



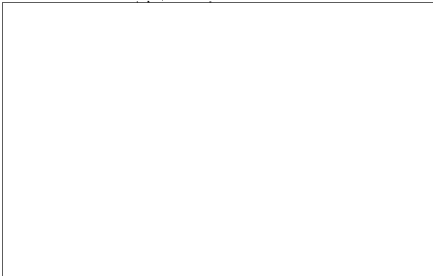
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8 August 1983

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NICARAGUA: Indian Insurgents' Problems

Miskito Indian insurgent operations in the northeast are being hindered by organizational problems, while the Sandinistas are trying to deflect criticism of government repression of the Miskitos. [Redacted]

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Rivalries between northern and southern Indian leaders caused some 700 insurgents to withdraw last month from military activities against the Sandinistas. [Redacted]

[Redacted]

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The Sandinistas have released 46 Miskitos accused of counterrevolutionary activities, ostensibly at the urging of the government's human rights commission. They claim that others of the 274 still in custody will be freed soon. [Redacted]

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Meanwhile, Interior Minister Borge has accused Honduras of detaining Miskito refugees by force. The Sandinistas also have staged a press conference for four Indians who said they escaped from insurgent camps in Honduras. [Redacted]

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Comment: Despite their supply and organizational problems, the Miskito insurgents have continued their attacks in recent weeks. The forced evacuation of Miskito communities and Sandinista sweep operations are measures of Managua's concern. [Redacted]

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The government probably hopes that releasing the prisoners will strengthen the reputation of its human rights commission and that accusations against Honduras will help deflect international criticism. Nonetheless, the Sandinistas apparently continue their harsh treatment of indigenous communities, including reprisals against villagers believed to be harboring insurgents. Some Miskito refugees in Costa Rica recently left Nicaragua to escape such acts of repression. [Redacted]

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UPPER VOLTA: New Regime Seeking Support

Coup leader Sankara is trying to rally domestic and foreign support for his left-leaning National Revolutionary Council, following his takeover last Thursday. [Redacted]

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Public demonstrations supporting the coup took place on Friday, the 23rd anniversary of Upper Volta's independence from France. The US Embassy reports, however, that the military appears to be taking a wait-and-see approach. Several key military commanders of the deposed government remain at large, and rumors of opposition persist. [Redacted]

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Sankara has told US and other diplomatic officials that he intends to pursue a nonaligned foreign policy and cooperate with neighboring states. In addition, he has called for improved relations with France, Upper Volta's chief economic benefactor. A French Government spokesman said on Saturday that the coup was an internal affair and would not affect ties between Paris and Ouagadougou. [Redacted]

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Comment: The new regime appears firmly in control despite the military's reluctance thus far to back it fully. If Sankara tries to move too far to the left, however, he could face a conservative backlash. [Redacted]

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[Redacted]

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[Redacted] French reluctance to speculate on Libya's role in the takeover suggests that Paris does not want to become more deeply involved in Upper Volta until the situation in Chad is resolved. [Redacted]

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LIBYA: Improving Ties With Arab Neighbors

Libyan leader Qadhafi is continuing his effort to improve relations with other Arab governments. [Redacted]

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Following his setbacks in June at the OAU Summit, Qadhafi made impromptu visits to North Yemen, Saudi Arabia, Jordan, and Syria. He currently is trying to improve ties with his Maghreb neighbors. [Redacted]

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Qadhafi recently visited Morocco, Mauritania, and Algeria and received a Tunisian delegation headed by Prime Minister Mzali. A visit by Qadhafi to Tunisia, which has been postponed twice, reportedly now is scheduled for this month. [Redacted]

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The US Embassy in Tunis reports that the first meeting of a newly established Tunisian-Libyan joint commission held recently in Tripoli resulted in agreement on some economic and commercial matters. Both sides avoided sensitive political issues. [Redacted]

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Last week Morocco raised its relations with Libya to ambassadorial level, and a Moroccan ministerial commission—agreed upon during Qadhafi's visit—traveled to Tripoli. According to the US Embassy in Rabat, the composition of the commission suggests the group will focus on economic matters and Western Sahara. [Redacted]

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Comment: As a result of Qadhafi's campaign, Libya's isolation in Arab circles has been reduced somewhat. Although the Libyans have not been generous with financial aid in recent years, Qadhafi may use economic cooperation to gain more leverage in regional affairs. [Redacted]

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Maghreb leaders hope that better relations with Libya will reduce Qadhafi's threat to them. Consequently, they have been unwilling to take a strong stand against Libya's troublemaking in Chad. [Redacted]

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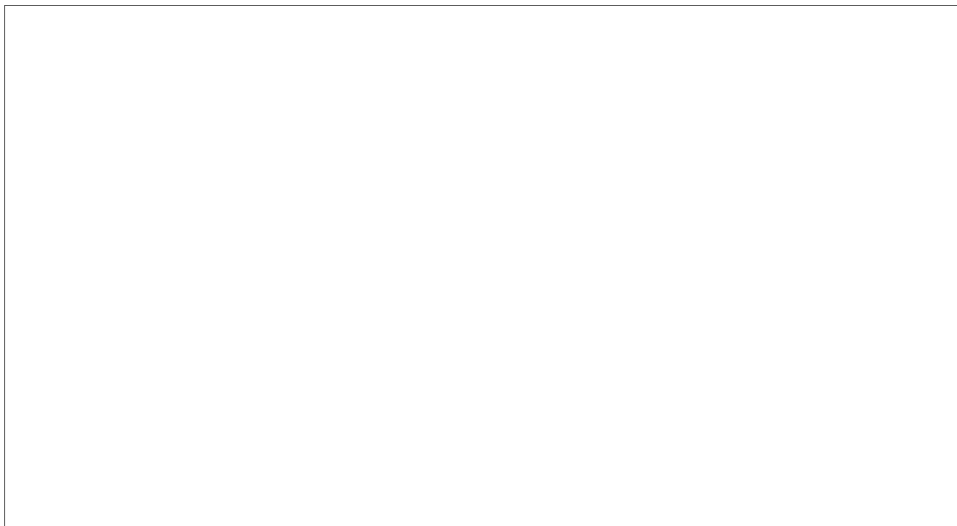
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CHINA-SOUTH KOREA: Chinese Pilot Defects

A Chinese Air Force pilot yesterday flew his MIG-21 aircraft to South Korea and requested asylum in Taiwan, according to South Korean Defense Ministry officials. Seoul's intentions toward the pilot and the aircraft are not yet clear. Beijing thus far has not commented on the defection, the second by a Chinese pilot to South Korea in a year. The South Koreans allowed the previous pilot to go to Taiwan but were unable to come to terms with China on the return of the aircraft, a MIG-19. 

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Comment: The defector almost certainly will follow his predecessor to Taiwan. In handling the MIG-21, however, Seoul will be wary of disrupting the current atmosphere of good will that was fostered recently by direct official negotiations on the return of a hijacked Chinese airliner and its passengers. 

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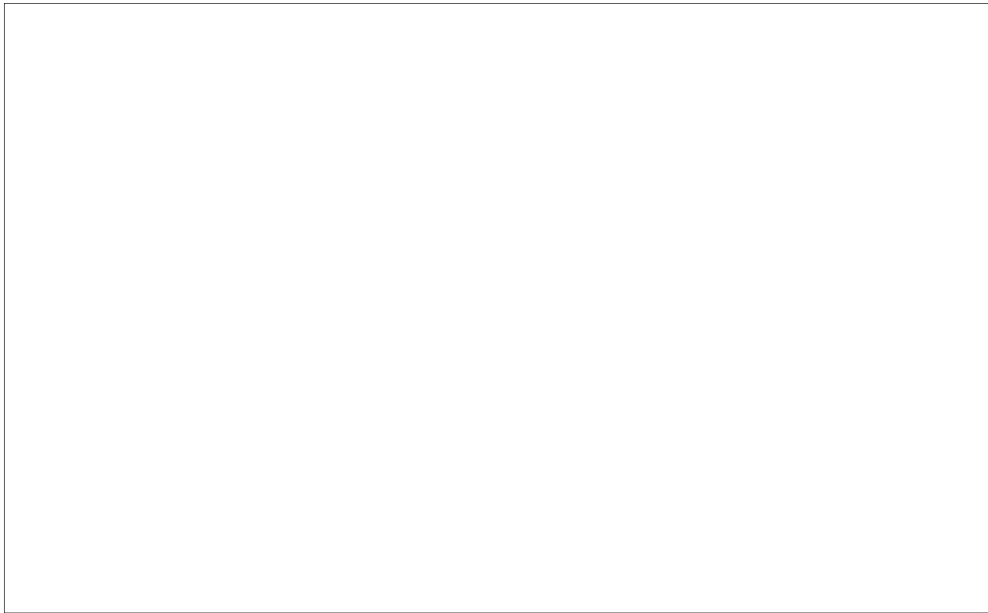
PHILIPPINES: Church Defers Criticism of Government

The decision by the Catholic Bishops' Conference of the Philippines not to proceed with plans to issue yesterday a pastoral letter critical of President Marcos's policy on human rights does not reflect a change in Church policy. The decision came after Marcos last week replaced the Presidential Commitment Order—a legal device that has enabled him to arrest and detain people indefinitely—with the somewhat less harsh Preventive Detention Action. [Redacted]

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Comment: The bishops would have had to make extensive last-minute changes in the letter—which dealt at length with the Presidential Commitment Order—to release it as planned yesterday. The new detention measure preserves Marcos's basic powers to jail people at will and is likely to become a point of further contention in Church-state relations. [Redacted]

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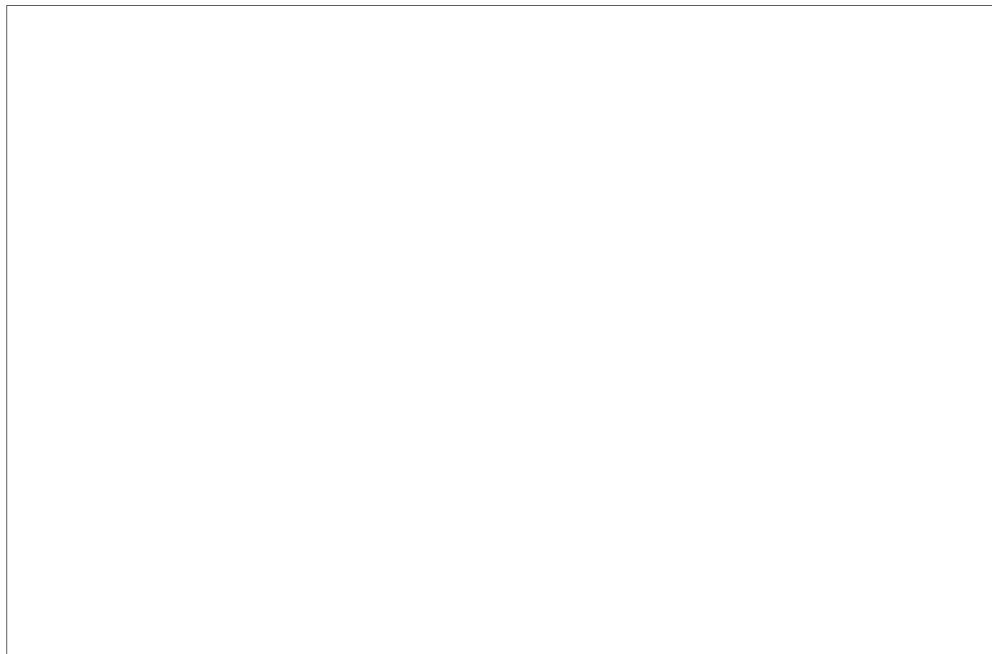
USSR: New Economic Experiment

The regime recently unveiled a new experiment to relax some central planning restrictions on enterprises in several industrial and consumer sector ministries. The experiment is intended to give these enterprises greater autonomy in controlling some decisions on investment and to expand their role in the planning process. In April longtime defense industry minister Afanas'yev was transferred to head one of the two all-union ministries that is now participating in the experiment. [Redacted]

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Comment: Afanas'yev's involvement in the experiment supports other indications that, to help reinvigorate the economy, the regime wants to capitalize on the effectiveness of the defense industry sector. Afanas'yev, a protege of Defense Minister Ustinov, was a proponent of efforts to increase enterprise autonomy in the 1960s. Those experiments were undermined by bureaucratic resistance, but the Politburo may hope that Afanas'yev's participation in the current undertaking will improve its chances of success. [Redacted]

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Special Analysis

MEXICO: De la Madrid's Political Performance

President de la Madrid has demonstrated an impressive mastery of Mexican politics, and he is beginning to restore public confidence in the ruling party-government complex. His flexibility in carrying out the austerity program is undercutting opportunities for the opposition to unite. At the same time, the President's firmness in dealing with some Communist-dominated unions and student demonstrators has put potential troublemakers on notice to keep a lid on protests.

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One year ago, the people's faith in the government had been badly strained by the greed and corruption of the Lopez Portillo administration. It was all but shattered when the depth of the country's financial crisis came to light. As President-elect, de la Madrid was widely viewed as a "technocrat" and a political neophyte.

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De la Madrid's improving image as a leader reflects his growing ease in office and his increasing acceptance of advice from well-chosen political and technical advisers. The President has traveled extensively, delivered important speeches, received a procession of international dignitaries, and played a crucial role in shaping the Contadora group's initiatives. Indictment of a high-ranking member of the previous administration on charges of corruption also is helping to dispel skepticism about de la Madrid's commitment to curbing abuses of power.

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The power of the presidency is paramount in Mexico, and de la Madrid's personal philosophy and style have a major impact on the public mood. His awareness of the political consequences of his economic moves has helped to keep the system intact and to maintain party discipline. De la Madrid's tough austerity policies generally are regarded as fair and have not provoked unmanageable splits in the cabinet or the party.

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Key Objectives

De la Madrid's primary domestic objectives have been restructuring the economy, strengthening the Institutional Revolutionary Party's dominance of the political system, and preventing social unrest. By creating jobs in the public sector and

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continuing subsidies on some basic foods and public transportation, the President has maintained the support of key interest groups. Organized labor—the ruling party’s largest and best organized component—supports de la Madrid, and the economically hard-hit middle class has not caused problems. [Redacted]

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To rebuild enthusiasm for the ruling party and justify claims that it represents the interests of the majority of Mexicans, the President has been trying to remedy longstanding organizational weaknesses. His reform efforts include some opening up of the candidate-selection process, placing younger members of the party in important positions, and restructuring state and local affiliates. [Redacted]

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In addition, de la Madrid is capitalizing on the ruling party’s ability to reduce disruptive tensions. Businessmen, who are increasingly insecure about the future of the private sector, have been heartened by moves to make direct foreign investment easier. Nationalists, who are disturbed by Mexico’s adherence to an IMF-imposed program, have been reassured by Mexican participation in the Contadora group. [Redacted]

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Handling the Opposition

Opposition parties pose few challenges, in part because of de la Madrid’s success in denying them issues around which antigovernment sentiment could build. The Communist-dominated United Socialist Party is still badly splintered, and other small leftist groups appear to be struggling. The center-right National Action Party shows little evidence of having made significant inroads into the ruling party’s power bases, although it made an embarrassingly strong showing in recent municipal elections. [Redacted]

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De la Madrid is tolerant of those who oppose specific government policies, but he is undercutting potential troublemakers to reduce the chances for future challenges to the system. The use of force against student demonstrators and the President’s tough stand against striking university workers indicate his intention to prevent unruly antigovernment activities. To underscore further his commitment to maintain order, de la Madrid has increased police and military readiness. [Redacted]

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Outlook

The President’s political skill has diminished the chances of widespread opposition to the government, but the potential for localized unrest remains high. With crime and unemployment rising, urban squatter areas could become flashpoints for spontaneous riots. High inflation will continue squeezing labor and the middle class. [Redacted]

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Nonetheless, de la Madrid's promising start has established momentum toward an economic and political revival. Sticking to the IMF program, however, will require additional politically risky cuts in public spending and employment. The use of such traditional mechanisms as co-optation and incorporation to control dissidents is likely to be inadequate, given the severity of the economic situation.

[Redacted]

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The President may need to employ selective use of force to maintain order. His early establishment of authority and his success in reducing the atmosphere of anxiety, however, suggest that he will remain in control of events. Easing up on austerity, however, would cause Mexico to miss its IMF targets at the end of the year and would obstruct economic revival.

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