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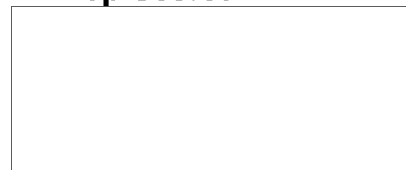
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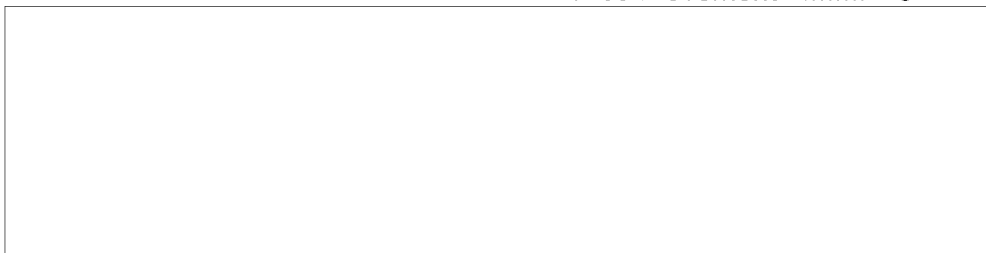
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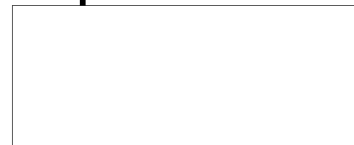
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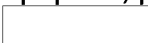
JORDAN: New Cabinet

The appointment of Minister of Interior Ubaydat as prime minister may dash hopes in the Palestinian community for more equitable treatment. 


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The US Embassy reports that Ubaydat, a former chief of the General Intelligence Department, is considered by Palestinian Jordanians to be unsympathetic to their interests. They blame him for supporting restrictive measures, including those imposed last spring on travel between the West Bank and Jordan. One former West Bank mayor told Embassy officials that Ubaydat's appointment will send all the wrong signals to Palestinians, who hoped the reconvening of the parliament represented the King's intention to take the lead on Palestinian issues. 

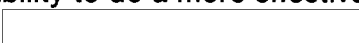
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Domestic pressure for former Prime Minister Badran's ouster had been intensifying. Badran—who had been in office almost continuously since 1976—was extremely unpopular, particularly with key Bedouin and Palestinian communities. 

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Comment: Hussein's selection of Ubaydat may have been intended to reassure East Bank constituencies that he still regards their interests as essential. Those groups probably are nervous about the prospect of an expanded Palestinian role in internal matters through parliamentary participation. 

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Other cabinet changes appear to be routine. Although many observers had expected that portfolios would be evenly divided between Palestinians and East Bankers, the cabinet consists largely of the latter. The other cabinet members probably were named for their ability to do a more effective job, rather than on the basis of origin. 

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EL SALVADOR-HONDURAS: Territorial Dispute

El Salvador's territorial claim to the Gulf of Fonseca has strained relations with Honduras, but leaders in both countries will try to maintain operational cooperation. [Redacted]

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Honduran officials are angered by an article in El Salvador's new constitution that fails to accord Honduras any sovereignty in the Gulf.

[Redacted]

hardliners in the Honduran

Government are advocating retaliation, including reduced trade and closure of the Regional Military Training Center used to train the Salvadoran military for counterinsurgency operations. [Redacted]

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Nonetheless, the officials have assured the US Embassy that they will not take drastic measures. Moderates in the government recognize that the country's long-term interests are best served by continued bilateral cooperation. Tegucigalpa plans to relocate Salvadoran refugee camps—suspected of providing aid to the Salvadoran rebels—away from the border area, even though similar plans have prompted domestic opposition in the past. [Redacted]

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The US Embassy in El Salvador reports that President Magana said last month he hoped to propose a solution to the maritime issue if he met with President Suazo. Although Suazo recently indicated a willingness to meet with Magana, he believes that Magana—a lameduck—would have little to offer. [Redacted]

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Comment: The basic problem between the two countries apparently concerns their interpretation of access to the Pacific. The Salvadoran constitutional provision cites a judgment made in 1917 by the Central American Court that accords Honduras access through the Gulf without any territorial sovereignty. Honduras has never accepted that decision, however, and it claims jurisdiction over some of the waters and islands in the Gulf. [Redacted]

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Although the Suazo government continues to view El Salvador as insensitive to its domestic political concerns, it is unlikely to provoke major disruptions in military, diplomatic, or economic cooperation. Nevertheless, Honduras will continue to urge the US to force El Salvador to be more accommodating on territorial issues. [Redacted]

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CANADA: Domestic Reaction to Peace Initiative

Prime Minister Trudeau's peace campaign apparently has had little effect in reducing the opposition Conservatives' substantial lead in the polls over the Liberals. [Redacted]

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A Gallup poll taken in December, one month after Trudeau began his initiatives, showed the Tories supported by 53 percent of decided voters—three points below a similar poll in October. The Liberals were supported by 30 percent, three points above October, and the socialist New Democrats were still supported by about 15 percent. Twenty-seven percent of the voters were undecided. [Redacted]

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Comment: The small change in voter preference indicates that Trudeau's initiative has not yet captured the imagination of the electorate or, at least, that support for his efforts has not meant many new votes for the Liberal Party. Nevertheless, Trudeau is likely to continue his peace campaign because he is personally committed to reducing the danger of a confrontation between the US and the USSR. [Redacted]

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The Prime Minister probably also believes that he has to continue pushing his proposals in order to maintain his credibility. Although he has repeatedly stressed that his goal is to improve East-West relations and not to strengthen his party's election prospects, some Canadian journalists question his motives. A vocal minority of commentators, for example, are suggesting that the Liberals are trying to exploit a "motherhood" issue to close the gap in the polls. [Redacted]

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If Trudeau were to drop his initiative soon, the public might consider his critics' view to be confirmed. The Liberals would be rebuked by their parliamentary opposition, and the voters might react negatively in the general election later this year. [Redacted]

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The peace initiative has evolved into somewhat of a burden for the Liberals. Continuing it apparently promises little in election benefits for the party, but abandoning it risks appearing opportunistic. [Redacted]

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TANZANIA: Rising Secessionist Sentiment on Zanzibar

The US Embassy in Dar es Salaam reports that tensions between the mainland and Zanzibar have reached an unprecedented high, raising the possibility of violence tomorrow as Zanzibaris celebrate their Revolutionary Day. [Redacted]

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Longstanding disputes over island autonomy have intensified in anticipation of a constitutional convention scheduled for next month that will address the legal relationship between Zanzibar and the mainland. Senior government officials in Dar es Salaam are privately expressing concern that events on the island will get out of hand tomorrow. Many mainland ministers have decided not to attend the ceremonies. [Redacted]

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President Nyerere has created a special military unit for possible use on Zanzibar. He also has stationed mainland police at key facilities on the island and has sent more troops to its capital. [Redacted]

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[Redacted]

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[Redacted] the military has failed to complete the rotation of Zanzibari troops to the mainland. The program was started in April at the request of Zanzibari President Jumbel [Redacted]

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[Redacted]

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Zanzibari troops, who are largely Muslims, have resisted the rotation program because they do not want to leave their homes for the culturally and ethnically different mainland. [Redacted]

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[Redacted]

Comment: Nyerere apparently plans to take strong action to suppress any civil disturbances on Zanzibar. Mainland military and police personnel on the island probably would easily defeat any secessionist move. [Redacted]

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These government initiatives also may dissuade discontented Zanzibaris from carrying through with their plans. Turmoil on the island, however, would further damage Nyerere's position and could encourage more plotting among military elements dissatisfied with his faltering leadership. [Redacted]

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SURINAME: Labor Unrest Continues

The labor crisis took a turn for the worse yesterday when striking bauxite workers again shut down power at the recently repaired transformer station near the Suralco bauxite plant. The US Embassy reports that approximately 30 police and 100 soldiers were sent to the plant after its managers requested protection for the facility. In response to the shutdown, the government took control of all national power facilities. [Redacted]

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Comment: The potential for violence is at the highest level since the strike began three weeks ago. The striking workers are likely to gather at the plant today, and they could challenge the security forces occupying the power station. Although Army Commander Bouterse probably still wants to avoid a showdown with the strikers, he may believe that their recalcitrance has left him no alternative. [Redacted]

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PAKISTAN: Bhutto's Daughter Released

President Zia's decision to allow opposition leader Benazir Bhutto, the daughter of the late Prime Minister, to leave Pakistan and seek medical treatment in Europe reverses his previous position.

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[Redacted] Zia had earlier rejected advice that Benazir be freed from house arrest because of concern that her release would strengthen antigovernment opposition. Zia is now trying to persuade the moderate opposition to support his formula for national elections that would legitimize his planned constitutional changes. [Redacted]

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Comment: Zia may hope that exiling Benazir will open the way for moderate opposition politicians—who were unwilling to challenge her leadership openly when she was under house arrest—to support his political initiatives. He probably believes that his success in dealing with the disturbances last fall makes it unlikely Benazir could mount a serious challenge to the regime from abroad before the elections, which may be held by the end of the year. The President is gambling that in the longer term Benazir will lose her political influence. [Redacted]

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USSR-INTERNATIONAL: Concern About Peace Movement

[Redacted] Soviet officials of the Moscow-backed World Peace Council privately expressed embarrassment that the Council-sponsored Second Vienna Dialogue for Disarmament and Detente last November failed to attract the number of West European political leaders and US Congressmen that attended the first Dialogue in February 1982. The large Soviet delegation was busy behind the scenes but kept a low profile in the plenary session and working groups. [Redacted]

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Comment: The poor turnout will heighten the Soviets' concern about the prospects for the peace movement in the West and will spur the USSR to make discreet efforts to sustain it. Moscow is instructing pro-Soviet Communists in Western Europe to adjust their strategy to prevent a reduction or redirection of peace movement activism away from the INF issue. The Soviets themselves are playing a less active role in the movement to avoid its being further discredited by accusations of manipulation by the USSR. [Redacted]

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AUSTRALIA: Record Wheat Production

The Australian Wheat Board projects wheat output in the current crop year ending next month at 19 million metric tons. The record crop is the result of a 15-percent expansion in the area sown to wheat and the good weather that prevailed during most of the growing season. Although harvesting will continue into early February, the Australians already have begun marketing their crop. [Redacted]

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Comment: Wheat sales this year will reach about 12 million tons, a 50-percent increase over drought-reduced exports in 1983. Record sales to Egypt and Iraq, as well as large sales to the USSR and China, already have been made. Wheat exports by Australia, Canada, and Argentina are expected to show a 25-percent increase in 1984, while US exports are expected to drop for the second straight year. [Redacted]

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[Redacted]

DENMARK: Election Results

Late voting returns indicate that Prime Minister Schlueter's center-right minority government will increase its standing in the parliament from 65 to about 76 seats. It has fallen short, however, of the 88 seats it would have needed to become Denmark's first majority government since 1971. [Redacted]

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Comment: The current ruling four-party coalition—whose portfolios Schlueter says he will not change—is likely to be forced to rely on support from both the pacifist, anti-NATO Radical Liberal Party and the anti-taxation Progress Party to pass future legislation. The Prime Minister has said he will not bring either party into his coalition, but he almost certainly will try to use negotiations next week to gain their support on security policy and other key issues. [Redacted]

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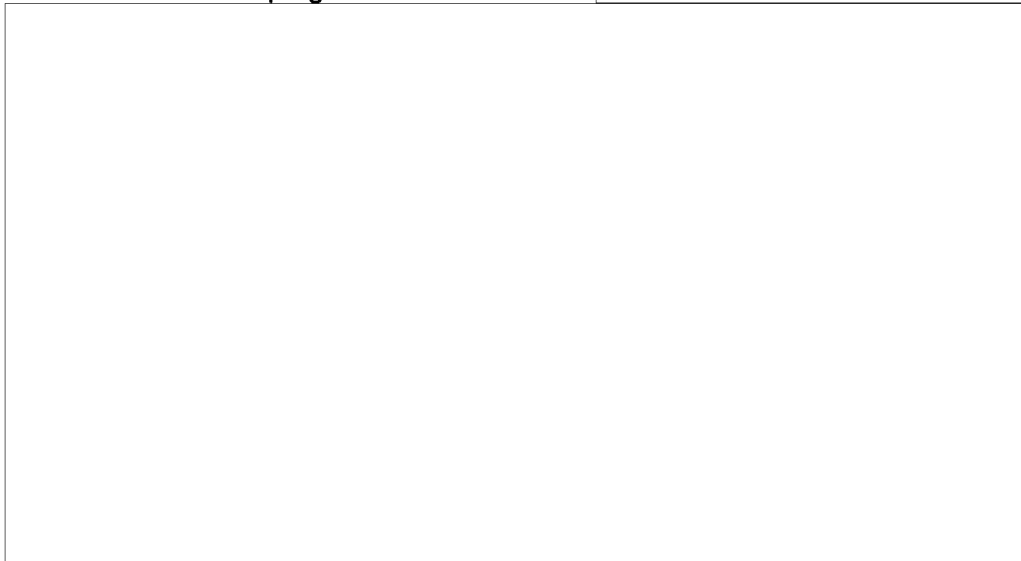
ARGENTINA: Alfonsin Taking Charge

President Alfonsin has taken full advantage of the postelection euphoria during his first month in office to address important domestic and foreign policy issues. The left-of-center leader's tough rhetoric and swift action have been matched by deft political efforts to regulate the pace and temper the impact of promised reforms. These moves thus far have helped prevent a backlash from Argentina's usual power brokers—the military, the Peronists, and the unions. Beyond midyear, however, economic problems coupled with unmet expectations and possibly a strengthened opposition could result in more serious challenges to Alfonsin.

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Alfonsin's most visible initiatives—and the most popular ones among Argentines—have been aimed at curbing the military and redressing violations of human rights committed during the antiterrorist campaigns of the late 1970s.

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Labor and the Economy

Alfonsin also is moving quickly with plans to democratize labor unions by holding new union elections. Several local labor bosses, who have been courted by the new government, reportedly have pledged to support Alfonsin's union program. Labor militants were unable to get support for a strike last month.

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Peronist-dominated unions, [redacted] will be unable to challenge the President for at least the next six months. Alfonsin is attempting to mollify the opposition parties further by giving Peronists middle-level government posts and by making a key party leader a presidential adviser on military matters. [redacted]

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The administration's political initiatives are receiving greater media coverage, but it has been equally active on the economic front. The government has imposed price controls, submitted a major tax reform package, and begun a program of increased public spending to spur a recovery. According to the US Embassy, Economy Minister Grinspun has also begun talks with bankers in the US and has reiterated his willingness to facilitate refinancing some \$18 billion in foreign debt in 1984 and to negotiate a new IMF agreement. [redacted]

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Foreign Policy

Alfonsin's fast pace extends to foreign policy. His government has offered concessions to Chile, for example, that could soon lead to a settlement of the Beagle Channel dispute. [redacted]

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On the Falklands, Alfonsin has tried to appear flexible, but he still supports the military's basic position that normalization of relations with the UK has to be linked with renewed negotiations on sovereignty over the islands. These moves improve his standing, and they may be used to help justify cuts in defense spending and a more limited role for the military. [redacted]

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The announcement in November, before the President took office, that Argentina had mastered uranium-enrichment technology led Alfonsin immediately to reaffirm his intention to assure that the nuclear program is to be for peaceful purposes only. He transferred the program to civilian authority and created a commission to evaluate it. [redacted]

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Alfonsin has been cautious, however, in making any major changes in the nuclear program. He recognizes that it is a source of national pride and that the military has a strong interest in protecting it. The President probably will wait for the commission's report before blocking out the direction of future policy. [redacted]

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Outlook

Alfonsin's bold style, the conditions conducive to change in Argentina, and the disarray among opponents suggest that the new President probably will continue to have his way over the next six months. The successful transition to democratic rule and Alfonsin's

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decisive actions thus far, however, have produced extremely high popular expectations that will be difficult to satisfy even under ideal conditions. They are even less likely to be met after midyear, when revenue raising measures probably will be inadequate to finance public spending, putting renewed pressure on prices and making accommodations with labor difficult. [Redacted]

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Labor leaders will then be better able to rally the opposition to challenge economic and union reforms. Even members of Alfonsin's own coalition, especially the human rights groups, may demand more vigorous prosecution of security officials and embarrass the government if their demands are unmet. [Redacted]

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Anti-Alfonsin sentiments in the military are unlikely to coalesce in the near future. Officers subject to human rights investigations will be preoccupied with their own difficulties and probably will avoid conspiracies that could make them appear guilty. Unrest in the military will be likely to grow, although slowly, if Alfonsin appears to be losing control of the investigations. [Redacted]

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Most officers will grudgingly accept a settlement of the Beagle Channel dispute, even with major concessions. On the other hand, similar compromises on the Falklands would not be tolerated and would almost certainly become a rallying point for opponents in the military. At this point, however, the services are deeply divided on many issues and lack a commonly acceptable leader. [Redacted]

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