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National Intelligence Daily for Friday, 12 January 1990

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Summary:

The CIA's National Intelligence Daily for 12 January 1990 describes the latest developments in the Soviet Union, European Community, Lebanon, Poland, Nicaragua, and Cambodia.

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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Friday, 12 January 1990

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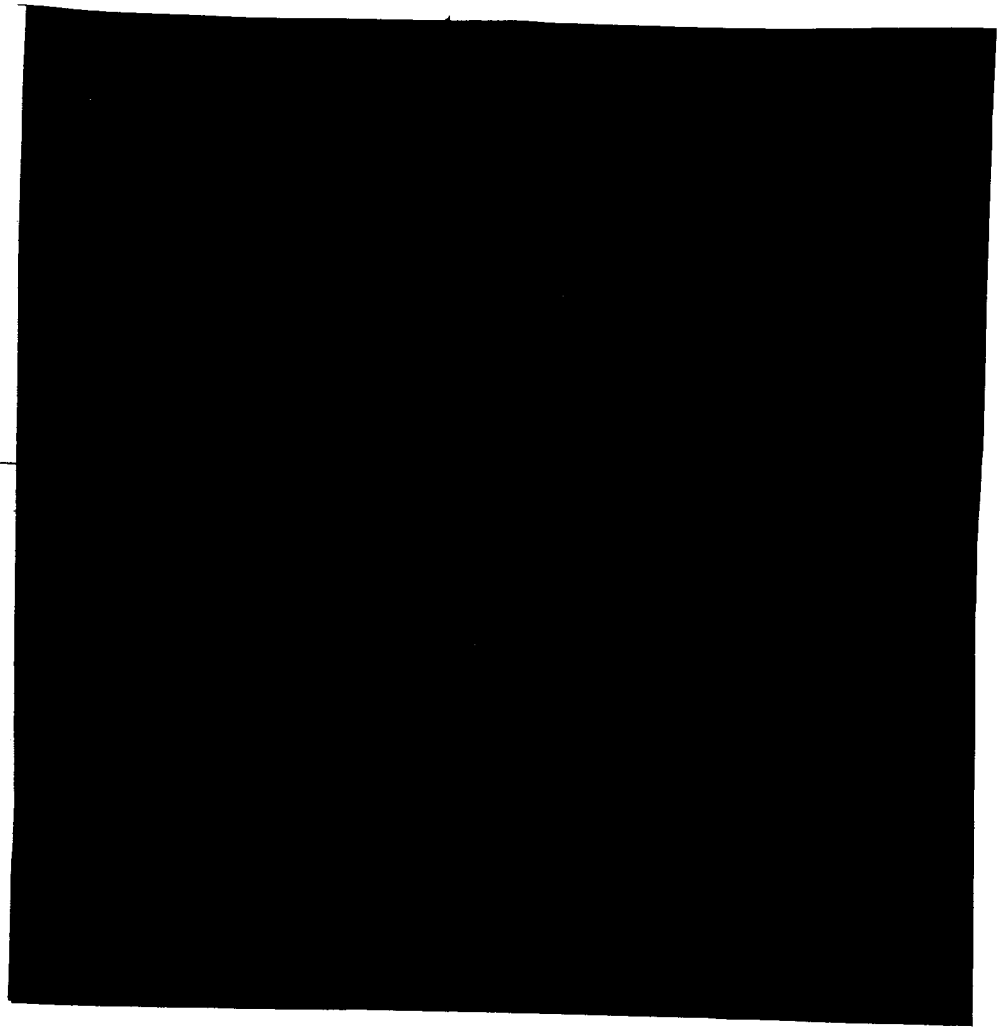
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USSR: **Situation Report**

Gorbachev Pledges Procedures for Secession . . .

On the first day of his three-day visit to Lithuania, General Secretary Gorbachev proposed an unprecedented law establishing mechanisms for republic secession, marking a major policy reversal and underscoring his determination to avoid a violent response to Baltic nationalism. Gorbachev repeated earlier appeals to Lithuanians to abandon plans for secession but said the Supreme Soviet will soon consider a secession procedures law. He indicated the law would address timeframes for secession, defense matters, and other technical issues. In Vienna, Soviet Interior Minister Bakatin told television interviewers the new law would allow secession "without causing a civil war" if a public referendum showed a majority of the population favored independence. [redacted] b3

In an interview published yesterday in a leading Swedish newspaper, CPSU Secretary Ligachev, the chief defender of the interests of the party apparatus, asserted that attempts at secession could lead to serious "misfortunes" for small national groups, but he noted the national party and the USSR "can live on without one or another small republic" and implicitly excluded a military response. None of the statements have been picked up by the Soviet media. [redacted] b3

b3 [redacted] Until now the leadership has categorically ruled out the possibility of republic secession. The less drastic issue of republic Communist Party independence had provoked raging controversy in the Central Committee since the Lithuanian party's split from the CPSU in December. Gorbachev appears to have recognized that even transition to a confederation—which he reportedly said in December would occur in five years—would be too little, too late for Baltic nationalists. At a minimum, he presumably hopes that his proposal will persuade the new Baltic legislatures to delay steps toward independence until the law passes. Beyond that, he may hope that the law—by stipulating requirements such as compensation to Moscow for economic and military assets, a transition period, and continued security links—could prolong transition to independence without being so stringent as to provoke the Balts to act illegally.

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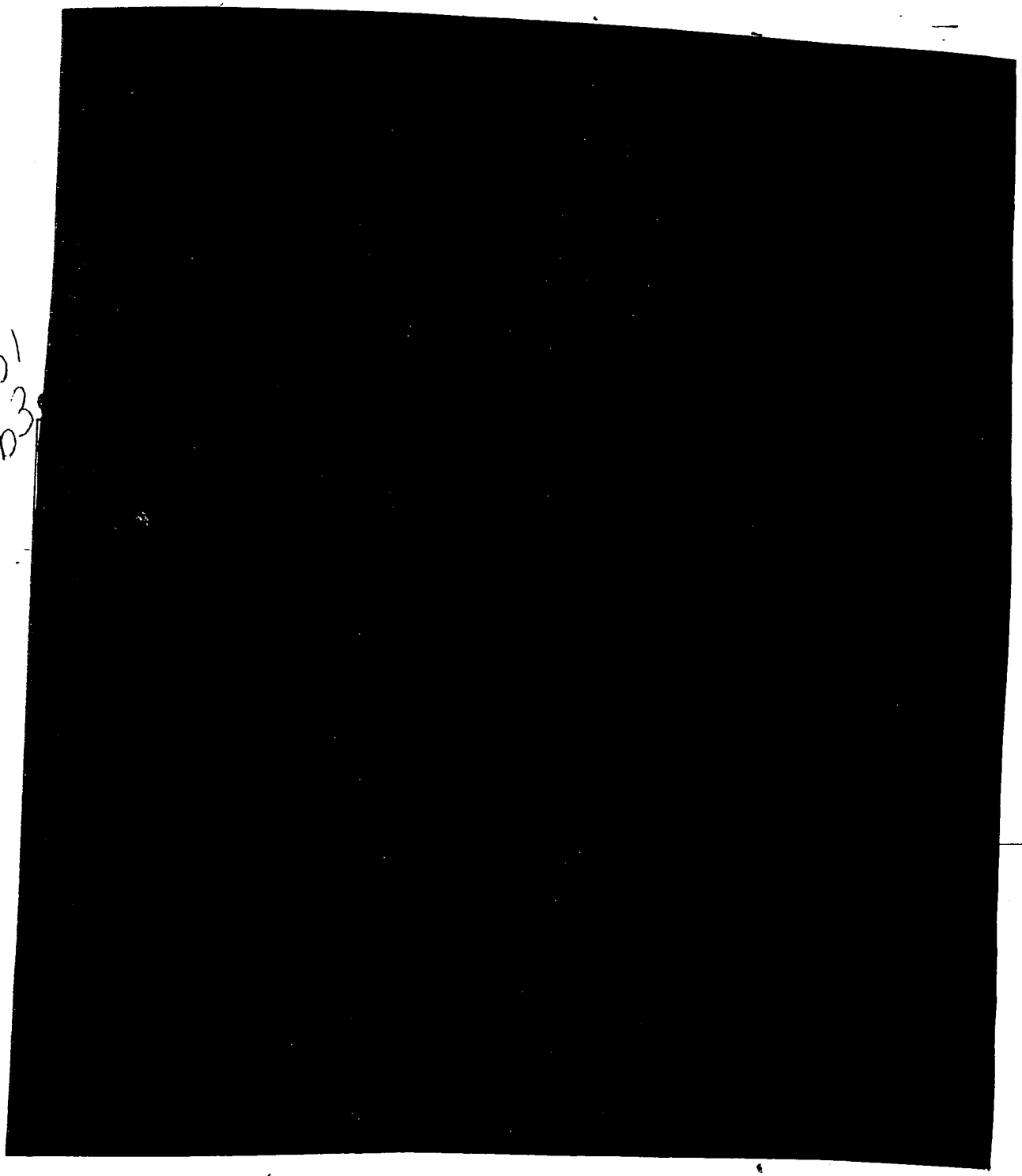
The proposal is likely to outrage conservatives in the Central Committee and the legislature. Ligachev's seeming moderation on the issue of secession, however, suggests that Gorbachev has the Politburo's backing for the proposal, which will strengthen his hand in seeking Supreme Soviet approval. The three Baltic republics and Georgia, and possibly Armenia and Azerbaijan, will initially view the proposal as a green light for eventual independence. Disillusionment

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spawned by a punitively stringent law, however, probably would provoke an angry response and might encourage republics to accelerate their timetable for independence. b3

. . . but Asks Lithuanians To Reconsider

Despite his proposal for procedures for secession, Gorbachev repeated earlier appeals to Lithuanians to abandon plans for independence in return for greater autonomy within a renewed federation and implied that a push for rapid secession would lead to "tragedy." b3 Gorbachev did not dwell much on the Lithuanian party's split from the CPSU in December, the reason for his visit. Instead, he stressed that the Central Committee at its meeting later this month would discuss ways to increase the autonomy of republic Communist Parties within the framework of the national party. b3

b3 Gorbachev's decision to focus primarily on the broader issue of secession suggests that he has accepted the Lithuanian party split as a fait accompli. In the likely event Gorbachev cannot persuade the renegade party to reverse its decision, he probably will be able to fend off those Central Committee members pushing for a tough response. b3

Constitutional Crisis Brewing in Caucasus

Azeris demonstrated throughout Azerbaijan yesterday in reaction to the Armenian Supreme Soviet's decision on Tuesday to include Nagorno-Karabakh in Armenia's economic plan. In Lenkoran' city, Azeri nationalists, including members of the Azeri People's Front, took over the local communications center, as well as police, prosecutors', and other government offices, b3 Unimpeded by local militia, the demonstrators called for total Azeri sovereignty over Nagorno-Karabakh and threatened to seek Azerbaijan's secession if this demand is not met. Armenia, meanwhile, in defiance of Moscow, yesterday became the fifth republic to pass a resolution declaring republic laws sovereign over national laws. Other such resolutions have been condemned by the USSR Supreme Soviet Presidium. b3

b3 Moscow has failed in its efforts to use the Supreme Soviet to moderate the Armenian-Azeri dispute and to temper popular support for more republic autonomy. A Supreme Soviet compromise resolution on Nagorno-Karabakh passed in November acknowledges Azeri claims of sovereignty over the region, and the Supreme Soviet Presidium has declared the Armenian resolution on unification with Nagorno-Karabakh unconstitutional. These developments also point to the increasing evolution of interethnic disputes into constitutional issues. b3

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The Proposed Bank for Reconstruction and Development

EC member countries have reached broad agreement on the basic structure and mission of the Bank.

— The Bank will support development of the private sector through loans. It will also finance large infrastructure projects.

— Member countries intend to control 53 percent of the voting power, holding most shares themselves and allocating some to the EC Commission and the European Investment Bank.

— The EC is proposing initial capitalization of $12 billion; only 30 percent of subscriptions will be paid in over a period of five years. The US share would be about $1 billion, of which $300 million would have to be paid in.

— Borrower countries probably will have to meet political as well as economic conditions. The political terms probably will include democratic reforms, respect for human rights, and observance of the rule of law.

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EC: **Seeking Control of Funds to Eastern Europe**

The EC member states have reached a general agreement on the structure and priorities of the proposed European Bank for Reconstruction and Development (EBRD), a development that is reinforcing the Community's determination to orchestrate Western assistance to Eastern Europe. [redacted] b3

b1 b3 Compromises [redacted] over the Bank's initial capitalization and financing priorities have led to a broad EC consensus, [redacted] French President Mitterrand will meet representatives of countries participating in the G-24 aid effort in Paris on Sunday to calm any irritation about the EC's unilateral decisions before meeting with East Europeans at the Bank's founding conference on Monday, [redacted] EC representatives believe a second conference will be needed next month but hope to finalize an agreement in March. The French want donor governments to pass enabling legislation by yearend so the Bank can begin operations in 1991. [redacted] b3 b3

b3 [redacted] The insistence of the EC on retaining majority control of the new Bank is intended to strengthen its influence in the Western assistance effort. By encouraging non-EC governments to channel their financial help through the EBRD, the Commission and member governments want to change the EC's role from coordinator to decisionmaker. The process by which the EC has pursued the Bank initiative—deciding the essentials in an EC forum before consulting nonmembers—probably foreshadows the EBRD's decisionmaking process. [redacted] b3

The Community probably will push to set the capital shares of Paris, Bonn, Rome, London, Washington, Tokyo, and Moscow at 8.5 percent, giving Soviet President Gorbachev at least the appearance of equal footing that Mitterrand promised him last month. It may also signal the Community's willingness to engage in a dialogue with Moscow on the future "architecture" of Europe, a topic almost certain to be discussed at a special EC Council meeting on Eastern Europe on 20 January. [redacted] b3

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LEBANON: Sign of Factionalism Within Hizballah

A new radiostation has gone on the air in Lebanon broadcasting the sermons and views of Hizballah's spiritual guide Ayatollah Fadlallah; the appearance of "the Radio of Light" suggests factionalism within the radical Shia organization is increasing. The station—like Hizballah's newspaper—refers to Fadlallah as an Ayatollah. Iranian and Iranian-sponsored media have yet to do so. b3

b3 The prominence given Fadlallah suggests his followers are gaining influence in Hizballah at the expense of pro-Iranians. The election of a new Hizballah leadership council last November and growing resentment of Iran's efforts to end clashes between Hizballah and the rival Shia Amal in southern Lebanon are signs that Fadlallah backers are asserting their independence. Factions in Beirut typically obtain media outlets to signal their growing independent military and political status.

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POLAND: Communist Party Trying To Save Itself

The Central Committee of Poland's Communist party decided Saturday to dissolve the party at its Congress on 27 January and to form a broad-based "socialist" party with a new name, a new leadership, and a commitment to parliamentary democracy. b3

[redacted] the leadership's first priority is to head off a split into orthodox and reformist parties. [redacted] b1, b3

[redacted] The shaken party's promise of far-reaching changes in its political program is unlikely to make it competitive or stave off its further decline. The changes approved by the Central Committee are a vain attempt at appeasing the reformists in the leadership without jeopardizing the party's traditional base. But the quest for internal cohesion probably will not restore the Communists' electoral competitiveness. The party is so discredited that its successor cannot escape being tainted, and a further decline appears inevitable. Large numbers of Communists already have abandoned their party ties to protect their jobs with the Solidarity-led government, and more defections are likely. If the party suffers massive defeats in the local elections this summer, as is likely, pressure for a formal split may prove irresistible. [redacted] b3

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12 January 1990

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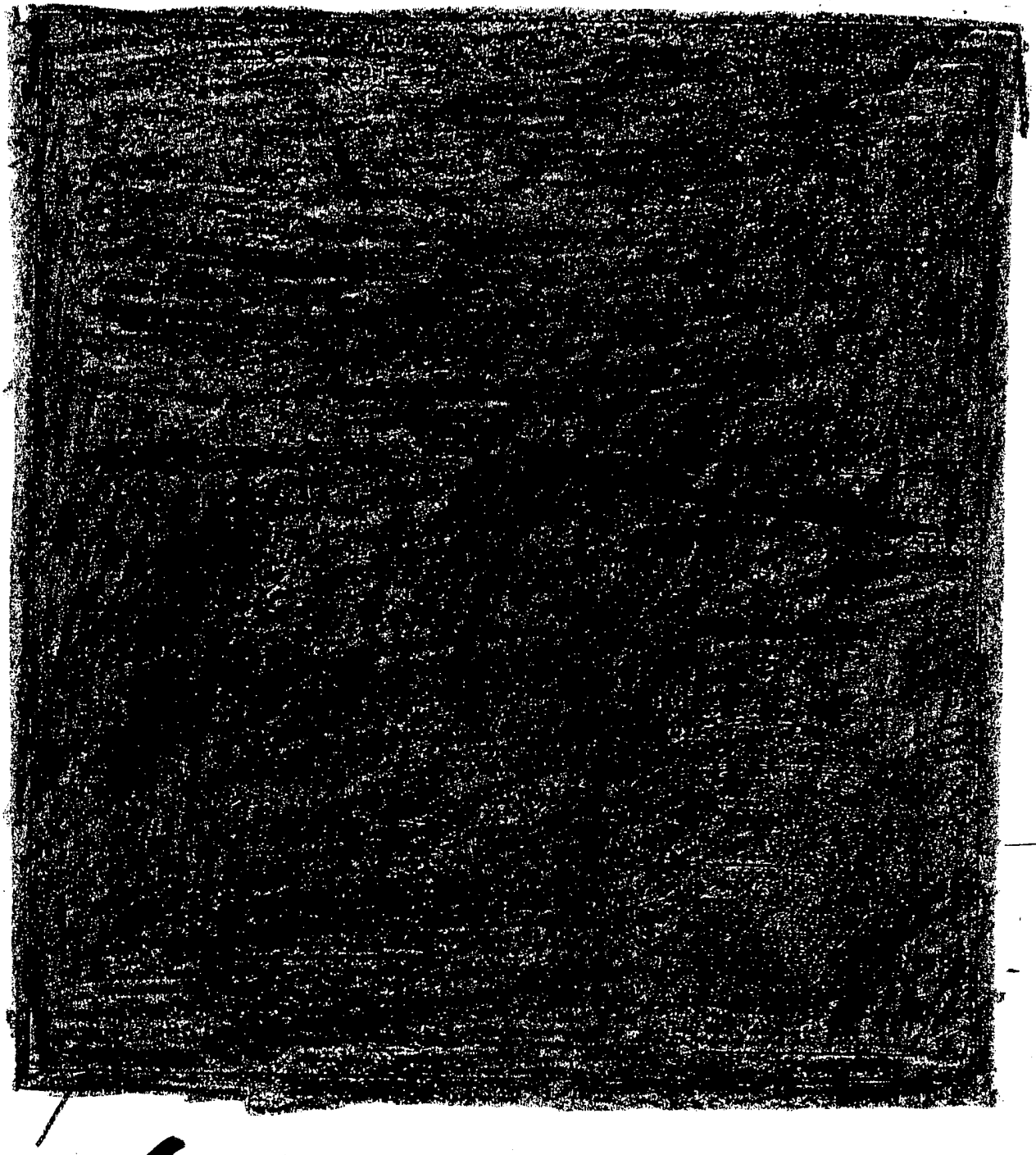
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In Brief

South Asia

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USSR

— Radical nationalists in Soviet Georgia staging hunger strike, demanding independence, dialogue with Politburo . . . Georgians increasingly supporting independence . . . Moscow likely to keep channels open by sending low-level delegation. [redacted] b3

Europe

— **Czechoslovak** Army units on strike for military reforms pose first major challenge to new government . . . President Havel likely to seek compromise, avoid punishing protesters . . . light hand would alienate Communist Defense Minister Vacek. [redacted] b3

— **East German** career soldiers, mostly officers, formed union last week . . . fear further troop cuts, trying to ensure social security for professional military . . . conscripts, who favor cuts, may push for own union. [redacted] b3

Middle East

— Leaders of **Tunisia, Morocco, Algeria, Mauritania** postponed Arab Maghreb Union summit until 21-23 January . . . probably trying to encourage unenthusiastic Qadhafi to attend. [redacted] b3

Africa b1 b3

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East Asia b1 b3

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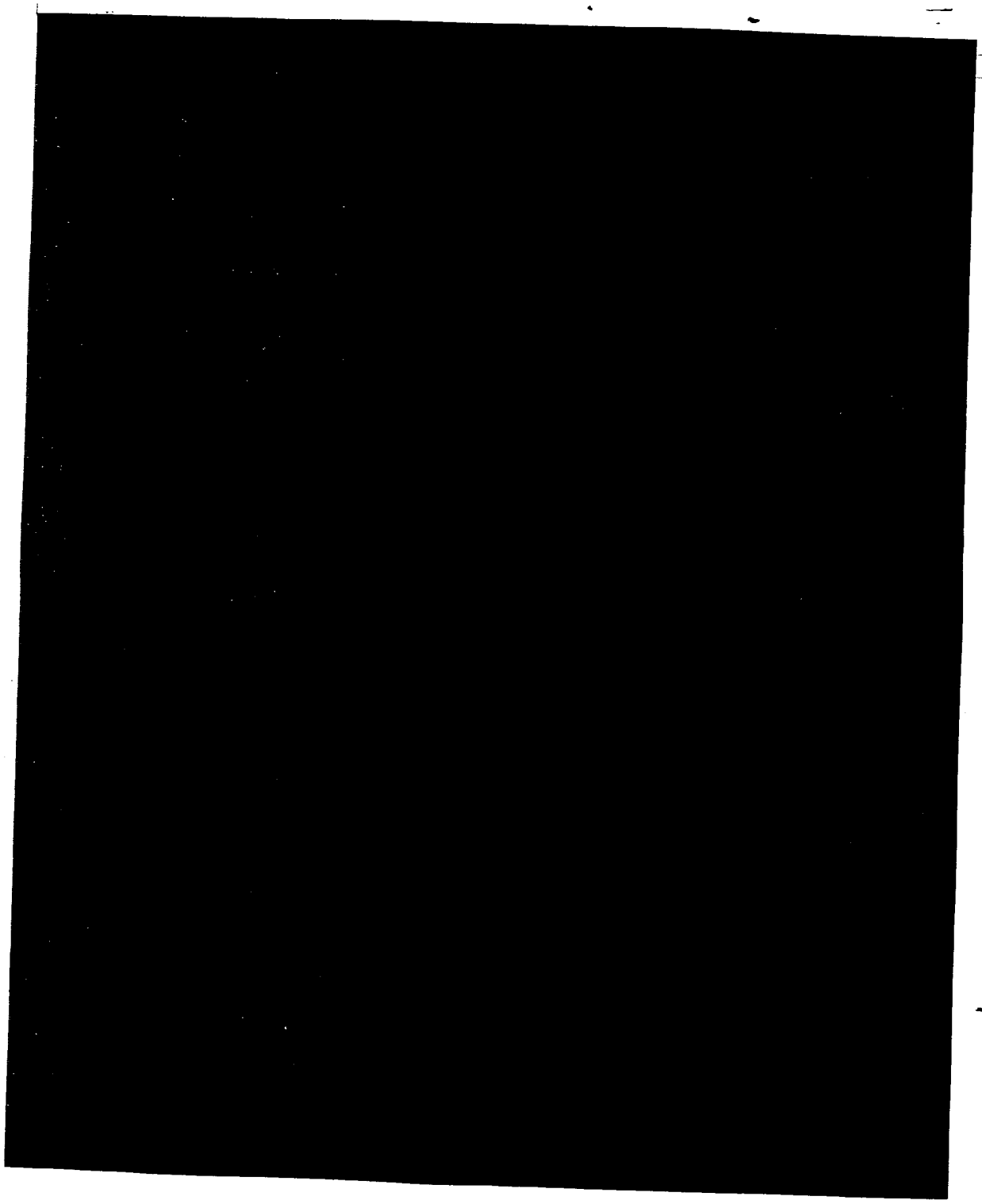
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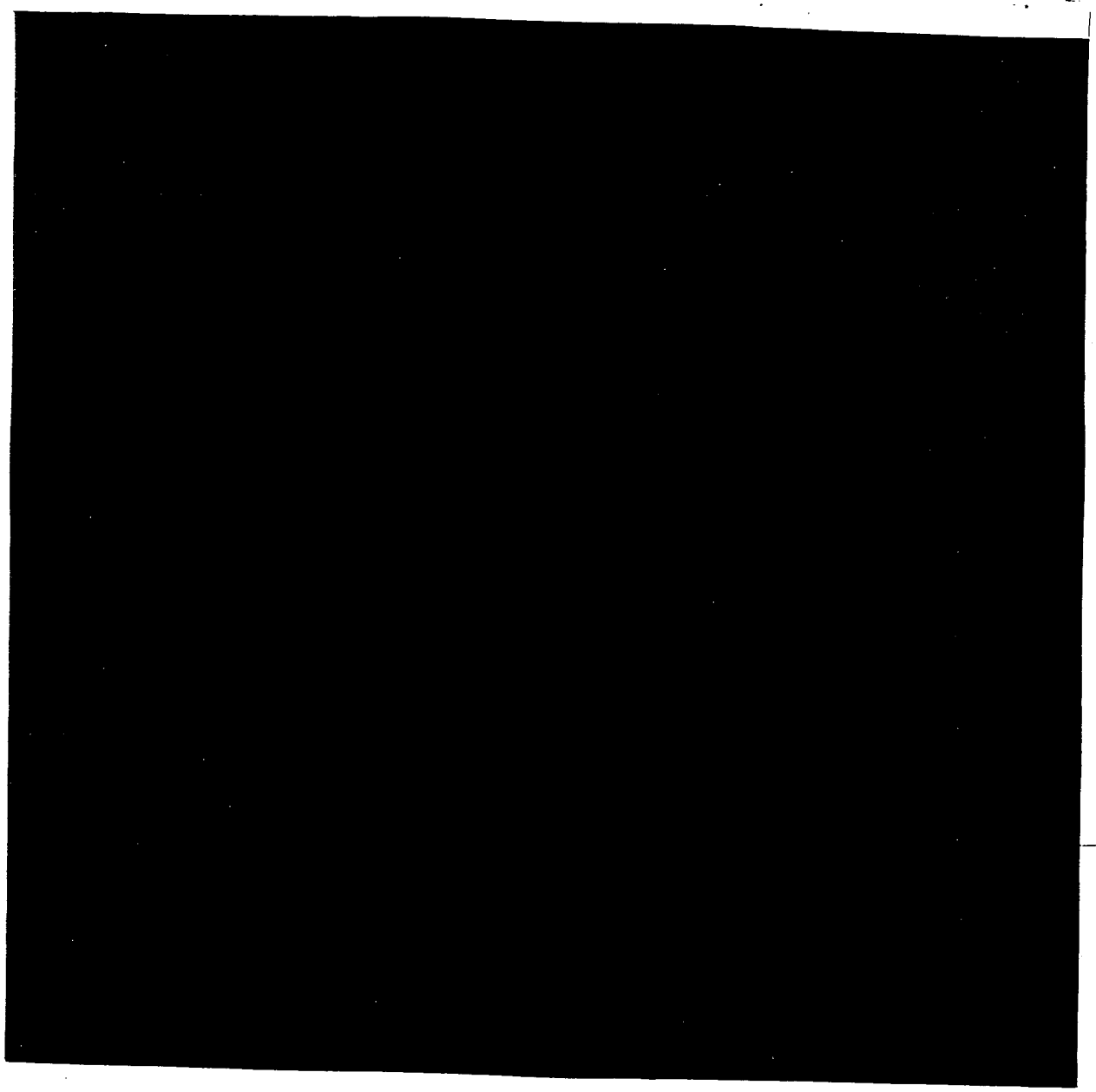
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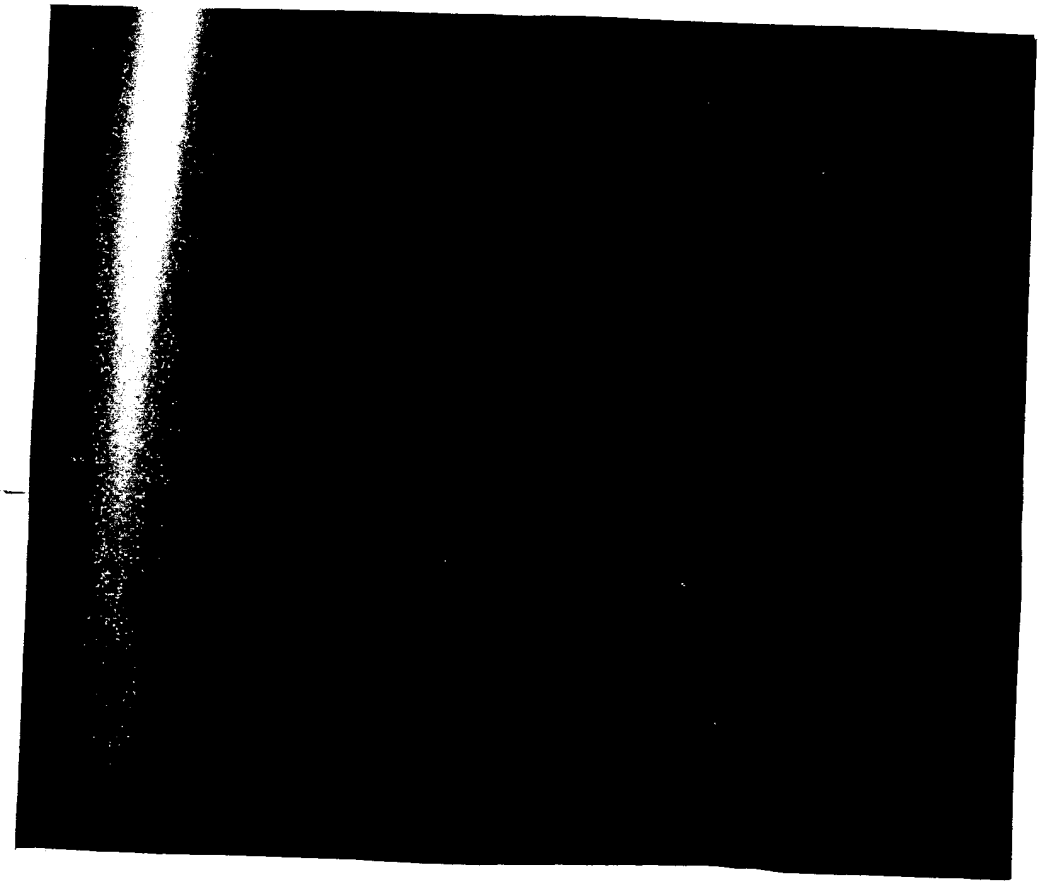
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Special Analysis

NICARAGUA:

Opposition Campaign Stumbling

The National Opposition Union has lost momentum in recent weeks as a result of Sandinista intimidation, lack of campaign resources, and the group's organizational weaknesses. The coalition has managed to maintain its fragile unity, but several key leaders are preparing to ally themselves with the regime after the election. [redacted] b3

Early this month, the coalition's presidential candidate and unifying symbol, Violeta Chamorro, injured her knee and abandoned the hustings for at least two weeks. [redacted] b3 b1

Opposition rallies appear to have peaked in November at 8,000 to 10,000 participants, in part because of resource constraints. Although opinion polls in Nicaragua are questionable barometers of public sentiment, three of the four most recent ones show President Daniel Ortega with a substantial lead on Chamorro. A shortage of funds has kept the opposition from exploiting the regime's willingness to let it expand its access to television. [redacted] b3

Sandinista Pressure Tactics

Since an incident in early December in which one person was killed and several injured, Sandinista mobs have not disrupted opposition rallies although the regime has kept up the pressure [redacted] Sandinista intimidation and blandishments have led more than 30 opposition mayoral candidates and several poll watchers to resign. The opposition claims the regime is responsible for telephoned death threats against several of its leaders, including Chamorro and vice-presidential candidate Virgilio Godoy. [redacted] b3

Demoralization Setting In

[redacted] b1 b3

[redacted] local representatives are distraught that, with less than two months to go, the coalition has no simple campaign theme. [redacted] b3

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The leadership is equally pessimistic. The delay in distributing funds from the National Endowment for Democracy, the restrictions on their use, and Sandinista roadblocks to outside funding have demoralized the coalition's top echelon [redacted] b3
The failure of UN and OAS electoral observers to condemn Sandinista abuses also has sapped the opposition's confidence.

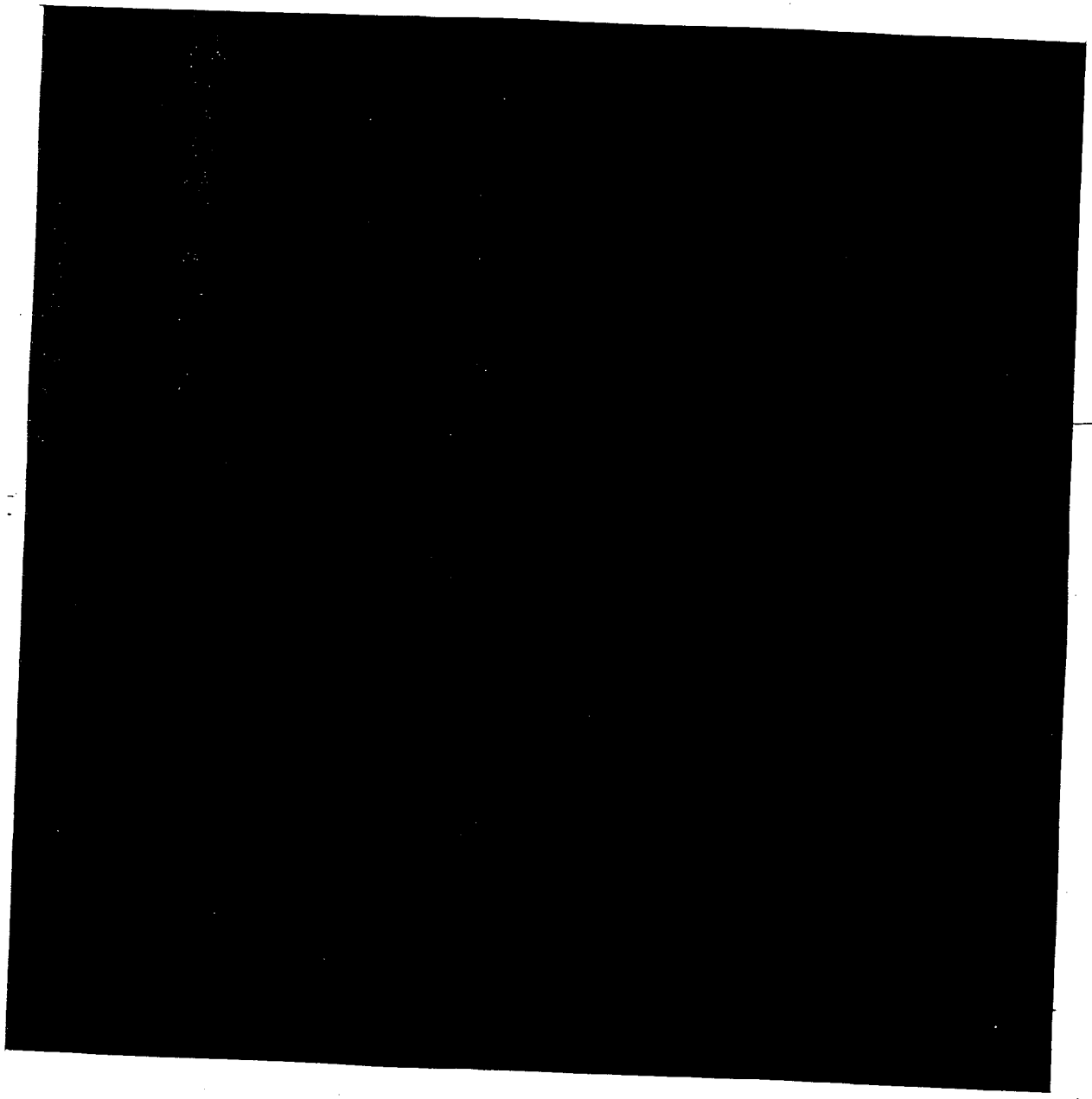
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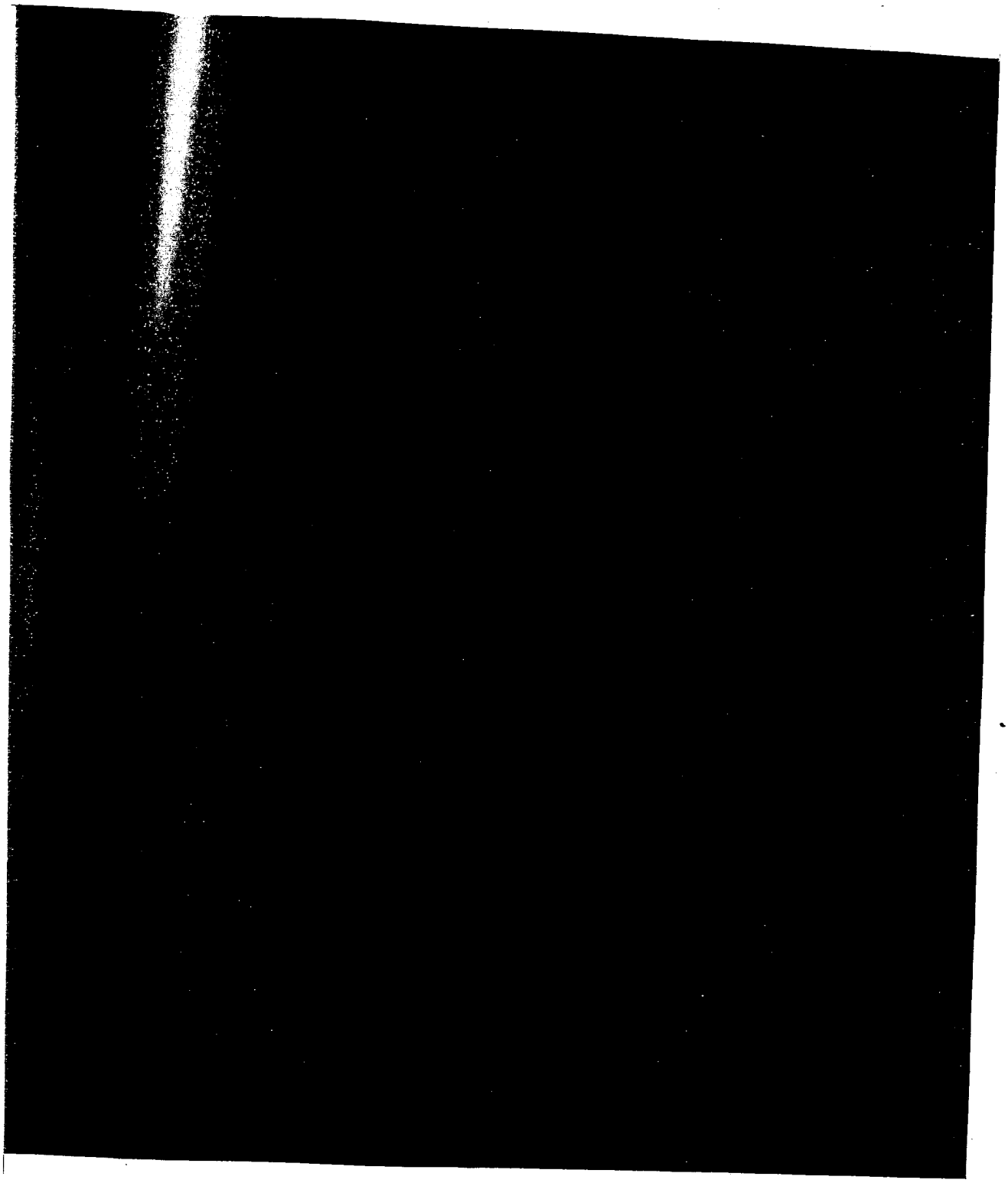
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Special Analysis

CAMBODIA: Prospects for a UN Settlement

Although all of the parties involved are pessimistic about the prospects for a near-term solution to the Cambodian civil war, most agree the UN is likely to play a role in any political settlement. The five UN Security Council permanent members will meet in Paris on Monday and Tuesday to try to revive momentum toward a settlement. [redacted] b3

To get around the power-sharing issue that has deadlocked the diplomatic process, Australia has proposed a plan under which the UN would administer Cambodia during an interim period. Key players have expressed interest in the proposal, but there is little indication any of them are prepared to modify their own positions significantly. The major obstacles still blocking an accord include:

- The Khmer Rouge's insistence on a quadripartite interim administration with each of the four factions playing an equal role.
- The need for the other Cambodian factions to agree on the extent to which the current regime in Phnom Penh will be dismantled in favor of a UN administration.
- The absence of major power agreement on a single settlement plan and an arms moratorium.
- The difficulty of assembling a UN observer group that can monitor a cease-fire and effectively and convincingly ensure the operation of an impartial Cambodian Government until an election is held. [redacted] b3

Difficulties for the UN

Even if the considerable differences among the factions and the external players are overcome, the UN will find it difficult to carry out a peacekeeping mission in Cambodia. The UN would have to manage a cease-fire among four belligerents who probably will remain armed and in control of territory they now hold. The task probably would require between 5,000 and 10,000 troops, which the UN would be hard pressed to find because most of its traditional sources—particularly the Nordic countries—are already overcommitted. [redacted] b3

Ensuring a neutral Cambodian administration before an election takes place would be a delicate operation because of the need to work with a largely intact Phnom Penh administration. The UN would also

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have to find as many as 3,500 civilian administrators, and UN officials say there are currently no UN Secretariat members who even speak Khmer. [redacted] b3

Cambodia has no tradition of democratic elections, and even Prince Sihanouk is a master at rigging allegedly democratic voting, both factors cast doubt on the willingness of the factions to honor their pledges to support free and fair elections. The entire UN operation will be further complicated by its tremendous cost. [redacted] b3

Securing External Support

b3 b1

For a UN plan to succeed, it will also need support from China and the USSR. To date, China has not been willing to halt the arms flow to the Khmer Rouge. [redacted]

Although the USSR has accepted a UN role and an arms moratorium, its sincerity and the degree of its influence on Vietnam and the Phnom Penh regime remain in doubt. [redacted] b3

Initial steps that could be taken at Paris include agreeing on the basic structure of a UN force and its costs. Logistic problems will be overcome only if the UN receives promises of airlifts, communications units, and such heavy equipment as armored cars and personnel carriers. [redacted] b3