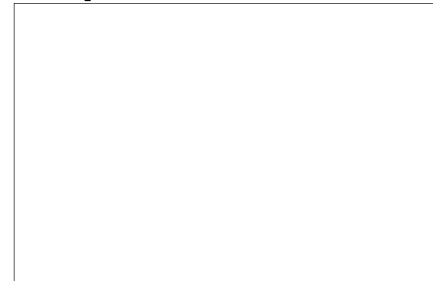




**Director of
Central
Intelligence**

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National Intelligence Daily

*Wednesday
26 October 1983*

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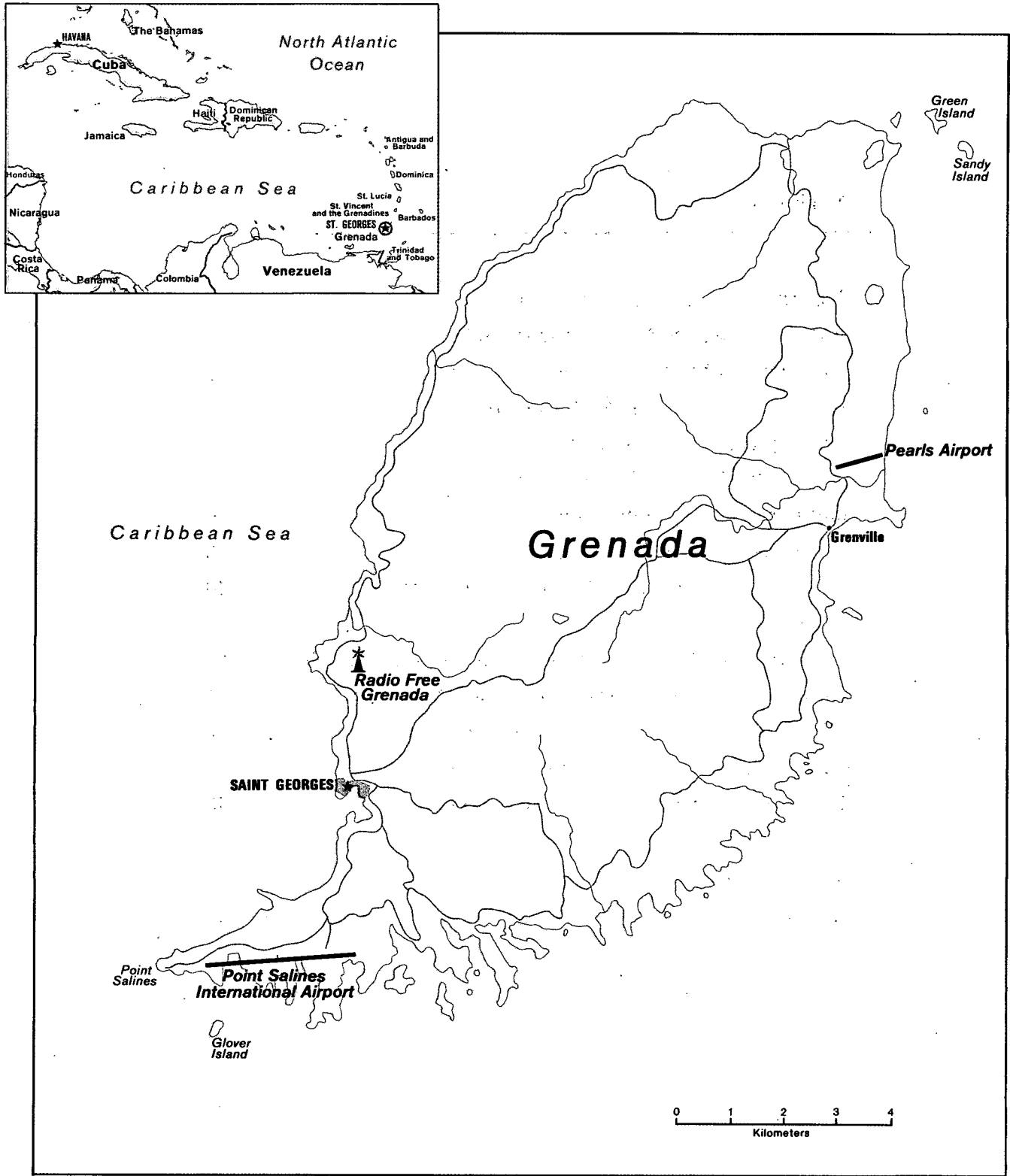


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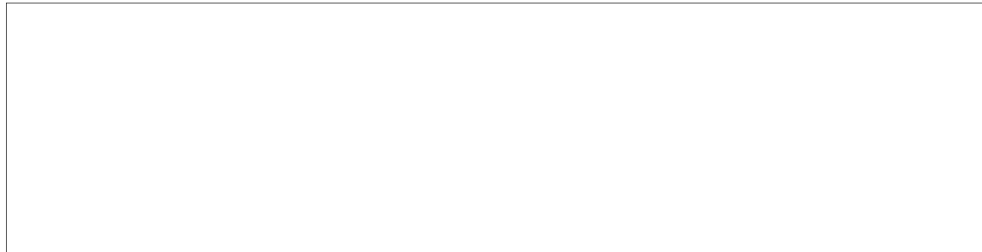
GRENADA: International Reactions

(Information as of 2300 EDT, 25 October 1983)

Cuban personnel apparently took an active role in helping the Grenadian military resist US and other elements of the multinational force during the fighting yesterday. Worldwide reaction to the situation has varied from praise to condemnation.

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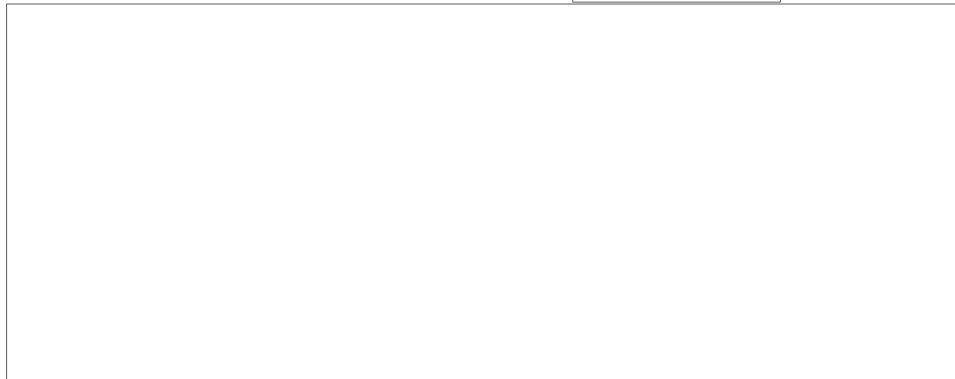
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The Cuban media began broadcasting descriptions of the Cuban resistance on the island yesterday, stating that the Cubans "would not surrender under any circumstances."

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Comment: At least 400 Cubans were estimated to be on the island at the time of the coup last week, of which all but a few dozen were construction workers. Most of them are military reservists and appear to have been armed and organized into small military units. They may also have been reinforced by some personnel from the Vietnam Heroico.

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Havana—by taking a fighting stance against the US—may hope to drag out the hostilities in an attempt to gain a propaganda victory. The Cubans' resistance against heavy odds also gives the Castro regime a face-saving, low-cost means of covering up its failure to anticipate the leadership struggle in Grenada and to support the late Prime Minister Bishop.

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British Reaction

Prime Minister Thatcher, during a stormy question session in the House of Commons, said she had warned the US that the UK had "very considerable doubts" about intervention in Grenada, and she confirmed that no British forces were involved in the landings. Thatcher added that she believed requests from Caribbean governments had played a major role in Washington's decision to act.



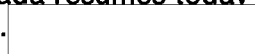
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Foreign Secretary Howe, responding to demands that he disclose the extent of US consultations with the UK, said the Prime Minister had been informed of US plans on Monday. He announced that the British destroyer Antrim, cruising near Grenada, was under orders to remain clear of the fighting.



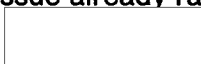
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Debate in the House of Commons on Grenada resumes today with a special three-hour "emergency" session.



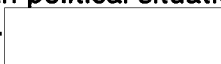
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Comment: The tone of Thatcher's and Howe's remarks indicates concern about a credibility problem that could lead leftwing Laborites and rightwing Tories to charge that Washington cannot be trusted to inform London promptly of its actions, even when they affect a Commonwealth member. Such accusations could reopen the question of "dual key" controls on INF, an issue already raised by a prominent rightwing Member of Parliament.



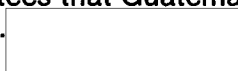
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In order to limit damage, Thatcher probably will encourage Caribbean members of the Commonwealth to become involved in the restoration of order in Grenada and urge the US to withdraw its forces as soon as possible. Most Members of Parliament probably believe that the US used the unstable Grenadian political situation as an excuse to bring down a leftwing regime.



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Thatcher might reluctantly send a small military contingent to function in a peacekeeping role if the Organization of East Caribbean States requested such assistance. If such a force were drawn from Belize, London probably would try to persuade Washington to use its leverage to obtain guarantees that Guatemala would not act against that country in the interim.



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Soviet Reaction

Initial Soviet commentary claimed the US was trying to subordinate Grenada to neocolonialist rule. Radio Moscow charged that the US also has plans to intervene in Nicaragua and Cuba, and TASS called for a worldwide campaign to demand that the troops of the US "and its puppets" be removed. The Soviets did not immediately report the detention of some of their personnel.



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RUFF UMBRA

LEBANON: Responsibility for the Bombings

[redacted] radical Shia groups were responsible for the bombing attacks in Beirut. [redacted]

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A senior Lebanese Army officer believes the bombings were directed by Husayn Musawi, the leader of Islamic Amal, a breakaway Shia group. The officer noted that the Syrians were involved in planning the operation and that the Iranians probably supported it. The US defense attache says Lebanese intelligence hopes to arrest two persons it suspects played a major role. [redacted]

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In Paris, the US defense attache reports that French military leaders also believe the bombings may have been carried out by pro-Iranian Shias. Although the French are not convinced that Syria or Iran was directly involved, they believe Damascus had advance knowledge of the attacks. [redacted]

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[redacted]

[redacted] The French have in the past demonstrated that they will defend their forces. [redacted]

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[redacted]

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In Moscow yesterday, *Pravda's* top commentator on the Middle East called the bombings a direct result of Washington's "adventurist" policy. On Monday a report on the Soviet nightly television news program accused the US of using the bombings to justify a further buildup of its forces in Lebanon. [redacted]

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Comment: Syrian and Iranian intelligence organizations probably were aware that radical Shias were preparing an operation, but they may not have helped plan it. Syrians or Iranians are unlikely to have participated in the attacks. [redacted]

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Karami and Franjiyah, along with Walid Junblatt, are the major figures in the National Salvation Front who will play a key role in the talks in Geneva. Assad probably will urge them to raise the Israel-Lebanon agreement on troop withdrawal. [redacted]

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The Soviets earlier had issued only brief factual reporting on the bombings. The article in *Pravda* is Moscow's first major comment on the attacks, and it probably will set the tone for future media coverage. Moscow is now trying to capitalize on the incident to further its goal of getting US forces out of Lebanon. [redacted]

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FRANCE: Bleak Socialist Party Congress

Delegates to the Socialist Party congress that begins on Friday will focus on the economy and the government's unpopularity, although the situations in Lebanon, Chad, and the Persian Gulf also will be causes for concern. 


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The previous congress, held in 1981, was largely a celebration of Socialist election victories. The party's factions united to confirm the dominance of President Mitterrand and his followers. 

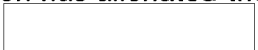
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Comment: Last-minute compromises may again permit a display of party unity this weekend, but factionalism has reappeared. Leftwing candidates favoring a more expansionary and protectionist economic program polled nearly 18 percent of the votes when delegates to the congress were chosen. Awareness of this dissent within the party will underscore the Socialists' failure to rally the country behind the government's policies. 

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Public opinion polls continue to reflect low confidence in the government. Defeats in elections for national and local offices this fall have confirmed that the left no longer commands majority support in France. 

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The two labor unions most closely associated with the government also lost heavily last week in nationwide voting for social security boards. Recent highly political demonstrations by middle-management workers show the extent to which the Socialist-Communist coalition has alienated the moderate voters who ensured its victory in 1981. 

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The congress will put the best face possible on these developments by endorsing Mitterrand's economic program and his less controversial foreign policy. The delegates will question, however, whether the government can restore its fortunes in time to prevent defeat in the legislative elections scheduled for 1986. 

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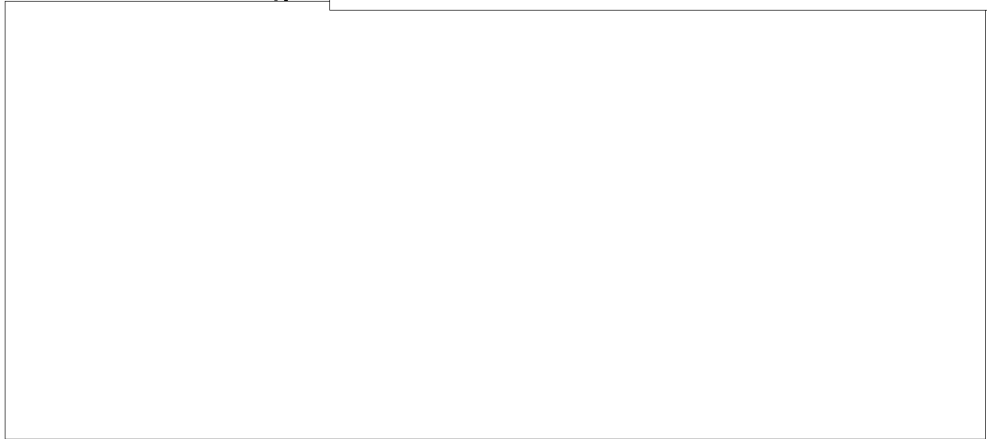
NICARAGUA: Insurgent Actions


Insurgents continue to raid ports and other economic targets in Nicaragua, but several guerrilla commanders apparently have been killed. 

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Press reports state that several civilians were killed last week during a raid on Puerto Cabezas. An insurgent radiobroadcast claimed the attack was the work of the Misura, the Miskito Indian guerrilla organization, which professes to have some 3,000 armed followers in Nicaragua. 

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The Sandinistas claim that as many as 46 persons—mostly civilians—were killed in an attack carried out last week by the Nicaraguan Democratic Force on a small town in Jinotega Department. 



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Comment:



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 the Misura apparently still controls most of the terrain outside of the main towns in the northeast and is able to move freely in the interior. 

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BULGARIA: Looking to the West

Bulgarian party leader Zhivkov is seeking improved ties with the West at a time when the USSR is cautioning against expanded East-West relations. [Redacted]

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[Redacted] Moscow has reduced economic support to Sofia and that Bulgaria recently has adopted a more accommodating policy toward the West to meet its economic needs. The US Embassy in Sofia reports that the Soviets are pushing the Bulgarians to reduce their trade deficit by increasing exports of agricultural and consumer goods to the USSR. In addition, Moscow has rejected Sofia's request for a large, interest-free line of credit—a standard feature of the annual trade package for almost two decades.

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[Redacted] Bulgaria has made a series of gestures over the last few months in an effort to improve its poor image in the West. Zhivkov stressed his desire for better relations with the US during a meeting with the US Ambassador last August, and a Hungarian official recently said Sofia has sought Budapest's advice on ways to accommodate the US concerns. [Redacted]

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Last month Sofia resolved some contentious bilateral issues, including several longstanding divided-family cases, and it has stopped jamming Voice of America broadcasts. Bulgaria also has been less strident than the USSR on the airliner incident and INF deployment. [Redacted]

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Comment: Zhivkov appears willing to risk Moscow's displeasure by expanding economic ties with the West, and his unchallenged position in the leadership enables him to take some controversial initiatives. Zhivkov may now be more inclined to push Bulgaria's national interests because of the Soviets' focus on postsuccession consolidation, but his room to maneuver is limited. [Redacted]

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Bulgaria still relies on the USSR for half its total foreign trade, including most of its energy supplies. As a result, it probably will not stray far from Soviet positions on key international issues. [Redacted]

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[Redacted]

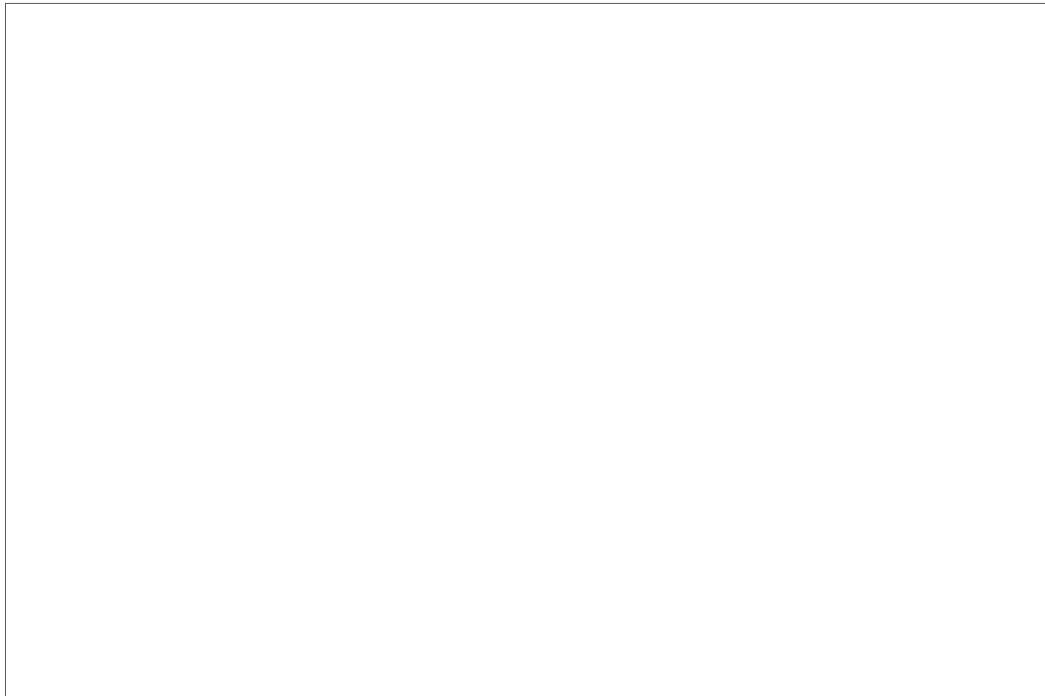
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[Redacted]

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USSR-US-NICARAGUA: High-Level Soviet Statement

The USSR yesterday condemned what it described as a US effort to overthrow Nicaragua's lawful government and said "a serious threat" now exists. A government statement accused the US of sabotaging Managua's efforts to arrange a political settlement in Central America. Although the statement concluded that "interference must be stopped," it did not hint at any counteraction.

[Redacted]

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Comment: The unusually high-level statement suggests that Moscow is increasingly worried about the ability of the Sandinistas to withstand insurgent attacks. Nonetheless, Moscow continues to avoid any commitment to Nicaragua that could lead it into a regional confrontation with the US. The statement is aimed at increasing international support for Nicaragua. Although it was prepared before the military action in Grenada, the Soviets also probably hope it will put pressure on the US to avoid using force elsewhere in the area.

[Redacted]

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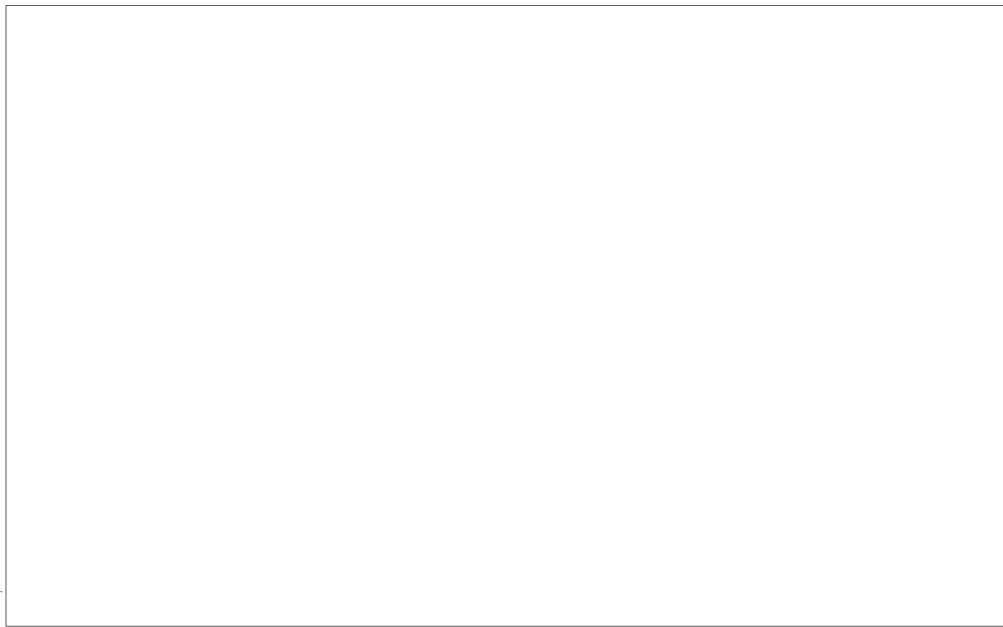
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SAUDI ARABIA: Possible Postponement of Arab Summit



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A senior official in the Saudi Foreign Ministry suggested to US Embassy officers this week that Riyadh might instead promote an early meeting of key Arab foreign ministers.

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Comment:



Saudi diplomatic activity has intensified over the past few months in an effort to ease outstanding problems, including the rift between Syria and Iraq, Syrian hostility toward PLO chief Arafat, and the situation in Lebanon. Riyadh has made little progress on these issues, however, and the summit appears increasingly likely to be postponed. Syria, Jordan, and other Arab states almost certainly would favor a delay.

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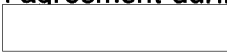
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HUNGARY-EC: Status of Proposed Trade Agreement

EC member states last week endorsed the Commission's negotiations with Hungary on a trade agreement and urged Commission Vice President Haferkamp to draft a bilateral protocol as soon as possible, according to an EC diplomat. Last April the Hungarians requested a trade agreement in order to gain access to EC markets for their beef and industrial products. In recent weeks they have pushed hard for such an agreement during high-level meetings with the West Germans.

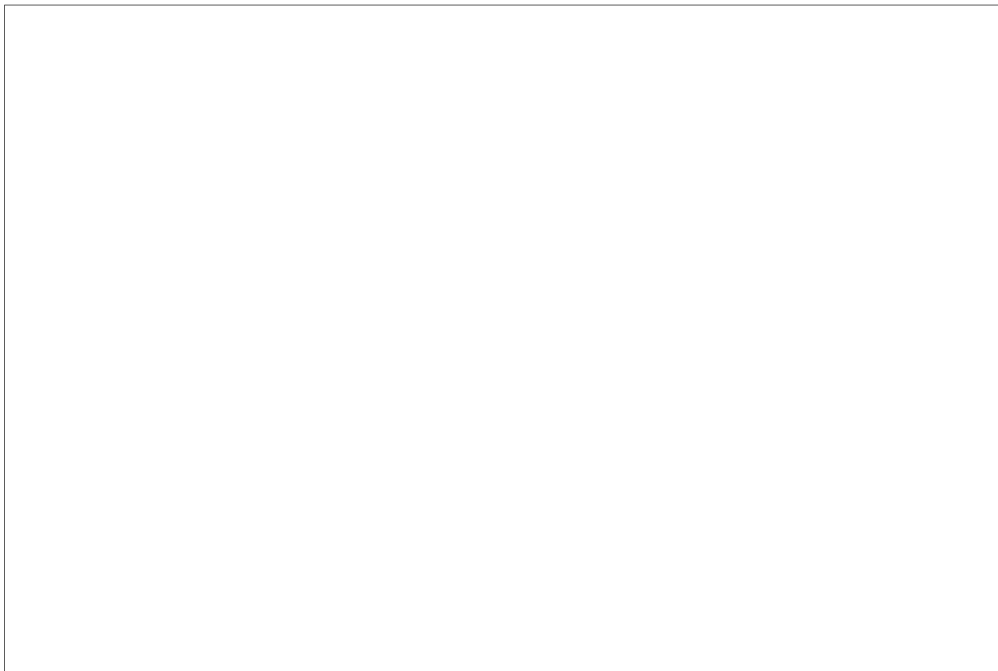


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Comment: Budapest is pursuing the agreement as part of its broader strategy of turning to the West to improve its precarious balance-of-payments position. Negotiations over specific concessions are likely to be protracted. The West Germans and British apparently favor an agreement to loosen Hungary's ties to the East, but the French and Italians fear increased competition from Hungarian agricultural products. Although Budapest probably notified Moscow before approaching the EC for exploratory talks, the Soviets may be concerned that closer ties with the EC could reduce Hungary's traditional role as a food supplier to CEMA.



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USSR: Pressures on the Media

[Redacted]

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[Redacted] in the past few months Soviet media have occasionally been paralyzed by conflicting pressures from Central Committee officials trying to be responsive to different ministries. [Redacted]

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[Redacted] editors-in-chief of the major newspapers receive phone calls each day from various party officials instructing them on how to cover stories. [Redacted] differing demands may have

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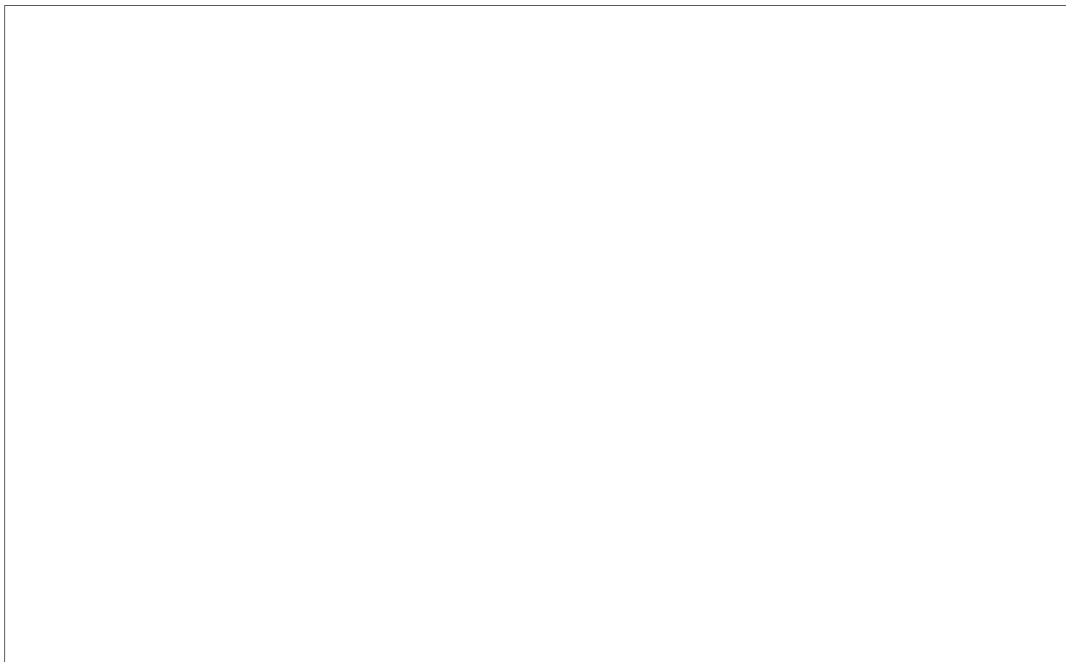
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caused the delays and contradictions last month in the coverage of the airliner shutdown. Moscow expanded the bureaucracy's access to and influence over the media in recent years as part of an attempt to make it more responsive to fast-breaking events. [Redacted]

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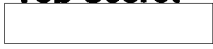
Comment: The Soviets evidently did not foresee the disruptions that conflicting pressures eventually would cause. A recent Politburo meeting calling for better media "coordination" suggests that the problem is being studied and that changes in media personnel and procedures may be coming [Redacted]

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Special Analysis

PLO: Arafat's Precarious Position

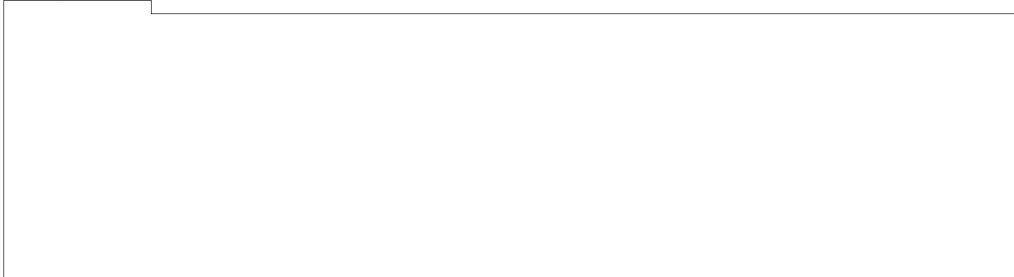
PLO Chairman Arafat has lost his preeminent role in shaping PLO policy, and the balance of power has shifted decisively in favor of the radicals. Arafat and other moderate leaders, if they are to survive, will have to accept collegial rule with the radicals and follow the more militant line the radicals espouse. The eclipse of PLO moderates means there is no longer a credible Palestinian leadership willing to seek a negotiated solution to the Palestinian issue. 

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Arafat continues to maneuver as best he can to retain at least the title of PLO chief. Toward that goal, he still has the support of George Habbash and Naif Hawatmah, who head important leftist Palestinian groups. 

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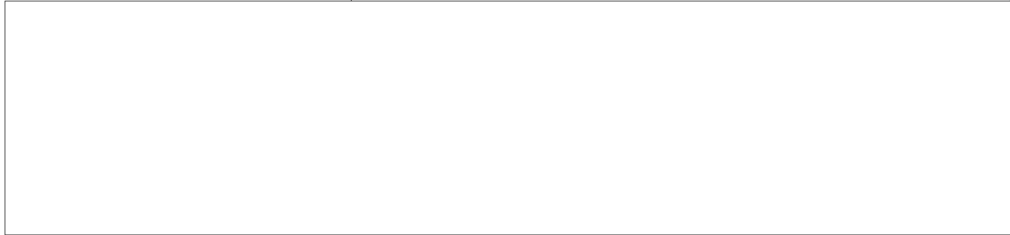
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Arab leaders had all but ignored Arafat's plight since he returned to Lebanon last month. 

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Rebel Strategy

Arafat's opponents continue their military encirclement of his forces in northern Lebanon, but the rebels' desire to establish their legitimacy restrains them and the Syrians from a military assault. They hope the encirclement will demonstrate Arafat's weakness and encourage increasing numbers of his followers to defect. 

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Most of the rebels probably would be satisfied if they could push Arafat into convening a Fatah congress or the Palestine National

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Council—or both—at which Arafat would bow to collegial rule and his moderate lieutenants would be replaced in key positions by radicals. If Arafat refused to compromise, the rebels would try to force a meeting of the PLO organs and the election of new leaders without Arafat's approval. [Redacted]

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The rebels would still have problems, however, even if they gained a majority in the appropriate forums. There would be rancorous debates, and Arafat's remaining followers would try to disrupt the proceedings. The radicals, even if they were able to remove Arafat, would find it difficult to agree on a new leader. [Redacted]

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The cost of forcing Arafat's removal is likely to be a PLO more divided and less influential in the Arab world. This danger gives Arafat some leverage in his attempt to retain a semblance of authority. [Redacted]

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Outlook

Support from key PLO leaders and Arab states will at best buy Arafat some time. His immediate objective, in fact, seems to be to avoid making major concessions until an Arab summit convenes. The PLO chief probably hopes the Arab leaders will unite in urging restraint on Assad, thereby increasing Arafat's ability to negotiate a deal with the rebels and the Syrians. [Redacted]

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The Fatah rebels will become stronger as the widespread disaffection with Arafat's policies leads to further defections from his ranks. The burden is on Arafat to reach an accommodation before the rebels gain enough adherents to oust him by at least nominally legal methods. [Redacted]

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Despite their bitter propaganda exchanges, reconciliation between Arafat and Assad is still possible. It will require, however, that Arafat accept a collective leadership dominated by the radicals and amenable to Syrian direction. [Redacted]

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Radical domination of the PLO leaves the Palestinian nationalist movement without a leadership willing to pursue a political solution of the Palestinian issue. PLO militants will try to preserve some semblance of independence but accept Syria's insistence that the issue be addressed in the context of an overall Arab-Israeli settlement satisfactory to Syria. [Redacted]

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If Arafat were to try to join Jordan's King Hussein in supporting expanded Middle East peace talks, he probably would lose more of his following and thus a legitimate claim to represent the PLO. He also would risk losing the Arab League mandate given the PLO nine years ago to act as the sole representative of the Palestinians. [Redacted]
[Redacted]

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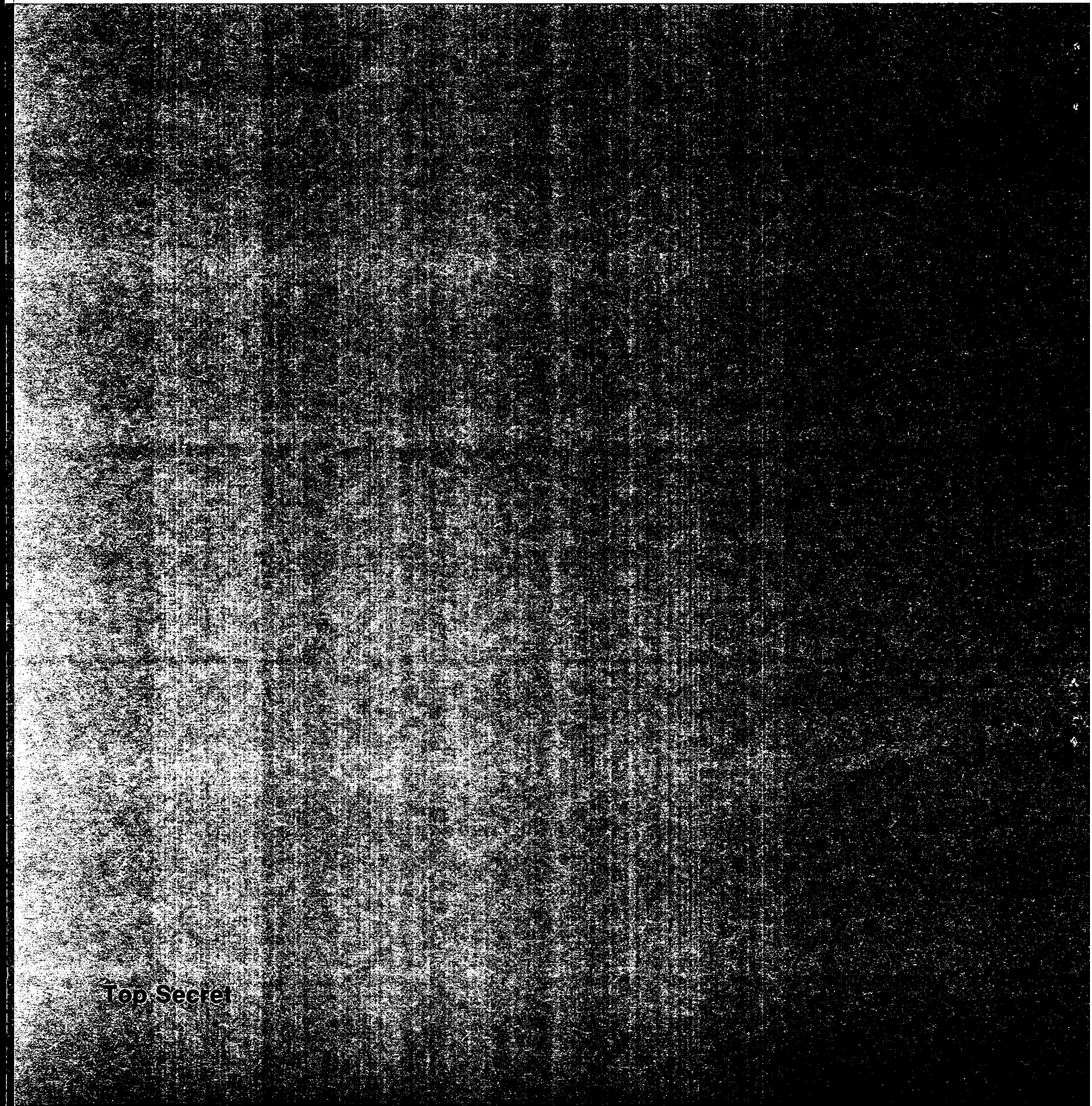
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