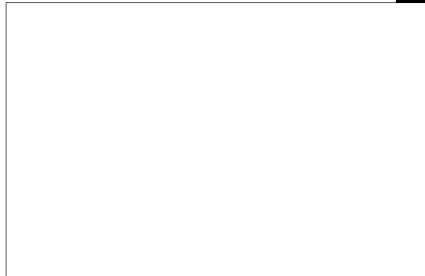




Director of  
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Intelligence

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DCDAS/CIG



CY# 281

# National Intelligence Daily

*Friday*  
*11 February 1983*

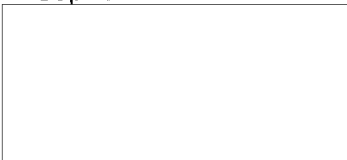
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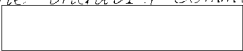
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CIA Late Item


ISRAEL: Defense Minister Resigns

*Defense Minister Sharon's resignation--effective Monday--has ended the immediate threat to the Begin government, but the controversy over the inquiry commission report is likely to continue for some time.* 


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Comment: Sharon's decision will remove much of the pressure on the government generated by the report, but there will be a Knesset debate on it next week. Moreover, rightwing members of the governing coalition--particularly the ultraconservative Tehiyya Party, which has three seats in the Knesset--are likely to be unhappy with Begin's handling of the affair and could leave his government. 

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Begin also must choose a successor to Sharon. Early speculation has focused on Ambassador to the US Arens, although Begin may keep the portfolio for himself. Some members of Begin's party are urging that former Defense Minister Weizman be named, but this seems unlikely, given Begin's dislike of Weizman. 

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Sharon's departure should make the government's negotiating position on Lebanon somewhat more flexible, although Begin is unlikely to drop his demands for major security and political concessions by the Lebanese. The resignation will do little to change opposition in Tel Aviv to the US peace plan. Indeed, Begin could seek to get back in the good graces of the right wing by authorizing major new settlement activity. 

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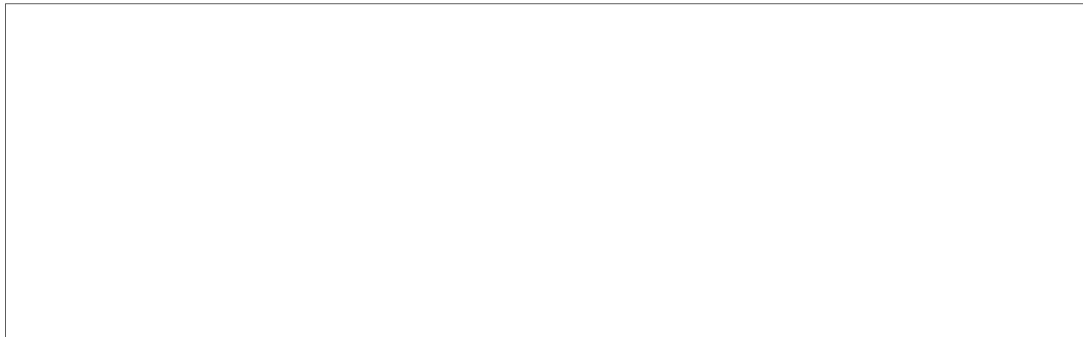
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HUNGARY: Political Trial Balloons

*Recent calls by officials for political reform and a more flexible foreign policy probably are intended to test Soviet and domestic reaction.* [REDACTED]

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A member of the Central Committee, in an interview last month in the government newspaper, urged that the parliament be given some control over day-to-day operations of the state administration and that it participate in policy formulation. He said a proposal for multiple candidates for seats in parliament--already approved by the Central Committee--will not make much difference because the parliament is largely a rubberstamp. He appealed for greater tolerance of divergent views in the media and in government councils. [REDACTED]

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A senior official responsible for international affairs recently suggested publicly that Hungary serve as a bridge for the exchange of ideas between East and West. He stressed Hungarian foreign policy is not identical with Soviet policy, and he said Hungary wants to continue to expand ties with the US. Other officials have indicated Hungary would like to help develop common European positions that could influence both the US and the USSR. [REDACTED]

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Comment: The regime's consideration of these unorthodox views suggests a growing sense of self-confidence and commitment to reform, even at a time of stringent economic measures and tighter controls over dissidents. The Hungarians may believe General Secretary Andropov is more receptive to innovation and sympathetic to the leadership. [REDACTED]

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[REDACTED]

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## USSR: Increase in Industrial Growth

A speech by Economic Planning Chairman Baybakov to the Council of Ministers on Wednesday indicates that during January industrial output grew at an annual rate of about 5 percent over January 1982. [redacted]

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Comment: The comparison with January 1982 is somewhat misleading because that was a particularly poor month for industrial output. The improved output last month may reflect the new regime's emphasis on labor discipline, especially the crackdown on absenteeism. Industrial production grew at a rate of roughly 2 percent in 1982. The information has been released at an unusually early date, suggesting General Secretary Andropov is anxious to give the impression his policies are succeeding. [redacted]

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## NORTH YEMEN - SAUDI ARABIA: President's Visit

North Yemeni President Salih probably urged the Saudis to provide additional help for his country's faltering economy when he visited King Fahd earlier this week. Sanaa's foreign exchange holdings have dropped from \$1.6 billion in March 1980 to less than \$600 million, [redacted]

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Comment: Financial constraints on the Saudis stemming from reduced oil revenues make it unlikely they will give North Yemen much additional aid. They may even try to capitalize on Salih's problems to wring political concessions from Sanaa for maintaining official aid at the level of about \$300 million it has averaged in recent years. Riyadh has repeatedly urged Salih to cut back Soviet military aid programs for North Yemen. If increased Saudi aid is not forthcoming, Salih will have to institute new austerity measures that could provoke unrest. [redacted]

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[redacted]

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CANADA-US: Weapons Testing Agreement Signed

Ottawa is submitting the weapons testing agreement it signed yesterday with the US to Parliament, where it is likely to draw a good deal of criticism from the socialist New Democratic Party. A major purpose of the long-delayed agreement is to allow for the testing of US air-launched cruise missiles in western Canada, and it has become the focal point for widespread disarmament and antinuclear sentiment. The government's efforts to promote the agreement included sending External Affairs Minister MacEachen to Geneva last week to obtain supporting data from US disarmament negotiators and to reaffirm publicly Canada's commitment to the disarmament process.



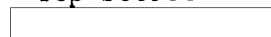
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Comment: The government is confident that it can weather the parliamentary debate, and it seems unlikely further obstacles will prevent implementation of the agreement.



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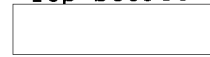
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**Special Analysis**

**USSR: Conflict in the Leadership**

*General Secretary Andropov appears to be firmly in command, but friction among Soviet leaders reportedly is growing as he tries to consolidate his position. Although some evidence suggests Party Secretary Chernenko may be losing ground politically, other evidence suggests some Politburo members continue to view him as an alternative to Andropov. Conflicting reporting about Chernenko's status probably indicates his political future and that of Andropov himself has not been resolved.*



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A middle-level Soviet diplomat says Chernenko is being "withdrawn from political life." Chernenko was not listed among those attending a Central Committee meeting of propaganda workers on 29 January.



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As the ideology secretary, Chernenko normally would play the leading role at such a conference. Dissident Marxist Roy Medvedev previously had said Chernenko was organizing such a meeting.



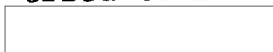
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These signs that Chernenko may be in political trouble come at a time of apparently heightened conflict in the leadership. Recent press articles have denounced party factionalism and called for the removal of "undesirable elements" from party ranks. Their appearance suggests that Andropov is laying the groundwork for a more extensive housecleaning of the party organization but that he is meeting resistance.

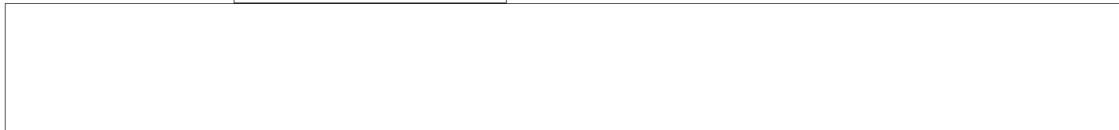


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Several Soviet sources also have indicated support for Andropov in the Politburo is not solid. Late last month a Soviet journalist in Moscow claimed infighting between Andropov and Chernenko had intensified, and Medvedev described the opposition to Andropov as being more formidable than he had previously thought. According to Medvedev, the influence of Chernenko and Premier Tikhonov was increasing as officials fearful of losing their jobs tried to back Chernenko as a counterweight to Andropov.



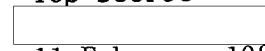
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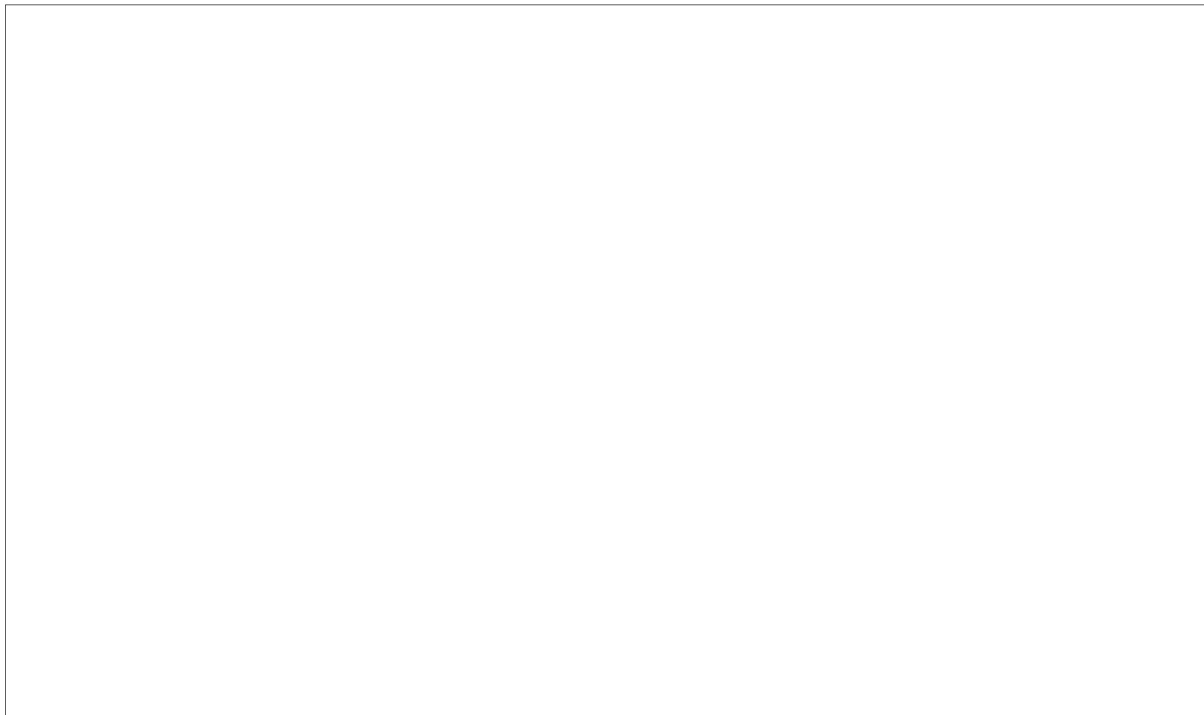


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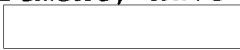


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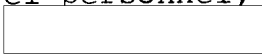


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A Climate of Insecurity

Since Andropov took over, he has made some significant personnel changes in propaganda, foreign policy, and security organizations, and also in the economic bureaucracy. Some officials, including the head of the Central Committee's Propaganda Department and the first deputy chief of the International Information Department, have been removed for purely political reasons. 

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These officials were appointees of Brezhnev who Andropov wanted to replace with clients of his own. Others, ranging from the Minister of Railways to economic managers and other lower level personnel, have been ousted on grounds of incompetence. 

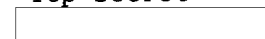
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A combination of political and personal shortcomings has accounted for some firings. The former Minister of Interior--one of Brezhnev's cronies--was vulnerable because Andropov wanted to tighten his personal control over the security apparatus and because the Ministry of Interior was riddled with corruption. 

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The changes have created insecurity among party officials. Brezhnev's indulgent policies in effect gave party workers job tenure, and many officials are apprehensive about the consequences of a fundamental change in personnel policy. [redacted]

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#### Signs of Resistance

Resistance to Andropov's consolidation of power also is suggested by the fact that he has made only two changes in the Politburo--the removal of Party Secretary Kirilenko and the promotion of Geydar Aliyev from candidate to full membership. Both changes probably were planned by the leadership before Brezhnev's death. In the first months after Brezhnev took over in 1964, changes at the top were much more extensive. [redacted]

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Andropov has yet to make a large number of appointments in the regional party apparatus. Few of the personnel changes that have taken place since he took office have affected regional officials. This suggests Chernenko has retained influence over job appointments at this level. [redacted]

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#### Chernenko's Prospects

Chernenko reportedly is popular among regional officials and, to a lesser degree, among economic managers and other bureaucrats. Previous Soviet leaders have regarded such support as important to maintaining their positions and accomplishing their policy objectives. Politburo members not firmly in Andropov's camp believe Chernenko's presence on the Politburo serves to protect their interests, and they could turn to him if Andropov stumbles. [redacted]

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If Andropov were to accelerate the campaign against corruption or undertake other controversial initiatives, Chernenko could serve as a rallying point for disgruntled elements in the party. If Andropov attempts at this point to remove Chernenko abruptly or otherwise overreaches his mandate, he might force a coalition whose common purpose would be to keep Andropov from wielding excessive power. This could even put his own position at risk. [redacted]

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**Prime Minister Kare Willoch**

Age 54 . . . reputation for honesty and political integrity . . . effective in debate . . . confines discussions to substantive issues . . .

last visited US in 1979 . . . fluent English.

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**Special Analysis**

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**NORWAY-US: Visit of Prime Minister Willoch**

*Prime Minister and Conservative Party chairman Willoch, who arrives in the US next week, probably hopes the visit will shore up political support at home for his minority government. Although domestic opposition to INF is increasing, Willoch's government remains firm in its backing of NATO's dual-track decision. In addition to seeking US support on INF, Willoch's delegation is likely to discuss bilateral security issues and energy matters.* [redacted]

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Willoch has been an outspoken advocate of Norway's participation in NATO. His minority government relies on parliamentary support from the moderate right Center and Christian People's Parties to govern, however, and it faces increasing opposition on INF. Although Norway is not a basing country, polls indicate a majority of Norwegians oppose deployment. [redacted]

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Last November the government won by a single vote parliamentary approval for Norway's contribution to INF infrastructure funding. The opposition Labor Party subsequently released a document advocating a freeze on nuclear weapons, a halt to preparations for INF deployments, an interim agreement reducing Soviet missiles and blocking US deployments, and negotiations for nuclear-weapons-free zones in Europe. These moves mark a departure from the traditional consensus on foreign policy among the major parties. [redacted]

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Bilateral Security Issues

When Willoch's government came to power in 1981, it quickly carried out plans to stock supplies for a US Marine brigade in central Norway. Now, however, the Prime Minister may claim budget constraints and insufficient NATO infrastructure funding threaten to delay plans for stocking similar material in northern Norway for a Norwegian brigade. The defense budget for 1983 contains no funds for Norwegian stockpiling. [redacted]

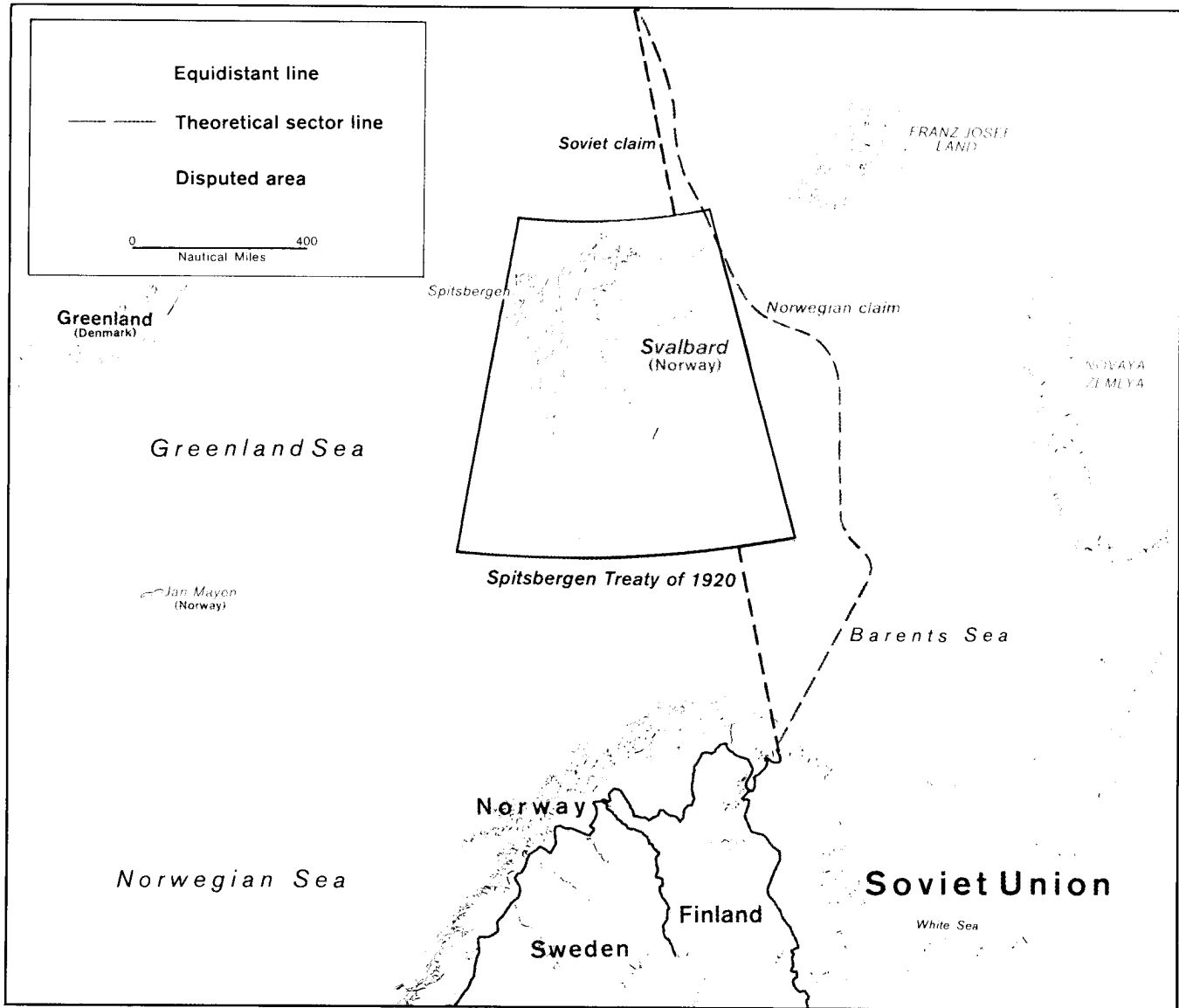
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Despite political opposition to having AWACS aircraft operate from Norway, Willoch is prepared to support their use. He probably will stress, however, that NATO flights crewed by US personnel avoid entering the northernmost territory adjacent to the USSR. [redacted]

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In discussing the US request to install radar on Jan Mayen Island, Willoch is likely to reiterate that the issue be handled in NATO. A Norwegian official has noted this would allow Norway to request NATO funding. [redacted]

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The Norwegians also may want to discuss their recent reevaluation of their air defense systems. This includes the possible purchase or lease of US Improved Hawks. [redacted]

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#### Other Foreign Policy Concerns

Norway is open to ideas for reducing tensions in Europe, but the government criticized Sweden's recent proposal for a nuclear-weapons-free zone in Central Europe. Willoch believes that initiative detracts from the more realistic START and INF negotiations, and he was particularly annoyed that he first learned of it through the press. [redacted]

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Although Norway remains a loyal member of NATO, its proximity to the USSR leads it to maintain open lines of communication with the Soviets. Moscow disputes the demarcation line along the continental shelf in the Barents Sea between the two countries and the sovereignty of Norway's Svalbard Islands. On the other hand, the Norwegians recently won significant concessions from the Soviets on fishing quotas in the Barents Sea. [redacted]

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#### Economic Pressures

Increasing Norwegian oil production, which reached about 1 million barrels per day in 1982, has contributed to stable growth in recent years and allowed an expansion

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of social spending. Recently, however, the decline in oil demand and prices has reduced revenues, causing budgetary problems. [redacted]

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The recession has raised unemployment to a postwar record of 3.6 percent and created greater strains on the budget. The fight against inflation, currently at 11 percent, is being hampered by devaluation and sizable wage gains. [redacted]

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Although Willoch had promised to reduce government spending and cut taxes, his government has been unable to cope with current budgetary problems. Some polls have shown an increase in support for the Labor Party, and this could spell danger for the government's consensus on domestic policy if inflation remains high and unemployment grows. [redacted]

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Willoch hopes to expand oil and gas production, possibly to reach 1.2 million barrels per day annually by the 1990s, as one means of strengthening the economy. The Norwegians are concerned that oil could create an imbalance in their economy, however, and are likely to move cautiously to implement the increased exploration and development required to maintain this level of production. [redacted]

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The government hopes expanded production will make increased natural gas exports to the continent more feasible by the 1990s. Before that time, however, Willoch does not believe Norwegian gas can replace Soviet deliveries to Western Europe. [redacted]

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