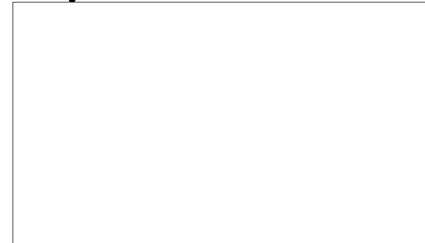




**Director of  
Central  
Intelligence**

~~Top Secret~~



# **National Intelligence Daily**

*Wednesday  
23 November 1983*

~~Top Secret~~

CPAS NID 83-274.IX

23 November 1983

Copy 275

**Page Denied**

**Top Secret**



25X1

**Contents**

---



25X1

**El Salvador: Insurgent Attacks in the East** ..... 2

**Jordan: Increased Security Concerns** ..... 3

**France-USSR-Lebanon: Possible French Initiative** ..... 4

**Poland: Jaruzelski Increases His Power** ..... 5

**Hungary: Trade Union Criticism** ..... 6



25X1

**West Germany: Bundestag Approves INF Deployments** ..... 9

**West Germany-France: Kohl and Mitterrand Meet** ..... 9

**UK-Lebanon: Movement of Warships** ..... 10

**Brazil: New IMF Agreement** ..... 10

**Suriname: Effort To Build Popular Support** ..... 11

**Jamaica: Opposition in Disarray** ..... 11

**Yugoslavia: Budget Legislation Stalled** ..... 12

**Venezuela: Refinancing Without IMF Austerity** ..... 12

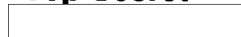
**Special Analysis**

**Israel-US: Visit of Prime Minister and Defense Minister** ..... 13

25X1



**Top Secret**



25X1

23 November 1983

**Page Denied**

Next 2 Page(s) In Document Denied

**Top Secret**

[Redacted]

25X1

**EL SALVADOR: Insurgent Attacks in the East**

*The government's military position in the eastern part of the country continues to deteriorate.* [Redacted]

25X1

[Redacted]

25X1

The guerrillas claim they killed 12 government troops and took some 135 prisoners and 150 weapons in an attack last weekend on Anamoros in La Union Department. The US defense attache reports that the insurgents shelled Santa Rosa de Lima on Sunday and attacked government garrisons in La Union City on Monday with mortar and automatic weapons fire. [Redacted]

25X1

Government commanders are voicing increased concern about the direction of the war. A senior Air Force officer recently told US officials in San Salvador that the war effort lacks adequate direction, coordination, and leadership. He cited guerrilla control of large areas in eastern and central El Salvador and urged the US to persuade Vides to make command changes, claiming the Defense Minister will not act decisively otherwise. [Redacted]

25X1

**Comment:** The Army will have to take strong measures in the east to prevent further losses. On the other hand, if the government sends many units to reinforce the area, it risks more setbacks in the central and northern regions. [Redacted] the guerrillas are planning new attacks in Chalatenango as soon as government units are diverted elsewhere. [Redacted]

25X1

25X1

Vides, in considering command changes, is caught between hardline conservative officers who want their members in key positions and more moderate commanders who fear the growth of rightwing influence in the military. Vides has to placate both factions or risk further divisions in the officer corps similar to those that unseated his predecessor earlier this year. [Redacted]

25X1

The insurgents want to score some decisive gains before the elections next year. [Redacted]

25X1

25X1

[Redacted]

**Top Secret**

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**JORDAN: Increased Security Concerns**

*Government officials in Amman believe they are increasingly vulnerable to attacks by Syrian or radical Palestinian groups as regional tensions grow over the PLO crisis.* [Redacted]

25X1

Jordanian contacts of the US Embassy in Amman also are concerned that the probable ouster of PLO chairman Arafat and his followers from Lebanon will ultimately spell trouble for Jordan. They are worried that rebel PLO fighters in Lebanon, who largely insist on armed struggle against Israel, will try to strike at Israel from Jordan. They believe Jordan itself will then become a target as a result of its efforts to prevent the fighters from infiltrating through Jordanian territory. [Redacted]

25X1

25X1

[Redacted]

**Comment:** The Jordanians have responded to the threat of increased infiltration by imposing new restrictions on travel between Syria and Jordan of persons holding Jordanian passports, a large number of whom are Palestinians. Since 1980, Jordanian authorities have experienced periodic problems with what they believe to be Syrian-sponsored terrorist acts. The recent series of security incidents, however, has been the most serious in more than 10 years.

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**Top Secret**  
[Redacted]

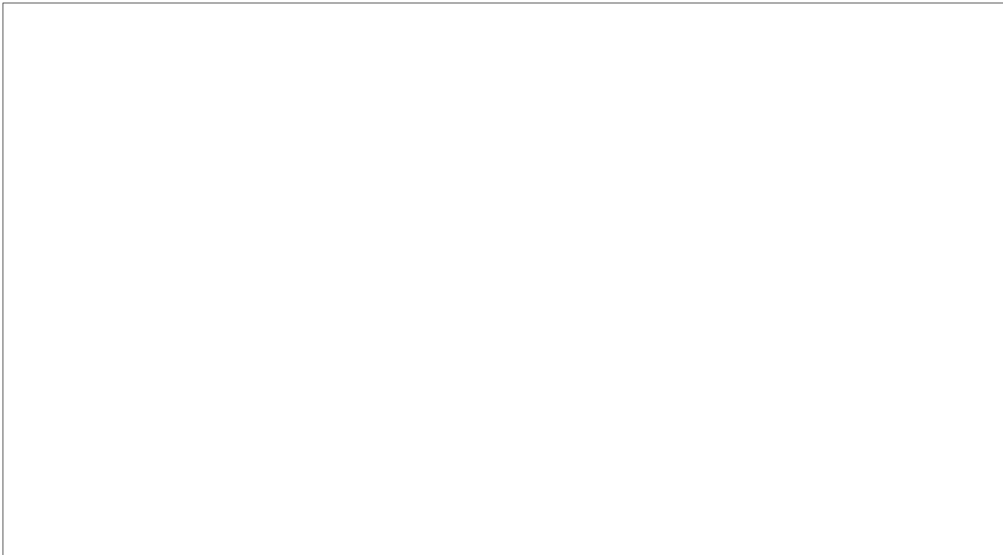
25X1

**FRANCE-USSR-LEBANON: Possible French Initiative**

*Recent French initiatives concerning Lebanon suggest Paris is considering involving Moscow in efforts to resolve the Lebanese problem.* [Redacted]

25X1

25X1



**Comment:** Paris probably hopes that what it views as a common interest in restraining Syria's ambition and in the survival of an independent PLO may make the USSR receptive to French suggestions. France also may hope to organize a new forum for multilateral discussions on Lebanon and may urge the US to consider including the Soviets. At the same time, France may be seeking Soviet backing for replacing the Multinational Force with an enlarged UN peacekeeping contingent. [Redacted]

25X1

The Soviets would welcome French support for their inclusion in either Lebanese or Arab-Israeli peace negotiations, but they probably have no illusions that a new initiative is likely to be successful any time soon. Moscow sees support for Damascus as its best option for achieving its objectives in the Middle East; and it would not cooperate with the French in any effort to put pressure on the Syrians. [Redacted]

25X1

**Top Secret**  
[Redacted]  
23 November 1983

25X1

**Top Secret**



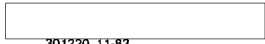
25X1

### Poland: Appointments to Government

**Florian Siwicki**  
Defense Minister



Highly competent commander and staff officer . . . Soviet trained . . . served as Jaruzelski's deputy in Ministry of National Defense for a decade.



301220 11-83

**Zbigniew Messner**  
Deputy premier for economy



Party chief in Katowice . . . politically minded economist . . . reportedly a good administrator.

**Manfred Gorywoda**  
Head of Planning Commission



Party secretary . . . professional economist . . . served for several years in Central Committee's Economic Department.

25X1

**Top Secret**



23 November 1983

25X1



**Top Secret**

[Redacted]

25X1

**POLAND: Jaruzelski Increases His Power**

*Party leader Jaruzelski strengthened his political position and sought greater control over unresponsive economic bureaucracies in recent meetings of the Central Committee and the parliament.* [Redacted]

25X1

Jaruzelski relinquished the Defense Ministry to his close ally, General Siwicki, but he was chosen by the parliament to head the revamped National Defense Committee. This committee is empowered to declare a state of war or, in the case of domestic troubles, a state of emergency. [Redacted]

25X1

In his speech last week to the party's Central Committee, Jaruzelski reiterated that the road to economic recovery is long and difficult but that there has been gradual improvement. He said that some modifications to economic reforms are needed and that proposed increases in food prices are necessary. Polish bishops as well as the Solidarity underground have urged that the increases be reduced. [Redacted]

25X1

The parliament yesterday appointed two senior party officials to economic portfolios. The party chief from the Silesian industrial region, Zbigniew Messner, will become deputy premier to oversee the economy. Manfred Gorywoda, party secretary for the economy, will take over as head of the Planning Commission. [Redacted]

25X1

**Comment:** The meetings demonstrate Jaruzelski's continuing focus on security matters. The new National Defense Committee is another effort by Jaruzelski to create an institutional framework to facilitate quick reaction to unrest. As its head, Jaruzelski could maintain control over foreign and domestic policies, even when he eventually gives up his position as premier. [Redacted]

25X1

On economic matters, he only promised more of the same. Messner and Gorywoda, who probably share Jaruzelski's cautious approach to change, are likely to have little immediate impact on the government's economic "reform programs." This is little more than a collection of administrative changes. [Redacted]

25X1

The price increases in January probably will lead to sporadic protests. The authorities are keeping a close watch on the public mood, however, and are prepared to contain demonstrations. [Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**Top Secret**

[Redacted]

25X1

**HUNGARY: Trade Union Criticism**

*The increasingly open debate between the trade union leaders and the regime probably reflects widespread worker resistance to austerity measures to help restore financial stability.* [Redacted]

25X1

The official radio says trade union chief and Politburo member Gaspar acknowledged to a union delegates' meeting last week that the lives of many families have become more difficult, implying that the fault lies with excessive retail price increases imposed by the government. Gaspar also indirectly criticized the extent of party control over the unions by telling workers unhappy with the union leadership that "factors outside the control of the movement" often force policies on it. [Redacted]

25X1

Secretary of the Central Committee Nemeth, in a party plenum speech last month, attacked union leaders for not adapting to changing circumstances. He accused them of representing parochial concerns of union members rather than national interests. [Redacted]

25X1

**Comment:** Factory workers have been suffering disproportionately from government efforts to reduce domestic consumption in order to make more goods available for export. Workers in heavy industry, the group most dependent on union support, have been particularly hurt, because their skills are not easily transferable to the thriving private sector and they cannot supplement their incomes there. [Redacted]

25X1

The official trade union movement in Hungary has been more outspoken than those of other Warsaw Pact states, but this is its most direct criticism of government policy in at least a decade. The regime probably would like to fire Gaspar, but it may be concerned that his removal now could endanger party chief Kadar's carefully built domestic consensus. Kadar—who is already cautious—may become even more hesitant to enforce austerity and reform measures that will further erode the living standards of industrial workers. [Redacted]

25X1  
25X1

[Redacted]

**Top Secret**

[Redacted]

25X1

**Page Denied**

Next 1 Page(s) In Document Denied

**Top Secret**

[REDACTED]

25X1

**WEST GERMANY: Bundestag Approves INF Deployments**

The Bundestag yesterday endorsed the government's policy on INF, paving the way for Pershing II deployments to begin. The government's resolution, which was approved by a margin of 286 to 226 with one abstention, states that deployments have to commence because no arms control result has been achieved in Geneva, "despite the greatest efforts of the US and its Allies." It also welcomes Washington's readiness to continue the INF negotiations and advocates an intensification of the East-West dialogue in all fields in order to improve the prospects for future arms control agreements. A resolution presented by the Social Democrats rejecting deployments was defeated with 39 abstentions and 294 "no" votes, including at least four by either Social Democratic or Green deputies.

[REDACTED]

25X1

**Comment:** The government's motion is unambiguous in its endorsement of deployments. Voting on it appears to have been along party lines. Former Chancellor Schmidt, former Defense Minister Apel, and other Social Democrats who opposed their party's rejection of deployments chose to express their dissent during the vote on the Social Democrats' resolution rather than endorse the government's motion or abstain.

[REDACTED]

25X1

**WEST GERMANY-FRANCE: Kohl and Mitterrand Meet**

Chancellor Kohl and President Mitterrand will discuss INF and preparations for the EC summit next month at their semiannual meeting beginning tomorrow in Bonn.

[REDACTED]

25X1

**Comment:** The two leaders probably will issue a statement endorsing INF deployments as a necessary response to the prior Soviet buildup while expressing their continued desire for an arms control agreement. They almost certainly will not resolve their differences on budget reform, financing the Common Agricultural Policy, and other EC issues. Kohl and Mitterrand would like Europe to appear politically united following INF deployments, however, and they probably will emphasize their determination to achieve progress on EC reforms at the EC summit. They also may discuss joint weapon production projects, although they are unlikely to announce any new final agreements.

[REDACTED]

25X1

**Top Secret**

[REDACTED]

25X1

**Top Secret**

25X1

**UK-LEBANON: Movement of Warships**

The UK is sending two warships to Lebanese waters, with a third to arrive sometime next week. The destroyer Glamorgan and the frigate Brazen arrived yesterday off Lebanon, and the assault ship Fearless, with its complement of 90 Royal Marines, is scheduled to replace them at the end of the month. London is portraying the move as a way to improve logistic support for the 100-man British contingent with the Multinational Force in Beirut. [redacted]

25X1

**Comment:** The British have been willing to remain in the Multinational Force as long as casualties and expenses are not high. Recent attacks on the French and US contingents, along with French and Israeli reprisals, have increased London's fear of a possible attack on its forces. Although an immediate pullout is not contemplated, the British may remove nonessential personnel or have off-duty troops sleep on the ships. The ships also could provide protection and a refuge in case of an evacuation. [redacted]

[redacted]

25X1  
25X1**BRAZIL: New IMF Agreement**

The IMF's approval yesterday of a revised stabilization program for Brazil restores critically needed foreign financial support, but the new disbursements still leave Brasilia with an uphill economic struggle. In return for commitments on more restrictive fiscal, monetary, and wage measures, the IMF and foreign banks will release frozen payments totaling \$3.2 billion. Brazil also is seeking \$6.5 billion in new pledges from foreign banks. [redacted]

25X1

**Comment:** Resumed disbursements will be barely enough to cover Brazil's obligations to repay bridge loans obtained from the Bank for International Settlements and foreign commercial banks. The major portion of any new foreign bank pledges will have to be used to clear up overdue interest and foreign payments of more than \$3 billion. Although Brazil has surmounted its immediate financial crisis, it probably will have considerable difficulty meeting ambitious targets the IMF has set for 1984 on inflation, the public-sector deficit, and the balance of payments. [redacted]

25X1

**Top Secret**

25X1

**Top Secret**

[Redacted]

25X1

**SURINAME: Effort To Build Popular Support**

Army Commander Bouterse will announce his "Movement of National Unity" tomorrow at a mass rally in another effort to mobilize popular support to legitimize his regime. According to the US Embassy, the movement proposes a radical overhaul of Suriname's society, politics, and economics. Religious and traditional party leaders reportedly will not support this effort. They believe it rejects a return to democracy and reaffirms the dominance of the military, which has held power since 25 February 1980. [Redacted]

25X1

**Comment:** Bouterse has planned the ceremony to coincide with Independence Day, and he will try to stir up nationalist sentiment by blaming economic problems on the Dutch and the US. The radical tone of his unity movement may be intended to salvage his revolutionary credentials following the ouster of the Cubans and the removal of some radicals from the government. Like Bouterse's past attempts to justify his coup, however, this new program is unlikely to attract widespread support. [Redacted]

25X1

**JAMAICA: Opposition in Disarray**

The opposition People's National Party is reacting to rumors that Prime Minister Seaga will call for general elections before the end of the year by claiming that the government had agreed that no voting would take place before voter registration is complete. It also is warning it will boycott an early election. According to the US Embassy, the registration process is unlikely to be completed before May or June. [Redacted]

25X1

**Comment:** Former Prime Minister Manley's party foresees a debacle if elections are held soon. The party is in poor condition financially and organizationally, and it has been hurt by Manley's unpopular denunciation of the intervention in Grenada. It also has been damaged by Seaga's charges that it was involved in subversive activities in the region and by his harping about its close connections with Cuba. Party moderates are trying to gain political ground by focusing on Jamaica's economic problems, but this approach is unlikely to have much success over the short term. [Redacted]

[Redacted]

25X1

25X1

**Top Secret**

[Redacted]

25X1

**Top Secret**

25X1

**YUGOSLAVIA: Budget Legislation Stalled**

The Federal Assembly's rejection yesterday of a strict, anti-inflationary federal budget for 1984 is a major challenge to the federal government. The draft budget would limit federal expenditures to a 19-percent increase, not enough to satisfy the demands of some republics. Government spokesmen warn that the draft might have to be substantially redrawn unless agreement can be reached soon. [redacted]

25X1

**Comment:** This is a setback to Prime Minister Planinc's efforts to reassert federal authority and meet the expectations of the IMF and other foreign creditors. As regional leaders continue to place local priorities above the interests of the country as a whole, other key economic legislation scheduled for this winter is likely to lag. The budget deadlock increases pressure on federal party leaders to reply forcefully or else lose face at home and abroad. [redacted]

25X1

**VENEZUELA: Refinancing Without IMF Austerity**

Venezuela will not seek an agreement with the IMF if leading presidential candidate Jaime Lusinchi wins the national elections in December as anticipated. Instead, Lusinchi plans to impose limited austerity measures to gain approval from international lenders, according to one of his senior economic advisers. Foreign bankers are expected to lift their earlier requirement that Caracas accept an IMF program before \$18.4 billion in foreign debt can be rescheduled, and they are drafting a new refinancing proposal. [redacted]

25X1

**Comment:** To encourage a consensus among lenders on rescheduling the debt, Caracas will need to impose enough economic discipline to keep debt interest payments current. Lusinchi probably will be able to achieve this in the short term, because Venezuela's balance-of-payments position has improved and it has adequate foreign reserves. Although a rescheduling of payments without an IMF austerity package could encourage other debtor countries to call for greater flexibility from the Fund, few if any of the developing countries have the reserve position that has enabled Caracas to work unilaterally with the banks. [redacted]

25X1

**Top Secret**

25X1

**Top Secret**

25X1

**Special Analysis****ISRAEL-US: Visit of Prime Minister and Defense Minister**

*Prime Minister Shamir and Defense Minister Arens come to Washington next week anticipating discussions on expanded cooperation with the US. They believe Israel is in a strong bargaining position, and they probably will ask for action on a number of aid and cooperative ventures in return for their agreement to consider more active support of US regional policy. They are likely to urge the US to put pressure on Egypt to return its ambassador to Tel Aviv, and they plan to raise a controversial Israeli program for resettling West Bank Palestinian refugees.*

25X1

Shamir believes that the US need for Israeli support to achieve important policy goals in the Middle East, such as the reduction of Soviet influence and Syrian withdrawal from Lebanon, puts him in a strong position in his talks during the visit. Recent US moves—particularly the decision to permit Tel Aviv to use US aid funds to develop the Lavie fighter aircraft—and the approaching US election campaign have persuaded the Israelis that the climate in Washington is likely to be receptive to their views and requests.

25X1

**Economic Problems**

The Israelis probably hope to obtain additional US aid on more favorable terms. Shamir has said publicly that he would devote most of his visit to economic matters. He said that Israel has the right to ask Washington to help in solving the country's economic problems, because it is in US interests to assist Israel.

25X1

Finance Minister Cohen-Orgad is advocating an austerity program to achieve his primary goal of improving Israel's balance-of-payments position. He is calling for a real decline in private consumption of 7 percent next year. The cabinet recently approved tax increases and budget cuts, in addition to those agreed to in August, designed to reduce the budget deficit by \$2 billion.

25X1

Shamir's fragile government, however, almost certainly lacks the political will to enforce an austerity program for the two to three years that would be required to make it work. Members of TAMI, a small party in the coalition with a low-income constituency, are opposed to cuts in social welfare spending. Ministers have become adept at thwarting budget cuts, moreover, by using "unanticipated" price hikes to justify higher outlays.

25X1

*continued***Top Secret**

25X1



**Top Secret**

25X1

An agreement with Histadrut, the large labor organization, to reduce cost-of-living adjustments will be necessary to curb private consumption. Histadrut officials, knowing that Israeli governments are extremely sensitive to unemployment, feel under little pressure to moderate wage demands to protect jobs. Since the inflation rate could reach 200 percent this year, Histadrut leaders will be extremely reluctant to allow any tampering with the indexation system that has protected Israelis from the effects of triple-digit inflation. [redacted]

25X1

Additional US assistance would allow the Israelis to postpone dealing with the balance-of-payments problem. It also could provide some of the foreign exchange required if rising unemployment forces the government to pursue expansionary policies. [redacted]

25X1

The Israelis probably will renege on a proposal made by former Finance Minister Aridor and ask for \$1.7 billion in Foreign Military Sales credits for FY 1985, with an increase in the grant portion. Aridor had indicated that he would only ask for \$1.3 billion in such aid if the US would provide the entire sum as a grant, but Arens had opposed this cut in military aid. In addition, the Israelis may ask that a large portion of the \$910 million in economic aid in FY 1984 be disbursed early to shore up Israel's foreign exchange reserves. [redacted]

25X1

### **Expanded Cooperation**

Shamir will be cautious in approaching his discussions on closer cooperation. He clearly would like to see high-profile combined air and naval maneuvers and the stocking of US equipment in Israel, but he will want to know what is expected of Israel in return. Shamir will be reluctant to get drawn into an understanding that might require Israel to support US objectives that it does not share. [redacted]

25X1

The Prime Minister also will be cautious in discussing Lebanon. The Israelis see continued US backing for President Gemayel's government as crucial in deterring Syria, but they will be reluctant to agree to a broader military commitment for Israel there. Israeli public opinion opposes any greater involvement in Lebanon, and Shamir probably would face difficulties with his cabinet if he tried to win approval for any military moves going beyond retaliatory airstrikes. [redacted]

25X1

Instead, the Israelis are likely to argue that the US, Israel, and Gemayel should focus on increasing public political cooperation to show the Syrians that they cannot dominate the Beirut government. They will urge the US to press Gemayel to be more cooperative. Since the signing of the Israeli-Lebanese withdrawal agreement on 17 May, Gemayel has not met publicly with any Israeli officials. [redacted]

25X1

*continued***Top Secret**

25X1

**Top Secret**

25X1

Shamir will resist any US effort to get him to agree to substantial modifications in the accord of 17 May. He believes the agreement is central to Israel's hopes for peace agreements with other Arab countries and that its abrogation would be a major victory for Syria. Israel may be willing, however, to consider minor modifications in the agreement. [redacted]

25X1

### **Egypt and the Peace Process**

The Prime Minister probably does not expect lengthy discussions of the peace process. If pressed, however, he will repeat Israel's earlier rejection of the US peace plan and reiterate his view that the Camp David autonomy process is the only workable approach to the Palestinian problem. [redacted]

25X1

Shamir also will urge the US to keep pushing Egyptian President Mubarak to be more forthcoming on relations with Israel. The Israelis believe that US pressure on Mubarak has resulted in a recent slight improvement in ties, and they probably will exhort US officials to continue efforts to get Cairo to return its ambassador to Tel Aviv. [redacted]

25X1

An Israeli cabinet minister told US officials last week that Shamir plans to propose a scheme for moving West Bank Palestinian refugees out of their camps into permanent housing during his talks. The Israelis hope that the US will provide substantial funding for the plan—they estimate it will cost at least \$1.5 billion—and help with raising funds from international donors. West Bank Palestinians oppose the plan. [redacted]

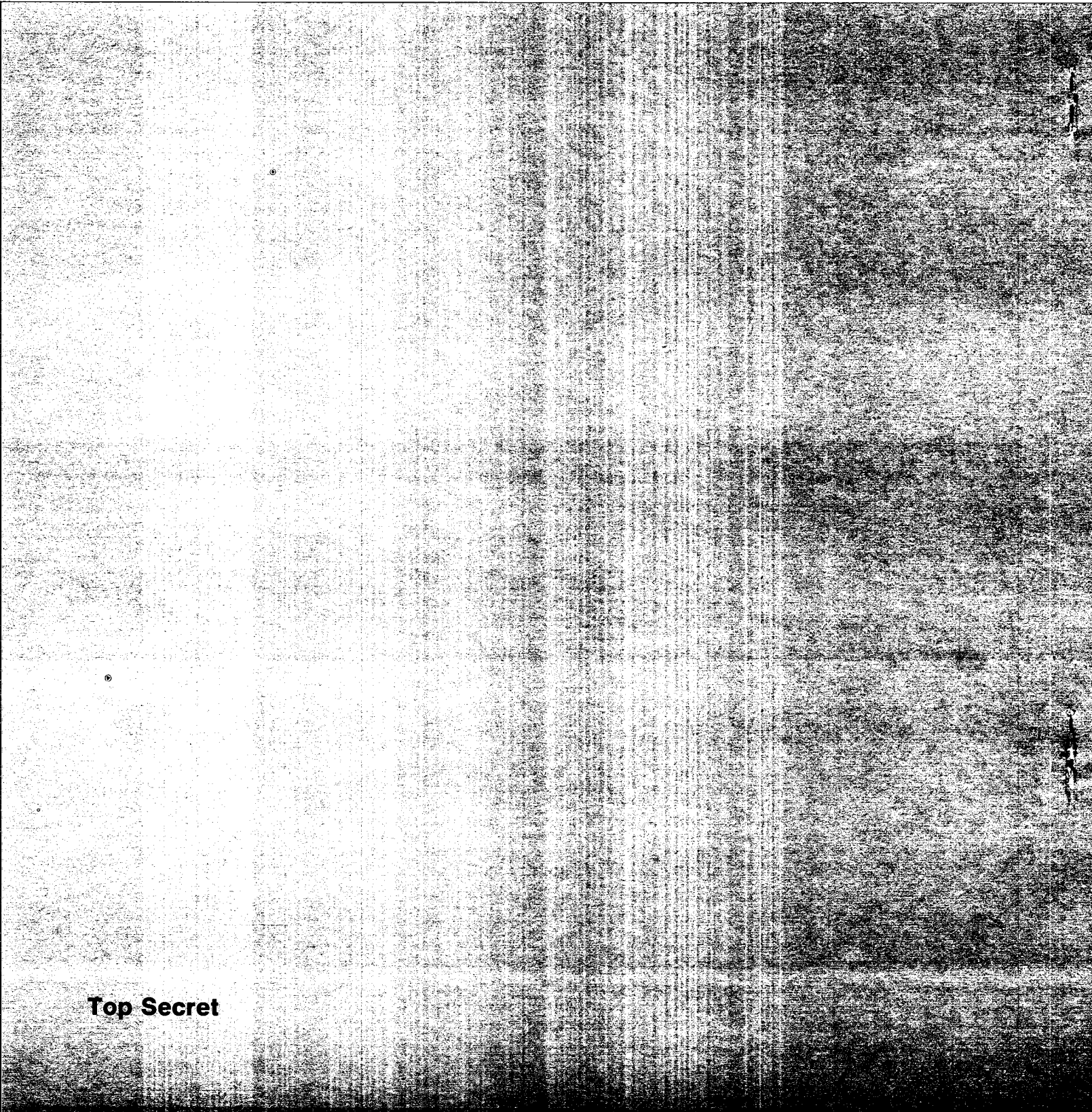
25X1

**Top Secret**

25X1

**Top Secret**

25X1



**Top Secret**