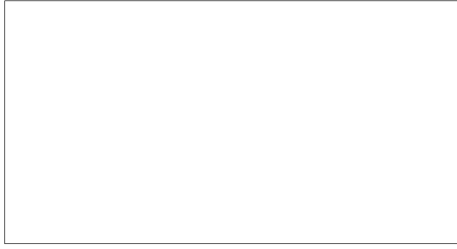




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# National Intelligence Daily

*Tuesday*  
*14 February 1984*

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14 February 1984

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## Contents

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<b>USSR:</b> Chernenko's Speech .....	1
<b>Syria-Lebanon:</b> Support for Shia Leader .....	2
<b>Iraq-Iran:</b> Military Action .....	3
<b>Syria:</b> SS-21 Deployment .....	4
<b>Egypt-Libya:</b> Diplomatic Contacts .....	4
<b>USSR-Syria:</b> MI-17 Helicopter Shipments .....	5
<b>Philippines:</b> Boycott Deadline Runs Out .....	5
<b>Panama:</b> President Resigns .....	6
<b>Nicaragua:</b> Church-State Tensions Ease .....	6
<b>Cuba:</b> New Airfield .....	7



25X1

<b>Norway-USSR:</b> Alleged KGB Officer Expelled .....	8
--	---

### Special Analyses

<b>El Salvador:</b> The Election Campaign .....	9
<b>Iran:</b> Economic Stagnation .....	12

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14 February 1984

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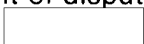


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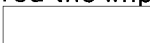
**USSR: Chernenko's Speech**

*Konstantin Chernenko's first speech as party General Secretary at the party plenum yesterday followed the basic domestic and foreign policy lines set forth under Andropov, but it suggests he is receptive to resuming a dialogue with the US.* 

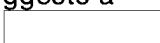
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Chernenko said Moscow would insist on preserving the existing military balance, and he added that the defense sector would be given enough support to cool "imperialist hotheads." Chernenko also pledged, however, to seek a peaceful settlement of disputed issues through "serious and constructive" arms talks. 

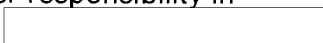
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On domestic policy, Chernenko reaffirmed Andropov's policy of increasing labor discipline while giving more attention to consumer needs. In endorsing steps taken under Andropov to improve economic management, he cautioned party officials against petty interference with the work of economic managers in the government bureaucracy. He also underscored the importance of regional party officials for carrying out policy. 

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**Comment:** Chernenko's pledge of fidelity to the policies initiated under Andropov may reflect the price he paid to gain support within the Politburo for his candidacy. Nevertheless, he did not attribute current international tensions exclusively to US policy—as had become commonplace in Andropov's last months. This suggests a decision in the Politburo to lower the level of vituperation. 

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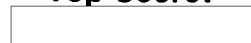
The new General Secretary's remarks on domestic policy appear designed to reassure members of the elite who felt threatened by Andropov's anticorruption campaign, particularly the regional party first secretaries, whose contributions he praised in his speech. Chernenko's statements suggest, however, that like Andropov he is determined to get managers to assume greater responsibility in carrying out changes in the economic system. 

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[Redacted]

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**SYRIA-LEBANON: Support for Shia Leader**

*Syria is supporting the efforts of Shia Amal chief Barri to control West and south Beirut.* [Redacted]

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[Redacted]

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The security situation was fairly calm in Beirut yesterday, as Barri's forces continued to consolidate their control over West Beirut.

[Redacted]

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**Comment:** Damascus is concerned that Iranian activities in Lebanon and growing Shia radicalism could eventually threaten Syrian interests. Syria is now backing Barri in order to block the growth of radical Shia and Iranian influence and to prevent factional bickering from destroying opposition gains in West Beirut. The Syrians receive vital economic support from Tehran, however, and they are unlikely to crack down directly on Iranian activities. [Redacted]

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Syria may believe that Junblatt is inflexible in demanding President Gemayel's resignation and will not consider any proposals from the latter, including abrogation of the accord of 17 May. Barri, on the other hand, has contacts with all other major parties in the current crisis, including the Lebanese Forces. His growing control of West Beirut is a negotiating asset none of the parties can ignore. [Redacted]

[Redacted]

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**IRAQ-IRAN: Military Action**

*Iraq and Iran probably will intensify their attacks on cities and economic targets, increasing the possibility that the fighting could spill over into the Persian Gulf region.* [Redacted]

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The Iraqis launched Scud surface-to-surface missiles against Dezful on Saturday, according to Iranian press reports. Iraqi radio reports state that Iran retaliated on Sunday with artillery attacks on Al Basrah, Mandali, and Khanaqin, inflicting over 100 casualties. [Redacted]

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In response to the Iranian shelling, the Iraqis carried out an air attack on Sunday on the Japanese petrochemical complex at Bandar-e Khomeyni, causing minor damage. Iraq also attacked three Iranian border towns, according to press reports. [Redacted]

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[Redacted] the Iraqis are constructing a Hawk surface-to-air missile site and three ammunition storage areas behind Iranian lines northeast of Al Basrah. [Redacted]

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[Redacted]

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[Redacted] Press reports from Tehran claim that Iranian troops seized two ridgelines in Iraq along the border near Darband-i Khan on Saturday. [Redacted]

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**Comment:** Both sides will find it difficult to back down from the latest round of attacks and retaliation. The longer the cycle continues, the more tempted Baghdad will be to strike at Iran's oil export facilities. [Redacted]

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Iran's preparations continue to suggest that it will launch a large offensive in the Al Basrah and Mandali areas, probably later this month. The Iranian attack on Saturday appears to have been only a small border raid. [Redacted]

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[Redacted]

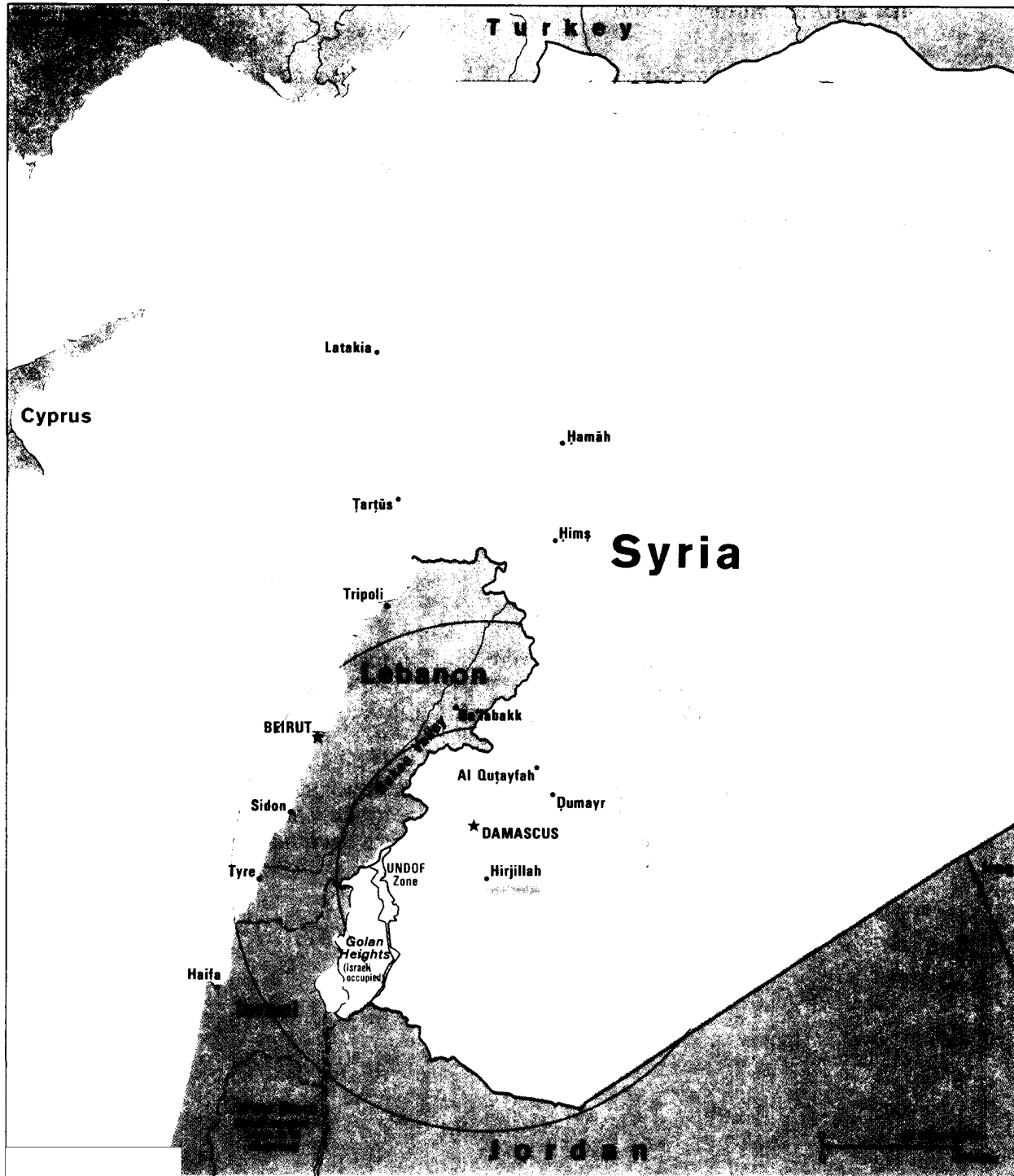
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### SS-21 Deployment



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14 February 1984

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**SYRIA: SS-21 Deployment**

[Redacted]

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[Redacted] Syria began receiving SS-21 missiles last October. The missile is accurate to a range of about 70 kilometers, and from its new location it can hit Israeli positions throughout the Golan Heights. [Redacted]

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**Comment:** Soviet advisers probably have been training Syrian personnel to use the missiles, and the deployment of the SS-21 battalion suggests that the unit has completed its training. Hirjillah is likely to be the permanent garrison of a new SS-21 brigade, but construction of the facilities there is not yet complete. Syria may have deployed the missiles partly to demonstrate that its newest weapon system is operational. [Redacted]

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**EGYPT-LIBYA: Diplomatic Contacts**

Arab press sources report that Egypt and Libya, in talks held in Morocco during President Mubarak's visit there last week, agreed to reduce military deployments along their common border. [Redacted]

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[Redacted]

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**Comment:** Qadhafi is soliciting the good will of the moderate Arabs to limit pressure on Libya and to strengthen his bid for financial assistance from the Persian Gulf states. Mubarak distrusts Qadhafi, however, and the press reports of a military disengagement agreement probably are premature. Moreover, the press leaks may scuttle any further talks the two countries arranged to resolve bilateral issues. [Redacted]

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**The Civilian MI-17 in the Paris Air Show**



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[Redacted]

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**USSR-SYRIA: MI-17 Helicopter Shipments**

[Redacted]

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[Redacted]

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[Redacted]

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In early 1983 Syria took delivery of 12 MI-17s, the first exported by the USSR to a non-Communist client in the Third World. [Redacted]

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**Comment:** These helicopters probably are the ones covered in a contract signed by the Syrian Air Force last December for \$47 million worth of MI-17s. The MI-17, with its more powerful engine, is an improved version of the widely exported MI-8 helicopter. It can carry about 24 troops over a radius of 215 kilometers. [Redacted]

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[Redacted]

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**PHILIPPINES: Boycott Deadline Runs Out**

Opposition groups that threaten to boycott the National Assembly elections in May are planning demonstrations today in Manila's financial district to protest President Marcos's failure to meet their conditions for participating. In addition to election reforms, they also have demanded that Marcos curtail his sweeping executive powers by today. The US Embassy reports that Marcos believes his position has been strengthened by the opposition's disarray concerning the boycott and that he will not make major concessions. [Redacted]

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**Comment:** At least a partial boycott of the elections now seems certain. Both the radical left and moderate groups heavily influenced by the Communist Party—such as the Justice for Aquino, Justice for All alliance—favor a boycott. If only a few opposition parties participate in the elections, they probably will lose credibility as opponents of the regime. [Redacted]

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[Redacted]

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**PANAMA: President Resigns**


President de la Espriella resigned suddenly yesterday, apparently without offering an explanation. Vice President Illueca has assumed the presidency in accordance with the constitution. He immediately indicated he would honor the government's commitment to hold national elections in May. 

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**Comment:** De la Espriella has threatened several times in the past to quit over the military's interference in political matters, but until now Defense Forces Commander Noriega evidently has been able to dissuade him. Illueca's strong leftist views and propensity for taking stands at variance with official policy will make his position with the military tenuous at best. For example, Illueca had his vice-presidential duties curtailed late last year following his public criticism of Panamanian involvement in regional military affairs, which had been openly supported by Noriega. 

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**NICARAGUA: Church-State Tensions Ease**

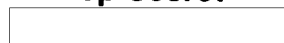
The Sandinistas have backed away from challenging the Catholic Church directly on the autonomy of religious education. According to the US Embassy, the Ministry of Education is allowing a Catholic high school to nominate a new slate of professors to replace a proregime group approved earlier by the Ministry. The church hierarchy has strongly supported the school on this issue, and other Catholic schools have warned that they would go on strike in support, if necessary. The Sandinistas had threatened to close the school, and they organized mobs to demonstrate outside the home of the head of the parents' association. 

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**Comment:** The Sandinistas probably want to avoid a clash at a time when they are presenting their draft electoral law to the Council of State and are preparing to celebrate the 50th anniversary of the death of revolutionary leader Sandino. Church-state tensions will continue, partly because the regime is determined to have more influence over education. Conflict also is possible if the church opposes the Sandinistas on the conduct of elections, as it did last year on draft registration. 

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**CUBA: New Airfield**

A new airfield that could have both military and civilian applications is being built at Pina West near Ciego de Avila in central Cuba.



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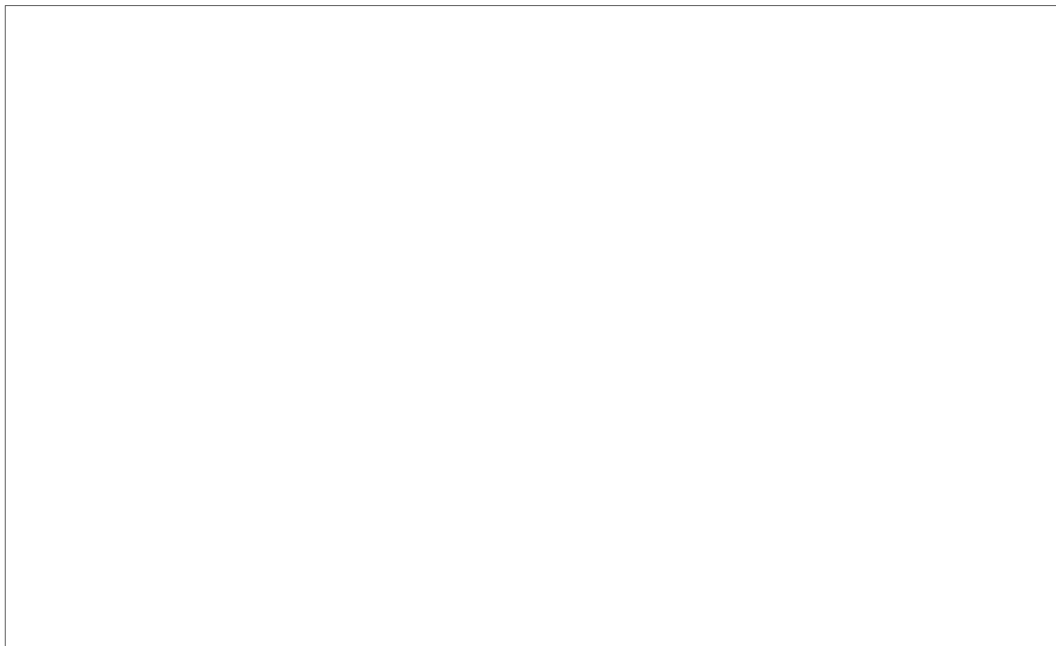
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**Comment:** The isolation of the new field and the existence of a larger airbase near Camaguey, some 100 kilometers to the east, suggest that it will not be a major military airfield. It could be used to accommodate fighters and other aircraft dispersed from home bases during a war or a major crisis. In the past few years, Cuba has improved or extended the runways of a number of secondary or reserve airfields that could be used as dispersal sites. When completed, the new airfield will be able to support all models of jet fighters in the Cuban inventory and most of its transport aircraft.



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**NORWAY-USSR: Alleged KGB Officer Expelled**

The Norwegian Government on Friday expelled the director of a division of a Soviet-owned import firm, on suspicion of being a KGB officer. Norwegian officials charge that the firm was used for intelligence collection. The Soviet Embassy has asked the government to reconsider the decision. 

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**Comment:** Oslo's relations with Moscow are already cool as a result of the expulsion earlier this month of five Soviet diplomats. Norwegian security officials have heightened public awareness of the USSR's activities in Norway by giving interviews stressing the extent of Soviet espionage, including the monitoring of telephone communications. 

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**Salvadoran Political Parties**

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<b>Parties in the Assembly</b>	<b>Political Philosophy</b>	<b>Presidential Candidate</b>	<b>Popular Vote in Election of 1982 (percent)</b>	<b>Assembly Seats</b>
Christian Democratic Party (PDC)	Left-center	Napoleon Duarte	40	24
Nationalist Republican Alliance (ARENA)	Extreme right	Roberto D'Aubuisson	29	19
National Conciliation Party (PCN)	Center-right	Francisco "Chachi" Guerrero	19	5
Authentic Institutional Party of El Salvador (PAISA)	Rightist	Roberto Escobar Garcia	<sup>a</sup>	9
Democratic Action Party (AD)	Center	Rene Fortin Magana	8	2
Salvadoran Popular Party (PPS)	Rightist	Francisco Quinonez	3	1

<sup>a</sup> New party formed from a split in the PCN after the election of 1982.

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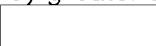
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## **Special Analysis**

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### **EL SALVADOR: The Election Campaign**

*All six parties represented in the Legislative Assembly have fielded candidates for the presidential election scheduled for 25 March. The campaign has been running smoothly, despite a delay in completing a national voter register. Popular interest apparently is high, and campaigning so far has been marked by greater cooperation and less violence than in the election of 1982.*



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No candidate is likely to win a majority in the initial balloting. In that event the two top finishers will face each other in a runoff within 30 days.



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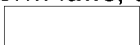
The finalists will need the support of more than one party to become president, but it has not yet been determined whether parties will be allowed to merge their tickets or to form coalitions for the runoff. In any case, only the three largest parties appear to have a chance of getting their candidate elected.



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### **Major Contenders**

The Christian Democratic Party won 40 percent of the vote in the Assembly election two years ago. Its candidate, Napoleon Duarte, is expected to win another plurality. Duarte has done much to promote the new progressive constitution and liberal reform laws, and he is supported by the influential centrist labor front.



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Nonetheless, much of the private sector and conservative political interests oppose Duarte. They fear that he is too liberal and would be tempted to compromise with the far left.



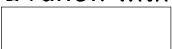
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The ultraright Republican Nationalist Alliance—ARENA—came in second in 1982 and may do as well this time. Its controversial candidate, Roberto D'Aubuisson, has been accused of links to rightwing death squads.



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D'Aubuisson, however, gained enough support from the smaller rightist parties to head the Assembly until he resigned to become his party's presidential nominee. If he finishes second, the party believes he has a good chance of winning a runoff with support from rightist voters who want to block Duarte.



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[Redacted]

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The National Conciliation Party is a conservative grouping long associated with the government. Its candidate, Francisco "Chachi" Guerrero, portrays himself as the choice between Duarte and D'Aubuisson. [Redacted]

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Guerrero probably would become the kingmaker in a runoff. If he should upset D'Aubuisson in the first round, however, he would have a good chance of being elected president. [Redacted]

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**Other Parties and the Left**

The three smaller parties are likely to play only supporting roles in the election and in the subsequent government. The Authentic Institutional Party broke off from the Conciliationists in 1982. Although it formed a temporary legislative alliance with the Christian Democrats last December, it may not support Duarte in a second round. [Redacted]

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The Salvadoran Popular Party generally has aligned with ARENA, and it probably would support D'Aubuisson in a runoff. The Democratic Action Party would be likely to throw its support to Duarte on a second ballot. [Redacted]

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Insurgent leaders repeatedly have rejected invitations by the government to enter the contest. They claim the election is a fraud and that their candidates would be the targets of death squads. [Redacted]

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[Redacted]

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The guerrillas, in an attempt to discredit the elections, recently announced a new peace proposal calling for a delay in the balloting and an interim provisional government. [Redacted]

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[Redacted]

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**Problems and Prospects**

A new voter registration system, a key electoral measure, remains to be completed. The register—which all parties agree is necessary—may not be ready before the election. If it is not, several modified procedures will be adopted that are intended to permit a maximum turnout while ensuring an honest election. [Redacted]

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The campaign itself appears to be proceeding with greater vigor and cooperation than in 1982. All six candidates participated last month in a roundtable discussion that allowed the public to compare their platforms. At a luncheon for Secretary of State Shultz this month, the candidates tended to play down party differences and stress the need to put the country first. 

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Polls taken over the last three months indicate that about 85 percent of the electorate intends to vote. The actual turnout, however, will depend on developing registration procedures in time— and on providing adequate security. 

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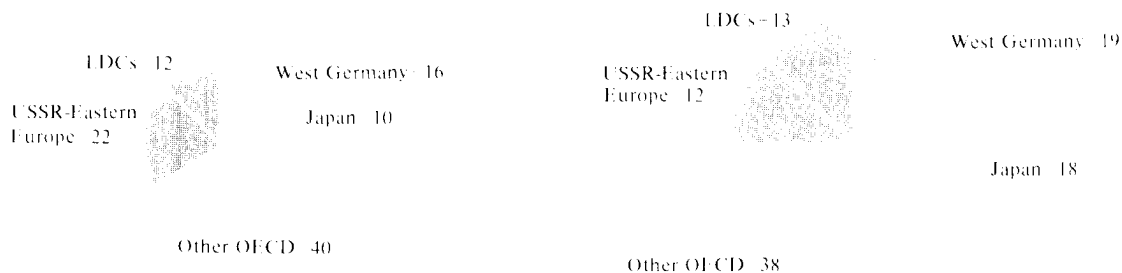
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**Iran: Imports, 1982-83**

Percent

1982: U.S. \$ 9.0 billion<sup>1</sup>

1983: U.S. \$ 15.6 billion<sup>1</sup>



<sup>1</sup> Estimated

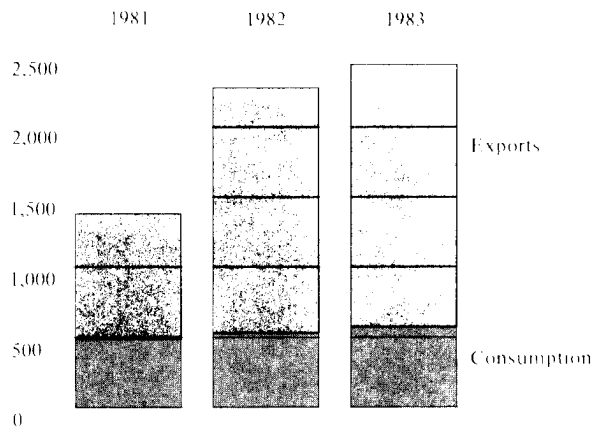


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**Iran: Crude Oil Production**

Thousand b/d



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## **Special Analysis**

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### **IRAN: Economic Stagnation**

*Strong oil exports over the past two years are doing little to help Iran's economy, which has been stifled by bureaucratic mismanagement, ideological constraints, and corruption. The country is spending most of its new oil revenues on imports to increase living standards for a populace that has grown war weary and increasingly cynical. Tehran apparently has no coherent vision of how to organize the economy, and it seems willing for the time being to live off the capital accumulated by the former regime.* [Redacted]

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A decline in oil revenues and the need to finance the war prompted Tehran to reduce oil prices in early 1982, in order to bring them into line with the rest of OPEC. As a result, oil exports averaged 1.9 million barrels per day during 1983, as compared with only 900,000 barrels per day in 1981. [Redacted]

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At current oil prices, the increase represents about \$9 billion a year. Tehran raised imports by 75 percent in 1983 but now faces renewed austerity [Redacted]

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[Redacted]

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### **The Troubled Economy**

[Redacted] urban consumers line up daily to purchase subsidized food of poor quality. Much of the former middle class is subsisting only by selling off personal property, such as real estate, automobiles, or rugs. [Redacted]

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At the same time, customers able to pay four times or more the government-controlled price can purchase a wide range of goods. The regime ignores such trade, which it sees as a useful device for shifting consumer resentment onto the bazaars. [Redacted]

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Basic services are being strained by migration to the cities. Tehran still experiences scheduled daily outages of power and interruptions to the water supply. Purification facilities in at least two major cities have been out of service for some time. [Redacted]

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Public health also has deteriorated as a result of the widespread shortage of doctors, the breakdown of garbage removal, and the unavailability of pesticides. Epidemics of diseases previously under control have been reported. [Redacted]

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[Redacted]

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Economic activity is being hindered by the shortage of skilled personnel—particularly managers—and a patronage system that places unqualified adherents of the regime in key positions. Corruption is worse than ever. In addition, the economy is being disrupted by Islamization, arbitrary government decisions, and confiscatory social welfare and other taxes. [Redacted]

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**Agriculture and Industry**

Under the Khomeini regime, the country is importing three times as much as it did under the Shah. [Redacted]

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[Redacted] controlled prices and shortages of fertilizer, pesticides, and machinery have destroyed incentives. Feed shortages have required the slaughter of most breeding stock. [Redacted]

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Since the revolution, many of the larger farms have been occupied by squatters. Power shortages in some areas have burned out electrical irrigation pumps, and diesel fuel for mechanical pumps generally is unavailable. New pumps and spare parts are difficult to obtain because the distribution system is unreliable and does not extend much beyond the major cities. [Redacted]

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Industrial output is running at 40 to 60 percent of the prerevolution level. [Redacted] Many major industrial facilities have been all but abandoned. An Iranian official recently noted that, as a result of the shortage of foreign exchange, the government is unable to supply industry with some \$2 billion worth of crucial imports. [Redacted]

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**Outlook**

Prospects are poor for any quick improvement in Iran's economic performance, even if the war with Iraq ends. Competition from other suppliers strapped for cash will hamper Tehran's attempts to increase oil exports by shaving prices. The regime is divided over economic policies. [Redacted]

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Claims by the leadership that the Islamic Republic and its policies are divinely inspired will continue to make the leadership slow to come to grips with the economic problems it has created. Instead, it will tend to look for new scapegoats. [Redacted]

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[Redacted]

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