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Indications of Political Instability in Key Countries

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December 1983

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This quarterly was produced by and coordinated within the Directorate of Intelligence. Comments and suggestions are welcome and may be addressed to Instability and

Insurgency Center, Office of Global Issues,

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Preface	This is the fourth issue of a quarterly publication designed to provide timely warning of significant instability in countries of key importance to US interests. The quarterly, which in this issue includes data from	
	1 October to 19 December 1983, examines events and processes that could	
	lead to major regime or policy changes. It is not intended to supply short-	
	term warning of revolution or collapse, but rather is designed to address the	
	potential for instability during a time frame of the next six months to two	
	years in a periodic, systematic, and thematic way through the consistent application of a set of indicators.	25 X ′
	We believe that most of the 90 indicators are applicable to most	25X ²
	of the countries we examine; other indicators are more country specific. All	
	indicators are examined for every country for each issue. Those countries	
	for which indicators have changed significantly or which are otherwise of special interest are treated in a detailed way in the text.	
	special interest are treated in a detailed way in the text.	
	The quarterly includes four parts:	
	A brief overview of each country.	
	• A more detailed assessment of countries in which there have been developments of interest. Included in each assessment are two subsections listing different types of indicators to be watched for:	
	Prospective Scenario. Specific indicators of the scenario we believe is	
	most likely to unfold. We do not intend the list to be inclusive nor do we anticipate that all of these indicators necessarily will occur.	
	Alternative Scenarios. Specific tripwire indicators warning that a scenario other than that outlined in the Prospective Scenario might be developing.	
	• A chart summarizing the status of key indicators for each country and	
	tables tracing political and economic changes during the past several	
	years.	25X ²
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	This issue assesses a total of 28 countries that we have identified as	
	particularly salient to US interests. These countries are included because	
	they are strategic choke points, major oil producers or debtors, key US friends or allies, or geographically close to the United States.	
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Part 1. Major Developments at a Glance

	Mexico/Central America	•
Mexico	President de la Madrid will find it difficult to pull off his complex	
Mexico	economic program for 1984. It calls for both economic stimulation— needed to forestall the possibility of social unrest—and measures to fight inflation. The ruling party retained control over most city halls in recent municipal elections, but alleged electoral fraud has increased political tensions in Oaxaca and Sinaloa States.	25 X 1
El Salvador	Since September the insurgents have recaptured the battlefield initiative from the military, which proved unable to build on the gains it made during the summer. Support for the regime is being further eroded by the activities of rightwing death squads. A delay of the elections, now set for 25	0574
	March 1984, would also work to the insurgents' advantage.	25 X 1
Guatemala	Chief of State Mejia's position and, indirectly, the government's counterinsurgency campaign are threatened by antigovernment criticism from party leaders, church officials, and international groups concerned over increasing human rights abuses by military and paramilitary groups. Mejia's domestic critics are being additionally fueled by continuing insurgent terrorism.	25 X 1
Honduras	Local Communists apparently are being urged on by Salvadoran insurgents to carry out attacks against US Government and business facilities as well as other targets. They are hamstrung by extensive government surveillance and their own disunity, however, and pose no immediate threat to the government.	25 X 1
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Panama	Some public protests may take place as a consequence of a deterioration in	

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the economy—which appears steeper than officials had estimated—but

any outbursts are unlikely to seriously threaten the regime.

South America

Colombia	President Betancur remains unable to halt the economic decline or to bring the M-19, FARC, ELN, and other ongoing insurgencies under control. Conditions would have to deteriorate a great deal more, however, before democratic rule is threatened.	25X1
Venezuela	President-elect Jaime Lusinchi and his victorious Democratic Action Party must now devote top priority to reversing four years of economic stagnation and combating rising inflation, unemployment, and bankruptcy. The new President's anticipated tough program could lead to social and political turmoil.	25X1
Peru	Persisting insurgency, ongoing economic crisis, and major leftist gains in the municipal elections on 13 November have severely eroded President Belaunde's political base, but so far the military has shown no interest in a coup. Betancur may make major Cabinet changes and adopt more populist policies.	25X1
Brazil ¹	Rising public demands for less belt tightening are continuing to create political and economic problems for President Figueiredo, whose stock remains low. The IMF's recent approval of a revised austerity package will give the government some breathing room in meeting its external obligations.	25 X 1
Argentina ¹	President Alfonsin's stunning electoral victory over the Peronists—combined with his willingness to compromise and the disarray within the military—should give him at least six months' grace in which to introduce reforms. Thereafter, mounting economic and political pressures probably will increasingly narrow his policy choices.	25X1
Chile	Although demonstrations in October and November failed to win additional concessions, the opposition will continue to press the government for an early return to civilian rule, including Pinochet's resignation. Political activity probably will fall off through March but only because of the holidays and summer vacations.	, , 25X1
	See part 2 for detailed discussion.	25X1

	Europe	
Spain	The Socialist government continues to maintain its moderate, stable course despite agitation by Communist-dominated unions and several spectacular Basque terrorist assassinations.	25X1
Greece	The Turkish Cypriots' unilateral declaration of independence and the assassination of the US naval attache in Athens have worried the government but will have little impact on domestic stability.	25X1
Turkey ¹	The new democratically elected civilian government should remain stable for the next year or so. Its ability to survive after that will depend on the ability of the new civilian leaders and the military to cooperate. The shift to civilian rule could give an opening to renewed terrorism.	25X1
	Near East	
Morocco	The new government King Hassan appointed in November includes members of the socialist opposition, which should help limit domestic discord and steer the country through parliamentary elections scheduled in early 1984. Economic austerity measures are beginning to bite, however, and may make for some popular discontent.	25X1
Egypt	The government apparently has decided to postpone an increase in subsidized bread prices until after next April's parliamentary elections, temporarily defusing a potentially explosive domestic issue but also making it impossible to reach a standby loan agreement with the IMF. The boycott by major legal opposition parties in this fall's local council elections detracted from the victory of President Mubarak's party.] 25X1
Saudi Arabia	The government's attention is focused on problems in Lebanon and the potential for regional instability in the Gulf. King Fahd continues to restrict expenditures but has avoided cutting subsidies and social programs	
	that would hurt lower income groups and possibly foster unrest.	25X1
	¹ See part 2 for detailed discussion.	25X1

Iraq	Saddam Husayn ousted several close aides, including relatives, to preempt a possible threat to his rule. He evidently is concerned that the declining economic and military situation caused by the war with Iran could endanger his regime.	25X1
Iran	The economic problems that caused unrest in many cities this summer have been only temporarily alleviated. Antiregime activity by Khomeini's domestic rivals and by exile groups opposed to him has lessened for the moment but is likely to recur if the economy again deteriorates or casualties from the war with Iraq escalate.	25X1
	South Asia	
Pakistan ¹	Stern government action in Sind Province has cowed the demonstrators for the time being at the cost of deepened Sindhi hostility. In Punjab Province, President Zia's exploitation of opposition disunity and the opposition's own lack of popular appeal have kept it off balance. Zia's political opponents could eventually unite if he continues to exclude them from the political process, but they are unlikely to grow strong enough to topple him.	
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	Sub-Saharan Africa	
Nigeria (Late Note: 3 January 1984)	Major General Buhari, leader of the new military government that replaced President Shagari's civilian regime following the coup on 31 December, is a pragmatic anti-Communist who is favorably disposed toward the West. Although he may speak out against US policy in southern Africa to distinguish his regime from Shagari's—which was criticized for being excessively pro-Western—we do not anticipate that he will adopt new policies seriously adverse to US interests.	25 X 1
Somalia	The success of the government's recent campaign to disarm feuding tribes will soon dissipate because of the ready availability of weapons from Ethiopia. Deep-rooted tribal fissures, however, prevent dissidents from transforming the tribesmen's hostility to the Siad government into a serious threat.	。 25X1
Kenya	Disunity within the opposition Kikuyu tribe continues to undercut any potential threat to the regime. President Moi's government should be able to easily contain any public discontent that might erupt from austerity	
	measures imposed to satisfy foreign lenders. See part 2 for detailed discussion.	25X1 25X1
	See part 2 for detailed disease.	20 X I
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Zaire ¹	Despite appalling economic conditions throughout most of the country, President Mobutu is likely to remain in complete command for at least the next year because of his security consciousness and the near-total absence of organized internal opposition.	25X1
South Africa	Strengthened by its 2 to 1 victory in November's referendum on a new constitution incorporating limited racial reforms, the ruling National Party probably will implement the new structure in the second half of 1984. Terrorist and nonwhite groups opposed to Prime Minister Botha's gradualist approach to reform will most likely intensify their antiregime activities prior to elections tentatively scheduled this spring for the new Colored and Indian parliamentary seats.	25X1
	East Asia	
Philippines ¹	The alienation of most Filipinos from the Marcos regime is making it increasingly difficult for the President to govern. Elements in the military might move to replace him, particularly if his health deteriorates or serious urban violence erupts as a consequence of the rapidly failing economy. While the moderate opposition remains fragmented, the Communists are beginning to capitalize on their superior organization.	25 X 1
Indonesia	Muslim and student groups resent the government's campaign to force mass organizations to espouse the state ideology of <i>Pancasila</i> , but so far have not engaged in public protests. The population seems to be tolerating the regime's austerity program and the death-squad campaign it is running against known criminals.	25X1
South Korea	President Reagan's visit in November boosted President Chun's morale. His opponents will now urge the government to live up to the democratic values expressed in the joint statement by the two presidents. In the wake of the Rangoon bombing, Chun may use the excuse of further North Korean terrorist attacks to crack down on domestic dissidents, which would increase the prospects for campus disturbances next spring.	25 X 1
	See part 2 for detailed discussion.	25X1

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Note

Included in each assessment in Part 2 are two subsections listing different types of indicators to be watched for:

Prospective Scenario. Specific indicators of the scenario we believe is most likely to unfold. We do not intend the list to be inclusive nor do we anticipate that all of these indicators necessarily will occur.

Alternative Scenarios. Specific tripwire indicators warning that a scenario other than that outlined in the Prospective Scenario might be developing.

Part 2. Countries in Which There Have Been Developments of Interest

Brazil

- Congressman Maluf, who is detested by President Figueiredo, apparently has all but locked up the ruling Democratic Social Party's nomination for President of Brazil.
- Figueiredo may seek an alternative presidential candidate from within the major opposition party or scrap the present electoral system, which enhances Maluf's candidacy.
- High unemployment and declining living standards sparked supermarket looting in several states and escalating crime waves in south-central urban centers including Sao Paulo, Rio de Janeiro, and Porto Alegre.
- The Congress narrowly approved a compromise wage-restraint law in November after rebuffing several earlier proposals.
- In response to the wage-restraint law and other austerity measures, the IMF approved a revised rescue program and resumed disbursements.

Comment

We do not foresee a major threat to stability, such as a massive breakdown in public order, arising in the next year or so. For the moment, the introduction of positive economic measures and consequent resumption of IMF funding will give Brasilia some breathing room for handling the financial crisis. Moreover, the government may be able to win key economic tests in Congress if it continues to broaden its political base by allowing the Congress a voice in economic policy making. The regime's stock, though, will most likely remain low as public demands for an easing of austerity keep rising and wage increases continue to lag behind inflation.

We do not believe the military—the real power behind Figueiredo's civilian presidency—will tolerate another year of ineffectual rule by the President. If



the economic situation worsens—the recession is now entering its fourth year—the President's own military and political advisers may urge him to resign. Our concerns earlier this year—and probably those of Figueiredo's military backers—over the President's mental and physical health have not been erased by his more energetic performance in recent months following his recovery from heart bypass surgery. Even if he continues to reassert his authority and show greater flexibility in dealing with Congress, he is unlikely to regain the control he once had over the nation. The liberalization process has gone too far, his efforts are too little and too late, and he has no cushion of popular affection or respect. His aloof autocratic style and disdain for political horsetrading have endeared him to few and earned him a reputation for ineffectiveness that will be difficult to overcome.

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A hired gunman guards a Sao Paulo supermarket following a wave of looting.

The loosening of authoritarian measures in recent years has considerably weakened the government's legal means of suppressing dissent and imposing its will. Nevertheless, we believe political liberalization will continue. Figueiredo appears solidly committed to the process and is unlikely to try to extend his term of office. Moreover, despite signs of restiveness against Figueiredo, we believe that the military will not intervene against the liberalization program unless serious internal security problems erupt. Figueiredo has purged most top-level military hardliners, and the high command is now composed of moderates dedicated to a return to civilian rule. The military does remain suspicious, however, of radical populist Leonel Brizola, who was elected governor of Rio de Janeiro in November 1982 and who has long been considered unacceptable by many military officers. The military probably will insist that the President manipulate the electoral rules to prevent a Brizola victory should Figueiredo decide in favor of a direct presidential election rather than a deal with the major opposition leaders.

Efforts by Figueiredo to change the electoral process so as to allow a new president to be directly elected by the people could heighten the legitimacy of the administration that succeeds him. If the President does engineer a switch to direct balloting or reach agreement with the opposition on an alternative candidate, the incoming president—to be elected in January 1985—could obtain the first broad-based mandate in 20 years. In either case, Figueiredo's successor will be hard pressed to balance competing political forces and lead the country to an economic recovery.

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Prospective Scenario

- The continuation of serious but tolerable looting and other violence related to the deteriorating economy.
- Continued government slippage in the battle against inflation, particularly in tightening budget expenditures.
- Renewed congressional opposition to the austerity program when Congress reconvenes in March.
- Emergence of a consensus presidential candidate acceptable to broad sectors of the ruling party and the opposition.
- Changes in the electoral system providing for a direct popular presidential election.

Alternative Scenarios

- Rapid economic deterioration undermining the IMF adjustment program.
- Serious breakdown of public order well beyond sporadic incidents of violence.
- Inability of Figueiredo to work out a compromise on a presidential candidate with the opposition or a change in the electoral system.
- The emergence of Brizola or another populist politician as the potential winner in the presidential election.
- Increasing expressions of dissatisfaction within the military over political and economic developments, leading to coup plotting.

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Argentina

- Raul Alfonsin of the moderately left-of-center Radical Civic Union was elected president with 52 percent of the vote, provided by a coalition of the middle class and blue-collar workers.
- The Radicals, who also captured the lower house of the Congress, have promised to reform the military and the Peronist-dominated labor movement, revitalize the economy, root out corruption, defend human rights, and strengthen ties with the Nonaligned Movement.
- The Peronists, caught off guard, have not yet developed a new party strategy; moderate Peronists so far have responded positively to Alfonsin's call for national unity and cooperation.
- Alfonsin's victory has led to still greater disarray within the much discredited armed forces.
- The shortage of foreign exchange compelled the government to ban all imports for the first 21 days of October. Thereafter, quotas were imposed that allow for only about a third of fourth-quarter 1982 imports.

Comment

We believe that the strength of Alfonsin's electoral mandate, his willingness to compromise, and the disarray in the Peronist movement and the military will give the President and his incoming government at least six months' breathing space. We anticipate that political opposition will increase toward the end of 1984, especially if the economy deteriorates, although it will not threaten the regime for some time. The Peronists will have recovered some lost ground by then and probably will become more aggressive. The diverse coalition that elected Alfonsin might begin to unravel in the face of competing demands and his willingness to compromise with the Peronists and the military. We do not foresee any serious threat of military intervention during Alfonsin's first year in office, but the reemergence of major social tensions could again tempt military leaders.



In the coming weeks, Alfonsin will use his momentum to move forward on key issues. Moderate Peronists have signaled their willingness to cooperate on some issues. Alfonsin appears to have considerable support among the Peronist rank and file, many of whom voted for him, for ousting disreputable union leaders. Alfonsin also holds an edge over the military, which leaves office after seven years of economic failure,

massive human rights violations, and the bitter Falklands defeat last year. The new President will try to take advantage both of his strength and of the military's weakness to reassert civilian control and cut military spending. To forestall military intervention in politics, he is likely to compromise on two issues critical to the military—human rights and corruption—by leaving them to the courts to investigate and decide. The President also appears to be going along with the military's nuclear program.

We believe that Alfonsin will achieve mixed results in his primary economic objectives of restraining inflation, reactivating the economy, and renegotiating the \$40 billion foreign debt. His sweeping electoral mandate should sharply increase political optimism and thus diminish the economic uncertainty underlying speculative price increases and enable the government to quickly reach wage and price agreements. Consequently, we expect a temporary lowering of inflation to around 5 percent monthly as compared with a 21.4percent rate in September. Alfonsin's plans to stimulate growth through stepped-up government spending, subsidized commercial interest rates supported by military spending cuts, and improved tax collection could generate a modest economic recovery. Economic problems will intensify after mid-1984, however, in part because large monetary growth in late 1983 probably will lead to a recurrence of higher inflation rates and jeopardize wage and price agreements.

Although Alfonsin has stated clearly his intention to service the foreign debt to ease bankers' apprehensions, we believe his plans for deficit spending could stall an agreement with the IMF, which is a prerequisite for reaching new terms on commercial bank debts. There is room for compromise on the amount of deficit spending, but, if the IMF takes a tough stance, the result probably will be an impasse that would increase the attraction of a debt moratorium. If Alfonsin sticks to his stimulative spending plan despite the shortfall in revenues that we expect will occur, the widening fiscal deficit in late 1984 will give an additional push to inflation and create added conflict with international creditors.

Raul Ricardo Alfonsin



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The new President, who is 56, has demonstrated courage and patience in pursuing a lifelong commitment to democratic ideals, human rights, and social justice. Although his principles represent strongly held beliefs, Alfonsin is not dogmatic or inflexible and tempers his idealistic rhetoric with appeals to realism. He identified himself with the human rights movement long before it became either popular or safe. Prior to his election campaign, he organized mass rallies and, as an attorney, defended numerous political detainees. Alfonsin's reputation enabled him to run as a decent, honest man who offered a genuine alternative to Peronism. He showed an ability to compromise and, using consistent and simple themes. successfully built a winning coalition. On the basis of his track record, we believe Alfonsin has the skill and temperament to moderate his campaign rhetoric. adjust to political realities, and—to the degree anyone can—walk the tightrope of remaining true to his principles while working to bring together the disparate forces that compose Argentine society

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Key Indicators To Watch For

Prospective Scenario

- Willingness by the Radicals and Peronists to compromise their political differences temporarily.
- Renewed confidence in the Argentine economy, prompting a decline in inflation and an increase in investment.
- Acceptance by second-echelon labor leaders and the rank and file of Alfonsin's plans to reform and democratize labor unions.
- Military acquiescence in Alfonsin's policies and support for the democratic process.
- Renewed higher inflation rates in late 1984.
- Consequent growing polarization between the Radicals and Peronists.

Alternative Scenarios

- The emergence of competing demands within Alfonsin's electoral coalition, leading to its unraveling.
- A major revival of popular support for the Peronists, prompted by the return of Isabel Peron.
- The rapid end of cooperation by moderate Peronists, demonstrated by their refusal to endorse Alfonsin's policies in the Congress.
- Alfonsin's failure to reach agreement with business and labor in the short term, leading to a renewed wage-price inflationary spiral, labor strikes, and popular protests.
- Alfonsin's taking a hard line on military corruption and human rights violations.
- A rapid increase in military unhappiness with Alfonsin's policies, leading to an end of rivalry between the services, renewed political assertiveness by the military, and cooperation with rightwing union officials.
- The reemergence and subsequent escalation of terrorism on the right and the left.
- Failure to reach agreement with the IMF.
- The government's declaration of a long-term moratorium on debt repayments.

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Turkey

- Turgut Ozal's moderate Motherland Party captured a majority of seats in the National Assembly by defeating the left-of-center Populist Party and the military-backed Nationalist Democracy Party in elections run by the military on 6 November, the first since the military coup in September 1980.
- The new government inherited serious economic problems, including a 20-percent unemployment rate and a 30-percent inflation rate.
- President Evren and his advisory council have abandoned efforts to restrict participation in municipal elections to be held no later than November 1984.

Comment

We believe that the new political system devised by the generals during their three years in power will prove flexible enough to support both democratic rule and political stability for the next year or so. If economic problems and terrorism can be kept in check, democratic institutions will be able to slowly expand. If the new civilian government fails to grapple with these and other issues, however, the politicians—like those overthrown by the generals in 1980—could again be written off as ineffective by the public and the military, making a return to military government almost inevitable.

The new government's effectiveness in carrying out its policies will depend in large part on the ability of Evren and Ozal—both strong personalities—to overcome their differences. Evren's greater constitutional and political authority combined with his military backing ensure that he will remain the most influential political figure for several years. Ozal, though, has the momentum, enjoys a wide reputation as an economics wizard, and, through his party, commands a majority in the Assembly. In the short term, we expect that Evren and Ozal will seek to avoid a major falling out that might undermine the new and fragile democratic experiment. Initially, they will both support the maintenance of tight internal security, and Evren probably will let Ozal try to reorient the country toward a market economy. They probably will clash later, however, on how fast and how far to



go in loosening government restrictions on the economy, and on how quickly to relax martial law, which has been extended through March 1984. Over the longer run, difficulties will arise because Ozal is less interested than Evren in developing closer relations with Western Europe and secularizing Turkish society and more interested in close ties with the Arab world.

The continued growth of democratic institutions also depends on Evren's willingness to allow more political parties to operate nationally and to permit former politicians like ex-Prime Minister Ecevit a voice in the process. Now banned from politics for 10 years, Ecevit may wish to reestablish a "leftist" party. The President and the generals, fearing that a proliferation of parties at the national level could exacerbate tension and cripple the new government's ability to rule effectively, will remain wary about all such proposals. Evren will be influenced by the outcome of the 1984 municipal elections and the way the parties that do participate in them comport themselves.

We believe that a unified military holds the key to stability over the next few years. Evren will probably dominate military councils for the next year or two. Then we anticipate he will be drawn by his institutional role more deeply into the civilian world of parliamentary politics, and this will lead to differences with the military over the best way to develop the country politically and economically. If additional major national problems develop, senior military officers could assign part of the blame to Evren and fan

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Turgut Ozal, Prime Minister of Turkey

discontent within the armed forces, and then engage in a new coup conspiracy. At a minimum, a serious rift in military unity could develop.

We fear that the return to civilian rule will embolden terrorist groups. The government's continuing strenuous enforcement of security laws and the fact that terrorist organizations will need time to regroup and plan should preclude a major increase in terrorism during the next few months. Over the longer term, however, terrorism by the extreme left and, to a lesser extent, by Armenian separatists probably will increase. Although we do not expect terrorist activities to reach any time soon the level of violence that precipitated the coup in September 1980, a major upsurge eventually could trigger retaliation from the extreme right and again threaten the democratic process.

Key Indicators To Watch For

Prospective Scenario

- A honeymoon between the President and the Prime Minister for several months at least.
- Thereafter, growing disagreements over major policy issues between Evren and Ozal specifically and military and civilian leaders generally.
- Further increases in unemployment and inflation.
- A resurgence of leftwing and Armenian terrorism, leading to violence by the extreme right.
- An upsurge in domestic and international pressure to broaden democratic institutions, including the proliferation of political parties at the national level after the 1984 municipal elections.
- Plans by banned former politicians to challenge the new system, especially if the parties they support do well in the municipal elections.

Alternative Scenarios

- Inability of Evren and Ozal to work together from the start, leading to an immediate stalemate in government effectiveness.
- A serious rift, possibly involving coup plotting, in senior military ranks over the policies being implemented by the civilian government.
- Limits imposed by Evren and his military advisers on participation in the municipal elections, permitting only the three parties that took part in the national elections in November 1983 to enter candidates.
- Violent public demonstrations led by leftists trying to force the pace of democratization.

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Pakistan

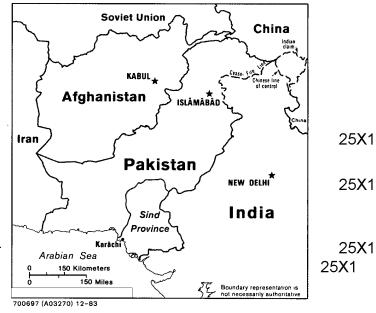
- The violence in Sind Province led by the Movement for the Restoration of Democracy (MRD)—protesting discrimination against Sindhis and President Zia's plan for a return to civilian rule—has declined since Zia ordered the arrest of potential troublemakers and sent troops and paramilitary units to assist the police. Some Sindhi radicals now threaten to conduct economic sabotage. • The public is complaining, especially in Sind, over the decreased subsidy for ghee and price gouging by
- Conservative and religious political parties continue to demand that Zia restore civilian rule by 1984 but spurn the MRD-led agitation; the MRD continues to have little impact outside of Sind.
- Zia opened talks in October with rightwing party leaders and extended feelers to moderates in the MRD, but he has shown no willingness to abandon his goal of holding elections without party participation, which would allow him to run for the presidency.

in early November Al Zulfikar terrorists were apprehended by authorities in Lahore while they were preparing an attack on US diplomats.

Comment

merchants.

We believe that President Zia's position is secure for at least the next six months. He has temporarily quelled his fragmented political opposition and satisfied military critics who had complained that he was too lenient in Sind. He also has prevented the Sind disturbances from spreading. Over the long haul, however, if Zia is unable to redress political and economic grievances in Sind, prevent new violence there, and in Punjab Province reach a compromise with the political parties over the form of a return to civilian rule, we believe that major unrest will ensue and prompt the military to replace Zia with a more tractable general.



The problems in Sind represent the greatest threat to Zia. If he is unwilling or unable to mitigate Sindhi political and economic discontent, we anticipate re-25X1 newed violence, possibly aggravated by Soviet or Indian involvement, that will ultimately benefit radical and separatist groups. The US Consulate in Karachi believes that a further round of violence will include economic sabotage such as the interruption of road and rail communications and attacks on gas and oil pipelines and the national electric grid.

The authorities should be able to protect the economic infrastructure from serious disruption. If they fail, Zia's image as an effective leader will be tarnished, and senior military officers and previously supportive businessmen might abandon him. Successful sabotage could lead to a reduction in industrial output, disruption of exports, and shortages of food and other consumer goods. We also fear that Americans could become the target of renewed violence. The US Embassy reports that opposition politicians increasingly criticize continuing US support for Zia,

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A worker calls for an early return to democracy during a recent demonstration in Karachi.

Al Zulfikar's abortive attempt to target US diplomats was probably related to its objective of discrediting Zia. We do not believe the group poses any real threat to the regime, athough it may succeed in exacerbating Islamabad's relations with New Delhi. In fact, Al Zulfikar's Indian connection severely reduces its appeal to most Pakistanis, especially in Punjab Province.

Center-left opposition groups will continue to try to overthrow the regime.

Zia will not give in to the demands of the opposition parties that they be allowed to participate in next year's provincial elections, which are unlikely to occur before September. Zia has stated privately that candidates for these elections will not be allowed to identify with parties and that new parties will be allowed to form afterward. If Zia follows this procedure, as we anticipate, the coming elections will provide the MRD-led opposition with a new pretext for nationwide protest.

Conservative and Islamic parties also want to participate as parties in the elections and are growing more disillusioned with Zia because of the lack of progress in their negotiations with him over the return to civilian rule. Conversely, however, they are reluctant

to make common cause with the MRD so long as it is dominated by the Pakistan People's Party, which they fear would suppress them and reverse Zia's Islamization policies if it returned to power. A few disenchanted conservative politicians may try to cooperate with MRD moderates in attempting to persuade the military to get rid of Zia, but most will acquiesce in his policies. Zia's electoral plans should prevail owing to continued military support and the tacit backing of the two best organized conservative parties—the strongly anti-MRD Jama'at-i-Islami and the Pakistani Muslim League's Pagaro faction.

Key Indicators To Watch For

Prospective Scenario

- Escalation of violent antiregime protests, economic sabotage, and possible attacks against American targets in Sind.
- MRD-led protests in response to Zia's refusal to allow parties to participate in next year's provincial elections.
- Increased pressure on Zia by conservative and religious parties to permit parties to take part in the elections.
- Continued Soviet and Indian support of antiregime demonstrations.

Alternative Scenarios

- A decision by conservative and religious parties such as the Jama'at-i-Islami to directly confront Zia by launching urban demonstrations.
- Involvement by bazaar merchants, clerics, labor rank and file, and rightwing students in antiregime protests previously confined to student and labor leftists, lawyers, and professional women.
- The extension of major violent protests to provinces outside Sind.
- Military unwillingness to suppress protests.
- Moves by senior military officers to bypass Zia and negotiate directly with the political opposition, resulting in Zia's ouster.

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Zaire

- A group of former legislators trying to obtain government approval to form a second political party in opposition to President Mobutu's Popular Movement for the Revolution (MPR) have been forcibly returned to their home areas in internal exile.
- Mobutu's decision in September to devalue the zaire by 80 percent and a 60-percent inflation rate have further fueled popular resentment.
- Scattered strikes have occurred in several urban centers.
- Substantial salary increases have been given to some government officials and senior military officers, but differentiated salary adjustments have left many unhappy.
- Economic hardships have led to some open grumbling among lower ranking military personnel.
- Arrangements are almost complete for an IMF standby credit and the rescheduling of some debts.

Comment

We see no immediate challenge to President Mobutu. His historic role as the nation's unifier, tight rein on the government and the MPR, control over the armed forces, and innate intelligence and craftiness ensure his dominance of national affairs for some time to come. He continues to strengthen his leadership by co-opting or arresting civilian and military opponents, and by encouraging ethnic and regional tensions as a means of preventing alliances against him.

One of Mobutu's greatest assets is Zaire's vast ethnic diversity—30 million people divided among over 200 tribes, who speak some 700 languages and dialects. Zaire remains little more than a collection of disparate elements held together—to the extent it is—by Mobutu's domination and manipulation of the military and national bureaucracy. It is unlikely that any potential challenger could organize a nationwide opposition movement to Mobutu. At the same time,



Mobutu's failure to develop viable political institutions or provide a reasonable mechanism for his succession, together with the low threshhold for a resurgence of intertribal strife and regional secessionism, means that political instability could again erupt.

Dissatisfaction with Mobutu's rule is growing across the country largely because of the fundamental inability of the President and his henchmen to resolve numerous economic, social, and political problems, notwithstanding short-lived, stopgap efforts at reform. We believe that Mobutu is incapable of reversing this trend and that the inexorable downward spiral of the quality of life will continue to fuel popular ill will against the regime. As economic conditions have worsened in recent years, Mobutu has grown obsessed with his and his regime's security and become increasingly isolated and alienated from the citizenry. A number of prominent former MPR members of parliament—several of whom recently were released from prison—have been publicly critical of Mobutu and his policies. The President has forcibly removed them from Kinshasa to their home areas.

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Mobutu Sese Seko



Saute Mate

President Mobutu, who is 53 years old and has ruled Zaire for 18 years, is a highly intelligent, opportunistic, and strong-minded leader committed primarily to his own political survival. His actions are characterized by a reluctance to delegate authority, a tendency to blame others for his failures, a strong need to be in control, a constant demand for recognition, and sensitivity to slight. Under stress, he is liable to withdraw from his responsibilities, become less open to bad news, and, on occasion, act impulsively before thinking through problems.

The economy is a disaster. Rampant inflation, high unemployment, blatant corruption, and a deteriorating physical and bureaucratic infrastructure are the rule everywhere. In Kinshasa and other regions, periodic shortages of food and other necessities are common and have led to hunger, malnutrition, and disease. Crime has increased dramatically. In some rural areas the money economy has disappeared, forcing the population to revert to a precolonial lifestyle. We believe that alienated inhabitants of outlying regions, plagued by corrupt and ineffective local and regional governments, view the central government simply as

the font of their exploitation. Although current external financial difficulties will be partially alleviated by an anticipated IMF standby loan agreement and debt rescheduling, we believe that mismanagement, endemic corruption, poor terms of trade for exports, and Mobutu's unwillingness to sustain a reform effort mean that economic conditions probably will continue to deteriorate for the foreseeable future.

In our view, although the Army is the base of Mobutu's power, it is also the chief potential threat to his rule. Ineffective and venal, the armed forces are a greater menace to the population than they are to any external aggressor. Ethnic tensions pervade the officer corps—most senior officers come from Mobutu's home region and other tribes are discriminated against—and grumbling among middle and junior officers and NCOs is again on the rise. To ensure the loyalty of key Army units, Mobutu depends chiefly on his French, Belgian, and Israeli foreign military advisers.

External factors both promote and endanger stability. Mobutu believes that his forced or sudden departure from the scene would precipitate new instability and jeopardize Western interests. He claims that continued political, economic, and military aid from the United States and other Western countries is essential to help prevent turbulence or disintegration from once again making Zaire a theater of big power rivalry. We believe that the Soviets and Cubans might be tempted to intervene by promoting insurgency if an opportunity arose—for example, a violent attempt at secession or Mobutu's inability to contain tribal violence—and they had the capabilities to see it through. The expanding insurgency in Angola could eventually threaten the vulnerable Shaba region in Zaire. If Luanda, encouraged perhaps by the Soviets and Cubans, comes to believe that Mobutu is again aiding UNITA insurgents, it could unleash the 4,000 to 6,000 anti-Mobutu guerrillas now based in northern Angola, causing Mobutu to again call on the West to keep Zaire together.

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Key Indicators To Watch For

Prospective Scenario

- Further economic decline, leading to new price increases and shortages of fuel, food, and other necessities.
- Strikes by mineworkers and other outbreaks of popular discontent, protesting the deteriorating economic conditions.
- Growing support by urban elites for the former legislators who are trying to form a second political party.
- Increasing unhappiness within senior military ranks and strikes by enlisted men, leading to an unwillingness to suppress protests.
- A harsh crackdown on dissent that heightens anti-Mobutu sentiment.
- A resurgence of tribal conflict over the next year or so.
- Attempts by outlying regions to secede over the next year or so.

Alternative Scenarios

- Angolan preparations to send the anti-Mobutu guerrillas into Shaba.
- Serious and sustained efforts by Mobutu to carry out meaningful political and economic reforms.
- Lessening of support for Mobutu by his Western backers.
- Direct interference by the Soviets and Cubans in Zaire's domestic affairs.

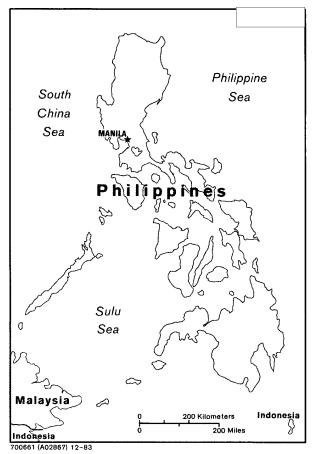
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Philippines

- The moderate opposition has kept up the pressure on the regime by holding regular, large antigovernment demonstrations.
- Dissension within the military and the ruling KBL Party has surfaced as a result of Marcos's poor management of the political crisis.
- A nationwide plebiscite will be held in January on a constitutional amendment calling for the Speaker of the National Assembly to assume power should the president die or become incapacitated; beginning in 1987 a new vice president will be next in line.
- The original commission of inquiry into the Aquino assassination resigned in October and has been replaced by a new, independent commission.
- Central Bank reserves fell to below \$300 million in late October from over \$2 billion prior to Aquino's murder.
- On 14 October the government declared a 90-day moratorium on loan payments and subsequently decided to reschedule most foreign debts before the end of 1984
- The IMF has agreed in principle to provide a standby loan of \$652 million over the next 18 months, but disagreements over the size of Manila's financing gap have held up the program.

Comment

We believe that the breach between President Marcos and the majority of Filipinos is deep and irreversible. Even if Marcos makes further concessions to open up the political process, he will find it increasingly difficult to govern. Nevertheless, Marcos is a survivor and he is probably secure through the next year unless his health deteriorates further or serious violence erupts in the cities, in which case the military probably would move to replace him. A further danger is that lower ranking officers will attempt to act independently of the high command.



In our view, even though moderate opposition groups have been buoyed by business, middle class, and labor support, they will not be able to oust Marcos because of their disunity and inability to mobilize an effective antiregime movement. They may also have surrendered the initiative to more radical groups. The Communist Party of the Philippines has moved quickly to exploit the unrest and penetrated a number of important legal opposition groups. We share the US Embassy's belief that the newly formed National Alliance for Justice, Freedom, and Democracy, for example, is a Communist front. Although leftwing groups do not pose a direct threat to the regime at this time, their potential for exploiting worsening political and economic conditions and provoking serious instability is increasing rapidly.

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Guards facing an attack on a government food store following antiregime demonstrations in Manila on 27 November. The store is one of Imelda Marcos's pet projects.

Bulletin Today ©

We do not anticipate that Marcos will change his political strategy in any major way. Because he feels that the opposition's disunity will help him weather the crisis, he will most likely continue to use heavy-handed pressure and minor political concessions, such as loosening up the election process. Although the new Aquino commission is moving ahead aggressively in its investigation, it will find it almost impossible to come up with a set of conclusions that satisfy both the Filipino people and the Marcos regime. We doubt that Marcos would allow the release of conclusions that contain evidence damaging to him or advisers close to him.

Marcos is concerned about dissension within his ruling KBL party, which has surfaced publicly in statements by KBL figures regarding the succession problem. Marcos's decision about the vice-presidency was probably designed to stem further expressions of unhappiness. The decision has done little to alleviate the fears of the business community, however. The current Speaker of the National Assembly, a Marcos loyalist without an independent power base, is not a credible successor, and the accession to power of one of the current elite, such as Imelda Marcos, is also

possible. Marcos also has been damaged by former Industry Minister Paterno's resignation from the KBL and by the moves of Prime Minister Virata and Foreign Secretary Romulo to distance themselves from him.

Marcos's woes increasingly are being compounded by the deepening financial crisis, which many Filipinos and the international lending community attribute directly to political uncertainties related to the succession and the prospect of future turmoil. While Manila faces an estimated foreign exchange shortage of \$2.3 billion over the next 15 months, many smaller banks are refusing to roll over existing credit lines and the foreign exchange shortage has virtually halted the issuance of letters of credit needed to finance trade. Nonetheless, Marcos will still have to face heightened opposition to his regime by business and labor groups, which are suffering the havoc of price increases (needed to restore order to the balance of payments), labor layoffs, and other austerity measures. The crisis will be prolonged if Manila and the IMF do not resolve their differences over the standby program.

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Key Indicators To Watch For

Prospective Scenario

- Deterioration in Marcos's health to the point that his ability to rule is questioned.
- Further defections from or dissent within the KBL.
- Large numbers of arrests or other repressive measures as part of a crackdown by Marcos against his
- · Coup plotting within the military high command or by lower ranking officers.
- · Worsening economic conditions, including new rounds of inflation and unemployment, leading to more labor strikes and escalating street violence in Manila and other cities.
- Prolonged difficulties in rescheduling negotiations, leading to an extended economic crisis.
- Increasingly successful organizational efforts by the Communists in the cities and stepped-up guerrilla activity in the countryside.

Alternative Scenarios

- Reimposition of martial law and its strict enforcement.
- Meaningful concessions by Marcos on elections, including the compilation of a new voter registration list, a reconstituted elections commission, and less restricted access of the legal opposition to the media.
- Immediate restoration of the vice-presidency.
- A definitive withdrawal by Imelda Marcos from
- Greater unity among the moderate opposition.

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Part 3. Graphic Indicators

Status of Key Indicators

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developments not of concern, or not applicable developments of moderate concern developments of serious concern		Ethnic/religious discontent	Demonstrations and riots	sə	ral deterioration	Decreased foreign aid/ investment	Unpopular changes in taxes, subsidies, or price controls	Food/energy shortages	Consumer price increase	ey export price index change	capita imports decrease	Organizational capabilities	Opposition conspiracy/ planning	Terrorism and sabotage	Insurgent armed attacks	Attraction for public	xternal support for sovernment	xternal support for opposition	Government hostility/attacks on US	Opposition hostility/attacks on US	Repression/brutality	ity capabilities	oup plotting/military discontent	Decreased unity/loss of confidence	Decreased respect for ruler
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Note: Judgments presented in this chart pertain to individual countries and should not be used for cross-national comparisons with reference to individual indicators.

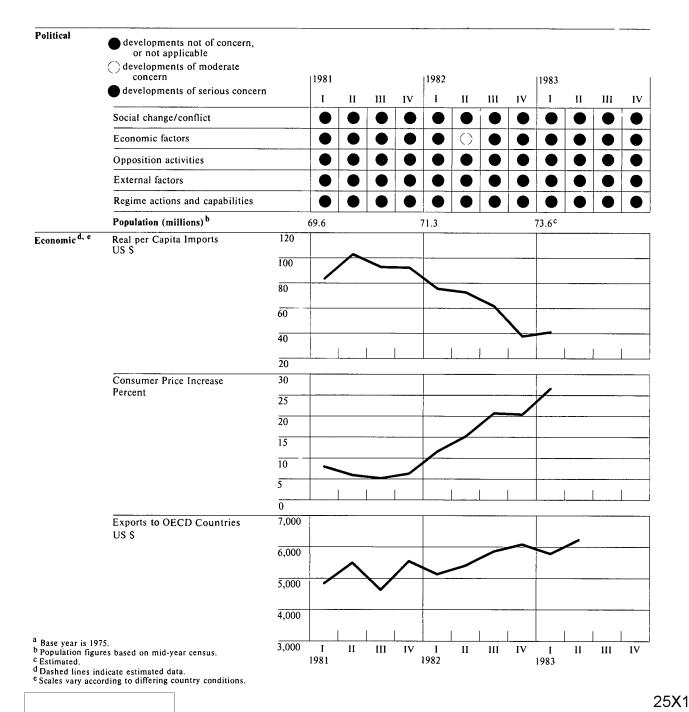
*Refers to the 9 October bombing in Rangoon by North Korean saboteurs.

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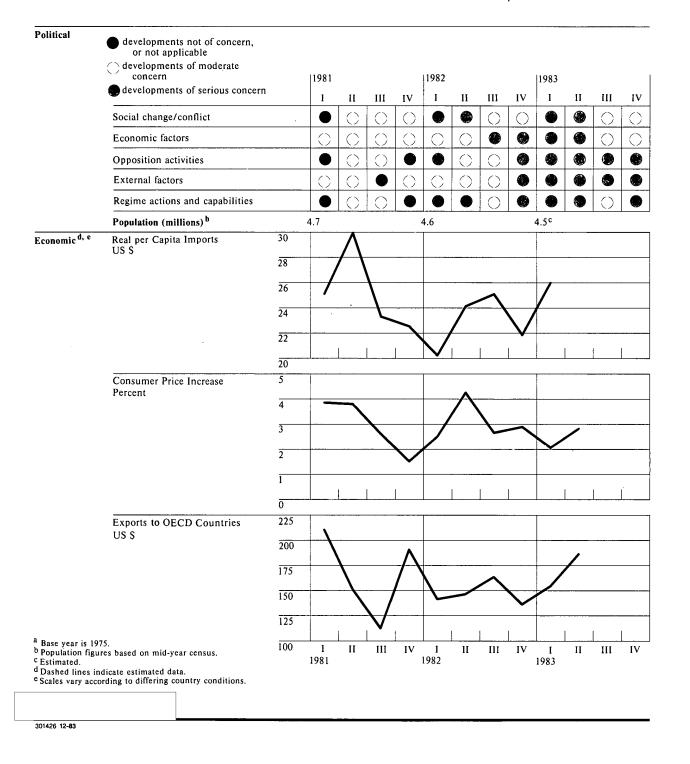
Mexico: Selected Political and Economic Indicators^a



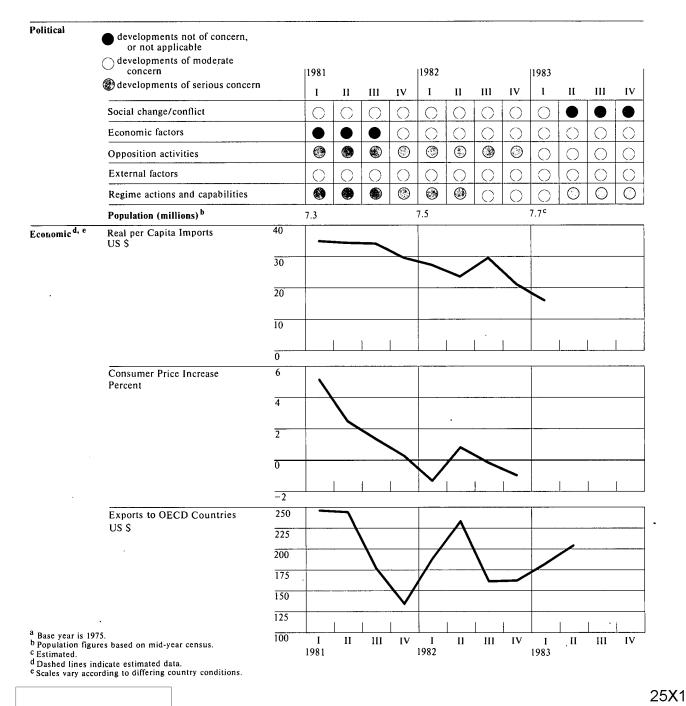
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El Salvador: Selected Political and Economic Indicators^a

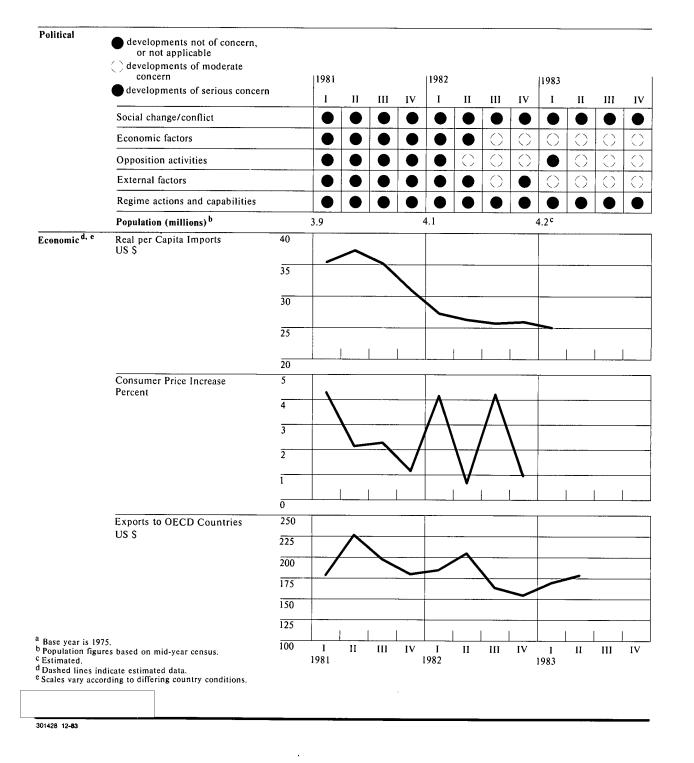


Guatemala: Selected Political and Economic Indicators^a



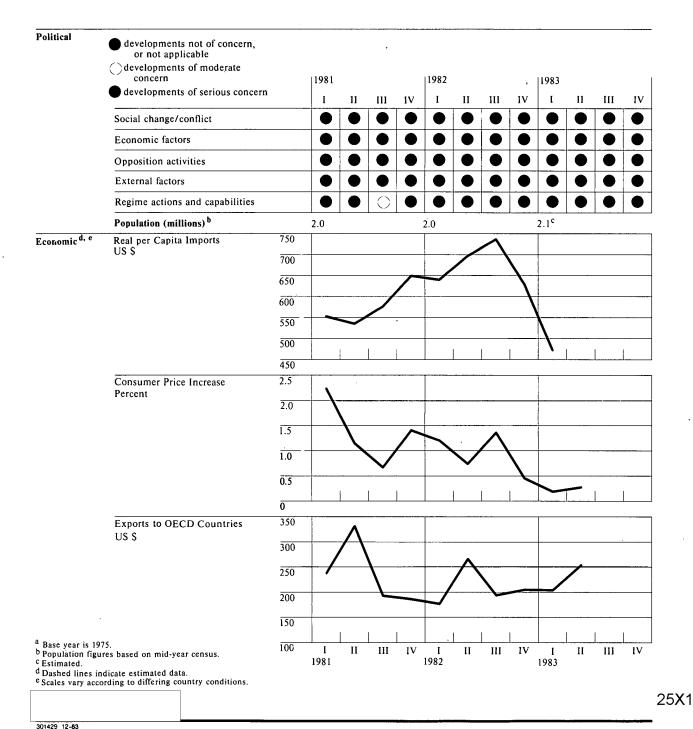
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Honduras: Selected Political and Economic Indicators^a

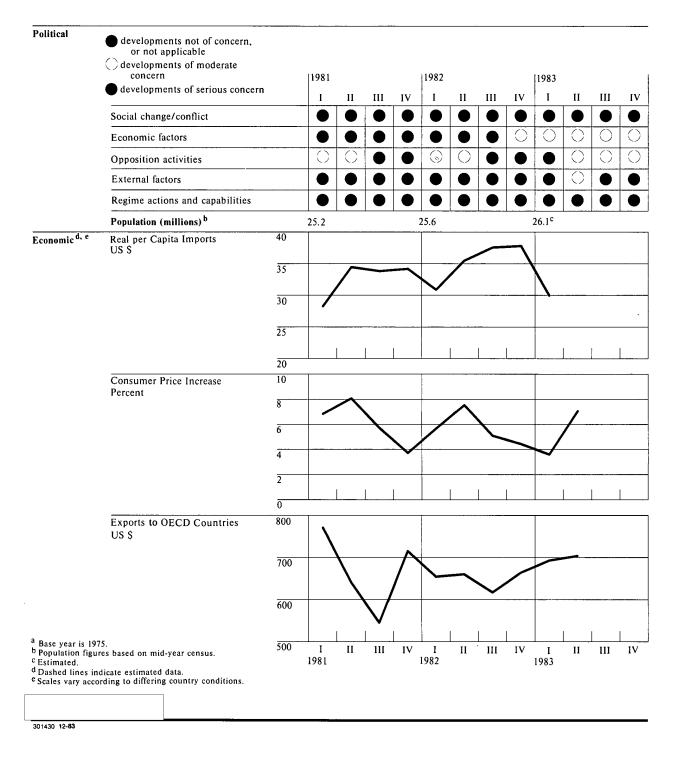


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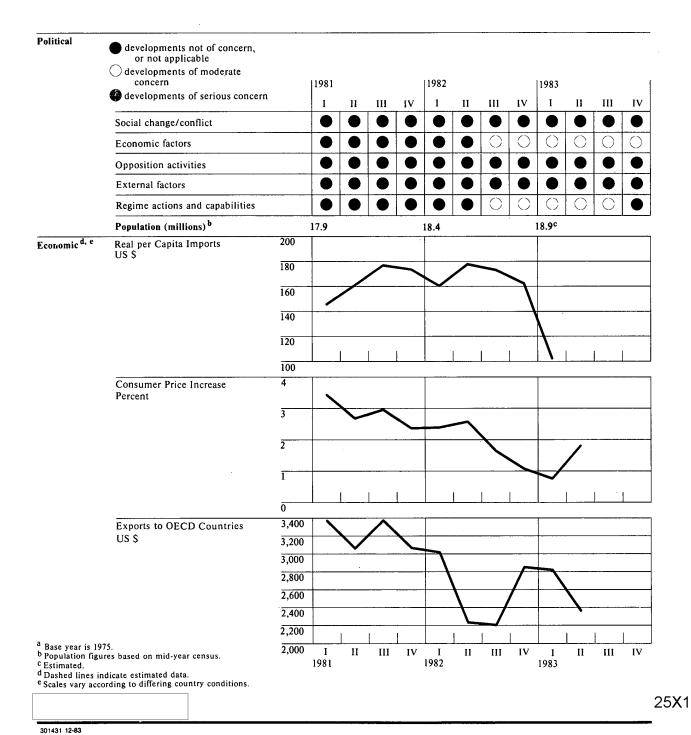
Panama: Selected Political and Economic Indicators^a



Colombia: Selected Political and Economic Indicators^a

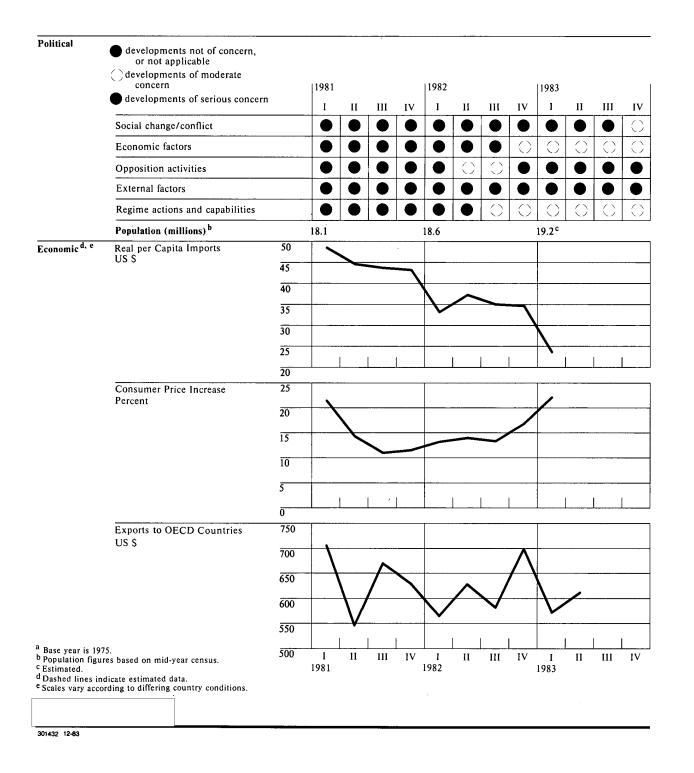


Venezuela: Selected Political and Economic Indicators*



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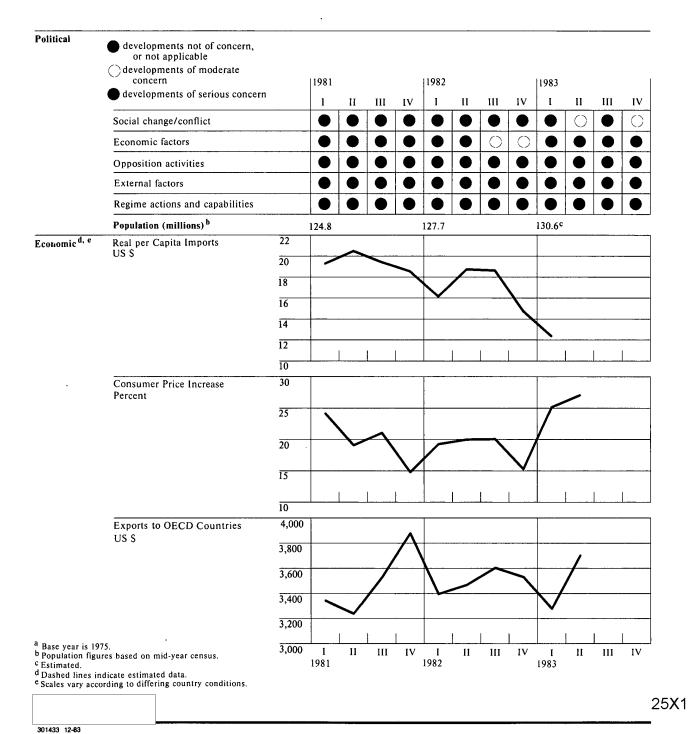
Peru: Selected Political and Economic Indicators^a



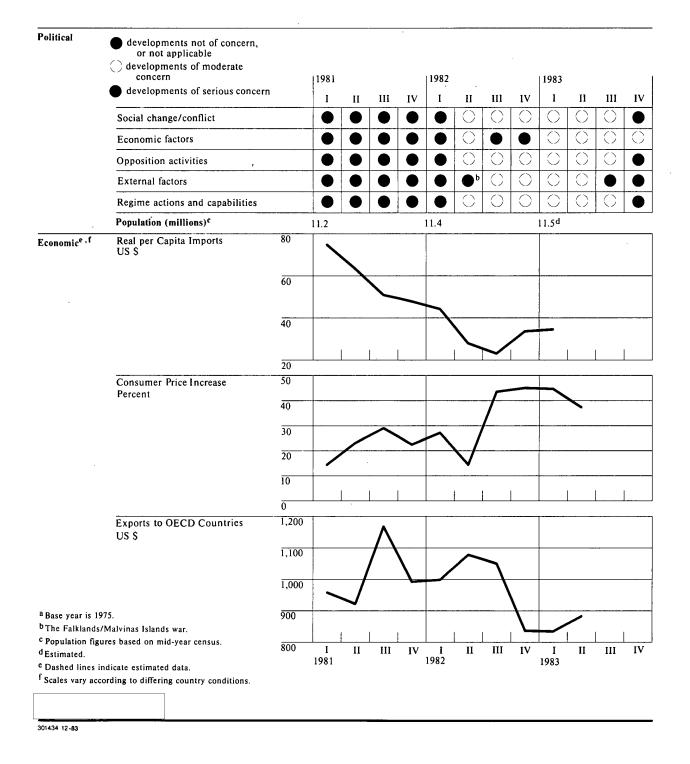
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Brazil: Selected Political and Economic Indicators^a

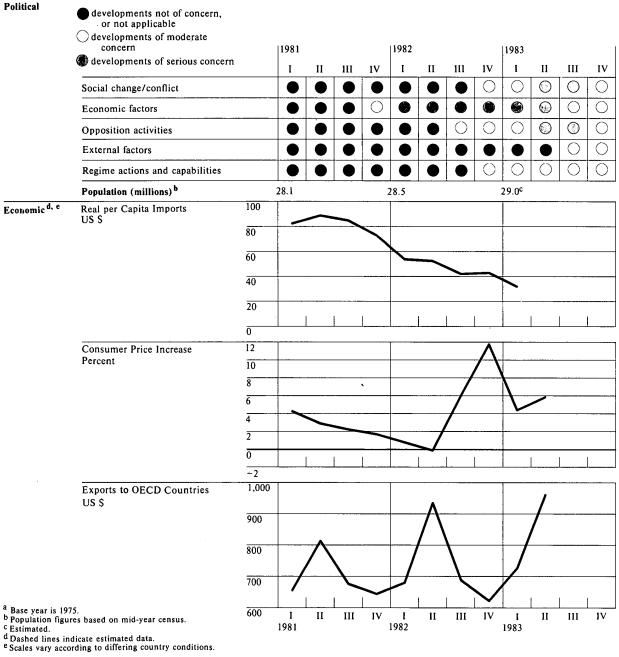


Argentina: Selected Political and Economic Indicators^a



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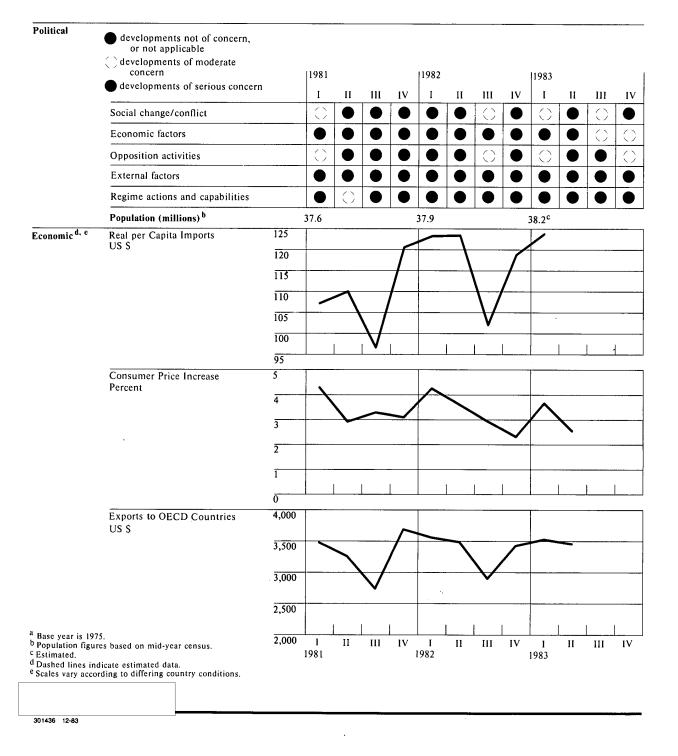
Chile: Selected Political and Economic Indicators^a



Scales vary according to different conditions

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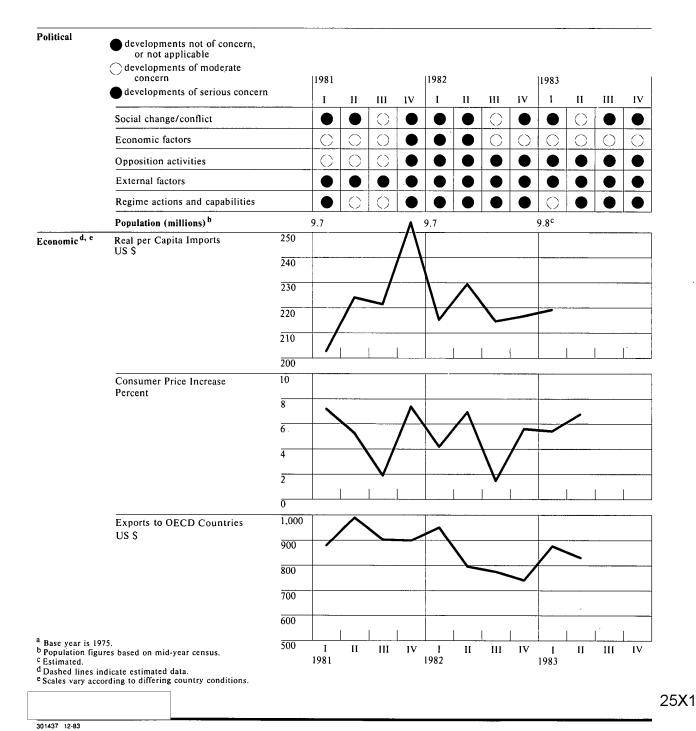
Spain: Selected Political and Economic Indicators^a



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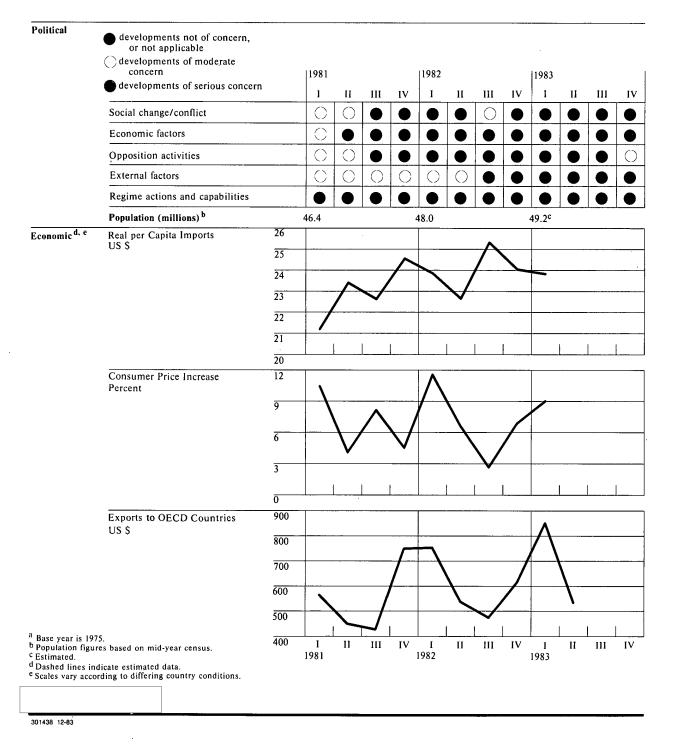
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Greece: Selected Political and Economic Indicators^a



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Turkey: Selected Political and Economic Indicators^a

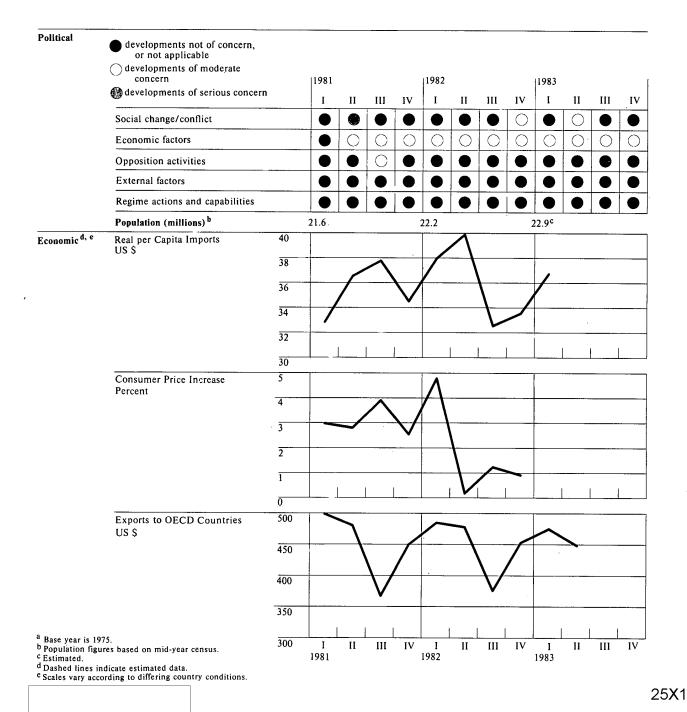


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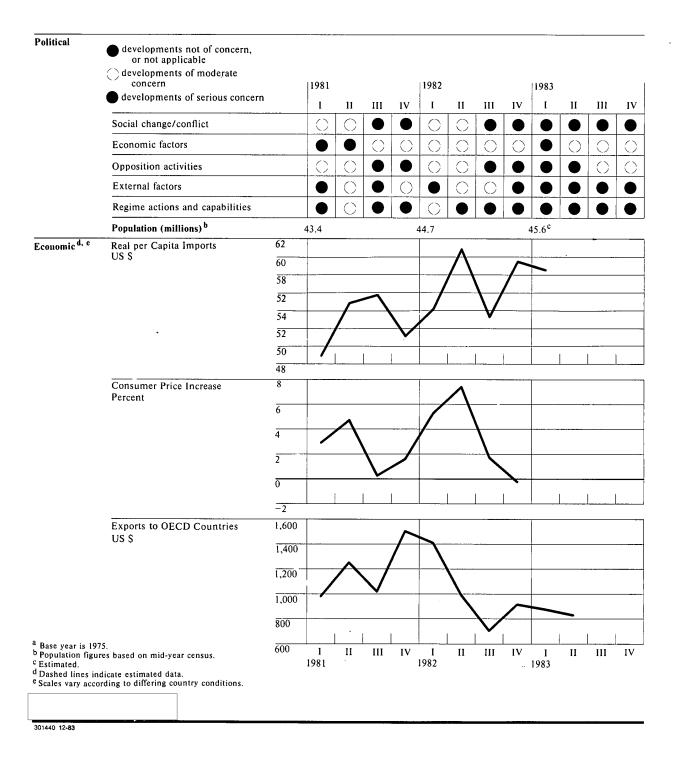
Morocco: Selected Political and Economic Indicators^a



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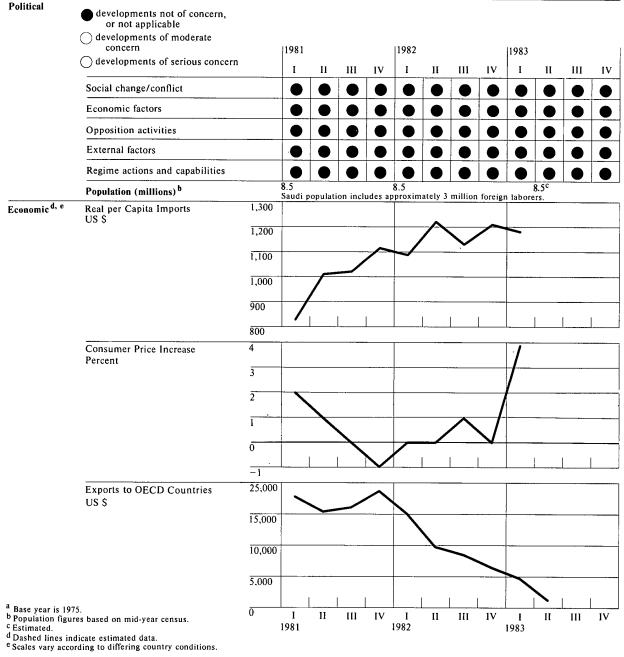
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Egypt: Selected Political and Economic Indicators^a



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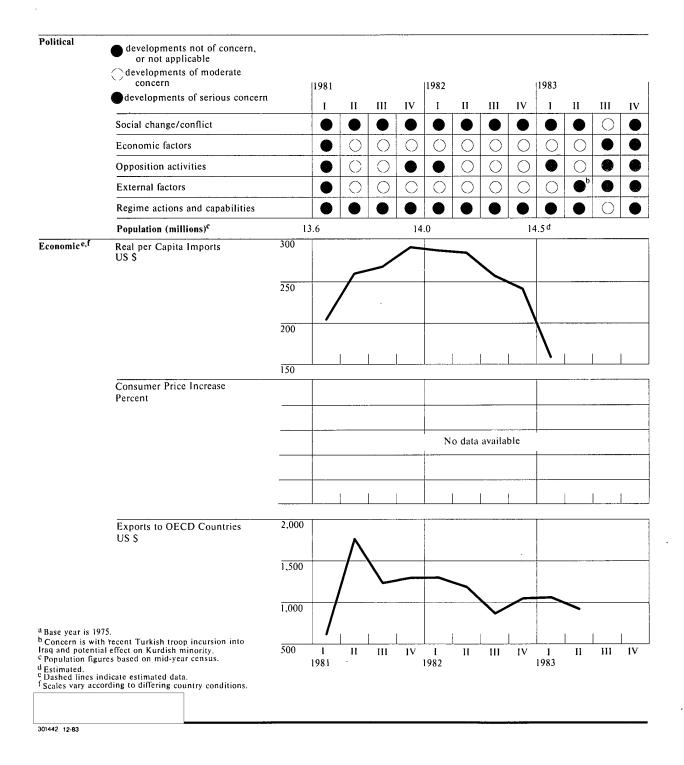
Saudi Arabia: Selected Political and Economic Indicators^a



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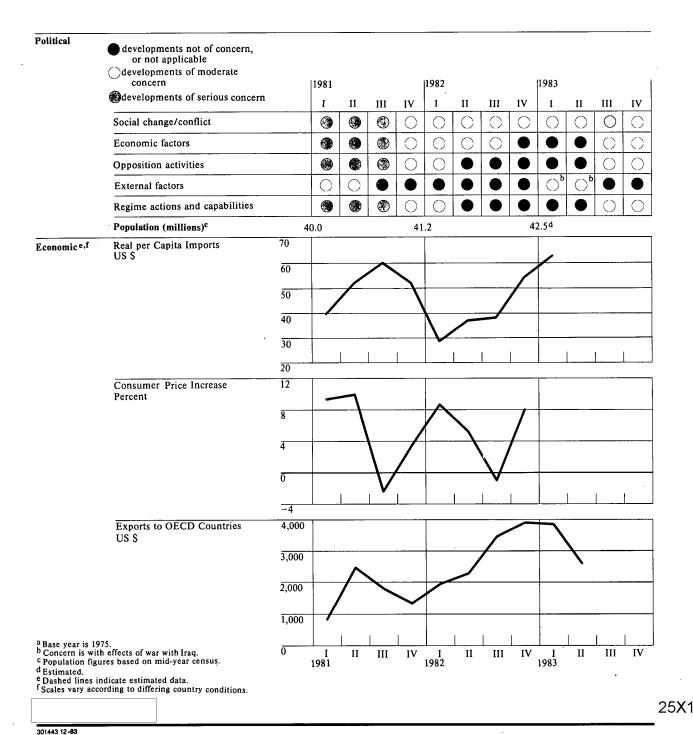
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Iraq: Selected Political and Economic Indicators^a



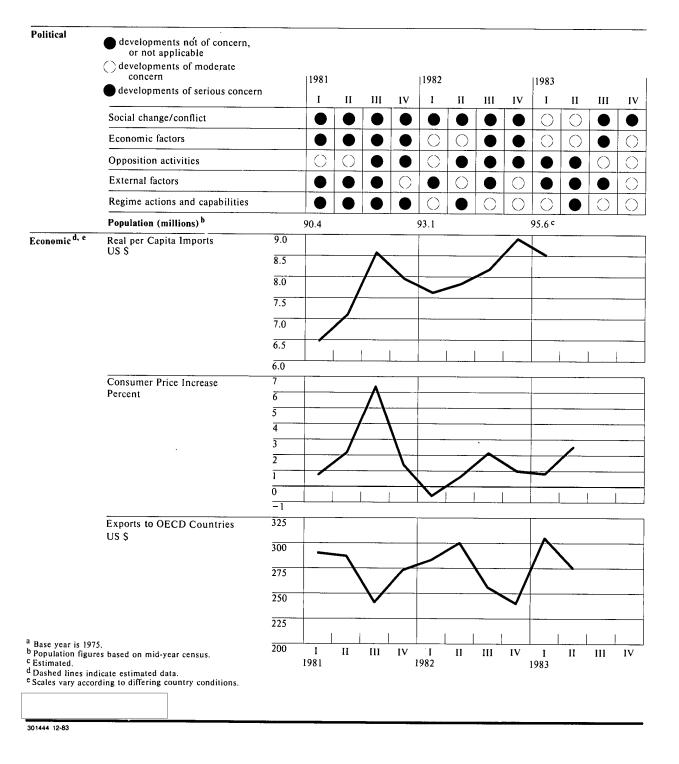
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Iran: Selected Political and Economic Indicators^a

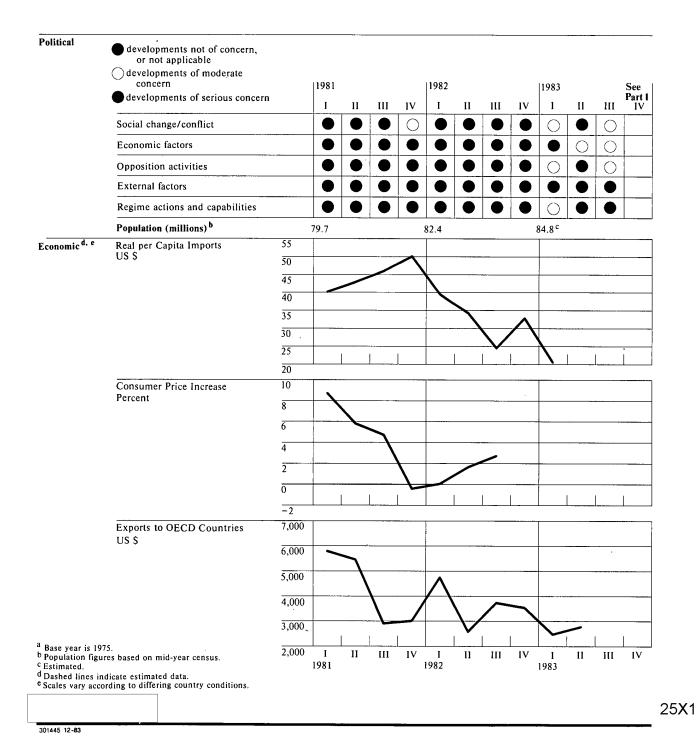


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Pakistan: Selected Political and Economic Indicators^a

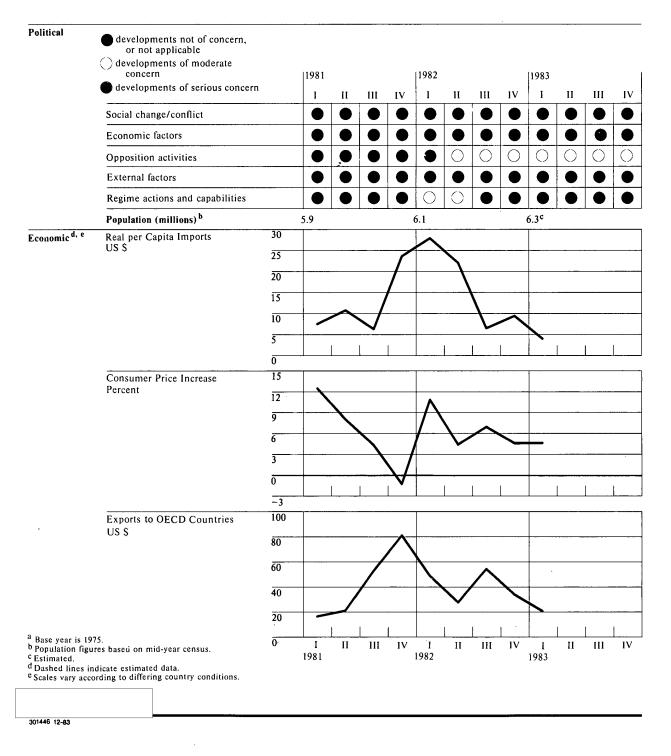


Nigeria: Selected Political and Economic Indicators^a



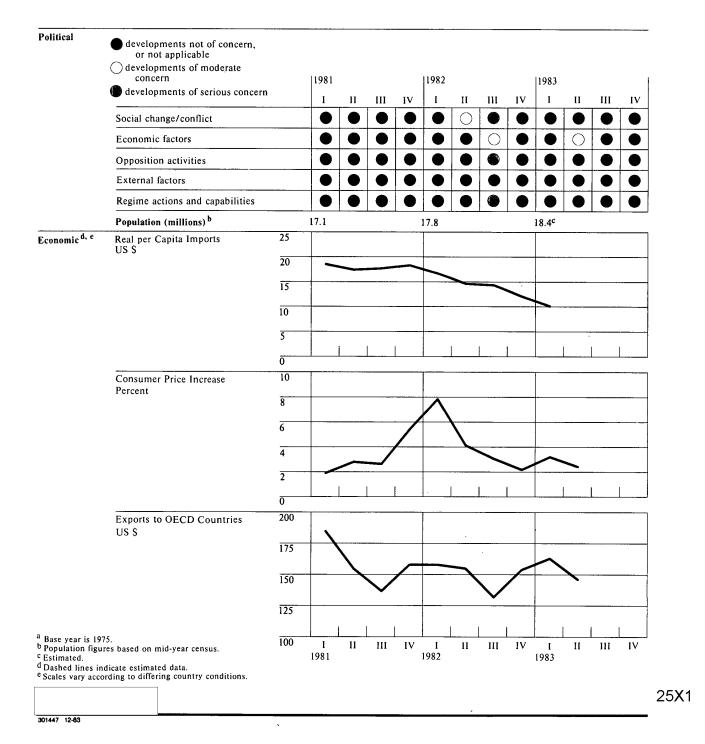
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Somalia: Selected Political and Economic Indicators^a



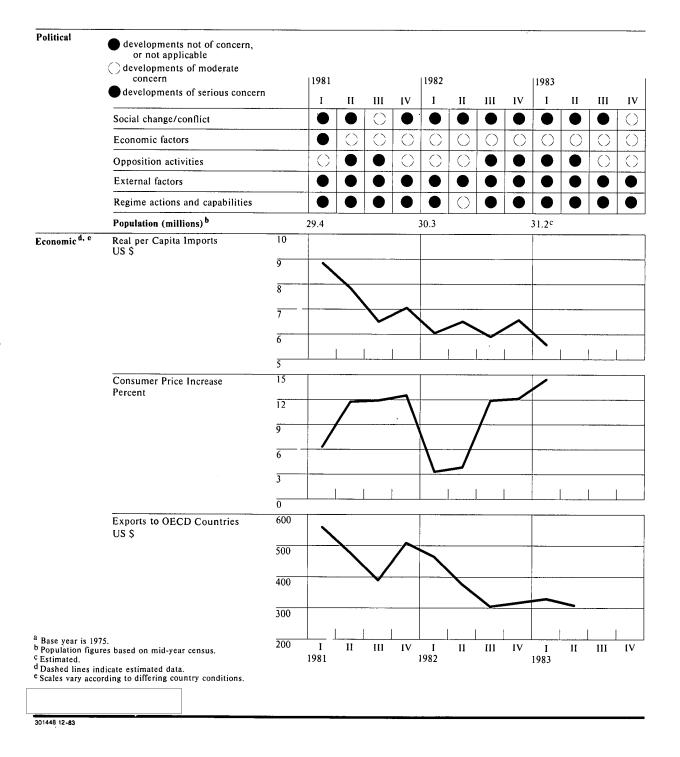
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Kenya: Selected Political and Economic Indicators^a



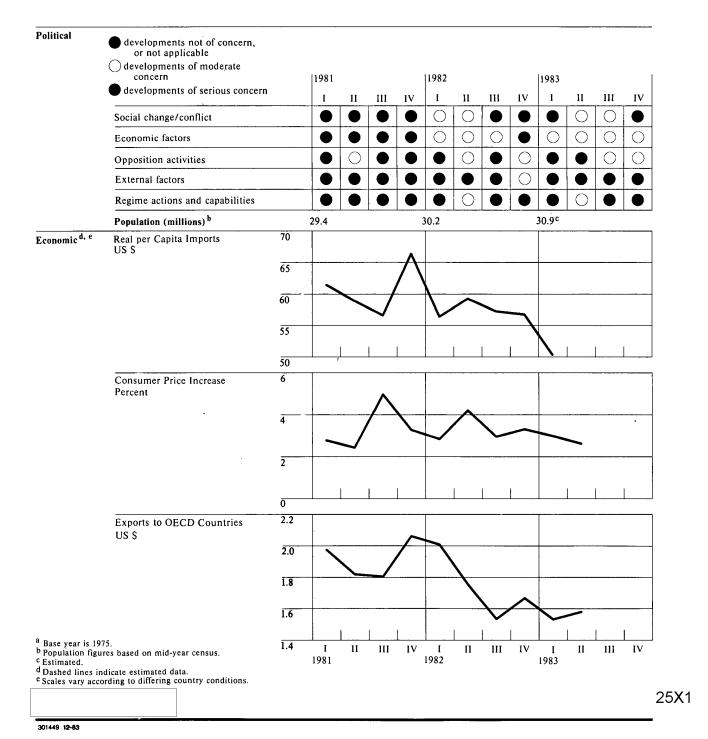
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Zaire: Selected Political and Economic Indicators^a

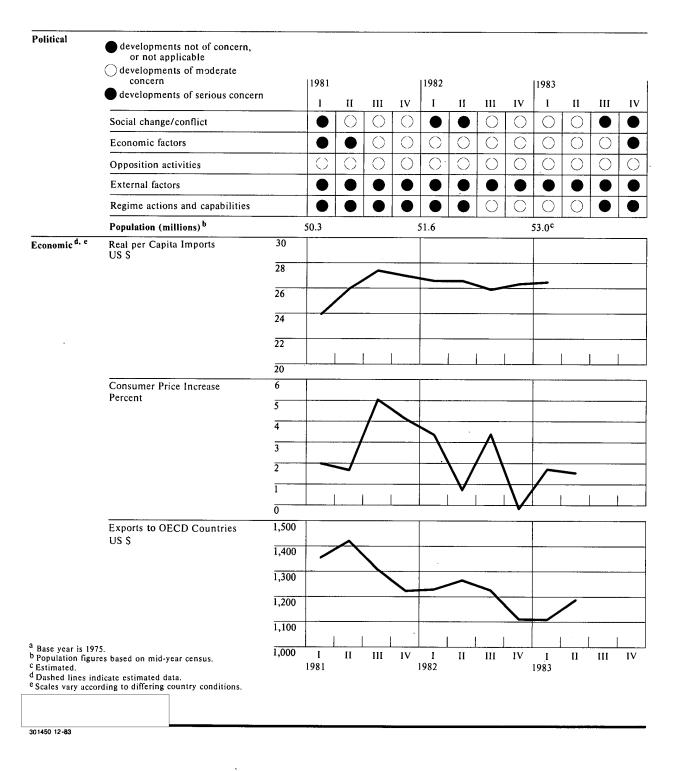


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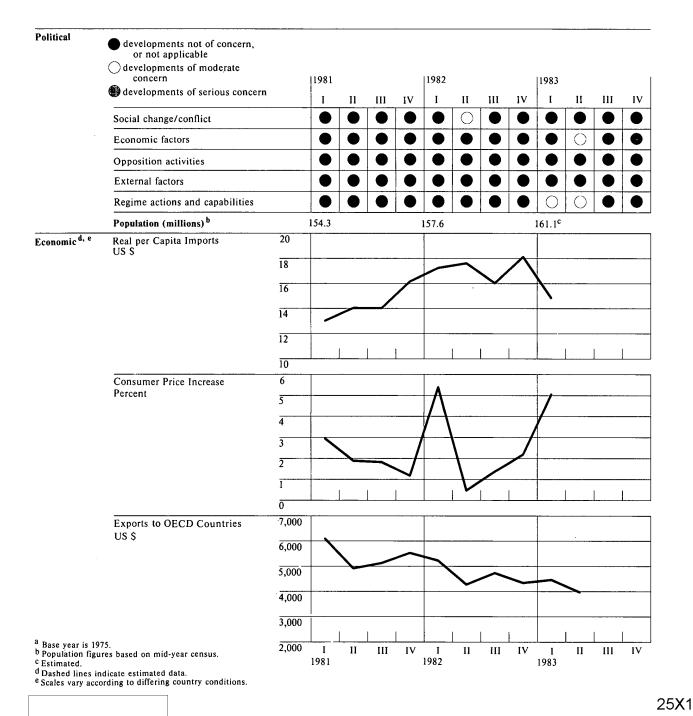
South Africa: Selected Political and Economic Indicators^a



Philippines: Selected Political and Economic Indicators^a

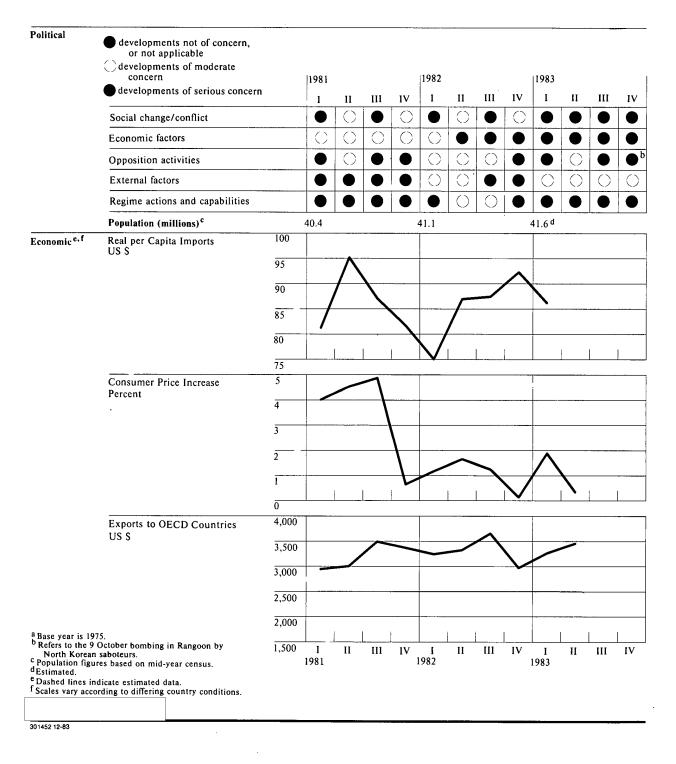


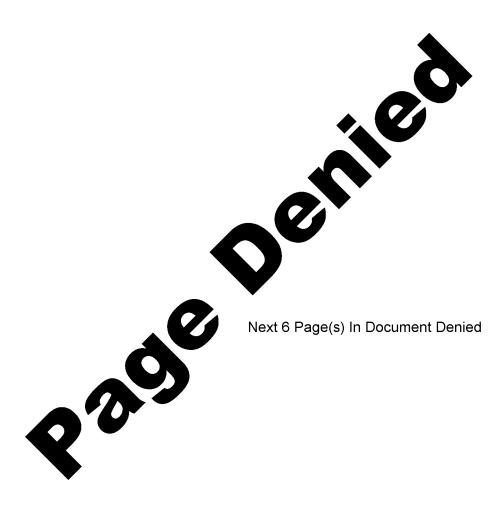
Indonesia: Selected Political and Economic Indicators^a



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South Korea: Selected Political and Economic Indicators^a





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