



**Director of  
Central  
Intelligence**

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# National Intelligence Daily

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*Saturday  
1 October 1983*

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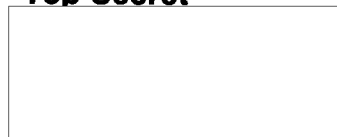
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**PHILIPPINES: Demonstrations Continue**

*Antigovernment demonstrations are continuing in Manila, but security forces are dealing firmly with groups that do not obey new government restrictions on rallies and marches.* 

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An unauthorized demonstration held yesterday in the financial district was broken up by riot police. A demonstration held downtown by 5,000 students, however, ended peacefully. Student organizers had obtained government approval for the rally. 


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United Nationalist Democratic Organization leader Laurel announced yesterday that protests and prayer rallies demanding the resignation of President Marcos will continue. The Justice for Aquino, Justice for All opposition alliance is planning a large labor rally next week. The May First Organization, a Communist-infiltrated labor alliance, is to lead the demonstration. 

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**Comment:** Marcos's resolve to stop unauthorized demonstrations will be tested in the weeks ahead, as moderate opposition groups plan mass actions. Although officials of the Justice for Aquino alliance claim they will seek advance permits for their rallies, other opposition groups may not. If unauthorized demonstrations attract large numbers of people, Marcos probably will deal harshly with them. 

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**UK: Labor Party Conference**

*The expected round of clashes between moderates and leftists at the Labor Party conference beginning tomorrow could be decisive in shaping the party's direction and its relationship with the trade unions.*



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The party leader and the deputy leader are to be chosen at the annual conference. Trade union bloc votes are usually decisive. Moderates and leftists will compete for control of the party's National Executive Committee and will debate party rules and policy questions.



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**Comment:** Leftwinger Neil Kinnock is the heavy favorite to become party leader, and only the race for the deputy post between moderate Roy Hattersley and leftist Michael Meacher will be intense. A group of moderate Labor MPs is threatening to leave the party if the left sweeps the election. A number of union leaders and Kinnock himself also have indicated that Hattersley's election is in the interest of party unity, and he currently appears to have the lead over Meacher.



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The struggle for control of the National Executive Committee probably will be as important as the leadership contests. Many of the trade unions moved somewhat to the right at their conference earlier this month, and a continued leftward drift by the party would threaten to open a wider breach between it and the unions that fund it.



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Nevertheless, the left has a good chance to recapture control of the National Executive Committee. This would undercut efforts to modify policy stands or to change current party rules that favor the left.



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The policy debates may provide an indication of Kinnock's ability and willingness to move Labor away from electorally unappealing positions. He has indicated that he is ready to compromise on continued membership in the EC and some other issues.



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Many leftwingers, however, are unconvinced that Labor's support for unpopular policies was responsible for the election defeat in June. Moderates will still find it difficult to temper the party's commitment to leftwing positions.



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**LEBANON: Growing Unrest Among Christians**

US Embassy sources say Christians in East Beirut are bitter and suspicious that the cease-fire is a US-Syrian deal made at their expense. [redacted] Christian militias, dissatisfied with their weak negotiating position, could force a Christian boycott of the national dialogue. A Sunni Muslim spokesman also has expressed concern that Christian discontent could undermine the prospects of any national reconciliation talks.

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**Comment:** Christian militia extremists almost certainly believe that the recent fighting has left them weaker than the Druze and the Muslims. The extremists, fearing that political reforms would threaten traditional Christian predominance in Lebanon, may try to sabotage any national dialogue aimed at redistributing political power among the country's factional groups. [redacted]

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**NETHERLANDS-LEBANON: Participation in UNIFIL**

The Dutch seem ready to leave a token force of up to 150 troops in the United Nations Interim Force in Lebanon. The Hague had planned to pull out all 800 men on 19 October, but it has reconsidered after being asked recently by the US and by Egypt and other Middle Eastern governments to help maintain the unity of the force. The US Embassy reports that defense spokesmen of the three major parties will support a reduced presence as long as Dutch troops are not stationed in particularly dangerous areas. [redacted]

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**Comment:** Dutch leaders are likely to hope that this compromise will satisfy critics who are worried about the cost of maintaining a large contingent in Lebanon as well as UN allies who are concerned that withdrawal of the Dutch contingent could prompt the withdrawal of others. The support in Parliament for a token force probably will encourage the cabinet to give its approval. The Dutch will remain skeptical of the usefulness of their troops in Lebanon, however, and will be quick to reassess their commitment if the troops sustain casualties. [redacted]

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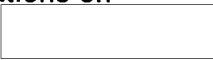
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**MOZAMBIQUE--WESTERN EUROPE: Machel's Tour**

President Machel arrives in Belgium on Monday, where his agenda includes talks with EC officials. He also plans to visit Portugal, the Netherlands, the UK, France, and Yugoslavia. The primary purpose of the trip is to seek increased Western economic involvement in Mozambique. Mozambique reportedly has asked the EC for privileged observer status next week at the negotiations on trade between the Community and Third World countries.



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**Comment:** [Redacted] the USSR's failure to provide significant economic help has persuaded the President to improve relations with the West. Machel is most likely to receive help from Portugal. His discussions in Lisbon are likely to focus on increased bilateral economic relations and military cooperation.



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**CHILE: Talks Resume**

Representatives of the opposition Democratic Alliance and of the government have resumed the dialogue that was suspended following antigovernment demonstrations last month. Both sides describe the new round of talks as satisfactory. Alliance leader Valdes says he has submitted a number of proposals to Interior Minister Jarpa that would speed the return to democracy and address some of the economic problems that have prompted the unrest. According to press reports, Valdes is calling for a plebiscite next year that would lead to a constituent assembly and constitutional reform.



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**Comment:** Both Jarpa and the Alliance had feared that a continued impasse in the talks would have allowed the radical left to seize the initiative from the government and the moderates. The resumption of talks will help the Alliance regain some lost momentum and may help moderate the tone of future protests. President Pinochet has been reluctant to agree to a plebiscite soon, however, and discussions on this proposal probably will be long and difficult.



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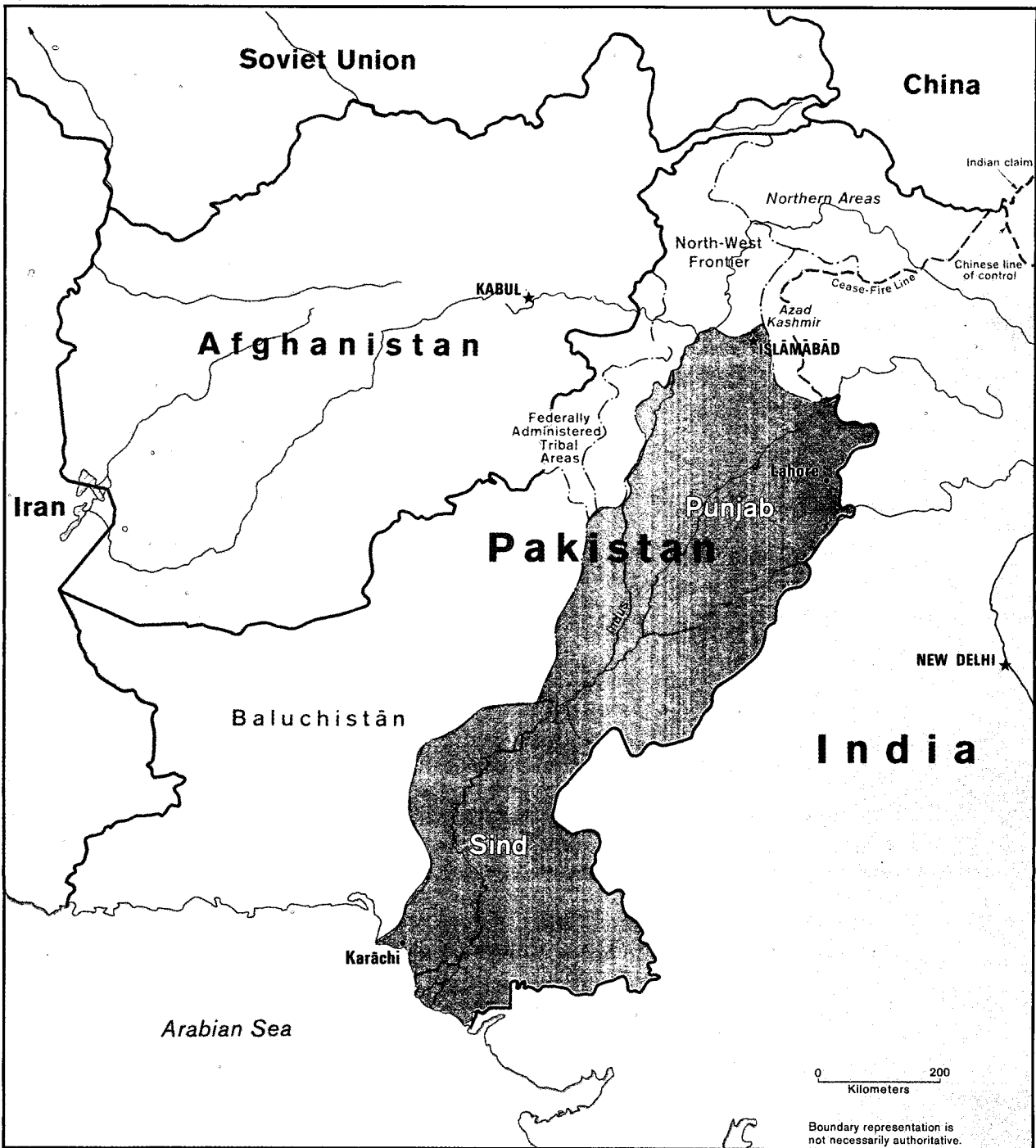


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**PAKISTAN: Status of Local Elections**

Local elections have been marred by violence in Sind Province, where official sources acknowledge 17 demonstrators and one security officer were killed on Thursday, while press sources report clashes involving more than 100 casualties. Preliminary reports indicate a moderate turnout in Karachi, but many voters in rural Sind stayed home. The government still intends to complete balloting tomorrow, even in the most disaffected districts of the province. The US Consulate General in Lahore reports that most voters in Punjab Province ignored calls by the opposition to boycott the elections.

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**Comment:** The virtually trouble-free voting in Punjab is a victory for President Zia. It probably will dampen opposition there temporarily and permit Zia to concentrate on problems in Sind. The elections in rural Sind are likely to be at least partly disrupted and largely discredited in the eyes of most Sindhis. The continuation of violence and disaffection there will give additional hope to Zia's opponents and raise doubts about his leadership, eventually even in Punjab.

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**ARGENTINA: Loan Disbursement Suspended**

The US Embassy reports that foreign commercial banks have suspended disbursement of a \$1.5 billion loan to Argentina. The move follows a court injunction this week against an agreement to reschedule debts of the state airline, which was a prerequisite for the initial disbursement of the loan. Moreover, the injunction temporarily forbids all discussions on refinancing public debt. President Bignone has indicated that he will respect the injunction because it concerns issues of national sovereignty.

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**Comment:** Bignone may see the injunction as a means of delaying the politically contentious debt rescheduling issue until civilians take over following elections on 30 October. Without new loans, however, the possibility of a bank-declared default will grow as Argentina falls further behind in its payments on the public debt. Economy Minister Wehbe may resign if he cannot get the debt rescheduled as planned. His departure would be regarded as indicating an end to the financial discipline that is needed to prevent a new economic crisis for the next government.

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**ITALY-USSR: Decreased Dependence on Soviet Gas**


Italian energy officials, according to US Embassy sources, have decided to keep domestic natural gas production at existing levels over the next few years. The decision reverses the national energy strategy of conserving domestic gas resources and increasing imports. Rome believes that it can recover more domestic gas than previously estimated, and it wants to increase the profits of Italy's state energy company. 

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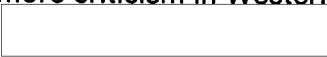
**Comment:** Italy will need less additional gas from the USSR if it produces more itself, particularly in view of the lower demand now being forecast. On the other hand, broader political and economic considerations could still weigh heavily. Many businessmen believe that Soviet purchases of Italian equipment may depend on gas contracts. Even if Rome does not agree now to buy more Soviet gas, it is likely to increase purchases from the USSR when its supplies become less adequate. 

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**WESTERN EUROPE-TURKEY: Council of Europe's Warning**

The Parliamentary Assembly of the Council of Europe this week adopted a resolution criticizing laws promulgated under Turkey's new constitution and calling for a "genuine democracy" for the Turkish people. The resolution suggests that the Assembly may not seat a delegation from Ankara at its session next January or that it might move to expel the Turks from the Council. Although the Assembly expressed concern about procedures for Turkey's parliamentary elections in November, it refrained from prejudging the results. 

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**Comment:** By avoiding a final decision, the Assembly apparently has given Ankara a last chance to reestablish its democratic credentials with the parliamentary elections in November. The passage of the resolution by a substantial majority, however, suggests that failure by Ankara to satisfy the Council's criteria for democratic elections will result in exclusion. The Turks probably will react cautiously to avoid fomenting more criticism in Western Europe as the election campaigning begins. 

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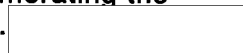
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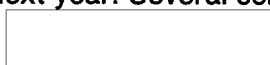
**WEST GERMANY-US: President Carstens's Visit**

President Carstens's official visit to the US next week coincides with the beginning of activities in this country commemorating the 300th anniversary of German immigration to America.



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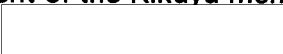
**Comment:** Carstens will be anxious to use the opportunity to stress the positive aspects of bilateral relations. To counter anti-US declarations by vocal extremists in West Germany, he is likely to reemphasize West Germany's commitment to the Western alliance and its reliability as a partner of the US. Carstens, formerly a ranking Christian Democratic Party leader, will vacate his largely ceremonial but prestigious post next year. Several senior politicians are already vying to succeed him.



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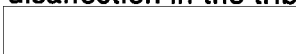
**KENYA: Election Implications**

The results of the election held last Monday show that President Moi has majority support in parliament but that disenchantment is growing among the Kikuyu—the largest and most influential tribe. Only 40 percent of the electorate voted—a 20-percent decrease from the election in 1979. About 60 percent of the Kikuyu members of parliament were voted out of office.



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**Comment:** Kikuyu voters apparently want their newly elected representatives to take a more aggressive stand in defense of tribal interests. Moi, however, probably will reduce the number of Kikuyus in his cabinet, thereby increasing disaffection in the tribe and heightening its sense of isolation.



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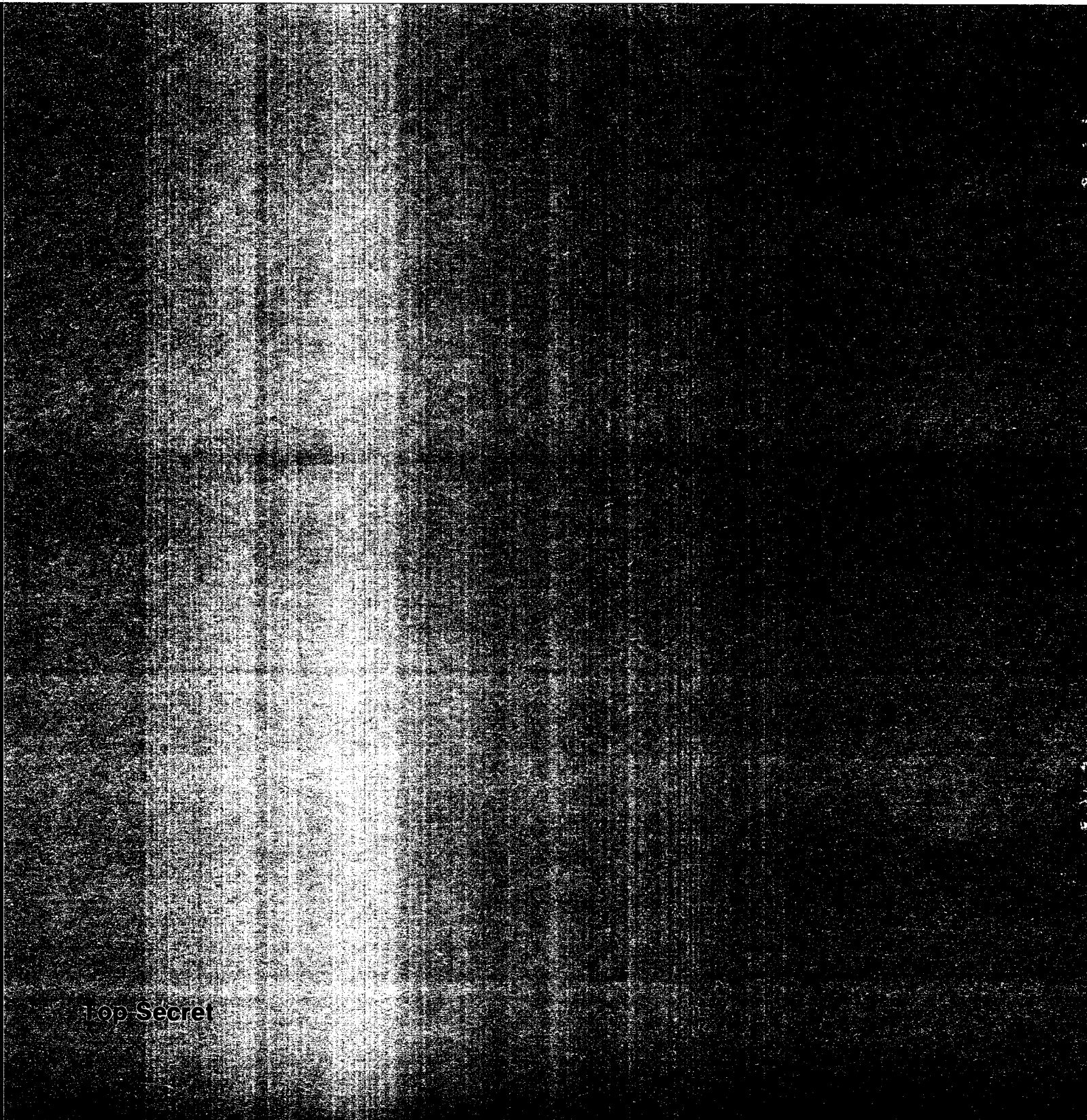
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