

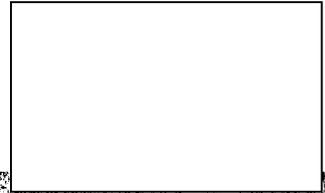


Director of  
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# National Intelligence Daily

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Contents

Situation Reports

Vietnam-Kampuchea-Thailand . . . . . 1  
USSR-Afghanistan . . . . . 2  
Iran . . . . . 4

Briefs and Comments

Israel: *Coalition Prospects* . . . . . 6  
Belgium: *The TNF Issue*. . . . . 7  
China-India: *Improving Relations*. . . . . 8  
Liberia: *Growing Problems*. . . . . 9  
Bolivia: *Election Outlook* . . . . . 10



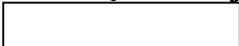
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SITUATION REPORTS

VIETNAM-KAMPUCHEA-THAILAND

*Fighting apparently diminished along the Thai-Kampuchean border yesterday, although sporadic artillery exchanges continued.*



Some Vietnamese troops apparently have taken up defensive positions on the Kampuchean side of the border.



We have no indication at this time that the Vietnamese are planning to launch new attacks into Thailand, but such attacks cannot be ruled out.

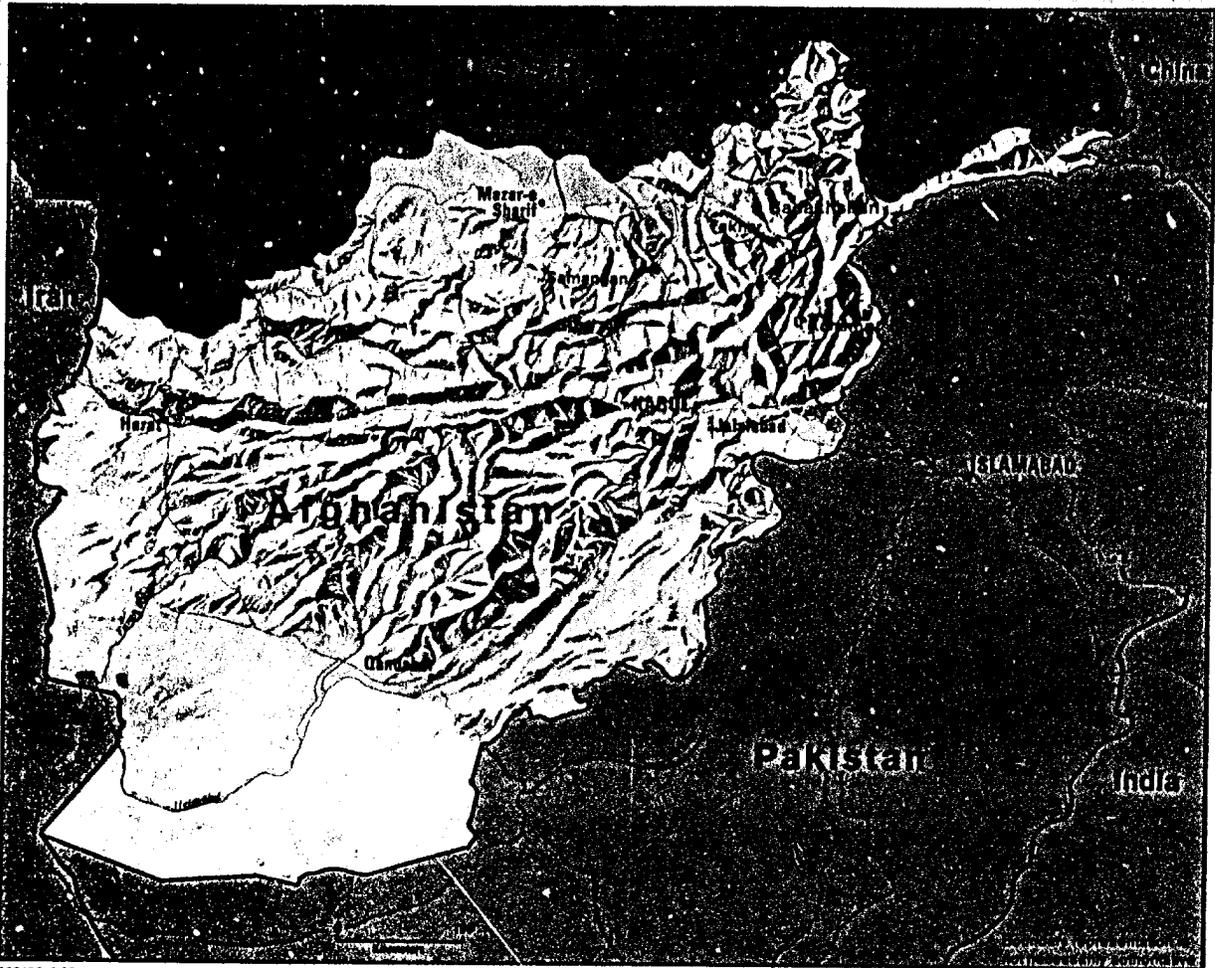


could engage in operations there without advance warning.



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27 June 1980



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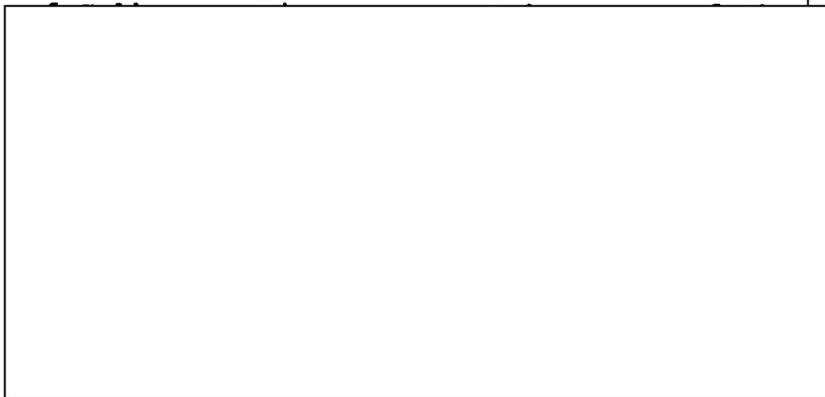


USSR-AFGHANISTAN

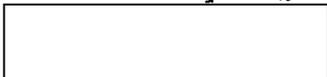
*Fighting continues in most of Afghanistan, with the Soviets no nearer to pacifying the country than they were six months ago.*



Insurgent activity is increasing in the northern region. In Samangan Province, a number of clashes with government forces have been reported, including two attacks on the provincial capital on Sunday.



Kabul is quiet after the general strike last weekend. Herat, in turmoil for most of the past six months, is also fairly calm, although some clashes are reported in the city. Qandahar, however, is near chaos



Soviet Statements

TASS Wednesday characterized President Carter's remarks about transitional arrangements as "deliberately vague," and *Pravda* yesterday labeled them "an overt appeal to the enemies of Democratic Afghanistan to carry on subversive actions." Neither Soviet article is an authoritative response to the President's statement.



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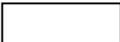
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27 June 1980

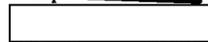
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An earlier *Pravda* article, almost certainly written before the President's statement in Belgrade, portrayed the US as isolated in its skepticism about Soviet troop withdrawals. The article, under the authoritative "A. Petrov" byline, alleged that the French and other Europeans accepted the seriousness of the Soviet desire for a political settlement, while the US is unwilling to consider "the thought of transition" to such a settlement. 

The article also reflected Moscow's concern about Iran's role in helping the insurgents. It is the third *Pravda* attack on Iran's involvement in Afghanistan in the last two weeks and goes further than before in accusing at least "local Iranian authorities" of aiding the insurgents. 

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27 June 1980

~~Top Secret~~

[redacted]

IRAN

*Attacks on the left will intensify following Ayatollah Khomeini's denunciation of leftists in a speech on Wednesday.* [redacted]

Khomeini criticized the two largest leftist groups--the Fedayeen and Mujahedin--although he did not mention them by name. He accused them of disrupting the transition to an Islamic Republic and of fomenting trouble in Tehran and Kordestan. The fact that Khomeini attacked the leftists again for their hold on the universities probably will hasten efforts to remove them. [redacted]

The universities were closed indefinitely on 5 June, and on 16 June Khomeini named a "Cultural Revolution Panel" to define future university policies along Islamic lines. Over 500 teachers, students, and employees have recently been purged from Tehran University for alleged dealings with the Shah's intelligence service. [redacted]

In an apparent response to Khomeini's remarks, the Mujahedin headquarters in Tehran was attacked yesterday.

[redacted] [redacted] The Mujahedin last night announced the closure of all their offices in Iran until such time as their constitutional guarantees are respected. [redacted]

The pro-Soviet Tudeh Party generally has not been included in the regime's crackdown on the left because of the Tudeh's policy of supporting Khomeini on all issues.

[redacted]

[redacted]

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27 June 1980

~~Top Secret~~

[Redacted]

[Redacted]

The Hostages

[Redacted]

[Redacted] the hostage issue is at an impasse and that Iranian officials believe that they will not be ready to address it before the end of this year. [Redacted]

Evading Sanctions

[Redacted]

The deals cover a wide range of industrial goods and spare parts, capital goods, and chemicals, all of which fall under the sanctions. [Redacted]

[Redacted]

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[Redacted]

27 June 1980

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BRIEFS AND COMMENTS

ISRAEL: Coalition's Prospects

*Prime Minister Begin appears likely to weather a crucial vote in the Knesset next week despite recent defections from his ruling coalition.* [redacted]

The opposition plans to test Begin's reduced parliamentary majority--now at its narrowest margin since his election--by introducing early next week a motion calling for dissolution of the Knesset and new elections. Led by the Labor Party, the opposition hopes to exploit the recent defections of two Democratic Movement members of the Knesset and extensive unhappiness among independents and some coalition members over the economy and over Finance Minister Hurvitz's demands for drastic budget cuts. [redacted]

[redacted]

If the government wins next week, Begin will face further parliamentary tests until the Knesset adjourns at the end of July. Begin can probably hold on even if he suffers more defections from fringe coalition members, as long as the National Religious Party, his major coalition partner, supports him. Although some Religious Party members believe the party will suffer in the next election if it stays in the coalition, the party's Knesset members for now appear willing to support Begin. [redacted]

Even if Begin loses a no-confidence motion, it would almost certainly be several months before new elections could be held. Begin would continue to head a caretaker government in the interim. [redacted]

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BELGIUM: The TNF Issue

*Belgian politicians confirm that the results of West German Chancellor Schmidt's trip to Moscow next week will heavily influence Belgium's decision on allowing theater nuclear weapons to be based in Belgium.*

Both the Liberals, who support deployment, and the Socialists, who oppose it, have told US officials that a positive decision would be much easier and might even come quickly if Schmidt returns without any sign that the Soviets are serious about limiting theater nuclear forces. This would make it harder for the Socialists to continue insisting on more consultations with the Warsaw Pact.

Limiting or dropping such consultations could lead to a deployment decision as early as the end of July or this fall at the latest.

Belgian officials warn, however, that any sign from Schmidt that the Soviets are interested in a weapons freeze would encourage opponents of deployment to press for further delay. The Flemish Socialists would still like to prevent deployment and hope at a minimum to delay the decision until December 1981, the same deadline the Netherlands has set for its decision. Such a delay would make approval difficult, because the issue would once again become entwined with controversial Belgian domestic issues.

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27 June 1980

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[REDACTED]

## CHINA-INDIA: Improving Relations

*The visit of senior Indian External Affairs Ministry official Eric Gonsalves to Beijing has advanced Sino-Indian relations by producing several agreements on bilateral exchanges and a formal invitation for Foreign Minister Huang Hua to visit New Delhi.* [REDACTED]

Beijing has placed a high priority on improving ties with India since the Soviet invasion of Afghanistan and has found New Delhi increasingly receptive to its overtures. Gonsalves' trip served to reopen the formal dialogue interrupted last year when China invaded Vietnam; at that time, the Indian Foreign Minister was visiting China. [REDACTED]

India's willingness not to allow the complex border dispute to block progress in other areas has made closer ties possible. [REDACTED]

[REDACTED]

In a demonstration of progress toward improving relations, the two sides agreed to exchange a surprisingly large number of delegations in the near future, ranging from science and technology to trade and culture. Beijing also issued new regulations that will allow India to conduct cross-border trade with Tibet. [REDACTED]

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[REDACTED]

LIBERIA: Growing Problems

*Liberia's fragile stability is being strained by tensions within the leadership, disputes over foreign relations, and severe financial problems.* [REDACTED]

The People's Redemption Council is increasingly asserting its authority over civilian and military cabinet members. [REDACTED]

[REDACTED] Problems between the Council and Head of State Doe also appear to be growing. [REDACTED]

Liberia's reconciliation with its neighbors now seems to hinge on whether the Doe government can meet the demands made by the presidents of Guinea, Sierra Leone, Ivory Coast, and Togo that Monrovia take the lead in mending relations with France and Nigeria and release political prisoners. The resistance of some military leaders to these demands probably accounts for the postponement of the visit to Monrovia by the four presidents scheduled to take place yesterday; the meeting apparently has been rescheduled for today. [REDACTED]

The military leaders, meanwhile, are continuing their search for arms and military training, and are exhibiting growing frustration with the lack of a US response to their requests. [REDACTED]

[REDACTED]

Economic officials are attempting to negotiate about \$44 million in commercial bank loans by mid-July to meet government debts and payrolls and to prevent the government and the National Bank from defaulting. [REDACTED]

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27 June 1980

~~Top Secret~~

BOLIVIA: Election Outlook

*Bolivians will participate on Sunday in the third general election in two years, but a military takeover in the immediate postelection period is possible.* [redacted]

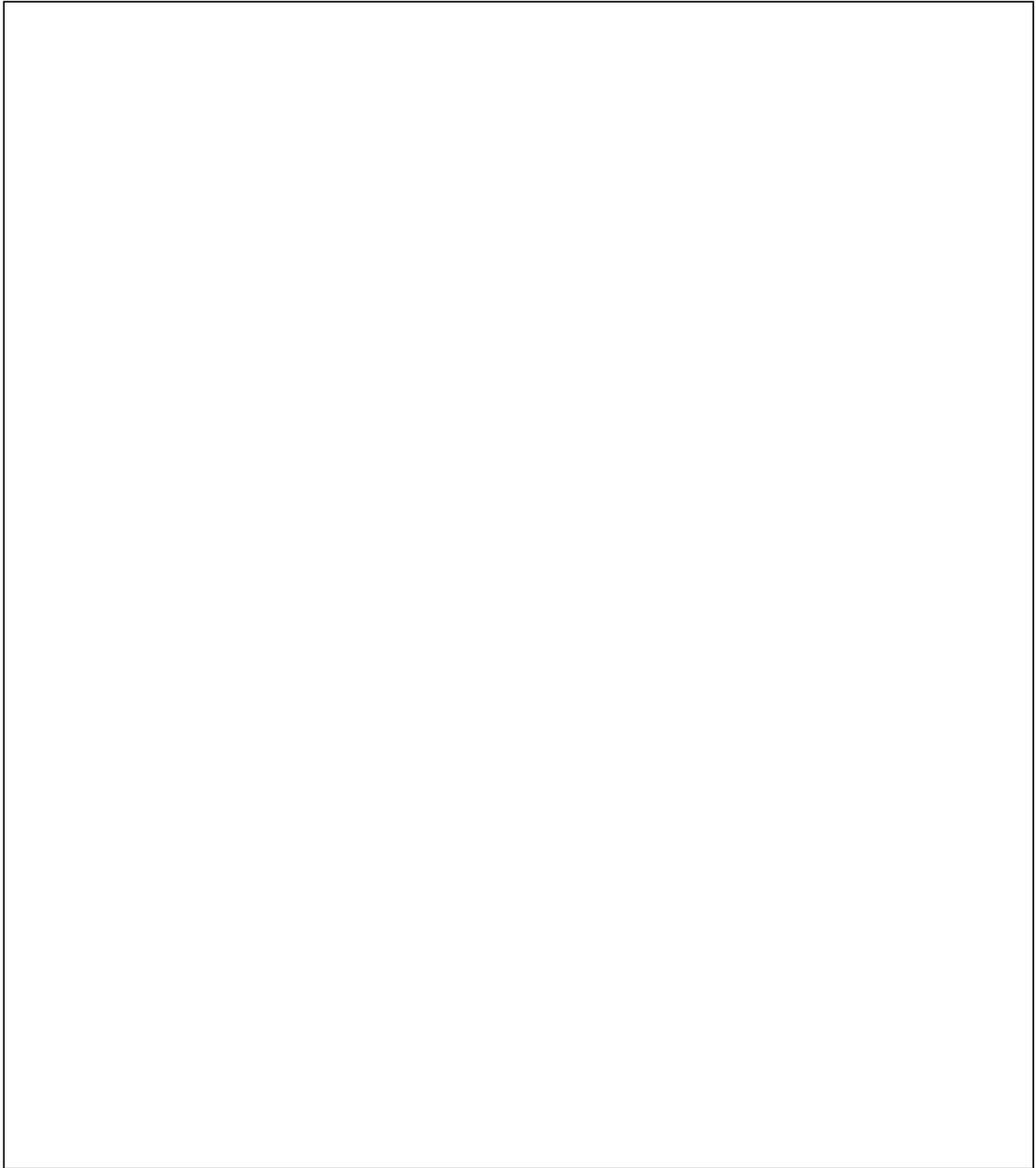
Former chief executives Hernan Siles Zuazo and Victor Paz Estenssoro probably will win the most votes, with former President Banzer running a strong third. If--as expected--none of the 13 candidates achieves a simple majority, the election will be decided by the new Congress when it convenes in July. [redacted]

Followers of both Siles and Paz have pledged to support the one who gets the most popular votes, although neither candidate has yet committed himself. The three leading contenders, however, have shown interest in negotiating a settlement to avoid any postelection stalemate. The major parties also are considering a coalition government to ensure broad political support for the next civilian administration. [redacted]

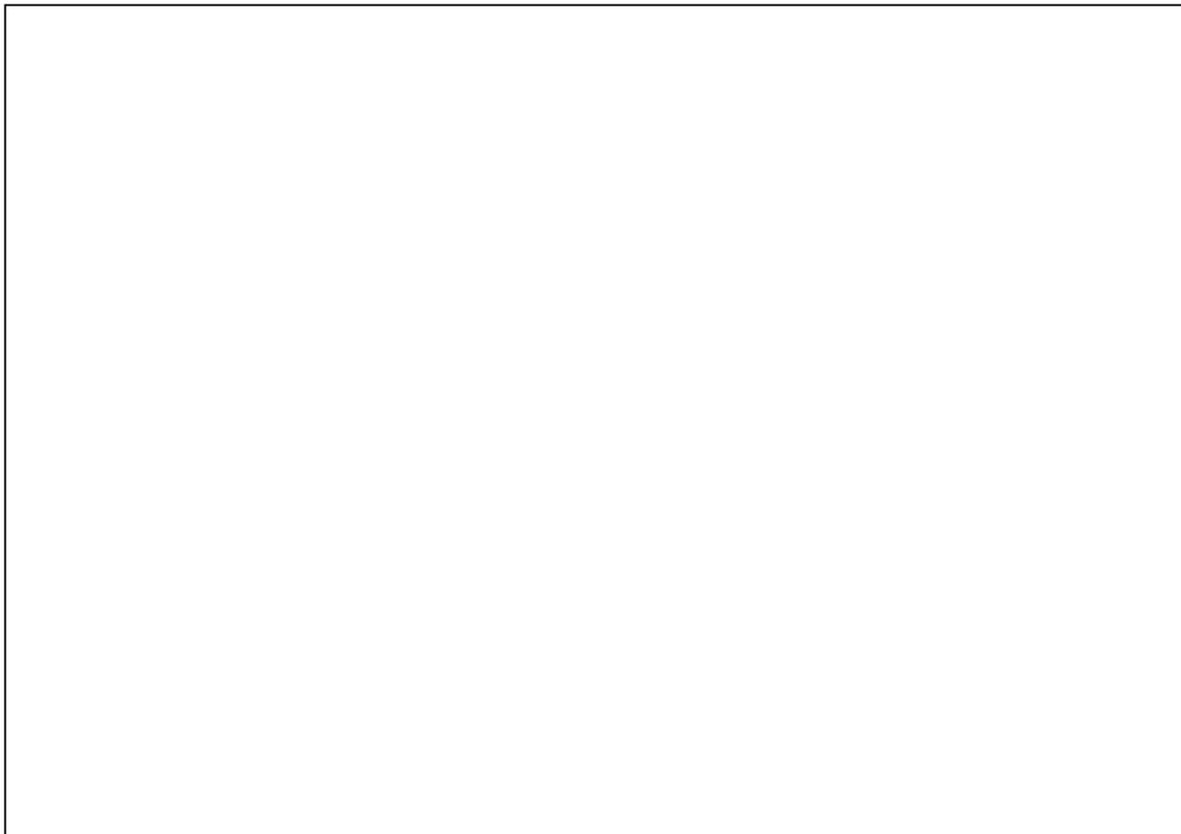
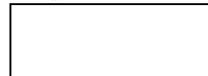
A repeat of last year's electoral deadlock in Congress would tempt military hardliners to lead a coup on the pretext of restoring order and leadership. Invet-erate armed forces plotters reportedly will accept either Paz or Banzer as president. They consider Siles an extreme leftist, however, and have threatened an immediate coup if he wins the election. [redacted]

In addition to having to contend with a turbulent political environment and the continual threat of a coup from military conservatives, the new president will have to deal with a depressed economy. [redacted]

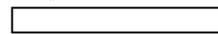
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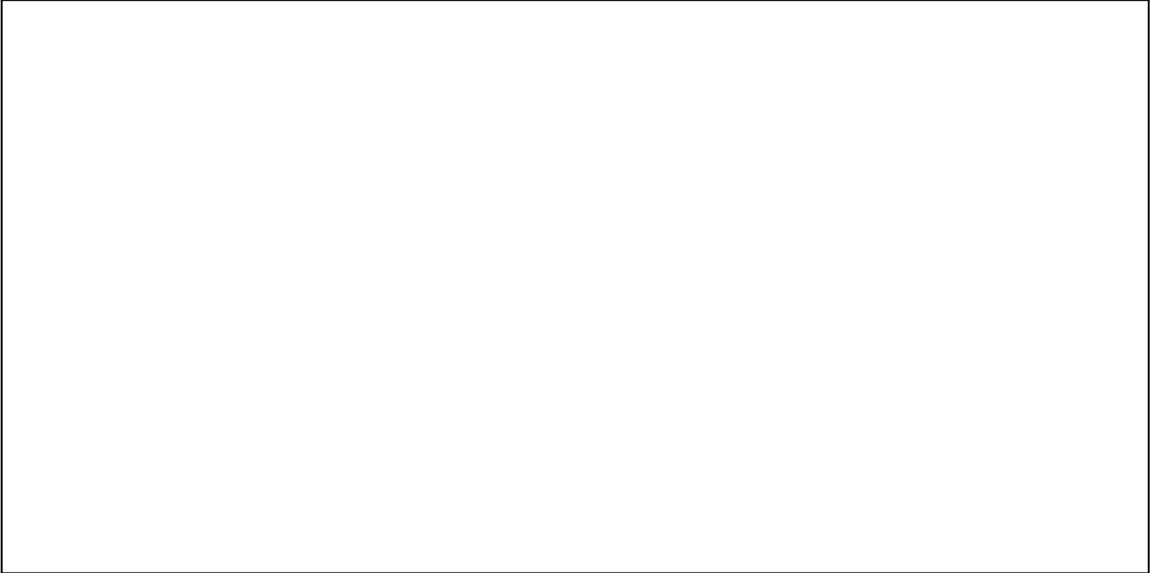
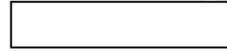
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27 June 1980



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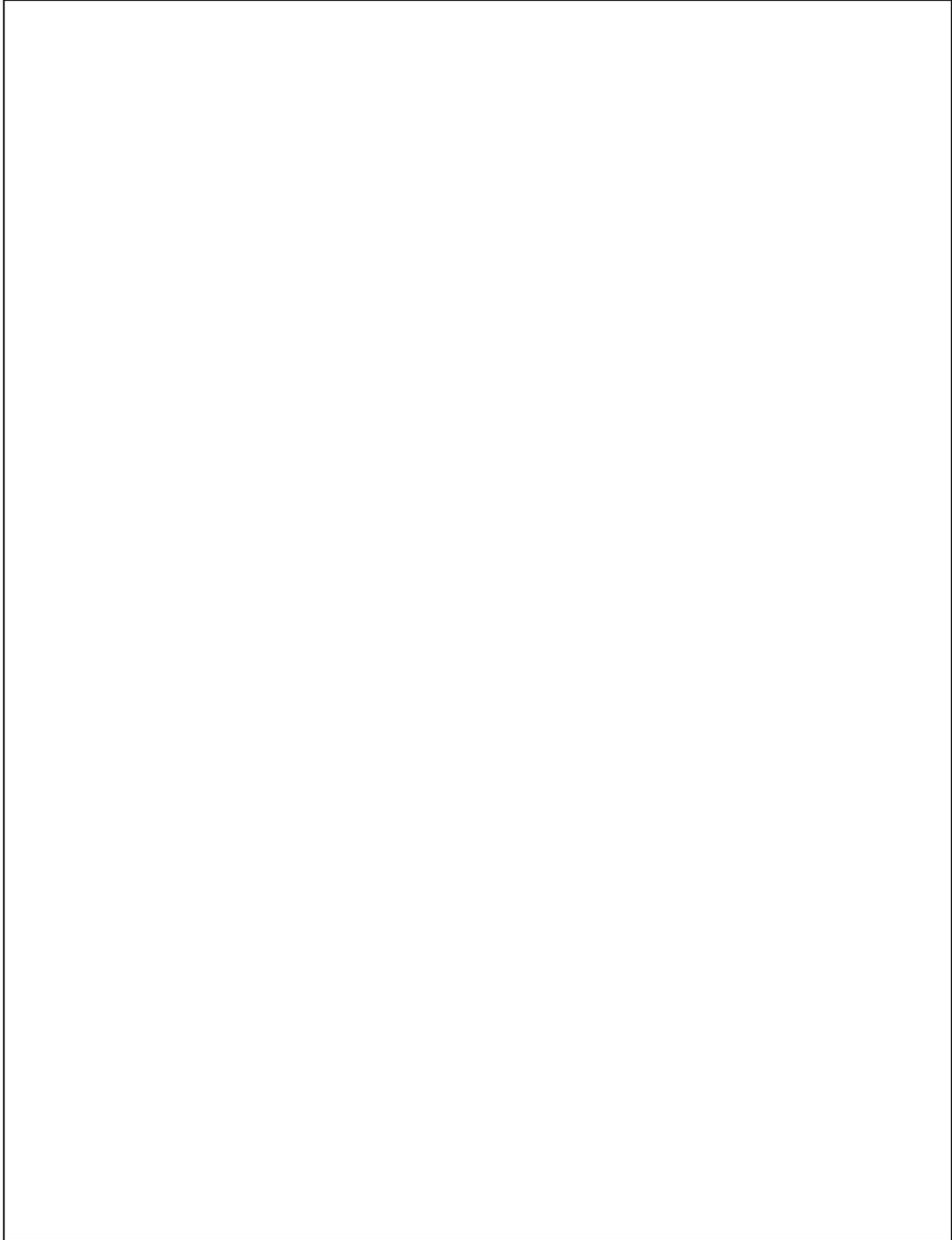


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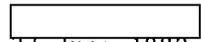


27 June 1980

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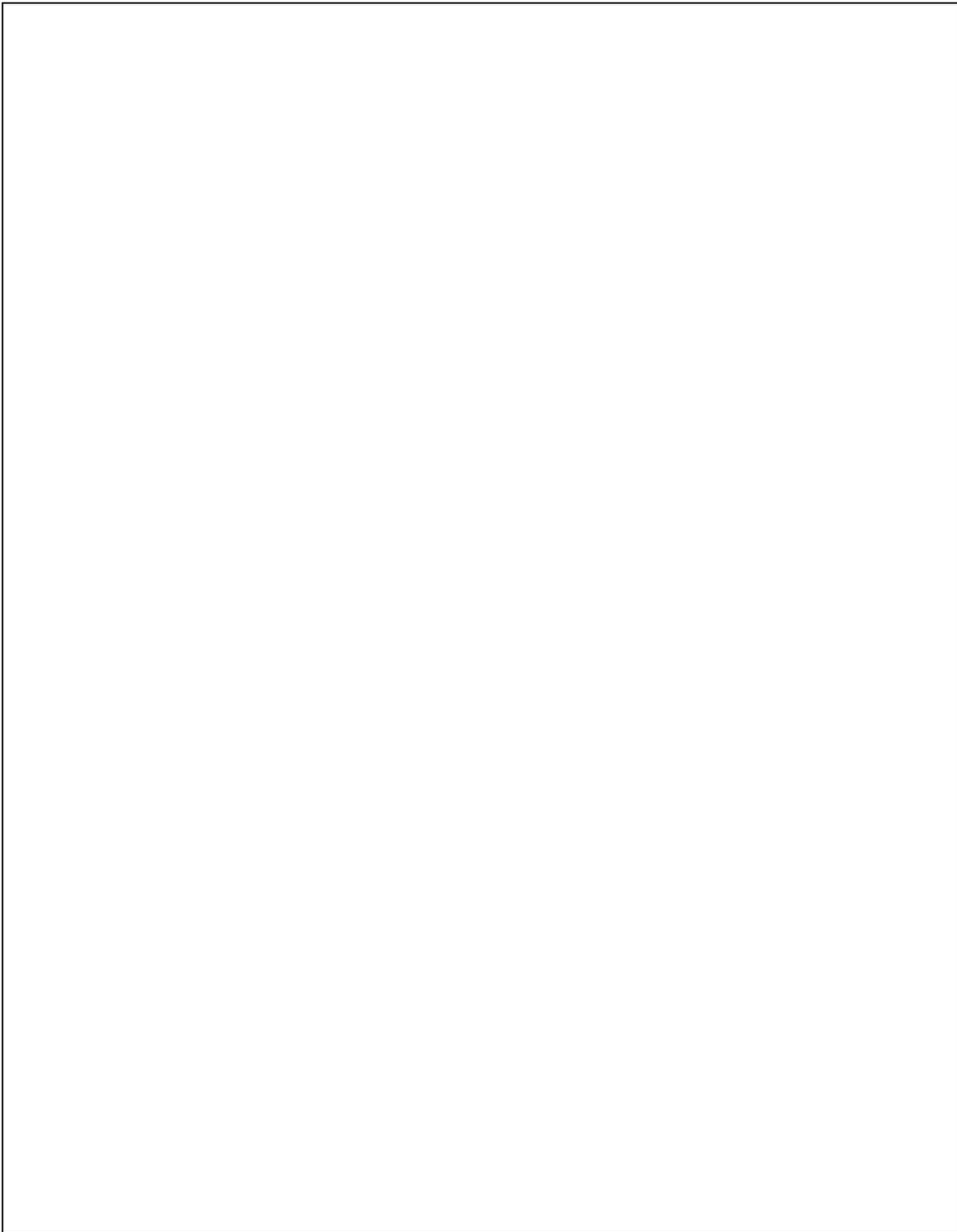
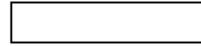


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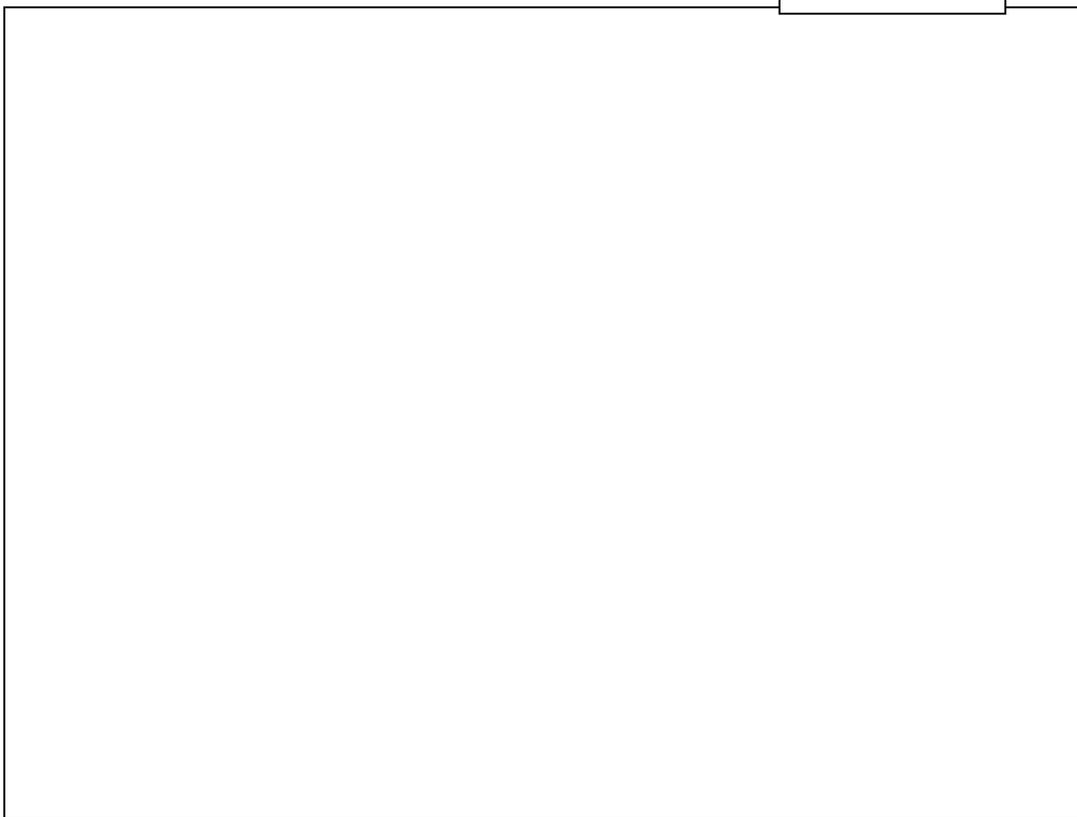
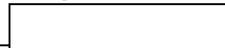


27 June 1980

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27 June 1980