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POLAND: Regime Concerns

The regime continues its efforts to demonstrate a return to order and normality but remains worried about potential centers of resistance. At the same time, the government seems intent on using the force of martial law to push through steep retail price increases. Moscow, meanwhile, is maintaining a barrage of media criticism of US economic sanctions, but appears anxious to limit the impact of the issue on overall US-Soviet relations. 25X1

Warsaw radio claimed on Thursday that steel mills and other heavy industrial plants are working at full capacity for the first time since the imposition of martial law, but admitted that the situation is "still difficult" in the Baltic ports. Most workers along the Baltic are slated to end a lengthy enforced furlough on Monday. 25X1

There continues to be evidence of sporadic strike activity and passive resistance. some strikes in southwest Poland have idled factories. 25X1 25X1 25X1 25X1

The government is opening most schools next week but has delayed for perhaps a month the return of younger university students. It obviously fears the universities could become staging grounds for demonstrations. 25X1

The authorities are also taking some specific steps to "normalize" the situation. The Military Council has rescinded a concession granted last February and has decided that all Polish university students will have to take compulsory courses in Russian language and Marxism-Leninism. A Western diplomat asserts that factory directors are being instructed to dissolve Solidarity chapters and that workers are being pressed to sign loyalty oaths. 25X1

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In an effort to avoid a complete breakdown in the market supply situation, the government has announced proposed price increases ranging from 300 to 400 percent on a wide assortment of goods including meat, milk, coal, and utilities. The date and exact amount of the hikes will be decided after a two-week period of public discussions--which are virtually impossible under current martial law restrictions. [redacted] 25X1

The price increases would help restore badly needed equilibrium to domestic consumer markets, which in the past year felt the impact of a more than 20 percent hike in wages and a decline in the availability of goods. They also would curb hoarding and speculation--including private purchases of farm produce--and help ease shortages, but at significant cost to the standard of living of Polish consumers. The government's promised offsetting compensation is likely to help only those in the lower income groups. [redacted] 25X1

The Austrian Catholic official responsible for emergency assistance to Poland reports that the distribution system set up by the relief organization Caritas earlier this year remains intact, and emergency supplies are not being diverted by the authorities to be used for government purposes. The Polish Embassy in Vienna has also offered to issue a visa to the official or one of his deputies to monitor the distribution. [redacted] 25X1

Warsaw wants to go ahead with the Western government debt rescheduling meetings scheduled for 14-15 January, despite the continuation of martial law. The Western government creditors group, however, probably will not decide until next week whether the meeting will take place. The chairman of the group hopes that at least a creditors-only meeting will be held to review the situation. [redacted] 25X1

TASS on Thursday quoted a high Soviet Central Committee official as stating that disarmament issues are the key questions for 1982 and that the USSR still favors constructive dialogue, including a US-Soviet summit. An official of the USA Institute, [redacted] 25X1 the same day, urged that the two countries concentrate on "strategic" issues and overlook "peripheral" matters like Poland. [redacted]

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An article in *Pravda* yesterday by the head of the USA Institute warned that the Polish crisis could lead to a US-Soviet military confrontation. The primary purpose of the article was probably to heighten West European apprehension over the implications of US economic sanctions, but the commentary also argued implicitly for a moderate Soviet response to the measures.

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GHANA: Coup Uncertainty

The post-coup situation in Accra remains confused, volatile, and potentially ripe for another upheaval because of uncertainty as to who is in charge. 25X1

Sporadic fighting and looting continued in Accra two days after former head of state Jerry Rawlings began a coup. Forces loyal to Rawlings apparently control all major military installations in the capital. 25X1

Radio Accra continues to broadcast in the name of Rawlings' Provisional Military Council, whose makeup still has not been revealed. None of the approximately 2,700 Americans in Ghana have been harmed, and no threats have been made against them. 25X1

Rawlings has not been heard from directly since his coup announcement Thursday, and there are rumors that he has been wounded. President Limann is still at large and may be hiding somewhere outside the capital. 25X1

Limann appealed on Thursday to several West African states for military aid. Unsuccessful counterattacks have been reported in two provincial cities by troops loyal to Limann, who so far has refused to concede power. 25X1

Rawlings began his second try for power with minimal support and apparently counted on gathering momentum as the coup progressed. He headed a short-lived populist military regime in 1979 and blames Limann's two-year-old government for further ruining Ghana's economy. Rawlings has appealed for a revolution to transform Ghana's social and economic order in another effort to win the support of Ghana's have-nots, but there has been no outpouring of popular support as yet. 25X1

In retirement, Rawlings kept loose contacts with Libya and Cuba and counted several radicals among his advisers. If it survives, his government may prove less pro-Western than before and seek radical solutions to Ghana's debilitating economic problems. There is no evidence of Libyan or other foreign involvement in the coup. 25X1

If the conditions of near-anarchy continue, Army elements loyal to neither Rawlings nor Limann may stage another coup. Whatever government emerges will face severe problems trying to put Ghana's house back in order and reestablishing a sense of national purpose. 25X1

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PORTUGAL: Possible Government Dismissal

//There are signs that President Eanes is considering dismissal of Prime Minister Balsemao's government, a move that would block constitutional revisions designed to cut the President's influence over the military.//

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//Presidential advisers and Revolutionary Council members Melo Antunes and Vasco Lourenco, moreover, have publicly advocated dismissal of the government. Neither has been reprimanded by Eanes.//

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//If Eanes dismisses the government, he would be supported only by the Communist Party and leftists outside the Socialist Party who oppose the government's proposed constitutional revisions. All the democratic parties would bitterly oppose Eanes' action, which they would see as a threat to the consolidation of democracy in Portugal.//

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//New elections would almost certainly be held because the President and the Democratic Alliance, which holds a parliamentary majority, would find it extremely difficult to agree on a successor to Balsemao. Deputy Prime Minister and Defense Minister Freitas do Amaral reportedly will make a television address Monday in an effort to head off any move by Eanes.//

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CHAD: Insurgent Gains

Insurgent leader Habre's forces are closing on Ati--the only government stronghold between them and N'Djamena--and prospects for a negotiated settlement are rapidly diminishing. 25X1

Rebel reconnaissance units reportedly have already reached the outskirts of Ati. Last week, the insurgents captured Oum Hadjer, where the government had hoped to stop their westward drive, and they now may try to surround Ati or bypass it to avoid clashing with the 1,000 OAU troops there. 25X1

Habre is angry at President Goukouni's refusal to consider reconciliation, and the rebel leader may be encouraged by recent military successes to seek a military solution. If he continues fighting in an effort to seize power, the feeble coalition government may break up, and civil war could resume. If a cease-fire were somehow arranged, however, Habre would use his recent territorial gains to bargain for a role in the government. 25X1

A move to bring Habre back into the leadership--still only a remote possibility--would be as dangerous as keeping him out. He probably would not accept a subordinate position for long if he again concluded that the prospects were good for taking control. The former Defense Minister was responsible for the last round of civil war in 1980, when he mounted an unsuccessful coup against the regime that resulted in Libya's intervention on Goukouni's behalf. 25X1

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SAUDI ARABIA - LIBYA: Diplomatic Relations Resumed

Saudi Arabia's decision to resume diplomatic ties with Libya now--after a 14-month break--is part of Riyadh's overall strategy to unite the Arabs against Israel's annexation of the Golan Heights. Saudi leaders probably hope that the rapprochement with Libya will set an example for others--particularly Syria and Iraq--to patch up their own differences and enable the Arabs to exploit the current strain in US-Israeli relations. Riyadh almost certainly will shy away from a close relationship with Tripoli soon, however, because the Saudi royal family distrusts Libyan leader Qadhafi. Libya probably hopes that a resumption of ties will improve its standing in the Arab world and perhaps reduce the chances of additional US sanctions against it. 25X1

INDIA-ITALY: Interest in AWACS Project

//India is attempting to obtain an airborne warning and control system in response to what it regards as a growing threat from Pakistan's impending acquisition of F-16 fighters. During Air Chief Marshal Singh's recent visit to Italy, he expressed interest in Aeritalia's program to develop a mini-AWACS for its G-222 transport. 25X1

//The Italian AWACS probably will not be available before the mid-1980s, but the increased interest in the program--the Iraqis also are considering it--could increase the Italian motivation to develop a successful system. The choice of aircraft, however, appears poor because of the limited time it can remain airborne. 25X1

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FRANCE: Reactivation of Nuclear Test Site

Plans by the French to reactivate their nuclear test site at the Fagataufa Atoll in the South Pacific point out the shortage of space for testing on the nearby Mururoa Atoll. Officials at the Pacific experimentation center have stressed that Fagataufa will not replace Mururoa but will serve for testing devices such as the multiple warheads for the M-4 SLBM. It is not clear how soon the Fagataufa Atoll will be ready. Major construction work will be necessary to provide access to the lagoon.

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The French conducted atmospheric tests in the 1960s and early 1970s on both atolls. They conducted their first underground tests at Fagataufa in 1975 after atmospheric tests ceased. All underground tests since 1975 have been at Mururoa.

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ALGERIA: Role of the Private Sector

Algeria's private sector is receiving encouragement from the ruling National Liberation Front, underscoring President Bendjedid's deemphasis of the rigid style of socialism practiced under former President Boumediene. A resolution by the Front hierarchy, while acknowledging the need for state control of the economy, gives new support to private investment and initiative and recognizes the private sector as a substantial employer and source of capital in the economy. Agriculture, retail commerce, and services--which have always had a strong private component--received special mention by the Front's Central Committee.

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SPECIAL ANALYSIS

ETHIOPIA - LIBYA - SOUTH YEMEN: Close Cooperation

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//Heightened superpower interest during the past year in the Horn of Africa, which is largely the result of the region's proximity to the Persian Gulf, has accelerated a trend toward closer cooperation among radical states. This trend was underscored in August when the Libyans, Ethiopians, and South Yemenis, with the probable encouragement of the USSR, signed the Aden Pact. Increased military cooperation under this treaty is leading to an intensification of efforts already under way to undermine the Somali and Sudanese regimes. Major differences among the moderate states in the region will inhibit a coordinated response.// 25X1

//The Ethiopian Government's ideological commitments--stemming from the Revolution in 1974--and the need for more military and economic aid have contributed to Addis Ababa's movement toward the Soviets, the Libyans, and the South Yemenis. At the same time, Ethiopia has allowed remaining ties with the US to wither. Addis Ababa recently considered breaking relations with Washington over the Bright Star exercises.// 25X1

//The strain in Ethiopian-US relations may have been prompted in part by Chairman Mengistu's desire to demonstrate to Libyan leader Qadhafi the authenticity of Ethiopia's anti-Western course. The Ethiopians believe that the new alliance gives them some measure of foreign policy independence, and they may now be less concerned about potential Western diplomatic retaliation for their actions.// 25X1

//The members of the pact may be emboldened to engage in increasingly aggressive actions directed at Western interests. 25X1

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//Before the pact was signed Ethiopia and Sudan had arrived at a tentative rapprochement, with Khartoum restricting the activities of dissident Ethiopian exiles in Sudan. Mengistu's initial reluctance to jeopardize this help from Khartoum by cooperating with the Libyans against Sudan apparently has been overcome by the prospect of massive aid from Tripoli and by Mengistu's concern over increasing Sudanese-US ties. The Ethiopian leader appears to believe, based in part on Soviet misinformation, that the US plans to encourage Sudan and Ethiopia's other neighbors to intensify ethnic tension in Ethiopia.// 25X1

//The Ethiopians still would like to keep their support for Qadhafi's schemes against Sudan discreet and unpublicized. Khartoum, however, suspects some of this activity and appears to be losing hope that its cooperation in restricting the Ethiopian exiles will keep relations friendly with Addis Ababa.// 25X1

//Mengistu is more interested in Tripoli's aid to the Ethiopian-controlled Somali Democratic Salvation Front, an insurgent group that seeks to overthrow Somali President Siad. Libyan support to the insurgents began a year ago and includes weapons and supplies 25X1 25X1 The desire of Libya and Ethiopia to coordinate their efforts to oust Siad was another motive for joining in the alliance.// 25X1

//Mogadishu has reacted by trying to develop a close military relationship with the US. The Somalis have urged Washington to expedite deliveries of military equipment and to make fuller use of the military access agreement signed last year.// 25X1

The Somalis appear to realize that Kenya's concern about Somalia's acquisition of weapons inhibits military collaboration with the US. Kenya's recent protest against an Italian proposal to sell US-made M-47 tanks to Somalia illustrates this concern. 25X1

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Mogadishu thus is trying to ease tension with Nairobi by deemphasizing Somalia's longstanding territorial dispute with Kenya. Somali efforts to improve relations with Nairobi include two recent meetings between Siad and Kenyan President Moi. 25X1

//The Kenyans have responded cautiously because they do not trust Siad's denials of territorial ambitions in Kenya and are reluctant to jeopardize their weak alliance with Ethiopia. At the same time, however, many Kenyans--including members of the military--have begun to question the reliability of Ethiopia as an ally, particularly in light of the new pact and recent pressures by Addis Ababa on Kenya to reduce its military cooperation with Washington. Kenya lacks the military strength to stand up to either Ethiopia or Somalia, and President Moi is trying to avoid antagonizing either of them.// 25X1

The signers of the Aden Pact probably will continue to coordinate their anti-US policies and actions and increase their military cooperation. The USSR almost certainly will encourage these efforts. 25X1

Ethiopia's ties with the West will be strained even further. Addis Ababa is likely to provide more support to Libyan and Soviet policies. 25X1

This threat may encourage a loose alignment among the pro-Western regimes. Somalia in particular will urge more organized cooperation upon Sudan and Kenya. 25X1

Somalia and Sudan see themselves as especially vulnerable to subversion by the radical neighbors, and they will seek increased US support. Kenya remains wary of Somali intentions and will be reluctant to alienate the Ethiopians. The ability of any of the pro-Western governments in the area to halt the current realignment is limited. 25X1

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