



Directorate of Intelligence

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Near East and South Asia Review

b (3)

Special Issue: The Levant and North Africa in 1986

b (3)

6 December 1985

Approved for Release
Date JUN 1999

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6 December 1985

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foreign exchange caused by workers' remittances. Qadhafi, in our judgment, also saw an opportunity to destabilize the already uncertain domestic situation in Tunisia and to punish Egypt for its ties to the United States and Israel. Qadhafi probably did not anticipate the willingness of Algeria and other Arab governments to come to Tunisia's aid. Most worrisome from Qadhafi's point of view was significantly closer cooperation among Tunis, Algiers, Cairo, and Baghdad.

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Qadhafi Circles the Wagons

For the most part, Qadhafi is a judicious political calculator who is capable of patient waiting. He has often been able to respond flexibly to his political troubles, tactically changing course without losing sight of his long-held revolutionary goals. But when he is feeling under siege or experiencing a heightened sensitivity that his revolution is failing, Qadhafi's usually pragmatic decisionmaking can falter. We judge that Qadhafi is now in such a strained period, and Qadhafi's flawed decisionmaking could well compound his political problems.

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In dealing with his rising domestic problems and increased foreign pressures, Qadhafi has chosen to repress dissent at home and resist pressure from his neighbors rather than reverse or moderate his unpopular policies.

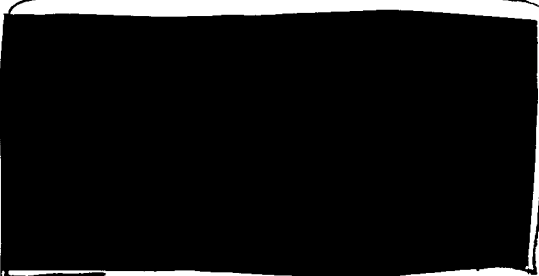
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In our view, this reduces the likelihood that the regime will address the fundamental problems that threaten it.

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Qadhafi has increasingly surrounded himself with people whom he believes he can trust—relatives, fellow tribesmen, or young radicals committed to his ideology.

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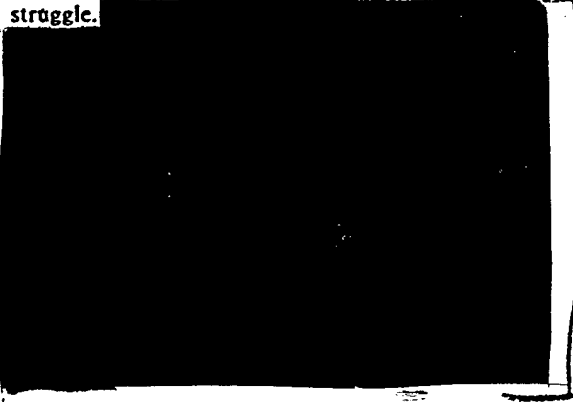
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In a narrow tactical sense Qadhafi may have improved his security. His personnel changes probably have increased the ability of his supporters to thwart nascent coup plotting or other ~~anuregune~~ activity. In our view, however, Qadhafi's increasing reliance on extremists indicates how deeply eroded his support has become. In addition, as Qadhafi becomes more dependent on radicals for support, he risks losing the loyalty of the armed forces, the one institution capable of removing him.

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Another effect of Qadhafi's siege mentality has been increased infighting among senior officials as they prepare themselves for the inevitable succession struggle.

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Prospects

Qadhafi's popular base will continue to erode as long as he responds to the challenges to his regime by closeting himself with a diminishing circle of loyal revolutionaries in Azziziya Barracks. Qadhafi is almost entirely dependent on the continued loyalty

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and competence of the Revolutionary Committees and the security services to preserve his position. At present, these institutions appear capable of protecting him. Nonetheless, the political and economic trends in Libya are running against Qadhafi, and we assess his chances of surviving until the end of 1986 as little better than even.

probably be tested with small-scale probes by Chadian dissidents rather than an overt Libyan attempt to seize large swaths of territory.

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A popular revolt against Qadhafi is unlikely, even with a significant increase in popular discontent. Such discontent, however, increases the risk of assassination. In addition, the NFSL almost certainly will attempt to exploit this discontent, possibly by launching another commando raid on a Libyan installation. Qadhafi probably could survive such an attack, but, if NFSL operatives struck without suffering substantial losses—by no means a certainty—it would aggravate his insecurity, diminish his prestige, and probably attract greater foreign and internal support for the dissidents.

Domestically, Qadhafi might attempt to purchase support by reordering economic priorities, delaying some military purchases, and channeling savings into the consumer sector. He also might step up oil production. An increase of 100,000 b/d in oil exports at current price levels would boost revenues by about \$1 billion annually. Such an increase, however, would be difficult to sustain under current market conditions without some price adjustments. Nonetheless, the likely improvement in revenues would ease mounting tensions over living standards.

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Grumbling in the military is likely to continue. The arrests and personnel changes made this year probably have disrupted coup plotting for at least the next several months. Nonetheless, we expect to see more evidence of antiregime activity by dissatisfied officers over the next year, and a move against Qadhafi by the armed forces cannot be ruled out. If the officer corps coordinates a coup attempt with dissident attacks and/or foreign intervention, we believe the chances for toppling Qadhafi are better than even.

Qadhafi is least likely to reverse his unpopular policies and curb the power of the Revolutionary Committees to shore up support for his regime. Such a reversal would be an admission that his revolution had failed, and, in our view, Qadhafi will not—and possibly psychologically cannot—make such an admission. Moreover, even if he reined in the Revolutionary Committees, Qadhafi might not be able to count on greater support among alienated military officers. Such a move might instead be interpreted as a sign of weakness and encourage coup plotting.

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Qadhafi will try to repress dissent and ride out the storm. At the same time, he may try to recapture international attention and burnish his prestige through sudden, bold foreign policy maneuvers. He almost certainly will continue current efforts to break up the cooperation against him between Algeria, Tunisia, and Egypt.

Qadhafi, however, probably will continue his confrontational tactics with Egypt and may try to strike indirectly at Egypt by expanding the Libyan presence in Sudan. Renewed Libyan aggression in Chad may be in the offing, although French resolve to support N'Djamena would

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