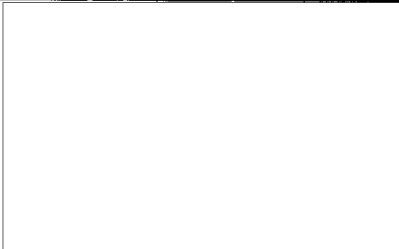
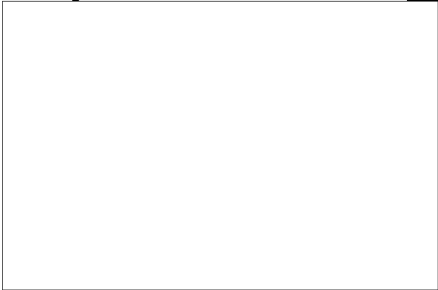




Director of  
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# National Intelligence Daily

*Saturday*  
*2 January 1982*

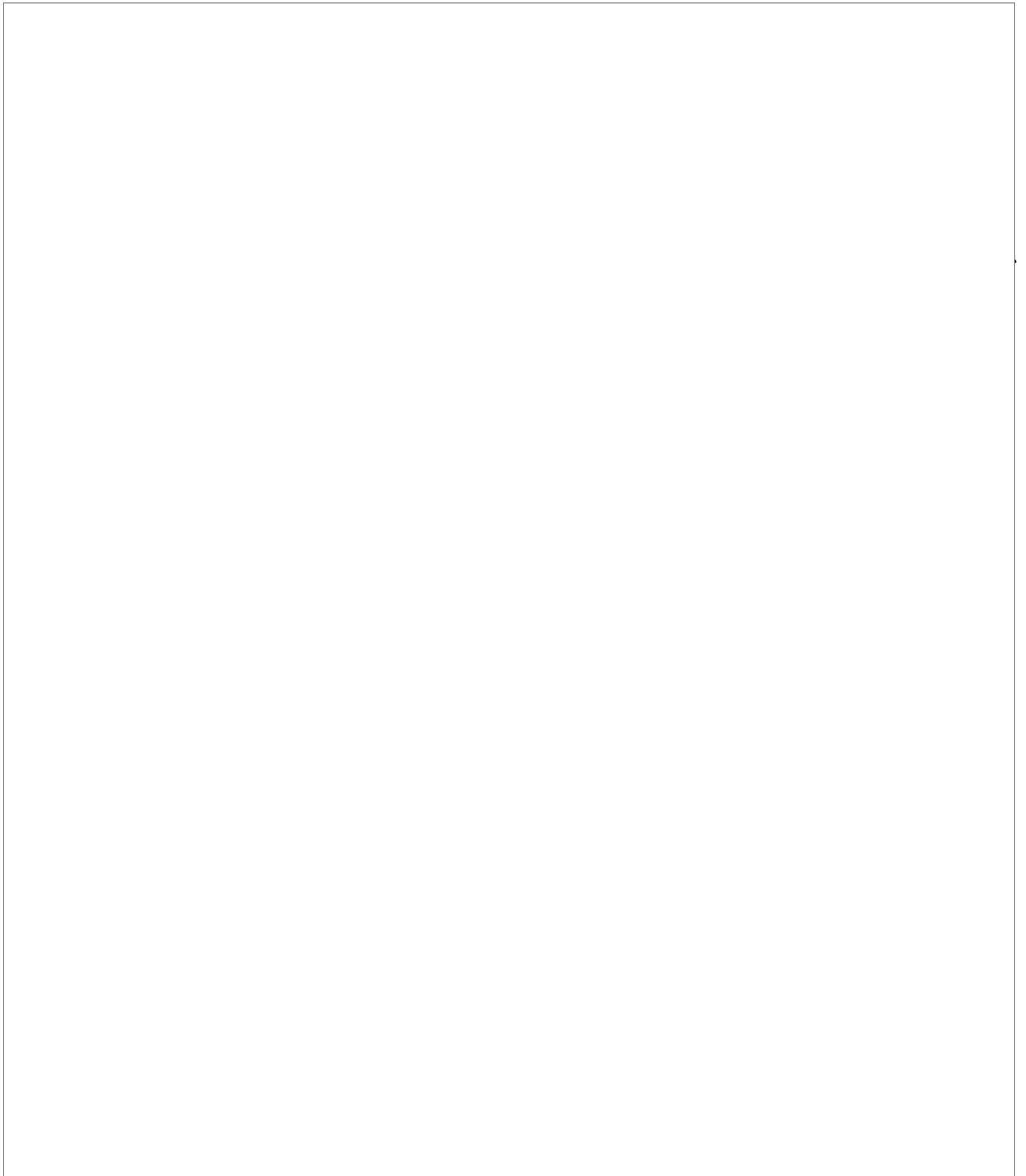
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DATE:  
21-Jun-2010

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CO NID 82-001JX

2 January 1982

Copy 249






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① POLAND: Regime Concerns

*The regime continues its efforts to demonstrate a return to order and normality but remains worried about potential centers of resistance. At the same time, the government seems intent on using the force of martial law to push through steep retail price increases. Soviet military officials in Poland continue to regard the situation as quiet, and more Soviet officers who arrived in early December are returning home. Moscow, meanwhile, is maintaining a barrage of media criticism of US economic sanctions, but appears anxious to limit the impact of the issue on overall US-Soviet relations.*



Warsaw radio claimed on Thursday that steel mills and other heavy industrial plants are working at full capacity for the first time since the imposition of martial law, but admitted that the situation is "still difficult" in the Baltic ports. The authorities clearly are nervous about the prospective return to work on Monday of militant shipyard workers who have been on enforced furlough since before Christmas.



The government is opening most schools next week but has delayed for perhaps a month the return of younger university students. It obviously fears the universities could become staging grounds for demonstrations.



Abandoning a concession granted last February, the Military Council has decided that all Polish university students will have to take compulsory courses in Russian language and Marxism-Leninism. A Western diplomat asserts that factory directors are being instructed to dissolve Solidarity chapters and that workers are being pressed to sign loyalty oaths.



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Pope Supports Solidarity

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Pope John Paul II yesterday made his strongest statement to date in support of Solidarity in extemporaneous remarks at the end of his New Year's Day message. He called free trade unions a basic right and described Solidarity as an integral part of Polish traditions. The Pope in effect asserted that the union's right to exist is based on much more than the Gdansk agreement establishing it. [redacted]

[redacted]

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In an effort to avoid a complete breakdown in the market supply situation, the government has announced proposed price increases ranging from 300 to 400 percent on a wide assortment of goods including meat, milk, coal, and utilities. The date and exact amount of the hikes will be decided after a two-week period of public discussions--which are virtually impossible under current martial law restrictions. [redacted]


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The price increases would help restore badly needed equilibrium to domestic consumer markets, which in the past year felt the impact of a more than 20 percent hike in wages and a decline in the availability of goods. They also would curb hoarding and speculation--including private purchases of farm produce--and help ease shortages, but at significant cost to the standard of living of Polish consumers. The government's promised offsetting compensation is likely to help only those in the lower income groups. [redacted]

Soviet Activity


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TASS on Thursday quoted a high Soviet Central Committee official as stating that disarmament issues are the key questions for 1982 and that the USSR still favors

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constructive dialogue, including a US-Soviet summit. An official of the USA Institute, speaking to US diplomats the same day, urged that the two countries concentrate on "strategic" issues and overlook "peripheral" matters like Poland. 

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An article in *Pravda* yesterday by the head of the USA Institute warned that the Polish crisis could lead to a US-Soviet military confrontation. The primary purpose of the article was probably to heighten West European apprehension over the implications of US economic sanctions, but the commentary also argued implicitly for a moderate Soviet response to the measures. 

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2 GHANA: Coup Uncertainty

3 The postcoup situation in Accra remains confused, volatile, and potentially ripe for another upheaval because of uncertainty as to who is in charge.

2 Sporadic fighting and looting continued in Accra two days after former head of state Jerry Rawlings began a coup. Forces loyal to Rawlings apparently control all major military installations in the capital.

2 Radio Accra continues to broadcast in the name of Rawlings' Provisional Military Council, whose makeup still has not been revealed. None of the approximately 2,700 Americans in Ghana have been harmed, and no threats have been made against them.

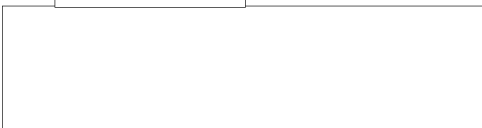
1 Rawlings has not been heard from directly since his coup announcement Thursday, and there are rumors that he has been wounded. President Limann is still at large and may be hiding somewhere outside the capital.

3 Limann appealed on Thursday to several West African states for military aid. Unsuccessful counterattacks have been reported in two provincial cities by troops loyal to Limann, who so far has refused to give up power.

3 Rawlings began his second try for power with minimal support and apparently counted on gathering momentum as the coup progressed. He headed a short-lived populist military regime in 1979 and blames Limann's two-year-old government for further ruining Ghana's economy. Rawlings has appealed for a revolution to transform Ghana's social and economic order, but there has been no outpouring of popular support as yet.

3 In retirement, Rawlings kept loose contacts with Libya and Cuba and counted several radicals among his advisers. If it survives, his government may seek radical solutions to Ghana's debilitating economic problems. There is no evidence of foreign involvement in the coup.

3 If the conditions of near-anarchy continue, Army elements loyal to neither Rawlings nor Limann may stage another coup. Whatever government that emerges will face severe problems trying to put Ghana's house back in order and reestablishing a sense of national purpose.





3

PORTUGAL: Possible Government Dismissal

*There are signs that President Eanes is considering dismissal of Prime Minister Balsemao's government, a move that would block constitutional revisions designed to cut the President's influence over the military.*

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Presidential advisers and Revolutionary Council members Melo Antunes and Vasco Lourenco, moreover, have publicly advocated dismissal of the government. Neither has been reprimanded by Eanes.

If Eanes dismisses the government, he would be supported only by the Communist Party and leftists outside the Socialist Party who oppose the government's proposed constitutional revisions. All the democratic parties would bitterly oppose Eanes' action, which they would see as a threat to the consolidation of democracy in Portugal.

New elections would almost certainly be held because the President and the Democratic Alliance, which holds a parliamentary majority, would find it extremely difficult to agree on a successor to Balsemao. Deputy Prime Minister and Defense Minister Freitas do Amaral reportedly will make a television address Monday in an effort to head off any move by Eanes.

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⑤ CHAD: Insurgent Gains

*Insurgent leader Habre's forces are closing on Ati--the only government stronghold between them and N'Djamena--and prospects for a negotiated settlement are rapidly diminishing.* [redacted]

Rebel reconnaissance units reportedly have already reached the outskirts of Ati. Last week, the insurgents captured Oum Hadjer, where the government had hoped to stop their westward drive, and they now may try to surround Ati or bypass it to avoid clashing with the 1,000 OAU troops there. [redacted]

Habre is angry at President Goukouni's refusal to consider reconciliation, and the rebel leader may be encouraged by recent military successes to seek a military solution. If he continues fighting in an effort to seize power, the feeble coalition government may break up, and civil war could resume. If a cease-fire were somehow arranged, however, Habre would use his recent territorial gains to bargain for a role in the government. [redacted]


A move to bring Habre back into the leadership--still only a remote possibility--would be as dangerous as keeping him out. He probably would not accept a subordinate position for long if he again concluded that the prospects were good for taking control. The former defense minister was responsible for the last round of civil war in 1980, when he mounted an unsuccessful coup against the regime that resulted in Libya's intervention on Goukouni's behalf. [redacted]



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SAUDI ARABIA - LIBYA: Diplomatic Relations Resumed

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Saudi Arabia's decision to resume diplomatic ties with Libya now--after a 14-month break--is part of Riyadh's overall strategy to unite the Arabs against Israel's annexation of the Golan Heights. Saudi leaders probably hope that the rapprochement with Libya will set an example for others--particularly Syria and Iraq--to patch up their own differences and enable the Arabs to exploit the current strain in US-Israeli relations. Riyadh almost certainly will shy away from a close relationship with Tripoli soon, however, because the Saudi royal family distrusts Libyan leader Qadhafi. Libya probably hopes that a resumption of ties will improve its standing in the Arab world and perhaps reduce the chances of additional US sanctions against it. 

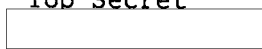

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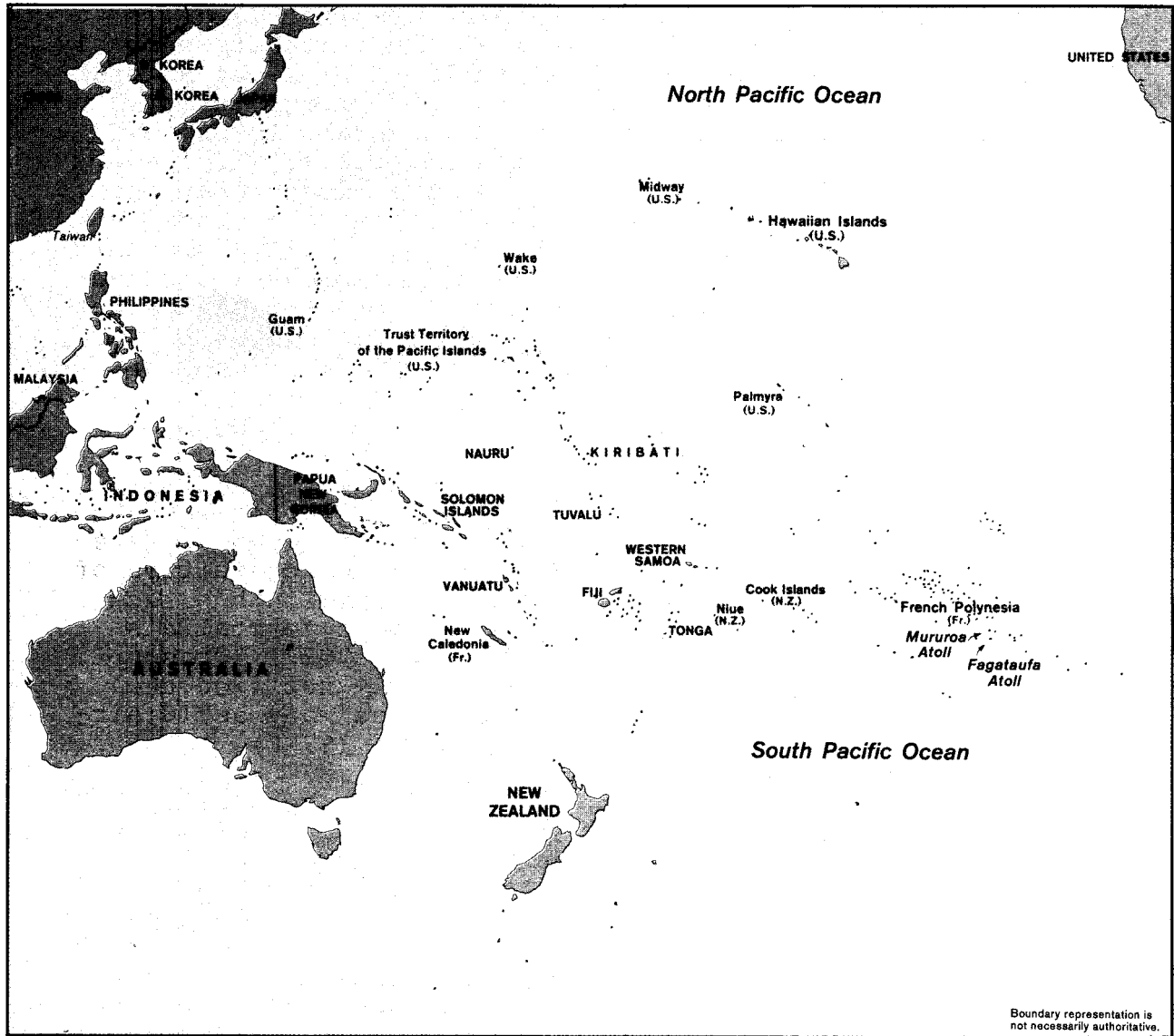
INDIA-ITALY: Interest in AWACS Project

India is attempting to obtain an airborne warning and control system in response to what it regards as a growing threat from Pakistan's impending acquisition of F-16 fighters. During Air Chief Marshal Singh's recent visit to Italy, he expressed interest in Aeritalia's program to develop a mini-AWACS for its G222 transport. 

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The Italian AWACS probably will not be available before the mid-1980s, but the increased interest in the program--the Iraqis also are considering it--could increase the Italian motivation to develop a successful system. The choice of aircraft, however, appears poor because of the limited time it can remain airborne. 





Boundary representation is not necessarily authoritative.

⑧

FRANCE: Reactivation of Nuclear Test Site

Plans by the French to reactivate their nuclear test site at the Fagataufa Atoll in the South Pacific point out the shortage of space for testing on the nearby Mururoa Atoll. Officials at the Pacific experimentation center have stressed that Fagataufa will not replace Mururoa but will serve for testing devices such as the multiple warheads for the M-4 SLBM. It is not clear how soon the Fagataufa Atoll will be ready. Major construction work will be necessary to provide access to the lagoon.

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The French conducted atmospheric tests in the 1960s and early 1970s on both atolls. They conducted their first underground tests at Fagataufa in 1975 after atmospheric tests ceased. All underground tests since 1975 have been at Mururoa.

⑨

ALGERIA: Role of the Private Sector

Algeria's private sector is receiving encouragement from the ruling National Liberation Front, underscoring President Bendjedid's deemphasis of the rigid style of socialism practiced under former President Boumediene. A resolution by the Front hierarchy, while acknowledging the need for state control of the economy, gives new support to private investment and initiative and recognizes the private sector as a substantial employer and source of capital in the economy. Agriculture, retail commerce, and services--which have always had a strong private component--received special mention by the Front's Central Committee.

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SPECIAL ANALYSIS

10

ETHIOPIA - LIBYA - SOUTH YEMEN: Close Cooperation



*Heightened superpower interest during the past year in the Horn of Africa, which is largely the result of the region's proximity to the Persian Gulf, has accelerated a trend toward closer cooperation among radical states. This trend was underscored in August when the Libyans, Ethiopians, and South Yemenis, with the probable encouragement of the USSR, signed the Aden Pact. Increased military cooperation under this treaty is leading to an intensification of efforts already under way to undermine the Somali and Sudanese regimes. Major differences among the moderate states in the region will inhibit a coordinated response.*



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The Ethiopian Government's ideological commitments--stemming from the Revolution in 1974--and the need for more military and economic aid have contributed to Addis Ababa's movement toward the Soviets, the Libyans, and the South Yemenis. At the same time, Ethiopia has allowed remaining ties with the US to wither. Addis Ababa recently considered breaking relations with Washington over the Bright Star exercises.



The strain in Ethiopian-US relations may have been prompted in part by Chairman Mengistu's desire to demonstrate to Libyan leader Qadhafi the authenticity of Ethiopia's anti-Western course. The Ethiopians believe that the new alliance gives them some measure of foreign policy independence, and they may now be less concerned about potential Western diplomatic retaliation for their actions.



Working Against Sudan

The members of the pact may be emboldened to engage in increasingly aggressive actions directed at Western interests.



--continued



[redacted]

[redacted]

[redacted] The desire to alienate Ethiopia from Sudan was one of Qadhafi's motives in entering the pact. [redacted]

Before the pact was signed Ethiopia and Sudan had arrived at a tentative rapprochement, with Khartoum restricting the activities of dissident Ethiopian exiles in Sudan. Mengistu's initial reluctance to jeopardize this help from Khartoum by cooperating with the Libyans against Sudan apparently has been overcome by the prospect of massive aid from Tripoli and by Mengistu's concern over increasing Sudanese-US ties. The Ethiopian leader appears to believe, based in part on Soviet misinformation, that the US plans to encourage Sudan and Ethiopia's other neighbors to intensify ethnic tension in Ethiopia. [redacted]

1 / 2 The Ethiopians still would like to keep their support for Qadhafi's schemes against Sudan discreet and unpublicized. Khartoum, however, suspects some of this activity and appears to be losing hope that its cooperation in restricting the Ethiopian exiles will keep relations friendly with Addis Ababa. [redacted]

Somalia and Kenya

Mengistu is more interested in Tripoli's aid to the Ethiopian-controlled Somali Democratic Salvation Front, an insurgent group that seeks to overthrow Somali President Siad. Libyan support to the insurgents began a year ago and includes weapons and supplies, [redacted]

[redacted] The desire of Libya and Ethiopia to coordinate their efforts to oust Siad was another motive for joining in the alliance. [redacted]

Mogadishu has reacted by trying to develop a close military relationship with the US. The Somalis have urged Washington to expedite deliveries of military equipment and to make fuller use of the military access agreement signed last year. [redacted]

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[redacted]

The Somalis appear to realize that Kenya's concern about Somalia's acquisition of weapons inhibits military collaboration with the US. Kenya's recent protest against an Italian proposal to sell US-made M-47 tanks to Somalia illustrates this concern. [redacted]

Mogadishu thus is trying to ease tension with Nairobi by deemphasizing Somalia's longstanding territorial dispute with Kenya. Somali efforts to improve relations with Nairobi include two recent meetings between Siad and Kenyan President Moi. [redacted]

The Kenyans have responded cautiously because they do not trust Siad's denials of territorial ambitions in Kenya and are reluctant to jeopardize their weak alliance with Ethiopia. At the same time, however, many Kenyans--including members of the military--have begun to question the reliability of Ethiopia as an ally, particularly in light of the new pact and recent pressures by Addis Ababa on Kenya to reduce its military cooperation with Washington. Kenya lacks the military strength to stand up to either Ethiopia or Somalia, and President Moi is trying to avoid antagonizing either of them. [redacted]

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Prospects

The signers of the Aden Pact probably will continue to coordinate their anti-US policies and actions and increase their military cooperation. The USSR almost certainly will encourage these efforts. [redacted]

Ethiopia's ties with the West will be strained even further. Addis Ababa is likely to provide more support to Libyan and Soviet policies. [redacted]

This threat may encourage a loose alignment among the pro-Western regimes. Somalia in particular will urge more organized cooperation upon Sudan and Kenya. [redacted]

Somalia and Sudan see themselves as especially vulnerable to subversion by the radical neighbors, and they will seek increased US support. Kenya remains wary of Somali intentions and will be reluctant to alienate the Ethiopians. The ability of any of the pro-Western governments in the area to halt the current realignment is limited. [redacted]

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