



**Director of
Central
Intelligence**

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*Thursday
30 June 1983*

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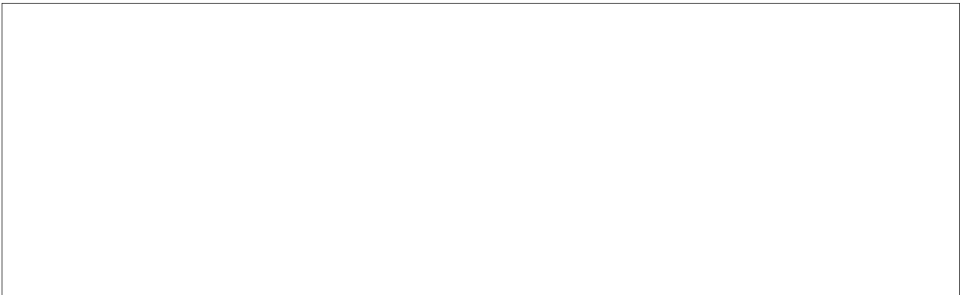
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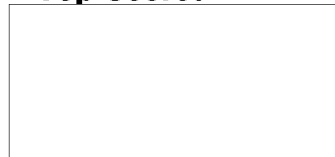
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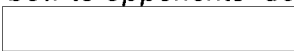
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ITALY: Impact of Election on INF

The Christian Democrats' losses in the national election this week probably will not hinder deployment of cruise missiles in Sicily, although shaken coalition leaders could bow to opponents' demands for a parliamentary debate on the issue. 


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Comment: Only the Communists sought to make an issue of INF in the campaign, and no additional government decisions are required to permit deployment to proceed. The new parliamentary lineup will permit reconstitution of the former governing coalition that supported INF, provided the Christian Democrats can reach a new agreement with their allies. Most of the smaller parties gained ground on the Christian Democrats, and they are certain to demand a larger share of power in a new government. 


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Party leaders will be absorbed in sorting out the new power relationships and also will be distracted by urgent economic problems for the next few weeks. The Communists, who have taken a stand against deployment, are likely to be cautious about provoking opposition to INF. They do not want to undermine their efforts to portray themselves as a reliably pro-Western party. 

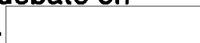

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On the other hand, public opinion polls show that 54 percent unconditionally oppose deployment of missiles, and there have been repeated calls from the Communists and labor leaders for a full parliamentary debate on the matter. Defense Minister Lagorio has played a strong role in recent governments in opposing this pressure. 

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Although the odds favor a new government based on the current coalition formula, its hold on power will be even more fragile now that the Christian Democrats have been weakened. Under these circumstances, Rome probably will have more trouble dealing with INF—particularly if opponents are able to turn negative public opinion into active opposition as deployment nears. 

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Much could depend on the shape of the new government and the presence in it of strong leaders like Lagorio and Foreign Minister Colombo. If the next government permits parliamentary debate on INF, political support for deployment could be weakened. 


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SURINAME: Trying To Build Popular Support

Army Commander Bouterse is renewing his efforts to enlist public support for his regime by staging a rally today condemning foreign intervention. [Redacted]

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Public gatherings have been scheduled in Paramaribo and some outlying districts. In keeping with the main theme of the rally, anti-US and anti-CIA signs have proliferated in Paramaribo. [Redacted]

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The US Embassy reports that demonstrations and effigy burnings will be staged near the US and Dutch Embassies and that a petition will be presented to US representatives. A similar protest at the Dutch Embassy in March was orderly, and available reporting indicates that US citizens are not in danger. [Redacted]

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The regime has threatened to fire any government employees who fail to participate. According to the Embassy, Bouterse is expected to announce the end of the Friday night curfew, a limited amnesty for suspected dissidents, and possibly some manner of accommodation with Suriname's traditional political parties. [Redacted]

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Comment: Bouterse is trying to arouse nationalist sentiment favorable to his regime by scheduling the rally to coincide with an important national holiday and by raising the threat of foreign intervention. The expected announcement of some limited concessions also is an effort to gain support. Although past rallies have failed to inspire much enthusiasm, the holiday atmosphere and a promise of free food and drink probably will draw a sizable number of young people and unemployed. [Redacted]

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The tenor of Bouterse's remarks at the rally may indicate whether he is changing his views toward the US and the Netherlands. In recent speeches he has specifically attacked the CIA but generally has avoided criticizing the administration or the US Government as a whole. This suggests he may be adopting a more flexible attitude toward relations with Washington. [Redacted]

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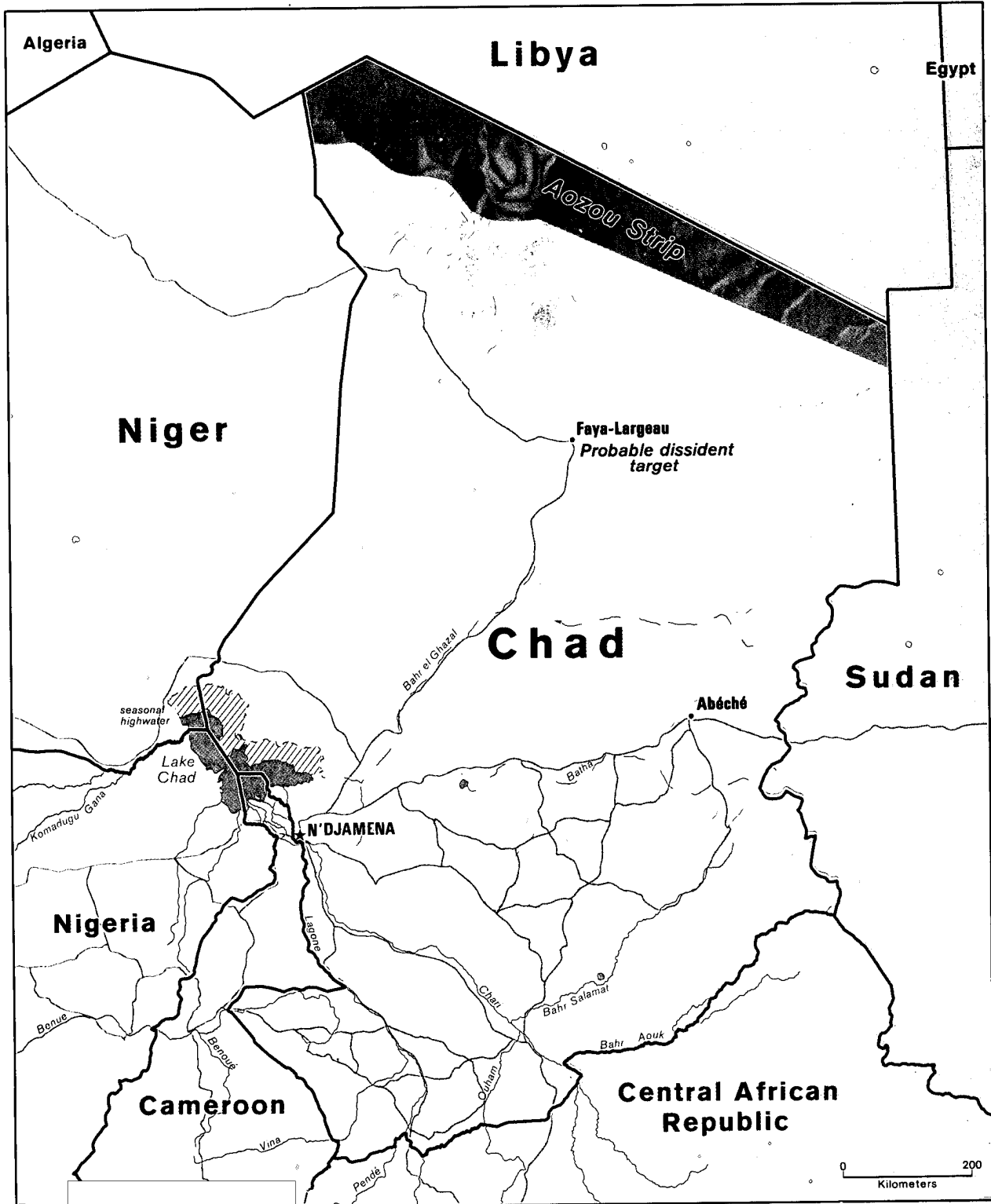
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FRANCE-CHAD: Efforts To Assist Habre

The French continue to take the lead in rallying support for President Habre's government. [Redacted]

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France is continuing to airlift supplies to Habre's forces. In addition, the US Embassy in Paris reports that a more direct French role in Chad is being discussed in the Mitterrand government. According to the Embassy, Foreign Minister Cheysson is opposed to direct intervention but the military, foreign intelligence service, and the President's office are more flexible on the issue. [Redacted]

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An adviser to President Mitterrand told a US Embassy official yesterday that dissident leader Goukouni probably would not mount an early attack on N'Djamena. The adviser believes Goukouni's forces will try to capture Abeche in order to destroy morale on Habre's side and cause his government to collapse from within. He had little doubt about Libyan participation in planning the attack on Faya-Largeau. [Redacted]

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Meanwhile, Egypt, Sudan, and Zaire—Habre's primary African backers—have publicly urged all countries "concerned with African security" to support the government in N'Djamena. A French official yesterday complained, however, that moderate Francophone African leaders are reluctant to condemn Libya publicly and to accept cuts in French aid to help cover the costs of assisting Habre. [Redacted]

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Comment: If Libya's involvement in Chad increases, support in the French Government for a more direct role in Chad would grow. On the other hand, a continued lack of public backing from additional African moderates could strengthen the arguments of French officials opposed to direct intervention. [Redacted]

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MEXICO: Dealing With Economic Problems

Austerity measures, devaluations, and steep cuts in trade financing have substantially improved Mexico's balance of payments, but the resulting recession is provoking growing domestic economic problems. [Redacted]

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The improvement in Mexico's external accounts results from a decline by two-thirds in imports in the first five months of 1983. Despite continuing capital flight, a large trade surplus and new IMF and commercial bank loans have increased foreign reserves, allowing the second installment of the \$5 billion commercial bank loan to be postponed for a month or two. [Redacted]

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The drop in imports, however, has hit private-sector business hard. According to Mexican Treasury officials, industrial production is declining at an annual rate of 12 percent. [Redacted]

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A recent poll of businessmen showed that 76 percent of their firms project losses this year and almost as many plan further layoffs, while 15 percent are near bankruptcy. Economists in the private sector estimate that unemployment is now in the 20- to 30-percent range and that underemployment is close to 50 percent. [Redacted]

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Overall economic activity is declining at an annual rate of 5 to 6 percent, and inflation is hovering close to 100 percent. The higher value-added tax and contractions in industrial output and imports have hurt normal commerce badly, driving many businesses into barter and black market activity. At the same time, domestic budget cuts have curtailed government and other service activities. [Redacted]

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Comment: Maintaining austerity will be increasingly difficult because public-sector spending will have to bear the brunt of future cost cutting. Until now, Mexico has relied on cuts in imports to reduce spending, and job losses have been confined to the private sector. [Redacted]

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Debate is likely to intensify among decisionmakers over whether to continue austerity measures or to relax them to offset increasing social pressures. Finance Minister Silva Herzog appears to be the chief proponent of austerity, but others are counseling increased spending on social programs to keep domestic consumption at acceptable levels. [Redacted]

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LAOS-KAMPUCHEA-AFGHANISTAN: Decrease in CW Attacks

There has been a marked decrease this year in the number of reported deaths attributed to chemical warfare attacks in Laos, Kampuchea, and Afghanistan. [Redacted]

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[Redacted]

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In Laos, 12 chemical attacks have been reported, but there have been no confirmed lethal chemical warfare-related deaths this year. According to medical evidence, however, an unidentified nonlethal incapacitant or irritant agent that causes blistering has been used against resistance groups. [Redacted]

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In Kampuchea, no reports of chemical warfare-related deaths have been confirmed this year, although one alleged victim of an attack in March had detectable levels of toxin in her blood. The insurgents say they have been the targets of frequent attacks involving irritants and riot-control agents. [Redacted]

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In Afghanistan, no deaths attributable to chemical warfare have been confirmed since last February. The guerrillas, however, have reported continued use of an unidentified agent that causes unconsciousness for several hours with little side effects and no systemic medical problems. [Redacted]

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Comment: The apparent decline in chemical warfare attacks may in part reflect a reaction by the Soviets and their allies in the three countries to international concern about the use of lethal chemical agents. [Redacted]

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BRAZIL: President's Health Problems

A government spokesman announced yesterday that President Figueiredo will travel to a clinic in the US next month to determine the need for heart surgery. Figueiredo intends to turn the government over to Vice President Chaves for two months during his absence. Figueiredo's three top military advisers reportedly will oversee major policy decisions.

[Redacted]

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Comment: If Figueiredo does step down, public uneasiness almost certainly will increase. The military advisers, who will protect the interests of the armed forces under the regency of the civilian Chaves, are likely to weaken the austerity program even further to avoid provoking domestic unrest.

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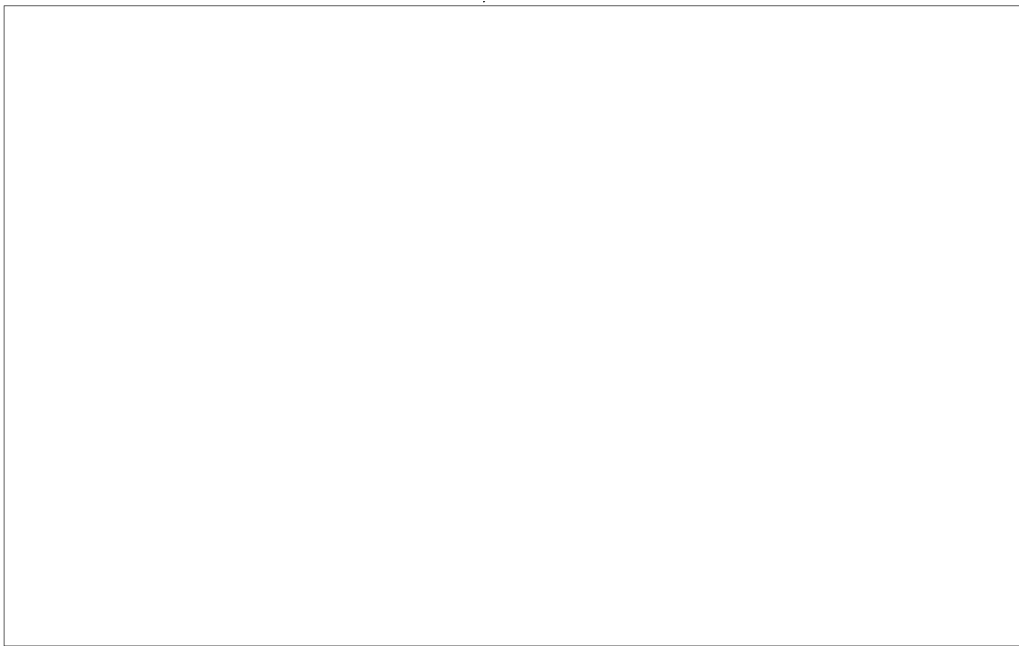
LIBYA-MOROCCO: Qadhafi's Visit

Libyan leader Qadhafi's scheduled visit to Morocco today is part of his current effort to improve bilateral relations with other Arab governments and promote Arab unity. The Moroccan press announced yesterday that the visit would provide an opportunity "to consolidate relations" and review problems in the region. 

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Comment: Qadhafi's trip may lead to another short-lived improvement in bilateral ties, such as the one that occurred in 1980. In addition to rallying general support for Arab unity, Qadhafi may be trying to involve Libya in the movement toward greater cooperation among the Maghreb countries. Following his recent statement playing down support of the Polisario guerrillas in Western Sahara, Qadhafi could be seeking a return commitment from King Hassan to eliminate aid to anti-Qadhafi dissident organizations based in Morocco. He also could be trying to preempt possible Moroccan support to Chadian President Habre. 

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