



Director of
Central
Intelligence

Approved For Release 2007/03/07 : CIA-RDP79T00975A030900010142-1

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National Intelligence Daily (Cable)

27 December 1978

State Dept. review completed

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CG NIDC 78-0300C

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National Intelligence Daily (Cable)

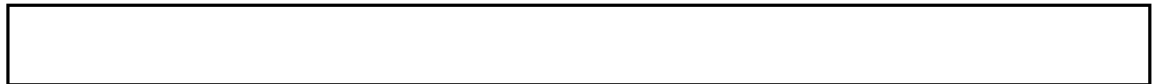


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CONTENTS

25X1

IRAN: Situation Report 1



SYRIA: Views on Peace Process 4

BANGLADESH: Making Concessions 6

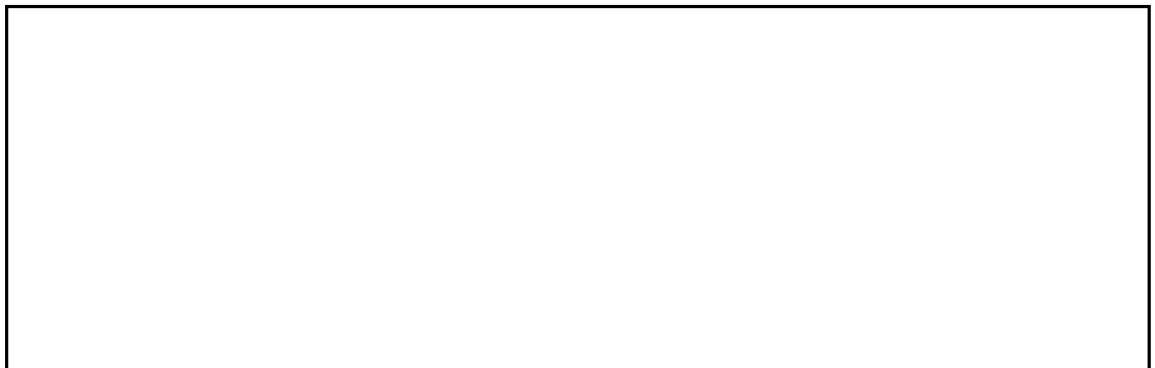
BRIEFS 7

India
Belgium

FEATURE ARTICLES 8

TURKEY: Martial Law
PERSIAN GULF: Impact of Unrest

25X1



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IRAN: Situation Report

Oil production in Iran fell yesterday to its lowest level--probably 600,000 barrels or less--since oil workers began striking in October. The nation's major export facility was completely shut down, and deliveries of crude oil to domestic refineries were only one-third of normal. In Tehran, security forces have been unable to halt the series of disruptive demonstrations.

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Few oil workers--and virtually no Iranians--reported to their jobs following death threats from strike leaders. Oil consortium officials estimated that yesterday's deliveries of crude oil to refineries were only 240,000 barrels compared with normal daily levels of 700,000 to 800,000 barrels at this time of the year. The shortfall in deliveries will aggravate existing shortages of kerosene, diesel, and heating oil. The US Embassy reports that reserves of heating oil are adequate for only one or two days in Tehran and about a week in other major cities.

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Consumer hoarding of petroleum products and reduced demand caused by the current economic slowdown may, however, delay the impact of the shortages. It is not clear whether the shutdown of the facilities on Khark Island will prevent Iran from importing petroleum products that it has been purchasing abroad.

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//Natural gas liquids plants probably are completely shut down again. This has raised concern that, as the supply of natural gas dwindles, generating turbines will have to be shut down, necessitating further reductions in electric power generation.//

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The government is apparently trying to respond to the deteriorating situation in the oilfields and to the continuing disturbances in Tehran and the provinces. The Shah's efforts to form a civilian government seem, however, to be stalled, despite his meeting with Gholam

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Sadiqi again on Monday. Military leaders are likely to urge the Shah to crack down hard in order to maintain discipline, and the Shah may now be more inclined to accept this advice. [REDACTED]

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SYRIA: Views on Peace Process

//The Daily prints a summary of an assessment by the US Embassy in Damascus of Syrian President Assad's attitude toward Middle East peace negotiations.// [REDACTED]

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//The Syrian President wants peace but is unwilling to compromise his basic position to achieve it. Assad recognizes that nothing he alone can offer Israel today is enough to obtain the concessions that he feels he must have. He is concerned that an Egyptian-Israeli peace treaty and a possible Gaza accord will further dim prospects for a Syrian-Israeli peace.// [REDACTED]

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//Assad does not oppose the peace process because of his minority Alawite status and his presumed need to placate extremists at home. He does not survive by placating his opponents but rather by maintaining control of the means of repression and by a willingness to use these means whenever necessary. Assad--given the right framework and peace package--would sign an agreement with Israel and would have the support of most Syrians; he would ruthlessly suppress those Syrians he could not win over.// [REDACTED]

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//Assad probably will continue to hold out for a peace that restores Syrian sovereignty over all of the Golan Heights and that meets minimal Palestinian demands for establishment of a Palestinian state. He does not like or trust the Israelis and will resist full normalization of relations even under conditions of peace.// [REDACTED]

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//The Syrian President recognizes that he must increase Israel's incentives for making unpalatable concessions. He believes it is necessary that Syria develop a credible military threat by upgrading its weaponry and by seeking closer ties with its arch-rival, Iraq. He also wants both great powers involved in negotiations, strong US pressure on Israel, and a negotiating framework that confronts the Israelis with the choice of a comprehensive agreement or nothing.// [REDACTED]

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//Assad believes the form of negotiations is at least as important as the substance. He wants to be able to exploit Israel's strong desire for peace with

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Egypt and possibly Jordan in order to extract concessions on the Syrian and the Palestinian issues. His obstruction of the Geneva peace conference effort last year and his current opposition to the Camp David accords have the same foundation: he perceived both initiatives as providing a framework for separate negotiations.//

//Assad is not eagerly waiting in the wings to join the negotiating process, and he is unlikely to enter it unless he comes to believe that Israel is anxious for peace with Syria and willing to pay a price.//

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BANGLADESH: Making Concessions

President Ziaur Rahman of Bangladesh has made several significant concessions to opposition political parties this month in an effort to persuade them to participate in the parliamentary election early next year. On Monday he at least partially met another opposition demand by postponing the election from 27 January to 12 February. It is still unclear whether the concessions will cause a significant number of opposition parties to forego a threatened boycott and to participate in the election.

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Zia had announced the election on 30 November. In the next three weeks, 16 of the approximately 20 opposition parties announced they would boycott the election unless Zia met several conditions. These included withdrawal of martial law, annulment of a highly authoritarian amendment to the constitution, unconditional release of political prisoners, Zia's retirement from the Army, and the restoration of press freedom. Most of the parties also maintained that they had been allowed too little time to prepare for the election.

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On 15 December, the government issued a proclamation modifying or eliminating several of the more undemocratic provisions of the constitutional amendment. The following day, Zia released some but not all of the political prisoners. On Sunday, the government announced that martial law provisions would not apply to political activities, proclaimed that further steps would be taken to remove restrictions on press freedom, and promised to release more political prisoners "shortly."

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It is increasingly obvious that Zia wants to have enough opposition participation in the election to make it appear convincingly democratic. A faction of the important rightwing Muslim League and a small pro-Moscow party have already announced that they are reversing their previous stands and will participate in the election. Zia may be only partially successful at best in his efforts to entice still more into the contest, however, because there apparently are strong groups in some of the larger parties that foresee no possibility of victory against Zia's Bangladesh Nationalist Party and would prefer boycott to defeat.

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BRIEFS

India

Pressure on Prime Minister Desai has temporarily subsided with ex-Prime Minister Gandhi's release from jail yesterday and the indefinite postponement of a threatened withdrawal from the ruling Janata Party by one of its major factions. Gandhi will probably seek re-election, although she may decide that it is more expedient now to attack the government from outside parliament. []

Disaffected former Home Minister Charan Singh, meanwhile, no longer poses an immediate threat to the tenuous Janata coalition. The turnout at a pro-Singh rally in New Delhi on Saturday was considerably less than the 1 million expected and instead of announcing his group's withdrawal from Janata, Singh reiterated his continued loyalty. Nonetheless, the bitter personal dispute between Desai and Singh is unresolved, and Singh's faction plans to hold a strategy conference in late January. []

Belgium

King Baudouin of Belgium yesterday appointed youthful Economics Minister Willy Claes--a moderate Flemish Socialist--to carry on discussions with political leaders about forming a new government. Serious negotiations and the choice of a "formateur" to put a government together are not likely until the new year. []

The election on Sunday gave no mandate to any party, policy, or politician to lead the country out of its existing political impasse. The formation of a new government will be complicated by the fact that the new parliament will have the status of a constituent assembly. A new coalition to carry out the task of revising the constitution should have a two-third's majority in both chambers, and also a majority in both linguistic groups. []

It could take several months before a new government is formed. In the meantime, the Vanden Boeynants government will continue in caretaker status. []

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FEATURE ARTICLES

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TURKEY: Martial Law

The resort to martial law on Monday to quell Turkey's spiraling violence was a painful political and ideological step for Prime Minister Ecevit. It holds dangers for his government--perhaps even for Turkish democracy--and opportunities for rivals if it proves unsuccessful.

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The imposition on martial law for the third time since World War II, and the second time this decade, became official yesterday with the parliament's assent. It came after Ecevit tried a series of more moderate measures during his first year in office aimed at curbing violence while preserving constitutional liberties. Twice as many people died in civil violence this year as during the last year of his predecessor's term.

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Ecevit had strongly criticized the governments that imposed earlier periods of martial law because of the excesses committed, particularly against members of the left wing of his party. Ecevit has long shown a strong commitment to democracy and against military or other forms of authoritarian rule. Indications are that he consented to martial law--after disturbances in Maras left 100 dead--only after a majority of his cabinet, and possibly the military as well, came out strongly in its favor.

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Political violence stems in part from a cleavage between leftist "modernizers" and Islamic traditionalists and nationalists, a split that has led to the emergence of rival extremist groups. Extremist ranks have been augmented by youths radicalized by an outmoded educational system and poor job prospects. Violence is also fueled by sectarian disputes between Sunni and Shia Muslims and by Kurdish separatists in the impoverished eastern provinces.

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While urban violence has often been directed by one extremist faction against another and resembles "gang warfare," violence in the rural east is on a larger scale

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in part because law enforcement is less efficient, economic discontent more rampant, and the people more malleable. []

The more conservative opposition parties accuse Ecevit of coddling the leftist extremists, and his government has in fact been more vigorous in quelling rightist-inspired violence. The pattern in the east, however, shows extreme rightists, possibly associated with the neofascist National Action Party, inciting conservative Sunnis to attack the poorer Shias who tend to support Ecevit's party or other leftist groups. []

Ecevit implies that the rioting in Maras was organized by the neofascists. His charges have fueled talk about a rightist conspiracy to create disorders in order to bring down the government. The charges may portend additional measures against the neofascists. Late last month, Ecevit had banned the youth wing of the neofascist party. []

The immediate outlook for the Ecevit government, and in the longer term for Turkish democracy, will depend on the effectiveness of martial law in curbing domestic strife. Extremist leaders have been reluctant to incite their followers to storm the barricades. Should the Turkish military succeed in securing peace, even if only temporarily, Ecevit will have bought time to attend to the underlying causes of violence, including the serious economic problems besetting the country. Even in such circumstances, however, the need to share power with the military in some provinces could create strains in the government's two-seat majority in the legislature. []

Should extremists persistently challenge martial law, Ecevit's prospects may quickly deteriorate. He will have to contend with conflicting advice to back-track or take even more repressive measures. His government might not survive, and there are serious obstacles to other democratic alternatives such as a grand coalition, a government of "technocrats," or a more active role for the president. Democracy would be endangered, because in such circumstances the military might lose its reluctance to resume direct rule as it did in 1971. []

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PERSIAN GULF: Impact of Unrest

//The crisis in Iran is producing a fundamental reorientation in the politics of the Persian Gulf. Most Gulf Arabs have seen the Shah as the major force for regional stability, and they want him to survive. Even if he does, however, Iran's willingness and ability to project its power in the region will be substantially reduced. If the monarchy is deposed, the Arab fear is that a struggle for power will ensue in Iran that could result in the destabilization of the other Gulf states. A leftist takeover in Tehran would be particularly upsetting.//

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//Neither of the two large Persian Gulf states--Saudi Arabia and Iraq--can easily take over Iran's self-proclaimed role as regional policeman. The rulers of the smaller states--Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman--have all in varying degrees counted on Iran as the key to regional stability, even though many of them have resented Iranian pretensions of regional hegemony.//

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//All the Persian Gulf states are deeply concerned by developments this year in Iran. They have, however, generally avoided public expressions of support for the Shah, in part because they fear that to speak out on his behalf might provoke trouble for themselves. They feel vulnerable and fear potential pressures from their domestic foes as well as from the USSR.//

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//The fact that demonstrators and striking workers could bring Iran to a standstill and even threaten the monarchy is a lesson certainly not lost on the radical left and the religious extremists on the Arab side of the Gulf. The rulers of the Persian Gulf states could eventually find themselves under attack from the political extremes and unless they relax their grip on political power abandoned by the emerging middle classes.//

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//At the same time, traditionalists in Saudi Arabia and elsewhere will warn against the kind of modernization programs that have so unsettled Iran.//

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//Bahrain, which has a history of leftist activity, is probably the most susceptible to trouble in the near term. Local leftists, dispirited by strong government countermeasures in recent years, are now said to feel re-invigorated because of events in Iran. Bahraini leftists--there are numerous groups--have in the past tried to exploit the resentment of local Shia Muslims over their second-class status in the country.// []

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//Sultan Qabus of Oman is doubtless worried that Iran will be unable to help him again if the Marxist regime in South Yemen resumes its support for the insurgents in Oman's Dhofar Province. Several thousand Iranian soldiers played a role in beating back the insurgents in the mid-1970s.// []

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//The most frequently expressed fear among Gulf Arab leaders is that their own Shia Muslims will take to the streets in imitation of their coreligionists in Iran. Shias comprise about half the population in Iraq and Bahrain, sizable minorities in Saudi Arabia and Kuwait, and smaller ones in the other Gulf states.// []

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//Iraq's Shias are usually passive, but when they take to the streets as they did early last year they can cause serious disruption. Iraq's avowedly secularist government has courted the Shias since then. In the other Gulf countries, most Shias are expatriate laborers often inhibited from political activity by the threat of deportation. Grievances over their second-class status in many of these countries, however, make them susceptible to exploitation by political radicals.// []

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//Saudi Arabia's 125,000 Shias are concentrated in the oil-producing Eastern Province where they comprise about 25 percent of the population. Long discriminated against by the Wahhabi Muslims who dominate the country, they found the oil industry one of the few sources of employment open to them.// []

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//Despite the forebodings of many officials in the Arab side of the Gulf, there has been no trouble there so far that can be traced to events in Iran. Some security services have warned local Shia leaders not to stir things up during the Muslim month of Moharram.// []

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//Concern among the Gulf Arabs about the possibility of a spreading revolutionary virus from Iran is mixed with some satisfaction among those who have resented Iran's past actions in the Gulf. Oman and Dubai, a member of the United Arab Emirates, are probably the only genuine allies the Shah has in the region. The Gulf Arab rulers, with their Bedouin heritage, have always found the Shah's imperial pretensions unsettling.// []

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//Iraq, which has long wanted to exclude Iranian power from the Arab side of the Gulf, now sees advantages to be gained from the likely retrenchment in Iran's willingness and ability to influence events in the region. It would not be surprising to see Iraq resume pushing for formal security arrangements with other Arab states in the region. The small Gulf states would be leery of entering into a pact, however. Iraqi leaders want to avoid a situation in which the USSR could play off Iraq and Iran to further Soviet ambitions in the region.// []

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//Iraq's apparent effort to play an expanded role in affairs of the Arab world will probably deter it from reverting to the blatant meddling and subversion it has used in past largely unsuccessful efforts to extend its influence in the Gulf. Even so, it will be some time before Iraq has gained the trust of its Persian Gulf neighbors. The Saudi Arabians, even if they become convinced that Iraq has turned over a new leaf, would be loath to see Iraqi forces intervene in any small Gulf state, even to counter a leftist threat.// []

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//Some in the Saudi hierarchy, especially the more traditionalist leaders, probably are in an "I told you so" mood. For years, the Shah has lectured Saudi leaders that they must do more to modernize their country or risk revolution. The Saudis responded by telling the Shah that the pace of Iranian social change was too fast and that he would eventually run into trouble.// []

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//Those Saudis who believe the Shah's problems result from his program of Westernization will use his experience to warn of what could happen in Saudi Arabia if current Saudi programs of industrialization are not curbed. If this attitude prevails, it could well alienate Saudi liberals who seek gradual social and political change. It could over time lead to a split between the

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royal family and the Western-educated commoners who in recent years have assumed growing importance as managers and technocrats in the Kingdom.// [REDACTED]

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//Dramatic changes in Iran--expecially if a leftist government emerges--could lead to a period of coolness in Saudi-US relations. The Saudis could well blame the US for whatever happens and argue that Iran is another fallen domino, following Ethiopia, Afghanistan, and South Yemen.//

[REDACTED]

//Saudi perceptions of a US "failure" to save the Shah would lessen significantly the Saudis' sense of US dependability if Saudi Arabia should face a domestic crisis. At the same time, however, the Saudis, recognizing their dependence on the US for arms, might be so alarmed by a new government in Iran that they would try to involve the US in more direct ways in guaranteeing Persian Gulf stability.// [REDACTED]

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