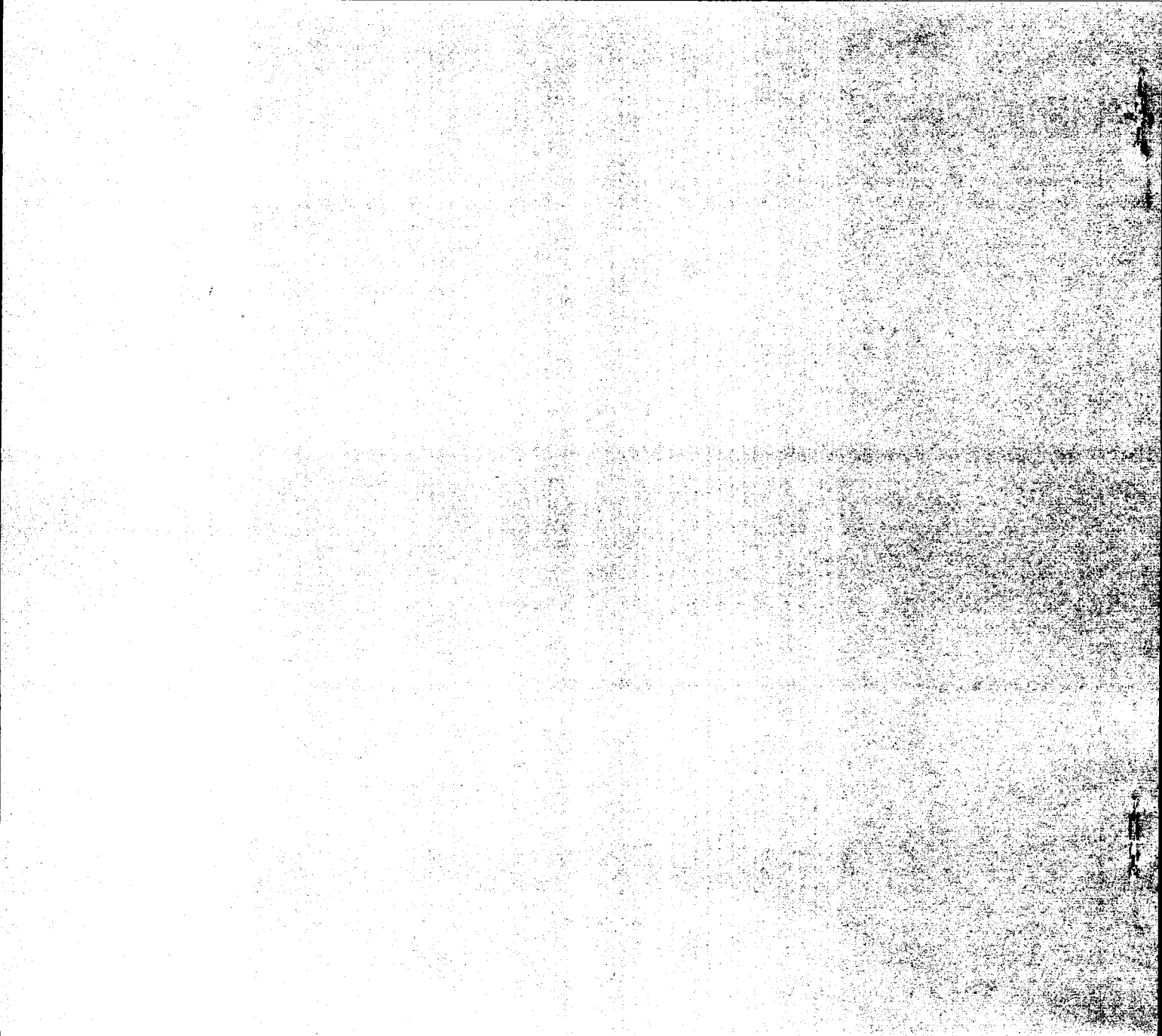
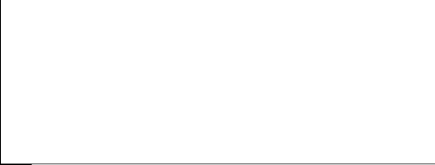
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