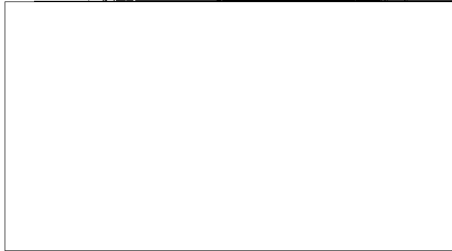




**Director of
Central
Intelligence**

~~**Top Secret**~~



OCPAS/CIG



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USSR-LEBANON: Departure of Soviet Personnel

Moscow's handling of the apparent departure of some of its personnel from Beirut yesterday appears designed to heighten tensions in Lebanon. 

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 Press reports, quoting airport officials, stated that between 60 and 150 Soviets departed on the aircraft. Soviet Embassy officials claimed to Western newsmen that about 90 dependents were returning to the USSR for the summer because the Embassy was "afraid something might happen." 

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One report from the Phalange radio station stated that the Soviets were also evacuating personnel from Amman and Damascus. The Soviet Ambassador in Amman, however, categorically denied to the US Deputy Chief of Mission that any of his Embassy personnel were departing. No unusual Soviet flight activity has been detected to Amman or Damascus. 

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An official TASS "statement" issued yesterday condemning the Lebanese-Israeli withdrawal agreement repeats Soviet claims that Israel is preparing for war against Syria and adds that Jordan is now being threatened as well. 


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Comment: The Soviet Embassy may be legitimately concerned about the safety of Soviet dependents in light of the recent increased factional fighting and incidents of terrorism in and around Beirut. The Embassy's reported confirmation of the departure, however, is highly unusual and appears calculated to give the move wide publicity. 


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Phalange radio often carries alarmist reports about Soviet activities in the Middle East. Its claim about Soviet evacuations from Amman and Damascus is unconfirmed by other sources and probably untrue. 

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The TASS "statement," Moscow's first official reaction to the Lebanese-Israeli agreement, is designed to justify and encourage Syrian opposition to the accord. By continuing and expanding upon their almost four-month-old war scare campaign, the Soviets hope to scuttle US efforts to achieve both a Lebanese settlement and a broader Arab-Israeli peace agreement. 

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UK: Election Called

The convergence of several factors favorable to the Conservative Party persuaded Prime Minister Thatcher to call an election for 9 June.

[Redacted]

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Solid Tory support in the municipal elections last week, Thatcher's continued popularity, good economic indicators, and the apparent slide of the Social Democratic-Liberal Alliance in recent polls all argued for going to the country now. Press reports state such factors have led several of Thatcher's advisers who were counseling against an early election to change their minds. [Redacted]

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Polls published over the weekend show the Tories with a lead of between 8 and 13 percent over Labor. In a recent Gallup poll, 59 percent of those questioned thought the Conservatives would win the next general election. [Redacted]

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Comment: The Tories have worried that the Alliance could capture enough seats at their expense to force a hung Parliament, but its drop in the polls to below 20 percent evidently has eased that concern. Nevertheless, the Tories cannot afford to be complacent. An election campaign normally sees a decline in the front-runner's lead, a rise in support for the Liberal Party—and thus, presumably, for the Alliance—and a solidifying of the ranks in the Labor Party. [Redacted]

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Thatcher still has to decide whether to attend the Williamsburg Summit. Although she probably would gain from media coverage of the meeting, she has indicated she might counter Labor charges of "complacency" by sending Chancellor of the Exchequer Howe in her place. [Redacted]

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CYPRUS: Debate in the UN

The start today of a debate in the UN General Assembly on a Greek Cypriot draft resolution concerning the Cyprus issue could jeopardize the intercommunal talks. [redacted]

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The US Mission at the UN says that the Greek Cypriots' resolution calls for the immediate withdrawal of Turkish troops from Cyprus, and, by implication, makes this a condition for progress in the intercommunal talks. The resolution alleges that Turkish Cypriot officials have issued deeds for property originally owned by Greeks and recommends the convening of an international conference on the Cyprus problem. [redacted]

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The Greek Cypriot draft also encourages the UN Secretary General to take a leading role in solving the intercommunal problem. Secretary General Perez de Cuellar stated last week that, while he did not intend to take initiatives, he wants to sound out the parties in order to encourage a fresh start in the UN-sponsored talks. The General Assembly last debated the Cyprus issue in late 1979. [redacted]

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Comment: Ankara is likely to find the Greek Cypriot draft more objectionable than the resolution adopted by the General Assembly in 1979. If the draft were to pass as it stands, Ankara might decide to have the Turkish Cypriots break off the talks in Nicosia. [redacted]

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Turkey probably is concerned that conspicuous activity by the Secretary General would undercut the negotiating plan of the UN's special representative on the island. The Turks appear to favor his idea of gradually carrying out mutual concessions. The Greek side—and some UN Secretariat officials—seem to believe this approach will not lead to a comprehensive settlement. [redacted]

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Athens is likely to support Nicosia's diplomatic moves in New York and to try to involve the EC in the issue. The other EC governments, however, will be reluctant to take sides between Greece and Turkey. [redacted]

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SPAIN: Election Results

The government probably will view the results of the local and regional elections on Sunday as vindication of its moderate policies.

[redacted]

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With over 90 percent of the municipal returns in, the Socialists have won 43.4 percent of the vote, down from 46 percent in the general election last October. Regionally, they appear to have gained control of 11 of the 13 new autonomous legislatures. [redacted]

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The rightist Popular Alliance coalition has taken 26.2 percent, up from 25 percent in October. The Communists, who had a total of 3 percent in October, won 8 percent of the vote. [redacted]

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Comment: The results indicate that the Socialists retain the support of most centrist voters. Holding on to the centrist vote, however, seems to have cost the Socialists some support on the left. Prime Minister Gonzalez and other party leaders probably have already concluded that, as a result of the government's moderate course, it is unrealistic to expect the party to hold on to the majority of the Communist electorate. [redacted]

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Popular Alliance leader Fraga will view the elections as confirming his group's role as the main opposition to the Socialists. Although the elections indicate broad support for the Alliance in all areas except Catalonia and the Basque region, it failed to expand into areas not traditionally controlled by the right. In the short run, the inability of several small centrist parties to use the elections to establish themselves as moderate alternatives to the Socialists and the Alliance will offset Fraga's failure to make more substantial gains. [redacted]

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The Communists can claim to be on the political mend, but they control only the city of Cordoba. The Socialists' strong showing is likely to reduce to a minimum any need they feel to renew the pact made in 1979 that gave the Communists a significant share of power at the local level. [redacted]

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USSR-SPAIN: Soviets Seek Larger Presence

The USSR considers Spain the most promising country in which to enlarge its representation, following the expulsions of Soviet personnel from other West European countries. [Redacted]

[Redacted]

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Comment: [Redacted] Spain wants to expand relations with the USSR as part of a general effort to increase trade. Madrid wants to regulate commercial relations with Moscow, however, in order to bring the activities of Soviet representatives under control. The expulsion from Spain in February of a Soviet official accused of espionage demonstrates that the Socialists will respond vigorously to illegal Soviet activities. [Redacted]

[Redacted]

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SOUTH AFRICA-MOZAMBIQUE: Talks Make No Progress

A South African official has told the US Embassy that South Africa and Mozambique failed last week to reach an agreement to reduce each country's support for the other's insurgency. The Mozambicans reportedly expressed willingness to curtail anti-South African insurgents in Mozambique. They pointed to the recent killing in South Africa of a key Mozambican insurgent leader as evidence of Pretoria's involvement with the National Resistance Movement. South African Foreign Minister Botha denied any involvement with the insurgents and offered no concessions. [redacted]

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Comment: Mozambican President Machel is likely to ask the US and other Western countries to urge the South Africans to be more forthcoming. Pretoria's role in the insurgency presumably will be a major item on Machel's agenda during his visits next week to the UK, Belgium, and Yugoslavia. At the same time, Machel probably will intensify his efforts to obtain more military aid from the USSR and its allies. [redacted]

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CHINA-SOUTH KOREA: Update on Hijacking Talks

China reportedly signed a memorandum with South Korea today on the disposition of the hijacked Chinese aircraft and passengers, resolving a last-minute hitch in the talks. Beijing had refused yesterday to agree to Seoul's demand for an official government-to-government document. Nevertheless, [redacted] South Korea made every effort on other issues to accommodate China's sensitivities, including avoiding any reference to Taiwan in the discussions. [redacted]

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Comment: China's concern over possible defections by members of the crew or passengers if negotiations continued probably spurred its decision to yield to South Korea. Indeed, Seoul was reportedly prepared to raise the prospect of interviewing the passengers on their preferred destination. North Korea's displeasure with the Chinese delegation's visit to South Korea is likely to be intensified by this concession to Seoul. [redacted]

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HUNGARY: Independent Peace Group

About 450 members of the unofficial "Peace Group for Dialogue" demonstrated publicly for the first time on Saturday. Western press reports say that the demonstrators joined a march in Budapest organized by the official peace organization but that they carried banners with messages directed at both the US and USSR. The autonomous peace group, which is based largely at Budapest University, recently established chapters elsewhere in the country and elected a coordinating committee at its first national congress last week. It has developed some ties with peace activists in East Germany but has avoided close cooperation with other domestic dissident groups, hoping the government will tolerate its activities. [redacted]

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Comment: Until now, the peace group's cautious tactics have enabled it to escape the harassment experienced by other dissidents in recent months. The government wants to avoid damaging its moderate reputation both at home and abroad, and it may hope to get control of the group. If the group continues to seek publicity, however, the authorities may come under pressure from conservatives in the leadership and from the Soviets to move against it. [redacted]

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BULGARIA: Tightening Discipline

Bulgarian police are cracking down on smugglers, corruption, and worker absenteeism. According to the US Embassy, Sofia has forced foreign smugglers, who previously operated freely in luxury hotels, to adopt a lower profile. The police also are emulating recent Soviet practices by checking popular restaurants during work hours and arresting workers absent from their jobs and those carrying suspiciously large sums of money. [redacted]

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Comment: Sofia may be trying to reassure Moscow that it is tightening controls on flagrant activities that prompted Western charges of Bulgarian support for international arms and narcotics traffickers. Some smuggling probably will continue, however, because state trading organizations and Bulgarian intelligence are involved. The tougher work discipline measures reflect growing official concern over declining productivity and widespread black marketeering. [redacted]

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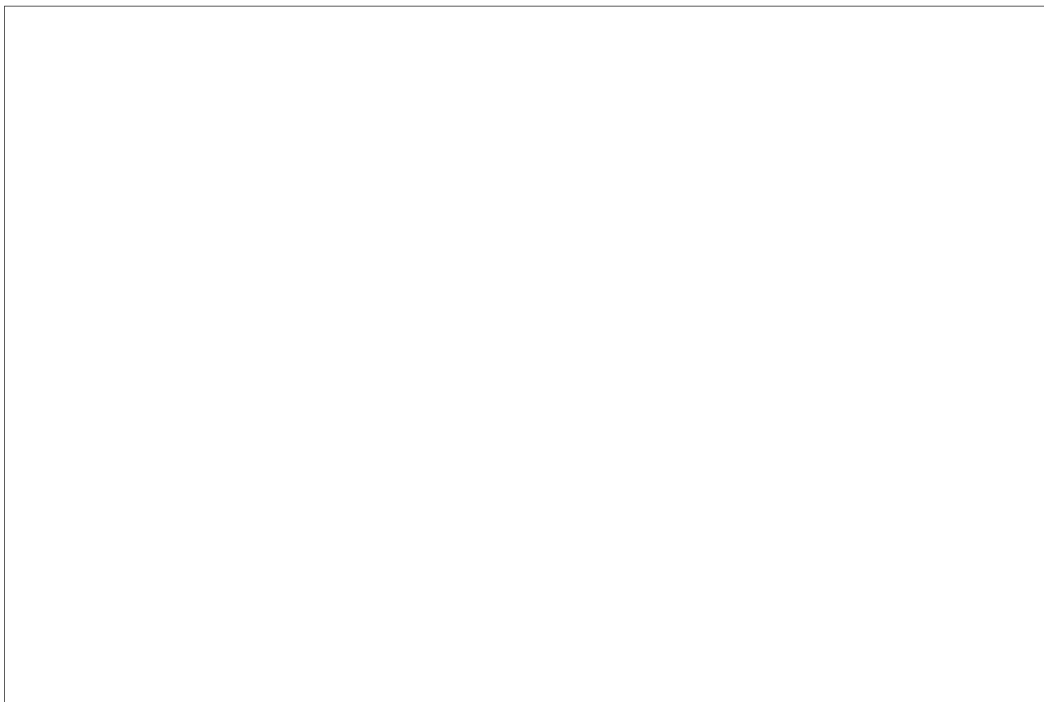
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JAMAICA: Financial Uncertainties

Prime Minister Seaga last week announced new taxes and a freeze on government spending in an effort to cut the growing budget deficit in the next three years. He says his government had overshoot by \$150 million the IMF target in March for net international reserves, but he expects that new loans will close this gap soon. Although he acknowledges unemployment is becoming worse, he hopes government training programs will help somewhat. [Redacted]

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Comment: Seaga appears to be counting on receiving a large loan from private Kuwaiti investors, but recent US Embassy reporting indicates this is unlikely. Jamaica's currency will probably continue to lose value when the government shifts additional imports to a more expensive exchange rate. Unemployment will remain an important political worry, and Seaga's attempt to avoid large government make-work schemes may crumble under political pressure. If this happens, rising government deficits may jeopardize continued IMF support before the end of the year. [Redacted]

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