



Director of
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PHILIPPINES:

Implications of Recent Killings

Communist insurgents remain the prime suspects in the murders of US servicemen near Clark Air Force Base, but [Redacted] the involvement of rightist elements cannot be ruled out. An elite Communist assassination unit has publicly denied killing US servicemen [Redacted]

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[Redacted]

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The Philippine Government has sent two companies of Constabulary to Angeles City to help search for the killers and has increased security around Clark Air Force Base. President Aquino has ordered Chief of Staff Ramos to investigate the killings. [Redacted]

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Comment: Recent press reports on the delivery of US military equipment and other assistance and allegations in Philippine media of US complicity in the coup attempt on 28 August may have provoked party leaders to risk killing US citizens because they have been sufficiently identified with assisting the counterinsurgency program. [Redacted]

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The killings almost certainly will increase civil-military tensions and further undermine confidence in Aquino's ability to maintain peace and order. Such events play into the hands of rebel Philippine armed forces officers who have been rumored to be planning another coup attempt as early as this weekend. [Redacted]

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AFGHANISTAN: Divisive Party Conference

Afghan leader Najibullah's tough rhetoric and harsh unifying measures at last week's conference almost certainly will weaken and further divide the ruling party. [redacted]

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Najibullah and other senior officials told the conference that factionalism is blocking the success of national reconciliation and threatening the party's survival. He announced his intention to force unity on the party and, according to press accounts, made each party member sign a pledge to work toward that goal or face expulsion or "punishment." Najibullah purged the Central Committee on the eve of the conference. [redacted]

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Najibullah reminded party members that the regime could not survive without Soviet support. He noted Kabul's near total economic dependence on the USSR and said the regime's military is "not capable enough to independently and successfully resist the enemy." Politburo member Ziray underlined the need for unity by implying the party could not count on Soviet support indefinitely if factionalism continued unabated. [redacted]

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[redacted] anti-Najibullah dissidents exploded a bomb that caused hundreds of casualties near party headquarters in Herat the morning after the conference. [redacted]

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[redacted] Najibullah is facing a party in which most members oppose him, his regime's subservience to Moscow, and the Soviet-mandated policy of national reconciliation. [redacted]

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Comment: Further purges, which the Soviets apparently are backing, risk driving Najibullah's opponents underground, where they will become more dangerous and even less susceptible to party control. Najibullah probably will begin to move against rank-and-file dissidents soon. If his enemies are removed, the party that emerges will be smaller and plagued—particularly in urban areas—by the opposition of former party members, driven to cooperate with the resistance in some cases. [redacted]

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Ziray's description of the finite nature of the Soviet commitment—although meant to rally party factions to Najibullah's support—almost certainly will renew fear within the party and government of an imminent Soviet troop withdrawal. The combination of that fear and aggressive purging will produce a regime increasingly prone to panic, especially if Moscow decides to offer a 12-month troop withdrawal timetable in the near future. [redacted]

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BRAZIL:

Military Unrest

Concern among the military about low wages and Brazil's continuing political and economic disarray may force the high command to become politically more assertive. [Redacted]

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Drastically falling wages, reportedly the lowest in Brazilian military history, have led to several protests by junior officers in recent weeks, including the brief occupation of a provincial townhall and an angry demonstration by Army captains at a military school in Rio de Janeiro. A junior officer was arrested last week allegedly for planning a series of bombings to protest the pay situation. In response to these events and to pressure from the military ministers, President Sarney granted a 100-percent salary increase last week. [Redacted]

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Former President and General Figueiredo has launched scathing public attacks on Sarney, fueling press speculation about coup plotting. [Redacted]

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Comment: Sarney's pay raise will probably help defuse junior officer discontent, although the new step-by-step increases are unlikely to keep pace with rising inflation—leaving the door open for renewed agitation over pay. [Redacted]

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Despite the growing unrest, however, there currently is no strong support for a coup within the military. Nevertheless, the armed forces—the country's most cohesive political force—are increasingly frustrated. [Redacted]

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[Redacted] They see the administration as virtually paralyzed, while the Constituent Assembly inconclusively debates the President's mandate and powers and leans toward scrapping the presidential system favored by the military. A successful leftist challenge to the military's constitutional role as guardian of the stability of the state in times of national emergency might provoke a confrontation. [Redacted]

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CENTRAL AMERICA: Peace Maneuvers


Guatemalan President Cerezo is attempting to broker a deal in the peace process in the face of Nicaragua's refusal to negotiate with its insurgents. He has invited Nicaraguan President Ortega and Salvadoran President Duarte to meet with him. Duarte told the Embassy on Thursday that he has declined the invitation. The Sandinistas already had issued a statement before the invitation that Nicaragua will not implement a broad amnesty or lift the state of emergency until the US stops aiding the rebels. The statement firmly rejected even indirect talks with the guerrilla leadership, but Ortega reportedly did hold out that prospect in informal comments yesterday. 

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Comment: Cerezo probably fears that Nicaragua's position will produce an impasse in the peace process. He may urge Ortega to negotiate with the anti-Sandinistas in return for an immediate call by the Central American Presidents for an end to outside support for the guerrillas. Duarte probably declined to attend because he believed Cerezo would argue that the democracies should make concessions to Managua. Ortega may contend that party hardliners have tied his hands on domestic liberalization unless Cerezo can persuade the other democracies to press for an end to US aid. 


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EL SALVADOR: Murder Derails Government-Rebel Talks

Salvadoran guerrillas are using the murder of a human rights leader earlier this week to break off cease-fire talks and try to undermine the Duarte government's credibility on human rights. The guerrillas boycotted negotiations that were to begin yesterday, and their supporters in San Salvador staged demonstrations charging the government and the US with complicity in the crime. Earlier in the week, the only opposition member of the National Reconciliation Commission resigned, citing the government's inability to control violence. The government exempted the still-unknown killers from the amnesty decree approved this week, assigning the case to its special investigations unit. 

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Comment: Although there is no evidence of official complicity in the crime, it gives the guerrillas an excuse to torpedo the peace talks that had put them on the defensive. By implicitly threatening the safety of guerrilla political leaders who planned to return to San Salvador—Ruben Zamora and Guillermo Ungo—the murder serves the interests of both the far right and the radical left. The far right fears that the returning leftist politicians will engage in subversive activities, and some guerrilla leaders may be worried that letting their political allies into the electoral system would further erode the legitimacy of their insurgency. 

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IRAN-USSR: Possible Progress on Key Issues

Signs of Iranian-Soviet compromise on two divisive issues suggest further progress toward improved relations. [Redacted]

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[Redacted] Iran and Afghanistan plan to reopen their consulates in Herat and Mashad, respectively. Afghanistan courted Iran's agreement through gestures such as Foreign Minister Wakil's call for improved relations at a recent party conference, declarations of peace zones in two provinces on the Iranian border, and offers of regional autonomy to Iranian-supported Shias in the Hazarat region [Redacted]

[Redacted]

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Comment: Moscow had refused to allow the return of technicians withdrawn in 1983 and 1985 until Tehran could guarantee their safety, and neither side has officially announced the return of any. But the Soviets apparently are pleased with the muting of Iranian criticism on Afghanistan and probably encouraged Kabul to make gestures toward Iran that would facilitate a decision to reopen the consulates. Iran, while willing to improve relations with Afghanistan to court Moscow, is unlikely to abandon its political support for the Afghan resistance or its demand for a full Soviet withdrawal. Vorontsov will probably press Tehran for restraint in its war with Iraq. [Redacted]

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SOUTH ASIA: Third Regional Summit

Heads of state from Bangladesh, Bhutan, India, the Maldives, Nepal, and Sri Lanka will attend the third summit of the South Asian Association for Regional Cooperation that begins tomorrow in Nepal. Pakistani Prime Minister Junejo will represent President Zia. The leaders will review progress on regional programs, such as narcotics control, and explore prospects for a food security reserve and a regional convention on terrorism. [Redacted]

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Comment: The participants probably will agree to establish a reserve of emergency food stocks to assist their members during drought and floods. The leaders will avoid more sensitive bilateral issues, such as the Indo-Sri Lankan peace accord, but the smaller nations almost certainly will privately discuss their concerns about India's intentions in the region. [Redacted]

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SURINAME: Political Crisis Wanes

A political controversy over elections in the three districts in Suriname that are plagued by insurgency seems to have been resolved in favor of Head of Government Bouterse. He has countermanded a decision by the civilian supreme policymaking council to postpone elections indefinitely in the three districts. [Redacted] The civilian leaders fear that the Army could readily carry out voter fraud in the three areas, which are under its control. Party leaders have said they would not contest elections in the disputed districts. [Redacted]

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Comment: Voter manipulation in the affected areas alone could net Bouterse's political party 10 of the 51 seats in the new national assembly. The likely failure of party leaders to stand firm on this issue may encourage more maneuvering by Bouterse. A special session of the appointed national assembly must be called if the electoral law forbidding nomination of candidates less than 25 days before the election on 25 November is to be bypassed. The assembly is likely to vote to allow new candidates because such a ruling also would benefit Bouterse, who has not yet announced candidates in two of the three disputed districts. [Redacted]

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MALAYSIA: Crackdown Continues

Prime Minister Mahathir is continuing the move against opposition elements begun earlier this week in a bid to defuse racial tension. The number of those detained has risen to 88 and shows the same racial composition as earlier arrests. Chinese leaders and activists have been the hardest hit, with a few other minorities and Malay ruling-party members included for balance. [Redacted] the arrests have been nonviolent so far [Redacted]

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[Redacted]

Comment: The public's apparent support for Mahathir's actions underscores Malaysian fears of a recurrence of the racial riots in 1969 in which several hundred people were killed and a national emergency declared, probably strengthening his hand in dealing with both the opposition and dissenters in his party. Mahathir will try to avoid an incident such as a violent confrontation between police and Islamic extremists that risks broader unrest. But the anniversary of the ruling party this weekend might provoke an incident if party members choose to defy a government ban on rallies. [Redacted]

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CHAD-LIBYA: Situation at Aozou Airfield

Chad's buildup for an offensive against Aozou airfield appears nearly complete, and Libyan forces continue to believe that an attack is imminent. [Redacted] the Chadians have not shipped arms or munitions to the Tibesti region since midmonth, and most recent deliveries have consisted primarily of food. [Redacted] Libyan forces at Aozou airfield are continuing to improve their defenses. At least 30 more heavy machineguns have recently been deployed for use against troops and ground vehicles along the airfield's northeastern and northwestern perimeter. [Redacted]

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Comment: Although the resupply of Chadian forces in the north may already be complete, a full-scale attack against the Libyan-held airfield is unlikely until several key Chadian commanders, including the Army commander in chief, arrive in the north to supervise the positioning of what is expected to be a large attacking force. The movement of the newly arrived heavy machineguns to the airfield's northern perimeter—where most of Libya's forces are now deployed—suggests that Tripoli expects the main Chadian thrust to come from that direction. [Redacted]

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CHAD-SUDAN: Habre Offers To Aid Sudanese Rebels

Chadian President Habre's reported offer in mid-October of limited assistance to the southern insurgent Sudan Peoples' Liberation Army will sour Khartoum's relations with N'Djamena and raise new problems for Sudanese Prime Minister Sadiq al-Mahdi. [Redacted] Sudanese military officials blame Sadiq's public support of Libyan claims to the Aozou Strip for Habre's tilt toward the Sudanese rebels. The officers are concerned that this development will enhance the southern insurgents' ability to gain the cooperation of tribes in western Sudan, which are unhappy with the government in Khartoum. [Redacted]

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Comment: Habre—long suspicious that Sadiq has tolerated a Libyan military presence in western Sudan—apparently wants to raise the costs of Khartoum's "good neighbor" policy toward Tripoli. Chadian assistance to the Sudanese insurgents is unlikely to result in effective cross-border attacks for some time, but Sudanese military officers, already uneasy with Sadiq's policies, will have another reason to criticize his leadership. Sadiq is unlikely to alter significantly his dealings with Libya because of pressure from Habre. He probably believes he can better weather Chadian machinations against him than pressure from Libya. [Redacted]

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In Brief

Americas

— Sandinistas shot down one of their own MI-8 transport helicopters Thursday in northern **Nicaragua**, [Redacted] ... probably second aircraft accidentally downed by regime this year. [Redacted]

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Middle East

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— **Israel** offering to build bridge to **Jordan** to facilitate Palestinian exports from West Bank ... response to West Europeans' pressure ... Amman, reluctant to appear to accommodate Israeli occupation measures, unlikely to agree. [Redacted]

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— **Mauritanian** President Taya averted coup attempt by black military officers last week [Redacted] ... reflects growing ethnic grievances ... President remains vulnerable. [Redacted]

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Asia

— **Taiwan** to take delivery of first of two diesel-powered submarines ordered from **Netherlands** in 1981, according to press ... will be Taiwan's first modern attack submarine ... probably operational in late 1989. [Redacted]

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Europe

— **Swedish** Foreign Minister Andersson visiting **Cuba**, Central America, Contadora countries next two weeks ... likely to promote peace accord, highlight Stockholm's disagreements with US ... first high-level visit to Havana since 1975. [Redacted]

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— Provisional IRA's political arm wins two local Belfast council seats over moderate candidates ... result encouraging **British** effort to impose antiterrorist oaths on local candidates in **Northern Ireland** ... may not affect political support for PIRA. [Redacted]

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USSR

— **Soviet** Minister of Light Industry recently announced Politburo had decided that defense industries would participate in reequipping light industrial factories ... further evidence of leadership intent to involve weapons builders in civilian modernization program [Redacted]

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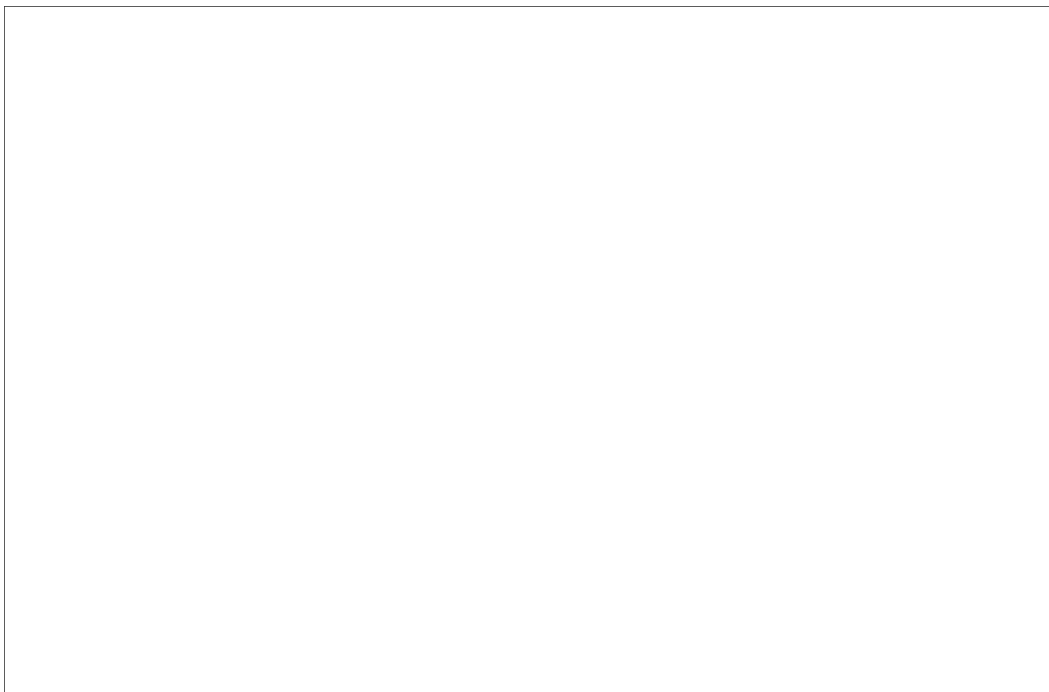
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Special Analysis

USSR:

Leadership Conflict on Eve of Anniversary Speech

[Redacted] *sharp differences over the scope and pace of reform led to recriminations between members of the Soviet Politburo at the recent Central Committee plenary meeting, and the turmoil may have limited General Secretary Gorbachev's freedom of action in subsequent talks with Secretary Shultz. The outcome of that conflict may be reflected in how Gorbachev's speech on Monday—marking the 70th anniversary of the Bolshevik Revolution—handles controversial issues of Soviet history that have relevance to current policy.* [Redacted]

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[Redacted] Soviet leaders engaged in extraordinarily rancorous debate at the Central Committee meeting on 21 October that discussed the anniversary preparations and approved the outlines of Gorbachev's speech. Accounts of the clash vary in detail but make clear that the chief protagonists were Moscow party leader Yel'tsin, who is pushing for an acceleration and expansion of reform, and First Secretary Ligachev, who has emerged as the most vigorous advocate of a slower pace of change. Yel'tsin reportedly threatened to resign his position, evidently out of frustration with efforts by conservatives to block reform. Gorbachev appears to be under pressure from both conservatives and radicals, although his own policy preferences are closer to those of Yel'tsin's than to Ligachev's views. [Redacted]

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A major focus of the debate was Gorbachev's interpretation of Soviet history, a subject likely to be the centerpiece of his anniversary speech. Gorbachev's Politburo ally Yakovlev is said to have prepared a draft speech questioning the political-economic-social structure created by Stalin, which is still largely intact. The Central Committee reportedly ordered revisions that limited the extent to which such controversial figures as Bukharin and Trotsky will be rehabilitated and softened Gorbachev's criticism of Stalin's economic and cultural policies. [Redacted]

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Arms Control and the Summit

The sharp, unresolved differences within the leadership aired at the Central Committee plenum may have contributed to Gorbachev's unwillingness to move decisively on outstanding issues during the Secretary of State's visit to Moscow, which began the following day.

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Contentious Historical Questions

The following historical issues are caught up in the debate over current policy.

- **Collectivization.** Some historians are now charging that Stalin violated Lenin's desires by prematurely abolishing independent agricultural cooperatives and by forcing the kolkhoz model on all farms. Endorsement of these charges in Gorbachev's speech would boost the family contract and leasing proposals he is pushing in an effort to tap individual initiative.
- **The Stalinist Command Economy.** Gorbachev's attempts to shake up the planning and management bureaucracies, inculcate accountability at the enterprise level, and legalize small-scale "private" consumer services are reminiscent of Lenin's New Economic Policy of the 1920s. Liberal historians have urged that Nikolay Bukharin—Lenin's lieutenant and the architect of NEP who was executed by Stalin in 1938—be restored to historical honor.
- **Purge.** Gorbachev's drive to eliminate the most egregious official violations of Soviet laws and to redraft the criminal code has been accompanied by more frank acknowledgment of Stalin's purges and abuses of basic civil rights.
- **Party Dictatorship.** Recent interpretations of Lenin show him—unlike Stalin—as dominating the party by force of argument and able to tolerate other viewpoints. *Pravda* has quoted Lenin as arguing that elected officials are the "only reliable means of destroying bureaucracy," thus providing a rationale for democratizing election procedures for lower level officials. Rehabilitation of Trotsky, Stalin's archrival, could imply a move toward legitimizing factionalism, officially banned in Lenin's final years.
- **The Roots of Stalinism.** Some Soviet scholars have hinted that Stalin was the creature of the system Lenin built. Ligachev, however, has castigated those who contend that the system made a "wrong turn" after Lenin. Gorbachev has continued to idealize Lenin, and Soviet media have been cautious in replaying criticisms that imply the system was flawed from the outset.

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Only after the Politburo had a full discussion of the issues that were raised at the plenum and in the discussions with Secretary Shultz [Redacted]

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did the Soviet leadership appear ready to address US concerns and agree to go ahead with a summit and to send Foreign Minister Shevardnadze to Washington. [Redacted]

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Gorbachev's Speech

The balance of forces in the Politburo may be reflected in the way Gorbachev's speech treats Soviet history, especially the authoritarian, centralized system created by Stalin. Gorbachev apparently believes that he must attack the Stalinist model in order to institutionalize his reforms and that filling in the "blank spots" of Soviet history will enhance the party's credibility and facilitate a rapprochement between state and society. [Redacted]

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Other leaders—especially Ligachev and KGB chief Chebrikov—have publicly taken issue with historical interpretations advanced by Gorbachev and his allies, partly because of reservations about policies Gorbachev is promoting but also out of concern that any exposure of past mistakes risks undermining party legitimacy. [Redacted]

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If Gorbachev has compromised significantly on the text of his speech, it might signal a slowing of the reform momentum he has been so successful in maintaining thus far. He might view this as a purely tactical retreat, but radicals like Yel'tsin may grow impatient with Gorbachev's willingness to accommodate—or inability to outmaneuver—Ligachev and other more conservative leaders. If so, it would greatly complicate the General Secretary's ability to maintain leadership backing while keeping the reform process moving forward at a safe speed. [Redacted]

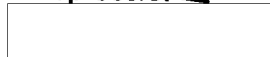
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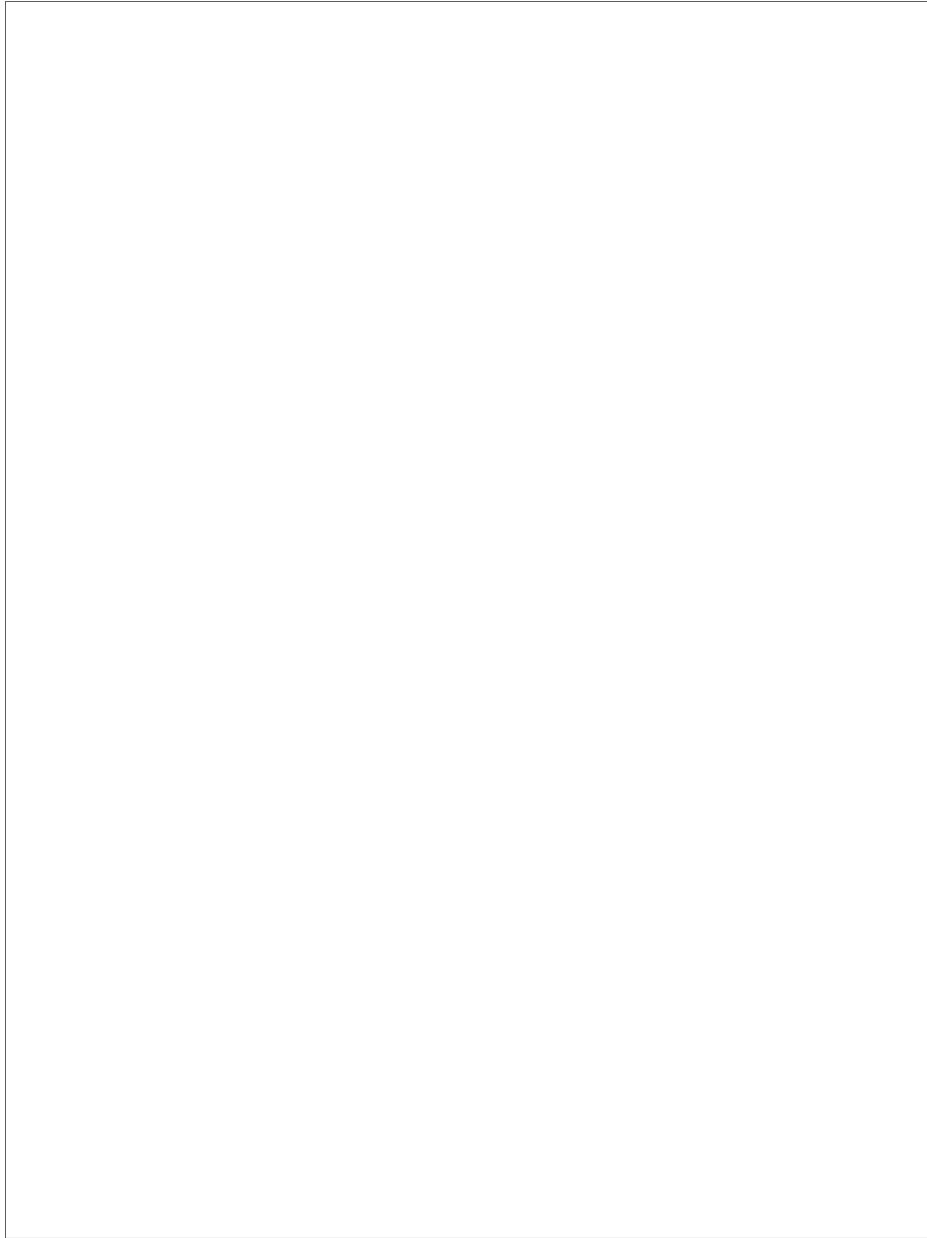
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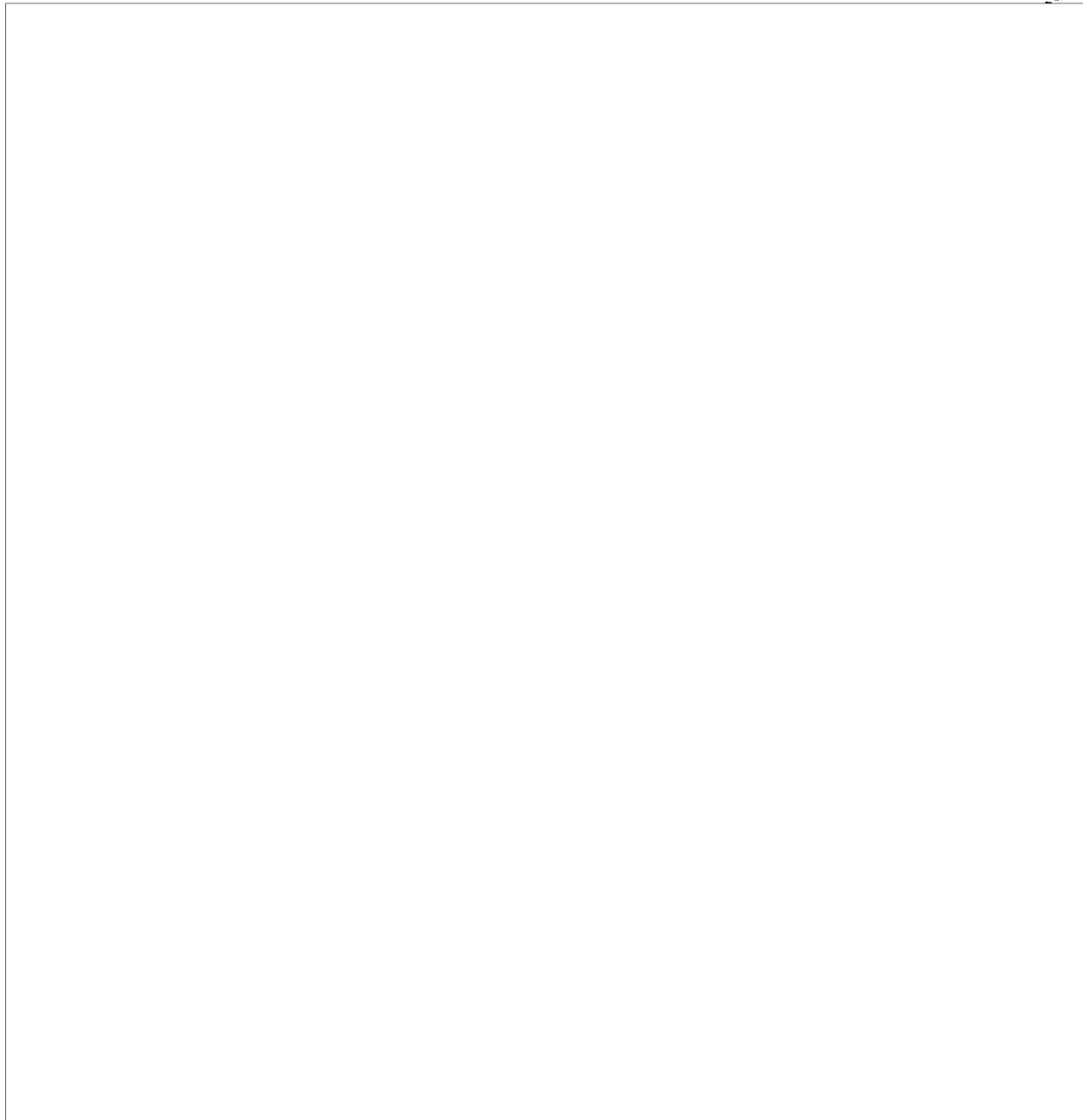
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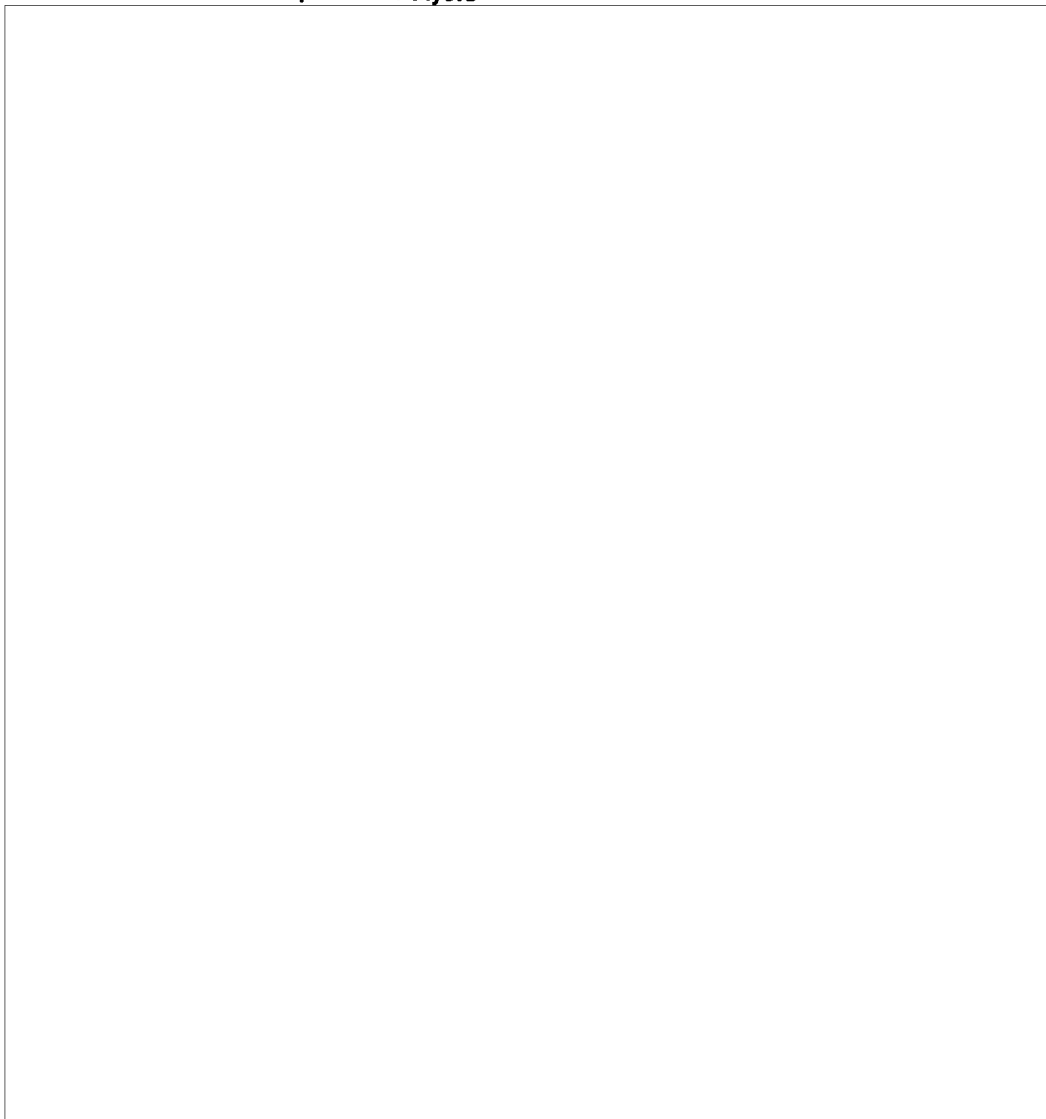
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Special Analysis

GROUP OF 7:

Pressures To Change Economic Policies

Renewed concern about exchange rate instability in the aftermath of the stock market fall has deepened divisions in the West's Group of 7 and created pressure for changes in US, Japanese, and West German economic policies that Bonn and Tokyo will continue to resist unless the US dollar continues to fall. [Redacted]

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Bonn and Tokyo probably doubt that the downward slide itself will have a major impact on world economic growth or on their economies, and they remain reluctant to go beyond providing short-term liquidity to their economies to limit the sense of crisis. The steady decline of the dollar over the past week has raised more serious fears among other G-7 leaders that their exports will be hit hard. They fear that speculation among foreign exchange dealers that G-7 economic coordination is breaking down would weaken the dollar further and do still more damage to their exports. [Redacted]

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A further sharp fall of the dollar would strengthen the West German mark against other currencies and aggravate existing tensions within the European Monetary System. [Redacted]

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The dollar's fall and fears that it will depreciate further are strengthening the hands of factions within the West German and Japanese Governments that favor expansionary policies, but it would have to fall substantially more before policy stalemates on those issues could be broken. [Redacted]

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Tokyo probably would move fairly quickly to increase spending if the dollar fell sharply to about 100 yen, a rate that would lower growth in Japan to about 1.5 percent. Similarly, Bonn would be likely to stimulate the West German economy if a major decline in the dollar slowed growth to 1 percent. [Redacted]

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If Washington puts a significant deficit reduction plan on the table, Bonn and Tokyo would probably feel obligated to offer at least limited concessions on growth. Incoming Prime Minister Takeshita might view such a US move as an opportunity to stimulate the Japanese economy by increasing public works spending. Bonn is unlikely to offer a large stimulative package but might try to get the Bundesbank to reduce interest rates. [Redacted]

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