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Director of
Central
Intelligence

Top Secret

OCO/Cable Editor

DIA review
completed.

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National Intelligence Daily (Cable)

23 April 1982

Top Secret

CPAS NIDC 82-095C

23 April 1982

Copy 402

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Contents

25X1

USSR: *Status of the Leadership* 4

West Germany: *Schmidt Prevails at Party Congress* 5

25X1

Arghanistan-Pakistan-Iran: *Talks To Resume* 6

Mexico: *Economic Stabilization Effort* 7

Special Analysis

Guatemala: *One Month After the Coup* 8

25X1

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Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

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Next 2 Page(s) In Document Denied

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Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

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USSR: Status of the Leadership

The selection of KGB chief Andropov to deliver the Lenin Anniversary speech in Moscow yesterday suggests that he may be returned to the powerful party Secretariat, where he served for five years in the 1960s and supervised relations with foreign Communist parties. 25X1

Andropov had given the speech once before, in 1976. No other full member of the Politburo has had the honor twice. 25X1

Comment: 25X1

His previous experience in supervising foreign Communist parties qualifies him to assume the foreign policy responsibilities formerly exercised by Suslov. 25X1

The return of Andropov to the Secretariat, coupled with his service in the KGB, would provide him an ideal position from which to compete with party Secretary Chernenko in succession maneuvering. 25X1

Andropov has the reputation in Soviet circles of being a relatively sophisticated statesman. His remarks on US policy yesterday were more restrained than President Brezhnev's recent speeches, but he reiterated Brezhnev's call for a US-Soviet summit and the opening of strategic arms limitation talks. 25X1

Brezhnev's attendance at the ceremonies should quiet the recent spate of rumors about his illness or death. These rumors, nevertheless, focused attention on his physical frailty, undermining his image and raising doubts about the extent of his ability to continue advancing Chernenko's cause. 25X1

Secretary Kirilenko's absence from the ceremony reinforces other evidence that he has ceased to be a factor in Kremlin politics. Kirilenko, who sometimes takes a vacation in April, rarely attends the celebration. If he had been able to do so, however, he almost certainly would have appeared this time to counter speculation about his health and political decline. 25X1

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Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

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WEST GERMANY: Schmidt Prevails at Party Congress

//Chancellor Schmidt yesterday won several important victories on nuclear energy and security issues at the Social Democratic Party congress.// 25X1

//According to early reports, the delegates adopted the leadership's draft resolution on security issues by a larger margin than the party's initial endorsement of NATO's INF plans in late 1979. A motion advanced by party leftists calling for a freeze on INF deployments for the duration of the Geneva arms control talks was defeated by a two-to-one margin. Earlier in the day, the delegates quashed a resolution, opposed by Schmidt, that would have called for a two-year moratorium on the construction of new nuclear power plants.// 25X1

//West German media generally have complimented Schmidt's performance during the congress. The conservative *Berliner Morgenpost*, for example, considered it "gratifying that Schmidt did not make any concessions on important matters like the two-tract decision.// 25X1

Comment: //During the closing session today, party members will try to portray the votes--which were more favorable to the leadership than most had expected--as a sign of party unity and support for Schmidt. The leaders are aware, however, that the support for their position in most cases was unenthusiastic; the delegates supported the leadership largely because undermining Schmidt at this time would weaken the coalition with the Free Democrats and worsen the Social Democrats' prospects in state elections later this year.// 25X1

//The media have not yet interpreted this week's wording changes in the draft resolution on security issues--which now includes phrasing indicating that the party "refers to" rather than "expressly confirms" its support for NATO's INF decision--as a concession to leftists or a weakening of the party's position.// 25X1 25X1

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AFGHANISTAN-PAKISTAN-IRAN: Talks To Resume

The agreement by Afghanistan and Pakistan to resume indirect talks through a UN intermediary in Geneva in mid-June continues a process begun by the UN Secretary General last fall in New York. The issues for discussion are the withdrawal of foreign troops from Afghanistan, noninterference in Afghanistan's internal affairs, and the voluntary return of Afghan refugees. For the first time, Iran will be involved with the talks to the extent that its Ambassador in Geneva will be "kept informed" of their progress.

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Comment: Islamabad has long sought Iranian association with its diplomatic efforts on Afghanistan and will look to Tehran for added pressure for the withdrawal of Soviet troops and the return of the refugees. Moscow and Kabul probably regard the dropping of self-determination as an issue for discussion as a concession, although Islamabad views this as an inherent part of the demands concerning refugees. Neither Islamabad nor Moscow is prepared to give ground on substantive issues, but both are seeking diplomatic advantage by giving the appearance of flexibility.

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Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

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MEXICO: Economic Stabilization Effort

The government, under the economic stabilization program announced this week, hopes to trim budgeted expenditures substantially while increasing revenues through higher prices. It also has pledged to cut the public sector deficit and tighten monetary policy. In addition, the government announced measures to cut imports and foreign borrowing and to maintain the competitiveness of the peso. Mexico's recent devaluation failed to stem capital flight, and foreign reserves fell to dangerously low levels.

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Comment: If the program is carried through, it will cause a slowdown in economic activity and will cut average economic growth to one-half the rate in 1981, but it will not immediately stem inflationary pressures. Although the new program should restore the confidence of Mexicans and of foreign lenders, it will cut public employment and raise prices. The fact that Mexico City has embarked on this route just before national elections in July indicates a joint commitment by incumbent President Lopez Portillo and his successor, Miguel de la Madrid.

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Special Analysis

GUATEMALA: One Month After the Coup

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Junta President Rios Montt has temporarily consolidated his position by enacting measures popular with the public and the junior officers whose coup installed him. His longer term prospects depend on his skill in restoring military unity, resuming the counterinsurgency effort, maintaining an honest administration, and responding to calls for new elections.

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Rios Montt's moralistic and paternalistic style apparently is well received by most Guatemalans, particularly by workers and peasants. Although he is anti-Communist and dedicated to defeating the guerrillas, he also is more politically progressive than any recent leader.

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Although the junta has not yet formulated specific policies, it has set a reformist tone by arresting some allegedly corrupt former government officials, suspending payments on some government orders, and terminating several large projects that were sources of graft. In the area of human rights, the government has returned to regular police duty several hundred personal bodyguards of former officials, disbanded a notoriously brutal national police intelligence unit, and publicly expressed a willingness to allow an investigative visit by Amnesty International.

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//Dissatisfaction with the new government so far centers on its nepotism, its retention of several officials associated with the previous government, and its failure to schedule elections. Many of Rios Montt's appointees come from a powerful family to which he is related by marriage, and some have been accused of corruption in the past.//

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President's Power Base

Rios Montt's strength lies in his positive popular image and the apparent continuing support of most junior military officers. Despite persistent rumors of a countercoup, these officers recognize that any such attempt could injure the military institution, disrupt counterinsurgency efforts, and further damage the country's international image. 25X1

//Nevertheless, some junior officers, including both those who have lost privileged positions on the presidential staff and guard and those who want new elections soon, are unhappy. The election issue--the ostensible rationale for the coup--could become a serious problem, particularly if the junta carries through with a reported plan to eliminate the board of junta advisers. The board is principal voice of the junior officers.// 25X1

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//All political parties have publicly supported the coup, but most are discouraged by Rios Montt's rebukes. The rightist Movement of National Liberation, 25X1 25X1 is bitter over its exclusion from power.// 25X1 25X1

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Approved For Release 2008/05/13 : CIA-RDP84T00301R000200010192-3

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The Counterinsurgency Effort

//Before the coup, virtually all military officers agreed on the primacy of the war against the guerrillas. Now, however, they are preoccupied with the political situation and its effect on their careers. Although many have been sobered by a recognition that internal dissension could undermine the armed forces, some resentment still persists.// 25X1

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//When full-scale operations resume, the loss of Chief of Staff Lucas may prove the most detrimental effect of the coup. He improved counterinsurgency performance by stressing mobility, aggressiveness, and enlightened treatment of noncombatants and prisoners.// 25X1

//Lucas's replacement, Brigadier General Lopez Fuentes, appears to be a solid officer, but he probably lacks the combat leadership qualities of his predecessor. 25X1 25X1

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