



Director of
Central
Intelligence

Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010087-0

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National Intelligence Daily (Cable)

25 March 1982

DIA review
completed.

NGA Review
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CO NIDC 82-070C

25 March 1982

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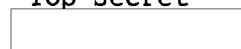
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GUATEMALA: Junta Spurns Political Parties

The junta appears unwilling to share power with the opposition political parties that charged the Lucas administration with electoral fraud and prepared the way for the coup. 


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In his first public statement junta president Rios Montt said that the political parties--which, he implied, exist only to win elections--would have no role in the interim government for the time being. He stated the armed forces were able to meet the nation's political, social, and economic challenges. 

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//Rios Montt and the other two junta members--General Maldonado and Colonel Gordillo--also hold key cabinet posts. General Lopez, a close associate of rightwing leader Sandoval and an important figure in the coup, is Army Chief of Staff. The junta has asked private-sector organizations to nominate persons to head several ministries.// 

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//By excluding the political parties from the regime, the military apparently has doublecrossed Sandoval's National Liberation Movement. 


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Comment: The junta may be willing to compromise and accept some politicians in the regime, since their continued exclusion would cause further domestic strains and tend to discredit the interim government internationally. 

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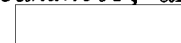
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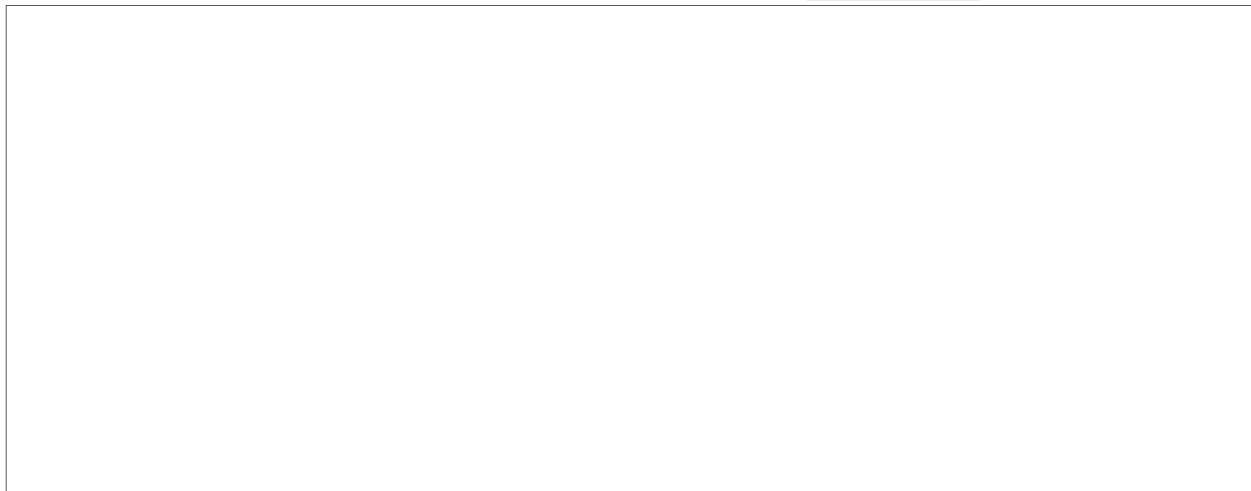
CENTRAL AMERICA: Insurgent Schedule Slowed

In El Salvador, the insurgents continue to encounter problems in disrupting the elections but have succeeded in engaging Venezuelan President Herrera in a dialogue. The Honduran Government has created a National Security Council to improve its ability to respond to challenges from Nicaragua. The Sandinistas, meanwhile, are extending their control over the Nicaraguan economy.



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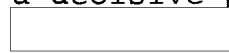
Venezuelan Contact With Salvadoran Insurgents

According to Venezuelan Foreign Minister Zambrano, the letter from Salvadoran insurgents to President Herrera was worked out in Managua last weekend in discussions between Caracas's Ambassador to the OAS and guerrilla leaders. Zambrano, who claims that President Duarte was kept fully informed, anticipates that the guerrillas will soon make a positive response to Herrera's publicizing the letter at his press conference.



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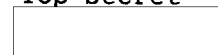
Although Herrera reiterated strong backing for Duarte and the electoral process, he noted that the insurgents shared Venezuela's interest in achieving "peace and participative democracy" after the elections. Herrera expressed his belief that he could make a decisive personal contribution toward these objectives.



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Comment: Venezuela's intentions are still unclear. Herrera appears to be trying to gain some flexibility in his Salvadoran policy, a subject of intense debate in Venezuela. While highly supportive of Duarte, Herrera is concerned that the voting on Sunday will result in rightist gains that will diminish chances for a moderate solution and leave Venezuela isolated. Caracas may also believe that acknowledging its contacts with the insurgents will send a message to Salvadoran rightists that they cannot count on Venezuelan support if they win. 

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//In addition, Herrera also probably hopes that his initiative will quiet domestic critics and refurbish his image as an international statesman. He probably believes that Venezuela must be willing to play a more active role in postelection developments to preserve its claims to hemispheric leadership, to counter Mexico's higher profile in the region, and to ensure that Caracas is included in US policy planning.// 

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Sandinista Economic Regulations

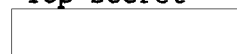
A new decree gives the Nicaraguan regime the authority to direct production and sales throughout the economy and provides government inspectors with unlimited access to firms' physical plants, offices, warehouses, and books. An immediate price freeze also has been instituted. 

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Comment: Managua probably will use the new economic powers to increase the production of defense-related goods. These measures are likely to accelerate the decline in living standards. Although business leaders feel the decrees threaten the existence of the market economy, they are unlikely to resist as long as the state of emergency continues. 

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ISRAEL: Begin's Options

Prime Minister Begin probably hopes his threat to resign on Tuesday will prompt stronger support among his coalition partners and enable him to weather the current crisis. [redacted]

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The defection of Chaim Druckman, an ultrarightwing religious deputy opposed to the Sinai withdrawal, has reduced to 60 the number of seats that Begin controls in the 120-member Knesset. Begin's remaining coalition partners, however, reportedly are urging him to stay. [redacted]

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Unlike Begin's own party, which has strong popular support, the other parties in the coalition have fared poorly in recent opinion polls and are reluctant to have an early election. Moreover, Begin yesterday succeeded in postponing consideration in the Knesset of crucial budgetary issues--thus temporarily avoiding another possible tie vote. Begin is said to have assured coalition leaders that, should he resign and become a caretaker Prime Minister, he would fulfill Israel's treaty obligation to complete the Sinai withdrawal on schedule. [redacted]

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Comment: Begin may hope that the Knesset's one-month break scheduled for April will enable him to avoid further challenges until after the pullout from the Sinai. He may now try again to persuade the two-member Telem Party of the late Moshe Dayan to join the coalition. He also hopes that, following the Sinai evacuation, Druckman and the three members of another party opposed to the withdrawal will join the government to strengthen its hand against any future pressure for concessions on key West Bank and Palestinian issues. [redacted]

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If such efforts fail, or if Begin's government falls, he could seek Knesset approval for a bill to hold an early national election. A minimum of 100 days would have to elapse before a vote, but the interval probably would be four months or more. [redacted]

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Begin could avoid an early election by resigning and then asking President Navon for the mandate to form a new government. Navon could accept Begin's request or ask Labor Party Chairman Peres to try. Either man would have up to 42 days to put together a majority coalition. [redacted]

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[Redacted]

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ISRAEL-LEBANON: Pressure on Arafat

//The infiltration attempt into northern Israel yesterday by a small group of radical Palestinians may have resulted from their dissatisfaction with PLO leader Arafat's cautious approach to the growing unrest on the West Bank.// [Redacted]

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[Redacted]

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[Redacted]

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//Israeli reaction to the incident so far has been low key. [Redacted] Israeli military officials did not warn of retaliation.// [Redacted]

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Comment: *//Radical Palestinians have long been unhappy with Arafat's decision to enforce the cease-fire, and their concerns probably have been aggravated by his hesitation in reacting to the unrest on the West Bank. Despite Israeli claims that the PLO is organizing the the unrest, Arafat until now has limited his response to calling for an emergency session of the UN Security Council. The radicals apparently believe that this damages the PLO's image, and the infiltration attempt may have been intended to demonstrate solidarity with the protesters and embarrass Arafat.//* [Redacted]

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//Although Arafat wants to maintain the cease-fire in Lebanon, his control over dissident Palestinians is clearly diminishing. Moreover, if the death toll on the West Bank continues to rise, radical pressure could force the PLO chief to take some kind of action in the West Bank that also could endanger the cease-fire.// [Redacted]

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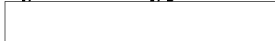
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IRAN-IRAQ: Status of the Fighting

//Iran launched a second and larger phase of its offensive yesterday, but its forces have not yet achieved a breakthrough.//




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 the Iranians have advanced between 2 and 10 kilometers on an 18-kilometer-wide front southwest of Shush. They are trying to cut a second major supply road to Iraqi forces in the Dezful area.// 

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//The Iraqis have conducted an orderly withdrawal, but their forces are thinly spread. Each side claims to have inflicted substantial casualties.// 

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//On the northern edge of the Dezful salient, the Iraqis were pushed back several kilometers on Monday. Fighting continues along sections of the major road there,



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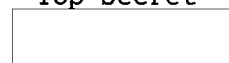
Comment: *//The next few days will be crucial to each side's chances of success. Although Iran's attacks have been well planned, its failure to attack simultaneously and with equal intensity on all fronts has allowed Iraq time to reinforce its positions and deal with each thrust individually. Iraq needs to stabilize the situation in the south quickly, however, to prevent its supply route there from being threatened.//* 



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USSR-CHINA: Brezhnev's Speech

President Brezhnev's remarks in Tashkent yesterday on relations with China are unlikely to reduce Beijing's mistrust of Moscow.



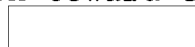
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Brezhnev said that the Soviets recognize that China is a "socialist" state, reject the "two Chinas" concept, and support China's sovereignty over Taiwan. He also stated that the USSR is ready to hold talks on the border question and to agree without preconditions to various concrete steps toward improved political relations.



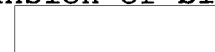
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Comment: Brezhnev's remarks do not change the Soviet position on the basic issues in dispute but are much friendlier than his references to China at the 26th party congress in February 1981. They underscore the more positive approach toward China recently taken by other Soviet leaders.



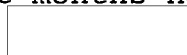
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The Soviets apparently believe that recent friction between the US and China over Taiwan make this an opportune time to seek some shift in the Beijing-Moscow-Washington relationship. The Soviets also may be encouraged by China's recent slight expansion of bilateral trade, cultural, and sports contacts.



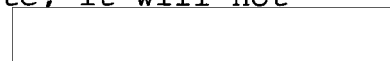
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The Chinese, however, probably will not see anything new in Brezhnev's speech. In Beijing's view, Soviet words of recent months have not been matched by conciliatory actions.



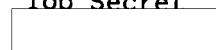
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Beijing evidently believes that recent Soviet efforts to give the impression that relations are warming are intended to gain leverage with the US. Beijing sought to foreclose Moscow's ability to manipulate the triangular relationship in its more recent warning on the Taiwan arms issue by publicly stating on 1 March that, even if relations with the US deteriorate, it will not abandon its hostility toward the USSR.



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POLAND: Production Improves

Industrial production increased slightly from January to February, with coal, copper, and other mining industries leading the way. Nevertheless, production was still nearly 12 percent below the level of a year ago, and output of manufactured goods was down more than 20 percent. Planning Chief Madej predicts that industrial production in the second half of this year may be 2 to 3 percent higher than the same period last year but that the results for the entire year will still be less than those for 1981.

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Comment: The figures for February offer the first tentative sign that Poland's industrial decline may be ending, but the economy remains extremely depressed. Industrial production, national income, and exports are all at the level of the mid-1970s, while housing construction is at the level of 1967. Western sanctions and Poland's financial situation are the major impediments to more rapid recovery. CEMA assistance in offsetting reduced imports from the West will continue to be the key factor in Poland's economic performance in the near term.

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BANGLADESH: Calm After the Coup

The situation remains calm in Dacca following the coup. The country has been divided into zonal commands, and the Navy and Air Force chiefs are serving as assistant Martial Law Administrators. All political activity has been banned by Chief Martial Law Administrator Ershad, who also has announced that he would appoint a civilian head of state. New Delhi's response to the coup has been restrained, although Indian troops stationed along the border are on a precautionary alert.

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Comment: Ershad's support will erode quickly if Bangladesh experiences a prolonged aid cutoff, and he will have to take decisive action on economic problems if he is to retain his hold on power before an expected food crisis occurs this summer. The Indians probably hope that both the military and the former ruling party will be sufficiently discredited that a pro-Indian government--led by the leftist Awami League--will come to power when elections are held.

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USSR: Visit to Moscow by Billy Graham

Russian Orthodox Church Metropolitan Filaret, in an interview with TASS, has announced that Reverend Billy Graham will attend the Soviet-sponsored World Peace Conference scheduled to open in Moscow on 10 May. The interview focused on the acceptance of Reverend Graham, who was the only attendee who received separate treatment in the article. All the other prominent churchmen scheduled to attend are from countries in which the USSR exerts considerable influence. [redacted]

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Comment: The Soviets clearly hope that Reverend Graham's participation will lend some respectability to the conference. They also will use it to strengthen the legitimacy of the KGB-controlled Russian Orthodox Church, which serves as an instrument of Soviet interests abroad. Filaret has already used Reverend Graham's decision in efforts to persuade West European churchmen to attend. [redacted]

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GREECE: New Chief of the Navy

Prime Minister Papandreou has named Nikolaos Pappas as head of the Navy following the resignation last weekend of Vice Admiral Kapetos, who reportedly quit because he disagreed with the Deputy Defense Minister over the assignments of senior naval personnel. Pappas, whose promotion to Vice Admiral has forced the retirement of three other senior officers, is best known for his role in the unsuccessful naval insurrection in 1973 against the military junta then ruling Greece. [redacted]

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Comment: //Papandreou is sensitive to the military's distrust of him and has moved cautiously on military matters, generally consulting President Karamanlis before making changes. The elevation of Pappas is likely to upset some senior officers, however, and Papandreou probably would have preferred to avoid such a controversial decision. Both Pappas and Lieutenant General Kouris, who holds the top Air Force slot and is a strong candidate for Chief of Staff in a year or two, are favorites of the socialist government. Although they are considered pro-West and approve of continued Greek membership in NATO, they are likely to be tough negotiators in the coming US base talks.// [redacted]

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SEYCHELLES-FRANCE: Increased French Influence

Leftist President Rene has turned to France rather than to the USSR for additional security and economic assistance following the unsuccessful coup attempt by mercenaries last November. France is to continue maritime surveillance, conduct periodic air exercises near Seychelles, have its naval ships make more frequent visits, and use the islands to resupply French warships. Paris also will double its economic aid. At French urging, Rene has restated his longstanding refusal to permit foreign military bases, implicitly rejecting Soviet requests for more frequent air and naval access.



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Comment: Seychelles lies midway between the French bases at Djibouti and on Reunion Island, and the new accord will benefit France's Indian Ocean Fleet. Rene evidently prefers support from a major power that does not involve closer ties with either the US or the USSR or any shift in ideology. He still approves of the lucrative presence of the US Air Force tracking station on the main island, although he suspects the US of complicity in the coup attempt.



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SPECIAL ANALYSIS

SYRIA: Rebounding From the Rebellion

[REDACTED]

President Assad's traditional power base--the minority Alawite community, senior military and security officers, and the Baath Party apparatus--still appears to be intact following the rebellion in the northern city of Hamah last month led by the Sunni Muslim Brotherhood. The regime's ferocity in suppressing the uprising has alienated many Sunnis throughout the country, however, and also aggravated sectarian rivalries in the armed forces. [REDACTED]

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//Damascus's actions reportedly have convinced the Brotherhood that there is little chance of ousting Assad any time soon. The absence of uprisings elsewhere in support of the rebels in Hamah has shown that, although many members of the Sunni majority may resent Alawite domination and the brutal tactics of the regime's internal security forces, few are willing to risk their lives in an open conflict. Resentment of the regime has grown, however, as has the number of people bent on revenge.//

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Assad's Response

//Assad has tried in recent weeks to repair some of the damage and shore up popular backing for his government. Late last month he addressed the Chamber of Commerce in Damascus and courted the support of the business community. In addition, the Baath Party has staged major proregime rallies in Damascus and in Hamah.//

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//The government also bought together religious leaders from all over Syria and promised them that the mosques in Hamah will be rebuilt. The Sunni community was assured that Damascus did not hold it responsible for the acts of religious extremists.//

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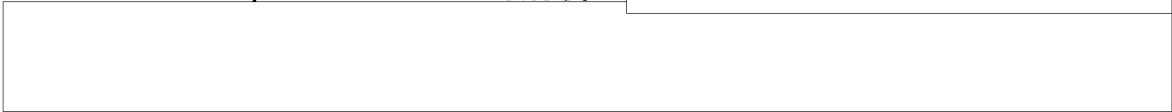
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//Over the longer term, the country's economic woes may prove more troublesome than episodes of sectarian violence, which Assad is trying to blame on Iraqi and Jordanian provocateurs.



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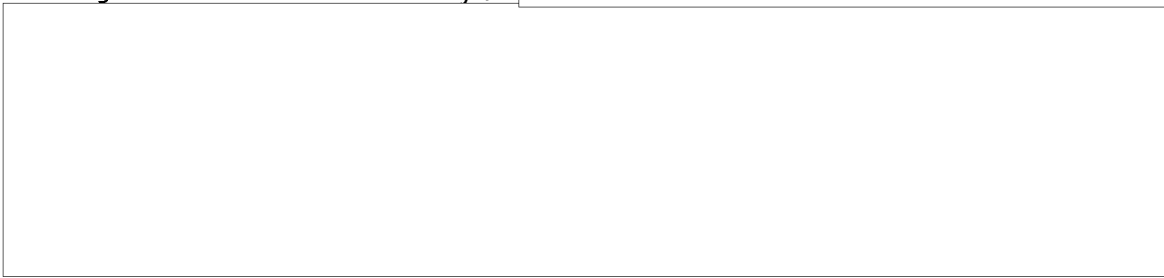
//The economy could well undermine Assad's efforts to restore public confidence.



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Military Views

//The events in Hamah do not appear to have shaken the loyalty of Alawite officers who run the armed forces, the security and intelligence services, and the military wing of the Baath Party.



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Outlook

The regime is certain to be the target of further sporadic violence from the weakened but determined Muslim Brotherhood. The events in Hamah, however, have strengthened the hand of those in power who advocate repression of all opposition.



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Although the regime's isolation from the Sunni majority almost certainly will increase, Assad--with the continued support of the Alawite community and military--should be able to maintain power. If he should show signs of faltering, however, a move against him might come from within Alawite ranks.



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