



**Director of
Central
Intelligence**

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GUATEMALA: Military Coup

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//The military junta that took power after an almost bloodless coup yesterday has dissolved congress and abolished the constitution and plans new elections. [redacted] in about a year.//

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//Efrain Rios Montt, a retired general who was the Christian Democratic presidential candidate in 1974, is the leader. The junta has announced its intention to pursue free elections, an end to official corruption, and an easing of Guatemala's international isolation; no formal programs have been mentioned.//

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[redacted] Deputy Chief of Staff General Hector Mario Lopez, who was removed from a command position last month because of his close ties to rightwing leader Mario Sandoval, and other senior officers participated. In addition, Sandoval's vice-presidential running mate surfaced as the rebel's spokesman once the action was under way.//

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The uprising took the government completely by surprise. [redacted] Practically all major units in the capital took part, and minor resistance in a few cities and garrisons apparently was quickly squelched. President Lucas, his brother Army Chief of Staff Benedicto Lucas, President-elect Guevara, and other officials evidently have been detained. [redacted]

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Comment: The coup is largely the result of mounting disgust on the part of junior officers with the government's corruption and inept leadership. The determination of the plotters to make significant changes, however, cannot yet be judged. [redacted]

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Honest elections and a peaceful transition to civilian rule would at least partially refurbish Guatemala's tarnished international image and lay the foundation for some measure of reconciliation at home. Rios Montt, a widely

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respected moderate, appears an excellent choice to give respectability to the interim government, although his first public address last night was shrill and uncompromising, not only toward the left but also toward the political parties. 

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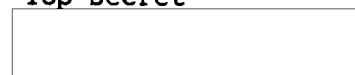
The involvement of Sandoval's close associates in the coup, moreover, may indicate substantially increased influence for the extreme right, and political tensions are likely to grow during the yearlong wait for elections. This probably would hamper the junta's efforts to broaden its base at home and restore Guatemala's standing abroad. 

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In the meantime, leftist guerrillas may take advantage of the preoccupation by the armed forces with politics to step up terrorist activities. 

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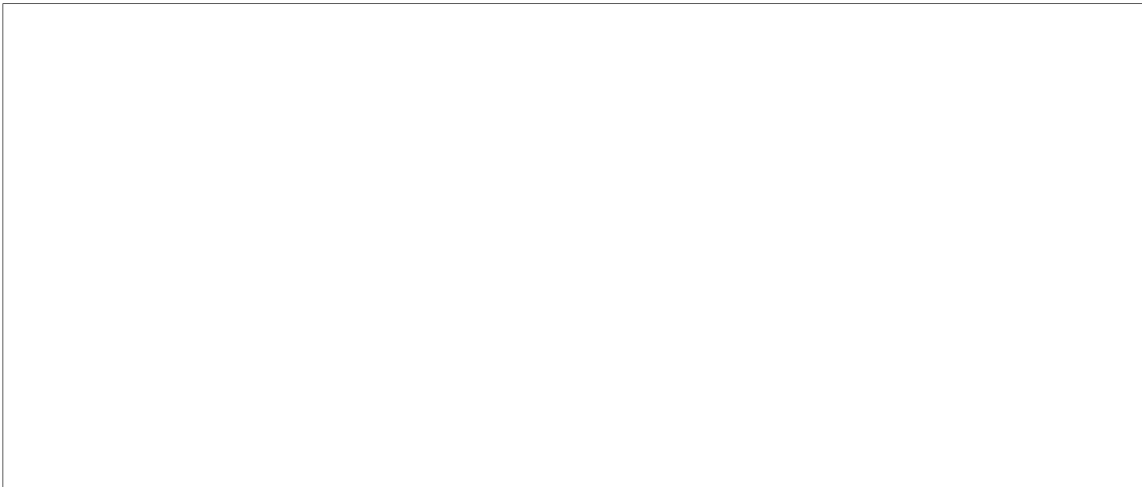


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CENTRAL AMERICA:



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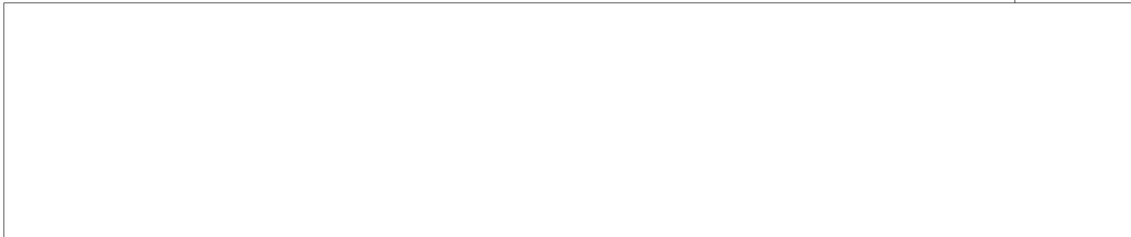


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Leaders of the rightist National Conciliation Party, meanwhile, have indicated to US officials that they will continue political attacks against the cogoverning Christian Democrats while avoiding open criticism of Roberto D'Aubuisson's ultraconservative National Republican Alliance. They also implied that they would charge fraud if the Christian Democrats prevail in the election.



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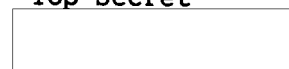
Despite the hard line taken by the National Conciliation Party leaders, some of the more moderate party members previously have indicated that they would consider a postelection alliance with the Christian Democrats. The moderates may suspect complicity by D'Aubuisson in the death of one of their leaders in January. They also probably realize that an ultraconservative government would cost El Salvador important foreign support, which would ultimately benefit the insurgents.



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CUBA: Defensive Preparations

//Cuba's armed forces for the past month have been engaged in countrywide preparations for the possibility of a US attack, and the program probably will continue through next month.// 


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//Trenches, bunkers, revetments, and antiaircraft artillery emplacements have been constructed at many military installations throughout the island. Armored vehicles, artillery, and air defense equipment have been dispersed from garrisons to nearby defensive positions. Guided-missile patrol boats and a few MIG-21 aircraft also have been dispersed since late February.// 


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//The preparations have not disrupted military training or the sugar harvest, which is at its peak. Moreover, there has been no accompanying campaign of public warnings and diplomatic demarches similar to the one conducted last November when an alleged invasion threat caused the regime to declare a military alert.// 


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Comment: The measures increase Cuba's ability to survive an air attack but otherwise add little to the island's defensive capabilities. They probably reflect general directives to military commanders to be ready for an attack by the US. 

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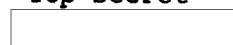
//The extensive preparations also may be aimed at convincing skeptics in Cuba that a showdown with the US is coming. During the alert in November, many Cubans, apparently numbed by two decades of manufactured crises and alerts, refused to believe that an invasion was imminent. At the same time, the preparations suggest that the regime is willing to risk an air attack as the price of maintaining its aggressive policy in Central America.// 

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Although the initiation of these defensive measures preceded the NATO naval maneuvers held earlier this month in the Gulf of Mexico, the preparations continued after the conclusion of the exercise. Havana probably is worried by even larger US naval maneuvers, scheduled to begin next month, that will include two US aircraft carriers and a Marine amphibious landing at the Guantanamo Bay Naval Base. 

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INTERNATIONAL: Proposal on Aid to Turkey

//Most West European governments probably would favor an OECD proposal that seeks to avoid a formal pledging session this year on aid to Turkey, a move that would receive grudging acceptance from Ankara.// [redacted]

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//Rolf Geberth, head of the OECD's Turkish aid consortium, fears that holding a pledging session this year could increase criticism of Ankara in West European media and legislatures and make it more difficult for governments to grant aid. He instead suggests a less formal meeting in late spring or early summer.// [redacted]

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//Geberth expects that this meeting would conclude that Turkey now requires less balance-of-payments assistance but would propose continued project aid. It would not require governments to specify any aid amounts. [redacted]

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Comment: *//Most West European governments probably would endorse Geberth's proposal because they face major political and economic obstacles to Turkish aid. Dropping the multilateral pledge requirement would reduce OECD pressure on participating governments to aid Turkey.//* [redacted]

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//On the other hand, a formal pledging session might not be effective until the political situation in Turkey changes significantly. Domestic opinion probably would deter many governments from either making pledges or carrying through on such commitments.// [redacted]

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//Ankara would be concerned that the proposal would lead to a reduction in project assistance. The military government may resent the suggestion because it believes it has done much to accommodate West European political concerns.// [redacted]

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//Ankara, nevertheless, would be relieved if there were no formal OECD discussion of Turkey's political situation. It would be likely to accept the proposal, while increasing its efforts to secure bilateral aid commitments.// [redacted]

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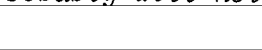
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BANGLADESH: Armed Forces Takeover

//The ouster yesterday of the five-month-old civilian government by the armed forces in a well-planned coup probably will not change the country's pro-Western orientation.//



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//General Ershad declared himself Chief Martial Law Administrator and dismissed the government; President Sattar's fate is unknown. The military had become increasingly dissatisfied with the elderly Sattar, whose poor health added to his apparent reluctance to tackle Bangladesh's severe economic problems.//



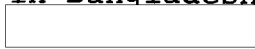
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Both previous Presidents of Bangladesh were assassinated in military coups. President Zia Rahman, a former general who overthrew the country's founder in 1975, was himself slain by disgruntled Army officers last May.



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Ershad has the Army's backing for now, but he has no popular support outside the Army and is regarded suspiciously by some factions within it because he did not fight in Bangladesh's war of independence from Pakistan.



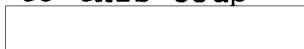
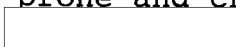
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Comment: The conservative military is unlikely to change the country's pro-Western orientation, but probably can do little to improve the economic situation. The new leaders will move quickly to reassure the Western nations, upon which Bangladesh depends for its vitally needed food aid, that economic management in the country will be improved. Ershad lacks the leadership, however--as the military lacks the expertise--to reverse a continuing economic decline.



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The military will back Ershad for the short term, but is itself deeply divided, and the current governing framework is unlikely to bring stability to this coup-prone and chronically unstable country.



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ISRAEL: Coalition Prospects


Under Israel's parliamentary procedures, the tie vote in the Knesset yesterday on Prime Minister Begin's rule was the equivalent of a victory for him. 

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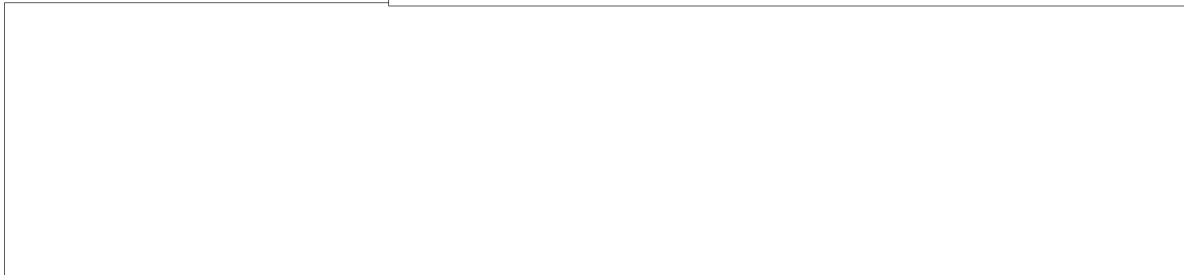
Comment: The opposition Labor Party is heartened by the vote, however, and is likely to step up its contacts with other opposition groups to bring down the government. Knesset hardliners also will increase their efforts to discredit the government in hopes of complicating the final pullout from the Sinai. Begin probably considers that his threat to resign will reinforce coalition discipline; he may resume negotiations with the two-member Telem Party of the late Moshe Dayan to strengthen his chances of defeating future challenges--almost certain to occur before the Sinai withdrawal late next month. 

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JAPAN: Disarmament Issue

//Public pressure on the government to take some official initiative on disarmament is growing rapidly. The leftist opposition sponsored a massive pro--disarmament rally on Sunday and has initiated a petition drive. To preempt the opposition, Prime Minister Suzuki plans to propose a ban on attacks against nuclear facilities being used for peaceful purposes when he addresses the UN General Assembly's special session in June. Tokyo is now seeking advance approval from Washington for such an initiative.// 

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SOUTH AFRICA - ZIMBABWE: Trade Agreement Extended

South Africa's extension of the preferential trade agreement with Zimbabwe has given new encouragement to the Zimbabwean business community. The agreement, which would have expired today, allows Zimbabwe to export 10 percent of its manufactured goods to South Africa under highly favorable terms. The decision to continue the existing arrangement as an interim measure was made despite opposition from the South African business community. [redacted]

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Comment: The talks may yet stall as a result of Salisbury's refusal to meet political conditions demanded by Pretoria. A lapse in the current agreement would have been a blow to Zimbabwe's economy, which has been hurt by South Africa's announcement last year that the accord would be terminated. The Botha government, however, evidently is interested in maintaining working relations with--and continued leverage over--a politically hostile neighbor. [redacted]

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CHINA: Slow Wage Growth

//The leadership has begun to publicize post-Mao improvements in living standards and to seek support for policies that tie wage increases to productivity in order to reduce consumer expectations and prepare an already discontented workforce for slower income growth. The widely acclaimed consumer policies of the government raised real incomes dramatically in 1978 and 1979, ending the decline that accompanied more than a decade of left-ist economic policies. Since 1980, however, inflation has eroded those gains, but a new State Statistical Bureau release focuses on consumer gains made over the entire post-Mao period.// [redacted]

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Comment: A slowdown in the growth of consumer income, which outpaced both productivity and overall economic growth during the post-Mao era, could be used by opponents to attack Deng Xiaoping's policies and is likely to prompt additional worker protest. [redacted]

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