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Indications of Political Instability in Key Countries

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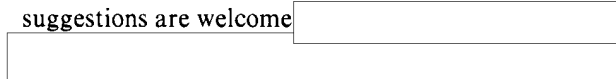
Indications of Political Instability in Key Countries



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August 1985

This quarterly was produced by and coordinated
within the Directorate of Intelligence. Comments and
suggestions are welcome



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Preface

This quarterly publication is designed to provide timely warning of significant instability in countries of key importance to US interests. The quarterly, which in this issue includes data from 1 May to 31 July, examines events and processes that could lead to major regime or policy changes. Although there are instances where the paper provides short-term warnings of coups or collapse, it is primarily designed to address the potential for instability during the next two years through the consistent application of 85 indicators. Those countries for which indicators have changed significantly or which are otherwise of special interest are treated in detail in the text.

The quarterly usually includes three parts:

- Part 1 includes an overview of developments during the quarter, a chart summarizing the status of key indicators, a brief narrative assessment of each country, and country-specific tables tracing political and economic changes during the past two years. We assess 30 countries that we have identified as particularly salient to US interests because they are strategic choke points, major oil producers or debtors, key US friends or allies, geographically close to the United States, or especially influential in the Third World.
- Part 2 presents a more detailed assessment of select countries in which there have been developments of interest. Included in each assessment are subsections listing indicators to be watched with reference to the scenarios that we believe are most likely to unfold and alternative scenarios.
- Part 3, a full list of the 85 indicators, was printed in the May 1985 issue and other previous editions.

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**Indications of
Political Instability
in Key Countries**

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**Summary:
Levels of Concern**

Among the 30 countries covered, we have serious concern about the short-term political future of two: *Nigeria* and *Sudan*. We believe that either or both of these nations could fall into regime-threatening instability without further warning. Indeed, we believe that there is a significant possibility that the current leaders of these two countries could be ousted before our next issue is published.

Beyond these very immediate threats, our most pressing concerns are focused on the following nations:

- *The Philippines*, where a combination of governmental weakness, public discontent, and Communist insurgency makes the future of the Marcos regime increasingly problematic.
- *El Salvador*, where the rebels have turned to urban terrorism.
- *Iran*, where massive war losses, increasing economic privation, and perhaps a certain religious weariness are eroding support for the Khomeini government.

Given the nature of the Iran-Iraq war, we doubt that the eventual loser will be able to remain in power—and the winner may have serious problems as well.

We also see serious but less than regime-threatening instability in:

- *Guatemala*, where the political culture, as well as a variety of economic and social problems, reduces the odds that the return to civilian rule will result in lasting political stability.
- *Chile*, where both public discontent and Communist capabilities are growing.
- *Peru*, where newly inaugurated President Garcia confronts economic crisis and violent insurgency.

Although all of the 21 other countries we examined have significant problems, we do not believe that these are likely to threaten regime survival in the short to intermediate term. In particular, well-publicized ethnic strife in *South Africa* and *India*, political strains in *Mexico* and *Panama*, and economic crises in *Argentina* and *Brazil* are not portents of regime change, in our opinion. The Governments of *Spain* and *Greece* appear to be the most secure among the countries studied.

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Part I. Developments and Trends

The six categories of indicators used in the following charts are drawn from the 85 indicators presented in Part 3 of the May book. The *social change/conflict* indicators examine developments such as labor or religious unrest that could undermine the regime's legitimacy and ability to rule effectively. The *economic factors* link various dimensions of economic performance to potential instability. *Opposition activities* assess whether the opposition can mobilize effective antiregime activity or carry out acts that undermine public security. The *military attitudes/activities* category addresses the military's degree of dissatisfaction with regime policies, involvement in coup plotting, and behavior relevant to the political process. The *external factors* category looks at foreign influences that could affect internal stability. Finally, the *regime capabilities/actions* category focuses on what the government is doing that could lessen popular support, otherwise undermine its authority, and affect its ability to govern efficiently.

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Status of Key Indicators
**Developments in
First Quarter, 1985**
Legend

- Not of concern
 ○ Low concern
 ○ Moderate concern
 ● Substantial concern
 ● Serious concern
 ▲ Concern has increased since last quarter
 ▼ Concern has decreased since last quarter

		Social change/conflict	Economic factors	Opposition activities	Military attitudes/ activities	External factors	Regime activities/ capabilities	Concern for policy or irregular regime change during next six months	Concern for policy or irregular regime change six months to two years
Latin America	Mexico			▲	○	○	○	▲	▲
	El Salvador			●					●
	Guatemala	○	●						●
	Honduras	○							
	Panama	○		○	○	○	○		
	Colombia	○			▲		○		
	Venezuela	○		○	○	○	○	▲	
	Peru		●	●		○	▼	▼	●
	Brazil	○		○		○	○	○	
	Argentina			○▼		○	○		
Chile								●	
Europe	Spain	○		○	○	○	○	○	○
	Greece	○		○▼	○▼	○	○▼	○▼	○▼
	Turkey	○		○	○				
Near East and South Asia	Morocco			○	○	○	○		
	Egypt		▲	○	○	○	○		
	Sudan	●	●	●	●		●	●	●
	Saudi Arabia	○▼		○	○	○▼	○	○▼	
	Iraq			●	○	▼	○	▼	●▲
	Iran	●	●					●	●
	Pakistan		○	○	○	○	○		
	India	●	○	○		○	○▼		
Africa	Nigeria	●	●	○	●	○	●	●	●
	Somalia	○	○	○	○	○	○	○	
	Kenya			○	○	○	○		
	Zaire				○	▲			
	South Africa			▲	○		○		
East Asia	Philippines					○			●
	Indonesia		○	○▼	○	○	○	○▼	
	South Korea		○			○			

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Mexico:
Selected Political and Economic Indicators

Outlook

The ruling party's midterm electoral victories in July—marred by vote rigging and some violence—indicate the government's determination to maintain political control at every level. Along with the election fraud, [redacted] are tarnishing President de la Madrid's image. Continuing economic problems—dropping oil prices, high inflation, an increasingly overvalued peso, and capital flight—are also taking a political toll. No unusual signs of general popular unrest, however, have appeared. [redacted]

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Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators	Legend	○ Not of concern ○ Low concern ○ Moderate concern	● Substantial concern ● Serious concern
-------------------	---------------	---	--

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes			○					
Economic factors	General deterioration	●	●	●	●	●	●	●	●
	Decreased access to foreign funds				○	○			
	Capital flight								●
	Unpopular changes in taxes, subsidies, or price controls	●	●	●	●				
	Food/energy shortages								
	Inflation			●	●	●	●	●	●
Opposition activities	Organizational capabilities	○	○	○					
	Opposition conspiracy/planning	○	○	○	○	○	○	○	○
	Terrorism and sabotage	○	○	○	○	○	○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support								
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits			○	○	○	○	○	○
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict	New category						○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○		
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence				○	○	○	○	○
	Loss of legitimacy								

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**El Salvador:
Selected Political and Economic Indicators**

Outlook

The guerrillas' increasing resort to terror tactics, such as the June assassination of US Marines and others in San Salvador, underscores their worsening fortunes in the field and will cost them further popular support. Rightwing extremists may be tempted to respond by resuming death squad activity, but so far President Duarte and the military high command have checked such impulses, and the process of political normalization remains on track.

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Prospects for major regime or policy change

During next six months

● *During next six months to two years*

Indicators

Legend

○ *Not of concern*
○ *Low concern*
○ *Moderate concern*

◐ *Substantial concern*
● *Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent			●	●	●	●	●	●
	Demonstrations, riots, strikes			●	●	●	●	●	●
Economic factors	General deterioration		●	●					
	Decreased access to foreign funds								
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages	●	●	●	●	●	●	●	●
	Inflation								
Opposition activities	Organizational capabilities	●	●	●	●	●	●	●	●
	Opposition conspiracy/planning	●	●	●	●	●	●	●	●
	Terrorism and sabotage	●	●	●	●	●	●	●	●
	Insurgent armed attacks	●	●	●	●	●	●	●	●
	Public support								
Military attitudes/activities	Threat to corporate military interests/dignity			●	●				
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies			●	●				
	Reports/rumors of coup plotting		●	●	●				
External factors	External support for government	●	●	●	●	●	●		
	External support for opposition	●	●	●	●	●	●	●	
	Threat of military conflict	New category							
Regime actions/capabilities	Repression/brutality		●	●	●				
	Security capabilities	●	●	●	●	●	●	●	●
	Political disunity/loss of confidence								
	Loss of legitimacy								

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Guatemala:**Selected Political and Economic Indicators****Outlook**

Chief of State Mejia's accommodation of various political and business-sector concerns has reduced earlier widespread opposition to government austerity plans and kept the national elections scheduled for 3 November on track. Mejia is struggling to minimize the effects of an energy crisis that could prompt renewed protests if power outages and gasoline shortages become more acute. Guerrilla harassment will probably continue, but Army operations against rebel bases will keep the insurgency contained.

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Prospects for major regime or policy change

○ During next six months

● During next six months to two years

Indicators**Legend**○ Not of concern
○ Low concern
○ Moderate concern● Substantial concern
● Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes	○	○	○	○	○	○	○	○
Economic factors	General deterioration								
	Decreased access to foreign funds								
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls		○	○	○	○	○	●	●
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation			○	○	○	○	○	○
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning								
	Terrorism and sabotage								
	Insurgent armed attacks								
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits			○	○	○	○	○	○
	Discontent over government action/policies								
	Reports/rumors of coup plotting								
External factors	External support for government								
	External support for opposition								
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	●						
	Security capabilities	○	○	○	○	○	○		
	Political disunity/loss of confidence	●							
	Loss of legitimacy			●					

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**Honduras^a:
Selected Political and Economic Indicators**

Outlook

The military appears committed to ensuring honest elections in November. Under army pressure, President Suazo probably will adhere to an agreement with his opponents to end manipulation of the electoral process. Factionalism within the military remains a problem, but Armed Forces Chief Lopez will likely be able to contain it.

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^a See Part 2 for detailed discussion.

Prospects for major regime or policy change

*During next six months
During next six months to two years*

Indicators

Legend

- Not of concern
- Substantial concern
- Low concern
- Serious concern
- Moderate concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Demonstrations, riots, strikes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic factors	General deterioration								
	Decreased access to foreign funds								
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>
	Food/energy shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Inflation			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage								
	Insurgent armed attacks			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Public support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Military attitudes/activities	Threat to corporate military interests/dignity			<input type="radio"/>				<input type="radio"/>	<input type="radio"/>
	Discontent over career loss, pay, or benefits			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over government action/policies			<input type="radio"/>					
	Reports/rumors of coup plotting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			
External factors	External support for government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	External support for opposition								
	Threat of military conflict	New category							
Regime actions/capabilities	Repression/brutality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Security capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Political disunity/loss of confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
	Loss of legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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**Panama:
Selected Political and Economic Indicators**

Outlook

President Barletta's fumbling leadership, sporadic civil unrest, and Defense Forces Chief Noriega's steady accrual of power threaten the fragile civilian government, which in any case has served as only a facade for continuing military control. Barletta's press for economic reform has alienated the two most important civil sectors, labor and business. Broad discontent with his administration may lead to his resignation or replacement—which Noriega probably could engineer without roiling the political waters.

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Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators

Legend

○ Not of concern
○ Low concern
○ Moderate concern

● Substantial concern
● Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes	○	○	○	○	○	○	○	
Economic factors	General deterioration								
	Decreased access to foreign funds	○	○	○	○	○	○	○	○
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○	○	○	○	○		○	○
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation			○	○	○	○	○	○
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning	○	○	○	○			○	○
	Terrorism and sabotage	○	○	○	○	○	○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity				○	○	○	○	○
	Discontent over career loss, pay, or benefits			○	○	○	○	○	○
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○		○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○	○	○	○	○	○	
	Loss of legitimacy	○	○	○	○	○	○	○	○

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**Colombia:
Selected Political and Economic Indicators**

Outlook

President Betancur's struggle to negotiate an end to four decades of political violence shows little promise. Clashes between the government and guerrilla groups are increasing, and M-19 insurgents have declared the truce broken. Severe budget cuts are meanwhile eroding the military's capability. Preemptive government action defused a Communist-inspired labor strike in June, but labor unrest remains a problem. The threat of violence by narcotics traffickers against government and US officials may abate following the extradition in June of a US citizen wanted on drug charges.

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Prospects for major regime or policy change

During next six months
During next six months to two years

Indicators

Legend

○ *Not of concern*
Low concern
Moderate concern

☹ *Substantial concern*
☹☹ *Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes	○	○			○	○	○	
Economic factors	General deterioration								
	Decreased access to foreign funds								
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls	○	○	○	○				
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation			○	○	○	○	○	○
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage								
	Insurgent armed attacks								
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○			
	Discontent over career loss, pay, or benefits			○	○	○	○	○	
	Discontent over government action/policies								
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition								
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	
	Political disunity/loss of confidence	○	○	○	○	○	○	○	○
	Loss of legitimacy	○	○	○	○	○	○	○	○

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Venezuela:
Selected Political and Economic Indicators

Outlook

Although President Lusinchi has succeeded in placating organized labor without departing from his austerity program, festering popular discontent over continuing economic stagnation remains a source of potential political unrest. Unless oil prices drop precipitously, the government is unlikely to face any major difficulties over the next year at least.

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*Prospects for major regime or policy change**During next six months**During next six months to two years*

<i>Indicators</i>	<i>Legend</i>	○ <i>Not of concern</i>	● <i>Substantial concern</i>
		○ <i>Low concern</i>	● <i>Serious concern</i>
		○ <i>Moderate concern</i>	

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes	○	○	○	○	○		○	○
Economic factors	General deterioration						○	○	○
	Decreased access to foreign funds						○	○	○
	Capital flight							○	○
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation							○	○
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning	○	○	○	○	○	○	○	○
	Terrorism and sabotage	○	○	○	○	○			○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○		○
	Discontent over career loss, pay, or benefits			○	○	○	○	○	○
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence			○	○	○	○	○	○
	Loss of legitimacy			○	○	○	○	○	○

305720 7 85

25X1

Secret

**Peru:
Selected Political and Economic Indicators**

Outlook

Newly inaugurated President Alan Garcia faces formidable problems including a worsening economy, massive foreign debt, expanding insurgency, and a burgeoning narcotics industry. We expect the high level of instability that has plagued Peru over the past three years to continue unabated under the new administration. Garcia's landslide victory at the polls, however, probably guarantees him strong public support at least in the short term.

25X1

Prospects for major regime or policy change

○ *During next six months*

● *During next six months to two years*

Indicators

Legend

○ *Not of concern*
○ *Low concern*
○ *Moderate concern*

● *Substantial concern*
● *Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent			○	○	○	○	○	○
	Demonstrations, riots, strikes	○		●	●	●	●	●	●
Economic factors	General deterioration			●	●	●	●	●	●
	Decreased access to foreign funds			●	●	●	●	●	●
	Capital flight			●	●	●	●	●	●
	Unpopular changes in taxes, subsidies, or price controls								●
	Food/energy shortages								
	Inflation								
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage	●	●	●	●	●	●	●	●
	Insurgent armed attacks	●	●	●	●	●	●	●	●
	Public support								
Military attitudes/activities	Threat to corporate military interests/dignity			○	○				
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies			●	●				
	Reports/rumors of coup plotting								
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○				
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality					●	●	●	●
	Security capabilities								
	Political disunity/loss of confidence			●	●	●	●	●	
	Loss of legitimacy			●	●	●	●	●	○

305721 7-85

25X1

Secret

Secret

**Brazil^a:
Selected Political and Economic Indicators**

Outlook

President Sarney has won support from much of the public and most political leaders for his performance thus far. As he grapples with Brazil's economic and political problems in coming months, Sarney will probably come under increasing criticism from the left and labor. Nonetheless, we judge he will retain sufficient support to govern effectively, and we do not believe the military will intervene over the next year.

25X1

^a See Part 2 for detailed discussion.

Prospects for major regime or policy change

- During next six months
- During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Demonstrations, riots, strikes	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	
Economic factors	General deterioration	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>					
	Decreased access to foreign funds	<input checked="" type="radio"/>	<input checked="" type="radio"/>						
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>				
	Food/energy shortages					<input type="radio"/>	<input type="radio"/>		
	Inflation			<input checked="" type="radio"/>		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
Opposition activities	Organizational capabilities	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Opposition conspiracy/planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Terrorism and sabotage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Insurgent armed attacks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Public support								<input type="radio"/>
Military attitudes/activities	Threat to corporate military interests/dignity				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over career loss, pay, or benefits			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over government action/policies			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Reports/rumors of coup plotting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
External factors	External support for government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	External support for opposition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Threat of military conflict			New category				<input type="radio"/>	<input type="radio"/>
Regime actions/capabilities	Repression/brutality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Security capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Political disunity/loss of confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					
	Loss of legitimacy								<input type="radio"/>

305722 7 85

25X1

Secret

**Argentina:
Selected Political and Economic Indicators**

Outlook

President Alfonsin's political standing remains high. A recent agreement with the IMF and an emergency economic program of wage and price controls, budget cuts, tax hikes, and a new currency will help slow runaway inflation. Strong public support and military approval for the program have kept the President's main opponents—organized labor and the Peronist Party—on the defensive and unable to actively challenge the economic reforms. Pressure on the regime is likely to grow, however, as initial enthusiasm wanes and slippage in wage and price controls becomes increasingly apparent.

Prospects for major regime or policy change

During next six months
During next six months to two years

25X1

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	○
	Demonstrations, riots, strikes		○						
Economic factors	General deterioration								
	Decreased access to foreign funds		○					●	○
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls		○	○	○	○	○	○	○
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation			●	●	●	●	●	●
Opposition activities	Organizational capabilities	○	○						
	Opposition conspiracy/planning	○	○	○	○	○	○	○	○
	Terrorism and sabotage		○	○	○	○			
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○			
	Discontent over career loss, pay, or benefits			○	○				
	Discontent over government action/policies								○
	Reports/rumors of coup plotting		○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality		○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence		○	○	○	○	○	○	○
	Loss of legitimacy		○	○	○	○	○	○	○

306723 7-85

25X1

Secret

Secret

Chile:
Selected Political and Economic Indicators

Outlook

President Pinochet lifted the state of siege on 17 June but retained strictures on political activities and the media. He made no concessions on eventual transition to civilian rule—probably assuring that polarization will worsen. Moderate political groups, capitalizing on the somewhat more open climate, are forming a broad opposition front and planning large-scale protests. The Communists and their allies meanwhile are preparing to move from harassing terrorist strikes to a prolonged military campaign.

25X1

Prospects for major regime or policy change

- *During next six months*
- *During next six months to two years*

Indicators	Legend	<i>Not of concern</i>	● <i>Substantial concern</i>
		<i>Low concern</i>	● <i>Serious concern</i>
		<i>Moderate concern</i>	

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent								
	Demonstrations, riots, strikes	●							
Economic factors	General deterioration								
	Decreased access to foreign funds					●	●	●	●
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages								
	Inflation								
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage	●	●	●	●				
	Insurgent armed attacks								
	Public support	●							
Military attitudes/activities	Threat to corporate military interests/dignity								
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies								
	Reports/rumors of coup plotting								
External factors	External support for government		●						
	External support for opposition								
	Threat of military conflict			New category					
Regime actions/capabilities	Repression/brutality	●	●						
	Security capabilities								
	Political disunity/loss of confidence								
	Loss of legitimacy								

306724 7-85

25X1

Secret

**Spain:
Selected Political and Economic Indicators**

Outlook

Prime Minister Gonzalez's popularity still greatly exceeds that of his principal political opponents despite leftist and trade union dissatisfaction with high unemployment and the government's conservative economic policies. Opinion polls suggest, however, that his personal standing might not be enough to swing the public behind NATO membership in the referendum he has promised on that issue by next spring.

25X1

Prospects for major regime or policy change

- During next six months
- During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Demonstrations, riots, strikes						<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic factors	General deterioration								
	Decreased access to foreign funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Capital flight	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Unpopular changes in taxes, subsidies, or price controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Food/energy shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Inflation			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opposition activities	Organizational capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Opposition conspiracy/planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Terrorism and sabotage	<input type="radio"/>							
	Insurgent armed attacks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Public support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Military attitudes/activities	Threat to corporate military interests/dignity			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over career loss, pay, or benefits			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over government action/policies			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Reports/rumors of coup plotting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External factors	External support for government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	External support for opposition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Threat of military conflict			New category				<input type="radio"/>	<input type="radio"/>
Regime actions/capabilities	Repression/brutality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Security capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Political disunity/loss of confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Loss of legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

305725 7 85

25X1

Secret

Secret

**Greece:
Selected Political and Economic Indicators**

Outlook

Prospects for stability have measurably improved following Prime Minister Papandreou's decisive victory in the parliamentary elections on 2 June. The fresh mandate, the absence of former President Karamanlis, and the ruling Socialists' lack of dependence on Communist support leave Papandreou relatively unfettered. Growing unemployment and balance-of-payments difficulties present the most significant problems for the government.

25X1

Prospects for major regime or policy change

- During next six months
- During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○		○	○	○	○
	Demonstrations, riots, strikes		○	○					
Economic factors	General deterioration								
	Decreased access to foreign funds								
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls	○	○	○	○	○	○	○	○
	Food/energy shortages	○	○	○	○	○	○	○	○
Opposition activities	Inflation								
	Organizational capabilities	○	○	○	○	○			
	Opposition conspiracy/planning	○	○	○	○	○	○	○	○
	Terrorism and sabotage	○	○	○		○	○		
	Insurgent armed attacks	○	○	○	○	○	○	○	○
Military attitudes/activities	Public support	○	○	○	○	○			○
	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits				○	○	○	○	○
	Discontent over government action/policies			○	○	○	○		
External factors	Reports/rumors of coup plotting	○	○		○	○	○		○
	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
Regime actions/capabilities	Threat of military conflict	New category							○
	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○						
	Political disunity/loss of confidence	○	○	○					○
	Loss of legitimacy	○	○	○	○	○	○		○

306726 7 85

25X1

Secret

Morocco:**Selected Political and Economic Indicators****Outlook**

We expect some unrest in coming months as consumers are hit by the effects of a poor cereal harvest and the recent sharp devaluation of the dirham. Proposed education reforms, moreover, are likely to provoke more student demonstrations when classes resume. Rabat will almost surely have difficulty rescheduling nearly \$2.5 billion in debt service obligations due this year. Given the country's weak financial position and King Hassan's urgent need to replace aging military equipment, he may turn to Libya or the USSR for assistance.

25X1

Prospects for major regime or policy change*During next six months**During next six months to two years***Indicators****Legend**

○ Not of concern
○ Low concern
○ Moderate concern

● Substantial concern
● Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○						
	Demonstrations, riots, strikes	○	○	●					
Economic factors	General deterioration								
	Decreased access to foreign funds								
	Capital flight			○	○	○	○		
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation				○	○	○		
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning	○	○						
	Terrorism and sabotage	○	○	○	○	○	○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○						
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○		
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict	New category							
Regime actions/capabilities	Repression/brutality	○	○						
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○	○	○				
	Loss of legitimacy	○	○	○	○	○	○	○	○

305728 7-85

25X1

Secret

Egypt:
Selected Political and Economic Indicators

Outlook

Lower class frustration with the stagnant economic situation is feeding a surge of Muslim fundamentalist activity including rallies and demonstrations urging the immediate application of Islamic law. President Mubarak is clamping down on Muslim hardliners, a move that could inspire public sympathy for radical leaders. Despite the potential for violence from the fundamentalists, we see no immediate threat to the government.

25X1

Prospects for major regime or policy change

During next six months
During next six months to two years

Indicators	Legend	○ <i>Not of concern</i> <i>Low concern</i> <i>Moderate concern</i>	◐ <i>Substantial concern</i> ● <i>Serious concern</i>
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		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	○	○	○	○	○	○	○	
	Demonstrations, riots, strikes	○	○					○	
Economic factors	General deterioration								
	Decreased access to foreign funds	○	○						○
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○		○	○				
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation								○
Opposition activities	Organizational capabilities	○						○	○
	Opposition conspiracy/planning						○	○	
	Terrorism and sabotage	○	○	○	○	○			
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support								○
Military attitudes/activities	Threat to corporate military interests/dignity				○	○	○	○	○
	Discontent over career loss, pay, or benefits								○
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○		○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○		○	○	○	○	○	○
	Loss of legitimacy	○	○		○	○	○	○	○

305729 7-85

25X1

Secret

Secret

**Sudan^a:
Selected Political and Economic Indicators**

Outlook

The Military Council, criticized by all sides for its lackluster leadership, is finding it hard to manage the conflicting demands from the divided society. Economic pressures are aggravating these strains, and the government is unlikely to come to agreement with the IMF. The insurgency is adding to already anarchic conditions in the non-Muslim south. We doubt the regime as constituted will last through the year.

25X1

^a See Part 2 for detailed discussion.

Prospects for major regime or policy change

- During next six months
- During next six months to two years

<i>Indicators</i>	<i>Legend</i>	○ Not of concern	◐ Substantial concern
		● Low concern	● Serious concern
		◑ Moderate concern	

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent					●	●	●	●
	Demonstrations, riots, strikes							●	●
Economic factors	General deterioration						●	●	●
	Decreased access to foreign funds					●	●		
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls							●	●
	Food/energy shortages					●	●		
	Inflation							●	●
Opposition activities	Organizational capabilities					●	●	●	●
	Opposition conspiracy/planning						●	●	●
	Terrorism and sabotage								
	Insurgent armed attacks					●		●	
	Public support							●	
Military attitudes/activities	Threat to corporate military interests/dignity								●
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies							●	●
	Reports/rumors of coup plotting						●	●	●
External factors	External support for government								
	External support for opposition								
	Threat of military conflict	New category							
Regime actions/capabilities	Repression/brutality								
	Security capabilities								●
	Political disunity/loss of confidence							●	●
	Loss of legitimacy							●	

305730 7-85

25X1

Secret

Secret

**Saudi Arabia:
Selected Political and Economic Indicators**

Outlook

The soft oil market bodes a continuing decline in the economy, but the government's need to cut subsidies and civil service benefits has so far precipitated no political fallout. Terrorist bombings in May in normally quiescent Riyadh raise concerns of further such activity during the annual pilgrimage to Mecca in August. Although the eastern province Shia community has been calm, the highly charged atmosphere during the holy month of Muharram—September this year—could spark trouble as it has in the past.

25X1

Prospects for major regime or policy change

- During next six months
- During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					
	Demonstrations, riots, strikes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic factors	General deterioration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
	Decreased access to foreign funds	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Capital flight			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Unpopular changes in taxes, subsidies, or price controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Food/energy shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Inflation			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opposition activities	Organizational capabilities	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Opposition conspiracy/planning	<input type="radio"/>	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Terrorism and sabotage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					
	Insurgent armed attacks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Public support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Military attitudes/activities	Threat to corporate military interests/dignity			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over career loss, pay, or benefits			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>
	Discontent over government action/policies			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>
	Reports/rumors of coup plotting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External factors	External support for government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	External support for opposition	<input type="radio"/>	<input type="radio"/>						<input type="radio"/>
	Threat of military conflict	New category							<input type="radio"/>
Regime actions/capabilities	Repression/brutality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	
	Security capabilities	<input type="radio"/>	<input type="radio"/>						<input type="radio"/>
	Political disunity/loss of confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Loss of legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>

305731 7-85

25X1

Secret

Secret

Iraq:
Selected Political and Economic Indicators

Outlook

We expect an upturn in violence, as usually occurs during the summer season, particularly from antigovernment Kurdish groups. The two largest guerrilla groups have gained control of areas inside the country, and under prodding from their patrons—Iran, Syria, and Libya—a unified Kurdish opposition front appears to be emerging. Baghdad is being forced to devote more resources to repress the Kurds while dealing with repeated small-scale Iranian attacks.

25X1

Prospects for major regime or policy change

- During next six months*
- During next six months to two years*

Indicators

Legend

- Not of concern*
- Low concern*
- Moderate concern*
- ◐ Substantial concern*
- Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	●	●					●	●
	Demonstrations, riots, strikes								
Economic factors	General deterioration	●	●						
	Decreased access to foreign funds	●	●						
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls		●						
	Food/energy shortages								
	Inflation								
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage								●
	Insurgent armed attacks	●	●					●	●
	Public support								
Military attitudes/activities	Threat to corporate military interests/dignity								
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies								
	Reports/rumors of coup plotting								
External factors	External support for government								
	External support for opposition	●	●					●	●
	Threat of military conflict	New category						●	●
Regime actions/capabilities	Repression/brutality								●
	Security capabilities								
	Political disunity/loss of confidence								
	Loss of legitimacy								

305732 4-85

25X1

Secret

Secret

Iran:
Selected Political and Economic Indicators

Outlook

The continuing decline in popular support for the regime and in military morale was nudged further by Iraq's bombing attacks on Tehran and other urban centers until mid-June, but the opposition remains unable to capitalize on the situation. Iran's economic malaise is unlikely to be overcome soon, given its lowered oil revenues. Khomeini appears increasingly removed from daily governing, although he is still consulted for important decisions.

25X1

Prospects for major regime or policy change

- ☐ During next six months
- ☐ During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- ☐ Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent	●							
	Demonstrations, riots, strikes	●						●	●
Economic factors	General deterioration								
	Decreased access to foreign funds	○	○						
	Capital flight							●	●
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages								
Opposition activities	Inflation								
	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning								
	Terrorism and sabotage								
	Insurgent armed attacks								
Military attitudes/activities	Public support								
	Threat to corporate military interests/dignity								
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies								
External factors	Reports/rumors of coup plotting								
	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
Regime actions/capabilities	Threat of military conflict			New category				●	●
	Repression/brutality								
	Security capabilities	○	○	○	○	○	○		
	Political disunity/loss of confidence								
	Loss of legitimacy	○	○	○					

306733 7-85

25X1

Secret

Secret

**Pakistan:
Selected Political and Economic Indicators**

Outlook

President Zia and the newly elected National Assembly have interacted cooperatively, and we expect Zia to agree to the legislature's insistence on lifting martial law. Political dissent may revive, however, if Zia tries to preserve his dominance of the political process. Deepening militancy among the Shias, who oppose the government's Sunni doctrine, portends an increase in sectarian violence.

25X1

Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators

Legend

○ Not of concern
○ Low concern
○ Moderate concern

● Substantial concern
● Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent		●	●				○	
	Demonstrations, riots, strikes		●				○	○	○
Economic factors	General deterioration								○
	Decreased access to foreign funds	○	○	○	○	○	○	○	○
	Capital flight				○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○	○		○	○	○	○	○
	Food/energy shortages		○	○	○	○	○	○	
	Inflation								○
Opposition activities	Organizational capabilities	○			○	○	○		○
	Opposition conspiracy/planning	○			○	○	○		○
	Terrorism and sabotage	○			○	○	○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○			○	○	○		○
Military attitudes/activities	Threat to corporate military interests/dignity				○	○	○	○	○
	Discontent over career loss, pay, or benefits				○	○	○	○	○
	Discontent over government action/policies					○			○
	Reports/rumors of coup plotting	○	○	○			○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○						
	Threat of military conflict			New category					○
Regime actions/capabilities	Repression/brutality	○			○	○	○		○
	Security capabilities	○			○	○	○	○	○
	Political disunity/loss of confidence	○			○	○	○	○	○
	Loss of legitimacy	○			○	○	○	○	○

306734 7-85

25X1

Secret

India:
Selected Political and Economic Indicators
Outlook

Prime Minister Gandhi strengthened his position with trips abroad that played well to home audiences. His diplomatic efforts have reduced tensions with Sri Lanka and Pakistan, although firefights across the border in Kashmir remain a potential flashpoint. Gandhi's settlement with Sikh moderates is likely to reduce tensions in Punjab and pave the way for elections postponed because of the security situation. New Delhi will continue to be seriously concerned about the terrorist threat, given Sikh extremists' plans to assassinate Gandhi and their alleged sabotage of the Air India flight in July.

25X1

Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators**Legend**

○ Not of concern

○ Low concern

○ Moderate concern

● Substantial concern

● Serious concern

		1983		1984				1985		
		III	IV	I	II	III	IV	I	II	
Social change/conflict	Ethnic/religious discontent							●	●	●
	Demonstrations, riots, strikes									
Economic factors	General deterioration					○	○	○	○	
	Decreased access to foreign funds					○	○	○	○	
	Capital flight					○	○	○	○	
	Unpopular changes in taxes, subsidies, or price controls					○	○	○	○	
	Food/energy shortages					○	○	○	○	
Opposition activities	Inflation					○	○	○	○	
	Organizational capabilities					○	○	○	○	
	Opposition conspiracy/planning							○	○	
	Terrorism and sabotage								●	
Military attitudes/activities	Insurgent armed attacks					○	○	○	○	
	Public support							○	○	
	Threat to corporate military interests/dignity					○	○	○	○	
External factors	Discontent over career loss, pay, or benefits					○				
	Discontent over government action/policies									
	Reports/rumors of coup plotting					○	○	○	○	
	External support for government					○	○	○	○	
Regime actions/capabilities	External support for opposition					○	○	○	○	
	Threat of military conflict					New category				
	Repression/brutality					○	○	○	○	
Regime actions/capabilities	Security capabilities									
	Political disunity/loss of confidence					○	○	○	○	
	Loss of legitimacy					○	○	○	○	

306735 7-85

25X1

Secret

24

Secret

Nigeria:
Selected Political and Economic Indicators

Outlook

General Buhari's regime remains under siege. Economic pressures are mounting and ethnic and generational divisions in the military are intensifying. Rumors of coup plots circulate freely in Lagos, and Buhari's ouster by a palace coup or by younger, more radical officers could occur at any time.

25X1

Prospects for major regime or policy change

- During next six months
- During next six months to two years

Indicators	Legend	○ Not of concern ○ Low concern ○ Moderate concern	● Substantial concern ● Serious concern
-------------------	---------------	---	--

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent						●	●	●
	Demonstrations, riots, strikes								
Economic factors	General deterioration			●	●	●	●	●	●
	Decreased access to foreign funds	○		●	●	●	●	●	●
	Capital flight								
	Unpopular changes in taxes, subsidies, or price controls	○							
	Food/energy shortages	○		●	●	●	●	●	●
Inflation				●	●	●	●	●	●
	Organizational capabilities	○		○	○	○	○	○	○
	Opposition conspiracy/planning			○	○	○	○	○	○
	Terrorism and sabotage	○		○	○	○	○	○	○
	Insurgent armed attacks	○		○	○	○	○	○	○
Public support		○		○	○	○	○	○	○
	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits				●	●	●	●	●
	Discontent over government action/policies			●	●	●	●	●	●
Reports/rumors of coup plotting		○		●	●	●	●	●	●
	External support for government	○		○	○	○	○	○	○
	External support for opposition	○		○	○	○	○	○	○
Threat of military conflict				New category				○	○
	Repression/brutality	○							
Security capabilities		○							
	Political disunity/loss of confidence				●	●	●	●	●
	Loss of legitimacy	○			●	●	●	●	●

305736 7-85

25X1

Secret

Secret

**Somalia:
Selected Political and Economic Indicators**

Outlook

Mogadishu's inability to acquire large amounts of Western economic and military assistance, widespread corruption, tribal bickering, economic stagnation, and the poor performance of the military are fueling disillusionment with President Siad. Siad, however, with his honed manipulative skills, continues to outmaneuver his opponents and we see no immediate threat to his position.

25X1

Prospects for major regime or policy change

- During next six months*
- During next six months to two years*

Indicators

Legend

- Not of concern*
- Low concern*
- Moderate concern*
- Substantial concern*
- Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent								
	Demonstrations, riots, strikes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic factors	General deterioration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Decreased access to foreign funds	<input type="radio"/>	<input type="radio"/>					<input type="radio"/>	<input type="radio"/>
	Capital flight			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Unpopular changes in taxes, subsidies, or price controls	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Food/energy shortages	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opposition activities	Inflation			<input type="radio"/>					
	Organizational capabilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Opposition conspiracy/planning								
	Terrorism and sabotage		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Insurgent armed attacks								
Military attitudes/activities	Public support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Threat to corporate military interests/dignity			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Discontent over career loss, pay, or benefits								<input type="radio"/>
	Discontent over government action/policies			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	Reports/rumors of coup plotting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
External factors	External support for government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	External support for opposition								
	Threat of military conflict	New category							
Regime actions/capabilities	Repression/brutality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
	Security capabilities								
	Political disunity/loss of confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	Loss of legitimacy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

305737 7-85

25X1

Secret

Secret

Kenya:
Selected Political and Economic Indicators

Outlook

President Moi continues firmly in control. Ethnic rivalries are simmering, however, as Moi places increasing numbers of political loyalists and fellow minority tribesmen in key government and military positions at the expense of the larger tribes. The government has managed the drought crisis better than many donors expected, and good spring rains and plantings promise excellent corn and wheat harvests.

25X1

Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators

Legend

○ Not of concern
○ Low concern
○ Moderate concern

◐ Substantial concern
● Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent		○						
	Demonstrations, riots, strikes	○	○	○	○	○	○		○
Economic factors	General deterioration								
	Decreased access to foreign funds	○	○	○	○	○	○	○	○
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○	○	○		○	○	○	○
	Food/energy shortages	○	○	○	○				○
	Inflation			○	○	○	○	○	○
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning	○	○	○		○	○	○	○
	Terrorism and sabotage	○	○	○	○	○	○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits				○	○	○	○	○
	Discontent over government action/policies				○	○		○	○
	Reports/rumors of coup plotting	○	○		○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	○
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○	○	○	○	○	○	○
	Loss of legitimacy	○	○	○	○	○	○	○	○

305738 7-85

25X1

Secret

Secret

Zaire:
Selected Political and Economic Indicators

Outlook

President Mobutu is in a stronger political position than ever. Alarmed, however, by the increase in Libyan-sponsored dissident activity along the borders, he has created a strike force to carry out hot pursuit operations into neighboring countries. In June, rebels attacked in eastern Shaba but were repelled by government forces. Dissidents pose no threat to the government or to mining enclaves, but further rebel attacks or a terrorist incident in Kinshasa are possible in coming months.

25X1

Prospects for major regime or policy change

During next six months
During next six months to two years

Indicators

Legend

- Not of concern
- Low concern
- Moderate concern
- Substantial concern
- Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent								
	Demonstrations, riots, strikes				○	○	○	○	○
Economic factors	General deterioration								
	Decreased access to foreign funds	○	○	○	○	○	○	○	○
	Capital flight	○	○	○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls								
	Food/energy shortages								
Opposition activities	Inflation								
	Organizational capabilities								
	Opposition conspiracy/planning								
	Terrorism and sabotage	○	○		○				
	Insurgent armed attacks	○	○	○	○	○			
Military attitudes/activities	Public support								
	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○		○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○				
	Threat of military conflict			New category				○	
Regime actions/capabilities	Repression/brutality								
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○						○
	Loss of legitimacy	○							○

305739 7.85

25X1

Secret

Secret

**South Africa:
Selected Political and Economic Indicators**
Outlook

Pretoria's declaration of a state of emergency in July is an attempt to end a year of continuing unrest. Terrorist bombings and attacks against nonwhites accused of collaborating with the government are on the increase. White areas remain largely unaffected, however, and the regime's stability is not under threat.

25X1

Prospects for major regime or policy change*During next six months**During next six months to two years***Indicators****Legend***Not of concern**Low concern**Moderate concern*● *Substantial concern*● *Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent								
	Demonstrations, riots, strikes		○	○	○		●	●	●
Economic factors	General deterioration				○				
	Decreased access to foreign funds	○	○	○	○	○	○	○	
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○	○	○	○				○
	Food/energy shortages				○	○	○	○	○
	Inflation								
Opposition activities	Organizational capabilities	○	○	○	○	○		○	○
	Opposition conspiracy/planning		○	○	○	○		○	○
	Terrorism and sabotage						○	○	○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support								
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits			○	○	○	○	○	○
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○		
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict			New category				○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○		●	●
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○	○	○	○	○		
	Loss of legitimacy	○	○	○	○	○	○		

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**Philippines^a:
Selected Political and Economic Indicators**

Outlook

The Communist insurgency continues to grow, fed by opposition to Marcos, the economic crisis, and human rights abuses by the military. Marcos, nevertheless, does not yet face an immediate serious threat from the still fragmented moderate opposition. Despite military discontent, reform-minded officers pledge to work in established channels, and we believe disgruntled officers would require nonmilitary leadership to mount a coup.

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^a See Part 2 for detailed discussion.

Prospects for major regime or policy change

- *During next six months*
- *During next six months to two years*

Indicators

Legend

- *Not of concern*
- *Substantial concern*
- *Low concern*
- *Moderate concern*
- *Serious concern*

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent								
	Demonstrations, riots, strikes	●	●						
Economic factors	General deterioration		●	●	●	●	●	●	●
	Decreased access to foreign funds		●	●	●	●			
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls		●	●	●	●	●	●	●
	Food/energy shortages			○					○
	Inflation			●	●	●	●		○
Opposition activities	Organizational capabilities								
	Opposition conspiracy/planning			○	○	○	○	○	○
	Terrorism and sabotage	○	○	○					
	Insurgent armed attacks	●							●
	Public support	●	●	●	●	●	●	●	●
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○			
	Discontent over career loss, pay, or benefits								
	Discontent over government action/policies								●
	Reports/rumors of coup plotting				○	○	○	○	○
External factors	External support for government								
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict	New category						○	○
Regime actions/capabilities	Repression/brutality	○	○	○	○	○	○	○	
	Security capabilities								
	Political disunity/loss of confidence				●				
	Loss of legitimacy	●	●	●	●	●	●	●	●

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**Indonesia:
Selected Political and Economic Indicators**

Outlook

Terrorist incidents have declined in recent months, following the regime's imposition of harsher security measures. President Soeharto's efforts to reduce the political influence of Islam have caused splits in the official Muslim opposition party and threaten to further isolate the party leadership from the rank and file. This and other grievances could serve the radical minority if Islamic political activities are increasingly channeled into organizations that are harder for the government to control, such as mosque study groups.



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Prospects for major regime or policy change

During next six months

During next six months to two years

Indicators

Legend

○ Not of concern
○ Low concern
○ Moderate concern

◐ Substantial concern
* Serious concern

		1983		1984				1985	
		III	IV	I	II	III	IV	I	II
Social change/conflict	Ethnic/religious discontent		○	○	○				
	Demonstrations, riots, strikes	○	○	○	○				
Economic factors	General deterioration	○	○	○	○	○	○	○	○
	Decreased access to foreign funds	○	○	○	○	○	○	○	○
	Capital flight			○	○	○	○	○	○
	Unpopular changes in taxes, subsidies, or price controls	○	○	○	○	○	○	○	○
	Food/energy shortages	○	○	○	○	○	○	○	○
	Inflation			○	○	○	○	○	○
Opposition activities	Organizational capabilities	○	○	○	○	○	○	○	○
	Opposition conspiracy/planning	○	○	○	○	○			○
	Terrorism and sabotage	○	○	○	○	○			○
	Insurgent armed attacks	○	○	○	○	○	○	○	○
	Public support	○	○	○	○	○	○	○	○
Military attitudes/activities	Threat to corporate military interests/dignity			○	○	○	○	○	○
	Discontent over career loss, pay, or benefits					○	○	○	
	Discontent over government action/policies			○	○	○	○	○	○
	Reports/rumors of coup plotting	○	○	○	○	○	○	○	○
External factors	External support for government	○	○	○	○	○	○	○	○
	External support for opposition	○	○	○	○	○	○	○	○
	Threat of military conflict	New category						○	○
Regime actions/capabilities	Repression/brutality	○							
	Security capabilities	○	○	○	○	○	○	○	○
	Political disunity/loss of confidence	○	○	○	○	○	○	○	○
	Loss of legitimacy	○	○	○	○	○	○	○	○



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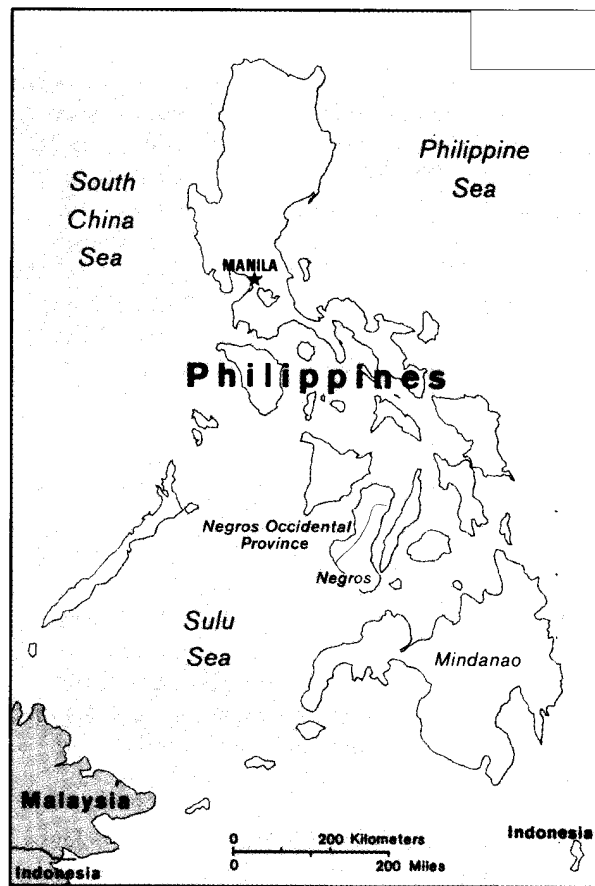
Part 2. Countries in Which There Have Been Developments of Interest

Philippines

- The island of Negros has seen rapid Communist growth in recent months and [] the Communist Party/New Peoples Army (CPP/NPA) has established Armed City Partisan Units—used primarily for political assassinations—in the Metropolitan Manila area. []
- President Marcos formed an economic recovery council rather than declaring a state of national emergency to address serious labor unrest. []
- Despite talk of early elections, Marcos may be considering postponing local elections—now slated for 1986—until presidential elections are held in 1987. []
- The United Democratic Organization (UNIDO) has named Salvador “Doy” Laurel as its presidential nominee. []
- The Philippines has met the IMF monetary targets for May, but the economy remains mired in its worst crisis since World War II. []
- Marcos has recovered from his latest health crisis. []

Comment

The Philippine situation is deteriorating, and we expect this to continue as long as Marcos pursues short-term political gains at the expense of the country's long-term needs. Nearly every facet of the national life is in distress: Marcos's monopoly of power distorts political processes; the economy is in crisis; the state is at odds with religious and other social institutions over human rights and other abuses; and the Army has shown itself ineffective against the growing insurgency. []



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The Communist insurgency continues to make dramatic gains—we estimate 15,000 to 16,500 CPP/NPA regulars and 15,000 to 20,000 part-time guerrillas. In contrast to its earlier dismissal of the threat, the government now publicly acknowledges the seriousness of the Communist expansion throughout

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the country. Manila has failed, however, to address the grievances that spawned and fuel the rebel movement. Indeed, Marcos exploits Communist activities—including escalating labor unrest—to flex his political muscle. He recently threatened, for example, to impose a state of national emergency, setting off fears that martial law would again complicate everyday life. [redacted]

The military is doing poorly in its efforts to meet the Communist challenge. Despite a high-powered public relations campaign touting the government's successes, the military's performance in the field has in fact been dismal. NPA raids on military installations in the past three months alone have netted over 500 small arms, including machineguns and grenade launchers. Nor is the government winning hearts and minds. Reports of human rights abuses by the military and the civilian militia continue, exemplified by the brutal slaying of a priest on Mindanao in late spring. [redacted]

The consequent poor morale in the armed forces may boomerang on Marcos. Military support for him is clearly eroding. Emergence of the "We Belong" group of reform-minded junior and middle grade officers has revealed deepseated frustration over the decline in professionalism, morale, and combat effectiveness. Marcos's reported intention to reinstate Armed Forces Chief of Staff Ver—currently on trial for complicity in the Aquino assassination—and his unwillingness to undertake fundamental military reforms are stoking this discontent. [redacted]

The economic straits provide a hospitable ambience for the insurgents. Perhaps nowhere is this more evident than in sugar-dependent Negros Occidental Province. Mismanagement and egregious profit skimming by Marcos's political ally Robert Benedicto—who still holds a monopoly on milling, processing, and marketing—along with the slump in sugar prices have created massive unemployment and actual starvation. [redacted]

The legitimate political opposition, however, does not yet pose a serious threat to Marcos. It remains highly fragmented and appears to us unable to face down



CPP/NPA guerrillas [redacted]

New York Times ©

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Marcos's powerful ruling party machine, despite impressive gains in last year's National Assembly elections. Marcos, nonetheless, is taking no chances; he has already made moves to undercut the opposition in case its fortunes improve. For example, he has named a longtime loyalist to lead the influential Commission on Elections (COMELEC). [redacted]

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Marcos's health remains the single most important political wild card. Although he has recovered from his latest health crisis, [redacted]

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[redacted] His death or incapacitation would open the way for a number of succession scenarios, few of which would stem the current instability. [redacted]

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Key Indicators To Watch

Prospective Scenario: Support for Marcos Erodes and Insurgent Activity Increases

- The 26 accused military officers are acquitted in the Aquino trial and General Ver is reinstated, if only temporarily.
- Discontent within the military becomes more visible.
- Marcos cracks down on freedom of the press.
- Economic conditions fail to improve.
- CPP/NPA Armed City Partisan Units opens an assassination campaign in Metropolitan Manila.
- Government spokesmen warn that CPP/NPA activity may warrant reimposition of martial law.
- Government counterinsurgency efforts remain ineffective.

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Indicators That Would Suggest the Prospective Scenario Is Not Unfolding

- Marcos allows free rein to the military reform movement and allows senior military leaders to implement an effective civil/military counterinsurgency program.
- Crop monopolies are slowly dismantled and other economic reforms are undertaken.
- Manila demonstrates closer compliance with the IMF program.
- Marcos accredits NAMFREL—the citizens' poll-watching group that minimized fraud in the 1984 vote—and balances the now partisan COMELEC board.

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Sudan

- Southern insurgent leaders continue to rebuff Khartoum's conciliatory overtures.
- A large student-led demonstration in June demanding ex-President Nimeiri's extradition from Cairo encouraged unions to continue pressing for lower prices and political reforms.
- The ruling Military Council managed, however, to prevent leftist labor groups from demonstrating in June and to break up a leftist military conspiracy.
- Coup plotting, nevertheless, continues, especially among midlevel officers.
- IMF funding is in jeopardy because the government is caving in to labor pressures for subsidies.



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Comment

Sudan in this early post-Nimeiri period provides a rich case study of political instability. Ethnic and religious tensions are overlaid by socioeconomic strains and labor strife, the economy is racked by fiscal disorder as well as drought and famine, the legal opposition and an armed insurgency are actively undermining the regime's weak authority, discontent in the military is high, and external subversion is growing. The myriad divisions among its opponents and critics could lend the regime the durability it has failed to earn on its own, but we believe a successful move against the reigning 15-man Military Council is more likely.

The Military Council under Chairman Suwar al-Dahab, criticized by all sides for its lackluster leadership, is hard pressed to respond effectively to the conflicting demands from Islamic and non-Muslim elements, from military and civilian sectors, and from international creditors and economic needs at home. Decisionmaking is further confused by the council's

continuous struggle with its civilian cabinet. Under-scoring the utter lack of consensus, the ruling group has failed even to win approval of an interim constitution—a step critical to the planned return to civilian rule next April.

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Leftist unions are exploiting the political vacuum created by divisions among conservative parties supporting the regime. The Gathering of Trade Unions and Political Parties, dominated by the leftist professionals whose general strike precipitated Nimeiri's ouster in April, have barraged the government with demands. They threaten to strike unless the council revokes Islamic laws, presses for Nimeiri's return, purges former officials, increases subsidies on food staples, and gives more power to civilians.

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Military Council Chairman
Suwar al-Dahab [redacted]



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The council's lack of decisive leadership and failure to control opposition activities have spawned increasing criticism within the military, which has other grievances as well. Many officers nurse resentments over slow promotions, poor pay, and the fecklessness of counterinsurgent operations in the south. They are peeved also at the council's preoccupation with governing and its inattention to management of the armed forces. Coup plotting is extensive, and we suspect collusion between midlevel officers and young generals on the council itself. [redacted]

Besides the insurgency, internal and external subversion threaten stability. A purge and reorganization of the intelligence services leave them less effective at a time when radical groups are operating more openly in the freer political climate and when the numbers of Libyan agents are on the increase following the rapprochement with Tripoli. Khartoum has been only partially successful in its diplomatic efforts to stop external support to the insurgents, and, despite numerous overtures and concessions, has made no progress in reaching a political settlement. The government, desperate to reassert some control in the south—where tribal infighting and virtual anarchy prevail—has launched a military campaign to clear the Nile and major roads into the area. [redacted]

Economic conditions remain chaotic despite an increase in aid since the coup. Stocks of fuel and consumer goods have been replenished, but famine relief is still impeded by inadequate transport and bureaucratic inertia. Debt rescheduling with the Paris Club is contingent upon Sudan's coming to terms with

the IMF, and the Fund has extended to early August the deadline for settling the \$125 million in arrearages. Khartoum's new leaders, under constant pressure to restore subsidies, will find it no easier than the old regime to comply with an IMF stabilization program. They have already announced a 20-percent decrease in diesel oil prices, and appear on the verge of caving in to other demands as well. [redacted]

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Key Indicators To Watch

Prospective Scenario: The Military Council Fails To Show Decisive Leadership and Is Replaced by Younger Military Officers

- The civilian cabinet and the Gathering of Trade Unions and Political Parties continue to challenge the sovereignty of the Military Council and an interim constitution is not implemented.
- Conservative parties remain divided and unable to stop labor and student groups from instigating civil unrest over economic grievances.
- The weakened security services are unable to contain Libyan-backed subversion or to prevent clashes between the left and the religious right.
- Insurgent leaders open a terrorist front in the north coordinated with an offensive in the southern region of Equatoria.
- Younger generals on the Council collude with mid-level officers unhappy over the anarchic situation.

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Indicators That Would Suggest the Prospective Scenario Is Not Unfolding

- The Military Council implements tough security measures and makes headway in containing civil unrest and foreign subversion.
- The IMF and other donors are lenient with Khartoum in their demand that austerity measures be implemented.
- A diplomatic rapprochement with Ethiopia leads to a suspension of support to the insurgents and the security situation in the south becomes manageable.
- Perquisites and promotions are successful in keeping midlevel officers from moving against the regime.

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Brazil

- President Sarney's political standing has improved since he assumed office in March when President-elect Neves became mortally ill.
- The Sarney government is pursuing a gradual economic stabilization program that has made headway in reducing inflation and improving Brazil's export picture.
- Brazil is making progress in talks with the IMF and foreign bankers.
- The military is generally satisfied with the transition to civilian rule but apprehensive over the prospect of an increase in political activism and influence by the left.

Comment

Following over 20 years of military rule and an unnerving transition process during which the country—in the throes of its greatest economic crisis since the 1930s—witnessed the death of the President-elect, Brazil is enjoying a period of political stability. The US Embassy reports that Sarney has earned broad respect and support for his performance. He has managed to hold together the disparate ruling coalition, pushed through Congress popular political reforms such as direct presidential election, and effectively managed recent labor turmoil.

The magnitude of Brazil's economic disorder presents the toughest task for the new government. Sarney has made some progress in stabilizing the economy—for example, substantially reducing inflation through the application of price controls and monetary restraint. We think the administration stands a good chance of keeping inflation in 1985 close to last year's 224 percent without jeopardizing economic growth. Sarney's currency devaluations have helped invigorate exports, and the trade surplus should reach about \$11 billion this year, some \$2 billion less than 1984 but probably sufficient to cover scheduled interest payments.



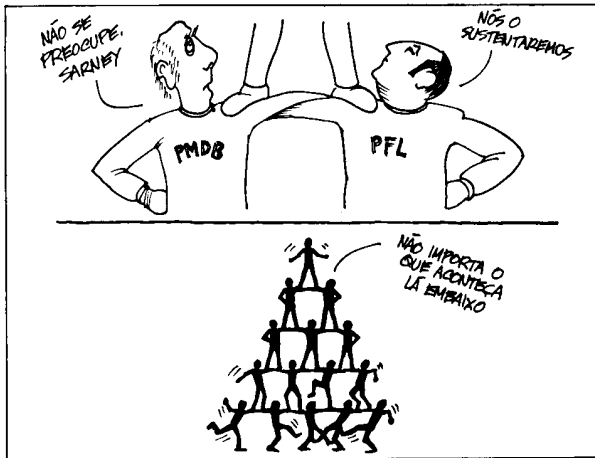
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If Brazil concludes new agreements with its international creditors—and we believe this will happen—it will be only after long and tedious negotiations and at some political cost. Brasilia and the IMF are still at loggerheads over inflation and public deficit targets. While Finance Minister Dornelles insists the IMF will have to accept more realistic targets, the Fund continues to call for a more determined effort to carry out tough adjustment measures. Foreign bank creditors have conditioned negotiation of a debt rescheduling agreement on an IMF accord.

The end of military rule has enlivened Brazilian politics without producing threats to the stability of the fledging civilian government. Both labor and the left—potential sources of trouble—are operating well within normal political bounds. Sarney's relatively permissive approach toward organized labor has resulted in an increase in strikes and other worker

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The two parties in the ruling coalition: "Don't worry, Sarney. We'll support you. Don't worry about what's happening at the bottom." [redacted]

protests, but sharp ideological and personal rifts will hinder the labor movement's effectiveness. The left, weakened by years of repression and plagued by dissension, cannot mount a major challenge to Sarney—and shows no inclination to do so—any time soon. Most leftist groups are preoccupied with constituency building in preparation for municipal elections in November. Brazil's best known leftist personality, Rio de Janeiro State Governor Leonel Brizola, supports Sarney's efforts to consolidate democratic government, although he stresses the transitional nature of the current administration. [redacted]

We see little likelihood that the military will intervene in the political process over the next year. The armed forces seem content with Sarney, who is cultivating good relations with the military leadership. Despite disgruntlement over proposed reductions in the military budget, most officers accept such cuts as required by the urgent economic situation. Despite their congenital sensitivity to any possible resurgence of the left, the armed forces show no signs of trying to block the government's moves to legalize banned leftist parties. Sarney has indicated no interest in Argentine-style human rights trials, and this has undoubtedly served to quiet military anxieties on this score. [redacted]

While we foresee no seriously unsettling problems for Sarney, we expect his road to become more difficult.

Implementation of an austerity program in the face of an assertive Congress and a more active labor movement will severely test his political acumen. As he will find it increasingly harder to work with the cabinet inherited from Neves, Sarney will probably change some of his ministers, though we doubt he has the strength to forge a new political alliance of his own. A major political test will come in November with mayoral elections in the 23 state capitals, when competition between the parties in the coalition government may further weaken Sarney's base. [redacted]

Key Indicators To Watch

Prospective Scenario: President Sarney Meets Increased Opposition as He Tackles Economic and Political Problems, But Retains Sufficient Support To Govern

- Polls show the public still favorably disposed toward Sarney despite increased criticism.
- Leftist groups fault government policy but refrain from political agitation.
- Brazil reaches agreement with its international creditors.
- After considerable political wrangling, Congress enacts most of Sarney's budget and tax measures.
- Ruling coalition parties engage in bitter infighting but nonetheless make a strong showing in the municipal elections. [redacted]

Indicators That Would Suggest the Prospective Scenario Is Not Unfolding

- A sharp economic downturn leads to increased strikes and demonstrations.
- Key measures for implementing the economic program become bogged down in Congress.
- Brazil fails to reach agreement with creditors and a financial crisis ensues.
- Political pressure for investigations into human rights abuses under the military regime roils the armed forces.
- Ruling parties suffer massive losses in the municipal elections and the left makes major gains.
- Military discontent grows as Sarney opens relations with Cuba and gives freer rein to the domestic left. [redacted]

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Honduras

- President Suazo and his opponents appear to be adhering to a military-enforced agreement reached in May to end their two-month confrontation over control of the electoral process.
- Senior military officers have expressed satisfaction with political developments since then and have committed themselves to a fair election.
- Concerned about Nicaraguan attacks on anti-Sandinista insurgent camps inside Honduras, the armed forces are exerting greater control over the rebels.
- Factional tensions continue to jeopardize the armed forces' ability to act in a united manner on security and political issues.



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Comment

Despite President Suazo's effort to prolong his power beyond his elected term, the military's determination that the democratic experiment succeed probably will ensure that the voting scheduled for 24 November produces an honestly elected new president. This outcome, while likely, is not certain. The political accord imposed by the military after a prolonged executive-legislative crisis generated by Suazo's manipulation of the election process is not yet fully implemented; the military, like the political parties, is divided; and potentially explosive issues lurk in the background.

The political situation now appears in balance. The preoccupation of the various presidential aspirants with building their slates of national and local candidates has helped stabilize the scene. Several weak candidates have dropped out of the race, and we expect four of the remaining eight in Suazo's Liberal Party and the main opposition National Party to quit before November. Although Suazo's handpicked candidate is trailing badly in the polls, the President has

apparently made no move to violate the May agreement. Indeed, Armed Forces chief Lopez and senior officers have expressed satisfaction with political developments since May. Lopez publicly termed the parties' disunity "normal" and forecast that the campaign will demonstrate Honduras's democratic progress.

The deep personal animosities within the parties will probably be aggravated at least in the near term and could affect the new president's ability to govern if left unchecked. An upcoming debate on how to carry out a constitutional mandate to expand congressional representation as the population grows will pit cliques against one another in the grab for additional seats. Suazo could further split his party if he switches his support to another candidate, as he has already done once.

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Big Disappointment for False Redeemers. The 1985 army says no to bad Hondurans asking "A coup? No? A little strike? Not that either? I give up."

Although the Armed Forces distrust the President and the other politicians—Lopez has warned them against destabilizing maneuvers—factionalism within the military may intrude on the elections. A powerful clutch of colonels from the military academy's Fifth Promotion class, which controls the "coup battalions" around Tegucigalpa and has enjoyed close relations with Suazo since it ousted former military chief Alvarez last year, regularly usurps the powers of the high command and thwarts the career advancement of the more junior Sixth Promotion officers. During the conflict between Suazo and Congress, Lopez skillfully balanced those officers backing the President with those who wanted to remove him, but Lopez's ability to fend off such pressures in the future is not assured. Suazo, seeing his candidate's waning prospects, may use the Fifth Promotion class to undermine the high command and fix the election. Similarly, the Sixth Promotion class could be tempted to undermine the President's choice.

National security issues—particularly the *contra* question—could motivate military meddling in the election. We believe the army has taken some pains to ward off congressional dissidents' investigation of aid to the rebels. Following Nicaraguan attacks on insurgent camps inside Honduras in May, the Armed Forces directed the rebels to move their bases and expedite reinfiltration into Nicaragua. Senior officers recently have appeared confident they can manage the *contra* affair, but further Nicaraguan attacks could make the insurgents a hot campaign issue and draw the military into a manipulative posture.

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Key Indicators To Watch

Prospective Scenario: Political Leaders Heed the Military's Admonitions That the Elections Be Fair and Open; General Lopez Keeps Factional Tensions in the Armed Forces Under Control

- President Suazo, fearing a showdown with the Armed Forces, does not renew his efforts to control the electoral process and remains on the sidelines throughout the election campaign.
- Congress resolves the few remaining problems, such as expanding Congressional membership, in implementing the political agreement reached in May without further dividing the two major parties.
- The number of presidential candidates in the Liberal and National Party decreases, helping mend some internal party splits.
- The military's Fifth Promotion officers acknowledge the importance of maintaining Honduras's international image and unite, at least temporarily, behind Lopez in guaranteeing the elections.
- Under Honduran pressure, the anti-Sandinista insurgents keep a lower profile and respect Tegucigalpa's request to not incite Sandinista attacks against Honduran territory.

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Indicators That Would Suggest the Prospective Scenario Is Not Unfolding

- President Suazo, fearing the defeat of his favored candidate, moves to reassert control over the electoral process, prompting the military to confront him and to assume a direct supervisory role in the elections.

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- The number of presidential candidates from the two major political parties does not decrease and both parties remain organizationally weak.
- President Suazo attempts to undermine General Lopez's authority by asking Fifth Promotion officers to violate the military's political neutrality. Members of the Sixth Promotion class further aggravate factional tensions and oppose Suazo's candidate.
- Resumption of Nicaraguan military attacks on Honduran border areas harboring anti-Sandinista guerrillas raises security concerns and distracts the military from its vigilance of domestic politics.
- Leftist politicians make support for the anti-Sandinistas a campaign issue, inciting the Armed Forces to oppose them.

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