



December 08, 1989

National Intelligence Daily for Friday, 8 December 1989

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Summary:

The CIA's National Intelligence Daily for Friday, 8 December 1989 describes the latest developments in USSR, East Germany, Czechoslovakia, West Germany, France, Hong Kong, Comoros and El Salvador.

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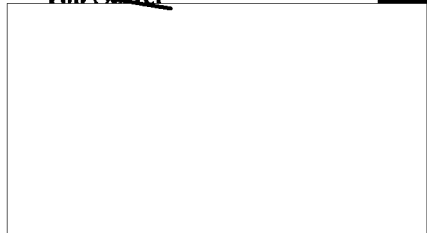
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Director of Central Intelligence

memo

NATIONAL INTELLIGENCE DAILY

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Friday, 8 December 1989



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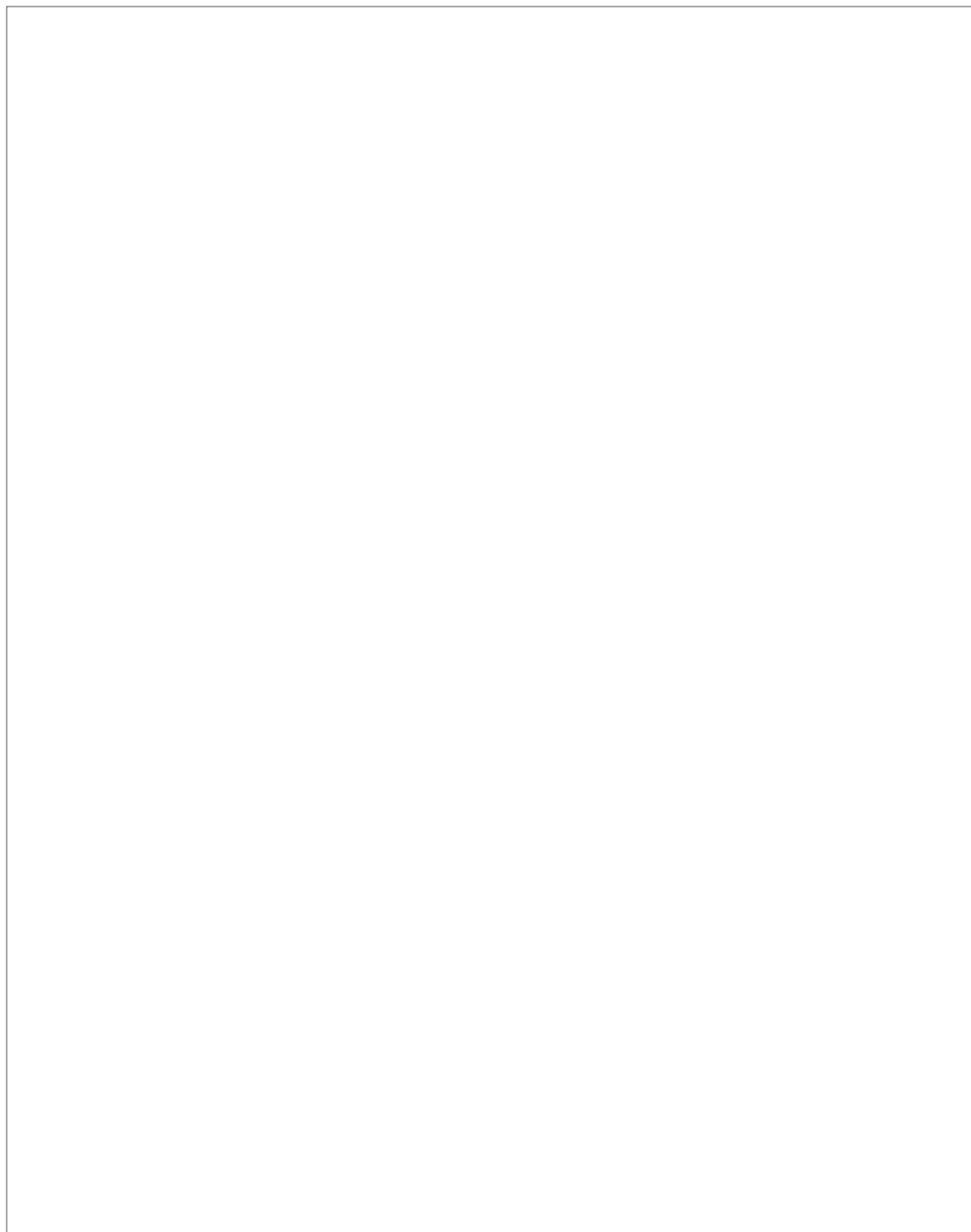
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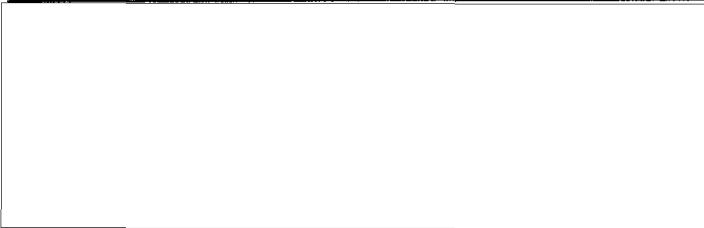






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Republic and Local Elections Begin in the USSR

Republic	Local Soviets	Supreme Soviets
Russian (RSFSR)	4 March 1990	4 March 1990
Armenian	(not set)	(not set)
Azerbaijan	(not set)	(not set)
Belorussian	4 March 1990	4 March 1990
Estonian	10 December 1989	18 March 1990
Georgian	17 June 1990	25 March 1990
Kazakh	24 December 1989	25 March 1990
Kirghiz	25 February 1990	25 February 1990
Latvian	10 December 1989	18 March 1990
Lithuanian	24 March 1990	24 February 1990
Moldavian	25 February 1990	25 February 1990
Tajik	24 December 1989	25 February 1990
Turkmen	7 January 1990	7 January 1990
Ukrainian	4 March 1990	4 March 1990
Uzbek	18 February 1990	18 February 1990

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USSR:

Lithuanian Decision Will Reverberate Widely

The Lithuanian Supreme Soviet's move yesterday to legalize a multiparty political system in the republic will help raise the issue of the Communist Party's role to the top of national and republic legislative agendas; it will further erode the party's status and prestige. [redacted]

The Estonian party Central Committee yesterday endorsed removing the constitutional guarantee of the republic's leading role, a decision that must be formally approved by the republic's Supreme Soviet. This week the republic legislature in Armenia failed to draw a quorum to consider a similar constitutional change but is likely to return to the issue soon. [redacted]

The Lithuanian legislature's decision comes on the eve of a series of local and republic legislative elections throughout the USSR that will end in March. In local elections in Estonia and Latvia this weekend and in elections that follow, most candidates backed solely by the Communist Party apparatus are expected to fare poorly. [redacted]

President Gorbachev has repeatedly rejected calls for a multiparty system. Last month, moreover, the USSR Supreme Soviet voted not to put the issue on the agenda of the Congress of People's Deputies, which reconvenes Tuesday. Andrey Sakharov and five other prominent Deputies, however, have called for a nationwide warning strike on Monday to demand the Congress remove the guarantee of the party's leading role from the USSR Constitution. [redacted]

Comment: In the short run, the Lithuanian party's decision and its all but certain move later this month to declare itself independent from the CPSU may improve its competitive position in February's republic elections by removing major sources of public resentment toward it. In the long term, however, leveling the playing field in the republic's political arena will undercut the party. The Lithuanian and Estonian decisions will also encourage other republics, including Latvia, Georgia, and perhaps Armenia, to follow suit. [redacted]

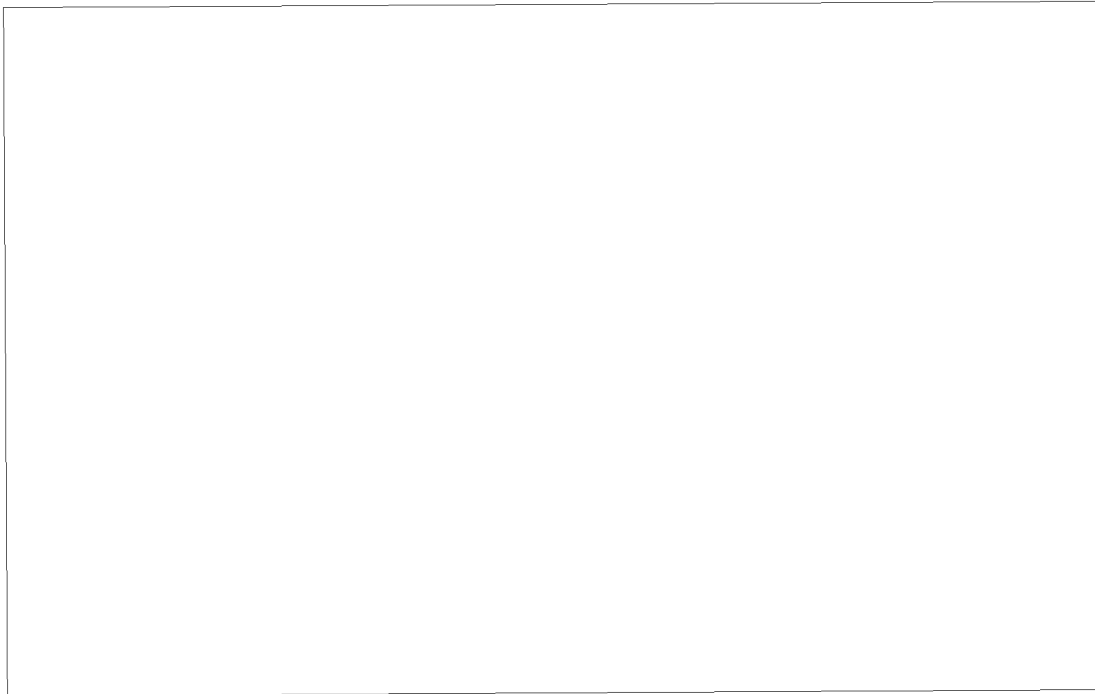
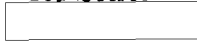
Gorbachev and his allies are almost certainly concerned by the Lithuanian vote. To forestall other republic legislatures, they probably will try to work out a constitutional compromise that guarantees the legitimacy of other parties but preserves a special status for the CPSU. The Lithuanian decision, and events in Eastern Europe, will raise the public's awareness of the debate over the party's role and might increase popular participation in the nationwide warning strike Monday. [redacted]

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~~Top Secret~~**EAST GERMANY: Free Election Set Roundtable Shares Power**

In roundtable talks yesterday, Communist and opposition leaders agreed that a free election will be held on 6 May; they also agreed to oversee the government and legislature in the interim. [redacted]

The roundtable participants insist on being involved in all important decisions and retain the right to submit their own proposals to the public. Head of state Gerlach proposed that the roundtable decide what action is to be taken against corrupt former leaders and propose a new election law. The opposition New Forum has called on Premier Modrow to declare his government transitional, dissolve the security forces, and hold a referendum on electoral and constitutional changes. In preparation for the party congress today, the Communists yesterday published a draft program supporting a "treaty community" with West Germany that could lead to "confederative structures." The draft also suggests immediate incorporation of new opposition groups into the government. At the same time internal security officials demanded an end to attacks on local security installations, saying that they have been broken into and security officers injured. [redacted]

Comment: The roundtable has the potential to become a parallel government. Its agreement may increase the longevity of Premier Modrow's government but will drastically limit his freedom of action and probably involve him in political strife. The Communist party's endorsement of power sharing also suggests that more non-Communists will be added to his government. [redacted]

Setting a date for a free election will only partly satisfy citizens outraged by allegations of corruption. The legislature will have to move quickly to punish corrupt leaders and security personnel. [redacted]

The party platform's support for confederative structures—echoing calls by Chancellor Kohl, Modrow, and two small East German parties—is intended to remove a potentially important bone of contention and could facilitate some form of intra-German political rapprochement. The party's support for wider power sharing and New Forum's statement may prompt Modrow to replace Communists in his cabinet more quickly with members from smaller parties and the opposition. [redacted]

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Czechoslovakia



**Premier Marian Calfa: In the Eye of the Storm
(Phonetic: CHALfah)**

Slovak lawyer . . . will be senior Slovak in regime if President Husak resigns by Sunday as demanded by Civic Forum . . . advised former Premier Adamec in talks with Forum during past two weeks . . . Communist Party member, but not an apparatchik, since 1964 . . . student during 1968, untainted by involvement in invasion or subsequent repression . . . since 1970 has worked for federal government, specializing in legislative issues, economic restructuring program . . . age 43.



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~~Top Secret~~**CZECHOSLOVAKIA: New Premier Caught in the Middle**

Czechoslovak Premier Adamec resigned yesterday; his successor will have to respond quickly to opposition demands to avert a government crisis. [redacted]

First Deputy Premier Marian Calfa, a Slovak with no leadership experience, was asked to form a new government after Adamec resigned. Adamec had threatened to resign during a televised speech on Wednesday, complaining that Civic Forum was making too many demands. [redacted] the opposition refused a deal under which they would have named the premier and let the Communists retain the post of president; Adamec is rumored to have been a major candidate for the presidency. [redacted]

Control of the Communist Party appears to be shifting to the moderates. Former Prague party boss Stepan and former General Secretary Jakes have been expelled from the party for ordering suppression of the student demonstration in Prague on 17 November. In addition, the party's Presidium has ordered all Central Committee members of retirement age to resign, has established a commission to investigate abuse of power by functionaries, and has moved up the extraordinary party congress to 20 and 21 December. [redacted]

Comment: Adamec failed to reconcile the demands of hardline Communists, who are trying to defy the opposition and hang on to power, and Civic Forum, which is threatening a second general strike on Monday if non-Communists are not given real power in the government. Calfa's survival depends on his ability to placate the Forum, which probably will wait until he announces his new team—possibly today—before passing judgment. Unless Calfa makes the opposition an equal partner in his new government, it almost certainly will proceed with the strike. [redacted]

Some regime concessions appear likely. The Communists' leverage over selecting the new government may be weakening because of their internal divisions. The expulsion of Stepan and Jakes and the Presidium's other moves to isolate hardliners, moreover, indicate the balance of power in the Presidium is shifting in favor of the moderates and compromise with the opposition. [redacted]

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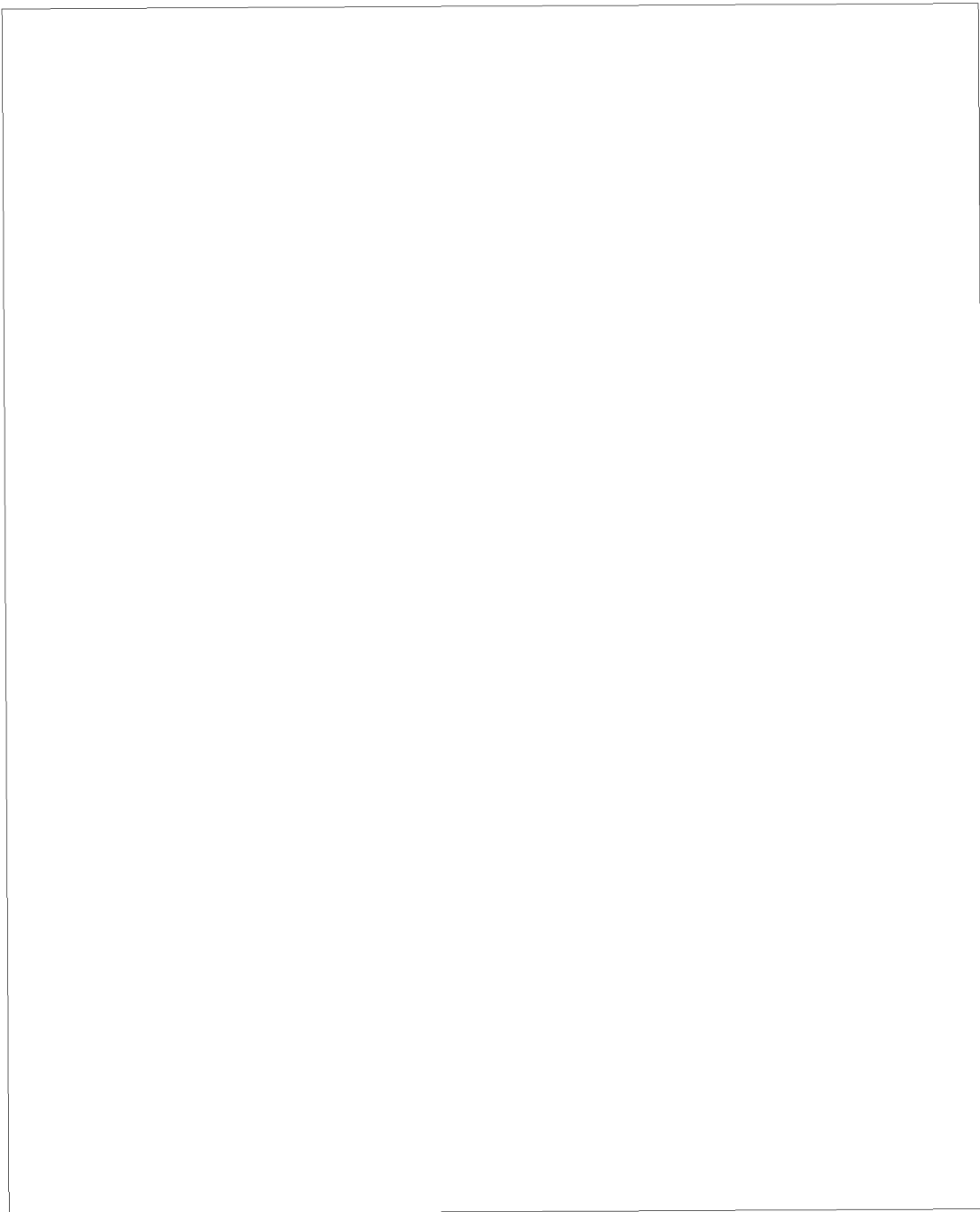


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German Boundary Changes From 1937 to Present



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The German Minority in Poland

The ethnic German minority in Poland is adding fuel to the border issue and threatens to hamper Warsaw's relations with Bonn. The actual size of the minority is unclear and has become a point of dispute between them. Bonn, which considers a citizen anyone who found refuge or resided within German borders as of December 1937, puts the number at about 750,000. The Mazowiecki government, which defines Germans as people who can prove German ethnic and cultural heritage, has put the number at 2,500. These ethnic Germans so far have shown few signs of irredentism, although some did chant support for Chancellor Kohl during his recent visit. Despite its mounting fears that Bonn might come to expect an eventual return of Poland's former German territories, Warsaw's desperate need for economic aid has led the Mazowiecki government to make modest concessions on treatment of ethnic Germans in Poland, including guaranteeing them access to German language classes and cultural events. Warsaw is likely, however, to oppose any call for privileged ties between this minority and West Germany.

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~~Top Secret~~**WEST GERMANY: Kohl Quiet on the Eastern Front**

Chancellor Kohl probably will withstand domestic and international pressure to definitively accept the German-Polish border, seeking to protect his Christian Democratic Party's election chances. The Social Democrats and the Free Democrats have severely criticized the Chancellor's failure to renounce future changes to Germany's eastern border in his plan for German unity. Polish leaders, despite Bonn's assurances, have repeatedly demanded definitive recognition of the current border. Kohl has often quoted the 1970 German-Polish treaty to show that Bonn accepts the borders, but he invariably adds that final settlement must await a peace treaty. The Soviets agree Germany's borders must be determined by the World War II Allies, but they and most NATO members will continue to criticize Bonn for not unambiguously accepting the current border.

Comment: Kohl and virtually all other mainstream West German political leaders accept Poland's current western border and almost certainly would not try to change it even if Germany were unified. In the West German legal view, however, Germany's 1937 borders have never changed and can be settled only by a peace treaty or its equivalent. The Helsinki Final Act proclaims borders inviolable but is not legally binding. Kohl knows his evasions make other governments uneasy, but he is not likely to change his position. He worries that the far-right Republicans could exploit the issue, particularly among former refugees and those expelled from what is now Polish territory.

FRANCE: Laying Markers on German Reunification

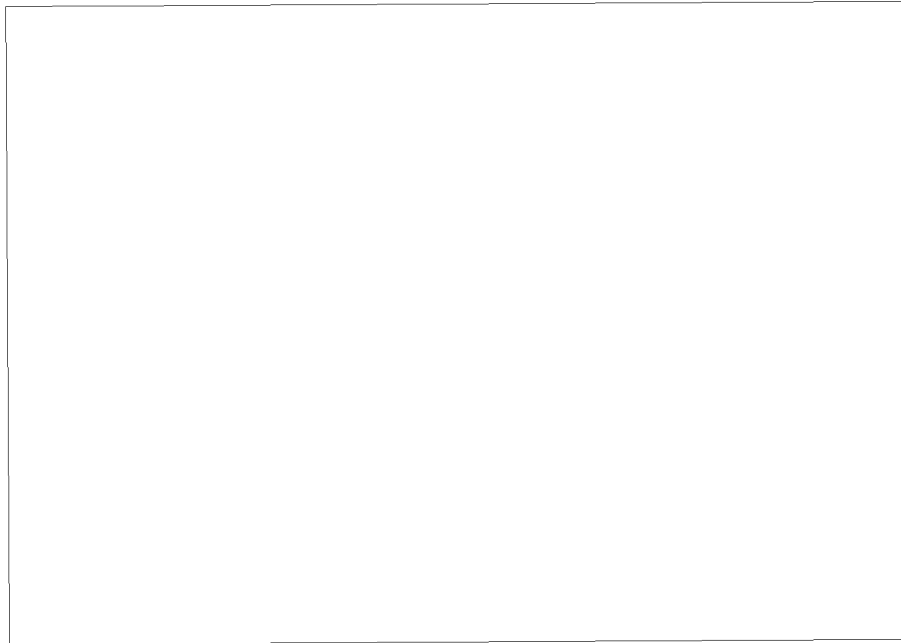
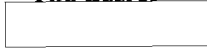
President Mitterrand's statement urging a cautious approach to German reunification during a joint press conference with Soviet President Gorbachev in Kiev Wednesday shows that French concern about West German and US handling of the issue is growing. Mitterrand supported Gorbachev's call for a 35-nation conference on European security next year and warned against precipitate movement toward reunification, citing the delicate balance of power in Europe and the need to pursue EC integration.

Comment: French opposition to accelerating reunification was galvanized by West German Chancellor Kohl's 10-point plan, reportedly put forward without consulting France. Paris also probably fears that recent statements by US officials are too favorable toward closer German ties, and Mitterrand's public support for Soviet concerns indicates Paris will continue to look to Moscow to help slow reunification. During the EC summit in Strasbourg this weekend, however, Mitterrand will try to smooth over differences with Kohl to avoid alienating Bonn.

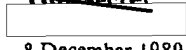
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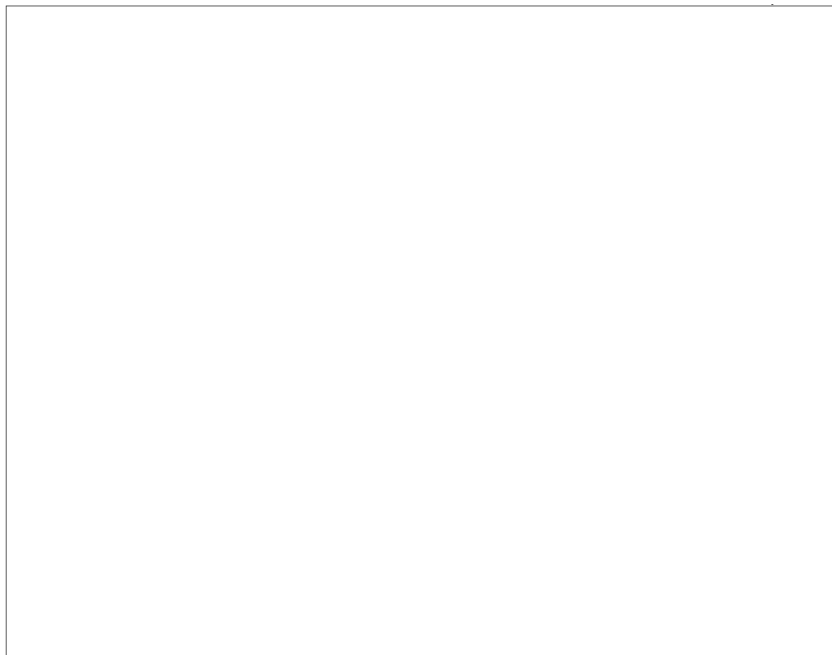
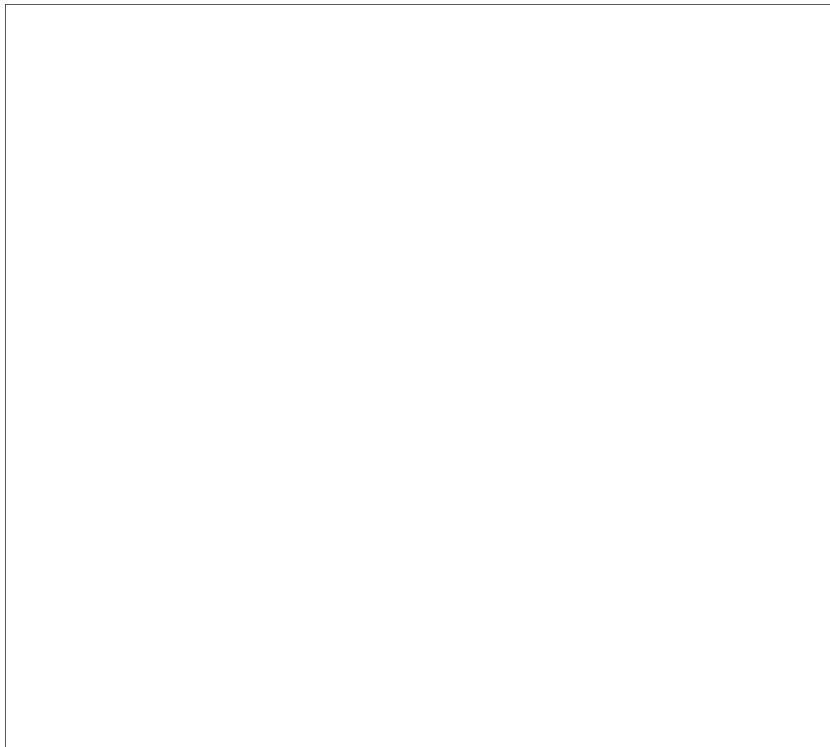
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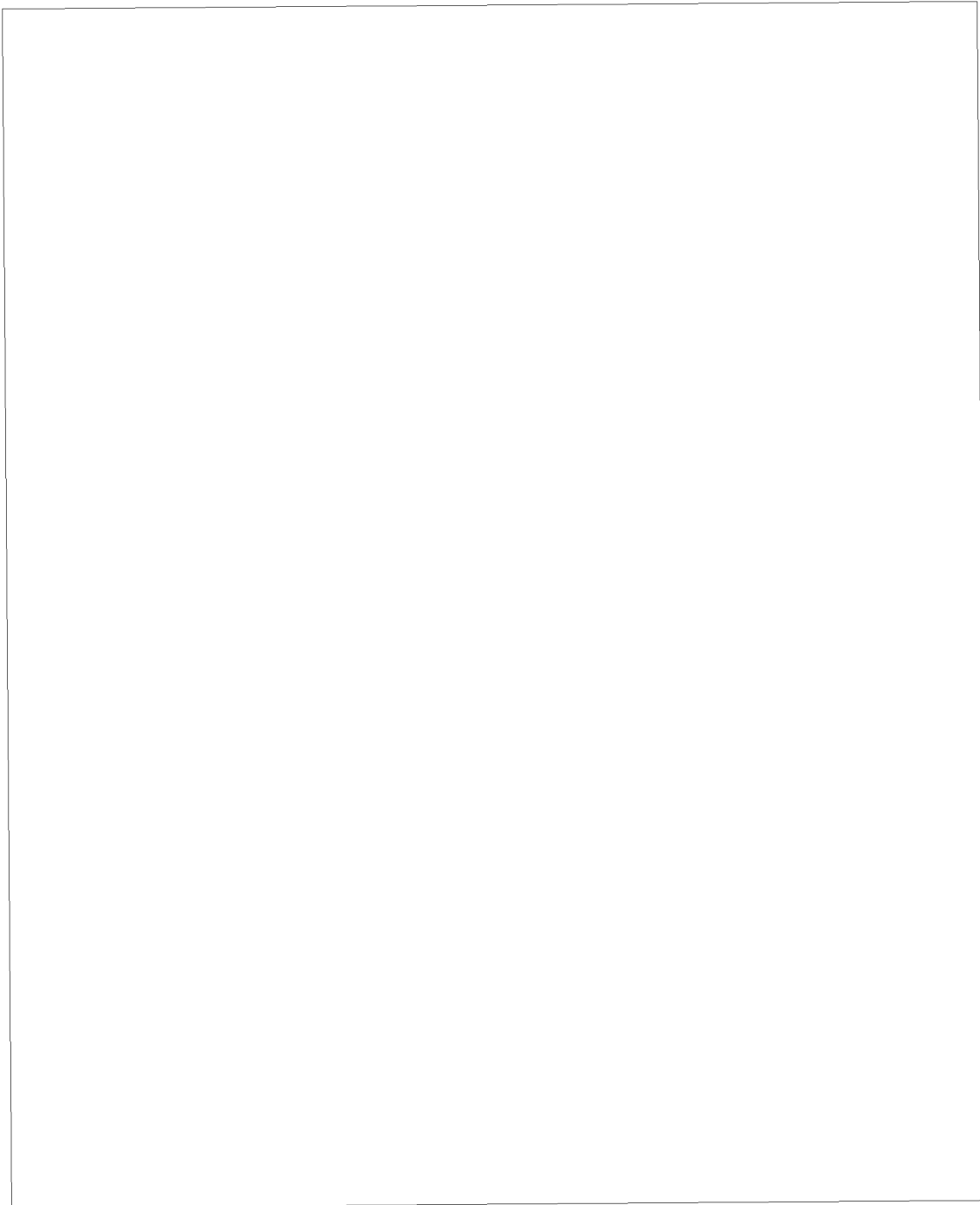


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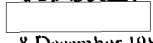
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~~Top Secret~~**HONG KONG: Growth Forecast Slashed**

The Hong Kong government recently slashed its forecast of economic growth for 1989 by half, to about 3 percent. [redacted]

[redacted] Sluggish export growth and weak domestic demand for goods reportedly are responsible for the territory's worst economic performance since 1985. Moreover, Hong Kong reportedly has been experiencing double-digit inflation over the past few months. [redacted]

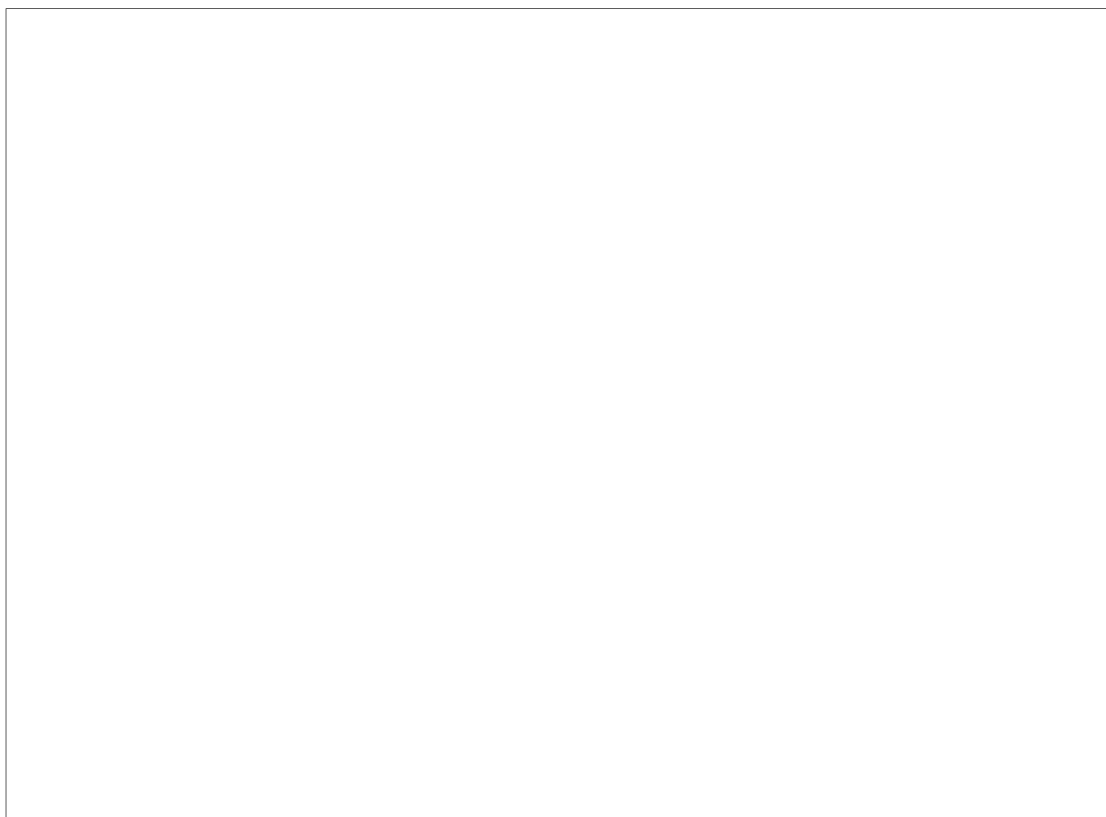
Comment: Hong Kong's economy has been slowing for more than a year, but the unrest in China this past summer has accentuated the downturn and contributed to an erosion in business confidence. Uncertainty over how China will manage Hong Kong after 1997 probably is inducing people to save more, thus reducing the demand for locally produced consumer goods. Beijing's retrenchment program is reducing the demand in China for Hong Kong products and is also limiting the production of Chinese goods that Hong Kong firms buy to process for reexport, a key source of economic growth for the territory. Meanwhile, rising wages, brought on by labor shortages resulting from rapid growth in 1986 and 1987, are eroding Hong Kong's competitiveness in other markets. And the Tiananmen crackdown is exacerbating the flight of professionals and middle managers from the territory, thus intensifying the labor shortage, increasing inflation, and making it difficult for local businesses to make long-term investment plans. [redacted]

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COMOROS: Mercenaries Refusing To Relinquish Control

Mercenaries led by unpopular Presidential Guard chief Bob Denard have continued to control the interim government since President Abdallah's assassination last month; they are resisting South African and French pressure to leave the islands despite offers of safe passage from Pretoria. Denard has been implicated in the killing, and South Africa, which formerly funded Denard, has suspended its aid to the Comoros to protest his presence. [redacted] France has suspended aid to the Comoros until the mercenaries leave. Meanwhile, [redacted] more mercenaries from Europe and South Africa have joined Denard. His forces are preparing to defend against an external attack, even though [redacted] such an attack is not likely. [redacted]

Comment: Denard probably hopes to force large financial payoffs from Paris and Pretoria in return for his departure. Both are likely to continue to apply political pressure to force him to leave before the presidential election set for 14 January; there is no evidence that either France or South Africa is considering military intervention.

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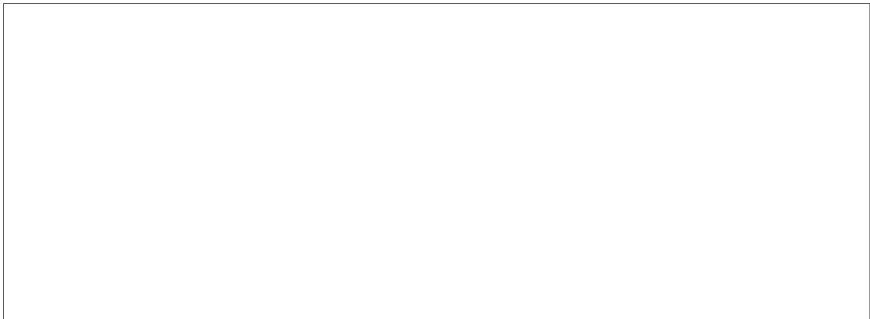
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Special Analysis

EL SALVADOR: Rebels Still Have Tactical Initiative

Probably judging they are winning some battles in the war of perceptions, FMLN insurgents appear to be improvising tactics to take advantage of opportunities. Another nationwide offensive is possible, but the guerrillas are more likely to launch only selected high-profile attacks, hoping to avoid high losses. The FMLN's success in manipulating international perceptions means future attacks will improve their political advantage and make them seem even more potent militarily. Government forces have ousted the rebels from their enclaves in all of the major cities, but the military's focus on defending San Salvador thus far has allowed the FMLN to dictate the terms of the fighting.

Rebel mortar attacks on the wealthy western suburbs of San Salvador Wednesday lasted only two hours but caused widespread property damage. Despite the guerrillas' known presence around the capital, rebel movement in and out of San Salvador remains relatively unrestricted. Although sporadic clashes continue to be reported elsewhere, their numbers and scale are roughly the same as before the offensive.



It is not clear whether the FMLN leadership is committed to a renewed offensive; the rebels' support structure has been damaged and government reinforcements have arrived in San Salvador. The rebels appear to have sufficient quantities of arms and ammunition, but logistic lines are fragile, and there is some evidence that food and medicine are in short supply. More important, however, they may believe selected, high-profile attacks will avoid the losses of a major offensive while retaining international attention and advancing many political objectives.

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Although the FMLN has apparently suffered unprecedented casualties in the recent fighting, it probably still has a large cadre of experienced fighters available for future attacks. Many rebel casualties appear to have been incurred by newly impressed and poorly trained combatants called into service during the offensive. Although most frontline guerrilla units were given Kalashnikov assault rifles during the past year, most of the weapons recovered by government forces during the offensive were older M-16/AR-15 rifles. In addition, many frontline rebel units were withdrawn early in the fighting and probably suffered relatively few casualties. [redacted]

Government Response

The Salvadoran armed forces have [redacted] [redacted] adequate warning of any large-scale rebel attack, although they will be hard pressed to preempt FMLN operations. The military's ability to counter the guerrillas' urban tactics has improved, and it probably can counter FMLN operations in the capital much more effectively. The government has almost quadrupled its forces there to about 8,000 men. [redacted]

The Army this week deployed three battalions to conduct offensive operations around San Salvador. Nevertheless, unless government forces become more aggressive, the FMLN will be able to move throughout the countryside freely, controlling the pace and location of attacks. The introduction of SA-7 missiles gives the FMLN its best prospects in years for overrunning a major outlying military headquarters. [redacted]

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