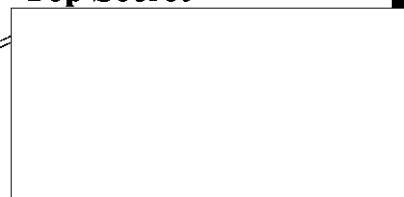




Director of  
Central  
Intelligence

*oco Cable Editor*

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# National Intelligence Daily (Cable)

27 August 1982

DIA review completed.

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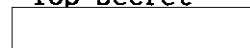
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ISRAEL-LEBANON: Military Moves

(Information as of 2300 EDT)

*//The evacuation of PLO forces from Beirut continued yesterday.*

*There have been more protests over Bashir Jumayyil's election.//*

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According to press accounts, Syrian trucks arrived in Beirut yesterday and will be used in the overland evacuation of PLO and Syrian forces scheduled to begin today.

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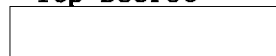
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[REDACTED]

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//Israeli-Syrian clashes are likely because Tel Aviv has said it would use force in conjunction with diplomacy to bring about a complete Syrian withdrawal. If major hostilities break out, Israel rapidly can drive the Syrians and remaining Palestinians out of Lebanon.// [REDACTED]

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#### Political Situation

Opposition to Bashir Jumayyil's election continued in the north. Former President Franjiyah, a Christian with close ties to Syria, declared that the election was invalid. [REDACTED]

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Franjiyah was supported by former Prime Minister Karami, who also said he could not recognize the election results and might declare an autonomous region in the north. Franjiyah's supporters have seized control of some municipal offices and television stations in that area. [REDACTED]

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Muslim violence directed at deputies who attended Monday's parliamentary session on Monday increased yesterday. Members of the leftist Murabitun and Communist Action Organization groups appear to be responsible for most of the attacks. Conservative Muslim leaders met in Beirut yesterday and issued a statement that did not mention the election but called for a "national confrontation of the new situation." [REDACTED]

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Comment: The conservative Muslim leaders, who have been toning down their criticism of the election, probably are prepared to reach an accommodation with Jumayyil. Their political influence eroded badly during the civil war, however, and they have lost much of their influence to leftist groups. [REDACTED]

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//The leftists, who led the Muslims against the Christians during the civil war, are opposed to Jumayyil and have refused to recognize his election. They reportedly have been receiving some weapons from the PLO.// [REDACTED]

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[REDACTED]

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EL SALVADOR: Dissatisfaction With Defense Minister

*//Defense Minister Garcia is coming under increasing criticism from the officer corps.//* [redacted]

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*//Rightist officers have long complained about Garcia's reliance on US military aid and his support for reforms. Some members of the corps' center-right majority, Garcia's traditional constituency, now believe he should be more aggressive in his direction of the counter-insurgency effort.//* [redacted]

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*//These officers also complain that Garcia is corrupt and too involved in political maneuvering. In addition, they resent his assignment of venal or incompetent loyalists to key positions. Some reportedly would favor putting pressure on Garcia to resign.//* [redacted]

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Comment: The high command is concerned about rightist civilian influence over some Army commanders but remains confident that most units remain loyal. Any successful move against the Defense Minister would require at least the acquiescence of a majority of officers. Most probably would want to avoid a situation that would help the guerrillas and jeopardize domestic and foreign support. [redacted]

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Garcia, meanwhile, is aware of the growing dissent. He is likely to try harder to accommodate or neutralize his critics. [redacted]

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There is no information to support Garcia's alleged involvement in corrupt activities or his inattention to the war. His position does offer opportunities for personal gain, however, and he is involved in political affairs. If his leadership were measured by the military's battlefield performance, his record would be judged as mixed. [redacted]

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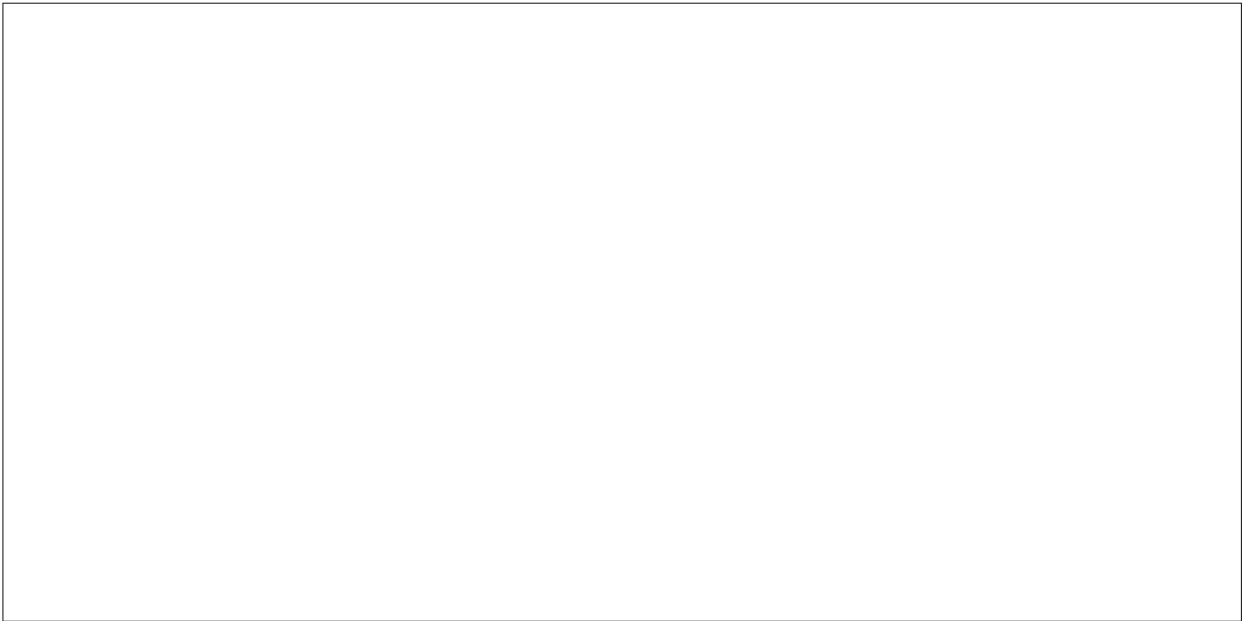
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[Redacted]

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POLAND: Regime Makes More Threats

The Pope and Archbishop Glemp yesterday urged Poles not to demonstrate in the streets next Tuesday on behalf of Solidarity. Interior Minister Kiszczak accused underground activists of preparing for violent clashes and warned that the authorities are ready to use all methods to maintain control. As proof of its determination, the government announced the firing of 39 workers for participating in demonstrations in Szczecin last week. [Redacted]

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Comment: The tough media campaign over the past week betrays the regime's uncertainty over what to expect and is intended to intimidate would-be demonstrators. The authorities hope a low level of activity will allow the government to claim a major victory and thus demoralize Solidarity activists and supporters. The regime's rhetoric, however, might further anger workers and lead to greater participation in demonstrations. [Redacted]

[Redacted]

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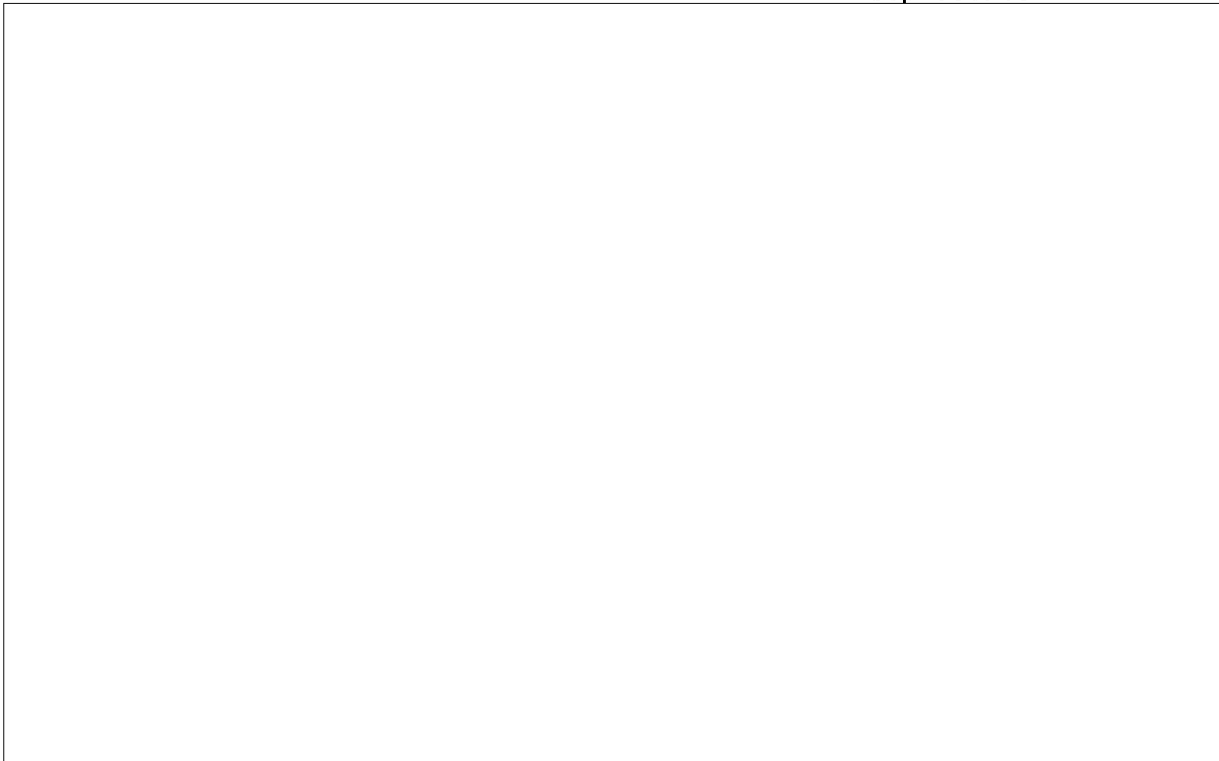
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JAPAN: Concessions on the Textbook Issue

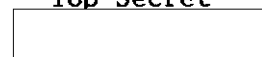
A representative of the Prime Minister's office yesterday reaffirmed that Japan acknowledged its responsibility for its activities in World War II in Asia and promised to correct future editions of history textbooks. Although the current controversial textbooks will not be changed, the statement promised that the Education Ministry would issue policy guidelines to see that Asian concerns are reflected in the classroom. The content of the government's plan had earlier been leaked to the press.

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Comment: The statement clearly was the result of a compromise between the Foreign Ministry, which favored immediate revisions, and the Education Ministry, which opposed any changes. Beijing and Seoul are likely to welcome the statement as a sign of progress toward solving the issue. They know it was the result of an internal political compromise, however, and will remain dissatisfied because there will be no changes in the current textbooks.

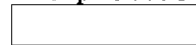
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INTERNATIONAL: UN Conference on Outer Space

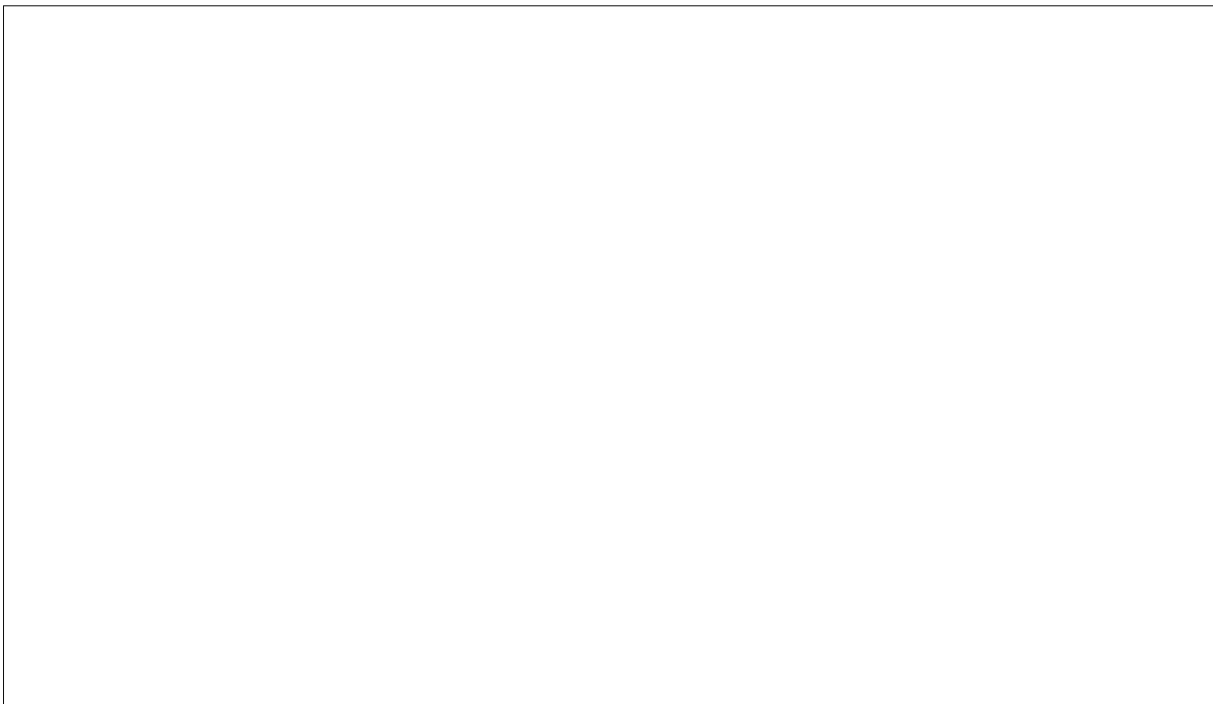
The two-week UN Conference on the Peaceful Uses of Outer Space ended on 20 August without defining an agenda or setting any precedents for future international cooperation in outer space. The Mexican delegation led an unsuccessful effort to incorporate in the final report Third World concerns about the militarization of space, access to the limited number of slots for communications satellites in geostationary orbit, prior national consent for the dissemination of remote sensing data, and national control over radio and television broadcasts from satellites. The USSR and some Third World countries thwarted an attempt to establish a UN Outer Space Center that would have expanded the UN's role in space matters. 

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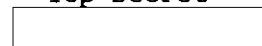
Comment: Third World countries could do little more than express their concerns about the conduct of activities in outer space because of the need for consensus approval of the nonbinding conference report. The attention devoted to the militarization and geostationary-orbit issues suggests Third World nations will focus on them in other international meetings, including sessions of the UN Outer Space Committee and the International Telecommunications Union. 

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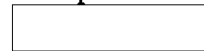


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SPECIAL ANALYSIS

LEBANON: Prospects for Reconstruction



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*The PLO exodus from Beirut and the election of Bashir Jumayyil as President are not likely to enable Lebanon soon to regain its status as the financial, transportation, and communications center for the Middle East. Political instability and the Israeli presence will limit, at least in the short run, the amount of funds multinational lending agencies and the wealthy Arab states will be willing to commit to Lebanon. A limited reconstruction effort to repair and replace buildings and facilities in the worst damaged areas is more feasible and could get under way without much delay.*



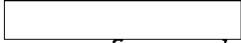
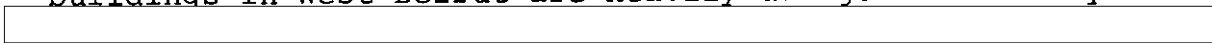
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Lebanese economic planners maintain that at least \$12 billion in grants and concessional loans from abroad will be needed for reconstruction. These funds would be used to repair damage resulting from the invasion and from factional fighting since 1975. The chairman of the Council for Reconstruction and Development says the government will oversee the restoration of roads, schools, hospitals, and water and power supplies but leave housing to private companies subsidized by the government.

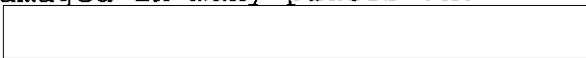


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//Municipal authorities estimate one-fourth of the buildings in West Beirut are heavily damaged or destroyed.



Although major roads can handle traffic, road surfaces have been damaged in many places and will require extensive repair.//



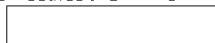
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Domestic Resources and Foreign Aid

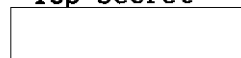
With foreign exchange reserves of \$1.3 billion and an estimated \$2 billion in annual worker remittances, the Lebanese can pay some of the foreign exchange costs of reconstruction themselves. Reduced production resulting from the invasion and from lack of government control in many areas of the country will hinder collection of taxes to pay the domestic costs.



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[Redacted]

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Lebanese political and business leaders hope the US will launch a "mini-Marshall Plan." Saudi Arabia, other Arab oil-producing states, and the World Bank also have been mentioned as possible donors. [Redacted]

25X1

//The World Bank is willing to take the lead on reconstruction efforts, provided a strong central government is established and the government can exercise control throughout the country. This will take time.// [Redacted]

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Political Problems

Lebanon's political problems will not be solved with the departure of the PLO fighters. There are few signs that the country's factions are willing to set aside their rivalries or substantive differences. Potential foreign donors will be reluctant, as they have been in the past, to commit large sums of money to Lebanon while the possibility of factional fighting exists. [Redacted]

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Arab aid donors at the Baghdad Summit in 1978 refused to pledge any assistance to Lebanon until the internal situation improved. After extensive lobbying, Lebanese officials won a pledge from Arab leaders in 1979 of \$400 million a year for five years. [Redacted]

25X1

By the end of 1981, however, Beirut had received less than half of scheduled disbursements. [Redacted]

25X1

[Redacted]

25X1

With the election of Jumayyil, who has close ties to Israel, the Arabs may be even more reluctant to provide reconstruction aid. Lebanon's Sunnis are extremely distrustful of the President-elect. [Redacted]

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Arab leaders--whose populations are predominantly Sunni--may find it difficult to grant large sums to a government dominated by Jumayyil if he cracks down on Lebanon's Sunnis. If Jumayyil takes steps toward a reconciliation with the Sunnis, the Arabs probably would be willing to provide some assistance. [Redacted]

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[Redacted]

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[REDACTED]

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The Israeli presence in southern Lebanon, where economic ties to Israel are already being developed, is an additional complication, particularly for the Arabs. Potential donors would be reluctant to provide aid that would help Israel. [REDACTED]

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#### Beirut's Declining Importance

Even if Lebanon's massive political problems are resolved, there is little economic incentive for the Arabs to pump money into Lebanon. Before the civil war, Beirut was the hub of Arab trade, banking, transportation, and communications. The city provided an important link between the Arab world and the West. [REDACTED]

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Since the civil war, however, most Arab countries have developed their own service industries. As a result, Beirut may not be able to recapture its preeminent position in the region. [REDACTED]

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Bahrain has become a major financial center, and it is now facing increasing competition from Saudi banks. Saudi Arabia and Jordan have greatly expanded their own airlines, and most Arab states have installed their own communications facilities. [REDACTED]

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[REDACTED]

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