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21 December 1988

MEMORANDUM FOR: Deputy Director of Central Intelligence  
Deputy Director for Intelligence  
Deputy Director for Operations

FROM:

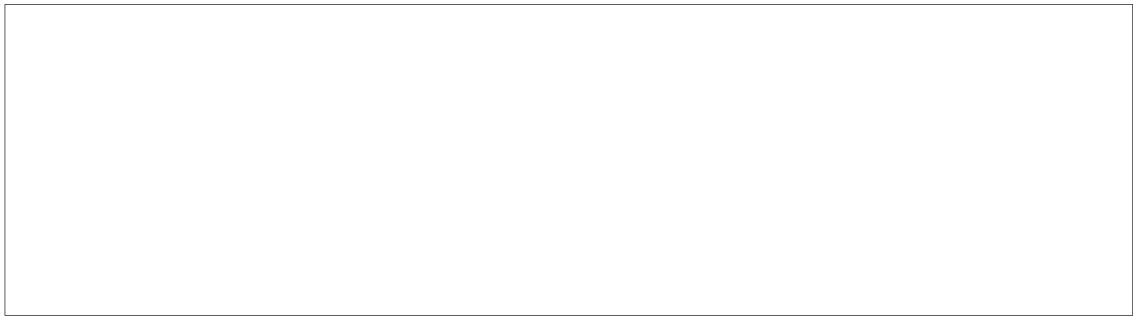
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SUBJECT:

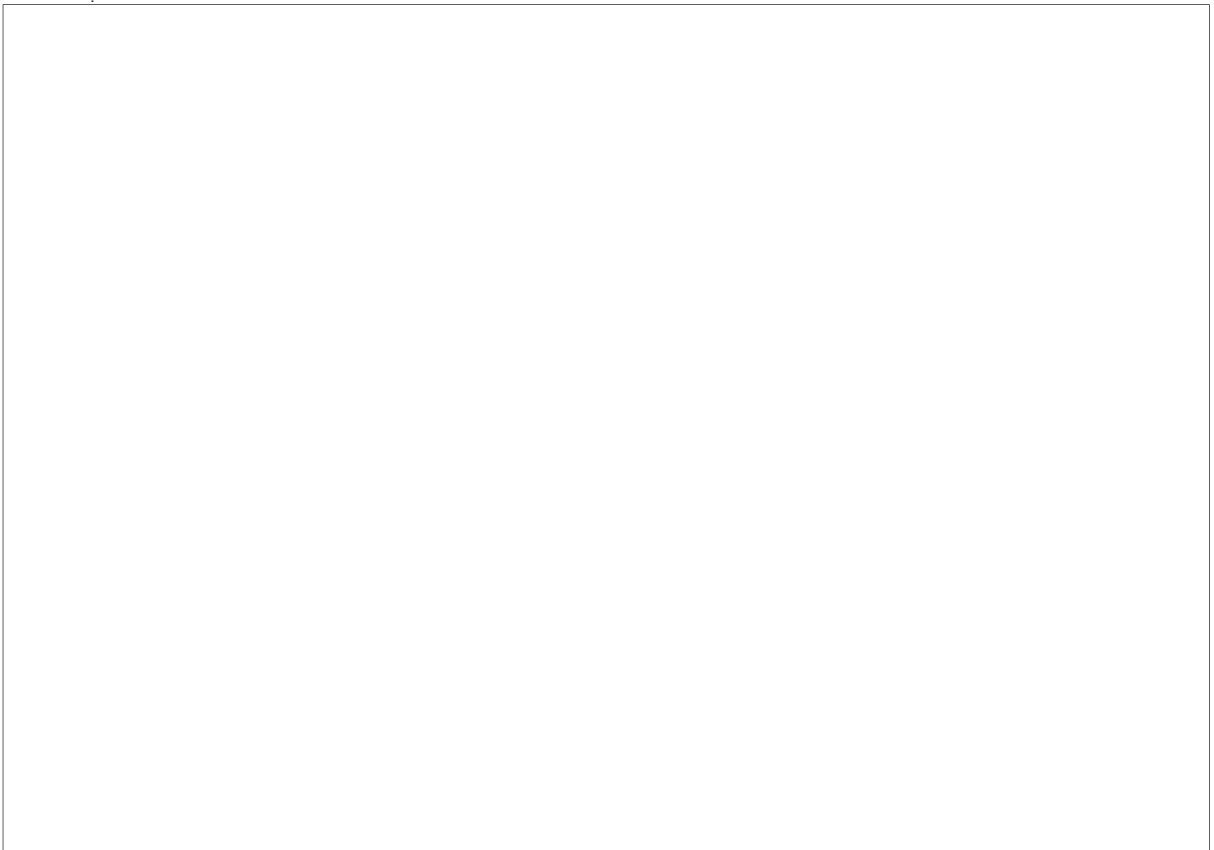
Luncheon Meeting with Deputy Secretary of  
State John Whitehead, and Messrs. Abramowitz,  
Armacost, and Kampelman.  
22 December 1988, 1230 hrs., State Department

TAB A



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TAB B



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- TAB C Impact of Leadership Change in Bulgaria and Czechoslovakia on Moderate Reformers in the Bloc. The Deputy Secretary may ask for your views on what the recent leadership changes in Bulgaria and Czechoslovakia portend for moderate reformers in the Bloc. We do not believe the changes will have significant effect on the other regimes in the East. Talking points addressing the regional impact and the impact in each of the states are at TAB C.
- TAB D Cohesiveness of the Nicaraguan Resistance. The Deputy Secretary may express an interest in our view of the cohesiveness of the Nicaraguan Resistance. At TAB D are talking points addressing the issue of the structure of the Nicaraguan resistance
- TAB E India-Pakistan: Prospects for Improved Relations. The Deputy Secretary may seek your views on the prospects for improved Indo-Pakistani relations as a result of Indian Prime Minister Gandhi's visit to Pakistan in late December 1988 in the context of the South Asia Association for Regional Cooperation (SAARC) Summit which will take place 29 December through 1 January. The first meeting between Gandhi and Bhutto can be expected to produce some short-term improvement in atmospherics but no significant progress over the long term. Talking points are at TAB E.
- TAB F Gorbachev's Absence from Public View. The Deputy Secretary of State may share State's concern that Gorbachev has not made a public appearance since he left Yerevan, the Armenian capital, on 11 December. You may note such an absence is not unusual, to wit after the Chernobyl accident in 1986 he was out of sight for two weeks, but we are increasing our attention to the issue. We recognize Gorbachev's effort to defuse the ethnic tensions in the Caucasus while emphasizing the regime's relief efforts has not succeeded. Talking points expanding on Gorbachev's absence and Armenian response to his early December visit to Armenia are at TAB F.

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21 December 1988

Talking Points for DDCIBulgaria: Implications of Leadership Changes

Recent Bulgarian leadership changes reflect party chief Todor Zhivkov's newly tough posture toward dissent, interest in only very limited economic restructuring, determination to maintain his tight personal political control, and willingness to buck Moscow.

Zhivkov shifted the party leadership at a Central Committee plenum which ended Wednesday, 14 December, and the governmental leadership at a National Assembly session on the 15th. The main changes were:

- Interior Minister Stoyanov and Sofia party boss Panev were promoted to the Politburo; Ognyan Doynov (the top economic policymaker until 1987) and Stoyan Markov (head of the Committee for Quality Control) were dropped.
- Two Politburo members removed last July, Chudomir Aleksandrov (former top succession candidate and a Moscow favorite) and Stoyan Mikhaylov (identified with a modest glasnost trend), were ousted from the Central Committee.
- A hardliner identified with forcibly assimilating the country's large Turk minority, Georgi Tanev, was named new Interior Minister.

The implications of the changes are:

- Clampdown on Dissent, Turks. The elevation of the former Interior Minister to the Politburo and appointment of a tough new one underscores Zhivkov's intent to control a slowly growing dissident movement, eliminate some reformist elements from the leadership, and continue the anti-Turk campaign.
- Modest Economic Reform. Zhivkov's plenum speech signaled continued slow movement toward economic restructuring. By ousting Doynov and Markov, he gained scapegoats for a disorganized reform effort and performance problems. While Zhivkov called for implementing measures he raised with Deputy Secretary Whitehead last October -- such as issuing stocks for firms and substituting economic incentives for administrative controls -- these vague proposals almost certainly will result in no significant introduction of market forces.
- Frictions with USSR. Zhivkov's repudiation of political reforms and latest downgrading of Aleksandrov will newly irritate Moscow, which probably received only perfunctory advance notice. The Kremlin was angered by Zhivkov's earlier sudden removal of Aleksandrov from the Politburo.
- Zhivkov Still in Charge. The shakeup also shows that the 77-year-old Zhivkov is still firmly in control and will continue to remove any potential rivals notwithstanding Soviet disapproval.

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21 December 1988

Talking Points for DDCICzechoslovakia: Implications of Leadership Changes

The recent leadership shakeup and announced greater tolerance of dissent continue party leader Jakes's effort to consolidate power and his cautious approach to change without significant political liberalization.

Hardliner Vasil Bilak and moderate Josef Kempny were removed from the presidium at the Central Committee plenum on 15-16 December and Mikulas Beno lost his domestic economic portfolio in the party secretariat. Slovak minister of culture Miloslav Valek resigned at a Slovak party meeting on 19 December. Party ideologue Jan Fojtik said that political demonstrations would be allowed if they were peaceful and that RFE jamming would be discontinued.

- Jakes probably removed Bilak, a staunch opponent of reform and one of the leaders in calling for Soviet intervention in 1968, as a gesture to Gorbachev and to party moderates that he is sincere in his efforts to effect changes in the party and economy. Bilak's ouster and those of Kempny and Beno, reportedly supporters of previous general secretary Gustav Husak, will together allow Jakes to put his stamp more firmly on the senior leadership.
- Valek, who had called for a reassessment of the "Prague Spring" at the October plenum, probably was removed as a warning to party moderates that the reform debate is still subject to strict limits.
- RFE jamming was stopped on 16 December, and dissidents were able to hold an officially sanctioned rally on 10 December (before Fojtik's statement). Since then dissidents have not tested regime sincerity by staging an independent rally.

These actions signal Jakes's intention to rejuvenate the party and possibly loosen somewhat the regime's tight control of independent activity. He, however, is not prepared to countenance wide-ranging debate on reform nor implement major political and economic liberalization. The future will likely bring continued intra-party tensions, Soviet watchfulness over the pace of change, and dissidents testing regime promises.

Despite worsening economic problems, the most recent plenum makes clear that Prague will continue to approach economic reform cautiously.

- Prime Minister Adamec insisted that the economy's problems are not the result of central planning, but stem from individual failings.
- New policies approved or planned focus on stricter labor discipline, the reduction of bureaucratic red tape, and the selection of more competent managers, rather than systemic reforms needed to improve economic performance.

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21 December 1988

Talking Points for DDCIImplications of Developments in Bulgaria and Czechoslovakia For  
Developments Elsewhere in Eastern Europe

The recent leadership changes and plenums in Bulgaria and Czechoslovakia will have little if any direct effect elsewhere in the region, but the other regimes will carefully monitor Moscow's attitudes toward the orthodox leaders in Sofia and Prague.

- The Honecker leadership in East Germany will continue to try to maintain a generally orthodox course, Ceausescu will maintain Romania's insular totalitarianism, Jaruzelski in Warsaw will keep trying to co-opt Solidarity and the church, and the Hungarian regime will try to regain control over an increasingly strong-willed opposition.
- Both East Berlin and Bucharest probably view favorably the continued conservatism of the Bulgarian and Czechoslovak regimes, although they likely are concerned that the visit by Soviet party secretary Yakovlev to Prague earlier and other suggestions of Soviet pressure in favor of a somewhat more dynamic course have had some effect on Jakes.
- Honecker, Ceausescu, and the other regime leaders will watch Sofia closely for signs of heightened Soviet pressure on Zhivkov, including a campaign to oust him.
- Hungarian party leader Grosz, however, is much more concerned with the problem of implementing a relatively farreaching economic reform program without further undermining the leading role of the party, and maintaining Soviet support for further breaks with orthodoxy.
- Warsaw faces even more dangerous challenges as it confronts the issues of whether and how to engage Walesa in "roundtable" talks and implement relatively major economic changes, including stiff austerity, in the absence of greater worker support.

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**Talking Points for the DDCI**

21 December 1988

**India-Pakistan: Prospects for Improved Relations**

Prime Ministers Gandhi and Bhutto both hope to use the Islamabad South Asia Association for Regional Cooperation Summit, 29 December-1 January to establish personal rapport and work for improved relations. The meeting will be the first between the two and the first visit of an Indian Prime Minister to Pakistan since the early 1960s. Both leaders have noted that they are of the generation born after independence and so do not carry the history of animosity that may have afflicted those who experienced the partition of pre-independence India. [REDACTED]

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Of the two, Bhutto appears to be the most anxious to ease tension between the two states.

- Bhutto probably hopes that a significant reduction in tension would justify her cutting the defense budget in favor of increased spending for social programs.
- By contrast, Gandhi wants to improve relations, but probably does not have as much to gain by rapid movement.

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In our view, some short-term improvement in atmospherics and limited progress on confidence-building measures is likely to result from the meeting.

- Bhutto and Gandhi have indicated an interest in formalizing the no-attack on nuclear facilities pledge proposed in 1985.
- Indian officials would like to include such an agreement in a package which would also include an agreement on double taxation and cultural exchange.
- Bhutto has publicly pledged to cease aid to Sikh separatists, which will play well with the Indians. [REDACTED]

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Nonetheless, significant progress is unlikely over the long term.

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**Talking Points for the DDCI: Gorbachev's Absence**

Gorbachev has not made a public appearance since he left the Armenian capital, Yerevan, on 11 December.

- An absence of this length is not unusual, but we are increasing our attention to it because of the political stresses we perceive in the Soviet regime.
- We have no evidence indicating unusual activity behind the scenes, nor is there evidence that he has left Moscow.
- Because he returned early from a foreign tour that was to have lasted until 15 December, a clear appointment calendar may account for part of his absence from public view.

Even excluding his one-month summer vacations, Gorbachev he has been out of sight for similar lengths of time.

- After the Chernobyl accident in 1986, for example, he remained out of sight for almost two weeks, after which he made a major speech concerning that event.



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On Tuesday, a congress of education workers opened in Moscow, attended by most of the Moscow-based top leaders.

- Premier Ryzhkov and other top leaders on the Armenian earthquake commission were still in Yerevan at the time, but arrived in Moscow later in the day. Shevardnadze was, and still is, on official visits abroad.
- The only top leaders unaccounted for were Gorbachev and Secretary Chebrikov, who was last observed on 9 December. Gorbachev frequently attends such meetings, but not always.

The Politburo will hold its weekly meeting today, and is likely to hear a report from Premier Ryzhkov on the Armenian earthquake rescue effort.

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- Gorbachev will probably be there, but the media do not normally specify his presence at Politburo meetings.

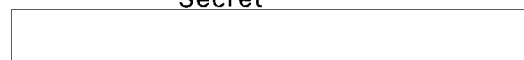


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## TALKING POINTS FOR THE DDCI

The earth quake offered Gorbachev some opportunity to defuse tensions in the Caucasus at least temporarily--by highlighting regime relief efforts while portraying those who continued national agitation as extremists who were detracting from the authorities' ability to deal with the catastrophe. He has not, however, been able to allay Armenian anger at Moscow or him personally.

- o-- Gorbachev apparently received a rough reception in the city of Leninakan, which was devastated by the earthquake. An American journalist stated that he was jeered by crowds. Soviet television showed no footage of his visit to Leninakan.
- o-- Many Armenians apparently believe that Gorbachev came to Armenia solely for the publicity. Others blame him for not staying longer. One woman noting that he came and went "like a thief in the night".
- o-- The leadership's decision to use the 18,900 troops in Armenia for security rather than rescue efforts has generated harsh criticism. [REDACTED]

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- o-- Gorbachev's speech in Yerevan on 10 December was reportedly widely resented by Armenians because of its spirited attack on local nationalists.

The crackdown against Armenian dissidents since the earthquake 7 December--our Embassy reports 300 nationalists have been arrested--has been an especially sore point.

- o-- Sakharov's wife Elena Bonner, who is half-Armenian, has scathingly criticized Gorbachev, indicating the recent arrests combined with other Gorbachev shortcomings she has seen, have destroyed her trust.
- o-- Gorbachev is being criticized as callously attempting to derive political benefit from the tragedy by moving to arrests activists

The possibility of more serious intercommunal violence and terrorism against Soviet security forces has increased.

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o-- Sources of Western Embassies and journalists report raising support for political and ethnic violence. Firearms are readily available in Armenia, and there are reports in the Soviet media that dissidents have bought automatic weapons and grenades.

At the same time, the regime has been able for the time being to bring to an end communal unrest. No violence has been reported in Armenia since 14 December. The republic party and the church have fallen into line with Moscow, effusively praising the relief effort. Some moderate nationalists have also expressed gratitude, suggesting limited success in splitting the nationalist movement.

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