



Director of
Central
Intelligence

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23 February 1987

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Approved for Release
Date JUN 1999

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SURINAME:

Discontent With Regime Grows

The government reacted with relative restraint to antiregime demonstrations on Thursday and Friday, but more protests against Head of Government Bouterse are expected this week, raising the prospect of increased violence.

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In an unprecedented display of opposition to the military's rule, up to 2,000 people took to the streets in Paramaribo on four consecutive days last week to call for Bouterse's ouster. Most of the protesters were students, but onlookers also joined in, denouncing shortages of flour, cooking oil, and other basic foodstuffs.

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Although the demonstration on Friday was more subdued than earlier protests, some students were arrested and many were beaten as club-wielding policemen dispersed protesters.

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rioters and military police were more in evidence, and military police reportedly entered two high schools in an apparent attempt to intimidate students from participating in the demonstrations. The regime's plan to organize a progovernment counterdemonstration on Friday apparently failed.

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In a national address Friday night, Bouterse unveiled a new plan for coping with Suriname's growing economic crisis. Bouterse said that, instead of imposing harsh austerity measures that would have an immediate impact, his government would increase foreign exchange earnings—by promoting exports—and decrease hard currency expenditures—in part, by cutting the budget of Suriname's embassies overseas by half. He also promised that basic foodstuffs would remain available.

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Although the demonstrations have shown little organization, more protest activity is expected this week as the regime celebrates its seventh anniversary amidst food shortages and the military's inability to defeat the Brunswijk rebellion. Even though Bouterse moved adroitly in not announcing harsh austerity measures, anticipated strict gasoline rationing as energy imports are reduced is likely to prompt more demonstrations.

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The increasingly aggressive tactics employed by the military police have proved effective so far but could spur more violence in the coming days. In addition, the increased number of policemen deployed to handle the demonstrations is likely to inhibit the regime's counterinsurgency effort against the rebels.

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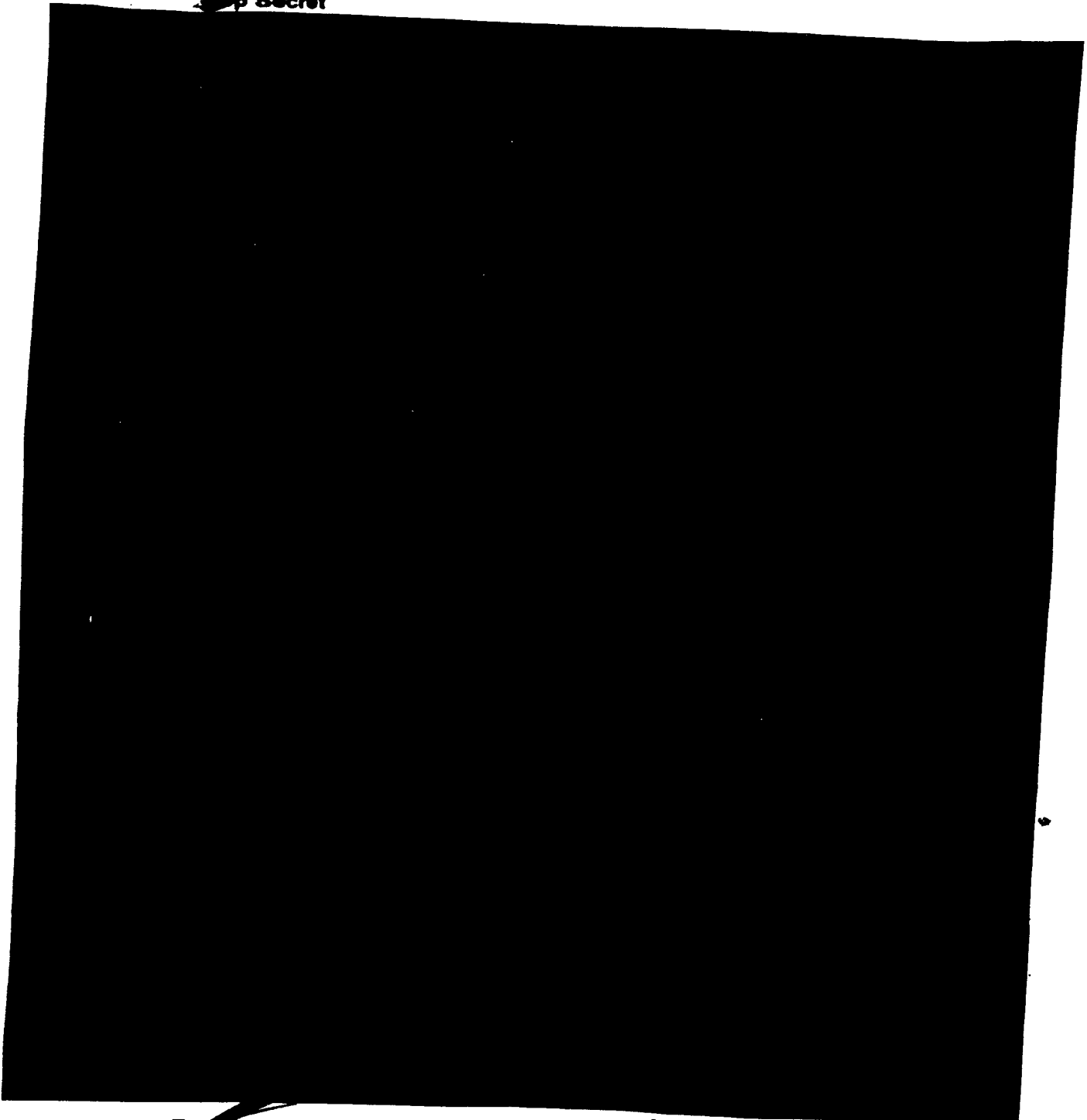
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SYRIA-LEBANON:

Crackdown on Militias Threatened

Syrian troops fanned out through much of West Beirut yesterday as Damascus issued an ultimatum that, beginning today, it will deal harshly with any armed fighters remaining on the streets.

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The chief of Syrian military intelligence in Lebanon publicly warned that the troops have orders to treat armed militiamen as enemies and to ensure that all prisoners held by various factions are released.

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The Syrian military intervention responds to a formal request by several Muslim Cabinet ministers, but many West Beirut factions and the Lebanese Christian community are opposed to the deployment. President Gemayel, who was not consulted about the intervention, publicly denounced it Saturday as unconstitutional. A PLO spokesman in Tunis yesterday expressed concern that the newly arrived troops would bolster Shia Amal efforts to destroy Palestinian resistance in the West Beirut refugee camps.

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Assad's first objective is to intimidate Druze leader Walid Junblatt, whose forces gained the upper hand in last week's fighting. Although Assad secured Junblatt's support for the intervention, Syrian troops almost certainly will encounter opposition throughout the city and will have to resort to force to prove their resolve.

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The confrontation will take on a new dimension if the Syrians move into the Hizballah-controlled southern suburbs because Damascus would then be openly challenging—for the first time—expanding Hizballah influence in West Beirut, an expansion that has become especially irritating to President Assad.

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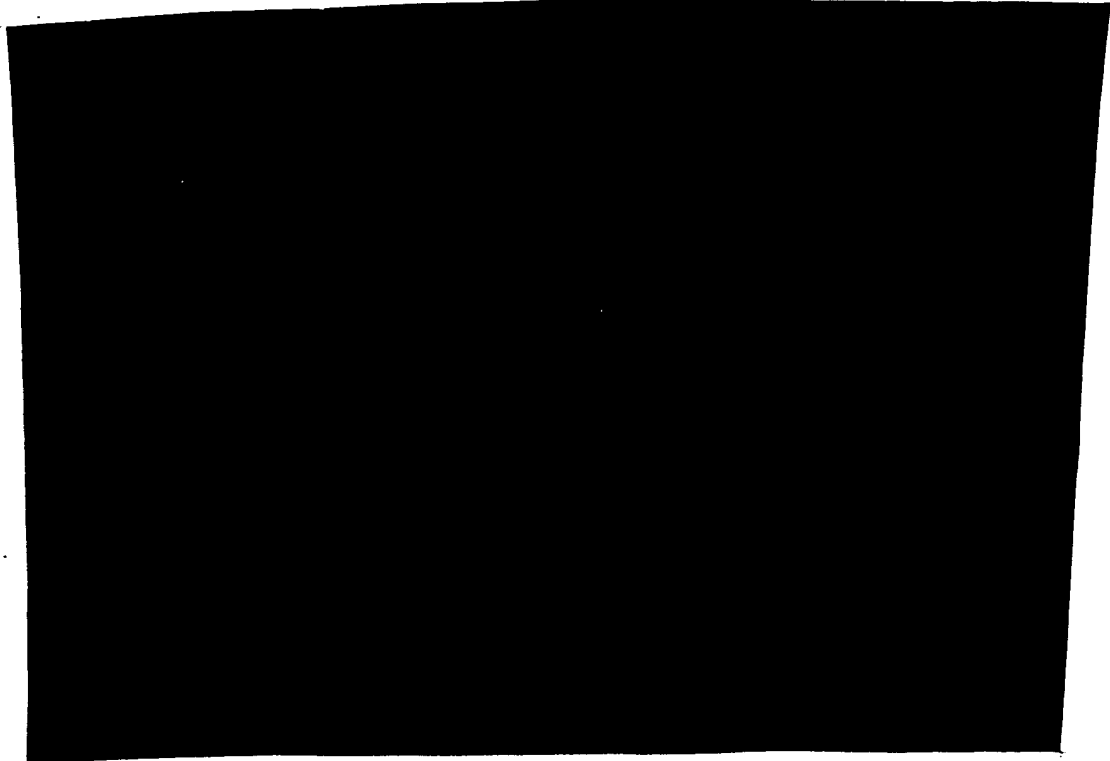
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INTERNATIONAL:

Reaction to Brazilian Moratorium

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[Redacted] today will be critical in gauging the volatility of international financial reaction to the Brazilian payments moratorium. [Redacted]

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[Redacted] Argentina's Finance Minister will travel to Brazil today to draw up a joint strategy for debt negotiations. Peruvian President Garcia hailed Brasilia's decision to suspend interest payments, and the Dominican Republic publicly indicated plans to follow suit.

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In Brazil [Redacted] the payments suspension was not meant to be confrontational and that payments will be resumed as soon as a rescheduling agreement with commercial banks is completed. Finance Minister Funaro said Brazil will negotiate with its creditors but will not agree to an IMF program in order to reach an accord with banks.

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Brasilia transferred its foreign reserves to "unreachable shelters" prior to Friday's announcement. [Redacted]

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The scanty public reaction so far from Brazil's private creditors indicates they are hopeful that negotiations can lead to a new agreement. Nevertheless, the President of the Bank of Brazil—Brazil's largest private bank—fears retaliation against the bank's branches abroad [Redacted]

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[Redacted] More threats of unilateral or joint action by debtors would further jolt creditor confidence. In addition, a cutoff of bank-to-bank loans and a retraction of trade credits to the debtors could paralyze normal banking operations in Brazil. [Redacted]

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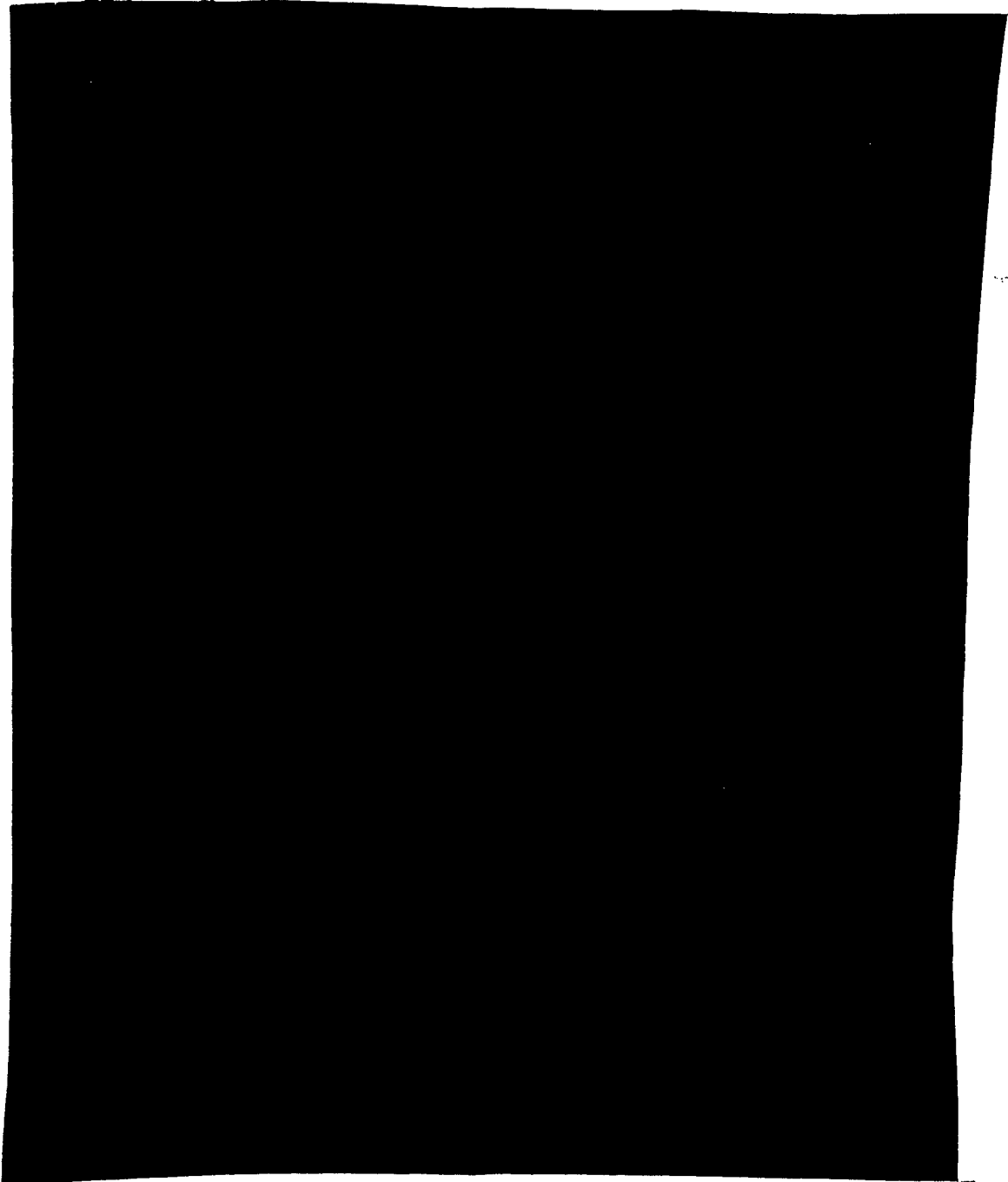
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PHILIPPINES:

Status of Communist Insurgency

Neither the Philippine military nor the Communist insurgents are prepared to launch major military operations, but more than 80 Filipinos—soldiers, civilians, and rebels—have been killed since the 60-day cease-fire ended two weeks ago.

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President Aquino has told the military to resume offensive action against the insurgents, even though the government's official policy is to negotiate regional and local cease-fires.

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In the interim, Chief of Staff Ramos has instructed the government's forces to increase patrols and security operations.

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Although the Communists have publicly rejected Aquino's proposals for continuing negotiations, the party's leadership is debating what strategy to pursue. The insurgents have launched several attacks in recent weeks, but their activity has been sporadic because local commanders have apparently been waiting for instructions from the party leadership.

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Manila has not taken advantage of the lapsed cease-fire to improve its counterinsurgency efforts. Civic action proposals, including an amnesty for the insurgents, land reform, and rural development, have not been implemented. The appointment of Emmanuel Soriano as Aquino's National Security Adviser and civilian coordinator of the counterinsurgency program is a step forward, but he has little experience with such activities.

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The military is preoccupied with its differences with the government on its pay, slow progress in devising a counterinsurgency program, and investigations of human rights abuses. Aquino's recent meeting with middle-level officers was helpful, but tensions between the government and the military are likely to remain high until steps are taken to redress the military's grievances.

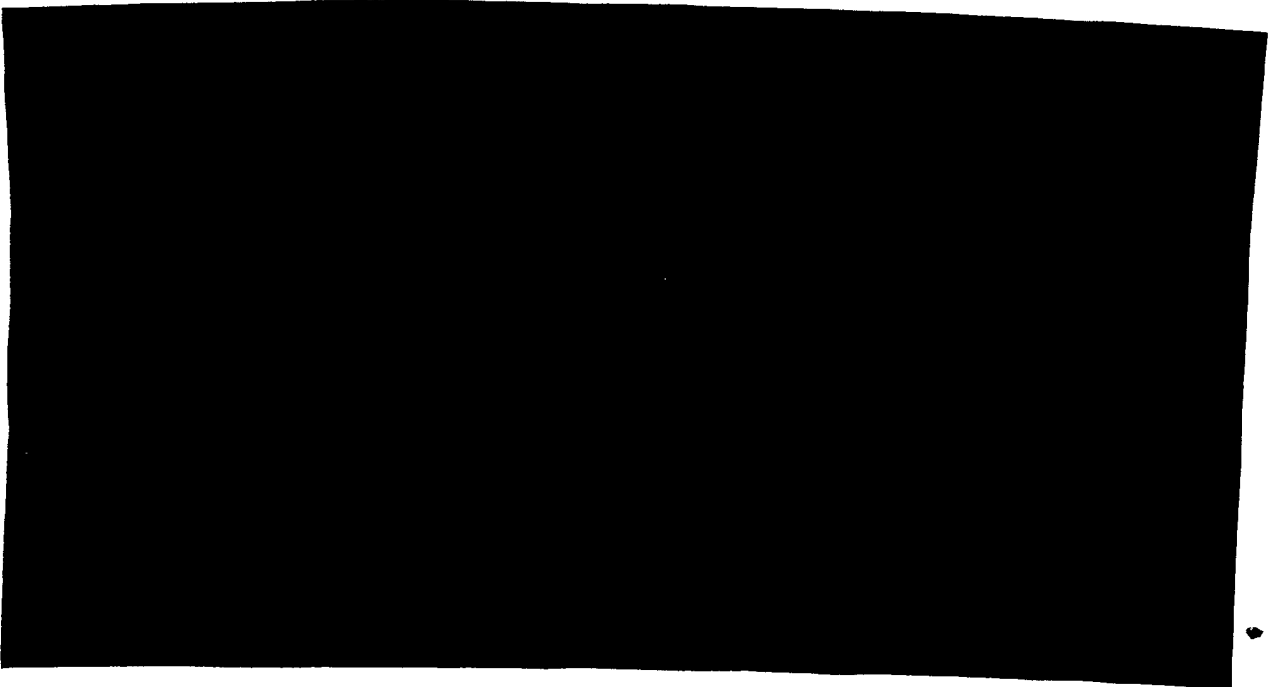
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IRELAND:

Shaky Tenure for Haughey

The short-term survival of Irish Prime Minister-designate Haughey's minority administration is likely, given the lack of a plausible alternative government, but another election is likely within 18 months.

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[redacted] Haughey is likely to win support from enough independents to be installed as prime minister when the Dail reconvenes on 10 March. Under the Irish Constitution, failure to elect a prime minister would force an immediate election. [redacted]

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[redacted] A program to combat the high unemployment rate will probably give Haughey his best chance to win short-term support. His opponents are divided on whether to increase social spending, lower taxes, or emphasize more austere policies. Even a marginal increase in spending can probably win votes from leftwing independents and the Labor Party. [redacted]

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Ireland's budget deficit and foreign debt will limit the usefulness of any pork barrel strategy. But Haughey may hope he can engineer a drop in unemployment and win a new election before the consequences of higher deficits are felt. [redacted]

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Because any misstep could bring Haughey down, many rank-and-file members of his Fianna Fail Party are probably sympathetic to working with the new Progressive Democratic Party of former Fianna Fail cabinet minister O'Malley. O'Malley has made it clear, however, that his price for supporting any Fianna Fail government is Haughey's ouster. [redacted]

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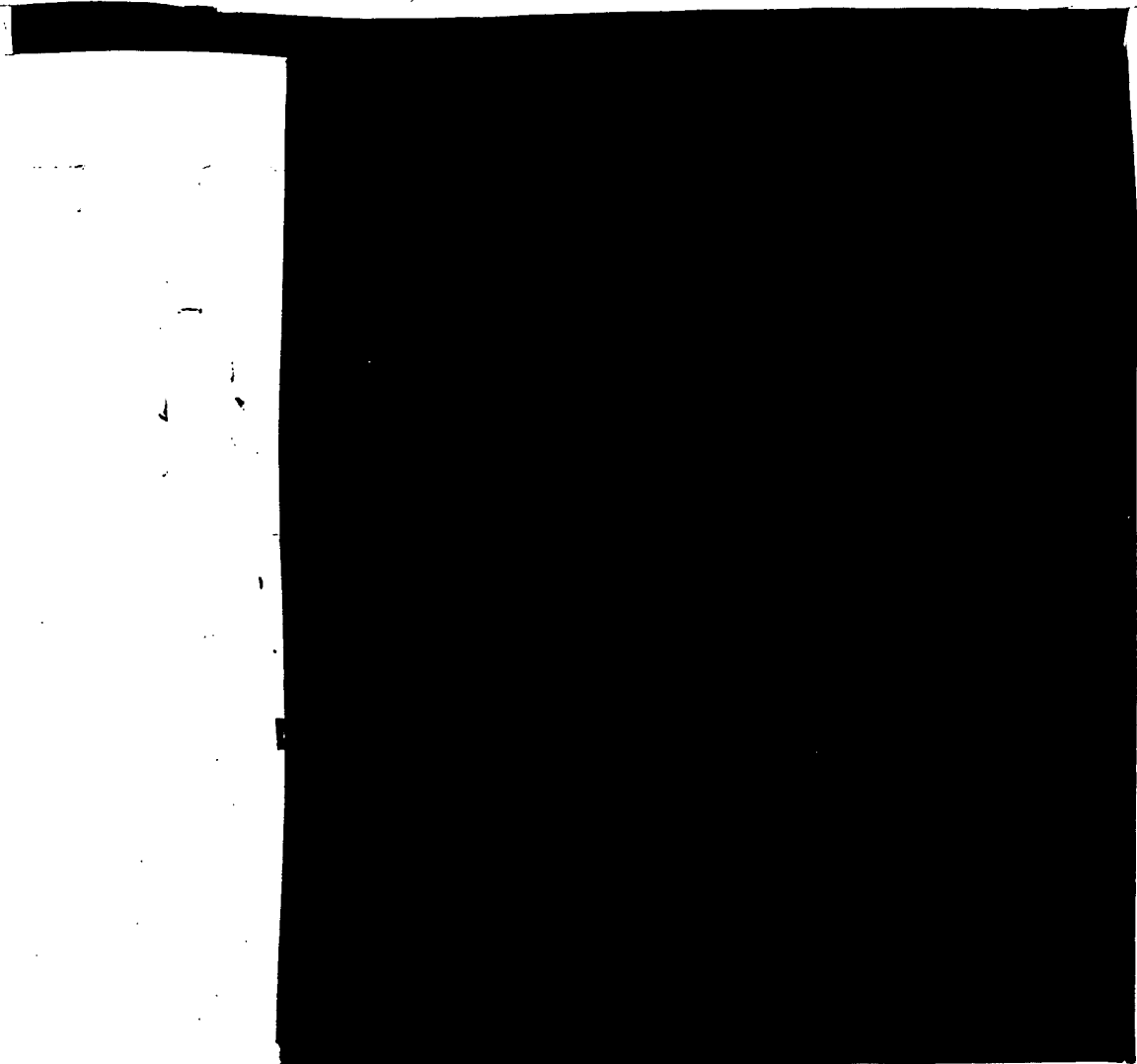
The Prime Minister-designate's preoccupation with economic problems and political survival is likely to limit the attention he can give to Northern Ireland. Protestants in the province were quick to trumpet his election-night avowal of support for eventual Irish unity, but he is not in a position to push London for concessions. He realizes that little progress on the Anglo-Irish accord is likely until after the British election, and he knows that his domestic opponents are more united on supporting the accord than they are on economic policy. [redacted]

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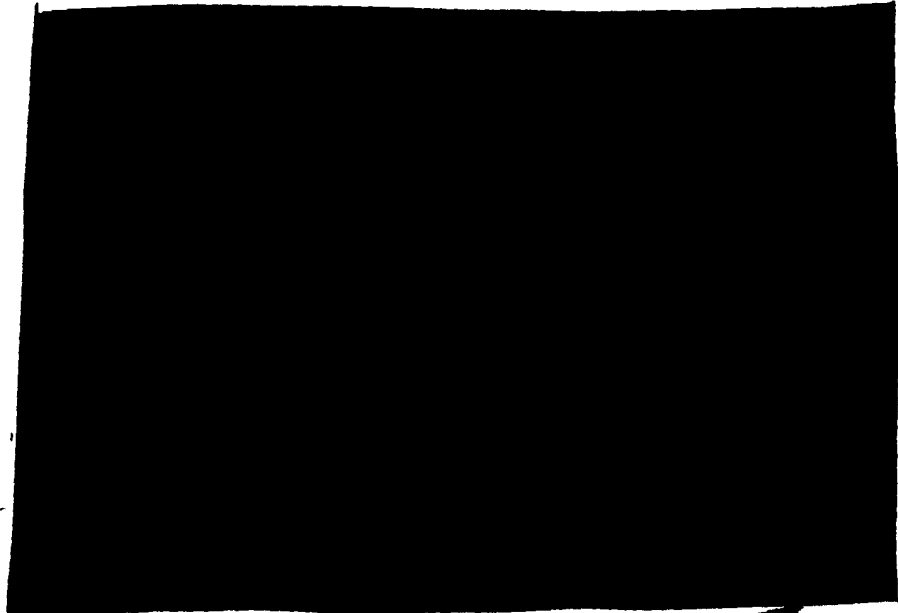
PAKISTAN: Rioting Continues in North-West Frontier

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[redacted] a massive truck bomb, which killed 14 and injured more than 70, sparked two days of rioting and that much of the violence was directed against the Afghan refugees' presence in Pakistan. Vigilante groups burned vehicles and facilities, attacked Afghan refugees, threw rocks at the US Consulate, and exchanged gunfire with insurgents. Demonstrators—some violent—in other border cities echoed the sentiments of Peshawar rioters by demanding that Afghan refugees be moved from major Pakistani cities and that all refugees be confined to camps. [redacted]

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[redacted] The bombing was probably the work of the Afghan intelligence service. If so, it represents the largest attack in the Soviet-Afghan campaign to force Pakistan to withdraw its support for the Afghan resistance by driving a wedge between Pakistanis and Afghan refugees. The attack may have been staged to increase pressure on Islamabad prior to the next round of negotiations on Afghanistan, scheduled for 25 February in Geneva. New elements in the current unrest are the unprovoked attacks on Afghan refugees and gun battles between locals and Afghan insurgents. Although tensions appear to be escalating in border areas, the government still retains a majority of the populace's support for its Afghan program. [redacted]



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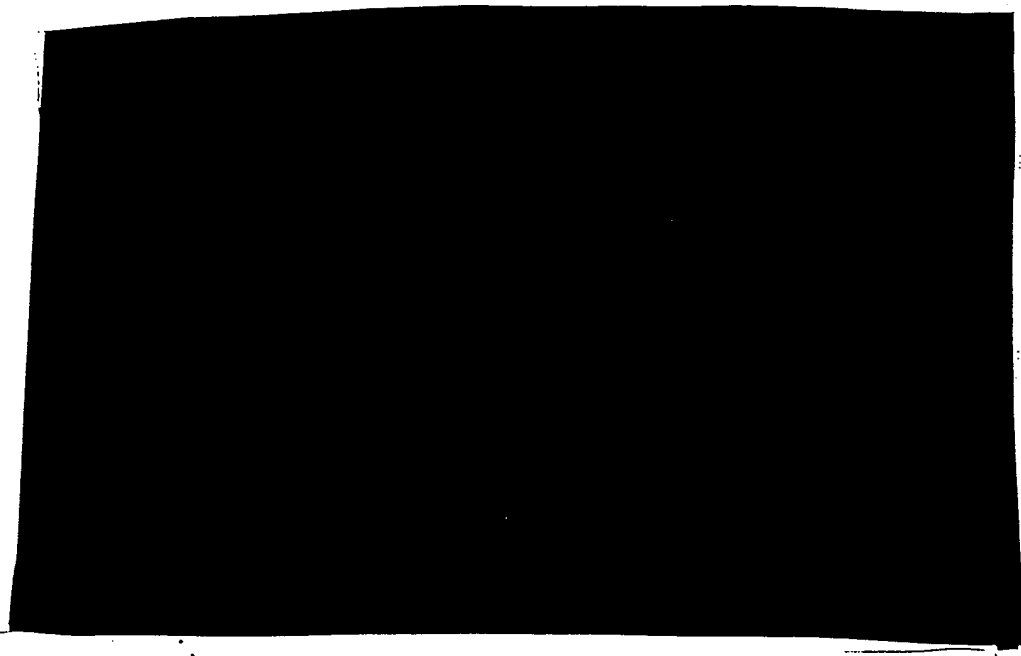
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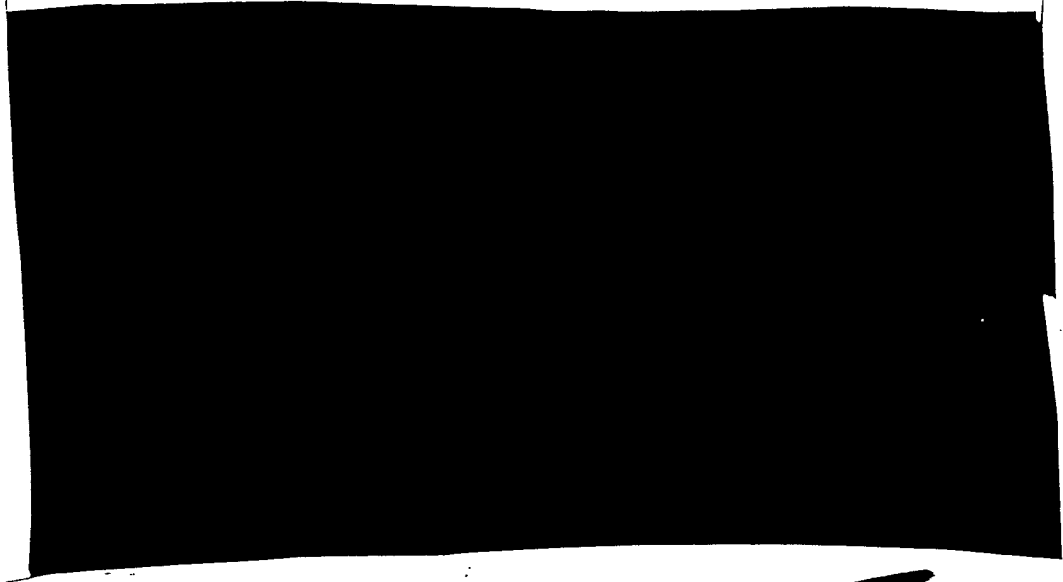


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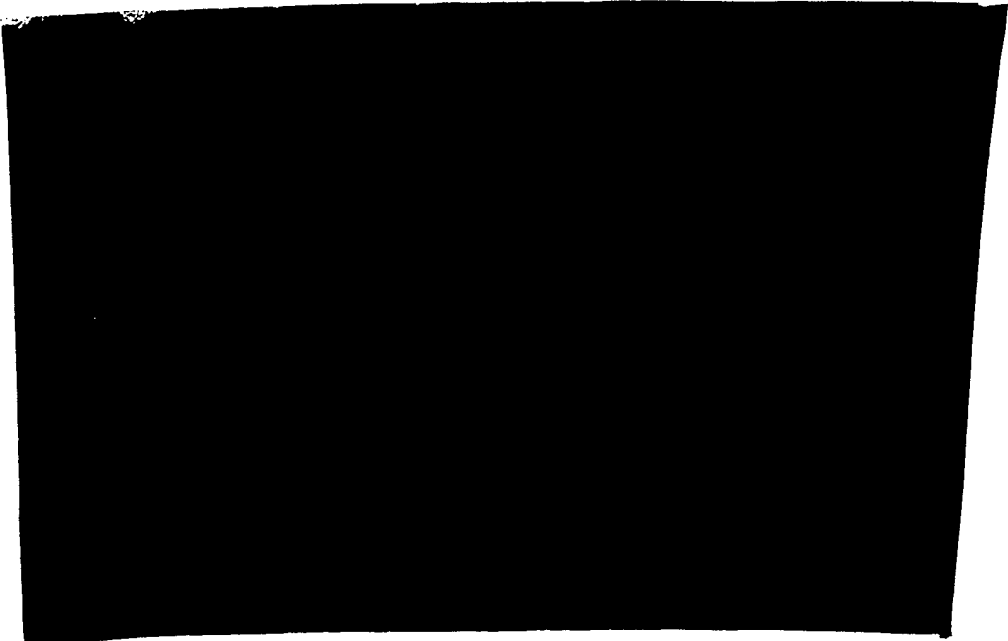
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ROMANIA: More Energy Cuts

Romanian President Ceausescu this month ordered household consumption of natural gas and electricity to be reduced by 20 percent and other users not directly involved in production to absorb about 30-percent cuts. The latter include party and government offices, state-run institutions such as hospitals and schools.

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Ceausescu appears concerned that poor performance by the energy sector is hurting industrial production and export earnings, but his effort to squeeze domestic consumption further will not yield much and weakens his control.

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Military readiness has probably suffered as well. The public has endured reductions in energy rations the past several winters and will bear the brunt of these measures; it is nevertheless unlikely to protest openly.

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NORWAY-NATO: Review of First-Use Option

Norwegian Foreign Minister Frydenlund may have upset some Allies by his unofficial statement early this month that, as a step toward creating a Nordic Nuclear-Weapons-Free Zone, Oslo may ask NATO to reexamine its nuclear first-use option. The government, however, will probably not follow through with a formal request. NATO's present deterrent posture is at odds with the concept of a nuclear-free zone because Allied contingency plans include nuclear deployments in member countries threatened with conventional attack.

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Frydenlund's remarks drew immediate fire from Defense Minister Holst, indicating a formal proposal would have a tough time getting even Cabinet approval. Moreover, although the idea would appeal to leftwing Laborites, the non-Socialist majority in parliament would probably prevent Oslo from making such an approach to NATO. The suggestion that NATO may discuss the free zone could give Nordic skeptics an excuse to put off establishing a high-level working group to study the concept, a move the Nordic Foreign Ministers will discuss again next month.



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In Brief

Terrorism

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Middle East

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USSR

— Soviets pressing for Aeroflot landing rights in Mauritius to support research ships calling at Port Louis. . . Mauritius wary, not likely to agree despite Moscow's hints at importing Mauritian textiles.

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Americas

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South Asia

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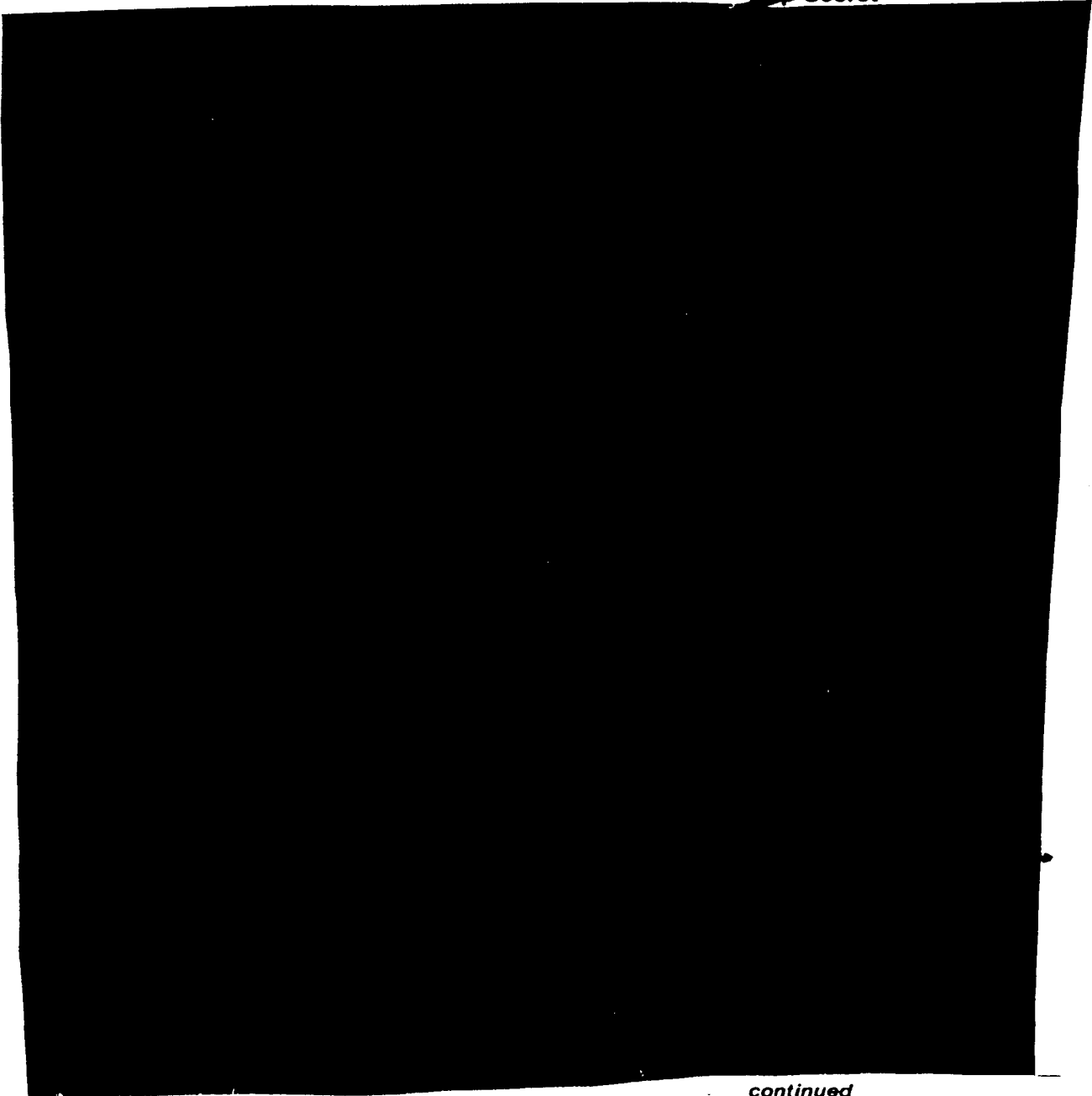
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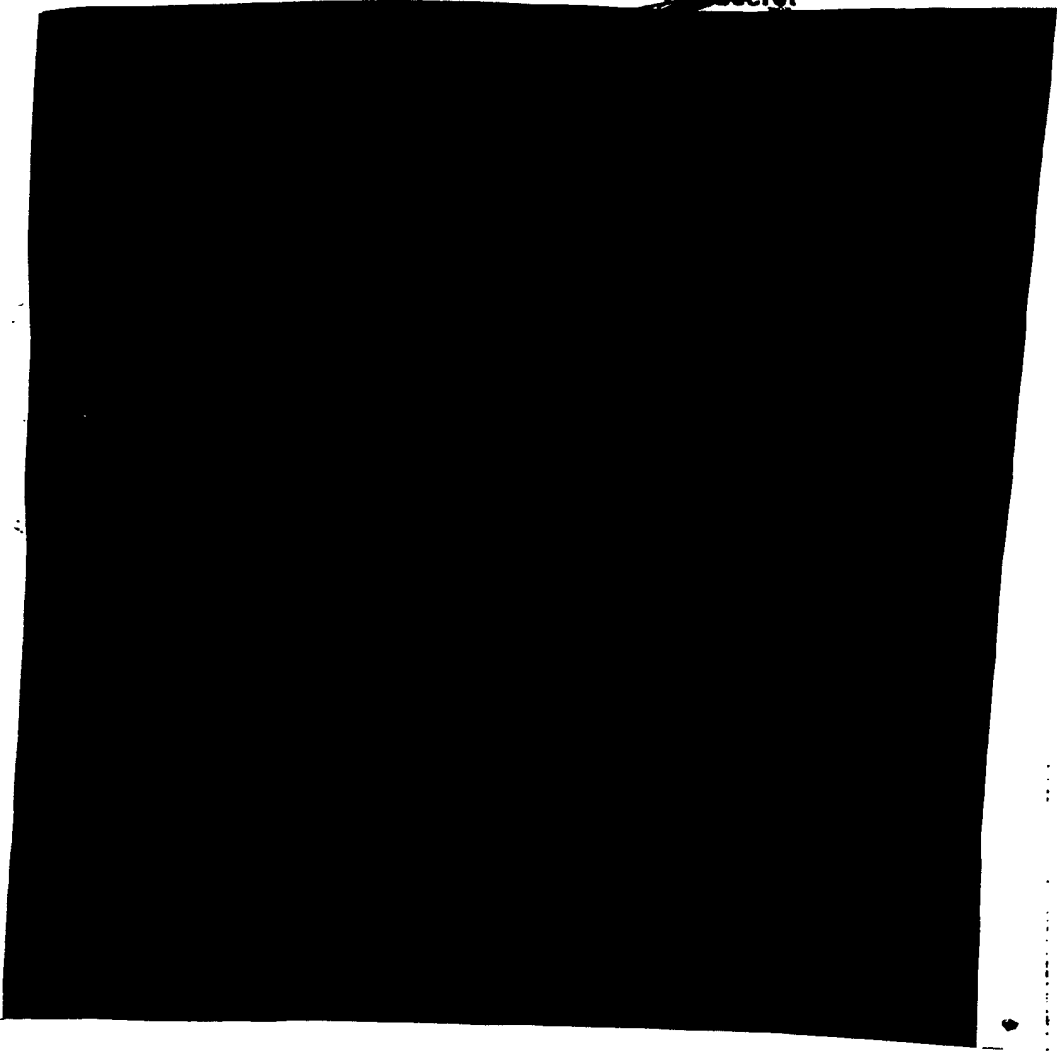
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Special Analysis

ITALY:

Communists Floundering

Italy's powerful but increasingly beleaguered Communist Party will almost certainly be left on the sidelines whether the country's five-party governing coalition decides next month to implement its agreement to transfer the prime-ministerial post or to hold an early election. The party continues to face political isolation and electoral stagnation despite its efforts to project a more moderate and pro-Western image. The party's only real chance of gaining a share of power would be in the unlikely event that the Socialists and Christian Democrats come to an irreparable breach over policy or over possession of the prime-ministry, in which case either party would need Communist support to form a stable majority government.

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The party no longer enjoys the influence and popular support it had under Enrico Berlinguer in the late 1970s, when it won one-third of the vote and participated indirectly in Christian Democratic-led governments. Its share of the vote sank below 30 percent in the 1983 election, and it has been shut out of national decisionmaking by the governing coalition ever since. The party also suffered a stunning setback in 1985 when it lost control of Italy's major cities and was defeated on a referendum it had sponsored challenging the government's austerity policies.

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The Communists' New Course

Berlinguer's prosaic successor, Alessandro Natta, has tried to build on the moderate course Berlinguer set for the party in the hope of increasing its appeal to the electorate and to potential coalition partners. He has allowed a greater measure of internal debate and has moved further away from the party's longstanding advocacy of radical social and economic change. Natta also has tried to pave the way for a leftist alliance with the Socialists by toning down criticism of Prime Minister Craxi and has alternatively called for the party's inclusion in a national coalition government based on a common program.

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In foreign affairs Natta and his colleagues have tilted toward the West by reaffirming the party's independence from Moscow and its disapproval of Soviet foreign adventurism. It has also cultivated links to West European social democratic parties, often at the expense of relations with other Eurocommunist parties. Last November the party leadership finally pushed through a long-discussed document on security policy that formalized the party's decade-old stance of grudgingly accepting Italian participation in NATO as long as the Alliance sticks to strictly defensive objectives.

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Continuing Isolation

Natta's strategy shows no signs of bringing the party any closer to regaining a share of power. Neither of the party's two possible coalition partners—the Socialists and the Christian Democrats—has shown any willingness to cooperate with the Communists. Socialist Prime Minister Craxi has, in fact, repeatedly questioned the sincerity of the Communists' shift to a moderate position in order to woo moderate Communist voters.

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The Communists' prospects for scoring significant electoral gains in the near future also remain bleak. Opinion polls show the party has not benefited from its increased moderation and will face tough competition in the next election from Craxi's Socialists and from the small but active environmental parties that are popular with younger leftist voters.

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The party's prospects could also be hurt if Soviet leader Gorbachev's widely publicized domestic reforms and efforts to improve Moscow's reputation abroad create internal party pressures on the leadership to move away from its pro-Western tilt. Many party officials and activists previously critical of the Soviets already appear to be favorably impressed with Soviet developments.

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