



Director of  
Central  
Intelligence

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CPAS/CIG  
[Redacted]  
CI# 285



# National Intelligence Daily

*Thursday*  
*16 June 1983*

~~Top Secret~~

CPAS NID 83-141JX

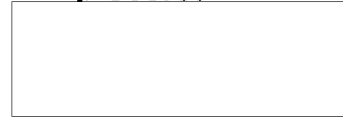
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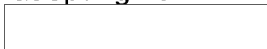


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**USSR: Party Plenum Ends**

*The Central Committee concluded its two-day meeting yesterday with a major speech by General Secretary Andropov and announced personnel changes that indicated a strengthening of his political position.* 


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Andropov's speech set forth ideas to be considered in a revised Party Program covering all aspects of policy for the long term. Andropov appeared to be preparing the party and the people for "inevitable" change in many areas of economic and social life. For example, he seemed to be calling for greater flexibility in reassigning workers in accord with national labor requirements and in rewarding risk-taking by managers who now are penalized for adopting new technologies that do not show an immediate profit. 


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On foreign policy, Andropov emphasized the inherent strength of the USSR and its allies, the favorable nature of political trends in the Third World, and the continued presence of "realistic" politicians in the West who support peaceful coexistence in the face of US "aggressiveness." 


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The plenum approved the appointment of Leningrad party chief Romanov to the party Secretariat and the reassignment of Premier Solomentsev of the Russian Soviet Federated Socialist Republic to head the party Control Committee. A newcomer, regional party secretary Vоротnikov, was made a candidate member of the Politburo. Two members who are in disgrace for involvement in corruption scandals were removed from the Central Committee. 


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**Comment:** Andropov's views on the Party Program amount to a major political and social platform that will be likely to dominate public discussion for some months to come. It probably will put Chernenko in a secondary role as ideological spokesman. 


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The shifts in personnel assignments improve Andropov's position, primarily by diluting Chernenko's authority in the party Secretariat. Andropov probably arranged Romanov's move to the Secretariat, which will make Romanov a senior party leader. 

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Vоротnikov's promotion strongly suggests that he will replace Solomentsev as Premier in the RSFSR, where he earlier had served as first deputy premier. The removal of the two disgraced Central Committee members—a rare action—underlines Andropov's intention to pursue his anticorruption campaign. 

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In his discussion of economic changes, Andropov appeared to be referring to a recasting of priorities in the existing system rather than a shift to market forces. 

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**CHILE: Growing Opposition**

*The widespread support for the "Day of National Protest" on Tuesday and the government's slow pace of transition to civilian rule will encourage more opposition activities in coming months.* [Redacted]

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Press sources report at least one person was killed and 644 arrested in Santiago and other major cities. The National Workers' Command, a coalition of labor confederations led by Copperworkers' President Seguel, organized small street rallies and business and school boycotts. Leftist youths are believed responsible for the 10 bombings. [Redacted]

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The two leading political coalitions of right, center, and moderate-left parties publicly supported the protests. Air Force General Leigh—a retired junta member—and transport workers and wheatgrowers also endorsed the demonstrations. [Redacted]

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President Pinochet attributes the agitation to the Chilean Communist Party and to Soviet influence. He says the constitutional timetable will not be changed and vows the government will stand firm. The government has announced that Seguel, who already is being prosecuted for organizing protests on 11 May, has been arrested. [Redacted]

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**Comment:** The organizers of the protest probably will continue to push their demands—ranging from an end to the state of emergency to establishment of a congress—by organizing similar protests next month. Demonstrators were more successful in organizing activities outside the capital and among professional groups. [Redacted]

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The extent of the demonstrations will increase public doubts concerning Pinochet's assertion that opposition activities are the result of Communist efforts. Vigorous prosecution of Seguel is likely to provoke immediate protests and may lead to a strike by the copperworkers or a general strike. [Redacted]

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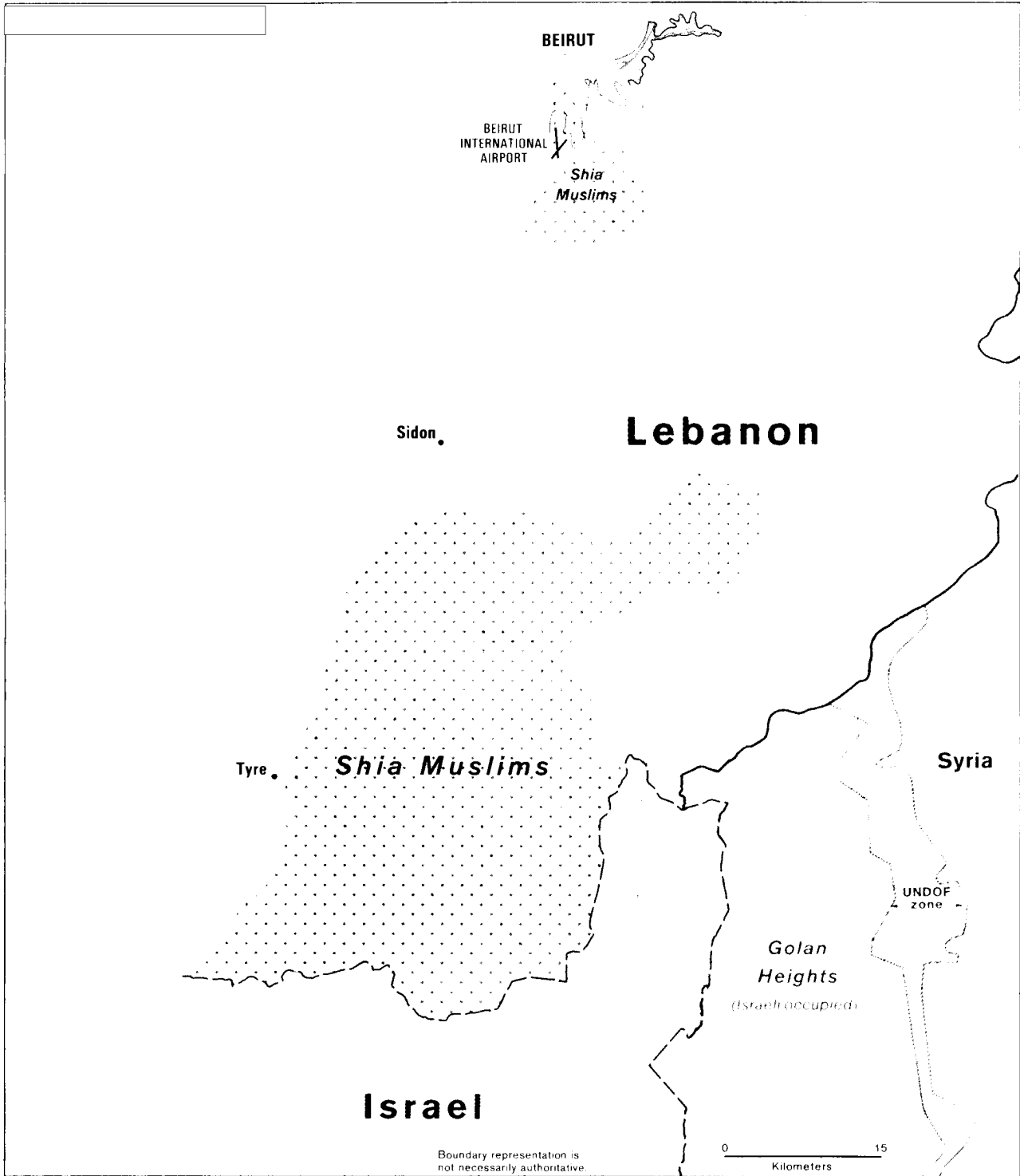
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**ISRAEL-LEBANON: Economic Pressure**

*Israeli actions in occupied southern Lebanon that have provoked local strikes are seriously depressing the economy.* [Redacted]

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The US Embassy reports Israeli forces are preventing farmers in the area from marketing their goods by stopping trucks carrying Lebanese produce to Beirut. Trucks carrying Israeli produce to Beirut, however, are permitted to pass without incident. A Lebanese press report states that, under a new Israeli regulation, merchandise coming from Beirut or elsewhere in Lebanon is barred from the Israeli-controlled area unless the Israeli military commander has given prior approval. [Redacted]

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In Sidon, Israeli forces recently retaliated against a general strike by merchants by briefly detaining local business leaders and warning strikers that their shops would be forced to remain closed for a month. Earlier this year the head of the Chamber of Commerce in Sidon tried to compile a list of Lebanese businessmen violating Lebanese law by trading with Israel. He stopped after receiving a warning from Israeli military headquarters. [Redacted]

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Israel has routinely violated its pledge given last year not to export agricultural items that compete with local produce. Shias in the south charge that President Gemayel has done little to stem the flow of such Israeli produce, which has captured a large share of the local market. The Shias say that Christian merchants in East Beirut receive and sell the bulk of the imports from Israel. [Redacted]

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**Comment:** Israel's regulation of commercial traffic is aggravating the already depressed economy of the south. The Israelis appear determined to gain an economic foothold in Lebanon and probably will adopt additional restrictive measures. [Redacted]

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Gemayel cannot prevent Israeli products from entering Beirut. His failure to do so, however, strengthens Shia suspicions that he would sacrifice the south to preserve the interests of Maronite Christians. [Redacted]

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**EC: Summit Preview**

*The three-day EC Summit that begins in Stuttgart tomorrow will address the EC budget, the Solemn Declaration on European Union, and enlargement of the EC, but no major breakthroughs are likely on these issues.* [Redacted]

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The 10 heads of government will consider a plan by the Commission to ease the budget squeeze by raising the share of national value-added taxes allotted to the Community. The plan proposes to deal with the British payments problem over the long term by placing more of the financial burden on the wealthiest EC states and on the primary beneficiaries of the Common Agricultural Policy. [Redacted]

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The Solemn Declaration is a weakened version of a proposal made in 1981 by West German Foreign Minister Genscher and Italian Foreign Minister Colombo for a European Union. Among other things, it calls for a common EC foreign policy, qualified majority voting in the EC Council, and expanded powers for the European Parliament. [Redacted]

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A senior West European diplomat reports that the 10 leaders will announce a deadline for concluding negotiations on Spanish and Portuguese accession to the Community. According to the diplomat, the date may be as early as 1 January 1985. [Redacted]

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**Comment:** Agreement is unlikely on budget reform. Denmark, the Netherlands, and Luxembourg—which would pay proportionally the most under the Commission's proposal—probably will resist linking contributions to per capita income and agricultural production. [Redacted]

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The Solemn Declaration would do little to further EC political integration. The deadline for negotiations on Spanish and Portuguese accession may not be met. Nonetheless, it should increase pressure on the EC Commission and on Madrid to settle the economic questions connected with Spain's entry. [Redacted]

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**EGYPT-USSR-EASTERN EUROPE: Arms Purchases**

Egypt during the past six months has increased military purchases from the USSR and East European countries, reflecting its improving relations with them. [Redacted]

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[Redacted] Except for Romania, the Warsaw Pact stopped selling arms to Egypt in 1975. [Redacted]

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**Comment:** The purchases appear largely intended to prolong the life of Egypt's inventory of obsolete Soviet equipment. East European members of the Warsaw Pact coordinate arms sales policies with Moscow, and all the deals have Soviet approval. Egypt continues to look toward the West, especially the US, for most of its weapons, particularly those employing advanced technology. This preference, however, will not deter Cairo from concluding deals that could extend the life of much of its Soviet equipment and improve relations with Communist countries. [Redacted]

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**USSR-CHINA: Soviets Criticize Chinese Premier**

*Pravda* and *Izvestiya* on 9 June carried a TASS article attacking the report by Chinese Premier Zhao Ziyang to the National People's Congress. TASS accuses Zhao of making a "slandorous assertion" about the USSR's threat to China, of repeating "hackneyed accusations" against Vietnam and Kampuchea, and of misrepresenting Soviet attempts to defend Afghanistan from "imperialist aggression." It notes, however, that Zhao had "admitted" that neither side benefits from prolonged tensions and that "both peoples" are interested in a normalization of relations. [Redacted]

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**Comment:** This is the first attack in the Soviet media on a Chinese leader by name since the resumption of the Sino-Soviet dialogue last fall. Other recent Soviet articles have criticized the Chinese stand on Mongolia, Kampuchea, and Afghanistan. The Soviets seem to be cautioning against unrealistic expectations for a dramatic improvement in relations. Moscow also seems to be trying to make it clear that, while it will continue to work for better ties, it will not make large unilateral concessions on key issues. [Redacted]

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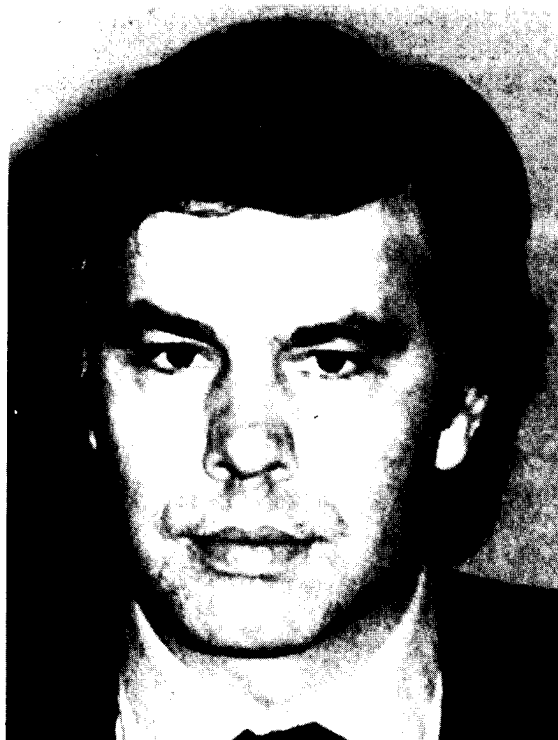
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**Prime Minister Gonzalez**

Age 41 . . . Spain's most popular and charismatic politician . . . secretary general of the Socialist Party since 1974 . . . specialist in labor law . . . appears committed to democracy and social justice . . . leadership style is both collegial and authoritative.



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## **Special Analysis**

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### **SPAIN: Gonzalez's Prospects**

*Prime Minister Gonzalez, who will visit Washington next week, is still enjoying a political honeymoon with the public seven months after coming to power. He shows every sign of holding to the moderate domestic course he set at the outset of his tenure. Gonzalez also seems intent on continuing a foreign policy that balances close ties to the West with independent diplomatic moves. If he is unable by the end of the year to show real progress toward reducing unemployment and entering the EC, leftist demands could increase and some of his political support could erode.* [redacted]

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The Socialist Party's centrist platform contributed substantially to its election victory last fall. Since then, Gonzalez has adopted predominantly middle-of-the-road policies, in part to hold on to his moderate constituents. The Prime Minister's efforts to reduce inflation, contain the budget deficit, and increase exports also conform to his views of what is best for the country. [redacted]

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This approach, however, carries some costs. Unemployment has climbed to 18 percent since the Socialists took power. Leftwing Socialists are disconcerted by the government's approach but have not yet begun to blame Gonzalez for continuing problems. [redacted]

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Gonzalez's continuing political success—as demonstrated by the Socialists' near sweep of the local regional elections in May—has chastened potential critics on both the left and right. The Communists have carefully hedged their opposition because they do not want to appear to be undermining the first left-of-center government in nearly 50 years. The military has been impressed by the Socialists' popular support and pleased by the government's purchase of the F-18 fighter-bomber and its tough stands on terrorism and the recovery of Gibraltar as Spanish territory. [redacted]

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### **NATO and the EC**

There are signs that Madrid is increasingly aware of the benefits of full military integration. Last month Gonzalez supported the Alliance's decision on INF deployment, and Defense Minister Serra—a principal backer of NATO—has pledged publicly that Spain will participate in Alliance military maneuvers. [redacted]

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In addition, Spanish ministers attended both the Defense Planning Committee and the North Atlantic Council meetings earlier this month. Pressure from Foreign Minister Moran and other members of the Socialist left, however, forced the Spanish delegates to both meetings to reaffirm that Spain has not yet made a final decision on NATO. [Redacted]

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Gonzalez's public remarks on INF and his statement that the Socialist Party's long-promised referendum on NATO might be put to the public indirectly appear to have been a first step toward moving both his party and the country toward acceptance of NATO. Nonetheless, Gonzalez will not be able to press much further on integration until the economy rebounds and increases his political capital with leftist voters. He also has informed Western officials that at least limited progress on Madrid's bid to recover Gibraltar will be necessary to swing Spanish opinion behind the Alliance. [Redacted]

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Progress in Spain's negotiations to enter the EC is crucial to the integration issue. [Redacted]

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[Redacted]

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The US Ambassador reports that Gonzalez [Redacted] moved Kohl to launch a diplomatic campaign to speed Spain's accession to the EC. A major obstacle to Spanish entry, however, is the potential burden it poses for the Community's budget. The Ambassador believes that both Madrid and the EC may try to reduce that cost by pressing the US for concessions on the exports of vegetable oils to the Community. [Redacted]

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**Latin America and the US**

During his recent trip to Latin America, Gonzalez strongly endorsed the peace initiative in Central America by the "Contadora" countries—Venezuela, Mexico, Colombia, and Panama—and criticized US policy. He also suggested that US and Cuban intervention in Central America magnified regional tensions by transforming them into East-West disputes. Although Gonzalez acknowledges the undemocratic character of Nicaraguan and Cuban regimes, he believes that US opposition has increased their dependence on Moscow. [Redacted]

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Gonzalez's independent stance on Central America is a blend of political expediency and personal conviction. Activist policies toward Latin America are popular with many Spanish voters, and taking issue with the US about the problems in that region reduces some of the misgivings Spanish leftists have about Madrid's close defense relationship with Washington. [Redacted]

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There are probably limits, however, on how far Gonzalez will push his line on Central America. [Redacted]

[Redacted]

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**Outlook**

Public support for Gonzalez could begin to soften by the end of this year if the economy fails to improve and he has not made progress on EC accession or achieved some other foreign policy success. At that point, the call by Communist trade unions for more expansive policies could begin to strike a responsive chord in Socialist unions and among the working class generally. [Redacted]

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The Prime Minister, however, is a skillful and determined politician. Even a substantial increase in leftist pressure would not easily budge him from his middle-of-the-road course. [Redacted]  
[Redacted]

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