



Director of  
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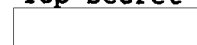
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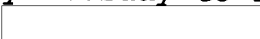


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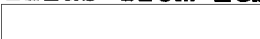
ISRAEL-LEBANON-SYRIA: Tel Aviv Threatens Reprisals

*The kidnaping Saturday of eight Israeli soldiers near Bhamdun by leftist Lebanese militias operating from behind Syrian lines has prompted Tel Aviv to threaten Damascus with reprisals.* 


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The situation is further inflamed by press reports that Khalil al-Wazir, PLO chief Arafat's top deputy and suspected mastermind of the 1972 Munich massacre, visited Tripoli yesterday to inspect Palestinian guerrilla forces there. 


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Israel has warned Syria repeatedly to stop the activities of Palestinian and leftist militiamen in areas under its control or face retaliation. Additionally, Tel Aviv has demanded the withdrawal of all Syrian soldiers and Palestinian guerrillas from Lebanon as part of an overall settlement. 


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Israel has reduced its troop strength in Lebanon, but demobilized units remain on alert and can be sent back to Lebanon within 24 hours. Tel Aviv has sufficient forces on hand along the Beirut-Damascus highway to conduct a limited offensive against Syrian forces in the Al Matn area. 


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Israeli Defense Minister Sharon also suggested yesterday that, if Lebanon does not sign a peace treaty with Israel, southern Lebanon will have a "different status." He said Israel would "secure a 40- to 50-kilometer security strip to keep it clear of artillery pieces and the threat of terrorist activity." 

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Comment: There are no indications that Israel is planning any immediate military action. 

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Tel Aviv is pressing Bashir Jumayyil to sign a peace treaty before the end of the year, but there is some disagreement within the government over how hard to press. Israel probably will continue to hedge its bets by supporting the Christian militias in the south. 

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SPAIN: Socialists' Views on Defense Matters

*//Socialist Party press statements suggest that if the party forms the next government it may revise some aspects of membership in NATO and reopen negotiations on the bilateral defense agreement with the US.//* 


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*//The party enjoys a wide lead in the polls, and its leader, Felipe Gonzalez, has stated again that if it wins the election on 28 October it will hold a referendum on NATO membership. According to polls taken a year ago, such a referendum could result in a vote against NATO participation.//* 


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*//In addition, Socialist Party international affairs secretary Elena Flores noted in a press interview early this month that the party would seek revision of the bilateral accord with the US insofar as it concerns Spain and NATO. The agreement, signed on 2 July, has yet to be ratified by parliament.//* 


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*Comment: //Although Socialist leaders in the past have privately indicated that, if elected, they would find some way to back away from a referendum on NATO, they make it more difficult to do so with each repetition of their public position. Even if no referendum is held, the Socialists could refuse to join the NATO integrated military system.//* 

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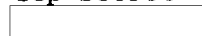
*//Nonetheless, the Socialists will be wary of any step they believe might provoke the military. It still appears to be suspicious of the intentions of any Socialist government as well as somewhat ambivalent on NATO membership.//* 

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*//The Socialists have traditionally supported maintaining the bilateral relationship with the US and are unlikely to scuttle the agreement. Merely reopening the negotiations, however, would lead to considerable delay in ratification.//* 

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USSR - MIDDLE EAST: *Pravda* on US Initiative

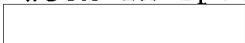
An unsigned editorial in *Pravda* yesterday claimed that the dispute between Washington and Tel Aviv over President Reagan's initiative on the Middle East is being "deliberately staged" to distract world attention from the US-Israeli "collusion" in Lebanon. The article condemned Washington's haste in proposing a plan designed to make political capital from Lebanon's tragedy. *Pravda* called the initiative nothing more than a return to the Camp David Accords, ridiculed its rejection of an independent Palestinian state, and contended that a "larger part" of the Arab world has reacted with indignation. 

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Comment: Moscow appears to have timed the editorial, its most authoritative reaction to date, to the Arab Summit in Morocco. The editorial has a defensive tone that indicates Moscow is concerned that the Arab leaders may not reject the US initiative outright. Only passing mention was given to the USSR's own views on an Arab-Israeli settlement, suggesting that Moscow is still formulating a more definitive response. 

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ISRAEL: Meeting of the Knesset

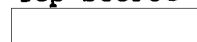
The Knesset is scheduled to meet this week in special session to discuss the new US initiative. 

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Comment: Prime Minister Begin's ruling Likud bloc and the Labor opposition will use the debate to score political points and justify their stands on the US plan. Likud will seek to put Labor on the defensive by highlighting the government's view that Labor cooperated with the US in drawing up a plan that threatens Israel's security. Labor--which last week welcomed the plan with some reservations--will cite the US initiative as proof of the party's contention that territorial compromise is necessary for a lasting peace. 

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PANAMA: Guard Commander's Retirement Postponed

//The National Guard General Staff has arranged to delay General Paredes's retirement until filing deadlines and other dates for the presidential election in 1984 are established, [redacted] After Paredes steps down to launch his candidacy, Chief of Staff Contreras will command the Guard until the end of the campaign, when he will be succeeded by Deputy Chief of Staff Noriega.// [redacted]

Comment: //Despite his promise last winter to retire this month at the customary 25-year mark, Paredes has been reluctant to abandon his power base in the Guard to Noriega and other potential rivals. Since the removal of President Royo in July, Paredes has been trying to box in ambitious senior officers who might challenge his authority. The arrangement gives Paredes security over the next few months, and it retains the nonpartisan Contreras as a buffer during the potentially rough campaign period. Noriega presumably also is pleased with the plan, which assures him command of the Guard under stable circumstances and for at least several years.// [redacted]

CHILE: Signs of Friction in Government

//President Pinochet's decision last week to combine the Ministries of Finance and Economy and appoint a respected businessman and free market economist to head the new post indicates there has been no major departure from present policies. [redacted] Pinochet created the new ministry to end the constant bickering between the Economy and Finance Ministers that he believed impeded the formulation of a coherent economic policy. The President reportedly also is at odds with the Navy and Air Force members of the junta, who are angry because they were not consulted about recent important economic measures taken to combat the recession. The US defense attache reports Pinochet is considering the forced retirement of the Navy chief and several of his top aides.// [redacted]

Comment: //Although Pinochet does not appear concerned about his disagreements with the Navy and Air Force, he may be apprehensive about the impact of such disharmony on the Army, his real base of support. He may view changing the junta, the Navy, and the cabinet as a way to regain political momentum and restore public confidence in his authority.// [redacted]

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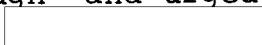


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YUGOSLAVIA: Criticism of the Party

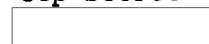
An unusually bold editorial in a regional newsweekly last month challenged the national party's right to a monopoly of power. It argued the party is divided and its leaders "not responsible enough" and urged immediate reform to restore public faith. 

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Comment: Party leaders are ill prepared both to face a major political challenge and to overcome their differences over remedies to the country's economic problems. The weakness of the party leadership is evident in its failure to respond to or punish the newsweekly's editors. Discontent with the party leadership has been building since Tito's death in May 1980, but steadily increasing public awareness of Yugoslavia's financial difficulties is beginning to lead to demands for scapegoats. 

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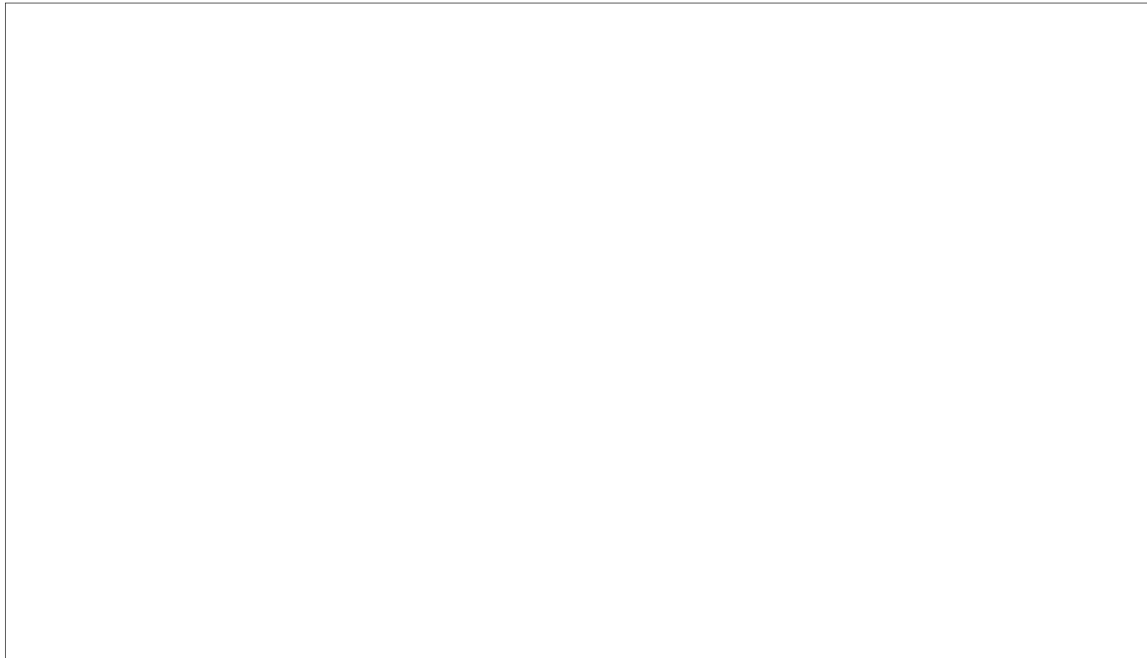


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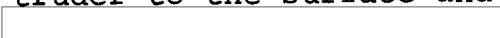

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SWEDEN: Tougher Stand on Submarine Intrusions

Stockholm's exasperation over what it views as Moscow's deliberate disregard of repeated warnings against submarine intrusions in Swedish waters apparently has led parliament's foreign affairs advisory council to authorize an immediate toughening of Sweden's rules of engagement. The new regulations, which initially were intended to go into effect next July, will allow the Navy to use full weight depth charges to force an intruder to the surface and be taken to a special anchorage.

 the Navy is likely to apply the tougher guidelines if it locates an unidentified submarine being hunted in waters south of Stockholm. 

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Comment: Current regulations have prevented the Navy from taking any action beyond dropping warning charges. Defense officials have become frustrated by what appears to be an increased willingness by intruders to remain in Swedish waters after detection. They are determined to respond forcefully. 

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