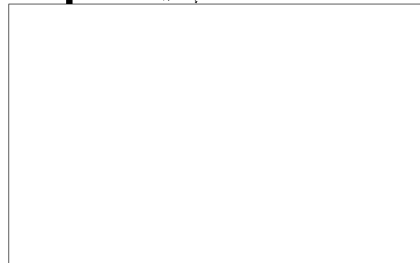




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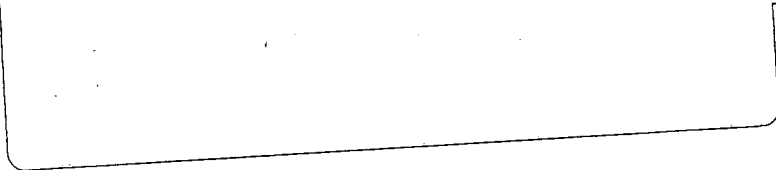
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National Intelligence Daily

Saturday
29 October 1983

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GRENADA: Mopping Up Continues

With fighting virtually ended in the Grenadian capital, regional leaders continue to offer suggestions on the formation of a transitional government. 


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No major clashes were reported yesterday, but minor pockets of resistance, mostly snipers, are still being encountered. Members of the Multinational Force are to begin patrolling the streets of St. Georges today to prevent looting and restore calm. 

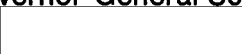
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International Red Cross officials have agreed to repatriate the dead and wounded Cubans and have asked for a list of all detainees held by the US and the Multinational Force. Red Cross personnel were en route to Barbados yesterday to facilitate the transfer of the Cuban casualties and to arrange for Red Cross visitation of Cuban and Grenadian POWs. 

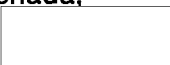
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Barbadian Prime Minister Adams outlined recent events in Grenada and the region in a public address Thursday. He said there would be a transition period of some three months before elections are held. Adams offered the assistance of the Barbadian Elections Office in establishing electoral procedures. 

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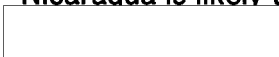
The US cast its veto of the UN Security Council resolution deploring the military intervention in Grenada. The UK, Togo, and Zaire abstained, while France, the Netherlands, Jordan, Malta, and Pakistan joined the USSR, Poland, China, and sponsors Nicaragua, Guyana, and Zimbabwe in supporting the resolution. The Bishop government's Grenadian envoy to the UN was refused permission to speak yesterday after Governor-General Scoon requested that his credentials be withdrawn. 

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Comment: Nicaragua is expected to carry the Grenada issue to the General Assembly if it can arrange a procedural vote in the Security Council that the US cannot veto. An overwhelming majority of nonaligned nations will support language deploring the invasion, and few Allies will lend public support. During the debate on Grenada, Nicaragua is likely to bring up Central American issues as well. 

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WESTERN EUROPE-USSR: Reactions to Andropov's Offer

Allied governments have reacted coolly to General Secretary Andropov's latest missile offer, but have not dismissed it outright.



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A senior British official says that, although the Soviet position at Geneva remains essentially unchanged, the UK does not want to be totally negative in its response. The British plan to call for further study of Moscow's offer to reduce its SS-20 force in the Western USSR to 140 launchers in exchange for no NATO deployments. They will note, however, that the new proposal would leave the USSR with as many SS-20s facing Western Europe as it had globally in 1979, when NATO made its dual-track INF decision.



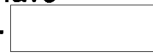
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A West German Government spokesman says Andropov's offer contains positive starting points but these are unacceptable because they do not permit NATO to deploy INF and because they continue to take British and French nuclear forces into account. He indicates that the USSR would be responsible if the negotiations ended after INF deployments begin. The Italian Government also emphasizes that the talks must continue.



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The Norwegian and Dutch Governments say the new proposals need further study, even though they do not seem to contain much new and continue to fall short of NATO's security requirements. A Dutch official has questioned whether an even more forthcoming future Soviet offer, timed with a walkout from Geneva, would have much appeal in view of the imminence of missile deployments.



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Comment: Although the governments in the initial basing countries believe they will win the debates on INF in their parliaments this month, they presumably are worried that the situation in Grenada will be exploited by the opponents of deployment. The government of Prime Minister Thatcher almost certainly expects renewed calls for dual controls on cruise missiles both from the opposition and from some Conservatives on Monday. The West German and Italian Governments probably also expect INF opponents to continue to use US reactions in Grenada to support their claims that the US is an irresponsible security partner—particularly where nuclear weapons are concerned.



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ZIMBABWE: Anti-Western Actions

Zimbabwe's foreign policy is becoming more anti-US and anti-Western. 

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Zimbabwe this week cosponsored, along with Guyana and Nicaragua, a draft resolution in the UN Security Council condemning the US invasion of Grenada. Zimbabwe had earlier abstained on the Security Council vote deploring the shooting down of the South Korean airliner, despite a direct US appeal to Prime Minister Mugabe.



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In Harare this week, the Zimbabwean Foreign Ministry discouraged members of the diplomatic community from attending a memorial mass arranged by the French and US Embassies for those killed by the terrorist attack in Lebanon. Last month, Mugabe condemned the UK for criticizing his redetention of white officers after the courts had cleared them of sabotage charges, and anti-British demonstrations were staged outside the British Embassy.



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Comment: Zimbabwe's actions in part reflect its pique over press reports this month that the US was considering a large cut in aid to Zimbabwe. These reports angered Mugabe, who had described US-Zimbabwean relations as excellent following his visit to the US in September, and influenced Harare's position on Grenada and the memorial service. The inexperience and ideological biases of many Foreign Ministry officials also have contributed to the anti-Western actions.



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Underlying domestic considerations—and Mugabe's own socialist predilections—may be leading him to pursue a foreign policy that he will find difficult to reverse. Harare has had little success in correcting the country's economic decline and has grown increasingly frustrated over the dearth of Western investment. Mugabe is feeling pressure from hardliners within his party, and this may grow as a major party congress scheduled for next May draws nearer.



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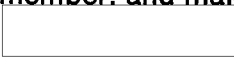


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JAPAN: Nakasone's Political Difficulties

Prime Minister Nakasone is struggling to deal with the repercussions of the bribery conviction of former Prime Minister Tanaka, his principal ally. 


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Nakasone met with Tanaka yesterday and indirectly asked him to resign from the Diet. Tanaka refused. Opposition parties continue to boycott the Diet because Tanaka is still a member, and major legislation, including a tax cut, is pending. 


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Liberal Democratic Party leaders continue to support Nakasone, but they are now looking to him to secure Tanaka's resignation. Recent polls show a drop in support for both Nakasone and his party. Elections have to be held before June. 

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Comment: Nakasone has increased his vulnerability by meeting with Tanaka. His personal prestige is now committed to winning Tanaka's agreement to step down. He risks antagonizing leading lieutenants of the Tanaka faction whose support he needs to defeat a no-confidence motion that may be introduced by the Japan Socialist Party. 

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Nakasone will have difficulty accommodating the conflicting demands of his allies in setting the time of the elections. Tanaka prefers early elections to vindicate himself by winning reelection to the Diet as an independent. Nakasone is afraid, however, that if the Liberal Democratic Party loses seats in early elections he will be blamed and be challenged for the leadership of the party. 

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EGYPT-US-NEAR EAST: Diplomatic Initiative

Cairo has launched a diplomatic campaign to build moderate Arab solidarity, increase support for Iraq, and keep the US engaged in the Middle East peace process. 


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Foreign Minister Ali met with Iraqi President Saddam Husayn in Baghdad on Wednesday and made his first official visit to Jordan Thursday. Minister of State Ghali visited Beirut yesterday. President Mubarak told the US Ambassador on Wednesday that it was essential to reactivate the US peace initiative and that Ali would ask the Jordanians if they are willing to act on the Palestinian problem. 




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Mubarak also urged the US to support Iraq. He emphasized that Baghdad was ready to normalize ties with Washington and suggested that Egypt could be a conduit for secret aid to Iraq. 


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Comment: The initiative reflects heightened Egyptian concern that the situation in the Middle East is deteriorating and that Syrian, Iranian, and Libyan influence will grow. Cairo believes the time is right to rally Arab moderates and attempt to reassert its leadership. It has, however, few effective means to influence events. 

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Egypt's efforts on behalf of Iraq complement Baghdad's own diplomatic campaign for international—especially US—action against Iran. Mubarak probably overstated Iraqi readiness to normalize relations with the US, despite Saddam Husayn's recent public comments that he might restore ties with Washington before the war ends. 

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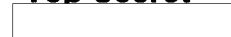
The Egyptians also are worried that the Beirut bombings might distract the US from a constructive diplomatic role or cause Washington to act rashly. They fear that the US might come to rely more heavily on Israel for the security of Lebanon. 



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CHILE: Prospects for Dialogue Fading

Prospects for a renewal of talks between Interior Minister Jarpa and the Democratic Alliance are diminishing because of the government's increasingly tough line and the declining ability of the opposition to mobilize protestors. [Redacted]

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The government has decreed imprisonment and exile for protest organizers and removed names from already published lists of exiles permitted to return. [Redacted]

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[Redacted]

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The opposition believes its ability to mount effective challenges has slipped rapidly, and leaders are scrambling to devise tactics that will restore momentum. The increasing frequency of the protests is also eliminating the lulls that had facilitated talks. [Redacted]

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[Redacted]

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Comment: The declining prospects for dialogue also may be straining Jarpa's relations with President Pinochet. There have been confrontations between them over economic and political policies, and Jarpa is now apparently concentrating on developing his own base of political support. [Redacted]

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Reduced turnout for protests is making the moderate opposition leaders increasingly desperate. A willingness to cooperate with the Communists could split the leadership of the Christian Democratic Party between Gabriel Valdes—who reportedly believes the Alliance must promote mass mobilization—and more conservative members of the party led by Andres Zaldivar [Redacted]

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This increased polarization, the lack of an effective channel for dialogue, and growing frustration of the opposition, if coupled with a harsh government crackdown on leaders of the national strike set for next month, could provoke widespread violence. [Redacted]

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PAKISTAN: Status of Opposition Agitation


Opposition leaders are continuing efforts to incite disturbances in Punjab Province. 

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The Punjabi leader of a major religious party has ruled out additional negotiations with President Zia and has condoned hunger strikes by lawyers in Lahore, the provincial capital, to demand the release of imprisoned colleagues. The US Consulate General reports that 5,000 trade unionists on Wednesday staged the largest antigovernment demonstration in Punjab so far. Their threat to shut down electrical power nationwide on Saturday, however, has been averted by negotiations between union officials and the government.



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The Consulate General says the government blames the AI Zulfikar terrorist group for recent bombings in Lahore and has arrested 10 of the 12 members believed to be responsible. Another bomb exploded Tuesday in downtown Lahore, killing two persons and injuring 17. An AI Zulfikar leader who is a son of former Prime Minister Bhutto told a BBC interviewer that the organization had carried out an earlier bombing. 

25X1

Comment: The opposition will be more willing to negotiate with President Zia if their efforts to increase agitation in the Punjab have only limited success. AI Zulfikar's terrorist actions and its ties to Afghanistan and India discredit the opposition generally and encourage Zia to take tough actions toward all opposition groups. 

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NICARAGUA: Security Zone Proposed

The Nicaraguan junta is proposing to create a 25-nautical-mile security zone off both its coasts. The US Embassy expects the Nicaraguan Council of State to pass the proposal intact by early November. Civilian ships and aircraft entering the security zone, even for transit, would have to request permits seven days in advance, and official and military craft would have to file requests 15 days in advance. Violators would be subject to fines up to \$200,000 and loss of their vessels. [REDACTED]

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Comment: Creation of the zone is one reflection of Nicaragua's heightened concern that its ports are vulnerable to guerrilla attacks. No other Latin American country claims a security zone, although the UK has declared one around the Falkland Islands. The US recognizes no security zones, only 3-nautical-mile limits to territorial waters, but US naval vessels usually remain beyond the 12-nautical-mile limit claimed by Nicaragua. With its small navy, Nicaragua will probably be cautious in enforcing the new security zone. [REDACTED]

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GUATEMALA: Political Violence

Guatemala is experiencing a new wave of political killings and abductions. According to the US Embassy, the number of kidnappings jumped from 12 in August to 56 in September—the first full month of Chief of State Mejia's rule. In two cases this month Guatemalan employees of the US Agency for International Development have disappeared, and the US Ambassador believes the government is responsible. The Christian Democrats publicly accused rightwing leaders—in concert with local authorities—of the murder last week of three party officials. Two leaders of a new leftist party also have been abducted. [REDACTED]

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Comment: Although leftist insurgent groups are responsible for some of the increased violence, the characteristics surrounding the incidents and the victims involved—as well as similarities to past patterns of violence in Guatemala—indicate that security forces and ultrarightist civilian elements are almost certainly heavily involved. Unless Mejia takes forceful steps to reverse the trend and to account for the missing AID employees, his efforts to enhance Guatemala's image abroad are likely to fail. Moreover, if violence against moderate and leftist political parties is left unchecked, some parties, particularly the new ones, are likely to be afraid to participate in the elections set for next year. [REDACTED]

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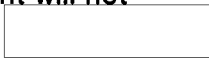
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DENMARK-USSR: Foreign Minister's Trip to Moscow

Danish Foreign Minister Ellemann-Jensen is to visit Moscow on Monday for discussions with Soviet officials on INF. He will return to Copenhagen on Tuesday, two days before a Danish parliamentary debate on the issue. Opposition parties are expected to sponsor a resolution similar to the one that passed in May calling for a delay in deployment during extended Geneva negotiations and urging the inclusion of British and French systems in the talks. The government of Prime Minister Schlueter apparently believes that a compromise can be achieved on such a resolution, according to the US Embassy, but government sources have hinted that the government will not resign even if defeated on a resolution it cannot accept.



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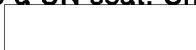
Comment: The Soviets probably will urge the Foreign Minister, who represents a minority government having difficulties in parliament on the INF issue, to respond positively to General Secretary Andropov's latest proposals. Ellemann-Jensen will want to prevent his comments in Moscow from being used against him in the parliamentary debate and probably will express satisfaction with the Soviet willingness to show flexibility. He nevertheless is likely to reaffirm Denmark's adherence to the NATO position on deployment.



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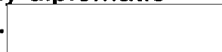
VIETNAM-KAMPUCHEA-UN: ASEAN Resolution Passes

The General Assembly on Thursday endorsed ASEAN's call on Vietnam to withdraw its troops from Kampuchea and to allow free elections there. This is the fifth consecutive year the UN has solidly supported the ASEAN position. During the week before the vote, Vietnam for the first time refrained from challenging Democratic Kampuchea's claim to a UN seat. Challenges in past years had met with lopsided defeats.



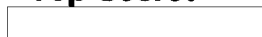
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Comment: Vietnam apparently hoped to soften the annual setbacks in the UN that underscore Hanoi's diplomatic isolation on Kampuchea. Although UN backing is heartening to ASEAN, the outcome will only strengthen Hanoi's conviction that any diplomatic settlement must be reached outside the UN framework.



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Special Analysis

BRAZIL: Figueiredo's Government Adrift

The government of President Figueiredo has become discredited by its handling of the economy and seems unable to halt the decline of its fortunes. Balancing financial imperatives against political pressures will remain difficult, and the option of a debt moratorium may become increasingly attractive to policymakers. Although the possibility of a coup appears remote, the President's ineffectual leadership has disgruntled some elements in the military, and sentiment could build for policy changes or even for his resignation.



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Government Losing Initiative

Rising public discontent and social unrest have led to general condemnation of the government's austerity program as well as to looting of supermarkets in several states. Many are calling for Figueiredo to resign, and a national poll conducted last month gave him the lowest popularity rating ever registered by any Brazilian President.



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Figueiredo has lost control over the ruling party and—unlike previous military rulers since 1964—seems to have little chance of imposing his choice for the next president.

[Redacted]

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Last week more than one-tenth of the ruling party's Congressmen joined the opposition in repealing a wage-restraint law and three other measures that form part of the Brazilian austerity pledge to the IMF. This action followed the legislative rejection of a salary law—the first defeats of government-sponsored bills in 19 years of military rule.

[Redacted]

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[Redacted]

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Prospects

If Figueiredo remains indecisive, day-to-day decisionmaking will stay in the hands of five or six military and civilian advisers. Without authoritative guidance, the administration is likely to continue floundering, further eroding public confidence.

[Redacted]

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The military is unlikely to intervene any time soon unless the security situation deteriorates suddenly. Figueiredo has purged most hardliners from the upper ranks, and the high command is composed of moderates loyal to the President and committed to a return to civilian rule. Nonetheless, the officer corps is unlikely to tolerate another 17 months of ineffectual government, and, if the situation continues to worsen, Figueiredo's military advisers may urge him to resign.

[Redacted]

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Even if the President reasserts himself, he is unlikely to regain control over the political process. The loosening of authoritarian measures over the past few years has weakened the government's legal means of suppressing dissent and imposing its programs.

[Redacted]

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For the near future, Brasilia probably will continue to muddle through by trying to balance the need for belt-tightening against demands for a milder austerity program. According to US Embassy reporting, a recently introduced wage-restraint law—far milder than the previous one—has a good chance of winning Congressional approval. Until this issue is settled, foreign creditors will remain uncertain about the government's ability to push through its legislation and are likely to delay their scheduled loan disbursements further. 

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Even if the government negotiates an agreement on salaries with Congress, it will continue to have difficulties in implementing austerity. Brasilia will strive to keep the IMF program on track and to maintain workable relations with foreign creditors, but economic activity probably will continue to decline, risking an increase in already high unemployment and social unrest. 

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The Moratorium Option

Growing opposition from the middle class and labor, combined with spreading disorder, would intensify interest among Brazilian policymakers in declaring a moratorium on foreign debt payments. According to press reports, some bankers believe Brasilia may be building up its foreign exchange and oil reserves in preparation for such a move. 

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Initially, Brasilia might contemplate a temporary moratorium—perhaps 90 days—aimed at persuading foreign banks to allow a more generous long-term restructuring of Brazil's debt. This would be a gamble for the government, however, and could stalemate negotiations. 

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This probably would cause trade credits to contract and economic activity to plummet. Even so, Brasilia might see this nationalist option as a means of deflecting public resentment and creating a new political consensus. 

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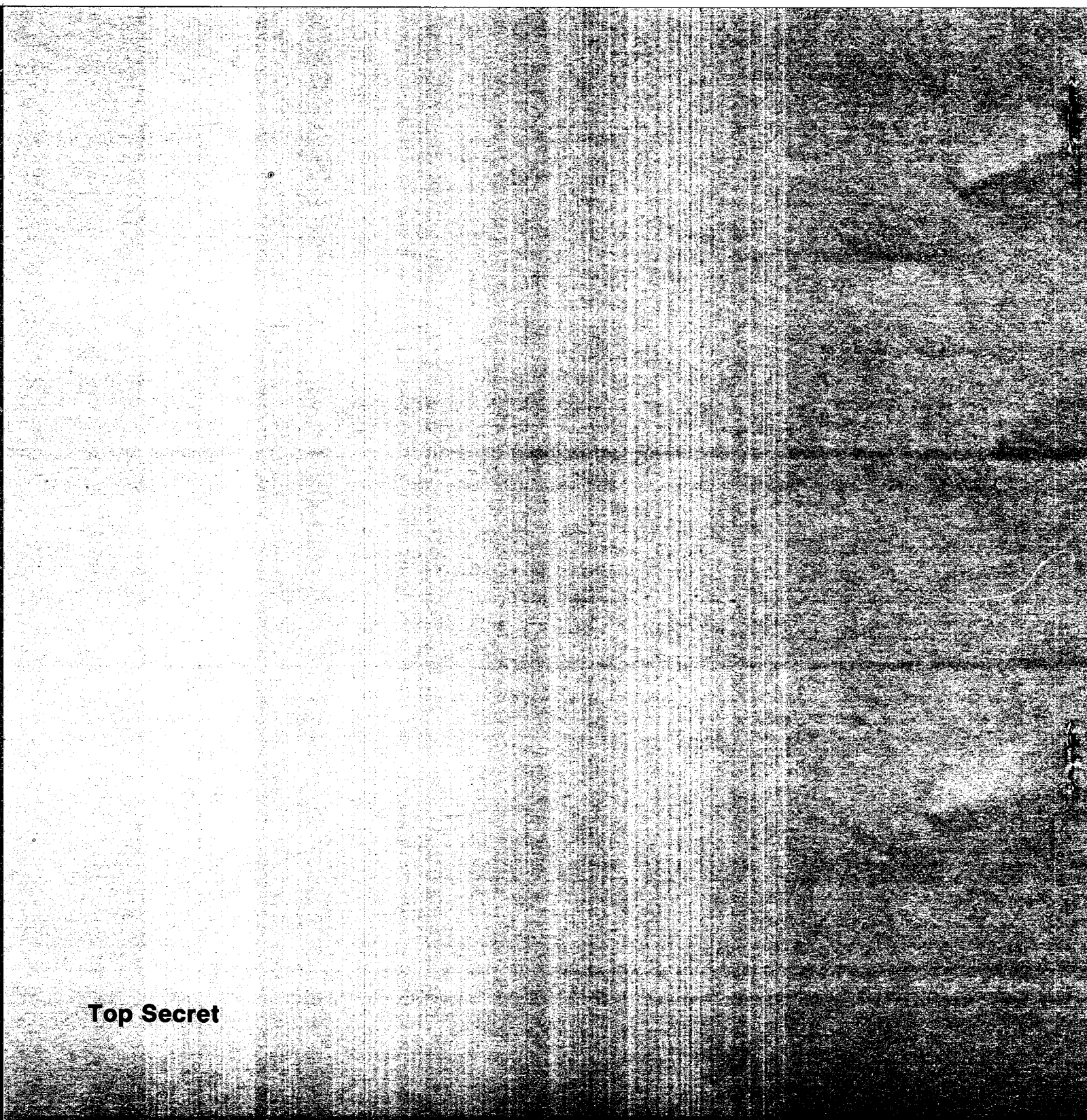
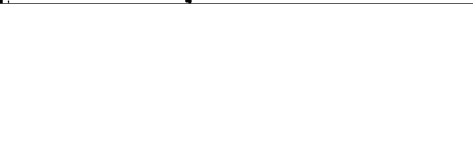
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