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National Intelligence Daily for Saturday, 25 November 1989

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Summary:

The CIA’s National Intelligence Daily for 25 Nov 1989 describes the latest developments in Czechoslovakia, Lebanon, East Germany, Western Europe, the Soviet Union, South Africa, El Salvador, Uruguay, India, and NATO-Warsaw Pact.

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Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Saturday, 25 November 1989

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Top Secret

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25 November 1989

Approved for Release
Date JUN 1999

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CZECHOSLOVAKIA: New Party Chief Urbanek

A special Central Committee plenum yesterday replaced party leader Milos Jakes with Karel Urbanek as mass demonstrations in favor of democratic change continue unabated. b (3)

Jakes and the entire party Presidium and Secretariat resigned yesterday as the plenum opened. Jakes admitted his policies had lost the "trust" of the people and accepted responsibility for the country's political crisis. He urged workers not to participate in the two-hour general strike called for next Monday. The Central Committee named Urbanek, head of the Czech republic party apparat, to replace Jakes. Urbanek had not been prominent as the struggle between Jakes and his opponents in the Presidium intensified. b (3)

The Central Committee was in session late into the night, finally reaching agreement on the new members of the Presidium and Secretariat. Although they are younger overall than the ousted old guard, none is a known reformer, and several are tough hardliners. The retention of hardliners suggests Urbanek will find little support among them for initiating meaningful political reforms. b (3)

Public pressure on the embattled party leadership continues to mount. Former party leader Dubcek returned to Prague yesterday and addressed over 300,000 demonstrators, calling for a return to "socialism with a human face" and appealing to the Army to support the people. The wave of protest was also obvious in other cities. Students have expressed determination to continue their strikes into next week, and prominent dissident playwright Havel says the general strike next Monday should proceed regardless of the outcome of the Central Committee plenum.

b (3)

The Central Committee session was clearly contentious; more than 40 members spoke. The resignation of the entire party leadership initially seemed to satisfy one of the principal demands of the demonstrators—the ouster of those leaders who came to power as a result of the Soviet-led invasion in August 1968. Urbanek's new leadership lineup will disappoint the public, however. He also faces enormous challenges as he seeks to consolidate his power, restore public conference in a discredited party, and deal with popular demands for free elections, political pluralism, and radical reforms.

b (3) b (3)

Urbanek's low profile probably made him a compromise candidate acceptable to both hardliners and moderates, but his colorlessness

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will not help him with the public. He will have to make dramatic gestures immediately to stave off more protests. It probably is already too late to prevent the general strike on Monday. The opposition almost certainly sees that event as a means of underscoring to the new party leadership that the populace will not abide cosmetic policy changes [redacted] b (3)

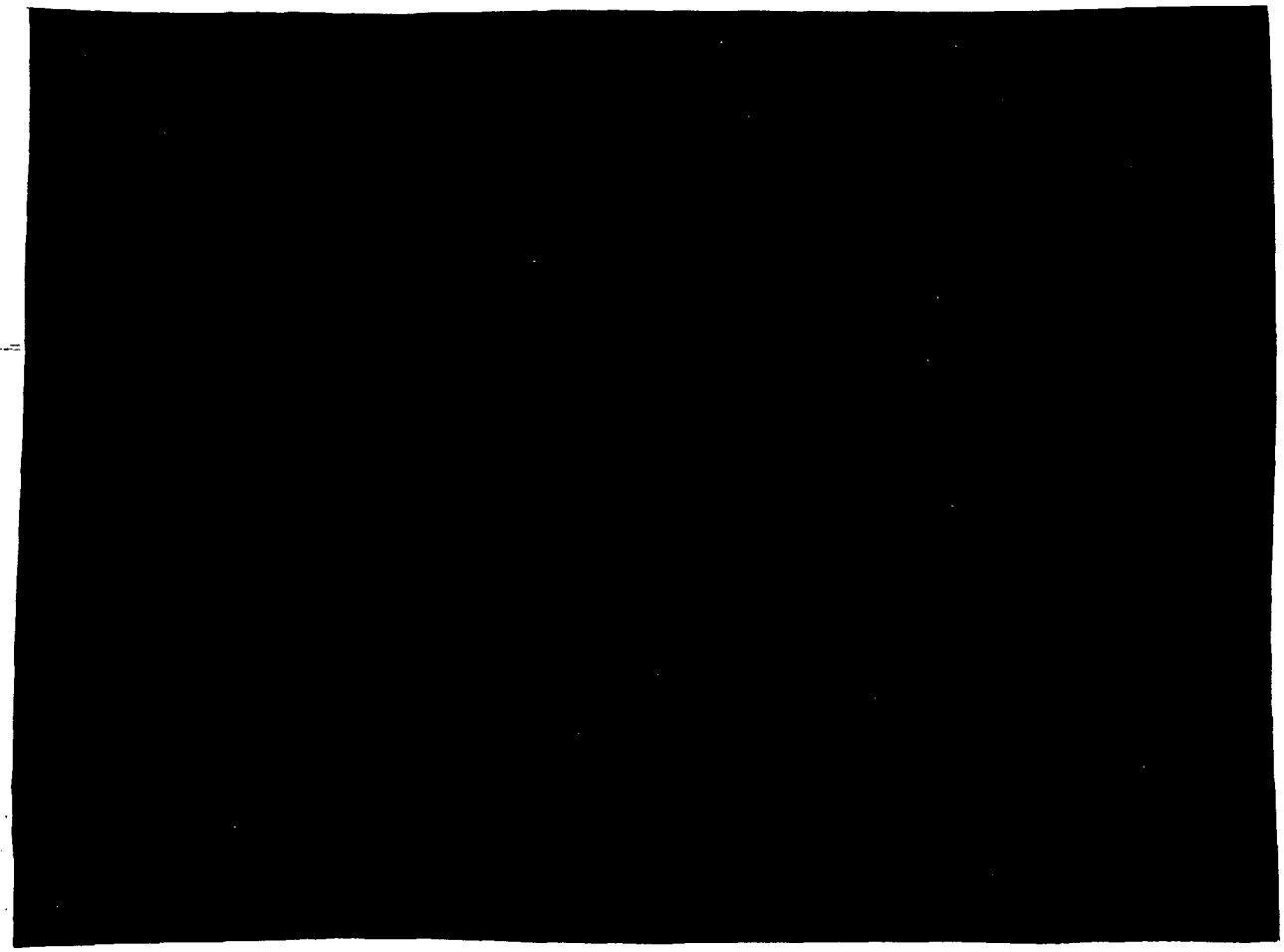
Moscow has noted the leadership change in Czechoslovakia without comment and gave some attention to Dubcek's speech. The Soviet party may not be entirely satisfied with Urbanek, who does not appear to have close ties to the Soviets and had worked closely with Jakes. Moscow will, however, publicly support him while urging additional moves toward reform. [redacted] b (3)

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LEBANON: **Situation Report**

New President Elected

The speed with which the Lebanese legislature reassembled yesterday to elect Elias Harawi as President is a measure of the durability of the national reconciliation process that began in Ta'if, Saudi Arabia. [redacted] b (1) b (3) b1 b3

b (3) b3 [redacted] Damascus will welcome Harawi's election as preserving the Ta'if accord and will provide extraordinary security to preclude another tragedy. [redacted] b1 b3 b (1) b (3)

Cabinet Decisions

Harawi today has named a 14-member Cabinet along traditional confessional lines. Salim al-Huss, a Sunni Muslim, has been redesignated the Prime Minister and again will serve as Foreign Minister. Shia Amal leader Nabih Barri, Druze chieftain Walid Junblatt, and Christian Phalange party leader Sa'adah were also given posts. [redacted] b (3)

[redacted] b3 b (3), b1

[redacted] b1 b3

[redacted] b1 b3

b (1) b (3)

[redacted] b1 b3 b1 b (1) b (3)

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EAST GERMANY: Krenz, Party's Leadership Role in Jeopardy

Egon Krenz's latest comments on his tenure and rumblings from the party rank and file suggest he has no more than an even chance of keeping his job as party boss beyond the party congress set for 15-18 December. [redacted] b3 b (3)

Many East German officials are convinced that Krenz will be ousted at the congress. [redacted] Krenz told the Western press on Thursday that he wants to remain party leader but will abide by the party's decision and not cling to power. [redacted] b3 b (1) b (3) b (3)

Krenz added that, in response to demands from protesters and members of the Communist-led coalition, he supports removing from the Constitution references to the party's leading role. He blamed East Germany's problems on former leader Honecker—now under investigation—and former economics chief Mittag, who was expelled from the party Thursday for "grave violations" of its rules. [redacted] b3 b (3)

b3 [redacted] Most East German Communist officials probably see Krenz's close identification with Honecker as a hindrance to their attempts to build a reformed party that can compete in free elections. [redacted] b3 b (3) b (3)

Modrow, however, may not succeed Krenz. The new Premier has called for a greater separation between the party and government and appears more interested in building his power base in the Council of Ministers than in leading the discredited party. East Berlin party boss Guenter Schabowski will probably compete for Krenz's job. Schabowski is also a holdover from the Honecker era but probably suffers less from public distrust than does Krenz. Schabowski's populist image, dynamic speaking style, and willingness to meet with opposition leaders may make him attractive to the party rank and file. [redacted] b3 b (3)

A consensus appears to be forming in the party for eliminating language in the Constitution guaranteeing the party's leading role; the change may be approved as early as next Friday's session of the People's Chamber. Public pressure is responsible for this shift, which almost certainly would end the party's grip on power. [redacted] b3 b (3)

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WESTERN EUROPE:

Concerned About US Defense Cuts

[redacted] b (1) b (3)

[redacted] b3 b (3)

West European press reports have portrayed the US announcement as an unexpected major policy shift and have offered wide-ranging speculation on its implications. Many commentators see the announcement as the first tangible US reaction to defense policy changes under Soviet President Gorbachev and developments in Eastern Europe. Most have speculated on the possibility of near-term US troop withdrawals, and some question whether the US will reduce its commitment to NATO and press Western Europe harder to accept more of the security burden. [redacted] b3 b (3)

Reactions by government officials have been muted. French President Mitterrand, the only head of state to comment publicly thus far, indicated the US decision would not affect French defense spending. [redacted] b1

[redacted] Dutch and Danish officials [redacted] resent not having been consulted in advance. Dutch politicians, however, have welcomed the cuts as a sign that spending reductions in Western Europe will be more acceptable. [redacted] b3 b (3)

b3 [redacted] Most Allies probably view the US announcement as a major policy shift by Washington on which they should have been consulted. They are likely to question US motives in the timing of this announcement, wondering about a possible hidden agenda at Malta; they are also likely to be more wary of US military staying power in Europe. The US announcement, however, almost certainly will not trigger immediate, reciprocal cuts or even reviews of defense spending plans. Most West European governments probably will wait until a CFE agreement is reached before reviewing their defense programs. [redacted] b3 b (3)

The US announcement will heighten West European sensitivity to Washington policies on burdensharing and arms cooperation. The Allies will watch closely for details of the cuts and measure their effects on current and proposed joint weapons programs. Traditional opponents of defense spending in Western Europe are likely to view the US statement as a signal that West European defense spending cuts will increasingly be tolerated. [redacted] b3 b (3)

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USSR: Nationalities Challenge Marches On

Violence in the Caucasus, the Lithuanian party congress next month, and the Supreme Soviet's rejection of Moscow's plans for republic economic autonomy as too modest are among the challenges Soviet President Gorbachev faces as he tries to find a decentralization formula acceptable to both the republic and Moscow. [redacted] b (3)

Strife persists in Nagorno-Karabakh and elsewhere in Azerbaijan. Armenians [redacted] fired on a military convoy across the border in Azerbaijan earlier this month, and clashes between Azeris and Armenians continue. [redacted] b (3)

b (1) b (3)

b (1) b (3)

[redacted] Georgian authorities [redacted] have increased the militia presence in the autonomous oblast of South Ossetia, where clashes between Georgians and Ossetians are on the rise. In Moldavia, however, last week's appointment of a new republic first secretary has brought a lull in demonstrations. [redacted] b (1) b (3)

At last week's meeting with Lithuanian party leaders, several Politburo members—including Foreign Minister Shevardnadze, Defense Minister Yazov, and Agriculture Secretary Ligachev—argued strongly against independence for the republic party. [redacted] b (3)

[redacted] Lithuanian party leader Brazauskas did not retreat but stressed that his party does not plan to sever all ties to the center at once. [redacted] b (3)

Despite rejecting Moscow's economic autonomy bill as too modest, some Supreme Soviet delegates are attacking a Baltic economic autonomy plan as too nationalistic. [redacted] b (3)

[redacted] The Supreme Soviet's rejection of Moscow's economic autonomy plan shows the difficulty of using all-union institutions in which proreformist sentiment is strong to check republic demands for autonomy, but many delegates also oppose a plan that appears to weaken the union. Brazauskas probably will urge more radical party members to seek party independence from the CPSU in a nonconfrontational, cautious manner. If the Azeri strike leads to new violence or spreads to essential industries, Moscow probably will ferry in more troops. [redacted] b (3)

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SOUTH AFRICA: Military's Influence on the Decline

b (1) b (3)

[redacted]

b (3)

[redacted]The military has counseled against easing the enforcement of security restrictions, and many officers are agitated that de Klerk is exploring a political settlement. The improved diplomatic climate in southern Africa has also made de Klerk reluctant to authorize raids on alleged African National Congress facilities in neighboring states, a tactic many in the military favor. As the police force grows, it will regain more of the internal security burden from the Army, but de Klerk is likely to curtail the more provocative police operations, such as the arming of violent black groups on the right. South Africa probably can cut military spending next year even as it develops expensive missiles and fighter aircraft because of savings from its withdrawal from Namibia and reduced support for the UNITA insurgents in Angola. [redacted]

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EL SALVADOR: Rebels Leave Capital To Regroup

Rebel forces generally appear to have evacuated the San Salvador area, leaving behind large quantities of weapons and ammunition. Nevertheless, the insurgents plan to regroup and attack targets in the metropolitan area. b (3)

b (1) b (3)

Except for a large clash in the south, the country has been quiet. b (3)

Extremely high guerrilla casualties over the past two weeks—estimated by the Army at 1,210 killed and 922 wounded—make a large-scale resumption of attacks on military targets in the capital unlikely. Salvadoran security forces nonetheless will be hard pressed to check random acts of urban terrorism. b (3)

URUGUAY: Ruling Party Headed for Election Defeats

President Sanguinetti's ruling Colorado Party will probably lose both the presidency and the powerful mayor's position in Montevideo in tomorrow's elections, but his likely successor probably will follow similar pro-US foreign and economic policies. Preelection polls show the Blanco Party well ahead nationwide, making its conservative faction leader, Senator Luis Alberto Lacalle, the favorite to win the presidency. The Marxist Broad Front coalition leads in Montevideo, home of half the nation's population, however, giving its contender for mayor, Tabare Vazquez, a slight edge over the Blanco candidate. b (3)

Lacalle's views are similar to those of the moderate, market-oriented policies of the Sanguinetti government, but he may encounter difficulties in carrying them out, especially if the left controls Montevideo. Although Vazquez is considered a pragmatic administrator, more radical elements of the Broad Front might try to use their control of the capital to promote "socialist" goals that would conflict with the national government's free market policies. The Blanco Party, moreover, is ideologically divided and not likely to win a congressional majority. Lacalle may seek an alliance with centrist members of the Colorado Party. Like Sanguinetti, Lacalle is likely to cooperate with the US on such regional issues as Panama, debt, and drug trafficking—he has focused on the problem of money laundering. b (3) b (3)

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USSR: Draft Property Law Broadened

The Supreme Soviet's new draft law on property rights, issued for nationwide discussion a week ago, would broaden the definition of "socialist" property to include public and individual ownership and ensures both equal protection. Premier Ryzhkov said recently that the leadership hopes to reduce state-owned enterprises from 80 to 30 percent of the total. The draft allows farmers to retain their land for life and to pass it to their heirs but not the right to sell it. It permits private ownership of apartments, houses, and the means of production for small-scale economic activity and touts "collective" property to encourage joint stock companies and other enterprises that are partly or totally owned by workers. The draft continues to waffle on the issue of the republics' sovereignty over land and natural resources. [redacted] b (3)

[redacted] The draft law defines ownership rights critical to other pending legislation on land use and the republics' economic autonomy. It is more liberal than the government's proposals over the summer and will be hotly debated before being submitted to the legislature next spring. Controversy is likely to focus on the provision for expanded individual property rights and the text's failure to go further in sanctioning the republics' sovereignty over land and natural resources. [redacted] b (3) b (3)

INDIA: Polls Close Tomorrow in Hotly Contested Election

Voter turnout in India's national election has been moderate; the polling has been marred by sporadic violence—more than 65 deaths have been reported. [redacted] b (1) b (3)

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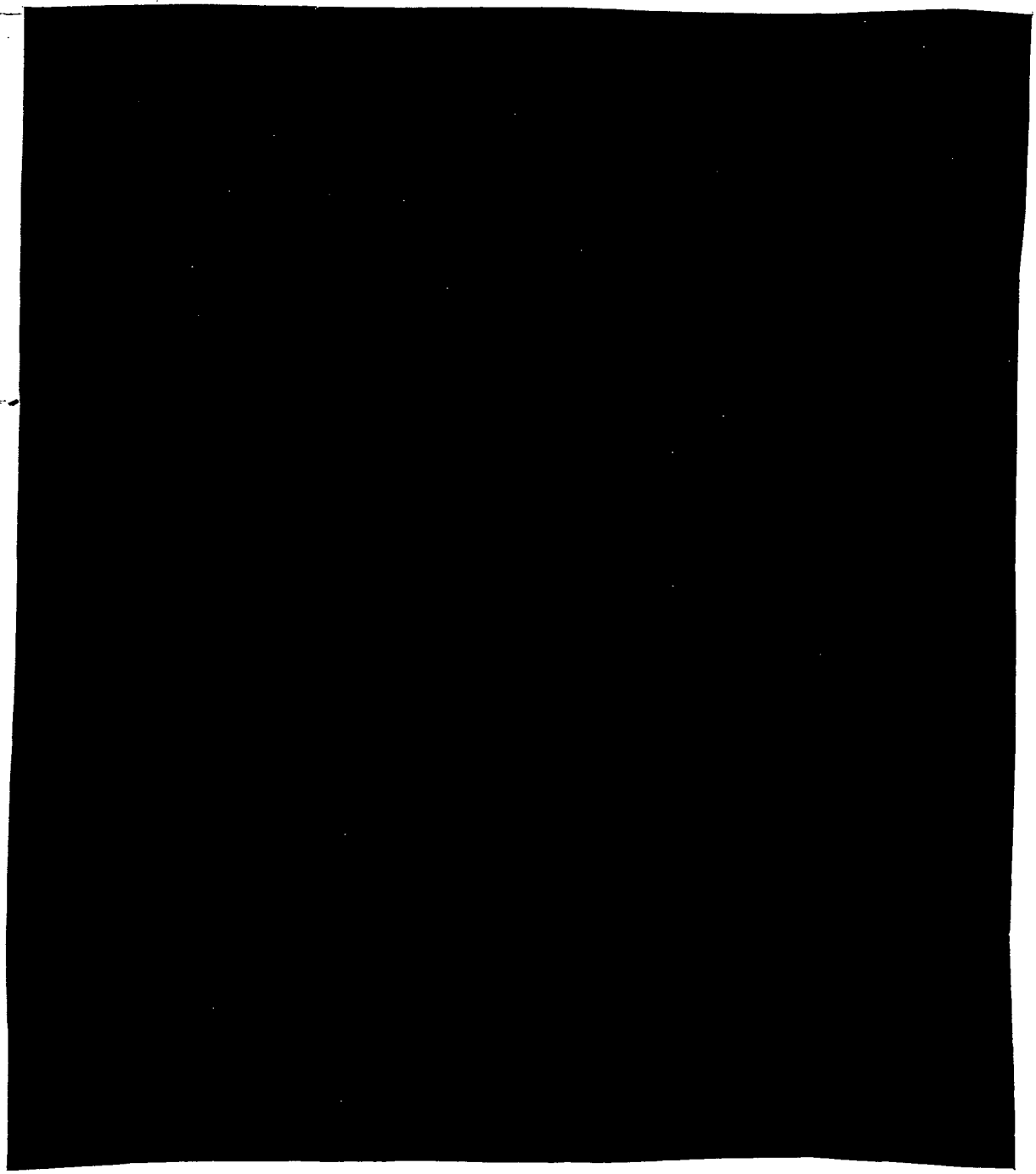
The Army has been called out in Kashmir to deter possible violence related to an election boycott there. The balloting will end tomorrow, and the results probably will be known by Monday. [redacted] b (3)

[redacted] The violence and charges of malfeasance have been widely reported and probably will further cloud Gandhi's chances in the final two days of voting. The President, who is usually willing to do the ruling party's bidding, has demonstrated independence and a lack of confidence in Gandhi's government by calling for the investigation. [redacted] b (3) b (3)

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In Brief

USSR

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[redacted] Soviet academic in Seoul predicting Korean issue will be on agenda at Malta . . . Soviets evidently eager to expand ties to Seoul, likely to press US to increase contacts with **North Korea**. [redacted] b (3) b (3)

b (1) b (3) [redacted] b (1) b (3)

East Asia

b (1) b (3) [redacted] b (1) b (3)

Middle East

[redacted] b (3)

— Arab League Foreign Ministers to discuss status of peace process in **Tunisia** tomorrow . . . PLO probably wants Arab backing for Palestinian-**Israeli** dialogue, UN Palestine debate . . . PLO hopes newly readmitted **Egypt** will deflect hardliners. [redacted] b (3)

Americas

— **Argentina**'s Central Bank President Gonzalez Fraga has resigned following instability in exchange markets, opposition from business groups and Peronists . . . replaced by technocrat Egidio Ianella, two-time Central Bank chief. [redacted] b (3)

Europe

— **France** earmarking $100 million loan from its $650 million **Polish** aid package for US-supported stabilization fund . . . [redacted] . . . Paris reinforcing Western cooperation on East European aid. [redacted] b (1) b (3) b (3)

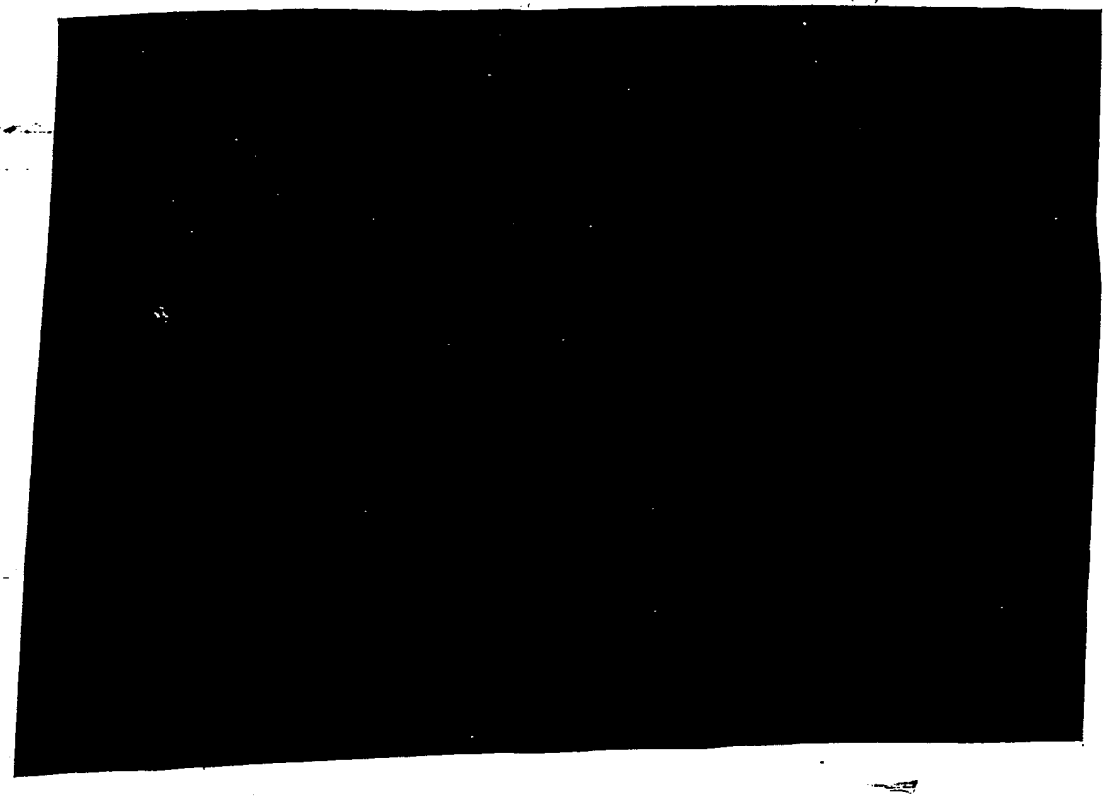
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Special Analysis

USSR: Military Procurement Spending Apparently Off in 1989

Preliminary analysis of Soviet military production rates for major weapons systems through the first 10 months of 1989 suggests that procurement expenditures probably declined in real terms this year for the first time since President Gorbachev came to power. Expenditures for personnel, operations, and maintenance may also have declined. Estimates for spending on research and development are less certain, although major programs appear to be continuing. [redacted] b (3)

b3 [redacted] b (1) b (3)

The decline in estimated procurement expenditures is attributable both to actual cutbacks and to the maturation of a number of major weapons programs. [redacted] b (1) b (3)

[redacted] b (3)

Cutbacks have been most pronounced in spending for general purpose forces and military space; there has been little change in spending for strategic forces. Only a handful of weapons systems accounted for much of the decline:

[redacted] b3, b1

— Outlays for the military space program have been cut this year, in part because of technical problems. Reductions have been concentrated in several expensive systems: the SL-17 launch vehicle and the space shuttle programs have been stretched out, and the Mir space station went unmanned for about four months.

— The Soviets also continue to realize savings by ceasing production of INF missiles. [redacted] b (3)

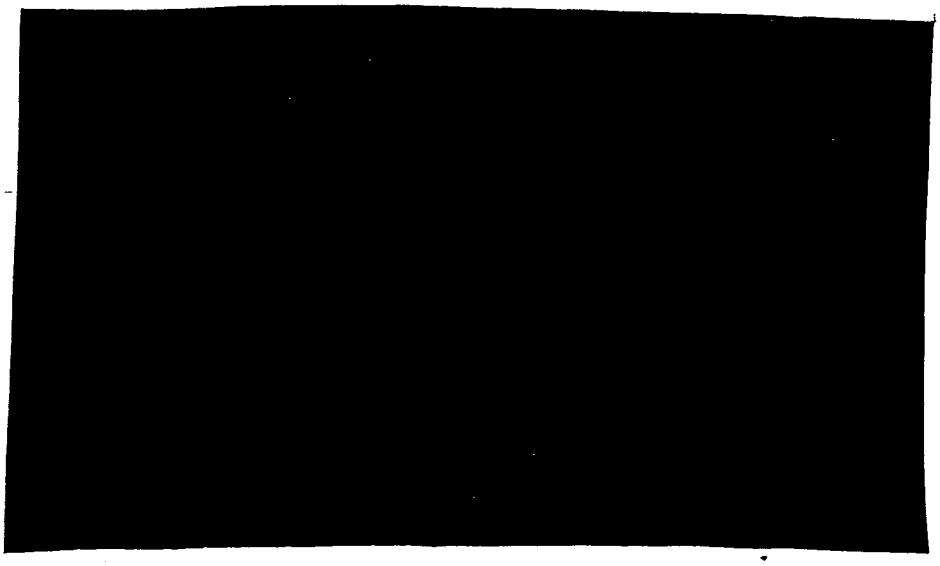
Other Spending Reductions b (1) b (3)

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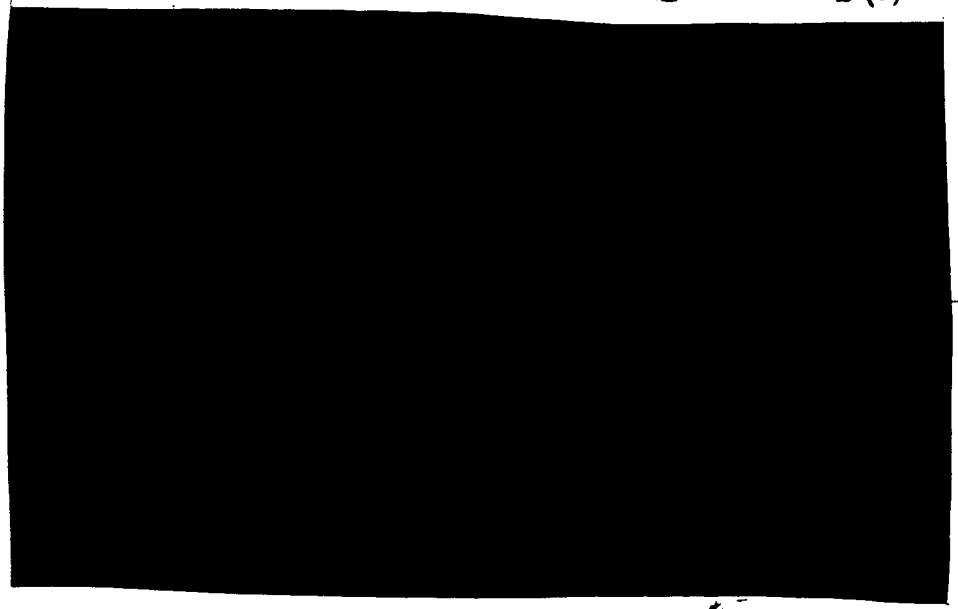


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Further Cuts Possible

The Soviets still have to make substantial cuts in defense spending over the next two years if they are to reduce overall defense expenditures by 14.2 percent and trim military weapons production by 19.5 percent as Gorbachev announced last January. Deteriorating economic conditions will keep up the pressure to hold down military spending in the Five-Year Plan for 1991-95. In determining the extent and manner of the cuts, however, the Soviet leadership will weigh economic necessity against military capabilities they deem necessary for national security. [redacted] b (3)

b (1) b (3)



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Special Analysis

NATO-WARSAW PACT:

CFE Talks Moving Forward

Developments in Eastern Europe may, for both East and West European governments, add new urgency to the Vienna negotiations on reducing conventional forces in Europe. Progress is likely, even though the Europeans realize a CFE treaty might leave Soviet troops in Eastern Europe and would tend to reinforce the existing military alliances.

[redacted] b (3)

Now more than ever, the USSR would like a CFE accord as soon as possible next year. Moscow sees in CFE a unique opportunity to pare back NATO's military capabilities—particularly US forces from Western Europe—and then divert badly needed resources from the Soviet military to the domestic economy. [redacted] b1 b3

The CFE talks, however, are directed toward agreement on alliance-wide ceilings and require collective decisions by both NATO and the Warsaw Pact. [redacted] b1 b3

East European Considerations

Political changes may already be affecting Pact solidarity at the CFE talks. Hungarian and Polish CFE delegates have been especially independent in their behind-the-scenes dealings with Western counterparts. Hungary at least once submitted a formal proposal that apparently was not cleared with Moscow or its other allies. [redacted] b1 b3

[redacted] b1 b3

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West European Interests

The NATO Allies also continue to have strong incentives for concluding the CFE negotiations. Most West European NATO members almost certainly believe that achieving conventional force parity in Europe will help stabilize the process of change in the East by improving security for both alliances. The Allies probably view a CFE accord as the best guarantee that the USSR will actually slash its warmaking capability, not simply withdraw forces behind Soviet borders. Increasing public and budgetary pressures to cut planned defense spending further make the Allies view a CFE treaty as an acceptable way to salvage their security and NATO membership.

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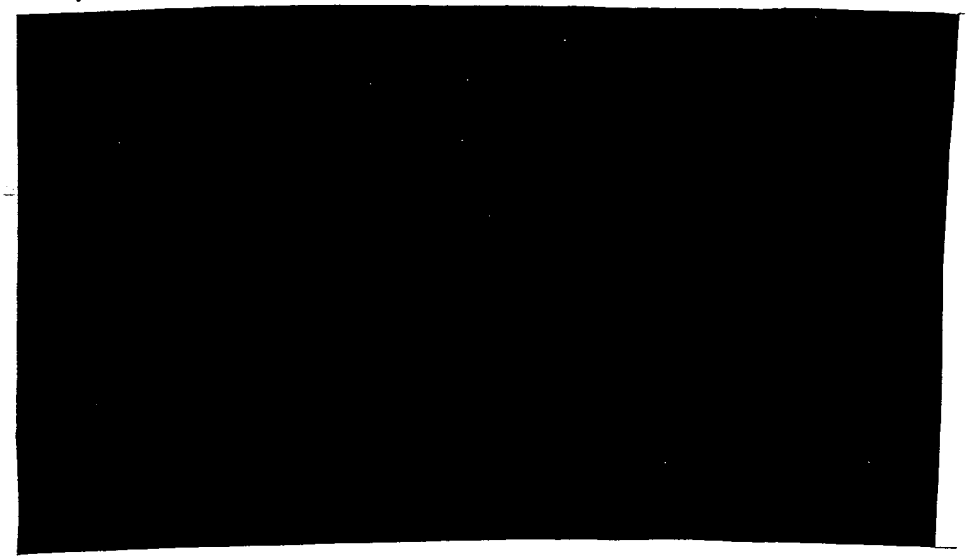
The pace of negotiations will continue to be regulated by NATO and Pact willingness to compromise on a number of definitional and technical issues. For the time being, both governments on both sides almost certainly remain comfortable with the collective aspects of the CFE process and probably are willing to defer adjustment to the changing European political-security order in the conventional arms arena to follow-on CFE-II talks. [redacted] b (3)

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